



A G E N D A

REGULAR MEETING

Governing Board of the Alameda Corridor Transportation Authority

Meeting Date and Time:	February 20, 2025, 10:00 A.M.
Location:	Long Beach City College Liberal Arts Campus Board Room 4901 East Carson Street, Building T1100 Long Beach, CA 90808
The public may attend the meeting in person or view the meeting online via Zoom:	https://us02web.zoom.us/j/5622477111 Meeting ID: 562 247 7111 Passcode: boardmtg

OPPORTUNITIES FOR THE PUBLIC TO ATTEND THE MEETING AND PROVIDE PUBLIC COMMENTS

In-person comments may be provided at the meeting but will not be accepted via Zoom. Members of the public attending the meeting in person will be given an opportunity to address the Board on (1) any item on the agenda prior to the Board’s consideration of that item, including the consent and closed session agendas; and (2) subjects within the subject matter jurisdiction of the Governing Board during Public Comment on Non-Agenda Items. Members of the public who wish to speak should complete a speaker card indicating the agenda item number on which they will comment or designate “general public comment” and return the card to the Board Secretary. Each speaker will be allowed to speak for up to 3 minutes per agenda item.

Written comments or materials may be submitted by emailing publiccomment@acta.org or brought to the meeting. If you request to distribute documents to the Governing Board, please present the Board Secretary with twelve (12) copies. All written comments or materials submitted for the meeting will be entered into the official meeting minutes. For comments by email, please submit written comments prior to 3:00 pm on the day before the scheduled meeting. Comments submitted by email will be distributed to the Governing Board prior to the meeting and entered into the official meeting minutes.

As a covered entity under Title II of the Americans with Disabilities Act, the Alameda Corridor Transportation Authority (ACTA) does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services, and activities. Sign language interpreters, assistive listening devices, and translation services may be provided. To ensure availability, 72-hour advance notice is required. Contact the ACTA Office at (562) 247-7777.

ROLL CALL



CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (d)(2) of Section 54956.9: (one case)

OPEN SESSION

A. COMMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

B. REPORTS AND PRESENTATIONS

- i. December 2024 Performance Report
- ii. ACTA Public Policy Activities

C. APPROVAL OF THE MINUTES

- Minutes of the December 12, 2024, Regular Governing Board Meeting of the Alameda Corridor Transportation Authority

D. AGENDA ITEMS

Consent Agenda (1):

1. RECEIVE AND FILE Monthly Financial Reports as of November 30, 2024

Regular Agenda (2-6):
















2. APPROVE Revised Alameda Corridor Transportation Authority Investment Policy
3. APPROVE Transfer of \$150,000 spending authority from FY25 Line-Item for Legal Services to Professional Services for financial advisory services and to Audit for internal audit services and delegate authority to the CEO or his designee to transfer any subsequent surplus budget amount from the Audit line item to the Professional Services line item
4. APPROVE Third Amendment to Agreement C0864 with BCA Watson Rice, Western Region, LLP to add internal audit services and increase compensation by \$50,000 for a total compensation amount of \$653,111
5. APPROVE Resolution JPA 25-1, Policy pursuant to Government Code Section 54956.96 authorizing limited circumstances for Governing Board members to discuss closed session information with their appointing home legislative body
6. INFORMATION on Fiscal Year 2025/2026 (FY 2026) Preliminary Budget Schedule
















ADJOURNMENT

REPORT ITEM 1

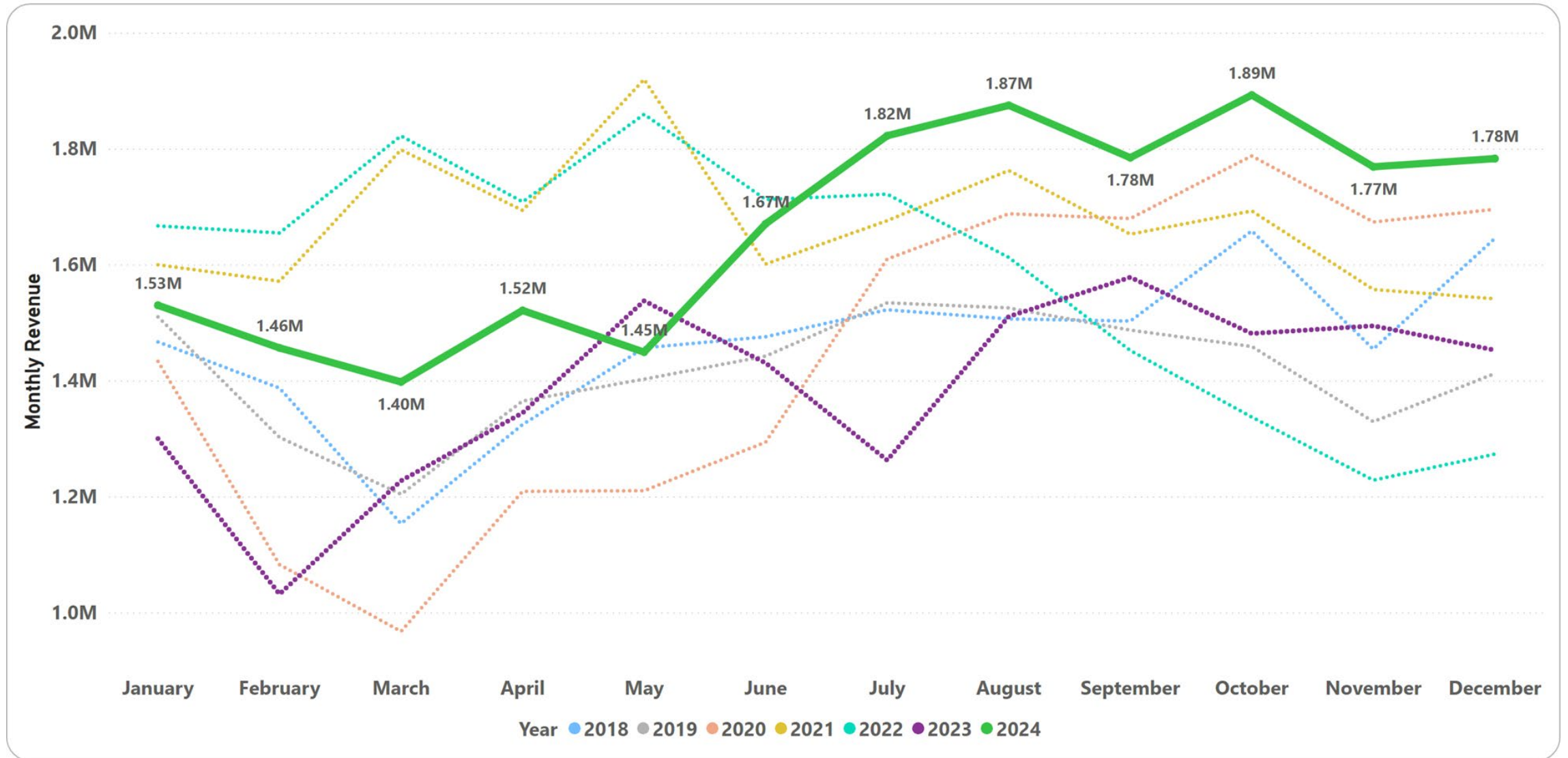
Performance Report Dec - 2024

PORT CONTAINER THROUGHPUT (TEUs) – December 2024

Port	POLA			POLB			POLA & POLB		
Category	Monthly TEUs	YoY% Change		Monthly TEUs	YoY% Change		Monthly TEUs	YoY% Change	
Imports	460,915	26.4%		412,876	23.9%		873,791	25.2%	
Exports	110,483	-9.1%		100,792	-2.8%		211,275	-6.2%	
Total Loaded	571,399	17.5%		513,668	17.5%		1,085,067	17.5%	
Empties	350,218	36.7%		347,338	27.3%		697,556	31.8%	
Total TEUs	921,616	24.1%		861,006	21.3%		1,782,622	22.7%	

Port	POLA			POLB			POLA & POLB		
Category	YTD	YTD % Change		YTD	YTD % Change		YTD	YTD % Change	
Imports	5,356,680	20.6%		4,729,554	24.3%		10,086,234	22.3%	
Exports	1,494,201	15.7%		1,207,038	-5.9%		2,701,239	4.9%	
Total Loaded	6,850,881	19.5%		5,936,592	16.7%		12,787,473	18.2%	
Empties	3,446,471	19.0%		3,713,141	26.6%		7,159,612	22.8%	
Total TEUs	10,297,352	19.3%		9,649,726	20.3%		19,947,078	19.8%	

