



Metro

**FINANCE & BUDGET COMMITTEE
MAY 19, 2005**

SUBJECT: PROPOSITION A BONDS

**ACTION: ADOPT AUTHORIZING RESOLUTION AND APPROVE NOTICE
DOCUMENTS FOR THE ISSUANCE OF PROP A SERIES 2005 BONDS**

RECOMMENDATION

Adopt the Authorizing Resolution, Attachment A, and approve the Notice Inviting Bids and Notice of Intention to Sell Bonds, Attachments B and C, and other bond documents on file with the Board Secretary, authorizing the Chief Executive Officer to price and deliver up to \$550 million of fixed rate bonds, the Proposition A 2005 Sales Tax Revenue Bonds, in one or more series.

(Requires separate, simple majority Board vote.)

RATIONALE

The proposed uses of the bonds proceeds are:

- A. Up to \$250 million of bonds to refund outstanding commercial paper notes
- B. Up to \$60 million for Enterprise Fund capital costs.
- C. Up to \$240 million of bonds to refund certain long-term bonds for interest savings.

The Prop A tax-exempt commercial paper program is at its capacity, precluding any further issuance. Capacity needs to be restored in order to keep the program available to provide future interim funding for ongoing capital projects, including the Gold Line Eastside Extension. It is our practice to issue commercial paper until long-term bonds can be sold to provide the permanent financing for the capital projects. The internal funding source for this portion of the bonds is Prop A 35% Rail. This action provides the permanent funding for the projects listed in Attachment D.

This action provides authorization to bond finance certain bus facilities and vehicle acquisition costs that would have been funded on a cash basis from reserves in order that the cash can be made available for our bus operations. If approved, another item on the May 2005 Board agenda would significantly reduce the need for this portion of bonds. The internal funding source for this portion of the bonds is from our formula allocation share of Prop A 40% Discretionary.

This action provides authorization to issue refunding bonds to reduce future interest costs. Interest savings are available due to the current interest rate environment. At the time of this writing, approximately \$100 million of bonds meet the Debt Policy refunding standards and would achieve approximately \$8 million in present value savings. Additional authorization is requested in order to be able to take advantage of a favorable movement in

rates, if any, by the time the bonds are actually sold. A future refunding action utilizing an interest rate swap will be brought forward to refund any additional bonds that meet the Debt Policy refunding standards at that time.

FINANCIAL IMPACT

The costs of issuance for the bonds will be paid from proceeds of the financing and will be budget neutral. Bond principal and interest for this financing are budgeted in FY06 in project 610306. \$11.2 million is budgeted in FY06 for bond interest, account 51121.

Approval of the portion of the bonds to be funded by Prop A 40% will waive the Debt Policy's affordability standard for this funding source for this transaction only. The current standard is "no further issuance." The bonds to be funded by Prop A 35% are within the existing affordability limits.

BACKGROUND

The bonds will be sold on a competitive basis in June 2005 based on market timing advice from our financial advisors. The bonds will be awarded to the underwriting syndicate providing the lowest interest cost. The par amount of the issue shall not exceed \$550 million, adjusted for any premium or discount in the initial sale price. The bonds shall not be outstanding for more than 30 years and the maximum interest rate for any bond maturity shall not exceed 6.5%.

The bonds will be structured to have approximately level debt service payments, modified as required to achieve approximately level debt service for the overall lien. The bond issue will initially utilize a cash funded debt service reserve fund, will not have any capitalized interest and will be pre-qualified for bond insurance prior to the bond sale.

Bids will be taken electronically using an Internet based bidding system and the Preliminary Official Statement will be distributed to investors by electronic means using an Internet based information service. Use of the Internet for disclosure and marketing purposes results in a broader and quicker dissemination of the disclosure/marketing documents and avoids much of the costs for printing and mailing. The Notice Inviting Bids incorporates language encourages underwriters to give special consideration to including "emerging enterprises" and "local enterprises" in their syndicates. Under a competitive bond sale it is not possible for us to require the inclusion or participation of particular firms in the underwriting syndicate.

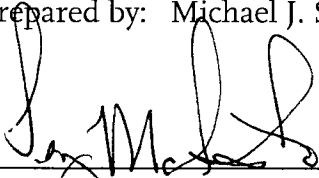
ALTERNATIVES CONSIDERED

Issuance of the Proposition A Series 2005 bonds could be delayed. However, most industry analysts are predicting a rising interest rate environment. A delay is likely to result in higher borrowing costs and could jeopardize the amount of refunding savings.

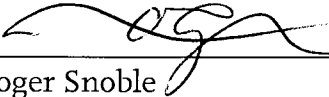
ATTACHMENTS

- A. Authorizing Resolution
- B. Notice Inviting Bids
- C. Notice of Intention to Sell Bonds
- D. Uses of Bond Proceeds

Prepared by: Michael J. Smith, Assistant Treasurer



Terry Matsumoto
Executive Officer, Finance and Treasurer



Roger Snoble
Chief Executive Officer

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

(PROPOSITION A SALES TAX)

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "MTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transportation system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission was authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval by the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 16 adopted August 20, 1980 ("Ordinance No. 16"), imposed a 1/2 of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition A Tax"), and such tax was approved by the electors of the County on November 4, 1980; and

WHEREAS, the revenues received by the MTA from the imposition of the Proposition A Tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any bonds issued pursuant to the Act and include the payments or provision for the payment of the principal of the bonds and any premium, interest on the bonds and the costs of issuance of the bonds; and

WHEREAS, the MTA is planning and engineering a countywide public transportation system (the "Public Transportation System") to serve the County and has commenced construction of portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, the Commission, as authorized by the Act, pursuant to the terms of a Trust Agreement dated as of July 1, 1986 (the "Trust Agreement") between the Commission and First Interstate Bank of California (the "Original Trustee") and a First Supplemental Trust Agreement also dated as of July 1, 1986, issued \$707,615,000 of its Sales Tax Revenue Bonds, Series 1986-A through Series 1986-E (collectively, the "Series 1986 Bonds"); and

WHEREAS, the Commission in 1987 issued \$271,550,000 of its Sales Tax Revenue Refunding Bonds Series 1987-A (the "Series 1987-A Bonds") under the terms of the Trust Agreement and a Second Supplemental Trust Agreement dated as of May 1, 1987, and such

Series 1987-A Bonds were issued for the purpose of refunding that portion of the Series 1986 Bonds designated as Series 1986-B; and

WHEREAS, the Commission in May 1988 issued \$112,274,128.75 of its Sales Tax Revenue Refunding Bonds Series 1988-A (the "Series 1988-A Bonds") under the terms of the Trust Agreement and a Third Supplemental Trust Agreement dated as of May 1, 1988, and such Series 1988-A Bonds were issued for the purpose of refunding that portion of the Series 1986 Bonds designated as Series 1986-C; and

WHEREAS, the Commission in January 1989 issued \$174,303,858.10 of its Sales Tax Revenue Refunding Bonds Series 1989-A (the "Series 1989-A Bonds") under the terms of the Trust Agreement and a Fourth Supplemental Trust Agreement dated as of January 1, 1989, and such Series 1989-A Bonds were issued for the purpose of refunding that portion of the Series 1986 Bonds designated as Series 1986-D and Series 1986-E; and

