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Agenda - Final

Wednesday, April 15, 2020

1:00 PM

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(ALSO APPLIES TO BOARD COMMITTEES)

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A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board must be submitted electronically using the tablets available in the Board Room lobby. Individuals requesting to speak will be allowed to speak for a total of three (3) minutes per meeting on agenda items in one minute increments per item. For individuals requiring translation service, time allowed will be doubled. The Board shall reserve the right to limit redundant or repetitive comment.

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In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

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- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
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NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

CALL TO ORDER

ROLL CALL

- 12. SUBJECT: PROPERTY INSURANCE PROGRAM** [2020-0092](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to negotiate and purchase All Risk Property and Boiler and Machinery insurance policies for all property at the current policy limits at a not to exceed price of \$4.2 million for the 12-month period May 10, 2020 through May 10, 2021.

Attachments: [Attachment A recommended program final](#)
[Attachment B alternatives considered final](#)

- 13. SUBJECT: LEASE AGREEMENT WITH NREA-TRC 700, LLC, FOR THE LA METRO TRANSIT CUSTOMER CENTER LOCATED AT 700 W. 7TH STREET, SUITE G80, LOS ANGELES** [2020-0229](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) to execute a seven (7)-year lease agreement with NREA-TRC 700, LLC (“Landlord”) for an LA Metro Transit Customer Center (“TCC”) at 700 West 7th Street, Suite G80, Los Angeles (see Attachment A - Lease Location & Plan Draft), commencing approximately August 1, 2020 with a total lease value of approximately \$1.8 million (see Attachment B - Deal Points).

Attachments: [Attachment A - Lease Location and Plan Draft](#)
[Attachment B - Deal Points](#)

(CARRIED OVER FROM MARCH)

- 14. SUBJECT: PROPOSITION C BONDS** [2020-0221](#)

RECOMMENDATION

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the issuance of bonds to refund the Proposition C Series 2010-A Bonds, consistent with the Debt Policy to achieve approximately \$4.4 million in net present value savings over the three-year life of the bonds;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Escrow Agreement, Continuing

Disclosure Certificate, Bond Purchase Contract 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)

Attachments: [Attachment A - Authorizing Resolution](#)

(CARRIED OVER FROM MARCH)

15. SUBJECT: MEASURE R BONDS

[2020-0222](#)

RECOMMENDATION

CONSIDER:

A. ADOPTING a Resolution, Attachment A, that:

1. AUTHORIZES Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds in one or more series, to refinance one or more of Metro's Transportation Infrastructure Finance and Innovation Act ("TIFIA") Loans to achieve up to \$170 million estimated net present value savings over the 18-year life of the bonds through the negotiated bond sale of up to \$1.75 billion of bonds.
2. APPROVES the forms of the supplemental trust agreement, second amended and restated trust agreement, junior subordinate trust agreement, supplemental junior subordinate trust agreement, continuing disclosure certificate, preliminary official statement and such other documents as required for the issuance of the bonds, and approves related documents on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the Resolution;
3. APPROVES the form of the bond purchase contract on file with the Board Secretary, that will be entered into with the underwriters as listed in Attachment B hereto; and
4. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of the bond purchase contract and bond documentation associated with the issuance of the Measure R Junior Subordinate Sales Tax

Revenue Refunding Bonds (the "Refunding Bonds").

- B. ESTABLISHING an underwriter pool as shown in Attachment B that will be used to select underwriters for all future negotiated debt issues through June 30, 2024; and
- C. APPOINTING the underwriter team selected for the Refunding Bonds from the above underwriter pool as shown in Attachment B that will be used to market the refunding bonds.

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)

Attachments: [Attachment A - Authorizing Resolution](#)
 [Attachment B - Summary of Underwriter Selection](#)
 [Attachment C - Findings of Benefit](#)
 [Presentation](#)

(CARRIED OVER FROM MARCH)

- 16. SUBJECT: ANNUAL FINANCIAL AND COMPLIANCE AUDITS OF METRO AND ITS COMPONENT UNITS** [2020-0250](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a five-year, firm fixed-price Contract No. PS64807000 to Crowe LLP to provide Annual Financial and Compliance Audit Services in the amount of \$1,836,135 effective April 24, 2020, subject to resolution of protest(s), if any.

Attachments: [Attachment A - Procurement Summary .pdf](#)
 [Attachment B - DEOD Summary.pdf](#)

(CARRIED OVER FROM MARCH)

- 17. SUBJECT: CURRENCY PROCESSING SERVICES** [2020-0246](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 3 to Contract No. OP39497-2000 to exercise three (3), one-year options with Los Angeles Federal Armored Services, Inc. to provide currency processing services, in the amount of \$572,000 for Option Year 2, \$629,000 for Option Year 3, and \$686,400 for Option Year 4, for a combined total amount of \$1,887,400, increasing the contract value from \$972,400 to \$2,859,800, and extending the contract term to December 31, 2022.



Board Report

File #: 2020-0092, File Type: Program

Agenda Number: 12.

FINANCE, BUDGET AND AUDIT COMMITTEE APRIL 15, 2020

SUBJECT: PROPERTY INSURANCE PROGRAM

ACTION: PURCHASE ALL RISK PROPERTY AND BOILER AND MACHINERY INSURANCE

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to negotiate and purchase All Risk Property and Boiler and Machinery insurance policies for all property at the current policy limits at a not to exceed price of \$4.2 million for the 12-month period May 10, 2020 through May 10, 2021.

ISSUE

The All Risk Property and Boiler and Machinery insurance policies expire on May 10, 2020.

DISCUSSION

Property insurance protects against losses to our structures, fleets and improvements, which are valued at approximately \$13.3 billion up from last year's \$12.3 billion. The increase in total insured value is primarily due to general replacement cost growth along with revaluation of both heavy and light rail vehicles and the addition of the Crenshaw/LAX light rail line to Metro's property program. Property insurance is required by many contracts and agreements, such as our lease/leaseback deals involving a number of our operating assets.

Our insurance broker, USI Insurance Services ("USI") marketed the property program to qualified insurance carriers to obtain property insurance pricing with coverage limits of \$400 million. Quotations for our property insurance program were received from carriers with A.M. Best ratings indicative of acceptable financial soundness and ability to pay claims. Final pricing is pending, so the quotes including contingency for unanticipated adjustments serve as a not to exceed cost before policy binding.

The Recommended Program secures the All Risk deductible at \$250,000 with no earthquake coverage and a flood deductible at 5% per location subject to a \$250,000 minimum. USI continues negotiations with carriers regarding deductible limits on selected Metro assets including rolling stock, non-revenue vehicles and potential flooding in subway tunnels. If a loss exceeds the deductible, All Risk coverage is provided up to \$400 million per occurrence for losses except for flood related damages that are covered up to \$150 million. The recommended program is the same as the prior

year program. Attachment A shows the outline of the recommended program structure. The not to exceed premium price includes a contingency for premium adjustments, taxes and fees due to on-going negotiations with insurance carriers.

The recommended program does not include earthquake coverage. We received quotes estimated at \$2.9 million for \$50 million in limits with a 5% of total insured value deductible. LACMTA has not purchased earthquake coverage in previous years. In the event of a major disaster, we believe funding would be available through federal and state sources to restore public transportation in Southern California. The lack of earthquake coverage is consistent with decisions made by other large local government agencies.

We evaluated terrorism coverage options this renewal cycle and have not opted to purchase the coverage. Terrorism coverage is available but does not appear to be cost effective at a quoted cost of \$410,000 for \$400 million limits with a \$50,000 deductible. The Terrorism Risk Insurance Act (TRIA) provides government support by providing mechanisms for spreading losses across policyholders. In the past, we rejected this coverage because of the high likelihood of federal and state funding to restore transportation services as a result of a serious terrorism incident. We will continue to reject terrorism coverage at the present time.

The current and recommended programs of insurance are layered structures. Several insurance carriers participate in the program with each contributing a portion of coverage which maintains a diversified portfolio of insurance carriers. Continual monitoring through internal methods, as well as updates provided by USI, ensure that all carriers maintain the required financial ratings indicated by financial reporting agencies and as determined by A.M. Best.

In February and March, USI contacted multiple domestic and international insurance providers to present our property risks and supplemental data. USI provided an overview of the Metro transit system during discussions with the underwriters, including our extensive security infrastructure, fire protection, loss control and minimal risk of flood exposures. USI provided information and statistics on system operations, assets and our excellent loss history over the past nineteen years with one fixed property insurable event and under \$1.3 million insurable losses of rolling stock and non-revenue vehicles.

The LACMTA property program continues to be well received by insurers due to our favorable loss history and the growth of the account from \$6.7 billion in values in 2007 to \$13.3 billion for this renewal. As such, USI presented the submission to incumbent and competing insurers to create competition in the insurance marketplace. The marketing effort resulted in maintaining many of our incumbent carriers for the recommended program. Our rate per million dollars of insurable value is \$316 for the recommended program which represents a 33.1% rate increase per million dollars of insured value over the prior year. Some of the major factors driving the rate increase are summarized in the following paragraphs.

The property insurance market is currently experiencing major upheaval. Capital (and therefore capacity) has either been exhausted or withdrawn from the market in a way that has not been seen since 2001. Losses from 2017 and 2018 continue to show higher than expected loss development. Carriers are looking to return their portfolios to profit and this has led to universal rate increases

(even for insureds that are claims-free) of between 15% and 50% depending on size, business type and geography.

The rail sector has been especially hard hit. Although "rail" in this context applies largely to Class 1 railroads (Amtrak, BNSF etc.) the same carriers participate in regional rail and transit system programs. Some carriers have withdrawn from this sector altogether, such as Great American and Aspen, and most others have cut back their capacity.

Along with premium increases, carriers are looking for higher deductibles and more restrictive terms. Carriers are rating on the potential for loss (regardless of good loss history) and with increased valuations on buses and rail cars, are rating on total loss estimates. Most carriers are reducing their capacity 20%-50%, in some cases requiring more carriers to participate on programs in order to maintain limits.

Metro has enjoyed some of the lowest rates among transit systems and remains an attractive client within this space. Unfortunately, the space is not held in the regard it was just a few years ago. The rates applied to other similar accounts is often multiples of Metro's quoted rate. This year's renewal reflects our continuing favorable insurability and ability to take full advantage of USI marketing efforts in a very different and demanding market environment from previous years.

DETERMINATION OF SAFETY IMPACT

Approval of this procurement will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

The funding for two months of \$700,000 for this action is included in the FY20 budget in cost center 0531, Risk Management - Non Departmental Costs, under projects 100001 - General Overhead, 300022 - Rail Operations - Blue Line, 300033 - Rail Operations - Green Line, 300044 - Rail Operations - Red Line, 300055 - Gold Line, 300066 - Expo Line, 301012 - Metro Orange Line, 306001 - Operations Transportation, 306002 - Operations Maintenance, 320011 - Union Station, and 610061 - Owned Property in account 50601 (Ins Prem For Phys Damage). The remaining ten months of premiums will be included in the FY20 budget, cost center 0531, Risk Management - Non Departmental Costs, under projects 100001 - General Overhead, 300022 - Rail Operations - Blue Line, 300033 - Rail Operations - Green Line, 300044 - Rail Operations - Red Line, 300055 - Gold Line, 300066 - Expo Line, 301012 - Metro Orange Line, 306001 - Operations Transportation, 306002 - Operations Maintenance, 320011 - Union Station, and 610061 - Owned Property in account 50601 (Ins Prem For Phys Damage). In FY20, an estimated \$3.2 million will be expensed for property insurance.

Impact to Budget

There is no impact on the FY20 budget. The current fiscal year funding for this action will come from the Enterprise, General and Internal Service funds. No other sources of funds were considered for this activity because these are the funds that benefit from the insurance. This activity will result in a negligible change to operating costs from the prior fiscal year.

ALTERNATIVES CONSIDERED

The current program, the recommended program and an option with earthquake coverage are summarized in Attachment B. Based upon our past history of favorable renewal and losses, we recommend continuing the current program of insurance as the most cost effective and prudent program. The option adding earthquake coverage is not recommended because the high cost of the earthquake premium does not justify the benefit of the coverage.

