



Measure M
Taxpayer Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA, Room 103/4
June 9, 2015
6:00 p.m.



AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for April 14, 2015**
- 4. Subcommittee Selection**
- 5. Action Items**
 - A. M1/M2 Revenue & Expenditure Quarterly Report (Mar 15)
Receive and File
- 6. Presentation Items**
 - A. I-405/Project K Update
Presentation – Jim Beil, Executive Director, Capital Programs
 - B. Comprehensive Transportation Funding Programs (CTFP) Semi-Annual Review
Presentation – Kia Mortazavi, Executive Director, Planning
 - C. Measure M Sales Tax Forecast
Presentation – Andrew Oftelie, Executive Director, Finance
- 7. OCTA Staff Updates (5 minutes each)**
 - Other
- 8. Annual Eligibility Review Subcommittee Report**
- 9. Audit Subcommittee Report**
- 10. Committee Member Reports**
- 11. Public Comments***
- 12. Adjournment**

*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.



Measure M Taxpayer Oversight Committee



INFORMATION ITEMS

- 1. Fiscal Year 2015-16 Measure M2 Eligibility Guidelines Update** **Apr. 13, 2015**
- 2. First Quarter 2015 Debt and Investment Report** **Apr. 27, 2015**
- 3. Annual Update to Investment Policy**
- 4. Measure M2 Comprehensive Transportation Funding Programs – 2015 Call for Projects Programming Recommendations**
- 5. Measure M2 Eligibility Review Recommendations for Fiscal Year 2013-14 Expenditure Reports** **May 11, 2015**
- 6. Environmental Mitigation Program Long-Term Funding Strategy** **May 22, 2015**

*Public Comments: At this time, members of the public may address the Taxpayers Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to five (5) minutes per person and 20 minutes for all comments, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Measure M Taxpayer Oversight Committee

**April 14, 2015
Meeting Minutes**

Committee Members Present:

Narinder "Nindy" Mahal, First District Representative
Linda Rogers, First District Representative, Co-Chairman
Margie Drilling, Second District Representative
Terre Duensing, Third District Representative
Cynthia Hall, Fourth District Representative
Philip C. La Puma, PE, Fourth District Representative
Terry Fleskes, Fifth District Representative
Nilima Gupta, Fifth District Representative

Committee Member(s) Absent:

Dr. Ron Randolph, Third District Representative
Eric Woolery, Orange County Auditor-Controller, Co-Chairman
Jack Wu, Second District Representative

Orange County Transportation Authority Staff Present:

David DeBerry, OCTA Legal Counsel
Jim Beil, Executive Director, Capital Programs
Janice Kadlec, Public Reporter Specialist
Emily Mason, Associate Community Relations Specialist
Kia Mortazavi, Executive Director, Planning
Andrew Oftelie, Executive Director, Finance
Alice Rogan, Strategic Communications Manager, External Affairs
Tamara Warren, Program Manager, M Program Management Office

1. Welcome

Co-Chair Linda Rogers welcomed everyone to the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) meeting at 6:00 p.m.

2. Pledge of Allegiance

Co-Chair Linda Rogers asked everyone to join her in the Pledge of Allegiance to the flag.

3. Approval of the Minutes/Attendance Report for February 10, 2015

Co-Chair Linda Rogers asked if there were any additions or corrections to the February 10, 2015 Minutes/Attendance Report.

A motion was made by Margie Drilling, seconded by Nilima Gupta, and carried unanimously to approve the February 10, 2015 TOC Minutes and Attendance Report as presented.

4. Action Items

- A. Local Jurisdictions Expenditure Reports – Eligibility Findings for Fiscal Year 2014-15. Terre Duensing reported on the Annual Eligibility Review (AER) Subcommittee Recommendations.

A motion was made by Terry Fleskes, seconded by Terre Duensing, and passed unanimously to approve the AER Subcommittee's recommendation and approve the expenditure reports for the 35 local jurisdictions in Orange County and find the local jurisdictions eligible to receive Measure M2 revenues for FY 2014-15.

5. Presentation Items

- A. Measure M1 Close-out Overview
Tamara Warren Program Manager, M Program Management Office gave an overview of the Measure M1 close-out.
- B. Project S – Santa Ana/Garden Grove Streetcar Update
Jim Beil, Executive Director, Capital Projects gave an update on the proposed Santa Ana/Garden Grove Streetcar Project.

Terry Fleskes said the capital cost for the project is listed at \$250,000 million. He asked if this will cover future cost or just initial cost. Jim Beil said \$250,000 is just for the capital up front. This is one of the big differences between buses and the streetcars. The average bus lasts for approximately 14 years and the streetcar average lifespan is 20 to 30 years. Terry Fleskes asked if this was captured in the operating costs. Jim Beil said yes.

A committee member asked what ever happened to the plan to run a streetcar from Santa Ana to the ocean. Jim Beil said this was the "Centerline" project. The project stalled in the environmental stage. The money that was earmarked for the Centerline project was transferred to the High Technology Rail project which directly fed into the Metrolink expansion program.

A committee member asked if streetcars are on wheels or rail. Jim Beil said they are steel wheels on steel rails.

- C. Measure M 10-Year Comprehensive Review
Tamara Warren, Measure M Program Manager, Planning said the purpose of the comprehensive review is to evaluate the overall performance of the Investment Plan.

Cynthia Hall asked what type of outreach would be used to contact the voters. Tamara Warren said they will be getting in touch with key stakeholders and through a public opinion survey.

Philip La Puma asked what type of staffing will be required to do this and will it be temporary. Tamara Warren said OCTA is relying mostly on the existing staff.

6. OCTA Staff Updates

- I-405/Project K Update – Jim Beil Executive Director, Capital Projects
- Public Hearing Follow-up – Alice Rogan, Interim Manager, Public Outreach
- Other

7. Annual Eligibility Review Subcommittee Report

The AER reported earlier.

8. Audit Subcommittee Report

The Audit Subcommittee met earlier and received information on the following:

- Settlement with Horizon Cross Cultural Center
- Selection of cities for FY 2015 Agreed Upon Procedures
- M2 Performance Assessment

9. Committee Member Reports

Philip La Puma gave an update on the Environmental Oversight Committee.

10. Public Comments

There were no new Public Comments.

11. Adjournment

The Measure M Taxpayer Oversight Committee meeting adjourned at 7:30 p.m.

Taxpayer Oversight Committee
Fiscal Year 2014-2015
Attendance Record



X = Present E = Excused Absence * = Absence Pending Approval U = Unexcused Absence -- = Resigned

Meeting Date	8-Jul	12-Aug	9-Sep	14-Oct	11-Nov	9-Dec	13-Jan	10-Feb	10-Mar	14-Apr	12-May	9-Jun
Margie Drilling		X		E		X		X		X		
Terre Duensing		X		X		X		X		X		
Terry Fleskes		X		X		X		*		X		
Jan Grimes		E		X		X		--		--		
Nilima Gupta		X		X		X		X		X		
Cynthia Hall		E		X		X		X		X		
Phil La Puma		X		X		X		*		X		
Nindy Mahal		X		E		X		X		X		
Ronald Randolph		X		X		E		X		*		
Linda Rogers		X		X		E		X		X		
Eric Woolery		--		--		--		X		*		
Jack Wu		E		X		E		X		*		

Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
4/14/15	Jack Wu	Personal
4/14/15	Eric Woolery	
4/14/15	Ronald Randolph	

Action Items

Measure M1
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of March 31, 2015

(\$ in thousands)	Quarter Ended Mar 31, 2015	Year to Date Mar 31, 2015 (A)	Period from Inception through Mar 31, 2015 (B)
Revenues:			
Sales taxes	\$ -	\$ -	\$ 4,003,972
Other agencies' share of Measure M1 costs:			
Project related	2,895	5,111	596,700
Non-project related	-	-	620
Interest:			
Operating:			
Project related	-	-	1,745
Non-project related	361	1,014	271,176
Bond proceeds	-	-	136,067
Debt service	-	-	82,054
Commercial paper	-	-	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	-	-	156,434
Right-of-way leases	48	233	6,823
Proceeds on sale of assets held for resale	444	2,940	29,771
Miscellaneous:			
Project related	-	-	27
Non-project related	-	-	777
Total revenues	<u>3,748</u>	<u>9,298</u>	<u>5,334,506</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	-	-	56,883
Professional services:			
Project related	402	794	209,445
Non-project related	65	146	36,186
Administration costs:			
Project related	149	477	24,575
Non-project related	207	740	97,092
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	15	83	2,205
Non-project related	6	24	15,999
Payments to local agencies:			
Turnback	-	-	594,009
Other	2,501	10,278	972,429
Capital outlay	1,409	4,536	2,106,763
Debt service:			
Principal payments on long-term debt	-	-	1,003,955
Interest on long-term debt and commercial paper	-	-	561,842
Total expenditures	<u>4,754</u>	<u>17,078</u>	<u>5,760,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,006)</u>	<u>(7,780)</u>	<u>(425,495)</u>
Other financing sources (uses):			
Transfers out:			
Project related	-	-	(409,432)
Non-project related	-	-	(5,116)
Transfers in: project related	-	-	1,829
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>603,419</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (1,006)</u>	<u>\$ (7,780)</u>	<u>\$ 177,924</u>

Measure M1
Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
as of March 31, 2015

<i>(\$ in thousands)</i>	Quarter Ended Mar 31, 2015 (actual)	Year Ended Mar 31, 2015 (actual)	Period from Inception through Mar 31, 2015 (actual)	Period from April 1, 2015 forward (forecast)	Total
		(C.1)	(D.1)	(E.1)	(F.1)
Tax revenues:					
Sales taxes	\$ -	\$ -	\$ 4,003,972	\$ -	\$ 4,003,972
Other agencies' share of Measure M1 costs	-	-	620	-	620
Operating interest	361	1,014	271,176	282	271,458
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous, non-project related	-	-	777	-	777
Total tax revenues	<u>361</u>	<u>1,014</u>	<u>4,297,228</u>	<u>282</u>	<u>4,297,510</u>
Administrative expenditures:					
SBOE fees	-	-	56,883	-	56,883
Professional services, non-project related	65	146	27,325	-	27,325
Administration costs, non-project related	207	740	97,092	215	97,307
Transfers out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	6	24	6,899	-	6,899
Total administrative expenditures	<u>278</u>	<u>910</u>	<u>223,107</u>	<u>215</u>	<u>223,322</u>
Net tax revenues	<u><u>\$ 83</u></u>	<u><u>\$ 104</u></u>	<u><u>\$ 4,074,121</u></u>	<u><u>\$ 67</u></u>	<u><u>\$ 4,074,188</u></u>
<hr/>					
(C.2) (D.2) (E.2) (F.2)					
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 1,169,999	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	-	136,067	-	136,067
Interest revenue from debt service funds	-	-	82,054	-	82,054
Interest revenue from commercial paper	-	-	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	<u>-</u>	<u>-</u>	<u>1,415,777</u>	<u>-</u>	<u>1,415,777</u>
Financing expenditures and uses:					
Professional services, non-project related	-	-	8,861	-	8,861
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	1,003,955	-	1,003,955
Bond debt interest expense	-	-	561,842	-	561,842
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,100	-	9,100
Total financing expenditures and uses	<u>-</u>	<u>-</u>	<u>1,786,445</u>	<u>-</u>	<u>1,786,445</u>
Net bond revenues (debt service)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (370,668)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (370,668)</u></u>

Measure M1
Schedule of Revenues and Expenditures Summary
as of March 31, 2015

Project Description	Net Tax Revenues Program to date Actual	Total Net Tax Revenues	Project Budget	Estimate at Completion	Variance Total Net Tax Revenues to Est at Completion	Variance Project Budget to Est at Completion	Expenditures through Mar 31, 2015	Reimbursements through Mar 31, 2015	Net Project Cost	Percent of Budget Expended
(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
<i>(\$ in thousands)</i>										
Freeways (43%)										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 982,370	\$ 982,388	\$ 810,010	\$ 786,150	\$ 196,238	\$ 23,860	\$ 881,418	\$ 91,015	\$ 790,403	97.6%
I-5 between I-5/I-405 Interchange and San Clemente	68,753	68,754	72,862	74,962	(6,208)	(2,100)	70,294	10,358	59,936	82.3%
I-5/I-405 Interchange	87,263	87,264	72,802	73,075	14,189	(273)	98,157	25,082	73,075	100.4%
SR-55 (Costa Mesa Fwy) between I-5 and SR-91 (Riverside Fwy)	58,175	58,176	44,511	49,349	8,827	(4,838)	55,514	6,173	49,341	110.9%
SR-57 (Orange Fwy) between I-5 and Lambert Road	29,088	29,088	24,128	22,758	6,330	1,370	25,617	2,859	22,758	94.3%
SR-91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	125,606	125,608	116,136	105,389	20,219	10,747	123,995	18,606	105,389	90.7%
SR-22 (Garden Grove Fwy) between SR-55 and Valley View St.	400,617	400,623	313,297	315,712	84,911	(2,415)	673,553	357,019	316,534	101.0%
Subtotal Projects	1,751,872	1,751,901	1,453,746	1,427,395	324,506	26,351	1,928,548	511,112	1,417,436	
Net (Bond Revenue)/Debt Service	-	-	311,917	311,917	(311,917)	-	311,917	-	311,917	
Total Freeways	\$ 1,751,872	\$ 1,751,901	\$ 1,765,663	\$ 1,739,312	\$ 12,589	\$ 26,351	\$ 2,240,465	\$ 511,112	\$ 1,729,353	44.4%
%				42.8%						
Regional Street and Road Projects (11%)										
Smart Streets	\$ 153,653	\$ 153,655	\$ 151,246	\$ 151,246	\$ 2,409	\$ -	\$ 158,743	\$ 12,756	\$ 145,987	96.5%
Regionally Significant Interchanges	89,631	89,632	89,632	89,632	-	-	87,119	146	86,973	97.0%
Intersection Improvement Program	128,044	128,046	128,046	128,046	-	-	121,727	3,946	117,781	92.0%
Traffic Signal Coordination	64,022	64,023	64,023	64,023	-	-	69,304	3,986	65,318	102.0%
Transportation Systems Management and Transportation Demand Management	12,804	12,805	12,805	12,805	-	-	11,463	217	11,246	87.8%
Subtotal Projects	448,154	448,161	445,752	445,752	2,409	-	448,356	21,051	427,305	
Net (Bond Revenue)/Debt Service	-	-	2,409	2,409	(2,409)	-	2,409	-	2,409	
Total Regional Street and Road Projects	\$ 448,154	\$ 448,161	\$ 448,161	\$ 448,161	\$ -	\$ -	\$ 450,765	\$ 21,051	\$ 429,714	11.0%
%				11.0%						

Measure M1
Schedule of Revenues and Expenditures Summary
as of March 31, 2015

Project Description (G)	Net Tax Revenues Program to date Actual (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Variance Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Mar 31, 2015 (N)	Reimbursements through Mar 31, 2015 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
Local Street and Road Projects (21%)										
Master Plan of Arterial Highway Improvements	\$ 160,743	\$ 160,748	\$ 160,748	\$ 160,748	\$ -	\$ -	\$ 153,393	\$ 99	\$ 153,294	95.4%
Streets and Roads Maintenance and Road Improvements	594,822	594,831	594,831	594,831	-	-	594,025	-	594,025	99.9%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	98,634	980	97,654	97.7%
Subtotal Projects	855,565	855,579	855,579	855,579	-	-	846,052	1,079	844,973	
Net (Bond Revenue)/Debt Service	-	-	-	-	-	-	-	-	-	
Total Local Street and Road Projects	\$ 855,565	\$ 855,579	\$ 855,579	\$ 855,579	\$ -	\$ -	\$ 846,052	\$ 1,079	\$ 844,973	
%				21.1%					21.7%	
Transit Projects (25%)										
Pacific Electric Right-of-Way	\$ 19,713	\$ 19,714	\$ 15,000	\$ 14,200	\$ 5,514	\$ 800	\$ 17,505	\$ 3,560	\$ 13,945	93.0%
Commuter Rail	367,699	367,705	352,469	360,167	7,538	(7,698)	411,438	60,805	350,633	99.5%
High-Technology Advanced Rail Transit	446,839	446,846	428,355	440,688	6,158	(12,333)	483,455	158,957	324,498	75.8%
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	20,000	-	20,000	100.0%
Transitways	164,279	164,282	146,381	127,150	37,132	19,231	163,504	36,765	126,739	86.6%
Subtotal Projects	1,018,530	1,018,547	962,205	962,205	56,342	-	1,095,902	260,087	835,815	
Net (Bond Revenue)/Debt Service	-	-	56,342	56,342	(56,342)	-	56,342	-	56,342	
Total Transit Projects	\$ 1,018,530	\$ 1,018,547	\$ 1,018,547	\$ 1,018,547	\$ -	\$ -	\$ 1,152,244	\$ 260,087	\$ 892,157	
%				25.1%					22.9%	
Total Measure M1 Program	\$ 4,074,121	\$ 4,074,188	\$ 4,087,950	\$ 4,061,599	\$ 12,589	\$ 26,351	\$ 4,689,526	\$ 793,329	\$ 3,896,197	

Measure M2
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of March 31, 2015
(Unaudited)

(\$ in thousands)	Quarter Ended Mar 31, 2015	Year to Date Mar 31, 2015 (A)	Period from Inception to Mar 31, 2015 (B)
Revenues:			
Sales taxes	\$ 70,206	\$ 220,476	\$ 1,078,291
Other agencies' share of Measure M2 costs:			
Project related	34,813	68,671	346,084
Non-project related	35	231	365
Interest:			
Operating:			
Non-project related	1,358	3,630	9,439
Bond proceeds	2,755	5,298	26,945
Debt service	1	3	41
Commercial paper	-	-	393
Right-of-way leases	22	110	692
Miscellaneous			
Project related	-	(181)	17
Non-project related	-	-	7
Total revenues	<u>109,190</u>	<u>298,238</u>	<u>1,462,274</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	819	2,456	11,386
Professional services:			
Project related	12,134	20,008	202,023
Non-project related	441	920	12,244
Administration costs:			
Project related	1,905	5,715	33,070
Non-project related :			
Salaries and Benefits	463	1,389	13,378
Other	1,299	3,148	20,655
Other:			
Project related	36	105	1,319
Non-project related	5	30	3,596
Payments to local agencies:			
Project related	45,196	77,284	465,526
Capital outlay:			
Project related	25,889	63,300	417,162
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	6,865	6,865	19,875
Interest on long-term debt and commercial paper	10,968	21,948	93,919
Total expenditures	<u>106,020</u>	<u>203,168</u>	<u>1,294,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,170</u>	<u>95,070</u>	<u>168,090</u>
Other financing sources (uses):			
Transfers out:			
Project related	(1,034)	(2,121)	(10,801)
Transfers in:			
Project related	5,632	5,632	50,910
Non-project related	(5,632)	(5,632)	1,762
Bond proceeds	-	-	358,593
Total other financing sources (uses)	<u>(1,034)</u>	<u>(2,121)</u>	<u>400,464</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 2,136</u>	<u>\$ 92,949</u>	<u>\$ 568,554</u>

Measure M2
Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)
as of March 31, 2015
(Unaudited)

<i>(\$ in thousands)</i>	Quarter Ended Mar 31, 2015 (actual)	Year Ended Mar 31, 2015 (actual) (C.1)	Period from Inception through Mar 31, 2015 (actual) (D.1)	Period from April 1, 2015 through March 31, 2041 (forecast) (E.1)	Total (F.1)
Revenues:					
Sales taxes	\$ 70,206	\$ 220,476	\$ 1,078,291	\$ 14,677,179	\$ 15,755,470
Operating interest	1,358	3,630	9,439	407,961	417,400
Subtotal	<u>71,564</u>	<u>224,106</u>	<u>1,087,730</u>	<u>15,085,140</u>	<u>16,172,870</u>
Other agencies share of M2 costs	35	231	365	-	365
Miscellaneous	-	(181)	17	-	17
Total revenues	<u>71,599</u>	<u>224,156</u>	<u>1,088,112</u>	<u>15,085,140</u>	<u>16,173,252</u>
Administrative expenditures:					
SBOE fees	819	2,456	11,386	220,246	231,632
Professional services	440	706	8,468	99,922	108,390
Administration costs :					
Salaries and Benefits	463	1,389	13,378	146,748	160,126
Other	1,299	3,148	20,655	208,375	229,030
Other	5	30	3,596	25,267	28,863
Capital outlay	-	-	31	-	31
Environmental cleanup	836	1,665	8,007	293,544	301,551
Total expenditures	<u>3,862</u>	<u>9,394</u>	<u>65,521</u>	<u>994,102</u>	<u>1,059,623</u>
Net revenues	<u>\$ 67,737</u>	<u>\$ 214,762</u>	<u>\$ 1,022,591</u>	<u>\$ 14,091,038</u>	<u>\$ 15,113,629</u>
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 358,593	\$ 1,450,000	\$ 1,808,593
Interest revenue from bond proceeds	2,755	5,298	26,945	25,760	52,705
Interest revenue from debt service funds	1	3	41	54	95
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>2,756</u>	<u>5,301</u>	<u>385,972</u>	<u>1,475,814</u>	<u>1,861,786</u>
Financing expenditures and uses:					
Professional services	1	214	3,776	12,340	16,116
Bond debt principal	6,865	6,865	19,875	1,788,652	1,808,527
Bond debt and other interest expense	10,968	21,948	93,919	1,417,105	1,511,024
Total financing expenditures and uses	<u>17,834</u>	<u>29,027</u>	<u>117,570</u>	<u>3,218,097</u>	<u>3,335,667</u>
Net bond revenues (debt service)	<u>\$ (15,078)</u>	<u>\$ (23,726)</u>	<u>\$ 268,402</u>	<u>\$ (1,742,283)</u>	<u>\$ (1,473,881)</u>

Measure M2
Schedule of Revenues and Expenditures Summary
as of March 31, 2015
(Unaudited)

Project	Description	Net Revenues through Mar 31, 2015	Total Net Revenues	Expenditures through Mar 31, 2015	Reimbursements through Mar 31, 2015	Net M2 Cost
(G)		(H)	(I)	(J)	(K)	(L)
(\$ in thousands)						
Freeways (43% of Net Revenues)						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 40,306	\$ 595,706	\$ 2,147	\$ 2	\$ 2,145
B	I-5 Santa Ana/SR-55 to El Toro	25,744	380,491	3,217	489	2,728
C	I-5 San Diego/South of El Toro	53,769	794,697	46,774	10,955	35,819
D	I-5 Santa Ana/San Diego Interchange Upgrades	22,126	327,004	1,567	456	1,111
E	SR-22 Garden Grove Freeway Access Improvements	10,291	152,095	4	-	4
F	SR-55 Costa Mesa Freeway Improvements	31,387	463,890	6,651	23	6,628
G	SR-57 Orange Freeway Improvements	22,185	327,892	43,931	9,764	34,167
H	SR-91 Improvements from I-5 to SR-57	12,006	177,444	22,396	400	21,996
I	SR-91 Improvements from SR-57 to SR-55	35,718	527,896	9,823	894	8,929
J	SR-91 Improvements from SR-55 to County Line	30,203	446,399	6,942	5,294	1,648
K	I-405 Improvements between I-605 to SR-55	92,000	1,359,730	29,024	3,185	25,839
L	I-405 Improvements between SR-55 to I-5	27,416	405,206	1,510	44	1,466
M	I-605 Freeway Access Improvements	1,715	25,349	531	16	515
N	All Freeway Service Patrol	12,863	190,119	87	-	87
	Freeway Mitigation	21,986	324,943	40,328	1,688	38,640
Subtotal Projects		439,715	6,498,861	214,932	33,210	181,722
Net (Bond Revenue)/Debt Service		-	-	24,739	-	24,739
Total Freeways		\$ 439,715	\$ 6,498,861	\$ 239,671	\$ 33,210	\$ 206,461
		%				26.0%
Street and Roads Projects (32% of Net Revenues)						
O	Regional Capacity Program	\$ 102,261	\$ 1,511,382	\$ 445,562	\$ 220,238	\$ 225,324
P	Regional Traffic Signal Synchronization Program	40,902	604,526	13,418	1,257	12,161
Q	Local Fair Share Program	184,066	2,720,453	169,769	77	169,692
Subtotal Projects		327,229	4,836,361	628,749	221,572	407,177
Net (Bond Revenue)/Debt Service		-	-	28,796	-	28,796
Total Street and Roads Projects		\$ 327,229	\$ 4,836,361	\$ 657,545	\$ 221,572	\$ 435,973
		%				54.9%

Measure M2
Schedule of Revenues and Expenditures Summary
as of March 31, 2015
(Unaudited)

Project	Description	Net Revenues through Mar 31, 2015	Total Net Revenues	Expenditures through Mar 31, 2015	Reimbursements through Mar 31, 2015	Net M2 Cost
(G)	(H)	(I)	(J)	(K)	(L)	
	<i>(\$ in thousands)</i>					
	Transit Projects (25% of Net Revenues)					
R	High Frequency Metrolink Service	\$ 91,544	\$ 1,352,995	\$ 154,492	\$ 82,355	\$ 72,137
S	Transit Extensions to Metrolink	90,271	1,334,182	1,951	781	1,170
T	Metrolink Gateways	20,455	302,326	92,820	59,386	33,434
U	Expand Mobility Choices for Seniors and Persons with Disabilities	30,674	453,356	28,194	17	28,177
V	Community Based Transit/Circulators	20,446	302,193	690	64	626
W	Safe Transit Stops	2,257	33,355	66	26	40
	Subtotal Projects	255,647	3,778,407	278,213	142,629	135,584
	Net (Bond Revenue)/Debt Service	-	-	16,753	-	16,753
	Total Transit Projects	\$ 255,647	\$ 3,778,407	\$ 294,966	\$ 142,629	\$ 152,337
	%					19.2%
	Measure M2 Program	\$ 1,022,591	\$ 15,113,629	\$ 1,192,182	\$ 397,411	\$ 794,771

Measure M2
Schedule of Revenues and Expenditures Summary
as of March 31, 2015
(Unaudited)


Project	Description	Revenues through Mar 31, 2015	Total Revenues	Expenditures through Mar 31, 2015	Reimbursements through Mar 31, 2015	Net M2 Cost
(G)	(H.1)	(I.1)	(J)	(K)	(L)	
	<i>(\$ in thousands)</i>					
	Environmental Cleanup (2% of Revenues)					
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 21,755	\$ 323,457	\$ 8,007	\$ 292	\$ 7,715
	Net (Bond Revenue)/Debt Service	-	-	28	-	28
	Total Environmental Cleanup	\$ 21,755	\$ 323,457	\$ 8,035	\$ 292	\$ 7,743
	%					0.7%
	Taxpayer Safeguards and Audits					
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 16,174	\$ 236,332	\$ 11,386	\$ -	\$ 11,386
	%					1.1%
	Oversight and Annual Audits (1% of Revenues)	\$ 10,877	\$ 161,729	\$ 13,378	\$ 2,501	\$ 10,877
	%					1.0%

***Presentation
Items***



COMMITTEE TRANSMITTAL

April 27, 2015

To: Members of the Board of Directors
From:  Laurena Weinert, Clerk of the Board
Subject: Project Terms and Conditions, Design-Build Cooperative Agreement, and Next Steps for the Interstate 405 Improvement Project

Regional Planning and Highways Committee Meeting of April 20, 2015

Present: Directors Bartlett, Donchak, Lalloway, Nelson, Spitzer, and Ury
Absent: Director Miller

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve terms and conditions negotiated with the California Department of Transportation that establish roles and responsibilities related to project delivery, funding and financing, operations, and the use of any net excess revenues generated by the Interstate 405 Improvement Project.
- B. Direct staff to take the following actions to implement the Interstate 405 Improvement Project.
 - 1. Develop a draft Interstate 405 Express Lanes toll policy to recommend for approval by the Board of Directors.
 - 2. Develop a financing plan to recommend for approval by the Board of Directors. As part of the financing plan, pursue financing opportunities through the Transportation Infrastructure Finance and Innovation Act, as well as other state and federal discretionary grant opportunities for the Express Lanes portion of the project.



Committee Recommendations

3. Develop an operating toll agreement with the California Department of Transportation for the Interstate 405 Express Lanes to recommend for approval by the Board of Directors.
- C. Authorize the use of \$82 million in fiscal year 2015-16 from the California Department of Transportation as a contribution to implement the Interstate 405 project preferred alternative. Authorize the use of future toll or other revenues to fund the balance, subject to the results of the investment grade traffic and revenue study and the financing plan.
- D. Direct staff to pursue approval of the Interstate 405 Improvement Project by the California Transportation Commission pursuant to applicable state statute.
- E. Direct staff to modify and issue addenda, as necessary, to the design-build request for qualifications to implement the Interstate 405 Improvement Project.
- F. Authorize the Chief Executive Officer to negotiate and execute design-build Cooperative Agreement No. C-4-1847 between the Orange County Transportation Authority and the California Department of Transportation, in the amount of \$55,400,000, for the design-build phase and to provide reimbursed construction inspection services and enhanced oversight to implement the Interstate 405 Improvement Project.
- G. Authorize the use of \$35 million in federal Regional Surface Transportation Program funds in place of Measure M2 funds for design and construction support for the Interstate 405 Improvement Project.
- H. Authorize staff to amend the Federal Transportation Improvement Program and execute all necessary agreements to facilitate the above recommendations.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Project Terms and Conditions, Design-Build Cooperative
Agreement, and Next Steps for the Interstate 405
Improvement Project**

Staff Report



April 20, 2015

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Project Terms and Conditions, Design-Build Cooperative Agreement, and Next Steps for the Interstate 405 Improvement Project

Overview

The Orange County Transportation Authority has negotiated terms and conditions with the California Department of Transportation to establish roles and responsibilities related to project delivery, funding and financing, operations, and usage of potential net excess revenues for the Interstate 405 Improvement Project. Additionally, the Orange County Transportation Authority proposes to enter into a design-build cooperative agreement with the California Department of Transportation to establish roles, responsibilities, and funding obligations for the Interstate 405 Improvement Project.

Recommendations

- A. Approve terms and conditions negotiated with the California Department of Transportation that establish roles and responsibilities related to project delivery, funding and financing, operations, and the use of any net excess revenues generated by the Interstate 405 Improvement Project.
- B. Direct staff to take the following actions to implement the Interstate 405 Improvement Project.
 1. Develop a draft Interstate 405 Express Lanes toll policy to recommend for approval by the Board of Directors.
 2. Develop a financing plan to recommend for approval by the Board of Directors. As part of the financing plan, pursue financing opportunities through the Transportation Infrastructure Finance and Innovation Act, as well as other state and federal discretionary grant opportunities for the Express Lanes portion of the project.

3. Develop an operating toll agreement with the California Department of Transportation for the Interstate 405 Express Lanes to recommend for approval by the Board of Directors.
- C. Authorize the use of \$82 million in fiscal year 2015-16 from the California Department of Transportation as a contribution to implement the Interstate 405 project preferred alternative. Authorize the use of future toll or other revenues to fund the balance, subject to the results of the investment grade traffic and revenue study and the financing plan.
- D. Direct staff to pursue approval of the Interstate 405 Improvement Project by the California Transportation Commission pursuant to applicable state statute.
- E. Direct staff to modify and issue addenda, as necessary, to the design-build request for qualifications to implement the Interstate 405 Improvement Project.
- F. Authorize the Chief Executive Officer to negotiate and execute design-build Cooperative Agreement No. C-4-1847 between the Orange County Transportation Authority and the California Department of Transportation, in the amount of \$55,400,000, for the design-build phase and to provide reimbursed construction inspection services and enhanced oversight to implement the Interstate 405 Improvement Project.
- G. Authorize the use of \$35 million in federal Regional Surface Transportation Program funds in place of Measure M2 funds for design and construction support for the Interstate 405 Improvement Project.
- H. Authorize staff to amend the Federal Transportation Improvement Program and execute all necessary agreements to facilitate the above recommendations.

Discussion

Environmental studies for Interstate 405 (I-405) improvements between State Route 73 (SR-73) and Interstate 605 (I-605) (Project) were initiated in early 2009. As part of the Project's environmental clearance process, three build alternatives, in addition to a no-build alternative, were evaluated and included in the draft environmental impact report/environmental impact statement (DEIR/EIS) circulated for comment in mid-2012 and the supplemental DEIR/EIS circulated for comment in mid-2013.

On July 25, 2014, the California Department of Transportation (Caltrans) informed the Orange County Transportation Authority (OCTA) that Alternative 3 would be the recommended Project preferred alternative. The OCTA Board of Directors (Board) directed staff to negotiate terms for a cooperative agreement with Caltrans to implement the Project preferred alternative in a two-phased approach. If a phased approach to Project implementation was utilized, OCTA would construct Phase 1, which entails adding one general purpose (GP) lane in each direction from Euclid Street to I-605, consistent with Measure M2 (M2) Project K. Caltrans would construct Phase 2, which entails adding an additional lane in each direction that would combine with the existing high-occupancy vehicle (HOV) lane to provide dual tolled express lanes in each direction on I-405 from SR-73 to I-605.

At the December 8, 2014 OCTA Board meeting, OCTA staff was directed to continue negotiating the design-build (DB) cooperative agreement with Caltrans, particularly in regards to specific right-of-way (ROW) acquisition and capital cost-sharing language. On January 8, 2015, OCTA received a letter from Caltrans informing OCTA that it did not support modifications to the ROW language in the DB cooperative agreement. Furthermore, Caltrans informed OCTA in the letter that it identified needed funding to pay for necessary acquisitions and construction of betterments required for Caltrans implementation of Phase 2 within the Phase 1 limits of the Project from Euclid Street to I-605. With this new funding commitment, Caltrans requested that OCTA's Phase 1 of the Project be implemented in a manner that would place the GP lanes infrastructure, excluding tolled express lane facilities, at the ultimate location between Euclid Street and I-605. This includes acquiring the necessary property and constructing the pavement, walls, overhead signs, drainage systems, relocated utilities, communications systems, and other facilities at the ultimate location from Euclid Street to I-605.

At the February 9, 2015 Board meeting, OCTA staff was directed to again re-engage in discussions with Caltrans on the DB cooperative agreement and return to the Board with an alternative option for OCTA to proceed as the lead agency for the full implementation of the Caltrans Project preferred alternative, including policies required for operations, management, and excess revenue use. In addition, the OCTA Chairman appointed an I-405 ad-hoc committee (Committee) of the Board to provide guidance to the Chief Executive Officer for negotiations with Caltrans. It was noted that having OCTA implement the full Project preferred alternative would fulfill the M2 promise, ensure local control, and construct the Project under a single contract, which would reduce impacts to the communities and the traveling public.

Since February 2015, the Committee has met six times and provided guidance to the Chief Executive Officer on terms and conditions during negotiations with Caltrans. The Committee has explored numerous options related to operating toll agreement terms, project delivery roles and responsibilities, funding and financing, use of excess net toll revenue, and operations and maintenance. Committee members have reviewed the hierarchy of how toll revenues would be used and potentially provide net excess revenue, have been provided information related to 91 Express Lanes policies, and discovered parameters and constraints associated with municipal debt. The Committee has also been apprised of project risks, including the risk of delay. Based on Committee feedback, a series of recommendations has been developed by staff.

Terms and Conditions

Since February 9, 2015, OCTA and Caltrans have been negotiating the Project terms and conditions to establish roles and responsibilities related to project delivery, funding and financing, operations, and the use of any net excess revenues generated by the Project. The result of those negotiations is the draft terms and conditions sheet included as Attachment A.

Draft Express Lanes Toll Policy, Financing Plan, and Operating Toll Agreement

In order to implement the Project, OCTA will need to develop a draft toll policy required to perform an investment grade traffic and revenue (T&R) study. The draft toll policy will include, among other things, assumptions on carpool and other vehicle-type exemptions, expected speed and vehicle counts, peak and off-peak period toll rates, and timing of toll rate adjustments. The T&R study will utilize the draft toll policy to forecast traffic and revenues for the express lane project. The T&R study will take approximately nine months to complete. Once the T&R is complete, OCTA will seek Board approval of the final toll policy.

Concurrently, OCTA will also be developing a financing plan for the Project that will analyze the forecasted revenues and expenditures for the term of the operating toll agreement. The data generated from the T&R study will be used to determine the optimal debt financing amount for the Project. Once completed, the financing plan will be submitted to the Board for approval. OCTA will also be exploring the possibility of obtaining a federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. TIFIA is a federal credit

program for eligible surface transportation projects of regional or national significance under which the United States Department of Transportation may provide credit assistance. A TIFIA loan could substantially reduce the costs associated with obtaining financing for the Project.

An operating toll agreement will be required with Caltrans for the express lanes operations, collection of tolls, and for the planning and use of net excess revenue. OCTA staff will begin to negotiate that agreement based on the terms and conditions in Attachment A.

Project Approval from California Transportation Commission

Toll facility projects on the State Highway System are subject to review and approval by the California Transportation Commission (CTC). If directed by the Board, OCTA staff will prepare the documentation necessary to submit the Project to the CTC for approval.

DB Procurement

On October 27, 2014, Request for Qualifications (RFQ) 4-1595, for the design and construction of the Project through a DB contract, was released. The project description in the RFQ was generally based on Phase 1 of the Project. On December 18, 2014, four teams submitted Statements of Qualifications (SOQ). Although the procurement is still open, the qualifications ratings were not conducted and the process was put on hold in January 2015, pending Board approval of the DB cooperative agreement.

If directed by the Board, OCTA staff will update the project description, scope, and other elements of the RFQ and issue an addendum to the RFQ that allows the four teams that previously submitted an SOQ to update the SOQ via a supplement to address the full Project preferred alternative. The addendum to the RFQ will also allow new teams to submit an SOQ and propose on the Project.

DB Cooperative Agreement

OCTA proposes to enter into a DB cooperative agreement with Caltrans to define the roles and responsibilities of both agencies. The overall cost of the Project is estimated to be \$1,700,000,000, inclusive of capital costs and support costs. OCTA would be the implementing agency for all aspects of the Project, and Caltrans will provide oversight and independent quality assurance of the design and construction. Caltrans' oversight and independent quality

assurance of the Project will be at no cost to OCTA. The draft DB cooperative agreement is provided in Attachment B.

On January 1, 2014, AB 401 (Chapter 586, Statutes of 2013) became effective, enabling OCTA to construct the Project via a DB contract. One of the requirements outlined in AB 401 is for Caltrans to perform certain construction inspection oversight services. Caltrans will perform those construction inspection oversight services, and OCTA will reimburse those services as a direct project cost, up to an amount of \$43,550,000. This is referred to as “Reimbursed Direct Work” in the DB cooperative agreement.

OCTA has requested Caltrans identify specific key staff that will be committed to the Project to provide priority oversight services, assist in meeting the fast-track Project schedule, and provide cooperation, expertise, and input towards the successful delivery of the Project. These services are referred to as “enhanced oversight” services. Caltrans will perform the “enhanced oversight” services, and OCTA will reimburse those services, up to an amount of \$11,850,000. This is referred to as “Caltrans Enhanced Oversight” in the DB cooperative agreement.

The use of federal Regional Surface Transportation Program (RSTP) funds on the Project is recommended because it allows Caltrans to use a lower multiplier for the required overhead recovery rate and is consistent with OCTA’s Capital Programming Policies (CPP), which directs that the first priority for all state and federal funds is to fulfill commitments to M2020 projects. Further, the CPP directs that RSTP funds are to be used for M2020 freeway projects, grade separations, and local streets and roads projects. The RSTP funds were made available through bid savings on the Interstate 5 HOV lane extension between Avenida Pico and Avenida Vista Hermosa, and include funds previously planned to be used for the Project. As a follow up action, OCTA staff will amend the Project funding plan in the 2015 Federal Transportation Improvement Program in order to position the Project to receive the federal funds and consistent with Exhibit B - Funding Summary in the DB cooperative agreement. The Capital Funding Program, which provides a summary of programmed funds for OCTA freeway projects and is provided in Attachment C, has been updated to include \$35,000,000 in RSTP funds in place of M2 funds, \$82,000,000 in state funds, and future toll or other revenues to fund the balance, subject to the results of the investment grade traffic and revenue study and the financing plan.

Project Terms and Conditions, Design-Build Cooperative Agreement, and Next Steps for the Interstate 405 Improvement Project

Next Steps

There are several short-term and long-term steps that will be taken by OCTA staff, many of which require Board action. These next steps have been summarized in the table below and additional information can be found in the draft revised Project schedule provided in Attachment D.

Task	Date	Board Action
Record of Decision	May 2015	
Authorization to acquire ROW	May 2015	X
Award construction management contract	May 2015	X
Amend consultant agreements	Mid 2015	X
Obtain CTC approval of Project	Late 2015	
Shortlist DB teams and release DB draft request for proposals (RFP)	Late 2015	X
Develop toll policy options	2015	X
Develop investment grade T&R study	2015-2016	
Develop financing plan, including pursuing TIFIA loan	2015-2016	X
Develop operating toll agreement with state	2015-2016	X
Release DB RFP	Early 2016	X
DB award	Late 2016	X
Secure financing	2016-2017	X
DB notice to proceed	Early 2017	
Design and build Project	2017-2022	

Fiscal Impact

Funding for the Caltrans services noted in DB Cooperative Agreement No. C-4-1847 is included in OCTA's Fiscal Year 2014-15 Budget, Capital Programs Division, Account 0017-7519-FK101-0KM, and is funded with Interstate Maintenance Discretionary, M2, and RSTP funds.

Summary

Staff requests Board approval of the terms and conditions that OCTA staff has negotiated with Caltrans to establish roles and responsibilities related to project delivery, funding and financing, and operations for the Project. Staff also requests Board approval for certain activities to implement the Project preferred alternative. Additionally, staff requests Board approval for the Chief Executive Officer to negotiate and execute DB Cooperative Agreement No. C-4-1847 with Caltrans, in the amount of \$55,400,000, to provide reimbursed construction inspection services and enhanced oversight for the DB contract for the Project. The use of \$35 million in federal RSTP funds for design and construction support is recommended, consistent with Board policy, to reduce the overhead rate that is required for support of the Project.

Attachments

- A. I-405 Project Implementation (Alternative 3) Preliminary OCTA/Caltrans Agreement on Terms As of April 16, 2015
- B. Design-Build Cooperative Agreement
- C. Capital Funding Program
- D. Interstate 405 Improvement Project Draft Revised Project Schedule April 2015

Prepared by:



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ORANGE COUNTY TRANSPORTATION AUTHORITY

**Project Terms and Conditions, Design-Build Cooperative
Agreement, and Next Steps for the Interstate 405
Improvement Project**

Attachment A

**I-405 Project Implementation (Alternative 3)
Preliminary OCTA/Caltrans Agreement on Terms
As of
April 16, 2015**

1. Project Delivery

- a. OCTA is lead agency for procuring the design-build "db" contractor and/or toll systems integrator, as well as the provider of toll collection services for the project.
- b. Project delivery will be based on pending legislation & AB 401.
- c. Current implementation Co-Op for the db phase of the project can proceed followed by an agreement consistent with tolling authorization "Operating Toll Agreement".

2. Project Funding & Financing

- a. OCTA is responsible for developing the overall funding/financing plan for the project, including use of Measure M2 funds for the GP lanes. OCTA shall be the issuer of any indebtedness and shall be the borrower under any TIFIA loan. While OCTA is responsible for development of the overall funding/financing plan, OCTA will share information concerning the plan with Caltrans during the development process.
- b. Parties agree to seek additional State and Federal discretionary grant opportunities for the tolled portion of the project.
- c. Caltrans will provide \$82 million to be programmed in FY 2015/16 to be used towards constructing the project (Caltrans Preferred Alternative).
- d. OCTA will pursue TIFIA funding with due consideration for related requirements and project schedule considerations.
- e. Operating Toll Agreement (including tolling authority) with the state will extend a minimum of five years beyond the initial bonding period/term required for financing. If toll revenues are found to be insufficient to cover all costs for operations, maintenance, and financing requirements, and refinancing of the debt is required, the Operating Toll Agreement can be extended additional years (beyond the existing 5 years) to provide an extended financing term.

3. Operations

- a. OCTA operates or shall retain a private operator to operate the toll collection facilities.
- b. The facility to open with a HOV2+ free policy for no less than 3 years.¹
- c. Caltrans & OCTA recognize performance/operational and financial triggers will be established to switch to HOV3+ or if state implements a 3+ policy on state highways through changes to State law or through the administrative process.
- d. Parties agree there will be an exemption for ILEV's (such as customers with "green sticker".) However, customers will be required to pre-register their vehicles as is the policy on the SR 91 Express Lanes. There will be an agreed upon cap on number of such vehicles.
- e. The parties agree that 55 - 60 mph¹ is an appropriate target speed.

¹ Subject to results of the I-405 Traffic and Revenue study to be completed at a later date and further additional funding considerations.

- f. The parties agree that continuous access may be detrimental to financial and operational requirements of managed lanes based upon current technology, enforcement and safety considerations, however, consideration of continuous access should not be precluded in the future.
- g. Tolls shall be collected electronically and use congestion pricing to manage demand.
- h. OCTA decides on toll policies and agrees to toll lanes performance measures as will be outlined in the Operating Toll Agreement. The Parties agree that a goal of the Project should be to increase the Average Vehicle Occupancy of the Corridor.

4. Net Excess Revenues (after payment of O&M on the managed lanes including toll collection costs, debt service for obligations payable from tolls, funding of debt and project reserves, and required repayment of TIFIA loan)

The parties agree that development of an Expenditure Plan will be developed in partnership between each agency and consistent with the following terms below:

- a. The Parties shall develop a multiyear expenditure plan for use of Net Excess Revenues within the Corridor. This expenditure plan shall cover a period of either ten years or the full term of all financing used to construct or repair any portion of the toll facility project, whichever is longer. The Expenditure Plan shall be updated annually.
 - i. OCTA's Board of Directors shall review and adopt the expenditure plan and each update.
- b. Net Excess Revenues shall be used for projects that maintain or improve the safety, operation, or travel reliability of any transportation mode in the corridor, or provide or improve travel options in the corridor.
- c. General Purpose lanes capital and preventive maintenance and operational improvements are eligible expense and will be included in the annual Expenditure Plan in compliance with Federal law.
- d. The use of net excess revenue to pay for projects in the Expenditure Plan will not result in reducing SHOPP funds targets available to the County.
- e. Similar to the SR 91 Express Lanes, the Parties agree that OCTA will be responsible for implementing all projects required for the operation and maintenance of the Project tolled express lanes and associated toll collection facilities. Caltrans will be responsible for implementing non-toll related projects on the State Highway System that are funded from Net Excess Toll revenue.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Project Terms and Conditions, Design-Build Cooperative
Agreement, and Next Steps for the Interstate 405
Improvement Project**

Attachment B

12-ORA-405 PM 12.1/23.9
12-ORA-22 PM R0.7/R1.0 / 12-ORA-22 PM R0.6/R0.7
EA: 0H100, ID 12 0000 0180
District Agreement No. 12-697
OCTA Agreement No. C-4-1847

DESIGN-BUILD COOPERATIVE AGREEMENT

This Agreement (AGREEMENT), entered into and effective on _____, 2015 (“Effective Date”), is between the STATE OF CALIFORNIA, acting by and through its Department of Transportation, referred to herein as “CALTRANS”, and;

ORANGE COUNTY TRANSPORTATION AUTHORITY, a public entity, referred to herein as “OCTA.”

RECITALS

1. CALTRANS and OCTA (collectively referred to as “PARTIES” and each singularly referred to as “PARTY”) are authorized to enter into a cooperative agreement for improvements to the State Highway System (SHS) pursuant to California Streets and Highway Code Sections 114 and 130 and Public Contract Code section 6821, subdivision (b).
2. CALTRANS is a public agency authorized under sections 90, 91.2, 100.1, 116 and 143 of the Streets and Highways Code; section 14030 of the Government Code as well as section 6820 *et seq.* of the Public Contract Code to take steps to relieve congestion on California transportation systems, including the Interstate 405 (I-405) corridor in the County of Orange, through DESIGN-BUILD delivery.
3. OCTA is a public agency which is authorized under Public Utilities Code sections 130000, *et seq.*, Streets and Highways Code section 143 and Public Contract Code section 6820 *et seq.*, to take steps to relieve congestion on California transportation systems, including the I-405 corridor in the County of Orange, through DESIGN-BUILD delivery.
4. Subject to environmental clearance under both California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA), project improvements are to widen both northbound and southbound directions of I-405 in Orange County. The project limits extend on the I-405 from 0.2-mile south of Bristol Street (12-ORA-405 Post Mile [PM] 9.3) to the Orange County/Los Angeles county line (12-ORA-405 PM 24.2) and in Los Angeles County from the county line (07-LA-405 PM 0.00) to 1.4 miles north of I-605 (07-LA-405 PM 1.2). Improvements are proposed on SR-22 West in Orange County from 0.2-mile west of I-605 (12-ORA-22 PM R0.5) to I-405 (12-ORA-22 PM R0.7) and on SR-22 East in Orange County from I-405 (12-ORA-22 PM R0.7) to 0.2-mile east of the Beach Boulevard Undercrossing (12-ORA-22 PM R3.8). Improvements on SR-73 will be from the Bear Street Overcrossing (12-ORA-73 PM R27.2) to I-405 (12-ORA-73 PM R27.8). Improvements on I-605 in Orange County will be from I-405 (12-ORA-605 PM 3.5) to the county line (12-ORA-605 PM R1.6) and in Los Angeles County from the county line (07-LA-605 PM R0.0) to 0.9-mile north of the Spring Street Overcrossing (07-LA-605 PM R1.2). The project improvements will be from hereinafter referred to as the PROJECT, and are depicted in Exhibit A.
5. Pursuant to Public Contract Code section 6821 (b), the PARTIES desire to enter into this AGREEMENT which sets forth the roles and responsibilities of the PARTIES as they relate to the design and construction of the PROJECT.