WHEREAS, the Commission entered into a Fifth Supplemental Trust Agreement dated as of December 1, 1990 (the "Fifth Supplement") creating certain accounts and releasing certain moneys held under the Trust Agreement related to the lease of certain railroad cars payable from and secured by a pledge of Pledged Revenues junior and subordinate to the pledge securing the Commission's Sales Tax Revenue Bonds issued under the Trust Agreement (the "Railroad Car Pledge"); and

WHEREAS, the Commission entered into a Sixth Supplemental Trust Agreement dated as of January 1, 1991 (the "Sixth Supplement") providing for payment of certain excess Pledged Revenues under the Trust Agreement and supplementing certain terms of the Trust Agreement relating to the Commission's Subordinate Sales Tax Revenue Commercial Paper Notes (the "Commercial Paper Notes"); and

WHEREAS, the Commission in January 1991 entered into a Subordinate Trust Agreement dated as of January 1, 1991 by and between the Commission and Security Pacific National Trust Company (New York) and a Subordinate First Supplemental Trust Agreement dated as of January 1, 1991 providing for the issuance of the Commercial Paper Notes; and

WHEREAS, the Commission in June 1991 issued \$500,000,000 of its Sales Tax Revenue Bonds, Series 1991-A (the "Series 1991-A Bonds") under the terms of the Trust Agreement and a Seventh Supplemental Trust Agreement dated as of June 1, 1991, and such Series 1991-A Bonds were issued for the purpose of financing additional portions of the Public Transportation System and refunding a portion of the Commercial Paper Notes; and

WHEREAS, the Commission in December 1991 issued \$281,425,000 of its Sales Tax Revenue Refunding Bonds, Series 1991-B (the "Series 1991-B Bonds") under the terms of the Trust Agreement and an Eighth Supplemental Trust Agreement dated as of December 1, 1991, and such Series 1991-B Bonds were issued for the purpose of refunding a portion of the Series 1986 Bonds, a portion of the Series 1987-A Bonds and a portion of the Series 1988-A Bonds; and

WHEREAS, the Commission authorized certain amendments to the Trust Agreement and the supplements thereto by approving and entering into a Ninth Supplemental Trust Agreement dated as of December 1, 1991; and

WHEREAS, the Commission in June 1992 issued \$98,700,000 of its Sales Tax Revenue Refunding Bonds Series 1992-A (the "Series 1992-A Bonds") and \$107,665,000 of its Sales Tax Revenue Refunding Bonds Series 1992-B (the "Series 1992-B Bonds"), both under the terms of the Trust Agreement and a Tenth Supplemental Trust Agreement dated as of June 1, 1992 (the "Tenth Supplement"), and such Series 1992-A Bonds and Series 1992-B Bonds were issued for the purpose of refunding certain maturities of the Series 1986-A Bonds, certain maturities of the Series 1987-A Bonds and certain maturities of the Series 1988-A Bonds; and

WHEREAS, the MTA in May 1993 issued \$560,700,000 of its Sales Tax Revenue Refunding Bonds Series 1993-A (the "Series 1993-A Bonds") under the terms of the Trust Agreement and an Eleventh Supplemental Trust Agreement dated as of April 15, 1993, and such Series 1993-A Bonds were issued for the purpose of refunding certain maturities of the Series 1986-A Bonds, certain maturities of the Series 1987-A Bonds, certain maturities of the Series 1988-A Bonds, one maturity of the Series 1989-A Bonds, certain maturities of the Series 1991-A Bonds and certain maturities of the Series 1991-B Bonds; and

WHEREAS, the MTA in October 1993 entered into a Twelfth Supplemental Trust Agreement dated as of September 1, 1993 (the "Twelfth Supplement") providing for certain pledges of Pledged Revenues designated in the Twelfth Supplement as "Second Tier Subordinate Lien Obligations" which are junior and subordinate to (a) the pledges securing the Prior Senior Lien Bonds, as defined herein; and (b) the Railroad Car Pledge and making certain amendments to the Tenth Supplement in connection therewith; and

WHEREAS, the MTA supplemented the terms of the Trust Agreement and amended certain provisions of the Sixth Supplement by approving and entering into a Thirteenth Supplemental Trust Agreement dated as of January 1, 1994, to facilitate the issuance of a replacement letter of credit securing the Commercial Paper Notes and providing for a subordinate obligation relating to a project sometimes referred to as Grand Central Square; and

WHEREAS, the MTA in June 1996 issued \$110,580,000 of its First Tier Senior Sales Tax Revenue Bonds Series 1996-A (the "Series 1996-A Bonds") under the terms of the Trust Agreement and a Fourteenth Supplemental Trust Agreement dated as of June 1, 1996 (the "Fourteenth Supplement"), and such Series 1996-A Bonds were issued for the purpose of funding additional portions of the Public Transportation System; and

WHEREAS, the MTA in June 1996 issued \$104,715,000 of its Proposition A Second Tier Sales Tax Revenue Refunding Bonds Series 1996 (the "Subordinate Series 1996 Bonds") to refund a portion of the MTA's outstanding Commercial Paper Notes under the terms of a Fifteenth Supplemental Trust Agreement dated as of June 1, 1996 (the "Fifteenth Supplement"); and

WHEREAS, the MTA in June 1997 issued \$256,870,000 of its First Tier Senior Sales Tax Revenue Refunding Bonds, Series 1997-A (the "Series 1997-A Bonds") under the terms of

the Trust Agreement and a Sixteenth Supplemental Trust Agreement dated as of June 1, 1997 (the "Sixteenth Supplement"), and such Series 1997-A Bonds were issued for the purpose of refunding portions of the MTA's outstanding Commercial Paper Notes, the Series 1986-A Bonds, the Series 1988-A Bonds and the Series 1991-A Bonds; and

WHEREAS, the MTA authorized certain amendments to the Fourteenth Supplement, the Fifteenth Supplement and the Sixteenth Supplement by approving and entering into a Seventeenth Supplemental Trust Agreement dated as of February 1, 1998; and

WHEREAS, the MTA in April 1999 issued \$160,205,000 of its First Tier Senior Sales Tax Revenue Refunding Bonds Series 1999-A (the "Series 1999-A Bonds") under the terms of the Trust Agreement and an Eighteenth Supplemental Trust Agreement dated as of April 1, 1999, and such Series 1999-A Bonds were issued for the purpose of refunding a portion of the Series 1989-A Bonds; and

WHEREAS, the MTA in April 1999 issued \$150,340,000 of its First Tier Senior Sales Tax Revenue Bonds Series 1999-B (the "Series 1999-B Bonds") under the terms of the Trust Agreement and a Nineteenth Supplemental Trust Agreement dated as of April 1, 1999, and such Series 1999-B Bonds were issued for the purpose of funding a portion of the Public Transportation System and refunding a portion of the MTA's outstanding Commercial Paper Notes; and

WHEREAS, the MTA in May 1999 issued \$170,495,000 of its First Tier Senior Sales Tax Revenue Bonds Series 1999-C (the "Series 1999-C Bonds") under the terms of the Trust Agreement and a Twentieth Supplemental Trust Agreement dated as of May 1, 1999, and such Series 1999-C Bonds were issued for the purpose of refunding certain portions of the Series 1996-A Bonds and the Subordinate Series 1996 Bonds; and

