

MINUTES OF A REGULAR MEETING OF THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY GOVERNING BOARD HELD VIA TELECONFERENCE IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, ON JUNE 10, 2021 AT 9:30 A.M.

Members participating via teleconference:

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

Alternate Members participating via teleconference:

Tony Gioiello, Port of Los Angeles

Members absent:

Joe Buscaino, City of Los Angeles

Also participating via teleconference:

Michael Leue, ACTA, Chief Executive Officer
Kevin Scott, ACTA, Chief Financial Officer
Heather McCloskey, ACTA, Co-General Counsel
Lauren Misajon, ACTA, Co-General Counsel
Maria Melendres, ACTA, Governing Board Secretary

BOARD MEMBER COLONNA PRESIDED AS CHAIR UNTIL 9:45 A.M. WHEN VICE-CHAIR PRICE JOINED THE MEETING. VICE-CHAIR PRICE PRESIDED AS CHAIR THE REMAINDER OF THE MEETING.

The meeting was called to order at 9:40 a.m. Roll call was taken.

REPORTS

1R. APRIL 2021 CORRIDOR PERFORMANCE

Mr. Michael Leue gave an update on Corridor performance statistics through April 2021. March and April both have substantially higher Corridor volumes and revenue than the same months in 2019 or 2020. The Fiscal Year, which is 85% complete, shows a 13% increase in revenues over 2020 and we have collected 94% of the budget revenue.

In response to the Board's request at the April 2021 Board meeting, Mr. Leue discussed five ways in which ACTA can increase revenues:

- 1) Mr. Leue stated that the most important goal is to maintain or grow the market share at the San Pedro Bay Ports, which would increase the traffic potential for the Alameda Corridor. In order to support this effort, ACTA is collaborating with the Ports

and railroads to achieve and to market the Port's fast, reliable and cost-efficient service and the benefits of our unrivaled rail system.

2) Ensure we have a rail system that supports the forecast demand. To support this effort, ACTA is collaborating with the ports on the *Rail Studies* to ensure that the cargo forecast is updated and the implementation of the rail enhancement program has its proper focus.

3) ACTA is supporting the short-haul rail efforts to capture a greater portion of the San Pedro Port cargo volumes to be transported by rail on the Alameda Corridor, which also has truck traffic on local and regional freeways. Mr. Leue has conducted a survey of past short-haul rail studies and is performing an initial assessment of the previous findings with consideration for potential influence of changed conditions. These findings will be brought back to the Board at a future meeting.

4) ACTA supports increased use of near-dock rail to increase transport by rail and get trucks off the freeways. This could be accomplished by allowing more domestic cargo that is transloaded at warehouses in the vicinity of near-dock(s), which would otherwise be trucked to downtown Los Angeles or Inland Empire.

5) Finally, the last item that affects ACTA's revenue is to manage the budget by controlling costs, as well as seeking to capture overhead costs when passing costs through to other entities (e.g. the railroads, Ports, Caltrans).

Board Member Cordero stated that the Port of Long Beach is very interested in the short-haul rail concept and looks forward to collaborative conversations. In addition, the near-dock rail concept is also something the Port of Long Beach is interested in. Mr. Cordero stated that the current volume surges and forecast growth at the San Pedro Bay Ports an elevated discussion of future plans to accommodate both cargo growth and the short-haul and near-dock rail concepts.

Vice-Chair Price joined the meeting at 9:45 a.m.

2R. INSURANCE POLICIES FOR ACTA – RENEWAL – FISCAL YEAR 2021-2022

Mr. Phillip Le, Director of Systems, Revenue and Finance, provided an overview of the insurance coverage for the period of April 15, 2021 through April 14, 2022.

CONSENT CALENDAR - ITEM NOS. 1-2

Item 1 was pulled from the consent calendar. The minutes of the special meeting of April 15, 2021 were amended to include an addition to Item 5.

1. MINUTES - ACTA GOVERNING BOARD SPECIAL MEETING OF APRIL 15, 2021 – APPROVED AS AMENDED.

Minutes of the Special Meeting of April 15, 2021 of the Governing Board of the Alameda Corridor Transportation Authority were presented to the Governing Board. The minutes presented were amended to include an addition to Item 5.

