

MINUTES OF A SPECIAL MEETING OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY GOVERNING BOARD HELD IN THE CITY HALL COUNCIL CHAMBER OF THE CITY OF LONG BEACH AT 333 W. OCEAN BOULEVARD, LONG BEACH, CALIFORNIA, ON JANUARY 15, 2015 AT 9:30 A.M.

Members present:

Joe Buscaino, City of Los Angeles  
Lena Gonzalez, City of Long Beach  
Edward Renwick, Port of Los Angeles  
Rich Dines, Port of Long Beach  
Gene Seroka, Port of Los Angeles  
Jon W. Slangerup, Port of Long Beach

Members absent:

Don R. Knabe, Los Angeles County  
Metropolitan Transportation Authority

Also present:

John T. Doherty, ACTA, Chief Executive Officer  
James P. Preusch, ACTA, Chief Financial Officer  
Charles Gale, ACTA, Co-General Counsel  
Heather McCloskey, ACTA, Co-General Counsel

CHAIRPERSON BUSCAINO PRESIDED.

The meeting was called to order at 9:38 a.m.

CONSENT CALENDAR - ITEMS NOS. 1-8

1. MINUTES - ACTA GOVERNING BOARD REGULAR MEETING OF SEPTEMBER 11, 2014 – APPROVED.

Minutes of the regular meeting of September 11, 2014 of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board.

2. MONTHLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED NOVEMBER 30, 2014– RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated January 15, 2015, recommending that the monthly financial reports for the period ended November 30, 2014, be received and filed, was presented to the Governing Board.

3. 2015 EMERGENCY FIELD EXERCISE – INFORMATION ITEM.

Communication from John T. Doherty, Chief Executive Officer, dated January 15, 2015, regarding the 2015 Emergency Field Exercise, was presented to the Governing Board for information only.

4. HAZMAT PLUME MONITORING – ADASHI SYSTEMS LLC - APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated January 15, 2015 recommending the authorization of the Chief Executive Officer or Chief Financial Officer to execute an agreement with Adashi Systems LLC for software licenses and maintenance necessary to monitor plumes in the event of a hazmat incident on the Corridor, pursuant to the November 5, 2014 approval of the Alameda Corridor Operating Committee.

5. TRENCH EMERGENCY LADDERS – INSPECTION, LUBRICATION AND TESTING PLAN – INFORMATION ITEM.

Communication from John T. Doherty, Chief Executive Officer, dated January 15, 2015, regarding the inspection, lubrication and testing plan for the trench emergency ladders, was presented to the Governing Board for information only.

6. THIRD QUARTER 2014 INVESTMENT REPORT – RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated January 15, 2015, recommending that the provided quarterly report on ACTA's Investments, as per ACTA's Investment Policy, be received and filed, was presented to the Governing Board.

7. PRELIMINARY BUDGET SCHEDULE – FISCAL YEAR 2016 – INFORMATION ITEM.

Communication from James P. Preusch, Chief Financial Officer, dated January 15, 2015, regarding a preliminary budget schedule for fiscal year 2016, was presented to the Governing Board for information only.

8. VASQUEZ & COMPANY, LLP – AMENDMENT TO AGREEMENT NO. 840 FOR FY15 AUDIT SERVICES – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated January 15, 2015, recommending the authorization for the Chief Executive Officer or Chief Financial Officer to issue an amendment to Agreement No. 840 with Vasquez & Company, LLP for audit services increasing the authorized contract value by \$45,000 from \$50,000 to \$95,000, was presented to the Governing Board.

Board Member Dines motioned, seconded by Board Member Gonzalez, that the communications be received and filed and that Items Nos. 1, 4 and 8 be approved as recommended. Carried by the following vote:

AYES: Members: Buscaino, Gonzalez, Renwick, Dines, Seroka, Slingerup  
NOES: None  
ABSENT: Knabe

9. ACTA OFFICERS – INFORMATION ITEM.

Communication from John T. Doherty, Chief Executive Officer, dated January 15, 2015, regarding the roles of the ACTA Officers, was presented to the Governing Board for information only.

