



MINUTES

Finance and Administration Committee Meeting

Committee Members Present

Michael Hennessey, Chairman
Gene Hernandez
Steve Jones

Committee Members Absent

Richard Murphy, Vice Chairman
Andrew Do
Michelle Steel
Donald P. Wagner

Staff Present

Darrell E. Johnson, Chief Executive Officer
Ken Phipps, Deputy Chief Executive Officer
Laurena Weinert, Clerk of the Board
Gina Ramirez, Deputy Clerk of the Board
James Donich, General Counsel
OCTA Staff and Members of the General Public

Call to Order

The November 13, 2019 regular meeting of the Finance and Administration Committee (Committee) was called to order by Committee Chairman Hennessey at 10:34 a.m.

Pledge of Allegiance

Director Jones led in the Pledge of Allegiance.

1. Public Comments

No public comments were received.

Special Calendar

There were no Special Calendar matters.

Darrell E. Johnson, Chief Executive Officer (CEO), announced that due to lack of quorum, Items 3 through 12 will go forward to the November 25, 2019 Board of Directors meeting for consideration without the Committee's vote.

Consent Calendar (Items 2 through 12)

2. Approval of Minutes

Due to a lack of quorum, the minutes of the October 23, 2019, will return to the next Finance and Administration Committee meeting for consideration.



3. Fiscal Year 2019 Triennial Review

Committee Chairman Hennessey pulled this item and requested a full briefing on this item.

Janet Sutter, Executive Director of Internal Audit, stated this audit is required by the Federal Transit Administration (FTA). The FTA triennially reviews 21 different areas that cross divisions throughout the Orange County Transportation Authority (OCTA). Ms. Sutter also stated that OCTA had no deficiencies, which has never happened. Additionally, the FTA complimented OCTA on its best practices, such as OCTA's Disadvantaged Business Enterprise (DBE) program, Title VI program, and Americans with Disabilities Act process.

Mr. Johnson, CEO, stated OCTA was compliant in all the areas, and highlighted an FTA reviewer's comment that OCTA's DBE program is the best in the nation.

Committee Chairman Hennessey congratulated Virginia Abadessa, Director of Contract and Administration and Materials Management, and her staff.

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

4. Board Member Compensation, Mileage Reimbursements, and Training, Internal Audit Report No. 19-513

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

5. Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2019

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

6. Oversight Controls and Contract Compliance Related to the Orange Transportation Center Parking Structure Project

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

7. 91 Express Lanes Update for the Period Ending September 30, 2019

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.



8. Fiscal Year 2019-20 First Quarter Grant Reimbursement Status Report

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

9. Update on the Loan Agreements with the Cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

10. Orange County Employees Retirement System Early Payment for Fiscal Year 2020-21

Committee Chairman Hennessey pulled this item for staff to provide a brief overview of the prepayment of Orange County Employees Retirement System (OCERS) funds.

Andrew Oftelie, Chief Financial Officer (CFO), reported that OCERS provides member agencies an opportunity to prepay contributions for the fiscal year. He stated as an incentive, OCERS discounts OCTA's contributions by a certain percentage. He also stated this year the discount is 4.5 percent, and staff's recommendation is to authorize the early payment to OCERS.

Committee Chairman Hennessey stated as a point of pride that OCTA manages the budget well, and OCTA can take advantage of these types of savings, which also saves the taxpayers money.

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

11. Environmental Mitigation Program Endowment Fund Investment Report for September 30, 2019

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

12. Agreement for Cloud Disaster Recovery Solution

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.



Regular Calendar

13. **Fiscal Year 2018-19 Comprehensive Annual Financial Report and 91 Express Lanes Fund Financial Statements**

Sean Murdock, Director of Finance and Administration, provided opening comments and a brief update on the fiscal year 2018-19 Comprehensive Annual Financial Report (CAFR), as well as introduced Kathy Lai of Crowe, LLP,

Ms. Lai reported on the following:

- All deliverables provided an unmodified opinion.
- No deficiencies were identified in the internal controls that would be considered material weaknesses.
- No difficulties with management were encountered during the audit.
- Management representation letter was obtained.

Mr. Oftelie acknowledged OCTA staff Changsu Lee, Section Manager III, and David Hernandez, Accountant Principal, for their efforts in working with Ms. Lai and Crowe, LLP.

Committee Chairman Hennessey congratulated staff for producing a clean CAFR within four months.

Mr. Johnson, CEO, stated the effort was timely, and the fresh perspective was right for OCTA.

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

14. **Reserve Policy**

Sean Murdock, Director of Finance and Administration, provided a PowerPoint on the following:

- Policy Goal;
- Background;
- Bus Program Reserve Policy;
- 91 Express Lanes Reserve Policy;
- Motorist Services Program Reserve Policy;
- Future Reserves;
- Recommendations, and
- Next Steps.

A discussion ensued regarding the time it would take to fill capital reserve accounts and how long would the reserve last.



14. (Continued)

Due to lack of quorum, no action was taken on this item, and it will go forward to the November 25, 2019 Board of Directors meeting for consideration.

Discussion Items

15. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- The Interstate 5 (I-5) South County Improvement Project is in full swing, and crews will demolish the La Paz northbound on-ramp this weekend and requires overnight closures of La Paz between Cabot Road and Muirlands Boulevard.
 - Closures will begin at 10:00 p.m. to 8:00 a.m. on Friday, November 15th, and Saturday, November 16th. There will be lane reductions on the northbound I-5; however the freeway will remain open.
 - Staff are notifying the public through all regular OCTA channels.
- On Sunday, November 17th, the Southern California Association of Governments and the Renew Beach Boulevard Coalition are hosting a “Meet on Beach” event along Beach Boulevard. This multi-city event will transform Beach Boulevard. into a more walkable and bikeable street for a day with activities at various hubs along the corridor.
 - OCTA staff will be at the Anaheim/Buena Park hub providing information about Safe Routes to School. Additionally, at the Huntington Beach hub staff will provide information about active transportation and the Orange County Loop.
- This is the final Finance and Administration Committee meeting of the year, and on behalf of OCTA staff, the Committee Members were wished all a happy and safe holiday season.

16. Committee Members' Reports

Committee Chairman Hennessey complimented staff and thanked them for their conservative fiscal management of funds.



17. Closed Session

There were no Closed Session items scheduled.

18. Adjournment

The **10:30 a.m. on Wednesday, December 11, 2019**, meeting of the Finance and Administration Committee has been **cancelled.**

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, January 8, 2020**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room – Conference Room 07, Orange, California.

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Michael Hennessey
Committee Chairman