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

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Crenshaw Project Corporation

CPC

One Gateway Plaza
Los Angeles, CA 90012

CRENSHAW PROJECT CORPORATION BOARD MEETING
DECEMBER 3, 2015

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 ended June 30, 2015** (Attachment A).

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). 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 Corporation's fiscal year (June 30th), or such later date permissible by Public Benefit Corporation Law. Attachment A presents this required financial report.

DISCUSSION

Fiscal Year 2015 was the first year, since its inception, that the CPC had any financial transactions. 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. In June 2015, the CPC received its first disbursement of TIFIA loan funds in the amount of $37,477,000. This loan disbursement was then advanced to Metro for the purpose of reimbursing the agency for eligible Crenshaw/LAX Project expenses. In addition, the CPC paid $457,000 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, 2015 was $0 as a result of the transactions noted above. Attachment A contains the CPC Basic Financial Statements (Unaudited) for FY15.

DETERMINATION OF SAFETY IMPACT

There is no safety impact related to this action.

FINANCIAL IMPACT

The administrative costs associated with preparing the CPC Annual Financial Report was funded in Metro's adopted FY16 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 Basic Financial Statements (Unaudited) For the Fiscal Year Ended June 30, 2015

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Phillip A. Washington
Chief Executive Officer

Crenshaw Project Corporation

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

Basic Financial Statements (Unaudited)

For the Fiscal Year Ended June 30, 2015

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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As management of the Crenshaw Project Corporation (CPC), we offer readers of our basic financial statements this narrative overview and analysis of the financial activities of CPC for the fiscal year ended June 30, 2015. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities of CPC.

We encourage readers to consider information presented herein in conjunction with the financial statements beginning on page 3. 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 is a component of LACMTA.

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

Financial Highlights

- In September, 2012, the CPC secured a $545,900 TIFIA loan from the USDOT to partially finance LACMTA's Crenshaw/LAX Corridor Project. The TIFIA loan is secured by Measure R Sales Tax revenues allocated to the Project. The CPC has drawdown $37,477 of the TIFIA loan as of June 30, 2015.

- Net position remained $0 as of June 30, 2015. Total assets of $37,477 represent advances to LACMTA and the total liabilities represent loans payable to TIFIA.

- Total expenses of $457 consisted mostly of loan fees and other charges, which were reimbursed by LACMTA.

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) Statement of Revenues, Expenses and Changes in Fund Net Position, 3) Statement of Cash Flows, and 4) the Notes to the Basic Financial Statements.

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). CPC is structured as an Enterprise fund with revenues recognized when earned and measurable. Expenses are recognized when they are incurred. See notes to the basic financial statements for the summary of CPC's significant accounting policies.

The statement of net position presents information on all of CPC's assets and liabilities, with the difference between the two reported as net position. The statement of revenues, expenses, and changes in fund net position presents the results of CPC's operations. The statement of cash flows presents the cash flows generated by CPC to meet its obligations. The notes to the basic 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 Statement of Revenues, Expenses and Changes in Fund Net Position as of and for the year ended June 30, 2015.

Condensed Statement of Net Position	
Non-Current assets	$ 37,477
Total assets	37,477
Non-Current liabilities	37,477
Total liabilities	37,477
Net Position	$ -
Condensed Statement of Revenues, Expenses, and Changes in FundNet Position	
Revenues	$ 457
Expenses	457
Net income	-
Changes in net position	-
Net position – beginning of year	-
Net position – end of year	$ -

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Statement of Net Position (Unaudited)
June 30, 2015
(Amounts expressed in thousands)

ASSETS		
Non-current assets		
Due from LACMTA	$	37,477
Total Assets	$	37,477
LIABILITIES		
Non-current liabilities		
Loans Payable		37,477
Total Liabilities		37,477
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 (Unaudited)
For the Fiscal Year Ended June 30, 2015
(Amounts expressed in thousands)

REVENUES		
Charges for services	$	457
Total revenues		457
EXPENSES		
Professional, technical and other services		455
Other administrative expenses		2
Total expenses		457
NET INCOME (LOSS)		-
CHANGE IN NET POSITION		-
NET POSITION – BEGINNING OF YEAR		-
NET POSITION - END OF YEAR	$	-

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 (Unaudited)
For the Fiscal Year Ended June 30, 2015
(Amounts expressed in thousands)

CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from LACMTA	$	457
Payments to suppliers		(457)
Net cash flows from operating activities	$	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from TIFIA Loan		37,477
Advances to LACMTA for the construction of Crenshaw/LAX Corridor Project		(37,477)
Net cash flows from financing activities		-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		-
CASH AND CASH EQUIVALENTS - END OF YEAR	$	-

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

The Notes to the Basic 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 – Reporting Entity

The Crenshaw Project Corporation (CPC) was formed for the specific purpose of securing a TIFIA loan for the Crenshaw/LAX Corridor Project of LACMTA. The Project covers the design and construction of a new 5.5 mile double-track light rail lines with a minimum of six transit stations and a full service maintenance facility known as "Southwestern Yard". The Project will extend from the EXPO Line at the intersection of Exposition and Crenshaw Boulevards and the 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 Board. Directors may serve on the Board 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.

Note 2 - Summary of Significant Accounting Policies

The CPC's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The CPC's significant accounting policies are described below.

Measurement Focus, Basic of Accounting, and Financial Statement Presentation

The basic financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.

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. CPC uses the proprietary fund type to account for the goods and services provided to LACMTA on a cost reimbursement basis. CPC applied all applicable Government Accounting Standard Board and Financial Accounting Standards Board pronouncements in accounting and reporting for its proprietary operations.

Cash and Cash Equivalents

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

Receivables and Payables

Inter-agencies' receivables/payables are amounts owed to/due from other LACMTA funds for services performed. Payables are the amount due to vendors for goods or services received.

Note 3 – Due from LACMTA

Due from LACMTA consists of cash advances to partially finance the construction of LACMTA's Crenshaw/LAX Corridor project. As of June 30, 2015, the outstanding balance of due from LACMTA totaled $37,477.

Note 4 – Loans Payable

In September, 2012, the CPC secured a loan for $545,900 from USDOT under TIFIA 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 Crenshaw/LAX Corridor Project, bears interest at 2.43% per annum on the outstanding balance with maturity date of June 1, 2034. As of June 30, 2015, the outstanding balance on TIFIA loan was $ 37,477.

The CPC's annual debt service requirement for long term debt is as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ (857)	$ 857	$ -
2017	(936)	936	-
2018	(960)	960	-
2019	(984)	984	-
2020	(1,009)	1,009	-
2021-2025	2,892	5,044	7,936
2026-2030	16,961	4,054	21,015
2031-2034	22,370	1,460	23,830
	$ 37,477	$ 15,304	$ 52,781

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

Note 3 – Subsequent Events

In July, 2015 and August, 2015, additional proceeds in the amount of $82,678 and $143,751, respectively, were drawn from the TIFIA loan to reimburse LACMTA for expenditures incurred on the Crenshaw/LAX Corridor project.