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Agenda - Final

Thursday, December 3, 2020

10:00 AM

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Crenshaw Project Corporation

Eric Garcetti, Chair

Hilda L. Solis, 1st Vice Chair

Ara Najarian, 2nd Vice Chair

Kathryn Barger

Mike Bonin

James Butts

Jacquelyn Dupont-Walker

John Fasana

Robert Garcia

Janice Hahn

Paul Krekorian

Sheila Kuehl

Mark Ridley-Thomas

Tony Tavares, 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 must be submitted electronically using the tablets available in the Board Room lobby. Individuals requesting to speak will be allowed to speak for a total of three (3) minutes per meeting on agenda items in one minute increments per item. For individuals requiring translation service, time allowed will be doubled. The Board shall reserve the right to limit redundant or repetitive comment.

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 one (1) minute during this Public Comment period or at the discretion of the Chair. Speakers will be called according to the order in which their requests are submitted. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the 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 and is available at www.metro.net or on CD's and as MP3's for a nominal charge.

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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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323.466.3876

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

Live Public Comment Instructions:

Live public comment can only be given by telephone.

The Crenshaw Project Corporation Meeting begins at 10:00 AM Pacific Time on December 3, 2020; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-251-2949 and enter
English Access Code: 8231160#
Spanish Access Code: 4544724#

To give public comment on an item, enter #2 (pound two) when that item is taken up by the Board. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.

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Email: jacksonm@metro.net

Post Office Mail:

Board Secretary's Office

One Gateway Plaza

MS: 99-3-1

Los Angeles, CA 90012

CALL TO ORDER**ROLL CALL**

- SUBJECT: MINUTES OF THE CRENSHAW PROJECT CORPORATION BOARD MEETING HELD MAY 28, 2020** [2020-0696](#)

RECOMMENDATION

APPROVE Minutes of the Crenshaw Project Corporation Board Meeting held May 28, 2020.

Attachments: [CPC Minutes - May 28, 2020](#)

- SUBJECT: FISCAL YEAR BUDGET** [2020-0693](#)

RECOMMENDATION

APPROVE the Fiscal Year 2020-2021 (FY21) budget in the amount of \$28,260.00 for the operation and administration of the Crenshaw Project Corporation (CPC).

Attachments: [Attachment A - Proposed Fiscal Year 2020-2021 Budget Summary](#)

-
3. **SUBJECT: CRENSHAW PROJECT CORPORATION ANNUAL FINANCIAL REPORT** [2020-0694](#)

RECOMMENDATION

RECEIVE AND FILE the Crenshaw Project Corporation (CPC) **Annual Financial Report for the fiscal year (FY) ended June 30, 2020** (Attachment A).

Attachments: [Attachment A- Crenshaw Project Corporation Financial Statements for Fiscal Year](#)

4. **SUBJECT: TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA) LOAN ADMINISTRATION ACTIVITIES** [2020-0695](#)

RECOMMENDATION

RECEIVE AND FILE status report on Crenshaw Project Corporation (CPC) Transportation Infrastructure and Innovation Act (TIFIA) Loan administration activities during the calendar year 2020.

Attachments: [Attachment A - CrenshawLAX Project Funding Table](#)

- SUBJECT: GENERAL PUBLIC COMMENT** [2020-0692](#)

RECEIVE General Public Comment

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.



Board Report

File #: 2020-0696, **File Type:** Minutes

Agenda Number: 1.

**CRENSHAW PROJECT CORPORATION BOARD MEETING
DECEMBER 3, 2020**

**SUBJECT: MINUTES OF THE CRENSHAW PROJECT CORPORATION BOARD MEETING
HELD MAY 28, 2020**

RECOMMENDATION

APPROVE Minutes of the Crenshaw Project Corporation Board Meeting held May 28, 2020.



