



Los Angeles County
Metropolitan
Transportation
Authority

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Revised May 8, 1997
April 4, 1997

TO: BOARD OF DIRECTORS
FROM: LINDA BOHLINGER *Linda Bohlinger*
INTERIM CHIEF EXECUTIVE OFFICER
SUBJECT: APPROVE A RESOLUTION AUTHORIZING THE REFUNDING OF
CERTAIN OUTSTANDING PROPOSITION A SALES TAX REVENUE
BONDS AND PROPOSITION A COMMERCIAL PAPER NOTES
THROUGH A COMPETITIVE BID PROCESS

RECOMMENDATION

Approve a resolution that:

- a) authorizes the refunding of approximately \$176 million in outstanding Proposition A Commercial Paper Notes,
- b) authorizes the refunding of approximately \$60 million in outstanding Proposition A Sales Tax Revenue Bonds.
- c) authorizes the Chief Executive Officer or her appointee to execute all required documents and select the providers of any necessary services.

ORGANIZATIONAL IMPACT

Refunding the commercial paper notes into long term fixed rate bonds removes the interest rate risk associated with variable rate notes and locks in the capital cost for the next thirty (30) years.

Refunding outstanding Proposition A Sales Tax Revenue Bonds results in debt service cost savings, currently estimated at \$1.8 million. The previously committed debt service funds will be made available to increase funding for various operational and capital needs.

BUDGET IMPACT

The refunding of the outstanding Proposition A Sales Tax Revenue bonds is currently estimated to result in \$1.8 million in lower debt service in Fiscal Year 1997-1998. This amount is dependent on interest rate levels, declining if interest rates rise and increasing if interest rates fall.

ALTERNATIVES CONSIDERED

The MTA could wait and refund the outstanding commercial paper notes in later years. However, the MTA would be exposed to interest rate risk throughout the waiting period and the capacity on the commercial paper program would be significantly reduced until that time.

The MTA could wait and refund the outstanding bonds in later years, if economic conditions

permit. However if interest rates rise, the MTA would have foregone its opportunity to save approximately \$1.8 million in present value savings.

BACKGROUND/DISCUSSION

This item was previously approved at the April 23, 1997 MTA Board meeting as an item on the consent calendar. County Counsel has subsequently advised that the item is required to be approved as a separate item on the agenda in order to be in compliance with recent changes to the California Government Code. Therefore, the item is being brought back for confirmation of the previous approval by the Board.

Effective January 1, 1997, the California Government Code was amended pursuant to the passage of SB109, which among other things, requires that when debt issuance of more than \$100,000 is being considered for approval by the board of a public agency it must be separately and deliberately considered.

The commercial paper notes to be refunded are planned to be issued in mid April 1997 to fund on an interim basis the Proposition A FY 1997 bond funding requirements of \$154 million, plus \$22 million of un-reimbursed expenses from FY 96 for Segment 1, 2 and 3. As identified in the March Board agenda item, the commercial paper notes provide immediate interim short-term funding. The recommended long term bond issue will provide permanent fixed rate financing. By refunding the commercial paper into the long-term bond issue the MTA will fix the interest cost and release commercial paper capacity for upcoming bonding needs in FY 1998, such as the funding of the City of Los Angeles' \$140 million contribution to Metro Red Line Segment 3.

The Series 1986-A bonds funded capital expenditures for Metro Blue and Red Lines. The coupon rate on the outstanding term bonds ranges from 6.25% to 7.00%. Current fixed rate bonds in the same maturity range are about 5.65%. Thus, the MTA can reduce its interest costs by at least 60 basis points by refunding the term bonds to maturity. In the current market this represents approximately three percent (3%) in present value savings. Should the market conditions change, the refunding will not be executed if the present value savings fall below the 3% threshold.

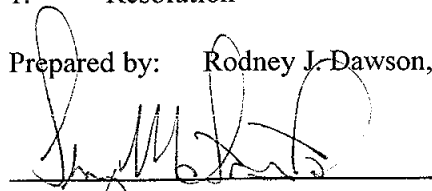
SMALL BUSINESS PARTICIPATION

The SBE participation goal for this transaction is 25%. Participation levels for underwriting services will vary depending upon the results of the competitive bid. 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.