SP Bay Port TEUs Trends



ALAMEDA CORRIDOR PERFORMANCE

December

CY2024

FY2025

REVENUE

\$12.3M

+32.2% | \$9.3M

vs Last Year

\$133.8M

+34.7% | \$99.4M

vs Previous CYTD

\$71.3M

+35.1% | \$52.8M

vs Previous FYTD

TEUs

552.1K

+34.6% | 410.0K

vs Last Year

5.9M

+32.9% | 4.4M

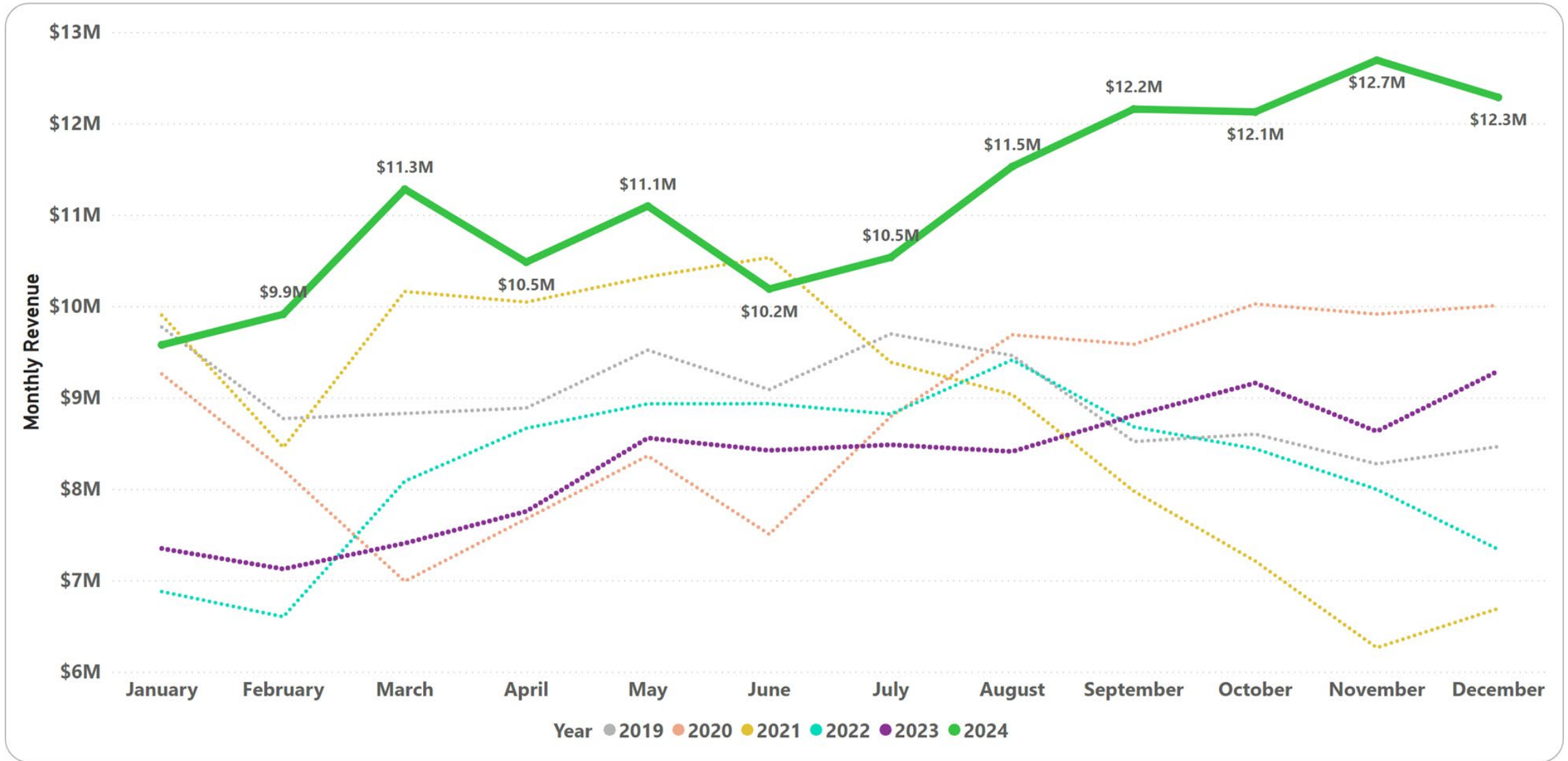
vs Previous CYTD

3.2M

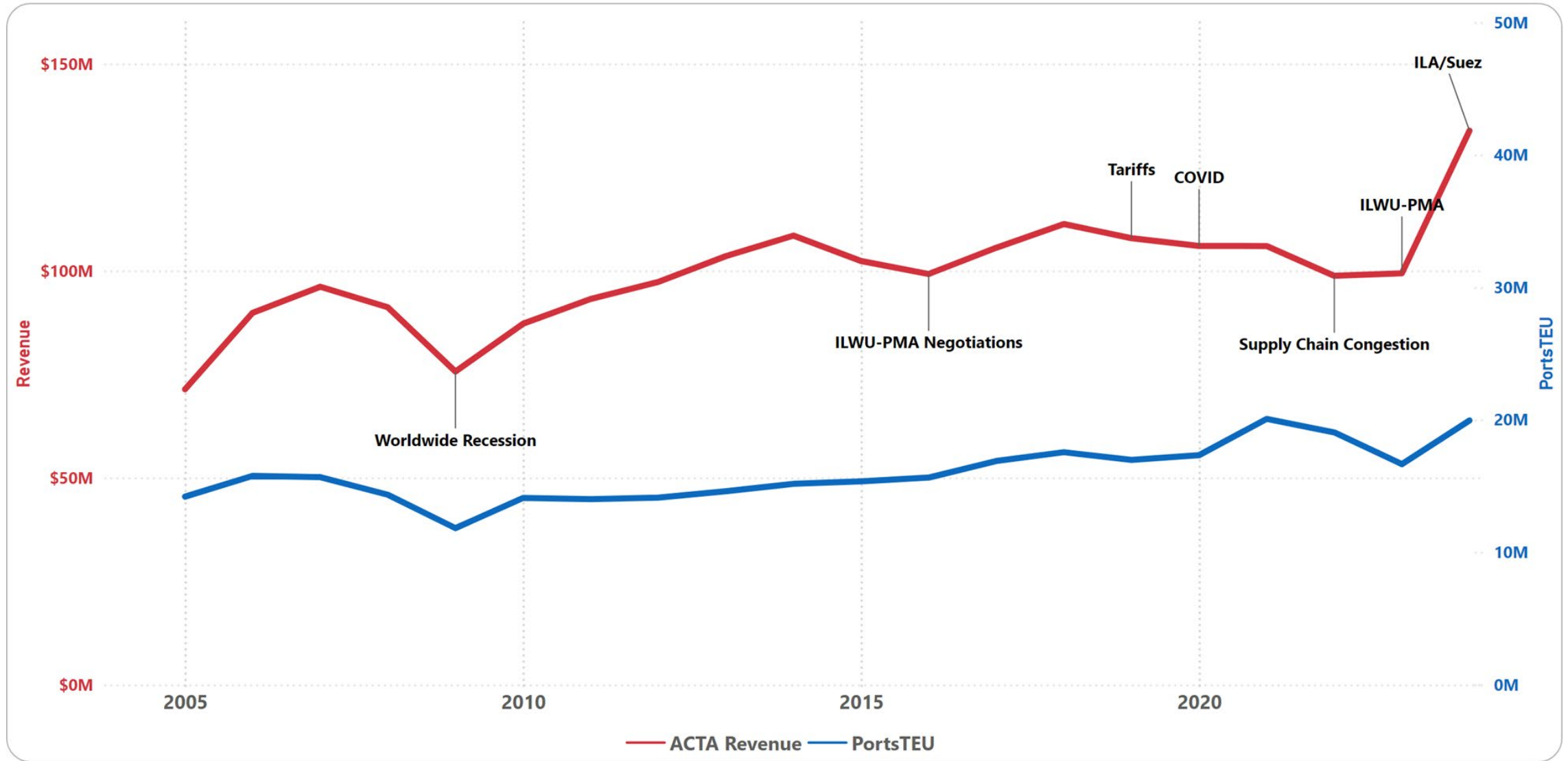
+35.0% | 2.4M

vs Previous FYTD

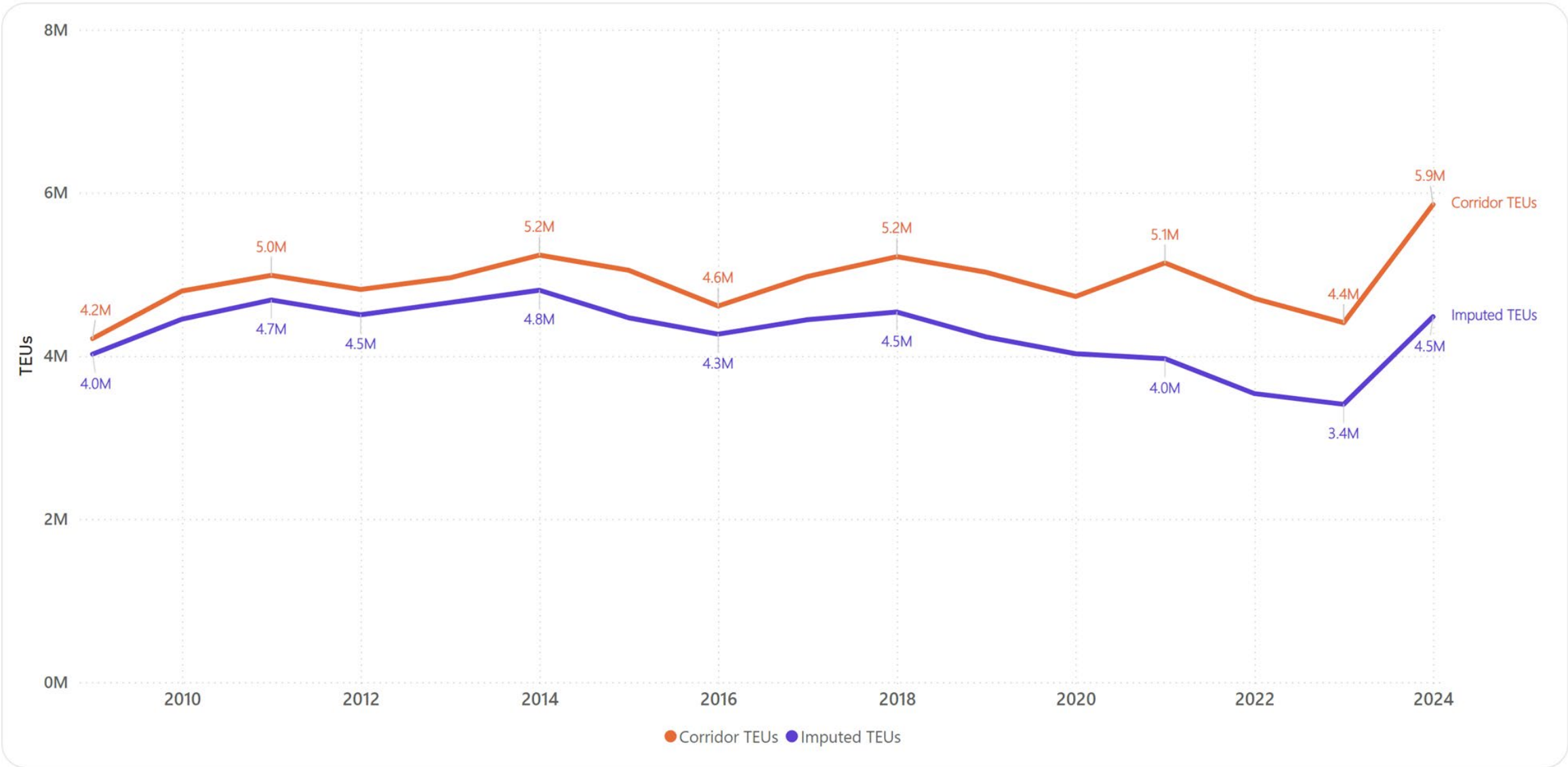
Corridor Revenue Performance



Revenue and PortsTEU Trends



Corridor TEUs and Imputed TEUs



REPORT ITEM 2

ACTA Public Policy February 20, 2025

Discussion

The Public Policy focuses ACTA efforts and facilitates collaboration between ACTA and other agencies to advance investment and policy strategies.

1. Finance – Provide analysis of alternative financing plans
Present financial analysis to Board for approval



Goal – Develop funding strategy that considers total cost & shortfalls

2. State of Good Repair

ACTA pursuing Communications/Signal upgrade

ACTA MOW Contract RFP approaching selection



3. Security – Continue enhancement of security for infrastructure/cargo

Collaboration task forces & joint camera deployment



4. Expert Consultant – Selection/procurement of Consultant

See following scope for RFP





Rail Consultant

SCOPE OF WORK

1. Introduction

ACTA is seeking a well-qualified and experienced firm to be available to provide Consulting Services in support of Alameda Corridor Transportation Authority.

The following description of services is intended as a guideline for the type of services that the Consultant might provide. There is no assurance that these or any other services will be issued to the selected firm(s).

2. Description of Services

ACTA is seeking to Identify and evaluate opportunities to increase cargo transport by rail from the San Pedro Bay Ports (SPB) through collaborations with railroads, ports and government agencies. The purpose of this effort is to improve the SPB freight transportation system to foster healthy and sustainable communities and enhance the economic vitality of the Alameda Corridor, which is core to the national transportation system and provides benefits in safety, clean air and economic opportunities to the surrounding community, region, and nation.

Rail is an efficient mode of transportation that reduces impacts on the environment and strengthens the resiliency of our national supply chain. The economic vitality of the Alameda Corridor is important to achieving efficiencies and environmental benefits for our communities, region, state and nation. Economic enhancements can be garnered through increased use of the Alameda Corridor or alternative fees. An important aspect of any strategy will be to protect and grow the market share of the San Pedro Bay Ports and to seek improvement in environmental and community impacts associated with goods movement.

Upcoming rail strategy services for ACTA, if any, will be arranged through issuance of Project Directives from ACTA to the selected firm. Project Directives will provide specific detailed information about scope of work, schedule, resources, and budget for any service request, as mutually determined with the selected firm. This effort will be closely coordinated with the on-going Long-Term Cargo Forecast currently being conducted by the Port of Long Beach and Port of Los Angeles (LTCF-25) and the Long Beach-East Los Angeles Corridor Mobility Investment Plan by Metro (LB-ELA).

The scope of work for possible services may include, but is not limited to the following:

1. SPB Gateway Intermodal Assessment
 - Evaluate LTCF-25 Task 3 results
 - Determine additional factors affecting intermodal transport (global, national, regional, SPB)
 - Evaluate long-haul trucking versus intermodal transport
 - Evaluate Transload versus Direct Intermodal (IPI) transport
 - Develop strategies to increase rail transport at SPB and reduce truck miles in the region
2. Short Haul and Western Region Rail Market Study
 - Review, summarize and comment on previous short haul rail (SHR) studies
 - Investigate western region intermodal logistics projects

- Evaluate potential cargo volumes of opportunities, including conducting outreach and research with shippers for possible opportunities for imports and exports
 - Conduct outreach with UP and BNSF on viability of implementation
 - Assess scenarios and potential for implementation
3. Alternate Pricing/Funding Strategies
- Summarize & update price sensitivity of discretionary cargo
 - Opportunities/challenges for alternative container fees
 - Develop and assess alternative pricing/funding strategies (e.g. congestion pricing, reduced emissions funding and other environmental benefits)

Based on the outcome of the above items, develop prioritized list of strategies to accomplish the goal of increasing cargo movement on the Alameda Corridor and ACTA revenues. These strategies might require lobbying efforts towards local, state, and federal agencies to garner support for selected strategies. Lobbying may be provided either through this Agreement or through Port resources.

MINUTES OF A REGULAR MEETING OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY GOVERNING BOARD HELD AT LONG BEACH CITY COLLEGE LIBERAL ARTS CAMPUS BOARD ROOM, 4901 E. CARSON STREET, BUILDING T1100, LONG BEACH, CALIFORNIA 90808 ON DECEMBER 12, 2024 AT 10:00 A.M.

ROLL CALL

Members present:

Michael Cano, Los Angeles County Metro

Frank Colonna, Port of Long Beach

Mario Cordero, Port of Long Beach

Tim McOsker, City of Los Angeles

Edward Renwick, Port of Los Angeles

Suely Saro, City of Long Beach

Gene Seroka, Port of Los Angeles

Alternate members present:

Sam Joumbat, Port of Long Beach

Also present:

Michael Leue, ACTA, Chief Executive Officer

Kevin Scott, ACTA, Chief Financial Officer

Graham Christie, ACTA, Chief Operating Officer

Heather McCloskey, ACTA, Co-General Counsel

Thomas Oh, ACTA, Co-General Counsel

Maria Melendres, ACTA, Governing Board Secretary

The meeting was called to order at 10:06 a.m. by Chair McOsker.