Los Angeles, CA

Virtual Online Meeting

MINUTES

Thursday, May 28, 2020

10:00 AM

Crenshaw Project Corporation

DIRECTORS PRESENT:

**James Butts, Chair
Eric Garcetti, Vice Chair
Hilda Solis, 2nd Vice Chair
Kathryn Barger
Mike Bonin
Jacquelyn Dupont-Walker
John Fasana
Robert Garcia
Janice Hahn
Paul Krekorian
Sheila Kuehl
Ara Najarian
Mark Ridley-Thomas
Gloria Roberts, non-voting member**

Phillip A. Washington, Chief Executive Officer

CALLED TO ORDER: 10:03 A.M.

ROLL CALL

1. **SUBJECT: MINUTES OF THE CRENSHAW PROJECT CORPORATION 2020-0005 BOARD MEETING HELD DECEMBER 5, 2019**

APPROVED Minutes of the Regular Board Meeting held December 5, 2019.

JF	PK	MB	RG	SK	EG	JB	HS	JH	KB	JDW	MRT	AN
Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

2. **SUBJECT: TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA) LOAN 2020-0298**

ADOPTED a Resolution, Attachment A, that authorizes the prepayment of the TIFIA Loan between the Crenshaw Project Corporation and the United States Department of Transportation and the termination of the TIFIA Loan Agreement and related documents (the "TIFIA Loan Documents").

JF	PK	MB	RG	SK	EG	JB	HS	JH	KB	JDW	MRT	AN
Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

ADJOURNED AT: 10:11 A.M.

Prepared by: Mandy Cheung
Administrative Analyst, Board Administration


Michele Jackson, Board Secretary

PK = P. Krekorian	HS = H. Solis	KB = K. Barger	RG = R. Garcia
JF = J. Fasana	JB = J. Butts	JDW = J. Dupont-Walker	
JH = J. Hahn	EG = E. Garcetti	MRT = M. Ridley-Thomas	
MB = M. Bonin	SK = S. Kuehl	AN = A. Najarian	

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

###



Board Report

File #: 2020-0693, **File Type:** Budget

Agenda Number: 2.

Crenshaw Project Corporation



One Gateway Plaza
Los Angeles, CA 90012

**CRENSHAW PROJECT CORPORATION BOARD MEETING
DECEMBER 3, 2020**

SUBJECT: FISCAL YEAR BUDGET

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

APPROVE the Fiscal Year 2020-2021 (FY21) budget in the amount of \$28,260.00 for the operation and administration of the Crenshaw Project Corporation (CPC).

ISSUE

CPC Bylaws, Article 5.2(b), require preparation of an annual budget for administrative support. A summary of the proposed budget is provided as Attachment A.

BACKGROUND

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).

DISCUSSION

As of August 25, 2016, the CPC had drawn the entire \$545.9 million TIFIA loan available to the Crenshaw/LAX project. All loan disbursements were advanced to Metro for the purpose of reimbursing the agency for eligible Crenshaw/LAX Project expenses.

In FY20, the CPC paid \$22,240.00 in expenses for trustee services and loan administration fees as well as other charges. The CPC was reimbursed for these expenditures by Metro.

The Crenshaw/LAX Project TIFIA loan was refinanced with Measure R Junior Subordinate Series 2020-A Refunding Bonds and paid off, in full, on August 27, 2020. The FY21 budget is for expenses incurred up to the termination of the TIFIA loan and continuing financial reporting requirements and legal expenses for CPC.

FINANCIAL IMPACT

The CPC Annual Budget was funded in Metro’s adopted FY21 budget in various cost centers for services related to debt management.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following Metro Strategic Plan Goal(s):

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

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

ATTACHMENTS

Attachment A - Proposed Fiscal Year 2020-2021 Budget Summary

Prepared by:

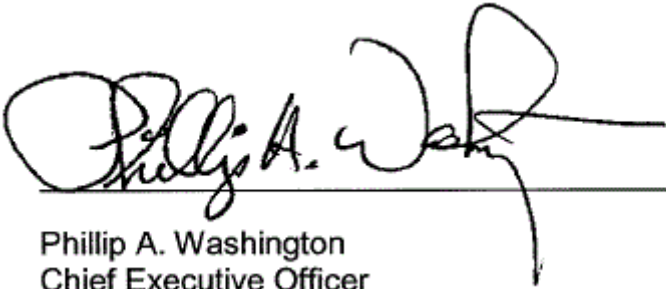
Susan Cariasa-Ginsberg, Manager, Admin. & Financial Services, 213-922-6162