Board Member Hahn motioned, seconded by Board Member Colonna that Item No. 1 be approved as amended. Roll call was taken and carried by the following vote:

AYES: Colonna, Cordero, Gioiello, Hahn, Price

NOES: None

ABSENT: Buscaino, Renwick

2. MONTHLY FINANCIAL REPORTS AS OF MARCH 31, 2021 – RECEIVED AND FILED.

Communication from Kevin L. Scott, Chief Financial Officer, dated June 10, 2021, recommending that the monthly financial reports as of March 31, 2021, be received and filed, was presented to the Governing Board.

Board Member Colonna motioned, seconded by Vice-Chair Price that Item No. 2 be received and filed. Roll call was taken and carried by the following vote:

AYES: Colonna, Cordero, Gioiello, Hahn, Price

NOES: None

ABSENT: Buscaino, Renwick

REGULAR – ITEM NOS. 3-9

Item 3 was tabled to a later time in the agenda to allow Board Member Renwick to join the meeting.

4. ALAMEDA CORRIDOR ENGINEERING TEAM – CONTRACT CHANGE ORDERS & EXTENSION OF AGREEMENT NO. C0027 – APPROVED.

Communication from Michael C. Leue, Chief Executive Officer, dated June 10, 2021, recommending the approval of Change Orders and Agreement extension, and authorize the Chief Executive Officer or Chief Financial Officer to execute said items and reallocate funding amounts including: 1) approval of two Change Orders to First Amendment Agreement No. C0027 with the Alameda Corridor Engineering Team for FY22 in the aggregate amount of \$2,443,773, \$2,008,089 for ACTA Support (Change Order No. 73) and \$435,684 for the SR-47 Project (Change Order No. 55); 2) extension of the term of the First Amendment Agreement No. C0027 for one additional year through June 30, 2022 (via Change Orders Nos. 73 and 55); and 3) authorization of the Chief Executive Officer or Chief Financial Officer to reallocate the FY22 funding between the ACTA Support and SR-47 Project budgets during the fiscal year provided the approved aggregate total amount is not exceeded, was presented to the Governing Board.

Board Member Hahn asked whether this contract was already included in the FY22 budget. Mr. Leue responded that it was. Board Member Hahn stated that the Board's direction in the past was to put this item separate from the budget. She asked if Mr. Leue knew what the thinking was behind that request. Mr. Leue responded that it was to evaluate whether the ACET contract would continue each year and consider a transition due to the length of the contract. Earlier this year, ACTA Board approved to continue with ACET to provide continuity in SR-47 Project support services. Board Member Hahn asked for the status of the SR-47 Project. Mr. Leue stated that there are construction wrap-up items outstanding, including utilities and then contract wrap-up efforts. These efforts will take 1-2 years.

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

AYES: Colonna, Cordero, Gioiello, Hahn, Price

NOES: None

ABSENT: Buscaino, Renwick

5. IBI GROUP LTD. – AMENDMENTS NO. FIFTEEN TO AGREEMENT NOS. C0719 AND C0783 – ACTA SYSTEMS SUPPORT & MAINTENANCE EFFORTS – APPROVED AS AMENDED.

Communication from Michael C. Leue, Chief Executive Officer, dated June 10, 2021, recommending the approval and authorization of the Chief Executive Officer or Chief Financial Officer to execute the proposed amendments to two existing contracts with IBI Group Ltd. for services including: 1) Agreement No. C0719 – three-year extension through December 31, 2024 with an increase of \$263,340 to be paid in equal monthly amounts of \$7,315 for support and maintenance of ACTA’s Revenue Assessment Verification System (RAVS) with the PierPass Validation System incorporated; and 2) Agreement No. C0783 – three-year term extension through December 31, 2024 and an increase in compensation budget of \$100,000 for as-needed special services and system enhancements, beyond the normal support and maintenance, as directed by ACTA, was presented to the Governing Board. Mr. Leue noted that the previous enhancement to the RAVS has resulted in approximately \$2,000 per month reduction in support and maintenance cost.

Board Member Hahn stated she had a concern with the unspecified amount of \$100,000 for as-needed special services and system enhancements. She stated that \$50,000 would be more appropriate and if there was a future need for additional funds, staff could bring the item back to the Board for approval. Vice-Chair Price concurred with Board Member Hahn and asked staff whether the \$50,000 would hamper their abilities to conduct operations. Mr. Leue responded that the \$100,000 was an estimate for a three-year period, and stated the \$50,000 would not inhibit operations; staff would come back to the Board for approval of additional funds, if necessary.

