

**Metro Gold Line Foothill Extension Construction Authority Board Meeting
 Construction Authority Offices
 406 E. Huntington Drive, Suite 202
 Maria Dalton Community Room
 Monrovia, California 91016**

**August 13, 2014
 7:00 P.M.**

1. Call to Order:

Chairman Tessitor called the meeting to order at approximately 7:04 pm.

2. Roll Call:

Member	Appointing Entity	Present	Absent
<i>Voting Members</i>			
Doug Tessitor, <i>Chair</i>	City of Pasadena	X	
Sam Pedroza, <i>Vice Chair</i>	SGVCOG	X	
Vacant	City of Los Angeles	—	—
Paul Leon	City of South Pasadena	X	
John Fasana	LACMTA	X	
<i>Non-Voting Members</i>			
Carrie Bowen	Governor of California		X
Bill Bogaard	City of Pasadena	X	
Daniel Evans	City of South Pasadena	X	
Alan Wapner	SANBAG	X	
<i>Alternate Members</i>			
Marisol Salguero	City of Los Angeles	X	
Mary Ann Lutz	SGVCOG	—	—
Deborah Robertson	SANBAG	—	—

3. Pledge of Allegiance

Sam Pedroza led the Pledge of Allegiance.

4. Public Comments on Items On/Off Agenda

Chairman Tessitor opened the Public Comment portion of the meeting and requested if anyone wished to address the Board on items on or off the Agenda – hearing and seeing none, Chairman Tessitor closed the public comment period.

5. CEO’s Monthly Report

Mr. Balian reviewed the Critical Path Schedule which indicated the completion of the Foothill LRT bridge, Virginia crossing and Magnolia crossing. Mr. Balian indicated the Huntington Bridge and Phase 1 of the Mountain Ave. crossing would be complete

in August 2014. Mr. Balian indicated that all light-rail track would be installed by September 2014. Mr. Balian indicated that the first powered train test would be conducted in December 2014. Mr. Balian indicated that the OCS poles and wires would be completed in January 2015.

Mr. Balian highlighted work in the City of Azusa which included canopy installation at the APU/Citrus College station; TPSS installation and catenary pole installation. Mr. Balian highlighted work in the City of Irwindale which included ongoing rail leveling with rail tampering and installation of track clips on ties around Irwindale station. Mr. Balian highlighted work in the City of Duarte which included canopy tile installation at the Duarte/City of Hope station and construction at Mountain Ave. crossing. Mr. Balian highlighted work in the City of Monrovia which included concrete deck pour at the Monrovia station platform; construction at Magnolia Ave. crossing; installation of light rail ties and installation of sub-ballast tire-derived aggregate. Mr. Balian highlighted work at the Gold Line Operations Campus in the City of Monrovia which included installation of OCS cantilevers and construction on Maintenance of way storage facility and the Main Shop building. Mr. Balian highlighted work in the City of Arcadia which included construction at the Arcadia station parking facility and tree planting at the Arcadia station plaza. Mr. Balian highlighted work along the I-210 median which included continuously rail thermite welding on the light rail track and installation of light posts. Mr. Balian highlighted community outreach which included national Night Out in Azusa and an Alhambra Rotary project update.

Chairman Tessitor requested an update from Mr. Balian on the recent accident on the I-210. Mr. Balian indicated that yesterday (August 12, 2014) there was an accident on the westbound 210 freeway. Mr. Balian indicated that we were very fortunate that the contractor did not have any crew in the immediate area and there were no injuries to the Authority's staff or contractors. Mr. Balian indicated that a vehicle collided with a barrier along the HOV lane and did some minor damage in the right-of-way. Mr. Balian indicated that these types of accidents are occurring more frequently. Mr. Balian indicated that an email had been sent to Metro CEO Art Leahy and Caltrans District 7 Director Carrie Bowen to inquire if they were interested in forming a group to discuss the vulnerabilities along the alignment and see if they can be mitigated. Mr. Balian indicated that concerns that may need to be addressed are the passengers, rail infrastructure and vital equipment that keeps the line operational and safe. Board Member Fasana agreed that the situation should be addressed.