ATTACHMENT

- 1. Resolution

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



Terry Matsumoto
Interim Deputy Chief Executive Officer

Attachment 1

Following is the applicable section of the California Government Code.

Calif. Govt. Code. Sec. 53635.7. In making any decision that involves borrowing in the amount of one hundred thousand dollars (\$100,000) or more, the legislative body of the local agency shall discuss, consider, and deliberate each decision as a separate item of business on the agenda of its meeting as prescribed in Chapter 9 (commencing with Section 54950).

**RESOLUTION OF THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
AUTHORIZING THE ISSUANCE AND SALE OF
ITS PROPOSITION A SALES TAX REVENUE REFUNDING BONDS
AND APPROVING OTHER RELATED MATTERS
(PROPOSITION A SALES TAX)**

WHEREAS, THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the "Authority") 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. 16 adopted August 20, 1980 ("Ordinance No. 16"), imposed a 1/2% 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 A Tax"), and such tax was approved by the electors of the County on November 4, 1980; and

WHEREAS, the revenues received by the Authority 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 Authority is planning, engineering and constructing a Countywide rail transit system (the "Rail Transit System") to serve the County and has commenced construction of portions of the Rail Transit System; and

WHEREAS, to facilitate the development and construction of the Rail Transit System, the Commission, as authorized by the Act, has heretofore, pursuant to the terms of a Trust Agreement dated as of July 1, 1986 (the "Trust Agreement") between the Commission and First Interstate Bank of California (the "Original Trustee") and a First Supplemental Trust Agreement also dated as of July 1, 1986 issued \$707,615,000 of its Sales Tax Revenue Bonds, Series 1986-A through Series 1986-E (collectively, the "Series 1986 Bonds"); and

WHEREAS, the Commission in 1987 issued \$271,550,000 of its Sales Tax Revenue Refunding Bonds Series 1987-A (the "Series 1987-A Bonds") under the terms of the Trust Agreement and a Second Supplemental Trust Agreement dated as of May 1, 1987 (the "Second Supplement"), and such Series 1987 Bonds were issued for the purpose of refunding that portion of the Series 1986 Bonds designated as Series 1986-B; and

WHEREAS, the Commission in May 1988 issued \$112,274,128.75 of its Sales Tax Revenue Refunding Bonds Series 1988-A (the "Series 1988-A Bonds") under the terms of the Trust Agreement and a Third Supplemental Trust Agreement dated as of May 1, 1988 (the "Third Supplement"), and such Series 1988 Bonds were issued for the purpose of refunding that portion of the Series 1986 Bonds designated as Series 1986-C; and

WHEREAS, the Commission in January 1989 issued \$174,303,858.10 of its Sales Tax Revenue Refunding Bonds Series 1989-A (the "Series 1989-A Bonds") under the terms of the Trust Agreement and a Fourth Supplemental Trust Agreement dated as of January 1, 1989 (the "Fourth Supplement"), and such Series 1989-A Bonds were issued for the purpose of refunding that portion of the Series 1986 Bonds designated as Series 1986-D and Series 1986-E; and

WHEREAS, the Commission adopted a Fifth Supplemental Trust Agreement dated as of December 1, 1990 (the "Fifth Supplement") creating certain accounts and releasing certain moneys held under the Trust Agreement related to the lease of certain railroad cars payable from and secured by a pledge of Pledged Revenues junior and subordinate to the pledge securing the Commission's Sales Tax Revenue Bonds issued under the Trust Agreement; and

WHEREAS, the Commission adopted a Sixth Supplemental Trust Agreement dated as of January 1, 1991 (the "Sixth Supplement") providing for payment of certain excess Pledged Revenues under the Trust Agreement and supplementing certain terms of the Trust Agreement all related to the Commission's Subordinate Sales Tax Revenue Commercial Paper Notes (the "Commercial Paper Notes"); and

