



**Los Angeles County Metropolitan  
Transportation Authority**

***Los Angeles 3<sup>rd</sup> Regional Investors Conference  
March 31 – April 1, 2016***



**Metro**

## Metro is a multimodal transportation agency



## **LACMTA Overview**

LACMTA serves a large and diverse metropolis

- 3<sup>rd</sup> largest transportation system nationwide
- Service area of 1,433 square miles across 88 cities
- 1.0 million bus and 334,000 rail passenger average weekday ridership as of Q2 2016
- Over 2,200 clean-air CNG buses
- 96 Rail Stations
- Provides 450 million rides a year



## ***LACMTA Overview***

**Expanding through public investment**

### **Now in Service**

- Goldline Foothill Extension (Pasadena to Azusa)
- Opened March 5, 2016

### **Now in pre-revenue testing**

- Expo Line Phase II (Culver City to Santa Monica)
- Opening May 20, 2016





# Metro System as of December 2015



<b>Metro Rail lines and stations</b>	
● Red Line	● Green Line
● Purple Line	● Gold Line
● Blue Line	● Expo Line
<b>Metro Busway lines and stations</b>	
— Orange Line	— Silver Line
	— Street stop
○ Transfers	
<b>Regional Rail</b>	
+ Metrolink & Amtrak	
<b>Airport Connections</b>	
..... LAX Shuttle (free)	
◆ LAX FlyAway	
◆ BUR SuperShuttle (free)	
<b>Parking</b>	
Ⓟ Free	Ⓡ Bike
Ⓟ Paid	
<b>DEC 2015</b>	<b>Subject to Change</b>

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# Metro System as of March 2016



**Under Construction Lines and Stations**

- Expo Line Phase 2
- Crenshaw/LAX Line
- Purple Line Extension
- Regional Connector

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**Metro Rail lines and stations**

- Red Line
- Green Line
- Purple Line
- Gold Line
- Blue Line
- Expo Line

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**Metro Busway lines and stations**

- Orange Line
- Silver Line
- Street stop

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**Transfers**

**Regional Rail**

- MetroLink & Amtrak

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**Airport Shuttle**

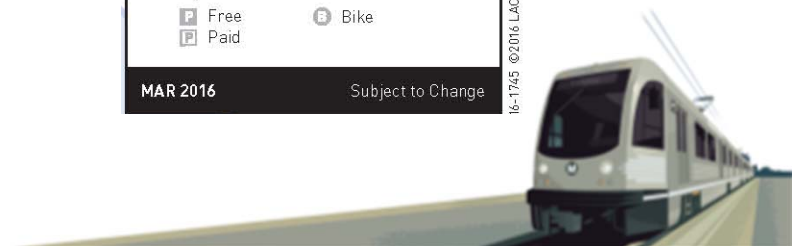
- LAX Shuttle (free)
- LAX FlyAway
- BUR SuperShuttle (free)

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**Parking**

- Free
- Bike
- Paid

MAR 2016 Subject to Change



# *LACMTA Overview*

## Expanding through public investment

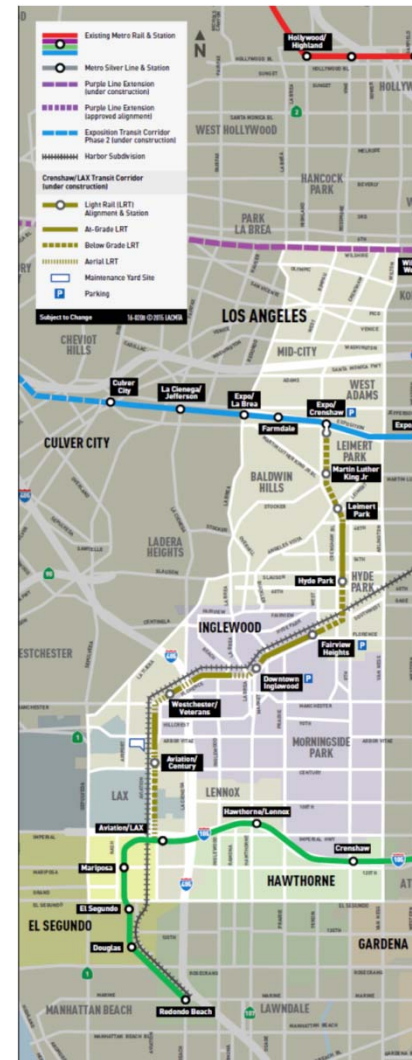
### Now under construction

- Crenshaw/LAX Transit Corridor
- Regional Connector
- Westside Purple Line Extension (Section I & Section II)



