

than 12% per annum; provided that the Liquidity Provider Bonds may bear interest at a rate no higher than the maximum rate set forth in the Liquidity Facility.

If (i) the Remarketing Agent fails or is unable to determine the interest rate for the Series 2008-A1 Bonds, (ii) the method by which the Remarketing Agent determines the interest rate is held to be unenforceable by a court of law of competent jurisdiction, or (iii) the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement, then the rate to take effect on the first day of any Interest Period shall be the Alternate Rate. The Alternate Rate generally means 110% of the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination unless such rate is not available. See the complete definition of “Alternate Rate” in APPENDIX C—“SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS.”

Notwithstanding the foregoing, while the Liquidity Facility is in effect, while any Series 2008-A1 Bond is a Liquidity Provider Bond, such Series 2008-A1 Bond shall bear interest and be payable at the times and in the amounts required pursuant to such Liquidity Facility.

Conversion of Series 2008-A1 Bonds to Other Interest Rate Modes

Subject to the provisions of the Twenty-Eight Supplement, LACMTA may convert some or all of the Series 2008-A1 Bonds from the Weekly Mode to a different interest rate mode as set forth in APPENDIX C—“SUMMARY OF LEGAL DOCUMENTS; DEFINITIONS.” Such conversion may take place on any Interest Payment Date, upon not less than 20 days prior written notice from the Trustee to the registered owners of the affected Series 2008-A1 Bonds.

Upon such conversion or reconversion, the affected Series 2008-A1 Bonds will be subject to mandatory tender for purchase (except for conversion between the Weekly Mode and the Daily Mode, unless such conversion is accompanied by an Alternate Liquidity Facility) as described below under “ – Mandatory Tender for Purchase of Series 2008-A1 Bonds.” Each conversion of the applicable Series 2008-A Bonds from one Interest Rate Mode to another Interest Rate Mode or to bear interest at an ARS Rate or Index Interest Rate shall be subject to the conditions set forth in the Twenty-Eighth Supplement. In addition, the LACMTA may rescind any election to convert to another Interest Rate Mode or to convert all or a portion of the Series 2008-A Bonds to bear interest at an ARS Rate up to 10:00 a.m., New York City time, on the Business Day preceding the proposed conversion date. In the event that the conditions for a proposed conversion are not met or the LACMTA rescinds the direction to convert, (i) such new Interest Rate Mode or ARS Rate or Index Interest Rate shall not take effect on the proposed conversion date, notwithstanding any prior notice to the registered owners of such conversion, (ii) the applicable Series 2008-A Bonds shall remain in their prior Interest Rate Mode and (iii) such Series 2008-A Bonds shall be subject to mandatory tender for purchase as described below if notice has been sent to the registered owners stating that such Series 2008-A Bonds would be subject to mandatory purchase on such date. In no event shall the failure of any Series 2008-A Bonds to be converted to another Interest Rate Mode or to an ARS Rate or Index Interest Rate be deemed to be an Event of Default.

Optional Tender of Series 2008-A Bonds

While the Series 2008-A1 Bonds are in the Weekly Mode, the registered owners shall have the right to tender the Series 2008-A1 Bonds (or portions thereof) for purchase in Authorized Denominations at a price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date (unless the Purchase Date is an Interest Payment Date, in which case the Purchase Price shall not include accrued interest, which shall be paid in the normal course), upon compliance with the conditions described below. In order to exercise the right to tender, the registered owners must deliver to the Trustee a written irrevocable notice of tender stating (i) the principal amount of Series 2008-A1 Bonds to be purchased,

(ii) the Purchase Date, (iii) payment instructions and (iv) an irrevocable demand for purchase. The registered owners must give notice to the Trustee not later than 5:00 p.m., New York City time, on the Business Day that is seven calendar days before the applicable Purchase Date.