WHEREAS, the Commission in January 1991 adopted a Subordinate Trust Agreement dated as of January 1, 1991 by and between the Commission and Security Pacific National Trust Company (New York) and a Subordinate First Supplemental Trust Agreement dated as of January 1, 1991 (collectively, the "Supplemental Trust Agreement") relating to the Commercial Paper Notes; and

WHEREAS, the Commission in June 1991 issued \$500,000,000 of its Sales Tax Revenue Bonds, Series 1991-A (the "Series 1991-A Bonds") under the terms of a Seventh Supplemental Trust Agreement dated as of June 1, 1991 (the "Seventh Supplement"), and such Series 1991-A Bonds were issued for the purpose of financing additional portions of the Rail Transit System and refunding a portion of the Commercial Paper Notes; and

WHEREAS, the Commission in December 1991 issued \$281,425,000 of its Sales Tax Revenue Refunding Bonds, Series 1991-B (the "Series 1991-B Bonds") under the terms of an Eighth Supplemental Trust Agreement dated as of December 1, 1991 (the "Eighth Supplement"), and such Series 1991-B Bonds were issued for the purpose of refunding a portion of the Series 1986 Bonds, a portion of the Series 1987-A Bonds, a portion of the Series 1988-A Bonds and a portion of the Commercial Paper Notes; and

WHEREAS, the Commission authorized certain amendments to the Trust Agreement and the supplements thereto by approving and entering into a Ninth Supplemental Trust Agreement dated as of December 1, 1991 (the "Ninth Supplement"); and

WHEREAS, the Commission in June 1992 issued \$98,700,000 of its Sales Tax Revenue Refunding Bonds Series 1992-A (the "Series 1992-A Bonds") and \$107,665,000 of its Sales Tax Revenue Refunding Bonds Series 1992-B (the "Series 1992-B Bonds") both under the terms of a Tenth Supplemental Trust Agreement dated as of June 1, 1992 (the "Tenth Supplement"); and such Series 1992-A Bonds and Series 1992-B Bonds were issued for the purpose of refunding certain maturities of the Series 1986-A Bonds, certain maturities of the Series 1987-A Bonds and certain maturities of the Series 1988-A Bonds; and

WHEREAS, the Authority in May 1993 issued \$560,700,000 of its Sales Tax Revenue Refunding Bonds Series 1993-A (the "Series 1993-A Bonds") under the terms of an Eleventh Supplemental Trust Agreement dated as of April 15, 1993 (the "Eleventh Supplement") and such Series 1993-A Bonds were issued for the purpose of refunding certain maturities of the Series 1986-A Bonds, certain maturities of the Series 1987-A Bonds, certain maturities of the Series 1988-A Bonds, one maturity of the Series 1989-A Bonds, certain maturities of the Series 1991-A Bonds and certain maturities of the Series 1991-B Bonds; and

WHEREAS, the Authority in October 1993 adopted a Twelfth Supplemental Trust Agreement dated as of September 1, 1993 (the "Twelfth Supplement") providing for certain pledges of Pledged Revenues designated in the Twelfth Supplement as "Second Tier Subordinate Lien Obligations" which are junior and subordinate to (i) the pledges securing the Series 1986 Bonds, the Series 1987-A Bonds, the Series 1988-A Bonds, the Series 1989-A Bonds, the Series 1991-A Bonds, the Series 1991-B Bonds, the Series 1992-A Bonds, the Series 1992-B Bonds and the Series 1993-A Bonds (collectively, the "Prior Senior Lien Bonds") and (ii) the Railroad Car Pledge (the "Grand Central Pledge") and making certain amendments to the Tenth Supplement in connection therewith; and

WHEREAS, the Authority authorized supplementing the terms of the Trust Agreement and amending certain provisions of the Sixth Supplement by approving and entering into a Thirteenth Supplemental Trust Agreement dated as of January 1, 1994 by and between the Authority and First Interstate Bank of California as trustee (the "Thirteenth Supplement") providing for a subordinated obligation relating to a project sometimes referred as Grand Central Square.

