



AGENDA

Finance and Administration Committee Meeting

Committee Members

Michael Hennessey, Chairman
Richard Murphy, Vice Chairman
Andrew Do
Gene Hernandez
Steve Jones
Michelle Steel
Donald P. Wagner

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

Wednesday, November 13, 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 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 October 23, 2019.

3. Fiscal Year 2019 Triennial Review

Janet Sutter

Overview

The Federal Transit Administration has completed the Fiscal Year 2019 Triennial Review of the Orange County Transportation Authority. The purpose of the review is to evaluate compliance with grant requirements and management practices as they relate to the use of federal funds. No deficiencies were found in any of the 21 areas reviewed.

Recommendation

Receive and file the Fiscal Year 2019 Triennial Review as an information item.

4. Board Member Compensation, Mileage Reimbursements, and Training, Internal Audit Report No. 19-513

Gabriel Tang/Janet Sutter

Overview

The Internal Audit Department has completed an audit of compliance with regulations, policies, and procedures governing compensation and mileage reimbursements to members of the Board of Directors. Based on the audit, controls to ensure compliance with regulations, policies, and procedures are adequate; however, one recommendation was made to enhance policy and procedures to address all payments and payees, and to be consistent with regulations.

Recommendation

Direct staff to implement one recommendation provided in Board Member Compensation, Mileage Reimbursements, and Training, Internal Audit Report No. 19-513.



5. **Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2019**
Gabriel Tang/Janet Sutter

Overview

The Internal Audit Department has completed an audit of investments for the period January 1 through June 30, 2019. Based on the audit, the Orange County Transportation Authority complied with its investment policies; however, the Internal Audit Department identified an error in the Second Quarter 2019 Investment and Debt Report and observed that the investment compliance schedule does not reflect all investments and bond indenture requirements.

Recommendation

Direct staff to implement two recommendations provided in Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2019, Internal Audit Report No. 20-502.

6. **Oversight Controls and Contract Compliance Related to the Orange Transportation Center Parking Structure Project**
Serena Ng/Janet Sutter

Overview

The Internal Audit Department has completed an audit of oversight controls and contract compliance related to the Orange Transportation Center Parking Structure Project. Based on the audit, procurements were handled in accordance with policies and procedures, status monitoring and reporting controls are operating, and consultants are providing services in accordance with their contracts. However, the Internal Audit Department recommends improvements to contract language addressing force account payments, preparation of independent cost estimates, and construction management consultant oversight of change orders. The Internal Audit Department is also making recommendations related to adequate labor timekeeping systems for consultants, as well as procedures to ensure compliance with requirements for federally-funded assets.

Recommendation

Direct staff to implement three recommendations provided in Oversight Controls and Contract Compliance Related to the Orange Transportation Center Parking Structure Project, Internal Audit Report No. 19-508.



7. 91 Express Lanes Update for the Period Ending September 30, 2019
Kirk Avila/Kenneth Phipps

Overview

The Orange County Transportation Authority has owned and managed the operations of the 91 Express Lanes since January 2003. Since that time, traffic volumes and toll revenues have fluctuated with the changes in the economy and the additional capacity added to the State Route 91 corridor. Over the last quarter, there have been approximately 4.6 million trips taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending September 30, 2019.

Recommendation

Receive and file as an information item.

8. Fiscal Year 2019-20 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 2019.

Recommendation

Receive and file as an information item.

9. 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.



- 10. Orange County Employees Retirement System Early Payment for Fiscal Year 2020-21**
Robert Davis/Andrew Oftelie

Overview

The Orange County Employees Retirement System has offered an early payment discount to member agencies of 4.5 percent if they elect to prepay their contributions for fiscal year 2021. Advance payments must be received before January 15, 2020. The Orange County Transportation Authority has estimated the savings over the next year and a half under this payment option will total approximately \$570,000.

Recommendation

Authorize the early payment of approximately \$28.9 million by January 15, 2020, to the Orange County Employees Retirement System, for member contributions for fiscal year 2020-21.

- 11. Environmental Mitigation Program Endowment Fund Investment Report for September 30, 2019**
Robert Davis/Andrew Oftelie

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan, acquired conservation properties, and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. California Community Foundation manages the non-wasting endowment required to pay for the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and its performance. Attached are the quarterly investment reports for the Endowment Pool for the period ending September 30, 2019. The reports have been reviewed and are consistent with the pool objectives.

Recommendation

Receive and file as an information item.



12. Agreement for Cloud Disaster Recovery Solution
Michael Beerer/Andrew Oftelie

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2019-20 Budget, the Orange County Transportation Authority's Board of Directors approved expenditures for a cloud disaster recovery solution. Bids were received in accordance with the Orange County Transportation Authority's procurement procedures for materials and equipment. Board of Directors' approval is requested to execute the agreement.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-9-1543 between the Orange County Transportation Authority and Thomas Gallaway Corporation, doing business as Technologent, in the amount of \$985,638, for a cloud disaster recovery solution for a five-year term.

Regular Calendar

13. Fiscal Year 2018-19 Comprehensive Annual Financial Report and 91 Express Lanes Fund Financial Statements
Changsu Lee/Andrew Oftelie

Overview

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements and schedules. Crowe LLP, an independent accounting firm, has completed its annual audit of Orange County Transportation Authority's Comprehensive Annual Financial Report and 91 Express Lanes Fund Financial Statements for fiscal year 2018-19.

Recommendation

Receive and file the fiscal year 2018-19 Comprehensive Annual Financial Report and 91 Express Lanes Fund Financial Statements.



- 14. Reserve Policy**
Sean Murdock/Andrew Oftelie

Overview

The Orange County Transportation Authority is committed to prudent fiscal management and maintaining the ability to fund its programs and services during times of economic uncertainty. Orange County Transportation Authority has a history of maintaining reserves to mitigate the impacts of financial risks to the programs operated by the Orange County Transportation Authority. The goal of this policy is to formalize the existing reserve policy for those programs and include them in one document for clarity and transparency.

Recommendation

Adopt the Reserve Policy and implement the policy in current and future financial plans.

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 **10:30 a.m. on Wednesday, December 11, 2019**, meeting of the Finance and Administration Committee has been **cancelled**.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, January 8, 2020**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room – Conference Room 07, Orange, California.