

Metro

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



Metro

Agenda - Final

Wednesday, January 20, 2016

1:00 PM

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

Finance, Budget and Audit Committee

Paul Krekorian, Chair

James Butts, Vice Chair

Diane DuBois

Mark Ridley-Thomas

Hilda Solis

Carrie Bowen, non-voting member

Phillip A. Washington, Chief Executive Officer

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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.

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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.

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

CALL TO ORDER

ROLL CALL

9. APPROVE Consent Calendar Items: 10 and 11.

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

CONSENT CALENDAR

10. RECEIVE AND FILE status report on **ridership trends and efforts taken as part of the Immediate Action Plan** to increase ridership and improve customer service. Attachment A provides a status report on these actions. [2015-1713](#)

Attachments: [Attachment A - FY16Q2 Update on Ridership and Customer Service Initiatives](#)
[Attachment B - Ridership Initiatives - Immediate Action Plan](#)
[Attachment C - Ridership Initiatives - Other Ridership Increase Strategies](#)

11. RECEIVE AND FILE the **first quarter report of Management Audit Services** (Management Audit) for the period ending September 30, 2015. [2015-1724](#)

Attachments: [Attachment A - MAS FY16 Q1 Attachment](#)

NON-CONSENT

12. CONSIDER: [2015-1231](#)

- A. ADOPTING the **Investment Policy**, Attachment B, including the addition of 2 new Investment options outlined in Attachment A;
- B. APPROVING the **Financial Institutions Resolution** authorizing financial institutions to honor signatures of LACMTA Officials, Attachment C; and
- C. DELEGATING to the Treasurer or his/her designees, the **authority to invest funds for a one year period**, pursuant to California Government Code Section 53607.

Attachments: [Attachment A LACMTA FOR FYE 2016.pdf](#)
[Attachment B 2016 LACMTA Investment Policy Final with markup.pdf](#)
[Attachment C Banking Resolution 01'16.pdf](#)

13. ADOPT a resolution, Attachment A, that: [2015-1306](#)
- A. AUTHORIZES the issuance of bonds by competitive sale to refund the **Prop A Series 2008-A1, Series 2008-A2, Series 2008-A3 and Series 2008-A4 Bonds** ("the 2008-A Bonds") in one or more transactions through August 31, 2016, consistent with the Debt Policy;
 - B. APPROVES the **forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Bonds, and Preliminary Official Statement**, all subject to modification as set forth in the resolution; and
 - C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the bonds.

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE.)

Attachments: [Attachment A - Authorizing Resolution](#)

14. RECEIVE AND FILE status report on the **implementation of Metro's Pilot Business Interruption Fund (BIF) for small "mom and pop" businesses** directly impacted by Metro construction activity within the Little Tokyo area of the Regional Connector transit rail project. [2015-1795](#)

Attachments: [Attachment A – Motion 57](#)
[Attachment B - Little Tokyo Boundry Map](#)
[Attachment C - Little Tokyo Parcel Map](#)
[Attachment D - BIF Outreach Matrix](#)

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 #: 2015-1713, File Type: Informational Report

Agenda Number: 10.

FINANCE, BUDGET AND AUDIT COMMITTEE JANUARY 20, 2016

SUBJECT: RIDERSHIP AND CUSTOMER SERVICE INITIATIVES - FY16Q2 STATUS REPORT

ACTION: RECEIVE AND FILE STATUS REPORT ON RIDERSHIP TRENDS AND INITIATIVES TO INCREASE RIDERSHIP AS OF FY16Q2

RECOMMENDATION

RECEIVE AND FILE status report on **ridership trends and efforts taken as part of the Immediate Action Plan** to increase ridership and improve customer service. Attachment A provides a status report on these actions.

ISSUE

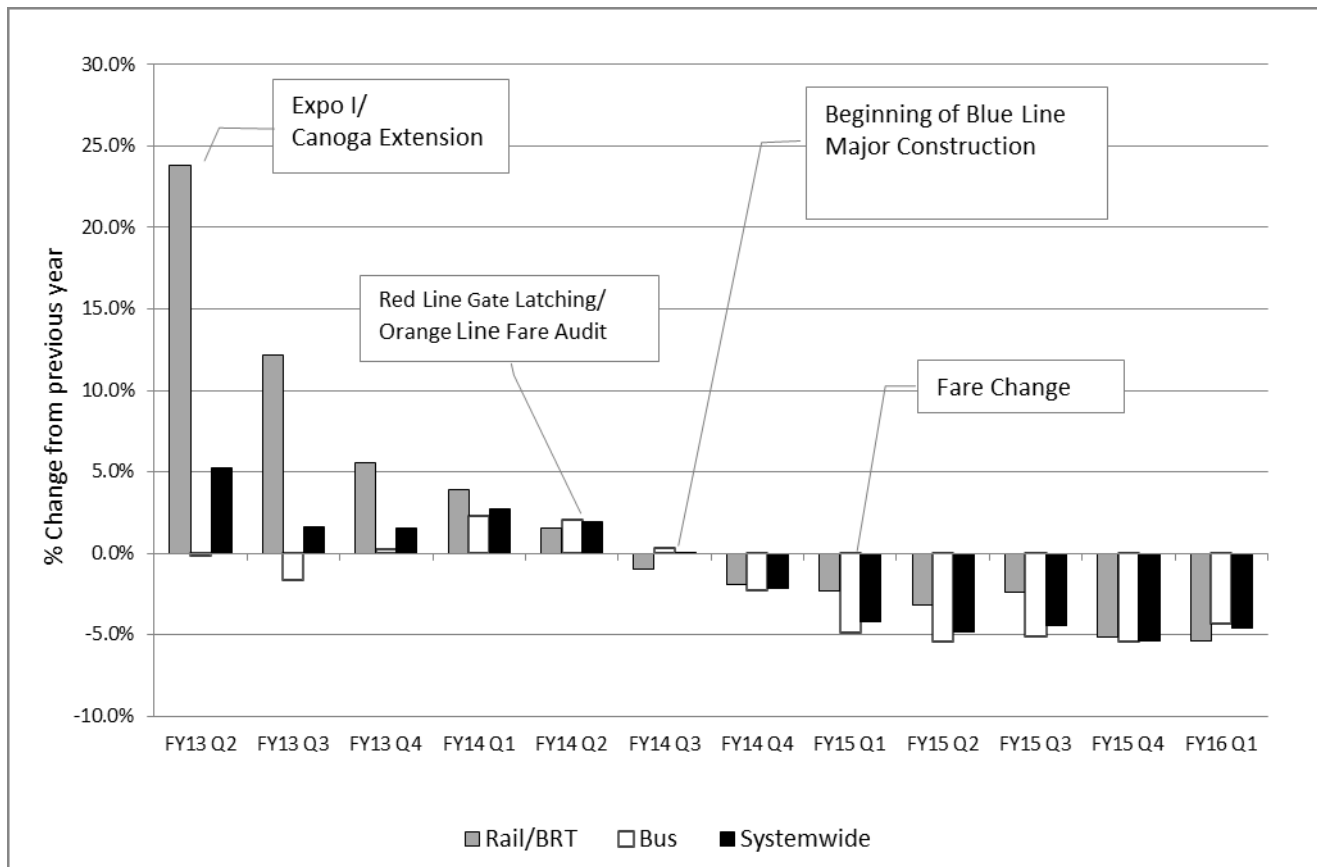
Prior to April 2014, systemwide ridership continued to increase with a peak in FY13Q2 of 1.49 million boardings per weekday. Since April 2014, ridership has steadily declined compared to the same period of the previous year. This decrease continued at an average rate of 4% per quarter year-over-year, accounting for a cumulative decline of 9% since April 2014. In June 2015, Board Motion No. 50 directed staff to implement an Immediate Action Plan to increase ridership and improve customer service, and evaluate other longer term strategies referenced in Attachment B. This report provides a status update on ridership and customer service initiatives as of December 2015.

DISCUSSION

Ridership Trends and Analysis

As shown in Figure 1, Metro ridership continues to decline on a year-over-year basis since April, 2014 (FY14Q4). Through the first quarter of FY16, systemwide ridership has decreased on average by 4.3% each quarter. Bus ridership and Rail/BRT ridership have declined on average by 4.6% and 3.4% respectively each quarter compared to the same quarter of the previous year.

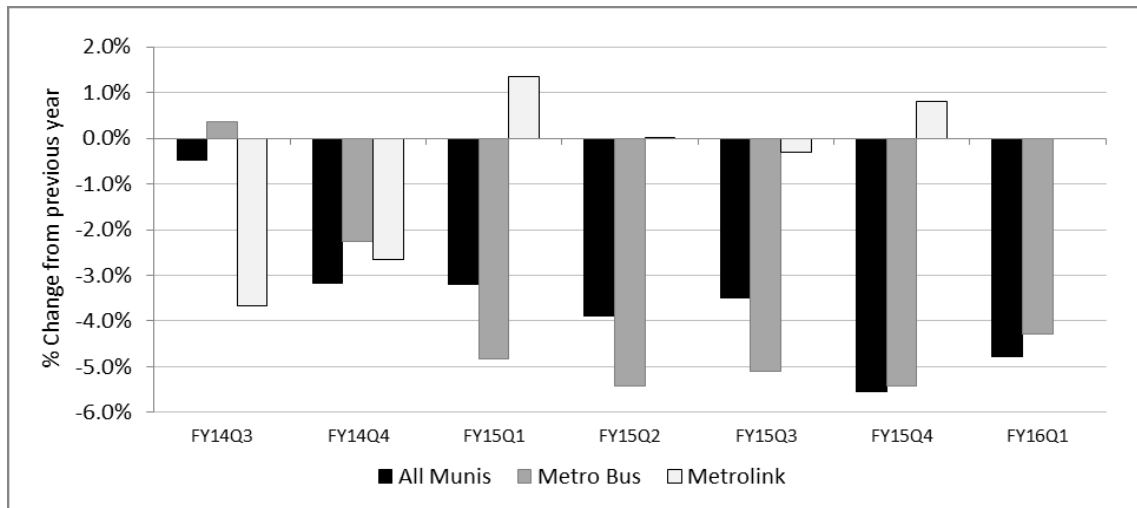
Figure 1
Percent Change in Quarterly Boardings Year-Over-Year
(FY13Q2-FY16Q1)



Regional Ridership Trends

In aggregate, LA County municipal operator ridership has also declined from FY14Q3 to FY16Q1 compared year over year (see Figure 2). Ridership declines have been as great as -16% year-over-year for some operators, while others have experienced an overall increase in ridership. Metrolink has seen an increase since FY15Q4, reversing their downward trend.

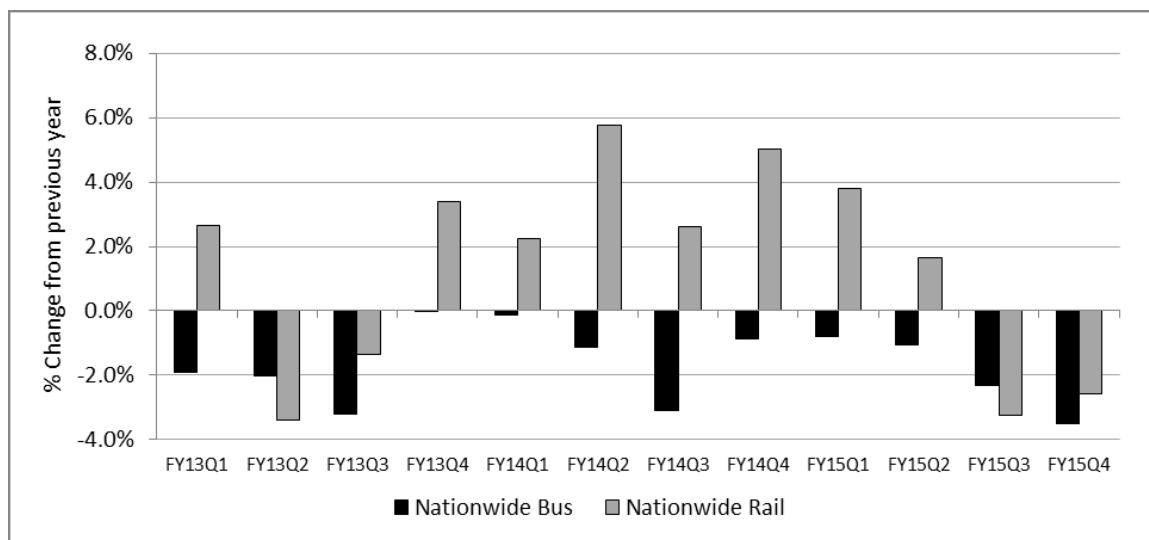
Figure 2
 Percent Change in Boardings - LA County Operators
 (FY14Q3-FY16Q1)



National Ridership Trends

Nationally, bus ridership continues to decline year-over-year. However, unlike Metro where the rate of decline has held steady, the national decrease appears to be growing since FY15Q2 as several of the top 10 bus operators are experiencing an increasing rate of decline. Prior to FY15Q3, national light and heavy rail ridership was increasing year-over-year. However, since then, rail ridership has begun to decrease largely due to heavy rail ridership declines.

Figure 3
Percent Change in Boardings - National Trends
(FY13Q1-FY15Q4)



Factors that Influence Ridership

Analyzing ridership trends is ongoing in an effort to gain insight into the various factors that impact ridership, and Metro’s opportunities to attract new riders. The following are lessons learned to date:

Analysis	Findings
External Factors • employment • school enrollment • gas prices • car ownership	<ul style="list-style-type: none"> • Employment appears to be the most significant external factor influencing ridership, particularly on the rail/BRT network. • Gas prices do not show a strong relationship to bus nor rail service as nearly 70% of riders do not have a car available for their trip. • There is a strong relationship between vehicle registration and Rail/BRT ridership, indicating that both car sales and Rail/BRT usage increases and decreases in parallel with the economy.
Internal Factors • service reductions • fare enforcement • service disruptions • comfort	<ul style="list-style-type: none"> • 10% of bus service was reduced in FY2010-11, however, there was no significant impact to ridership. • Fare checks and gate latching appear to have a direct impact on Orange and Red Lines. • Service disruptions due to system maintenance appear to be impacting ridership, particularly on the Blue Line. • Several past customers commented on using the system less, or leaving the system entirely due to people not feeling comfortable on the buses and trains (e.g. harassment, loud music, vendors, rider discourtesy).
Ridership by Time of Day and Day of Week	<ul style="list-style-type: none"> • Midday experienced the greatest decline in ridership. • While overall rail ridership continues to decline, there appeared to be a slight increase in weekend boardings, perhaps signifying an opportunity to attract more discretionary riders and trips.
Ridership by Bus Service Type	<ul style="list-style-type: none"> • The Silver Line and other I-110 express bus services have seen an overall increase in ridership during all time periods, perhaps as redirected ridership from the Blue Line.
Ridership by Rail Line	<ul style="list-style-type: none"> • The Gold Line is the only rail line that continues to increase ridership. • All other rail lines show a decrease, with Blue and Green Lines declining most significantly. The significant decline is likely due to the track and station maintenance on these two lines. • Expo ridership showed a continued increase until May 2015 when it began to decline.
Other Transportation Options • Biking • Transportation Network Companies • Shared Mobility • AB 60	<ul style="list-style-type: none"> • There has been a significant amount of anecdotal evidence that other transportation options, including biking, shared mobility, and the ability for those without legal proof of residency to obtain a driver’s license. However, these impacts on Metro ridership are difficult to quantify due to lack of data to date. Staff will continue analysis of these factors as data is made available.

Ridership Increase Strategy

To reverse the decline in ridership, it is important to understand the customer, their travel patterns, and what travel attributes are important to them (e.g. cost, speed, reliability, cleanliness, safety, etc.). This understanding should drive the development of products, services, and amenities that can attract and retain riders. Finally, efforts must be made to operate services as planned. If services are disrupted or systems are down, procedures and information must be in place to minimize confusion and frustration to riders. A comprehensive and targeted public information, marketing, and promotions program should be in place to support these efforts.

In June 2015, staff presented the Immediate Action Plan as well as other longer term strategies to increase ridership and improve customer service. The priorities of the Immediate Action Plan reflect the trends and opportunities identified from analyzing the factors that influence ridership, as presented in the following table.

Trends and Opportunities	Immediate Action
Employment appears to be the most significant external factor influencing ridership, particularly on the rail/BRT network.	<ul style="list-style-type: none"> • 24 major employment centers have been identified in the region. Census journey to work information was compared to existing ridership to begin evaluating transit demand. The next level of analysis would include identifying potential pockets of new riders and gaps in service which will provide input into the Comprehensive Operations Analysis.
Service disruptions due to system maintenance appear to be impacting ridership, particularly on the Blue Line.	<ul style="list-style-type: none"> • To improve customer service during service disruption, TAP “Blue Shirt” ambassadors have been added to the formal Bus Bridge procedures. This enhancement is timely given increases in rail service disruptions due to planned construction and unplanned breakdowns.
Several past customers commented on using the system less, or leaving the system entirely due to people not feeling comfortable on the buses and trains (e.g. harassment, loud music, vendors, rider discourtesy).	<ul style="list-style-type: none"> • Several safety and security related technology improvements have and are currently being implemented, including installation of security kiosks at nine locations. In addition, there has been a greater emphasis on riding trains, buses and patrolling Metro’s above and underground train stations. Staff members are also engaging Metro’s regional law enforcement partners to bolster security system-wide.