OPEN SESSION

A. COMMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

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

B. REPORTS AND PRESENTATIONS

i. AUDIT COMMITTEE REPORT

Audit Committee Chair Renwick provided a report of the Audit Committee meeting held on December 12, 2024.

ii. OCTOBER 2024 CORRIDOR PERFORMANCE

Michael Leue presented the Corridor performance statistics through October 2024.

iii. ACTA PUBLIC POLICY ACTIVITIES

Michael Leue presented an update on ACTA's Public Policy activities.

C. MINUTES

ACTA GOVERNING BOARD REGULAR MEETING OF OCTOBER 10, 2024 – APPROVED.

Minutes of the Regular Meeting of October 10, 2024, of the Governing Board of the Alameda Corridor Transportation Authority, were presented to the Governing Board.

Board Member Cano motioned, seconded by Board Member Renwick that the minutes of the October 10, 2024, Regular Meeting of the Alameda Corridor Transportation Authority be approved as submitted. Carried by the following vote:

AYES: Cano, Colonna, Joublat, Renwick, Saro, Seroka

NOES: None

ABSENT: McOsker

CLOSED SESSION

At 10:30 a.m., Chair McOsker recessed the Governing Board meeting to hold a conference with legal counsel – anticipated litigation. Significant exposure to litigation pursuant to subdivision (d)(2) of Section 54956.9 of the Government Code.

At 11:15 a.m., Board Member Cordero left the meeting and Alternate Board Member Joublat joined the meeting in closed session.

At 11:25 a.m., Chair McOsker left the meeting. Vice Chair Saro chaired the remainder of the meeting.

At 11:34 a.m., the meeting was again called to order by Vice Chair Saro. Ms. Heather McCloskey, ACTA Co-General Counsel, announced there were no reportable actions from closed session.

D. AGENDA ITEMS

Consent Agenda

1. MONTHLY FINANCIAL REPORTS AS OF SEPTEMBER 30, 2024 – RECEIVED AND FILED.

Communication from Kevin L. Scott, Chief Financial Officer, dated December 12, 2024, recommending that the monthly financial reports as of September 30, 2024, be received and filed, was presented to the Governing Board.

Regular Agenda

2. ALAMEDA CORRIDOR ENGINEERING TEAM – FY24 CLOSEOUT CHANGE ORDERS 82 & 63 – AGREEMENT NO. 27 – APPROVED.

Communication from Kevin L. Scott, Chief Financial Officer, dated December 12, 2024, recommending the authorization of the Chief Executive Officer or Chief Financial Officer to issue Change Orders to Contract Work Orders (CWO) with the Alameda Corridor Engineering Team for FY24 including Change Order No. 82 for ACTA Support Work Order (ASA) CWO in the decreased amount of <\$234,471> and Change Order No. 63 for SR47 Project (SR47) CWO in the decreased amount of <\$87,598> was presented to the Governing Board.

No public comment was received on Item No. 2.

Board Member Cano motioned, seconded by Board Member Colonna that Item No. 2 be approved as recommended. Carried by the following vote:

AYES: Cano, Colonna, Joublat, Renwick, Saro, Seroka
NOES: None
ABSENT: McOsker

3. PACIFIC RAILWAY ENTERPRISES, INC. – FOURTH AMENDMENT TO AGREEMENT NO. C0889 – APPROVED.

Communication from Graham Christie, Chief Operating Officer, dated December 12, 2024, recommending the approval of the fourth amendment to Agreement No. C0889 with Pacific Railway Enterprises, Inc. and authorization of the Chief Operating Officer to execute the agreement, was presented to the Governing Board.

No public comment was received on Item No. 3.

Board Member Renwick motioned, seconded by Board Member Colonna that Item No. 2 be approved as recommended. Carried by the following vote:

AYES: Cano, Colonna, Joublat, Renwick, Saro, Seroka
NOES: None
ABSENT: McOsker

4. RESOLUTION NO. JPA 24-3 – CEO SALARY & BENEFITS PACKAGE ADJUSTMENT – APPROVED.

Communication from Kevin L. Scott, Chief Financial Officer, dated December 12, 2024, recommending the discussion and approval of adjustments to the Chief Executive Officer’s salary and benefits package, was presented to the Governing Board.

No public comment was received on Item No. 3.

Board Member Renwick motioned to increase the CEO’s current salary by a 3.2% cost-of-living adjustment, which was seconded by Board Member Joublat. Carried by the following vote:

AYES: Cano, Colonna, Joublat, Renwick, Saro, Seroka
NOES: None
ABSENT: McOsker

5. RESOLUTION NO. JPA 24-4 – 2025 GOVERNING BOARD MEETING SCHEDULE – APPROVED.

Communication from Michael C. Leue, Chief Executive Officer, dated December 12, 2024, recommending that the Board approve Resolution No. JPA 24-4 setting the date and time for regular meetings of the ACTA Governing Board in 2024, was presented to the Governing Board.

No public comment was received on Item No. 5.

Board Member Colonna motioned, seconded by Board Member Cano that Item No. 5 be approved as recommended. Carried by the following vote:


AYES: Cano, Colonna, Joublat, Renwick, Saro, Seroka
NOES: None
ABSENT: McOsker

ADJOURNMENT

At 11:42 a.m., the meeting was adjourned sine die.

M E M O

Alameda Corridor Transportation Authority

To: Governing Board
Meeting Date: February 20, 2025
From: Kevin L. Scott, Chief Financial Officer 
Subject: RECEIVE AND FILE Monthly Financial Reports as of November 30, 2024

Recommendation:

Receive and file the Monthly Financial Reports as of November 30, 2024.

Discussion:

The financial package includes the following:

- Monthly Financial Statements (See Transmittal 1).

Statements of Net Position - Unaudited statement of ACTA's assets and liabilities as of November 30, 2024. The audited June 30, 2024 financial information is also included for comparative purposes to the beginning of the fiscal year.

Statement of Revenues, Expenses and Changes in Net Position – Fiscal Year 2025 unaudited statement of revenues, expenses and changes in net position through November 30, 2024. Also included is the statement as of November 2023 which has been included for comparative purposes for five months of information.

Comparison of Budget Functional Expenses – Operating Budget by Expense Type - The fiscal year-to-date budget is compared to actual revenue and expenditures incurred as of November 30, 2024.

Comparison of Budget Functional Expenses – Operating Budget by Funds - The fiscal year-to-date budget is compared to actual revenue and expenditures incurred as of November 30, 2024.

Cash and Investment Summary – Cash and investment balances and the corresponding investment schedule are being presented as of November 30, 2024. The cash and investment balances are segregated by institution, account number reference, and account description. Balances are presented in book and market value. Also included are the grant funds received for the SR-47 project during the current fiscal year. The investment schedule summarizes the composition of the agency's investment portfolio and how the portfolio complies with the Board approved Investment Policy.

Cash Flow – Cash flow for the month of November 2024 is presented. It is presented in both a summary format and a detailed format. A fiscal year-to-date cash flow showing all activity through November 30, 2024 is also presented in both a summary format and a detailed format. The dollar amounts represent the book values for each account.



February 20, 2025
ITEM #1

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed this Board Report and there are no legal issues at this time.

Transmittals:

Transmittal 1 - Monthly Financial Statements as of November 30, 2024



Statements of Net Position

November 30, 2024 and June 30, 2024

	<u>November 2024</u>	<u>June 2024</u>
<u>Assets & Deferred Outflows of Resources</u>		
Current Assets:		
Restricted Cash & Cash Equivalents, & Investments	\$ 24,660,328	\$ 143,137,200
Receivables	13,074,408	12,752,663
Prepaid Expenses	2,185,909	2,448,458
Total Current Assets	39,920,645	158,338,321
Prepaid Bond Insurance Premiums, net	29,219,223	29,697,138
Restricted Investments *	186,749,739	51,132,104
Assets Held for Transfer	311,990	311,990
Net OPEB Asset	370,904	370,904
Capital Assets Not Being Depreciated	438,148,732	438,148,732
Capital Assets, Net	1,004,528,494	1,013,329,849
Total Assets	1,699,249,727	1,691,329,038
Deferred Outflows of Resources:		
Loss on Refunding	36,212,137	38,795,381
Pension and OPEB Related Items	1,571,245	1,571,245
Total Assets & Deferred Outflows of Resources	\$ 1,737,033,109	\$ 1,731,695,664
<u>Liabilities, Deferred Inflows of Resources, & Net Position</u>		
Current Liabilities:		
Accounts Payable	\$ 1,451,965	\$ 6,005,375
Unearned Revenue	7,658,809	5,372,279
Accrued Interest Payable, Current Portion	8,186,795	12,419,912
Revenue Bonds Payable, Current Portion	15,970,000	16,255,000
Other Liabilities	662,473	736,000
Total Current Liabilities	33,930,042	40,788,566
Noncurrent Liabilities:		
Shortfall Advances Payable to Ports	14,135,671	13,839,081
Net Pension Liability	2,340,987	2,340,987
Accrued Interest Payable, Net of Current Portion	585,702,576	551,790,732
Revenue Bonds Payable, Net of Current Portion & Unamortized Discount	1,763,098,326	1,780,332,982
Total Noncurrent Liabilities	2,365,277,560	2,348,303,782
Total Liabilities	\$ 2,399,207,602	\$ 2,389,092,348
Deferred Outflows of Resources:		
Gain on refunding	43,920,851	44,555,018
Deferred Inflows of Resources	436,591	436,591
Total Deferred Outflows of Resources	44,357,442	44,991,609
<u>Net Position</u>		
Net Investment in Capital Assets	-	-
Restricted for Debt Service	161,730,304	124,137,739
Restricted for Capital Projects	-	-
Restricted by Master Trust Agreement	74,408,211	90,762,509
Unrestricted	(942,670,450)	(917,288,541)
Total Net Position	(706,531,935)	(702,388,293)
Total Liabilities, Deferred Inflows of Resources, & Net Position	\$ 1,737,033,109	\$ 1,731,695,664

* All investments with a maturity within three months are considered cash for the year-end financial statements. Monthly, unaudited financial statements, carry all investments, regardless of maturity date(s), as Restricted Investments. Fully detailed classifications are only done at year-end in accordance with GASB 40, therefore classification differences exist.

	<u>November 2024</u>	<u>June 2024</u>	<u>FY2025 Increase</u>
Current	\$ 24,660,328	\$ 143,137,200	
Noncurrent	186,749,739	51,132,104	
	\$ 211,410,067	\$ 194,269,304	\$ 17,140,763



Statement of Revenues, Expenses, & Changes in Net Position

Five Months ended November 30, 2024 and 2023

	<u>November 2024</u>	<u>November 2023</u>
Operating Revenues:		
Use Fees & Container Charges	\$ 59,468,415	\$ 43,988,540
Maintenance-of-Way Charges	3,676,987	3,072,733
Total Operating Revenues	<u>63,145,402</u>	<u>47,061,273</u>
Operating Expenses:		
Salaries & Benefits	1,723,036	934,788
Administrative Expenses	311,940	581,479
Professional Services	514,713	273,777
Maintenance-of-Way	4,855,307	4,973,883
Depreciation	8,801,355	8,796,473
Total Operating Expenses	<u>16,206,351</u>	<u>15,560,400</u>
Operating Income (Loss)	46,939,051	31,500,873
Nonoperating Revenues:		
Interest & Investment Revenue, Net	3,819,476	3,105,922
Public Benefit Income	(5)	15,235
Miscellaneous Revenue	1,557,635	370,865
Total Nonoperating Revenues	<u>5,377,106</u>	<u>3,492,022</u>
Nonoperating Expenses:		
Interest Expense	56,611,645	52,896,988
Expenses for Public Benefit & Pass Thru Expenses	482,321	1,269,725
Amortization of deferred gain on bond refunding	(634,167)	-
Costs of Issuance	-	-
Gain/Loss Sale or Transfer of Capital Assets	-	-
Total Nonoperating Expenses, Net	<u>56,459,799</u>	<u>54,166,713</u>
Changes in Net Position	(4,143,642)	(19,173,818)
Net Position:		
Net Position, Beginning of Year	(702,388,293)	(585,539,734)
Net Position - End of Year	<u>\$ (706,531,935)</u>	<u>\$ (604,713,552)</u>



