

# **Metro**

*Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
3rd Floor Board Room  
Los Angeles, CA*



## **Agenda - Final**

**Thursday, March 1, 2018**

**9:00 AM**

**One Gateway Plaza, Los Angeles, CA 90012,  
3rd Floor, Metro Board Room**

### **Board of Directors - Regular Board Meeting**

*Eric Garcetti, Chair  
Sheila Kuehl, Vice Chair  
James Butts, 2nd Vice Chair  
Kathryn Barger  
Mike Bonin  
Jacquelyn Dupont-Walker  
John Fasana  
Robert Garcia  
Janice Hahn  
Paul Krekorian  
Ara Najarian  
Mark Ridley-Thomas  
Hilda Solis  
Carrie Bowen, non-voting member  
Phillip A. Washington, Chief Executive Officer*

*\*A written request to address the Board should be submitted to the Board Secretary in person at the meeting prior to the item being called for discussion. Once discussion on an item begins, requests to speak on that item will no longer be accepted.*

**METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES**  
(ALSO APPLIES TO BOARD COMMITTEES)

**PUBLIC INPUT**

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 should be submitted in person at the meeting to the Board Secretary. Individuals requesting to speak on more than three (3) agenda items will be allowed to speak up to a maximum of three (3) minutes per meeting. For individuals requiring translation service, time allowed will be doubled.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for up to three (3) minutes per meeting and may speak no more than once during the Public Comment period. Speakers will be called according to the order in which the speaker request forms are received. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

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.

**CONDUCT IN THE BOARD ROOM** - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

**REMOVAL FROM THE BOARD ROOM** The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- 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
- d. Any other unlawful interference with the due and orderly course of said meeting.

**INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD**

Agendas for the Regular MTA Board meetings are prepared by the Board Secretary and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded on CD's and as MP3's and can be made available for a nominal charge.

## DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding before an agency involving a license, permit, or other entitlement for use, including all contracts (other than competitively bid, labor, or personal employment contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any officer of the agency, additionally PUC Code Sec. 130051.20 requires that no member accept a contribution of over ten dollars (\$10) in value or amount from a construction company, engineering firm, consultant, legal firm, or any company, vendor, or business entity that has contracted with the authority in the preceding four years. Persons required to make this disclosure shall do so by filling out a "Disclosure of Contribution" form which is available at the LACMTA Board and Committee Meetings. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

## ADA REQUIREMENTS

Upon request, sign language interpretation, materials in alternative formats and other accommodations are available to the public for MTA-sponsored meetings and events. All requests for reasonable accommodations must be made at least three working days (72 hours) in advance of the scheduled meeting date. Please telephone (213) 922-4600 between 8 a.m. and 5 p.m., Monday through Friday. Our TDD line is (800) 252-9040.

## LIMITED ENGLISH PROFICIENCY

A Spanish language interpreter is available at all Board Meetings. Interpreters for Committee meetings and all other languages must be requested 72 hours in advance of the meeting by calling (213) 922-4600 or (323) 466-3876.



**323.466.3876 x2**

*Español*

**323.466.3876 x3**

한국어

日本語

中文

русский

ភាសាខ្មែរ

ภาษาไทย

Tiếng Việt

ភាសាជប៉ុន

## HELPFUL PHONE NUMBERS

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General Information/Rules of the Board - (213) 922-4600

Internet Access to Agendas - [www.metro.net](http://www.metro.net)

TDD line (800) 252-9040

**NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA**

**CALL TO ORDER****ROLL CALL**

1. APPROVE Consent Calendar Items: 2, 6, 7, 10, 11, 13, 14, 15, 16, 20, 22, 23, 27, \*\*28, and 33.

\*\*Requires two-thirds vote of the Full Board

**CONSENT CALENDAR**

2. **SUBJECT: MINUTES** [2018-0015](#)

**RECOMMENDATION**

APPROVE Minutes of the Regular Board Meeting held January 25, 2018.

**Attachments:** [January 25, 2018 Regular Board Minutes](#)

**AD-HOC CONGESTION, HIGHWAY, AND ROADS COMMITTEE MADE THE FOLLOWING RECOMMENDATION (4-0):**

6. **SUBJECT: COLLECTION AGENCY FOR METRO EXPRESSLANES** [2017-0806](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a three year revenue generating Contract No. PS44600000 to Professional Account Management, LLC (subsidiary of Duncan Solutions, Inc.) for the ExpressLanes program collection services. Compensation shall be provided on a contingency basis based on a percentage of outstanding debt recovered on behalf of Metro ExpressLanes with a fourteen percent (14%) deduction. The period of performance for this Contract will be three years with two one-year options for a total of five years, subject to resolution of protest(s), if any.

**Attachments:** [Attachment A - Procurement Summary](#)

[Attachment B - DEOD Summary](#)

**AD-HOC CONGESTION, HIGHWAY, AND ROADS COMMITTEE MADE THE FOLLOWING RECOMMENDATION (4-0):**

7. **SUBJECT: I-5 NORTH CAPACITY ENHANCEMENTS FROM SR-134 TO SR-118** [2017-0862](#)

**RECOMMENDATION**

AUTHORIZE Contract Modification No. 160 (CCO 160) by California Department of Transportation (Caltrans) for the construction contract of Segment 3 of the I-5 North Capacity Enhancements Project between SR-134

and SR-118 (Project) under Funding Agreement No. MOU.P0008355/8501A/A6, in the amount of \$1,803,400.00 within the LOP budget.

**FINANCE, BUDGET, AND AUDIT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

**10. SUBJECT: TAP GIFT CARD SALES AND RELOAD PROGRAM**

[2017-0796](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a five-year, revenue-generating Contract No. PS43741000 to Interactive Communications International, Inc. (InComm) for the distribution of TAP gift cards for purchase at retail gift card kiosks at major chain stores to satisfy customer demand for more TAP sales locations.

**Attachments:** [Attachment A - Procurement Summary](#)  
[Attachment B - DEOD Summary](#)  
[Attachment C - Map of TAP Sales Locations](#)

**FINANCE, BUDGET, AND AUDIT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

**11. SUBJECT: INVESTMENT POLICY**

[2017-0594](#)

**RECOMMENDATION**

CONSIDER:

- A. ADOPTING the Investment Policy in Attachment A;
- B. APPROVING the Financial Institutions Resolution authorizing financial institutions to honor signatures of LACMTA Officials, Attachment B; and
- C. DELEGATING to the Treasurer or his/her designees, the authority to invest funds for a one year period, pursuant to California Government Code ("Code") Section 53607.

**Attachments:** [Attachment A - Investment Policy \(redlined\).pdf](#)  
[Attachment B - Financial Institutions Resolution \(redlined\).pdf](#)  
[Presentation.pdf](#)

**FINANCE, BUDGET, AND AUDIT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):****13. SUBJECT: DEBT MANAGEMENT**[2017-0841](#)**RECOMMENDATION**

ADOPT the Debt Policy (Attachment A).

**Attachments:** [Attachment A - Debt Policy \(Redlined\)](#)  
[Presentation](#)

**FINANCE, BUDGET, AND AUDIT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (4-0):****14. SUBJECT: LOCAL RETURN BORROWING**[2017-0842](#)**RECOMMENDATION**

APPROVE Local Return Borrowing Guidelines to establish procedures for borrowings secured by Proposition A (Prop A), Proposition C (Prop C), Measure R and Measure M Local Return (LR) funds as described in Attachment A. Approve incorporating the Local Return Borrowing Guidelines into the Guidelines for Prop A, Prop C, Measure R, and Measure M local return programs.

**Attachments:** [Attachment A - Borrowing Guidelines for Local Return Programs](#)  
[Attachment B - Examples of Prior Local Return Borrowings](#)

**PLANNING AND PROGRAMMING COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):****15. SUBJECT: TRANSIT ORIENTED DEVELOPMENT PLANNING GRANT PROGRAM**[2017-0625](#)**RECOMMENDATION**

CONSIDER:

- A. AWARDING \$3,080,500 for Transit Oriented Development (TOD) Grants to the 8 recommended jurisdictions as shown in Attachment A;
- B. AUTHORIZING the Chief Executive Officer (CEO) or designee to execute Grant Agreements for funds awarded; and
- C. AMENDING the Round 5 TOD Planning Grant Program Guidelines (Attachment B).

**Attachments:**    [Attachment A - Round 5 Summary and Funding Recommendations](#)  
[Attachment B - TOD Planning Grant Program Guidelines](#)  
[Attachment C - Funding Table](#)

**PLANNING AND PROGRAMMING COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

**16. SUBJECT:    BLUE LINE FIRST/LAST MILE PLAN**

[2017-0720](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute Modification No. 5 to Contract No. PS6130400 with Fehr & Peers, for the Blue Line First/Last Mile Plan for feasibility analysis necessary to refine project ideas, in the amount of \$206,285, increasing the total contract value from \$417,302 to \$623,587.

**Attachments:**    [ATTACHMENT A - Procurement Summary](#)  
[ATTACHMENT B - Contract Modification Change Order Log](#)  
[ATTACHMENT C - DEOD Summary](#)

**PLANNING AND PROGRAMMING COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

**20. SUBJECT:    LOS ANGELES UNION STATION FORECOURT AND  
                          ESPLANADE IMPROVEMENTS**

[2017-0743](#)

**RECOMMENDATION**

CONSIDER:

- A. CERTIFYING the Final Environmental Impact Report (FEIR);
- B. AUTHORIZING the Chief Executive Officer (CEO) to file a Notice of Determination with the Los Angeles County Clerk and State of California Clearinghouse;
- C. ADOPTING the:
  - 1. Findings of Fact and Statement of Overriding Considerations in accordance with the California Environmental Quality Act (CEQA) and
  - 2. Mitigation Monitoring and Reporting Plan (MMRP); and
- D. APPROVING Alternative 3 as the Preferred Alternative.

**Attachments:**    [Attachment A - Notice of Determination](#)  
[Attachment B - Project Map](#)  
[Attachment C - Summary of Outreach](#)  
[Attachment D - Funding Table](#)  
[Presentation](#)

**PLANNING AND PROGRAMMING COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

- 22. SUBJECT:    UNCONSTRAINED PROJECT ADDITIONS AND REVISIONS TO THE SCAG REGIONAL TRANSPORTATION PLAN**

[2017-0908](#)

**RECOMMENDATION**

CONSIDER:

- A. APPROVING the list of additional and revised financially unconstrained projects (see Attachment A) to submit to the Southern California Association of Governments (SCAG) for inclusion in its Regional Transportation Plan (RTP); and
- B. REQUESTING that SCAG amend the 2016 Regional Transportation Plan (RTP) Strategic Project list to include the project revisions and additions.

**Attachments:**    [Attachment A - Unconstrained Project List 2-2-18](#)  
[Presentation](#)

**SYSTEM SAFETY, SECURITY, AND OPERATIONS COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

- 23. SUBJECT:    METRO GREEN LINE FIBER OPTIC CABLE FOR EMERGENCY TRIP SYSTEM**

[2017-0845](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award Contract No. OP45636000 to JM Fiber Optics, Inc. to furnish and install fiber optic cable for the emergency trip system along the Metro Green Line (MGL) right-of-way, for a total amount of \$2,767,890, effective March 2018 through February 2020; subject to resolution of protest(s), if any.

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



**SYSTEM SAFETY, SECURITY, AND OPERATIONS COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

27. **SUBJECT: TAP ONLY FARE PAYMENT FOR ALL DOOR BOARDING ON METRO RAPID 720 & 754** [2017-0802](#)

**RECOMMENDATION**

## CONSIDER:

- A. RECEIVING AND FILING Public Comment Report on 'TAP Only' All Door Boarding (ADB) implementation for Metro Rapid Lines 720 (Wilshire Bl) and 754 (Vermont Av); and
- B. APPROVING TAP as the only valid fare payment option for All Door Boarding on Metro Rapid 720 & 754

**Attachments:** [Attachment A - ADB Fare Equity Analysis](#)

**SYSTEM SAFETY, SECURITY, AND OPERATIONS COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

28. **SUBJECT: METRO GREEN LINE (MGL) TRACK CIRCUITS AND TRAIN-TO-WAYSIDE COMMUNICATION (TWC) UPGRADE** [2017-0844](#)

**RECOMMENDATION**

## CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to award Contract No. OP43306000 to Ansaldo STS USA, Inc. for the upgrade of the MGL track circuits and train-to-wayside equipment, for an amount of \$18,655,966.78, effective March 2018 through February 2023; and
- B. AWARDING a single source procurement, pursuant to California Public Utilities Code Section 130237. The MGL track circuits and TWC are proprietary and Ansaldo STS is the sole manufacturer of the components. The components are needed for integration with the existing Ansaldo Microlok II Train Control System in use on the MGL.

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)

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

**EXECUTIVE MANAGEMENT COMMITTEE MADE THE FOLLOWING RECOMMENDATION****(3-0):**

- 33. SUBJECT: METRO EQUITY PLATFORM FRAMEWORK**

[2017-0912](#)**RECOMMENDATION**

APPROVE Metro's Equity Platform Framework.

**Attachments:** [Presentation](#)**NON-CONSENT**

- 3. SUBJECT: REPORT BY THE CHAIR**

[2018-0057](#)**RECOMMENDATION**RECEIVE report by the **Chair**.

- 4. SUBJECT: REPORT BY THE CHIEF EXECUTIVE OFFICER**

[2018-0058](#)**RECOMMENDATION**RECEIVE report by the **Chief Executive Officer**.**AD-HOC CONGESTION, HIGHWAY AND ROADS COMMITTEE FORWARDED WITHOUT RECOMMENDATION AS AMENDED AND PLANNING AND PROGRAMMING COMMITTEE FORWARDED WITHOUT RECOMMENDATION THE FOLLOWING:**

- 5. SUBJECT: I-710 SOUTH EIR/EIS PROJECT**

[2017-0849](#)**RECOMMENDATION**

ADOPT Alternative 5C as the Locally Preferred Alternative (LPA) for the I-710 South Corridor Project to advance into the Final Environmental Document.

**Attachments:** [Attachment A Project Description.pdf](#)  
[Attachment B - Alternatives Evaluation.pdf](#)  
[Attachment C - Community Participation Framework](#)  
[Attachment D Programmatic Elements of the Build Alternatives.pdf](#)  
[Presentation](#)

**5.1 SUBJECT: REVISED MOTION BY DIRECTORS HAHN, SOLIS, GARCIA, AND DUPONT-WALKER**

[2018-0053](#)

WE THEREFORE MOVE to direct the Metro CEO and Staff to, as part of, staff recommended Locally Preferred Alternative 5c:

- A. Change the Zero Emission/Near Zero Emission truck technology development program to the phased-in “Zero Emission Truck Technology Development Program.”
- B. Increase program funding target from \$100 million to \$200 million, and include in the Program incentives and grants investment in the acceleration of zero emission technology both for long hauling trucks and for freeway infrastructure, including but not limited to, “under the pavement” vehicle charging capacity as options to consider.
- C. Convene a working group comprised of the California Air Resources Board (CARB), California State Department of Transportation (Caltrans), Southern California Association of Governments (SCAG), South Coast Air Quality Management District (AQMD), California Transportation Commission (CTC), the Ports of Los Angeles and Long Beach, zero-emission industry experts and other key stakeholders to develop a policy recommendation for a full, zero-emission only, dedicated lane including, but not limited to “rechargeable roadways” on the entire 19 mile long stretch of the 710 freeway, ~~and include this as part of the final EIR/EIS document, presented in the September 2018 Metro board meeting- as part of the reevaluation of the remaining elements of Alternative 5c, after the Early Action Projects have been completed.~~

**5.2 SUBJECT: MOTION BY DIRECTORS SOLIS, GARCIA, RIDLEY-THOMAS, BUTTS, NAJARIAN, AND HAHN**

[2018-0068](#)

WE THEREFORE MOVE that the Board adopt Alternative 5C as the Locally Preferred Alternative for the I-710 South Corridor Project FEIR/FEIS (inclusive of Motion 22.1 from October 2015) and expedite the delivery of an Early Action Program (EAP) that emphasizes the following:

- A. Projects that deliver the most immediate and significant benefits related to safety, mobility and air quality;
- B. Projects that can be implemented with minimal or no displacement of residences, businesses, and sensitive land uses;

- C. Developing a local/targeted hiring policy that is applicable to any and all eligible funding sources;
- D. Conduct an operational performance analysis upon completion of the Early Action Program utilizing the most current State and local evaluation measures and standards to re-evaluate and re-validate the remaining elements of Alternative 5C, especially identifying opportunities to further reduce property impacts;
- E. Return to the board upon completion of the aforementioned directive to seek further consideration and authorization related to implementing the balance of improvements in Alternative 5C.

**FURTHER MOVE** that the Board direct the CEO to establish a working group with the freight industry, air quality regulators, transportation and metropolitan planning agencies, the Gateway Council of Governments and other relevant stakeholders to explore the lead authorities, financial impact and other implementation factors related to:

- A. Develop a strategic plan that is consistent with the South Coast Air Quality Management Plans, which expedites the transition from diesel freight trucks to near-zero emission vehicles as soon as possible and outlines a transition to zero-emission vehicles as the cleanest, most reliable technology becomes available;
- B. Host an industry forum aimed at stimulating and accelerating the deployment of cleaner freight truck alternatives. The forum shall include, but not be limited to topics such as funding and financing, public-private partnerships, new technologies, on- and off-dock rail support facilities, best practices research and development, demonstration programs (example: rechargeable roadways), creative purchase/lease incentive programs, etc.;
- C. Develop and evaluate multiple scenarios for a comprehensive congestion demand management program, to be evaluated independently, that focuses on separating freight and non-freight vehicles (i.e. dedicated toll lanes) within the existing rights of way on freeways facilities throughout Los Angeles County with priority on Near-Zero and Zero-Emission vehicles;
- D. Develop an overarching transportation demand management (TDM) strategy consistent with the larger, previously approved

TDM strategy development process that will minimize the impact of goods movements and people in the surrounding communities along the I-710 corridor.

**FURTHER MOVE** that the CEO works with the Gateway Cities Council of Governments to assess the effectiveness and recommend potential improvements to the community participation structure that was established for the environmental review period. Report back to the board in 120 days.

**FURTHER MOVE** that, as part of its NextGen Bus Study, Metro evaluate the feasibility of implementing high-frequency bus service in accordance with Motion 22.1 (October 2015).

**FINANCE, BUDGET, AND AUDIT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

**12. SUBJECT: PROPOSITION C BONDS**

[2017-0840](#)

**RECOMMENDATION**

ADOPT a resolution, Attachment A, that:

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

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)

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

**PLANNING AND PROGRAMMING COMMITTEE FORWARDED THE FOLLOWING WITHOUT RECOMMENDATION:****17. SUBJECT: WEST SANTA ANA BRANCH TRANSIT CORRIDOR**[2017-0859](#)**RECOMMENDATION**

CONSIDER:

- A. EXPANDING the northern study options;
- B. RECEIVING AND FILING the:
  - 1. Update on Public Private Partnership procurement; and
  - 2. Status of Transit-Oriented Communities efforts.

**Attachments:** [Attachment A - Original Northern Alignment Options](#)  
[Attachment B - Proposed Additional Northern Alignment Study Options](#)  
[Attachment C - WSAB Milestone](#)  
[Attachment D - Factors Considered Related to P3 Delivery](#)  
[Attachment E - Development of the Business Case](#)  
[Attachment F - PP Presentation](#)

**END OF NON-CONSENT ITEMS****38. SUBJECT: CLOSED SESSION**[2018-0055](#)**RECOMMENDATION**

CLOSED SESSION:

- A. Conference with Legal Counsel - Existing Litigation - G.C. 54956.9(d)(1)
  - 1. Barre Enthusiasts, LLC v. LACMTA, LASC Case No. BC646237
- B. Conference with Real Property Negotiator - G.C. 54956.8
  - 1. Property Description: 2029-2049 Century Park East, Los Angeles  
Agency Negotiator: Velma C. Marshall  
Negotiating Party: JP Morgan Asset Management  
Under Negotiation: Terms and Price

**GENERAL PUBLIC COMMENT**

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S SUBJECT MATTER JURISDICTION

Adjournment



**Board Report**

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**File #:** 2018-0015, **File Type:** Minutes

**Agenda Number:** 2.

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**REGULAR BOARD MEETING  
MARCH 1, 2018**

**SUBJECT: MINUTES**

**RECOMMENDATION**

APPROVE Minutes of the Regular Board Meeting held January 25, 2018.



# Metro

Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
3rd Floor Board Room



## MINUTES

Thursday, January 25, 2018

9:00 AM

One Gateway Plaza, Los Angeles, CA 90012,  
3rd Floor, Metro Board Room

### Board of Directors - Regular Board Meeting

Sheila Kuehl, Vice Chair  
James Butts, 2nd Vice Chair  
Kathryn Barger  
Mike Bonin  
Jacquelyn Dupont-Walker  
Robert Garcia  
Janice Hahn  
Paul Krekorian  
Ara Najarian  
Mark Ridley-Thomas  
Hilda Solis  
Carrie Bowen, non-voting member  
Phillip A. Washington, Chief Executive Officer

**CALLED TO ORDER AT: 9:07 a.m.**

**ROLL CALL**

1. APPROVED Consent Calendar Items: 2, 5, 7, 8, 10, 12, 16, 17, 18, 19, 20, 21, 22, 23, 24, 29, 32, 34, 37, 44 and 45.

Consent Calendar Items were approved by one motion except for 7, 16, 18, and 24 which were held for discussion and/or separate action.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
Y	A	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y

**CONSENT CALENDAR**

2. SUBJECT: MINUTES 2017-0808

**ACTION**

APPROVED ON CONSENT CALENDAR Minutes of the Regular Board Meeting held November 30, 2017.

3. SUBJECT: REPORT BY THE CHAIR 2017-0917

**ACTION**

RECEIVED report by the Chair.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
P	A	P	P	P	P	A	P	P	P	A	P	P

4. SUBJECT: REPORT BY THE CHIEF EXECUTIVE OFFICER 2017-0919

**ACTION**

RECEIVED report by the Chief Executive Officer.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
P	A	P	P	P	P	A	P	P	P	P	P	P

PK = P. Krekorian	HS = H. Solis	KB = K. Barger	RG = R. Garcia
JF = J. Fasana	JB = J. Butts	JDW = J. Dupont-Walker	
JH = J. Hahn	EG = E. Garcetti	MRT = M. Ridley-Thomas	
MB = M. Bonin	SK = S. Kuehl	AN = A. Najarian	

LEGEND: Y = YES, N = NO, C = HARD CONFLICT, S = SOFT CONFLICT ABS = ABSTAIN, A = ABSENT, P = PRESENT

5. **SUBJECT: I-5 NORTH CAPACITY ENHANCEMENTS FROM SR-134 TO 2017-0801  
SR-118**

**ACTION**

AUTHORIZED ON CONSENT CALENDAR Contract Modification No. 221 (CCO 221) by the California Department of Transportation (Caltrans) for construction contract of Segment 3 of the I-5 North Capacity Enhancements Project between SR-134 and SR-118 (Project) under Funding Agreement No. MOU.P0008355/8501A/A6, in the amount of \$1,589,186.01 within the LOP budget.

7. **SUBJECT: METRO EXPRESSLANES CALIFORNIA HIGHWAY PATROL CITATION DISTRIBUTION** 2017-0820

**ACTION**

RECEIVED AND FILED report on the distribution of Metro ExpressLanes California Highway Patrol (CHP) issued citations.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
Y	A	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y

8. **SUBJECT: METRO EXPRESSLANES OPERATION AND MAINTENANCE** 2017-0717

**ACTION**

APPROVED ON CONSENT CALENDAR:

- A. AUTHORIZING the Chief Executive Officer (CEO) to exercise Option 4.5, Additional Year of Operation and Maintenance (O&M) - Year 5 (from February 24, 2018 to February 23, 2019), Modification No.76 for Contract No. PS0922102333 with Atkinson Contractors, LP (Atkinson) for Metro ExpressLanes Operation and Maintenance in the amount of \$3,120,000, increasing the total contract price from \$164,257,920 to \$167,377,920;
- B. AUTHORIZING the CEO to execute Contract Modification No.77 for additional O&M Support Costs for Option Year 5 in the amount of \$15,699,569, increasing the total contract price from \$167,377,920 to \$183,077,489;
- C. AUTHORIZING the CEO to negotiate and execute Contract Modification No. 79 for an Occupancy Detection System in the amount not-to-exceed \$11,250,000 increasing the total contract price from \$183,077,489 to \$194,327,489; and

(Continued on next page)

(Item 8 – continued from previous page)

D. APPROVING an increase in Contract Modification Authority (CMA) for Contract No. PS0922102333, to Atkinson in the amount of \$28,396,228, increasing the total CMA from \$107,354,954 to \$135,751,182, to cover the costs of the recommended Contract Modification above, and any pending and future changes listed in the Contract Modification/Change Order Log (Attachment B).

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
			C									C

9. SUBJECT: METRO EXPRESSLANES - BACK OFFICE SYSTEM 2017-0779

**ACTION**

AUTHORIZED the Chief Executive Officer to award an eight-year firm fixed unit price Contract No. PS40164000, to TransCore for implementing and maintaining an ExpressLanes back office system in an amount not to exceed \$48,327,615 for the eight-year base period, with two, three-year options, in amounts not to exceed \$19,031,882 and \$20,733,661, respectively, for a total not to exceed amount of \$88,093,158, subject to resolution of protest(s), if any.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
Y	A	C	Y	Y	Y	A	C	C	Y	Y	Y	Y

10. SUBJECT: LEASE AGREEMENT WITH BAKEWELL HAWTHORNE, 2017-0777  
 LLC FOR LOS ANGELES METRO SYSTEM SECURITY  
 AND LAW ENFORCEMENT

**ACTION**

AUTHORIZED ON CONSENT CALENDAR the Chief Executive Officer to execute a five-year amendment to the existing lease agreement with Bakewell Hawthorne, LLC ("Landlord"), and option a five-year term extension, for use of 11,500 rentable square feet ("RSF") of office space located at 4401 Crenshaw Boulevard, Los Angeles ("Crenshaw Building") commencing August 1, 2018 at a monthly rate of \$18,644 for total value of \$1,189,092 including annual escalations of three percent, with a five-year option to extend commencing August 1, 2023, for \$1,378,500 costing a combined \$2,567,592 over the ten-year term.

**12. SUBJECT: NEW LOW INCOME FARE SUBSIDY PROGRAM (LIFE) 2017-0813**

**ACTION**

APPROVED ON CONSENT CALENDAR:

- A. AMENDING the FY18 Adopted budget in the amount of \$3.6 million to include Measure M funds to support the Board approved Low Income Fare is Easy (LIFE) program; and
- B. RECEIVING AND FILING the LIFE Program Update.

**12.1 SUBJECT: REVISED MOTION BY HAHN, GARCETTI, DUPONT-WALKER AND KREKORIAN 2017-0926**

**ACTION**

APPROVED Revised Motion by Hahn, Garcetti, Dupont-Walker and Krekorian that the Board direct the CEO to:

- A. work in partnership with the following organizations to host on-site events in order to directly enroll eligible individuals in the LIFE Program: the LA County Department of Children and Family Services, LA County Department of Workforce Development, Aging and Community Services, LA Department on Disability, LA Department of Aging - as well as the Los Angeles Homeless Services Authority, and all community colleges in LA County.
- B. explore the feasibility of providing victims of domestic violence and individuals experiencing homelessness with pre-loaded TAP Cards which carry enough cash value to meet the individual's immediate and urgent transportation needs.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>EG</b>	<b>SK</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
Y	A	Y	A	Y	Y	A	Y	Y	Y	Y	Y	A

**16. SUBJECT: INTEGRATED STATION DESIGN SOLUTIONS 2017-0716**

**ACTION**

AUTHORIZED UNDER RECONSIDERATION the Chief Executive Officer to award and execute an 18-month, firm fixed Contract No. PS35771-2001 to M. Arthur Gensler Jr. & Associates, Inc. in the amount of \$1,694,864 for integrated station design solutions, subject to the resolution of protest(s), if any.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>EG</b>	<b>SK</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
Y	A	C	C	Y	C	A	Y	Y	Y	Y	Y	C

**17. SUBJECT: MARIACHI PLAZA JOINT DEVELOPMENT**

**2017-0740**

**ACTION**

AUTHORIZED ON CONSENT CALENDAR the Chief Executive Officer to negotiate and execute an 18-month Exclusive Negotiation Agreement and Planning Document (ENA) with East LA Community Corporation (“ELACC” or “Developer”) for the development of 1.08 acres of Metro-owned property at the Mariachi Plaza Station Site (Site), subject to resolution of protests, if any.

**18. SUBJECT: CHAVEZ AND FICKETT JOINT DEVELOPMENT**

**2017-0741**

**ACTION**

AUTHORIZED UNDER RECONSIDERATION the Chief Executive Officer to negotiate and execute an 18-month Exclusive Negotiation Agreement and Planning Document (“ENA”) with Abode Communities (“Abode”) for the development of 1.56 acres of Metro-owned property at Cesar E. Chavez Avenue and Fickett Street (“Site”) in the Boyle Heights community of Los Angeles, subject to resolution of protests, if any.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>EG</b>	<b>SK</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
Y	A	C	A	Y	Y	A	C	Y	Y	Y	Y	Y

**19. SUBJECT: SUPPORTIVE TRANSIT PARKING PROGRAM MASTER PLAN**

**2017-0762**

**ACTION**

APPROVED ON CONSENT CALENDAR:

- A. ADOPTING the Supportive Transit Parking Program Master Plan; and
- B. AMENDING Metro’s Parking Ordinance (Attachment A) and Parking Rates and Permit Fee Resolution (Attachment B) in support of the implementation of the Supportive Transit Parking Program Master Plan.

**20. SUBJECT: SYSTEMWIDE STATION DESIGN STANDARDS**

**2017-0605**

**ACTION**

ADOPTED ON CONSENT CALENDAR the Metro Systemwide Station Design Standards Policy.

**21. SUBJECT: CLAREMONT METROLINK STATION STUDY REPORT 2017-0836**

**ACTION**

RECEIVED AND FILED ON CONSENT CALENDAR final report on the Claremont Metrolink Station Study with staff recommendations to keep the Claremont Metrolink Station open and proceed with a staff-level task force to provide recommendations on how Metrolink and Gold Line Phase 2B and other transit services will complement each other to provide greater transit services to the surrounding communities along the shared rail corridor.

**22. SUBJECT: ADDITIONAL METROLINK REHABILITATION FUNDING 2017-0823**

**ACTION**

APPROVED ON CONSENT CALENDAR:

- A. PROGRAMMING the Los Angeles County Metropolitan Transportation Authority's (Metro) share of Southern California Regional Rail Authority's (SCRRA - operating as Metrolink) FY17 "Priority B" track and structure rehabilitation work up to \$13,297,500;
- B. APPROVING payment for the City of Los Angeles San Fernando Road Bike Path Three Settlement Costs totaling \$59,629;
- C. REPROGRAMMING prior year SCRRA MOU surplus funds totaling \$3,014,089 as listed below for SCRRA's state of good repair projects:
  - 1. FY 2010-11 MOU - \$1,038,316
  - 2. FY 2011-12 MOU - \$791,123
  - 3. FY 2012-13 MOU - \$471,898
  - 4. Capital Project MOUs - \$712,752
- D. EXTENDING the lapsing dates for funds previously allocated to SCRRA for the Rehabilitation and Renovation Program as follows:
  - 1. FY 2010-11 from June 30, 2017 to June 30, 2018
  - 2. FY 2011-12 from June 30, 2017 to June 30, 2018
  - 3. FY 2012-13 from June 30, 2017 to June 30, 2018
  - 4. FY 2013-14 from June 30, 2017 to June 30, 2018

(Continued on next page)

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E. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements between LACMTA and the SCRRA for the approved funding and lapsing date extensions.

**23. SUBJECT: MEMBERSHIP ON METRO SERVICE COUNCILS 2017-0770**

**ACTION**

APPROVED ON CONSENT CALENDAR nominee Rosalba Sánchez González for membership on Metro's San Fernando Valley Service Council.

**24. WITHDRAWN: SUBJECT: HIGH SPEED/VOLUME COPIERS - METRO 2017-0834  
COPY CENTER**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed unit rate, Contract No. PS9395700 to Canon Solutions America, Inc., to provide high speed/volume copiers for Metro Copy Center for five years in an amount not-to-exceed \$1,977,549, inclusive of sales taxes, subject to resolution of protest(s), if any.

**29. SUBJECT: RAIL AND BUS VEHICLE HISTORICAL PRESERVATION 2017-0803  
EFFORTS**

**ACTION**

APPROVED ON CONSENT CALENDAR:

- A. ADOPTING an expanded donation policy, as defined in Attachment B, for the purpose of enabling the historical preservation by others of some portion of the original rail vehicle and bus fleet; and
- B. RECEIVING AND FILING the attached P865 retirement schedule that is consistent with the revised donation policy for the transfer of rail vehicle 100 to the City of Long Beach.



**31. SUBJECT: BOARD DELEGATED AUTHORITY FOR LOP  
BUDGET MANAGEMENT**

**2017-0827**

**ACTION**

APPROVED:

- A. RECEIVING AND FILING report on the Board delegated authority to the Chief Executive Officer (CEO) one-year pilot program authorizing negotiation and execution of project related agreements, including contract modifications, up to the Life-of-Project (LOP) budgets on Crenshaw/LAX, Regional Connector, Westside Purple Line Extension Section1 and Section 2 Projects; and
- B. AUTHORIZING the Chief Executive Officer to negotiate and execute project related agreements, including contract modifications, up to the authorized Life-of-Project Budget on all transit and regional rail capital projects program-wide.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
Y	A	Y	Y	Y	Y	A	Y	Y	Y	Y	Y	A

**31.1 SUBJECT: MOTION BY GARCETTI, BUTTS, AND DUPONT-WALKER 2017-0924**

**ACTION**

APPROVED AS AMENDED Motion by Garcetti, Butts, and Dupont-Walker that the Board direct the CEO to:

- A. Include the following information in the form of quarterly report to the Board:
  - 1. Provide a detailed description and explanation of each change Order above \$500,000 issued and executed;
  - 2. Provide details of the timeline for each change order and/or claim that is submitted and approved. Including the date of contractor submission and MTA execution;
  - 3. Include the contract modification and/or change order amount that was submitted and what was approved by MTA staff and/or the CEO; and
  - 4. Issue the first quarterly report to the Board by April 2018.

(Continued on next page)

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B. Include the following pre-conditions to ensure accountability:

All MTA transit and regional rail capital projects program-wide must establish a Life of Project budget at the beginning of the project in order to be eligible for inclusion in this policy.

WE FURTHER MOVE that the Inspector General:

C. Perform periodical random spot-check audits of these projects to ensure to the Board that the system and policy are performing in the manner described in the recommendation.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>EG</b>	<b>SK</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
Y	A	Y	Y	Y	Y	A	Y	Y	Y	Y	Y	Y

**32. SUBJECT: DIVISION 20 PORTAL WIDENING TURNBACK PROJECT 2017-0828**

**ACTION**

APPROVED ON CONSENT CALENDAR:

- A. AUTHORIZING the Chief Executive Officer to execute Contract Modification No. 4 to Contract No. AE66758000 with T.Y. Lin International (TYLIN) to provide additional final design engineering services for the Division 20 Portal Widening Turnback Project, in an amount not-to-exceed \$3,449,949, increasing contract value from \$12,225,661 to \$15,675,610;
- B. AUTHORIZING an increase in Contract Modification Authority from \$2,053,132 to \$3,053,132 for potential design modifications due to Third Party coordination and extended design services during construction; and
- C. AMEND the FY18 budget for an amount not to exceed \$25M to support recommendations A, B and for the acquisition of real property and related costs including loss of good will and relocation for properties required for the Division 20 Portal Widening Turnback Project.

**34. SUBJECT: 2018 LEGISLATIVE PROGRAM**

**2017-0736**

**ACTION**

ADOPTED ON CONSENT CALENDAR:

- A. the proposed 2018 Federal Legislative Program as outlined in Attachment A;
- B. the proposed 2018 State Legislative Program as outlined in Attachment B; and
- C. a SUPPORT position on ACA 5 (Frazier) which seeks to protect State transportation revenues.

**37. SUBJECT: TWENTY-EIGHT BY '28 PROJECT LIST-  
TRANSPORTATION INVESTMENT GUIDE IN  
TANDEM WITH THE 2028 OLYMPIC AND  
PARALYMPIC GAMES**

**2017-0799**

**ACTION**

APPROVED ON CONSENT CALENDAR the Twenty-Eight by '28 list provided in Attachment A.

**44. SUBJECT: Motion by Solis, Najarian, Barger, Krekorian, and Fasana 2017-0901**

**ACTION**

APPROVED ON CONSENT CALENDAR Motion by Solis, Najarian, Barger, Krekorian, and Fasana that the Board direct the CEO to work with the Southern California Regional Railroad Authority (SCRRA) and the San Bernardino County Transportation Authority (SBCTA) to develop a strategic plan to implement a Fare Discount Pilot Program to better understand the potential impact to ridership and demand for additional service on the San Bernardino Line.

WE FURTHER MOVE that the CEO report back in 90 days.

**45. SUBJECT: Motion by Solis, Krekorian, Kuehl, Fasana, Garcetti, and Dupont-Walker 2017-0904**

**ACTION**

APPROVED ON CONSENT CALENDAR Motion by Solis, Krekorian, Kuehl, Fasana, Garcetti, and Dupont-Walker that the Board direct the CEO to apply the USEP to all federally funded rolling stock procurements, and related contracts with a minimum contract value of \$100 million that prescribes inclusion of, but is not limited to, the following:

- A. Factors such as the total wages and benefits for quality jobs that would be newly created or retained in connection to a major capital project contract; a requirement that Disadvantaged Workers comprise at least 10% of the total new wages, and benefits; identification of the location(s) of manufacture and assembly of the major capital projects; investment in new or existing facilities; investment in training, workforce development and apprenticeship programs;
- B. Include an evaluation mechanism in the USEP proposal scoring criteria that represents a meaningful level of the overall possible points for a Best Value proposal evaluation; and
- C. Enforcement mechanisms requiring awardees to submit quarterly reports regarding compliance with USEP commitments by Contractor and any Subcontractors after contract awards. The quarterly report shall summarize the major actions taken during the prior quarter during implementation of the USEP, and progress toward the attainment.

**46. SUBJECT: METRO SYSTEM ADVERTISING (LICENSE TO SELL AND DISPLAY ADVERTISING ON BUS AND RAIL) 2017-0718**

**ACTION**

AUTHORIZED the Chief Executive Officer to:

- A. AWARD Contract No. PS41099B - License to Sell and Display Advertising on Metro Bus System to OUTFRONT Media Group, LLC for 10 years, generating an aggregate minimum guarantee of \$262,250,000 revenue for Metro, subject to resolution of protest(s), if any;

(Continued on next page)

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- B. AWARD Contract No. PS41099R - License to Sell and Display Advertising on Metro Rail System to Intersection Parent, Inc. for 10 years, generating an aggregate minimum guarantee of \$42,902,200 revenue for Metro, subject to resolution of protest(s), if any; and
- C. AMEND the FY18 Budget to add three (3) Full Time Employees (FTEs) to support implementation of digital advertising and the new revenue contracts; FTEs will be funded by revenues generated from No. PS41099B and No. PS41099R.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
Y	A	Y	Y	Y	Y	A	Y	C	Y	Y	Y	Y

**46.1 SUBJECT: MOTION BY KUEHL AND BUTTS**

**2017-0927**

**ACTION**

APPROVED Motion by Kuehl and Butts:

- A. that the MTA Board limit the number of days a single advertiser can "dominate" a station to 90 days. In addition, a 90-day cooling off period shall immediately follow, in which the vendor is not able to "dominate" that same station;
- B. MTA staff must inform the Metro Board of any upcoming "station domination" at least 10 business days prior to them occurring. In addition, if the "station dominations" are to occur above-ground, MTA staff must also inform the local jurisdiction at least 10 business days prior to the "station domination" occurring; and
- C. MTA staff must inform the Metro Board of any digital displays at least 10 business days prior to them being installed. The notification shall include, at a minimum, the number and location of digital displays. In addition, if the digital displays are above-ground, MTA staff must also inform the local jurisdiction at least 10 business days prior to the displays being installed.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
Y	A	Y	A	Y	Y	A	Y	Y	Y	Y	Y	Y

**47. SUBJECT: MOTION BY FASANA, BARGER, DUPONT-WALKER AND 2017-0922 SOLIS**

**ACTION**

APPROVED Motion by Fasana, Barger, Dupont-Walker and Solis that Metro provide an analysis of current ridership as a percentage of maximum capacity for passengers at all existing rail stations during weekdays, weekends, on -peak, and off-peak hours and report the results to the Board at the April 2018 meetings.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
Y	A	Y	Y	Y	A	A	Y	Y	Y	Y	Y	Y

**48. SUBJECT: CLOSED SESSION**

**2017-0920**

**A. Conference with Legal Counsel - Existing Litigation - G.C. 54956.9(d)(1)**

1. Javier Rodriguez, Jr. v. LACMTA, et al, LASC Case No. BC613442

APPROVED settlement in the amount of approximately \$7.3 million.

PK	JF	JH	MB	HS	JB	EG	SK	KB	JDW	MRT	AN	RG
Y	A	C	Y	C	A	A	Y	Y	Y	Y	C	Y

2. City of Beverly Hills v. LACMTA, LASC Case No. BS144164

NO REPORT.

3. LACMTA v. The Southern California Gas Company, LASC Case No. BC658988

NO REPORT.

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**B. Conference with Real Property Negotiator - G.C. 54956.8**

1. Property Description: 500 Center Street, Los Angeles  
Agency Negotiator: Velma C. Marshall  
Negotiating Party: Center Street Realty Investors, LLC  
Under Negotiation: Terms and Price

Settlement documents will be made available after they have been fully executed.

2. Property Description: 9225 Aviation Boulevard  
Agency Negotiator: Velma C. Marshall  
Negotiating Party: Hertz Corporation  
Under Negotiation: Terms and Price

Settlement documents will be made available after they have been fully executed.

ADJOURNED AT 12:32 p.m. in memory of **Leo Joseph Fogette**, father-in-law of  
Director John Fasana

Prepared by: Deanna Phillips  
Administrative Analyst, Board Administration

  
Michele Jackson, Board Secretary

**Board Report**

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**File #:** 2017-0806, **File Type:** Contract**Agenda Number:** 6.

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**AD HOC CONGESTION, HIGHWAY, AND ROADS COMMITTEE  
FEBRUARY 14, 2018****SUBJECT: COLLECTION AGENCY FOR METRO EXPRESSLANES****ACTION: AWARD CONTRACT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a three year revenue generating Contract No. PS44600000 to Professional Account Management, LLC (subsidiary of Duncan Solutions, Inc.) for the ExpressLanes program collection services. Compensation shall be provided on a contingency basis based on a percentage of outstanding debt recovered on behalf of Metro ExpressLanes with a fourteen percent (14%) deduction. The period of performance for this Contract will be three years with two one-year options for a total of five years, subject to resolution of protest(s), if any.

**ISSUE**

Metro ExpressLanes has determined that it requires professional collection and legal services as it relates to unpaid tolls and violations they may be owed from the operation of the I-10 and I-110 ExpressLanes. Users who fail to pay the toll on the ExpressLanes as required are issued a Notice of Toll Evasion Violation (per California Vehicle Code 40250 - 40273) which lists the toll and associated penalty that is owed. Failure to pay the toll and the penalty can result in the withholding of the vehicle registration through the California Department of Motor Vehicles (DMV), civil judgment, and other collection actions like tax intercept, wage garnishments, litigation and bankruptcy services as provided by law (per California Vehicle Code 40267 (d)). Metro is currently using only the DMV vehicle registration hold to collect unpaid tolls and penalties. This debt collection process would supplement the current DMV hold process and improve recovery of funds owed to the Metro ExpressLanes.

**DISCUSSION**

Metro ExpressLanes has set up various processes to maximize collection of toll revenues. Tolls can be paid online, by mail, by phone or in person at a Metro ExpressLanes customer service center. Current customers with Metro ExpressLanes accounts with unpaid tolls and penalties have their transactions placed on DMV hold ninety (90) days after the Notice of Toll Evasion Violation (First Notice) and the Notice of Delinquent Toll Evasion Violation (Second Notice) have been mailed out. Metro ExpressLanes also has procedures in place for customers without an account. Within 21 days of the occurrence of the violation, the first notice is mailed to the registered vehicle owner and



includes the toll amount plus a \$25 penalty. Thirty days from the first notice date a second notice is mailed. This notice includes the toll amount, the \$25 penalty and an additional penalty of \$30. Sixty days after the issuance of the second notice, if violations remain unpaid, they are forwarded to DMV for registration hold. The First and Second Notice penalty amounts and the violation process were approved by the Board in April 2012 through an Ordinance that established Title 7 of the Administrative Code. In an effort to educate motorists about the use of the new ExpressLanes, the Program has refrained from pursuing other collection methods such as civil judgment, tax intercept, wage garnishments, or litigation and bankruptcy services. Metro ExpressLanes is now pursuing the services of a Collection Agency due to an increase in delinquent debt and program maturity.

Utilizing third party collection services is common practice among express lanes operators nationwide. In California the following tolling agencies use third party collection services:

- Orange County Transportation Authority (OCTA)
- Riverside County Transportation Commission (RCTC)
- San Diego Association of Governments (SANDAG)
- Bay Area Toll Authority (BATA)

### **DETERMINATION OF SAFETY IMPACT**

This Board action will not have an impact on established safety standards.

### **FINANCIAL IMPACT**

This Contract would have no impact to the adopted FY18 budget.

### **ALTERNATIVES CONSIDERED**

The Board may decide not to authorize the Contract. This alternative is not recommended because a collection agency will help improve recovery of delinquent debt for the Metro ExpressLanes program.

### **NEXT STEPS**


Upon Board approval, staff will execute Contract No. PS44600000, to Professional Account Management, LLC for collection services for the ExpressLanes program.

### **ATTACHMENTS**

Attachment A - Procurement Summary  
Attachment B - DEOD Summary  
Attachment C - [title]

Prepared by: Silva H. Mardrussian, Mgr, Transportation Planning, (213) 418-3132  
Kathleen McCune, Deputy Executive Officer, (213) 418-3138  
Shahrazad Amiri, Executive Officer, (213) 922-3061

Reviewed by: Debra Avila, Chief Vendor/Contract Mgmt Officer, (213) 418-3051  
Stephanie Wiggins, Deputy CEO, (213) 922-1023



Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

## COLLECTION AGENCY FOR METRO EXPRESSLANES/PS44600000

1.	<b>Contract Number:</b> PS44600000	
2.	<b>Recommended Vendor:</b> Professional Account Management, LLC, a wholly owned subsidiary of Duncan Solutions, Inc.	
3.	<b>Type of Procurement (check one):</b> <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.	<b>Procurement Dates:</b>	
	A. Issued: 07/31/2017	
	B. Advertised/Publicized: 07/31/17	
	C. Pre-Proposal Conference: 08/10/2017	
	D. Proposals Due: 09/15/2017	
	E. Pre-Qualification Completed: 01/22/2018	
	F. Conflict of Interest Form Submitted to Ethics: 01/26/18	
	G. Protest Period End Date: 2/16/2018	
5.	<b>Solicitations Picked up/Downloaded:</b> 17	<b>Proposals Received:</b> 8
6.	<b>Contract Administrator:</b> Adrian Ziemer	<b>Telephone Number:</b> (213) 922-1109
7.	<b>Project Manager:</b> Silva Mardrussian	<b>Telephone Number:</b> (213) 418-3132

**A. Procurement Background**

This Board Action is to approve Contract No. PS44600000 issued in support of ExpressLanes debt collection on delinquent accounts. Board approval of contract awards are subject to resolution of any properly submitted protest.

The Request for Proposal (RFP) was issued in accordance with Metro's Acquisition Policy and the contract type is revenue generating and includes a percentage of outstanding debt collected.

Three amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on August 18, 2017, clarified Submittal Requirements in the RFP, Updated Exhibit A, and increased proposal page limit;
- Amendment No. 2, issued on August 28, 2017, clarified Key Performance Indicators (KPI) in Attachment A, added SP-13 Liquidated Damages, and updated Attachment C, Work Completion/Deliverable;
- Amendment No. 3, issued on September 7, 2017, clarified Exhibit 2, Compensation and Method of Payment.

A pre-proposal meeting was held on August 10, 2017 and was attended by six participants representing five companies. During the solicitation phase, 75 questions were asked and responses were released prior to proposal due date.

A total of eight proposals were received on September 15, 2017 from the following firms (in alphabetical order):

1. AllianceOne Receivables Management, Inc. (AllianceOne)
2. ETAN Industries
3. GC Services, LP
4. Linebarger Goggan Blair & Sampson, LP
5. Municipal Services Bureau Gila, LLC dba Municipal Services Bureau (MSB)
6. Penn Credit Corp (Penn Credit)
7. Professional Account Management, LLC, a wholly owned subsidiary of Duncan Solutions, Inc. (PAM)
8. SWC Group, LP

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of two staff from Metro Congestion Reduction department and one person from Washington State Department of Transportation was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

- |                                      |            |
|--------------------------------------|------------|
| • Staff Qualification                | 15 percent |
| • Experience & Qualification of Firm | 20 percent |
| • Collection Process & Approach      | 25 percent |
| • Collection Service Fee (Price)     | 40 percent |

Several factors were considered when developing these weights, giving the greatest importance to Collection Service Fee.

Of the eight proposals received, four were determined to be within the competitive range and are listed below:

1. PAM
2. Penn Credit
3. AllianceOne
4. MSB

Four firms were determined to be outside the competitive range and were not included for further consideration.

During the week of December 19, 2017, the PET met and interviewed four firms. The firms' project managers and key team members had an opportunity to present each team's qualifications and respond to the PET's questions. In general, each

team's presentation addressed the requirements of the RFP, experience with all aspects of the required tasks, and stressed each firm's commitment to the success of the project. Also highlighted were the qualifications of the firm and its staff, and the companies' process and approach to collections. Each team was asked questions relative to each firm's previous experience.

## **Qualifications Summary of Firms within the Competitive Range:**

### **Professional Account Management**

Professional Account Management (PAM) is a wholly owned and controlled subsidiary of Duncan Solutions, Inc. serving California and over 100 municipalities across the state. PAM has made corporate commitments to serve the toll industry, such as involvement and leadership in the International Bridge, Tunnel and Turnpike Association (IBTTA), strategic partnerships, and system interfaces with a variety of different Customer Service Center (CSC) operators and agencies. They have provided delinquent debt collections services to Bay Area Toll Agency (BATA) since 2009. The firm has developed an expertise on California rules and regulation, including California Vehicle Code (CVC), working with the California Franchise Tax Board (FTB) for Interagency Intercept Collection (IIC) and working with the California Department of Motor Vehicles (DMV) for registered owner acquisition.

PAM maintains certifications with the Association of Credit and Collections Professionals (ACA) and its collection solutions are compliant with the Fair Debt Collection Practices Act (FDCPA).

### **Penn Credit Corporation**

Penn Credit is a privately held national collection agency founded in 1987. Penn Credit has over 30 years' of experience and is licensed in all 50 states and Puerto Rico to provide toll collection services. Over the last 30 years, they have consistently collected debts for government entities such as the City of Santa Ana, City of Santa Clarita, City of Vista, City of Baltimore (MD), Miami-Dade County Clerk of Courts, County Clerks of Court for Broward and Palm Beach County Clerk of Courts.

Penn Credit maintains memberships in ACA International and is focused in data security by being PCI-DSS compliant. However, the PET felt that the firm provided a minimal amount of training to their Collection Service Representatives.

### **AllianceOne**

AllianceOne is a Delaware corporation with over 30 years of government debt collection experience and over 10 years direct experience with toll collections. AllianceOne's government division is the largest division within the company and

has over 1,200 employees throughout the United States and Canada. However, the availability of some of their key personnel was not clearly outlined in their proposal.

AllianceOne has experience in implementing large scale projects with the County Superior Courts of California and State Toll Authority in Southeastern United States. In addition, AllianceOne has provided similar services to clients such as North Texas Tollway Authority, Florida Department of Transportation, the Port Authority of New York and New Jersey, and City of Los Angeles.

### **Municipal Services Bureau**

MSB was founded in 1991 specifically to provide services to government agencies nationwide for toll operations, violation processing, payment processing, collections and back office support services. MSB works with more than 600 clients nationwide and is an active member of the ACA and the California Association of Collections (CAC).

MSB has implemented collections projects with agencies such as the Central Texas Regional Mobility Authority, Cameron County Regional Mobility Authority, Louisville-Southern Indian Ohio River Bridges, Camino Real Regional Mobility Authority and Oklahoma Turnpike Authority.

While MSB provided a list of key personnel, they did not include those individuals in their organization chart or reporting structure. In addition, quality control was not outlined for the overall process.

Following is a summary of the PET scores:

<b>1</b>	<b>Firm</b>	<b>Average Score</b>	<b>Factor Weight</b>	<b>Weighted Average Score</b>	<b>Rank</b>
<b>2</b>	<b>PAM</b>				
<b>3</b>	Staff Qualification	77.78	15.00%	11.67	
<b>4</b>	Experience & Qualification of Firm	80.83	20.00%	16.17	
<b>5</b>	Collection Process & Approach	85.33	25.00%	21.33	
<b>6</b>	Collection Service Fee (Price)	80.35	40.00%	32.14	
<b>7</b>	<b>Total</b>		<b>100.00%</b>	<b>81.31</b>	<b>1</b>
<b>8</b>	<b>PennCredit</b>				
<b>9</b>	Staff Qualification	51.11	15.00%	7.67	
<b>10</b>	Experience & Qualification of Firm	64.17	20.00%	12.83	
<b>11</b>	Collection Process & Approach	66.67	25.00%	16.67	

12	Collection Service Fee (Price)	100.00	40.00%	40.00	
13	<b>Total</b>		<b>100.00%</b>	<b>77.17</b>	<b>2</b>
14	<b>AllianceOne</b>				
15	Staff Qualification	67.78	15.00%	10.17	
16	Experience & Qualification of Firm	66.67	20.00%	13.33	
17	Collection Process & Approach	65.33	25.00%	16.33	
18	Collection Service Fee (Price)	80.35	40.00%	32.14	
19	<b>Total</b>		<b>100.00%</b>	<b>71.97</b>	<b>3</b>
20	<b>MSB</b>				
21	Staff Qualification	58.89	15.00%	8.83	
22	Experience & Qualification of Firm	46.67	20.00%	9.33	
23	Collection Process & Approach	66.67	25.00%	16.67	
24	Collection Service Fee (Price)	86.55	40.00%	34.62	
25	<b>Total</b>		<b>100.00%</b>	<b>69.45</b>	<b>4</b>

### C. Price Analysis

The recommended debt collection service fee has been determined to be fair and reasonable based upon an independent cost estimate, fee analysis, technical analysis, and fact finding.

	<b>Proposer Name</b>	<b>Proposed Fee – Collection Type: Violations</b>	<b>Proposed Fee – Collection Type: Account Holders</b>	<b>Metro ICE %</b>	<b>Award %</b>
1.	PAM	14%	14%	20-30%	14%
2.	AllianceOne	14%	14%	20-30%	NA
3.	MSB	13%	13%	20-30%	NA
4.	Penn Credit	12.5%	10%	20-30%	NA

The percentage represents a collection service fee (a percentage of the dollar amount of recovered collections) of which the contractor will retain a fee of 14%. The ICE is predicated on a range of the estimated debt collection.

### D. Background on Recommended Contractor

The recommended firm, Professional Account Management (PAM), located in Milwaukee, WI, with five satellite offices including Inglewood, CA, has been in business for 80 years and is an industry leader in delinquent collections. PAM

currently provides collection services for 16 toll agencies including; BATA, Georgia State Road and Tollway Authority, Illinois Tollway, and North Texas Tollway Authority.

PAM has a dedicated staff of three professionals who focus solely on managing DMV interfaces, state rules, and analyzing results. For past toll customer audits, they have corrected 15%-46% of DMV image review errors. They have data conversion interface experience with several large tolling customer service center agencies. PAM has collected over \$260M in annual revenues for government clients. PAM's proposed Metro Account Executive has over 27 years of toll violation experience. PAM's other key personal have an average of 20 years of experience.



DEOD SUMMARY

COLLECTION AGENCY FOR METRO EXPRESSLANES/  
PS44600000

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not establish a goal for this net-revenue-generating procurement. This collection services contract will not utilize federal, state and/or local funding.

**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.



**Board Report**

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**File #:** 2017-0796, **File Type:** Contract

**Agenda Number:** 45.

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**REVISED  
REGULAR BOARD MEETING  
MAY 24, 2018**

**SUBJECT: TAP GIFT CARD SALES AND RELOAD PROGRAM**

**ACTION: AWARD CONTRACT**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a five-year, revenue-generating Contract No. PS43741000 to Interactive Communications International, Inc. (InComm) for the distribution of TAP gift cards for purchase at retail gift card kiosks at major chain stores to satisfy customer demand for more TAP sales locations.

(CARRIED OVER FROM FEBRUARY'S REGULAR BOARD MEETING)

**ISSUE**

Due to the expansion of TAP to 24 participating agencies, and new features such as all door boarding and transfer on second boarding, there is a high customer demand for more convenient locations to purchase TAP cards. Approval of this contract award will enable TAP cards to be available on gift card kiosks for purchase at up to 2,000 locations in Los Angeles County.

**DISCUSSION**

TAP cards are currently available at over 400 locations throughout LA County, including at 93 rail and 18 Orange Line stations, aboard Metro buses, online at *taptogo.net* and by phone at 866-TAPTOGO. The TAP Gift Card Sales and Reload Program will provide TAP cards at up to 2,000 major chain stores throughout Los Angeles County (see Attachment C) including near high-volume bus stops and transit centers. The goal is to satisfy customer demand for increased convenience to purchase TAP products and attract new customers. By increasing TAP card availability, cash customers are more likely to transition to TAP thereby speeding up boardings, enhancing security and providing a seamless travel experience across 24 transit agencies. The Program also supports the Metro Rapid All Door Boarding and Transfer on Second Boarding programs. The Program will assist in minimizing

dwelling times by decreasing the use of cash for bus fare.

### How the Program Works

The customer enters a participating chain store such as CVS, Rite-Aid, 7-Eleven, Walgreens, or Family Dollar and takes a TAP card from the gift kiosk. The customer hands the cashier the card and requests a dollar amount from \$5 to \$100 to be loaded onto the card. The customer pays the desired amount plus a \$2 card fee. The cashier then scans and loads the card.

Due to different types of fare collection equipment in operation, there is a processing time delay as to when the card is ready for use. For buses with TAP fareboxes, the latency period may be 24 to 48 hours. This delay is experienced because fareboxes must be updated each night at Bus Divisions. At rail stations, a customer's card will be ready to use within an hour, and on buses with mobile validators, cards will be ready within 45 minutes. The TAP card packaging will include information as to when a TAP card will be ready to use.

### Supporting All-Door Boarding Efforts

All-door boarding (ADB) on Metro Rapid Line 754 will be operational by summer 2018 and Line 720 will be operational by winter 2018. ADB will require TAP only boardings. The TAP Gift Card Sales and Reload Program will augment ADB service on Metro Rapid by providing customers with convenient locations to purchase TAP cards.

Selling TAP cards and fare products at these additional locations will ease the transition from the use of cash to TAP. It will support and strengthen ADB's objective to improve speed, reliability, and customer convenience. Customers will benefit from shorter dwelling times and Metro will be able to attain improved on-time performance.

From preliminary review of the vendor's locations, an additional 56 retail locations may be added within a 1/4 mile of the Metro Rapid Line 720 and Line 754 corridors.

### Selection of Contractor

The formal solicitation was released for competitive proposals with the intent to award multiple contracts to take advantage of the broadest number of potential retailers. However, only a single proposal was received from InComm. The technical proposal was acceptable and the fee structure was determined to be fair and reasonable. The fact that the proposal met Metro's requirements and the results of a market survey that was conducted to discover the reasons why other firms on the planholders list did not propose, led staff to the decision not to pursue a re-solicitation.

### Commission Rate

The Contractor will deduct a fee of \$1 per new TAP card sold to cover services such as printing, packaging and distribution, plus a 4% commission of the dollar value loaded onto the TAP card. Due to the payment structure, there are no operational costs required for the program since the vendor will pay Metro for the sales less 4% commission and the \$1 new card fee. For example, if a customer purchases a new TAP card and wants to load \$100 of value, the total transaction will be \$102 to the customer. The vendor will keep \$1 for the new card fee and \$4 for the commission and will pay Metro a net of \$97 for this transaction. Metro will receive weekly deposits via electronic funds transfer of the net sales proceeds to a regional bank account that will be set up for this project.

### **DETERMINATION OF SAFETY IMPACT**

Using TAP to pay fare is safer for customers than using cash because registered TAP cards can be replaced if lost or stolen. Using TAP cards also speeds up boardings and eliminates the need to fumble for change to feed coins and bills into the farebox.

### **FINANCIAL IMPACT**

No additional funding is required to execute this action as the Contractor will be paid out of total gross sales of TAP fare media. The Contractor will be paid \$1 per new card sale and a 4% commission of loaded sales value.

The TAP cards needed to support this program are already accounted for in the approved FY2018 budget of cost center 3020 TAP, under project 300016, account 50320, for card manufacturing and fulfillment. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting funding needs for future years.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to award the contract for TAP Gift Card Sales and Reload Program and TAP sales would carry on with the over 400 existing vendors in the TAP Sales Vendor Network. This is not recommended because the TAP Gift Card Sales and Reload Program would provide additional TAP sales locations.

### **NEXT STEPS**

Upon approval by the Board, staff will execute Contract No. PS43741000 with InComm, Inc. to proceed with implementing the TAP Gift Card Sales and Reload Program. The program is anticipated

to begin by first quarter of 2019. ~~fall 2018~~.

**ATTACHMENTS**

Attachment A - Procurement Summary

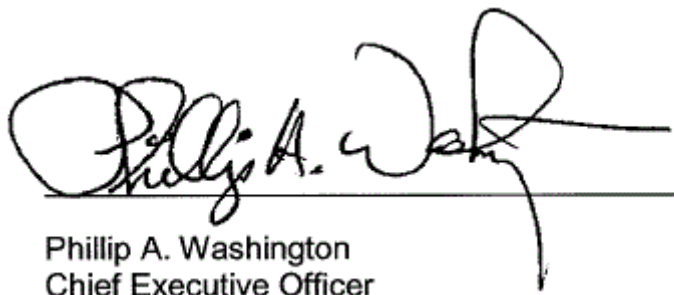
Attachment B - DEOD Summary

Attachment C - Map of Existing TAP Sales Network + Potential TAP Gift Card Locations

Prepared by: David Sutton, Executive Officer, TAP, (213) 922-5633

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

Debra Avila, Chief Vendor/Contract Management Officer (213) 418-3051



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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

## TAP GIFT CARD SALES AND RELOAD PROGRAM/PS43741000

1.	<b>Contract Number:</b> PS43741000	
2.	<b>Recommended Vendor:</b> Interactive Communications International, Inc.	
3.	<b>Type of Procurement (check one):</b> <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.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> 8/23/2017	
	<b>B. Advertised/Publicized:</b> 8/23/2017	
	<b>C. Pre-Proposal Conference:</b> 9/19/2017	
	<b>D. Proposals Due:</b> 10/13/2017	
	<b>E. Pre-Qualification Completed:</b> 12/20/2017	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> 12/8/2017	
	<b>G. Protest Period End Date:</b> 2/20/2018	
5.	<b>Solicitations Picked up/Downloaded:</b> 8	<b>Bids/Proposals Received:</b> 1
6.	<b>Contract Administrator:</b> Ana Rodriguez	<b>Telephone Number:</b> (213) 922-1076
7.	<b>Project Manager:</b> Erica Lee	<b>Telephone Number:</b> (213) 922-2418

**A. Procurement Background**

This Board Action is to approve a five-year revenue generating Contract No. PS43741000 to expand the locations at which patrons may purchase and reload Transit Access Pass (TAP) cards by making the cards available at major retailers within Metro's operating area through a gift card distributor.

RFP No. PS43741 was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed percentage of sales.

Two amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on September 8, 2017 extended the Pre-Proposal Conference date to September 19, 2017 and extended the proposal due date to October 3, 2017;
- Amendment No. 2, issued on September 27, 2017 provided a revision on the Scope of Services and extended the proposal due date to October 13, 2017.

A pre-proposal conference was held on September 19, 2017 and was attended by two participants representing two firms. There were 13 questions submitted and responses were released prior to the proposal due date.

A total of eight firms downloaded the RFP and were included on the plan holders list. A single proposal was received on the due date of October 13, 2017 from Interactive Communications International, Inc. (InComm). A market survey was conducted of

planholders that did not submit a proposal to ascertain their reasons(s) for non-submittal. One response was received. The reason for not submitting a proposal was that the firm was not willing to assume the risks associated with possible theft of the TAP cards and requests for refunds/complaints from customers due to processing time delays.