As a preface to item #10, Mr. Doherty provided information regarding the original 1996 JPA list of ACTA Officers and how titles and functions had been changed, renamed or consolidated with Board consent over subsequent years. These changes were ratified by resolution at the April 2014 Governing Board meeting.

10. RESOLUTION APPOINTING ACTA TREASURER – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated January 15, 2015, recommending the adoption of Resolution JPA 15-1 appointing Betsy Christie, the POLB Director of Finance, to the position of ACTA Treasurer, replacing former ACTA Treasurer Sam Joumblat of the POLB, was presented to the Governing Board.

Mr. Preusch introduced Ms. Betsy Christie to the Governing Board. Board Member Renwick asked whether this essentially separates the treasurer function and the auditor/controller function. Mr. Preusch stated that it is separate and that it provides oversight of the financial functions as performed by the CFO. The position reports directly to the Governing Board and not to ACTA staff.

The board members welcomed Ms. Christie.

Board Member Dines motioned, seconded by Board Member Gonzalez, that the item be approved as recommended. Carried by the following vote:

AYES: Members: Buscaino, Gonzalez, Renwick, Dines, Seroka, Slingerup  
NOES: None  
ABSENT: Knabe

## 11. ACTA BONDS RESTRUCTURING/REFUNDING – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated January 15, 2015, recommending the authorization for the Chief Executive Officer or Chief Financial Officer to take all necessary actions to explore opportunities with its bankers, financial advisors, attorneys and others to restructure, modify, acquire and/or refund certain bond debt, was presented to the Governing Board.

Mr. Doherty presented historical information on loaded container growth at the ports from 2003-2014. He pointed out that 96% of ACTA's revenue comes from the hauling port loaded containers, both imports and exports, and that ACTA's percentage of port loaded containers remains relatively constant from year to year at about 42%. The historical port loaded growth since 2003, which has averaged under 3%, is below the 5% which had been assumed when ACTA restructured its debt in 2004. In particular, the average growth over the last four years has been under 2%. As a consequence, he indicated that without a sustained surge in port cargo over the next several years, port shortfall advances are likely to be necessary beginning in October 2018 (FY19) or sooner and last for several years thereafter.

Mr. Preusch stated that the outstanding debt of about \$1.6 must be repaid through October 1, 2037, and that it will be necessary to refund, restructure, or otherwise modify ACTA's debt to reduce the extent and duration of potential port shortfall payments. He indicated that ACTA has successfully implemented previous debt reduction strategies through refunding and other means, and that an additional opportunity might exist as regards a bond series that is callable in 2017. Staff seeks permission to study this and other potential opportunities with its bankers and financial advisors.

It was noted that the major shortfall reduction benefits of modifying the 2017 callable would not begin until FY22, and that port shortfall payments might be likely be required for the three fiscal years prior, FY19-21.

Board Member Slangerup asked whether improved use of on-dock rail and the Middle Harbor project were factored into estimate scenarios. Mr. Doherty stated that better use of on-dock rail has little impact on ACTA revenue, because ACTA collects revenue on a container that is transported by rail irrespective of where a container is loaded. Mr. Doherty said that new projects such as Middle Harbor would provide some relief only to the extent that the ports gain market share. He also stated that when the new ports forecast is complete several months from now that its results would be input into the shortfall model to more accurately assess future shortfalls.

Board Member Gonzalez asked whether the board would be kept informed of future actions in regards to the restructuring/refunding of bonds. Mr. Doherty stated that staff was seeking approval to study alternatives and that board approval would be sought at a future date to implement any actions. He stated that the financial staff at both ports would

also be consulted during the study.

Both Mr. Preusch and Mr. Doherty advised the board that approval of this item would obligate ACTA to incur some costs for services including modelling provided by its bankers and financial consultants, and that these costs would be payable even if a bond transaction does not result.

