



# **MINUTES**

## ***Finance and Administration Committee Meeting***

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### **Committee Members Present Via Teleconference:**

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

### **Committee Members Absent**

Patrick Harper

### **Staff Present**

Jennifer L. Bergener, Deputy Chief Executive Officer  
Sahara Meisenheimer, Clerk of the Board Specialist  
Gina Ramirez, Clerk of the Board Specialist, Senior

### **Via Teleconference:**

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

## **Call to Order**

The September 8, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:33 a.m.

## **Roll Call**

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

## **Pledge of Allegiance**

Director Jones led in the Pledge of Allegiance.

### **1. Public Comments**

There were no public comments received.

## **Special Calendar**

There were no Special Calendar matters.

## **Consent Calendar (Items 2 through 6)**

### **2. Approval of Minutes**

A motion was made by Director Hernandez, seconded by Committee Vice Chairman Jones, and following a roll call vote, declared passed 6-0, to approve the minutes of the Finance and Administration Committee meeting of August 11, 2021.



**3. Orange County Transportation Authority Investment and Debt Programs Report - July 2021**

A motion was made by Director Hernandez, seconded by Committee Vice Chairman Jones, and following a roll call vote, declared passed 6-0, to receive and file as an information item.

**4. Environmental Mitigation Program Endowment Fund Investment Report for June 30, 2021**

A motion was made by Director Hernandez, seconded by Committee Vice Chairman Jones, and following a roll call vote, declared passed 6-0, to receive and file as an information item.

**5. Authorization for the Orange County Transportation Authority to Deposit and Invest Excess Funds with the Treasurer-Tax Collector of the County of Orange**

A motion was made by Director Hernandez, seconded by Committee Vice Chairman Jones, and following a roll call vote, declared passed 6-0, to approve Resolution No. 2021-062 authorizing the Orange County Transportation Authority to deposit and invest excess funds with the Treasurer-Tax Collector of the County of Orange.

**6. Excess Workers' Compensation Insurance Policy**

A motion was made by Director Hernandez, seconded by Committee Vice Chairman Jones, and following a roll call vote, declared passed 6-0, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A48430, in the amount of \$500,000, to Marsh Risk and Insurance Services, Inc., to purchase excess workers' compensation insurance on behalf of the Orange County Transportation Authority for the policy period of October 1, 2021 to October 1, 2022.

**Regular Calendar**

**7. Bond Anticipation Notes (Interstate 405 Improvement Project), Series 2021 Financing Documents**

Andrew Oftelie, Chief Financial Officer, stated he would discuss Items 7 and 8 together since they are both related to one another.

### **7. (Continued)**

Mr. Oftelie reported on the following:

- Summary of the bond anticipation notes (BANs) to support the Interstate 405 (I-405) Improvement Project and how this is the last piece of a larger refinancing effort that the Orange County Transportation Authority (OCTA) has been pursuing for over a year.
- Background on the \$629 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan and the 2.91 percentage rate OCTA has been paying on since 2017.
- Late last year, rates dropped and staff reached out to the Build America Bureau and asked to refinance the loan. The solution is to pay off the existing loan and open a new loan at the prevailing 30-year interest rate.
- Tomorrow, OCTA will be closing on the loan and currently, the interest rates are a little below two percent.
- Additional debt service savings will be achieved by issuing short-term bond anticipation notes. The estimated savings would be an additional \$20 million dollars.
- There are two staff reports for this item because each resolution needs to be approved by the two entities: OCTA Board of Directors (Board) and the Orange County Local Transit Authority Board.
- Explanation on the following legal documents: resolutions, the Master and First Supplemental Indenture, the Standby Bond Purchase Agreement, Purchase Contract, Preliminary Official Statement, and the Continuing Disclosure Certificate.
- Assuming the TIFIA loan closes tomorrow and staff receives Board approval on September 13<sup>th</sup>, the plan would be to market these BANs the same day and price those bonds on September 21<sup>st</sup>.

Director Muller inquired about the \$190 million in the contingency and if it is possible to offset the costs of contingency. Mr. Oftlie explained that these savings are debt service savings and it is not reducing the project cost.

Darrell E. Johnson, Chief Executive Officer (CEO), added that the way the I-405 Improvement Project is structured, there are no Measure M2 sales tax dollars dedicated to the express lanes portion of the project. OCTA is obligated by the Board policy to pay back the express lanes portion solely with toll revenues. It allows OCTA to have less pricing pressure to meet revenue projections and to focus more on congestion relief and congestion management.



**7. (Continued)**

Director Foley complimented staff on saving \$160 million and asked for clarification on the history of the TIFIA loan. Mr. Johnson, CEO, responded and discussed toll revenue bonds, discounts for high occupancy vehicle users, and how having a lower interest rate will give OCTA more flexibility.

A motion was made by Director Muller, seconded by Director Foley, and following a roll call vote, declared passed 6-0, to adopt Resolution No. 2021-076, authorizing the issuance and sale of Bond Anticipation Notes (I-405 Improvement Project), Series 2021 in an aggregate principal amount not to exceed \$675 million, and the execution and delivery of related financing documents. The related financing documents include forms of the Master Indenture, First Supplemental Indenture, Standby Bond Purchase Agreement, Purchase Contract, Preliminary Official Statement, and the form of the Continuing Disclosure Certificate, and taking all other actions necessary in connection with the proposed transaction.

**8. Bond Anticipation Notes (I-405 Improvement Project), Series 2021 Approval of Standby Bond Purchase Agreement**

This item was discussed under Item 7.

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

- A. Adopt Resolution No. 2021-077 authorizing the execution and delivery of a Standby Bond Purchase Agreement to facilitate the issuance of Bond Anticipation Notes by the Orange County Transportation Authority.
- B. Authorize staff to take all other actions necessary in connection with the execution and delivery of said Standby Bond Purchase Agreement.

**Discussion Items**

**9. Chief Executive Officer's Report**

Mr. Johnson, CEO, reported on the following:

- OCTA launched the Youth Ride Free pilot program earlier this month for a six-month promotional period. This program allows all youth 18 years old and under to ride the OC Bus system for free. As of today, OCTA has provided more than 200,000 passes for distribution to approximately 550 schools throughout the county who continue to be great partners in helping OCTA with this program.



**9. (Continued)**

- OCTA has recorded more than 2,300 boardings with this pass, which introduces new riders to public transit and provides another transportation option for the youth of Orange County.
- OCTA will host a virtual open house tonight to provide construction updates and keep the community informed about the OC Streetcar Project. The open house will be held via Zoom in English and Spanish from 6:00 p.m. to 7:30 p.m.

**10. Committee Members' Reports**

There were no Committee Members' Reports.

**11. Closed Session**

There were no Closed Session items scheduled.

**12. Adjournment**

The meeting adjourned at 10:54 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 22, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

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Michael Hennessey  
Committee Chairman

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Sahara Meisenheimer  
Clerk of the Board Specialist