WHEREAS, the Authority in June 1996 issued \$110,580,000 of its First Tier Senior Sales Tax Revenue Bonds, Series 1996-A (the Series 1996-A Bonds) under the terms of a Fourteenth Supplemental Trust Agreement (the "Fourteenth Supplement") dated as of June 1, 1996 between the Authority and Wells Fargo Bank, N.A., as successor in interest to the Original Trustee and such Series 1996-A Bonds were issued for the purpose of funding additional portions of the Rail Transit System and to pay certain costs related thereto; and

WHEREAS, the Authority in June 1996 issued \$104,715,000 of its subordinate sales tax revenue bonds to refund a portion of the Authority's outstanding commercial paper notes under the terms of a Fifteenth Supplemental Trust Agreement (the "Fifteenth Supplement") dated as of June 1, 1996 by and between the Authority and Wells Fargo Bank, N.A., as successor in interest to the Original Trustee; and

WHEREAS, the Commission has pledged the Proposition A Tax (less the 25% local allocation and the State Board of Equalization's costs of administering such tax) to secure the Series 1986 Bonds, the Series 1987-A Bonds, the Series 1988-A Bonds, the Series 1989-A Bonds, the Series 1991-A Bonds, the Series 1991-B Bonds, the Series 1992-A Bonds, the Series 1992-B Bonds, the Series 1993-A Bonds and the Series 1996-A Bonds (collectively the "Prior Senior Lien Bonds") and certain subordinate indebtedness mentioned in the Fifth Supplement, the Sixth Supplement, the Twelfth Supplement and the Fifteenth Supplement; and

WHEREAS, the Authority now desires to provide for the issuance of its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds in one or more series (the "Refunding Bonds") to refund a portion of the Prior Senior Lien Bonds (said Prior Senior Lien Bonds consisting of one or more portions of the Series 1986-A Bonds, the Series 1988-A Bonds, and/or the Series 1991-A Bonds, said Prior Senior Lien Bonds being collectively referred to herein as the "Refunded Bonds"), to refund a portion of the Commercial Paper Notes, to fund capitalized interest, to pay certain costs related thereto and to make other provisions relating to the Refunding Bonds; and

WHEREAS, there have been presented to the Authority forms of the following documents:

(1) A Supplemental Trust Agreement (the "Refunding Supplement") between the Authority and BNY Western Trust Company, Los Angeles, California, as successor in interest to the Original Trustee (the "Trustee") to be used in connection with the issuance of one or more series of the Refunding Bonds;

(2) An Escrow Agreement (the "Escrow Agreement") among the Trustee, acting both as Trustee and as escrow agent, and the Authority, which agreement provides for the deposit, investment and expenditure of moneys to defease and refund the Refunded Bonds;

(3) A Preliminary Official Statement (the "Preliminary Official Statement") to be used in connection with the sale of the Refunding Bonds which describes the Refunding Bonds, the Authority and its operations;

(4) A Notice of Intention to Sell Bonds for the Refunding Bonds;

(5) A Notice Inviting Bids for the Refunding Bonds (the "Notice Inviting Bids") describing the terms of the sale of the Refunding Bonds; and

(6) A Continuing Disclosure Certificate by the Authority to assist the underwriters in complying with SEC Rule 15c2-12(b)(5) (the "Continuing Disclosure Certificate").

WHEREAS, the Authority has been advised by its Co-Bond Counsel that such documents are in appropriate form, and the Authority hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Refunding Bonds and the possible issuance of one or more series of the Refunding Bonds and said documents are subject to completion to reflect the results of the sale of the Refunding Bonds; and

WHEREAS, the Authority has determined that it is in the best interests of the public transportation needs of the County to provide for the issuance and sale of the Refunding Bonds and the refunding of the Refunded Bonds; and

WHEREAS, the finance staff of the Authority and the Authority's financial advisors have reviewed the Authority's procurement, contracting and equal opportunity policies and procedures and have advised the Board that the competitive bidding process set forth in the Notice Inviting Bids is the best practical method of attempting to achieve the Authority's minority and women-owned business goals in a competitively bid sale of municipal bonds; and

WHEREAS, the Proposition A Tax, less the 25% allocated to local jurisdictions and less the costs of the State Board of Equalization for administering the Proposition A Tax, are herein referred to as the "Pledged Taxes"; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement or the Refunding Supplement;

NOW, THEREFORE, BE IT RESOLVED BY THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

1. Findings. The Authority hereby finds and determines that:

(a) The issuance of the Refunding Bonds in one or more series to refinance a portion of the development and construction of the Rail Transit System by refunding the Refunded Bonds, refunding a portion of the Commercial Paper Notes and paying certain costs related thereto is in the public interest.

