

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 APRIL 14, 2016 AT 2:00 P.M.

Members present:

Joe Buscaino, City of Los Angeles
Don R. Knabe, Los Angeles County
Metropolitan Transportation Authority
Rich Dines, Port of Long Beach
Edward Renwick, Port of Los Angeles
Jon Slangerup, Port of Long Beach
Gene Seroka, Port of Los Angeles

Members absent:

Lena Gonzalez, City of Long Beach

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
Lauren Misajon, Deputy City Attorney, City of Long Beach

VICE-CHAIR BUSCAINO PRESIDED.

The meeting was called to order at 2:05 p.m. Roll call was taken.

CONSENT CALENDAR - ITEMS NOS. 1-6

(Board Member Knabe arrived at 2:07 p.m.)

1. MINUTES - ACTA GOVERNING BOARD MEETING OF MARCH 10, 2016- APPROVED.

Minutes of the regular meeting of March 10, 2016 of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board.

2. BUDGET UPDATE – ENVIRONMENTAL WORK NORTH OF DOMINGUEZ CHANNEL – INFORMATION ITEM.

Communication from John T. Doherty, Chief Executive Officer, dated April 14, 2016, with a summary of costs and reimbursements associated with the environmental work related to the oil release into Dominguez Channel that occurred in December 2010, was presented to the Governing Board.

3. REQUESTS FOR PROPOSALS SCHEDULE – MAINTENACE CONTRACTOR, INVESTMENT MANAGER, BROKER OF RECORD – INFORMATION ITEM.

Communication from John T. Doherty, Chief Executive Officer, dated April 14, 2016, with a tentative schedule for activities for each Request for Proposals (RFP) for services provided under three existing ACTA contracts: Insurance Broker of Record, Maintenance of Way Contractor, and Investment Manager, was presented to the Governing Board.

4. DAVE DUTHIE – UTILITY COORDINATION SERVICES – AMENDMENT TO AGREEMENT NO. 714 – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated April 14, 2016, recommending authorization of a \$15,000 increase for FY16 utility coordination services, was presented to the Governing Board.

5. ALAMEDA CORRIDOR ENGINEERING TEAM (ACET) – FY16 CHANGE ORDERS TO AGREEMENT NO. 27 – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated April 14, 2016, recommending authorization for the Chief Executive Officer or Chief Financial Officer to issue a change order to Agreement No. 27 with the Alameda Corridor Engineering Team (ACET) in the increased amount of \$98,862 for the FY16 ACTA Support Contract Work Order, was presented to the Governing Board.

6. LETTER OF SUPPORT – FUNDING APPLICATION FOR ROSECRANS/MARQUARDT GRADE SEPARATION – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated April 14, 2016, recommending authorization for the Chief Executive Officer or Chief Financial Officer to execute a letter of support of a Caltrans grant application to USDOT for construction of the Rosecrans/Marquardt Grade Separation in the City of Santa Fe Springs, was presented to the Governing Board.

Board Member Dines motioned, seconded by Board Member Slangerup that Items No. 2-3 be received and filed and that Items Nos. 1 and 4-6 be approved. Carried by the following vote:

AYES: Members: Buscaino, Knabe, Dines, Renwick, Slangerup, Seroka

NOES: None

ABSENT: Gonzalez

7. 2016 BONDS – DEFEASANCE & RESTRUCTURING 2004A BONDS - APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated April 14, 2016, was presented to the Governing Board recommending the adoption of a Resolution that:

1) Increases the maximum authorized aggregate principal amount of ACTA's 2016 Bonds (defined below) from \$715,000,000 to \$780,000,000 in order to achieve certain restructuring objectives; Except as otherwise provided therein, approves, confirms and ratifies the authorizations and approvals granted pursuant to the original Resolution adopted by the Governing Board on March 10, 2016 regarding the issuance and sale of Alameda Corridor Transportation Authority Tax Exempt Subordinate and Second Subordinate Lien Revenue Refunding Bonds, Series 2016A and Series 2016B (the 2016 Bonds); and

