

TABLE 4
Selected Actual Proposition A Sales Tax Revenue Information
(values are cash basis)

Quarter Ended	Quarterly Receipts (\$ millions)	Change from Same Period Prior Year	Rolling 12 Months Receipts (\$ millions)	Change from Same Period Prior Year
June 30, 2011	\$147.8	7.9%	\$592.1	6.6%
March 31, 2011	150.6	6.3	581.3	5.2
December 31, 2010	149.7	8.1	572.4	2.0
September 30, 2010	143.9	4.3	561.2	(5.3)
June 30, 2010	137.0	1.9	555.2	(11.5)
March 31, 2010	141.7	(5.6)	552.7	(16.3)
December 31, 2009	138.5	(18.5)	561.1	(17.9)
September 30, 2009	138.0	(20.2)	592.7	(13.6)

The Proposition A Sales Tax receipts on a cash basis for a quarterly period are determined by sales tax revenues generated by sales activity generally occurring in the last two months of the previous quarter and the first month of the current quarter. For example, for the three-month period ended June 30, 2011, reported according to cash basis accounting, Proposition A Sales Tax receipts were approximately \$147.8 million, which receipts generally represented sales activity occurring in February, March and April 2011. Total Proposition A Sales Tax receipts on a cash basis for fiscal year 2010 were approximately \$555.2 million compared to \$592.1 million in fiscal year 2011. LACMTA’s fiscal year 2012 budget assumes total Proposition A Sales Tax revenues of \$605.1 million, and Proposition A Sales Tax revenues net of Local Allocation of \$453.8 million.

Proposition A Sales Tax receipts fluctuate based on general economic conditions within the County. To project future Proposition A Sales Tax receipts for budgetary purposes, LACMTA relies on reports from local economists and other publicly available sources of data. LACMTA does not itself develop forecasts of current or future economic conditions. Furthermore, the State Board of Equalization does not provide LACMTA with any forecasts of Proposition A Sales Tax receipts for future periods. Therefore, LACMTA is unable to predict with certainty future levels of Proposition A, Sales Tax receipts. See “RISK FACTORS—Economic Factors May Cause Declines in Proposition A Sales Tax Revenues” above.

PROPOSITION A SALES TAX OBLIGATIONS

General

LACMTA currently has three priority levels of obligations for Proposition A Sales Tax revenues: its First Tier Senior Lien Bonds (which include the Series 2008-A1 Bonds), its Second Tier Obligations and its Third Tier Obligations (which include the Proposition A Commercial Paper Notes). LACMTA has incurred other obligations which are secured by certain “remaining” Proposition A Sales Tax cash receipts. See “—Outstanding Proposition A Sales Tax Obligations—Other Obligations.”

LACMTA had outstanding the following Proposition A Sales Tax obligations as of July 2, 2011: First Tier Senior Lien Bonds in the aggregate principal amount of \$1,403,600,000, Second Tier Obligations in the aggregate principal amount of \$23,705,000 (excluding any regularly scheduled

payment obligations due under certain of LACMTA’s interest rate swaps) and Proposition A Commercial Paper Notes in the aggregate principal amount of \$120,128,000. See “—Outstanding Proposition A Sales Tax Obligations.”

LACMTA may issue additional First Tier Senior Lien Bonds upon the satisfaction of certain conditions contained in the Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2008-A1 BONDS—Additional First Tier Senior Lien Bonds.”

Debt Service Coverage

The following table presents historical Pledged Revenues and First Tier Senior Lien Bond debt service coverage ratios for the fiscal years ending June 30, 2001 through June 30, 2010.

TABLE 5
Proposition A Pledged Revenues and
Debt Service Coverage
(dollars in millions, except ratios; rounded to closest \$100,000)

Fiscal Year	Pledged Revenues⁽¹⁾	First Tier Senior Lien Bonds Total Debt Service⁽²⁾	First Tier Senior Lien Bonds Debt Service Coverage Ratio (x)	Net Receipts After Payment of First Tier Senior Lien Bonds⁽³⁾
2001	\$396.2	\$133.7	2.96	\$262.5
2002	394.5	134.3	2.94	260.2
2003	411.2	132.3	3.11	278.9
2004	432.5	131.5	3.29	301.0
2005	464.6	130.4	3.56	334.2
2006	501.8	141.5	3.55	360.3
2007	514.6	147.9	3.48	366.6
2008	512.5	148.1	3.46	364.4
2009	465.6	148.7	3.13	316.9
2010	424.3	156.5	2.71	267.8

⁽¹⁾ 75% of Net Sales Tax Revenue (less administrative fee, special adjustments and local allocations). Rounded to closest \$100,000. See Table 3 above.

