



Board Report

File #: 2017-0840, **File Type:** Resolution

Agenda Number: 12.

**FINANCE, BUDGET AND AUDIT COMMITTEE
FEBRUARY 14, 2018**

SUBJECT: PROPOSITION C BONDS

ACTION: AUTHORIZE COMPETITIVE SALE OF BONDS

RECOMMENDATION

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the issuance of bonds by competitive sale to refund the Proposition C Series 2008-A Bonds, consistent with the Debt Policy;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Continuing Disclosure Agreement, Escrow Agreement, and Preliminary Official Statement on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the resolution; and
- C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the refunding bonds.

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)

ISSUE

Low interest rates offer an opportunity for Metro to lower its debt service costs by refunding on a current basis the outstanding Proposition C Sales Tax Revenue Refunding Bonds Second Senior Bonds, Series 2008-A (the "2008-A Bonds"). Approximately \$69 million of the outstanding 2008-A Bonds can be refunded. Under current market conditions, the issuance of the Proposition C Sales Tax Revenue Refunding Bonds (the "Refunding Bonds") would achieve approximately \$7.0 million in net present value savings over the four year life of the bonds.

DISCUSSION

IRS tax code regulates tax-exempt debt issuance. Tax-reform legislation enacted by Congress repeals tax-exempt advance refunding bonds effective January 1, 2018. An advance refunding is a refunding that closes more than 90 days prior to the date when the outstanding bonds are called for

redemption.

The 2008-A Bonds may be refunded on a current refunding basis in early April, 2018 as their call date is July 1, 2018. The Debt Policy establishes criteria to evaluate refunding opportunities. The refunding of the 2008-A Bonds is currently estimated to provide net present value savings in excess of the minimum 3% of the refunded par amount set forth in the Debt Policy criteria for evaluating refunding opportunities.

The Refunding Bonds will be sold as fixed rate bonds. The Refunding Bonds will be sold using a competitive process where prospective underwriters bid to purchase the Refunding Bonds on the date of sale. The Refunding Bonds will be sold to the underwriter offering the lowest true interest cost. The timing of the bond sale is contingent upon our ability to take advantage of favorable market conditions as they arise. In the event that bids do not meet our criteria, all bids will be rejected and the sale will be rescheduled.

FINANCIAL IMPACT

The costs of issuance for the Refunding Bonds will be paid from proceeds of the financing and will be budget neutral. Savings from the Refunding Bonds will be reflected in future budgets under principal account 51101 and the bond interest account 51121.

ALTERNATIVES CONSIDERED

The Board could defer the issuance of the Refunding Bonds to a later time or indefinitely. This is not recommended because we cannot predict where interest rates will be in the following three to six months. Federal Reserve Bank actions, political and other market and economic conditions may push interest rates higher and may result in a loss of refunding savings.

NEXT STEPS

- Develop bond issuance documentation
- Obtain ratings
- Distribute the Preliminary Official Statement and Notice Inviting Bids to prospective underwriters and potential investors and publish the Notice of Intention to Sell Bonds
- Receive electronic bids from underwriters
- Finalize bond documentation and deliver the Refunding Bonds

ATTACHMENTS

Attachment A - Authorizing Resolution

Prepared by:

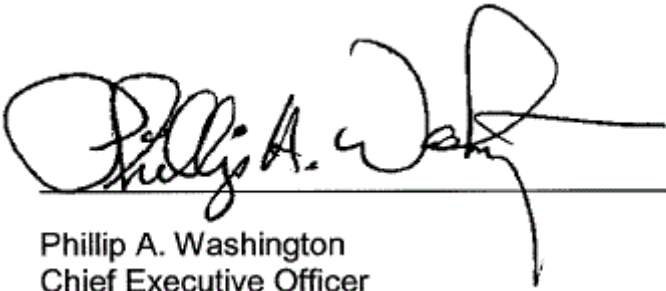
Danny Ray Jasper, Jr., Debt Manager, (213) 922-4047

LuAnne Edwards Schurtz, Deputy Executive Officer, Finance, (213) 922-2554

Donna R. Mills, Treasurer, (213) 922-4047

Reviewed by:

Nalini Ahuja, Chief Financial Officer (213) 922-3088



Phillip A. Washington
Chief Executive Officer

Authorizing Resolution

**RESOLUTION OF THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
AUTHORIZING THE ISSUANCE AND SALE OF
PROPOSITION C SALES TAX REVENUE REFUNDING
BONDS, AND APPROVING OTHER RELATED MATTERS**

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), 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 transit 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. 49 adopted August 28, 1990 ("Ordinance No. 49"), imposed a ½ 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 C Tax"), and such tax was approved by the electors of the County on November 6, 1990; and

WHEREAS, the revenues received by the LACMTA from the imposition of the transactions and use 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 LACMTA is planning and engineering a Countywide rail, bus and highway transit system (the "Rail, Bus and Highway Transit System") to serve the County and has commenced construction of portions of the Rail, Bus and Highway Transit System; and

WHEREAS, to facilitate the development and construction of the Rail, Bus and Highway Transit System, the LACMTA, as authorized by the Act, pursuant to the terms of the Amended and Restated Trust Agreement, dated as of January 1, 2010, as amended and supplemented (the "Trust Agreement"), by and between the LACMTA and U.S. Bank National Association, as trustee (the "Trustee"), the LACMTA has issued multiple series of bonds, including its Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2008-A (the "Series 2008-A Bonds"); Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-D; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-E; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2010-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-B; Proposition C Sales Tax Revenue

Refunding Bonds, Senior Bonds, 2013-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2013-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-C; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2014-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A and Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2017-A; collectively, the “Prior Senior Lien Bonds”); and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more Series from time to time and in one or more transactions of its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds (the “Refunding Bonds”) to (a) refund all or a portion of the outstanding Series 2008-A Bonds; (b) fund or make provision for one or more reserve funds or accounts; and (c) pay the costs of issuance related thereto; and

WHEREAS, the LACMTA desires to sell the Refunding Bonds on a competitive basis in accordance with the Debt Policy of the LACMTA; and

WHEREAS, the forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”):

(a) a Supplemental Trust Agreement (the “Supplemental Trust Agreement”) by and between the LACMTA and the Trustee, which would supplement the Trust Agreement for purposes of providing the terms and conditions of the Refunding Bonds;

(b) a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offer and sale of the Refunding Bonds;

(c) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) to be executed by the LACMTA to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and which will provide for the annual and periodic update of certain financial and operating information;

(d) a Notice Inviting Bids (the “Notice Inviting Bids”) setting forth the terms and the manner in which electronic bids from qualified bidders for the purchase of the Refunding Bonds shall be received;

(e) a Notice of Intention to Sell Bonds (the “Notice of Intention to Sell Bonds”) to be published in connection with any proposed sale of the Refunding Bonds; and

(f) an Escrow Agreement (the “Escrow Agreement”) between the Trustee, acting as escrow agent, and the LACMTA, which agreement would provide for the deposit, investment and expenditure of moneys to refund all or a portion of the Series 2008-A Bonds; and

WHEREAS, the LACMTA hereby acknowledges that such documents will be modified and amended to reflect the various details applicable to the Refunding Bonds, whether the

Refunding Bonds are issued in a single issuance or multiple issuances, and that such documents are subject to completion to reflect the results of the sale of the Refunding Bonds, whether in a single issuance or multiple issuances; and

WHEREAS, the Board of the LACMTA hereby acknowledges that Section V(B) of the Debt Policy of the LACMTA contemplates that the LACMTA will achieve certain levels of target savings on any issuance of refunding bonds; and

WHEREAS, the Board of the LACMTA desires to permit the issuance of the Refunding Bonds in one or more Series and from time to time so long as each issuance complies with the interest savings or other provisions of the Debt Policy of the LACMTA (including the provisions that give the Treasurer discretion with respect to various matters, including refunding savings on individual maturities); and

WHEREAS, the LACMTA has pledged the Proposition C Tax (less the 20% local allocation and the California Department of Tax and Fee Administration's costs of administering such tax) (the "Pledged Taxes") to secure the Prior Senior Lien Bonds; and

WHEREAS, the LACMTA desires to designate the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, a Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them as an "Authorized Authority Representative" for all purposes under the Trust Agreement and the Supplemental Trust Agreement; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

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

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

1. **Findings.** The LACMTA hereby finds and determines that:

(a) The issuance of the Refunding Bonds, and the application of other available funds, to refund all or any portion of the Series 2008-A Bonds, to fund or make provision for one or more reserve funds or accounts (as and to the extent determined by a Designated Officer) and to pay the costs of issuance related thereto is in the public interest.

(b) Under the provisions of Ordinance No. 49, all of the Pledged Taxes are revenues of the LACMTA available for rail, bus and highway 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 Refunding Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and to be set forth in the Supplemental Trust Agreement, are reasonable and proper for the security of the holders of the Refunding Bonds.

2. **Issuance of Refunding Bonds.** The Board of the LACMTA hereby authorizes the issuance of one or more Series of Refunding Bonds from time to time for the purpose of (a) refunding all or any portion of the Series 2008-A Bonds; (b) funding or making provision for one or more reserve funds or accounts as and to the extent determined by a Designated Officer; and (c) paying the costs of issuance related thereto; *provided, however*, that, as of the date of sale of the Refunding Bonds, the issuance of such Series of Refunding Bonds satisfies the requirements of the Debt Policy of the LACMTA as determined and calculated in the discretion of the Treasurer of the LACMTA, which shall be conclusive for all purposes of this Resolution. The LACMTA hereby specifies that the Refunding Bonds shall not mature later than July 1, 2022. The Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, a Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and 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 each Series of Refunding Bonds to be issued and to direct the execution and authentication of the Refunding Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized.

3. **Terms of Refunding Bonds.** The Refunding Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the Supplemental Trust Agreement. The Refunding 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 Supplemental Trust Agreement. Interest on the Refunding Bonds shall be paid on the dates set forth in the applicable Supplemental Trust Agreement. The Refunding Bonds may be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the Supplemental Trust Agreement, or not be subject to redemption. The Refunding Bonds may also be subject to mandatory sinking fund redemption as and to the extent set forth in the Supplemental Trust Agreement. Payment of

principal of, and interest and premium, if any, on the Refunding Bonds shall be made at the place or places and in the manner provided in the applicable Supplemental Trust Agreement.

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

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 Refunding Bonds and any additional bonds which may subsequently be issued under and secured by the terms of the Trust Agreement.

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

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

7. **Execution of Refunding Bonds.** Each of the Refunding Bonds shall be executed on behalf of the LACMTA 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 Refunding Bonds.

8. **Good Faith Estimates.** In accordance with SB 450, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the Refunding Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Refunding Bonds, (c) the amount of proceeds of the Refunding Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, and (d) the sum total of all debt service payments on the Refunding Bonds calculated to the final maturity of the Refunding Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Refunding Bonds.

9. **Approval of Documents, Authorization for Execution.** Each of the Designated Officers is hereby authorized and directed to have prepared and to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Supplemental Trust Agreement, the Escrow Agreement, the Continuing Disclosure Certificate, the Notice Inviting Bids and the Notice of Intention to Sell Bonds, all in substantially the forms on file with the Secretary of the Board and made available to the Board and hereby approved, with such changes as any Designated Officer determines are appropriate or necessary, in each case, to the extent, in the

form, and with the terms and provisions as the Designated Officer executing the same shall determine are appropriate and necessary for the issuance of the Refunding Bonds, including, but not limited to, affirmative and negative covenants relating to the Refunding Bonds and the finances and operations of the LACMTA and any amendments, modifications and/or supplements to the Trust Agreement. The Supplemental Trust Agreement, Escrow Agreement, Preliminary Official Statement, Official Statement, Continuing Disclosure Certificate, Notice Inviting Bids and Notice of Intention to Sell Bonds are collectively referred to herein as the “Related Documents” and each a “Related Document.”

10. Sale of Refunding Bonds.

(a) Each Designated Officer is 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 Refunding Bonds, to receive proposals from qualified bidders for the purchase of the Refunding Bonds (through the use of computerized bidding systems) upon the terms and in the manner set forth in the Notice Inviting Bids.

(b) Each Designated Officer is hereby authorized and directed to execute the Notices Inviting Bids, from time to time, in such form as the Designated Officer executing the same shall approve and call for bids for the sale of the Refunding Bonds from qualified bidders in accordance with the Notice Inviting Bids.

(c) Each Designated Officer is hereby authorized and directed to cause the Notices of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of the Refunding Bonds, as approved by such Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by a Designated Officer), a financial publication generally circulated throughout the State of California, at least five days prior to the sale of the Refunding 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) Each Designated Officer is hereby authorized and directed for and on behalf of the LACMTA to accept the best bid for the Refunding Bonds received from qualified bidders pursuant to and subject to the terms and conditions set forth in this Resolution and the Notice Inviting Bids herein approved and to award the Refunding Bonds, from time to time, to such best bidder(s).

(e) Each Designated Officer is hereby authorized and directed to take any other action such Designated Officer determines is necessary or desirable to cause any such competitive sale to comply with the Debt Policy of the LACMTA and applicable law.

(f) Each Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause notice to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the Refunding Bonds, such

notice to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice of final sale with CDIAC, 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 Refunding Bonds, and any prior such notices are hereby ratified, confirmed and approved.

11. **Preliminary Official Statement and Official Statement.** In connection with the issuance of the Refunding Bonds, the LACMTA hereby authorizes the circulation in electronic and/or printed form of the Preliminary Official Statement. The Preliminary Official Statement shall contain a description of the finances and operations of the LACMTA, a description of the Proposition C Tax and a description of historical receipts of sales tax revenues substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board and hereby approved, with such changes as any Designated Officer determines are appropriate or necessary. The Preliminary Official Statement shall also contain a description of the applicable Refunding Bonds and the terms and conditions of the applicable Supplemental Trust Agreement together with such information and description as a Designated Officer determines is appropriate or necessary. The Preliminary Official Statement shall be circulated for use in selling the Refunding Bonds at such time or times as a Designated Officer shall deem the Preliminary Official Statement to be final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, such determination to be conclusively evidenced by a certificate signed by such Designated Officer to such effect.

Upon the sale of any Series of Refunding Bonds, the Designated Officers shall provide for the preparation, publication, execution and delivery in electronic and/or printed form of final Official Statement in substantially the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as any Designated Officer determines are appropriate or necessary. Any Designated Officer is hereby authorized and directed to execute and deliver the final Official Statement in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement may be prepared and delivered reflecting updated and revised information as the Designated Officers deem appropriate or necessary. The Official Statement shall be circulated for use in selling the Refunding Bonds at such time or times as a Designated Officer deems appropriate.

12. **Paying Agent, Registrar and Escrow Agent.** The LACMTA hereby appoints the Trustee as Paying Agent for the Refunding Bonds, appoints the Trustee as Registrar for the Refunding Bonds, and appoints the Trustee as Escrow Agent under the Escrow Agreement. Such appointments shall be effective upon the issuance of the Refunding Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

13. **Authorized Authority Representative.** The Board hereby designates the Executive Director, Finance and Budget of the LACMTA, the Treasurer of the LACMTA, each Assistant Treasurer of the LACMTA, and any such officer serving in an acting or interim capacity, as an "Authorized Authority Representative" for all purposes under the Trust Agreement, the Supplemental Trust Agreement, and any amendments or supplements to the

Trust Agreement or Supplemental Trust Agreement. Such appointment shall remain in effect until modified by resolution. The prior designation of officers, including the Chairperson and the Chief Executive Officer, as Authorized Authority Representatives under the Trust Agreement and any amendments or supplements thereto shall continue.

14. **Additional Authorization.** The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, are each authorized and directed to do any and all things necessary to effect the execution and delivery of the Refunding Bonds and the Related Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, 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 Supplemental Trust Agreement and the Related Documents or to evidence such 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 Refunding 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 Certificate as required by the Supplemental Trust Agreement 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 book-entry bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

15. **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 Chief Executive Officer, the Chief Financial Officer, the Treasurer, a Deputy Executive Officer, Finance, or any Assistant Treasurer (or such other titles as the LACMTA may from time to time assign for such respective positions), shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

16. **Further Actions.** From and after the delivery of the Refunding Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify any Related Document at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement or modification, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof.

17. **Costs of Issuance.** The LACMTA authorizes funds of the LACMTA together with the proceeds of the Refunding Bonds to be used to pay costs of issuance of the Refunding Bonds, including but not limited to costs of attorneys, accountants, verification agents, escrow bidding agents, municipal advisors, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses, and any related filing fees.

18. **Investment Agreements.** In connection with the issuance of the Refunding Bonds, each of the Designated Officers is hereby authorized and directed to terminate, amend, assign or otherwise dispose of any investment agreement relating to the Series 2008-A Bonds, in such manner and on such terms and provisions as any such Designated Officer shall determine is appropriate or necessary.

19. **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.

20. **Effective Date.** This Resolution shall be effective upon adoption.

21. **Contract.** This Resolution and the pledge of the Pledged Taxes contained herein shall constitute a contract between the LACMTA and the holders of the Refunding Bonds.

[Remainder of Page Intentionally Left Blank]

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 _____, 2018.

LACMTA Board Secretary

DATED: _____, 2018

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Montague DeRose and Associates (the “Municipal Advisor”) with respect to the bonds (the “Refunding Bonds”) approved in the attached Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Refunding Bonds:

1. *True Interest Cost of the Refunding Bonds.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Refunding Bonds, is 1.72%.

2. *Finance Charge of the Refunding Bonds.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Refunding Bonds), is \$528,195.48, as follows:

a)	Underwriters’ Discount	\$195,580.00
b)	Credit Enhancement	0.00
c)	Bond Counsel and Disbursements	60,000.00
d)	Disclosure Counsel and Disbursements	50,000.00
e)	Municipal Advisor and Disbursements	48,000.00
f)	Rating Agency	100,000.00
g)	Other Expenses	<u>74,615.48</u>
Total		\$528,195.48

3. *Amount of Proceeds to be Received.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the LACMTA for sale of the Refunding Bonds less the finance charge of the Refunding Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, is \$55,870,771.53.

4. *Total Payment Amount.* Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the LACMTA will make to pay debt service on the Refunding Bonds plus the finance charge of the Refunding Bonds described in paragraph 2 above not paid with the proceeds of the Refunding Bonds, calculated to the final maturity of the Refunding Bonds, is \$66,306,716.67.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Refunding Bonds sales, the amount of Refunding Bonds sold, the amortization of the Refunding Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Refunding Bonds sold will be determined by the LACMTA based on need for escrow funds and other factors. The actual interest rates at which the Refunding Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Refunding Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the LACMTA's control. The LACMTA has approved the issuance of the Refunding Bonds with a maximum true interest cost of 3.80%.

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Los Angeles County Metropolitan Transportation Authority (the “Authority”) in connection with the issuance of its \$_____ Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the “Series 2018-A Bonds”) pursuant to the terms of the Agreement (as defined herein). The Authority covenants and agrees as follows:

Section 1. Definitions.

“*Agreement*” means, collectively, the Amended and Restated Trust Agreement, dated as of January 1, 2010, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and the Twenty-Eighth Supplemental Trust Agreement, dated as of April 1, 2018, by and between the Authority and the Trustee.

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

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

“*Holder*” means any registered owner of Series 2018-A Bonds and any beneficial owner of Series 2018-A Bonds within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

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

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

“*Official Statement*” means the Official Statement, dated _____, 2018, prepared and distributed in connection with the initial sale of the Series 2018-A Bonds.

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

Section 2. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority pursuant to Rule 15c2-12 for the benefit of the Holders of the Series 2018-A Bonds in order to assist the participating underwriters in complying with Rule 15c2-12.

Section 3. Provision of Annual Information.

(a) The Authority shall, not later than 195 days following the end of each Fiscal Year of the Authority (which Fiscal Year currently ends on June 30), commencing with the report for Fiscal Year ending June 30, 2018, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, the Annual Information relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 hereof, which Annual Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided that any audited financial statements may be submitted separately from the balance of the Annual Information and later than the date required above for the filing of the Annual Information if they are not available by that

date. If the Fiscal Year for the Authority changes, the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

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

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

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

(b) Updated historical information of the type set forth in "TABLE 3—Historic Net Proposition C Sales Tax Receipts, Local Allocations, Pledged Revenues and Debt Service Coverage" of the Official Statement; and

(c) Updated information of the type set forth in "TABLE 6—Los Angeles County Metropolitan Transportation Authority, Combined Debt Service Schedule Senior Bonds" of the Official Statement, but only the information in the columns under the headings "Series 2018-A Bonds Debt Service" and the information under the column entitled "Combined Total Debt Service Senior Bonds" and only to the extent the information in these columns has changed.

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

Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018-A Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions with respect to the tax status of the Series 2018-A Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series 2018-A Bonds;

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

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

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018-A Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2018-A Bonds or other material events affecting the tax status of the Series 2018-A Bonds;
2. Modifications to rights of the Owners of the Series 2018-A Bonds;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution or sale of property securing repayment of the Series 2018-A Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

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

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

(e) If the Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2018-A Bonds pursuant to the Agreement.

Section 6. Remedies. If the Authority shall fail to comply with any provision of this Certificate, then any Holder may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding in law or in equity, this Certificate against the Authority and any of the officers, agents and employees of the Authority, and may compel the Authority or any such officers, agents or employees to perform and carry out their duties under this Certificate; provided that the sole and exclusive remedy for breach of this Certificate shall be an action to compel specific performance of the obligations of the Authority hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and, provided further, that any challenge to the adequacy of any information provided pursuant to Section 4 or 5 hereof may be brought only by the Holders of 25% in aggregate principal amount of the Series 2018-A Bonds at the time outstanding. A failure by the Authority to comply with the provisions of this Certificate shall not constitute an Event of Default under the Agreement.

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

Section 8. Amendment. Without the consent of any Holders of Series 2018 Bonds, the Authority at any time and from time to time may enter into any amendments or changes to this Certificate for any of the following purposes:

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

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

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

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

(e) to modify the contents, presentation and format of the Annual Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority, or type of business conducted; provided that (i) the certificate, as amended, would have complied with the

requirements of Rule 15c2-12 at the time of the offering of the Series 2018-A Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances; and (ii) the amendment or change does not materially impair the interests of Holders, as determined either by a party unaffiliated with the Authority (such as bond counsel), or by the vote or consent of Holders of a majority in outstanding principal amount of the Series 2018-A Bonds on or prior to the time of such amendment or change.

Section 9. Termination of Obligation. This Certificate shall remain in full force and effect until such time as all principal of and interest on the Series 2018-A Bonds shall have been paid in full or legally defeased pursuant to the Agreement. Upon any such legal defeasance, the Authority shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Series 2018-A Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

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

IN WITNESS WHEREOF, the undersigned has executed this Continuing Disclosure Certificate this ____ day of April, 2018.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
Donna R. Mills
Treasurer

ESCROW AGREEMENT

by and between

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Escrow Agent

Dated _____, 2018

relating to:

The Outstanding
Proposition C Sales Tax Revenue Refunding Bonds
Second Senior Bonds
Series 2008-A

ESCROW AGREEMENT

THIS ESCROW AGREEMENT dated _____, 2018 (this "*Escrow Agreement*") is made by and between the **LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY** (the "*Authority*"), duly organized and existing pursuant to Chapter 2, Division 12 of the California Public Utilities Code (commencing with Section 130050.2), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as successor by merger to U.S. Bank Trust National Association, as trustee under the hereinafter defined Agreement and Fourteenth Supplemental Agreement, and as escrow agent (the "*Trustee/Escrow Agent*").

WITNESSETH:

WHEREAS, the Authority has previously issued its \$128,745,000 original principal amount of Bonds designated as "Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2008-A," of which \$69,245,000 principal amount is currently outstanding (the "*Refunded Bonds*") pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2010, as amended and supplemented (the "*Agreement*"), by and between the Authority and the Trustee/Escrow Agent, as trustee, and the Fourteenth Supplemental Trust Agreement, dated as of June 1, 2008 (the "*Fourteenth Supplemental Agreement*"), by and between the Authority and the Trustee/Escrow Agent, as trustee;

WHEREAS, the Authority is, simultaneously with the execution of this Escrow Agreement, issuing \$_____ aggregate principal amount of its Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the "*Series 2018-A Bonds*") under the terms of the Agreement and a Twenty-Eighth Supplemental Trust Agreement, dated as of April 1, 2018, by and between the Authority and U.S. Bank National Association, as trustee; and

WHEREAS, the Series 2018-A Bond proceeds, together with other available funds, are being used to redeem the Refunded Bonds on July 1, 2018 (the "*Redemption Date*"), as set forth in Exhibit A attached hereto;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Appointment of Escrow Agent. The Authority hereby appoints the Trustee/Escrow Agent to serve as escrow agent hereunder with such duties and responsibilities as are set forth herein.

Section 2. Creation of Escrow Fund. There is hereby created and established with the Trustee/Escrow Agent a special and irrevocable escrow fund designated "Los Angeles County Metropolitan Transportation Authority, Proposition C Sales Tax Revenue Refunding Bonds, Series 2008-A Escrow Fund" (herein referred to as the "*Escrow Fund*") to be held in the custody of the Trustee/Escrow Agent in escrow under this Escrow Agreement for the benefit of the owners of the Refunded Bonds. Except as otherwise provided in Section 6 hereof, the Authority shall have no interest in the funds or investments held in the Escrow Fund.

Section 3. Deposit to the Escrow Fund.

- (a) Concurrently with the execution and delivery of this Escrow Agreement, the Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, deposit the sum of \$_____ to be derived from the proceeds of the sale of the Series 2018-A Bonds, which the Authority shall transfer or caused to be transferred to the Trustee/Escrow Agent on or before [Closing Date], to the Escrow Fund.
- (b) The Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, on or before [Closing Date], transfer or cause to be transferred to the Escrow Fund \$_____ from the Series 2008-A Subaccount of the Senior Bond Interest Account of the Senior Debt Service Fund (as established and maintained pursuant to the Agreement and the Fourteenth Supplemental Agreement).
- (c) The Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, on or before [Closing Date], transfer or cause to be transferred to the Escrow Fund \$_____ from the Series 2008-A Account of the Reserve Fund (as established and maintained pursuant to the Agreement and the Fourteenth Supplemental Agreement).
- (d) The Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, on or before [Closing Date], transfer or cause to be transferred to the Escrow Fund \$_____ from the Series 2008-A Subaccount of the Senior Bond Principal Account of the Senior Debt Service Fund (as established and maintained pursuant to the Agreement and the Fourteenth Supplemental Indenture).
- (e) The Trustee/Escrow Agent hereby acknowledges receipt of \$_____, as described in paragraphs (a), (b), (c), and (d) above, and that such amounts were deposited in the Escrow Fund.
- (f) The Authority hereby directs the Trustee/Escrow Agent to invest in _____ and hold the remainder uninvested in cash.
- (g) The Trustee/Escrow Agent hereby confirms that all necessary and proper fees, compensation and expenses of the Trustee, Registrar and Paying Agent (all as defined in the Agreement) with respect to the Refunded Bonds have been paid or provision has been made for the payment thereof.

Section 4. Investment of Escrow Fund. The Trustee/Escrow Agent shall hold the cash balance in the Escrow Fund and disburse such amounts as provided herein.

Section 5. Creation of Lien on Escrow Fund. The deposit of the moneys in the Escrow Fund shall constitute an irrevocable deposit in escrow for the benefit of the holders of the Refunded Bonds. The holders of the Refunded Bonds are hereby granted an express lien on the

Escrow Fund and all moneys and investments from time to time held therein for the payment of amounts described in Section 6 below.

Section 6. Use of Escrow Fund. On the Redemption Date, the Trustee/Escrow Agent shall withdraw from the Escrow Fund the amount necessary to pay in full the redemption price of the Refunded Bonds pursuant to the Agreement and the Fourteenth Supplemental Agreement. The Trustee/Escrow Agent shall redeem the Refunded Bonds on the Redemption Date.

The Trustee/Escrow Agent shall retain all unclaimed moneys, together with interest thereon, in the Escrow Fund and shall invest such unclaimed moneys as directed in writing by an Authorized Authority Representative (as defined in the Agreement). At such time as the Authority delivers to the Trustee/Escrow Agent written notice that no additional amounts from the Escrow Fund will be needed to redeem the Refunded Bonds the Trustee/Escrow Agent shall transfer all amounts then remaining in the Escrow Fund to the Senior Bond Interest Account of the Senior Debt Service Fund, established under the Agreement to be used to pay interest on the Series 2018-A Bonds. At such time as no amounts remain in the Escrow Fund, such fund shall be closed.

Section 7. Notice of Redemption. The Trustee/Escrow Agent is hereby directed and instructed to send the notice of redemption set forth in Exhibit B on the [Closing Date] as provided in the Fourteenth Supplemental Trust Agreement, dated as of June 1, 2008.

Section 8. Reserved.

Section 9. Liability of Trustee/Escrow Agent.

- (a) The Trustee/Escrow Agent shall not under any circumstances be liable for any loss resulting from any investment made pursuant to this Escrow Agreement in compliance with the provisions hereof. The Trustee/Escrow Agent shall have no lien whatsoever on the Escrow Fund or moneys on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Trustee/Escrow Agent under this Escrow Agreement or otherwise.
- (b) The Trustee/Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of any moneys deposited into the Escrow Fund to pay the redemption price of and the accrued and unpaid interest on the Refunded Bonds.
- (c) No provision of this Escrow Agreement shall require the Trustee/Escrow Agent to expend or risk its own funds.
- (d) The Trustee/Escrow Agent may consult with bond counsel to the Authority or with such other counsel of its own choice subject to reasonable approval by the Authority (which may but need not be counsel to the Authority) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.
- (e) Whenever in the administration of this Escrow Agreement the Trustee/Escrow Agent shall deem it necessary or desirable that a matter be proved or established

prior to taking or not taking any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or misconduct on the part of the Trustee/Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Authority, and such certificate shall, in the absence of negligence or misconduct on the part of the Trustee/Escrow Agent, be full warrant to the Trustee/Escrow Agent for any action taken or not taken by it under the provisions of this Escrow Agreement in reliance thereon. The Trustee/Escrow Agent hereby represents that, as of the date hereof, it does not need any further certificate or direction from any other party in order to carry out the terms of this Escrow Agreement.

- (f) The Trustee/Escrow Agent may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified as set forth in Section 13 herein, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Trustee/Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.
- (g) The Trustee/Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Trustee/Escrow Agent be liable for any special, indirect or consequential damages.
- (h) The Trustee/Escrow Agent shall not be responsible for any of the recitals or representations contained herein.
- (i) The Trustee/Escrow Agent's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

Section 10. Successor Trustee/Escrow Agent. Any company into which the Trustee/Escrow Agent may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion, consolidation or tax-free reorganization to which the Trustee/Escrow Agent shall be a party or any company succeeding to the corporate trust business of the Trustee/Escrow Agent, shall be the successor Trustee/Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding. The Trustee/Escrow Agent shall give written notice to the Authority upon or prior to the occurrence of such an event.

Section 11. Termination. This Escrow Agreement shall terminate when all transfers and payments required to be made by the Trustee/Escrow Agent under the provisions hereof shall have been made. Any deficiency in the amounts required to be paid hereunder shall be paid by the Authority. The Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, distribute any moneys remaining in the Escrow Fund at the time of such termination to the Series 2018-A Subaccount of the Senior Bond Interest Account of the Senior Debt Service Fund.

Section 12. Tax-Exempt Nature of Interest on the Refunded Bonds. The Authority covenants and agrees for the benefit of the holders of the Refunded Bonds that it will not direct or permit any thing or act to be done in such manner as would cause interest on the Refunded Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Code, nor will it use any of the proceeds received from the sale of the Series 2018-A Bonds, directly or indirectly, in any manner which would result in the Series 2018-A Bonds being classified as “arbitrage bonds” within the meaning of the Code.

