



Los Angeles County  
Metropolitan  
Transportation  
Authority

One Gateway Plaza  
Los Angeles, CA  
90012

213.922.6000

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15  
May 8, 1997

**TO: BOARD OF DIRECTORS**  
**FROM: LINDA BOHLINGER** *Linda Bohlinger*  
**INTERIM CHIEF EXECUTIVE OFFICER**  
**SUBJECT: APPROVAL OF OFFICIAL MEMORANDUM FOR TAX-EXEMPT COMMERCIAL PAPER**

**RECOMMENDATION**

Approve the Official Memorandum and authorize its distribution.

**ORGANIZATIONAL IMPACT**

MTA will be assuming the responsibility and liability for production of the Official Memorandum. This was previously the responsibility of the commercial paper dealers. This action increases MTA's control over this disclosure and marketing document.

**BUDGET IMPACT**

The preparation costs of about \$7,500 are accommodated in the FY 1997 budget.

**ALTERNATIVES CONSIDERED**

If the Board chooses not to approve the Official Memorandum Goldman Sachs may resign as one of the MTA's commercial paper dealers.

**BACKGROUND/DISCUSSION**

The MTA will now assume responsibility and liability for the production of the Official Memorandum for the tax-exempt commercial paper program. The Official Memorandum is a disclosure document which will be distributed to investors, related to the public offering of securities. Previously the commercial paper dealers prepared, distributed and assumed liability for the Official Memorandum. Goldman Sachs, serving as one of the MTA's commercial paper dealers, has determined that due to cost and liability concerns it will no longer prepare the Official Memorandum.

The attached Official Memorandum has been prepared by Kutak Rock, the MTA's current disclosure counsel. The Official Memorandum is an abbreviated form of the

more complete disclosure document known as the official statement. The Official Memorandum includes descriptions of the MTA, the previous pledges of sales tax revenues to repay the commercial paper notes and a listing of other outstanding obligations to be repaid from a pledge of Proposition A sales tax revenues. It also provides descriptions of the banks that provide the supporting letter of credit.

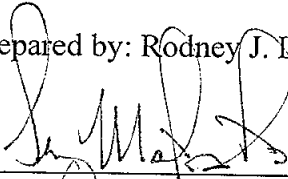
### **SMALL BUSINESS PARTICIPATION**

Not Applicable

### **ATTACHMENTS**

1. Official Memorandum

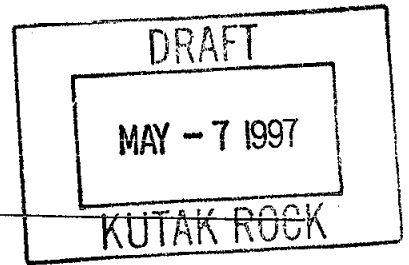
Prepared by: Rodney J. Dawson, Interim Executive Officer - Finance



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Terry Matsumoto  
Interim Deputy Chief Executive Officer

**TAX-EXEMPT COMMERCIAL PAPER  
OFFICIAL MEMORANDUM**



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**LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY**

**SECOND SUBORDINATE SALES TAX REVENUE  
COMMERCIAL PAPER NOTES, SERIES A**

**MAY 28, 1997**

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SECOND SUBORDINATE SALES TAX REVENUE  
COMMERCIAL PAPER NOTES, SERIES A**

**THE AUTHORITY**

The Los Angeles County Metropolitan Transportation Authority (the "Authority") was created on February 1, 1993 pursuant to the California Public Utilities Code Section 130050.2. On April 1, 1993 the Los Angeles County Transportation Commission (the "Commission") and the Southern California Rapid Transit District (the "District") were abolished. The Authority, as successor to the Commission and the District, has assumed the Commission's responsibilities under the County Transportation Commissions Act (Sections 130000 *et seq.* of the California Public Utilities Code (the "Transportation Commissions Act")), and the District's responsibilities under the Southern California Rapid Transit District Law (Section 30000 *et seq.* of the California Public Utilities Code, enacted by the California State Legislature in 1964). The Authority is the main source of public transportation in most of Los Angeles County (the "County"). Accordingly, the Authority provides bus service within its boundaries and operates the Metro Blue Line, the Metro Green Line and the first segment of the Metro Red Line. The Authority oversees the funding and coordination of all public transportation services within the County. The Authority also is responsible for setting policies, establishing priorities, and coordinating activities between various transportation operators and agencies. The Authority programs and/or reviews the allocation of federal, state and local funds for highway, transit, rail, bike and other transportation activities. The Authority is also responsible for building a 150-mile-rail rapid transit system in the County. The Authority also oversees design and construction activities of all rail projects to ensure the operating compatibility and physical integrity of the rail system.

