



LACMTA LEASING AUTHORITY

**SPECIAL MEETING
MARCH 5, 2009**

SUBJECT: DEFEASED LEASE

ACTION: TERMINATION OF LEASE WITH BANK OF NEW YORK

RECOMMENDATION

Authorize the Chief Executive Officer to terminate the lease with Bank of New York (BNY) under terms favorable to the LACMTA Leasing Authority and Metro.

RATIONALE

BNY, the investor, has offered to terminate the transaction early in exchange for a reserve fund that is already held on their behalf under the deal. The deal is scheduled to terminate in 2017. Metro will incur certain legal fees in developing the termination agreement.

Board authorization is required for the Leasing Authority to terminate its portion of the deal.

BACKGROUND

The LACMTA Leasing Authority is a joint powers authority (JPA) consisting of LACMTA and Los Angeles County. This entity was created for the specific purpose of entering into a defeased lease transaction with the Bank of New York (BNY) in 1997. BNY required the creation of the JPA as a condition of the deal.


Metro received an upfront benefit payment of \$4.6 million for leasing 30 Breda subway cars. American International Group was not a party to this transaction.

The JPA will be dissolved by its own terms when the deal is terminated.

FINANCIAL IMPACT

Legal fees for this work are included in LACMTA's FY09 budget. There is no budgetary impact to the Leasing Authority.

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Treasurer



Terry Matsumoto
Treasurer



Roger Snoble
Chief Executive Officer