Board Member Hahn motioned, seconded by Board Member Colonna that Item No. 5 be approved as amended to reduce the compensation budget for as-needed special services to \$50,000 from \$100,000. Roll call was taken and carried by the following vote:

AYES: Colonna, Cordero, Gioiello, Hahn, Price

NOES: None

ABSENT: Buscaino, Renwick

6. BURKE, WILLIAMS & SORENSEN LLP – FIRST AMENDMENT TO AGREEMENT NO. C0874 – LEGAL SERVICES – APPROVED.

Communication from Heather M. McCloskey and Lauren Misajon, Co-General Counsel, dated June 10, 2021, recommending the approval of the first amendment to Agreement No. C0874 with Burke, Williams & Sorensen LLP to add funding to the Agreement in the amount of \$60,000 to complete current projects and provide additional on-

call legal services, and authorize the Chief Executive Officer or Chief Financial Officer to execute the proposed amendment, was presented to the Governing Board.

Vice-Chair Price stated that when the two ACTA executive officers retired in 2020, the firm was utilized for consultation for the employment process. During that period of time, more work was needed in the area of employment than in the past. Co-Counsel McCloskey confirmed that correct. She stated that the firm was new in 2018 and the services began in September 2019 when the two officers announced their retirement. The services continued through the fall of 2020. Vice-Chair Price asked whether the work anticipated required the \$60,000 increase in funding as processes and procedures would need to be revised. Co-Counsel McCloskey confirm that correct. She stated that the full \$60,000 would not be utilized for the completion of the manual but would allow for on-call services, as needed.

Board Member Hahn stated that the majority of the funding was utilized for services given for the retirement of the two executives. She asked whether Burke, Williams & Sorensen LLP asked for the increase or whether they were close to utilizing the \$100,000. Co-Counsel McCloskey responded that the firm has approximately \$30,000 remaining in the budget and that the May invoices have not been received; they also have June remaining. She added that the \$60,000 was an estimate to 2023 and the amount may or may not be used. The \$60,000 is not an addition to the budget, it is proposed to be reallocated budgets from other legal firms that have not been utilized or may not be utilized.

Board Member Hahn motioned, seconded by Vice-Chair Price that Item No. 6 be approved. Roll call was taken and carried by the following vote:

AYES: Colonna, Cordero, Gioiello, Hahn, Price

NOES: None

ABSENT: Buscaino, Renwick

Board Member Renwick joined the meeting at 10:18 a.m.

7. ARCTIC INFORMATION TECHNOLOGY, INC. – FIRST AMENDMENT TO AGREEMENT NO. C0894 – ACCOUNTING SYSTEM IMPLEMENTATION – APPROVED AS AMENDED.

Communication from Kevin L. Scott, Chief Financial Officer, dated June 10, 2021, recommending the approval of the proposed first amendment to Agreement No. C0894 with Arctic Information Technology, Inc. to add funding to the Agreement in the amount of \$56,626 for additional services for the accounting system implementation and utilization, and authorization of the Chief Executive Officer or Chief Financial Officer to execute the proposed amendment, was presented to the Governing Board.

Board Member Hahn stated that the current contract was approved less than a year ago and she is not clear why there is a need for an increase of \$50,000 for as-needed services. She stated her concern with staff asking for the increase so that the item doesn't have to come back to the Board for approval. She added that when staff comes back to the Board for additional requests for funding, it gives the Board an opportunity to see if there are any issues with the contract and allows for an understanding of the true value of the contract. She recommended that the budget for as-needed services be reduced from \$50,000 to \$25,000.

Vice-Chair Price concurred with Board Member Hahn and asked Mr. Scott whether the reduction of the budget for as-needed services from \$50,000 to \$25,000 would hamper ACTA's ability to effectuate what is needed with the contract. Mr. Scott said that the \$50,000 was an estimate of possible needs over a 3-year period and confirmed that the as-needed services budget at \$25,000 would allow ACTA to carry out the work and come back to Board, if necessary.

Board Member Hahn motioned, seconded by Board Member Renwick that Item No. 7 be approved as amended to reduce the as-needed services budget to \$25,000 from \$50,000. Roll call was taken and carried by the following vote:

AYES: Colonna, Cordero, Gioiello, Hahn, Price, Renwick

NOES: None

ABSENT: Buscaino

8. MOSS ADAMS LLP – FIFTH AMENDMENT TO AGREEMENT NO. C0855 – INDEPENDENT AUDIT AND SUPPORT SERVICES – APPROVED.

Communication from Kevin L. Scott, Chief Financial Officer, dated June 10, 2021, recommending the approval of the proposed Fifth Amendment to Agreement No. C0855 with Moss Adams LLP to add \$30,000 to the contract value and authorization of the Chief Executive Officer or Chief Financial Officer to execute the proposed amendment, was presented to the Governing Board.

