



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, September 25, 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 Steel

1. Public Comments

Special Calendar

There are no Special Calendar matters.



Consent Calendar (Items 2 through 6)

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 August 28, 2019.

3. Coach Operator Scheduling, Internal Audit Report No. 19-505 Ricco Bonelli/Janet Sutter

Overview

The Internal Audit Department has completed an audit of coach operator scheduling. Based on the audit, the coach operator scheduling process is adequate to ensure compliance with the Collective Bargaining Agreement between the Orange County Transportation Authority and Teamsters Local 952, and the Orange County Transportation Authority operates in substantial compliance with the California Code of Regulations.

Recommendation

Receive and file Coach Operator Scheduling, Internal Audit Report No. 19-505, as an information item.

4. Communications by Independent Financial Statement Auditor Janet Sutter

Overview

Crowe, LLP, the independent financial statement auditor of the Orange County Transportation Authority, is in the process of conducting the fiscal year 2018-19 audit. In connection with the audit, Crowe, LLP, is communicating the planned scope and timing of the audit, as well as soliciting input on any matters of which the Board of Directors or the Finance and Administration Committee has knowledge of that may have a material bearing on the Orange County Transportation Authority's financial statements for the year ended June 30, 2019.

Recommendation

Receive and file as an information item.



5. Fiscal Year 2018-19 Fourth 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 April through June 2019.

Recommendation

Receive and file as an information item.

6. Excess Liability Insurance Renewal
Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority currently has excess liability insurance policies with Lexington Insurance Company, Great American Insurance Company, Allied World Assurance Company, and Endurance American Insurance Company. These policies will expire on November 1, 2019.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A44072, in the amount of \$800,000, to Marsh Risk and Insurance Services, Inc., to purchase excess liability insurance on behalf of the Orange County Transportation Authority for the policy period of November 1, 2019 to November 1, 2020.



Regular Calendar

7. **Orange County Transportation Authority Investment and Debt Programs Report - August 2019**
Robert Davis/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 August 31, 2019. During the month of August, one investment manager purchased a security that was not in compliance with the Investment Policy. As a result of the compliance violation, the investment manager was put on probation for one year per the requirements of the Investment Policy.

Recommendation

Receive and file as an information item.

Discussion Items

8. **Chief Executive Officer's Report**
9. **Committee Members' Reports**
10. **Closed Session**

There are no Closed Session items scheduled.

11. **Adjournment**

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, October 23, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.



Committee Members Present

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

Staff Present

Darrell E. Johnson, Chief Executive Officer
Ken Phipps, Deputy Chief Executive Officer
Laurena Weinert, Clerk of the Board
Gina Ramirez, Deputy Clerk of the Board
Cassie Trapesonian, Assistant, General Counsel
OCTA Staff and Members of the General Public

Committee Members Absent

Donald P. Wagner

Call to Order

The August 28, 2019 regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:33 a.m.

Pledge of Allegiance

Director Jones led in the Pledge of Allegiance.

1. Public Comments

No public comments were received.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 10)

2. Approval of Minutes

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of July 24, 2019.

3. Audit of State Transportation Improvement Program Planning, Programming and Monitoring Program, Program Fiscal Year 2016-2017

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to receive and file as an information item.



4. Agreement with Element Markets Renewable Energy, LLC, for Purchase of Natural Gas and Monetization of Federal and State Credits, Internal Audit Report No. 19-511

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to receive and file Agreement with Element Markets Renewable Energy, LLC, for Purchase of Natural Gas and Monetization of Federal and State Credits, Internal Audit Report No. 19-511, as an information item.

5. Orange County Transportation Authority Investment and Debt Programs Report - June 2019

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to receive and file as an information item.

6. Orange County Transportation Authority Investment and Debt Programs Report - July 2019

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to receive and file as an information item.

7. Fourth Quarter Fiscal Year 2018-19 Procurement Status Report

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to receive and file as an information item.

8. Environmental Mitigation Program Endowment Fund Investment Report for June 30, 2019

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to receive and file as an information item.



9. Agreement for Custodial Banking Services

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to:

- A. Approve the selection of U.S. Bank as the firm to provide custodial banking services for the Orange County Transportation Authority's short-term investment portfolio.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-9-1361 between the Orange County Transportation Authority and U.S. Bank, in the amount of \$381,400, for a five-year term, to provide custodial banking services for the Orange County Transportation Authority's short-term investment portfolio.

10. Excess Workers' Compensation Insurance Policy

A motion was made by Director Hernandez, seconded by Director Jones, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A43072, in an amount not to exceed \$500,000, to Marsh Risk and Insurance Services, Inc., to purchase excess workers' compensation insurance from Arch Insurance Company on behalf of the Orange County Transportation Authority for the policy period of October 1, 2019 to October 1, 2020.

Regular Calendar

11. Agreements for Health Insurance Services

Maggie McJilton, Executive Director of Human Resources and Organizational Development, provided a PowerPoint presentation for this item as follows:

- Background;
- California State Association of Counties – Excess Insurance Authority;
- Current Plan Offerings;
- Orange County Transportation Authority (OCTA) Medical Plan Renewal Trends;
- Financial Summary; and
- Recommendations.



11. (Continued)

A discussion ensued regarding the following:

- Steps OCTA took to decrease medical insurance renewal rates.
- Renewal rates were below the amount OCTA originally budgeted.
- Director Steel inquired about 2021 projected renewal rates. Ms. McJilton stated that each year OCTA has the broker review the rates and currently the 2021 rates are not available.

A motion was made by Director Do, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to:

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-5-3649 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Kaiser Permanente Health Plan, Inc., on a cost per employee basis, for prepaid medical services through December 31, 2020. The annual 2020 Kaiser Permanente Health Plan, Inc. premium cost will vary in accordance with actual enrollment.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-5-3650 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Anthem Blue Cross, on a cost per employee basis, for prepaid medical services through December 31, 2020. The annual 2020 Anthem Blue Cross health maintenance organization premium costs will vary in accordance with actual enrollment.
- C. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-5-3651 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Anthem Blue Cross, on a cost per employee basis, for preferred provider organization medical services through December 31, 2020. The annual 2020 Anthem Blue Cross preferred provider organization premium costs will vary in accordance with actual enrollment.



11. (Continued)

- D. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-5-3652 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Anthem Blue Cross, on a cost per employee basis, for a consumer driven health plan through December 31, 2020. The annual 2020 Anthem Blue Cross consumer driven health plan premium costs and health savings account expenses will vary in accordance with actual enrollment.
- E. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 9 to Agreement No. C-1-2996 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Delta Dental, on a cost per employee basis, for preferred provider organization dental services through December 31, 2020. The annual 2020 Delta Dental preferred provider organization premium costs will vary in accordance with actual enrollment.
- F. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 9 to Agreement No. C-1-2995 between the Orange County Transportation Authority and Delta Dental, on a cost per employee basis, for health maintenance organization dental services through December 31, 2020. The annual 2020 Delta Dental health maintenance organization premium costs will vary in accordance with actual enrollment.
- G. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement No. C-8-1869 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Delta Dental, on a cost per employee basis, for health maintenance organization dental services through December 31, 2020. The annual 2020 Delta Dental health maintenance organization premium costs will vary in accordance with actual enrollment.
- H. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 7 to Agreement No. C-1-2997 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for Vision Service Plan, on a cost per employee basis, for vision services through December 31, 2020. The annual 2020 vision services premium costs will vary in accordance with actual enrollment.

11. (Continued)

- I. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Purchase Order No. C-7-1897 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for VOYA for life and accidental death and dismemberment insurance through December 31, 2020. The annual 2020 life and accidental death and dismemberment premium costs will vary in accordance with actual volume in the plan.
- J. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Purchase Order No. C-7-1898 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for VOYA to provide supplemental life insurance to employees at their own expense through December 31, 2020.
- K. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Purchase Order No. C-7-1899 between the Orange County Transportation Authority and California State Association of Counties - Excess Insurance Authority for VOYA for short-term and long-term disability insurance through December 31, 2020. The annual 2020 short-term and long-term disability premium costs will vary in accordance with actual volume in the plan.
- L. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Purchase Order No. C-7-1900 between Orange County Transportation Authority and California State Association of Counties - Excess Insurance Activity for VOYA with Compsych to provide employee leave administration through December 31, 2020.

12. 91 Express Lanes Quarterly Update for the Period Ending June 30, 2019

Kirk Avila, General Manager of the 91 Express Lanes, provided a PowerPoint presentation for this item as follows:

- State Route 91 Corridor;
- Recap of Fiscal Year 2019;
- Traffic Volumes Reach \$17.5 Million;
- Closer Look at Traffic Volumes;
- Toll Revenues Continue to Increase;
- Outstanding Debt Totals \$97.8 Million;
- Number of Accounts and Transponders; and
- Upcoming Events.

12. (Continued)

A discussion ensued regarding the following:

- OCTA staff will return to the Board of Directors (Board) to recommend modifications to the 91 Express Lanes violation penalty structure.
- Strategies to deter toll violators.
- OCTA violation collection procedures and practices.
- Negative press and legislative attention associated with high violation penalties.
- OCTA was sued in 2010 and entered into a class action settlement regarding toll violation penalties.
- Concerns of increased toll lane violations if penalties are reduced.
- Deterrence of toll violators is important as the number of 91 Express Lanes users increases.
- OCTA staff toll violation recommendations will focus on collecting penalties appropriately and anticipating future changes related to toll facilities.
- Los Angeles County Metropolitan Transportation Authority will test occupancy detection technology and OCTA will monitor the outcomes.
- Long-range planning regarding the High-Occupancy Vehicle policy.

Following the discussion, no action was taken on this receive and file information item.

Discussion Items

13. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer (CEO), reported on the following:

- An event will be held at Golden West College to celebrate the launch of the Student Bus Pass Program (Program), which will be funded by the Low Carbon Transit Operations Program.
- The Program has also been launched at Fullerton College, Santa Ana College, and Santiago Canyon College.
- The final bicycle safety workshop will take place on Saturday, August 31st at 9:00 a.m. at the Tustin Senior Center.
- The annual OCTA Rodeo will take place on Saturday, September 28th at 7:30 a.m. at the Santa Ana Base, and Director Hernandez has volunteered to participate in the driving competition.

14. Committee Members' Reports

Due to a national day of observance, Committee Chairman Hennessey cancelled the September 11, 2019 F&A Committee meeting.

Committee Chairman Hennessey received notification from Andrew Oftelie, Chief Financial Officer, regarding a violation of OCTA's investment policy and requested an overview be provided to the Committee.

Mr. Oftelie provided an overview of the violation, which was due to MetLife purchasing a security that did not comply with OCTA's policy. He stated that MetLife self-reported the violation and has been placed on a one-year probation effective August 14, 2019 per OCTA's policy.

Mr. Johnson, CEO, stated that OCTA staff wanted to proactively inform the F&A Committee of the violation.

Director Do inquired if a policy regarding financial misconduct among OCTA Board exists and a discussion ensued:

- Mr. Johnson, CEO, stated that OCTA does not have a policy to address Board Members financial misconduct. Staff will work with General Counsel and the Chairman of the Board to discuss a policy. Mr. Johnson also suggested that the topic be placed on the Executive Committee agenda.
- Cassie Trapesonian, Assistant General Counsel, stated any issues regarding Board Members have been taken on a case-by-case basis. She also suggested the topic be brought to a future Committee for further discussion.
- Director Do suggested that the topic be brought to the F&A Committee since it is part of the audit function. Janet Sutter, Executive Director of Internal Audit, stated the Internal Audit department determines actions to take based on fraud complaints received via the OCTA fraud hotline or other means of reporting. She also stated that after her initial review the issue would come to the Board after it is discussed at the Committee level.
- Committee Chairman Hennessey stated that the topic will be brought to the Executive Committee for further discussion.

Committee Vice Chairman R. Murphy recognized Maggie McJilton, Executive Director of Human Resources and Organizational Development, for reducing medical costs.



15. Closed Session

There were no Closed Session items scheduled.

16. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 11, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Gina Ramirez
Deputy Clerk of the Board



September 25, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Coach Operator Scheduling, Internal Audit Report No. 19-505

Overview

The Internal Audit Department has completed an audit of coach operator scheduling. Based on the audit, the coach operator scheduling process is adequate to ensure compliance with the Collective Bargaining Agreement between the Orange County Transportation Authority and Teamsters Local 952, and the Orange County Transportation Authority operates in substantial compliance with the California Code of Regulations.

Recommendation

Receive and file Coach Operator Scheduling, Internal Audit Report No. 19-505, as an information item.

Background

The Orange County Transportation Authority (OCTA) implements three service changes per year. The Planning Division develops the bus routes, span, and frequency of bus service. From this, the Scheduling and Bus Operations Support Department (Scheduling) creates bus schedules, determines vehicle requirements, and develops coach operator work assignments. Work assignments must comply with both the Collective Bargaining Agreement (CBA) between OCTA and the Coach Operators, as well as with the California Code of Regulations (CCR). The bulk of the service change activities, including coach operator scheduling, are performed using the HASTUS scheduling software application.