NEXT STEPS

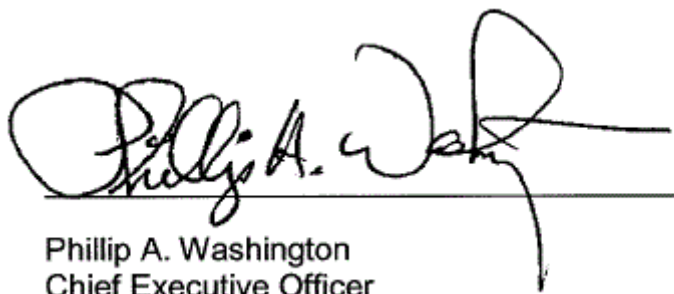
Upon Board approval of this action, we will advise USI to proceed with placement of the property insurance program outlined herein effective May 10, 2020.

ATTACHMENTS

Attachment A - Recommended Pricing and Carriers
Attachment B - Alternatives Considered

Prepared by: Tim Rosevear, Manager, Risk Financing, (213) 922-6354

Reviewed by: Kenneth Hernandez, Chief Risk, Safety and Asset Management Officer, (213) 922-2990



Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

RECOMMENDED PROGRAM PRICING AND CARRIERS



USI Insurance Services
Proposed Property/B&M Insurance Summary 2020 - 2021 (as of March 20, 2020)
Los Angeles County Metropolitan Transportation Authority

Limit	Excess of	Coverage	Carrier - Best Rating	Participation (\$)	Participation (%)	Premium (layer)	Total Layer Premium
\$250M	\$150M	All Risk Excluding Flood & Earthquake	Chubb Bermuda - AA	\$250,000,000	100.00%	\$441,000	\$441,000
				\$250,000,000	100.00%		\$441,000
\$150M	Underlying Deductibles	All Risk Excluding Earthquake	Lexington Insurance Co - A XV	\$60,000,000	40.00%	\$2,693,755	\$1,077,502
			Liberty Mutual Fire Insurance Co- A XV	\$15,000,000	10.00%	\$3,937,250	\$393,725
			Ironshore Specialty Ins Co - A XIV	\$10,000,000	6.67%	\$4,063,238	\$271,018
			Starr Specialty Insurance Agency - A XV	\$30,000,000	20.00%	\$3,286,920	\$657,384
			Houston Casualty Company - A++ XV	\$10,000,000	6.67%	\$6,952,939	\$463,761
			HDI/Mitsui/Travelers	\$25,000,000	16.66%	\$4,231,879	\$705,031
				\$150,000,000	100.00%		\$3,568,421

Estimated Program Premiums *	\$4,009,421
Contingency for carrier premium, tax and fee adjustments	\$190,579
Estimated Program Not-To-Exceed Total	\$4,200,000

* Subject to finalization of on-going negotiations with carriers. Amounts show are estimates only.

Terrorism pricing is not included above.
 Earthquake pricing is not included above.

ATTACHMENT B

ALTERNATIVES CONSIDERED

	Current Program	Recommended Program (Quota Share Primary)*	Recommended Program With Earthquake*
Deductibles	\$250,00 All Risk / 5% of location value for Flood	\$250,00 All Risk / 5% of location value for Flood	\$250,000 All Risk/5% of structure value for Earthquake and Flood
All Risk Limits	\$400 Million	\$400 Million	\$400 Million
Flood Limits	\$150 Million	\$150 Million	\$150 Million
Earthquake Limits	None	None	\$50 Million after first 5% per location deductible
Terrorism	None	None	None
Total not to Exceed or Actual Premium	\$2,965,338	\$4,200,000	\$7,100,000

* recommended programs are not to exceed amounts.



Board Report

File #: 2020-0221, **File Type:** Resolution

Agenda Number: 14.

**FINANCE, BUDGET AND AUDIT COMMITTEE
APRIL 15, 2020**

SUBJECT: PROPOSITION C BONDS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the issuance of bonds to refund the Proposition C Series 2010-A Bonds, consistent with the Debt Policy to achieve approximately \$4.4 million in net present value savings over the three-year life of the bonds;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Escrow Agreement, Continuing Disclosure Certificate, Bond Purchase Contract 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, Senior Bonds, Series 2010-A (the "2010-A Bonds"). Approximately \$37.15 million of the outstanding 2010-A Bonds can be refunded. Under current market conditions, the issuance of the Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds (the "Refunding Bonds") would achieve approximately \$4.4 million in net present value savings over the three plus year life of the bonds.

BACKGROUND

The 2010-A Bonds may be current refunded in early May 2020 as their call date is July 1, 2020. The Debt Policy establishes criteria to evaluate refunding opportunities. The refunding

of the 2010-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.

DISCUSSION

The Refunding Bonds will be sold as fixed rate bonds. The Refunding Bonds will either be issued using a competitive process where prospective underwriters bid on the date of sale or a negotiated process where a price is negotiated between Metro and underwriters for the purchase of the bonds. The Refunding Bonds will be sold to the underwriter offering the lowest true interest cost in a competitive process or to a group of underwriters in a negotiated process. 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 if a competitive process is pursued, all bids will be rejected, and the sale will be rescheduled.

DETERMINATION OF SAFETY IMPACT

Approval of this report will not impact the safety of Metro's patrons or employees.

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.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following Metro Strategic Plan Goal:

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

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 that interest rates will remain low enough to generate comparable benefit. Federal Reserve Bank actions and political and other market and economic conditions may push interest rates higher and 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 or negotiate the sale of bonds with the underwriters

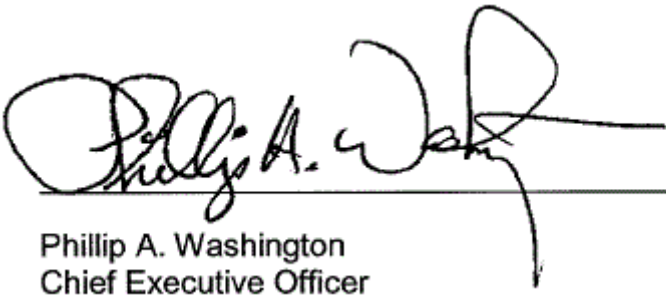
- Finalize bond documentation and deliver the Refunding Bonds

ATTACHMENTS

Attachment A - Authorizing Resolution

Prepared by: Rodney Johnson, Senior Director, Finance (213) 922-3417
Donna Mills, Treasurer (213) 922-4047

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



Phillip A. Washington
Chief Executive Officer

Additional Documents

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Prop_C_2020_A_Continuing_Disclosure_Certificate.pdf

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Prop_C_2020_A_Escrow_Agreement.pdf

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Prop_C_2020_A_Notice_Inviting_Bids.pdf

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Prop_C_2020_A_Notice_of_Intention_to_Sell.pdf

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Prop_C_2020_A_POS.pdf

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Prop_C_2020_A_Purchase_Contract.pdf

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Prop_C_2020_A_Thirty_First_Supplemental_Trust_Agreement.pdf

Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF ITS LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY PROPOSITION C SALES TAX REVENUE REFUNDING BONDS, APPROVING THE EXECUTION AND/OR DELIVERY OF A SUPPLEMENTAL TRUST AGREEMENT, AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, A NOTICE OF INTENTION TO SELL BONDS, A NOTICE INVITING BIDS, A BOND PURCHASE AGREEMENT, AS APPLICABLE, THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH.

(PROPOSITION C SALES TAX)

W I T N E S S E T H:

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”), has issued multiple series of bonds, including its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2010-A (the “Series 2010-A Bonds”); 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, Series 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; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2017-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds); Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-B; and Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2019-C (collectively, the “Prior Senior Bonds”); and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more series of its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, from time to time and in one or more transactions (collectively, the “Refunding Bonds”) to: (a) current refund all or a portion of the outstanding Series 2010-A Bonds (the Series 2010-A Bonds so refunded shall be collectively referred to herein as the “Refunded Series 2010-A Bonds”), provided that the refunding of the Refunded Series 2010-A Bonds is consistent with the Debt Policy of the LACMTA (the “Debt Policy”) as in effect at the time of pricing of the applicable series of Refunding Bonds; (b) fund or make provision for one or more reserve funds or accounts, if necessary or desirable, for the Refunding Bonds; and (c) pay certain costs of issuance related thereto (collectively, the “Financing”); and

WHEREAS, in connection with each issuance of the Refunding Bonds, the LACMTA may either (a) enter into one or more Bond Purchase Agreements (a “Purchase Agreement”), to be dated as of sale of the Refunding Bonds, between the LACMTA and one or more municipal broker-dealers, banking and financial institutions and/or other persons (each, an “Underwriter”) as the Designated Officer (as defined in Section 2 of this Resolution) deems necessary or desirable or (b) undertake a competitive process for the sale of the Refunding Bonds to one or more Underwriters; and

WHEREAS, the sale of the Refunding Bonds shall be in accordance with the Debt Policy; and

WHEREAS, 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 will supplement the Trust Agreement for the purposes of providing the terms and conditions of the Refunding Bonds;

(b) an Escrow Agreement (the “Escrow Agreement”), among the LACMTA, the Trustee and U.S. Bank National Association, as escrow agent, which will be executed and delivered in connection with the refunding and defeasance of the Refunded Series 2010-A Bonds;

(c) a Preliminary Official Statement (the “Preliminary Official Statement”), which will provide information about the Refunding Bonds, the LACMTA, the Proposition C Tax and certain other related matters, and will be used, from time to time, in connection with the offer and sale of the Refunding Bonds;

(d) a Notice of Intention to Sell Bonds (the “Notice of Intention to Sell Bonds”), which will be published in connection with any proposed sale of the Refunding Bonds, if the Refunding Bonds are sold on a competitive basis;

(e) a Notice Inviting Bids (the “Notice Inviting Bids”), which will set forth the terms and the manner in which proposals from qualified bidders for the purchase of the Refunding Bonds shall be received, if the Refunding Bonds are sold on a competitive basis;

(f) a Purchase Agreement, which will set forth the terms and the manner in which the LACMTA will sell and issue the Refunding Bonds and the Underwriters thereunder, to be selected by the Designated Officer, will purchase the Refunding Bonds, if the Refunding Bonds are sold on a negotiated basis; and

(g) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), which will be executed by the LACMTA and will be used in order to assist the underwriters of the Refunding Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), and which will provide for the annual and periodic update of certain financial and operating data with respect to the LACMTA and the collection of the Proposition C Tax, among other things, and certain enumerated events; and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said 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 said documents are subject to completion to reflect the results of the sale of the Refunding Bonds; 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”) pursuant to the terms of the Trust Agreement to secure the Prior Senior Bonds and certain other obligations of the LACMTA, and once issued, the Refunding Bonds will be “Bonds” and “Senior Bonds” as defined in the Trust Agreement and will be secured by the pledge of the Pledged Revenues under the Trust Agreement; and

WHEREAS, the LACMTA desires to designate the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any 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, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the Financing and to authorize the execution and/or delivery of a Supplemental Trust Agreement, an Escrow Agreement, a Notice of Intention to Sell Bonds, a Notice Inviting Bids, a Purchase Agreement, as applicable, and a Continuing Disclosure Certificate, the preparation of one or more Preliminary Official Statements and the preparation, execution and delivery of one or more Official Statements (as hereinafter defined) for the purposes, in the manner and upon the terms provided; 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 OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

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

(a) The issuance of one or more series of its Refunding Bonds under the Trust Agreement to current refund all or a portion of the Series 2010-A Bonds (provided that the refunding of the Refunded Series 2010-A Bonds is consistent with the Debt Policy as in effect at the time of pricing of the applicable series of Refunding Bonds), to fund or make provision for one or more reserve funds or accounts, if necessary or desirable, for the Refunding Bonds, and to pay certain costs related to the issuance of the Refunding Bonds, 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 Bonds were issued, pledged, along with the Pledged Revenues, to secure the Prior Senior 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.