6. The PROJECT is included in the class of the design-build projects identified in Public Contract Code section 6821(b).
7. The following PROJECT COMPONENTS of this PROJECT have been completed or are in progress:
 - a. OCTA developed the **PA&ED (Project Approval and Environmental Document)** (Cooperative agreement No. 12-0594).
 - b. OCTA developed the **PS&E (Plans, Specifications, and Estimate) and early Right of Way activities** (Cooperative agreement No. 12-670).
8. All responsibilities assigned in this AGREEMENT to complete the following PROJECT COMPONENTS referred to hereinafter as OBLIGATIONS include the procurement, design, and construction of the PROJECT using the DESIGN-BUILD delivery method.
9. PARTIES hereby set forth the terms, covenants, and conditions of this AGREEMENT, under which they will accomplish OBLIGATIONS.
10. This AGREEMENT is separate from and does not modify or replace any other cooperative agreement or memorandum of understanding between PARTIES regarding the PROJECT. If there is a direct conflict between this AGREEMENT and any prior agreement, the terms of this AGREEMENT shall prevail.
11. The award of the DESIGN-BUILD contract is contingent on a mutually agreeable financial plan for the PROJECT.
12. In this AGREEMENT capitalized words represent either defined terms or acronyms.
13. The DESIGN-BUILD procurement method is anticipated to be a key component of making the PROJECT viable from a financial perspective by providing for schedule acceleration, innovation, risk transfer, cost certainty, and other anticipated benefits. With the execution of this AGREEMENT, CALTRANS and OCTA agree that DESIGN-BUILD is the method of procurement to be used for implementation of the PROJECT.
14. CALTRANS and OCTA will define the terms and conditions under which the PROJECT is to be developed, designed, and constructed consistent with CALTRANS' technical and legal standards, policies and procedures for implementation of DESIGN-BUILD projects on the SHS and such standards are reflected in the CONTRACT DOCUMENTS.
15. Except for the EXPRESS LANES FACILITY and except as otherwise agreed to by both PARTIES, CALTRANS and OCTA agree and understand that, upon acceptance of the PROJECT FACILITIES by CALTRANS, such facilities shall become part of the SHS and the PROJECT FACILITIES shall be operated and maintained by CALTRANS, except for those facilities that would be operated and maintained by other agencies, such as the Orange County Flood Control District.
16. OCTA is the only SPONSOR for the PROJECT and agrees to fund the PROJECT costs, as summarized in the attached Exhibit B, FUNDING SUMMARY, and as further set forth herein.
17. OCTA is the IMPLEMENTING AGENCY for the PROJECT and requests CALTRANS to perform REIMBURSED DIRECT WORK that includes CONSTRUCTION INSPECTION SERVICES. CALTRANS will also provide CALTRANS ENHANCED OVERSIGHT. REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT are set forth in Exhibit D, ESTIMATED MAXIMUM PAYMENT OBLIGATION.
18. OCTA is the FUNDING PARTY, for the PROJECT and the PROJECT costs are summarized in the attached Exhibit B, "FUNDING SUMMARY," and as further set forth herein.

19. CALTRANS is the FUNDING PARTY for construction capital and right of way costs for BETTERMENTS and in addition, is contributing \$82 million for PROJECT construction capital and right of way costs ("CALTRANS CONTRIBUTION").
20. CALTRANS is the NEPA and CEQA lead agency for PROJECT.
21. OCTA is a CEQA Responsible Agency for PROJECT.
22. CALTRANS will provide CALTRANS OVERSIGHT at no cost to OCTA, for the portions of the PROJECT work within existing and proposed SHS right-of-way.

DEFINITIONS

For the purposes of this AGREEMENT, the following terms shall have the meanings hereinafter provided:

23. **BETTERMENTS** – As used herein, the term “BETTERMENTS” shall refer to any improvements which are not part of the PROJECT scope and which are requested by CALTRANS for inclusion as part of PROJECT, and which are to be paid for solely by CALTRANS. A CHANGE IN LAW as defined herein or changes in safety standards that apply to PROJECT shall not constitute a BETTERMENT, unless the cost of such a change is attributable to a BETTERMENT. If mutually agreed to by both PARTIES, OCTA agrees that BETTERMENTS will be included in the PROJECT scope as requested by CALTRANS.
24. **CALTRANS ENHANCED OVERSIGHT** - As used herein, the term “CALTRANS ENHANCED OVERSIGHT” shall mean and refer to CALTRANS OVERSIGHT provided by CALTRANS personnel or consultants who are solely dedicated to the PROJECT. It is understood and agreed that CALTRANS ENHANCED OVERSIGHT activities are for the benefit of the PROJECT to assure timely response and action for required CALTRANS approvals. CALTRANS ENHANCED OVERSIGHT will be paid by the OCTA as shown in Exhibit D.
25. **CALTRANS OVERSIGHT** - As used herein, the term "CALTRANS OVERSIGHT" shall mean and refer to activities performed by CALTRANS, in its sole discretion, to assure and verify, as needed, the PROJECT implementation by OCTA is compliant with applicable standards, laws, regulations and policies, and which shall be performed at CALTRANS's sole cost and expense. It is understood and agreed that CALTRANS OVERSIGHT activities are for the benefit of CALTRANS, as the owner and operator of the SHS only, and shall not constitute acceptance, approval or ratification of any work or process. CALTRANS OVERSIGHT does not include any REIMBURSED DIRECT WORK or CALTRANS ENHANCED OVERSIGHT.
26. **CALTRANS STANDARDS** - As used herein, the term "CALTRANS STANDARDS" shall mean and refer to those CALTRANS documents including the FHWA STANDARDS, Caltrans Standard Specifications; Caltrans Standard Plans; the guidance provided in the *Guide to Capital Project Delivery Workplan Standards* (previously known as WBS Guide) available at <http://www.dot.ca.gov/hq/projmgmt/guidance.htm>; Caltrans manuals (including but not limited to the Right of Way Manual, Construction Manual, Highway Design Manual, Local Assistance Manual, California Manual on Uniform Transportation Control Devices, etc.); technical memoranda; standards; practices; guidelines and modifications to such standards that are set forth in or expressly incorporated into the CONTRACT DOCUMENTS and in effect as of the date of issuance of the final addendum to the RFP.
27. **CHANGE IN LAW** – As used herein, the term “CHANGE IN LAW” shall mean (a) the adoption of any Law of the State at any point after the date that corresponds to the date 30 days prior to the proposal submission date, (b) any change in any Law of the State or in the interpretation or

application thereof by any governmental entity of the State after 30 days prior to the proposal submission date, or (c) any change in the Adjustment Standards applicable to a Utility Adjustment after 30 days prior to the proposal submission date, in each case that is materially inconsistent with Laws or Adjustment Standards, respectively, in effect 30 days prior to the proposal submission date; excluding, however, (i) any change in or new Law of the State passed or adopted but not yet effective as of 30 days prior to the proposal submission date, (ii) any change in the standards that qualifies as a Betterment, (iii) any change in State labor Laws, and (iv) any change in State tax Laws of general application.

28. **COMPLETION OF WORK** - As used herein, the term "COMPLETION OF WORK," shall mean that the PARTIES have met all scope, cost, and schedule commitments included in this AGREEMENT and have signed a COOPERATIVE AGREEMENT CLOSURE STATEMENT.
29. **CONTRACT DOCUMENTS** - As used herein, the term "CONTRACT DOCUMENTS" shall mean and refer to the set of contractually binding documents between OCTA and its DESIGN-BUILDER, as approved by CALTRANS and the Federal Highway Administration (FHWA).
30. **CONTRACT INDEPENDENT ASSURANCE TESTING** - As used herein, the term "CONTRACT INDEPENDENT ASSURANCE TESTING" shall mean and refer to the activities that are an unbiased and independent evaluation of all the sampling and testing procedures used in the PROJECT to accept the DESIGN-BUILDER's work. Test procedures used in CALTRANS' laboratory are not included.
31. **CONSTRUCTION INSPECTION SERVICES** - As used herein, the term "CONSTRUCTION INSPECTION SERVICES" as specified in Streets and Highways code section 91.2(a) includes but is not limited to material source testing, certification testing, surveying, monitoring of environmental compliance, independent quality control testing and inspection, and quality assurance audits, inspections of the component materials at the time of placement or installations, as well as the workmanship and quality of the finished products. CONSTRUCTION INSPECTION SERVICES does not include surveying work performed as part of the DESIGN-BUILD contract.
32. **COOPERATIVE AGREEMENT CLOSURE STATEMENT** - As used herein, the term "COOPERATIVE AGREEMENT CLOSURE STATEMENT" shall mean and refer to the document that verifies the completion of all scope, cost, and schedule commitments included in this AGREEMENT. A sample document is attached hereto as Exhibit F.
33. **DESIGN-BUILD** - As used herein, the term "DESIGN-BUILD" shall mean and refer to a project delivery process in which both the final design and construction of a project are procured from a single entity.
34. **DESIGN-BUILDER** - The proposer (or single purpose entity, if any,) who is selected by OCTA as offering the Best Value Proposal and who thereafter executes the contract with OCTA to deliver the final design and construction for the PROJECT.
35. **ESTIMATED MAXIMUM PAYMENT OBLIGATION** - As used herein, the term "ESTIMATED MAXIMUM PAYMENT OBLIGATION" refers to the total cost of REIMBURSED DIRECT WORK, and CALTRANS ENHANCED OVERSIGHT up to the estimated maximum amount as set forth in Exhibit D. It is agreed that CALTRANS has no obligation to provide REIMBURSED DIRECT WORK and/or CALTRANS ENHANCED OVERSIGHT beyond the ESTIMATED MAXIMUM PAYMENT OBLIGATION reflected in Exhibit D, unless otherwise agreed to in writing by the PARTIES.
36. **EXPRESS LANES FACILITY** – The four high-occupancy toll lanes, two in each direction, and related equipment and facilities that will constructed as part of the PROJECT.
37. **FHWA STANDARDS** - As used herein, the term "FHWA STANDARDS" shall mean and refer to FHWA manuals, technical memoranda, standards, guidelines, and modifications to such standards

that are in effect as of the date of issuance of the final addendum to the RFP.

38. **FUNDING PARTY(IES)** – A PARTY, designated in the FUNDING SUMMARY, that commits a defined dollar amount to fulfill OBLIGATIONS. If a PROJECT has more than one funding PARTY, then funding adjustments will be made by percentage.
39. **FUNDING SUMMARY** – As used herein, the term “FUNDING SUMMARY” refers to the table that lists a FUNDING PARTY(IES) and the source of funds being used by each PARTY towards PROJECT COMPONENT(S) in which funds are to be spent. Funds listed on the FUNDING SUMMARY are “not-to-exceed” amounts for each FUNDING PARTY, unless an amendment to this AGREEMENT is executed.
40. **HM-1** - As used herein, the term "HM-1" shall mean and refer to hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to Federal or State law whether it is disturbed by the PROJECT or not.
41. **HM-2** - As used herein, the term "HM-2" shall mean and refer to hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to Federal or State law only if disturbed by the PROJECT.
42. **HM MANAGEMENT ACTIVITIES** – Management activities related to either HM-1 or HM-2 including, without limitation, any necessary manifest requirements and disposal facility designations.
43. **IMPLEMENTING AGENCY** – The PARTY(IES) responsible for managing the scope, cost, and schedule of a PROJECT COMPONENT to ensure the completion of that component.
44. **ITS** - As used herein, the term "ITS" shall mean and refer to Intelligent Transportation Systems incorporated in the PROJECT.
45. **OBLIGATIONS** – All responsibilities included in this AGREEMENT.
46. **PROJECT** - Defined in Recitals
47. **PROJECT COMPONENT** – A distinct portion of the planning and project development process of a capital project as outlined in California Government Code, section 14529(b). Project Components have been identified below:
 - a. **PID (Project Initiation Document)** – The activities required to deliver the project initiation document for PROJECT. **(D.30)**
 - b. **PA&ED (Project Approval and Environmental Document)** –The activities required to deliver the project approval and environmental documentation for PROJECT.
 - c. **PS&E (Plans, Specifications, and Estimate)** –The activities required to deliver the plans, specifications, and estimate for the PROJECT.
 - d. **R/W (Right of Way) SUPPORT** –The activities required to obtain all property interests for the PROJECT.
 - e. **R/W (Right of Way) CAPITAL** – The funds for acquisition of property rights for the PROJECT.
 - f. **CONSTRUCTION SUPPORT** – The activities required for the administration, acceptance, and final documentation of the construction contract for the PROJECT.
 - g. **CONSTRUCTION CAPITAL** – The funds for the DESIGN BUILD contract.
48. **PROJECT FACILITIES** - As used herein, the term “PROJECT FACILITIES” shall mean and refer to the PROJECT improvements as depicted in Exhibit A.
49. **PROJECT MANAGEMENT PLAN** – The Project Management Plan shall be prepared by OCTA and shall include but not be limited to, procedures for establishing and maintaining lines of authority, coordination and communication, schedule and cost control, reporting, document

control and record keeping, tracking milestone deliverables, safety, and public communications.

50. **QUALITY MANAGEMENT PLAN** - As used herein, the “QUALITY MANAGEMENT PLAN” shall mean and refer to the plan prepared by the Design-Builder, which is submitted to the OCTA for approval, and to CALTRANS for concurrence. The QUALITY MANAGEMENT PLAN shall establish the Design-Builder’s procedures for quality control, and quality validation.”
51. **QUALITY MANAGEMENT PROGRAM** - As used herein, the term " QUALITY MANAGEMENT PROGRAM" shall mean and refer to the quality plans developed by OCTA and the DESIGN-BUILDER to provide quality assurance, which includes quality control, quality validation, and quality verification of conformance with the CONTRACT DOCUMENTS.
52. **REIMBURSED DIRECT WORK** - As used herein, the term "REIMBURSED DIRECT WORK" shall mean and refer to work to be performed by CALTRANS and reimbursed by OCTA, up to the ESTIMATED MAXIMUM PAYMENT OBLIGATION as set forth in SECTION I, of this AGREEMENT, including, CONSTRUCTION INSPECTION SERVICES, and mutually agreed CALTRANS personnel or consultants solely dedicated to the PROJECT all as further set forth in Exhibit D, or as agreed upon in writing by OCTA and CALTRANS.
53. **RELIEF OF MAINTENANCE** - As used herein, the term "RELIEF OF MAINTENANCE," shall mean and refer to the point at which CALTRANS will grant the PROJECT "Maintenance and Protection Relief," as allowed in the applicable Caltrans Construction Manual, and as may further be set forth in the CONTRACT DOCUMENTS and as otherwise agreed to by the PARTIES.
54. **REQUEST FOR PROPOSALS or RFP** - As used herein, the term "REQUEST FOR PROPOSALS" or "RFP" shall mean and refer to the Request for Proposals, and all associated documents, issued by OCTA for the procurement of the DESIGN-BUILDER for the PROJECT.
55. **REQUEST FOR QUALIFICATIONS or RFQ** – As used herein, the term “REQUEST FOR QUALIFICATIONS” or “RFQ” shall mean and refer to the Request for Qualifications, and all associated documents, issued by OCTA for the short-listing of the proposers for the PROJECT.
56. **SCOPE OF WORK** -The term "SCOPE OF WORK" shall mean and refer to the document included in the relevant contractor or consultant contract that details the services and work to be performed under such contract.
57. **SHS (State Highway System)** – All highways, right-of-way, and related facilities acquired, laid out, constructed, improved, or maintained as a state highway pursuant to constitutional or legislative authorization.
58. **SPONSOR** –Any PARTY that accepts the responsibility to establish scope of the PROJECT and the obligation to secure financial resources to fund the PROJECT. SPONSOR is responsible for adjusting the PROJECT scope to match committed funds or securing additional funds to fully fund the PROJECT scope.
59. **STATE FURNISHED MATERIALS or SFMs** - As used herein, the term "SFM" shall mean and refer to material for the PROJECT to be provided by CALTRANS, at OCTA's request, for which OCTA will reimburse CALTRANS.

SECTION I

OCTA ROLES AND RESPONSIBILITIES

OCTA shall have the following roles and responsibilities:

60. OCTA will procure, advertise, award, and administer the DESIGN-BUILD contract provided that CONTRACT DOCUMENTS will be developed by OCTA in compliance with CALTRANS’ regulatory and statutory procurement and contracting authority for design-build procurements on

the SHS. Furthermore, the PARTIES agree CALTRANS shall not be considered to have privity with the DESIGN-BUILDER and the CONTRACT DOCUMENTS shall reflect the fact that no contractual relationship is to be created between the DESIGN-BUILDER and CALTRANS.

61. It is understood by the PARTIES that prior to the Effective Date of this AGREEMENT, OCTA has selected and retained certain consultants to work on the PROJECT.
62. To carry out the PROJECT with OCTA forces, consultants and contractors, except as otherwise required by Streets and Highways Code section 91.2. If approved, the PROJECT will be implemented in accordance with all CALTRANS STANDARDS; the approved Final Environmental Impact Statement (EIS)/Environmental Impact Report (EIR); the Record of Decision; the Environmental Commitments Record; the approved Final Project Report; all permit conditions; all applicable Federal and State laws and regulations; as well as compliance with the applicable FHWA STANDARDS.
63. Except for BETTERMENTS and the CALTRANS CONTRIBUTION, to be responsible for one hundred percent (100%) of all PROJECT construction capital, right-of-way capital, and support costs, and for the REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT up to the estimated maximum amount as set forth in Exhibit D (ESTIMATED MAXIMUM PAYMENT OBLIGATION), and for SFM, Exhibit E (STATE FURNISHED MATERIAL) requested by OCTA, and in accordance with this AGREEMENT.
64. The total OCTA contribution towards the PROJECT cost estimate is shown on the FUNDING SUMMARY attached hereto and made a part of this AGREEMENT.
65. The PARTIES agree that all of the OBLIGATIONS set forth in this entire AGREEMENT with respect to the construction and/or implementation of the PROJECT are expressly contingent upon the completion of all required environmental review and clearances under both CEQA and NEPA and the approval of the proposed PROJECT.
66. To be responsible for one hundred percent (100%) of REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT performed for the PROJECT as of the date of the issuance of the Notice to Proceed (NTP) to the DESIGN-BUILDER by OCTA, except for CALTRANS ENHANCED OVERSIGHT for CALTRANS right-of-way oversight. CALTRANS ENHANCED OVERSIGHT for right-of-way services will begin when it is mutually agreed to by PARTIES that CALTRANS participation is required for concurrence or approval of right-of-way activities.
67. OCTA may perform DESIGN-BUILD procurement work at OCTA's sole risk and cost prior to completion of the CEQA and NEPA process and project approval.
68. OCTA will implement the PROJECT in accordance with applicable CALTRANS STANDARDS, except as the same may be modified, subject to CALTRANS' written approval, in the approved CONTRACT DOCUMENTS. OCTA will coordinate with CALTRANS during development of the CONTRACT DOCUMENTS, and CALTRANS shall be afforded the opportunity to review, comment and, if appropriate, approve the CONTRACT DOCUMENTS in accordance with the terms of this AGREEMENT.
69. That, as of the Effective Date of this AGREEMENT, CALTRANS has participated in the selection of OCTA's consultants and contractors who will implement the PROJECT. CALTRANS recognizes that OCTA has, prior to the Effective Date of this AGREEMENT, selected and retained certain consultants to work on the PROJECT. OCTA agrees, at the request of CALTRANS, to consider discontinuing the services of any personnel considered by CALTRANS to be unqualified based on credentials, professional expertise, conflict or failure to perform in accordance with the SCOPE OF WORK and/or other pertinent criteria.

70. As the ultimate owner of the facility, the State of California will be named as the intended third party beneficiary in the CONTRACT DOCUMENTS. The CONTRACT DOCUMENTS will include a provision granting CALTRANS, in addition to OCTA, the right to pursue all legal remedies against the contractor for any "latent deficiency" or injury to property arising out of such latent deficiency pursuant to California Code of Civil Procedure section 337.15 (b), and shall amend any contrary provision contained in the CALTRANS STANDARDS.
71. To require the DESIGN-BUILDER to maintain applicable insurance coverage in accordance with CALTRANS' insurance requirements for DESIGN-BUILD projects on the SHS. Such insurance requirements shall include but not be limited to maintaining professional liability insurance through completion and acceptance of construction of the PROJECT and the resolution of all construction contract claims and/or litigation. If an Owner Control Insurance Program (OCIP) is proposed, to have an OCIP Feasibility Study prepared to commercially accepted insurance standards, which are subject to approval by CALTRANS. OCTA's DESIGN-BUILDER shall maintain in full force, until completion and acceptance of all phase or elements of the DESIGN-BUILD contract for the PROJECT, a policy of Contractual Liability Insurance, including coverage for Bodily Injury Liability and Property Damage Liability, including inverse condemnation liability, with coverage that at a minimum meets the requirements set forth in the CONTRACT DOCUMENTS. Such policy shall contain an endorsement naming the State of California, its officers, agents, and employees as additional first-party insureds. Coverage shall be evidenced by a Certificate of Insurance, Policy of Insurance and a Declarations Page in a form satisfactory to CALTRANS, all of which shall be delivered to CALTRANS before the issuance of an encroachment permit to OCTA's DESIGN-BUILDER or any other consultant or agent of OCTA.
72. To be responsible for the implementation of the Environmental Commitments Record to be prepared by CALTRANS associated with the Final EIS/EIR; the Record of Decision; and the terms of any required permit, agreement, or approval process for the PROJECT. OCTA, its consultant or DESIGN-BUILDER shall submit progress reports, per CALTRANS and FHWA guidelines, to CALTRANS for review and approval. As set forth in the Final EIS/EIR, and although CALTRANS is the lead agency with respect to environmental documentation, OCTA agrees and warrants it shall comply, or cause its DESIGN-BUILDER to comply, with all mitigation measures associated with the PROJECT, including the terms and conditions of the environmental documentation and any required permits, agreements and approvals as those terms and conditions apply to CALTRANS' and OCTA's responsibilities as set forth in this AGREEMENT and shall provide and certify a final Environmental Commitments Record and Certificate of Environmental Compliance at the completion of the PROJECT.
73. To prepare and submit to CALTRANS and FHWA "Major Project Deliverables," including, but not limited to, the PROJECT MANAGEMENT PLAN, financial plan and cost estimate review. The Major Project Deliverables shall be prepared in accordance with FHWA guidelines.
74. To retain all books, documents, papers, accounting records, and other evidence pertaining to costs incurred by OCTA, including support data for cost proposals (to the extent received from contractors), and make such materials available at the respective offices of OCTA and its consultants and contractors at all reasonable times during the contract period and for three years from the date of COMPLETION OF WORK or Federal Final Voucher, whichever is later. CALTRANS, FHWA, or their respective representatives shall have access to any books, records, and documents of OCTA that are pertinent to this AGREEMENT for audits, examinations, excerpts, and transactions, and copies thereof shall be furnished if requested. Upon completion of all work under this AGREEMENT, ownership and title to all planning and engineering reports, all right-of-way documents, documents, plans, specifications and estimates, including but not limited to Resident Engineer memos and estimates backups, produced for delivery to CALTRANS as part of the PROJECT will automatically be vested in CALTRANS and no further agreement will be necessary to transfer ownership to CALTRANS.

75. To furnish CALTRANS, prior to commencing work on DESIGN-BUILD activities, a proposed time schedule to complete the PROJECT.
76. To have the release for construction design documents and drawings of structural, mechanical, electrical, civil, architectural, or other engineering features of the PROJECT prepared by or under the direction of engineers or architects registered and licensed in accordance with the most current version of the State of California, Professional Engineers Act at the time. Any reports, specifications, and each sheet of plans shall bear the professional seal, certificate number, registration classification, expiration date of certificate, and signature of the professional engineer responsible for their preparation.
77. To not specify any materials or equipment of single or sole source origin in the RFP or the PROJECT requirements unless OCTA complies with the requirements set forth in Public Contract Code Section 3400(c).
78. To ensure the PROJECT deliverables are subject to approval in accordance with the QUALITY MANAGEMENT PROGRAM prior to submittal to CALTRANS for review. All project submittals, once deemed complete as defined in the CONTRACT DOCUMENTS, shall be provided to CALTRANS for review, comment and approval, or concurrence as appropriate.
79. To notify CALTRANS of any deviation(s) to the PROJECT's Area of Potential Effects (APE) and/or description of the PROJECT, as set forth in the Final EIS/EIR, Record of Decision or Project Report. Said notification shall occur within two business days of when the deviation(s) has been discovered by OCTA or determined to be necessary, whichever occurs first in time.
80. To obtain approval of contract change orders (CCOs) from CALTRANS and FHWA when the CCO exceeds \$200,000, and for all major changes as defined in the CALTRANS STANDARDS, prior to implementing the change order, except as the same may be modified in the CONTRACT DOCUMENTS, subject to CALTRANS and FHWA prior written approval.
81. To prepare or cause to be prepared any additional environmental documentation, including applications for new, or amendments to, environmental permits, agreements and approvals that are needed to maintain the PROJECT environmental compliance and to submit said documentation to CALTRANS for review, comment and, if appropriate, approval. CALTRANS shall retain the final authority to determine the level of any subsequent environmental document.
82. Further, if changes to the PROJECT warrant preparation of a Supplemental or Subsequent EIS/EIR, OCTA will prepare or cause to be prepared the Supplemental or Subsequent environmental document and, CALTRANS as CEQA and NEPA lead agency, will review and, if appropriate, certify and/or approve the Supplemental or Subsequent environmental document. All noticing and circulation and other procedural responsibilities will be carried out as set forth for the original EIS/EIR in Cooperative Agreement No. 12-594 and all subsequent Amendments to that agreement.
83. To perform all right-of-way activities, including the exercise of OCTA's authority under Chapter 4 of Division 12 of the California Public Utilities Code applicable to the PROJECT. All such activities shall be in compliance with applicable state and federal laws and regulations, and applicable FHWA STANDARDS and STATE STANDARDS, unless otherwise approved by CALTRANS, subject to CALTRANS OVERSIGHT under this AGREEMENT to ensure that the acquired interests in real property are acceptable for incorporation into the SHS right-of-way. CALTRANS shall approve the terms of any acquisition which commits CALTRANS to long term maintenance obligations.
84. Right-of-way will not be acquired using eminent domain power until Final EIR/EIS is approved and a Record of Decision is issued. Should any environmental permits, licenses, agreements, or certifications be needed for the right-of-way acquisition, those will be obtained prior to acquisition. Any early right-of-way will be acquired in accordance with 23 CFR 710.503 and

CALTRANS Alternatives for Right-of-way Acquisition memo dated July 18, 2007.

85. To transfer title to the properties incorporated into the SHS right-of-way in a manner acceptable to CALTRANS in fee simple absolute and free and clear of all liens, claims or encumbrances except as approved in writing by CALTRANS. Acceptance of said title by CALTRANS is subject to a prior review and approval of a Policy of Title Insurance issued in the name of the State of California and in an amount commensurate with the estimated fair market value of the realty.
86. OCTA shall provide right-of-way segment certification prior to the PROJECT construction for CALTRANS and FHWA review, concurrence and/or approval.
87. OCTA shall maintain and manage any excess land created or acquired as a result of the PROJECT construction in a manner acceptable to CALTRANS. OCTA will dispose of all excess land prior to OBLIGATION COMPLETION. Funds (net proceeds after accounting for OCTA's expenses as well as closing cost paid through escrow) received by OCTA resulting from the sale of excess land owned by CALTRANS or paid for using State funds will be returned to State. In the event excess land is paid for with a combination of local and State funds, the amount returned to the State shall be in proportion to the relative share of State funds used for the purchase of excess land.
88. To provide a land surveyor licensed in the State of California to be responsible for surveying and right-of-way engineering. All survey and right-of-way engineering documents shall bear the professional seal, certification number, registration classification, expiration date of certificate, and signature of the responsible surveyor consistent with the Professional Land Surveyors Act.
89. To be responsible for performing, within SHS right-of-way, all pre-construction monumentation perpetuation and perform all post-construction monumentation and the mapping/documentation thereof in conformance with applicable CALTRANS STANDARDS, except where modified in the CONTRACT DOCUMENTS. This work includes, but is not limited to:
 - a. the recovery, reestablishment, and survey of points which control existing SHS right-of-way lines, or other pertinent boundary lines and centerlines, and the monumentation thereof;
 - b. the survey and establishment of existing SHS right-of-way lines and monumentation thereof;
 - c. the preservation of existing monumentation threatened by construction;
 - d. the survey, establishment and monumentation of new SHS right-of-way lines and re-monumentation of points destroyed by construction because of the PROJECT.
90. To identify and locate all high and low risk underground facilities within the area of the PROJECT and to protect or otherwise provide for such facilities, all in accordance with applicable law, CALTRANS Right of Way Manual Chapter 13, and the procedures set forth in CALTRANS' policy on high and low risk underground facilities.
91. If existing public and/or private utilities conflict with construction of the PROJECT, OCTA shall make all necessary arrangements with the owners of such facilities for their protection, relocation, or removal and shall inspect the protection, relocation, or removal of such facilities. OCTA shall require any utility owner performing the protection or relocation work within SHS right-of-way to obtain an encroachment permit from CALTRANS prior to the performance of said work. Any relocated or new utilities shall be shown and identified on the As-Built plans.
92. In causing any utility, as defined in the Utility Relocation Law, to relocate or rearrange its utility facilities, OCTA will comply with the requirements of Division 1, Chapter 3, Article 2.5 of the Streets and Highways Code, sections 700 et seq. ("Utility Relocation Law") or as applicable, any existing CALTRANS Utility Master Agreements of record.

93. To furnish evidence to CALTRANS, in a form reasonably acceptable to CALTRANS, that arrangements have been made for the protection, relocation, or removal of all conflicting facilities within SHS right-of-way and that such work will be either completed by the utility providers, or will be provided for in the CONTRACT DOCUMENTS.
94. To be responsible for the investigation of potential hazardous material sites within and outside of the existing SHS right-of-way that would impact the PROJECT as part of OCTA responsibility for the PROJECT Environmental Document. If OCTA encounters hazardous material contamination or unanticipated protected cultural materials within the existing and proposed SHS right-of-way during said investigation or in the course of construction, OCTA shall immediately notify CALTRANS and responsible control agencies of such discovery.
95. To procure the DESIGN-BUILD contract for the PROJECT in accordance with all applicable laws, and in a manner consistent with the authorization for the PROJECT as provided for in Public Contract Code sections 6820 et seq.
96. If the work performed on the PROJECT is done under contract and falls within the Labor Code section 1720(a)(1) definition of a "public work" in that it is construction, alteration, demolition, installation, or repair; or maintenance work under Labor Code section 1771, OCTA must conform to the provisions of Labor Code sections 1720 through 1815, and all applicable provisions of California Code of Regulations found in Title 8, Chapter 8, Subchapter 3, Articles 1-7. OCTA agrees to include prevailing wage requirements in its contracts for public work. Work performed by OCTA'S own forces is exempt from the Labor Code's Prevailing Wage requirements.

OCTA shall require its contractors to include prevailing wage requirements in accordance with the CONTRACT DOCUMENTS in all subcontracts funded by this AGREEMENT when the work to be performed by the subcontractor is a "public work" as defined in Labor Code Section 1720(a)(1) and Labor Code Section 1771.

Subcontracts shall include all applicable prevailing wage requirements. OCTA shall obtain applicable wage rates from the California Department of Industrial Relations.

97. To utilize CALTRANS, a qualified CALTRANS-approved public agency or consultant in all right-of-way activities. Right-of-way consultant contracts will be administered by a qualified right-of-way professional.
98. To apply for and obtain encroachment permits for required work within SHS right-of-way in accordance with CALTRANS standard permit procedures. Contractors and/or agents will not perform work within SHS right-of-way without an encroachment permit issued in their name. To obtain all other permits and approvals, including local agency and regulatory agency permits and approval documentation for construction of the PROJECT. No mitigation commitments within SHS right-of-way for regulatory agency permits should be made without CALTRANS concurrence. In the event that railroads are involved, OCTA will coordinate with the railroad and the California Public Utilities Commission to obtain needed approvals. Any railroad or California Public Utilities Commission approvals which involve long term maintenance, structures maintenance, access rights to the SHS or other terms must be approved by CALTRANS. Copies of all permits obtained for the PROJECT shall be submitted to CALTRANS. The Quality Management Plan to be prepared by the DESIGN-BUILDER, or if applicable, OCTA or its consultants Quality Management Plan, is to be submitted to CALTRANS for review and concurrence prior to issuance of encroachment permits for construction, in accordance with the CONTRACT DOCUMENTS.
99. That in recognition that the PROJECT construction work done on the SHS right-of-way will not be directly funded and paid for by CALTRANS, for the purpose of protecting stop notice claimants and the interests of CALTRANS relative to the successful completion of the PROJECT, OCTA shall require the DESIGN-BUILDER to furnish both a payment and performance bond, issued by a

California admitted surety naming OCTA as obligee with both bonds complying with the requirements of applicable laws and in the form provided in the CONTRACT DOCUMENTS, or other security approved in writing by CALTRANS. OCTA shall defend, indemnify, and hold harmless the State of California and all its officers and employees from all claims by stop notice claimants related to the construction of the PROJECT under the payment bond or otherwise.

100. That all surveying and mapping work affecting the existing or proposed SHS right-of-way in the PROJECT area shall be in accordance with the instructions and procedures contained in the Caltrans, District 12 R/W Engineering Requirements for the Preparation of Documents and Maps, herein after referred to as 'REQUIREMENTS', published by Caltrans, District 12, R/W Engineering (D12 RWE), which by this reference is incorporated into this document and made a part hereof. A copy of the REQUIREMENTS can be obtained from the Chief of D12RWE. Work shall not be considered complete until the Chief of D12RWE has approved the work for inclusion into D12RWE files, except as the same may be modified in the CONTRACT DOCUMENTS. If readily available, OCTA agrees to use primary horizontal and vertical survey control information provided by CALTRANS in developing the survey control for the PROJECT. The instructions and procedures may be changed if agreed to by PARTIES and written authorization is provided by CALTRANS.
101. To submit for CALTRANS approval, a draft Transportation Management Plan (TMP) for the PROJECT, which shall comply with the CALTRANS TMP guidelines and any commitments in the environmental documents for the PROJECT. The final TMP will be prepared by the DESIGN-BUILDER during the PROJECT design. OCTA shall provide the final TMP to CALTRANS for review and approval in accordance with the CONTRACT DOCUMENTS and the PROJECT timelines and schedules.
102. To furnish, as a PROJECT expense and subject to the approval of CALTRANS, a PROJECT Representative who is a licensed Civil Engineer in the State of California, to perform the functions of a Resident Engineer. The Resident Engineer shall not be an employee or agent of the DESIGN-BUILDER or any related entity.
103. As a PROJECT expense, to furnish qualified support staff to assist the Resident Engineer with contract administration, and other staff services necessary to assure that construction is being performed in conformance with this AGREEMENT and with the CONTRACT DOCUMENTS. Said qualified support staff engaged in OCTA activities shall be independent of the DESIGN-BUILDER and shall not be an employee or agent of any related entity.
104. As a PROJECT expense, to provide a Safety Engineer/Manager whose responsibility includes but is not limited to , auditing the DESIGN-BUILDER for compliance with any PROJECT safety plans, Occupational Safety and Health Administration (OSHA) requirements and CALTRANS, OCTA, and local jurisdiction requirements set forth in the CONTRACT DOCUMENTS.
105. Prior to Final Acceptance, as that term is defined in the CONTRACT DOCUMENTS, to furnish CALTRANS with a complete set of pre-approved design plans depicting the proposed construction of the PROJECT; a complete set of "As-Built" plans and all CALTRANS requested contract records, including survey documents, Records of Surveys, and structure As-Built documents according to the CONTRACT DOCUMENTS. The format of these plans, records and documents shall be in both printed and readily readable electronic format, consistent with the format used by CALTRANS as of the date of issuance of the final addendum RFP.
106. To be responsible for maintenance and repair of the PROJECT FACILITIES located within the designated PROJECT SHS right-of- way upon the issuance by CALTRANS of an encroachment permit to the DESIGN-BUILDER. OCTA shall be responsible for such maintenance and repair of the PROJECT FACILITIES until RELIEF OF MAINTENANCE is granted by CALTRANS for the PROJECT. Maintenance and repair of PROJECT FACILITIES includes, but is not limited to, compliance with all legally required storm water provisions, such as NPDES permit requirements,

landscaping and irrigation, pavement, signs, fences, lighting, barriers, guardrail, graffiti abatement, weed abatement, removing debris, and general housekeeping. Major damage to PROJECT FACILITIES by hazardous spills and causes beyond OCTA control, including but not limited to, any incidence of fire, flood, earthquake, or other acts of God will be addressed in the CONTRACT DOCUMENTS.

107. To maintain any part of the PROJECT located outside of the current SHS right-of-way until acceptance of any such part of the PROJECT in the SHS right-of-way by CALTRANS. The PARTIES shall cooperate and use their best efforts to ensure the Conveyance of SHS PROJECT FACILITIES is accomplished no later than one year after contract acceptance.
108. That if OCTA terminates the PROJECT prior to completion thereof, CALTRANS may require OCTA, at OCTA's expense, to return the affected SHS right-of-way to its original condition or a condition acceptable for permanent public operations. If OCTA fails to do so, CALTRANS reserves the right to finish the PROJECT FACILITIES or to place the PROJECT FACILITIES in a condition satisfactory for permanent public operations. CALTRANS will bill OCTA for all actual expenses incurred and OCTA agrees to pay said expenses within thirty (30) days of issuance of that invoice or CALTRANS, acting through the State Controller or State Treasurer, may withhold an equal amount from future apportionments due OCTA from STIP or other sources.
109. If unanticipated cultural, archaeological, paleontological, biological, or other protected resources are encountered during construction of the PROJECT, OCTA shall stop work in that area until a qualified professional evaluates the nature and significance of the find and a plan is approved for the removal or protection of that resource, which plan must be in accordance with applicable law. OCTA shall immediately notify CALTRANS of any said discovery. The costs for any removal or protection shall be covered as a PROJECT cost.
110. OCTA shall provide CALTRANS personnel dedicated to the PROJECT acceptable office space, furniture, connection to CT network, and utilities necessary to perform their work at no expense to CALTRANS for the duration of the PROJECT in accordance with CONTRACT DOCUMENTS.
111. Final Acceptance of the PROJECT shall include, but not limited to, all necessary documentation and approvals from affected local agencies for those segments which will have maintenance and operational control relinquished back to said local agencies.
112. OCTA shall obtain all required permits for construction of the PROJECT from third parties, including but not limited to railroads, cities, counties, State agencies, and resource agencies. OCTA shall provide CALTRANS an opportunity to review such required application or permits. If a permitting agency requires a permit be for the PROJECT, OCTA will obtain that permit.
113. To submit a written request for any SFM identified in the PROJECT plans and specifications a minimum of one hundred eighty (180) days in advance of the need for such materials. OCTA may take delivery of the SFM after CALTRANS' receipt of OCTA's payment at the location directed by CALTRANS. SFM shall be considered a PROJECT cost.
114. To pay CALTRANS, within thirty (30) days of receipt of CALTRANS billing, the actual cost invoiced for the requested SFM. The estimated cost of SFM is listed on Exhibit E.
115. If OCTA includes State or Federal funds for the PROJECT other than those identified in Exhibit B, PARTIES agree to execute an amendment to this AGREEMENT prior to the funds being expended, to include all provisions to meet the requirements of the State, Federal or other funds to be used.
116. To pay CALTRANS, within thirty (30) days of receipt of CALTRANS' billing, the actual cost invoiced for the REIMBURSED DIRECT WORK, up to the OCTA ESTIMATED MAXIMUM PAYMENT OBLIGATION, as defined in SECTION I, of this AGREEMENT. If Federal funds are used to fund Caltrans for REIMBURSED DIRECT WORK and/or CALTRANS ENHANCED

OVERSIGHT, OCTA hereby authorizes CALTRANS direct access to these funds. CALTRANS and OCTA will review project expenditures on a monthly basis.

117. Upon allocation of funds by the California Transportation Commission, FHWA approval and execution of this Cooperative Agreement, OCTA shall invoice Caltrans for an initial deposit of \$5 million to partially cover the CALTRANS CONTRIBUTION costs for the PROJECT. This deposit shall be paid within 60 days of the invoice. OCTA shall subsequently periodic invoices to CALTRANS for the remainder of the CALTRANS CONTRIBUTION, up to the maximum agreed amount shown in Exhibit B, which shall be paid within 60 days of the invoice. It is agreed that the maximum funding shown in Exhibit B for the CALTRANS CONTRIBUTION is based on an estimate and should the actual cost of the PROJECT be higher or lower than this estimate, an adjustment to this estimate will be agreed to in writing by the PARTIES.
118. OCTA acknowledges and agrees that CALTRANS' performance of CONSTRUCTION INSPECTION SERVICES, in no way relieves OCTA of its responsibilities, obligations, or liabilities in administering the DESIGN-BUILD contract.

SECTION II

CALTRANS ROLES AND RESPONSIBILITIES

CALTRANS shall have the following roles and responsibilities:

119. To be responsible for one hundred percent (100%) of all construction and right-of-way costs incurred by OCTA due to BETTERMENTS. CALTRANS shall reimburse OCTA for any and all such costs within 60 days of issuance of an invoice for such costs from OCTA. This AGREEMENT will be amended to identify any future requested BETTERMENTS, estimated amounts, and funding sources from CALTRANS for BETTERMENTS, and will also include invoicing procedures.
120. To make the CALTRANS CONTRIBUTION in the manner set forth in this AGREEMENT.
121. CALTRANS shall assist OCTA as requested, and when necessary, exercise its rights under the Utility Relocation Law or as applicable, any CALTRANS Utility Master Agreements of record, in causing each utility to rearrange or relocate its utility facilities.
122. CALTRANS shall provide its review and concurrence of the REQUEST FOR QUALIFICATIONS or any addenda and the review and approval of the REQUEST FOR PROPOSALS or any addenda for the PROJECT prior to issuance by OCTA.
123. CALTRANS shall provide its review and approval of the PROJECT MANAGEMENT PLAN, finance plan and cost estimate review prior to the issuance of the final REQUEST FOR PROPOSAL by OCTA.
124. CALTRANS shall participate, through the review of procurement documents and involvement in the evaluation process, in the selection of the DESIGN-BUILDER and any other consultant services towards the implementation of the PROJECT.
125. CALTRANS shall provide its concurrence in a timely manner to OCTA for the issuance of a Certificate of Substantial Completion and a Certificate of Final Acceptance for the DESIGN-BUILD contract.
126. CALTRANS shall perform CONSTRUCTION INSPECTION SERVICES for the PROJECT using CALTRANS employees or consultants under contract with CALTRANS.
127. As part of its CONSTRUCTION INSPECTION SERVICES responsibilities, CALTRANS shall include a direct reporting relationship between the CALTRANS inspectors and senior CALTRANS engineers responsible for all CALTRANS inspectors and construction inspection services.

128. Notwithstanding any other provision of law, CALTRANS retains the authority to stop the DESIGN-BUILDER's work wholly or in part and take appropriate action when public safety and convenience is jeopardized on the PROJECT. CALTRANS' authority to stop the DESIGN-BUILDER'S work includes but is not limited to work performed under an encroachment permit within the SHS right-of-way, including, but not limited to, work performed that includes lane closures, signing, work performed at night, detours, dust control, temporary pavement quality, crash cushions, temporary railings, pavement transitions, falsework, shoring, and delineation. CALTRANS shall regularly inspect the job sites for safety compliance and any possible deficiencies. If any deficiency is observed, a written notice shall be sent by CALTRANS to OCTA for corrective action. Once the deficiency is corrected, a written notice describing the resolution of the deficiency shall be sent to CALTRANS by OCTA and documented.
129. CALTRANS shall perform the REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT identified in Exhibit D, at OCTA costs.
130. To provide CALTRANS OVERSIGHT, at CALTRANS' sole cost and expense beyond the level of effort described as CALTRANS ENHANCED OVERSIGHT.
131. To be responsible for timely performing, upon execution of an amendment to this AGREEMENT authorizing additional costs, and if feasible, for, any and all CALTRANS ENHANCED OVERSIGHT, or REIMBURSED DIRECT WORK identified in Exhibit D and required for the PROJECT, in excess of the OCTA ESTIMATED MAXIMUM PAYMENT OBLIGATION, as set forth in Exhibit D.
132. That the purpose of Exhibit D is to illustrate the estimated CALTRANS resources assigned to perform REIMBURSED DIRECT WORK, and CALTRANS ENHANCED OVERSIGHT, and that CALTRANS shall manage such resources and classifications, including the use of consultants, at CALTRANS' sole discretion, up to the ESTIMATED MAXIMUM PAYMENT OBLIGATION. It is agreed that CALTRANS has no obligation to provide CALTRANS personnel services beyond what is provided for in Exhibit D unless otherwise agreed to in writing by the PARTIES.
133. To provide additional REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT not included herein as requested in writing by OCTA and agreed to in writing by CALTRANS followed by an amendment to Exhibit D.
134. To make available to OCTA all necessary regulations, policies, procedures, manuals, standard plans and specifications, and other standards required for the administration of the PROJECT.
135. To process, review and approve/concur, as appropriate, complete and accurate the PROJECT submittals by OCTA. Incomplete submittals will be returned without review. CALTRANS and OCTA will cooperate with the development of the PROJECT. All submittals shall meet the standards specified in the CONTRACT DOCUMENTS and the CALTRANS standards and policies and the quality assurance procedures contained in the QUALITY MANAGEMENT PROGRAM. Nothing in this paragraph precludes the reasonable exercise of the professional discretion by CALTRANS with respect to review and approval in accordance with the terms of the CONTRACT DOCUMENTS. CALTRANS will provide reviews and any comments to each submittal provided to CALTRANS.
136. To make a determination of need for a NEPA/CEQA revalidation/reevaluation within 30 calendar days of receiving the proper documentation from OCTA. CALTRANS' determination of need shall include, but not be limited to, the following information: 1) if work in the area of the PROJECT can continue; 2) the type of future documentation required; and 3) if re-evaluation is required, an estimate of time to process the re-evaluation based upon the documentation provided by OCTA.
137. That CALTRANS will participate in the selection and approval of OCTA's consultants and contractors who will perform work for the PROJECT. CALTRANS recognizes that OCTA has,

prior to the Effective Date of this AGREEMENT, selected and retained certain consultants to work on the PROJECT.

138. CALTRANS may upon OCTA's written request and, in its sole discretion, and subject to reimbursement by OCTA, engage additional staff for the PROJECT who may be available, as needed, to perform any PROJECT work or services as necessary, as further specified in this AGREEMENT.
139. To issue, at no cost to OCTA, upon receipt of complete, accurate and acceptable completed applications by OCTA and its consultants or DESIGN-BUILDER, those necessary encroachment permits to authorize entry onto SHS right-of-way to perform activities required for the PROJECT, within thirty (30) days following receipt of an acceptable application. If OCTA uses consultants rather than its own staff to perform required work, those consultants will also be required to obtain an encroachment permit which will be issued at no cost upon proper application by the consultants. In reviewing and issuing any necessary encroachment permits, CALTRANS shall approve encroachment permits that are consistent with the CONTRACT DOCUMENTS which will have been approved by CALTRANS. The generally-applicable requirement of evidence of insurance coverage by encroachment permittees, including the procurement of a certificate of insurance naming the State of California and its employees, officers and agents as a first party, additional named insured, is not a "cost" within the meaning of this paragraph and is expressly not waived as a condition of issuance of any encroachment permit. OCTA's Permit shall be contingent upon submittal of the Quality Management Plan prepared by the DESIGN-BUILDER, or if applicable, OCTA or its consultants Quality Management Plan, is to be submitted to CALTRANS for review and concurrence prior to issuance of encroachment permits for construction, in accordance with pre-contract work or the CONTRACT DOCUMENTS.
140. That, except to the extent that CALTRANS reasonably determines that work is required for public safety or to prevent significant property damage, CALTRANS will, to the extent possible, avoid performing major maintenance, rehabilitation or construction within the existing SHS right-of-way that would increase costs, delay the PROJECT completion or otherwise adversely and materially impact the PROJECT. Prior to issuance, any CALTRANS encroachment permit for work within the PROJECT limits shall be forwarded to OCTA's Resident Engineer for review and comment.
141. To work with OCTA with the goal that all applicable State and Federal rules and regulations are followed and approvals obtained. Exceptions to applicable CALTRANS STANDARDS needed for DESIGN-BUILD procurement are to be approved in the sole discretion of CALTRANS, and such approval shall be in writing. Incorporation of such approved exceptions into the CONTRACT DOCUMENTS shall satisfy the foregoing requirement.
142. To timely provide, at OCTA's cost and upon OCTA's request, any SFM as determined by CALTRANS to be appropriate and available during construction of the PROJECT. Upon receipt of OCTA's request for any such SFM, CALTRANS will order the SFM, and CALTRANS' Project Manager will have an invoice submitted to OCTA for the cost of the SFM. Upon receipt of the SFM and OCTA's payment, CALTRANS will make the SFM available to OCTA at a CALTRANS designated site.
143. Upon completion of the PROJECT, to furnish OCTA with a detailed final accounting of the SFM, REIMBURSED DIRECT WORK, and CALTRANS ENHANCED OVERSIGHT. Based on the final accounting, CALTRANS will refund or invoice as necessary in order to satisfy the financial obligations of this AGREEMENT.
144. To retain all books, documents, papers, accounting records, and other evidence pertaining to costs incurred by CALTRANS and make such materials available at the respective offices of CALTRANS and its consultants and contractors at all reasonable times during the contract period and for three years from the date of COMPLETION OF WORK or Federal Final Voucher, whichever is later. Upon request, CALTRANS agrees to provide copies of any books, records, and documents that are

pertinent to this AGREEMENT.

145. If readily available, CALTRANS agrees to provide primary horizontal and vertical survey control information for use in developing the survey control for the PROJECT.
146. CALTRANS agrees to grant RELIEF OF MAINTENANCE for the PROJECT within the SHS right-of-way upon CALTRANS' acceptance of the PROJECT, except as otherwise agreed to by both PARTIES. Upon such grant of relief, CALTRANS will accept control of and operate and maintain, at CALTRANS' sole cost and expense, PROJECT FACILITIES lying within the SHS right-of-way, except as otherwise agreed to by both PARTIES and local roads delegated to local agencies for maintenance.
147. Independent assurance testing, and approval of the type of asphalt and concrete plants shall be performed by CALTRANS, and shall be considered REIMBURSED DIRECT WORK.
148. If requested by OCTA, specialty testing including Pile Load testing, Gama-Gama testing and other specialty testing may be performed by CALTRANS as REIMBURSED DIRECT WORK and an amendment will be executed for this work.
149. To invoice OCTA for SFM within thirty (30) days of CALTRANS' receipt of OCTA's request for the SFM.
150. CALTRANS will invoice OCTA for an initial deposit of \$1,300,000 4 months prior to NTP of CONTRACT for REIMBURSED DIRECT WORK. This deposit will represent 4 months' estimated support costs for REIMBURSED DIRECT WORK. For right-of-way activities, CALTRANS ENHANCED OVERSIGHT will begin when work required by CALTRANS is mutually agreed to by PARTIES.
151. Thereafter, CALTRANS will submit to OCTA monthly invoices or expenditure reports if State or Federal funds are used for REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT expenditures based on the prior month's actual expenditures in a format currently available to CALTRANS. The monthly invoice shall be submitted within 30 days of any expenditures included in the invoice and include the specific work for which payment is requested, the time period covered by the invoice, and the labor (staff names, hours charged, rates, and overhead assessment) performed during the billing period.
152. After the PARTIES agree that all REIMBURSED DIRECT WORK is complete for construction, and CALTRANS ENHANCED OVERSIGHT is complete, billing PARTIES will submit a final accounting for all costs. Based on the final accounting, PARTIES will refund or invoice as necessary in order to satisfy the financial commitments of this AGREEMENT.