Comparison of Budget By Expenses Type as of November 30, 2024

(\$ in thousands)	<u>Fiscal Year-to-Date</u>		
	Budget*	Actuals	Variance
Revenues			
Operating Revenues			
Use Fees & Container Charges	\$ 38,217,477	\$ 59,468,415	\$ 21,250,938
Maintenance-of-Way Charges	7,132,423	3,676,987	(3,455,436)
Total Operating Revenues	<u>45,349,900</u>	<u>63,145,402</u>	<u>17,795,502</u>
Other Revenues			
Projects			
Pier Pass	25,000	25,000	-
EPA Order & Pass Thru Income	1,231,536	1,532,635	301,099
Subtotal Projects	<u>1,256,536</u>	<u>1,557,635</u>	<u>301,099</u>
Miscellaneous			
Public Benefit Income	31,250	(5)	(31,255)
Gain/Loss from Sale of Fixed Assets	-	-	-
Ports-Shortfall Advances	-	-	-
Investment Income	2,257,404	3,819,476	1,562,072
Subtotal Miscellaneous	<u>2,288,654</u>	<u>3,819,471</u>	<u>1,530,817</u>
Subtotal Other Revenues	<u>3,545,190</u>	<u>5,377,106</u>	<u>1,831,915</u>
Total Sources of Funds	<u>48,895,090</u>	<u>68,522,508</u>	<u>19,627,418</u>
Expenses			
Salaries	993,338	824,067	(169,271)
Benefits	1,105,074	898,969	(206,105)
Office Expenses	228,213	228,707	494
Other Management Expenses	44,125	10,025	(34,100)
Information Technologies	68,542	13,777	(54,765)
Bank & Investment	80,208	58,749	(21,459)
ACET Administrative & Capital Support	-	682	682
Audit	88,071	87,632	(440)
Legal	283,333	89,088	(194,245)
Governmental Affairs	37,500	16,880	(20,620)
Other Professional Services	825,291	321,114	(504,177)
Pass Thru Expenses & EPA Order	1,070,901	456,651	(614,250)
Expenses for Public Benefit	31,250	25,670	(5,580)
Total Administrative Expenses	<u>4,855,846</u>	<u>3,032,011</u>	<u>(1,823,836)</u>
Maintenance-of-Way Expenses-Rail - Contractors	5,216,869	2,032,182	(3,184,687)
Maintenance-of-Way Expenses-Rail - Capital	-	-	-
Maintenance-of-Way Expenses-Rail - Other	1,915,555	1,644,805	(270,750)
Maintenance-of-Way Expenses-Nonrail - Contractors	712,794	269,484	(443,310)
Maintenance-of-Way Expenses-Nonrail - Capital	5,192,713	690,815	(4,501,898)
Maintenance-of-Way Expenses-Nonrail - Other	122,224	173,188	50,964
Maintenance-of-Way Expenses - ACTA	83,718	44,833	(38,885)
Total Maintenance-of-Way Expenses	<u>13,243,873</u>	<u>4,855,307</u>	<u>(8,388,566)</u>
Subtotal Administrative and M&O Expenses	<u>18,099,719</u>	<u>7,887,318</u>	<u>(10,212,402)</u>
Financing Expenses			
Debt & Port Advance Interest/Bonds Premium Discount	21,774,088	22,699,802	925,714
Debt Service - Accrued CAB Interest	33,796,479	33,911,843	115,364
Subtotal Financing Expenses	<u>55,570,567</u>	<u>56,611,645</u>	<u>1,041,078</u>
Depreciation & Amortization Expenses			
Depreciation	8,743,818	8,801,355	57,537
Amortization of deferred gain on bond refunding	-	(634,167)	(634,167)
Cost of Issuance	-	-	-
Subtotal Depreciation & Amortization Expenses	<u>8,743,818</u>	<u>8,167,188</u>	<u>(576,630)</u>
Total Operating Expenses	<u>82,414,104</u>	<u>72,666,151</u>	<u>(9,747,954)</u>
Income (Loss)	<u>\$ (33,519,014)</u>	<u>\$ (4,143,642)</u>	<u>\$ 29,375,372</u>

* Y-T-D Budget calculated on a straight line basis.



Comparison of Budget By Funds as of November 30, 2024

(\$ in thousands)	Fiscal Year-to-Date		
	Budget*	Actuals	Variance
Revenues			
Operating Revenues			
Use Fees & Container Charges	\$ 38,217,477	\$ 59,468,415	\$ 21,250,938
Maintenance-of-Way Charges	7,132,423	3,676,987	(3,455,436)
Total Operating Revenues	45,349,900	63,145,402	17,795,502
Other Revenues			
Projects			
Pier Pass	25,000	25,000	-
EPA Order & Pass Thru Income	1,231,536	1,532,635	301,099
Subtotal Projects	1,256,536	1,557,635	301,099
Miscellaneous			
Public Benefit Income	31,250	(5)	(31,255)
Gain/Loss from Sale of Fixed Assets	-	-	-
Ports-Shortfall Advances	-	-	-
Investment Income	2,257,404	3,819,476	1,562,072
Subtotal Miscellaneous	2,288,654	3,819,471	1,530,817
Subtotal Other Revenues	3,545,190	5,377,106	1,831,916
Total Sources of Funds	48,895,090	68,522,508	19,627,418
Expenses			
Financing Fees	691,918	520,513	(171,405)
Administrative Costs	3,061,778	2,029,176	(1,032,602)
Capital	-	-	-
Railroads-M&O	7,132,423	3,676,987	(3,455,436)
Reserve-M&O	6,027,731	1,133,487	(4,894,244)
Financing Fees-M&O	83,718	44,833	(38,885)
Revenue Fund-Interest & Bonds Premium/Discount	21,774,088	22,699,802	925,714
Expenses for Public Benefit	31,250	25,670	(5,580)
LAIF General Fund-Pass Thru & EPA	1,070,900	456,651	(614,250)
Total Expenses	39,873,806	30,587,119	(9,286,688)
Non Cash Expenses			
Accrued CAB Debt Service Interest	33,796,479	33,911,843	115,364
Depreciation	8,743,818	8,801,355	57,537
Amortization of deferred gain on bond refunding	-	(634,167)	(634,167)
Cost of Issuance	-	-	-
Subtotal Interest, Depreciation, & Amortization Expenses	42,540,297	42,079,031	(461,266)
Total Operating Expenses	82,414,103	72,666,150	(9,747,954)
Income (Loss)	\$ (33,519,013)	\$ (4,143,642)	\$ 29,375,372

* Y-T-D Budget calculated on a straight line basis.



Cash & Investment Summary as of November 30, 2024

Cash and Investment Balances (\$ in thousands)				
Institution	Account Reference #	Account Description	Book Value	Market Value
Bank of America				
	0457 & 0796	Concentration & Disbursement Accounts	521	521
Pre Bond Sale Accounts-Union Bank- Now US Bank				
Grant Reimbursement Received this month \$7,424.83	5080	SR-47	4,714	4,788
Grant Reimbursement Received FY to Date \$7,424.83				
Local Agency Investment Fund (LAIF)				
	40-19-006	General Fund	10,120	10,120
1999, 2004, 2012, 2016, 2022 Bond Funds- US Bank				
Revenue Funds	1170	Revenue Fund	25,722	25,799
	1171	M & O Fund	9,572	9,646
	1172	Reserve Account	15,719	15,856
	1189	Administrative Costs	9,384	9,508
		Subtotal Revenue Funds	60,397	60,809
Debt Service Funds	61180	99A Interest	1	1
	61181	99A Principal	-	-
	61183	99A Redemption	-	-
	61192	99A Senior Lien	322	325
	61193	99A 17th Level	46,561	46,902
	61186	99A Construction	-	-
	61200	99C Interest Account	2,124	2,129
	61201	99C Principal Account	26,483	26,708
	38003	04B Debt Service Reserve	25,672	25,455
	39004	04A Debt Service Reserve	15,635	15,697
	39006	04A Financing fee	1,413	1,436
	39002	04A Debt Service Principal Account	-	-
	59001	12 Debt Service Interest Account	261	261
	59002	12 Debt Service Principal Account	1,607	1,611
	59004	12 Debt Service Reserve Account	7,958	7,795
	27000	16A Debt Service	15	15
	27004	16A Debt Service Reserve	3,771	3,705
	27001	16A Interest	1	1
	27002	16A Principal	5	5
	108006	16B Financing fee	701	711
	108000	16B Financing fee	27	27
	108001	16B Interest	16	16
	98000	2022A DS Fund	34	34
	98006	2022A Bond Proceeds Account	-	-
	53000	2022B DS Fund	67	67
	53002	2022B Interest Account	2,044	2,044
	86000	2022C DS Fund	41	41
	86002	2022C Interest Account	5	5
	86006	2022C Bond Proceeds Account	-	-
	40000	2024A DS Fund	22	22
	40002	2024A Interest Account	57	57
	740000	2024B DS Fund	-	-
	280000	2024C DS Fund	14	14
	90000	2024D DS Fund	88	88
		Subtotal Debt Service Funds	134,945	135,172
Total 1999, 2004, 2012, 2016, 2022, 2024 Bond Funds- U.S. Bank			195,342	195,981
Total Cash & Investment Balances			\$ 210,697	\$ 211,410



Cash & Investment Summary (Cont'd) as of November 30, 2024

Investment Schedule MTI and non-MTI (\$ in thousands)

Type of Investment	Book Value	Market Value	Percentage of Total	Investment Policy Limit
Money Market Funds	14,019	14,019	6.63%	20.00%
U.S. Government & Agency Obligations	143,104	143,016	67.65%	100.00%
Commercial Paper	-	-	0.00%	15.00%
U.S. Treasury Note	34,226	34,902	16.51%	100.00%
Corporate Bonds	8,707	8,832	4.18%	30.00%
Bank of America	521	521	0.25%	20.00%
Local Agency Investment Fund	10,120	10,120	4.79%	\$40 Million
Total	\$ 210,697	\$ 211,410	100.00%	

Investment Schedule (MTI) (\$ in thousands)

Type of Investment	Book Value	Market Value	Percentage of Total	Investment Policy Limit
Money Market Funds	12,733	12,733	6.02%	20.00%
U.S. Government & Agency Obligations	136,232	136,083	64.37%	100.00%
Commercial Paper	-	-	0.00%	15.00%
U.S. Treasury Note	28,098	28,687	13.57%	100.00%
Corporate Bonds	8,707	8,832	4.18%	30.00%
Bank of America	-	-	0.00%	20.00%
Local Agency Investment Fund	-	-	0.00%	\$40 Million
Total	\$ 185,770	\$ 186,335	88.14%	

Investment Schedule (non-MTI) (\$ in thousands)

Type of Investment	Book Value	Market Value	Percentage of Total	Investment Policy Limit
Money Market Funds	1,286	1,286	0.61%	20.00%
U.S. Government & Agency Obligations	6,872	6,933	3.28%	100.00%
Commercial Paper	-	-	0.00%	15.00%
U.S. Treasury Note	6,128	6,215	2.94%	100.00%
Corporate Bonds	-	-	0.00%	30.00%
Bank of America	521	521	0.25%	20.00%
Local Agency Investment Fund	10,120	10,120	4.79%	\$40 Million
Total	\$ 24,927	\$ 25,075	11.86%	



Cash Flow as of November 30, 2024

Monthly Cash Flow

November 2024

Total Beginning Cash		<u>\$ 54,352,377</u>
Receipts		
Use Fees & Container Charges	\$ 12,348,682	
M&O & Misc. Revenues, & Funds Transfers	<u>2,000,636</u>	
Total Receipts	14,349,318	
Disbursements		
Debt Service - Transfer to Accounts	3,003,475	
M&O, Administrative, & Financing Expenses	<u>2,866,977</u>	
Total Disbursements	5,870,452	
Cash Flow for Month		<u>\$ 8,478,866</u>
Total Ending Cash		<u>\$ 62,831,243</u>



Cash Flow as of November 30, 2024

November 2024

Beginning Cash

Master Indenture Revenue Fund 1170	16,354,921
Master Indenture M&O Fund 1171	9,281,521
Master Indenture Reserve Fund 1172	16,538,223
Admin Fund 1189	9,561,321
Financing Fee-Senior	368,543
Financing Fee-1st Sub	1,521,208
Financing Fee-2nd Sub	726,640
Total Beginning Cash	<u>54,352,377</u>

Receipts

Use Fee & Container Charges	12,348,682
M&O	1,847,898
Funds Transferred from BOA to Admin Fund	-
Funds Transferred from BOA to Reserve Fund	-
Funds Transferred from BOA to Revenue Fund	-
Interest Income / Loss	152,739
Total Receipts	<u>14,349,319</u>

