

LOS ANGELES METROPOLITAN TRANSIT AUTHORITY

Ninth

January

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, January 9, 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 K. Follard was absent. Also present was the General Attorney, Gerald G. Kelly of Musick, Peeler & Garrett, together with David P. Evans and Theodore A. McCabe, Jr. of that firm, Executive Director Ralph F. Merritt, Ernest Gerlach of the firm of Coverdale & Colpitts, Public Relations Counsel James H. Report, and representatives of the press.

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

The minutes of the regular meeting held on November 26, 1957 were approved as distributed to the members prior to the meeting.

Report of the Executive Director

Mr. Merritt made a brief statement concerning the effect of the existing strike of bus drivers against Metropolitan Coach Lines on the proposed purchase of the assets of that company by the Authority. The statement read as follows:

"The Authority has a contract to buy the assets of the Metropolitan Coach Lines free and clear of all debt. The Authority by law must take over existing contracts of those transit facilities which it may purchase, which includes all labor contracts. Therefore, the Transit Authority has been proceeding, and will vigorously complete the necessary steps to acquire both Metropolitan and Los Angeles Transit Lines. After the sale of the bonds the Authority will immediately go forward with engineering plans for the development of an integrated mass rapid transit.

"The existing strike of the bus drivers against Metropolitan is not in any way delaying Authority action to acquire this Company and the Authority is now free to make the acquisition even though the bus drivers are still on strike."

Mr. Merritt reported to the Authority that Bear, Stearns & Co. had forwarded a check for \$12,000 for administrative and other expenses of the Authority for the three months commencing January 1, 1958, pursuant to the Financing Agreement between Bear, Stearns & Co. and this Authority.

Mr. Merritt further reported that a preliminary draft of the

official statement relating to the Series 1958 Revenue Bonds had been received from Bear, Stearns & Co. in draft form. Mr. Merritt pointed out that some minor changes would be necessary in the official statement.

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

RESOLVED, that the Chairman, Executive Director and General Attorney be and they hereby are authorized to discuss the official statement relating to the Series 1958 Revenue Bonds, as prepared by Bear, Stearns & Co., with a view toward making such changes as may be necessary in said statement; and

RESOLVED FURTHER, that the Chairman, Executive Director and General Attorney be and they hereby are authorized to approve said statement on behalf of the Authority after such changes as appear to them necessary have been made in such statement.

Report of Coverdale & Colpitts

Mr. Ernest Gerlach of Coverdale & Colpitts, Engineers, presented a supplemental report, dated December 18, 1957, relating to the acquisition 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:

WHEREAS, Section 6.1 of the Los Angeles Metropolitan Transit Authority Act of 1957 requires that the Authority cause a report to be made with respect to proposed acquisitions, which shall include certain matters relating to the probable cost of the acquisition, the probable sources and amount of income therefrom, and the estimated cost of maintenance and operation thereof; and

WHEREAS, Coverdale & Colpitts, a firm of nationally recognized engineers, was engaged to render such report, and such report now has been presented to the Authority;

NOW, THEREFORE, BE IT RESOLVED, that the report of Coverdale & Colpitts, dated February 28, 1955, considered by the members of the Authority at their meeting on March 22, 1955, and the supplemental

report of said Coverdale & Colpitts, dated December 18, 1957, are hereby approved and in particular the portions thereof which state the estimated probable cost of acquisition of certain properties of Los Angeles Transit Lines and Metropolitan Coach Lines, the estimated probable sources of income from said properties and the amount thereof, and the estimated cost of maintenance and future operation of said properties, including the cost of all repairs, administrative and overhead charges.

The members further expressed a unanimous vote of thanks to Mr. Gerlach for his able and concise presentation of the report.

#### Approval of Trust Indenture

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

RESOLVED, that a Trust Indenture, dated as of January 1, 1958 between this Authority and Bank of America National Trust & Savings Association, in the form hereto attached as Exhibit A 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:

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;

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 these 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, 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 & Savings Association, as Trustee, heretofore approved by this Authority by resolution adopted January 9, 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.

Clerical Changes in Indenture

The General Attorney pointed out that certain clerical and grammatical changes may be required between the date of this meeting and the date on which the Indenture is delivered to the printer.

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

RESOLVED, that the General Attorney be and he hereby is authorized to make such clerical changes in the form of the Indenture as may be necessary prior to delivery of such Indenture to the printer.

#### Employment of Consulting Engineer

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

RESOLVED, that the proposed contract between Coverdale & Colpitts and this Authority under which Coverdale & Colpitts will serve as Consulting Engineer pursuant to the Trust Indenture, dated January 1, 1958, be and hereby is approved as reviewed and modified at this meeting, to be effective on the date on which the Authority commences actual operation of its transit system; and

RESOLVED FURTHER, that Hayden F. Jones, Chairman of this Authority, be and he hereby is authorized to execute said contract on behalf of this Authority immediately after sale of the bonds; and

RESOLVED FURTHER, that a copy of said contract in its final form be attached to the minutes of this meeting.

#### Reports by General Attorney

The General Attorney reported that it would not be necessary to secure certification by the District Securities Commission of the Authority's bonds in order to facilitate the sale thereof, as the General Attorney stated that there seemed to be no reason to pursue this expensive and time consuming certification procedure.

The General Attorney also presented to the members an opinion with respect to the liability of the Authority for federal, state, county and local taxes of all kinds pursuant to the request therefor made by the Executive Director and reported to the Authority at its meeting of September 12, 1957.

Adoption of Rules and Regulations

The General Attorney reviewed a draft of proposed Rules and Regulations heretofore circulated to the members, and various changes in the draft were suggested, discussed and voted upon.

Thereupon, on motion made, seconded and unanimously carried, it

was

RESOLVED, that the rules and regulations reviewed at this meeting be and they hereby are adopted as the rules and regulations of this Authority; and

RESOLVED FURTHER, that a copy of said rules and regulations be filed with the minutes of this meeting; and

RESOLVED FURTHER, that all prior rules, regulations, resolutions or actions inconsistent with the rules and regulations hereby adopted be and they hereby are rescinded.

Travel of Executive Director

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

RESOLVED, that the action of Chairman Hayden F. Jones in authorizing the Executive Director to travel to New York for one week in the month of December, 1957 in order to assist Bear, Stearns & Co. and others with respect to matters relating to the proposed issue of bonds by this Authority be and the same is hereby approved, ratified and confirmed.

Salary of Executive Director

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

RESOLVED, that the salary for the office of Executive Director be fixed at \$3,125 per month, as of the date on which the Authority commences actual operation of its transit system.

Next Meeting

The General Attorney suggested that as all legal steps relating to the bond issue have been concluded and as advertisement of bids for the bonds awaits only the Moody rating, the next meeting might properly await receipt of the rating.

Thereupon, after discussion, on motion made, seconded and unanimously carried, it was

RESOLVED, that the next regular meeting of the Authority take place upon call of the Chairman.

Resolution of Sympathy

The passing of the mother of Chairman Hayden F. Jones was noted by the members and all joined in an expression of sympathy to Mr. Jones.

There being no further business before the meeting, it adjourned.

RALPH P. MERRITT  
Secretary



Minutes of January 9, 1958

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