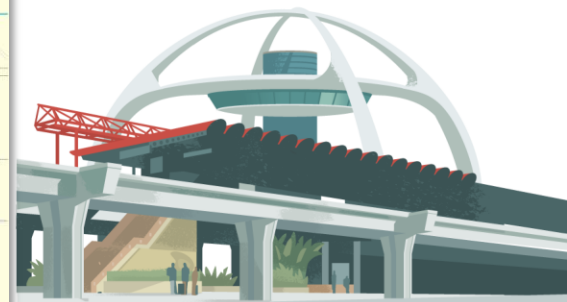
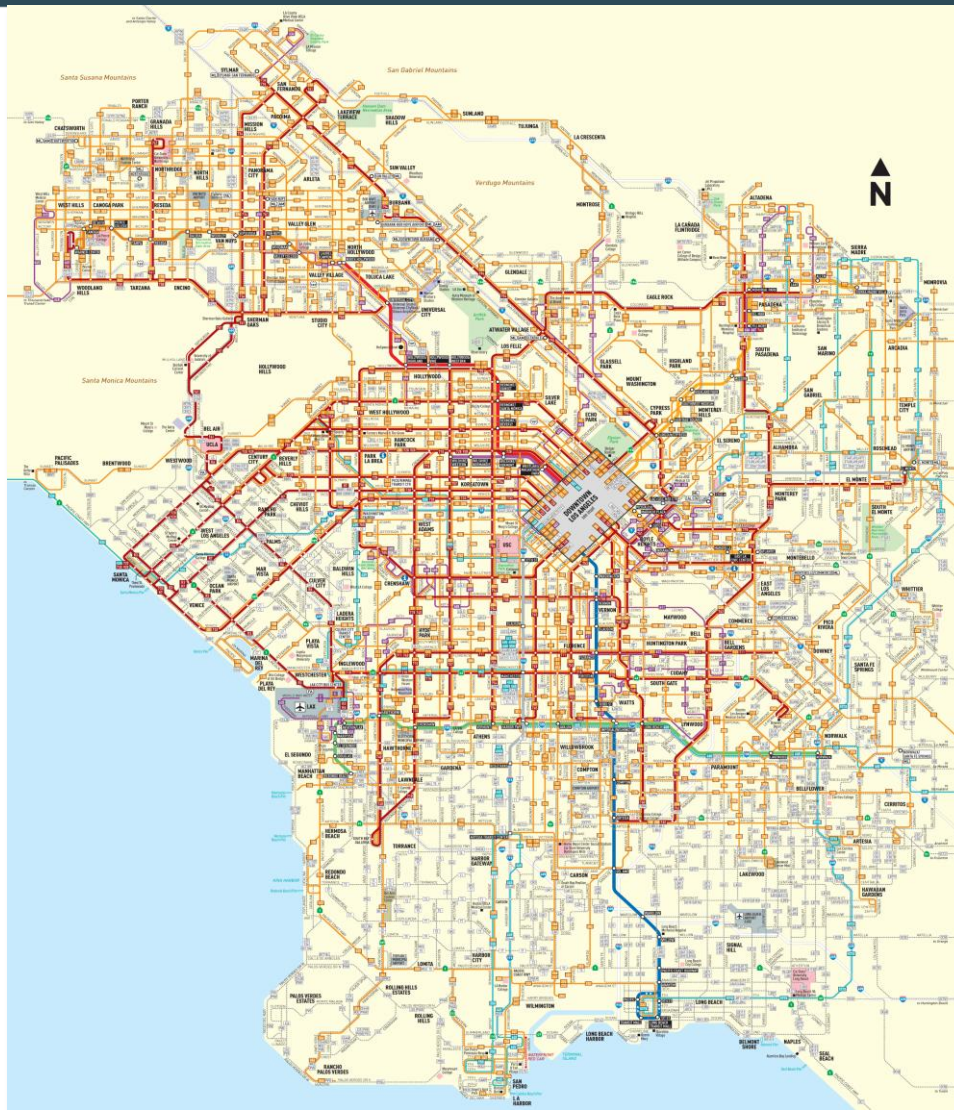


Los Angeles County Metropolitan Transportation Authority Measure R and the Financing Plan



Los Angeles County Metropolitan Transportation Authority



Background

- **Organization:** Metro was established in 1993 and was the successor to both the Southern California Rapid Transit District and the Los Angeles County Transportation Commission.
- **Responsibilities:** Metro serves as transportation planner and coordinator, designer, builder and operator for one of the country's largest, most populous counties.
- **Governing Board:** Consists of 13 voting members; the 5 members of the County Board of Supervisors, the Los Angeles Mayor, 2 public members, 1 member from the Los Angeles City Council and 4 members from mayor/city council members from cities other than Los Angeles.
- **Revenue Source:** Metro's is a self help County with sales tax as the primary source of revenue securing outstanding debt.
 - The revenues pledged to Metro's obligations are not reliant on payments from the State of California and are not subject to the State's diversion of funds
- **Current Sales Tax:** LACTMA currently has three outstanding ½% sales taxes: Proposition A, Proposition C and Measure R.
 - Prop A & C are permanent sales taxes
 - Measure R is a 30-year sales tax sun-setting in 2039



Metro



Metro Service Area: Los Angeles County

Los Angeles County is one of the world's most dynamic, innovative and diverse economies. It represents a significant portion of California's economic, political and educational system.

Economy:

Larger than 44 states and all but 17 countries

Diverse Economic Base:

International trade, entertainment, aerospace, technology, petroleum, fashion, and tourism.

16 of the Fortune 500 are headquartered in the County

Higher Education:

Home to many world-class universities and research facilities, including UCLA, USC, and CalTech.

