

November 20, 2000



RM
Metropolitan
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Authority

TO: BOARD OF DIRECTORS
FROM: TERRY MATSUMOTO *Terry Matsumoto*
EXECUTIVE OFFICER, FINANCE & TREASURER
SUBJECT: SALE OF PROP C BONDS

REPORT

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\$161,995,000 of Prop C bonds were sold on November 14, 2000 using an electronic bid process over the Internet. Bear Stearns submitted the winning interest rate bid of 5.282%. The syndicate members included Bank of America, Goldman Sachs and Morgan Stanley. Three other bids ranged from 5.312% to 5.317%. The close range of the bids provides a good indication that there was strong competition. The bonds were issued in accordance with the resolution adopted by the Board at the August 2000 meeting.

As part of the selling process, the MTA obtained ratings from the three leading credit rating agencies: Moody's, Standard & Poors, and Fitch. Moody's and Fitch upgraded their rating outlooks to stable from negative citing improvements in the overall financial management of the MTA. See rating reports attached. MTA's sale also received strong interest from the financial media. See Bond Buyer article attached.

The ratings of the underlying sales tax credit were "A1," "A+" and "A," respectively. The current high ratings are consistent with previous ratings. MTA continues to be a leader in the use of Internet technology. This sale was the fifth successful sale conducted via Internet bidding. For the first time, MTA utilized an Internet based disclosure service to improve the breadth of dissemination and timeliness of delivery of the required information to the full range of investors, from institutions to individuals. Use of the Internet service reduced printing and mailing costs while meeting SEC disclosure requirements.

ATTACHMENTS

- A. Press release – Moody's
- B. Press release - Fitch
- C. Press release - Standard & Poor's
- D. Bond Buyer article