

**MINUTES OF THE SPECIAL MEETING OF
ECO-RAPID TRANSIT/ORANGELINE DEVELOPMENT AUTHORITY
June 28, 2023
In-Person Meeting**

CALL TO ORDER

Chair Taj called the meeting to order at 6:15 PM Pacific Daylight Time. A quorum (7 voting members out of 12 filled seats) was reached; thus, action items were taken by the Board.

PLEDGE OF ALLEGIANCE

Chair Taj asked Tianyi Wei to lead the assembly in the flag salute.

ROLL CALL AND INTRODUCTION OF ATTENDEES

Voting Board of Directors were present (listed by agency and position on the Board):

1. City of Artesia – Hon. Ali Sajjad Taj, Chair
2. City of Cerritos – Hon. Bruce Barrows, Director (arrived at 7:05 PM)
3. City of Cudahy – Hon. Jose R. Gonzalez, Vice Chair (arrived at 6:28 PM)
4. City of Huntington Park – Hon. Karina Macias, Director
5. City of Maywood - Ms. Angelina Martinez, Director
6. City of Paramount – Hon. Isabel Aguayo, Treasurer
7. City of South Gate – Hon. Maria Davila, Director
8. Airport Authority – Hon. Frank Quintero, Director
9. County of Los Angeles Supervisor Hahn’s Office – Luke Klipp, Director

Eco-Rapid Transit Staff:

10. Eric Shen, Executive Director
11. Thais Alves, Assistant General Counsel
12. Kathryn Morrison, Administrative Services Manager
13. Tianyi Wei, Graduate Student Intern

PUBLIC COMMENTS

No written public comments were received prior to the meeting. No additional public comments were received during the meeting.

ITEM 5 – CONSENT CALENDAR

No written public comments were received prior to the meeting. No additional public comments were received during the meeting.

a) Approval of Minutes of June 14, 2023

MOTION: Board Director Quintero (Airport Authority) moved to approve the Consent Calendar. Director Davila (South Gate) seconded the motion. The item was approved unanimously by roll call vote.

ITEM 6 – OPTIONS TO RESTRUCTURE THE AUTHORITY THAT ACHIEVE ITS MISSION AT LOWER OPERATING COSTS AND MEMBER DUES

Recommended Action: Direct staff to process with the preferred option and return to the Board in July through September 2023 for additional actions and approvals.

No written public comments were received prior to the meeting. No additional public comments were received during the meeting.

Executive Director Shen notified the Board of a proposed agreement for pro bono legal service from the Olivarez Madruga Law Organization LLP.

He proceeded with his report. At the June 14, 2023 meeting, Board directed staff to explore restructuring options for the Authority in addition to meeting with the newly appointed Gateway Cities COG (GCCOG) Executive Director Hector Dela Torre, following discussion of the FY2023/24 Operating Budget. Executive Director Shen and Mr. Dela Torre further discussed the merging of the Authority and GCCOG. Mr. Del Torre to begin his tenure mid-July, and formal actions likely to begin September 2023.

He presented the current financial practices of the Authority to the Board. Costs include contracted staff, limited fixed assets, service subscriptions, and annual audits. Hard costs include obligations, routine legal advice, insurance premiums, and webhosting and facility rentals. Revenues include annual membership dues and limited reimbursements for grant-funded invoices. Opportunities for cost savings to consolidate management and administrative functions, have accounting services be completed by a member agency, and pro-bono legal services. Possible drawbacks include the absorption of real costs, accountability issues, and potential conflicts of interest.

Vice Chair Gonzalez (Cudahy) proposed to assign city staff from Cudahy to work for ERT at a reduced hourly rate to lower the costs for ERT.

Executive Director Shen reiterated the concerns regarding conflicts of interest that could arise when one city serves as both the provider and recipient of a particular service.

Assistant General Counsel Alves provided the Board with four potential legal options. First is full termination, upon unanimous vote and following the payment of all debts, liabilities, and obligations. The second option would be the state of dormancy, effectively stripping the JPA of its staff and eliminating meetings and ongoing projects. Minimum necessary services entailed include federal and state filings, one meeting each year, yearly approval of an annual budget, auditing, annual appointment of officers, and management of records. The third option would be to greatly downsize the JPA by replacing contract staff with Member Cities' own staff. The last option proposed would be to transition the JPA to become a committee or subcommittee under GCCOG. If ERT were to become a GCCOG subcommittee, contract services would be transferred to member city staff.

Vice Chair Gonzalez (Cudahy) mentioned that since the COG is an agency, it is possible to approach any of the cities to take over and consider asking the COG to manage the JPA, based on his discussion with his own city.

Director Davila (South Gate) indicated that the recently appointed GCCOG Executive Director, Hector Dela Torre, is open to the idea of supporting ERT as a JPA under GCCOG. Further discussions will be feasible once he assumes office on July 10th.