Largest Tax Payers

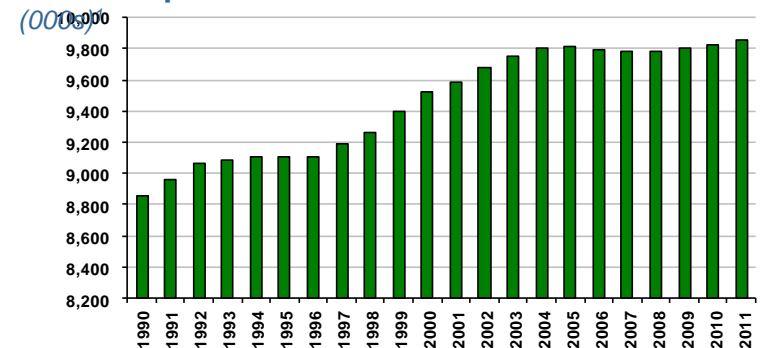
Property owned by the twenty largest taxpayers had a full cash value of \$35.53 billion, representing 3.5% of the total assessed value for the entire county



Metro



Stable Population Growth



(1) Source: California Department of Finance: Demographic Research Unit. Population estimate for 2000 through 2011 was recalibrated to reflect 2010 Census.

Fortune 500 Headquarters²



Economic Overview

The County's diversified economic base contributes to a broad and resilient regional economy

- Los Angeles metropolitan area is the largest economy in California and is the second largest economy in the US, second only to the New York area.

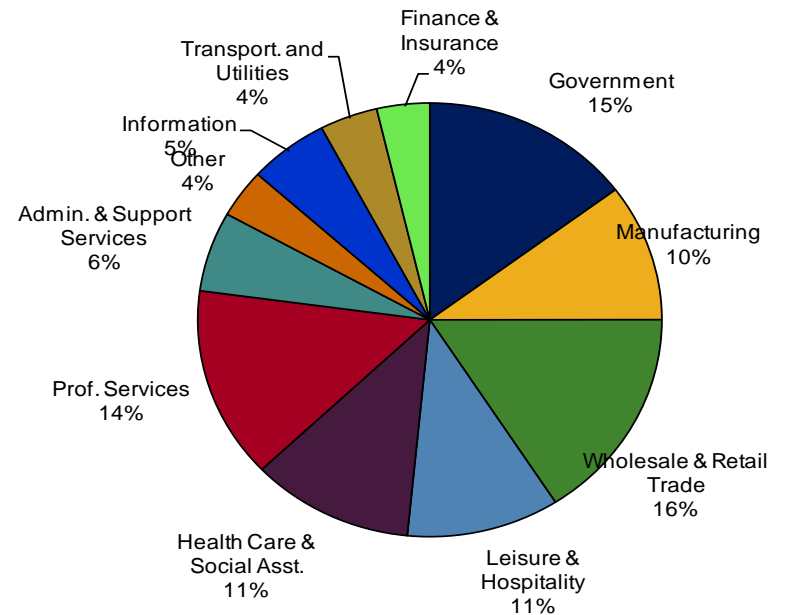
Los Angeles Regional GDP Ranked Nationally¹

	Metropolitan Area	GDP (\$ millions)
1	New York-Northern New Jersey-Long Island	1,280,517
2	Los Angeles-Long Beach-Santa Ana	735,743
3	Chicago-Naperville-Joliet	532,331
4	Washington-Arlington-Alexandria	425,167
5	Houston-Sugar Land-Baytown	384,603
6	Dallas-Fort Worth-Arlington	374,081
7	Philadelphia-Camden-Wilmington	346,932
8	San Francisco-Oakland-Fremont	325,927
9	Boston-Cambridge-Quincy	313,690
10	Atlanta-Sandy Springs-Marietta	272,362

(1) Source: U.S. Bureau of Economic Analysis, 2010

(2) Source: State of California Employment Development Department, August 2011.

