

Metro

*Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
3rd Floor Board Room*



Agenda - Final

Thursday, December 1, 2016

9:00 AM

**One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room**

Crenshaw Project Corporation

John Fasana, Chair

Eric Garcetti, 1st Vice Chair

Sheila Kuehl, 2nd Vice Chair

Michael Antonovich

Mike Bonin

James Butts

Diane DuBois

Jacquelyn Dupont-Walker

Don Knabe

Paul Krekorian

Ara Najarian

Mark Ridley-Thomas

Hilda Solis

Carrie Bowen, non-voting member

Phillip A. Washington, Chief Executive Officer

METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES (ALSO APPLIES TO BOARD COMMITTEES)

PUBLIC INPUT

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board should be submitted in person at the meeting to the Board Secretary. Individuals requesting to speak on more than three (3) agenda items will be allowed to speak up to a maximum of three (3) minutes per meeting. For individuals requiring translation service, time allowed will be doubled.

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for up to three (3) minutes per meeting and may speak no more than once during the Public Comment period. Speakers will be called according to the order in which the speaker request forms are received. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

CONDUCT IN THE BOARD ROOM - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

REMOVAL FROM THE BOARD ROOM The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD

Agendas for the Regular MTA Board meetings are prepared by the Board Secretary and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded on CD's and as MP3's and can be made available for a nominal charge.

DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding before an agency involving a license, permit, or other entitlement for use, including all contracts (other than competitively bid, labor, or personal employment contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any officer of the agency, additionally PUC Code Sec. 130051.20 requires that no member accept a contribution of over ten dollars (\$10) in value or amount from a construction company, engineering firm, consultant, legal firm, or any company, vendor, or business entity that has contracted with the authority in the preceding four years. Persons required to make this disclosure shall do so by filling out a "Disclosure of Contribution" form which is available at the LACMTA Board and Committee Meetings. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

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LIMITED ENGLISH PROFICIENCY

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TDD line (800) 252-9040

NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

CALL TO ORDER**ROLL CALL**

APPROVE Consent Calendar items: 1, 2, 3 and 4.

Consent Calendar items are approved by one motion unless held by a Director for discussion and/or separate action.

CONSENT CALENDAR

1. **APPROVE Minutes of the Regular Board Meeting held December 3, 2015.** [2015-1740](#)
Attachments: [Attachment A - CPC Minutes](#)

2. **RECEIVE AND FILE the Crenshaw Project Corporation (CPC) Annual Financial Report for the fiscal year (FY) ended June 30, 2016 (Attachment A).** [2016-0781](#)
Attachments: [Attachment A - Crenshaw Project Corp Financial Statements for Fiscal Year En](#)

3. **RECEIVE AND FILE report on TIFIA loan administration activities during calendar year 2016.** [2016-0782](#)

4. **APPROVE the Fiscal Year 2016-2017 (FY17) budget in the amount of \$50,200 for the operation and administration of the Crenshaw Project Corporation (CPC).** [2016-0784](#)
Attachments: [Attachment A FY17 CPC Budget Summary](#)

Adjournment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA



Metro

Board Report

File #: 2015-1740, **File Type:** Minutes

Agenda Number: 1.

CRENSHAW PROJECT CORPORATION BOARD MEETING DECEMBER 1, 2016

APPROVE Minutes of the Regular Board Meeting held December 3, 2015.



MINUTES

Thursday, December 3, 2015

9:00 AM

One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room

Crenshaw Project Corporation

Directors Present:

Mark Ridley-Thomas, Chair

John Fasana, 1st Vice Chair

Mike Bonin

James Butts

Diane DuBois

Paul Krekorian

Ara Najarian

Hilda Solis

Shirley Choate, non-voting member

Phillip A. Washington, Chief Executive Officer

CALLED TO ORDER AT 9:15 AM

ROLL CALL

- 1. APPROVED Minutes of the Regular Board Meeting held November 13, 2015-1703 2014.

DK	PK	JDW	SK	MB	MA	MRT	EG	JF	JB	HS	AN	DD
A	Y	A	A	Y	A	Y	A	Y	Y	Y	Y	Y

- 2. APPROVED: 2015-1697

- A. ratifying the Crenshaw Project Corporation (CPC) Restated Articles of Incorporation (Attachment A); and
- B. received and filed the Restated Bylaws (Attachment B) and this report of other TIFIA loan administration activities during calendar year 2015.