WHEREAS, the MTA in April 2001 issued \$55,685,000 of its First Tier Senior Sales Tax Revenue Bonds Series 2001-A (the "Series 2001-A Bonds") and \$191,215,000 of its First Tier Senior Sales Tax Revenue Refunding Bonds Series 2001-B (the "Series 2001-B Bonds," and together with the Series 2001-A Bonds, the "Series 2001 Bonds") under the terms of the Trust Agreement and a Twenty-First Supplemental Trust Agreement dated as of March 15, 2001, and such Series 2001 Bonds were issued for the purpose of funding a portion of the Public Transportation System and refunding certain portions of the Series 1991-B Bonds; and

WHEREAS, the MTA supplemented the terms of the Trust Agreement by approving and entering into a Twenty-Second Supplemental Trust Agreement dated as of April 1, 2002, providing for a pledge of the MTA to be a Second Tier Subordinate Lien Obligation, which pledge relates to certain refunding bonds issued by The Community Redevelopment Agency of the City of Los Angeles, California for a project known as Grand Central Square; and

WHEREAS, the MTA in April 2003 issued \$273,505,000 of its First Tier Senior Sales Tax Revenue Refunding Bonds Series 2003-A (the "Series 2003-A Bonds") under the terms of the Trust Agreement and a Twenty-Third Supplemental Trust Agreement dated as of April 1, 2003, and such Series 2003-A Bonds were issued for the purpose of refunding certain portions of the Series 1993-A Bonds; and

WHEREAS, the MTA in June 2003 issued \$243,795,000 of its First Tier Senior Sales Tax Revenue Refunding Bonds Series 2003-B (the "Series 2003-B Bonds") under the terms of the Trust Agreement and a Twenty-Fourth Supplemental Trust Agreement dated as of June 1, 2003, and such Series 2003-A Bonds were issued for the purpose of refunding certain portions of the Series 1993-A Bonds; and

WHEREAS, the MTA has pledged the Proposition A Tax (less the 25% local allocation and the State Board of Equalization's costs of administering such tax) to secure the Series 1986 Bonds, the Series 1987-A Bonds, the Series 1988-A Bonds, the Series 1989-A Bonds, the Series 1991-A Bonds, the Series 1991-B Bonds, the Series 1992-A Bonds, the Series 1992-B Bonds, the Series 1993-A Bonds, the Series 1996-A Bonds, the Series 1997-A Bonds, the Series 1999-A Bonds, the Series 1999-B Bonds, the Series 1999-C Bonds, the Series 2001 Bonds, the Series 2003-A Bonds and the Series 2003-B Bonds (collectively, the "Prior Senior Lien Bonds") and certain subordinate indebtedness mentioned in the Fifth Supplement, the Sixth Supplement, the Twelfth Supplement, the Thirteenth Supplement, the Fifteenth Supplement and the Twenty-Second Supplement; and

WHEREAS, the MTA now desires to provide for the issuance of one or more series of its Proposition A First Tier Senior Sales Tax Revenue Bonds and Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds (collectively, the "Series 2005 Bonds") to: (a) finance additional portions of the Public Transportation System, (b) refund up to \$225,000,000 aggregate principal amount of the outstanding Commercial Paper Notes, (c) refund up to \$5,350,000 aggregate principal amount of the outstanding Series 1996-A Bonds, (d) refund up to \$11,725,000 aggregate principal amount of the outstanding Subordinate Series 1996 Bonds, (e) refund up to \$160,135,000 aggregate principal amount of the outstanding Series 1997-A Bonds, (f) refund up to \$35,550,000 aggregate principal amount of the outstanding Series 1999-B Bonds, (g) refund up to \$11,125,000 aggregate principal amount of the outstanding Series 2001-A Bonds, (h) to fund or make provision for a reserve fund, if necessary, for the Series 2005 Bonds, and (i) to pay certain costs related thereto; and

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

(a) a Twenty-Fifth Supplemental Trust Agreement (the "Supplement") by and between the MTA and The Bank of New York Trust Company, N.A., as successor in interest to the Original Trustee (the "Trustee"), to be used in connection with the issuance of the Series 2005 Bonds;

(b) an Escrow Agreement (the "Escrow Agreement") among the MTA, the Trustee, and The Bank of New York Trust Company, N.A., as escrow agent;

(c) a Preliminary Official Statement (the "Preliminary Official Statement") to be used in connection with the sale of the Series 2005 Bonds which describes the Series 2005 Bonds, the MTA and its operations;

(d) a Notice Inviting Bids for the Series 2005 Bonds (the "Notice Inviting Bids"), the form of which will be used in connection with the sale of the Series 2005 Bonds, describing the terms of the sale of the Series 2005 Bonds;

(e) a Notice of Intention to Sell Bonds for the Series 2005 Bonds (the “Notice of Intention to Sell Bonds”), the form of which will be used in connection with the sale of the Series 2005 Bonds; and

(f) a Continuing Disclosure Certificate by the MTA, in order to assist the underwriter(s) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Continuing Disclosure Certificate”); and

WHEREAS, the MTA has been advised by its Bond Counsel that such documents are in appropriate form, and the MTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Series 2005 Bonds and said documents are subject to completion to reflect the results of the sale of the Series 2005 Bonds; and

WHEREAS, the MTA has determined that it best serves the public transportation needs of the County to provide for the issuance and sale of one or more series of the Series 2005 Bonds to finance additional portions of the Public Transportation System, to refund a portion of the outstanding Commercial Paper Notes, to refund all or a portion of the outstanding Series 1996-A Bonds, to refund all or a portion of the outstanding Subordinate Series 1996 Bonds, to refund all or a portion of the outstanding Series 1997-A Bonds, to refund all or a portion of the outstanding Series 1999-B Bonds and to refund all or a portion of the outstanding Series 2001-A Bonds; and

WHEREAS, the Proposition A Tax, less the 25% allocated to local jurisdictions and less the costs of the State Board of Equalization for administering the Proposition A Tax, is herein referred to as the “Pledged Taxes”; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement and the Supplement;

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

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

(a) The issuance of one or more series of its Series 2005 Bonds to finance additional portions of the Public Transportation System, to refund up to \$225,000,000 aggregate principal amount of the outstanding Commercial Paper Notes, to refund up to \$5,350,000 aggregate principal amount of the outstanding Series 1996-A Bonds, to refund up to \$11,725,000 aggregate principal amount of the outstanding Subordinate Series 1996 Bonds, to refund up to \$160,135,000 aggregate principal amount of the outstanding Series 1997-A Bonds, to refund up to \$35,550,000 aggregate principal amount of the outstanding Series 1999-B Bonds, to refund up to \$11,125,000 aggregate principal amount of the outstanding Series 2001-A Bonds, to fund or provide for a reserve fund, if necessary, for the Series 2005 Bonds and to pay certain costs related thereto is in the public interest.

(b) Under the provisions of Ordinance No. 16, all of the Pledged Taxes are revenues of the MTA available for public transit purposes and are available to be and are,

by the terms of the resolutions and the Trust Agreement under which the Prior Senior Lien Bonds were issued, pledged to secure the Prior Senior Lien Bonds and are pledged to secure the Series 2005 Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and in the form of the Supplement are reasonable and proper for the security of the holders of the Series 2005 Bonds.

