

MINUTES OF A REGULAR 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 APRIL 9, 2015 AT 9:00 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  
Janna Sidley, ACTA, Co-General Counsel

CHAIRPERSON BUSCAINO PRESIDED.

The meeting was called to order at 9:11 a.m.

15. CLOSED SESSION

At 9:13 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 of the governing code, (two cases).

At 9:25 a.m., Board Member Renwick arrived at the end of closed session.

At 9:26 a.m., the meeting was again called to order by Chairperson Buscaino.

Mr. Charles Gale, ACTA Co-General Counsel, announced there were no reportable actions from the closed session.

CONSENT CALENDAR - ITEMS NOS. 1-8

1. MINUTES - ACTA GOVERNING BOARD SPECIAL MEETING OF JANUARY 15, 2015 – APPROVED.

Minutes of the special meeting of January 15, 2015 of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board.

2. MONTHLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED JANUARY 31, 2015– RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated April 9, 2015, recommending that the monthly financial reports for the period ended January 31, 2015, 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 April 9, 2015, regarding the 2015 Emergency Field Exercise, was presented to the Governing Board for information only.

Ms. Connie Rivera, Government and Community Relations Officer, provided the Board with a presentation regarding the March 22, 2015 Emergency Drill.

4. FOURTH QUARTER 2014 INVESTMENT REPORT – RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated April 9, 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.

5. RENEWAL OF ACTA INSURANCE POLICIES – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated April 9, 2015, recommending the authorization for the Chief Financial Officer to:

- 1) accept the recommendations of Willis, ACTA's Broker of Record, for placement of required insurance for the period April 15, 2015 through April 14, 2016; and
- 2) to bind insurance, on behalf of ACTA, in accordance with the recommendations of Willis

was presented to the Governing Board.

6. COST-OF-LIVING ADJUSTMENT FOR CHIEF EXECUTIVE OFFICER POSITION – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated April 9, 2015, asking the Board to consider adopting a resolution granting a cost-of-living adjustment for the Chief Executive Officer position.

7. ALAMEDA ST. BRIDGE REPAIR SUBCONTRACTOR MARK-UP – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated April 9, 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. allowing 10% mark-up on subcontractor costs for the Alameda St. Bridge Repair, was presented to the Governing Board.

8. BALFOUR BEATTY INFRASTRUCTURE, INC. FLAGGING SERVICES – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated April 9, 2015, recommending the authorization for the Chief Executive Officer or Chief Financial Officer to:

- 1) Increase the contract task order value for miscellaneous flagging protective services along the Corridor by \$50,000 for Agreement No. 782 with Balfour Beatty Infrastructure Inc.; and
- 2) Extend the term of the task order through June 30, 2016

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, 5, 7-8 be approved as recommended, and that the Resolution in Item 6 be adopted. Carried by the following vote:

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

9. AUDIT COMMITTEE REPORT – RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated April 9, 2015, recommending that the Audit Committee Chair discuss and/or recommend appropriate action(s) regarding the FY14 Audited Financial Statements, the Single Audit Report, completed CY14 Internal Audits, the FY15 Audit Plan, the FY16 Audit Plan and procedural matters, if any, was presented to the Governing Board.

Board Member Renwick informed the Board that the Audit Committee reviewed the FY14 Audited Financial Statements, Single Audit Report, CY14 Internal Audits, and the Audit Plan for FY15 and FY16 and found them all to be acceptable. He recommended that the item be received and filed.

Since ACTA's revenue is almost fully derived from the railroads' self-reporting of fees due ACTA, Board Member Renwick recommended that ACTA staff arrange an audit of the self-reported data. Mr. Doherty stated that staff would investigate, and that the last audit of the railroad systems was performed about 10 years ago.

However, Mr. Doherty, in order to allay concerns, described to the Board how the container data that the railroads supply with their monthly payments are matched against container data recorded independently by port terminal operators and PierPass, thereby providing a checks and balance system to catch any possible omissions in the railroad data. Minor discrepancies when found are reconciled monthly.