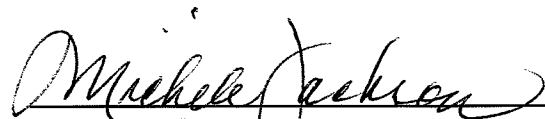
DK	PK	JDW	SK	MB	MA	MRT	EG	JF	JB	HS	AN	DD
A	Y	A	A	Y	A	Y	A	Y	Y	Y	Y	Y

- 3. RECEIVED AND FILED the Crenshaw Project Corporation (CPC) Annual Financial Report for the fiscal year ended June 30, 2015. 2015-1695

DK	PK	JDW	SK	MB	MA	MRT	EG	JF	JB	HS	AN	DD
A	Y	A	A	Y	A	Y	A	Y	Y	Y	Y	Y

ADJOURNED at 9:18 a.m.

Prepared by: Collette Langston
Board Specialist


Michele Jackson, Board Secretary

DK = D. Knabe	MB = M. Bonin	JF = J. Fasana	DD = D. DuBois
PK = P. Krekorian	MA = M. Antonovich	JB = J. Butts	
JDW = J. Dupont-Walker	MRT = M. Ridley-Thomas	HS = H. Solis	
SK = S. Kuehl	EG = E. Garcetti	AN = A. Najarian	

LEGEND: Y = YES, N = NO, C = HARD CONFLICT, S = SOFT CONFLICT ABS = ABSTAIN, A = ABSENT, P = PRESENT

**Board Report**

File #: 2016-0781, **File Type:** Informational Report**Agenda Number:** 2.

Crenshaw Project CorporationOne Gateway Plaza
Los Angeles, CA 90012**CPC BOARD MEETING
DECEMBER 1, 2016****SUBJECT: CRENSHAW PROJECT CORPORATION ANNUAL FINANCIAL REPORT****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE the Crenshaw Project Corporation (CPC) **Annual Financial Report for the fiscal year (FY) ended June 30, 2016** (Attachment A).

ISSUE

The CPC was formed on March 23, 2012 to act as the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan conduit borrower for the Crenshaw/LAX Transit Corridor Project (Crenshaw/LAX Project). The CPC bylaws require that an annual financial report be prepared for review by the CPC Directors no later than 120 days after the close of the CPC's fiscal year (June 30), or such later date permissible by Public Benefit Corporation Law. Attachment A presents this required financial report.

DISCUSSION

In September 2012, the CPC secured a \$545,900,000 TIFIA loan from the United States Department of Transportation (USDOT). The TIFIA loan is secured by Measure R sales tax revenues allocated to the Crenshaw/LAX Project. As of June 30, 2016, USDOT has disbursed a total of \$480,064,610 in TIFIA loan funds. All loan disbursements are then advanced to Metro for the purpose of reimbursing the agency for eligible Crenshaw/LAX Project expenses. In addition, the CPC paid \$48,666 in expenses that consisted of loan fees and other charges. The CPC was reimbursed for these expenditures by Metro. The Annual Financial Report states that the net position of the CPC as of June 30, 2016 was \$0. Total assets of \$487,700,000 represent advances to Metro and the total liabilities represent the note payable to USDOT. Attachment A contains the CPC Audited Financial Statements for FY16.

FINANCIAL IMPACT

The administrative costs associated with preparing the CPC annual financial report was funded in Metro's adopted FY17 budget in various cost centers.

NEXT STEPS

Staff will continue to provide CPC financial reports to the Board on an annual basis as required by the bylaws.

ATTACHMENTS

Attachment A: Crenshaw Project Corporation Financial Statements for the Fiscal Year Ended June 30, 2016

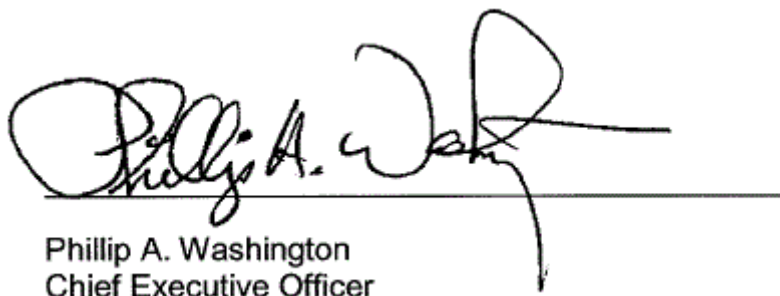
Prepared by: Jesse Soto, Executive Officer, Finance, (213) 922-6861