⁽²⁾ Calculated on a bond year ending July 1 as opposed to a fiscal year ending June 30.

⁽³⁾ Rounded to the closest \$100,000.

Source: LACMTA and Public Financial Management, Inc.

Outstanding Proposition A Sales Tax Obligations

Obligations of LACMTA payable from the Proposition A Sales Tax consist of sales tax revenue bonds, lease revenue bonds, commercial paper notes and certain amounts owed under interest rate swap agreements, standby bond purchase agreements and pledge agreements. At this time, LACMTA has three priority levels of obligations: its First Tier Senior Lien Bonds (which include the Series 2008-A1 Bonds), its Second Tier Obligations (which include certain payments under interest rate swap agreements and certain other obligations) and its Third Tier Obligations (which include the Proposition A Commercial Paper Notes). LACMTA has incurred other obligations which are secured by certain “remaining” Proposition A Sales Tax cash receipts. See “—Other Obligations” below.

First Tier Senior Lien Bonds. LACMTA had the following First Tier Senior Lien Bonds outstanding as of July 2, 2011.

TABLE 6
Los Angeles County Metropolitan Transportation Authority
Proposition A First Tier Senior Sales Tax Revenue Bonds
(Outstanding as of July 2, 2011)

<u>Proposition A First Tier Senior Sales Tax Bonds⁽¹⁾</u>	<u>Outstanding Principal Amount</u>
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2009-A	\$268,325,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2008-B	24,030,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2008-A1 ⁽²⁾	64,575,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2008-A2 ⁽³⁾	64,650,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2008-A3 ⁽³⁾	64,650,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2008-A4 ⁽³⁾	64,725,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2007-A	46,430,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2005-B	11,280,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2005-A	211,150,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2003-B	243,635,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2003-A	174,760,000
Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2001-B	156,105,000
Proposition A First Tier Senior Sales Tax Revenue Bonds Series 2001-A	9,285,000
Total	\$1,403,600,000

⁽¹⁾ The First Tier Senior Lien Bonds are payable from, and constitute prior first liens on, Proposition A Sales Tax revenue.

⁽²⁾ All of the outstanding principal of the Series 2008-A1 Bonds is being remarketed as described in this Remarketing Memorandum.

⁽³⁾ All of the outstanding principal of the Series 2008-A2 Bonds, Series 2008-A3 Bonds and Series 2008-A4 Bonds is expected to be converted to bear interest at an Index Rate Mode and to be purchased in private transactions.

Source: LACMTA.

Index Interest Rate Bonds. Contemporaneously with the remarketing of the Series 2008-A1 Bonds, LACMTA will convert the Series 2008-A2 Bonds, the Series 2008-A3 Bonds and the Series 2008-A4 Bonds (the “Index Interest Rate Bonds”) to bear interest at an Index Interest Rate. On the conversion date of the Index Interest Rate Bonds, the Series 2008-A2 Bonds will be purchased by Sumitomo Mitsui Banking Corporation and the Series 2008-A3 Bonds and the Series 2008-A4 Bonds will

be purchased by RBC Capital Markets, LLC. Upon conversion, the Index Interest Rate Bonds will bear interest at a rate equal to the SIFMA Municipal Swap Index announced by Municipal Market Data plus an interest rate spread. The Index Interest Rate Bonds will be subject to tender for purchase on August 1, 2014 unless extended or modified. Under the terms of the Twenty-Eighth Supplement, the Index Interest Rate Bonds are subject to mandatory redemption upon specified events.

Second Tier Obligations.

Series 2008-A Swap Agreements. In connection with the issuance of its First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2005-C, LACMTA entered into an interest rate swap agreement with the Bank of Montreal (“BMO”) and an interest rate swap agreement with Deutsche Bank AG, New York Branch (“Deutsche Bank”). These swaps are now associated with the Series 2008-A Bonds for purposes of calculating Maximum Annual Debt Service and are referred to as the “Series 2008-A BMO Swap Agreement” and the “Series 2008-A Deutsche Swap Agreement,” respectively, and collectively are referred to as the “Series 2008-A Swap Agreements.” BMO and Deutsche Bank are referred to collectively as the “Series 2008-A Swap Counterparties.” Certain terms of the Series 2008-A Swap Agreements are included in the table below.