Section 13. Compensation and Indemnity of Trustee/Escrow Agent. For acting under this Escrow Agreement, the Trustee/Escrow Agent shall be entitled to payment of fees for its services as agreed between the Trustee/Escrow Agent and the Authority, including, without limitation, reasonable compensation for all services rendered in the execution, exercise and performance of any of the duties of the Trustee/Escrow Agent to be exercised or performed pursuant to the provisions of this Escrow Agreement, and all reasonable expenses, disbursements and advances incurred in accordance with any provisions of this Escrow Agreement (including the reasonable compensation and expenses and disbursements of independent counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder and out-of-pocket expenses including, but not limited to, postage, insurance, wires, stationery, costs of printing forms and letters and publication of notices of redemption); however, such amount shall never be payable from or become a lien upon the Escrow Fund, which funds shall be held solely for the purposes and subject to the liens set forth in Sections 5 and 6, respectively, of this Escrow Agreement. To the extent permitted by law, the Authority agrees to indemnify and hold the Trustee/Escrow Agent harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all costs, expenses (including reasonable attorneys’ fees of counsel reasonably acceptable to the Authority), losses and damages suffered by it as a result thereof, including the costs and expenses of defending against any such claims, suits or actions, where and to the extent such claim, suit or action arises out of the performance by the Trustee/Escrow Agent of its duties under this Escrow Agreement; provided, however, that such indemnification shall not extend to claims, suits and actions brought against the Trustee/Escrow Agent which result in a judgment being entered, settlement being reached or other disposition made based upon the Trustee/Escrow Agent’s negligence or willful misconduct. The indemnification provided for in this Escrow Agreement shall never be payable from or become a lien upon the Escrow Fund, which Escrow Fund shall be held solely for the purpose and subject to the liens set forth in Sections 5 and 6, respectively, of this Escrow Agreement. The obligations of the Authority under this Section 13 shall remain in effect and continue notwithstanding the termination of this Escrow Agreement and the resignation or the removal of the Trustee/Escrow Agent.

Section 14. Third-Party Beneficiaries and Amendments. The owners of the Refunded Bonds are hereby recognized as third-party beneficiaries of this Escrow Agreement to the extent of their interests in the Escrow Fund as set forth in Sections 5 and 6 hereof.

Section 15. Replacement and Resignation of Trustee/Escrow Agent. The Authority may remove the Trustee/Escrow Agent by notice in writing delivered to the Trustee/Escrow Agent fifteen (15) days prior to the proposed removal date. The Trustee/Escrow Agent may resign by notifying the Authority in writing at least fifteen (15) days prior to the proposed effective date of the resignation. No removal or resignation of the Trustee/Escrow Agent under

this Section shall be effective until a new Trustee/Escrow Agent, approved by the Authority, has taken office and delivered a written acceptance of its appointment to the retiring Trustee/Escrow Agent and to the Authority. Immediately thereafter, the retiring Trustee/Escrow Agent shall transfer all property held by it as Trustee/Escrow Agent to the successor Trustee/Escrow Agent, the removal or resignation of the Trustee/Escrow Agent shall then, but only then, become effective and the successor Trustee/Escrow Agent shall have all the rights, powers and duties of the Trustee/Escrow Agent under this Escrow Agreement. If the Trustee/Escrow Agent is removed or resigns or for any reason is unable or unwilling to perform its duties under this Escrow Agreement, the Authority shall promptly appoint a successor Trustee/Escrow Agent. If a successor Trustee/Escrow Agent has not been appointed and has not accepted such appointment by the end of the 15-day period, the Trustee/Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Trustee/Escrow Agent.

Section 16. Severability. If any one or more of the provisions of this Escrow Agreement should be determined by a court of competent jurisdiction to be contrary to law, such provision shall be deemed and construed to be severable from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 17. Successors and Assigns. All of the covenants and agreements in this Escrow Agreement contained by or on behalf of the Authority or the Trustee/Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 18. Governing Law. This Escrow Agreement shall be governed by the applicable laws of the State of California.

Section 19. Headings. Any headings preceding the text of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

Section 20. Amendments. The Authority and the Trustee/Escrow Agent shall not modify this Escrow Agreement in any manner that is materially adverse to the rights of the owners of the Refunded Bonds without the consent of all of the owners of the Refunded Bonds affected by such modification which have not been paid in full. No amendment to this Escrow Agreement shall be effective without the consent of Assured Guaranty Municipal Corp., insurer of the Refunded Bonds (which consent shall not be unreasonably withheld).

Section 21. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[End of Escrow Agreement]

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

**LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY**

By: _____
Donna R. Mills
Treasurer

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee and Escrow Agent**

By: _____
Authorized Officer

EXHIBIT A

REFUNDED BONDS

**Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Refunding Bonds
Second Senior Bonds
Series 2008-A**

Maturity Date <u>(July 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>CUSIP</u>
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EXHIBIT B

NOTICE OF REDEMPTION

**Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Bonds
Second Senior Bonds
Series 2008-A**

NOTICE IS HEREBY GIVEN that, pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2010 (the “Trust Agreement”), by and between the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourteenth Supplemental Trust Agreement, dated as of June 1, 2008 (the “Fourteenth Supplemental Agreement” and, together with the Trust Agreement, the “Agreement”), by and between LACMTA and the Trustee, the LACMTA’s Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2008-A described below (the “Series 2008-A Bonds”), shall be redeemed on July 1, 2018 (the “Redemption Date”), at the redemption price of 100% of the principal amount thereof (the “Redemption Price”), plus accrued interest thereon. The Series 2008-A Bonds were originally issued on June 24, 2008. The Series 2008-A Bonds selected for full redemption are as follows:

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal to Be</u> <u>Redeemed</u>	<u>Redemption</u> <u>Price</u>	<u>Redemption</u> <u>Date</u>	<u>CUSIP</u> <u>Number¹</u>
		100%		

¹ CUSIP numbers are provided only for the convenience of the reader. Neither LACMTA nor the Trustee undertakes any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP number.

HOLDERS OF THE SERIES 2008-A BONDS ARE FURTHER NOTIFIED THAT THE REDEMPTION OF THE SERIES 2008-A BONDS ON JULY 1, 2018 IS CONDITIONED UPON THE DEPOSIT OF MONEYS WITH THE TRUSTEE (IN ITS CAPACITY AS ESCROW AGENT FOR THE SERIES 2008-A BONDS) OF MONEYS SUFFICIENT TO REDEEM ALL OF THE SERIES 2008-A BONDS CALLED FOR REDEMPTION NOT LATER THAN THE OPENING OF BUSINESS FIVE BUSINESS DAYS (AS DEFINED IN THE FOURTEENTH SUPPLEMENTAL AGREEMENT) PRIOR TO THE SCHEDULED REDEMPTION DATE.

If such funds are not received by the Trustee by the opening of business on the fifth Business Day before the scheduled redemption date, this Notice shall be null and void and of no force and effect. The Series 2008-A Bonds delivered for redemption shall be returned to the Holders thereof, and said Series 2008-A Bonds shall remain outstanding as though this Notice had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee to the Holders in the same manner that this notice was given.

Provided that the necessary funds are received by the Trustee by the opening of business on the fifth Business Day before the scheduled redemption date, the principal amount of the Series 2008-A Bonds will become due and payable on the Redemption Date at the Redemption Price, plus accrued interest to the Redemption Date. From and after the Redemption Date, the Series 2008-A Bonds to be redeemed will cease to bear interest. Provided such funds are received no later than the opening of business five Business Days prior to the scheduled redemption date, for all purposes of the Agreement, the Series 2008-A Bonds called for redemption in accordance with the foregoing will be deemed to be no longer outstanding from and after the Redemption Date and no longer secured by or entitled to any lien, benefit or security under the Agreement except for purposes of payment from certain moneys held by the Trustee under the escrow agreement to be entered into with respect to the refunding of the Series 2008-A Bonds. Payment of the Redemption Price, and the accrued interest thereon, will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner:

BY MAIL:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107-2292

BY HAND OR OVERNIGHT:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107-2292

For Series 2008-A Bonds surrendered by mail, the use of registered or certified mail is suggested.

Holders presenting their Series 2008-A Bonds in person for same day payment must surrender their Series 2008-A Bond(s) by 1:00 p.m. California Time on the Redemption Date and a check will be available for pick up after 2:00 p.m. California Time. Checks not picked up by 4:30 p.m. California Time will be mailed out to the Holder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Series 2008-A Bonds, they are not required to endorse the Series 2008-A Bonds to collect the Redemption Price.

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), a Trustee may be obligated to withhold 28% of the redemption price from any Bondholder who has failed to furnish that Trustee with a valid taxpayer identification number and a certification that such Holder is not subject to backup withholding under the Act. Holders who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Series 2008-A Bonds.

By: U.S. Bank National Association, as Trustee

Dated: _____, 2018

NOTICE INVITING BIDS

Approximately \$ _____*
Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Refunding Bonds,
Senior Bonds, Series 2018-A
(the “Series 2018-A Bonds”)

NOTICE IS HEREBY GIVEN that electronic bids will be received by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) for the purchase of \$ _____* aggregate principal amount of its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the “Series 2018-A Bonds”). Electronic bids for the purchase of the Series 2018-A Bonds will be accepted through the use of the approved electronic bidding system, Ipreo’s BiDCOMP™/PARITY®. The bids will be received at the place and up to the time specified below:

Date and Time: _____, 2018
9:00 a.m., California Time

Submission
of Electronic Bids: Electronic bids may be submitted only through Ipreo’s BiDCOMP™/PARITY® electronic bid system (the “Approved Provider”). The Approved Provider will act as agent of the bidder and not of LACMTA in connection with the submission of bids and LACMTA assumes no responsibility or liability for bids submitted through the Approved Provider. **None of LACMTA, Montague DeRose and Associates LLC (“Municipal Advisor”) or Norton Rose Fulbright US LLP (“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 Bids” herein.

No written bids or facsimile bids will be accepted. All electronic bids shall be deemed to incorporate the provisions of the Bid Form. See instructions under “TERMS OF SALE—Form of Bid; Interest Rates” and “TERMS OF SALE—Additional Information” herein. Bids will be considered by LACMTA at the times set forth above at One Gateway Plaza, Treasury Department, 21st Floor, Los Angeles, California 90012. Action will be taken awarding the Series 2018 Bonds or rejecting all bids for the Series 2018-A Bonds as set forth herein.

* Preliminary; subject to change.

DESCRIPTION OF THE SERIES 2018-A BONDS

Security; Purpose

The Series 2018-A Bonds will be issued under the terms of the Amended and Restated Trust Agreement, dated as of January 1, 2010, as supplemented (the “Trust Agreement”), by and between LACMTA and U.S. Bank National Association, as trustee (the “Trustee”). In connection with the issuance of the Series 2018-A Bonds, LACMTA will enter into the Twenty-Eighth Supplemental Trust Agreement, to be dated as of _____, 2018 (the “Twenty-Eighth Supplemental Agreement”), by and between LACMTA and the Trustee to provide for the issuance of the Series 2018-A Bonds and related matters. This Notice Inviting Bids refers to the Trust Agreement and the Twenty-Eighth Supplemental Agreement as the “Agreement.”

The Series 2018-A Bonds are limited obligations of LACMTA payable from and secured by a first lien on and pledge of the “Pledged Revenues,” which are (a) moneys collected as a result of the imposition of a certain 1/2 of 1% retail transactions and use tax applicable in the County of Los Angeles (the “County”) pursuant to Ordinance No. 49, which the electors of the County approved on November 6, 1990 (the “Proposition C Sales Tax”), less 20% thereof paid to local jurisdictions 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 Series 2018-A Bonds (the “Preliminary Official Statement”). LACMTA is not obligated to make payments of principal of and interest on the Series 2018-A Bonds from any other source of funds.

Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, will be pledged to the payment of the principal of or interest on the Series 2018-A Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2018-A Bonds.

The Series 2018-A Bonds are limited obligations of LACMTA and are payable, both as to principal and interest, solely from the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Other than Pledged Revenues and such other amounts, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, for the payment of the principal of or interest on the Series 2018-A Bonds.

The Series 2018-A Bonds will be issued for the purposes of (a) refunding all or a portion of the Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2008-A (the “Refunded Bonds”), (b) funding the Series 2018-A Account of the Reserve Fund, and (c) paying the costs of issuance of the Series 2018-A Bonds. LACMTA has previously issued multiple series of its Proposition C Sales Tax Revenue Bonds payable from the Pledged Revenues on a parity with the Series 2018-A Bonds of which \$1,434,255,000 in aggregate principal amount remains outstanding as of March 1, 2018 (including the Refunded Bonds). Additional future series of parity bonds may be issued by LACMTA, from time to time, with a lien on the Proposition C Sales Tax revenues on a parity with the Series 2018-A Bonds subject to the terms and conditions set forth in the Agreement. Bidders are referred to the Agreement and the Preliminary Official Statement for further particulars.

Payment; Book-Entry-Only

The Series 2018-A Bonds will be issued in registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Series 2018-A 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 LACMTA representing their interests in the Series 2018-A Bonds. Payments of principal and interest will be made by the Trustee to DTC for subsequent disbursement to DTC participants to then be remitted to the beneficial owners of the Series 2018-A Bonds. See the discussion of the Book-Entry-Only System in Appendix H to the hereinafter described Preliminary Official Statement.

Interest Payment Dates

The Series 2018-A Bonds will be dated their date of delivery (_____, 2018).^{*} The Series 2018-A Bonds will bear interest from such date, and such interest shall be payable on July 1, 2018 and semiannually thereafter on each January 1 and July 1 until maturity or prior redemption. The Series 2018-A Bonds shall bear interest at the rates to be fixed upon the sale thereof.

Principal Amortization

The Series 2018-A Bonds will be issued in the aggregate principal amount of \$_____,^{*} with principal amounts payable either through serial maturities or by mandatory 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 Series 2018-A Bonds will reflect certain estimates of LACMTA and the Municipal Advisor with respect to the likely interest rates of the winning bid and the premium/discount contained in the winning bid. After selecting the winning bid, the principal amortization schedule contained in the Bid Form may be adjusted as necessary in the determination of the Municipal Advisor in \$5,000 increments to reflect the actual interest rates and any premium/discount in the winning bid, to accommodate certain sizing and savings requirements or preferences of LACMTA. LACMTA reserves the right to increase or decrease the preliminary principal amount of the Series 2018-A Bonds by an amount not to exceed 10 percent following the opening of the bids. LACMTA reserves the right to increase or decrease the preliminary principal amount of any maturity by an amount no to exceed 15 percent of the preliminary principal amount of that maturity. The dollar amount bid for the Series 2018-A Bonds by the winning bidder will be adjusted, if applicable, to reflect any such adjustment in the amortization schedule. 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 provided in the winning bid. Any such adjustments will be communicated to the winning bidder within twenty-seven (27) hours after the opening of the bid. LACMTA will not be responsible in the event and to the extent that any adjustment affects the net compensation to be realized by the winning bidder.

Changes in the amortization schedule made as described above will not affect the determination of the winning bidder or give the winning bidder any right to reject the Series 2018-A Bonds.

Serial Bonds and/or Term Bonds

Bidders may provide that all of the Series 2018-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.

^{*} Preliminary; subject to change.

Mandatory Sinking Fund Redemption

If the winning 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. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the Bid Form as adjusted in accordance with the provisions described above under the caption “—Adjustments of Principal Amounts.” The Series 2018-A 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 Series 2018-A Bonds then subject to redemption. LACMTA, 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 LACMTA or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

No Optional Redemption

The Series 2018-A Bonds are not subject to optional redemption prior to their maturity.

TERMS OF SALE

Form of Bid; Interest Rates

Bidders must bid to purchase all and not part of the Series 2018-A Bonds and must submit their bids through electronic means as provided in this Notice Inviting Bids. All electronic bids shall be deemed to incorporate the provisions of the Bid Form. Bidders must specify a rate of interest for each maturity of the Series 2018-A Bonds. Each interest rate must be expressed in multiples of 1/8 or 1/20 of 1%, and no interest rate shall exceed ____% per annum. All Series 2018-A Bonds of the same maturity must bear interest at the same rate.

No bid offering to pay an amount less than [__] percent or more than [__] percent of the par value of the Series 2018-A Bonds will be considered. LACMTA reserves the right to reject any and all bids. Except for electronic proposals submitted in accordance with the following paragraph, each bid must be enclosed in a sealed envelope addressed to LACMTA with the envelope and bid clearly marked as described above under the caption “—No bids will be accepted by facsimile, unless otherwise authorized by LACMTA.” Each bid must be in accordance with the terms and conditions set forth in this notice.

Information Regarding Electronic Bids

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

LACMTA, the Municipal 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, slow or engaged telephone or telecommunications lines or any other cause. LACMTA is using the Approved Provider as a communications mechanism and not as LACMTA’s agent to conduct electronic bidding for the Series 2018-A Bonds. LACMTA 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 LACMTA is not responsible for any of such costs or expenses. Further information about the Approved Provider, including any fee charged, may be obtained from Ipreo, 2nd Floor, 1359 Broadway, New York, New York 10018, Telephone: (212) 849-5021. LACMTA assumes no responsibility or liability for bids submitted through the Approved Provider. To the extent any instructions or directions set forth by the Approved Provider conflict with this Notice Inviting Bids, the terms of this Notice Inviting Bids shall control.

LACMTA may regard the electronic submission of a bid through the Approved Provider (including information about the purchase price for the Series 2018-A Bonds and interest rate or rates to be borne by the various maturities of the Series 2018-A 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 LACMTA, this Notice Inviting Bids, the Bid Form and the information that is electronically transmitted through the Approved Provider shall form a contract and the winning 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, as they may be modified or amended in accordance herewith.

Good Faith Deposit

A Good Faith Deposit (the "Deposit") for the Series 2018-A Bonds in the amount of \$500,000 is required of the winning bidder for the Series 2018-A Bonds. The winning bidder for the Series 2018-A Bonds is required to submit such Deposit payable to the order of "Los Angeles County Metropolitan Transportation Authority" in the form of a wire transfer as instructed by LACMTA or the Municipal Advisor not later than four (4) hours after LACMTA has notified the winning bidder of the award. If not so received, the bid of the winning bidder may be rejected and LACMTA may direct the second lowest bidder to submit a Deposit and thereafter may award the sale of the Series 2018-A Bonds to the same. **No interest on a Deposit will accrue to the winning bidder.** The Deposit will be deposited in an escrow fund and applied to the purchase price of the Series 2018-A Bonds at the time of delivery of the Series 2018-A Bonds.

If after the award of the Series 2018-A Bonds the winning bidder fails to complete the purchase on the terms stated in its bid, the Deposit received from such bidder by LACMTA will be retained by LACMTA as stipulated liquidated damages. No interest will be paid upon the Deposit made by any bidder. If the aggregate principal amount of the Series 2018-A Bonds is adjusted as described under the caption "DESCRIPTION OF THE SERIES 2018-A BONDS—Adjustments of Principal Amounts," the winning bidder will not be required to make an additional deposit and will not be entitled to the return of any portion of the wire transfer previously delivered except as described in this paragraph.

Best Bid

If a satisfactory bid is received, the Series 2018-A 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 a price for the Series 2018-A Bonds that results in the lowest true interest cost to LACMTA. 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 Series 2018-A Bonds and to the price bid (including any premium or discount) not including accrued interest, if any. For the purpose of calculating the true interest cost, the principal amount of Series 2018-A 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 Series 2018-A Bonds, LACMTA reserves the right to exercise its own discretion and judgment in making the award. Upon accepting the best bid, LACMTA shall notify the bidder submitting such bid and shall reject all other bids. LACMTA's determination of the best bid shall be binding and final absent manifest error.

Opening of Bids; Award

The electronic bids for the Series 2018-A Bonds will be retrieved at the time and place shown above. LACMTA intends to take action awarding the Series 2018-A Bonds or rejecting all bids for the Series 2018-A Bonds not later than twenty-seven (27) hours after the time herein prescribed for the receipt of bids for the Series 2018-A Bonds, unless such time of award is waived by the winning bidder. LACMTA will notify the winning bidder of its decision to award the Series 2018-A Bonds to the winning bidder through delivery (via facsimile or other electronic means) of a signed Certificate of Award. Such Certificate of Award will be promptly delivered to the winning bidder after the award is made.

Establishment of Issue Price

[to come]

Right to Reject Bids; Waive Irregularities

LACMTA 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 Series 2018-A 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 _____, 2018* ("Date of Delivery") and will be available to the winning bidder in book-entry form only, as more fully set forth in the Preliminary Official Statement for the Series 2018-A Bonds. The winning bidder shall pay for the Series 2018-A Bonds in immediately available federal funds on the Date of Delivery of such Series 2018-A Bonds to DTC. Any expense of providing federal funds shall be borne by the winning bidder.

Right of Cancellation

The winning bidder shall have the right, at its option, to cancel the contract of purchase if LACMTA shall fail to deliver the Series 2018-A Bonds within sixty (60) days from the date of sale thereof, and in such event the winning bidder shall be entitled to the return of the Deposit accompanying its bid.

List of Account Members

Prior to the time of its bid, each Bidder is requested to provide to the Municipal Advisor the members of the bidding group on whose behalf such bid is made. (See "—Additional Information" below for information regarding the Municipal Advisor.) Each bid shall constitute the joint and several obligation of all of the members of the bidding group.

* Preliminary; subject to change.

Equal Opportunity

IT IS THE POLICY OF LACMTA TO ENSURE THAT DISADVANTAGED BUSINESS ENTERPRISE (DBE) AND SMALL BUSINESS ENTERPRISE (SBE) AND DISABLED VETERAN

BUSINESS ENTERPRISE (“DVBE”) FIRMS AND ALL OTHER BUSINESS ENTERPRISES HAVE AN EQUAL OPPORTUNITY TO RECEIVE AND PARTICIPATE IN THE PERFORMANCE OF ALL LACMTA CONTRACTS. BIDDERS ARE REQUESTED TO ASSIST LACMTA IN IMPLEMENTING THIS POLICY BY TAKING ALL REASONABLE STEPS TO ENSURE THAT ALL BUSINESS ENTERPRISES, INCLUDING DBES AND SBES, HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE IN ANY SYNDICATE SUBMITTING A BID.

CUSIP Numbers; Fees

It is anticipated that CUSIP numbers will be printed on the Series 2018-A Bonds, but neither failure to print such numbers on any Series 2018-A Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the winning bidder thereof to accept delivery of and pay for the Series 2018-A Bonds. It will be the responsibility of the winning bidder to ensure that CUSIP numbers are obtained for the Series 2018-A Bonds. All expenses of printing the CUSIP numbers on the Series 2018-A Bonds, including the CUSIP Service Bureau charge for the assignment of said numbers, shall be paid by the winning bidder.

Official Statement

LACMTA will deliver a Preliminary Official Statement relating to the Series 2018-A Bonds and has authorized the use of said Preliminary Official Statement in connection with the sale of the Series 2018-A Bonds. The Preliminary Official Statement will be “deemed final” by LACMTA for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”). Upon the sale of the Series 2018-A Bonds, LACMTA will prepare 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 winning bidder within seven (7) business days of the acceptance of bids by LACMTA. An electronic copy of the Official Statement will be supplied to the winning bidder of the Series 2018-A Bonds for this purpose at the expense of LACMTA. Printed copies may be obtained at the expense of such winning bidder.

Continuing Disclosure

LACMTA will covenant and agree to enter into a written agreement or contract, constituting an undertaking to provide ongoing disclosure about LACMTA, for the benefit of the Bondholders on or before the Date of Delivery of the Series 2018-A Bonds as required by the Rule 15c2-12, 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 winning bidder.

Digital Assurance Corporation, Inc. (“DAC”) has been engaged by LACMTA to review and prepare a report on LACMTA’s compliance with its continuing disclosure undertakings with respect to its bonds during the past five years. Prospective bidders may obtain access to DAC’s report on its website by sending a written request via email to LACMTA (TreasuryDept@metro.net), referencing “Prop. C. Series 2018-A Bonds” in the email subject line, by no later than 12:00 noon California time on _____, 2018. LACMTA will then request that DAC provide those bidders access to its online report. LACMTA can give no assurance as to the timeliness with which DAC will provide access to the report online or that the procedures performed by DAC in developing the report are sufficient for any purpose.

Ratings in Effect

Each bid will be understood to be conditioned upon there being in place at the date of delivery of the Series 2018-A Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Series 2018-A Bonds at the date and time fixed for receiving bids.

Change in Tax-Exempt Status

At any time before the Series 2018-A Bonds are tendered for delivery, the winning bidder may disaffirm and withdraw its proposal if the interest received by private holders of obligations of the same type and character of the Series 2018-A 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 Series 2018-A Bonds the winning bidder agrees to provide to LACMTA, via facsimile or e-mail, within two (2) hours of the acceptance of its bid, price and yield information for each maturity of the Series 2018-A Bonds, the aggregate production, the amount to be retained by the bidder as compensation (i.e., the underwriter's discount) and such other information as is reasonably requested by Bond Counsel.

Additionally, by making a bid for the Series 2018-A Bonds, the winning bidder agrees (a) to provide all information necessary to complete the Official Statement; (b) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by LACMTA; (c) to promptly file a copy of the final Official Statement, including any supplements prepared by LACMTA, with the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access system; and (d) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and MSRB rules governing the offering, sale and delivery of the Series 2018-A Bonds to ultimate purchasers.

Before the delivery of the Series 2018-A Bonds, the winning bidder shall furnish to LACMTA and Bond Counsel a certificate substantially in the form attached hereto as Exhibit B, which shall be dated the date of the date of closing.

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 winning bidder to pay the statutory fee to the California Debt and Investment Advisory Commission ("CDIAC") with respect to the Series 2018-A Bonds. CDIAC will invoice the winning bidder.

DTC Fee

All fees due DTC with respect to the Series 2018-A Bonds shall be paid by the winning bidder.

Legal Opinion; Closing Documents

Each proposal will be understood to be conditioned upon LACMTA furnishing to the winning bidder, without charge, concurrently with payment and delivery of the Series 2018-A Bonds, the following closing papers, each dated the date of such delivery:

(a) ***Legal Opinion; Tax-Exempt Status.*** An opinion of Bond Counsel in substantially the form attached to the Preliminary Official Statement as Appendix F.

(b) ***No Litigation Certificate.*** A certificate of an official of LACMTA that there is no litigation pending concerning the validity of the Series 2018-A Bonds, the corporate existence of LACMTA or the entitlement of the officers legally responsible for the authorization, execution and delivery of the Series 2018-A Bonds to their respective offices.

(c) ***Official Statement Certificate.*** A certificate of an official of LACMTA stating that as of the date thereof and as of the date of delivery of the Series 2018-A Bonds, to the best of the knowledge and belief of said official after reading and reviewing the Official Statement and any amendments thereto, the Official Statement together with any amendments thereto 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.

(d) ***Continuing Disclosure Certificate.*** A Continuing Disclosure Certificate, in substantially the form attached to the Preliminary Official Statement as Appendix G, pursuant to which LACMTA will agree to provide certain financial information and operating data annually and notice of certain enumerated events.

(e) ***Receipt.*** A receipt of the Trustee showing that the purchase price of the Series 2018-A Bonds has been received by the Trustee.

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

Right to Modify or Amend

LACMTA reserves the right to modify or amend this Notice Inviting Bids and the Bid Form, including, but not limited to, the right to adjust and change the principal amount of the Series 2018-A Bonds being offered and/or the structure of the offering; however, such notifications or amendments shall be made not later than 2:00 p.m., California Time, on the last business day prior to any date scheduled for receipt of bids and communicated through Thomson Municipal Market Monitor (www.tm3.com) (“TM3”) and by facsimile transmission to any bidder timely requesting such notice.

Postponement; Rejection of Bids

LACMTA 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. If any date fixed for the receipt of bids and the sale of the Series 2018-A Bonds is postponed, any alternative sale date (either a Tuesday, Wednesday or Thursday) will be announced through TM3 at least twenty-four (24) hours prior to such alternative sale date and will be provided by facsimile transmission to any bidder timely requesting such notice. In addition, LACMTA reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent date on which bids for purchase of the Series 2018-A Bonds will again

be received. If all bids are rejected and a subsequent date for receipt of bids is established, notice of the subsequent sale date will be announced via TM3 at least twenty-four (24) hours prior to such subsequent 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 Series 2018-A 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. The issuance of the Series 2018-A Bonds is subject to market conditions.

Blue Sky Laws

The winning bidder will be responsible for the clearance or exemption with respect to the status of the Series 2018-A 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 Series 2018-A 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 Series 2018-A Bonds, bidders are referred to the Trust Agreement, the Twenty-Eighth Supplemental Agreement 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 Municipal Advisor: _____, _____, Telephone: _____. Additionally, a copy of the Preliminary Official Statement and a complete copy of this Notice Inviting Bids are expected to be available in electronic format at www.MuniOS.com on and after _____, 2018.

Given by order of the Los Angeles County Metropolitan Transportation Authority on _____, 2018.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
Donna R. Mills
Treasurer

BID FORM

Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Refunding Bonds
Senior Bonds, Series 2018-A
(the "Series 2018-A Bonds")

_____, 2018

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, CA 90012

Ladies and Gentlemen:

Subject to the provisions of and in accordance with the terms of the Notice Inviting Bids, dated _____, 2018, of the Los Angeles County Metropolitan Transportation Authority ("LACMTA") for its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the "Series 2018-A 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 2018-A Bonds described in the Notice Inviting Bids and to pay therefor the amount of \$_____. This offer is for the Series 2018-A Bonds bearing interest at the rates and in the form of serial bonds and term bonds as follows:

* Aggregate principal amount and principal amortization amounts may be adjusted as set forth in the Notice Inviting Bids.
24276487.4

Maturity Date July 1	Principal Amount¹	Interest Rate	Serial Maturity	Sinking Account Installment	Term Maturity Date
			(check one)		

¹ Aggregate principal amount and principal amortization amounts may be adjusted as set forth in the Notice Inviting Bids.

This bid is subject to acceptance not later than twenty-seven (27) hours after the expiration of the time established for the final receipt of bids.

In accordance with the Notice Inviting Bids, we agree that if we are the winning bidder, we will send a wire transfer of immediately available federal funds for the Good Faith Deposit in the amount of \$_____ not later than four (4) hours after being informed by LACMTA that we are the winning bidder.

We acknowledge and agree that after we submit this proposal, LACMTA may modify the aggregate principal amount of the Series 2018-A Bonds and/or the principal amounts of each maturity of the Series 2018-A 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 Series 2018-A Bonds, we agree to purchase all of the Series 2018-A Bonds, taking into account such adjustments on the above specified terms of this proposal for the Series 2018-A Bonds.

If we are the winning bidder, we will (a) within two (2) hours after being notified of the award of the Series 2018-A Bonds, advise LACMTA of the initial public offering prices of the Series 2018-A 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 winning bidder, we agree to provide to LACMTA as soon as possible after the sale of the Series 2018-A Bonds a complete list of syndicate members, the actual allocation of the Series 2018-A 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 Series 2018-A Bonds.

This bid is a firm offer for the purchase of the Series 2018-A Bonds, on the terms set forth in this Bid Form and the Notice Inviting Bids, and is not subject to any conditions, except as permitted by the Notice Inviting Bids. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

As set forth in the Notice Inviting Bids, this bid shall be cancelled and deemed to be withdrawn in the event that the competitive sale requirements are not satisfied

We understand that we may obtain printed copies of the Official Statement 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 Series 2018-A 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,

By _____

Account Manager

Company Name: _____

Telephone _____

Facsimile _____

(Names of account members are listed on next page)

Account Members

EXHIBIT B

WINNING BIDDER'S CERTIFICATE

[to come]

NOTICE OF INTENTION TO SELL BONDS

Approximately \$_____*

Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Refunding Bonds
Senior Bonds, Series 2018-A
(the "Series 2018-A Bonds")

The Los Angeles County Metropolitan Transportation Authority ("LACMTA") intends to receive electronic bids only for the above-referenced Series 2018-A Bonds until [8:30] a.m., California Time, on _____, 2018, through the electronic bidding services of Ipreo's BiDCOMP™/PARITY®.

