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MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY
MEETING HELD ON THE Sixth DAY OF February 1958

STANDARD FORM 634 PRINTED IN U. S. A.
CHARLES F. HADLEY CO. MINNEAPOLIS, MINN. U. S. DEPARTMENT OF COMMERCE, BUREAU OF PRINTING AND LITHOGRAPHY

500 U. S. PAY OFF STANDARD MINUTE RECORDS

A regular meeting of the members of the Los Angeles Metropolitan Transit Authority was held at 621 South Hope Street, Los Angeles, California on Thursday, February 6, 1958 at 3 o'clock in the afternoon.

Chairman Hayden F. Jones, Members Don Belding, Fred S. Dean, Carl P. Miller, Clarence A. Winder and Arthur J. Will attended. Member Martin E. Pollard was absent. Also present were the General Attorney, Gerald G. Kelly of Musick, Peeler & Garrett, and Theodore A. McCabe, Jr. of that firm, Executive Director Ralph P. Merritt, E. Leroy Tolles, Public Relations Counsel James H. Raport, and representatives of the press.

The Chairman presided over the meeting and Ralph P. Merritt, Secretary, recorded the minutes.

The minutes of the regular meeting held on January 9, 1958 were approved as distributed to the members prior to the meeting.

Working of Consulting Engineers

The Executive Director reported that Bear, Stearns & Co. have notified the Authority that on January 13, 1958 Bear, Stearns & Co. paid the sum of \$20,000, as previously agreed, to Coverdale & Colpitts for professional services in connection with the preparation of the supplemental report to the Authority with respect to the appraisal of Los Angeles Transit Lines and Metropolitan Coach Lines properties, dated December 18, 1957. The Executive Director further stated that the services of Coverdale & Colpitts would be necessary for certain work with respect to the proposed contract between the Authority and Pacific Electric Railway Co.

After discussion, on motion made, seconded and unanimously carried, it was

MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY
MEETING HELD ON THE Sixth DAY OF February 1958

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RESOLVED, that the Executive Director be and is hereby authorized to enter into a supplemental contract with Coverdale & Colpitts on a per diem basis for certain work to be done in connection with the proposed contract between the Authority and Pacific Electric Railway Co., said contract to contain the express provision that the Authority shall not be obligated to pay any sum whatever to Coverdale & Colpitts unless and until the Series 1958 Revenue Bonds of the Authority shall have been sold and the proceeds received by the Authority.

Other Engineering Services

After discussion, on motion made, seconded and unanimously carried it was

RESOLVED, that the Executive Director be and is hereby authorized to enter into a contract with Arthur Jenkins, Consulting Engineer of San Francisco, California, for the examination and report of the physical inventory of major items and detailed inventory of equipment, materials, supplies and existing contracts of Los Angeles Transit Lines and Metropolitan Coach Lines for completion on or before March 3, 1958. Said contract shall provide for compensation for Mr. Jenkins on a per diem basis but the amount paid thereunder shall not exceed \$5,000 in any event. Payment of compensation under said contract shall be conditioned on the sale and receipt of the proceeds of the Series 1958 Revenue Bonds of the Authority.

Preparation of Transfer

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the Executive Director be and is hereby authorized to enter into an agreement on behalf of the Authority for the preparation of plates and the printing of transfers to be used on and after the first day of operation of the transit system of the Authority in place of the transfers now used by Los Angeles Transit Lines and Metropolitan Coach Lines, payment under said agreement to be conditioned on the sale and receipt of the proceeds of the series 1958 Revenue Bonds of the Authority.

Printing of Bonds

After discussion in which several of the members sought information as to the availability of printing services in the County of Los Angeles, and statements by the Executive Director that insufficient

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CHARLES F. HADLEY CO. METROPOLITAN TRANSIT AUTHORITY

REG. U.S. PAT. OFF. STANDARD MINUTE RECORD

time remained to have the definitive bonds of the Authority printed anywhere but in New York under the supervision of the Authority's Bond Counsel in that city, it was moved, seconded and unanimously carried that the following resolution be adopted:

RESOLVED, that the Executive Director be and is hereby authorized to enter into an agreement, in its own name or through Bear, Stearns & Co., with Security Banknote Co., 345 Hudson Street, New York, for the preparation of definitive bonds to be delivered before March 3, 1958 in accordance with the proposal of said company dated January 23, 1958. If said agreement is entered into in the name of the Authority, it shall be a condition thereof that payment pursuant thereto shall be conditioned on the sale and receipt of the proceeds of the Series 1958 Revenue Bonds of the Authority.

