

Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF PROPOSITION C SALES TAX REVENUE BONDS AND APPROVING OTHER RELATED MATTERS

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), 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. 49 adopted August 28, 1990 ("Ordinance No. 49"), imposed a ½ of 1% 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 C Tax"), and such tax was approved by the electors of the County on November 6, 1990; and

WHEREAS, the revenues received by the LACMTA 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 LACMTA has and continues to plan, engineer and construct a Countywide rail, bus and highway transit system (the "Rail, Bus and Highway Transit System") to serve the County; and

WHEREAS, to facilitate the development and construction of the Rail, Bus and Highway Transit System, the LACMTA, as authorized by the Act, pursuant to the terms of the Amended and Restated Trust Agreement, dated as of January 1, 2010, as amended and supplemented (the "Trust Agreement"), by and between the LACMTA and U.S. Bank National Association, as trustee (the "Trustee"), the LACMTA has issued several series of bonds, including its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2008-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-D; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-E; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2010-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2013-B; Proposition C

Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-C; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2014-A; and Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A (collectively, the “Prior Senior Lien Bonds”); and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more Series from time to time and in one or more transactions of its Proposition C Sales Tax Revenue Bonds, Senior Bonds (the “Bonds”) (a) to finance or refinance (through the repayment of commercial paper) or reimburse itself for prior expenditures for the development and construction of such projects of the Rail, Bus, and Highway Transit System that constitute eligible uses of the Proposition C Tax pursuant to Ordinance No. 49, including (i) the design, engineering, construction, equipage and acquisition of light rail lines ~~including the Exposition Line Phase II Project and Crenshaw/LAX,~~ (ii) the design, engineering, construction, equipage and acquisitions ~~for the Southwestern Rail Maintenance Yard,~~ (iii) the design, engineering, construction, equipage and acquisitions ~~for the Rail Deferred Maintenance Project,~~ (iv) the design, engineering and other related close out costs of the I-405 Sepulveda Pass Improvement Project, (vii) the engineering, construction, renovation, maintenance, and/or acquisition of various capital facilities and equipment, including buses and rail cars, related to service operation, (viii) design, engineering, construction, equipage and acquisition of various highway projects including soundwalls and carpool lanes, and (ix) other transit related projects (the “Projects”); (b) to fund or make provision for one or more reserve accounts; and (c) to pay the costs of issuance related thereto; and

WHEREAS, the LACMTA expects to expend moneys of the Enterprise Fund (other than moneys derived from the issuance of bonds) on expenditures relating to the costs of the Projects prior to the issuance of the Bonds, which expenditures will be properly chargeable to a capital account under general federal income tax principles and the LACMTA reasonably expects to reimburse certain of such capital expenditures from the proceeds of the Bonds; and

WHEREAS, the LACMTA expects that some of the costs of the Projects might be paid with the proceeds of commercial paper prior to issuance of the Bonds, in which case proceeds of the Bonds could be used to refinance such commercial paper; and

WHEREAS, the LACMTA desires to sell the Bonds on a competitive basis in accordance with the Debt Policy of the LACMTA; and

WHEREAS, the forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”):

(a) Supplemental Trust Agreement (the “Supplemental Trust Agreement”) by and between the LACMTA and the Trustee, which would supplement the Trust Agreement for purposes of providing the terms and conditions of the Bonds;

(b) Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offer and sale of the Bonds;

(c) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) to be executed by the LACMTA to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and which will provide for the annual and periodic update of certain financial and operating information;

(d) a Notice Inviting Bids (the “Notice Inviting Bids”) setting forth the terms and the manner in which proposals from qualified bidders for the purchase of the Bonds shall be received; and

(e) a Notice of Intention to Sell Bonds (the “Notice of Intention to Sell Bonds”) to be published in connection with any proposed sale of the Bonds; and

WHEREAS, the LACMTA hereby acknowledges that such documents will be modified and amended to reflect the various details applicable to the Bonds, whether the Bonds are issued in a single issuance or multiple issuances and that said documents are subject to completion to reflect the results of the sale of the Bonds, whether in a single issuance or multiple issuances; and

