

MINUTES OF A REGULAR MEETING OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY GOVERNING BOARD HELD IN THE BOARD ROOM OF THE HARBOR DEPARTMENT ADMINISTRATION BUILDING AT 925 HARBOR PLAZA, LONG BEACH, CALIFORNIA, ON SEPTEMBER 9, 2010, AT 9:00 A.M.

Members present:

Janice Hahn, City of Los Angeles  
Gary DeLong, City of Long Beach  
Don R. Knabe, Los Angeles County  
Metropolitan Transportation Authority  
Susan E. Anderson Wise, Port of Long Beach  
Richard D. Steinke, Port of Long Beach  
Douglas Krause, Port of Los Angeles  
Mike Christensen, Port of Los Angeles

Members absent:

None

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 HAHN PRESIDED.

1. CLOSED SESSION

At 9:10 a.m., Chairperson Hahn recessed the Governing Board meeting to hold a conference with legal counsel regarding existing litigation pursuant to Government Code Section 54956.9, Subdivision (a), (two cases) and a conference with legal counsel regarding anticipated litigation pursuant to Government Code Section 54946.9, Subdivision (b), (one potential case).

At 9:20 a.m., the meeting was again called to order by Chairperson Hahn.

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

CONSENT CALENDAR - ITEMS NOS. 2-10

2. MINUTES – JUNE 10, 2010 MEETING – APPROVED.

Minutes of the June 10, 2010, regular meeting of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board for

approval.

3. QUARTERLY INVESTMENT REPORT FOR THE PERIOD ENDING JUNE 30, 2010 – RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated September 9, 2010, recommending the Quarterly Investment Report for the period ending June 30, 2010, be received and filed, was presented to the Governing Board.

4. ALAMEDA CORRIDOR ENGINEERING TEAM – FY10 CLOSEOUT CHANGE ORDERS TO AGREEMENT NO. 27 – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated September 9, 2010, recommending authorization for the Chief Executive Officer or Chief Financial Officer to issue Change Orders to Contract Work Orders with the Alameda Corridor Engineering Team (ACET) for FY10 final adjustments in the net aggregate deductive amount of \$238,129 as follows:

- 1) Change Order for Base CWO in the decreased amount of <\$40,892>,
- 2) Change Order for Pacific Coast Highway CWO in the decreased amount of <\$77,031>,
- 3) Change Order for SR-47 CWO in the decreased amount of <\$120,206>,
- 4) Adjust the total ACET contract value for FY10 in the decreased amount of <\$238,129> from \$6,326,692 to \$6,088,563, was presented to the Governing Board.

5. UNION PACIFIC RAILROAD – AWARD OF CONSTRUCTION AND MAINTENANCE AGREEMENT – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated September 9, 2010, recommending authorization for the Chief Executive Officer or Chief Financial Officer to execute a Construction and Maintenance Agreement with Union Pacific Railroad (UPRR) for a new two-mile long service road to be located between the Alameda Corridor south end storage tracks and the UPRR Dolores Yard tracks, at a not-to-exceed cost of \$444,446, was presented to the Governing Board.

6. BALFOUR BEATTY – TASK ORDERS UNDER AGREEMENT NO. 782 - APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated September 9, 2010, recommending ratifying the issuance of Task Orders to Balfour Beatty, ACTA's maintenance contractor, under Agreement No. 782 for the purchase and installation of upgraded signal and communications equipment, and authorize an additional ten percent contingency amount to be used, if necessary to complete the work, in the amount of \$208,778, was presented to the Governing Board.

7. CONVERGENT COMMUNICATIONS INC. – AMENDMENTS TO AGREEMENT NO. 823 – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated September 9, 2010, recommending authorization for the Chief Executive Officer or Chief Financial Officer to execute amendments to Agreement No. 823 with Convergent Communications Inc. (CCI), ACTA's railroad communications specialty consultant, increasing the not-to-exceed amount from \$100,000 to \$225,000, to complete Phases 2 and 3 of ACTA Communications Systems Upgrade Project, was presented to the Governing Board.

8. NINYO AND MOORE – AMENDMENT TO AGREEMENT NO. 466 – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated September 9, 2010, recommending authorization for the Chief Executive Officer or Chief Financial Officer to execute an Amendment to Agreement No. 466 with Ninyo and Moore, for additional Phase II environmental site investigation for Segment 1 of the SR-47 Project, increasing the total Board-approved amount by \$300,000, from \$2,000,000 to \$2,300,000, was presented to the Governing Board.

9. CALTRANS DISTRICT COOPERATIVE AGREEMENT NO. 07-4872 – AMENDMENTS – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated September 9, 2010, recommending confirmation that the Chief Executive Officer or Chief Financial Officer is authorized to execute any amendments and/or written understandings as necessary to clarify existing Caltrans District Cooperative Agreement No. 07-4872 for the SR-47 Project, was presented to the Governing Board.

10. JONES DAY – AMENDMENT TO AGREEMENT NO. 795 – APPROVED.

Communication from John T. Doherty, Chief Executive Officer, dated September 9, 2010, recommending authorization for the Chief Executive Officer or Chief Financial Officer to issue an Amendment to Agreement No. 795 with Jones Day for legal services in the additional amount not to exceed \$50,000, was presented to the Governing Board.

