



# MINUTES

## *Finance and Administration Committee Meeting*

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### **Committee Members Present**

Michael Hennessey, Chairman  
Richard Murphy, Vice Chairman  
Andrew Do  
Gene Hernandez  
Steve Jones

### **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

### **Committee Members Absent**

Michelle Steel  
Donald P. Wagner

## **Call to Order**

The April 10, 2019 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Hennessey at 10:35 a.m.

## **Pledge of Allegiance**

Director Jones led in the Pledge of Allegiance.

### **1. Public Comments**

No public comments were received.

## **Special Calendar**

### **2. Investment Management Presentation**

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced:

- James P. Sarni, Managing Principal of Payden & Rygel
- William E. Davis, III, Vice President of Payden & Rygel

Mr. Sarni provided a PowerPoint on the following:

- The Yield Curve Inverted...So What Does It Mean?;
- Yield Curve Inversions Often Precede Recessions...But Not Always!;
- Yield Curve Inversions Can Be Predictive...With Long and Variable Lags.;
- So What About the Fed's Balance Sheet? The Fed is Not Committed To Keeping It Larger for Longer. Meanwhile, T-Bill Issuance Has Surged.;



**2. (Continued)**

- Don't Be Too Worried. Initial Claims for Unemployment Insurance Remain Low., and
- What Can Go Wrong? Housing.

A lengthy discussion ensued regarding:

- Average timeline for a recession;
- How Payden & Rygel defines mid-term;
- Interest rates slowly increasing;
- Feds only control short-term interest rates;
- The current job market is strong;
- If Initial unemployment claims increase by 10 percent this will be an indicator of a recession;
- Consistent decline in housing market is another indicator of a recession;
- Recession data are similar for National and California;
- Consumer Price Index running at 2 percent annually and why the Feds are considering that a victory;
- How high-density apartment homes are impacting the housing market versus single home;
- How Payden & Rygel's investment philosophy differs from a year ago, and
- How will Payden & Rygel's philosophy changes as recession becomes more apparent.

Mr. Sarni referenced the article "Housing is the Canary Singing" in Payden & Rygel's quarterly Point of View publication.

Mr. Oftelie stated that in the summer months of May, June, and July the three universities will present the sales tax forecast and the general direction of the economy to the Finance and Administration Committee. In addition, Mr. Oftelie stated that Muni-Services will present the short-term forecast.

Mr. Oftelie also noted that at the next Finance and Administration Committee meeting staff will present the debt and investment report and discuss the yields the Orange County Transportation Authority (OCTA) is getting on the bond portfolio as compared to what is being paid on the municipal bonds.



### **Consent Calendar (Items 3 and 4)**

#### **3. Approval of Minutes**

A motion was made by Director Hernandez, seconded by Director Do, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of March 27, 2019.

#### **4. Federal Incentive Payment Program and Modified Settlement Delegation Authority for the State Route 55 Improvement Project Between Interstate 405 and Interstate 5**

A motion was made by Director Hernandez, seconded by Director Do, and declared passed by those present, to:

- A. Authorize the Chief Executive Officer, or his designee, to implement the State Route 55 Acquisition - Incentive Payment Program to acquire needed right-of-way for the State Route 55 Improvement Project, which is consistent with Federal Highway Administration and California Department of Transportation guidelines.
- B. Authorize the Chief Executive Officer, or his designee, to execute agreements to acquire needed right-of-way in accordance with the modified settlement delegation authority for the State Route 55 Improvement Project.

### **Regular Calendar**

There were no Regular Calendar items scheduled.

### **Discussion Items**

#### **5. Chief Executive Officer's Report**

Darrell E. Johnson, Chief Executive Officer, reported:

- Interstate Central County Improvements Project is moving forward with the project.
- The Main Street carpool on and off-ramps will permanently be closed as early as April 11<sup>th</sup> to make room for the additional work. Staff is communicating the construction activities and different access points to and around Main Street.



**5. (Continued)**

- Late Monday evening OCTA was notified from Congressman Rouda's office that he plans an Infrastructure Roundtable on April 24<sup>th</sup> at 9:00 a.m. Either Chairman Shaw or OCTA staff will present on behalf of OCTA.

**6. Committee Members' Reports**

There were no Committee Members' Reports.

**7. Closed Session**

There were no Closed Session items scheduled.

**8. Adjournment**

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, April 24, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

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Gina Ramirez  
Deputy Clerk of the Board

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Michael Hennessey  
Committee Chairman