WHEREAS, the LACMTA has pledged the Proposition C Tax (less the 20% local allocation and the State Board of Equalization’s costs of administering such tax) (the “Pledged Taxes”) to secure the Prior Senior Lien Bonds; and

WHEREAS, the LACMTA desires to confirm the designation of the Chief Financial Officer of the LACMTA and any person holding such title or any person holding such other title as may from time to time be assigned to such position, and such officer serving in an acting or interim capacity, as an “Authorized Authority Representative” for all purposes under the Trust Agreement and the Supplemental Trust Agreement; and

WHEREAS, the LACMTA expects that the amount of the Bonds that will be issued to pay costs of the Projects will not exceed \$500,000,000; and

WHEREAS, the Board approved a “Reimbursement Resolution of the Los Angeles County Metropolitan Transportation Authority for Fiscal Year 2017” (the “Original Reimbursement Resolution”) on April 29, 2016 and the Board now desires to modify such Original Reimbursement Resolution to reflect that the amount of the Bonds (which shall constitute the “Debt” secured by Proposition C sales tax revenues referred to in the Original Reimbursement Resolution) may be up to \$500,000,000; and

WHEREAS, the Board finds that the recitals in the Original Reimbursement Resolution remain accurate and the Original Reimbursement Resolution shall remain in full force and effect as modified hereby; and

WHEREAS, this Resolution is intended to be a “declaration of official intent” in accordance with Section 1.150-2 of the Treasury Regulations; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS (THE “BOARD”) OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

1. **Findings.** The LACMTA hereby finds and determines that:

(a) The issuance of the Bonds to finance and refinance (through the repayment of commercial paper) the Projects, to fund or make provision for one or more reserve accounts (as and to the extent determined by a Designated Officer) and to pay the costs of issuance related to such Bonds is in the public interest.

(b) Under the provisions of Ordinance No. 49, all of the Pledged Taxes are revenues of the LACMTA available for rail, bus and highway 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 Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and to be set forth in one or more Supplemental Trust Agreements are reasonable and proper for the security of the holders of the Bonds.

2. **Issuance of Bonds.** The Board of the LACMTA hereby authorizes the issuance of one or more Series of Bonds from time to time for the purpose of (a) financing or refinancing (through the repayment of commercial paper) the Projects; (b) funding or making provision for one or more reserve accounts as and to the extent determined by a Designated Officer; and (c) paying the costs of issuance related to such Bonds; *provided, however*, that the True Interest Cost (as defined below) of each Series of Bonds shall not exceed 5.00% as of the date of sale of such Series of Bonds, as such shall be calculated by the Treasurer of the LACMTA. The LACMTA hereby specifies that the aggregate principal amount of all Series of Bonds shall not exceed \$500,000,000. The LACMTA hereby specifies that each Series of Bonds shall not mature later than 31 years from their date of issuance. The Chief Executive Officer of the LACMTA, any Chief Financial Officer of the LACMTA, any Treasurer of the LACMTA, any Assistant Treasurer of the LACMTA, or any such officer serving or acting in an interim capacity, or any written designee of any of them (each, a “Designated Officer”), acting in accordance with this Section 2, are each hereby authorized to determine the actual aggregate principal amount of each Series of Bonds to be issued (not in excess of the maximum amount set forth above) and to direct the execution and authentication of each such Series of Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. As used herein, the term “True Interest Cost” of the Bonds shall be the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Bonds and to the principal amount, and premium or discount if any, of the Bonds. For the purpose of calculating the True Interest Cost, the principal amount of Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity for such year. The calculation of the True Interest Cost shall include such reasonable assumptions and methods as determined by the Treasurer of the LACMTA.

3. **Terms of Bonds.** The Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the applicable Supplemental Trust Agreement. The 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 applicable Supplemental Trust Agreement. Interest on the Bonds shall be paid on the dates set forth in the applicable Supplemental Trust Agreement. The Bonds shall be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the applicable Supplemental Trust Agreement. The Bonds shall also be subject to mandatory sinking fund redemption as and to the extent set forth in the applicable Supplemental Trust Agreement. Payment of principal of, and interest and premium, if any, on the Bonds shall be made at the place or places and in the manner provided in the applicable Supplemental Trust Agreement.