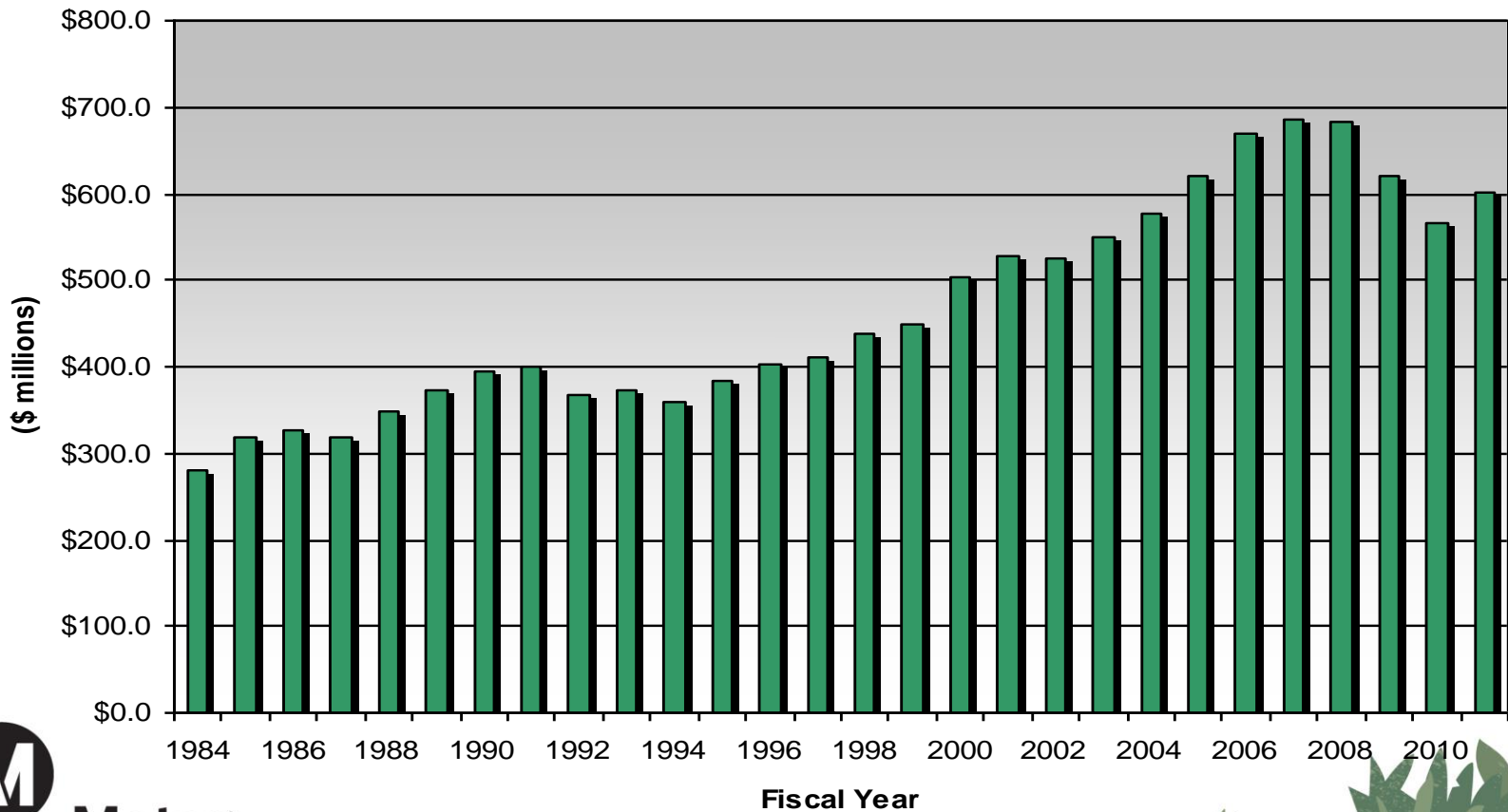
Employment Distribution²



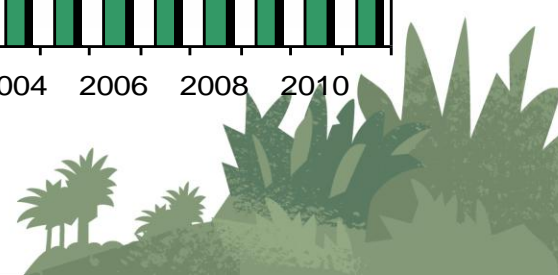
Metro

Sales Tax History

Proposition A Sales Tax Revenues

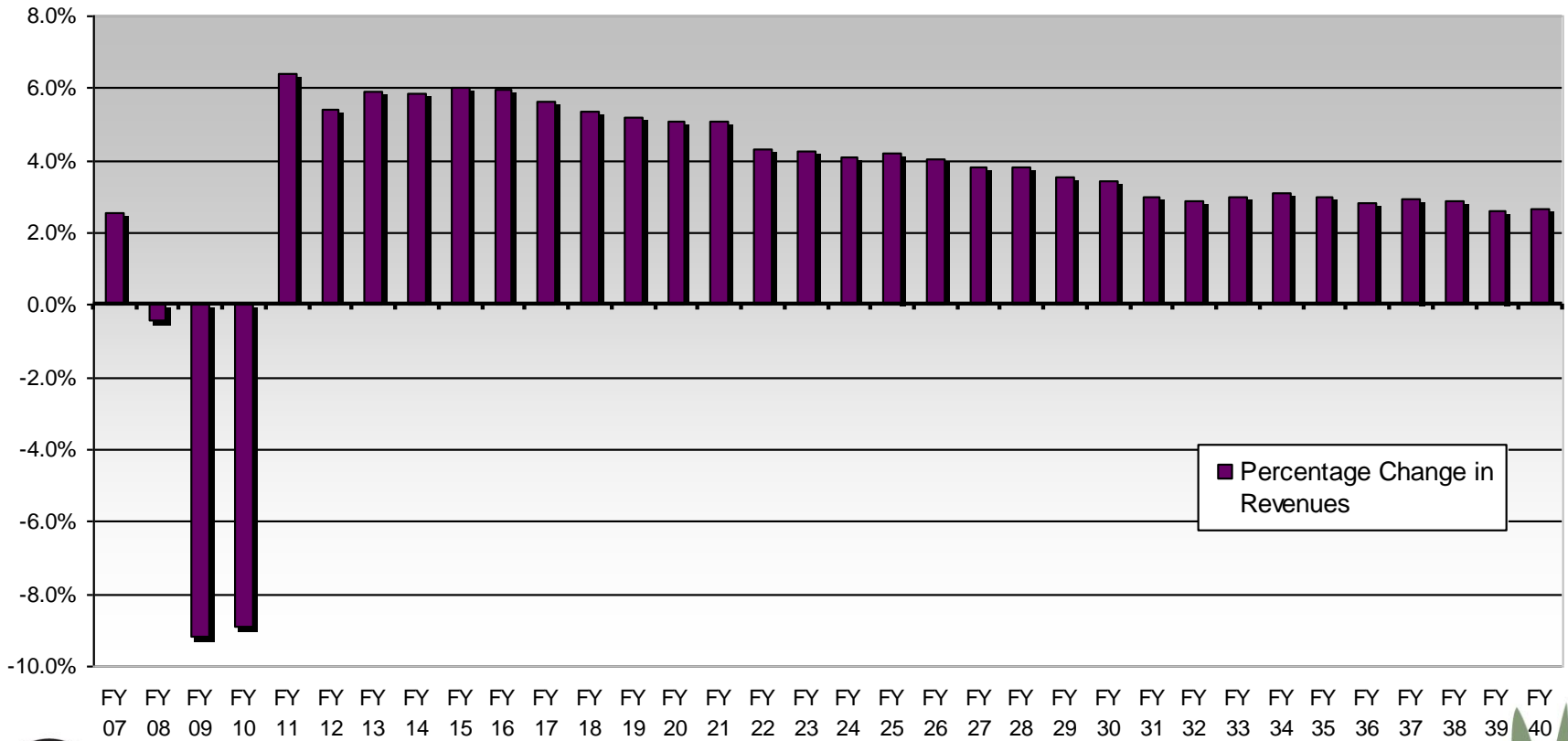


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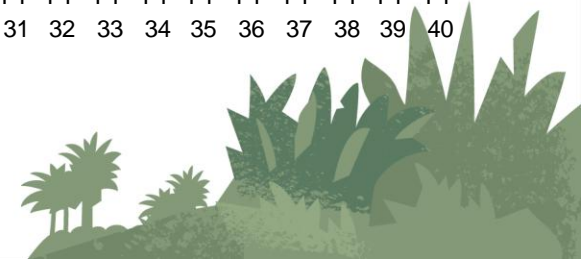


Sales Tax Projections

Year over Year Percentage Change in Sales Tax Revenues



Metro



Sales Tax Coverage History

Proposition A¹

Year	Net Sales Tax Revenue (\$mm)	Allocation to Local Govts (\$mm)	Pledged Revenues (\$mm)	Senior Lien Coverage
2001	528.3	(132.1)	396.2	2.79x
2002	526.0	(131.5)	394.5	2.86x
2003	548.3	(137.1)	411.2	2.96x
2004	576.7	(144.2)	432.5	3.16x
2005	619.5	(154.9)	464.6	3.32x
2006	669.0	(167.2)	501.7	3.32x
2007	686.2	(171.5)	514.6	3.60x
2008	683.4	(170.8)	512.5	3.47x
2009	620.8	(155.2)	465.6	3.03x
2010	565.7	(141.4)	424.3	2.71x
2011	601.9	(150.5)	451.4	3.00x

Proposition C¹

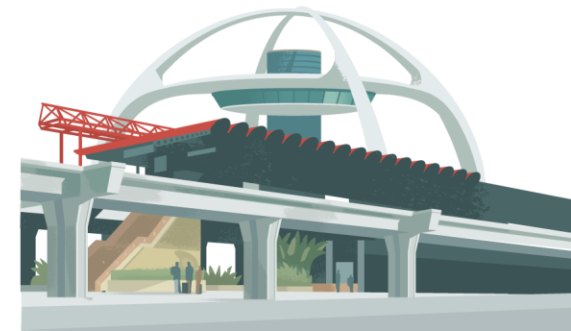
Year	Net Sales Tax Revenue (\$mm)	Allocation to Local Govts (\$mm)	Pledged Revenues (\$mm)	Senior Lien Coverage
2001	528.4	(105.7)	422.7	4.86x
2002	525.9	(105.2)	420.7	4.33x
2003	548.3	(109.7)	438.6	4.90x
2004	576.7	(115.3)	461.4	4.80x
2005	619.6	(123.9)	495.7	4.75x
2006	669.0	(133.8)	535.2	5.47x
2007	686.3	(137.3)	549.0	5.86x
2008	683.5	(136.7)	546.8	5.31x
2009	620.9	(124.2)	496.7	4.22x
2010	565.8	(113.2)	452.6	4.29x