Cosette Stark, Deputy Executive Officer, Regional Grants Management, (213) 922-2822

Emma Nogales, Manager, Transportation Planning, Regional Grants Management, (213) 922-3066

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088

Therese McMillan, Chief Planning Officer, (213) 922-7077



Phillip A. Washington
Chief Executive Officer

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County
Metropolitan Transportation Authority)

Financial Statements

For the Fiscal Year Ended June 30, 2016

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Financial Statements
For the Fiscal Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crenshaw Project Corporation
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Crenshaw Project Corporation (CPC), a component unit of the Los Angeles County Metropolitan Transportation Authority, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the CPC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CPC, as of June 30, 2016, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2016 on our consideration of the CPC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CPC's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sherman Oaks, California
October 10, 2016

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Crenshaw Project Corporation
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Crenshaw Project Corporation (CPC) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the CPC's basic financial statements, and have issued our report thereon dated October 10, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CPC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CPC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CPC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CPC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sherman Oaks, California
October 10, 2016

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016

As management of the Crenshaw Project Corporation (CPC), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the CPC for the fiscal year ended June 30, 2016. . This discussion and analysis is designed to assist the readers in focusing on the significant financial issues and activities of the CPC.

We encourage the readers to consider the information presented herein in conjunction with the financial statements beginning on page 7. The financial statements, the notes to the financial statements, and this discussion and analysis were prepared by management and are the responsibility of management.

All amounts are expressed in thousands of dollars unless otherwise indicated.

Background

The Crenshaw Project Corporation (CPC) was formed on March 23, 2012 for the sole purpose of participating in financing public transportation projects of the Los Angeles County Metropolitan Transportation Authority (LACMTA).

The CPC currently serves as the conduit borrower as part of a financing agreement with the United States Department of Transportation (USDOT) under its Transportation Infrastructure Finance and Innovation Act (TIFIA) program to partially finance the construction of LACMTA's Crenshaw/LAX Transit Project (Project).

Financial Highlights

- In September, 2012, the CPC secured a \$545,900 TIFIA loan from the USDOT to partially finance the Project. The loan under the TIFIA program is secured by Measure R sales tax revenues allocated to the Project. The CPC has drawn down \$480,064 of the TIFIA loan as of June 30, 2016.
- Total assets of \$487,700 represent advances to LACMTA and total liabilities of \$487,700 represent the loans payable to TIFIA. Therefore, there is no net position as of June 30, 2016.
- Total expenses of \$49 consisted mostly of loan fees and other charges, which were reimbursed by LACMTA.
- In fiscal year 2016, total drawdown from TIFIA loan amounted to \$442,587. As of June 30, 2016, \$998.8 million has been expended on the Project and it is recorded in LACMTA's Comprehensive Annual Financial Report (CAFR) under the capital assets section of the statement of net position of the Enterprise fund.

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016

Overview of the Basic Financial Statements

This management's discussion and analysis serves as an introduction to the CPC's basic financial statements. The CPC's basic financial statements are: 1) the statement of net position, 2) the statement of revenues, expenses, and changes in fund net position, 3) the statement of cash flows, and 4) the notes to the financial statements.

The CPC's basic financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB). The CPC is structured as an Enterprise Fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred. See notes to the financial statements for the summary of the CPC's significant accounting policies.

The statement of net position presents information on all of the CPC's assets and liabilities, with the difference between the two is reported as net position. The statement of revenues, expenses, and changes in fund net position presents the results of the CPC's operations. The statement of cash flows presents the cash flows generated by the CPC to meet its obligations. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Presented below are the condensed statement of net position and condensed statement of revenues, expenses, and changes in fund net position as of and for the year ended June 30, 2016.