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from the Metro TAP department and the Information Technology department was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria and weights:

- |  |            |
|--|------------|
| • Degree of the Proposer's Skills and Experience                           | 15 percent |
| • Experience and Capabilities of the Proposer's Management Team            | 25 percent |
| • Understanding of Work and Appropriateness of Approach for Implementation | 40 percent |
| • Price  | 20 percent |

Several factors were considered when developing these weights, giving the greatest importance to Understanding of Work and Appropriateness of Approach for Implementation.

From October 16, 2017 through October 30, 2017, the PET conducted its independent evaluation of the proposal. At the conclusion of the PET's review of the proposal received, it was determined that InComm met Metro's requirements and was determined to be qualified to provide the required services.

### **Qualifications Summary of Firm:**

#### **Interactive Communications International, Inc. (InComm)**

InComm is an international firm with over 25 years of experience in the prepaid media industry. The proposal submitted by InComm described not only their experience with prepaid media in general but their specific experience with transit fare products in particular. Some of the agencies that they have worked with are the Utah Transit Authority (UTA), the State Road and Tollway Authority (SRTA) in Georgia, the InterUrban Transit Partnership in Grand Rapids, Michigan, and Edmonton Transit in Canada. InComm's offer of a turnkey, end-to-end solution for the management and distribution of TAP cards to an expansive retail network will increase the accessibility of Metro's TAP cards for customers and facilitate the reloading of fares at many more locations.

Following is a summary of the PET evaluation scores:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	InComm				
3	Degree of the Proposer's Skills and Experience	84.00	15.00%	12.60	
4	Experience and Capabilities of the Proposer's Management Team	78.00	25.00%	19.50	
5	Understanding of Work and Appropriateness of Approach for Implementation	81.32	40.00%	32.53	
6	Price	100.00	20.00%	20.00	
7	<b>Total</b>		<b>100.00%</b>	<b>84.63</b>	<b>1</b>

### C. Cost Analysis

This Contract is a net revenue generating contract. The contractor will cover all costs and shall turn over the net revenue to Metro on a weekly basis after having deducted the expense and commission fees. Under this Contract, if a customer purchases a new TAP card, they will be charged a fee of \$2. The Contractor will retain \$1 of the new card fee and 4% of value loaded onto the card. The Contractor will then remit to Metro the other \$1 of the new card fee along with 96% of the value loaded onto the card.

The recommended expense fee and commission percentage that will be deducted from gross sales has been determined to be fair and reasonable based on an independent cost estimate (ICE), cost analysis, technical analysis, and fact-finding.

	Proposer Name	Proposal Amount	Metro ICE	Commission amount
1.	InComm	4% of value loaded + \$1.00 upon initial purchase	8% of value loaded	4% of value loaded + \$1.00 upon initial purchase

### D. Background on Recommended Contractor

InComm was founded in 1992 and is headquartered in Atlanta, Georgia. They have over 2,000 employees, over 500,000 points of distribution in 31 countries that generate approximately \$40 billion in annual transaction volume and activate approximately 300 million cards per year. In addition, they have experience with fare media for various transit agencies and have proposed a thorough solution that will include the expansion of the TAP network in Los Angeles County.



DEOD SUMMARY

TAP GIFT CARD SALES AND RELOAD PROGRAM / PS43741000

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) determined that a small business goal is not applicable to this Transit Access Pass (TAP) retail expansion contract, which is a net revenue-generating procurement and will not utilize federal, state and/or local funding.

**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.

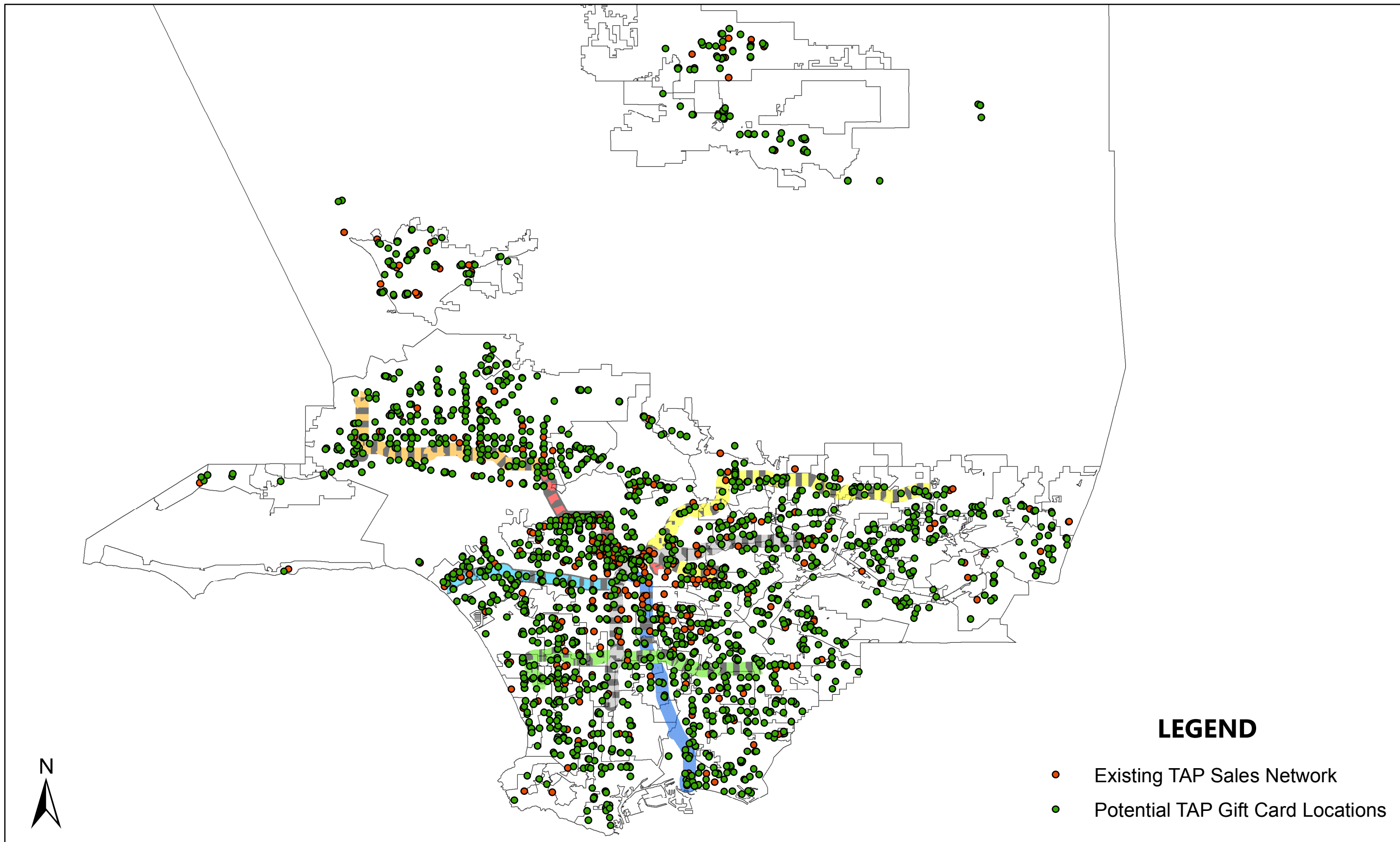
**C. Prevailing Wage Applicability**

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.

# Map of Existing TAP Sales Network + Potential TAP Gift Card Sales Locations



# TAP Gift Card Program

Metro Board of Directors Meeting  
David Sutton, Executive Officer, TAP  
May 24, 2018

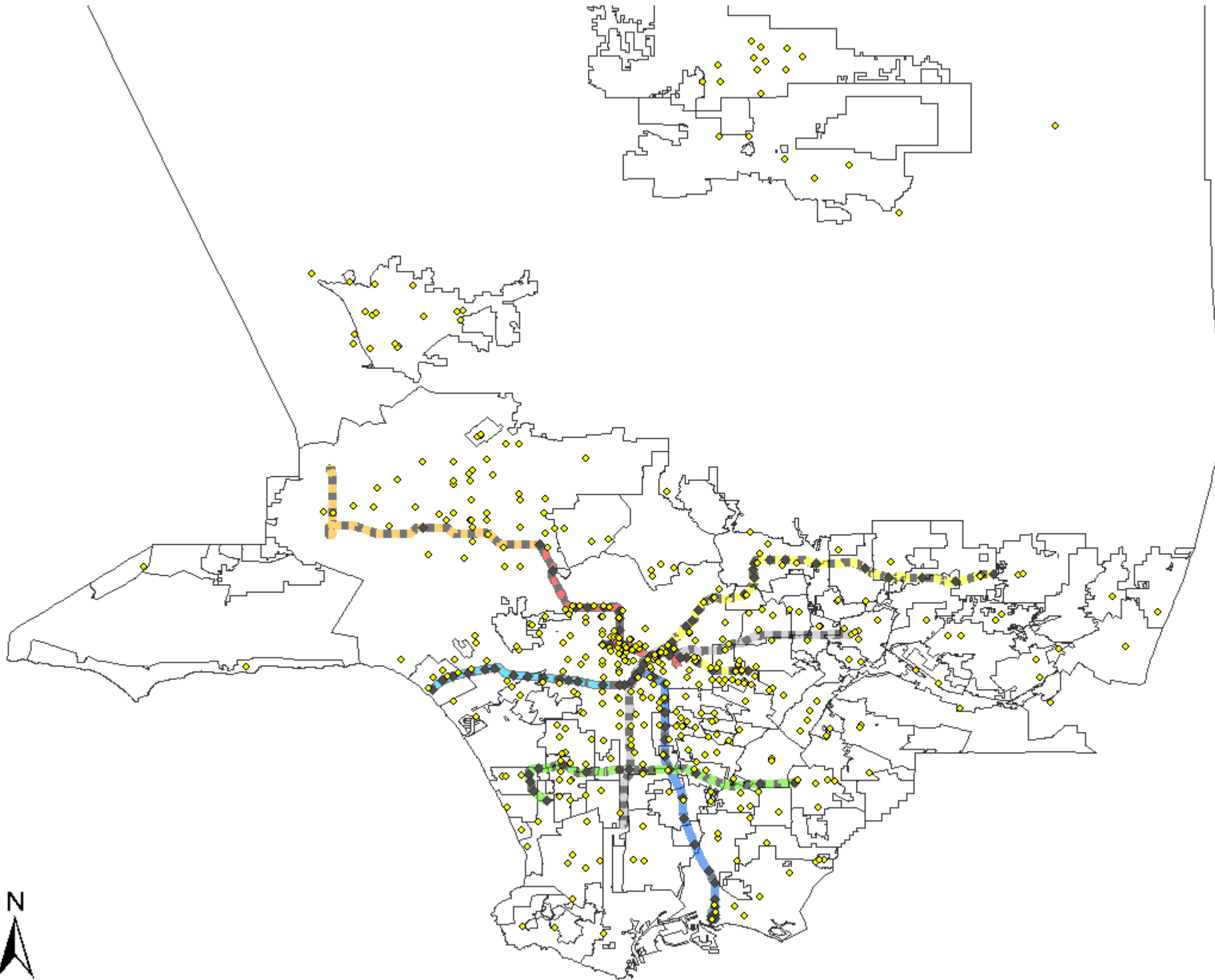


# Project Overview

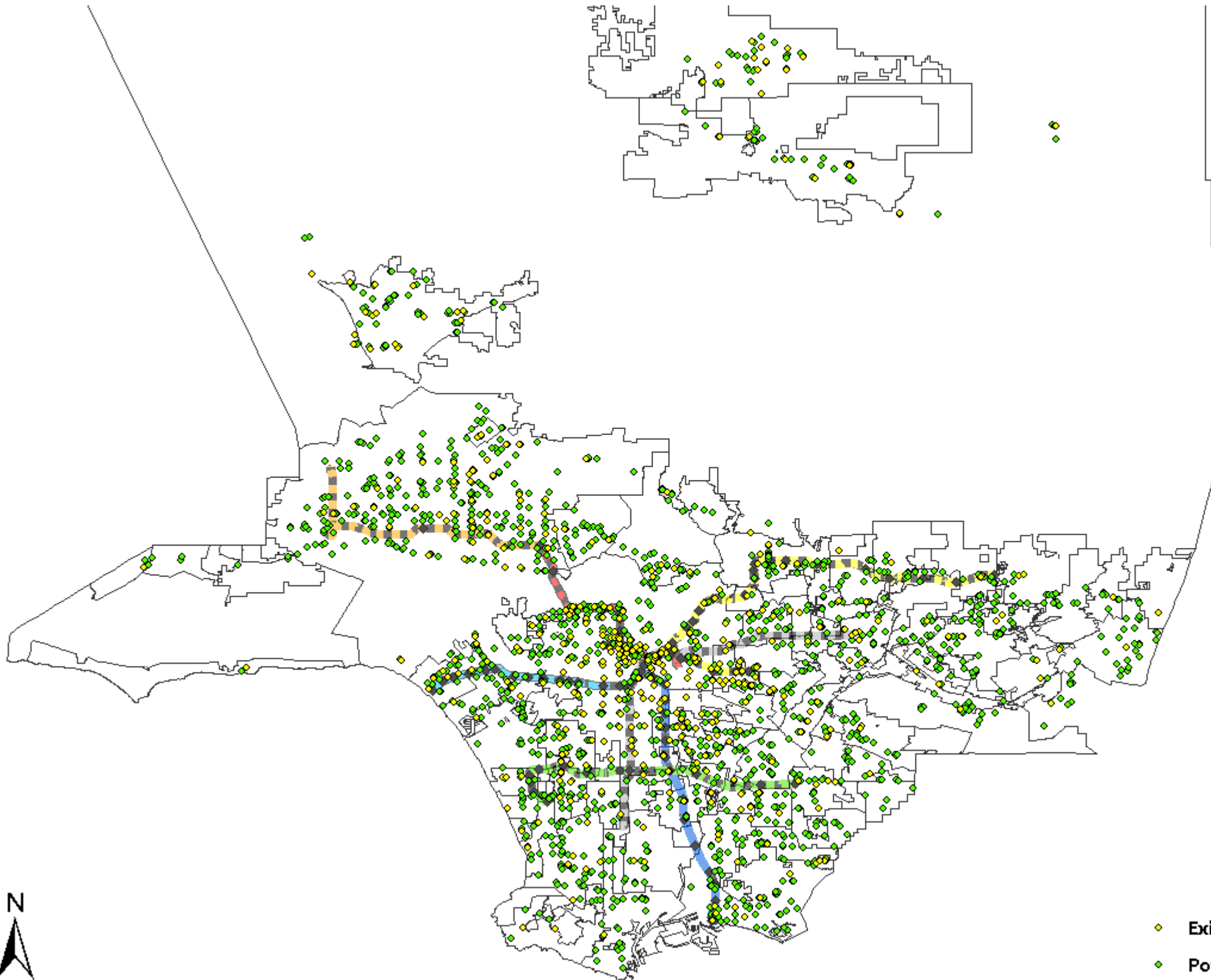
- TAP cards will be available on gift card kiosks at up to 2,000 locations in Los Angeles County
- Locations include: Walgreens, CVS, 7-Eleven, and Rite-Aid
- Phased approach
  - Phase 1: Concentrate in areas served by the 14 transit agencies with mobile validators that can activate card within 45 minutes and all Metro Rail Lines, Silver Line, Orange Line and Metro Rapid 720 and 754 Lines
  - Phase 2: Expand outreach to all areas once farebox refurbishment is complete within 2 years



# Existing TAP Vendor Network



# Existing TAP Vendor Network & Potential TAP Gift Card Locations



- ◆ Existing TAP Vendor Network
- ◆ Potential TAP Gift Card Locations

# How It Works

1. Customer selects a TAP card from kiosk
2. Customer pays the cashier a \$2 card fee plus an amount between \$5 and \$100
3. Cashier scans and loads the dollar amount on the card and hands the card to the customer

# Activation of the Card

- Card is ready to use from 45 minutes to 48 hours depending on where the card is tapped

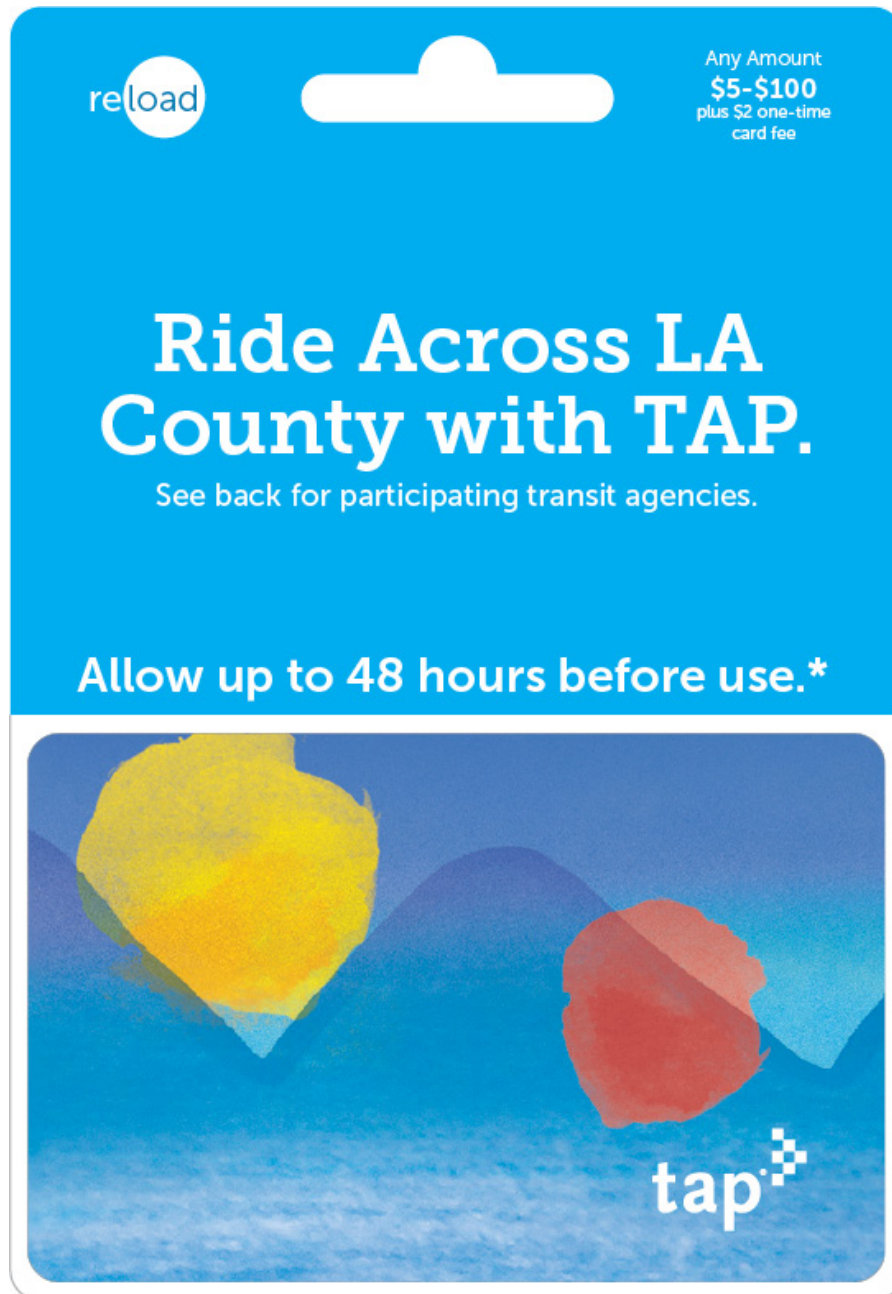
Bus Mobile Validators	Rail Station Validators	Bus Fareboxes
Less than 45 minutes	Less than 45 minutes	24-48 hours

- 14 agencies with bus mobile validators - Less than 45 minutes
  - Burbank, Glendale, Long Beach, Pasadena, Santa Monica, Compton, Carson, Baldwin Park, Huntington Park, Monterey Park, LAWA, LA County Public Works, Palos Verdes, Redondo Beach,
  - Also All Metro Rail, Orange Line, Metro Silver Line, and soon Metro Rapid 754 and 720 lines

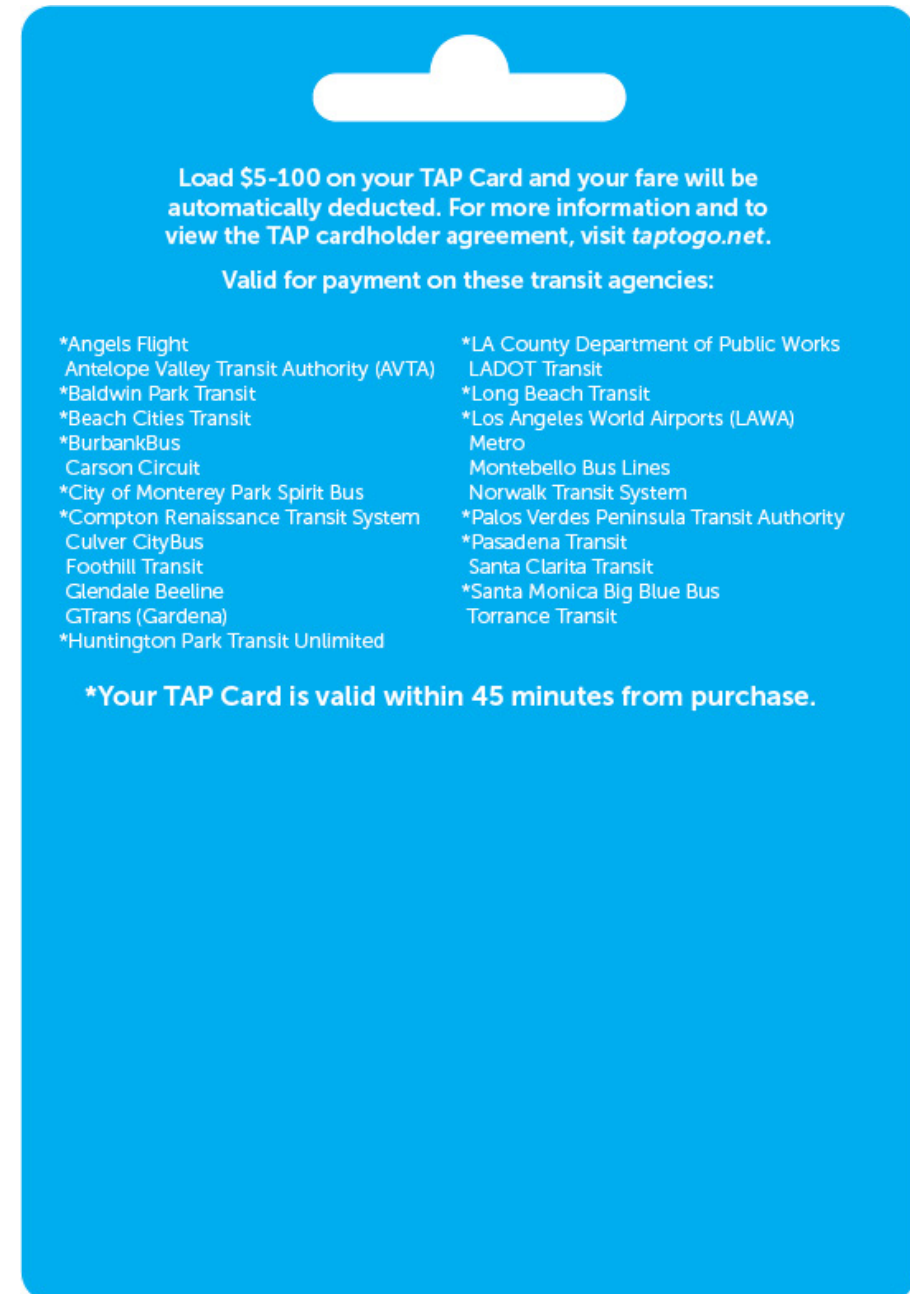


# TAP Card Carrier

## Front



## Back



# Commission Rate

- Contractor is paid \$1.00 per TAP card sold and 4% commission cash loaded to card
- No operational costs; card fee and commission will be deducted from gross TAP sales



**Board Report**

**File #:** 2017-0594, **File Type:** Policy

**Agenda Number:** 11.

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

**SUBJECT: INVESTMENT POLICY**

**ACTION: ANNUAL ADOPTION OF INVESTMENT POLICY AS REQUIRED BY CALIFORNIA  
GOVERNMENT CODE**

**RECOMMENDATION**

CONSIDER:

- A. ADOPTING the Investment Policy in Attachment A;
- B. APPROVING the Financial Institutions Resolution authorizing financial institutions to honor signatures of LACMTA Officials, Attachment B; and
- C. DELEGATING to the Treasurer or his/her designees, the authority to invest funds for a one year period, pursuant to California Government Code (“Code”) Section 53607.

**ISSUE**

Section 53646 of the Code, requires that the Board, on an annual basis and at a public meeting, review and approve the Investment Policy. Section 53607 of the Code, requires that the Board delegate investment authority to the Treasurer on an annual basis.

Section 10.8 of the Investment Policy requires that the Treasurer submit the Financial Institutions Resolution to the Board annually for approval.

**DISCUSSION**

The Board approves the objectives and guidelines that direct the investment of operating funds. A redlined version of the investment policy is presented in Attachment A. Financial Institutions require Board authorization to establish custody, trustee and commercial bank accounts. A redlined version of the resolution is presented in Attachment B. The only changes to the Investment Policy and the Financial Institutions Resolution were made to reflect position title changes of key personnel and conform investment manager reporting requirements to current practice.

To streamline this board report, the following reference materials may be found on the Internet:

Current Investment Policy:

[<http://media.metro.net/about\\_us/finance/images/investment\\_policy.pdf>](http://media.metro.net/about_us/finance/images/investment_policy.pdf)

California Government Code: Section 53600 to 53609, Section 53646, Section 53652, Section 16429.1 to 16429.4:

[http://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=4.&article=1.](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=4.&article=1)

## **FINANCIAL IMPACT**

The funds required to update the Investment Policy are included in the FY18 budget in cost center 5210 and project number 610340.

### **Impact to Budget**

The sources of funds budgeted to manage assets in accordance with the Investment Policy are Proposition A, Proposition C, Measure R, Measure M and TDA administration funds. These funds are not eligible for bus and rail operating and capital expenses.

## **ALTERNATIVES CONSIDERED**

The Investment Policy and the Code require an annual review and adoption of the Investment Policy, the delegation of investment authority and the annual approval of the Financial Institutions Resolution. Should the Board elect not to delegate the investment authority annually or approve the Financial Institutions Resolution, the Board would assume daily responsibility for the investment of working capital funds and for the approval of routine administrative actions.

## **NEXT STEPS**

Upon Board approval, distribute the Investment Policy to external investment managers and broker-dealers. Issue copies of the Investment Policy and Financial Institutions Resolution to our financial institutions.

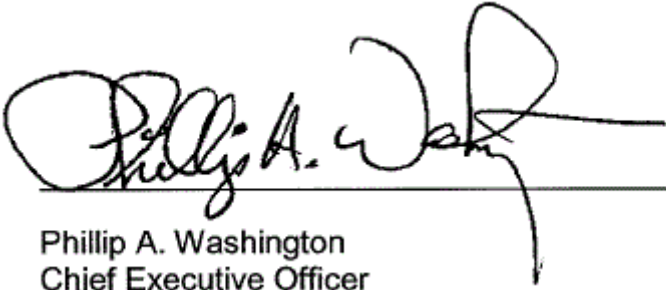
## **ATTACHMENTS**

Attachment A - Investment Policy (redlined)

Attachment B - Financial Institutions Resolution (redlined)

Prepared by: Marshall M. Liu, Sr. Investment Manager, (213) 922-4285  
Mary E. Morgan, DEO, Finance, (213) 922-4143  
Donna R. Mills, Treasurer, (213) 922-4047

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



Phillip A. Washington  
Chief Executive Officer

*Los Angeles County Metropolitan Transportation Authority*

# INVESTMENT POLICY

Approved on ~~January 26, 2017~~ [February 22, 2018](#)

# INVESTMENT POLICY

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## **1.0 Policy**

It is the policy of the Los Angeles County Metropolitan Transportation Authority (LACMTA) to ensure that the temporarily idle funds of the agency are prudently invested to preserve capital and provide necessary liquidity, while maximizing earnings, and conforming to state and local statutes governing the investment of public funds.

This investment policy conforms to the California Government Code ("Code") as well as to customary standards of prudent investment management. Investments may only be made as authorized by the Code, Section 53600 et seq., Sections 16429.1 through 16429.4 and this investment policy. Should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered as immediately incorporated in this investment policy. Changes to the Code that are less restrictive than this investment policy may be adopted by the Board of Directors (Board).

## **2.0 Scope**

- 2.1 This investment policy sets forth the guidelines for the investment of surplus General, Special Revenue, Capital Projects, Enterprise (excluding cash and investments with fiscal agents), Internal Service, and any new fund created by the Board, unless specifically exempted. Excluded from this investment policy are guidelines for the investment of proceeds related to debt financing, defeased lease transactions, Agency (Deferred Compensation, 401K, and Benefit Assessment District) and Pension Trust Funds.
- 2.2 Internal and external portfolio managers may be governed by Portfolio Guidelines that may on an individual basis differ from the total fund guidelines outlined herein. The Treasurer is responsible for monitoring and ensuring that the total funds subject to this investment policy remain in compliance with this investment policy, and shall report to the Board regularly on compliance.

## **3.0 Investment Objectives**

- 3.1 The primary objectives, in priority order, of investment activities shall be:
  - A. Safety: Safety of principal is the foremost objective of the investment program. The investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The LACMTA shall seek to ensure that capital losses are avoided whether from institutional default, broker-dealer default, or erosion of market value. Diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
  - B. Liquidity: The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.
  - C. Return on Investments: The LACMTA shall manage its funds to maximize the return on investments consistent with the two objectives above, with the goal of exceeding the performance benchmarks (Section 12.0) over a market cycle (typically a three to five year period).
- 3.2 It is policy to hold investments to maturity. However, a security may be sold prior to its maturity and a capital gain or loss recorded if liquidity needs arise, or in order to improve the quality, or rate of return of the portfolio in response to market conditions and/or LACMTA risk preferences.



Internal and external investment managers shall report such losses to the Treasurer and [Chief Financial Officer](#)~~Executive Director, Finance and Budget~~ [immediately quarterly](#).

- 3.3 Investments shall be made with the judgment, skill, and diligence of a prudent investor acting in like capacity under circumstances then prevailing, for the sole benefit of the LACMTA, and shall take into account the benefits of diversification in order to protect the investment from the risk of substantial loss.
- 3.4 The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with this investment policy, written portfolio guidelines and procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in the quarterly investment report to the Board, and appropriate action is taken to control adverse developments.

#### **4.0 Delegation of Authority**

- 4.1 The Board shall be the trustee of funds received by the LACMTA. In accordance with Code Section 53607, the Board hereby delegates the authority to invest or reinvest the funds, to sell or exchange securities so purchased and to deposit securities for safekeeping to the Treasurer for a one year period, who thereafter assumes full responsibility for such transactions and shall make a monthly report of those transactions to the Board. Subject to review by the Board, the Board may renew the delegation of authority each year.
- 4.2 The Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy, including establishment of appropriate written agreements with financial institutions. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. The Treasurer may engage independent investment managers to assist in the investment of its financial assets.
- 4.3 No person may engage in an investment transaction except as provided under the terms of this investment policy and the procedures established by the Treasurer.
- 4.4 Officers and employees involved in the investment process shall be governed by the standards regarding ethical behavior and conflicts of interest established in the Los Angeles County Metropolitan Transportation Authority Ethics Policy and annually shall file a Statement of Economic Disclosure with the Ethics Office.

#### **5.0 Permitted Investments**

- 5.1 All funds which are not required for immediate cash expenditures shall be invested in income producing investments or accounts, in conformance with the provisions and restrictions of this investment policy as defined in Section 5.1A and as specifically authorized by the Code, (Sections 53600, et seq.).
- 5.2 In order to reduce overall portfolio risk, investments shall be diversified among security type, maturity, issuer and depository institutions. See Section 5.1A for specific concentration limits by type of investment.
  - A. Percentage limitations where listed are only applicable at the date of purchase.
  - B. In calculating per issuer concentration limits commercial paper, bankers' acceptances, medium term notes, asset-backed securities, placement service assisted deposits, and negotiable

certificates of deposit shall be included; deposits collateralized per Section 7.3 of this investment policy are excluded from this calculation.

- C. Credit requirements listed in this investment policy indicate the minimum credit rating (or its equivalent by any nationally recognized statistical rating organization) required at the time of purchase without regard to modifiers (e.g., +/- or 1,2,3), if any.

5.3 Maturities of individual investments shall be diversified to meet the following objectives:

- A. Investment maturities will be first and foremost determined by anticipated cash flow requirements.
- B. Where this investment policy does not state a maximum maturity in Section 5.1A, no investment instrument shall be purchased which has a stated maturity of more than five years from the date of purchase, unless the instrument is specifically approved by the Board or is approved by the Board as part of an investment program and such approval must be granted no less than three months prior to the investment. The Board hereby grants express authority for the purchase of new issue securities with a 5 year stated maturity with extended settlement of up to 30 days from date of purchase.
- C. The average duration of the externally managed funds subject to this investment policy shall not exceed 150% of the benchmark duration. The weighted average duration of the internal portfolios shall not exceed three (3) years.

5.4 State and local government sponsored Investment Pools and money market mutual funds as authorized by this investment policy are subject to due diligence review prior to investing and on a continual basis as established in Section 5.1A, #11 and #12.

5.5 This investment policy specifically prohibits the investment of any funds subject to this investment policy in the following securities:

- A. Derivative securities, defined as any security that derives its value from an underlying instrument, index, or formula, are prohibited. The derivative universe includes, but is not limited to, structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments, financial futures and options, and mortgage derived interest or principal only strips. Callable or putable securities with no other option features, securities with one interest rate step-up feature, and inflation indexed securities meeting all other requirements of this investment policy are excluded from this prohibition, as are fixed rate mortgage-backed securities and asset-backed securities.
- B. Reverse repurchase agreements and securities lending agreements.

## **6.0 Selection of Depository Institutions, Investment Managers and Broker-Dealers**

6.1 To minimize the risk to the overall cash and investment portfolio, prudence and due diligence as outlined below shall be exercised with respect to the selection of Financial Institutions in which funds are deposited or invested. The LACMTA's Financial Advisor (FA) will conduct competitive processes to recommend providers of financial services including commercial banking, investment management, investment measurement and custody services.

- A. In selecting Depositories pursuant to Code Sections 53630 (et seq.), the credit worthiness, financial stability, and financial history of the institution, as well as the cost and scope of services and interest rates offered shall be considered. No funds will be deposited in an institution unless that institution has an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency. The main depository institutions will be selected on a periodic and timely basis.
- B. Deposits which are insured pursuant to federal law by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA) may be excluded from the collateralization requirements of Section 7.3 of this investment policy, at the Treasurer's discretion. A written waiver of securitization shall be executed, provided to the Depository Institution, and kept on file in the Treasury Department.
- C. The Treasurer shall seek opportunities to deposit funds with disadvantaged business enterprises, provided that those institutions have met the requirements for safety and reliability and provide terms that are competitive with other institutions.

6.2 In selecting external investment managers and brokers, past performance, stability, financial strength, reputation, area of expertise, and willingness and ability to provide the highest investment return at the lowest cost within the parameters of this investment policy and the Code shall be considered. External investment managers must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor Act of 1940.

6.3 Pursuant to Code Section 53601.5, the LACMTA and its investment managers shall only purchase statutorily authorized investments either from the issuer, from a broker-dealer licensed by the state, as defined in Section 25004 of the Corporations Code, from a member of a federally regulated securities exchange, a national or state-chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

- A. Internal investment manager will only purchase or sell securities from broker-dealers that are Primary Dealers in U.S. Government Securities or are a direct affiliate of a Primary Dealer. Internal investment manager will only purchase securities from broker-dealers who have returned a signed Receipt of Investment Policy and completed the Broker-Dealer Questionnaire, and have been approved by the Treasurer (see Appendices B and C). A current copy of the Broker-Dealer's financial statements will be kept on file in the Treasury Department. Should market conditions limit access to inventory, the Treasurer may approve executing transactions through non-Primary Dealers who meet all of the criteria listed below:
  - a. The broker dealer must qualify under Securities Exchange Commission rule 15C3-1 (Uniform Net Capital Rule);
  - b. Must be licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a member of a federally registered securities exchange (i.e. FINRA, SEC, MSRB);
  - c. Have been in operation for more than five years; and
  - d. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in U.S. Treasuries and Agencies.

- B. In addition to Primary Dealers in U.S. Government Securities and direct affiliates of a Primary Dealer, external investment managers may purchase or sell securities from non-Primary Dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and provided that the dealer is a member of the Financial Industry Regulatory Authority. External investment managers shall submit, at least quarterly, a list of the non-Primary Dealers used during the period.
- C. External investment managers must certify in writing that they will purchase securities in compliance with this investment policy, LACMTA Procedures, and applicable State and Federal laws.

6.4 Financial institutions and external investment managers conducting investment transactions with or for LACMTA shall sign a Certification of Understanding. The Certification of Understanding (see Appendix A) states that the entity:

- A. Has read and is familiar with the Investment Policy and Guidelines as well as applicable Federal and State Law;
- B. Meets the requirements as outlined in this investment policy;
- C. Agrees to make every reasonable effort to protect the assets from loss;
- D. Agrees to notify the LACMTA in writing of any potential conflicts of interest.

Completed certifications shall be filed in the Treasurer's Office. Failure to submit a Certification of Understanding shall result in the withdrawal of all funds held by that financial institution, or investment manager and/or the rescission of any and all authority to act as an agent to purchase or invest funds.

6.5 All broker-dealers who do business with the LACMTA's internal investment managers shall sign a Receipt of Investment Policy. The Receipt of Investment Policy (see Appendix B) states that the broker dealer:

- A. Has received, read, and understands this investment policy;
- B. Has communicated the requirements of this investment policy to all personnel who may select investment opportunities for presentation.

Failure to submit a Receipt of Investment Policy shall preclude the LACMTA from purchasing or selling securities from such broker-dealer. Completed receipts shall be filed in the Treasurer's Office.

## **7.0 Custody and Safekeeping of Securities and LACMTA Funds**

7.1 A Master Repurchase Agreement must be signed with the bank or dealer before any securities and collateral for repurchase agreements shall be purchased and maintained for the benefit of the LACMTA in the Trust Department or safekeeping department of a bank as established by a written third party safekeeping agreement between the LACMTA and the bank. Specific collateralization levels are defined in Section 5.1A.

- 7.2 All investment transactions shall be settled "delivery vs. payment", with the exception of deposits, money market mutual fund investments, and Local Agency Investment Fund or other Local Government Investment Pools. Delivery may be physical, via a nationally recognized securities depository such as the Depository Trust Company, or through the Federal Reserve Book Entry system.
- 7.3 Funds deposited shall be secured by a Depository in compliance with the requirements of Code Section 53652. Such collateralization shall be designated and agreed to in writing.

## **8.0 Reports and Communications**

- 8.1 The Treasurer is responsible for ensuring compliance with all applicable Local, State, and Federal laws governing the reporting of investments made with public funds. All investment portfolios will be monitored for compliance. Non-compliance issues will be included in the quarterly Board report as stated in Section 8.3 of this investment policy.
- 8.2 The Treasurer shall annually submit a statement of investment policy to the Board for approval. The existing approved investment policy will remain in effect until the Board approves the recommended statement of investment policy.
- 8.3 The Treasurer shall render a quarterly cash, investment, and transaction report to the CEO and Board, and quarterly to the Internal Auditor within 30 days following the end of the quarter covered by the report. The report shall include a description of LACMTA's funds, investments, or programs that are under the management of contracted parties, including lending programs. The report shall include as a minimum:
- A. Portfolio Holdings by Type of Investment and Issuer
  - B. Maturity Schedule and Weighted Average Maturity (at market)
  - C. Weighted Average Yield to Maturity
  - D. Return on Investments versus Performance Benchmarks on a quarterly basis
  - E. Par, Book and Market Value of Portfolio for current and prior quarter-end
  - F. Percentage of the portfolio represented by each investment category
  - G. Total Interest Earned
  - H. Total Interest Received
  - I. A statement of compliance with this investment policy, or notations of non-compliance.
  - J. At each calendar quarter-end a subsidiary ledger of investments will be submitted with the exception listed in 8.3K.
  - K. For investments that have been placed in the Local Agency Investment Fund, in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in National Credit Union Administration insured accounts in a credit union, in a county investment pool, or in shares of beneficial interest issued by a diversified management company that invest in the securities and obligations as authorized by this investment policy and the Code, the most recent

statement received from these institutions may be used in lieu of the information required in 8.3 J.

L. At each calendar quarter-end the report shall include a statement of the ability to meet expenditure requirements for the next six months.

M. A quarterly gain or loss report on the sale or disposition of securities in the portfolio.

8.4 Internal and external investment managers shall monitor investments and market conditions and report on a regular and timely basis to the Treasurer.

A. Internal and external investment managers shall submit monthly reports to the Treasurer, such reports to include all of the information referenced in Section 8.3, items A-J of this investment policy. Portfolios shall be marked-to-market monthly and the comparison between historical cost (or book value) and market value shall be reported as part of this monthly report.

B. Internal and external investment managers shall monitor the ratings of all investments in their portfolios on a continuous basis and report all credit downgrades of portfolio securities to the Treasurer in writing within 24 hours of the event. If an existing investment's rating drops below the minimum allowed for new investments made pursuant to this investment policy, the investment manager shall also make a written recommendation to the Treasurer as to whether this security should be held or sold.

C. External and internal investment managers shall immediately inform the Treasurer, or the [Chief Financial Officer](#) ~~Executive Director, Finance and Budget~~ in writing of any major adverse market condition changes and/or major portfolio changes. The [Chief Financial Officer or the Treasurer](#) ~~Executive Director, Finance and Budget~~ shall immediately inform the Board in writing of any such changes.

D. External investment managers shall notify the LACMTA internal managers daily of all trades promptly, via fax or via email.

E. Internal investment managers will maintain a file of all trades.

## 9.0 Portfolio Guidelines

Portfolio Guidelines are the operating procedures used to implement this investment policy approved by the Board. The Treasurer may impose additional requirements or constraints within the parameters set by this investment policy.

## 10.0 Internal Control

10.1 The Treasurer shall establish a system of internal controls designed to prevent losses of public funds arising from fraud, employee or third party error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employees or agents. Such internal controls shall be approved by the [Chief Financial Officer](#) ~~Executive Director, Finance and Budget~~ and shall include authorizations and procedures for investment transactions, custody/safekeeping transactions, opening and dosing accounts, wire transfers, and clearly delineate reporting responsibilities.

10.2 Treasury personnel and LACMTA officials with signature authority shall be bonded to protect against possible embezzlement and malfeasance, or at the option of the governing board self-insured.

- 10.3 Electronic transfer of funds shall be executed upon the authorization of two official signatories.
- 10.4 Transaction authority shall be separated from accounting and record keeping responsibilities.
- 10.5 All investment accounts shall be reconciled monthly with custodian reports and broker confirmations by a party that is independent of the investment management function. Discrepancies shall be brought to the attention of the investment manager, the Treasurer and Assistant Treasurer, the Controller, and if not resolved promptly, to the [Chief Financial Officer](#)~~Executive Director, Finance and Budget~~.
- 10.6 The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide independent confirmation of compliance with policies and procedures.
- 10.7 The Treasurer is responsible for the preparation of the cash flow model. The cash flow model shall be updated monthly based upon the actual and projected cash flow.

Annually, the Treasurer shall notify the external investment managers of the cash flow requirements for the next twelve months. The Treasurer shall monitor actual to maximum maturities within the parameters of this investment policy.

- 10.8 The Treasurer shall annually submit the Financial Institutions Resolution to the Board for approval. The existing resolution will remain in effect until the Board approves the recommended resolution.

**11.0 Purchasing Guidelines**

- 11.1 Investment managers shall purchase and sell securities at the price and execution that is most beneficial to the LACMTA. The liquidity requirements shall be analyzed and an interest rate analysis shall be conducted to determine the optimal investment maturities prior to requesting bids or offers. Investments shall be purchased and sold through a competitive bid/offer process. Bids/offers for securities of comparable maturity, credit and liquidity shall be received from at least three financial institutions, if possible.
- 11.2 Such competitive bids/offers shall be documented on the investment managers’ trade documentation. Supporting documentation from the Wall Street Journal, Bloomberg or other financial information system shall be filed with the trade documentation as evidence of general market prices when the purchase or sale was effected.

**12.0 Benchmarks**

Internal and external investment managers' performance shall be evaluated against the following agreed upon benchmarks. If the investment manager does not meet its benchmark over a market cycle (3 to 5 years), the Treasurer shall determine and set forth in writing reasons why it is in the best interests of the LACMTA to replace or retain the investment manager.

Portfolio  
Intermediate Duration Portfolios

Investment Benchmarks  
Bank of America/Merrill Lynch AAA-A 1-5  
year Government & Corporate Index (BV10)

Short Duration Portfolios

Three month Treasury

**Los Angeles County Metropolitan Transportation Authority**  
**Section 5.1A**  
**Statement of Investment Policy <sup>a</sup>**

\* The percentage of portfolio authorized is based on market value.

Investment Type	Maximum Maturity	Maximum Allowable Percentage of Portfolio *	Minimum Quality and Other Requirements
Bonds Issued by the LACMTA	5 years <sup>b</sup>	100%	None
U.S. Treasury notes, bonds, bills or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest	5 years <sup>b</sup>	100%	None
Registered state warrants or treasury notes or bonds of the other 49 states in addition to California.	5 years <sup>b</sup>	25%	Such obligations must be rated “A1” or better short term; or “AA” or better long term, by a nationally recognized statistical rating organization
Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California	5 years <sup>b</sup>	25%	Such obligations must be rated “A1” or better short term; or “AA” or better long term, by a nationally recognized statistical rating organization
Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government –sponsored enterprises	5 years <sup>b</sup>	50% <sup>d</sup>	See Footnote d
Bills of exchanges or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers’ acceptances	180 days	40% <sup>c</sup>	The issuer’s short-term debt must have the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization
Commercial paper or “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization	270 days	25% <sup>c</sup>	See Footnote e
Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal savings and loan association, a state or federal credit union, or by a state licensed branch of a foreign bank, or a federally licensed branch of a foreign bank.	5 years <sup>b</sup>	30% <sup>c</sup>	See Footnote f



Placement Service Assisted Deposits	5 years <b>b</b>	30% <b>c</b>	See Footnote g
Investments in repurchase agreements	90 days	20%	Limited to no more than 90 days. See Footnote h
United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank.	5 years <b>b</b>	30% <b>c</b>	Maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments shall be rated "AA" or better by a nationally recognized statistical rating organization and shall not exceed 30% of the portfolio.
Medium-term notes issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States	5 years <b>b</b>	30% <b>c</b>	Must be rated "A" or better by a nationally recognized statistical rating organization. If rated by more than one rating agency, both ratings must meet the minimum credit standards.
Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission, as authorized by Code Section 53601	Not applicable	20% <b>c</b>	See Footnote i
State of California Local Agency Investment fund (LAIF) Code Section 16429.1 through 16429.4 or other Local Government Investment Pool (LGIP) established by public California entities pursuant to Section 53684	Not applicable	Set by LAIF and LGIP	See Footnote j
Asset-backed Securities	5 years <b>b</b>	15% combined with mortgage-backed securities	See Footnote k
Mortgage-backed Securities	5 years <b>b</b>	15% combined with asset-backed securities	See Footnote l

**Los Angeles County Metropolitan Transportation Authority  
Statement of Investment Policy**

<b>Footnotes for Section 5.1A Statement of Investment Policy</b>	
a	Sources: California Government Code Sections 16429.1, 53601, 53601.8, 53635 and 53638
b	Maximum maturity of five (5) years unless a longer maturity is approved by Board of Directors, either specifically or as part of an investment program, at least three (3) months prior to the purchase. New issue securities with a stated 5 year maturity can be purchased in the primary market with extended settlements of up to 30 days from the date of purchase.
c	Limited to no more than 10% of the portfolio in any one issue (i.e. bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, and money market funds)
d	No more than 15% of portfolio in any one Federal Agency or government-sponsored issue
e	Eligible paper is further limited to 10% of the outstanding paper of an issuing corporation, the issuing corporation must be organized and operating within the United States and having total assets in excess of \$500,000,000 and have an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided for by a nationally recognized statistical rating organization. Issuing corporations that are organized and operating within the United States and have total assets in excess of \$500 million dollars and having an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided by a nationally recognized statistical rating organization
f	The legislative body of the local agency, the treasurer or other official of the local agency having custody of the money are prohibited from investing in negotiable certificates of deposit of a state or federal credit union if a member of the legislative body or any other specified city officer or employee also serves on the board of directors or certain committees of that credit union
g	Investments in placement services assisted deposits is authorized under Sections 53601.8, 53635.8, and 53601 (i) of the California Government Code.
h	Repurchase agreements shall be executed through Primary Broker-Dealers. The repurchase agreement must be covered by a master repurchase agreement. Repurchase agreements shall be collateralized at all times. Collateral shall be limited to obligations of the United States and Federal Agencies with an initial margin of at least 102% of the value of the investment, and shall be in compliance if brought back up to 102% no later than the next business day. Collateral shall be delivered to a third party custodian in all cases. Collateral for term repurchase agreements shall be valued daily by the LACMTA's investment manager (for internal funds) or external investment manager. Investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. The LACMTA shall obtain a first lien and security interest in all collateral
i	Companies must have either 1) the highest ranking or the highest letter and numerical rating provided by not less than two of the nationally recognized statistical rating organizations, or (2) retained an investment advisor registered or exempt with the Securities and-Exchange Commission, with no less than five years experience investing in the securities and obligations authorized by California Government Code 53601 a-k inclusive and m-o inclusive and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price may not include any commissions charged by these companies

j	<p>Maximum investment per individual pool limited to the amount for LAIF as set by the State Treasurer's Office. Limit does not include funds required by law, ordinance, or statute to be invested in pool. Each pool must be evaluated and approved by the Treasurer, as to credit worthiness, security, and conformity to state and local laws. An evaluation should cover, but is not limited to establishing, a description of who may invest in the program, how often, what size deposit and withdrawal; the pool's eligible investment securities, obtaining a written statement of investment policy and objectives, a description of interest calculations and how it is distributed; how gains and losses are treated; a description of how the securities are safeguarded and how often the securities are priced and the program audited. A schedule for receiving statements and portfolio listings. A fee schedule, when and how fees are assessed</p>
k	<p>Limited to senior class securities with stated maturities of no more than 5 years. Further limited to securities rated in a rating category of "AAA", and issued by an issuer having an "A" or higher rating for the issuer's debt as provided for by a nationally recognized statistical rating organization. Further limited to fixed rate, publicly offered, generic credit card, automobile receivables, and equipment receivables only. Deal size must be at least \$250 million, and tranche size must be at least \$25 million</p>
l	<p>Pass-Through securities: Limited to Government Agency or Government Sponsored issuers, fixed rate, stated maturity no more than 5 years. CMOS: Limited to Government Agency or Government Sponsored Issuers "AAA" rated by a nationally recognized statistical rating organization. Planned Amortization Classes (PAC) only. The following are prohibited: ARMS, floaters, interest or principal (IOs, POs), Targeted Amortization Classes, companion, subordinated, collateral classes, or zero accrual structures</p>

APPENDIX A

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION  
AUTHORITY

CERTIFICATION OF UNDERSTANDING

The Los Angeles County Metropolitan Transportation Authority (LACMTA) Investment Policy as approved by the Board of Directors requires that all Financial Institutions and Investment Managers' conducting investment transactions with or for LACMTA sign a Certification of Understanding acknowledging that:

1. *You have read and are familiar with the LACMTA's Investment Policy as well as applicable Federal and State laws.*
2. *You meet the requirements as outlined in Investment Policy.*
3. *You agree to make every reasonable effort to protect the assets from loss.*
4. *You agree to notify the LACMTA in writing of any potential conflicts of interest.*
5. *You agree to notify the LACMTA in writing of any changes in personnel with decision-making authority over funds within 24 hours of such event.*

Failure to submit a Certification of Understanding shall result in the withdrawal of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the LACMTA for the purchase of securities or investment of funds on behalf of LACMTA.

The Board of Directors is committed to the goals of the Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
Print Name and Title \_\_\_\_\_

After reading and signing this Certification of Understanding please return with *any* supporting documentation to:

LACMTA  
Treasury Department  
Attention: Treasurer  
One Gateway Plaza  
Los Angeles, CA 90012-2932

---

**LACMTA use only:**  
Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature: \_\_\_\_\_  
LACMTA Treasurer

APPENDIX B

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

BROKER-DEALER RECEIPT OF INVESTMENT POLICY

We are in receipt of the Los Angeles County Metropolitan Transportation Authority's (LACMTA) Investment Policy.

We have read the policy and understand the provisions and guidelines of the policy. All salespersons covering LACMTA's account will be made aware of this policy and will be directed to give consideration to its provisions and constraints in selecting investment opportunities to present to LACMTA.

Signed \_\_\_\_\_  
Name Name  
  
\_\_\_\_\_  
Title Title  
  
\_\_\_\_\_  
Firm Name  
  
\_\_\_\_\_  
Date Date

After reading and signing this Receipt of Investment Policy, please return with supporting documentation to:

LACMTA  
Treasury Department  
Attention: Treasurer  
One Gateway Plaza  
Los Angeles, CA 90012-2932

**LACMTA use only:**

Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature: \_\_\_\_\_  
LACMTA Treasurer

APPENDIX C

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION  
AUTHORITY

BROKER/DEALER QUESTIONNAIRE

1. Name of Firm \_\_\_\_\_

2. Address \_\_\_\_\_  
(Local) (National Headquarters)

\_\_\_\_\_  
\_\_\_\_\_

3. Telephone No. ( ) \_\_\_\_\_ Telephone No. ( ) \_\_\_\_\_  
(Local) (National Headquarters)

4. Primary Representative	Manager/Partner-in-Charge
Name _____	Name _____
Title _____	Title _____
Telephone No. _____	Telephone No. _____
No. of Yrs. in Institutional Sales _____	No. of Yrs. in Institutional Sales _____
Number of Years with Firm _____	Number of Years with Firm _____

5. Are you a Primary Dealer in U.S. Government Securities? [ ] YES [ ] NO

If NO, Is the parent company or its subsidiary a Primary Dealer in U.S. Government Securities? Provide proof of certification.

[ ] YES [ ] NO

Please explain your firm's relationship to the Primary Dealer below:

\_\_\_\_\_

Please provide proof certification from the National Association of Securities Dealer.

6. Are you a Broker instead of Dealer, i.e., you DO NOT own positions of Securities?  
[ ] YES [ ] NO

7. What is the net capitalization of your Firm? \_\_\_\_\_

8. What is the date of your Firm's fiscal year-end? \_\_\_\_\_

9. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization?

\_\_\_\_\_

10. Please provide your Wiring and Delivery Instructions.

\_\_\_\_\_

11. Which of the following instruments are offered regularly by your local desk?

- T-Bills     Treasury Notes/Bonds     Discount Notes     NCD's
- Agencies (specify) \_\_\_\_\_
- BA's (Domestic)     BA's (Foreign)     Commercial Paper
- Med-Term Notes     Repurchase Agreements

12. Does your Firm specialize in any of the instruments listed above?

\_\_\_\_\_

13. Please identify your comparable government agency clients in the LACMTA's geographical area.

<u>Entity</u>	<u>Contact Person</u>	<u>Telephone No.</u>	<u>Client Since</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

14. What reports, confirmations, and other documentation would LACMTA receive? Please include samples of research reports or market information that your firm regularly provides to government agency clients.

15. What precautions are taken by your Firm to protect the interests of the public when dealing with government agencies as investors?

\_\_\_\_\_  
\_\_\_\_\_

16. Have you or your Firm been censored, sanctioned or disciplined by a Regulatory State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the past five years?  YES  NO

17. If yes, please explain

\_\_\_\_\_

18. Please provide your most recent audited financial statements within 120 days of your fiscal year-end.

19. Please indicate the current licenses of the LACMTA representatives:

Agent: \_\_\_\_\_ License or registration: \_\_\_\_\_

**APPENDIX D**  
**LOS ANGELES COUNTY METROPOLITAN**  
**TRANSPORTATION AUTHORITY**  
**INVESTMENT POLICY GLOSSARY**

**ASKED:** The price at which securities are offered from a seller.

**BANKERS' ACCEPTANCE (BA):** Time drafts which a bank “accepts” as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (or issuer - the bank’s trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

**BID:** The price offered by a buyer of securities.

**BOOK VALUE:** The original cost of the investment, plus accrued interest and amortization of any premium or discount.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD’s are typically negotiable (marketable or transferable).

**COLLATERAL:** Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

**COMMERCIAL PAPER (CP):** Unsecured promissory notes issued by companies and government entities at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

**CUSTODY or SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT:** Delivery of securities with a simultaneous exchange of money for the securities.

**FEDERAL AGENCIES AND U.S. GOVERNMENT SPONSORED ENTERPRISES (AGENCIES):** U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). They include:

- ◆ Federal Home Loan Banks (FHLB)
- ◆ Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
- ◆ Federal National Mortgage Association (FNMA or “Fannie Mae”)
- ◆ Federal Farm Credit Banks (FFCB)
- ◆ Student Loan Marketing Association (SLMA or “Sallie Mae”)
- ◆ Tennessee Valley Authority (TVA)



**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTES (MTN):** Interest bearing, continuously offered debt, issued in the 9 month to ten year maturity range. Deposit notes, like Certificates of Deposit, actually represent an interest bearing deposit at a bank or other depository institution.

**OFFER:** The price asked by a seller of securities.

**PAR VALUE:** The face value, or principal amount payable at maturity.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

**REPURCHASE AGREEMENT (RP OR REPO):** A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, whereby the security "buyer" in effect lends the "seller" money for the period of the agreement, and the difference between the purchase price and sale price determining the earnings. Dealers use RP extensively to finance their positions.

**SECURITIES & EXCHANGE COMMISSION (SEC):** An agency created by Congress to protect investors in securities transactions by administering securities legislation.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY NOTES AND BONDS:** Long-term U.S. Treasury securities having initial maturities of 2 to 30 years.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage.

**YIELD TO MATURITY (YTM):** The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.

**FINANCIAL INSTITUTIONS RESOLUTION**

RESOLVED, that any financial institutions, including all banks and their correspondent banks doing business with the Los Angeles County Metropolitan Transportation Authority (LACMTA), are hereby authorized, requested and directed to honor all checks, drafts, wires, or other orders for payment of money drawn in the LACMTA's name on its account(s) (including those drawn on the individual order of any person or persons whose names appear thereon as a signer or signers thereof) when bearing the original and/or facsimile signature of the Chair; Chief Executive Officer; Deputy Chief Executive Officer; Chief Financial Officer; Treasurer; [Deputy Executive Officer, Finance in Treasury](#); or Assistant Treasurer (collectively, LACMTA Officials). LACMTA Officials are the only representatives empowered to open, close or authorize changes to accounts on behalf of LACMTA. LACMTA Officials may designate individuals as Official Signatories for financial accounts. The duties of Official Signatories shall be limited to check signing, wire or fund transfers, balance reporting and/or monitoring of bank processes.

And, those financial institutions, including correspondent banks, currently doing business with LACMTA shall be entitled to honor and charge LACMTA for all such checks, drafts, wires, or other orders for the payment of money, regardless of by whom or by what means when the actual or facsimile signature or signatures resemble the specimens filed with those financial institutions by the Secretary or other officer of LACMTA.

**CERTIFICATION**

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
Michele Jackson  
Board Secretary

(SEAL)

# LACMTA Investment Policy Update and Approval

Finance, Budget and Audit Committee  
Wednesday, February 14, 2018



1

## Investment Policy Overview

- Governance- California Government Code
  - Requires annual adoption of investment policy
  - Establishes permitted investments
  - Sets objectives – 1) safety - preserve capital, 2) provide liquidity and 3) maximize earnings subject to 1) and 2)
- Recommended changes reflect title changes of key personnel and current practices



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## Investment Policy Overview

### Investments not permitted

- Equities (Common Stock, Preferred Stock...)
- Real Estate
- Derivatives

### Investments Permitted - Fixed Income Securities

- United States Treasuries (Bills and Notes)
- Municipals (issued by the 50 states, counties, cities and other local agencies, etc....)
- Long and Short term Corporate Bonds (Bank of America, Starbucks, Intel Corp etc...)
- Govt Sponsored Enterprises (Agencies-FNMA, FHLB, etc...)
- Money market funds, Certificates of Deposits and others



**Metro**

FNMA – Federal National Mortgage Association, FHLB – Federal Home Loan Bank

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## Investment Policy Overview

### **Strategy**

#### Internally managed cash portfolio

- for daily/immediate needs (i.e. bi-weekly payroll, vendor payments and project expenses)
- Benchmark is 91 day Treasury Bill
- Market value approximately \$431 million as of 12/31/17

#### Externally managed portfolios

- Take advantage of higher yields on longer maturing securities
- Benchmark is BofA/ML 1-5 AAA - A Govt/Corp Index
- Market value approximately \$720 million as of 12/31/17

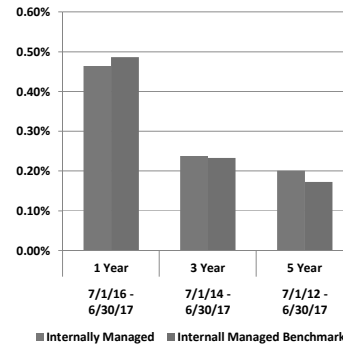
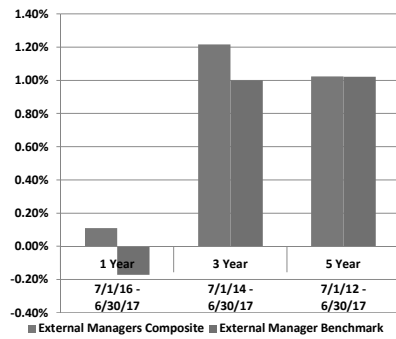


**Metro**

4

## Investment Policy Overview

### Performance Results



5

## Investment Policy Overview

### Recommendation

- Adopt the Investment Policy
- Approve Financial Institutions Resolution
- Delegate authority to Treasurer or his/her designees



6



**Board Report**

**File #:** 2017-0841, **File Type:** Policy

**Agenda Number:** 13.

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

**SUBJECT: DEBT MANAGEMENT**

**ACTION: APPROVE ADOPTION OF DEBT POLICY**

**RECOMMENDATION**

ADOPT the Debt Policy (Attachment A).

**ISSUE**

The Debt Policy requires that it be reviewed annually and presented to the Board for approval if changes are needed. State law requires California issuers submit a report of proposed debt issuance to the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue. Effective 2017, California legislation requires the report of proposed debt issuance include a certification by the issuer that it has adopted a debt policy.

**DISCUSSION**

The purpose of the Debt Policy is to establish guidelines for the issuance and management of our debt. The proposed changes to the Debt Policy reflect changes in debt issuance and disclosure standards and practices, as well as the inclusion of internal controls to track and report the use of debt proceeds as required by the passage of SB 1029. The revised policy also incorporates the governance of future Measure M debt obligations in addition to Metro's existing sales tax debt. Other changes include edits to reflect appropriate titles and edits made to clarify language and improve readability. A redlined version of the Debt Policy showing comprehensive changes from the last board approved Debt Policy is included as Attachment A.

**POLICY IMPLICATIONS**

The Debt Policy governs the management of our overall debt program. The policy sets the guidelines to be used when considering the use of debt, as well as in the on-going management of existing obligations. Guidance is provided specifying appropriate uses, selection of acceptable debt and lease products and debt issuance limits. The processes for selection of professional services and financial products are also specified.

As of January 1, 2018, we had \$4.0 billion of bonds outstanding in 28 transactions, \$1.1 billion of

---

TIFIA loan draws in four transactions and three short term borrowing programs for Prop A, Prop C and Measure R with \$223.2 million outstanding, all subject to the Debt Policy.

### **DETERMINATION OF SAFETY IMPACT**

The adoption of the updated policy will have no safety impact.

### **FINANCIAL IMPACT**

There is no direct financial impact on the FY18 budget associated with implementing or not implementing the updates to this policy.

### **ALTERNATIVES CONSIDERED**

The California Government Code requires an issuer certify that it has adopted a Debt Policy prior to issuing debt. The Government Finance Officers Association ("GFOA") recommends the adoption of a comprehensive Debt Policy as a Debt Management Best Practice. Properly updated policies governing the management of debt are essential to sound financial management and provide guidance to effectively obtain the lowest cost of capital.

