



MINUTES

Finance and Administration Committee Meeting

Committee Members Present

Michael Hennessey, Chairman

Via Teleconference:

Richard Murphy, Vice Chairman

Andrew Do

Gene Hernandez

Steve Jones

Joe Muller

Michelle Steel

Staff Present

Darrell E. Johnson, Chief Executive Officer (CEO)

Jennifer L. Bergener, Deputy CEO

Andrew Oftelie, Chief Financial Officer

Laurena Weinert, Clerk of the Board

Gina Ramirez, Deputy Clerk of the Board

OCTA Staff

Via Teleconference:

James Donich, General Counsel

Committee Members Absent

None

Call to Order

Roll Call

The October 28, 2020, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:35 a.m.

Pledge of Allegiance

Director Jones led in the Pledge of Allegiance.

1. Public Comments

The Deputy Clerk of the Board stated that a public comment was received by the Clerk of the Board Department from Diana Kotler of Anaheim Transportation Network (ATN) on October 28, 2020, and was emailed to the F&A Committee at 8:51 a.m. The comment will be retained as part of the record for today's F&A Committee meeting.

Special Calendar

2. Investment Management Presentation

Andrew Oftelie, Chief Financial Officer (CFO), provided a brief biography and introduced Jayson Schmitt, Deputy Chief Investment Officer, and Mia Corral, Senior Relationship Manager from Chandler Asset Management, who presented a PowerPoint on the following:

- Economic Update;
- Employment;
- Initial Claims for Unemployment;

2. (Continued)

- Inflation;
- Consumer;
- Economic Activity;
- Housing;
- Manufacturing;
- Gross Domestic Product;
- Federal Reserve;
- Bond Yields;
- Account Profile;
- Objectives;
- Compliance;
- Portfolio Characteristics;
- Sector Distribution;
- Issuers;
- Quality Distribution; and
- Duration Distribution.

No action was taken on this information item.

Consent Calendar (Items 3 through 5)

3. Approval of Minutes

A motion was made by Director Muller, seconded by Committee Vice Chairman R. Murphy, and following a roll call vote, declared passed 7-0, to approve of the minutes of the Finance and Administration Committee meeting of October 14, 2020.

4. Employee Separations, Internal Audit Report No. 21-501

A motion was made by Director Muller, seconded by Committee Vice Chairman R. Murphy, and following a roll call vote, declared passed 7-0, to direct staff to implement the recommendations provided in Employee Separations, Internal Audit Report No. 21-501.

5. Update on the Loan Agreements with the Cities of Anaheim, Buena Park, Placentia, and the West Orange County Water Board

Committee Chairman Hennessey pulled this item to thank staff for bringing this item back to the F&A Committee for an update. He commented on how well the loans were performing and wants to ensure staff continues to track the loans as they go forward.

Following the discussion, no action was taken on this receive and file information item.



Regular Calendar

6. Orange County Transportation Authority Investment and Debt Programs Report - September 2020

Robert Davis, Department Manager of Treasury and Finance, noted at the September 23, 2020 F&A Committee meeting, direction was given to staff to make changes to I-8 and I-9 in Attachment A of the staff report.

Mr. Davis highlighted the two sections where investments had fallen below the Orange County Transportation Authority (OCTA) investment minimum criteria. Staff added language noting the securities that were downgraded or placed on negative credit watch during the period. Mr. Davis stated staff added a reference to Attachment A, Page eight, Rating Downgrades, and Page nine, Negative Credit Watch of the staff report are now within the dashboard and the Safety of Principal section. Staff also expanded Page 2 of the staff report, third paragraph, by adding language noting the debt program is separate from the investment program to differentiate the two programs.

Following the discussion, no action was taken on this receive and file information item.