<p>While overall rail ridership continues to decline, there appeared to be a slight increase in weekend boardings, perhaps signifying an opportunity to attract more discretionary riders and trips.</p>	<ul style="list-style-type: none"> • Staff have begun efforts to tap into the rich meta data from social media accounts of Metro customers, and to link that information with TAP activity, Metro web site visits and app usage. Linking this information will allow staff to develop rider profiles that can advise service design and development of targeted and relevant outreach and promotions. • In addition, Communications has entered into promotional agreements with the LA Kings and LA Clippers as well as promoting transit to the FYF music festival in August.
<p>The Silver Line and other I-110 express bus services have seen an overall increase in ridership during all time periods.</p>	<ul style="list-style-type: none"> • Silver Line service was extended to San Pedro on December 13, 2015. • A North Hollywood to Pasadena express service is anticipated to begin service in tandem with the Gold Line Foothill Extension to Azusa. • In addition, the Transit Service Policy was revised in October 2015 adjusting the load standard, proposing enhancements to the frequent bus network, and including guidance on realigning services between Metro and municipal operators. As a result, frequency on Line 704 (Santa Monica Blvd) has been improved from 20 minutes to 15 minute service.
<p>There has been a significant amount of anecdotal evidence that other transportation options, including biking, shared mobility, and the ability for those without legal proof of residency to obtain a driver's license.</p>	<ul style="list-style-type: none"> • A Transportation Network Company MOU has been outlined, identifying terms for developing first/last mile and late night venue pilot programs, mobility and equity for low income and special needs customers, and data sharing on customer usage and travel demand.
<p>The ridership decline appears to be a regional and national trend, and not isolated to Metro.</p>	<ul style="list-style-type: none"> • Metro is facilitating a working group with all TAP operators to further analyze ridership trends as a region and share information on the actions each agency is taking to reverse this negative trend.

Detailed statuses of all efforts underway are provided in Attachment A. While individual initiatives requiring approval will be brought to the Board under separate cover by the designated project manager, OMB will continue to coordinate efforts of all departments, analyze ridership trends, and establish performance metrics to evaluate results from implementing initiatives identified in the Immediate Action Plan.

FINANCIAL IMPACT

Initiatives identified in Attachment B, "Ridership Initiatives: Immediate Action Plan", can be implemented within budgeted resources for FY16. Additional efforts identified in Attachment C may require additional resources and will be presented to the Board under separate cover for approval prior to adoption.

ALTERNATIVES CONSIDERED

If no action is taken on ways to increase ridership, the recent downward trend in boardings could continue, negatively impacting fare revenues and the future growth of the transit system.

NEXT STEPS

Staff will return to the Board on a quarterly basis with a status update on ridership trends and the Immediate Action Plan and other ridership and customer service initiatives.

ATTACHMENTS

Attachment A - FY16Q2 Update on Ridership and Customer Service Initiatives

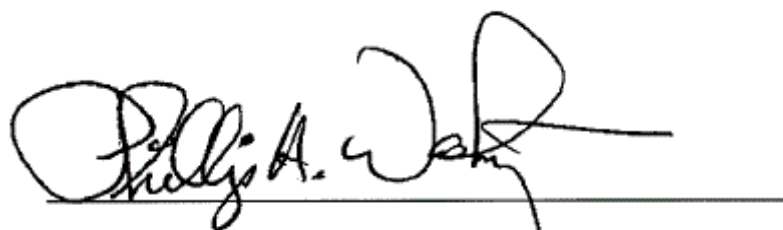
Attachment B - Ridership Initiatives - Immediate Action Plan

Attachment C - Ridership Initiatives - Other Ridership Increase Strategies

Prepared by: Conan Cheung, EO, Finance, (213) 922-6949

Pari Ahmadi, Transportation Planning Manager IV, (213) 922-2864

Reviewed by: Nalini Ahuja, CFO, Executive Director, Finance and Budget, (213) 922-3088

A handwritten signature in black ink, appearing to read "Phillip A. Washington", written over a horizontal line.

Phillip A. Washington
Chief Executive Officer

ATTACHMENT A
**FY16Q2 STATUS UPDATE ON RIDERSHIP AND CUSTOMER SERVICE
INITIATIVES**

MARKET RESEARCH

Work during FY16Q1 focused on traditional broader based market research efforts to identify opportunities for ridership within the region's 24 major employment centers as identified by high densities of employment, regional destinations, and activities. Once the centers were identified, Census journey to work information was compared to existing ridership to begin evaluating transit demand. The next level of analysis would include identifying potential pockets of new riders and gaps in service. This information would be one input in developing service adjustments through the Comprehensive Operations Analysis (COA) to be implemented starting December 2016.

Operations also completed an initial Owl Network analysis, evaluating the productivity of each segment of the lines within the network. They also identified the locations of 24 hour services and their proximity to the Owl Network. An initial plan for improving Owl service has been developed, which includes modifying service levels on some lines and restructuring the service in the San Fernando Valley. Input from this effort is also included in the COA planning study. On board surveys and surveys of 24 hour businesses, originally proposed, are subject to available funding.

Targeted Media Research and Development of Rider Profiles

A more comprehensive understanding of rider and non-rider demographics, their opinions, travel patterns, interests, likes and dislikes will help to refine services to better meet their needs, develop targeted marketing campaigns for specific market segments, and invest in system enhancements that are important to riders.

While traditional market research efforts are well underway through on board surveys and analysis of population, employment and other Census data, staff have begun efforts to tap into the rich meta data from social media accounts of Metro customers, and to link that information with TAP activity, Metro web site visits and app usage. Communications has added a Facebook tracking pixel to the Metro web site and mobile app, which allows staff to begin creating custom audience segments of likely riders and use Facebook's audience insight tool to capture demographic, psychographic and behavioral data. Linking travel history from TAP activities with behavioral and attitudinal information from Metro's web side, apps and social media, will allow staff to identify rider and potential rider profiles that can be used to develop rider data dashboards to better understand the unique characteristics of individual lines and areas, customized surveys based on those characteristics, as well as develop more targeted and relevant outreach and promotions. Developing the data dashboards and customized surveys is anticipated for Spring/Summer 2016.

In addition, emails of registered TAP users have been compiled and a customized

survey will be developed and administered to better understand these users, particularly past users who no longer rely on Metro services. Information collected on these as well as current users will help staff to what is working and what is not, areas of concern that drive riders away from Metro services, and important aspects of the transit system to focus improvement.

Staff is also collecting data on Millennials who live and work near transit-accessible locations. This information will be used to develop outreach specifically tailored to this audience.

SERVICE DESIGN

Strategic Bus Network Plan/Frequent Bus Network

Service Development staff completed the update to the adopted Transit Service Policy documents and is proceeding with the development of a line by line analysis of each route in the system. Workshops are planned for each of the service councils in January 2016 to develop a program of service changes that would likely be implemented over the next 2-3 years assuming that the bus system RSH budget remains relatively constant over the same period.

The goal of these workshops is to implement the 15-minute peak service network based on the draft Strategic Bus Network Plan recommendations from the Peer Review Committees for gap closures to the peak 15-minute service plan.

Bus service changes on the Silver Line were inaugurated Sunday December 13, 2015 and were the subject of a Public Hearing in September 2015. This line combines the Line 450 express from San Pedro with the Silver Line to provide additional service in the I-110 corridor. Individuals can now board the bus in San Pedro and ride through to El Monte.

In March 2016, complementing the opening of the Foothill Rail Extension to Azusa, a new contracted service connecting the red and orange lines with the Foothill extension will commence service. For the first time, customers will be able to travel from the San Fernando Valley to the San Gabriel Valley without having to go downtown first to make connections.

A public hearing will be held in February 2016 for service changes to be implemented in June 2016 that will provide further service improvement opportunities including, but not limited to:

- Combination of Lines 156 and 237 in the San Fernando Valley providing a one seat ride from Hollywood, the red and Orange Lines, Van Nuys, and the Van Nuys Airport;
- Planned extensions of routes 234, 734, and 788 to connect with the EXPO line to Santa Monica;

- Provision of an increase in service on Rapid Line 704 (Santa Monica Boulevard) improving midday service;
- Provision of additional stops on Line 577 from the San Gabriel Valley to the Long Beach VA Medical Center; and
- Maintenance of service on Robertson Boulevard.

In addition, the Transit Service Policy was revised in October 2015 adjusting the load standard, proposing enhancements to the frequent bus network, and including guidance on realigning services between Metro and municipal operators. As a result, frequency on Line 704 (Santa Monica Blvd) has been improved from 20 minutes to 15 minute service, and load factor changes and bus stop consolidations have been incorporated into the schedule changes for December 2015. These scheduling policy directives were recommended by the APTA peer review committee.

Lastly, staff will be proposing changes to reinvigorate the rapid services and make revisions to the OWL service network which has not been reviewed for the last 15 years.

SERVICE MANAGEMENT

Improve Bus Bridge Operations

The rail network is designed to serve customer travel needs along key corridors with consistent, frequent, and simple to use service. Unfortunately, the rail system cannot operate perfectly all the time due to planned maintenance and enhancement work, and unplanned accidents or other incidents that disrupt service between stations. During these interruptions, it is critical to continue providing consistent, frequent, and simple to use service to our customers through well planned bus bridges and alternative services,

Bus bridges are a service mitigation tool employed to minimize the effects of rail service interruptions. To help reduce the amount of confusion and frustration by customers during a service disruption, the support of TAP “Blue Shirt” ambassadors have been added to the formal Bus Bridge procedures to allow Vehicle Operations Supervisors to focus on the logistics of the bus bridge, while the Blue Shirts, who have been well received by customers as friendly and knowledgeable ambassadors of the TAP program, provide customer support during bus bridges by “hand holding” passengers through the bus bridge operations. This enhancement is particularly timely and important in helping to retain customers as planned rail service interruptions will increase throughout the construction of the Regional Connector.

TRANSIT PRIORITIES

Identification of Bus Service Bottlenecks

Most of Metro's bus service operates in mixed flow conditions, sharing the road with other vehicles such as cars, trucks, and bikes. As a result, bus service becomes slow and unreliable when moving through congestion bottlenecks, degrading service quality and decreasing ridership.

As reported in the last update on ridership initiatives, Operations' Service Planning and Scheduling Staff have identified a list of congestion hotspots as well as lines impacted. Since then, 10 hot spots were identified as the first priority to work with the City of Los Angeles to address. Metro and City staff are currently refining solutions and identifying funding options.

Countywide Planning has initiated detailed technical studies to improve transit operations along two critical corridors identified through the LA County Bus Rapid Transit Study completed in December 2013. Consultant task orders were awarded in July 2015 to analyze the Vermont and North Hollywood to Pasadena corridors and develop BRT operating plans, alignments and potential stations for each, with the objectives of improving travel times, service reliability, passenger comfort and convenience and traffic flows. The majority of technical work is anticipated to be completed within 12 months, and three meetings of the Technical Advisory Committee for each project have been convened.

All Door Boarding and Off Board Fare Payment

All Door Boarding (ADB) was piloted during the summer of 2015 on Line 720. The objectives of the pilot were to study the benefits of ADB on stop dwell time and variability, customer and employee perception, and potential impacts to fare evasion. OMB staff is currently working with TAP, Operations, Safety and Security and Countywide Planning to identify how ADB will impact these departments, both positively and negatively, including changes to current procedures, consistency with other programs, required level of support by departments, and financial impact. Evaluation results as well as recommendations for path forward are expected to be presented to the Board for consideration in February 2016.

SAFETY/SECURITY

Security Technology Improvements

Several safety and security related technology improvements have and are currently being implemented, including installation of security kiosks at nine locations to help Sheriff's deputies and other security personnel access enforcement tools, such as closed circuit television (CCTV) displays, landline telephones, two-way radios and computer workstations. The kiosks will be installed at the Willow, Crenshaw, Aviation, La Cienega, North Hollywood, Expo Power Sub Station, Wilshire/Western, 7th/Flower and Hollywood/Highland. In addition, there has been a greater emphasis on riding trains, buses and patrolling Metro's above and underground train stations. Staff members are also engaging Metro's regional law enforcement partners to bolster security system-wide.

CUSTOMER AMMENITIES

Improvements to Real-Time Arrival Countdown Clocks

Since the last update of ridership initiatives, several improvements have been made to the real-time arrival information, as follows:

- Through ongoing partnership with Google, Metro real-time arrival information is now integrated within the Google Maps transit trip planning feature. Google Maps users now will see the scheduled as well as real time arrival information of their selected bus or rail line. After quality checking the real-time data feeds, Metro was able to share the information with Google Maps to launch the new feature in early December 2015.
- With the reprogramming of Homeland Security Grant funding, procurement of the newly ordered Transit Passenger Information System (TPIS) monitors is in process, and are anticipated to be delivered by December 31, 2015. Once delivered, installation will begin on the Red, Blue and Green Lines. Some monitors that were already in stock have been installed at the Rosa Parks/Willowbrook Station.
- Rail Communications is currently assigning a dedicated inspector to verify the operation of the TPIS and providing a daily status report to all parties concerned. They are also labeling the TPIS equipment for easier reporting of failed monitors by Metro customers.
- The prediction software is being monitored daily to ensure accuracy. When accuracy of the information is compromised due to incidents on rail, the TPIS prediction connection will be temporarily disconnected and replaced with a delay message to eliminate confusion to customers.

Cellular Service on the Red/Purple Line

Staff are continuing to work on providing continuous wireless phone coverage and Internet access to customers on the Red/Purple Line from above ground, down onto the subway station platforms and finally onto the subway trains when travelling within the underground tunnels. InSite Wireless Group has completed construction work for Phase One* portions (Union Station to 7th / Metro Station) of the Red and Purple Line stations and tunnels. The Distributed Antenna System (DAS), required for maintaining signal strength within the tunnels, has also been completed.

On December 1, 2015, InSite Wireless Group and Verizon Wireless executed a Communications Master Sub-License Agreement which will allow Verizon customers to access cellular voice and data services by the end of the 1st quarter of 2016. At that time, construction work for Phase Two (7th / Flower to Vermont / Sunset and to Wilshire / Western) will also begin. Negotiations with Sprint, AT&T and T-Mobile are ongoing.

**Phase One stations include Union Station, Civic Center, Pershing Square and 7th Metro.*

FARE STRUCTURE

Institutional Transit Access Pass (ITAP) Restructuring

In November 2015, staff presented an evaluation of the current ITAP program in response to Board Motion 49.1 – Community College Student Transit Pass Pilot Program. The report recommended that the ITAP program be restructured based on the already discounted college/vocational pass pricing. With increased marketing and outreach campaigns, additional subsidies from colleges and universities, installing TAP Customer Point of Sales (CPOS) devices on site for convenient card distribution and loading of value, a revamped ITAP program can result in a sustainable program that increases ridership and benefits colleges and universities by relieving pressure on traffic congestion and parking. Next steps and timeline are currently being finalized with the goal of implementing the revamped ITAP program in the Fall of 2016.

Marketing/Outreach/Promotions

Encourage Discretionary/Late Night/Recreational Ridership

Since the last update of ridership initiatives, Communications has continued to work on several fronts to encourage discretionary transit trips, as follows:

- Building on annual efforts to promote the Dodger Stadium Express, which offers round trip service to Dodger Stadium for ticketholders, Communications launched a social media advertising campaign to promote the service as the Dodgers entered the playoffs. With a total budget of \$3,892.05, these ads drove more than 10,500 clicks to the Dodger Stadium Express webpage on *metro.net* and garnered 789,133 impressions. The campaign also featured a video of the Dodger Stadium Express bus running in the dedicated lanes on Sunset Boulevard, which racked up 43,951 views. Ridership on the Dodger Stadium Express for the two playoff games at Dodger Stadium increased 34% from last year.
- Metro has also entered into promotional agreements with the LA Kings hockey team and LA Clippers basketball team to encourage fans to take Metro to these sporting events. These paid partnerships include radio advertising, in-arena signage, in-game features/promotions, as well as inclusion in the teams' web and social media content. Supporting these agreements, Communications will also develop a long-term discretionary ridership campaign further targeting Kings and Clippers fans with social media advertising. These ads will reinforce messaging about the ease and convenience of the teams' transit-accessible venue, aiming to increase ridership to home games. These are expected to rollout in the later part of the current season.

- For the annual FYF music festival in August, Communications worked closely with Operations to promote ridership to the event at the LA Sports Arena at USC. This promotion included social media posts with a map showing Metro access to the event and a video highlighting several concertgoers plans to ride Metro to the event. Temporary signage and support staff on the ground at the event also supported ridership to the event. Metro and concert organizers estimate that 27 percent of the 35,000 daily attendees accessed the two-day event via the Metro Expo Line.
- Building excitement for the Metro Gold Line Foothill Extension opening next spring, Communications ran a short social media promotion on the announcement of the opening date. Paid social media posts with a total budget of \$3,402.84 generated about 16,000 clicks to the news post on The Source; through sharing of these promoted posts and media coverage of the announcement, The Source experienced a record 42,400 page views on a single story in one day.
- Communications recently released two ridership-focused promotional videos. Featuring local musicians and original multi-cultural songs, each of the videos outlined instructions for riding the bus and train and directed viewers to download the Go Metro mobile app. The videos were released on Facebook in November and December and have been viewed 118,269 times and shared 1,322 times so far, without any paid promotion. Metro Communications will add paid advertising to these videos to further extend their reach in coming weeks.

Partnerships

Collaboration with Transportation Network Companies

Metro staff continues to investigate opportunities to partner with Transportation Network Companies (TNC). A Memorandum of Understanding (MOU) has been outlined identifying terms of agreement for coordinating with TNCs and is currently being reviewed by one TNC. This MOU includes identifying pilot programs for first/last mile, late night venues, mobility and equity for low income and special needs customers, and data sharing on customer usage and travel demand. Agreement on terms is expected by January 2016.

In addition, Metro's Guaranteed Ride Home program (GRH) has expanded to incorporate carsharing and TNCs. Finally, staff is investigating options for integrating TNCs with TAP and the Metro Trip Planner.

Regional Ridership Review

The majority of municipal bus operators in the region continue to experience ridership decline similar to Metro. As a result, Metro is facilitating a working group consisting of

all operators within the TAP program to further analyze ridership trends as a region and share information on the actions each agency is taking to reverse this negative trend. Additional information will be provided in future status updates.