SECTION III

GENERAL CONDITIONS

CALTRANS and OCTA agree to the following General Conditions:

153. PARTIES will perform all OBLIGATIONS in accordance with federal and California laws, regulations, and standards; FHWA STANDARDS; and CALTRANS STANDARDS.
154. Each PARTY will ensure that all of its personnel participating in OBLIGATIONS are appropriately qualified, and if necessary, licensed to perform the tasks assigned to them. PARTIES will invite each other to participate in the selection and retention of any consultants who participate in OBLIGATIONS.
155. CALTRANS and OCTA desire to implement a collaborative approach for the development of the PROJECT, using the resources of both agencies to expedite the process and agree to implement all the provisions of California Public Contract Code section 6820 et seq. The PROJECT Design-Build Organization Chart, which details the integrated effort of both OCTA and CALTRANS is attached

hereto as Exhibit C.

156. The cost of any engineering support performed by CALTRANS includes all direct and applicable indirect costs. CALTRANS calculates indirect costs based solely on the type of funds used to pay support costs. State and Federal funds are subject to the current Program Functional Rate. Local funds are subject to the current Program Functional Rate and the current Administration Rate. The Program Functional Rate and the Administration Rate adjusts annually and the effective Indirect Cost Rate Proposal and salary rates at the time of the performance of the work by CALTRANS will be used.
157. CALTRANS and OCTA recognize that applicable CALTRANS STANDARDS and other standards may be in conflict with a DESIGN-BUILD procurement and project delivery method. OCTA shall coordinate with CALTRANS during development of the CONTRACT DOCUMENTS, and CALTRANS shall be afforded the opportunity to review, comment, and approve the CONTRACT DOCUMENTS during the development of the RFQ and RFP in accordance with the terms of this AGREEMENT. Once approved by CALTRANS in writing, the CONTRACT DOCUMENTS shall control the design and construction of the PROJECT and any deviations to the applicable CALTRANS STANDARDS and other standards that are set forth in the CONTRACT DOCUMENTS shall be deemed approved by CALTRANS.
158. That all obligations of CALTRANS under the terms of this AGREEMENT are subject to the appropriation of resources by the Legislature to CALTRANS for the purposes of fulfilling CALTRANS obligations herein.
159. PARTIES acknowledge that CALTRANS resources necessary for the performance of those services identified herein as CALTRANS ENHANCED OVERSIGHT, and REIMBURSED DIRECT WORK, including personnel requirements, are legally mandated to be included in CALTRANS' capital outlay support program for workload purposes in the annual Budget Act.
160. In the event this AGREEMENT is terminated in accordance with SECTION I, payments to CALTRANS shall be made through and including the entire month in which the termination occurred.
161. That timely and accurate invoicing by CALTRANS and subsequent payment by OCTA is of high importance to both PARTIES. Accordingly, the following shall be implemented:
 - (a) CALTRANS' Manager, or his/her designee, shall review and approve all monthly CALTRANS expenditure reports and/or invoices prior to submission to OCTA.
 - (b) CALTRANS shall submit to OCTA an approved monthly expenditure reports and/or invoice no more than 30 calendar days following the close of the previous month's billing cycle. CALTRANS invoices for support costs shall include all direct and applicable indirect costs and shall be in accordance with Exhibit D.
 - (c) OCTA shall remit payment to CALTRANS for REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT, up to the OCTA ESTIMATED MAXIMUM PAYMENT OBLIGATION, as defined in SECTION I, of this AGREEMENT, within 30 days of OCTA's approval of CALTRANS' invoice.
 - (d) Prior to any REIMBURSED DIRECT WORK or CALTRANS ENHANCED OVERSIGHT being performed on the PROJECT, CALTRANS and OCTA Project Managers shall mutually agree on the positions allowed to charge for REIMBURSED DIRECT WORK or CALTRANS ENHANCED OVERSIGHT. CALTRANS Project Manager shall update this agreed list monthly. REIMBURSED DIRECT WORK or CALTRANS ENHANCED OVERSIGHT shall not begin until issuance of NTP to the DESIGN-BUILDER by OCTA. However, CALTRANS ENHANCED OVERSIGHT for right-of-way services could begin prior to NTP, if mutually agreed to by PARTIES.

- (e) CALTRANS will be responsible for the development of the REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT invoice format, and as noted in Item 151, including cost, schedule and status reports, to be jointly agreed upon prior to invoicing and payment.
162. In the event CALTRANS requests BETTERMENTS for incorporation into the PROJECT after release of the RFP, and OCTA agrees to incorporate such BETTERMENTS into the PROJECT, CALTRANS shall be solely responsible for all costs and expenses agreed to at time of execution of contract change order for such BETTERMENTS. Notwithstanding the foregoing, a change in law as defined in the CONTRACT DOCUMENTS or changes in safety standards that apply to the PROJECT that do not constitute a BETTERMENT, and all costs associated with these changes shall be borne by OCTA.
163. That CALTRANS shall designate a CALTRANS representative and OCTA shall designate a PROJECT representative through whom all communications between the PARTIES shall be channeled. The CALTRANS representative or other official designated by CALTRANS shall review the work of OCTA through completion of the PROJECT.
164. That OCTA shall establish a PROJECT document control system acceptable to CALTRANS. Document control, storage, and retrieval methods will include the use of both hard copies and electronic records. When the PROJECT is complete, it is intended that the appropriate documents be transferred to the appropriate parties in a format that is compatible with existing filing systems.
165. The PARTIES will cooperate to develop warranty terms and requirements consistent with DESIGN-BUILD projects delivered on the SHS which shall be included in the RFP.
166. OCTA shall prepare and CALTRANS shall execute acceptable Freeway and Maintenance Agreements with the local agencies for the PROJECT to the extent they are required. Freeway Agreements shall be executed prior to Project Approval/Environmental Document (PA/ED). Maintenance Agreements shall be executed prior to the CALTRANS' granting of RELIEF OF MAINTENANCE for the PROJECT.
167. That CALTRANS shall issue encroachment permits for utility improvements which lie within the SHS right-of-way by individual relocation.
168. That OCTA shall not start the PROJECT construction until and unless environmental review under CEQA and NEPA are first completed, PROJECT approval, if any, is granted, right-of-way has been secured in such area, all pre-construction environmental surveys and mitigation completed for the area(s) proposed for construction have been completed and legal and physical control of rights of way have been acquired in accordance with the CONTRACT DOCUMENTS.
169. That the PROJECT will allow construction to be completed in segments based upon right-of-way availability, including accommodating of utility relocation facilities, including accommodating of railroad construction and maintenance agreements, in compliance with applicable State and Federal acquisition and relocation policies. To meet the right-of-way availability requirements for construction, OCTA shall submit right-of-way segment/section certification for work to be performed by segment/section, for CALTRANS and FHWA review, concurrence, and/or approval. The CONTRACT DOCUMENTS will include language that provide that construction will not commence until all property is acquired, improvement demolition accommodated for, utility relocation accommodated for, including accommodating of railroad construction and maintenance agreements and relocation of the occupants has been completed in each defined segment, or section.
170. That during the construction of the PROJECT, representatives of OCTA and CALTRANS will cooperate and consult with each other, and all work pursuant to the PROJECT shall be accomplished according to the CONTRACT DOCUMENTS. Satisfaction of these requirements shall be verified

by CALTRANS' representatives who are authorized to enter the PROJECT limits during construction for the purpose of monitoring, inspecting, and coordinating construction and post-construction activities.

171. That any and all material changes to the CONTRACT DOCUMENTS shall be approved by CALTRANS in advance of performing the work.
172. Unless otherwise concurred to by CALTRANS representative, changes authorized as provided herein will require an encroachment permit rider. The foregoing does not preclude deviations from the CONTRACT DOCUMENTS necessitated by emergency situations or to address an immediate safety issue. CALTRANS shall be notified, as soon as reasonably possible, of any such deviations. All changes shall be shown on the As-Built plans referred to in this AGREEMENT.
173. That OCTA shall provide a contract claims process reasonably acceptable to CALTRANS and shall process any and all claims through OCTA's claim process. CALTRANS' representative will be made available to OCTA to provide advice and technical input in any claim process. Said representative shall not be deemed to be an agent of OCTA.
174. The party that discovers hazardous material (HM) will immediately notify the other PARTY(IES) to this AGREEMENT.
175. CALTRANS, independent of the PROJECT, is responsible for any HM-1 found within existing SHS right-of-way. CALTRANS will undertake or cause to be undertaken HM-1 management activities with minimum impact to the PROJECT schedule, CALTRANS, independent of the PROJECT will pay or cause to be paid all costs for HM-1 management activities related to HM-1 found within the existing SHS right-of-way.
176. If HM-1 is found within PROJECT limits and outside the existing SHS right of way, responsibility for such HM-1 rests with the owner(s) of the parcel(s) on which the HM-1 is found. OCTA, in concert with the local agency having land use jurisdiction over the parcel(s), will ensure that HM-1 management activities are undertaken with minimum impact to the PROJECT schedule. Independent of the PROJECT, all costs for management activities related to HM-1 found within PROJECT limits and outside the existing SHS right of way will be the responsibility of the owner(s) of the parcel(s) where the HM-1 is located
177. If HM-2 is found within the limits of the PROJECT, OCTA will be responsible for HM-2 management activities. Any management activity cost associated with HM-2 is a PROJECT cost.
178. Management activities associated with HM-1 or HM-2 include, without limitation, any necessary manifest requirements and designation of disposal facility.
179. CALTRANS' acquisition or acceptance of title to any property on which any HM-1 or HM-2 is found will proceed in accordance with CALTRANS' policy on such acquisition.
180. The PARTIES agree that OCTA is designated as the Legally Responsible Person and the Approved Signatory Authority pursuant to the Construction General Permit, State Water Resources Control Board (SWRCB) Order Number 2009-0009-DWQ, as defined in Appendix 5, Glossary, and assumes all roles and responsibilities assigned to the Legally Responsible Person and the Approved Signatory as mandated by the Construction General Permit.
181. That pursuant to the authority contained in Section 591 of the Vehicle Code for areas within the limits of PROJECT that are open to public traffic, OCTA shall comply with all of the requirements set forth in Divisions 11, 12, 13, 14, and 15 of the Vehicle Code. OCTA shall take all necessary precautions for safe operation of OCTA vehicles, the construction contractor's equipment and vehicles and/or vehicles of personnel retained by OCTA, and for the protection of the traveling public from injury and damage from such vehicles or equipment.

182. Except for the EXPRESS LANES FACILITY and except as otherwise agreed to by both PARTIES, CALTRANS will accept control and operate and maintain, at its own cost and expense, PROJECT FACILITIES lying within the SHS right-of-way upon granting of RELIEF OF MAINTENANCE except local roads delegated to local agencies for maintenance. Upon granting of RELIEF OF MAINTENANCE by CALTRANS of the PROJECT CALTRANS shall also be deemed to exercise control of those facilities for which RELIEF OF MAINTENANCE has been granted.
183. Upon issuance of an encroachment permit to OCTA's DESIGN-BUILDER, OCTA shall control and maintain, at its own cost and expense, those portions of the PROJECT 1 lying within the SHS right-of-way. OCTA will also maintain, at OCTA expense, local roads within the SHS right-of-way delegated to local agencies for maintenance and remaining portions of any local road overcrossing structures, including the deck surface and above, as well as all traffic service that may be required for the exclusive benefit or control of local road traffic. This responsibility will remain for each area outside of SHS right-of-way until each area has been relinquished back to local agency.
184. That upon completion of all work under this AGREEMENT, ownership and title to materials, equipment and appurtenances installed within SHS right-of-way will automatically be vested in State. No further agreement will be necessary to transfer ownership as herein above stated. OCTA shall arrange for the transfer of ownership and title to materials, equipment and appurtenances installed outside of SHS right-of-way, excluding those materials, equipment and appurtenances owned by OCTA as described in the foregoing sentence, to be retained by appropriate local agencies, unless otherwise agreed to by CALTRANS and OCTA.
185. That nothing in the provisions of this AGREEMENT is intended to create duties or obligations to or rights of third parties in this AGREEMENT or affect the legal liability of either party to the AGREEMENT to third parties by imposing any standard of care with respect to the development, design, construction, operation and maintenance of SHS and public facilities different from the standard of care imposed by law or applicable CALTRANS STANDARDS.
186. Neither CALTRANS nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by OCTA, the DESIGN-BUILDER and/or their agents under or in connection with any work, authority or jurisdiction conferred upon OCTA under this AGREEMENT. It is understood and agreed that OCTA, to the extent permitted by law, will defend, indemnify and save harmless CALTRANS and all its officers and employees from all claims, suits or actions of every name, kind and description including but not limited to, tortious, contractual, inverse condemnation or other theories or assertions of liability occurring by reason of anything done or omitted to be done by OCTA and/or its agents under this AGREEMENT.
187. Neither OCTA nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by CALTRANS and/or its agents under or in connection with any work, authority or jurisdiction conferred upon CALTRANS under this AGREEMENT. It is understood and agreed that, CALTRANS, to the extent permitted by law, will defend, indemnify and save harmless OCTA and all its officers and employees from all claims, suits or actions of every name, kind and description including but not limited to, tortious, contractual, inverse condemnation or other theories or assertions of liability occurring by reason of anything done or omitted to be done by CALTRANS and/or its agents under this AGREEMENT.
188. Notwithstanding any other term of this AGREEMENT, existing SHS utility service expenses, including water and electrical, shall remain the responsibility of CALTRANS, whereas OCTA will be responsible for temporary utility service expenses when modifying existing utilities. OCTA will not utilize existing CALTRANS sources for any temporary connection, unless otherwise approved by CALTRANS.
189. That no alteration, or variation of the terms of this AGREEMENT shall be valid unless made in writing and signed by the PARTIES hereto and no oral understanding or agreement which is not

incorporated herein shall be binding on any of the PARTIES hereto.

190. A PARTY is not liable for failure to perform the PARTY's obligations if such failure is as a result of Acts of God (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, act of foreign enemies, hostilities (regardless of whether war is declared), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation, terrorist activities, nationalization, government sanction, blockage, embargo, labor dispute, strike, lockout or interruption.
191. The PARTIES do not intend this AGREEMENT to create a third party beneficiary or define duties, obligations, or rights in parties not signatory to this AGREEMENT. PARTIES do not intend this Agreement to affect their legal liability by imposing any standard of care for fulfilling OBLIGATIONS different from the standards imposed by law.
192. The PARTIES will not assign or attempt to assign OBLIGATIONS to a non-PARTY.
193. The PARTIES will not interpret any ambiguity contained in this AGREEMENT against each other. PARTIES waive the provisions of California Civil Code section 1654.
194. A waiver of a PARTY's performance under this Agreement will not constitute a continuous waiver of any other provision. An amendment made to any article or section of this AGREEMENT does not constitute an amendment to or negate all other articles or sections of this AGREEMENT.
195. A delay or omission to exercise a right or power due to a default does not negate the use of that right or power in the future when deemed necessary.
196. If any PARTY defaults in its OBLIGATIONS, a non-defaulting PARTY will request in writing that the default be remedied within 30 calendar days. If the defaulting PARTY fails to do so, the non-defaulting PARTY may initiate dispute resolution. If the PARTIES are unable to reach agreement on a particular issue including concerns over timeliness of submittal reviews or performance of REIMBURSED DIRECT WORK, or CALTRANS ENHANCED OVERSIGHT the PARTIES will first attempt to resolve the disputes at the PROJECT team level. If they cannot resolve the dispute themselves, the CALTRANS district director and the executive officer of OCTA will attempt to negotiate a resolution. If the PARTIES do not reach a resolution, the PARTIES' legal counsel will initiate mediation. The PARTIES agree to participate in mediation in good faith and will share equally in its costs. Neither the dispute nor the mediation process relieves the PARTIES from full and timely performance of its OBLIGATIONS in accordance with the terms of this Agreement. However, if any PARTY stops fulfilling its OBLIGATIONS, the other PARTY may seek equitable relief to ensure that the OBLIGATIONS continue.

Except for equitable relief, no PARTY may file a civil complaint until after mediation, or 45 calendar days after filing the written mediation request, whichever occurs first.

The PARTIES will file any civil complaints in the Superior Court of the county in which the CALTRANS district office signatory to this AGREEMENT resides or in the Superior Court of the county in which the PROJECT is physically located. The prevailing PARTY will be entitled to an award of all costs, fees, and expenses, including reasonable attorney fees as a result of litigating a dispute under this AGREEMENT or to enforce the provisions of this AGREEMENT including equitable relief.

197. The PARTIES, upon mutual agreement, maintain the ability to pursue alternative or additional dispute remedies if a previously selected remedy does not achieve resolution.
198. If any provisions in this AGREEMENT are deemed to be, or are in fact, illegal, inoperative, or unenforceable, those provisions do not render any or all other agreement provisions invalid, inoperative, or unenforceable, and those provisions will be automatically severed from this AGREEMENT.

199. If during performance of OBLIGATIONS additional activities or environmental documentation is necessary to keep PROJECT in environmental compliance, PARTIES will amend this Agreement or Agreement 12-0594 to provide for completion of those additional tasks.
200. Except as otherwise provided in the AGREEMENT the PARTIES will execute a formal written amendment if there are any changes to the OBLIGATIONS.
201. That no waiver of any claim, defense or obligation shall be imputed to either party as a result of that party's failure or delay in assertion of said claim, defense or obligation.
202. This AGREEMENT will terminate upon selection of the "no project" alternative as a result of the environmental review process, COMPLETION OF WORK or upon 30 calendar days' written notification to terminate and acceptance between CALTRANS and OCTA, whichever occurs first. However, all obligations to pay amounts accrued or due and payable as of the date of termination, indemnification, document retention, audit, claims, environmental commitment, legal challenge, ownership articles and other provisions that, by their express terms survive termination or expiration of this AGREEMENT, will remain in effect until terminated or modified in writing by mutual agreement.
203. PARTIES shall develop a mutually agreed upon issue resolution process, as described below, with a primary objective: to ensure the project stays on schedule and issues between the PARTIES are resolved in a timely manner. The PARTIES agree to the following
 - a. If the PARTIES are unable to reach agreement on any particular issue relating to either PARTIES' obligations pursuant to this AGREEMENT, including but not limited to concerns over timeliness of submittal reviews, performance of REIMBURSED DIRECT WORK, or OCTA's administration of the DESIGN-BUILD contract, the PARTIES agree to promptly follow a mutually agreed upon issue resolution process. The issue resolution process may take the form similar to the Issue Escalation Ladder shown in Exhibit G. The final form and content of the issue resolution process will be mutually developed prior to the release of the RFP. The primary objective of the issue resolution process is timely decision making to ensure that the PROJECT stays on schedule and issues between the PARTIES are resolved in a timely manner.
 - b. To form an Executive Oversight Committee (EOC) as part of the issue resolution process. The EOC will be available to provide direction to the PROJECT team when issues are elevated to the EOC. The EOC will be the final step in the PROJECT level dispute resolution process. The primary objective of the EOC will be to ensure that PROJECT stays on schedule and issues are resolved in a timely manner. The EOC will meet on an as-needed basis to resolve issues that otherwise threaten to delay the overall PROJECT schedule or adversely impact PROJECT costs.

{Signatures on following page}

SIGNATURES

PARTIES declare that:

1. Each party is an authorized legal entity under California state law.
2. Each party has the authority to enter into this AGREEMENT.
3. The people signing this AGREEMENT have the authority to do so on behalf of their public agencies.

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

ORANGE COUNTY TRANSPORTATION
AUTHORITY

By: _____
ADNAN MAIAH
Deputy District Director
Capital Outlay Program

By: _____
DARRELL JOHNSON
Chief Executive Officer

CERTIFIED AS TO FUNDS:

APPROVED AS TO FORM AND
PROCEDURE:

By: _____
HQ Accounting

By: _____
JAMES M. DONICH
General Counsel

By: _____
NEDA SABER
District Budget Manager

APPROVED AS TO FORM AND
PROCEDURE:

APPROVED:

By: _____
GLENN B. MUELLER
Assistant Chief Counsel

By: _____
JIM BEIL, P.E.
Executive Director
Capital Programs

EXHIBIT A PROJECT

Scope of Work:

- One general purpose lane in each direction of the I-405 from Euclid Street to the I-605 Interchange
- One tolled Express Lane in each direction from SR-73 to SR-22 East
- Existing HOV lane and Express Lane managed jointly as tolled Express Facility w/ two lanes in each direction from SR-73 to I-605
- Auxiliary Lane Improvements
- Arterial Improvements
- Drainage Improvements
- Toll Infrastructure
- Ramp Improvements
- Structure Improvements
- TSM/TDM Improvements
- Other Miscellaneous Improvements

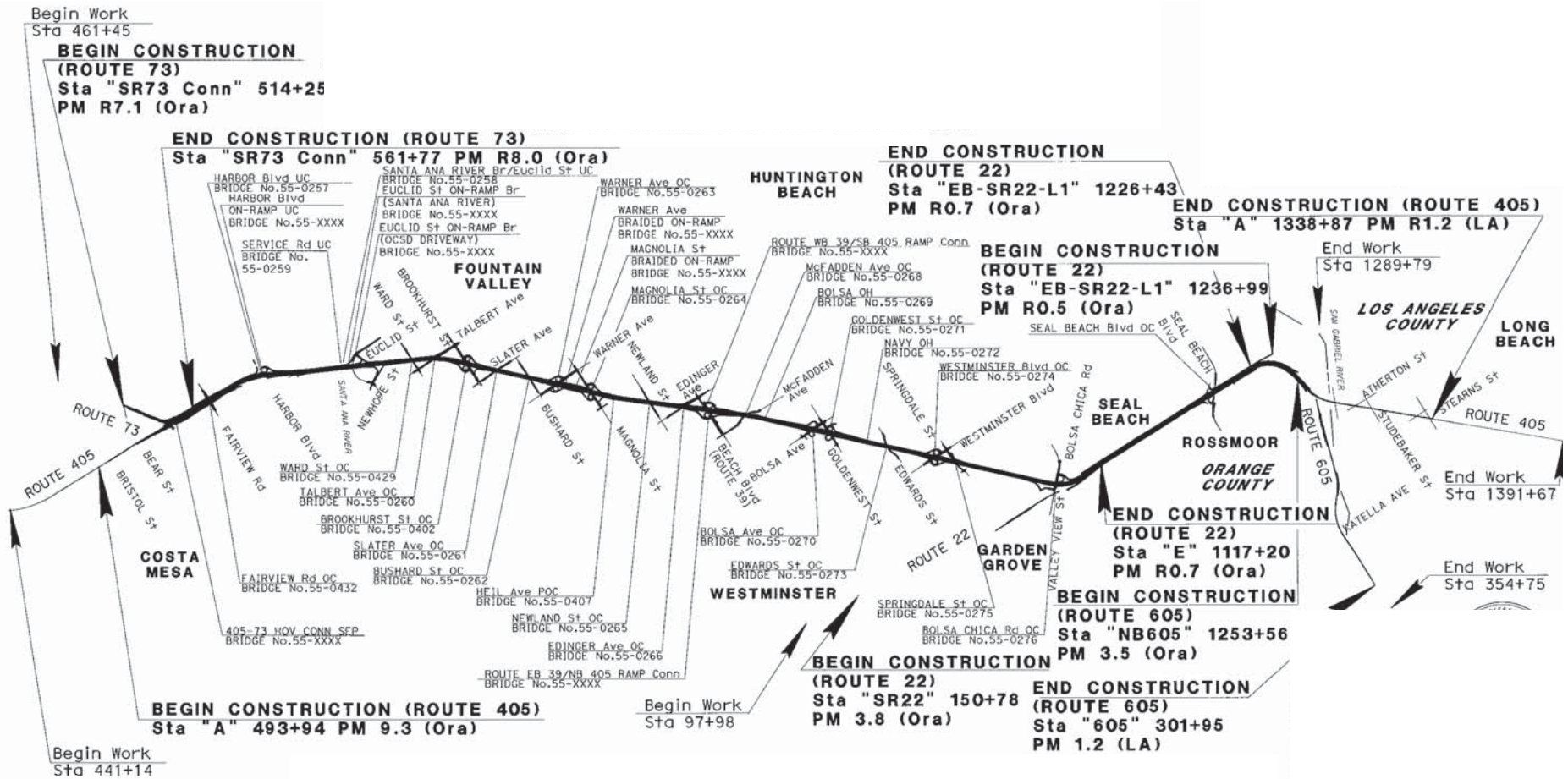


EXHIBIT B

PROJECT FUNDING SUMMARY

<i>Funding Source</i>	<i>Funding Partner</i>	<i>Fund Type</i>	<i>R/W Support</i>	<i>R/W Capital</i>	<i>Construction Capital</i>	<i>Design Support</i>	<i>Construction Support</i>	<i>Subtotal Funds Type</i>
M2	OCTA	Local	\$10,000,000	\$86,000,000	\$1,015,000,000	\$75,143,900	\$68,208,100	\$1,254,352,000
TOLL	OCTA	Local	\$1,000,000	\$3,000,000	\$261,000,000	\$27,000,000	\$26,000,000	\$318,000,000
RSTP	OCTA	Federal	\$745,600			\$10,923,200	\$23,331,200	\$35,000,000
STATE	CALTRANS	State	\$1,000,000	\$6,000,000	\$63,000,000	\$6,000,000	\$6,000,000	\$82,000,000
IMD	OCTA	Federal					\$1,130,000	\$1,130,000
DEMO SAFETEA-LU	OCTA	Federal				\$8,528,000		\$8,528,000
EARMARK	OCTA	Federal				\$990,000		\$990,000
<i>Subtotals by Component</i>			\$12,745,600	\$95,000,000	\$1,339,000,000	\$128,585,100	\$124,669,300	
TOTAL								\$1,700,000,000

REIMBURSED DIRECT WORK and CALTRANS ENHANCED OVERSIGHT FUNDING SUMMARY

<i>Funding Source</i>	<i>Funding Partner</i>	<i>Fund Type</i>	<i>Caltrans Enhanced Oversight</i>	<i>Reimbursed Direct Work</i>	<i>Subtotal Funds Type</i>
M2	OCTA	Local	\$150,000	\$19,120,000	\$19,270,000
RSTP	OCTA	Federal	\$11,700,000	\$23,300,000	\$35,000,000
IMD	OCTA	Federal		\$1,130,000	\$1,130,000
<i>Subtotals by Component</i>			\$11,850,000	\$43,550,000	
TOTAL					\$55,400,000

**EXHIBIT B
FUNDING SUMMARY
SIGNATURE SHEET**

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

ORANGE COUNTY TRANSPORTATION
AUTHORITY

By: _____
ADNAN MAIAH
Deputy District Director
Capital Outlay Program

By: _____
DARRELL JOHNSON
Chief Executive Officer

CERTIFIED AS TO FUNDS:

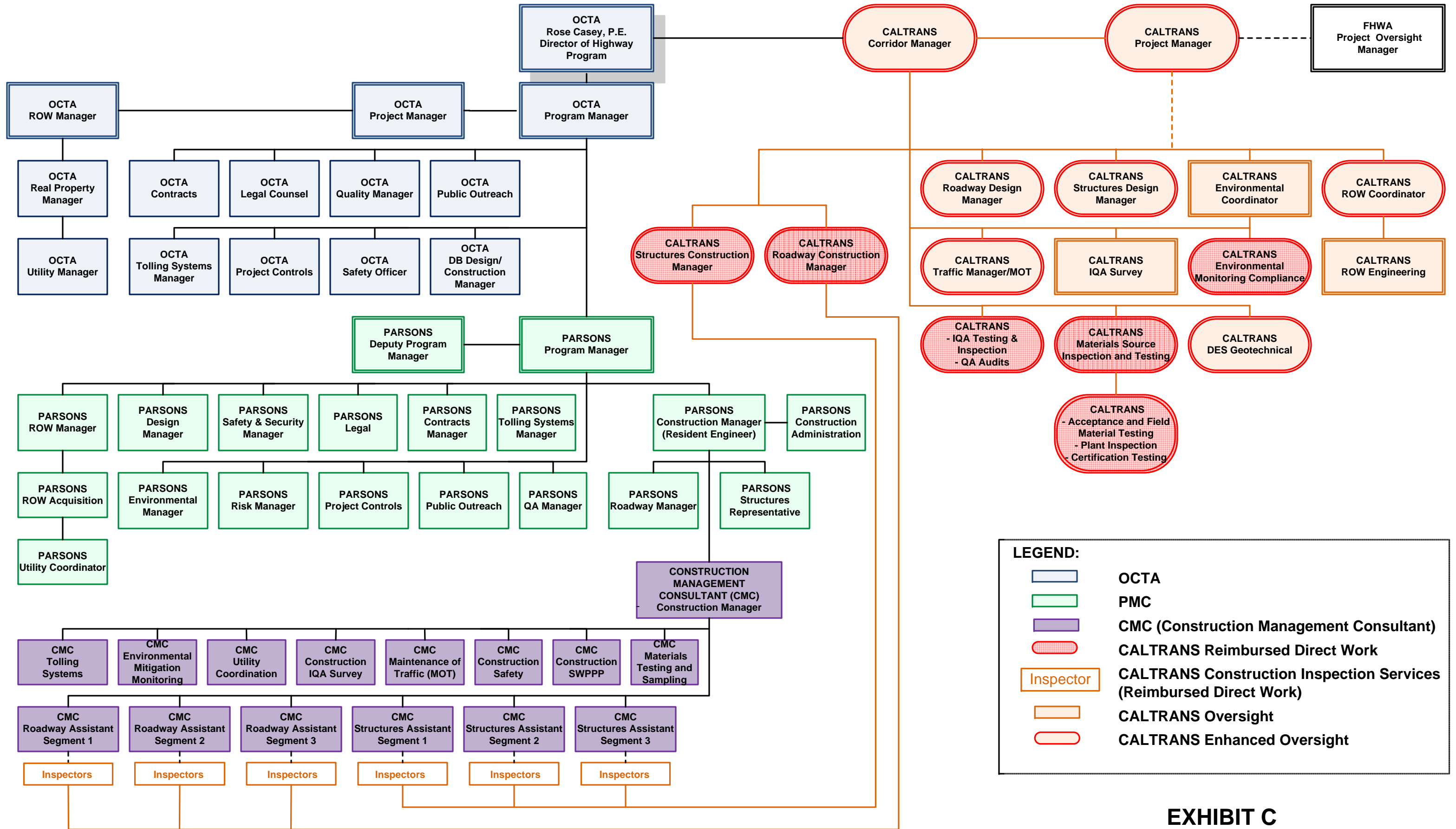
APPROVED:

By: _____
NEDA SABER
District Budget Manager

By: _____
JIM BEIL, P.E.
Executive Director, Capital Programs

By: _____
HQ Accounting

I-405 IMPROVEMENT PROJECT DESIGN-BUILD ORGANIZATION CHART



LEGEND:

- OCTA
- PMC
- CMC (Construction Management Consultant)
- CALTRANS Reimbursed Direct Work
- CALTRANS Construction Inspection Services (Reimbursed Direct Work)
- CALTRANS Oversight
- CALTRANS Enhanced Oversight

EXHIBIT C

EXHIBIT D

26-Mar-15

1 of 2

REIMBURSED DIRECT WORK

ROADWAY

Title	Classification (1)	Total Manhours	2015/2016 Hourly Rate	Payroll Reserve Rate	Loaded Rate	Total Cost	ICRP Multiplier (%)	Billable Rate	Total Cost w/ Multiplier
Lead Inspector	Transportation Engr, D	30,820	\$53.49	72.66%	\$92.36	\$2,846,406.80	1.7374	\$160.46	\$4,945,347
Roadway Inspector	Transportation Engr, D	85,760	\$53.49	72.66%	\$92.36	\$7,920,436.32	1.4257	\$131.67	\$11,292,166
Sr Roadway Manager	Sr Transp Engr, Sup	7,630	\$63.01	72.66%	\$108.79	\$830,067.70	1.4257	\$155.10	\$1,183,428
Sr Roadway Manager	Sr Transp Engr, Sup	3,090	\$63.01	72.66%	\$108.79	\$336,170.57	1.7374	\$189.02	\$584,063
Subtotal		127,300							\$18,005,004

STRUCTURES

Lead Structures Inspector	Transportation Engr, D	Included in Structures Inspector Row Below							
Structures Inspector	Transportation Engr, D	78,390	\$53.49	72.66%	\$92.36	\$7,239,773.83	1.4257	\$131.67	\$10,321,746
Sr Structures Manager	Sr Transp Engr, Spec	10,720	\$63.01	72.66%	\$108.79	\$1,166,261.67	1.4257	\$155.11	\$1,662,739
Subtotal		89,110							\$11,984,485

MISCELLANEOUS

Environmental Monitoring Compliance Specialist	Associate Environmental Planner	6,700	\$36.28	72.66%	\$62.64	\$419,695.02	1.7374	\$108.83	\$729,178
Acceptance and Field Material Testing/Plant Inspection	Transportation Engr, C	47,199	\$47.32	72.66%	\$81.70	\$3,856,335.45	1.7374	\$141.95	\$6,699,997
Materials Source Inspection and Testing	Transportation Engr, C	42,951	\$47.32	72.66%	\$81.70	\$3,509,272.93	1.7374	\$141.95	\$6,097,011
Subtotal		96,850							\$13,526,186
Labor (AB 401 - Reimbursed Direct Work) Total							Reimbursable Direct Cost		\$43,515,674
							USE		\$43,550,000

EXHIBIT D (Continued)

ENHANCED OVERSIGHT

Title	Classification (1)	Total Manhours (90% of Total Hours)	2015/2016 Hourly Rate	Payroll Reserve Rate	Loaded Rate	Total Cost	ICRP Multiplier (%)	Billable Rate	Total Cost w/ Multiplier
Manager	Supervisor Transp Engr	6,030	\$69.47	72.66%	\$119.95	\$723,279.82	1.4257	\$171.01	\$1,031,180
Project Manager	Sr Transp Engr, Special	10,251	\$63.01	72.66%	\$108.79	\$1,115,237.72	1.4257	\$155.11	\$1,589,994
Roadway Design Mngr	Sr Transp Engr, Sup	10,251	\$63.01	72.66%	\$108.79	\$1,115,237.72	1.4257	\$155.11	\$1,589,994
Roadway Design Lead	Transp Engr, D	27,014	\$53.49	72.66%	\$92.36	\$2,494,937.44	1.4257	\$131.67	\$3,557,032
Structures Design Mngr	Sr Bridge Engr, Sup	8,201	\$63.01	72.66%	\$108.79	\$892,190.18	1.4257	\$155.11	\$1,271,996
Geotech Design Mngr	Sr Transp Engr, Sup	6,566	\$63.01	72.66%	\$108.79	\$714,335.27	1.4257	\$155.11	\$1,018,428
Right-of-Way Manager	Sr ROW Agent	6,968	\$43.47	72.66%	\$75.06	\$522,985.34	1.4257	\$107.01	\$745,620
Traffic Manager/MOT	Transp Engr, D	6,566	\$53.49	72.66%	\$92.36	\$606,408.41	1.4257	\$131.67	\$864,556

Labor (Enhanced Oversight) 81,847 \$11,668,801

- Notes: (1) For budgetary purposes, higher of possible inspector classifications listed
- (2) For budgetary purposes, assumes ICRP rates of 73.74% (Local) and 42.57% (RSTP)
- (3) For budgetary purposes, assumes 4.5 years of construction
- (4) For budgetary purposes, assumes single shift and 10% overtime
- (5) For budgetary purposes, assumes 2,000 hours/year
- (6) Excludes State Furnished Material (SFM)

HQ Enhanced Oversight (Structures) Per Diem	\$150,000
Subtotal Enhanced Oversight	\$11,818,801
USE ENHANCED OVERSIGHT	\$11,850,000
USE REIMBURSED DIRECT WORK	\$43,550,000
TOTAL	\$55,400,000

EXHIBIT E

STATE FURNISHED MATERIAL

Item No.	Item	Estimated Quantity	Estimated Unit Cost	Final Cost
1	Model 332 Cabinet	40	\$4,000	\$160,000
2	Model 2070 traffic signal controller assembly (excluding cabinet)	40	\$4,000	\$160,000
3	Battery Back-up System	40	\$1,000	\$40,000
4	Model 170 Traffic Controller	54	\$1,100	\$59,400
5	Model 334 Cabinet	58	\$3,600	\$208,800
6	Model 170 Controller Assembly (excluding cabinet)	48	\$3,400	\$163,200
7	Model 222 Two Channel Loop Detector	1262	\$50	\$63,100
8	Model 500 CMS (Left Hand) or (Right Hand)	4	\$60,000	\$240,000
9	Harness #4 for CMS500	4	\$2,300	\$9,200
10	Harness #5 for CMS500	4	\$700	\$2,800
			Total Estimated Cost =	\$1,106,500

- Notes:
1. Final quantities to be determined by DESIGN-BUILD Contractor
 2. Estimate unit cost provide by CALTRANS in November 2014
 3. Final Cost to be determined by DESIGN-BUILD Contractor provided quantities and CALTRANS cost at the time of requesting State Furnished Materials (SFM)

EXHIBIT F

COOPERATIVE AGREEMENT CLOSURE STATEMENT

CALTRANS and OCTA agree that all scope, cost and schedule commitments included in the Cooperative Agreement and all Amendments to Agreement for DESIGN-BUILD of the Interstate 405 Improvements Project entered into as of _____ have been completed. As of the date this COOPERATIVE CLOSURE STATEMENT has been executed by the representatives of the PARTNERS, as set forth below, the Agreement shall terminate.

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

ORANGE COUNTY
TRANSPORTATION AUTHORITY

By: _____
District Director

By: _____
Executive Director

Date: _____

Date: _____

EXHIBIT G
ESCALATION LADDER

I-405 DESIGN-BUILD IMPROVEMENT PROJECT			
ISSUE RESOLUTION LADDER			
OCTA		CALTRANS	
LEVEL I - FIELD			
Construction	Design	Construction	Design
name (TBD) name (TBD)	name (TBD) name (TBD)	District	
		name (TBD)	name (TBD)
		Structures	
		name (TBD)	name (TBD)
LEVEL II - PROJECT MANAGERS			
name (TBD)		name (TBD)	
LEVEL III - SPONSORS			
name (TBD)		name (TBD)	
LEVEL IV - EXECUTIVES (EOC)			
name (TBD)		name (TBD)	



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Project Terms and Conditions, Design-Build Cooperative
Agreement, and Next Steps for the Interstate 405
Improvement Project**

Attachment C

Capital Funding Program

HIGHWAYS CAPITAL FUNDING PROGRAM	M Code	(in thousands) Total Programmed Funding	STATE		FEDERAL		M1	M2	Local Other
			STIP/Other State	State Bonds	RSTP/CMAQ	Federal Other			
I-5 HOV lane widening, SR-55 to SR-57	A	\$ 42,471	36,262	-	2,800	-	-	3,409	-
I-5 high-occupancy vehicle (HOV) lane, Avenida Pico to Avenida Vista Hermosa	C	\$ 100,736	49,529	-	36,242	1,600	-	13,365	-
I-5 HOV lane, Avenida Vista Hermosa to Pacific Coast Highway	C	\$ 68,711	46,779	-	13,472	-	-	8,460	-
I-5 HOV lane, SR-1 to San Juan Creek Road	C	\$ 56,861	-	20,789	10,472	-	-	25,600	-
I-5 widening, SR-73 to Oso Parkway	C	\$ 137,415	78,949	-	28,167	-	-	30,299	-
I-5 widening, Oso Parkway to Alicia Parkway	C	\$ 166,800	-	-	43,667	-	-	123,133	-
I-5 widening, Alicia Parkway to El Toro Road	C	\$ 114,259	-	-	8,166	-	-	106,093	-
I-5/SR-74 interchange improvements	D	\$ 77,977	45,594	24,109	-	-	-	2,500	5,774
I-5/EI Toro Road interchange	D	\$ 3,000	-	-	3,000	-	-	-	-
I-5/SR-74 landscaping, interchange improvements	-	\$ 1,420	1,420	-	-	-	-	-	-
I-5 southbound off-ramp storage lane, Oso Parkway (04S-26)	-	\$ 22,872	22,773	-	-	-	-	-	99
I-5, Camino Capistrano interchange improvements	-	\$ 19,151	19,151	-	-	-	-	-	-
I-5 southbound off-ramp and auxiliary lane, Jamboree Road	-	\$ 8,485	8,485	-	-	-	-	-	-
I-5 soundwall at El Camino Real	-	\$ 4,974	4,974	-	-	-	-	-	-
I-5 soundwall at Avenida Vaquero	-	\$ 2,754	2,754	-	-	-	-	-	-
I-5 HOV lane operational improvements, SR-57 to SR-91	-	\$ 4,790	3,600	-	-	-	-	-	1,190
I-5 at Gene Autry Way bridge overcrossing	M1	\$ 66,829	-	-	37,600	9,883	8,601	-	10,745
SR-55 widening between I-405 and I-5 (PS&E and PAED) ¹	F	\$ 17,837	-	-	12,000	-	-	5,837	-
SR-55 environmental, I-5 to SR-91	F	\$ 5,000	-	-	5,000	-	-	-	-
SR-55 southbound auxiliary lanes, Dyer Road to MacArthur Boulevard environmental	-	\$ 2,397	2,397	-	-	-	-	-	-
SR-55 continuous access HOV lane restriping environmental	-	\$ 1,500	-	-	-	-	-	-	1,500
SR-55 extension project study report (psr), Industrial Way to 19th Street	-	\$ 1,130	-	-	1,000	-	-	-	130
SR-57 northbound widening, Yorba Linda Boulevard to Lambert Road	G	\$ 52,709	-	41,250	-	-	-	11,459	-
SR-57 northbound widening, SR-91 to Yorba Linda Boulevard	G	\$ 50,659	-	40,925	-	-	-	9,734	-
SR-57 northbound widening, Katella Avenue to Lincoln Avenue	G	\$ 34,428	-	24,127	-	-	-	10,301	-
SR-57 northbound widening landscaping, SR-91 to Lambert Road	G	\$ 2,688	-	-	-	-	-	2,688	-
SR-57 environmental, Orangewood Avenue to Katella Avenue	G	\$ 4,000	-	-	4,000	-	-	-	-
SR-74 widening, Calle Entradero-city/County line	-	\$ 42,694	5,513	-	-	-	-	-	37,181
SR-74 widening, city/County line to Antonio Parkway	-	\$ 40,905	10,000	-	5,285	-	-	-	25,620
SR-90 Imperial Highway grade separation landscaping	-	\$ 1,669	1,669	-	-	-	-	-	-
SR-91 westbound connect existing auxiliary lanes, I-5 to SR-57	H	\$ 62,977	-	27,227	-	-	-	35,750	-
SR-91/SR-55 to Tustin Avenue interchange improvements	I	\$ 41,530	13,530	14,000	-	-	-	14,000	-
SR-91 eastbound widening, SR-57 to SR-55	I	\$ 9,000	-	-	7,000	-	-	2,000	-
SR-91 landscaping, SR-55 to Weir Canyon Road	-	\$ 2,498	2,498	-	-	-	-	-	-
SR-91 widening, SR-55 to SR-241 (Weir Canyon/Gypsum Canyon)	-	\$ 77,510	59,573	17,937	-	-	-	-	-
SR-91 eastbound widening, SR-241 to SR-71	-	\$ 57,611	-	-	-	47,888	-	-	9,723
I-405 southbound auxiliary lane, University Drive to Sand Canyon Avenue and Sand Canyon Avenue to SR-133	-	\$ 16,379	16,379	-	-	-	-	-	-
I-405 widening environmental, SR-55 to I-605 ^{2,3}	K	\$ 1,700,000	82,000	-	35,000	10,648	-	1,254,352	318,000
West Orange County connectors, I-405 and I-605	M1	\$ 175,830	-	135,430	22,200	-	13,000	-	5,200
West Orange County connectors, I-405 and SR-22	M1	\$ 121,306	-	-	69,671	49,635	2,000	-	-
Planning, programming, and monitoring	-	\$ 7,138	7,138	-	-	-	-	-	-

HIGHWAYS CAPITAL FUNDING TOTAL	\$ 3,428,899	\$ 520,967	\$ 345,794	\$ 344,742	\$ 119,654	\$ 23,601	\$ 1,658,980	\$ 415,162
State Funding Total	\$ 866,761							
Federal Funding Total	\$ 464,396							
Local Funding Total	\$ 2,097,743							

Note for Project Included in Board Item:

1. Authorize the use of \$588,599 in M2 to complete additional studies.
2. Authorize the use of \$35 million in RSTP in place of M2, \$82 million in State Funds,
3. Authorize the use of future toll or other revenues (\$318 million) to fund the balance, subject to the results of the investment grade traffic and revenue study and the financial plan

M Code - Project codes in M2 Program
 STIP - State Transportation Improvement Program
 RSTP - Regional Surface Transportation Program
 CMAQ - Congestion Mitigation and Air Quality
 M1 - Measure M
 M2 - Measure M2
 I-5 - Interstate 5
 SR-1 - State Route 1
 SR-74 - State Route 74
 SR-73 - State Route 73
 SR-55 - State Route 55
 SR-57 - State Route 57
 SR-91 - State Route 91
 SR-90 - State Route 90
 SR-241 - State Route 241
 SR-71 - State Route 71
 I-405 - Interstate 405
 I-605 - Interstate 605
 SR-22 - State Route 22
 SR-133 - State Route 133



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Project Terms and Conditions, Design-Build Cooperative
Agreement, and Next Steps for the Interstate 405
Improvement Project**

Attachment D

**Interstate 405 Improvement Project
Draft Revised Project Schedule
April 2015**

Activity	2015												2016												2017									
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
ENVIRONMENTAL																																		
Final Environmental Impact Report/Environmental Impact Statement			█																															
Record of Decision					█																													
FINANCIAL																																		
Evaluate Tolling Policy Options		█	█	█	█	█	█																											
Adopt Draft Tolling Policy											█																							
Adopt Final Tolling Policy												█																						
California Transportation Commission Approval/Public Hearing/Legislature Review					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█										
Transportation Infrastructure Finance and Innovation Act Loan Pursuit					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█											
Financial Plan					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█											
Investment Grade Traffic and Revenue								█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█											
Operating Toll Agreement								█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
Financing Legal Documents																									█	█	█	█	█	█	█	█	█	█
Secure/Issue Debt																									█	█	█	█	█	█	█	█	█	█
PROCUREMENT																																		
Update/Amend Request for Qualifications					█																													
Shortlist and Release Draft Request for Proposals (RFP)										█																								
Release Final RFP																		█																
Design-Build Award																							█											
Notice to Proceed 1																								█										
Notice to Proceed 2																																		█

Board direction to be lead agency in implementation of Project required



COMMITTEE TRANSMITTAL

June 8, 2015

To: Members of the Board of Directors
From: Laurena Weinert, Clerk of the Board
Subject: Comprehensive Transportation Funding Programs Semi-Annual Review – March 2015

Regional Planning and Highways Committee Meeting of June 1, 2015

Present: Directors Bartlett, Donchak, Lalloway, Miller, Nelson, Spitzer, and Ury
Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Approve adjustments to the Comprehensive Transportation Funding Program project allocations.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Programs Semi-
Annual Review – March 2015**

Staff Report



June 1, 2015

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Comprehensive Transportation Funding Programs Semi-Annual Review – March 2015

Overview

The Orange County Transportation Authority recently completed the semi-annual review of projects funded through the Comprehensive Transportation Funding Programs. This process reviews the status of Measure M and Measure M2 grant-funded projects and provides an opportunity for local agencies to update project information and request project modifications. Recommended project adjustments are presented for review and approval.

Recommendation

Approve adjustments to the Comprehensive Transportation Funding Program project allocations.

Background

The Comprehensive Transportation Funding Programs (CTFP) is the mechanism the Orange County Transportation Authority (OCTA) uses to administer funding for street, road, signal, transit, and water quality projects. The CTFP currently contains primarily Measure M2 (M2), and some State-Local Partnership Program funds, and may include a variety of other funding programs in the future. The CTFP provides local agencies with a comprehensive set of guidelines for administration and delivery of various transportation funding grants. Consistent with the CTFP Guidelines, OCTA staff meets with representatives from local agencies to review the status of projects and proposed changes. This process is commonly referred to as the semi-annual review. The goals of the semi-annual review process are to review project status, determine the continued viability of projects, address local agency concerns, and confirm the availability of local match funds.

Discussion

The March 2015 semi-annual review adjustments are itemized in Attachment A and described in Attachment B. The adjustments include 12 project delay requests, three scope change requests, 24 timely use of funds extension requests, and two other requests. The City of Newport Beach submitted a request to consider a policy variance for the Newport Boulevard Widening Project that staff recommends for approval. In addition, OCTA is requesting to replace the text4next project with the mobile ticketing app since staff was able to acquire free services to design and implement the text4next system. Attachment C provides an update on Project W funded projects and Exhibit 1 provides an itemized list of Project W allocations to the local agencies and OCTA.

OCTA staff has identified several reasons for project delays and other requested changes which include: challenges in acquisition of right-of-way and negotiations with property owners; coordination required with stakeholders and other agencies; obtaining approvals from the California Department of Transportation; additional time needed to secure matching funds for the projects; and developing cooperative agreements with partner agencies.

Measure M Program Summary

Since 1991, OCTA has competitively awarded more than \$664 million in Measure M (M1) funds to local agencies through the CTFP. These projects were programmed for fiscal year (FY) 1992-93 through FY 2010-11. Below is a summary of CTFP allocations using M1 funds. Any remaining savings will be included in the 2016 call for projects.

M1 CTFP Summary

Project Status	September 2014		March 2015	
	Project Phases	Allocations ¹	Project Phases	Allocations* (after adjustments)
Started ²	1	\$1.8	1	\$1.8
Pending ³	74	\$84.4	14	\$24.4
Completed ⁴	1796	\$588.5	1856	\$637.8
Total Allocations	1871	\$674.7	1871	\$664.0

1. Allocations in millions of dollars.
2. Started indicates that the project is underway and the funds are obligated.
3. Pending indicates that the project work is completed and the final report submittal/approval is pending.
4. Completed indicates that the project work is complete, final report approved, and final payment has been made.

Local agencies have made significant progress since the September 2014 review to deliver and closeout the M1 Streets and Roads Program. For example, 60 project phases were closed-out between September 2014 and March 2015, and only one project phase remains underway. OCTA staff worked very closely with local agencies to receive final project reports for the remaining M1 projects and realized cost savings to the program. As a result, cumulative program savings is estimated to be \$47.3 million. Per Board of Directors policy, these funds are being directed to the competitively awarded projects that are selected through the M2 CTFP calls for projects (calls).

M2 Program Summary

Since the start of M2, OCTA has issued a number of calls and awarded \$246.5 million in competitive funds for the following programs: 1) M2 Regional Capacity Program (Project O), 2) Traffic Signal Synchronization Program (Project P), 3) Environmental Cleanup Program (Project X), and 4) Community-Based Transit/Circulators (Project V). Below is a summary of CTFP allocations using M2 funds.

