



Committee Members Present

Michael Hennessey, Chairman
Andrew Do
Gene Hernandez
Steve Jones
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

Committee Members Absent

Richard Murphy, Vice Chairman

Call to Order

The April 24, 2019 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Hennessey at 10:32 a.m.

Pledge of Allegiance

Director Hernandez led in the Pledge of Allegiance.

1. Public Comments

No public comments were received.

Special Calendar

2. Proposed Fiscal Year 2019-20 (FY20) Southern California Regional Rail Authority Budget

Andrew Oftelie, Chief Financial Officer, provided opening comments and introduced Ronnie Campbell, Chief Financial Officer (CFO), from Southern California Regional Rail Authority (Metrolink).

Mr. Campbell provided a PowerPoint presentation for this item as follows:

- FY20 Budget Priorities;
- FY20 New Service for the 91/Perris Valley Line;
- FY20 New Service for the Orange County Line;
- Revenue Allocation by Member Agency;
- FY20 Proposed Expenditures;
- Expense Allocation by Member Agency;
- Subsidy by Member Agency;
- FY20 Proposed Rehabilitation Budget;
- FY20 Proposed New Capital Budget; and
- Timeline-Next Steps.



2. (Continued)

Mr. Campbell noted that Stephanie Wiggins, the new Chief Executive Officer (CEO), for Metrolink will attend the Orange County Transportation Authority (OCTA) Board of Directors meeting on May 13, 2019.

A discussion ensued between Metrolink staff and the Committee regarding:

- Tier 4 locomotives roll-out delays;
- Input from member agencies on the proposed rehabilitation budget;
- Proposed new capital budget and the Southern California Optimized Rail Expansion (SCORE) grant being tracked as a separate item from the capital budget; and
- Resolve for the ticket media issue between the Los Angeles County Metropolitan Transportation Authority and the OCTA.

Committee Chairman Hennessey requested that Metrolink staff return with an update on the Tier 4 locomotives roll-out at a future Finance and Administration (F&A) Committee meeting.

Mr. Campbell acknowledged Committee Chairman Hennessey's request to return and provide an update at a future Finance and Administration Committee meeting.

Committee Chairman Hennessey inquired on the Comprehensive Annual Financial Report for Metrolink.

Mr. Oftelie stated, that in the past, there were some issues with the accuracy and timeliness of receiving reports from Metrolink staff. He stated this issue has been corrected and acknowledged that Metrolink staff have been responsive and thanked them for their timeliness in providing the year-end reconciliation.

Consent Calendar (Items 3 through 12)

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 April 10, 2019.

Director Wagner abstained from voting on this item, due to not attending the meeting.



4. Mobile Ticketing Operations, Internal Audit Report No. 19-505

A motion was made by Director Hernandez, seconded by Director Do, and declared passed by those present, to direct staff to implement two recommendations provided in Mobile Ticketing Operations, Internal Audit Report No. 19-505.

5. Fiscal Year 2018-19 Internal Audit Plan, Third Quarter Update

A motion was made by Director Hernandez, seconded by Director Do, and declared passed by those present, to receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2018-19 Internal Audit Plan as an information item.

6. Recruitment and Employment Audit

A motion was made by Director Hernandez, seconded by Director Do, and declared passed by those present, to direct staff to implement three recommendations provided in Recruitment and Employment, Internal Audit Report No. 19-503.

7. Local Agency Investment Fund - March 2019

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

8. Orange County Treasurer's Management Report - March 2019

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

9. Third Quarter Fiscal Year 2018-19 Procurement Status Report

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

10. Agreement for Magnetic Bus Passes

A motion was made by Director Hernandez, seconded by Director Do, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Blanket Purchase Order No. C-9-1017 between the Orange County Transportation Authority and Electronic Data Magnetics, Inc., in the amount of \$414,906, to provide magnetic bus passes from July 1, 2019 through June 30, 2023.



11. Approval of Fiscal Year 2019-20 Local Transportation Fund Claim for Public Transportation and Community Transit Services

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

- A. Approve the Orange County Transit District Fiscal Year 2019-20 Local Transportation Fund Claim for public transportation services in the amount of \$164,730,028, and for community transit services in the amount of \$8,733,198, for a total claim amount of \$173,463,226.
- B. Authorize the Chief Executive Officer to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the full amount of the claims.

12. Approval of the Fiscal Year 2019-20 Local Transportation Fund Claim for Laguna Beach Public Transportation Services

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

- A. Approve the Laguna Beach Municipal Transit Lines Fiscal Year 2019-20 Local Transportation Fund Claim for public transportation services in the amount of \$1,200,732.
- B. Authorize the Chief Executive Officer of the Orange County Transportation Authority to issue allocation/disbursement instructions to the Orange County Auditor-Controller in the amount of the claim.