Insurance

The Executive Director pointed out that the Trust Indenture requires that the Authority maintain certain types of insurance in certain stated amounts at all times on and after acquisition of its transit system. All members agreed that the insurance structure of the Authority should be studied with care by an insurance analyst who did not carry on an insurance sales business. In the absence of sufficient time to complete such an analysis, a temporary arrangement was suggested.

On motion made, seconded and unanimously carried, it was RESOLVED, that the Executive Director be and is hereby authorized to enter into an interim insurance arrangement with the carriers presently insuring Los Angeles Transit Lines to provide all coverage required under the Trust Indenture for a period not to exceed six months; and

RESOLVED FURTHER, that the Executive Director be and is hereby authorized to secure proposals from the insurance analysis firms in the Los Angeles area for a complete analysis of the insurance coverage required under the Trust Indenture and the best possible arrangements to secure the same.

MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY
MEETING HELD ON THE Sixth DAY OF February 1958

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Santa Ana Terminal of Metropolitan Coach Lines

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that Metropolitan Coach Lines be and is hereby authorized to continue negotiations for the construction of a new depot at Santa Ana to be jointly used with the Greyhound Bus Co. on the condition that no arrangement shall be entered into by Metropolitan Coach Lines which would be binding upon the Authority pursuant to its contract with Metropolitan Transit Authority which will increase annual cost beyond the present rental paid by Metropolitan Coach Lines for terminal facilities at Santa Ana.

Membership in the Pacific Electric Hospital Association

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the Executive Director be and is hereby authorized to execute all documents necessary to continue the membership of Metropolitan Coach Lines employees in the Pacific Electric Hospital Association on and after the date on which the Authority assumes operation of the Metropolitan Coach Lines properties, all as provided in the labor agreements presently in existence between Metropolitan Coach Lines and certain labor organizations which the Authority is obligated to perpetuate pursuant to the Los Angeles Metropolitan Transit Authority Act of 1957.

Utility Services

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the Executive Director be and is hereby authorized to execute all documents necessary to notify all utility companies presently providing services to Los Angeles Transit Lines and Metropolitan Coach Lines that the Authority will continue such services from and after 12:01 a.m. on the date on which the Authority commences actual operation of the properties acquired from Los Angeles Transit Lines and Metropolitan Coach Lines.

Employment of Auditors

After discussion, on motion made, seconded and unanimously carried, it was

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MEETING HELD ON THE Sixth DAY OF February 1958

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REG. U.S. PAT. OFF. STANDARD MINUTE RECORD

RESOLVED, that the Executive Director be and is hereby authorized to secure proposals from certified public accounting firms of national repute to serve as accountants and auditors of the Authority for the purpose of examining records and making such reports as are required by the Trust Indenture.

Purchase of Buses

RESCINDED BY
RESOLUTIONS
ADOPTED
MARCH 6, 1958

The following resolution was moved and seconded:

RESOLVED, that Hayden F. Jones, Chairman of this Authority, and Ralph P. Merritt, Secretary of this Authority, be and they hereby are authorized to execute a purchase order with General Motors Corporation, GMC Truck and Coach Division, providing for the purchase of 110 buses by the Authority for delivery in March and April 1958, but in all events as soon as possible after the date on which the Authority commences actual operation of its transit system. Said purchase order shall provide a substance for the purchase of 100 Model TDH-4801 forty-eight passenger city service motor coaches of substantially standard specifications for such model, and for the purchase of 10 Model TDM-4515 forty-five passenger suburban service motor coaches of substantially standard specifications for such model for a total purchase price of \$2,597,881.00, plus sales or use taxes, such order to be subject to cancellation by the Authority if the Authority fails, for any reason, to complete its purchase of the properties of Los Angeles Transit Lines and Metropolitan Coach Lines prior to the delivery date of such coaches; and