M2 CTFP Summary

Project Status	September 2014		March 2015	
	Project Phases	Allocations ¹	Project Phases	Allocations (after adjustments)
Planned ²	101	\$78.8	98	\$81.9
Started ³	140	\$131.8	148	\$123.8
Pending ⁴	25	\$7.9	26	\$15.6
Completed ⁵	67	\$18.7	85	\$25.2
Total Allocations⁶	333	\$237.2	357	\$246.5

1. Allocations in millions of dollars.
2. Planned indicates that the funds have not been obligated and/or are pending contract award.
3. Started indicates that the project is underway and the funds are obligated.
4. Pending indicates that the project work is completed and the final report submittal/approval is pending.
5. Completed indicates that the project work is complete, final report approved, and final payment has been made.
6. September 2014 update did not include \$9.8 million in Project V allocations which is now reflected in the March 2015 update.

This semi-annual review captures \$610,000 in project cost savings. Local agencies completed 18 project phases between September 2014 and March 2015.

Summary

OCTA has recently reviewed the status of projects funded through the CTFP. Staff recommends approval of the project adjustments requested by local agencies, including 12 project delay requests, three scope change requests, and 24 timely use of funds extension requests. Staff is also recommending a policy variance for the Newport Boulevard Widening Project, and a project replacement for the OCTA-initiated improvements under Project W.

Attachments

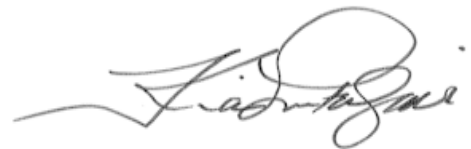
- A. Comprehensive Transportation Funding Programs – March 2015
Semi-Annual Review Adjustment Requests
- B. Semi-Annual Review Adjustments
- C. Project W Update

Prepared by:



Sam Kaur
Section Manager II, Local Programs
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Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Programs Semi-
Annual Review – March 2015**

Attachment A

**Comprehensive Transportation Funding Programs
March 2015 Semi-Annual Review Adjustment Requests**

Delay Request(s)										
Agency	Project Number	Project	Project Title	Phase	Current FY	Allocation Amount	Action Request	Proposed FY		
Anaheim	11-ANAH-ECP-3729	Project X	Brookhurst Street North Project	C	FY 14/15	\$ 2,318,115	12 months	FY 15/16		
Brea	14-BREA-TSP-3702	Project P	Birch Street/Rose Drive Corridor Regional Traffic Signal Synchronization	I	FY 14/15	\$ 617,110	12 months	FY 15/16		
Brea	14-BREA-TSP-3702	Project P	Birch Street/Rose Drive Corridor Regional Traffic Signal Synchronization	O&M	FY 15/16	\$ 47,120	12 months	FY 16/17		
Brea	N/A	Project W	Ring Road and Brea Mall	C	FY 14/15	\$ 30,000	12 Months	FY 15/16		
Costa Mesa	14-CMSA-ECP-3730	Project X	Arlington Drive Bioswale and Dry Weather Diversion Project	C	FY 14/15	\$ 1,690,000	24 months	FY 16/17		
Laguna Beach	14-LBCH-ICE-3719	Project O	South Coast Highway/Broadway (State Route 1/State Route 133)	R	FY 14/15	\$ 127,500	12 months	FY 15/16		
Laguna Hills	14-LHLL-ECP-3733	Project X	Cabot Road Bio Swale Project	C	FY 14/15	\$ 175,700	12 months	FY 15/16		
Laguna Niguel	14-LNIG-ECP-3734	Project X	Channel Entry Improvements at Crown Valley Park	C	FY 14/15	\$ 1,621,962	24 months	FY 16/17		
Newport Beach	14-NBCH-ACE-3720	Project O	Newport Boulevard (Via Lido to 30th Street)	C	FY 14/15	\$ 1,194,000	24 months	FY 16/17		
San Juan Capistrano	14-SJCP-ACE-3723	Project O	Ortega Highway Improvement Project	R	FY 14/15	\$ 3,679,800	24 months	FY 16/17		
Santa Ana	12-SNTA-ACE-3599	Project O	Bristol Street Widening (Washington Ave to 17th Street)	C	FY 14/15	\$ 2,616,432	24 months	FY 16/17		
Santa Ana	N/A	Project W	Safe Transit Stops Project - 30 City of Santa Ana Transit Stops	C	FY 14/15	\$ 687,519	12 months	FY 15/16		
Delay(s) - Total Phase Allocations (12)						\$ 14,805,258				

Scope Change Request(s)							
Agency	Project Number	Program	Project Title	Phase	FY	Current Allocation	Proposed Allocation
Fountain Valley	13-FVLY-ECP-3686	Project X	Ocean Protection and Environmental Cleanup 2013	I	FY 13/14	\$ 99,645	\$ 99,645
<p>City originally proposed installing 71 trash filter inserts, due to the increased cost and non-standard sizes of catch basins, 61 trash filters will be installed.</p> <p><i>Description:</i> increased cost and non-standard sizes of catch basins, 61 trash filters will be installed.</p>							
OCTA	12-OCTA-TSP-3622	Project P	Santa Margarita Parkway Signal Synchronization (El Toro Road to Plano Trabuco Road)	I	FY 12/13	\$ 300,051	\$ 300,051
<p><i>Description:</i> Cost savings to be used for pedestrian countdown signals.</p>							
Laguna Beach	14-LBCH-CBT-3747	Project V	Off-Season Weekend Trolley Service and Expanded Summer Trolley Service	N/A	FY 13/14	\$ 3,139,860	\$ 3,139,860
<p>City originally proposed to operate six vehicles. Service is successful and to meet the increasing demand, City needs to operate two additional vehicles (eight total) and extend the route to the Ritz Carlton in Dana Point. City owns the additional vehicles, they will not need to purchase additional fleet. No fiscal impact.</p> <p><i>Description:</i> City originally proposed to operate six vehicles. Service is successful and to meet the increasing demand, City needs to operate two additional vehicles (eight total) and extend the route to the Ritz Carlton in Dana Point. City owns the additional vehicles, they will not need to purchase additional fleet. No fiscal impact.</p>							
Scope Change(s) - Total Phase Allocations (3)							\$ 3,539,556

Timely Use of Funds Extension Request(s)

Agency	Project Number	Program	Project Title	Phase	FY	Current Allocation	Action Request	Proposed Use Date
Aliso Viejo	N/A	LFS*	Several City Projects	C	FY 11/12	\$ 99,125	12 months	June 2016
Aliso Viejo	N/A	LFS*	Several City Projects	C	FY 12/13	\$ 557,597	24 months	June 2018
Anaheim	11-ANAH-ICE-3501	Project O	Ball Road/Sunkist Street Intersection Widening	E	FY 11/12	\$ 402,532	24 Months	May 2017
Anaheim	11-ANAH-ICE-3500	Project O	Ball Road/Anaheim Boulevard Intersection Widening	E	FY 12/13	\$ 334,750	24 Months	April 2017
Anaheim	11-ANAH-ICE-3507	Project O	State College Boulevard/ La Palma Avenue Intersection Widening	E	FY 11/12	\$ 312,500	24 Months	February 2017
Buena Park	12-BPRK-TSP-3604	Project P	Knott Avenue Signal Synchronization (Artesia Boulevard to Garden Grove Boulevard)	I	FY 12/13	\$ 377,800	24 Months	June 2018
Buena Park	12-BPRK-TSP-3604	Project P	Knott Avenue Signal Synchronization (Artesia Boulevard to Garden Grove Boulevard)	O&M	FY 13/14	\$ 70,200	24 Months	June 2018
Buena Park	11-BPRK-TSP-3546	Project P	Valley View Street Signal Synchronization	I	FY 11/12	\$ 212,800	24 Months	June 2017
Buena Park	11-BPRK-TSP-3546	Project P	Valley View Street Signal Synchronization	O&M	FY 12/13	\$ 67,200	24 Months	June 2017
Costa Mesa	11-CMSA-TSP-3547	Project P	Fairview Signal Synchronization (State Route 55 to State Route 22 {SR-22})	O&M	FY 12/13	\$ 49,296	24 Months	May 2017
Irvine	11-IRVN-ICE-3530	Project O	Jamboree Road/Main Street	E	FY 11/12	\$ 136,411	24 Months	February 2017

Timely Use of Funds Extension Request(s) (cont.)

Agency	Project Number	Program	Project Title	Phase	FY	Current Allocation	Action Request	Proposed Use Date
Newport Beach	11-NBCH-ACE-3538	Project O	Newport Boulevard Widening (Via Lido to 30th Street)	E	FY 11/12	\$ 225,000	24 Months	June 2017
OCTA	11-OCTA-TSP-3558	Project P	Warner Avenue Signal Synchronization (Pacific Coast Highway {PCH} to Red Hill Avenue)/Fountain Valley	I	FY 11/12	\$ 550,640	24 Months	June 2017
OCTA	11-OCTA-TSP-3557	Project P	Tustin Avenue/Rose Drive Signal Synchronization (1st Street to Yorba Linda Boulevard)/Santa Ana	I	FY 11/12	\$ 614,400	24 Months	June 2017
OCTA	11-OCTA-TSP-3557	Project P	Tustin Avenue/Rose Drive Signal Synchronization (1st Street to Yorba Linda Boulevard)/Santa Ana	O&M	FY 12/13	\$ 68,800	24 Months	June 2017
OCTA	11-OCTA-TSP-3554	Project P	Goldenwest Street Signal Synchronization (SR-22 to PCH)/Huntington Beach	I	FY 11/12	\$ 334,720	24 Months	June 2017
OCTA	11-OCTA-TSP-3554	Project P	Goldenwest Street Signal Synchronization (SR-22 to PCH)/Huntington Beach	O&M	FY 12/13	\$ 46,080	24 Months	June 2017
OCTA	11-OCTA-TSP-3556	Project P	Marguerite Parkway Signal Synchronization (El Toro Road to Via Escolar)/Mission Viejo	I	FY 11/12	\$ 275,440	24 Months	June 2017
OCTA	11-OCTA-TSP-3556	Project P	Marguerite Parkway Signal Synchronization (El Toro Road to Via Escolar)/Mission Viejo	O&M	FY 12/13	\$ 47,616	24 Months	June 2017
San Clemente	11-SCLM-TSP-3559	Project P	Avenida Pico Signal Synchronization (El Camino Real to Camino Celosia)	O&M	FY 12/13	\$ 42,336	24 Months	June 2017
San Clemente	11-SCLM-TSP-3560	Project P	El Camino Real Signal Synchronization (Camino Capistrano to Avenida San Luis Rey)	O&M	FY 12/13	\$ 33,348	24 Months	June 2017

Timely Use of Funds Extension Request(s) (cont.)									
Agency	Project Number	Program	Project Title	Phase	Fiscal Year	Current Allocation	Action Request	Proposed Use Date	
Santa Ana	12-SNTA-ACE-3599	Project O	Bristol Street Widening (Washington Avenue to 17th Street)	R	FY 13/14	\$ 11,152,575	24 Months	April 2017	
Santa Ana	12-SNTA-ACE-3600	Project O	Grand Avenue Widening (4th Street to 17th Street)	E	FY 12/13	\$ 450,000	24 Months	November 2017	
Santa Ana	N/A	LFS*	Several City Projects	C	FY 11/12	\$ 295,269	24 Months	June 2017	
Timely Use of Funds Extension(s) - Total Phase Allocations (24)						\$ 16,756,435			

Other Request(s)									
Agency	Project Number	Program	Project Title	Phase	Fiscal Year	Current Allocation	Action Request	Proposed Allocation	
Newport Beach	13-NBCH-ACE-3654	Project O	Newport Boulevard Widening (Via Lido to 30th Street)	R	FY 14/15	\$3,048,413	Policy Variance	\$3,048,413	
<p>Policy variance to allow replacement parking outside the travel way as a project mitigation and eligible for Measure M2 reimbursement as part of the final payment request submitted by the City.</p> <p><i>Description:</i></p>									
OCTA	N/A	Project W	Regional Bus Stop Customer-Facing Technology Improvements	C	FY 14/15	\$370,000	Project Change and FY 15/16	\$370,000	
<p><i>Description:</i> Replace regional text4next with mobile ticketing app</p>									
Other Request(s) - Total Phase Allocations (2)						\$ 3,418,413			

* LFS funds, approved through administrative action

FY - Fiscal year

C - Construction

I - Implementation

O&M - Operating and maintenance

R- Right-of-way

OCTA - Orange County Transportation Authority

E- Engineering

LFS - Local Fair share



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Programs Semi-
Annual Review – March 2015**

Attachment B

Semi-Annual Review Adjustments

Project Delays

Local agencies may request a one-time delay, up to 24 months, to obligate funds. During this semi-annual review, nine agencies are requesting 12 project delays.

The City of Anaheim (City) is requesting a 12-month delay for the Brookhurst Street North Project (14-ANAH-ECP-3729) from fiscal year (FY) 14-15 to FY 15-16. The City is requesting the delay due to unexpected conditions that occurred during the acquisition of the right-of-way (ROW) that delayed the start of construction.

The City of Brea (City) is requesting three delays during this semi-annual review period. The first request is a 12-month delay for the implementation phase of the Birch Street/Rose Drive Corridor Traffic Signal Synchronization Project (14-BREA-TSP-3702) from fiscal year (FY) 2014-15 to FY 2015-16. The City delayed implementation of this project due to complications from another synchronization project in the area (Kramer/Glassell/Grand Project) that involved coordination between multiple jurisdictions. Implementation is now planned to begin by July 2015. The second request is a 12-month delay for the maintenance phase of the Birch Street/Rose Drive Corridor Traffic Signal Synchronization Project (14-BREA-TSP-3702) from FY 2015-16 to FY 2016-17 which is caused by the delay in the implementation phase. Third, is a 12-month delay for the Ring Road and Brea Mall Bus Stop Improvement Project (Project W) from FY 2014-15 to FY 2015-16. This bus stop is located on private property and the City is requesting more time to coordinate the project details with the property owner.

The City of Costa Mesa (City) is requesting a 24-month delay for construction of the Arlington Drive Bio Swale and Dry Weather Diversion Project (14-CMSA-ECP-3730) from FY 2014-15 to FY 2016-17. Currently, the City is scheduled to complete final engineering for the project by September 2015, and award a construction contract by January 2016. However, the City is scheduled to meet with several stakeholders within the upcoming months that may result in additional delays. This delay request would give the City until June 30, 2017 to award a construction contract.

The City of Laguna Beach (City) is requesting a 12-month delay for ROW acquisitions of the South Coast Highway/Broadway (14-LBCH-ICE-3719) project from FY 2014-15 to FY 2015-16 due to pending California Department of Transportation (Caltrans) approval of the proposed alignment. This delay request would give the City until June 30, 2016 to prepare the offer letters.

The City of Laguna Hills is requesting a 12-month delay for construction of the Cabot Road Bio Swale Project (14-LHLL-ECP-3733) from FY 2014-15 to FY 2015-16 due to delays incurred during the design phase of the project. This delay would give the City until June 30, 2016 to award a construction contract.

Semi-Annual Review Adjustments

The City of Laguna Niguel (City) is requesting a 24-month delay for construction of the Channel Entry Improvement Project at Crown Valley Project (14-LNIG-ECP-3734) from FY 2014-15 to FY 2016-17. The delay request would provide the City with additional time to secure the necessary permits and mitigate regulatory and physical improvement for the flood channel during the rainy season.

The City of Newport Beach (City) is requesting a 24-month delay for construction of the Newport Blvd (Via Lido to 30th St) Widening Project (14-NBCH-ACE-3720) from FY 2014-15 to FY 2016-17. The City is experiencing several delays in ROW acquisitions that are taking longer than expected, which is restricting the City's ability to award a construction contract by June 30, 2015. The 24-month delay would give the City until June 30, 2017 to award a construction contract.

The City of San Juan Capistrano (City) is requesting a 24-month delay for ROW acquisitions for the Ortega Highway Improvement Project (14-SJCP-ACE-3723) from FY 2014-15 to FY 2016-17. The City is currently working with the County of Orange to establish an agreement providing grant match funds in amount of \$2,453,200. This process requires additional time. This delay request would provide additional time to develop the agreement and obligate the funds.

The City of Santa Ana (City) is requesting a 24-month delay for construction of the Bristol Street Widening Project (Washington Avenue to 17th Street) (12-SNTA-ACE-3599) from FY 2014-15 to FY 2016-17. The City has experienced several delays in ROW acquisitions for this project. The 24-month delay would give the City until June 30, 2017 to award a construction contract. The City is also requesting a 12-month delay for the Safe Transit Stops Project from FY 2014-15 to FY 2015-16. The project includes 30 bus stops in the City that have been designated among the "100 busiest stops" in Orange County. This delay would allow the City additional time to develop a comprehensive bid package for the thirty project sites.

Scope Change

The City of Fountain Valley (City) is requesting a scope adjustment for the 2013 Ocean Protection and Environmental Cleanup Project (13-FVLY-ECP-3686). The City originally proposed 71 trash filter inserts in the original scope of work. However, due to the increased costs and non-standard sizes of the catch basins required, 61 catch basins will be installed. This scope change will not impact the project benefits identified in the project application.

The Orange County Transportation Authority (OCTA), as an Administrative Lead Agency for the Cities of Mission Viejo, Lake Forest, and Rancho Santa Margarita is requesting a scope adjustment for the Santa Margarita Parkway Signal Synchronization Project (11-OCTA-TSP-3622). This request is the result of cost savings from intersection

Semi-Annual Review Adjustments

improvements. The original application included emergency vehicle preemption (EVP) system as part of one of the project's intersection improvements. However, that EVP system was already provided as part of another intersecting corridor Project P and is no longer needed. Local agencies in the area have requested to use the cost savings to purchase pedestrian countdown signals in place of the EVP unit.

The City of Laguna Beach (City) is requesting a scope adjustment for the trolley service provided as part of the Project V – Community-Based Transit/Circulators. The City originally submitted an application for expanded festival seasonal service to reduce headways to 15 minutes on three trolley routes, and add a new off-season trolley service during the spring and winter months. The grant included up to \$3,139,860 in operating reserve for a six-year period to fund the expanded and new off-season service operating six trolleys. The service has been successful and the City would like to increase the total number of operating vehicles from six to eight to meet additional demand, and extend the route to the Ritz Carlton in Dana Point. The City owns the trolleys and will not need to acquire new trolleys to provide additional services. This adjustment will allow them to operate two additional trolleys and increase the billable service hours within the existing budget.

Timely Use of Funds Extensions

Once obligated, the Combined Transportation Funding Programs (CTFP) funds expire 36 months from the date of contract award. Per precept 20 in the 2014 CTFP Guidelines, local agencies may request extensions up to 24 months through the semi-annual review. During this semi-annual review, eight agencies have submitted 24 timely use of funds extension requests.

The City of Aliso Viejo requests a 12-month timely use of funds extension of their FY 2011-12 local fair share funds (\$99,125), and a 24-month timely use of funds extension of their FY 2012-13 funds (\$557,597). This request was approved administratively but is included in this report for reference.

The City of Anaheim (City) is requesting a 24-month timely use of funds extension for the Ball Road/Sunkist Street intersection widening engineering phase (11-ANAH-ICE-3501). Due to delays with ROW acquisitions, the additional time will allow for engineering design support through the ROW phase, which will not be completed until May 2017.

The City is also requesting a 24-month timely use of funds extension for the Ball Road/Anaheim Boulevard intersection widening engineering phase (11-ANAH-ICE-3500). The City submitted a notice to proceed April 23, 2012, which sets a deadline of April 2015 for fund expenditures. However, the City is requesting additional time to process the payments for consultants hired. Once approved, the extension request would give them until April 2017 to expend the funds.

Semi-Annual Review Adjustments

The City is also requesting a 24-month timely use of funds extension for the State College Boulevard/La Palma Avenue intersection widening engineering phase (11-ANAH-ICE-3507). The City awarded the contract on February 7, 2012.

However, due to delays with ROW acquisitions, the additional time will allow for engineering design support through the ROW phase, which would extend the deadline to February 7, 2017.

The City of Buena Park (City) has submitted requests for 24-month timely use of funds extensions for the Knott Avenue signal synchronization (Artesia Boulevard to Garden Grove Boulevard) (12-BPRK-TSP-3604) implementation and maintenance phases. The City indicated a notice to proceed date of June 25, 2013. For this project, the City is the lead agency, in collaboration with Caltrans, and the cities of Anaheim, Cypress, Garden Grove, and Stanton. Traffic signal synchronization with Caltrans-owned signals have been delayed due to limited staff resources in design and implementation. This extension would extend the timely use of funds for this project for both implementation and maintenance phase to June 25, 2018.

The City has also submitted requests for 24-month timely use of funds extensions for the Valley View Street signal synchronization (11-BPRK-TSP-3546) implementation and maintenance phases. The City issued a notice to proceed date of June 26, 2012. For this project, the City is the lead agency, in collaboration with Caltrans. Traffic signal synchronization with Caltrans-owned signals have been delayed due to limited staff resources in design and implementation. This extension would extend the use of timely funds for this project for both implementation and maintenance phases to June 26, 2017.

The City of Costa Mesa (City) is requesting a 24-month timely use of funds extension for the Fairview Signal Synchronization Project (SR-55 to SR-22) (11-CMSA-TSP-3547). The City awarded the project contract for both implementation and maintenance phases in May 2012, and did not require a separate notice to proceed for each phase. This strategy obligated the funds for the maintenance phase at the same time as the implementation phase and now requires a timely use of funds extension to complete the maintenance phase. Once approved, the 24-month extension would extend the deadline to May 1, 2017. This would allow enough time for the City to complete operations and maintenance and expend the allocated grant funding.

The City of Irvine (City) is requesting a 24-month timely use of funds extension for the engineering phase of the Jamboree Road/Main Street Intersection Capacity Enhancement Project (11-IRVN-ICE-3530). An engineering contract was awarded February 23, 2012. However, the City is requesting this extension because they would like additional time to process environmental documents for this project, extending the deadline from February 2015 to February 2017.

Semi-Annual Review Adjustments

The City of Newport Beach (City) is requesting a 24-month timely use of funds extension for the engineering phase of the Newport Boulevard Widening Project (Via Lido to 30th Street) (11-NBCH-ACE-3538). An engineering contract was awarded June 12, 2012. However, the City is requesting this extension, extending the deadline from June 12, 2015 to June 12, 2017, because they experienced delays during ROW acquisitions for the project.

OCTA as an administrative lead agency for the cities of Fountain Valley, Huntington Beach, Santa Ana, Tustin, Anaheim, Orange, Placentia, Mission Viejo, San Juan Capistrano, and Westminster is requesting 24-month timely use of funds extension for the following projects:

- Implementation phase of the Warner Avenue Signal Synchronization Project (Pacific Coast Highway {PCH} to Red Hill Avenue) (11-OCTA-TSP-3558).
- Implementation and maintenance phases of the Tustin Avenue/Rose Drive Signal Synchronization Project (1st Street to Yorba Linda Boulevard) (11-OCTA-TSP-3557).
- Implementation and maintenance phases of the Goldenwest Street Signal Synchronization Project (SR-22 to PCH) (11-OCTA-TSP-3554).
- Implementation and maintenance phases of the Marguerite Parkway Signal Synchronization Project (El Toro Road to Via Escolar) (11-OCTA-TSP-3556).

Traffic signal synchronization with Caltrans has been delayed for all four OCTA-lead projects described above because Caltrans was unable to actively participate in the design and implementation, which produced a need for an on-call consultant. OCTA is requesting a timely use of funds extension for each project which will extend the deadline from June 20, 2015 to June 20, 2017.

The City of San Clemente (City) is requesting a 24-month timely use of funds extension for the maintenance phase of the Avenida Pico Signal Synchronization Project (El Camino Real to Camino Celosia) (11-SCLM-TSP-3559) and El Camino Real Signal Synchronization Project (Camino Capistrano to Avenida San Luis Rey) (11-SCLM-TSP-3560). The City awarded contracts for both projects on June 12, 2012. The implementation for both projects was delayed due to underground utility issues between the contractor and the City. The City is requesting to extend the deadline for both projects from June 2015 to June 2017.

Semi-Annual Review Adjustments

The City of Santa Ana (City) is requesting a 24-month timely use of funds extension for the ROW phase of the Bristol Street Widening Project (Washington Avenue to 17th Street) (12-SNTA-ACE-3599). The City submitted a notice to proceed April 23, 2012. However, the City is requesting timely use of funds extension, extending the deadline from April 2015 to April 2017 because they experienced delays during ROW acquisitions for the project.

The City is also requesting a 24-month timely use of funds extension for the engineering phase of the Grand Avenue widening (4th Street to 17th Street) (12-SNTA-ACE-3600). The City submitted a notice to proceed November 1, 2012. However, the City is requesting to extend the deadline from November 2015 to November 2017, because this phase of the project requires coordination with Caltrans to submit the design exception and encroachment permit, which will go beyond the November 2015 time limit.

The City is also requesting a 24-month timely use of funds extension for the local fair share (LFS) funds. The extension will allow City to expend their FY 2011-12 funds by June 2017.

The city has committed LFS funds to two projects to start construction in 2015 and is waiting to closeout an existing contract for the railroad crossing enhancement project. All projects are anticipated to be closed-out by June 2017. This request was approved administratively but is included here for reference.

Other

Policy Variance for the Newport Boulevard Widening Project

On, April 8, 2013, the OCTA Board of Directors approved \$3,048,413 for the ROW phase of the Newport Beach Boulevard Widening Project. The City of Newport Beach submitted a request for final payment including ROW expenditures to acquire parcels to construct a new parking lot in order to mitigate the loss of on-street parking. OCTA guidelines do not explicitly allow replacement parking outside the travel way unless the replacement parking is a project mitigation as identified in the environmental document. The City of Newport Beach incorporated parking impacts into the overall project versus formally mitigating the impacts through the California Environmental Quality Act process. This decision streamlined environmental approvals, saving time and effort in the process. Staff therefore recommends that the city's off-site replacement parking be considered a project-level mitigation and that the off-site parking dedication include the appropriate public access provisions.

In the future, replacement parking outside the travel way will be considered on a case-by-case basis and staff will recommend future CTFP guideline changes to address this matter more directly.

Semi-Annual Review Adjustments

Project Change

OCTA is requesting an adjustment for the OCTA-initiated bus stop improvements (Project W). Twenty percent of available Project W funding (\$370,000) was proposed to be directed towards the development and implementation of regional, customer-facing technologies that would benefit the 100 busiest stops. OCTA staff was recently able to acquire free services to develop the regional real-time text4next system. Therefore, OCTA is proposing the use of Project W funds to pay for a mobile ticketing app and be programmed in FY 2015-16. This option is considered a broader deployment of the fare collection versus ticket vending machines, which are identified in the Measure M2 voter pamphlet as an example project.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Comprehensive Transportation Funding Programs Semi-
Annual Review – March 2015**

Attachment C

Project W Update

On July 10, 2014, the Orange County Transportation Authority (OCTA) Board of Directors approved \$1,205,667 in Project W funds for 51 of the 100 busiest transit stops in Orange County, and \$370,000 for the OCTA regional text4next system. The improvements include installing new transit shelters at locations where there are no shelters at present, replacing aging shelters, installing shade trees, and replacing or installing other eligible transit amenities.

As part of the March 2015 semi-annual review process, OCTA staff requested local agencies to provide a status update for all city-initiated transit stops funded with Project W. As identified in Attachment A and B, two local agencies, including the cities of Brea and Santa Ana are requesting 12 months delay. All other local agencies including, the cities of Anaheim, Costa Mesa, Irvine, Orange, and Westminster reported that their projects are on schedule and will award contracts by June 30, 2015.

As described in Attachments A and B, Project W funds allocated to the regional text4next system are requested to be reallocated to the mobile ticketing app project and be programmed in fiscal year 2015-16. OCTA staff was able to acquire free services to develop the regional text4next system.

Project W allocations to the local agencies and OCTA are listed on Exhibit 1.

Local Agency	Project W Funds
Anaheim	\$ 178,494
Beach Boulevard/Lincoln Avenue	\$ 19,996
Harbor Boulevard/La Palma Avenue	\$ 19,996
Harbor Boulevard/Lincoln Avenue	\$ 39,992
La Palma Avenue/Euclid Street	\$ 19,992
Lincoln Avenue/Harbor Boulevard	\$ 28,690
Lincoln Avenue/State College Boulevard	\$ 29,840
State College Boulevard/Lincoln Avenue	\$ 19,987
Brea	\$ 30,000
Ring Road and Brea Mall	\$ 30,000
Costa Mesa	\$ 82,208
Harbor Boulevard and Wilson Street	\$ 23,652
Harbor Boulevard/Victoria Street	\$ 30,000
Wilson Street/Harbor Boulevard	\$ 28,556
Irvine	\$ 30,000
Campus Drive/University Center Drive	\$ 30,000
Orange	\$ 145,446
North Bound The City Drive/Dawn Way	\$ 28,020
Orange Transportation Center Dock 1	\$ 14,338
SB Main Street/Chapman Avenue	\$ 15,241
SB Main Street/Katella Avenue	\$ 13,837
SB Main Street/La Veta Avenue	\$ 14,010
SB Tustin Street at East Village Way	\$ 30,000
South Bound The City Drive/City Way	\$ 30,000
Santa Ana	\$ 687,519
17th Street/Grand Avenue	\$ 20,000
17th Street/Main Street	\$ 20,000
17th Street/Santa Ana College Boulevard	\$ 20,000
1st Street/Bristol Street	\$ 50,000
1st Street/Fairview Street	\$ 20,000
1ST Street/Grand Avenue	\$ 20,000
1st Street/Main Street	\$ 50,000
Bristol Street/1st Street	\$ 49,263
Bristol Street/Edinger Avenue	\$ 20,000
Bristol Street/McFadden Avenue	\$ 30,000
Edinger Avenue/Main Street	\$ 20,000
Fairview Street/Westminster Avenue	\$ 30,000
Harbor Boulevard/McFadden Avenue	\$ 20,000
Harbor Boulevard/Westminster Avenue	\$ 30,000
Main Street/1st Street	\$ 50,000
Main Street/4th Street	\$ 18,256
Main Street/5th Street	\$ 30,000
Main Street/Warner Avenue	\$ 20,000
McFadden Avenue/Bristol Street	\$ 20,000
McFadden Avenue/Fairview Street	\$ 30,000
McFadden Avenue/Harbor Boulevard	\$ 30,000
McFadden Avenue/Standard Avenue	\$ 20,000
McFadden Avenue/Sycamore Street	\$ 30,000
Westminster Avenue/Fairview Street	\$ 20,000
Westminster Avenue/Harbor Boulevard	\$ 20,000
Westminster	\$ 52,000
Beach Boulevard/Westminster Boulevard	\$ 27,000
Westminster Boulevard/Beach Boulevard	\$ 25,000
Orange County Transportation Authority	\$ 370,000
Regional real-time text4next system	\$ 370,000
Total	\$ 1,575,667

Information Items



COMMITTEE TRANSMITTAL

April 13, 2015

To: Members of the Board of Directors
From: ^{Lu}Laurena Weinert, Clerk of the Board
Subject: Fiscal Year 2015-16 Measure M2 Eligibility Guidelines Update

Executive Committee Meeting of April 6, 2015

Present: Chairman Lalloway, Vice Chair Donchak, and Directors Murray, Spitzer, Steel, and Ury
Absent: Directors Hennessey and Nelson

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Approve the fiscal year 2015-16 Measure M2 Eligibility Guidelines for the upcoming eligibility cycle.



April 6, 2015

To: Executive Committee
From: Darrell Johnson, Chief Executive Officer *Darrell Johnson for*
Subject: Fiscal Year 2015-16 Measure M2 Eligibility Guidelines Update

Overview

The Measure M2 Ordinance includes eligibility requirements that local agencies must satisfy in order to receive Measure M2 net revenues. The Measure M2 Eligibility Guidelines are used to guide local agencies through the eligibility requirements and submittal process. Updates to the Measure M2 Eligibility Guidelines are presented for Board of Directors' review and approval.

Recommendation

Approve the fiscal year 2015-16 Measure M2 Eligibility Guidelines for the upcoming eligibility cycle.

Background

The Measure M2 (M2) Eligibility Guidelines establish eligibility requirements for local jurisdictions to ensure that all local agencies are in compliance to receive M2 funds. Based upon previous eligibility submittals from local jurisdictions, proposed administrative adjustments are being recommended to clarify the guidelines.

Discussion

The M2 Eligibility Guidelines assist local agencies in submitting a compliant eligibility package. Administrative changes and clarifications to the guidelines incorporate comments and feedback received from local agencies and the Orange County Transportation Authority (OCTA) staff during the fiscal year (FY) 2014-15 eligibility review cycle. For the FY 2015-16 M2 eligibility cycle, OCTA has also identified areas for improvement to the guidelines, primarily related to information flow and guideline structure.

The revised guidelines are structured to mirror the sequential order of the eligibility process. The proposed structure provides an overview of the M2 Program, eligibility requirements, OCTA's determination of eligibility, the consequences for failing to meet the eligibility requirements, and the appeals process to reestablish eligibility.

Administrative changes to the M2 Eligibility Guidelines include additional information regarding the eligibility process, web page links to other relevant resources, updates to tables and exhibits, clarification on language and requirements, and elimination of duplicate information. A summary of the modifications is provided in Attachment A.

The proposed revisions will clarify and streamline the eligibility process, and also make it easier for local agencies to follow the guidelines and adhere to the eligibility requirements. While the order of information provided within the guidelines has changed and additional information has been added, the eligibility requirements and primary content remain the same. The revised M2 Eligibility Guidelines are included in Attachment B.

Summary

Modifications to the M2 Eligibility Guidelines are recommended to assist local jurisdictions with upcoming submittals.

Attachments

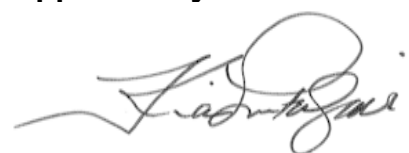
- A. Summary of Revisions to the Measure M2 Eligibility Guidelines
- B. FY 2015-16 Measure M2 Eligibility Guidelines

Prepared by:



May Hout
Transportation Funding Analyst
(714) 560-5905

Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741

**Summary of Revisions to the
Measure M2 Eligibility Guidelines**

Original Structure	Proposed Structure	Proposed Revisions
Chapter 1 - Eligibility Overview	Chapter 1 – Eligibility Overview	Chapter 1
1.1 Introduction/Background	1.1 Measure M2 Introduction	Section 1.1 Measure M2 Introduction (proposed) includes additional information on Measure M2 Net Revenues.
1.2 Ordinance Comparison	1.2 Competitive Funds	Section 1.2 Ordinance Comparison (original) is now included in Section 1.1 Measure M2 Introduction (proposed). Section 1.2 Competitive Funds (proposed) has been added.
1.3 Eligibility for Net Revenues	1.3 Local Fair Share Funds	Section 1.3 Eligibility for Net Revenues (original) is proposed to be included in Section 1.4 Eligibility Requirement for Net Revenues (proposed). Section 1.3 Local Fair Share Funds (proposed) was originally included in Section 3.1 Local Fair Share Program (original).
1.4 Compliance Components	1.4 Eligibility Requirements for Net Revenues	Section 1.4 Compliance Components (original) is consolidated into Chapter 2. Section 1.4 Eligibility Requirements for Net Revenues (proposed) was originally included as Section 1.3 Eligibility of Net Revenues (original).
1.5 Taxpayers Oversight Committee	N/A	Section 1.5 Taxpayers Oversight Committee (original) is now included in Section 3.2 Approval Process (proposed).
1.6 Non-Compliance Consequences		Section 1.6 Non-Compliance Consequences (original) is now included in Section 4.1 Non-Compliance Consequences (proposed).
1.7 Appeals Process		Section 1.7 Appeals Process (original) is now included in Section 4.2 Appeals Process (proposed).
Chapter 2 - Guidance	Chapter 2 – Eligibility Requirements	Restructures the sequential order of the information
2.1 Policy Items	2.1 Capital Improvement Program (CIP)	For quick reference, eligibility requirements are listed individually, alphabetically by requirement name in Chapter 2, instead of listed by category type, i.e. policy items (original section 2.1), administrative items (original section 2.2), financial items (original section 2.3). Users of the Eligibility Guidelines found the original categories more cumbersome to follow.
2.2 Administrative Items	2.2 Circulation Element/ MPAH Consistency	
2.3 Financial Items	Exhibit 1: Master Plan of Arterial Highways Centerline Miles	
N/A	2.3 Congestion Management Program (CMP)	
	2.4 Expenditure Report	
	2.5 Local Signal Synchronization Plan (LSSP)	
	2.6 Maintenance of Effort (MOE)	
	Exhibit 2: Maintenance of Effort Benchmark by Local Jurisdiction	
	2.7 Mitigation Fee Program	
	2.8 No Supplanting of Developer Commitments	
	2.9 Pavement Management Plan (PMP)	
	Exhibit 3: Local Jurisdiction Periodic Component Submittal Schedule	
	2.10 Project Final Report	
2.11 Time Limit for Use of Net Revenues		
2.12 Traffic Forums		
2.13 Transit/Non-motorized Transportation in General Plan		

**Summary of Revisions to the
Measure M2 Eligibility Guidelines**

ATTACHMENT A

Original Structure	Proposed Structure	Proposed Revisions
Chapter 3 - Submittal Process	Chapter 3 - Eligibility Determination	Chapter 3 - Eligibility Determination (proposed) is now included to provide the local agencies with an overview of the eligibility determination process. Most of the information that was provided in Chapter 3 - Submittal Process (original) is now incorporated into each of the eligibility items provided in Chapter 2 - Eligibility Requirements (proposed).
3.1 Local Fair Share Program	3.1 Submittal Review Process	Section 3.1 Local Fair Share Program (original) is now included in Section 1.3 Local Fair Share Program (proposed). Section 3.1 Submittal Review Process (proposed) is now included to help local agencies understand how their submittals are reviewed and processed for approval.
3.2 Submittal Documentation Summary	3.2 Approval Process	Section 3.2 Submittal Documentation Summary (original) is consolidated into Chapter 2 (proposed). Section 3.2 Approval Process (proposed) has been added to clarify the eligibility approval process.
3.3 MOE Certification Process	N/A	Section 3.3 MOE Certification Process (original) is consolidated into Section 2.6 Maintenance of Effort (proposed).
3.4 Master Plan of Arterial Highways		Section 3.4 Master Plan of Arterial Highways (original) is now consolidated into Section 2.2 Circulation Element/ MPAH Consistency (proposed).
3.5 For Additional Information		Section 3.5 For Additional Information (original) is now Section 4.4 For Additional Information (proposed).
N/A	Chapter 4 – Failure to Meet Eligibility Requirements	Chapter 4 (proposed) is added to clarify non-compliance consequences and resolution of non-compliance.
	4.1 Non-Compliance Consequences	Section 1.6 Non-Compliance Consequences (original) is Section 4.1 Non-Compliance Consequences (proposed).
	4.2 Appeals Process	Section 1.7 Appeals Process (original) is Section 4.2 Appeals Process (proposed).
	4.3 Re-establishing MPAH Eligibility	Information previously provided in Section 3.4 Master Plan of Arterial Highways (original) is included in Section 4.3 Re-establishing MPAH Eligibility (proposed).
	4.4 For Additional Information	Section 3.5 Additional Information (original) is Section 4.4 Additional Information (proposed).
Tables/Exhibits	Tables/Exhibits	Moved to appropriate sections in the M2 Eligibility Guidelines
Table 1-1 - Eligibility Element Comparison	N/A	Table 1-1 is removed. Originally included during transition from M1 to M2. Language regarding Ordinance comparison is included in Section 1.1 Measure M2 Introduction (proposed).
Table 2-1 - Maintenance of Effort (MOE) Benchmark by Local Jurisdiction		Table 2-1 is included as Exhibit 2: Maintenance of Effort Benchmark by Local Jurisdiction in Section 2.6 Maintenance of Effort (proposed).
Table 2-2 - Local Jurisdiction Periodic Component Submittal Schedule		Table 2-2 is included as Exhibit 3: Local Jurisdiction Periodic Component Submittal Schedule in Section 2.9 Pavement Management Plan (proposed).
Table 3-1 - Master Plan of Arterial Highways Centerline Miles		Table 3-1 is included as Exhibit 1: Master Plan of Arterial Highways Centerline Miles in Section 2.2 Circulation Element/ MPAH Consistency (proposed).

**Summary of Revisions to the
Measure M2 Eligibility Guidelines**

Original Structure	Proposed Structure	Proposed Revisions
Appendices	Appendices	See below for revisions to Appendices
A – Renewed Measure M Ordinance (Ordinance No. 3)	Appendix A: M2 Ordinance	No Change
B – Eligibility for New Cities	Appendix B: Eligibility for New Cities	No Change
C – Congestion Management Program (CMP) Checklist	Appendix C: Congestion Management Program Checklist	No Change
D – Eligibility Checklist	Appendix D: Eligibility Checklist	Administrative changes
E – Sample Resolution for Local Signal Synchronization Plan Update.	Appendix E: Resolution for Mitigation Fee and Master Plan of Arterial Highways	Provided sample resolution approved by Board on December 10, 2012
F – Pavement Management Program (PMP) Certification & Agency Checklist	Appendix F: Pavement Management Plan Certification & Agency Submittal Checklist	Administrative changes
G – M2 Expenditure Report Template, Instructions & Resolution	Appendix G: M2 Expenditure Report Template, Instructions & Resolution	Schedule 2 summary table foot note - includes revisions to this summary table that will require local agencies to separate the interest earned into another column and include freeway environmental mitigation revenues and expenditures per the Ordinance
H – Final Report Template for “Net Revenue” Projects	Appendix H: Arterial Highway Mileage Change Report	Due to the frequent changes in the final report templates, H - Final Report Template for net Revenue Projects are removed from the M2 Eligibility Guidelines. The forms can be found in the CTFP Guidelines and downloaded by the local agencies from the OCfundtracker website (https://ocfundtracker.octa.net/login.asp)
I – Maintenance of Effort (MOE) Reporting Form	Appendix I: Maintenance of Effort Reporting Form	No Change
J – Local Fair Share Revenue Projections	Appendix J: Acronyms	J - Local Fair Share Projections are removed. Due to the frequency of these updates, the local fair share estimates are no longer in Appendix J, and can be found on OCTA's M2 eligibility website (http://www.octa.net/About/Transportation-Funding/Eligibility/)
K – Arterial Highway Mileage Change Report	N/A	K - Arterial Highway Mileage Change Report is moved to Appendix H: Arterial Highway Mileage Change Report
L – Acronyms	N/A	Acronyms are moved to Appendix J Acronyms



FY 2015-16

Measure M2 Eligibility Guidelines



FY 2015-16 Measure M2 Eligibility Guidelines

Effective April 13, 2015

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Chapter 1 – Eligibility Overview

1.1 Measure M2 Introduction/Background

In order to meet expected growth in Orange County over the next 30 years, continued investment in the County's infrastructure will be required. To meet these needs, additional projects were identified which could be funded through an extension of the Measure M program. Voters approved Renewed Measure M (M2) on November 7, 2006.

~~Renewed Measure M2~~ is a 30-year, multi-billion dollar program extension of the original Measure M (1991-2011) with a new slate of projects and programs planned. These include improvements to the Orange County freeway system and streets & road network throughout the County, additional expansion of the Metrolink system, more transit services for seniors and the disabled as well as funding for the cleanup of roadway storm water runoff.

~~Renewed Measure M2~~ extends Orange County's self-help legacy toward financing infrastructure. A seamless transition from the original Measure M to the new slate of projects ~~requires~~ **required** careful consideration of the Ordinance and inventory of new requirements. Consistent with the first ordinance, the eligibility guidelines have been prepared to assist local jurisdictions to understand the requirements necessary to maintain their eligibility to receive ~~Renewed Measure M2~~ funds.

~~This The Measure M2~~ Eligibility Guidelines identify annual eligibility requirements as specified in Ordinance No. 3, Attachment B, and Section III. ~~Ordinance No. 3 (M2 Ordinance)~~ **outlines all programs and requirements and is included as Appendix A.** Compliance with the eligibility requirements ~~established in the ordinance No. 3~~ must be established and maintained in order for local jurisdictions to receive Net Revenues. Policies and procedures are presented to enable and facilitate annual eligibility for local jurisdiction participation. Guidelines for newly incorporated cities are outlined in Appendix B.

With the passage of ~~Renewed Measure M2~~, several eligibility requirements applicable to the previous program ~~will are~~ no longer ~~valid be used~~. Prominent features of the ~~current past~~ program that ~~are being~~ **have been** discontinued include preparation of Growth Management Program (GMP), a development phasing & monitoring program, and a balanced housing options and job opportunities component of the General Plan. Although these planning tools are no longer elements of the eligibility process, local jurisdictions are encouraged to consider these elements as sound planning principles.

M2 Net Revenues are generated from the transactions and use tax plus any interest or other earnings – after allowable deductions. Net Revenues may be allocated to local jurisdictions for a variety of programs and the Authority shall allocate the Net Revenues to freeways, environmental, transit, and street and roads projects.

Freeway Projects

Orange County freeways will receive 43 percent of net revenues. Relieving congestion on State Route 91 is the centerpiece of the freeway program. Other major projects include improving Interstate 5 (I-5) in south Orange County and Interstate 405 (I-405) in west Orange County and State Route 57 in North Orange County. Under the plan, major traffic chokepoints on almost every freeway will be improved.



Environmental Programs

In order to address any environmental impact of freeway improvements, five percent of the allocated freeway funds will be used for environmental mitigation programs. A Master Agreement between OCTA and state and federal resource jurisdictions will provide higher-value environmental benefits such as habitat protection, wildlife corridors and resource preservation in exchange for streamlined project approvals for the freeway program as a whole. Funds are also available under the Environmental Cleanup Program (Project X) to implement water quality improvement projects.

Transit Projects

Orange County's rail and bus service will receive 25 percent of M2 net revenues. These funds will be used to add transit extensions to the Metrolink corridor, reduce bus fares for senior citizens and persons with disabilities, and establish local bus circulators.

Street and Roads Projects

Orange County has more than 7,300 lane miles of streets and roads, many in need of repair and rehabilitation. M2 will allocate 32 percent of net revenues to streets and roads. These funds will help fix potholes, improve intersections, synchronize traffic signals countywide, and make the existing network of streets and roads safer and more efficient.

The allocation of thirty-two percent of the Net Revenues for Street and Road Projects shall be made as follows:

1. Ten percent (10%) of the Net Revenues shall be allocated for Regional Capacity Programs (Project O).
2. Four percent (4%) of the Net Revenues shall be allocated for Regional Traffic Signal Synchronization Program projects (Project P);
3. Eighteen percent (18%) of the Net Revenues shall be allocation for Local Fair Share Programs.

1.2 Competitive Funds

OCTA shall select projects through a competitive process for the Regional Capacity Program (Project O), the Regional Traffic Signal Synchronization (Project P), the various transit programs (Projects S, T, V, and W), and the Environmental Cleanup Program (Project X). The criteria for selecting these projects are included in the Comprehensive Transportation Funding Programs (CTFP) Guidelines. The process for calculating and distributing local fair share funds are described in Section 1.3.



1.3 Local Fair Share Funds

The Local Fair Share Program is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. It is funded through an eighteen ~~(18)~~ percent (18%) allocation from Net Revenues and is distributed to eligible jurisdiction jurisdictions ~~agencies~~ on a formula basis as determined by the following:

- Fifty ~~(50)~~ percent (50%) divided between eligible jurisdictions based upon the ratio of the jurisdiction's population to the County's total population, each from the previous calendar year.
- Twenty-five ~~(25)~~ percent (25%) divided between eligible jurisdictions based upon the ratio of the jurisdiction's existing Master Plan of Arterial Highways (MPAH) centerline miles to the total MPAH centerline miles within the County as determined annually by the OCTA.
- Twenty-five ~~(25)~~ percent (25%) divided between eligible jurisdictions based upon the ratio of the jurisdiction's total taxable sales to the total taxable sales for the County, each from the previous calendar year.
- Revenue projections are updated based upon a blended economic forecast developed by Chapman University, California State University, Fullerton (CSUF), and University of California, Los Angeles (UCLA). The resulting revenue estimates are used for programming of competitive funds and as a guide for local jurisdiction planning within the respective CIPs.



1.4 Eligibility Requirements for Net Revenues

Every year, the Orange County Transportation Authority (OCTA) determines if a local jurisdiction is eligible to receive ~~Measure~~M2 Local Fair Share and competitive program funds. A local jurisdiction must satisfy certain requirements as outlined in Ordinance No. 3. Specifically, a jurisdiction must:

- Comply with the conditions and requirements of the Orange County Congestion Management Program (CMP)
- Establish a policy which requires new development to pay its fair share of transportation-related improvements associated with their new development
- Adopt a General Plan Circulation Element consistent with the MPAH
- Adopt and update a Capital Improvement Program (CIP)
- Participate in Traffic Forums
- Adopt and maintain a Local Signal Synchronization Plan (LSSP)
- Adopt and update biennially a Pavement Management Plan (PMP)
- Adopt and provide an annual Expenditure Report to the OCTA
- Provide the OCTA with a Project Final Report within six months following completion of a project funded with Net Revenues
- Agree to expend all Local Fair Share revenues received through ~~Renewed Measure~~M2 within three years of receipt
- Satisfy Maintenance of Effort (MOE) requirements
- Agree that Net Revenues shall not be used to supplant developer funding
- Consider, as part of eligible jurisdiction's General Plan, land use and planning strategies that accommodate transit and non-motorized transportation



Chapter 2 – Eligibility Requirements

The annual eligibility process relies upon a variety of reporting methods to verify local jurisdiction compliance. Most methods leverage tools routinely used in the public planning process while others require certification forms or specialized reports. Templates, forms, and report formats are ~~described in this chapter and~~ included as appendices to the eligibility guidelines and are available in electronic format. The requirements presented in this section have been segregated into three separate categories based upon purpose and process. The table below summarizes certification frequency and documentation requirements.

Compliance Category	Frequency	Documentation
Capital Improvement Program	Annually (June 30 th)	Electronic, hardcopy, <u>City Council/ Board of Supervisors approval</u>
Circulation Element /MPAH Consistency (Circulation Element)	Biennially (June 30 th)	Resolution (<u>Appendix E</u>) and <u>Circulation Element Exhibit</u>
Congestion Management Program	Odd numbered year (i.e. <u>June 2015, 2017</u>)	<u>Eligibility Checklist item in Appendix D, CIP, CMP Checklist (Appendix C)</u>
Expenditure Report [±]	Annually (December 31 st)*	<u>Expenditure Report six months after end of fiscal year, resolution (Appendix G)</u>
Local Signal Synchronization Plan	Every three years (i.e. <u>2014, June 30, 2017</u>)	Copy of plan, <u>optional resolution</u>
Maintenance of Effort	Annually (June 30 th)	<u>MOE Certification form (Appendix I), budget excerpts</u>
Mitigation Fee Program	Biennially (June 30 th)	<u>Eligibility Checklist item in Appendix D, copy of program, Resolution (Appendix E)</u>
No Supplanting Existing Commitments	Annually (June 30 th)	<u>Eligibility Checklist item in Appendix D</u>
Pavement Management Plan	Every two years (June 30 th)	<u>PMP Certification form, report, CD</u>
Project Final Report	Within 6 months of project completion	Final Report
Timely Expenditure of Funds	Annually (June 30 th)	<u>Eligibility Checklist item in Appendix D, Master agreement</u>
Traffic Forums	Annually	<u>Eligibility Checklist item in Appendix D</u>
Transit/Non-motorized Transportation in General Plan	Annually (June 30 th)	<u>Eligibility Checklist item in Appendix D, letter with General Plan excerpts; for updates from land use section</u>

*Huntington Beach follows a federal fiscal year and must submit the M2 Expenditure Report by March 31st.