# Transit Projects Underway – Crenshaw/LAX Transit Corridor

Project	Crenshaw/ LAX Transit Corridor
Projected Opening Date	2019
Major Funding Sources	\$661M Measure R \$601M Other Federal, State, Local & Others \$546M Measure R TIFIA Loan \$250M Proposition A & C





# Transit Projects Underway – Crenshaw/LAX Transit Corridor



Leimert Park Station – Tier 2 strut installation



Exposition/Crenshaw Station – Tunnel Boring Machine – “Harriet”

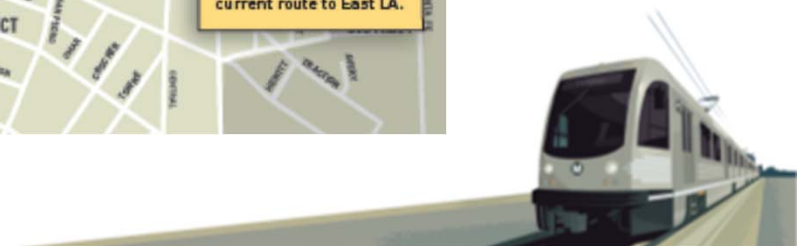


# Transit Projects Underway – Regional Connector

Project	Projected Opening Date	Major Funding Sources
Regional Connector	2020	\$670M Full Funding Grant Agreement (FFGA) \$722M Other Federal, State, Local & Others \$160M Measure R TIFIA Loan \$7M Measure R



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## *Transit Projects Underway – Regional Connector*



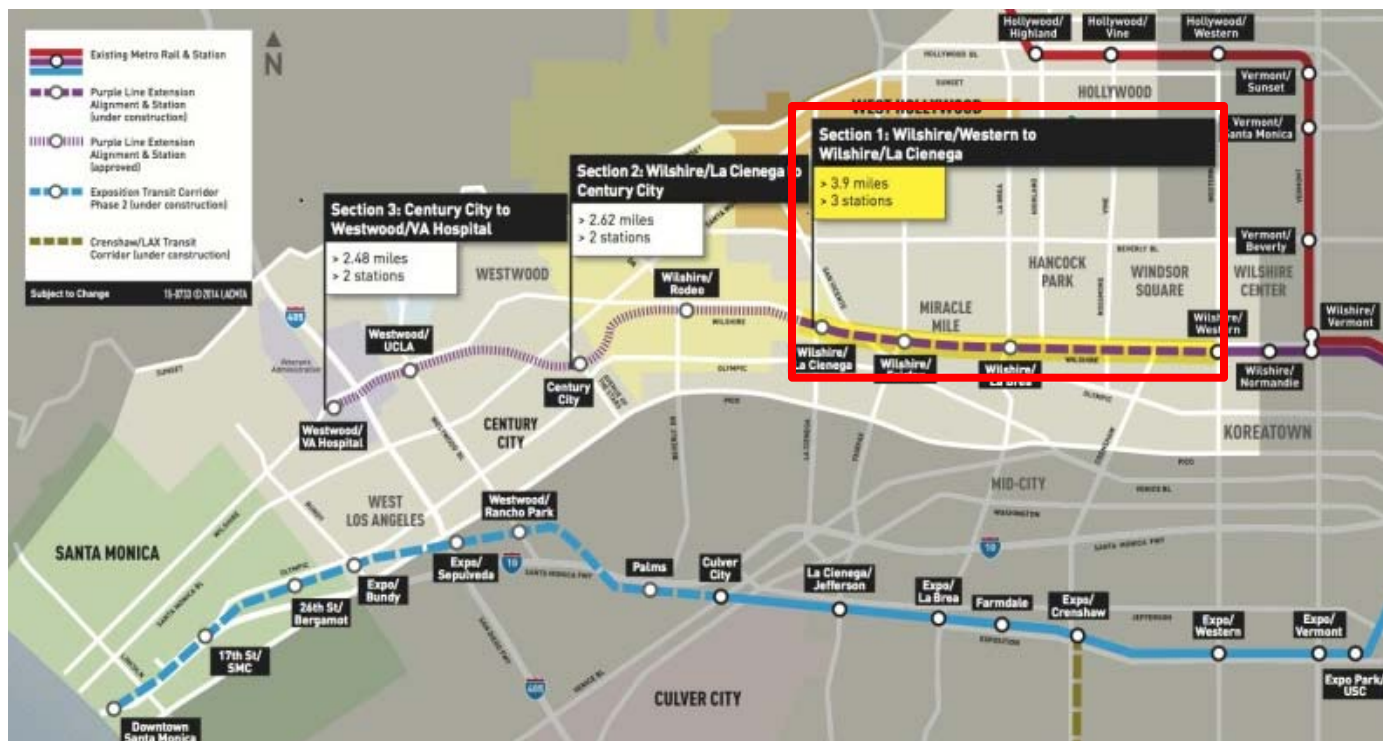
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Pre-trenching at 2<sup>nd</sup>/Spring