Regular Calendar

13. Orange County Transportation Authority Fiscal Year 2019-20 Budget Workshop

Andy Oftelie, CFO, provided opening comments and introduced Victor Velasquez, Department Manager of Financial Planning and Analysis, who presented a PowerPoint on the following:

- Budget Themes;
- Budget Overview;
- Budget Sources and Uses;
- Total Budget by Program;
- Staffing Levels; and
- Next Steps.



13. (Continued)

Mr. Velasquez reported staff will conduct an informational budget workshop for the OCTA Board of Directors (Board) at the May 13, 2019, Board meeting. He stated that a public hearing for the budget is scheduled for June 10, 2019, Board meeting, after which staff anticipates seeking Board approval of the budget.

In addition, Mr. Velasquez announced that OCTA's budget staff would be available to meet one-on-one with any Committee Members regarding budget questions.

No action was taken on this receive and file information item.

14. Orange County Transportation Authority Investment and Debt Programs Report - March 2019

Committee Chairman Hennessey opened that he requested this item return to the Finance and Administration Committee.

Andrew Oftelie, CFO, provided background on the California Government Code process and overview on the following reports:

- Local Agency Investment Fund;
- Orange County Treasurer's Management Report; and
- Investment and Debt Programs Report.

Sean Murdock, Director of Finance and Administration, provided the following overview in Attachment A of the Staff Report:

- Investment Profile;
- Short-Term Portfolio \$1.50 Billion, Part 1 and 2; and
- Short-Term Portfolio Maturity Schedule.

Director Hernandez inquired on the Bank of Nova Scotia and the guaranteed investment contract.

Mr. Murdock responded this bank is where the Measure M2 bond proceeds are invested and provided background on the competitive procurement process. He also stated the guaranteed investment yield is 3.14 percent.



14. (Continued)

A discussion ensued regarding original cost value, out of state investment bonds, updating the OCTA investment policy, and how this information should be reviewed by the F&A Committee.

Darrell E. Johnson, CEO, stated that the goal is for the Committee to understand the portfolio.

Committee Chairman Hennessey inquired on an audit of the investment portfolio.

Janet Sutter, Executive Director of Internal Audit, responded that as part of the Internal Audit Plan the compliance, controls, and reporting of the investments are reviewed every six months. In addition, she stated that OCTA's independent accountants apply procedures to the investments report at the year end.

Mr. Murdock also referenced the following topics in Attachment A of the Staff Report as follows:

- Short-Term Portfolio;
- Short-Term Portfolio Performance;
- Comparative Yield Performance;
- Liquid Funds Portfolio;
- Liquid Portfolio;
- Liquid Portfolio Performance;
- Investment Policy Compliance;
- Investment Allocation;
- Negative Credit Watch; and
- Total Outstanding Debt.

Committee Chairman Hennessey requested that staff make the graph size larger on Page 8, in Attachment A of the Staff Report.

Committee Chairman Hennessey and Director Hernandez requested staff provide a sample "dash board" report on compliance by comparison.

Committee Chairman Hennessey suggested omitting the County report since it is duplicated in another report.

Mr. Oftelie acknowledged the Committee's comments and suggestions and will incorporate the information into a sample report.



14. (Continued)

Committee Chairman Hennessey requested that staff have the report reviewed by Ms. Sutter and return to a future Finance and Administration Committee meeting with a sample.

No action was taken on this receive and file information item.

Discussion Items

15. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- Earlier this morning, Congressman Harley Rouda hosted a panel discussion on infrastructure in Fountain Valley, where he participated in the discussion along with various city and county officials as well as representatives from local water district boards.
- He shared with the group in Fountain Valley, some of OCTA's concerns regarding the uncertainty of federal transportation funding. He also provided feedback on OCTA's experience obtaining a Transportation Infrastructure Finance and Innovation Act loan for the Interstate 405 Improvement Project along with some of our recommendations to improve and streamline that process.
- On Sunday, April 28th at 9:00 a.m., OCTA will host an equestrian ride at the Trabuco Rose Preserve in Trabuco Canyon to give the horse-riding community and opportunity to view that open space.

16. Committee Members' Reports

Director Hernandez inquired on the upcoming OCTA Bike Rally.

Mr. Johnson, CEO, responded the OCTA Bike Rally will be held on May 16th, and additional information will be provided to the Committee members.

17. Closed Session

There were no Closed Session items scheduled.



18. Adjournment

The meeting adjourned at 11:32 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, May 22, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Michael Hennessey
Chairman

Gina Ramirez
Deputy Clerk of the Board