Condensed Statement of Net Position	
Non-current assets	\$ 487,700
Total assets	<u>487,700</u>
Non-current liabilities	<u>487,700</u>
Total liabilities	<u>487,700</u>
Net position	<u>\$ -</u>
Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position	
Revenues	\$ 49
Expenses	<u>49</u>
Change in net position	-
Net position – beginning of year	<u>-</u>
Net position – end of year	<u>\$ -</u>

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Statement of Net Position

June 30, 2016

(Amounts expressed in thousands)

Assets

Non-current assets

Due from LACMTA

\$ 487,700

Total assets

\$ 487,700

Liabilities

Non-current liabilities

Loans payable

\$ 487,700

Total liabilities

487,700

Net position

\$ -

The notes to the financial statements are an integral part of this statement.

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016
(Amounts expressed in thousands)

Operating revenues	
Charges for services	\$ 49
Operating expenses	
Professional and technical services	<u>49</u>
Change in net position	-
Net position – beginning of year	<u>-</u>
Net position – end of year	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Crenshaw Project Corporation
 (A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Statement of Cash Flows
 For Fiscal Year Ended June 30, 2016
 (Amounts expressed in thousands)

Cash flows from operating activities	
Receipts from LACMTA	\$ 49
Payments to vendors	(49)
Net cash flows from operating activities	<u>-</u>
Cash flows from non-capital financing activities	
Proceeds from TIFIA loan	442,587
Advances to LACMTA for the construction of Crenshaw/LAX Transit project	<u>(442,587)</u>
Net cash flows from non-capital financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ -</u></u>
Non-cash financing activity:	
Interest accretion on loans payable	\$ 7,635

The notes to the financial statements are an integral part of this statement.

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Financial Statements
June 30, 2016

The notes to the financial statements are a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying basic financial statements.

Unless otherwise stated, all dollar amounts are expressed in thousands.

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Crenshaw Project Corporation (CPC) was formed for the specific purpose of securing a loan from United States Department of Transportation (USDOT) under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program for the construction of LACMTA's Crenshaw/LAX Transit Project (Project). The Project has an approved life-of-project (LOP) budget of \$2.05 billion that covers the design and construction of a new 8.5-mile double-track LRT line, including eight transit stations, procurement of a minimum of 20 light rail vehicles, and the construction of a full service maintenance facility known as the "Southwestern Yard". The Project will extend from the EXPO Line (at the intersection of Exposition and Crenshaw Boulevards) and the Metro Green Line near the existing Aviation/LAX Station.

The CPC is governed by a Board consisting of the same members of the Board of Directors of LACMTA (the "Metro Board"). The Chair, First-Chair and Second-Chair of the Metro Board shall have the corresponding positions on the CPC Board. The Board members may serve only as long as they are members of the Metro Board. Each Director shall serve a term commensurate with his or her term on the Metro Board. The CPC is a component unit of LACMTA because it is financially dependent upon LACMTA, and LACMTA's approval is needed for the CPC to expend their budgets or charges and issue long-term debt. Although the CPC is a legally separate entity, and in-substance part of LACMTA's operations, the data from the CPC is included in LACMTA's financial data. These financial statements present only the CPC and do not purport to, and do not, present fairly the financial position of LACMTA, as of June 30, 2016, or the changes in the financial position for the year then ended.

Fund Accounting

The proprietary fund type is used to account for ongoing operations and activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. The CPC uses the proprietary fund type to account for the goods and services provided to LACMTA on a cost reimbursement basis. Proprietary funds distinguish operating revenue and expense from non-operating items. Operating revenues generally result from providing services in connection with the CPC's ongoing operations. Operating expenses included professional services and administrative expenses. The CPC applied all applicable Government Accounting Standard Board pronouncements in

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Financial Statements
June 30, 2016

accounting and reporting for its proprietary operations. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments, including restricted assets with a maturity date of 90 days or less, are considered to be cash and cash equivalents. Otherwise, they are considered to be investments.

Receivables and Payables

Interagencies' receivables/payables are amounts owed to/due from other LACMTA funds for services performed. Payables are amounts due to vendors for goods or services received.

Note 2 – Due from LACMTA

Due from LACMTA consists of cash advances to partially finance the construction of the Project. As of June 30, 2016, the outstanding balance of due from LACMTA totaled \$487,700.

Note 3 – Loans Payable

In September, 2012, the CPC secured a loan not to exceed \$545,900 from USDOT under the TIFIA program to partially finance the construction of the Project. The loan, secured by a portion of LACMTA's Measure R sales tax revenues allocated to the Project, bears interest at 2.43% per annum on the outstanding balance with maturity date of June 1, 2034. As of June 30, 2016, the outstanding balance of the TIFIA loan was \$487,700.

