

MINUTES OF A REGULAR MEETING OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY GOVERNING BOARD HELD VIA TELECONFERENCE IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, ON MAY 14, 2020 AT 9:30 A.M.

Members participating via teleconference:

Suzie Price, City of Long Beach
Joe Buscaino, City of Los Angeles
Frank Colonna, Port of Long Beach
Janice Hahn, Los Angeles County
Metropolitan Transportation Authority
Edward Renwick, Port of Los Angeles

Alternate Members participating via teleconference:

Tony Gioiello, Port of Los Angeles
Duane Kenagy, Port of Long Beach

Also participating via teleconference:

Michael Leue, ACTA, Chief Executive Officer
James P. Preusch, ACTA, Chief Financial Officer
Heather McCloskey, ACTA, Co-General Counsel
Lauren Misajon, ACTA, Co-General Counsel
April See, ACTA, Controller
Phillip Le, ACTA, Director of Systems, Revenue & Finance

COUNCILMEMBER PRICE PRECIDED AS CHAIR.

The meeting was called to order at 9:35 a.m. Roll call was taken.

CONSENT CALENDAR - ITEM NOS. 1-2

1. MINUTES - ACTA GOVERNING BOARD SPECIAL MEETING OF APRIL 9, 2020 – RECEIVED AND FILED.

Minutes of the Special Meeting of April 9, 2020 of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board.

2. MONTHLY FINANCIAL REPORTS AS OF FEBRUARY 29, 2020 – RECEIVED AND FILED.

Communication from James P. Preusch, Chief Financial Officer, dated May 14, 2020, recommending that the monthly financial reports as of February 29, 2020, be received and filed, was presented to the Governing Board.

Board Member Hahn motioned, seconded by Board Member Colonna that Item Nos. 1 - 2 be

received and filed. Roll call was taken and carried by the following vote:

AYES: Buscaino, Colonna, Gioiello, Hahn, Kenagy, Price, Renwick

NOES: None

ABSENT: None

3. UPDATE OF THE AD HOC SUCCESSION PLANNING COMMITTEE – INFORMATION ITEM.

Chair Price stated that the Ad Hoc Succession Planning Committee has continued its efforts to recruit, and interview candidates for the Chief Financial Officer (CFO) position. They have worked with the recruiting firm throughout the process and it has gone very smoothly. The Ad Hoc Succession Planning Committee created a subcommittee, comprised of Board Members Colonna and Renwick and they have participated in weekly conference calls. Chair Price stated that she has participated passively in aspects of the recruiting efforts. The efforts have not only focused on recruitment for the CFO position but also the transition plan for the new CFO to become familiar with ACTA operations and most importantly with the stakeholders with whom ACTA works. Chair Price concluded her remarks by stating that Mr. Leue, ACTA's new Chief Executive Officer, has been very involved in the process since he began his position with ACTA.

Board Member Renwick confirmed that Mr. Leue has led the efforts in partnership with the recruiting firm. He stated that they have looked at approximately 150 applicants and have reached out to numerous organizations to assure that the pool of candidates is diverse. Mr. Renwick concluded his remarks by stating he feels confident they will get a fantastic candidate that everyone will be happy with. The subcommittee will be ready to make a final decision by the next Board meeting.

Board Member Colonna thanked Mr. Shane Lightner, Stanton Chase, and his team for working with Mr. Leue in bringing a well-qualified group of individuals and assisting to ultimately selecting one.

Mr. Leue thanked the Ad Hoc Succession Planning Committee. He specifically thanked Board Member Renwick for participating in the weekly calls tracking the process and making sure they are proceeding with his guidance. He stated that Stanton Chase is doing an excellent job and that he is pleased with the efforts and progress.

Board Member Hahn asked whether ACTA will be ready to select a candidate for the CFO position by the next meeting. Chair Price responded that the Ad Hoc Succession Planning Committee will be making a recommendation to the Board at the June 11th meeting for a vote on a particular candidate.

4. RESOLUTION NO. JPA 20-4 – PUBLICLY AVAILABLE PAY SCHEDULE – ACTA'S OFFICERS AND EMPLOYEES – APPROVED.

Communication from Michael Leue, Chief Executive Officer, dated May 14, 2020, recommending the approval and adoption of Resolution No. JPA 20-4 and Publicly Available Pay Schedule for ACTA's Officers and Employees, was presented to the Governing Board.