The Board could elect not to approve the proposed revisions to the Debt Policy. The existing Debt Policy would remain in effect until a revised Debt Policy is adopted.

### **NEXT STEPS**

Following adoption of the Debt Policy we will make it available on the Investor Relations section of our website and distribute it to rating agencies and other interested parties as part of our investor relations outreach.

### **ATTACHMENTS**

Attachment A - Debt Policy (Redlined)

Prepared by:

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Reviewed by:

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



Phillip A. Washington  
Chief Executive Officer



# DEBT POLICY

~~April 2015~~  
February 2018

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# DEBT POLICY

## I. Introduction

The purpose of the Debt Policy is to establish guidelines for the issuance and management of ~~our debt.~~ debt issued by the Los Angeles County Metropolitan Transportation Authority (“LACMTA”). This Debt Policy confirms the commitment of the Board, management, staff, advisors and other decision makers to adhere to sound financial management practices, including full and timely repayment of all borrowings, achieving the lowest possible cost of capital within prudent risk parameters and encouraging the use of small business enterprises (“SBE”), service disabled veteran business enterprises (“DVBE”), local and disadvantaged business enterprises (“DBE”) advisors and underwriters when appropriate and in accordance with the LACMTA procurement policy. ~~Priorities of the~~ The Debt Policy goals are as follows:

1. Achieve the lowest cost of capital
2. Maintain a prudent level of financial risk
3. Preserve future financial flexibility
4. Maintain strong credit ratings and good investor relations
5. Ensure that SBE, DVBE, local and DBE investment banking and financial firms will be considered for, and utilized in, lead and senior manager roles in accordance with the LACMTA procurement policy.

## II. Scope and Authority

This Debt Policy shall govern, except as otherwise covered by the Investment Policy, Gas Hedging Guidelines, Defeased Lease Policy or Interest Rate Swap Policy, the issuance and management of ~~all debt bonds and lease financings funded from the capital markets, including the selection~~ other forms of indebtedness of LACMTA, together with any credit, liquidity or other security instruments and ~~management of related financial services agreements that may be executed in connection with the issuance of bonds and products, and investment of bond and lease proceeds.~~ other forms of indebtedness (collectively referred to as “Bonds” or “Debt”).

While adherence to this Debt Policy is generally required, it is recognized that changes in the capital markets, our programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Debt Policy and will require modifications or exceptions to best achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained or is authorized in this policy. The Chief Executive Officer, the Chief Financial Officer, the Treasurer, a Deputy Executive Director/ ~~Officer,~~ Finance and ~~Budget, the Treasurer and an~~ Assistant Treasurer, each, an “Authorized Signatory,” are each individually authorized to take all reasonable actions necessary to issue the debt and administer the debt on an ongoing basis. The administration is herein defined as “Administrative

Actions.” Administrative Actions may be taken when in the reasonable judgment of an Authorized Signatory such action will be beneficial and consistent with the original objectives for entering into the transaction. Administrative Actions include both day-to-day administrative activities as well as actions that need to be taken to correct problems, such as with providers of services or financial facilities, agreements, insurance policies or surety policies. Such Administrative Actions may include, but are not limited to, amendment of terms and pricing, replacement of providers, amendment or replacement of agreements and facilities and substitution using different products and providing for the issuance of commercial paper, all to achieve the original purpose ~~in~~[of](#) the transaction.

The Debt Policy shall be reviewed at least annually and presented to the Board for approval of any changes as needed excluding changes to position titles. If no changes are needed, the existing approved Debt Policy will remain in effect until the Board approves the recommended update to the Debt Policy. The Treasurer shall have the day-to-day responsibility and authority for structuring, implementing and managing the debt and finance program. The Debt Policy requires that the Board specifically authorize each long-term debt and lease financing. However, as detailed in the following section, the authority is ongoing regarding issuance of commercial paper and other short term borrowings in support of Board authorized capital projects and expenditures, and to remedy matters being addressed as Administrative Actions.

### **III. Capital Budgeting and Debt Issuance Process**

#### **A. Capital Budgeting**

##### **1. The Capital Plan:**

~~1.~~ A Capital Plan (~~the “CP”~~), shall be developed for consideration and adoption by the Board. The ~~CP~~[Capital Plan](#) should have a planning horizon of at least a 5-year period and shall be updated at least annually. It is our current practice to include the ~~CP~~[Capital Plan](#) in the Annual Budget for consideration and adoption.

##### **2. Authorization for Issuance of Bonds and Leases:**

~~2.~~ Each bond issue or financial lease shall be presented to the Board for authorization. The Board’s adoption of the Annual Budget does not constitute authorization for issuance of bonds or a financing lease.

##### **3. Authorization for Interim Financing Programs :**

~~3.~~ Issuance of commercial paper and similar short-term borrowings such as revolving credit facilities are authorized by the Board approval of short-term borrowing programs. The Authorized Signatories may then take all actions necessary to cause the issuance of such short-term notes or draws on similar short-term borrowing facilities, to fund, refund or reimburse expenditures related to Board approved capital

projects and expenditures, as well as to remedy matters being addressed as Administrative Actions.

## **B. Types of Debt Financing**

### **1. ~~Appropriate~~ Use of Long-Term Debt**

#### **a) Purpose for Long-Term Debt:**

~~a)~~ Long-term debt is appropriate for financing essential capital projects and certain capital equipment where paying over time, with interest, allows us to meet certain public policy goals. Those goals may include accelerating the completion of improvements to increase mobility, taking advantage of available federal or other funding, and matching the payment for improvements with their use in recognition that future taxpayers can benefit from the capital investment. The use of long-term debt will be evaluated with pay-as-you-go capital investment and will not be used to fund non-capital operational expenditures or operating deficits.

In order to achieve strong credit ratings and the lowest cost of funding, the debt secured by Proposition A, Proposition C, Measure R or Measure ~~R~~M sales tax shall allow for each of the respective bond trust agreements to pledge the entire amount of the sales taxes received, except for the Local Return portion of that sales tax. Debt service attributable to the financing of a project will be charged to one or more ordinance categories in accordance with the applicable ordinance.

#### **b) Lease Financing:**

~~b)~~ Lease obligations are an appropriate means of financing capital equipment where lease financing will be more beneficial, either economically or from a policy perspective. The useful life of the capital equipment, the terms and conditions of the lease, the direct impact on debt capacity and budget flexibility will be evaluated prior to the implementation of a lease program. Capital equipment will generally be purchased on a pay-as-you-go basis where feasible. Cash flow sufficiency, capital program requirements, lease program structures and cost, and market factors will be considered in conjunction with a pay-as-you-go strategy in lieu of lease financing. All leases providing tax-exempt financing are subject to this policy, as are all leases, master leases and leasing programs having a cumulative value exceeding \$10 million. All tax-exempt leases shall be implemented and maintained by the Treasury Department.

c) ~~Alternative Financing Programs.~~ ~~Federally subsidized~~

⇒ Federal loans, as well as federally subsidized taxable and tax-exempt bond programs may be utilized to provide funding when such loans or bonds provide an attractive funding cost or provide other features deemed desirable for the circumstances, such as deep subordination of the repayment obligation, an unusually long repayment term, or other desirable features. Staff will evaluate these programs for any new risks and costs, and account for such factors in considering their use.

2. Use of Short-Term and Variable Rate Debt

a) ~~Interim Financing:~~

a) Commercial paper, and similar short-term borrowing programs as well as short-term fixed rate bond or grant anticipation notes, which generally have maturities of less than 3 years, are cash management tools that are primarily used to provide interim funding for capital expenditures that will ultimately be funded from another source such as a grant, a long-term bond issue, or a ~~TIFIA~~ Federal loan program. The Board has previously authorized the ongoing use of ~~both~~ the Proposition A ~~and~~ Proposition C and Measure R commercial paper or similar short-term borrowing programs, respectively, to fund Board approved programs and expenditures. The Board may also authorize the ongoing use of interim financing for Measure ~~R~~ M programs.

b) ~~Variable Rate Debt:~~

b) In addition to interim financing, which includes commercial paper and similar short-term borrowing programs, it ~~is~~ often may be appropriate to issue long-term variable rate debt that bears an interest rate that is reset periodically at predetermined intervals, including entering into revolving credit facilities, to diversify the debt portfolio, reduce interest costs, and improve the match of variable rate assets (such as short-term investments and reserves) to liabilities. The amount of unhedged variable rate debt will generally not exceed 20% of all outstanding debt, and the total of hedged and un-hedged variable rate debt will not exceed 50% of all outstanding debt. Under no circumstances will variable rate debt be issued solely for the purpose of earning interest through arbitrage. If unhedged variable rate debt is outstanding, at least annually, it shall be determined whether it is appropriate to convert the debt to fixed interest rates.

#### IV. Debt Affordability Policy Limits

##### A. LACMTA Borrowings

The maximum amounts of revenues to be used to pay debt service are listed as percentages of the respective revenue sources. These limits in combination with the [GP Capital Plan](#) and multi-year planning documents ensure that we will be able to continue providing our essential operational services while planning for replacement, rehabilitation and expansion of our capital investments.

<b>Proposition A Sales Tax Revenue Debt Affordability Limits</b>		
<b>Category</b>	<b>Allowable Uses &amp; Status</b>	<b>Debt Policy Maximum</b>
Prop A Rail 35%	<i>Rail Operations &amp; Capital.</i>	87% of Prop A <del>35%</del> Rail revenues. <u>35%</u> .
Discretionary 40%	<i>Any transit purpose. Current state law directs these funds to bus subsidies and incentives.</i>	No further issuance.
Local Return 25%	<i>Any transit purpose. Distributed to localities based on population.</i>	N/A

<b>Proposition C Sales Tax Revenue Debt Affordability Limits</b>		
<b>Category</b>	<b>Allowable Uses &amp; Status</b>	<b>Debt Policy Maximum</b>
Discretionary 40%	<i>Bus &amp; Rail, Capital &amp; Operating.</i>	40% of <del>Prop C 40%</del> Discretionary revenues. <u>40%</u> .
Highway 25%	<i>Streets, Highways and Fixed Guideway Projects on Railroad Right-of-Way.</i>	60% of <del>Prop C 25%</del> Highway. <u>25%</u> .
Commuter Rail 10%	<i>Commuter Rail and Park and Ride. Operations or capital.</i>	40% of <del>Prop C 10%</del> Commuter Rail. <u>10%</u> .
Security 5%	<i>Transit Security. Operations or capital.</i>	No debt issuance.
Local Return 20%	<i>Any transit purpose and certain roadways heavily used by transit. Distributed to localities based on population.</i>	N/A



<b>Measure R Sales Tax Revenue Debt Affordability Limits</b>		
<b>Category</b>	<b>Allowable Uses &amp; Status</b>	<b>Debt Policy Maximum</b>
Transit Capital 35% – New Rail and/or Bus Rapid Transit	<i>New Rail and/or Bus Rapid Transit. <del>Initial issuance occurred in CY2010.</del></i>	87% of <del>MR</del> Transit Capital <u>35%</u> – New Rail and/or Bus Rapid Transit <del>revenues.</del>
Transit Capital 3% – Metrolink Capital Improvement Projects Within LA County	<i>Operations, Maintenance and Expansion for system improvements, rail yards and rail cars. <del>Currently no debt service. Issuance likely in the future.</del></i>	87% of <del>MR</del> Transit Capital <u>3%</u> – Metrolink Capital Improvements <del>in</del> <u>within</u> LA County.
Transit Capital 2% – Metro Rail Capital	<i>System improvements, rail yards and rail cars. <del>Initial issuance occurred in CY2010.</del></i>	87% of <del>MR</del> Transit Capital <u>2%</u> – Metro Rail Capital.
Highway Capital 20%—	<i>Carpool lanes, highways, goods movement, grade separations and soundwalls. <del>Currently no debt service. Issuance likely in the future.</del></i>	60% of <del>MR</del> Highway Capital <u>20%</u> .
Operations 5% – Rail Operations	<i>Rail operations for new transit project operations and maintenance. <del>Currently no debt service. No debt issuance permitted.</del></i>	No debt issuance.
Operations 20% – Bus Operations	<i>Bus operations for countywide bus service and maintenance. <del>Currently no debt service. No debt issuance permitted.</del></i>	No debt issuance.
Local Return 15% –	<i>Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways, pedestrian improvements; streetscapes; signal synchronization; and transit. Distributed to localities based on population.</i>	N/A

<b><u>Measure M Sales Tax Revenue Debt Affordability Limits</u></b>		
<b><u>Category</u></b>	<b><u>Allowable Uses</u></b>	<b><u>Debt Policy Maximum</u></b>
<u>Transit, First/Last Mile (Capital) 35% - Transit Construction</u>	<u>Includes system connectivity projects-Airports, Union Station, and Countywide BRT.</u>	<u>87% of Transit First/Last Mile (Capital) 35% – Transit Construction.</u>
<u>Transit Operating &amp; Maintenance 20% – Transit Operations</u>	<u>Operations for transit service, maintenance, and expansion.</u>	<u>No debt issuance.</u>
<u>Highway, Active Transportation, Complete Streets (Capital) 17% – Highway Construction</u>	<u>Includes System Connectivity Projects-Ports, Highway Congestion Programs, Goods Movement.</u>	<u>87% of Highway, Active Transportation, Complete Streets (Capital) 17% – Highway Construction.</u>
<u>Local Return/Regional Rail 16% – Local Return</u>	<u>Streets and roads, traffic control measures, active transportation, public transit services, public transit capital, transit oriented community investments, transportation marketing, congestion management program, transportation administration, and local funding contributions. Distributed to localities based on population.</u>	<u>N/A</u>
<u>Transit Operating &amp; Maintenance 5% – Metro Rail Operations</u>	<u>Operating, regular and preventative maintenance for existing and new Metro Rail Lines, as well as the repair, replacement, and rehabilitation of Metro assets required for its rail transit vehicle fleet, systems and engineering, and stations.</u>	<u>No debt issuance.</u>
<u>Highway, Active Transportation, Complete Streets (Capital) 2% – Metro Active</u>	<u>Bicycle, Pedestrian, Complete Streets.</u>	<u>87% of Highway, Active Transportation, Complete Streets (Capital) 2% – Metro Active Transportation.</u>

**Measure M Sales Tax Revenue Debt Affordability Limits** (continued from previous page)

<b><u>Category</u></b>	<b><u>Allowable Uses</u></b>	<b><u>Debt Policy Maximum</u></b>
<u>Transit, First/Last Mile (Capital) 2% – Metro State of Good Repair</u>	<u>Repair, replacement, and rehabilitation of Metro Rail assets.</u>	<u>87% of Transit, First/Last Mile (Capital) 2% – Metro State of Good Repair. Issuance unlikely in the future.</u>
<u>Transit Operating &amp; Maintenance 2% – ADA Paratransit</u>	<u>ADA Paratransit for the Disabled; Metro Discounts for Seniors and Students.</u>	<u>No debt issuance.</u>
<u>Local Return/Regional Rail 1% – Regional Rail</u>	<u>Regional commuter rail operations and services for L.A. County.</u>	<u>87% of Local Return/Regional Rail 1% – Regional Rail. Issuance unlikely in the future.</u>

**Other Revenue Debt Affordability Targets**

<b><u>Category</u></b>	<b><u>Allowable Uses &amp; Status</u></b>	<b><u>Debt Policy Maximum</u></b>
Fare Box Revenue	<i>Any transit purpose.</i>	No further issuance.
Federal Grant Revenues	<i>In accordance with grant.</i>	<del>No further</del> <u>Limited</u> issuance. <sup>(1)</sup>
State Grant Revenues	<i>In accordance with grant.</i>	No debt issuance.
TDA	<i>Various transit purposes.</i>	<del>No further</del> <u>Limited</u> issuance. <sup>(1)</sup>
Benefit Assessment Levies	<i>Historically to support rail construction.</i>	<del>100% of levies.</del> <u>Limited</u> issuance. <sup>(1)</sup>
Lease Revenues	<i>Any transit purpose.</i>	Limited issuance <del>for special projects.</del> <sup>(1)</sup>
<u>Toll Revenues</u>	<u>Permitted expenditures within the Corridor, as so determined.</u>	<u>Limited issuance.</u> <sup>(1)</sup>
Other System Revenues	<i>Any transit purpose.</i>	Limited issuance <del>for special projects.</del> <sup>(1)</sup>

<sup>(1)</sup> Based on revenue availability and capital program needs.

**B. Local Return Borrowings**

California law prevents LACMTA from borrowing against the Local Return funds. LACMTA provides guidance to recipients of Local Return funds for borrowing against those funds through the Local Return Borrowing Guidelines. The borrowings are generally consistent for all four sales tax measures.

## V. Purpose of Financing

### A. New Money Financing

New money issues are ~~these~~ financings that generate additional funding to be available for expenditure on capital projects. These financings may be long-term financings, or short-term financings for interim funding pending a long-term financing or receipt of funds. These funds will be used for acquisition, construction and major rehabilitation of capital assets. New money bond proceeds may not be used to fund non-capital operational expenditures. The funding requirement by sales tax ordinance category is determined in the context of the [GPCapital Plan](#) and Annual Budget. The financial advisor will recommend the financing structure based on the type of financial products available and in consideration of market conditions at the time of the sale.

### B. Refunding Bonds

Refunding bonds are issued to retire all or a portion of an outstanding bond issue. Most typically this is done to refinance at a lower interest rate to reduce debt service. Alternatively, some refundings are executed for a reason other than to achieve cost savings, such as to restructure the repayment schedule of the debt, to change the type of debt instruments being used, or to retire an indenture in order to remove ~~undesirable~~[restrictive](#) covenants. In any event, a present value analysis must be prepared that identifies the economic effects of any refunding being proposed to the Board. The target savings amounts listed below are not applicable for refunding transactions that are not solely undertaken to achieve cost savings.

The target savings amount shall be measured using either a call option pricing model or the savings as percentage of the refunded par.

—The traditional methodology of measuring the effectiveness of a refunding is to divide the net present value savings as a percentage of the refunded par amount. This policy incorporates the standard rule of thumb that a refunding should generate, at a minimum, net present value savings of at least 3% of the refunded par amount for a current refunding, where the outstanding bonds can be prepaid within 90 days. A higher savings requirement may be appropriate for an advance refunding, where the proceeds are placed in an escrow to call bonds in the future. In addition, the efficiency of the investments in the refunding escrow should be considered in recommending an advance refunding.

Alternatively, the value of the call option (using an option pricing model) can be used to evaluate a refunding whose sole purpose will be to achieve cost savings. The target savings from any particular refunding candidate, by

maturity, shall be no less than 80% of the calculated value of the call option, net of all transaction expenses.

While the Treasurer will evaluate refunding savings for each outstanding maturity, these policy minimums recognize that individual maturities, particularly short maturities, may be appropriate to refund even at lower savings thresholds, recognizing that the value of the call option “asset” will be reduced with the passage of time. The Treasurer shall have discretion in making the final determination to include individual refunding candidates that are above or below the target in order to optimize the policy and/or financial objectives.

In the event that an interest rate swap or other derivative product is to be used as part of a refunding, the target savings shall be increased to account for any additional ongoing administrative costs, financial risk beyond that of a traditional fixed rate refunding, and loss of future financial flexibility.

## **VI. Types of Products**

### **A. Current Coupon Bonds**

Current coupon bonds are bonds that pay interest periodically and principal at maturity. They may be used for both new money and refunding transactions. Bond features may be adjusted to accommodate the market conditions at the time of sale, including changing the dollar amounts for annual principal maturities, offering discount and premium bond pricing, modifying the terms of the call provisions, and utilizing bond insurance.

### **B. Zero Coupon and Capital Appreciation Bonds**

Zero coupon bonds and capital appreciation bonds have principal amortization that is much slower than level debt service resulting in increased interest expenditure over the life of the bond and, therefore, shall only be recommended in limited situations.

### **C. Lease Purchase Financing**

Lease purchase financing represents a long-term financing lease that is suitable for financing capital expenditures, including the acquisition and/or construction of land, facilities, equipment and rolling stock.

#### **1. Equipment**

We shall have the ability to consider lease purchase transactions, including certificates of participation, long-term vendor leases, and the use of master lease programs. Financing of equipment will be limited to contracts of at least \$20,000 and a useful life that is greater than 3 years. The final maturity of equipment lease financings will be limited to the remaining useful life of the equipment.

#### **2. Real Property**

The final maturity of the financing shall not exceed the remaining useful life of the facility. A lease financing generally should not have a final maturity exceeding 30 years. Principal payments related to real property acquisition or construction are to be amortized so that there will be level debt service payments, although a more rapid amortization may be used to accelerate the repayment.

#### **D. Derivative Products**

Derivative products will be considered appropriate in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue, or alternatively, where it is expected to reduce total financing cost. The Board approved Interest Rate Swap Policy sets forth the guidelines for interest rate swaps. For derivatives not addressed in the Interest Rate Swap Policy, an analysis of early termination costs and other conditional terms given certain financing and marketing assumptions will be completed. Such analysis will document the risks and benefits associated with the use of the particular derivative product. Derivative products will only be utilized with prior Board approval except as otherwise specified in the Interest Rate Swap Policy.

### **VII. Structural Features**

#### **A. Maturity of Debt**

The final maturity of the debt shall be equal to or less than the remaining useful life of the assets being financed, and the average life of the financing shall not exceed 120% of the average life of the assets being financed. [In no event shall the final maturity exceed 50 years, per the Public Utilities Code Section 130534.](#)

#### **B. Debt Service Structure**

In most cases, combined principal and interest payments for any particular bond issue will be structured to have approximately level annual debt service payments over the life of the bond issue. Nevertheless, the debt service of an individual bond issue can be structured to produce level aggregate debt service for each lien.

#### **C. Lien Levels**

Senior and Junior Liens for each revenue source will be utilized in a manner that will maximize the most critical constraint -- typically either cost or capacity -- thus allowing for the most beneficial use of the revenue source securing the bond.

#### **D. Capitalized Interest**

Unless required by a particular financing, interest on debt will not be capitalized out of debt proceeds. This avoids unnecessarily increasing the

bond size. Certain types of financings such as lease-secured financings, direct federal loans, and certain revenue bond projects may require that interest on the debt be paid from capitalized interest until we have constructive use of the project and project related revenues are expected to be available to pay debt service.

#### **E. Discount and Premium Bonds**

Discount or premium bonds may reduce the interest cost of the bonds by better matching investors' desires in certain markets. We may limit the amount of discount or premium coupons to reduce the negative impact on any subsequent refunding of the bonds for interest savings.

#### **F. Debt Service Reserve Fund**

The debt service reserve fund "DSRF," is generally cash funded with bond proceeds. The trustee maintains the DSRF throughout the life of the bonds. A cash funded DSRF is invested pursuant to investment of proceeds guidelines within the respective indenture and interest earnings are generally used to offset debt service payments. In the final year of the bond issue, the cash available in the DSRF is usually used to make the final debt service payment. Since a cash funded DSRF generates interest income, the DSRF has the potential to be cost neutral if the interest earnings equal or exceed the interest rate of the bonds.

An alternative to having a cash funded DSRF is to use a DSRF surety policy obtained from a highly rated bond insurer. The surety policy requires an up-front fee payment to the insurer and results in a loss of future income to the DSRF. The Treasurer will evaluate and document the DSRF funding decision. Factors to be considered in this evaluation include: arbitrage yield restrictions, current interest rates, availability and cost of a surety policy, foregone interest and capital gains from a cash funded DSRF, the relative size of the reserve requirement compared to the prior reserve requirement (refunding issues only), and opportunities for the use of the funds withdrawn from the DSRF including additional capital projects or investment opportunities.

To the extent a DSRF is not required under the authorizing documents for a bond issue, the financial advisor will be consulted to advise whether a DSRF should be included. The analysis will consider the anticipated net cost of carry for the DSRF, loss of additional bonding capacity, and impacts on ratings and bond pricing.

#### **G. Amortization**

Debt will be amortized within each lien to achieve overall level debt service or may utilize more accelerated repayment schedules after giving consideration to bonding capacity constraints. The use of heavily back-loaded principal repayment, bullet and balloon maturities should be avoided, except to achieve wrapped debt service so as to level the aggregate

outstanding debt service.

If debt is issued under an alternative structure, such as a direct federal loan, the amortization schedule may be modified in order to meet specific requirements of the financing program or utilize advantageous alternative repayment schedules.

## **H. Financial and Risk Analysis of Issuance**

Net present value cost analysis, assessment of structural risks and complexities, and consideration of restrictions to future financing flexibility will be assessed and documented to determine the most efficient bond type and structuring features. Our long-term pooled investment rate will be used as the discount rate when comparing alternatives.

## **I. Call Provisions**

In general, bonds issued should include a 10 year par-call feature. However, if determined to be financially advantageous, bonds may be issued that have make-whole calls, are non-callable or include a par-call for periods longer or shorter than 10 years. Prior to the use of any such call provision, the option-adjusted yields on the bonds with and without a non-call provision will be analyzed to determine which is most ~~financially~~ beneficial.

## **J. Credit Enhancement**

### **1. Bond Insurance**

Bond insurance will be used when it provides an economic advantage to a particular bond maturity or entire issue. ~~Bond insurance from the highest-rated insurers may provide improved credit quality for the bonds as a result of the insurance provider's guarantee of the payment of principal and interest on the bonds~~ may be secured from third-party credit providers to the extent such credit enhancement is available upon competitive and cost effective terms. Selection of credit enhancement providers shall be subject to a competitive bid process. Credit enhancement may be used to improve or establish a credit rating on a debt obligation even if such credit enhancement is not cost effective if the use of such credit enhancement meets the organization's debt financing goals and objectives.

- ~~a) — Benefit analysis. The decision to use bond insurance is an economic decision. The analysis compares the present value of the interest savings to the cost of the insurance premium. Insurance may be purchased if the premium cost is less than the present value of the projected interest savings through the optional call date.~~
- ~~b) — Provider selection. The financial advisor will undertake a competitive selection process when soliciting pricing for bond~~



~~insurance, or in the case of a competitive bond sale, may facilitate the pre-qualification of bonds by highly-rated insurance providers. Generally, the winning underwriter in a competitive bond sale will determine whether it will purchase insurance for the issue. For a negotiated sale, the Treasurer shall have the authority to purchase bond insurance when deemed advantageous and the terms and conditions governing the guarantee are satisfactory.~~

## 2. Bank Facilities:

The issuance of most variable rate debt, including variable rate demand bonds and commercial paper, requires the use of some form of bank facility, to ensure that the investor can sell their bond or note back when the interest rate is reset, in the form of a letter of credit, line of credit or standby bond purchase agreement. Alternatively, banks provide for variable rate direct lending to us such as through a revolving credit facility or direct purchase agreement.

### a) ~~Provider~~ Selection:

Depending on market conditions, the financial advisor will conduct a competitive process to recommend a bank facility provider. Banks will have short-term ratings of at least P-1/A-1, or equivalent ratings, by any two nationally recognized rating agencies including Moody's Investors Service, S&P Global Ratings, Fitch Ratings and Standard & Poor's, respectively, Kroll Bond Rating Agency, Inc., in order to be solicited for bank liquidity or credit enhancement, such as letters of credit or standby bond purchase agreements. Minimum short-term ratings are not required for bank facilities where the bank lends directly to us. Selection criteria for Bank Facilities will include the following:

- i) i. The bank's acceptance of terms and conditions acceptable to us. A term sheet will be provided along with the request for qualifications and any requested modifications will be highlighted by the bank;
- ii) ii. A review of a representative list of clients for whom the bank has provided Bank Facilities; and
- iii. iii) — Evaluation of fees; specifically, cost of credit and/or liquidity facility, draws, bank counsel and other administrative charges, index (e.g., SIFMA or ~~LIBOR~~, LIBOR, or if LIBOR shall no longer be in general use, any successor index determined by the Alternative Reference Rates Committee) and the spread to the index for direct lending, and an estimate of the trading differential for a

given bank.

## **VIII. Documentation of Transactions**

The decision processes used in each financing process will be fully documented. ~~The documentation~~The Treasurer and the Deputy Executive Officer, Finance overseeing the debt program will ~~capture~~be responsible for maintaining information regarding the selection of the financing team, decisions on product selection and structuring features, selection of vendors providing ancillary services and selection of investment securities or products. This information will be compiled into a post-pricing book “transaction file,” which will be retained along with the bond closing transcript for each financing.

Additionally, copies of all material documents related to the capital expenditures financed or refinanced by bond proceeds, copies of all contracts and arrangements involving the use of bond proceeds, copies of all contracts and arrangements involving the use of bond financed or refinanced assets, and copies of all records of investments, investment agreements, arbitrage reports and underlying documents including Trustee statements in connection with any investment agreements, and copies of bidding documents shall be maintained.

The documents shall be maintained for the term of each issue of bonds plus five years in accordance with LACMTA’s record keeping policies.

## **IX. Credit Objectives**

We will actively seek to:

1. Maintain and improve the credit ratings of our outstanding bonds.
2. Adhere to benchmarks, overall debt ratios and affordability targets.
3. Have frequent communications with the credit rating agencies.

## **X. Method of Bond Sale**

~~A.~~—The competitive bond sale process will be utilized when it is expected to provide the lowest interest cost for the bonds. -However, there are three methods of sale: -competitive, negotiated and private placement. -Each type of bond sale has the potential to provide the lowest cost given the right conditions. The conditions under which each type of bond sale is best used are provided below.

### **1A. Competitive Sale**

- ~~a)~~1. Bond prices are stable and/or demand is strong.
- ~~b)~~2. Market timing and interest rate sensitivity are not critical to the pricing.
- ~~c)~~3. Participation from DBE / SBE firms is best efforts only and not required for winning bid.
- ~~d)~~4. Issuer has a strong credit rating.

- e) 5. Issuer is well known to investors.
- f) 6. There are no complex explanations required during marketing regarding the issuer's projects, media coverage, political structure, political support, funding, or credit quality.
- g) 7. The bond type and structural features are conventional.
- h) 8. Manageable transaction size.

## **2B. Negotiated Sale**

- a) 1. Bond prices are volatile.
- b) 2. Demand is weak or supply of competing bonds is high.
- c) 3. Market timing is important, such as for marginal refundings.
- d) 4. Coordination of multiple components of the financing is required.
- e) 5. Participation from DBE / SBE firms is enhanced.
- f) 6. Issuer has lower or weakening credit rating.
- g) 7. Issuer or the particular credit is not well known to investors.
- h) 8. Sale and marketing of the bonds will require complex explanations about the issuer's projects, media coverage, political structure, political support, funding, or credit quality.
- i) 9. The bond type and/or structural features are non-standard, such as for a forward delivery bond sale, issuance of variable rate bonds ~~or where there is~~ use of derivative products or there is a specific structural feature required or desired which benefits from the negotiated process.
- j) ~~Bond insurance is not available or not offered.~~
- k) 10. Early structuring and market participation by underwriters are desired.
- l) 11. The par amount for the transaction is significantly larger and would limit competition.
- m) 12. Demand for the bonds by retail investors is expected to be high.

~~Underwriter Selection~~—For a negotiated bond sale, the financial advisor will conduct a competitive process to select underwriters, either for a specific bond issue or through the establishment of a pool of underwriters to be used for bond issues over a defined time period. Selection scoring will include the local preference criteria in accordance with the LACMTA procurement policy.

## **3-C. Private Placement**

Private placement is a sale that is structured specifically for one purchaser such as a bank. A direct purchase agreement or a revolving credit facility are forms of private placement. If a private placement is the preferred method of sale, depending on market conditions, the financial advisor will conduct a competitive process to recommend the purchaser of the obligations. Selection criteria will include the following:

- a) 1. A term sheet will be provided along with the request for qualifications and any requested modifications will be highlighted by the bank. The bank's acceptance of terms and conditions acceptable

to us will be a factor in selection;

- b) 2. A review of a representative list of clients for whom the bank has provided similar agreements; and
- e) 3. Evaluation of fees; specifically, cost of the agreement including index, and spread and other administrative charges. The evaluation of fees, terms and conditions will be compared to other alternative financing methods.

In the event a private placement is utilized, Metro will provide information to the rating agencies currently rating our long term debt and will post on EMMA.

## **XI. Internal Controls**

When issuing debt, in addition to complying with the terms of this Debt Policy, LACMTA shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, and investment of bond proceeds.

LACMTA will periodically review the requirements of and will remain in compliance with the following:

1. Any continuing disclosure undertakings under SEC Rule 15c2-12 such as filing our annual financial statements and other financial and operating data for the benefit of our bondholders within 195 days of the close of the fiscal year and file material event notices in a timely manner,
2. Any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
3. LACMTA investment policies as they relate to the investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee, which will disburse such proceeds to LACMTA upon the submission of one or more written requisitions, or (b) by LACMTA, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by LACMTA.

## **XII. Investment of Bond Proceeds**

### **A. Purchase and Sale of Investments:**

~~A.~~ Compliance shall be maintained with all applicable Federal, State, and contractual restrictions regarding the use and investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of some invested funds as well as restrictions on the time period over which some bond proceeds may be invested. The Treasurer may direct the investment of bond and lease proceeds in accordance with the permitted investments for any particular bond issue or lease. Providers of structured investment products and professional services required to implement the product or agreement

will be recommended based on a competitive process conducted by the financial advisor or investment advisor.

**B. Diversification:**

~~B.~~ Investment contracts shall be diversified in order to reduce risk exposure to investment providers, types of investment products and types of securities held.

**C. Disclosure:**

It shall be required that all fees resulting from investment services or sale of products to us be fully disclosed to ensure that there are no conflicts of interest and investments are being purchased at a fair market price. Underwriters of the bonds, but not the financial or investment advisor, may bid on the sale of investment products for the proceeds. The financial or investment advisor shall document the bidding process and results and shall certify in writing that a competitive and fair market price was received.

**XIIII. Market Relationships**

**A. Rating Agencies:**

~~A.~~ The Chief Executive Officer, the ~~Executive Director, Finance and Budget,~~Chief Financial Officer and the Treasurer shall be primarily responsible for maintaining our relationships with Moody's Investors Service, Standard & Poor's and Fitch Ratings. In addition to general communications, the Chief Executive Officer, the ~~Executive Director, Finance and Budget,~~Chief Financial Officer, and the Treasurer, or their appropriate designees, shall communicate with the analysts of each agency providing an underlying rating at least annually, and prior to each competitive or negotiated sale.

**B. Investor Relations:**

~~B.~~ An Investor Relations section on or linked to our website shall be maintained and updated on a regular basis with relevant financial and debt information. Timely and accurate information shall be provided in response to inquiries from investors in order to maintain positive ongoing investor relations.

**C. Board Communication:**

~~C.~~ As a means of providing feedback from rating agencies and/or investors regarding our financial strengths and weaknesses as perceived by the marketplace, information will be provided to the Board as material information develops.

## ~~XIII~~XIV. Initial Disclosure

For each public offering of long-term bonds, we are generally required to prepare a preliminary official statement (“POS”) and final official statement (“FOS”). Along with our legal counsel and financial advisor, we will review and discuss necessary disclosure information in drafting the official statement (“OS”) and utilize appropriate disclosure procedures in order to comply with Federal Securities Law, including SEC Rule 10b-5. A draft of the POS will be provided to the Board for its review and comment prior to the posting of the POS. In connection with each bond issue, we should retain legal counsel for assistance and advice regarding our disclosure responsibilities with respect to the OS. This legal counsel may be the Bond Counsel for the issue or it may be separately engaged Disclosure Counsel. Disclosure policies and procedures will be maintained to assist in the disclosure process.

## ~~XIV.~~ Continuing Disclosure

~~It is our policy to remain in compliance with Rule 15c2-12 by filing our annual financial statements and other financial and operating data for the benefit of our bondholders within 195 days of the close of the fiscal year and file material event notices in a timely manner.~~

## XV. Consultants

The financial advisors and bond and disclosure counsel will be selected by competitive process through a Request for Proposals (“RFP”). Our contracting policies that are in effect at the time will apply to the contracts with finance professionals. Selection may be based on a best value approach for professional services or the lowest responsive cost effective bid based upon pre-determined criteria, in accordance with LACMTA’s procurement policy.

### A. Financial Advisor:

~~A.~~ At least three financial advisors will be selected to assist in the debt issuance and debt administration processes. Additionally, the financial advisors will conduct competitive processes to recommend providers of financial services and products, including but not limited to: bond underwriters, remarketing agents, trustees, credit providers, investment advisors and managers, investment measurement services, and custody services.

Selection of the financial advisors should, at a minimum, be based on the following:

1. Experience in providing consulting services to complex issuers.
2. Knowledge and experience in structuring and analyzing complex issues.
3. Ability to conduct competitive selection processes to obtain investment products and financial services.

4. Experience and reputation of assigned personnel.
5. Independence of the advisor from the firms and industries that will be affected by the advice the advisor provides to LACMTA. The firm should be free from actual conflict of interest and free from any potential or perceived conflict of interest. For example, an advisor for a bond transaction should not be a bond underwriter or bond broker/dealer.
6. Fees and expenses.
7. Registered with the Municipal Securities Rulemaking Board and in good standing.
8. [The financial advisor shall be an Independent Registered Municipal Advisor \(IRMA\) as defined by the Securities and Exchange Commission.](#)

Financial advisory services provided to us shall include, but shall not be limited to the following:

1. Evaluation of risks and opportunities associated with debt issuance.
2. Monitoring of the debt portfolio and bond proceeds investments to alert us to opportunities to refund or restructure bond issues or modify investments.
3. Evaluation and recommendation regarding proposals submitted by investment banking firms.
4. Structuring and pricing bond issues, financial instruments and investments.
5. Preparation of requests for proposals and selection of providers for bond counsel, underwriters, remarketing agents, letter of credit banks, investment products, financial products and financial services (trustee and paying agent services, printing, credit facilities, remarketing agent services, investment management services, custody services etc.).
6. Provide advice, assistance and preparation for presentations with rating agencies and investors.

#### **B. Bond Counsel:**

Transaction documentation for debt issues shall include a written opinion by legal counsel affirming we are authorized to issue the proposed debt, that we have met all constitutional and statutory requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. A nationally recognized bond counsel firm with extensive experience in public finance and tax issues will prepare this approving opinion and other documents relating to the issuance of debt. The counsel will be selected from the pool of bond counsel firms.

#### **C. Disclosure Counsel:**

When undertaking a bond sale, disclosure counsel may be retained to prepare the official statement if additional independence or expertise is needed. Disclosure counsel will be responsible for ensuring that the official statement complies with all applicable rules, regulations and guidelines.

Disclosure counsel will be a nationally recognized firm with extensive experience in public finance. The disclosure counsel will typically be selected from the pool of bond counsel firms. Most frequently, the disclosure counsel function will be administered by either bond counsel or underwriter's counsel.

**D. Disclosure by Financing Team Members:**

~~D.~~ We expect that all of our financial advisory team will at all times provide us with objective advice and analysis, maintain the confidentiality of our financial plans, and be free from any conflicts of interest. All financing team members will be required to provide full and complete disclosure, under penalty of perjury, relative to any and all agreements with other financing team members and outside parties that could compromise any firm's ability to provide independent advice that is solely in our best interests or that could be perceived as a conflict of interest. The extent of disclosure may vary depending on the nature of the transaction.

**XVI. Post-Issuance Compliance Procedures**

We will establish and document procedures to ensure that LACMTA is in compliance [with annual reporting requirements under California Government Code Section 8855\(k\) and](#) with requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied with respect to tax-exempt bonds and other obligations after the bonds are issued so that interest on the bonds is and will remain tax-exempt. [Additionally, as part of the post issuance compliance procedures, LACMTA will ensure that proceeds of the debt issuance are directed to the intended use.](#) The Post-Issuance Compliance Procedures will be reviewed at least every three years.

###



# Debt Policy Overview

Finance, Budget & Audit Committee  
February 14, 2018



## Debt Policy Overview

**Debt Policy establishes guidelines for the use, issuance and management of debt.**

- Government Finance Officers Association recommends as “Best Practice” state and local governments/authorities adopt a debt policy that reflects local, state and federal laws and regulations.
- Effective in 2017, California Government Code Section 8855 requires that state and local governments/authorities issuing debt certify that they have adopted a debt policy.



## Debt Policy Overview

### **Metro Debt Policy Goals:**

- Provide liquidity at lowest cost of borrowed capital
- Maintain a prudent level of risk
- Preserve financial flexibility in Metro's capital structure
- Maintain strong credit ratings and good investor relations
- Encourage small and disadvantaged investment banking and financial firms participation in lead and senior manager roles in accordance with the LACMTA procurement policy



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## Debt Policy Overview

### **Debt Policy addresses:**

**Use of debt** – to *finance essential capital projects and certain capital equipment*

**Authorization** – Board must approve borrowing

**Revenue Sources** – Sales Tax (Prop A, Prop C, Measure R, Measure M)

**Affordability Limits** – borrowing restricted primarily to capital allocation categories of ordinances



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## Debt Policy Overview

**Section IV: Affordability Limits** – Debt Policy restricts borrowing primarily to *capital allocation categories of ordinances*

Sales Tax Ordinances	Categories Available for Bonding	Maximum Revenue used for Debt Service per Debt Policy
Proposition A	35% Rail Capital Revenues	87% of 35%
Proposition C	40% Discretionary; 25% Highway; 10% Commuter Rail	40% of 40%; 60% of 25%; 40% of 10%
Measure R	35% Transit Capital; 20% Highway Capital; 3% Metrolink Capital; 2% Metro Rail Transit Capital	87% of 35%; 60% of 20%; 87% of 3%; 87% of 2%
Measure M	35% Transit Construction; 17% Highway Construction; 2% Metro Active Transportation; 2% State of Good Repair; 1% of Regional Rail	87% of 35%; 87% of 17%; 87% of 2%; 87% of 2%; 87% of 1%



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## Debt Policy Overview

- Debt issuance largely limited to ordinance capital allocation categories, in recognition of system operating requirements
- Debt Policy further constrains how much debt we issue to provide protection in economic downturns
- Affordability limits coordinate with Additional Bonds Test (ABT), legal covenants that limit additional debt

	Proposition A	Proposition C	Measure R	Measure M
Bondable Percentage under Debt Policy	30%	35%	47%	50%
Non-Bondable Percentage	45%	45%	38%	34%
Local Return	25%	20%	15%	16% <sup>(1)</sup>
Legal ABT	2.46x MADs	1.3x MADs	2.5x MADs	2.0x MADs <sup>(2)</sup>



<sup>(1)</sup> Local return set to increase to 19% in FY 2040

<sup>(2)</sup> Proposed ABT.

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## Debt Policy Overview

Long-Term Debt (as of 01/01/2018)				
Issuer Type	Principal Outstanding	Moody's	S&P	Fitch
Proposition A Senior Bonds	\$1,285,870,000	Aa1	AAA	NR
Proposition C Bonds	\$1,434,255,000	Aa2	AA+	AA
Measure R Bonds	\$1,145,995,000	Aa1	AAA	NR
Measure R TIFIA Loans	\$1,150,303,044	NR	Private	Private
General Revenue	\$97,610,000	Aa2	AA	NR
<b>Total Long-term Debt</b>	<b>\$5,114,033,044</b>			
Short-term Debt				
Proposition A CP	\$107,500,000	P-1	A-1	NR
Proposition C CP	\$5,309,000	P-1	A-1	NR
Proposition C Revolving Credit	\$45,000,000	NR	NR	NR
Measure R Short-term Obligations	\$65,422,743	NR	NR	NR
<b>Total Short-term Debt</b>	<b>\$223,231,743</b>			
<b>Total Debt Outstanding</b>	<b>\$5,337,264,788</b>			



7

## Debt Policy Overview

### Recommendation

- Adopt the revised Debt Policy



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## Board Report

File #: 2017-0842, File Type: Program

Agenda Number:

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

**SUBJECT: LOCAL RETURN BORROWING**

**ACTION: APPROVE ADOPTION OF LOCAL RETURN BORROWING GUIDELINES**

#### **RECOMMENDATION**

APPROVE Local Return Borrowing Guidelines to establish procedures for borrowings secured by Proposition A (Prop A), Proposition C (Prop C), Measure R and Measure M Local Return (LR) funds as described in Attachment A. Approve incorporating the Local Return Borrowing Guidelines into the Guidelines for Prop A, Prop C, Measure R, and Measure M local return programs.

#### **ISSUE**

The California Public Utilities Code and the respective sales tax Ordinances/Measures permit Jurisdictions to issue debt secured by their LR allocation to provide for the financing of local transit needs, but is silent about how such borrowing is to be accomplished.

#### **DISCUSSION**

The Board has approved borrowings that were secured by a Jurisdiction's share of Prop C and Measure R LR funds (see Attachment B). In order to facilitate Measure R LR borrowing, in 2013 the Board approved Measure R guidelines that codified the procedures previously used to accomplish borrowings. The proposed Local Return Borrowing Guidelines model those adopted for Measure R. Approval of this item will standardize the LR borrowing procedures for all four sales taxes, create consistency and equitable treatment of local Jurisdictions with respect to LR borrowing.

The Local Return Borrowing Guidelines reference three basic methods used to borrow against LR funds:

- Method 1) Jurisdiction issues its own debt - only Metro local return program/project approval required with little financing oversight.
- Method 2) Metro issues the bonds on the Jurisdiction's behalf - requires Metro Board approval and staff oversight.
- Method 3) Jurisdiction borrows directly from Metro - requires Metro Board approval and Metro full control of any bond sale.

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The specific procedures for each type of borrowing are shown in Attachment A.

The respective sales tax' Local Return Guidelines address project eligibility, timely use of funds, reporting and compliance requirements. A Jurisdiction seeking to borrow against its LR funds must adhere to the Local Return Guidelines for the respective sales tax pledged to secure the borrowing. Measure R and Measure M LR funds are under the purview of their respective Oversight Committee (s) and require Metro Board approval of the request to borrow.

Adoption of this item delegates the authority to approve a Jurisdiction's request to borrow on its own (Method 1) to the Local Return Program Manager with notification to the Board. When Metro issues the bonds for the Jurisdiction, the guidelines require that the bond terms are sufficient to achieve ratings of at least A- or its equivalent from any nationally recognized statistical rating organization. To the extent a Jurisdiction issues its own tax-exempt debt, compliance with Federal and State restrictions and requirements related to the issuance of tax-exempt debt would be the sole responsibility of the Jurisdiction.

Staff distributed the proposed guidelines to the Bus Operations Subcommittee (BOS), the Local Transit Systems Subcommittee (LTSS) and to the Independent Cities Finance Authority (ICFA) for review and incorporated feedback from the groups. The Technical Advisory Committee will review the guidelines at their meeting on February 7, 2018.

### **DETERMINATION OF SAFETY IMPACT**

Approval of the Local Return Borrowing Guidelines will not impact the safety of Metro's patrons or employees.

### **FINANCIAL IMPACT**

Method 1 has minimum direct financial impact to Metro because all costs are borne by the local Jurisdiction. Under Methods 2 and 3 there is a potential financial impact, depending on the volume and timing of bond requests from local Jurisdictions. Should Metro issue debt to provide a direct loan, Metro's borrowing capacity for the respective sales tax would be reduced by that amount. Methods 2 and 3 involve Metro staff time to sell bonds and complete all the related administrative actions. These costs can be recovered by billing the local Jurisdiction for Metro staff time.

### **ALTERNATIVES CONSIDERED**

The Board could choose to consider each LR borrowing individually without establishing borrowing guidelines. This is not recommended as the borrowing guidelines contribute to consistency with respect to the review and approval of requests and contribute to equitable treatment across Jurisdictions.

### **NEXT STEPS**

Make the Local Return Borrowing Guidelines available to all interested parties.

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**ATTACHMENTS**

Attachment A - Borrowing Guidelines for Local Return Programs

Attachment B - Examples of Prior Local Return Borrowings

Prepared by:

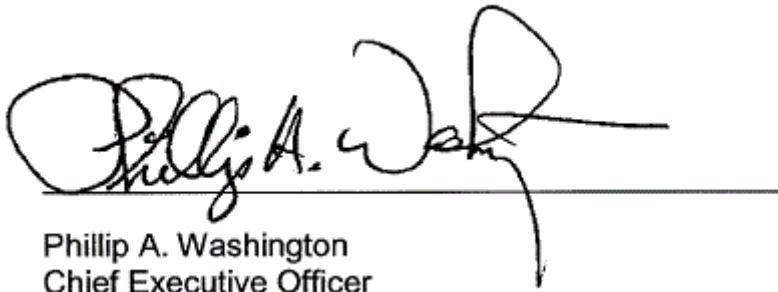
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Chief Executive Officer

**Borrowing Guidelines for Prop A, Prop C, Measure R and Measure M Local Return Programs**

The following guidelines are provided to establish consistency for Local Return borrowing under Los Angeles County Metropolitan Transportation Authority's ("Metro") four sales taxes, facilitate the review and approval of Local Return Borrowings, and ensure equitable treatment of local jurisdictions. A Jurisdiction borrowing against its Local Return funds must adhere to the Local Return Guidelines for the respective sales tax/taxes committed to secure the borrowing.

**Structures**

There are three basic methods that a Jurisdiction may use to borrow against its Local Return funds:

- Method 1) Issue its own debt – only Metro local return program/project approval with little financing oversight
- Method 2) Metro issues the bonds on the Jurisdiction's behalf – requires Metro Board approval and staff oversight
- Method 3) Borrow directly from Metro – requires Metro board approval and Metro controls the execution of any bond sale

**Approval Process and Issuance Procedures**

- Method 1) Direct Issuance by the Jurisdiction
  - A. The Jurisdiction requests approval for it to borrow via the normal Local Return approval process.
  - B. The Local Return Program Manager ("Program Manager") is delegated the authority to approve the borrowing. The Program Manager also has the authority to approve eligible Local Return projects.
  - C. The Program Manager notifies the Jurisdiction and the Board in writing within 30 days of the jurisdiction request for approval to borrow that the projects were in compliance with the LR Guidelines and the borrowing has been approved.
  - D. The Jurisdiction selects its debt issuance team, including conduit issuer (if applicable), municipal advisor, bond counsel, and underwriters if the debt is sold through negotiated sale or a private placement.
  - E. Metro Treasury staff assists the Jurisdiction by reviewing its borrowing documents as to information related to Metro.
  - F. The Jurisdiction issues the debt and is solely responsible for the repayment from its Local Return over the life of the bonds and compliance with Federal and State restrictions and requirements related to the issuance of tax-exempt or taxable debt.



## Method 2) Issuance by Metro on Behalf of the Jurisdiction

- A. The Jurisdiction takes the necessary legal actions to authorize the debt issuance, such as through an authorizing resolution by the governing body. The authorization should include the terms and conditions of the sale and the delegation of authority to enter into required agreements.
- B. The Jurisdiction selects its financing team and determines whether to sell through competitive or negotiated sale. For a negotiated bond sale, the Jurisdiction approves selection of bond underwriters.
- C. The Jurisdiction requests approval from Metro to borrow on its behalf via normal Local Return approval process. The Program Manager reviews the projects to be bonded to ensure compliance with the Local Return Guidelines.
- D. Local Programs/Treasury with assistance from the Jurisdiction prepares an item for the Oversight Committee findings as required by Measure R or Measure M.
- E. The Program Manager notifies the Jurisdiction that findings have been made by the Oversight Committee.
- F. The Program Manager and Treasury staff request authorization from the Board to approve the borrowing and enter into the MOU and Master Trust Agreement. Board authorization will include terms and conditions of the bond issue and concurrence with the financing team selected by the Jurisdiction. Any subsequent Local Return bonds will be issued under the master trust and a supplemental trust agreement.
- G. The Jurisdiction and Metro enter into a memorandum of understanding (“MOU”) and a trust agreement with a trustee bank. The MOU will cover the following points:
  - a. Metro will issue the bonds on behalf of the Jurisdiction for the Jurisdiction’s benefit to be used for approved Local Return projects.
  - b. The Jurisdiction and Metro will determine reasonable security features such as debt service coverage ratios and debt service reserve requirement sufficient to obtain ratings of A- from Standard & Poor’s or A3 from Moody’s.
  - c. Negotiate associated fees provided that all fees are reimbursed by the Jurisdiction.
  - d. The Jurisdiction will repay the bonds by pledging its share of the respective Local Return.
  - e. One-twelfth of annual debt service will be withheld from the Jurisdiction’s monthly Local Return allocation and be transferred to the Trustee. The balance will be remitted to the Jurisdiction.
  - f. The Jurisdiction will reimburse Metro for any and all costs incurred in the issuance and administration of these bonds.
  - g. The Jurisdiction will indemnify the Metro against all other possible expenses, liabilities, or required actions resulting from the outstanding bonds that would not otherwise have been incurred by the Metro.
- H. Following the sale of bonds the Jurisdiction is responsible for on-going debt management including arbitrage rebate calculations, annual continuing disclosure requirements and for spending bond proceeds in a timely manner.

### Method 3) Direct Loan between Metro and the Jurisdiction

This method is reserved for circumstances where the Jurisdiction is unable to borrow under the first two methods. Should Metro choose to borrow through the capital markets to advance the funds, it would generally be part of a larger Metro bond issue. This method reduces the total amount of borrowing available for Metro's own capital program.

- A. The Jurisdiction requests approval to borrow via the normal Local Return approval process.
- B. The Program Manager notifies the Jurisdiction in writing that the projects submitted for bonding are in compliance with the LR Guidelines.
- C. The Jurisdiction and Metro negotiate the loan terms and develop required documentation.
- D. The Jurisdiction obtains authorization from its governing body for the loan and to enter into the necessary legal documents to secure repayment of the loan.
- E. The Program Manager and Treasury staff request authorization from the Board to approve the loan and to enter into all appropriate legal agreements (i.e., MOU/Assignment Agreement/Promissory Note, other required documents) required to provide for repayment of the loan to Metro.

The MOU/ Promissory Note will cover at a minimum the following:

- A. Project description.
- B. Principal amount, interest rate, term.
- B. The Local Return committed by the Jurisdiction to repay the loan.
- C. Amortization/ repayment schedule. Typically one-twelfth of annual debt service will be withheld from the Jurisdiction's monthly Local Return allocation by Metro. The balance will be remitted to the Jurisdiction.
- D. Jurisdiction to reimburse its allocable share of costs incurred in the issuance and administration of the outstanding debt if the advance is part of a larger Metro bond issue.
- E. Other terms and conditions as appropriate.

**Examples of Prior Local Return Borrowings**

Method 1) Jurisdiction issues its own debt

In December 2012, the City of Lynwood issued certificates of participation secured by its Measure R Local Return through the California Statewide Communities Development Authority. The Board authorized the Local Return Program Manager to write a letter of concurrence for the City of Lynwood to use the funds as the City requested. The Lynwood debt issue required very little direct assistance from Metro staff.

Method 2) Metro issues bonds on the Jurisdiction's behalf

In 1998, Prop C Local Return bonds were issued by the MTA at the request of the City of Los Angeles and were secured by the City's Prop C Local Return. Under an MOU between the MTA and the City, the City was obligated to take all necessary actions for the issuance, sale and administration of the bonds and was also responsible for the costs of issuing the bonds

Method 3) Jurisdiction borrows directly from Metro

In October 2004, the City of Covina borrowed \$3.725 million as a part of Metro's \$176.345 million Prop C Sales Tax Bonds. Covina entered into an Assignment Agreement with Metro and the Trustee that allowed the City's Prop C local return to be used for payment of Covina's share of its debt service.

In December 2012, the Board approved a loan to the City of Inglewood, which will be repaid from Inglewood's Measure R Local Return.



## Board Report

File #: 2017-0625, File Type: Program

Agenda Number: 15.

### PLANNING AND PROGRAMMING COMMITTEE FEBRUARY 14, 2018

**SUBJECT: TRANSIT ORIENTED DEVELOPMENT PLANNING  
GRANT PROGRAM**

**ACTION: APPROVE ROUND 5 FUNDING RECOMMENDATIONS AND RELATED ACTIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. AWARDING \$3,080,500 for Transit Oriented Development (TOD) Grants to the 8 recommended jurisdictions as shown in Attachment A;
- B. AUTHORIZING the Chief Executive Officer (CEO) or designee to execute Grant Agreements for funds awarded; and
- C. AMENDING the Round 5 TOD Planning Grant Program Guidelines (Attachment B).

#### **ISSUE**

On March 24, 2015, the Board approved releasing Round 5 of the Transit Oriented Development Planning Grant Program ("Program"). In April 2017, a request for applications was issued with a maximum of \$3,100,000 in funding.

Staff received 12 applications totaling \$5,098,570 in grant funds. The applications were evaluated by a panel that included internal and external evaluators. Staff recommends that the Board fund 8 projects totaling \$3,080,500 and authorize the CEO to execute Grant Agreements with successful applicants.

#### **DISCUSSION**

Metro developed the TOD Planning Grant Program in 2011 to spur the adoption of regulatory planning documents that remove barriers to transit-supportive planning. Since then, Metro has funded 35 projects in 29 cities and the County of Los Angeles, totaling \$21.6 million. The Program supports Los Angeles County municipalities in the adoption of transit-supportive regulatory plans. Round 5 continues the funding of transformative land use regulations and the newly created Transit

Oriented Communities Tax Increment Financing Pilot (TOC TIF Pilot) Program, which will fund feasibility studies for eligible cities and/or the County to consider tax increment financing districts around transit stations.

### Round 5

Funding for Round 5 was available to the County of Los Angeles, and all cities with regulatory jurisdiction within a one-half mile radius of Metrolink, Metro Rail, or Metro Transitway/Bus Rapid Transit stations and adjacent transit corridors. The Program funds two types of activities:

1. Using the Transit Supportive Planning Toolkit (Toolkit) as the guiding framework, continue to fund the development of regulatory documents (TOD Plans) that result in the elimination of regulatory constraints to transit-supportive planning. These activities include, but are not limited to, new or amended specific plans, ordinances, overlay zones or general plan amendments; transit village development districts; and environmental studies required for adopting the new or amended regulatory documents.
2. Through the new TOC TIF Pilot Program, the Program will fund initial feasibility analyses for the formation of Tax Increment Financing districts in areas around transit stations that have transit-supportive regulatory documents in place or under development.

Staff conducted outreach to local jurisdictions through Metro's Technical Advisory Committee (TAC) and subcommittees and the Councils of Government (COGs) in May 2017. Applications were made available on June 2, 2017, and four application workshops were held in June 2017. The submittal deadline was July 31, 2017.

### Evaluation

Round 5 applications were evaluated by two panels that included Metro staff and external public agency representatives. The first panel (TOD evaluation panel) focused on the TOD regulatory planning grant applications (specific plans, overlays, and general plan amendments, for example). The second panel (TOC TIF panel) focused on the new TOC TIF Pilot Program grant applications.

Grant applications were evaluated against the program criteria as identified in the Board-approved Program Guidelines and in the Round 5 grant application. Projects assigned a score of 70 points or higher are eligible for funding. Those projects are indicated in Attachment A by a solid "qualifying" line. Of the 12 applications received, eight received a qualifying score.

The TOD evaluation panel determined that the three applications which scored below the eligibility requirement for funding failed to provide a strong nexus between the proposed work and the subsequent transit-supportive regulatory changes that could lead to increased transit ridership. The three applications requested a total of \$848,470 in funds.

The TOC TIF evaluation panel determined that the grant application that scored below the eligibility requirement for funding did not clearly align with the TOC TIF criteria and did not clearly demonstrate how the proposed project could result in increased transit ridership. The TIF applicant requested a

total of \$350,000 in funds.

After the evaluation process was completed, a cost reduction analysis was prepared to identify ineligible costs based on a review of comparable grants. As a result, project costs that were determined to fall outside the purview of the grant program and/or related to tasks performed in recently adopted planning studies were eliminated. Attachment A provides a summary of the proposers' budgets and the recommended grant award. Metro staff discussed all budget reductions with awardees.

### TAC Appeals

All applicants were notified of the preliminary award recommendation on November 17, 2017, and were given two weeks to submit an appeal fact sheet to Metro staff for the TAC meeting held in January 2018. The four unsuccessful Round 5 applicants decided not to pursue an appeal. Staff provided a verbal presentation of the recommendations at the January 2018 TAC meeting.

### Round 5 Program Guidelines

The Program Guidelines (Attachment B) will be amended to incorporate two revisions as noted below.

#### *TOC TIF Pilot Program*

The first revision calls for providing greater flexibility in the type of TIF programs that the Program can fund. The current Program Guidelines only allow for grant recipients to evaluate creating Enhanced Infrastructure Financing Districts (EIFDs) or Community Revitalization and Investment Authorities (CRIAs). Staff would like to create greater flexibility in the type of TIF programs that grantees can explore.

As an example, in October 2017, Governor Brown signed AB 1568 which creates the Neighborhood Infill Finance and Transit Improvement Act of 2017 (NIFTI). NIFTI authorizes local communities to use their share of local tax dollars to address housing (inclusive of requirement that 20% of district funds are used for affordable housing) and infrastructure needs in infill areas. Staff recommends that the Board amend the Program Guidelines to allow grantees greater flexibility in evaluating TIF Programs that go beyond EIFDs and CRIAs, as they are developed by the state and as they align with Metro's Program goals.

#### *Adjacent Development Review*

The second amendment to the Program Guidelines will strengthen the integration of Metro's Adjacent Development Review process, as defined in Section VIII - General and Administrative Conditions in the Program Guidelines. Metro administers an Adjacent Development Review function in which Metro staff evaluates private development projects located within 100 feet of a Metro facility (stations, rights-of-way, maintenance facilities, etc.) across Los Angeles County for potential impacts to Metro operations.

Strengthening the Adjacent Development Review reference in the Program Guidelines will support

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early interagency coordination and create greater predictability for development occurring in close proximity to a Metro facility by embedding the procedures in regulatory plans that are funded by the Program. As development activity continues to concentrate along Metro's expanding transportation network, embedding early interagency coordination into the development process, wherever feasible, will be of great benefit to Metro, local agencies, and the development community.

### Future Rounds

Round 5 will exhaust all funding identified for the TOD Planning Grant Program. With the Long Range Transportation Plan update underway, as well as the development of an Equity Platform to guide the LRTP and future planning efforts, staff will review the first 5 rounds of the TOD Grant Program, identify best practices, determine how to incorporate additional equity metrics and incentives into potential future rounds, and develop a funding plan for future rounds.

### **DETERMINATION OF SAFETY IMPACT**

There is no negative impact on the safety of our employees and patrons. The Program will advance transit-supportive planning and development policies that improve the integration of transit stations into existing communities and the built environment. This integration supports improved safety for passengers and for Metro operations.

### **FINANCIAL IMPACT**

The Short Range Transportation Plan (SRTP) identified \$24,600,000 in funds for the Program from FY13 through FY19. The program is funded by a combination of Measure R 2% (Metro Rail Capital - System Improvements, Rail Yards, and Rail Cars) and Measure R 3% (Metrolink Capital Improvement Projects within Los Angeles County - Operations, Maintenance, and Expansion). To date, the Board has awarded 35 projects totaling \$21.6 million across the county.

#### Impact to Budget

The \$3,080,500 recommended for Round 5 will largely exhaust the SRTP funds for the TOD Planning Grant Program. Funding is not available for future rounds.

### **ALTERNATIVES CONSIDERED**

This Board may choose not to approve \$3,080,500 in funding awards and related actions as recommended. We do not recommend this alternative. The Program as designed furthers the Board objectives to advance comprehensive transit supportive planning regulations that facilitate increased transit ridership through compact design, people-centric urban design, and first/last mile improvements. Additionally, funding for the Program is part of the 5-year SRTP.

The Board may choose not to amend the Program Guidelines. Staff does not recommend this alternative. Amending the Program Guidelines will create greater flexibility in evaluating TIF district

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formation and will provide grantees and the region with more tools to advance the implementation of transit oriented communities principles near Metro and Metrolink stations.

Additionally, amending the Program Guidelines to strengthen the Adjacent Development Review language will support early, meaningful interagency coordination and create greater predictability for the development community investing near Metro transit facilities. As Metro continues to build out the system, having this embedded into planning processes will continue to be of benefit to all parties involved.

### **NEXT STEPS**

With Board approval, staff will initiate and execute Grant Agreements with Round 5 awardees.