**ATTACHMENT B
RIDERSHIP INITIATIVES - IMMEDIATE ACTION PLAN**

Bold: Status Update in Attachment A

Updated: December 2015

Action Item	Goals				
	Attract New Markets	Customer Focused Service	Remove Barriers to Transit Use	Get the Word Out	Partnerships
Market Research					
Conduct a survey of Non-riders to determine travel patterns and transportation attributes that are critical to their mode choice	X	X			
Analyze travel patterns of major employment centers, including origins and time of travel	X	X			
Analyze potential tourist ridership opportunities by working with the tourism and convention bureau, major attractions, and hotels	X				
Use social media to better understand the young discretionary rider market and transportation attributes important to them	X				
Prior to implementation of new rail and BRT services, identify potential markets around new stations to assist in marketing/ promotion, first/last mile planning, and bus feeder planning	X			X	
Analyze Owl network ridership and their travel needs		X			
Analyze Senior ridership and their travel needs		X			
Other market research efforts as needed to support other ridership initiatives	X	X			
Service Design					
Analyze successful services and identify best practices to be implemented as applicable throughout the system		X			
Begin implementation of a 15 minute network based on the Strategic Bus Network Plan currently being developed	X	X			
Develop list of experimental services to address gaps in service identified through market research efforts, including new employment shuttles and point to point commuter express services	X	X			

RIDERSHIP INITIATIVES - IMMEDIATE ACTION PLAN

Bold: Status Update in Attachment A

Updated: December 2015

Action Item	Goals				
	Attract New Markets	Customer Focused Service	Remove Barriers to Transit Use	Get the Word Out	Partnerships
Evaluate Metro Rapid services and develop recommendations to optimize service		X			
Coordination between Operations and Communications units to minimize impacts on ridership due to system maintenance		X		X	
Develop a bus service integration plan that takes advantage of Expo Phase 2 and Gold Line Foothill Phase 2A rail lines	X	X			
Review and make recommended changes to the Owl service network based on market research		X			
Service Management					
Update Standard Operating Procedures (SOP) for Vehicle Operations and Bus Operations Control supervisors to ensure consistency and effectiveness in service management		X			
Partner with Rail to develop training module for bus bridge management		X			
Headway based operations on high frequency lines (pilot on Silver Line, Orange Line, Wilshire BRT)		X			
Transit Priorities/Technology					
Pilot All-Door Boarding/Off-Board Fare Payment on Rapid and Silver Lines		X			
Study BRT options for Vermont and North Hollywood to Pasadena service		X			
Establish a list of bus service bottlenecks that would benefit from strategically-placed bus-only facilities		X			
Safety/Security					
Increase law enforcement and Metro security presence throughout the system, including a new Community Policing Plan and a new Policing contract			X		
Increase public awareness of Customer Code of Conduct and additional public messaging on safety/security			X	X	

RIDERSHIP INITIATIVES - IMMEDIATE ACTION PLAN

Bold: Status Update in Attachment A

Updated: December 2015

Action Item	Goals				
	Attract New Markets	Customer Focused Service	Remove Barriers to Transit Use	Get the Word Out	Partnerships
Implement system safety and security technology including Transit Watch and security kiosks		X			
Customer Amenities					
Implement Wifi on buses and trains for customer amenitized, security data feed, and faster TAP autoloads		X			
Improve the accuracy and reliability and expand placement of real-time arrival countdown clocks at rail stations and high-volume bus stops		X		X	
Investigate onboard train amenities such as strap hangers, bike racks/holders, seating configuration options, static vs digital location indicators/maps		X			
Implement a strategic parking management plan that optimizes use for transit riders		X			
Improve customer content and sound quality on Transit Passenger Information Systems (TPIS) and Public Address (PA) Announcements		X		X	
Fare Subsidies					
Explore the option of developing an Off-Peak Downtown LA Rail Pass that offers excess off-peak capacity at a reduced rate	X		X		
Outreach to employers, large education institutions and government agencies to increase sales of Annual Transit Access Pass (ATAP), Business Transit Access Pass (BTAP), and Institutional Transit Access Pass (ITAP)	X		X		X
Partner with Metro Joint Development and other high density residential, mixed-use and affordable housing units to include a transit pass as part of Home Owner Association (HOA) fees	X		X		X
Marketing/Outreach/Promotions					
Encourage late night/recreation ridership	X			X	
Develop an interactive frequent network map that shows different service levels depending on the trip and time a rider is planning		X		X	

RIDERSHIP INITIATIVES - IMMEDIATE ACTION PLAN

Bold: Status Update in Attachment A

Updated: December 2015

Action Item	Goals				
	Attract New Markets	Customer Focused Service	Remove Barriers to Transit Use	Get the Word Out	Partnerships
Pop-up/open streets events to cross-promote Metro for bike/ped/rideshare coordination				X	X
Social media promotions				X	
Develop a customer loyalty reward program such as the Montreal Merci, Singapore Travel Smart Rewards, or Minneapolis-St. Paul Ride to Rewards programs		X			X
Partnerships					
Identify and implement a pilot effort with a ridehailing company such as Uber or Lyft to provide first mile connection from home to a transit center, or last mile connection from a transit center to employment center			X		X
Identify and implement a pilot effort with a ridehailing company such as Uber or Lyft to provide first/last mile service to/from a major event or venue event			X		X
Implement promotional event(s) for 2016 Foothill and Expo Line openings	X			X	
Partner with a 3rd party app developer to collect traveller information from their customers			X		X
Work with 3rd party app developers to promote Metro, including cross promotions, providing travel information, service alerts, and other information				X	X
Lead the nation's efforts to identify ways to reverse the national decline in bus ridership, including participating in OCTA's APTA Peer Review on Ridership Trends					X
Establish a panel of peer agencies to review and share ridership trends and strategies to increase ridership					X
Integrate frequent bus network with local street network and transportation plans, including LA City's Mobility Plan					X
Coordinate bus/bicycle planning					X

**ATTACHMENT C
RIDERSHIP INITIATIVES - OTHER RIDERSHIP INCREASE STRATEGIES**

Updated: December 2015

Action Item	Goals				
	Attract New Markets	Customer Focused Service	Remove Barriers to Transit Use	Get the Word Out	Partnerships
Service Design					
Consider developing tailored subscription bus service to meet specific major employer travel demand	X	X			
Service Management					
Hire and train additional Vehicle Operations Supervisors to allow for rapid response task forces to be deployed during major service interruptions		X			
Pilot project to control bus bunching on Wilshire BRT using Operator-facing software such as VIA Analytics product		X			
Transit Priorities/Technology					
Explore options for countdown clocks at rail stations and high-use bus stops (Orange Line can serve as a pilot)		X			
Explore options to increase transit priorities for Expo Rail		X			
Install queue jumpers at congested intersections for buses to bypass congestion hot spots		X			
Investigate technology that alerts Operators of waiting passengers at multi-line stops to reduce confusion and pass-ups		X			
Work with jurisdictions to install bus lanes on key transit corridors		X			
Safety/Security					
Enhance CCTV hardware/software and streaming capabilities through Metro operating fleets to provide law enforcement and Metro Security the ability to respond quickly to an incident		X			
Continue to improve and enhance Transit Watch LA app, including providing communication between law enforcement and riders, and tools for faster/direct response in the field		X		X	

RIDERSHIP INITIATIVES - OTHER RIDERSHIP INCREASE STRATEGIES

Updated: December 2015

Action Item	Goals				
	Attract New Markets	Customer Focused Service	Remove Barriers to Transit Use	Get the Word Out	Partnerships
Investigate options for permitting of vendors at transit centers			X		
Implementation of Mobile Data Terminal: Enhance safety and security by providing situation awareness for law enforcement and Metro Security to view CCTVs via tablet/smartphones		X			
Increase patrolling of the bus network at strategic locations		X		X	
Customer Amenities					
Attract concessionaires that provide convenience services at rail stations (e.g. dry cleaners, watch repair, fast food, farmers markets, child care, etc.)		X			X
Design facilities and equipment based on the customer preference first, including TVM and faregate orientation, information case placement, etc.		X			
Improve bus shelters (Metro Rapid)		X			
Improve customer content and sound quality on Transit Passenger Information Systems (TPIS) and Public Address (PA) Announcements		X		X	
Improved wait experience at freeway rail stations, including sound barriers, platform barrier doors, better schedule coordination between the Green and Blue, and Green and Silver Lines		X			
Systemwide comprehensive signage makeover		X			
Marketing/Outreach/Promotions					
Media partnerships to promote Metro				X	
New rider encouragement program to promote services to new residents and employees	X			X	

RIDERSHIP INITIATIVES - OTHER RIDERSHIP INCREASE STRATEGIES

Updated: December 2015

Action Item	Goals				
	Attract New Markets	Customer Focused Service	Remove Barriers to Transit Use	Get the Word Out	Partnerships
Social media promotions, including transportation makeover videos, giveaways for participating, promotions ahead of events, etc.				X	
Create an Art Night on the Red Line with temporary art installations at each station in tandem with DTLA Art Walk dates or Art Night Pasadena				X	
Develop an "Amazing Race" type of event, using transit to access locations along a scavenger hunt				X	
Host travelling rail car concert to highlight a specific rail line				X	
Launch fitness themed events (e.g. Metro Bootcamp) that encourages incorporating transit into fitness routines/active lifestyle				X	
Produce rush hour concerts at multiple locations within the system, like the Colburn School				X	
Similar to Speed Dating on the Metro Red Line, activate Metro Mingle with an organized 'Meet-Up' theme				X	
Partnerships					
Partner with ridehailing companies such as Uber or Lyft to allow payment for their services through TAP			X		X

**Board Report**

File #: 2015-1724, **File Type:** Informational Report

Agenda Number: 11.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 20, 2016**

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2016 FIRST QUARTER REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the **first quarter report of Management Audit Services** (Management Audit) for the period ending September 30, 2015.

ISSUE

At its January 2005 meeting, the Board designated the Executive Management and Audit Committee (EMAC) as their audit committee. The EMAC requested a quarterly report from Management Audit on its audit activities. In July 2011, the audit responsibilities were transferred to the Finance, Budget and Audit Committee. This report fulfills the requirement for the first quarter of FY 2016.

DISCUSSION

Management Audit provides audit support to the Chief Executive Officer (CEO) and his executive management. The audits we perform are categorized as either internal or external. Internal audits evaluate the processes and controls within the agency. External audits analyze contractors, cities or non-profit organizations that we conduct business with or receive Metro funds.

There are four groups in Management Audit: Performance Audit, Contract Pre-Award Audit, Incurred Cost Audit and Audit Support and Research Services. Performance Audit is primarily responsible for all audits for Operations, Finance and Administration, Planning and Development, Program Management, Information Technology, Communications, Risk, Safety and Asset Management and Executive Office. Contract Pre-Award and Incurred Cost Audit are responsible for external audits in Planning and Development, Program Management and Vendor/Contract Management. All of these units provide assurance to the public that internal processes are efficiently, economically, effectively, ethically, and equitably performed by conducting audits of program effectiveness and results, economy and efficiency, internal controls, and compliance. Audit Support and Research Services is responsible for administration, financial management, budget coordination, and audit follow-up and resolution tracking.

The summary of Management Audit activity for the quarter ending September 30, 2015 is as follows:

Internal Audits: two internal audits were completed; 15 internal audits were in process.

External Audits: six contract pre-award audits with a total value of \$22.7 million and nine incurred cost audits with a total value of \$20 million were completed; four contract audits, 44 incurred cost audits were in process.

Audit Follow-up and Resolution: Eight recommendations were closed during the first quarter. At the end of the quarter, there were 51 open audit recommendations. Details of all open, extended, and closed recommendations can be found in the First Quarter Board Box titled "Status of Audit Recommendations".

Management Audit's FY 2016 first quarter report is included as Attachment A.

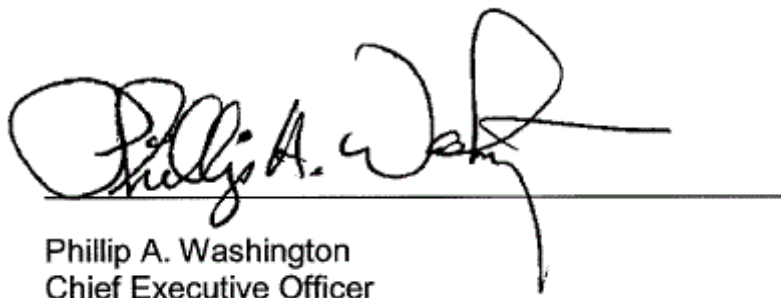
NEXT STEPS

Management Audit will provide the FY 2016 second quarter summary of audit activity to the Board at the March 2016 Finance, Budget and Audit Committee meeting.

ATTACHMENT

Attachment A - Management Audit Services Quarterly Report to the Board for the period ending September 30, 2015

Prepared by: Diana Estrada, Chief Auditor
(213) 922-2161



Phillip A. Washington
Chief Executive Officer

**MANAGEMENT AUDIT SERVICES
QUARTERLY REPORT TO THE BOARD**

**Los Angeles County Metropolitan
Transportation Authority**

***First Quarter
FY 2016***



Metro™

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EXECUTIVE SUMMARY

Summary of Audit Activity

During the first quarter of FY 2016, 17 projects were completed. These include:

Internal Audits

- Performance Audit of Efficiency and Effectiveness of Non-Revenue Vehicle Usage;
- Performance Audit of Chart of Accounts.

Pre-Award Audits

- 2 Independent Auditor's Reports on Agreed-Upon Procedures (prime and subcontractor) for the Cost Proposal for the Willowbrook/Rosa Parks Station Improvement Project;
- Independent Auditor's Report on Agreed-Upon Procedures for New Flyer of America, Inc.'s, U.S. Employment Program compliance;
- Independent Auditor's Report on Agreed-Upon Procedures for Buy America Post-Award Certification for 350 Forty-foot Low Floor CNG Transit Buses;
- Independent Auditor's Report on Agreed-Upon Procedures for the Cost Proposal for Metro Rideshare Program Support; and
- Independent Auditor's Report on Agreed-Upon Procedures for the Cost Proposal for the Incident Based Surveillance System.

Incurred Cost Audits

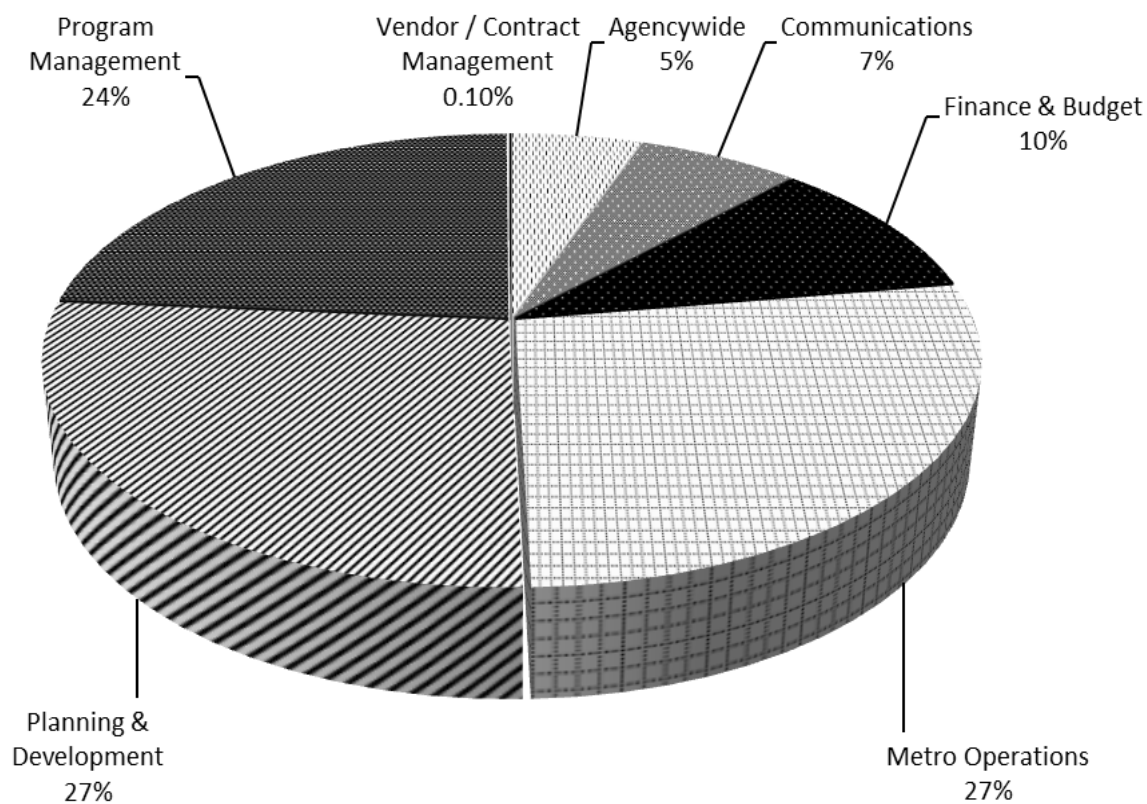
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Westlake Village's Park and Ride Lot Design;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Westlake Village's Lindero Canyon Road Interchange Phase 3A Design;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of Los Angeles County's Hasley Canyon Road/I-5 Interchange Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of Los Angeles County's Goods Movement NHS Access Design and Implementation, Phase I Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of Los Angeles County's Slauson Avenue Corridor Improvements Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Los Angeles' Bicycle Commuter Technology Access;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Calabasas' Regional Traffic Operation Center;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of Los Angeles County's East San Gabriel Valley Traffic Signal SOM Pilot Project; and
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Glendale's Fairmont Avenue Grade Separation at San Fernando Road Project.

The completed external audits are discussed on page 3. Discussions of the internal audits begin on page 4.

EXECUTIVE SUMMARY

Sixty-three projects were in process as of September 30, 2015; these include 15 internal audits, four contract pre-award audits, and 44 incurred cost audits.

The following chart identifies the functional areas where Management Audit focused audit staff time and efforts during first quarter FY 2016:



Audit follow-up:

- Eight recommendations were closed during the first quarter. At the end of the quarter, there were 51 open audit recommendations.

EXTERNAL AUDITS

Contract Pre-Award Audit

Contract Pre-Award Audit provides support to the Vendor/Contract Management Department for a wide range of large-dollar procurements and projects. This support is provided throughout the procurement cycle in the form of pre-award, interim, change order, and closeout audits, as well as assistance with contract negotiations.