The Authority's current rail construction activities concentrate on three different projects. The Metro Blue Line, which runs from downtown Los Angeles to the City of Long Beach, began revenue service operations in July 1990. To date, Blue Line ridership has slightly exceeded projections with daily boardings of approximately 45,000. The Metro Red Line, which will extend from Union Station to Chandler and Lankershim in North Hollywood, is under construction. The first segment of the Red Line began operation in January 1993. The Metro Green Line, which links the El Segundo employment area near the Los Angeles International Airport to the City of Norwalk near the San Gabriel Freeway, began revenue service operations in August 1995. Future extensions of these and additional rapid transit lines are in the planning stages. The Authority is a member of the Southern California Regional Rail Authority ("SCRRA"). SCRRA is currently operating a commuter rail system ("Metrolink") which largely uses existing freight rail tracks.

The Authority also assists in funding municipal bus operations servicing the 86 cities in the County. An aggregate of 2,200 Authority buses are operated during peak hours within the County, carrying an average of 1.1 million passengers a day for the fiscal year ending June 30,

1996. More than 70 cities in the County provide supplemental service to the elderly, disabled and the general public via a variety of community shuttles and dial-a-rides. These supplementary systems carry 12.5 million additional passengers a year.

Additionally, the Authority serves as the local Service Authority for Freeway Emergencies, a state sponsored program to provide emergency call box service for motorists. The Authority also administers funds provided through the State Transit Assistance program, as well as other State and Federal Funds for transportation projects.

In March 1995, the Authority adopted a 20-year integrated transportation plan (known as the "Long Range Transportation Plan" or the "Plan") which analyzed the capacity to finance the construction and operation of a comprehensive rail, bus and highway network. The transportation plan for the County is the strategic plan of the Authority and establishes the framework that will guide the Authority in fulfilling its mission. The Plan takes into account economic realities and offers solutions to the transportation problems facing the County. Recommendations are developed as to how a transit network can be financed using new and existing revenue sources. The Authority is currently revising the Plan.

One of the principal sources of revenue for the Authority is the Proposition A 1/2 of 1% Sales Tax (see section entitled "SALES TAX") which is pledged to secure other obligations of the Authority on a first lien basis and the Commercial Paper Notes on a second subordinate, third lien basis. On November 6, 1990 the electors of the County approved an additional sales tax to support the Authority's transit activities—Proposition C. Proposition C authorized the imposition effective April 1991, of an additional 1/2 of 1%, Sales Tax over and above the 1/2 of 1% tax imposed by Proposition A in 1980. The Authority may use the proceeds of Proposition C moneys to improve and expand railroad and bus transit and provide security therefore, to further fund commuter rail and park-and-ride lots, freeway bus stops, to assist local paratransit activities and to fund freeway and highway activities. The Authority is also permitted to issue debt secured by Proposition C moneys; however, such debt will not be on a parity with debt secured by Proposition A revenues. Moneys from Proposition C are not pledged and not expected to be available for payment of the Commercial Paper Notes.

## SALES TAX

In accordance with the Transportation Commissions Act, the Commission, on August 20, 1980, adopted Ordinance No. 16 which imposed a retail transactions and use tax. Ordinance No. 16 was submitted to the electors of the County in the form of Proposition A and approved at an election held on November 4, 1980. The validity of the Proposition A Sales Tax, which was adopted by a majority vote, was upheld in 1982 by the California Supreme Court in *Los Angeles County Transportation Commission vs. Richmond*. Ordinance No. 16 imposed a tax of 1/2 of 1% of the gross receipts of retailers from the sale of all 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 (together, the "Sales Tax").

Collection of the Sales Tax is administered by the California State Board of Equalization. In accordance with Proposition A, the Authority is required to allocate the proceeds of the Sales Tax as follows: (a) twenty-five percent (25%) to local jurisdictions based on population for local transit ("Local Transit Assistance Funds"); (b) thirty-five percent (35%) to the Authority for construction and operation of a rail rapid transit system; and (c) the remaining forty percent (40%) to the Authority for public transit purposes.

The following table presents, among other things, historical results and projected collections of net Proposition A Sales Tax revenues and corresponding Pledged Revenues for the fiscal years ending June 30, 1987 through June 30, 2007. The projections of net sales tax revenue, Pledged Revenues and local allocations for fiscal years 1997 through 2007 are prepared by the Authority based on a forecast previously prepared for the Authority by the UCLA Business Forecasting Project.