~~These components are segregated in Chapter 2 and Chapter 3 as Policy, Administrative, and Financial in nature. Policy items require periodic updates through Council action or City compliance. Financial items are items which require a set schedule of financial data reporting. Administrative items are the items which require day-to-day implementation and on-going planning.~~

2.1 Capital Improvement Program (CIP)

A CIP is a multi-year funding plan to implement capital transportation projects and/or programs, including but not limited to capacity, safety, operations, maintenance and rehabilitation projects.

For purposes of eligibility, the M2 Ordinance specifies that each jurisdiction must prepare a CIP. The annual seven-year CIP updates are required to enable timely review of eligible use of funds. The CIP shall include all capital transportation projects, including but not limited to,



projects funded by Net Revenues (i.e. Environmental Cleanup Program, Traffic Signal Synchronization Plan, Regional Capacity Program, and Local Fair Share Projects) and shall include transportation projects required to demonstrate compliance with signal synchronization, ~~and~~ pavement management, ~~and~~ CMP requirements. (See section 2.3 for the CIP's relevance to the CMP.)

Projects funded by Net Revenues include:

<u>Project Description</u>	<u>Project</u>
<u>Freeway Environmental Mitigation</u>	<u>A-M</u>
<u>Regional Capacity Program</u>	<u>Q</u>
<u>Regional Traffic Signal Synchronization Program</u>	<u>P</u>
<u>Local Fair Share Program</u>	<u>Q</u>
<u>High Frequency Metrolink Service</u>	<u>R</u>
<u>Transit Extensions to Metrolink</u>	<u>S</u>
<u>Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems</u>	<u>T</u>
<u>Senior Mobility Program or Senior Non-Emergency Medical Program</u>	<u>U</u>
<u>Community Based Transit/Circulators</u>	<u>V</u>
<u>Safe Transit Stops</u>	<u>W</u>
<u>Water Quality Program</u>	<u>X</u>

Each eligible jurisdiction must include projects in their CIP, which are needed to meet and maintain the adopted Traffic Level of Service and Performance Standards. It shall also include all projects proposed to receive ~~Measure-M2~~ funding. Cities are encouraged, but not required, to include all transportation related projects regardless of ~~Measure-M2~~ funding participation.

If ~~Renewed Measure-M2 funds~~ funding needed for a project is not reflected on the current CIP, an amended CIP should be adopted with contract award and prior to expending funds. The revised CIP should be submitted to OCTA in hard copy form with evidence of council approval.

Submittal Frequency: Minimum Annual, or as needed to add M2 projects that are not reflected on the current CIP. Next submittal is due by June 30, 2015.

City Council/ Board of Supervisors approval: Required

Verification Method

~~To establish eligibility,~~ Each jurisdiction must submit an electronic and hard copy of its CIP with evidence of council approval. The OCTA provides a web-based database called the Web Smart CIP used countywide for reporting Council-approved CIP information. The Web Smart CIP includes all projects submitted in the previous eligibility cycle. New projects should be added to the database and completed, cancelled or prior year programmed year-old projects should be removed. In addition, the funding schedule, source, and cost data for ongoing projects should be reviewed and updated for accuracy.

A separate CIP User's Manual has been developed to assist local ~~agencies-jurisdictions~~ with the preparation of the seven-year CIP. The CIP User's Manual can be found on the M2 Eligibility Website: <http://www.octa.net/About/Transportation-Funding/Eligibility/>.



2.2 Circulation Element/ MPAH Consistency

~~A Circulation Element is one component of a jurisdiction's General Plan that depicts a planned multimodal network and related policies. M2 funding eligibility requires that each jurisdiction must adopt and maintain a Circulation Element that is consistent with the OCTA MPAH, which defines the minimum planned lane configurations for major regionally significant in Orange County. Each jurisdiction must adopt and maintain a Circulation Element within their adopted General Plan depicting planned roadways and related policies within the City limits. The Circulation Elements must also be consistent with the MPAH.~~

MPAH Consistency

~~The Orange County Division of the League of California Cities endorsed a definition and process for determining consistency of each jurisdiction's Traffic Circulation Element with the MPAH. Through a cooperative process, the OCTA, the City Engineers Association, the City Managers Association, and the County of Orange developed criteria for determining consistency with the MPAH. Criteria and MPAH Consistency Policies for determining MPAH Consistency are included in a separate manual titled "Guidance for Administration of the Orange County Master Plan of Arterial Highways" that can be downloaded on OCTA's Eligibility webpage: <http://www.octa.net/About/Transportation-Funding/Eligibility/> below:~~

MPAH Consistency Policies

- The local jurisdiction's Circulation Element is to have the minimum planned carrying capacity equivalent to the MPAH for all MPAH links within its jurisdiction. "Planned carrying capacity" is the number of through lanes on each arterial highway as shown on the local Circulation Element.
- ~~Local jurisdictions Agencies~~ will not be found inconsistent with the MPAH as a result of existing capacity limitations on arterials not yet constructed to the ultimate capacity shown on the MPAH.
- Every two years, each local jurisdiction must submit a resolution adopted by the governing body attesting that no unilateral reduction in lanes has been made on any MPAH arterial.
- The local agency will be ineligible to participate in ~~Renewed Measure M2~~ programs if a roadway on the MPAH has been unilaterally removed from or downgraded on their Circulation Element and/or does not meet the ~~planned~~ capacity criteria. Eligibility may be reinstated upon completion of a cooperative study that resolves the inconsistency. Additionally, the local jurisdiction can re-establish eligibility upon restoring its Circulation Element to its previous state of MPAH consistency.
- The local jurisdiction must adopt a General Plan Circulation Element that does not preclude implementation of the MPAH.
- A local jurisdiction is inconsistent with the MPAH as of the date the governing body takes unilateral action reducing the number of existing and/or planned through lanes on an MPAH arterial built to its ultimate configuration to less than the ultimate capacity shown on the MPAH. "Unilateral action" means physical action such as striping, signing, physical restrictions executed by the local jurisdiction.
- A local jurisdiction may be permitted to reduce existing though lanes if prior to taking action, it can demonstrate to the OCTA TAC that such action is temporary and can be justified for operational reasons. The local jurisdiction must enter into a binding



agreement to restore capacity upon demand by OCTA. The OCTA TAC may recommend that the local jurisdiction remain eligible on a conditional basis. If it is found to be ineligible, it may regain eligibility upon physical restoration of the arterial to the original state that is consistent with the MPAH.

- Traffic calming measures shall not be used on arterials classified as Secondary and above on the MPAH. Traffic calming measures may be allowed only on Divided Collectors and Collectors, where it can be demonstrated the calming measures will not reduce vehicle carrying capacity below the actual and projected traffic volumes for the segment and the increased traffic volume on the affected MPAH facilities does not result in an intersection level of service (LOS) worse than LOS "D" or the General Plan standard adopted by the affected jurisdiction.
- If a local jurisdiction requests a change to the MPAH and enters into a cooperative study to analyze the request, it may be considered conditionally consistent. No change shall be made to its Circulation Element until after the cooperative study is completed and agreement is reached on the proposed amendment.

Submittal Frequency: Odd year requirement. Next submittal is due by June 30, 2015

City Council/ Board of Supervisors approval: Required

Verification Method

~~To establish eligibility for Renewed Measure M,~~ Each jurisdiction must provide the following every odd year:

- ~~each jurisdiction must~~ D document within the ~~jurisdiction submittal~~ Eligibility C checklist (Appendix D) that ~~it confirms its~~ the Circulation Element is consistent with the MPAH.
- ~~Each jurisdiction also must submit a~~ A copy of their most current Circulation Element Exhibit biennially showing all arterial highways and their individual arterial designations. Any proposed changes and/or requests for changes to the MPAH should also be included. with the MPAH Resolution. In addition, the MPAH Resolution identified in Appendix E must be adopted by the legislative body and submitted on a biennial basis
- Resolution adopted by the governing body of the local jurisdiction (Appendix E)
- The Arterial Highway Mileage Change Report (Appendix H). Changes in actual (built or annexed) MPAH centerline miles since the previous MPAH Consistency Review are to be reported to the nearest 0.01 mile, excluding State highways. Data should be current as of April 30 of the reporting year. ~~Table Exhibit 3-1~~ lists the current MPAH centerline miles by jurisdiction that is used to calculate local fair share.

OCTA shall review the materials submitted, and determine whether the local agency Circulation Elements are consistent with the MPAH, meaning there is a minimum planned carrying capacity equivalent to the MPAH for all MPAH links within the local agency's jurisdiction.



Exhibit Table 3-1: Master Plan of Arterial Highways Centerline Miles

Agency	2014 Centerline Mileage (8/29/2014)
Aliso Viejo	14.85
Anaheim	148.94
Brea	20.57
Buena Park	34.51
Costa Mesa	49.33
County of Orange	51.23
Cypress	24.94
Dana Point	15.72
Fountain Valley	35.50
Fullerton	62.18
Garden Grove	63.72
Huntington Beach	93.05
Irvine	134.37
La Habra	17.13
La Palma	7.20
Laguna Beach**	14.01
Laguna Hills	20.74
Laguna Niguel	35.94
Laguna Woods	5.77
Lake Forest	37.71
Los Alamitos	6.38
Mission Viejo	43.49
Newport Beach	48.92
Orange	85.21
Placentia	25.01
Rancho Santa Margarita	18.21
San Clemente	23.70
San Juan Capistrano	18.88
Santa Ana	100.23
Seal Beach	12.24
Stanton	9.55
Tustin	40.05
Villa Park	3.50
Westminster	35.78
Yorba Linda	32.67

1391.25

***Laguna Beach credited with State Highway mileage by agreement of the TAC.*



2.3 Congestion Management Program (CMP)

With the passage of Proposition 111 Gas Tax increase in June 1990, urbanized areas of California were required to adopt a ~~Congestion Management Plan (CMP)~~. OCTA was designated as the County's Congestion Management Agency (CMA), and as such, is responsible for the development, monitoring, and biennial updating of Orange County's CMP. Orange County's CMP is a countywide program established in 1992 to support regional mobility and air quality objectives through the effective use of transportation funds, coordinated land use, and development planning practices. Required elements of the County's CMP include traffic level of service (LOS) standards, performance measures, travel demand assessment methods and strategies, land use analysis programs, and Capital Improvement Programs.

The goals of Orange County's CMP are to support regional mobility and air quality objectives by reducing traffic congestion; provide a mechanism for coordinating land use and development decisions that support the regional economy; and determine gas tax eligibility. Each jurisdiction must comply with the following conditions and requirements of the Orange County ~~Congestion Management Program (CMP)~~ pursuant to the provisions of the Government Code Section 65089 to be considered eligible for both gas tax revenues and ~~Renewed Measure M2~~ funding:

- Level of Service – Highways and roadways designated by OCTA must operate at an established ~~level of service (LOS)~~ of no less than LOS "E" (unless the LOS from the baseline CMP dataset was lower).
- Deficiency Plans – Any CMP intersections that do not comply with the LOS standards must have a deficiency plan prepared by the responsible local jurisdiction that identify the cause and necessary improvements for meeting LOS standards (certain exceptions apply).
- Land Use Analysis – Analyze the impacts of land use decisions on the transportation system, using a designated methodology, consistent with the CMP Traffic Impact Analysis guidelines. The analysis must also include ~~estimated cost the cost estimate associated with~~ to mitigating/mitigate those associated impacts.
- Modeling and Data Consistency – A jurisdiction utilizing a local area model for traffic impact analysis must conform to the Orange County Sub-area Modeling guidelines, prepared by OCTA.
- Capital Improvement Program (CIP) – ~~Jurisdictions Agencies~~ must submit an adopted seven-year CIP that includes projects to maintain or improve the LOS on CMP facilities, or adjacent facilities.

Submittal Frequency: Every odd year – Next submittal is due by June 30, 2015

City Council/ Board of Supervisors approval: Not Required

Verification Method

The CMP checklist, as shown in Appendix C, must ~~be submitted be completed every odd numbered year (i.e. 2015, 2017)~~ to demonstrate compliance with CMP requirements. If a deficient intersection is identified, the jurisdiction must include a project in their CIP to address the issue or develop a deficiency plan. OCTA will use the M2 CIP prepared by each local jurisdiction agencies as the default CMP CIP rather than require a separate submittal. Projects



intended to address CMP deficiencies should be clearly identified in the project description within the CIP.

2.4 Expenditure Report

The expenditure report is a detailed financial report submitted by each jurisdiction used to track financial activity as it relates to M2 and other improvement revenue sources~~funds~~. Each jurisdiction must adopt an annual Expenditure Report to account for ~~Measure M2~~ funds, developer/traffic impact fees, and funds expended by the jurisdiction that satisfy the ~~MOE~~aintenance of Effort requirements. This report is used to validate eligible uses of funds and to report actual MOE expenditures.

- Report required within six months of jurisdiction's end of fiscal year
- Report to include all Net Revenue, fund balances, and interest earned. Negative interest is not an allowable expense.
- Reported Expenditures shall be identified by activity type (i.e. capital, operations, administration) and funding source for each M2 program and/or project

Submittal Frequency: Annual – within 6 months of the end of the fiscal year. The ~~By~~ deadline is December 31 except for the City of Huntington Beach for jurisdictions using following a state fiscal year (July-June) fiscal year and . The City of Huntington Beach is required to submit by March 31 of the next calendar year since the city follows a for jurisdictions following a federal fiscal year (October-September) (i.e., Huntington Beach).

City Council/ Board of Supervisors approval: Required

Verification Method

The expenditure report signed by the City Finance Director and council resolution attesting to the adoption is required. The M2 expenditure report template, instructions, and resolution are provided in Appendix G.

2.5 Local Signal Synchronization Plan (LSSP)¹

The Local Signal Synchronization Plan (LSSP) is a a three-year plan identifying traffic signal synchronization, street routes and traffic signals to be improved in eligible jurisdictions. local program consistent The Local Traffic Signal Synchronization Plan shall be consistent with the Regional Traffic Signal Synchronization Master Plan (RTSSMP), which provides a three-year plan identifying traffic signal synchronization, street routes and traffic signals to be improved in eligible jurisdictions. The LSSP will outline the costs associated with the identified improvements, funding and phasing of capital, and the operations and maintenance of the street routes and traffic signals. Inter-jurisdictional planning of traffic signal synchronization is also a component of the LSSP.

Each jurisdiction will be required to adopt and maintain a Local Signal Synchronization Plan (LSSP) consistent with specific requirements in Ordinance No. 3. Each LSSP will identify traffic signal synchronization street routes, traffic signals and how they may be synchronized with traffic signals on the street routes of adjoining jurisdictions. Each plan will include a three-year plan showing cost, available funding and phasing of capital, operations and maintenance.



~~Local jurisdictions must update LSSPs every three years and include a signal synchronization performance assessment which compares the information in the current report to of the efforts must be provided prior cycle activities. as well as details on the review and revision (as necessary) of the timing of traffic signals along the identified traffic signal synchronization street routes.~~

~~Submittal Frequency: Every 3 years - Next LSSP update submittal is due June 30, 2017.~~

~~City Council/ Board of Supervisors approval: Optional~~

Verification Method

~~To establish eligibility, cities~~ Local jurisdictions must ensure that their LSSP is in conformance with the RTSSMP. LSSPs must be updated every three years starting June 30, 2014. At the minimum, ~~the Local Signal Synchronization Plan Consistency Review Checklist must be signed by a Public Works Director~~ a Public Works Director must sign the Local Signal Synchronization Plan Consistency Review Checklist. ~~and~~ City/county council action is at the discretion of the local agency. ~~A sample resolution has been prepared if council action is preferred (See Appendix E).~~ A separate document prepared by the OCTA, "Guidelines for the Preparation of Local Signal Synchronization Plans," provides additional detail for agency submittal that can be downloaded from OCTA's Eligibility webpage: <http://www.octa.net/About/Transportation-Funding/Eligibility/>.

¹ ~~A local match reduction of ten percent (10%) is provided for competitive grant applications submitted through the of eligible Regional Capacity Program (M2 - Project O) if the local jurisdiction has adopted a application costs will be permitted if the jurisdiction implements and maintains a LSSP consistent with the Regional Traffic Signal Synchronization Master Plan (RTSSMP).~~

2.6 Maintenance of Effort (MOE)

The MOE Certification is a financial document, which provides annual certification of planned/budgeted Maintenance, Construction and Administrative/Other transportation related expenditures and how they compare to the annual MOE Benchmark Requirements for the fiscal year. Each jurisdiction must provide annual certification to OCTA that the ~~Maintenance of Effort (MOE)~~ requirements of Section 6 of Ordinance No. 3 have been satisfied. MOE applies to transportation-related discretionary expenditures such as General Funds by local jurisdictions agencies for Maintenance, Construction, and other Categories.

MOE Certification Process

~~Renewed Measure M2~~ funds may be used to supplement, not replace, existing local revenues being used for transportation improvements and programs. A local jurisdiction cannot redirect monies currently being used for transportation purposes to other uses and replace the redirected funds with ~~Renewed Measure M2~~ revenues.

Each jurisdiction is required to maintain a minimum level of local streets and roads expenditures to conform to the MOE requirement. The original minimum level of expenditures ~~is was~~ based upon an average of General Fund expenditures for local street maintenance and construction over the period from Fiscal Year 1985-86 through Fiscal Year 1989-90. The expenditure information was obtained from the Orange County Transportation Commission's (OCTC) Annual Report data collection sheets. The established benchmark ~~is was~~ reported in constant dollars and ~~is was~~ not adjusted for inflation. Annexation of land into an existing jurisdiction does not affect the MOE.



~~Per the M2 Ordinance, the MOE benchmark must be Adjusted benchmark in 2014 and every three years thereafter based upon Caltrans' Construction Cost Index (CCI) for the preceding three-years. The CCI adjustment cannot exceed growth rate in General Fund revenues during update period. The first current MOE benchmark is reflected in Exhibit 2. The next MOE benchmark adjustment will be effective July 1, 2017.~~

~~The MOE benchmark in Renewed Measure M, beginning April 2011, will be adjusted in 2014 and every three years thereafter as described in Chapter 2 and shown on Table 2-1.~~

- ~~• Net Revenues to supplement existing funds used for transportation improvements~~
- ~~• Must meet or exceed MOE local discretionary funds pursuant to current Ordinance No. 2.~~

Verification Method

An MOE reporting form must be completed, signed by the jurisdiction's Finance Director and submitted on an annual basis. The form is included in the Guidelines as Appendix I. In addition, excerpts from the jurisdiction's annual budget showing referenced MOE expenditures and dedication of General Funds should be included in the annual submittal to substantiate planned relevant discretionary fund (General Funds) expenditures.

Any California State Constitution Article XIX eligible expenditure may be "counted" in a given local jurisdiction's annual calculation of MOE provided that if the activity is supported (funded) by a local agency's jurisdiction's general fund. This is the same definition used for Gas Tax expenditures. The California State Controller also provides useful information on Article XIX and Streets and Highways Code eligible expenditures. These guidelines do not replace statutory or legal authority, but explain the general information found in California Constitution Article XIX and the Streets and Highways Code.

Maintenance of Effort Certification (Financial)

~~The Maintenance of Effort (MOE) Certification is a financial document which provides annual certification of Maintenance, Construction and Administrative/Other expenditures and how they compare to the annual MOE Benchmark Requirements for the fiscal year. This form is submitted to the OCTA as part of the annual eligibility process. Maintenance of Effort — Each jurisdiction must complete the Maintenance of Effort Certification Form during each eligibility cycle and submit supporting budget documentation to substantiate planned relevant General Fund expenditures.~~

Compliance

~~Each fiscal year, local jurisdictions must submit an MOE Reporting Form signed by the Finance Director stating they plan to spend the MOE benchmark on transportation improvements (Appendix I). Jurisdictions must also submit budget documents supporting these expenditures.~~



Exhibit Table 2-1: Maintenance of Effort Benchmark by Local Jurisdiction

Revised August 11, 2014

Agency	MOE Benchmark
Aliso Viejo	\$ 409,360
Anaheim	\$ 8,127,913
Brea	\$ 703,000
Buena Park	\$ 3,738,212
Costa Mesa	\$ 6,457,802
Cypress	\$ 2,767,411
Dana Point	\$ 1,065,496
Fountain Valley	\$ 1,180,712
Fullerton	\$ 3,427,988
Garden Grove	\$ 2,823,522
Huntington Beach	\$ 4,954,235
Irvine	\$ 5,452,970
La Habra	\$ 1,356,014
La Palma	\$ 173,004
Laguna Beach	\$ 1,417,616
Laguna Hills	\$ 269,339
Laguna Niguel	\$ 721,542
Laguna Woods	\$ 83,501
Lake Forest	\$ 145,670
Los Alamitos	\$ 147,465
Mission Viejo	\$ 2,247,610
Newport Beach	\$ 8,868,393
Orange	\$ 2,430,131
Placentia	\$ 546,000
Rancho Santa Margarita	\$ 358,155
San Clemente	\$ 951,000
San Juan Capistrano	\$ 390,383
Santa Ana	\$ 6,958,998
Seal Beach	\$ 551,208
Stanton	\$ 186,035
Tustin	\$ 1,222,756
Villa Park	\$ 279,227
Westminster	\$ 1,284,000
Yorba Linda	\$ 1,985,964
Annual Total	\$ 73,682,632



2.7 Mitigation Fee Program

The Mitigation Fee Program is a locally established fee program, which collects mitigation fees used to mitigate effects of new development on transportation infrastructure. Appropriate mitigation measures, including payment of fees, construction of improvements, or any combination thereof, will be determined through an established and documented process by each jurisdiction. Each eligible jurisdiction must assess traffic impacts of new development and require new development to pay a fair share of necessary transportation improvements attributable to the new development. To insure eligibility, each jurisdiction must have a clearly defined mitigation program.

Submittal Frequency: Odd year - Next Mitigation Fee Program submittal is due by June 30, 2015.*

*However, a jurisdiction must submit their updated program and revised fee schedule or process methodology when the jurisdiction updates their mitigation program and/or nexus study.

City Council/ Board of Supervisors approval: Required

Verification Method

The ~~Renewed Measure~~ M2 eligibility submittal should include a copy of the nexus study improvement list, a current fee schedule or the process methodology, and the council resolution approving the mitigation fee program. Where mitigation measures, including fair share contributions and construction of direct impact improvements are used in lieu of AB1600 Nexus Study fee programs, each jurisdiction should provide a council resolution adopting the mitigation policy measures. At such time that a jurisdiction updates their mitigation program and/or nexus study, they must submit their updated program and revised fee schedule or process methodology for the following review cycle. In addition, a mitigation fee program resolution identified in Appendix E must be submitted biennially ~~and to~~ reaffirm council concurs with the existing mitigation fee program. It is the local jurisdictions responsibility to ensure fee programs and mitigation measures are updated periodically and meet the infrastructure needs in their community.

~~Mitigation Fee Program—Each jurisdiction must submit a copy of their mitigation fee nexus studies, impact fee schedule, and process methodology (where applicable) or board and council approved resolution. Updated fee schedules or process methodology must be submitted on a biennial basis along with updated nexus studies as necessary.~~

2.8 No Supplanting of Developer Commitments

~~Renewed Measure~~ Eligible jurisdictions must ensure that M2 funding shall not be used to supplant existing or future development funding commitments for transportation projects. Development must be required to continue paying their fair share for new transportation improvements that are necessary because of the new traffic their projects create.

- Development must continue to pay their fair share for needed infrastructure improvements and transportation projects
- Net revenues must not supplant development funding or contributions which have been previously committed to transportation projects through payment of fees in a



defined program, fair share contribution, community facilities district (CFD) financing, or other dedicated contribution to a specific transportation improvement

- Standard checklist item

Submittal Frequency: Annual. Next submittal is due by June 30, 2015

City Council/ Board of Supervisors approval: Not Required

Verification Method

~~To establish eligibility for Renewed Measure M, Each jurisdiction must document within the jurisdiction submittal Eligibility Checklist (Appendix D) that there has been no supplanting of developer commitments for transportation projects as outlined in the M2 ordinance.~~

~~No Supplanting of Developer Commitments — Each jurisdiction must document within the jurisdiction submittal checklist there has been no supplanting of developer commitments for transportation projects as outlined in the Ordinance.~~

No Supplanting of Developer Commitments (Policy)

~~Eligible jurisdictions must ensure Measure M monies do not supplant existing or future developer funding committed for any transportation project. Development must be required to continue paying their fair share for new transportation improvements that are necessary because of the new traffic their projects create.~~

2.9 Pavement Management Plan (PMP)²

~~A Pavement Management Plan (PMP) is a plan to manage the preservation, rehabilitation, and maintenance of paved roads by analyzing pavement life cycles, assessing overall system performance costs, and determining alternative strategies and costs necessary to improve paved roads. MicroPaver or StreetSaver will be used for countywide consistency. The software must be consistent with ASTM Standard D6433-11.~~

~~Each jurisdiction must adopt and update biennially a Pavement Management Plan (PMP) consistent with the specific requirements outlined in Ordinance No. 3, and issue, using a common format approved by the OCTA, a report every two years regarding status of road pavement conditions and implementation of the PMP including, but not limited to, the following elements:~~

- Current status of pavement roads
- A seven-year plan for road maintenance and rehabilitation, including projects, and funding, and unfunded backlog of pavement needs.
- Projected pavement conditions resulting from improvements
- Alternative strategies and costs necessary to improve road pavement conditions

The Countywide PMP Guidelines have been prepared by OCTA to assist local jurisdictions with the PMP submittal. A separate guideline has been prepared by the OCTA to assist local agencies with the Pavement Management Plan submittal. The Agency Submittals checklist is included in Chapter 3 of the Countywide Pavement Management ~~Plan—Guidelines~~Plan Guidelines. The Countywide PMP Guidelines can be downloaded from OCTA's Eligibility webpage:



<http://www.octa.net/About/Transportation-Funding/Eligibility/>

Submittal Frequency: Biennial – 14 local jurisdictions submit pavement management plan updates on odd years (i.e. June 2015) and 21 local jurisdictions submit pavement management plan updates on even years (i.e. June 2016). Refer to Exhibit 3 to determine local jurisdiction's required submittal schedule.

City Council/ Board of Supervisors approval: Not Required

Verification Method

To establish eligibility, each jurisdiction must complete and submit the following:

- ~~• a copy of the Local Pavement Management Plan and Certification to OCTA during the eligibility review cycle every two years. A copy of the Pavement Management Plan Certification is included as (Appendix F).~~
- ~~• The jurisdiction must also provide OCTA with an Executive summary encompassing a brief overview of their PMP highlighting different issues that have developed between review cycles and provide additional information regarding the projects funded through the program. At a minimum, the Executive Summary should include Pavement Condition Index (PCI) reports, Projected PCI, and Alternative Funding Levels.~~
- [Quality Assurance/Quality Control Plan included in the Countywide Pavement Management Plan Guidelines](#)
- [Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.](#)
- [Centerline mileage for MPAH, local streets, and total network.](#)

Additional PMP submittal criteria is provided in Chapter 3 of the Countywide Pavement Management Plan Guidelines and included with the PMP Certification in Appendix F.

²The Regional Capacity Program (RCP) identified in ~~Renewed Measure as M2 as~~ Project O includes an incentive for successful PMP implementation. A local match reduction of ten percent (10%) is provided for competitive grant applications submitted through the Regional Capacity Program (M2 - Project O). A local match reduction of ten percent (10%) of eligible competitive program application cost will be permitted if the jurisdiction meets either of the following criteria:

- Has measurable improvement of paved road conditions during the previous reporting period as determined through the countywide pavement management rating standards, or
- Have road pavement conditions during the previous reporting ~~period which~~ period, which are within the highest twenty percent (20%) ~~of the pavement condition index used by the regional program.~~ of the scale for road pavement conditions in conformance with OCTA Ordinance No. 3, defined as a PCI of 75 or higher, otherwise defined as in "good condition".



Exhibit Table 2-2-3: Local Jurisdiction Periodic Component Submittal Schedule

Local Jurisdiction	Updated PMP	CMP	MPAH Consistency	Mitigation Fee Program	Project Reports	Local Signal Plan
Aliso Viejo	June Even Year	June Odd Year <u>(Next submittal is due by June 30, 2015)</u>	June Odd Year <u>(Next submittal is due by June 30, 2015)</u>	June Odd Year <u>(Next submittal is due by June 30, 2015)</u> *	Within 6 months of project completion	Due every 3 years (Feb <u>Next submittal is due June 30, 2014, 2017</u>)
Anaheim	June Odd Year					
Brea	June Odd Year					
Buena Park	June Even Year					
Costa Mesa	June Even Year					
County of Orange	June Odd Year					
Cypress	June Odd Year					
Dana Point	June Odd Year					
Fountain Valley	June Even Year					
Fullerton	June Even Year					
Garden Grove	June Even Year					
Huntington Beach	June Even Year					
Irvine	June Odd Year					
Laguna Beach	June Even Year					
Laguna Hills	June Even Year					
Laguna Niguel	June Even Year					
Laguna Woods	June Even Year					
Lake Forest	June Odd Year					
La Habra	June Odd Year					
La Palma	June Even Year					
Los Alamitos	June Odd Year					
Mission Viejo	June Even Year					
Newport Beach	June Odd Year					
Orange	June Even Year					
Placentia	June Even Year					
Rancho Santa	June Even Year					
San Clemente	June Odd Year					
San Juan Capistrano	June Odd Year					
Santa Ana	June Even Year					
Seal Beach	June Even Year					
Stanton	June Odd Year					
Tustin	June Odd Year					
Villa Park	June Even Year					
Westminster	June Even Year					
Yorba Linda	June Even Year					

*A jurisdiction must submit their updated program and revised fee schedule or process methodology when the jurisdiction updates their mitigation program and/or nexus study



2.10 Project Final Report

Each jurisdiction must provide the OCTA with a Project Final Report within six months following completion of a capital project funded with Net Revenues. Final report formats follow the template used by the Comprehensive Transportation Funding Programs (CTFP). [The CTFP Guidelines define the term "project phase completion" as the date all final third party contractor invoices have been paid and any pending litigation has been adjudicated either for the engineering phase or for the right-of-way phase, and all liens/claims have been settled for the construction phase. The date of project phase completion will begin the 180-day requirement for the submission of a project final report as required by the M2 Ordinance.](#)

[City Council/ Board of Supervisors approval: Not Required](#)

Verification Method

To establish eligibility, a jurisdiction must submit a copy of the CTFP Project Final Report for each capital project utilizing Net Revenues, which is included as Appendix H. Each Final Report must be individually submitted to OCTA within six months of the completion of a project funded by Net Revenues, regardless of the eligibility review cycle. For the purposes of reporting non-project work ([administration](#), maintenance, repair, and other non-project related costs) funded by ~~Renewed-M2~~ local fair share funds, the annual Expenditure Report shall satisfy reporting requirements. If local fair share funds are used for [capital](#) projects, the local jurisdiction shall also include a list of those funds and/or other ~~Renewed Measure-M2~~ funds in the Project Final Report.

~~Project Final Report—To maintain eligibility, each jurisdiction must submit a project final report to OCTA for each individual capital project funded through Net Revenues within six (6) months of completion of the project.~~

~~Project Final Report (Financial)~~

~~A project final report is to be completed following the completion of a facility for which Measure M funds were used. The final report will describe the improvements that were performed, the construction schedule for the improvements, and the financial status as a result of these improvements.~~

2.11 Time Limit for Use of Net Revenues

[The timely expenditure of funds is a policy, which must be adopted by each jurisdiction to ensure all funds received from net revenues are expended and accounted for within 3 years. The local agency must certify that the receipt and use of all Measure M2 funds received will adhere to the time limits for use as outlined in the ordinance.](#)

Competitive Programs

- Agree that Net Revenues for Regional Capacity Program (RCP) projects and/or Regional Traffic Signal Synchronization Program projects shall be expended or encumbered by end of fiscal year for which Net Revenues are programmed. [Refer to the CTFP Guidelines for additional information regarding expenditure deadlines and extension requests.](#)
- ~~Requests for extension may be granted for up to 24 months~~

Local Fair Share



- Net Revenues received by local jurisdiction through the local fair share program shall be expended or encumbered within three years. An extension may be granted but is limited to a total of five years from date of receipt of funds. Requests for extension must be submitted as part of the semi-annual review process prior to the end of the third year from date of receipt of funds. Requests for extension must include a plan of expenditure.
- Expired funds including interest earned and related revenues must be returned to the OCTA. These funds shall be returned for redistribution within the same source program, and include interest derived from Net Revenues.
- Use of Local Fair Share revenues for bonding (including debt service) shall be limited to 25% of the jurisdiction's annual Local Fair Share revenues as defined in Article XIX Motor Vehicle Revenues of the California Constitution unless the Board approves an exception to this policy on a case-by-case basis.

Interest Derived from Net Revenues

- ~~Account for~~ Interest from any M2 competitive funding program and Local Fair Share proceeds must be held in separate accounts.
- ~~Expend~~ Local ~~Renewed Measure M2~~ interest proceeds must be spent on transportation activities consistent with Local Fair Share eligible activities.
- Expend interest revenues within 3 years of receipt.
- Interest may be accumulated for substantive project where necessary, with prior OCTA approval, provided account balance does not exceed aggregate local fair share payments received in preceding three (3) years of reporting period.
- All interest accumulated at the conclusion of ~~Renewed Measure M2~~ is to be expended within three years of program sunset date (March 31, 2041).

Submittal Frequency: Annual. Next submittal is due by June 30, 2015.

City Council/ Board of Supervisors approval: Required if an extension is requested.

Verification Method

~~To establish eligibility for Renewed Measure M, each~~ Each jurisdiction must document within Eligibility the agency submittal Checklist (Appendix D) confirmation that the jurisdiction observed complies with the timely use of net revenues throughout the year as outlined in the ordinance. Net Revenue and Interest balances are reported on the annual Expenditure Report.

~~Timely Use of Net Revenues — To establish eligibility, each jurisdiction must document within the jurisdiction submittal checklist their compliance with timely use of net revenues throughout the year~~ **Timely Expenditure of Funds (Policy)**

~~The timely expenditure of funds is a policy which must be adopted by each jurisdiction to ensure all funds received from net revenues are expended and accounted for within an appropriate amount of time as decided by the OCTA.~~



2.12 Traffic Forums

Traffic Forums are working group sessions that include local ~~agencies~~ jurisdictions and OCTA. Traffic forums provide a venue for local ~~agencies~~ jurisdictions to discuss general traffic and transportation issues, traffic circulation between participating jurisdictions, the coordination of specific projects, and the overall Regional Traffic Signal Synchronization Program. Each jurisdiction must participate in Traffic Forums on an annual basis to ensure eligibility.

Submittal Frequency: Annual. Next submittal is due by June 30, 2015.

City Council/ Board of Supervisors approval: Not Required

Verification Method

~~To establish eligibility for Renewed Measure M,~~ Each jurisdiction must document within the Eligibility jurisdiction submittal Cchecklist (Appendix D) evidence of its annual participation in a Traffic Forum.

~~Traffic Forums— Each jurisdiction must document within the jurisdiction submittal checklist their annual participation.~~

~~Traffic Forums (Administrative)~~

~~Traffic Forums are annual working group sessions which include the OCTA and eligible jurisdictions and provide a venue for discussion regarding the traffic signal synchronization and traffic circulation between participating jurisdictions~~

2.13 Transit/Non-motorized Transportation in General Plan

As part of the eligible jurisdiction's land use section of the General Plan, the jurisdiction ~~should~~ must consider land use planning strategies that accommodate transit and non-motorized transportation. Multi-modal options are vital to a comprehensive transportation network. General ~~p~~PPlans should include policies and language that demonstrate a thoughtful approach toward land use planning that encourages and facilitates mobility options.

Submittal Frequency: Annual. Next submittal is due by June 30, 2015.

City Council/ Board of Supervisors approval: Not Required

Verification Method

~~To establish eligibility for Renewed Measure M,~~ Each jurisdiction must document within the Eligibility jurisdiction submittal Cchecklist (Appendix D) that it considers, as part of the land use section of the General Plan, land use planning strategies that accommodate transit and non-motorized transportation. A letter outlining the approach to land use planning strategies or policies that accommodate transit and non-motorized transportation should be provided with supporting General Plan excerpts. Policy summaries that directly tie land use planning to alternative modes are required. These may include pedestrian friendly neighborhoods, Transit Oriented Development (TOD), Transportation Demand Management (TDM) programs, and mixed use development.

~~Transit/Non-motorized Transportation in General Plan— Each jurisdiction must document within the jurisdiction submittal checklist that land use planning strategies for the jurisdiction accommodate transit and non-motorized transportation. Each jurisdiction shall submit a letter~~



identifying land use planning strategies that accommodate transit and non-motorized transportation consideration as identified in the land use section of the local agency's general plan.

Transit/Non-motorized Transportation in General Plan (Policy)

General plans should include policies and language that demonstrate a thoughtful approach toward land use planning that encourages and facilitates mobility options. Jurisdictions should consider land use planning strategies that accommodate transit and non-motorized transportation.



Chapter 3 - Eligibility Determination

3.1 Submittal Review Process

Eligibility has essentially two phases.

First Phase

In the first phase, local jurisdictions submit the eligibility checklist, CIP, MOE and land use planning strategies considered in the General Plan on an annual basis. In addition, the PMP, CMP, MFP, and Adoption of the Circulation Element for MPAH consistency are due on a biennial basis. The LSSP is due every three years. The periodic submittal schedule of the eligibility requirements is included in Exhibit 3 of the M2 Eligibility Guidelines. The applicable eligibility components for a given year are submitted to OCTA by June 30 (with the exception of the expenditure report).

To assist in the initiation of the eligibility process, OCTA hosts eligibility workshops attended by local jurisdictions to prepare for the June 30 submittals. The workshops outline any changes and provide instructions as to the requirements of the current fiscal year's eligibility. Eligibility package development begins for most local jurisdictions in April and concludes with submittal to OCTA by the June 30 deadline each year.

Second Phase

The second phase includes the submittal of the Expenditure Report, which is due six months following the end of the local jurisdictions fiscal year per M2 ordinance. The City of Huntington Beach follows a federal fiscal year (October 1 to September 30) and that jurisdiction's expenditure report is due by March 31 of each year. All other local jurisdictions submit their expenditure reports annually by December 31. OCTA staff typically holds a workshop in July/August to go over the eligibility requirements for submitting an expenditure report that is compliant with the M2 Ordinance. The OCTA Finance department reviews expenditure Reports.

3.2 Approval Process

Annual eEligibility determinations are ~~made on an annual basis~~ based upon satisfactory submittal of ~~specific elements~~ the required documentation of eligibility outlined in Ordinance No. 3 and further described in Chapter 2. ~~Some components are required on an annual basis while others are satisfied on a periodic basis. A summary of each eligibility component is presented below.~~ The OCTA and/or its representatives perform an administrative review of the data to determine eligibility for ~~Renewed Measure M2~~ funds. Once all eligibility submittals have been received as satisfactory and complete, the applicable submittals must be prepared for review and approval by the Taxpayer Oversight Committee (TOC)

TOC

M2 established the TOC to provide enhanced level of accountability for expenditure of Net Revenues under the Ordinance. The TOC is an independent citizens' committee established ~~for the purpose of~~ overseeing compliance with the Ordinance and ensuring safeguards are in place to protect the integrity of the overall program. TOC responsibilities include:



- Approval of any amendment to the **Measure M2** proposed by the OCTA which changes the funding categories, programs or discrete projects identified for improvements in the Funding Plan
- Review of select documentation establishing eligibility by a jurisdiction including a jurisdiction's Congestion Management Plan, Mitigation Fee Program, Expenditure Report, Local Signal Synchronization Plan, and Pavement Management Plan
- Verification that the OCTA is proceeding in accordance with the M2 Plan and is meeting the performance standards outlined in the M2 Ordinance

The TOC designates the Annual Eligibility Review (AER) subcommittee to review five of the thirteen eligibility requirements listed in the M2 ordinance. The AER subcommittee reviews the Congestion Management Program, Mitigation Fee Program, Expenditure Report, Local Signal Synchronization Plan, and Pavement Management Plan for each local jurisdiction. The AER subcommittee recommends eligibility determination to the TOC.

In addition, OCTA staff will review items that do not directly require TOC approval and confirm compliance. After TOC and OCTA review all eligibility requirements, OCTA staff will prepare eligibility recommendations for OCTA Board of Directors (Board). The Regional Planning and Highways Committee review the item prior to being considered by the full Board. The Board will make final determination whether a local agency remains eligible for M2 funding on an annual basis.



Chapter 4 – Failure to Meet Eligibility Requirements

4.1 Non-Compliance Consequences

~~Renewed Measure M2 follows~~ extends a legacy of successful public funding investment in transportation throughout Orange County. The eligibility process includes a review of required compliance components to ensure that programs and funding guidelines are met as defined by Ordinance No. 3. Article XIX of the California Constitution provides guidance regarding the use of tax revenues for transportation purposes and provides a useful definition of eligible transportation planning/implementation activities.

OCTA routinely conducts an audit of local jurisdiction annual eligibility materials and financial records. Full cooperation is expected in order to complete the process in a timely manner.

A finding of non-compliance may be made if either of the following conditions exists:

- Use of ~~Renewed Measure M2~~ funding for non-transportation or non-eligible activities
- Failure to meet eligibility requirements

If a determination is made that a local jurisdiction has used ~~Renewed Measure M2~~ funds for ~~non-transportation~~ ineligible purposes, misspent funds must be fully repaid and the jurisdiction will be deemed ineligible to receive Net Revenues for a period of five (5) years. A finding of ineligibility is determined by the OCTA Board of Directors. Failure to adhere to eligibility compliance components may result in suspension of funds ~~until such time as~~ until satisfactory compliance is achieved. ~~The OCTA, in consultation with the Taxpayers Oversight Committee, will determine if a redistribution of deferred funding is warranted.~~

4.2 Appeals Process

Eligibility review and determination is a multi-step process, which relies upon an objective review of information by OCTA staff, Technical Steering Committee, Technical Advisory Committee, and Taxpayers Oversight Committee with final determination made by the OCTA Board of Directors. An appeal of findings may be filed with the Board of Directors for re-consideration.

4.3 Re-establishing ~~Program~~ MPAH Eligibility

If a Circulation Element is found to be inconsistent with the MPAH and local jurisdiction determined ineligible for ~~Measure M2~~ funds, the local jurisdiction may re-establish eligibility by requesting to undertake a cooperative study with OCTA. The study will be designed to do the following:

- Ascertain the regional transportation system need
- Make provisions to meet those needs in the local jurisdiction's General Plan
- Re-establish consistency with the MPAH

Any changes to local jurisdiction's General Plan or the MPAH shall be mutually acceptable to the jurisdiction and OCTA. Until such a study has been completed and an agreement reached



on the proposed amendment, the jurisdiction shall be ineligible to [apply for and/or](#) receive [Measure M2](#) competitive funds.

4.4 For Additional Information

The OCTA [Measure M2](#) Eligibility Guidelines have been developed to assist jurisdictions located throughout Orange County [to](#) understand and continue to implement all eligibility requirements to receive ~~Renewed Measure M2~~ funding. The Guidelines provide general summary information regarding all eligibility requirements as well as a comprehensive summary of all responsibilities and actions for which a local jurisdiction must follow to continue their eligibility.

Please contact the following OCTA staff when seeking additional information or clarification regarding any of the [Measure M2](#) Eligibility Guidelines:

May Hout

Transportation Funding Analyst
(714) 560- 5905
MHout@octa.net

Or

Sam Kaur

Section Manager, Local Measure M Programs
(714) 560- 5673
SKaur@octa.net



Appendices

Appendix A: ~~Renewed Measure~~ M2 Ordinance (~~Ordinance No.3~~)

The ~~Renewed Measure-M2~~ Ordinance (Ordinance No. 3) can be found on the Eligibility Website: <http://www.octa.net/About/Transportation-Funding/Eligibility/>

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Appendix B: Eligibility for New Cities

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Eligibility for New Cities

Eligibility for Fair Share Funds - New Cities

At the time of incorporation, a new city may adopt current practices previously established by the County of Orange, which have already established eligibility under the current Measure M₂. As new cities mature, they will adopt their own general plan and growth strategies.

To provide for this transition period, the OCTA Board of Directors has previously adopted the following new city eligibility process for Fair Share funds:

- A new city may, at its discretion, adopt the approved PMP of the predecessor governing body as its own, providing these policies are fully enforced.
- Prior to incorporation, the proposed new city must work with OCTA and the Local Agency Formation Commission (LAFCO) to identify the variables used in the Measure M₂ Fair Share funds calculation (population, taxable sales, and MPAH mileage). Preliminary data must be identified prior to the date of incorporation.
- The new city will begin accruing Measure M₂ Fair Share funds as of the date of incorporation.
- The OCTA will reserve the accrued funds for the new city, pending the determination of eligibility by the OCTA Board within one year of the date of incorporation.
- In order for the new city to receive the reserved accrued funds, OCTA must receive all necessary elements of the Measure M₂ eligibility package, complete the necessary review and approval of the package, and the OCTA Board determine the new city eligible to receive Measure M₂ funds within one year of the date of incorporation. OCTA recommends the city submit its eligibility package within six months of incorporation to allow sufficient time for OCTA review and approval processes.
- Upon determination of eligibility by the OCTA Board ~~within one year of incorporation~~, the new city will receive its first Fair Share payment including the reserved accrued funds, on the first regular payment cycle following the eligibility determination.
- The first fair share payment will be adjusted to reflect final Fair Share calculation (population, taxable sales, and MPAH miles) as determined through the new city eligibility process.
- In the event a new city is determined to be ineligible to receive Fair Share funds by the OCTA Board, the reserved accrued funds and interest on the funds, shall be distributed to the eligible jurisdictions on a pro-rata basis, until such time that the new city attains eligibility.
- Such new city will begin to accrue funds as of the first day of the first regular accrual period following its determination of eligibility by the OCTA Board and receive its first Fair Share payment on the corresponding regular payment cycle.

Eligibility for Competitive Funds-New Cities

In addition to the new city eligibility process for Fair Share funds, the OCTA Board has adopted the following process for eligibility for competitive funds:

- A new city may apply for competitive funding upon the date of incorporation, however, may not be awarded competitive funding until the new city has been determined eligible to receive Fair Share funds by OCTA Board, as described above.
- A new city must include an adopted PMP that is consistent with countywide pavement condition assessment standards (Arterial Highway Rehabilitation Program), a General Plan Circulation Element consistent with the MPAH, and a City Council resolution attesting that no unilateral reduction in lanes have been made on any MPAH arterials in its Measure-M2 eligibility package for review and approval by the OCTA Board.
- Applications for competitive funding by new cities will be considered until such time in the process of the competitive funding program that projects are ranked for award. If the new city has not been determined eligible by the OCTA Board by the time projects are ranked for award, any application by the new city for competitive funding will be withdrawn from further consideration. OCTA staff will work with the new city to revise the schedule specific to its time of incorporation in relation to the current competitive funding program process

New Cities – MOE

Measure-M2 requires the development of a method to apply the MOE to new cities without five years of streets and roads data, including cities incorporated during the thirty years the tax is in effect. New cities unable to meet this requirement may use the appeals process to establish a benchmark number that more accurately reflects network needs. A phase-in period of two years has been established for new cities to achieve the approved MOE expenditure requirement.

The approved method uses the following formula to calculate the MOE for new cities:

$$\frac{\text{Total MOE benchmark for the county}}{\text{Total county population}} = \text{Per capita expenditure}$$

$$\text{Per capita expenditure} \times \text{city population} = \text{MOE benchmark for the city}$$

Appeals Process

New cities may appeal the formula benchmark determination above where there is a dispute regarding the city population. The OCTA shall use the most recent Census or figures from the State of California Department of Finance. Appeals will be submitted first to the Technical Advisory Committee and then to the OCTA Board of Directors for final determination.

Appendix C: Congestion Management Program Checklist

Appendix C can found on the Eligibility Website:
<http://www.octa.net/About/Transportation-Funding/Eligibility/>

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Appendix C: Congestion Management Program (CMP) Checklist

CMP Monitoring Checklist: Level of Service			
Jurisdiction: _____			
CMP Checklist	YES	NO	N/A
1. Check "Yes" if either of the following apply: <ul style="list-style-type: none"> • There are no CMP intersections in your jurisdiction. • Factoring out statutorily-exempt activities¹, all CMP intersections within your jurisdiction are operating at LOS E (or the baseline level, if worse than E) or better. 	<input type="checkbox"/>	<input type="checkbox"/>	
NOTE: ONLY THOSE AGENCIES THAT CHECKED "NO" FOR QUESTION 1 NEED TO ANSWER THE REMAINING QUESTIONS.			
2. If any, please list those intersections that are not operating at the CMP LOS standards. <ul style="list-style-type: none"> • _____ • _____ • _____ 			<input type="checkbox"/>
3. Will deficient intersections, if any, be improved by mitigation measures to be implemented in the next 18 months or improvements programmed in the first year of any recent funding program (i.e., local agency CIP, CMP CIP, Measure M CIP)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
a. If not, has a deficiency plan been developed for each intersection that will be operating below the CMP LOS standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments:			
I certify that the information contained in this checklist is true.			
Signature: _____			
Title: _____			

¹ The following activities are statutorily-exempt from deficiency determinations: interregional travel, traffic generated by the provision of low and very low income housing, construction rehabilitation or maintenance of facilities that impact the system, freeway ramp metering, traffic signal coordination by the state or multi-jurisdictional agencies, traffic generated by high-density residential development within 1/4 mile of a fixed-rail passenger station, traffic generated by mixed-use residential development within 1/4 mile of a fixed-rail passenger station.



