

**Authorizing Resolution**

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE REPLACEMENT OF CREDIT ENHANCEMENT AND LIQUIDITY FACILITIES SUPPORTING THE SUBORDINATE COMMERCIAL PAPER NOTES ISSUED UNDER ITS MEASURE R SHORT-TERM BORROWING PROGRAM, APPROVING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

**(MEASURE R SALES TAX)**

W I T N E S S E T H :

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the “LACMTA”) is a county transportation commission duly organized and existing pursuant to Section 130050.2 of the California Public Utilities Code; and

WHEREAS, the LACMTA is authorized by Sections 130350.4 and 130350.5 of the California Public Utilities Code to impose a retail transactions and use tax at a rate of 0.5% that is applicable in the incorporated and unincorporated areas of the County of Los Angeles, California (the “County”) if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provision, the LACMTA, on July 24, 2008, adopted Ordinance No. 08-01, known as the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization (the “Ordinance”) imposing the transactions and use tax for a period of 30 years, and the Ordinance was submitted to the electors of the County in the form of Measure R and approved by more than a two-thirds vote at an election held on November 4, 2008; and

WHEREAS, the Ordinance, as so approved, imposes for a period of 30 years, beginning July 1, 2009, a tax upon the sale of tangible personal property at retail at a rate of one-half of one percent of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of one-half of one percent of the sales price of the property whose storage, use or other consumption is subject to the tax (the “Measure R Sales Tax,” amounts received in respect to the Measure R Sales Tax, less any refunds and the administrative fee deducted by the State of California Department of Tax and Fee Administration and less the Local Return (as defined in the Senior Trust Agreement (as defined below)) being referred to herein as the “Measure R Sales Tax Revenues”); and

WHEREAS, Section 130500 et seq. of the California Public Utilities Code (the “Act”) provides that the LACMTA may issue bonds, which terms includes indebtedness and securities of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, and all of such obligations shall be special obligations of the LACMTA, payable from the Measure R Sales Tax Revenues, and to finance the cost of acquiring, constructing and developing facilities for transit systems within the meaning of the Act; and

WHEREAS, the LACMTA has commenced and is proceeding with the financing of projects and programs described in the Expenditure Plan adopted as part of the Ordinance (the “Expenditure Plan”); and

WHEREAS, pursuant to the Act and the provisions of the Second Amended and Restated Trust Agreement, dated as of August 1, 2020 (as supplemented and amended from time to time, the “Senior Trust Agreement”), between the LACMTA and U.S. Bank Trust Company, National Association, as successor trustee thereunder, the LACMTA may issue Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations (each as defined in the Senior Trust Agreement) secured by the Measure R Sales Tax Revenues; and

WHEREAS, Subordinate Obligations of the LACMTA are provided for and authorized under the Subordinate Trust Agreement, dated as of November 1, 2015 (as supplemented and amended from time to time, the “Subordinate Trust Agreement”), between the LACMTA and U.S. Bank Trust Company, National Association, as successor trustee thereunder (the “Subordinate Trustee”); and

WHEREAS, under its Resolution adopted on May 28, 2015 and entitled “RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING A SHORT-TERM BORROWING PROGRAM; THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO; THE PLEDGE OF CERTAIN REVENUES OF THE AUTHORITY AND OTHER SECURITY FOR SUCH SUBORDINATE OBLIGATIONS AND SUPER SUBORDINATE OBLIGATIONS; AND RELATED MATTERS” (the “Program Resolution”), the LACMTA established a short-term borrowing program (the “Short-Term Borrowing Program”) to finance projects and programs set forth in the Expenditure Plan that would be secured by the Measure R Sales Tax Revenues and be in an aggregate principal amount not to exceed \$300,000,000; and

WHEREAS, the Program Resolution contemplated a Commercial Paper Program, Drawdown Bonds and Revolving Credit Facilities (each as defined in the Program Resolution); and

WHEREAS, pursuant to the Program Resolution the LACMTA authorized the issuance under its Commercial Paper Program of LACMTA’s Measure R Subordinate Sales Tax Revenue Commercial Paper Notes (the “Commercial Paper Notes”) as Subordinate Obligations under the Subordinate Trust Agreement; and

