



**Committee Members Present  
Via Teleconference:**

Michael Hennessey, Chairman  
Andrew Do  
Gene Hernandez  
Steve Jones  
Joe Muller  
Michelle Steel

**Staff Present**

Darrell E. Johnson, Chief Executive Officer  
Jennifer E. Bergener, Deputy Chief Executive Officer  
Laurena Weinert, Clerk of the Board  
Gina Ramirez, Deputy Clerk of the Board  
James Donich, General Counsel (teleconference)  
OCTA Staff

**Committee Members Absent**

Richard Murphy, Vice Chairman

**Call to Order**

The June 10, 2020, regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Hennessey at 10:32 a.m.

**Roll Call**

The Deputy Clerk of the Board conducted an attendance Roll Call and announced that there was a quorum of the Finance and Administration Committee.

**Pledge of Allegiance**

Director Do led in the Pledge of Allegiance.

**1. Public Comments**

There were no Public Comments.

**Special Calendar**

**2. Taxable Sales Forecast - University of California, Los Angeles**

Andrew Oftelie, Chief Financial Officer (CFO), provided a brief biography and introduced Dr. Jerry Nickelsburg, PhD, Senior Economist and Dr. William Yu, PhD, Economist from the University of California, Los Angeles-Anderson Forecast.

Dr. Nickelsburg provided a PowerPoint presentation as follows:

- The global pandemic leads to the global recession;
- The pandemic devastates the economy due to mitigation policies: e.g., travel bans, stay-at home, social distancing;
- Mobility % Change: 2/15 to 4/30: Visiting to Retail & Recreation-United States (U.S.);

**2. (Continued)**

- Mobility % Change: 2/15 to 4/30: Visiting to Retail & Recreation-California;
- Traffic to retail and recreation declined by 55% in April in Orange County;
- Traffic to transit stations and workplaces declined by the same degree;
- Unemployment shot up in April in the U.S. and California;
- U.S. lost 2.1 million payroll jobs in April. Restaurant and retail sectors lost 8 million jobs. Unemployment rate escalated to 14.7%;
- The economy is estimated to recover rapidly in 2021 once the virus is gone. The \$2 Trillion CARES Act prevents further ripple effect;
- Federal reserve provides massive liquidity to the markets. An era of low but not negative interest rates;
- Globalization and global supply chains face serious challenges in the era of the coronavirus pandemic;
- U.S. advanced retail sales declined by 8.7% in March. Some sectors have increased sales (but not taxable);
- Orange County (O.C.) taxable sales had a 7% increase in e-commerce in 2019;
- O.C. taxable sales is expected to plunge by 50% in CY 2020Q2 and rebound as the economy gradually reopens;
- The long-term growth of O.C. taxable sales will convert to 3.7% in the 2020s and slow down to 3% in 2045;and
- Conclusions.

**Consent Calendar (Items 3 through 9)**

**3. Approval of Minutes**

A motion was made by Director Do, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to approve the minutes of the Finance and Administration Committee meeting of May 27, 2020.

**4. Revenue Vehicle Maintenance, Internal Audit Report No. 20-506**

A motion was made by Director Do, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to direct staff to implement the recommendation provided in Revenue Vehicle Maintenance, Internal Audit Report No. 20-506.



**5. Annual Update to Investment Policy for 2020**

A motion was made by Director Do, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to:

- A. Adopt the 2020 Investment Policy dated June 10, 2020.
- B. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2020-21.

**6. Resolution to Establish the Orange County Local Transportation Authority/Measure M2 Appropriations Limitation for Fiscal Year 2020-21**

A motion was made by Director Do, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to adopt Orange County Local Transportation Authority/Measure M2 Resolution No. 2020-022 to establish the Orange County Local Transportation Authority/Measure M2 appropriations limit at \$1,890,379,261, for fiscal year 2020-21.

**7. Resolution to Establish the Orange County Transportation Authority General Fund Appropriations Limitation for Fiscal Year 2020-21**

A motion was made by Director Do, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to adopt Orange County Transportation Authority Resolution No. 2020-023 to establish the Orange County Transportation Authority General Fund appropriations limit at \$12,508,480, for fiscal year 2020-21.

**8. Approval of the Amended and Restated Orange County Local Transportation Authority 2021 Credit and Fee Agreements**

This item was pulled by Committee Chairman Hennessey, who requested staff provide an overview of this item.

Andrew Oftelie, CFO, reported that the Orange County Transportation Authority (OCTA) has a line of credit with Bank of America, which was a requirement from the Build America Bureau when the OCTA secured the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for the Interstate 405 (I-405) project.