6. Consent Calendar

- a. Approval of Minutes of Board Meeting held June 25, 2014**
- b. Approval of Southern California Regional Rail Authority (SCRRA) Work Authorization in an amount not to exceed \$308,000 to support Phase 2A through FY 2015 (*Construction Committee*)**
- c. Authorize the CEO to Execute a Change Order to the Phase 2A Alignment Contract (C1135) with Foothill Transit Constructors (FTC) to install a solar panel roof system on the maintenance of way canopy at the Gold Line Operations Campus (GLOC) in an amount not-to-exceed**

\$800,000 (Construction and Finance Committees)

- d. **Authorize the CEO to Execute a Change Order to the Phase 2A Alignment Contract (C1135) with Foothill Transit Constructors (FTC) to modify the fences and walls around the Gold Line Operations Campus (GLOC) in an amount not-to-exceed \$925,000 (Construction and Finance Committees)**
- e. **Approval of Cost of Living Adjustment (Management & Personnel and Finance Committees)**

Chairman Tessitor requested a motion to approve the Consent Calendar. Board Member Fasana made a motion to approve the Consent Calendar which was seconded by Board Member Leon and approved unanimously.

Board Member Fasana indicated prior to the meeting that he would need to be excused from the Board Meeting due to a schedule conflict. Board Member Fasana excused himself at 7:22 pm.

7. General Board Items

- a. **Receive and File Project Update: Traction Power Supply Substations (TPSS)**

Mr. Burner provided the report. Mr. Burner indicated that the Traction Power Substations (TPSS) transform utility power to power required for light rail vehicles (LRVs), then distribute power to LRVs via overhead wires. Mr. Burner indicated that Per MCA and Funding Agreement, Metro responsible for providing TPSS for Foothill Extension Project. Mr. Burner indicated that BRI is Metro's TPSS supplier. Mr. Burner indicated that Three (3) of 10 substations have been delivered to-date - Business Center, Virginia and Citrus. Mr. Burner indicated that the schedule still indicates a six (6) month delay on delivery of Operations Campus TPSS. Mr. Burner indicated that a late delivery of GLOC TPSS could result in possible impact to critical path and the Authority believes DB contractor (FTC) can mitigate impact. Mr. Burner that the Authority and Metro have been completing tasks to avoid future delays to TPSS deliveries such as: assignment of full-time Metro employee to monitor BBRI's progress; regular factory visits by Authority; weekly conference calls with BBRI to monitor progress and periodic meetings with BBRI's executive management.

Mr. Burner provided and update on the schedule for the delivery of the Traction Supply Substations:

TPSS Name	Original Dates	Current Metro Schedule
Business Center	December 2013	February 13, 2014 (A)
Virginia	November 2013	March 13, 2014 (A)
Citrus	February 2014	July 21, 2014 (A)
Operations Campus	February 2014	August 20, 2014
Irwindale	March 2014	August 25, 2014
Los Robles	May 2014	September 19, 2014
Michillinda	May 2014	September 26, 2014
Joseph	June 2014	October 16, 2014
Soldano	July 2014	October 24, 2014
Baldwin	September 2014	October 31, 2014

Mr. Burner indicated that at this time any delay of the TPSS can be mitigated, but any additional delay could imperil the schedule.

Chairman Tessitor inquired if the delay was due to technical design. Mr. Burner indicated that the delays are due to coordination delays between BBRI and a key contractor. Mr. Burner indicated that they have address the problem and hired additional staff to address the issue.

Board Member Pedroza inquired if Expo is experiencing the same type of delay. Mr. Burner indicated that they were and are also attending the coordination meetings to make sure BBRI stays on schedule.

