

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 JUNE 11, 2015 AT 9:00 A.M.

Members present:

Lena Gonzalez, City of Long Beach
Don R. Knabe, Los Angeles County
Metropolitan Transportation Authority
Rich Dines, Port of Long Beach
Tony Gioiello, Port of Los Angeles (Alternate Member)
Jon W. Slangerup, Port of Long Beach

Members absent:

Joe Buscaino, City of Los Angeles
Edward Renwick, Port 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

VICE-CHAIR GONZALEZ PRESIDED.

The meeting was called to order at 9:07 a.m.

1. ELECTION OF ACTA CHAIR AND VICE CHAIR FOR FY2016.

Communication from John T. Doherty, Chief Executive Officer, dated June 11, 2015, recommending the Governing Board elect a Chair and Vice-Chair of the ACTA Governing Board for FY2016, was presented to the Governing Board.

Board Member Dines made a single motion, seconded by Board Member Knabe, that Lena Gonzalez be elected as Chair and that Joe Buscaino be elected as Vice-Chair of the Governing Board for FY2016. Carried by unanimous vote.

2. FY2015/2016 BUDGET – ADOPTED

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015, recommending adoption of the final FY 2015/2016 (FY16) Budget and appropriate cash spending of \$130,403,227, was presented to the Governing Board.

Mr. Doherty introduced the item stating that the budget being submitted for approval was virtually the same as the preliminary budget that was presented to the Board at its April 2015 meeting. Mr. Preusch then presented a summary of the underlying budget assumptions, noting as well that the budget includes a 3.5% employee salary adjustment. He also presented the FY16 forecast for revenue and container volume, a breakdown of anticipated operating expenses, and the current organization chart.

Board Member Knabe asked for more detailed information on the increase in spending on Legal and Professional Services for FY16 compared to FY15. Mr. Preusch advised that both Legal Services and Professional Services are up primarily due to the potential bond refunding. In addition, Legal Services are up due to new litigation.

At 9:23 a.m., a recess was called.

At 9:34 a.m., the meeting was called back to order by Chair Gonzalez.

Board Member Slangerup made a motion to adopt the final FY16 Budget. Board Member Knabe added an amendment to include a quarterly reporting on expenditures in the categories of Legal and Professional Services. The amended motion was seconded by Board Member Dines. Carried by unanimous vote.

CONSENT CALENDAR - ITEMS NOS. 3-16

3. MINUTES - ACTA GOVERNING BOARD SPECIAL MEETING OF APRIL 9, 2015 – APPROVED.

Minutes of the regular meeting of April 9, 2015 of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board.

4. MONTHLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED APRIL 30, 2015– RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015, recommending that the monthly financial reports for the period ended April 30, 2015, be received and filed, was presented to the Governing Board.

5. FIRST QUARTER 2015 INVESTMENT REPORT – RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 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.

6. AUDIT SERVICES - AMENDMENTS FOR FY16 – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015, recommending the authorization for the Chief Executive Officer or Chief Financial Officer to issue amendments to audit services contracts for FY16 services, including:

- 1) Agreement No. 852 with BCA Watson Rice- Western Region, LLP increasing the authorized contract value by \$10,000 from \$30,000 to \$40,000; and
- 2) Agreement No. 840 with Vasquez & Company, LLP increasing the authorized contract value by \$20,000 from \$95,000 to \$115,000,

was presented to the Governing Board.

7. LEGAL SERVICES - AMENDMENTS FOR FY16 - APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015, recommending the authorization for the Chief Executive Officer or Chief Financial Officer to:

- 1) Allocate funds in the amount of \$740,000 in the FY16 Budget for 12 legal firms, excluding EPA Order matters;
- 2) Increase the current total contract value for the 12 firms by \$620,000 from \$1,135,000 to \$1,755,000;
- 3) Issue \$620,000 in amendments to seven legal service agreements in the following amounts: Gibbs Gidden Locher, LLP - \$130,000; Alston & Bird, LLP - <\$35,000>; Nixon Peabody, LLP - \$40,000; Nossmann LLP - \$160,000; O'Melveny & Myers, LLP - \$165,000; Polsinelli, LLP - \$150,000; and Hanson Bridgett, LLP - \$10,000; and
- 4) Issue additional amendments during the fiscal year by shifting unused amounts amongst the 12 agreements as necessary, provided the total amount of \$1,755,000 is not exceeded

was presented to the Governing Board.