LACMTA reserves the right to postpone from time to time the date established for the receipt of bids as more fully set forth in the Notice Inviting Bids. Any such postponement will be announced via Thomson Municipal Market Monitor (www.tm3.com) ("TM3"). If any date fixed for the receipt of bids and the sale of the Series 2018-A Bonds is postponed, any alternative sale date 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. The issuance of the Series 2018-A Bonds is subject to market conditions. LACMTA 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. LACMTA also reserves the right to modify or amend the Notice Inviting Bids as set forth therein, including to modify the size or structure of the transaction.

The Series 2018-A Bonds will be dated their Date of Delivery. The principal amount of such 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 delivered in connection with the sale of the Series 2018-A Bonds, the Resolution of LACMTA authorizing the issuance of the Series 2018-A Bonds, the Amended and Restated Trust Agreement and the form of the Twenty-Eighth Supplemental Trust Agreement related thereto are available from the offices of LACMTA's municipal advisor: Montague DeRose and Associates LLC; Telephone: 805-496-2211. Additionally, copies of the Preliminary Official Statement and the Notice Inviting Bids are available in electronic format at www.MuniOS.com.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
Donna R. Mills
Treasurer

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

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2018

NEW ISSUE-BOOK-ENTRY-ONLY

[Insert DAC Bond Logo]

**RATINGS: Moody's: "[__]"
S&P: "[__]"
(See "RATINGS" herein)**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX MATTERS" herein, interest on the Series 2018-A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income for the owners thereof for federal income tax purposes and is not included in the federal alternative minimum tax for individuals or, except as described herein, corporations. See "TAX MATTERS" herein. It is also the opinion of Bond Counsel that under existing law interest on the Series 2018-A Bonds is exempt from personal income taxes of the State of California.

[LACMTA
Logo]

[\$[_____]]*
**LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY**
Proposition C Sales Tax Revenue Refunding Bonds
Senior Bonds, Series 2018-A

Dated: Date of Delivery

Due: As shown on inside cover

The Los Angeles County Metropolitan Transportation Authority ("LACMTA") is issuing its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the "Series 2018-A Bonds") pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2010 (the "Trust Agreement"), by and between LACMTA and U.S. Bank National Association, as trustee (the "Trustee"), and the Twenty-Eighth Supplemental Trust Agreement, to be dated as of April 1, 2018 (the "Twenty-Eighth Supplemental Agreement," and together with the Trust Agreement, the "Agreement"), by and between LACMTA and the Trustee. The Series 2018-A Bonds are limited obligations of LACMTA payable solely from and secured by a first lien on and pledge of the "Pledged Revenues" and by other amounts held by the Trustee under the Agreement. "Pledged Revenues" are receipts from the Proposition C Sales Tax, less amounts described in this Official Statement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS" and "PROPOSITION C SALES TAX AND COLLECTIONS" herein. LACMTA will use the proceeds of the Series 2018-A Bonds and other available funds to (a) refund and defease the Refunded Bonds (as defined herein), (b) make a deposit to the reserve fund further described herein and (c) pay the costs of issuance of the Series 2018-A Bonds.

The Series 2018-A Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Series 2018-A Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Series 2018-A Bonds. Individual purchases and sales of the Series 2018-A Bonds may be made in book-entry form only. See "APPENDIX H—BOOK-ENTRY-ONLY SYSTEM." The Series 2018-A Bonds will mature in the principal amounts and will bear interest at the rates set forth on the inside front cover. LACMTA will pay interest on the Series 2018-A Bonds on January 1 and July 1, commencing on July 1, 2018.

The Series 2018-A Bonds are not subject to optional redemption prior to maturity. Certain of the Series 2018-A Bonds are subject to mandatory sinking fund redemption prior to maturity.* See "DESCRIPTION OF THE SERIES 2018-A BONDS – Redemption."

Neither the faith and credit nor the taxing power of the County of Los Angeles, the State of California or any political subdivision or agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, is pledged to the payment of the principal of or interest on the Series 2018-A Bonds. Other than Pledged Revenues and such other amounts held by the Trustee under the Agreement, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, to the payment of the principal of or interest on the Series 2018-A Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2018-A Bonds.

Purchasers of the Series 2018-A Bonds will be deemed to have consented to certain amendments to the Trust Agreement. See "INTRODUCTION – Proposed Amendments to Trust Agreement" herein.

This cover page contains certain information for general reference only. It is not intended to be a summary of the terms of, or the security for, the Series 2018-A Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

LACMTA is offering the Series 2018-A Bonds when, as and if it issues the Series 2018-A Bonds. The issuance of the Series 2018-A Bonds is subject to the approval as to their validity by Norton Rose Fulbright US LLP, Bond Counsel to LACMTA. The Los Angeles County Counsel, as General Counsel to LACMTA, and Nixon Peabody LLP, as Disclosure Counsel, will pass on certain legal matters for LACMTA. LACMTA anticipates that the Series 2018-A Bonds will be available for delivery through the facilities of DTC on or about April 17, 2018.* Electronic bids for the purchase of the Series

* Preliminary, subject to change.

2018-A Bonds will be received by LACMTA until [9:00] a.m., California time, on March 22, 2018 unless postponed as set forth in the Notice Inviting Bid.

Date of Official Statement: March __, 2018

MATURITY SCHEDULE

\$[_____]*

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY Proposition C Sales Tax Revenue Refunding Bonds Senior Bonds, Series 2018-A

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.†</u>
2019				
2020				
2021				
2022				

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with LACMTA and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2018-A Bonds. LACMTA does not take any responsibility for the accuracy of the CUSIP numbers provided herein.

[INSERT MAP OF LACMTA SYSTEM – [USE REVISED MAP]

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

Board Members

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

LACMTA Officers

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

LACMTA General Counsel

Office of the County Counsel
Los Angeles, California

MUNICIPAL ADVISOR

Montague DeRose and Associates, LLC
Westlake Village, California

BOND COUNSEL

Norton Rose Fulbright US LLP

DISCLOSURE COUNSEL

Nixon Peabody LLP

TRUSTEE AND ESCROW AGENT

U.S. Bank National Association
Los Angeles, California

VERIFICATION AGENT

Grant Thornton LLP

LACMTA has not authorized any dealer, broker, salesperson or other person to give any information or to make any representation in connection with the offer or sale of the Series 2018-A Bonds other than as set forth in this Official Statement and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2018-A Bonds, by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not a contract with the purchasers or owners of the Series 2018-A Bonds. Statements contained in this Official Statement which involve estimates, projections or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of facts.

The information and expressions of opinion in this Official Statement are subject to change without notice, and the delivery of this Official Statement and any sale made pursuant to this Official Statement do not, under any circumstances, imply that the information and expressions of opinion in this Official Statement and other information regarding LACMTA have not changed since the date hereof. LACMTA is circulating this Official Statement in connection with the sale of the Series 2018-A Bonds and this Official Statement may not be reproduced or used, in whole or in part, for any other purpose.

In making an investment decision, investors must rely on their own examination of the terms of the offering and the security and sources of payment of the Series 2018-A Bonds, including the merits and risks involved. The Series 2018-A Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Agreement been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. Neither the U.S. Securities and Exchange Commission nor any other federal, state or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2018-A Bonds or the accuracy or completeness of this Official Statement. The Series 2018-A Bonds have not been recommended by any federal or state securities commission or regulatory authority. Any representation to the contrary may be a criminal offense.

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

In connection with this offering, the Winning Bidder may overallocate or effect transactions which stabilize or maintain the market price of the Series 2018-A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time. The Winning Bidder may offer and sell the Series 2018-A Bonds to certain dealers and others at yields higher or prices lower than the public offering yields and/or prices stated on the inside cover page of this Official Statement, and such public offering yields and/or prices may be changed from time to time by the Winning Bidder.

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OFFICIAL STATEMENT

\$[_____]*
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
Proposition C Sales Tax Revenue Refunding Bonds
Senior Bonds, Series 2018-A

INTRODUCTION

This Official Statement, which includes the cover page and the appendices hereto, sets forth information in connection with the offering by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”) of \$[_____]* aggregate principal amount of its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the “Series 2018-A Bonds”). This Introduction is not a summary of this Official Statement. This Introduction is qualified by the more complete and detailed information contained in this entire Official Statement and the documents summarized or described in this Official Statement. Prospective investors should review this entire Official Statement, including the cover page and appendices, before they make an investment decision to purchase the Series 2018-A Bonds. LACMTA is only offering the Series 2018-A Bonds to potential investors by means of this entire Official Statement. Capitalized terms used but not defined herein have the meanings ascribed to them in “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS.”

LACMTA

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 et seq. of the California Public Utilities Code (the “LACMTA Act”). LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Los Angeles County Transportation Commission (the “Commission”). As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, bonded or otherwise, immunities and exemptions of the Commission and the District, including the Commission’s responsibility for planning, engineering and constructing a county-wide rail transit system. The Commission was authorized, subject to approval by the electorate of the County of Los Angeles (the “County”), to adopt a retail transactions and use tax ordinance, with the revenues of such tax to be used for public transit purposes. On November 6, 1990, the voters of the County approved the Proposition C Sales Tax. The Proposition C Sales Tax is a one-half of 1% sales tax and is not limited in duration. For more information regarding the Proposition C Sales Tax, see “PROPOSITION C SALES TAX AND COLLECTIONS—The Proposition C Sales Tax.”

For further discussion of LACMTA, its other sources of revenues, the services it provides and the projects it is undertaking, see “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY.” The information provided in Appendix A is intended as general information only. The Series 2018-A Bonds are limited obligations of the LACMTA payable from Pledged Revenues, which consist primarily of proceeds of the Proposition C Sales Tax. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS. For certain economic and demographic data about the County, see “APPENDIX C—LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

* Preliminary, subject to change.

Purpose of the Series 2018-A Bonds

LACMTA will use the proceeds of the Series 2018-A Bonds, together with certain other available moneys, to (a) refund and defease the Refunded Bonds (as defined herein), (b) make a deposit to the reserve fund further described herein and (c) pay the costs of issuance of the Series 2018-A Bonds. For a more detailed description of LACMTA's proposed use of proceeds from the issuance of the Series 2018-A Bonds, see "PLAN OF REFUNDING AND APPLICATION OF SERIES 2018-A BOND PROCEEDS."

Description of the Series 2018-A Bonds

The Series 2018-A Bonds are limited obligations of LACMTA to be issued pursuant to and secured under the Amended and Restated Trust Agreement, dated as of January 1, 2010, as supplemented (the "Trust Agreement"), by and between LACMTA and U.S. Bank National Association, as trustee (the "Trustee"). In connection with the issuance of the Series 2018-A Bonds, LACMTA will enter into the Twenty-Eighth Supplemental Trust Agreement, to be dated as of April 1, 2018 (the "Twenty-Eighth Supplemental Agreement"), by and between LACMTA and the Trustee, to provide for the issuance of the Series 2018-A Bonds and related matters. The Trust Agreement, as supplemented by the Twenty-Eighth Supplemental Agreement, is referred to in this Official Statement as the "Agreement."

The Series 2018-A Bonds will be issued in registered form, in denominations of \$5,000 or any integral multiple thereof. The Series 2018-A Bonds will be dated their initial date of delivery and will mature on the dates and in the principal amounts and will bear interest at the rates per annum as shown on the inside cover page hereof, computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2018-A Bonds will be delivered in book-entry-only form and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2018-A Bonds. See "APPENDIX H—BOOK-ENTRY-ONLY SYSTEM."

Security and Sources of Payment for the Series 2018-A Bonds

The Series 2018-A Bonds are limited obligations of LACMTA payable solely from and secured by a first lien on and pledge of the "Pledged Revenues," which are moneys collected as a result of the imposition of the Proposition C Sales Tax, less 20% thereof which is allocated to local jurisdictions for public transit, paratransit and related services (the "Local Allocation"), and less an administrative fee paid to the California Department of Tax and Fee Administration (formerly the California State Board of Equalization) (the "Department of Tax and Fee Administration") in connection with the collection and disbursement of the Proposition C Sales Tax (the "Pledged Tax"), plus interest, profits and other income received from the investment of such amounts held by the Trustee (other than amounts in the Rebate Fund). In addition, the Series 2018-A Bonds are secured by all other amounts held by the Trustee under the Agreement except for amounts held in the Rebate Fund and the Redemption Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS" and "PROPOSITION C SALES TAX AND COLLECTIONS."

Proposition C Sales Tax Obligations

Under the Agreement, LACMTA may issue two tiers of obligations secured by a pledge of the Pledged Revenues. LACMTA may issue Senior Bonds and incur debt and other obligations payable on a parity with Senior Bonds ("Senior Parity Debt," described in greater detail in APPENDIX D), which are secured by a senior lien on the Pledged Revenues. The Series 2018-A Bonds are Senior Bonds and are payable on a parity with all other Senior Bonds and any Senior Parity Debt. LACMTA also may issue

Subordinate Lien Obligations, which are secured by a subordinate lien on the Pledged Revenues and are junior and subordinate to the Senior Bonds and Senior Parity Debt as to the lien on and source and security for payment from Pledged Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS—Proposition C Sales Tax Obligations.”

As of March 1, 2018, LACMTA had Senior Bonds outstanding in the aggregate principal amount of \$1,434,255,000, including the principal amount of the Refunded Bonds (as defined herein). See “PROPOSITION C SALES TAX OBLIGATIONS.” LACMTA presently does not have any Senior Parity Debt outstanding.

LACMTA may issue additional Senior Bonds and incur additional Senior Parity Debt upon the satisfaction of certain additional bonds tests contained in the Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS—Proposition C Sales Tax Obligations.” LACMTA’S October 2017 Financial Forecast assumes the issuance of approximately \$652 million in additional Senior Bonds from Fiscal Year 2019 through Fiscal Year 2023. For further discussion of the October 2017 Financial Forecast, see “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” in APPENDIX A.

LACMTA has covenanted in the Trust Agreement not to issue or incur any obligations with a pledge of or lien on Pledged Revenues prior or superior to that of the Senior Bonds (including the Series 2018-A Bonds) and any Senior Parity Debt.

In addition, LACMTA has issued Subordinate Lien Obligations which are secured by a pledge of Pledged Revenues that is junior and subordinate to the Senior Bonds (including the Series 2018-A Bonds) and Senior Parity Debt as to the lien on and source and security for payment from the Pledged Revenues. LACMTA may issue additional Subordinate Lien Obligations upon the satisfaction of certain conditions. See “PROPOSITION C SALES TAX OBLIGATIONS—Subordinate Lien Obligations.” In addition, LACMTA has incurred other obligations which are secured by certain “remaining” Proposition C Sales Tax cash receipts. See “PROPOSITION C SALES TAX OBLIGATIONS—Other Obligations.”

The Series 2018-A Bonds are Limited Obligations of LACMTA Only

Neither the faith and credit nor the taxing power of the County, the State of California (the “State”) or any political subdivision or agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, is pledged to the payment of the principal of or interest on the Series 2018-A Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2018-A Bonds.

The Series 2018-A Bonds are limited obligations of LACMTA and are payable, as to both principal and interest, solely from the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Other than Pledged Revenues and such other amounts held by the Trustee under the Agreement, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, to the payment of the principal of or interest on the Series 2018-A Bonds.

Reserve Fund

The Agreement established the Reserve Fund, which is held by the Trustee and used to make payments of principal of and interest on all Senior Bonds, including the Series 2018-A Bonds, to the extent the amounts in the Senior Bond Interest Account or the Senior Bond Principal Account are not sufficient to pay in full the principal (including accreted value) of and interest on the Senior Bonds when due. For each series of Senior Bonds, the Reserve Fund is required to be funded in an amount equal to

the Reserve Fund Requirement, which is the least of (a) 10% of the proceeds of such series of Senior Bonds, (b) the Maximum Annual Debt Service on such series of Senior Bonds, or (c) 125% of the average Annual Debt Service on such series of Senior Bonds. The Reserve Fund is required to be funded in an amount equal to the sum of such Reserve Fund Requirements.

Following the effective date of the amendments described under “—Proposed Amendments to Trust Agreement” below (the “Amendment Effective Date”), LACMTA intends to elect that the Series 2018-A Bonds will no longer participate in or be secured by the Reserve Fund or any other debt service reserve fund. See “—Proposed Amendments to Trust Agreement” below and “APPENDIX E—PROPOSED AMENDMENTS TO TRUST AGREEMENT.”

Proposed Amendments to Trust Agreement

Pursuant to the Twenty-Sixth Supplemental Agreement, dated as of June 1, 2016 (the “Twenty-Sixth Supplemental Agreement,”), by and between LACMTA and the Trustee, certain amendments will be made to the Trust Agreement (the “Proposed Amendments”), which are described in Appendix E hereto. The Proposed Amendments will not become effective until such time as the Bondholders of not less than 60% in aggregate principal amount of the Senior Bonds then Outstanding have consented to such Proposed Amendments and all other consents required under the Agreement, including those of providers of municipal bond insurance policies with respect to the Senior Bonds, and the opinion of bond counsel required by the Agreement have been obtained. Further, LACMTA does not intend to make the amendments effective until any other required consents have been obtained. ***By the purchase and acceptance of the Series 2018-A Bonds, the Bondholders and Beneficial Owners of the Series 2018-A Bonds will be deemed to have consented to the Proposed Amendments.*** As of March 1, 2018, the Bondholders of 37.5% of the Outstanding Bonds have consented to the Proposed Amendments and none of the other required consents have been obtained. As of the date of this Official Statement, LACMTA has no plans to solicit the consent of the Bondholders of the other currently Outstanding Senior Bonds to the Proposed Amendments. On the date of issuance of the Series 2018-A Bonds, LACMTA expects that 41.7%* of the Bondholders of the Outstanding Bonds (including the Bondholders of the Series 2018-A Bonds) will have consented to the Proposed Amendments.

The Proposed Amendments include, among other amendments, changes to the requirement under the Trust Agreement that the Series 2016-A Bonds and any additional Senior Bonds issued after the Series 2016-A Bonds, including the Series 2018-A Bonds, participate in and be secured by the Reserve Fund. The Proposed Amendments will allow the Series 2016-A Bonds and any additional Senior Bonds issued after the Series 2016-A Bonds, including the Series 2018-A Bonds, to either (i) participate in and be secured by the Reserve Fund, (ii) participate in and be secured by a separate debt service reserve fund, or (iii) not participate in or be secured by the Reserve Fund or any other debt service reserve fund. See “APPENDIX E—PROPOSED AMENDMENTS TO TRUST AGREEMENT.” LACMTA intends to elect on or soon after the Amendment Effective Date that the Series 2018-A Bonds will no longer participate in or be secured by the Reserve Fund or any other debt service reserve fund. At the time the Series 2018-A Bonds are no longer secured by the Reserve Fund, LACMTA expects that the Reserve Requirement will be reduced and a portion of the moneys on deposit in the Reserve Fund will be released. See “RISK FACTORS—After Amendment Effective Date Series 2018-A Bonds Are Not Expected to be Secured by Reserve Fund.”

* Preliminary, subject to change.

Continuing Disclosure

In connection with the issuance of the Series 2018-A Bonds, for purposes of assisting the Winning Bidder (as defined herein) in complying with Rule 15c2-12 (the “Rule”) promulgated by the U.S. Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended, LACMTA will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), certain annual financial information and operating data relating to LACMTA and notice of certain enumerated events. See “CONTINUING DISCLOSURE” and “APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Additional Information

Brief descriptions of the Series 2018-A Bonds, the Agreement and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. The information herein is subject to change without notice, and the delivery of this Official Statement will under no circumstances, create any implication that there has been no change in the affairs of LACMTA since the date hereof. This Official Statement is not to be construed as a contract or agreement between LACMTA and the purchasers or Owners of any of the Series 2018-A Bonds. LACMTA maintains a website and social media accounts, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2018-A Bonds.

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

PLAN OF REFUNDING AND APPLICATION OF SERIES 2018-A BOND PROCEEDS

Use of Proceeds; Plan of Refunding

LACMTA will use the proceeds of the Series 2018-A Bonds, together with certain other available moneys, to (a) refund and defease the Refunded Bonds (as defined herein), (b) make a deposit to the reserve fund further described herein and (c) pay the costs of issuance of the Series 2018-A Bonds.

LACMTA will apply a portion of the proceeds of the Series 2018-A Bonds, together with certain other available moneys, to refund and defease all or a portion of its outstanding Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2008-A (the portion so refunded, the “Refunded Bonds”) as set forth in more detail in the following table. The specific maturities, if any, to be refunded will depend on market conditions.

Refunded Bonds

<u>Maturity Date (July 1)</u>	<u>Outstanding Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2018 ¹	\$420,000	N/A	N/A
2019	435,000	July 1, 2018	100%
2020	450,000	July 1, 2018	100
2021	8,105,000	July 1, 2018	100
2021	25,070,000	July 1, 2018	100
2022	34,765,000	July 1, 2018	100
	<u>\$69,245,000</u>		

¹ This maturity will be paid from funds transferred from the Principal Subaccount. See “—Sources and Uses of Funds” below.

A portion of the proceeds of the Series 2018-A Bonds, together with certain other available moneys to be released from funds and accounts related to the Refunded Bonds, will be deposited with U.S. Bank National Association, as trustee and escrow agent, and will be held in an escrow fund (the “Escrow Fund”) for the Refunded Bonds to be created under the terms of an escrow agreement to be entered into between LACMTA and U.S. Bank National Association, as trustee and escrow agent. All amounts deposited into the Escrow Fund will be invested in Federal Securities or held uninvested in cash. Amounts on deposit in the Escrow Fund will be used on July 1, 2018 (the “Redemption Date”) to pay principal and interest due on the Refunded Bonds and to pay the redemption price of the Refunded Bonds maturing after the Redemption Date at 100% of the principal amount thereof, plus accrued interest thereon.

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

Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2018-A Bonds.

Sources

Principal Amount	\$
Original Issue Premium/Discount	
Release of Funds from Refunded Bonds Interest and Principal Subaccounts	
Release of Funds from Reserve Fund	
Total Sources	<u>\$</u>

Uses

Deposit to Escrow Fund	\$
Deposit to Reserve Fund	
Costs of Issuance ¹	
Total Uses	<u>\$</u>

¹ Includes underwriters’ discount, legal fees, rating agency fees, verification agent fees, and other costs of issuance.

RISK FACTORS

The following factors, together with all other information provided in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2018-A Bonds. The discussion below does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect LACMTA, the Proposition C Sales Tax revenues, or the Series 2018-A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Economic Factors May Cause Declines in Proposition C Sales Tax Revenues

The Series 2018-A Bonds are limited obligations of LACMTA payable solely from and secured by a first lien on and pledge of Pledged Revenues, consisting primarily of certain revenues of the Proposition C Sales Tax and other amounts that are held by the Trustee under the Agreement. The level of Proposition C Sales Tax revenues collected depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County. In Fiscal Years 2009 and 2010, the national economic recession and regional general economic conditions resulted in reductions in economic activity and taxable sales within the County, and correspondingly Proposition C Sales Tax revenues received by LACMTA declined. Sales tax revenues increased in Fiscal Years 2011 through 2017. It is possible that Proposition C Sales Tax revenues could decline in the future, reducing amounts available to pay the principal of and interest on the Series 2018-A Bonds.

To project future Proposition C Sales Tax revenues for budgetary purposes, LACMTA incorporates actual long-term experience combined with forecasts from local economists and other publicly available sources of data. LACMTA does not itself develop forecasts of current or future economic conditions. Furthermore, the Department of Tax and Fee Administration does not provide LACMTA with any forecasts of Proposition C Sales Tax revenues for future periods. Therefore, LACMTA is unable to forecast or predict with certainty future levels of Proposition C Sales Tax revenues. In addition, the County is located in a seismically active region. A major earthquake or other natural disaster could adversely affect the economy of the County and the amount of Proposition C Sales Tax revenues. Future significant declines in the amount of Proposition C Sales Tax revenues could ultimately impair the ability of LACMTA to pay principal of and interest on the Series 2018-A Bonds. See “PROPOSITION C SALES TAX AND COLLECTIONS—Historical Proposition C Sales Tax Collections.” Also see “APPENDIX C—LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.”

California State Legislature or Electorate or Federal Law May Change Items Subject to Proposition C Sales Tax

With limited exceptions, the Proposition C Sales Tax is imposed on the same transactions and items subject to the general sales tax levied throughout the State. In the past, the California State Legislature and the California State electorate have made changes to the transactions and items subject to the State’s general sales tax and, therefore, the Proposition C Sales Tax. In 1991, the California State Legislature enacted legislation which expanded the transactions and items subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment and newspapers and magazines. In 1992, the California State electorate approved an initiative which eliminated candy, gum, bottled water and confectionery items as items subject to the California State’s general sales tax. In each case, the same changes were made to transactions or items subject to the Proposition C Sales Tax. In the future, the California State Legislature or the California State electorate could further change the transactions and items upon which the statewide general sales tax and the Proposition C Sales Tax are

imposed. Such a change could either increase or decrease Proposition C Sales Tax revenues depending on the nature of the change. See “PROPOSITION C SALES TAX AND COLLECTIONS.”

Federal law may also cause transactions and items to be excluded from the State of California’s general sales tax, and, therefore, the Proposition C Sales Tax. For example, under federal law, local taxes on aviation fuel (except taxes in effect on December 30, 1987) must be used for airport-related purposes, as a condition for receiving federal funding for airports. On November 7, 2014, the Federal Aviation Administration (the “FAA”) adopted an amendment to its “Policy and Procedures Concerning the Use of Airport Revenue” (the “FAA Policy”), which clarifies that local sales taxes derived from aviation fuel are subject to the airport use restriction, the FAA definition of local sales tax includes the Proposition C Sales Tax, Measure R Sales Tax and Measure M Sales Tax. [The FAA Policy is illustrative of federal laws that may affect which transactions and items are subject to the State of California’s general sales tax.]

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

Increases in sales tax rates, whether by the electorate of a municipality within the County, the County or the State or by the State Legislature, may affect consumer spending decisions and as a result adversely impact sales transactions in the County and, thereby, reduce Proposition C Sales Tax revenues. Several increases in sales tax rates have occurred in recent years. In November 2008, County voters approved Measure R, which increased the sales tax rate within the County by ½ of 1% for a period of 30 years to fund LACMTA transportation projects and operations. Collection of the additional sales tax rate (known as the Measure R Sales Tax) commenced in July 1, 2009. In 2012, the Board of Directors of LACMTA approved a proposal to extend the Measure R Sales Tax for 30 years beyond its current expiration date (June 30, 2039), but the proposed extension failed to receive the required voter approval. In November 2012, the voters of the State approved an additional ¼ of 1% State general sales tax, which became effective on January 1, 2013 and expired on December 31, 2016.

At the election held on November 8, 2016, more than two-thirds of the electors of the County voting on the issue approved an additional transportation and use tax (known as the Measure M Sales Tax). The Measure M Sales Tax is a new one-half cent sales tax starting July 1, 2017 that increases to one cent in 2039 when the Measure R Sales Tax expires. The Measure M Sales Tax does not have a scheduled expiration date. Additional increases in sales tax rates that will impact the County, while not currently pending, can be expected to be proposed and imposed, from time to time. Proposition A Sales Tax revenues, Measure R Sales Tax revenues and Measure M Sales Tax revenues are separate from Proposition C Sales Tax revenues and do not secure the Senior Bonds, including the Series 2018-A Bonds, or Senior Parity Debt. “APPENDIX A—THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—OUTSTANDING DEBT.”

Increased Internet Use May Reduce Proposition C Sales Tax Revenues

The increasing use of the Internet to conduct electronic commerce may affect the levels of Proposition C Sales Tax revenues. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State of California by businesses located outside of the State are generally subject to the retail transactions and use tax imposed by Proposition C. Legislation passed as part of the California Budget Act of 2011 imposes a use tax collection responsibility for certain out-of-state, and particularly Internet, retailers that meet certain criteria. The new responsibility took effect in September 2012. However, LACMTA believes that some Internet transactions still may avoid taxation either through error or deliberate non-reporting, and this potentially reduces the amount of Proposition C Sales Tax revenues.

Additional Senior Bonds

The LACMTA expects to issue additional debt secured by Proposition C Sales Tax revenues, including additional Senior Bonds. The LACMTA's October 2017 Financial Forecast assumes the issuance of approximately \$652 million of Senior Bonds between Fiscal Years 2019 and 2023. The LACMTA has several major transit projects under construction and has future plans for additional major capital projects. The LACMTA may ultimately issue more Senior Bonds to finance these projects than its current plans presently anticipate, particularly if costs of completing projects are higher than expected or other funding sources are not available as planned. In addition, the LACMTA is likely to undertake additional capital projects in the future, and additional Senior Bonds may be issued to finance these projects. The LACMTA may issue additional Senior Bonds only if the additional bonds tests described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS— Proposition C Sales Tax Obligations—Senior Obligations" are satisfied.

After Amendment Effective Date Series 2018-A Bonds Are Not Expected to be Secured by Reserve Fund

At the time of issuance of the Series 2018-A Bonds, the Series 2018-A Bonds will be secured by the Reserve Fund. However, LACMTA currently expects that upon the Amendment Effective Date it will elect that the Series 2018-A Bonds will no longer participate in or be secured by the Reserve Fund or any other debt service reserve fund. See "INTRODUCTION—Proposed Amendments to Trust Agreement," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS— Reserve Fund for Senior Bonds" and "APPENDIX E—PROPOSED AMENDMENTS TO TRUST AGREEMENT."

Impact of Bankruptcy of LACMTA

As a municipal entity, LACMTA may be authorized to file a petition for relief under Chapter 9 of the United States Bankruptcy Code ("Chapter 9") under certain circumstances. Should LACMTA file for bankruptcy relief, there could be adverse effects on the holders of the Series 2018-A Bonds.

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

The results of Chapter 9 bankruptcy proceedings are difficult to predict. If a court determined that the Proposition C Sales Tax was levied to finance the general purposes of LACMTA rather than specific projects, then the Pledged Tax would not be special revenues. No assurance can be given that a court would hold that the Pledged Tax constitutes special revenues or that the Series 2018-A Bonds are of a type protected by the "special revenues" provisions of the Bankruptcy Code. If a bankruptcy court were to determine that the Pledged Tax were not "special revenues," then Pledged Tax collected after the commencement of the bankruptcy case would likely not be subject to the lien of the Agreement. If a bankruptcy court were to so hold, the owners of the Senior Bonds (including the Series 2018-A Bonds) would no longer be entitled to any special priority to the Pledged Tax and could be treated as general unsecured creditors of LACMTA without a lien as to the Pledged Tax.

If the revenues pledged under the Agreement are determined to be special revenues, the Bankruptcy Code provides (in order to maintain the revenue-generating capacity of the municipal entity) that a special revenues lien is subject to the necessary operating expenses of the project or system from which the special revenues are derived, which expenses are to be paid before other obligations (including to bondholders). This rule applies regardless of the provisions of the transaction documents. The law is not clear, however, (i) as to whether, or to what extent, the Pledged Tax would be considered to be “derived” from a project or system, or (ii) precisely which expenses would constitute necessary operating expenses. To the extent that the Pledged Tax is determined to be derived from a project or system, LACMTA may be able to use Pledged Tax to pay necessary operating expenses, before the remaining Pledged Tax is turned over to the Trustee to pay amounts owed to the holders of the Series 2018-A Bonds.