Section 2. Issuance of Refunding Bonds. The Board hereby authorizes the issuance by the LACMTA of one or more series of Refunding Bonds, from time to time and in one or more transactions, for the purposes of (a) current refunding all or a portion of the Series 2010-A Bonds (provided that the refunding of the Refunded Series 2010-A Bonds is consistent with the Debt Policy as in effect at the time of pricing of the Refunding Bonds as determined and calculated at the discretion of the Treasurer of the LACMTA, which shall be conclusive for all purposes of this Resolution), (b) funding or making provision for one or more reserve funds or accounts, if necessary or desirable, for the Refunding Bonds, and (c) paying certain costs of issuance related to the issuance of the Refunding Bonds. The aggregate principal amount of the Refunding Bonds issued by the LACMTA shall not exceed an amount sufficient (taking into account any original issue discount) to refund all or a portion of the Series 2010-A Bonds, fund or make provision for one or more reserve funds or accounts, if necessary or desirable, for the Refunding Bonds, and pay certain costs related to the issuance of the Refunding Bonds (including, but not limited to, underwriters' discount), and in any event the aggregate principal amount of all Refunding Bonds shall not exceed \$37.5 million. The True Interest Cost of the Refunding Bonds shall not exceed 3.00%, as such shall be calculated by LACMTA's municipal advisor as of the date of delivery of each series of the Refunding Bonds. The Refunding Bonds shall not mature later than the final maturity date of the Refunded Series 2010-A Bonds that are being refunded with proceeds of the Refunding Bonds.

The Refunding Bonds shall be issued in a manner by which the interest thereon is excludable from gross income under the Internal Revenue Code of 1986, as amended. The Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any 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 severally authorized to determine the actual aggregate principal amount of the Refunding Bonds to be issued (not in excess of the maximum amount set forth above), 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. The Refunding Bonds shall be in fully registered form and shall be issued as Book-Entry Bonds as provided in the Supplemental Trust Agreement. Payment of the principal of, interest on and premium, if any, on the Refunding Bonds shall be made at the place or places and in the manner provided in the Supplemental Trust Agreement.

As used herein, the term "True Interest Cost" shall be the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Refunding Bonds and to the principal amount, and premium or discount if any, of the Refunding Bonds. For the purpose of calculating the True Interest Cost, the principal amount of the Refunding Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity for such year. The calculation of the True Interest

Cost shall include such other reasonable assumptions and methods as determined by the LACMTA's municipal advisor.

Section 3. Terms of the Refunding Bonds. The Refunding Bonds shall be issued as current interest bonds and shall be available in denominations of \$5,000 and integral multiples thereof. The Refunding Bonds, when issued, shall be in the aggregate principal amounts and shall be dated as shall be provided in the final form of 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 at the rates and on the dates set forth in the Supplemental Trust Agreement. No Refunding Bond shall bear interest at a rate in excess of 5.00% per annum. The Refunding Bonds shall 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 issued as term bonds also shall be subject to mandatory sinking fund redemption as shall be set forth in the Supplemental Trust Agreement(s).

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

Section 4. Special Obligations. The Refunding Bonds shall be special obligations of the LACMTA secured by and payable from the Pledged Revenues 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.

Section 5. 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 Exhibit A to the Supplemental Trust Agreement on file with the Secretary of the Board and made available to the Board, 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 obligations represented thereby.

Section 6. 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 shall have the same force and effect as if such officer had manually signed each of such Refunding Bonds.

Section 7. Approval of Documents, Authorization for Execution. The form, terms and provisions of the Supplemental Trust Agreement, the Escrow Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids, Purchase Agreement and the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board within the parameters set forth in this Resolution are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA one or more Supplemental Trust

Agreements, one or more Escrow Agreements, one or more Notices of Intention to Sell Bonds, one or more Notices Inviting Bids, one or more Purchase Agreements, as applicable, and one or more Continuing Disclosure Certificates, including counterparts thereof. The Supplemental Trust Agreement(s), the Escrow Agreement(s), the Notice(s) of Intention to Sell Bonds, the Notice(s) Inviting Bids, Purchase Agreement(s), as applicable, and the Continuing Disclosure Certificate(s), as executed and delivered, shall be in substantially the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Supplemental Trust Agreement, the Escrow Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids, the Purchase Agreement and the Continuing Disclosure Certificate now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids, each Purchase Agreement, as applicable, and each Continuing Disclosure Certificate, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids, each Purchase Agreement, as applicable, and each Continuing Disclosure Certificate.

Section 8. Sale of Refunding Bonds.

(a) The LACMTA hereby authorizes the sale of the Refunding Bonds from time to time in one or more series through one or more competitive sales and/or one or more private, negotiated sales to one or more Underwriters, as determined by a Designated Officer.

(b) The Bonds, if sold to the Underwriter or Underwriters, shall be sold subject to an underwriters' discount (excluding original issue discount) not to exceed \$[] per \$1,000 of principal amount of Refunding Bonds and subject to the terms and conditions set forth in the Purchase Agreement or the published bid notice.

(c) If a Designated Officer determines to sell some or all of the Bonds in one or more competitive sales, the Designated Officers are each authorized and directed to:

(i) From time to time, 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 receipt of bids through the use of computerized bidding systems) upon the terms and in the manner set forth in each Notice Inviting Bids.

(ii) Execute one or more 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 each such Notice Inviting Bids.

(iii) Cause each Notice of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of each series of the Refunding Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by Bond Counsel and/or a Designated Officer), a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the Refunding Bonds, at least five days prior to the sale of each series 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.

(iv) Cause each Notice Inviting Bids to be published, if determined by Bond Counsel and/or a Designated Officer to be necessary or desirable (after completion, modification or correction thereof reflecting the terms of each series of the Refunding Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in such publication(s) as selected by a Designated Officer and Bond Counsel and any such action previously taken is hereby confirmed, ratified and approved.

(v) Distribute each Notice Inviting Bids (including via electronic methods) to such municipal broker-dealers, banking and financial institutions and other persons as such Designated Officer deems necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(vi) On behalf of the LACMTA, 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(s) Inviting Bids herein approved and to award the Refunding Bonds, from time to time, to such best bidder(s).

(d) If a Designated Officer determines to sell some or all of the Refunding Bonds in one or more negotiated sales, each Designated Officer shall be authorized to appoint an Underwriter or Underwriters following a competitive request for proposal process or competitive request for proposal processes conducted by the LACMTA's Municipal Advisor or another process deemed appropriate by a Designated Officer.

(e) Take any other action such Designated Officer determines is necessary or desirable to cause any such sale to comply with the LACMTA's Debt Policy and applicable law.

Section 9. Preliminary Official Statement and Official Statement. One or more Preliminary Official Statements shall be used by the LACMTA in connection with the sale and issuance of the Refunding Bonds. The form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board is hereby approved. The Preliminary Official Statement shall be substantially in 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 a Designated

Officer approves (such approval to be conclusively evidenced by the execution and delivery of the certificate referenced in the following sentence). The Preliminary Official Statement shall be circulated (via printed format and/or through electronic means) for use in selling the Refunding Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by said Designated Officer to said effect. 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 with such changes as any Designated Officer determines are appropriate or necessary. The Preliminary Official Statement shall also contain a description of the Refunding Bonds and the terms and conditions of the Trust Agreement and the Supplemental Trust Agreement together with such information and description as a Designated Officer determines is appropriate or necessary.

Upon the sale of the Refunding Bonds, one or more of the Designated Officers shall provide for the preparation, publication, execution and delivery of one or more final Official Statements in substantially the form of the Preliminary Official Statement deemed final by a Designated Officer with such changes as any Designated Officer approves, such approval to be conclusively evidenced by the execution of such final Official Statement. Any Designated Officer is hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement(s) may be prepared and delivered reflecting updated and revised information as any Designated Officers deems appropriate or necessary. Each final Official Statement shall be circulated (via printed format and/or through electronic means) for use in selling the Refunding Bonds at such time or times as a Designated Officer deems appropriate after consultation with the LACMTA's Municipal Advisor, LACMTA's Disclosure Counsel and LACMTA's Bond Counsel and such other advisors as a Designated Officer believes to be useful.

Section 10. Trustee, Paying Agent and Registrar. U.S. Bank National Association is hereby appointed as Trustee, Paying Agent and Registrar for the Refunding Bonds. 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.

Section 11. Escrow Agent. U.S. Bank National Association is hereby appointed as Escrow Agent under the Escrow Agreement. Such appointment 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.

Section 12. Authorized Authority Representative. The Board hereby designates each of the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any 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 the Supplemental Trust Agreement. Such

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

Section 13. Additional Authorization. The Designated Officers, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the issuance of the Refunding Bonds, and the execution and delivery of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids, each Purchase Agreement, as applicable, and each Continuing Disclosure Certificate, 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 and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids, each Purchase Agreement, as applicable, and each Continuing Disclosure Certificate or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investment of the proceeds of the Refunding Bonds and of the Pledged Revenues including the execution and delivery of investment agreements or purchase agreements related thereto, the execution by a Designated Officer and the delivery of one or more tax certificates as required by each Supplemental Trust Agreement for the purpose of complying with the rebate and arbitrage requirements and restrictions of the Internal Revenue Code of 1986, as amended; and the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry Bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Any Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause written notice(s) to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the Refunding Bonds, said notice(s) to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice(s) 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, if necessary, 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 such notices are hereby ratified, confirmed and approved.

Section 14. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chief Executive Officer, the Chief Financial Officer, the Treasurer, any 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.

Section 15. Investments. From and after the delivery of the Refunding Bonds, each Designated Officer is hereby authorized to invest the proceeds of the Refunding Bonds in

accordance with the Trust Agreement, the Supplemental Trust Agreement, the Escrow Agreement and the LACMTA's Investment Policy and is further authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the "Investment Agreement") providing for the investment of moneys in any of the funds and accounts created under the Trust Agreement, the Supplemental Trust Agreement and the Escrow Agreement, on such terms as the Designated Officer shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the LACMTA hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Refunding Bonds or enhance the relationship between risk and return with respect to investments.

Section 16. Good Faith Estimates. In accordance with SB 450, good faith estimates of the following are set forth in 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.

Section 17. 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 each Supplemental Trust Agreement, each Escrow Agreement and each Continuing Disclosure Certificate 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, upon consultation with the LACMTA's municipal advisor and LACMTA's Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof.

Section 18. 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, municipal advisors, trustees, escrow agents, the costs associated with rating agencies, printing, publication and mailing expenses and any related filing fees.

Section 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.

Section 20. Effective Date. This Resolution shall be effective upon adoption and shall be effective with respect to the Refunding Bonds issued on or before December 31, 2020.

[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 _____, 2020.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2020

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Hilltop Securities Inc. (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:

Section 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 1.015652%.

Section 2. Finance Charge of the Refunding Bonds. Based on market interest rates prevailing at the time of preparation of this information and certain other available 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 \$268,816.45, as follows:

(a)	Underwriters' Discount	\$72,300.00
(b)	Bond Counsel and Disbursements	39,500.00
(c)	Disclosure Counsel and Disbursements	50,000.00
(d)	Municipal Advisor and Disbursements	16,200.00
(e)	Rating Agencies	54,500.00
(f)	Other	<u>46,316.45</u>
	Total	\$268,816.45

Section 3. Amount of Proceeds to be Received. Based on market interest rates prevailing at the time of preparation of this information and certain other available 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 Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, is \$32,267,629.55.

Section 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 Section 2 above not paid with the proceeds of the Refunding Bonds, calculated to the final maturity of the Refunding Bonds, is \$33,450,800.

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 sale, 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 the need to provide funds for the Financing 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 3.00%.



Board Report

File #: 2020-0222, **File Type:** Resolution

Agenda Number: 15.

