



MINUTES

Finance and Administration Committee Meeting

Committee Members Present **Via Teleconference:**

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Katrina Foley
Brian Goodell
Patrick Harper
Gene Hernandez
Joe Muller

Committee Members Absent None

Staff Present

Jennifer L. Bergener, Deputy Chief Executive Officer
Allison Cheshire, Interim Deputy Clerk of the Board
Gina Ramirez, Deputy Clerk of the Board

Via Teleconference:

Darrell E. Johnson, Chief Executive Officer
Andrew Oftelie, Chief Financial Officer
James Donich, General Counsel
OCTA Staff Members

Call to Order

The June 9, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:31 a.m.

Roll Call

The Deputy Clerk of the Board conducted an attendance roll call and announced a quorum of the F&A Committee.

Pledge of Allegiance

Director Muller led in the Pledge of Allegiance.

1. Public Comments

Special Calendar

2. Taxable Sales Forecast - Chapman University

Andrew Oftelie, Chief Financial Officer (CFO), provided opening comments and introduced Raymond Sfeir, Ph.D., from Chapman University, who provided a PowerPoint presentation on the annual taxable sales forecast and economic outlook for Orange County.

A discussion ensued among the Members and staff regarding the following:

- Current housing prices in Orange County and California;
- Mortgage rate trends;
- Population migration, and;
- Migration of employers out of California.

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



Consent Calendar (Items 3 through 10)

3. Approval of Minutes

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to approve the minutes of the Finance and Administration Committee meeting of May 12, 2021.

4. Communications by Independent Financial Statement Auditor

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to receive and file as an information item.

5. Department of Motor Vehicles Employer Pull Notice Program

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to direct staff to implement three recommendations provided in Department of Motor Vehicles Employer Pull Notice Program, Internal Audit Report No. 21-508.

6. 91 Express Lanes Update for the Period Ending - March 31, 2021

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to receive and file as an information item.

7. Resolution to Establish the Orange County Local Transportation Authority/Measure M2 Appropriations Limitation for Fiscal Year 2021-22

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to adopt Orange County Local Transportation Authority/Measure M2 Resolution No. 2021-043 to establish the Orange County Local Transportation Authority/Measure M2 appropriations limit at \$1,981,873,617, for fiscal year 2021-22.

8. Resolution to Establish the Orange County Transportation Authority General Fund Appropriations Limitation for Fiscal Year 2021-22

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to adopt Orange County Transportation Authority Resolution No. 2021-044 to establish the Orange County Transportation Authority General Fund appropriations limit at \$13,113,890, for fiscal year 2021-22.



9. Orange County Transportation Authority Investment and Debt Programs Report - April 2021

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to receive and file as an information item.

10. Annual Update to Investment Policy

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to:

- A. Adopt the Fiscal Year 2021-22 Investment Policy July 1, 2021.
- B. Authorize the Treasurer, Chief Financial Officer, Andrew Oftelie, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2021-22.

Regular Calendar

11. Establishment of Interstate 405 Improvement Project Custody Subaccounts

Andrew Oftelie, CFO, reported that Orange County Transportation Authority (OCTA) could negotiate cost savings on the Transportation Infrastructure Finance and Innovation Act loan by by setting aside Measure M2 (M2) funds rather than using the line of credit for the Interstate 405 (I-405) project.

Robert Davis, Department Manager, Treasury, and Public Finance, provided a PowerPoint presentation on this item.

A brief discussion ensued among the Members and staff regarding the following:

- Funds available under M2;
- No restrictions to the use of the funds;
- No risks in establishing the subaccounts; and
- Funds that were slated for the I-405 project

11. (Continued)

A motion was made by Director Muller, seconded by Director Jones, and following a roll call vote, declared passed 7-0, to:

- A. Approve by resolution authorizing the establishment of a subaccount to be used solely to pay for the Interstate 405 Improvement Project.
- B. Approve the establishment of one or more Interstate 405 Improvement Project custody subaccounts.
- C. Approve the use of \$500 million of Measure M2 funds to fund the Interstate 405 Improvement Project custody subaccounts no later than June 28, 2021.
- D. Restrict withdrawals from the Interstate 405 Improvement Project custody subaccounts to be made solely for Interstate 405 Improvement Project construction costs.

12. Authorize the Issuance of Bond Anticipation Notes as a Short-Term Interim Financing to Support the Construction of the Interstate 405 Improvement Project and Selection of Underwriting Team

Andrew Oftielie, CFO, reported that issuance of Bond Anticipation Notes (BANs) could save OCTA \$55 million on the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. Additionally, Mr. Oftelie provided a PowerPoint presentation on this item.