Total Cash \$ 68,701,696

Disbursements

Debt Service - transfer to 1999C Principal	-
Debt Service - transfer to 1999C Interest	1,050,830
Debt Service - transfer to 2012 Interest	128,955
Debt Service- transfer to 2012 Principal	784,167
Debt Service- transfer to 2022B Interest	1,011,233
Debt Service - transfer to 2024A Interest	28,292
Semi-Annual Accounting - Transfers & Debt Service	
Transfer to 2012 Reserve	-
Transfer to 2004A Financing Fee	-
Transfer to 2016B Financing fee	-
Transfer to 1999A Financing fee	-
Transfer to Admin Fund	-
Transfer to Master Reserve	-
Transfer to 2016A Reserve	-
Transfer to 2016B Financing Fee	-
Transfer to 2022C Reserve Fund	-
Transfer to 17th level	-
Debt service payment - 2016A Interest	-
Debt service payment - 2016B Interest	-
Debt service payment - 2022C Interest	-
M&O - Railroads expense payments	1,582,050
M&O - Reserve expense payments	860,480
Administrative expense payments	230,742
Financing expense payments	193,704

Total Disbursements 5,870,453

Net Ending Cash \$ 62,831,243

Ending Cash

Master Indenture Revenue Fund 1170	25,721,956
Master Indenture M&O Fund 1171	9,572,319
Master Indenture Reserve Fund 1172	15,719,352
Admin Fund 1189	9,381,092
Financing Fee-Senior	321,968
Financing Fee-1st Sub	1,413,392
Financing Fee-2nd Sub	701,164
Total Ending Cash	<u>\$ 62,831,243</u>



Cash Flow - YTD as of November 30, 2024

Cash Flow - Fiscal Year-to-Date		
		November 2024
Total Beginning Cash as of 7/1/24		\$ 85,331,920
Receipts		
Use Fees & Container Charges	\$ 57,331,196	
M&O & Misc. Revenues, & Funds Transfers	21,194,426	
	<u>78,525,622</u>	
Total Receipts		78,525,622
Disbursements		
Debt Service - Transfer to Accounts	89,237,458	
M&O, Administrative, & Financing Expenses	11,788,842	
	<u>101,026,300</u>	
Total Disbursements		101,026,300
Cash Flow for Fiscal Year		<u>\$ (22,500,678)</u>
Total Ending Cash		<u><u>\$ 62,831,243</u></u>



Cash Flow - YTD as of November 30, 2024

November 2024

Beginning Cash as of 7/1/24

Master Indenture Revenue Fund 1170	56,182,560
Master Indenture M&O Fund 1171	6,156,876
Master Indenture Reserve Fund 1172	11,142,356
Admin Fund 1189	8,794,789
Financing Fee-Senior	288,408
Financing Fee-1st Sub	2,030,262
Financing Fee-2nd Sub	736,669
Total Beginning Cash	<u>85,331,920</u>

Receipts

Use Fee & Container Charges	57,331,196
M&O	8,545,114
Funds Transferred from BOA to Admin Fund	3,651,707
Funds Transferred from BOA to Reserve Fund	6,820,616
Annual Accounting - Transfer from Revenue Fund	114,664
Interest Income / Loss	2,062,326
Total Receipts	<u>78,525,622</u>

Total Cash \$ 163,857,543

Disbursements

Debt Service - transfer to 1999C Principal	-
Debt Service - transfer to 1999C Interest	5,180,526
Debt Service - transfer to 2012 Interest	697,354
Debt Service- transfer to 2012 Principal	3,615,150
Debt Service - transfer to 2022B Interest	4,985,657
Debt Service- transfer to 2024A Interest	139,998
Semi-Annual Accounting - Transfers & Debt Service	
Transfer to 2012 Reserve	-
Transfer to 2004A Financing Fee	368
Transfer to 2016B Financing fee	8,424,703
Transfer to 1999A Financing fee	114,296
Transfer to Admin Fund	3,596,064
Transfer to Master Reserve	6,820,616
Transfer to 2016A Reserve	6,580,500
Transfer to 2016B Financing Fee	-
Transfer to 2022C Interest	2,652,625
Transfer to 17th level	46,429,603
Debt service payment - 2016A Interest	-
Debt service payment - 2016B Interest	-
Debt service payment - 2022C Interest	-
M&O - Railroads expense payments	5,266,521
M&O - Reserve expense payments	2,448,344
Administrative expense payments	3,268,338
Financing expense payments	805,638
Total Disbursements	<u>101,026,301</u>


Net Ending Cash \$ 62,831,243

Ending Cash

Master Indenture Revenue Fund 1170	25,721,956
Master Indenture M&O Fund 1171	9,572,319
Master Indenture Reserve Fund 1172	15,719,352
Admin Fund 1189	9,381,092
Financing Fee-Senior	321,968
Financing Fee-1st Sub	1,413,392
Financing Fee-2nd Sub	701,164
Total Ending Cash	<u>\$ 62,831,243</u>

M E M O

Alameda Corridor Transportation Authority

To: Governing Board
Meeting Date: February 20, 2025
From: Kevin L. Scott, Chief Financial Officer 
Subject: Approve Revised Alameda Corridor Transportation Authority Investment Policy

Recommendation:

ACTA Staff recommends that the Governing Board approve the revised Alameda Corridor Transportation Authority Investment Policy.

Discussion:

ACTA's Investment Policy ("Investment Policy") provides the basis for ACTA to invest of all of its funds, including approximately \$10 million invested in the Local Agency Investment Fund and SR-47 funds. A separate but parallel investment policy, included in the Master Trust Indenture, provides authority for investment of more than \$130 million in bond related funds. The Investment Policy requires that the Governing Board review and approve the Policy annually.

Each year, staff and ACTA's Investment Manager, Chandler Asset Management, review the Investment Policy and if needed, propose updates to the Investment Policy for approval by the Governing Board. Staff is presenting one recommended change pursuant to this year's annual review. Under ACTA's current Investment Policy, Section VIII – Permitted Investments, Article I – Time Deposits, deposits are required to be collateralized as specified under Government Code Section 53630 et seq. Under the current Investment Policy, ACTA may waive the first \$100,000 of collateral security for such deposits which are insured by the Federal Deposit Insurance Corporation ("FDIC.") The FDIC has increased the amount of insurance it provides for time deposits from \$100,000 to \$250,000. Therefore, Staff recommends that the collateral requirement for time deposits in the Investment Policy be increased to \$250,000 to reflect the amount of insurance provided by the FDIC. This change is highlighted in Transmittal 1, page 6. The investment policy for bond related funds included in the Permitted Investments definition of the Master Trust Indenture will remain unchanged, as such changes require an Amendment to the Master Trust Indenture.

Budget Impact:

Approving the revised Investment Policy will have no budget impact to the approved FY2025 ACTA Program Budget.

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed this board report and there are no legal issues at this time.



Transmittals:

Transmittal 1 – Revised Alameda Corridor Transportation Authority Investment Policy (Redlined version)

Transmittal 2 – Revised Alameda Corridor Transportation Authority Investment Policy not highlighting change (Clean version)

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
INVESTMENT POLICY

I. INTRODUCTION

The purpose of this document is to set forth the policies and procedures for a prudent and systematic investment policy and to organize and formalize investment-related activities with respect to certain Alameda Corridor Transportation Authority (“ACTA”) funds. This version of the ACTA Investment Policy was approved by the ACTA Governing Board at a meeting held on Thursday, April 12, 2018.

The investment policies and practices of ACTA are based upon compliance with the California Government Code Sections 53600 and 53635 et seq., other state laws as applicable and prudent investment management as described herein. Should the provisions of the Government Code change from those contained herein, such provisions will be considered incorporated in this Policy. It is the policy of ACTA to comply with all federal, state and local laws governing the investment of certain monies under the control of ACTA. The monies under the control of ACTA (referred to as the “Funds” throughout the remainder of this document) will be invested, reinvested, administered, and reported according to this Policy.

ACTA’s Chief Financial Officer and its Treasurer shall act in accordance with this Policy and the Prudent Investor Rule in the management of ACTA’s Funds. When acting in accordance with this Policy, written portfolio guidelines and procedures, and exercising due diligence, ACTA’s Chief Financial Officer and its Treasurer shall be relieved of personal responsibility for individual security’s credit risk and/or market price changes, provided that deviations from expectations are reported in the monthly and quarterly investment reports to the ACTA Governing Board, and appropriate action is taken to control adverse developments.

Generally, investments shall be made in the context of the “Prudent Investor Rule” as described in California Government Code Section 53600.3, which states that,

“ . . . all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

This Policy shall remain in effect until the ACTA Governing Board approves a subsequent revision.

II. SCOPE

It is intended that this Policy cover all Funds and investment activities of ACTA unless specifically excluded by the Governing Board of ACTA, such as bond funds covered by ACTA's Master Trust Indenture.

III. INVESTMENT OBJECTIVES

A. Safety of Principal

ACTA's foremost investment objective shall be safety of principal. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. The Treasurer and the Chief Financial Officer of ACTA shall seek to preserve principal by mitigating the two major types of risk: credit risk and market risk.

1. **Credit Risk.** Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing only with issuers whose financial strength and reputation can be verified to be highly rated by nationally recognized rating agencies (see Section VIII. Authorized Investments for detailed limitations on credit risk), and by diversifying the investment portfolio, consisting of ACTA's Local Agency Investment Fund and ACTA's SR-47 Fund (Investment Portfolio), so that the failure of any one issuer would not unduly harm ACTA's cash flow.
2. **Market Risk.** Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by (a) structuring the portfolio so that securities mature at or near the timing of ACTA's major anticipated cash outflows, thus reducing the need to sell securities prior to their maturity; (b) prohibiting the use of leverage and margin accounts; and (c) prohibiting the use of short positions-that is, selling securities which ACTA does not own. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall investment return.

B. Liquidity

ACTA's second objective shall be to have an Investment Portfolio that is sufficiently liquid to ensure that ACTA can meet all normal operating requirements and reasonably expected expenditures.

C. Rate of Return on Investment

The third objective for ACTA's Investment Portfolio shall be to attain a market-average rate of return through economic cycles consistent with risk limitations as

defined herein, and prudent investment principles. Through implementation of this Policy, the Treasurer and Chief Financial Officer of ACTA shall seek to enhance returns above the market average rate of return.

IV. DELEGATION OF AUTHORITY

The Board delegates its authority to invest Funds of ACTA to the Treasurer and Chief Financial Officer, who have full responsibility for transactions until the Board delegation of authority is revoked. The authority to execute investment transactions that will affect the Fund will be limited to the Treasurer and Chief Financial Officer. ACTA may engage the services of an Independent Investment Consultant(s) to assist in the management of ACTA's Funds. Such Independent Investment Consultant(s) may be granted discretion to purchase and sell investment securities in accordance with this Policy. Such Independent Investment Consultant(s) must be registered under the Investment Advisers Act of 1940. All investment decisions and transactions shall be made in strict accordance with state and federal law and this Policy.

V. SAFEKEEPING OF SECURITIES

To protect against potential losses by collapse of individual securities dealers, all securities owned by ACTA shall be held in safekeeping by a bank trust department, acting as agent for ACTA under the terms of a custody agreement executed by the bank and ACTA, as authorized by the Governing Board. All securities will be received and delivered using standard delivery versus payment procedures, i.e., ACTA's safekeeping agent will only release payment for a security after the security has been properly delivered. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit; and (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of these instruments will be held by the Treasurer or his designee.

VI. REPORTING

MONTHLY REPORTS

Monthly investment reports will be submitted by the Treasurer or Chief Financial Officer to the Governing Body within 30 days of the end of each month. Monthly reports will disclose, at a minimum, the following information about the characteristics of ACTA's portfolio:

1. An asset listing of each security showing its par value, cost, independent third-party fair market value as of the date of the report, the source of the valuation, type of investment, issuer, maturity date and interest rate.
2. Transactions during the reporting period.
3. A one-page summary report that shows:
 - a. Average maturity of the portfolio and modified duration of the portfolio;
 - b. Maturity distribution of the portfolio;
 - c. Average portfolio credit quality; and,

- d. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to ACTA's market benchmark returns for the same periods.
4. A statement of compliance with ACTA's Investment Policy, including a schedule of any transactions or holdings which do not comply with this Investment Policy or the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
5. A statement denoting ACTA's ability to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money shall not be available.

ANNUAL REPORTS

A comprehensive annual report will be presented to the Governing Board. This report will include comparisons of ACTA's return to the market benchmark return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

VII. QUALIFIED DEALERS

ACTA shall transact business only with banks, savings and loans, Federal savings banks, and investment security dealers in compliance with MSRB Rule G-37. ACTA's Independent Investment Consultant(s), if any, shall transact business only with those securities firms which are on their "approved broker list" and whose annual reports are on file at the Independent Investment Consultant's place of business.

VIII. AUTHORIZED INVESTMENTS

ACTA's Investment Policy is governed by the California Government Code. This Policy conforms to the Code as well as to customary standards of prudent investment management. Should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered as immediately incorporated in this Policy. Percentage holding limits listed in this section apply at the time the security is purchased.

