

Minutes of the  
Orange County Transportation Authority  
Orange County Transit District  
Orange County Local Transportation Authority  
Orange County Service Authority for Freeway Emergencies  
Board of Directors Meeting

## **Call to Order**

The January 28, 2019 regular meeting of the Orange County Transportation Authority (OCTA) and affiliated agencies was called to order by Chairman Shaw at 9:04 a.m. at the OCTA Headquarters, 550 South Main Street, Board Room – Conference Room 07-08, Orange, California.

## **Roll Call**

Following the Invocation and Pledge of Allegiance, the Clerk of the Board noted a quorum was present, with the following Directors in attendance:

Directors Present:     Tim Shaw, Chairman  
                               Steve Jones, Vice Chairman  
                               Lisa A. Bartlett  
                               Doug Chaffee  
                               Andrew Do  
                               Michael Hennessey  
                               Jose F. Moreno  
                               Joe Muller  
                               Mark A. Murphy  
                               Richard Murphy  
                               Miguel Pulido  
                               Michelle Steel  
                               Gregory T. Winterbottom  
                               Gerardo De Santos, Acting District Director  
   California Department of Transportation District 12

Directors Absent:     Laurie Davies  
                               Barbara Delgleize  
                               Gene Hernandez

Also 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  
                           Members of the Press and the General Public

Chairman Shaw announced that Item 16 on today's Board of Directors (Board) meeting agenda will be heard first, and the presentation, discussion, and action of the Board is noted under Item 16.

## **Special Calendar**

### **Orange County Transportation Authority Special Calendar Matters**

**1. Presentation of Resolutions of Appreciation for Employees of the Month for January 2019**

Darrell E. Johnson, Chief Executive Officer (CEO), presented OCTA Resolutions of Appreciation Nos. 2019-002 and 2019-003 to Michael O'Regan, Maintenance and Dustin Sifford, Administration, as Employees of the Month for January 2019.

Linda Roundtree, Coach Operator, Employee of the Month for January 2019 was not able to attend today's Board meeting, and the resolution will be presented at a future Board meeting.

**2. 2019 Orange County Transportation Authority Board of Directors Strategic Initiatives**

Chairman Shaw highlighted the 2019 OCTA Board strategic initiatives as follows:

- Delivering on Capital Projects;
- Championing Fiscal Responsibility;
- Developing State-of-the Art Regional Transportation Plans;
- Strengthening Regional Partnerships;
- Implementing the OC Bus 360° Vision and Offering Modern Transit Solutions; and
- Reinforcing a Culture of Safety.

No action was taken on this information item.

## **Consent Calendar (Items 3 through 15)**

### **Orange County Transportation Authority Consent Calendar Matters**

**3. Approval of Minutes**

A motion was made by Director Pulido, seconded by Director M. Murphy, and declared passed by those present, to approve the Orange County Transportation Authority and affiliated agencies' regular meeting minutes of January 14, 2019.

**4. Approval of 2019 Orange County Transportation Authority Board Committees and External Agencies' Assignments**

Chairman Shaw pulled this item, provided comments, and stated there is a vacancy on the Southern California Association of Governments' (SCAG) Regional Council that needs to be filled.

Darrell E. Johnson, CEO, expressed that OCTA has an opportunity for a Board representative on SCAG's Regional Council. He offered that if a Board Member is interested in filling the vacancy, he can discuss how OCTA can support the effort.

Chairman Shaw stated that former Board Member Al Murray termed off the City of Tustin City Council (and OCTA Board) and clarified that Mr. Murray is eligible to serve on the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's Board through appointment by him as the OCTA Chairman of the Board.

A motion was made by Director Shaw, seconded by Director Pulido, and declared passed by those present, to:

- A. Approve the Chairman's assignments for the 2019 Orange County Transportation Authority Board Committees comprised of the Executive, Finance and Administration, Legislative and Communications, Regional Planning and Highways, State Route 91 Advisory, Transit, and Environmental Oversight Committees.
- B. Receive the Chairman's assignments for 2019 external agencies comprised of the California Association of Councils of Governments, Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency, Mobile Source Air Pollution Reduction Review Committee, Southern California Association of Governments' Regional Council, Orange County Council of Governments, and Southern California Regional Rail Authority.

**5. Fiscal Year 2017-18 Annual Financial and Agreed-Upon Procedures Reports**

A motion was made by Director Pulido, seconded by Director M. Murphy, and declared passed by those present, to receive and file the fiscal year 2017-18 annual financial statement audits and agreed-upon procedures reports as information items.