RESOLVED FURTHER, that the Chairman and Secretary be and they hereby are authorized to consent to such minor changes in specifications of said coaches as may be necessary to expedite delivery; and

RESOLVED FURTHER, that the Chairman and Secretary be and each of them is hereby authorized to execute one or more conditional sales contracts or equipment trust agreements to finance said purchase on such terms and conditions as may be deemed most advantageous to the Authority, together with all such other documents as may be necessary or appropriate in connection with the financing of said purchase.

RESOLVED FURTHER, that said buses shall be transported to Los Angeles from Pontiac, Michigan by rail and the Executive Director be and hereby is authorized to arrange for said transportation at usual rates.

MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY

MEETING HELD ON THE Sixth DAY OF February 1958

STANDARD FORM NO. 284 PRINTED IN U.S.A.

REG. U.S. PAT. OFF. STANDARD MINUTE RECORD

Members Dean, Jones, Miller, Will and Winder voted "aye" and Member Belding voted "no"

Approval of Final Form of Trust Indenture

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the resolutions adopted at the regular meeting of the members of the Authority on January 9, 1958, relating to approval of the Trust Indenture, dated January 1, 1958, between the Authority and Bank of America National Trust and Savings Association, be and are hereby rescinded; and

RESOLVED FURTHER, that the Trust Indenture, dated as of January 1, 1958, between this Authority and Bank of America National Trust and Savings Association in the final form attached hereto and marked Exhibit 1, be and is hereby approved; and

RESOLVED FURTHER, that Hayden F. Jones, Chairman of this Authority, and Ralph P. Merritt, Secretary of this Authority, be and they are hereby authorized to execute said Trust Indenture on behalf of this Authority; and

RESOLVED FURTHER, that said Hayden F. Jones or the said Ralph P. Merritt be and each of them is hereby authorized to deliver said Trust Indenture to the Trustee named therein.

Acquisitions of the Properties of Los Angeles Transit Lines and Metropolitan Coach Lines

After discussion, on motion made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED, that the resolutions adopted at the regular meeting of the members of the Authority on January 9, 1958 relating to acquisitions of the properties of Los Angeles Transit Lines and Metropolitan Coach Lines be and are hereby rescinded; and

WHEREAS, this Authority has heretofore approved a report, dated February 28, 1955, and a supplemental report, dated December 18, 1957, both made to the Authority by Coverdale & Colpitts concerning the cost of acquiring certain properties of Los Angeles Transit Lines and Metropolitan Coach Lines, the probable sources of income therefrom and the cost of future operation and maintenance thereof;

MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY

MEETING HELD ON THE Sixth DAY OF February 1958

STANDARD FORM 224 PRINTED IN U.S.A.
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NOW, THEREFORE, BE IT RESOLVED, that the public interest and necessity demand the acquisition by this Authority of all of the operating properties of Los Angeles Transit Lines, meaning thereby the physical properties, real and personal, and other assets and rights used or held for use by Los Angeles Transit Lines for the operation of its transit system in Los Angeles County, and all of the operating properties of Metropolitan Coach Lines, meaning thereby the physical properties, real and personal, and other assets and rights used or held for use by Metropolitan Coach Lines in the operation of a transit system in the County of Los Angeles, and its bus feeder services and bus feeder lines extending into portions of Orange, Riverside and San Bernardino Counties, including those properties represented by capital stock of Asbury Rapid Transit System, a California corporation, and such acquisition be and it hereby is authorized by this Authority; and

RESOLVED FURTHER, that in order to obtain funds for such acquisition the Authority issue revenue bonds in the amount of Forty Million Dollars (\$40,000,000.00), the proceeds from the sale of which bonds shall be used to pay the purchase price of said operating properties of Los Angeles Transit Lines and Metropolitan Coach Lines, to supply necessary cash working funds for the extension and improvement of said properties as a part of the transit system of the Authority, and funds for the payment of the incidental expenses, including fees for legal, engineering and fiscal services connected with the issuance and sale of said bonds, it being estimated by the Authority that the said sum is sufficient for the purposes stated above, which bonds are hereby authorized to be issued pursuant to and in accordance with the provisions of that certain Trust Indenture dated as of January 1, 1958 between the Authority and Bank of America National Trust and Savings Association, as Trustee, heretofore approved by this Authority by resolution adopted February 6, 1958; and