Notice of tender of the Series 2008-A1 Bonds is irrevocable. If the registered owner of a Series 2008-A1 Bond has elected to require purchase as provided above, the registered owner shall be deemed, by such election, to have agreed irrevocably to sell such Series 2008-A1 Bond to any purchaser, on the date fixed for purchase at the Purchase Price. The Purchase Price of the Series 2008-A1 Bonds shall be paid to the registered owners by the Trustee on the Purchase Date or any subsequent Business Day on which such Series 2008-A Bonds are delivered to the Trustee. From and after the Purchase Date, no further interest on the Series 2008-A1 Bonds shall be payable to the registered owners who gave notice of tender for purchase, provided that there are sufficient funds available on the Purchase Date to pay the Purchase Price.

So long as the Series 2008-A1 Bonds are registered in the name of Cede & Co., as nominee for DTC, the tender option rights of holders of Series 2008-A1 Bonds may be exercised only by DTC by giving notice of its election to tender Series 2008-A1 Bonds or portions thereof at the times and in the manner described above and delivery of Series 2008-A Bonds required to be tendered for purchase shall be effected by the transfer on the applicable Purchase Date of a book-entry credit to the account of the Trustee of a beneficial interest in such Bonds. See APPENDIX D—“BOOK-ENTRY-ONLY SYSTEM.”

Mandatory Tender for Purchase of Series 2008-A1 Bonds

The Series 2008-A1 Bonds are subject to mandatory tender for purchase at a price equal to the principal amount thereof, plus accrued interest, if any, to the Mandatory Purchase Date (unless the Mandatory Purchase Date is an Interest Payment Date, in which case the Purchase Price shall not include accrued interest, which shall be paid in the normal course) on (i) any Mode Change Date (except a change in Mode between the Daily Mode and the Weekly Mode) or any date on which the Series 2008-A1 Bonds are converted to bear interest at ARS Rates or Index Interest Rates, (ii) any Substitution Date, (iii) the fifth Business Day prior to the expiration of the Liquidity Facility or Alternate Liquidity Facility, (iv) the date specified by the Trustee following the occurrence of an event of default (other than an Automatic Termination Event) under the Liquidity Facility or Alternate Liquidity Facility, which date shall be a Business Day not more than 25 nor less than 20 days after the Trustee’s receipt of notice of such event of default from the Liquidity Provider and in no event later than the day preceding the termination date specified by the Liquidity Provider; and (v) any Business Day specified by LACMTA not less than 20 days after the Trustee’s receipt of such notice and in no event later than the day preceding the scheduled expiration of the Liquidity Facility or Alternate Liquidity Facility. See “THE LIQUIDITY FACILITY AND THE LIQUIDITY PROVIDER.” Notice of mandatory tender shall be given by the Trustee in writing to the registered owners of the Series 2008-A1 Bonds subject to mandatory tender no less than 20 days prior to the Mandatory Purchase Date. From and after the Purchase Date, no further interest on the Series 2008-A1 Bonds shall be payable to the registered owners thereof, provided that there are sufficient funds available on the Purchase Date to pay the purchase price.

Remarketing of the Series 2008-A1 Bonds

General. LACMTA has entered into a remarketing agreement, dated as of September 19, 2008 (the “Remarketing Agreement”), with De La Rosa & Co., as remarketing agent (the “Remarketing Agent”) with respect to the Series 2008-A1 Bonds. Following the remarketing of the Series 2008-A1 Bonds, the Remarketing Agent will continue to remarket the Series 2008-A1 Bonds under the terms of the Remarketing Agreement.

The Remarketing Agent shall use its best efforts, subject to the terms and conditions of the Remarketing Agreement, to offer for sale at par:

(i) all of the Series 2008-A1 Bonds or portions thereof as to which notice of optional tender has been given; and

(ii) all of the Series 2008-A1 Bonds required to be purchased on (A) a Mandatory Purchase Date constituting any Mode Change Date (except between the Weekly Mode and the Daily Mode) or any date on which the applicable Series 2008-A Bonds are converted to bear interest at an ARS Rate or Index Interest Rate, (B) a Mandatory Purchase Date which is a Substitution Date and (C) a Mandatory Purchase Date designated by the LACMTA as described in clause (v) of the first paragraph under “ – Mandatory Tender for Purchase of Series 2008-A1 Bonds” above; and

(iii) any Liquidity Provider Bonds of such series as provided in the Twenty-Eighth Supplement.