Rodney Johnson, Senior Director, 213-922-3417

Donna Mills, Treasurer, Treasury, 213-922-4047

Reviewed by:

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



Phillip A. Washington
Chief Executive Officer



One Gateway Plaza
Los Angeles, CA 90012

Fiscal Year 2020-2021
Budget Summary
(in dollars)

<u>Expenses</u>		FY20 <u>Actual</u>		FY21 <u>Budget</u>
US DOT Annual Fee	\$	13,500	\$	15,000
Trustee Fees	\$	3,000	\$	1,000
Annual State Admin. Filing Fee	\$	-	\$	500
Financial audit fees *	\$	5,740	\$	5,912
Legal services fees **	\$	-	\$	6,268
Grand Total	\$	22,240	\$	28,680

* Budgeted by MASD

**Budgeted by County Counsel



Board Report

File #: 2020-0694, File Type: Informational Report

Agenda Number: 3.

Crenshaw Project Corporation



One Gateway Plaza
Los Angeles, CA 90012

CRENSHAW PROJECT CORPORATION BOARD MEETING
DECEMBER 03, 2020

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, 2020** (Attachment A).

ISSUE

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.

BACKGROUND

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).

DISCUSSION

In September 2012, the CPC secured a \$545.9 million 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, 2020, USDOT has disbursed the maximum total of \$545.9 million in TIFIA loan funds. All loan disbursements were advanced to Metro for the purpose of

reimbursing the agency for eligible Crenshaw/LAX Project expenses. In addition, during FY20 the CPC paid \$22 thousand 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, 2020 was \$0. Total assets of \$608,186 represent advances to Metro and the total liabilities represent the note payable to USDOT. Attachment A contains the CPC Audited Financial Statements for fiscal year ended June 30, 2020.

FINANCIAL IMPACT

The administrative costs associated with preparing the CPC annual financial report was funded in Metro's adopted FY21 budget in various cost centers.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following Metro Strategic Plan Goal(s):
Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

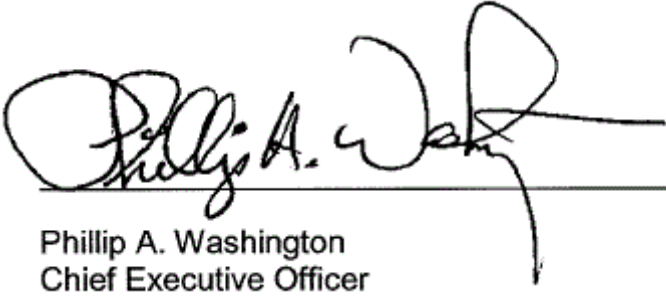
Staff will continue to provide CPC financial reports to the Board on an annual basis as required by the bylaws.

ATTACHMENTS

Attachment A - Crenshaw Project Corporation Financial Statements for the Fiscal Year Ended June 30, 2020

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

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



Phillip A. Washington
Chief Executive Officer



Crenshaw Project Corporation

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

Financial Statements

For the Year Ended June 30, 2020

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Financial Statements
For the Fiscal Year Ended June 30, 2020

Table of Contents

	Page
Independent Auditor's Report	1
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	3
Management's Discussion and Analysis	5
Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

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, 2020, 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 5 to 7 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 2, 2020 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 LLP

Los Angeles, California
October 2, 2020

**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 Crenshaw Project Corporation (CPC) as of and for the year ended June 30, 2020, 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 2, 2020.

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 opinion 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.

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 LLP

Los Angeles, California
October 2, 2020

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, 2020

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, 2020. 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 8. 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 Corridor 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. As of June 30, 2020, CPC has drawn down the full amount of TIFIA loan proceeds.
- Total assets of \$608,186 consist of the \$13,367 cash balance in the TIFIA Debt Service Reserve accounts restricted to meet the debt service reserve requirements of the TIFIA loan funding agreement and the advances to LACMTA of \$594,819. Total liabilities of \$608,186 consist of the principal amount of \$545,900 and the aggregate interest accretion of \$62,286 on the TIFIA loan. Therefore, there is no net position as of June 30, 2020.
- Total operating expenses of \$22 consist mostly of loan fees and other administration charges that were reimbursed by LACMTA, net of investment earnings of \$7.

