



Measure M2 Financing Documents



Background

- Measure M2 Ordinance expresses a preference for pay-as-you-go project financing
- Long-term financing is used to accelerate delivery of projects
- American Recovery and Reinvestment Act created the Build America Bonds (BABs) program
 - BABs program subsidizes debt service payments by 35% and expires on December 31, 2010
- Measure M2 project requirements exceed anticipated sales tax revenues over the next three years

Background

- Board of Directors approved the establishment of a \$400 million Tax-Exempt Commercial Paper (TECP) program in January 2008
- OCTA has issued \$100 million in TECP to date
- Board of Directors authorized the issuance of sales tax revenue bonds in October 2010
- Funding required for next three years totals \$343 million
 - Freeway program \$ 53 million
 - Streets and Roads program \$ 95 million
 - Transit program \$ 120 million
 - TECP redemption \$ 75 million

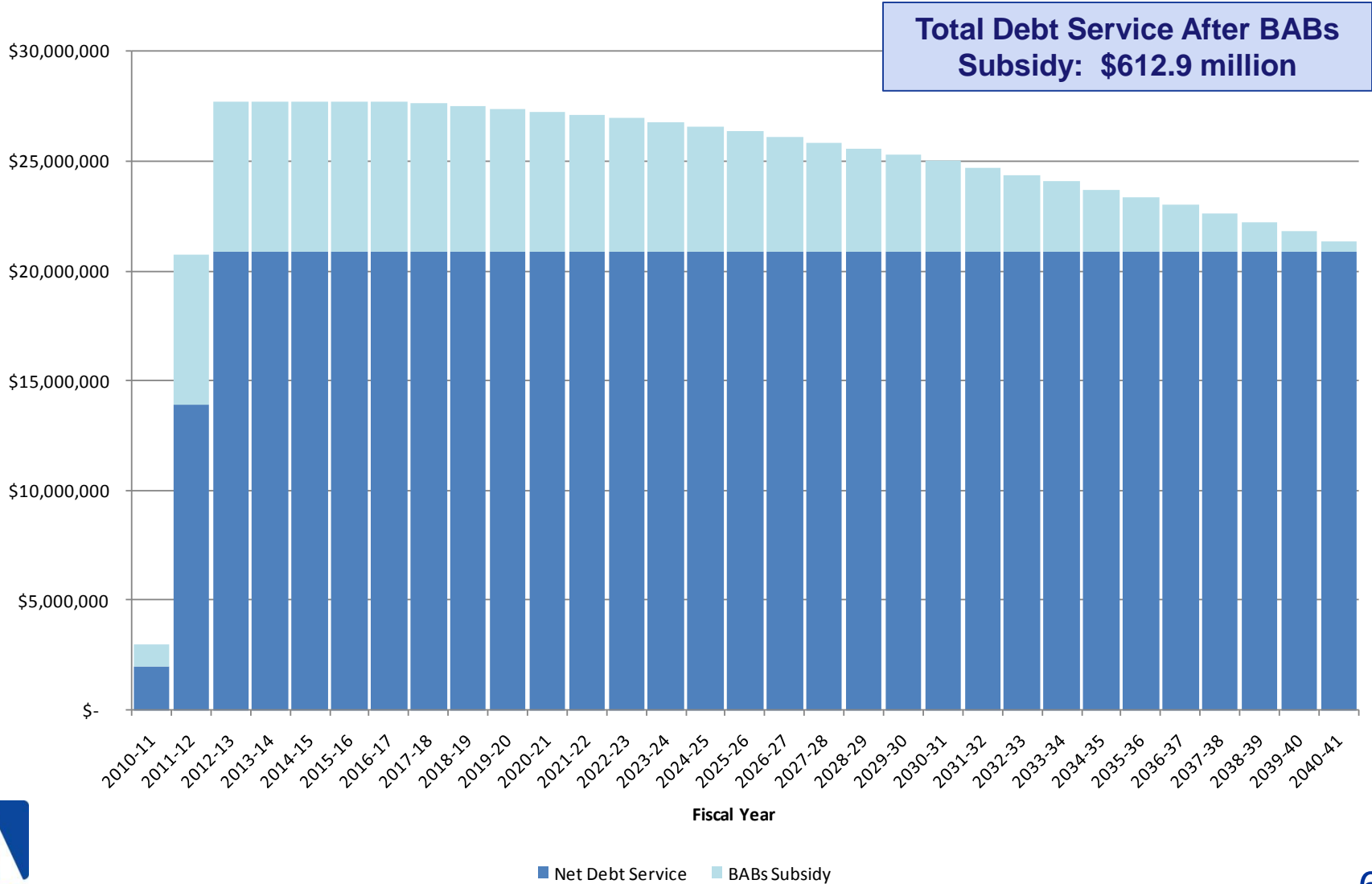
Proposed Bond Structure

- Combination of BABs and conventional tax-exempt bonds
- Open lien indenture with minimum 1.3x additional bonds test requirement
- No debt service reserve fund
- Single term bond that is index eligible
- Level annual debt service payments
- Exclusion of Local Fair Share revenues as pledge
- 10-year par call if interest rate cost differential is within 50 basis points