8. CERRELL ASSOCIATES – AMENDMENT TO AGREEMENT NO. 730 FOR MEDIA RELATIONS – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated June 11, 2015, recommending authorization for the Chief Executive Officer or Chief Financial Officer to execute an amendment to Agreement No. 730 with Cerrell Associates, Inc. for media relations services extending the term through June 30, 2016 in the fixed ANNUAL amount of \$60,000 including expenses, was presented to the Governing Board.

9. MANATT, PHELPS & PHILLIPS – AMENDMENT TO AGREEMENT NO. 693 FOR FEDERAL ADVOCACY FOR FY16 – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated June 11, 2015, recommending authorization for the Chief Executive Officer or Chief Financial Officer to execute an amendment to Agreement No. 693 with Manatt, Phelps & Phillips for federal advocacy services, extending the term one-year through June 30, 2016 at the total not-to-exceed sum of \$60,000 including expenses, was presented to the Governing Board.

10. IBI GROUP– AMENDMENT TO AGREEMENT NOS. 719 AND 783 FOR ACTA SYSTEMS SUPPORT AND MAINTENANCE EFFORTS – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated June 11, 2015, recommending authorization for the Chief Executive Officer or Chief Financial Officer to execute an amendment to Agreement No. 719 with IBI for a one-year term extension through June 30, 2016 at an increased contract value not-to-exceed \$109,725 for support and maintenance of ACTA’s Revenue Assessment and Verification System and PierPass Validation System, was presented to the Governing Board.

11. WILLIS INSURANCE SERVICES OF CALIFORNIA INC. – AMENDMENT TO CONTRACT CO761 FOR BROKER OF RECORD SERVICES– APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015, recommending authorization for the Chief Executive Officer or Chief Financial Officer to execute an amendment to Contract CO761 with Willis Insurance Services of CA Inc. for insurance brokerage services, extending the contract term through June 30, 2016 and increasing the contract amount by \$100,000, was presented to the Governing Board.

12. DAVID DUTHIE – AMENDMENT TO CONSULTANT SERVICE AGREEMENT NO. 714 FOR UTILITY COORDINATION SERVICES – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated June 11, 2015, recommending the authorization for the Chief Executive Officer or Chief Financial Officer to execute an amendment to Consultant Service Agreement No. 714 with David Duthie for utility coordination services extending the term through June 30, 2016 and increasing the contract value by \$25,000, was presented to the Governing Board.

13. ALAMEDA CORRIDOR ENGINEERING TEAM (ACET) – FY16 ANNUAL CONTRACT WORK ORDERS – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015 recommending the authorization of the Chief Executive Officer or Chief Financial Officer to:

- 1) Issue annual Contract Work Orders (CWOs) and corresponding Change Orders (COs) to Amended Agreement No. 27 with the Alameda Corridor Engineering Team (ACET) for FY16 in the aggregate amount of \$2,131,684 allocated as follows:

\$1,660,408 for ACTA Support and \$471,276 for SR-47 Project;

- 2) Extend the term of the Agreement through June 30, 2016; and
- 3) Reallocate the FY16 CWO amounts amongst the CWO's during the fiscal year provided the aggregate total amount is not increased

was presented to the Governing Board.