During first quarter FY 2016, six audits were completed, reviewing a net value of \$21.2 million. Auditors questioned \$1.8 million or 8% of the proposed costs. The six audits supported procurements in the following areas:

- 2 Willowbrook/Rosa Parks Station Project procurements;
- 2 Bus Purchase procurements;
- Metro Rideshare Program Support procurement; and
- Incident Based Surveillance System procurement.

Four contract pre-award audits were in process as of September 30, 2015.

Details on Contract Pre-Award Audits completed during first quarter FY 2016 are in Appendix A.

Incurred Cost Audit

Incurred Cost Audit conducts audits for Planning and Development's Call-for-Projects program, Engineering and Construction's highway projects, federally funded transportation programs, and various other transportation related projects, including CalTrans projects. The purpose of the audits is to ensure that funds are spent in accordance with the terms of the grants/contracts and federal cost principles.

Incurred Cost Audit completed nine audits during first quarter FY 2016. We reviewed \$20 million of funds and identified \$1.2 million or 6% of unused funds that may be reprogrammed by Planning and Development for other projects. Forty-four incurred cost audits were in process as of September 30, 2015.

Details on Incurred Cost Audits completed during first quarter FY 2016 are in Appendix B.

INTERNAL AUDITS

For the first quarter of FY 2016, two internal audits were completed. Fifteen internal audits were in process as of September 30, 2015. The internal audits in process are listed in Appendix C.

The following internal audits were issued in the first quarter FY 2016. The completed reports are listed in order of the magnitude of risks that their findings represent to the agency.

Performance Audit on Efficiency and Effectiveness of Non-Revenue Vehicle Usage

Metro provides non-revenue passenger vehicles for employees' to carry out Metro business. As of May 2015, the fleet consists of 1,338 vehicles allocated to Departmental Pools, Company Equipment (CEA), General Services' Pool and 24-hour assignments. The audit objective was to assess the efficiency and effectiveness of non-revenue vehicle usage.

We found that there is no formal process or plan to determine optimum fleet size; noncompliance with IRS reporting requirements; uncontrolled key card assignments to the Gateway Parking Garage; and noncompliance with policy. Management agreed with the recommendations and has already taken steps to correct the issues.

Performance Audit of Chart of Accounts

The Chart of Accounts is a list of accounts that an organization has identified and made available for recording transactions in its general ledger to segregate into assets, liabilities, net equity, income, and expenses. The audit objective was to determine whether the Chart of Accounts adequately reflected Metro's current business processes and reporting needs.

We found that the Chart of Accounts adequately reflect Metro's current business processes and reporting needs.

AUDIT SUPPORT SERVICES

Audit Follow-Up and Resolution

During the first quarter, eight recommendations were completed and closed. At the end of this quarter, there were 51 outstanding audit recommendations. The table below summarizes the first quarter activity.

Summary of MAS and External Audit Recommendations As of September 30, 2015

Executive Area	Closed or Completed in July	Closed or Completed in Aug.	Closed or Completed in Sep.	Late	Extended	Not Yet Due/Under Review	Total Open Recom.
Program Management		4					
Labor/Employee Relations						7	7
Finance and Budget	1						
Information Technology	1				4	2	6
Metro Operations					11	8	19
Planning and Development					18		18
Vendor/Contract Management			2			1	1
Totals	2	4	2	0	33	18	51

In addition to the above MAS and external audit recommendations, there are 17 open Inspector General recommendations.

Appendix A

Contract Pre-Award Audit FY 2016 - Audits Completed During First Quarter					
No.	Area	Audit Number & Type	Contractor	Requirement	Date Completed
1	Program Management	16-CON-A01A - Attestation Agreed-upon Procedures	RNL Interplan Inc.	Contractual	8/2015
2	Program Management	16-CON-A01B - Attestation Agreed-upon Procedures	Kimley-Horn and Associates, Inc.	Contractual	8/2015
3	Metro Operations	15-OPS-A08 - Attestation Agreed-upon Procedures	New Flyer of America, Inc.	Contractual	8/2015
4	Metro Operations	15-OPS-A02 - Attestation Agreed-upon Procedures	New Flyer of America, Inc.	Contractual	8/2015
5	Planning & Development	16-OPS-A01 - Attestation Agreed-upon Procedures	Inland Transportation Services	Contractual	9/2015
6	Metro Operations	15-ITS-A02 - Attestation Agreed-upon Procedures	Smartdrive Systems, Inc.	Contractual	7/2015

Appendix B

Incurred Cost Audit FY 2016 - Audits Completed During First Quarter					
No.	Area	Audit Number & Type	Grantee	Requirement	Date Completed
1	Program Management	15-PLN-A03 - Closeout	City of Westlake Village	Contractual	7/2015
2	Program Management	15-PLN-A04 - Closeout	City of Westlake Village	Contractual	7/2015
3	Planning & Development	14-PLN-A24 - Closeout	County of Los Angeles	Contractual	7/2015
4	Planning & Development	13-PLN-A20 - Closeout	County of Los Angeles	Contractual	7/2015
5	Planning & Development	14-PLN-A27 - Closeout	County of Los Angeles	Contractual	8/2015
6	Planning & Development	13-PLN-A18 - Closeout	City of Los Angeles	Contractual	8/2015
7	Planning & Development	13-PLN-A22 - Closeout	City of Calabasas	Contractual	8/2015
8	Planning & Development	14-PLN-A23 - Closeout	County of Los Angeles	Contractual	8/2015
9	Program Management	15-PLN-A28 - Closeout	City of Glendale	Contractual	9/2015

Appendix C

Internal Audit FY 2016 - Internal Audits in Process				
No.	Area	Audit Number & Title	Description	Estimated Date of Completion
1	Metro Operations	13-OPS-P06 - Contracted Bus Services	Evaluate the efficiency and effectiveness of contracted bus services contracts.	12/2015
2	Metro Operations	13-OPS-P04 - Operations KPI Audit	Evaluate the accuracy and completeness of Operations KPIs.	2/2016
3	Planning & Development	14-EDD-P01 - Real Estate Property Management Follow-up	Evaluate accuracy and completeness of tracking real estate properties in Real Property Management System.	2/2016
4	Vendor / Contract Management	13-ADM-P01 - RFP Process	Assess efficiency and effectiveness and timeliness of Procurement's RFP processes.	1/2016
5	Vendor / Contract Management	12-ADM-I01 - Contract Information Management System	Assess the system implementation process to acquire, design, test and implement the Contract Information Management System that meets specific functionalities required by the MTA business processes.	2/2016
6	Communications	16-COM-P01 - Special Fares	Evaluate the effectiveness of internal controls over special fare programs.	1/2016
7	Vendor / Contract Management	13-ADM-O02 - Automated Storage and Retrieval System Phase I & II	Evaluate the adequacy of internal controls over the Automated Storage and Retrieval System (ASRS).	1/2016
8	Vendor / Contract Management	13-CEO-P01 - Cost Estimating Process	Assess efficiency and effectiveness and timeliness of Procurement's cost estimating process.	1/2016
9	Finance & Budget	10-ACC-F01 - Accounts Receivable	Validate adequacy of current policies and procedures.	3/2016
10	Metro Operations	16-OPS-P02 - Rail Overhead and Maintenance	Evaluate the efficiency and effectiveness of the Rail Overhaul and Refurbishment Program. (Previously 12-OPS-P01)	3/2016

Appendix C

Internal Audit FY 2016 - Internal Audits in Process				
11	Metro Operations	16-OPS-P01 - Wayside System	Evaluate effectiveness of maintenance of the Rail track & signaling systems. (Previously 12-ROP-O01)	3/2016
12	Program Management	16-CON-P01 - Performance Audit of IDIQ Type Contracts	Determine the efficiency and effectiveness of the administration of IDIQ Contracts.	3/2016
13	Agencywide	16-AGW-P03 - Overtime Usage	Evaluate the accuracy, efficiency and effectiveness of overtime usage.	4/2016
14	Program Management	12-CON-P03 - I-405 Follow-up	Verify if management's corrective actions from the prior audit were implemented and resulting in improvements.	12/2016
15	Program Management	10-CPC-K02 - Third Party Utility Relocation Agreement Efficiency	Assess the adequacy and effectiveness of the Third Party Utility Relocation.	12/2016



Board Report

File #: 2015-1231, File Type: Policy

Agenda Number: 12.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 20, 2016**

SUBJECT: INVESTMENT POLICY

**ACTION: ANNUAL ADOPTION OF INVESTMENT POLICY AS REQUIRED BY CALIFORNIA
GOVERNMENT CODE**

RECOMMENDATION

CONSIDER:

- A. ADOPTING the **Investment Policy**, Attachment B, including the addition of 2 new Investment options outlined in Attachment A;
- B. APPROVING the **Financial Institutions Resolution** authorizing financial institutions to honor signatures of LACMTA Officials, Attachment C; and
- C. DELEGATING to the Treasurer or his/her designees, the **authority to invest funds for a one year period**, pursuant to California Government Code Section 53607.

ISSUE

Section 53646 of the Code, requires that the Board, on an annual basis and at a public meeting, review and approve the Investment Policy. Section 53607 of the Code, requires that the Board delegate investment authority to the Treasurer on an annual basis.

Section 10.8 of the Investment Policy requires that the Treasurer submit the Financial Institutions Resolution to the Board annually for approval.

DISCUSSION

The Board approves the objectives and guidelines that direct the investment of operating funds. Proposed revisions to the current Investment Policy add permitted investment options in conformance with the Code and are presented in Attachment A.

Financial Institutions require Board authorization to establish custody, trustee and commercial bank accounts. In accordance with the Investment Policy, staff reviewed the resolution and determined that no changes were needed to the document. See Attachment C.

To streamline this board report, the following reference materials may be found on the Internet:

Current Investment Policy:

http://www.metro.net/about_us/finance/images/investment_policy_2015.pdf

California Government Code: Section 53600 to 53609, Section 53646, Section 53652, Section 16429.1 to 16429.4:

<http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=gov&codebody>

DETERMINATION OF SAFETY IMPACT

Approval of this item will result in no impact on safety.

FINANCIAL IMPACT

The funds required to update the Investment Policy are included in the FY16 budget in cost center 5210 and project number 610340.

Impact to Budget

The sources of funds budgeted to manage assets in accordance with the Investment Policy are Prop A, C, TDA Admin and Measure R Admin funds. These funds are not eligible for bus and rail operating and capital expenses.

ALTERNATIVES CONSIDERED

The Investment Policy and the Code require an annual review and adoption of the Investment Policy, the delegation of investment authority and the annual approval of the Financial Institutions Resolution. Should the Board elect not to delegate the investment authority annually or approve the Financial Institutions Resolution, the Board would assume daily responsibility for the investment of working capital funds and for the approval of routine administrative actions.

NEXT STEPS

Upon Board approval, distribute the Investment Policy to external investment managers and broker-dealers. Issue copies of the Investment Policy and Financial Institutions Resolution to our financial institutions.

ATTACHMENTS


Attachment A - Policy Guideline Changes

Attachment B - Investment Policy

Attachment C - Financial Institutions Resolution

Prepared by: Marshall M. Liu, Investment Manager, (213) 922-4285
Mary E. Morgan, Assistant Treasurer, (213) 922-4143

Reviewed by: Nalini Ahuja, Executive Director Finance and Budget,
(213) 922 3088



Phillip A. Washington
Chief Executive Officer

ATTACHMENT A
Policy Guideline Changes

Section Change	Current Text	Proposed Text	Rationale
<p><i>Page 11 – Section 5.1A</i></p>	<p>Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal savings and loan association, a state or federal credit union, or by a state licensed branch of a foreign bank, or a federally licensed branch or state licensed branch of a foreign bank.</p>	<p>Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal savings and loan association, a state or federal credit union, or by a state licensed branch of a foreign bank, or a federally licensed branch or state licensed branch of a foreign bank. Deposits may be placed through a private sector entity that assists in placement of deposits.</p> <p>See footnote g</p>	<p>Remove duplicative language</p> <p>Conform the investment policy for updates in the California Government Code that expand investment options</p>
<p><i>Page 4</i></p>	<p>B. In calculating per issuer concentration limits commercial paper, bankers' acceptances, medium term notes, asset-backed securities, and negotiable certificates of deposit shall be included; ...</p>	<p>B. In calculating per issuer concentration limits commercial paper, bankers' acceptances, medium term notes, asset-backed securities, placement service assisted deposits, and negotiable certificates of deposit shall be included; ...</p>	<p>Conform the investment policy for updates in the California Government Code that expand investment options</p>
<p><i>Page 12 – Section 5.1A</i></p>		<p><u>Investment Type</u> United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments shall be rated “AA” or better by a nationally recognized statistical rating organization and shall not exceed 30% of the portfolio.</p>	<p>Conform the investment policy for updates in the California Government Code that expand investment options</p>

ATTACHMENT A
Policy Guideline Changes

Section Change	Current Text	Proposed Text	Rationale
		<p><u>Maximum Maturity</u> 5 years</p> <p><u>Maximum Allowable Percentage of Portfolio *</u> 30%</p> <p><u>Minimum Quality and Other Requirements</u></p> <p>Maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments shall be rated “AA” or better by a nationally recognized statistical rating organization and shall not exceed 30% of the portfolio.</p>	

ATTACHMENT A
Policy Guideline Changes

<i>Page 13 – footnote g</i>		Investments in placement services assisted deposits is authorized under Sections 53601.8, 53635.8, and 53601 (i) of the California Government Code and shall when combined with Section 53601 (i) not exceed 30% of the portfolio.	Conform the investment policy for updates in the California Government Code that expand investment options
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ATTACHMENT B

Los Angeles County Metropolitan Transportation Authority

INVESTMENT POLICY

Approved on January ~~208~~, 201~~65~~

INVESTMENT POLICY

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1.0 Policy

It is the policy of the Los Angeles County Metropolitan Transportation Authority (LACMTA) to ensure that the temporarily idle funds of the agency are prudently invested to preserve capital and provide necessary liquidity, while maximizing earnings, and conforming to state and local statutes governing the investment of public funds.

This investment policy conforms to the California Government Code ("Code") as well as to customary standards of prudent investment management. Investments may only be made as authorized by the Code, Section 53600 et seq., Sections 16429.1 through 16429.4 and this investment policy. Should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered as immediately incorporated in this investment policy. Changes to the Code that are less restrictive than this investment policy may be adopted by the Board of Directors (Board).

2.0 Scope

2.1 This investment policy sets forth the guidelines for the investment of surplus General, Special Revenue, Capital Projects, Enterprise (excluding cash and investments with fiscal agents), Internal Service, and any new fund created by the Board, unless specifically exempted. Excluded from this investment policy are guidelines for the investment of proceeds related to debt financing, defeased lease transactions, Agency (Deferred Compensation, 401K, and Benefit Assessment District) and Pension Trust Funds.

2.2 Internal and external portfolio managers may be governed by Portfolio Guidelines that may on an individual basis differ from the total fund guidelines outlined herein. The Treasurer is responsible for monitoring and ensuring that the total funds subject to this investment policy remain in compliance with this investment policy, and shall report to the Board regularly on compliance.

3.0 Investment Objectives

3.1 The primary objectives, in priority order, of investment activities shall be:

- A. **Safety:** Safety of principal is the foremost objective of the investment program. The investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The LACMTA shall seek to ensure that capital losses are avoided whether from institutional default, broker-dealer default, or erosion of market value. Diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- B. **Liquidity:** The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.
- C. **Return on Investments:** The LACMTA shall manage its funds to maximize the return on investments consistent with the two objectives above, with the goal of exceeding the performance benchmarks (Section 12.0) over a market cycle (typically a three to five year period).

3.2 It is policy to hold investments to maturity. However, a security may be sold prior to its maturity and a capital gain or loss recorded if liquidity needs arise, or in order to improve the quality, or rate of return of the portfolio in response to market conditions and/or LACMTA risk preferences.

Internal and external investment managers shall report such losses to the Treasurer and Executive Director, Finance and Budget quarterly.

- 3.3 Investments shall be made with the judgment, skill, and diligence of a prudent investor acting in like capacity under circumstances then prevailing, for the sole benefit of the LACMTA, and shall take into account the benefits of diversification in order to protect the investment from the risk of substantial loss.
- 3.4 The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with this investment policy, written portfolio guidelines and procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in the quarterly investment report to the Board, and appropriate action is taken to control adverse developments.

4.0 Delegation of Authority

- 4.1 The Board shall be the trustee of funds received by the LACMTA. In accordance with Code Section 53607, the Board hereby delegates the authority to invest or reinvest the funds, to sell or exchange securities so purchased and to deposit securities for safekeeping to the Treasurer for a one year period, who thereafter assumes full responsibility for such transactions and shall make a monthly report of those transactions to the Board. Subject to review by the Board, the Board may renew the delegation of authority each year.
- 4.2 The Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy, including establishment of appropriate written agreements with financial institutions. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. The Treasurer may engage independent investment managers to assist in the investment of its financial assets.
- 4.3 No person may engage in an investment transaction except as provided under the terms of this investment policy and the procedures established by the Treasurer.
- 4.4 Officers and employees involved in the investment process shall be governed by the standards regarding ethical behavior and conflicts of interest established in the Los Angeles County Metropolitan Transportation Authority Ethics Policy and annually shall file a Statement of Economic Disclosure with the Ethics Office.

5.0 Permitted Investments

- 5.1 All funds which are not required for immediate cash expenditures shall be invested in income producing investments or accounts, in conformance with the provisions and restrictions of this investment policy as defined in Section 5.1A and as specifically authorized by the Code, (Sections 53600, et seq.).
- 5.2 In order to reduce overall portfolio risk, investments shall be diversified among security type, maturity, issuer and depository institutions. See Section 5.1A for specific concentration limits by type of investment.
 - A. Percentage limitations where listed are only applicable at the date of purchase.
 - B. In calculating per issuer concentration limits commercial paper, bankers' acceptances, medium term notes, asset-backed securities, placement service assisted deposits, and negotiable

certificates of deposit shall be included; deposits collateralized per Section 7.3 of this investment policy are excluded from this calculation.