If LACMTA files for relief under Chapter 9, the parties (including the Trustee and the holders of the Series 2018-A Bonds) may be prohibited from taking any action to collect any amount from LACMTA or to enforce any obligation of LACMTA, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2018-A Bonds from funds in the Trustee’s possession. In addition, the procedure pursuant to which the Pledged Tax is paid directly to the Trustee by the Department of Tax and Fee Administration may no longer be enforceable, and LACMTA may be able to require that the Pledged Tax be paid directly to it by the Department of Tax and Fee Administration.

If LACMTA has possession of Pledged Tax (whether collected before or after commencement of the bankruptcy case) and if LACMTA does not voluntarily pay such moneys to the Trustee, it is not entirely clear what procedures the Trustee or the holders of the Series 2018-A Bonds would have to follow to attempt to obtain possession of such Pledged Tax, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

The obligations of LACMTA under the Agreement, including its obligations to pay principal of and interest on the Series 2018-A Bonds, are limited obligations and are payable solely from the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Accordingly, if LACMTA filed for relief under Chapter 9, the owners of the Series 2018-A Bonds may not have any recourse to any assets or revenues of LACMTA other than the Pledged Revenues and other amounts.

In the event of a LACMTA bankruptcy filing, LACMTA may be able to borrow additional money that is secured by a lien on any of its property (including the Pledged Revenues), which lien could have priority over the lien of the Agreement, as long as the bankruptcy court determines that the rights of the owners of the Series 2018-A Bonds will be adequately protected. LACMTA may also be able to cause some of the Pledged Revenues to be released to it, free and clear of lien of the Agreement, as long as the bankruptcy court determines that the rights of the Trustee and the owners of the Series 2018-A Bonds will be adequately protected.

Through a Chapter 9 proceeding LACMTA may also be able, without the consent and over the objection of the Trustee and the owners of the Series 2018-A Bonds, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Agreement and the Series 2018-A Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

As noted in its financial statements (see “Note III—DETAILED NOTES ON ALL FUNDS—I. Employees’ Retirement Plans” in the Notes to the Financial Statements and the related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE

FISCAL YEAR ENDED JUNE 30, 2017.” LACMTA has been informed that it has unfunded pension plan actuarial accrued liabilities. In a bankruptcy of LACMTA, the amounts of current and, if any, accrued (unpaid) contributions owed to the California Public Employees’ Retirement System (“CalPERS”), the LACMTA-administered plans, or to any other pension system (collectively the “Pension Systems”), as well as future material increases in required contributions, could create additional uncertainty as to LACMTA’s ability to pay debt service on the Series 2018-A Bonds. Given that municipal pension systems in California are usually administered pursuant to state constitutional provisions and, as applicable, other state and/or municipal law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems are instrumentalities of the State and have the right to enforce payment by injunction or other proceedings outside of an LACMTA bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a bankruptcy of LACMTA would rule on these matters. In addition, this area of law is presently very unsettled. This is because, though the issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) have been the subject of litigation in the Chapter 9 cases of several California municipalities, including Stockton and San Bernardino, the relevant disputes have not been litigated to decision in the Federal circuit appellate courts, and thus there are no rulings from which definitive guidance can be taken on pension matters in Chapter 9.

There may be delays in payments on the Series 2018-A Bonds while the court considers any of these issues, and any of these issues could result in delays or reductions in payments on the Series 2018-A Bonds. There may be other possible effects of a bankruptcy of LACMTA that could result in delays or reductions in payments on the Series 2018-A Bonds, or result in losses to the holders of the Series 2018-A Bonds. Regardless of any specific adverse determinations in an LACMTA bankruptcy proceeding, the fact of an LACMTA bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Series 2018-A Bonds.

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

Voters have the right to place measures before the electorate in the County or the State and the California State Legislature may take actions to limit the collection and use of the Proposition C Sales Tax. Such initiatives or actions may impact various aspects of the security, source of payment and other credit aspects of the Series 2018-A Bonds. See “PROPOSITION C SALES TAX AND COLLECTIONS—Initiatives and Changes to Proposition C Sales Tax.”

DESCRIPTION OF THE SERIES 2018-A BONDS

General

The Series 2018-A Bonds are limited obligations of LACMTA to be issued pursuant to and secured under the Agreement. In connection with the issuance of the Series 2018-A Bonds, LACMTA will enter into the Twenty-Eighth Supplemental Agreement to provide for the issuance of the Series 2018-A Bonds and related matters.

The Series 2018-A Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover of this Official Statement. LACMTA will pay interest on each January 1 and July 1, beginning July 1, 2018. Interest on the Series 2018-A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2018-A Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Upon initial issuance, the Series 2018-A Bonds will be registered in the name of Cede & Co. as registered owner and nominee of DTC. As long as the Series 2018-A Bonds are registered in such name or in the name of a successor nominee, the ownership of the Series 2018-A Bonds will be evidenced by book-entry as described in “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM.” Purchasers will not receive certificated Series 2018-A Bonds. So long as Cede & Co. is the registered owner of the Series 2018-A Bonds, reference herein to the Bondholders or registered owners will mean Cede & Co. as aforesaid and will not mean the Beneficial Owners (as defined herein) of the Series 2018-A Bonds.

So long as Cede & Co. is the registered owner of the Series 2018-A Bonds, principal and redemption price of and interest on the Series 2018-A Bonds are payable by wire transfer of funds by the Trustee to Cede & Co., as nominee of DTC. DTC is obligated, in turn, to remit such amounts to its participants as described herein for subsequent disbursement to the Beneficial Owners. If the Series 2018-A Bonds cease to be held by DTC or by a successor securities depository, the principal and redemption price of the Series 2018-A Bonds will be payable at maturity or earlier redemption upon presentation and surrender of the Series 2018-A Bonds at the corporate trust office or agency of the Trustee, and interest on the Series 2018-A Bonds will be payable by check mailed by first-class mail on each Interest Payment Date to the Owners of the Series 2018-A Bonds as of the Record Date; provided, that Owners of \$1,000,000 or more in aggregate principal amount of Series 2018-A Bonds may arrange for payment by wire transfer of immediately available funds upon written request given to the Trustee at least 15 days prior to an Interest Payment Date.

Redemption*

Optional Redemption. The Series 2018-A Bonds are not subject to optional redemption prior to their maturity.

Mandatory Sinking Fund Redemption. The Series 2018-A Bonds maturing on July 1, 20__ are subject to mandatory sinking fund redemption in the amount of the principal thereof, without premium, plus accrued interest thereon to the redemption date, to be paid on July 1 of the years and in the amounts set forth below.

Year	Sinking Fund Installment
† Final Maturity	

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the Trustee will proceed to select for redemption (by lot in such manner as the Trustee may determine), from the Series 2018-A Bonds subject to such redemption, an aggregate principal amount of such Series 2018-A Bonds equal to the amount for such year as set forth in the table above and will call such Series 2018-A Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such redemption in accordance with the terms of the Agreement.

* Preliminary, subject to change.

At the option of LACMTA, it may (a) deliver to the Trustee for cancellation any Series 2018-A Bonds or portions thereof (in Authorized Denominations) of the stated maturity subject to such redemption purchased in the open market or otherwise acquired by LACMTA or (b) specify a principal amount of such Series 2018-A Bonds or portions thereof (in Authorized Denominations) subject to mandatory sinking fund redemption which prior to said date have been purchased and previously cancelled by the Trustee at the request of LACMTA and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2018-A Bond or portion thereof so delivered or previously purchased will be credited by the Trustee at 100% of the principal amount thereof against the obligation of LACMTA on such mandatory sinking fund redemption date.

Selection of Series 2018-A Bonds to Be Redeemed; Notice of Redemption. If less than all of the Series 2018-A Bonds of a maturity are to be redeemed, and the Series 2018-A Bonds are not held by DTC, the Trustee will select by lot, in such manner as the Trustee deems appropriate, the particular Series 2018-A Bonds or portions thereof to be redeemed. See also “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM.”

The Trustee is required to give notice of redemption to the registered owners affected by such redemption at least 30 days but not more than 60 days before each redemption date, and to send such notice of redemption by first-class mail (or, with respect to Series 2018-A Bonds held by DTC, by an express delivery service for delivery on the next following Business Day). Each notice of redemption will specify the Series 2018-A Bonds to be redeemed; the redemption date; the CUSIP numbers of the Series 2018-A Bonds to be redeemed, the redemption price and the place or places where amounts due upon such redemption will be payable and if less than all of the Series 2018-A Bonds are to be redeemed, the numbers of the Series 2018-A Bonds and the portions of Series 2018-A Bonds to be redeemed; any condition to the redemption; and that on the redemption date, and upon the satisfaction of any such condition, the Series 2018-A Bonds to be redeemed shall cease to bear interest.

Failure to give any required notice of redemption or any defect therein will not affect the validity of the call for redemption of any Series 2018-A Bonds in respect of which no failure or defect occurs. Any notice sent as provided above will be conclusively presumed to have been given whether or not actually received by the addressee.

Effect of Redemption. If notice is given as described above under “—Selection of Series 2018-A Bonds to be Redeemed; Notice of Redemption” and the moneys for payment of the redemption price are on deposit with the Trustee, the Series 2018-A Bonds called for redemption will be due and payable on the redemption date, interest on such Series 2018-A Bonds will cease to accrue after such date, such Series 2018-A Bonds will cease to be entitled to any lien, benefit or security under the Agreement, and the registered owners of the redeemed Series 2018-A Bonds will have no rights under the Agreement after the redemption date other than the right to receive the redemption price for such Series 2018-A Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS

Security for the Series 2018-A Bonds

The Series 2018-A Bonds are limited obligations of LACMTA payable from and secured by a first lien on and pledge of the “Pledged Revenues,” which consist of Pledged Tax plus interest, profits and other income received from the investment of such amounts held by the Trustee (other than amounts in the Rebate Fund). “Pledged Tax” consists of moneys collected as a result of the imposition of the Proposition C Sales Tax, less 20% thereof which constitutes the Local Allocation, less an administrative fee paid to the Department of Tax and Fee Administration in connection with the collection and disbursement of the Proposition C Sales Tax. In addition, the Series 2018-A Bonds are secured by all

other amounts held by the Trustee under the Agreement except for amounts held in the Rebate Fund and the Redemption Fund. Additionally, the Agreement provides that Pledged Tax also includes any Local Allocation that a local jurisdiction authorizes to be pledged to secure the Series 2018-A Bonds, plus such additional sources of revenue, if any, which are hereafter pledged to pay the Series 2018-A Bonds under a subsequent supplemental trust agreement. No local jurisdiction has pledged any of its Local Allocation to secure any Senior Bonds issued under the Agreement, including the Series 2018-A Bonds. Pledged Revenues do not include any Proposition C Sales Tax revenues that are released by the Trustee to (a) the payment of the Proposition C Commercial Paper Notes or the Proposition C Revolving Obligations (as defined herein); (b) LACMTA for the payment, if necessary, of the General Revenue Bonds (as defined herein); or (c) LACMTA for any other lawful purposes of LACMTA. For a description of the Proposition C Sales Tax and collections related thereto, see “PROPOSITION C SALES TAX AND COLLECTIONS.”

Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision or agency thereof, other than LACMTA to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement, is pledged to the payment of the principal of or interest on the Series 2018-A Bonds. LACMTA has no power to levy property taxes to pay the principal of or interest on the Series 2018-A Bonds.

The Series 2018-A Bonds are limited obligations of LACMTA and are payable, as to both principal and interest, solely from the Pledged Revenues and certain other amounts held by the Trustee under the Agreement. Other than Pledged Revenues and such other amounts held by the Trustee under the Agreement, the general fund of LACMTA is not liable, and neither the credit nor the taxing power of LACMTA is pledged, to the payment of the principal of or interest on the Series 2018-A Bonds.

Proposition C Sales Tax Obligations

Under the Agreement, LACMTA may issue two tiers of obligations secured by Pledged Revenues. LACMTA may issue Senior Bonds and incur Senior Parity Debt, which are secured by a senior lien on the Pledged Revenues. The Series 2018-A Bonds are Senior Bonds. LACMTA also may issue Subordinate Lien Obligations, which are secured by a subordinate lien on Pledged Revenues and are junior and subordinate to the Senior Bonds and Senior Parity Debt as to the lien on and source and security for payment from Pledged Revenues.

Pursuant to the Trust Agreement, LACMTA has covenanted and agreed not to issue or incur any obligations that would have a lien on Pledged Revenues senior to the Senior Bonds (including the Series 2018-A Bonds) or any Senior Parity Debt.

Senior Obligations. LACMTA is authorized to issue Senior Bonds and incur Senior Parity Debt, which would be payable from and secured by Pledged Revenues on a parity basis with the Series 2018-A Bonds.

LACMTA may issue additional Senior Bonds or incur Senior Parity Debt if LACMTA delivers to the Trustee a certificate prepared by a Consultant showing that the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of such Senior Bonds or incurrence of Senior Parity Debt, as applicable, was at least equal to 130% of Maximum Annual Debt Service for all Senior Bonds and Senior Parity Debt which will be Outstanding immediately after the proposed issuance of Senior Bonds or incurrence of Senior Parity Debt. This certificate need not be delivered if the Senior Bonds or Senior Parity Debt are being issued or incurred for the purpose of refunding Outstanding Senior Bonds or Senior Parity Debt and certain conditions are met as described in

“APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—TRUST AGREEMENT—Additional Senior Bonds.”

Under the Trust Agreement, “Maximum Annual Debt Service” generally means the greatest amount of principal and interest becoming due and payable on all Senior Bonds and Senior Parity Debt in the Fiscal Year in which the calculation is made or in any subsequent Fiscal Year. However, if LACMTA issues variable rate bonds and enters into an interest rate swap agreement related to any Senior Bonds or Senior Parity Debt, the Agreement permits LACMTA to use the fixed rate it pays under the interest rate swap agreement for purposes of determining the maximum amount of interest becoming due and payable on such Senior Bonds or Senior Parity Debt. LACMTA does not presently have any such swap agreements relating to any Senior Bonds. For the full definition of Maximum Annual Debt Service, see “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS.”

For a description of the Senior Bonds currently outstanding, see “PROPOSITION C SALES TAX OBLIGATIONS—Senior Bonds and Senior Parity Debt.” LACMTA does not presently have any Senior Parity Debt outstanding.

Subordinate Lien Obligations. Under the Agreement, LACMTA may issue Subordinate Lien Obligations secured by Pledged Revenues that are junior and subordinate to the Senior Bonds and Senior Parity Debt as to the lien on and source and security for payment from Pledged Revenues. See “PROPOSITION C SALES TAX OBLIGATIONS—Subordinate Lien Obligations.” In addition, LACMTA has incurred other obligations which are secured by certain “remaining” Proposition C Sales Tax cash receipts. See “PROPOSITION C SALES TAX OBLIGATIONS—Other Obligations.”

Flow of Funds

Pursuant to an agreement between LACMTA and the Department of Tax and Fee Administration, the Department of Tax and Fee Administration directly remits Proposition C Sales Tax receipts monthly to the Trustee after deducting the Department of Tax and Fee Administration’s costs of administering the Proposition C Sales Tax. The Trustee immediately transfers to LACMTA the Local Allocation (20% of net Proposition C Sales Tax cash receipts) for disbursement. Under the Agreement, the Trustee is required to deposit and to apply the remaining moneys received from the Department of Tax and Fee Administration, as needed (80% of net Proposition C Sales Tax cash receipts), taking into consideration any other funds previously deposited or applied in such month for such purposes, as follows:

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

SECOND, to the credit of the Senior Bond Principal Account, an amount equal to the Aggregate Accrued Senior Principal for the current calendar month (which, in general, is equal to 1/12 of the principal maturing in the next year (see “APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS”)) less any Senior Excess Deposit made with respect to the last preceding calendar month plus any Accrued Senior Premium and Senior Deficiency existing on the first day of the calendar month plus any amount of principal which has become due and has not been paid and for which there are insufficient funds in the Senior Bond Principal Account or another special account to be used to make such payment;

THIRD, to the credit of the Reserve Fund, such portion of the balance, if any, remaining after making the deposits to the interest and principal accounts as described above, as is necessary to increase the amount on deposit in the Reserve Fund to an amount equal to the Reserve Fund Requirement for all Senior Bonds Outstanding (including such amounts required to reimburse draws on any Reserve Fund Insurance Policy), or if the entire balance is less than the amount necessary, then the entire balance will be deposited into the Reserve Fund, and such amounts will be used to reimburse draws on any Reserve Fund Insurance Policy prior to replenishing the cash or Permitted Investments formerly on deposit therein; and

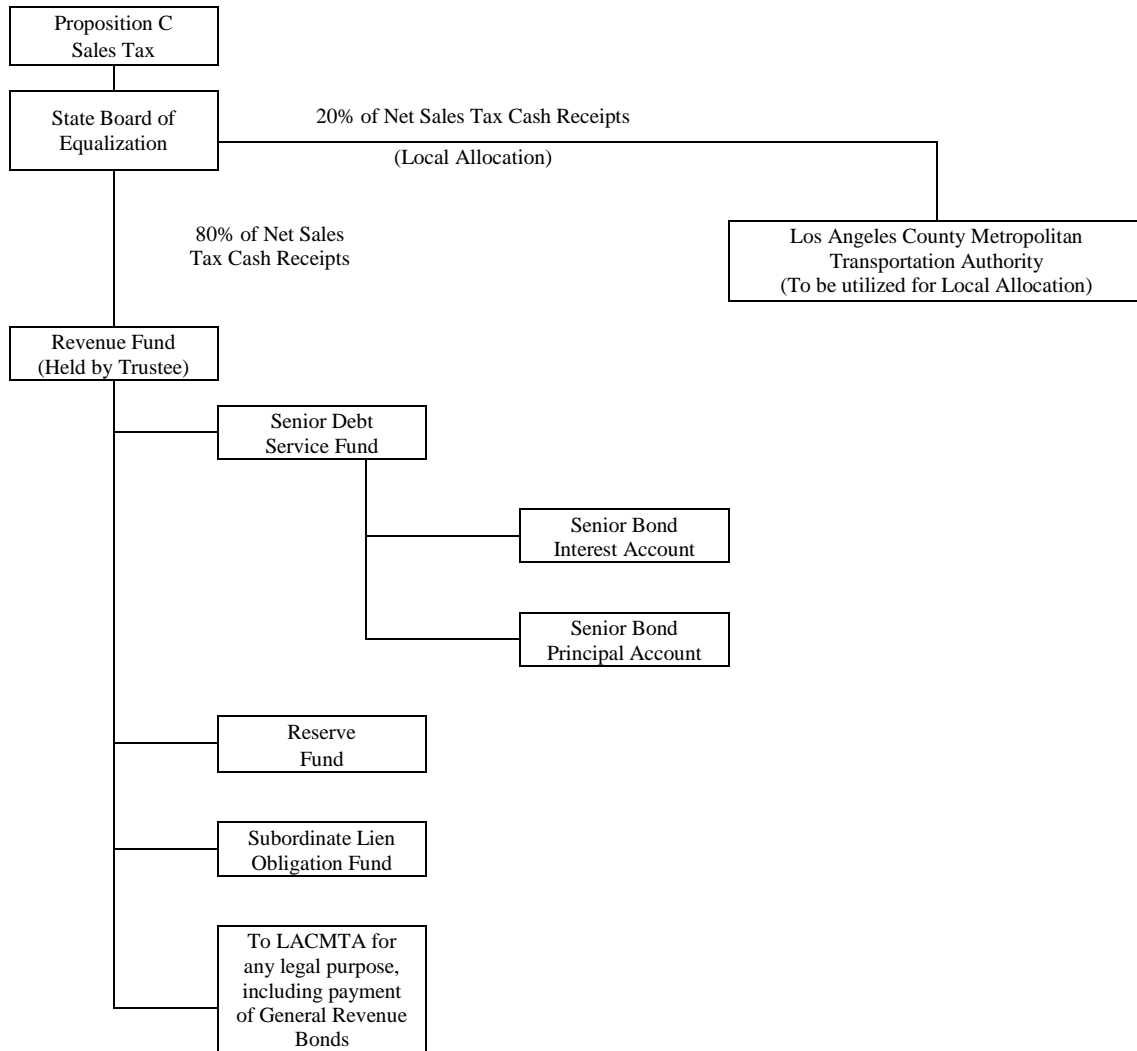
FOURTH, if LACMTA has incurred a Subordinate Lien Obligation, to the Subordinate Lien Obligation Fund to the credit of accounts to be created within the Subordinate Lien Obligation Fund by the Trustee pursuant to the Agreement for the deposit of funds to pay Subordinate Lien Obligations. The credit of Pledged Revenues to such accounts will be made in accordance with the rank of the pledge created by such Subordinate Lien Obligations. Notwithstanding the foregoing, however, if there are insufficient Pledged Revenues in any Fiscal Year to make all of the foregoing deposits, such Pledged Revenues will be allocated to the accounts within the Subordinate Lien Obligation Fund on a pro rata basis based on the amounts required to be deposited therein during such Fiscal Year among all such Subordinate Lien Obligations issued or entered into on a parity basis and in accordance with the rank of the pledge created by such Subordinate Lien Obligations.

After setting aside amounts to be deposited in the Rebate Fund, any remaining funds will then be transferred to LACMTA and will be available to be used for any lawful purpose (including the payment of General Revenue Bonds), and will no longer be pledged to pay debt service on the Senior Bonds.

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

TABLE 1
Proposition C Sales Tax
Flow of Funds



Reserve Fund for Senior Bonds

Currently, the Agreement requires the Trustee to establish and hold the Reserve Fund to make payments of principal and interest with respect to all Senior Bonds, including the Series 2018-A Bonds. Amounts on deposit in the Reserve Fund are to be used to pay principal of and interest on Senior Bonds, including the Series 2018-A Bonds, to the extent amounts in the Senior Bond Interest Account or the Senior Bond Principal Account are not sufficient to pay in full the interest on or principal (including accreted value) of the Senior Bonds when due. For each Series of Senior Bonds, an amount is required to be deposited into the Reserve Fund equal to the Reserve Fund Requirement, which is the least of (a) 10% of the proceeds of such Series of Senior Bonds, (b) the Maximum Annual Debt Service on such Series of

Senior Bonds, or (c) 125% of the average Annual Debt Service on such Series of Senior Bonds. The Reserve Fund is required to be funded in an amount equal to the sum of such Reserve Fund Requirements. The Reserve Fund Requirement for the Series 2018-A Bonds as of their date of issuance is \$_____.

Under the terms of the Agreement, LACMTA may deposit a Reserve Fund Insurance Policy, which is an insurance policy or surety bond provided by a bond insurer, or a letter of credit, deposited in the Reserve Fund in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Reserve Fund Insurance Policy must be rated in one of the two highest rating categories by Moody's Investors Service Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). The Trust Agreement provides that any Reserve Fund Insurance Policy deposited with the Trustee is deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, less any unreimbursed drawings or other amounts not reinstated under such Reserve Fund Insurance Policy. See "APPENDIX D—SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS—DEFINITIONS."

As of the date of issuance of the Series 2018-A Bonds, the Reserve Fund is expected to contain approximately \$___ million of cash and investments, which will satisfy the Reserve Fund Requirement for all Senior Bonds after giving consideration to the issuance of the Series 2018-A Bonds and the refunding of the Refunded Bonds.

LACMTA has proposed the Proposed Amendments, which would allow the Series 2016-A Bonds and additional Senior Bonds issued after the date of issuance of the Series 2016-A Bonds, including the Series 2018-A Bonds, not to be secured by the Reserve Fund or any other debt service reserve fund. LACMTA intends to elect on or soon after the Amendment Effective Date that the Series 2018-A Bonds will no longer participate in or be secured by the Reserve Fund or any other debt service reserve fund. At the time the Series 2018-A Bonds are no longer secured by the Reserve Fund, LACMTA expects that the Reserve Requirement will be reduced and a portion of the moneys on deposit in the Reserve Fund will be released. By the purchase and acceptance of the Series 2018-A Bonds, the Bondholders and Beneficial Owners thereof will be deemed to have consented to the Proposed Amendments. See "INTRODUCTION – Proposed Amendments to Trust Agreement" and "APPENDIX E—PROPOSED AMENDMENTS TO TRUST AGREEMENT."

PROPOSITION C SALES TAX AND COLLECTIONS

The Proposition C Sales Tax

Under the California Public Utilities Code, LACMTA is authorized to adopt retail transactions and use tax ordinances applicable in the incorporated and unincorporated territory of the County in accordance with California's Transaction and Use Tax Law (California Revenue and Taxation Code Section 7251 et seq.), upon authorization by a specified percentage of the electors voting on the issue. LACMTA has three of such tax ordinances. In accordance with the County Transportation Commissions Act (Section 130000 et seq. of the California Public Utilities Code (the "Transportation Commissions Act")), the Commission, on August 8, 1990, adopted Ordinance No. 49 ("Ordinance No. 49") which imposed a retail transactions and use tax for public transit purposes. Ordinance No. 49 was submitted to the electors of the County in the form of Proposition C ("Proposition C") and approved at an election held on November 6, 1990. Ordinance No. 49 imposes a tax, effective April 1, 1991, of ½ of 1% of the gross receipts of retailers from the sale of tangible personal property sold at retail in the County and a use tax at the same rate upon the storage, use or other consumption in the County of such property purchased from any retailer for storage, use or other consumption in the County, subject to certain limited exceptions. The retail transactions and use tax imposed by Ordinance No. 49 and approved by the voters with the

passage of Proposition C is referred to in this Official Statement as the “Proposition C Sales Tax.” As approved by the voters, the Proposition C Sales Tax is not limited in duration. The validity of the Proposition C Sales Tax was upheld in 1992 by the California Court of Appeal in *Vernon v. State Board of Equalization*. See “LITIGATION.” See also “APPENDIX A—THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—LITIGATION AND OTHER REGULATORY ACTIONS.”

Collection of the Proposition C Sales Tax is administered by the Department of Tax and Fee Administration, which imposes a charge for administration. Such charge is based on the actual costs incurred by the Department of Tax and Fee Administration in connection with the administration of the collection of the Proposition C Sales Tax. In accordance with Ordinance No. 49, LACMTA is required to allocate the proceeds of the Proposition C Sales Tax as follows:

TABLE 2
Allocation of Proposition C Sales Tax

Uses	Percentage
To local jurisdictions for local transit based on population (Local Allocation)	20%
To LACMTA for construction and operation of the bus transit and rail system ¹	40
To LACMTA to expand rail and bus security	5
To LACMTA for commuter rail, construction of transit centers, park and ride lots and freeway bus stops	10
To LACMTA for transit related improvements to freeways and state highways	<u>25</u>
Total	<u>100%</u> ²

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

² Up to 1.5% of the non-Local Allocation portion of the Proposition C Sales Tax received by LACMTA may be used by LACMTA to pay administrative costs. Administrative costs are payable only from Proposition C Sales Tax revenues that have been released to LACMTA and are no longer Pledged Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS—Flow of Funds” above.

Source: LACMTA

As described below, the Department of Tax and Fee Administration has agreed to remit directly on a monthly basis the remaining Proposition C Sales Tax Revenues to the Trustee, after deducting the costs of administering the Proposition C Sales Tax and disbursing the Local Allocation to LACMTA. After application of such Proposition C Sales Tax revenues to certain funds and accounts in accordance with the Agreement, the Trustee is required to transfer the remaining unapplied Proposition C Sales Tax revenues for deposit to the funds and accounts established and maintained for the Proposition C Commercial Paper Notes and the Proposition C Revolving Obligations. Any Proposition C Sales Tax revenues remaining after the deposits described above are released to LACMTA to be used by LACMTA first, if necessary, to pay debt service on the General Revenue Bonds, and second, for any lawful purposes (subject to the allocation requirements set forth in Ordinance No. 49). The Senior Bonds do not have a lien on and are not secured by any Proposition C Sales Tax revenues that are released by the Trustee and deposited to the funds and accounts established and maintained for the Proposition C Commercial Paper Notes, the Proposition C Revolving Obligations, the General Revenue Bonds or transferred to LACMTA to be used for any lawful purposes of LACMTA.

The amount retained by the Department of Tax and Fee Administration from collections of Proposition C Sales Tax after July 1993 is based on the total local entity cost reflected in the annual

budget of the State, and includes direct, shared and central agency costs incurred by the Department of Tax and Fee Administration. The amount retained by the Department of Tax and Fee Administration is adjusted to account for the difference between the Department of Tax and Fee Administration’s recovered costs and its actual costs during the prior two Fiscal Years. For Fiscal Years 2013 through 2017, the Department of Tax and Fee Administration’s fee for administering the Proposition C Sales Tax was as follows:

Fiscal Year Ended (June 30)	Fee (\$’s in millions)	Percentage of Proposition C Sales Tax Reciepts
2013	\$6.4	0.9%
2014	8.3	1.2
2015	8.6	1.2
2016	9.2	1.2
2017	9.2	1.2

Source: LACMTA

The Department of Tax and Fee Administration has advised LACMTA that its fee for Fiscal Year 2018 is estimated to be \$9.2 million. LACMTA assumes that the Department of Tax and Fee Administration fees may continue to increase over time. The Department of Tax and Fee Administration can change the fee at its discretion in the future.

Under the Agreement, LACMTA covenants that (a) it will not take any action which will impair or adversely affect in any manner the pledge of the Pledged Revenues or the rights of the owners of the Senior Bonds, including the Series 2018-A Bonds; and (b) it will be unconditionally and irrevocably obligated, so long as any of the Senior Bonds, including the Series 2018-A Bonds, are outstanding and unpaid, to take all lawful action necessary or required to continue to entitle LACMTA to receive the Pledged Revenues at the same rates as provided by law (as of October 1, 1992), to pay from the Pledged Revenues the principal of and interest on the Senior Bonds in the manner and pursuant to the priority set forth in the Agreement, and to make the other payments provided for in the Agreement.

Under the Act, the State pledges to, and agrees with, the holders of any bonds issued under the Act and with those parties who may enter into contracts with LACMTA pursuant to the Act that the State will not limit or alter the rights vested by the Act in LACMTA until such bonds, together with the interest thereon, are fully met and discharged and the contracts are fully performed on the part of LACMTA. However, the State is not precluded from limiting or altering rights if and when adequate provision has been made by law for the protection of the bondholders or those entering into contracts with LACMTA. Further, such pledge and agreement does not preclude the State from changing the transactions and items subject to the statewide general sales tax and concurrently thereby altering the amount of Proposition C Sales Tax collected. See “RISK FACTORS—California State Legislature or Electorate or Federal Law May Change Items Subject to Proposition C Sales Tax.”

The ½ of 1% Proposition C Sales Tax imposed by LACMTA in the County is in addition to the general sales tax levied statewide by the State (currently 7.25%), the ½ of 1% sales tax imposed by LACMTA pursuant to Ordinance No. 16 of the Commission known as “Proposition A” (such sales tax is referred to herein as the “Proposition A Sales Tax”), the 30-year ½ of 1% sales tax approved by County voters in November 2008 to fund LACMTA transportation projects and operations known as the “Measure R Sales Tax,” the ½ of 1% sales tax approved by County voters in November 2016 to fund

LACMTA transportation projects and operations known as the “Measure M Sales Tax,” the 10-year ¼ of 1% sales tax approved by County voters in March 2017 to help the homeless population known as “Measure H Sales Tax”, and the taxes that apply only within certain cities in the County. The cities of Avalon, Commerce, Culver City, Downey, El Monte, Inglewood, San Fernando, and South El Monte in the County have each enacted a sales tax of ½ of 1% applicable to transactions within their respective city limits, and the cities of Compton, La Mirada, Long Beach, Lynwood, Pico Rivera, Santa Monica, and South Gate in the County have each enacted a sales tax of 1% applicable to transactions within their respective city limits. The combined various sales taxes described above results in (a) transactions within the County, and outside the cities of Avalon, Commerce, Compton, Culver City, Downey, El Monte, Inglewood, La Mirada, Long Beach, Lynwood, Pico Rivera, San Fernando, Santa Monica, South El Monte, and South Gate, currently being taxed at an effective rate of 9.50%, (b) transactions within the cities of Avalon, Commerce, Culver City, Downey, El Monte, Inglewood, San Fernando, and South El Monte currently being taxed at an effective rate of 10.00%, and (c) transactions within the cities of Compton, La Mirada, Long Beach, Lynwood, Pico Rivera, Santa Monica, and South Gate currently being taxed at an effective rate of 10.25% (The Measure H Sales Tax does not apply to transactions in Compton, La Mirada, Long Beach, Lynwood, Pico Rivera, Santa Monica and South Gate because in those cities the sales tax is already at the maximum allowed by law). These tax rates and the items subject to the Proposition C Sales Tax are subject to change. See “RISK FACTORS—California State Legislature or Electorate or Federal Law May Change Items Subject to Proposition C Sales Tax” and “—Increases in Sales Tax Rate May Cause Declines in Proposition C Sales Tax Revenues.” See also “APPENDIX A—THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—OUTSTANDING DEBT.”