Board Member Cordero motioned, seconded by Board Member Colonna that Item No. 8 be approved. Roll call was taken and carried by the following vote:

AYES: Colonna, Cordero, Gioiello, Hahn, Price, Renwick

NOES: None

ABSENT: Buscaino

3. FINAL FY 2021/2022 BUDGET – APPROVED AND ADOPTED.

Communication from Kevin L. Scott, Chief Financial Officer, dated June 10, 2021, recommending the adoption of the Final FY 2021/2022 (FY22) budget and appropriation of cash spending of \$145,030,006, was presented to the Governing Board.

Mr. Scott presented the modifications made to the final FY22 budget from the preliminary budget provided to the Board in April 2021. He stated that the changes include: 1) an increase of \$30,000 to the Moss Adams LLP contract; 2) an increase of approximately \$10,000 to the Arctic Information Technology Inc. contract; and 3) correction of staff levels to 11 staff members and administrative expenses for FY21 to \$7.1 Million.

As requested by Vice-Chair Price, Mr. Scott proceeded to present: the budget assumptions; port TEU's compared to ACTA revenue; operating budget summary revenue; and administrative spending by expense type. He asked the Board for questions.

Board Member Renwick stated that the information presented is consistent with the previous budget. He stated that the ACTA budget with a conservative revenue forecast has a deficit of approximately \$20 Million, which means that, if ACTA doesn't refinance or increase its revenues within a year, the ports will have to pay shortfall advances. Cost containment with the budget is important, but the debt service is our overriding concern. Consequently, refinancing is extremely important. Board Member Renwick added that he looks forward to hearing from management on how ACTA plans to increase revenues and reduce the debt service.

Mr. Scott stated that Mr. Leue presented ACTA's plan to increase revenues during his report under Item 1R. He added that he would discuss how management intends to lower debt service; in April 2021, the Board approved a pool of investment banking firms to provide investment banking and underwriting services. There is an indication from the underwriting firms that a plan to address the problem of debt service is feasible. There would be no need for shortfall advances to be paid by the ports in FY22; with refinancing of the debt, we anticipate avoiding any shortfall advances in the next 5 years and our intent is to avoid shortfall advances throughout the debt service period.

Board Member Renwick confirmed this was a perfect time to refinance.

Board Member Hahn asked if Board Member Cordero concurred that there will be a decrease in port traffic post COVID. Mr. Cordero confirmed that by the end of 2021, there will be some normalcy at the port and he agreed with the conservative forecast. He stated that long-term forecasts were done in 2016 and that 2022 would be a good year to revisit the study, with a particular eye to shifting market shares and trade war impacts. Board Members Hahn and Renwick commented on the costs that San Pedro Bay Ports have expanded to be big ship ready and to lead in environmental responsibilities. While these are costly, it puts our Port ahead of others for these important and inevitable requirements.

Board Member Hahn motioned, seconded by Board Member Renwick that the FY22 Final Budget be approved and adopted. Roll call was taken and carried by the following vote:

AYES: Colonna, Cordero, Gioiello, Hahn, Price, Renwick
NOES: None
ABSENT: Buscaino

9. ELECTION OF ACTA CHAIR AND VICE CHAIR FOR FY22 – APPROVED.

Communication from Michael C. Leue, Chief Executive Officer, dated June 10, 2021, recommending the Governing Board to elect a Chair and Vice-Chair of the ACTA Governing Board for FY22, was presented to the Governing Board.

Board Member Hahn made a motion, seconded by Board Member Colonna, that Councilwoman Suzie Price be elected as Chair of the Governing Board for FY22. Board Member Renwick made a motion, seconded by Board Member Colonna that Councilman Joe Buscaino be elected as Vice-Chair. Roll call was taken and carried by the following vote:

AYES: Colonna, Cordero, Gioiello, Hahn, Price, Renwick
NOES: None

ABSENT: Buscaino

10. PUBLIC COMMENT ON NON-AGENDA ITEMS

None

11. CLOSED SESSION

None

12. ADJOURNMENT

At 10:52 a.m., the meeting was adjourned sine die.