- C. Credit requirements listed in this investment policy indicate the minimum credit rating (or its equivalent by any nationally recognized statistical rating organization) required at the time of purchase without regard to modifiers (e.g., +/- or 1,2,3), if any.

5.3 Maturities of individual investments shall be diversified to meet the following objectives:

- A. Investment maturities will be first and foremost determined by anticipated cash flow requirements.
- B. Where this investment policy does not state a maximum maturity in Section 5.1A, no investment instrument shall be purchased which has a stated maturity of more than five years from the date of purchase, unless the instrument is specifically approved by the Board or is approved by the Board as part of an investment program and such approval must be granted no less than three months prior to the investment. The Board hereby grants express authority for the purchase of new issue securities with a 5 year stated maturity with extended settlement of up to 30 days from date of purchase.
- C. The average duration of the externally managed funds subject to this investment policy shall not exceed 150% of the benchmark duration. The weighted average duration of the internal portfolios shall not exceed three (3) years.

5.4 State and local government sponsored Investment Pools and money market mutual funds as authorized by this investment policy are subject to due diligence review prior to investing and on a continual basis as established in Section 5.1A, #11 and #12.

5.5 This investment policy specifically prohibits the investment of any funds subject to this investment policy in the following securities:

- A. Derivative securities, defined as any security that derives its value from an underlying instrument, index, or formula, are prohibited. The derivative universe includes, but is not limited to, structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments, financial futures and options, and mortgage derived interest or principal only strips. Callable or putable securities with no other option features, securities with one interest rate step-up feature, and inflation indexed securities meeting all other requirements of this investment policy are excluded from this prohibition, as are fixed rate mortgage-backed securities and asset-backed securities.
- B. Reverse repurchase agreements and securities lending agreements.

6.0 Selection of Depository Institutions, Investment Managers and Broker-Dealers

6.1 To minimize the risk to the overall cash and investment portfolio, prudence and due diligence as outlined below shall be exercised with respect to the selection of Financial Institutions in which funds are deposited or invested. The LACMTA's Financial Advisor (FA) will conduct competitive processes to recommend providers of financial services including commercial banking, investment management, investment measurement and custody services.

- A. In selecting Depositories pursuant to Code Sections 53630 (et seq.), the credit worthiness, financial stability, and financial history of the institution, as well as the cost and scope of services and interest rates offered shall be considered. No funds will be deposited in an institution unless that institution has an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency. The main depository institutions will be selected on a periodic and timely basis.
 - B. Deposits which are insured pursuant to federal law by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA) may be excluded from the collateralization requirements of Section 7.3 of this investment policy, at the Treasurer's discretion. A written waiver of securitization shall be executed, provided to the Depository Institution, and kept on file in the Treasury Department.
 - C. The Treasurer shall seek opportunities to deposit funds with disadvantaged business enterprises, provided that those institutions have met the requirements for safety and reliability and provide terms that are competitive with other institutions.
- 6.2 In selecting external investment managers and brokers, past performance, stability, financial strength, reputation, area of expertise, and willingness and ability to provide the highest investment return at the lowest cost within the parameters of this investment policy and the Code shall be considered. External investment managers must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor Act of 1940.
- 6.3 Pursuant to Code Section 53601.5, the LACMTA and its investment managers shall only purchase statutorily authorized investments either from the issuer, from a broker-dealer licensed by the state, as defined in Section 25004 of the Corporations Code, from a member of a federally regulated securities exchange, a national or state-chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.
- A. Internal investment manager will only purchase or sell securities from broker-dealers that are Primary Dealers in U.S. Government Securities or are a direct affiliate of a Primary Dealer. Internal investment manager will only purchase securities from broker-dealers who have returned a signed Receipt of Investment Policy and completed the Broker-Dealer Questionnaire, and have been approved by the Treasurer (see Appendices B and C). A current copy of the Broker-Dealer's financial statements will be kept on file in the Treasury Department. Should market conditions limit access to inventory, the Treasurer may approve executing transactions through non-Primary Dealers who meet all of the criteria listed below:
 - a. The broker dealer must qualify under Securities Exchange Commission rule 15C3-1 (Uniform Net Capital Rule);
 - b. Must be licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a member of a federally registered securities exchange (i.e. FINRA, SEC, MSRB);
 - c. Have been in operation for more than five years; and
 - d. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in U.S. Treasuries and Agencies.

- B. In addition to Primary Dealers in U.S. Government Securities and direct affiliates of a Primary Dealer, external investment managers may purchase or sell securities from non-Primary Dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and provided that the dealer is a member of the Financial Industry Regulatory Authority. External investment managers shall submit, at least quarterly, a list of the non-Primary Dealers used during the period.
- C. External investment managers must certify in writing that they will purchase securities in compliance with this investment policy, LACMTA Procedures, and applicable State and Federal laws.

6.4 Financial institutions and external investment managers conducting investment transactions with or for LACMTA shall sign a Certification of Understanding. The Certification of Understanding (see Appendix A) states that the entity:

- A. Has read and is familiar with the Investment Policy and Guidelines as well as applicable Federal and State Law;
- B. Meets the requirements as outlined in this investment policy;
- C. Agrees to make every reasonable effort to protect the assets from loss;
- D. Agrees to notify the LACMTA in writing of any potential conflicts of interest.

Completed certifications shall be filed in the Treasurer's Office. Failure to submit a Certification of Understanding shall result in the withdrawal of all funds held by that financial institution, or investment manager and/or the rescission of any and all authority to act as an agent to purchase or invest funds.

6.5 All broker-dealers who do business with the LACMTA's internal investment managers shall sign a Receipt of Investment Policy. The Receipt of Investment Policy (see Appendix B) states that the broker dealer:

- A. Has received, read, and understands this investment policy;
- B. Has communicated the requirements of this investment policy to all personnel who may select investment opportunities for presentation.

Failure to submit a Receipt of Investment Policy shall preclude the LACMTA from purchasing or selling securities from such broker-dealer. Completed receipts shall be filed in the Treasurer's Office.

7.0 Custody and Safekeeping of Securities and LACMTA Funds

7.1 A Master Repurchase Agreement must be signed with the bank or dealer before any securities and collateral for repurchase agreements shall be purchased and maintained for the benefit of the LACMTA in the Trust Department or safekeeping department of a bank as established by a written third party safekeeping agreement between the LACMTA and the bank. Specific collateralization levels are defined in Section 5.1A.

- 7.2 All investment transactions shall be settled "delivery vs. payment", with the exception of deposits, money market mutual fund investments, and Local Agency Investment Fund or other Local Government Investment Pools. Delivery may be physical, via a nationally recognized securities depository such as the Depository Trust Company, or through the Federal Reserve Book Entry system.
- 7.3 Funds deposited shall be secured by a Depository in compliance with the requirements of Code Section 53652. Such collateralization shall be designated and agreed to in writing.

8.0 Reports and Communications

- 8.1 The Treasurer is responsible for ensuring compliance with all applicable Local, State, and Federal laws governing the reporting of investments made with public funds. All investment portfolios will be monitored for compliance. Non-compliance issues will be included in the quarterly Board report as stated in Section 8.3 of this investment policy.
- 8.2 The Treasurer shall annually submit a statement of investment policy to the Board for approval. The existing approved investment policy will remain in effect until the Board approves the recommended statement of investment policy.
- 8.3 The Treasurer shall render a quarterly cash, investment, and transaction report to the CEO and Board, and quarterly to the Internal Auditor within 30 days following the end of the quarter covered by the report. The report shall include a description of LACMTA's funds, investments, or programs that are under the management of contracted parties, including lending programs. The report shall include as a minimum:
- A. Portfolio Holdings by Type of Investment and Issuer
 - B. Maturity Schedule and Weighted Average Maturity (at market)
 - C. Weighted Average Yield to Maturity
 - D. Return on Investments versus Performance Benchmarks on a quarterly basis
 - E. Par, Book and Market Value of Portfolio for current and prior quarter-end
 - F. Percentage of the portfolio represented by each investment category
 - G. Total Interest Earned
 - H. Total Interest Received
 - I. A statement of compliance with this investment policy, or notations of non-compliance.
 - J. At each calendar quarter-end a subsidiary ledger of investments will be submitted with the exception listed in 8.3K.
 - K. For investments that have been placed in the Local Agency Investment Fund, in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in National Credit Union Administration insured accounts in a credit union, in a county investment pool, or in shares of beneficial interest issued by a diversified management company that invest in the securities and obligations as authorized by this investment policy and the Code, the most recent

statement received from these institutions may be used in lieu of the information required in 8.3 J.

L. At each calendar quarter-end the report shall include a statement of the ability to meet expenditure requirements for the next six months.

M. A quarterly gain or loss report on the sale or disposition of securities in the portfolio.

8.4 Internal and external investment managers shall monitor investments and market conditions and report on a regular and timely basis to the Treasurer.

A. Internal and external investment managers shall submit monthly reports to the Treasurer, such reports to include all of the information referenced in Section 8.3, items A-J of this investment policy. Portfolios shall be marked-to-market monthly and the comparison between historical cost (or book value) and market value shall be reported as part of this monthly report.

B. Internal and external investment managers shall monitor the ratings of all investments in their portfolios on a continuous basis and report all credit downgrades of portfolio securities to the Treasurer in writing within 24 hours of the event. If an existing investment's rating drops below the minimum allowed for new investments made pursuant to this investment policy, the investment manager shall also make a written recommendation to the Treasurer as to whether this security should be held or sold.

C. External and internal investment managers shall immediately inform the Treasurer, or the Executive Director, Finance and Budget in writing of any major adverse market condition changes and/or major portfolio changes. The Executive Director, Finance and Budget shall immediately inform the Board in writing of any such changes.

D. External investment managers shall notify the LACMTA internal managers daily of all trades promptly, via fax or via email.

E. Internal investment managers will maintain a file of all trades.

9.0 Portfolio Guidelines

Portfolio Guidelines are the operating procedures used to implement this investment policy approved by the Board. The Treasurer may impose additional requirements or constraints within the parameters set by this investment policy.

10.0 Internal Control

10.1 The Treasurer shall establish a system of internal controls designed to prevent losses of public funds arising from fraud, employee or third party error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employees or agents. Such internal controls shall be approved by the Executive Director, Finance and Budget and shall include authorizations and procedures for investment transactions, custody/safekeeping transactions, opening and dosing accounts, wire transfers, and clearly delineate reporting responsibilities.

10.2 Treasury personnel and LACMTA officials with signature authority shall be bonded to protect against possible embezzlement and malfeasance, or at the option of the governing board self-insured.

- 10.3 Electronic transfer of funds shall be executed upon the authorization of two official signatories.
- 10.4 Transaction authority shall be separated from accounting and record keeping responsibilities.
- 10.5 All investment accounts shall be reconciled monthly with custodian reports and broker confirmations by a party that is independent of the investment management function. Discrepancies shall be brought to the attention of the investment manager, the Treasurer and Assistant Treasurer, the Controller, and if not resolved promptly, to the Executive Director, Finance and Budget.
- 10.6 The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide independent confirmation of compliance with policies and procedures.
- 10.7 The Treasurer is responsible for the preparation of the cash flow model. The cash flow model shall be updated monthly based upon the actual and projected cash flow.

Annually, the Treasurer shall notify the external investment managers of the cash flow requirements for the next twelve months. The Treasurer shall monitor actual to maximum maturities within the parameters of this investment policy.
- 10.8 The Treasurer shall annually submit the Financial Institutions Resolution to the Board for approval. The existing resolution will remain in effect until the Board approves the recommended resolution.

11.0 Purchasing Guidelines

- 11.1 Investment managers shall purchase and sell securities at the price and execution that is most beneficial to the LACMTA. The liquidity requirements shall be analyzed and an interest rate analysis shall be conducted to determine the optimal investment maturities prior to requesting bids or offers. Investments shall be purchased and sold through a competitive bid/offer process. Bids/offers for securities of comparable maturity, credit and liquidity shall be received from at least three financial institutions, if possible.
- 11.2 Such competitive bids/offers shall be documented on the investment managers' trade documentation. Supporting documentation from the Wall Street Journal, Bloomberg or other financial information system shall be filed with the trade documentation as evidence of general market prices when the purchase or sale was effected.

12.0 Benchmarks

Internal and external investment managers' performance shall be evaluated against the following agreed upon benchmarks. If the investment manager does not meet its benchmark over a market cycle (3 to 5 years), the Treasurer shall determine and set forth in writing reasons why it is in the best interests of the LACMTA to replace or retain the investment manager.

Portfolio	Investment Benchmarks
Intermediate Duration Portfolios	Bank of America/Merrill Lynch AAA-A 1-5- year Government Government &
Corporate Index (BV10)	
Short Duration Portfolios	Three month Treasury

**Los Angeles County Metropolitan Transportation Authority
Section 5.1A
Statement of Investment Policy ^a**

* The percentage of portfolio authorized is based on market value.

Investment Type	Maximum Maturity	Maximum Allowable Percentage of Portfolio *	Minimum Quality and Other Requirements
Bonds Issued by the LACMTA	5 years ^b	100%	None
U.S. Treasury notes, bonds, bills or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest	5 years ^b	100%	None
Registered state warrants or treasury notes or bonds of the other 49 states in addition to California.	5 years ^b	25%	Such obligations must be rated “A1” or better short term; or “AA” or better long term, by a nationally recognized statistical rating organization
Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California	5 years ^b	25%	Such obligations must be rated “A1” or better short term; or “AA” or better long term, by a nationally recognized statistical rating organization
Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government –sponsored enterprises	5 years ^b	50% ^d	See Footnote d
Bills of exchanges or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers’ acceptances	180 days	40% ^c	The issuer’s short-term debt must have the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization
Commercial paper or “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization	270 days	25% ^c	See Footnote e
<u>Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal savings and loan association, a state or federal credit union, or by a state licensed branch of a foreign bank, or a federally licensed branch of a foreign bank. Deposits may be placed through a private sector entity that assists in placement of deposits.</u>	<u>5 years ^b</u>	<u>30% ^c</u>	<u>See Footnotes f and g</u>

Negotiable certificates of deposits issued by a nationally or state chartered bank or a state or federal savings and loan association, a state or federal credit union, or by a state licensed branch of a foreign bank, or a federally licensed branch or state licensed branch of a foreign bank.	5 years ^b	30% ^e	See Footnote ^f
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Investments in repurchase agreements	90 days	20%	Limited to no more than 90 days. See Footnote gh
<u>United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank.</u>	<u>5 years ^b</u>	<u>30% ^c</u>	<u>Maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments shall be rated "AA" or better by a nationally recognized statistical rating organization and shall not exceed 30% of the portfolio.</u>
Medium-term notes issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States	5 years ^b	30% ^c	Must be rated "A" or better by a nationally recognized statistical rating organization. If rated by more than one rating agency, both ratings must meet the minimum credit standards.
Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission, as authorized by Code Section 53601	Not applicable	20% ^c	See Footnote hj
State of California Local Agency Investment fund (LAIF) Code Section 16429.1 through 16429.4 or other Local Government Investment Pool (LGIP) established by public California entities pursuant to Section 53684	Not applicable	Set by LAIF and LGIP	See Footnote ij
Asset-backed Securities	5 years ^b	15% combined with mortgage-backed securities	See Footnote jk
Mortgage-backed Securities	5 years ^b	15% combined with asset-backed securities	See Footnote kl

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**Los Angeles County Metropolitan Transportation Authority
Statement of Investment Policy**

Footnotes for Section 5.1A Statement of Investment Policy	
a	Sources: California Government Code Sections 16429.1, 53601, 53601.8, 53635 and 53638
b	Maximum maturity of five (5) years unless a longer maturity is approved by Board of Directors, either specifically or as part of an investment program, at least three (3) months prior to the purchase. New issue securities with a stated 5 year maturity can be purchased in the primary market with extended settlements of up to 30 days from the date of purchase.
c	Limited to no more than 10% of the portfolio in any one issue (i.e. bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, and money market funds)
d	No more than 15% of portfolio in any one Federal Agency or government-sponsored issue
e	Eligible paper is further limited to 10% of the outstanding paper of an issuing corporation, the issuing corporation must be organized and operating within the United States and having total assets in excess of \$500,000,000 and have an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided for by a nationally recognized statistical rating organization. Issuing corporations that are organized and operating within the United States and have total assets in excess of \$500 million dollars and having an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided by a nationally recognized statistical rating organization
f	The legislative body of the local agency, the treasurer or other official of the local agency having custody of the money are prohibited from investing in negotiable certificates of deposit of a state or federal credit union if a member of the legislative body or any other specified city officer or employee also serves on the board of directors or certain committees of that credit union
g	<u>Investments in placement services assisted deposits is authorized under Sections 53601.8, 53635.8, and 53601 (i) of the California Government Code and shall when combined with Section 53601 (i) not exceed 30% of the portfolio.</u>
gh	Repurchase agreements shall be executed through Primary Broker-Dealers. The repurchase agreement must be covered by a master repurchase agreement. Repurchase agreements shall be collateralized at all times. Collateral shall be limited to obligations of the United States and Federal Agencies with an initial margin of at least 102% of the value of the investment, and shall be in compliance if brought back up to 102% no later than the next business day. Collateral shall be delivered to a third party custodian in all cases. Collateral for term repurchase agreements shall be valued daily by the LACMTA's investment manager (for internal funds) or external investment manager. Investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. The LACMTA shall obtain a first lien and security interest in all collateral
hi	Companies must have either 1) the highest ranking or the highest letter and numerical rating provided by not less than two of the nationally recognized statistical rating organizations, or (2) retained an investment advisor registered or exempt with the Securities and-Exchange Commission, with no less than five years experience investing in the securities and obligations authorized by California Government Code \$53601 a-k inclusive and m-o inclusive and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price may not

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	include any commissions charged by these companies
ij	Maximum investment per individual pool limited to the amount for LAIF as set by the State Treasurer's Office. Limit does not include funds required by law, ordinance, or statute to be invested in pool. Each pool must be evaluated and approved by the Treasurer, as to credit worthiness, security, and conformity to state and local laws. An evaluation should cover, but is not limited to establishing, a description of who may invest in the program, how often, what size deposit and withdrawal; the pool's eligible investment securities, obtaining a written statement of investment policy and objectives, a description of interest calculations and how it is distributed; how gains and losses are treated; a description of how the securities are safeguarded and how often the securities are priced and the program audited. A schedule for receiving statements and portfolio listings. A fee schedule, when and how fees are assessed
jk	Limited to senior class securities with stated maturities of no more than 5 years. Further limited to securities rated in a rating category of "AAA", and issued by an issuer having an "A" or higher rating for the issuer's debt as provided for by a nationally recognized statistical rating organization. Further limited to fixed rate, publicly offered, generic credit card and automobile receivables only. Deal size must be at least \$250 million, and tranche size must be at least \$25 million
kl	Pass-Through securities: Limited to Government Agency or Government Sponsored issuers, fixed rate, stated maturity no more than 5 years. CMOS: Limited to Government Agency or Government Sponsored Issuers "AAA" rated by a nationally recognized statistical rating organization. Planned Amortization Classes (PAC) only. The following are prohibited: ARMS, floaters, interest or principal (IOs, POs), Targeted Amortization Classes, companion, subordinated, collateral classes, or zero accrual structures

APPENDIX A

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION
AUTHORITY

CERTIFICATION OF UNDERSTANDING

The Los Angeles County Metropolitan Transportation Authority (LACMTA) Investment Policy as approved by the Board of Directors requires that all Financial Institutions and Investment Managers' conducting investment transactions with or for LACMTA sign a Certification of Understanding acknowledging that:

1. *You have read and are familiar with the LACMTA's Investment Policy as well as applicable Federal and State laws.*
2. *You meet the requirements as outlined in Investment Policy.*
3. *You agree to make every reasonable effort to protect the assets from loss.*
4. *You agree to notify the LACMTA in writing of any potential conflicts of interest.*
5. *You agree to notify the LACMTA in writing of any changes in personnel with decision-making authority over funds within 24 hours of such event.*

Failure to submit a Certification of Understanding shall result in the withdrawal of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the LACMTA for the purchase of securities or investment of funds on behalf of LACMTA.