2011	601.9	(120.4)	481.5	4.28x

Historically, MTA has maintained strong coverage on its long term debt supported by Proposition A and Proposition C

- MTA collects a ½% tax for each of Proposition A, Proposition C and Measure R.
- A portion of the sales tax collected per proposition is used for local agencies, the remainder is pledged to pay the Sales Tax Revenue bonds.
 - Proposition A: 25% to local agencies
 - Proposition C: 20% to local agencies
 - Measure R: 15% to local agencies
- In Fiscal 2011, the MTA's coverage was
 - Proposition A: 3.00x
 - Proposition C: 4.28x



Metro

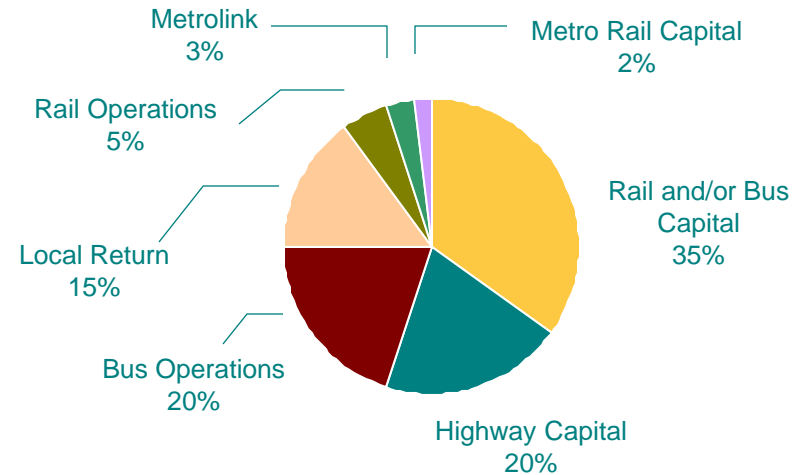


The Measure R Sales Tax

Overview

- New Tax and New Bonding Program
- Measure R Sales Tax
 - Approved by two-thirds majority in November 2008
 - Half-cent tax on all taxable sales throughout Los Angeles County
 - Began collections on July 1, 2009
 - Sunsets June 30, 2039
- Measure R will:
 - Relieve traffic congestion
 - Fund dozens of critical transit and highway projects
 - According to the Los Angeles County Economic Development Corporation, Measure R is expected to create nearly 300,000 jobs in Los Angeles County, including more than 210,000 new construction jobs

Allocation of Measure R Revenues



Measure R Sales Taxes are allocated to be spent on specific project needs and operational purposes as set forth above