**FINANCE, BUDGET & AUDIT COMMITTEE
APRIL 15, 2020**

SUBJECT: MEASURE R BONDS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. ADOPTING a Resolution, Attachment A, that:
 - 1. AUTHORIZES Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds in one or more series, to refinance one or more of Metro’s Transportation Infrastructure Finance and Innovation Act (“TIFIA”) Loans to achieve up to \$170 million estimated net present value savings over the 18-year life of the bonds through the negotiated bond sale of up to \$1.75 billion of bonds.
 - 2. APPROVES the forms of the supplemental trust agreement, second amended and restated trust agreement, junior subordinate trust agreement, supplemental junior subordinate trust agreement, continuing disclosure certificate, preliminary official statement and such other documents as required for the issuance of the bonds, and approves related documents on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the Resolution;
 - 3. APPROVES the form of the bond purchase contract on file with the Board Secretary, that will be entered into with the underwriters as listed in Attachment B hereto; and
 - 4. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of the bond purchase contract and bond documentation associated with the issuance of the Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds (the “Refunding Bonds”).
- B. ESTABLISHING an underwriter pool as shown in Attachment B that will be used to select underwriters for all future negotiated debt issues through June 30, 2024; and
- C. APPOINTING the underwriter team selected for the Refunding Bonds from the above underwriter pool as shown in Attachment B that will be used to market the refunding bonds.

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)

ISSUE

Long-term interest rates are at historic lows and currently provide the opportunity to refinance one or more of Metro's TIFIA loans. Issuing tax-exempt bonds to refinance the loans will lower debt expense.

BACKGROUND

The Refunding Bonds will refinance one or more of the TIFIA loans. The TIFIA Loans were secured as project specific financing for the Crenshaw/LAX Transit Corridor (2012), Regional Connector Transit Corridor (2014), the Westside Purple Line Extension Section 1 (2014), the Westside Purple Line Section 2 (2016) projects. The Refunding Bonds are currently estimated to provide net present value savings in excess of the minimum 3% of refunded par amount set forth in the Debt Policy criteria for evaluating refunding opportunities.

DISCUSSION

The Measure R Ordinance (Ordinance) anticipated and authorized the use of debt to finance projects in the Measure R Expenditure Plan. Metro's Long Range Transportation Plan (LRTP) assumes the issuance of long-term debt to deliver projects faster than the alternative "pay as you go" basis.

The primary benefits of using TIFIA loans to finance large capital projects occur during design and early construction phases. The TIFIA loans provided greater flexibility than traditional tax-exempt bonds during the early phases of the projects. Early phase benefits included:

- Loan draws based on our actual cash flow needs over time
- Up to 5-years of deferred draw-down of loan did not reset interest rate
- Interest did not accrue until the initial draw on the loan
- No prepayment penalty

The use of TIFIA loans proved to be not only prudent but successful in facilitating board approved infrastructure projects throughout Los Angeles County. However low rates available in the current market environment, coupled with the no prepayment penalty present an opportunity to replace the loans with lower cost debt, resulting in an economic benefit to Metro.

In accordance with Section 8(i)(4) of the Measure R Ordinance, the Proposition R Independent Taxpayers Oversight Committee of Metro (the "Oversight Committee") is required to find that the benefits of any proposed Measure R debt outweigh the costs of financing. After a review of the Ordinance, it was determined by County Counsel that the TIFIA refinancing does not require a finding of benefit by the Oversight Committee. This is due to the prior findings of benefit for each respective loan (Attachment C).

The negotiated sale method is recommended for this sale of Measure R Junior Subordinate Bonds.

This is in accordance with the Debt Policy criteria for determining the method of bond sale, including the relatively large size of the proposed sale on the junior subordinate lien level. Further, recent interest rate volatility in the bond markets due to economic uncertainty and geopolitical events also supports a negotiated sale. If market conditions change suddenly, a negotiated sale puts Metro in the best position to alter the sale date and/or bond structure as needed.

Additionally, a negotiated sale gives us greater ability to target investor groups dedicated to purchasing green bonds. Pending self-certification, the Crenshaw portion of the Refunding Bonds, approximately \$600 million, are expected to be refinanced as green bonds. The Crenshaw project has been previously verified by First Environment to meet the requirements under the Climate Bonds Initiative for low carbon assets and infrastructure.

The underwriter's sales force will assist with addressing any investor concerns regarding the issue size and junior subordinate lien. In performing due diligence, Metro met with firms in the investment community that purchase municipal debt. The firms were presented with the proposed details of the refinancing. Each of the firms conveyed a strong interest in Metro-backed debt and confirmed there will be strong market interest in the sale. Underwriters from the board-approved, negotiated pool will pre-market the issue, assist with the rating process and advise on market timing for pricing the bonds.

Consistent with the Metro Debt Policy, in order to select underwriters for this transaction, a competitive Request for Proposal (RFP) process was conducted by Montague DeRose and Associates (MDA), our lead Municipal Advisor. MDA received twenty-seven proposals. Treasury staff and MDA reviewed the proposals, evaluating them based on the criteria listed in the RFP. Of the twenty-seven received, fifteen are recommended for the negotiated underwriting pool. Four of the fifteen recommended firms are DBE/SBE/DVBE.

Staff is recommending a team of underwriters to be led by Wells Fargo Securities, who was ranked first in the selection process to lead the marketing and sales effort for the Refunding Bonds. The additional underwriting team members are Citigroup Global Markets, Bank of America Securities Inc., Barclays Capital, Loop Capital Markets LLC, and Ramirez & Co, Inc. Attachment B sets forth not-to-exceed "take down (commission)" the underwriters will receive as consideration for underwriting the transaction.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

The costs of issuance for the bonds will be paid from proceeds of the financing and will be budget neutral. The fund source for the bond principal and interest expense will be Measure R 35% Transit Capital. Expenses for this financing will be included in future budgets as follows: bond principal, account 51101 and bond interest account 51121.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following Metro Strategic Plan Goal:

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

Authorization of the sale and the appointment of the underwriters could be delayed. This is not recommended as market and geopolitical conditions could push interest rates higher, reducing or potentially eliminating the economic benefit of the transaction.

NEXT STEPS

- Obtain ratings on the bonds
- Complete legal documentation and distribute the preliminary official statement to potential investors, initiate the pre-marketing effort
- Negotiate the sale of the bonds with the underwriters

ATTACHMENTS

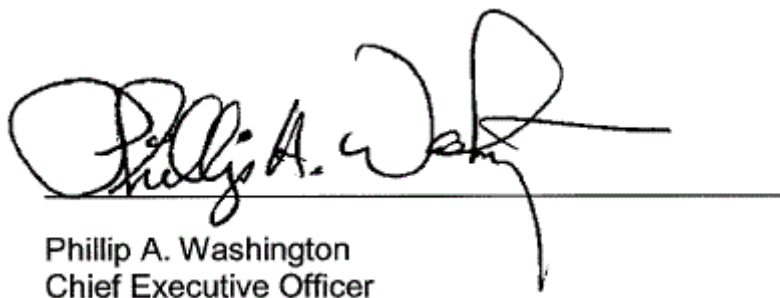
Attachment A - Authorizing Resolution

Attachment B - Summary of Underwriter Selection

Attachment C - Findings of Benefit

Prepared by: Donna R. Mills, Treasurer, (213) 922-4047
Rodney Johnson, Senior Director (213) 922-3417

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



Phillip A. Washington
Chief Executive Officer

Additional Documents

http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Continuing_Disclosure_Certificate.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_First_Supplemental_Junior_Subordinate_Trust_Agreement.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Junior_Subordinate_Trust_Agreement.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_POS.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Purchase_Contract.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Second_Amended_and_Restated_Trust_Agreement.pdf
http://libraryarchives.metro.net/DB_Attachments/LACMTA_Measure_R_2020_Sixth_Supplemental_Trust_Agreement.pdf

Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF ITS LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY MEASURE R JUNIOR SUBORDINATE SALES TAX REVENUE REFUNDING BONDS, APPROVING THE EXECUTION AND DELIVERY OF A SIXTH SUPPLEMENTAL TRUST AGREEMENT, A SECOND AMENDED AND RESTATED TRUST AGREEMENT, A JUNIOR SUBORDINATE TRUST AGREEMENT, A FIRST SUPPLEMENTAL JUNIOR SUBORDINATE TRUST AGREEMENT, A PURCHASE CONTRACT, A CONTINUING DISCLOSURE CERTIFICATE AND PRELIMINARY AND FINAL OFFICIAL STATEMENTS, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

(MEASURE R SALES TAX)

WITNESSETH:

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA") is a county transportation commission duly organized and existing pursuant to Section 130050.2 of the California Public Utilities Code; and

WHEREAS, the LACMTA is authorized by Sections 130350.4 and 130350.5 of the California Public Utilities Code to impose a retail transactions and use tax at a rate of 0.5% that is applicable in the incorporated and unincorporated areas of the County of Los Angeles, California (the "County") if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provision, the LACMTA, on July 24, 2008, adopted Ordinance No. 08-01, known as the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization (the "Ordinance") imposing the transactions and use tax for a period of 30 years, and the Ordinance was submitted to the electors of the County in the form of Measure R and approved by more than a two-thirds vote at an election held on November 4, 2008; and

WHEREAS, the Ordinance, as so approved, imposes for a period of 30 years, beginning July 1, 2009, a tax upon the sale of tangible personal property at retail at a rate of 1/2 of 1% of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of 1/2 of 1% of the sales price of the property whose storage, use or other consumption is subject to the tax (the "Measure R Sales Tax"); and

WHEREAS, Section 130500 et seq. of the California Public Utilities Code (the "Act") provides that the LACMTA may issue bonds, which terms includes indebtedness and securities of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, and all of such obligations shall be special obligations of the LACMTA, payable from the proceeds of the Measure R Sales Tax; and

WHEREAS, to facilitate the development and construction of the Rail, Bus and Highway Transit System, the LACMTA, as authorized by the Act, has heretofore executed and delivered (i) the TIFIA Loan Agreement, dated as of December 20, 2016, between the LACMTA and the United States Department of Transportation (the “TIFIA Lender”), (ii) the TIFIA Loan Agreement, dated as of May 21, 2014, between the LACMTA and the TIFIA Lender, and (iii) the TIFIA Loan Agreement, dated as of February 20, 2014 (collectively, the “Primary TIFIA Loan Agreements”), and the TIFIA Loan Agreement, dated as of September 28, 2012, between the Crenshaw Project Corporation (“CPC”) and the TIFIA Lender, the related Funding Agreement, dated as of September 28, 2012, between the LACMTA and CPC, and the related Direct Agreement, dated as of September 28, 2012, between the LACMTA and the TIFIA Lender (collectively, and as amended, the “Crenshaw TIFIA Loan Agreement,” and together with the Primary TIFIA Loan Agreements, the “TIFIA Loan Agreements”); and

WHEREAS, pursuant to the Act and the provisions of the Amended and Restated Trust Agreement, dated as of February 1, 2014 (as supplemented and amended from time to time, the “Trust Agreement”), between the LACMTA and U.S. Bank National Association, as trustee (the “Trustee”), the LACMTA is authorized to issue Senior Bonds, Subordinate Obligations and Junior Subordinate Obligations (each as defined in the Trust Agreement); 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 Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds (the “Bonds”), as Junior Subordinate Obligations, to (a) repay and retire all or a portion of its obligations under the TIFIA Loan Agreements (such TIFIA Loan Agreements repaid in full shall be referred to herein as “Refunded TIFIA Loan Agreements”); (b) finance Costs of the Project (as defined in the Trust Agreement) in an amount equal to the aggregate undrawn amounts under the Refunded TIFIA Loan Agreements; (c) fund a reserve fund and/or capitalized interest, at the discretion of a Designated Officer (as defined herein); and (d) pay the costs of issuance related thereto (collectively, the “Financing”); and

WHEREAS, to the extent that all obligations of the LACMTA under the Primary TIFIA Loan Agreements are repaid and retired in connection with the Financing, or the TIFIA Lender so consents, and any other required consents are obtained, to the extent that a Designated Officer determines that it is in the interest of the LACMTA to do so, the LACMTA desires to amend and restate the Trust Agreement, and execute and deliver a Junior Subordinate Trust Agreement and First Supplemental Junior Subordinate Trust Agreement to provide for the issuance of the Bonds (collectively, the “Amendment,” and together with the Financing, the “Transaction”), and