The Board of Directors is committed to the goals of the Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

SIGNED: _____ DATE: _____
Print Name and Title _____

After reading and signing this Certification of Understanding please return with *any* supporting documentation to:

LACMTA
Treasury Department
Attention: Treasurer
One Gateway Plaza
Los Angeles, CA 90012-2932

LACMTA use only:
Approved: _____ Disapproved: _____ Date: _____
Signature: _____
LACMTA Treasurer

APPENDIX B

**LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY**

BROKER-DEALER RECEIPT OF INVESTMENT POLICY

We are in receipt of the Los Angeles County Metropolitan Transportation Authority's (LACMTA) Investment Policy.

We have read the policy and understand the provisions and guidelines of the policy. All salespersons covering LACMTA's account will be made aware of this policy and will be directed to give consideration to its provisions and constraints in selecting investment opportunities to present to LACMTA.

Signed _____
Name Name

Title Title

Firm Name

Date Date

After reading and signing this Receipt of Investment Policy, please return with supporting documentation to:

LACMTA
Treasury Department
Attention: Treasurer
One Gateway Plaza
Los Angeles, CA 90012-2932

LACMTA use only:
Approved: _____ Disapproved: _____ Date: _____
Signature: _____
LACMTA Treasurer

APPENDIX C

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION
AUTHORITY

BROKER/DEALER QUESTIONNAIRE

1. Name of Firm _____

2. Address _____
(Local) (National Headquarters)

3. Telephone No. () _____ Telephone No. () _____
(Local) (National Headquarters)

4. Primary Representative Manager/Partner-in-Charge
Name _____ Name _____
Title _____ Title _____
Telephone No. _____ Telephone No. _____
No. of Yrs. in Institutional Sales _____ No. of Yrs. in Institutional Sales _____
Number of Years with Firm _____ Number of Years with Firm _____

5. Are you a Primary Dealer in U.S. Government Securities? .
 YES NO

If NO, Is the parent company or its subsidiary a Primary Dealer in U.S. Government Securities? Provide proof of certification.

YES NO

Please explain your firm's relationship to the Primary Dealer below:

Please provide proof certification from the National Association of Securities Dealer.

6. Are you a Broker instead of Dealer, i.e., you DO NOT own positions of Securities?
 YES NO

7. What is the net capitalization of your Firm? _____

8. What is the date of your Firm's fiscal year-end? _____

9. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization?

10. Please provide your Wiring and Delivery Instructions.

11. Which of the following instruments are offered regularly by your local desk?

- T-Bills Treasury Notes/Bonds Discount Notes NCD's
- Agencies (specify) _____
- BA's (Domestic) BA's (Foreign) Commercial Paper
- Med-Term Notes Repurchase Agreements

12. Does your Firm specialize in any of the instruments listed above?

13. Please identify your comparable government agency clients in the LACMTA's geographical area.

<u>Entity</u>	<u>Contact Person</u>	<u>Telephone No.</u>	<u>Client Since</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

14. What reports, confirmations, and other documentation would LACMTA receive? Please include samples of research reports or market information that your firm regularly provides to government agency clients.

15. What precautions are taken by your Firm to protect the interests of the public when dealing with government agencies as investors?

16. Have you or your Firm been censored, sanctioned or disciplined by a Regulatory State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the past five years? YES NO

17. If yes, please explain

18. Please provide your most recent audited financial statements within 120 days of your fiscal year-end.

19. Please indicate the current licenses of the LACMTA representatives:

Agent: _____ License or registration: _____

APPENDIX D

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

INVESTMENT POLICY GLOSSARY

ASKED: The price at which securities are offered from a seller.

BANKERS' ACCEPTANCE (BA): Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (or issuer - the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

BID: The price offered by a buyer of securities.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable (marketable or transferable).

COLLATERAL: Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

COMMERCIAL PAPER (CP): Unsecured promissory notes issued by companies and government entities at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

CUSTODY or SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: Delivery of securities with a simultaneous exchange of money for the securities.

FEDERAL AGENCIES AND U.S. GOVERNMENT SPONSORED ENTERPRISES (AGENCIES): U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). They include:

- ◆ Federal Home Loan Banks (FHLB)
- ◆ Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- ◆ Federal National Mortgage Association (FNMA or "Fannie Mae")
- ◆ Federal Farm Credit Banks (FFCB)
- ◆ Student Loan Marketing Association (SLMA or "Sallie Mae")

◆ Tennessee Valley Authority (TVA)

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES (MTN): Interest bearing, continuously offered debt, issued in the 9 month to ten year maturity range. Deposit notes, like Certificates of Deposit, actually represent an interest bearing deposit at a bank or other depository institution.

OFFER: The price asked by a seller of securities.

PAR VALUE: The face value, or principal amount payable at maturity.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

REPURCHASE AGREEMENT (RP OR REPO): A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, whereby the security "buyer" in effect lends the "seller" money for the period of the agreement, and the difference between the purchase price and sale price determining the earnings. Dealers use RP extensively to finance their positions.

SECURITIES & EXCHANGE COMMISSION (SEC): An agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY NOTES AND BONDS: Long-term U.S. Treasury securities having initial maturities of 2 to 30 years.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

YIELD TO MATURITY (YTM): The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.

ATTACHMENT C
FINANCIAL INSTITUTIONS RESOLUTION

RESOLVED, that any financial institutions, including all banks and their correspondent banks doing business with the Los Angeles County Metropolitan Transportation Authority (LACMTA), are hereby authorized, requested and directed to honor all checks, drafts, wires, or other orders for payment of money drawn in the LACMTA's name on its account(s) (including those drawn on the individual order of any person or persons whose names appear thereon as a signer or signers thereof) when bearing the original and/or facsimile signature of the Chair; Chief Executive Officer; Deputy Chief Executive Officer; Executive Director, Finance and Budget; Treasurer; or Assistant Treasurer (collectively, LACMTA Officials). LACMTA Officials are the only representatives empowered to open, close or authorize changes to accounts on behalf of LACMTA. LACMTA Officials may designate individuals as Official Signatories for financial accounts. The duties of Official Signatories shall be limited to check signing, wire or fund transfers, balance reporting and/or monitoring of bank processes.

And, those financial institutions, including correspondent banks, currently doing business with LACMTA shall be entitled to honor and charge LACMTA for all such checks, drafts, wires, or other orders for the payment of money, regardless of by whom or by what means when the actual or facsimile signature or signatures resemble the specimens filed with those financial institutions by the Secretary or other officer of LACMTA.

CERTIFICATION

The undersigned, duly qualified and acting as Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____.

Dated: _____

Michele Jackson
Board Secretary

(SEAL)



Board Report

File #: 2015-1306, File Type: Resolution

Agenda Number: 13.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 20, 2016**

SUBJECT: PROPOSITION A REFUNDING BONDS

ACTION: AUTHORIZE SALE OF REFUNDING BONDS

RECOMMENDATION

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the issuance of bonds by competitive sale to refund the **Prop A Series 2008-A1, Series 2008-A2, Series 2008-A3 and Series 2008-A4 Bonds** ("the 2008-A Bonds") in one or more transactions through August 31, 2016, consistent with the Debt Policy;
- B. APPROVES the **forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Bonds, and Preliminary Official Statement**, all subject to modification as set forth in the resolution; and
- C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the bonds.

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE.)

ISSUE

Lower interest rates offer an opportunity for Metro to lock in low long term rates by refunding the outstanding variable rate 2008-A Bonds and eliminate short term interest rate risk. The 2008-A Bonds refunded the 2005-C bonds, which were issued in combination with interest rate swaps that were intended to produce a synthetic fixed rate of approximately 3.37%. Because the fixed rate based on the interest rate swaps was higher than the current market, we terminated the swaps on July 1, 2015 at no cost to Metro. Metro has entered into agreements with two banks for the 2008-A bonds where we pay a variable interest rate that resets monthly and is tied to one-month London Interbank Offered Rate ("LIBOR") index. A refunding with fixed rate bonds will allow us to lock-in the interest cost over the remaining term of the bonds at currently low interest rates and remove the risk of rising short term rates. We are requesting the authority to sell Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds (the "Refunding Bonds") in one or more transactions through August 31, 2016, to allow flexibility should significant market volatility occur. It is our expectation that the \$238.4 million

outstanding principal of the 2008-A Bonds will be refunded through a competitive sale by spring 2016, depending on market conditions.

DISCUSSION

The 2008-A Bonds bear an interest rate that resets monthly based on one-month LIBOR. The variable interest rate, including a spread that Metro has agreed to pay to the two banks that purchased the bonds, is currently about 0.50% (half of one percent). Although current short-term interest rates are very low, the cost to Metro is expected to increase as interest rates rise due to the fact that the 2008-A bonds bear interest at a variable rate. Issuing fixed rate bonds will mitigate that risk.

The Debt Policy establishes criteria to evaluate refunding opportunities. The Refunding Bonds are recommended to change the debt from variable rate to fixed rate and the Debt Policy provides for refundings that change the type of debt instrument being used. The refunding is not being undertaken solely to achieve cost savings or meet target savings amounts. At the current variable interest rate of 0.50%, including the bank spread, a fixed rate refunding will result in a higher interest cost. However, should the LIBOR index increase to the 10 year average for one-month LIBOR of 1.495% for the remaining 16 year term of the 2008-A Bonds, the refunding will result in about \$4 million in present value total debt service savings to Metro.

As part of this issuance of Refunding Bonds, the Trust Agreement will be amended to conditionally eliminate the Debt Service Reserve Fund ("DSRF") requirement. The Refunding Bonds and any future Prop A bonds will be issued under supplemental trust agreements that allow for the elimination of the DSRF requirement once 60% of all outstanding First Tier Senior Lien bonds are issued under this revised DSRF provision, which is estimated to occur in July 2021. During the period between this Refunding Bond issue and when the amendment actually takes place, Metro may have to contribute funds to satisfy the DSRF requirement. Once the amendment takes effect, Metro will have the option to issue any new or refunding bonds without a debt service reserve fund, can also elect to have the new bonds establish a new debt service reserve requirement or participate in the existing reserve fund.

Currently, Metro is required to set-aside \$140 million in a debt service reserve fund to secure all Prop A First Tier Senior Lien Bonds, which is equal to the maximum amount of future debt service paid in a fiscal year. Metro meets this requirement with approximately \$54 million in cash and investments, and an \$85.5 million surety, or insurance policy. The cash and investments were funded from prior Prop A First Tier Senior Lien bonds, and currently earn a relatively low investment rate. The surety policy was purchased in 2008 and expires in July 2021.

Based on current projections of refundings, we anticipate meeting the 60% consent requirement in 2021, enabling us to reduce the DSRF requirement and initiate the reduction of cash and investments held in the DSRF. The lower DSRF requirement will also eliminate the need to replace the surety policy. Factoring in principal paydowns, we project that the DSRF requirement will only be approximately \$11 million by fiscal 2022, securing the remaining bonds (Prop A 2014A and 2015A bonds) that have not been issued under the amended trust agreement. At that level, we estimate \$43 million of the \$54 million cash in the DSRF will be available to pay Prop A debt service, thereby

freeing up funds for other Prop A projects.

The Reserve Requirement was created in 1986 when the Trust Agreement was originally executed. Purchasers of Metro bonds and the rating agencies no longer place a significant amount of value on a debt service reserve fund for an issuer with the AAA credit strength of our Prop A bonds. We have received confirmation from Standard & Poor's and Moody's Investors Service that removing the debt service reserve fund for future bond issues will not have an impact on the bond ratings for the First Tier Senior Lien Bonds, keeping our ratings at the current levels of AAA and Aa1, respectively.

DETERMINATION OF SAFETY IMPACT

Approval of this report will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

The costs of issuance for the bonds will be paid from proceeds of the financing and will be budget neutral. Bond principal and bond interest expense for the Prop A 2008-A Bonds are included in the FY16 budget in project 610306, account 51101 for principal and account 51121 for interest.

ALTERNATIVES CONSIDERED

The Board could defer the refunding to a later time or indefinitely. This is not recommended because recent market conditions have been favorable for the refunding. Also short-term rates have risen since the Federal Reserve increased the Fed Funds rate on December 16, 2015, and the Federal Reserve is signaling more short-term interest rate increases will occur during 2016. Strength in the domestic economy could also cause short-term interest rates to rise. A refunding at a later time may result in the payment of higher interest costs over the term of the bonds. In addition, the current agreements with the two banks providing the short term liquidity expire in August 2016 and if we do not issue Refunding Bonds we will have to replace the existing bank facilities.

NEXT STEPS


- Further develop bond issuance documentation and publish the sales notices
- Obtain credit ratings
- Distribute the preliminary official statement to prospective underwriters and potential investors
- Initiate pre-marketing effort
- Receive electronic bids from underwriters
- Finalize bond documentation and deliver the bonds

ATTACHMENTS

Attachment A - Authorizing Resolution

Prepared by: Donna R. Mills, Treasurer, (213) 922-4047
LuAnne Edwards Schurtz, Assistant Treasurer, (213) 922-2554

Reviewed by: Nalini Ahuja, Executive Director, Finance and Budget,
(213) 922-3088



Phillip A. Washington
Chief Executive Officer

Authorizing Resolution

**RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE
AND SALE OF ONE OR MORE SERIES OF ITS PROPOSITION A FIRST
TIER SENIOR SALES TAX REVENUE REFUNDING BONDS AND
APPROVING OTHER RELATED MATTERS**

(PROPOSITION A SALES TAX)

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transportation system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission was authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval by the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 16 adopted August 20, 1980 ("Ordinance No. 16"), imposed a 1/2 of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition A Tax"), and such tax was approved by the electors of the County on November 4, 1980; and

WHEREAS, the revenues received by the LACMTA from the imposition of the Proposition A Tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any bonds issued pursuant to the Act and include the payments or provision for the payment of the principal of the bonds and any premium, interest on the bonds and the costs of issuance of the bonds; and

WHEREAS, the LACMTA, on an on-going basis, is planning and engineering a County-wide public transportation system (the "Public Transportation System") to serve the County and on an on-going basis is constructing portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, pursuant to the terms of a Trust Agreement, dated as of July 1, 1986, as amended and supplemented (the "Trust Agreement") between the Commission, as predecessor to the LACMTA, and First Interstate Bank of California, the predecessor trustee to The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), the LACMTA has issued several series of bonds, including its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2007-A (the "Series 2007-A Bonds"), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2008-A1, Series 2008-A2, Series 2008-A3 and Series 2008-A4 (collectively, the "Series 2008-A Bonds"), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2008-B (the "Series 2008-B Bonds"), its Proposition

A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2009-A (the “Series 2009-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2011-A (the “Series 2011-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2011-B (the “Series 2011-B Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2012-A (the “Series 2012-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2013-A (the “Series 2013-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2014-A (the “Series 2014-A Bonds”), and its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2015-A (the “Series 2015-A Bonds,” and collectively with the Series 2007-A Bonds, the Series 2008-A Bonds, the Series 2008-B Bonds, the Series 2009-A Bonds, the Series 2011-A Bonds, the Series 2011-B Bonds, the Series 2012-A Bonds, the Series 2013-A Bonds and the Series 2014-A Bonds, the “Prior Senior Lien Bonds”); and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more series of its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds (the “Refunding Bonds”) to: (a) refund all or a portion of the outstanding Series 2008-A Bonds (the Series 2008-A Bonds so refunded shall be collectively referred to herein as the “Refunded Bonds”), provided that the refunding of the Refunded Bonds is consistent with the LACMTA’s Debt Policy as in effect at the time of pricing of the Refunding Bonds; (b) fund or make provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds; and (c) pay certain costs related thereto; and