RESOLVED FURTHER, that said bonds shall be designated as "Series of 1958" and shall be payable from the revenue or income to be derived from the transit system of this Authority, all as authorized by the Los Angeles Metropolitan Transit Authority Act of 1957.

Approval of Notice of Sale

After discussion, on motion made, seconded and unanimously carried, it was

MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY

MEETING HELD ON THE Sixth DAY OF February 1958

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RESOLVED, that the notice of sale to be advertised in a newspaper or newspapers of general circulation in the City of Los Angeles and in The Daily Bond Buyer, City of New York, New York, in the form attached hereto marked Exhibit 2, be and is hereby approved; and

RESOLVED FURTHER, that the notice of sale of Series of 1958 Revenue Bonds of this Authority in the principal amount of \$40,000,000 be advertised for bids in all editions of the Los Angeles Times and the Los Angeles Examiner on February 7, 1958 and also in the February 7, 1958 edition of The Daily Bond Buyer, city of New York, New York, said notice to be in the form reviewed at this meeting and attached hereto marked Exhibit 2.

RESOLVED FURTHER, that said \$40,000,000 of Series of 1958 Revenue Bonds be offered for public sale at 10 a.m. (P.S.T.) on February 19, 1958 on sealed proposals to the highest bidder therefor, subject to the terms and conditions set forth in said notice, Exhibit 2 hereto, and the proposal form therein referred to.

Approval of Form of Proposal

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the proposal to be executed by all bidders, on an all or none basis, in the form attached hereto marked Exhibit 2, be and is hereby approved.

Compensation of New York Bond Counsel

After discussion, on motion made, seconded and unanimously carried, the following resolution was adopted:

WHEREAS, the New York law firm of Wood, King & Dawson has heretofore been retained as bond counsel for the Authority in connection with the issue of Series 1958 Revenue Bonds in the amount of \$40,000,000; and

WHEREAS, Wood, King & Dawson have performed in part - and as of the date of the sale of said Revenue Bonds will have performed in full - the services required of them in connection with said bond issue, and have submitted a proposed statement for their services rendered in the amount of \$40,000 plus reimbursement of out-of-pocket expense:

NOW, THEREFORE, BE IT RESOLVED, that this Authority pay to Wood, King & Dawson of New York City, as compensation for its services as Bond Counsel in connection with the issue of Series 1958 Revenue Bonds, in the face amount of

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MEETING HELD ON THE Sixth DAY OF February 1958

STANDARD FORM 224 PRINTED IN U.S.A.

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\$40,000,000, the sum of \$40,000 plus reimbursement of out-of-pocket expenses, said compensation to be paid from proceeds of the bond issue when and if such bonds are sold.

Compensation of San Francisco Bond Counsel

After discussion, on motion made, seconded and unanimously carried, the following resolution was adopted:

WHEREAS, the San Francisco law firm of Orrick, Dahlquist, Herrington & Sutcliffe has heretofore been retained as Bond Counsel for the Authority in connection with the issue of Series 1958 Revenue Bonds in the amount of \$40,000,000; and

WHEREAS, Orrick, Dahlquist, Herrington & Sutcliffe have performed in part - and as of the date of the sale of said Revenue Bonds will have performed in full - the services required of them in connection with said bond issue, and have submitted a proposed statement for their services in the amount of \$25,000 plus out-of-pocket expenses consisting principally of long distance telephone calls and telegrams:

NOW, THEREFORE, BE IT RESOLVED, that this Authority pay to Orrick, Dahlquist, Herrington & Sutcliffe, of San Francisco, California, as compensation for its services as Bond Counsel in connection with the issues of Series 1958 Revenue Bonds, in the face amount of \$40,000,000, the sum of \$25,000 plus out-of-pocket expenses consisting principally of long distance telephone calls and telegrams, said compensation to be paid from proceeds of the bond issue when and if such bonds are sold.