Discussion

The coach operator scheduling process is adequate to ensure compliance with the CBA and with the CCR. The CBA outlines several requirements, such as a requirement that no less than 60 percent of all assignments be continuous, and no less than 15 percent of all assignments be continuous, Monday through Friday, daytime assignments. In addition to the CBA requirements, the CCR restricts coach operators to ten hours of driving time per day, 15 hours of on-duty time per day, and 80 hours of on-duty time in any eight consecutive-day period. To help facilitate compliance, Scheduling staff creates rules and parameters within HASTUS to ensure compliance, and HASTUS provides reports of coach operator work assignment schedules for continuous monitoring.

Summary

Internal Audit has completed an audit of coach operator scheduling.

Attachment

- A. Coach Operator Scheduling, Internal Audit Report No. 19-505

Prepared by:

Ricco Bonelli
Principal Internal Auditor
(714) 560-5384

Approved by:

Janet Sutter
Executive Director, Internal Audit
(714) 560-5591

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Coach Operator Scheduling

Internal Audit Report No. 19-505

August 26, 2019



Performed by:

Ricco Bonelli, CIA, Principal Internal Auditor
Janet Sutter, CIA, Executive Director

RTB

Distributed to:

Jennifer Bergener, Chief Operating Officer
Beth McCormick, Ana Ripalda, Johnny Dunning, Jr.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Coach Operator Scheduling
August 26, 2019**

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**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Coach Operator Scheduling
August 26, 2019**

Conclusion

The Internal Audit Department (Internal Audit) has completed an audit of coach operator scheduling. Based on the audit, the coach operator scheduling process is adequate to ensure compliance with the Collective Bargaining Agreement (CBA) between the Orange County Transportation Authority (OCTA) and Teamsters Local 952, and OCTA operates in substantial compliance with the California Code of Regulations (CCR).

Background

Collective Bargaining Agreement

The CBA is effective May 1, 2017 through April 30, 2020, and lays out the rates of pay, rules, and working conditions of represented employees (coach operators). The CBA also outlines multiple requirements that affect the coach operator scheduling process. Among these are requirements that no less than 60 percent of all regular runs be straight runs (e.g., a run computed on a continuous time basis), and a minimum of 15 percent of all assignments be straight A.M. full-time assignments with Saturdays and Sundays off.

California Code of Regulations

CCR Section 1212.5 “Maximum Driving and On-Duty Time” restricts coach operators to ten hours of driving time per day, 15 hours of on-duty time per day, and 80 hours of on-duty time in any eight consecutive-day period (8/80 Rule). The regulation does allow for an exception with respect to “Adverse Driving Conditions” which are defined as “...snow, sleet, fog, other adverse weather conditions...or unusual road and traffic conditions, none of which were apparent on the basis of information known to the person dispatching the run at the time it was begun”.

Service Changes

OCTA implements three service changes per year. The process is highly fluid and involves coordination between the Scheduling and Bus Operations Support Department (Scheduling) within the Operations Division and the Transit Service Planning Section (TSP) of the Planning Division. The Finance Division provides TSP with a total Revenue Vehicle Hour target that is based on the annual budget and the Comprehensive Business Plan. Using this target, TSP develops the routes, span, and frequency of bus service. This information is then provided to Scheduling for creation of bus schedules and operator work assignments.

Scheduling first determines the minimum number of buses required to meet the requirements of each route. Once the total number of buses required is calculated, Scheduling decides which buses, from which bases will be used for each route. This is performed with an emphasis on minimizing the non-revenue vehicle miles/hours for each

ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Coach Operator Scheduling
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bus. After the buses are assigned to the routes (blocking), the daily shifts are created. From there, the daily assignments (run cutting) and shift schedules (rostering) are generated and are subsequently posted and bid on by the coach operators.

Prior to finalizing the service change, Scheduling prepares a CBA Scheduling Parameters report demonstrating compliance with key requirements from the CBA. The report is presented to Teamsters Local 952 management for review as part of the service change process. The bulk of the service change activities, including writing schedules, blocking, run cutting, and rostering are performed using the HASTUS software application.

HASTUS

The HASTUS software application includes a suite of integrated modules for planning, scheduling, operations, passenger information, and analysis. OCTA originally purchased the HASTUS scheduling software from Giro, Inc., in 1999. Since then, there have been multiple upgrades and expansions replacing legacy systems, including the coach operator timekeeping and shift bidding system, ACORS, and the bus tracking and maintenance system, BATS.

When developing the driver schedules or daily assignments, Scheduling staff create “rules” in HASTUS to ensure that the end-product (or schedule) doesn’t violate any CBA stipulations or state regulations such as CCR Section 1212.5 “Maximum Driving and On-Duty Time”. In addition to the parameters established in HASTUS to ensure the CBA requirements and state regulations are followed, additional monitoring must be performed on a manual basis to account for unplanned absences (sick days, protected leaves, etc.).

Most unplanned coach operator absences are filled with Extra-Board coach operators (Extra-Board). Extra-Board refers to a pool of reserve (or standby) coach operators to ensure continuity of service when regular coach operators are unable to report for scheduled duty (e.g.: sick, vacation, training, union duties, etc.). If the pool of Extra-Board becomes exhausted, coach operators can be called back to work under Voluntary Call Back (VCB) rules. VCB is when a shift is performed by a coach operator on his or her scheduled time-off. Under these circumstances, there is an increased risk of violating state regulations governing on-duty time – specifically the 8/80 Rule.

To monitor compliance with the 8/80 Rule, a daily report is generated in HASTUS listing each coach operator and their running total of on-duty time for the past eight days. The report also forecasts for the following day assuming all scheduled work. Coach operators that are projected to exceed the 80-hour limit are flagged and their schedule modified.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Coach Operator Scheduling
August 26, 2019**

Objectives, Scope, and Methodology

The objectives were to determine whether the coach operator scheduling process complies with key stipulations in the CBA and CCR Section 1212.5 “Maximum Driving and On-Duty Time” and to evaluate the software application, HASTUS.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control, in the broadest sense, encompasses the plans, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal controls significant within the context of the audit objectives were evaluated as part of this audit.

The methodology consisted of gaining an understanding of the coach operator scheduling process, including the use of the HASTUS system and related controls. Internal Audit also performed an evaluation of HASTUS system access rights and testing of data reliability. The methodology also included an assessment of controls in place to ensure compliance with applicable regulations in the CCR and key terms in the CBA. Internal Audit also tested for compliance with key terms in the CBA and CCR Section 1212.5 “Maximum Driving and On-Duty Time”.

The scope is limited to evaluation and testing of controls of the coach operator scheduling process related to compliance with the CCR and CBA, and relevant OCTA policies and procedures. The scope included complete testing of all OCTA directly operated coach operator activity for calendar year 2018, with respect to compliance with the CCR. Internal Audit tested the three most recent service changes: October 2018, February 2019, and June 2019, for compliance with the CBA and for evidence of controls. In addition, the February 2019 CBA Scheduling Parameters report was tested for accuracy by tracing data to the HASTUS system. The scope also included assessment of HASTUS system access rights and data reliability as of January 2019.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



September 25, 2019

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Janet Sutter for
[Signature]

Subject: Communications by Independent Financial Statement Auditor

Overview

Crowe, LLP, the independent financial statement auditor of the Orange County Transportation Authority, is in the process of conducting the fiscal year 2018-19 audit. In connection with the audit, Crowe, LLP, is communicating the planned scope and timing of the audit, as well as soliciting input on any matters of which the Board of Directors or the Finance and Administration Committee has knowledge of that may have a material bearing on the Orange County Transportation Authority's financial statements for the year ended June 30, 2019.

Recommendation

Receive and file as an information item.

Background

In connection with its annual audit of the Orange County Transportation Authority's (OCTA) financial statements for the fiscal year ended June 30, 2019, Crowe, LLP (Crowe), is required to make certain inquiries and communications.

Discussion

Crowe has prepared a letter (Attachment A) to the Finance and Administration Committee (Committee) and the Board of Directors (Board) of OCTA with the purpose of making certain inquiries and communications. Specifically, Crowe has requested that the Committee and/or the Board inform Crowe of any matters of which the Committee and/or the Board may be aware that could

have a significant impact to the financial statements of OCTA taken as a whole. OCTA staff has provided the auditors with information related to claims, liabilities, and contingencies; however, the auditors also welcome input from the Committee and the Board on any areas of concern.

Secondly, Crowe is required to provide certain communications to those charged with governance with regard to audit scope and timing. Page two of Attachment A reflects Crowe's plan to complete the audit and issue an opinion on the financial statements on approximately October 31, 2019.

Summary

OCTA's independent financial statement auditors are making certain inquiries and communications in relation to their audit of the financial statements of OCTA as of June 30, 2019.

Attachment

- A. Letter from Crowe, LLP, to the Board of Directors and Finance and Administration Committee, Orange County Transportation Authority, dated September 13, 2019

Prepared by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591



Crowe LLP
Independent Member Crowe Global

September 13, 2019

Board of Directors
Finance and Administration Committee
Orange County Transportation Authority
550 South Main Street
Orange, California 92863

We are pleased to serve OCTA as its independent auditors and look forward to our continued relationship. As part of our audit process, our professional standards require that we communicate certain information to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Transportation Authority (OCTA) as of and for the year ended June 30, 2019. In addition to the report on the financial statements of OCTA, we will also audit and report on the financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), the 91 Express Lanes Fund, the Local Transportation Fund, and the State Transit Assistance Fund as of and for the year ended June 30, 2019.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, certain budgetary comparison information, and supplemental pension plan trend data and other postemployment benefit data be presented to supplement the basic financial statements. Such information is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We will apply certain limited procedures to the required supplementary information, however, we will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In addition to our report on the financial statements, we have been engaged to report on the combining and individual fund financial statements and schedules, certain budgetary comparison schedules, the schedule of expenditures of federal awards, and the Proposition 1B schedule of unspent funds and cash disbursements. We will subject such information to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves. Our report will indicate whether this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the introductory section and statistical section of OCTA's comprehensive annual financial report and therefore will not express an opinion or provide any assurance on them.

Audit planning and interim procedures were conducted in June 2019, and year-end audit procedures commence in September 2019. We expect to issue our report no later than October 31, 2019.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you or management of your responsibilities.

The objective of the audit is the expression of an opinion on the financial statements. We will plan and perform the audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud, and that we report on the Schedule of Expenditures of Federal Awards (as noted above), and on your compliance with Federal statutes, regulations, and the terms and conditions of Federal awards and on its internal controls as required for a Single Audit. Because of inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with applicable standards. An audit is not designed to detect error or fraud that is immaterial to the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks that the financial statements could be misstated by an amount we believe would influence the financial statement users. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In making our risk assessments, we will consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the OCTA's internal control. However, we will communicate in writing to those charged with governance and management concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. We will communicate to management other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in our professional judgment, are of sufficient importance to merit management's attention. We will also communicate certain matters related to the conduct of the audit to those charged with governance, including (1) fraud involving senior management, and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (2) illegal acts that come to our attention (unless they are clearly inconsequential) (3) disagreements with management and other significant difficulties encountered in performing the audit and (4) various matters related to the OCTA's accounting policies and financial statements. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel.

We will also perform tests of controls including testing underlying transactions, as required by the Uniform Guidance, to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of your major federal awards programs. We will determine major programs in accordance with the Uniform Guidance. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed. We will inform you of any deficiencies or other matters involving internal control, if any, as required by the Uniform Guidance.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of your compliance with applicable laws, regulations, contracts and grants. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. The objective of our audit of compliance relative to the financial statements will not be to provide an opinion on overall compliance with such provisions, and we will not express such an opinion. We will advise you, however, of any matters of that nature that come to our attention, unless they are clearly inconsequential.

The Uniform Guidance requires that we plan and perform the audit to obtain reasonable assurance about whether you have complied with certain provisions of laws, regulations, contracts and grants. Our procedures will consist of the applicable procedures described in the United States Office of Management and Budget (OMB) Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of your major programs. The purpose of our audit will be to express an opinion on your compliance with requirements applicable to major Federal award programs. Because an audit is designed to provide reasonable assurance, but not absolute assurance, the audit is not designed to detect immaterial violations or instances of noncompliance.

REQUIRED COMMUNICATIONS

We are responsible for communicating evidence that fraud may exist; thus, when we have determined that there is evidence that fraud may exist, that matter will be brought to the attention of an appropriate level of management. We will also communicate certain matters related to the conduct of the audit to those charged with governance, including (1) fraud involving senior management, and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (2) illegal acts that come to our attention (unless they are clearly inconsequential) (3) disagreements with management that could be significant to the financial statements and other significant difficulties encountered in performing the audit and (4) various matters related to OCTA's accounting policies and financial statements. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel.

Professional auditing standards also require that we perform inquiries with those charged with governance surrounding matters that may impact our risk assessment, including the below examples.