Section 2. Issuance of Series 2005 Bonds. For the purposes of financing additional portions of the Public Transportation System, refunding up to \$225,000,000 aggregate principal amount of the outstanding Commercial Paper Notes, refunding up to \$5,350,000 aggregate principal amount of the outstanding Series 1996-A Bonds, refunding up to \$11,725,000 aggregate principal amount of the outstanding Subordinate Series 1996 Bonds, refunding up to \$160,135,000 aggregate principal amount of the outstanding Series 1997-A Bonds, refunding up to \$35,550,000 aggregate principal amount of the outstanding Series 1999-B Bonds, refunding up to \$11,125,000 aggregate principal amount of the outstanding Series 2001-A Bonds, funding or providing for a portion of the Reserve Fund, if necessary, established under the Trust Agreement, and paying certain costs related thereto, the MTA hereby authorizes the issuance of one or more series of its Proposition A First Tier Senior Sales Tax Revenue Bonds and Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds. The total aggregate principal amount of Series 2005 Bonds issued under this Resolution shall not exceed the amount needed to finance additional portions of the Public Transportation System, refund up to \$225,000,000 aggregate principal amount of the outstanding Commercial Paper Notes, refund up to \$5,350,000 aggregate principal amount of the outstanding Series 1996-A Bonds, refund up to \$11,725,000 aggregate principal amount of the outstanding Subordinate Series 1996 Bonds, refund up to \$160,135,000 aggregate principal amount of the outstanding Series 1997-A Bonds, refund up to \$35,550,000 aggregate principal amount of the outstanding Series 1999-B Bonds, refund up to \$11,125,000 aggregate principal amount of the outstanding Series 2001-A Bonds, fund or provide for a portion of the Reserve Fund, if necessary, and pay certain costs related thereto, all in accordance with the MTA's Debt Policy, and in any event shall not exceed \$550,000,000 aggregate principal amount plus the amount of any original issue premium at which the Series 2005 Bonds may be sold. The Chair of the MTA, any Vice Chair of the MTA, the Chief Executive Officer ("CEO") of the MTA, any Deputy CEO of the MTA, the Chief Financial Officer of the MTA, the Executive Officer, Finance of the MTA, the Treasurer of the MTA, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each a "Designated Officer"), acting in accordance with this Section 2, are each hereby authorized to determine the actual aggregate principal amount of Series 2005 Bonds to be issued (not in excess of the maximum amount set forth above) and to direct the execution and authentication of the Series 2005 Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. The Series 2005 Bonds shall be in fully registered form and shall be issued as Book-Entry Bonds as provided in the Supplement. Payment of principal of, interest on and premium, if any, on the Series 2005 Bonds shall be made at the place or places and in the manner provided in the Supplement.

Section 3. Terms of Series 2005 Bonds. The Series 2005 Bonds issued as current interest bonds shall be available in denominations of \$5,000 and integral multiples thereof. The Series 2005 Bonds issued as capital appreciation bonds, if any, shall be available in

denominations of \$5,000 final maturity amount and integral multiples thereof. The Series 2005 Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the final form of the Supplement. The Series 2005 Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the Supplement. No Series 2005 Bonds shall bear interest at a rate in excess of 6.5% per annum. Interest on the Series 2005 Bonds shall be paid on the dates set forth in the Supplement. Interest on Series 2005 Bonds issued as capital appreciation bonds, if any, shall be paid at maturity or prior redemption of such Series 2005 Bonds. The Series 2005 Bonds shall be subject to redemption at the option of the MTA on such terms and conditions as shall be set forth in the Supplement. The Series 2005 Bonds which are term bonds shall also be subject to mandatory sinking fund redemption as shall be set forth in the Supplement.

Execution and delivery of the Supplement, which document contains the maturities, interest rates and the fixed interest payment obligations of the MTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the MTA's approval of such maturities, interest rates and payment obligations.

Section 4. Pledge of Pledged Taxes. The Pledged Taxes are hereby irrevocably pledged in accordance with the terms of the Trust Agreement to secure the Prior Senior Lien Bonds, the Series 2005 Bonds and any additional bonds which may subsequently be issued under and secured by the terms of the Trust Agreement. Except for the Prior Senior Lien Bonds, the MTA hereby confirms that it has not previously granted any prior or parity interest in such Pledged Taxes, and the MTA hereby agrees that, except as permitted by the Trust Agreement (as amended in accordance with its terms), it will not, as long as any of the Series 2005 Bonds remain outstanding, grant or attempt to grant any prior or parity pledge, lien or other interest in the Pledged Taxes to secure any other obligations of the MTA.

Section 5. Special Obligations. The Series 2005 Bonds shall be special obligations of the MTA secured by and payable from the Pledged Taxes and from the funds and accounts held by the Trustee under the Trust Agreement. The Series 2005 Bonds shall also be secured by and be paid from such other sources as the MTA may hereafter provide.

Section 6. Form of Series 2005 Bonds. The Series 2005 Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in Exhibit A to the Supplement, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the Supplement or as appropriate to adequately reflect the terms of such Series 2005 Bonds and the obligation represented thereby.

Section 7. Execution of Series 2005 Bonds. Each of the Series 2005 Bonds shall be executed on behalf of the MTA by any Designated Officer and any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of such Designated Officer(s) shall have the same force and effect as if such officer(s) had manually signed each of such Series 2005 Bonds.

Section 8. Approval of Documents, Authorization for Execution. The form, terms and provisions of the Supplement and the Escrow Agreement within the parameters set forth in

this Resolution are in all respects approved, and each of the Designated Officers is hereby authorized, empowered and directed to execute, acknowledge and deliver the Supplement and one or more Escrow Agreements, including counterparts thereof, in the name of and on behalf of the MTA. The Supplement and the Escrow Agreement(s), as executed and delivered, shall be in substantially the forms now before this Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the MTA's approval of any and all changes or revisions therein from the form of the Supplement and the Escrow Agreement now before this Board; and from and after the execution and delivery of the Supplement and the Escrow Agreement(s), the officers, agents and employees of the MTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Supplement and the Escrow Agreement(s).

Section 9. Sale of 2005 Bonds.

(a) The Designated Officers are each hereby authorized from time to time to choose such times and dates (as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of the Series 2005 Bonds) to receive proposals for the purchase of the Series 2005 Bonds to be received from qualified bidders (through the receipt of sealed written bids and/or the receipt of bids through the use of computerized bidding systems) upon the terms and in the manner set forth in the applicable Notice Inviting Bids (approved below).

(b) The form of Notice Inviting Bids presented to this meeting is hereby approved for publication and distribution, from time to time (including, without limitation, via electronic methods), in the offering and sale of the Series 2005 Bonds substantially in the form presented at this meeting. Any Designated Officer is hereby authorized and directed to execute the Notice Inviting Bids (substantially in the form presented at this meeting) from time to time on behalf of the MTA (after completion, modification or correction thereof approved by said Designated Officer) and to call for bids for the sale of the Series 2005 Bonds from qualified bidders in accordance with said Notice Inviting Bids. The Designated Officers shall cause the Notice Inviting Bids to be published at least once in *The Los Angeles Daily Journal* (or such other publication as may be selected by a Designated Officer) not less than five days prior to the sale of the Series 2005 Bonds and said applicable Notice Inviting Bids may be printed and distributed (including, without limitation, via electronic methods) to such municipal broker-dealers, banking and financial institutions and other persons as the Designated Officers deem necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(c) The form of Notice of Intention to Sell Bonds presented at this meeting is hereby approved substantially in the form presented to this meeting. Any Designated Officer is hereby authorized and directed to cause the Notice of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of the Series 2005 Bonds for which such Notice is being published, as approved by said Designated Officer) in *The Bond Buyer* (or such other publication as may be selected by a Designated Officer), a financial publication generally circulated

throughout the State, at least 15 days prior to the sale of the Series 2005 Bonds in accordance with Section 53692 of the Government Code of the State of California and any such action previously taken is hereby confirmed, ratified and approved.