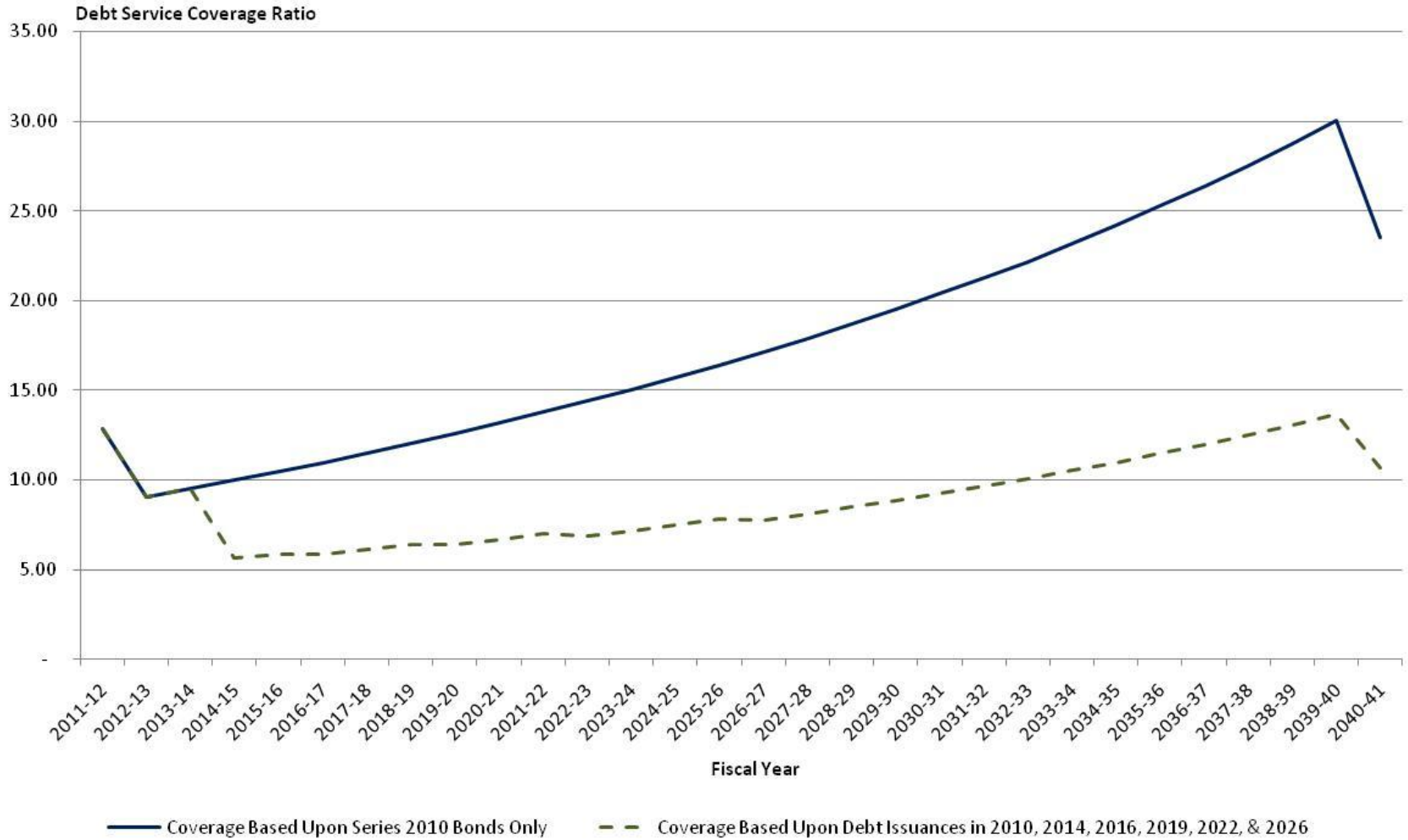
Sources and Uses of Funds

■ Bond proceeds	\$ 354.3 million
Project fund	< 268.0> million
Redemption of TECP	< 75.0> million
Capitalized Interest	< 8.9> million
Underwriter's discount	< 2.0> million
Cost of Issuance	< 0.4> million

Projected Annual Debt Service



Projected Annual Debt Coverage



Financing Documents

- Resolution No. 2010-136
- Master Indenture and First Supplemental Indenture
- Purchase Contract
- Preliminary Official Statement
- Continuing Disclosure Certificate

Next Steps

- Release Preliminary Official Statement on November 24, 2010
- Conduct internet presentation with potential investors
- Meet with investors and answer final questions in New York on December 7, 2010
- Price bonds on December 8 and December 9, 2010
- Close transaction on December 23, 2010