Bondholders benefit from a pledge of 85% of all Sales Tax Collections



Metro

Measure R

Attachment A - Expenditure Plan (Transit Capital Projects)

Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan

ATTACHMENT A

30 Years, Fiscal Year (FY) 2010 - 2039

As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008

(\$ in millions)

for reference only - not priority order	Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
1		Transit Projects: New Rail and/or Bus Rapid Transit Capital Projects. Could include rail improvements or exclusive bus rapid transit improvements in designated corridors.									
2			Escalated \$								
3		Eastside Light Rail Access (Gold Line)	\$ 30	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ -	FY 2010	FY 2013
4		Exposition Boulevard Light Rail Transit	\$ 1,632 ^a	\$ 925	\$ -	\$ 925	\$ -	\$ 353	\$ 354	FY 2010-12	FY 2013-15
5		Metro and Municipal Regional Clean Fuel Bus Capital Facilities and Rolling Stock (Metro's share to be used for clean fuel buses)	\$ 150	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ -	FY 2010	FY 2039
6		Regional Connector (links local rail lines)	\$ 1,320	\$ 160	\$ -	\$ 160	\$ 708	\$ 186	\$ 266 ^b	FY 2014-16	FY 2023-25
7			Current 2008 \$								
8	Transit Capital Projects	Crenshaw Transit Corridor - project acceleration	\$ 1,470	\$ 235.5	\$ 971.5	\$ 1,207	To be determined		\$ 263 ^c	FY 2010-12	FY 2016-18
9		Gold Line Eastside Extension	\$ 1,310	\$ -	\$ 1,271	\$ 1,271		\$ 39	FY 2022-24	FY 2033-35	
10		Gold Line Foothill Light Rail Transit Extension	\$ 758	\$ 735	\$ -	\$ 735		\$ 23	FY 2010-12	FY 2015-17	
11		Green Line Extension to Los Angeles International Airport	\$ 200	\$ -	\$ 200	\$ 200		TBD ^d	FY 2010-12	FY 2015-28 ^d	
12		Green Line Extension: Redondo Beach Station to South Bay Corridor	\$ 280	\$ -	\$ 272	\$ 272		\$ 8	FY 2028-30	FY 2033-35	
13		San Fernando Valley I-405 Corridor Connection (match to total project cost)	TBD	\$ -	\$ 1,000	\$ 1,000		\$ 31	FY 2030-32	FY 2038-39	
14		San Fernando Valley North-South Rapidways (Canoga Corridor) - project acceleration	\$ 188	\$ 32 ^e	\$ 150	\$ 182		\$ 6	FY 2010-12	FY 2014-16	
15		San Fernando Valley East North-South Rapidways - project acceleration	\$ 70	\$ 68.5 ^e	\$ -	\$ 68.5		\$ 2	FY 2013-15	FY 2016-18	
16		West Santa Ana Branch Corridor (match to total project cost)	TBD	\$ -	\$ 240	\$ 240		\$ 7	FY 2015-17*	FY 2025-27*	
17		Westside Subway Extension - to be opened in segments	\$ 4,200 ^f	\$ 900	\$ 3,174	\$ 4,074		\$ 126	FY 2013-15	FY 2034-36	
18		Capital Project Contingency (Transit)-Escalation Allowance for lines 8-17 to be based on year of construction	\$ 7,331	\$ 173	\$ 3,103	\$ 3,276	\$ 2,200	\$ 1,015	\$ 840 ^g	FY 2010	FY 2039
19		Total New Rail and/or Bus Rapid Transit Capital Projects	\$ 18,939 ^h	\$ 3,408.5	\$ 10,381.5	\$ 13,790	\$ 2,908	\$ 1,554	\$ 1,965	FY 2010	FY 2039

Measure R - Amendments

Limitations on Amendments to Measure R Ordinance-Section 11

- **Ordinance establishes allocations of sales tax Net Revenues by transportation purpose (Attachment A).**
- **No amendment can reduce total Net Revenues allocated to sum of Transit Capital and Highway Capital Subfunds. Not more than once every 10 years (starting in 2019), Net Revenues can be transferred between Transit Capital and Highway Capital Subfunds, by 2/3 vote of Metro Board.**
- **No amendment can reduce total Net Revenues allocated to Operations Subfund or Local Return Subfund.**
- **Amendments to the Amendment provisions of the Ordinance must be approved by 2/3 of Metro Board and a simple majority of voters.**



Metro



Measure R - Oversight

- **Ordinance establishes independent Oversight Committee:**
 - **to review annual audit**
 - **ensure compliance with spending allocations by transportation purpose, pursuant to Attachment A**
 - **review any proposed amendments to the Ordinance, and**
 - **review proposed debt financings and make findings that benefits from a financing (accelerating project delivery, avoiding future cost escalation, and related factors) exceed the issuance and interest costs.**



