



Metro

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

Board Report

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Crenshaw Project Corporation

One Gateway Plaza
Los Angeles, CA 90012

CRENSHAW PROJECT CORPORATION BOARD MEETING DECEMBER 3, 2015

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

**ACTION: RATIFY RESTATED ARTICLES OF INCORPORATION, AND RECEIVE AND FILE
REPORT ON 2015 TIFIA LOAN ADMINISTRATION ACTIVITIES**

RECOMMENDATION

CONSIDER:

- A. RATIFYING AND APPROVING the **Crenshaw Project Corporation (CPC) Restated Articles of Incorporation** (Attachment A); and
- B. RECEIVING AND FILING the **Restated Bylaws** (Attachment B) and this report of other TIFIA loan administration activities during calendar year 2015.

ISSUE

The Crenshaw Project Corporation (CPC) was formed in 2012 to act as the TIFIA Loan conduit borrower and the Transportation Investment Generating Economic Recovery (TIGER) II TIFIA Payment grant sub-recipient for the Crenshaw/LAX Transit Corridor Project (Crenshaw/LAX Project). At the CPC Annual Meeting held November 13, 2014, the Board adopted a resolution to amend the bylaws, select fiduciaries to serve as fiscal agents, open bank accounts, change corporate status, file restated articles of incorporation and perform other related activities. These actions were necessary to enable CPC to administer the TIFIA Loan. This report is provided to update the Board about those actions made pursuant to the approved resolution and the loan agreement. As of October 30, 2015, the CPC has drawn \$263.9 million of the \$545.9 million TIFIA Loan available to the Crenshaw/LAX Project.

DISCUSSION

Subsequent to the CPC Annual Meeting held November 13, 2014 staff has completed the following activities in order to administer the TIFIA Loan and TIGER Grant:

New Articles of Incorporation and Restated Bylaws

Last year staff recommended a change in CPC's corporate status from a mutual benefit corporation to a public benefit corporation to simplify the process of obtaining tax-exempt status and to assure compliance with the California Corporations Code. This change was approved by the Board at the November 2014 meeting. TIFIA Lender approval of this change was required before the Restated Articles of Incorporation, which affected the change, could be filed. The TIFIA Lender's consent was obtained in June of 2015 in connection with a Second Amendment to the Crenshaw Project TIFIA Loan Agreement. In order to facilitate obtaining corporate tax exempt status, the Restated Articles of Incorporation presented to and approved by the Board at the 2014 annual meeting were modified as shown on the redlined version of the Restated Articles of Incorporation attached hereto as Attachment A. These changes were suggested by tax counsel and the Internal Revenue Service staff. A clean copy of the red-lined version of the Restated Articles of Incorporation was ultimately filed with the Secretary of State and is available in the Board Secretary's office. In accordance with the corporate resolution approved by the Board at the 2014 annual meeting, upon filing of the Restated Articles of Incorporation, the Restated Bylaws of CPC became effective, as attached hereto as Attachment B. These Restated Bylaws reflect the corporation's new status as a public benefit corporation, as well as new officer titles, and were approved by the Board at the 2014 annual meeting.

CPC has obtained corporate tax exempt status from the Internal Revenue Service and an acknowledgment that CPC is not subject to income or franchise tax from the California Franchise Tax Board.

Summation of Crenshaw Project Corporation TIFIA Loan Amendments

The Board approved two sets of amendments to the TIFIA Loan Agreements since the loan was originally entered into in 2012. The First Amendment incorporated changes made to the Measure R sales tax revenues flow of funds, required as a result of Metro's entering into the Regional Connector TIFIA loan. The Second Amendment, approved by the Board at the CPC 2014 annual meeting, amended the form of ancillary banking agreements to reflect 1) the above-mentioned change in the flow of Measure R revenues; 2) changes requested by the banks who are performing as fiscal agents of the TIFIA Lender, LACMTA and CPC, and 3) changes required by CPC's change in corporate status from a mutual benefit corporation to a public benefit corporation. No material changes to the terms of the Crenshaw/LAX Project TIFIA loan have been made through these amendments. The Second Amendment to the Loan Agreement, the Fiscal Agency Agreement with U.S. National Bank (the trustee under the Measure R Trust Agreement), and the Collateral Agency and Account Agreement between USDOT, CPC and Zions First National Bank (selected as the TIFIA Fiscal Agent), were entered into in June of 2015. The fiscal impact of these agreements, as shown in the annual report, is de minimus. Copies of these agreements are available upon request.

Other administrative actions required by the TIFIA Loan Agreement

- Selected U.S. Bank National Association as CPC's Fiscal Agent and executed the Fiscal Agency Agreement;

- Obtained annual credit rating;
- Initiated loan draws;
- Selected ZIONS First National Bank as TIFIA Fiscal Agent and executed the Collateral Agency Agreement;
- Paid the annual TIFIA Lender Loan Servicing Fee;
- Submitted to TIFIA:
 - Reports and presentation material sent to rating agencies for ratings on any indebtedness secured by Proposition A, Proposition C, and Measure R sales tax and General Revenues;
 - Preliminary Official Statements, Official Statements and other evidence of debt issued by LACMTA and CPC;
 - Unaudited Quarterly Financial Statements of LACMTA and CPC;
 - Unaudited Annual Financial Statements of CPC;
 - Audited Consolidated Annual Financial Report of LACMTA; and
 - Third Annual Financial Plan for Crenshaw/LAX Project;
- The Annual Budget Review and Program Plan was prepared and submitted to the Federal Transit Administration as required by the TIGER Grant.

DETERMINATION OF SAFETY IMPACT

There is no safety impact related to this action.

FINANCIAL IMPACT

The administrative costs associated with changing CPC's corporate status, obtaining tax exempt status, amending the Crenshaw Project TIFIA Loan and performing other CPC TIFIA Loan administration activities are funded in Metro's adopted FY16 budget in various cost centers.

NEXT STEPS

Staff will continue to take all actions required of the Borrower under the Crenshaw/LAX Project TIFIA Loan. Additionally staff will return to the Board in the event there are any further amendments required to the Crenshaw/LAX Project TIFIA Loan in connection with the Project itself or the execution of a fourth TIFIA loan for the Purple Line Extension Project, Section 2, anticipated in fiscal year 2016.

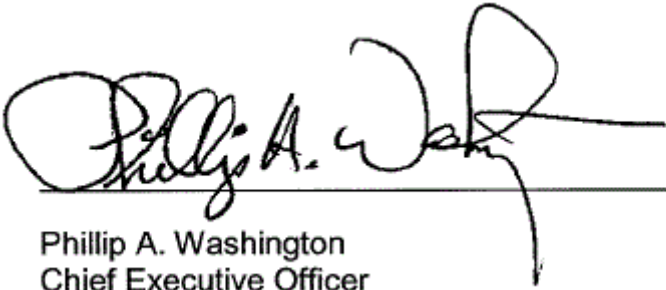
ATTACHMENTS

Attachment A - Crenshaw Project Corporation Restated Articles of Incorporation

Attachment B - Crenshaw Project Corporation Restated Bylaws

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