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**HISTORIC AND FORECASTED NET PROPOSITION A SALES TAX RECEIPTS,  
LOCAL ALLOCATIONS AND PLEDGED REVENUES**  
(dollars in millions)

<u>Fiscal Year</u>	<u>Net Sales Tax Revenue<sup>(1)</sup></u>	<u>Annual Percentage Change</u>	<u>Allocations to Local Governments</u>	<u>Pledged Revenues<sup>(2)</sup></u>
Historical				
1987	\$324.0	5.92	\$81.0	\$243.0
1988	348.2	7.47	87.0	261.2
1989	372.2	6.89	93.0	279.2
1990	398.6	7.09	99.6	299.0
1991	401.6	0.75	100.4	301.2
1992 <sup>(3)</sup>	367.6	-8.47	91.9	275.7
1993	371.5	1.01	92.9	278.6
1994	361.4	-2.72	89.9	271.1 <sup>(4)</sup>
1995	383.2	6.03	95.8	287.4
1996	396.6	3.50	99.2	297.4
Forecasted				
1997	413.8 <sup>(5)</sup>	4.34	103.4	310.4
1998	442.6	6.95	110.6	332.0
1999	470.3	6.26	117.6	352.7
2000	505.0	7.39	126.2	378.8
2001	542.9	7.51	135.7	407.2
2002	577.9	6.45	144.5	433.4
2003	616.5	6.67	154.1	462.4
2004	651.9	5.75	163.0	488.9
2005	690.1	5.85	172.5	517.6
2006	733.1	6.23	183.3	549.8
2007	778.9	6.26	194.7	584.2

<sup>(1)</sup>Reflects Proposition A Sales Tax revenues, less State Board of Equalization ("SBOE") administrative costs and deduction of special adjustments related to refunds arising from Aerospace, but before local allocations. Rounded to the closest \$100,000. See "SECURITY AND SOURCE OF PAYMENT FOR SERIES 1997-A BONDS—Special Adjustments" and "LITIGATION" herein.

<sup>(2)</sup>Unaudited Proposition A Sales Tax receipts for the fiscal years shown, less required allocations to local governments for transit purposes and less the administrative fee paid to the SBOE. Pledged Revenue is 75% of forecasted Net Sales Tax Revenue (less special adjustments and local allocations). Rounded to the closest \$100,000.

<sup>(3)</sup>The 1991/92 Budget Bill included certain changes that expanded the transactions and items subject to the general statewide tax as well as the Proposition A Sales Tax. A voter initiative approved in 1992 eliminated the tax for candy, gum, bottled water and confectionery items. The general sales tax levied statewide by the State increased from 6% to 7.25% effective July 15, 1991.

<sup>(4)</sup>Reflects the increased administrative fee paid to the SBOE from a fixed percentage of 1.3% of total collections to an actual cost basis which allocates the SBOE's operating expenses to recipients based on a weighted formula. The increased fee accounts for approximately 30% of the decrease in receipts with general economic factors being responsible for the remaining 70%.

<sup>(5)</sup>Year-to-date actuals of Net Sales Tax Revenues through March 1997 are \$311 million compared to budgeted amount of \$328.5 million through March 1997. The difference arises because the Authority had predicted a 5.9% growth rate when in fact it was 4.3%.

Source: The Authority.

## OUTSTANDING PROPOSITION A SALES TAX OBLIGATIONS

The Authority and BNY Western Trust Company, as successor to Wells Fargo Bank, N.A. (the "Senior Lien Trustee"), have entered into a Trust Agreement, dated as of July 1, 1986 and various supplements and amendments thereto (the "Senior Lien Trust Agreement") under which the Authority, has issued and plans to continue to issue bonds secured by a first lien on the Proposition A Sales Tax (the "First Tier Senior Lien Bonds") and the Authority has provided that the California State Board of Equalization, after deducting the costs of administering the Sales Tax and disbursing the Local Transit Assistance Funds to the Authority, has agreed to remit directly, on a monthly basis, the remaining Sales Tax revenues (the "Pledged Revenues") to the Senior Lien Trustee. The Senior Lien Trustee utilizes the Sales Tax to pay debt service on and maintain reserves for the First Tier Senior Lien Bonds.

As of April 1, 1997, the Authority had \$1,414,640,000 of First Tier Senior Lien Bonds outstanding. The First Tier Senior Lien Bonds have a first lien on Pledged Revenues and were issued under the Senior Lien Trust Agreement. The Authority has reserved the right to issue additional obligations secured by a first lien on Pledged Revenues ranking on a parity with its outstanding First Tier Senior Lien Bonds. The Authority is also authorized to issue subordinate obligations under the Senior Lien Trust Agreement. Under this provision, the Authority has outstanding \$21,450,000 aggregate principal amount of Lease Revenue Bonds Series 1991 (the "Lease Revenue Bonds"), and \$5,638,716 aggregate principal amount of Japanese Yen Obligations (the "Yen Obligations," together with the Lease Revenue Bonds are referred to as the "First Tier Second Senior Obligations"). The First Tier Second Senior Obligations are payable from Pledged Revenues on a basis senior to any claim on such revenue by a holder of the Commercial Paper Notes. The Authority has covenanted not to issue or incur any other obligations payable from and secured by Pledged Revenues on a parity with the outstanding First Tier Second Senior Obligations.