WHEREAS, in connection with the issuance of the Commercial Paper Notes, the LACMTA has heretofore obtained credit enhancement and liquidity facilities in the form of letters of credit (the “Existing Letters of Credit”) issued by Bank of America, N.A. (“BANA”) and State Street Bank and Trust Company (“State Street,” and together with BANA, the “Existing Banks”), respectively, and executed and delivered related Reimbursement Agreements with each of the Existing Banks (collectively with the Existing Letters of Credit, the “Existing Facilities”); and

WHEREAS, in anticipation of the expiration of the Existing Facilities, the LACMTA has determined that it is necessary and desirable to replace the Existing Facilities with a new credit enhancement and liquidity facility in the form of a letter of credit (the “Letter of Credit”) to be

issued by TD Bank, N.A. (the “Bank”), together with related Reimbursement Agreement between the LACMTA and the Bank (the “Reimbursement Agreement” and together with the Letter of Credit, the “New Facility”);

WHEREAS, Section 5922 of the Government Code of the State of California provides that in connection with, or incidental to, the issuance or carrying of bonds (which is defined to include notes) any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure; and

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements to be entered into in connection with, or incidental to, the Commercial Paper Program will reduce the amount and duration of interest rate risk with respect to the Commercial Paper Notes and are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Commercial Paper Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, 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) the Reimbursement Agreement; and
- (b) an updated Commercial Paper Offering Memorandum (the “Offering Memorandum”), describing the New Facility, to be used in connection with the offer and sale of the Commercial Paper Notes; and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Commercial Paper Notes and said documents are subject to completion; and

WHEREAS, the Board of the LACMTA desires to authorize the replacement of the Existing Facilities with the New Facility, which will support the Commercial Paper Notes issued from time to time and as obligations the interest on which is tax-exempt or taxable (or a combination of both) for federal income tax purposes; and

WHEREAS, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of the Reimbursement Agreement and of the preparation of the Offering Memorandum describing the New Facility for the purposes, in the manner and upon the terms provided; and

WHEREAS, the LACMTA now desires to approve such documents and the financing program therein implemented and to authorize the officers and staff of the LACMTA to take such

further actions, including the execution and delivery of such additional documents, agreements and certificates as shall be necessary and appropriate to give full effect to this Resolution; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Subordinate Trust Agreement (in the form made available to the Board herewith);

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

**Section 1. Findings.** The Board finds and determines that the foregoing recitals are true and correct.

**Section 2. Approval of Reimbursement Agreement.** The form, terms and provisions of the Reimbursement Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Chair of the LACMTA, any Vice Chair of the LACMTA, the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a “Designated Officer”), or any one or more thereof is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Reimbursement Agreement, including counterparts thereof, as determined by a Designated Officer. The Reimbursement Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the form of the Reimbursement Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Reimbursement Agreement, the officers, agents and employees of the LACMTA 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 Reimbursement Agreement. The letter of credit issued under the Reimbursement Agreement shall authorize draws thereunder sufficient to support up to \$150,000,000 in principal of Commercial Paper Notes, including interest thereon, such amount subject to reduction and reinstatement as set forth in the Reimbursement Agreement.

**Section 3. Approval of Alternate Reimbursement Agreements.** If a Designated Officer determines that it is in the LACMTA’s best interests to replace the Letter of Credit to be issued by the Bank with one or more letters of credit to be issued by one or more other CP Enhancement Provider(s) (as defined in the Program Resolution) (each an “Alternate CP Enhancement Provider”), instead of the Bank, the Designated Officers are hereby authorized to enter into one or more Reimbursement Agreements with one or more other CP Enhancement Provider(s) (each an “Alternate Reimbursement Agreement”). The Alternate Reimbursement

Agreements, as executed and delivered, may be substantially similar to the form of the Reimbursement Agreement now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the forms of such documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Alternate Reimbursement Agreements, the officers, agents and employees of the LACMTA 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 Alternate Reimbursement Agreements.