Initiatives and Changes to Proposition C Sales Tax

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

The Act of 1998. One such initiative was approved by the voters of the County in 1998 in the form of the “Metropolitan Transportation Authority Reform and Accountability Act of 1998” (the “Act of 1998”). The Act of 1998 prohibits the use of Proposition C Sales Tax and Proposition A Sales Tax (but not the use of Measure R Sales Tax or the Measure M Sales Tax) to pay any costs of planning, design, construction or operation of any “New Subway,” including debt service on bonds, notes or other evidences of indebtedness issued for such purposes after March 30, 1998. “New Subway” is defined in the Act of 1998 to mean any rail line which is in a tunnel below the grade level of the earth’s surface (including any extension or operating segment thereof), except for Segment 1, Segment 2 and Segment 3 (North Hollywood) of the Red Line. The Act of 1998 does not limit the use of Proposition C Sales Tax or Proposition A Sales Tax revenues to provide public mass transit improvements to railroad right-of-ways. The Act of 1998 does not limit in any way the collection of the Proposition C Sales Tax or the Proposition A Sales Tax; it only limits the uses of such taxes. LACMTA believes that the proceeds of all obligations previously issued by LACMTA which are secured by the Proposition C Sales Tax and/or the Proposition A Sales Tax have been used for permitted purposes under the Act of 1998. **Therefore, the Act of 1998 has no effect on LACMTA’s ability to continue to use the Proposition C Sales Tax or the Proposition A Sales Tax to secure payment of its outstanding obligations secured by the Proposition C Sales Tax or the Proposition A Sales Tax. Additionally, LACMTA will covenant not to use the proceeds of the Series 2018-A Bonds in a manner inconsistent with the provisions of the**

Act of 1998, and the Act of 1998 will not limit the ability of LACMTA to secure payment of the Series 2018-A Bonds with a pledge of the Proposition C Sales Tax.

As required by the Act of 1998, LACMTA contracted with an independent auditor to complete an audit with respect to the receipt and expenditure of Proposition A Sales Tax and Proposition C Sales Tax between the effective dates of Proposition A and Proposition C and June 30, 1998. The independent auditor completed the audit in November 1999. The Act of 1998 further requires LACMTA to contract for an independent audit each subsequent Fiscal Year to determine LACMTA's compliance with the provisions of Proposition A, Proposition C and the Act of 1998 relating to the receipt and expenditure of Proposition A Sales Tax revenues and Proposition C Sales Tax revenues. For Fiscal Years 1999 through 2017, the independent auditors determined that LACMTA was in compliance with Proposition A, Proposition C and the Act of 1998 for each such respective Fiscal Year (the "Annual Act of 1998 Audit").

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

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

Historical Proposition C Sales Tax Collections

The following table presents, among other things, collections of net Proposition C Sales Tax revenues and corresponding Pledged Revenues and Senior Bonds debt service coverage ratios for the Fiscal Years ending June 30, 2008 through June 30, 2017.

TABLE 3
Historic Net Proposition C Sales Tax Receipts,
Local Allocations, Pledged Revenues and Debt Service Coverage
(Dollars in Millions)¹

Fiscal Year Ended June 30	Net Sales Tax Revenue	Annual Percentage Change	Allocations to Local Governments²	Pledged Revenues³	Senior Bonds Debt Service Coverage⁴
2008	\$683.5	(0.40)%	\$136.7	\$546.8	5.30x
2009	620.9	(9.17)	124.2	496.7	4.22
2010	565.8	(8.87)	113.2	452.6	4.29
2011	601.9	6.39	120.4	481.5	4.28
2012	648.8	7.78	129.8	519.0	4.62
2013	687.3	5.94	137.5	549.9	4.81
2014 ⁵	717.2	4.34	143.4	573.7	4.46
2015	745.6	3.96	149.1	596.5	4.40
2016	763.6	2.41	152.7	610.9	4.52
2017	789.3	3.37	157.9	631.4	4.44

¹ Reflects Proposition C Sales Tax revenues, reported according to accrual basis accounting, as presented in LACMTA's audited financial statements, less the administrative fee paid to the Department of Tax and Fee Administration but before required allocations to local governments for transit purposes. Rounded to the closest \$100,000.

² Rounded to the closest \$100,000.

³ Proposition C Sales Tax receipts for the Fiscal Years shown, reported according to accrual basis accounting, less required allocations to local governments for transit purposes and less the administrative fee paid to the Department of Tax and Fee Administration. Rounded to the closest \$100,000.

⁴ Based on Senior Bonds debt service for the 12 months ending the immediately following July 1.

⁵ LACMTA's Fiscal Year 2014 audited financial statements include an increase in Proposition C Sales Tax revenues of \$61.4 million due to an accounting accrual adjustment resulting in a one-time increase to the reported amount. Amounts shown for Fiscal Year 2014 are reported and calculated excluding the \$61.4 million accounting accrual adjustment.

Source: LACMTA

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

TABLE 4
Selected Actual Proposition C Sales Tax Revenue Information¹
 (values are cash basis)

Quarter Ended	Quarterly Receipts (\$ millions)	Change From Same Period Prior Year	Rolling 12 Months Receipts (\$ millions)	Change From Same Period Prior Year
December 31, 2017	\$205.8	4.4%	\$798.8	4.1%
September 30, 2017	203.4	6.0	790.2	3.5
June 30, 2017	188.7	1.5	778.8	2.1
March 31, 2017	200.9	4.4	775.9	2.6
December 31, 2016	197.1	2.0	767.5	2.0
September 30, 2016	191.9	0.3	763.6	2.0
June 30, 2016	185.9	3.9	763.0	2.9
March 31, 2016	192.5	2.1	756.1	2.7
December 31, 2015	193.2	1.9	752.2	3.0

¹ Unaudited.
 Source: LACMTA

The Proposition C Sales Tax receipts on a cash basis for a quarterly period are determined by sales tax revenues generated by sales activity generally occurring in the last two months of the previous quarter and the first month of the current quarter. For example, for the three-month period ended December 31, 2017, reported according to cash basis accounting, Proposition C Sales Tax receipts were approximately \$798.8 million, which receipts generally represented sales activity occurring in August, September and October, 2017. Total Proposition C Sales Tax receipts on a cash basis for Fiscal Year 2017 were approximately \$778.8 million, compared to \$763.0 million in Fiscal Year 2016. LACMTA’s Fiscal Year 2018 budget assumes total Proposition C Sales Tax revenues of \$802.0 million (net of the Department of Tax and Fee Administration’s administrative fee).

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

PROPOSITION C SALES TAX OBLIGATIONS

General

LACMTA has two priority levels of obligations secured by the Proposition C Sales Tax: its Senior Bonds (which includes the Series 2018-A Bonds) and Senior Parity Debt and its Subordinate Lien Obligations. In addition, LACMTA has incurred other obligations, which are secured by certain “remaining” Proposition C Sales Tax cash receipts. See “—Other Obligations” below.

Senior Bonds and Senior Parity Debt

Senior Bonds. LACMTA had the following Senior Bonds outstanding as of March 1, 2018:

TABLE 5
Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Bonds, Senior Bonds
(Outstanding as of March 1, 2018)

Senior Bonds	Outstanding Principal Amount
Sales Tax Revenue Bonds, Senior Bonds, Series 2017-A	\$ 454,845,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A	82,310,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2014-A	61,180,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-A	90,960,000
Sales Tax Revenue Bonds, Senior Bonds, Series 2013-B	287,745,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-C	51,125,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-A	14,635,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-B	74,885,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2010-A	37,150,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-B	102,770,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-D	28,445,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-E	78,960,000
Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2008-A ¹	69,245,000
Total	<u>\$1,434,255,000</u>

¹. The Refunded Bonds shall no longer be outstanding after the date of issuance of the Series 2018-A Bonds.
Source: LACMTA

LACMTA may issue additional Senior Bonds upon the satisfaction of certain additional bonds tests. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS—Proposition C Sales Tax Obligations—Senior Obligations.” LACMTA’s October 2017 Financial Forecast assumes the issuance of approximately \$652 million in additional Senior Bonds from Fiscal Year 2019 through Fiscal Year 2023. For further discussion of the October 2017 Financial Forecast, see “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” in APPENDIX A.

Senior Parity Debt. “Senior Parity Debt” would consist of indebtedness, installment sale obligations, lease obligations or other obligations for borrowed money, or payment obligations under interest swaps or other arrangements having an equal lien and charge upon Pledged Revenues and payable on parity with the Senior Bonds. LACMTA currently has no Senior Parity Debt outstanding. LACMTA may incur Senior Parity Debt upon the satisfaction of certain additional bonds tests. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS—Proposition C Sales Tax Obligations—Senior Obligations.”

Subordinate Lien Obligations

Proposition C Commercial Paper Notes. On June 9, 1993, LACMTA received authorization to issue and have outstanding, at any one time, up to \$150,000,000 (principal of and interest thereon) of commercial paper notes (the “Proposition C Commercial Paper Notes”) payable from and secured by Proposition C Sales Tax revenues. The Proposition C Commercial Paper Notes are payable from Proposition C Sales Tax revenue on a basis subordinate to the lien on Proposition C Sales Tax revenues granted to the Senior Bonds, including the Series 2018-A Bonds, and any Senior Parity Debt. As of

March 1, 2018, the Proposition C Commercial Paper Notes were outstanding with a maturity value of \$5,309,000. The Proposition C Commercial Paper Notes are supported by a letter of credit (the “Proposition C CP Letter of Credit”) issued by Bank of America, N.A. LACMTA’s reimbursement obligations with respect to the Proposition C CP Letter of Credit are payable from Proposition C Sales Tax Revenues on a parity with the Proposition C Commercial Paper Notes.

In addition, LACMTA is authorized to issue and have outstanding, from time to time, up to \$75,000,000 in aggregate principal amount of its Subordinate Proposition C Sales Tax Revenue Revolving Obligations (the “Proposition C Revolving Obligations”), which are payable from Proposition C Sales Tax Revenues on a parity with the Proposition C Commercial Paper Notes and which are considered part of the \$150,000,000 authorization for Proposition C Commercial Paper. As of March 1, 2018, LACMTA has \$45,000,000 Proposition C Revolving Obligations outstanding.

[In July 2013, LACMTA entered into an agreement with Alameda Corridor East Construction Authority (ACE) for the purpose of providing a working capital loan of up to \$45,000. In September 2013, LACMTA borrowed \$20,000 from its taxable Proposition C revolving credit facility and another \$25,000 from its tax-exempt Proposition C revolving credit facility in November 2013 on behalf of ACE. The term of the loan shall commence on the date of the first drawdown and shall terminate on the earlier to occur of 1) 10 years from commencement date, or 2) the point in time where LACMTA has an outstanding obligation to fund its last \$75,000 in Measure R or Proposition C funds. All costs associated with the loan are billed to and paid by ACE as they are incurred so that there is no additional cost to LACMTA on this loan.]

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

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

Proposition C CP Letter of Credit		Proposition C Revolving Obligations	
Letter of Credit Provider	Bank of America, N.A.	Revolving Obligations Bank	Wells Fargo Bank, National Association
Principal Amount	\$68,885,000 ¹	Principal Amount	\$75,000,000
Expiration Date	April 5, 2019	Expiration/Maturity Date	March 28, 2019 ¹

¹ Plus \$6,114,724 of interest. Draws on the letter of credit must be paid within 270 days, though the drawings may be converted to a term loan payable in 10 quarterly installments if conditions are satisfied.

Source: LACMTA

¹ Can be converted to a term loan payable in twelve equal quarterly installments following the Expiration/Maturity Date if conditions are satisfied.

Other Obligations

General Revenue Bonds. As of March 1, 2018, there was \$64,770,000 aggregate principal amount of LACMTA’s General Revenue Refunding Bonds (Union Station Gateway Project), Series 2015 (the “Series 2015 General Revenue Bonds”) outstanding, and \$32,840,000 aggregate principal amount of LACMTA’s General Revenue Refunding Bonds (Union Station Gateway Project), Series 2010-A (the “Series 2010-A General Revenue Bonds,” and together with the Series 2015 General Revenue Bonds, the

“General Revenue Bonds”) outstanding. The General Revenue Bonds are secured by a pledge of farebox revenues, fee and advertising revenues (collectively, “General Revenues”) and Proposition A Sales Tax and Proposition C Sales Tax revenues that remain after the application of those revenues to the payment of principal and interest on certain Proposition A Sales Tax-secured obligations, in the case of the Proposition A Sales Tax, and the Senior Bonds (including the Series 2018-A Bonds), any Senior Parity Debt and the Subordinate Lien Obligations (including the Proposition C Commercial Paper Notes and the Proposition C Revolving Obligations), in the case of the Proposition C Sales Tax (the “Proposition A Remaining Sales Tax” and the “Proposition C Remaining Sales Tax,” respectively). LACMTA’s obligation to pay principal of and interest on the General Revenue Bonds is secured by a lien on Proposition C Sales Tax that is junior and subordinate to the Senior Bonds (including the Series 2018-A Bonds), any Senior Parity Debt and the Subordinate Lien Obligations (including the Proposition C Commercial Paper Notes and the Proposition C Revolving Obligations) as to the lien on and source and security for payment from Pledged Revenues.

Policy Limits on Additional Bonds

Besides the limitations of the additional bonds test noted above under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS – Proposition C Sales Tax Obligations – Senior Bonds,” the Board-adopted debt policy sets additional limits on the amount of debt secured by the Proposition C Sales Tax it can issue. This debt policy is reviewed periodically, and sets limits on debt service as a percentage of the use of sales tax revenues for certain allocations of expenditures as set forth in Ordinance No. 49, which levied the tax. These limits are intended to ensure that LACMTA will be able to continue providing essential operational services while planning for replacement, rehabilitation and expansion of capital investments. Under its current debt policy, debt service on LACMTA obligations is limited to 43.75% of its share of Proposition C Sales Tax revenues, which would require a minimum of 2.28 times coverage of debt service. LACMTA annually monitors its compliance with its debt policy limits. LACMTA’s Board is not obligated to maintain its current debt policy and may modify it to allow the issuance of a greater amount of debt secured by the Proposition C Sales Tax in the future.

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COMBINED SENIOR BONDS DEBT SERVICE SCHEDULE

The following table shows the combined debt service requirements on LACMTA’s Senior Bonds.

TABLE 6
Los Angeles County Metropolitan Transportation Authority
Combined Proposition C Debt Service Schedule
Senior Bonds¹

Bond Years Ending July 1	Previously Issued Senior Bonds Debt Service²	Series 2018-A Bonds Debt Service			Combined Total Debt Service Senior Bonds
		Principal	Interest	Total Debt Service	
2018	\$ 164,893,166				
2019	164,516,429				
2020	159,843,779				
2021	155,162,529				
2022	155,151,019				
2023	155,699,669				
2024	98,719,294				
2025	98,670,844				
2026	83,749,594				
2027	83,805,594				
2028	83,806,294				
2029	76,104,763				
2030	72,338,794				
2031	63,950,944				
2032	63,948,194				
2033	63,953,194				
2034	63,955,444				
2035	54,484,694				
2036	54,483,944				
2037	54,482,444				
2038	54,482,475				
2039	32,271,750				
2040	32,274,250				
2041	32,270,250				
2042	32,271,750				
Total	\$2,155,291,096				

¹ Totals may not add due to rounding.

² Includes debt service on the Refunded Bonds, which will be defeased on the date of issuance of the Series 2018-A Bonds.

Source: LACMTA and Montague DeRose and Associates LLC

LITIGATION

There is no litigation pending or, to the knowledge of LACMTA, threatened, against LACMTA in any way questioning or affecting the validity of the Series 2018-A Bonds, the imposition and collection of the Proposition C Sales Tax or the pledge of the Pledged Revenues. On March 3, 1992, the California Court of Appeal, in *Vernon v. State Board of Equalization*, upheld the validity of the Proposition C Sales

Tax. Various claims of other types have been asserted against LACMTA. See “APPENDIX A—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY—LITIGATION AND OTHER REGULATORY ACTIONS.”

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2018-A Bonds are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to LACMTA. The form of the opinion to be delivered by Bond Counsel is attached hereto as Appendix F. As Bond Counsel, Norton Rose Fulbright US LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Los Angeles County Counsel, as General Counsel to LACMTA, and Nixon Peabody LLP, as disclosure counsel, will pass on certain legal matters for LACMTA.

TAX MATTERS

General

The delivery of the Series 2018-A Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Series 2018-A Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Series 2018-A Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The delivery of the Series 2018-A Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State that interest on the Series 2018-A Bonds is exempt from personal income taxes of the State. A form of Bond Counsel’s anticipated opinion is included as Appendix F. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

For taxable years that began before January 1, 2018, interest on the Series 2018-A Bonds owned by a corporation will be included in such corporation’s adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of LACMTA made in a certificate of even date with the initial delivery of the Series 2018-A Bonds pertaining to the use, expenditure and investment of the proceeds of the Series 2018-A Bonds and will assume continuing compliance with the provisions of the Indenture by LACMTA subsequent to the issuance of the Series 2018-A Bonds. The Indenture and the Tax Certificate contain covenants by LACMTA with respect to, among other matters, the use of the proceeds of the Series 2018-A Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series 2018-A Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Series 2018-A Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Series 2018-A Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the

receipt or accrual of interest on, or the acquisition or disposition of, the Series 2018-A Bonds. Prospective purchasers of the Series 2018-A Bonds should be aware that the ownership of tax-exempt obligations such as the Series 2018-A Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of LACMTA described above. No ruling has been sought from the Internal Revenue Service (the "Service") or the State with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Series 2018-A Bonds is commenced, under current procedures, the Service is likely to treat LACMTA as the "taxpayer," and the owners of the Series 2018-A Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2018-A Bonds, LACMTA may have different or conflicting interests from the owners of the Series 2018-A Bonds. Public awareness of any future audit of the Series 2018-A Bonds could adversely affect the value and liquidity of the Series 2018-A Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to Owners of the exclusion of interest on the Series 2018-A Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2018-A Bonds. Prospective purchasers of the Series 2018-A Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Series 2018-A Bonds

The initial public offering [price] of certain of the Series 2018-A Bonds (the "Discount Bonds") may be less than the amount payable on such Series 2018-A Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Series 2018-A Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum tax on corporations for taxable years that began before January 1, 2018, and the amount of the

branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, “S” corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued original issue discount on Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Series 2018-A Bonds (the “Premium Bonds”) may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

MUNICIPAL ADVISOR

LACMTA has retained Montague DeRose and Associates LLC, as Municipal Advisor (the “Municipal Advisor”) for the sale of the Series 2018-A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS

The financial statements of LACMTA for the Fiscal Year ended June 30, 2017 and the Management’s Discussion and Analysis and certain supplementary information, and the Independent Auditors’ Report of Crowe Horwath LLP, independent accountants, dated December 19, 2017 (collectively, the “2017 Financial Statements”) are included as “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.” LACMTA’s financial statements as of June 30, 2017 and for the year then ended, included in this Official Statement, have been

audited by Crowe Horwath LLP, independent accountants, as stated in their Report appearing in Appendix B. LACMTA has not requested, nor has Crowe Horwath LLP given, Crowe Horwath LLP's consent to the inclusion in Appendix B of its Report on such financial statements. In addition, Crowe Horwath LLP has not performed any post-audit review of the financial condition of LACMTA and has not reviewed this Official Statement.

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, certified public accountants, will verify, from the information provided to them, the mathematical accuracy of the computations contained in the provided schedules to determine that the amounts to be held in the Escrow Fund will be sufficient to pay principal, interest and redemption price due on the Refunded Bonds on the Redemption Date. Grant Thornton LLP will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Series 2018-A Bonds

CONTINUING DISCLOSURE

At the time of issuance of the Series 2018-A Bonds, LACMTA will execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), which will provide for disclosure obligations on the part of LACMTA. Under the Continuing Disclosure Certificate, LACMTA will covenant for the benefit of Owners and Beneficial Owners of the Series 2018-A Bonds to provide certain financial information and operating data relating to LACMTA by not later than 195 days after the end of the prior Fiscal Year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA System. See "APPENDIX G— FORM OF CONTINUING DISCLOSURE CERTIFICATE." LACMTA has become aware that some information that was made available in a timely manner on the EMMA System pursuant to LACMTA's continuing disclosure obligations was not linked to the CUSIP numbers for all affected series of bonds. LACMTA has corrected this issue. In addition, LACMTA has become aware that in a few instances, notices of changes in ratings on some of its bonds were not filed in a timely manner. LACMTA has made corrective filings regarding these ratings changes.

SALE OF SERIES 2018-A BONDS

The Series 2018-A Bonds were sold at competitive sale on _____, 2018 and awarded to _____ (the "Winning Bidder") at a purchase price of \$_____ (consisting of the par amount of the Series 2018-A Bonds, [plus/less an] original issue [premium/discount] of \$_____, and less an underwriter's discount of \$_____). The Winning Bidder will purchase all of the Series 2018-A Bonds, subject to certain terms and conditions set forth in the Notice Inviting Bids, dated March 22, 2018, the approval of certain legal matters by counsel, and certain other conditions.

RATINGS

Moody's and S&P have assigned the Series 2018-A Bonds ratings of "[]" (stable outlook) and "[]" (stable outlook), respectively. In addition to Moody's and S&P, Fitch Ratings has assigned ratings to other Senior Bonds. Such credit ratings reflect only the views of such organizations and any desired explanation of the meaning and significance of such credit ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses, which are current as of the date of this Official Statement: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its credit rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will remain in effect for any given period of time or that any such rating will not be revised, either downward or upward, or withdrawn entirely, or a positive, negative or stable outlook announced, by the applicable rating agency, if, in its judgment, circumstances so warrant. LACMTA undertakes no responsibility to bring to the attention of the Owners of the Series 2018-A Bonds any announcement regarding the outlook of any rating agency with respect to the Series 2018-A Bonds. Any downward revision or withdrawal or announcement of negative outlook could have an adverse effect on the market price of the Series 2018-A Bonds. Maintenance of ratings will require periodic review of current financial data and other updating information by assigning agencies.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the Treasurer of the Los Angeles County Metropolitan Transportation Authority, One Gateway Plaza, Los Angeles, California 90012, Attention: Treasury Department, Email: TreasuryDept@metro.net, Telephone: (213) 922-2554, or from LACMTA's Municipal Advisor, Montague DeRose and Associates LLC, 2801 Townsgate Road, Suite 221, Westlake Village, California 91361, Telephone: (805) 496-2211. LACMTA maintains a website at <http://www.metro.net>. Information on such website is not part of this Official Statement and such information has not been incorporated by reference in this Official Statement and should not be relied upon in deciding whether to invest in the Series 2018-A Bonds.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
Treasurer

APPENDIX A

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

GENERAL

Prospective purchasers of the Series 2018-A Bonds should be aware that the following discussion of the Los Angeles County Metropolitan Transportation Authority (the “LACMTA”) is intended as general information only. The Series 2018-A Bonds are limited obligations of the LACMTA payable from Pledged Revenues, which consist primarily of proceeds of the Proposition C Sales Tax.

Establishment; Jurisdiction

The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) is the largest public transit operator west of Chicago. As the principal transit provider in the southern California region, LACMTA serves about 75% of all transit trips within its 1,433 square mile service area, carrying an estimated 1.0 million passengers per day on buses and nearly 360,000 passengers on rail. LACMTA operates four light rail lines, serving 80 stations along 80 miles of track and two heavy rail lines that serve 16 stations along 17.4 miles of track. In addition to the transit services provided by LACMTA, it also provides funding to 40 other municipal operators that offer fixed route service and more than 100 other local return and non-profit agencies that provide community-based transportation. LACMTA also provides highway construction funding and traffic flow management.

LACMTA was established in 1993 pursuant to the provisions of Section 130050.2 et seq. of the California Public Utilities Code (the “LACMTA Act”). LACMTA is the consolidated successor entity to both the Southern California Rapid Transit District (the “District”) and the Los Angeles County Transportation Commission (the “Commission”). As the consolidated successor entity, LACMTA succeeded to all powers, duties, rights, obligations, liabilities, indebtedness, bonded or otherwise, immunities and exemptions of the Commission and the District, including the Commission’s responsibility for planning, engineering and constructing a county-wide rail transit system. The Commission was authorized, subject to approval by the electorate of the County of Los Angeles (the “County”), to adopt a retail transactions and use tax ordinance, with the revenues of such tax to be used for public transit purposes. On November 6, 1990, the voters of the County approved the Proposition C Sales Tax pursuant to Ordinance No. 49. The Proposition C Sales Tax is in addition to a ½ of 1 percent sales tax imposed by LACMTA beginning in 1980 known as “Proposition A Sales Tax” and a 30-year ½ of 1 percent sales tax imposed by LACMTA beginning in 2009 known as the “Measure R Sales Tax,” and a ½ of 1 percent sales tax imposed by LACMTA beginning in 2017 known as “Measure M Sales Tax.”

Board of Directors

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

The Board of LACMTA exclusively exercises and discharges the following powers and responsibilities: (a) establishment of overall goals and objectives, (b) adoption of the aggregate budget for

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

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

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

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

James T. Butts, Jr., Second Vice Chair. Mr. Butts was elected as Mayor of the City of Inglewood on January 11, 2011 and reelected on November 4, 2014. Mr. Butts has more than 39 years of public safety and municipal government experience. He has held the rank of general manager or assistant general manager of large and complex municipal organizations for the past 27 years. He served 19 years in the Inglewood Police Department rising to the rank of Deputy Chief, 15 years as the Chief of Police for the City of Santa Monica, and 5 years as an Assistant General Manager for the Los Angeles World Airport system in charge of Public Safety and Counter-Terrorism. Mr. Butts received a Bachelor of Science degree in Business Administration from California State University, Los Angeles and a master's degree in Business Administration from California Polytechnic University in Pomona.

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

Mike Bonin. Mr. Bonin was elected to Los Angeles City Council in July 2013 to represent the Eleventh District. He was appointed to the Board by Mayor Garcetti in July 2013 and acts as Chair of the

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

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

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

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

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

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

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

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

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

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

Management

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

Chief Executive Officer. Phillip A. Washington became Chief Executive Officer in May 2015. Prior to his appointment as Chief Executive Officer, Mr. Washington served as General Manager of the

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

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

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

Public Transportation Services Corporation

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

TRANSPORTATION SERVICES

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

Bus System

LACMTA operates the second largest bus system in the United States. LACMTA provides bus service within its service area in the County and to portions of Orange and Ventura Counties, operating a vehicle fleet of over 2,400 buses. LACMTA's bus system covers over 170 routes and serves approximately 16,000 bus stops, including two premium bus rapid transit dedicated busways. Systemwide, LACMTA buses provide approximately 7.0 million revenue service hours annually with an average of approximately 898,000 weekday boardings on a system-wide basis for the fiscal quarter ended December 31, 2017 and total boardings of 70.8 million for the fiscal quarter ended December 31, 2017, including Orange Line busway ridership. In addition, LACMTA contracts with outside service providers, with approximately 42,200 average weekday boardings for the fiscal quarter ended December 31, 2017. Virtually all of LACMTA's bus fleet is composed of compressed-natural gas ("CNG") powered buses. As of January 1, 2018, the average age of LACMTA's bus fleet was approximately 8.18 years. At the October 27, 2016 Board meeting, the Board approved a motion calling for staff to draw up plans to fully electrify LACMTA's Orange Line by 2020. LACMTA received a \$4.3 million grant from the US Department of Transportation to partially fund the acquisition of five new 60-foot electric buses and eight new charging stations to be utilized on the Orange Line. In July, 2017, the LACMTA Board approved the purchase of approximately 95 electric buses to be added to its fleet and committed to converting the entire fleet to zero emission vehicles by 2030.

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

Metro Orange Line. The Metro Orange Line is a 14-mile Bus Rapid Transit service that operates along an exclusive right-of way and transports thousands of commuters between Warner Center in the west San Fernando Valley to the Metro Red Line subway station in North Hollywood. The Metro Orange Line buses operate in exclusive lanes along a 13-mile stretch of LACMTA-owned right-of-way and one mile in mixed flow traffic on public streets. The Metro Orange Line has 14 stations, each located roughly one mile apart, with park and ride facilities at seven stations providing approximately 4,700 parking spaces. The Metro Orange Line Extension Project, which opened in June 2012, extended the Orange Line four-miles north from the Canoga park-and-ride lot to the Chatsworth Amtrak/Metrolink Station.

Highway System

The High Occupancy Vehicle (“HOV”) lane program is a cooperative effort between Caltrans and LACMTA, and is funded through a combination of federal, State and local resources. As part of a congestion reduction demonstration program, LACMTA converted I-10 and I-110 High Occupancy Vehicle (“HOV”) Lanes to High Occupancy Toll (“HOT”) Lanes and provide the choice for drivers of single occupant vehicles to pay to travel in a high occupancy lane, based on congestion pricing. The general purpose lanes on these highways are not tolled. This program also includes improvements to the transit service along the freeways, transit facility improvements and increased funding for vanpools. In March 2017, the LACMTA Board approved a plan to convert additional existing HOV lanes to HOT Lanes (also known Express Lanes) in phases over the next 30 years. LACMTA also provides highway construction funding and traffic flow management.

Rail System

General. In 1992, the Commission developed a comprehensive rail rapid transit system development plan (the “Rail System”) which has been revised from time to time. The Rail System currently consists of four light rail lines: the Metro Blue Line, the Metro Green Line, the Metro Gold Line (including the Gold Line Eastside Extension) and the Exposition Line; and two heavy rail lines: Metro Red Line and the Metro Purple Line. The Rail System covers 105 miles and serves 93 stations, with weekday estimated ridership of more than 350,000.

Metro Blue Line. The Metro Blue Line is an approximately 22 mile light rail line that extends from downtown Los Angeles, where it links to the Metro Red Line, to the City of Long Beach. The Metro Blue Line passes through portions of the cities of Los Angeles, Long Beach, Compton, Carson and other cities, and certain unincorporated areas of the County. The Metro Blue Line consists of a dual-track line with 22 stations, with a fleet of 54 articulated rail cars and a primary maintenance facility (which also supports vehicles from the Metro Green Line) and yard located in Long Beach adjacent to the Long Beach Freeway with a storage and maintenance capacity of 89 vehicles. Passenger service began in July 1990. The Metro Blue Line had estimated ridership of approximately 5.6 million for the fiscal quarter ended December 31, 2017.