The Authority has issued \$104,715,000 aggregate principal amount of Proposition A Second Tier Sales Tax Revenue Refunding Bonds, Series 1996 (the "Second Tier Series 1996 Bonds") pursuant to the Senior Lien Trust Agreement. The Community Redevelopment Financing Authority of the Community Redevelopment Agency of the City of Los Angeles, California issued \$22,335,000 aggregate principal amount of its Grand Central Square Multifamily Housing Bonds, 1993 Series A (the "Housing Bonds") and \$21,665,000 aggregate principal amount of its Grand Central Square Qualified Redevelopment Bonds, 1993 Series A (the "Redevelopment Bonds"). The Authority is obligated to make debt service payments (but only from the Authority's 40% discretionary share of Proposition A Sales Tax Revenues) with respect to the Redevelopment Bonds, and 42.3% of the debt service payments with respect to the Housing Bonds. To the extent the Trustee for the Housing Bonds and Redevelopment Bonds has sufficient revenues and other funds, the Authority is reimbursed from such funds to the extent of its payment. The Authority's obligations under the Second Tier Series 1996 Bonds, the Housing Bonds and the Redevelopment Bonds are payable from Pledged Revenues on a basis senior to any claim on such revenues by the holder of the Commercial Paper Notes.



Under certain circumstances, the Authority may be obligated to make settlement payments under a swap agreement related to the Authority's Sales Tax Revenue Refunding Bonds, Series 1992-B (the "Series 1992-B Bonds"), if the agreement is terminated. In addition, the Authority is obligated to pay fees and expenses under a standby bond purchase agreement related to the Series 1992-B Bonds. The Authority's obligations under the swap agreement and the standby bond purchase agreement are payable from Pledged Revenues on a basis senior to any claim on such revenues by a holder of the Commercial Paper Notes. The Authority's obligations under the Second Tier Series 1996 Bonds, the Housing Bonds, the Redevelopment Bonds, the swap agreement and the standby bond purchase agreement are collectively referred to as the Second Tier Obligations. The Authority's Second Tier Obligations have a third lien on Pledged Revenues. Second Tier Obligations are currently outstanding in the aggregate principal amount of \$135,834,405.50. The Authority reserves the right to issue additional obligations secured by a third lien on Pledged Revenues ranking on a parity with its outstanding Second Tier Obligations.

After making the deposits to pay the Authority's outstanding First Tier Senior Lien Bonds, First Tier Second Lien Obligations and Second Tier Obligations, excess Pledged Revenues are paid by the Senior Lien Trustee to First Trust of New York, National Association, as trustee, for the benefit of the Subordinate Trust Agreement as described below (see section entitled "THE COMMERCIAL PAPER NOTES").

### THE COMMERCIAL PAPER NOTES

The Commercial Paper Notes are being issued by the Authority, under and pursuant to Section 130500 *et seq.* of the California Public Utilities Code as well as a Subordinate Trust Agreement, dated as of January 1, 1991 (the "Subordinate Trust Agreement"), between the Authority and First Trust of New York, National Association (the successor to BankAmerica Trust Company, as the successor to Security Pacific National Trust Company (New York) the trustee (the "Trustee"); a First Supplemental Subordinate Trust Agreement, dated as of January 1, 1991 (the "First Supplemental Agreement"), between the Authority and the Trustee, relating to the issuance by the Authority of the Commercial Paper Notes; a Second Supplemental Subordinate Trust Agreement, dated as of January 1, 1994 (the "Second Supplemental Agreement"), between the Authority and the Trustee, causing certain amendments to the Subordinate Trust Agreement and the First Supplemental Agreement; a Third Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the "Third Supplemental Agreement"), between the Authority and the Trustee, causing certain amendments to the First Supplemental Agreement; and a Fourth Supplemental Subordinate Trust Agreement, dated as of December 1, 1996, between the Authority and the Trustee (the "Fourth Supplemental Agreement") causing a certain amendment to the First Supplemental Agreement (together, the "Trust Agreement"). First Trust of New York, National Association, as successor to BankAmerica Trust Company, is the Issuing and Paying Agent under an Issuing and Paying Agent Agreement dated as of January 1, 1991.

