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TO: BOARD OF DIRECTORS
FROM: LINDA BOHLINGER *L. Bohlinger*
INTERIM CHIEF EXECUTIVE OFFICER

SUBJECT: APPROVE THE EXTENSION OF THE EXISTING BOND
COUNSEL AND UNDERWRITER POOL FOR A PERIOD NOT-
TO-EXCEED NINE MONTHS

RECOMMENDATION

Approve the extension of the existing bond counsel and underwriter pool for a period not-to-exceed nine months, beginning January 1, 1997 through September 30, 1997.

ORGANIZATIONAL IMPACT

Bond counsel and underwriters assist staff and the MTA financial advisors in the implementation of various financing plans to achieve the lowest cost of capital with a minimum level of risk.

BUDGET IMPACT

There is no budgetary impact from the extension of the bond counsel nor underwriter pool. Costs are incurred only after the Board has approved a specific transaction pursuant to the approved MTA budget.

ALTERNATIVES CONSIDERED

- Solicit responses for a new pool through a request for proposal (RFP). The RFP is in process. It is anticipated that the procurement process will be completed by September 30, 1997.
- Permit the existing approved pool to formally expire and subsequently select bond counsel and underwriters on a transaction-by-transaction basis. This alternative would require staff to go through a lengthy procurement process on each financial transaction.

BACKGROUND/DISCUSSION

In December 1994, the MTA formally approved the selection of a financial underwriter and bond counsel pool for a term of two (2) years. (See Attachment 1 & 2) Recommendations and selections for the pools were made through a competitive request for proposal process (RFP No. 94-28, 94-33) conducted by Contract Administration. The pool lapsed in December 1996 and has not been

used since that time. With one sales tax refunding transaction scheduled for this quarter and another scheduled for the first quarter of FY 1998, it is anticipated that the bond counsel and underwriter pools will be used through the first quarter of next fiscal year.

The pool concept has proven to be successful for the MTA over the last two years and has served as a model for similar pool concepts adopted by other large issuers such as the State of California, the New York Metropolitan Transportation Authority, and the City of New York. It has permitted a small group of financial and legal professionals to develop a detailed working knowledge of the MTA's complex financial and legal needs. With this expertise, the MTA has received focused and cost efficient financial and legal analysis as well as innovative solutions to MTA concerns. The current pool members' expertise will be particularly valuable in the upcoming bond transactions.

The pool structure has also avoided the process of a time consuming contract procurement for each potential transaction. It has allowed staff to work with a smaller and more manageable group of firms. Without the pool, staff members are often bombarded with generic and often redundant proposals.

SMALL BUSINESS PARTICIPATION

The previous recommendations include M/WBE firms to meet the MTA's goal of 25% participation. Five (5) of the original eleven (11) firms in the Bond Counsel pool are M/WBE firms. Eighteen (18) of the original thirty three (33) firms in the Underwriter pool are M/WBE firms. Actual levels of participation will vary depending upon the transaction and method of sale selected by the MTA Board. In a competitive bid, underwriter participation goals cannot be controlled by MTA. The deal is awarded to the lowest bidder regardless of any other factor.

ATTACHMENTS

1. MTA Approved Bond Counsel Pool
2. MTA Approved Underwriter Pool

Prepared by: Rodney J. Dawson, Interim Executive Officer, Finance
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Terry Matsumoto
Interim Deputy Chief Executive Officer

Attachment 1

MTA Approved Bond Counsel Pool *(Adopted December 1994)*

Name of Firm

1. Nossaman Guthner
2. Kutak Rock
3. O'Melveny & Myers
4. *Mudge Rose Alexander and Ferdon [Out of Business]*
5. Orrick Herrington & Sutcliffe
6. Robinson & Pearman*
7. Greenberg Traurig
8. Lofton, Delancie*
9. Curis, Levine*
10. Law Offices of Marilyn Garcia*
11. Ochoa & Sillas*

DBE firms are identified with an asterisk. (*)

Attachment 2

MTA Approved Underwriter Pool
(Adopted December 1994)

Bracket Designation	Name of Firm
Senior Managers	<i>CS First Boston [Out of Municipal Business]</i> Goldman Sachs Merrill Lynch PaineWebber Smith Barney
Co-Senior Managers	Artemis Capital Inc.* E.J. De La Rosa & Co. * Grigsby Brandford & Co.* Pryor, McClendon, Counts *
Co-Managers	Apex Securities, Inc. * BA Securities, Inc.* M.R. Beal & Co. Inc.* Bear Stearns Dillon Read & Co. W.R. Lazard, Laidlaw * Miller & Schroeder Morgan Stanley & Co. Prager, McCarthy, & Sealy Prudential Securities, Inc. Ramirez & Co., Inc. * Reinoso & Co. , Inc.* Rideau, Lyons & Co., Inc. * <i>Smith Mitchell*[Out of Business]</i> Stone and Youngberg Sutter Securities*
Selling Group Members	Carmona Motley & Co.* A.G. Edwards & Co. Henderson Capital* Howard V. Gary & Co.* LAM Securities* Muriel Siebert & Co. * William E. Simons & Sons Yaeger Capital Markets

DBE firms are identified with an asterisk. (*)