The CPC's annual debt service requirements (including accretion) are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ (10,911)	\$ 10,911	\$ -
2018	(12,190)	12,190	-
2019	(12,488)	12,488	-
2020	(12,811)	12,811	-
2021	(82)	13,009	12,927
2022-2026	63,874	63,111	126,985
2027-2031	245,134	45,947	291,081
2032-2034	227,174	11,280	238,454
	\$ 487,700	\$ 181,747	\$ 669,447

The annual debt service requirements were calculated based on allocation of loan payments from the principal amount of \$545,900.

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Notes to the Financial Statements
June 30, 2016

Note 4 – Subsequent Events

The remaining and final drawdown from the TIFIA loan of \$65,836 was received in August 2016 to reimburse LACMTA for expenditures incurred on the Project.



Board Report

File #: 2016-0784, File Type: Budget

Agenda Number: 4.

Crenshaw Project Corporation



One Gateway Plaza
Los Angeles, CA 90012

**CPC BOARD MEETING
DECEMBER 1, 2016**

SUBJECT: FISCAL YEAR BUDGET

ACTION: APPROVE THE CRENSHAW PROJECT CORPORATION (CPC) FY17 BUDGET

RECOMMENDATION

APPROVE the **Fiscal Year 2016-2017 (FY17) budget in the amount of \$50,200** for the operation and administration of the Crenshaw Project Corporation (CPC).

ISSUE

The CPC was formed in 2012 to act as the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan conduit borrower for the Crenshaw/LAX Transit Corridor Project (Crenshaw/LAX Project). CPC Bylaws, Article 5.2(b), require preparation of an annual budget for administrative support services which are provided by Metro. A summary of the proposed budget is provided as Attachment A.

DISCUSSION

During FY16, CPC continued to receive disbursement of TIFIA loan funds from the United States Department of Transportation (USDOT). The TIFIA loan is secured by Measure R Sales Tax revenues. In FY16, the CPC received seven disbursements of TIFIA loan funds in the amount of \$442.6 million. These loan disbursements were then advanced to Metro for the purpose of reimbursing the agency for eligible Crenshaw/LAX Project expenses. In addition, the CPC paid \$48,666.00 in expenses for legal service and loan administration fees as well as other charges. The CPC was reimbursed for these expenditures by Metro.

DETERMINATION OF SAFETY IMPACT

There is no safety impact related to this action.

FINANCIAL IMPACT

The CPC Annual Budget was funded in Metro's adopted FY17 budget in various cost centers, the largest percentage in non-departmental debt management.

NEXT STEPS

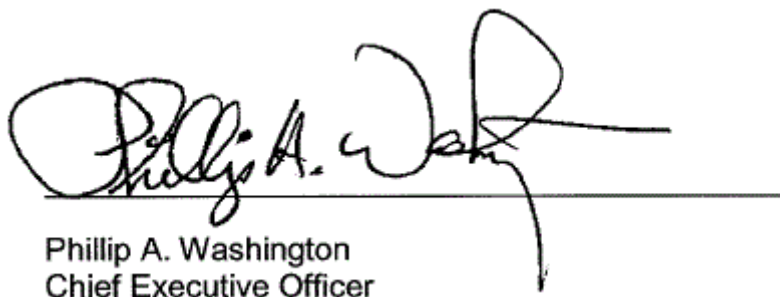
Staff will monitor actual payments to ensure CPC expenses are fiscally responsible.

ATTACHMENT

Attachment A - Proposed Fiscal Year 2016-2017 Budget Summary

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Reviewed By: Nalini Ahuja, Chief Financial Officer (213) 922-3088



Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

**Crenshaw Project Corporation
Fiscal Year 2016-2017 Budget Summary**

	FY16 Actual	FY17 Budget
US DOT annual fee	\$ 12,500.00	\$ 12,500.00
Rating Agency Fee	1,000.00	1,000.00
Trustee Fees	7,250.00	7,500.00
Legal Services Fees	22,816.00	24,000.00
Accounting Fees	5,100.00	5,200.00
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Grand Total	\$ 48,666.00	\$ 50,200.00