Adoption of Official Statement

After discussion, on motion made, seconded and unanimously carried,

it was

RESOLVED, that the Official Statement relating to sales of Series 1958 Revenue Bonds of this Authority in the principal amount of \$40,000,000, in the form attached hereto marked Exhibit 4, has been reviewed by the Authority;

RESOLVED FURTHER, that the Executive Director and the General Attorney be and they are hereby authorized to make such changes in said Official Statement as may be necessary to conform said statement to the terms of the Trust Indenture as approved at this meeting, and such further minor changes as may be necessary to expedite publication and distribution of said Official Statement.

MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY

MEETING HELD ON THE

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CHARLES S. HADLEY CO., NEW YORK, N.Y., LOS ANGELES, LOS ANGELES, SAN FRANCISCO, SAN FRANCISCO, CHICAGO

REG. U.S. PAT. OFF. STANDARD MINUTE RECORD

Election of Treasurer

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that S. Leroy Tolles be and he is hereby appointed Treasurer of the Authority, to serve at the pleasure of the Authority, without compensation. Mr. Tolles is authorized to acquire the Treasurer's bond pursuant to Rule 2.6, subdivision D of the Rules and Regulations of the Authority, the premium for the bond to be paid by the Authority.

Amendment of Rules and Regulations

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the Rules and Regulations of the Authority are amended by deleting the existing Section 7.2 and substituting therefor the following:

"7.2 Authorized Signatures. All checks shall be signed by the Treasurer of the Authority, or an Assistant Treasurer, and countersigned by the Chairman, Vice Chairman, or Executive Director of the Authority. Any or all of the above signatures may be facsimiles placed upon checks by printing, signature dies, or any other method in general business use."

Agreement with Pacific Electric Railway Co.

After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the Chairman and Executive Director be and they are hereby authorized to execute an agreement with Pacific Electric Railway Co., containing in substance the provisions outlined in the letter attached hereto marked Exhibit 5, providing for use for 120 days of the Los Angeles Transit Lines and Metropolitan Coach Lines properties subsequent to closing of the purchase, such interim agreement to cover all Pacific Electric facilities now used by Metropolitan Coach Lines except the terminal at Sixth and Main Streets in Los Angeles; and

RESOLVED FURTHER, that the Chairman and Executive Director be and they are hereby authorized to execute a lease on the terminal at Sixth and Main Streets in Los Angeles owned by Pacific Electric Railway Co. under terms and conditions in substance as outlined in the letter attached hereto marked Exhibit 5.

MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY
MEETING HELD ON THE Sixth DAY OF February 1958

STANDARD FORM 634 PRINTED IN U.S.A.
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PAGE 1 & PAT OFF. STANDARD MINUTE RECORD

Report of General Attorney

The General Attorney reported that changes requested by the members in the contract with Coverdale & Colpitts to serve as Consulting Engineers for the Authority had been made. The General Attorney then read a letter which had been directed to the City Council of Los Angeles with respect to cancellation of the franchises of Los Angeles Transit Lines and Metropolitan Coach Lines, and containing an offer by the Authority to pay certain sums to the City as compensation for track removal costs when and if rail lines operated by the Authority are abandoned. After discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the letter of February 3, 1958 directed to the City Council of Los Angeles and signed by Gerald G. Kelly, General Attorney of the Authority, and all statements made therein are hereby adopted, approved and ratified by this Authority.

The General Attorney requested instructions relating to the sales tax which may be owing in connection with the transfer of the assets of Los Angeles Transit Lines and Metropolitan Coach Lines to the Authority. The General Attorney pointed out that some legal actions might be possible in an effort to defeat or diminish the tax, but any such actions would involve changing the existing arrangements with Los Angeles Transit Lines and Metropolitan Coach Lines. There was unanimous agreement on the part of the members that no such actions should be attempted, but that the General Attorney should pursue all normal courses to negotiate the lowest possible sales tax on this transaction with the appropriate State officials.