Within the context of these limitations, the following investments are authorized, as further limited herein:

- A. Bonds issued by ACTA, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by ACTA. Investments in Bonds issued by ACTA shall not exceed 20% of the portfolio.
- B. United States Treasury Bills, Bonds, and Notes, or "when issued" securities of the United States Government for such securities, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio which can be invested in this category. Maturity shall not exceed the projected dates of ACTA's cash needs or five years, whichever is less.

- C. Registered State Warrants or Treasury notes or bonds (Debt) of the State of California, including bonds, payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State of California or by a department, board, agency, or authority of the State, so long as such Debt of the State is rated “A” or higher by a nationally recognized statistical-rating organization. Investments in Debt shall not exceed 5% of the portfolio. Maturity shall not exceed the projected dates of ACTA’s cash needs or five years, whichever is less.
- D. Registered Treasury notes or bonds (Local Debt) of any of the other 49 states of the United States of America in addition to California, including bonds, payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the a state or by a department, board, agency, or authority of any other of the 49 states of the United States of America in addition to California, so long as such Local Debt of the State of California or any other of the 49 states of the United States of America is rated “A” or higher by a nationally recognized statistical-rating organization. Investments in Local Debt shall not exceed 5% of the portfolio. Maturity shall not exceed the projected dates of ACTA’s cash needs or five years, whichever is less.
- E. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises (Federal Agency Debt). Investments in Federal Agency Debt shall not exceed 50% of the portfolio. Maturity shall not exceed the projected dates of ACTA’s cash needs or five years, whichever is less.
- F. Commercial Paper. Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
 - 1. The entity meets the following criteria: (a) Is organized and operating in the United States as a general corporation; (b) Has total assets in excess of five hundred million dollars (\$500,000,000); and (c) Has debt other than commercial paper, if any, that is rated “A” or higher by a nationally recognized statistical-rating organization.
 - 2. The entity meets the following criteria: (a) is organized within the United States as a special purpose corporation, trust, or limited liability company; (b) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; (c) has commercial paper that is rated “A-1” or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Purchases of eligible commercial paper may not exceed 25% of the market value of the portfolio. No more than 5% of the market value of the portfolio may be invested in commercial paper issued by any one corporation. Maturity shall not exceed 270 days.

- G. Negotiable certificates of deposit issued by a nationally or state-chartered bank or state or federal saving and loan association. Negotiable certificates of deposit (NCDs) differ from other certificates of deposit by their deposit liquidity. They are issued against funds deposited for specified periods of time and earn specified or variable rates of interest. NCDs are traded actively in secondary markets. The maximum maturity of NCDs shall not exceed two years. Transactions in NCDs shall not collectively exceed 20% of the total portfolio. No more than 5% of the market value of the portfolio may be invested in NCDs issued by any one institution. Purchases are limited to institutions which have long-term debt rated “A” or better and/or have short-term debt rated at least “A1” by a nationally recognized statistical-rating organization.
- H. Local Agency Investment Fund. ACTA may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum amount permitted by State Law.
- I. Time Deposits. ACTA may invest in non-negotiable time deposits collateralized in accordance with the California Government Code and do so in those banks and savings and loan associations which meet the requirements for investment in negotiable certificates of deposit. Since time deposits are not liquid, no more than 15% of the portfolio may be invested in this category. No more than 5% of the market value of the portfolio may be invested in non-negotiable time deposits issued by any one issuer. The issuer firm shall have been in existence for at least five years prior to the time of investment. Time deposits are required to be collateralized as specified under Government Code Section 53630 et seq. ACTA may waive the first ~~\$100,000~~ \$250,000 of collateral security for such deposits if the issue is insured pursuant to federal law. Real estate mortgages may not be accepted as collateral. The maximum term for deposits shall be one year. In general, the issuer firm must have a minimum 6% net worth to assets ratio. The issuer firm’s operations must have been profitable during their last reporting period. The issuer firm must have received a minimum overall “satisfactory” rating for meeting the credit needs of California Communities in its most recent evaluation, as provided by Government Code Section 53635.2.
- J. Los Angeles County Treasurer Investment Pool. ACTA may invest in the County’s Investment Pool as prescribed by the California Government Code.
- K. Money Market Funds. ACTA may invest in Money Market Funds that invest solely in U.S. Treasury securities and U.S. Government Agency securities, and repurchase agreements secured by U.S. Treasury securities and U.S. Government Agency securities and which shall have also met the following criteria in either Paragraph (1) or Paragraph (2):
 1. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical-rating organizations.
 2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience

Commented [KS1]: January 6, 2025
Increased the amount to mirror FDIC insurance limits.

investing in U.S. Treasury securities and U.S. Government Agency securities and with assets under management in excess of \$500 million.

No more than 20% of the portfolio may be invested in Money Market Funds, with no more than 10% invested in any one Money Market Fund.

- L. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated “A” or better by a nationally recognized statistical-rating organization. ACTA may invest no more than 30% of the portfolio in Corporate Bonds or Notes and no more than 5% of the portfolio with a single corporate issuer. Maturity shall not exceed the projected dates of ACTA’s cash needs.
- M. Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond from issuers not defined in sections B and E of the authorized investments section of this policy of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be rated in a rating of category of “AA.” Purchase of securities authorized by this subdivision may not exceed 20% of ACTA’s money that may be invested pursuant to this Section M. No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage issuer. There is no limitation on any mortgage security where the issuer is the U.S. Treasury or a Federal Agency/Government Sponsored Enterprise. Maturity shall not exceed the projected dates of ACTA’s cash needs or five years, whichever is less.
- N. Supranational Organizations, provided that issues are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities shall be rated “AA” or higher by a nationally recognized statistical-rating organization, with a maximum maturity not exceeding five years. No more than 30% of the portfolio may be invested in these securities, and no more than 10% of the portfolio may be invested in any single issuer.
- O. Authorized Investments for Bond Funds and Proceeds. Bond funds and proceeds shall be invested in securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, bond funds and proceeds will be invested in securities permitted by this Policy.

In addition to securities authorized for the investment of bond funds and proceeds, bond funds and proceeds may be invested in Guaranteed Investment Contracts and Investment Agreements with issuers of “AA” rating or better by a nationally recognized statistical-rating organization. Such contracts shall have a maximum of five years maturity. Unless otherwise authorized by the applicable bond documents, no

more than 25% of the portfolio may be invested in such contracts and no more than 5% of the portfolio may be placed under contract with a single entity.

With respect to maximum maturities, unless otherwise authorized by the applicable bond documents, bond reserve fund proceeds may be invested in securities with maturities that exceed five years if in the opinion of the Treasurer or Chief Financial Officer it is prudent to make such an investment.

XIV. INELIGIBLE INVESTMENTS

Investments not described herein, including but not limited to, repurchase agreements and reverse repurchase agreements, Bankers Acceptances, and common stocks are prohibited from use in ACTA's portfolio. Section 53601.6 of the Government Code specifically disallows investments in inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity.

X. TRADING OF SECURITIES

The purchase and sale transaction must each be recorded separately and any losses or gains on the sale must be recorded.

XI. PORTFOLIO ADJUSTMENTS

In the event that an investment percentage-of-portfolio limitation in Section VIII is exceeded due to an incident such as a fluctuation in the portfolio's size, the affected securities may continue to be held to avoid losses. If the sale of an affected security would not result in a loss, the Treasurer or Chief Financial Officer shall consider restructuring the portfolio through sale of the affected securities or other means, and base their decision in part on the expected length of time the portfolio would be out of compliance with the Policy if no sale were made.

XII. PORTFOLIO DURATION LIMITATION

The objective of this Policy is to provide a system which will accurately monitor and forecast revenues and expenditures so that ACTA can invest Funds to the fullest extent possible.

The maximum maturity of individual investments shall not exceed the limits set forth in Section VIII. Authorized Investments. However, no investment shall exceed a maturity of five years from the date of purchase unless the Board has granted express authority to make that investment either 1) specifically, 2) as part of the investment provisions relating to a bond issuance and authorized by the applicable bond documents, or 3) as part of an investment program approved by the Board no less than one month prior to the investment. The weighted average duration of the entire portfolio shall not exceed three (3) years.

XIII. CERTIFICATION OF UNDERSTANDING

All Financial Institutions and Independent Investment Consultant(s) who do investment-related business with ACTA shall receive a copy of this Policy and sign a Certification of

Understanding. The Certification of Understanding shall state that each employee of the entity serving ACTA:

- A. Has read and understands ACTA's Investment Policy, as well as applicable federal and state laws;
- B. Meets the requirements of Article VII of ACTA's Investment Policy;
- C. Agrees to make every reasonable effort to protect the assets of ACTA from loss;
- D. Agrees to notify ACTA in writing of any potential conflicts of interest; and
- E. Agrees to notify ACTA in writing of any changes in personnel with decision-making authority over ACTA's funds within 24 hours of such event.

XIV. MONITORING CREDIT RATINGS

Independent Investment Consultant(s), if any, shall monitor the ratings of all investments in assigned portfolios on a continuous basis. Independent Investment Consultant(s), if any, shall report to the Chief Financial Officer in writing within 24 hours of any credit event for any investment in which there is a credit downgrade to a rating that is lower than that required by Section VIII Authorized Investments. If an existing investment's rating drops below the minimum allowed for new investments made pursuant to this Policy, the Independent Investment Consultant(s) shall also make a written recommendation to the Treasurer and Chief Financial Officer as to whether the downgraded security should be held or sold.

XV. POLICY REVIEW

This Investment Policy shall be reviewed regularly by the Treasurer or Chief Financial Officer, and submitted to the Board for its approval at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends. The Board shall be responsible for maintaining guidance over this Investment Policy to ensure that ACTA can adapt readily to changing market conditions, and approve any modification to the Investment Policy prior to implementation. Any changes in the Investment Policy shall be reviewed and approved by the Board at a public meeting.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
INVESTMENT POLICY

I. INTRODUCTION

The purpose of this document is to set forth the policies and procedures for a prudent and systematic investment policy and to organize and formalize investment-related activities with respect to certain Alameda Corridor Transportation Authority (“ACTA”) funds. This version of the ACTA Investment Policy was approved by the ACTA Governing Board at a meeting held on Thursday, April 12, 2018.

The investment policies and practices of ACTA are based upon compliance with the California Government Code Sections 53600 and 53635 et seq., other state laws as applicable and prudent investment management as described herein. Should the provisions of the Government Code change from those contained herein, such provisions will be considered incorporated in this Policy. It is the policy of ACTA to comply with all federal, state and local laws governing the investment of certain monies under the control of ACTA. The monies under the control of ACTA (referred to as the “Funds” throughout the remainder of this document) will be invested, reinvested, administered, and reported according to this Policy.

ACTA’s Chief Financial Officer and its Treasurer shall act in accordance with this Policy and the Prudent Investor Rule in the management of ACTA’s Funds. When acting in accordance with this Policy, written portfolio guidelines and procedures, and exercising due diligence, ACTA’s Chief Financial Officer and its Treasurer shall be relieved of personal responsibility for individual security’s credit risk and/or market price changes, provided that deviations from expectations are reported in the monthly and quarterly investment reports to the ACTA Governing Board, and appropriate action is taken to control adverse developments.

Generally, investments shall be made in the context of the “Prudent Investor Rule” as described in California Government Code Section 53600.3, which states that,

“ . . . all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

This Policy shall remain in effect until the ACTA Governing Board approves a subsequent revision.

II. SCOPE

It is intended that this Policy cover all Funds and investment activities of ACTA unless specifically excluded by the Governing Board of ACTA, such as bond funds covered by ACTA's Master Trust Indenture.

III. INVESTMENT OBJECTIVES

A. Safety of Principal

ACTA's foremost investment objective shall be safety of principal. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. The Treasurer and the Chief Financial Officer of ACTA shall seek to preserve principal by mitigating the two major types of risk: credit risk and market risk.

1. **Credit Risk.** Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing only with issuers whose financial strength and reputation can be verified to be highly rated by nationally recognized rating agencies (see Section VIII. Authorized Investments for detailed limitations on credit risk), and by diversifying the investment portfolio, consisting of ACTA's Local Agency Investment Fund and ACTA's SR-47 Fund (Investment Portfolio), so that the failure of any one issuer would not unduly harm ACTA's cash flow.
2. **Market Risk.** Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by (a) structuring the portfolio so that securities mature at or near the timing of ACTA's major anticipated cash outflows, thus reducing the need to sell securities prior to their maturity; (b) prohibiting the use of leverage and margin accounts; and (c) prohibiting the use of short positions-that is, selling securities which ACTA does not own. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall investment return.

