



AGENDA

Finance and Administration Committee Meeting

Committee Members

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

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

Wednesday, January 9, 2019 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

Director Jones

1. Public Comments

Special Calendar

There are no Special Calendar matters.

Consent Calendar (Items 2 through 14)

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 - November 14, 2018

Approval of the minutes of the Finance and Administration Committee meeting of November 14, 2018.



3. Approval of Minutes - December 12, 2018

Approval of the minutes of the Finance and Administration Committee meeting of December 12, 2018.

4. Audit of Oversight Controls and Contract Compliance Related to the Interstate 5 High-Occupancy Vehicle Improvement Project: Pacific Coast Highway to San Juan Creek Road
Ricco Bonelli/Janet Sutter

Overview

The Internal Audit Department has completed an audit of oversight controls and contract compliance related to Segment 3 of the Interstate 5 High-Occupancy Vehicle Improvement Project. Based on the audit, consultants were procured in compliance with policy; however, some concerns were identified related to amendment processing. Also, invoices were generally paid in compliance with contract terms; however, one consultant was paid more than the contractually allowed amount for a specified task. Finally, a written Project Management Plan outlining the scope of work, constraints, and technical requirements of the project, was not prepared as required.

Recommendation

Direct staff to implement three recommendations provided in the Audit of Oversight Controls and Contract Compliance Related to the Interstate 5 High-Occupancy Vehicle Improvement Project: Pacific Coast Highway to San Juan Creek Road, Internal Audit Report No. 18-512.

5. State of California, Department of Transportation, Incurred Cost Audit - Orange County Transportation Authority
Janet Sutter

Overview

The California Department of Transportation, Division of Local Assistance, has issued a letter notifying the Orange County Transportation Authority of their determination of required corrective actions to be taken to address deficiencies identified in the State of California, Department of Transportation, Incurred Cost Audit, issued April 26, 2016. The Orange County Transportation Authority has been asked to reimburse \$450,393 of right-of-way costs, revise policy and procedure manuals, and obtain staff training by May 2, 2019.



5. (Continued)

Recommendation

Direct staff to work with the California Department of Transportation, Division of Local Assistance, and to address corrective action recommendations.

6. **Orange County Employee's Retirement System: Audit of Orange County Transportation Authority's Payroll Transmittals** Janet Sutter

Overview

The Internal Audit Department of the Orange County Employees Retirement System has completed an audit of the Orange County Transportation Authority's payroll transmittals and has concluded that payroll transmittals were accurate and complete. The audit, which was completed in April 2018 and issued in November 2018, identified inconsistencies in contribution withholding practices among plan sponsors. To address this, the auditors recommended that Orange County Employees Retirement System management create a contribution policy and apply it uniformly across all plan sponsors.

Recommendation

Receive and file an audit completed by the Internal Audit Department of the Orange County Employees Retirement System, Audit of Orange County Transportation Authority (OCTA) Payroll Transmittals, Report Date: November 12, 2018, as an information item.

7. **Local Agency Investment Fund - October 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 October 31, 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.



8. Orange County Treasurer's Management Report - October 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 October 31, 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.

9. Orange County Transportation Authority Investment and Debt Programs Report - October 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 October 31, 2018. The report has been reviewed and is consistent with the investment practices contained in the Investment Policy. Four General Electric securities fell below the minimum credit quality during the month due to a downgrade. The securities are being held for the short term.

Recommendation

Receive and file as an information item.



10. Local Agency Investment Fund - November 2018

Maya Haddad/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 November 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.

11. Orange County Treasurer's Management Report - November 2018

Sean Murdock/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 November 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.



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- 12. Orange County Transportation Authority Investment and Debt Programs Report - November 2018**
Maya Haddad/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 November 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.

- 13. Update on the Loan Agreements with the Cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board**
Sam Kaur/Andrew Oftelie

Overview

The Orange County Transportation Authority Board of Directors authorized loan agreements with the cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board. Per Board of Directors' direction, staff provides annual updates on the status of the agreements.

Recommendation

Receive and file as an information item.

- 14. Fiscal Year 2018-19 First Quarter Grant Reimbursement Status Report**
Sam Kaur/Andrew Oftelie

Overview

The Quarterly Grant Reimbursement Status Report summarizes grant activities for the Orange County Transportation Authority Board of Directors. This report focuses on activity for the period of July through September 2018.

Recommendation

Receive and file as an information item.



Regular Calendar

15. Fiscal Year 2018-19 First Quarter Budget Status Report

Anthony Baruch/Andrew Oftelie

Overview

The Orange County Transportation Authority's staff has implemented the fiscal year 2018-19 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the first quarter of fiscal year 2018-19.

Recommendation

Receive and file as an information item.

Discussion Items

16. Update on Measure M2 Financing

Sean Murdock/Andrew Oftelie

Staff will provide an update on the upcoming Measure M2 Financing.

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, January 23, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.