Item receive and filed.

b. Adoption of Authority’s Replacement Defined Benefit and Pension Plan (Management & Personnel and Construction Committees)

Mr. Balian provided the report. Mr. Balian indicated that this report was in response the Board’s request of staff to investigate a replacement benefit plan for the Authority staff due to the high unsustainable cost of the CalPERS defined benefit plan. Mr. Balian indicated that the Board had directed staff to propose a replacement plan that would not exceed the current budget, be cost-neutral and would be sustainable for the Construction Authority over the long-term. Mr. Balian indicated the staff had discussions with CalPERS and had received unfunded liability reports. Mr. Balian indicated that in 2011, CalPERS indicated that the unfunded liability for the Construction Authority was \$3.8 million dollars and that by 2012, the unfunded liability had risen to \$7.7 million dollars. Mr. Balian indicated that staff had consulted with the Authority’s prior

and current General Counsel as well as other outside legal counsel as well as numerous financial consultants to determine how to transition away from CalPERS and to seek possible replacement plan options. Mr. Balian indicated that based upon the advice of outside counsel, staff was directed to seek plan options that would provide a comparable benefit to employees. Mr. Balian indicated that part of the challenge was that no agency to date has left CalPERS and proposed a comparable replacement plan.

Chairman Tessitor inquired as to what “comparable” means in this instance legally. Mr. Crandal Jue, Chief Financial Officer, indicated that under the State of California Constitution, employees of a public agency have a vested right to the pension-benefit structure in effect when they accepted employment with the agency and generally that means that an employer cannot unilaterally reduce pension benefits. Mr. Jue continued that courts have ruled employees do not have an absolute right to a fixed or specific benefit but to a substantial and reasonable benefit and that if the proposed change(s) or modification(s) to the benefit plan disadvantages the employee, the public agency must provide a plan that is comparable. Chairman Tessitor asked for further clarification on what “comparable” means. Mr. Mitchell Purcell, Chief Contracting Officer and In-House Counsel, responded that staff consulted multiple law firms as well as CalPERS and PARS on what a comparable plan would be, but that such advisors stopped short of providing a concrete definition, noting that there was no legal precedent. However, when experts and advisors were provided with the Authority’s cost formula and approach for calculating a comparable benefit, they stated that since the approach is cost-neutral it was a comparable benefit. Chairman Tessitor indicated that it was his understanding that if the Authority paid a benefit that was the same as to what is currently being provided, that by definition that would be comparable. Mr. Purcell indicated that this is his understanding and that of outside counsel but that certain aspects of CalPERS cannot be replicated due to some of the unique features of the plan, such as the feature that if an employee moves to another CalPERS agency and works there for ten years then the amount of their pension increases for every year they worked in the system even before they moved. Chairman Tessitor indicated that the only way the Authority can try to get a comparable plan would be to spend the same amount of money on the new plan as it did on CalPERS. Mr. Purcell indicated that staff had been advised that there was no better way to calculate what a comparable benefit would be. Chairman Tessitor that based upon the research by staff and the review by several law firms, financial advisors, actuarial firms as well as benefit plan advisors, that the proposed plan before the Board was the best possible approach available.

Mr. Balian indicated that in discussing the possible replacement plan with the benefit plan consultant and understanding that any such replacement plan must be cost-neutral and 100% sustainable; the proposed three-tier plan was developed as the replacement for the CalPERS defined benefit plan. Mr. Balian indicated that three-tier plan includes (1) a defined benefit plan; (2) a defined contribution plan and (3) an asset trust. Mr. Balian indicated that the

three-tier system would be sustainable and there would be no balloon-payment at the end of the existence of the Authority as currently exists with the unfunded liability of CalPERS.

Board Member Pedroza inquired why there are three-tiers as opposed to one. Mr. Balian asked Mr. Jue to provide a review of each tier. Mr. Jue indicated that based upon the current CalPERS plan, a total 130% of an employee's annual salary is contributed to the CalPERS pension benefit retirement plan. Mr. Jue indicated that based upon the recommendation from outside advisors the total amount required for a comparable replacement plan would need to total 130% across the three tiers. Mr. Jue indicated that the proposed first tier (Tier 1) is a defined benefit with PARS. Mr. Jue indicated that an actuarial survey was conducted based upon the current employees. Mr. Jue indicated that as a result of the survey, a 42% contribution rate was suggested for Tier 1 with PARS. Mr. Jue indicated that the second tier (Tier 2) was a defined contribution plan (401(a)) at 20% contribution rate. Mr. Jue indicated that IRS regulations cap the contribution to a 401(a) plan at 20% per year. Mr. Jue indicated that the final tier (Tier 3) was an asset trust at a 68% contribution rate which was determined by adding the other two tiers together and including the amount necessary to bring the total to 130%. Mr. Jue indicated that the total contribution rate of the proposed tiers equals to the same 130% rate that the Authority maintains.