B. Liquidity

ACTA's second objective shall be to have an Investment Portfolio that is sufficiently liquid to ensure that ACTA can meet all normal operating requirements and reasonably expected expenditures.

C. Rate of Return on Investment

The third objective for ACTA's Investment Portfolio shall be to attain a market-average rate of return through economic cycles consistent with risk limitations as

defined herein, and prudent investment principles. Through implementation of this Policy, the Treasurer and Chief Financial Officer of ACTA shall seek to enhance returns above the market average rate of return.

IV. DELEGATION OF AUTHORITY

The Board delegates its authority to invest Funds of ACTA to the Treasurer and Chief Financial Officer, who have full responsibility for transactions until the Board delegation of authority is revoked. The authority to execute investment transactions that will affect the Fund will be limited to the Treasurer and Chief Financial Officer. ACTA may engage the services of an Independent Investment Consultant(s) to assist in the management of ACTA's Funds. Such Independent Investment Consultant(s) may be granted discretion to purchase and sell investment securities in accordance with this Policy. Such Independent Investment Consultant(s) must be registered under the Investment Advisers Act of 1940. All investment decisions and transactions shall be made in strict accordance with state and federal law and this Policy.

V. SAFEKEEPING OF SECURITIES

To protect against potential losses by collapse of individual securities dealers, all securities owned by ACTA shall be held in safekeeping by a bank trust department, acting as agent for ACTA under the terms of a custody agreement executed by the bank and ACTA, as authorized by the Governing Board. All securities will be received and delivered using standard delivery versus payment procedures, i.e., ACTA's safekeeping agent will only release payment for a security after the security has been properly delivered. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit; and (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of these instruments will be held by the Treasurer or his designee.

VI. REPORTING

MONTHLY REPORTS

Monthly investment reports will be submitted by the Treasurer or Chief Financial Officer to the Governing Body within 30 days of the end of each month. Monthly reports will disclose, at a minimum, the following information about the characteristics of ACTA's portfolio:

1. An asset listing of each security showing its par value, cost, independent third-party fair market value as of the date of the report, the source of the valuation, type of investment, issuer, maturity date and interest rate.
2. Transactions during the reporting period.
3. A one-page summary report that shows:
 - a. Average maturity of the portfolio and modified duration of the portfolio;
 - b. Maturity distribution of the portfolio;
 - c. Average portfolio credit quality; and,

- d. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to ACTA's market benchmark returns for the same periods.
4. A statement of compliance with ACTA's Investment Policy, including a schedule of any transactions or holdings which do not comply with this Investment Policy or the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
5. A statement denoting ACTA's ability to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money shall not be available.

ANNUAL REPORTS

A comprehensive annual report will be presented to the Governing Board. This report will include comparisons of ACTA's return to the market benchmark return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

VII. QUALIFIED DEALERS

ACTA shall transact business only with banks, savings and loans, Federal savings banks, and investment security dealers in compliance with MSRB Rule G-37. ACTA's Independent Investment Consultant(s), if any, shall transact business only with those securities firms which are on their "approved broker list" and whose annual reports are on file at the Independent Investment Consultant's place of business.

VIII. AUTHORIZED INVESTMENTS

ACTA's Investment Policy is governed by the California Government Code. This Policy conforms to the Code as well as to customary standards of prudent investment management. Should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered as immediately incorporated in this Policy. Percentage holding limits listed in this section apply at the time the security is purchased.

Within the context of these limitations, the following investments are authorized, as further limited herein:

- A. Bonds issued by ACTA, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by ACTA. Investments in Bonds issued by ACTA shall not exceed 20% of the portfolio.
- B. United States Treasury Bills, Bonds, and Notes, or "when issued" securities of the United States Government for such securities, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio which can be invested in this category. Maturity shall not exceed the projected dates of ACTA's cash needs or five years, whichever is less.

- C. Registered State Warrants or Treasury notes or bonds (Debt) of the State of California, including bonds, payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State of California or by a department, board, agency, or authority of the State, so long as such Debt of the State is rated “A” or higher by a nationally recognized statistical-rating organization. Investments in Debt shall not exceed 5% of the portfolio. Maturity shall not exceed the projected dates of ACTA’s cash needs or five years, whichever is less.
- D. Registered Treasury notes or bonds (Local Debt) of any of the other 49 states of the United States of America in addition to California, including bonds, payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the a state or by a department, board, agency, or authority of any other of the 49 states of the United States of America in addition to California, so long as such Local Debt of the State of California or any other of the 49 states of the United States of America is rated “A” or higher by a nationally recognized statistical-rating organization. Investments in Local Debt shall not exceed 5% of the portfolio. Maturity shall not exceed the projected dates of ACTA’s cash needs or five years, whichever is less.
- E. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises (Federal Agency Debt). Investments in Federal Agency Debt shall not exceed 50% of the portfolio. Maturity shall not exceed the projected dates of ACTA’s cash needs or five years, whichever is less.
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 - 1. The entity meets the following criteria: (a) Is organized and operating in the United States as a general corporation; (b) Has total assets in excess of five hundred million dollars (\$500,000,000); and (c) Has debt other than commercial paper, if any, that is rated “A” or higher by a nationally recognized statistical-rating organization.
 - 2. The entity meets the following criteria: (a) is organized within the United States as a special purpose corporation, trust, or limited liability company; (b) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; (c) has commercial paper that is rated “A-1” or higher, or the equivalent, by a nationally recognized statistical-rating organization.

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 - 1. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical-rating organizations.
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XII. PORTFOLIO DURATION LIMITATION

The objective of this Policy is to provide a system which will accurately monitor and forecast revenues and expenditures so that ACTA can invest Funds to the fullest extent possible.

The maximum maturity of individual investments shall not exceed the limits set forth in Section VIII. Authorized Investments. However, no investment shall exceed a maturity of five years from the date of purchase unless the Board has granted express authority to make that investment either 1) specifically, 2) as part of the investment provisions relating to a bond issuance and authorized by the applicable bond documents, or 3) as part of an investment program approved by the Board no less than one month prior to the investment. The weighted average duration of the entire portfolio shall not exceed three (3) years.

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This Investment Policy shall be reviewed regularly by the Treasurer or Chief Financial Officer, and submitted to the Board for its approval at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends. The Board shall be responsible for maintaining guidance over this Investment Policy to ensure that ACTA can adapt readily to changing market conditions, and approve any modification to the Investment Policy prior to implementation. Any changes in the Investment Policy shall be reviewed and approved by the Board at a public meeting.

M E M O

Alameda Corridor Transportation Authority

Meeting Date: February 20, 2025
To: Governing Board
From: Kevin L. Scott, Chief Financial Officer 
Subject: APPROVE Transfer of \$150,000 spending authority from FY25 Line-Item for Legal Services to Professional Services for financial advisory services and to Audit for internal audit services and delegate authority to the CEO or his designee to transfer any subsequent surplus budget amount from the Audit line item to the Professional Services line item

Recommendation:

Approve the transfer of \$150,000 from the fiscal year 2025 budget for Legal Services to the line-item for Professional Services in the amount of \$100,000 and to the line-item for Audit in the amount of \$50,000 and delegate authority to the CEO or his designee to transfer any subsequent surplus budget amount from the Audit line item to the Professional Services line item in fiscal year 2025.

Discussion:

At its meeting held on June 20, 2024, ACTA's Governing Board approved a \$9,000,000 Operating Budget, which provided \$680,000 for Legal Services, \$2,000,000 for Professional Services and \$211,370 for Audit Services for the fiscal year.

Staff recommend reducing the Legal Services budget by \$150,000 and increasing the Professional Services budget by \$100,000 and the Audit budget by \$50,000 (Transmittal 1). The transfer of funds will accommodate two necessary expenditures, namely funding a fiscal year 2025 internal audit and for financial advisory services, as follows:

FY25 Internal Audit: At its August 2024 meeting, the Governing Board instructed staff to conduct internal audits. Staff proposed a schedule for internal audits which accelerated the audits into FY25. These internal audits were not a foreseen need when the budget was prepared and adopted in the spring of 2024. The proposed transfer of \$50,000 into the Audit budget will fund the outside auditor services, as described in Item #4 of February 20, 2025, Governing Board meeting agenda. To the extent that not all funds for internal audits are needed, staff request authority to transfer excess funds to the Budget Professional Services line-item.

Financial Advisory Services: Since September 2024, ACTA has required more outside financial advisory services than anticipated when the budget was established in the spring of 2024. So that staff may continue receiving necessary financial advisory services for the remainder of the fiscal year, the \$100,000 transfer from the Legal Services budget to Professional Services is recommended for approval.

With four months left in the fiscal year, the recommended transfer will leave sufficient funds in the Legal Services budget to accommodate expected real estate and annual continuing disclosure services, as well as typical on-call legal services that may arise.

The proposed transfer of \$50,000 to the Audit line item is based on a maximum estimated expenditure for the initial internal audit. Should the entire amount not be needed for the internal audit, staff recommend that the Governing Board delegate authority to the CEO or his designee to transfer any surplus budget amount to the Professional Services line item to further supplement the cost of financial advisory work this fiscal year

Budget Impact:

There is no net impact on ACTA's Operating Budget caused by the proposed line-item transfer.

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed this board report and there are no legal issues at this time.

Transmittals:

Transmittal 1 – Amended ACTA Budget


ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

OPERATING BUDGET SUMMARY

	FY 2025	FY 2025	FY 2025
	1st Amendment	Amended Budget	Budget
San Pedro Bay TEUs (000)	11,281	-	11,281
ACTA TEUs (000)	3,054	-	3,054
Revenues			
Operating Revenues			
Use Fees and Container Charges	\$ 91,721,944	\$ -	\$ 91,721,944
Maintenance-of-Way Charges	17,117,816	-	17,117,816
Total Operating Revenues	108,839,760	-	108,839,760
Other Revenues	8,508,457	-	8,508,457
Total Sources of Funds	117,348,217	-	117,348,217
Expenses			
Salaries	2,384,011	-	2,384,011
Benefits	2,652,177	-	2,652,177
Office Expenses	547,711	-	547,711
Other Administrative Expenses	105,900	-	105,900
Information Technologies	164,500	-	164,500
Bank and Investment	192,500	-	192,500
ACET Administrative Support	-	-	-
Audit	261,370	50,000	211,370
Legal	530,000	(150,000)	680,000
Government Affairs	90,000	-	90,000
Professional Services	2,080,699	100,000	1,980,699
Total Administrative Expenses	9,008,868	-	9,008,868
Pass Thru Expenses & EPA Order	2,570,162	-	2,570,162
Expenses for Public Benefit	75,000	-	75,000
Total Admin, EPA, and Public Benefit Expenses	11,654,030	-	11,654,030
Total Maintenance-of-Way Expenses	31,785,293	-	31,785,293
Subtotal Admin, EPA, Public Benefit, and MOW Expenses	43,439,323	-	43,439,323
Financing Interest	133,369,362	-	133,369,362
Depreciation and Amortization Expenses	20,985,164	-	20,985,164
Total Operating Expenses	197,793,849	-	197,793,849
Income (loss)	\$ (80,445,632)	\$ -	\$ (80,445,632)

M E M O

Alameda Corridor Transportation Authority

Meeting Date: February 20, 2025
To: Governing Board
From: Kevin L. Scott, Chief Financial Officer 
Subject: APPROVE Third Amendment to Agreement C0864 with BCA Watson Rice, Western Region, LLP to add internal audit services and increase compensation by \$50,000 for a total compensation amount of \$653,111

Recommendation:

Approve the Third Amendment to Agreement C0864 with BCA Watson Rice, Western Region, LLP (BCAWR) to add internal audit services and increase the compensation by \$50,000 for a total compensation amount of \$653,111.

Background:

At its meeting of August 15, 2024, the ACTA Governing Board instructed staff to implement internal audits of the Authority's financial procedures. At its meeting of December 12, 2024, ACTA's Audit Committee approved the plan for these internal audits.

The internal audits are in addition to ACTA's annual financial audit. Internal audits and financial audits differ in their purpose. Internal audits analyze and improve ACTA's operations and processes, while financial audits assess the accuracy of ACTA's financial statements. Prior to 2012, ACTA performed internal audits and had a full-time internal auditor on staff who worked in conjunction with an independent accounting firm. The periodic internal audits addressed the following areas:

- Accounts Payable
- Accounts Receivable
- Bank Reconciliation and Interbank Transfers
- Employee Expense Reimbursement
- Equipment Inventory
- General Ledger
- Investments
- Payroll

The internal audits now being considered may address these areas, and other procedures which may pose a financial risk to ACTA.

ACTA evaluated two alternatives to implement the internal audits as described below. The approach described by Alternative 2 was approved by the Governing Board at the December 12, 2024 regular meeting.

