



Committee Members Present

Richard Murphy, Vice Chairman
Michael Hennessey
Steve Jones
Michelle Steel

Staff Present

Darrell E. Johnson, Chief Executive Officer
Laurena Weinert, Clerk of the Board
Gina Ramirez, Deputy Clerk of the Board
James Donich, General Counsel
OCTA Staff and Members of the General Public

Committee Members Absent

Andrew Do, Chairman
Todd Spitzer

Call to Order

The July 11, 2018 regular meeting of the Finance and Administration Committee was called to order by Committee Vice Chairman R. Murphy at 10:39 a.m.

Pledge of Allegiance

Director Hennessey led in the Pledge of Allegiance.

1. Public Comments

No public comments were received.

Special Calendar

2. Taxable Sales Forecast - California State University Fullerton - Anil Puri, Provost Emeritus and Director of the Woods Center for Economic Analysis

Sean Murdock, Director of Finance and Administration, made opening comments and introduced Dr. Anil Puri, PhD, from California State University, Fullerton.

Dr. Puri presented a PowerPoint presentation and highlighted the following areas:

- 2018 Stock Market at its Highest But Jittery;
- Consumer Confidence: Off the Charts;
- Solid Job Growth As Expansion Matures;
- Labor Market is Tightening Up;
- Tariffs;
- Outlook Juiced Up;
- Productivity Growth;
- Fed Policy;
- Orange County;



2. (Continued)

- Employment Growth Has Edged Down a Bit;
- Job Growth Has Held Steady Throughout SoCal;
- Tight Labor Market Will Get Even Tighter;
- Healthy Pace of Labor Force Expansion;
- OC Economy Strength: It's Diversity;
- Home Values: Expecting Their 2006 Peaks;
- Home Price Appreciation has Held Steady;
- Business Expectations: At Cycle Highs;
- Bright Outlook for the Local Economy;
- Fed Policy: Biggest Threat to United States Economy;
- Forecasts;
- Orange County Taxable Sales, and
- Questions & Answers.

A lengthy discussion ensued regarding consumer confidence, age of workers, quality and types of jobs, possible forecast issues, inverted yield, auto costs, and oil prices.

Consent Calendar (Items 3 through 5)

3. Approval of Minutes - May 23, 2018

A motion was made by Director Steel, seconded by Director Hennessey, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of May 23, 2018.

4. Approval of Minutes - June 27, 2018

A motion was made by Director Steel, seconded by Director Hennessey, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of June 27, 2018.

5. California Governor's Office of Emergency Services, Grant Monitoring Review, Fiscal Year 2014-15 California Transit Security Grant Program, Award No. 67610002

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

Regular Calendar

There were no Regular Calendar Matters.

Discussion Items

6. Measure M2 Sales Tax Forecast

Sean Murdock, Director of Finance and Administration, made opening comments and introduced Sam Kaur, Department Manager of Revenue and Grants Administration, who provided a PowerPoint presentation for this item as follows:

- Background;
- Historical Measure M2 (M2) Sales Tax Revenues;
- Short-Term Growth Rate Forecasts;
- Long-Term Growth Rate Forecasts;
- Annual M2 Sales Tax Revenue Forecast;

Darrell E. Johnson, Chief Executive Officer, (CEO), commented that this presentation is to provide an early indicator on where the M2 forecasts are going before staff returns to the Finance and Administration Committee with a full staff report.

Ms. Kaur continued with the PowerPoint presentation as follows:

- Results of Updated Forecasts;
- Forecast Comparison – 2018 vs 2017;
- Reasons for Anticipated Decline in Short-Term;
- Reasons for Anticipated Decline in Long-Term, and
- Next Steps.

A discussion ensued regarding the M2 calculations, time period and the universities forecasts.

Director Hennessey inquired on when the Orange County Transportation Authority (OCTA) will see an impact on out of state sales tax revenue.

Dustin Sifford, Senior Government Relations Representative, responded that California will need to implement legislation for obtaining sales tax revenue and will not see any impacts until 2019.

Mr. Johnson, CEO, stated that OCTA anticipated the sales tax changes, and when staff returns to the Finance and Administration Committee in fall both revenue and construction cost components will be addressed.

7. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- Last month, staff had a very successful trip to New York to meet with the rating agencies. Staff is pleased to report that Moody's has recently reaffirmed the "Baa2" rating with a stable outlook and provided an updated credit analysis for the 405 Express Lanes Transportation Infrastructure Finance and Innovation Act loan.

Additionally, Standard & Poor's has reaffirmed the "AA-" rating with a stable outlook for the 91 Express Lanes debt program.

- On Saturday, July 14th at 9:00 a.m., OCTA is hosting an Interstate 405 Improvement Project neighborhood meeting at Valley Vista High School in Fountain Valley. Staff will be available to answer questions about the project and the upcoming Slater Avenue bridge construction, with partial demolition tentatively scheduled for August.
- On Saturday, July 14th at 9:30 a.m., OCTA is hosting an event at the Laguna Niguel/Mission Viejo Metrolink Station to kick off the OC Fair Express service and to highlight the new Laguna Niguel route.

8. Committee Members' Reports

Director Hennessey inquired on the rating agencies upgrades and the debt issuance plans for the Interstate 405 Improvement Project.

Mr. Johnson, CEO, stated that staff discussed debt issuance plans and rating upgrades during the New York trip and more information will be provided in a staff report coming to next month's Finance and Administration Committee meeting.

Committee Vice Chairman R. Murphy inquired on what \$400 million dollars less revenue means for the M2 forecast.

Mr. Johnson, CEO, responded that OCTA would see lower turn back to the local cities and slightly lower revenues available to the competitive capital programs for streets, roads, and signal synchronization. He also stated that for the highway program, approximately \$200-\$250 million in external funding would be needed from state and federal sources.



9. Closed Session

There were no Closed Session items scheduled.

10. Adjournment

The meeting adjourned at 11:38 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, July 25, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Richard Murphy
Committee Vice Chairman