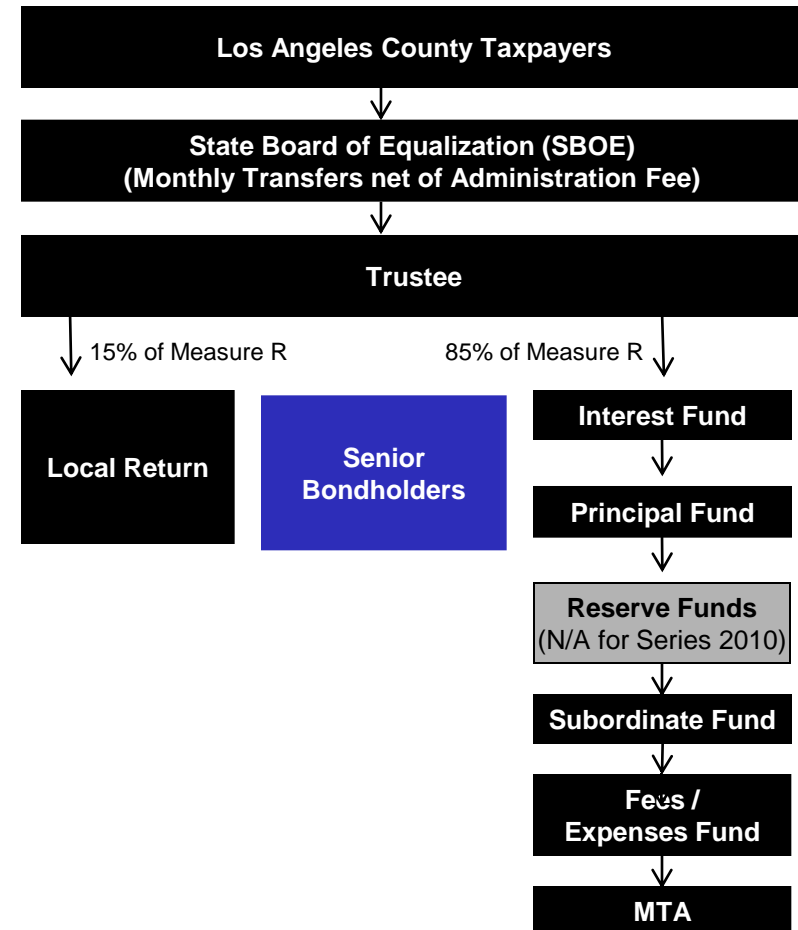
Measure R Senior Lien Structure

Security and Key Features

- The Bonds are limited obligations of MTA payable from and secured by a pledge of the Pledged Revenues
 - The Bonds have a senior lien on Pledged Revenues
 - MTA covenants not to issue or incur any obligations with a lien on Pledged Revenues superior to that of the Bonds
 - MTA reserves the right to sell both parity and subordinate obligations
- Pledged Revenues are Measure R sales tax revenues and Swap Revenues less refunds, the SBOE admin fee, and 15% Local Return paid to local agencies
- No operating risk or exposure. No State Budget Exposure
 - Gross Revenue Pledge of Local Sales Tax
- Revenues are transferred directly to trustee by SBOE on a monthly basis – Lock Box Structure with set-aside of principal and interest
- **Additional Bonds Test:** 2.50x historic revenues in 12 consecutive of last 18 months vs. projected MADS



Measure R Flow of Funds



Debt Policy Guides Future Debt Issuance

Debt Affordability Targets and Policy Limits

Category	Allowable Uses & Status	Debt Policy
Transit Capital 35% – New Rail and/or Rapid Transit	<i>New Rail and/or Bus Rapid Transit.</i> Initial issuance occurred in CY2010.	87% of MR Transit Capital – Rail and/ or Bus Rapid Transit revenues.
Transit Capital 3% – Metrolink Capital Improvement Projects Within LA	<i>Operations, Maintenance and Expansion for system improvements, rail yards and rail cars.</i> Currently no debt service. Issuance likely in the future.	87% of MR Transit Capital – Metrolink Capital Improvements in LA County.
Transit Capital 2% – Metro Rail 87% of MR Transit Capital	<i>System improvements, rail yards and rail cars.</i> Currently no no debt service. Issuance likely in the future.	87% of MR Transit Capital – Metro Rail Capital
Highway Capital 20% –	<i>Carpool lanes, highways, goods movement, grade separations separations and soundwalls.</i> Currently no debt service. Issuance likely in the future.	60% of MR Highway Capital
Operations 5% – Rail Operations	<i>Rail operations for new transit project operations and maintenance.</i> Currently no debt service. No debt issuance permitted.	No debt issuance.
Operations 20% – Bus Operations	<i>Bus operations for countywide bus service and maintenance.</i> Currently no debt service. No debt issuance permitted.	No debt issuance.
Local Return 15% –	<i>Major street resurfacing, rehabilitation and reconstruction; reconstruction; pothole repair; left turn signals; bikeways, bikeways, pedestrian improvements; streetscapes; signal synchronization; and transit.</i> Distributed to localities based on based on population.	N/A



Metro

MTA is Distinguished by Fundamental Credit Strengths

Essential Program and Strong Mandate	<ul style="list-style-type: none">● Providing Transportation Is a Key Component for Continued Regional Growth and Quality of Life● Multi-modal Strategy Enables Metro to Meet the Diverse Needs of the Region
Managements	<ul style="list-style-type: none">● Difficult Decisions Made: Fare Increase in July 2010 and a Service Reduction of 310,000● Projects completed on time and on budget.
Strong Security Features	<ul style="list-style-type: none">● The Sales Tax Behind Each Program has Proven Stability and Resiliency● Strong Additional Bonds Test and Trustee Intercept● High Historical and Projected Debt Service Coverage
Diverse Economic	<ul style="list-style-type: none">● Los Angeles County Is a Leader in the Trade, Communications, and Finance Industries● Tax Base Is Broad-based
Recognition by Rating Agencies of Fundamental Credit strength	<ul style="list-style-type: none">● Standard & Poor's Ratings of AAA (Prop A and Measure R) & AA+ (Prop C)● Moody's Investors Ratings of Aa2 (Prop A and Measure R) and Aa3 (Prop C)● Fitch Ratings of AA (Prop A and Prop C)



Proposed Terms for TIFIA Loan Agreement

- > Borrower: Crenshaw Project Corporation
- > Principal Amount: \$545.9 million
- > Dedicated Repayment Source: Crenshaw Project Revenues
- > Security: Pledge of Crenshaw Project Revenues
 - > Crenshaw Project Payments made by MTA to Corporation, plus
 - > Income from Permitted Investments
 - > Project Payments equal to scheduled payments of principal and interest and any prepayment of principal and interest and fees, costs and expenses due on TIFIA Loan



