



MINUTES

Finance and Administration Committee Meeting

Committee Members Present

Michael Hennessey, Chairman
Richard Murphy, Vice Chairman
Andrew Do
Steve Jones
Michelle Steel

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
Cassie Trapesonian, Assistant, General Counsel
OCTA Staff and Members of the General Public

Committee Members Absent

Gene Hernandez
Donald P. Wagner

Call to Order

The July 10, 2019 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Hennessey at 10:33 a.m.

Pledge of Allegiance

Committee Vice Chairman R. Murphy led in the Pledge of Allegiance.

1. Public Comments

No public comments were received.

Special Calendar

2. Taxable Sales Forecast - Chapman University - Raymond Sfeir, Ph.D., Professor of Economics

Sean Murdock, Director of Finance and Administration, announced that the binder provided to the Members contains previous sales tax forecasts from the three universities and Muni-Services. He also stated staff is in the process of setting up a link to where the Members can review an electronic version of each forecast online.

Mr. Murdock provided a brief biography and introduced Dr. Raymond Sfeir, Ph.D., of Chapman University. Dr. Sfeir presented a comprehensive PowerPoint presentation and highlighted the following areas:

- Housing Starts;
- Investment Spending;
- Household Debt Service Payments as a Percentage of Disposable Income;



2. (Continued)

- Real Gross Domestic Product (GDP);
- Change in Payroll Employment;
- Job Growth, California; and
- Payroll Employment.
- Orange County Economic Outlook:
 - Job Growth;
 - Manufacturing Jobs;
 - Employment by Industry, Orange County; and
 - Unemployment Rate.
- Orange County Housing Outlook:
 - Two-Bedroom Apartment Rent;
 - Apartment Rent to Median Family Income;
 - Unsold Inventory – Orange County;
 - Months to sell Inventory;
 - Residential Building Permits – Orange County;
 - Single-Family Homes as a Percentage of Total Residential Building Permits;
 - Median Single-Family Home Price;
 - Factors Affecting Consumer Spending;
 - Orange County Consumer Sentiment;
 - Total Population Orange County; and
 - Taxable Sales Orange County.
- Challenges:
 - Net Population Outflow and Destination Out of California; and
 - Home Ownership Affordability.

A lengthy discussion ensued on the following:

- Median income has not kept up with the cost of housing.
- The definition of GDP.
- How the forecast between 2018 and 2019 differs.
- New tax laws lowered the rate for corporations.
- GDP impacts consumer consumption.
- Uncertainty for consumers and corporations.
- Tariffs imposed on other countries affect consumers and companies.
- The unemployment rate is at a historic low.



Consent Calendar (Items 3 through 5)

3. Approval of Minutes

A motion was made by Director Do, seconded by Director Jones, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of June 26, 2019.

4. Amendment to the 91 Express Lanes Three-Party Operating Agreement

A motion was made by Director Do, seconded by Director Jones, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-3-1529 among the Orange County Transportation Authority, Riverside County Transportation Commission, and Cofiroute USA, LLC, in an amount not to exceed \$3,437,496, for six, one-month optional extension periods from July 1, 2021 through December 31, 2021, for continued operating services on the 91 Express Lanes.

5. Amendment to Agreement for System Manager and Business Analyst Support

A motion was made by Director Do, seconded by Director Jones, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-4-1559 between the Orange County Transportation Authority and Carpe Datum to exercise the two-year option term of the agreement, effective September 1, 2019 through August 31, 2021, in the amount of \$383,984, to provide system manager and business analyst support. This will increase the maximum obligation for a total contract value of \$1,398,192.

Regular Calendar

6. Orange County Transportation Authority Investment and Debt Programs Report - May 2019

Darrell E. Johnson, Chief Executive Officer, (CEO), provided opening comments and introduced Sean Murdock, Director of Finance and Administration.

Mr. Murdock stated Committee Chairman Hennessey requested an update to the Investment and Debt Programs Report at the March 2019 Finance and Administration Committee meeting. He referenced Attachment A, A1, which shows the revised dashboard, as well as highlighted the asset-backed securities, the four investment objectives, which are principle, liquidity, diversification, and return.



6. (Continued)

Director Do inquired on how the Orange County Transportation Authority (OCTA) has the actual sales tax numbers, and Chapman University only has a forecast.

Mr. Murdock stated that OCTA's actuals are based on what staff receives from the State of California, and Chapman University requested data from various government reporting agencies so there may be a delay in receiving actual numbers.

Following the discussion, no action was taken on this receive and file information item.

Discussion Items

7. Status of Agreement No. C-8-1911 with Crowe LLP

Committee Chairman Hennessey pulled this item and announced that the issue was resolved, and no discussion is needed.

8. Chief Executive Officer's Report

- On July 9th, an email was sent to the Board of Directors with a "digital toolkit" containing all OCTA's marketing materials for the Orange County (OC) Fair Express.
- On Saturday, July 13th, OCTA is hosting a kick-off event for the OC Fair Express at the Anaheim Regional Transportation Intermodal Center from 9:30 a.m. to 11:00 a.m. The OC Fair Express will be in service from nine locations throughout Orange County on Saturdays and Sundays through August 11th.

9. Committee Members' Reports

There were no Committee Members' Reports.

10. Closed Session

There were no Closed Session items scheduled.



11. Adjournment

The meeting adjourned at 11:18 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, July 24, 2019**, 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