The Commercial Paper Notes may be outstanding in an aggregate principal amount plus interest which does not exceed the lesser of (a) \$350,000,000, or (b) the stated amount then available under the Letter of Credit (see section entitled "THE LETTER OF CREDIT"). Commercial Paper Notes shall be dated the date of their respective authentication and issuance; shall be issued in registered form registered to bearer and shall be issued in denominations of \$100,000 and \$1,000 increments in excess thereof. The Commercial Paper Notes shall bear interest from their respective dates of issuance, at the rate stated on the Commercial Paper Notes, which such rate shall not exceed 12%, payable on their respective maturity dates. The Commercial Paper Notes will mature not later than the earlier of (i) 270 days from the date of issuance, (ii) the earlier of the fifth day prior to the expiration date of the Letter of Credit or (iii) January 31, 2006, the program termination date. The Commercial Paper Notes are payable at maturity at the principal office of the Issuing and Paying Agent. The Commercial Paper Notes are being offered through three dealers in principal amounts which will vary at the discretion of the Authority. The proceeds of the Commercial Paper Notes will be used to finance and refinance various projects of the Authority.

The Commercial Paper Notes are special subordinate obligations of the Authority payable from and secured, on a fourth lien basis, by a pledge of the "Pledged Revenues," which are moneys collected as a result of the imposition of the Proposition A Sales Tax less 25% thereof which constitutes the Local Transit Assistance Funds and less an administrative fee paid to the California State Board of Equalization in connection with the collection and disbursement of the Sales Tax. The Authority has covenanted that, so long as any Commercial Paper Notes are outstanding, it will take all lawful action necessary to maintain the Sales Tax at the rate imposed by Ordinance No. 16. The Commercial Paper Notes are subordinate to the payment of the Authority's outstanding First Tier Senior Lien Bonds, First Tier Second Senior Obligations and Second Tier Obligations (see the section "OUTSTANDING PROPOSITION A SALES TAX OBLIGATIONS").

### **THE LETTER OF CREDIT**

Pursuant to a Reimbursement Agreement, dated January 1, 1994, among the Authority, the banks named therein and National Westminster Bank Plc, as agent (the "Agent"), as amended by an Amendment, dated as of December 1, 1996, among the Authority, Bayerische Vereinsbank AG, Canadian Imperial Bank of Commerce and National Westminster Bank Plc the following banks in the following percentages have severally but not jointly issued an irrevocable, transferable, direct-pay Letter of Credit in favor of the Trustee: Bayerische Vereinsbank AG (New York Branch), (33-1/3%); Canadian Imperial Bank of Commerce (New York Agency), (33-1/3%); and National Westminster Bank Plc (New York Branch), (33-1/3%), (jointly the "Banks" and individually the "Bank"). The Letter of Credit is in an aggregate amount of \$350,000,000 to support the payment of principal and interest on the Commercial Paper Notes when due. Upon the occurrence of certain events, specified in the Reimbursement Agreement, the right of the Authority to issue Commercial Paper Notes may terminate. Any such termination, however, would not affect the obligation of the Banks under the Letter of Credit

to honor demands for payment by the Trustee with respect to outstanding Commercial Paper Notes.

The Letter of Credit expires on December 27, 1999, but can be extended with the approval of each Bank.

## THE BANKS

The following information concerning the Banks has been provided by representatives of the Banks and has not been confirmed or verified by either the Dealer or the Authority. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material changes in such information subsequent to the date hereof, or that the information contained herein or incorporated herein by reference is correct as of any time subsequent to its date.

### **National Westminster Bank Plc**

National Westminster Bank Plc ("National Westminster"), together with its subsidiaries (the "National Westminster Group"), is engaged in a wide range of banking, financial and related activities in the United Kingdom and throughout the world.

At December 31, 1996 the National Westminster Group reported total assets of £185.3 billion (\$315.07 billion), total Deposits by Banks and Customer Accounts of £120.5 billion (\$204.86 billion) and Ordinary Shareholders' equity of £7.1 billion (\$12.10 billion). As at that date, the National Westminster Group employed approximately 71,000 full-time equivalent staff worldwide. Domestic operations are conducted directly through National Westminster, which is one of the major London clearing banks, through several banking subsidiaries and through other subsidiaries in the United Kingdom. As at December 31, 1996, international operations were conducted by National Westminster and its subsidiaries in the United Kingdom and in 34 other countries.

In the United Kingdom the National Westminster Group is supervised by the Bank of England with which periodic reports are filed, together with other information as required. National Westminster's New York Branch is licensed by the New York State Banking Department and is subject to periodic examination by the Department. National Westminster is also subject to federal reporting requirements as a bank holding company.