- Weaknesses in internal control activities;
- Inappropriate tone at the top regarding fraudulent activity;
- Known, alleged, or suspected fraud;
- Oversight activities that do not mitigate risks of fraud;
- Tips or complaints regarding OCTA's financial reporting (including those received through the internal whistleblower program, if such program exists);
- Actual or possible violations of laws or regulations that might affect the audit;
- Material misstatements from errors; and
- Matters related to risk of material misstatement of the financial statements or that are otherwise significant to financial reporting that you feel warrant particular attention during the audit.

Please communicate any instances of the above matters or any other concerns that may have a material impact to the financial statements to Kathy Lai at Kathy.Lai@crowe.com or (714) 668-5376.

We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Directors, the Finance and Administration Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe LLP

Costa Mesa, California
September 13, 2019



September 25, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2018-19 Fourth Quarter Grant Reimbursement Status Report

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 April through June 2019.

Recommendation

Receive and file as an information item.

Discussion

The Orange County Transportation Authority (OCTA) has secured grant funding from federal and state grant agencies to deliver programs, projects, and services to improve mobility in Orange County. The use of these funds is consistent with capital programming policies approved by the OCTA's Board of Directors. The Quarterly Grant Reimbursement Status Report summarizes awarded/executed, current, pending close-out, and closed grant agreements.

Awarded/Executed Grant Agreements:

OCTA executed three discretionary and one formula grant during the fourth quarter, which are summarized below.

Federal Fiscal Year 2019-20 OCTA Pedestrian and Bicycle Safety Program – California Office of Traffic Safety (OTS)

The California OTS awarded the OCTA \$100,000 in competitive Pedestrian and Bicycle Safety Grant Program funding. The grant award will support implementation of bicycle and pedestrian education classes, which are intended to raise public awareness of safe pedestrian and bicycling practices.

Bus Rapid Transit (BRT) Concept Study – California Department of Transportation (Caltrans) Sustainable Planning Grant

The Freeway BRT Concept Study will develop a conceptual plan for two Freeway BRT routes on Interstate 5 and State Route 55 that were identified as high priority BRT corridors in the Orange County Transit Vision (Orange County Transit Master Plan). BRT is a high-frequency, limited-stop bus service with improved passenger amenities to improve headways. The BRT concept envisions operating in high-occupancy vehicle or managed lanes on freeways and may examine stopping at existing transit hubs or at new stations in the freeway right-of-way. Stations could be located to connect with key transit routes, including the Amtrak and Metrolink commuter rail service. The study will identify short-term and long-term recommendations for project implementation. The award of \$210,602 will be matched with \$27,398 State Transportation Improvement Program Planning, Programming, and Monitoring funds, for a total project cost of \$238,000, and will support the project in its entirety.

Safe Travels Education Program (STEP) Campaign – Caltrans Active Transportation Program

OCTA will collaborate with the Orange County Health Care Agency to administer the STEP Campaign, which includes activities such as safety training at school assemblies, walk/bike to school day training events, and classroom/blacktop training activities directed to both students (during and after school) and families (on nights or weekends) at 25 public elementary schools in Orange County. The STEP Campaign will also engage with local city staff and police departments to successfully promote and leverage education and encouragement activities for walking and biking to/from school by youth. The award of the \$500,000 supports the project in its entirety.

Fiscal Year (FY) 2018-19 Low Carbon Transit Operations Program (LCTOP)

\$7.1 million in LCTOP funds to be used for continuation and expansion of college fare programs (Fullerton, Golden West, and Santa Ana colleges), related travel training for college students, seniors, and the disabled community, and capital and operating support for the Bravo! Main Street Rapid Bus Service.

Current Grant Agreements:

OCTA's Federal Transit Administration (FTA) formula grant agreements total 11, and FTA discretionary grant agreements total four (Attachment A).

The 11 FTA formula grant agreements have a total federal amount of \$295.4 million. A total of \$269 million has been reimbursed, leaving a balance of approximately \$26.4 million. The balance of these 11 FTA formula grant

agreements will primarily fund the OC Streetcar, fixed-route bus procurements, rideshare and vanpool programs, the Laguna Niguel/San Juan Capistrano passing siding project, and rail rehabilitation projects.

The four FTA discretionary grant agreements have a total federal amount of \$166.8 million. This includes the full funding grant agreement award of \$148.9 million. A total of \$24.3 million has been reimbursed, leaving a balance of \$142.5 million. The balance of these four FTA discretionary grant agreements will primarily fund the OC Streetcar and slope stabilization improvements on the railroad right-of-way from the City of Laguna Niguel to the City of Lake Forest. The balance will also fund security camera surveillance systems for commuter rail stations and transit facilities located in the cities of Anaheim, Garden Grove, Laguna Niguel, Mission Viejo, Orange, Placentia, and Santa Ana.

The total FTA formula and discretionary grant agreements amount to \$462.1 million. The total amount reimbursed through the fourth quarter under these grant agreements is \$293.3 million, leaving a balance of \$168.9 million.

OCTA also has 43 active State and Federal Highway Administration (FHWA) formula grant agreements (Attachment B) and 18 active State discretionary grant agreements (Attachment C).

The 43 State and FHWA formula grant agreements total \$299.2 million. The total amount reimbursed through the fourth quarter under these grant agreements is \$206.9 million, leaving a balance of \$92.2 million.

The 18 State discretionary grant agreements total approximately \$23.3 million. A total of \$591,252 of these discretionary grant agreements has been reimbursed, leaving a balance of \$22.7 million. These State discretionary grant agreements have a defined grant expiration date. Project expenses must be fully paid and reimbursed prior to the grant agreement expiration date.

This report activity is as of June 30, 2019, and the majority of grants with a deadline between the quarter end and the date this report is published will be fully reimbursed and closed out. This activity will be reflected in next quarter's report. Additionally, for all of these grants, staff anticipates each of the remaining balances to be fully reimbursed prior to the grant agreement expiration date.

Grant Agreements Pending Close-out:

There are two grant agreements totaling \$5.5 million which are pending close-out in the fourth quarter of FY 2018-19. All invoices for these grant agreements have been submitted to the external funding agency for reimbursement, and OCTA is pending final payment and/or approval of close-out documentation. These grant agreements are summarized in Attachment D.

Closed Grant Agreements:

There are twelve grant agreements totaling \$83.1 million that were closed out in the fourth quarter of FY 2018-19. These grant agreements are summarized in Attachment E.

Summary

This report provides an update of the grant agreement funded activities for the fourth quarter of FY 2018-19, April through June 2019. Staff recommends this report be received and filed as an information item.

Attachments

- A. Fourth Quarter Grant Reimbursement Status Report, April through June 2019, Federal Transit Administration Formula and Discretionary Grant Agreements
- B. Fourth Quarter Grant Reimbursement Status Report, April through June 2019, State and Federal Highway Administration Formula Grant Agreements
- C. Fourth Quarter Grant Reimbursement Status Report, April through June 2019, State Discretionary Grant Agreements
- D. Fourth Quarter Grant Reimbursement Status Report, April through June 2019, Grant Agreements Pending Close-out
- E. Fourth Quarter Grant Reimbursement Status Report, April through June 2019, Closed Grant Agreements

Prepared by:



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Approved by:



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Fourth Quarter Grant Reimbursement Status Report
April through June 2019

Federal Transit Administration Formula and Discretionary Grant Agreements						
	FEDERAL FISCAL YEAR (FFY)	GRANT NUMBER	FEDERAL AMOUNT	FEDERAL AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
FTA Section 5307 - Urbanized Area Formula Grant Program						
	1	CA-90-Y942	\$ 57,746,966	\$ 57,618,240	\$ 128,726	June 2020
	2	CA-90-Z027	53,878,508	53,508,974	369,534	June 2021
	3	CA-90-Z174	55,129,189	55,077,539	51,650	December 2019
	4	CA-2016-032	55,400,721	54,919,692	481,029	December 2019
FTA Section 5307 Grant Subtotal			\$ 222,155,384	\$ 221,124,445	\$ 1,030,939	
FTA Section 5307 - Federal Funds flexed from the Federal Highway Administration (FHWA):						
	5	CA-95-X131	\$ 2,102,650	\$ 1,666,587	\$ 436,063	December 2019
	6	CA-95-X210	12,669,000	12,511,364	157,636	June 2020
	7	CA-95-X254	5,657,000	4,463,782	1,193,218	September 2019
	8	CA-95-X286	6,621,000	5,103,422	1,517,578	October 2021
	9	CA-2017-072	31,567,405	12,291,978	19,275,427	October 2021
FTA Section 5307 Flexed Grant Subtotal			\$ 58,617,055	\$ 36,037,133	\$ 22,579,922	
FTA Section 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities Grant Program						
	10	64AM16-00157	\$ 630,416	\$ 433,712	\$ 196,704	June 2019
FTA Section 5310 Grant Subtotal			\$ 630,416	\$ 433,712	\$ 196,704	
FTA Section 5316 - Jobs Access and Reverse Commute (JARC) Grant Program						
	11	CA-37-X113	\$ 13,962,488	\$ 11,369,770	\$ 2,592,718	June 2020
FTA Section 5316 Grant Subtotal			\$ 13,962,488	\$ 11,369,770	\$ 2,592,718	
Federal Transit Administration Formula Grants Total			\$ 295,365,343	\$ 268,965,060	\$ 26,400,283	
	FEDERAL FISCAL YEAR (FFY)	GRANT NUMBER	FEDERAL AMOUNT	FEDERAL AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
FTA Section 5309 - Discretionary Capital Grant Program						
	12	CA-04-0078	\$ 7,021,300	\$ 6,028,963	\$ 992,337	September 2019
	13	CA-04-0122	4,845,999	4,440,315	405,684	December 2020
	14	CA-05-0269	6,000,000	3,946,108	2,053,892	March 2020
FTA Section 5309 Grant Subtotal			\$ 17,867,299	\$ 14,415,386	\$ 3,451,913	
FTA Section 5309 - Discretionary Capital Grant Program (FFGA)						
	15	CA-2019-018	\$ 148,955,409	\$ 9,891,693	\$ 139,063,716	June 2021
FTA Section 5309 FFGA Grant Subtotal			\$ 148,955,409	\$ 9,891,693	\$ 139,063,716	

Fourth Quarter Grant Reimbursement Status Report
April through June 2019

Federal Transit Administration Formula and Discretionary Grant Agreements					
Federal Transit Administration Discretionary Grants Total		\$	166,822,708	\$	24,307,079
				\$	142,515,629
Total Federal Transit Administration Formula and Discretionary Grant Agreements		\$	462,188,051	\$	293,272,139
				\$	168,915,912

Funding Source Notes:

- FTA Section 5307 - Urbanized Area Formula Grant Program: Funds are used to fund preventive maintenance, capital cost of contracting, and to purchase revenue vehicles, facility modifications, and bus-related equipment.
- FTA Section 5310 - Enhanced Mobility of Seniors & Individuals with Disabilities Grant Program: Formula funding to states for the purpose of assisting nonprofit groups in meeting the transportation needs of the elderly and persons with disabilities.
- FTA Section 5316 - Jobs Access and Reverse Commute (JARC) Grant Program: Grants provide funds to support new transit services and to establish mobility management programs to assist low-income individuals.
- FTA Section 5309 - Discretionary Capital Grant Program: Grants provide for projects that improve efficiency and coordination of transportation systems.
- FTA Section 5309 - Discretionary Capital Grant Program (FFGA): Grants provide for projects that improve efficiency and coordination of transportation systems.