(b) Under the provisions of Ordinance No. 16, all of the Pledged Taxes are revenues of the Authority available for rail 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 in the form of Refunding Supplement are reasonable and proper for the security of the holders of the Refunding Bonds.

2. Issuance of Refunding Bonds: Terms of Refunding Bonds. For the purposes of refunding the Refunded Bonds and refunding a portion of the Commercial Paper Notes, including provision, if necessary, for funding a portion of the Reserve Fund established under the Trust Agreement and the payment of certain costs related thereto, the Authority hereby authorizes the issuance, in one or more series, of its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds. The Authority hereby specifies that the aggregate principal amount of each series of Refunding Bonds shall be an amount sufficient, but not in excess of, the amount required (taking into account any original issue discount), (i) to refund the applicable Refunded Bonds and Commercial Paper Notes, (ii) to meet any necessary Reserve Fund Requirement, (iii) to fund capitalized interest and (iv) to provide for the underwriters' discount and payment of costs of issuance. The total aggregate principal amount of Refunding Bonds issued under this Resolution shall not exceed \$300,000,000 plus the amount of any original issue discount at which the Refunding Bonds may be sold. Linda Bohlinger, Interim Chief Executive Officer ("CEO") of the Authority, and any written designee of the CEO, or any of them (each a "Designated Officer"), acting in accordance with this Section 2, is hereby authorized to determine, from time to time, the actual aggregate principal amount 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. The Refunding Bonds shall be in fully registered form and may be issued as Book-Entry Bonds as provided in the applicable Refunding Supplement. Payment of principal of, interest on and premium, if any,

on the Refunding Bonds shall be made at the place or places and in the manner provided in the Refunding Supplement(s).

The Refunding Bonds issued as current interest bonds shall be available in denominations of \$5,000 and integral multiples thereof. The Refunding Bonds issued as capital appreciation bonds, if any, shall be available in denominations of \$5,000 final maturity amount and integral multiples thereof. The Refunding Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the final form or forms of the Refunding Supplement(s). 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 Refunding Supplement. No Refunding Bonds shall bear interest at a rate in excess of nine percent (9%) per annum. Refunding Bonds issued for the purpose of refunding Prior Senior Lien Bonds shall create at least a three percent (3%) net present value savings to the Authority as a result of refinancing the applicable Refunded Bonds. Interest on the Refunding Bonds shall be paid on the dates set forth in the applicable Refunding Supplement. Interest on Refunding Bonds issued as capital appreciation bonds shall be paid at maturity or prior redemption of such Refunding Bonds. The Refunding Bonds shall be subject to redemption at the option of the Authority on such terms and conditions as shall be set forth in the Refunding Supplement(s). The Refunding Bonds which are term bonds shall also be subject to mandatory sinking fund redemption as shall be set forth in the Refunding Supplement(s).

Execution and delivery of the Refunding Supplement(s) which documents contain the maturities, interest rates and the fixed interest payment obligations of the Authority within parameters set forth in this Resolution, shall constitute conclusive evidence of the Authority's approval of such maturities, interest rates and payment obligations.

3. 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; except for the Prior Senior Lien Bonds, the Authority hereby confirms that it has not previously granted any prior or parity interest in such Pledged Taxes, and the Authority hereby agrees that it will not, as long as any of the Refunding Bonds remain outstanding, grant or attempt to grant any prior or, except as permitted by the Trust Agreement, any parity pledge, lien or other interest in the Pledged Taxes to secure any other obligations of the Authority.

4. Special Obligations. The Refunding Bonds shall be special obligations of the Authority 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 Authority may hereafter provide.

