



Committee Members Present

Steve Jones, Vice Chairman
Michael Hennessey
Richard Murphy
Michelle Steel

Staff Present

Darrell Johnson, Chief Executive Officer
Ken Phipps, Deputy Chief Executive Officer
Laurena Weinert, Clerk of the Board
Gina Claridge, Deputy Clerk of the Board
Cassie Trapesonian, Associate General Counsel
OCTA Staff and Members of the General Public

Committee Members Absent

Andrew Do, Chairman
Miguel Pulido
Todd Spitzer

Call to Order

The November 8, 2017 regular meeting of the Finance and Administration Committee was called to order by Committee Vice Chairman Jones at 10:34 a.m.

Pledge of Allegiance

Director Steel led in the Pledge of Allegiance.

1. Public Comments

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 6)

2. Approval of Minutes

A motion was made by Director Steel, seconded by Director R. Murphy, to approve the minutes of the Finance and Administration Committee of October 25, 2017.

3. Employee Health Benefits, Internal Audit Report No. 17-506

A motion was made by Director Steel, seconded by Director R. Murphy, and declared passed by those present, to direct staff to implement three recommendations provided in Employee Health Benefits, Internal Audit Report No. 17-506.



4. Environmental Mitigation Program Endowment Fund Investment Report for September 30, 2017

A motion was made by Director Steel, seconded by Director R. Murphy, and declared passed by those present, to receive and file as an information item.

5. Property Insurance Policy Renewal

A motion was made by Director Steel, seconded by Director R. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to issue Purchase Order No. A38332, in the amount of \$550,000, to Marsh Risk and Insurance Services, Inc. to purchase property insurance on behalf of the Orange County Transportation Authority for the policy period of December 1, 2017 to December 1, 2018.

6. Orange County Employees Retirement System Early Payment For Fiscal Year 2018-19

Director R. Murphy pulled this item to inquire if there are any other pre-payment opportunities that the Orange County Transportation Authority (OCTA) can take advantage of in order to save money.

Andrew Oftelie, Executive Director of Finance and Administration, responded that currently there are no other early payment opportunities available.

Board Chairman Hennessey acknowledged staff for taking advantage of this pre-payment opportunity.

A motion was made by Director R. Murphy, seconded by Director Steel, and declared passed by those present, to authorize the early payment of approximately \$23.3 million by January 16, 2018, to the Orange County Employees Retirement System, for member contributions for fiscal year 2018-19.

Regular Calendar

7. Fiscal Year 2016-17 Comprehensive Annual Financial Report and 91 Express Lanes Fund Financial Statements

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and a brief update on this item, as well as introduced Roger Alfaro, Partner, Vavrinek, Trine, Day and Company, LLP.



7. (Continued)

Mr. Alfaro reported on the following:

- Process focuses heavily on OCTA's internal controls.
- Risk assessment and planning process to identify key controls that OCTA has in place, including:
 - Payroll
 - Revenue recognition
 - Treasury and investment management
 - Accounts Payable management
 - Financial reporting and process used to produce financial statements
- No deficiencies were identified in the internal controls that would be considered material weaknesses.
- No difficulties were encountered during the audit.

A short discussion ensued, and Mr. Oftelie thanked several OCTA staff for their efforts and countless hours spent to ensure the Comprehensive Annual Financial Report was delivered on time.

A motion was made by Director R. Murphy, seconded by Board Chairman Hennessey, and declared passed by those present, to receive and file the fiscal year 2016-17 Comprehensive Annual Financial Report and 91 Express Lanes Fund Financial Statements.

Discussion Items

8. Chief Executive Officer's Report

- On Tuesday, November 7th, OCTA hosted its annual Veteran's Day event. There were 95 employees who were recognized for serving in the military; as well as 15 employees with children or grandchildren who served our country. Directors Shaw and Winterbottom also participated in the event.
- On Saturday, November 11th at 9:00 a.m., OCTA is hosting a wilderness hike at the Ferber Ranch Preserve in Trabuco Canyon to give the public an opportunity to view the open space property.



8. (Continued)

- Darrell Johnson, CEO, provided opening remarks and introduced Andrew Oftelie, Executive Director of Finance and Administration, who provided a brief overview on the Orange County Employees Retirement System Board of Directors action on lowering the long-term investment earnings assumption from 7.25 to 7.00 percent, the rates for employees will go up along with the unfunded liability for OCTA. Mr. Oftelie stated that staff will provide more information to the Committee in the future.

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 10:52 a.m.

The **Wednesday, November 22, 2017** meeting of this Committee has been cancelled.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, December 13, 2017**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Gina Claridge
Deputy Clerk of the Board

Steve Jones
Committee Vice Chairman