Executive Director Shen presented the Board with four practical options on two distinct paths to restructure the authority. The first and second options involve terminating the JPA, but with a distinction: the first option proposes the creation of a new committee-level entity, whereas the second option does not. Similarly, the third and fourth options involve putting the JPA on hold, but with a difference: the third option suggests establishing a new committee-level entity, while the fourth option does not. He then provided an overview of the advantages and disadvantages associated with each pathway.

Executive Director Shen also emphasized that the Authority must complete three years of backlogged audits regardless of the decision made by the Board. The meeting was opened to discussion by the Board.

Director Klipp (Los Angeles County) clarified to the Board that increased member city dues is still an option for the Authority. He also asked if staff was able to discuss with city managers about continuing with additional requested funding.

Executive Director Shen reported that he received from the city manager of Maywood that the JPA has provided a great platform for a small city like Maywood. He was also in prior discussion with and received feedback from city members.

Director Quintero (Airport Authority) noted prior member concern that the GCCOG would not be representative of the Authority. He expressed that the GCCOG would keep the interests of member cities in working with Directors. He asked the cost of dormancy if the Board were to choose that option and expressed his leaning towards merging into the GCCOG.

Executive Director Shen provided another overview of the options for Director Barrows (Cerritos). He provided that estimated costs for full termination would amount to nearly 100 to 110 thousand dollars.

Director Davila (South Gate) asked what the cost for minimum services would be. Executive Director Shen replied that minimum costs would depend upon the Board's direction.

Director Macias (Huntington Park) expressed her leaning towards merging with the GCCOG for their availability of resources and for cost-effectiveness for cities.

Director Martinez (Maywood) also expressed her leaning toward merging with the GCCOG in helping alleviate burdens for the cities.

Director Klipp (Los Angeles County) expressed concerns regarding the discontinued membership from the cities of Bellflower and Downey and if current members will continue their membership in the future. He noted that the COG may provide an opportunity for all of the cities to have a voice.

Executive Director Shen emphasized that outstanding obligated debts would still need to be paid regardless of the direction the Board should choose. He also noted that grants are not a viable financing option because of the Authority's current lack of funds.

Vice Chair Gonzalez (Cudahy) noted his leaning towards the COG option. He expressed frustration towards pro bono legal services to decrease costs as soon as possible and requested that the topic be an agenda item in the next meeting. He asked for clarification on the formal process should the Board choose the COG option.

Director Quintero (Airport Authority) agreed that the COG option needs to be further discussed with appointed Executive Director Hector Dela Torre.

Assistant General Counsel Alves clarified that the special meeting should be used to direct staff, and staff will provide more robust proposals at the next regular meeting, given the direction of the Board.

Vice Chair Gonzalez (Cudahy) expressed his desire towards the COG option, either as a JPA or subcommittee, while also looking more closely at cost-saving options. Executive Director Shen noted that the Authority has been receiving a large amount of pro bono or discounted services from its contracted professionals, i.e., Executive Director, Accountant, Planning Program Manager and the General Counsel's Office. Executive Director Shen further explained that there will be additional hard cost for the current General Counsel's office to transition its files to a pro bono legal service, but at this time staff doesn't have sufficient information on the magnitude of the costs and effort involved.

Director Klipp (Los Angeles County) brought to attention that the Board should provide staff with clear direction in order to make a formal decision at the next regular meeting.

Director Barrows (Cerritos) noted that COG operations would likely not begin until September.

A motion was put forward to direct the staff to present the Board with a proposed budget during the next Board meeting scheduled for July 12th. This budget aims to facilitate the conclusion of operations for the independent JPA with its current legal service provider by the end of the 2023 calendar year. The motion also includes instructions for the staff to engage in discussions with the GCCOG to explore potential options for continuing the JPA within the COG framework. Furthermore, the Board specified that the proposed contributions from each member city should be determined based on the previously utilized percentage contribution formula. In the event that operations cease prior to the targeted termination or dormancy date, cities will be reimbursed proportionally.

MOTION: Board Director Klipp (Los Angeles County) put forward the motion. Vice Chair Gonzalez (Cudahy) seconded the motion. The item was approved unanimously by roll call vote.

ITEM 7 – EXECUTIVE DIRECTOR'S VERBAL REPORT

Executive Director Shen recommended to make the September or October meeting a congratulatory meeting to celebrate the work that was done as an independent JPA.

ITEM 8 – CHAIR'S COMMENTS

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Chair Taj reminded the Board that the next meeting to be held in person on July 12, 2023, at the Gateway Cities Council of Governments Clearwater Building in Paramount at 6:30 PM.

ITEM 9 – ANNOUNCEMENTS/BOARD OF DIRECTORS COMMENTS

No further announcements comments or announcements were made by the Board.

ITEM 10 – ADJOURNMENT

The Board Meeting was adjourned at 8:15 PM Pacific Daylight Time.

Attest:

DocuSigned by:

Karina Macias

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Secretary

Approved:

DocuSigned by:

Ali Sajjad Taj

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Chair