

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 MARCH 10, 2016 AT 9:00 A.M.

Members present:

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

Alternate Member present:

Suzie Price, City of Long Beach

Member absent:

Joe Buscaino, City of Los Angeles

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

CHAIR PRICE PRESIDED.

The meeting was called to order at 9:17 a.m. Roll call was taken.

CONSENT CALENDAR - ITEMS NOS. 1-7

1. MINUTES - ACTA GOVERNING BOARD MEETING OF JANUARY 14, 2016 - APPROVED.

Minutes of the regular meeting of January 14, 2016 of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board.

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

Communication from James P. Preusch, Chief Financial Officer, dated March 10, 2016, recommending that the monthly financial reports for the period ended December 31, 2015, be received and filed, was presented to the Governing Board.

3. CITY OF LONG BEACH – SECURITY AGREEMENT – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated March 10, 2016, recommending to ratify the Entry and Use Permit granted by ACTA to the City of Long Beach to reinstall and maintain equipment at an ACTA facility connected to an ACTA 15-camera security system within the trench for the purpose of comprehensive Port of Long Beach security monitoring, was presented to the Governing Board.

4. ALAMEDA CORRIDOR ENGINEERING TEAM (ACET) – FY17 SUPPORT SERVICES – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated March 10, 2016, recommending, as per the Board's prior direction for current FY16, authorization of staff to include in the FY17 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.

5. ACTA INSURANCE POLICIES – RENEWAL – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated March 10, 2016, recommending authorization for the Chief Executive Officer to negotiate and accept the recommendations of Willis, ACTA's Broker of Record, for placement of required insurance for the period of April 15, 2016 through April 14, 2017; and to bind insurance, on behalf of ACTA, in accordance with the recommendations of Willis, was presented to the Governing Board.

6. INVESTMENT MANAGEMENT SERVICES – NEW RFP – INFORMATION ITEM.

Communication from James P. Preusch, Chief Financial Officer, dated March 10, 2016, informing the Board that in early July 2016, ACTA will issue a new RFP for Investment Management services for a term of five years, was presented to the Governing Board.

7. FY2017 PRELIMINARY BUDGET SCHEDULE – INFORMATION ITEM.

Communication from James P. Preusch, Chief Financial Officer, dated March 10, 2016, providing the Board with a preliminary budget schedule including key budget preparation, review, and approval dates, was presented to the Governing Board.

Board Member Knabe motioned, seconded by Board Member Dines that Item No. 2 be received and filed and that Items Nos. 1 and 3 to 5 be approved. Carried by the following vote:

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

Mr. Doherty suggested that Item No. 8 be delayed until the arrival of Member Renwick, and that Items 9 and 10 be presented in the interim. The Chair, after consulting with the other members, consented to proceed to Item No. 9.

9. EMERGENCY DRILL REPORT– INFORMATION ITEM.

Ms. Connie Rivera, Government and Community Relations Officer presented the Governing Board with an update regarding the successful outcome of March 6, 2016 Emergency Drill, at which the following emergency responders participated: City of Compton, City of Vernon, City of Los Angeles, City of Santa Fe Springs, and Los Angeles County. The drill simulates three emergency conditions, which include a tanker spill, a container fire, and an injured party evacuation.

Member Dines commented that many precautions are taken prior to transit from the ports to minimize risks of such events during transit.

10. JANUARY PERFORMANCE – INFORMATION ITEM.

Mr. Doherty gave an update of Corridor performance for CY2015 and for January 2016. He advised that the Ports' laden container volumes for CY2015 were down about 3% resulting in ACTA's revenue also being down even despite the 2015 1.5% CPI fee increase. However he stated that there was a marked upswing in ports' volume in the last quarter, which is now extending into this year.

(Board Member Renwick arrived at 9:27 a.m.)

Member Slangerup indicated that there has been a return of LA/LB market share after losses that occurred early last year. Member Dines also commented that short haul rail opportunities are under review by the ports that might provide ACTA a revenue boost in the future in addition to the return of the ports' market share. Member Renwick asked why, if total port volume was up in 2015, was ACTA's revenue down? Mr. Doherty explained that the ports' overall increase was due to an increased empty TEUs. ACTA only handles 10% of the ports' empties and it does so at a fee that is only 25% of the loaded container rate. So port empty containers generate little ACTA revenue. This is why ACTA tracks port loaded containers, which were down 3% in 2015.

