



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 23, 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 Hennessey

1. Public Comments

Special Calendar

There are no Special Calendar matters.

Consent Calendar (Items 2 through 12)

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

Approval of the minutes of the Finance and Administration Committee meeting of January 9, 2019.



3. Fiscal Year 2017-18 Annual Financial and Agreed-Upon Procedures Reports
Janet Sutter

Overview

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has completed its annual audits of the Orange County Transportation Authority and related entities for the fiscal year 2017-18. Additionally, reports have been issued on the results of agreed-upon procedures applied to determine compliance with certain state, federal, and local requirements. All reports are included herewith.

Recommendation

Receive and file the fiscal year 2017-18 annual financial statement audits and agreed-upon procedures reports as information items.

4. Fiscal Year 2017-18 Auditor's Communication to Those Charged with Governance
Janet Sutter

Overview

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on its Comprehensive Annual Financial Report and various fund financial statements. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, conducted the annual audit of the Orange County Transportation Authority's financial statements for fiscal year 2017-18, and, as required by United States Generally Accepted Auditing Standards and Office of Management and Budget Circular A-133, has herewith issued its Auditor's Communication to Those Charged with Governance.

Recommendation

Receive and file as an information item.



5. Fiscal Year 2018-19 Internal Audit Plan, Second 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 second quarter of the fiscal year.

Recommendation

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

6. Rail Right-of-Way Maintenance, Internal Audit Report No. 19-502
Gerald Dunning/Janet Sutter

Overview

The Internal Audit Department has completed an audit of rail right-of-way maintenance along the Orange and Olive Subdivisions owned by the Orange County Transportation Authority. Based on the audit, the right-of-way maintenance program is adequate, as are oversight controls and contract compliance related to Agreement No. C-4-1361 with Joshua Grading & Excavating, Incorporated, for maintenance work along the right-of-way.

Recommendation

Receive and file Rail Right-of-Way Maintenance, Internal Audit Report No. 19-502, as an information item.

7. Local Agency Investment Fund - December 2018
Sean Murdock/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 2018. The report has been reviewed and is consistent with the investment practices of the State Treasurer's Office.



7. (Continued)

Recommendation

Receive and file as an information item.

8. Orange County Transportation Authority Investment and Debt Programs Report - December 2018
Sean Murdock/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, 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.

9. Fourth Quarter 2018 Investment and Debt Report
Sean Murdock/Andrew Oftelie

Overview

The California Government Code authorizes the Orange County Transportation Authority Treasurer to submit a quarterly investment report detailing the investment activity for the period. This investment report covers the fourth quarter of 2018, October through December, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendation

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.



10. Second Quarter Fiscal Year 2018-19 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, 2018, 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 2018-19 budget.

Recommendation

Receive and file as an information item.

11. 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 seven earthquake insurance policies with Empire Indemnity Insurance Company, Endurance American Insurance Company, Everest Indemnity Insurance Company, General Security Indemnity Company of Arizona, Hudson Specialty Insurance Company, Princeton Excess and Surplus Lines Insurance Company, and QBE Specialty Insurance Company which will expire on March 1, 2019.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A41172, in the amount of \$500,000, to Marsh USA, 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, 2019 to March 1, 2020.



12. Sale and Transfer of Property Located in the City of Anaheim from the Orange County Transportation Authority to the Orange County Transportation District

Joe Gallardo/James G. Beil

Overview

Property owned by the Orange County Transportation Authority was identified as a preferred site for the proposed Transit Security and Operations Center, which is required to be built on property owned by the Orange County Transportation District. Board of Directors' approval is requested to authorize the sale and transfer of the property rights.

Recommendation

Authorize the Chief Executive Officer to execute sale and transfer documents between the Orange County Transportation Authority and the Orange County Transportation District for Assessors Parcel Number 250-111-03, located in the City of Anaheim.

Regular Calendar

13. Selection of Consultant to Conduct Independent Annual Financial Auditing Services

Janet Sutter

Overview

On September 24, 2018, the Board of Directors authorized the release of a request for proposals for an independent public accounting firm to perform annual financial and compliance audits and agreed-upon procedures reviews of the Orange County Transportation Authority and related agencies for the fiscal years ending June 30, 2019, 2020, and 2021. Proposals were received and evaluated in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board of Directors' approval is requested to select an independent public accounting firm to perform independent annual financial auditing services.



13. (Continued)

Recommendations

- A. Approve the selection of Crowe, LLP, as the firm to provide independent annual financial auditing services.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-8-1911 between the Orange County Transportation Authority and Crowe, LLP, in the amount of \$888,300, to provide independent annual financial auditing services for an initial three-year term through March 31, 2022, and one, two-year option term.

14. Issuance of Series 2019 Measure M2 Bonds, Measure M2 Financing Documents, and Trustee Services Amendment
Sean Murdock/Andrew Oftelie

Overview

The Orange County Local Transportation Authority Board of Directors has adopted a Plan of Finance for the Interstate 405 Improvement Project that requires the issuance of approximately \$400 million of Measure M2 sales tax revenue bonds in 2019. In addition, there is \$43.5 million of outstanding M2 bonds that can be refinanced at this time at a cost savings. Final approval for the issuance of the bonds and the financing documents for the proposed transaction are presented for review and approval.

Recommendations

- A. Approve the issuance and sale of the Orange County Local Transportation Authority Measure M2 Sales Tax Revenue Bonds, Series 2019.
- B. Approve the refinancing of \$43.5 million of the outstanding 2010 Series A Bonds, if market conditions are favorable and Orange County Transportation Authority realizes debt service savings.
- C. Authorize the Chairman, Vice-Chairman, Chief Executive Officer, Executive Director of Finance and Administration/Treasurer, and Director of Finance and Administration of the Orange County Transportation Authority to sign all documents on behalf of the Orange County Local Transportation Authority.



14. (Continued)

- D. Adopt Resolution No. 2019-008 authorizing the Orange County Local Transportation Authority to proceed with the issuance and sale of up to \$450 million in Measure M2 Sales Tax Revenue Bonds and approve the required financing documents necessary for the Orange County Local Transportation Authority to proceed with the issuance and sale of Measure M2 sales tax revenue bonds.
- E. Approve a total of \$610,000 in cost of issuance expenses for bond counsel services, financial advisory services, rating fees, trustee services, and other miscellaneous expenses related to the issuance and sale of Series 2019 Measure M2 sales tax revenue bonds.
- F. Authorize the Chief Executive Officer to execute Amendment No. 1 to Purchase Order No. C-5-3790 between the Orange County Transportation Authority and the Bank of New York Mellon Trust Company, in the amount of \$8,500, to provide trustee services for the Orange County Local Transportation Authority Sales Tax Revenues Bonds. The total contract amount will be \$23,500.

Discussion Items

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 13, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.