(d) In connection therewith, the MTA hereby approves the form of the Preliminary Official Statement presented at this meeting and authorizes the circulation of the Preliminary Official Statement (including, without limitation, via electronic methods), with such additions, deletions and changes as the Designated Officers, or any of them deemed to be appropriate, and to prepare and execute one or more final official statements substantially in the form of the Preliminary Official Statement circulated in connection with the Series 2005 Bonds, the execution of such document by a Designated Officer to be conclusive evidence of the MTA's approval of such additions, deletions and changes. The Preliminary Official Statement shall be circulated for use in selling the Series 2005 Bonds at such time or times as a Designated Officer (after consultation with the MTA's financial advisor and Bond Counsel and such other advisors as the Designated Officer believes to be useful) shall determine that the Preliminary Official Statement is substantially final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by the Designated Officer to such effect, and any such action previously taken is hereby confirmed, ratified and approved.

(e) The form and content of the Continuing Disclosure Certificate presented at this meeting to be dated the applicable date of delivery of the Series 2005 Bonds, is hereby approved and the MTA's obligation to provide the information as described therein is approved and any Designated Officer is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate in substantially the form and substance presented at this meeting but with such changes and additions as the Designated Officer shall approve as being in the best interests of the MTA or required to comply with securities rules, such approval to be conclusively evidenced by the Designated Officer's execution and delivery of the Continuing Disclosure Certificate.

(f) Any Designated Officer, on behalf of the MTA, is further authorized and directed to cause written notice to be provided to the California Debt and Investment Advisory Commission of the proposed sale of the Series 2005 Bonds, said notice to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice of final sale with said Commission, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the Series 2005 Bonds, and any prior such notices are hereby ratified, confirmed and approved.

(g) The Designated Officers or any of them are hereby authorized and directed for and on behalf of the MTA to (i) accept the best bid for the Series 2005 Bonds received from qualified bidders pursuant to and subject to the terms and conditions set forth in this Resolution and the applicable Notice Inviting Bids herein approved and to award the Series 2005 Bonds, from time to time, to such respective best bidder(s) and (ii) to execute and deliver any financial guaranty or reimbursement agreement with any

provider of a guarantee of payment of the principal of or interest on the Series 2005 Bonds or with any provider of a surety bond covering all or a portion of the reserve fund for the Bonds (as defined in the Trust Agreement), all upon such terms as shall be satisfactory to any Designated Officer.

Section 10. Paying Agent and Registrar. The MTA hereby appoints the Trustee as Paying Agent and Registrar for the Series 2005 Bonds. Such appointments shall be effective upon the issuance of the Series 2005 Bonds and shall remain in effect until the MTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

Section 11. Escrow Agent. The MTA hereby appoints The Bank of New York Trust Company, N.A. as Escrow Agent under the Escrow Agreement(s). Such appointments shall be effective upon the issuance of the Series 2005 Bonds and shall remain in effect until the MTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

Section 12. Bond Insurance. In connection with advertising for and accepting the best bids for the Series 2005 Bonds, the Designated Officers are hereby authorized to purchase on behalf of the MTA one or more policies of municipal bond insurance for some or all of the Series 2005 Bonds or to permit the successful bidder(s) to purchase municipal bond insurance, if available, for some or all of the Series 2005 Bonds. If purchased by the MTA or the successful bidder(s), said insurance shall contain such terms and conditions as shall be acceptable to said Designated Officer(s).

Section 13. Additional Authorization. The Designated Officers and all officers, agents and employees of the MTA, for and on behalf of the MTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Series 2005 Bonds, the Supplement, the Escrow Agreement(s), the Notice Inviting Bids, the final Official Statement and the Continuing Disclosure Certificate and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the MTA are further authorized and directed, for and on behalf of the MTA, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, the Supplement and the Escrow Agreement(s) or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investments in Permitted Investments (defined in the Trust Agreement) of the proceeds of the Series 2005 Bonds and of the Pledged Taxes including the execution and delivery of investment agreements related thereto, the execution by a Designated Officer and the delivery of the Tax Compliance Certificate as required by the Supplement for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; and the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry Bonds. All actions heretofore taken by the officers, agents and employees of the MTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Section 14. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chair of the MTA, any Vice Chair of the MTA, the CEO, any Deputy CEO, the Chief

Financial Officer or the Executive Officer, Finance and Treasurer shall remain valid notwithstanding the fact that the individual officer of the MTA signing such designation ceases to be an officer of the MTA, unless such designation specifically provides otherwise.

Section 15. Costs of Issuance. The MTA authorizes funds of the MTA together with the proceeds of the Series 2005 Bonds to be used to pay costs of issuance of the Series 2005 Bonds, including but not limited to costs of attorneys, accountants, verification agents, financial advisors, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses and any related filing fees.

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

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

Section 18. Contract. This Resolution and the pledge of the Pledged Taxes contained herein shall constitute a contract between the MTA and the holders of the Series 2005 Bonds.

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on May ____, 2005.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2005

Attachment B

NOTICE INVITING BIDS

Los Angeles County Metropolitan Transportation Authority
(California)

Proposition A First Tier Senior
Sales Tax Revenue Bonds
Series 2005-A

Proposition A First Tier Senior
Sales Tax Revenue Refunding Bonds
Series 2005-B

NOTICE IS HEREBY GIVEN that proposals will be received by the Los Angeles County Metropolitan Transportation Authority (the "MTA") for the purchase of \$[]* original principal amount of its Proposition A First Tier Senior Sales Tax Revenue Bonds Series 2005-A (the "Series 2005-A Bonds") and \$[]* original principal amount of its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2005-B (the "Series 2005-B Bonds," and together with the Series 2005-A Bonds, the "Bonds"). Proposals for the purchase of such Bonds will be accepted through the receipt of sealed written bids and the receipt of bids through the use of electronic bidding systems. The bids will be received at the place and up to the time specified below:

Time: **June [], 2005**

9:00 a.m. California Time

Delivery of Sealed Bids:

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

Submission
of Electronic Bids:

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

No bids will be accepted by facsimile. All sealed written bids must be on the Bid Form in an envelope clearly marked "Proposal for Los Angeles County Metropolitan Transportation Authority, Proposition A First Tier Senior Sales Tax Revenue Bonds, Series 2005-A and Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2005-B." All electronic proposals shall be deemed to

* Preliminary; subject to change.

incorporate the provisions of the Bid Form. See instructions under “TERMS OF SALE—Form of Bid; Interest Rates; Maximum Discount,” below. It is suggested that bidders contact the MTA’s Financial Advisor to indicate whether they will be submitting their bid through the Approved Provider or whether they intend to submit their bid in sealed written format and to obtain directions to the place where the sealed written bids will be accepted. See “TERMS OF SALE—Additional Information” herein.