### **ATTACHMENTS**

Attachment A - TOD Planning Grant Program Round 5 Summary and Funding Recommendations

Attachment B - Amended TOD Planning Grant Program Guidelines

Attachment C - Funding Table

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**TOD Planning Grant Program: Round 5  
Summary and Preliminary Funding Recommendations**

<b>Applicant</b>	<b>Amount Requested</b>	<b>Project Description</b>	<b>Avg Score</b>	<b>Recommended Funding</b>	<b>Stations</b>
El Monte*	\$120,000	TIF District Feasibility and Planning Study	88	\$120,000	El Monte Metrolink Station and El Monte Transit and Busway Station
Azusa*	\$141,000	TIF Feasibility Study for the Azusa TOD Specific Plan Area	87	\$141,000	Azusa Downtown and APU/Citrus College Stations / Metro Gold Line
Los Angeles*	\$499,200	Downtown Los Angeles TIF Feasibility Study	85	\$370,000	Metro Rail, Blue, Gold, Expo, Red, Purple, Silver, Metro Rapid and Local Bus lines
Compton	\$410,000	Compton Mixed-Use Policies: General Plan/Zoning Code Consistency	84	\$410,000	Metro Blue Line: Compton Station
Burbank	\$410,000	Downtown Burbank Metrolink Station TOD Specific Plan and General Update	76	\$410,000	Metrolink Burbank Downtown Station - Serving Antelope Valley Line/Ventura County Line
El Segundo	\$659,500	El Segundo Transit Corridor Plan	73	\$659,500	Metro Green Line Stations: Aviation, Mariposa, El Segundo and Douglas Stations
Pico Rivera	\$390,000	Washington & Rosemead Boulevards Gold Line Eastside Extension TOD Plan	73	\$390,000	Gold Line East Side Extension
Los Angeles	\$1,270,400	Specific Plan for Slauson Avenue Corridor	70	\$580,000	Blue and Silver Line Stations: Slauson & Fairview Heights Stations / Crenshaw/ Slauson Transit Corridor
<b>Total Recommended Funding</b>				<b>\$3,080,500</b>	
Glendora	\$300,000	Glendora Station Area Plan with Overlay Zone	63	\$0	Gold Line Foothill Extension Phase 2B- Glendora Station
Paramount	\$266,400	North Paramount Boulevard Station Gateway Plan	56	\$0	West Santa Ana Branch Transit Corridor
Covina*	\$350,000	Covina Metrolink Station Local TIF Feasibility Study and Overlay Plan	55	\$0	Covina Metrolink Station
South Pasadena	\$282,070	City of South Pasadena Downtown Specific Plan	44	\$0	Gold Line Station South Pasadena Station/
<b>Total Requested</b>	<b>\$5,098,570</b>				

**\*Tax Increment Financing Pilot Program Applications**

# **Los Angeles County Metropolitan Transportation Authority**

## **Transit Oriented Development Planning Grant Program Guidelines**

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### **Round 5**

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3/1/2018

## I. BACKGROUND AND OBJECTIVES

### TOD Planning Grant: Background

Los Angeles County is experiencing a transformational expansion of the public transit system that will dramatically change the options and opportunities that people traveling to, from, or through Los Angeles County will have to get around. The Los Angeles County Metropolitan Transportation Authority (Metro) has a vested interest in planning and investment efforts around transit stations that create an environment that promotes, encourages, and supports transit riders and the interface between public transportation and surrounding communities.

As a result, in 2011 Metro created the TOD Planning Grant Program (Program), a competitive grant program that funds local governments to develop and adopt transit supportive regulations that promote equitable, sustainable, transit-supportive planning.

Transit-supportive places are places where the presence of effective and predictable transit can be enhanced through appropriate patterns and types of development. This can be achieved through practices such as community-scaled density, diverse land use mix, reduced reliance upon private automobiles, and enhanced infrastructure for pedestrians, bicyclists and people of all ages and abilities.

Between 2011 and 2016, Metro released four (4) rounds of the TOD Planning Grant, and awarded \$21.6 million in 35 grants, to 30 cities across LA County.

### TOD Planning Grant: Round 5

#### *Transit Supportive Planning Toolkit*

In 2016, Metro released the Transit Supportive Planning Toolkit (Toolkit). Funded by a grant from the Strategic Growth Council, and as part of a broader study on Climate Change Adaption Strategies, the Toolkit is a comprehensive research-based resource that includes best practices, tools and case studies that local municipalities can use to advance Transit Supportive Planning in Los Angeles County. The Toolkit identifies 10 characteristics of transit supportive places that collectively are shown to reduce vehicle miles traveled and increase transit ridership (see Attachment A for brief overview). Round 5 of the TOD Planning Grant will require grantees to utilize the Toolkit as a resource and apply the 10 characteristics of transit supportive planning in grant funded efforts. The Toolkit is a web-based program that can be found on Metro's website at <https://www.metro.net/projects/tod-toolkit/>

#### *Transit Oriented Communities (TOC) Tax Increment Financing (TIF) Pilot Program*

In 2011, the California State legislature abolished redevelopment and the state's only effective TIF vehicle. Since then, the legislature has created new enabling legislation to support tax increment financing (TIF). Unlike redevelopment, the new TIF programs (EIFDs & CRIAs) cannot include property taxes from education entities (approximately ½ of all property taxes). Property tax contributions from the other taxing entities are voluntary. TIF can be an important tool in the creation of transit

supportive communities, as it can be used to finance infrastructure improvements as well as affordable housing. With Round 5 of the TOD Planning Grant program, Metro is partnering with SCAG to offer funding to municipalities seeking to study the feasibility of forming TIF districts (Enhanced Infrastructure Financing District (EIFD), Community Revitalization and Investment Authority (CRIA), **or similar TIF program**). Study funding may be available to examine areas around transit stations for municipalities that:

- Have adopted or are in progress with creating a transit supportive regulatory environment; and
- **As applicable, measure** favorably against the Southern California Association of Governments (SCAG) online Screening Criteria that can be found at [EIFD/CRIA Technical Assistance Tool](#).

As a partner in this effort, SCAG will provide training on the formation and study of the EIFD and CRIA districts as well as use of their TIF screening tool. The County of Los Angeles will provide support by providing updated and accurate tax assessment and collection information.

## II. PROGRAM OBJECTIVES

- Support municipalities in implementing complimentary transit-supportive infrastructure projects and affordable housing.
- Increase transit ridership.
- Increase the number of comprehensive, community-driven transit supportive planning efforts around Metro light rail, Metrolink stations, and Metro Transitway/Bus Rapid Transit stations and adjacent transit corridors in Los Angeles County.
- Improve local and regional efforts that enhance an equitable integration of transportation and community planning.
- Improve the transit network and increase utilization of public transit by reducing the number of modes of transportation necessary to access regional and local transit lines;
- Further the reduction in greenhouse gases through encouraging in-fill development along transit corridors and transit use;
- Support and implement sustainable development principles.
- Increase opportunities to meaningfully engage diverse stakeholders, especially underserved and vulnerable communities, in advancing transit supportive planning efforts across the region.

## III. ELIGIBLE APPLICANTS

Cities and the County of Los Angeles with land use regulatory authority:

- Within 1/2 mile of Metro Light Rail, Metrolink Stations and/or Transitway/Bus Rapid Transit stations and adjacent transit corridors in Los Angeles County; and
- Within 1/2 mile of the existing, funded, planned (priority will be given to station area planning efforts that are nearer-term) Metro rail or bus rapid transit stations and/or adjacent transit corridors. Grantees are not required to focus on a circular ½ mile radius around a transit facility. Adjacent transit corridors refer to proposed planning areas that are less circular and more corridor-based. Grantees must make the case for the corridor-level approach.

Applicants seeking funds along transit corridors **MUST** demonstrate the corridor's relevancy to the development of transit supportive planning around the station area. The corridor may, for example, connect the station area to significant activity centers, carry significant pedestrian traffic to and from the station area, and/or connect the station area to other areas with significant transit service.

#### **IV. ELIGIBLE ACTIVITIES**

Round 5 of the Program offers two categories of activities: (1) Transit supportive regulatory documents, which will result in the elimination of regulatory constraints and the development of regulatory documents that promote transit supportive planning that can be adopted by governing bodies; and (2) TIF Feasibility Studies, which will study the feasibility of pursuing an EIFD, CRIA, **or similar TIF program** within 1/2 mile of Metro Light Rail, Metrolink Stations and/or Transitway/Bus Rapid Transit stations and adjacent transit corridors in Los Angeles County, create a vision/objectives for such a district, and determine the amount of TIF that could be generated under several scenarios. Applicants may apply to one or both of the categories; however, the TIF feasibility study requires that transit supportive land use regulations are already in place or under development, so an applicant cannot apply for the regulatory change and TIF feasibility study in the same area at the same time. Robust and inclusive multilingual community engagement shall be an integral component of all Metro-funded planning efforts.

##### **Transit Supportive Regulatory Documents**

Regulatory documents must include a land use component (with corresponding zoning code updates). However, Applicants and Grantees are required to advance comprehensive plans that encompass the 10 Toolkit characteristics to ensure that the region is advancing holistic, transit supportive plans. **Additionally, plans must be consistent with Metro adjacent development requirements as defined in Section VIII.** Eligible Regulatory Documents include, but are not limited to:

- New or amended specific plans;
- New or amended ordinances;
- New or amended overlay zones;

- New or amended general plans;
- Transit Village Development Districts; and
- Environmental studies required to support the new or amended regulatory documents.

### TIF Feasibility Studies

- Through the TOC TIF Pilot, Round 5 of the Program will fund TIF Feasibility Studies. Grantees may explore the formation of an Enhanced Infrastructure Financing District (EIFD), a Community Revitalization Investment Authority (CRIA), **or other comparable TIF programs**, including engaging with stakeholders to determine vision and objectives for a TIF district. The Round 5 Grant application includes a sample scope of work for such studies to provide guidance on eligible activities.
- To be eligible, Grantees must (1) demonstrate that a transit supportive regulatory document is in place or under development; (2) show eligibility for a TIF districts (EIFD, CRIA, **or similar**) using the SCAG TIF Screening Criteria (**as applicable**); (3) meet the criteria for TIF formation adopted by the County Board of Supervisors in spring 2017, included as Attachment B; and (4) Priority will be given to the most Disadvantaged Communities as defined by CalEnviroScreen.

## **V. EVALUATION CRITERIA**

Proposals will be evaluated according to the following criteria. The first section applies to regulatory documents (Specific Plans, General Plan Amendments, Overlays, etc.), the second set of criteria apply to TIF Feasibility Studies. More detailed scoring criteria are provided in the grant application.

### Transit Supportive Regulatory Documents Criteria

#### *Section 1. Project Scope*

##### *a. Project Area/Targeted Communities:*

- Concise and clear description of the project area, targeted communities, and specific transit stations and/or corridors the project will impact.
- Clear description of the prominent equity concerns in the community (such as lack of affordable housing, economic development, environmental justice, safety, active transportation needs, public health disparities, and so forth).
- Description of the station and/or corridor significance to the local community and larger region including importance for the transit network and ridership.
- Description of the most pressing barriers to public transportation usage and non-private vehicle multi-modalism (walking, rolling, biking).

##### *b. Regulatory Constraints:*

- Clear description of the specific regulatory constraints and/or general land use challenges/ barriers in the project area to advancing an equitable transit supportive planning effort. (Does current zoning support transit-supportive development patterns? Has the jurisdiction adopted a Complete Streets Policy?)
- Description of the regulatory barriers that preclude the jurisdiction from addressing the equity issues identified in Section 1.a.
- Degree to which constraints and barriers are aligned with the Toolkit's 10 characteristics of Transit Supportive Places (i.e. outdated parking requirements, height or density restrictions, incompatible land uses, lack of bicycle and pedestrian access and utilization incentives, etc.).

*c. Proposed Regulatory Documents:*

- Clear description of the regulatory documents that will require revision and/or new regulatory documents. Documents may include a community's general plan, zoning ordinances, parking codes, specific plans, Transit Village District documents, etc. If General Plan land uses are proposed, a clear description of whether or not zoning code updates will be included should be noted.
- Extent to which regulatory documents promote Program objectives as identified in these Guidelines and the Toolkit and are consistent with Metro Adjacent Development requirements where applicable.

*d. Impact of Proposed Regulatory Changes:*

- Thoroughness in explaining how the regulatory changes directly mitigate the constraints previously identified; how they will improve community-specific equity concerns; how they will result in an increase in transit-ridership; and how they will improve the overall interface between the public transportation system and the surrounding community.

## *Section 2. Public Participation*

*a. Outreach Plan:*

- Clear identification of all impacted communities and stakeholders affected by the proposed regulatory changes, including description of key community organizations (advocacy groups, business groups, religious/social organizations, etc.) that will be engaged and the role that they will play in the process.
- Demonstration of a comprehensive and meaningful public participation and outreach program necessary to bring the regulatory changes forward.
- Clear description of how disadvantaged and/or underserved communities will be engaged in the process and the proactive activities that will be undertaken to engage these populations (translators, preparing materials in multiple languages, hosting meetings in the evenings and/or weekends, etc.).

*b. Community and Policy Maker Support:*

- Demonstration that community stakeholder and policy maker support for the types of regulatory changes being proposed exist. This could be evidenced by prior actions implementing similar changes elsewhere in the community, specific direction by elected officials, letters of support, etc.

### *Section 3 Future Implementation*

#### *a. Opportunity Sites:*

- Ability to link regulatory changes with the near term potential for implementing transit supportive projects through the availability of suitable opportunity sites, particularly if controlled by the applicant.

#### *b. Next Steps:*

- Demonstration of a well thought out long term plan for building a successful transit supportive area once grant funded regulatory changes are adopted.

### *Section 4. Project Implementation Plan*

#### *a. Project Schedule, Tasks, and Budget:*

- Schedule demonstrates the overall approach for project completion and that the project can be completed in 36 months.
- Principle tasks that will be undertaken to complete the project are identified, reasonable, and realistic.
- Overall expenditures (local and grant) as well as expenditures per task are both realistic and highly cost efficient, maximizing the impact of the funds requested.

#### *b. Project Management:*

- Clear description of team composition, including the roles and responsibilities of city/county staff and/or consultants.

#### *c. Prior Grant Performance:*

Demonstrated performance that does not include:

- Project delays to due unreasonable schedule proposals, and
- Numerous untimely or incomplete quarterly reports and invoices.

### TOC TIF Feasibility Studies Criteria

Applicants seeking funding for TIF Feasibility Studies must utilize SCAG's Screening Criteria available at [EIFD/CRIA Technical Assistance Tool](#) to assess TIF District viability and grant program eligibility. SCAG will offer training on this tool as well as technical assistance to applicants. TIF Feasibility Study applications will require data collection from the City, SCAG, the County Assessor, the County Auditor-Controller and, as appropriate, the State Department of Finance.



## A. Screening Criteria

Applicants are required to perform an initial screening of their proposed TIF district in order to ensure that the feasibility study is for an area that meets the State's legal requirements and also that has the capacity to generate enough investment and TIF to create the desired impacts. For EIFDs and CRIAs, the TOC TIF grant application will include questions that closely align with the SCAG screening criteria. Interested parties will be required to advise on how their proposed project fares against the screening criteria. The SCAG Screening Criteria will be critical to vetting applications and informing on potential project viability. The screening criteria will be discussed further in a pre-application workshop. An overview is provided below.

### 1: EIFD/CRIA Successor Agency Prerequisites

- Clear description of any former redevelopment project areas that overlap with the proposed TIF project boundaries.
- If overlap exists, a **Receipt of Finding of Completion** must be secured from the Department of Finance and submitted along with grant application.
- Provide detailed overview of current ROPS obligations (include most recent report submitted to the Department of Finance) and whether the City is producing residual revenues that could be applied toward the EIFD/CRIA. Lack of residual revenues post-dissolution could disqualify a proposed area for lack of property taxes if they are pledged to repay the debts of the former CRA in the foreseeable future.

*Resource: City to obtain from the State Department of Finance and City Finance Department*

### 2: Economic Development Potential

Demonstrated potential for economic development and therefore, a financially viable TIF district. This can be demonstrated by identifying underutilized and/or publicly owned parcels, planned projects, and looking at changes in parcel values over time:

- Identify underutilized and/or publicly held properties and planned projects within the study area.
- Clearly describe existing parcel values within the potential project area(s) and any significant changes over time (past 5-15 years).
- Clear demarcation and description (size, location, zoning, current use, obligation status) of publicly held properties within the potential TIF district that can be leveraged for economic development purposes.

*Resource: SCAG GIS Land Use Data and Parcel Data (Screening Site)*

### 3: Current Zoning and Density in Project Area

- Clear description of the adopted or in-progress transit supportive regulatory document (Specific Plan, Overlay, etc.) with adoption date. Including:
- The current or proposed zoning and General Plan principles and how they align with the 10 elements of the Transit Supportive Toolkit.
- The nexus with the transportation network,
- Clear description of regulatory principles that lend themselves to TIF district formation (infrastructure, economic development, sustainability, affordable housing, etc.).
- Whether an updated environmental clearance would be required.

*Resource: City documents and SCAG GIS data (including General plan, Specific Plans, existing land uses).*

#### *4: Project Location and Infrastructure Needs*

Proposals must demonstrate a strong and compelling nexus to public transportation and how project implementation will advance accessibility, integration, and usability of the public transportation system. This can be demonstrated by:

- Half-mile from a Metro Light Rail Station, Metrolink Station, and Metro Transitway/Bus Rapid Transit stations and adjacent transit corridors.
- Description the infrastructure needs such as bike and pedestrian improvements with map(s) that shows the project area, transit network, and 'infrastructure need' areas. Data should be gathered from the Metro Active Transportation Strategic Plan.
- Clear description of how a TIF district could improve infrastructure needs, improved connectivity to public transportation, district-scale sustainable infrastructure improvements, and encourage redevelopment of underutilized properties.

*Resource: SCAG GIS data, HQT/ TPP/ TPA maps, City documents*

#### *5: Potential Infrastructure Financing Solutions*

- Using SCAG's Screening Criteria, Projects must demonstrate a Tax Increment Capture Rate of 15 cents (.15) for every dollar (\$1) for the Project Area. Taxing entity proportional shares should be current (redevelopment era shares were pre-ERAF) and come from County Auditor-Controller.
- Clear demonstration of project area viability to secure grant funding to advance early implementation of TIF District activities, such as location in a disadvantaged community, other demographic data, safety statistics, etc.

*Resource: SCAG Property Tax Data, GIS Data, TPA, Disadvantaged Community Maps*

## 6: CRIA Eligibility

Clear description of the Project Area's eligibility to form a Community Revitalization Investment Authority (CRIA):

- 80% of land (calculated by census tracts or block groups) must have median household income of less than 80% of statewide median
- Must exhibit at least three of the following conditions:
  1. Non-seasonal unemployment rate 3% higher than statewide median
  2. Crime rates 5% higher than statewide median
  3. Deteriorated or inadequate infrastructure
  4. Deteriorated commercial or residential structures
- Note: AB 2492 (NEW) to qualify under CalEPA designation as disadvantaged community (based on geographic, socioeconomic, public health, environmental factors).

*Resource: SCAG Socioeconomic Data, GIS Data, including Disadvantaged Community Maps*

### B. Project Description and Stakeholder Engagement

#### Section 1: Project Description

- While a specific, defined boundary for the TIF district would be determined through the feasibility study, applicant must offer a clear, concise description of the targeted geographic area under consideration, the transit station(s) within the area, and the kinds of projects/programs that would be funded if a TIF district were in place
- The application must describe how it has positioned itself to advance a successful TIF district and transit supportive investments, through regulatory plan adoption or proposed plan under development, economic development efforts, early TIF exploration, and/or securing other funding sources to implement transit supportive projects.
- Describe how the proposed TIF district could support increased transit access and ridership. This can be based on anticipated public improvements, new development and community serving facilities, etc.

#### Section 2: Stakeholder Engagement

##### a. Outreach Plan:

- Clear identification of impacted communities and stakeholders affected by the proposed TIF district, including description of key community organizations (advocacy groups, business groups, religious/social organizations, etc.) that will be engaged and the role that they will play in the process
- Demonstration of a comprehensive and meaningful public participation and

outreach program necessary to identify support and create a vision/objectives for a TIF district.

- Clear description of how disadvantaged, underserved communities will be engaged in the process and the proactive activities that will be undertaken to engage these populations (translators, preparing materials in multiple languages, hosting meetings in the evenings and/or weekends, etc.).

A panel of LACMTA staff will evaluate all applications. TIF applications may include evaluators from SCAG. Applicants who do not receive award will have an opportunity to appeal to Metro's Technical Advisory Committee following Board of Directors' action on staff recommendations for award. Unsuccessful applicants will receive an email by LACMTA notifying them of the opportunity to appeal. Unsuccessful applicants interested in presenting their appeal should reply to LACMTA's project manager.

***Disclaimer:** Please note that successful award does not imply County participation in future TIF District.*

## **VI. ELIGIBLE COSTS**

Applicants will develop and submit a budget as part of the application. Funds awarded will not exceed the budget submitted and may be less if the key objectives can be achieved at lower costs. Any cost overruns shall be the responsibility of the applicant. The grant can fund:

- a. Both third party consulting costs and internal staff costs for staff directly providing services with respect to the project will be eligible for funding. Such eligible costs shall not include overtime costs.
- b. Costs associated with community outreach may include food, and non-cash incentives. Such proposed expenditures must be approved by Metro in advance of incurring costs.

## **VII. NON-ELIGIBLE COSTS**

- a. Third party consultants and contracted staff costs such as equipment, furniture, rental vehicles, mileage, food, office leases or space cost allocations.
- b. Applicant staff overtime costs, mileage reimbursements, food and use of pool cars.

## **VIII. GENERAL AND ADMINISTRATIVE CONDITIONS**

- a. **Duration of Grant Projects.** Projects' schedules must demonstrate that the projects can be completed, including related actions by the governing body (if any), within 36 months of award.
- b. **Governing Body Authorization.** Completed TOD Planning Grant Program and

TOC TIF Feasibility Study applications must include authorization and approval of the grant submittal and acceptance of award by the governing body, if required, within three months of notification of award.

- c. **Grant Agreement.** Each awarded applicant must execute a Grant Agreement with Metro. The Agreement will include the statement of work, including planning objectives to be achieved, the financial plan reflecting grant amount and any local match, if applicable, as well as a schedule and deliverables. The schedule must demonstrate that the project will be completed within 36 months from the date of execution.
- d. **Funding Disbursements.** The Program is reimbursement-based. Funding will be disbursed on a quarterly basis subject to satisfactory compliance with the expenditure plan and schedule as demonstrated in a quarterly progress/expense report supported by a detailed invoice demonstrating the staff and hours charged to the project, any consultant hours, etc. An amount equal to 5% of each invoice will be retained until final completion of the project and audits. In addition, final scheduled payment will be withheld until the project is complete and approved by Metro and all audit requirements have been satisfied. All quarterly reports will be due on the last day of the months of October, January, April, and July. Project expenditures that reach 75% of grant budget will be put on suspension when they are behind in submitting a series of quarterly reports and deliverables. Grantees are responsible for submitting on-time completed quarterly reports and invoices. Reports that are delayed or incomplete will result in payments being suspended until the work is on schedule and deliverables are provided according to the Scope of Work and Attachment A.
- e. **Audits.** All grant program funding is subject to Metro audit. The findings of the audit are final. At the Project Manager's discretion, informal audits will be administered by the project manager for grant awards under \$750,000. Grant awards above the \$750,000 threshold will be assigned a formal audit.
- f. **Contract Management.** Program and contract grant management shall be administered by the City staff. City staff must clearly define roles of staff administration and management and may budget through the grant to hire contract staff to assist in managing the program. The contractor or consultant must be defined in the grant application and scope of work. Contractor or consultant staff shall not be associated with the hiring of consultants to perform the development of the regulatory documents.
- g. **Design Guidelines.** Program outreach activities will adhere to Metro's logo and design requirements and standards by clicking on the following link:  
[https://media.metro.net/projects\\_studies/tod/images/Metro\\_Logo\\_Guidelines.pdf](https://media.metro.net/projects_studies/tod/images/Metro_Logo_Guidelines.pdf)
- h. **Metro Adjacent Development Review Process. To ensure that future development in the vicinity of Metro's right-of-way (ROW) is designed and constructed to allow for continuous safe operations of the transit network, the Grantee shall comply with the Metro adjacent development review process as outlined in the Grant Agreement.**

- i. **Program Conditions-** Delivery of draft work products at significant milestones and quarterly project briefings will be coordinated with Metro grant administrator.
- Grant recipients are required to share their proposed draft RFP, draft consultant contract and draft regulatory documents to Metro project staff prior to City approval.
  - Quarterly briefings will be conducted with Metro staff throughout the project schedule at significant milestones, i.e., kick off meetings, draft documents, outreach events and committee approvals, etc.
  - Grantee shall demonstrate that it can meet project milestones and stay within the budget identified in the Grant Agreement. If at the time Grantee has expended seventy-five percent (75%) of the Grant Funds and Grantee has not demonstrated that the work is sufficiently complete consistent with Grant Agreement, LACMTA's Project Manager will notify Grantee's Project Manager through written notice that payments will cease until a mutually agreed-to cost control plan is in place. In the case of insufficient funds to complete the Project, no further payments will be made and Grantee will identify and secure additional funds to complete the project identified in Attachment A.

**IX Deobligation of Funds.** Grantee must demonstrate timely use of the funds and effective implementation of project scope of work by:

- a. Executing the Agreement within sixty (60) days of receiving formal transmittal of the Agreement from LACMTA.
- b. Meeting the Project milestone and deliverable due dates as stated in the Project Schedule and Budget, and Scope of Work.
- c. Timely submitting of the Quarterly Progress/Expense Reports as defined in Part II, Section 2 of the Agreement and the Reporting and Expenditure Guidelines; and
- d. Expending funds granted within thirty-six (36) months from the date the Grant Agreement is fully executed.
- e. Procuring contract/consultant to complete grant Scope of Work within six (6) months of agreement execution with LACMTA.
- f. Notifying LACMTA as soon as grantee is aware of any changes and circumstances which alter the eligibility of the Board approved project.

In the event that timely use of funds and effective implementation of the project scope of work is not demonstrated, the Project will be reevaluated by LACMTA as part of its annual budget recertification of funds/TOD Planning Grant Program deobligation process and the Funds may be deobligated and reprogrammed to another project by the LACMTA Board of Directors. Prior to LACMTA Board of Directors' action to deobligate funds, Grantees recommended for deobligation will

have an opportunity to appeal to Metro's Technical Advisory Committee. Grantees will receive a letter by LACMTA notifying them of the opportunity to appeal. Grantees interested in presenting their appeal should reply to LACMTA's project manager.

Administrative extensions may be granted under the following conditions:

- a. Project delay due to an unforeseen and extraordinary circumstance beyond the control of the project sponsor (legal challenge, act of God, etc).
- b. Project delay due to an action that results in a change in scope of work or project schedule that is mutually agreed upon by LACMTA and the project sponsor prior to the extension request.
- c. Project fails to meet completion milestone, however public action on the proposed regulatory change(s) has been scheduled and noticed to occur within 60 days of the scheduled completion milestone.
- d. Administrative time extensions longer than 6 months will require a formal written amendment of the grant agreement.

Informal administrative amendments may be granted under the following conditions:







- a. Project that requires a one-time 6-month time extension based on the Administrative extensions conditions noted above may be eligible for an informal administrative approval. Informal administrative approval will be provided via a signed letter from Metro Project Manager. The Metro Project Manager must secure concurrence from the Senior Executive Officer.

Upon full execution of agreement, Grantee has committed to having the staffing necessary to fulfill the scope of the project. Therefore, inadequate staffing shall not be considered a basis for administrative extensions or appeal of deobligation of funds.





If Grantee does not complete an element of the Project, as described in the Scope of Work, due to all or a portion of the Funds lapsing, the entire Project may be subject to deobligation at LACMTA's sole discretion. In the event that all the Funds are reprogrammed, the Project shall automatically terminate.

# ATTACHMENT A

## Transit Supportive Planning Toolkit

10 Transit Supportive Planning Elements			
 <p>Compact Design</p>	<p>Higher density, especially within a quarter or half mile of a transit facility, can impact travel behavior by providing more opportunities to live in close proximity to transit.</p>	 <p>Complete Neighborhoods</p>	<p>Complete neighborhoods include a variety of housing options, retail and commercial services, and community services. Complete neighborhoods bring land uses and amenities closer together, reduce travel distances, and allow for more non-automobile trips.</p>
 <p>Street &amp; Network Connectivity</p>	<p>Well-connected streets and non-automobile networks bring destinations closer together, reduce travel distances, and improve pedestrian and bicycle access to adjacent areas and uses.</p>	 <p>Site Layout, Parking Layout &amp; Building Design</p>	<p>Placing building towards the edges of streets and public spaces help create walkable urban environments.</p>
 <p>Affordable Housing</p>	<p>Low-income residents often have some of highest rates of transit ridership. Adding new affordable housing near transit can improve access to employment, health care, and education opportunities and reduce commuting cost for low-income families.</p>	 <p>Commercial Stabilization, Business Retention &amp; Expansion</p>	<p>Commercial stabilization measures can help protect and encourage existing small, local businesses that serve the needs of neighborhood residents.</p>



 <p>Transit Prioritization, Accessibility &amp; Area Design</p>	<p>Prioritizing transit and active transportation as the first and highest priority of a circulation network may result in increased transit service, through better travel times and speeds, which can result in significant transit ridership improvements.</p>	 <p>Parking Management</p>	<p>Efficient parking management can reduce the parking supply needed, allowing an increase in land use intensity, mix of uses, wider sidewalks, and bike networks.</p>
 <p>Transportation Demand Management</p>	<p>TDM strategies influence a variety of factors to encourage greater transportation system efficiency, including trip mode, trip timing, travel safety, and trip cost.</p>	 <p>Pedestrian &amp; Bicycle Circulation</p>	<p>Adding pedestrian and bicycle amenities to station areas and connecting those facilities to the surrounding area can create a more accessible transit environment, encouraging new riders.</p>

## Attachment C: Funding Table

<b>Project Cost \$</b>	\$3,080,500
<b>Cost Type</b>	Actual Cost

### Revenue

Funding Source	Type	Amount	Status
Local	Measure R 2% (Metro Rail Capital System Improvement) & 3% (Metrolink Capital Improvement projects)	\$3,080,500	Approved in SRTP.
	Metro Local	\$0	N/A
<b>Total Revenue</b>		<b>\$3,080,500</b>	

**Board Report**

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**File #:** 2017-0720, **File Type:** Contract**Agenda Number:** 16.

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**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 14, 2018****SUBJECT: BLUE LINE FIRST/LAST MILE PLAN****ACTION: APPROVE CONTRACT MODIFICATION****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute Modification No. 5 to Contract No. PS6130400 with Fehr & Peers, for the Blue Line First/Last Mile Plan for feasibility analysis necessary to refine project ideas, in the amount of \$206,285, increasing the total contract value from \$417,302 to \$623,587.

**ISSUE**

Metro is nearing completion of the Blue Line First/Last Mile Plan (Plan) and has begun contemplating funding sources to implement the Plan. The State Active Transportation Program (ATP) Cycle 4 grant for 2018 is an opportunity to seek funding to implement components of the Blue Line First/Last Mile Plan. Feasibility analysis is necessary to further refine project ideas in the Plan for funding opportunities. A contract modification is necessary to develop required grant submittal materials.

**DISCUSSION**

In October 2016, Metro began working on the Plan, which is anticipated to be completed in February 2018. The Plan was developed in tandem with community-based organizations representing the communities along the Blue Line. The ATP Cycle 4 is an opportunity to seek funding to implement first/last mile projects for the Blue Line, per the Plan. While final guidelines have not yet been issued for ATP Cycle 4 application process, we expect that applications will be due in June 2018, based on draft guidelines. Also, based on draft guidelines and past ATP funding cycles, we anticipate that materials will be needed for the grant application that are beyond the scope of the Plan. To take advantage of this funding opportunity and meet the anticipated application deadline, we recommend engaging the current consultant working on the Plan to further refine the project list and develop application materials.

Additional work to be completed through the contract modification includes a process to prioritize and select projects included in the Plan, as well as additional feasibility analysis. This work will enable greater certainty on funding estimates for individual projects that will be included in the grant application, improve competitiveness, and better position local agency partners to successfully implement the Plan.

In addition, Metro seeks to learn from the innovative community engagement strategy employed in developing the Plan, which relied on Community Based Organizations to support engagement efforts. A “lessons learned” component will support other Metro planning efforts as well as Metro’s efforts to incorporate equity into the Long Range Transportation Plan.

In sum, this contract modification would include:

- revisions to draft plan documents to address comments from municipalities
- a process to facilitate prioritization of projects for the anticipated grant application
- feasibility analysis for prioritized projects
- preparation of refined cost estimates
- documentation of lessons learned on the project, focused on innovative community engagement and achieving equitable outcomes

### **FINANCIAL IMPACT**

The modification will be accommodated by transfer to the project budget from available FY18 funding in Project 450009, Sustainable Transp Demo within Cost Center 4340, First/Last Mile Planning.

#### **Impact to Budget**

The funding sources are Propositions A, C, and Transportation Development Act Administration, which are not eligible for bus and rail operating or capital expenses.

### **ALTERNATIVES CONSIDERED**

The Board could consider not approving the contract modification. This is not recommended because it would result in the inability to submit a competitive grant application or no grant application at all for ATP Cycle 4 to implement first/last mile improvements around Blue Line stations.

### **NEXT STEPS**

Upon Board approval, staff will execute Modification No. 5 to Contract No. PS6130400 with Fehr & Peers and begin work on the feasibility analysis and necessary deliverables.

### **ATTACHMENTS**

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

Prepared by: Katie Lemmon, Manager, Transportation Planning, Countywide Planning  
& Development, 213-922-7441

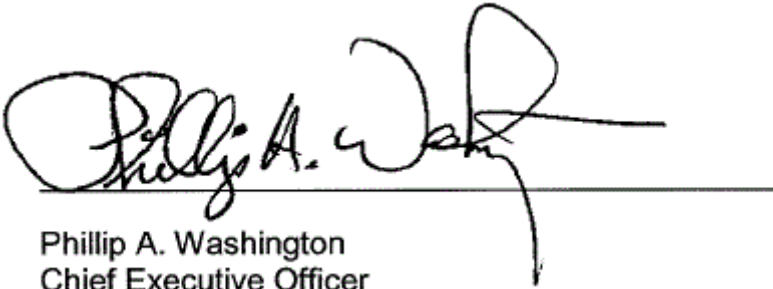
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4313

Jenna Hornstock, EO, Countywide Planning & Development, (213) 922-7437

Reviewed by: Debra Avlia, Chief Vendor/Contract Management Officer, (213) 418-3051

Therese W. McMillan, Chief Planning Officer, (213) 922-7077



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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

## METRO BLUE LINE FIRST/LAST MILE PLAN / PS6130400

1.	<b>Contract Number:</b> PS6130400		
2.	<b>Contractor:</b> Fehr & Peers		
3.	<b>Mod. Work Description:</b> Supplemental work to conduct feasibility analysis necessary to further refine project ideas in the plan for funding opportunities.		
4.	<b>Contract Work Description:</b> Metro Blue Line First /Last Mile Plan Project		
5.	<b>The following data is current as of:</b> 01/29/2018		
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>
	<b>Contract Awarded:</b>	10/04/2016	<b>Contract Award Amount:</b> \$317,650
	<b>Notice to Proceed (NTP):</b>	10/04/2016	<b>Total of Modifications Approved:</b> \$99,652
	<b>Original Complete Date:</b>	12/04/2017	<b>Pending Modifications (including this action):</b> \$206,285
	<b>Current Est. Complete Date:</b>	08/15/2018	<b>Current Contract Value (with this action):</b> \$623,587
7.	<b>Contract Administrator:</b> Angela Mukirae		<b>Telephone Number:</b> (213) 922-4156
8.	<b>Project Manager:</b> Katherine Lemmon		<b>Telephone Number:</b> (213) 922-7441

**A. Procurement Background**

This Board Action is to approve Contract Modification No. 5 to conduct feasibility analysis necessary to further refine project ideas in the plan for funding opportunities. This Contract Modification also extends the period of performance by five and a half months, through August 15, 2018.

This Contract Modification was processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

On October 4, 2016, firm fixed price Contract No. PS6130400 was awarded to Fehr & Peers in the amount of \$317,650 for the Metro Blue Line First/Last Mile Plan project.

Refer to Attachment B – Contract Modification/Change Order Log.

**B. Cost Analysis**

The recommended price has been determined to be fair and reasonable based upon the existing contract rates, an independent cost estimate (ICE), technical analysis, cost analysis and fact finding. All direct labor rates and fee remain unchanged from the original contract

<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Modification Amount</b>
\$206,285	\$208,585	<b>\$206,285</b>

## CONTRACT MODIFICATION/CHANGE ORDER LOG

## METRO BLUE LINE FIRST/LAST MILE PLAN / PS6130400

<b>Mod. No.</b>	<b>Description</b>	<b>Status (approved or pending)</b>	<b>Date</b>	<b>\$ Amount</b>
1	Task 4.3.1 Blue Line Plan Engagement Events	Approved	9/6/2017	\$15,000
2	Task reallocation from optional tasks 2.3, 3.2, 4.1.1, 4.3.3 and 6.3 to Task 6 recommendations and area prioritization	Approved	10/17/17	\$0
3	Scope Augmentation from Task 4, Innovative community engagement events to Task 6, recommendations and area prioritization	Approved	11/17/17	\$84,652
4	No Cost Period of Performance extension through February 28, 2018.	Approved	12/5/17	\$0
5	Supplemental work to conduct feasibility analysis necessary to further refine project ideas in the plan for funding opportunities and extending the period of performance through August 15, 2018.	<b>Pending</b>		<b>\$206,285</b>
	<b>Modification Total:</b>			<b>\$305,937</b>
	<b>Original Contract:</b>	<b>10/4/16</b>		<b>\$317,650</b>
	<b>Total:</b>			<b>\$623,587</b>



## DEOD SUMMARY

## BLUE LINE FIRST/LAST MILE PLAN / PS6130400

**A. Small Business Participation**

Fehr & Peers made a 21.02% Small Business Enterprise (SBE) and 3.78% Disabled Veteran Business Enterprise (DVBE) commitment. The project is 64% complete. Fehr & Peers is exceeding their commitment with a current participation of 38.30% SBE and 4.44% DVBE.

<b>Small Business Commitment</b>	<b>21.02% SBE 3.78% DVBE</b>	<b>Small Business Participation</b>	<b>38.30% SBE 4.44% DVBE</b>
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	<b>SBE Subcontractors</b>	<b>% Committed</b>	<b>% Participation</b>
1.	Here Design	21.02%	38.30%
	<b>Total</b>	<b>21.02%</b>	<b>38.30%</b>

	<b>DVBE Subcontractors</b>	<b>% Committed</b>	<b>% Participation</b>
1.	Proforma DVE Global	3.78%	4.44%
	<b>Total</b>	<b>3.78%</b>	<b>4.44%</b>

**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.



## Board Report

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**File #:** 2017-0743, **File Type:** Project

**Agenda Number:** 20.

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### PLANNING AND PROGRAMMING COMMITTEE FEBRUARY 14, 2018

**SUBJECT: LOS ANGELES UNION STATION FORECOURT AND  
ESPLANADE IMPROVEMENTS**

**ACTION: CERTIFY FINAL ENVIRONMENTAL IMPACT REPORT AND RELATED ACTIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. CERTIFYING the Final Environmental Impact Report (FEIR);
- B. AUTHORIZING the Chief Executive Officer (CEO) to file a Notice of Determination with the Los Angeles County Clerk and State of California Clearinghouse;
- C. ADOPTING the:
  - 1. Findings of Fact and Statement of Overriding Considerations in accordance with the California Environmental Quality Act (CEQA) and
  - 2. Mitigation Monitoring and Reporting Plan (MMRP); and
- D. APPROVING Alternative 3 as the Preferred Alternative.

#### **ISSUE**

The Los Angeles Union Station (LAUS) Forecourt and Esplanade Improvements (Project) include pedestrian and bicyclist improvements on Alameda Street, Los Angeles Street and the Union Station Forecourt that were identified in the Union Station Master Plan Implementation Program that was presented to the Metro Board in October 2014. After considerable internal and external stakeholder outreach and technical study, staff is recommending that the Board: adopt and certify the Final EIR with **Alternative 3** as the Preferred Alternative; adopt the Findings of Fact and Statement of Overriding Considerations and the MMRP; and authorize the CEO to file a Notice of Determination (Attachment A). The Project, alternatives, and the environmental process are described in the Statement of Overriding Considerations. The Final EIR, Findings of Fact/Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program are available at [<https://www.metro.net/about/union-station/la-union-station-forecourt-and-esplanade/>](https://www.metro.net/about/union-station/la-union-station-forecourt-and-esplanade/).

## **DISCUSSION**

The project will reconfigure the public right-of-way in front of Union Station and the LAUS forecourt to expand pedestrian and bike facilities on Alameda and Los Angeles Street and create a civic plaza in front of the station (Attachment B, Project Map). Staff has secured approximately \$18M in grant and matching funds (Attachment D, Funding Table) to design and implement all of the Project improvements with the exception of the forecourt, for which staff is actively seeking funds.

The Los Angeles Union Station (LAUS) Forecourt and Esplanade Improvements (Project) elements described in the Draft EIR include:

- Alameda Esplanade: Roadway configuration on Alameda Street between Arcadia Street and Cesar E. Chavez Avenue to narrow the roadway and widen pedestrian and bicyclist facilities.
- Los Angeles Crossing: Consolidated raised intersectional crossing at Alameda and Los Angeles Street, closure of a portion of Los Angeles Street north of the raised median (while maintaining two-way travel on Los Angeles Street in the portion south of the median) and closure of the northern LAUS driveway and re-incorporation of the unidirectional existing buffered bike lane.
- LAUS Forecourt: Repurposing the existing surface parking lot as a new civic plaza with sustainable features.
- Arcadia Street: Repurposing the northern travel lane as a dedicated El Pueblo tour bus parking zone.

### *Project Goals and Purpose and Need*

LAUS is the core of Metro's public transportation system and is at the center of several historic and culturally significant communities in Downtown Los Angeles. The Project will improve passenger safety, create a great place, and improve connectivity for those travelling to and from LAUS.

Alameda Street, within the project boundaries, has a high incidence of severe and fatal collisions. It is among the 386 corridors that represent 6% of Los Angeles' street miles wherein 65% of all deaths and severe injuries involving people walking and biking occur. Between 2012 and 2016, there were two fatalities at the intersection of Alameda Street and Los Angeles. Improving pedestrian safety is thus a core objective of the project.

The Project was informed by the following objectives that were developed through the master planning and Connect US Action Plan processes:

1. Protect and enhance LAUS as a national historic resource by advancing clear sight lines and view sheds to the station.
2. Prioritize connectivity, convenience, and safety for the most vulnerable users (pedestrians, bicyclists, transit patrons and community stakeholders) to safely navigate to and from the project site.
3. Advance desirable and accessible public space at the LAUS forecourt that creates a visually porous and permeable connection between Union Station and the surrounding historic and

cultural communities.

4. Facilitate alternatives to driving by providing infrastructure that enables more walking and bicycling.
5. Enhance the safety and quality of pedestrian and bicycle connections between the station and El Pueblo Historic Monument, Father Serra Park, Olvera Street, and nearby businesses and neighborhoods.
6. Advance sustainability by providing for reduced consumptive water use in a cost-effective manner and improve multimodal facilities that encourage active transportation and reduction in vehicle miles traveled.
7. Advance comprehensive planning for LAUS that leverages it as the major regional transportation hub, a destination, and one of the city's foremost landmarks.

### *Environmental Analysis*

The Project was analyzed through an Environmental Impact Report (EIR) under the California Environmental Quality Act (CEQA). Additionally, Metro has secured Active Transportation Program grant funds that include federal monies. The use of federal funds triggers the requirement for compliance with the National Environmental Policy Act (NEPA). The California Department of Transportation, acting on behalf of the Federal Highway Administration will serve as the Federal Lead Agency. Consistent with the provisions of 23 Code of Federal Regulations §771.117(a)(c)(2), it is anticipated that a Categorical Exclusion will be used to demonstrate compliance with NEPA.

The EIR Notice of Preparation was published on December 22, 2016 (with a 30-day public comment period) and the Notice of Availability of the Draft Environmental Impact Report (DEIR) was published on August 11, 2017 (with a 45-day public comment period). The Project was analyzed under all CEQA issue areas and was found to have no impacts or less than significant impacts in 14 issue areas, less than significant impacts with mitigation measures in 3 issue areas (Biological Resources, Cultural Resources, and Hazards/Hazardous Materials), and significant and unavoidable impacts under Transportation and Traffic due to an increase in motor vehicle delay at selected intersections during AM and PM peak hour travel.

### *Mitigation Measures*

The Final EIR includes a total of nine mitigation measures for the Biological Resources issue area (one mitigation), Cultural Resources issue area (four mitigations), and the Hazards and Hazardous Materials issue area (four mitigations). Metro is the Responsible Agency in implementing and monitoring the mitigation measures. A full description of the mitigation measures is included in the MMRP.

### *Significant and Unavoidable Impacts: Transportation and Traffic*

The State of California adopted Senate Bill 743 (SB743) in 2013 which changes how transportation impacts are measured by moving from measuring vehicle delay measured at intersections and along roadway segments using a metric known as level of service (LOS) to instead measuring projects by the reduction of vehicle miles travelled. The CEQA Guidelines have not yet been updated to reflect this change, therefore, because the impact measure is specific to level of service, the Project results

in significant and unavoidable impacts. If the CEQA Guidelines had been updated to incorporate SB743, very likely as it relates to transportation and traffic, there would be no significant transportation and traffic impacts.

Under current CEQA guidelines (without SB743 implementation), the Project will result in significant and unavoidable impacts in the Transportation and Traffic issue area.

The Project results in significant and avoidable impacts because it increases motor vehicle delays at select study intersections during AM and PM peak hour travel. The Draft EIR Project resulted in 17 significant study intersection impacts which translate to a significant impact under CEQA. Typical mitigation measures for vehicular delay call for roadway widening, which would directly conflict with the project objectives. Therefore, no feasible mitigation measures were identified.

### *Alternatives*

CEQA requires that an EIR describe a range of reasonable alternatives to the project or to the location of the project that could feasibly avoid or lessen any significant environmental impacts while substantially attaining the basic objectives of the project. An EIR should also evaluate the comparative merits of the alternatives. This section describes potential alternatives to the proposed project that have been carried forward for analysis in comparison to the potential environmental impacts associated with the proposed project.

Three alternatives were evaluated:

- Alternative 1 “no project” alternative (required by CEQA) will leave the current conditions in place;
- Alternative 2 “full closure” would fully close Los Angeles Street between the El Pueblo crosswalk/101 Freeway and Alameda Street and restrict tour bus parking on Arcadia Street to off-peak hours (all other project components would remain); and
- Recommended Preferred Alternative 3 “modified left-turn”, would be similar to the project on Los Angeles Street, but would restrict left hand turns from eastbound Los Angeles Street onto northbound Alameda Street, restrict Arcadia Street tour bus parking to off-peak hours, and incorporate a two-way bicycle path in the expanded El Pueblo plaza; all other project components would remain.

All three alternatives performed better than the Project, but still do not reduce impacts to less than significant level. Alternative 2 resulted in 9 significant study intersection impacts. Alternative 3 resulted in 11 significant study intersection impacts.

### *Outreach*

The Project was a component of the Union Station Master Plan and the Connect US Action Plan; both efforts included extensive stakeholder engagement. In addition, staff led a robust outreach program during the preparation of the EIR. The Scoping public comment period lasted forty-five days from August 11 to September 25, 2017. During this period, several briefings and meetings took place with local community groups, community members, elected officials, public agencies, and other stakeholders. Similar briefings were held upon the release of the Draft EIR and in advance of Metro's public workshop at Metro Headquarters on September 13, 2017 with 30 members of the public

present. In total, over 80 briefings were held with public and private stakeholders; Attachment C includes a summary of the stakeholder engagement during the environmental process.

During the Draft EIR public comment period, a total of ~~36~~ 35 written comments were received and six commenters spoke during the September 13 public workshop. Broadly, the comments focused on the following topics:

- Cultural and Archeological Resources
- Traffic
- Improved bicycle safety and connections
- Homelessness
- Accessibility Needs
- Coordination with other public projects
- Construction Impacts
- Local Business Support

Responses were prepared for all comments received; they are outlined in Chapter 8 of the FEIR.

Of note, the two most prevalent public comments focused on the El Pueblo Merchants' concerns over construction impacts and public requests for improved active transportation connections to existing facilities.

In response, Metro has committed to continued coordination with the Merchants during design and construction including:

- As feasible, Metro will work with the Merchants to avoid construction during the most significant El Pueblo events.
- Signage will be put in place during construction to note that El Pueblo is open and operational.
- In advance of construction, Metro will work with the Merchants to develop a targeted marketing plan for online digital ads that includes a calendar of major El Pueblo events, marketing these events, and ensuring targeted audiences, including tourists and regional communities, are reached.

Several individuals submitted comments requesting a two-way bicycle facility on Los Angeles Street. Staff accepted this recommendation in the FEIR and submitted an ATP 'scope change' request to Caltrans for consideration and approval of a two-way bicycle path in the expanded El Pueblo plaza area adjacent to the west side of Los Angeles Street, as this particular improvement is funded by an ATP Cycle 3 grant. This improvement will further advance core Project goals of multimodalism, safety and improved connections from Union Station to surrounding communities.

Other stakeholders comments focused on design considerations and will be addressed with stakeholders during the design process, which will be initiated in Spring 2018 (assuming the Board certifies the FEIR). These include:

- Design considerations for special-needs users;
- Incorporation of additional historic features such as notation of the original boundaries of old Chinatown;

- Further design considerations for separating bicyclists and pedestrians on Alameda Esplanade;
- Wayfinding, and any signalization needed for new two-way bike path within the extended El Pueblo Plaza on Los Angeles Street.

### *FEIR Recommendations*

Staff recommends that the Board certify the FEIR with **Alternative 3** (modified left-hand turn) as the Preferred Alternative. Alternative 3 (modified left-hand turn) performed better than the Draft EIR Project and while it performed slightly less than Alternative 2 (full closure), it still results in the desired project benefits, aligns with the project objectives, and was overwhelmingly the desired alternative from the general public.

### *Statement of Overriding Considerations and Findings of Fact*

CEQA Guidelines Section 15091 (a) states that if the specific economic, legal, social, technological or other benefits of the project outweigh the unavoidable adverse effects, those effects may be considered acceptable. The Board must find that notwithstanding the disclosure of these significant and unavoidable impacts, there are specific overriding reasons for approving the Project and that these reasons serve to override and outweigh the Project's significant unavoidable effects. CEQA requires Metro to support, in writing, the specific reasons for considering a project acceptable when significant impacts cannot be unavaoided or substantially lessened. The findings are described below and in the necessary Statement of Overriding Considerations.

While the Preferred Alternative will result in significant and unavoidable impacts as a result of delays to motor vehicle movement, the Preferred Alternative results in social and community, economic, sustainability and public health benefits. The benefits are described below and in greater detail in the Statement of Overriding Considerations.

- *Social and community enhancements.* The Preferred Alternative improves connections to surrounding communities, commercial areas, civic institutions, and employment centers and provides dedicated paths of travel for pedestrians, cyclists and vehicles and reduces conflicts (collisions and injury to people and damage to property).
- *Economic benefits.* The Preferred Alternative creates safe connections and path of travel between LAUS and surrounding businesses and employment centers that have the potential to increase overall activity at LAUS and surrounding areas, as well as short-term economic benefits during construction with the creation of construction jobs.
- *Sustainability benefits.* The Preferred Alternative design will advance sustainability through a reduction in heat island impacts, protection of surface water through the use of Best Management Practices and reduction in VMT and promotion of active transportation and increase transit ridership.
- *Public health benefits.* The Preferred Alternative will improve connections between LAUS and surrounding areas and will make it easier and safer to walk and bike as an alternative mode of travel, which have documented public health benefits.

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## **DETERMINATION OF SAFETY IMPACT**

As previously noted, Alameda Street, within the project boundaries, is identified in the Vision Zero HIN. Certification of the FEIR and the resulting design and project implementation, will greatly improve customer and employee safety while travelling to and from Los Angeles Union Station. The proposed improvements will reduce pedestrian crossing distances on Alameda Street and Los Angeles Street, slow vehicular speed, and provide visual cues to motorists through the widened sidewalks and expanded and raised crossing.

## **FINANCIAL IMPACT**

Funding for the environmental services was included in the FY18 budget in Project 405557, Task 04.02 and will be fully expended at the end of this fiscal year. The Board approved the Project Architectural and Engineering contract in November 2017 funded in Project 405557, Task 04.03 (additional sub-tasks shall be created to track expenditures for each grant source). The architectural and engineering contract is funded by approximately 60% State Active Transportation Planning (ATP) Grant Program and 40% Metro local match. As this is a multi-year project, the cost center manager and Chief Planning Officer will be responsible for budgeting each fiscal year.

### Impact to Budget

The current funding for the project is General Fund and ATP grant funds. General Fund revenues are eligible for bus/rail operating and capital expenses.

## **ALTERNATIVES CONSIDERED**

The Board could delay action to certify the FEIR, adopt the Findings of Fact and Statement of Overriding Considerations, as well as the MMRP. Deferral of these actions is not recommended as they would delay the Project schedule including advancing design, stakeholder engagement, coordinating with various City of Los Angeles departments, and meeting the stringent terms of the ATP grant program.

The Board could decide to support the Draft EIR Project and reject the staff recommendation to advance **Alternative 3** as the Preferred Alternative. This is not recommended. The Project and Alternative 3 are very similar in overall design; they simply operate differently with the restricted left-hand turn on Alameda from Los Angeles Street and with the restrictions on Arcadia Street for tour bus parking during peak hour. An additional six study intersections are impacted with the Draft EIR Project over Alternative 3.

The Board could decide to select Alternative 1, “no project.” This is not recommended as it would result in existing conditions and would be contrary to the overall vision for LAUS that has been led by the Board and supported by the public, and would conflict with the Project goals and objectives. Additionally, Metro has secured State grant funding to advance this project.

The Board could select Alternative 2, ‘full closure’. This is not recommended as local businesses and



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stakeholders from the El Pueblo campus are strongly opposed to Alternative 2. Proceeding with **Alternative 3** allows for a balanced approach that allows for the attainment of the project goals and benefits and does not preclude the City from pursuing a full closure in the future.

### **NEXT STEPS**

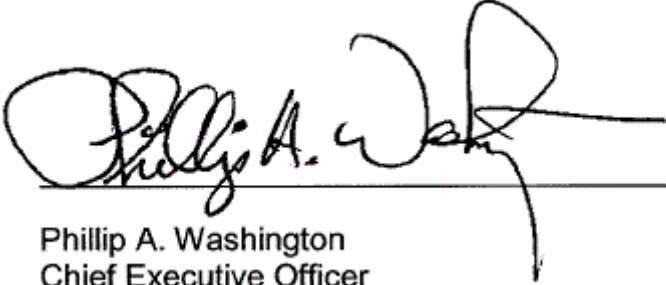
Upon Board certification of the FEIR, staff will kick-off a robust stakeholder engagement effort to advance project design.

### **ATTACHMENTS**

Attachment A - Notice of Determination  
Attachment B - Project Map  
Attachment C - Summary of Outreach  
Attachment D - Funding Table

Prepared by: Elizabeth Carvajal, Senior Manager, Countywide Planning & Development, (213) 922-3084  
Jenna Hornstock, EO, Transit Oriented Communities, (213) 922-7437

Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077



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Phillip A. Washington  
Chief Executive Officer

# Notice of Determination

# Appendix D

**To:**

Office of Planning and Research  
 U.S. Mail: Street Address:  
 P.O. Box 3044 1400 Tenth St., Rm 113  
 Sacramento, CA 95812-3044 Sacramento, CA 95814

County Clerk  
 County of: Los Angeles  
 Address: 12400 Imperial Highway  
Norwalk, CA 90650

**From:**

Public Agency: L.A. County Metro  
 Address: One Gateway Plaza, MS 99-23-4  
Los Angeles, CA 90012  
 Contact: Elizabeth Carvajal  
 Phone: (213) 922-3084

Lead Agency (if different from above):  
 Address: \_\_\_\_\_  
 Contact: \_\_\_\_\_  
 Phone: \_\_\_\_\_

**SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.**

State Clearinghouse Number (if submitted to State Clearinghouse): SCH #2016121064

Project Title: Los Angeles Union Station Forecourt and Esplanade Improvements Environmental Impact Report

Project Applicant: Los Angeles County Metropolitan Transportation Authority

Project Location (include county): 34° 03' 22.63" N 118° 14' 13.68" W (Los Angeles County, CA)

Project Description:

See attachment

This is to advise that the Los Angeles County Metropolitan Transportation Authority has approved the above  
 Lead Agency or  Responsible Agency)

described project on March 1, 2018 and has made the following determinations regarding the above  
(date)  
described project.

1. The project  will  will not] have a significant effect on the environment.
2.  An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.  
 A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures  were  were not] made a condition of the approval of the project.
4. A mitigation reporting or monitoring plan  was  was not] adopted for this project.
5. A statement of Overriding Considerations  was  was not] adopted for this project.
6. Findings  were  were not] made pursuant to the provisions of CEQA.

This is to certify that the final EIR with comments and responses and record of project approval, or the negative Declaration, is available to the General Public at:

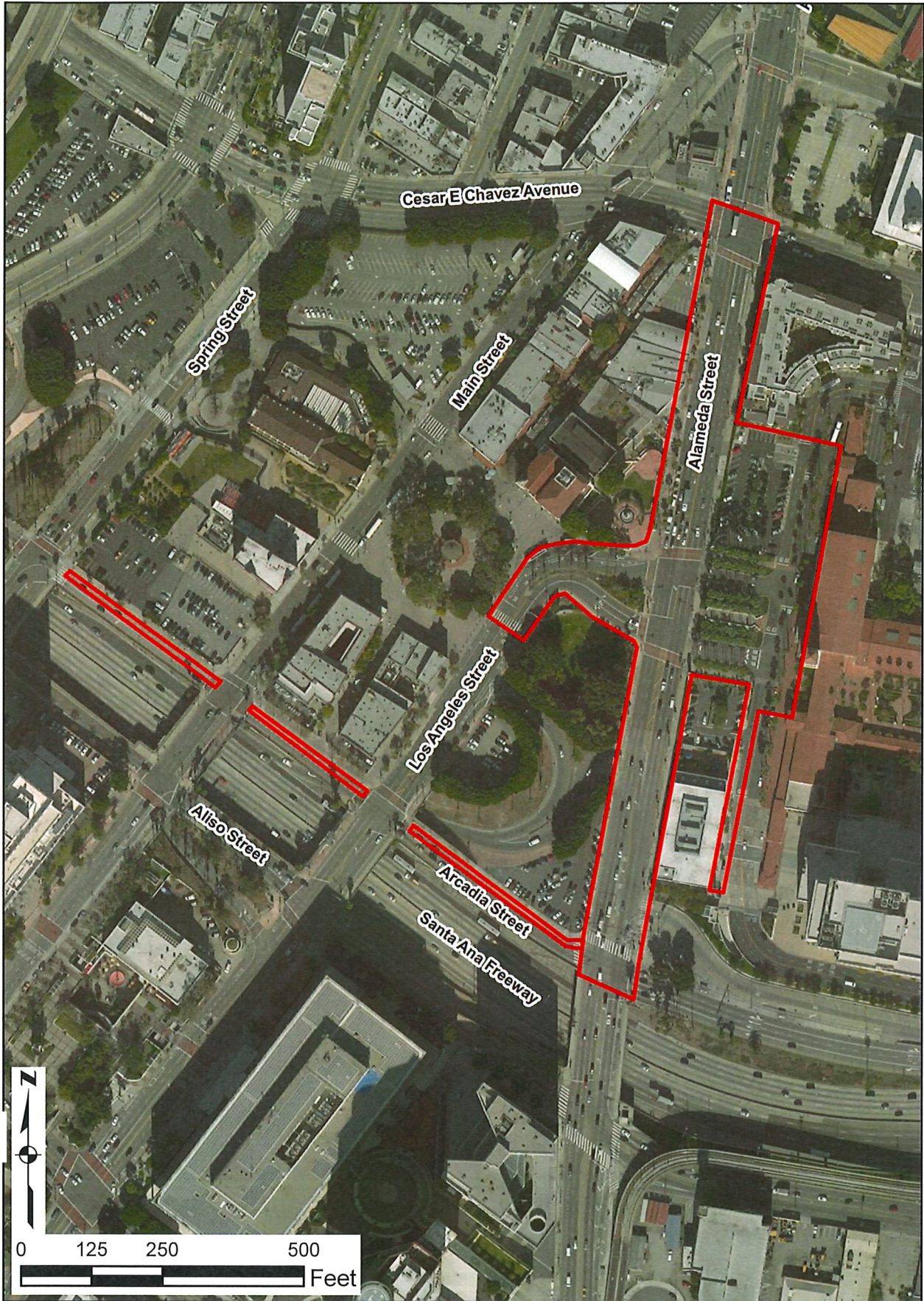
<https://www.metro.net/about/union-station/la-union-station-forecourt-and-esplanade/>

Signature (Public Agency): \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_ Date Received for filing at OPR: \_\_\_\_\_

## **Project Description**

The Project will focus on perimeter improvements to enhance pedestrian accessibility, safety, and connectivity. The proposed improvements to Los Angeles Union Station (LAUS) include removing the short-term parking northwest of the entrance to LAUS (approximately 60 spaces) to create a new civic plaza with an outdoor seating area; creating a new esplanade along Alameda Street (between Cesar E. Chavez Avenue and Arcadia) by narrowing the roadway and reallocating roadway area for the expanded pedestrian and bicyclist multiuse esplanade on the eastside and widened sidewalks on the west; reconfiguring the entrance from LAUS to the El Pueblo de Los Angeles State Historic Park by creating a new expanded, raised pedestrian crossing that leads into a new pedestrian plaza that includes a two-way off-street bicycle path through the expanded El Pueblo plaza area near the west side of Los Angeles Street; providing pedestrian safety and additional connectivity through the partial closure of Los Angeles Street and closure of the northern LAUS driveway on Alameda Street; and repurposing the northernmost travel lane on Arcadia Street (adjacent to El Pueblo) between Alameda Street and Spring Street into a tour bus parking area designated for El Pueblo.



Project Area Map

Attachment C

**Summary of Stakeholder Engagement for LAUS Forecourt and Esplanade Improvements EIR**

The table below is a record of the meetings and briefings that took place regarding the Environmental Impact Report for the Los Angeles Union Station Forecourt and Esplanade Improvements. Nearly 300 people were engaged through this process.

