



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

MINUTES

Joint Meeting of the AC Transit Board of Directors & Financing Corporation

AC Transit General Offices
2nd Floor Board Room
1600 Franklin Street, Oakland, CA 94612

Wednesday, October 23, 2019 at 3:30 PM
Special Meeting

MEMBERS OF THE AC TRANSIT BOARD OF DIRECTORS/FINANCING CORPORATION

JOE WALLACE, PRESIDENT (WARD 1)
ELSA ORTIZ, VICE PRESIDENT (WARD 3)
GREG HARPER (WARD 2)
MARK WILLIAMS (WARD 4)
DIANE SHAW (WARD 5)
JOEL YOUNG (AT-LARGE)
H. E. CHRISTIAN PEEPLES (AT-LARGE)

BOARD/CORPORATION OFFICERS

MICHAEL A. HURSH, GENERAL MANAGER/CHIEF EXECUTIVE OFFICER
DENISE C. STANDRIDGE, GENERAL COUNSEL/CORPORATION LEGAL COUNSEL
LINDA A. NEMEROFF, DISTRICT SECRETARY/CORPORATION SECRETARY
CLAUDIA L. ALLEN, CHIEF FINANCIAL OFFICER

1. CALL TO ORDER

The Alameda-Contra Costa Transit District Board of Directors held a special joint meeting with the Financing Corporation Board of Directors on Wednesday, October 23, 2019.

At 3:33 p.m., President/Chair Wallace called the joint meeting to order.

2. ROLL CALL

Present: Wallace, Ortiz, Harper, Shaw, Peeples

Absent: Williams, Young

3. PUBLIC COMMENT

There were no public comments offered.

4. AC TRANSIT BOARD OF DIRECTORS ITEM(S):

DISCUSSION ITEM(S):

- 4.A.** Consider the adoption of Resolution 19-035 authorizing the execution and delivery of various documents by the AC Transit Board of Directors and authorizing certain other actions in connection therewith; and authorization to issue the Series 2019 Refunding Certificates of Participation to refund the District's Certificates of Participation Series 2009A.

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Members of the Financing Team Present:

Devin Brennan, Orrick

Peter Schellenberger, Public Financial Management

Vincent McCarley & Peter Wong of Backstrom McCarley Berry & Co., LLC

Chief Financial Officer Claudia Allen introduced the financing team and presented the staff report, advising that the 2019 Refunding COPS would be issued at a lower interest rate and on a taxable basis which would allow the District increased flexibility in its utilization of the underlying asset (the 66th Avenue property) and result in decreased debt service payments and increased rental income from the property.

Director Peeples asked if the District's rating had been re-evaluated by the rating agencies. Ms. Allen advised that the rating process was underway.

Director Harper asked if the District was compliant with the terms of the current rental arrangement, which only allowed 10% of the space to be rented by private entities. Ms. Allen explained that there were two different interpretations on the issue, one involving the inclusion of the common space and one without.

Director Harper suggested that the District use its reserves to pay off the property outright and expressed concern with the transaction without knowing the property's

full income potential or analyzing other cost factors (operations, maintenance and insurance) or what the District planned to do with the Property. Ms. Allen advised that staff had reports that addressed the property's revenue potential and explained that the property factored heavily into the District's long-range plans with an appraised value of \$19.7 million. General Michael Hursh added that the 66th Avenue property was being used as the Bus Rapid Transit field office and was in a key location adjacent to Division 4 (D-4) and was critical to the D-4 expansion. He added that the Board would receive additional information on the use of the property at the Board Retreat on October 30.

Director Harper further expressed his position that the 66th Avenue property not be tied up in long-term commercial leasing arrangements because it would be difficult to get out of them when the District wanted use of the property. Mr. Hursh explained that the District's real estate manager had assured him that leases were structured in a way that allows the District maximum flexibility, noting that some tenants were on month-to-month leases. He added that the Facilities Master Plan was a long-term plan and there was another property adjacent to D-4 that the District is interested in acquiring. Given staff's rationale, Director Harper reiterated his interest in using reserves to pay for the property.

With regard to reserves, Ms. Allen advised that the District was not poised to use reserves to purchase property as the money was being held for operating purposes. Vice President Ortiz commented that reserves were intended to help the District cope with economic fluctuations in order to provide stable service, not for the purchase of property. She added that the new financing being proposed would result in payments that cost less than what the District is currently paying. Director Harper argued that the District should wait until after the 2020 election speculating that if Elizabeth Warren or another democrat advocating higher tax brackets for the wealthy gets elected, the demand for tax-exempt investments will intensify, thus the rates will go down.

MOTION: ORTIZ/WALLACE to adopt Resolution 19-035 authorizing the execution and delivery of various documents by the AC Transit Board of Directors and authorizing certain other actions in connection therewith; and authorization to issue the Series 2019 Refunding Certificates of Participation to refund the District's Certificates of Participation Series 2009A. The motion carried by the following vote:

Ayes: Wallace, Ortiz, Shaw, Peeples

Nays: Harper

Absent: Williams, Young

5. FINANCING CORPORATION BOARD OF DIRECTORS ITEM(S):

DISCUSSION ITEM(S):

- 5.A.** Consider the adoption of Resolution 19-001 authorizing the execution and delivery of various documents and authorizing certain other

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actions in connection with Alameda-Contra Costa Transit District lease financing.

Chief Financial Officer Claudia Allen presented the staff report.

MOTION: PEEPLES/ORTIZ to adopt Resolution 19-001 authorizing the execution and delivery of various documents and authorizing certain other actions in connection with Alameda-Contra Costa Transit District lease financing. The motion carried by the following vote:

Ayes: Wallace, Ortiz, Shaw, Peeples

Nays: Harper

Absent: Williams, Young

6. ADJOURNMENT

There being no further business, the meeting adjourned at 3:48 p.m.

Respectfully submitted,



Linda A. Nemeroff
District Secretary/Corporation Secretary