

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, 2004, AT 9 A.M.

Members present:

Janice Hahn, City of Los Angeles
Frank Colonna, City of Long Beach
Don R. Knabe, Los Angeles County
Metropolitan Transportation Authority
James C. Hankla, Port of Long Beach
Richard D. Steinke, Port of Long Beach
Thomas H. Warren, Port of Los Angeles
Bruce Seaton, Port of Los Angeles

Members absent:

None

CHAIRPERSON HAHN PRESIDED AS CHAIR.

Mr. Hankla acknowledged Mr. John Hancock, alternate ACTA Governing Board member for the Port of Long Beach, at the meeting.

APPROVAL OF MINUTES

Mr. Knabe moved, seconded by Mr. Hankla and unanimously carried, the minutes of the regular meeting of August 12, 2004, were declared read and approved as read.

Mr. John Doherty stated that a revised memo for Item No. 4 of the Consent Calendar was submitted to increase the deductive Change Order for the Alameda Corridor Engineering Team for the last Fiscal Year adjustment from \$1.1 million to a deductive Change Order of \$1.4 million.

CONSENT CALENDAR - ITEMS NOS. 1-6

1. MONTHLY FINANCIAL REPORTS FOR THE PERIOD ENDED JULY 31, 2004, RECEIVE AND FILE.

Communication from John T. Doherty, Chief Executive Officer, dated August 31, 2004, recommending that the monthly financial reports for the period ended July 31, 2004, be received and filed, was presented and read to the Governing Board.

2. **BST ASSOCIATES – FIRST AMENDMENT TO AGREEMENT NO. C0722 FOR ONGOING SUPPORT WITH REVENUE FORECASTS.**

Communication from John T. Doherty, Chief Executive Officer, dated September 1, 2004, recommending authorization for the Chief Executive Officer to execute a First Amendment to Agreement No. C0722 with BST Associates, in the amount of \$50,000, for ongoing support with Revenue Forecasts for the Alameda Corridor, was presented and read to the Governing Board.

3. **YEAGER SKANSKA – CHANGE ORDER TO CONTRACT NO. D0606 - PACIFIC COAST HIGHWAY GRADE SEPARATION PROJECT.**

Communication from John T. Doherty, Chief Executive Officer, dated August 23, 2004, recommending authorization for the Chief Executive Officer to execute a Change Order to Contract No. D0606 with Yeager Skanska, in the amount of \$446,431, for the Pacific Coast Highway Grade Separation Project, was presented and read to the Governing Board.

4. **ALAMEDA CORRIDOR ENGINEERING TEAM – CREDIT ADJUSTMENT CHANGE ORDERS TO AMENDED AGREEMENT NO. C0027.**

Communication from John T. Doherty, Chief Executive Officer, dated September 3, 2004, recommending authorization for the Chief Executive Officer to execute credit adjustment Change Orders to the ACET Amended Agreement No. C0027, in the aggregate amount of \$1,479,244, for services provided by the Alameda Corridor Engineering Team, was presented and read to the Governing Board.

5. **FOSS ENVIRONMENTAL SERVICES – CHANGE ORDER TO CONTRACT NO. C0623 FOR ON-CALL ENVIRONMENTAL REMEDIATION.**

Communication from John T. Doherty, Chief Executive Officer, dated September 1, 2004, recommending authorization for the Chief Executive Officer to execute a Contract Change Order to Contract No. C0623 with FOSS Environmental Services, in the amount of \$100,000, for environmental remediation costs for installation of the Anaheim Street storm drain laterals and closeout of the Long Beach Lead Extension/Maintenance Yard Project area with the Regional Water Quality Control Board, was presented and read to the Governing Board.

6. **MODIFICATION OF CONFLICT OF INTEREST CODE – RECEIVE AND FILE.**

Communication from John T. Doherty, Chief Executive Officer, dated September 9, 2004, recommending that the amended Exhibit A, Definition of Categories, and Exhibit B, Designated Positions and the Disclosure Categories, of the Conflict of Interest Code, be received and filed, was presented and read to the Governing Board.