Mr. Leue provided background information on the requirement from CalPERS to have the Governing Board approve ACTA's employee Pay Schedule and make it publicly available, highlighting a January 2020 CalPERS letter which provides for more structure and specific requirements of a Publicly Available Pay Schedule.

Chair Price stated that approving the item allows ACTA to be in compliance with CalPERS' recommendation for the Board to approve and make a Pay Schedule available. Board Member Renwick stated that, to confirm, the Board is not changing anyone's compensation, only publishing the information. Mr. Leue clarified that ACTA is publishing a range of compensation that is acceptable for each position, not the actual compensation.

Board Member Colonna asked Ms. Heather McCloskey, Co-Counsel, whether this would fulfill ACTA's compliance requirement. Ms. McCloskey confirmed that it would.

Board Member Hahn asked for confirmation that the item was approving a Pay Schedule and ranges, but not raises for employees. Chair Price responded that salary increases for employees would have to be within the range being approved. Similarly, when positions are hired or promoted, the salaries would have to be within the minimum-maximum range.

Board Member Hahn followed-up by asking whether the ranges would have to stay within the City of Los Angeles classifications. Ms. McCloskey responded that an ACTA position is tied to a City of Los Angeles position based on the job description; the minimum and maximum reflect the same salary range as in that position's Memorandum of Understanding (MOU) with the City of Los Angeles. Those are changed as the MOU ranges change. If the ranges change, the Pay Schedule would have to come back to the Board for approval. Merit increases or cost-of-living adjustments could not go beyond the maximum for each listed position.

Board Member Renwick motioned, seconded by Board Member Colonna that Item No. 4 be approved. Roll call was taken and carried by the following vote:

AYES: Buscaino, Colonna, Gioiello, Hahn, Kenagy, Price, Renwick

NOES: None

ABSENT: None

5. SALARY ADJUSTMENT – JAMES P. PREUSCH – CHIEF FINANCIAL OFFICER – APPROVED.

Communication from the Ad Hoc Succession Planning Committee, dated May 14, 2020, recommending the approval of a salary adjustment increasing the compensation for James P. Preusch, ACTA's Chief Financial Officer from \$235,162 (hourly rate \$113.0588) to \$255,717 (hourly rate \$122.9408), effective May 15, 2020, was presented to the Governing Board.

Chair Price provided the Board with information regarding the Ad Hoc Succession Committee's request for a salary adjustment for Mr. Preusch. Chair Price stated that Mr. Preusch has extended his retirement multiple times to assist with the transition plan and recruitment efforts for the two executive positions. Mr. Preusch served as Interim Chief Executive Officer beginning December 14, 2019. During that time, he was involved in all ACTA operations and has been involved in the transition process. The Committee is

recommending the adjustment based on the evaluation of Mr. Preusch's efforts, in terms of his contributions to ACTA at this particular juncture; the necessity for Mr. Preusch to remain as part of the ACTA team through the transition process as a retired annuitant or similar position; and his assistance to the new CFO. Chair Price stated that Mr. Preusch's efforts have been extraordinary with the different tasks he's taken on during COVID-19, with some of the operational changes that had to be made and two incidents that occurred on ACTA property. Chair Price highlighted that Mr. Preusch is not getting a \$20,000 raise. She stated that his hourly rate is increasing and is not going to be retroactive to when he assumed the CFO position. The increase would begin today until the date of his retirement, which is expected to be July 1, 2020. Therefore, the increase would be in effect for a six-week period, which would be approximately \$2,300 for the six weeks until his retirement.

Board Member Hahn stated that she has known Mr. Preusch for many years and respects him. She stated that she appreciates that he has remained during the transition, it is both purposeful and meaningful. However, the minutes just approved from the April Board meeting reflect the serious discussion by Board members at the last meeting regarding staff increases. Board Member Hahn quoted the April 9, 2020 minutes saying, "Approving a compensation increase sent an odd message." She noted that Board members had agreed in April that from a perception standpoint, ACTA should be fiscally prudent, especially at a time when many have lost their jobs; also that employees were owed increases from previous years, but the Board agreed to not give any increases for six months. Board Member Hahn indicated during the April meeting that she wanted the item regarding salary increases to come back to the Board in six months to show employees they were valued. It was a fiscally prudent message to bondholders but a tough message to the hard-working employees that increases were not going to be given at this time. Board Member Hahn concluded by stating that she was conflicted because of the serious discussion Board members had at the April Board meeting.