Board Member Knabe motioned, seconded by Board Member DeLong that the communications be received and filed and that Items Nos. 2-10 be approved as recommended. Carried by the following vote:

AYES: Members: Krause, Christensen, Wise, Steinke, Knabe, DeLong, Hahn  
NOES: None  
ABSENT: None

11. SELECTION OF ACTA'S INVESTMENT MANAGER – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated September 9, 2010, recommending approval of the selection of Chandler Asset Management to serve as ACTA's Investment Manager, and to authorize the Chief Executive Officer or Chief Financial Officer to execute a contract with Chandler Asset Management for a five-year period in the not-to-exceed amount of \$540,000, was presented to the Governing Board.

Chairperson Hahn asked what the major investments that Chandler Asset Management would be managing over the next five-year period.

Mr. Preusch stated that Chandler Asset Management would continue to manage ACTA's ongoing cash operating funds valued at about \$200 million per year.

Board Member DeLong motioned, seconded by Board Member Krause that Item No. 11 be approved as recommended. Carried by the following vote:

AYES: Members: Krause, Christensen, Wise, Steinke, Knabe, DeLong, Hahn  
NOES: None  
ABSENT: None

12. CONFIRMATION OF ACTA'S INVESTMENT POLICY – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated September 9, 2010, recommending the Governing Board confirm ACTA's Investment Policy (with no changes), was presented to the Governing Board.

Board Member Wise asked if there were any changes to the policy since last approved. Mr. Preusch said there were not.

Board Member Wise motioned, seconded by Board Member DeLong that Item No. 12 be approved as recommended. Carried by the following vote:

AYES: Members: Krause, Christensen, Wise, Steinke, Knabe, DeLong, Hahn  
NOES: None  
ABSENT: None

13. RESTRUCTURING OF ACTA DEBT AND RRIF LOAN UPDATE – APPROVED.

Communication from James P. Preusch, Chief Financial Officer, dated September 9, 2010, recommending:

- 1) Authorization for the Chief Executive Officer or Chief Financial Officer to continue to pursue a refunding loan from the U.S. DOT Federal Railroad Administration (FRA) under the Railroad Rehabilitation & Improvement Financing (RRIF) Program;

2) Authorization for the Chief Executive Officer or Chief Financial Officer to take such actions as necessary to support the FRA credit evaluation of ACTA's loan application, provide for rating agency review, prepare legal documents, agreements, and related materials, and take all other actions necessary to complete the ACTA RRIF loan and prepare it for final approval of the Governing Board; and

3) Appropriate \$650,000 from available funds to the FY11 budget to advance cash requirements, pay for credit evaluations, and prepare necessary documents, was presented to the Governing Board.

Chairperson Hahn asked what would happen if this process doesn't work and what if the timeline isn't met.

In response to Chairperson Hahn's questions, Jim Preusch stated that if for some reason the loan does not come together for approval, either because there is a credit issue, a negotiation issue, or simply it's defeated by delay, ACTA's second option would be to do a more traditional financing to restructure the debt. ACTA would sell bonds and use the proceeds to call and defease other outstanding bonds. However, it's a very inefficient mechanism, and the net present value is about four times as costly based on recent estimates to do this type of transaction as compared to the RRIF loan. The third option would be to ask the Ports to make shortfall advance payments. This is also a possibility and is something that initially was agreed to, but there are a number of reasons why this doesn't make sense at this time to the Ports, ACTA, or the Railroads.

Chairperson Hahn asked if ACTA should get additional advocacy resources involved in this loan request process.

John Doherty responded, yes, that would be beneficial at the appropriate time. He stated this process has already slipped several months and that it's currently in the hands of the FRA's independent financial advisor (FA). There's not much the FRA or the credit council can do to advance this until the FA completes its review. He stated that probably 30 days from now, we'll have a much better handle because the FA will make a preliminary status report to the credit council involving their analysis. At that point, if it's looking like the loan process is starting to slip or ACTA is going to get a negative review, then it would be good to mobilize advocacy resources in Washington. He stated that our Congressional Delegation has submitted a joint letter as part of the application process in support of the application. He stated that he would provide a copy of the joint letter to the Governing Board.

Mr. Doherty stated that ACTA staff would report back to the Governing Board, either separately or in a group setting, in approximately 30 to 45 days from now what ACTA's plan would be.

Board Member Krause requested that a timetable be provided to the Board at

each Board meeting, which includes when the Ports would have to start writing checks, if either the loan or traditional refinancing is not completed, and the exact trigger date when we need to abandon the loan process in order to have adequate time to complete a traditional refinancing.

Board Member Knabe requested that staff be clearer in future appropriations requests as to budget authority vs. contract authority for each of the items in advance of future Governing Board meetings.

14. LEGISLATIVE UPDATE – INFORMATION ITEM.

Mr. Norm Emerson gave a legislative update on federal and state issues.

At 10:00 a.m., Board Member Knabe left the meeting.

15. ACTA JULY PERFORMANCE UPDATE – INFORMATION ITEM.

Mr. John Doherty gave an update.

16. SR-47 AND RAIL BRIDGE UPDATE – INFORMATION ITEM.

Mr. John Doherty gave an update.

17. PUBLIC COMMENT

There was no one present to address the Governing Board.

18. ADJOURNMENT

At 10:15 a.m., the meeting was adjourned sine die.