



Committee Members Present

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

Committee Members Absent

Todd Spitzer
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
James Donich, General Counsel
OCTA Staff and Members of the General Public

Call to Order

The October 24, 2018 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:37 a.m.

Pledge of Allegiance

Committee Vice Chairman R. Murphy

Committee Chairman Do introduced high school senior Miley Madrazo from Oxford Academy who will be shadowing him for the day.

1. Public Comments

No public comments were received.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 15)

2. Approval of Minutes

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to approve the minutes of the Finance and Administration Committee of October 10, 2018.

3. Fiscal Year 2018-19 Internal Audit Plan, First Quarter Update

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file the first quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2018-19 Internal Audit Plan as an information item.



4. Financial and Compliance Audits of Eight Measure M2 Comprehensive Transportation Funding Programs Projects

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

- A. Receive and file financial and compliance audits of eight Comprehensive Transportation Funding Programs projects.
- B. Direct staff to follow up with the City of Orange on the status of implementation of two recommendations.

5. Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2018

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2018, Internal Audit Report No. 19-501, as an information item.

6. ACCESS Service, Internal Audit Report No. 18-514

This item was pulled by Committee Chairman Do who requested that staff return to the Finance and Administration Committee with an update on the status of implementation for Recommendation 1 of the Internal Audit Report No. 18-514 (Attachment A of the Staff Report).

A motion was made by Committee Chairman Do, seconded by Director Jones, and declared passed by those present, to direct staff to implement five recommendations provided in ACCESS Service, Internal Audit Report No. 18-514.

7. Fiscal Year 2017-18 Fourth Quarter Budget Status Report

This item was pulled by Committee Chairman Do who inquired on the vacancy rate for maintenance workers and operators and impacts on operations and cost.

Darrell E. Johnson, Chief Executive Officer, (CEO), stated that from a daily operations standpoint a ten percent or less on vacancy rate would be ideal. He stated on the policy side that staff is monitoring Proposition 6 and are cautious with vacancy rates.

Mr. Johnson, CEO, stated that the current mechanic vacancy rate is 7.5 percent.



7. (Continued)

A motion was made by Committee Vice Chairman R. Murphy, seconded by Director Hennessey, and declared passed by those present, to receive and file as an information item.

8. First Quarter Fiscal Year 2018-19 Procurement Status Report

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

9. Local Agency Investment Fund - September 2018

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

10. Orange County Treasurer's Management Report - September 2018

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

11. Orange County Transportation Authority Investment and Debt Programs Report - September 2018

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

12. Amendment to Agreement for Renewable Natural Gas

A motion was made by Director Hennessey, 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. 6 to Agreement No. C-5-3636 between the Orange County Transportation Authority and Element Markets Renewable Energy, LLC, to increase the maximum obligation for the initial three-year term in the amount of \$2,000,000 to purchase renewable natural gas as fuel.



12. (Continued)

- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-5-3636 between the Orange County Transportation Authority and Element Markets Renewable Energy, LLC, to exercise the first two-year option term, in the amount of \$8,000,000, to provide renewable natural gas and consulting services for the management of the Low Carbon Fuel Standard Program. This will increase the maximum obligation of the agreement to a total contract value of \$18,060,000.

13. Amendment to Cooperative Agreement with the City of Laguna Beach for Public Transit Services

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Cooperative Agreement No. C-3-1705 between the Orange County Transportation Authority and the City of Laguna Beach, in the amount of \$119,735, for Federal Transit Administration funding, and to extend the current contract term an additional seven months through June 30, 2019. This will increase the maximum obligation of the cooperative agreement to a total contract value of \$869,735.

14. Property Insurance Policy Renewal

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A40297, in the amount of \$550,000, to Marsh Risk and Insurance Services, Inc., to purchase property insurance on behalf of the Orange County Transportation Authority for the policy period of December 1, 2018 to December 1, 2019.

15. Measure M2 Sales Tax Forecast

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.



Regular Calendar

16. Approval of the 2018 Measure M2 Plan of Finance, Issuance of Measure M2 Bonds, Selection of Underwriting Team, and Bond Counsel Services Amendment

Committee Chairman Do recused himself from the discussion, voting on this item, and left the room, citing the Levine Act.

Andrew Oftelie, Executive Director of Finance and Administration, provided an overview on the following:

- The Orange County Transportation Authority (OCTA) has secured the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan;
- OCTA is currently using pay as you go funds;
- Eliminate the need for a line of credit;
- Issue bonds to keep on schedule, and
- Next Steps.

A lengthy discussion ensued, and the Committee provided their concerns and suggestions. In addition, Director Hennessey requested staff return to the Finance and Administration Committee with the final Plan of Finance documents.

The Committee requested recommendation "D" of the Staff Report be removed before going on to the November 12, 2018, Board of Directors (Board) meeting. The Committee was supportive of recommendation "D", and requested the recommendation be included for an upcoming Finance and Administration Committee when the final Plan of Finance is recommended for approval.

Due to lack of quorum, no action was taken on this item.

Discussion Items

17. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- On October 25th, staff will host a Public Hearing for the Northbound State Route 57 Improvement Project from Orangewood Avenue to Katella Avenue at Portola Middle School in Orange. Staff will be available from 5:30 p.m. to 7:30 p.m. to provide information and answer questions.



17. (Continued)

- Mr. Johnson, CEO, requested Andrew Oftelie, Executive Director of Finance and Administration comment on Item #15 on this agenda.

Mr. Oftelie provided a brief update on the long-term growth rate forecast. He stated that staff will continue to use the estimate analysis with Muni-Services for fiscal year 2017-18 which shows a 4.1 percent growth.

Committee Chairman Do inquired on the need to change the forecast.

Mr. Oftelie responded that staff would only update the forecast if there was a major economic shift.

Mr. Johnson, CEO, commented that the Board-adopted policy is to use MuniServices, LLC, forecast for the first five years and the three-university average for the remaining years.

18. Committee Members' Reports

There were no Committee Members' reports.

19. Closed Session

There were no Closed Session items scheduled.

20. Adjournment

The meeting was adjourned at 11:08 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, November 14, 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

Andrew Do
Committee Chairman