Metro Green Line. The Metro Green Line is a 19.5-mile light rail line linking the El Segundo employment area near the Los Angeles International Airport to the City of Norwalk near the San Gabriel River Freeway. The Metro Green Line has 14 stations including a station that intersects the Metro Blue Line and one that provides passenger connections to the Harbor Freeway Transitway, an elevated busway developed by Caltrans. The Metro Green Line began operations in August 1995, and had estimated ridership of approximately 2.5 million for the fiscal quarter ended December 31, 2017.

Metro Gold Line. The Metro Gold Line is a 13.7-mile light rail line which extends from downtown Los Angeles (where it links to the Metro Red Line) to the City of Pasadena. The Metro Gold Line consists of a dual-track line with 13 stations. The Metro Gold Line began operations in July 2003. The Gold Line Eastside Extension, which opened in November 2009, is a six-mile, dual track light rail system with eight new stations and one station modification. The system originates at Union Station in downtown Los Angeles, where it connects with the Metro Gold Line, traveling generally east to Pomona and Atlantic Boulevards through one of the most densely populated areas of the County. In March 2016, service began on an 11-mile extension of the Gold Line from Pasadena to Azusa. Estimated ridership for the entire Metro Gold Line was approximately 4.1 million for the fiscal quarter ended December 31, 2017.

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

Exposition Line. The Exposition Line is an approximately 15 mile long light rail line that runs from downtown Los Angeles to Santa Monica along the Exposition Boulevard corridor. The first portion of the Exposition Line opened in June 2012 and extended approximately 8.6 miles from downtown Los Angeles to Culver City. The second portion, which began revenue operations in May 2016, extends 6.6 miles westward from Culver City to downtown Santa Monica and adds seven stations to the Exposition Line. Estimated ridership for the Exposition Line was approximately 4.8 million for the fiscal quarter ended December 31, 2017.

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

The Metro Red Line was constructed in segments. Segment 1 from Union Station to Alvarado Street opened in January 1993. Segment 2 extended west from Alvarado Street to Vermont Avenue where it branches north to Hollywood Boulevard/Vine Street and west to Wilshire Boulevard/Western Avenue. The west branch became operational in July 1996 and was renamed the Purple Line in August 2006. Segment 3 extending the north branch from Hollywood/Vine to North Hollywood opened in June 2000. The Red Line is 14.9 miles long with 14 stations. LACMTA is in the process of extending the Metro Purple Line from its current terminus at Wilshire/Western to the westside of Los Angeles. This project is described under “FUTURE TRANSPORTATION IMPROVEMENTS—Transit Projects” below. Estimated ridership for the entire Metro Red and Purple Lines was approximately 11.0 million for the fiscal quarter ended December 31, 2017.

Commuter Rail. The Southern California Regional Rail Authority (“SCRRA”) oversees commuter rail services in the region that includes Los Angeles, Riverside, Ventura, Orange, San Bernardino and San Diego Counties. SCRRA operates the Metrolink system, which consists of seven lines totaling 512 miles and 55 stations and is primarily geared toward providing commuter rail service from outlying communities to downtown Los Angeles. Average weekday boardings were approximately 39,000 for the first quarter of Fiscal Year 2018. LACMTA is the Los Angeles County participant in SCRRA and contributes funds to SCRRA. Other participants include the Orange County Transportation Authority, the Riverside County Transportation Commission, the San Bernardino Association of Governments and the Ventura County Transportation Authority.

Transit System Enterprise Fund

LACMTA accounts for the revenues and expenses of its transit system as an enterprise fund, separate from accounting of its governmental funds, such as the Proposition A, Proposition C, Measure R

and Measure M Sales Tax revenues. See “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.” As indicated in Appendix B and as is generally true with large transit systems, the operating expenses for LACMTA’s transit system greatly exceed operating revenues. The Proposition A, Proposition C, Measure R and Measure M Sales Tax revenues are a primary source of funding for the transit system. Additionally, LACMTA relies heavily on other local, State and federal sources to pay for operating expenses and capital improvements. LACMTA is currently undertaking future transit improvements to the transit system, which require substantial investment and increase operating costs. As the system expands, the LACMTA is committed to looking for additional revenue sources, to re-prioritize existing and new programs, and to regularly reassessing the service provided to minimize duplication and improve efficiency. Proposition C Sales Tax revenues are available to pay operating expenses only after debt service on the Senior Bonds and certain other amounts are paid. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Flow of Funds.”

FUTURE TRANSPORTATION IMPROVEMENTS

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

Capital Planning

In October 2009, the Board approved a 2009 Long Range Transportation Plan (“2009 LRTP”) which updated the prior Long Range Transportation Plan. LACMTA’s capital program is built on two major planning documents, the Long Range Transportation Plan Financial Forecast, which has a 40-year vision and which is updated annually [(as updated, the “LRTP Financial Forecast”)], and the Short-Range Transportation Plan (“SRTP”), a ten-year plan last updated in 2014 and guiding capital investment through 2024. These plans incorporate the mix of projects approved by voters in concert with the four sales tax measures that fund a large share of Metro’s operations and capital programs. Annually, LACMTA’s Office of Management and Budget reviews the projects called for in the LRTP Financial Forecast and the SRTP, and prepares a proposed budget recommending project appropriations as part of the annual Capital Program, which is incorporated within the overall annual agency budget.

The LRTP Financial Forecast identifies projected costs of planning, constructing and running the transportation system based on a financial forecast of future revenue assumptions through 2057. During the 2009 LRTP planning process, data was reviewed that predict where and what the current challenges are on the existing transportation system, where mobility issues could arise, and how the transportation system could be improved with new investments.

The LRTP [Financial Forecast] reflects LACMTA’s assessment of growth patterns, regional congestion, strategies to improve local air quality, transit-oriented development, the latest technical assumptions and climate change issues, and incorporates Measure R and Measure M projects, including the funding provisions in each of the [retail transactions and use tax] ordinances. The LRTP Financial Forecast is now the guiding policy behind funding decisions on subsequent transportation projects and programs in the County and guides the programming of fund in the federally-mandated transportation improvement program. Major capital projects and programs that are identified in the LRTP Financial Forecast have priority for future programming of funds. While these projects and programs require

further Board approval at various stages of their development, they are priorities for further planning, design, construction and the pursuit of additional funding.

The Board-approved 2009 LRTP, and the [LRTP Financial Forecast] includes projections of debt financing by LACMTA composed of a combination of Proposition A, Proposition C, Measure R and Measure M-secured debt. The [LRTP Financial Forecast] updates the assumptions about debt issuance and assumes approximately \$4.5 billion (excluding commercial paper notes) in new debt financing from Fiscal Year 2019 through Fiscal Year 2023, not including the TIFIA loans described under “—Transit Projects” below. The October 2017 update of the LRTP assumes the funding of approximately \$745.0 million, \$652.0 million, and \$1.0 billion, and \$2.0 billion through the issuance of additional Proposition A First Tier Senior Lien Bonds, Proposition C Senior Bonds, Measure R Senior Bonds, and Measure M Senior Bonds respectively, from Fiscal Year 2019 through Fiscal Year 2023. The October 2017 financial update also forecasts bond issuance from Fiscal Year 2019 through Fiscal Year 2057 of approximately \$35.2 billion, of which approximately \$5.9 billion is projected to be Proposition C First Tier Senior Lien Bonds.

The [2009] LRTP and the [LRTP Financial Forecast] are planning tools and not projections, and therefore the timing and amount of any debt issuance is likely to change. The actual amount and timing of any debt issuance depends on a number of factors including the actual scope, timing and cost of transportation projects, the ability to obtain funding from other sources and the amount of Proposition A, Proposition C, Measure R and Measure M Sales Tax revenues available to fund the projects in the[LRTP]. With the passage of Measure M on November 8, 2016, the LRTP [Financial Forecast] has been amended to include Measure M Sales Tax revenues and Expenditure Plan. [The LRTP Financial Forecast] is expected to be updated by the end of Fiscal Year 2018 and a new LRTP [Financial Forecast] is expected to be adopted by 2020.]

Transit Projects

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

Crenshaw/LAX Transit Project. The Crenshaw/LAX Transit Project is a north/south corridor that serves the cities of Los Angeles, Inglewood, Hawthorne and El Segundo as well as portions of unincorporated Los Angeles County. The line extends 8.5 miles, from the intersection of Crenshaw and Exposition Boulevards to a connection with the Metro Green Line at the Aviation/LAX Station. The total project budget is currently \$2.058 billion. The costs of the project are expected to be paid from Measure R Sales Tax revenues, Proposition A Sales Tax revenues, Proposition C Sales Tax revenues, other local sources, and federal and State sources. The project has received a \$545.9 million TIFIA loan, which is to be repaid from available Measure R Sales Tax. LACMTA has drawn the full amount of the TIFIA loan.

Regional Connector. The Regional Connector is a 1.9-mile light rail line with three underground stations in downtown Los Angeles. The Project will provide a direct connection from the 7th/Metro Center Station to the existing Metro Gold Line tracks to the north and east of 1st and Alameda. This connection will provide through service between the Metro Blue Line, Metro Gold Line and Metro Exposition Line corridors. The total project budget is currently \$1.77 billion. LACMTA has been awarded a \$669.9 million federal grant for the Regional Connector project. Additionally, the project has received a \$160 million TIFIA loan, which is to be repaid from Measure R Sales Tax revenues. As of March 1, 2018, LACMTA has drawn down \$117.8 million of the TIFIA loan proceeds. The remaining project costs are expected to be paid from other Federal, State and local sources (other than Proposition C Sales Tax Revenues).

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

Section 1 is currently under construction and extends the existing Metro Purple Line by 3.92 miles beginning at the Wilshire/Western Station and adds three stations to the Phase 1 terminus at Wilshire/La Cienega. The total budget for Section 1 of the Purple Line Extension is \$2.53 billion, excluding finance charges and unallocated contingency. LACMTA has been awarded a \$1.25 billion federal grant and has entered into an agreement for an \$856 million TIFIA loan, to be repaid from Measure R Sales Tax revenues, with respect to Section 1 of the Purple Line Extension. As of March 1, 2018, LACMTA had drawn down \$340.6 million of the TIFIA loan proceeds. The remaining project costs for Section 1 are expected to be paid from Measure R Sales Tax revenues, State sources and other local sources (other than Proposition C Sales Tax Revenues).

Section 2 of the Purple Line Extension is located entirely underground, primarily following Wilshire Boulevard, and includes the design and construction of approximately 2.59 miles of double-track heavy rail and two new stations. The estimated total project cost is \$2.16 billion, excluding finance charges and unallocated contingency. LACMTA has been awarded a \$1.187 billion federal grant and has entered into an agreement for a TIFIA loan for \$307 million to be repaid from Measure R Sales Tax revenues. As of March 1, 2018, LACMTA had drawn down \$207.0 million of the TIFIA loan proceeds. The remaining project costs for Section 2 are expected to be paid from Measure R Sales Tax revenues, other Federal sources, and State sources.

Section 3 of the Purple Line Extension is planned to extend 2.59 miles from Section 2 terminus at Century City to Westwood and add two stations. Currently, estimated project cost is \$2.9 billion, excluding finance costs.

Gold Line Foothill Extension. LACMTA is extending the Metro Gold Line 12.3 miles from Azusa to Claremont. LACMTA is currently working with the Gold Line Foothill Extension Construction Authority (“GLFECA”), an independent transportation planning and construction agency created in 1999. The GLFECA is tasked with designing and construction the line. Once built, LACMTA will operate it in conjunction with existing LACMTA rail services. The total project budget for the extension is \$1.4 billion. Project costs are expected to be paid primarily from Measure M Sales Tax Revenues. In addition, the San Bernardino Associated Governments has requested that an additional station in Montclair be added to the plans for this second phase if this occurs, the extension to Montclair and the Montclair station would be funded by San Bernardino County, not by the LACMTA.

LABOR RELATIONS

General

[As of February 1, 2018, LACMTA had approximately 9,772 employees, of which approximately 86% are covered by labor agreements. Full and part-time LACMTA bus and train operators are represented by the Sheet Metal, Air, Rail, Transportation, Transportation Division (formerly UTU) (“SMART-TD”); LACMTA mechanics and service attendants are members of the Amalgamated Transit Union (“ATU”); LACMTA clerks are members of the Transportation Communications Union (“TCU”); bus and rail transportation and maintenance supervisors are members of the American Federation of State County and Municipal Employees (“AFSCME”); and LACMTA security guards are members of the Teamsters Union. The following table summarizes the number of employees covered by the labor

agreements of LACMTA with each of its employee bargaining units as of February 1, 2018 and the current expiration dates of the labor agreements. In July 2017, LACMTA signed five new contracts with our labor unions, the longest contracts in LACMTA’s history. Most of these contracts provide for annual salary increases of 4.2% over the five year life of the contracts.]

<u>Employee Bargaining Unit</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
United Transportation Union (Sheet Metal, Air, Rail and Transportation Division)	4,251	06/30/22
Amalgamated Transit Union	2,349	06/30/22
Transportation Communications Union	857	06/30/22
Am. Fed. of State, County and Municipal Employees	760	06/30/22
Teamsters Union	149	06/30/22

Defined Benefit Pension Plan

LACMTA has a single-employer public employee retirement system that includes five defined benefit plans (the “Plans”) that cover substantially all employees (except PTSC employees) and provides retirement, disability, and death benefits. The benefit provisions and all other requirements are established by State statute, ordinance, collective bargaining agreements or Board actions. Four of the Plans are restricted to specific union members, while the fifth provides benefits to non-represented employees and to members of the Teamsters Union. In addition, LACMTA provides pension benefits to most PTSC employees through a defined benefit plan administered by the California Public Employees’ Retirement System (“PERS”), a multiple-employer pension system. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. For a description of these defined benefit plans and LACMTA’s obligations to make contributions to these plans, see “Note III—DETAILED NOTES ON ALL FUNDS—I. Employees’ Retirement Plans” in the Notes to the Financial Statements and related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.”

Other Post-Employment Benefits

LACMTA provides post-employment health care and life insurance benefits for retired employees and their families. Pursuant to Governmental Accounting Standards Board Pronouncement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB),” LACMTA is required to account for its expenses and a portion of the present value of future expenses related to these benefits. For a description of these benefits, LACMTA’s obligations to account for certain projected future costs of these benefits and other matters regarding these benefits, see “Note III—DETAILED NOTES ON ALL FUNDS—J. Other Postemployment Benefits (OPEB)” in the Notes to the Financial Statements and the related Required Supplementary Schedules in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.”

OUTSTANDING DEBT

General

In addition to obligations issued by LACMTA that are secured by Proposition C Sales Tax, LACMTA has issued debt secured by the Proposition A Sales Tax, the Measure R Sales Tax, and other revenues of LACMTA, and may issue additional obligations so secured upon satisfaction of certain additional bonds tests in the applicable trust agreements governing such debt. See “FUTURE TRANSPORTATION IMPROVEMENTS—Capital Planning” above. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018-A BONDS” in the front part of this Official Statement for a discussion of obligations secured by the Proposition C Sales Tax.

Debt and Interest Rate Swap Policies

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

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

Proposition A Sales Tax Obligations

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

First Tier Senior Lien Bonds. LACMTA had the following Proposition A First Tier Senior Lien Bonds outstanding As of March 1, 2018.

**Los Angeles County Metropolitan Transportation Authority
Proposition A First Tier Senior Sales Tax Revenue Bonds
(Outstanding As of March 1, 2018)**

Proposition A First Tier Senior Sales Tax Revenue Bonds¹	Outstanding Principal Amount
Senior Sales Tax Revenue Bonds, Series 2017-A (Green Bonds)	\$471,395,000
Senior Sales Tax Revenue Refunding Bonds, Series 2017-B	85,455,000
Senior Sales Tax Revenue Refunding Bonds, Series 2016-A	163,350,000
Senior Sales Tax Revenue Refunding Bonds, Series 2015-A	24,310,000
Senior Sales Tax Revenue Refunding Bonds, Series 2014-A	124,120,000
Senior Sales Tax Revenue Refunding Bonds, Series 2013-A	219,355,000
Senior Sales Tax Revenue Refunding Bonds, Series 2012-A	46,810,000
Senior Sales Tax Revenue Refunding Bonds, Series 2011-A	5,010,000
Senior Sales Tax Revenue Refunding Bonds, Series 2009-A	127,355,000
Senior Sales Tax Revenue Refunding Bonds, Series 2008-B	18,710,000
Total	\$1,285,870,000

¹ The Proposition A First Tier Senior Lien Bonds are payable from, and secured by a prior first lien on, Proposition A Sales Tax revenue.

Source: LACMTA.

Second Tier Obligations. [On October 6, 1993, the Community Redevelopment Financing Authority of the Community Redevelopment Agency of the City of Los Angeles, California issued its Grand Central Square Multifamily Housing Bonds, 1993 Series A (the “Housing Bonds”) and its Grand Central Square Qualified Redevelopment Bonds, 1993 Series A (the “Redevelopment Bonds”). The Redevelopment Bonds were refunded on April 30, 2002 with the proceeds of The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Qualified Redevelopment Bonds, 2002 Refunding Series A (the “Refunding Redevelopment Bonds”). The Housing Bonds were refunded on June 21, 2007 with the proceeds of The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series A (the “2007 Series A Refunding Housing Bonds”) and Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series B (the “2007 Series B Refunding Housing Bonds”) and, together with the 2007 Series A Refunding Housing Bonds, the “Refunding Housing Bonds”). LACMTA was obligated (but only from LACMTA’s 40% discretionary share of Proposition A Sales Tax revenues) to make debt service payments with respect to the Refunding Redevelopment Bonds and the 2007 Series B Refunding Housing Bonds. To the extent the trustee for the Refunding Redevelopment Bonds and the 2007 Series B Refunding Housing Bonds had sufficient revenues and other funds, the trustee would reimburse LACMTA to the extent of its payment from such funds. LACMTA’s payment obligations with respect to the Refunding Redevelopment Bonds and the Refunding Housing Bonds constituted “Proposition A Second Tier Obligations,” and were payable from Proposition A Sales Tax revenues on a subordinate basis to the Proposition A First Tier Senior Lien Bonds described above. The Refunding Redevelopment Bonds and the 2007 Series B Refunding Housing Bonds were defeased with cash in December 2016 and are no longer outstanding.]

Third Tier Obligations. LACMTA is authorized to issue and have outstanding, at any one time, up to \$350,000,000 aggregate principal amount of its Proposition A commercial paper notes (the “Proposition A Commercial Paper Notes”). As of March 1, 2018, \$107,500,000 aggregate principal amount of Proposition A Commercial Paper Notes were outstanding. The Proposition A Commercial Paper Notes are payable from Proposition A Sales Tax revenues on a subordinate basis to the Proposition

A First Tier Senior Lien Bonds and the Proposition A Second Tier Obligations. The Proposition A Commercial Paper Notes can only be issued and outstanding if they are supported by a letter of credit.

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

Proposition A CP Letters of Credit

<u>Letter of Credit Provider</u>	<u>Amount of Letter of Credit</u>	<u>Issuance Date</u>	<u>Expiration Date</u>
Sumitomo Mitsui Banking Corporation, acting through its New York Branch	\$124,999,176 ¹	March 8, 2016	March 7, 2019
MUFG Union Bank, N.A.	74,999,724 ²	March 8, 2016	March 7, 2019
Citibank, N.A.	149,999,448 ³	August 17, 2017	August 14, 2020

¹ Supports \$114,808,000 of principal and \$10,191,176 of interest.

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

³ Supports \$137,770,001 of principal and \$12,229,447 of interest.

Source: LACMTA

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

Measure R

General. LACMTA has three priority levels of obligations secured by the Measure R Sales Tax: the senior lien (which currently secures its Measure R Senior Sales Tax Revenue Bonds), the subordinate lien (which currently secures its Measure R Subordinate Obligations), and the junior subordinate lien (which currently secures three TIFIA loans).

Measure R Senior Sales Tax Revenue Bonds. On November 16, 2010, LACMTA issued \$732,410,000 aggregate principal amount of its Measure R Senior Sales Tax Revenue Bonds, Series 2010-A and Series 2010-B (the “Series 2010 Measure R Senior Bonds”) to finance certain transportation projects. These bonds are payable from the Measure R Sales Tax. On November 30, 2016, LACMTA issued \$522,120,000 aggregate principal amount of its Measure R Senior Sales Tax Revenue Bonds, Series 2016-A (the “Series 2016 Measure R Senior Sales Tax Revenue Bonds,” and together with the Series 2010 Measure R Senior Bonds, the “Measure R Senior Bonds”) to finance certain transportation projects and to refund certain outstanding Measure R Subordinate Revolving Obligations (defined below). As of March 1, 2018, there was \$1,145,995,000 aggregate principal amount of Measure R Senior Sales Tax Revenue Bonds outstanding. LACMTA may incur additional debt secured by and payable from the Measure R Sales Tax.

Measure R Subordinate Obligations. LACMTA is authorized to issue and have outstanding, from time to time, up to \$150,000,000 in aggregate principal amount of its Subordinate Measure R Sales Tax Revenue Revolving Obligations (the “Measure R Subordinate Revolving Obligations”), which are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds, on a parity basis with the Measure R Subordinate Series C Bonds (defined below), and on a senior basis to the TIFIA Loans. As of March 1, 2018, LACMTA had approximately \$65,422,743.45 in Measure R Subordinate Revolving Obligations outstanding. The Measure R Subordinate Revolving Obligations issued by LACMTA are purchased by (i) State Street Public Lending Corporation, in a principal amount not to exceed \$100,000,000, in accordance with the terms of a revolving credit agreement (the “State Street Revolving Credit Agreement”), and (ii) Bank of the West, in a principal amount not to exceed \$50,000,000, in accordance with the terms of a revolving credit agreement (the “Bank of the West Revolving Credit Agreement,” and together with the State Street Revolving Credit Agreement, the “Measure R Subordinate Revolving Credit Agreements”). The Measure R Subordinate Revolving Obligations bear interest at variable rates determined pursuant to the terms of the Measure R Subordinate Revolving Credit Agreements. Except as otherwise provided in the Measure R Subordinate Revolving Credit Agreements, the principal of all Measure R Subordinate Revolving Obligations outstanding are due and payable on November 20, 2020. However, subject to the terms of the Measure R Subordinate Revolving Credit Agreements, on November 20, 2020, LACMTA can convert any outstanding Measure R Subordinate Revolving Obligations to a term loan that will be payable in twelve equal quarterly installments following November 20, 2020.

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

Measure R Subordinate Revolving Obligations

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

¹ As of March 1, 2018, \$15,212,743.45 aggregate principal amount of State Street Measure R Revolving Obligations were outstanding.

² As of March 1, 2018, \$50,000,000.00 aggregate principal amount of Bank of the West Measure R Revolving Obligations were outstanding.

³ Can be converted to term loan payable in twelve equal quarterly installments

Source: LACMTA

In addition to the Measure R Subordinate Revolving Obligations, LACMTA entered into a bond purchase agreement dated November 23, 2015 with RBC Capital Markets LLC (the “Series C Measure R Underwriter”) to sell, from time to time, up to \$150,000,000 aggregate principal amount of its Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Subseries C-1 (Tax-Exempt) and Subseries C-2 (Taxable) (the “Measure R Subordinate Series C Bonds,” and together with the Measure R Subordinate Revolving Obligations, the “Measure R Subordinate Obligations”) to the Series C Measure R Underwriter. The Series C Measure R Underwriter in turn sells the Measure R Subordinate Series C Bonds to RBC Municipal Products, LLC. The Measure R Subordinate Series C Bonds are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds, on a parity basis with the Measure R Subordinate Revolving Obligations, and on a senior basis to the TIFIA Loans. As of March 1, 2018, LACMTA had \$210,000 aggregate principal amount of Measure R Subordinate Series C Bonds outstanding. The Measure R Subordinate Series C Bonds bear interest at variable rates. Except as otherwise provided in the Third Supplemental Subordinate Trust Agreement, dated as of November 1, 2015, by and between LACMTA and U.S. Bank National Association, as trustee, and the Bondholder’s Agreement, dated as of November 1, 2015, by and between LACMTA and RBC Municipal Products,

LLC, the principal of all Measure R Subordinate Series C Bonds outstanding are due and payable on November 20, 2020.

Measure R Junior Subordinate Obligations (TIFIA Loans). LACMTA has entered into agreements for four TIFIA loans in the aggregate principal amount of \$1,869,000,000, which will be repaid from Measure R Sales Tax revenues. As of March 1, 2018, LACMTA had drawn \$1,211,303,044 in proceeds across the four TIFIA loans. All four TIFIA loans are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds and the Measure R Subordinate Obligations. See “FUTURE TRANSPORTATION IMPROVEMENTS—Transit Projects” above for additional information on the TIFIA loans.

Measure M

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

INVESTMENT POLICY

General

Certain features of LACMTA’s Investment Policy are summarized in “Note III—DETAILED NOTES ON ALL FUNDS—A. Cash and Investments” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.”

Investment Balances

As of December 31, 2017 (based on unaudited financial information), LACMTA had approximately \$1.047 billion in market value deposited in non-discretionary bond proceeds and debt service trust accounts, primarily invested in U.S. Treasury securities, Federal Agencies, money market funds, forward purchase agreements and the County of Los Angeles Pooled Surplus Investments maintained by the County of Los Angeles Treasurer and Tax Collector. LACMTA had approximately \$2.252 billion in additional non-discretionary trust accounts, primarily for pension and OPEB.

Additionally, as of December 31, 2017, LACMTA had approximately \$1.346 billion (book value) deposited in discretionary/operating accounts. Such discretionary/operating accounts were invested in the investments summarized in the following table:

Discretionary/Operating Accounts Investments	Percentage of Total Book Value as of December 31, 2018
Local Agency Investment Fund	9.7%
Bank Deposits	<u>4.3</u>
Subtotal	14.0%
Managed Investments	
U.S. Treasuries	17.5
Federal Agencies	26.3
Corporate Notes	15.6
Commercial Paper	8.9
Municipal securities	4.2
Money Market Funds	8.5
Asset Backed Securities	3.0
Certificates of Deposit	0.2
Medium Term Notes	<u>1.8</u>
Subtotal Managed Investments	86.0%
 Total Cash and Investments *	 100.0%

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

As of December 31, 2017, the liquid reserve of the discretionary accounts, which totaled approximately \$431.03 million in market value, was managed internally by LACMTA and had an average maturity of 22 days. LACMTA’s Investment Policy prohibits investing in reverse repurchase agreements.

Moneys released to LACMTA pursuant to the Agreement, including moneys in the discretionary/operating accounts, do not secure the Senior Bonds and LACMTA is not obligated to use such amounts to pay debt service on the Senior Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS—Flow of Funds.”

Additional information regarding LACMTA’s investments are included in “Note III—DETAILED NOTES ON ALL FUNDS—A. Cash and Investments” in the Notes to the Financial Statements in “APPENDIX B—LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.”

LITIGATION AND OTHER REGULATORY ACTIONS

Sales Tax Litigation

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

Other Litigation

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

APPENDIX B

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

APPENDIX C

LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

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

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

Los Angeles County

As of January 1, 2016, the County had an estimated population of over 10 million. Los Angeles County is the largest County in the country by population, and includes over a quarter of the State of California's population. The County covers 4,084 square miles, and includes 88 incorporated cities as well as unincorporated communities with over one million residents.

Population

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

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

	<u>County of Los Angeles</u>	<u>Annual Growth Rate¹</u>	<u>State of California</u>	<u>Annual Growth Rate¹</u>
2000	9,519,330	-	33,873,086	-
2005	9,816,153	0.62%	35,869,173	1.15%
2010	9,818,605	0.00	37,253,956	0.76
2011	9,847,887	0.30	37,536,835	0.76
2012	9,956,722	1.11	37,881,357	0.92
2013	10,023,753	0.67	38,239,207	0.94
2014	10,093,053	0.69	38,567,459	0.86
2015	10,155,069	0.61	38,907,642	0.88
2016	10,241,335	0.85	39,255,883	0.90

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

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 and 2010 Census Counts, Sacramento, California, November 2012. State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2016, with 2010 Census Benchmark. Sacramento, California, May 2016.

Industry and Employment

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

The California Employment Development Department has reported preliminary unemployment figures for November 2016 of 5.0% statewide and 4.8% for Los Angeles County (not seasonally adjusted).

Table C-2
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND
UNEMPLOYMENT OF RESIDENT LABOR FORCE¹

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Civilian Labor Force					
County of Los Angeles					
Employed	4,326,100	4,378,800	4,495,700	4,610,800	4,674,800
Unemployed	603,400	535,800	486,600	415,100	336,900
Total	<u>4,929,500</u>	<u>4,914,600</u>	<u>4,982,300</u>	<u>5,025,900</u>	<u>5,011,700</u>
Unemployment Rates					
County	12.2%	10.9%	9.8%	8.3%	6.7%
State	11.7	10.5	8.5	7.5	6.2
United States	8.9	8.1	7.4	6.2	5.3

¹ March 2015 Benchmark report; not seasonally adjusted.

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

[Remainder of page intentionally left blank.]

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

**Table C-3
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE¹**

	County		State of California	
	2015	% of Total	2015	% of Total
Total Farm	5,000	0.1%	423,300	2.6%
Mining and Logging	3,900	0.1	29,100	0.2
Construction	126,100	2.9	727,400	4.4
Manufacturing	360,800	8.4	1,291,900	7.8
Trade, Transportation and Utilities	817,800	19.1	2,938,300	17.8
Information	202,700	4.7	483,000	2.9
Financial Activities	214,200	5.0	797,400	4.8
Professional and Business Services	600,300	14.0	2,493,800	15.1
Educational and Health Services	742,200	17.3	2,456,200	14.9
Leisure and Hospitality	488,100	11.4	1,830,000	11.1
Other Services	151,700	3.5	545,700	3.3
Government	<u>566,400</u>	<u>13.2</u>	<u>2,458,800</u>	<u>14.9</u>
Total ²	4,279,200	100.0%	16,474,800	100.0%

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

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

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

Source: California Employment Development Department, Labor Market Information Division. Based on March 2015 Benchmark report released April 15, 2016.

Personal Income

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

[Remainder of page intentionally left blank.]

The following table sets forth the estimate of personal income for the County, State and United States from 2011 to 2015.

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

Year and Area	Personal Income¹ (thousands of dollars)	Per Capita Personal Income¹ (dollars)
2011		
County ²	\$ 454,935,533	\$45,969
State ³	1,727,433,579	45,820
United States ³	13,233,436,000	42,453
2012		
County ²	\$ 486,733,508	\$48,818
State ³	1,838,567,162	48,312
United States ³	13,904,485,000	44,267
2013		
County ²	\$ 483,578,594	\$48,140
State ³	1,861,956,514	48,471
United States ³	14,068,960,000	44,462
2014		
County ²	\$ 512,846,779	\$50,730
State ³	1,977,923,740	50,988
United States ³	14,801,624,000	46,414
2015		
County	\$ 544,324,900	\$53,521
State ³	\$ 2,103,669,473	\$53,741
United States ³	15,463,981,000	48,112

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

² Last updated: November 17, 2016—new estimates for 2015; revised estimates for 2011 - 2014 for the County. Estimates for 2011-2015 reflect county population estimates available as of March 2016. Source: U.S. Bureau of Economic Analysis, “Table CA1 - Personal Income Summary,” (accessed December 12, 2016).

³ Last updated: September 28, 2016—revised estimates for 2011-2015 for the State and United States. Estimates for 2011-2014 reflect Census Bureau midyear state population estimates available as of December 2015. Source: U.S. Bureau of Economic Analysis, “Table SA1 - Personal Income Summary,” (accessed December 12, 2016).