Fourth Quarter Grant Reimbursement Status Report

April through June 2019

ATTACHMENT B

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
Active Transportation Program (ATP)						
1	2017	Orange County Active Transportation Plan (PS&E)	\$ 280,000	\$ 251,106	\$ 28,894	August 2019
ATP Subtotal			\$ 280,000	\$ 251,106	\$ 28,894	
Federal Highway Administration Grant Program - Congestion Mitigation & Air Quality (CMAQ)						
2	2011	Lakeview Ave Grade Separation (ROW)	\$ 6,532,000	\$ 6,532,000	\$ 0	June 2020
3	2012	I-5 HOV Segment 1, Ave Pico to Vista Hermosa (PS&E)	4,246,000	3,362,977	883,023	June 2020
4	2012	Lakeview Ave Grade Separation (ROW Utility Relocation)	3,135,862	60,901	3,074,961	June 2020
5	2013	I-5 HOV Segment 1, Ave Pico to Vista Hermosa (ROW)	8,000,000	4,009,067	3,990,933	June 2020
6	2015	I-5 from the Orange/San Diego County Line to Avenida Pico (PA/ED)	450,000	431,447	18,553	June 2020
7	2015	I-5, SR-55 to SR-57 (PS&E)	2,800,000	2,352,003	447,997	June 2020
CMAQ Subtotal			\$ 25,163,862	\$ 16,748,395	\$ 8,415,467	
Federal Highway Administration Grant Program - Regional Surface Transportation Program (RSTP)						
8	2011	Tustin Ave / Rose Dr Grade Separation Project (ROW Utility Relocation)	\$ 2,254,000	\$ 0	\$ 2,254,000	June 2020
9	2011	Tustin Ave / Rose Dr Grade Separation Project (ROW)	21,494,000	19,594,690	1,899,310	June 2020
10	2012	Lakeview Ave Grade Separation (ROW)	11,527,563	11,527,563	0	June 2020
11	2012	Tustin Ave / Rose Dr Grade Separation Project (Construction)	8,700,440	7,941,427	759,013	June 2020
12	2013	I-5, I-405 to SR-55 (PA/ED)	8,000,000	6,479,204	1,520,796	June 2020
13	2014	I-5 Segment 2, Oso Pkwy to Alicia Pkwy (PS&E)	10,000,000	9,739,572	260,428	June 2021
14	2015	I-405, I-5 to SR-55 (PA/ED)	8,000,000	6,382,025	1,617,975	June 2020
15	2015	I-5 Segment 1, SR-73 to Oso Pkwy (PS&E)	9,101,000	8,633,382	467,618	June 2020
16	2015	I-5 Segment 3, Alicia Pkwy to El Toro Rd (PS&E)	8,044,000	6,815,536	1,228,464	June 2020
17	2015	SR-91, SR-57 to SR-55 (PA/ED)	7,000,000	4,075,897	2,924,103	June 2020
18	2016	SR-57, Orangewood to Katella Ave (PA/ED)	2,500,000	1,570,727	929,273	June 2021
19	2017	SR-55, I-5 to SR-91 (PA/ED)	5,000,000	2,843,605	2,156,395	June 2022
RSTP Subtotal			\$ 101,621,003	\$ 85,603,627	\$ 16,017,376	
Federal Highway Administration Grant Program - State Transportation Block Grant (STBG)						
20	2016	I-405, SR-73 to I-605 (Construction)	\$ 1,000	\$ 0	\$ 1,000	June 2021
21	2018	SR-55, I-405 to I-5 (PS&E)	13,800,000	7,414,659	6,385,341	June 2023
STBG Subtotal			\$ 13,801,000	\$ 7,414,659	\$ 6,386,341	

Fourth Quarter Grant Reimbursement Status Report

April through June 2019

State and Federal Highway Administration Formula Grant Agreements							
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT	
Low Carbon Transit Operations Program (LCTOP) - California Department of Transportation (CALTRANS)							
	22	2017	Bus Bicycle Racks	\$ 766,345	\$ 146,978	\$ 619,367	June 2021
	23	2018	Bravo! Route 529 Start-up & Operations	4,787,534	1,092,947	3,694,587	June 2022
	24	2019	Battery Electric Buses, Bus Depot Upgrades & Charging Infrastructure	2,523,000	0	2,523,000	June 2023
	25	2019	Bravo! Main Street Operations	2,912,976	0	2,912,976	June 2023
	26	2019	College Fare Program for Santa Ana College District	393,198	0	393,198	June 2023
	27	2019	College Program for Fullerton and Golden West Colleges	596,802	0	596,802	June 2023
	28	2019	Travel Training	685,000	0	685,000	June 2023
CAP & TRADE LCTOP Subtotal				\$ 12,664,855	\$ 1,239,925	\$ 11,424,930	
SAFETEAU: Projects of National and Regional Significance (PNRS)							
	29	2013	Lakeview Ave Grade Separation (Construction)	\$ 9,709,030	\$ 6,954,405	\$ 2,754,625	June 2020
SAFETEAU-PNRS Subtotal				\$ 9,709,030	\$ 6,954,405	\$ 2,754,625	
State Proposition 1B California Transit Security Grant Program (CTSGP): Transit System Safety, Security & Disaster Response Account (TSSSDRA)							
	30	2017	San Juan Creek Rail Bridge Replacement (ROW)	\$ 58,950	\$ 58,950	\$ 0	March 2022
	31	2017	Transit Security Operation Center (ROW)	2,701,774	0	2,701,774	March 2022
	32	2017	Video Surveillance System Upgrades (Construction)	55,735	55,735	0	March 2022
PROP 1B TSSSDRA Subtotal				\$ 2,816,459	\$ 114,685	\$ 2,701,774	
State Proposition 1B: Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)							
	33	2015	Fullerton Transportation Center Elevator Project (Construction)	\$ 500,000	\$ 500,000	\$ 0	May 2020
	34	2015	Raymond Ave Grade Separation Project (Construction)	44,234,008	38,463,516	5,770,492	May 2020
PROP 1B PTMISEA Subtotal				\$ 44,734,008	\$ 38,963,516	\$ 5,770,492	
State Proposition 1B: Trade Corridor Improvement Fund (TCIF)							
	35	2012	Tustin Ave / Rose Dr Grade Separation Project (Construction)	\$ 30,862,000	\$ 21,455,738	\$ 9,406,262	June 2020
	36	2013	Lakeview Ave Grade Separation (Construction)	27,628,157	17,713,988	9,914,169	June 2020
PROP 1B TCIF Subtotal				\$ 58,490,157	\$ 39,169,726	\$ 19,320,431	
State Transportation Improvement Plan (STIP) Programming, Planning & Monitoring (PPM)							
	37	2017	PPM Program	\$ 1,899,000	\$ 529,039	\$ 1,369,961	December 2019
	38	2018	PPM Program	1,482,000	0	1,482,000	December 2019
	39	2019	PPM Program	1,481,000	0	1,481,000	December 2021
STIP PPM Subtotal				\$ 4,862,000	\$ 529,039	\$ 4,332,961	
State Transportation Improvement Program (PTA)							
	40	2016	Orange Transportation Center Parking Structure (Construction)	\$ 13,762,000	\$ 6,867,357	\$ 6,894,643	December 2020
STIP PTA Subtotal				\$ 13,762,000	\$ 6,867,357	\$ 6,894,643	

Fourth Quarter Grant Reimbursement Status Report

April through June 2019

State and Federal Highway Administration Formula Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
Senate Bill 1: State of Good Repair						
41	2018	Heating-Ventilation Unit Replacements at Anaheim Base Maintenance	\$ 66,681	\$ 0	\$ 66,681	January 2020
42	2018	Ten Zero-Emission Hydrogen Fuel Cell Buses	5,640,382	3,136,173	2,504,209	March 2020
43	2019	iShuttle Replacement Buses	5,580,604	0	5,580,604	August 2023
SB1 SGR Subtotal			\$ 11,287,667	\$ 3,136,173	\$ 8,151,494	
Total State and Federal Highway Administration Formula Grant Agreements			\$ 299,192,041	\$ 206,992,611	\$ 92,199,429	

Fourth Quarter Grant Reimbursement Status Report
April through June 2019

State Discretionary Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
South Coast Air Quality Management District (SCAQMD)						
1	2018	Ten Zero-Emission Hydrogen Fuel Cell Buses	\$ 1,000,000	\$ 0	\$ 1,000,000	March 2020
SCAQMD Subtotal			\$ 1,000,000	\$ 0	\$ 1,000,000	
California Air Resources Board (CARB)						
2	2018	Facility Upgrades	\$ 339,819	\$ 0	\$ 339,819	October 2019
3	2018	Hydrogen Station	5,488,273	0	5,488,273	January 2020
4	2018	Ten Zero-Emission Hydrogen Fuel Cell Buses	6,338,000	200,000	6,138,000	March 2020
CARB Subtotal			\$ 12,166,092	\$ 200,000	\$ 11,966,092	
Air Quality Management District (AQMD) Grant Program and Mobile Source Air Pollution Reduction Review Committee (MSRC)						
5	2015	Bicycle Corridor Improvement	\$ 836,413	\$ 82,000	\$ 754,413	June 2020
6	2019	Hydrogen Detection	642,000	0	642,000	July 2020
7	2019	La Habra Union Pacific Rail Bikeway	91,760	0	91,760	November 2023
MSRC Subtotal			\$ 1,570,173	\$ 82,000	\$ 1,488,173	
Highway Safety Plan (HSP) - California Office of Traffic Safety (OTS)						
8	2019	Bicycle & Pedestrian Facilities Program	\$ 75,000	\$ 0	\$ 75,000	October 2019
OTS Subtotal			\$ 75,000	\$ 0	\$ 75,000	
Systemic Safety Analysis Reporting Program						
9	2016	Systemic Safety Analysis Report	\$ 315,000	\$ 183,724	\$ 131,276	September 2021
SSARP Subtotal			\$ 315,000	\$ 183,724	\$ 131,276	
Transit Security Grant Program (TSGP) - State Office of Homeland Security						
10	2017	Be The One Campaign	\$ 75,000	\$ 33,584	\$ 41,417	August 2020
TSGP Subtotal			\$ 75,000	\$ 33,584	\$ 41,417	
TSA National Explosives Detection Canine Team Program (NEDCTP) - Department of Homeland Security						
11	2019	Transportation Security Administration Canine	\$ 151,500	\$ 22,656	\$ 128,844	December 2019
TSA K9 Subtotal			\$ 151,500	\$ 22,656	\$ 128,844	
Senate Bill 1: Local Partnership Program						
12	2018	Garden Grove Blvd Signal Synchronization (Construction)	\$ 1,353,000	\$ 0	\$ 1,353,000	December 2023
13	2018	Katella Ave Signal Synchronization (Construction)	2,449,000	0	2,449,000	December 2023
14	2018	Los Olisos Blvd Signal Synchronization (Construction)	1,117,000	0	1,117,000	December 2023
15	2018	Main Street Signal Synchronization (Construction)	1,926,000	0	1,926,000	December 2023
SB1 LPP Subtotal			\$ 6,845,000	\$ 0	\$ 6,845,000	
Senate Bill 1: Planning Grants						

Fourth Quarter Grant Reimbursement Status Report
April through June 2019

State Discretionary Grant Agreements						
	FISCAL YEAR (FY)	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE	ANTICIPATED CLOSE-OUT
16	2019	Orange County Rail Infrastructure Defense Against Climate Change	\$ 461,771	\$ 0	\$ 461,771	February 2021
17	2019	Safe Routes to School Action Plan	264,000	0	264,000	February 2021
SB1 PL Subtotal			\$ 725,771	\$ 0	\$ 725,771	
Caltrans State Planning and Research Grant						
18	2018	SR-39 Beach Boulevard Corridor Study	\$ 345,000	\$ 69,288	\$ 275,712	February 2020
SPR Subtotal			\$ 345,000	\$ 69,288	\$ 275,712	
Total State Discretionary Grant Agreements			\$ 23,268,536	\$ 591,252	\$ 22,677,284	

Fourth Quarter Grant Reimbursement Status Report
April through June 2019

Grant Agreements Pending Close-out						
	FISCAL YEAR (FY)	FUNDING SOURCE	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE
1	2016	CAP & TRADE LCTOP	Bravo! Route 529 Bus Acquisition	\$ 3,045,578	\$ 3,045,578	\$ 0
2	2017	CAP & TRADE TIRCP	Mobile Ticketing (Construction)	2,482,000	2,413,997	68,003
Total Grant Agreements Pending Close-out				\$ 5,527,578	\$ 5,459,575	\$ 68,003

Fourth Quarter Grant Reimbursement Status Report
April through June 2019

Closed Grant Agreements						
	FISCAL YEAR (FY)	FUNDING SOURCE	PROJECT	GRANT AMOUNT	AMOUNT REIMBURSED	REMAINING BALANCE
1	2010	CMAQ	Orangethorpe Ave Grade Separation (ROW)	\$ 23,554,869	\$ 23,554,869	\$ 0
2	2012	CMAQ	I-5 HOV Segment 3, PCH to San Juan Creek Rd (PS&E)	2,067,000	1,596,649	470,351
3	2016	MSRC	Bus Rehab & Repower - 40' buses	1,470,000	1,470,000	0
4	2017	MSRC	OC Fair Express	834,222	834,222	0
5	2012	PROP 1B TCIF	Orangethorpe Ave Grade Separation (Construction)	29,699,244	29,699,244	0
6	2015	PROP 1B TSSSDRA	Raymond Ave Grade Separation Project (Construction)	2,125,457	2,125,457	0
7	2015	PROP 1B TSSSDRA	Transit Security Operation Center (PS&E)	884,229	884,229	0
8	2015	PROP 1B TSSSDRA	Video Surveillance System Upgrades (Construction)	98,868	98,868	0
9	2016	PROP 1B TSSSDRA	Raymond Ave Grade Separation Project (Construction)	1,552,827	1,552,827	0
10	2016	PROP 1B TSSSDRA	Transit Security Operation Center (PA/ED)	2,017,226	2,017,226	0
11	2012	SAFETEA-LU Demo	Orangethorpe Ave Grade Separation (Construction)	18,600,000	18,600,000	0
12	2017	SHA-SC	Active Transportation Count	177,000	175,755	1,245
Total Closed Grants				\$ \$83,080,942	\$ \$82,609,346	\$ 471,596

ATTACHMENT E



September 25, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Excess Liability Insurance Renewal

Overview

The Orange County Transportation Authority currently has excess liability insurance policies with Lexington Insurance Company, Great American Insurance Company, Allied World Assurance Company, and Endurance American Insurance Company. These policies will expire on November 1, 2019.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A44072, in the amount of \$800,000, to Marsh Risk and Insurance Services, Inc., to purchase excess liability insurance on behalf of the Orange County Transportation Authority for the policy period of November 1, 2019 to November 1, 2020.