**Reporting Currency.** National Westminster publishes its accounts in pounds sterling ("£" or "sterling"). References to "\$" or "dollars" are to U.S. dollars. Amounts in dollars have been translated from sterling at the rate used by National Westminster for translating dollars into sterling in the preparation of its consolidated financial statements at December 31, 1996, of 1.700. This rate should not be construed as a representation that the sterling amounts actually

denote such dollar amounts or have been, could have been, or could be converted into dollars at the rate indicated.

### **Canadian Imperial Bank of Commerce<sup>(1)</sup>**

Canadian Imperial Bank of Commerce ("CIBC"), headquartered in Toronto, Canada, is a bank chartered under the laws of Canada. It employs approximately 40,000 full and part-time staff in 1,400 branches, offices, agencies and subsidiaries in Canada and 14 other countries around the world. In the United States, CIBC maintains offices in New York City, Atlanta, Chicago, Houston, San Francisco and Los Angeles. CIBC Wood Gundy is the marketing banner under which CIBC and its CIBC Wood Gundy Securities affiliates offer credit and capital market services on a global basis to businesses, governments and institutions. CIBC has continuously maintained an office in New York City since 1872. The common shares of CIBC are listed on the Toronto, Montreal, Winnipeg, Alberta, Vancouver and Tokyo stock exchanges and the International Stock Exchange of England and Wales.

As of the year ended October 31, 1996 CIBC had total assets of C. \$199.0 billion (U.S. \$147.2 billion), total deposits of C. \$127.4 billion (U.S. \$94.3 billion) and total shareholders' equity of C. \$8.7 billion (U.S. \$6.5 billion).

As of the first quarter ended January 31, 1997, CIBC had total assets of C. \$218.7 billion (U.S. \$159.7 billion), total deposits of C. \$130.3 billion (U.S. \$95.1 billion) and total shareholders equity of C. \$9.3 billion (U.S. \$6.8 billion). The preceding quarterly financial information is unaudited.

The financial data and United States dollar amounts set forth above are solely for convenience and do not necessarily represent the actual value in United States dollars of such amounts or the current exchange rate.

As a Canadian bank, CIBC is subject to regulation by the Minister of Finance and Superintendent of Financial Institutions of Canada. CIBC is audited annually by Arthur Andersen & Co. and Price Waterhouse, Chartered Accountants, in accordance with the provisions of the laws of Canada and of its provinces and in a manner consistent with the application of Canadian generally accepted accounting principles. Additionally, CIBC's activities in the United States are subject to regulation by the Board of Governors of the Federal Reserve System and by the Federal Reserve Bank of New York because CIBC is deemed to be a "bank holding company" for the purposes of United States banking law. The New York Agency of

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<sup>(1)</sup> Canadian Imperial Bank of Commerce ("CIBC") is licensed to do business in the United States and is affiliated with CIBC Wood Gundy Securities Corp., a New York Stock Exchange member formerly known as Wood Gundy Corp. The CIBC and Wood Gundy trademarks are used under license. CIBC Wood Gundy is solely responsible for its contractual obligations and commitments.

CIBC is licensed by the New York State Superintendent of Banks, pursuant to a Certificate of Authority under the New York Banking Law.

Upon written request, CIBC will provide without charge a copy of its most recent annual report. Written request for such annual reports or any additional information concerning CIBC should be directed to Canadian Imperial Bank of Commerce, 425 Lexington Avenue, Ninth Floor, New York, New York 10017, Attention: Corporate Communications.

### **Bayerische Vereinsbank AG**

Bayerische Vereinsbank Aktiengesellschaft ("Bayerische Vereinsbank") is one of the largest publicly owned private banking groups in Germany. For the year ended December 31, 1995, consolidated assets of the Bayerische Vereinsbank Group (the "Bayerische Vereinsbank Group"), which represents Bayerische Vereinsbank and its subsidiaries, were DM 356.5 billion (U.S. \$248.7 billion\*) with profits of DM 657 million (U.S. \$458.3 million\*). Bayerische Vereinsbank had profits of DM \$498 million (U.S. \$347.4 million\*) on assets of DM 223.3 billion (U.S. \$155.8 billion\*).

Established in 1869 and merged in 1971 with Bayerische Staatsbank, which was founded in 1780, Bayerische Vereinsbank is a full-service institution. The Bayerische Vereinsbank Group maintains approximately 720 offices throughout Germany, including a number of offices in the new eastern states.