DESCRIPTION OF THE BONDS

Security; Purpose

The Bonds will be issued under the terms of the Trust Agreement, dated as of July 1, 1986, as amended (the “Trust Agreement”), by and between the Los Angeles County Transportation Commission, as predecessor to the MTA, and First Interstate Bank of California, the predecessor trustee to The Bank of New York Trust Company, N.A., as trustee (the “Trustee”) and the Twenty-Fifth Supplemental Trust Agreement, to be dated as of [July 1, 2005] (the “Supplement” and together with the Trust Agreement, the “Agreement”), by and between the MTA and the Trustee.

The Bonds are special limited obligations payable from and secured by (a) a certain 1/2 of 1% retail transactions and use tax applicable in the County of Los Angeles (the “County”) pursuant to Ordinance No. 16 approved by the electors of the County on November 4, 1980 (the “Proposition A Sales Tax”) less 25% thereof paid to local jurisdictions (if not pledged to repay the Bonds) and certain administrative fees and (b) certain other limited amounts held under the Agreement, all as further described in the Preliminary Official Statement for the Bonds (the “Pledged Revenues”). The Bonds have a first lien on Pledged Revenues.

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

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 THE MTA TO THE EXTENT OF THE PLEDGED REVENUES, WILL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR PREMIUM, IF ANY, OF AND INTEREST ON THE SERIES 2005-A BONDS.

The Bonds will be issued for the purposes of (a) funding a portion of the MTA’s capital projects, (b) refunding a portion of the MTA’s previously issued and outstanding Second Subordinate Proposition A Sales Tax Revenue Commercial Paper Notes Series A (the “Refunded Commercial Paper Notes”), [(c) refunding a portion of the MTA’s previously issued and outstanding Proposition A First Tier Senior Sales Tax Revenue Bonds Series 1996-A (the “Refunded Series 1996-A Bonds”), (d) refunding a portion of the MTA’s previously issued and outstanding Proposition A Second Tier Senior Sales Tax Revenue Refunding Bonds Series 1996 (the “Refunded Subordinate 1996 Bonds”), (e) refunding a portion of the MTA’s previously issued and outstanding Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 1997-A (the “Refunded Series 1997-A Bonds”), (f) refunding a portion of the MTA’s previously issued and outstanding Proposition A First Tier Senior Sales Tax Revenue Bonds Series 1999-B (the “Refunded Series 1999-B Bonds”), (g) refunding a portion of the MTA’s previously issued and outstanding Proposition A First Tier Senior Sales Tax Revenue Bonds Series 2001-A (the “Refunded Series 2001-A Bonds,” and collectively with the Refunded Series 1996-A Bonds, the Refunded Subordinate 1996 Bonds, the Refunded Series 1997-A Bonds and the Refunded Series 1999-B Bonds, the “Refunded Bonds”)] (h) funding a reserve fund [or paying the costs of a reserve fund surety bond] for the

Bonds and (i) paying the costs of issuance for the Bonds. The MTA has previously issued its Revenue Bonds payable from the Pledged Revenues on a parity with the Bonds of which \$1,584,985,000 (including the Refunded Bonds) in aggregate principal amount remains outstanding. Additional future series of parity bonds may be issued by the MTA, from time to time, with a lien on the Pledged Revenues on parity with the Bonds, subject to the terms and conditions set forth in the Trust Agreement. Bidders are referred to the Agreement and the Preliminary Official Statement for further particulars.

Payment; Book Entry Only

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

Interest Payment Dates

The Bonds will be dated [July __, 2005].* The Bonds will bear interest from such date and such interest shall be payable on [January 1, 2006] and semiannually thereafter on each January 1 and July 1 until maturity or prior redemption. The Bonds shall bear interest at the rate or rates to be fixed upon the sale thereof.

Principal Amortization

The Series 2005-A Bonds will be issued in the aggregate original principal amount of \$[_____] with principal amounts payable either through serial maturities or by sinking fund redemption or a combination thereof on July 1 in years and in the amounts set forth in the Bid Form (subject to adjustments described below). The Series 2005-B Bonds will be issued in the aggregate original principal amount of \$[_____] with principal amounts payable either through serial maturities or by sinking fund redemption or a combination thereof on July 1 in years and in the amounts set forth in the Bid Form (subject to adjustments described below).

Adjustments of Principal Amounts

The principal amounts set forth in the Bid Form for the Bonds will reflect certain estimates of the MTA and its Financial Advisor with respect to the likely interest rates of the winning bid and the premium/discount contained in the applicable winning bid. After selecting the winning bid, the amortization schedules contained in the Bid Form may be adjusted as necessary in the determination of the MTA's Financial Advisor in \$5,000 increments to reflect the actual interest rates and any premium/discount in the winning bid, to create a more level annual debt service on the MTA's bonds (including the Bonds), and/or to accommodate certain other sizing requirements or preferences of the MTA. Such adjustments will not change the aggregate principal amount of the Bonds to be issued from the amount set forth in the Bid Form by more than [10]% or change the principal amount due on such Bonds in any year by the greater of \$[1,000,000] or [10]%. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect any such adjustment in the amortization schedules. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per bond underwriter's discount (net

*Preliminary; subject to change.

of insurance premium, if any) provided in the winning bid. Any such adjustments will be communicated to the winning bidder within 27 hours after the opening of the bid.

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

Serial Bonds and/or Term Bonds

Bidders may provide that all the Series 2005-A Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds. Bidders may provide that all the Series 2005-B Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

Mandatory Sinking Fund Redemption

If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on July 1 of the first year which has been combined to form such term bond continuing on July 1 in each year thereafter until the stated maturity date of that term bond. [No term bond maturing on or after July 1, 20__, may have sinking fund payments prior to July 1, 20[___].] The amount redeemed in any year shall be equal to the principal amount for such year set forth above as adjusted in accordance with the provisions described above under the caption “—Adjustments of Principal Amounts.” Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Bonds then subject to redemption. The MTA, at its option, may credit against any mandatory sinking fund redemption requirement term bonds of the maturity then subject to redemption, which have been purchased and cancelled by the MTA or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

Optional Redemption

The Bonds due on or after July 1, 2016 are redeemable at the option of the MTA on or after July 1, 2015, in whole or in part at any time, from any moneys that may be provided for such purpose and at the redemption price of 100% of the principal amount of such Bonds so redeemed plus accrued interest to the date fixed for redemption, without premium.

TERMS OF SALE

Form of Bid; Interest Rates; Maximum Discount

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

Bidders may bid to purchase the Bonds from the MTA at a discount or with a premium; however, no bid will be considered if the bid is to purchase any maturity of the Bonds [maturing on or after July 1, 20[___]] at a price less than [99]% of the principal amount of such maturity. Except for electronic proposals submitted in accordance with the following paragraph, each bid, together with such bidder's bid check in the amount set forth below must be enclosed in a sealed envelope addressed to the MTA with the

envelope and bid clearly marked as described above. A Surety Bond given in lieu of the bid check may be provided separately prior to or at the time herein specified for receiving bids. See “—Bid Check/Surety Bond” below. Each bid must be in accordance with the terms and conditions set forth in this notice.