Discussion

The Orange County Transportation Authority (OCTA) has been self-insured for liability claims since 1977 and currently maintains a self-insured retention (SIR) of \$4 million per claim. In addition, OCTA purchases \$60 million in excess liability insurance above the current SIR to provide financial protection against potentially high-exposure liability losses.

Excess liability insurance is a type of insurance policy purchased by OCTA to protect against liability claims for bodily injury and property damage arising out of premises, all operations (including the 91 Express Lanes), products and completed operations, advertising and personal injury liability, errors and omissions liability (including public official's coverage), employment practices, and employee benefit liability.

The \$60 million in excess liability insurance is provided by four insurance carriers, Lexington Insurance Company (Lexington), Great American Insurance Company (Great American), Allied World Assurance Company (Allied), and Endurance American Insurance Company (Endurance).

Lexington provides coverage of \$10 million in excess of OCTA's \$4 million SIR, for a premium of \$403,042. In addition, Great American provides an additional \$15 million in coverage to OCTA beyond the Lexington policy, for a premium of \$135,000. Allied provides an additional \$25 million beyond the Great American policy, for a premium of \$161,136, and Endurance adds an additional \$10 million in coverage at the highest level of the \$60 million in coverage. The total premium for the four policies including taxes and fees is \$762,575.34. These policies are scheduled to expire on November 1, 2019.

OCTA's approved budget for this renewal exceeds the current premium, but allows for potential increases which might occur as a result of any policy enhancements necessary to protect OCTA assets and expected premium rate increases due to recent overall insurance market losses. Therefore, staff requests Board of Directors' (Board) approval for the budget-approved amount of \$800,000 to renew this policy.

OCTA's Broker of Record, Marsh Risk and Insurance Services, Inc. (Marsh), will provide marketing and will purchase the excess liability insurance coverage on behalf of OCTA for this renewal. Marsh is paid a flat fee of \$100,000 for marketing and placing all property and casualty insurance per Agreement No. C-7-1585 approved by the Board on May 22, 2017. This flat fee paid to Marsh is not part of the premium OCTA anticipates paying to the selected insurers for the renewal of this policy. By agreement, Marsh does not earn any additional compensation or commission for its services. The contract further requires that any commissions offered by insurers will offset OCTA's premiums.

Marsh has identified a market trend of increased premium rates of 20 to 40 percent for insurance policies renewing this year. Although OCTA has a very favorable loss history, a premium rate increase is expected. Marsh has been directed to approach carriers that currently write public transportation excess liability insurance policies and that also have the financial capacity to hold an AM Best financial rating of A-7 or better. The qualified companies include:

- ACE American Insurance Company
- Allied World Assurance Company, LTD.
- Arch Specialty Insurance Company
- AXIS Surplus Insurance Company
- Argonaut Insurance Company
- Berkley National Insurance Company
- Endurance American Insurance Company
- Evanston Insurance Company
- General Star Insurance Company
- Great American Insurance Company
- Insurance Company of the State of Pennsylvania
- Ironshore Indemnity Company
- Munich Reinsurance Company
- Old Republic Insurance Company
- RSUI Indemnity Company
- Scottsdale Insurance Company
- Travelers Insurance Company

OCTA will pursue five possible goals for renewing the excess liability policies. The goals are:

- Obtain a flat premium rate renewal at the current SIR level.
- Obtain quotes for \$3 million, \$4 million, and \$5 million SIR to evaluate the best blend of risk assumption and risk transfer.
- Revise coverage limit levels for cost-effectiveness.
- Consider a multiple-year program.
- Conduct a review of the current level of coverage.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2019-20 Budget, Human Resources and Organizational Development Division, Risk Management Department, Account 0040-7562-A0017-DTN, and is funded through the Internal Service Fund.


Summary

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A44072, for the renewal of the excess liability insurance, for an annual premium not to exceed \$800,000, for the policy period of November 1, 2019 to November 1, 2019.

Attachment

None.

Prepared by:

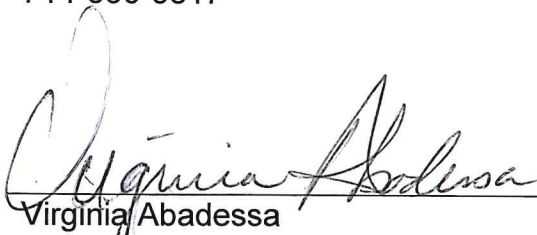


Al Gorski
Department Manager,
Risk Management
714-560-5817

Approved by:



Maggie McJilton
Executive Director,
Human Resources & Organizational
Development Division
714-560-5824



Virginia Abadessa
Director, Contracts Administration and
Materials Management
714-560-5623



September 25, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report – August 2019

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 August 31, 2019. During the month of August, one investment manager purchased a security that was not in compliance with the Investment Policy. As a result of the compliance violation, the investment manager was put on probation for one year per the requirements of the Investment Policy.

Recommendation

Receive and file as an information item.

Discussion

As of August 31, 2019, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2.07 billion. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, the short-term portfolio for future budgeted expenditures, and the bond proceeds portfolio to meet Measure M2 (M2) transportation program needs. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

The weighted average book yield for the OCTA portfolio is 2.3 percent. The book yield measures the exact income, or interest, on a bond without regard to market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

On August 14, 2019, one of OCTA's investment managers, MetLife Investment Management, purchased commercial paper issued by the Arizona Public Service Company. OCTA's Investment Policy requires commercial paper securities to be rated A-1 equivalent or higher by two Nationally Recognized Statistical Rating Organizations (NRSRO). At the time of purchase, this security was rated by 3 NRSRO's, but only one of those ratings was equivalent to A-1. The Treasurer was informed of this violation and, per OCTA's investment guidelines, MetLife Investment Management was put on a one-year probation effective August 14, 2019. The security was sold on August 15, 2019 earning positive investment earnings for OCTA's portfolio.

The OCTA's month-end balance in the Local Agency Investment Fund was \$10,678,071, with an average monthly effective yield of 2.3 percent. The OCTA's month-end balance in the Orange County Investment Pool (OCIP) was \$23,591,302. For the month of July, the monthly gross yield for the OCIP was 2.3 percent. Yields for the month of August will be received in September.

OCTA's debt portfolio had an outstanding principal balance of \$1.01 billion as of August 31, 2019. Approximately 63 percent of the outstanding balance is comprised of M2 debt, nine percent is associated with the 91 Express Lanes Program, and 28 percent is for the Transportation Infrastructure Finance and Innovation Act Loan.

Summary

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending August 31, 2019.

Attachment

- A. Orange County Transportation Authority Investment and Debt Programs
– For the Period Ending August 31, 2019

Prepared by:



Robert Davis
Manager, Treasury & Public Finance
Finance and Administration
(714) 560-5675

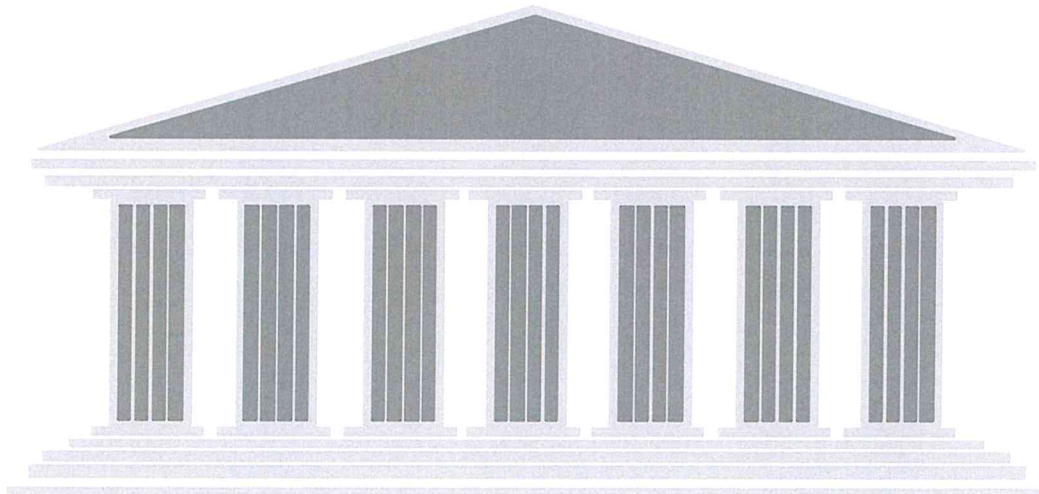
Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
(714) 560-5649

**Treasury/Public Finance Department's
Report On**

**Orange County Transportation Authority
Investment and Debt Programs**



**Presented to the
Finance and Administration Committee**

**For The Period Ending
August 31, 2019**

INVESTMENT PROGRAM

OCTA Investment Dashboard

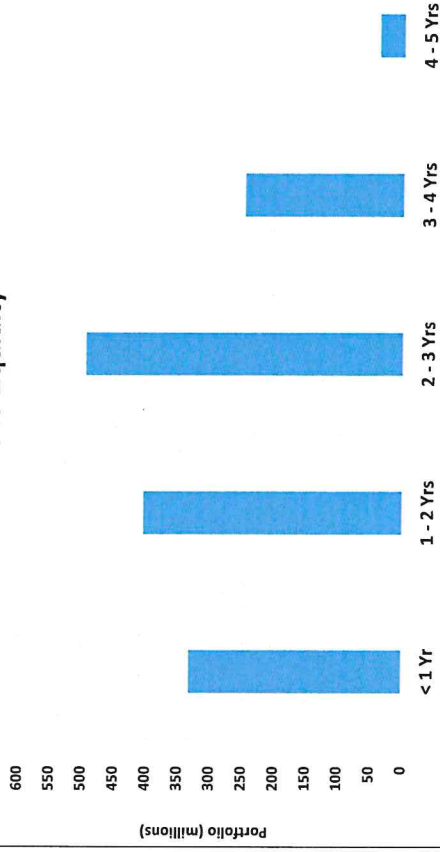
8/31/2019

Safety of Principal

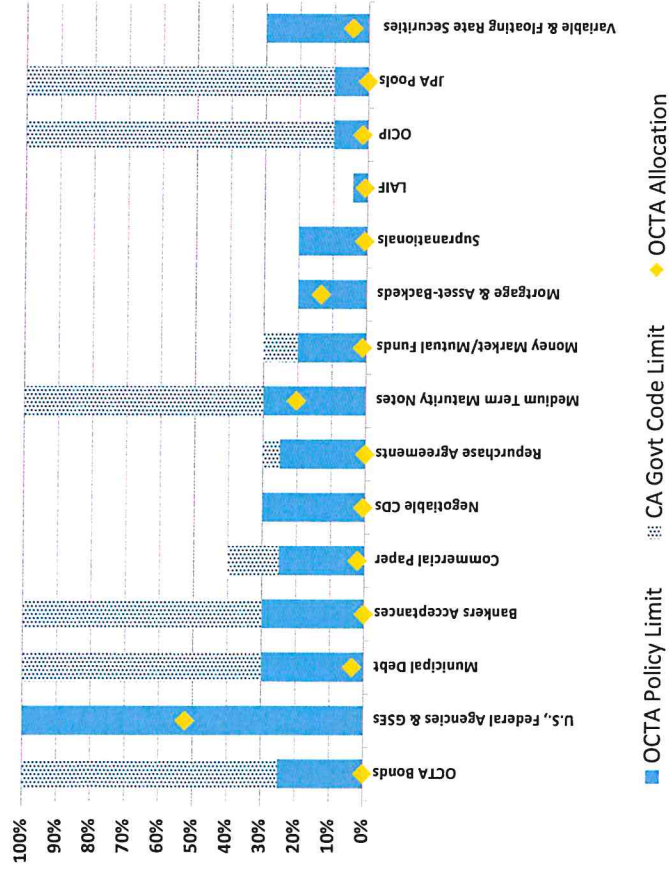
Securities that fall below OCTA's minimum credit quality requirements:

On August 14, 2019, one of OCTA's investment managers, MetLife Investment Management, purchased commercial paper issued by the Arizona Public Service Company. OCTA's Investment Policy requires commercial paper securities to be rated A-1 equivalent or higher by two Nationally Recognized Statistical Rating Organizations (NRSROs). At the time of purchase, this security was rated by 3 NRSRO's, but only one of those ratings was equivalent to A-1. The Treasurer was informed of this violation, and per OCTA's investment guidelines, MetLife Investment Management was put on a one-year probation effective August 14, 2019. The security was sold on August 15, 2019 earning positive investment earnings for OCTA's portfolio.