# Transit Projects Underway – Westside Purple Line Extension Section I

Project	Projected Opening Date	Major Funding Sources
Westside Purple Line Extension Section I	2023	\$1,250M Full Funding Grant Agreement (FFGA) \$ 875M Measure R \$ 856M Measure R TIFIA Loan \$ 174M Other Federal, State, Local & Others

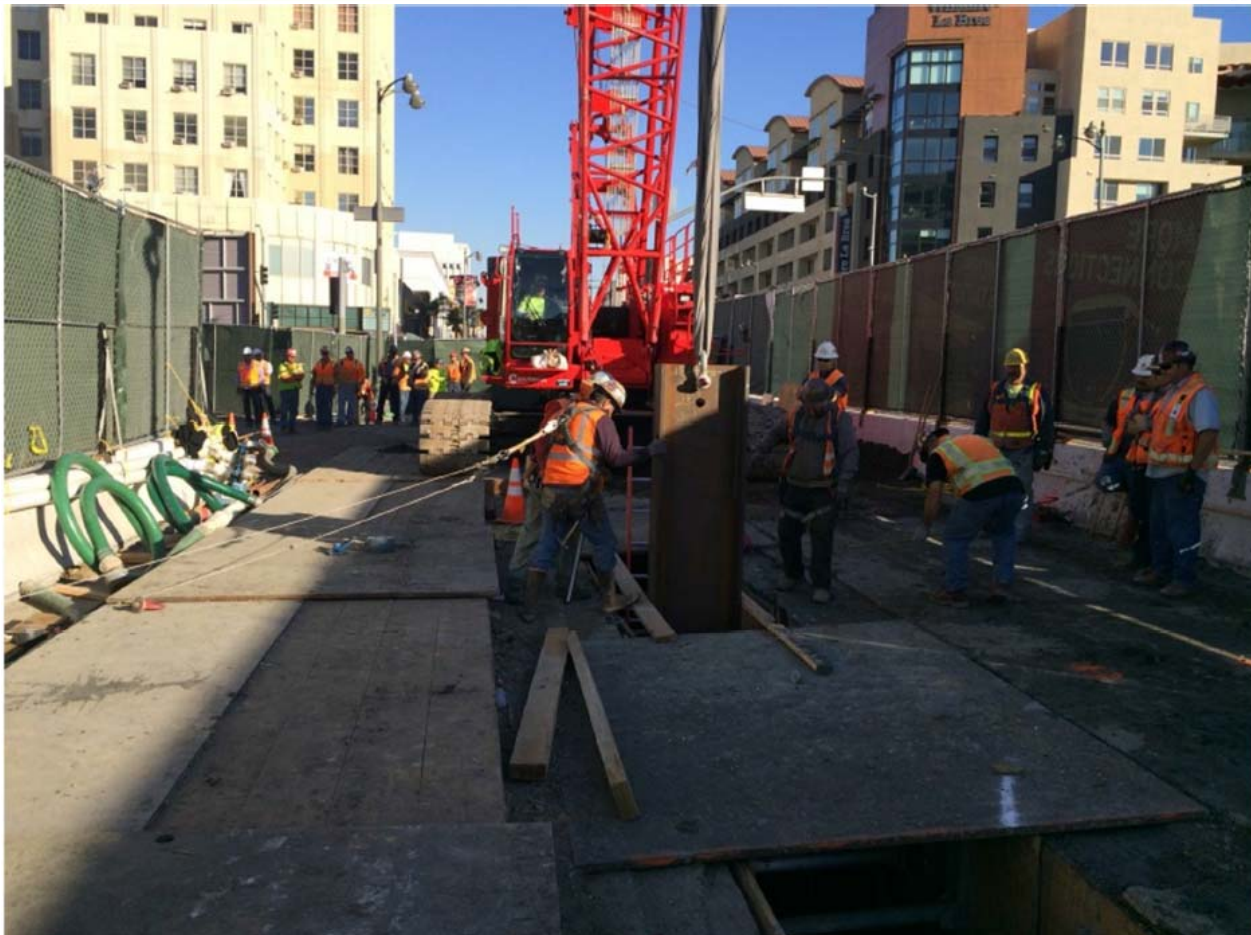


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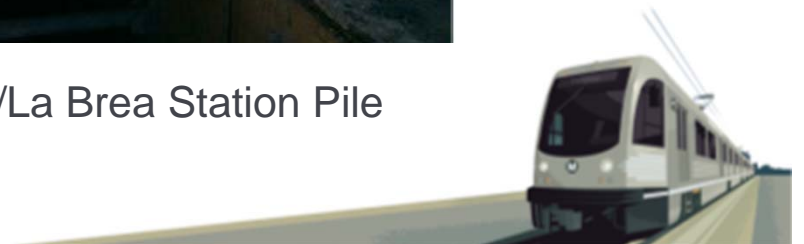


# Transit Projects Underway – Westside Purple Line Extension Section I



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Contractor installing the First Wilshire/La Brea Station Pile