Appendix C: Congestion Management Program (CMP) Checklist

CMP Monitoring Checklist: Deficiency Plans			
Jurisdiction:			
CMP Checklist	YES	NO	N/A
1. Check "Yes" if either of the following apply: <ul style="list-style-type: none"> • There are no CMP intersections in your jurisdiction. • Factoring out statutorily-exempt activities², all CMPHS intersections within your jurisdiction are operating at LOS E (or the baseline level, if worse than E) or better. 	<input type="checkbox"/>	<input type="checkbox"/>	
NOTE: ONLY THOSE AGENCIES THAT CHECKED "NO" FOR QUESTION 1 NEED TO ANSWER THE REMAING QUESTIONS.			
2. If any, please list those intersections found to not meet the CMP LOS standards. <ul style="list-style-type: none"> • _____ • _____ • _____ 			<input type="checkbox"/>
3. Are there improvements to bring these intersections to the CMP LOS standard scheduled for completion during the next 18 months or programmed in the first year of the CIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NOTE: ONLY THOSE AGENCIES THAT CHECKED "NO" FOR QUESTION 3 NEED TO ANSWER THE REMAINING QUESTIONS.			
4. Has a deficiency plan or a schedule for preparing a deficiency plan been submitted to OCTA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the deficiency plan fulfill the following statutory requirements:			
a. Include an analysis of the causes of the deficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Include a list of improvements necessary to maintain minimum LOS standards on the CMPHS and the estimated costs of the improvements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Include a list of improvements, programs, or actions, and estimates of their costs, which will improve LOS on the CMPHS and improve air quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Do the improvements, programs, or actions meet the criteria established by SCAQMD (see the CMP Preparation Manual)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

² The following activities are statutorily-exempt from deficiency determinations: interregional travel, traffic generated by the provision of low and very low income housing, construction rehabilitation or maintenance of facilities that impact the system, freeway ramp metering, traffic signal coordination by the state or multi-jurisdictional agencies, traffic generated by high-density residential development within 1/4 mile of a fixed-rail passenger station, traffic generated by mixed-use residential development within 1/4 mile of a fixed-rail passenger station.



Appendix C:
Congestion Management Program (CMP) Checklist

CMP Monitoring Checklist: Deficiency Plans (cont.)			
Jurisdiction:			
CMP Checklist	YES	NO	N/A
6. Are the capital improvements identified in the deficiency plan programmed in your seven-year CMP CIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Does the deficiency plan include a monitoring program that will ensure its implementation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Does the deficiency plan include a process to allow some level of development to proceed pending correction of the deficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Has necessary inter-jurisdictional coordination occurred?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Please describe any innovative programs, if any, included in the deficiency plan:			<input type="checkbox"/>
Additional Comments:			
<p>I certify that the information contained in this checklist is true.</p> <p>Signature: _____</p> <p>Title: _____</p>			



Appendix C: Congestion Management Program (CMP) Checklist

CMP Monitoring Checklist: Land Use Coordination			
Jurisdiction:			
CMP Checklist	YES	NO	N/A
1. Have you maintained the CMP traffic impact analysis (TIA) process you selected for the previous CMP?	<input type="checkbox"/>	<input type="checkbox"/>	
a. If not, have you submitted the revised TIA approach and methodology to OCTA for review and approval?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Did any development projects require a CMP TIA during this CMP cycle? ³	<input type="checkbox"/>	<input type="checkbox"/>	
NOTE: ONLY THOSE AGENCIES THAT CHECKED "YES" FOR QUESTION 2 NEED TO ANSWER THE REMAINING QUESTIONS.			
3. If so, how many?	_____		
4. Please list any CMPHS links & intersections that were projected to not meet the CMP LOS standards (indicate whether any are outside of your jurisdiction).			<input type="checkbox"/>
• _____			
• _____			
• _____			
a. Were mitigation measures and costs identified for each and included in your seven-year CIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If any impacted links & intersections were outside your jurisdiction, did your agency coordinate with other jurisdictions to develop a mitigation strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. If a local traffic model was/will be used, did you follow the data and modeling consistency requirements as described in the CMP Preparation Manual (available online at http://octa.net http://www.octa.net/pdf/cmpprepmanual.pdf)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments:			
I certify that the information contained in this checklist is true.			
Signature: _____			
Title: _____			

³ Exemptions include:

- any development generating less than 2,400 daily trips
- any development generating less than 1,600 daily trips (if it directly accesses a CMP highway)
- final tract and parcel maps,
- issuance of building permits,
- issuance of certificate of use and occupancy,
- minor modifications to approved developments where the location and intensity of project uses have been approved through previous and separate local government actions prior to January 1, 1992



Appendix C: Congestion Management Program (CMP) Checklist

CMP Monitoring Checklist: Capital Improvement Program

Jurisdiction:			
CMP Checklist	YES	NO	N/A
1. Did you submit a seven-year Capital Improvement Program (CIP) to OCTA by June 30?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the CIP include projects to maintain or improve the performance of the CMPHS (including capacity expansion, safety, maintenance, and rehabilitation)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Is it consistent with air quality mitigation measures for transportation- related vehicle emissions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Was the Web Smart CIP provided by the OCTA used to prepare the CMP CIP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments:			
I certify that the information contained in this checklist is true.			
Signature: _____			
Title: _____			

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Appendix D: Eligibility Checklist

Appendix D can found on the Eligibility Website:
<http://www.octa.net/About/Transportation-Funding/Eligibility/>

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Appendix D: Eligibility Checklist

Responsibility: Cities, County

Jurisdiction:

Capital Improvement Program	YES	NO	N/A
1. Did you submit your draft Renewed Measure M seven-year Capital Improvement Program (CIP) to OCTA by June 30?	<input type="checkbox"/>	<input type="checkbox"/>	
a. Did you utilize the required Web Smart CIP?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Have you indicated what percentage of funding will come from each source for each of the projects?	<input type="checkbox"/>	<input type="checkbox"/>	
c. Have you listed projects in current year dollars?	<input type="checkbox"/>	<input type="checkbox"/>	
d. Did you include all projects that are partially, fully, or potentially funded by Measure M?	<input type="checkbox"/>	<input type="checkbox"/>	
e. The council approval date to adopt the final 7-Year CIP is: _____ (Must be prior to July 31)			

Maintenance of Effort	YES	NO	N/A
2. Did you submit your Maintenance of Effort certification form (Appendix I) and supporting budget documentation to OCTA by June 30?	<input type="checkbox"/>	<input type="checkbox"/>	
a. Did you use the Maintenance of Effort Reporting Form included in the M2 Eligibility Guidelines?	<input type="checkbox"/>	<input type="checkbox"/>	

Pavement Management Program (PMP)	YES	NO	N/A
3. Did you Are you required to submit a Pavement Management Program (PMP) update to OCTA for this eligibility cycle? (Refer to Exhibit 2-2 for local agency PMP submittal schedule) If you are not required to submit a PMP update, check N/A.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
a. If yes , did you use the current PMP Certification form (Appendix F)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If yes , is the PMP consistent with the OCTA Countywide Pavement Management Program?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. If you answered "no" or "n/a" to question 3, did you submit a PMP Update to OCTA through the previous eligibility cycle by June 30?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution of Master Plan of Arterial Highways (MPAH) Consistency	YES	NO	N/A
5. Did you submit a resolution demonstrating consistency with the MPAH?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Have you enclosed a figure representing your most current circulation element?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Do you have a current Local Signal Synchronization Plan that is consistent to with the Regional Traffic Signal Synchronization Master Plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Time Limits For Use of Net Revenues	YES	NO	N/A
8. Has your jurisdiction observed the time limits for the use of net revenues over the last year per the requirements outlined in the ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	



Appendix D: Eligibility Checklist

Supplanting of Developer Commitments	YES	NO	N/A
9. Has your jurisdiction insured they have not supplanted developer commitments for transportation projects and funding with Measure M funds?	<input type="checkbox"/>	<input type="checkbox"/>	

Mitigation Fee Program	YES	NO	N/A
10. Does your jurisdiction currently have a defined development impact mitigation fee program in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
a. If you answered yes to question 10, have you included a copy of your current impact fee schedule; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If you answered yes to question 10, have you provided OCTA with a copy of your mitigation fee nexus study; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. If you answered yes to question 10, have you included a copy of your council approved policy; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. If you answered yes to question 10, have you provided OCTA with a copy of your council resolution approving the mitigation fee program?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Planning Strategies	YES	NO	N/A
11. Does your jurisdiction consider as part of its General Plan, land use planning strategies that accommodate transit and non-motorized transportation ?	<input type="checkbox"/>	<input type="checkbox"/>	
12. Have you provided a letter identifying land use planning strategies that accommodate transit and non-motorized transportation consideration in the general plan?	<input type="checkbox"/>	<input type="checkbox"/>	

Traffic Forums	YES	NO	N/A
13. Did representatives of your jurisdiction participate in the regional traffic forum(s)?	<input type="checkbox"/>	<input type="checkbox"/>	
a. If you answered yes, provide date of attendance: _____			

Congestion Management Program	YES	NO	N/A
14. Has your jurisdiction completed the required CMP checklist? (Appendix C)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Submitted By:

Name (Print)

Jurisdiction

Signature

Date

Title

Contact E-mail

Appendix E: Resolution for Mitigation Fee and Master Plan of Arterial Highways

Appendix E can found on the Eligibility Website:
<http://www.octa.net/About/Transportation-Funding/Eligibility/>

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[RESOLUTION FOR MPAH CONSISTENCY AND MITIGATION FEE PROGRAM]

A RESOLUTION OF THE CITY COUNCIL/BOARD OF SUPERVISORS OF THE CITY/COUNTY OF _____
_____ CONCERNING THE STATUS OF THE CIRCULATION ELEMENT AND MITIGATION FEE
PROGRAM FOR THE MEASURE M (M2) PROGRAM

WHEREAS, the City/County of _____ ~~desired~~ desires to maintain
and improve the streets within its jurisdiction, including those arterials contained in the Master Plan of
Arterial Highways (MPAH) and

WHEREAS, the City/County of _____ has endorsed a definition of
and process for, determining consistency of the City's/County's Traffic Circulation Plan with the MPAH,
and

WHEREAS, the City/County has adopted a General Plan Circulation Element which does not
preclude implementation of the MPAH within its jurisdiction, and

WHEREAS, the City/County is required to adopt a resolution biennially informing the Orange
County Transportation Authority (OCTA) that the City/County's Circulation Element is in conformance
with the MPAH and whether any changes to any arterial highways of said Circulation Element have
been adopted by the City/County during Fiscal Years 20XX-XX, and

WHEREAS, the City/County is required to send biennially to the OCTA all recommended changes
to the City/County Circulation Element and the MPAH for the purposes of re-qualifying for participation
in the Comprehensive Transportation Funding Program, and

WHEREAS, the City/County is required to adopt a resolution biennially to adopt a Mitigation Fee
Program, and

NOW, THEREFORE, BE IT RESOLVED that the City/Board of Supervisors for County of _____
_____, does hereby inform OCTA that:

- a) The arterial highway portion of the City/County Circulation Element of the City/County is
in conformance with the MPAH.
- b) The City/County attests that no unilateral reduction in through lanes has been made on
any MPAH arterials during the Fiscal Years 20XX-XX.
- c) The City/County has adopted a uniform setback ordinance providing for the preservation
of rights-of-way consistent with the MPAH arterial highway classification.
- d) The City/County has adopted provisions for the limitation of access to arterial highways
in order to protect the integrity of the system.
- e) The City/County reaffirms that Council concurs with the existing Mitigation Fee Program

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Appendix F: Pavement Management Plan Certification & Agency Submittal Checklist

Appendix F can found on the Eligibility Website:
<http://www.octa.net/About/Transportation-Funding/Eligibility/>

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Appendix F: Pavement Management Plan Certification

The City/County of _____ certifies that it has a Pavement Management Plan in conformance with the criteria stated in the Orange County Transportation Authority Ordinance No. 3. This ordinance requires that a Pavement Management Plan be in place and maintained to qualify for allocation of revenues generated from renewed Measure M (M2).

The plan was developed by _____* using _____, a pavement management system, conforming to American Society for Testing and Materials (ASTM) Standard D6433, and contains, at a minimum, the following elements:

- Inventory of MPAH and local routes reviewed and updated biennially. The last update of the inventory was completed on _____, _____ for Arterial (MPAH) streets and _____, _____ for local streets.
- Assessment of pavement condition for all routes in the system, updated biennially. The last field review of pavement condition was completed _____, _____
- Percentage of all sections of pavement needing:
Preventive Maintenance _____, Rehabilitation _____, Reconstruction _____
- Budget needs for preventative maintenance, rehabilitation and/or reconstruction of deficient sections of pavement for:
Current biennial period \$ _____, Following biennial period \$ _____
- Funds budgeted or available for Preventative Maintenance, Rehabilitation and/or Reconstruction.
Current biennial period \$ _____, Following biennial period \$ _____
- Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.
- The Pavement Management Plan is consistent with countywide pavement condition assessment standards as described in the OCTA Countywide Pavement Management Plan Guidelines adopted by the OCTA Board of Directors on May 24, 2010, amended on December 10, 2012 and January 12, 2015.

* An electronic copy of the Pavement Management Plan with Micro Paver or StreetSaver compatible files has been or will be submitted with the certification statement.

A copy of this certification is being provided to the Orange County Transportation Authority.

Submitted by:

Name (Print)

Jurisdiction

Signed

Date

Title

Chapter 3 - Agency Submittals

Local agencies must submit to OCTA the following as part of the biennial certification:

1. Pavement management plan certification (see Appendix A)
2. QA/QC plan (see Appendix B Model Quality Assurance/Quality Control (QA/QC) Plan)
3. Pavement management data files in a form useable by OCTA (see Section 2.8)
4. Pavement management plan “hard copies” which include the following:
 - a. Average (weighted by area) PCI for:
 - i. Entire pavement network
 - ii. MPAH roadways
 - iii. Local streets
 - b. Projected PCI under existing funding levels over the next seven years for:
 - i. Entire pavement network
 - ii. MPAH roadways
 - iii. Local streets
 - c. Seven-year plan for road maintenance and rehabilitation based on current and projected budget, identifying street sections selected for treatment. Specific data to be submitted are:
 - i. Street name
 - ii. Limits of work
 - iii. Lengths, widths
 - iv. Pavement areas
 1. Each street
 2. Total area for local streets
 3. Total area for MPAH roadways
 4. Total area for entire public streets network
 - v. Functional classification (i.e. MPAH or local street)
 - vi. PCI and most recent date of inspection
 - vii. Type of treatment
 - viii. Cost of treatment
 - ix. Year of treatment
 - d. Alternative funding levels required to:
 - i. Maintain existing average network PCI
 - ii. To improve average network PCI
 - e. Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.
 - f. Centerline mileage for MPAH, local streets, and total network.
5. In order to be eligible for the local match reduction of 10%, the local jurisdiction must either:
 - a. Show measurable improvement of paved road conditions during the previous reporting period defined as an overall weighted (by area) average system improvement of one Pavement Condition Index (PCI) point with no reduction in the overall weighted (by area) average PCI in the Master Plan of Arterial Highways (MPAH) or local street categories;

- or -
 - b. Have road pavement conditions for the overall network during the previous reporting period within the highest 20% of the scale for road pavement conditions in conformance with OCTA Ordinance No. 3, defined as a PCI of 75 or higher.

Appendix G: M2 Expenditure Report Template, Instructions & Resolution

Appendix G can found on the Eligibility Website:
<http://www.octa.net/About/Transportation-Funding/Eligibility/>

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Measure M2 Expenditure Report Template

Schedule 1: Summary Statement of Beginning and Ending Balances

Lines 1 – 7: Balances at Beginning of Fiscal Year

Report all fund balances intended for transportation purposes at the beginning of the fiscal year. These balances should be classified by funding source (e.g. Measure M2 {M2} fairshare, M2 competitive, and transit). To provide for continuity of reporting, the beginning balances of any restricted funds must be in agreement with the ending balances of such funds as shown in the prior year's report.

Line 8: Balances at Beginning of Fiscal Year - TOTAL

Sum Lines 1 – 7

Line 9: Monies Made Available During Fiscal Year

Report total available monies (revenues) from Schedule 2, Line 8

Line 10: Total Monies Available

Sum Lines 8-9

Line 11: Expenditures During Fiscal Year

Report total available monies (revenues) from Schedule 2, Line 16

Lines 12-18: Balances at End of Fiscal Year

Report by funding source all fund balances for transportation purposes at the end of the fiscal year. To provide for continuity of reporting, the beginning balances of the fund sources in next year's report must be in agreement with the ending balances of such funds as shown in this year's report (or otherwise reconciled).

M2 Expenditure Report
Fiscal Year Ended June 30, 20__
Beginning and Ending Balances

Description	Line No.	Amount
Balances at Beginning of Fiscal Year		
M2 Fairshare	1	
M2 Fairshare Interest	2	
M2 CTFP	3	
M2 CTFP Interest	4	
Other M2 Funding	5	
Other M2 Interest	6	
Other*	7	
Balances at Beginning of Fiscal Year (Sum Lines 1 to 7)	8	\$ -
Monies Made Available During Fiscal Year	9	
Total Monies Available (Sum Lines 8 & 9)	10	\$ -
Expenditures During Fiscal Year	11	
Balances at End of Fiscal Year		
M2 Fairshare	12	
M2 Fairshare Interest	13	
M2 CTFP	14	
M2 CTFP Interest	15	
Other M2 Funding	16	
Other M2 Interest	17	
Other*	18	

* Please provide a specific description

CTFP - **Combined Comprehensive** Transportation Funding Programs

Measure M2 Expenditure Report Template Instructions

Schedule 2: Summary Statement of Sources and Uses

Lines 1-7: Report the Following Revenue Sources on the Appropriate Line

- **M2 Fairshare**
- **M2 Fairshare Interest**
- **M2 CTFP** – Comprehensive Transportation Funding Program
- **M2 CTFP Interest** - Comprehensive Transportation Funding Program (Negative interest is not allowable)
- **Other M2** – Includes Go Local, Senior Mobility Program, Transit, Water Quality, Grade Separations, Regional Gateways to High-Speed Rail
- **Other M2 Interest** - Includes Go Local, Senior Mobility Program, Transit, Water Quality, Grade Separation, Regional Gateways to High-Speed Rail
- **Other** – Please provide description for other categories

Line 8: Total Revenues

Sum Lines 1-7 (Should match Total in Schedule 1, Line 9)

Lines 9-15: Report the Following Expenditures on the Appropriate Line

- **M2 Fairshare**
- **M2 Fairshare Interest**
- **M2 CTFP** – Comprehensive Transportation Funding Program
- **M2 CTFP Interest** - Comprehensive Transportation Funding Program (Negative interest is not allowable)
- **Other M2** – Includes Go Local, Senior Mobility Program, Transit, Water Quality, Grade Separation, Regional Gateways to High-Speed Rail
- **Other M2 Interest** - Includes Go Local, Senior Mobility Program, Transit, Water Quality, Grade Separation, Regional Gateways to High-Speed Rail
- **Other** – Please provide description for other categories

Line 16: Total Expenditures

Sum Lines 9-15 (Should match Total in Schedule 1, Line 11)

Line 17: Total Balance

Subtract Line 16 from Line 8

**M2 Expenditure Report
Fiscal Year Ended June 30, 20____
Sources and Uses**

Description	Line No.	Amount
Revenues:		
M2 Fairshare	1	
M2 Fairshare Interest	2	
M2 CTFP (Project O)	3	
M2 CTFP Interest	4	
Other M2 Funding**	5	
Other M2 Interest	6	
Other*	7	
TOTAL REVENUES (Sum lines 1 to 7)	8	\$ -
Expenditures:		
M2 Fairshare	9	
M2 Fairshare Interest	10	
M2 CTFP (Project O)	11	
M2 CTFP Interest	12	
Other M2 Funding**	13	
Other M2 Interest	14	
Other*	15	
TOTAL EXPENDITURES (Sum lines 9 to 15)	16	\$ -
TOTAL BALANCE (Subtract line 16 from 8)	17	\$ -

* Please provide a specific description

** Please provide breakdown of "Other M2 Funding". Other M2 Funding includes funding received and/or funds expended by Local Agencies from any other M2 program besides Project O (Regional Capacity Program) and Project Q (Local Fair Share Program).

Revenues				
Project Description	Project	Amount	Interest	Total
Freeway Environmental Mitigation	A-M	\$ -	\$ -	\$ -
Regional Traffic Signal Synchronization Program	P	\$ -	\$ -	\$ -
High Frequency Metrolink Service	R	\$ -	\$ -	\$ -
Transit Extensions to Metrolink	S	\$ -	\$ -	\$ -
Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	T	\$ -	\$ -	\$ -
Senior Mobility Program or Senior Non-Emergency Medical Program	U	\$ -	\$ -	\$ -
Community Based Transit/Circulators	V	\$ -	\$ -	\$ -
Safe Transit Stops	W	\$ -	\$ -	\$ -
Water Quality Program	X	\$ -	\$ -	\$ -
Total		\$ -	\$ -	\$ -

Expenditures				
Project Description	Project	Amount	Interest	Total
Freeway Environmental Mitigation	A-M	\$ -	\$ -	\$ -
Regional Traffic Signal Synchronization Program	P	\$ -	\$ -	\$ -
High Frequency Metrolink Service	R	\$ -	\$ -	\$ -
Transit Extensions to Metrolink	S	\$ -	\$ -	\$ -
Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	T	\$ -	\$ -	\$ -
Senior Mobility Program or Senior Non-Emergency Medical Program	U	\$ -	\$ -	\$ -
Community Based Transit/Circulators	V	\$ -	\$ -	\$ -
Safe Transit Stops	W	\$ -	\$ -	\$ -
Water Quality Program	X	\$ -	\$ -	\$ -
Total		\$ -	\$ -	\$ -

Measure M2 Expenditure Report Template Instructions

Schedule 3: Summary Statement of Detailed Use of Funds

Line 1: Administration (Indirect & Overhead)

This line covers transportation-related local agency costs that are identified with a project and are not included as direct charges. The costs listed in this line item represent an equitable share of expenditures for the supervision and management of streets and roads activities not directly allocated to right-of-way, construction, or other categories listed below. This includes, but is not limited to, salaries of project management and support staff.

Lines 2-7: Construction

Construction expenditures include the following:

- Projects developing new streets, bridges, lighting facilities, storm drains, etc., in locations that formerly had no such facilities, or projects departing to such an extent from existing alignment and grade that no material salvage value is realized from the old facilities.
- Additions and betterments to the street system and its rights-of-way, including grade separations and urban extensions.
- Any work that materially increases the service life of the original project.
- Resurfacing to a thickness greater than one inch.
- Resurfacing to a thickness less than one inch if the project has been certified by a lead agency as construction.
- Construction of traffic islands and other traffic safety devices.
- Transit facilities including, but not limited to, bus stops, shelters, and maintenance facilities.
- Streetscape including original landscaping, tree planting, and similar work.
- Acquisition and installation of street lighting facilities, traffic signals, and/or street signs (only when such signs are installed in connection with developing new streets).
- Planning, environmental, or design related to construction.
- Salaries and expenses of employees in connection with construction (direct costs).

Line 8: Total Construction

Sum Lines 2-7

Line 9: Right-of-Way Acquisition

Right-of-way expenditures include the following:

- The acquisition of land or interest for use as a right-of-way in connection with the city's street system; the amount reported should include the cost of acquisition of any improvements situated on the real property at the date of its acquisition by the city.
- The cost of removing, demolishing, moving, resetting, and altering buildings or other structures that obstruct the right-of-way.
- The court costs of condemnation proceedings.
- Title searches and reports.
- Salaries and expenses of employees and right-of-way agents in connection with the acquisition of rights-of-way (direct costs).
- Severance damage to property sustained by reason of the city's street projects.
- All other costs of acquiring rights-of-way free and clear of all physical obstructions and legal encumbrances.

Line 10: Total Construction and Right-of-Way

Sum Lines 8-9

Line 11-15: Maintenance / Operations

Maintenance expenditures include the following:

- The preservation and keeping of rights-of-way, street structures, and facilities in the safe and usable condition, to which they have been improved or constructed, but not reconstruction or other improvements.
- General utility services such as roadside planting, tree trimming, street cleaning, snow removal, and general weed control.
- Repairs or other work necessitated by damage to street structures or facilities resulting from storms, slides, settlements, or other causes unless it has been determined by the city engineer that such work is properly classified as construction.
- Maintenance of traffic signal equipment, coordination and timing on the city streets, as well as the city's share of such expenditures covering traffic signals situated at intersections of city streets and state highways within the incorporated area of the city.
- Salaries and expenses of employees in connection with maintenance and/or operations (direct costs).

Line 16: Total Maintenance

Sum Lines 11-15

Line 17: Other

Please provide description for other categories. Example: transit, Senior Mobility Program, water quality, transit operations such as vehicle leases and other related operating expenses, etc.

Line 18: Grand Totals

Sum Lines 1, 10, 16, and 17

M2 Expenditure Report
Fiscal Year Ended June 30, 20__
Streets and Roads Detailed Use of Funds

Schedule 3

Type of Expenditure	Line No.	*MOE	+ Developer / Impact Fees	M2 Fairshare	M2 Fairshare Interest	M2 CTFP	M2 CTFP Interest	Other M2	Other M2 Interest	Other	TOTAL
Administration (Indirect & Overhead)	1										\$ -
Construction & Right-of-Way											\$ -
New Street Construction	2										\$ -
Street Reconstruction	3										\$ -
Signals, Safety Devices, & Street Lights	4										\$ -
Pedestrian Ways & Bikepaths	5										\$ -
Storm Drains	6										\$ -
Storm Damage	7										\$ -
Total Construction¹	8	-	-	-	-	-	-	-	-	-	\$ -
Right of Way Acquisition	9										\$ -
Total Construction & Right-of-Way Maintenance	10	-	-	-	-	-	-	-	-	-	\$ -
Patching	11										\$ -
Overlay & Sealing	12										\$ -
Street Lights & Traffic Signals	13										\$ -
Storm Damage	14										\$ -
Other Street Purpose Maintenance	15										\$ -
Total Maintenance¹	16	-	-	-	-	-	-	-	-	-	\$ -
Other	17										\$ -
GRAND TOTALS (Sum Lines 1, 10, 16, 17)	18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Local funds used to satisfy maintenance of effort (MOE) requirements

+ Transportation related only

¹ Includes direct charges for staff time

Measure M2 Expenditure Report Template Instructions

Schedule 4: Summary Statement of Fairshare Project List

List the project titles and brief description (maximum of two sentences) for all projects that utilized any portion of Measure M (M2) local fairshare funding. Please include the total amount of fairshare funds **only** that were expended.

**M2 Expenditure Report
Fiscal Year Ended June 30, 20____**

I certify that the interest earned on Net Revenues allocated pursuant to the Ordinance shall be expended only for those purposes for which the Net Revenues were allocated and all the information attached herein is true and accurate to the best of my knowledge:

Director of Finance

Date

[EXPENDITURE REPORT RESOLUTION]

A RESOLUTION OF THE CITY COUNCIL/BOARD OF SUPERVISORS OF THE CITY/COUNTY OF _____
_____ CONCERNING THE MEASURE M2 EXPENDITURE REPORT FOR THE
CITY/COUNTY OF _____.

WHEREAS, Local Transportation Authority Ordinance No. 3 requires local jurisdictions to adopt an annual Expenditure Report to account for Net Revenues, developer/traffic impact fees, and funds expended by local jurisdiction that satisfy the Maintenance of Effort requirements; and

WHEREAS, the Expenditure Report shall include all Net Revenue fund balances, interest earned and expenditures identified by type and program or project; and

WHEREAS, the Expenditure Report must be adopted and submitted to the Orange County Transportation Authority each year within six months of the end of the local jurisdiction's fiscal year to be eligible to receive Net Revenues as part of Measure M2.

NOW, THEREFORE, BE IT RESOLVED that the City/County of _____, does hereby inform OCTA that:

- a) The M2 Expenditure Report is in conformance with the M2 Expenditure Report Template provided in the ~~Renewed~~ Measure M2 Eligibility Guidelines and accounts for Net Revenues including interest earned, expenditures during the fiscal year and balances at the end of fiscal year.
- b) The M2 Expenditure Report is hereby adopted by the City/County of _____.
- c) The City/County of _____ Finance Director is hereby authorized to sign and submit the Measure M2 Expenditure Report to OCTA for the fiscal year ending _____.

PASSED, APPROVED AND ADOPTED on the _____ day of _____, 2015.

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Appendix H: Arterial Highway Mileage Change Report

Appendix H can found on the Eligibility Website:
<http://www.octa.net/About/Transportation-Funding/Eligibility/>

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Appendix I: Maintenance of Effort Reporting Form

Appendix I can found on the Eligibility Website:
<http://www.octa.net/About/Transportation-Funding/Eligibility/>

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Appendix I: Maintenance of Effort Reporting Form

Jurisdiction: _____

Type of GENERAL FUND Transportation Expenditures:

Please attach supporting budget documentation for each line item listed below.

MAINTENANCE	Total Expenditure
Subtotal Maintenance	\$ -

CONSTRUCTION	Total Expenditure
Subtotal Construction	\$ -

ADMINISTRATIVE/OTHER	Total Expenditure
Subtotal Administration/Other	\$ -

Total General Fund Transportation Expenditures	\$ -
(Less Total MOE Exclusions*)	(~)
MOE Expenditures	\$ -
MOE Benchmark Requirement	\$ -
(Shortfall) / Surplus	\$ -

Certification:

I hereby certify that the City/County of _____ has budgeted and will meet the Maintenance of Effort requirement for Fiscal Year _____.

Signature (Finance Director)

Title

Date

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Appendix J: Acronyms

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Appendix J: **Acronyms**

AHRP	- Arterial Highway Rehabilitation Program
CCI	- Construction Cost Index
CEQA	- California Environmental Quality Act
CFD	- Community Facilities District
CIP	- Capital Improvement Program
CMP	- Congestion Management Program
COC	- Citizen's Oversight Committee
CTFP	- Combined Transportation Funding Program
GMA	- Growth Management Area
GME	- Growth Management Element
GMP	- Growth Management Program
ITS	- Intelligent Transportation Systems
LAFCO	- Local Agency Formation Commission
LOS	- Level of Service
LTA	- Local Transportation Authority
MOE	- Maintenance of Effort
MPAH	- Master Plan of Arterial Highways
PCI	- Pavement Condition Index
PMP	- Pavement Management Plan
RCP	- Regional Capacity Program
RTSSMP	- Regional Traffic Signal Synchronization Master Plan
OCCOG	- Orange County Council of Governments
TAC	- Technical Advisory Committee
TDM	- Traffic Demand Model
TOC	- Taxpayers Oversight Committee
TSC	- Technical Steering Committee
SCAQMD	- South Coast Air Quality Management District



COMMITTEE TRANSMITTAL

April 27, 2015

To: Members of the Board of Directors
From: Laurena Weinert,  Clerk of the Board
Subject: First Quarter 2015 Debt and Investment Report

Finance and Administration Committee Meeting of April 22, 2015

Present: Directors Hennessey, Jones, Murray, Shaw, Spitzer, Steel,
and Ury
Absent: Director Miller

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.



April 22, 2015

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: First Quarter 2015 Debt and Investment Report

Overview

The California Government Code authorizes the Orange County Transportation Authority Treasurer to submit a quarterly investment report detailing the investment activity for the period. This investment report covers the first quarter of 2015, January through March, and includes a discussion on the Orange County Transportation Authority's debt portfolio.

Recommendation

Receive and file the Quarterly Debt and Investment Report prepared by the Treasurer as an information item.

Discussion

The Treasurer is currently managing the Orange County Transportation Authority's (OCTA) investment portfolio totaling \$1.3 billion as of March 31, 2015. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, bond proceeds portfolio to meet Measure M2 (M2) transportation program needs, and the short-term portfolio for future budgeted expenditures. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes.

OCTA's debt portfolio had an outstanding principal balance of \$452 million as of March 31, 2015. Approximately 74 percent of the outstanding balance is comprised of M2 debt and 26 percent is associated with the 91 Express Lanes Program.

Economic Summary: The United States (U.S.) economy expanded at a 2.2 percent annualized pace in the fourth quarter of last year, led by the biggest gain in consumer spending in eight years. Job openings rose in February to the highest level in 14 years, indicating the labor market remained

resilient even as the economy was cooling. The job openings climbed by 168,000 to 5.13 million, the most since January 2001. More job listings and fewer dismissals signal companies remained optimistic the economy will pick up in coming months and lead to stronger hiring. Job openings in construction, retail trade, and food services accounted for the biggest gains in available employment, while manufacturing and government agencies showed a decline. Manufacturing expanded in March at the slowest pace in almost two years, restrained by a stronger dollar, weaker foreign demand, low oil prices, and lingering delays in shipments from West Coast ports.

Federal Reserve Board (Fed) policy makers are keeping an eye on employment and inflation as they consider raising interest rates this year. The Fed cut their economic growth estimates for this year and the next two, according to the Federal Open Market Committee's quarterly Summary of Economic Projections. The Fed also reduced its median estimate for the federal funds rate at the end of 2015 to 0.625 percent, compared with 1.125 percent in December forecasts. During the March meeting, policy makers dropped their assurance that they will be "patient" on the timing of tightening, resulting in further speculation that a near-term bump in rates is likely.

Debt Portfolio Activity: On February 17, 2015, OCTA remitted a debt service payment to M2 investors in the amount of \$17.8 million. Of this amount, \$6.9 million was used to retire M2 principal. The M2 Program currently has \$332.7 million in outstanding debt.

OCTA also remitted a debt service payment for the 91 Express Lanes on February 17, 2015. OCTA paid \$2.9 million in interest on the bonds. Currently, there remains \$119.5 million in principal outstanding. The outstanding balances for each of OCTA's debt securities are presented in Attachment A.

Investment Portfolio Compliance: During the quarter, Cutwater Asset Management (CAM) and Western Asset Management (WAM) were out of compliance. Beginning on February 11, 2015, CAM exceeded the money market balance by 3.5 percent until February 20, 2015. This was the second violation by CAM during a 12-month period and was reported to the Finance and Administration Committee at the April 8, 2014, meeting as required.

Additionally WAM was out of compliance on March 4th through March 13th on a cost basis when the purchase of a security settled. The holdings in mortgage/asset-backed securities totaled 10.011 percent, exceeding the maximum allowable limit of ten percent. Staff is required to disclose

occurrences that exceed the limit. OCTA continues its policy of reviewing the contents of the investment portfolio to ensure compliance. Attachment B provides a comparison of the portfolio holdings as of March 31, 2015, to the diversification guidelines of the policy.

Investment Portfolio Performance Versus Selected Benchmarks: OCTA uses Clearwater Analytics to calculate performance for each manager within the respective portfolios. The performance reports calculate monthly total rates of return based upon the market value of the portfolios they manage. The securities are marked-to-market daily based on pricing data provided by the custody banks.

OCTA has calculated the total returns for each of the investment managers for short-term operating monies and has compared the returns to specific benchmarks as shown in Attachment C. Attachment D contains an annualized total return performance comparison by investment manager for the previous two years. Attachment E provides a five-year yield comparison between the short-term portfolio managers, the Orange County Investment Pool, and the Local Agency Investment Fund.

The returns for OCTA's short-term operating monies are compared to the Bank of America Merrill Lynch (BAML) 1-3 year Treasury (Treasury) and the BAML 1-3 year AAA-A U.S. Corporate and Government (Corporate/Government) benchmarks. The BAML 1-3 year indices are among the most commonly used short-term fixed-income benchmarks. Each of the four managers invests in a combination of securities that all conform to OCTA's 2014 Investment Policy (Policy). For the quarter ending March 31, 2015, the weighted average total return for OCTA's short-term portfolio was 0.56 percent, exceeding the Treasury benchmark return by four basis points and equaling the Corporate/Government benchmark return. For the 12-month period ending March 31, 2015, the portfolio's return totaled 1.10 percent, exceeding the Treasury benchmark by ten basis points and the Corporate/Government benchmark by one basis point for the same period.

The returns for OCTA's bond proceeds portfolio are compared to a customized benchmark comprised of treasury securities that match the projected draw schedule. Each of the two managers invest in a combination of securities that all conform to the Policy. For the quarter ending March 31, 2015, the weighted average total return for OCTA's bond proceeds portfolio was 0.02 percent, three basis points below the benchmark return of 0.05 percent. For the 12-month period ending March 31, 2015, the portfolio's return totaled 0.12 percent, six basis points below the benchmark return of 0.18 percent for the same period.

Yields remained relatively unchanged on the front-end of the yield curve up to one year. Beginning with the two-year note, yields dropped from 0.67 percent to 0.56 percent by the end of the quarter. During the same period the five-year treasury dropped from 1.65 percent to 1.37 percent on increased demand due to mixed economic data. The investment managers continue to add value by purchasing high-quality fixed-income alternatives to treasuries like corporate medium-term notes and mortgage/asset-backed securities that offer a comparatively higher yield.

A complete listing of all securities is provided in Attachment G. Each portfolio contains a description of the security, maturity date, book value, market value, and yield provided by Clearwater Analytics.

Cash Availability for the Next Six Months: OCTA has reviewed the cash requirements for the next six months. It has been determined that the liquid and the short-term portfolios can fund all projected expenditures during the next six months.

Summary

As required under the California Government Code, the Orange County Transportation Authority is submitting its quarterly debt and investment report to the Board of Directors. The report summarizes the Orange County Transportation Authority's debt and investment activities for the period January 2015 through March 2015.

Attachments

- A. Orange County Transportation Authority Outstanding Debt March 31, 2015.
- B. Orange County Transportation Authority Investment Policy Compliance March 31, 2015.
- C. Orange County Transportation Authority Short-term Portfolio Performance Review Quarter Ending March 31, 2015.
- D. Orange County Transportation Authority Short-term Portfolio Performance March 31, 2015.
- E. Orange County Transportation Authority Comparative Yield Performance March 31, 2015.
- F. Investment Manager Diversification and Maturity Schedules March 31, 2015.
- G. Orange County Transportation Authority Portfolio Listing as of March 31, 2015.

Prepared by:



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Deputy Treasurer
Treasury Public Finance
714-560-5675

Approved by:



Andrew Oftelie
Executive Director,
Finance and Administration
714-560-5649

**Orange County Transportation Authority
Outstanding Debt
March 31, 2015**

Orange County Local Transportation Authority (OCLTA) - M2 Program

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2010 Series B Sales Tax Revenue Tax-Exempt Bonds	\$ 59,030,000	\$ 39,155,000	2020
2010 Series A Sales Tax Revenue Taxable Bonds	\$ 293,540,000	\$ 293,540,000	2041
Sub-total	\$ 352,570,000	\$ 332,695,000	

91 Express Lanes

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2013 OCTA 91 Express Lanes Refunding Bonds	\$ 124,415,000	\$ 119,490,000	2030

TOTAL OUTSTANDING BALANCE

\$ 452,185,000

ORANGE COUNTY TRANSPORTATION AUTHORITY
Investment Policy Compliance
March 31, 2015

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy</u>
U.S. Treasuries	\$556,317,826	43.7%	100%
Federal Agencies & U.S. Government Sponsored	159,136,258	12.5%	100%
State of California & Local Agencies	6,115,598	0.5%	25%
Money Market Funds & Mutual Funds	104,874,942	8.2%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	14,200,000	1.1%	30%
Commercial Paper	11,210,876	0.9%	25%
Medium Term Maturity Corporate Securities	246,564,538	19.4%	30%
Mortgage and Asset-backed Securities	82,593,430	6.5%	10%
Repurchase Agreements	41,986,084	3.3%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund	10,144,397	0.8%	\$ 40 Million
Orange County Investment Pool	26,046	0.0%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	39,461,154	3.1%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	0	0.0%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
TOTAL	<u>\$1,272,631,149</u>	100.0%	

**Orange County Transportation Authority
Short-term Portfolio Performance Review*
Quarter Ending March 31, 2015**

Month Ending	Bank of America Merrill Lynch Treasury 1-3 Year Index Benchmark		Bank of America Merrill Lynch Gov/Corp 1-3 Year Index Benchmark		JP Morgan		Payden & Rygel		Western Asset Mgmt		State Street Global Advisors	
	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration	Monthly Return	Duration
1/31/2015	0.51%	1.87 years	0.51%	1.88 years	0.56%	1.82 years	0.45%	1.63 years	0.42%	1.63 years	0.46%	1.76 years
2/28/2015	-0.22%	1.88 years	-0.17%	1.89 years	-0.20%	1.80 years	-0.10%	1.73 years	-0.13%	1.64 years	-0.09%	1.85 years
3/31/2015	0.23%	1.87 years	0.22%	1.89 years	0.24%	1.79 years	0.22%	1.72 years	0.21%	1.79 years	0.18%	1.74 years
Jan 15 - Mar 15 Total Return	0.52%		0.56%		0.60%		0.57%		0.50%		0.56%	

HISTORICAL QUARTERLY RETURNS

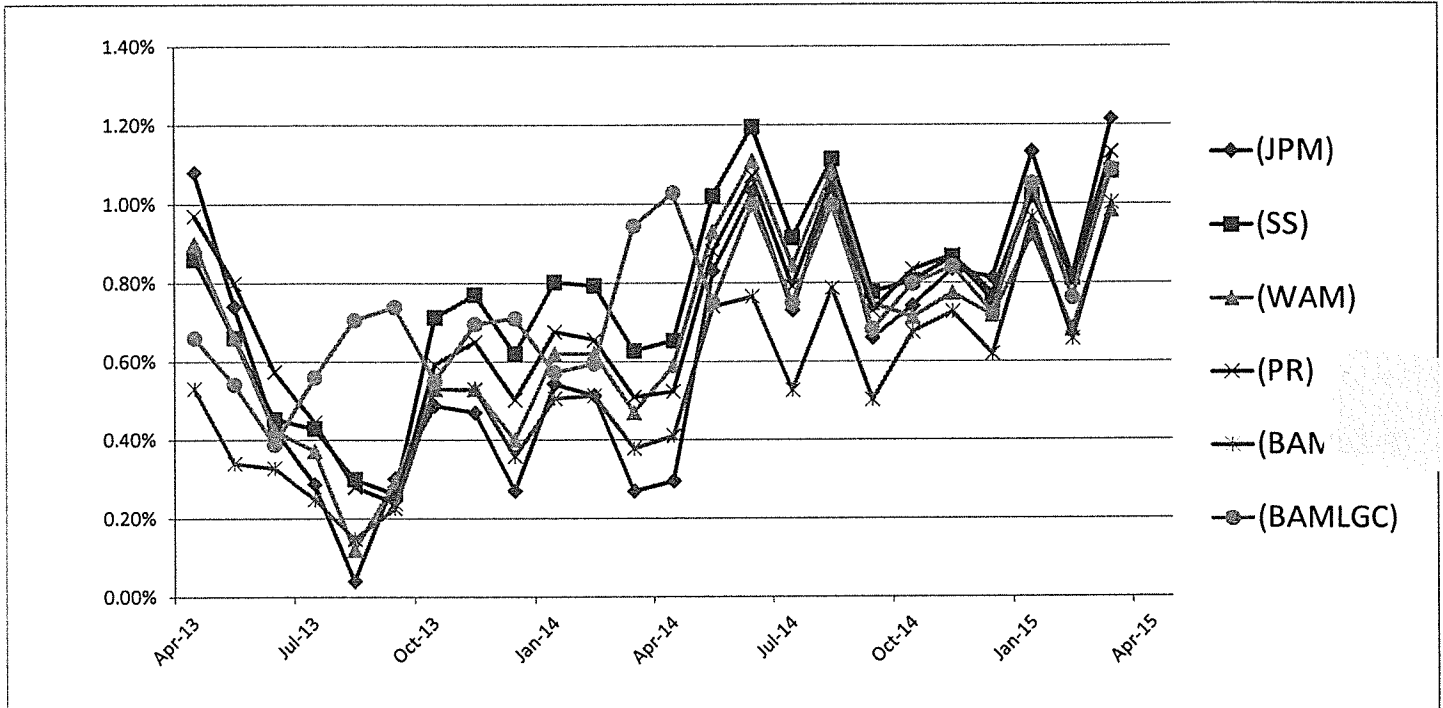
Apr 14 - Jun 14 Total Return	0.27%	0.31%	0.36%	0.34%	0.33%	0.31%
Jul 14 - Sep 14 Total Return	0.03%	0.03%	-0.01%	0.03%	0.04%	0.03%
Oct 14 - Dec 14 Total Return	0.17%	0.18%	0.25%	0.19%	0.11%	0.18%
Jan 15 - Mar 15 Total Return	0.52%	0.56%	0.60%	0.57%	0.50%	0.56%
12-Month Total Return	1.00%	1.09%	1.21%	1.13%	0.98%	1.08%

* - Month End Rates of Return are Gross of Fees

12-Mo Total Return (Net of Fees)	N/A	N/A	1.07%	1.00%	0.84%	0.98%
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Orange County Transportation Authority Short-Term Portfolio Performance March 31, 2015

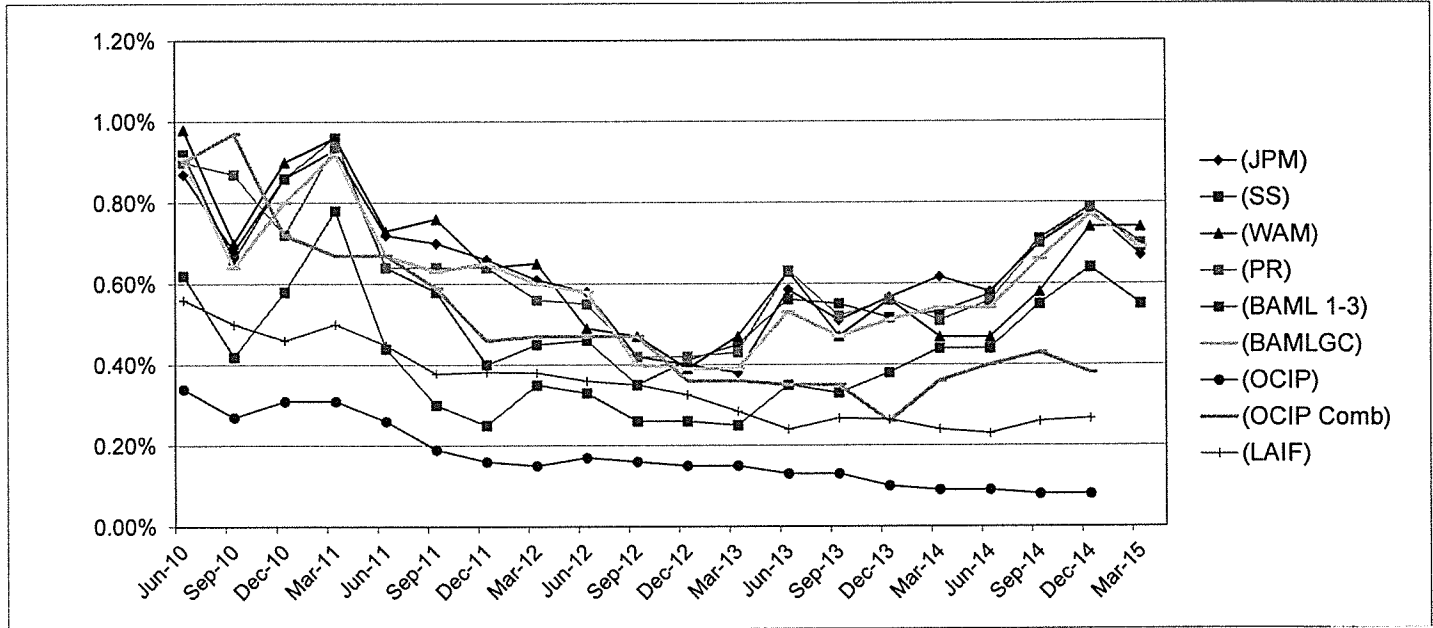
**Trailing 1-Year Total Return
Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks**



	JP Morgan (JPM)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Apr-13	1.08%	0.86%	0.90%	0.97%	0.53%	0.66%
May-13	0.74%	0.66%	0.66%	0.80%	0.34%	0.54%
Jun-13	0.43%	0.45%	0.42%	0.57%	0.33%	0.39%
Jul-13	0.29%	0.43%	0.37%	0.45%	0.25%	0.56%
Aug-13	0.04%	0.30%	0.12%	0.28%	0.15%	0.71%
Sep-13	0.30%	0.26%	0.29%	0.24%	0.23%	0.74%
Oct-13	0.49%	0.71%	0.53%	0.59%	0.53%	0.55%
Nov-13	0.47%	0.77%	0.53%	0.65%	0.53%	0.70%
Dec-13	0.27%	0.62%	0.40%	0.50%	0.36%	0.71%
Jan-14	0.54%	0.80%	0.62%	0.68%	0.51%	0.57%
Feb-14	0.51%	0.79%	0.62%	0.66%	0.51%	0.59%
Mar-14	0.27%	0.63%	0.47%	0.51%	0.38%	0.94%
Apr-14	0.30%	0.65%	0.59%	0.52%	0.41%	1.03%
May-14	0.83%	1.02%	0.93%	0.88%	0.74%	0.75%
Jun-14	1.03%	1.20%	1.11%	1.07%	0.77%	1.00%
Jul-14	0.73%	0.91%	0.84%	0.79%	0.53%	0.75%
Aug-14	1.05%	1.11%	1.08%	1.05%	0.79%	1.00%
Sep-14	0.66%	0.78%	0.75%	0.73%	0.50%	0.68%
Oct-14	0.74%	0.81%	0.71%	0.83%	0.68%	0.80%
Nov-14	0.84%	0.87%	0.77%	0.87%	0.73%	0.84%
Dec-14	0.81%	0.76%	0.72%	0.78%	0.62%	0.72%
Jan-15	1.13%	1.02%	0.92%	1.03%	0.97%	1.05%
Feb-15	0.82%	0.81%	0.68%	0.81%	0.66%	0.76%
Mar-15	1.21%	1.08%	0.98%	1.13%	1.00%	1.09%

Orange County Transportation Authority Comparative Yield Performance March 31, 2015