**6. Fiscal Year 2018-19 Internal Audit Plan, Second Quarter Update**

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

**7. Selection of Consultant to Conduct Independent Annual Financial Auditing Services**

A motion was made by Director Pulido, seconded by Director M. Murphy, and declared passed by those present, to:

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

**8. Fiscal Year 2017-18 Auditor's Communication to Those Charged with Governance**

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

**9. Rail Right-of-Way Maintenance, Internal Audit Report No. 19-502**

A motion was made by Director Pulido, seconded by Director M. Murphy, and declared passed by those present, to receive and file Rail Right-of-Way Maintenance, Internal Audit Report No. 19-502, as an information item.

**10. State Legislative Status Report**

A motion was made by Director Pulido, seconded by Director M. Murphy, and declared passed by those present, to amend the 2019-20 Orange County Transportation Authority State Legislative Platform to co-sponsor legislation to clarify roles and responsibilities related to toll enforcement policies to allow for interoperability between toll facilities while affirming user privacy protections.

**11. Federal Legislative Status Report**

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

**12. Fourth Quarter 2018 Investment and Debt Report**

A motion was made by Director Pulido, seconded by Director M. Murphy, and declared passed by those present, to receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.

**13. Second Quarter Fiscal Year 2018-19 Procurement Status Report**

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

**14. 91 Express Lanes Property Insurance Renewal**

A motion was made by Director Pulido, seconded by Director M. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A41172, in the amount of \$500,000, to Marsh USA, Inc., to purchase the 91 Express Lanes' property, flood, and earthquake insurance on behalf of the Orange County Transportation Authority for the policy period of March 1, 2019 to March 1, 2020.

**Orange County Local Transportation Authority Consent Calendar Matters**

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

Director Moreno pulled this item and thanked Mr. Johnson, CEO, for briefing him on this item. Director Moreno requested a deeper briefing on this item and requested that OCTA engage the City of Anaheim on the City's potential Lincoln Avenue projects.

Darrell E. Johnson, CEO, highlighted the historical timelines for this item and stated that today's recommended action is to transfer the property from the Measure M2 (M2) Freeway Program to the transportation district. Additionally, Mr. Johnson, CEO, offered to brief Director Moreno and the City of Anaheim on this item.

A motion was made by Director Moreno, seconded by Director M. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to execute sale and transfer documents between the Orange County Transportation Authority and the Orange County Transportation District for Assessors Parcel Number 250-111-03, located in the City of Anaheim.

## **Regular Calendar**

### **Orange County Local Transportation Authority Regular Calendar Matters**

#### **16. Issuance of Series 2019 Measure M2 Bonds, Measure M2 Financing Documents, and Trustee Services Amendment**

Andy Oftelie, Chief Financial Officer (CFO) and Treasurer, provided a PowerPoint presentation for this item as follows:

- Background;
- Interstate 405 (I-405) Improvement Project Funding;
- Proposed Bond Structure;
- Projected Annual Debt Service & Coverage;
- Financing Documents; and
- Next Steps.

Finance and Administration (F&A) Committee Chairman Do stated the F&A Committee reviewed (and discussed) this item several times. He also stated the ratio coverage is well below where it would be prudent for OCTA, referenced "Slide 5" of the PowerPoint, and acknowledged staff for their foresight.

A discussion ensued between Director Chaffee and Mr. Oftelie, CFO and Treasurer, regarding:

- There would be approximately less than \$300 million left of the 2010 Series A Bonds after issuance of the \$43.5 million, and Mr. Oftelie will reconfirm the amount.
- The line of credit (LOC) annual fee is approximately \$1 million, secured by Bank of America Merrill Lynch, and is not drawn down. The LOC is for liquidity that the Transportation Infrastructure Finance and Innovation Act loan requires.
- The resolution referenced in Attachment A of the Staff Report includes a 3.90 percent interest rate, and the interest rate is anticipated to be under that amount.
- OCTA anticipates approximately \$610,000 for cost of issuance and approximately \$600,000 for the transaction underwriting fees.
- There would be annual trustee fees of approximately \$6,000 to \$8,000.
- In addition to the interest rate being paid, OCTA will be able to reinvest the proceeds for a period before OCTA draws down the proceeds.
- The arbitrage 2.62 calculation considers OCTA's interest earnings received and will offset some of the interest costs OCTA will have to pay. Additionally, the net interest costs during that period considers the earnings on holding of the cash.