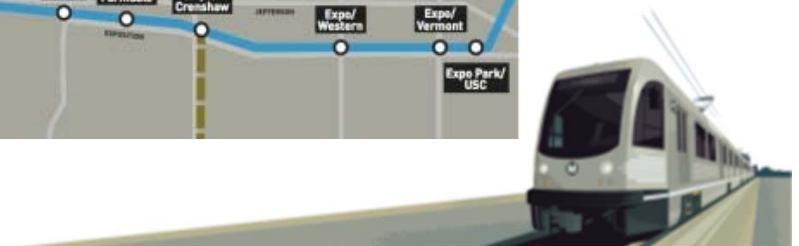


# Transit Projects Underway – Westside Purple Line Extension Section II

Project	Projected Opening Date	Major Funding Sources
Westside Purple Line Extension Section II	2026	\$1,187M Full Funding Grant Agreement (FFGA) (in process) \$695M Measure R \$307 M TIFIA Loan (in process) \$278 M Other Federal, State, Local & Others



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## *Transit Projects Underway – Westside Purple Line Section II*



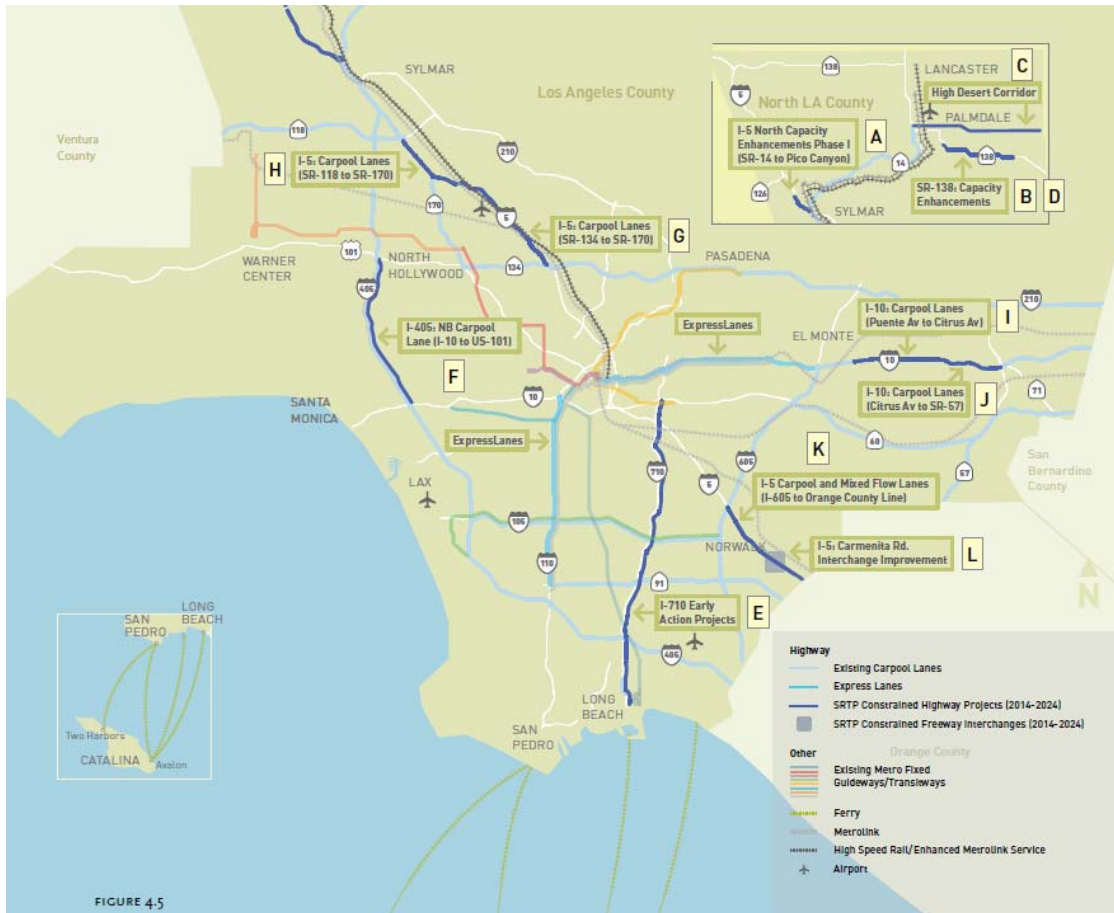
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Line field work completed