Execution and delivery of one or more Supplemental Trust Agreements, which document contains the maturities, interest rates and the payment obligations of the LACMTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the LACMTA's approval of such maturities, interest rates and payment obligations.

4. **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 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 LACMTA hereby confirms that it has not previously granted any prior or parity interest in such Pledged Taxes, and the LACMTA hereby agrees that, except as permitted by the Trust Agreement (as amended, in accordance with its terms), it will not, as long as any of the Bonds remain outstanding, grant or attempt to grant any prior or parity pledge, lien or other interest in the Pledged Taxes to secure any other obligations of the LACMTA.

5. **Special Obligations.** The Bonds shall be special obligations of the LACMTA secured by and payable from the Pledged Taxes and from the funds and accounts held by the Trustee under the Trust Agreement. The Bonds shall also be secured by and be paid from such other sources as the LACMTA may hereafter provide.

6. **Form of Bonds.** The Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in the applicable Supplemental Trust Agreement, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the applicable Supplemental Trust Agreement or as appropriate to adequately reflect the terms of such Bonds and the obligation represented thereby.

7. **Execution of Bonds.** Each of the Bonds shall be executed on behalf of the LACMTA by any Designated Officer 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 such Designated Officer(s) shall have the same force and effect as if such officer(s) had manually signed each of such Bonds.

8. **Approval of Documents, Authorization for Execution.** Each of the Designated Officers is hereby authorized and directed to have prepared and to execute, acknowledge and deliver in the name of and on behalf of the LACMTA one or more Supplemental Trust

Agreements, one or more Continuing Disclosure Certificates, one or more Notices Inviting Bids and one or more Notices of Intention to Sell Bonds, all in substantially the forms on file with the Secretary of the Board and made available to the Board and hereby approved, with such changes as any Designated Officer determines are appropriate or necessary, in each case, to the extent, in the form, and with the terms and provisions as the Designated Officer executing the same shall determine are appropriate and necessary for the issuance of the Bonds, including, but not limited to, affirmative and negative covenants relating to the Bonds and the finances and operations of the LACMTA and any amendments, modifications and/or supplements to the Trust Agreement. All Supplemental Trust Agreements, Continuing Disclosure Certificates, Notices Inviting Bids and Notices of Intention to Sell Bonds are collectively referred to herein as the “Related Documents” and each a “Related Document.”

9. Sale of Bonds.

(a) Each Designated Officer is hereby authorized, from time to time, to choose such times and dates as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of the Bonds, to receive proposals from qualified bidders for the purchase of the Bonds (through the receipt of sealed written bids and/or the receipt of bids through the use of computerized bidding systems as determined by a Designated Officer) upon the terms and in the manner set forth in the Notice Inviting Bids.

(b) Each Designated Officer is hereby authorized and directed to execute the Notices Inviting Bids, from time to time, in such form as the Designated Officer executing the same shall approve and call for bids for the sale of the Bonds from qualified bidders in accordance with the Notice Inviting Bids.

(c) Each Designated Officer is hereby authorized and directed to cause the Notices of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of the Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by a Designated Officer and which is a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the securities), at least five days prior to the sale of the 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) Each Designated Officer is authorized and directed to cause any Notice Inviting Bids and/or Notice of Intention to Sell Bonds to be published in such other publications as such Designated Officer deems necessary or desirable and any such action previously taken is hereby confirmed, ratified and approved.

(e) Each Designated Officer is authorized and directed to distribute (including via electronic methods) any Notice Inviting Bids to such municipal broker-dealers, banking and financial institutions and other persons as the Designated Officer deems

necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(f) Each Designated Officer is hereby authorized and directed for and on behalf of the LACMTA to accept the best bid for the 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 Bonds, from time to time, to such best bidder(s).

(g) Each Designated Officer is hereby authorized and directed to take any other action such Designated Officer determines is necessary or desirable to cause any such competitive sale to comply with the Debt Policy of the LACMTA and applicable law.

(h) Each Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause notice to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the 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 CDIAC, 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 Bonds, and any prior such notices are hereby ratified, confirmed and approved.