Mr. Oftelie discussed the three options available to OCTA as follows:

- Issue \$500 million in bonds, which is the current plan;
- Escrow some cash for OCTA to invest the funds, and;
- Extend or issue a new line of credit.



**8. (Continued)**

He also stated staff is recommending to move forward with a new line of credit, which satisfies the TIFIA requirements, and OCTA will save \$100,000.

A motion was made by Committee Chairman Hennessey, seconded by Director Do, and following a roll call vote, declared passed 6-0, to:

- A. Approve the Amended and Restated 2021 Credit and Fee Agreements by and among Bank of America, N.A., the Orange County Transportation Authority, and the Orange County Local Transportation Authority each dated as of June 29, 2020, in substantially the form presented to this board at this meeting and in the total amount of \$500 million and authorize the Chief Executive Officer to negotiate and execute the final 2021 Amended and Restated Credit and Fee Agreements.
- B. Authorize the Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer, and Director of Finance and Administration to sign and deliver all documents relating to said agreements, including the credit agreement, fee agreement, incumbency certificate, closing certificate, bank note, receipts, notices, and agreements related thereto.

**9. Extension of 91 Express Lanes Temporary Measures**

A motion was made by Director Do, seconded by Director Hernandez, and following a roll call vote, declared passed 6-0, to:

- A. Authorize the Chief Executive Officer to temporarily waive for a period of up to 90 days, 91 Express Lanes monthly account fees, for the months of July 2020, August 2020, and September 2020.
- B. Authorize the Chief Executive Officer to temporarily modify for a period of up to 90 days the 91 Express Lanes Toll Policy to allow for the ability to remove automatic toll rate increases, if necessary.

**Regular Calendar**

There were no Regular Calendar items scheduled.



## **Discussion Items**

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

Darrell E. Johnson, Chief Executive Officer (CEO), provided a report on the following:

Measure M Annual Public Hearing-

- On June 9<sup>th</sup>, the independent, 11-member Taxpayer Oversight Committee (TOC) held their annual Measure M public hearing via teleconference.
- Staff is pleased to report the TOC found OCTA in compliance with the ordinance for the 29<sup>th</sup> year in a row.
- OCTA takes overseeing the use of Measure M funds very seriously.
- Staff is pleased that the committee determined OCTA is keeping the promise to the voters of Orange County, particularly over these last few months, when OCTA has faced unprecedented sales tax revenue and forecast challenges due to the coronavirus outbreak.

### **11. Committee Members' Reports**

Director Muller inquired about the status of the Anaheim Transportation Network (ATN) item that was pulled at the last Finance and Administration Committee meeting.

Mr. Johnson, CEO, responded that when the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed and signed by the president on March 27<sup>th</sup>. There was an apportionment process that provided transit relief dollars via the federal transit programs through the Southern California Association of Governments (SCAG) and to OCTA. OCTA has three sub-recipients, Metrolink, Laguna Beach Transit, and ATN. The Board of Directors previously approved the funding to be passed through to Laguna Beach Transit and Metrolink.



**11. (Continued)**

The item was pulled from May 27<sup>th</sup> Finance and Administration Committee agenda to discuss ATN's disagreement with the amount of funding. Staff has been working with ATN and has a meeting scheduled for the week of June 22<sup>nd</sup>, and the item will return to the July 8<sup>th</sup> Finance and Administration Committee meeting. OCTA is committed to helping ATN get the funding that the CARES Act provides them. However, staff also has to do it in a way that is consistent with the Federal Transit Administration apportionment process.

Committee Chairman Hennessey inquired about the emerging traffic patterns now that more people are working from home and how that will affect what OCTA does going forward.

Mr. Johnson, CEO, responded that staff is seeing traffic return at a pretty rapid pace on the freeway system. He stated that the California Department of Transportation (Caltrans) reported about 70 to 75 percent of normal traffic and as much as 85 percent by the end of June. Staff has spoken with Chairman Jones about OCTA's workforce and space needs and how, as an organization, OCTA can take advantage of remote working and telecommuting going forward. Staff is developing a quick survey for the residents of Orange County about their current, past, and planned future behaviors for commuting. Additionally, OCTA is having conversations with SCAG and Riverside County Transportation Commission about commuting patterns as well.

**12. Closed Session**

There were no Closed Session items scheduled.



**13. Adjournment**

The meeting was adjourned at 11:21 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, July 22, 2020**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

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Gina Ramirez  
Deputy Clerk of the Board

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Michael Hennessey  
Committee Chairman