**Historical Yields
Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks**

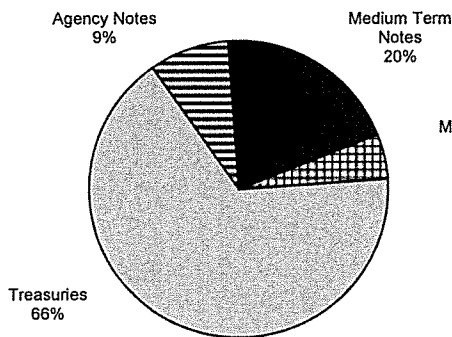


	JP Morgan (JPM)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)	(OCIP)	(OCIP Comb)	(LAIF)
Jun-10	0.87%	0.92%	0.98%	0.90%	0.62%	0.91%	0.34%	0.90%	0.56%
Sep-10	0.68%	0.66%	0.70%	0.87%	0.42%	0.64%	0.27%	0.97%	0.50%
Dec-10	0.86%	0.86%	0.90%	0.72%	0.58%	0.80%	0.31%	0.72%	0.46%
Mar-11	0.93%	0.96%	0.96%	0.94%	0.78%	0.92%	0.31%	0.67%	0.50%
Jun-11	0.72%	0.64%	0.73%	0.64%	0.44%	0.67%	0.26%	0.67%	0.45%
Sep-11	0.70%	0.58%	0.76%	0.64%	0.30%	0.63%	0.19%	0.59%	0.38%
Dec-11	0.66%	0.40%	0.64%	0.64%	0.25%	0.65%	0.16%	0.46%	0.38%
Mar-12	0.61%	0.45%	0.65%	0.56%	0.35%	0.60%	0.15%	0.47%	0.38%
Jun-12	0.58%	0.46%	0.49%	0.55%	0.33%	0.58%	0.17%	0.47%	0.36%
Sep-12	0.42%	0.35%	0.47%	0.42%	0.26%	0.40%	0.16%	0.47%	0.35%
Dec-12	0.40%	0.41%	0.39%	0.42%	0.26%	0.39%	0.15%	0.36%	0.33%
Mar-13	0.38%	0.45%	0.47%	0.43%	0.25%	0.39%	0.15%	0.36%	0.29%
Jun-13	0.59%	0.56%	0.63%	0.63%	0.35%	0.53%	0.13%	0.35%	0.24%
Sep-13	0.51%	0.55%	0.47%	0.52%	0.33%	0.47%	0.13%	0.35%	0.27%
Dec-13	0.57%	0.52%	0.56%	0.56%	0.38%	0.51%	0.10%	0.26%	0.26%
Mar-14	0.62%	0.53%	0.47%	0.51%	0.44%	0.54%	0.09%	0.36%	0.24%
Jun-14	0.58%	0.57%	0.47%	0.56%	0.44%	0.54%	0.09%	0.40%	0.23%
Sep-14	0.70%	0.71%	0.58%	0.70%	0.55%	0.66%	0.08%	0.43%	0.26%
Dec-14	0.78%	0.79%	0.74%	0.79%	0.64%	0.77%	0.08%	0.38%	0.27%
Mar-15	0.67%	0.69%	0.74%	0.70%	0.55%	0.69%	N/A	N/A	N/A

Investment Manager Diversification and Maturity Schedules

JP Morgan
March 31, 2015

SHORT-TERM PORTFOLIO (\$266.8 M)

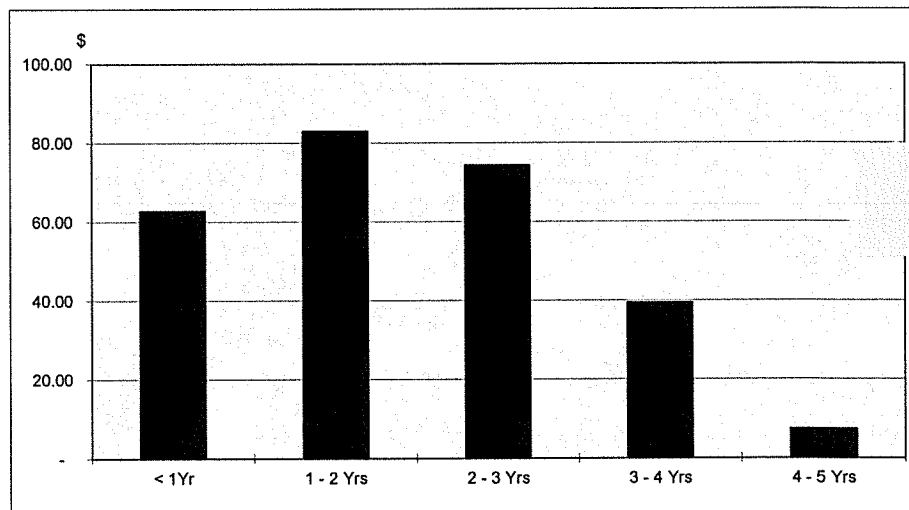


Mortg. & Asset-Back Sec.
5%

Treasuries
 Agency Notes
 Medium Term Notes
 Mortg. & Asset-Back Sec.
 Money Market Funds

	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$177,265,176	\$176,540,282
Agency Notes	22,786,596	22,027,327
Medium Term Notes	53,715,430	52,808,285
Mortg. & Asset-Back Sec.	12,858,622	12,846,418
Money Market Funds	<u>175,740</u>	<u>175,740</u>
	<u>\$266,801,564</u>	<u>\$264,398,052</u>

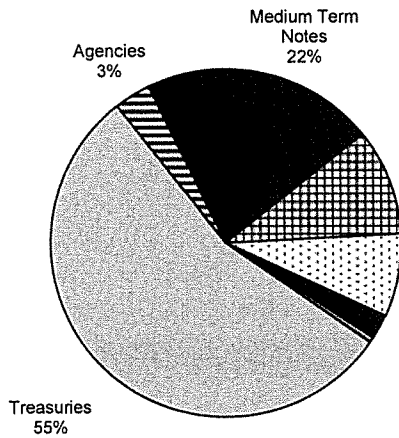
Wtd Avg Life	1.83 Yrs
Duration	1.79 Yrs
Quarter-end Yield	0.67%
TSY Benchmark	0.55%
Gov/Corp Benchmark	0.69%
Quarter Return	0.60%
TSY Benchmark	0.52%
Gov/Corp Benchmark	0.56%
12 Month Return	1.21%
TSY Benchmark	1.00%
Gov/Corp Benchmark	1.09%



Investment Manager Diversification and Maturity Schedules

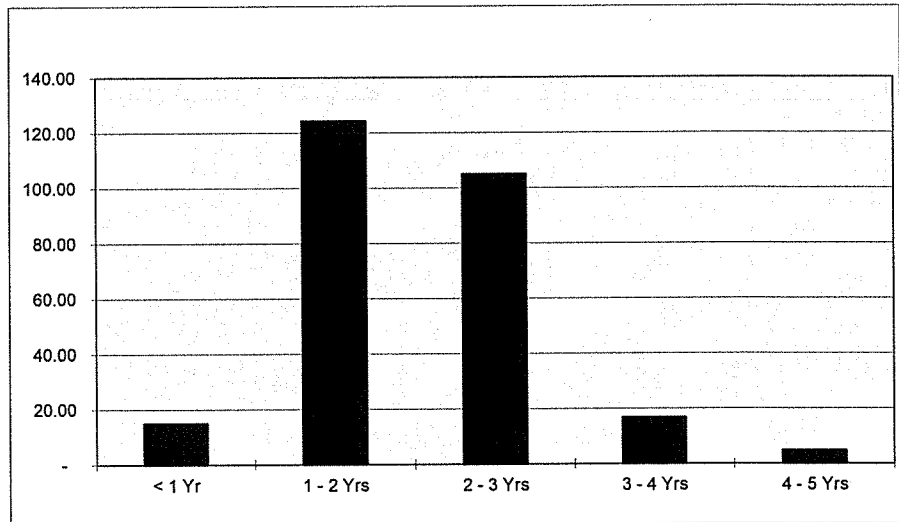
Payden & Rygel
March 31, 2015

SHORT-TERM PORTFOLIO (\$265.9 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$145,574,198	\$145,893,603
Agencies	8,945,635	8,954,400
Medium Term Notes	57,059,795	57,129,355
Mortg. & Asset-Back Sec.	26,296,488	26,301,864
Variable & Floating Rate	20,547,587	20,583,283
State & Local Agencies	6,115,598	6,120,675
Negotiable CD	1,200,000	1,200,168
Money Market Funds	<u>167,243</u>	<u>167,243</u>
	<u>\$265,906,545</u>	<u>\$266,350,590</u>

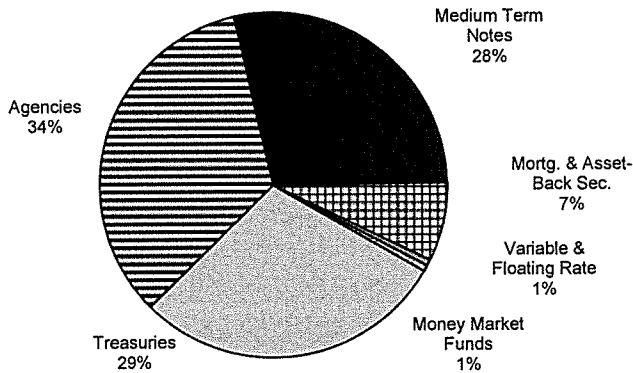
Wtd Avg Life	1.91 Yrs
Duration	1.72 Yrs
Quarter-end Yield	0.70%
TSY Benchmark	0.55%
Gov/Corp Benchmark	0.69%
Quarter Return	0.57%
TSY Benchmark	0.52%
Gov/Corp Benchmark	0.56%
12 Month Return	1.13%
TSY Benchmark	1.00%
Gov/Corp Benchmark	1.09%



Investment Manager Diversification and Maturity Schedules

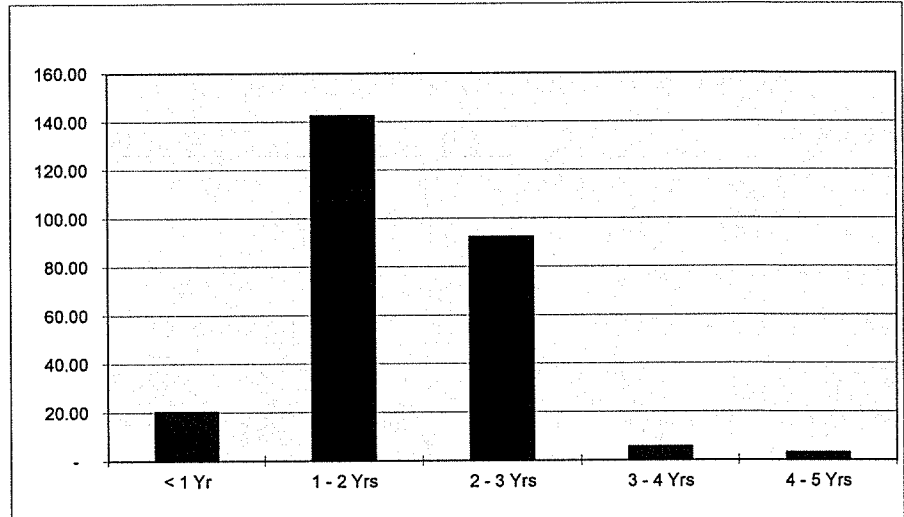
State Street
March 31, 2015

SHORT-TERM PORTFOLIO (\$263.4 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$77,087,323	\$77,486,073
Agencies	89,044,219	88,848,649
Medium Term Notes	74,694,348	74,820,562
Mortg. & Asset-Back Sec.	19,484,752	19,516,564
Variable & Floating Rate	1,500,000	1,518,315
Money Market Funds	<u>1,553,262</u>	<u>1,553,262</u>
	<u>\$263,363,904</u>	<u>\$263,743,424</u>

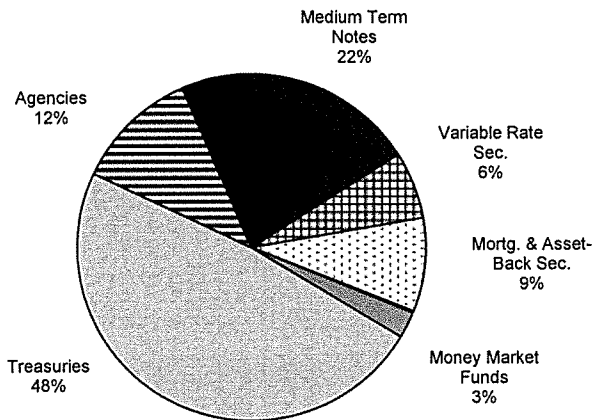
Wtd Avg Life	1.78 Yrs
Duration	1.74 Yrs
Quarter-end Yield	0.69%
TSY Benchmark	0.55%
Gov/Corp Benchmark	0.69%
Quarter Return	0.56%
TSY Benchmark	0.52%
Gov/Corp Benchmark	0.56%
12 Month Return	1.08%
TSY Benchmark	1.00%
Gov/Corp Benchmark	1.09%



Investment Manager Diversification and Maturity Schedules

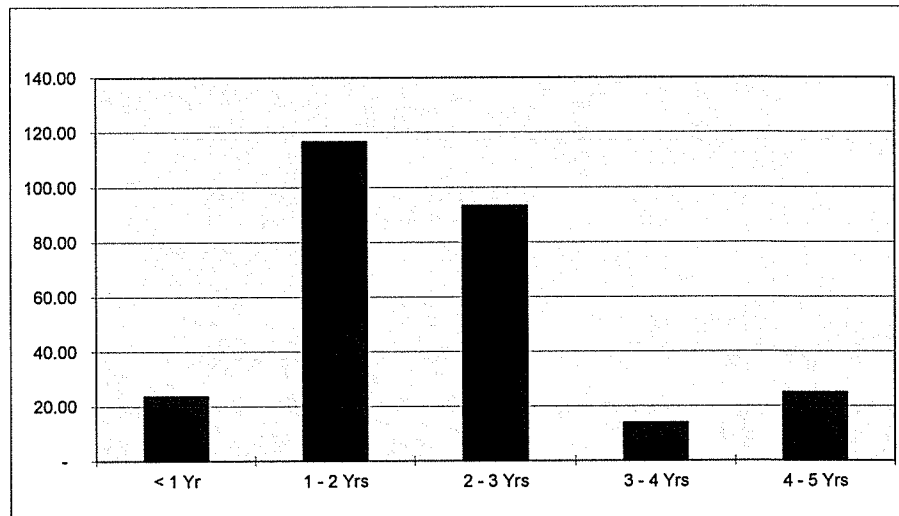
Western Asset Management March 31, 2015

SHORT-TERM PORTFOLIO (\$272.1 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$131,709,657	\$132,163,019
Agencies	\$31,336,272	30,936,369
Medium Term Notes	61,094,965	60,902,434
Variable Rate Sec.	17,083,567	17,114,054
Mortg. & Asset-Back Sec.	23,734,909	23,763,389
Commercial Paper	399,932	399,988
Money Market Funds	<u>6,736,471</u>	<u>6,736,471</u>
	<u>\$272,095,773</u>	<u>\$272,015,723</u>

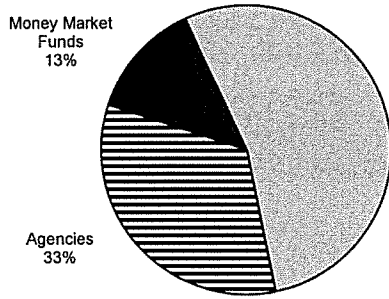
Wtd Avg Life	2.03 Yrs
Duration	1.79 Yrs
Quarter-end Yield	0.74%
TSY Benchmark	0.55%
Gov/Corp Benchmark	0.69%
Quarter Return	0.50%
TSY Benchmark	0.52%
Gov/Corp Benchmark	0.56%
12 Month Return	0.98%
TSY Benchmark	1.00%
Gov/Corp Benchmark	1.09%



Investment Manager Diversification and Maturity Schedules

Cutwater
March 31, 2015

BOND PROCEEDS PORTFOLIO (\$18.1 M)

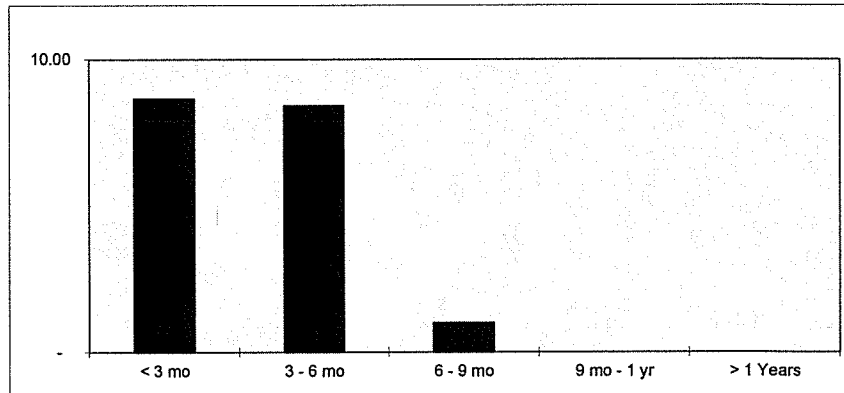


Treasuries
54%

Treasuries
Agencies
Money Market Funds

	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$ 9,709,082	\$9,704,927
Agencies	\$ 5,998,555	\$5,999,140
Money Market Funds	<u>2,345,015</u>	<u>2,345,015</u>
	<u>\$ 18,052,652</u>	<u>\$ 18,049,082</u>

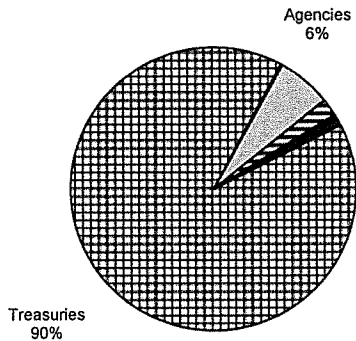
Wtd Avg Life	0.26 Yrs
Duration	0.26 Yrs
Quarter-end Yield	0.09%
Benchmark Comparison	0.11%
Quarter Return	0.01%
Benchmark Comparison	0.05%
12 Month Return	0.05%
Benchmark Comparison	0.18%



Investment Manager Diversification and Maturity Schedules

Logan Circle
March 31, 2015

BOND PROCEEDS PORTFOLIO (\$16.6 M)



Agencies
6%

Variable Rate
Sec.
2%

Mortg. & Asset-
Back Sec.
2%

Agencies
Variable Rate Sec.
Mortg. & Asset-Back Sec.
Treasuries
Money Market Funds

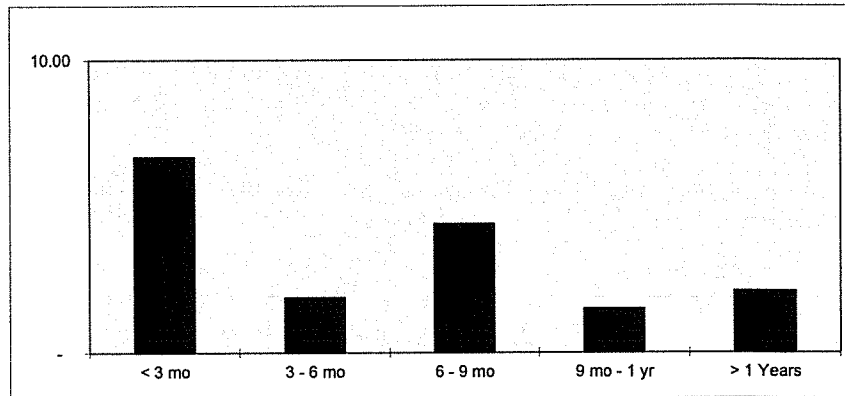
	<u>Book Value</u>	<u>Market Value</u>
Agencies	1,024,981	1,024,990
Variable Rate Sec.	330,000	330,073
Mortg. & Asset-Back Sec.	218,659	218,802
Treasuries	14,972,390	14,960,136
Money Market Funds	<u>35,111</u>	<u>35,111</u>
	<u>\$16,581,141</u>	<u>\$16,569,111</u>

Wtd Avg Life 0.42 Yrs
 Duration 0.23 Yrs

Quarter-end Yield 0.11%
 Benchmark Comparison 0.11%

Quarter Return 0.03%
 Benchmark Comparison 0.05%

12 Month Return 0.19%
 Benchmark Comparison 0.18%



**Orange County Transportation Authority
Portfolio Listing
As of March 31, 2015**

LIQUID PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<u>CASH EQUIVALENTS</u>				
REPURCHASE AGREEMENT	4/1/2015	41,986,083.64	41,986,083.64	0.05%
FEDERATED PRIME OBLIGATIONS FUND	N/A	11,261,839.93	11,261,839.93	0.02%
FIDELITY PRIME OBLIGATIONS FUND	N/A	82,600,255.70	82,600,255.70	0.01%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	5.76	5.76	0.01%
SUB-TOTAL		<u>135,848,185.03</u>	<u>135,848,185.03</u>	
<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>	N/A	10,144,396.57	10,144,396.57	N/A
<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>	N/A	26,045.87	26,045.87	N/A
LIQUID PORTFOLIO - TOTAL		<u>\$ 146,018,627.47</u>	<u>\$ 146,018,627.47</u>	

BOND PROCEEDS PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<u>CASH EQUIVALENTS / COMMERCIAL PAPER</u>				
FIDELITY PRIME OBLIGATIONS FUND	N/A	2,380,125.30	2,380,125.30	0.05%
SUB-TOTAL		<u>2,380,125.30</u>	<u>2,380,125.30</u>	
<u>U.S. GOVERNMENT & AGENCY OBLIGATIONS</u>				
FED HOME LN DISCOUNT NT	4/9/2015	399,993.00	399,996.00	0.07%
FED HOME LN DISCOUNT NT	4/9/2015	199,995.50	199,998.00	0.09%
FED HOME LN DISCOUNT NT	4/10/2015	424,992.92	424,995.75	0.06%
FED HOME LN DISCOUNT NT	4/15/2015	1,999,840.00	1,999,980.00	0.04%
FED HOME LN DISCOUNT NT	5/18/2015	1,999,650.00	1,999,880.00	0.06%
FREDDIE MAC DISCOUNT NT	8/17/2015	1,999,065.00	1,999,280.00	0.09%
TREASURY BILL	4/23/2015	1,899,871.77	1,899,981.00	0.02%
TREASURY BILL	4/30/2015	2,249,863.56	2,249,932.50	0.02%
TREASURY BILL	10/15/2015	1,998,607.22	1,998,600.00	0.12%
US TREASURY FRN	1/31/2016	949,592.38	949,905.00	0.10%
US TREASURY FRN	1/31/2016	299,876.95	299,970.00	0.10%
US TREASURY FRN	1/31/2016	249,952.14	249,975.00	0.09%
US TREASURY FRN	4/30/2016	1,550,336.42	1,550,124.00	0.09%
US TREASURY N/B	4/30/2015	1,010,273.44	1,001,880.00	0.08%
US TREASURY N/B	6/15/2015	475,556.64	475,290.00	0.08%
US TREASURY N/B	6/15/2015	2,302,695.31	2,301,440.00	0.08%
US TREASURY N/B	7/15/2015	500,429.69	500,235.00	0.06%
US TREASURY N/B	7/15/2015	2,502,148.44	2,501,175.00	0.05%
US TREASURY N/B	8/15/2015	511,093.75	507,695.00	0.08%
US TREASURY N/B	9/15/2015	875,717.77	875,411.25	0.12%
US TREASURY N/B	9/15/2015	3,002,695.31	3,001,410.00	0.10%
US TREASURY N/B	9/15/2015	200,171.88	200,094.00	0.09%
US TREASURY N/B	9/15/2015	700,628.91	700,329.00	0.09%
US TREASURY N/B	10/15/2015	2,401,218.75	2,401,128.00	0.16%
US TREASURY N/B	10/15/2015	1,000,742.19	1,000,470.00	0.13%
SUB-TOTAL		<u>31,705,008.94</u>	<u>31,689,192.75</u>	
<u>VARIABLE RATE NOTES</u>				
NATIONAL RURAL UTIL COOP	5/27/2016	330,000.00	330,072.60	0.52%
SUB-TOTAL		<u>330,000.00</u>	<u>330,072.60</u>	
<u>MORTGAGE AND ASSET-BACK SECURITIES</u>				
TAOT 2012-B A3	7/15/2016	20,915.77	20,904.67	0.43%

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TAOT 2012-B A3	7/15/2016	27,830.00	27,872.89	0.50%
TAOT 2012-B A3	7/15/2016	164,351.13	164,450.08	0.47%
TAOT 2012-B A3	7/15/2016	5,561.64	5,574.58	0.54%
	<i>SUB-TOTAL</i>	<u>218,658.54</u>	<u>218,802.22</u>	
BOND PROCEEDS PORTFOLIO - TOTAL		<u>\$ 34,633,792.78</u>	<u>\$ 34,618,192.87</u>	

SHORT-TERM PORTFOLIO

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<u>CASH EQUIVALENTS</u>				
CITIBANK NEGOTIABLE CERTIFICATE OF DEPOSIT	5/7/2015	1,200,000.00	1,200,168.00	0.16%
MICROSOFT CORPORATION COMMERCIAL PAPER	4/8/2015	399,932.22	399,988.00	0.15%
BLACKROCK INSTITUTIONAL FUNDS	N/A	8,632,715.41	8,632,715.41	0.01%
	<i>SUB-TOTAL</i>	<u>10,232,647.63</u>	<u>10,232,871.41</u>	
<u>U.S. GOVERNMENT & AGENCY OBLIGATIONS</u>				
FANNIE MAE	5/27/2015	199,692.60	200,122.00	0.11%
FANNIE MAE	7/28/2015	827,195.20	805,776.00	0.15%
FANNIE MAE	10/15/2015	1,472,215.50	1,380,280.50	0.21%
FANNIE MAE	10/15/2015	677,679.60	613,458.00	0.21%
FANNIE MAE	10/26/2015	518,058.50	503,995.00	0.22%
FANNIE MAE	3/8/2016	523,765.00	507,850.00	0.32%
FANNIE MAE	3/15/2016	1,043,640.00	1,017,800.00	0.38%
FANNIE MAE	3/30/2016	2,996,580.00	3,005,340.00	0.32%
FANNIE MAE	3/30/2016	1,383,421.10	1,387,465.30	0.32%
FANNIE MAE	3/30/2016	1,153,019.10	1,156,054.12	0.32%
FANNIE MAE	3/30/2016	3,457,054.46	3,467,160.58	0.32%
FANNIE MAE	4/11/2016	5,325,000.00	5,100,550.00	0.41%
FANNIE MAE	9/15/2016	612,310.72	598,516.80	0.50%
FANNIE MAE	9/28/2016	450,418.95	455,022.00	0.50%
FANNIE MAE	2/13/2017	1,963,710.29	1,947,474.00	0.58%
FANNIE MAE	4/27/2017	141,170.40	141,267.00	0.68%
FANNIE MAE	6/12/2017	554,755.00	550,290.00	0.75%
FANNIE MAE	6/12/2017	913,792.00	880,464.00	0.75%
FANNIE MAE	10/9/2019	5,746,054.00	5,752,376.60	1.88%
FED HOME LN DISCOUNT NT	5/8/2015	949,807.89	949,962.00	0.04%
FEDERAL HOME LOAN BANK	2/19/2016	2,994,150.00	3,001,560.00	0.32%
FEDERAL HOME LOAN BANK	3/11/2016	2,446,625.00	2,359,800.00	0.36%
FEDERAL HOME LOAN BANK	3/11/2016	4,348,200.00	4,104,000.00	0.36%
FEDERAL HOME LOAN BANK	6/24/2016	4,985,775.00	4,997,250.00	0.42%
FEDERAL HOME LOAN BANK	9/28/2016	573,180.12	575,023.00	0.50%
FEDERAL HOME LOAN BANK	9/28/2016	449,207.10	450,018.00	0.50%
FEDERAL HOME LOAN BANK	9/28/2016	9,997,050.00	10,000,400.00	0.50%
FEDERAL HOME LOAN BANK	9/28/2016	6,984,250.00	7,000,280.00	0.50%
FEDERAL HOME LOAN BANK	9/28/2016	4,980,924.65	5,000,200.00	0.50%
FEDERAL HOME LOAN BANK	9/28/2016	2,644,037.50	2,650,106.00	0.50%
FEDERAL HOME LOAN BANK	11/23/2016	2,718,912.00	2,722,584.00	0.57%
FEDERAL HOME LOAN BANK	12/9/2016	25,481,500.00	25,429,000.00	0.60%
FEDERAL HOME LOAN BANK	12/16/2016	244,167.00	235,741.00	0.54%
FEDERAL HOME LOAN BANK	4/28/2017	2,660,973.75	2,656,646.10	0.17%
FREDDIE MAC	3/15/2016	6,496,620.00	6,501,300.00	0.38%
FREDDIE MAC	4/18/2016	1,038,708.00	945,675.00	0.39%
FREDDIE MAC	5/13/2016	7,010,234.00	7,008,890.00	0.39%
FREDDIE MAC	5/27/2016	419,306.80	409,528.00	0.43%
FREDDIE MAC	5/27/2016	334,835.48	332,741.50	0.43%
FREDDIE MAC	5/27/2016	1,031,249.00	1,023,820.00	0.43%
FREDDIE MAC	5/27/2016	11,987,945.00	11,773,930.00	0.43%
FREDDIE MAC	8/25/2016	1,033,230.00	1,021,290.00	0.47%

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FREDDIE MAC	8/25/2016	321,244.63	316,599.90	0.47%
FREDDIE MAC	8/25/2016	56,961.30	56,170.95	0.47%
FREDDIE MAC	8/25/2016	6,321,780.00	6,127,740.00	0.47%
FREDDIE MAC	1/27/2017	4,367,343.75	4,367,475.00	0.59%
FREDDIE MAC	3/8/2017	180,997.20	181,278.00	0.63%
FREDDIE MAC	3/8/2017	5,043,070.00	5,035,500.00	0.63%
FREDDIE MAC	5/12/2017	60,711.08	60,715.80	0.68%
FREDDIE MAC	7/28/2017	349,569.50	352,611.00	0.68%
FREDDIE MAC	2/13/2018	2,652,000.00	2,655,341.52	0.32%
NCUA GUARANTEED NOTES	6/12/2015	988,623.90	992,306.70	0.22%
US TREASURY N/B	6/15/2015	300,703.13	300,189.00	0.07%
US TREASURY N/B	7/31/2015	207,875.00	201,110.00	0.10%
US TREASURY N/B	7/31/2015	202,992.86	201,110.00	0.10%
US TREASURY N/B	8/15/2015	553,613.28	507,695.00	0.18%
US TREASURY N/B	8/15/2015	2,219,140.63	2,030,780.00	0.18%
US TREASURY N/B	8/15/2015	587,118.17	533,079.75	0.18%
US TREASURY N/B	8/15/2015	648,171.88	650,305.50	0.13%
US TREASURY N/B	8/15/2015	647,613.28	650,305.50	0.13%
US TREASURY N/B	8/15/2015	4,986,132.81	5,002,350.00	0.13%
US TREASURY N/B	9/30/2015	250,498.88	251,367.50	0.16%
US TREASURY N/B	9/30/2015	2,296,765.63	2,301,081.00	0.16%
US TREASURY N/B	10/31/2015	513,339.85	503,085.00	0.19%
US TREASURY N/B	11/15/2015	226,968.75	205,344.00	0.21%
US TREASURY N/B	11/15/2015	397,769.53	359,352.00	0.21%
US TREASURY N/B	11/15/2015	998,593.75	1,001,020.00	0.21%
US TREASURY N/B	11/30/2015	3,064,335.94	3,023,190.00	0.22%
US TREASURY N/B	11/30/2015	2,040,390.63	2,015,460.00	0.22%
US TREASURY N/B	11/30/2015	1,029,062.50	1,007,730.00	0.22%
US TREASURY N/B	11/30/2015	1,235,906.25	1,209,276.00	0.22%
US TREASURY N/B	11/30/2015	2,060,468.75	2,015,460.00	0.22%
US TREASURY N/B	11/30/2015	246,026.23	251,932.50	0.22%
US TREASURY N/B	11/30/2015	618,703.13	604,638.00	0.22%
US TREASURY N/B	12/31/2015	1,049,179.69	1,014,060.00	0.25%
US TREASURY N/B	12/31/2015	201,797.54	202,812.00	0.25%
US TREASURY N/B	12/31/2015	1,008,714.29	1,014,060.00	0.25%
US TREASURY N/B	1/31/2016	228,275.77	233,360.30	0.25%
US TREASURY N/B	1/31/2016	316,019.53	304,383.00	0.25%
US TREASURY N/B	1/31/2016	734,289.06	710,227.00	0.25%
US TREASURY N/B	1/31/2016	525,917.96	507,305.00	0.25%
US TREASURY N/B	1/31/2016	607,278.12	588,473.80	0.25%
US TREASURY N/B	2/15/2016	841,289.06	777,660.00	0.29%
US TREASURY N/B	2/15/2016	673,078.13	622,128.00	0.29%
US TREASURY N/B	2/29/2016	499,023.44	499,960.00	0.26%
US TREASURY N/B	2/29/2016	853,187.50	817,128.00	0.28%
US TREASURY N/B	2/29/2016	2,132,187.50	2,042,820.00	0.28%
US TREASURY N/B	2/29/2016	302,977.57	305,040.00	0.29%
US TREASURY N/B	2/29/2016	308,560.02	315,208.00	0.29%
US TREASURY N/B	2/29/2016	309,407.67	315,208.00	0.29%
US TREASURY N/B	2/29/2016	460,199.19	467,728.00	0.29%
US TREASURY N/B	2/29/2016	149,725.12	152,520.00	0.29%
US TREASURY N/B	2/29/2016	3,723,443.37	3,729,701.60	0.26%
US TREASURY N/B	3/15/2016	8,805,873.21	8,808,976.00	0.27%
US TREASURY N/B	3/31/2016	326,889.85	311,267.75	0.32%
US TREASURY N/B	3/31/2016	476,434.80	454,144.75	0.32%
US TREASURY N/B	4/15/2016	5,286,750.00	5,297,085.00	0.30%
US TREASURY N/B	4/30/2016	486,738.28	461,178.00	0.33%
US TREASURY N/B	4/30/2016	2,044,558.00	2,035,940.00	0.34%
US TREASURY N/B	4/30/2016	2,570,214.84	2,544,925.00	0.34%
US TREASURY N/B	4/30/2016	1,503,457.03	1,526,955.00	0.34%
US TREASURY N/B	5/15/2016	6,097,787.50	6,134,719.60	0.33%
US TREASURY N/B	5/15/2016	7,146,867.89	7,193,808.00	0.33%

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US TREASURY N/B	5/31/2016	156,628.71	157,518.75	0.35%
US TREASURY N/B	5/31/2016	6,180,468.75	6,097,500.00	0.35%
US TREASURY N/B	5/31/2016	2,080,703.12	2,032,500.00	0.35%
US TREASURY N/B	5/31/2016	309,375.00	304,875.00	0.35%
US TREASURY N/B	5/31/2016	312,216.01	315,037.50	0.35%
US TREASURY N/B	6/30/2016	695,187.50	709,737.00	0.38%
US TREASURY N/B	6/30/2016	1,730,281.25	1,723,647.00	0.38%
US TREASURY N/B	6/30/2016	395,328.13	405,564.00	0.38%
US TREASURY N/B	6/30/2016	80,071.88	81,112.80	0.38%
US TREASURY N/B	6/30/2016	565,919.92	557,650.50	0.38%
US TREASURY N/B	6/30/2016	2,319,478.91	2,301,575.70	0.38%
US TREASURY N/B	6/30/2016	20,013,281.20	20,032,800.00	0.37%
US TREASURY N/B	6/30/2016	24,035,625.00	24,039,360.00	0.37%
US TREASURY N/B	7/31/2016	1,020,312.50	1,014,610.00	0.40%
US TREASURY N/B	7/31/2016	606,750.00	608,766.00	0.40%
US TREASURY N/B	7/31/2016	5,098,828.12	5,073,050.00	0.40%
US TREASURY N/B	7/31/2016	161,943.75	162,337.60	0.40%
US TREASURY N/B	7/31/2016	1,341,556.84	1,334,212.15	0.40%
US TREASURY N/B	7/31/2016	330,217.77	329,748.25	0.40%
US TREASURY N/B	7/31/2016	615,023.44	608,766.00	0.40%
US TREASURY N/B	8/15/2016	6,849,093.73	6,900,433.60	0.41%
US TREASURY N/B	8/31/2016	60,377.34	60,496.80	0.41%
US TREASURY N/B	8/31/2016	1,003,750.00	1,008,280.00	0.41%
US TREASURY N/B	8/31/2016	676,845.70	680,589.00	0.41%
US TREASURY N/B	8/31/2016	737,955.86	736,044.40	0.41%
US TREASURY N/B	8/31/2016	502,910.15	504,140.00	0.41%
US TREASURY N/B	8/31/2016	327,500.98	327,691.00	0.41%
US TREASURY N/B	8/31/2016	502,597.66	504,140.00	0.41%
US TREASURY N/B	8/31/2016	707,710.94	705,796.00	0.41%
US TREASURY N/B	8/31/2016	16,250,000.00	16,270,312.50	0.41%
US TREASURY N/B	8/31/2016	8,007,187.50	8,010,000.00	0.41%
US TREASURY N/B	9/30/2016	320,601.56	311,532.00	0.43%
US TREASURY N/B	9/30/2016	499,375.00	504,295.00	0.42%
US TREASURY N/B	9/30/2016	227,355.46	226,932.75	0.42%
US TREASURY N/B	9/30/2016	706,699.22	706,013.00	0.42%
US TREASURY N/B	9/30/2016	2,748,950.20	2,748,407.75	0.42%
US TREASURY N/B	9/30/2016	501,035.15	504,295.00	0.42%
US TREASURY N/B	9/30/2016	502,597.65	504,295.00	0.42%
US TREASURY N/B	9/30/2016	858,466.80	857,301.50	0.42%
US TREASURY N/B	10/31/2016	225,192.19	218,891.40	0.44%
US TREASURY N/B	10/31/2016	352,843.75	353,062.50	0.44%
US TREASURY N/B	10/31/2016	502,519.53	504,375.00	0.44%
US TREASURY N/B	10/31/2016	800,312.50	807,000.00	0.44%
US TREASURY N/B	10/31/2016	326,180.66	327,843.75	0.44%
US TREASURY N/B	10/31/2016	1,832,770.50	1,840,968.75	0.44%
US TREASURY N/B	10/31/2016	1,740,498.05	1,747,812.50	0.45%
US TREASURY N/B	10/31/2016	8,731,542.97	8,739,062.50	0.45%
US TREASURY N/B	10/31/2016	2,150,296.88	2,157,300.00	0.45%
US TREASURY N/B	11/30/2016	1,328,955.08	1,297,362.50	0.47%
US TREASURY N/B	11/30/2016	319,394.53	311,367.00	0.47%
US TREASURY N/B	11/30/2016	903,888.67	882,206.50	0.47%
US TREASURY N/B	11/30/2016	200,679.69	201,360.00	0.47%
US TREASURY N/B	11/30/2016	265,797.07	266,802.00	0.47%
US TREASURY N/B	11/30/2016	1,007,031.25	1,006,800.00	0.47%
US TREASURY N/B	11/30/2016	299,636.72	300,141.00	0.47%
US TREASURY N/B	12/31/2016	972,246.09	943,173.00	0.50%
US TREASURY N/B	12/31/2016	802,031.25	805,440.00	0.48%
US TREASURY N/B	12/31/2016	1,108,035.16	1,107,480.00	0.48%
US TREASURY N/B	12/31/2016	1,002,773.44	1,006,800.00	0.48%
US TREASURY N/B	12/31/2016	390,289.45	392,652.00	0.48%
US TREASURY N/B	12/31/2016	281,651.56	281,904.00	0.48%

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US TREASURY N/B	12/31/2016	6,128,300.38	6,131,412.00	0.48%
US TREASURY N/B	1/31/2017	437,437.50	419,000.00	0.52%
US TREASURY N/B	1/31/2017	333,229.82	324,725.00	0.52%
US TREASURY N/B	1/31/2017	1,307,363.28	1,308,528.00	0.52%
US TREASURY N/B	1/31/2017	704,183.59	704,592.00	0.52%
US TREASURY N/B	1/31/2017	300,128.91	301,968.00	0.52%
US TREASURY N/B	1/31/2017	100,253.90	100,656.00	0.52%
US TREASURY N/B	1/31/2017	651,498.05	654,264.00	0.52%
US TREASURY N/B	1/31/2017	13,088,867.22	13,085,280.00	0.52%
US TREASURY N/B	1/31/2017	10,113,140.06	10,120,809.60	0.50%
US TREASURY N/B	1/31/2017	9,457,782.86	9,460,756.80	0.50%
US TREASURY N/B	1/31/2017	3,317,220.93	3,320,265.60	0.50%
US TREASURY N/B	2/28/2017	1,657,218.75	1,660,444.50	0.54%
US TREASURY N/B	2/28/2017	14,954,882.81	14,990,700.00	0.53%
US TREASURY N/B	2/28/2017	12,008,008.95	12,075,960.00	0.54%
US TREASURY N/B	3/31/2017	176,155.27	176,463.00	0.58%
US TREASURY N/B	3/31/2017	726,047.85	731,061.00	0.58%
US TREASURY N/B	3/31/2017	502,929.69	504,180.00	0.58%
US TREASURY N/B	3/31/2017	500,898.43	504,180.00	0.58%
US TREASURY N/B	4/30/2017	2,002,734.38	2,011,400.00	0.60%
US TREASURY N/B	4/30/2017	598,289.06	603,420.00	0.60%
US TREASURY N/B	4/30/2017	369,167.50	372,109.00	0.60%
US TREASURY N/B	4/30/2017	15,357,375.00	15,387,210.00	0.60%
US TREASURY N/B	5/15/2017	17,396,659.84	17,497,962.00	0.61%
US TREASURY N/B	5/31/2017	494,191.41	470,533.50	0.63%
US TREASURY N/B	5/31/2017	594,316.40	564,640.20	0.63%
US TREASURY N/B	5/31/2017	742,236.33	750,060.00	0.62%
US TREASURY N/B	5/31/2017	742,880.86	750,060.00	0.62%
US TREASURY N/B	5/31/2017	1,686,718.75	1,700,136.00	0.62%
US TREASURY N/B	5/31/2017	1,191,796.87	1,200,096.00	0.62%
US TREASURY N/B	5/31/2017	698,277.34	700,056.00	0.62%
US TREASURY N/B	5/31/2017	994,218.75	1,000,080.00	0.62%
US TREASURY N/B	5/31/2017	893,917.97	900,072.00	0.62%
US TREASURY N/B	6/30/2017	1,092,867.19	1,102,233.00	0.66%
US TREASURY N/B	6/30/2017	893,531.25	901,827.00	0.66%
US TREASURY N/B	7/15/2017	3,987,357.15	4,020,000.00	0.65%
US TREASURY N/B	7/15/2017	15,027,589.31	15,075,000.00	0.65%
US TREASURY N/B	7/31/2017	420,179.60	415,812.00	0.67%
US TREASURY N/B	7/31/2017	594,687.50	571,741.50	0.67%
US TREASURY N/B	7/31/2017	537,558.59	519,765.00	0.67%
US TREASURY N/B	7/31/2017	833,343.75	831,624.00	0.67%
US TREASURY N/B	7/31/2017	520,937.50	519,765.00	0.67%
US TREASURY N/B	7/31/2017	984,101.56	996,170.00	0.67%
US TREASURY N/B	7/31/2017	297,621.10	298,851.00	0.67%
US TREASURY N/B	7/31/2017	397,125.00	398,468.00	0.67%
US TREASURY N/B	7/31/2017	396,578.12	398,468.00	0.67%
US TREASURY N/B	7/31/2017	495,722.65	498,085.00	0.67%
US TREASURY N/B	7/31/2017	317,225.00	318,774.40	0.67%
US TREASURY N/B	7/31/2017	983,046.87	996,170.00	0.67%
US TREASURY N/B	7/31/2017	885,691.41	896,553.00	0.67%
US TREASURY N/B	8/31/2017	690,894.53	698,740.00	0.70%
US TREASURY N/B	8/31/2017	986,953.13	998,200.00	0.70%
US TREASURY N/B	8/31/2017	2,469,335.94	2,495,500.00	0.70%
US TREASURY N/B	8/31/2017	500,058.59	499,100.00	0.70%
US TREASURY N/B	9/15/2017	3,923,398.82	3,957,038.40	0.72%
US TREASURY N/B	9/30/2017	718,976.56	719,691.00	0.74%
US TREASURY N/B	9/30/2017	1,086,507.81	1,097,162.00	0.73%
US TREASURY N/B	9/30/2017	299,929.68	299,226.00	0.73%
US TREASURY N/B	9/30/2017	400,234.38	398,968.00	0.73%
US TREASURY N/B	9/30/2017	600,117.18	598,452.00	0.73%
US TREASURY N/B	9/30/2017	500,488.28	498,710.00	0.73%

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US TREASURY N/B	9/30/2017	692,261.72	698,194.00	0.73%
US TREASURY N/B	9/30/2017	395,218.75	398,968.00	0.73%
US TREASURY N/B	10/31/2017	423,703.12	411,468.00	0.75%
US TREASURY N/B	10/31/2017	593,687.50	576,055.20	0.75%
US TREASURY N/B	10/31/2017	403,067.19	390,894.60	0.75%
US TREASURY N/B	10/31/2017	636,726.56	617,202.00	0.75%
US TREASURY N/B	10/31/2017	792,031.25	799,936.00	0.75%
US TREASURY N/B	10/31/2017	1,192,546.88	1,199,904.00	0.75%
US TREASURY N/B	10/31/2017	513,247.26	509,959.20	0.75%
US TREASURY N/B	10/31/2017	396,515.62	399,968.00	0.75%
US TREASURY N/B	10/31/2017	791,395.31	809,935.20	0.75%
US TREASURY N/B	10/31/2017	600,820.32	599,952.00	0.75%
US TREASURY N/B	10/31/2017	197,867.19	199,984.00	0.75%
US TREASURY N/B	10/31/2017	795,031.25	799,936.00	0.75%
US TREASURY N/B	11/15/2017	14,638,139.10	14,719,048.80	0.77%
US TREASURY N/B	11/15/2017	6,809,990.22	6,848,167.80	0.77%
US TREASURY N/B	11/15/2017	12,041,881.25	12,142,212.60	0.77%
US TREASURY N/B	11/15/2017	4,686,597.67	4,712,502.00	0.77%
US TREASURY N/B	11/15/2017	14,954,882.81	15,039,900.00	0.77%
US TREASURY N/B	11/30/2017	198,812.50	199,156.00	0.79%
US TREASURY N/B	11/30/2017	196,859.37	199,156.00	0.79%
US TREASURY N/B	11/30/2017	300,339.84	298,734.00	0.79%
US TREASURY N/B	11/30/2017	600,117.19	597,468.00	0.79%
US TREASURY N/B	11/30/2017	590,367.19	597,468.00	0.79%
US TREASURY N/B	11/30/2017	787,250.00	796,624.00	0.79%
US TREASURY N/B	11/30/2017	1,082,425.78	1,095,358.00	0.79%
US TREASURY N/B	11/30/2017	300,117.19	298,734.00	0.79%
US TREASURY N/B	11/30/2017	1,087,925.78	1,095,358.00	0.79%
US TREASURY N/B	12/15/2017	9,098,933.60	9,149,049.00	0.80%
US TREASURY N/B	12/31/2017	800,375.00	798,504.00	0.82%
US TREASURY N/B	12/31/2017	692,070.31	698,691.00	0.82%
US TREASURY N/B	12/31/2017	994,609.37	998,130.00	0.82%
US TREASURY N/B	12/31/2017	299,203.13	299,439.00	0.82%
US TREASURY N/B	12/31/2017	791,906.25	798,504.00	0.82%
US TREASURY N/B	12/31/2017	598,570.32	598,878.00	0.82%
US TREASURY N/B	1/31/2018	699,945.31	700,602.00	0.84%
US TREASURY N/B	1/31/2018	651,294.92	650,559.00	0.84%
US TREASURY N/B	1/31/2018	400,781.25	400,344.00	0.84%
US TREASURY N/B	1/31/2018	795,187.50	800,688.00	0.84%
US TREASURY N/B	1/31/2018	550,000.00	550,473.00	0.84%
US TREASURY N/B	2/15/2018	21,873,387.95	21,997,201.80	0.86%
US TREASURY N/B	2/28/2018	349,166.02	348,852.00	0.86%
US TREASURY N/B	2/28/2018	891,706.14	897,048.00	0.86%
US TREASURY N/B	2/28/2018	8,620,845.55	8,671,464.00	0.86%
US TREASURY N/B	3/15/2018	9,315,039.43	9,324,094.30	0.87%
US TREASURY N/B	3/15/2018	1,844,424.10	1,856,789.50	0.87%
US TREASURY N/B	3/31/2018	498,203.12	497,775.00	0.90%
US TREASURY N/B	4/30/2018	389,765.62	396,376.00	0.92%
US TREASURY N/B	4/30/2018	649,212.89	644,111.00	0.92%
US TREASURY N/B	4/30/2018	1,080,707.03	1,090,034.00	0.92%
US TREASURY N/B	4/30/2018	989,179.69	990,940.00	0.92%
US TREASURY N/B	4/30/2018	590,156.25	594,564.00	0.92%
US TREASURY N/B	4/30/2018	149,121.09	148,641.00	0.92%
US TREASURY N/B	4/30/2018	1,063,433.59	1,090,034.00	0.92%
US TREASURY N/B	4/30/2018	1,082,425.78	1,090,034.00	0.92%
US TREASURY N/B	4/30/2018	294,937.50	297,282.00	0.92%
US TREASURY N/B	4/30/2018	794,274.61	802,661.40	0.92%
US TREASURY N/B	5/31/2018	545,810.54	550,643.50	0.96%
US TREASURY N/B	5/31/2018	796,687.50	800,936.00	0.96%
US TREASURY N/B	5/31/2018	297,996.10	300,351.00	0.96%
US TREASURY N/B	5/31/2018	1,592,250.00	1,601,872.00	0.96%

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US TREASURY N/B	5/31/2018	800,031.25	800,936.00	0.96%
US TREASURY N/B	6/30/2018	1,001,992.18	1,012,340.00	0.99%
US TREASURY N/B	9/30/2018	678,910.94	687,228.40	1.06%
US TREASURY N/B	10/31/2018	1,486,699.22	1,508,085.00	1.10%
US TREASURY N/B	10/31/2018	1,097,335.93	1,105,929.00	1.10%
US TREASURY N/B	10/31/2018	1,296,394.54	1,307,007.00	1.10%
US TREASURY N/B	10/31/2018	676,520.32	683,665.20	1.10%
US TREASURY N/B	11/30/2018	695,132.82	703,339.00	1.12%
US TREASURY N/B	11/30/2018	493,847.65	502,385.00	1.12%
US TREASURY N/B	12/31/2018	692,207.03	709,296.00	1.14%
US TREASURY N/B	12/31/2018	1,009,453.12	1,008,670.00	1.14%
US TREASURY N/B	1/31/2019	500,683.60	506,485.00	1.15%
US TREASURY N/B	1/31/2019	1,973,750.00	2,007,500.00	1.15%
US TREASURY N/B	1/31/2019	198,984.37	200,750.00	1.15%
US TREASURY N/B	1/31/2019	247,226.56	250,937.50	1.15%
US TREASURY N/B	2/28/2019	1,191,328.13	1,209,000.00	1.18%
US TREASURY N/B	6/30/2019	386,234.38	395,936.00	1.25%
US TREASURY N/B	6/30/2019	581,109.38	593,904.00	1.25%
US TREASURY N/B	6/30/2019	789,437.50	791,872.00	1.25%
US TREASURY N/B	8/31/2019	534,166.01	543,081.00	1.29%
US TREASURY N/B	9/30/2019	968,945.31	986,480.00	1.31%
US TREASURY N/B	2/29/2020	200,171.88	200,046.00	1.37%
US TREASURY N/B	2/29/2020	5,696,882.84	5,701,311.00	1.37%
<i>SUB-TOTAL</i>		683,749,075.94	682,849,722.37	