**Public Agencies**

<b>Date</b>	<b>Agency</b>	<b>Name</b>	<b>Title</b>	<b>Content of Meeting</b>
<b>Federal</b>				
N/A				
<b>State</b>				
Multiple	California High Speed Rail Authority	Multiple		Project coordination
September 5, 2017	California State Parks	Corey Christopher and Leslie Hartzell		Project Overview
November 3, 2015	Caltrans	Rick Holland; Yunis Ghausi; Linda Tiara		Project overview & traffic study scope
June 30, 2017	Caltrans	Inter-Governmental Review		Project update and freeway off-ramp analysis
January 5, 2018	Caltrans	Dale Benson, Robert Wong, Quint Chemnitz, Michael Enwedo		Final EIR
<b>County</b>				
Multiple	Metro	Link US Project Team		Project coordination
July 25, 2016, August 24, 2016, and May 2, 2017	Metro - Bus Operations	Metro Bus Operations staff		Briefing on project design elements relative to existing bus routes, layover assumptions and bus operations
January 6, 2017	Los Angeles Supervisorial District 1	Javier Hernandez		Project Overview
January 26, 2017	Metro	Elizabeth Carvajal	Sr. Manager	Scoping Meeting
May 2, 2017	Metro - Union Station Property Management	Kenneth Pratt		Briefing on project design elements relative to Union Station operations
July 25, 2017	Supervisor	Javier Hernandez		Project Overview

Date	Agency	Name	Title	Content of Meeting
	Solis's Office, SD 1			
September 6, 2017	Metropolitan Water District			
September 6, 2017	Metro	Metro Technical Advisory Committee		
September 13, 2017	Metro	Project Public Workshop		Project overview
September 14, 2017	Metro	Metro Accessibility Advisory Committee		
September 21, 2017	Metro	Metro Technical Advisory Committee: Streets and Freeways Committee		
November 2, 2017	Metro	Metro Union Station area Roundtable		
December 8, 2017	Office of Supervisor Solis	Javier Hernandez		Final EIR
December 18, 2017	Metropolitan Water District	Staff representatives		Comment letter
January 18, 2018	Union Station Area Roundtable			Final EIR
<b>City</b>				
January 21, 2016	LADOT	Tomas Carranza; Wes Pringle		Traffic study scope
April 7, 2016	LADOT & LADCP	Patricia Diefenderfer; Bryan Eck; Tomas Carranza; Karina Macias		Traffic study scope
April 29, 2016	Office of Historic Resources	Ken Bernstein	Manager and Principal City Planner	Coordinate efforts between the Metro, High Speed Rail (HSR), and Link US
October 21, 2016	LADOT	Tomas Carranza; Wes Pringle		Traffic study scope
December 7, 2016	LADOT Complete Streets Committee	Tomas Carranza; Zaki Mustafa; Karina Macias; Valerie Watson;		Briefing on project design elements relative to pedestrian and vehicle circulation

Date	Agency	Name	Title	Content of Meeting
		Sean Skehan; Dan Mitchell		& traffic study scope
December 8, 2016	Office of Councilmember Jose Huizar	Nate Hayward		Project Overview
January 6, 2017	Los Angeles Council District 14 and Mayor's Office			Project Overview
January 12, 2017, August 24, 2017, September 14, 2017, and September 21, 2017	El Pueblo Commission			Briefing on project design elements relative to pedestrian and vehicle circulation
January 20, 2017	Office of Councilmember Gil Cedillo	Sharon Lowe and Gerald Gubatan		Project Overview
April 20, 2017	LADOT	Seleta Reynolds; Dan Mitchell; Marcel Porras	GM Assistant GM	Project Overview
June 20, 2017	LADOT	Dan Mitchell	Assistant GM	Discussion of Alameda Street/US 101 Freeway ramp intersections
July 19, 2017	LAFD	Captain David Sifuentes; Robert Duff		Project overview
July 24, 2017	Los Angeles Councilmember Huizar's Office, CD14	Nate Hayward		
July 26, 2017	Los Angeles Councilmember Cedillo's Office, CD1	Luis Gonzalez, Gerland Gubatan, Arturo Chavez, Sharon Lowe		
August 4, 2017	Los Angeles Councilmember Huizar's Office, CD 14, and El Pueblo Commission Manager Chris Espinosa	Nate Hayward, Chris Espinosa		
August 24, 2017, September 11,	El Pueblo Merchants	El Pueblo Merchants		Briefing on project design elements

Date	Agency	Name	Title	Content of Meeting
2017, and September 21, 2017				relative to pedestrian and vehicle circulation
September 1, 2017	City of Los Angeles	Ashley Stracke	Director of Neighborhood Services	Briefing
September 12, 2017	LADOT	Robin Aksu	Robin Aksu, Transportation Planning Associate II, New Mobility, LADOT (part of Marcel Porra's team)	
September 26, 2017	Offices of Mayor Garcetti, Councilmember Huizar and Supervisor Solis			Briefing
November 16, 2017	Mayor Garcetti's office	Nicole Serrano		Briefing
November 17, 2017	LADOT	Tomas Carranza and Eddie Guerrero		Comment letter
December 7, 2017	LADOT	Eddie Guerrero and Erik Zambon		Comment letter
December 8, 2017	Office of Councilmember Jose Huizar (CD14)	Nate Hayward		Final EIR
December 8, 2017	Mayor's Office	Dan Rodman and Nicole Serrano		Final EIR
December 20, 2017	LADOT	Tim Fremaux, Valerie Watson and Shahin Kjjavi		Comment letter
January 5, 2018	El Pueblo staff			Comment letter
January 25, 2018	El Pueblo Commission			Comment letter and Final EIR

### Private Organizations

Date	Agency	Name	Title	Content of Meeting
April 29, 2016	Los Angeles Conservancy	Adrian Scott Fine	Directory of Advocacy	Coordinate efforts between the Metro, High Speed Rail and



Date	Agency	Name	Title	Content of Meeting
				Link US
July 25, 2016	Los Angeles Union Station Historical Society	Susan Macadams; Tom Savio; Alan Weeks		Review the scope of the project and discuss the historical society's concerns
November 6, 2017	First 5 LA	Vigita Fajardo	Facilities Manager	Briefing
December 21, 2016, and August 17, 2017	Historic Cultural Neighborhood Council (HCNC) - Urban Design & Land Use Committee (LUC)			Briefing
January 9, 2017, and September 11, 2017	Los Angeles River Artists and Business Association (LARABA)			Project Overview
January 11, 2017, and September 14, 2017	Regional Connector Community Leadership Council - 1st and Central Committee			Project Overview
January 13, 2017, and September 8, 2017	Arts District Los Angeles Business Improvement District (ADLA BID)			Project Overview
January 18, 2017, and August 17, 2017	Historic Cultural Neighborhood Council (HCNC) - Urban Design & Land Use Committee (LUC)	Committee Members		Project Overview
January 23, 2017, and August 28, 2017	Chinatown Service Center			Project Overview
January 24, 2017	Los Angeles Union Station Historical Society	Susan Macadams; Tom Savio; Alan Weeks		Review the scope of the project and discuss the historical society's concerns
January 24, 2017	Morlin - Union Station Property Management	Matthew Johnson; Jeff Gunther; Ashley Nazarian		Briefing on project design elements relative to Union Station operations

Date	Agency	Name	Title	Content of Meeting
January 24, 2017, and September 20, 2017	Little Tokyo Community Council			Project Overview
January 26, 2017	Chinatown Business Improvement District			Project Overview
April 10, 2017	Los Angeles Conservancy	Adrian Scott Fine	Directory of Advocacy	Metro Planning and Metro Sustainability discussed Forecourt and sustainability projects
April 18, 2017	Architectural Resources Group (ARG)	Christopher Smith		Metro Sustainability discussed Forecourt and sustainability projects
May 2, 2017	Morlin - Union Station Property Management	Matthew Johnson		Briefing on project design elements relative to Union Station operations
August 11, 2017	Friends of the Chinese American Museum			Briefing
August 28, 2017	Chinatown Service Center			Briefing
September 11, 2017	Chinatown Business Improvement District	George Yu, Ashley Stracke, Megan Teramoto		Project Overview
October 18, 2017	Gabrielino Kizh Tribal Consultation			Briefing and Mitigation Measures
December 13, 2017	Mozaic Apartments	Allan Canales	Community Manager	Briefing
January 8, 2018	El Pueblo Merchants			Comment letter
January 12, 2018	Los Angeles Bicycle Advisory Committee representatives	Jennifer A. Gill and Michael MacDonald		Comment letter
January 18, 2018	Los Angeles County Bicycle Coalition	Lyndsey Nolan	Policy & Outreach Coordinator	Final EIR and bike path

### **DEIR Public Workshop**

The project team hosted a public workshop on the Draft EIR at Metro Headquarters, 3<sup>rd</sup> floor and Board Room on Wednesday, September 13, 2017 from 6-8pm. Mandarin and Spanish translators were present offering translation services. A court reporter was present to record all oral public comments. A total of 30 members of the public attended.

### **DEIR Distribution**

Copies of the DEIR were made public at the Los Angeles Main Library, 630 West 5th Street, Los Angeles, CA 90071, the Chinatown Branch Library, 639 N. Hill Street, Los Angeles, CA 90012, and on Metro's project website: <https://www.metro.net/about/union-station/la-union-station-forecourt-and-esplanade/>.

### **Email and Newspaper Notifications**

Four emails were sent to stakeholders announcing the release of the DEIR and the date of the public workshop, identifying where copies of the DEIR can be located, both online and in person, and reminding of closing comment period on the following dates: August 11, 2017, August 30, 2017, September 11, 2017, and September 19, 2017. The emails reached a total of 3,571 recipients via the project's various distribution lists and were sent to the following Metro Advisory groups: Metro's Citizen Advisory Committee (24 members); Metro's Technical Advisory Committee (35 members); Metro Service Councils (45 members, plus the 426 members of the public on their mailing lists).

The release of the DEIR was advertised in six local newspapers (Los Angeles Daily News, Eastside Sun, Downtown News, La Opinion, Chinese Daily/World Journal, and Rafu Shimpo).

### **Flyer Distribution**

A total of 330 flyers announcing the public workshop were mailed to parcels in a 500 foot radius of the project area. An additional 1,250 flyers were hand-delivered by staff to the following locations:

- Chinese Benevolent Consolidated Association, 925 N Broadway, Los Angeles, CA 90012
- LA Historic Park, 1315 North Spring Street, Los Angeles, CA 90012 (Visitor Center)
- Apline Recreational Center: 817 Yale St, Los Angeles, CA 90012
- Blossom Plaza, 900 N Broadway, Los Angeles, CA 90012
- Calstelar Elementary School, 840 Yale St, Los Angeles, CA 90012
- Chinese American Museum, 425 N Los Angeles St, Los Angeles, CA 90012
- Little Tokyo Service Center, 231 E 3rd St # G106, Los Angeles, CA 90013
- Little Tokyo Branch Library, 203 S Los Angeles St, Los Angeles, CA 90012
- Little Tokyo Koban and Visitor's Center, 307 E 1st St, Los Angeles, CA 90012

## Online Articles

Staff published articles on both Metro’s English-language blog The Source and Spanish-language blog El Pasajero on August 11, 2017:

- The Source: <http://thesource.metro.net/2017/08/11/environmental-study-released-for-union-station-forecourt-and-esplanade-project/>
- El Pasajero: <http://elpasajero.metro.net/2017/08/11/dan-a-conocer-el-estudio-ambiental-para-el-proyecto-de-la-explanada-de-union-station/>

Additionally, Elizabeth Carvajal represented the project in the following interviews:

- KPCC, aired and published online on August 16, 2017: <https://www.scpr.org/news/2017/08/16/74744/union-station-changes-call-for-more-space-for-walk/>
- The Planning Report, published online on September 21, 2017: <http://www.planningreport.com/2017/09/21/la-union-station-s-perimeter-redesign-all-about-access-transit>

In addition to Metro staff efforts, the following blogs discussed the project and the release of the DEIR:

- [http://www.masstransitmag.com/press\\_release/12359280/metro-releases-draft-eir-for-los-angeles-union-station-forecourt-and-esplanade-improvement-project-public-workshop-scheduled-for-september-13](http://www.masstransitmag.com/press_release/12359280/metro-releases-draft-eir-for-los-angeles-union-station-forecourt-and-esplanade-improvement-project-public-workshop-scheduled-for-september-13)
- <http://www.rtands.com/index.php/track-maintenance/off-track-maintenance/lacmta-releases-draft-eir-of-union-station-improvements.html>
- <https://la.curbed.com/2017/8/13/16141432/union-station-entrance-plaza-esplanade-pedestrian>

## Social Media

Metro staff posted on the agency’s Facebook (@losangelesmetro) and Twitter (@metrolosangeles) handles, announcing the release of the DEIR and the public workshop meeting. Staff posted on Facebook August 13, 2017, receiving 94 likes, 5 comments, and 12 shares. Staff posted on Twitter on August 11, 2017 and September 11, 2017, receiving 5 retweets and 13 likes and 10 retweets and 4 likes, respectively.

## Final EIR

The Final EIR was posted on the project website on January 16<sup>th</sup>. The release of the Final EIR was advertised in six newspapers (Los Angeles Daily News, Eastside Sun, Downtown News, La Opinion, Chinese Daily/World Journal, and Rafu Shimpō), via email notification to Union Station stakeholders, an *Every Voice Counts* announcement, and a Source article.

**Attachment D: Funding Table**

**Los Angeles Union Station Forecourt and Esplanade Improvements**

<b>Cost Type</b>	Estimated Cost \$17,893,464.00 (excludes forecourt)
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**Revenue**

Funding Source	Type	Amount	Status
Federal	Active Transportation Program (FHWA) Cycle 2 and Cycle 3	\$15,497,464.00	Committed
State	STIP	\$0	
	Cap & Trade	\$0	
Local	Metro Local	\$2,396,000.00	Committed
Total Revenue		\$17,893,464.00	



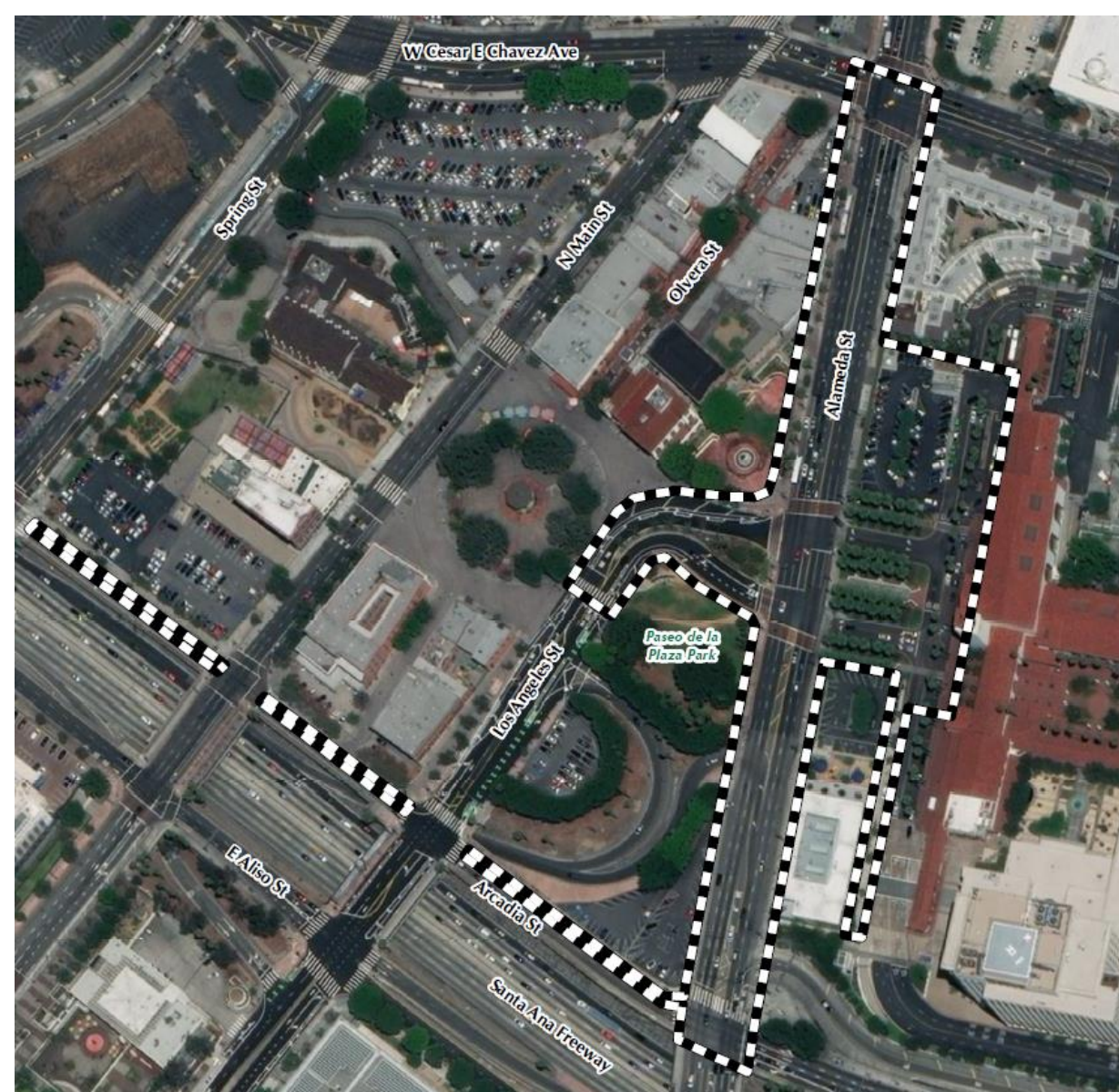
**Metro**

# LA Union Station Forecourt and Esplanade Improvements FEIR

Planning and Programming Committee, February 14, 2018

Legistar File: 2017-0743

- 2011: Metro acquired Union Station
- 2012-2014: Master Planning Process
- 2015-2017: Metro secured \$15.5 million Active Transportation Program (ATP) grant funds
- Published Notice of Preparation on December 22, 2016-held EIR Scoping meeting on January 13, 2017
- Published Notice of Availability of Draft EIR on August 22, 2017 and hosted Draft EIR workshop on September 13, 2017
- January 16, 2018: Final EIR posted on Metro website

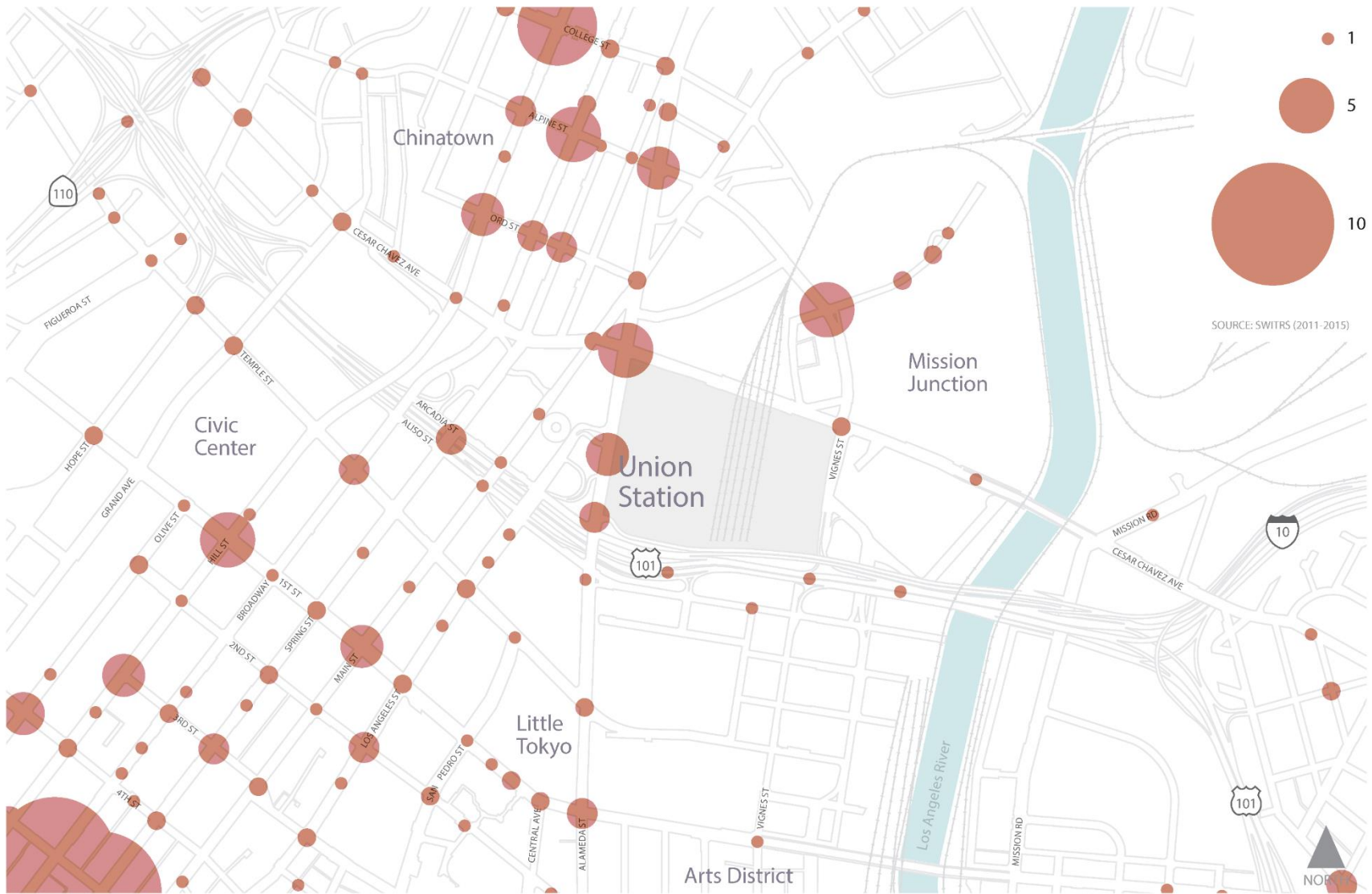


**LEGEND**

 Project Site







- Project analyzed under all 18 CEQA impact areas
- **Less than significant impacts with mitigation measures** in Biological Resources, Cultural Resources, and Hazards and Hazardous Materials
- **Significant and Unavoidable Impacts** in Transportation and Traffic

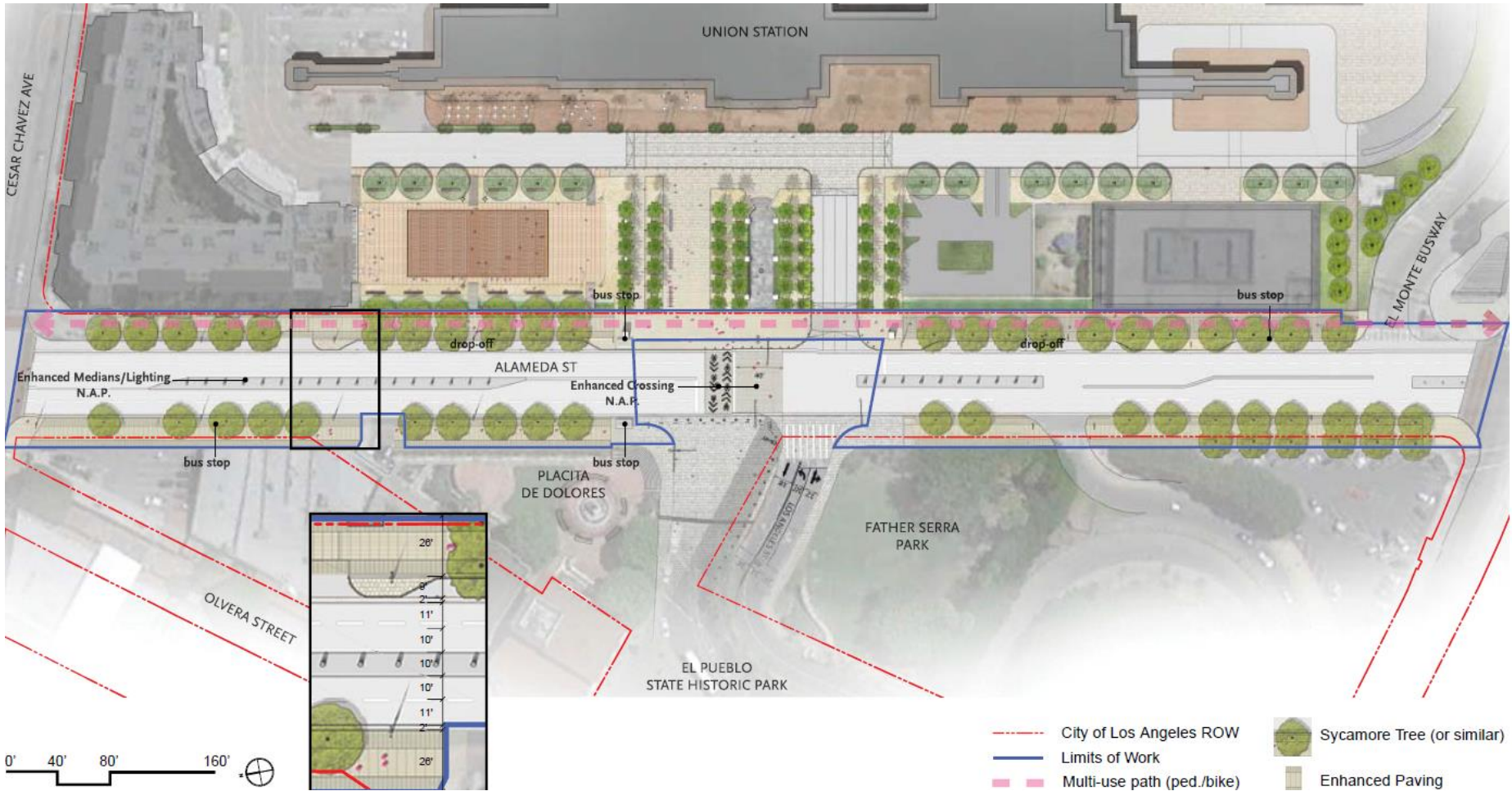
- Community-driven planning process
- Over 80 stakeholder meetings held
- Five El Pueblo Commission meetings and one Olvera Street Merchants focus group meeting
- 41 Public Comments received on the Draft EIR
- Responses summarized in Chapter 8-*Response to Comments*



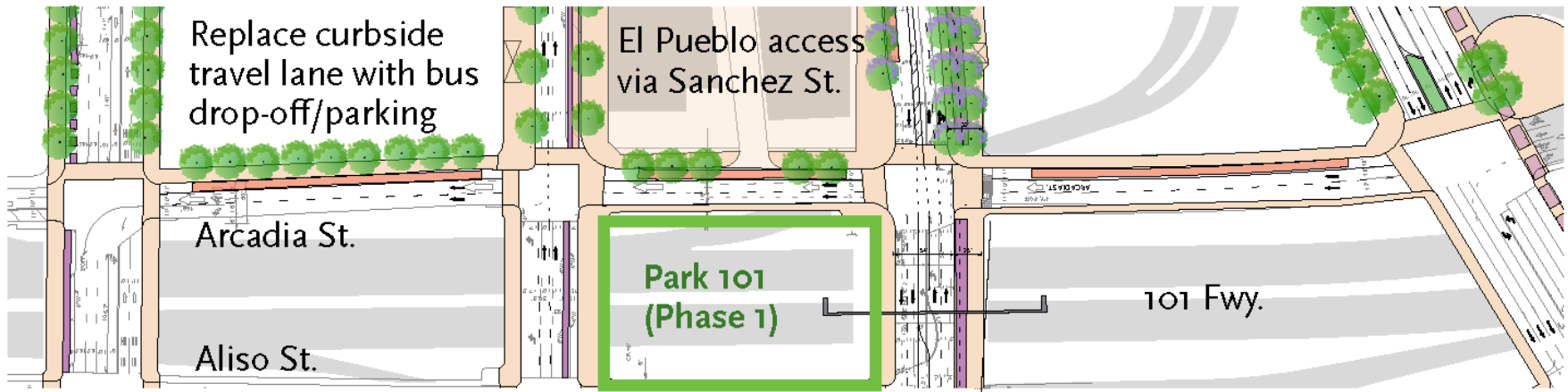


Final EIR Recommendations-  
Alternative 3









Arcadia St. & Aliso St. at El Pueblo



Proposed bus drop-off/parking on north side of Arcadia St.



## Board Report

File #: 2017-0908, File Type: Plan

Agenda Number: 22.

**REVISED  
PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 14, 2018**

**SUBJECT: UNCONSTRAINED PROJECT ADDITIONS AND  
REVISIONS TO THE SCAG REGIONAL TRANSPORTATION  
PLAN**

**ACTION: APPROVE RECOMMENDATION**

### **RECOMMENDATION**

CONSIDER:

- A. APPROVING the list of additional and revised financially unconstrained projects (see Attachment A) to submit to the Southern California Association of Governments (SCAG) for inclusion in its Regional Transportation Plan (RTP); and
- B. REQUESTING that SCAG amend the 2016 Regional Transportation Plan (RTP) Strategic Project list to include the project revisions and additions.

### **ISSUE**

Metro has received internal and external requests to add financially unconstrained (not fully funded) projects to the 2016 RTP amendment prepared by SCAG as the Metropolitan Planning Organization (MPO) for the Southern California region. SCAG agreed to an extension to ~~February 28~~ March 8, 2018 for unconstrained project additions and changes to their Strategic Project list, which consists of financially unconstrained projects. If approved, these projects would be added to the SCAG RTP. This action does not amend LA Metro's 2009 Long Range Transportation Plan (LRTP).

### **DISCUSSION**

#### **Background**

SCAG is currently compiling the 3rd Amendment to its 2016 RTP. SCAG is forecasting that the 3<sup>rd</sup> Amendment will be the last amendment prior to the adoption of the 2020 RTP. Metro submitted one financially constrained project update: Orange Line BRT Improvements - Grade Separation changes. The deadline to submit project information was January 9, 2018.



---

SCAG agreed to a submittal extension to February 28, 2018 for the strategic project additions and changes. The information needed for submission is a project description and some minor details of the project. Federal planning regulations allow the MPO's plan to contain financially unconstrained (unfunded) projects for strategic planning purposes; however such projects are not cleared for federal funding, permitting or other approval actions. Details and costs are not required because strategic projects are not modeled for federal air quality conformity determinations.

### Project Requests

Through an RTP amendment process, SCAG looks to Metro to submit project updates even if the project lead agency is not Metro. To that end Metro staff has received requests from partner agencies to add or amend projects to the RTP Strategic Projects list. These requests include:

- Caltrans, in combination with private sector entities, requested modifications to the following existing unconstrained project listings a) Highway efficiency projects along the 101, 134 and 110 freeways; and b) a project clarification for one undefined mobility hub listing to now specify a Mobility Hub at Universal City Metro Red Line Station;
- Metrolink Regional Rail improvements; and
- City of Los Angeles, a 6th Street Heavy Rail Station.

The Regional Rail improvement requests in the attached table are not in the current RTP Strategic Projects list, and Metro Regional Rail staff, in coordination with Metrolink, has requested for their inclusion into the RTP amendment.

### Considerations

There are approximately 100 unconstrained Metro projects in SCAG's 2016 RTP. Metro has not submitted new unconstrained projects since the 2009 LRTP. As part of the future update to the LRTP, Metro will update its considerations of strategic projects and related strategic funding initiatives.

### **DETERMINATION OF SAFETY IMPACT**

This Board action will have no adverse impact on safety standards for Metro.

### **FINANCIAL IMPACT**

Approval of this item will have no direct financial impact to Metro..

### Impact to Budget

As these projects are not funded, there is no impact to the current fiscal year budget, nor any anticipated impact to future budgets.

### **ALTERNATIVES CONSIDERED**

Staff considered waiting for a future amendment or the formal update to the LRTP to submit strategic

projects, but this would not align with SCAG's amendment schedule.

### **NEXT STEPS**

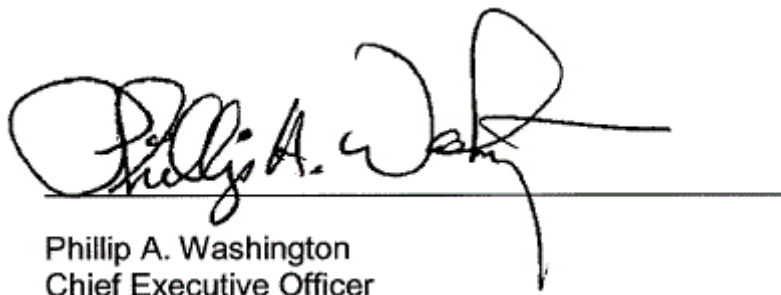
With Board approval, staff will work with SCAG to amend the 2016 RTP to include the unconstrained list of projects, including adjustments for any duplicative entries.

### **ATTACHMENTS**

Attachment A - Unconstrained Project List for RTP Inclusion

Prepared by: Mark Yamarone, Senior Director, Countywide Planning & Development, (213) 922-2834  
Kalieh Honish, EO, Countywide Planning & Development, (213) 922-7109  
Manjeet Ranu, SEO, Countywide Planning & Development, (213) 418-3157

Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077



Phillip A. Washington  
Chief Executive Officer

## Unconstrained Project List for RTP Inclusion

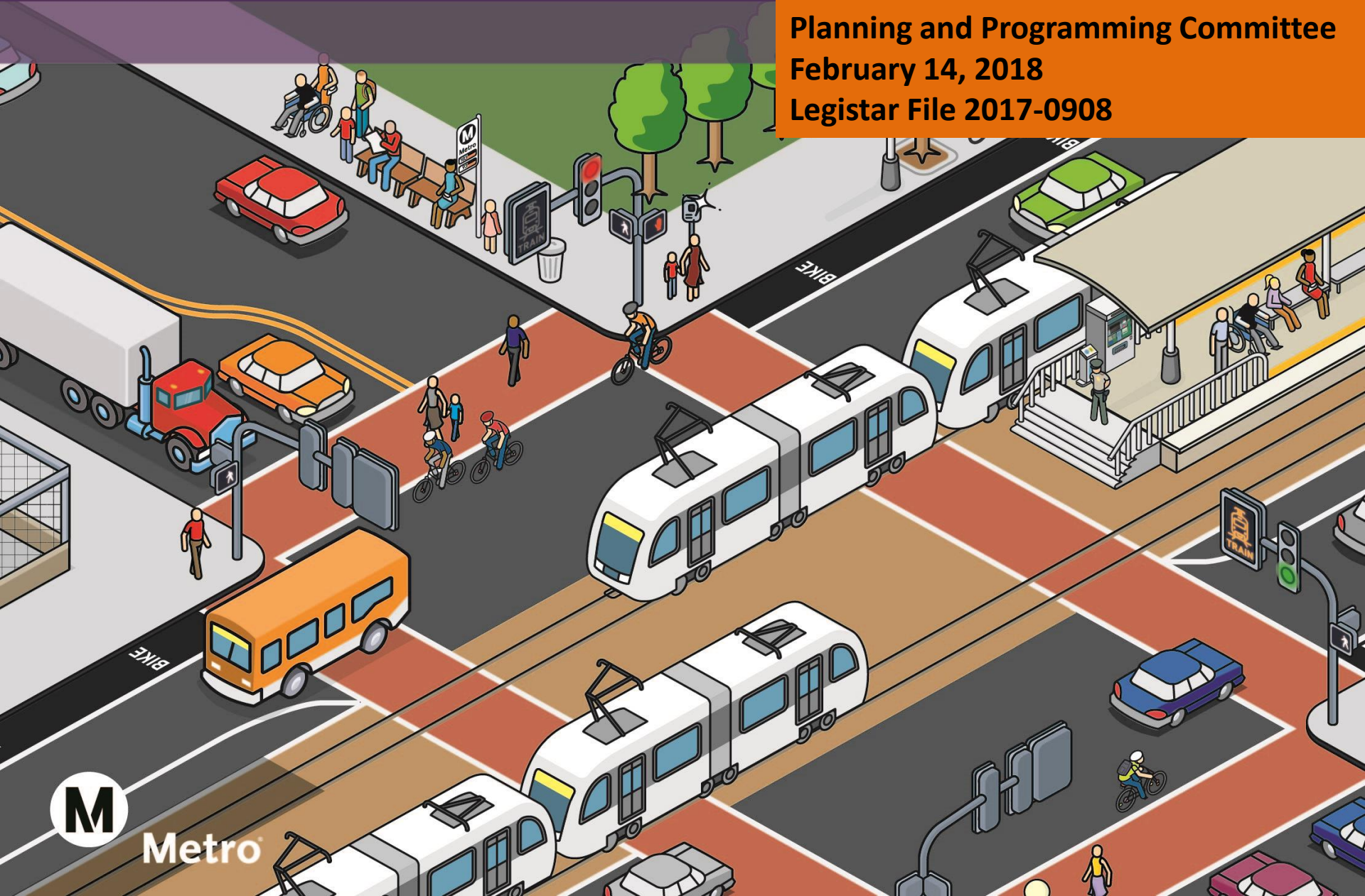
<b><u>CALTRANS Projects</u></b>	<b>Location</b>	<b>Project Description</b>	<b>Type</b>
US-101 / SR-134 / SR-170 Interchange Project	US-101 / SR-134 / SR-170	Mobility Triangle Partnership: Improvements to the US-101 / SR-134 / SR-170 interchanges, providing three transition lanes in each direction on the US-101 and SR-134. SR-170 modified to accommodate transition lanes through interchange area.	Highway
US-101 Cahuenga Pass Corridor Improvement Project	US-101	Mobility Triangle Partnership: Correcting and modifying on- and off-ramp alignments, and relieving existing chokepoints by adding auxiliary lanes on the US-101 between Highland Avenue and Lankershim Boulevard. In addition, three bridges will be replaced with wider overcrossings within the project extents.	Highway
SR-134 Corridor Operational Improvement Project	SR-134	Mobility Triangle Partnership: On westbound SR-134, add westbound transition lane from Riverside Drive on-ramp to the Forest Lawn Drive off ramp; Add westbound transition lane from the Forest Lawn Drive on-ramp to the Buena Vista Street off-ramp; Widen westbound Forest Lawn Drive off-ramp.	Highway
Mobility Hub	Universal City / Studio City Metro Red Line Station	Mobility Triangle Partnership: Construct Mobility Hub at the Universal City / Studio City Metro Red Line Station. Install a full-service mobility hub that includes secure bike parking, safe and reliable access to car share, bike share, and ride share services, and safe access to transit.	Transit
SR-110 Operation Improvements	SR-110	Add auxiliary lanes on southbound SR-110 from the Stadium Way off-ramp to the northbound US-101 connector; Add auxiliary lanes on northbound SR-110 from the Figueroa Street on-ramp to the Hill Street onramp. Relocate and replace Sunset Boulevard southbound off-ramp; Upgrade existing and install new traffic signals.	Highway

## Unconstrained Project List for RTP Inclusion

<b><u>Regional Rail Projects</u></b>	<b>Location</b>	<b>Project Description</b>	<b>Type</b>
Link Union Station	LA Union Station	Accommodation of high speed rail up to 2 platforms and 4 tracks and the West Santa Ana Branch Light Rail. Major rail and passenger improvements including up to 10 run-through tracks, new platforms and canopies, new passenger concourse and vertical circulation systems and the accommodation of high speed rail up to 2 platforms and 4 tracks and the West Santa Ana Branch Light Rail.	Transit
Metrolink Ventura Line Capacity Improvement Projects	Metrolink's Ventura Line between Burbank and the Ventura County Line	Add capacity to the Ventura County Line between Burbank Junction to the Ventura County border to allow frequencies of up to 4 regional rail trains per hour and 1 intercity rail (Pacific Surfliner) train per hour in each direction. This includes the necessary double track sections, track, signal, station, and structure upgrades and rehabilitation, accessibility improvements, and maintenance facility capacity outside of a Regional Rail capital project.	
Metrolink Antelope Valley Line Capacity Improvement Projects	Metrolink's Antelope Valley Line between Union Station and Lancaster	Add capacity to the Antelope Valley Line between Los Angeles Union Station and Lancaster. This project enables 4 trains per hour between Santa Clarita and Union Station and 2 trains per hour between Lancaster and Union Station in each direction. Phase I includes double track sections (Acton, Vista Canyon Station and Siding, CP Lang to CP Canyon, Balboa Siding), Burbank Junction speed improvements, and signal respacing, maintenance facility capacity and a north exit from the CMF. Accommodating greater frequencies requires additional double track segments (e.g., Palmdale to Lancaster, CP Ravenna to	
Metrolink San Bernardino Line Capacity Improvement Projects	Metrolink's San Bernardino Line between Union Station and the San Bernardino County Line	Add capacity to the San Bernardino Line from Union Station to the San Bernardino County border to allow frequencies of up to 2 regional rail trains per hour and 1 express train per hour in each direction. This includes the necessary double track sections, track and structure upgrades and rehabilitation, accessibility improvements, signal improvements, and maintenance facility capacity. Base 30 minute service involves several double track segments (including Marengo Siding) and modifications to the El Monte Station pedestrian circulation.	
Metrolink San Bernardino Subdivision Capacity Improvements	Metrolink San Bernardino Subdivision	BNSF San Bernardino Sub improvements to expand capacity, including Hobart Yard reconfiguration, relocation of Commerce Station, design and construction of 4th main track LA to Fullerton, and reconfiguration of Fullerton Junction to increase capacity LA to Fullerton on the 91-LA line.	
Metrolink Grade Separation Projects: Pioneer Blvd, Norwalk/Los Nietos Rd.	Metrolink Grade Separations	Grade separation projects at Pioneer Blvd., and Norwalk Blvd/Los Nietos Road to improve safety and operational reliability.	
<b><u>New Project</u></b>	<b>Location</b>	<b>Project Description</b>	<b>Type</b>
Extend Heavy Rail to Arts District	Arts District / 6th Street	Heavy Rail network extended to new station at Arts District / 6th Street	Transit

# Unconstrained Project Additions and Revisions To the SCAG Regional Transportation Plan

Planning and Programming Committee  
February 14, 2018  
Legistar File 2017-0908



Metro

# Metro RTP Amendment Process

- SCAG looks to Metro to submit project additions and updates even if the project lead agency is not Metro
- Metro has received internal and external requests to add or amend financially unconstrained (not fully funded) projects
- Does not amend LA Metro's 2009 Long Range Transportation Plan (LRTP).

# Financially Unconstrained “Strategic” Projects

- Federal planning regulations allow the MPO’s plan to contain financially unconstrained (unfunded) projects for strategic planning purposes
- Such projects are not cleared for federal funding, permitting or other approval actions
- Distinct from financially “Constrained” funded projects, which must demonstrate “reasonable” full funding and are part of satisfying federal air quality requirements



# RTP Unconstrained Project Updates

- Caltrans in combination with private sector entities requested modifications to the following existing unconstrained project listings:
  - Highway efficiency projects along the 101, 134 and 110 freeways; and
  - A project description clarification for one undefined mobility hub listing to now specify a Mobility Hub at Universal City Metro Red Line Station



# RTP Unconstrained Project Updates

- Regional Rail improvements
  - Metrolink – Ventura Line Capacity Improvements
  - Metrolink – Antelope Valley Line Capacity Improvements
  - Metrolink – San Bernardino Line Capacity Improvements
  - Metrolink – San Bernardino Subdivision Improvements
  - Metrolink – Grade Separation Projects
- New Projects
  - Link Union Station (unfunded project components)
  - Extend Heavy Rail to new Arts District/6<sup>th</sup> Street Station





## Board Report

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File #: 2017-0845, File Type: Contract

Agenda Number: 23.

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### SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE FEBRUARY 15, 2018

**SUBJECT: METRO GREEN LINE FIBER OPTIC CABLE  
FOR EMERGENCY TRIP SYSTEM**

**ACTION: AWARD CONTRACT**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award Contract No. OP45636000 to JM Fiber Optics, Inc. to furnish and install fiber optic cable for the emergency trip system along the Metro Green Line (MGL) right-of-way, for a total amount of \$2,767,890, effective March 2018 through February 2020; subject to resolution of protest(s), if any.

#### **ISSUE**

The MGL Emergency Trip System (ETS) is equipped with obsolete analog telephone wires that are over 20 years old and have been in use since the start of MGL service in 1995. Portions of the ETS telephone wires are corroded and have begun to fail. They require replacement as they have reached the end of their useful life.

#### **DISCUSSION**

In case of an emergency, emergency trip switches are used for de-energization of traction power on the Overhead Catenary Systems (OCS) lines of the section where the emergency is occurring. The MGL ETS electrical cables have become unreliable due to their aging and excessive corrosion of the wire connections. This has caused MGL rail service interruption due to false tripping of the ETS and requires dispatched response by Wayside Maintenance Traction Power personnel for inspection/repair of wire circuits and reset of traction power feeder breakers. Further, existing ETS analog wires that are corroded are in violation of Los Angeles City Fire Code Regulations.

The scope of the work includes replacing the entire 24 gauge telephone wires with fiber optic cable along the entire right of way at connection points between passenger stations, traction power substations, and train control and communication rooms. The ETS fiber optic cable will also be integrated with recently upgraded digital Programmable Logic Controllers (PLC) for improved maintenance and enhanced ETS status indications. Fiber optic cable provides reliability given its sturdiness and does not degrade due to moisture or temperature fluctuations like the analog copper wires do.

## **DETERMINATION OF SAFETY IMPACT**

Approval of the recommendation will have a positive impact on safety as the work scope will move forward to ensure compliance with Los Angeles City Fire Code Regulations. Further, maintaining the rail system in a State of Good Repair is essential to providing a safe and reliable service to riders who ride the Metro Rail system daily.

## **FINANCIAL IMPACT**

Funding for the contract amount of \$2,767,890 will come from Capital Project (CP) 205055 - Metro Green Line Emergency Trip System. The Board approved a Life-of-Project (LOP) budget of \$5,500,000 in April 2014. Funding of \$199,996 is included in the FY18 budget in cost center 3960 Transit Systems Engineering, project 205055, account 53102 - acquisition of equipment.

Since this is a multi-year contract, the Project Manager for CP 205055 will ensure that the balance of funds is budgeted in future fiscal years.

### **Impact to Budget**

The source of funds for this procurement will come from TDA Article 4 funds that are eligible for Rail Capital Projects. Use of this funding source will maximize allowable funding allocation given funding provisions.

## **ALTERNATIVES CONSIDERED**

The Board may choose not to award Contract No. OP45636000. This is not recommended by Metro staff because without proceeding to replace the ETS corroded analog wire with fiber optic cable, Metro will be in violation of Los Angeles City Fire Code Regulations. Further, additional false tripping nuisances will cause delays in MGL service as train movements will need to stop until repairs are completed. Not performing or postponing these replacements is not recommended as these rail infrastructure components are safety sensitive; and if not properly maintained, will impact service reliability, passenger safety and comfort. Additionally, unscheduled maintenance repair costs on a per component basis will result in higher operating costs versus reduced costs when performing work as scheduled.

## **NEXT STEPS**

Upon Board approval, staff will execute Contract No. OP45636000 to JM Fiber Optics, Inc. to furnish and install fiber optic cables for the MGL ETS.

## **ATTACHMENTS**

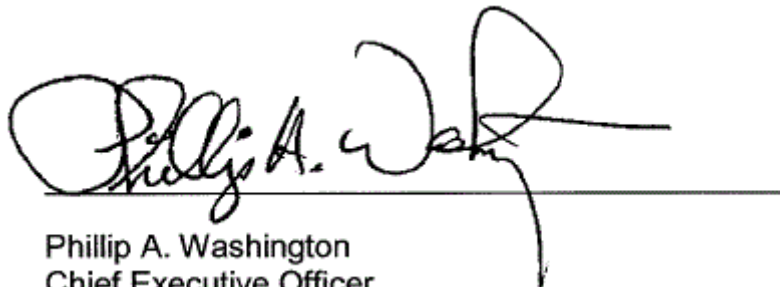
Attachment A - Procurement Summary

Attachment B - DEOD Summary

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**Prepared by:** Kelvin Zan, Senior Director, Wayside Systems, (213) 617-6264  
Geyner Paz, Senior Administrative Analyst, (213) 617-6251

**Reviewed by:** James T. Gallagher, Chief Operations Officer, (213) 418-3108  
Errol Taylor, Senior Executive Officer, Rail Maintenance and Engineering, (213) 922-3227  
Marshall Epler, DEO, Systems Engineering, (213) 617-6232  
Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

METRO GREEN LINE FIBER OPTIC CABLE FOR EMERGENCY TRIP  
SYSTEM/OP45636000

1.	<b>Contract Number:</b> OP45636000	
2.	<b>Recommended Vendor:</b> JM Fiber Optics, Inc.	
3.	<b>Type of Procurement (check one):</b> <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.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> August 16, 2017	
	<b>B. Advertised/Publicized:</b> August 17, 2017	
	<b>C. Pre-Proposal Conference:</b> August 23, 2017	
	<b>D. Proposals Due:</b> September 19, 2017	
	<b>E. Pre-Qualification Completed:</b> December 6, 2017	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> November 9, 2017	
	<b>G. Protest Period End Date:</b> February 19, 2018	
5.	<b>Solicitations Picked up/Downloaded:</b> 23	<b>Bids/Proposals Received:</b> 2
6.	<b>Contract Administrator:</b> Victor Zepeda	<b>Telephone Number:</b> (213) 922-1458
7.	<b>Project Manager:</b> Kelvin Zan	<b>Telephone Number:</b> (213) 617-6264

**A. Procurement Background**

This Board Action is to approve Contract No. OP45636000 for the furnishing and installation of fiber optic cables on Metro's Green Line Stations. Board approval of contract awards are subject to resolution of any properly submitted protest.

The RFP No. OP45636 was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

The period of performance is two years from March 2018 to February 2020.

A Pre-Proposal Conference was held August 23, 2017, with nine attendees representing seven companies.

Eight amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on 8/17/17, clarified drawings on Appendix A;
- Amendment No. 2, issued on 8/22/17, clarified Green Line Station information;
- Amendment No. 3, issued on 8/25/17, clarified the Statement of Work, deleted a submittal form and extended the due date;
- Amendment No. 4, issued on 8/25/17, approved a product substitution;
- Amendment No. 5, issued on 9/5/17, extended the due date;

- Amendment No. 6, issued on 9/8/17, clarified the Statement of Work and extended the due date;
- Amendment No. 7, issued on 9/11/17, revised Schedule of Quantities and Prices; and
- Amendment No. 8, issued on 9/14/17, provided Product Information Sheet for an approved fiber optic substitution.

On September 19, 2017, Metro received two proposals as follows, in alphabetical order:

1. Birdi & Associates, Inc.
2. JM Fiber Optics, Inc.

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Wayside Systems, Maintenance of Way, and Systems Safety was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

- |   |           |
|---|-----------|
| • (Product) Minimum Qualifications            | Pass/Fail |
| • Degree of the Prime's Skills and Experience | 20 Points |
| • Proposer's Team Experience                  | 25 Points |
| • Effectiveness of Execution Plan             | 20 Points |
| • Cost Proposal                               | 35 Points |

The evaluation criteria are appropriate and consistent with criteria developed for other, similar furnish and install procurements.

Of the two proposals received, both firms passed the minimum qualifications and were determined to be within the competitive range.

During the week of November 6, 2017, the PET met and interviewed the firms. The firms' project managers and key team members had an opportunity to present each team's qualifications and respond to the PET's questions. In general, each team's presentation addressed the requirements of the RFP, experience with all aspects of the required tasks, and stressed each firm's commitment to the success of the project. Also highlighted were staffing plans, work plans, and perceived project challenges. At the conclusion of interviews, each firm was requested to submit a Best and Final Offer (BAFO).

**Qualifications Summary of Firms within the Competitive Range:**

**Birdi & Associates, Inc.**

Birdi & Associates, Inc. (Birdi) is a Metro-certified SBE firm based out of Pasadena, CA that provides engineering consulting and contracting services. Birdi has experience providing and installing fiber optic cable for several public agencies including Metro. Birdi has performed satisfactorily for Metro.

**JM Fiber Optics, Inc.**

JM Fiber Optics (JM) is a Metro-certified SBE firm based out of Chino, CA. JM has been providing fiber optic and wireless product systems since 1992. JM has satisfactorily completed several similar projects for Metro.

The following is a summary of the PET’s evaluation scores:

<b>1</b>	<b>Firm</b>	<b>Average Score</b>	<b>Factor Weight</b>	<b>Weighted Average Score</b>	<b>Rank</b>
<b>2</b>	<b>JM Fiber Optic, Inc.</b>				
<b>3</b>	(Product) Minimum Qualifications	Pass		Pass	
<b>4</b>	Degree of the Prime Skills/Experience	82.50	20.00%	16.50	
<b>5</b>	Proposer Team Experience	80.80	25.00%	20.20	
<b>6</b>	Effectiveness of Execution Plan	76.65	20.00%	15.33	
<b>7</b>	Cost	100.00	35.00%	35.00	
<b>8</b>	<b>Total</b>		<b>100.00%</b>	<b>87.03</b>	<b>1</b>
<b>9</b>	<b>Birdi &amp; Associates, Inc.</b>				
<b>10</b>	(Product) Minimum Qualifications	Pass		Pass	
<b>11</b>	Degree of the Prime Skills/Experience	80.85	20.00%	16.17	
<b>12</b>	Proposer Team Experience	85.20	25.00%	21.30	
<b>13</b>	Effectiveness of Execution Plan	80.50	20.00%	16.10	
<b>14</b>	Cost	86.57	35.00%	30.30	
<b>15</b>	<b>Total</b>		<b>100.00%</b>	<b>83.87</b>	<b>2</b>

### **C. Cost/Price Analysis**

The recommended price has been determined to be fair and reasonable based upon adequate competition, a comparison with Metro's independent cost estimate, and technical evaluation by the Project Management Team.

	<b>Proposer Name</b>	<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>BAFO Amount</b>
1.	JM Fiber Optic, Inc.	\$2,767,890	\$2,352,250	\$2,767,890
2.	Birdi & Associates, Inc.	\$3,208,811		\$3,197,725

The PET determined that when considering price and non-price factors, JM's proposal provides the Best Value and is most advantageous to Metro.

### **D. Background on Recommended Contractor**

The recommended firm, JM Fiber Optics, Inc. (JM), located in Chino, CA, has been in business for 26 years in the field of providing and installing fiber optics.

JM has completed several projects for Metro since 2014, two of which are similar in complexity and size. JM is proposing for this project a 20-year veteran in fiber optic systems as its Project Manager. In addition, JM proposed the lowest price to complete the services required.

JM also proposed an SBE subcontractor, Global Electric, to perform cabling installation.



## DEOD SUMMARY

**METRO GREEN LINE FIBER OPTIC CABLE FOR EMERGENCY TRIP  
SYSTEM/OP45636000**

**A. Small Business Participation**

Pursuant to Metro's Board-approved policy, competitive acquisitions with three or more Small Business Enterprise (SBE) certified firms within the specified North American Industry Classification System (NAICS) as identified for the project scope shall constitute a Small Business Set-Aside procurement. Accordingly, the Contract Administrator advanced the solicitation, including posting the solicitation on Metro's website, advertising, and notifying certified small businesses as identified by NAICS code(s) that this solicitation was open to **SBE Certified Small Businesses Only**.

JM Fiber Optics, Inc., an SBE Prime, is performing 49.17% with its own workforce and made a total SBE commitment of 100%. The prime also listed one (1) SBE firm, Global Electric, as a subcontractor on this project.

**SMALL BUSINESS PRIME (SET-ASIDE)**

	<b>SBE Contractors</b>	<b>SBE % Committed</b>
1.	JM Fiber Optics, Inc. (Prime)	49.17%
2.	Global Electric	50.83%
	<b>Total Commitment</b>	<b>100%</b>

**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 requirements are applicable to this project. DEOD will monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

**D. Project Labor Agreement/Construction Careers Policy**

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



## Board Report

File #: 2017-0802, File Type: Public Hearing

Agenda Number: 27.

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**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE  
PUBLIC HEARING - "TAP ONLY" BOARDING ON METRO RAPID 720 & 754  
FEBRUARY 15, 2018**

**SUBJECT: TAP ONLY FARE PAYMENT FOR ALL DOOR  
BOARDING ON METRO RAPID 720 & 754**

**ACTION: APPROVE RECOMMENDATION**

### **RECOMMENDATION**

CONSIDER:

- A. RECEIVING AND FILING Public Comment Report on 'TAP Only' All Door Boarding (ADB) implementation for Metro Rapid Lines 720 (Wilshire Bl) and 754 (Vermont Av); and
- B. APPROVING TAP as the only valid fare payment option for All Door Boarding on Metro Rapid 720 & 754

### **ISSUE**

On October 19, 2017, the Metro Board of Directors approved expansion of 'TAP Only' All Door Boarding (ADB) on Metro Rapid Lines 720 (Wilshire Bl) and 754 (Vermont Av) with the requirement that each customer must have a validated TAP card when onboard. A Title VI Equity Analysis was conducted on this fare change as part of the Silver Line All Door Boarding project in March 2016.

Pursuant to Section 2-50-025 of the Administrative Code, a Public Hearing must be conducted for Lines 720 and 754 prior to implementation of ADB requiring TAP only fare payment beyond a six month pilot period. In compliance with federal public hearing requirements and Metro policy, the Metro Board of Directors is required to hold a public hearing and receive public testimony before approving 'TAP Only' All Door Boarding improvements.

### **DISCUSSION**

#### **Background**

The objective of ADB is to expedite boarding and reduce dwell time at bus stops, and thereby enhance convenience and reduce travel time for Metro customers. Staff anticipates starting ADB on the Metro Rapid 754 (Vermont Av) in late June 2018 followed by the Metro Rapid 720 (Wilshire Bl).

Transitioning customers from cash to 'TAP Only' boardings will facilitate the program's objective to improve speed, reliability and fare compliance. Fareboxes will be programmed with capabilities to

allow customers with cash or tokens to purchase TAP cards plus fare and add stored value to cards on board the bus in addition to Metro's other efforts to expand the availability of TAP Vending Machines and the vendor network.

The benefit of ADB is the delivery of faster service, which heavily influences the decision to use transit. Reduced variability in dwell time helps to improve the line's overall reliability and headway regularity. Based on previous customer feedback, the overwhelming majority were in favor of the program. Staff anticipates the ADB expansion lines will also result in resource savings from more efficient operations.

A Title VI / Environment Justice Impact report was previously received and filed by the Board of Directors in March 2016 (Attachment A).

### ***PUBLIC HEARING***

The Public Hearing will be conducted on February 15, 2018. Public notice was distributed before January 15, 2018. The Board will preside over the public hearing and receive testimony from the public on these matters. Pursuant to Metro's Administrative Code Section 2-5-025, the notice for this public hearing was provided to the general public as follows:

### **PRINT ADS**

- Printed legal notice of public hearing - published 30 days before hearing
- Los Angeles Daily News
- Long Beach Press - Telegram
- Orange County Register
- Torrance Daily Breeze
- Asbarez Armenian Daily
- Sarashi News
- Panorama
- LA Sentinel
- Asian Journal Publication
- La Opinion
- Chinese Daily
- The Rafu Shimpo
- Korean Times

### **ON METRO SYSTEM**

- "Take One" brochure in English and Spanish
- Targeted drop on Metro Silver Line, Metro Rapid 754 & Metro Rapid 720

### **WEB**

Metro Website

- Fares page Rotating banner on metro.net

Social Media

- Facebook, Twitter, Instagram posts
- The Source

E-Blasts

- Metro general information e-mail lists
- Key stakeholders e-mail lists

### **DETERMINATION OF SAFETY IMPACT**

ADB will enhance safety by standardizing fare media and expediting boardings. TAP also provides registered cardholders with the benefit of Balance Protection to safeguard their TAP purchase against loss or theft.

### **FINANCIAL IMPACT**

In October 2017, the Board approved a total LOP funding in the amount of \$1,128,003 for capital expenditures, and an estimated annual operating cost of \$253,948.

### **ALTERNATIVES CONSIDERED**

The alternative to the proposed staff recommendation is to not expand ADB on Lines 720 and 754. Not implementing ADB on these two lines is not recommended, as customers will not benefit from shorter dwell times, and Metro will not be able to attain improved on-time performance as quickly, without additional resources.

### **NEXT STEPS**

Upon Board approval, staff will:

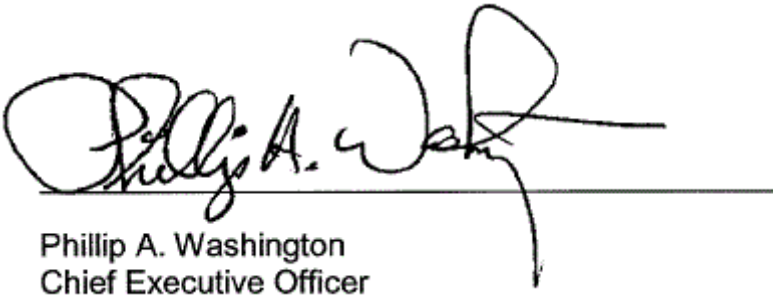
- Begin implementation of 'TAP Only' ADB expansion
  - Metro Rapid 754 (Vermont Av) in June 2018
  - Metro Rapid 720 (Wilshire Bl) thereafter

### **ATTACHMENTS**

Attachment A - All Door Boarding Fare Equity Analysis

Prepared by: Stephen Tu, Sr. Manager, Transportation Planning, 213-418-3005  
Medford Auguste, Sr. Transportation Planner, 213-922-4814  
Conan Cheung, Sr. Executive Officer, Operations, 213-418-3034

Reviewed by: James T. Gallagher, Chief Operations Officer, 213-418-3108



Phillip A. Washington  
Chief Executive Officer

**Fare Equity Analysis  
Methodology & Results**

**All Door Boarding  
Initial Implementation and Proposed Program  
January 2016**

Service Planning and Scheduling  
Civil Rights Programs Compliance

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## **1. PROPOSAL OVERVIEW**

Metro is proposing to increase operating speeds and reduce rider travel time through the introduction of all door boarding on the Metro Silver Line and the Metro Rapid bus network. Operator supervision of fare payment is not possible for rear door boarding passengers. Therefore, a proof of payment method must be employed in conjunction with on vehicle fare enforcement by dedicated fare inspection teams.

Three methods for proof of payment have been considered: (1) provision of added equipment at the farebox to vend a receipt to cash paying customers, (2) requiring a TAP card for fare payment, and (3) upgrading TAP software to permit adding value to a TAP card on the bus (referred to as “Topping Off”). The added equipment would add capital acquisition and ongoing maintenance expenses, and require passengers paying with cash to continue boarding through the front door. The added expense would still require fare inspections, and the added front door boardings by passengers paying with cash would reduce the travel time benefits of the program. Requiring a TAP card for fare payment would permit fare inspections without added expense beyond the cost of the inspection teams, and would permit all door boarding by all passengers. The downside of this approach is that a required TAP card would exclude passengers without a TAP card from boarding buses on lines with all door boarding. The third approach permits issuing a TAP card to passengers who would otherwise be paying their fare in cash, but would slightly reduce the benefit of all door boarding because those without TAP cards would have to board through the front door to get one although for subsequent boardings they would have one and only would need to board through the front door if they needed to add value to it.

A limitation of the third method of fare payment is that riders who are paying their fare with tokens would not be able to ride a service that permits all door boarding because the token would not be converted into value on a TAP card. This fare equity evaluation will determine whether customers who would otherwise want to pay their fare with tokens on lines permitting all door boarding are significantly more minority than other bus riders (Disparate Impact), and/or whether token using customers on these lines are significantly more likely to have poverty level household incomes than other bus riders (Disproportionate Burden).

## **2. METHODOLOGICAL APPROACH**

A Title VI Fare Equity Evaluation is presented herein in accordance with the requirements of Federal Transit Administration Circular 4702.1B. The evaluation assesses whether or not there are adverse disparate impacts on minority passengers and/or disproportionate burdens on low income riders arising from the proposed exclusion of cash fare paying riders from lines permitting all door boarding. The analysis compares the minority and poverty characteristics of the group of Silver Line and Rapid line riders with the characteristics of all Metro bus riders.



The primary data source for this analysis was the Spring 2015 Customer Satisfaction Survey. The survey determined minority status and poverty status of participants. This is the first such survey to provide poverty status as prior surveys did not inquire about household size and grouped respondents by income ranges. While line level data varied in significance and was not usable for this evaluation, data for groups of lines was consistently more significant and used for this evaluation.

## Step By Step Methodology

Data for number of minority and total riders was derived from the survey for the group of Silver and Rapid lines combined as well as all bus lines combined. Riders paying with tokens were identified and their minority populations and total populations within each group were also identified.

	All Riders		Token Only		All	Token
	Minority	Total	Minority	Total	Minority %	Minority %
Silver + Rapid	2469	3048	51	65	81.0%	78.0%
All Bus	12592	15384	364	421	81.9%	86.4%

Table 1  
Minority Ridership Shares for Analysis Groups

Similarly, data for poverty and total riders was obtained from the survey for each of the analysis groups. Riders paying with tokens were also identified and the results are shown in Table 2.

	All Riders		Token Only		All	Token
	Poverty	Total	Poverty	Total	Poverty %	Poverty %
Silver + Rapid	1313	3048	36	65	43.1%	54.8%
All Bus	6948	15384	271	421	45.2%	64.3%

Table 2  
Poverty Ridership Shares for Analysis Groups

Finally, the minority and poverty shares of riders for the proposed program were compared with the comparable values for the Metro bus system to determine whether significant impacts would result from either program.

### 3. RESULTS

The Board of Directors has adopted thresholds for determining when disparate impacts and/or disproportionate burdens result from a proposed action.

A disparate impact occurs when the absolute difference between the minority share of impacted riders and the minority share of similarly situated riders not directly impacted exceeds 5%, and/or the relative difference between the minority share of impacted riders and the minority share of similarly situated riders not directly impacted exceeds 35%.

A disproportionate burden occurs when the absolute difference between the poverty share of impacted riders and the poverty share of similarly situated riders not directly impacted exceeds 5%, and/or the relative difference between the poverty share of impacted riders and the poverty share of similarly situated riders not directly impacted exceeds 35%.

The minority comparisons for the proposed program with the bus system are shown in Table 3.

MINORITY SHARES	Silver & Rapid Lines	Bus System
Token Users	78.0%	
All Riders	81.0%	81.9%
ABSOLUTE DIFFERENCE COMPARED TO BUS SYSTEM (Silver&Rapid Minority % - Bus System Minority %)		
Token Users	-3.8%	(Less than 5%)
All Riders	-0.8%	(Less than 5%)
RELATIVE DIFFERENCE COMPARED TO BUS SYSTEM (Absolute Difference/Bus System Minority %)		
Token Users	-4.7%	(Less than 35%)
All Riders	-1.0%	(Less than 35%)

Table 3  
Minority Share Comparison for Analysis Groups

The poverty comparisons for the proposed program with the bus system are shown in Table 4.

POVERTY SHARES	Silver & Rapid Lines	Bus System
Token Users	54.8%	
All Riders	43.1%	45.2%
ABSOLUTE DIFFERENCE COMPARED TO BUS SYSTEM (Silver&Rapid Minority % - Bus System Minority %)		
Token Users	9.7%	(Less than 5%)
All Riders	-2.1%	(Less than 5%)
RELATIVE DIFFERENCE COMPARED TO BUS SYSTEM (Absolute Difference/Bus System Minority %)		
Token Users	21.4%	(Less than 35%)
All Riders	-4.6%	(Less than 35%)

Table 4  
Poverty Share Comparison for Analysis Groups

There are no differences exceeding the Board adopted thresholds for the minority shares of either token users or other riders of the services proposed to be included in the all door boarding program and all bus riders. Thus, the all door boarding program, as proposed, will not have a Disparate Impact on minority riders.