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 Net Position, 3) the Statement of Cash Flows, and 4) the Notes to the Financial Statements.

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, 2020

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 the 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 reported as net position. The Statement of Revenues, Expenses, and Changes in 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 current maturing 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 Net Position as of and for the year ended June 30, 2020.

	2020	2019
Condensed Statement of Net Position		
Current assets	\$ 13,367	\$ —
Non-current assets	594,819	594,799
Total assets	608,186	594,799
Non-current liabilities	608,186	594,799
Total liabilities	608,186	594,799
Net position	\$ —	\$ —
 Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating revenues	\$ 15	\$ 24
Operating expenses	22	24
Operating income (loss)	(7)	—
Non-operating revenue	7	—
Change in net position	—	—
Net position - beginning of year	—	—
Net position - end of year	\$ —	\$ —

(1) The TIFIA loan was fully refunded on August 27, 2020 from LACMTA's issuance of Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A, Green Bonds (see Note 4, Notes to the Financial Statements on page 13 for additional disclosure).

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, 2020

The increase in current assets of \$13,367 was due to the increase in cash resulting from the receipt of funds from LACMTA for TIFIA's debt service reserve requirement.

The increase in non-current liabilities of \$13,387 was due to the interest accretion on the TIFIA loan in fiscal year 2020.

Crenshaw Project Corporation

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

Statement of Net Position

June 30, 2020

(Amounts expressed in thousands)

Assets	
Current assets	
Cash and cash equivalents - restricted	\$ 13,367
Non-current assets	
Advances to LACMTA	594,819
Total Assets	<u>608,186</u>
Liabilities	
Non-current liabilities	
Notes payable	608,186
Total Liabilities	<u>608,186</u>
Net Position	<u><u>\$ —</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 Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2020

(Amount expressed in thousands)

Operating revenues		
Charges for services	\$	15
Operating expenses		
Professional, technical and other services		22
Operating loss		<u>(7)</u>
Non-operating revenues		
Investment earnings		7
Change in net position		<u>—</u>
Net position - beginning of year		<u>—</u>
Net position - end of year	\$	<u><u>—</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, 2020

(Amounts expressed in thousands)

Cash flows from operating activities

Receipts from LACMTA	\$	15
Payments to vendors		(22)
Net cash used for operating activities		<u>(7)</u>

Cash flows from capital and related financing activities

Receipts from LACMTA for TIFIA's debt service reserve requirement		13,367
Net cash flows from capital and related financing activities		<u>13,367</u>

Cash flows from investing activities

Investment earnings		7
Net cash flows from investing activities		<u>7</u>

Net increase in cash and cash equivalents 13,367

Cash and cash equivalents - beginning of year —

Cash and cash equivalents - end of year \$ 13,367

Non-cash financing activity

Interest accretion on notes payable	\$	13,387
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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, 2020

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 Corridor 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 Light Rail Transit (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 of Directors (CPC Board) consisting of the same members of the Board of Directors of LACMTA (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 blended component unit of LACMTA because it is financially dependent upon LACMTA, and LACMTA's approval is needed for the CPC to expend its budgets or charges and issue long-term debt. Although the CPC is a legally separate entity, it is in-substance part of LACMTA's operations, and therefore 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, 2020, 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 revenues and expenses from non-operating items. Operating revenues include reimbursements from LACMTA for operating expenses. Operating expenses include professional services and administrative expenses. The CPC

Crenshaw Project Corporation

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

Notes to the Financial Statements

June 30, 2020

applies all applicable Government Accounting Standard Board (GASB) pronouncements in 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 an original 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

Interagency 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. There were no accounts payable to vendors outstanding as of June 30, 2020.