5. Forms of Refunding Bonds. The Refunding Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the forms set forth in the Exhibits to the Refunding Supplement, with such necessary or appropriate variations, omissions

and insertions as permitted or required by the Trust Agreement or the Refunding Supplement(s) or as appropriate to adequately reflect the terms of such Refunding Bonds and the obligations represented thereby.

6. Execution of Refunding Bonds. Each of the Refunding Bonds shall be executed on behalf of the Authority by the Chairman, the Vice Chairman or the CEO of the Authority 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 the Chairman, the Vice Chairman or the CEO of the Authority shall have the same force and effect as if such officer had manually signed each of such bonds.

7. Approval of Documents; Authorization for Execution. The form, terms and provisions of the Refunding Supplement(s) and the Escrow Agreement(s) within the parameters set forth in this Resolution are in all respects approved, and the Chairman, the Vice Chairman and any Designated Officer, any one or more thereof, are hereby authorized empowered and directed to execute, acknowledge and deliver the Refunding Supplement(s) and the Escrow Agreement(s), including counterparts thereof, in the name of and on behalf of the Authority. The Refunding Supplement(s) and the Escrow Agreement(s), as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the hereinabove specified officer or officers of the Authority executing the same; the execution thereof shall constitute conclusive evidence of the Authority's approval of any and all changes or revisions therein from the form of the Refunding Supplement and the form of the Escrow Agreement now before this meeting; and from and after the execution and delivery of the Refunding Supplement(s) and the Escrow Agreement(s), the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Refunding Supplement(s) and the Escrow Agreement(s).

8. Sale of Bonds.

(a) The hour of 9:00 a.m. California Time on the date of Wednesday, May 14, 1997 is hereby approved as the time and date that sealed proposals will be received from qualified bidders for the Refunding Bonds upon the terms and in the manner set forth in the Notice Inviting Bids (approved below); provided, however that the Designated Officers are each hereby authorized to choose such other times and dates to receive such proposals as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of one or more series of the Refunding Bonds.

(b) The form of Notice Inviting Bids presented to this meeting is hereby approved for publication and distribution in the offering and sale of the Refunding Bonds substantially in the form presented at this meeting. Any Designated Officer is hereby authorized and directed to execute the Notice Inviting Bids on behalf of the Authority (after completion, modification or correction thereof approved by said Designated Officer) and to call for bids for the sale of the

Refunding Bonds from qualified bidders in accordance with said Notice Inviting Bids. The Designated Officers shall cause the Notice Inviting Bids to be published at least once in *The Los Angeles Daily Journal* not less than five (5) days prior to the sale of the Refunding Bonds and said Notice Inviting Bids may be printed and distributed to such municipal broker-dealers, banking and financial institutions and other persons as the Designated Officers deem necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(c) The Notice of Intention to Sell Bonds presented at this meeting is hereby approved substantially in the form presented to this meeting. Any Designated Officer is hereby authorized and directed to cause one or more Notices of Intention to Sell Bonds to be published in *The Bond Buyer*, a financial publication generally circulated throughout the State, at least fifteen (15) days prior to such sale of 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) In connection therewith, the Authority hereby approves the form of the Preliminary Official Statement (the "Preliminary Official Statement") now before this Authority and authorizes the circulation of one or more preliminary Official Statement(s) with such additions, deletions and changes as the Designated Officers, or any of them deemed to be appropriate, and to prepare and execute one or more final official statements substantially in the form of the Preliminary Official Statement(s), the execution of such document by a Designated Officer to be conclusive evidence of the Authority's approval of such additions, deletions and changes. The Preliminary Official Statement(s) shall be circulated for use in selling the Refunding Bonds (in one or more series) at such time or times as a Designated Officer (after consultation with the Authority's financial advisors and co-bond counsel and such other advisors as the Designated Officer believes to be useful) shall determine that each Preliminary Official Statement is substantially final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, said determination to be conclusively evidenced by a certificate signed by the Designated Officer to such effect, and any such action previously taken is hereby confirmed, ratified and approved.

