

Authorizing Resolution Prop A

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION OF ONE OR MORE REIMBURSEMENT AGREEMENTS AND CERTAIN OTHER DOCUMENTS RELATED TO THE PROPOSITION A COMMERCIAL PAPER PROGRAM AND AUTHORIZING 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, including but not limited to notes, to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transportation 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 of the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 16 adopted August 20, 1980 ("Ordinance No. 16"), imposed a 1/2 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 A Tax"), and such tax was approved by the electors of the County on November 4, 1980; and

WHEREAS, the revenues received by the LACMTA from the imposition of the Proposition A 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 payment or provision for the payment of the principal of such bonds and any premium, interest on such bonds and the costs of issuance of such bonds; and

WHEREAS, the LACMTA, on an on-going basis, is planning and engineering a County-wide public transportation system (the "Public Transportation System") to serve the County and on an on-going basis is constructing portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, the LACMTA by resolution adopted January 23, 1991 (the "1991 Authorizing Resolution"), authorized and implemented a program of commercial paper (the "Program") involving the issuance from time to time of the Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A (the "Notes") for the purpose of providing for the financing of the acquisition of real and personal property and the construction of the Public Transportation System, provided that the aggregate principal amount of Notes and Reimbursement Obligations (as defined in such 1991 Authorizing Resolution) outstanding at any time shall not exceed \$350,000,000; and

WHEREAS, the Notes and other obligations incurred in connection with the Program are issued under and secured by the Subordinate Trust Agreement, dated as of January 1, 1991 (the “Subordinate Agreement”), by and between the LACMTA (as successor to the Commission) and U.S. Bank Trust National Association, as successor to BancAmerica Trust Company, as successor to Security Pacific National Trust Company (New York), as trustee (the “Trustee”); the First Supplemental Subordinate Trust Agreement, dated as of January 1, 1991, as amended (the “First Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Second Supplemental Subordinate Trust Agreement, dated as of January 1, 1994 (the “Second Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Third Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the “Third Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Fourth Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the “Fourth Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Fifth Supplemental Subordinate Trust Agreement, dated as of May 1, 2004 (the “Fifth Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; and the Sixth Supplemental Subordinate Trust Agreement, dated as of September 24, 2009 (the “Sixth Supplemental Trust Agreement,” and collectively with the Subordinate Agreement, the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, the Fourth Supplemental Trust Agreement and the Fifth Supplemental Trust Agreement, the “Trust Agreement”), by and between the LACMTA and the Trustee; and

WHEREAS, the LACMTA has determined that it is necessary and desirable to have the Notes secured by one or more letters of credit (the “Letter of Credit,” or the “Letters of Credit”) that are delivered pursuant to the terms of one or more reimbursement agreements (a “Reimbursement Agreement,” or the “Reimbursement Agreements”) each between one or more providers of a Letter of Credit (a “Letter of Credit Provider,” or the “Letter of Credit Providers”) that sets forth the terms and conditions for the repayment by the LACMTA of Reimbursement Obligations; and

WHEREAS, a portion of the Notes are currently secured by a Letter of Credit (the “Sumitomo Mitsui Letter of Credit”) provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“Sumitomo Mitsui”) in the stated amount of \$74,999,724 which expires on March 11, 2016; and

WHEREAS, Sumitomo Mitsui issued the Sumitomo Mitsui Letter of Credit pursuant to the Letter of Credit Reimbursement Agreement, dated as of March 1, 2013, between the LACMTA and Sumitomo Mitsui; and

WHEREAS, an additional portion of the Notes are currently secured by a Letter of Credit (the “Union Bank Letter of Credit”) provided by MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.) (“Union Bank”) in the stated amount of \$74,999,724 which expires on March 11, 2016; and

WHEREAS, Union Bank issued the Union Bank Letter of Credit pursuant to the Letter of Credit Reimbursement Agreement, dated as of March 1, 2013, between the LACMTA and Union Bank; and