Retail Sales

The following table sets forth taxable sales for the County for calendar years 2010 through 2014, with 2014 being the last full year for which data are currently available.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Motor Vehicle and Parts Dealers	\$ 11,285,457	\$ 12,686,384	\$ 14,479,392	\$ 15,543,657	\$ 16,564,553
Furniture and Home Furnishings Stores	2,158,334	2,321,830	2,441,922	2,568,630	2,734,737
Electronics and Appliance Stores	3,454,412	3,416,744	3,570,668	3,576,308	4,040,534
Bldg, Materials & Garden Equipment & Supplies	6,129,586	6,306,814	6,510,966	6,558,312	6,971,149
Food and Beverage Stores	5,405,254	5,591,250	5,824,815	6,051,754	6,279,795
Health and Personal Care Stores	2,773,004	2,998,946	3,163,312	3,306,274	3,414,941
Gasoline Stations	11,012,642	13,394,467	14,037,507	13,817,056	13,265,979
Clothing and Clothing Accessories Stores	7,607,711	8,356,612	9,166,549	9,926,558	10,560,952
Sporting Goods, Hobby, Book, and Music Stores	2,448,246	2,478,020	2,454,806	2,487,061	2,460,392
General Merchandise Stores	10,369,383	10,866,531	11,157,997	11,463,750	11,557,051
Miscellaneous Store Retailers	4,449,560	4,649,598	4,798,211	4,953,245	5,204,656
Nonstore Retailers	790,565	897,596	1,200,322	1,906,573	2,170,084
Food Services and Drinking Places	14,291,264	15,286,655	16,512,136	17,481,996	18,964,996
Total Retail and Food Services	<u>82,175,416</u>	<u>89,251,447</u>	<u>95,318,603</u>	<u>99,641,174</u>	<u>104,189,819</u>
All other outlets ¹	34,766,918	37,189,291	39,976,979	40,438,534	43,257,109
TOTAL ALL OUTLETS²	<u>\$116,942,334</u>	<u>\$126,440,737</u>	<u>\$135,295,582</u>	<u>\$140,079,708</u>	<u>\$147,446,927</u>

¹ Primarily manufacturing and wholesale businesses.

² Items may not add to totals due to rounding.

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

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APPENDIX D

SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS

The following is a brief summary of certain provisions of the principal documents relating to the Series 2018-A Bonds and is supplemental to the summary of provisions of such documents elsewhere in this Official Statement. This summary is not intended to be definitive and is qualified in its entirety by reference to the full text of the summarized documents. Copies of such documents are available from the Authority.

DEFINITIONS

[To come from BC]

APPENDIX E

PROPOSED AMENDMENTS TO TRUST AGREEMENT

*Pursuant to the Twenty-Sixth Supplemental Agreement, certain amendments will be made to the Trust Agreement (the “Proposed Amendments”) once specified conditions are satisfied. By the purchase and acceptance of the Series 2018-A Bonds, the Bondholders and Beneficial Owners of the Series 2018-A Bonds will be deemed to have consented to the Proposed Amendments. The Proposed Amendments will not become effective until the Amendment Effective Date. For further discussion, see “INTRODUCTION—Proposed Amendments to Trust Agreement” in this Official Statement. **By the purchase and acceptance of the Series 2018-A Bonds, the Bondholders and Beneficial Owners of the Series 2018-A Bonds will be deemed to have consented to the Proposed Amendments.***

The Proposed Amendments are set forth in this Appendix E. Additions to the Trust Agreement are shown in **bold and double underline** and deletions are shown in ~~strikethrough~~.

Article I – Definitions; Interpretation.

(a) The definition of "Amendment Effective Date" shall be added to Article I of the Agreement and shall read as follows:

“Amendment Effective Date” shall mean the date the amendments to this Agreement set forth in Article IX of the Twenty-Sixth Supplemental Trust Agreement, dated as of June 1, 2016, by and between the Authority and the Trustee, become effective.

(b) The definition of “Debt Service Reserve Fund” shall be added to Article I of the Agreement and shall read as follows:

“Debt Service Reserve Fund” shall mean a special fund created by the Authority pursuant to a Supplemental Agreement in connection with the issuance of any Series of Bonds and that is required to be funded for the purpose of providing additional security for such Series of Bonds and under certain circumstances to provide additional security for such other designated Series of Bonds issued pursuant to the terms of this Agreement and as specified in any Supplemental Agreement. The Reserve Fund shall be a Debt Service Reserve Fund.

(c) The definition of “Debt Service Reserve Fund Requirement” shall be added to Article I of the Agreement and shall read as follows:

“Debt Service Reserve Fund Requirement” shall have the meaning set forth in a Supplemental Agreement pursuant to which a Debt Service Reserve Fund (other than the Reserve Fund) is created.

(d) The last paragraph of the definition of “Permitted Investments” contained in Article I of the Agreement shall be amended and restated in full to read as follows:

Notwithstanding anything herein to the contrary with respect to provisions in this definition which describe the long-term debt rating assigned to a Permitted Investment or to the unsecured obligations of the provider of a Permitted Investment, as the case may be, in no event shall such long-term debt rating be less than the long-term debt rating

assigned to the Senior Bonds with respect to the investment of amounts held in the Senior Debt Service Fund ~~or~~, **or less than the long-term debt rating assigned to the Reserve Fund Participating Bonds with respect to amounts held in the Reserve Fund.**

(e) The definition of “Reserve Fund Insurance Policy” contained in Article I of the Agreement shall be amended and restated in full to read as follows:

“Reserve Fund Insurance Policy” shall mean an insurance policy or surety bond provided by a bond insurer, or a letter of credit, deposited in the Reserve Fund **or such other Debt Service Reserve Fund** in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Reserve Fund Insurance Policy **for deposit (a) in the Reserve Fund** shall be rated in one of the two highest Rating Categories by Moody’s and S&P **both Moody’s and S&P and (b) in another Debt Service Reserve Fund shall satisfy the ratings requirements set forth in the Supplemental Agreement pursuant to which such Debt Service Reserve Fund was created.**

(f) The definition of “Reserve Fund Participating Bonds” shall be added to Article I of the Agreement and shall read as follows:

“Reserve Fund Participating Bonds” shall mean the Outstanding Bonds originally issued prior to June 15, 2016, any Outstanding Bonds originally issued between June 15, 2016 and the Amendment Effective Date (unless otherwise released from participating in the Reserve Fund as provided below), and all other Outstanding Bonds the Authority has elected to have participate in the Reserve Fund.

On and after the Amendment Effective Date, the Authority may elect that one or more series of the Outstanding Bonds originally issued between June 15, 2016 and the Amendment Effective Date shall no longer constitute Reserve Fund Participating Bonds and shall no longer be secured by the Reserve Fund. The Outstanding Bonds originally issued prior to June 15, 2016 shall always constitute Reserve Fund Participating Bonds and under no circumstances shall the Outstanding Bonds originally issued prior to June 15, 2016 be released from participating in the Reserve Fund. At such time as the Authority elects that any Outstanding Bonds issued between June 15, 2016 and the Amendment Effective Date shall no longer constitute Reserve Fund Participating Bonds, such Bonds shall no longer be secured by or have a lien on the Reserve Fund. Prior to releasing any Outstanding Bonds from participating in the Reserve Fund, the Authority shall provide:

(a) Written notice to the Trustee, the Bondholders of the applicable Outstanding Bonds being released from the Reserve Fund, the Bondholders of the Bonds that will remain as Reserve Fund Participating Bonds after the release date, and the Rating Agencies then rating the Reserve Fund Participating Bonds that it has elected to release the applicable Outstanding Bonds from participating in the Reserve Fund and that such Outstanding Bonds will no longer constitute Reserve Fund Participating Bonds or be secured by or have a lien on the Reserve Fund.

(b) Directions to the Trustee to (i) calculate the Reserve Fund Requirement on the applicable release date, and (ii) if the amounts on deposit in the Reserve Fund are greater than the Reserve Fund Requirement on the applicable

release date, transfer such excess to the Senior Debt Service Fund or such other fund or account as directed by the Authority; and

(c) An opinion of Bond Counsel to the Trustee to the effect that the release of the applicable Outstanding Bonds from the Reserve Fund and from the pledge and lien on the Reserve Fund will not, in and of itself, cause the interest on any of the Outstanding Bonds to be included in the gross income of the Bondholders of such Outstanding Bonds for purposes of federal income taxes.

(g) The definition of “Reserve Fund Requirement” contained in Article I of the Agreement shall be amended and restated in full to read as follows:

“Reserve Fund Requirement” shall mean, with respect to an Account within the Reserve Fund related to any Series of ~~Senior~~Reserve Fund Participating Bonds Outstanding, as of any date of calculation, the least of (i) 10% of the proceeds of such Series of ~~Senior~~Reserve Fund Participating Bonds; (ii) Maximum Annual Debt Service on such ~~Senior~~Reserve Fund Participating Bonds; or (iii) 125% of average Annual Debt Service on such ~~Senior~~Reserve Fund Participating Bonds. For purposes of determining if the amount on deposit in the Reserve Fund meets the Reserve Fund Requirement for all ~~Senior~~Reserve Fund Participating Bonds Outstanding, any Reserve Fund Insurance Policy deposited ~~within~~ the ~~Trustee~~Reserve Fund shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, less any unreimbursed drawings or other amounts not reinstated under such Reserve Fund Insurance Policy.

Section 2.09

Clause (ii) of Section 2.09(b) of the Agreement shall be amended and restated in full to read as follows:

(ii) an original executed counterpart or a copy, certified as correct and complete by an Authorized Authority Representative, of the Supplemental Agreement providing for the issuance of such Series of Bonds and setting forth the terms of such Bonds and, among other matters, the amount, if any, to be deposited to the credit of the Reserve Fund or another Debt Service Reserve Fund to increase the amount therein to an amount equal to the Reserve Fund Requirement, or the Debt Service Reserve Fund Requirement, as applicable (or a statement that such Bonds will not be secured by the Reserve Fund or any other Debt Service Reserve Fund) and the amount, if any, of Bond proceeds to be deposited to the credit of the Senior Bond Interest Account as Capitalized Interest;

Section 4.01

The first sentence of Section 4.01 of the Agreement shall be amended and restated in full to read as follows:

The Bonds and Parity Debt authorized and issued under the provisions of this Agreement shall be secured by a prior lien on and pledge of Pledged Revenues and all amounts

(including proceeds of Bonds and Parity Debt) held by the Trustee hereunder or under any Supplemental Agreement, including earnings thereon, and all proceeds of Bonds and Parity Debt, including earnings thereon, held by the Authority in any Fund, Account or Subaccount (except for amounts held in the Rebate Fund and the Redemption Fund ~~and, with respect to Senior Parity Debt;~~ **except for amounts held in the Reserve Fund, which amounts are pledged on a first lien basis only to the payment of the Reserve Fund Participating Bonds; and** except for amounts held in ~~the~~ **any other Debt Service Reserve Fund, which Reserve Fund amounts are pledged on a first lien basis only to the payment of the Senior Bonds identified in a Supplemental Agreement as being secured thereby**), and such Bonds and Parity Debt shall be of equal rank without preference, priority or distinction of any Bond or Parity Debt over any other Bonds or Parity Debt within such lien priority.

Section 4.05

Clause (v) of Section 4.05 of the Agreement shall be amended and restated in full to read as follows:

(v) to the credit of the Reserve Fund **and any other Debt Service Reserve Funds** such portion of the balance, if any, remaining after making the deposits described in clauses (i) through (iv) above to increase the amount on deposit in the Reserve Fund **and such other Debt Service Reserve Funds** to an amount equal to the Reserve Fund Requirement for all ~~Senior~~ **Reserve Fund Participating Bonds Outstanding and the applicable Debt Service Reserve Fund Requirements, respectively** (including such amounts required to reimburse draws on any Reserve Fund Insurance Policy), or if the entire balance is less than the amount necessary, then the entire balance shall be deposited into the Reserve Fund **and the Debt Service Reserve Funds on a pro-rata basis with respect to the Outstanding principal amounts of the applicable Bonds secured by the Reserve Fund and the other Debt Service Reserve Funds**, and such amounts shall be used to reimburse draws on ~~any~~ **the applicable** Reserve Fund Insurance Policy prior to replenishing the cash or Permitted Investments formerly on deposit therein; and

Section 4.06

Section 4.06(b) of the Agreement shall be amended and restated in full to read as follows:

(b) If amounts in the Senior Debt Service Fund are insufficient to pay such interest, principal or premium with respect to any Senior Bonds as the same shall fall due, or on any earlier day as provided in any Reserve Fund Insurance Policy, the Trustee shall immediately transfer amounts available in the Reserve Fund to the Senior Debt Service Fund to pay such deficiency **on the Reserve Fund Participating Bonds and immediately transfer amounts available in any other Debt Service Reserve Fund to the Senior Debt Service Fund to pay such deficiency on the Senior Bonds secured thereby**, and shall immediately notify the Authority of such transfer. If amounts in the **Reserve Fund or other Debt Service** Reserve Fund consist of both cash and one or more Reserve Fund Insurance Policies, the Trustee shall first transfer all of such cash prior to making a draw on any Reserve Fund Insurance Policy, and thereafter shall make

pro-rata draws upon each of such ~~the~~ Reserve Fund Insurance Policies on deposit in the Reserve Fund or other applicable Debt Service Reserve Fund.

Section 4.06(c) of the Agreement shall be amended and restated in full to read as follows:

(c) Moneys held in the Reserve Fund shall be used for the purpose of paying principal and/or interest on the ~~Senior~~ Reserve Fund Participating Bonds if the amounts in either of the Accounts mentioned in clauses (iii) and (iv) of Section 4.05(a) shall on any date be insufficient to pay in full the interest and principal due on such date. Investments in the Reserve Fund may not have maturities extending beyond five years. On or about July 1 of each year, commencing July 1, 1993, the Trustee shall value the Reserve Fund at the then-current market value in a manner satisfactory to the Trustee. If, on any valuation of the Reserve Fund, the value of the Reserve Fund shall exceed the Reserve Fund Requirement for all ~~Senior~~ Reserve Fund Participating Bonds Outstanding, such excess shall be withdrawn and transferred to the Authority to be used for any lawful purpose. In addition, at such time as any ~~Senior~~ Reserve Fund Participating Bonds shall be paid in full or deemed to have been paid in full, or are otherwise no longer Outstanding, the Trustee shall value the Reserve Fund, and if the amount on deposit in the Reserve Fund after such ~~Senior~~ Reserve Fund Participating Bonds are paid in full or deemed to have been paid in full, or are otherwise no longer Outstanding, exceeds the Reserve Fund Requirement for all ~~Senior~~ Reserve Fund Participating Bonds Outstanding, such excess shall be withdrawn and transferred to the Authority to be used for any lawful purpose. If, on any valuation of the Reserve Fund, the value is less than the Reserve Fund Requirement for all ~~Senior~~ Reserve Fund Participating Bonds Outstanding, deposits shall be made into the Reserve Fund from and to the extent of Pledged Revenues as provided in Section 4.05(a)(v) (after deposits provided in clauses (i) through (iv) of Section 4.05(a) have been made) until the Reserve Fund Requirement for all ~~Senior~~ Reserve Fund Participating Bonds Outstanding is met.

Section 4.11

Section 4.11 of the Agreement shall be amended and restated in full to read as follows:

Section 4.11. Creation of Debt Service Reserve Fund: Additional Funds and Accounts. Notwithstanding anything in this Agreement to the contrary, instead of making or causing a deposit to be made to the Reserve Fund, the Authority may, at the time of issuance of any Series of Bonds, provide by Supplemental Agreement for the creation of a Debt Service Reserve Fund as additional security for such Series of Bonds, and in its discretion reserving the right to allow a future Series of Bonds to participate in such Debt Service Reserve Fund, or provide that such Series of Bonds participate in a Debt Service Reserve Fund previously created for an Outstanding Series of Bonds. Any Debt Service Reserve Fund established under a Supplemental Agreement shall be funded, at the time of issuance of such Series of Bonds or over such other period of time as set forth in a Supplemental Agreement, in an amount equal to the Debt Service Reserve Fund Requirement with respect to such Debt Service Reserve Fund. The Authority shall, by such Supplemental Agreement, provide for the manner of funding and replenishing of such Debt Service Reserve Fund and shall establish such other terms with respect to such Debt Service Reserve

Fund as the Authority may deem to be appropriate, including providing a Reserve Fund Insurance Policy in lieu thereof.

Notwithstanding anything in this Agreement to the contrary, at the time of issuance of any Series of Bonds, the Authority may provide pursuant to a Supplemental Agreement that neither a deposit to the Reserve Fund nor to a Debt Service Reserve Fund shall be required and that such Series of Bonds shall not be secured by the Reserve Fund or a Debt Service Reserve Fund.

In addition, the Authority may, by Supplemental Agreement, create additional Funds, Accounts and Subaccounts under this Agreement and for such purposes as the Authority deems appropriate, including separate Funds available only for specified Bonds ~~of~~ Series of Bonds; however, the Pledged Revenues shall, in all events, first be used to make the deposits set forth in ~~clauses~~ (i), (ii), (iii), (iv) and (v) of Section 4.05(a) before any amounts of Pledged Revenues are used to fund any other Funds, Accounts or Subaccounts.

Section 6.01

Section 6.01 of the Agreement shall be amended and restated in full to read as follows:

(a) Moneys held by the Trustee in Funds, Accounts and Subaccounts shall be invested and reinvested as directed by the Authority solely in Permitted Investments, subject to the restrictions set forth in this Article VI and in any Supplemental Agreement and subject to the investment restrictions imposed upon the Authority by the laws of the State. The Authority shall direct such investments by written certificate of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative. If the Authority fails to direct the investment of such moneys as required by this Article, the Trustee shall invest moneys in investments described in clause (xiv) of the definition of Permitted Investments. The Trustee shall be under no obligation to determine or inquire into the legality of any investment made at the direction of the Authority. The maturities of investments in the Senior Bond Interest Account and the Senior Bond Principal Account shall not extend beyond the time when funds will be needed therefrom to make payment on the Senior Bonds. Investments in the Reserve Fund **and any other Debt Service Reserve Fund** shall be sold or otherwise converted to cash by the Trustee as needed to make payment of principal and interest on the ~~Senior Bonds~~ **secured thereby**, and the Trustee shall have no liability for the selection and liquidation of such investments or for any losses which may be incurred as a result thereof. Investments in the Construction Fund (if held by the Trustee) shall be sold or otherwise converted to cash by the Trustee at the direction of the Authority. The Authority shall direct such sales or conversions of investments in the Construction Fund by written certificates of an Authorized Authority Representative or by telephone instructions followed by prompt written confirmation by an Authorized Authority Representative.

(b) Investments of moneys in any Fund, Account or Subaccount shall be deemed at all times to be a part of such Fund, Account or Subaccount, and the interest accruing thereon and any profit realized from such investment shall be credited to such Fund, Account or Subaccount, and any loss resulting from such investment shall be

charged to such Fund, Account or Subaccount; provided, however, that any interest accruing on the investment of moneys in the Reserve Fund and any profit realized from the investments in the Reserve Fund shall, if and to the extent such earnings or profits would cause the amount in the Reserve Fund to exceed the Reserve Fund Requirement for all ~~Senior Bonds Outstanding~~ **Reserve Fund Participating Bonds Outstanding, be paid to the Authority for use for any lawful purpose; and provided, further, that any interest accruing on the investment of moneys in any other Debt Service Reserve Fund shall, if and to the extent such earnings or profits would cause the amount in such Debt Service Reserve Fund to exceed the applicable Debt Service Reserve Fund Requirement,** be paid to the Authority for use for any lawful purpose.

APPENDIX F

FORM OF BOND COUNSEL APPROVING OPINION

[to be updated by Bond Counsel]

[Closing Date]

Los Angeles County Metropolitan
Transportation Authority
Los Angeles, California

Re: \$[_____] Los Angeles County Metropolitan Transportation Authority Proposition C
 Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A

Ladies and Gentlemen:

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Los Angeles County Metropolitan Transportation Authority (the “Authority”) in connection with the issuance of its \$_____ Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the “Series 2018-A Bonds”) pursuant to the terms of the Agreement (as defined herein). The Authority covenants and agrees as follows:

Section 1. Definitions.

“*Agreement*” means, collectively, the Amended and Restated Trust Agreement, dated as of January 1, 2010, by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and the Twenty-Eighth Supplemental Trust Agreement, dated as of April 1, 2018, by and between the Authority and the Trustee.

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

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

“*Holder*” means any registered owner of Series 2018-A Bonds and any beneficial owner of Series 2018-A Bonds within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

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

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

“*Official Statement*” means the Official Statement, dated March __, 2018, prepared and distributed in connection with the initial sale of the Series 2018-A Bonds.

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

Section 2. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority pursuant to Rule 15c2-12 for the benefit of the Holders of the Series 2018-A Bonds in order to assist the participating underwriters in complying with Rule 15c2-12.

Section 3. Provision of Annual Information.

(a) The Authority shall, not later than 195 days following the end of each Fiscal Year of the Authority (which Fiscal Year currently ends on June 30), commencing with the report for Fiscal Year ending June 30, 2018, provide to the MSRB through the EMMA System, in an electronic format and

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

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

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

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

(b) Updated historical information of the type set forth in "TABLE 3—Historic Net Proposition C Sales Tax Receipts, Local Allocations, Pledged Revenues and Debt Service Coverage" of the Official Statement; and

(c) Updated information of the type set forth in "TABLE 6—Los Angeles County Metropolitan Transportation Authority, Combined Debt Service Schedule Senior Bonds" of the Official Statement, but only the information in the columns under the heading "Series 2018-A Bonds Debt Service" and the information under the column entitled "Combined Total Debt Service Senior Bonds" and only to the extent the information in these columns has changed.

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

Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018-A Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions with respect to the tax status of the Series 2018-A Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Series 2018-A Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the Authority.

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

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018-A Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2018-A Bonds or other material events affecting the tax status of the Series 2018-A Bonds;
2. Modifications to rights of the Owners of the Series 2018-A Bonds;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution or sale of property securing repayment of the Series 2018-A Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

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

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

(e) If the Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2018-A Bonds pursuant to the Agreement.

Section 6. Remedies. If the Authority shall fail to comply with any provision of this Certificate, then any Holder may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding in law or in equity, this Certificate against the Authority and any of the officers, agents and employees of the Authority, and may compel the Authority or any such officers, agents or employees to perform and carry out their duties under this Certificate; provided that the sole and exclusive remedy for breach of this Certificate shall be an action to compel specific performance of the obligations of the Authority hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and, provided further, that any challenge to the adequacy of any information provided pursuant to Section 4 or 5 hereof may be brought only by the Holders of 25% in aggregate principal amount of the Series 2018-A Bonds at the time outstanding. A failure by the Authority to comply with the provisions of this Certificate shall not constitute an Event of Default under the Agreement.

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

Section 8. Amendment. Without the consent of any Holders of Series 2018-A Bonds, the Authority at any time and from time to time may enter into any amendments or changes to this Certificate for any of the following purposes:

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

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

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

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

(e) to modify the contents, presentation and format of the Annual Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority, or type of business conducted; provided that (i) the certificate, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Series 2018-A Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances; and (ii) the amendment or change does not materially impair the interests of Holders, as determined either by a party unaffiliated with the Authority (such as bond counsel), or by the vote or consent of Holders of a majority in outstanding principal amount of the Series 2018-A Bonds on or prior to the time of such amendment or change.

Section 9. Termination of Obligation. This Certificate shall remain in full force and effect until such time as all principal of and interest on the Series 2018-A Bonds shall have been paid in full or legally defeased pursuant to the Agreement. Upon any such legal defeasance, the Authority shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Series 2018-A Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

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

IN WITNESS WHEREOF, the undersigned has executed this Continuing Disclosure Certificate this __th day of ____, 2017.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By: _____
Donna R. Mills
Treasurer

APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the subcaption “—General” below has been provided by DTC. LACMTA makes no representations as to the accuracy or completeness of such information. Further, LACMTA undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC’s websites as described under “—General,” including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites. The beneficial owners of the Series 2018-A Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER LACMTA NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2018-A BONDS UNDER THE AGREEMENT; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2018-A BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT TO THE OWNERS OF THE SERIES 2018-A BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2018-A BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2018-A Bonds. The Series 2018-A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018-A Bond certificate will be issued for each maturity of the Series 2018-A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

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

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2018-A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018-A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2018-A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018-A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018-A Bonds, except in the event that use of the book-entry system for the Series 2018-A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018-A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2018-A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018-A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018-A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

While the Series 2018-A Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2018-A Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018-A Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to LACMTA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2018-A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Series 2018-A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from LACMTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, LACMTA, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of LACMTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018-A Bonds at any time by giving reasonable notice to LACMTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2018-A Bond certificates are required to be printed and delivered.

LACMTA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2018-A Bond certificates will be printed and delivered to DTC.

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

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SERIES 2018-A BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.

In the event that the book-entry-only system is discontinued, payments of principal of and interest on the Series 2018-A Bonds will be payable as described in the front part of this Official Statement under the caption "DESCRIPTION OF THE SERIES 2018-A BONDS—General."

TWENTY-EIGHTH SUPPLEMENTAL TRUST AGREEMENT

by and between

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

relating to:

\$ _____
Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Refunding Bonds
Senior Bonds, Series 2018-A

Dated as of April 1, 2018

(Supplemental to the Amended and Restated Trust Agreement dated as of January 1, 2010)

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TWENTY-EIGHTH SUPPLEMENTAL TRUST AGREEMENT

\$ _____

Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Refunding Bonds
Senior Bonds, Series 2018-A

This **TWENTY-EIGHTH SUPPLEMENTAL TRUST AGREEMENT** (this “*Twenty-Eighth Supplemental Agreement*”), dated as of April 1, 2018, is made by and between the **LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY** (the “*Authority*”), the successor agency to the Southern California Rapid Transit District (the “*District*”) and the Los Angeles County Transportation Commission (the “*Commission*”), duly organized and existing pursuant to Chapter 2, Division 12 of the California Public Utilities Code (commencing with Section 130050.2 thereof) (the “*Act*”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “*Trustee*”), and supplements that certain Amended and Restated Trust Agreement, dated as of January 1, 2010 (the “*Agreement*”), by and between the Authority and the Trustee;

WITNESSETH:

WHEREAS, Section 130051.13 of the Act provides that the Authority shall succeed to any or all of the powers, duties, obligations, liabilities, indebtedness, bonded and otherwise, immunities and exemptions of the District and the Commission;

WHEREAS, Section 2.09 of the Agreement provides for the issuance of Bonds, and Section 9.02 of the Agreement provides for the execution and delivery of a Supplemental Agreement setting forth the terms of the Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the “*Series 2018-A Bonds*”);

WHEREAS, for the purpose of (a) refunding the Refunded Bonds (as hereinafter defined), (b) funding the Series 2018-A Account of the Reserve Fund and (c) paying the Costs of Issuance (as hereinafter defined), by execution and delivery of this Twenty-Eighth Supplemental Agreement and in compliance with the provisions of the Agreement, the Authority hereby sets forth the terms of its Series 2018-A Bonds, provides for the deposit and use of the proceeds of the Series 2018-A Bonds and makes other provisions relating to the Series 2018-A Bonds;

WHEREAS, Section 9.03 of the Agreement permits the Authority, from time to time, to execute and deliver supplemental agreements modifying, altering, amending, supplementing or rescinding, any of the terms or provisions contained in the Agreement with the consent of the holders of not less than 60% in aggregate principal amount of the Bonds then Outstanding;

WHEREAS, the Authority wishes to amend the Agreement pursuant to Section 9.03 thereof, to provide the Authority the ability to issue Bonds that may or may not be supported by a debt service reserve fund (including the Reserve Fund, as defined in the Agreement); and

NOW, THEREFORE, the Authority and the Trustee, each in consideration of the representations, warranties, covenants and agreements of the other as set forth herein, mutually represent, warrant, covenant and agree as follows:

ARTICLE I

DEFINITIONS; AMENDMENTS

Section 1.01. **Definitions.** The following definitions shall apply to the terms used in this Twenty-Eighth Supplemental Agreement unless the context clearly requires otherwise.

“*Act of 1998*” means the Metropolitan Transportation Authority (MTA) Reform and Accountability Act of 1998, as approved by the voters of the County of Los Angeles on November 3, 1998.

“*Agreement*” means the Amended and Restated Trust Agreement, dated as of January 1, 2010, by and between the Authority and the Trustee, under which the Series 2018-A Bonds are authorized and secured.

“*Authorized Denomination*” means, with respect to the Series 2018-A Bonds, \$5,000 or any integral multiple thereof.

“*Beneficial Owner*” means, whenever used with respect to a Series 2018-A Bond, the person in whose name such Series 2018-A Bond is recorded as the beneficial owner of such Series 2018-A Bond by a Participant on the records of such Participant or such person’s subrogee.

“*Bond Register*” means the book or books of registration kept by the Trustee in which are maintained the names and addresses and principal amounts registered to each registered Owner.

“*Book-Entry Bonds*” means the Series 2018-A Bonds held by DTC (or its nominee) as the registered Owner thereof pursuant to the terms and provisions of Section 3.02 hereof.

“*Business Day*” means any day other than (a) a Saturday or Sunday; or (b) a day on which commercial banks in New York, New York or Los Angeles, California are authorized or required by law to close.

“*Continuing Disclosure Certificate*” means the Continuing Disclosure Certificate, dated _____, 2018, entered into by the Authority in order to assist the underwriters of the Series 2018-A Bonds in complying with Securities and Exchange Commission Rule 15c2-12.

“*Corporate Trust Office*” means the corporate trust office of the Trustee in Los Angeles, California; provided, however, for transfer, registration, exchange, payment and surrender of the Series 2018-A Bonds, it shall mean the corporate trust office of the Trustee in St. Paul, Minnesota. The Trustee may hereafter designate alternate Corporate Trust Offices and any successor Trustee shall designate its Corporate Trust Office by written notice delivered to the Authority.

“*Costs of Issuance*” means all costs and expenses incurred by the Authority in connection with the issuance of the Series 2018-A Bonds, including, but not limited to, costs and expenses of printing and copying documents and the Series 2018-A Bonds, and the fees, costs and expenses of rating agencies, the Trustee, bond counsel, disclosure counsel, verification agents, accountants, financial advisors and other consultants.

“*DTC*” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*EMMA System*” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the Securities and Exchange Commission.

“*Escrow Agent*” means U.S. Bank National Association, as escrow agent under the Escrow Agreement, and its successors.

“*Escrow Agreement*” means the Escrow Agreement, dated _____, 2018, by and among the Authority, the Trustee and the Escrow Agent.

“*Escrow Fund*” means the fund held by the Escrow Agent under the terms of the Escrow Agreement, which fund is established and held for the purpose of providing for the payment of the Refunded Bonds.

“*Holder*” or “*Bondholder*” or “*Owner*” means the registered owner of any Series 2018-A Bond, including DTC or its nominee as the sole registered owner of Book-Entry Bonds.

“*Interest Payment Date*” means each January 1 and July 1, commencing _____ 1, 201____, the dates upon which interest on the Series 2018-A Bonds becomes due and payable.

“*Opinion of Bond Counsel*” means a written opinion of a law firm of recognized national standing in the field of public finance selected by the Authority.

“*Participant*” means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“*Prior Bonds*” means the Series 2008-A Bonds.

“*Rebate Requirement*” shall have the meaning as set forth in the Tax Certificate.

“*Record Date*” means for a January 1 Interest Payment Date the immediately preceding December 15 and for a July 1 Interest Payment Date the immediately preceding June 15. Such dates shall be Record Dates notwithstanding if such dates are not a Business Day.

“*Refunded Bonds*” means the Series 2008-A Bonds set forth in Exhibit B hereto.

“*Registrar*” means, for purposes of this Twenty-Eighth Supplemental Agreement, the Trustee.

“*Representation Letter*” means the Blanket Issuer Letter of Representations from the Authority to DTC as supplemented and amended from time to time.