**16. (Continued)**

A motion was made by Director Do, seconded by Director Bartlett, and declared passed by those present, to:

- A. Approve the issuance and sale of the Orange County Local Transportation Authority Measure M2 Sales Tax Revenue Bonds, Series 2019.
- B. Approve the refinancing of \$43.5 million of the outstanding 2010 Series A Bonds, if market conditions are favorable and Orange County Transportation Authority realizes debt service savings.
- C. Authorize the Chairman, Vice-Chairman, Chief Executive Officer, Executive Director of Finance and Administration/Treasurer, and Director of Finance and Administration of the Orange County Transportation Authority to sign all documents on behalf of the Orange County Local Transportation Authority.
- D. Adopt Resolution No. 2019-008 authorizing the Orange County Local Transportation Authority to proceed with the issuance and sale of up to \$450 million in Measure M2 Sales Tax Revenue Bonds and approve the required financing documents necessary for the Orange County Local Transportation Authority to proceed with the issuance and sale of Measure M2 sales tax revenue bonds.
- E. Approve a total of \$610,000 in cost of issuance expenses for bond counsel services, financial advisory services, rating fees, trustee services, and other miscellaneous expenses related to the issuance and sale of Series 2019 Measure M2 sales tax revenue bonds.
- F. Authorize the Chief Executive Officer to execute Amendment No. 1 to Purchase Order No. C-5-3790 between the Orange County Transportation Authority and the Bank of New York Mellon Trust Company, in the amount of \$8,500, to provide trustee services for the Orange County Local Transportation Authority Sales Tax Revenues Bonds. The total contract amount will be \$23,500.

## **Discussion Items**

### **17. Public Comments**

There were no Public comments.

### **18. Chief Executive Officer's Report**

Darrell E. Johnson, CEO, reported:

- For Item 16 on today's Board agenda, he reconfirmed for Director Chaffee that the M2, 2010 Series A Bonds, would have \$266 million left after issuance of Series 2019 M2 bonds.
- I-405 Improvement Project:
  - On Saturday, January 26<sup>th</sup>, OCTA hosted the second of two neighborhood meetings to provide information about the upcoming work on the Fairview Road bridge, which is expected to start next month.
  - The first meeting was held the previous week and each meeting had a good turnout with more than 130 total attendees.
- February Outreach Events:
  - On Thursday, February 7<sup>th</sup> at 11:00 a.m., OCTA will host a ribbon-cutting event at Golden West College in Huntington Beach for the newest Bravo Route 529 that will provide faster service along Beach Boulevard.
  - On Saturday, February 9<sup>th</sup> at 8:00 a.m., OCTA will host the annual Lunar New Year celebration at the Irvine Metrolink Station.
  - On Tuesday, February 19<sup>th</sup> at 10:00 a.m., OCTA will host a dedication event to mark the completion of the parking structure at the Orange Metrolink Station.

### **19. Directors' Reports**

Director Winterbottom congratulated Chairman Shaw for being elected as OCTA's Chairman of the Board.

Director Moreno expressed his appreciation to Mr. Johnson, CEO, for the OCTA briefings, and congratulated Chairman Shaw for being elected as OCTA's Chairman of the Board.

Director De Santos announced that he is ending his assignment and today is his last Board meeting. He expressed that the assignment was a great experience and thanked the California Department of Transportation (Caltrans) staff, OCTA's partnership, and the OCTA Board.



**19. (Continued)**

Chairman Shaw expressed appreciation and best wishes to Director De Santos.

Mr. Johnson, CEO, thanked Director De Santos, on behalf of himself and OCTA staff, for continuing the coordination between OCTA and Caltrans.

**20. Closed Session**

A Closed Session was scheduled for the following:

- A. Pursuant to Government Code Section 54956.9(a) – Conference with General Counsel – Existing Litigation; Ramos v. Orange County Transportation Authority, OCSC Case No. 30-2017-00957255.
- B. Pursuant to Government Code Section 54956.9(a) – Conference with General Counsel – Existing Litigation; In Re: Toll Roads Litigation, United States District Court – Central Division Case No. 8:16-CV-00262-AG.
- C. Pursuant to Government Code Section 54956.9(a) – Conference with General Counsel – Existing Litigation; Sanket Vinod Thakur v. Orange County Transportation Authority, et al., SDSC Case No. 37-2018-00059425.

There was no report out for Closed Session items letters A, B, and C.

Director Pulido was not present for the Closed Session items.

**21. Adjournment**

The meeting adjourned at 9:34 a.m.

The next regularly scheduled meeting of this Board will be held at **9:00 a.m. on Monday, February 11, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room – Conference Room 07-08, Orange, California.

ATTEST:

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Laurena Weinert  
Clerk of the Board

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Tim Shaw  
OCTA Chairman