WHEREAS, the LACMTA has determined that it is in its best interest to sell the Bonds to the public through a negotiated sale to the underwriters selected through a competitive process by the LACMTA and approved by the Board pursuant to this Resolution (the “Underwriters”); and

WHEREAS, 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 Sixth Supplemental Trust Agreement (the “Sixth Supplemental Trust Agreement”), by and between the LACMTA and the Trustee, which, along with the Trust

Agreement, shall set forth the terms and provisions of the Bonds if the Second Amended and Restated Trust Agreement is not executed and delivered;

(b) a Second Amended and Restated Trust Agreement (the “Second Amended and Restated Trust Agreement”), by and between the LACMTA and the Trustee, amending and restating the Trust Agreement;

(c) a Junior Subordinate Trust Agreement (the “Junior Subordinate Trust Agreement”), by and between the LACMTA and U.S. Bank National Association, as trustee (the “Junior Subordinate Trustee”), providing for the issuance of Junior Subordinate Obligations if the Second Amended and Restated Trust Agreement is executed and delivered;

(d) a First Supplemental Junior Subordinate Trust Agreement (the “First Supplemental Junior Subordinate Trust Agreement”), by and between LACMTA and Junior Subordinate Trustee, which, along with the Second Amended and Restated Trust Agreement and the Junior Subordinate Trust Agreement, shall set forth the terms and provisions of the Bonds if the Second Amended and Restated Trust Agreement is executed and delivered;

(e) a Purchase Contract (the “Purchase Contract”), to be entered into by one or more of the Underwriters and the LACMTA, which shall set forth the terms of the sale of the Bonds;

(f) a Preliminary Official Statement (the “Preliminary Official Statement”), which will provide information about the Bonds, the LACMTA, the Measure R Sales Tax and certain other related matters, and will be used, from time to time, in connection with the offer and sale of the Bonds; and

(g) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), to be executed by the LACMTA, which will assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”); and

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

WHEREAS, the Board of the LACMTA desires to permit the issuance of the Bonds in one or more Series and from time to time so long as the refunding portion of 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); and

WHEREAS, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the Transaction and to authorize the execution and delivery of the Sixth Supplemental Trust Agreement, the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement, the First Supplemental Junior Subordinate Trust Agreement, the Purchase Contract and the Continuing Disclosure Certificate, the preparation of the Preliminary

Official Statement and the execution and delivery of the Official Statement (as hereinafter defined) for the purposes, in the manner and upon the terms provided; 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 and the Sixth Supplemental Trust Agreement or alternatively in the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement (each in the forms hereof made available to the Board);

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

Section 1. Findings. The Board finds and determines that the foregoing recitals are true and correct.

Section 2. Issuance of Bonds. The Board of the LACMTA hereby authorizes the issuance of one or more Series of Bonds from time to time in an aggregate principal amount not to exceed \$1,750,000,000, for the purpose of (a) repaying and retiring all or any portion of the obligations of the LACMTA under the TIFIA Loan Agreements; (b) financing Costs of the Project in an amount equal to the aggregate undrawn amounts under the Refunded TIFIA Loan Agreements; (c) funding a reserve fund and/or capitalized interest, at the discretion of a Designated Officer; and (d) paying the costs of issuance related thereto; *provided, however*, that, as of the date of sale of the Bonds, the issuance of such Series of 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 Bonds shall not mature later than June 1, 2037. 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 whether all or any portion, and which portion, of the obligations of the LACMTA under the TIFIA Loan Agreements shall be repaid and retired, whether any proceeds of the Bonds will fund a debt service reserve fund or capitalized interest and the amount thereof, the actual aggregate principal amount of each Series of Bonds to be issued and to direct the execution

and authentication of the Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized, and the execution of the Bonds shall be conclusive evidence of such determinations.

Section 3. Terms of Bonds. The Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement. The 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 Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement. Interest on the Bonds shall be paid on the dates set forth in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement. The Bonds may be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, or not be subject to redemption. The Bonds may also be subject to mandatory sinking fund redemption as and to the extent set forth in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement. Payment of principal of, and interest and premium, if any, on the Bonds shall be made at the place or places and in the manner provided in the Sixth Supplemental Trust Agreement, or alternatively in the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement.

Execution and delivery of the Sixth Supplemental Trust Agreement, or alternatively the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, which documents will contain 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.

Section 4. Special Obligations. The Bonds shall be special obligations of the LACMTA payable from and secured (on a junior subordinate basis) by a portion of the proceeds of the Measure R Sales Tax, and from certain funds and accounts held by the Trustee under the Trust Agreement or the Second Amended and Restated Trust Agreement as specified therein. The Bonds shall also be payable from and secured by such other sources as the LACMTA may hereafter provide.

Section 5. Execution of Bonds. Each of the 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 Bonds.

Section 6. Approval of Sixth Supplemental Trust Agreement. The form, terms and provisions of the Sixth Supplemental Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and

directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Sixth Supplemental Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Sixth Supplemental Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Sixth Supplemental Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Sixth Supplemental Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Sixth Supplemental Trust Agreement.

Section 7. Approval of Second Amended and Restated Trust Agreement. The form, terms and provisions of the Second Amended and Restated Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Second Amended and Restated Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Second Amended and Restated Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Second Amended and Restated Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Second Amended and Restated Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Second Amended and Restated Trust Agreement.

Section 8. Approval of Junior Subordinate Trust Agreement. The form, terms and provisions of the Junior Subordinate Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Junior Subordinate Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Junior Subordinate Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Junior Subordinate Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Junior Subordinate Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may

be necessary to carry out and comply with the provisions of the Junior Subordinate Trust Agreement.

Section 9. Approval of First Supplemental Junior Subordinate Trust Agreement.

The form, terms and provisions of the First Supplemental Junior Subordinate Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the First Supplemental Junior Subordinate Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The First Supplemental Junior Subordinate Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the First Supplemental Junior Subordinate Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the First Supplemental Junior Subordinate Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the First Supplemental Junior Subordinate Trust Agreement.

Section 10. Sale of Bonds.

(a) The Board hereby authorizes the initial sale of the Bonds to the public through a negotiated sale to the Underwriters. The Bonds shall be sold subject to an underwriters' discount (excluding original issue discount and premium) not to exceed \$1.50 per \$1,000 in principal amount of the Bonds and subject to the terms and conditions set forth in the form of the Purchase Contract. The true interest cost of the Bonds shall not exceed 3.00%. The form, terms and provisions of the Purchase Contract on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, and the Underwriters named therein, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver from time to time the Purchase Contract, including counterparts thereof, as determined by a Designated Officer, in the name of and on behalf of the LACMTA. The Purchase Contract, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the LACMTA's approval of any and all changes or revisions therein from the form of the Purchase Contract now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Purchase Contract, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Contract.

(b) The form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board is hereby approved. The Preliminary Official Statement shall be substantially in 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 a Designated Officer approves (such approval to be conclusively evidenced by the execution and delivery of the certificate referenced in the following sentence). The Preliminary Official Statement shall be circulated for use in selling the Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12, said determination to be conclusively evidenced by a certificate signed by said Designated Officer to said effect. The Preliminary Official Statement shall contain a description of the finances and operations of the LACMTA, a description of the Measure R Sales 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 with such changes as any Designated Officer determines are appropriate or necessary. The Preliminary Official Statement shall also contain a description of the Bonds and the terms and conditions of the Trust Agreement, the Sixth Supplemental Trust Agreement, the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, together with such information and description as a Designated Officer determines is appropriate or necessary. The Underwriters are hereby authorized to circulate (via printed format and/or through electronic means) the Preliminary Official Statement for use in selling the Bonds from time to time. The Underwriters are hereby further authorized to distribute (via written format and/or through electronic means) copies of the LACMTA's most recent annual audited financial statements and such other financial statements of the LACMTA as any Designated Officer shall approve.

(c) Upon the execution and delivery of the Purchase Contract, from time to time, one or more of the Designated Officers shall provide for the preparation, publication, execution and delivery of one or more final Official Statements in substantially the form of the Preliminary Official Statement deemed final by a Designated Officer with such changes as any Designated Officer approves, such approval to be conclusively evidenced by the execution of such final Official Statement. Any Designated Officer is hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement(s) may be prepared and delivered to the Underwriters reflecting updated and revised information as shall be acceptable to the Underwriters and as the Designated Officers, or any one of them, approve. Each final Official Statement shall be circulated (via printed format and/or through electronic means) for use in selling the Bonds at such time or times as a Designated Officer deems appropriate after consultation with the Underwriters, the LACMTA's Municipal Advisor and Bond Counsel and such other advisors as a Designated Officer believes to be useful. The Underwriters are hereby authorized to circulate (via printed format and/or through electronic means) the final Official Statement, any supplement to the final Official Statement and any revised final Official Statement, as the case may be.

(d) The form, terms and provisions of the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board, within the parameters

set forth in this Resolution, are hereby approved and the LACMTA's obligation to provide the information as described therein is approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Continuing Disclosure Certificate. The Continuing Disclosure Certificate, as executed and delivered, shall be in substantially the form on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the LACMTA's approval of any and all changes or revisions therein from the form of the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board, and from and after the execution and delivery of the Continuing Disclosure Certificate, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Certificate.

(e) Each Designated Officer's authority to approve the final terms of the sale of the Bonds and to execute or to direct the execution of the Purchase Contract shall commence upon the date of adoption of this Resolution and shall continue for twelve calendar months thereafter unless rescinded or modified by subsequent action of the LACMTA prior to the time that a Purchase Contract has been duly signed and delivered.

Section 11. Bond Insurance. In connection with the sale of all or a portion of the Bonds, any Designated Officer is hereby authorized on behalf of the LACMTA to purchase or otherwise arrange for the provision of (including the payment of such premiums, fees and other costs and expenses as such Designated Officer determines acceptable), one or more policies of municipal bond insurance or surety policies to support the timely payment of principal of and interest on all or a portion of the Bonds, said municipal bond insurance or surety policies to contain such terms and conditions as such Designated Officer(s) shall determine is appropriate or necessary for the issuance of the Bonds.

Section 12. Investments. Each Designated Officer is hereby authorized to invest the proceeds of the Bonds in accordance with (i) the LACMTA's Investment Policy and (ii) the Trust Agreement and the Sixth Supplemental Trust Agreement or alternatively the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, and is further authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the "Investment Agreement") providing for the investment of moneys in any of the funds and accounts created under the Trust Agreement and the Sixth Supplemental Trust Agreement or alternatively with the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement and the First Supplemental Junior Subordinate Trust Agreement, on such terms as the Designated Officer shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the LACMTA hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a

lower cost of borrowing when used in combination with the Bonds or enhance the relationship between risk and return with respect to investments.

Section 13. Additional Authorizations. All actions heretofore taken by the officers, employees and agents of the LACMTA with respect to the Transaction and the issuance and sale of the Bonds are hereby ratified, confirmed and approved. The officers, employees and agents of the LACMTA are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the LACMTA, to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates and documents, including, without limitation, any escrow agreements, any tax certificates or agreements, any amendments to existing agreements relating to obligations payable from the Measure R Sales Tax, any documents with respect to the termination of the Refunded TIFIA Loan Agreements or related agreements, any agreements for depository services, and any agreements for rebate compliance services, which they, or any of them, may deem necessary or advisable in order to consummate the Transaction and the issuance and sale of the Bonds, to manage and administer the Transaction after the issuance and sale of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of the Ordinance, this Resolution, the Bonds and the documents approved hereby.

All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Bonds, including, without limitation, any of the foregoing that may be necessary or desirable in connection with any investment of proceeds of the Bonds, or in connection with the addition, substitution or replacement of underwriters, or any agreements with paying agents or the Trustee or any similar action may be given or taken by any Designated Officer without further authorization or direction by the LACMTA, and each Designated Officer is hereby authorized and directed to give any such approval, consent, direction, notice, order, request, or other action and to execute such documents and take any such action which such Designated Officer may deem necessary or desirable to further the purposes of this Resolution.