Mr. Knabe moved, seconded by Mr. Hankla, that the communications be received and filed and that Items Nos. 1-6 be approved as recommended. Carried by the following vote:

AYES: Members: Warren, Seaton, Hankla, Steinke, Knabe, Hahn
NOES: None
ABSENT: Colonna

Mr. John Doherty introduced Mr. James P. Preusch, CPA, the new Chief Financial Officer for ACTA. Mr. Doherty stated that Mr. Preusch spent 15 years with the Port of Los Angeles and the past four years in the private sector. Mr. Doherty stated that Mr. Preusch was part of the ACTA team that was instrumental in the refunding of ACTA's federal loan.

Mr. Preusch stated that it was great to be back as part of the ACTA team.

REGULAR AGENDA

7. SELECTION OF INVESTMENT MANAGERS FOR ACTA.

Communication from John T. Doherty, dated September 2, 2004, recommending approval of the selection of PFM Asset Management and Chandler Asset Management to serve as investment managers for ACTA; authorization for the Chief Executive Officer to execute a contract with PFM Asset Management in an amount not to exceed \$325,000 through September 30, 2009; and authorization for the Chief Executive Officer to execute a contract with Chandler Asset Management in an amount not to exceed \$175,000 through September 30, 2009, was presented and read to the Governing Board.

Mr. Pete Mandia gave an overview of the selection process for the Investment Managers.

At 9:10 a.m. Mr. Frank Colonna arrived at the meeting.

Ms. Janice Hahn asked about the distribution of funds--why the contract amounts for the two investment management firms were not more evenly distributed.

Mr. Mandia stated that it was part of the reflection of the fee proposal--what the firms proposed to do on certain funds and the fee selection. Mr. Mandia stated that fees were a part of the selection criteria. He stated that the two firms do not have as much of share in the investment management.

Mr. Preusch stated that there are a number of funds that would be managed under this agreement. He stated it is not possible for two managers to manage one pile of money on one account. He stated that there are about 15 or 20 different funds, and those funds would be allocated in such a way that about one-third of the assets would go to Chandler

and about two-thirds would go to PFM. He stated that, because the way the fees are structured, the compensation is, in part, a function of how much is under management.

Ms. Hahn recommended revisiting this item for a possible, more-evenly-distributed award to the two firms.

Mr. Preusch stated that the existing agreement expires on September 30, 2004, that a new investment agreement needs to be in place before the next Governing Board meeting. He stated that the allocation could be changed and that an adjustment could be made after the agreement was in place.

Mr. Hankla asked if there was a difference between the two firms in terms of the fee schedule that they proposed.

Mr. Mandia stated yes, there is.

Mr. Hankla asked if the fee schedule for Chandler was higher, in some respects, than the fee schedule for PFM.

Mr. Mandia stated no, it is not.

Mr. Hankla stated that he would like to see, as part of the analysis, a breakdown of the fee schedule and the accounts that each firm would manage.

In response to Ms. Hahn's and Mr. Hankla's requests, Mr. Doherty stated that a revised breakdown of a fee schedule and accounts management, with the justification for the recommended apportionment, would be provided at the next regular ACTA Governing Board meeting.

Mr. Knabe moved, seconded by Mr. Colonna, that the selection of PFM Asset Management and Chandler Asset Management to serve as investment managers for ACTA be approved, and that ACTA's CEO is authorized to enter into contracts therefor, and that staff further advise the Board of a revised allocation of investments under management with each firm, the annual fees to be charged, and the not-to-exceed amount for the period through September 30, 2009. Carried by the following vote:

AYES: Members: Warren, Seaton, Hankla, Steinke, Knabe, Colonna, Hahn
NOES: None
ABSENT: None

8. **ACTA EXPANDED MISSION – PROGRESS SUMMARY. (INFORMATION)**

Mr. Doherty gave a progress summary on ACTA's Expanded Mission initiatives.

It was unanimously agreed that it was important to get information regarding the benefits and misconceptions of the Corridor to the public as quickly as possible, and that a

report be prepared by ACTA's public relations firm on their strategy to get this information out.

Mr. Doherty stated that a public information plan and a set of recommendations would be prepared to present to the Governing Board.

CLOSED SESSION

At 10:30 a.m., Chairperson Hahn recessed the Governing Board meeting to hold an attorney-client meeting pursuant to Government Code Section 54956.9, Subdivision (a), regarding existing litigation, and Government Code Section 54956.9, Subdivision (b), regarding anticipated litigation.

At 10:50 a.m., the meeting was again called to order by Chairperson Hahn.

There were no reportable actions from the closed session.

ADJOURNMENT

At 10:55 a.m., the meeting was adjourned sine die.