



Metro

August 17, 2005

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER

FROM: TERRY MATSUMOTO
EXECUTIVE OFFICER, FINANCE & TREASURER

SUBJECT: PROP A 2005-C REFUNDING BONDS

ISSUE

To update the Board on the results of the issuance of the Prop A 2005-C refunding bonds and related interest rate swaps, which priced on Tuesday, August 16, 2005.

REPORT

Goldman Sachs & Co., Morgan Stanley, Merrill Lynch, and De La Rosa & Co. were appointed by the Board in May 2005 as co-senior managing underwriters and remarketing agents for the four series of 7-day auction rate securities. The initial 7-day rates ranged from 2.00-2.15%. These rates will be reset weekly.

Swap counterparties were selected via two competitive bids on Tuesday, August 16, 2005. Each counterparty will provide the interest rate swap, approximately \$135 million, for two series of auction rate securities. The winning bidders were Bank of Montreal and Deutsche Bank. The fixed rates provided by the swap counterparties resulted in a true interest cost of 3.40% for the bonds.

Based on the interest rate swaps, the refunding generated cash flow savings of \$46.4 million or \$28.8 million on a present value basis. This amount is slightly less than projected due to the August interest rate increase by the Federal Reserve.

Moody's Investors Service and Standard & Poor's assigned "Aa3" and "AA" underlying ratings, respectively, to the bonds. The bonds also carry "Aaa" and "AAA" ratings as a result of a bond insurance policy purchased from XL Capital Assurance.

Please call Terry Matsumoto, Executive Officer, Finance & Treasurer, at 213.922.2473 if you would like further information regarding these transactions.