



AGENDA

Finance and Administration Committee Meeting

Committee Members

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

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

Wednesday, October 24, 2018 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 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

Committee Vice Chairman R. Murphy

1. Public Comments

Special Calendar

There are no Special Calendar matters.



Consent Calendar (Items 2 through 15)

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.

2. Approval of Minutes

Approve the minutes of the Finance and Administration Committee of October 10, 2018.

3. Fiscal Year 2018-19 Internal Audit Plan, First Quarter Update Janet Sutter

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2018-19 Internal Audit Plan on August 27, 2018. This update is for the first quarter of the fiscal year.

Recommendation

Receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2018-19 Internal Audit Plan as an information item.

4. Financial and Compliance Audits of Eight Measure M2 Comprehensive Transportation Funding Programs Projects Gabriel Tang/Janet Sutter

Overview

Audits have been completed of eight projects funded through the Measure M2 Comprehensive Transportation Funding Programs. Two recommendations were made to the City of Orange to improve compliance with procurement requirements and program guidelines.

Recommendations

- A. Receive and file financial and compliance audits of eight Comprehensive Transportation Funding Programs projects.
- B. Direct staff to follow up with the City of Orange on the status of implementation of two recommendations.



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5. **Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2018**
Gabriel Tang/Janet Sutter

Overview

The Internal Audit Department has completed an audit of investments for the period January 1 through June 30, 2018. Based on the audit, the Orange County Transportation Authority complied with its debt, investment, and reporting policies and procedures.

Recommendation

Receive and file Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2018, Internal Audit Report No. 19-501, as an information item.

6. **ACCESS Service, Internal Audit Report No. 18-514**
Serena Ng/Janet Sutter

Overview

The Internal Audit Department has completed an audit of ACCESS services provided by MV Transportation, Inc. Based on the audit, the reservation and scheduling process, invoice approval procedures, and drug and alcohol program monitoring are adequate. However, improvements to contract amendment policies, calculation of call center hold-times, and monitoring of preventive maintenance, performance bond requirements, and farebox revenue reconciliations are recommended.

Recommendation

Direct staff to implement five recommendations provided in ACCESS Service, Internal Audit Report No. 18-514.

7. **Fiscal Year 2017-18 Fourth Quarter Budget Status Report**
Anthony Baruch/Andrew Oftelie

Overview

The Orange County Transportation Authority's staff has implemented the fiscal year 2017-18 budget. This report summarizes the material variances between the budget and actual revenue and expenses through the fourth quarter of fiscal year 2017-18.



7. (Continued)

Recommendation

Receive and file as an information item.

8. First Quarter Fiscal Year 2018-19 Procurement Status Report

Virginia Abadessa/Andrew Oftelie

Overview

The first 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 July 1 through September 30, 2018, that was approved by the Board of Directors during this period. The first quarter procurement status report also projects future procurement activity for the second quarter as identified in the fiscal year 2018-19 budget.

Recommendation

Receive and file as an information item.

9. Local Agency Investment Fund - September 2018

Jennifer Matano/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 September 30, 2018. 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.



10. Orange County Treasurer's Management Report - September 2018
Jennifer Matano/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 September 30, 2018. 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.

11. Orange County Transportation Authority Investment and Debt Programs Report - September 2018
Jennifer Matano/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 September 30, 2018. 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.



12. Amendment to Agreement for Renewable Natural Gas
Ron Rojas/Andrew Oftelie

Overview

On March 14, 2016, the Orange County Transportation Authority Board of Directors approved an agreement with Element Markets Renewable Energy, LLC, to provide renewable natural gas and consulting services for management of the Low Carbon Fuel Standard Program for a three-year initial term with two, two-year option terms. An amendment is required to increase the maximum obligation of the initial term to fund the cost of renewable natural gas, as well as to exercise the first option term.

Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-5-3636 between the Orange County Transportation Authority and Element Markets Renewable Energy, LLC, to increase the maximum obligation for the initial three-year term in the amount of \$2,000,000 to purchase renewable natural gas as fuel.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-5-3636 between the Orange County Transportation Authority and Element Markets Renewable Energy, LLC, to exercise the first two-year option term, in the amount of \$8,000,000, to provide renewable natural gas and consulting services for the management of the Low Carbon Fuel Standard Program. This will increase the maximum obligation of the agreement to a total contract value of \$18,060,000.

13. Amendment to Cooperative Agreement with the City of Laguna Beach for Public Transit Services
Sam Kaur/Andrew Oftelie

Overview

On August 26, 2013, the Orange County Transportation Authority Board of Directors approved a cooperative agreement with the City of Laguna Beach for the continued operation of public transit services. Board of Directors' approval is requested to amend the cooperative agreement to provide the City of Laguna Beach with additional funds due to an increase in federal allocation.



13. (Continued)

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Cooperative Agreement No. C-3-1705 between the Orange County Transportation Authority and the City of Laguna Beach, in the amount of \$119,735, for Federal Transit Administration funding, and to extend the current contract term an additional seven months through June 30, 2019. This will increase the maximum obligation of the cooperative agreement to a total contract value of \$869,735.

14. Property Insurance Policy Renewal

Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority holds a property insurance policy with Zurich Insurance Company. This policy is scheduled to expire on December 1, 2018.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A40297, 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, 2018 to December 1, 2019.

15. Measure M2 Sales Tax Forecast

Sam Kaur/Andrew Oftelie

Overview

The Orange County Transportation Authority contracts with MuniServices, LLC, and three universities to forecast Measure M2 taxable sales. MuniServices, LLC, and the three universities have provided updated forecasts, and staff has incorporated the new information into the annual update for the long-range forecast of Measure M2 taxable sales.

Recommendation

Receive and file as an information item.



Regular Calendar

- 16. Approval of the 2018 Measure M2 Plan of Finance, Issuance of Measure M2 Bonds, Selection of Underwriting Team, and Bond Counsel Services Amendment**
Andrew Oftelie

Overview

Staff has completed an update to the Measure M2 Plan of Finance that identifies the program requirements over the next few years for the Measure M2 Program. The updated Measure M2 Plan of Finance highlights the need for the issuance of Measure M2 bonds to fund future expenditures. If a financing is approved, the selection of an underwriting team is recommended along with additional funds required for bond counsel services.

Recommendations

- A. Authorize the selection of Bank of America Merrill Lynch; Barclays Capital, Inc.; Citigroup Global Markets, Inc.; Goldman Sachs & Co.; J.P. Morgan Securities LLC; and Stifel, Nicolaus & Company, Inc., from the Orange County Transportation Authority's underwriting pool, to assist with the next Measure M2 bond offering.
- B. Authorize the selection of Bank of America Merrill Lynch and Citigroup Global Markets, Inc., from the Orange County Transportation Authority's underwriting pool, to serve as the senior underwriting manager and co-senior underwriting manager, respectively, for the next Measure M2 bond transaction.
- C. Authorize the Chief Executive Officer to execute Amendment No. 5 to Agreement No. C-5-3099 between the Orange County Transportation Authority and Nossaman LLP, in the amount of \$200,000, to provide bond counsel services for the Orange County Transportation Authority Sales Tax Revenue Bonds, Series 2019 transaction. The total contract amount will be \$527,250.
- D. Authorize the issuance of sales tax revenue bonds to finance the Measure M2 Program.
- E. Adopt the 2018 Measure M2 Plan of Finance, which identifies the Measure M2 project requirements over the next several years.
- F. Direct staff to pursue financing opportunities through the Transportation Infrastructure Innovation Act for Measure M2 projects.



Discussion Items

17. Chief Executive Officer's Report

18. Committee Members' Reports

19. Closed Session

There are no Closed Session items scheduled.

20. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, November 14, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.