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# Highway Projects



Map Label	Project Type	Description
A	Freeway Improvement and Gap Closures	I-5 North Capacity Enhancements
B	Freeway Improvement and Gap Closures	SR-138 Widening
C	Freeway Improvement and Gap Closures	High Desert Corridor
D	Freeway Improvement and Gap Closures	SR-138 Capacity Enhancements
E	Freeway Improvement and Gap Closures	I-710 Early Action Projects
F	Carpool Lanes	I-405 NB Carpool
G	Carpool Lanes	I-5 Carpool
H	Carpool Lanes	I-10 Carpool
I	Carpool Lanes	I-10 Carpool
J	Carpool Lanes	I-5 Carpool
K	Carpool Lanes	I-5 Carpool Mixed Flow
L	Freeway Interchanges	I-5/Carmenita Rd Interchange







# *Overview of Credit*



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## Overview of Credit – Three Local ½ Cent Sales Taxes

- Authorized by voter approval
- Applies to both incorporated and unincorporated areas of Los Angeles County, including areas not served by LACMTA
- All local sales tax revenues are remitted monthly by the State Board of Equalization directly to the bond trustee, who deducts 1/6 interest and 1/12 principal before remitting to LACMTA

Indenture	Commencement	Sunset	Allocation % Local/LACMTA
Proposition A	1981	No Sunset	25/75%
Proposition C	1991	No Sunset	20/80%
Measure R	2009	June 30, 2039 (30 Years)	15/85%





## **Overview of Credit – Sales Tax Revenue Debt Programs**

**Structural and Policy limits create high minimum coverage levels**

### **Proposition A**

- Effective Additional Bonds Test (“ABT”) of 2.46x

### **Proposition C**

- ABT in indenture is 1.30x
- Allocation requirements of tax ordinance and long-standing debt policy results in an effective ABT of 2.28x

### **Measure R**

- ABT of 2.50x
- Ordinance specifies allocation requirements that further restricts borrowing