**Section 4. Findings Related to Reimbursement Agreements.** The LACMTA hereby determines that entering into the Reimbursement Agreements with the Bank and/or any Alternate CP Enhancement Provider pursuant to Section 5922 of the Government Code of the State of California would be designed to reduce the LACMTA's cost of borrowing for the Commercial Paper Notes. In addition to the provisions set forth in Sections 2 and 3, no Designated Officer shall enter into a Reimbursement Agreement with the Bank and/or an Alternate CP Enhancement Provider unless (a) such Reimbursement Agreement is designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, or (ii) to result in a lower cost of borrowing when used in combination with the issuance of Commercial Paper Notes, (b) the term of such Reimbursement Agreement does not exceed beyond the time at which the Measure R Sales Tax is no longer in effect (as such date may be extended); and (c) the amounts payable by the LACMTA with respect to such Reimbursement Agreements shall be payable solely and exclusively from Measure R Sales Tax Revenues. In accordance with Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements entered into in accordance with this Resolution and consistent with the requirements set forth herein is designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Commercial Paper Notes.

**Section 5. Offering Memorandum.** The distribution by any of the dealers of the Commercial Paper Notes (collectively, the "Dealers") of an updated Offering Memorandum describing the New Facility in connection with the offering and sale of the Commercial Paper Notes from time to time in substantially the form on file with the Secretary of the Board and made available to the Board, with such changes therein as shall be approved by a Designated Officer, is hereby authorized and approved. Each Offering Memorandum so distributed shall first be approved by a Designated Officer. The Dealers are hereby authorized to distribute Offering Memoranda in final form to market the Commercial Paper Notes from time to time, and are hereby authorized to distribute copies of the LACMTA's most recent annual audited financial statements and such other financial statements of the LACMTA as a Designated Officer shall approve.

**Section 6. Investments.** Each Designated Officer is hereby authorized to invest the proceeds of the Commercial Paper Notes in accordance with (i) the LACMTA's Investment Policy and (ii) the Subordinate Trust Agreement.

**Section 7. Additional Authorizations.** All actions heretofore taken by the officers, employees and agents of the LACMTA with respect to the issuance and sale of Commercial Paper

Notes and the establishment of the New Facility are hereby ratified, confirmed and approved. The officers, employees and agents of the LACMTA are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the LACMTA, to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates and documents, including, without limitation, any tax certificates or agreements, any amendments to existing agreements relating to obligations payable from the Measure R Sales Tax or related agreements, any agreements for depository services, and any agreements for rebate compliance services, which they, or any of them, may deem necessary or advisable in order to consummate the establishment of the New Facility, to manage and administer the Commercial Paper Program and otherwise to carry out, give effect to and comply with the terms and intent of the Ordinance, the Program Resolution, this Resolution, the Commercial Paper Notes and the documents approved hereby.

All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any of the foregoing that may be necessary or desirable in connection with any investment of proceeds of the Commercial Paper Notes or in connection with the addition, substitution or replacement of any Dealers, the issuing and paying agent or the Subordinate Trustee, or any agreements with any Dealers, the issuing and paying agent or the Subordinate Trustee, or any similar action may be given or taken by any Designated Officer without further authorization or direction by the LACMTA, and each Designated Officer is hereby authorized and directed to give any such approval, consent, direction, notice, order, request, or other action and to execute such documents and take any such action which such Designated Officer may deem necessary or desirable to further the purposes of this Resolution.

**Section 8. Continuing Authority of Designated Officers.** The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chair of the LACMTA, any Vice Chair of the LACMTA, the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, and any Assistant Treasurer of the LACMTA 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.

**Section 9. Further Actions.** The Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify the Senior Trust Agreement, the Subordinate Trust Agreement, the Reimbursement Agreement and any Alternate Reimbursement Agreement 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 other modification, upon consultation with the LACMTA's Municipal Advisor and Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof.

**Section 10. Costs of Issuance.** The LACMTA authorizes funds of the LACMTA, together with the proceeds of the Commercial Paper Notes, to be used to pay costs of establishing the New Facility including, but not limited to, costs of attorneys, accountants, financial advisors, trustees, issuing and paying agents, dealers, the costs associated with rating agencies, letters of credit, printing, publication and mailing expenses and any related filing fees.

**Section 11. Effective Date.** The effective date of this Resolution shall be the date of its adoption.

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 \_\_\_\_\_, 2022.

[SEAL]

By \_\_\_\_\_  
Board Secretary, Los Angeles County  
Metropolitan Transportation Authority

Dated: \_\_\_\_\_, 2022