Information Regarding Electronic Proposals

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

The MTA, the MTA’s Financial Advisor and Bond Counsel are not responsible for the proper operation of, and shall not have any liability for any delays or interruptions of or any damages caused by, the Approved Provider. Each bidder expressly assumes the risk of any incomplete, inaccurate or untimely bid submitted through the Approved Provider, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines or any other cause. The MTA is using the Approved Provider as a communications mechanism and not as the MTA’s agent to conduct electronic bidding for the Bonds. The MTA is not bound by any advice and determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through the Approved Provider are the sole responsibility of the bidders and the MTA is not responsible for any of such costs or expenses. Further information about the Approved Provider, including any fee charged, may be obtained from PARITY®, 395 Hudson Street, New York, NY 10014 (212-806-8304). The MTA assumes no responsibility or liability for bids submitted through the Approved Provider. To the extent any instructions or directions set forth in PARITY® conflict with this Notice Inviting Bids, the terms of this Notice Inviting Bids shall control.

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

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

Bid Check/Surety Bond

Each bidder must provide a certified or cashier’s check dated in same day or next day funds drawn on a bank or trust company in the amount of \$[] for the Bonds payable to the order of “Los Angeles County Metropolitan Transportation Authority” or must provide a financial surety bond (“Surety Bond”) in the amount of \$[] issued by an insurance company rated “AAA” by Standard & Poor’s Rating Group and licensed to issue such a bond in the State of California naming the MTA as the beneficiary and identifying the bidder whose deposit is guaranteed by the Surety Bond. Bidders who intend to submit their bid through the Approved Provider must either provide a Surety Bond or ensure that their bid check has been received by the MTA no later than the time established for receipt of bids. Each Surety Bond shall provide that it will not expire prior to 12:00 p.m. (California Time) on the business day next succeeding the day of acceptance of the proposal. If the winning bidder has provided a Surety Bond, such bidder shall wire transfer to the MTA the amount of \$[] in

immediately available federal funds not later than 12:00 p.m. (California Time) on the business day next succeeding the day of acceptance of the proposal which amount shall be deposited in an escrow fund and applied to the purchase price of the Bonds. In the event the MTA has not received such federal funds wire transfer by the time stated, the MTA may draw upon the Surety Bond to satisfy the winning bidder's deposit requirement. The check accompanying any accepted proposal shall be cashed and deposited in an escrow fund and applied to the purchase price of the Bonds at the time of delivery of the Bonds. If after the award of the Bonds, the successful bidder fails to complete the purchase on the terms stated in its proposal, the amount received from such bidder by the MTA, whether by bid check or pursuant to the Surety Bond procedures set forth above, will be retained by the MTA as stipulated liquidated damages. The check accompanying each unaccepted proposal will be returned promptly. **No interest will be paid upon the deposit made by any bidder.** If the aggregate principal amount of the Bonds is adjusted as described under the caption "DESCRIPTION OF THE BONDS—Adjustments of Principal Amounts," the successful bidder will not be required to deposit an additional bid check or Surety Bond and will not be entitled to the return of any portion of the bid check or deposit under the Surety Bond procedures previously delivered except as described in this paragraph.

Best Bid

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

Opening of Bids; Award

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

Right to Reject Bids; Waive Irregularities

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

Delivery and Payment; Book Entry Only

Delivery of the Bonds is expected to be made in the name of Cede & Co., as nominee of The Depository Trust Company in New York, New York on or about [July __,] 2005 and will be available to the successful bidder in book-entry-form only, as more fully set forth in the Preliminary Official Statement for the Bonds. The successful bidder shall pay for the Bonds in Los Angeles in immediately available federal funds on the date of delivery of such Bonds to DTC. Any expense of providing federal funds shall be borne by the successful bidder.

Insurance

The successful bidder may purchase municipal bond insurance, if available, for some or all of the Bonds. However, the delivery of the Bonds shall not be conditioned upon the issuance of any such insurance. The MTA makes no representation as to whether the Bonds qualify for insurance. Payment of any insurance premium and satisfaction of any conditions to the issuance of a municipal bond insurance policy, including payment for any legal opinion to be delivered to any insurer, shall be the sole responsibility of the bidder. In particular, the MTA will not amend or supplement the Agreement or any other authorizing documents in any way, nor will it agree in advance of the sale of the Bonds to enter into any additional agreements with respect to the provision of any such insurance policy. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT JUSTIFY FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF, OR PAY FOR, THE BONDS. Each successful bidder must provide the MTA with the municipal bond insurance commitment, if any, including the amount of the policy premium, as well as information with respect to the municipal bond insurance policy and insurance provider for the inclusion in the final Official Statement within two business days following the award of the bid by the MTA. The successful bidder will be required, prior to the delivery of the Bonds, to furnish to the MTA a certificate acceptable to Bond Counsel with appropriation certifications regarding the present value of the premium paid and the cost of the insurance policy.

Right of Cancellation

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

List of Account Members

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

Equal Opportunity

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

Statement of True Interest Cost

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

CUSIP Numbers; Fees

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

Official Statement

The MTA has delivered a Preliminary Official Statement relating to the Bonds and has authorized the use of said Preliminary Official Statement in connection with the sale of the Bonds. The Preliminary Official Statement has been “deemed final” by the MTA for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. Upon the sale of the Bonds, the MTA will complete an Official Statement substantially in the same form as the Preliminary Official Statement subject to such amendments as are necessary, and will deliver such Official Statement to the successful bidder within seven (7) business days of the acceptance of bids by the MTA. Not more than 300 copies of the Official Statement will be supplied to the purchaser of the Bonds for this purpose at the expense of the MTA. Additional copies may be obtained at the expense of such purchaser.

Continuing Disclosure

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

Ratings in Effect

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

Change in Tax Exempt Status

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

Information Required from Winning Bidder; Reoffering Price

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

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

California Debt and Investment Advisory Commission Fee

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

Legal Opinion; Closing Documents

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

(a) ***Legal Opinion; Tax Exempt Status.*** The Bonds will be issued subject to the approving opinion of Kutak Rock LLP, Bond Counsel, to the effect that the Bonds are the legal, valid and binding limited obligations of the MTA payable from Pledged Revenues, and that in the opinion of such Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Additionally, Bond Counsel will opine that interest on the Bonds is exempt from present State of California personal income taxation.

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

(c) ***Official Statement Certificate.*** A certificate of an official of the MTA stating that as of the date thereof, to the best of the knowledge and belief of said official after reading and reviewing the Official Statement, the Official Statement does not contain an untrue statement of a

material fact or omit to state any material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the MTA which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

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

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

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

Right to Modify or Amend

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

Postponement

The MTA reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced through TM3 given not later than 1:00 p.m. (New York Time), on the last business date prior to any date scheduled for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date (either a Tuesday, Wednesday or Thursday) will be announced through TM3 at least 24 hours prior to such alternative sale date and will be provided by facsimile transmission to any bidder timely requesting such notice. On any such alternative sale date, any bidder may submit a sealed written bid or electronic proposal for the purchase of the Bonds in conformity in all respects with the provisions of this Notice Inviting Bids except for the date of sale and except for the changes announced through TM3 at the time the sale date and time are announced.

Blue Sky Laws

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

Governing Law

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

Additional Information

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

Given by order of the Los Angeles County Metropolitan Transportation Authority
[_____, 2005.