**System operating requirements also restricts future borrowing**

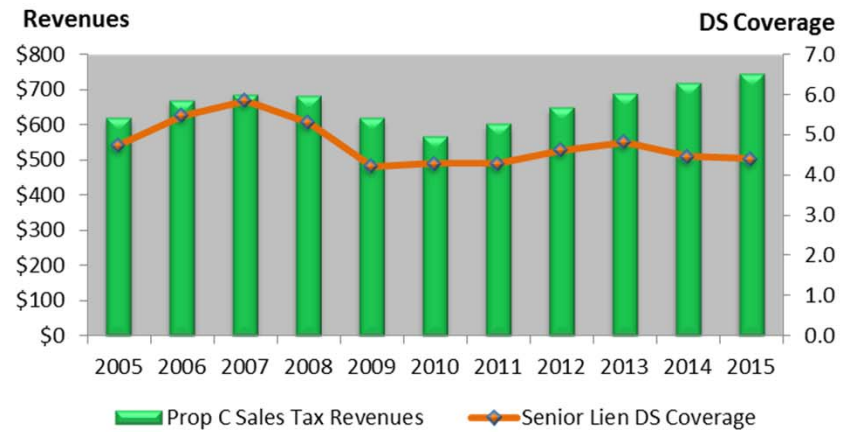


# Overview of Credit – Growing Revenues and Historically High Coverage Ratios

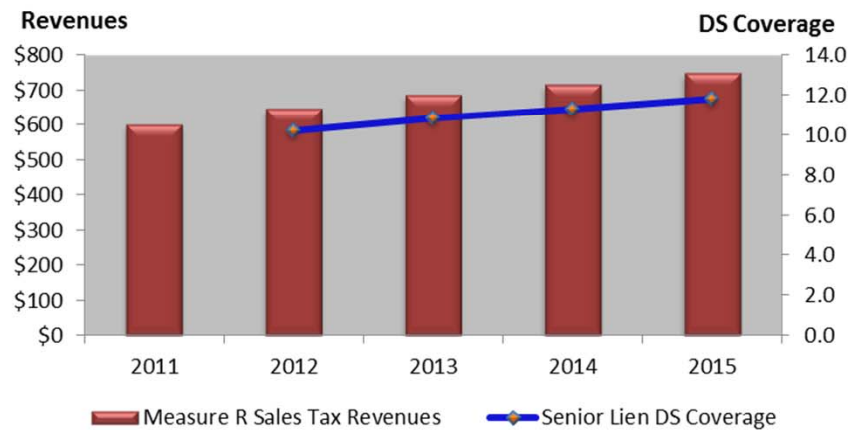
Proposition A Net Sales Tax Revenue and DS Coverage



Proposition C Net Sales Tax Revenue and DS Coverage



Measure R Net Sales Tax Revenue and DS Coverage



# Overview of Credit – Current Debt Portfolio and Ratings (as of March 1, 2016)

Credit	Outstanding Par	Rating (Moody's/S&P/Fitch)
Prop A – 1 <sup>st</sup> Tier Senior Bonds	\$1,052,015,000	Aa1/AAA/NR
Prop A – 2 <sup>nd</sup> Tier Senior Bonds	18,145,000	Aa2/AA/NR
Prop C – Senior Bonds	1,159,800,000	Aa2/AA+/AA
Measure R – Senior Bonds	669,420,000	Aa1/AAA/NR
Measure R – TIFIA Loans <sup>(1)(2)</sup>	363,909,754	NR/A-/A
General Revenue Bonds	113,405,000	Aa2/AA/NR
Short-Term Obligations	258,124,000	
<b>Outstanding Debt</b>	<b>\$3,634,818,754</b>	

- General Revenue Bonds received a two notch upgrade by Moody's on November 3, 2015
- All other long-term outstanding debt received a one notch upgrade by Moody's on November 3, 2015
- General Revenue Bonds received a two notch upgrade by Standard & Poor's on November 4, 2015

<sup>(1)</sup>TIFIA outstanding par amount only includes proceeds drawn to date on the Crenshaw Project; Amount does not reflect capitalized interest due to deferred debt service payments or total committed TIFIA funds to date of \$545.9M for the Crenshaw Project, \$160M for the Regional Connector Project, and \$856M for the Westside Purple Line extension Section 1 Project.

<sup>(2)</sup>TIFIA Loan relating to the Crenshaw Project is rated by S&P A-; TIFIA Loans relating to the Westside Purple Line Extension Section 1 and Regional Connector Projects rated by S&P and Fitch as shown.



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## Overview of Credit – Short-term Debt Programs by Indenture

Short-Term Borrowing				
	Proposition A Program	Proposition C Program	Measure R Program	Total
Program Capacity	\$200,000,000 <sup>(1)</sup>	\$150,000,000	\$300,000,000	\$650,000,000
Outstanding Par (3/1/2016)	\$62,500,000	\$63,624,000	\$132,000,000	\$258,124,000
Issuance Date	03/08/2016	03/29/2016 <sup>(2)</sup>	11/01/2015	
Expiration	03/07/2019	03/28/2019 <sup>(2)</sup>	11/20/2020 <sup>(2)</sup>	
Liquidity Provider <sup>(3)</sup>	Sumitomo MUFG Union Bank	Bank of America Wells Fargo	Bank of the West State Street RBC Capital Markets	

<sup>(1)</sup>Proposition A program currently is authorized to issue \$350 million in short term obligations.