Board Member Dines motioned, seconded by Board Member Gonzalez, that the item be received and filed. Carried by the following vote:

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

10. AUDITOR SELECTION - APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated April 9, 2015, recommending the selection of Moss Adams as ACTA's Independent Auditor and authorize the Chief Executive Officer or Chief Financial Officer to execute an agreement for a five-year term through June 30, 2019, was presented to the Governing Board.

Mr. Preusch provided the Board with background information on the RFP for audit services issued on January 26, 2015 and the process to select a new firm. Based on written proposals and interviews, the evaluation committee selected Moss Adams as the most qualified firm with experience consistent with ACTA's audit needs.

Board Member Renwick concurred with the committee selection.

Board Member Dines motioned, seconded by Board Member Renwick, that Moss Adams be selected as ACTA's Independent Auditor for a five-year term through June 30, 2019. Carried by the following vote:

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

Mr. Preusch introduced Olga Darlington, Senior Manager, to the Governing Board.

11. FY 2016 DRAFT BUDGET – INFORMATION ITEM.

Communication from James P. Preusch, Chief Financial Officer, dated April 9, 2015, regarding the FY 2016 Draft Budget, was presented to the Governing Board for information only.

Mr. Preusch presented the FY2016 Preliminary Budget to the Board, including budget assumptions, the operating budget revenue summary, net operating expense comparison to

prior years, and operational spending by expense type. He informed the Board that advanced copies of the draft budget were sent to the finance departments at both Ports and no questions have been received.

Mr. Doherty explained that the FY2016 Draft Budget of \$5.1 million includes about \$350,000 in extraordinary one-time costs for both the evaluation of the critical refunding of ACTA's bonds and legal defense costs for specific new litigation.

The item was received and filed.

## 12. ACTA BONDS RESTRUCTURING/REFUNDING UPDATE – INFORMATION ITEM.

Communication from James P. Preusch, Chief Financial Officer, dated April 9, 2015, regarding ACTA Bonds Restructuring/Refunding, was presented to the Governing Board for information only.

Mr. Preusch provided an update on the review of ACTA's debt structure. He informed the Board that over the last several months he has received suggestions from various investment firms about ways to restructure ACTA debt based on bonds that will be callable in 2017. A restructuring, which might involve advance refunding, might defer principal payments otherwise due, and reduce potential shortfall advances. Without this restructuring, there may be one or more shortfall advances within the next five years. The time necessary to prepare a transaction and seek approval is between 4-6 months. The ACTA Board has to approve the transaction on a preliminary basis and then grant final authorization to proceed. Both Harbor Commissions would also be involved in the final approval process and possibly one or both cities.

Mr. Preusch said ACTA staff will form a financial team to prepare initial documents and develop restructuring parameters for Board consideration in June 2015. The transaction would be made ready for late this year, but it also could be deferred at that point pending market and port volume conditions. He noted that advance refunding can involve some inefficiency due to additional interest prior to the bond call date or issuance of capital appreciation bonds.

Board Member Dines took exception to wording in the memo referring to labor disruption as one of the causes of port congestion. He stated that the true underlying cause of congestion was the perfect storm of lack of chassis, mega ships, mega alliances, and railcar shortage. Mr. Preusch advised that he would so note in future material.

Board Member Renwick commended ACTA staff for being forward-thinkers and solving a future problem now. He recommended that, because of the potential for a rise in interest rates, that staff proceed with the refunding process as soon as possible.

## 13. PROJECT UPDATE – INFORMATION ITEM.

Mr. Doherty provided an update on the SR-47 Project – Segment 1 Heim Bridge Replacement. He advised the Board that Caltrans had issued and ACTA has executed amendments to two of the cooperative agreements increasing the not-to-exceed amounts of

reimbursements for ACTA support.

14. FEBRUARY PERFORMANCE – INFORMATION ITEM.

Mr. John Doherty gave an update of Corridor performance statistics including train counts, revenue and cargo for February 2015.

16. PUBLIC COMMENT

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

17. ADJOURNMENT

At 10:13 a.m., the meeting was adjourned sine die.