File # 2025-1044

I-105 ExpressLanes Project

Finance, Budget and Audit Committee
January 15, 2026

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I-105 ExpressLanes Project

Purpose

- Adopt a resolution that authorizes the issuance and sale of a combined aggregate principal amount not to exceed $1.7 billion for the I-105 ExpressLanes Project in the form of Toll Revenue First Lien Bonds in one or more series, Toll Revenue Third Lien Bonds, and/or TIFIA Loan Agreement and taking all other actions necessary in connection with the issuance of the bonds and/or loan.
- Adopt the revised Toll Policy

Issue

- The Project needs long-term toll revenue bonds and federal credit assistance to complete construction at the lowest borrowing cost.

Federal Government Shutdown Risk

- A federal shutdown may impact the timing of TIFIA approval; staff would assess potential adjustments to the financing plan, as needed.
- A federal shutdown could delay the Toll Revenue Third Lien TIFIA Loan processing and closing.
- The Third Lien TIFIA Loan provides a lower overall cost of borrowing.
- Current market rates make issuing all First Lien Toll Revenue Bonds more expensive by comparison.

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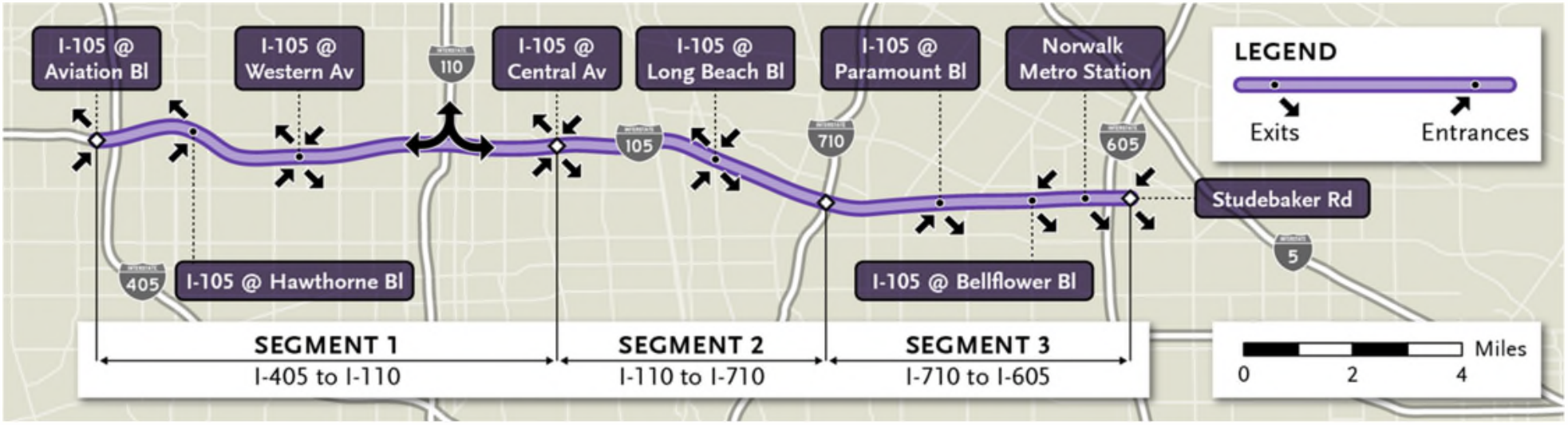
Project Overview

- The Project is comprised of three segments: Segment 1, Segment 2, and Segment 3.
- Converts existing HOV lane to an ExpressLane and adds a second ExpressLane in each direction.
- Provide additional travel options to corridor users.
- Relieve existing congestion on the corridor.

Corridor in region context



Financing Needs and Structure

Capital Markets: Toll Bonds (estimated amount up to $525 million)

- Toll Revenue First Lien Bonds will be sold to investors on a negotiated basis.
- Toll Revenue First Lien Bonds will be issued at a fixed rate with maturities ranging from 2031 to 2056.

Federal Credit Assistance: TIFIA Loan (estimated amount up to $850 million)

- TIFIA is a direct loan with the Department of Transportation (DOT) (not sold in the capital markets) with an interest rate set at the State and Local Government Series (SLGS) rate plus 1 bp at closing.
- Toll Revenue Third Lien TIFIA Loan will be issued at a fixed rate with maturities ranging from 2039 to 2064.
- Expected to close in parallel with the Toll Bonds in February 2026.

In case of a Federal Government Shutdown, the financing would be Toll Bonds only.

Capital Markets: Toll Bonds only (estimated amount up to $1.7 billion)

- Toll Revenue First Lien Bonds will be sold to investors on a negotiated basis.
- Toll Revenue First Lien Bonds will be issued at a fixed rate with maturities ranging from 2037 to 2066
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Toll Policy

- The Toll policy is set by the LACMTA board
- The Toll Policy is designed to encourage carpooling and further support Metro's shift towards increased transit and vanpool use on the corridor
- The Revised Toll Policy incorporates the I-105 ExpressLanes
- Occupancy requirements, including HOV3+, were explored as part of the environmental process
- No other changes to the Toll Policy are recommended
- Policy revision is necessary to ensure travel time reliability and achieve investment grade rating, lowering borrowing costs for the project

Toll Policy

- Dynamic pricing to manage traffic and optimize people throughput in the corridor with caps
- Toll rates vary based on traffic density (calculated as traffic volume / average travel speed)
- Toll free travel for vehicles HOV-3+, motorcycles, and buses
- Vehicles can use the ExpressLanes without a transponder, also known as "Pay As You Go"; when using Pay As You Go, a $9 fee per trip is added to the cost of the toll and no carpool discounts are provided
- Trucks are not allowed (other than 2-axle light duty trucks)
- Toll credits are available to frequent transit riders who use certain transit routes that support and/or utilize the ExpressLanes
- Emergency vehicles may use the ExpressLanes toll free when responding to incidents
- A Low-Income Assistance Plan is available to persons earning less than twice the Federal poverty level

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Recommendation

A. Adopt a resolution that authorizes the issuance and sale of a combined aggregate principal amount not to exceed $1.7 billion for the I-105 ExpressLanes Project in the form of Toll Revenue First Lien Bonds in one or more series, Toll Revenue Third Lien Bonds, and/or TIFIA Loan Agreement and taking all other actions necessary in connection with the issuance of the bonds and/or loan.

B. Adopt the revised Toll Policy

Next Steps

- Upon Board approval, staff will proceed with achieving financial close on the Toll Bonds and the TIFIA Loan, continue construction activities, and return to the Board at a later date, with construction updates and other project milestones.

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