Mr. Balian in response to Chairman Tessitor's prior comment about firms and consultants that were contacted to research the replacement plan asked Mr. Purcell to list the firms. Mr. Purcell stated they were former General Counsel - Richard Watson & Gershon; current General Counsel - Nossaman; outside law firm - Pillsbury Wintrop; financial and benefits advisors - Benefit Equity Inc.; financial and benefits advisors - Northwestern Mutual; financial and benefits advisors - Balanced Plan Financial; financial advisors - Maxima Group; and benefits advisors - Pangburn Group. Mr. Purcell stated that these firms were consulted regarding the formulae used by the Authority to determine a comparable benefit, the different tiers proposed, the definition of comparable, as well as other related matters.

Chairman Tessitor inquired of Associate General Counsel, Lloyd Pellman of Nossaman, if that based upon what has been presented to the Board and based upon the research in seeking a benefit replacement plan for CalPERS if adequate due diligence has been performed for the Board to take action. Associate General Counsel Pellman indicated that one of his partners at Nossaman who deals with pensions had reviewed the Board Report and the supporting documentation and proposed some comments and questions to Mr. Purcell. Associate General Counsel Pellman indicated that based upon the replies to those comments and questions from Mr. Purcell, his partner was satisfied with the proposed replacement plan and felt that the Authority staff had done its due diligence as far as it can without any precedence in the area. Associate General Counsel Pellman indicated that based upon the additional review and input by various outside counsel and the financial and benefit advisors that the Board could take action on the proposed replacement

plan.

Mr. Balian indicated that Agenda Item 7.c.- Adoption of CalPERS Pension Plan Dissolution Resolution effective December 31, 2015 and 7.d - Adoption PARS Defined Benefit Plan Valuation Resolution effective January 1, 2016 are the part of the replacement plan and should be considered individually.

Board Member Pedroza confirmed with staff that the proposed replacement plan is cost-neutral to the Authority. Mr. Balian confirmed Mr. Pedroza statement.

Board Member Leon indicated as a member of the Finance Committee, he was impressed with the level of detail and research performed by the staff and the depth of knowledge that Chairman Tessitor had on the subject area. Board Member Leon indicated that the Board is very fortunate to have someone of the Chair's expertise in this area.

Chairman Tessitor inquired of General Counsel Pellman if additional reports or discussion is necessary to approved Agenda Items 7.c. and 7.d. General Counsel Pellman indicated that the discussion that has taken place should suffice for each item, unless the Board has additional questions regarding each item. General Counsel Pellman indicated that a separate vote should be conducted on each Agenda Item.

Chairman Tessitor requested a motion to approve Adoption of Authority's Replacement Defined Benefit and Pension Plan. Board Member Pedroza made a motion to approve the item which was seconded Board Member Salguero. The item was passed unanimously.

c. Adoption of CalPERS Pension Plan Dissolution Resolution effective December 31, 2015 (Management & Personnel and Construction Committees)

Mr. Balian indicated that the CalPERS Resolution would terminate the Authority's contract with CalPERS and end the pension plan effective December 31, 2015.

Chairman Tessitor requested a motion to approve Adoption of CalPERS Pension Plan Dissolution Resolution effective December 31, 2015. Board Member Pedroza made a motion to approve the item which was seconded Board Member Salguero. The Chairman requested that a roll-call vote be conducted. The Clerk of the Board conducted a roll-call vote and the item passed on a vote of 4 yes votes (Tessitor, Pedroza, Leon and Salguero); 0 opposed; 0 abstained and 1 (Fasana) absent vote.

d. Adoption PARS Defined Benefit Plan Valuation Resolution effective January 1, 2016 (Management & Personnel and Construction Committees)

Mr. Balian indicated that the PARS resolution approved the actuarial performed and would allow the Authority to offer employees the products and services as indicated in the report starting on January 1, 2016.