The Bayerische Vereinsbank Group offers a wide range of banking services in five different business sectors: Private Customers, Corporate Customers, Financial Institutions, Real Estate and Public Sector Lending and Treasury. Under a grandfathering clause in the German Banking Law, Bayerische Vereinsbank is one of three institutions having the privilege to act both as a commercial bank and as a long-term credit bank. As a commercial bank, it is active in corporate business domestically and overseas, while also concentrating heavily on retail banking at home. Bayerische Vereinsbank together with its subsidiaries, is the largest long-term credit bank in Germany. The long-term credit business consists of the granting of mortgage loans as well as loans to public authorities which are financed through Bayerische Vereinsbank's own bond issues.

Bayerische Vereinsbank has wholly owned subsidiaries in Luxembourg, Vienna, Paris, New York, Dublin, Amsterdam, Curacao and Milan. International offices include New York, Chicago, Los Angeles, Cayman Islands, Tokyo, Hong Kong, Milan, Athens, Prague, Berne, Pilsen, St. Petersburg and London. Bayerische Vereinsbank also has numerous representative offices in the major international financial centers. The New York Branch of Bayerische Vereinsbank received its license in 1974.

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\*At December 29, 1995, U.S. \$1 = DM 1.4335

Bayerische Vereinsbank also has significant holdings in banks in Monaco, Budapest and Moscow. In addition, Bayerische Vereinsbank holds interests in banks in Switzerland, Austria and Brazil.

As a broker-dealer, Bayerische Vereinsbank is a member of most German stock exchanges, where it trades in stocks and bonds. Custody and safekeeping services are provided for private and institutional customers.

Trust functions are performed and investment certificates are offered by Bayerische Vereinsbank's subsidiaries. Bayerische Vereinsbank also specializes in underwriting and placement activities on a worldwide basis.

Bayerische Vereinsbank is one of the leading international banks in Germany, offering full scale international banking services. Activities include the financing of German exports and imports and international trade between other countries, foreign exchange trading, taking and placing deposits and extending loans in foreign currencies.

**Consolidated Financial Results (Bayerische Vereinsbank Group)**  
**Conversion Rate: US\$1 = DM 1.4335 at December 29, 1995**

(DM Millions)	Year Ended December 31,		
	1995	1994	1993
Net Interest Income	DM 4,433	DM 4,316	DM 3,789
Operating Result	1,382	1,064	1,160
Consolidated Profit	398	342	334

**Consolidated Balance Sheet**  
**Bayerische Vereinsbank Group**

(DM Millions)	Assets		Liabilities & Shareholder Equity	
	12/31/95	12/31/94	12/31/95	12/31/94
Cash Reserve	DM 2,982	DM 1,548	Due to Credit Institutions	DM 61,157
Due from Credit Institutions	45,316	40,237	Due to Consumers	136,798
Due from Customers	257,696	234,192	Debts Evidenced by Certificates	134,413
Investment Securities	36,953	30,619	Accruals & Deferred Income	2,633
Shares & Other Variable Yield Securities	3,954	3,452	Provisions for Liabilities	3,215
Shares in Affiliated & Associated Companies	938	614	Subordinated Liabilities	4,469
Tangible Assets	4,063	3,748	Other Liabilities	2,410
Prepayments & Accrued Income	952	955	Participating Certificates Outstanding	1,136
Other Assets	<u>4,076</u>	<u>3,560</u>	Shareholders' Equity	<u>10,312</u>
Total Assets	<u>DM 356,543</u>	<u>DM 318,169</u>	Total Liabilities & Shareholders' Equity	<u>DM 356,543</u>
				<u>DM 318,169</u>

The Bayerische Vereinsbank Group is not obligated under Letter of Credit.

The foregoing financial figures have been derived from, and are qualified by reference to, the Bayerische Vereinsbank Group's audited consolidated financial statements and notes (which notes contain a discussion of the significant legal and accounting principles applied) and Bayerische Vereinsbank's audited financial statements and notes (which notes contain a discussion of the significant legal and accounting principles applied) that are contained in the Bayerische Vereinsbank Group's 1995 Annual Report. Such financial statements are prepared in accordance with German generally accepted accounting principles, which differ in certain significant respects from generally accepted accounting principles in the United States.

So long as the Letter of Credit is in effect, copies of the English version of the Bayerische Vereinsbank Group's Annual Report (transmitted in full from the underlying German document) will be mailed to each person to whom the foregoing Official Memorandum is delivered, upon written request mailed to Bayerische Vereinsbank AG, 335 Madison Avenue, 19th Floor, New York, New York 10017, Attention: Mr. James H. Burr.