WHEREAS, the LACMTA now desires to (a) renew the Sumitomo Mitsui Letter of Credit and increase the stated amount of the Sumitomo Mitsui Letter of Credit to \$124,999,176, (b) renew the Union Bank Letter of Credit (at the same stated amount of \$74,999,724), and/or (c) replace the Sumitomo Mitsui Letter of Credit (at the increased stated amount of \$124,999,176) and/or the Union Bank Letter of Credit (at the stated amount of \$74,999,724) with one or more new Letters of Credit to be issued by such other Letter of Credit Provider that may be selected by the LACMTA from the pool of respondents to the LACMTA's "Request for Proposal for Letters of Credit or Alternate Credit Facilities" (the "Bank RFP") distributed to potential respondents on December 10, 2015 (each an "Other Letter of Credit Provider");

WHEREAS, so long as the Program is active, the LACMTA deems it necessary and desirable to have one or more Letters of Credit securing the payment of principal of and interest on the Notes as they mature from time to time; and

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 Program, will reduce the amount and duration of interest rate risk with respect to the 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 Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, in order to minimize debt service and maximize benefits to the LACMTA, the LACMTA will enter into one or more Reimbursement Agreements with Sumitomo Mitsui and Union Bank and/or such Other Letter of Credit Provider which will provide one or more Letters of Credit that will separately secure the payment of principal of and interest on certain designated Notes as issued and maturing from time to time; and

WHEREAS, Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit Provider will provide credit support for \$183,693,000 in aggregate principal amount of the Notes (which is only a portion of the \$350,000,000 authorized under the 1991 Authorizing Resolution); 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) an Amended and Restated Letter of Credit Reimbursement Agreement (the "Sumitomo Mitsui Amended and Restated Reimbursement Agreement"), that will be

entered into by the LACMTA and Sumitomo Mitsui in connection with the renewal of, and increase of the stated amount of, the Sumitomo Mitsui Letter of Credit;

(b) an Amended and Restated Fee Agreement (the “Sumitomo Mitsui Amended and Restated Fee Agreement”), that will be entered into by the LACMTA and Sumitomo Mitsui;

(c) an Amended and Restated Reimbursement Note (the “Sumitomo Mitsui Amended and Restated Reimbursement Note”), that will be executed and delivered by the LACMTA to evidence its reimbursement obligations under the Sumitomo Mitsui Amended and Restated Reimbursement Agreement and the Sumitomo Mitsui Amended and Restated Fee Agreement;

(d) an Amended and Restated Letter of Credit Reimbursement Agreement (the “Union Bank Amended and Restated Reimbursement Agreement”), that will be entered into by the LACMTA and Union Bank in connection with the renewal of the Union Bank Letter of Credit;

(e) an Amended and Restated Fee Agreement (the “Union Bank Amended and Restated Fee Agreement”), that will be entered into by the LACMTA and Union Bank; and

(f) an Amended and Restated Reimbursement Note (the “Union Bank Amended and Restated Reimbursement Note,” and collectively, with the Sumitomo Mitsui Amended and Restated Reimbursement Agreement, the Sumitomo Mitsui Amended and Restated Fee Agreement, the Sumitomo Mitsui Amended and Restated Reimbursement Note, the Union Bank Amended and Restated Reimbursement Agreement and the Union Bank Amended and Restated Fee Agreement, the “Documents”), that will be executed and delivered by the LACMTA to evidence its reimbursement obligations under the Union Bank Amended and Restated Reimbursement Agreement and the Union Bank Amended and Restated Fee Agreement; 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 Program, the Notes, the Letters of Credit and the Reimbursements Agreements; and

WHEREAS, in the event the LACMTA decides that it is in its best interests to replace the Sumitomo Mitsui Letter of Credit and/or the Union Bank Letter of Credit with one or more Letters of Credit to be issued by one or more Other Letter of Credit Provider(s), instead of renewing the Sumitomo Mitsui Letter of Credit and/or the Union Bank Letter of Credit, the LACMTA will (a) enter into one or more Reimbursement Agreements with the Other Letter of Credit Provider(s) that will be substantially similar to the forms of the Sumitomo Mitsui Amended and Restated Reimbursement Agreement and the Union Bank Amended and Restated Reimbursement Agreement now on file with the Secretary of the Board, (b) will enter into one or more fee agreements with the Other Letter of Credit Provider(s) that will be substantially similar to the forms of the Sumitomo Mitsui Amended and Restated Fee Agreement and the Union Bank

Amended and Restated Fee Agreement now on file with the Secretary of the Board, and (c) execute and deliver one or more reimbursement notes that will be substantially similar to the forms of the Sumitomo Mitsui Amended and Restated Reimbursement Note and the Union Bank Amended and Restated Reimbursement Note now on file with the Secretary of the Board; 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 OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

Section 1. Findings. The foregoing recitals are true and correct and the LACMTA so finds and determines.