The poverty share for token users on the services proposed for inclusion in the all door boarding program differs from the poverty share of all bus riders by an amount exceeding the Board adopted absolute difference threshold. Because this group is adversely affected by the proposed program, and significantly poorer than other bus riders, this constitutes a Disproportionate Burden on poverty riders using tokens on the proposed program services. There are no significant differences between the poverty shares of non-token user riders of the proposed program services and all bus riders so poverty level non-token users are not burdened.

In summary, the proposed initial implementation of the all door boarding program will result in a Disproportionate Burden on token users on the proposed program services because they are adversely impacted (tokens will not be accepted for fare payment on these services), and significantly poorer than other bus riders. This impact will be mitigated at such time as TAP cards replace tokens as a means of providing transportation benefits to social service program clients (who are the primary recipient of tokens) which is already being pursued.



**Board Report**

**File #:** 2017-0844, **File Type:** Contract

**Agenda Number:** 28.

**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE  
FEBRUARY 15, 2018**

**SUBJECT: METRO GREEN LINE (MGL) TRACK CIRCUITS AND  
TRAIN-TO-WAYSIDE COMMUNICATION (TWC)  
UPGRADE**

**ACTION: AWARD CONTRACT**

**RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to award Contract No. OP43306000 to Ansaldo STS USA, Inc. for the upgrade of the MGL track circuits and train-to-wayside equipment, for an amount of \$18,655,966.78, effective March 2018 through February 2023; and
- B. AWARDING a single source procurement, pursuant to California Public Utilities Code Section 130237. The MGL track circuits and TWC are proprietary and Ansaldo STS is the sole manufacturer of the components. The components are needed for integration with the existing Ansaldo Microlok II Train Control System in use on the MGL.

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)

**ISSUE**

The MGL is equipped with legacy track circuits and TWC that has been operational from initial start of MGL service in 1995. The existing equipment was delivered by Ansaldo STS USA, Inc. (formally Union Switch and Signal Inc.) under Contract No. H1100. The equipment is now obsolete and no longer supported by the Original Equipment Manufacturer. The equipment needs to be replaced as it nears the end of its useful life.

**DISCUSSION**

Commencing in 2012, Metro Wayside Systems has implemented a phased program of rehabilitation of the MGL train control system. The first phase of work (replacement of obsolete vital control processors) has been completed. The next phase is to replace obsolete track circuits and TWC equipment. Upon completion, the Green Line train control system will have been rehabilitated to the same equipment and configuration as the new Crenshaw/LAX Rail Line, thus providing a fully up-to-

date system, and conforming across the entire Green Line and Crenshaw/LAX Line.

The scope of the work is to replace all 450 existing track circuits which provide train detection and transmit cab signals to maintain safe train speed and safe train separation. Track circuit equipment is located in Train Control and Communication (TC&C) rooms throughout the line. At each of the 19 TC&C rooms, TWC equipment will be replaced comprising of train routing, train berthing, communication, and local control panel equipment. Labor installation will be performed by Metro Wayside Maintenance forces.

### **DETERMINATION OF SAFETY IMPACT**

Approval of the recommendations will have a positive impact on safety as the work scope will move forward to ensure compliance with the OEM's replacement cycle specifications. Further, maintaining the rail system in a State of Good Repair (SGR) is essential to providing a safe and reliable service to riders who ride the Metro Rail system daily.

### **FINANCIAL IMPACT**

Funding for the contact amount of \$18,655,966.78 will come from Capital Project (CP) 205107 - Metro Green Line Train Control Track Circuits and TWC Replacement. The Board approved a Life-of-Project (LOP) budget of \$28,851,200 in September 2016. Funding of \$1,800,000 is included in the FY18 budget in cost center 3960 Transit Systems Engineering, project 205107, account 53102 - acquisition of equipment.

Since this is a multi-year contract, the Project Manager for CP 205107 will ensure that the balance of project funds is budgeted in future fiscal years.

#### **Impact to Budget**

The source of funds for this procurement will come from Metro's share of TDA Article 4 as well as future Federal, State and local funding sources that are eligible for Rail Capital Projects. These funding sources will maximize the use of funds for these activities.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to award Contract No. OP43306000, but this is not recommended by staff because without proceeding to replace track circuits and TWC, any failure(s) will cause delays in MGL service as train movements will need to stop until repairs are completed. Not performing or postponing these replacements is not recommended as these rail infrastructure components are safety sensitive; and if not properly maintained, will impact service reliability, passenger safety and comfort. Additionally, unscheduled maintenance repair costs on a per component basis will result in higher operating costs versus reduced costs when performing work as scheduled.

### **NEXT STEPS**

Upon Board approval, staff will execute Contract No. OP43306000 to Ansaldo STS USA, Inc. to

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provide the design, manufacturing, and furnishing equipment to Metro for replacement of the track circuits and TWC.

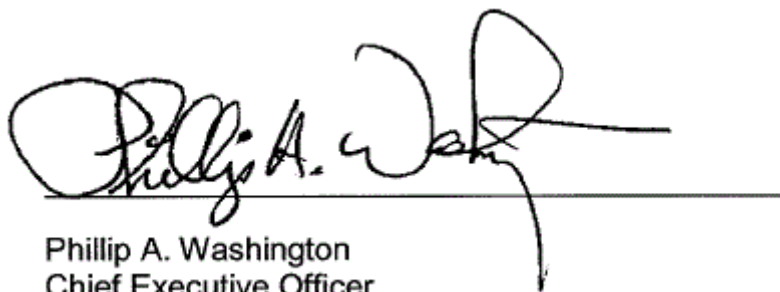
**ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Aderemi Omotayo, DEO, Wayside Systems Engineering and Maintenance, (213) 922-3243  
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Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 418-3108  
Errol Taylor, Senior Executive Officer, Rail Maintenance and Engineering, (213) 922-3227  
Marshall Epler, DEO, Systems Engineering, (213) 617-6232  
Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

MGL TRACK CIRCUIT AND TRAIN-TO-WAYSIDE  
COMMUNICATION UPDATE /OP43306000

1.	<b>Contract Number:</b> OP43306000	
2.	<b>Recommended Vendor:</b> Ansaldo STS USA, Inc.	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input checked="" type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> September 7, 2017	
	<b>B. Advertised/Publicized:</b> N/A	
	<b>C. Pre-Proposal Conference:</b> N/A	
	<b>D. Proposal Due:</b> September 29, 2017	
	<b>E. Pre-Qualification Completed:</b> December 7, 2017	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> October 2, 2017	
	<b>G. Protest Period End Date:</b> N/A	
5.	<b>Solicitations Picked up/Downloaded:</b> N/A	<b>Bids/Proposals Received:</b> 1
6.	<b>Contract Administrator:</b> Victor Zepeda	<b>Telephone Number:</b> (213) 922-1458
7.	<b>Project Manager:</b> Aderemi Omotayo	<b>Telephone Number:</b> (213) 922-3243

**A. Procurement Background**

This Board Action is to approve a sole source contract to Ansaldo STS USA, Inc. (Ansaldo) in support of Metro's Green Line Track Circuit upgrade. Under this new Contract, the contractor is required to upgrade AF-900 First Generation Track Circuits, Train to Wayside Communication (TWC) Modem, TWC PC, Local Control Panel (LCP), and Genisys with AF904 Track Circuits, TWC Modem, and LATS System. This upgrade consisting of designing, manufacturing, and furnishing equipment will allow for compatibility between the Green Line and the Crenshaw/LAX Rail Line.

The procurement was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

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

The period of performance will be five years, March 2018 to February 2023.

**B. Evaluation of Proposals**

Ansaldo's submittal was determined to be responsive. The firm was deemed responsible and qualified to perform the required services based on the requirements of the statement of work, review and approval of the pre-qualification

forms by the Prequalification department, and technical evaluation by the Project Manager.



**C. Cost/Price Analysis**

The recommended pricing has been determined to be fair and reasonable based on historical pricing, comparison with Metro’s independent cost estimate, and technical evaluation by the Project Management Team. The Independent Cost Estimate (ICE) did not take into account sales tax for the equipment being purchased.

	<b>Proposer Name</b>	<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>NTE amount</b>
1.	Ansaldo	\$18,655,966.78	\$18,176,400	\$18,655,966.78

**D. Background on Recommended Contractor**

The recommended firm, Ansaldo, located in Pittsburg, PA, has been in business for 130 years and is a leader in the field of wayside equipment, vital relays and complete train control systems. Ansaldo STS (formally Union Switch and Signal, Inc.) delivered the MGL ATC system in 1995.

Since 1995, Ansaldo has successfully completed several contracts with the most recent major project awarded in 2012 where Ansaldo provided upgrade MicroLok 1 interlocking and cab signal control systems on MGL.

DEOD SUMMARY

MGL TRACK CIRCUIT AND TRAIN-TO-WAYSIDE  
COMMUNICATION UPDATE / OP43306000

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) goal for this sole source, non-competitive procurement. It was determined that the AF-900 First Generation Track Circuits and Train-to-Wayside (TWC) Modems are proprietary equipment. As such, there are no apparent subcontracting opportunities in the design and manufacture of the equipment, which will be performed with the prime's own workforces and provided to Metro for installation..

**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 as installation is being performed by Metro's own workforce.

**D. Project Labor Agreement/Construction Careers Policy**

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



**Board Report**

**File #:** 2017-0912, **File Type:** Policy

**Agenda Number:** 21.

**REVISED  
EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 15, 2018**

**SUBJECT: METRO EQUITY PLATFORM FRAMEWORK**

**ACTION: ~~RECEIVE AND FILE~~ APPROVE METRO EQUITY PLATFORM FRAMEWORK**

**RECOMMENDATION**

APPROVE Metro’s Equity Platform Framework.

**ISSUE**

Access to opportunity should be a core objective of public decision making, public investment, and public service - and transportation is an essential lever to enabling that access. Unfortunately, there exists vast disparity among neighborhoods and individuals in Los Angeles County in their ability to see and seize opportunity - be it jobs, housing, education, health, safety or other essential facets of thriving in vibrant, diverse communities. A multi-point equity platform provides a basis for Metro to actively lead and partner in addressing and overcoming those disparities.

Metro staff does not approach the subject of equity lightly or uninformed. The adoption of Measure M included performance metrics that were tied to disadvantaged communities. The major revision to the Long Range Transportation Plan has committed to incorporating equity as a crosscutting issue since its introduction to the Board in February 2017. The Policy Advisory Council has flagged this as a major topic of interest. Most importantly, recent and engaged experience with community members with several projects (i.e., First/Last Mile planning, the Transformative Climate Communities grant for Rail to Rail, and a body of innovative workforce development initiatives) all underscore both the timeliness and urgency that equity considerations bring to Metro’s portfolio. In addition, staff informally reached out to representatives from academia, foundations, advocacy organizations and local government in developing this platform. Their demonstrated experience in research and collective action, and their candid feedback on challenges and opportunities in the equity space were invaluable.

**DISCUSSION**

Metro’s multi-point equity platform is wrapped around four pillars.

First, we need to define a common basis for talking about and building an agenda around equity, and how to improve it.

- Equity holds different perspectives and priorities for everyone and anyone who will be part of

this conversation.

- At its core, *inequity* exists when there are fundamental differences in access to opportunity, not just with respect to where you begin, but in your capacity to improve from that starting position.
- Historically and currently, race and class have largely defined where these disparities are most concentrated: in poor, minority communities throughout LA County. Age, gender, disability, and residency also can expand or constrain opportunities.
- It would be presumptuous to begin a truly inclusive conversation with a pre-determined definition of “equity” and all its facets, but Metro can enter into that conversation committing to the following:
  - Establish meaningful goals around a shared definition of equity and actions to achieve those goals.
  - Define metrics to evaluate outcomes and consider redirected actions if needed. It will be particularly critical to infuse equity-based performance metrics in Metro’s investment decisions. These cannot be the only investment considerations. Transportation is rife with tradeoffs. But equity metrics need to be definable, impactful, measurable, accountable, and at the front end of the analysis, not the back end.
  - Seek and invite the diverse range of voices that must participate with Metro in accomplishing the above. Importantly, we need to proactively reach out to those who have remained on the margins of decision-making in the past. These will include historically underserved communities and organizations that represent them. But we must also reach out and hear voices that may not be aligned with established groups.

Second, Metro needs to establish comprehensive, multiple forums to engage the community meaningfully and actively in pursuit of the first step discussed above. An important opening conversation with LA’s community members would address: a) where they believe achieving equity has been problematic - broadly, and specific to transportation’s role; and b) where improved relationships, partnerships and actions aligned with Metro’s portfolio of responsibility can be defined to advance more equitable transportation outcomes going forward.

- This will be a challenging conversation, insofar as it requires the Metro as Board and staff to invite the community to articulate where it has experienced, in fact deeply felt, inequity in Metro’s past. This isn’t a platform for Metro to defend or be defensive; people feel what they feel, and it is going to be impossible to define a new path and build a different position of trust if past experience is not given voice and legitimacy.
- That said, the main point of this conversation forum should be to learn and move forward based on that acknowledgement. This may require reconciling divergent opinions to arrive at some shared goals and actions. Actions going forward may redress past ills - that is to be determined - but they certainly should not repeat them, if at all possible. It is also an opportunity to discuss with community members those initiatives where Metro has actively tackled disparity gaps, such as its growing portfolio of workforce development initiatives.
- Advice and best practices on how to effectively have these community-driven conversations

will be key.

- Metro can start with lessons learned from other cities across the country. San Francisco, Seattle, Oakland and others all have models to tap.
  - These forums would benefit from professional facilitation. Foundations have established several venues that Metro might pivot from (e.g. the on-going national Strong, Prosperous and Resilient Communities Challenge (SPARCC) Initiative includes Los Angeles as a participating city - LA Thrives coalition is the local lead; the California Endowment and others have underwritten numerous initiatives across the County); or seek new support.
- As noted at the outset, Metro consulted with equity thought leaders whose advice informed the core of this platform. Retaining this cross-sectional consultation will be critical to successfully implementing a platform that requires dedication and time. In particular, the community forums envisioned will benefit from a circle of demonstrated leaders. We certainly don't hold all the keys on issues, and making use of the rich resources around us is essential.
- A key step will be to establish a formal or informal advisory group supporting the equity platform, and to incorporate, as appropriate, the equity agenda into existing advisory groups.
- In addition, the following initiatives are also suggested:
- Actively develop and invest in a Community Based Organization (CBO) oriented public engagement program. This approach may not be applicable to every Metro investment, program or activity located in, or otherwise impacting, LA County's historically underinvested (HU) communities. As stated above, we must be mindful that any single group does not represent all voices in every community. However, this approach should be added to and implemented as part of our public process, if we are going to establish and maintain legitimacy within impacted communities when addressing equity issues that they themselves are experiencing directly.
  - Invest in the transportation technical capacity of local governments that serve HU communities. Metro cannot and should not be the sole partner in all transportation or transportation-impacted decisions, legally or practically. And traditional funding and regulatory programs in particular assume effective participation by local jurisdictions. In short, strengthening cities that are home to equity communities is probably a core requirement for a more equitable County. This assistance can range from delivering transportation improvements swiftly and effectively to competing for discretionary funding more successfully; to better supporting more community-inclusive decision-making around transport investments.

Third, the Long Range Transportation Plan (LRTP) must have a concentrated focus on equity. There are two major arenas for that focus to take root.

#### Where Metro **Leads**

- First and foremost, we must tackle impacts of the LA County's transportation system under our

direct responsibility via Metro's role as transportation planner, operator, builder and funder. As such, equity is a "cross cutting" principle that will be applied throughout the LRTP's development, as reported to the Board in prior presentation's on the Plan's design and rollout.

- Critically, what we choose - or do not choose - to invest in that system is paramount. Over the 40-year span of the LRTP, a considerable amount of funding controlled by Metro is legally or legislatively dictated, such as Measure M. It should be noted that equity related factors were considered as part of the 5 performance measures developed to assess and prioritize Measure M's expenditure plan projects. Specifically, the "Economy" and "Sustainability/Quality of Life" themes included metrics attached to investments in disadvantaged communities. But while there are important additional equity considerations Metro can assess as projects are implemented, there are practical limitations to rethinking or redirecting certain funds that are statutorily prescribed.

However, a significant amount of funding in the long range plan is not yet locked down for 40 years, allowing us to reassess current patterns of investment and either reaffirm them or change them.

- These investment decisions should be based on performance outcomes and, as presented here, front and center considerations should be given to those that actively:
  - advance outcomes that promote and sustain opportunities in underserved communities; or
  - avoid outcomes that lead to or aggravate disparities in opportunity in those communities.
- Notably, investments must be made to operate, maintain and rebuild the existing transportation system, in addition to expanding it. The community's ability to access that transportation system - where, when, how, and at what cost - impacts their opportunities to jobs, housing, education and health. Thus, measuring equity against that access, and for whom, is central to our planning process.
  - In this realm, there will be several, discrete transportation activities that will be developed alongside the LRTP where equity will be front and center: any discussion of "right sizing" fares, redesign of the Metro bus system, our continuing work in Work Force Development and small business support, to name a few.
  - The Long Range Transportation Plan will not duplicate analysis and recommendations in these areas. It will incorporate goals, decisions, and any actions attached to all of them, and will likely help facilitate equity-driven discussions in each of them.
  - These issues address critical transportation access concerns, and will be important venues for coordinating community involvement.

### Where Metro **Partners**

- Beyond its core transportation responsibilities, there will be an expectation to take on a new, countywide, visible equity challenge: the Metro transport system's interface with gentrification/displacement/affordable housing.

- Neighborhoods throughout the county are facing escalating housing costs, real estate developments that are reshaping community culture, and in both cases, frequently forcing existing residents into painful relocation or transportation decisions. Gentrification/displacement/affordable housing is a common thread of concern among elected officials and advocates. And it hits every corner of the County.
- Metro cannot address this subject by ourselves - it will require active partnerships with others, such as the County, cities, Council of Governments, private sector and business as well as community representatives. Foundations are extremely interested in this arena and could bring valuable resources to the table.
- Among other considerations, these issues underscore the complexity of equity concerns and the necessarily complex response to them. By taking up a big problem - but not Metro's problem alone - it gives us the space to explore, experiment and advance change while building necessary partnerships at the outset.

Fourth, we need to pursue equity training within Metro. Successfully setting and delivering on a new equity agenda requires "top to bottom" ownership throughout the agency.

- In recent years, there has been a growing body of equity training designed for governmental agencies. LA County departments have deployed these programs, among others. We intend to explore options and commit to internal education that would be required at certain levels and positions.
- Training would be in two important areas:
  - Methods to evaluate equity including data collection, measurement and analysis; and
  - Approaches to effectively communicate and work with communities in a manner that recognizes and respects equity issues.

This platform is a starting point, and should be considered a working outline that can be adjusted with experience and feedback. The commitment expressed herein, however, should be a guiding constant - for Metro, our transportation partnerships, and the people we serve.

### **NEXT STEPS**

Staff will proceed to use the Equity Platform as a framework for specific analyses and actions attached to Metro initiatives, as outlined in this report. Progress will be reported periodically to the Board, particularly as it relates to key plans and programs underway, such as the Long Range Transportation Plan.

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Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer





# Metro Equity Platform Framework

Executive Management Committee  
February 15, 2018  
Legistar File 2017-0912



**Metro**

# Metro Equity Platform Framework

Access to opportunity: a core concept to public decision-making, public investment, and public service

- Vast disparity exists in LA County among neighborhoods and individuals:
  - To seize opportunity – jobs, housing, education, health, safety;
  - To improve their circumstances to do so.
- Transportation is an essential lever to enable that access.



# Metro Equity Platform Framework

## Why an Equity Platform now?

- As a transportation leader, Metro can and should address disparities.
- Metro has already signaled a change:
  - Measure M: performance metric considerations
  - New Long Range Transportation Plan committed early to Equity
  - Recent, targeted community collaborations (First/Last Mile, Rail to Rail grant effort)
- Exploratory outreach to LA County equity thought leaders



# Metro Equity Platform Framework

Multi-point Equity Platform built around four pillars:

I. Define and Measure

II. Listen and Learn

III. Focus and Deliver

IV. Train and Grow



**Metro**

# Metro Equity Platform Framework

## I. Define and Measure

Need a common basis to build an equity agenda.

- “Equity” holds different perspectives and priorities for many.
- Inequity → fundamental differences in access to opportunity
- Race and Class—historically and currently—predominate disparities in LA County
  - Concentrated in poor, minority communities
  - Age, gender, disability, and residency also can expand or constrain opportunities



# Metro Equity Platform Framework

## I. Define and Measure (cont.)

- Pursue an inclusive conversation that commits to:
  - Establish meaningful goals around a shared definition of equity – and actions to achieve those goals;
  - Define metrics to evaluate outcomes, including investment decisions;
  - Ensure consideration at the front end, not the back end;
  - Seek out and involve the diverse range of voices that must collaborate on above.



# Metro Equity Platform Framework

## II. Listen and Learn

Establish comprehensive, multiple forums to engage the community meaningfully and actively in defining, measuring and acting on equitable outcomes.

- Open the conversation with LA's community members to address:
  - where achieving equity has been problematic — broadly, and specific to transportation;
  - where improved relationships, partnerships and actions can advance more equitable transportation outcomes going forward.

# Metro Equity Platform Framework

## II. Listen and Learn (cont.)

- Recognizing past experience provides foundation for a different future.
- Community-driven conversation is essential.
  - Seek best practices.
  - Establish distinct advisory body for the equity agenda.
  - Engage CBOs in community outreach and problem solving.
  - Build local government technical capacity serving historically underserved communities



# Metro Equity Platform Framework

## III. Focus and Deliver

The Long Range Transportation Plan is unifying activity with 2 major crosscutting Equity arenas:

- Where Metro Leads
  - Transportation planner, operator, builder and funder;
  - Performance-based investment decisions that:
    - a) advance outcomes to promote and sustain opportunities;
    - b) avoid outcomes that aggravate disparities in opportunity;
  - Operating/maintaining the system impacts opportunity as much as infrastructure investments.



# Metro Equity Platform Framework

## III. Focus and Deliver (cont.)

- Where Metro Partners
  - Beyond Metro's core transportation responsibilities—Land Use
  - Gentrification/displacement/affordable housing
    - An urgent issue in every corner of the county
    - Metro cannot address alone—Partners are essential: local government, business, community advocates, foundations

# Metro Equity Platform Framework

## IV. Train and Grow

A new equity agenda requires “top-to-bottom” ownership throughout the agency.

- Training in two important areas:
  - Methods to evaluate equity including data collection, measurement and analysis;
  - Approaches to effectively communicate and work with communities with priority and respect for equity issues.

# Metro Equity Platform Framework

## Next Steps

- The Equity Platform is a framework.
- It intends to shape specific analyses and actions going forward.
- Experience may redirect and improve the platform.
- The PAC is an essential touchstone for input and checkpoint for progress.
- Presentations to the Metro Board are key.



Thank you



Metro®



## Board Report

File #: 2017-0849, File Type: Program

Agenda Number: 5.

**AD HOC CONGESTION, HIGHWAY AND ROADS COMMITTEE  
PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 14, 2018**

**SUBJECT: I-710 SOUTH EIR/EIS PROJECT**

**ACTION: ADOPT LOCALLY PREFERRED ALTERNATIVE**

**RECOMMENDATION**

ADOPT Alternative 5C as the Locally Preferred Alternative (LPA) for the I-710 South Corridor Project to advance into the Final Environmental Document.

**BONIN AMENDMENT** that Staff returns to the Board for approval of a list of the green-lighted early action projects with a corresponding analysis of:

- a) Safety benefits;
- b) Mobility enhancements;
- c) Air quality improvements; and
- d) Displacement avoidance strategy commitments.

**KUEHL AMENDMENT:** would like to see a program that uses Metro's Local Hire and Project Labor Agreement

**FASANA AMENDMENT:** need ExpressLanes on the 710 and report back on how to dedicate more lanes to Zero Emission vehicles.

**ISSUE**

The Draft Environmental Document (DED) for the I-710 South Corridor Project was re-circulated for public review on June 21, 2017. The Project alternatives (illustrated in Attachment A) evaluated in the Recirculated Draft Environmental Report/Supplemental Draft Environmental Statement (RDEIR/SDEIS) were revised to reflect community and agency input received during the first circulation of the DED in 2012 and Metro Board Motion 22.1 (2015), which added primarily non-freeway improvements to the Project and several mitigation and policy considerations. The RDEIR/SDEIS was circulated for 90 days and received close to 2,300 comments (188 individual entries). Based on public input and a performance evaluation of the two build Project alternatives (Attachment B), including benefits and financial feasibility, it is the recommendation of staff to proceed with Alternative 5C as the Locally Preferred Alternative (LPA) to advance to the Final

Environmental Document.

## **DISCUSSION**

### **Background**

The environmental studies for the I-710 South Corridor Project started in 2008 to address significant traffic congestion and safety issues resulting from increasing traffic volumes and infrastructure deficiencies. Metro, in partnership with Caltrans, Gateway Cities Council of Governments (GCCOG), Port of Los Angeles, Port of Long Beach, Southern California Association of Governments and the I-5 Joint Powers Authority (collectively, the Funding Partners) completed project scoping, alternatives analysis and other technical work in early 2011, leading to the preparation of the environmental document and preliminary engineering for the I-710 Corridor Project. The development of the DED was guided by a public outreach framework (see Attachment C), focused on series of advisory committees formed to allow for significant public input at every step of the technical analysis process.

A Draft EIR/EIS circulated on June 28, 2012 evaluated four build alternatives, three of which included a grade-separated freight corridor. Close to 3,000 comments were received as part of this initial circulation.

In early 2013, the Project Team, consisting of Metro, Caltrans and the GCCOG, decided that re-evaluation of the Project Alternatives and re-circulation of the Draft EIR/EIS were necessary to address: 1) changes in the Port's growth forecast scenarios and initial assumptions made about the future distribution of truck trips in Southern California; 2) significant right of way requirements, for the original design, identified in the DED that could potentially make the project infeasible; and 3) a proposal by the Coalition for Environmental Health and Justice (CEHAJ) for consideration of a new alternative to be added to those considered in the DED.

In early 2014, the Project Team began working with the various I-710 advisory committees to present the work accomplished to date (traffic forecasting and alternatives development) and to further refine the preliminary build alternatives and geometric concepts. By mid-2014, the following two build alternatives were presented to the I-710 advisory committees for inclusion in the RDEIR/SDEIS (Attachment A):

*Alternative 5C* - widen I-710 to 5 mixed flow lanes in each direction plus improvements at I-710/I-405 (including truck by-pass lanes), I-710/SR-91, I-710/I-5 and every local interchange between Ocean Blvd. and SR-60. The cost of Alternative 5C is estimated at \$6 billion. This alternative includes provisions for encouraging use of clean technology trucks.

*Alternative 7* - two dedicated lanes (in each direction) for clean technology trucks from Ocean Blvd. in Long Beach to the intermodal railroad yards in Commerce/Vernon, plus improvements at I-710/I-405, I-710/SR-91, I-710/I-5 and every local interchange between Ocean Blvd. and SR-60. The cost of Alternative 7 is estimated at \$10 billion.

Both Project alternatives include programs to address issues not directly related to the freeway. These include: Near Zero/Zero Emission Truck Technology Deployment Program, Community

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Benefits Grant Program, Congestion Relief Program and a Transit Enhancements Program. Detailed descriptions of these programs are provided in Attachment D.

In October 2015, and after extensive coordination and collaboration with a variety of stakeholders, the Board approved Motion 22.1. This Motion directed staff to evaluate additional scope elements under Alternatives 5C and 7 in the Project EIR/EIS. This work was completed in mid-2016 and the Project Team began the preparation of the Recirculated Draft EIR/Supplemental DEIS (RDEIR/SDEIS).

The RDEIR/SDEIS was released for public review on June 21, 2017. The review period was extended to 90 days. Three public hearings were held in Long Beach, Commerce, and Paramount for comprehensive coverage of the entire 19 mile corridor. Two additional community meetings were held in East Los Angeles and Long Beach during the circulation period at the request of local jurisdictions. Approximately, 2,300 comments including written comments, formal letters, emails, speaker/comment cards, verbal testimonies, and online submittals were received on the RDEIR/SDEIS by Caltrans prior to the close of the public comment period on October 23, 2017. The two most cited concerns in the comments were the need for zero emissions trucks and the need to reduce/eliminate right of way impacts. All comments received during the public comment period will be addressed in the I-710 South Final EIR/EIS.

During the environmental process, the Project Team held more than 350 meetings and/or briefings with the I-710 advisory committees (see Attachment C), community groups/organizations, members of the public and elected officials.

### Considerations

In developing a recommendation for a Locally Preferred Alternative, the Project Team considered: 1) input gathered from public comments and I-710 advisory committees; 2) how well each alternative addresses the purpose and need of the Project; 3) the technical and financial feasibility (affordability); 4) environmental impacts and; 5) ability to deliver community benefits in the short term.

### Findings

A detailed performance evaluation of the two build Project alternatives has been completed. A summary of the results of this evaluation is provided in Attachment B. Based on this evaluation, the Project Team identified Alternative 5C as the recommended Locally Preferred Alternative because it would clearly accomplish the purpose and need of the project, offers a significant number of benefits, and has significantly less impacts than Alternative 7. Even though full funding for Alternative 5C is not currently available, Metro and Caltrans have adequate funding to support accelerated implementation of initial stages (early action projects) while additional funding becomes available. Alternative 5C can be easily constructed in stages that have independent utility, whereas the majority of the benefits of Alternative 7 are associated with a proposed Freight Corridor that cannot be constructed in stages that would have independent utility.

The Locally Preferred Alternative recommendation was vetted through the various I-710 advisory



committees between December 2017 and January 2018. The I-710 Technical Advisory Committee (TAC) voted to recommend Alternative 5C as the Locally Preferred Alternative, with a note that Metro will work with the corridor cities regarding viable design refinements and to maximize the air quality benefits including the I-710 NZE/ZE Truck Program. The I-710 Corridor Advisory Committee (CAC) did not have consensus on one particular alternative; instead they approved two separate recommendations: 1) Support moving forward with Alternative 5C as the Locally Preferred Alternative and 2) Not moving forward with the selection of a Locally Preferred Alternative until all elements of Motion 22.1 are completed and incorporated into the EIR/EIS analysis. The Project Development Team presented documentation supporting satisfaction of all requirements of Motion 22.1 applicable to the environmental process. Some Motion 22.1 requirements, by their own nature, will need to be addressed in future phases of project development. For example, a requirement for a Project Labor Agreement will be addressed in the construction phase. The I-710 Project Committee (PC) received a presentation on the Project Development Team's recommendation as well as the recommendations from the TAC and CAC. The PC voted to receive and file the reports and did not make a recommendation on a Locally Preferred Alternative. A meeting of the I-710 Executive Committee was planned in early February but was cancelled due to lack of quorum. Following the structure for review process defined at the outset of the environmental phase of this project, the recommendation for the Locally Preferred Alternative is being presented to the Board for adoption.

Caltrans is the lead agency responsible for compliance with the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). Under CEQA, Caltrans will certify that the I-710 South Project complies with the requirements of CEQA, prepare Facts and Findings, and if necessary, prepare a Statement of Overriding Considerations (SOC) for impacts that cannot be mitigated below a level of significance; and certify that the Findings and SOC have been considered prior to project approval. Caltrans will then file a CEQA Notice of Determination (NOD) with the State Clearinghouse that will identify whether the I-710 South will have significant impacts, if mitigation measures were included as conditions of project approval, findings were made, and an SOC was adopted.

Under NEPA assignment, Caltrans, as lead agency, will document and explain its decision regarding the selected Preferred Alternative, the project impacts, and mitigation measures in a Record of Decision (ROD).

In Spring of 2018, the Project Team will work with the cities along the I-710 Corridor to identify initial construction stages ("early action projects") based on independent utility, benefits, costs and impacts as well as to define integrated (roadway improvements and program elements) packages based on funding availability. A Final EIR/EIS is expected by summer 2018.

### **DETERMINATION OF SAFETY IMPACT**

The recommended Locally Preferred Alternative for the I-710 South Corridor EIR/EIS will have no impact on the safety of Metro's patrons or employees or the general public.

### **FINANCIAL IMPACT**

For FY18, \$7,925,000 has been budgeted in Highway Program Cost Center 4720, Project 462316, (I-

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710 South EIR/EIS), Task 5.2.100, Account 50316 (Services Professional/Technical). Since this is a multi-year project, the Project Manager, the Cost Center Manager and the Senior Executive Officer, Program Management - Highway Program will be responsible for budgeting the remaining costs in future fiscal years.

#### Impact to Budget

The source of funds for this project is Measure R Highway Capital (20%) Funds from the I-710 South and/or Early Action Projects. These funds are not eligible for bus and rail operating and capital expenditures.

#### **ALTERNATIVES CONSIDERED**

The Board may elect not to adopt a Locally Preferred Alternative and/or proceed with completing the environmental document for the Project. This alternative is not recommended as it would be contrary to prior Board directions and Metro's intent to proceed with implementation of much needed improvements along the I-710 Corridor.

#### **NEXT STEPS**

The Locally Preferred Alternative will be forwarded to Caltrans for consideration and adoption as the Preferred Alternative. Upon adoption of the Preferred Alternative by Caltrans, the Project Team will:

- 1) Secure additional funds to complete the Final EIR/EIS. Staff is working to finalize the scope of work and cost estimate to complete this work and will request Board authorization in April 2018 to amend the existing professional services contracts supporting this project.
- 2) Coordinate with regional partners and local and State air agencies to refine and enhance the I-710 Zero and Near Zero Emissions Truck Program.
- 3) Identify initial construction stages ("early action projects") based on independent utility, benefits, costs and impacts and defining integrated packages (Roadway Improvements, and Programmatic Features) based on funding availability
- 4) Prepare a Final EIR/EIS to address all comments received during the public review process in accordance with NEPA and CEQA guidelines and mandates. It is anticipated the Final EIR/EIS will be signed by summer 2018 and that Caltrans will certify the project by filing the NOD and ROD.
- 5) Prepare scope of work and estimates for the release of Request for Proposals for Final Design on selected early action projects.

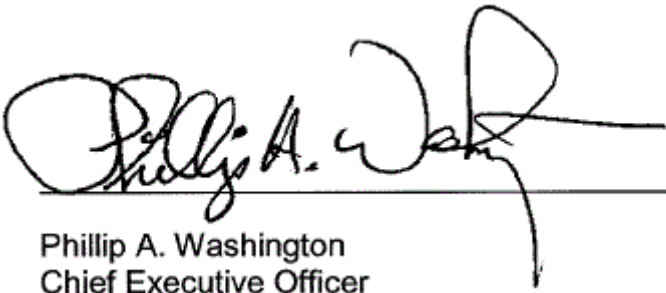
Staff will report back to the Metro Board of Directors in September 2018 to adopt the final environmental document.

#### **ATTACHMENTS**

Attachment A - Project Alternatives  
Attachment B - Alternatives Evaluation Matrix  
Attachment C - Community Participation Framework  
Attachment D - Program Descriptions

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Phillip A. Washington  
Chief Executive Officer

# I-710 South Corridor Project Alternatives

**Alternative 1:** Conditions without the Project  
**(No Build)**

**Alternative 5C:** Modernizes and Widens the I-710  
Freeway

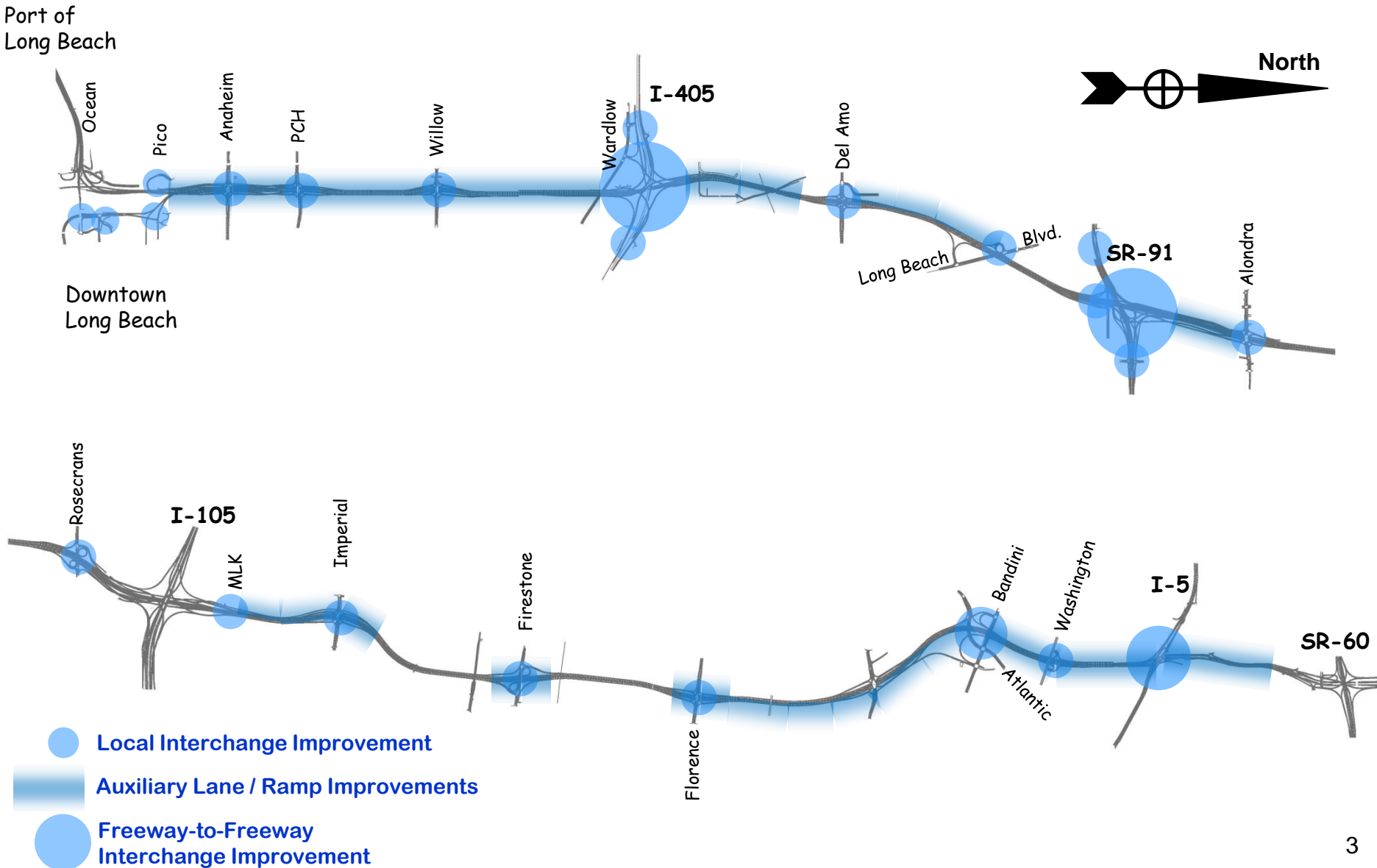
**Alternative 7:** Modernizes I-710 and Adds “Clean  
Emissions” Freight Corridor

# I-710 South Build Alternatives

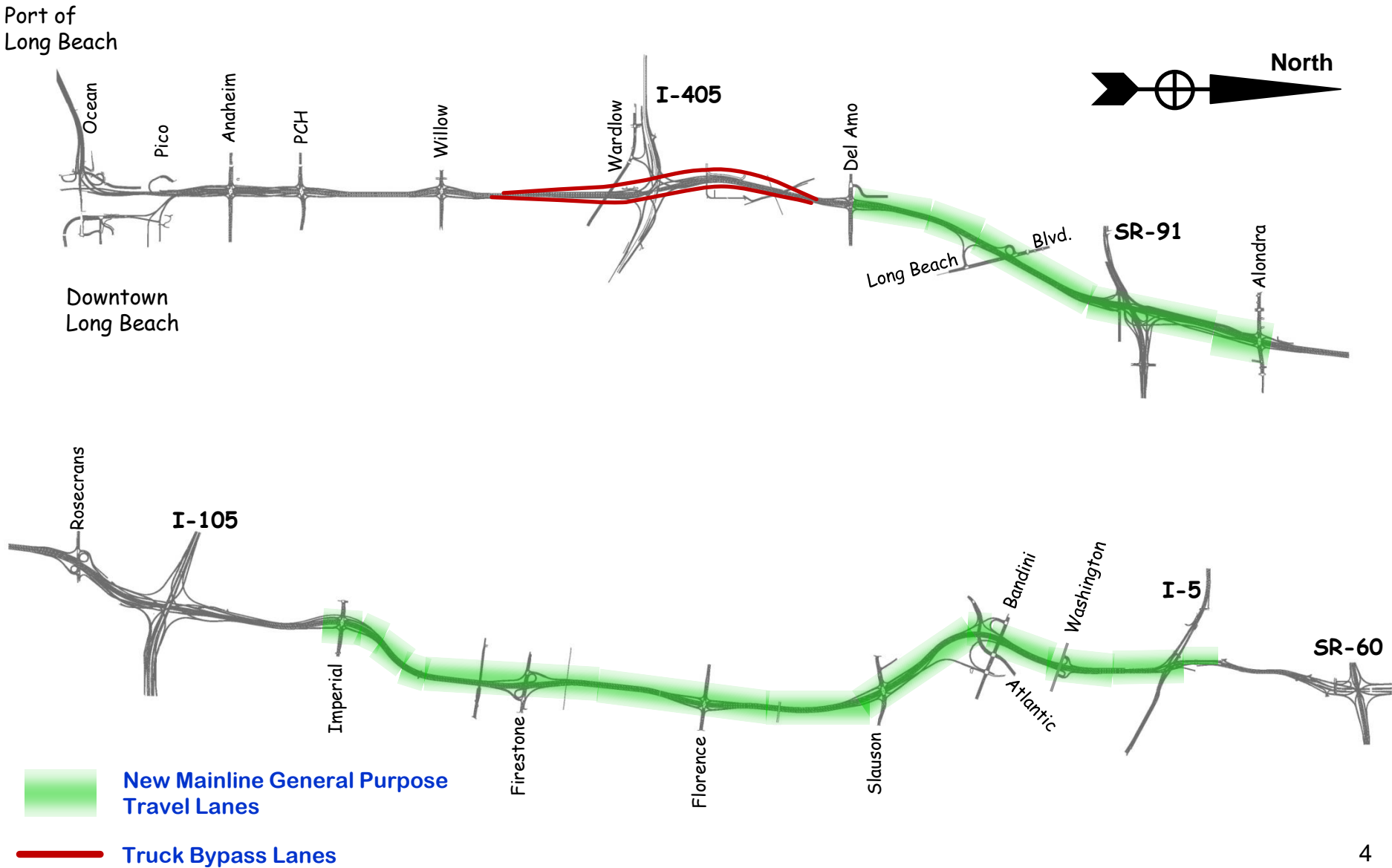
## ***Both Alternative 5C and Alternative 7 include:***

- Maximum Goods Movement by Rail
- TSM/TDM/ITS Improvements
- Transit Improvements
- Active Transportation Improvements (Bike / Ped. Connections)
- Consideration of a Public-Private Partnership (PPP) for Financing, Delivery, and Operation
- I-710 Zero-/Near Zero- Emissions Truck Deployment Program
- I-710 Community Health & Benefit Program

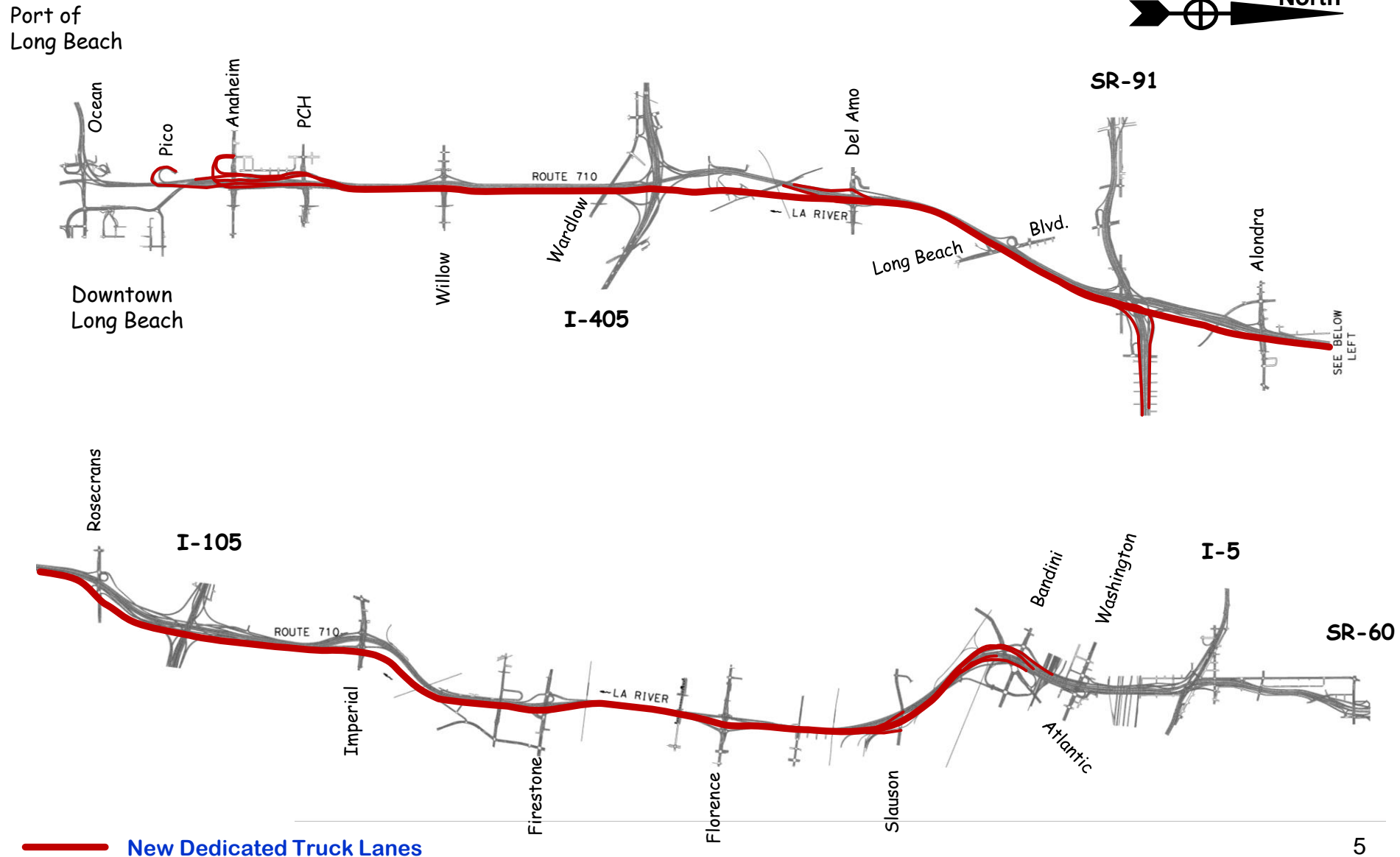
# Alt 5C & 7: Improve I-710 Geometrics



# Alt 5C: Widens I-710 in Some Areas

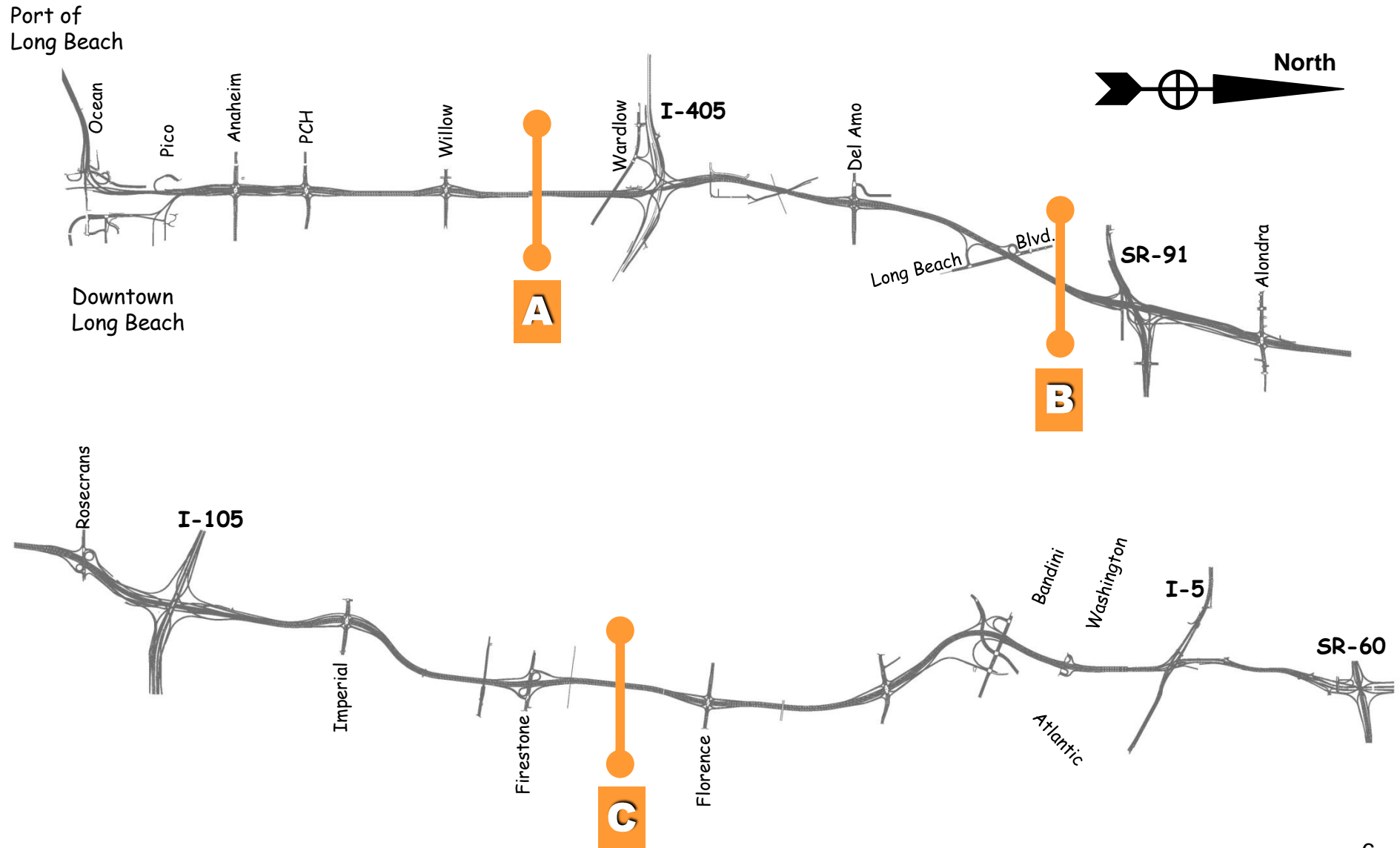


# Alt 7: Includes Freight Corridor

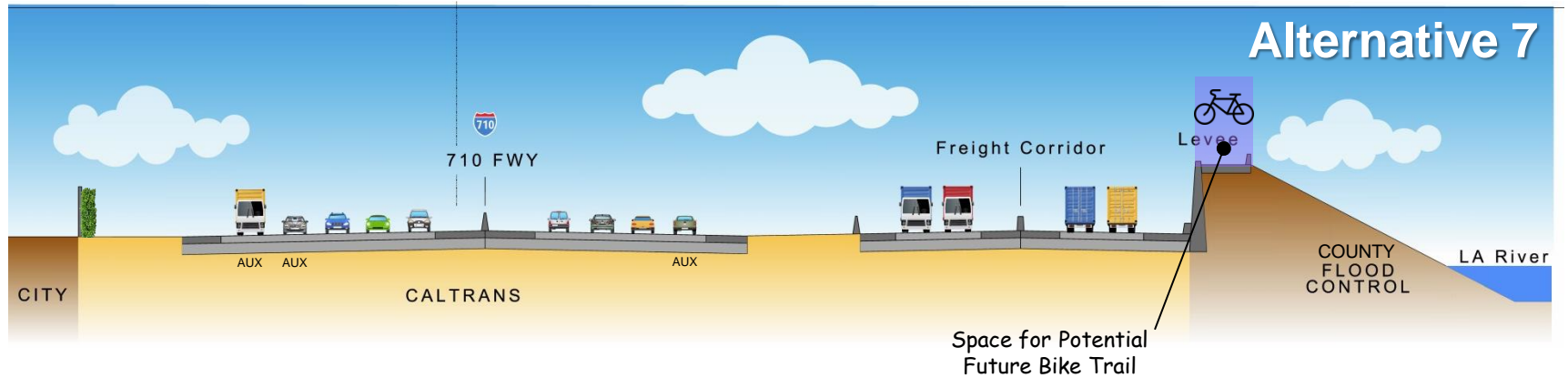
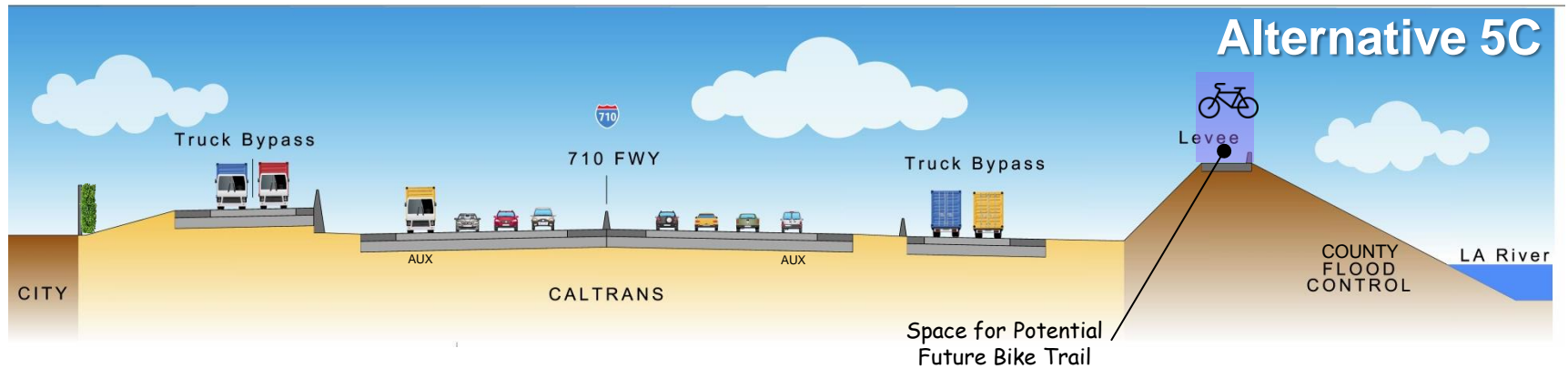
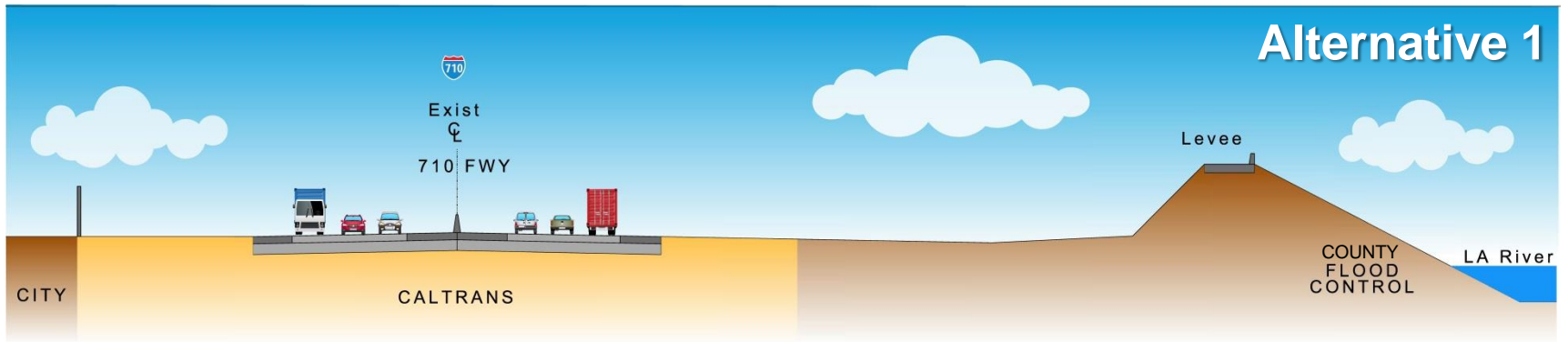




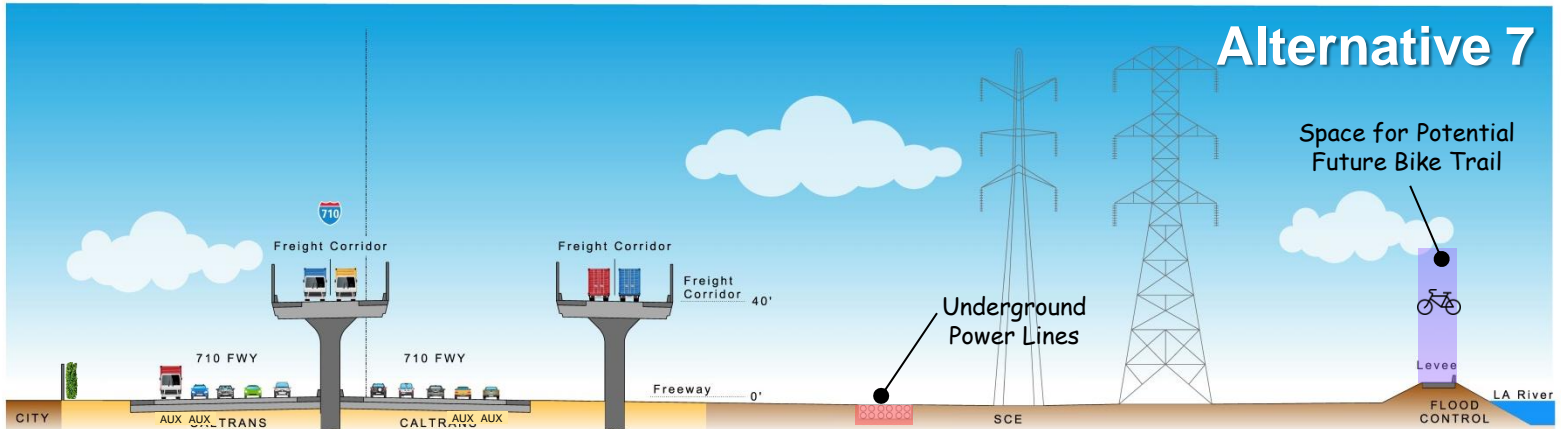
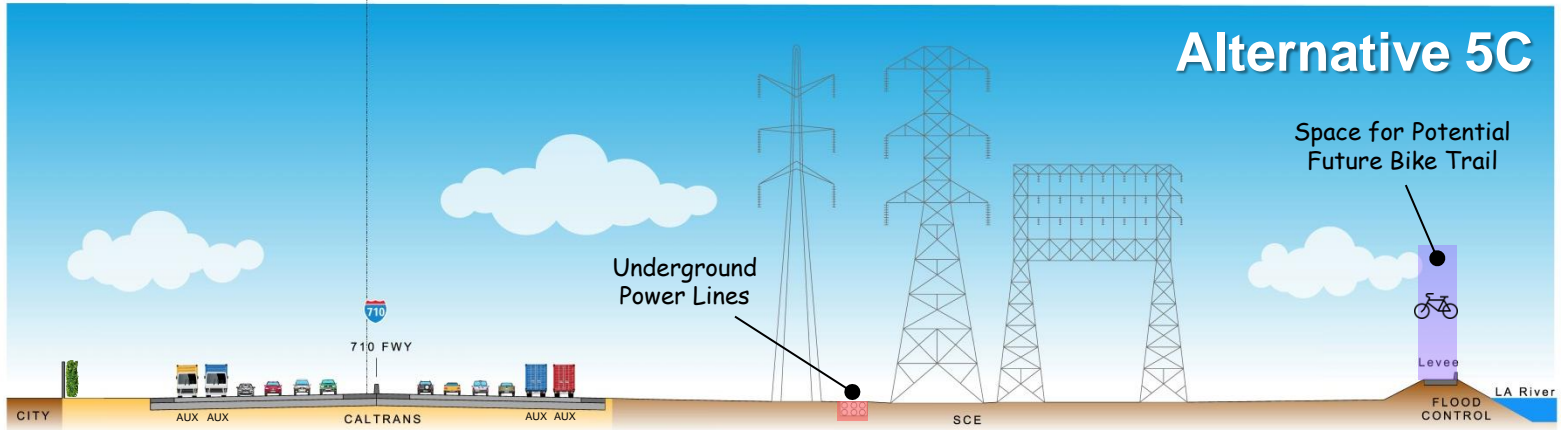
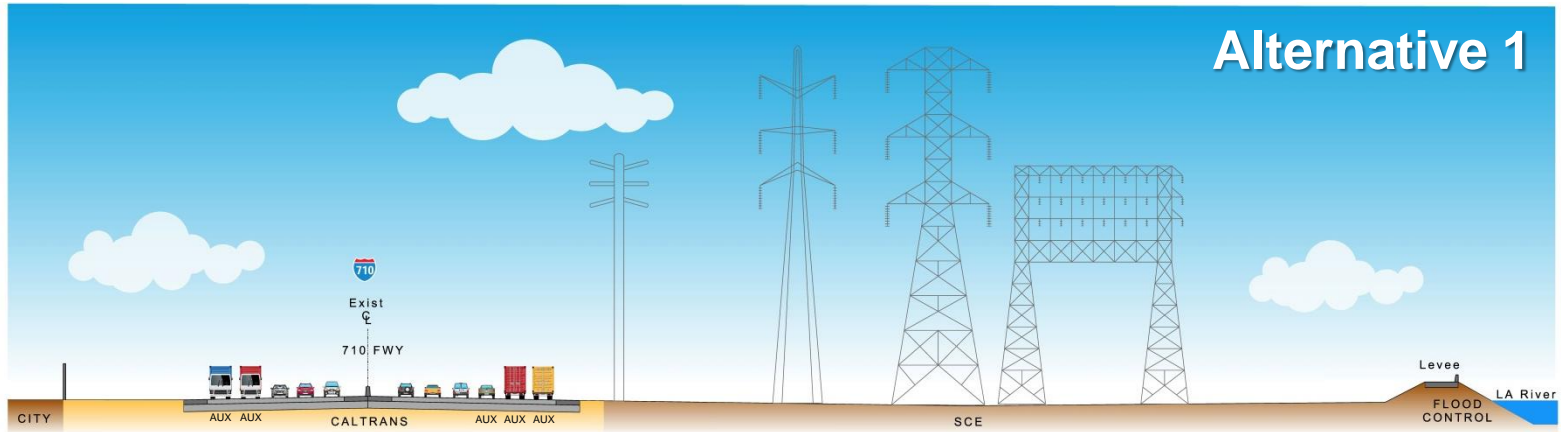
# Cross Section Locations



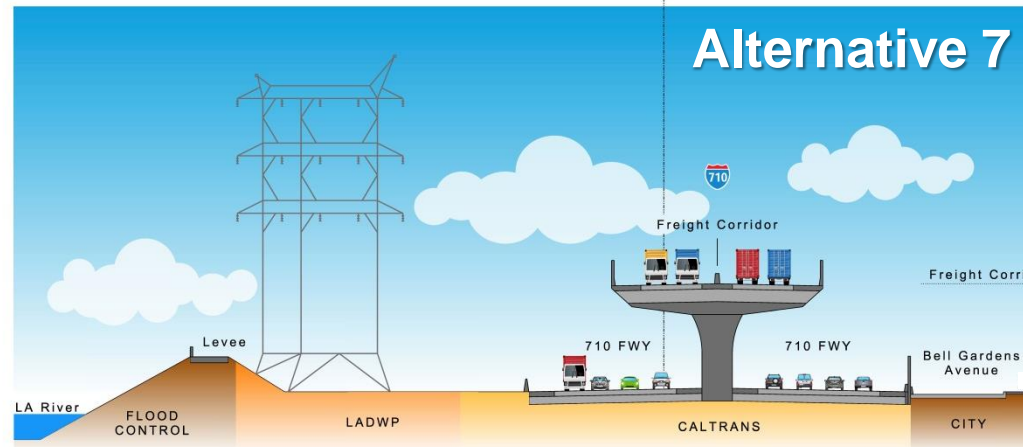
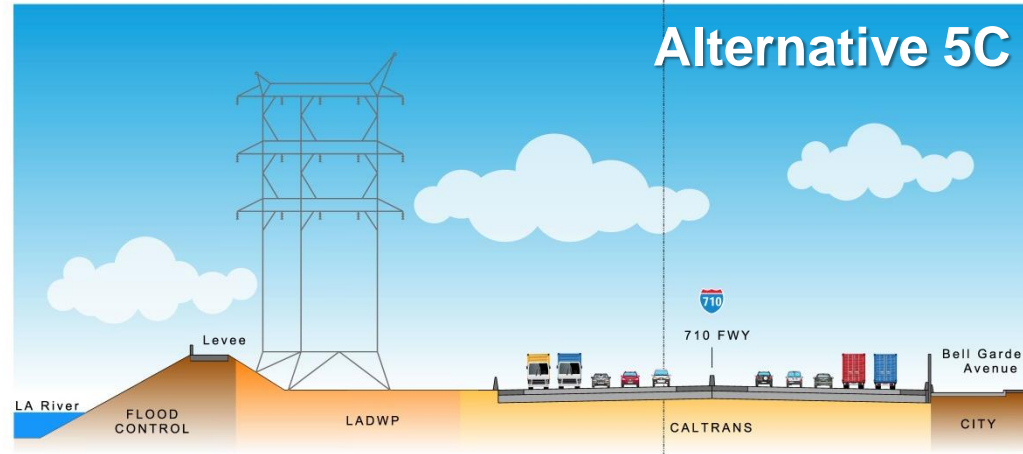
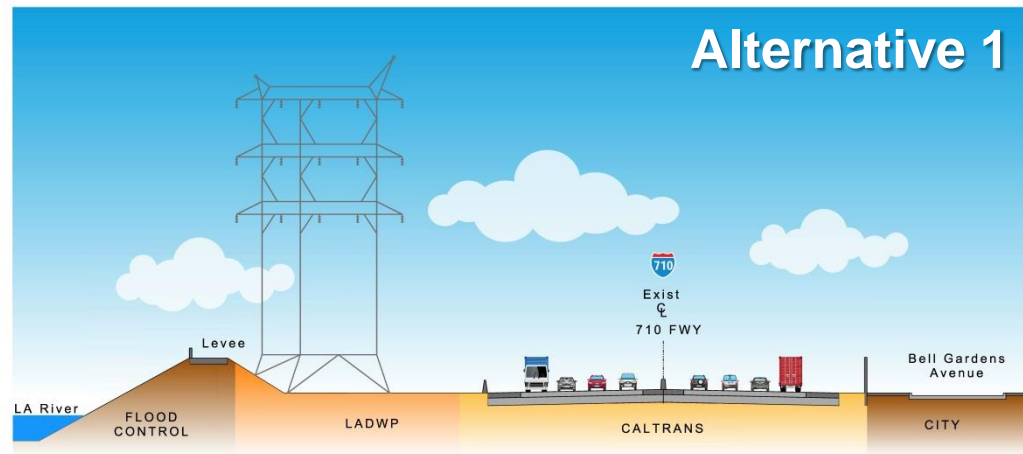
# A Between Willow St. and I-405



# B Between Long Beach Blvd. and SR-91



Between  
Firestone Blvd.  
and Florence  
Ave.