14. NORTH AMERICAN EMERGENCY MANAGEMENT – AMENDMENT TO AGREEMENT NO. 337 FOR EMERGENCY PREPAREDNESS PLANNING – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015 recommending the authorization of the Chief Executive Officer or Chief Financial Officer to executive an amendment to Agreement No. 337 with North American Emergency Management (NAEM) for emergency preparedness planning and annual field exercises in the amount of \$6,000 and extend the term through June 30, 2016, was presented to the Governing Board.

15. PUBLIC FINANCIAL MANAGEMENT – AMENDMENT TO AGREEMENT NO. 637 FOR FINANCIAL ADVISORY SERVICES – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015 recommending the authorization of the Chief Executive Officer or Chief Financial Officer to execute an amendment to Agreement No. 637 with Public Financial Management, Inc. for financial advisory services that:

- 1) Extends the contract term through June 30, 2017;
- 2) Amends the hourly rates;
- 3) Increases the total contract amount by \$125,000; and
- 4) Reallocates for general use \$7,031.66 of unused funds that had been specifically allocated for RRIF loan services,

was presented to the Governing Board.

16. CHANDLER ASSET MANAGEMENT – AMENDMENT TO AGREEMENT C0824 FOR INVESTMENT MANAGEMENT – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015 recommending the authorization of the Chief Executive Officer or Chief Financial Officer to execute an amendment to Contract C0824 with Chandler Asset Management, Inc. for investment management services, extending the contract term through September 30, 2016 and increasing the contract amount by \$100,000, was presented to the Governing Board.

Board Member Dines motioned, seconded by Board Member Slangerup that the two Receive and File items (No. 4 & 5) be accepted, and that Items 3 and 6 through 16 be approved as recommended. Carried by the following vote:

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

17. ACTA BOND RESTRUCTURING/REFUNDING UPDATE AND BANKING TEAM AUTHORIZATION – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated June 11, 2015 recommending that the Board:

- 1) Appoint a 2015 Bond financing team consisting of: Senior Manager - Bank of America Merrill Lynch; Co-Senior Manager – Barclays Bank PLC; Co-Managers – Citigroup Global Markets Inc., RBC Capital Markets LLC, and Stifel, Nicolaus & Company, Incorporated. These investment banking firms will work together with ACTA’s Financial Advisor – Public Financial Management, and attorneys: Bond Counsel – O’Melveny & Myers LLP, Tax Counsel – Nixon Peabody LLP, and Disclosure Counsel – Polsinelli LLC; and
- 2) Authorize Chief Executive Officer or Chief Financial Officer to finalize all transaction documents and return to the Board for final approval at a later date.

was presented to the Governing Board.

Mr. Doherty introduced the item by presenting the port loaded container (imports and exports) growth statistics over the last several years. These statistics show an average annual growth rate of under 2% since 2010, which is well below the 5% that would have been required to avert ACTA debt service shortfall payments by the ports in the near future. Therefore, a refunding of certain ACTA bonds, which become callable in 2017, is of critical importance to reduce these payments. Mr. Preusch then presented the Board with a summary of the outstanding ACTA debt, an overview of the refunding strategy, and a schedule to prepare documents.

Mr. Knabe inquired as to whether approval of the recommended team also included approval of the future final documents. Mr. Preusch answered that it did not, and that the final documents would be presented to the Board for approval at a later date. Mr. Knabe also suggested that the Board be apprised of any refunding options. Mr. Doherty stated that the Board would be updated as to options at the next meeting.

Board Member Dines made a motion to appoint a 2015 Bond financing team and authorize the Chief Executive Officer or Chief Financial Officer to finalize all transaction documents. The motion was seconded by Board Member Knabe. Carried by unanimous vote.

Chair Gonzalez left the meeting at 10:00 a.m.

18. APRIL PERFORMANCE – INFORMATION ITEM.

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

Board Member Knabe left the meeting at 10:13 a.m.

19. PROJECT UPDATE – INFORMATION ITEM.

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

20. PUBLIC COMMENT

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

21. ADJOURNMENT

At 10:21 a.m., the meeting was adjourned sine die.