Section 2. Approval of Documents; Authorization for Execution. The LACMTA hereby approves the appointment of Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit Provider selected and appointed by a Designated Officer (as defined below), as the providers of the Letters of Credit (in a combined stated amount of \$199,998,900) with respect to the Program and the Notes. The form, terms and provisions of the Documents are in all respects approved and the Chief Executive Officer (“CEO”) of the LACMTA, the Executive Director, Finance and Budget of the LACMTA, any Treasurer of the LACMTA, any Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each a “Designated Officer”), any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Documents including counterparts thereof, in the name and on behalf of the LACMTA. The Documents, as executed and delivered, shall be in substantially the forms 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 the 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 Documents, 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 Documents.

If a Designated Officer determines that it is in the LACMTA’s best interests to replace the Sumitomo Mitsui Letter of Credit and/or the Union Bank Letter of Credit with one or more Letters of Credit to be issued by one or more Other Letter of Credit Provider(s), instead of renewing the Sumitomo Mitsui Letter of Credit and/or the Union Bank Letter of Credit, the Designated Officers are hereby authorized to (a) enter into one or more Reimbursement Agreements with one or more Other Letter of Credit Provider(s) that is substantially similar to the forms of the Sumitomo Mitsui Amended and Restated Reimbursement Agreement and the Union Bank Amended and Restated Reimbursement Agreement (each an “Alternate Reimbursement Agreement”) now on file with the Secretary of the Board and made available to the Board and approved above, (b) enter into one or more fee agreements with one or more Other Letter of Credit Provider(s) that is substantially similar to the forms of the Sumitomo Mitsui

Amended and Restated Fee Agreement and the Union Bank Amended and Restated Fee Agreement (each an “Alternate Fee Agreement”) now on file with the Secretary of the Board and made available to the Board and approved above, and (c) execute and deliver one or more reimbursement notes that is substantially similar to the forms of the Sumitomo Mitsui Amended and Restated Reimbursement Note and the Union Bank Amended and Restated Reimbursement Note (each an “Alternate Reimbursement Note,” and collectively with the Alternate Reimbursement Agreement and the Alternate Fee Agreement, the “Alternate Documents”) now on file with the Secretary of the Board and made available to the Board and approved above. The Alternate Documents, as executed and delivered, shall be substantially similar to the forms of the Documents 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 the 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 Documents, 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 Documents.

The LACMTA hereby determines that entering into one or more Reimbursement Agreements with Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit 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 Notes. In addition to the provisions set forth in the previous paragraph, no Designated Officer shall enter into a Reimbursement Agreement with Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit 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 the Notes, (b) the term of such Reimbursement Agreement does not exceed the Program Termination Date; (c) the amount of Letters of Credit issued pursuant to the terms of the respective Reimbursement Agreements does not exceed the principal amount of the Notes issuable under the Program; and (d) the amounts payable by the LACMTA with respect to such Reimbursement Agreements shall be payable solely and exclusively from Net Pledged 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 Notes.

Section 3. Additional Authorization. The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Documents and/or the Alternate 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 and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Documents and/or the

Alternate Documents or to evidence said authority and its exercise. In connection with the execution and delivery of the Documents and the renewal of the Sumitomo Mitsui Letter of Credit and the Union Bank Letter of Credit and/or the execution and delivery of the Alternate Documents and the issuance of a new Letter of Credit by an Other Letter of Credit Provider, the LACMTA is hereby authorized and directed to prepare and cause to be distributed, from time to time, one or more commercial paper offering memoranda with respect to the Notes. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Section 4. 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.

Section 5. Effective Date. This Resolution shall be effective upon adoption by the Board.

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.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2016