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

Attachment B

BID FORM

Los Angeles County Metropolitan Transportation Authority
(California)

Proposition A First Tier Senior
Sales Tax Revenue Bonds
Series 2005-A

Proposition A First Tier Senior
Sales Tax Revenue Refunding Bonds
Series 2005-B

[June __,] 2005

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

Ladies and Gentlemen:

Subject to the provisions of and in accordance with the terms of the Notice Inviting Bids, dated [June __], 2005, of the Los Angeles County Metropolitan Transportation Authority (the "MTA") for its Proposition A First Tier Senior Sales Tax Revenue Bonds, 2005-A (the "Series 2005-A Bonds") and its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, 2005-B (the "Series 2005-B Bonds," and together with the Series 2005-A Bonds, the "Bonds"), which is incorporated herein and hereby made a part hereof:

We hereby offer to purchase all, but not less than all, of the \$[_____]* aggregate principal amount of the Series 2005-A Bonds and all, but not less than all, of the \$[_____]* aggregate principal amount of the Series 2005-B Bonds described in the Notice Inviting Bids and to pay therefor the amount of \$_____, constituting ___% of the aggregate principal amount of the Bonds, plus the interest accrued, if any, on the Bonds from [_____, 2005 to] the date of their delivery. This offer is for the Bonds bearing interest at the rates and in the form of serial bonds and term bonds as follows:

In accordance with the Notice Inviting Bids, we enclose herewith (PLEASE CHECK ONE OF THE FOLLOWING TWO PARAGRAPHS):

[] a certified check or cashier's check for \$[] drawn on a bank or trust company payable in same day or next day funds to the order of the Los Angeles County Metropolitan Transportation Authority

[] a financial surety bond ("Surety Bond") in an amount of \$[] issued by an insurance company licensed to issue such a bond in the State of California naming the Los Angeles County Metropolitan Transportation Authority as the beneficiary and identifying the bidder whose deposit is guaranteed by the Surety Bond. Any Surety Bond provided must remain valid until at least 12:00 p.m. (California Time) on the next business day following the award. In the event we submit a Surety Bond, we agree, if our bid is accepted, to wire transfer to the MTA \$[] in immediately available federal funds not later than 12:00 p.m. (California Time) on the next business day following the award.

We acknowledge and agree that after we submit this proposal, the MTA may modify the aggregate principal amount of the Bonds and/or the principal amounts of each maturity of the Bonds, subject to the limitations set forth in the Notice Inviting Bids.

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

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

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

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

We desire ____ copies (not exceeding 300) of the Official Statement for the Bonds (as provided in the Notice Inviting Bids). We understand that we may obtain additional copies at our own expense.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Bonds are awarded pursuant to this bid. We further certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for itself an advantage over any other bidder.

Respectfully submitted,

Address for Return of
Unsuccessful Bid Checks

By _____
Account Manager

By _____
Address _____
Telephone: _____
Facsimile: _____

(names of account members are listed on next page)

ACCOUNT MEMBERS

NOTICE OF INTENTION TO SELL BONDS

Los Angeles County Metropolitan Transportation Authority
(California)

Approximately \$ _____*
Proposition A First Tier Senior
Sales Tax Revenue Bonds
Series 2005-A

Approximately \$ _____*
Proposition A First Tier Senior
Sales Tax Revenue Refunding Bonds
Series 2005-B

The Los Angeles County Metropolitan Transportation Authority (the "MTA") intends to receive bids for the above-referenced Bonds (the "Bonds") until 9:00 a.m., California Time, on [June ____], 2005 through the electronic bidding services of PARITY® and through the submission of a sealed written bid at the offices of the MTA, One Gateway Plaza, Treasury Department, 21st Floor, Los Angeles, California 90012 (at Union Station).

The MTA reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced through TM3 given not later than 1:00 p.m. (New York Time) on the last business date prior to any date scheduled for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date (either a Tuesday, Wednesday or Thursday) will be announced through TM3 at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a sealed written bid or electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice Inviting Bids except for the date of sale and except for the changes announced through TM3 at the time the sale date and time are announced.

The Bonds will be dated [July ____], 2005.** The principal amount of Bonds sold may be adjusted after the award of the Bonds, as set forth in the Notice Inviting Bids.

Copies of the Notice Inviting Bids, together with copies of the Preliminary Official Statement issued in connection with the sale of the Bonds, the Resolution of the MTA authorizing the issuance of the Bonds, the Trust Agreement and the Supplemental Trust Agreement related thereto may be obtained from the offices of the MTA's financial advisor: Public Financial Management, Inc., 660 Newport Center Drive, Suite 750, Newport Beach, California, 92260, telephone #: (949) 721-9422. Additionally, copies of the Preliminary Official Statement and the Notice Inviting Bids can be obtained in electronic format at [_____].

[Terry Matsumoto, Executive Officer, Finance & Treasurer]
Los Angeles County Metropolitan Transportation Authority

* Subject to change as set forth in the Notice Inviting Bids.

** Preliminary; subject to change.

Attachment D

Uses of Proceeds Proposition A 2005-A Bond				
<i>Project Name</i>	<i>Commercial Paper Refunding</i>	<i>Long-Term Bond Refunding</i>	<i>New Money</i>	<i>Total</i>
BLUE LINE OPERATING FACILITIES	190,854	-	-	190,854
GREEN LINE OPERATING FACILITIES	220,908	-	-	220,908
RED LINE OPERATING FACILITIES	241,323	-	-	241,323
GENERAL BLDG MODS-FACILITIES	1,643	-	-	1,643
REVENUE FACILITY IMPROVEMENT	218,569	-	-	218,569
METRO RAIL SYSTEM	160,769	-	-	160,769
BLUE LINE LA/LONG BEACH	312,721	-	-	312,721
RED LINE SEGMENT 1	89,150	-	-	89,150
RED LINE SEGMENT 2	76,415,354	-	-	76,415,354
RED LINE SEGMENT 3 - MID CITIES	692,784	-	-	692,784
SYSTEM SAFETY & SECURITY	244,408	-	-	244,408
MRL SEGMENT 1 RADIO RETROFIT	1,314,545	-	-	1,314,545
SYSTEMWIDE	1,292,600	-	-	1,292,600
MRL MAINTENANCE-OF-WAY FACILITY	18,917	-	-	18,917
ENVIRONMENTAL MITIGATION	396,589	-	-	396,589
BLUE LINE TRANSIT ENHANCEMENTS	1,641,096	-	-	1,641,096
GREEN LINE TRANSIT ENHANCEMENTS	157,346	-	-	157,346
ENGINEERING SUPPORT	654,466	-	-	654,466
TRANSIT ENHANCEMENTS MOS 1	37,077	-	-	37,077
TRANSIT ENHANCEMENTS MOS 2	2,713	-	-	2,713
HOLLYWOOD BLVD. MITIGATION	165,736	-	-	165,736
EASTSIDE LIGHT RAIL TRANSIT	114,015,739	-	-	114,015,739
RED LINE SEGMENT 3 - NH	29,258,124	-	-	29,258,124
75 40-FOOT BUSES	-	-	35,500,000	35,500,000
OPERATING FACILITIES	-	-	10,000,000	10,000,000
REFUNDING OF LONG-TERM BONDS	-	223,885,000	-	223,885,000
DIVISION 9 FACILITIES IMPROVEMENTS	-	-	10,623,940	10,623,940
Funding	227,743,432	223,885,000	56,123,940	507,752,372
DSRF & COI				42,247,628
Total Par to Issue				550,000,000