2) Authorizes the execution and delivery, by the Chief Executive Officer of ACTA, or the Chief Financial Officer of ACTA, or their respective designee(s) (each, an "Authorized Authority Representative"), of the Bond Purchase Agreement, Exhibit A in substantially final form, with such changes thereto as the Authorized Authority Representative may require or approve; and

3) Authorizes the execution and delivery, by an Authorized Authority Representative, of the Preliminary Official Statement attached hereto substantially in the form as Exhibit B, to be distributed with such changes thereto as the Authorized Authority Representative may require or approve; and

4) Authorizes all prior actions taken (a) by any officer or agent of the Authority in connection with or related to the issuance and sale of the Series 2016 Bonds or the defeasance of the Series 2004A Bonds and (b) by the Authority in connection with its authorization of the execution and delivery of, and the performance of its obligations under, the Use and Operating Agreement and the Master Trust Indenture, and its authorization of the performance of its obligations under the Joint Powers Agreement, to be approved, confirmed and ratified; and

5) Authorizes each Authorized Authority Representative, for and in the name of and on behalf of the Authority, to take any and all actions and to execute any and all documents, as may be necessary or desirable to effectuate the purposes of the Resolution, the documents, and contemplated transactions.

Mr. Preusch began his presentation by introducing some of the members of the banking team. He then provided an overview of the changes to the resolution adopted by the Governing Board at its March 10, 2016 meeting.

Mr. Preusch noted the following changes: (1) Bond Purchase Agreement was updated to improve to the documents the railroad will be providing, termination issues and standing of indemnifications; (2) Preliminary Offering Statement (POS) was significantly updated to include disclosure and investor information, links to the Mercator Report, and structuring information; (3) Ratings have been provided by the three rating agencies with no change to prior ratings for Senior and First Subordinated debt. For new Second Subordinate debt, Moody's and S&P ratings are at the same level as their First Subordinate rating, but Fitch rated Second Subordinate debt a level below First Subordinated debt; (4) As regards Bond Insurance and Debt Service Reserve Fund Surety, Assured Guaranty Ltd has offered to provide bond insurance on the 2016 bonds and a surety for the debt service reserve fund. In addition, a flexibility provision is added to cash-fund the debt service reserve as an

option; and (5) As regards Schedule, the POS would be mailed on April 18th, Pricing and Sale on April 28th, Pre-closing on May 9th, and Closing on May 10th.

Mr. Preusch stated that if there are further changes, the resolution provides authority for staff to make changes with authorization and approval by the attorneys.

Board Member Renwick stated that this was a smart transaction and that staff was addressing a problem for the future to assure that the Ports would have the resources to invest in clean air, transportation infrastructure, and improving the waterfront.

Chair Buscaino asked if there was public comment on the item.

Mr. Sean Boyea of Williams Capital Group addressed the Governing Board. Mr. Boyea asked that his firm be added as a co-manager on the financing team. He informed the Board that Williams Capital Group, in addition to being a small business and minority enterprise, also has a strong distribution strength, which would add diversity of investors resulting in lowering cost of capital. Board Member Buscaino thanked Mr. Boyea for his comments.

Board Member Renwick stated that ACTA should establish a Small Business Enterprise policy going forward. Mr. Doherty responded that ACTA does not have a Small Business Enterprise policy at this time. He noted that DBE program requirements under the law have changed over the years and that the Ports have respectively adopted Small Business Programs as substitutes for former DBE programs. He stated that ACTA had received high marks for DBE participation for the original Alameda Corridor construction program, and that several years ago ACTA signed agreements with Caltrans regarding required changes to DBE policy specific to federally funded projects. However, ACTA has not entered into new contracts for many years. Mr. Doherty stated that ACTA staff will gather information from both Ports on their SBE programs and craft an ACTA SBE policy to be brought to the Board for approval at a future meeting.