Security and Measure R Revenue Pledge for TIFIA Loan

- > Measure R debt is secured by pledge of all Measure R taxes (less 15% Local Return and State administrative fee)
- > Same pledge structure for Prop A and Prop C debt (i.e., all categories except Local Return and admin fee)
- > Received opinion from outside counsel confirming the legality of 85% pledge
- > Board approved the 85% pledge prior to first Measure R bond issue; specified in Measure R Trust Agreement



Additional Indebtedness

- > Covenant that no additional Measure R debt will be issued unless Projected Pledged Revenues are at least 1.25 times Maximum Annual TIFIA Debt Service



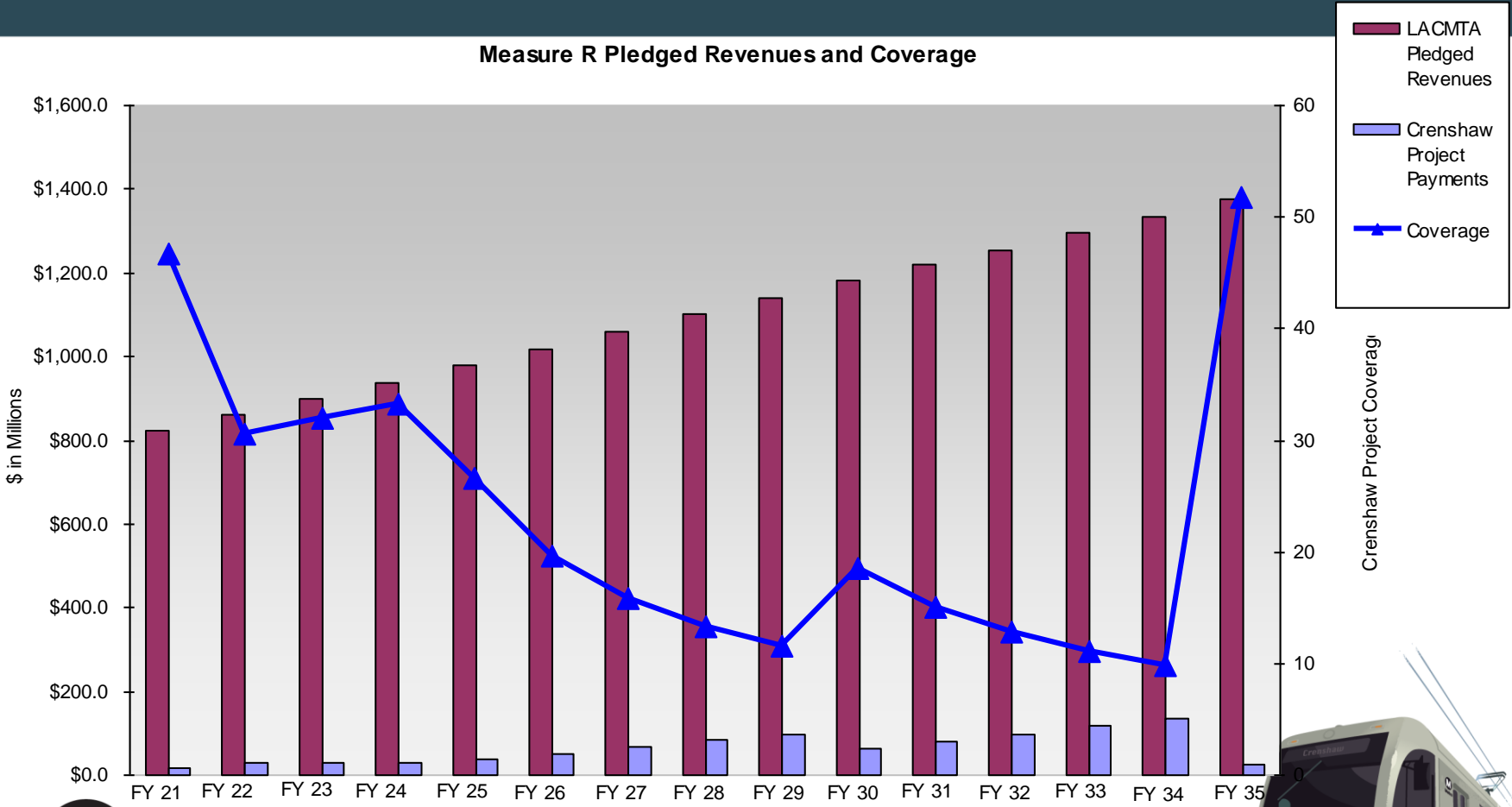
Amortization of TIFIA Loan

- > Amortization of principal to meet overall Measure R funding needs and resources
- > Principal amortized in Fiscal Year 2025 through Fiscal Year 2035



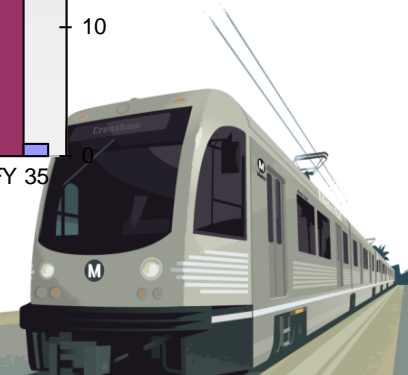
Measure R Projected Coverage of Crenshaw Payments

