



**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 31<sup>st</sup> at 9:00 a.m. at the Tustin Senior Center.
- The annual OCTA Rodeo will take place on Saturday, September 28<sup>th</sup> 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

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Michael Hennessey  
Committee Chairman

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Gina Ramirez  
Deputy Clerk of the Board