### DEFEASANCE

The Authority has the right pursuant to the Trust Agreement to defease outstanding Commercial Paper Notes. Commercial Paper Notes which have been paid in full or which are deemed to have been paid in full shall no longer be entitled to the benefits of the Trust Agreement or the Letter of Credit except to the extent of payment from moneys or Government Obligations (as defined in the Trust Agreement) held by the Trustee or paying agent for such purpose. Commercial Paper Notes shall not be deemed to have been paid in full within the meaning of the Trust Agreement unless payment of the principal of and interest thereon either (a) shall have been made or caused to be made in accordance with the terms of the Commercial Paper Notes and the Trust Agreement or (b) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (i) Available Moneys (as defined in the Trust Agreement) sufficient to make such payment and/or (ii) noncallable and nonprepayable Government Obligations purchased with Available Moneys, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payments and there shall have been delivered to the Authority and the Trustee written evidence from Standard & Poor's Ratings Services ("S&P") that such deposit of Available Moneys or Government Obligations under the provisions of the Trust Agreement will not result in the rating then assigned to the Commercial Paper Notes by S&P being reduced or withdrawn.

### LEGAL MATTERS

On January 10, 1994, Kutak Rock, Los Angeles, California, delivered its legal opinion in connection with the issuance of the Commercial Paper Notes. The form of the opinion delivered by Kutak Rock is attached hereto as Appendix A. In connection with the substitution of the letter of credit and related matters, Preston Gates & Ellis, Los Angeles, California, delivered its opinion that such changes, including the substitution of the letter of credit would

not adversely impact the exemption of interest on the Commercial Paper Notes from federal income taxation or the exemption from personal income taxes of the State of California.

## RATINGS

Moody's Investors Service and Standard & Poor's Ratings Services have informed the Authority that the delivery of the substitute letter of credit by Bayerische Vereinsbank AG, Canadian Imperial Bank of Commerce and National Westminster Bank, Plc will not result in a reduction or withdrawal of the current rating on the Commercial Paper Notes. Moody's and Standard & Poor's ratings on the Commercial Paper Notes are P-1 and A-1, respectively. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the agencies at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; and Standard & Poor's Corporation, 25 Broadway, New York, New York 10004.

The Authority furnished to such rating agencies certain information and materials regarding the Commercial Paper Notes and the Authority. Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions. There is no assurance such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Commercial Paper Notes.

The above ratings are not recommendations to buy, sell or hold the Commercial Paper Notes, and such ratings may be subject to revision or withdrawal at any time by the rating agencies.

## MISCELLANEOUS

The purpose of this Offering Memorandum is to provide information to purchasers of the Commercial Paper Notes. The information contained herein has been provided by the Authority, the Banks (as defined herein) and other sources believed to be reliable. No warranty or representation is made by the dealers as to the accuracy or completeness thereof. No attempt is made herein to summarize the Trust Agreement, the Reimbursement Agreement, the Issuing and Paying Agent Agreement, the Authorizing Resolution, the Letter of Credit, the financial condition or operations of the Authority, the terms and provisions of the Commercial Paper Notes or other matters which may be material to a credit decision to purchase the Commercial Paper Notes. Commercial Paper Note purchasers are expected to conduct their own due diligence and analysis prior to making an investment decision. All references to the Commercial Paper Notes are qualified in their entirety by reference to the forms thereof and the information with respect thereto contained in the aforementioned documents.



This Offering Memorandum is not to be construed as a contract or agreement between the Authority or the dealers and the purchasers of the Commercial Paper Notes. The information contained herein and in the Appendices hereto is subject to change without notice and neither the delivery hereof nor any sale made hereunder shall create any implication that there has been no change in the affairs of the Authority or the Banks since the date hereof. The Authority assumes no responsibility for the completeness hereof.

### ADDITIONAL INFORMATION

The Authority's most recent audited Financial Report for the fiscal year ended June 30, 1996, has been filed with each Nationally Recognized Municipal Securities Repository ("NRMSIR"). Other information pertaining to the Authority is contained in the most recent Official Statement of the Authority. As of the date of this Memorandum, such Official Statement is dated July 17, 1996, for Los Angeles County Metropolitan Transportation Authority (California) General Revenue Refunding Bonds (Union Station Gateway Project) Series 1996-A. Copies of such audited Financial Report for the Authority's most recent fiscal year, the most recent Official Statement, the Trust Agreement, the Letter of Credit and the Issuing and Paying Agent Agreement are also on file with First Trust of New York, National Association, the Issuing and Paying Agent for the Commercial Paper Notes, may be obtained by contacting the Los Angeles County Metropolitan Transportation Authority, One Gateway Plaza, 21st Floor Treasury, Los Angeles, California 90012, Attention: Office of the Treasurer.

**APPENDIX A**

**LEGAL OPINION OF KUTAK ROCK**

The following is the form of Legal Opinion of counsel, Kutak Rock, which will be printed on each Note: