



Committee Members Present

Andrew Do, Chairman
Michael Hennessey
Steve Jones

Committee Members Absent

Richard Murphy, Vice Chairman
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 January 23, 2019 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:33 a.m.

Pledge of Allegiance

Director Hennessey 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 12)

2. Approval of Minutes

A motion was made by Director Jones, seconded by Director Hennessey, and declared passed by those present, to approve the minutes of the Finance and Administration Committee meeting of January 9, 2019.

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

A motion was made by Director Jones, seconded by Director Hennessey, 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.



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

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

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

A motion was made by Director Jones, seconded by Director Hennessey, 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.

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

A motion was made by Director Jones, seconded by Director Hennessey, 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.

7. Local Agency Investment Fund - December 2018

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

8. Orange County Transportation Authority Investment and Debt Programs Report - December 2018

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

9. Fourth Quarter 2018 Investment and Debt Report

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

10. Second Quarter Fiscal Year 2018-19 Procurement Status Report

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



11. 91 Express Lanes Property Insurance Renewal

A motion was made by Director Jones, seconded by Director Hennessey, 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.

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

A motion was made by Director Jones, seconded by Director Hennessey, 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

13. Selection of Consultant to Conduct Independent Annual Financial Auditing Services

Andrew Oftelie, Executive Director of Finance and Administration, introduced Janet Sutter, Executive Director of Internal Audit, who provided an overview on the procurement process.

Committee Chairman Do commented on the thoroughness of this procurement process.

A motion was made by Director Hennessey, seconded by Director Jones, 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.



14. Issuance of Series 2019 Measure M2 Bonds, Measure M2 Financing Documents, and Trustee Services Amendment

Andrew Oftelie, Executive Director of Finance and Administration, provided a PowerPoint presentation for this item on the following:

- Background,
- Interstate 405 Improvement Project Funding,
- Proposed Bond Structure,
- Proposed Annual Debt Service & Coverage,
- Financing Documents, and
- Next Steps.

A discussion ensued regarding the bonds paid completely in 2041, additional debt that could have been refinanced, and the line of credit reduction.

Darrell E. Johnson, Chief Executive Officer, stated since 2015 staff had a plan of finance and stayed on course. He also stated that this is a big milestone, and if there is not enough Board of Directors (Board) attendance at the January 28th Board meeting, to approve this item, it may need to be deferred by two weeks.

A motion was made by Director Hennessey, seconded by Director Jones, 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.



14. (Continued)

- 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

15. Chief Executive Officer's Report

There was no Chief Executive Officer's Report.

16. Committee Members' Reports

Committee Chairman Do expressed his pleasure to serve as the Finance and Administration Committee Chairman, and the Orange County Transportation Authority is a good benchmark for other agencies to meet. He also expressed appreciation for going to New York for the rating agency meetings and thanked the Committee Members for their hard work.

17. Closed Session

There were no Closed Session items scheduled.

18. Adjournment

The meeting adjourned at 10:52 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, February 13, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.



MINUTES
Finance and Administration Committee Meeting

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Andrew Do
Committee Chairman