Board Member Slangerup motioned, seconded by Board Member Dines that Item No. 7 be approved. Carried by the following vote:

AYES: Members: Buscaino, Knabe, Dines, Renwick, Slangerup, Seroka

NOES: None

ABSENT: Gonzalez

8. PRELIMINARY FY2017 DRAFT BUDGET– INFORMATION ITEM.

Communication from James P. Preusch, Chief Financial Officer, dated April 14, 2016, was presented to the Governing Board regarding the preliminary FY17 Budget for Board member questions and comments,.

Mr. Preusch presented Budget Assumptions, Operating Budget Summary Revenue, and Operational Spending by Expense Type. He informed the Board that the final budget would be brought back for approval and authorization in June 2016.

9. FEBRUARY PERFORMANCE – INFORMATION ITEM.

Mr. Doherty gave an update of Corridor performance statistics including train counts, revenue and cargo volume through February 2016, and reviewed Port container information through March 2016. He noted that year-to-date comparisons to last year while optimistic are somewhat misleading due to the congestion issues of late 2014 and early 2015.

10. SR-47 PROJECT UPDATE – INFORMATION ITEM

Mr. Doherty gave a report in response to Board Member Dines' request at the January 2016 meeting for staff to reprogram the SR-47 Expressway Project (expressway) in response to the City of Long Beach's ongoing studies of a potential permanent closure of the TI Freeway north of PCH.

Mr. Doherty stated that ACTA staff met with Ports' planners at a joint meeting in early February to discuss the expressway. Topics discussed included the latest port area traffic modelling, existing port project priorities and funding requests, and environmental document considerations. In summary, the meeting produced three conclusions.

First, while the expressway is not now a port priority project based on recent traffic modelling including the three key intersections relieved by the expressway, the modelling must be redone to account for the new Mercator port container forecast and the potential TI Expressway closure. In addition, increased rail movement in the area may drive prioritizing the expressway due to the resultant conflicts at rail grade crossings. The rail modelling will also be performed. Should rail traffic be the driver, the expressway as now proposed would have to be reconfigured to provide a grade separation of Alameda Street south of PCH.

Second, the Ports' existing project priority list, which does not include the expressway, is valued at over \$500 million, and grants from available sources will be sought over the next few years to close project funding gaps. Were the expressway to be added to the list, full funding of the existing list would be jeopardized. And third, the expressway's environmental document may have to be amended or redone due to traffic, air quality, and project scope baseline changes that have occurred.

In summary, it is recommended that more work is needed before assigning a ranking to the project and that ultimately it may be beneficial to combine the proposed Badger Rail Bridge Replacement Project with the expressway for funding as a port highway/rail access package.

Commissioner Dines questioned the current modelling that indicates there is no significant future volume increase at the three intersections, which he considers heavy today. Mr. Kerry Cartwright, Director of Goods Movement at POLA addressed the Board, and responded that current traffic growth projections are less than those used in previous EIR and studies. He said that recent modelling indicates much of the congestion is due to an unusual traffic flow condition at the intersection of Henry Ford Ave. and Alameda St., which is correctable. Capacity to the north and south of this location is unrestricted. But new modelling will be done to reconfirm former results.

Board Member Dines suggested that the ILWU Dispatch Hall opening at Alameda and

Harry Bridges be included in the modelling. Mr. Cartwright responded that the ILWU Hall has been built into the modelling.

Board Member Dines also stated that he supported the concept of combining at some point the proposed Badger Rail Bridge Replacement Project with the expressway for future funding applications.

11. PUBLIC COMMENT

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

12. CLOSED SESSION – CANCELLED

Ms. Heather McCloskey, ACTA Co-General Counsel, advised that there was no further progress on the posted item since the March Board meeting. Therefore, closed session was cancelled.

13. ADJOURNMENT

At 2:47 p.m., the meeting was adjourned sine die.