# I-710 South Alternatives Evaluation Matrix













Evaluation Factor	Measure	Alternative 5C	Alternative 7
Mobility Benefits	Reduction in Vehicle Hours of Delay		
Congestion Relief	Improvement in I-710 Level of Service (LOS)		
Travel Time Improvements	I-710 Auto / Trucks		
	Freight Corridor - Trucks		
Safety Benefits	Removes Operational Conflicts		
	Separates Cars & Trucks		
Air Quality	Diesel Particulate Matter / Cancer Risk		*
	Nitrogen Oxides (NOx)		*
	Least Amount of PM 2.5		
	Greenhouse Gases		

- Benefits
- Costs
- Impacts

\* Assumes incentive funding for 18,350 ZE/NZE Trucks to use the Freight Corridor (compared to 4,000 ZE/NZE Trucks under Alt. 5C). Incentive funding would be pursued under either alternative, but it's subject to availability.

**Best**

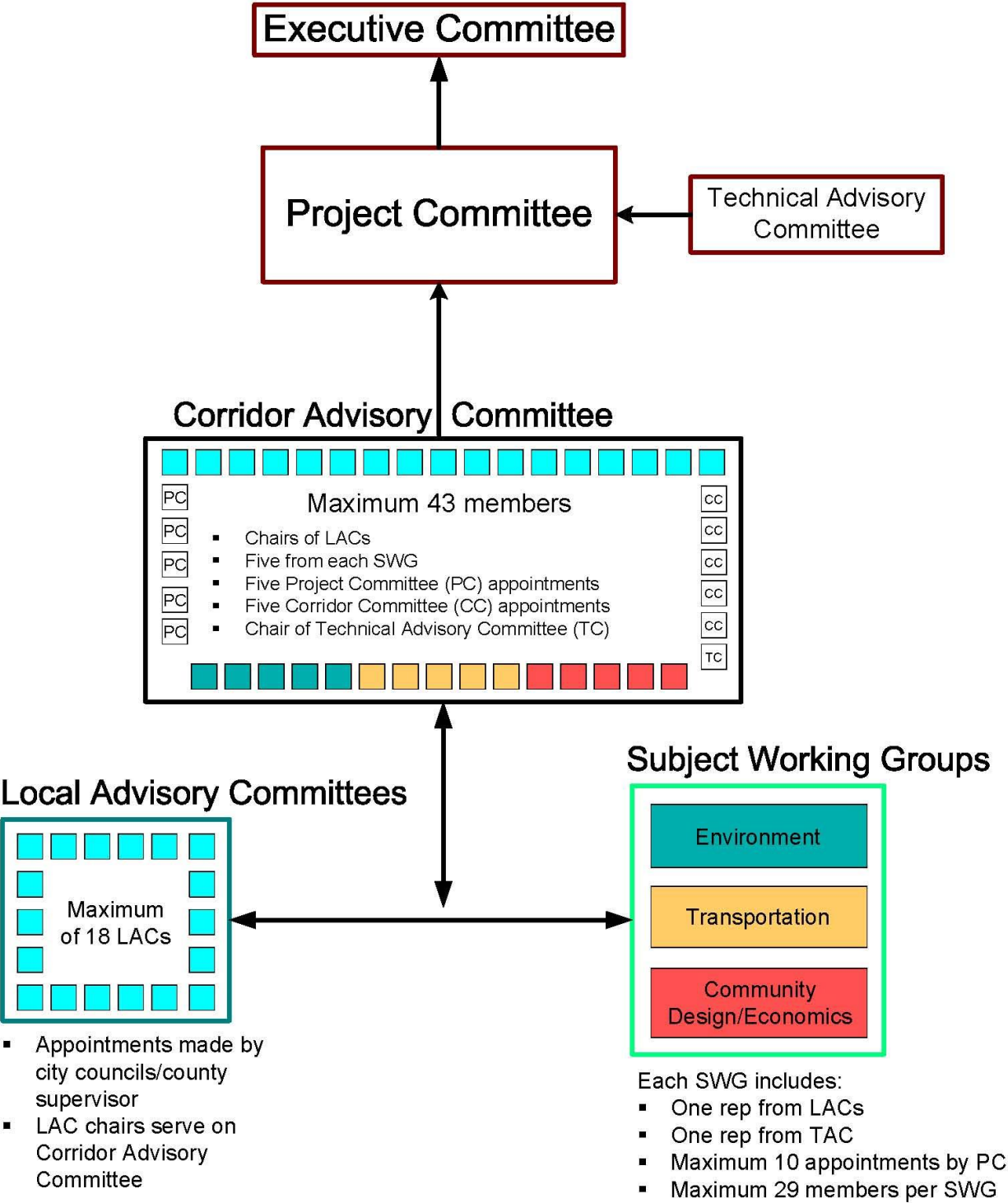
## I-710 South Alternatives Evaluation Matrix, cont.

Evaluation Factor	Measures	Alternative 5C	Alternative 7
Parks, rec. areas, refuges, and historic sites	Partial Impacts		
	Full Impacts		
EJ Impacts	Least Adverse Effect to EJ Populations		
Visual Impacts	Fewest Visual Impacts		
ROW Impacts	Residential Displacements		
	Business Displacements		
	Sensitive Facilities Displacements		
Air Quality Cost Benefit	\$ per lbs. Diesel Particulate Matter Reduced		
	\$ per lbs. NOx Reduced		
Cost / Affordability	Total Project Cost		
	Affordability	 *	
Constructability	Possible phasing and implementation of Early Action Projects		

Benefits
Costs
Impacts

\* Based on implementation of Early Action Projects

# Community Participation Framework for the I-710 EIR/EIS



## PROGRAM DESCRIPTIONS

Programmatic elements are included in both build alternatives that help the corridor achieve improvements in congestion, air quality and overall community health. These include the I-710 Corridor Project Zero Emission/Near Zero Emission Truck Technology Deployment Program, the I-710 Corridor Community Health Benefit Program, and the I-710 Corridor Project ITS/TSM/Congestion Relief Program. If a build alternative is selected, these programmatic elements may be scaled consistent with a phased construction strategy (e.g., if the first phase of the project would construct 25 percent of the improvements, a commensurate 25 percent of the programmatic funding would be made available at that time). These programmatic elements would not be implemented by Caltrans as the Lead Agency under CEQA and NEPA and as the owner/operator of the I-710 freeway, but instead would be implemented by Metro or other public agencies with jurisdiction over a particular element.

**ZERO EMISSION/NEAR ZERO EMISSION TRUCK TECHNOLOGY DEPLOYMENT PROGRAM.** The I-710 Corridor Project Zero Emission/Near Zero Emission Truck Technology Deployment Program is a programmatic component of the build alternatives and would provide funding to individual owner-operators and privately owned truck fleets to subsidize the purchase of heavy-duty (Class 8) ZE/NZE trucks for use within the I-710 corridor. Funding would also be made available to construct up to 20 electric charging stations and up to ten hydrogen refueling stations within the Study Area, in the amounts of \$2 million and \$15 million, respectively. The recharging/refueling stations would be targeted to locations served by heavy-duty vehicles such as intermodal terminals at the Ports and rail yards, warehouses, and distribution centers. Funding preferences will be given to locations near or routes leading directly to I-710. Funding would be provided at different levels for each build alternative. Implementation of Alternative 5C would provide funding for this program in the amount of \$100 million. Implementation of Alternative 7 would provide funding for this program in the amount of \$460 million. Under Design Option 7ZE, this program would be funded in the amount of \$1.050 billion towards only fully zero-emission trucks.

Program details, including eligibility requirements, management and administration will be developed in cooperation with partner agencies. The project funding partners will work in partnership with other agencies that may have special expertise and/or previous similar experience in order to identify funding sources and administration responsibilities.

**COMMUNITY HEALTH BENEFIT PROGRAM:** This is a grant program structured to provide corridor communities the opportunity to implement projects or outreach activities that would improve air quality and public health related to I-710 travel and goods movement. The project funding partners will work in partnership with other agencies that may have special expertise and/or previous similar experience in order to identify funding sources and administration responsibilities.

The grant program would provide funding directly to approved applicants, rather than reimburse approved projects after the original expenditure. This will allow for a broader range of organizations to participate without requiring an initial capital outlay by the recipient. The guidelines of the program would identify categories of eligible grant recipients, including (but not limited to) corridor cities, the County, school districts, day care centers, community health providers, senior centers, and non-profit organizations geared towards air quality or public health issues.



Proposed projects would be screened for eligibility and reviewed by an Advisory Committee consisting of area experts, members of the funding partner agencies, and community representatives. Recommendations of funding awards would be provided in accordance with detailed ranking criteria for each of the three categories of projects, as developed by Metro and the Gateway Cities COG.

Projects falling into three broad categories would be eligible and considered for funding under the program: (1) air quality improvement and/or noise reduction measures at local schools and other sensitive receptors or related sites, (2) air quality improvements at hospitals, medical centers, and senior facilities, as well as health education, outreach, and screening, and (3) greenhouse gas (GHG) reduction through projects such as renewable power, energy efficiency, and tree-planting, etc. More specific criteria for eligible projects would be developed by the I-710 Funding Partner agencies.

Funding criteria would also include defined geographic zones within the I-710 Corridor area that would help determine the most eligible grant recipients.

**ITS/TSM/CONGESTION RELIEF PROGRAM:** The I-710 Corridor Project ITS/TSM/Congestion Relief Program intends to help address the I-710 Corridor Project goals of improving traffic safety, accommodating projected traffic volumes, and addressing increased traffic volumes resulting from projected growth in population, employment, and economic activities related to goods movement. It is a programmatic component of the build alternatives that would provide funding to local governments to implement projects within the I-710 Corridor Project Study Area that would improve operations at congested intersection locations on the local roadway network. Congested intersections are those intersections in the I-710 Study Area projected to operate at poor levels of service (LOS E or worse) in the future under the 2035 No Build Alternative (Alternative 1). Through the future No Build analysis conducted for the I-710 project, approximately 78 intersections in the Study Area meet these criteria.

The types of projects eligible for funding under the program include: traffic signal upgrade, timing, or synchronization; traffic surveillance; traffic signal coordination; safety improvements that reduce incident delay; restriping to add additional turning lanes or storage at the intersection; spot-widening at the intersection to add additional turning lanes or storage; channelization, shoulder work, addition of turn-outs, and installation of two-way turn lanes; curve correction; alignment improvements; and traffic calming measures including signing, striping, access management, or other traffic control measures. Any proposed improvements must account for the safe movement of bicycles and pedestrians and be consistent with “Complete Streets” principles.

The I-710 ITS/TSM/Congestion Relief Program will be administered by Metro in partnership with the I-710 Corridor Project partner agencies. Eligible recipients for funding provided through the program are the Cities and County of Los Angeles (unincorporated areas) that have local jurisdiction over the arterials and intersections within the I-710 Study Area. While any proposed travel systems management (TSM), intelligent transportation systems (ITS), travel demand management (TDM), and intersection improvements must meet criteria and eligibility requirements for funding as defined by Metro; project initiation, project development and project implementation will be subject to local planning and approval processes of the local jurisdictions. In this case, the local jurisdictions will be responsible for obtaining project-level environmental clearance for those projects undertaken under the I-710 ITS/TSM/Congestion Relief Program. These local, project-level environmental approvals would be achieved

following their own processes separate from the I-710 Corridor Project EIR/EIS evaluation process.

The first funding contributions would be provided within twelve months after programming/allocation of construction funding, and implementation of the program would occur no sooner than the start of construction.

**ARTERIAL PARKING RESTRICTION PROGRAM.** Parking restrictions during peak periods are recommended on four arterial roadways if the local jurisdictions agree to their implementation. These on-street parking restrictions would be enforced during peak periods (e.g., 6:00 a.m. to 9:00 a.m. and 4:00 p.m. to 7:00 p.m.) to increase traffic capacity by one additional through-lane in each direction at the following locations:

- Atlantic Blvd. between Pacific Coast Hwy. and SR-60
- Cherry Ave./Garfield Ave. between Pacific Coast Hwy. and SR-60
- Eastern Ave. between Cherry Ave. and Atlantic Blvd.
- Long Beach Blvd. between San Antonio Dr. and Firestone Blvd.

**TRANSIT PROGRAM.** A series of transit improvements were considered and evaluated as part of the I-710 Corridor Project which could potentially increase service on all Metro Rail and Rapid routes and Local Bus routes in the Study Area. Specific transit improvements are listed in the following paragraphs. It is important to note that the proposed transit capacity and operational improvements included in the build alternatives would be phased in incrementally based on available funding as well as transit demand. The following ideas would be transmitted to Metro Transit Operations for consideration in the upcoming re-structuration study:

- Creation of three new high-frequency Express Bus and Rapid transit routes serving the I-710 Corridor
- Increased service on all Metro Rapid route and Local Bus routes in the Study Area

**LOS ANGELES/GATEWAY FREIGHT TECHNOLOGY PROGRAM.** Selected components from the Los Angeles/Gateway Freight Technology Program that are specific to the I-710 Corridor are proposed as programmatic elements. These include freeway smart corridor strategies that would deploy dedicated short-range communication roadside units alongside I-710 to manage and control traffic in real time as well as applying operational strategies such as queue warning systems, variable speed limits/speed harmonization, and dynamic corridor ramp metering on I-710. The purpose of these technology applications for the I-710 Corridor is to manage and control traffic in real time based on prevailing conditions and to make informed, performance-driven decisions regarding traffic management. These strategies are structured to address both recurrent congestion (i.e., morning and evening peak travel hours), as well as non-recurrent congestion due to vehicle breakdowns, lane closures, or traffic incidents in order to reduce delay and improve travel time reliability.

*Mobility. Environment. Community. Economy. Technology*



I-710 Corridor Project EIR/EIS

*metro.net*

# I-710 South Corridor Project

## Locally Preferred Alternative Recommendation

Metro Board Meeting

March 1, 2018

Item 5



**Metro**<sup>®</sup>



**THE PORT OF LOS ANGELES** LA

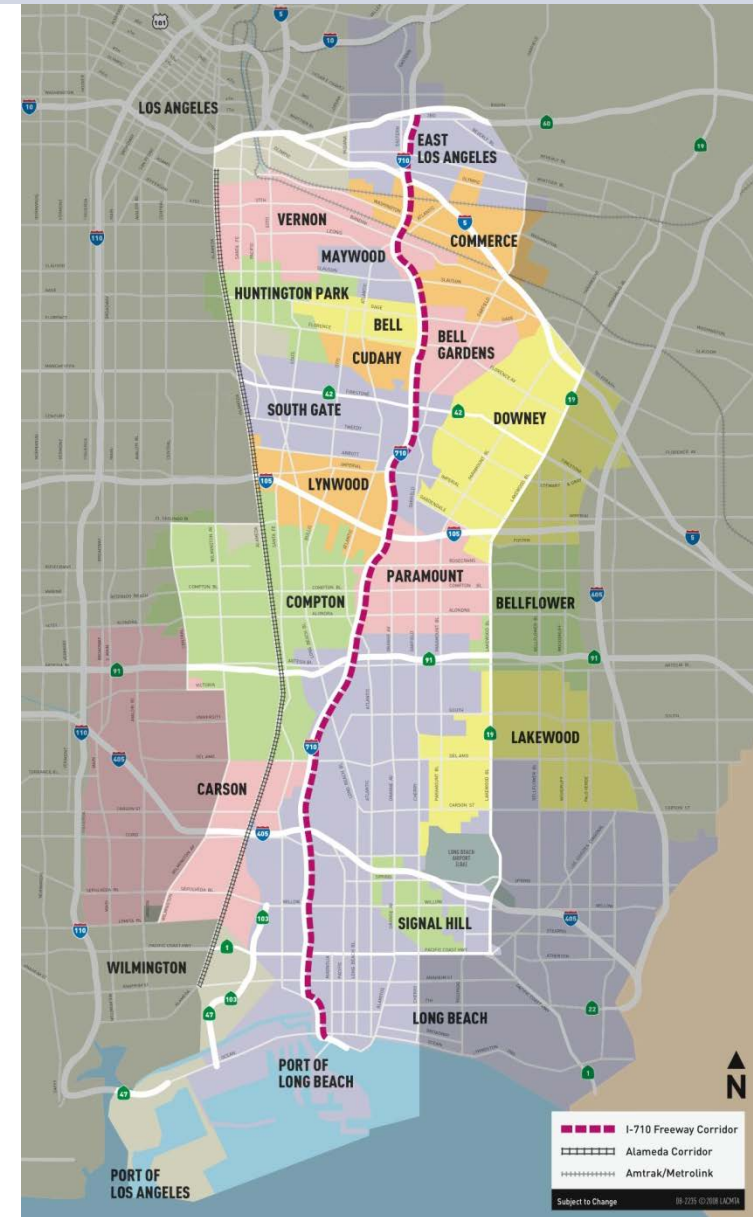


# I-710 South Background

- EIR/EIS initiated in 2008
- 19 miles - 16 Cities / Communities
- Multi-Agency Partnership
- Community-Driven Process
  - More than 350 meetings held during env. process
- Focus on Green Technology
- Context-Sensitive Design
- Funding Sources
  - Measure R - \$590 Million
  - Measure M - \$500 Million
- \$65 M spent to date

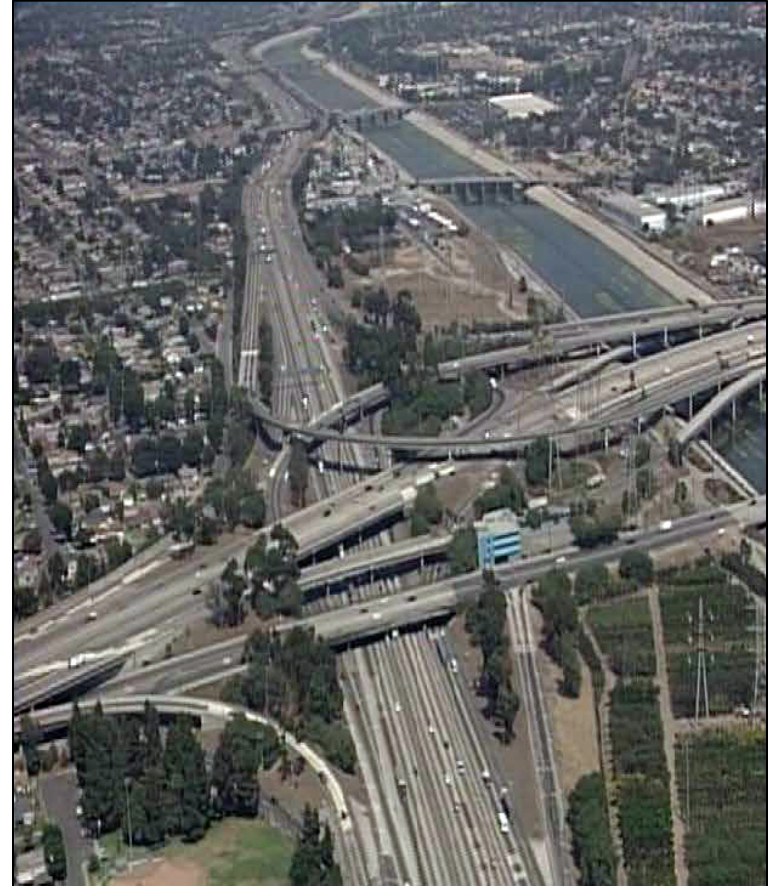


**Metro**



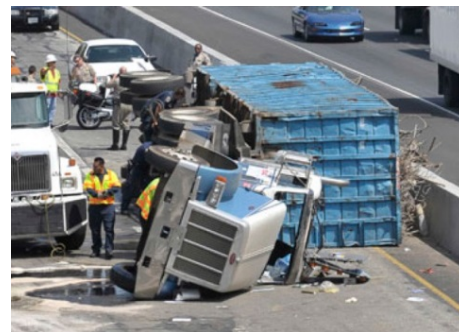
# Purpose

- Address escalating demand due to growth in population, employment and economic activity related to goods movement
- Address design deficiencies
- Improve traffic safety
- Improve air quality and public health



# Corridor Issues

- Need for Modernization - Freeway built in 1950s/60s
- Recurring congestion during peak times due to operational issues and insufficient freeway capacity
- I-710 is the Commerce Gateway Corridor - San Pedro Bay Ports handle 40% of all nation's imported goods
- Daily Truck Trips expected to increase from 36,000 today to approx. 55,000 by 2035
- More than half of the interchange ramps in the Corridor report higher than average accident rates
- High diesel emissions/significant air quality issues
- Freeway traffic spillage into communities
- Compromised and diminishing quality of life





# I-710 South Milestones

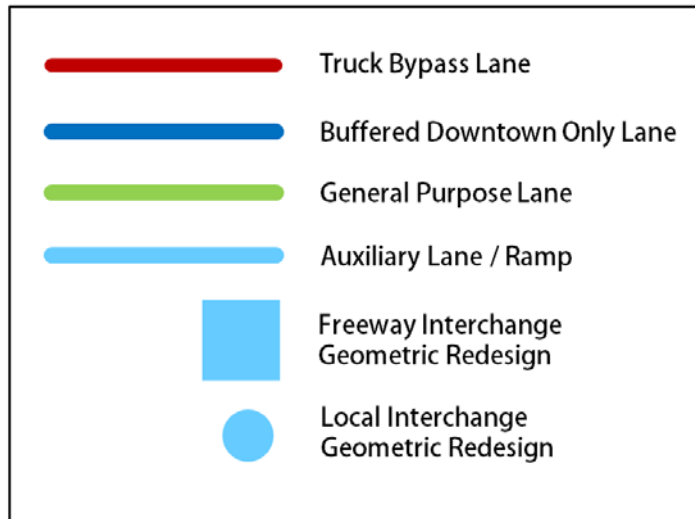
- 99-05 Major Corridor Study
- 2008 Scoping
- 2012 Draft EIR/EIS Circulation
- 2013 Re-Circulation Decision
- 2015 Finalized Conceptual Design of Revised Alternatives
- 2016 Completed Board Motion 22.1 evaluation /incorporation
- 2017 Re-circulation of Draft EIR/EIS
- 2017 Review public comments/alternatives evaluation – 710 Advisory Committee Meetings



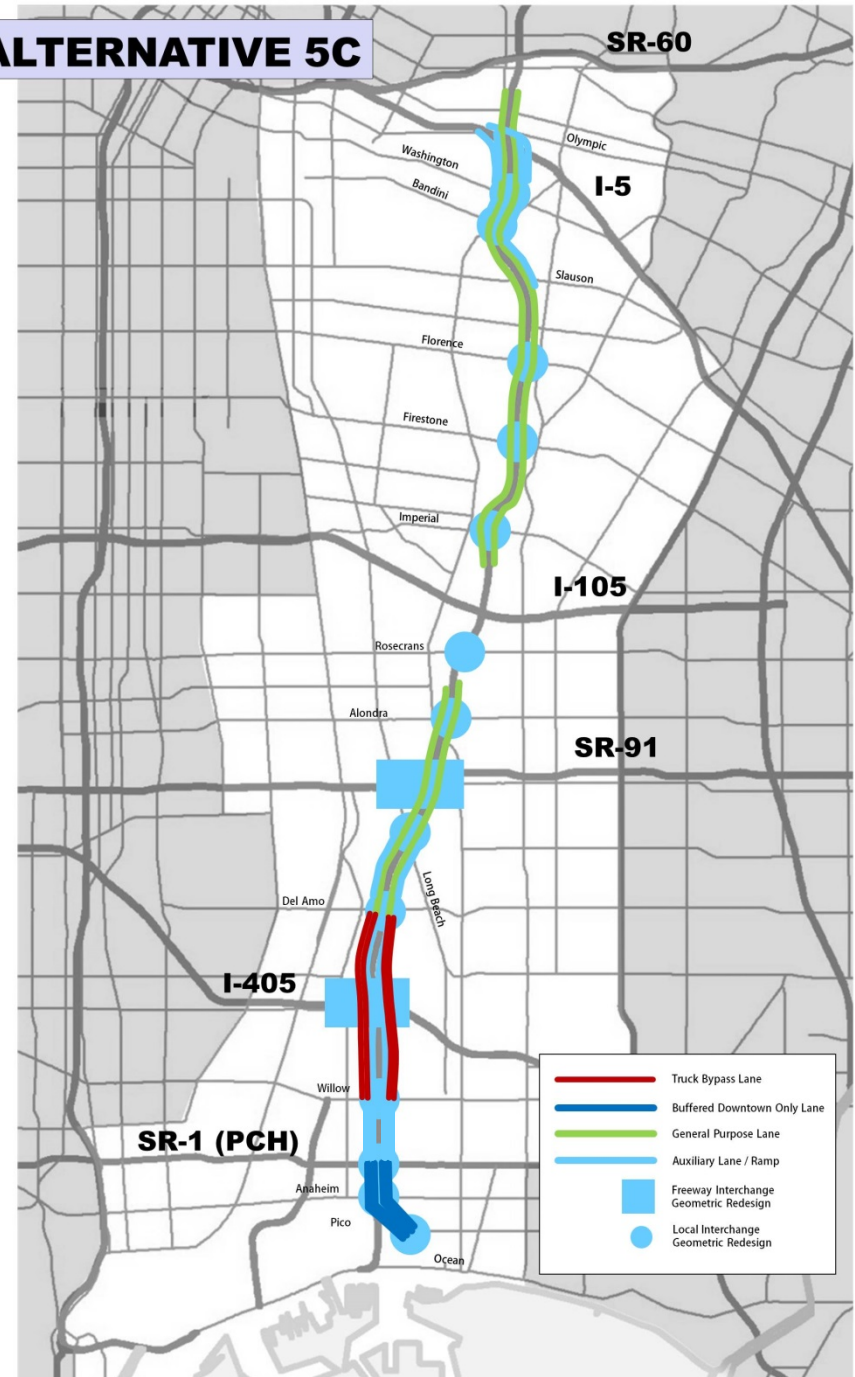
**Metro**<sup>™</sup>

# Alternative 5C

- Modernizes the freeway
  - Enhances safety
  - Improves capacity, and
  - Improves air quality
- (\$6 Billion)**



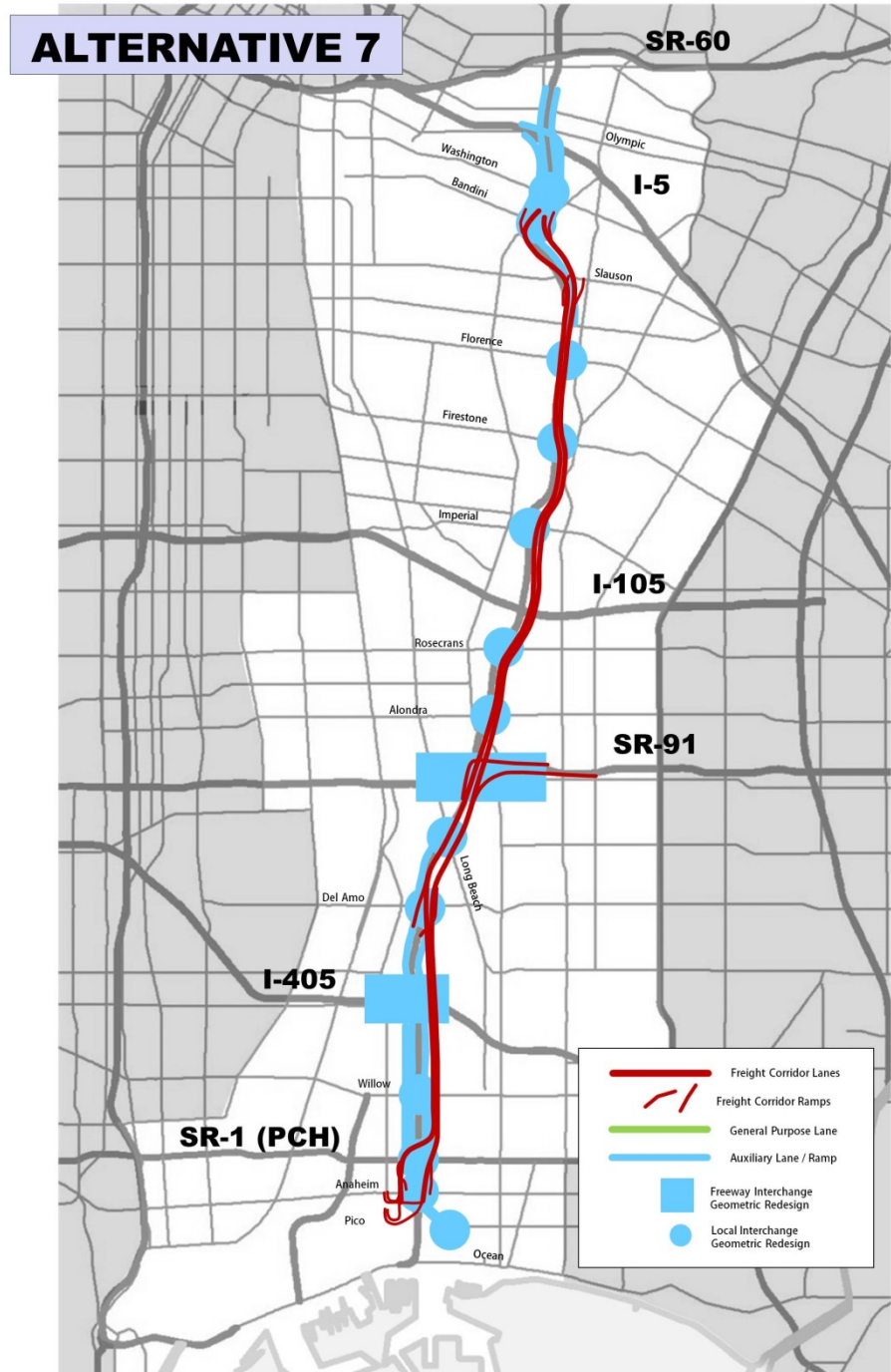
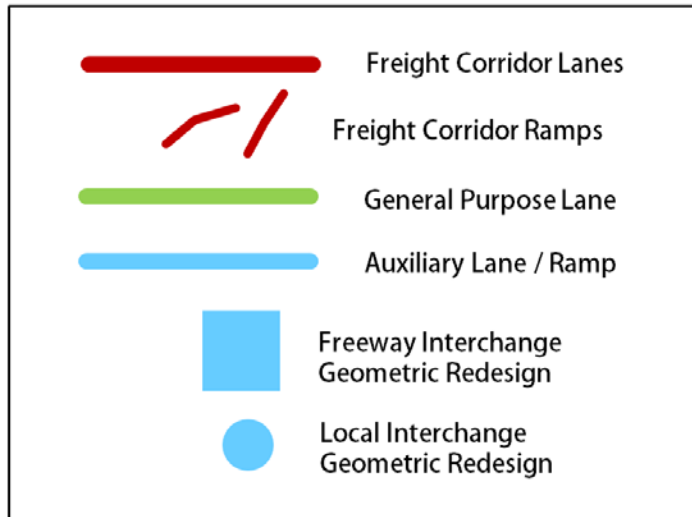
## ALTERNATIVE 5C





# Alternative 7

- Modernizes the I-710 freeway
- Adds Freight Corridor
- Improves air quality  
**(\$10 Billion)**



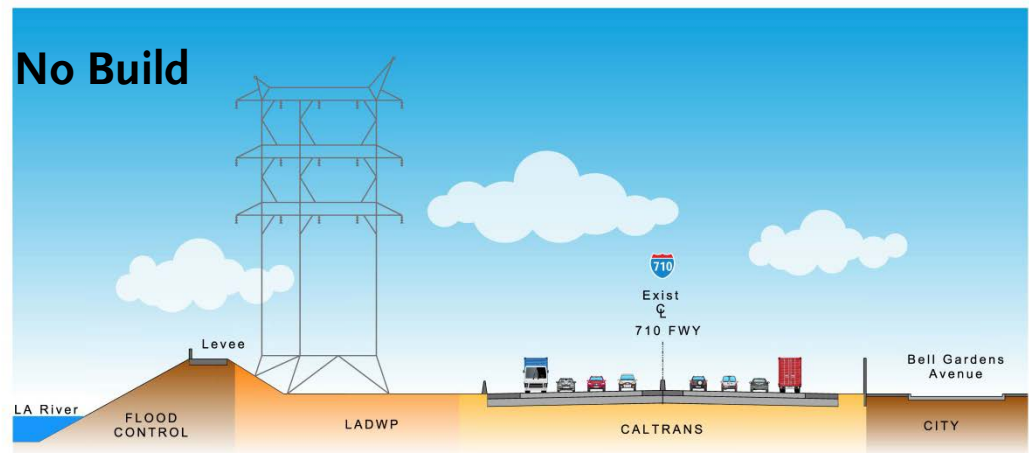
# Sample Sections

Between Firestone Blvd. and  
Florence Ave.

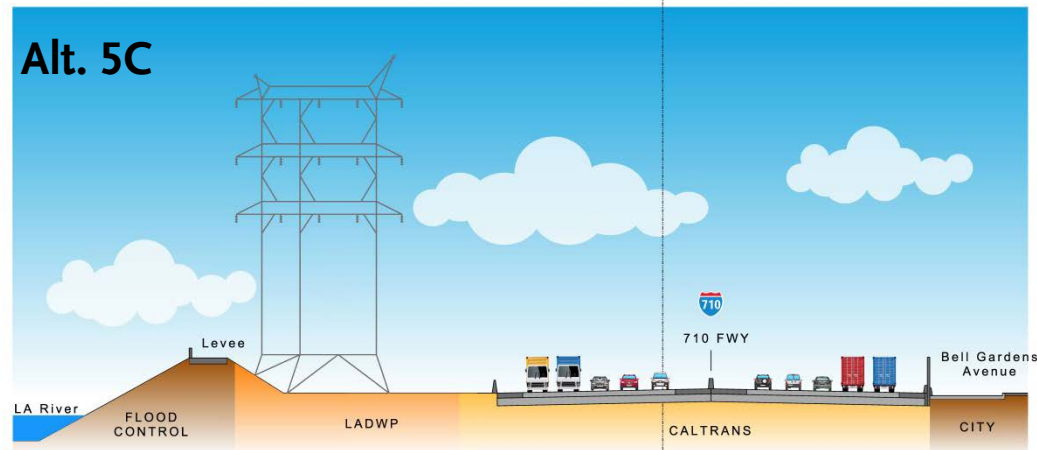
For illustrative purposes

Configuration varies  
throughout the corridor

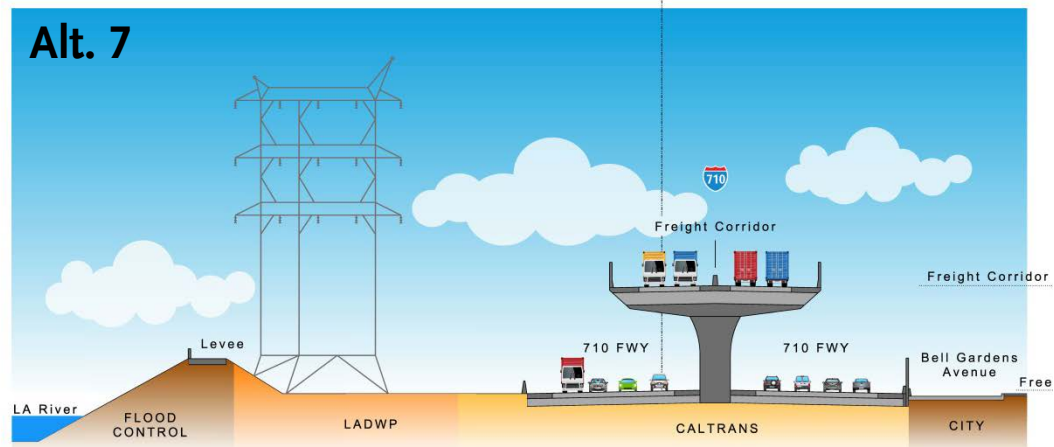
No Build



Alt. 5C



Alt. 7



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# I-710 Build Alternatives

## **Both Alternatives 5C and Alternative 7 include:**

- Zero-/Near Zero- Emissions truck deployment program
  - Pursuit of funds for purchase of ZE/NZE trucks and removal of the older non-conforming trucks
  - The program will run parallel to construction of the freeway
- Community health & benefit programs
- TSM/TDM/ITS improvements
- Transit improvement recommendations
- Active transportation improvements (bike / ped. facilities)
- Pursuit of Public-Private Partnership (PPP) for financing, delivery, and operation of infrastructure improvements
- Pursuit of grants to support various improvements programs and allow for accelerated implementation



# I-710 Community Health & Benefit Program

## Objective

- Makes funding available to implement projects and outreach activities to improve air quality / public health

## Examples of Eligible Projects

- HEPA filters in schools, day care facilities, senior centers, clinics and hospitals
- School bus or senior transport vehicle retrofit/replacement
- Community health testing, education, and outreach, mobile asthma clinics
- Greenhouse gas reduction projects: renewable power, energy efficiency upgrades, tree-planting



## Eligible Grant Recipients

Communities close to I-710:

- Cities / Unincorporated LA County
- Day Care Centers / Senior Centers
- Community Health Providers
- Non-Profit Organizations (with an air quality or public health mandate)

# Motion 22.1 – Items Integrated Into Project Alternatives

## Completed and Integrated

- ✓ Evaluated right-of-way avoidance designs (Alternative 7)
  - Reduced impacts where feasible; documented where infeasible
- ✓ Considered ZE Truck–Only option for freight corridor (Alternative 7)
- ✓ Evaluated high frequency express bus transit along I-710
  - Continuing coordination with Metro Transit Ops for further evaluation
- ✓ Evaluated separate bike path projects within the Study Area
  - Env. Clearance proceeding with LA County support
- ✓ Integrated five new pedestrian/bike bridges
- ✓ Verified application of Complete Streets treatments
- ✓ Considered other elements to maximize mobility and minimize impacts within study area

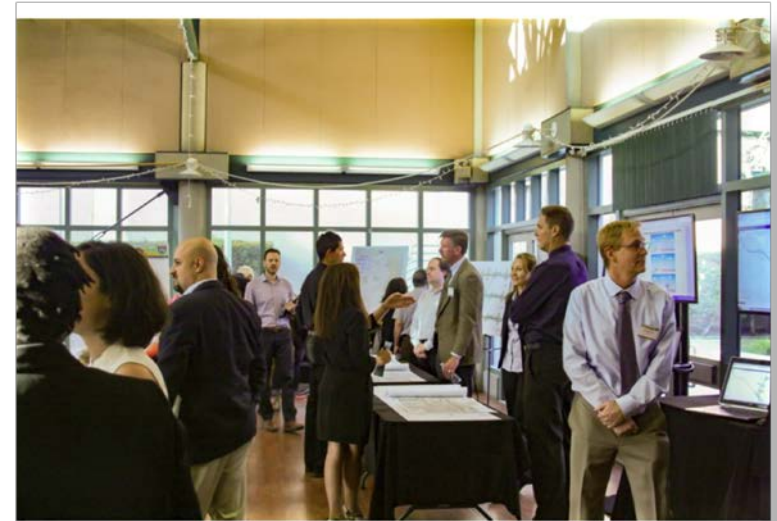
# Motion 22.1 – Items Integrated Into Project Alternatives

## To Be Done During Construction

- Transit Incentives/additional as-needed services
- Local Hire Provisions
- Bike/Ped Safety Plan
- Neighborhood enhancements within the project area

# Public Circulation

- July 21, 2017: Recirculated Draft Environmental Document released to public
  - October 23, 2017: 90-day comment period closed
  - Public Hearings:
    - 8/23/17 Commerce
    - 8/26/17 Paramount
    - 8/31/17 Long Beach
- 
- Community Briefings:
    - 10/18/17 East Los Angeles
    - 10/19/17 Long Beach



# Summary of Public Comments

## Key Issues & Concerns:

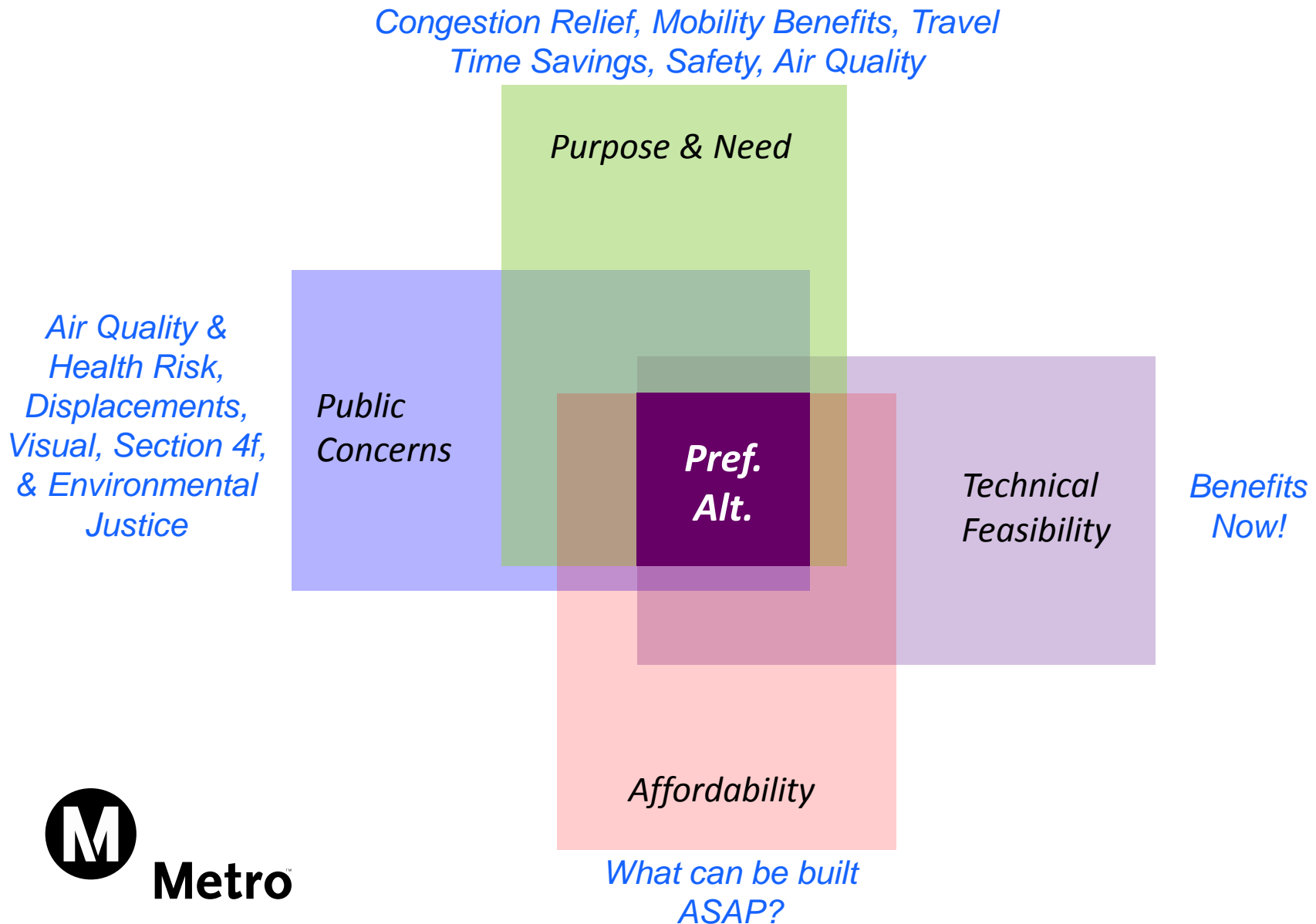
- Preference for full Zero Emission Technologies
- Minimize Right-of-Way Impacts (i.e. avoid residential relocations and impacts to Bell Shelter and Long Beach Multi-Service Center)
- Concerns about peak-hour parking restrictions on nearby streets
- Duration of construction and impacts including ramp and street closures
- Need for more bike and pedestrian connections to LA River trail



- Environmental justice and air quality concerns for communities near I-710
- Need to include local hire provisions in construction
- Need to fully utilize freight rail and the Alameda Corridor














# How is the Preferred Alternative Determined?



# Comparison of Benefits and Impacts













Benefits

Evaluation Factor	Measure	Alternative 5C	Alternative 7
Mobility Benefits	Reduction in Vehicle Hours of Delay		
Congestion Relief	I-710 Level of Service (LOS)		
Travel Time Improvements	I-710 Auto / Trucks		
	Freight Corridor - Trucks		
Safety Benefits	Removes Operational Conflicts		
	Separates Cars & Trucks		
Air Quality	Diesel Particulate Matter and Nitrogen Oxides (NOx)		 *
	Least Amount of PM 2.5		
	Greenhouse Gases		



\* Assumes incentive funding for 18,350 ZE/NZE Trucks to use the Freight Corridor (compared to 4,000 ZE/NZE Trucks under Alt. 5C). Incentive funding would be pursued under either alternative, but it's subject to availability.

# Comparison of Benefits and Impacts, cont.

		Evaluation Factor	Measures	Alternative 5C	Alternative 7	
Impacts	Parks, rec. areas, refuges, and historic sites	Partial Impacts				
		Full Impacts				
	EJ Impacts	Least Adverse Effect to EJ Populations				
	Visual Impacts	Fewest Visual Impacts				
	ROW Impacts	Residential Displacements			109	158
		Non-Res. Displacements			121	206
		Sensitive Facilities Displacements				
Cost	Air Quality Cost Benefit	\$ per lbs. Diesel Particulate Matter Reduced				
		\$ per lbs. NOx Reduced				
	Cost / Affordability	Total Project Cost				
		Affordability			*	
	Constructability	phasing and implementation of Early Action Projects				

\* Based on implementation of Early Action Projects







# Comparison of Benefits and Impacts, cont.

## Visual Impacts



*View from LARIO Trail, Looking Southwest at the I-710/SR-91 Interchange, in the City of Long Beach*

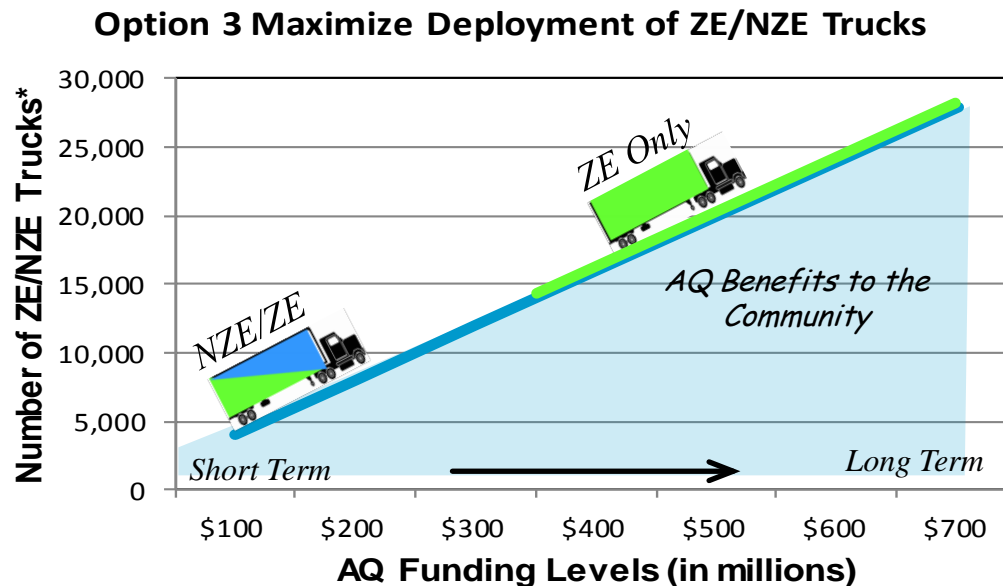
# Compare NZE & ZE Truck Performance

	Conventional Diesel Truck 	Near Zero Emission Truck 	Zero Emission Truck 
			
Diesel Particulate Matter* (DPM) (lb/10,000 miles)	0.12	0	0
Nitrogen Oxides* (NO <sub>x</sub> ) (lb/10,000 miles)	38.7	3.9	0
Greenhouse Gases* (GHG) (MT CO <sub>2</sub> /10,000 miles)	15.1	15.1	0
Approx. number of Trucks per \$100 million of Funding**	N/A	4,000 Trucks	1,520 Trucks

\* Running Exhaust emission factors are based on EMFAC2014 for heavy-heavy duty trucks in Los Angeles County for calendar year 2035.

\*\* Unit costs represent incremental, average costs of zero emissions trucks (battery electric, fuel cell vehicles) from I-710 Zero Emissions Truck Commercialization Study, assuming pre-2035 deployment (Calstart, 2013).

# I-710 ZE/NZE Deployment Strategy



## **Maximize Number of “Clean Emissions” Trucks and Air Quality Benefits**

- *Begin with mix of ZE and NZE trucks in the near term*
- *Transition to ZE trucks as ZE trucks become commercially available and affordable.*
- *Partner with SCAQMD, EPA, CARB to pursue grant funding outside of the project programmed funds to support health-benefit investments.*



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# Project Schedule: What's Next?

# Next Steps

## Winter 2018

- Metro Board to adopt the Preferred Alternative for FEIR/FEIS
- Initiate Work on FEIR/FEIS for Preferred Alternative
- Coordinate with Air Agencies to:
  - Refine and Enhance I-710 ZE and NZE Truck Program
  - Seek Funding

## Spring 2018

- Identify scopes and order of pursuit of Early Action highway improvement projects based on independent utility, benefits, and availability of funds

## Summer 2018

- Complete the Environmental Process
- Caltrans to approve the Final Environmental Document

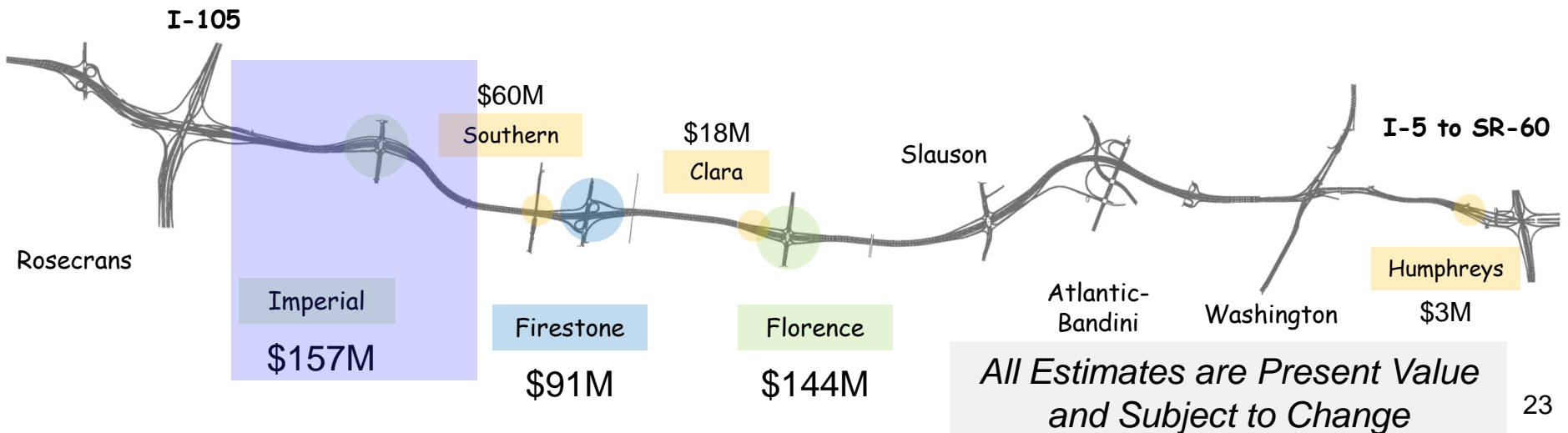
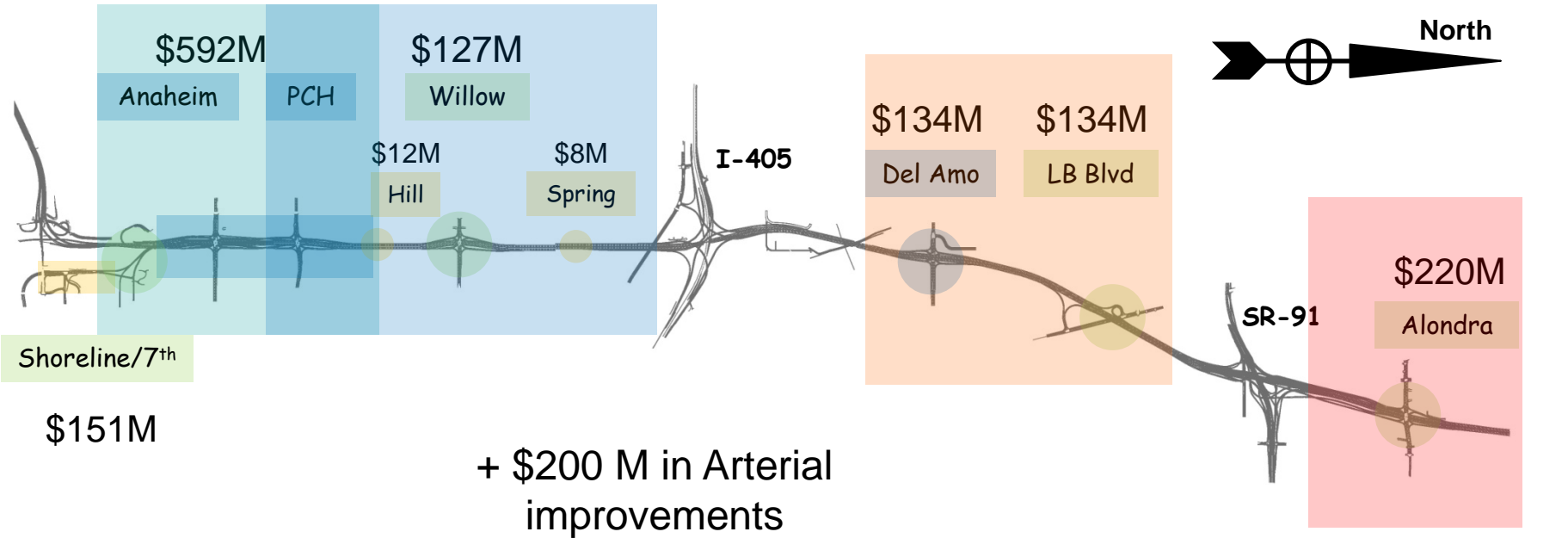
## Winter 2019

- Release RFPs for Final Design of Early Action Projects





# Early Actions Candidates



# Early Action Objectives & Outcomes

1. Work within funding constraints
2. Address today's problems
3. Deliver safety, mobility, and health benefits sooner

## Identify Candidate Projects with:

- Verified Benefits
- Lower Capital Costs
- Lower Property Impacts
- Shorter Overall Schedule

## Several Early Action Candidates:

- Include Arterial Improvements and Safer Interchanges with:
  - New/Improved Signals (incl. signal synch)
  - Improved ped/bike facilities on city streets
- Include New Ped/Bike Crossings over the freeway and across the LA River for community connectivity
- Result in reduced interim relocations needed for the whole project.

# Next Steps

## – Air Quality Improvements

- NZE/ZE truck Program - purchases/subsidies
- Pollution source controls and elimination (ports and industry)
- SCAQMD and all project partners

## – Active Transportation

- Bike and pedestrian projects (potential early action)
- Safety education and awareness programs
- Metro ATP group and local jurisdictions
- LA County for the LA River Bike projects

## – Community Health Benefits Grant Program

- Grants for improvements at sensitive receptors
- Community-agency dialogue (development of guidelines)
- Community health risk prevention/reduction
- LA County Health Department and local jurisdictions



# Next Steps

- **Ports AQ Improvement Programs**
  - Clean port operations
  - Community engagement
  - Ports and cities of LA and LB
- **Freeway Operation Safety programs/ITS**
  - Regular advisory and informational bulletins/progress reports
  - Community engagement
  - Truck safety and speed monitoring/control
  - Speed and emission enforcement
  - Caltrans, Metro, CHP, Local law enforcement



## Board Report

File #: 2017-0840, File Type: Resolution

Agenda Number: 12.

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

**SUBJECT: PROPOSITION C BONDS**

**ACTION: AUTHORIZE COMPETITIVE SALE OF BONDS**

#### **RECOMMENDATION**

ADOPT a resolution, Attachment A, that:

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

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)

#### **ISSUE**

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

#### **DISCUSSION**

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

redemption.

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

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

### **FINANCIAL IMPACT**

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

### **ALTERNATIVES CONSIDERED**

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

### **NEXT STEPS**

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

### **ATTACHMENTS**

Attachment A - Authorizing Resolution

Prepared by:

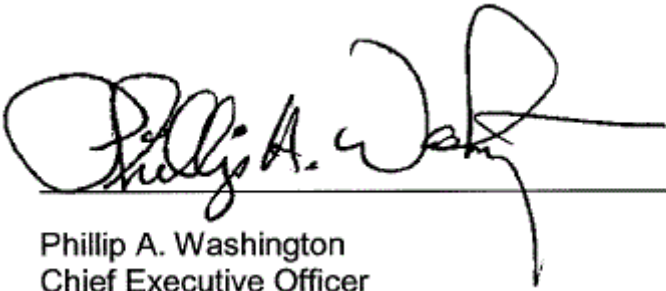
Danny Ray Jasper, Jr., Debt Manager, (213) 922-4047

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

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

Reviewed by:

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



Phillip A. Washington  
Chief Executive Officer

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**Authorizing Resolution**

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

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

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

WHEREAS, the Commission, by Ordinance No. 49 adopted August 28, 1990 ("Ordinance No. 49"), imposed a ½ of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition C Tax"), and such tax was approved by the electors of the County on November 6, 1990; and

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Under the provisions of Ordinance No. 49, all of the Pledged Taxes are revenues of the LACMTA available for rail, bus and highway transit purposes and are available to be and are, by the terms of the resolutions and the Trust Agreement under which the Prior Senior Lien Bonds were issued, pledged to secure the Prior Senior Lien Bonds and are pledged to secure the Refunding Bonds, and, by this Resolution, such pledge is reaffirmed.

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

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

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

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

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

4. **Pledge of Pledged Taxes.** The Pledged Taxes are hereby irrevocably pledged in accordance with the terms of the Trust Agreement to secure the Prior Senior Lien Bonds, the Refunding Bonds and any additional bonds which may subsequently be issued under and secured by the terms of the Trust Agreement.

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

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

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

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

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

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

**10. Sale of Refunding Bonds.**

(a) Each Designated Officer is hereby authorized, from time to time, to choose such times and dates as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of the Refunding Bonds, to receive proposals from qualified bidders for the purchase of the Refunding Bonds (through the use of computerized bidding systems) upon the terms and in the manner set forth in the Notice Inviting Bids.

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

(c) Each Designated Officer is hereby authorized and directed to cause the Notices of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of the Refunding Bonds, as approved by such Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by a Designated Officer), a financial publication generally circulated throughout the State of California, at least five days prior to the sale of the Refunding Bonds in accordance with Section 53692 of the Government Code of the State of California and any such action previously taken is hereby confirmed, ratified and approved.

(d) Each Designated Officer is hereby authorized and directed for and on behalf of the LACMTA to accept the best bid for the Refunding Bonds received from qualified bidders pursuant to and subject to the terms and conditions set forth in this Resolution and the Notice Inviting Bids herein approved and to award the Refunding Bonds, from time to time, to such best bidder(s).

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

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

notice to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice of final sale with CDIAC, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the Refunding Bonds, and any prior such notices are hereby ratified, confirmed and approved.

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

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

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

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

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

14. **Additional Authorization.** The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, are each authorized and directed to do any and all things necessary to effect the execution and delivery of the Refunding Bonds and the Related Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, the Supplemental Trust Agreement and the Related Documents or to evidence such authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investments in Permitted Investments (defined in the Trust Agreement) of the proceeds of the Refunding Bonds and of the Pledged Taxes including the execution and delivery of investment agreements related thereto; the execution by a Designated Officer and the delivery of the Tax Certificate as required by the Supplemental Trust Agreement for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; and the execution and delivery of documents required by The Depository Trust Company in connection with book-entry bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

15. **Continuing Authority of Designated Officers.** The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chief Executive Officer, the Chief Financial Officer, the Treasurer, a Deputy Executive Officer, Finance, or any Assistant Treasurer (or such other titles as the LACMTA may from time to time assign for such respective positions), shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

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

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

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

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

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

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

*[Remainder of Page Intentionally Left Blank]*



CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on \_\_\_\_\_, 2018.

\_\_\_\_\_  
LACMTA Board Secretary

DATED: \_\_\_\_\_, 2018

## EXHIBIT A

### GOOD FAITH ESTIMATES

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

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

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

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

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

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

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

## CONTINUING DISCLOSURE CERTIFICATE

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

### Section 1. Definitions.

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

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

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

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

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

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

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

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

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

### Section 3. Provision of Annual Information.

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

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

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

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

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

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

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

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

**Section 5. Reporting of Listed Events.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By \_\_\_\_\_  
Donna R. Mills  
Treasurer



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**ESCROW AGREEMENT**

by and between

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

and

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

Dated \_\_\_\_\_, 2018

relating to:

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

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## ESCROW AGREEMENT

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

### WITNESSETH:

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

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

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

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

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

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

### **Section 3. Deposit to the Escrow Fund.**

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

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

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

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

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

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

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

**Section 8. Reserved.**

**Section 9. Liability of Trustee/Escrow Agent.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Escrow Agreement]

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

**LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY**

By: \_\_\_\_\_  
Donna R. Mills  
Treasurer

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

By: \_\_\_\_\_  
Authorized Officer



**EXHIBIT A**

**REFUNDED BONDS**

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

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

**NOTICE OF REDEMPTION**

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

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

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

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

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

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

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

BY MAIL:

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

BY HAND OR OVERNIGHT:

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

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

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

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

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

Dated: \_\_\_\_\_, 2018

**NOTICE INVITING BIDS**

Approximately \$\_\_\_\_\_\*

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

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

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

Submission  
of Electronic Bids: Electronic bids may be submitted only through Ipreo’s BiDCOMP™/PARITY® electronic bid system (the “Approved Provider”). The Approved Provider will act as agent of the bidder and not of LACMTA in connection with the submission of bids and LACMTA assumes no responsibility or liability for bids submitted through the Approved Provider. **None of LACMTA, Montague DeRose and Associates LLC (“Municipal Advisor”) or Norton Rose Fulbright US LLP (“Bond Counsel”) shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate or untimely bid submitted through the Approved Provider by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines or any other cause arising from delivery through the Approved Provider.** See “TERMS OF SALE—Information Regarding Electronic Bids” herein.