Suspension of Remarketing Effort under the Agreement. Notwithstanding anything in the Agreement to the contrary, if a Liquidity Provider Failure has occurred and is continuing, the Remarketing Agent shall not remarket any Series 2008-A1 Bonds. All other provisions of the Agreement, including without limitation, those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, shall remain in full force and effect during the continuance of such Event of Default.

The Remarketing Agent may suspend remarketing the Series 2008-A1 Bonds with immediate effect if it determines, in its reasonable judgment, that for any reason, it is not advisable or it is impractical to attempt to remarket the Series 2008-A1 Bonds or to enforce contracts for the sale of the Series 2008-A1 Bonds due to, without limitation, (a) a proposed (such proposal being submitted by either House of the Congress of the United States, any Committee in either House of the Congress of the United States, the President of the United States, the Treasury Department of the United States or any state legislature), pending or adopted change in applicable tax laws which materially adversely affects the Series 2008-A1 Bonds; (b) a material adverse change in the financial condition of LACMTA, not otherwise previously disclosed in this Remarketing Memorandum; (c) a general banking moratorium by Federal, New York or state authorities or a material disruption in commercial banking or securities settlement or clearance services shall have occurred and is continuing; (d) the occurrence or escalation of hostilities or other national or international calamity or crisis; (e) the long-term unenhanced rating on the Series 2008-A1 Bonds is downgrade below “A1” by Moody's or “A+” by S&P, or Moody's or S&P withdraws (other than as a result of the applicable rating agency ceasing to rate municipal obligations generally) its rating of the Series 2008-A1 Bonds, which, in the Remarketing Agent's reasonable opinion, materially adversely affects the marketability of the Series 2008-A1 Bonds or the ability of the Remarketing Agent to remarket the Series 2008-A1 Bonds at par; (f) an imposition and continuation of material restrictions on trading of the Series 2008-A1 Bonds or similar obligations; (g) trading on the New York Stock Exchange or any other major national stock exchange shall have been and continues to be wholly suspended; (h) an event, including, without limitation, the bankruptcy or default of any other issuer of or obligor on obligations of the general character of the Series 2008-A1 Bonds or on similar commercial paper, shall have occurred which, in the Remarketing Agent's reasonable opinion, materially adversely affects the marketability of the Series 2008-A1 Bonds or the ability of the Remarketing Agent to remarket the Series 2008-A1 Bonds at par; or (i) a material misstatement or omission in this Remarketing Memorandum as then modified or supplemented.

Draw on Liquidity Facility. On each date on which a Series 2008-A1 Bond is to be purchased, if the Remarketing Agent has given notice to the Tender Agent pursuant to the Twenty-Eighth Supplement

that it has been unable to remarket such Series 2008-A1 Bond or if the Tender Agent has not received from the Remarketing Agent an amount sufficient to pay the Series 2008-A Bond by the time the Tender Agent must draw on the applicable Liquidity Facility, the Tender Agent shall draw on the applicable Liquidity Facility an amount equal to the Purchase Price of such Series 2008-A1 Bond.

Sources of Payment of Purchase Price. Except as set forth in the Agreement, the Tender Agent shall purchase tendered Series 2008-A1 Bonds from the tendering owners at the Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and none of the Tender Agent, the Trustee or the Remarketing Agents shall be obligated to provide funds from any other source:

(i) immediately available funds on deposit in the Remarketing Proceeds Account derived from the remarketing of tendered Series 2008-A1 Bonds;

(ii) immediately available funds on deposit in the Liquidity Facility Purchase Account drawn under the Liquidity Facility; and

(iii) moneys of the LACMTA on deposit in the LACMTA Purchase Account; provided that the LACMTA may, but is NOT obligated to, deposit moneys in the LACMTA Purchase Account so long as a Liquidity Facility is in effect with respect to the Series 2008-A1 Bonds or if the Liquidity Facility previously in effect with respect to the Series 2008-A1 Bonds is no longer in effect other than at the election of the LACMTA, including in the event of a suspension or termination of the Liquidity Provider's obligation to purchase tendered Series 2008-A1 Bonds. See " – Suspension of Remarketing Effort Under the Agreement." ***LACMTA has no obligation to pay the purchase price of any tendered Series 2008-A1 Bonds.***

