



# AGENDA

## *Finance and Administration Committee Meeting*

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### **Committee Members**

Andrew Do, Chairman  
Steve Jones, Vice Chairman  
Michael Hennessey  
Richard Murphy  
Miguel Pulido  
Todd Spitzer  
Michelle Steel

Orange County Transportation Authority Headquarters  
550 South Main Street, Board Room – Conf. Room 07  
Orange, California

***Wednesday, February 8, 2017 at 10:30 a.m.***

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

All documents relative to the items referenced in this agenda are available for public inspection at [www.octa.net](http://www.octa.net) or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

### **Call to Order**

### **Pledge of Allegiance**

Director Murphy

### **1. Public Comments**

### **Special Calendar**

### **2. Committee Meeting 2017 Schedule**

Andrew Do, Committee Chairman

The Committee Chairman will lead a discussion regarding the 2017 meeting schedule for the Finance and Administration Committee. The proposed 2017 dates and time for this Committee is provided in Attachment A.



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- 3. Roles and Responsibilities of the Finance and Administration Committee**  
Darrell Johnson, Chief Executive Officer

Roles and responsibilities for the Finance and Administration Committee are reviewed periodically for any appropriate changes or additions. These roles and responsibilities are presented for discussion in Attachment A.

### **Consent Calendar (Items 4 through 11)**

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

- 4. Approval of Minutes**

Approval of the minutes of the Finance and Administration Committee meeting of January 11, 2017.

- 5. Audit Responsibilities of the Finance and Administration Committee**  
Janet Sutter

#### **Overview**

The Finance and Administration Committee of the Board of Directors of the Orange County Transportation Authority serves as an audit committee in its oversight of audit activities. Annually, the Board of Directors approves the Audit Responsibilities of the Finance and Administration Committee to reaffirm the responsibilities of the Finance and Administration Committee with regard to audits.

#### **Recommendation**

Approve the Audit Responsibilities of the Finance and Administration Committee.



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6. **91 Express Lanes Property Insurance Renewal**  
Al Gorski/Maggie McJilton

### **Overview**

The Orange County Transportation Authority currently has a primary property and flood insurance policy for the 91 Express Lanes with Zurich American Insurance Company and six earthquake insurance policies with Empire Indemnity Insurance Company, General Security Indemnity Company of Arizona, Everest Indemnity Insurance Company, QBE Specialty Insurance Company, Endurance American Insurance Company, and Princeton Excess and Surplus Lines Insurance Company which will expire on March 1, 2017.

### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A36602, in the amount of \$500,000, to Marsh Risk and Insurance Services, Inc., to purchase the 91 Express Lanes' property, flood, and earthquake insurance on behalf of the Orange County Transportation Authority for the policy period of March 1, 2017 to March 1, 2018.

7. **Orange County Treasurer's Management Report - December 2016**  
Rodney Johnson/Andrew Oftelie

### **Overview**

The Orange County Transportation Authority invests a portion of its liquid portfolio in the Orange County Investment Pool. Each month the Orange County Treasurer publishes a comprehensive report detailing the composition of the pool and the prevailing economic and market conditions. The attached Treasurer's Management Report for the Orange County Investment Pool is for the month ending December 31, 2016. The report has been reviewed and is consistent with the investment practices of the Orange County Treasurer.

### **Recommendation**

Receive and file as an information item.



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- 8. Local Agency Investment Fund - December 2016**  
Rodney Johnson/Andrew Oftelie

### **Overview**

The Orange County Transportation Authority invests a portion of its liquid portfolio in the State of California Local Agency Investment Fund. Each month, the State Treasurer's office publishes a report detailing the composition of the pool. The attached summary statements from the report are for the month ending December 31, 2016. The report has been reviewed and is consistent with the investment practices of the State Treasurer's Office.

### **Recommendation**

Receive and file as an information item.

- 9. Second Quarter Fiscal Year 2016-17 Procurement Status Report**  
Virginia Abadessa/Andrew Oftelie

### **Overview**

The second quarter procurement status report summarizes the procurement activities for information purposes to the Orange County Transportation Authority Board of Directors. This report focuses on procurement activity from October 1 through December 31, 2016, that was approved by the Board of Directors during this period. The second quarter procurement status report also projects future procurement activity for the third quarter as identified in the fiscal year 2016-17 budget.

### **Recommendation**

Receive and file as an information item.



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**10. Orange County Transportation Authority Investment and Debt Programs - December 2016**

Rodney Johnson/Andrew Oftelie

**Overview**

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending December 31, 2016. The report has been reviewed and is consistent with the investment practices contained in the investment policy.

**Recommendation**

Receive and file as an information item.

**11. Fiscal Year 2016-17 Internal Audit Plan, Second Quarter Update**

Janet Sutter

**Overview**

The Orange County Transportation Authority Board of Directors adopted the Fiscal Year 2016-17 Internal Audit Plan on July 25, 2016. This update is for the second quarter of the fiscal year.

**Recommendation(s)**

Receive and file the second quarter update to the Orange County Transportation Authority Fiscal Year 2016-17 Internal Audit Plan as an information item.



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### **Regular Calendar**

#### **12. Status of Coach Operator Health Insurance Benefits Audit**

Janet Sutter

##### **Overview**

The Internal Audit Department is unable to conduct a planned audit of Coach Operator Health Insurance Benefits. The purpose of the audit was to determine whether monies paid by the Orange County Transportation Authority are used in compliance with Article 40 of the Coach Operator Agreement with Teamsters Local 952 and to determine compliance with the Affordable Care Act regarding waiting period limitations. To date, attempts to access records required for audit have been unsuccessful.

##### **Recommendations**

- A. Suspend the planned audit of Coach Operator Health and Insurance Benefits Audit pending upcoming negotiations with Teamsters Local 952.
- B. Direct staff to work with Teamsters Local 952 to amend language and requirements in Article 40: Health and Insurance Benefits, to ensure audit provisions extend to the contracted administrators.

#### **13. Interstate 405 Improvement Project Financing Update**

Kirk Avila/Andrew Oftelie

##### **Overview**

Over the past several months, Orange County Transportation Authority representatives have been discussing a Transportation Infrastructure Finance and Innovation Act loan for the Interstate 405 Improvement Project with the Build America Bureau Credit Programs Office. One of the requirements for the loan includes receiving investment grade ratings for the project from two of the nationally recognized statistical rating organizations approved by the Securities and Exchange Commission. During the week of December 19, 2016, Orange County Transportation Authority representatives met with five rating agencies in New York to discuss the loan. A detailed summary report on the meetings has been prepared by Sperry Capital Inc., and is attached to this staff report. Also included is a summary of the project and financing activities to date.



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### 13. (Continued)

#### **Recommendation**

Receive and file as an information item.

### **Discussion Items**

#### 14. **Bus Program Assumptions**

Victor Velasquez/Andrew Oftelie

Staff has continued to monitor the decline in boardings and the impact of the new sales tax forecasting methodology on the Bus Program, which resulted in a substantial decrease in forecasted sales tax revenue available to support ongoing expenditures. As a result, staff is evaluating additional cost containment strategies for the Bus Program's Fiscal Year 2018 Proposed Budget.

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

#### 16. **Committee Members' Reports**

#### 17. **Closed Session**

There are no Closed Session items scheduled.

#### 18. **Adjournment**

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, February 22, 2017**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.