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

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\* Preliminary; subject to change.

## DESCRIPTION OF THE SERIES 2018-A BONDS

### Security; Purpose

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

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

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

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

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

### Payment; Book-Entry-Only

The Series 2018-A Bonds will be issued in registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Series 2018-A Bonds will initially be

issued in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive certificates from LACMTA representing their interests in the Series 2018-A Bonds. Payments of principal and interest will be made by the Trustee to DTC for subsequent disbursement to DTC participants to then be remitted to the beneficial owners of the Series 2018-A Bonds. See the discussion of the Book-Entry-Only System in Appendix H to the hereinafter described Preliminary Official Statement.

### **Interest Payment Dates**

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

### **Principal Amortization**

The Series 2018-A Bonds will be issued in the aggregate principal amount of \$\_\_\_\_\_,<sup>\*</sup> with principal amounts payable either through serial maturities or by mandatory sinking fund redemption or a combination thereof on July 1 in years and in the amounts set forth in the Bid Form (subject to adjustments described below).

### **Adjustments of Principal Amounts**

The principal amounts set forth in the Bid Form for the Series 2018-A Bonds will reflect certain estimates of LACMTA and the Municipal Advisor with respect to the likely interest rates of the winning bid and the premium/discount contained in the winning bid. After selecting the winning bid, the principal amortization schedule contained in the Bid Form may be adjusted as necessary in the determination of the Municipal Advisor in \$5,000 increments to reflect the actual interest rates and any premium/discount in the winning bid, to accommodate certain sizing and savings requirements or preferences of LACMTA. LACMTA reserves the right to increase or decrease the preliminary principal amount of the Series 2018-A Bonds by an amount not to exceed 10 percent following the opening of the bids. LACMTA reserves the right to increase or decrease the preliminary principal amount of any maturity by an amount no to exceed 15 percent of the preliminary principal amount of that maturity. The dollar amount bid for the Series 2018-A Bonds by the winning bidder will be adjusted, if applicable, to reflect any such adjustment in the amortization schedule. The adjusted bid price will reflect changes in the dollar amount of the underwriter’s discount and original issue discount/premium, if any, but will not change the per bond underwriter’s discount provided in the winning bid. Any such adjustments will be communicated to the winning bidder within twenty-seven (27) hours after the opening of the bid. LACMTA will not be responsible in the event and to the extent that any adjustment affects the net compensation to be realized by the winning bidder.

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

### **Serial Bonds and/or Term Bonds**

Bidders may provide that all of the Series 2018-A Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

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<sup>\*</sup> Preliminary; subject to change.

## **Mandatory Sinking Fund Redemption**

If the winning bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on July 1 of the first year which has been combined to form such term bond continuing on July 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the Bid Form as adjusted in accordance with the provisions described above under the caption “—Adjustments of Principal Amounts.” The Series 2018-A Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Series 2018-A Bonds then subject to redemption. LACMTA, at its option, may credit against any mandatory sinking fund redemption requirement term bonds of the maturity then subject to redemption, which have been purchased and cancelled by LACMTA or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

## **No Optional Redemption**

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

## **TERMS OF SALE**

### **Form of Bid; Interest Rates**

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

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

### **Information Regarding Electronic Bids**

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

LACMTA, the Municipal Advisor and Bond Counsel are not responsible for the proper operation of, and shall not have any liability for any delays or interruptions of or any damages caused by, the Approved Provider. Each bidder expressly assumes the risk of any incomplete, inaccurate or untimely bid submitted through the Approved Provider, including, without limitation, by reason of garbled transmissions, mechanical failure, slow or engaged telephone or telecommunications lines or any other cause. LACMTA is using the Approved Provider as a communications mechanism and not as LACMTA’s agent to conduct electronic bidding for the Series 2018-A Bonds. LACMTA is not bound by any advice and determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in

connection with their submission of bids through the Approved Provider are the sole responsibility of the bidders and LACMTA is not responsible for any of such costs or expenses. Further information about the Approved Provider, including any fee charged, may be obtained from Ipreo, 2<sup>nd</sup> Floor, 1359 Broadway, New York, New York 10018, Telephone: (212) 849-5021. LACMTA assumes no responsibility or liability for bids submitted through the Approved Provider. To the extent any instructions or directions set forth by the Approved Provider conflict with this Notice Inviting Bids, the terms of this Notice Inviting Bids shall control.

LACMTA may regard the electronic submission of a bid through the Approved Provider (including information about the purchase price for the Series 2018-A Bonds and interest rate or rates to be borne by the various maturities of the Series 2018-A Bonds and any other information included in such transmission) as though the same information were submitted by the bidder on the Bid Form and executed on the bidder's behalf by a duly authorized signatory. If such bid is accepted by LACMTA, this Notice Inviting Bids, the Bid Form and the information that is electronically transmitted through the Approved Provider shall form a contract and the winning bidder shall be bound by the terms of such contract.

In the event of any conflict between the information represented by the Approved Provider and the terms set forth in this Notice Inviting Bids and the Bid Form, the terms set forth in this Notice Inviting Bids and the Bid Form shall control, as they may be modified or amended in accordance herewith.

### **Good Faith Deposit**

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

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

### **Best Bid**

If a satisfactory bid is received, the Series 2018-A Bonds will be awarded to the lowest responsible bidder, considering the rate or rates specified and the discount bid or premium offered, if any. The lowest responsible bidder shall be the bidder submitting a price for the Series 2018-A Bonds that results in the lowest true interest cost to LACMTA. The true interest cost shall be computed by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Series 2018-A Bonds and to the price bid (including any premium or discount) not including accrued interest, if any. For the purpose of calculating the true interest cost, the principal amount of Series 2018-A Bonds scheduled for mandatory sinking fund



redemption as part of a term bond shall be treated as serial maturity for such year. In the event two or more bids offer the same lowest true interest cost for the Series 2018-A Bonds, LACMTA reserves the right to exercise its own discretion and judgment in making the award. Upon accepting the best bid, LACMTA shall notify the bidder submitting such bid and shall reject all other bids. LACMTA's determination of the best bid shall be binding and final absent manifest error.

### **Opening of Bids; Award**

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

### **Establishment of Issue Price**

[to come]

### **Right to Reject Bids; Waive Irregularities**

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

### **Delivery and Payment; Book-Entry-Only**

Delivery of the Series 2018-A Bonds is expected to be made in the name of Cede & Co., as nominee of The Depository Trust Company in New York, New York on or about \_\_\_\_\_, 2018\* ("Date of Delivery") and will be available to the winning bidder in book-entry form only, as more fully set forth in the Preliminary Official Statement for the Series 2018-A Bonds. The winning bidder shall pay for the Series 2018-A Bonds in immediately available federal funds on the Date of Delivery of such Series 2018-A Bonds to DTC. Any expense of providing federal funds shall be borne by the winning bidder.

### **Right of Cancellation**

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

### **List of Account Members**

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

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\* Preliminary; subject to change.

## **Equal Opportunity**

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

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

## **CUSIP Numbers; Fees**

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

## **Official Statement**

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

## **Continuing Disclosure**

LACMTA will covenant and agree to enter into a written agreement or contract, constituting an undertaking to provide ongoing disclosure about LACMTA, for the benefit of the Bondholders on or before the Date of Delivery of the Series 2018-A Bonds as required by the Rule 15c2-12, which undertaking shall be in the form as summarized in the Preliminary Official Statement, with such changes as may be agreed to in writing by the winning bidder.

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

## **Ratings in Effect**

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

## **Change in Tax-Exempt Status**

At any time before the Series 2018-A Bonds are tendered for delivery, the winning bidder may disaffirm and withdraw its proposal if the interest received by private holders of obligations of the same type and character of the Series 2018-A Bonds (as determined by Bond Counsel) shall be declared to be includible in gross income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable by the terms of any federal income tax law enacted subsequent to the date of this Notice Inviting Bids.

## **Information Required From Winning Bidder; Reoffering Price**

By making a bid for the Series 2018-A Bonds the winning bidder agrees to provide to LACMTA, via facsimile or e-mail, within two (2) hours of the acceptance of its bid, price and yield information for each maturity of the Series 2018-A Bonds, the aggregate production, the amount to be retained by the bidder as compensation (i.e., the underwriter's discount) and such other information as is reasonably requested by Bond Counsel.

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

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

## **California Debt and Investment Advisory Commission Fee**

All bidders are advised that pursuant to Section 8856 of the California Government Code, it will be the responsibility of the winning bidder to pay the statutory fee to the California Debt and Investment Advisory Commission ("CDIAC") with respect to the Series 2018-A Bonds. CDIAC will invoice the winning bidder.

## **DTC Fee**

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

## **Legal Opinion; Closing Documents**

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

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

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

(c) ***Official Statement Certificate.*** A certificate of an official of LACMTA stating that as of the date thereof and as of the date of delivery of the Series 2018-A Bonds, to the best of the knowledge and belief of said official after reading and reviewing the Official Statement and any amendments thereto, the Official Statement together with any amendments thereto does not contain an untrue statement of a material fact or omit to state any material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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

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

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

## **Right to Modify or Amend**

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

## **Postponement; Rejection of Bids**

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

be received. If all bids are rejected and a subsequent date for receipt of bids is established, notice of the subsequent sale date will be announced via TM3 at least twenty-four (24) hours prior to such subsequent sale date and will be provided by facsimile transmission to any bidder timely requesting such notice. On any such alternative sale date, any bidder may submit a sealed written bid or electronic proposal for the purchase of the Series 2018-A Bonds in conformity in all respects with the provisions of this Notice Inviting Bids except for the date of sale and except for the changes announced through TM3 at the time the sale date and time are announced. The issuance of the Series 2018-A Bonds is subject to market conditions.

**Blue Sky Laws**

The winning bidder will be responsible for the clearance or exemption with respect to the status of the Series 2018-A Bonds for sale under the securities or “Blue Sky” laws of the several states and the preparation of any surveys or memoranda in connection therewith.

**Governing Law**

This Notice Inviting Bids and the Series 2018-A Bonds shall be governed by and construed in accordance with the laws of the State of California.

**Additional Information**

For further information respecting the terms and conditions of the Series 2018-A Bonds, bidders are referred to the Trust Agreement, the Twenty-Eighth Supplemental Agreement and the Preliminary Official Statement. A copy of the Preliminary Official Statement and other information concerning the proposed financing will be furnished upon request made to the Municipal Advisor: \_\_\_\_\_, \_\_\_\_\_, Telephone: \_\_\_\_\_. Additionally, a copy of the Preliminary Official Statement and a complete copy of this Notice Inviting Bids are expected to be available in electronic format at [www.MuniOS.com](http://www.MuniOS.com) on and after \_\_\_\_\_, 2018.

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

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By \_\_\_\_\_  
Donna R. Mills  
Treasurer

**BID FORM**

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

\_\_\_\_\_, 2018

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

Ladies and Gentlemen:

Subject to the provisions of and in accordance with the terms of the Notice Inviting Bids, dated \_\_\_\_\_, 2018, of the Los Angeles County Metropolitan Transportation Authority ("LACMTA") for its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the "Series 2018-A Bonds"), which is incorporated herein and hereby made a part hereof:

We hereby offer to purchase all, but not less than all, of the \$\_\_\_\_\_ \* aggregate principal amount of the Series 2018-A Bonds described in the Notice Inviting Bids and to pay therefor the amount of \$\_\_\_\_\_. This offer is for the Series 2018-A Bonds bearing interest at the rates and in the form of serial bonds and term bonds as follows:

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

<b>Maturity Date July 1</b>	<b>Principal Amount<sup>1</sup></b>	<b>Interest Rate</b>	<b>Serial Maturity</b>	<b>Sinking Account Installment</b>	<b>Term Maturity Date</b>
			(check one)		
<sup>1</sup> Aggregate principal amount and principal amortization amounts may be adjusted as set forth in the Notice Inviting Bids.					

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

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

We acknowledge and agree that after we submit this proposal, LACMTA may modify the aggregate principal amount of the Series 2018-A Bonds and/or the principal amounts of each maturity of the Series 2018-A Bonds, subject to the limitations set forth in the Notice Inviting Bids.

We further acknowledge and agree that in the event that any adjustments are made to the principal amount of the Series 2018-A Bonds, we agree to purchase all of the Series 2018-A Bonds, taking into account such adjustments on the above specified terms of this proposal for the Series 2018-A Bonds.

If we are the winning bidder, we will (a) within two (2) hours after being notified of the award of the Series 2018-A Bonds, advise LACMTA of the initial public offering prices of the Series 2018-A Bonds; and (b) timely furnish the additional information described under the caption “TERMS OF SALE—Information Required from Winning Bidder; Reoffering Price” in the Notice Inviting Bids.

If we are the winning bidder, we agree to provide to LACMTA as soon as possible after the sale of the Series 2018-A Bonds a complete list of syndicate members, the actual allocation of the Series 2018-A Bonds and the orders placed by the syndicate members.

We have noted that payment of the purchase price is to be made in immediately available funds at the time of delivery of the Series 2018-A Bonds.

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

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

We understand that we may obtain printed copies of the Official Statement at our own expense.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Series 2018-A Bonds are awarded pursuant to this bid. We further certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for itself an advantage over any other bidder.

Respectfully submitted,

By \_\_\_\_\_

Account Manager

Company Name: \_\_\_\_\_

Telephone \_\_\_\_\_

Facsimile \_\_\_\_\_

(Names of account members are listed on next page)



**Account Members**

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**EXHIBIT B**

**WINNING BIDDER'S CERTIFICATE**

[to come]

**NOTICE OF INTENTION TO SELL BONDS**

Approximately \$\_\_\_\_\_\*

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

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

LACMTA reserves the right to postpone from time to time the date established for the receipt of bids as more fully set forth in the Notice Inviting Bids. Any such postponement will be announced via Thomson Municipal Market Monitor (www.tm3.com) ("TM3"). If any date fixed for the receipt of bids and the sale of the Series 2018-A Bonds is postponed, any alternative sale date will be announced through TM3 at least 24 hours prior to such alternative sale date and will be provided by facsimile transmission to any bidder timely requesting such notice. The issuance of the Series 2018-A Bonds is subject to market conditions. LACMTA reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or nonconformity in any bid. LACMTA also reserves the right to modify or amend the Notice Inviting Bids as set forth therein, including to modify the size or structure of the transaction.

The Series 2018-A Bonds will be dated their Date of Delivery. The principal amount of such bonds sold may be adjusted after the award of the bonds, as set forth in the Notice Inviting Bids.

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

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By \_\_\_\_\_  
Donna R. Mills  
Treasurer

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

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

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2018**

**NEW ISSUE-BOOK-ENTRY-ONLY**  
**[Insert DAC Bond Logo]**

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

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

[LACMTA  
Logo]

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

**Dated: Date of Delivery**

**Due: As shown on inside cover**

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

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

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

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

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

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

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

\* Preliminary, subject to change.

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

Date of Official Statement: March \_\_, 2018

## MATURITY SCHEDULE

\$[\_\_\_\_\_]\*

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

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

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\* Preliminary, subject to change.

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

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

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

**Board Members**

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

**LACMTA Officers**

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

**LACMTA General Counsel**

Office of the County Counsel  
Los Angeles, California

**MUNICIPAL ADVISOR**

Montague DeRose and Associates, LLC  
Westlake Village, California

**BOND COUNSEL**

Norton Rose Fulbright US LLP

**DISCLOSURE COUNSEL**

Nixon Peabody LLP

**TRUSTEE AND ESCROW AGENT**

U.S. Bank National Association  
Los Angeles, California

**VERIFICATION AGENT**

Grant Thornton LLP



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

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

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

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

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

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

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## OFFICIAL STATEMENT

\$\_[\_\_\_\_\_]\*

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

#### INTRODUCTION

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

#### LACMTA

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

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

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\* Preliminary, subject to change.

## **Purpose of the Series 2018-A Bonds**

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

## **Description of the Series 2018-A Bonds**

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

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

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

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

## **Proposition C Sales Tax Obligations**

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

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

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

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

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

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

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

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

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

### **Reserve Fund**

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

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

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

### **Proposed Amendments to Trust Agreement**

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

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

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\* Preliminary, subject to change.

## **Continuing Disclosure**

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

## **Additional Information**

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

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

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

### **Use of Proceeds; Plan of Refunding**

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

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



**Refunded Bonds**

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

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

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

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

**Sources and Uses of Funds**

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

**Sources**

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

**Uses**

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

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

## **RISK FACTORS**

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

### **Economic Factors May Cause Declines in Proposition C Sales Tax Revenues**

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

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

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

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

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

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

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

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

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

### **Increased Internet Use May Reduce Proposition C Sales Tax Revenues**

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

## **Additional Senior Bonds**

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

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

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

## **Impact of Bankruptcy of LACMTA**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **DESCRIPTION OF THE SERIES 2018-A BONDS**

### **General**

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

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

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

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

**Redemption\***

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

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

<b>Year</b>	<b>Sinking Fund Installment</b>
† Final Maturity	

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

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\* Preliminary, subject to change.

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

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

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

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

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

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

### **Security for the Series 2018-A Bonds**

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



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

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

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

### **Proposition C Sales Tax Obligations**

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

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

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

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

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

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

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

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

**Flow of Funds**

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

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

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

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

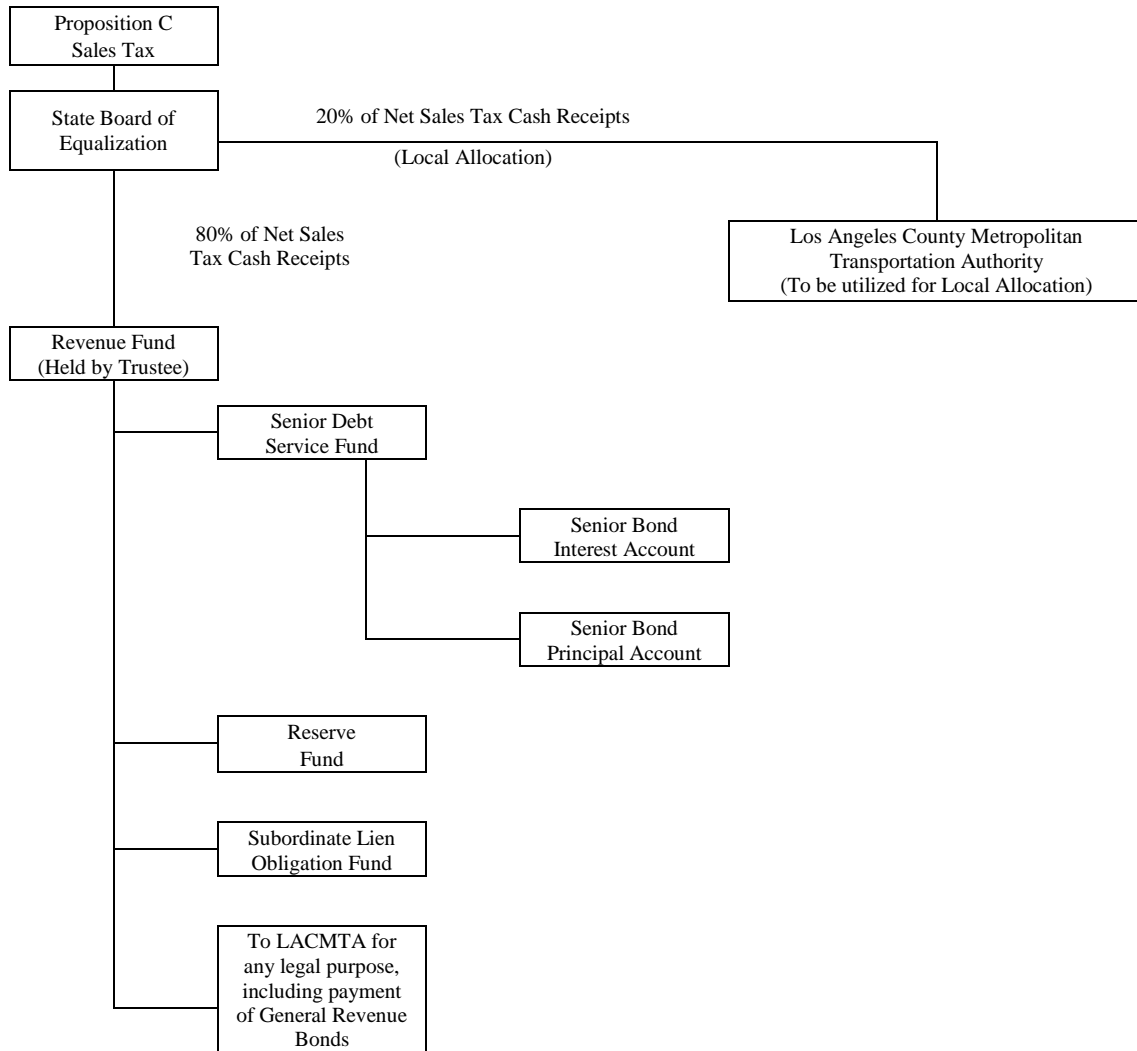
FOURTH, if LACMTA has incurred a Subordinate Lien Obligation, to the Subordinate Lien Obligation Fund to the credit of accounts to be created within the Subordinate Lien Obligation Fund by the Trustee pursuant to the Agreement for the deposit of funds to pay Subordinate Lien Obligations. The credit of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

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

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

**TABLE 1**  
**Proposition C Sales Tax**  
**Flow of Funds**



**Reserve Fund for Senior Bonds**

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

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

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

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

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

## **PROPOSITION C SALES TAX AND COLLECTIONS**

### **The Proposition C Sales Tax**

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

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

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

**TABLE 2**  
**Allocation of Proposition C Sales Tax**

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

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

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

Source: LACMTA

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

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

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

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

Source: LACMTA

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

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

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

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

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

### **Initiatives and Changes to Proposition C Sales Tax**

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

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



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

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

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

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

**Historical Proposition C Sales Tax Collections**

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

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

<b>Fiscal Year Ended June 30</b>	<b>Net Sales Tax Revenue</b>	<b>Annual Percentage Change</b>	<b>Allocations to Local Governments<sup>2</sup></b>	<b>Pledged Revenues<sup>3</sup></b>	<b>Senior Bonds Debt Service Coverage<sup>4</sup></b>
2008	\$683.5	(0.40)%	\$136.7	\$546.8	5.30x
2009	620.9	(9.17)	124.2	496.7	4.22
2010	565.8	(8.87)	113.2	452.6	4.29
2011	601.9	6.39	120.4	481.5	4.28
2012	648.8	7.78	129.8	519.0	4.62
2013	687.3	5.94	137.5	549.9	4.81
2014 <sup>5</sup>	717.2	4.34	143.4	573.7	4.46
2015	745.6	3.96	149.1	596.5	4.40
2016	763.6	2.41	152.7	610.9	4.52
2017	789.3	3.37	157.9	631.4	4.44

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

<sup>2</sup> Rounded to the closest \$100,000.

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

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

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

Source: LACMTA

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

**TABLE 4**  
**Selected Actual Proposition C Sales Tax Revenue Information<sup>1</sup>**  
 (values are cash basis)

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

<sup>1</sup> Unaudited.  
 Source: LACMTA

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

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

## PROPOSITION C SALES TAX OBLIGATIONS

### General

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

## Senior Bonds and Senior Parity Debt

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

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

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

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

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

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

### Subordinate Lien Obligations

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

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

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

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

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

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

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

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

Source: LACMTA

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

### **Other Obligations**

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

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

### **Policy Limits on Additional Bonds**

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

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## COMBINED SENIOR BONDS DEBT SERVICE SCHEDULE

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

**TABLE 6**  
**Los Angeles County Metropolitan Transportation Authority**  
**Combined Proposition C Debt Service Schedule**  
**Senior Bonds<sup>1</sup>**

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

<sup>1</sup> Totals may not add due to rounding.

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

Source: LACMTA and Montague DeRose and Associates LLC

### LITIGATION

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

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

## **LEGAL MATTERS**

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

## **TAX MATTERS**

### **General**

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

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

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

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



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

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

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

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

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

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

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

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

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

### **MUNICIPAL ADVISOR**

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

### **FINANCIAL STATEMENTS**

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

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

### **CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION**

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

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

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

### **CONTINUING DISCLOSURE**

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

### **SALE OF SERIES 2018-A BONDS**

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

## **RATINGS**

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

## **ADDITIONAL INFORMATION**

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

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By \_\_\_\_\_  
Treasurer

## APPENDIX A

### LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

#### GENERAL

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

#### **Establishment; Jurisdiction**

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

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

#### **Board of Directors**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Management**

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

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



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

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

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

### **Public Transportation Services Corporation**

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

## TRANSPORTATION SERVICES

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

### Bus System

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

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

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

## Highway System

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

## Rail System

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

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

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

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

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

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

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

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

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

### **Transit System Enterprise Fund**

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

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

## **FUTURE TRANSPORTATION IMPROVEMENTS**

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

### **Capital Planning**

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

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

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

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

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

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

## **Transit Projects**

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

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

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

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

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

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

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

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

## **LABOR RELATIONS**

### **General**

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

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

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

**Defined Benefit Pension Plan**

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

**Other Post-Employment Benefits**

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



## OUTSTANDING DEBT

### General

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

### Debt and Interest Rate Swap Policies

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

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

### Proposition A Sales Tax Obligations

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

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

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

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

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

Source: LACMTA.

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

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

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

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

**Proposition A CP Letters of Credit**

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

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

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

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

Source: LACMTA

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

**Measure R**

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

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

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

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

**Measure R Subordinate Revolving Obligations**

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

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

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

<sup>3</sup> Can be converted to term loan payable in twelve equal quarterly installments

Source: LACMTA

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

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

**Measure R Junior Subordinate Obligations (TIFIA Loans).** LACMTA has entered into agreements for four TIFIA loans in the aggregate principal amount of \$1,869,000,000, which will be repaid from Measure R Sales Tax revenues. As of March 1, 2018, LACMTA had drawn \$1,211,303.044 in proceeds across the four TIFIA loans. All four TIFIA loans are payable from Measure R Sales Tax revenues on a subordinate basis to the Measure R Senior Bonds and the Measure R Subordinate Obligations. See “FUTURE TRANSPORTATION IMPROVEMENTS—Transit Projects” above for additional information on the TIFIA loans.

## **Measure M**

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

## **INVESTMENT POLICY**

### **General**

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

### **Investment Balances**

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

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

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

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

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

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

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

## **LITIGATION AND OTHER REGULATORY ACTIONS**

### **Sales Tax Litigation**

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

**Other Litigation**

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

**APPENDIX B**

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



## APPENDIX C

### LOS ANGELES COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

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

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

#### Los Angeles County

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

#### Population

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

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

	<u>County of Los Angeles</u>	<u>Annual Growth Rate<sup>1</sup></u>	<u>State of California</u>	<u>Annual Growth Rate<sup>1</sup></u>
2000	9,519,330	-	33,873,086	-
2005	9,816,153	0.62%	35,869,173	1.15%
2010	9,818,605	0.00	37,253,956	0.76
2011	9,847,887	0.30	37,536,835	0.76
2012	9,956,722	1.11	37,881,357	0.92
2013	10,023,753	0.67	38,239,207	0.94
2014	10,093,053	0.69	38,567,459	0.86
2015	10,155,069	0.61	38,907,642	0.88
2016	10,241,335	0.85	39,255,883	0.90

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

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

## Industry and Employment

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

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

**Table C-2**  
**ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND**  
**UNEMPLOYMENT OF RESIDENT LABOR FORCE<sup>1</sup>**

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

<sup>1</sup> March 2015 Benchmark report; not seasonally adjusted.

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

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

**Table C-3  
LOS ANGELES COUNTY  
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE<sup>1</sup>**

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

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

<sup>2</sup> Total may not equal sum of parts due to independent rounding.

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

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

## Personal Income

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

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

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

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

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

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

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

## **Retail Sales**

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

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

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

<sup>1</sup> Primarily manufacturing and wholesale businesses.

<sup>2</sup> Items may not add to totals due to rounding.

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

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## **APPENDIX D**

### **SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS**

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

#### **DEFINITIONS**

[To come from BC]

## APPENDIX E

### PROPOSED AMENDMENTS TO TRUST AGREEMENT

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

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

#### **Article I – Definitions; Interpretation.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

## Section 2.09

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

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

## Section 4.01

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

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

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

#### **Section 4.05**

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

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

#### **Section 4.06**

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

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

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

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

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

#### Section 4.11

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

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

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

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

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

### **Section 6.01**

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

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

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

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

**APPENDIX F**

**FORM OF BOND COUNSEL APPROVING OPINION**

**[to be updated by Bond Counsel]**

[Closing Date]

Los Angeles County Metropolitan  
Transportation Authority  
Los Angeles, California

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

Ladies and Gentlemen:

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

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

#### **Section 1. Definitions.**

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

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

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

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

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

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

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

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

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

#### **Section 3. Provision of Annual Information.**

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

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

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

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

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

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

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

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

**Section 5. Reporting of Listed Events.**

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has executed this Continuing Disclosure Certificate this \_\_th day of \_\_\_\_, 2017.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Donna R. Mills  
Treasurer

## APPENDIX H

### BOOK-ENTRY-ONLY SYSTEM

#### Introduction

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

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

#### General

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**TWENTY-EIGHTH SUPPLEMENTAL TRUST AGREEMENT**

by and between

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

relating to:

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

Dated as of April 1, 2018

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

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EXHIBIT A - FORM OF SERIES 2018-A BOND

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## TWENTY-EIGHTH SUPPLEMENTAL TRUST AGREEMENT

\$ \_\_\_\_\_

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

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

### WITNESSETH:

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

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

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

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

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

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

## ARTICLE I

### DEFINITIONS; AMENDMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### THE SERIES 2018-A BONDS

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

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

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

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

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

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

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

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

### **ARTICLE III**

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

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

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

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

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

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

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



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

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

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

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

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

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

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

#### **ARTICLE IV**

#### **RESERVED**

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

#### **ARTICLE V**

### **APPLICATION OF PROCEEDS AND PAYMENT OF SERIES 2018-A BONDS**

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

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

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

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

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

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

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

## ARTICLE VI

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE VII

### TAX COVENANTS

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

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

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

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

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

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

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

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

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

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

## **ARTICLE VIII**

### **COMPLIANCE WITH ORDINANCE NO. 49 AND ACT OF 1998**

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

## **ARTICLE IX**

### **MISCELLANEOUS**

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

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

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

**Section 9.03. Notices.**

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By \_\_\_\_\_

Donna R. Mills  
Treasurer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_

Authorized Officer

[Signature page to Twenty-Eighth Supplemental Trust Agreement]

**EXHIBIT A**

**FORM OF SERIES 2018-A BOND**

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

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

Neither the faith and credit nor the taxing power of the County of Los Angeles, the State of California or any public agency, other than the Los Angeles County Metropolitan Transportation Authority to the extent of Pledged Revenues, is pledged to the payment of the principal of, or interest on, this Bond.

No. R-\_\_ \$\_\_\_\_\_

<b>Interest Rate Per Annum</b>	<b>Maturity Date</b>	<b>Dated Date</b>	<b>CUSIP</b>
%	July 1, 20__	_____, 20__	544712__

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, a public entity, duly organized and existing under and pursuant to the laws of the State of California (the “Authority”), for value received, hereby promises to pay to the registered owner named above, or registered assigns, but solely from the sources hereinafter mentioned, on the Maturity Date specified above, the Principal Amount shown above and to pay interest hereon, but solely from the sources hereinafter referred to, at the rate set forth above from the most recent Interest Payment Date (as defined in the Twenty-Eighth Supplement, as defined below) to which interest has been paid or duly provided for, or from the date of authentication hereof if such Interest Payment Date is a date of authentication, or from the next succeeding Interest Payment Date if such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, or from the Dated Date specified above if no interest has been paid or duly provided for, such payments of interest to be made on each January 1 and July 1, commencing on \_\_\_\_ 1, 20\_\_, until the principal hereof has been paid or duly provided for as

aforesaid. The principal of and interest on this Bond may be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public or private debts. The principal of this Bond is payable to the registered owner hereof upon presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association, as trustee (together with any successor as trustee under the Agreement, as defined below, the “Trustee”), in St. Paul, Minnesota, or such other place as designated by the Trustee, in lawful money of the United States of America. Capitalized terms used in this Bond and not defined herein shall have the meanings given them in the Agreement (as defined below).

This Bond is one of a duly authorized issue of the Los Angeles County Metropolitan Transportation Authority Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (the “Series 2018-A Bonds”). This Bond is issued pursuant to an Amended and Restated Trust Agreement, dated as of January 1, 2010 (the “Trust Agreement”), by and between the Authority and the Trustee, and a Twenty-Eighth Supplemental Trust Agreement, dated as of April 1, 2018 (the “Twenty-Eighth Supplement”), by and between the Authority and the Trustee, setting forth the terms and authorizing the issuance of the Series 2018-A Bonds (said Trust Agreement as amended and supplemented, including as supplemented by the Twenty-Eighth Supplement, being the “Agreement”). Said authorized issue of Bonds is limited in aggregate principal amount as provided in the Agreement, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Agreement provided, all issued and to be issued pursuant to the provisions of Section 130500 *et seq.* of the California Public Utilities Code, as amended from time to time (the “Act”). The Series 2018-A Bonds constitute Senior Bonds under the Agreement. Reference is hereby made to the Agreement and to the Act for a description of the terms on which the Series 2018-A Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Pledged Revenues (as that term is defined in the Agreement), and the rights of the Registered Owners of the Series 2018-A Bonds. All the terms of the Agreement and the Act are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner from time to time of this Bond, and to all the provisions thereof the Registered Owner of this Bond, by its acceptance hereof, consents and agrees.

Additional Senior Bonds and Senior Parity Debt may be issued or incurred on a parity with the Series 2018-A Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Agreement.

The Senior Bonds currently outstanding and hereafter issued by the Authority, and the interest thereon, are payable from, and are secured by a charge and lien on, the Pledged Revenues derived by the Authority from the Proposition C Sales Tax. All of the Senior Bonds, including the Series 2018-A Bonds, and Senior Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Pledged Revenues, and the Pledged Revenues constitute a trust fund for the security and payment of the interest on and principal of the Series 2018-A Bonds; but nevertheless out of Pledged Revenues certain amounts may be applied for other purposes as provided in the Agreement.

The Series 2018-A Bonds are limited obligations of the Authority and are payable, both as to principal and interest, solely from the Pledged Revenues and by certain other amounts held by the Trustee under the Agreement.

The general fund of the Authority is not liable, and neither the credit nor the taxing power of the Authority is pledged (other than as described above), for the payment of the Series 2018-A Bonds or their interest. The Series 2018-A Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Pledged Revenues.

This Bond shall be issued pursuant to a book-entry system administered by DTC (together with any successor thereto, "Securities Depository"). The book-entry system will evidence beneficial ownership of the Series 2018-A Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book-entry system is in effect, transfer of principal and interest payments, and provisions of notices or other communications, to beneficial owners of the Series 2018-A Bonds will be the responsibility of the Securities Depository as set forth in the Agreement.

This Bond is transferable or exchangeable for other Authorized Denominations upon surrender of this Bond at the corporate trust office of the Trustee in St. Paul, Minnesota, or such other place as designated by the Trustee, accompanied by a written instrument of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Authority and the Registrar, duly executed by the registered owner hereof or by his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Agreement, and upon surrender and cancellation of this Bond. Upon such transfer a new fully authenticated and registered Series 2018-A Bond or Series 2018-A Bonds without coupons, of Authorized Denomination or Authorized Denominations, of the same series, tenor, maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Authority, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Authority, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the Authority and of the holders and registered owners of the Series 2018-A Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Series 2018-A Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the Authority pertaining to the Pledged Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Agreement or the Act.

This Bond shall not be entitled to any benefit under the Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, THE LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY has caused this Bond to be executed in its name and on its  
behalf as of the \_\_\_ day of \_\_\_\_\_, 20\_\_.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By \_\_\_\_\_  
[\_\_\_\_\_] , [\_\_\_\_\_]

**AUTHENTICATION CERTIFICATE**

This Bond is one of the Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A of the Los Angeles County Metropolitan Transportation Authority, described in the within-mentioned Agreement.

Dated: \_\_\_\_\_, 20\_\_

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Representative



[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

---

(Please insert Social Security or Identification Number of Transferee)

---

(Please print or typewrite name and address, including zip code of Transferee)

---

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

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attorney to register the transfer of the within Bond on the books kept for registration thereof, all power of substitution in the premises.

Dated:

Signature Guaranteed:

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NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

**EXHIBIT B**

**REFUNDED BONDS**

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

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal to Be</u> <u>Redeemed</u>	<u>Redemption</u> <u>Price</u>	<u>Redemption</u> <u>Date</u>	<u>CUSIP</u> <u>Number</u>
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**Board Report**

**File #:** 2017-0859, **File Type:** Project

**Agenda Number:** 17.

**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 14, 2018**

**SUBJECT: WEST SANTA ANA BRANCH TRANSIT CORRIDOR**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

CONSIDER:

- A. EXPANDING the northern study options;
- B. RECEIVING AND FILING the:
  - 1. Update on Public Private Partnership procurement; and
  - 2. Status of Transit-Oriented Communities efforts.

**ISSUE**

In response to comments received during the scoping period and ongoing technical analysis, the project team has been exploring potential modifications to the northern alignment options and termini. Board action is needed to expand the northern study options in order to address the comments received and address ongoing technical analysis.

**DISCUSSION**

Background

The West Santa Ana Branch (WSAB) Transit Corridor Project is a proposed new 20-mile light rail transit line that would connect downtown Los Angeles (DTLA) to southeast Los Angeles County. The project has been identified in the Long Range Transportation Plan (LRTP) and is also contained in both the Measure R and Measure M Expenditure Plans. In the Measure M Expenditure Plan, the project is scheduled for groundbreaking in FY 2022, with identified opening dates in FY 2028 and FY 2041. Recently, WSAB has also been included in the proposed “Twenty-Eight by ‘28” initiative as an aspirational project schedule to be completed early in time for the 2028 Olympic Games in Los Angeles.

## Project History

In February 2013, Southern California Association of Governments (SCAG) completed the Alternative Analysis (AA) Study for a 34-mile WSAB corridor from Los Angeles Union Station (LAUS) to the City of Santa Ana in Orange County. The Metro Board in January 2014 received the study's recommended two northern alignment alternatives for further consideration: 1) West Bank 3 along the west bank of the Los Angeles River, and 2) East Bank along the east bank of the Los Angeles River.

Based upon the West Bank 3 alternative, four new alignment options (Attachment A) were identified as part of Metro's Technical Refinement Study (TRS) completed in September 2015 and recommended for further analysis:

- 1) Pacific/Alameda
- 2) Pacific/Vignes
- 3) Alameda
- 4) Alameda/Vignes

In April 2017, the Board approved the four northern alignment options as part of the Northern Alignment Options Screening Report: 1) Pacific/Alameda, 2) Pacific/Vignes, 3) Alameda, and 4) Alameda/Vignes to be carried forward into environmental analysis. The Board also took action to drop from further consideration the East Bank and West Bank 3 northern alignment options previously recommended in the SCAG AA Study.

## Scoping Process and Results

On June 6, 2017, Federal Transit Administration (FTA) and Metro formally initiated the Draft Environmental Impact Statement/Environmental Impact Report (EIS/EIR) phase with an extended public scoping comment period held from June 6, 2017 through August 4, 2017. Four public scoping meetings were held during that period in the cities of Bellflower, Los Angeles, Huntington Park and South Gate. At the conclusion of the public scoping period, over 1,100 comments were received.

Approximately 400 comments were submitted by Little Tokyo stakeholders. Comments received expressed strong opposition to some or all of the northern alignment options and were particularly opposed to an elevated alignment along Alameda Street with concerns about the visual impacts. Comments from the Little Tokyo community also relayed a history of ongoing construction impacts experienced by the community related to the Metro Gold Line Eastside Extension and the Regional Connector projects, and concern with the prospect of future construction impacts brought on by a WSAB alignment through their community with an identified potential future station at Alameda Street, west of 1<sup>st</sup> Street.

Metro also received scoping letters from several agencies. In their scoping letters, Metrolink, the Federal Railroad Administration (FRA) and High Speed Rail (HSR) expressed concerns regarding the northern alignment options. Specifically, their comments focused on encouraging Metro to seek alternatives that do not limit the potential for additional regional railroad capacity at LAUS.

### Potential Downtown Los Angeles Termini

In response to comments received during the scoping period and ongoing technical analysis, the project team has been exploring potential modifications to the northern alignment options (Attachment B), including the following:

#### *Union Station via Alameda Street*

This alignment option extends between Union Station and the Washington Station along Alameda Street and the Metro Blue Line right-of-way (ROW). It would provide three potential stations: Union Station, Little Tokyo, and 7th/Alameda. At Union Station, we are exploring three potential options including: underground west of Union Station; underground west of Metro Gold Line platform; and at-grade east of Metro Gold Line platform (via Center Street as opposed to Vignes Street, which was proposed during the scoping period). This alignment option was developed during the TRS and modified based upon scoping comments and ongoing technical analysis.

#### *Union Station via Arts District Transfer Station*

This alignment option extends between Union Station and the Washington Station along the Metro Blue Line ROW via the potential Division 20 Arts District Station at 6<sup>th</sup> Street. This alignment would provide a connection to Union Station via a transfer to either the red or purple line at a new Division 20 Arts District/6<sup>th</sup> Street Station. This alignment option was developed based upon scoping comments and ongoing technical analysis.

#### *Downtown Transit Core*

This alignment option extends between the Downtown Station and the Washington Station along the Metro Blue Line ROW. The terminus location within the Pershing Square, 7<sup>th</sup> Street/Metro and Regional Connector area will be studied. This alignment option could provide two to three potential stations between Washington Station and the terminus depending on the alignment to be determined. This alignment option was developed based upon scoping comments and ongoing technical analysis.

Over the next several months, staff will be conducting technical analyses and soliciting input from internal Metro departments for the northern alignments. Staff will return to the Board in spring 2018 with the updated screening report and recommendations for the northern alignments to be carried forward in the Draft EIS/EIR. The project milestone schedule is contained in Attachment C.

### Public Private Partnership (P3) Procurement

P3 is being explored as the delivery method for the WSAB. In close coordination with the environmental document, staff is developing the basis for procurement of a P3 to include technical, financial and legal components. To achieve the best business case for Metro, staff is applying and integrating each of these components to evaluate the optimal procurement type such as Design/Build, Design/Build/Finance or Design/Build/Finance/Operate and Maintain. Completion of the evaluation will produce a recommended P3 Strategy and a scope and a schedule that supports procurement of a P3 Contractor through the Request for Proposal (RFP) process. Attachment D provides background regarding benefits of P3 delivery and Attachment E provides a structure for development of the business case.

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Transit-Oriented Communities Implementation Strategy

Metro, in partnership with the City of South Gate and the Eco-Rapid Transit Joint Powers Authority (JPA), was awarded a grant application from the Federal Transit Administration (FTA) for \$2 million from their Transit Oriented Development (TOD) Planning Pilot Program for the WSAB Transit Corridor TOD Strategic Implementation Plan (the Plan). The TOD grant will result in a Transit-oriented Communities vision and strategic implementation plan for the WSAB corridor.

Eco-Rapid Transit JPA submitted a letter to Metro requesting an amount of \$5 million to build upon work being carried out through the FTA grant that would help cities implement the Transit Oriented Communities (TOC) vision for the corridor through required policy and regulatory actions to be taken by local land use authorities. Additionally, the funds would support preparation of a programmatic Environmental Impact Report for the corridor to facilitate TOC implementation.

By pursuing TOC implementation work, it would greatly advance the likelihood of achieving TOC along the corridor. Additionally, by creating the land use policy and regulatory tools for WSAB, Metro will add value to its existing TOC toolkit with templates that assist local land use agencies countywide in complying with California land use law when partner agencies wish to achieve TOC. This streamlines the process for implementing and achieving TOC. Staff is continuing to develop the approach and scope of work to advance TOC implementation.

Outreach Activities

In anticipation of Board action regarding the northern alignments, staff has met with key project area stakeholders to update them on the results of the scope period, nature of comments received and staff's potential direction to respond to comments specific to the northern alignments.

In mid-January, Metro Local Government/External Affairs staff and the project outreach team began conducting key stakeholder briefings in Little Tokyo, the Arts District and DTLA to provide updates on the status of the project and discuss the new proposed northern alignment options. Briefings will continue along the project corridor this month, as well as continued coordination with Eco-Rapid Transit JPA and Gateway Cities Council of Governments, which included a presentation at their recent Board Meetings.

Community meetings will be held along the project corridor in March to provide updates and gather feedback from local residents, businesses and the general public. The outreach team will also continue participating in community-based events along the corridor to provide project information to interested stakeholders. When new scoping meetings are held after Board direction on the northern alignment options in spring 2018, one will be held in the DTLA area, with a second held in the southern segment of WSAB.

**DETERMINATION OF SAFETY IMPACT**

These actions will not have any impact on the safety of our customers and/or employees because this project is at the study phase and no capital or operational impacts results from this Board action.

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## **FINANCIAL IMPACT**

The FY 2017-18 budget includes \$3,256,640 in Cost Center 4370, Project 460201 (WSAB Transit Corridor) for professional services. Since these are multi-year contracts, the Cost Center Manager and Chief Planning Officer will be responsible for budgeting in future years.

### **Impact to Budget**

The funding for this project is from Measure R 35%. As these funds are earmarked for the WSAB Transit Corridor project, they are not eligible for Metro bus and rail capital and operating expenditures.

## **ALTERNATIVES CONSIDERED**

The Board could consider deferring further study on the expanded study area. This alternative is not recommended as this would impact the project's environmental clearance schedule and would not be responsive to comments received on the current alignments. This would also not be consistent with prior Board direction to advance the project.

## **NEXT STEPS**

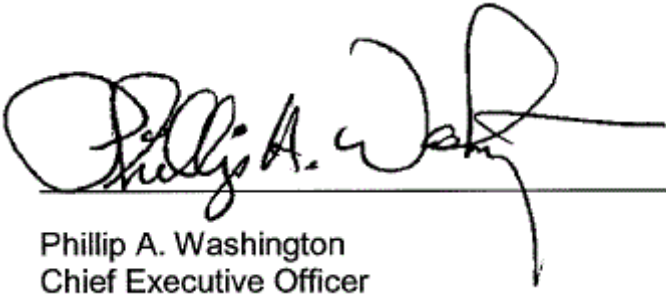
Upon Board approval, staff will conduct additional technical analysis including an updated screening evaluation process for the revised northern alignment options while continuing with the Draft EIS/EIR. Staff will return to the Board in spring 2018 with recommendations for carrying forward revised northern alignments into a rescoping process.

## **ATTACHMENTS**

- Attachment A - Original Northern Alignment Options Map
- Attachment B - Proposed Additional Northern Alignment Study Options
- Attachment C - WSAB Milestone Schedule
- Attachment D - Factors Considered Related to P3 Delivery
- Attachment E - Development of the Business Case

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Phillip A. Washington  
Chief Executive Officer



# West Santa Ana Branch Transit Corridor

## Original Northern Alignment Options



# West Santa Ana Branch Transit Corridor

## Proposed Additional Northern Alignment Study Options



## ATTACHMENT C

### WSAB Milestone Schedule

Board Action on Northern Alignment Study	February 2018
Market Sounding	Spring 2018
Board Action on Northern Alignment Options to Advance into Environmental Review	May 2018
Board P3 Workshop	Winter 2019
Release P3 RFQ	Spring 2019
Groundbreaking	FY2022

### Factors Considered Related to P3 Delivery

Compared to traditional procurement and project delivery approaches, P3 can realize benefits as outlined below. All of these will be considered in identifying the optimum delivery method for this specific project – based on the best value to Metro.

**P3's Provide Accountability:** The concept of “pay for performance” is at the heart of the P3 delivery methodology. Performance standards are clearly defined and payment is linked to the Private Partner's ability to deliver against these standards. P3s will enable Metro to spread cost of infrastructure investment over the lifetime of the asset.

**Reduce Risk:** Risk allocation is at the heart of a project's value for money and follows the guiding principle that a risk should be transferred to the party best able to control or mitigate it at the lowest cost. P3's can reduce public sector risk by transferring those risks that are better managed by the Private Partner. Examples of such risks include: adherence to construction schedule, construction and site risks, quality management, utility works, and lifecycle and capital maintenance costs.

**Improve service delivery:** Metro will be able to better able to focus on core activities such as customer service, user experience, and system management, rather than non-core functions, such as the construction, and potentially operations and maintenance, if transferred to the Private Partner.

**Efficient use of assets:** Private Partners are motivated to adhere to the performance obligations of the Partnership Agreement (PA) resulting in higher levels of service, greater accessibility, and reduced costs for the public sector.

**On-time & on-budget delivery:** Payments are aligned to the delivery of project objectives.

**Ensure assets are properly maintained:** Well-designed P3s maintain infrastructure by transferring maintenance requirements to the Private Partner.

**Fiscal planning:** P3s result in contracts that set out fixed payments over the life of the contract allowing Metro to budget costs over multiple years in their fiscal plans.

**Cost savings through quality and innovation:** Shifting long-term operation & maintenance responsibilities to the Private Partner creates incentive to ensure long term construction and operations quality and innovation

**Leveraging strengths:** P3s require a full infrastructure solution to be developed and implemented with cost certainty over a long-term contract. This requires consortia to bring firms whose core businesses are in construction, finance, operations and maintenance to ensure that the asset is properly constructed and built to produce over the life of the contract.

## ATTACHMENT E

### **Attachment E - Development of the West Santa Ana Branch Light Rail Transit (WSAB) Public Private Partnership (P3) Business Case**

The process for the development of the WSAB P3 Business Case and thus the identification of the optimal procurement option for the WSAB Project is outlined below:

1. Shortlist the Procurement Options for the WSAB Project
2. WSAB P3 Procurement Strategy
3. Define the WSAB Project Scope and Prepare Cost Estimate
4. WSAB Value for Money (VfM) / Quantitative Analysis
5. Completed WSAB P3 Business Case

#### **1 - Shortlist the Procurement Options for the WSAB Project**

##### *Deliverable - Market Sounding Report (Estimated Completion: June 2018)*

The purpose of the Marketing Sounding is to ascertain the market's interest in different P3 delivery models and to qualitatively determine the extent to which specific delivery models will attract competition and gather information about the interest, opportunities and challenges associated with the Project. Conducting a Market Sounding provides an understanding of the WSAB's marketability; solicits feedback from the market on the Project's potential scope, contract structure, market constraints and possible financing options. The Market Sounding process validates financial and contract structure assumptions (e.g. term length, equity return rates, etc.) and prepares the market for the WSAB procurement. Metro can use bidder feedback from market soundings to inform and create the most marketable transaction possible.

##### *Deliverable – Qualitative Analysis (Estimated Completion: June 2018)*

The purpose of the qualitative analysis is to examine the benefits and risks of the WSAB Project that are not directly quantifiable. This section is important to Metro as it will account for the non-quantifiable benefits and risks (e.g., Timeliness/Project acceleration, Operational, Interfaces, Local participation, Labor considerations, etc.) of the various delivery approaches under consideration and takes into account how these procurement options align with the overall objectives of the WSAB Project. It is an important step for Metro to complete because it recommends the P3 models that respond the Project's qualitative requirements.

## **2 – WSAB Procurement Strategy**

### *Deliverable (1) - Procurement Strategy (Estimated Completion: October 2018)*

Procurement Strategy articulates Metro’s policy and process framework for establishing an accessible, fair and competitive environment to secure a Private Partner for the WSAB Project. Human and financial resources are identified along with a framework to oversee the procurement. Procurement strategy also defines roles and responsibilities of individual members of the Metro WSAB Project team and outlines the rationale for their inclusion and provides clarity on the project’s future direction and anticipated key milestones.

### *Deliverable (2) Implementation Plan (Estimated Completion: October 2018)*

The Implementation Plan demonstrates the degree to which the WSAB project is “market ready” relative to Metro’s resourcing strategy. This step ascertains the status of relevant, environmental assessments, property conveyance, utilities, site approvals, design development and other non-procurement related processes. The Implementation Plan presents an integrated WSAB project schedule (e.g., GANTT chart) that outlines the critical path for successfully executing the WSAB Project. Approvals received to date are identified and a timeline to be followed to achieve any outstanding approvals. In addition, the Implementation plan addresses engagement of stakeholders throughout project execution and develops a transition plan for Metro through the post-transaction / contract administration period.

## **3 – WSAB Value for Money (VfM) / Quantitative Analysis**

### *Deliverable (1) – Quantitative Analysis (Estimated Completion: Preliminary VfM - December 2018; Final VfM – February 2020)*

Quantitative Analysis considers quantifiable factors pertaining to each shortlisted procurement option (i.e., Design-Build-Finance, Design-Build-Finance-Maintain, Design-Build-Finance-Operate-Maintain, etc.) and evaluates the total Net Present Value (NPV) of proposed procurement options. On the basis of reliable project cost information (e.g., 30% design completion, and a +/- 15% level of cost precision.) quantitative analysis compares respective costs and determines which procurement option provides the most Value for Money (VfM) for the WSAB Project. Metro staff and its External Advisors will be responsible for the following interim activities and deliverables including: Project Costing, Risk Analysis and Quantification, Project Financing Assumptions and Preliminary VfM analysis. The quantitative analysis including the VfM will be continually refreshed as we receive more precise costing data. These refreshes will occur up until the completion of the Final P3 Business Case in February 2020.

Important items to consider as part of the Quantitative Analysis:

- Base project costs for all procurement options on a life-of-project basis, i.e. hard and soft construction costs, facilities management costs, operations, maintenance and lifecycle costs
- Clear description of the risk allocation model and the quantitative benefits brought to Metro from the risk allocation model
- Understanding of project risks and thorough consideration of the risk transfer benefits and financial impacts
- Level and timing of Metro's capital injections during the construction (milestone payments) and at substantial completion
- Assumed financing plan under the P3 model, including the types, amounts and timing of different debt and equity instruments, along with associated fees
- Identify the procurement option that provides the greatest VfM in quantitative terms over the design, construction and operation/maintenance phases of the project

*Deliverable (2) – Integrated Recommendation for the WSAB Project (Estimated Completion: January 2019)*

Integrated Recommendation (IR) formulates a recommendation concerning the optimal procurement option for the WSAB Project. This step defines the optimal procurement option and includes a comprehensive discussion of the Quantitative and Qualitative Analyses with particular emphasis on factors that most influenced the procurement option decision.

*Deliverable (3) – WSAB Project Funding and Affordability (Estimated Completion: February 2020)*

The purpose of the WSAB Project Funding and Affordability analyses is to demonstrate the Metro's financial preparedness to undertake the WSAB Project. In this process, Metro will disclose all the sources of the funds for the WSAB Project and all the manners in which the WSAB Project funds will be used. This step is important for Metro because it will show Metro's financial capability of undertaking the long-term commitments associated with the WSAB P3 contract; the timeline for how funds will be utilized by the WSAB Project, including construction and operations and/or maintenance (O&M) over the concession period and lifecycle costs; and, where a funding gap is not fully eliminated through Measure M investment and the measures being put into place to address the funding gap.

#### **4 - Define the WSAB Project and Prepare Cost Estimate:**

*Deliverable - Project Definition and Schematic Design Cost Estimate (Estimated Completion: October 2019 and February 2020)*

The purpose of the Project Definition and Cost Estimate is to outline and justify the WSAB Project and validate its costs. Project definition identifies the scope of the proposed investment; outlines the rationale for the pursuit of the Project (i.e. needs assessment and investment objectives); demonstrates Metro's preparedness, knowledge and understanding of the Project; frames WSAB's suitability for a P3 procurement approach; and allows Metro to complete the credible and justifiable quantitative analysis for the WSAB Project (i.e., Milestone #3). The WSAB will be defined when the Board selects a Locally Preferred Alternative (October 2019). Metro's External Advisors will complete a Schematic Design Cost Estimate (30% design completion and a +/- 15% level of cost precision) for the Project. This estimate will validate the WSAB Project Costs and our quantitative analysis.

#### **5 – Completed WSAB P3 Business Case**

*Deliverable – P3 WSAB Business Case (Estimated Completion: Preliminary Business Case - March 2019; Final Business Case - February 2020)*

The culmination of all of the above deliverables will form the Final WSAB P3 Business Case. The purpose of the P3 Business Case is to identify and assess viable procurement options in order to recommend the option that best achieves the WSAB project objectives and outcomes and Value for Money (VfM). The P3 Business Case proposes a credible implementation plan for the WSAB Project.





# West Santa Ana Branch Transit Corridor


Planning and Programming Committee

February 14, 2018



**Metro**

Item 2017-0859



## Recommendations/Board Actions

Request the Board to:

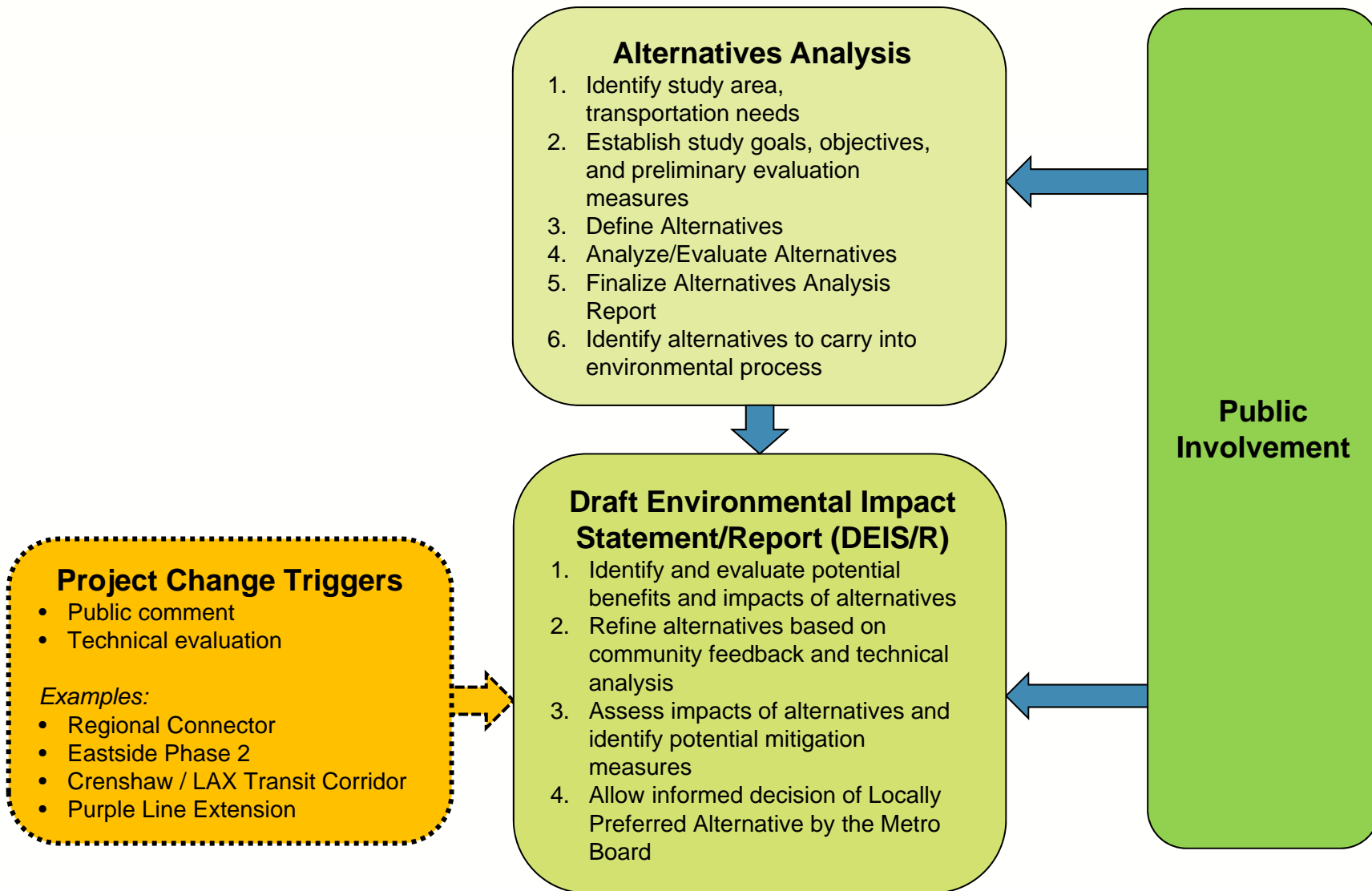
Authorize:

- Expand northern study options

Receive and File:

- Update on Public Private Partnership procurement
- Status of Transit-Oriented Communities efforts

# Early Project Development Process





## Project Goals

- > Provide mobility improvements
- > Support local and regional land use plans and policies
- > Minimize environmental impacts
- > Ensure cost effectiveness and financial feasibility
- > Promote equity

# Northern Alignments: Concerns/Constraints

## Little Tokyo

- Opposition to visual impacts of elevated alignment on Alameda Street
- Cumulative disruptions due to construction of multiple Metro projects

## Arts District

- Opposition to at-grade or aerial alignment on Alameda Street

## Industrial District

- Opposition to at-grade or aerial alignment on Alameda Street

## High Speed Rail, Metrolink, Federal Railroad Administration

- Preference for alternatives that do not limit existing or planned capacity at Union Station for regional rail services

## Re-scoping Northern Alignment Options

- Re-scoping and public meetings needed for expanded northern study options
  - FTA guidance
  - CEQA compliance



**Metro**



## Environmental Scoping Alternatives

# Northern Alignment Considerations

- Links southeast LA County communities to DTLA employment and cultural center
- Connections to Metro Rail and Regional Rail networks
- Ridership, travel time and customer experience
- Minimize impacts to existing neighborhoods
- Project feasibility, budget and schedule considerations

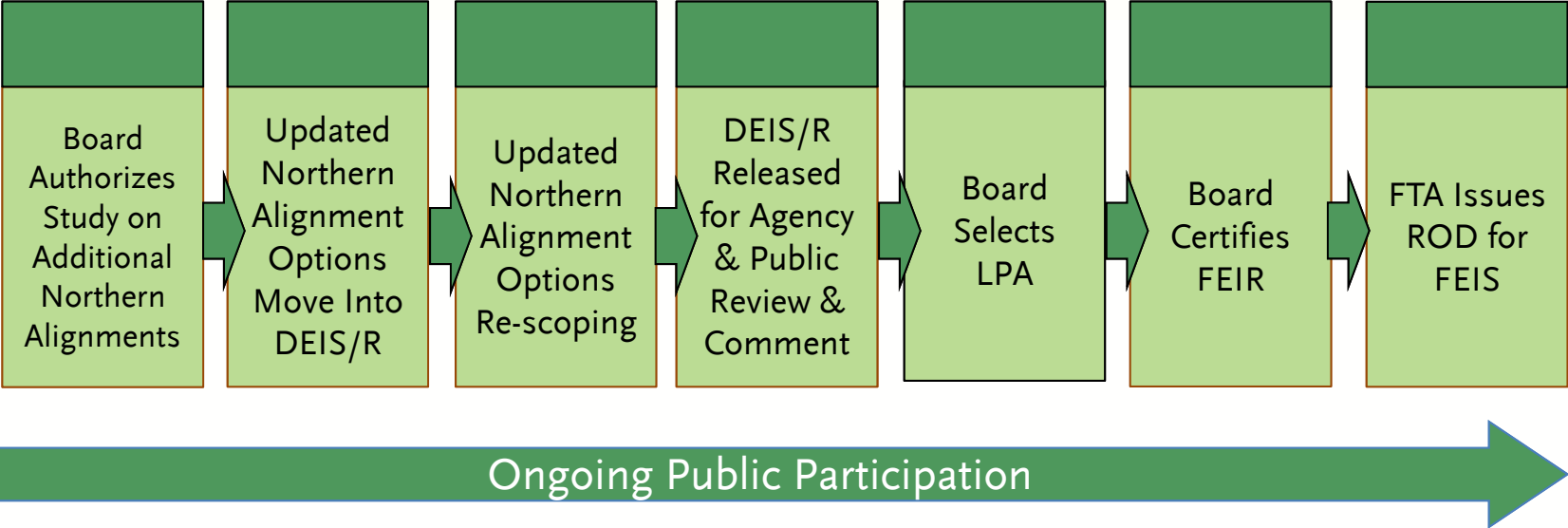




## Proposed New Alignments for Refined Analysis



# Updated Environmental Planning Process



\* Timeline Subject to Change



## Transit-Oriented Communities (TOC)

### Corridor TOC Goals:

- Prepare a vision for TOC along the corridor
- Develop TOC implementation strategy
  - Land use planning
  - Economic development strategy
  - Active Transportation Plan

### Next Steps:

- Complete the study by end of 2018
- Identify \$5 million in funding to carry out the implementation strategy





## Next Steps

- **January – February:** Conduct Board staff and stakeholder briefings
- **February:** Board action to add new northern alignment alternatives
- **February – May:** Conduct an updated screening evaluation process for the revised northern alignment options
- **Late spring:** Board action on refined northern alignment options and to reinitiate environmental scoping



Thank you



Metro®