(e) The form and content of the Continuing Disclosure Certificate to be dated the date of delivery of the Refunding Bonds (in one or more series) is hereby approved and the Authority's obligation to provide the information as described therein is approved and any Designated Officer is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate(s) in substantially the form and substance as that before the Board but with such change(s) and additions as the Designated Officer shall approve as being in the best interests of the Authority or required to comply with securities rules, such approval to be conclusively evidenced by the Designated Officer's execution and delivery of the Continuing Disclosure Certificate(s).

(f) Any Designated Officer, on behalf of the Authority, is further authorized and directed to cause written notice to be provided to the California Debt Advisory Commission of the proposed sale of the Refunding Bonds, said notice to be provided in accordance with Section

8855 et seq. of the California Government Code, to file the notice of final sale with said Commission, 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.

(g) Notwithstanding the contracting, procurement and equal opportunity policies and procedures adopted by the Authority for other contracting and procurement activities, the Certificate regarding efforts to include Minority Business Enterprises and Women Business Enterprises in the bidding process, which Certificate shall be included with the Notice Inviting Bids and the procedure set forth therein are hereby approved for use in connection with the sale of the Refunding Bonds. Any Designated Officer in consultation with the Authority's contract administration staff and the Authority's financial advisors is hereby authorized and directed to determine the Qualified Bidders in accordance with the certificate approved above.

(h) The Designated Officers or any of them are hereby authorized and directed for and on behalf of the Authority to (i) accept the best bid(s) 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 to such respective best bidder(s) and (ii) to execute and deliver any financial guaranty or reimbursement agreement with any provider of a guarantee of payment of the principal of or interest on the Refunding Bonds or with any provider of a surety bond covering all or a portion of the reserve fund for the Bonds, all upon such terms as shall be satisfactory to any Designated Officer.

9. Paying Agent and Registrar. The Authority hereby appoints the Trustee as Paying Agent for the Refunding Bonds and appoints the Trustee as Registrar for the Refunding Bonds and appoints the Trustee as Escrow Agent under the Escrow Agreement(s). Such appointments shall be effective upon the issuance of the Refunding Bonds and shall remain in effect until the Authority, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

10. Bond Insurance. In connection with advertising for and accepting the best bids for the Refunding Bonds, the Designated Officers are hereby authorized to permit the successful bidders to purchase municipal bond insurance, if available, for some or all of such Bonds; provided that (i) the delivery of the Refunding Bonds shall not be conditioned upon the issuance of any such insurance, (ii) payment of any insurance premium(s) and satisfaction of any conditions to the issuance of one or more municipal bond insurance policies shall be the sole responsibility of the bidder, and (iii) failure of the insurance provider(s) to issue its policy of insurance shall not justify failure or refusal by the successful bidder(s) to accept delivery of or pay for the Bonds.

11. Additional Authorization. The Chairman, Vice Chairman and the Designated Officers and all officers, agents and employees of the Authority, for and on behalf of the Authority, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Refunding Bonds, the Refunding Supplement(s), the Escrow Agreement(s), the final Official Statement(s), the Notice Inviting Bids and the Continuing Disclosure Certificate(s) and to carry out the terms thereof. The Chairman, the Vice Chairman, the Designated Officers and all other officers, agents and employees of the Authority are further authorized and directed, for and on behalf of the Authority, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution and by the Trust Agreement, the Refunding Supplement(s), the Escrow Agreement(s) or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the execution by the Chairman, Vice Chairman or a Designated Officer and the delivery of the Tax Compliance Certificate(s) as required by the Refunding Supplement(s) for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; documents required by The Depository Trust Company in connection with the Book-Entry Bonds; and documents related to detachable call options, if any.

12. Costs of Issuance. The Authority authorizes funds of the Authority 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, financial advisors, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses and any related filing fees.

13. 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.

14. Effective Date. This Resolution shall be effective upon adoption.

15. Contract. This Resolution and the pledge of the Pledged Taxes contained herein shall constitute a contract between the Authority and the holders of the Refunding Bonds.

CERTIFICATION

The undersigned, duly qualified and acting as Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of a Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on April ____, 1997.

Michelle Jackson
Acting MTA Secretary

Dated: _____, 1997