



**Committee Members Present
Via Teleconference:**

Michael Hennessey, Chairman
Richard Murphy, Vice Chairman
Andrew Do
Gene Hernandez
Steve Jones
Joe Muller
Michelle Steel

Staff Present

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

Committee Members Absent

None

Call to Order

The April 8, 2020, 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 Chairman Hennessey led in the Pledge of Allegiance.

Roll Call

The Deputy Clerk of the Board conducted an attendance Roll Call and announced that there was a quorum of the Finance and Administration Committee.

1. Public Comments

No public comments were received.

Special Calendar

2. Orange County Transportation Authority Financial Update

Andrew Oftelie, Chief Financial Officer, provided a PowerPoint presentation on the following:

- Program Updates; and
- Short-Term Portfolio Balance of \$1.6 Billion.

Mr. Oftelie introduced James P. Sarni, Managing Principal of Payden & Rygel, who introduced William E. Davis, III, Vice President of Payden & Rygel.



2. (Continued)

Mr. Sarni presented a PowerPoint on the following:

- Orange County Transportation Authority Executive Summary;
- Payden and Rygel Overview;
- Economic and Market Overview;
- Broad Bond Market Overview; and
- Orange County Transportation Authority Key Investment Policy Guidance vs. California Code 53601 as of March 31, 2020.

A discussion ensued regarding asset-backed securities, auto loans, ratings, and quality of the portfolio.

Mr. Oftelie continued his PowerPoint presentation on the following:

- Cash balance of \$2.1 Billion

Sean Murdock, Director of Finance and Administration, continued the PowerPoint presentation on the following:

- Measure M2 (M2) Program;
- M2 Program: Sales Tax vs. Debt Service;
- Bus Program;
- 91 Express Lanes;
- 91 Express Lanes: Revenue vs. Debt Service;
- Interstate 405 Express Lanes;
- Rating Agencies; and
- Next Steps.

A discussion ensued regarding \$400 million invested by Payden and Rygel, M2 sales tax collection decline, debt service, Metrolink ridership, and how the Metrolink Member Agencies will pay their subsidy portion.

Darrell E. Johnson, Chief Executive Officer (CEO), stated that Metrolink is making the right decisions, and the Member Agencies will be receiving the Coronavirus Aid, Relief, and Economic Security Act funds.



Consent Calendar (Items 3 through 6)

3. Approval of Minutes

A motion was made by Director Hernandez, seconded by Director Do, and following a roll call vote, declared passed 5-0, to approve the minutes from the Finance and Administration Committee meeting of March 11, 2020.

Committee Vice Chairman R. Murphy and Director Jones were not present to vote on this item.

4. Investments: Compliance, Controls, and Reporting, July 1 through December 31, 2019

A motion was made by Director Hernandez, seconded by Director Do, and following a roll call vote, declared passed 5-0, to receive and file Investments: Compliance, Controls, and Reporting, July 1 through December 31, 2019, Internal Audit Report No. 20-509, as an information item.

Committee Vice Chairman R. Murphy and Director Jones were not present to vote on this item.

5. Orange County Transportation Authority Investment and Debt Programs Report - February 2020

A motion was made by Director Hernandez, seconded by Director Do, and following a roll call vote, declared passed 5-0, to receive and file as an information item.

Committee Vice Chairman R. Murphy and Director Jones were not present to vote on this item.

6. Fiscal Year 2019-20 Second Quarter Budget Status Report

A motion was made by Director Hernandez, seconded by Director Do, and following a roll call vote, declared passed 5-0, to receive and file as an information item.

Committee Vice Chairman R. Murphy and Director Jones were not present to vote on this item.



Regular Calendar

7. 91 Express Lanes Update and Temporary Measures

James Donich, General Counsel, cautioned the Committee Members about speculating when making statements or comments about facts or situations that are material to the investors for this item.

Kirk Avila, General Manager of Express Lanes, provided a PowerPoint presentation for this item as follows:

- Recent Events;
- Recent Traffic Volumes;
- Traffic Volume Comparison to March 2019;
- Temporary Measures Taken to Date;
- Temporary Board Authorizations Requested;
- Outstanding Debt;
- Reserves in Place as of February 29, 2020;
- Board Recommendations; and
- Next Steps.

Committee Chairman Hennessey inquired about Projects I and J (Projects) and how it was decided to fund the Projects and put the extra funds into Measure M2 (M2).

Mr. Johnson, CEO, responded the original Projects were funded under M2. He stated that the Orange County Transportation Authority (OCTA) needed to find alternative funding sources, and the Board of Directors took action to dedicate the amount of \$740 million. Additionally, OCTA continues to make deposits into an M2 project fund with the priority of funding for the Projects. He also stated that the project fund balance is at \$57.2 million, and OCTA continues to make the deposits as planned towards the amount of \$740 million.

A motion was made by Director Hernandez, seconded by Director Do, and following a roll call vote, declared passed 6-0, to:

- A. Authorize the Chief Executive Officer to temporarily waive for a period of up to 90 days, 91 Express Lanes monthly account fees, contingent upon a similar approval from the Riverside County Transportation Commission.
- B. Authorize the Chief Executive Officer to temporarily modify for a period of up to 90 days the 91 Express Lanes Toll Policy to allow for the ability to remove automatic toll rates increases, if necessary.

Director Steel was not present to vote on this item.

Discussion Items

8. Fiscal Year 2020-21 Revised Budget Assumptions

Victor Velasquez, Department Manager of Planning and Analysis, provided a PowerPoint presentation on the following:

- Fiscal Year 2020-21 Budget Timeline;
- Major Programs;
- Measure M2 Program Assumptions;
- Bus Programs Revenue Assumptions;
- Bus Operations Expenditure Assumptions;
- Rail Program Revenue Assumptions;
- Rail Program Expenditure Assumptions;
- 91 Express Lanes Program Assumptions; and
- Next Steps.

Committee Chairman Hennessey inquired about the 3.9 percent operating increase for Metrolink, and does the increase include the decline from Coronavirus (COVID-19), or is this before the drop.

Mr. Johnson, CEO, responded that under the joint powers agreement, Metrolink must transmit a budget to OCTA by May 1st. He stated when Metrolink does send the budget, OCTA will adjust as appropriate.

No action was taken on this information item.

9. Chief Executive Officer's Report

Construction and Freeway Closures:

- In response to the COVID-19 pandemic, one of the unique opportunities OCTA is taking advantage of is that traffic volumes on Orange County freeways have dropped as much as 60 percent since the stay-at-home order was issued.
- OCTA is making every effort to speed up construction.
- On the Interstate 405 Improvement Project, OCTA is extending the hours of freeway and lane closures.
- While some businesses are closed in the downtown Santa Ana area, crews are working day and night to install water pipelines as part of the OC Streetcar Project.



9. (Continued)

- With 24-hour road closures in place for the above mentioned work locations, the installation time frame will be reduced.

10. Committee Members' Reports

Committee Chairman Hennessey extended his thanks to the OCTA staff for their hard work during these times. He also acknowledged that with Mr. Johnson's and the Executive staff leadership, how impressive it is that 600 employees are working remotely from home.

Committee Chairman Hennessey asked, after COVID-19, that OCTA review or start a discussion on how companies can reduce trips on freeways and streets by encouraging staff to work from home, at least one or two days a week.

11. Closed Session

There were no Closed Session items scheduled.

12. Adjournment

The meeting was adjourned at 12:00 p.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, April 22, 2020**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Conference Room 07, Orange, California.

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Michael Hennessey
Committee Chairman