WHEREAS, the LACMTA desires to sell the Refunding Bonds on a competitive basis in accordance with the LACMTA’s Debt Policy; and

WHEREAS, the LACMTA has determined that it is in its best interest to amend certain provisions of the Trust Agreement, including, but not limited to, the provisions related to the establishment and funding of debt service reserve fund (s) for the Bonds (as defined in the Trust Agreement); and

WHEREAS, forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”):

(a) a Supplemental Trust Agreement (the “Supplemental Trust Agreement”) by and between the LACMTA and the Trustee, which will be used in connection with the issuance of the Refunding Bonds and amending certain provisions of the Trust Agreement;

(b) an Escrow Agreement (the “Escrow Agreement”) among the LACMTA, the Trustee and The Bank of New York Mellon Trust Company, N.A., as escrow agent, which will be used in connection with the refunding and defeasance of the Refunded Bonds;

(c) a Preliminary Official Statement (the “Preliminary Official Statement”), which will be used, from time to time, in connection with the offer and sale of the Refunding Bonds;

(d) a Notice of Intention to Sell Bonds (the “Notice of Intention to Sell Bonds”), which will be published in *The Bond Buyer* (or such other publication as may be selected by a Designated Officer (as hereinafter defined));

(e) a Notice Inviting Bids (the “Notice Inviting Bids”), which will be used to set forth the terms and the manner in which proposals from qualified bidders for the purchase of the Refunding Bonds shall be received; and

(f) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), to be executed by the LACMTA, which will be used in order to assist the underwriters of the Refunding Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5); and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Refunding Bonds and said documents are subject to completion to reflect the results of the sale of the Refunding Bonds; and

WHEREAS, the LACMTA has pledged the Proposition A Tax, less the 25% allocated to local jurisdictions and less the State Board of Equalization’s costs of administering the Proposition A Tax (as further defined in the Trust Agreement, the “Pledged Revenues”) pursuant to the terms of the Trust Agreement to secure the Prior Senior Lien Bonds and certain other obligations of the LACMTA, and once issued, the Refunding Bonds will be “Bonds” as defined in the Trust Agreement and will be secured by the pledge of the Pledged Revenues under the Trust Agreement; and

WHEREAS, the LACMTA desires to designate the Chief Executive Officer of the LACMTA, the Executive Director, Finance and Budget of the LACMTA, the Treasurer of the LACMTA, and each Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity, as an “Authorized Commission Representative” and an “Authorized Authority Representative” for all purposes under the Trust Agreement and the Supplemental Trust Agreement; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement and the Supplemental Trust Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

Section 1. Findings. The LACMTA hereby finds and determines that the issuance of one or more series of its Refunding Bonds under the Trust Agreement to refund all or a portion of the Series 2008-A Bonds (provided that the refunding of the Refunded Bonds is consistent with the LACMTA's Debt Policy as in effect at the time of pricing of the Refunding Bonds), to fund or make provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds and to pay certain costs related to the issuance of the Refunding Bonds thereto is in the public interest.

Section 2. Issuance of Refunding Bonds. The Board of the LACMTA hereby authorizes the issuance by the LACMTA of one or more series of Refunding Bonds in a total aggregate principal amount not to exceed \$250,000,000 to refund all or a portion of the Series 2008-A Bonds (provided that the refunding of the Series 2008-A Bonds is consistent with the LACMTA's Debt Policy as in effect at the time of pricing of the Refunding Bonds as determined and calculated at the discretion of the Treasurer of the LACMTA, which shall be conclusive for all purposes of this Resolution), to fund or make provision for one or more reserve funds or accounts, if necessary, and to pay certain costs related to the issuance of the Refunding Bonds. The LACMTA hereby specifies that each series of Refunding Bonds shall not mature later than July 1, 2031 and the True Interest Cost (as defined below) of each series of the Refunding Bonds shall not exceed 4.00%, as such shall be calculated by the LACMTA's financial advisor as of the date of delivery of each series of the Refunding Bonds. The Refunding Bonds shall be issued in a manner by which the interest thereon is excludable from gross income under the Internal Revenue Code of 1986, as amended. The Chief Executive Officer ("CEO") of the LACMTA, any Executive Director, Finance and Budget of the LACMTA, any Treasurer of the LACMTA, any Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each a "Designated Officer"), acting in accordance with this Section 2, are each hereby severally authorized to determine the actual aggregate principal amount of each series of Refunding Bonds to be issued (not in excess of the maximum amount set forth above), and to direct the execution and authentication of the Refunding Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. The Refunding Bonds shall be in fully registered form and shall be issued as Book-Entry Bonds as provided in the Supplemental Trust Agreement. Payment of the principal of, interest on and premium, if any, on the Refunding Bonds shall be made at the place or places and in the manner provided in the Supplemental Trust Agreement.

As used herein, the term "True Interest Cost" shall be the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the applicable series of Refunding Bonds and to the principal amount, and premium or discount if any, of the applicable series of Refunding Bonds. For the purpose of calculating the True Interest Cost, the principal amount of the applicable series of Refunding Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity for such year. The calculation of the True Interest Cost shall include such other reasonable assumptions and methods as determined by the LACMTA's financial advisor.

Section 3. Terms of Refunding Bonds. The Refunding Bonds shall be issued as current interest bonds and shall be available in denominations of \$5,000 and integral multiples thereof. The Refunding Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the final form of the Supplemental Trust Agreement. The

Refunding Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the Supplemental Trust Agreement. Interest on the Refunding Bonds shall be paid at the rates and on the dates set forth in the Supplemental Trust Agreement. No Refunding Bond shall bear interest at a rate in excess of 6.00% per annum. The Refunding Bonds shall be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the Supplemental Trust Agreement. The Refunding Bonds issued as term bonds also shall be subject to mandatory sinking fund redemption as shall be set forth in the Supplemental Trust Agreement.

Execution and delivery of Supplemental Trust Agreement, which document will contain the maturities, interest rates and the fixed interest payment obligations of the LACMTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the LACMTA's approval of such maturities, interest rates and payment obligations.

Section 4. Special Obligations. The Refunding Bonds shall be special obligations of the LACMTA secured by and payable from the Pledged Revenues and from the funds and accounts held by the Trustee under the Trust Agreement.

Section 5. Form of Refunding Bonds. The Refunding Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in Exhibit A to the Supplemental Trust Agreement on file with the Secretary of the Board and made available to the Board, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the Supplemental Trust Agreement or as appropriate to adequately reflect the terms of such Refunding Bonds and the obligation represented thereby.

Section 6. Execution of Refunding Bonds. Each of the Refunding Bonds shall be executed on behalf of the LACMTA by any Designated Officer and any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of such Designated Officer(s) shall have the same force and effect as if such officer(s) had manually signed each of such Refunding Bonds.

Section 7. Approval of Documents, Authorization for Execution. The form, terms and provisions of the Supplemental Trust Agreement, the Escrow Agreement, the Notice Inviting Bids, the Notice of Intention to Sell Bonds and the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board within the parameters set forth in this Resolution are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Supplemental Trust Agreement, the Escrow Agreement, the Notice Inviting Bids, the Notice of Intention to Sell Bonds and the Continuing Disclosure Certificate, including counterparts thereof. The Supplemental Trust Agreement, the Escrow Agreement, the Notice Inviting Bids, the Notice of Intention to Sell Bonds and the Continuing Disclosure Certificate, as executed and delivered, shall be in substantially the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all

changes or revisions therein from the form of the Supplemental Trust Agreement, the Escrow Agreement, the Notice Inviting Bids, the Notice of Intention to Sell Bonds and the Continuing Disclosure Certificate, now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Supplemental Trust Agreement, the Escrow Agreement, the Notice Inviting Bids, the Notice of Intention to Sell Bonds and the Continuing Disclosure Certificate, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Supplemental Trust Agreement, the Escrow Agreement, the Notice Inviting Bids, the Notice of Intention to Sell Bonds and the Continuing Disclosure Certificate.

Section 8. Sale of Refunding Bonds.

(a) Each Designated Officer is hereby authorized, from time to time, to choose such times and dates as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of the Refunding Bonds, to receive proposals from qualified bidders for the purchase of the Refunding Bonds (through the receipt of sealed written bids and/or the receipt of bids through the use of computerized bidding systems) upon the terms and in the manner set forth in the Notice Inviting Bids.

(b) Each Designated Officer is hereby authorized and directed to execute the Notices Inviting Bids, from time to time, in such form as the Designated Officer executing the same shall approve, and call for bids for the sale of the Refunding Bonds from qualified bidders in accordance with the Notice Inviting Bids.

(c) Each Designated Officer is hereby authorized and directed to cause the Notice of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of the Refunding Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by a Designated Officer), a financial publication generally circulated throughout the State of California, at least five days prior to the sale of the Refunding Bonds in accordance with Section 53692 of the Government Code of the State of California and any such action previously taken is hereby confirmed, ratified and approved.

(d) Each Designated Officer is authorized and directed to cause any Notice Inviting Bids to be published at least once in *The Los Angeles Daily Journal* (or such other publication as may be selected by a Designated Officer) not less than five days prior to the sale of the Refunding Bonds and to print and distribute (including via electronic methods) any Notice Inviting Bids to such municipal broker-dealers, banking and financial institutions and other persons as the Designated Officer deems necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(e) Each Designated Officer is hereby authorized and directed for and on behalf of the LACMTA to accept the best bid for the Refunding Bonds received from

qualified bidders pursuant to and subject to the terms and conditions set forth in this Resolution and the Notice Inviting Bids herein approved and to award the Refunding Bonds, from time to time, to such best bidder(s).

(f) Each Designated Officer is hereby authorized and directed to take any other action such Designated Officer determines is necessary or desirable to cause any such competitive sale to comply with the LACMTA's Debt Policy and applicable law.

Section 9. Preliminary Official Statement and Official Statement. The form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board is hereby approved. The Preliminary Official Statement shall be substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as a Designated Officer approves (such approval to be conclusively evidenced by the execution and delivery of the certificate referenced in the following sentence). The Preliminary Official Statement shall be circulated for use in selling the Refunding Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by said Designated Officer to said effect. The Preliminary Official Statement shall contain a description of the finances and operations of the LACMTA, a description of the Proposition A Tax and a description of historical receipts of sales tax revenues substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as any Designated Officer determines are appropriate or necessary. The Preliminary Official Statement shall also contain a description of the applicable Refunding Bonds and the terms and conditions of the Supplemental Trust Agreement together with such information and description as a Designated Officer determines is appropriate or necessary.

Upon the sale of the Refunding Bonds, any Designated Officer shall provide for the preparation, publication, execution and delivery in electronic and/or printed form of a final Official Statement in substantially the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as any Designated Officer determines are appropriate or necessary. Any Designated Officer is hereby authorized and directed to execute and deliver the final Official Statement in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement may be prepared and delivered reflecting updated and revised information as any Designated Officer deems appropriate or necessary. The Official Statement shall be circulated for use in selling the Refunding Bonds at such time or times as any Designated Officer deems appropriate.

Section 10. Trustee, Paying Agent and Registrar. The LACMTA hereby appoints The Bank of New York Mellon Trust Company, N.A. as Trustee, Paying Agent and Registrar for the Refunding Bonds. Such appointments shall be effective upon the issuance of the Refunding Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

Section 11. Escrow Agent. The LACMTA hereby appoints The Bank of New York Mellon Trust Company, N.A. as Escrow Agent under the Escrow Agreement. Such appointment

shall be effective upon the issuance of the Refunding Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

Section 12. Bond Insurance and Reserve Fund Surety Bond. In connection with the sale of all or a portion of the Refunding Bonds, the Designated Officers are hereby authorized on behalf of the LACMTA to purchase or otherwise arrange for the provision of (including the payment of such premiums, fees and other costs and expenses as such Designated Officer determines acceptable), one or more policies of municipal bond insurance to support the timely payment of principal of and interest on all or a portion of the Refunding Bonds and/or one or more reserve fund surety bonds, said municipal bond insurance and/or reserve fund surety bond to contain such terms and conditions as such Designated Officer(s) shall determine is appropriate or necessary for the issuance of the Refunding Bonds. Notwithstanding the Debt Policy of the LACMTA, each of the Designated Officers is hereby authorized and directed to determine the process of procuring the provider of municipal bond insurance or reserve fund surety and such process may be, at the determination of such Designated Officer, either a competitive bidding process or a privately negotiated process, even if such process does not comply with the Debt Policy of the LACMTA.

Section 13. Authorized Commission Representative/Authorized Authority Representative. The Board hereby designates the CEO, the Executive Director, Finance and Budget of the LACMTA, the Treasurer of the LACMTA, and each Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity, as an Authorized Commission Representative and an Authorized Authority Representative for all purposes under the Trust Agreement and with respect to all bonds outstanding under the Trust Agreement. Such appointment shall remain in effect until modified by resolution.

Section 14. Additional Authorization. The Designated Officers, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Refunding Bonds, the Supplemental Trust Agreement, the Escrow Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids and the Continuing Disclosure Certificate and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, the Supplemental Trust Agreement, the Escrow Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids and the Continuing Disclosure Certificate or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investment of the proceeds of the Refunding Bonds and of the Pledged Revenues including the execution and delivery of investment agreements or purchase agreements related thereto, the execution by a Designated Officer and the delivery of one or more tax certificates as required by the Supplemental Trust Agreement for the purpose of complying with the rebate requirements of the Internal Revenue Code of 1986, as amended; the execution by a Designated Officer of any documents necessary in connection with obtaining bond insurance on all or a portion of the Refunding Bonds, and the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry

Bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Any Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause written notice(s) to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the Refunding Bonds, said notice(s) to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice(s) of final sale with CDIAC, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, if necessary, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the Refunding Bonds, and any such notices are hereby ratified, confirmed and approved.

Section 15. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the CEO of the LACMTA, any Executive Director, Finance and Budget of the LACMTA, any Treasurer of the LACMTA, or any Assistant Treasurer of the LACMTA shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

Section 16. Further Actions. From and after the delivery of the Refunding Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify the Supplemental Trust Agreement, the Escrow Agreement and the Continuing Disclosure Certificate at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement, or modification, upon consultation with the LACMTA’s financial advisor and Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA’s approval thereof. Further, the Designated Officers and each of them are hereby authorized and directed to terminate any municipal bond insurance policy, reserve fund surety or investment agreement and enter into one or more municipal bond insurance policies, reserve fund sureties or investment agreements as any such Designated Officer shall determine is appropriate or necessary.

Section 17. Costs of Issuance. The LACMTA authorizes funds of the LACMTA, together with the proceeds of the Refunding Bonds, to be used to pay costs of issuance of the Refunding Bonds, including, but not limited to, costs of attorneys, accountants, verification agents, financial advisors, trustees, escrow agents, the costs associated with rating agencies, bond insurance and surety bonds, printing, publication and mailing expenses and any related filing fees.

Section 18. Investment Agreements. In connection with the issuance of the Refunding Bonds, each of the Designated Officers is hereby authorized and directed to terminate, amend, assign or otherwise dispose of any investment agreement relating to any of the Refunded Bonds in such manner and on such terms and provisions as any such Designated Officer shall determine is appropriate or necessary.

Section 19. Severability. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 20. Effective Date. This Resolution shall be effective upon adoption.

Authorizing Resolution

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____, 2016.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2016

**Board Report**

File #: 2015-1795, **File Type:** Informational Report**Agenda Number:** 14.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 20, 2016****SUBJECT: BUSINESS INTERRUPTION FUND IMPLEMENTATION IN AREAS OF LITTLE TOKYO DIRECTLY IMPACTED BY REGIONAL CONNECTOR TRANSIT PROJECT CONSTRUCTION****ACTION: RECEIVE AND FILE STATUS REPORT****RECOMMENDATION**

RECEIVE AND FILE status report on the **implementation of Metro's Pilot Business Interruption Fund (BIF) for small "mom and pop" businesses** directly impacted by Metro construction activity within the Little Tokyo area of the Regional Connector transit rail project.

ISSUE

In October 2014 Metro's Board of Directors authorized the CEO to establish a pilot program for a special Business Interruption Fund (BIF) for "mom and pop" businesses located along the Crenshaw Line, the Little Tokyo area along the Regional Connector and Phase I of the Purple Line Extension (Attachment A). Pursuant to the Board's direction, Metro developed the program framework, strategy and administrative guidelines through an intensive collaborative process; and "soft" launched the pilot program in February 2015.

In keeping with the Board's objective and the administrative guidelines of the pilot program, Metro and the contracted fund administrator, Pacific Coast Regional Small Business Development Corporation (PCR), are administering the pilot program including outreach and engagement of eligible "mom and pop" businesses directly impacted by Metro transit rail construction activities along the Crenshaw/LAX line, Phase I of the Purple Line Extension, and the Little Tokyo area of the Regional Connector Project. Metro has continued to provide financial assistance to directly impacted eligible businesses within each transit project area demonstrated through the award of one hundred (100) BIF grants with a total value in excess of \$1.8 Million.

In response to a request from Director Solis, this report provides a high-level summary of the pilot program development including program, policy and capacity considerations, with special focus on program implementation within the Little Tokyo area directly impacted by construction of the Regional Connector Project.

DISCUSSION

(1) Overview of BIF Program Development

Recognizing the clear nexus between surface construction activities and reduced business activity, Metro staff convened a cross function team comprised of Vendor/Contract Management, Risk Management, Management Audit Services, Construction and Engineering, Planning, Communications along with the Office of the Chief Executive Officer and County Counsel to develop a strategy for the implementation and administration of the BIF. Several actions were initiated and methods leveraged throughout the program development process including but not limited to: review of Houston Metro's Business Assistance Fund Program; legal services of Nossaman, LLP as dedicated counsel to provide oversight for the development of business loss claims administration guidelines and procedures; meetings with the Design Build Contractors from two of the transit rail projects; and Measure R policy analysis and funding assessment. In addition, Metro staff sought the advice of staff from the City of New Orleans, United States Department of Housing and Urban Development (HUD), Wells Fargo Bank's community investment group and others to gather lessons learned and best practices in disaster relief, emergency response and administration of emergency gap financing programs.