Measure R Pledged Revenues and Coverage

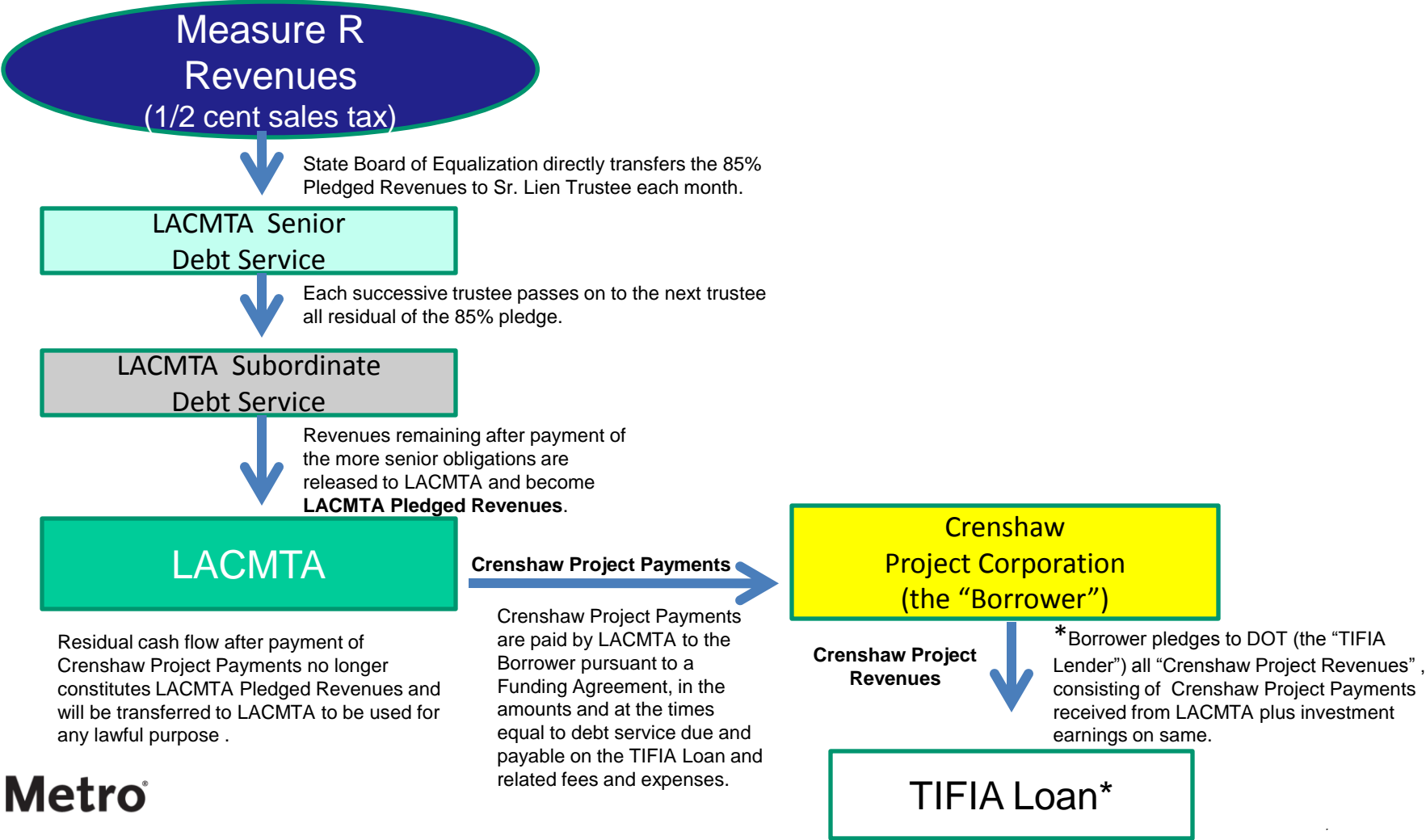


Metro

Pledged Revenues equal to 85% of Measure R, less existing Measure R debt service.



Flow of Funds for TIFIA Loan Repayment



Sources of Funds

Sources of Funds	(\$ in millions)
Local Funds	
Measure R	\$ 661.1
TIFIA Proceeds (Measure R)	\$ 545.9
Proposition A	\$ 4.9
Proposition C	\$ 148.9
Other Local	\$ 52.4
Subtotal Local Funds	\$ 1,413.1
State Funds	
Regional Improvement Program	\$ 36.7
Prop 1B	\$ 201.2
Subtotal State Funds	\$ 237.9
Federal Funds	
CMAQ	\$ 68.2
RSTP	\$ 20.0
Other Federal	\$ 9.8
Subtotal Federal Funds	\$ 98.0
Total Project Sources	\$ 1,749.0



Pending Federal Reauthorization 97% of Funds are Committed

<u>Fund Source</u>	<u>Amount</u>	<u>Status</u>	<u>Agency</u>
• Prop. A, Prop. C, & Measure R, TIFIA	\$1,360 M	Committed	Metro
• Local Agency Funds	\$ 52 M	Pending	LA/Inglewood
• State Proposition 1B PTMISEA	\$ 201 M	Committed	State
• Regional Improvement Program	\$ 37 M	Committed	State
• CMAQ/RSTP (& expended Earmark)	\$ 98 M	Reauth. Pending	Federal

- Local agency funding assumption is 3% of total project cost
 - Metro assumed 3% in Measure R expenditure plan and in the subsequent Long Range Plan
 - City of Inglewood funding commitments are under negotiation
 - City of Inglewood considering Metro loan offer
 - Metro loan would be repaid with Inglewood Local Return funds
 - City of Los Angeles discussions are pending
 - City of Los Angeles Financial Plans include the funds necessary

Actions to Address Forecasted Loss

- > Depth of recession better understood by April 2010
- > Long Range Plan Financial Forecast periodically updated
 - Lower priority projects deferred from first decade
 - > April 2010 and November 2011
 - Additional borrowing assumed to mitigate near-term impacts
 - > Measure R Contingency Policy limits such responses going forward
 - Other policies adopted to protect longer term commitments
 - > Cost Management Process and Policy
 - > State Repayment of Capital Project Loans Fund
 - > Light Rail Yard Cost Allocations