<sup>(2)</sup>The Bank of America letter of credit agreement is scheduled to close on April 6, 2016 with an expiration date of April 5, 2019. The RBC short term obligation will expire on November 23, 2020.

<sup>(3)</sup>The Sumitomo, MUFG Union Bank and Bank of America short term obligations are structured as letters of credit. Wells Fargo, Bank of the West and State Street agreements are structured as revolving credit agreements. RBC Capital Markets short term obligations are structured as draw down bonds.



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## Overview of Credit – Current TIFIA Loans approved and outstanding

- Crenshaw Project – 2.43% closed on 9/20/2012
- Regional Connector – 3.50% closed on 2/20/2014
- Westside Purple Line Extension Section I – 3.23% closed on 5/21/2014

TIFIA Loans				
Project	Outstanding (As of 3/1/2016)	Loan Amount	Principal Payments Begin	Final Maturity
Crenshaw	\$363.9	\$545.9	FY 2022	FY 2034
Regional Connector	-	160.0	FY 2020	FY 2036
Westside Section I	-	856.0	FY 2020	FY 2037
<b>Total</b>	<b>\$363.9</b>	<b>\$1,561.9</b>		





## ***Overview of Credit – General Revenue Bonds***

- Secured by a pledge of farebox revenues, fees and advertising revenues
  - Further secured by remaining Proposition A & C sales tax
  - To date, all debt service has been paid from farebox revenues
- Fixed out the 2004 variable rate General Revenue Bonds in December 2015
- As of March 1, 2016, \$113.4 million of outstanding General Revenue Bonds
- The lien related to the General Revenue Bonds is closed
  - Two notch rating upgrade from “A+” to “AA” by S&P
  - Two notch rating upgrade from “A1” to “Aa2” by Moody’s





***Recent and Future Debt Activity***



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# Recent and Future Debt Activity

## Recent Transactions

- Proposition A 2016-A Refunding
  - Fixed out the remaining variable rate debt eliminating interest rate risk
- Prop A & C Short Term Borrowing
  - Extending programs through 2019

## Future Debt Issuance Plans

- Economic refunding of Proposition C Series 2006-A bonds
  - Current Refunding planned for May 2016
  - \$112.7 million to be refunded
- Approximately \$307 million TIFIA Loan for the Westside Purple Line Extension Section II Project
- Transit and Highway Projects FY2016-20

Current Long-term Debt Issuance Projections	
FY2016-20 (\$ millions)	
Proposition A	\$724
Proposition C	1,374
Measure R <sup>(1)</sup>	382
Total	\$2,480



<sup>(1)</sup>Measure R does not include TIFIA Loans.

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## LACMTA is distinguished by Fundamental Credit Strengths

Essential Program and Strong Mandate	<ul style="list-style-type: none"> <li>• Provide transportation is a key component for continued regional growth and quality of life</li> <li>• Multi-modal strategy enables Metro to meet the diverse needs of the region</li> </ul>
Management Strengths	<ul style="list-style-type: none"> <li>• Difficult decisions made: Fare increase in September 2014</li> <li>• Healthy portfolio of completed projects</li> </ul>
Strong Security Features	<ul style="list-style-type: none"> <li>• The Sales Tax behind each program has been proven stable and resilient</li> <li>• Strong ABT and Trustee intercept</li> <li>• High historical and projected debt service coverage</li> <li>• Terminated all interest rate swaps; all long-term variable rate debt has been fixed out</li> </ul>
Diverse Economic Base	<ul style="list-style-type: none"> <li>• Los Angeles County is a leader in the Trade, Communications, and Finance Industries</li> <li>• Comprehensive and varied tax base</li> </ul>
Recognition by Rating Agencies of Fundamental Credit Strength	<ul style="list-style-type: none"> <li>• Standard &amp; Poor's Rating of AAA (Prop A and Measure R) &amp; AA+ (Prop C)</li> <li>• Moody's Investors rating of Aa1 (Prop A and Measure R) and Aa2 (Prop C)</li> <li>• Fitch Rating of AA (Prop C)</li> </ul>





**Questions?**

**Donna R. Mills – Treasurer  
MillsD@Metro.net  
213-922-4047**

**LuAnne Edwards Schurtz – Assistant Treasurer  
SchurtzL@Metro.net  
213-922-2554**



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