LACMTA’s obligations to pay the Series 2008-A Swap Counterparties a fixed amount under the respective Series 2008-A Swap Agreements are Second Tier Obligations. The terms of the Series 2008-A Swap Agreements do not alter any of the obligations of LACMTA with respect to the payment of principal or interest on the Series 2008-A Bonds or any other First Tier Senior Lien Bonds. The payments received by LACMTA from the Series 2008-A Swap Counterparties due under the Series 2008-A Swap Agreements do not constitute Pledged Revenues and are not pledged to the payment of principal or interest on the Series 2008-A Bonds or any other First Tier Senior Lien Bonds, although payments made by BMO and Deutsche Bank under the Series 2008-A Swap Agreements (other than termination payments) will be deposited in the Series 2008-A Interest Subaccount and will be used to pay interest on the Series 2008-A Bonds.

Under certain circumstances, LACMTA may be obligated to make termination payments to the Series 2008-A Swap Counterparties if the Series 2008-A Swap Agreements are terminated prior to their termination dates. The amount of any termination payment will be determined pursuant to several factors, including the level of comparable interest rates at the time the applicable Series 2008-A Swap Agreement is terminated. Such termination payments could be substantial. Estimated termination values that LACMTA would be required to pay are included in the table below. Such termination payments would be secured by a lien on Proposition A Remaining Sales Tax revenues on a parity with LACMTA’s obligations to pay debt service on the Remaining Sales Tax Bonds. See “—Other Obligations” below. However, LACMTA may have to incur additional indebtedness secured by Proposition A Sales Tax revenue and/or Proposition C Sales Tax revenue to make any termination payments on the applicable Series 2008-A Swap Agreement; any such additional indebtedness may include the issuance of First Tier Senior Lien Bonds.

Under the terms of the Series 2008-A Swap Agreements, LACMTA may be required to post collateral in favor of the applicable Series 2008-A Swap Counterparty if the estimated termination payment exceeds certain thresholds. As of July 15, 2011 LACMTA had no collateral posted under the Series 2008-A BMO Swap Agreement.

The following table sets forth a listing of LACMTA’s current swap agreements relating to the First Tier Senior Lien Bonds.

	Proposition A 2008-A1 and A2 Variable Rate Bonds	Proposition A 2008-A3 and A4 Variable Rate Bonds
Initial Notional Amount	\$132,900,000	\$132,925,000
Swap Counterparty	Bank of Montreal	Deutsche Bank AG, New York Branch
Effective Date	August 23, 2005	August 23, 2005
Maturity Date	July 1, 2031	July 1, 2031
Fixed Rate LACMTA Pays	3.373%	3.358%
LACMTA Receives	63% of USD-LIBOR + 0.14%	63% of USD-LIBOR + 0.14%
Termination Value as of 07/15/11	\$8,810,277.48	\$8,411,077.25

Other Obligations. On October 6, 1993, the Community Redevelopment Financing Authority of the Community Redevelopment Agency of the City of Los Angeles, California issued its Grand Central Square Multifamily Housing Bonds, 1993 Series A (the “Housing Bonds”) and its Grand Central Square Qualified Redevelopment Bonds, 1993 Series A (the “Redevelopment Bonds”). The Redevelopment Bonds were refunded on April 30, 2002 with the proceeds of The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Qualified Redevelopment Bonds, 2002 Refunding Series A (the “Refunding Redevelopment Bonds”). The Housing Bonds were refunded on June 21, 2007 with the proceeds of The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series A (the “2007 Series A Refunding Housing Bonds”) and Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series B (the “2007 Series B Refunding Housing Bonds” and, together with the 2007 Series A Refunding Housing Bonds, the “Refunding Housing Bonds”). LACMTA is obligated (but only from LACMTA’s 40% discretionary share of Proposition A Sales Tax revenues described in Table 2 of this Remarketing Memorandum) to make debt service payments with respect to the Refunding Redevelopment Bonds and the 2007 Series B Refunding Housing Bonds. To the extent the trustee for the Refunding Redevelopment Bonds and the 2007 Series B Refunding Housing Bonds has sufficient revenues and other funds, the trustee will reimburse LACMTA to the extent of its payment from such funds. As of July 2, 2011, \$23,705,000 aggregate principal amount of the 2007 Series B Refunding Housing Bonds and the Refunding Redevelopment Bonds were outstanding.

LACMTA’s regularly scheduled payment obligations under the Series 2008-A Swap Agreements, the Housing Bonds and the Refunding Redevelopment Bonds constitute “Second Tier Obligations,” and are payable from Proposition A Sales Tax revenues on a subordinate basis to the First Tier Senior Lien Bonds described above.

Third Tier Subordinate Lien Obligations. On January 24, 1991, LACMTA received authorization to issue \$350,000,000 aggregate principal amount of its Proposition A tax-exempt commercial paper notes (the “Proposition A Commercial Paper Notes”). As of July 2, 2011,