Alternative 1 – Standard Implementation Plan - Internal Audits would Begin November 2025

Action	Timing
<ul style="list-style-type: none"> Competitive Selection Process Carried Out 	February 2025 to June 2025
<ul style="list-style-type: none"> Year-end Accounting and Financial Audit Occur. No internal audits conducted in this time 	July to October 2025
<ul style="list-style-type: none"> Internal Audits Conducted 	November 2025 to May 2026

Alternative 2 – Accelerated Implementation Plan - Internal Audits would Begin February 2025

Action	Timing
<ul style="list-style-type: none"> Governing Board approves an amendment to the current Internal Auditor agreement and Transfer of Funds from Legal Budget to Audit Budget 	February 2025
<ul style="list-style-type: none"> Internal Audits Conducted 	February 2025 to May 2025
<ul style="list-style-type: none"> Competitive selection process carried out for audits after May 2025 	February 2025 to May 2025

Discussion:

ACTA currently has Agreement No. C0864 with the accounting firm BCAWR to provide annual internal audits of ACET and RailWorks. The proposed accelerated implementation plan will enable internal audits to begin immediately upon Board approval of the proposed amendment until the agreement expires in June 2025.

The proposed amendment to the agreement (Transmittal 1) with BCAWR will add the internal audit services and increase the budget by \$50,000 for a total not to exceed compensation amount of \$653,111.

Staff proposes to conduct a competitive selection process for a new agreement to be executed by June 2025 having a scope of work to include:

- Annual audit of ACTA’s maintenance contractor
- Conduct tests of current controls for their effectiveness and use and report findings
- Implementation of internal audit recommendations approved by the Governing Board

ACTA staff recommends the Governing Board to approve the third amendment to Agreement C0864 to add the internal audits to the scope of work and increase the compensation amount. Funding for this agreement amendment is contingent upon the Governing Board approving the recommended Operating Budget transfers set forth in Item #3 of the February 20, 2025, Governing Board meeting agenda.

Budget Impact:

There will be no net impact on ACTA's Operating Budget in the current fiscal year if the Governing Board approves the proposed budget transfer set forth in Item #3 of the February 20, 2025, Governing Board meeting agenda. Funding for future internal audit services will be set forth in the FY26 Operating Budget and authorized by an agreement for Internal Auditor services after a competitive selection process is complete and the agreement approved by the Governing Board.

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed and approved the proposed Third Amendment as to form.

Transmittals:

Transmittal 1 – Third Amendment to Agreement C0864

THIRD AMENDMENT TO AGREEMENT NO. 864
BETWEEN
THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
AND
BCA WATSON RICE, WESTERN REGION, LLP

THIS THIRD AMENDMENT to Agreement No. 864 is made and entered into by the Alameda Corridor Transportation Authority (“Authority”), acting by and through its Governing Board, and BCA WATSON RICE, WESTERN REGION, LLP (“Consultant”).

WHEREAS, the Authority and Consultant entered into Agreement No. 864 commencing July 1, 2017, for Consultant to provide internal audit services to ACTA each fiscal year; and

WHEREAS, the Authority and Consultant now enter into this amendment to add an additional scope of work to the Authority’s internal audit services and increase the total compensation amount by \$50,000 in order to continue the services under the Agreement;

NOW, THEREFORE IT IS MUTUALLY AGREED AS FOLLOWS:

1. Article 6. MAXIMUM OBLIGATION is amended to read:

“Article 6. MAXIMUM OBLIGATION.

Notwithstanding any provisions of this Agreement to the contrary, ACTA and Consultant mutually agree that ACTA’s maximum payable amount under this Agreement shall be Six Hundred Fifty-Three Thousand One Hundred Eleven Dollars (\$653,111), which shall include all amounts payable to Consultant for subcontracts, leases, materials and costs arising from, or due to termination of, this Agreement. Furthermore, each issued CTO shall show ACTA’s maximum payment obligation for the CTO.”

2. Exhibit A-3, attached hereto, is incorporated and made a part of the Agreement.
3. Exhibit B-1, attached hereto, is incorporated and made a part of the Agreement.

Except as amended herein all remaining terms and conditions of Agreement No. 864 shall remain in full force and effect.

The effective date of this amendment shall be the date of its execution by ACTA’s Chief Executive Officer.

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Amendment No. 3
Agreement No. 864
BCA WATSON RICE, WESTERN REGION, LLP

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Agreement No. 864 on the date to the left of their signatures.

ALAMEDA CORRIDOR
TRANSPORTATION AUTHORITY, by
its Governing Board

Dated: _____, 2025

By: _____
Michael C. Leue, P.E.
Chief Executive Officer

Attest: _____
Maria Melendres
Board Secretary

BCA WATSON RICE,
WESTERN REGION, LLP

Dated: _____, 2025

By: _____

(Print/type name and title)

Attest: _____

(Print/type name and title)

APPROVED AS TO FORM

_____, 2025
HYDEE FELDSTEIN SOTO, Los Angeles City Attorney

By: _____
Heather M. McCloskey, Deputy
ACTA Co-General Counsel

Exhibit A-3

**AGREEMENT C0864 THIRD AMENDMENT
ADDITIONAL SCOPE OF WORK**

Engagement	Estimated Date Completion of Fieldwork	Estimated Hours	Estimated Budget
ACTA Finance	06/2025	170	\$30,000

Additional procedures for ACTA internal audit only:

1. By June 30, 2025 conduct a risk assessment of ACTA’s financial processes as it relates to ACTA project by performing the following procedures to be completed:
 - Work collaboratively with ACTA staff to determine financial processes to be audited. Prior periodic internal audits addressed the following areas:
 - Accounts Payable
 - Accounts Receivable
 - Bank Reconciliation and Interbank Transfers
 - Employee Expense Reimbursement
 - Equipment Inventory
 - General Ledger
 - Investments
 - Payroll

The internal audits addressed by this scope of work may address these areas as well as any other procedures which may pose a financial risk to ACTA.

- Establish understanding of ACTA’s financial processes through inquiries and inspection of relevant documents.
- Document results of inquiries and inspections.
- Test samples to determine whether the controls are working and effective.
- Determine whether any improvements are necessary for the examined financial processes.
- Identify areas posing significant financial risk to ACTA.
- Report the results of the risk assessment review.



Exhibit B-1

AGREEMENT C0864 THIRD AMENDMENT

HOURLY RATES


Fully-burdened hourly rates (including all overhead costs, general administration expenses and profit) for each employee who will provide internal auditing services. These hourly rates will be effective and applicable after the effective date of the Agreement's Third Amendment.

Position Title	Hourly Rate	Estimated % of Time
Partner	\$250	10%
Manager	\$175	25%
Supervisory Auditor	\$150	25%
Senior Auditor	\$120	25%
Staff Auditor	\$100	15%

Other direct costs such as parking will be billed at cost. Mileage will be billed at the IRS allowable mileage rate.

M E M O

Alameda Corridor Transportation Authority

To: Governing Board
Meeting Date: February 20, 2025
From: Michael C. Leue, Chief Executive Officer 
Subject: APPROVE Resolution JPA 25-1, Policy pursuant to Government Code Section 54956.96 authorizing limited circumstances for Governing Board members to discuss closed session information with their appointing home legislative body

Recommendation:

Approve Resolution No. JPA 25-1, a policy authorizing limited circumstances for ACTA Governing Board members to communicate information obtained in Closed Session during ACTA Governing Board meetings to their legal counsel and members of their appointing home legislative body.

Discussion:

California Government Code Section 54956.96(a)(1) authorizes a joint powers agency (JPA) to adopt a policy to authorize the sharing of certain categories of information disclosed to JPA board members in a closed session to a board member's local agency's legal counsel and other members of the local agency's legislative body. The Alameda Corridor Transportation Authority is a JPA formed by the City of Long Beach and the City of Los Angeles under the authority granted by Government Code Section 6500 *et seq.* and may therefore adopt a policy allowing limited disclosure of information learned in a closed session meeting.

Government Code section 54956.96 provides that a JPA may adopt a policy or bylaw to authorize the JPA board members to disclose information "that has direct financial or liability implications" for the members' appointing local agency. Specifically, such a policy may authorize disclosure of information learned in a closed session meeting to the following individuals:

- (1) the member's local agency legal counsel for purposes of obtaining advice on whether the matter has direct financial or liability implications for that member's local agency.
- (2) other local agency legislative body members when present in a closed session of that member's local agency.

With respect to ACTA's Governing Board members, this policy will allow authorized disclosures as follows:

ACTA Governing Board Member (and alternates as appointed)	Legal Counsel	Home Legislative Body [in closed session]
City of Los Angeles City Council Member	City of Los Angeles City Attorney	City of Los Angeles City Council
City of Long Beach City Council Member	City of Long Beach City Attorney	City of Long Beach City Council
County of Los Angeles Metropolitan Transportation Authority Member	Los Angeles County Counsel	County of Los Angeles Metropolitan Transportation Authority Board of Directors
City of Los Angeles Harbor Department Members (2)	City of Los Angeles City Attorney	City of Los Angeles Board of Harbor Commissioners
City of Long Beach Harbor Department Members (2)	City of Long Beach City Attorney	City of Long Beach Board of Harbor Commissioners

If the Governing Board would like to authorize Governing Board members to confer with their respective city attorneys, county counsel, and with their fellow home legislative body members in closed session about confidential information "that has direct financial or liability implications" for their member agency, it is recommended that the proposed policy be approved.

Budget Impact:

Approval of the proposed Resolution will not impact ACTA’s Operating Budget.

Co-General Counsel Review:

ACTA’s Co-General Counsel has reviewed and approved the proposed Resolution as to form.

Transmittals:

Transmittal 1 – Resolution No. JPA 25-1

Resolution No. JPA 25-1

A RESOLUTION OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
AUTHORIZING GOVERNING BOARD MEMBERS
TO DISCUSS CERTAIN CLOSED SESSION MATTERS WITH THEIR RESPECTIVE JOINT
POWERS AUTHORITY MEMBER AGENCIES

WHEREAS, the Ralph M. Brown Act (the "Brown Act," Government Code Section 54950 *et seq.*) requires all meetings of governmental bodies to be open to the public, with certain prescribed exceptions; and

WHEREAS, except as provided below, all information received in a closed session by a Governing Board member of the Alameda Corridor Transportation Authority ("ACTA") is confidential; and

WHEREAS, Government Code Section 54956.96 in part authorizes the ACTA Governing Board to adopt this policy to permit its members to disclose information obtained in a closed session that has direct financial or liability implications for that member's appointing City, County, or departmental subdivision thereof.

NOW THEREFORE BE IT RESOLVED that the Alameda Corridor Transportation Authority Governing Board does hereby resolve as follows:

It is the policy of ACTA that an ACTA Governing Board member may disclose information obtained in a closed session that has direct financial or liability implications for that member's appointing City, County or departmental subdivision thereof (hereinafter referred to as the member's "home legislative body"), to the following individuals:

(A) Legal counsel of that member's home legislative body for purposes of obtaining advice on whether the matter has direct financial or liability implications for that member's home legislative body.

(B) Other home legislative body members present in a closed session of that home legislative body.

AYES:

NOES:

ABSENT:

I HEREBY CERTIFY THAT the foregoing
resolution was adopted by the ACTA
Governing Board at its meeting held on
February 20, 2025

Maria M. Melendres
Board Secretary


APPROVED AS TO FORM AND LEGALITY

_____, 2025
HYDEE FELDSTEIN SOTO, Los Angeles City Attorney

By _____
Heather M. McCloskey, ACTA Co-General Counsel

M E M O

Alameda Corridor Transportation Authority

To: Governing Board
Meeting Date: February 20, 2025
From: Kevin L. Scott, Chief Financial Officer 
Subject: INFORMATION on Fiscal Year 2025/2026 (FY 2026) Preliminary Budget Schedule

Information:

To ensure the timely preparation of the annual budget, ACTA staff has developed a preliminary budget schedule as follows. It includes the key budget preparation, review, and approval dates.

Discussion:

- March 6, 2025 – Draft operating budget completed by ACTA staff.
- March 13, 2025 – Draft budget circulated in-house for review by ACTA management.
- March 20, 2025 – Draft budget emailed to Ports' staff for review/comment.
- April 11, 2025 – Draft budget distributed to Governing Board in meeting package.
- April 17, 2025 – Draft budget presented to the Governing Board at Governing Board meeting.
- May 15, 2025 or June 2025 – Final FY 2026 Budget presented to Governing Board for adoption.

If the April Governing Board meeting is cancelled, the draft budget will be presented at the May Governing Board meeting. The June Governing Board meeting will be a special meeting since the regular date is a holiday; the June meeting will need to be scheduled so that the budget is approved prior to July 1, 2025.

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed this Board Report and there are no legal issues at this time.