Mr. Oftelie explained that the TIFIA loan is based on a 30-year rate while the BANs are short-term and would cost less than \$1 million to issue, including the underwriters' fees and closing costs.

Director Foley expressed concern with partnering with Wells Fargo and asked if it was necessary to proceed with all four firms in the suggested underwriting pool.

Mr. Oftelie responded that the firms were selected based on their proposed rates, and staff could adjust to working with only three out of the four or re-evaluate the fifth-ranked firm. Multiple underwriting teams were selected to obtain the best rates.

Director Harper inquired about the collateral OCTA is putting up for the BANs.

Mr. Oftelie stated OCTA would pay the collateral back with the TIFIA loan.



12. (Continued)

Director Goodell inquired about any prohibition on the BANs.

Mr. Oftelie responded that once the BANs are issued, they will be for a three-year fixed-rate commitment.

A motion was made by Director Muller, seconded by Director Hernandez, to approve Recommendations A, B, D, and E, and following the roll call vote, declared passed 7-0 by the Members present.

- A. Authorize the issuance of Bond Anticipation Notes as short-term interim financing to support the construction of the Interstate 405 Improvement Project.
- B. Authorize staff to utilize a third-party bridge loan pending issuance of the Bond Anticipation Notes if to do so will generate additional savings over using cash to repay the 2017 Transportation Infrastructure Finance and Innovation Act Loan.
- D. Authorize the selection of Bank of America Securities and Barclays Capital, Inc., from the Orange County Transportation Authority's underwriting pool, to serve as the senior manager and co-senior manager, respectively, for the issuance.
- E. Direct staff to return to the Board of Directors for approval of the financing documents required to execute the closing of the transaction.

Director Foley made a substitute motion to exclude Wells Fargo Securities from Recommendation C. Following the roll call vote; the substitute motion was declared passed 4-3 by the Members present to:

- C. Authorize the selection of Bank of America Securities, Barclays Capital, Inc., Citigroup Global Markets, Inc., and ~~Wells Fargo Securities~~, from the Orange County Transportation Authority's underwriting pool, to assist with the issuance.

13. Preview to the Public Hearing on Orange County Transportation Authority's Fiscal Year 2021-22 Budget and Personnel and Salary Resolution

Andrew Oftelie, CFO, reported that the proposed budget is based on a very conservative forecast and questions brought up by Board Members during the budget review have been addressed and answered.



13. (Continued)

A motion was made by Director Jones, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to:

- A. Approve by Resolution the Orange County Transportation Authority's Fiscal Year 2021-22 Budget.
- B. Approve the Personnel and Salary Resolution for fiscal year 2021-22.
- C. Authorize the Chief Executive Officer, or his designee, to negotiate and execute the software and hardware licensing, maintenance, and emergency support purchase orders and/or agreements.
- D. Approve fiscal year 2021-22 Orange County Transportation Authority member agency contribution to the Southern California Regional Rail Authority, operating subsidy, in an amount up to \$39,152,549, including authorization of federal supplemental funding, in an amount up to \$39,152,549, to be drawn down directly by the Southern California Regional Rail Authority. In addition, approve the capital and rehabilitation expenditure budget contingent upon all member agencies approval of their respective capital and rehabilitation budgets. Orange County Transportation Authority portion of the costs for capital is \$118,800 and \$15,047,906, for rehabilitation.

Discussion Items

14. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer, reported the following:

Measure M Annual Public Hearing

- On June 8, the independent, 11-member Taxpayer Oversight Committee (TOC) held their annual Measure M public hearing.
- The TOC found OCTA in compliance with the ordinance for the 30th year in a row.
- Staff is pleased the TOC determined that OCTA is keeping its promises to Orange County voters, particularly over the last year when OCTA faced unprecedented sales tax revenue and forecast challenges due to the economic impacts from COVID-19.



14. (Continued)

South Orange County Multimodal Transportation Study

- OCTA continues to advance the South Orange County Multimodal Transportation Study.
- An online survey has been posted to get public feedback, and a series of meetings are scheduled this month.
- Next Tuesday, June 15, at 9 a.m., OCTA hosts an elected official roundtable via Zoom.
- On Thursday, June 17, OCTA is hosting a telephone town hall from 5:30 to 6:30 p.m., which will also be simulcast in Spanish.
- On Wednesday, June 23, at 9 a.m., OCTA is hosting a stakeholder roundtable via Zoom.
- A virtual meeting room will be launched today and stay open through July 12th to learn more about the study and provide feedback.
- For more information, please visit octa.net/southocstudy

15. Committee Members' Reports

There were no Committee Members' Reports.

16. Closed Session

There were no Closed Session items scheduled.

17. Adjournment

The meeting adjourned at 11:59 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, June 23, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Allison Cheshire
Interim Deputy Clerk of the Board