Note 2 - Advances to LACMTA

Advances to LACMTA consist of cash advances to partially finance the construction of the Project. As of June 30, 2020, the outstanding balance of advances to LACMTA totaled \$594,819.

Note 3 - Notes Payable

In September, 2012, the CPC secured a direct loan not to exceed \$545,900 from the United States Department of Transportation (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. At June 30, 2020, CPC has fully drawn the \$545,900 principal amount. On each June 1 and December 1, interest accrued in the six month period ending on such date, were added to the outstanding balance of the TIFIA loan. The principal amount is payable in annual installments on June 1 of each year commencing on June 1, 2021, while the interest payments are payable semi-annually on June 1 and December 1 of each year starting December 1, 2020. As of June 30, 2020, the outstanding balance of the TIFIA loan, including \$62,286 in interest accretion, was \$608,186.

In the event of default described under the provisions of the TIFIA Loan Agreement, the TIFIA Lender, by written notice to LACMTA, may declare the unpaid principal amount of the TIFIA loan to be immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the Agreement and other TIFIA Loan Documents. The TIFIA Lender may suspend or debar LACMTA from further participation in any Government program administered by the TIFIA Lender and to notify other departments and agencies of such default.

Crenshaw Project Corporation

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

Notes to the Financial Statements

June 30, 2020

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

Year Ending June 30	Principal	Interest	Total
2021	\$ (59) ⁽¹⁾	\$ 14,759	\$ 14,700
2022	8,620	14,780	23,400
2023	8,829	14,571	23,400
2024	9,024	14,376	23,400
2025	16,582	14,118	30,700
2026-2030	248,036	58,064	306,100
2031-2034	317,154	20,395	337,549
	<u>\$ 608,186</u>	<u>\$ 151,063</u>	<u>\$ 759,249</u>

(1) Amount represents interest accretion on TIFIA loan that is due and payable beginning June 1, 2022. The principal outstanding of \$608,186 includes interest accretion of \$62,286 as of June 30, 2020.

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

Note 4 - Subsequent Event

In August 2020, LACMTA issued an aggregate principal amount of \$1.356 billion of Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A (Green Bonds) to repay and retire its obligations under the TIFIA Loan Agreements, including CPC's TIFIA Loan. A portion of the proceeds, together with other available funds released from funds and accounts related to TIFIA funding agreements, were used to repay, on the date of issuance, CPC's outstanding loan balance of \$611,699, including accrued interest due under the TIFIA Loan Agreements, and pay the proportionate cost of issuance of the Series 2020-A Green Bonds.



Board Report

File #: 2020-0695, File Type: Informational Report

Agenda Number: 4.

Crenshaw Project Corporation



One Gateway Plaza
Los Angeles, CA 90012

CRENSHAW PROJECT CORPORATION BOARD MEETING
DECEMBER 3, 2020

**SUBJECT: TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA)
LOAN ADMINISTRATION ACTIVITIES**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report on Crenshaw Project Corporation (CPC) Transportation Infrastructure and Innovation Act (TIFIA) Loan administration activities during the calendar year 2020.

ISSUE

The Crenshaw Project Corporation was formed in 2012 to act as the TIFIA Loan conduit borrower and the Transportation Investment Generating Economic Recovery (TIGER) II TIFIA Payment grant sub-recipient for the Crenshaw/LAX Transit Corridor Project (Crenshaw/LAX).

This report provides an update to the Board about CPC administrative actions taken pursuant to the loan agreement since the last update at the CPC Meeting held December 5, 2019. As of August 25, 2016, the CPC had drawn all of the \$545.9 million TIFIA Loan available to the Crenshaw/LAX Project. As of August 27, 2020, the TIFIA loan was paid off, in full.

BACKGROUND

The Crenshaw Project Corporation (CPC) reports to the Board annually the loan administrative activities that have taken place during the current calendar year.