Section 14. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Treasurer of the LACMTA, or any Assistant Treasurer of the LACMTA 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.

Section 15. Further Actions. From and after the delivery of the Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify the Trust Agreement, the Sixth Supplemental Trust Agreement, the Second Amended and Restated Trust Agreement, the Junior Subordinate Trust Agreement, the First Supplemental Junior Subordinate Trust Agreement and the Continuing Disclosure Certificate 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, upon consultation with the LACMTA's Municipal Advisor and Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof. Further, the Designated Officers and each of them are hereby authorized and directed to terminate any

municipal bond insurance policy, surety policy or investment agreement and enter into one or more municipal bond insurance policies, surety policies or investment agreements as any such Designated Officer shall determine is appropriate or necessary.

Section 16. Costs of Issuance. The LACMTA authorizes funds of the LACMTA, together with the proceeds of the Bonds, to be used to pay costs of issuance of the Bonds, including, but not limited to, costs of attorneys, accountants, financial advisors, trustees, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses and any related filing fees.

Section 17. 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 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.

Section 18. Effective Date. The effective date of this Resolution shall be the date of its adoption.

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Montague DeRose and Associates (the “Municipal Advisor”) with respect to the bonds (the “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 Bonds:

1. *True Interest Cost of the 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 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 Bonds, is 2.00%.

2. *Finance Charge of the Bonds.* Based on market interest rates prevailing and other information available at the time of preparation of this information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$3,068,000, as follows:

a)	Underwriters’ Discount	\$2,185,000
b)	Credit Enhancement	0
c)	Bond Counsel and Disbursements	195,000
d)	Disclosure Counsel and Disbursements	50,000
e)	Municipal Advisor and Disbursements	150,000
f)	Rating Agency	400,000
g)	Other Expenses	<u>88,000</u>
	Total	\$3,068,000

3. *Amount of Proceeds to be Received.* Based on market interest rates prevailing and other information available 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 Bonds less the finance charge of the Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$1,900,000,000.

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 Bonds plus the finance charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$2,150,000,000.

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 Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the LACMTA based on need for escrow funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the

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 Bonds with a maximum true interest cost of 3.00%.

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 _____, 2020.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2020

Summary of Underwriter Selection**Recommended Firms for 2020 Measure R Refunding Bonds**

Position	Firm
Senior Manager	Wells Fargo Securities
Co-Senior Manager	BofA Securities, Inc.
Co-Senior Manager	Barclays Capital Inc.
Co-Senior Manager	Citigroup Global Markets
Co-Manager	Loop Capital Markets LLC (Minority Business Enterprise)
Co-Manager	Ramirez & Co., Inc. (Minority Business Enterprise)

Proposed Price (Takedown): Up to \$1.50 per \$1,000 of Bonds (0.15% of the bond issue)

The takedown is normally the largest component of the spread, similar to a commission, which represents the income the selling broker or dealer derives from the sale of the bonds. It compensates the underwriters for their work in structuring the transaction, marketing the transaction, and underwriting any bonds that are not pre-sold to investors. Note that the actual takedown rate varies by bond maturity and will be in accordance with the senior manager's proposal. The takedown rates for all the firms will be at the rates of the senior manager. Out of pocket expenses will be an additional charge.

Recommended Firms for Underwriting Pool (in alphabetical order)

Bank of America Merrill Lynch
 Barclays Capital Inc.
 Citigroup Global Markets Inc.
 Drexel Hamilton LLC (Disabled Veteran Owned Enterprise)
 FHN Financial Capital Markets
 Goldman Sachs & Co. LLC
 J.P. Morgan Securities LLC
 Loop Capital Markets LLC (Minority Business Enterprise)
 Morgan Stanley
 Ramirez & Co., Inc. (Minority Business Enterprise)
 RBC Capital Markets, LLC
 Siebert Williams Shank & Co., LLC (Minority Business Enterprise)
 Stifel, Nicolaus & Company, Incorporated
 UBS Financial Services Inc.
 Wells Fargo Bank, N.A.

Evaluation of Proposals

The Request For Proposals (“RFP”) was sent on December 18, 2019 to 47 firms who had previously expressed interest in serving as underwriter on our bonds or were known as active in the California market. Proposals were due January 17, 2020 and were received from the 27 firms listed below:

List of Proposers
280 Securities
Academy Securities, Inc.
AmeriVet Securities, Inc.
BofA Securities, Inc.
Barclays Capital Inc.
Blaylock Van, LLC
Cabrera Capital Markets LLC
Citigroup Global Markets Inc.
D.A. Davidson & Co.
Drexel Hamilton, LLC
FHN Financial Capital Markets
Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC
Loop Capital Markets LLC
Mischler Financial Group, Inc.
Morgan Stanley & Co. LLC
Oppenheimer & Co. Inc.
Ramirez & Co., Inc.
RBC Capital Markets, LLC
Rice Financial Products Company
Siebert Williams Shank & Co., LLC
Stern Brothers & Co.
Stifel, Nicolaus & Company, Incorporated
Sumitomo Mitsui Banking Corp.
TD Securities (USA) LLC
UBS Financial Services Inc.
Wells Fargo Securities

Proposals were evaluated in accordance with the guidelines and the following criteria established in the RFP:

- Relevant experience of the firm and its individuals 25%
- Capabilities of the firm of underwriting & distributing LACMTA’s debt 30%
- Demonstrated commitment of the firm to LACMTA 25%
- Quality of the proposal 20%

Relevant experience included transportation debt, experience working directly with TIFIA or on debt that was secured by revenues that also secured TIFIA loans, toll revenue bonds, grant anticipation notes, and private activity bonds. In addition to experience, firms were asked to provide evidence demonstrating their commitment to LACMTA which included items such as bidding on recent competitive bond issues, liquidity support, or other materials that had been recently provided. The RFP also included questions about providing specific suggestions for the structuring of LACMTA's bonds as well as suggestions for our debt program, in general. The selection committee made up of four staff and LACMTA's general municipal advisor reviewed all proposals and scored the firms based on the evaluation criteria. The fifteen firms that ranked the highest are being recommended for inclusion in the underwriting pool.

Part of the review process included determining the preferred approach to structuring the Measure R refunding bonds, which, together with experience with related securities, weighed heavily in the selection of the firms recommended for the 2020 Measure R underwriting. These recommendations also reflect the LACMTA's Debt Policy of finding opportunities to contract with small, local and disadvantaged firms; given the large size of the transaction, this bond issue provides an opportunity to fulfill this policy goal. Two co-managers are minority owned firms. The other four members of the recommended underwriting team are large broker-dealers with strong marketing and distribution capabilities. A key factor in evaluating the firms' capabilities was the level of their participation in prior competitive bids for LACMTA bonds, their performance in such bids, and other areas of support.

Findings of Benefit

ATTACHMENT C

(Crenshaw/LAX Project TIFIA Loan Finding of Benefit Resolution)

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE
BENEFITS OF A TIFIA LOAN UP TO \$546 MILLION EXCEED ISSUANCE AND
INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over the next 30 years; and

WHEREAS, the America Fast Forward Initiative proposed by the Mayor of Los Angeles and adopted by the MTA Board of Directors in April 2010 proposes to complete construction of the 12 transit capital projects in 10 rather than 30 years; and

WHEREAS, implementation of the America Fast Forward Initiative would reduce project costs by approximately \$3.8 billion by minimizing anticipated cost escalation due to inflation; and

WHEREAS, accelerated construction would take advantage of any continuation of the current soft construction market to reduce costs potentially; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, MTA was awarded a \$546 million TIFIA loan for the Crenshaw/LAX Project; and

WHEREAS, MTA retains the right to use traditional tax-exempt borrowing for the Crenshaw/LAX Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the proposed TIFIA loan for the Crenshaw/LAX Project would free up Measure R funds to meet the cash flow necessary to pay for an accelerated construction program for other Measure R transit capital projects; and

WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program will generate 165,990 annual full-time equivalent jobs.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$546 million TIFIA loan, which would free up Measure R funds to accelerate delivery of Measure R transit capital projects, exceed issuance and interest costs.

Adopted this 4th day of April, 2012.

Findings of Benefit

ATTACHMENT C

(Regional Connector Project TIFIA Loan Finding of Benefit Resolution)

ATTACHMENT A

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$160 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over the next 30 years; and

WHEREAS, the America Fast Forward Initiative adopted by the MTA Board of Directors in April 2010 proposes to complete construction of the 12 transit capital projects in 10 rather than 30 years; and

WHEREAS, accelerated construction would take advantage of any continuation of the current soft construction market to reduce costs potentially; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, MTA was invited to apply for a \$160 million TIFIA loan for the Regional Connector Project; and

WHEREAS, MTA retains the right to use traditional tax-exempt borrowing for the Regional Connector Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the proposed TIFIA loan for the Regional Connector Project would free up Measure R funds to meet the cash flow necessary to pay for a potential future accelerated construction program for other Measure R transit capital projects; and

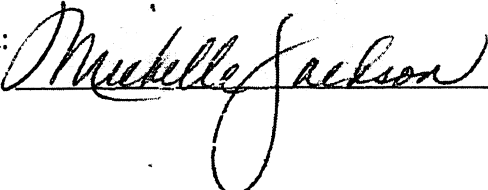
WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program will generate 165,990 annual full-time equivalent jobs.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$160 million TIFIA loan, which would free up Measure R funds to potentially accelerate delivery of Measure R transit capital projects, exceed issuance and interest costs.

Prepared by: Ron Stamm, Principle Deputy County Counsel

Adopted this 9th day of October 2013.

Signed:  _____ Michelle Jackson, Metro Board Secretary

Findings of Benefit

ATTACHMENT C

(Westside Purple Line Extension Section 1 Project TIFIA Loan Finding of Benefit Resolution)

ATTACHMENT C

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$856 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over the next 30 years; and

WHEREAS, the America Fast Forward Initiative adopted by the LACMTA Board of Directors in April 2010 proposes to complete construction of the 12 transit capital projects in 10 rather than 30 years; and

WHEREAS, accelerated construction would avoid inflationary cost growth; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, LACMTA was invited to apply for a \$856 million TIFIA loan for the Westside Purple Line Extension Section 1 Project; and

WHEREAS, LACMTA retains the right to use traditional tax-exempt borrowing for the Westside Purple Line Extension Section 1 Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the proposed TIFIA loan for the Westside Purple Line Extension Section 1 Project would free up Measure R funds to meet the cash flow necessary to pay for a potential future accelerated construction program for other Measure R transit capital projects; and

WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program will generate 165,990 annual full-time equivalent jobs.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of LACMTA finds that the economic, environmental and transit benefits of the \$856 million TIFIA loan, which would free up Measure R funds to potentially accelerate delivery of Measure R transit capital projects, exceed issuance and interest costs.

Adopted this 7th day of March 2014.

Findings of Benefit

ATTACHMENT C

(Westside Purple Line Extension Section 2 Project TIFIA Loan Finding of Benefit Resolution)

Finding of Benefit Resolution

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$307 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over 30 years; and

WHEREAS, accelerated construction would avoid inflationary cost growth; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, LACMTA is seeking a \$307 million TIFIA loan for the Westside Purple Line Extension Section 2 Project; and

WHEREAS, LACMTA retains the right to use traditional tax-exempt borrowing for the Westside Purple Line Extension Section 2 Project in lieu of the TIFIA loan, if doing so would be more advantageous; and

WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program has generated 49,850 annual full-time and part-time jobs since 2010; and is expected to generate 124,030 annual full-time and part-time jobs during the remaining construction program.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$307 million TIFIA loan, which would accelerate project delivery and avoid inflationary cost growth, exceed issuance and interest costs.