10. **Preliminary Official Statement and Official Statement.** In connection with the issuance of the Bonds, the LACMTA hereby authorizes the circulation in electronic and/or printed form of one or more Preliminary Official Statements. The Preliminary Official Statement(s) shall contain a description of the finances and operations of the LACMTA, a description of the Proposition C Tax and a description of historical receipts of sales tax revenues substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board and hereby approved, with such changes as any Designated Officer determines are appropriate or necessary. Each Preliminary Official Statement shall also contain a description of the applicable Bonds and the terms and conditions of the applicable Supplemental Trust Agreement together with such information and description as a Designated Officer determines is appropriate or necessary. Each Preliminary Official Statement shall be circulated for use in selling the Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be 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 said Designated Officer to said effect.

Upon the sale of any Series of Bonds, the Designated Officers shall provide for the preparation, publication, execution and delivery in electronic and/or printed form of one or more final Official Statements in substantially the form of the Preliminary Official Statement with such changes as any Designated Officer determines are appropriate or necessary. Any Designated Officer is hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement(s) may be prepared and delivered

reflecting updated and revised information as the Designated Officers deem appropriate or necessary. Each Official Statement shall be circulated for use in selling the Bonds at such time or times as a Designated Officer deems appropriate.

11. **Paying Agent and Registrar.** The LACMTA hereby appoints the Trustee as Paying Agent for the Bonds and appoints the Trustee as Registrar for the Bonds. Such appointments shall be effective upon the issuance of the Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

12. **Authorized Authority Representative.** The Board hereby confirms the designation of the Chief Financial Officer of the LACMTA and any person holding such title or any person holding such other title as may from time to time be assigned to such position, and such officer serving in an acting or interim capacity, as an “Authorized Authority Representative” for all purposes under the Trust Agreement, the Supplemental Trust Agreement, and any amendments or supplements to the Trust Agreement or Supplemental Trust Agreement. Such appointment shall remain in effect until modified by resolution. The prior designation of officers, including the Chairperson, the Chief Executive Officer, Treasurer and Assistant Treasurer of the LACMTA, as Authorized Authority Representatives under the Trust Agreement and any amendments or supplements thereto shall continue.

13. **Reimbursement.** (i) All of the foregoing recitals are true and correct and (ii) in accordance with Section 1.150-2 of the Treasury Regulations, the LACMTA declares its intention to issue Bonds in an amount not to exceed \$500,000,000, the proceeds of which will be used to pay for the costs of the Projects, including the reimbursement to the LACMTA for certain capital expenditures relating to the Projects made prior to the issuance of the Bonds.

13. **Additional Authorization.** The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, are each authorized and directed to do any and all things necessary to effect the execution and delivery of the Bonds and the Related Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, each Supplemental Trust Agreement and the Related Documents or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investments in Permitted Investments (defined in the Trust Agreement) of the proceeds of the Bonds and of the Pledged Taxes including the execution and delivery of investment agreements related thereto; the execution by a Designated Officer and the delivery of the Tax Certificate as required by the Supplemental Trust Agreement for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; and the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry Bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

14. **Continuing Authority of Designated Officers.** The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by any Chief Executive Officer, any Chief Financial Officer, any Treasurer, or any Assistant Treasurer shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

15. **Further Actions.** From and after the delivery of the Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify any Related Document at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement or modification, the execution of such amendment, supplement or other modification being conclusive evidence of LACMTA's approval thereof.

16. **Costs of Issuance.** The LACMTA authorizes funds of the LACMTA together with the proceeds of the Bonds to be used to pay costs of issuance of the Bonds, including but not limited to costs of attorneys, accountants, municipal advisors, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses, and any related filing fees.

17. **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.

18. **Effective Date.** This Resolution shall be effective upon adoption and shall be effective with respect to Bonds issued on or before June 30, 2017.

19. **Contract.** This Resolution and the pledge of the Pledged Taxes contained herein shall constitute a contract between the LACMTA and the holders of the Bonds.

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CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____, 2016.

LACMTA Board Secretary

DATED: _____