

MINUTES OF A SPECIAL MEETING OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY GOVERNING BOARD HELD VIA TELECONFERENCE IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, ON APRIL 9, 2020 AT 9:30 A.M.

Members participating via teleconference:

Suzie Price, City of Long Beach
Joe Buscaino, City of Los Angeles
Frank Colonna, Port of Long Beach
Janice Hahn, Los Angeles County
Metropolitan Transportation Authority
Edward Renwick, Port of Los Angeles

Alternate Members participating via teleconference:

Tony Gioiello, Port of Los Angeles
Duane Kenagy, Port of Long Beach

Also participating via teleconference:

James P. Preusch, ACTA, Interim Chief Executive Officer
Heather McCloskey, ACTA, Co-General Counsel
Lauren Misajon, ACTA, Co-General Counsel
April See, Controller
Phillip Le, Director of Systems, Revenue & Finance

COUNCILMEMBER PRICE PRECIDED AS CHAIR.

The meeting was called to order at 9:34 a.m. Roll call was taken.

CONSENT CALENDAR - ITEM NOS. 1-2

1. MINUTES - ACTA GOVERNING BOARD REGULAR MEETING OF MARCH 12, 2020 – RECEIVED AND FILED.

Minutes of the Regular Meeting of March 12, 2020 of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board.

2. MONTHLY FINANCIAL REPORTS AS OF JANUARY 31, 2020 – RECEIVED AND FILED.

Communication from James P. Preusch, Interim Chief Executive Officer, dated April 9, 2020, recommending that the monthly financial reports as of January 31, 2020, be received and filed, was presented to the Governing Board.

Board Member Hahn motioned, seconded by Board Member Colonna that Item Nos. 1 - 2 be received and filed. Roll call was taken and carried by the following vote:

AYES: Buscaino, Colonna, Gioiello, Hahn, Kenagy, Price, Renwick

NOES: None

ABSENT: None

3. PRELIMINARY FY 2021 DRAFT BUDGET – INFORMATION ITEM.

Communication from James P. Preusch, Interim Chief Executive Officer, dated April 9, 2020, providing the preliminary FY2021 Draft Budget for Board Members to ask questions and provide comments, was presented to the Governing Board.

Mr. Preusch introduced the agenda item and asked Ms. April See, ACTA Controller, to present the budget assumptions. Ms. See presented the budget assumptions including projected revenues, compensation adjustment, ACTA/ACET staffing levels, core ACTA functions, professional services contracts and M&O budget figures.

Board Member Renwick asked whether the CPI was based on the assumption that there would be a CPI increase (in Use Fees and Container Charges) this year when interest rates were basically zero. Mr. Preusch stated that the Use & Operating Agreement provides for a minimum of 1.5% CPI increase and a maximum of 4.5% CPI increase. He added that ACTA gets an increase within that range every year effective January 1, regardless of whether the CPI is below 1.5%. To ensure a conservative basis for the budget, the CPI adjustment was set to 1.5% after discussion.

Mr. Preusch presented the San Pedro Bay Port TEUs compared to ACTA revenue, and the operating budget summary revenue. After providing an update on the TEUs and ACTA revenue, Mr. Preusch stated that there are three important factors that weigh into any forecast of ACTA's revenue, which include the San Pedro Bay TEUs, ACTA's share of those TEUs and the CPI increase. The budget assumes that Port TEUs will decline on a month over month basis by 20%, which is a significant decline. He stated that despite the decrease, it is anticipated that no shortfall advance would be required because the debt service payment is based on revenue from September 2019 through August 2020.

Ms. See continued by presenting the net administrative expense comparison and administrative spending by expense type. Board Member Renwick stated that the cost structure decreased when ACTA downsized. Since 2014, there was a dramatic increase in the cost structure by approximately 50%. He added that one of the budget assumptions was a 4.5% compensation adjustment for staff based on CPI for the current year and missing CPI amounts from previous years. He stated that: staff is valuable and does great work; retention is important because of leadership transition; and salaries are a small percentage in the overall cost structure. However, we've had the fastest increase in unemployment, ACTA is projected to lose \$39 million cash flow, and approving a compensation adjustment sends an odd message. He asked other Board Members for their input in possibly modifying the number.

Chair Price stated that she agreed with Board Member Renwick that from a perception standpoint we should be fiscally prudent, especially at a time when many have lost their jobs. However, in regards to the CPI, employees are owed increases from previous years. Moving forward, she would like the agency to not commit to salary increases for some time.

Board Member Colonna also agreed with Chair Price and Board Member Renwick. He stated that revenue projections are significantly less than anticipated a year ago. He stated that by not approving the compensation adjustment at this time, it would send a message to bond holders that ACTA is being fiscally responsible.

Board Member Hahn stated that she would like to see the compensation adjustment come back to the Board in six months for further discussion. She stressed the importance of sending a message to the employees that due to the pandemic, ACTA has to be fiscally prudent now but that the compensation adjustment would be considered again before next year.

Vice Chair Buscaino stated that he agreed with Board Member Hahn.

After further discussion, staff was directed to bring the compensation adjustment back to the Board in approximately six months. Mr. Preusch stated that the FY 2021 Budget would be prepared using a zero CPI, and not 1.5% CPI as previously mentioned, and that the item would be brought back to the Board, as requested.

4. UPDATE OF THE AD HOC SUCCESSION PLANNING COMMITTEE – INFORMATION ITEM.

Chair Price asked Board Member Renwick to provide an update on the Chief Financial Officer (CFO) hiring process. Board Member Renwick stated that the committee was moving quickly. He stated that, in partnership with Stanton Chase, weekly conference calls were being held, which include Mr. Michael Leue, incoming ACTA Chief Executive Officer (CEO), and Mr. Preusch. He stated that a job description was posted, applications were being received and reviewed weekly. He added that they anticipate having a large applicant pool and were focused on efforts to reach out to diversity hires.

Mr. Preusch added that he agreed that the process was going well. He stated that Ms. Heather McCloskey, Co-Counsel, was also participating in the process.

Chair Price thanked Ms. McCloskey for assisting with the CEO process and the hiring of Mr. Leue and stated that she was hopeful that it would continue for the CFO process.

5. JANUARY 2020 CORRIDOR PERFORMANCE – INFORMATION ITEM.

Mr. Preusch gave an update on the Corridor performance and provided recently released March 2020 numbers. He stated that by the June Board meeting, there would be better information regarding the effects of COVID-19, shipping trends and throughput numbers.

6. PUBLIC COMMENT ON NON-AGENDA ITEMS

Public comment was received by Mr. Michael Leue, incoming ACTA CEO. Mr. Leue stated that he would assure that the compensation adjustment would be brought back to the Board in November for further discussion. He also stated that he was pleased with the way the CFO process was proceeding and was appreciative of everyone's contribution.

7. ADJOURNMENT

At 10:23 a.m., the meeting was adjourned sine die.