Adopted this 19th day of July, 2016

Signed:


Michele Jackson
LACMTA Board Secretary

Measure R TIFIA Loan Refinancing

Finance, Budget and Audit Committee
April 15, 2020

Measure R TIFIA Loan Refinancing

Existing TIFIA* Loan Summary

- Direct Loan with U.S. Department of Transportation
- Low-cost, project-specific financing of four major Metro projects

TIFIA Loans (repaid from Measure R) (in millions) (as of March 1, 2020)					
Project	Interest Rate	Loan Amount	Drawn to Date	Undrawn	Final Maturity
Crenshaw/LAX	2.43%	\$545.9	\$545.9	-	FY2034
Regional Connector	3.50%	160.0	141.9	\$18.1	FY2036
Westside Section 1	3.23%	856.0	642.6	213.4	FY2037
Westside Section 2	2.90%	307.0	307.0		FY2037
Grand Total		\$1,868.9	\$1,637.4	\$231.5	

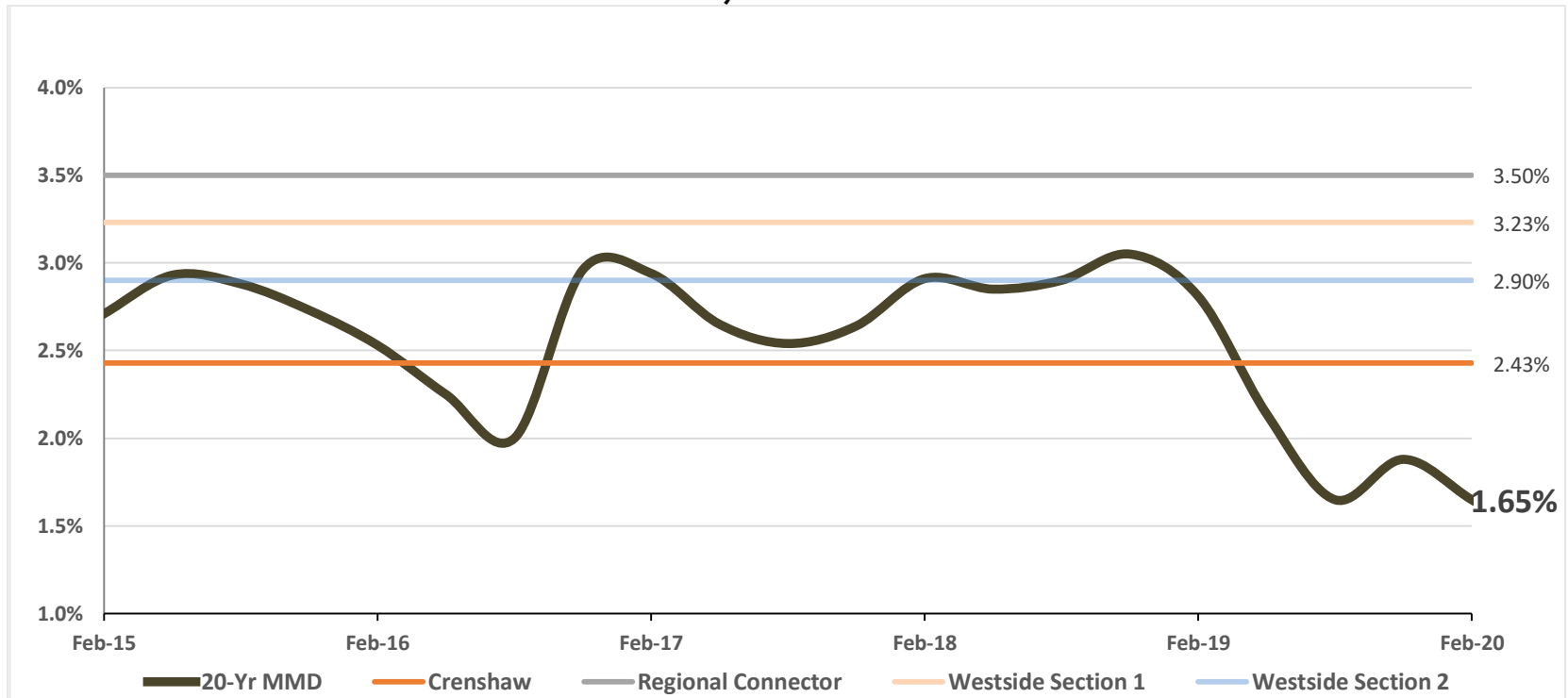


* Transportation Infrastructure Finance and Innovation Act

Measure R TIFIA Loan Refinancing

Historical 20-YR MMD* vs. TIFIA Interest Rates

February 2015-Present



* Municipal Market Data rate (interest rate)

The current interest rate environment presents Metro the opportunity to achieve meaningful savings.



Metro

Measure R TIFIA Loan Refinancing

Summary of Estimated Refinancing Results

<u>Outstanding TIFIA Loans</u>	Crenshaw	Regional Connector	Westside 1	Westside 2	Total
Initial TIFIA Amount (\$)	\$545,900,000	\$160,000,000	\$856,000,000	\$307,000,000	\$1,868,900,000
Outstanding Balance to be Refunded (\$)*	\$608,382,850	\$169,657,333	\$874,243,556	\$316,453,805	\$1,968,737,544
Initial TIFIA Rate (%)	2.43%	3.50%	3.23%	2.90%	--
<u>Projected Refinancing Results</u>					
Refinancing Bond Par Amount	\$484,615,000	\$105,915,000	\$633,345,000	\$231,175,000	\$1,455,050,000
Escrow Deposit	\$607,388,102	\$153,892,824	\$670,027,455	\$320,089,262	\$1,751,397,643
All -In TIC	1.83%	2.11%	2.21%	2.10%	2.06%
NPV Savings (\$)	\$42,139,472	\$18,860,263	\$86,221,668	\$25,652,082	\$172,873,485
NPV Savings (%)	6.93%	11.12%	9.86%	8.11%	8.78%

- Crenshaw/LAX portion of refinancing will be self-certified Green Bonds
- Baseline MMD AAA index as of 01/29/2020 plus credit spread of 10bps
- Refinancing all four loans can result approximately \$172.8 million of present value savings on Junior Subordinate Lien



*Balance = (Loan Amount + Capitalized Interest) + (Undrawn Amount)

Measure R TIFIA Loan Refinancing

Recommendation:

- A. Adopt a resolution authorizing the negotiated sale of up to \$1.75 billion of Measure R Bonds;
- B. Establish an underwriter pool for all future negotiated debt issues through June 30, 2024; and
- C. Appoint the underwriter team selected for the Refunding Bonds from the underwriter pool.

Next Steps:

- Obtain credit ratings on the bonds
- Complete legal documentation and initiate the pre-marketing effort
- Price the bonds

Measure R TIFIA Loan Refinancing

Discussion

**Board Report**

File #: 2020-0250, **File Type:** Contract**Agenda Number:** 16.

**FINANCE, BUDGET AND AUDIT COMMITTEE
APRIL 15, 2020****SUBJECT: ANNUAL FINANCIAL AND COMPLIANCE AUDITS OF METRO AND ITS
COMPONENT UNITS****ACTION: AWARD CONTRACT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a five-year, firm fixed-price Contract No. PS64807000 to Crowe LLP to provide Annual Financial and Compliance Audit Services in the amount of \$1,836,135 effective April 24, 2020, subject to resolution of protest(s), if any.

ISSUE

Metro is required to have an independent Certified Public Accountant firm perform annual financial and compliance audits. The audit reports are submitted to funding partners and to financing institutions relative to Metro bond issues. The recommended contractor shall begin with the audit of Metro's financial statements and component units starting fiscal year ending June 30, 2020.

DISCUSSION

The scope of services includes the financial and compliance audit requirements of Metro and the component units including:

- Comprehensive Annual Financial Report (CAFR);
- Single Audit Report on Federal grant activities;
- Transportation Development Act (TDA);
- Proposition 1B Public Transportation, Modernization, Improvement, and Service Enhancement Account Program (PTMISEA);
- State Transit Assistance (STA);
- Service Authority for Freeway Emergencies (SAFE),
- Low Carbon Transit Operations Program (LCTOP);
- Crenshaw Project Corporation (CPC); and
- National Transit Database (NTD).

The firm is also required to provide a management report which addresses any material weaknesses and/or significant deficiencies in Metro's accounting system and internal controls noted in the auditor's examination of Metro's books and records.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Funding of \$342,410 for the contracted services will be appropriated in the FY2021 budget in cost center 2510 under project number 405510. Since this is a multi-year contract, Management Audit Services will be accountable for budgeting the cost in future years.

IMPACT TO BUDGET

The source of funds for Project 405510 is Propositions A, C & TDA Administration funds. These funds are not eligible for bus/rail operating or capital expense.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

No alternatives were considered, as laws and regulations require Metro to have financial and compliance audits performed annually by an independent Certified Public Accountant.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS64807000 to Crowe LLP for annual financial and compliance audits, effective April 10, 2020.

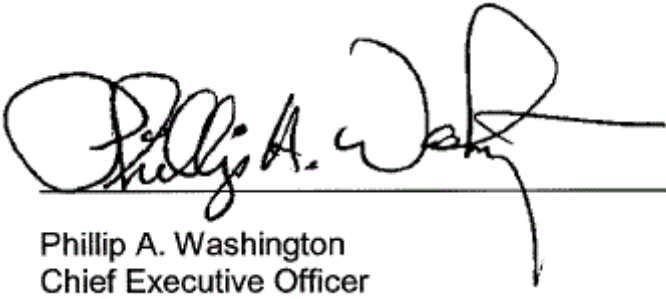
ATTACHMENT

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Lauren Choi, Interim Sr. Director, Audit, (213) 922-3926

Reviewed by: Shalonda Baldwin, Interim Chief Auditor, (213) 418-3265
Debra Avila, Chief Vendor/Contract Management Officer
(213) 418-3051



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

ANNUAL FINANCIAL AND COMPLIANCE AUDITS OF METRO AND ITS
COMPONENT UNITS

1.	Contract Number: PS64807000	
2.	Recommended Vendor: Crowe LLP	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: September 3, 2019	
	B. Advertised/Publicized: September 5, 2019	
	C. Pre-Proposal Conference: September 11, 2019	
	D. Proposals Due: September 30, 2019	
	E. Pre-Qualification Completed: February 13, 2020	
	F. Conflict of Interest Form Submitted to Ethics: October 2, 2019	
	G. Protest Period End Date: March 23, 2020	
5.	Solicitations Picked up/Downloaded: 26	Bids/Proposals Received: 4
6.	Contract Administrator: Greg Baker	Telephone Number: (213) 922-7577
7.	Project Manager: Lauren Choi	Telephone Number: (213) 922-3926

A. Procurement Background

This Board Action is to approve the award of Contract No. PS64807000 to Crowe LLP to perform financial and compliance audits of Metro and its component units, including Comprehensive Annual Financial Report (CAFR); Single Audit Report on Federal grant activities; Transportation Development Act (TDA); Proposition 1B Public Transportation, Modernization, Improvement, and Service Enhancement Account Program (PTMISEA); State Transit Assistance (STA); Service Authority for Freeway Emergencies (SAFE), Low Carbon Transit Operations Program (LCTOP); Crenshaw Project Corporation (CPC); and the National Transit Database (NTD). Board approval of contract awards are subject to resolution of any properly submitted protest.

On September 3, 2019, Request for Proposal (RFP) No. PS64807 was issued in accordance with Metro's Acquisition Policy. The contract type is firm fixed price. This RFP was issued with a DBE goal of 6%.

No amendments were issued during the solicitation phase of this RFP.

A pre-proposal conference was held on September 11, 2019 and was attended by five participants representing four firms. There were 22 questions received, and Metro provided responses prior to the proposal due date.

A total of 26 firms downloaded the RFP and were included in the planholders' list. A total of four proposals were received on September 30, 2019 from firms listed below in alphabetical order:

1. Crowe LLP
2. Macias, Gini & O'Connell LLP
3. Moss Adams LLP
4. Vasquez & Company LLP

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Metro's Management Audit Services and Accounting departments was convened and conducted a comprehensive technical evaluation of the proposals received.

On October 1, 2019, the PET met to review the evaluation criteria package, process confidentiality and conflict of interest forms and take receipt of the four proposals to initiate the evaluation phase. Evaluations were conducted from October 1, 2019 through October 14, 2019.