Board Member Renwick commended ACTA staff for its foresight in evaluating potential future shortfalls and encouraged staff to maximize opportunities to reduce those shortfalls as soon as possible.

Board Member Renwick motioned, seconded by Board Member Christensen, that the item be approved as recommended. Carried by the following vote:

AYES: Members: Buscaino, Gonzalez, Renwick, Dines, Seroka, Slangerup  
NOES: None  
ABSENT: Knabe

#### 12. CORRIDOR MAINTENANCE CONTRACT AMENDMENT – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated January 15, 2015, recommending the authorization for the Chief Executive Officer or Chief Financial Officer to issue an amendment to Agreement No. 782 with Balfour Beatty Infrastructure, Inc. (BBII) extending the existing contract with BBII through April 14, 2017, was presented to the Governing Board.

Board Member Christensen made a note that paragraph three in the memo under discussion needed a correction. The approved full 5-year extension should be through April 14, 2017 not 2014.

Board Member Dines motioned, seconded by Board Member Christensen, that the item be approved as recommended with the date change in the memo. Carried by the following vote:

AYES: Members: Buscaino, Gonzalez, Renwick, Dines, Seroka, Slangerup  
NOES: None  
ABSENT: Knabe

#### 13. TRENCH EMERGENCY LADDERS – IMPLEMENT SYSTEM-WIDE IMPROVEMENTS – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated January 15, 2015, recommending the authorization for the Chief Executive Officer or Chief Financial Officer to further test and construct improvements to the trench emergency ladders at a

not-to exceed additional cost of \$500,000, pursuant to the November 5, 2014 approval of the Alameda Corridor Operating Committee, was presented to the Governing Board.

Board Member Slangerup motioned, seconded by Board Member Dines, that the item be approved as recommended. Carried by the following vote:

AYES: Members: Buscaino, Gonzalez, Renwick, Dines, Seroka, Slangerup  
NOES: None  
ABSENT: Knabe

14. ALAMEDA CORRIDOR ENGINEERING TEAM (ACET) SUPPORT SERVICES – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated January 15, 2015, recommending the authorization for staff to include in the FY16 budget preparation process the continued engagement of the Alameda Corridor Engineering Team for the engineering and specialized services now provided, was presented to the Governing Board.

Mr. Doherty provided information on ACET support services and prior board decisions regarding how such services should continue to be provided.

Board Member Renwick asked whether using consultants is the most cost-effective way to obtain these services as opposed to hiring additional ACTA staff. Mr. Doherty responded that hiring staff would be more cost effective, but that using consultants provided more flexibility in terms of access to specialized personnel and part-time services. He indicated that it had been the determination of the board in the recent past that ACTA staff should focus its efforts on its revenue collection, debt service and maintenance administration, and continue to rely on consultants for engineering and technical matters. In addition, he pointed out that with no guarantee of long-term employment it could be difficult to attract qualified personnel.

Board Member Renwick motioned, seconded by Board Member Gonzalez, that the item be approved as recommended. Carried by the following vote:

AYES: Members: Buscaino, Gonzalez, Renwick, Dines, Seroka, Slangerup  
NOES: None  
ABSENT: Knabe

15. SR-47 PROJECT – SEGMENT 2 EXPRESSWAY EXTENSION FUNDING – TABLED.

Communication from John T. Doherty, Chief Executive Officer, dated January 15, 2015, recommending:

- 1) Authorization for staff to explore funding opportunities for the SR-47 Segment 2 Expressway Extension and secure necessary port sponsorship, as may be required; and
- 2) Reconsider the previous September 2014 Board action as regards to the de-obligation of \$9.1 million of project funds secured under the 2009 Metro Call for Projects

was presented to the Governing Board.

Mr. Doherty informed the board that he would discuss Items Nos. 15 and 16 together. Refer to Item 16 below for the discussion summary. He also informed the board that the Resolution in Item 16 would be Resolution JPA-15-2, if approved, and not Resolution JPA-1-15, as stated in the memo.