Board Member Renwick stated that there was a distinction between giving firm-wide increases and giving a small amount to a 25-year employee that has devoted his entire career to ACTA, having made personal sacrifices to ensure a safe transition. He stated the timing wasn't perfect because of the pandemic, but recognition of Mr. Preusch's responsibilities was important. Board Member Hahn asked if this was considered a bonus. Chair Price wanted to clarify that the Ad-Hoc Committee was not proposing this as a bonus. She stated that the level of tasks and work necessary to undertake the positions of CEO and CFO for a limited time resulted in a pay that was not aligned with the work. She added that the level of pay for the new CFO will be what is represented in the Pay Schedule, which is better aligned with the level of experience and service. Therefore, when looking at the Pay Schedule, there is no doubt that Mr. Preusch should come out at the higher end of the scale because he has the expertise, subject matter, knowledge, institutional background and seniority with ACTA. Because Mr. Preusch is completing decades of work; assisting with the transition of the new CEO and incoming CFO; and providing a strong foundation from which to lead, the effort requires additional tasks beyond what a regular CFO would have to do.

Chair Price stated that the Committee has made it abundantly clear to Mr. Preusch that ACTA would not take any position nor advocate for any CalPERS interpretation of the limited salary increase in terms of Mr. Preusch's retirement. She stated that the level of work expected for the transition is above and beyond what is typical for the CFO position. The Committee wants to recognize that those additional duties should allow Mr. Preusch to be compensated at a reasonable level within the range of a CFO.

Board Member Colonna stated that Mr. Preusch went above and beyond to assist in the transition of ACTA. He stated that this is not a bonus but acknowledging the work service and performance; the Board is well within the bounds to approve the item. He concluded that he concurs with Chair Price.

Board Member Hahn asked the Board that if this situation comes up again, where a person is asked to take on two positions, that the compensation be given immediately, which is much more transparent than rewarding for a job well-done. As a public agency, it's not the way it should be done. She added that she believed Mr. Preusch was well compensated before the adjustment. She reiterated that if this is done again, the person should be compensated at the beginning. Coming in with six weeks left of employment, many could interpret it as pension spiking. She concluded by stating that, in addition, if all staff hadn't been told that they were not going to get a raise, it would not look so bad.

Chair Price thanked the Board members for their comments. She stated that she wanted to make it clear that when Mr. Preusch was appointed Interim Chief Executive Officer, and doing the work of CFO, his salary was modified at that time to reflect the two positions. It was not anticipated that the executive recruitment search for a CFO would have to be done during an unprecedented health crisis, which did not allow the process to move as expeditiously as possible. Neither did it allow for prudence in dealing with operational things taking place at the organization that Mr. Preusch had to manage. Chair Price stated that all of ACTA staff were doing an amazing job and if employees could be rewarded financially for their performance, it would be done. She continued her remarks by stating that the action was a salary adjustment, not a bonus nor a pension spike. The Committee has been working with co-counsel and outside counsel as well. It has been clear that ACTA is not taking a position with CalPERS and she believes, that with or without the salary adjustment, Mr. Preusch would continue and end his service with ACTA on a positive note. For the ACTA Board, it's a matter of what's fair. She stated that best practices for the future will be considered, but there will probably not come a time again when two executive managers of a very large entity like ACTA are being replaced at the same time. For an agency that has as much bond debt as ACTA and the sensitivities with goods movement during COVID-19, stability is crucial. Chair Price acknowledged the wisdom and prudence of Board Member Hahn's comments, especially in the economic times faced by other boards.

Vice-Chair Buscaino motioned, seconded by Board Member Kenagy that Item No. 5 be approved. Roll call was taken and carried by the following vote:

AYES: Buscaino, Colonna, Gioiello, Kenagy, Price, Renwick

NOES: Hahn

ABSENT: None

6. MARCH 2020 CORRIDOR PERFORMANCE – INFORMATION ITEM.

Mr. Leue gave an update on the Corridor performance statistics including train counts, revenue and cargo volume through March 2020.

7. PUBLIC COMMENT ON NON-AGENDA ITEMS

8. CLOSED SESSION

At 10:20 a.m., Chair Price recessed the Governing Board meeting to hold a conference with labor negotiator Stanton Chase pursuant to Government Code Section 54957 to consider the appointment and employment of ACTA's Chief Financial Officer.

At 11:05 a.m., the meeting was again called to order. Ms. Heather McCloskey, ACTA Co-General Counsel, announced there were no reportable actions from closed session.

9. ADJOURNMENT

At 11:07 a.m., the meeting was adjourned sine die.