The proposals were initially evaluated based on pass/fail minimum qualifications criteria to determine proposals that are "technically acceptable". The pass/fail criteria included years of experience as a Certified Public Accountant (CPA) firm doing business in the State of California and satisfactory Peer Review Report within the last 3 years showing compliance with Generally Accepted Government Auditing Standards (GAGAS).

The PET determined that all four firms passed the minimum qualification requirements and continued to evaluate proposals based on the following weighted evaluation criteria:

- | | |
|--|------------|
| • Degree of the Skills and Experience | 35 Percent |
| • Understanding of the Scope of Services | 25 Percent |
| • Effectiveness of Execution Plan | 10 Percent |
| • Cost Proposal | 30 Percent |

The evaluation criteria are appropriate and consistent with criteria developed for similar financial and compliance audit procurements. Several factors were considered when developing these weights, giving the greatest importance to the degree of the skills and experience of the firm and its key personnel.

On October 14, 2019, the PET reconvened and determined that of the four proposals deemed "technically acceptable", three were within the competitive range; one firm was determined outside the competitive range and was not included for further consideration. The three firms within the competitive range are listed below in alphabetical order:

1. Crowe LLP
2. Macias, Gini & O'Connell LLP
3. Moss Adams LLP

On November 1, 2019, oral presentations were held with the three firms within the competitive range. The project managers and key team members from each firm were invited to present their firm's respective qualifications and respond to the PET's questions.

In general, each team provided an overview of existing clientele, presented the industry experience of each team member, proposed commitment to the project and existing engagements that may impact work performance on this contract. The team also discussed their existing process in performing audits particularly in handling changes in reporting requirements and resolving disagreements with auditees/clients regarding preliminary findings and recommendations.

Qualifications Summary of Firms within the Competitive Range:

Crowe LLP

Crowe LLP is a CPA firm with a well-rounded breadth and depth of public transit experience, including external audit, risk management, performance improvement, and financial advisory and forensic services. The firm has been in business for more than 50 years and currently provides financial and compliance audit services to Metro. It has provided financial and compliance audit services to numerous entities in the private and public sector. Clients include Southern California Rail Authority, Washington Metropolitan Area Transportation Authority, Dallas Area Rapid Transit, and Chicago Transit Authority.

Macias, Gini & O'Connell LLP

Macias, Gini & O'Connell LLP, established in 1987, is headquartered in Sacramento, California. It is a CPA and advisory firm with extensive experience working with public agency clients on financial, operational, performance, and information technology engagements. Clients include Los Angeles World Airports, San Francisco Bay Area Rapid Transit District, City of Santa Monica (Big Blue Bus), and Burbank-Glendale-Pasadena Airport Authority.

Moss Adams LLP

Moss Adams LLP, founded in 1913 is headquartered in Seattle, Washington. It serves as auditors for several regional transit agencies, including Sound Transit, King County Metro Transit, Community Transit, and Tri-Met. It performs annual

compliance audits of federal and state funding subsidies, agreed-upon procedures engagements specific to NTD reporting, and various consulting projects.

At the conclusion of the oral presentations, Crowe LLP was determined to be the top ranked firm. Negotiations of terms and conditions with the firm commenced in November 2019 and concluded in February 2020.

A summary of the PET scores is provided below:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Crowe LLP				
3	Degree of the Skills and Experience	94.46	35.00%	33.06	
4	Understanding of the Scope of Services	90.68	25.00%	22.67	
5	Effectiveness of Execution Plan	85.00	10.00%	8.50	
6	Cost Proposal	100.00	30.00%	30.00	
7	Total		100.00%	94.23	1
8	Macias, Gini & O'Connell LLP				
9	Degree of the Skills and Experience	87.77	35.00%	30.72	
10	Understanding of the Scope of Services	84.68	25.00%	21.17	
11	Effectiveness of Execution Plan	77.50	10.00%	7.75	
12	Cost Proposal	96.87	30.00%	29.06	
13	Total		100.00%	88.70	2
14	Moss Adams LLP				
15	Degree of the Skills and Experience	78.87	35.00%	27.60	
16	Understanding of the Scope of Services	69.32	25.00%	17.33	
17	Effectiveness of Execution Plan	74.20	10.00%	7.42	
18	Cost Proposal	82.97	30.00%	24.89	
19	Total		100.00%	77.24	3

C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon adequate price competition, price analysis and technical analysis. Metro's independent cost estimate (ICE) is higher than the recommended price because it was based on historical cost which included an optional audit task that is not

included in the current Statement of Work. Further, the ICE assumed the high-end of labor rates available in the market.

	Proposer Name	Proposal Amount	Metro ICE	Award Amount
1.	Crowe LLP	\$1,836,135	\$4,090,330	\$1,836,135
2.	Macias, Gini & O'Connell LLP	\$1,895,341	\$4,090,330	N/A
3.	Moss Adams LLP	\$2,212,940	\$4,090,330	N/A

D. Background on Recommended Contractor

The recommended firm, Crowe, LLP (Crowe) is headquartered in Chicago, IL. It is a multinational professional services network consisting of more than 220 offices with over 42,000 employees in 13 countries.

Crowe provides audit, tax, consulting, enterprise risk and financial advisory services. Crowe has been providing financial and compliance audit services to Metro since 2015 and performance has been satisfactory.

Crowe's team includes one DBE subcontractor: Qui Accountancy which shall assist in providing annual financial and compliance audits.

The proposed Lead Engagement Partner and Managing Director have over 44 years of combined accounting experience, that is centered primarily on public transportation.

DEOD SUMMARY

**ANNUAL FINANCIAL AND COMPLIANCE AUDITS OF METRO AND ITS
COMPONENT UNITS / PS64807000**

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 6% Disadvantaged Business Enterprise (DBE) goal for this solicitation. Crowe LLP exceeded the goal by making a 16.01% DBE commitment.

Small Business Goal	6% DBE	Small Business Commitment	16.01% DBE
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	DBE Subcontractor	% Committed
1.	Qui Accountancy Corporation	16.01%
	Total Commitment	16.01%

B. Living Wage / Service Contract Worker Retention Policy Applicability

The Living Wage / Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.



Board Report

File #: 2020-0246, File Type: Contract

Agenda Number: 17.

FINANCE, BUDGET AND AUDIT COMMITTEE APRIL 15, 2020

SUBJECT: CURRENCY PROCESSING SERVICES

ACTION: APPROVE CONTRACT MODIFICATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 3 to Contract No. OP39497-2000 to exercise three (3), one-year options with Los Angeles Federal Armored Services, Inc. to provide currency processing services, in the amount of \$572,000 for Option Year 2, \$629,000 for Option Year 3, and \$686,400 for Option Year 4, for a combined total amount of \$1,887,400, increasing the contract value from \$972,400 to \$2,859,800, and extending the contract term to December 31, 2022.

ISSUE

This Contract is for a currency processing service company to process single, unstacked, loose bills from bus farebox operations from the Metro Central Cash Counting Office , of which Metro collects about \$55 million per year.

To continue providing the currency processing services, a contract modification is required to exercise each of the one-year options, extending the period of performance through December 31, 2022.

DISCUSSION

On January 1, 2018, Metro entered into a five-year contract to Los Angeles Federal Armored Services, Inc. in the amount not-to-exceed \$2,859,800 inclusive of four one-year options, of which \$972,000 has been completed and paid, leaving \$1,887,400 for the remaining three (3) one-year options.

Staff is requesting Board authorization to exercise each of the remaining option terms. Staff has determined that expenditures over the remaining life of this contract will not exceed the anticipated annual contract value.

DETERMINATION OF SAFETY IMPACT

Processing currency via the services of the outside agency on a daily basis aid in the safekeeping and accounting of Metro funds.

FINANCIAL IMPACT

Funding required for the current fiscal year was included in the FY2020 Adopted Budget. Since this is a multi-year contract, the Executive Officer, TAP Operations and Revenue Collections cost center manager is responsible for future year budgets.

IMPACT TO BUDGET

The sources of funds for this action are fare revenues and other bus operations eligible sales tax revenues.

ALTERNATIVES CONSIDERED

The goal of Revenue Collection is to process as much currency in-house as possible and to use the services of the contractor as needed to efficiently process the collection of currency. Every effort is made daily to minimize the outside costs associated with the use of an outside contractor.

NEXT STEPS

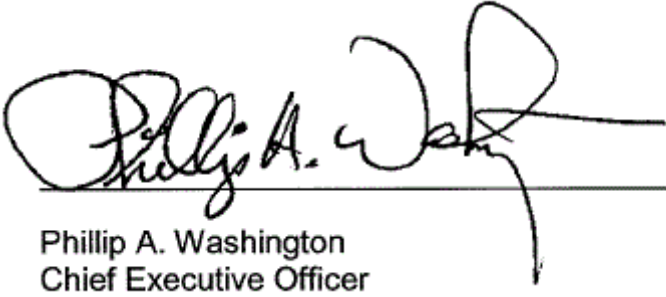
Upon approval by the Board, staff will execute Contract Modification No. 3 with Los Angeles Federal Armored Services, Inc., to exercise the option terms and extend the period of performance through December 31, 2022.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log
Attachment C - DEOD Summary

Prepared by: Tisha Bruce, Deputy Executive Officer, Revenue Collection, (213) 922-7621
David Sutton, Executive Officer, Finance (TAP), (213) 922-5633

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088
Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

CURRENCY PROCESSING SERVICES / OP39497-2000

1.	Contract Number: OP39497-2000		
2.	Contractor: Los Angeles Federal Armored Services, Inc.		
3.	Mod. Work Description: Exercise option years		
4.	Contract Work Description: Provide currency processing services to process single, unstacked, loose bills from bus farebox operations from the Metro Central Cash Counting Office		
5.	The following data is current as of: 4 February 2020		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	01/01/2018	Contract Award Amount: \$457,600.00
	Notice to Proceed (NTP):	01/18/2018	Total of Modifications Approved: \$514,800.00
	Original Complete Date:	12/31/2019	Pending Modifications (including this action): \$1,887,400.00
	Current Estimated Complete Date:	12/31/2022	Current Contract Value (with this action): \$2,859,800.00
7.	Contract Administrator: Antwaun Boykin		Telephone Number: (213) 922-1056
8.	Project Manager: Tisha Bruce		Telephone Number: (213) 922-7621

A. Procurement Background

This Board Action is to approve Contract Modification No. 2 to Contract No. OP39497-2000 to exercise all three (3) one-year options with Los Angeles Federal Armored Services, Inc. to continue providing currency processing services through December 31, 2022.

This contract modifications will be processed in accordance with Metro's Acquisition Policy and the contract type is Firm Fixed Unit Rate.

On November 15, 2017 the Board approved a five-year contract, inclusive of four, one-year options to Los Angeles Federal Armored Services, Inc., to provide currency processing service to ensure that revenue from bus fareboxes is collected daily and processed for deposit.

(Refer to Attachment B – Contract Modification/Change Order Log)

B. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon rates that were negotiated and established as part of the competitive contract awarded in 2018. The 2019-2020 CPI indicated an increase of 1.4%. The rates remain unchanged, therefore, exercising the options is in the best interest of Metro.

OPTION YEARS AMOUNT	METRO ICE	MODIFICATION AMOUNT
\$1,887,400.00	\$1,887,400.00	\$1,887,400.00

CONTRACT MODIFICATION/CHANGE ORDER LOG
CURRENCY PROCESSING SERVICES / OP39497-2000

Mod. No.	Description	Date	Amount
1	Exercise Option Year 1	12/28/18	\$514,800
2	Exercise Option Year 2	Pending	\$572,000
3	Exercise Option Year 3	Pending	\$629,000
4	Exercise Option Year 4	Pending	\$686,400
	Modification Total:		\$2,402,200
	Original Contract:	1/11/18	\$457,600
	Total Contract Value:		\$2,859,800

DEOD SUMMARY

CURRENCY PROCESSING SERVICES / OP39497-2000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to a lack of subcontracting opportunities. It is expected and confirmed by the Project Manager that Los Angeles Federal Armored Services will perform this scope with its own workforce.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this contract.