If moneys sufficient to pay the Purchase Price of all tendered Series 2008-A1 Bonds to be purchased on any Purchase Date are not available (1) no purchase shall be consummated on such Purchase Date; (2) all tendered Series 2008-A1 Bonds shall be returned to the holders thereof; and (3) all remarketing proceeds shall be returned to the applicable Remarketing Agent for return to the persons providing such moneys. All Series 2008-A1 Bonds shall bear interest at the Maximum Rate during such period of time from and including the applicable Purchase Date to (but not including) the date that all such tendered Series 2008-A1 Bonds of such series are successfully remarketed. An insufficiency of moneys to pay the purchase price of tendered Series 2008-A1 Bonds will not constitute an Event of Default under the Agreement or the Twenty-Eighth Supplement.

Resignation and Removal of Remarketing Agent. The Remarketing Agent may resign or may be removed by the LACMTA as set forth in the Remarketing Agreement.

Optional Redemption

The Series 2008-A1 Bonds are subject to redemption at the option of LACMTA in whole or in part in Authorized Denominations on any Business Day at a redemption price equal to 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2008-A1 Bonds are subject to mandatory sinking fund redemption in the amount of the principal thereof, without premium, plus accrued interest thereon to the redemption date, to be paid on July 1 of the years and in the amounts set forth below:

Years	Sinking Fund Installment	Years	Sinking Fund Installment
2012	\$ 400,000	2022	\$4,850,000
2013	425,000	2023	5,025,000
2014	2,075,000	2024	5,225,000
2015	2,150,000	2025	5,400,000
2016	4,225,000	2026	5,600,000
2017	3,300,000	2027	5,725,000
2018	3,875,000	2028	2,625,000
2019	4,000,000	2029	400,000
2020	4,150,000	2030	400,000
2021	4,300,000	2031 [†]	425,000

[†] Final Maturity

If some but not all of the Series 2008-A1 Bonds have been redeemed as described under “ – Optional Redemption” above, the total of all sinking account payments shall be reduced by the aggregate principal amount of the Series 2008-A1 Bonds so redeemed to be allocated among sinking account payments as determined by LACMTA.

At the option of LACMTA, it may (a) deliver to the Trustee for cancellation any Series 2008-A1 Bonds or portions thereof (in Authorized Denominations) subject to mandatory sinking fund redemption purchased in the open market or otherwise acquired by LACMTA or (b) specify a principal amount of such Series 2008-A1 Bonds subject to mandatory sinking fund redemption or portions thereof (in Authorized Denominations) which prior to said date have been purchased and previously cancelled by the Trustee at the request of LACMTA but not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

Mandatory Redemption of Liquidity Provider Bonds

Liquidity Provider Bonds will be subject to mandatory redemption in accordance with the terms of the Liquidity Facility.

Selection of Series 2008-A1 Bonds to be Redeemed; Notice of Redemption

In the case of redemptions of Series 2008-A1 Bonds at the option of LACMTA, LACMTA will select the maturities of the Series 2008-A1 Bonds to be redeemed. If less than all of the Series 2008-A1 Bonds of a maturity are to be redeemed, the Trustee shall select by lot, in such manner as the Trustee deems appropriate, the Series 2008-A1 Bonds or portions thereof to be redeemed. Liquidity Provider Bonds shall be redeemed prior to the redemption of any other Series 2008-A1 Bonds.

The Trustee is required give notice of redemption to the registered owners affected by such redemption at least 20 days but not more than 60 days before each redemption, send such notice of redemption by first-class mail (or, with respect to Series 2008-A1 Bonds held by DTC, by an express delivery service for delivery on the next following Business Day). Each notice of redemption shall specify the Series 2008-A1 Bonds to be redeemed, the date of issue and the maturity date thereof, if less than all Series 2008-A1 Bonds of a maturity of a series are called for redemption the numbers of the Series 2008-A1 Bonds and the CUSIP number assigned to the Series 2008-A1 Bonds to be redeemed and the portions of the Series 2008-A1 Bonds to be redeemed, the principal amount to be redeemed and the interest rate applicable to the Series 2008-A1 Bonds to be redeemed, the redemption date, the redemption