Furthermore, recognizing the importance of maintaining a fiscally prudent yet efficient program that provides financial assistance to directly impacted "mom and pop" businesses while maintaining a nexus to Metro's construction activity to avoid making a gift of public funds, participation in the BIF is limited to businesses located immediately adjacent to a rail corridor whose business revenues decrease as a result of construction activities from specified Metro construction projects occurring in front of the business or on the block in which the business is situated. Metro engaged the business loss claims management services of GCR, Inc. for an assessment of the BIF Administrative Guidelines including a comprehensive analysis of potential business impairments and anticipated business participation levels for the BIF along the Crenshaw/LAX Line, Purple Line Extension, Phase I and the Regional Connector Project, including the Little Tokyo area and the recent addition of 2nd and Broadway.

Metro staff presented the program recommendations for BIF administration, resources, funding capacity, and the draft program guidelines to Metro's Board of Directors in November 2014. With Board approval, the pilot program was "soft launched" in February 2015.

(2) BIF Program Analysis of Eligible Businesses

GCR led the BIF analysis and assisted Metro in estimating the number of potentially eligible businesses along the transit rail projects and analyzed anticipated BIF participation rates and grant amounts. The estimated number of "mom and pop" businesses within the three transit project areas, the number of eligible businesses likely to participate in the BIF including the estimated annual number of BIF claims was determined through analysis of: Metro's BIF Administrative Guidelines, fund capacity, construction activity and inventory of businesses immediately (directly) adjacent to each transit rail project corridor including other probabilities and assumptions. Based upon the analysis, an estimated 7,851 businesses are located immediately adjacent to the specified construction project areas and potentially eligible for BIF participation; and an estimated 2,526 businesses are likely to participate in the BIF based on their business types and the assumed

impacts from Metro construction.

The following charts summarize details of the estimated number of businesses and annual claims:

Chart 1: Estimated Number of Eligible Businesses

	Number of Businesses by Area	Crenshaw/LAX	Little Tokyo	Purple	2nd & Broadway	Total
1	Total Businesses (from D&B)	808	293	6,633	161	
2	Total Businesses w/ ≤ 25 Employees	767	271	6,352	150	
3	Total Businesses w/ ≥ 25 Employees in Operation ≥ 2 Years	729	262	6,163	134	
4	Total Businesses w/ 0 Employees Reported and in Operation ≥ 2 Years	112	63	1,461	31	
5	Adjustment Factor Based on Streetview Analysis (Business Count)	136%	105%	112%	102.7%	
6	Adjustment Factor Based on Streetview Analysis (Ineligible Business Type)	15%	3%	4%	16.6%	
7	Adjustment for (5) - Total Businesses	991	275	6,903	138	
8	Adjustment for (6) - Total Anticipated Eligible Businesses	843	267	6,626	115	7851

Chart 2: Estimated Number of Eligible Businesses by Participation Level

Likelihood of BIF Participation	Crenshaw/LAX	Little Tokyo	Purple	2nd & Broadway	Total
High	225	117	850	18	1210
Low	387	90	2,998	64	3539
Moderate	225	58	2,739	28	3050
none	5	2	40	4	51
Total	843	267	6,626	115	7,851

Chart 3: Estimated Number of Potential Annual Claims

Area	Number of Participating Businesses	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	Total
Crenshaw/LAX	292	510	403	292	65	1,270
Purple Line	2,001	0	194	2,989	2,363	5,546
Little Tokyo Regional Connector	155	0	148	155	135	438
2nd & Broadway Regional Connector	98	N/A	149	39	0	188
Total	2,546	510	894	3,475	2,563	7,442

Note: Estimated number of potential annual claims includes consideration for the projected start date of design-build construction activity.

*Data source is GCR, Inc. Due to the long-term variability; GCR's estimates for the analysis extend only through fiscal year 2017-2018.

Understanding that construction activity does not affect all types of businesses equally, the methodology combined the analyses of businesses by NAICS code and the classification of eligible businesses by their likelihood of actually participating in the BIF, expressed as “number of participating businesses”.

(3) BIF Implementation Along Little Tokyo Area

A. Eligible Businesses

Recognizing the variations in the construction settings along Crenshaw/LAX, the Purple Line Extension and the Regional Connector Project, Metro identified the Little Tokyo area boundary based on the pre-defined and generally described area of: Temple Street on the north, 3rd Street on the

south, Los Angeles Street on the west, and Alameda Street as the eastern boundary. The attached maps identify the Little Tokyo area boundary for purposes of the BIF (Attachment B) and parcel locations identified as “immediately adjacent” to construction activities within the Little Tokyo area of the Regional Connector Project for more than 250 businesses potentially eligible for Metro’s BIF (Attachment C).

Specifically, the BIF analysis estimated 267 “mom and pop” businesses in the Little Tokyo area located immediately adjacent to the construction area are potentially eligible for BIF participation. Furthermore, more than 50% of the potentially eligible businesses are likely to participate in the BIF based on their business type and the assumed impacts of Metro construction (refer Charts 1, 2 and 3). Given the construction schedules and anticipated construction impacts, the number of “mom and pop” businesses in the Little Tokyo area participating in the BIF is projected to increase. It is estimated that more than 400 claims will potentially be filed by eligible businesses in the Little Tokyo area of the Regional Connector Project for financial assistance through Metro’s BIF. Per the BIF Administrative Guidelines qualifying businesses may file multiple requests for financial assistance through the BIF, up to a maximum award of \$50,000/year.

B. Communications and Outreach

BIF program information has been presented or provided to approximately 175 members of the Little Tokyo community. Metro staff and PCR have conducted outreach activities in support of the BIF in the Crenshaw/LAX and Little Tokyo areas since the program launch in February 2015. The formal introduction of the program to the Little Tokyo business community commenced in March 2015 followed by the participation of Little Tokyo’s business community leaders at Metro’s BIF press event held April 6, 2015. Thereafter, Metro and PCR staff introduced Metro’s BIF at the Little Tokyo Community Council meeting in April 2015 and outreach has continued through direct canvassing and business engagement of “mom and pop” businesses including representative business associations in the Little Tokyo area of the Regional Connector Project. Metro and PCR have employed various outreach and communication strategies within the community, including:

- Participation in a Little Tokyo construction/business tour facilitated by Metro’s Community Relations staff, community leaders from the Little Tokyo Community Council and Little Tokyo Business Association in April 2015;
- Hosting a series of BIF workshops at the Little Tokyo Library and Metro’s Community Relations Office beginning June 2015;
- Developed informational program materials, such as the BIF Fact Sheet, BIF program application and 4 Step Easy Guide to Apply, in multiple languages, including Korean, Japanese, Spanish and English;
- Assigned a dedicated BIF Business Advisor to provide direct one-on-one counseling and technical support to businesses applying for BIF financial assistance;
- Provided access to multi-lingual interpretation and translation services for BIF workshops and one-on-one sessions with BIF Business Advisors; and
- Ongoing participation in Metro’s Construction and Community Relations meetings, Little Tokyo community and business association meetings including collaboration with the Little Tokyo Small Business Assistance Center.

Metro and PCR program staff will continue to provide outreach, hands-on support and guidance to

“mom and pop” businesses in the Little Tokyo area. BIF advisors will continue to conduct direct canvassing to engage businesses in the community and will maintain on-site hours at Metro’s Community Relations Office in the Little Tokyo area in 2016. In addition, ongoing focus and prioritization will be afforded for the review and processing of BIF applications for “mom and pop” businesses in the Little Tokyo area of the Regional Connector Project. The attached table summarizes various BIF outreach activities within the Little Tokyo area. (Attachment D).

C. BIF Grant Application Metrics

Metro and PCR continue to advance activities for implementation of the BIF along the Crenshaw/LAX Line, Purple Line Extension, Phase I as well as the Little Tokyo area and 2nd and Broadway segment of the Regional Connector Project. The pilot program continues to achieve early milestones. Metro’s BIF has awarded one hundred (100) grants exceeding a total amount of \$1.8 Million to “mom and pop” business along Crenshaw/LAX, Purple Line Extension, Phase I and within the Little Tokyo area of the Regional Connector Project.

BIF eligibility and participation is directly correlated to construction schedules, activities and direct impacts. As major construction activities progress along the specified transit rail projects including the Little Tokyo area of the Regional Connector Project, we foresee an increase in the number of BIF applications and BIF grant awards over the span of the pilot program. In response to construction activities within the Little Tokyo area and direct construction impacts, the first series of BIF applications were received in Fall 2015. The first complete BIF application (supported by the required financial documents) was submitted and approved mid November 2015 and five BIF grants have been awarded in December 2015 to businesses in the Little Tokyo area.

The following is a summary of BIF Grant Application Metrics for the Little Tokyo area of the Regional Connector Project as of December 28, 2015.

- BIF applications submitted to date: **12**
 - BIF applications approved to date: 5
 - BIF applications pending financial documents: 2
 - BIF applications deemed not eligible: *5
 - BIF applications denied: 0
- BIF applications pending online; not submitted: **0**
- BIF claims approved and grants awarded: **5**
- BIF Grant Payments (total value): **\$173,428**

*BIF applications deemed not eligible were based upon: 4 businesses located outside of the eligible area for BIF at time of submission; and 1 business located within the eligible area for BIF; however not directly impacted by Metro construction activity at time of submission.

The following chart highlights the total number of BIF grant applications submitted monthly for the currently active transit rail projects and BIF program areas as of December 28, 2015.

Month	# of Applications Received		
	Crenshaw/LAX	Little Tokyo Area - Regional Connector	Purple Line Extension - Phase 1
Desing Build Construction NTP	September 2013	July 2014	January 2015
March 2015	37	0	0
April 2015	29	0	0
May 2015	18	0	0
June 2015	22	0	0
July 2015	15	1	0
August 2015	9	0	1
September 2015	3	1	1
October 2015	19	2	4
November 2015	33	6	3
December 2015	9	2	1
Total	194	12	10

Note: The date of the design build construction notice to proceed (NTP) may not be indicative of the actual start date of major construction activity required to demonstrate direct impact for the purposes of the BIF program.

(4) Additional Program Considerations

In keeping with the objective of developing a pilot program that is prudent yet provides a seamless process for “mom and pop” businesses to apply for and access financial assistance while ensuring a direct nexus to Metro’s construction activities and safeguarding public funds, Metro’s Pilot Business Interruption Fund was established through a strategic development process with attention to program, policy and financial capacity considerations for directly impacted businesses within three distinctly unique business communities and transit rail project areas. Understanding the importance of developing and delivering an innovative first-ever program for Metro, the BIF program and administrative guidelines were developed through a collaborative process supported by a comprehensive independent analysis, lessons learned in Houston Metro’s Business Assistance Fund program and best practices shared by other public agencies experienced in implementing emergency gap financing programs.

In the course of developing the pilot BIF program, Metro staff modeled its response to potential construction impacts in a similar manner as agencies respond to small business communities during emergency and disaster recovery, and as a result staff developed a program framework and guidelines that are equally applied and implemented along each of the transit rail project areas. The consistent application of the program assures equitable access to the financial assistance provided to eligible and qualifying businesses for BIF participation along each of the transit rail project areas, and ensures consistent standards for establishing a direct nexus to Metro construction activity. Furthermore, the BIF program is independent of Metro’s adopted mitigation plans and measures in the environmental documents for the transit rail projects, such as those applied to the Little Tokyo community of the Regional Connector Project. Metro’s pilot BIF was developed through Board authorization in 2014 independent of the adopted mitigation plans devised as result of environmental justice designation authorized in 2012 for the Little Tokyo community of the Regional Connector Project. Therefore, the ongoing implementation of Metro’s pilot BIF program should be recognized as an independent program for continued assessment. With BIF program funding currently authorized in the amount of \$10 Million annually, any potential expansion of BIF boundaries or

program guidelines, including broadening the definition of direct construction impact and nexus to Metro's construction activity, could impair Metro's ability to sustain BIF throughout the term of its pilot program.

NEXT STEPS

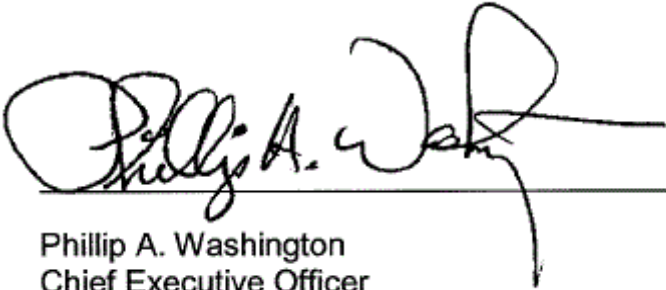
In an effort to uphold Metro's commitment to being a trusted community builder, partner and stakeholder, Metro staff will continue to assess the baseline data and performance of the pilot program with the objective of supporting directly impacted businesses' ability to remain viable throughout the construction period. Metro staff and PCR will continue to implement communication and outreach initiatives and develop resources in support of the diverse representation of the small business community in the Little Tokyo area and 2nd and Broadway segment of Regional Connector Project as well as along Crenshaw/LAX and Purple Line Extension, Phase I.

ATTACHMENTS

- Attachment A - Board Motion Authorizing BIF
- Attachment B - Little Tokyo Area Boundary Map
- Attachment C - Little Tokyo Area BIF Parcel Map
- Attachment D - Little Tokyo BIF Outreach Matrix

Prepared by: Shalonda Baldwin, Deputy Executive Officer, (213) 922-4488

Reviewed by: Ivan Page, Interim Executive Director, Vendor/Contract Management (213) 922-6383
Stephanie Wiggins, Deputy, Chief Executive Officer, (213) 922-1023



Phillip A. Washington
Chief Executive Officer

Amendment to Item 57

Motion by Directors Molina, Dupont-Walker, Ridley-Thomas and Garcetti

Business Interruption Fund

September 18, 2014

WE, THEREFORE, MOVE that the Board direct the Chief Executive Officer to:

1. Establish a pilot program for a special **Business Interruption Fund** for mom and pop businesses located along the Crenshaw Line, within the Little Tokyo area along the Regional Connector, **and Phase I of the Purple Line Extension** immediately.

2. Define mom and pop businesses as those **meeting the following criteria:**
 - a. Having 25 employees or fewer;
 - b. **A minimal operational history of two years;**
 - c. **Being in good standing with local, state and federal tax requirements; and**
 - d. **Able to produce financial records (i.e. gross receipts, business license information, pay roll taxes and other pertinent financial information) demonstrating the loss of business revenue directly related to the period of construction disruption.**

3. Conduct a baseline survey of all businesses within the project areas.

4. **Identify and designate \$10,000,000 of Metro funds annually to be used for the implementation of the Business Interruption Fund. Funds shall be distributed through the project's administration and/or respective Business Solution Center.**
5. **Each business should be eligible for a maximum of \$50,000 annually, not to exceed 60 percent of their annual business revenue loss.**
6. Participation in the program would release MTA and the general contractor from further liability claims for business loss unrelated to specific incidents of damage and would be voluntary.
7. **Direct the Chief Executive Officer to work with Los Angeles County and local cities to seek all appropriate legislation that would temporarily reduce or waive taxes and fees imposed on impacted businesses during transit-related construction activities and work with the Los Angeles County Assessor's Office to immediately initiate outreach activities to businesses impacted by transit-related construction activities in order to inform them of the Assessor's Office Proposition 8/Decline-in-Value Review process.**
8. Report back to Construction Committee monthly, **beginning in October**, with an implementation plan **and report back to the Board of Directors in September 2015 with an evaluation of the program including utilization levels and recommendations for program modification.**

Little Tokyo Boundary



Little Tokyo's boundaries are generally described as: Temple St on the north, 3rd St on the south and Los Angeles St on the west to Alameda St as the eastern boundary.

Regional Connector Transit Project

Business Interruption Fund Adjacent Parcels: Little Tokyo Area



Parcel mapping designed by GCR Inc. for purposes of Metro's BIF.

BIF Outreach Matrix
Little Tokyo Area of Regional Connector Project

#	Event/Meeting	Location	Date	Attendees
1	BIF Introduction Meeting - Little Tokyo Business Association (LTBA) & Asian Pacific Islander Small Business Program (APISBP)	Metro Headquarters	3/31/2015	Metro & PCR
2	Little Tokyo Area, Regional Connector Construction/ Community Tour - LTBA and APISBP Directors	Walking Tour - Little Tokyo Area	4/10/2015	Metro & PCR
3	Little Tokyo Community Council - BIF Program Introduction	Japanese American National Museum	4/28/2015	Metro & PCR
4	Little Tokyo Regional Connector Project Update Meeting	100 W 1st. Street- Deaton Auditorium	6/3/2015	PCR
5	Little Tokyo Business Improvement District (BID) Community Meeting	St. Francis Xavier Japanese Catholic Church	6/17/2015	Metro & PCR
6	BIF Workshop - Little Tokyo	Little Tokyo - Library Branch	6/30/2015	Metro & PCR
7	Eat, Shop, Play - Little Tokyo	Mitusu Sushi & Grill	7/15/2015	PCR
8	BIF Workshop - Little Tokyo	Little Tokyo - Library Branch	7/20/2015	Metro & PCR
9	The National League of Cities - The Big Ideas for Small Business Summit	Mangrove Office 432 E Temple	9/22/2015	Metro & PCR
10	BIF Workshop - Little Tokyo	Little Tokyo - Library Branch	11/10/2015	Metro & PCR
11	Little Tokyo Business Association (LTBA) Board of Directors Meeting	Union Bank Building	11/19/2015	Metro & PCR
12	Little Tokyo and Regional Connector Briefing	Supervisor, Metro Director Solis' Office	11/23/2015	Metro
13	Little Tokyo Community Council Regular Monthly Community Meeting	Japanese American National Museum	11/24/2015	Metro & PCR
14	Shoofly Community Meeting	Japanese American National Museum	11/30/2015	Metro & PCR
15	BIF Workshop - Little Tokyo	Metro Community Relations Office	12/18/2015	Metro & PCR