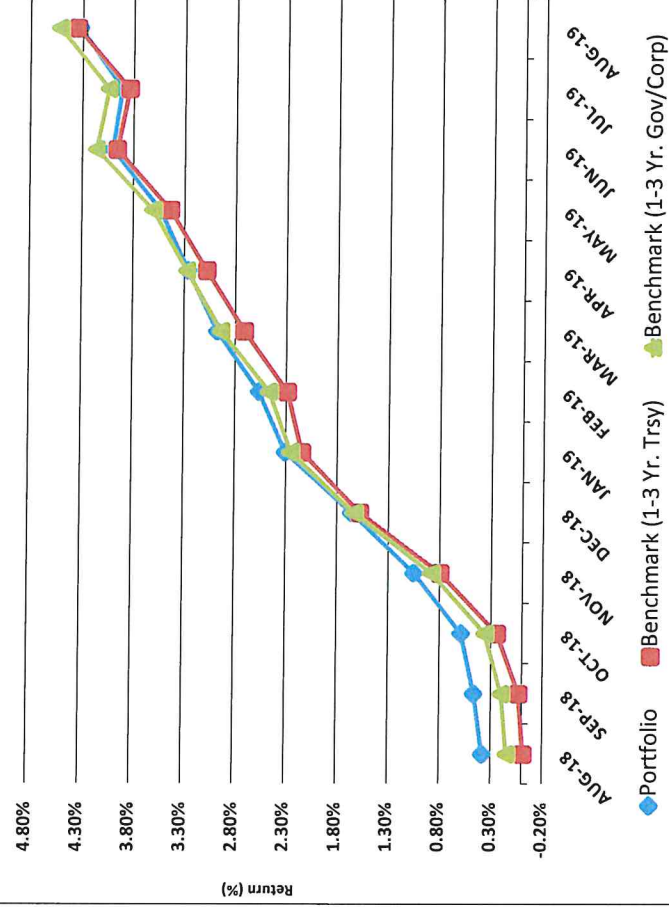
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



Investment Profile

8/31/2019

Portfolio / Managers	Depository	Role	Type of Investment	Amount (\$ Millions)
<u>LIQUID PORTFOLIO:</u>				
OCTA	BNY Mellon	Trustee	Cash	\$ 68.0
OCTA	Bank of the West	Broker	Cash	14.4
OCTA	U.S Bank	Trustee	Cash	0.0
Subtotal OCTA Liquid Portfolio				\$ 82.5
<u>SHORT-TERM PORTFOLIO:</u>				
<u>Investment Managers</u>				
MetLife Investment Management	Union Bank	Custodian	Per OCTA Investment Policy	\$ 378.2
Chandler Asset Management	Union Bank	Custodian	Per OCTA Investment Policy	378.8
Payden & Rygel Investment Counsel	Union Bank	Custodian	Per OCTA Investment Policy	383.8
Public Financial Management (PFM)	Union Bank	Custodian	Per OCTA Investment Policy	379.8
Subtotal Short-Term Portfolio (Investment Managers)				\$ 1,520.7
<u>Pooled Investments</u>				
California State Treasurer	LAIF	Custodian	Per LAIF Investment Policy	\$ 10.7
Orange County Treasurer	OCIP	Custodian	Per OCIP Investment Policy	23.6
Subtotal Short-Term Portfolio Pooled Investments (LAIF/OCIP)				\$ 34.3
Subtotal Short-Term Portfolio				\$ 1,555.0
<u>BOND PROCEED PORTFOLIO:</u>				
OCTA	Bank of Nova Scotia	Custodian	Per Measure M2 Bond Indenture	\$ 333.4
OCTA	BNY Mellon	Trustee	Per Measure M2 Bond Indenture	71.4
Subtotal OCTA Bond Proceeds Portfolio				\$ 404.8
<u>RESERVE FUNDS PORTFOLIO:</u>				
91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Commercial Paper	\$ 11.3
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Commercial Paper	10.0
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Commercial Paper	3.0
Bank Deposits/Cash				0.6
Subtotal OCTA Reserve Funds Portfolio				\$ 24.9
TOTAL				\$ 2,067.2

Short-Term Portfolio - \$1.52 Billion

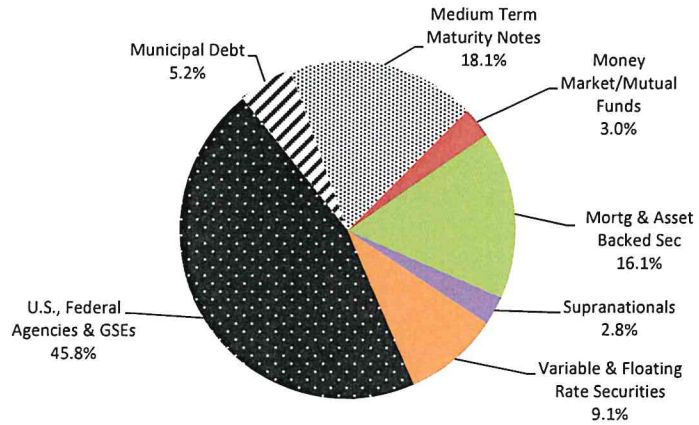
8/31/2019

Part 1 of 2

MetLife Investment Management

Book Value \$ 378,211,767

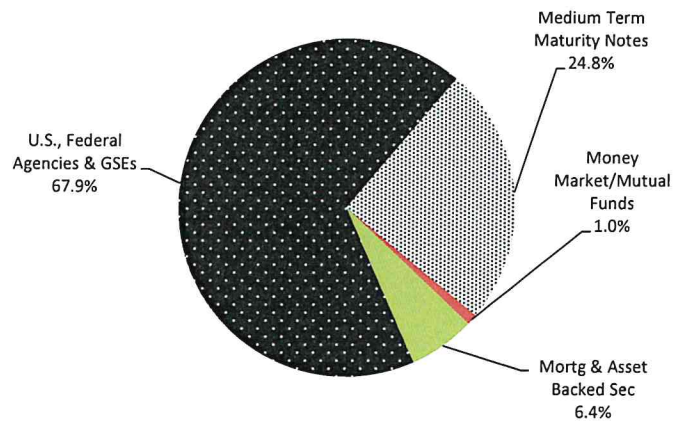
Market Value \$ 381,254,717



Chandler Asset Management

Book Value \$ 378,815,802

Market Value \$ 384,803,563



Market Value as Reported By Clearwater

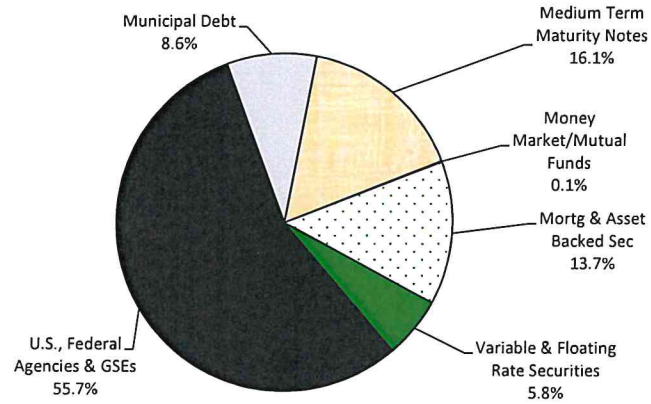
Short-Term Portfolio - \$1.52 Billion

8/31/2019

Part 2 of 2

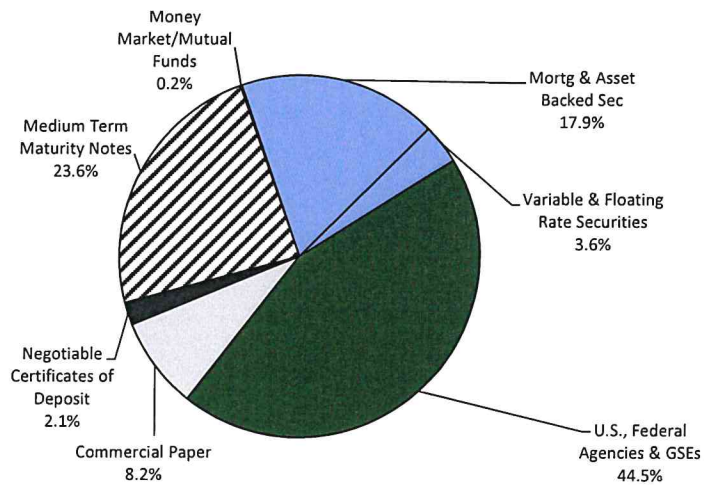
Payden & Rygel

Book Value	\$	383,847,462
Market Value	\$	386,724,100



Public Financial Management (PFM)

Book Value	\$	379,814,319
Market Value	\$	386,386,067



Market Value as Reported By Clearwater

Short-Term Portfolio Maturity Schedule

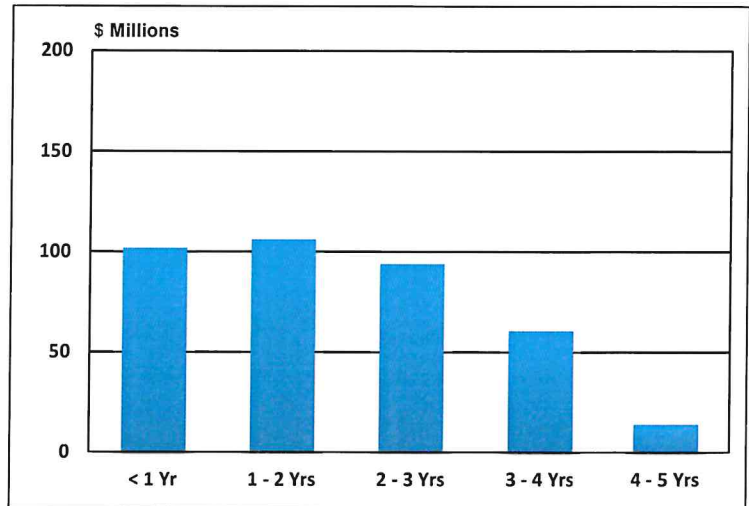
8/31/2019

MetLife Investment Management (\$378.2 M)

Monthly Return 0.51%
 TSY Benchmark 0.81%
 Gov/Corp Benchmark 0.80%

Fiscal YTD Return 4.01%
 TSY Benchmark 4.69%
 Gov/Corp Benchmark 4.88%

12 Month Return 3.65%
 TSY Benchmark 4.35%
 Gov/Corp Benchmark 4.52%

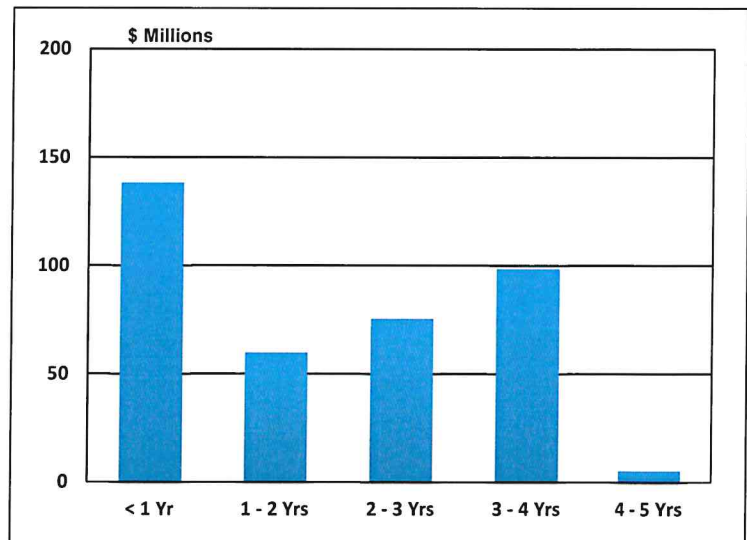


Chandler Asset Management (\$378.8 M)

Monthly Return 0.81%
 Benchmark Comparison 0.81%
 Gov/Corp Benchmark 0.80%

Fiscal YTD Return 5.01%
 TSY Benchmark 4.69%
 Gov/Corp Benchmark 4.88%

12 Month Return 4.50%
 TSY Benchmark 4.35%
 Gov/Corp Benchmark 4.52%



Yield Curve Change From 7/31/19 to 8/31/19			
	7/31/19	8/31/19	Change
1 Year	1.793%	1.699%	-0.0940%
2 Year	1.580%	1.437%	-0.1430%
3 Year	1.538%	1.355%	-0.1830%
5 Year	1.527%	1.311%	-0.2160%
30 Year	2.265%	1.953%	-0.3120%

Short-Term Portfolio Maturity Schedule

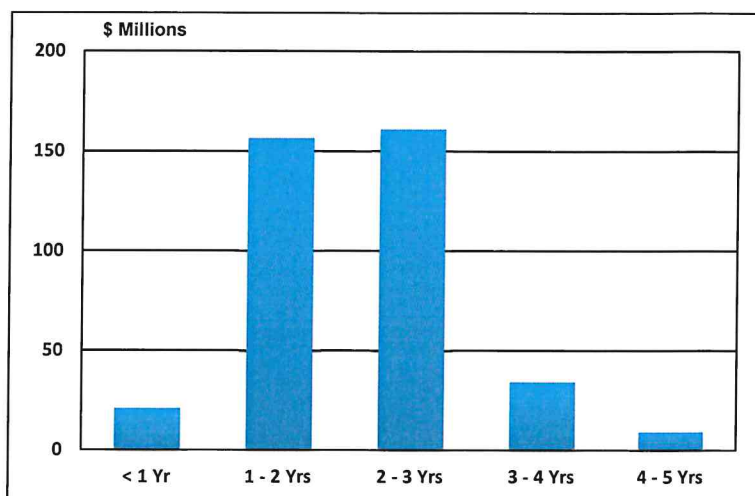
8/31/2019

Payden & Rygel (\$383.8 M)