“*Securities Depositories*” means The Depository Trust Company, 55 Water Street, New York, New York 10041, Telephone: (212) 855-1000, Facsimile: (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a certificate of the Authority delivered to the Trustee.

“*Series 2008-A Bonds*” means the \$128,745,000 original principal amount of Senior Bonds issued under the Agreement and the Fourteenth Supplemental Agreement and designated as “Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Bonds, Series 2008-A.”

“*Series 2018-A Account of the Reserve Fund*” means the account of that name established under and pursuant to Section 6.04 hereof.

“*Series 2018-A Bonds*” means the \$_____ original principal amount of Senior Bonds issued under the Agreement and this Twenty-Eighth Supplemental Agreement and designated as “Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A” and described in Article II hereof.

“*Series 2018-A Subaccount of the Senior Bond Interest Account*” means the subaccount of that name established within the Senior Bond Interest Account of the Senior Debt Service Fund pursuant to Section 6.02 hereof.

“*Series 2018-A Subaccount of the Senior Bond Principal Account*” means the subaccount of that name established within the Senior Bond Principal Account of the Senior Debt Service Fund pursuant to Section 6.03 hereof.

“*Series 2018-A Costs of Issuance Fund*” means the fund of that name established under and pursuant to Section 6.01 hereof.

“*Series 2018-A Rebate Fund*” means the fund of that name established under and pursuant to Section 7.01 hereof.

“*Tax Certificate*” means the Tax Certificate executed and delivered by the Authority at the time of issuance and delivery of the Series 2018-A Bonds, as the same may be amended or supplemented in accordance with its terms.

“*Trustee*” means U.S. Bank National Association, and its successors.

Section 1.02. Incorporation of Definitions Contained in the Agreement. Capitalized terms not otherwise defined in Section 1.01 hereof or elsewhere in this Twenty-Eighth Supplemental Agreement shall have the same meanings as set forth in the Agreement.

Section 1.03. **Article and Section References.** Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Twenty-Eighth Supplemental Agreement.

ARTICLE II

THE SERIES 2018-A BONDS

Section 2.01. **Designation of Series 2018-A Bonds; Principal Amount; Purpose of Issue.** The Series 2018-A Bonds authorized to be issued under the Agreement and this Twenty-Eighth Supplemental Agreement shall be designated as “Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A” and shall be issued in the original principal amount of \$_____.

The Series 2018-A Bonds are being issued for the purposes of (a) refunding the Refunded Bonds, (b) funding the Series 2018-A Account of the Reserve Fund and (c) paying the Costs of Issuance.

Section 2.02. **Series 2018-A Bonds Under the Agreement; Security; Lien Priority.** The Series 2018-A Bonds are issued under and subject to the terms of the Agreement and are secured by and payable solely from Pledged Revenues as Senior Bonds on a parity with the Prior Bonds and the Parity Debt in accordance with the terms of the Agreement.

Section 2.03. **Terms of the Series 2018-A Bonds.** The Series 2018-A Bonds shall, upon initial issuance, be dated the date of delivery thereof. Each Series 2018-A Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, unless such Interest Payment Date is a date of authentication, in which event such Series 2018-A Bond shall bear interest from the date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2018-A Bond shall bear interest from such succeeding Interest Payment Date, or unless no interest thereon has been paid or duly provided for such Series 2018-A Bond, in which event such Series 2018-A Bond shall bear interest from the dated date thereof. If interest on the Series 2018-A Bonds shall be in default, Series 2018-A Bonds issued in exchange for Series 2018-A Bonds surrendered for transfer or exchange shall bear interest from the last Interest Payment Date on which interest has been paid in full on such Series 2018-A Bonds surrendered. The Series 2018-A Bonds shall be issued in registered form in Authorized Denominations.

Interest on the Series 2018-A Bonds shall be paid on _____ 1, 201__ and semiannually thereafter on each January 1 and July 1. Interest on the Series 2018-A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2018-A Bonds shall mature in the years and in the amounts and bear interest at the annual rates set forth in the following schedule:

Maturity Date (July 1)	Principal Amount	Interest Rate
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Payment of the principal of the Series 2018-A Bonds shall be made upon surrender of the Series 2018-A Bonds to the Trustee or its agent at its Corporate Trust Office; provided that with respect to Series 2018-A Bonds which are Book-Entry Bonds, the Trustee may make other arrangements for payment of principal as provided in the Representation Letter. Payment of interest on Series 2018-A Bonds which are not Book-Entry Bonds shall be paid by check of the Trustee mailed by first-class mail to the person who is the registered Owner thereof on the Record Date, and such payment shall be mailed to such Owner at his address as it appears on the registration books of the Registrar, provided, that Owners of \$1,000,000 or more in aggregate principal amount of Series 2018-A Bonds may arrange for payment by wire transfer of immediately available funds upon written request given to the Trustee at least fifteen (15) days prior to the applicable Interest Payment Date. The payment of interest on Book-Entry Bonds shall be made as provided in Section 3.02 hereof with respect to all Series 2018-A Bonds and interest due and payable on any Interest Payment Date shall be paid to the person who is the registered Owner as of the Record Date. The Series 2018-A Bonds shall be substantially in the form of Exhibit A attached hereto.

If the principal of a Series 2018-A Bond becomes due and payable, but shall not have been paid, or provision shall not have been made for its payment, then such Series 2018-A Bond shall bear interest at the same rate after such default as on the day before such default occurred.

ARTICLE III

EXCHANGE OF SERIES 2018-A BONDS; BOOK-ENTRY BONDS

Section 3.01. **Exchange of Series 2018-A Bonds.** Series 2018-A Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of Series 2018-A Bonds of the same maturity but of different Authorized Denominations.

The Registrar will not, however, be required to transfer or exchange any such Series 2018-A Bond during the period beginning on a Record Date and ending on the next Interest Payment Date.

Section 3.02. **Book-Entry Bonds.**

(a) Except as provided in paragraph (c) of this Section, the registered Owner of all of the Series 2018-A Bonds shall be DTC, and the Series 2018-A Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal of or interest on any Series 2018-A Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the regular Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Series 2018-A Bonds shall be initially issued in the form of a separate single authenticated fully registered bond for each separate stated maturity and interest rate of the Series 2018-A Bonds. Upon initial issuance, the ownership of such Series 2018-A Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2018-A Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2018-A Bonds, giving any notice permitted or required to be given to Bondholders under the Agreement or this Twenty-Eighth Supplemental Agreement, registering the transfer of Series 2018-A Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and none of the Trustee, the Registrar or the Authority shall be affected by any notice to the contrary. None of the Trustee, the Registrar or the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2018-A Bonds under or through DTC or any Participant or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal of or interest on the Series 2018-A Bonds; any notice which is permitted or required to be given to Bondholders under the Agreement or this Twenty-Eighth Supplemental Agreement; or any consent given or other action taken by DTC as a Bondholder. The Trustee shall pay, from funds held under the terms of the Agreement or otherwise provided by the Authority, all principal of and interest on the Series 2018-A Bonds only to DTC as provided in the Representation Letter and all such payments shall be valid and effective to satisfy and discharge fully the Authority's obligations with respect to the principal of and interest on the Series 2018-A Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2018-A Bond evidencing the obligation of the Authority to make payments of principal and interest pursuant to the Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Twenty-Eighth Supplemental Agreement shall refer to such new nominee of DTC.

(c) In the event the Authority determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2018-A Bond certificates and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify

the Participants of the availability through DTC of Series 2018-A Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Series 2018-A Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2018-A Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee shall be obligated to deliver Series 2018-A Bond certificates as described in this Twenty-Eighth Supplemental Agreement. In the event Series 2018-A Bond certificates are issued, the provisions of the Agreement and this Twenty-Eighth Supplemental Agreement shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2018-A Bond to any Participant having Series 2018-A Bonds credited to its DTC account, or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2018-A Bonds.

(d) Notwithstanding any other provision of the Agreement and this Twenty-Eighth Supplemental Agreement to the contrary, so long as any Series 2018-A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Series 2018-A Bond and all notices with respect to such Series 2018-A Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Agreement and this Twenty-Eighth Supplemental Agreement by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Bondholder.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THE SERIES 2018-A BONDS; THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2018-A BONDS.

Section 3.03. **Transfers Outside Book-Entry System.** In the event (a) the Securities Depository determines not to continue to act as securities depository for the Series 2018-A

Bonds; or (b) the Authority determines that the Securities Depository shall no longer so act, and delivers a written certificate to the Trustee and the Securities Depository to that effect, then the Authority will discontinue the book-entry system with the Securities Depository. If the Authority determines to replace the Securities Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new, single, separate, fully registered Series 2018-A Bond for each of the maturities and interest rates of the Series 2018-A Bonds registered in the name of such successor or substitute qualified securities depository or its nominee or make such other arrangement acceptable to the Authority and the Securities Depository as are not inconsistent with the terms of the Agreement or this Twenty-Eighth Supplemental Agreement. If the Authority fails to identify another qualified securities depository to replace the Securities Depository, then the Series 2018-A Bonds shall no longer be restricted to being registered in the Register in the name of the Nominee, but shall be registered in such authorized denominations and names as the Securities Depository shall designate in accordance with the provisions of this Article III.

Section 3.04. **Bond Register.** The Trustee shall keep or cause to be kept at its Corporate Trust Office sufficient books for the registration of, and registration of transfer of, the Series 2018-A Bonds, which Bond Register shall at all times during regular business hours be open to inspection by the Authority. Upon presentation for registration of transfer, the Trustee shall, as provided herein and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Series 2018-A Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such Bond Register.

ARTICLE IV

RESERVED

[sinking fund payments to come, if applicable at pricing]

ARTICLE V

APPLICATION OF PROCEEDS AND PAYMENT OF SERIES 2018-A BONDS

Section 5.01. **Application of Proceeds and Other Funds.**

(a) The Trustee shall deposit or transfer the proceeds of the sale of the Series 2018-A Bonds received by the Trustee equal to \$_____ (which is equal to the par amount of the Series 2018-A Bonds of \$_____, [plus/minus] original issue [premium/discount] of \$_____ and less a purchaser's discount of \$_____), together with \$_____ from the Series 2008-A Account of the Reserve Fund, \$_____ from the Series 2008-A Subaccount of the Senior Bond Interest Account, and \$_____ from the Series 2008-A Subaccount of the Senior Bond Principal Account, to the following funds, accounts and third-parties:

(i) \$_____ shall be deposited into the Series 2018-A Costs of Issuance Fund;

(ii) \$_____ shall be deposited in the Series 2018-A Account of the Reserve Fund, which amount is required in order for the Reserve Fund Requirement to be met; and

(i) \$_____ shall be transferred to the Escrow Agent for deposit into the Escrow Fund to redeem the Refunded Bonds on _____.

(b) The Trustee may, in its discretion, establish temporary funds or accounts on its books and records to facilitate the deposits and transfers described above under (a).

Section 5.02. **Sources of Payment of Series 2018-A Bonds.** The Series 2018-A Bonds shall be secured by a prior lien on, and are payable from, Pledged Revenues as provided in the Agreement. The Authority may, but is not obligated to, provide for payment of principal of and interest on the Series 2018-A Bonds from any other source or from any other funds of the Authority.

ARTICLE VI

CREATION OF SERIES 2018-A BOND ACCOUNTS AND SUBACCOUNTS; USE OF DEBT SERVICE SUBACCOUNT

Section 6.01. **Creation of Series 2018-A Costs of Issuance Fund; Payment of Costs of Issuance.** The “Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A Costs of Issuance Fund” (the “*Series 2018-A Costs of Issuance Fund*”) is hereby established, which shall be held by the Trustee as provided in the Agreement and this Twenty-Eighth Supplemental Agreement, and all moneys and securities in such fund shall be pledged to secure the Series 2018-A Bonds, until expended in accordance with the provision of this Section. As provided in Section 5.01(a)(i) hereof, at the time of issuance of the Series 2018-A Bonds, a portion of the proceeds of the Series 2018-A Bonds shall be deposited into the Series 2018-A Costs of Issuance Fund. Other amounts may be deposited into the Series 2018-A Costs of Issuance Fund as directed by the Authority. Amounts on deposit in the Series 2018-A Costs of Issuance Fund shall be used to pay or to reimburse the Authority for the payment of Costs of Issuance of the Series 2018-A Bonds. Amounts in the Series 2018-A Costs of Issuance Fund shall be disbursed by the Trustee upon written requisition executed by an Authorized Authority Representative. Each such requisition shall state:

- (a) the requisition number;
- (b) the amount to be paid to the Authority or to its designee and the method of payment;
- (c) that each item to be paid with the requisitioned funds represents either incurred or due and payable Costs of Issuance which constitute Costs of the Project as permitted by the Act;
- (d) that such Costs of Issuance have not been paid from other funds withdrawn from the Series 2018-A Costs of Issuance Fund; and

(e) to the best of the signatory's knowledge, no Event of Default has occurred and is continuing under the Agreement or any Supplemental Agreement thereto.

Each such written requisition of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Upon the earlier of (a) 180 days from the delivery date of the Series 2018-A Bonds; or (ii) at such time as the Authority delivers to the Trustee written notice that all Costs of Issuance have been paid or otherwise notifies the Trustee in writing that no additional amounts from the Series 2018-A Costs of Issuance Fund will be needed to pay Costs of Issuance, the Trustee shall transfer all amounts then remaining in the Series 2018-A Costs of Issuance Fund to the Series 2018-A Subaccount of the Senior Bond Interest Account and held pursuant to this Twenty-Eighth Supplemental Agreement. At such time as no amounts remain in the Series 2018-A Costs of Issuance Fund, such fund shall be closed.

Section 6.02. Creation of Series 2018-A Subaccount in the Senior Bond Interest Account of the Senior Debt Service Fund. A separate Subaccount to be held by the Trustee is hereby created within the Senior Bond Interest Account of the Senior Debt Service Fund to be designated as the "*Series 2018-A Subaccount of the Senior Bond Interest Account.*" Amounts in the Series 2018-A Subaccount of the Senior Bond Interest Account shall be disbursed to pay interest on the Series 2018-A Bonds pursuant to the Agreement and this Twenty-Eighth Supplemental Agreement.

The Trustee shall deposit into the Series 2018-A Subaccount of the Senior Bond Interest Account (a) amounts with respect to interest on the Series 2018-A Bonds received from the Authority, as provided in the Agreement; and (b) any other amounts deposited with the Trustee for deposit in the Series 2018-A Subaccount of the Senior Bond Interest Account or transferred from other funds and accounts for deposit therein. Earnings on all other amounts in the Series 2018-A Subaccount of the Senior Bond Interest Account shall be retained in such Subaccount. The Trustee shall establish separate sub-accounts in the Series 2018-A Subaccount of the Senior Bond Interest Account for each source of deposit (including any investment income thereon) made into the Series 2018-A Subaccount of the Senior Bond Interest Account so that the Trustee may at all times ascertain the date of deposit, the amounts, and the source of the funds in each sub-account.

Section 6.03. Creation of Series 2018-A Subaccount in the Senior Bond Principal Account of the Senior Debt Service Fund. A separate Subaccount to be held by the Trustee is hereby created within the Senior Bond Principal Account of the Senior Debt Service Fund to be designated as the "*Series 2018-A Subaccount of the Senior Bond Principal Account.*" Amounts in the Series 2018-A Subaccount of the Senior Bond Principal Account will be disbursed to pay principal of the Series 2018-A Bonds pursuant to the Agreement and this Twenty-Eighth Supplemental Agreement.

The Trustee shall deposit into the Series 2018-A Subaccount of the Senior Bond Principal Account (a) amounts with respect to principal on the Series 2018-A Bonds received from the Authority, as provided in the Agreement; and (b) any other amounts deposited with the Trustee

for deposit in the Series 2018-A Subaccount of the Senior Bond Principal Account or transferred from other funds and accounts for deposit therein. Earnings on all other amounts in the Series 2018-A Subaccount of the Senior Bond Principal Account shall be retained in such Subaccount. The Trustee shall establish separate sub-accounts in the Series 2018-A Subaccount of the Senior Bond Principal Account for each source of deposit (including any investment income thereon) made into the Series 2018-A Subaccount of the Senior Bond Principal Account so that the Trustee may at all times ascertain the date of deposit, the amounts, and the source of the funds in each sub-account.

Section 6.04. **Creation of Series 2018-A Account of the Reserve Fund.** A separate account to be held by the Trustee is hereby created within the Reserve Fund to be designated as the “*Series 2018-A Account of the Reserve Fund.*” The Series 2018-A Account of the Reserve Fund shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Reserve Fund related to the Series 2018-A Bonds for rebate purposes as set forth in the Tax Certificate, but for all other purposes shall be held, invested and used as an integral part of the Reserve Fund as provided in Sections 4.04 and 4.06 of the Agreement and shall be available to make payments on Senior Bonds as if no separate Account had been created. Notwithstanding anything in the Agreement to the contrary, interest earnings on amounts in the Series 2018-A Account of the Reserve Fund shall be retained therein to the extent necessary to cause the balance on deposit in the Reserve Fund to equal the Reserve Fund Requirement for all Senior Bonds Outstanding. Unless the Trustee is otherwise directed by the Authority in writing, interest earnings on amounts in the Series 2018-A Account of the Reserve Fund which are not required to be retained therein shall be transferred to the Series 2018-A Subaccount of the Senior Bond Interest Account.

ARTICLE VII

TAX COVENANTS

Section 7.01. **Series 2018-A Rebate Fund.**

(a) The Authority hereby agrees that it will instruct the Trustee to establish and maintain a fund, if necessary, separate from any other fund established and maintained hereunder designated as the “Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue and Refunding Bonds, Senior Bonds, Series 2018-A Rebate Fund” (the “*Series 2018-A Rebate Fund*”), which will be funded if so required under the Tax Certificate, and amounts in the Series 2018-A Rebate Fund will be held and disbursed in accordance with the terms and requirements of the Tax Certificate. The Trustee shall not be required to create and establish the Series 2018-A Rebate Fund until the Authority gives written instruction to the Trustee to do so. Subject to the transfer provisions provided in paragraph (d) below, all money at any time deposited in the Series 2018-A Rebate Fund, if created, shall be held by the Trustee for the account of the Authority in trust, to the extent required to pay the Rebate Requirement applicable to the Series 2018-A Bonds, for payment to the federal government of the United States of America, and neither the Trustee nor any Owner of Series 2018-A Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Series 2018-A Rebate Fund shall be governed by this Twenty-Eighth Supplemental

Agreement and by the Tax Certificate (which is incorporated herein by reference). The Authority hereby covenants to comply with the directions contained in the Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the Authority delivered to the Trustee pursuant to the Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Series 2018-A Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 7.01(a) if it follows such instructions of the Authority, and the Trustee shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate nor to make computations in connection therewith.

(b) Amounts shall be deposited in the Series 2018-A Rebate Fund as provided in this Article VII and the Tax Certificate so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement for the Series 2018-A Bonds. Computations of the Rebate Requirement for the Series 2018-A Bonds shall be furnished by or on behalf of the Authority to the Trustee in accordance with the Tax Certificate.

(c) The Trustee shall invest all amounts held in the Series 2018-A Rebate Fund pursuant to written instructions of the Authority in accordance with Article VI of the Agreement, and subject to the restrictions set forth in the Tax Certificate.

(d) Upon receipt of the instructions required to be delivered to the Trustee by the Tax Certificate, the Trustee shall remit part or all of the balances in the Series 2018-A Rebate Fund to the federal government of the United States of America, as so directed. In addition, if such instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Series 2018-A Rebate Fund from or into such accounts or funds. Any funds remaining in the Series 2018-A Rebate Fund after payment of all of the Series 2018-A Bonds and payment and satisfaction of the Rebate Requirement applicable to the Series 2018-A Bonds shall be withdrawn and remitted to the Authority in accordance with a request of the Authority.

(e) Notwithstanding any other provision of the Agreement and this Twenty-Eighth Supplemental Agreement, the obligation to pay the Rebate Requirement applicable to the Series 2018-A Bonds to the federal government of the United States of America and to comply with all other requirements of this Article VII and the Tax Certificate shall survive the defeasance or payment in full of the Series 2018-A Bonds. The Authority shall retain all records with respect to the calculations and instructions required by this Section 7.01 for at least four years after the date on which the last of the principal of and interest on the Series 2018-A Bonds has been paid.

Section 7.02. Tax Covenants. In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2018-A Bonds, the Authority hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “*Code*”). In furtherance of these covenants, the District agrees to comply with the covenants contained in the Tax Certificate with respect to the Series 2018-A Bonds. The Authority hereby agrees to deliver instructions to the Trustee as may be necessary in order to comply with the Tax Certificate. The Trustee, by

acceptance of its duties hereunder, agrees to comply with any instructions received from the Authority which the Authority indicates must be followed in order to comply with the Tax Certificate. The failure of the Authority to comply with the Tax Certificate, Section 7.01 hereof, or this Section 7.02 shall be an Event of Default.

Notwithstanding any provision of this Section 7.02 and Section 7.01 hereof, if the Authority shall receive an Opinion of Bond Counsel to the effect that any action required under this Section 7.02 and Section 7.01 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Series 2018-A Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

ARTICLE VIII

COMPLIANCE WITH ORDINANCE NO. 49 AND ACT OF 1998

The Authority hereby covenants to comply with and to carry out the provisions of Ordinance No. 49 and the Act of 1998, including, without limitation, to allocate the Proposition C Sales Tax (including the proceeds of bonds secured by Proposition C Sales Tax) for the uses and in accordance with the percentages specified in Section 4(b) of Ordinance No. 49.

ARTICLE IX

MISCELLANEOUS

Section 9.01. **Limited Obligation.** Neither the faith and credit nor the taxing power of the County of Los Angeles, the State of California or any political subdivision or agency thereof, other than the Authority to the extent of the Pledged Revenues and certain other amounts held by the Trustee under the Agreement and this Twenty-Eighth Supplemental Agreement, is pledged to the payment of the principal of or interest on the Series 2018-A Bonds. The Authority has no power to levy property taxes to pay the principal of or interest on the Series 2018-A Bonds.

The Series 2018-A Bonds are limited obligations of the Authority and are payable, both as to principal and interest, solely from the Pledged Revenues and by certain other amounts held by the Trustee under the Agreement. Other than Pledged Revenues and such amounts, the general fund of the Authority is not liable, and neither the credit nor the taxing power of the Authority is pledged, for the payment of the Series 2018-A Bonds or their interest.

Section 9.02. **Trustee's Agents.** The Trustee or the Authority (with written notice to the Trustee) may from time to time appoint other banks, trust companies or other financial institutions to perform functions described in this Twenty-Eighth Supplemental Agreement. Such agents may include, but shall not be limited to, authenticating agents and paying agents. Any reference in this Twenty-Eighth Supplemental Agreement to the Trustee shall also refer to any agent appointed by the Trustee or the Authority to such duty in addition to the Trustee or shall, instead, refer only to any agent appointed by the Trustee or the Authority to perform such duty in place of the Trustee.

Section 9.03. **Notices.**

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver, or other communication required or permitted by this Twenty-Eighth Supplemental Agreement or the Series 2018-A Bonds must be in writing except as expressly provided otherwise in this Twenty-Eighth Supplemental Agreement or the Series 2018-A Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when delivered by hand or mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses set forth below. Any addressee may designate additional or different addresses for purposes of this Section.

to the Authority: Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012
Attention: Treasurer

to the Trustee: U.S. Bank National Association
24th Floor
633 West Fifth Street
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Ref. Los Angeles County MTA Prop. C Bonds

(c) The Trustee shall give written notice to Moody's and S&P if at any time a successor Trustee is appointed under the Agreement, if there is any amendment to the Agreement or this Twenty-Eighth Supplemental Agreement or if the defeasance of the Series 2018-A Bonds shall occur. Notice in the case of an amendment shall include a copy of any such amendment. Notices sent to Moody's shall be addressed to Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Attention: Public Finance Department, or to such other address as Moody's shall supply to the Trustee. Notices sent to S&P shall be addressed to S&P Global Ratings, 55 Water Street, New York, New York 10041, or to such other address as S&P shall supply to the Trustee.

Section 9.04. **Investments.** Notwithstanding anything to the contrary in the Agreement, any moneys held by the Trustee in the funds and accounts created under this Twenty-Eighth Supplemental Agreement may be invested (a) in any investments permitted by the California Government Code; and (b) in any investment agreement, deposit agreement or any such other similar agreement as approved by any Authorized Authority Representative.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority

periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

Section 9.05. **Limitation of Rights.** Nothing expressed or implied in this Twenty-Eighth Supplemental Agreement or the Series 2018-A Bonds shall give any person other than the Trustee, the Authority and the Bondholders any right, remedy or claim under or with respect to this Twenty-Eighth Supplemental Agreement.

Section 9.06. **Severability.** If any provision of this Twenty-Eighth Supplemental Agreement shall be determined to be unenforceable, such determination shall not affect any other provision of this Twenty-Eighth Supplemental Agreement.

Section 9.07. **Payments or Actions Occurring on Nonbusiness Days.** If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period.

Section 9.08. **Governing Law.** This Twenty-Eighth Supplemental Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 9.09. **Captions.** The captions in this Twenty-Eighth Supplemental Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Twenty-Eighth Supplemental Agreement.

Section 9.10. **Counterparts.** This Twenty-Eighth Supplemental Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

Section 9.11. **Continuing Disclosure.** The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Twenty-Eighth Supplemental Agreement, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default, however, any Series 2018-A Bondholder may take such actions, as provided in the Continuing Disclosure Certificate, as may be necessary and appropriate to cause the Authority to comply with its obligations under the Continuing Disclosure Certificate.

Section 9.12. **Effectiveness of Remainder of Agreement.** Except as otherwise amended herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Twenty-Eighth Supplemental Trust Agreement by their officers thereunto duly authorized as of the date first above written.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
Donna R. Mills
Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

[Signature page to Twenty-Eighth Supplemental Trust Agreement]

EXHIBIT A

FORM OF SERIES 2018-A BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Los Angeles County Metropolitan Transportation Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Refunding Bond
Senior Bonds, Series 2018-A

Neither the faith and credit nor the taxing power of the County of Los Angeles, the State of California or any public agency, other than the Los Angeles County Metropolitan Transportation Authority to the extent of Pledged Revenues, is pledged to the payment of the principal of, or interest on, this Bond.

No. R-__ \$_____

Interest Rate Per Annum	Maturity Date	Dated Date	CUSIP
%	July 1, 20__	_____, 20__	544712__

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____ DOLLARS

The LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, a public entity, duly organized and existing under and pursuant to the laws of the State of California (the “Authority”), for value received, hereby promises to pay to the registered owner named above, or registered assigns, but solely from the sources hereinafter mentioned, on the Maturity Date specified above, the Principal Amount shown above and to pay interest hereon, but solely from the sources hereinafter referred to, at the rate set forth above from the most recent Interest Payment Date (as defined in the Twenty-Eighth Supplement, as defined below) to which interest has been paid or duly provided for, or from the date of authentication hereof if such Interest Payment Date is a date of authentication, or from the next succeeding Interest Payment Date if such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, or from the Dated Date specified above if no interest has been paid or duly provided for, such payments of interest to be made on each January 1 and July 1, commencing on ____ 1, 20__, until the principal hereof has been paid or duly provided for as

aforesaid. The principal of and interest on this Bond may be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public or private debts. The principal of this Bond is payable to the registered owner hereof upon presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association, as trustee (together with any successor as trustee under the Agreement, as defined below, the “Trustee”), in St. Paul, Minnesota, or such other place as designated by the Trustee, in lawful money of the United States of America. Capitalized terms used in this Bond and not defined herein shall have the meanings given them in the Agreement (as defined below).

This Bond is one of a duly authorized issue of the Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the “Series 2018-A Bonds”). This Bond is issued pursuant to an Amended and Restated Trust Agreement, dated as of January 1, 2010 (the “Trust Agreement”), by and between the Authority and the Trustee, and a Twenty-Eighth Supplemental Trust Agreement, dated as of April 1, 2018 (the “Twenty-Eighth Supplement”), by and between the Authority and the Trustee, setting forth the terms and authorizing the issuance of the Series 2018-A Bonds (said Trust Agreement as amended and supplemented, including as supplemented by the Twenty-Eighth Supplement, being the “Agreement”). Said authorized issue of Bonds is limited in aggregate principal amount as provided in the Agreement, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Agreement provided, all issued and to be issued pursuant to the provisions of Section 130500 *et seq.* of the California Public Utilities Code, as amended from time to time (the “Act”). The Series 2018-A Bonds constitute Senior Bonds under the Agreement. Reference is hereby made to the Agreement and to the Act for a description of the terms on which the Series 2018-A Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Pledged Revenues (as that term is defined in the Agreement), and the rights of the Registered Owners of the Series 2018-A Bonds. All the terms of the Agreement and the Act are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner from time to time of this Bond, and to all the provisions thereof the Registered Owner of this Bond, by its acceptance hereof, consents and agrees.

Additional Senior Bonds and Senior Parity Debt may be issued or incurred on a parity with the Series 2018-A Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Agreement.

The Senior Bonds currently outstanding and hereafter issued by the Authority, and the interest thereon, are payable from, and are secured by a charge and lien on, the Pledged Revenues derived by the Authority from the Proposition C Sales Tax. All of the Senior Bonds, including the Series 2018-A Bonds, and Senior Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Pledged Revenues, and the Pledged Revenues constitute a trust fund for the security and payment of the interest on and principal of the Series 2018-A Bonds; but nevertheless out of Pledged Revenues certain amounts may be applied for other purposes as provided in the Agreement.

The Series 2018-A Bonds are limited obligations of the Authority and are payable, both as to principal and interest, solely from the Pledged Revenues and by certain other amounts held by the Trustee under the Agreement.

The general fund of the Authority is not liable, and neither the credit nor the taxing power of the Authority is pledged (other than as described above), for the payment of the Series 2018-A Bonds or their interest. The Series 2018-A Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Pledged Revenues.

This Bond shall be issued pursuant to a book-entry system administered by DTC (together with any successor thereto, "Securities Depository"). The book-entry system will evidence beneficial ownership of the Series 2018-A Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book-entry system is in effect, transfer of principal and interest payments, and provisions of notices or other communications, to beneficial owners of the Series 2018-A Bonds will be the responsibility of the Securities Depository as set forth in the Agreement.

This Bond is transferable or exchangeable for other Authorized Denominations upon surrender of this Bond at the corporate trust office of the Trustee in St. Paul, Minnesota, or such other place as designated by the Trustee, accompanied by a written instrument of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Authority and the Registrar, duly executed by the registered owner hereof or by his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Agreement, and upon surrender and cancellation of this Bond. Upon such transfer a new fully authenticated and registered Series 2018-A Bond or Series 2018-A Bonds without coupons, of Authorized Denomination or Authorized Denominations, of the same series, tenor, maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Authority, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Authority, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the Authority and of the holders and registered owners of the Series 2018-A Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Series 2018-A Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the Authority pertaining to the Pledged Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Agreement or the Act.

This Bond shall not be entitled to any benefit under the Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, THE LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY has caused this Bond to be executed in its name and on its
behalf as of the ___ day of _____, 20__.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
[_____] , [_____]

AUTHENTICATION CERTIFICATE

This Bond is one of the Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A of the Los Angeles County Metropolitan Transportation Authority, described in the within-mentioned Agreement.

Dated: _____, 20__

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Representative

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

(Please insert Social Security or Identification Number of Transferee)

(Please print or typewrite name and address, including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Bond on the books kept for registration thereof, all power of substitution in the premises.

Dated:

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

REFUNDED BONDS

Los Angeles County Metropolitan Transportation Authority
Proposition C Sales Tax Revenue Bonds
Second Senior Bonds
Series 2008-A

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal to Be</u> <u>Redeemed</u>	<u>Redemption</u> <u>Price</u>	<u>Redemption</u> <u>Date</u>	<u>CUSIP</u> <u>Number</u>
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