DISCUSSION

Subsequent to the CPC Meeting held December 5, 2019 staff has completed the following actions in 2020 to administer the TIFIA Loan:

- Obtained annual credit rating;
- Paid the annual TIFIA Lender Loan Servicing Fee;
- Submitted to TIFIA:
 - Reports and presentations material sent to rating agencies for rating on any indebtedness secured by Proposition A, Proposition C, and Measure R sales taxes and General Revenues;
 - Preliminary Official Statements and Official Statements filed for all LACMTA bond issuances;
 - Unaudited Quarterly Financial Statements of LACMTA and CPC;
 - Audited Annual Financial Statements of CPC;
 - LACMTA Consolidated Annual Financial Report for the period ended June 30, 2019;
 - Monthly Construction Progress Reports;
 - Monthly FTA Project Management Oversight Reports;
 - Quarterly List of Approved Contract Modifications for Design-Build Contractor in addition to uploading all approved contract modifications to a Metro FTP site that TIFIA staff has access to;
 - Budget Change Notification.
- May 28, 2020, the Board adopted a resolution authorizing the prepayment of the TIFIA Loan and termination of the TIFIA Loan Agreement and related documents;
- Successfully refinanced the TIFIA Loan to reduce interest costs. As of August 27, 2020, the TIFIA loan was paid off, in full;
- Submitted a request to amend Revenue Service Date to reflect a recent schedule change. The request was accepted in concept, but then deemed unnecessary when the TIFIA Loan was refinanced.

FINANCIAL IMPACT

Actual expenditures in FY20 for CPC TIFIA Loan activities totaled \$22,240.00 to pay for the United States Department of Transportation annual fee, Trustee Fees, and accounting fees. These activities are included in the FY21 proposed CPC Budget at an estimated cost of \$28,680.00.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following Metro Strategic Plan Goal(s):

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

Staff will continue to take all actions required of the borrower under the Crenshaw/LAX Project TIFIA Loan Agreement and to provide annual updates to the CPC Board. Additionally, staff will return to the Board in the event any action is required for CPC.

ATTACHMENTS

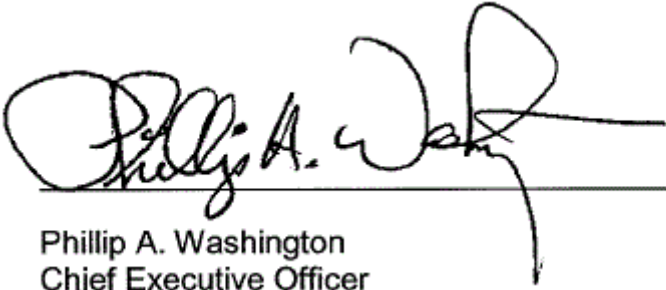
Attachment A - Crenshaw/LAX Project Funding Table

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Phillip A. Washington
Chief Executive Officer



One Gateway Plaza
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CRENSHAW/LAX PROJECT FUNDING TABLE

Project Cost \$	\$2,148,000,000
Cost Type	LOP

Revenue

Funding Source	Type	Amount	Status
Federal Funds			
	CMAQ	\$137,100,000	Committed*
	TIGER II	\$13,903,535	Approved
	Section 5309 Earmark	\$8,563,010	Approved
	RSTP	\$28,213,840	Approved
	Federal - Sec 5339 AA Prog	\$1,200,000	Approved
	STP	\$74,902,371	Approved
Federal Funds Subtotal		\$263,882,756	
State Funds			
	STIP PPM	\$178,569	Approved
	AB3090 Reimbursement	\$34,400,000	Approved
	STIP	\$2,200,000	Approved
	Prop 1B SLPP	\$49,529,000	Approved
	Prop 1B PTMISEA	\$128,949,506	Approved
State Funds Subtotal		\$215,257,075	
Local Funds			
	Proposition A 35%	\$4,850,580	Committed
	Proposition C 25%	\$392,757,836	Committed
	General Fund	\$54,300,000	Committed
	City Contributions	\$101,707,000	Committed
	Measure R TIFIA Loan	\$545,900,000	Approved
	Measure R 35%	\$512,444,753	Committed
	Measure M	\$55,200,000	Committed
	Misc. Revenue	\$1,700,000	Committed
Local Funds Subtotal		\$1,668,860,169	
Total Sources		\$2,148,000,000	

*\$33.1M pending FTA application submittal