Monthly Return 0.81%
 TSY Benchmark 0.81%
 Gov/Corp Benchmark 0.80%

Fiscal YTD Return 4.95%
 TSY Benchmark 4.69%
 Gov/Corp Benchmark 4.88%

12 Month Return 4.50%
 TSY Benchmark 4.35%
 Gov/Corp Benchmark 4.52%

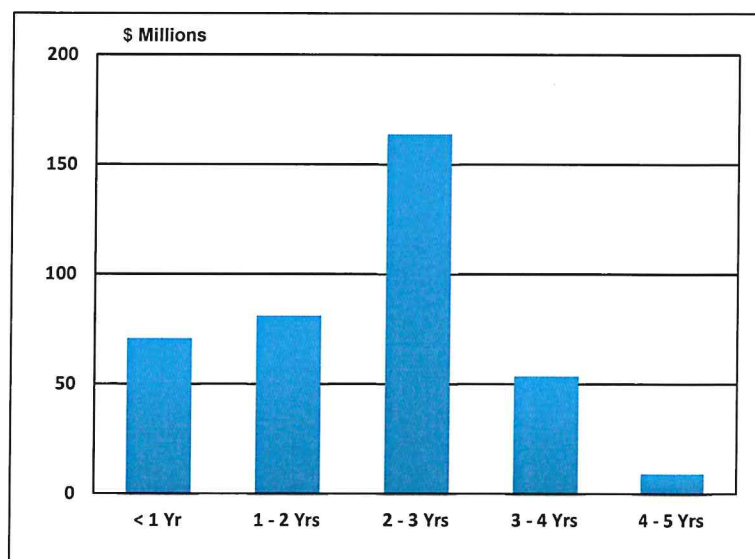


Public Financial Management (\$379.8 M)

Monthly Return 0.82%
 TSY Benchmark 0.81%
 Gov/Corp Benchmark 0.80%

Fiscal YTD Return 5.10%
 TSY Benchmark 4.69%
 Gov/Corp Benchmark 4.88%

12 Month Return 4.63%
 TSY Benchmark 4.35%
 Gov/Corp Benchmark 4.52%

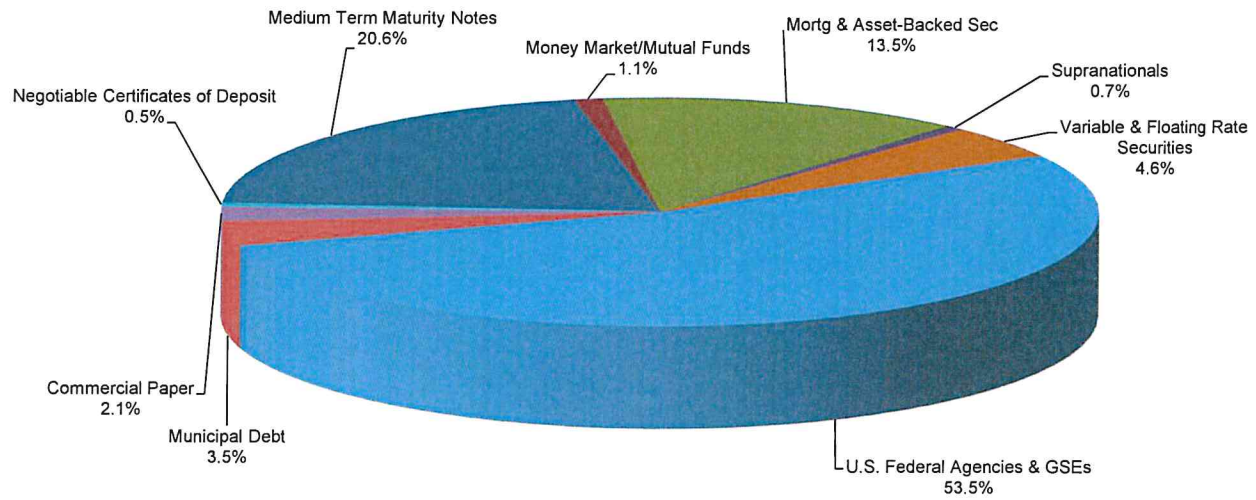


Yield Curve Change From 7/31/19 to 8/31/19			
	7/31/19	8/31/19	Change
1 Year	1.793%	1.699%	-0.0940%
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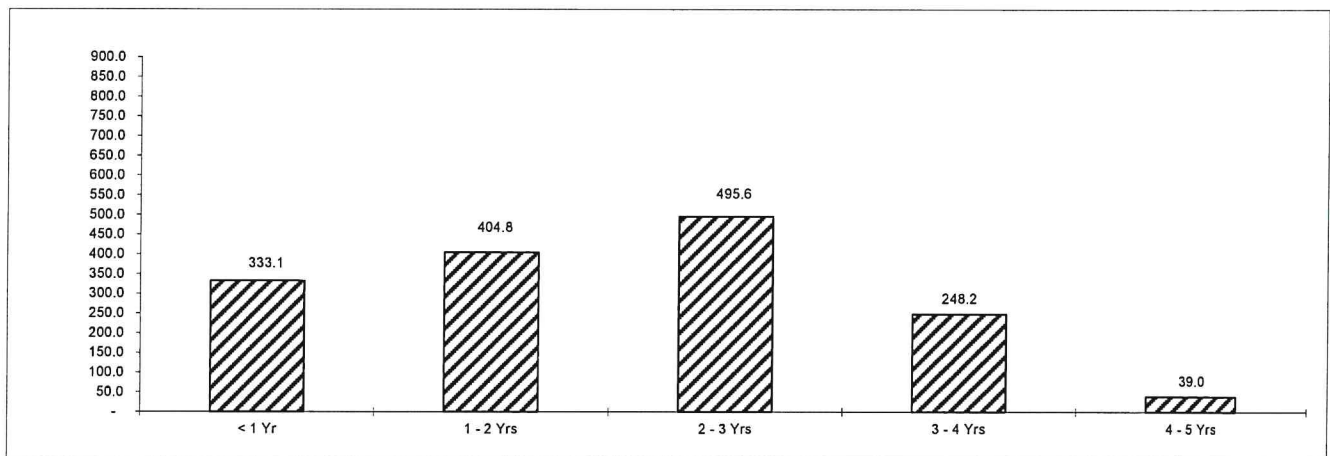
Short-Term Portfolio

8/31/2019

Portfolio Composition



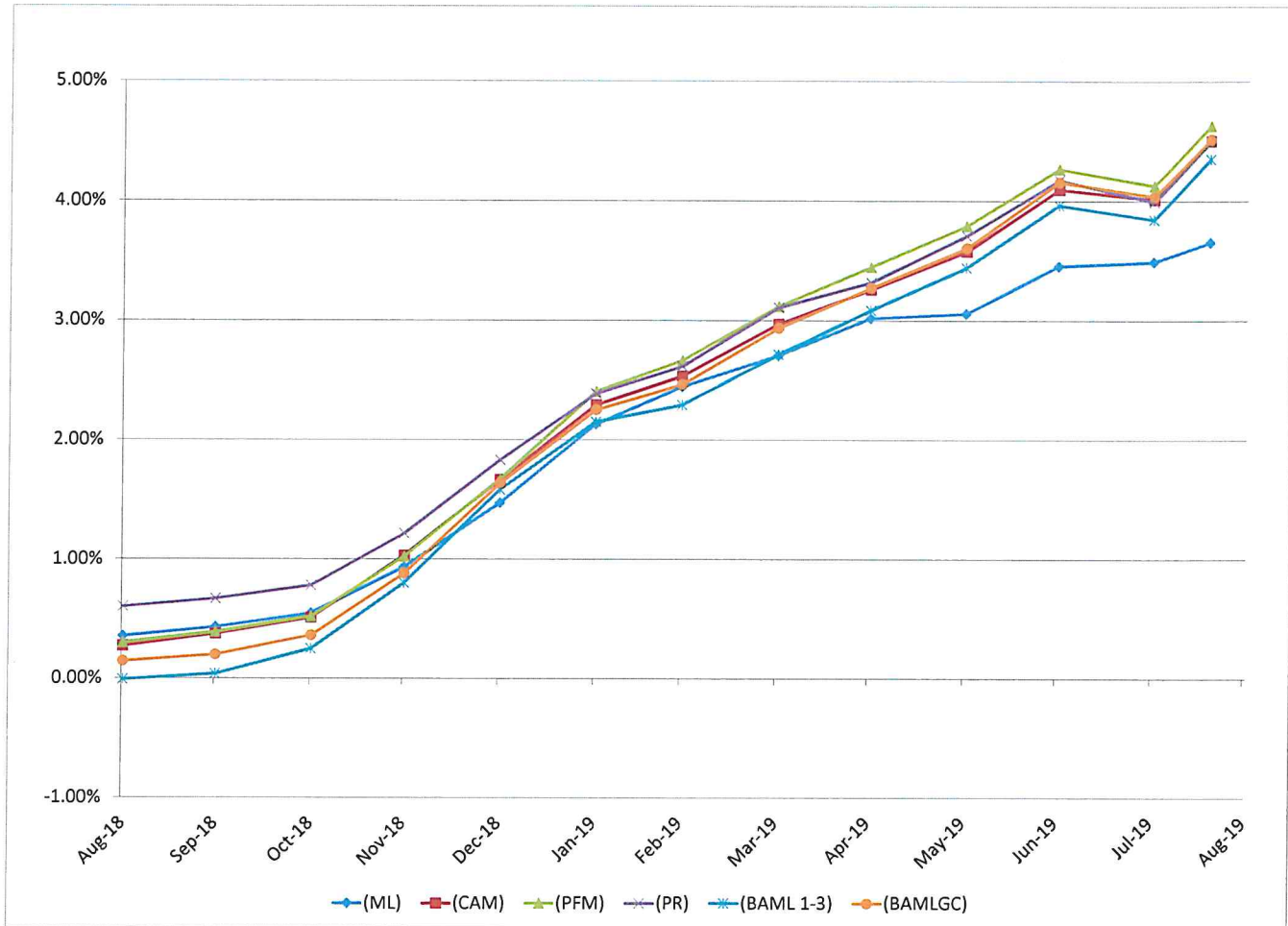
Maturity Schedule



Short-Term Portfolio Performance

8/31/2019

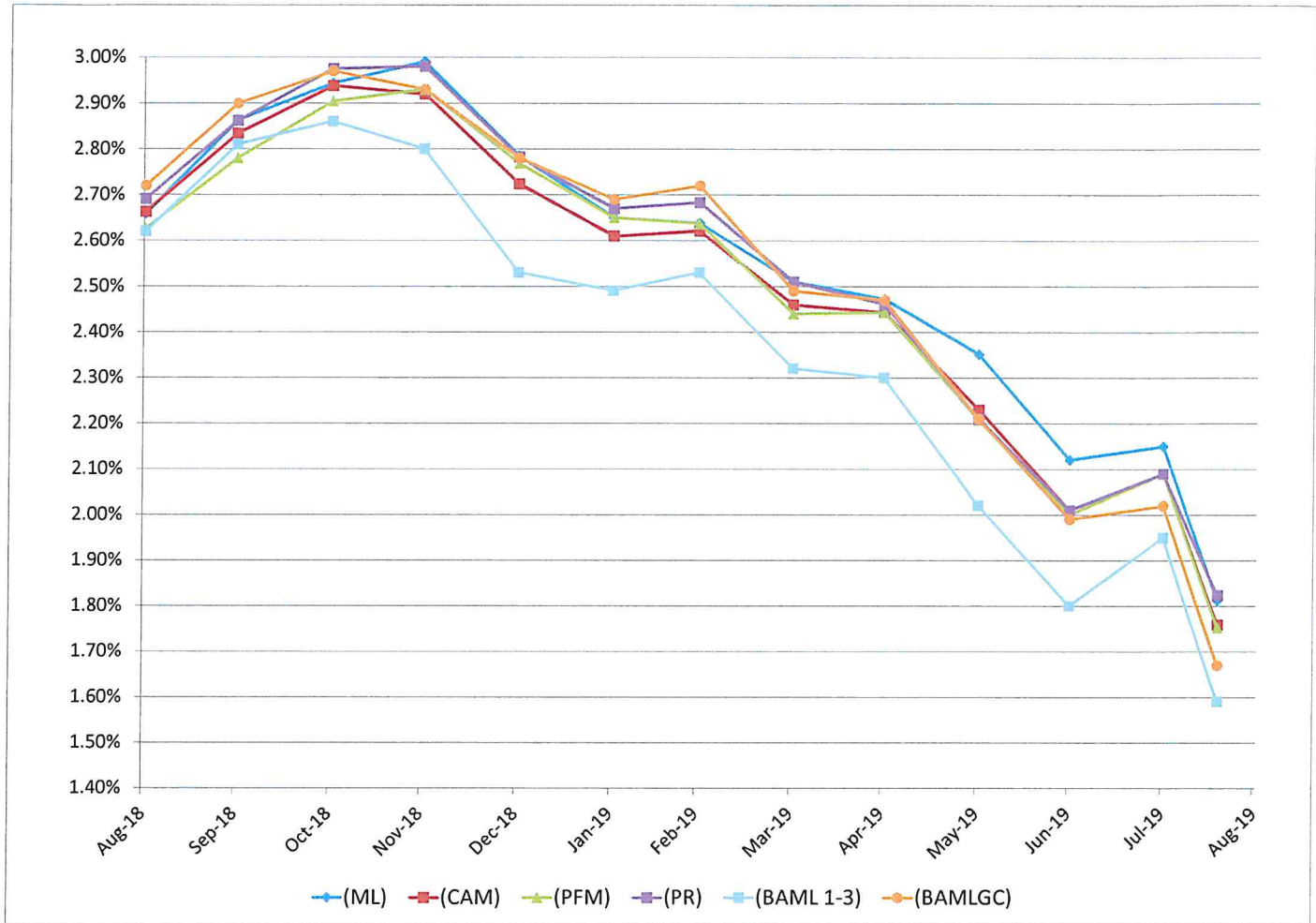
Trailing 1-Year Total Return
Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks



	MetLife Investment Mgmt (ML)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden & Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Aug-18	0.35%	0.27%	0.30%	0.60%	-0.01%	0.15%
Sep-18	0.43%	0.38%	0.39%	0.67%	0.04%	0.20%
Oct-18	0.55%	0.51%	0.52%	0.78%	0.25%	0.36%
Nov-18	0.93%	1.03%	1.02%	1.22%	0.80%	0.88%
Dec-18	1.47%	1.67%	1.67%	1.83%	1.58%	1.64%
Jan-19	2.13%	2.29%	2.41%	2.39%	2.15%	2.25%
Feb-19	2.44%	2.54%	2.67%	2.62%	2.29%	2.46%
Mar-19	2.71%	2.97%	3.12%	3.11%	2.72%	2.94%
Apr-19	3.02%	3.26%	3.45%	3.32%	3.08%	3.27%
May-19	3.06%	3.58%	3.79%	3.71%	3.44%	3.61%
Jun-19	3.45%	4.10%	4.27%	4.17%	3.96%	4.16%
Jul-19	3.49%	4.01%	4.13%	3.99%	3.84%	4.04%
Aug-19	3.65%	4.50%	4.63%	4.50%	4.35%	4.52%

Short-Term Portfolio Performance 8/31/2019

Historical Yields
Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks



	MetLife Investment Mgmt (ML)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLG)
Aug-18	2.66%	2.66%	2.63%	2.69%	2.62%	2.72%
Sep-18	2.86%	2.83%	2.78%	2.86%	2.81%	2.90%
Oct-18	2.94%	2.94%	2.90%	2.98%	2.86%	2.97%
Nov-18	2.99%	2.92%	2.93%	2.98%	2.80%	2.93%
Dec-18	2.78%	2.72%	2.77%	2.78%	2.53%	2.78%
Jan-19	2.65%	2.61%	2.65%	2.67%	2.49%	2.69%
Feb-19	2.64%	2.62%	2.64%	2.68%	2.53%	2.72%
Mar-19	2.51%	2.46%	2.44%	2.51%	2.32%	2.49%
Apr-19	2.47%	2.44%	2.44%	2.46%	2.30%	2.47%
May-19	2.35%	2.23%	2.21%	2.21%	2.02%	2.21%
Jun-19	2.12%	2.01%	2.00%	2.01%	1.80%	1.99%
Jul-19	2.15%	2.09%	2.09%	2.09%	1.95%	2.02%
Aug-19	1.81%	1.76%	1.75%	1.82%	1.59%	1.67%

Investment Policy Compliance

8/31/2019

Portfolio Subject to Investment Policy

Short-Term Portfolio	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Maximum Percentages
U.S. Federal Agencies & GSEs	\$ 813,022,694	52.3%	100%
Municipal Debt	52,710,283	3.4%	30%
Bankers Acceptances	-	0.0%	30%
Commercial Paper	31,211,383	2.0%	25%
Negotiable Certificates of Deposit	7,875,000	0.5%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes	313,754,124	20.2%	30%
Money Market/Mutual Funds	16,122,276	1.0%	20%
Mortgage & Asset-Backed	205,470,886	13.2%	20%*
Supranationals	10,484,250	0.7%	20%
Local Agency Investment Fund	10,678,071	0.7%	\$ 65 Million
Orange County Investment Pool	23,591,302	1.5%	10%
Joint Powers Authority Pools	-	0.0%	10%
Variable & Floating Rate Securities	70,038,453	4.5%	30%
Total Short-Term Portfolio	\$ 1,554,958,723	100.0%	

Portfolio Subject to Indenture

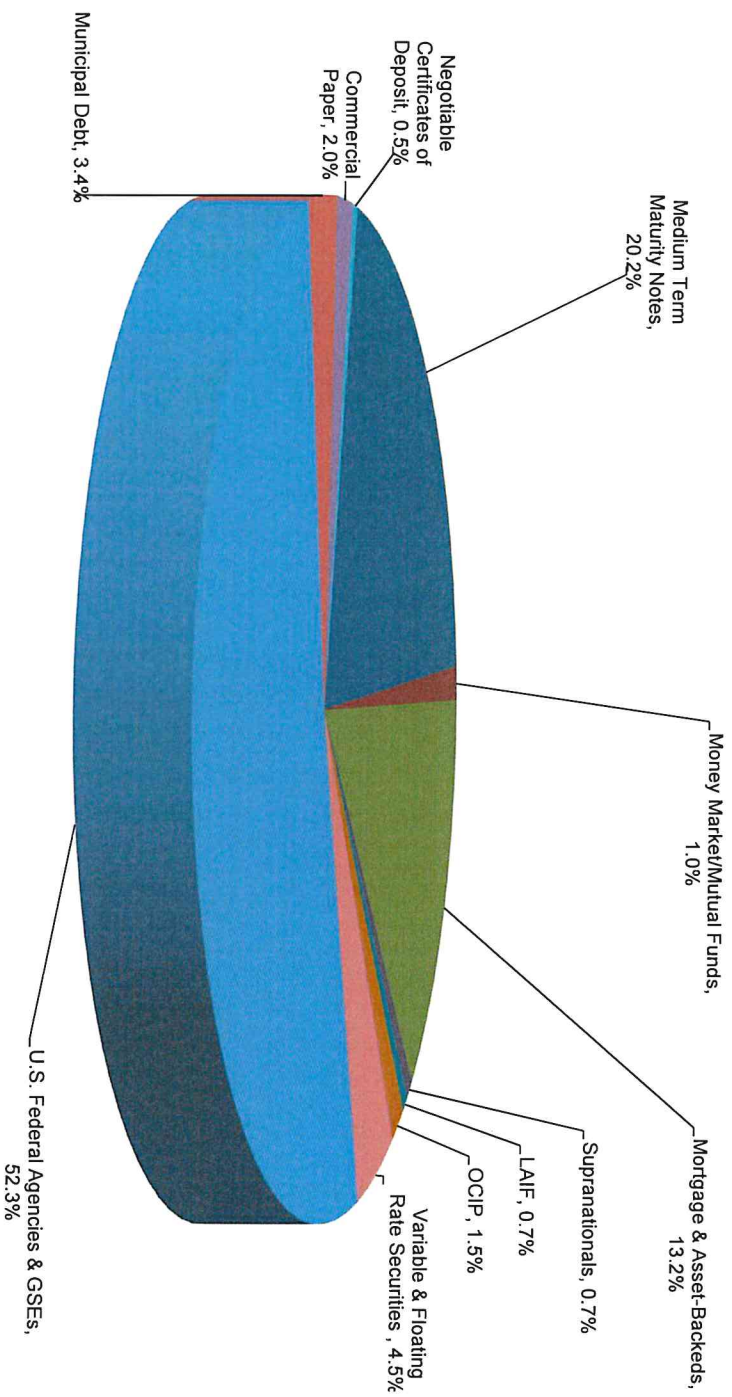
Bond Proceeds Portfolio	Dollar Amount Invested
Money Market Funds	\$ 71,434,726
Guaranteed Investment Contract	333,400,000
Total Bond Proceeds Portfolio	\$ 404,834,726
Reserve Funds Portfolio	
Commercial Paper	\$ 24,909,601
Total Portfolio Subject to Indenture	\$ 429,744,327
Portfolio Total**	\$ 1,984,703,050

*Asset-backed securities, excluding mortgages, may not exceed 10 percent of the allocation

**Liquid Portfolio not included (\$82.5 million as of 8/31/2019)

Investment Allocation for Short-Term Portfolio*

8/31/2019



*Allocation percentages include pooled investments

Negative Credit Watch

8/31/2019

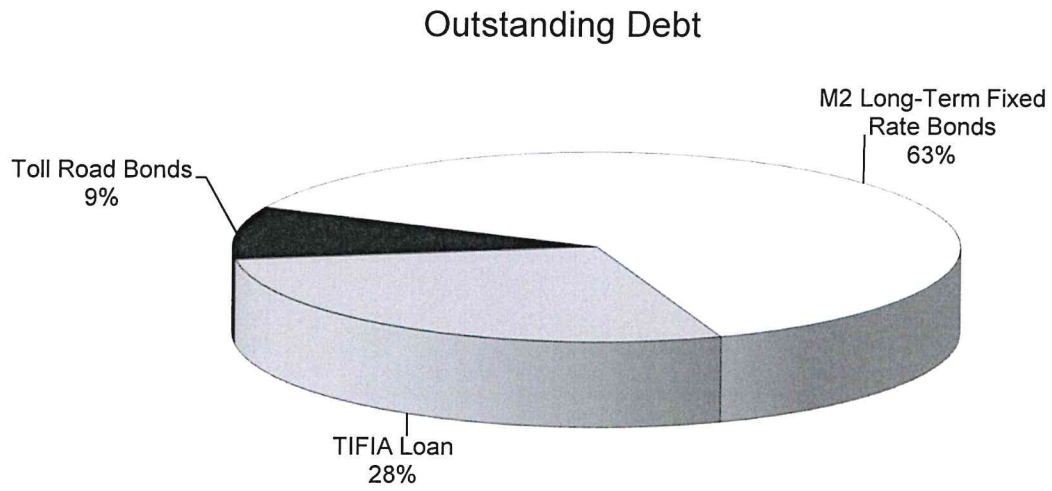
<u>Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
PFM					
<i>Pfizer Inc.</i>	2,300,000	Various*	AA-	A1	A
On June 17, 2019, S&P, and Fitch placed the long-term ratings of Pfizer Inc. under review for possible downgrade.					
MetLife Investment Mgmt					
<i>Bristol-Myers Squibb Co.</i>	2,160,000	5/14/2021	A+	A2	A-
On January 3, 2019, S&P, and Fitch placed the long-term ratings of Bristol-Myers Squibb Co. under review for possible downgrade.					

*9/15/21 & 3/11/22

DEBT PROGRAM

Total Outstanding Debt

As of 8/31/19



TOTAL OUTSTANDING DEBT: \$1,013,905,000

Outstanding Debt

As of 8/31/19

Orange County Local Transportation Authority (OCLTA-M2)

2010 Series A Taxable Build America Bonds - Sales Tax Revenue Bonds

Issued:	\$	293,540,000
Outstanding:		250,000,000
Debt Service FY 2020:		17,270,000
Pledged Revenue Source:		M2 Sales Tax Revenues
Ratings (Fitch/ Moody's/ S&P):		AA+/Aa2/AA+
Final Maturity:		2041

2010 Series B Tax-Exempt Sales Tax Revenue Bonds

Issued:	\$	59,030,000
Outstanding:		8,530,000
Debt Service FY 2020:		8,913,850
Pledged Revenue Source:		M2 Sales Tax Revenues
Ratings (Fitch/ Moody's/ S&P):		AA+/Aa2/AA+
Final Maturity:		2020

2019 M2 Sales Tax Bond

Issued:	\$	376,690,000
Outstanding:		376,690,000
Debt Service FY 2020:		17,939,230
Pledged Revenue Source:		M2 Sales Tax Revenues
Ratings (Fitch/ S&P):		AA+/AA+
Final Maturity:		2041

91 Express Lanes

2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	124,415,000
Outstanding:		91,685,000
Debt Service FY 2020:		10,798,325
Pledged Revenue Source:		91 Toll Road Revenues
Ratings (Fitch/ Moody's/ S&P):		A+/A1/AA-
Final Maturity:		2030

405 Express Lanes

2017 TIFIA Loan

Outstanding:	\$	287,000,000
Accrued Debt Service FY 2020:	\$	9,103,437
Pledged Revenue Source:		405 Toll Road Revenues
Ratings (Moody's):		Baa2
Final Maturity:		2057