Discussion Items

7. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer (CEO), reported on the following:

Silverado and Blue Ridge fires-

- This morning, the Silverado fire comprises more than 13,000 acres and is at 25 percent containment – full containment is not expected until approximately November 10, 2020.
- The Blue Ridge fire comprises more than 14,000 acres and is at 16 percent containment.
- Out of an abundance of caution, OCTA relocated all buses at the Sand Canyon Base in Irvine to the other bases.
- The fire threat is no longer an issue by the Sand Canyon Base, and staff is returning all those buses to Sand Canyon Base and resumed service this morning.
- Mr. Johnson, CEO, thanked all the OCTA and First Transit staff who helped with the efforts to move the buses.
- Staff is continuing to operate bus service throughout Orange County with minor delays, primarily due to detours and street closures.

7. (Continued)

- ACCESS and Same-Day Taxi service are both currently suspended in the affected fire areas. OCTA will resume those services once evacuation orders are lifted.
- The State Route 91 Express Lanes signs going westbound lost power for approximately nine hours on Monday, October 26, 2020. OCTA did not charge a toll for westbound drivers during that time.
- OCTA is monitoring land preserves and restoration projects in coordination with the environmental community and wildlife agencies. Some of OCTA's restoration projects likely incurred fire damage, but the full extent is unclear at this time.
- The Human Resources staff has been in regular contact with several employees who live in the affected areas who have voluntarily evacuated or are under mandatory evacuation.
- OCTA staff continue to stand ready to assist with any transportation needs and are actively involved in discussions in OCTA's role at the Orange County Operational Area Emergency Operations Center.
- OCTA continues to communicate important information to employees and the public by using all OCTA's regular channels per OCTA's Emergency Operations Plan and Crisis Communications Plan.
- OCTA's hearts go out to all who are impacted by these fires, particularly the two firefighters critically injured on Monday.

8. Committee Members' Reports

Committee Chairman Hennessey inquired on the letter OCTA received from ATN under agenda Item 1 that appeared to dispute OCTA's calculations and a portion of the Coronavirus Aid, Relief, and Economic Security Act funding for bus service.

Andrew Oftelie, Chief Financial Officer, responded ATN is making an argument about the methodology OCTA uses to determine the federal funds they receive.

Mr. Oftelie provided background on the following:

- How the Federal Transit Administration (FTA) captures the data.
- Reporting is done by mode of service separately for large bus service, paratransit, vanpools, and commuter rail.
- The FTA takes the money available and gives the funds to the Southern California Association of Governments (SCAG).
- SCAG allocates funds to OCTA who determines how much funding goes to each operator within Orange County.



8. (Continued)

- On May 27, 2020, the Amendment to the Cooperative Agreement with ATN was continued by staff. The F&A Committee directed staff to meet with ATN and return to a future F&A Committee meeting for consideration.
- ATN and OCTA agreed to work on a letter to ask the FTA to be a neutral arbitrator and if the FTA had an opinion on a more appropriate way to calculate the monies.
- The FTA inquired if both OCTA and ATN agreed on the specific question and the letter's content.
- The FTA responded that OCTA was under no obligation to provide any funds or have any formula.
- OCTA believes the methodology used to calculate the funds is fair and reasonable.

Committee Chairman Hennessey inquired if OCTA staff had discussed this matter with SCAG.

Mr. Oftelie stated OCTA staff did speak to SCAG and requested they look at OCTA's calculations. SCAG agreed with the way OCTA calculates the funds. He also said OCTA staff researched other counties' methodology and found not all agencies provide or give a percentage of the funding. Some agencies use a competitive process.

Mr. Johnson, CEO, stated staff would be happy to discuss the outstanding issue with Ms. Kotler at ATN. However, OCTA believes there is no further action required on this issue.

Director Hernandez inquired if OCTA has any obligation to provide any monies to these vendors.

Mr. Oftelie responded that OCTA is under no obligation to provide any of these funds to sub-recipients.

9. Closed Session

There were no Closed Session items scheduled.



10. Adjournment

The meeting was adjourned at 11:13 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, November 11, 2020**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Michael Hennessey
Committee Chairman