Mr. Doherty reviewed train count data for 2015 and explained that the reduced train counts are more a function of the railroads efficiency as they are now operating much longer trains.

8. 2016 BONDS – RESTRUCTURING 2004A BONDS - APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated March 10, 2016 recommending the adoption of a Resolution to:

1. Approve and authorize the issuance and sale of Alameda Corridor Transportation Authority Tax Exempt First Subordinate and Second Subordinate Lien Revenue Refunding Bonds, Series 2016A/B (the 2016 Bonds); and

2. Authorize the execution and delivery of the Tenth Supplemental Trust Indenture providing the terms of the Series 2016A Bonds; (ii) the execution and delivery of the Eleventh Supplemental Trust Indenture providing the terms of the Series 2016B Bonds; (iii) the preparation and distribution of a Preliminary Official Statement and a Final Official Statement relating to the sale of the 2016 Bonds; (iv) the execution and delivery of a Bond Purchase Agreement, a Continuing Disclosure Certificate, and contracts for credit enhancement relating to the Bonds; (v) the escrow of funds for the future redemption or defeasance of certain outstanding Series 2004A Bonds and the execution and delivery of related document and notices; and
3. Authorize such other actions as are necessary or desirable in connection with the issuance of the 2016 Bonds and such escrow and future redemption/defeasance,

was presented to the Governing Board.

Mr. Preusch began by presenting, as requested by legal counsel, a Disclaimer concerning the information to be presented due to the subject matter and content.

Mr. Preusch described the recently released Mercator report commissioned by the ports that projects long term port volume growth. The report contains a high growth, expected growth and low growth outlook, and each of those has a high and low range, for a total of nine scenarios. He explained that ACTA will use a subset of the Mercator Forecast known as the Inland Point Intermodal (IPI) projection. IPI cargo represents the containers for which ACTA collects revenue. The ACTA revenue curve will be based on the expected case, while the debt will be conservatively structured to the low range of the low case to minimize the potential for port shortfall payments.

He then described ACTA's current debt profile and the fact that debt service will grow markedly over the next several years to nearly \$190 million before levelling off. This rise is what triggers the need for a restructuring. He then described the ACTA bond series that will be targeted to provide the necessary relief.

Mr. Preusch then presented the shortfalls under the low, expected and high growth scenarios for both the un-restructured (status quo) and restructured cases. In all cases, there is a negative refunding savings, but there is a positive savings to the ports as well as positive savings when combining the two. Member Renwick pointed out that this demonstrates that the restructuring will ensure more funds available to the ports to make investments that will help both the ports and ACTA keep pace with growth.

Member Dines questioned whether the restructuring would provide flexibility in the future should conditions change. Mr. Preusch answered in the affirmative, as the restructured bonds will be callable and there will also be 2013A bonds callable several years from now. Member Renwick reiterated the need to maximize available capital for port investment, which will be accomplished with the restructuring.

Mr. Preusch then reviewed the schedule for the transaction and described the individual documents referred to in the resolution. He noted the importance of the April ACTA Governing Board meeting at which further changes to the documents, if required, will be presented for approval. He also noted that the date and/or time of that meeting might have to be changed due to a conflict with a Special POLA Commission meeting.

Board Member Renwick commended ACTA staff for the restructuring work, and thanked Port staff for their efforts in the matter.

Board Member Slangerup motioned, seconded by Board Member Dines that Item 8 be approved as recommended. Carried by the following vote:

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

NOES: None

ABSENT: Buscaino

11. PUBLIC COMMENT

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

12. CLOSED SESSION

At 10:22 a.m., Chair Price recessed the Governing Board meeting to hold a conference with legal counsel regarding existing litigation pursuant to Government Code Section 54956.9, Subdivision [a], (one case).

Board Member Knabe recused himself from closed session.

At 10:32 a.m., the meeting was again called to order.

Ms. Heather McCloskey, ACTA Co-General Counsel, announced there were no reportable actions from the closed session.

13. ADJOURNMENT

At 10:33 a.m., the meeting was adjourned sine die.