#### 16. AMENDED ACTA EXPANDED MISSION – TABLED.

Communication from John T. Doherty, Chief Executive Officer, dated January 15, 2015, recommending the adoption of Resolution JPA-15-2 amending the ACTA Expanded Mission to include pursuing funding opportunities for advancement of Segment 2 of the SR-47 Project, was presented to the Governing Board.

Mr. Doherty provided background information on the history of the SR-47 Project, including ACTA's cooperative agreements with Caltrans; the project concept and benefits; previous environmental litigation; the design and construction status of the two project segments; and existing and future funding requirements.

Board Member Slangerup recommended that a joint meeting be scheduled with the ports' engineering/planning staffs to discuss the project and where it should be placed amongst project priorities before the board authorizes ACTA staff to seek additional project funding.

Board Member Dines expressed his continued support for the SR-47 Project and the critical need for the project.

Board Member Renwick concurred with Board Member Slangerup that the project should be discussed at the staff level before approving the staff recommendations for the two items presented to the board. He stated that the need for the project has changed over the years since it was first promoted due to reduced projected container volumes. He indicated that current port capital resources are strained and the ports are focused on certain critical projects, causing the SR-47 Project to be less of a priority. He recommended that the item be tabled until a future meeting after the ports' staffs meet to discuss port priorities.

Mr. Doherty stated that staff would defer the items as requested, and informed the board

that doing so would cause missing the funding application deadline of January 31, 2015 for LACMTA's 2015 Call for Projects. The next application submission date would be June 31, 2017 for the 2017 Call for Projects. He also pointed out that postponing ACTA's application would ensure that SR-47 would not compete with other port project applications for the 2015 Call.

Board Member Christensen also agreed with Board Member Slangerup to table the item. He stated that the Port of Los Angeles submitted two projects for the 2015 Call for Projects funding and that the SR-47 Project would be competing with them for funding. He also stated that the upcoming ports cargo forecast would assist in identifying when and if this project would be necessary.

Board Member Dines re-emphasized the importance of the SR-47 Project and the benefits that it would provide to the overall transportation infrastructure, including the I-710 Freeway, especially as the ports volumes increase.

Board Member Renwick asked about the schedule for potential funding sources. Mr. Doherty stated that the 2015 Call for Projects funds would be available in 2021, and that the 2017 Call for Projects funding would be available in 2023. The availability of Federal funding sources through Projects of Regional and National Significance might similarly be that far in the future as well. This 6 to 7-year span between funding application and receipt of funds should be considered when evaluating project needs.

Board Member Dines motioned, seconded by Board Member Gonzalez, that Items No. 15 and 16 be tabled until both ports meet and discuss the SR-47 Project. Carried by the following vote:

AYES:	Members: Buscaino, Gonzalez, Renwick, Dines, Seroka, Slangerup
NOES:	None
ABSENT:	Knabe

17. PROJECT UPDATE – INFORMATION ITEM.

Mr. Doherty provided an update on the SR-47 Project – Segment 1 Heim Bridge Replacement.

18. NOVEMBER PERFORMANCE AND CALENDAR YEAR 2014 PROJECTIONS– INFORMATION ITEM.

Mr. John Doherty gave a year-end update of Corridor performance statistics including train counts, revenue and cargo.

20. PUBLIC COMMENT

There were no requests by the public to address the Governing Board.

19. CLOSED SESSION

At 11:05 a.m. Chairperson Buscaino recessed the Governing Board meeting to hold a conference with legal counsel regarding existing litigation pursuant to Government Code Subdivision [a] of Section 54956.9, (two cases).

At 11:06 a.m., Chair Buscaino left the meeting at the beginning of closed session.

Upon returning from closed session, Mr. Charles Gale, ACTA Co-General Counsel, reported that there were no reportable items.

21. ADJOURNMENT

At 11:20 a.m., the meeting was adjourned sine die.