Chairman Tessitor requested a motion to approve Adoption PARS Defined Benefit Plan Valuation Resolution effective January 1, 2016. Board Member Pedroza made a motion to approve the item which was seconded Board Member Salguero. The Chairman requested that a roll-call vote be conducted. The Clerk of the Board conducted a roll-call vote and the item passed on a vote of 4 yes votes (Tessitor, Pedroza, Leon and Salguero); 0 opposed; 0 abstained and 1 (Fasana) absent vote.

e. Receive and File Monthly Update

Mr. Burner provided the report. Mr. Burner indicated that with respect to the Pasadena to Azusa portion of the project there is continued work at Arcadia, Monrovia, Duarte, Irwindale, Azusa-Downtown and Azusa-Citrus stations; completed construction of Magnolia and Virginia grade crossings; continued construction of Mountain grade crossing; completed bridge work at Foothill; continued bridge work at Huntington; completed construction of all retaining walls and sound walls throughout the alignment; continued light rail mainline track placement; continued installation of train control cases/bungalows and associated equipment; completed OCS foundation work throughout the alignment and Gold Line Operations Campus (Campus); continued mainline OCS pole installation (48% complete) throughout alignment; continued OCS pole installation (47% complete) at Campus; continued trackwork at the Campus; completed structural steel work at Campus main shop building; and continued framing interior walls and electrical, mechanical, and plumbing work inside Campus buildings.

Mr. Burner provided a detail review of the current Project Schedule.

Mr. Burner indicated that with respect to the Phase 2A parking facilities; that there is continued construction of parking facilities. Mr. Burner indicated that with regard to the Arcadia parking facility there is continued finish work on exterior of structure and the contractor has begun installation of electrical room equipment. Mr. Burner indicated that with regard to the Monrovia parking facility work has been completed on the columns, rebar and conduit at level 2 and work continues forming and bracing for deck and barrier walls. Mr. Burner indicated that with regard to the Irwindale parking facility that the power pole shoring plan has been completed and the contractor continues MSE wall excavation. Mr. Burner indicated that with regard to the Azusa-Citrus parking facility work has begun forming vertical columns and walls with reinforcement.

Mr. Burner indicated that over the next three to four months staff will have complete trackwork at the Campus; complete mainline LRT trackwork construction; complete construction of Huntington bridge; complete Mountain

crossing; complete construction of all stations (except architectural elements); complete OCS pole installation; and begin powered train tests.

Mr. Burner indicated that with regard to the Azusa to Montclair portion of the project, the Authority staff are performing the following tasks: continuing advancement of plan and profile drawings; authorized AECOM to begin right-of-way survey and drawings; developing AECOM's scope of work for geotechnical work; developing AECOM's scope of work for parking facilities; developing AECOM's scope of work for Phase I and II ESAs; attending coordination meetings with corridor City staff to discuss project and finalize MCAs and initiated Station Design Art Program (SDAR).

Board Member Salguero inquired if each city along the alignment gets to select the artwork at their station. Mr. Balian indicated that each station has a baseline level of design and there is some additional budget for artwork design. Mr. Balian indicated that each city can stay within the budget or decide for additional enhancements to a station which the city would be responsible for financially. Mr. Balian indicated that it is important for the Phase 2B cities to re-look at their station design now so that any design or engineering modifications can be included in the advanced conceptual engineering of the project and be advanced so the project is ready for construction in 2016-2017 timeframe.

Item received and filed.

8. General Counsel's Report

None.

9. Board Member Comments

None.

10. Closed Session

General Counsel Pellman reviewed the various items that would be considered in Closed Session and indicated that there would be no reportable action after Closed Session. Chairman Tessitor recessed the Board into Closed Session at approximately 7:56 pm.

A. CONFERENCE WITH LEGAL COUNSEL:G.C. 54956.9(a)
Pending Litigation

- (i) Metro Gold Line Foothill Extension Construction Authority v.
223 North First Street I, LLC, et al.
Case No. BC531266

The Chairman reconvened the Board Meeting at 8:14 pm.

11. Adjournment

The Board Meeting was adjourned at approximately 8:15 pm.