MEDIUM TERM NOTES

3M COMPANY	9/29/2016	167,917.20	167,110.35	0.51%
3M COMPANY	9/29/2016	41,025.60	40,511.60	0.51%
3M COMPANY	6/26/2017	537,510.60	541,204.20	0.90%
ABB FINANCE USA INC	5/8/2017	104,903.40	106,093.05	1.12%
ABB TREASURY CENTER USA	6/15/2016	101,995.00	101,995.00	0.83%
ABB TREASURY CENTER USA	6/15/2016	56,148.40	56,097.25	0.83%
ACE INA HOLDINGS	11/23/2015	66,088.10	65,757.25	0.78%
ACE INA HOLDINGS	11/23/2015	67,430.35	65,757.25	0.78%
ACE INA HOLDINGS	11/23/2015	71,905.40	70,815.50	0.78%
ACE INA HOLDINGS	2/15/2017	24,723.82	23,897.94	1.03%
ACE INA HOLDINGS	3/15/2018	60,709.50	56,266.00	1.45%
ACE INA HOLDINGS	6/15/2019	145,097.50	144,152.50	2.08%
AETNA INC	3/15/2019	130,243.10	131,367.60	1.92%
AFLAC INC	2/15/2017	517,560.00	515,440.00	0.98%
AIG GLOBAL FUNDING	12/15/2017	96,909.79	97,541.26	1.44%
ALABAMA POWER CO	10/15/2015	10,986.58	11,002.75	0.50%
ALLSTATE CORP	5/15/2018	125,163.15	121,035.60	1.71%
AMER EXPRESS CREDIT CO	9/15/2015	62,530.80	60,582.60	0.61%
AMER EXPRESS CREDIT CO	12/2/2015	112,314.00	103,083.00	0.68%
AMERICAN EXPR CENTURION	11/13/2015	499,810.00	500,970.00	0.56%
AMERICAN EXPRESS CO	9/12/2016	100,629.90	95,756.40	1.04%
AMERICAN EXPRESS CO	8/28/2017	440,716.40	422,453.60	1.42%
AMERICAN EXPRESS CO	5/22/2018	496,285.00	499,940.00	1.55%
AMERICAN EXPRESS CREDIT	9/19/2016	106,212.00	102,811.00	0.87%
AMERICAN EXPRESS CREDIT	9/19/2016	440,555.00	436,946.75	0.87%
AMERICAN EXPRESS CREDIT	3/24/2017	2,683,642.00	2,669,758.00	1.00%
AMERICAN EXPRESS CREDIT	6/5/2017	498,780.00	499,900.00	1.13%
AMERICAN EXPRESS CREDIT	6/5/2017	364,532.80	364,927.00	1.13%
AMERICAN EXPRESS CREDIT	6/5/2017	179,560.80	179,964.00	1.13%
AMERICAN EXPRESS CREDIT	9/22/2017	1,053,586.30	1,062,828.10	1.24%
AMERICAN EXPRESS CREDIT	3/18/2019	150,474.00	151,932.00	1.79%
AMERICAN EXPRESS CREDIT	8/15/2019	80,192.80	81,159.20	1.90%
AMERICAN EXPRESS CREDIT	8/15/2019	109,749.20	111,593.90	1.90%
AMERICAN HONDA FINANCE	8/11/2015	200,864.00	200,458.00	0.36%
AMERICAN HONDA FINANCE	9/21/2015	155,245.50	151,446.00	0.45%

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AMERICAN HONDA FINANCE	9/21/2015	155,083.50	151,446.00	0.45%
AMERICAN HONDA FINANCE	10/7/2016	37,867.76	38,208.24	0.76%
AMERICAN HONDA FINANCE	10/7/2016	1,758,857.80	1,774,672.20	0.76%
AMERICAN HONDA FINANCE	7/14/2017	1,997,180.00	2,005,180.00	1.08%
AMERICAN HONDA FINANCE	8/15/2019	99,815.00	101,701.00	1.84%
AMERISOURCEBERGEN CORP	5/15/2017	1,198,704.00	1,195,800.00	1.32%
AMERISOURCEBERGEN CORP	5/15/2017	699,657.00	697,550.00	1.32%
ANHEUSER-BUSCH COS LLC	3/1/2017	68,582.40	65,356.80	0.89%
ANHEUSER-BUSCH INBEV FIN	1/27/2017	1,999,120.00	2,010,960.00	0.82%
ANHEUSER-BUSCH INBEV WOR	7/15/2015	401,044.00	400,508.00	0.36%
ANHEUSER-BUSCH INBEV WOR	7/15/2015	100,012.00	100,127.00	0.36%
ANHEUSER-BUSCH INBEV WOR	7/15/2017	170,385.90	171,050.60	1.10%
ANHEUSER-BUSCH INBEV WOR	1/15/2019	175,654.45	175,477.55	1.96%
APACHE CORP	1/15/2017	119,134.00	107,798.00	1.20%
APACHE CORP	1/15/2017	682,206.00	646,788.00	1.20%
APPLE INC	5/3/2016	214,610.85	215,047.30	0.43%
APPLE INC	5/3/2016	1,247,737.50	1,250,275.00	0.43%
APPLE INC	5/5/2017	179,904.60	180,892.80	0.81%
APPLE INC	5/5/2017	500,040.00	502,480.00	0.81%
APPLE INC	5/5/2017	1,499,205.00	1,507,440.00	0.81%
APPLE INC	5/3/2018	195,450.00	198,834.00	1.19%
ARIZONA PUBLIC SERVICE	3/1/2019	102,724.80	100,786.40	1.84%
ATMOS ENERGY CORP	6/15/2017	115,223.00	110,957.00	1.29%
BANK OF AMERICA CORP	7/12/2016	265,777.50	257,687.50	1.32%
BANK OF AMERICA CORP	3/22/2017	824,280.00	837,232.00	1.48%
BANK OF AMERICA CORP	8/25/2017	270,437.40	271,044.90	1.53%
BANK OF AMERICA CORP	8/25/2017	429,548.50	431,664.10	1.53%
BANK OF AMERICA CORP	8/25/2017	569,401.50	572,205.90	1.53%
BANK OF AMERICA CORP	9/1/2017	226,900.00	220,016.00	1.75%
BANK OF AMERICA CORP	9/1/2017	209,457.00	198,014.40	1.75%
BANK OF AMERICA CORP	12/1/2017	395,773.00	385,122.50	1.87%
BANK OF AMERICA CORP	1/11/2018	240,196.80	241,812.00	1.72%
BANK OF AMERICA CORP	7/15/2018	235,080.00	227,404.00	2.16%
BANK OF AMERICA CORP	4/1/2019	508,755.00	509,465.00	2.15%
BANK OF AMERICA NA	11/14/2016	2,298,298.00	2,302,392.00	1.06%
BANK OF AMERICA NA	2/14/2017	3,696,744.00	3,707,215.00	1.14%
BANK OF AMERICA NA	2/14/2017	1,198,944.00	1,202,340.00	1.14%
BANK OF AMERICA NA	3/26/2018	1,298,219.00	1,303,237.00	1.56%
BANK OF NEW YORK MELLON	6/18/2015	88,275.05	85,467.50	0.37%
BANK OF NEW YORK MELLON	1/15/2016	209,792.00	203,070.00	0.55%
BANK OF NEW YORK MELLON	1/17/2017	105,342.00	102,583.00	0.88%
BANK OF NEW YORK MELLON	1/25/2018	68,348.00	69,762.70	1.42%
BANK OF NEW YORK MELLON	8/1/2018	51,074.00	50,915.00	1.52%
BANK OF NEW YORK MELLON	1/15/2019	99,995.00	101,225.00	1.76%
BANK OF NEW YORK MELLON	5/15/2019	80,465.60	81,281.60	1.79%
BANK OF NEW YORK MELLON	1/15/2020	101,092.50	100,583.10	2.01%
BANK OF NOVA SCOTIA	12/13/2016	699,797.00	702,450.00	0.89%
BAXTER INTERNATIONAL INC	6/1/2016	519,500.80	520,842.40	0.81%
BAYER US FINANCE LLC	10/8/2019	203,710.00	203,418.00	1.98%
BB&T CORPORATION	12/23/2015	1,002,073.20	949,044.40	0.84%
BB&T CORPORATION	3/15/2016	77,138.25	76,578.75	0.78%
BB&T CORPORATION	3/15/2016	68,236.35	66,368.25	0.78%
BB&T CORPORATION	4/29/2016	161,946.00	155,284.50	0.66%
BB&T CORPORATION	4/29/2016	159,480.00	155,284.50	0.66%
BB&T CORPORATION	3/22/2017	73,052.70	71,274.70	1.17%
BB&T CORPORATION	8/15/2017	130,904.80	130,832.00	1.32%
BB&T CORPORATION	8/15/2017	518,055.42	522,321.60	1.32%
BB&T CORPORATION	8/15/2017	299,454.00	301,920.00	1.32%
BERKSHIRE HATHAWAY FIN	5/15/2018	564,000.00	563,000.00	1.27%
BERKSHIRE HATHAWAY INC	1/31/2017	1,553,385.00	1,529,775.00	0.81%
BERKSHIRE HATHAWAY INC	1/31/2017	579,971.00	591,513.00	0.81%

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BERKSHIRE HATHAWAY INC	2/9/2018	120,091.20	121,459.20	1.12%
BK TOKYO-MITSUBISHI UFJ	9/8/2017	489,412.00	489,725.60	1.47%
BK TOKYO-MITSUBISHI UFJ	3/5/2018	1,548,775.50	1,551,798.00	1.66%
BLACKROCK INC	9/15/2017	6,071.90	5,613.05	1.17%
BLACKROCK INC	9/15/2017	23,055.74	21,329.59	1.17%
BOEING CAPITAL CORP	8/15/2016	62,471.40	61,164.00	0.61%
BOEING CAPITAL CORP	8/15/2016	104,758.00	101,940.00	0.61%
BOEING CAPITAL CORP	8/15/2016	1,043,550.00	1,019,400.00	0.61%
BOEING CO	5/15/2018	106,835.30	109,083.70	1.22%
BOTTLING GROUP LLC	4/1/2016	116,903.00	104,888.00	0.59%
BRANCH BANKING & TRUST	10/3/2016	2,399,136.00	2,423,184.00	0.77%
BRANCH BANKING & TRUST	4/3/2017	2,393,328.00	2,397,720.00	1.05%
BRANCH BANKING & TRUST	10/1/2017	999,380.00	1,002,540.00	1.24%
BRANCH BANKING & TRUST	10/1/2017	499,240.00	501,270.00	1.24%
BRANCH BANKING & TRUST	10/1/2017	719,553.60	721,828.80	1.24%
CAPITAL ONE BANK USA NA	11/21/2016	2,800,392.00	2,799,608.00	1.16%
CAPITAL ONE BANK USA NA	6/5/2017	2,601,612.00	2,585,180.00	1.57%
CAPITAL ONE NA	9/5/2017	909,017.20	907,879.70	1.60%
CARGILL INC	3/1/2017	233,410.90	233,532.80	1.09%
CARGILL INC	11/27/2017	115,382.00	111,516.00	1.56%
CARGILL INC	11/27/2017	103,601.70	100,364.40	1.56%
CAROLINA POWER & LIGHT	4/1/2015	174,643.15	155,000.00	5.15%
CATERPILLAR FINANCIAL SE	11/6/2015	579,466.40	581,200.60	0.35%
CATERPILLAR FINANCIAL SE	4/1/2016	60,360.00	61,223.40	0.60%
CATERPILLAR FINANCIAL SE	4/1/2016	52,619.50	51,019.50	0.60%
CATERPILLAR FINANCIAL SE	8/1/2016	98,722.10	96,705.25	0.69%
CATERPILLAR FINANCIAL SE	9/6/2016	1,139,829.00	1,151,092.20	0.67%
CATERPILLAR FINANCIAL SE	3/3/2017	249,852.50	250,855.00	0.82%
CATERPILLAR FINANCIAL SE	3/3/2017	2,398,584.00	2,408,208.00	0.82%
CATERPILLAR FINANCIAL SE	3/24/2017	91,200.60	91,334.70	0.99%
CATERPILLAR FINANCIAL SE	8/18/2017	129,935.00	130,699.40	1.02%
CATERPILLAR FINANCIAL SE	8/18/2017	300,357.00	301,614.00	1.02%
CATERPILLAR FINANCIAL SE	8/18/2017	999,800.00	1,005,380.00	1.02%
CATERPILLAR FINANCIAL SE	8/18/2017	499,750.00	502,690.00	1.02%
CATERPILLAR FINANCIAL SE	9/1/2017	59,999.00	55,510.50	1.21%
CATERPILLAR FINANCIAL SE	11/6/2017	166,697.73	167,387.44	1.16%
CATERPILLAR FINANCIAL SE	11/6/2017	36,928.96	37,085.84	1.16%
CATERPILLAR INC	6/26/2017	91,785.60	90,988.20	1.00%
CHARLES SCHWAB CORP	12/4/2015	220,624.80	220,501.60	0.51%
CHARLES SCHWAB CORP	12/4/2015	120,674.40	120,273.60	0.51%
CHARLES SCHWAB CORP	12/4/2015	70,175.70	70,159.60	0.51%
CHARLES SCHWAB CORP	12/4/2015	220,000.00	220,501.60	0.51%
CHARLES SCHWAB CORP	3/10/2018	699,118.00	703,430.00	1.33%
CHARLES SCHWAB CORP	7/25/2018	223,781.80	224,076.60	1.61%
CHEVRON CORP	6/24/2016	94,000.00	94,423.00	0.52%
CHEVRON CORP	6/24/2016	220,000.00	220,990.00	0.52%
CHEVRON CORP	6/24/2016	600,000.00	602,700.00	0.52%
CHEVRON CORP	6/24/2016	350,000.00	351,575.00	0.52%
CHEVRON CORP	11/15/2017	55,442.20	55,448.25	1.03%
CHEVRON CORP	11/15/2017	1,260,000.00	1,270,269.00	1.03%
CHEVRON CORP	12/5/2017	49,928.50	50,044.50	1.07%
CHEVRON CORP	3/2/2018	65,000.00	65,316.55	1.19%
CHEVRON CORP	3/2/2018	2,000,000.00	2,009,740.00	1.19%
CHEVRON CORP	3/2/2018	600,000.00	602,922.00	1.19%
CHEVRON CORP	6/24/2018	20,223.40	20,253.40	1.31%
CHEVRON CORP	6/24/2018	120,578.40	121,520.40	1.31%
CHUBB CORP	5/15/2018	174,229.50	169,660.50	1.44%
CHUBB CORP	5/15/2018	75,062.00	73,519.55	1.44%
CHUBB CORP	5/15/2018	115,653.00	113,107.00	1.44%
CHUBB CORP	5/15/2018	114,226.00	113,107.00	1.44%
CHUBB CORP	5/15/2018	97,289.30	96,140.95	1.44%

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CISCO SYSTEMS INC	2/22/2016	62,851.25	57,411.75	0.56%
CISCO SYSTEMS INC	2/22/2016	89,612.00	83,508.00	0.56%
CISCO SYSTEMS INC	3/3/2017	199,988.00	201,290.00	0.76%
CISCO SYSTEMS INC	3/3/2017	1,689,898.60	1,700,900.50	0.76%
CISCO SYSTEMS INC	3/3/2017	899,946.00	905,805.00	0.76%
CISCO SYSTEMS INC	3/14/2017	113,729.40	112,947.48	0.78%
CISCO SYSTEMS INC	3/14/2017	60,349.30	57,519.55	0.78%
CISCO SYSTEMS INC	3/1/2019	200,782.00	204,096.00	1.58%
CITIGROUP INC	5/19/2015	16,185.90	15,081.15	0.68%
CITIGROUP INC	1/10/2017	134,141.25	131,743.75	1.36%
CITIGROUP INC	3/10/2017	239,901.60	239,594.40	1.44%
CITIGROUP INC	3/10/2017	800,592.00	798,648.00	1.44%
CITIGROUP INC	8/14/2017	49,930.00	50,047.00	1.51%
CITIGROUP INC	8/14/2017	1,318,152.00	1,321,240.80	1.51%
CITIGROUP INC	11/21/2017	462,008.00	444,436.00	1.79%
CITIGROUP INC	11/21/2017	376,068.00	366,659.70	1.79%
CITIGROUP INC	11/24/2017	187,962.40	189,321.64	1.58%
CITIGROUP INC	2/5/2018	379,711.20	380,794.20	1.72%
CITIGROUP INC	4/8/2019	127,365.00	127,431.25	2.04%
CITIGROUP INC	4/8/2019	112,004.20	112,139.50	2.04%
CME GROUP INDEX SERVICES	3/15/2018	136,437.50	137,007.50	1.09%
COCA-COLA CO/THE	9/1/2016	81,436.80	81,368.00	0.59%
COCA-COLA CO/THE	9/1/2016	1,037,040.00	1,017,100.00	0.59%
COCA-COLA CO/THE	11/1/2016	250,037.50	250,337.50	0.66%
COCA-COLA CO/THE	11/1/2016	1,168,654.50	1,171,579.50	0.66%
COCA-COLA CO/THE	11/1/2016	1,118,712.00	1,121,512.00	0.66%
COCA-COLA CO/THE	3/14/2018	115,456.55	116,895.20	1.08%
COMCAST CORP	3/15/2016	54,332.00	52,451.00	0.74%
COMCAST CORP	1/15/2017	799,001.00	767,697.00	1.03%
COMERICA INC	9/16/2015	101,015.00	101,038.00	0.73%
COMERICA INC	9/16/2015	63,596.40	60,622.80	0.73%
COMERICA INC	9/16/2015	31,576.50	30,311.40	0.73%
COMERICA INC	5/23/2019	90,507.60	90,344.70	2.03%
COMERICA INC	5/23/2019	59,793.00	60,229.80	2.03%
COMMONWEALTH BK AUSTR NY	9/18/2017	506,915.00	508,760.00	1.18%
COMMONWEALTH EDISON	3/15/2018	129,414.10	129,678.60	1.38%
COMMONWEALTH EDISON	1/15/2019	130,860.60	132,821.00	1.54%
COMMONWEALTH EDISON	1/15/2019	70,711.20	71,519.00	1.54%
CONOCOPHILLIPS	7/15/2018	42,257.25	40,636.40	1.60%
CONOCOPHILLIPS	7/15/2018	119,484.00	116,104.00	1.60%
CONOCOPHILLIPS	2/1/2019	609,235.00	608,683.80	1.73%
CONS EDISON CO OF NY	9/15/2016	52,879.95	47,991.60	0.89%
CONSUMERS ENERGY COMPANY	8/15/2016	33,499.20	31,905.30	0.83%
CONSUMERS ENERGY COMPANY	3/15/2019	76,363.95	75,997.35	1.69%
CONSUMERS ENERGY COMPANY	3/15/2019	53,084.70	52,613.55	1.69%
COSTCO WHOLESALE CORP	12/7/2015	200,856.00	200,264.00	0.46%
CREDIT SUISSE USA INC	8/15/2015	55,235.00	50,838.00	0.61%
CREDIT SUISSE USA INC	8/15/2015	53,843.90	50,838.00	0.61%
CREDIT SUISSE USA INC	8/16/2016	162,489.60	149,483.60	0.88%
DAIMLER FINANCE NA LLC	1/11/2016	555,316.12	558,057.20	0.77%
DAIMLER FINANCE NA LLC	8/1/2016	151,381.50	151,005.00	0.94%
DAIMLER FINANCE NA LLC	9/15/2016	156,480.00	153,297.00	1.10%
DAIMLER FINANCE NA LLC	3/10/2017	749,580.00	750,592.50	1.08%
DAIMLER FINANCE NA LLC	8/1/2017	149,482.50	150,105.00	1.34%
DAIMLER FINANCE NA LLC	8/1/2017	169,413.50	170,119.00	1.34%
DAIMLER FINANCE NA LLC	8/1/2017	996,550.00	1,000,700.00	1.34%
DANAHER CORP	6/23/2016	52,411.50	51,072.50	0.54%
DANAHER CORP	6/23/2016	103,686.00	102,145.00	0.54%
DANAHER CORP	6/23/2016	119,501.10	117,466.75	0.54%
DETROIT EDISON COMPANY	6/15/2018	166,586.15	163,852.90	1.43%
DEUTSCHE BANK AG LONDON	2/13/2017	1,249,887.50	1,251,062.50	1.35%

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DUKE ENERGY CAROLINAS	12/15/2016	50,443.50	50,799.00	0.80%
DUKE ENERGY CAROLINAS	12/15/2016	91,089.00	91,438.20	0.80%
DUKE ENERGY CAROLINAS	1/15/2018	78,292.90	77,642.60	1.25%
DUKE ENERGY FLORIDA INC	11/15/2015	719,359.20	720,972.00	0.43%
DUKE ENERGY FLORIDA INC	6/15/2018	125,594.70	124,636.60	1.39%
E.I. DU PONT DE NEMOURS	12/15/2016	112,495.00	107,520.00	0.80%
E.I. DU PONT DE NEMOURS	7/15/2018	233,598.00	227,938.00	1.62%
EBAY INC	10/15/2015	102,224.00	100,479.00	0.73%
EBAY INC	10/15/2015	40,887.60	40,191.60	0.73%
EBAY INC	10/15/2015	102,366.00	100,479.00	0.73%
EBAY INC	10/15/2015	58,236.00	60,287.40	0.73%
EBAY INC	7/15/2017	250,040.00	249,700.00	1.40%
EBAY INC	7/15/2017	99,708.00	99,880.00	1.40%
EBAY INC	7/15/2017	90,565.20	89,892.00	1.40%
EBAY INC	7/15/2017	502,330.00	499,400.00	1.40%
ELI LILLY & CO	3/1/2018	399,648.00	401,324.00	1.13%
EMC CORP	6/1/2018	54,923.55	55,642.95	1.50%
EMC CORP	6/1/2018	199,886.00	202,338.00	1.50%
EMERSON ELECTRIC CO	10/15/2019	224,096.00	226,012.00	1.87%
EOG RESOURCES INC	2/1/2016	51,046.00	50,728.50	0.74%
EOG RESOURCES INC	2/1/2016	62,982.00	60,874.20	0.74%
EOG RESOURCES INC	2/1/2016	62,414.40	60,874.20	0.74%
EOG RESOURCES INC	2/1/2016	83,771.20	81,165.60	0.74%
EOG RESOURCES INC	9/15/2017	56,077.00	55,449.50	1.35%
EOG RESOURCES INC	6/1/2019	52,212.60	51,732.45	1.87%
EXXON MOBIL CORPORATION	3/6/2018	230,000.00	231,324.80	1.10%
EXXON MOBIL CORPORATION	3/6/2018	1,360,000.00	1,367,833.60	1.10%
EXXON MOBIL CORPORATION	3/6/2018	2,460,000.00	2,474,169.60	1.10%
FIFTH THIRD BANK	11/18/2016	699,818.00	701,015.00	1.05%
FIFTH THIRD BANK	6/1/2017	199,908.00	200,434.00	1.24%
FIFTH THIRD BANK	2/28/2018	196,866.00	199,414.00	1.55%
FLORIDA POWER & LIGHT	11/1/2017	229,360.40	211,238.20	1.15%
FRANKLIN RESOURCES INC	5/20/2015	157,431.00	150,486.00	0.73%
GENERAL DYNAMICS CORP	11/15/2017	112,245.75	114,973.55	1.01%
GENERAL DYNAMICS CORP	11/15/2017	79,261.60	79,981.60	1.01%
GENERAL DYNAMICS CORP	11/15/2017	59,721.00	59,986.20	1.01%
GENERAL DYNAMICS CORP	11/15/2017	148,566.00	149,965.50	1.01%
GENERAL ELEC CAP CORP	9/21/2015	1,268,280.00	1,222,404.00	0.41%
GENERAL ELEC CAP CORP	11/9/2015	653,417.10	636,545.70	0.53%
GENERAL ELEC CAP CORP	12/11/2015	32,967.00	33,132.00	0.42%
GENERAL ELEC CAP CORP	1/8/2016	49,985.00	50,202.00	0.47%
GENERAL ELEC CAP CORP	1/8/2016	310,987.60	289,511.60	0.57%
GENERAL ELEC CAP CORP	7/12/2016	999,680.00	1,010,650.00	0.66%
GENERAL ELEC CAP CORP	2/15/2017	730,951.00	703,410.50	0.96%
GENERAL ELEC CAP CORP	2/15/2017	637,220.10	616,836.90	0.96%
GENERAL ELEC CAP CORP	3/15/2017	1,763,104.00	1,751,459.00	0.89%
GENERAL ELEC CAP CORP	5/15/2017	749,887.50	753,900.00	0.99%
GENERAL ELEC CAP CORP	5/15/2017	439,934.00	442,288.00	0.99%
GENERAL ELEC CAP CORP	5/15/2017	929,860.50	934,836.00	0.99%
GENERAL ELEC CAP CORP	9/15/2017	577,628.16	566,164.48	1.24%
GENZYME CORP	6/15/2015	246,058.60	231,437.50	0.57%
GEORGIA POWER COMPANY	12/15/2015	112,794.00	103,216.00	0.67%
GEORGIA POWER COMPANY	6/1/2017	60,218.50	54,835.00	1.17%
GEORGIA POWER COMPANY	6/1/2017	113,686.00	109,670.00	1.17%
GLAXOSMITHKLINE CAP INC	5/15/2018	130,635.40	130,081.10	1.35%
GOLDMAN SACHS GROUP INC	5/3/2015	104,298.00	100,169.00	1.38%
GOLDMAN SACHS GROUP INC	5/3/2015	49,964.50	50,084.50	1.38%
GOLDMAN SACHS GROUP INC	5/3/2015	260,810.00	250,422.50	1.38%
GOLDMAN SACHS GROUP INC	8/1/2015	98,428.55	95,931.95	0.75%
GOLDMAN SACHS GROUP INC	11/23/2015	226,503.00	226,309.50	0.69%
GOLDMAN SACHS GROUP INC	11/23/2015	573,169.20	573,317.40	0.69%

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GOLDMAN SACHS GROUP INC	1/15/2016	108,909.00	103,426.00	0.98%
GOLDMAN SACHS GROUP INC	2/7/2016	80,523.20	81,712.00	1.09%
GOLDMAN SACHS GROUP INC	2/7/2016	90,513.00	91,926.00	1.09%
GOLDMAN SACHS GROUP INC	2/7/2016	53,260.50	51,070.00	1.09%
GOLDMAN SACHS GROUP INC	2/7/2016	73,343.90	71,498.00	1.09%
GOLDMAN SACHS GROUP INC	9/1/2017	800,772.00	776,251.00	1.63%
GOLDMAN SACHS GROUP INC	9/1/2017	565,720.00	554,465.00	1.63%
GOLDMAN SACHS GROUP INC	1/18/2018	240,303.00	233,828.70	1.77%
GOLDMAN SACHS GROUP INC	1/18/2018	136,581.60	133,616.40	1.77%
GOLDMAN SACHS GROUP INC	1/22/2018	132,278.90	132,655.90	1.63%
GOLDMAN SACHS GROUP INC	1/22/2018	714,961.28	718,382.72	1.63%
GOLDMAN SACHS GROUP INC	4/1/2018	260,656.70	258,575.20	1.87%
GOLDMAN SACHS GROUP INC	4/1/2018	55,398.76	55,087.76	1.87%
GOLDMAN SACHS GROUP INC	4/1/2018	80,282.54	79,821.04	1.87%
GOLDMAN SACHS GROUP INC	7/19/2018	1,544,730.00	1,550,265.00	1.85%
GOLDMAN SACHS GROUP INC	2/15/2019	179,527.50	179,022.00	2.25%
GOLDMAN SACHS GROUP INC	2/15/2019	127,453.20	125,315.40	2.25%
HALLIBURTON COMPANY	8/1/2016	419,680.80	420,915.60	0.84%
HALLIBURTON COMPANY	8/1/2016	70,409.50	70,152.60	0.84%
HALLIBURTON COMPANY	8/1/2016	999,240.00	1,002,180.00	0.84%
HOME DEPOT INC	3/1/2016	111,485.00	104,395.00	0.58%
HOME DEPOT INC	9/10/2018	225,260.20	227,266.60	1.24%
HOME DEPOT INC	6/15/2019	128,987.30	132,284.10	1.56%
HOME DEPOT INC	6/15/2019	100,283.00	101,757.00	1.56%
HONEYWELL INTERNATIONAL	3/15/2016	115,614.00	104,598.00	0.57%
HONEYWELL INTERNATIONAL	3/15/2017	131,748.00	130,376.40	0.83%
HONEYWELL INTERNATIONAL	3/1/2018	107,347.50	100,593.90	1.18%
HSBC FINANCE CORP	6/30/2015	218,898.00	202,138.00	0.71%
HSBC FINANCE CORP	6/30/2015	215,042.00	202,138.00	0.71%
HSBC USA INC	1/16/2018	228,817.80	230,006.90	1.62%
HSBC USA INC	3/5/2018	499,535.00	500,935.00	1.63%
IBM CORP	1/5/2016	255,420.00	253,080.00	0.38%
IBM CORP	5/6/2016	149,577.00	149,937.00	0.49%
IBM CORP	7/22/2016	103,953.00	101,817.00	0.55%
IBM CORP	7/22/2016	102,345.00	101,817.00	0.55%
IBM CORP	7/22/2016	251,190.00	254,542.50	0.55%
IBM CORP	2/6/2017	100,653.00	100,947.00	0.73%
IBM CORP	2/6/2018	1,296,035.00	1,296,789.00	1.21%
ILLINOIS TOOL WORKS INC	2/25/2017	142,801.23	143,406.12	0.75%
ILLINOIS TOOL WORKS INC	2/25/2017	1,218,304.20	1,223,464.80	0.75%
INTEL CORP	10/1/2016	51,569.00	50,940.00	0.69%
INTEL CORP	10/1/2016	162,860.80	163,008.00	0.69%
INTEL CORP	10/1/2016	93,070.80	91,692.00	0.69%
INTEL CORP	10/1/2016	83,012.80	81,504.00	0.69%
INTEL CORP	12/15/2017	169,911.60	170,856.80	1.16%
INTEL CORP	12/15/2017	114,871.20	115,579.60	1.16%
JACKSON NATL LIFE GLOBAL	4/16/2019	150,181.50	151,786.50	1.99%
JOHN DEERE CAPITAL CORP	4/17/2015	55,965.28	56,011.76	0.40%
JOHN DEERE CAPITAL CORP	6/7/2016	104,269.00	101,896.00	0.64%
JOHN DEERE CAPITAL CORP	6/7/2016	1,570,995.00	1,528,440.00	0.64%
JOHN DEERE CAPITAL CORP	9/15/2016	61,711.20	60,988.80	0.71%
JOHN DEERE CAPITAL CORP	10/11/2016	439,441.20	442,327.60	0.70%
JOHN DEERE CAPITAL CORP	12/15/2016	588,820.00	591,398.30	0.91%
JOHN DEERE CAPITAL CORP	12/15/2016	838,320.00	841,990.80	0.91%
JOHN DEERE CAPITAL CORP	3/15/2017	202,634.00	202,020.00	0.88%
JOHN DEERE CAPITAL CORP	6/12/2017	809,619.30	812,729.70	0.97%
JOHN DEERE CAPITAL CORP	12/15/2017	110,532.40	111,170.40	1.15%
JOHN DEERE CAPITAL CORP	12/15/2017	56,986.32	57,606.48	1.15%
JOHN DEERE CAPITAL CORP	12/15/2017	549,868.00	555,852.00	1.15%
JOHN DEERE CAPITAL CORP	1/16/2018	999,500.00	1,003,980.00	1.20%
JOHNSON & JOHNSON	11/28/2016	161,803.98	162,268.92	0.60%

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JPMORGAN CHASE & CO	10/15/2015	299,877.00	300,759.00	0.63%
JPMORGAN CHASE & CO	2/26/2016	1,997,580.00	2,004,840.00	0.86%
JPMORGAN CHASE & CO	2/15/2017	1,199,400.00	1,204,632.00	1.14%
JPMORGAN CHASE & CO	2/15/2017	989,505.00	993,821.40	1.14%
JPMORGAN CHASE & CO	6/27/2017	674,292.00	657,444.00	1.74%
JPMORGAN CHASE & CO	3/1/2018	939,755.60	943,778.80	1.55%
KENTUCKY UTILITIES	11/1/2015	25,606.25	25,137.50	0.68%
KENTUCKY UTILITIES	11/1/2015	35,775.60	35,192.50	0.68%
KENTUCKY UTILITIES	11/1/2015	205,604.00	201,100.00	0.68%
KEY BANK NA	11/25/2016	1,139,133.60	1,141,083.00	1.04%
KIMBERLY-CLARK CORP	8/1/2017	109,043.10	100,497.60	1.05%
LOCKHEED MARTIN CORP	9/15/2016	77,050.50	76,437.00	0.80%
LOCKHEED MARTIN CORP	9/15/2016	113,611.30	112,107.60	0.80%
LOCKHEED MARTIN CORP	9/15/2016	103,763.00	101,916.00	0.80%
LOUISVILLE GAS & ELEC	11/15/2015	102,159.00	100,608.00	0.64%
LOWE'S COMPANIES INC	10/15/2015	44,366.00	40,917.20	0.73%
LOWE'S COMPANIES INC	10/15/2015	79,152.93	72,628.03	0.73%
LOWE'S COMPANIES INC	10/15/2015	21,160.87	19,435.67	0.73%
MANUF & TRADERS TRUST CO	1/30/2017	1,207,452.00	1,202,904.00	1.11%
MANUF & TRADERS TRUST CO	1/30/2017	639,942.40	641,548.80	1.11%
MANUF & TRADERS TRUST CO	1/30/2017	661,894.20	661,597.20	1.11%
MANUF & TRADERS TRUST CO	7/25/2017	2,499,050.00	2,507,175.00	1.27%
MANUF & TRADERS TRUST CO	7/25/2017	729,722.60	732,095.10	1.27%
MANUF & TRADERS TRUST CO	3/7/2018	250,897.50	250,180.00	1.42%
MANUF & TRADERS TRUST CO	7/25/2019	999,860.00	1,014,090.00	1.90%
MASSMUTUAL GLOBAL FUNDIN	4/14/2016	259,122.50	256,385.00	0.65%
MCDONALD'S CORP	3/15/2017	124,088.80	118,732.90	1.18%
MCDONALD'S CORP	10/15/2017	41,471.85	39,030.25	1.18%
MCDONALD'S CORP	10/15/2017	62,875.45	61,333.25	1.18%
MCDONALD'S CORP	10/15/2017	58,561.50	55,757.50	1.18%
MEDTRONIC INC	3/15/2018	668,070.40	672,907.80	1.35%
MEDTRONIC INC	3/15/2018	1,141,702.40	1,149,969.30	1.35%
MERRILL LYNCH & CO	8/28/2017	250,830.00	249,374.25	1.77%
MERRILL LYNCH & CO	4/25/2018	266,070.90	263,087.80	2.01%
MET LIFE GLOB FUNDING I	6/29/2015	499,605.00	501,550.00	0.43%
MET LIFE GLOB FUNDING I	9/29/2015	206,262.00	201,962.00	0.51%
MET LIFE GLOB FUNDING I	4/10/2017	149,793.00	150,837.00	1.02%
MET LIFE GLOB FUNDING I	4/10/2017	149,944.50	150,837.00	1.02%
MET LIFE GLOB FUNDING I	4/10/2017	728,992.60	734,073.40	1.02%
MET LIFE GLOB FUNDING I	1/10/2018	246,922.50	251,052.50	1.34%
METLIFE INC	6/1/2016	1,147,450.00	1,067,280.00	0.94%
METLIFE INC	12/15/2017	461,404.38	463,321.20	1.63%
MICROSOFT CORP	9/25/2015	102,978.00	100,616.00	0.35%
MICROSOFT CORP	2/8/2016	106,590.00	101,802.00	0.38%
MICROSOFT CORP	12/6/2018	228,613.10	233,197.00	1.24%
MONSANTO CO	4/15/2016	141,790.50	137,343.60	1.07%
MONSANTO CO	4/15/2016	68,036.80	66,128.40	1.07%
MONSANTO CO	6/30/2017	1,228,806.90	1,234,895.40	0.97%
MONSANTO CO	7/15/2019	55,455.40	55,750.20	1.79%
MORGAN STANLEY	4/28/2015	189,188.68	179,590.70	1.56%
MORGAN STANLEY	4/29/2016	369,096.00	360,118.50	1.09%
MORGAN STANLEY	3/22/2017	764,729.00	745,213.00	1.42%
MORGAN STANLEY	4/27/2017	109,892.00	108,190.00	1.52%
MORGAN STANLEY	12/28/2017	174,928.50	166,303.50	1.86%
MORGAN STANLEY	1/5/2018	948,974.00	956,498.00	1.62%
MORGAN STANLEY	4/25/2018	756,172.50	758,235.00	1.76%
NATIONAL RURAL UTIL COOP	11/1/2015	103,204.00	100,829.00	0.47%
NATIONAL RURAL UTIL COOP	11/1/2015	72,182.60	70,580.30	0.47%
NATIONAL RURAL UTIL COOP	11/1/2015	61,816.20	60,497.40	0.47%
NATIONAL RURAL UTIL COOP	1/27/2017	999,410.00	1,004,310.00	0.86%
NATIONAL RURAL UTIL COOP	4/10/2017	101,504.45	92,498.70	1.04%

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NATIONAL RURAL UTIL COOP	4/10/2017	56,796.50	54,411.00	1.04%
NATIONAL RURAL UTIL COOP	4/10/2017	72,342.40	70,734.30	1.04%
NATIONAL SEMICONDUCTOR	6/15/2017	99,349.60	89,505.60	1.13%
NBCUNIVERSAL MEDIA LLC	4/1/2016	317,271.00	306,330.00	0.75%
NEVADA POWER CO	3/15/2019	176,717.52	175,963.41	1.93%
NEW YORK LIFE GLOBAL FDG	7/24/2015	434,612.85	435,513.30	0.37%
NEW YORK LIFE GLOBAL FDG	2/12/2016	446,877.00	450,922.50	0.56%
NEW YORK LIFE GLOBAL FDG	2/12/2016	1,039,324.00	1,042,132.00	0.56%
NEW YORK LIFE GLOBAL FDG	3/1/2017	154,669.85	155,602.95	0.92%
NEW YORK LIFE GLOBAL FDG	12/15/2017	401,464.00	403,452.00	1.13%
NISSAN MOTOR ACCEPTANCE	3/15/2016	60,037.80	60,122.40	0.79%
NISSAN MOTOR ACCEPTANCE	3/2/2018	309,863.60	311,463.20	1.33%
NORTHERN STATES PWR-MINN	8/15/2015	97,360.75	95,181.45	0.39%
NORTHERN STATES PWR-MINN	3/1/2018	136,449.60	133,504.80	1.30%
NOVARTIS CAPITAL CORP	4/24/2015	266,775.00	250,332.50	0.81%
NSTAR ELECTRIC CO	11/15/2017	112,617.00	111,344.00	1.22%
NSTAR ELECTRIC CO	11/15/2017	115,107.00	111,344.00	1.22%
OCCIDENTAL PETROLEUM COR	2/1/2016	67,466.10	65,970.45	0.70%
OCCIDENTAL PETROLEUM COR	6/1/2016	44,053.60	41,506.00	0.87%
OCCIDENTAL PETROLEUM COR	2/15/2017	103,139.00	101,215.00	1.09%
OCCIDENTAL PETROLEUM COR	2/15/2017	179,987.50	177,126.25	1.09%
OCCIDENTAL PETROLEUM COR	2/15/2017	81,158.40	80,972.00	1.09%
OCCIDENTAL PETROLEUM COR	2/15/2017	101,007.00	101,215.00	1.09%
ORACLE CORP	1/15/2016	85,317.75	77,797.50	0.51%
ORACLE CORP	1/15/2016	105,437.65	98,543.50	0.51%
ORACLE CORP	1/15/2016	44,585.60	41,492.00	0.51%
ORACLE CORP	10/15/2017	996,840.00	1,003,250.00	1.07%
ORACLE CORP	4/15/2018	116,766.00	112,986.00	1.37%
ORACLE CORP	1/15/2019	152,989.50	154,119.00	1.62%
PACCAR FINANCIAL CORP	6/5/2015	69,932.10	70,093.10	0.30%
PACCAR FINANCIAL CORP	11/16/2015	797,888.00	801,048.00	0.49%
PACCAR FINANCIAL CORP	2/8/2016	99,966.00	100,380.00	0.35%
PACCAR FINANCIAL CORP	8/16/2016	1,048,981.50	1,057,780.50	0.61%
PACCAR FINANCIAL CORP	3/15/2017	101,324.00	101,378.00	0.89%
PACCAR FINANCIAL CORP	11/17/2017	79,964.80	80,780.00	1.02%
PACCAR FINANCIAL CORP	11/17/2017	2,224,021.00	2,246,693.75	1.02%
PACCAR FINANCIAL CORP	11/17/2017	1,199,472.00	1,211,700.00	1.02%
PACIFIC GAS & ELECTRIC	11/30/2017	103,338.00	99,448.20	1.59%
PACIFICORP	7/15/2018	136,090.80	135,790.80	1.53%
PECO ENERGY CO	10/15/2016	30,267.90	30,182.40	0.80%
PEPSICO INC	8/13/2015	235,777.85	235,415.95	0.22%
PEPSICO INC	2/22/2017	1,897,834.00	1,903,230.00	0.86%
PEPSICO INC	8/13/2017	199,372.00	200,884.00	1.06%
PEPSICO INC	8/13/2017	496,215.00	502,210.00	1.06%
PFIZER INC	1/15/2017	129,792.09	130,301.60	0.77%
PHILIP MORRIS INTL INC	3/20/2017	743,647.50	760,672.50	0.89%
PHILIP MORRIS INTL INC	11/9/2017	1,610,510.30	1,623,882.50	1.04%
PNC BANK NA	1/27/2017	2,496,325.00	2,508,425.00	0.93%
PNC BANK NA	1/27/2017	469,309.10	471,583.90	0.93%
PNC BANK NA	9/21/2017	673,238.70	658,488.90	1.58%
PNC BANK NA	10/18/2017	1,999,620.00	2,016,060.00	1.17%
PNC FUNDING CORP	9/19/2016	63,443.40	61,426.20	0.97%
PNC FUNDING CORP	9/19/2016	1,145,529.00	1,126,147.00	0.97%
PPG INDUSTRIES INC	11/15/2019	120,273.60	121,358.40	2.04%
PRAXAIR INC	11/7/2017	140,847.00	139,507.20	1.19%
PRAXAIR INC	11/7/2017	109,486.30	109,612.80	1.19%
PRAXAIR INC	11/7/2017	39,737.20	39,859.20	1.19%
PRAXAIR INC	11/7/2018	58,611.60	59,526.60	1.48%
PRAXAIR INC	11/7/2018	97,590.00	99,211.00	1.48%
PRAXAIR INC	8/15/2019	55,353.50	55,424.00	1.90%
PRECISION CASTPARTS CORP	12/20/2015	269,919.00	269,948.70	0.73%

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PRICOA GLOBAL FUNDING 1	8/18/2017	300,324.00	299,790.00	1.38%
PRICOA GLOBAL FUNDING 1	5/16/2019	516,562.80	526,224.40	1.90%
PRINCIPAL LFE GLB FND II	12/11/2015	300,891.00	301,020.00	0.51%
PRINCIPAL LFE GLB FND II	12/11/2015	100,335.00	100,340.00	0.51%
PRINCIPAL LFE GLB FND II	12/11/2015	449,707.50	451,530.00	0.51%
PRINCIPAL LFE GLB FND II	5/19/2017	199,036.00	200,380.00	1.11%
PRINCIPAL LFE GLB FND II	9/11/2017	79,962.40	80,347.20	1.32%
PROCTER & GAMBLE CO/THE	11/15/2015	25,673.50	25,222.25	0.37%
PROCTER & GAMBLE CO/THE	8/15/2016	102,560.00	101,193.00	0.58%
PROCTER & GAMBLE CO/THE	11/4/2016	2,299,793.00	2,303,312.00	0.66%
PROCTER & GAMBLE CO/THE	11/15/2018	370,799.20	374,924.70	1.22%
PROCTER & GAMBLE CO/THE	11/1/2019	798,784.00	810,856.00	1.59%
PUB SVC ELEC & GAS	5/1/2015	62,722.80	60,095.40	0.78%
PUB SVC ELEC & GAS	5/1/2015	83,649.60	80,127.20	0.78%
PUB SVC ELEC & GAS	5/1/2018	198,042.25	195,321.00	1.44%
PUBLIC SERVICE ELECTRIC	8/15/2019	35,218.40	35,512.05	1.64%
RABOBANK NEDERLAND	1/19/2017	695,038.50	677,430.00	1.00%
RABOBANK NEDERLAND	1/19/2017	527,390.00	521,100.00	1.00%
RABOBANK NEDERLAND	1/19/2017	1,171,049.00	1,146,420.00	1.00%
SAN DIEGO GAS & ELECTRIC	11/15/2015	169,434.00	154,324.50	0.65%
SIMON PROPERTY GROUP LP	9/15/2017	41,560.00	40,829.20	1.20%
SIMON PROPERTY GROUP LP	9/15/2017	77,601.00	76,554.75	1.20%
SIMON PROPERTY GROUP LP	2/1/2018	78,793.60	80,153.60	1.42%
SOUTHERN CAL EDISON	5/1/2017	57,981.44	58,252.30	0.91%
SOUTHERN CAL EDISON	5/1/2017	62,086.80	62,269.70	0.91%
SOUTHERN CAL EDISON	5/1/2017	249,920.00	251,087.50	0.91%
SOUTHERN CAL EDISON	5/1/2017	899,712.00	903,915.00	0.91%
SOUTHERN CAL EDISON	8/15/2018	50,859.90	50,806.35	1.56%
SOUTHERN CAL EDISON	8/15/2018	114,483.00	112,903.00	1.56%
SOUTHERN CO	9/1/2016	41,324.40	40,620.00	0.85%
SOUTHERN CO	9/1/2016	92,385.90	91,395.00	0.85%
SOUTHERN CO	8/15/2017	429,862.40	430,210.70	1.28%
SOUTHERN CO	8/15/2017	749,850.00	750,367.50	1.28%
STATE STREET CORP	3/7/2016	63,783.60	61,291.20	0.56%
STATE STREET CORP	3/7/2016	104,706.00	102,152.00	0.56%
STATE STREET CORP	4/30/2017	94,543.20	86,843.20	1.20%
STATE STREET CORP	5/15/2018	98,574.00	100,262.00	1.26%
SYSCO CORPORATION	6/12/2015	297,957.00	300,087.00	0.40%
SYSCO CORPORATION	10/2/2017	56,978.34	57,453.15	1.13%
SYSCO CORPORATION	10/2/2019	81,148.80	81,850.40	1.80%
TARGET CORP	1/15/2018	113,836.00	112,990.00	1.25%
TARGET CORP	6/26/2019	251,967.50	256,167.50	1.69%
TEXAS INSTRUMENTS INC	8/3/2015	99,777.00	100,076.00	0.23%
TEXAS INSTRUMENTS INC	5/16/2016	100,537.55	96,988.35	0.51%
TEXAS INSTRUMENTS INC	3/12/2017	1,247,525.00	1,253,275.00	0.74%
TEXAS INSTRUMENTS INC	3/12/2017	698,614.00	701,834.00	0.74%
TORONTO-DOMINION BANK	3/13/2018	1,359,959.20	1,370,376.80	1.36%
TOYOTA MOTOR CREDIT CORP	6/17/2015	84,790.40	80,486.40	0.32%
TOYOTA MOTOR CREDIT CORP	6/17/2015	84,831.20	80,486.40	0.32%
TOYOTA MOTOR CREDIT CORP	6/17/2015	52,143.00	50,304.00	0.32%
TOYOTA MOTOR CREDIT CORP	1/11/2016	104,106.00	101,723.00	0.58%
TOYOTA MOTOR CREDIT CORP	9/15/2016	79,584.80	81,563.20	0.65%
TOYOTA MOTOR CREDIT CORP	1/12/2017	62,215.20	61,273.80	0.85%
TOYOTA MOTOR CREDIT CORP	5/16/2017	74,960.25	75,212.25	0.99%
TOYOTA MOTOR CREDIT CORP	5/22/2017	203,278.00	203,118.00	1.01%
TOYOTA MOTOR CREDIT CORP	1/12/2018	539,260.20	543,456.00	1.22%
TRAVELERS COS INC	12/1/2015	56,975.50	51,615.50	0.63%
TRAVELERS COS INC	12/1/2015	220,772.00	206,462.00	0.63%
TRAVELERS COS INC	6/20/2016	52,848.90	48,033.90	0.69%
TRAVELERS COS INC	6/20/2016	53,122.95	48,033.90	0.69%
TRAVELERS COS INC	12/15/2017	119,868.00	112,258.00	1.14%

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UBS AG STAMFORD CT	8/14/2017	1,395,492.00	1,399,216.00	1.40%
UBS AG STAMFORD CT	3/26/2018	639,161.60	641,772.80	1.70%
UNITED PARCEL SERVICE	10/1/2017	85,812.52	86,563.30	0.86%
UNITED PARCEL SERVICE	10/1/2017	33,922.14	34,222.70	0.86%
UNITED PARCEL SERVICE	10/1/2017	100,119.00	100,655.00	0.86%
UNITED TECHNOLOGIES CORP	5/1/2015	148,531.05	135,314.55	2.03%
UNITED TECHNOLOGIES CORP	6/1/2017	41,239.20	40,736.40	0.94%
UNITED TECHNOLOGIES CORP	12/15/2017	45,910.40	44,438.40	1.19%
UNITEDHEALTH GROUP INC	10/15/2015	221,163.80	220,440.00	0.48%
UNITEDHEALTH GROUP INC	11/15/2016	138,554.66	136,233.78	0.84%
UNITEDHEALTH GROUP INC	11/15/2016	1,871,902.88	1,844,239.38	0.84%
UNITEDHEALTH GROUP INC	11/15/2016	53,720.16	52,866.84	0.84%
UNITEDHEALTH GROUP INC	11/15/2016	1,211,659.40	1,199,670.60	0.84%
UNITEDHEALTH GROUP INC	12/15/2017	918,730.40	927,387.60	1.10%
UNITEDHEALTH GROUP INC	12/15/2017	639,116.80	645,139.20	1.10%
UNITEDHEALTH GROUP INC	2/15/2018	75,608.65	73,555.95	1.31%
US BANCORP	11/15/2016	113,405.60	112,310.00	0.82%
US BANCORP	5/15/2017	538,733.60	536,257.88	0.97%
US BANCORP	5/15/2017	255,618.40	254,443.72	0.97%
US BANCORP	11/15/2018	504,465.00	507,800.00	1.50%
US BANK NA CINCINNATI	1/30/2017	2,999,550.00	3,009,360.00	0.92%
US BANK NA CINCINNATI	1/30/2017	1,099,835.00	1,103,432.00	0.92%
US BANK NA CINCINNATI	9/11/2017	1,998,880.00	2,012,060.00	1.12%
US BANK NA CINCINNATI	9/11/2017	1,319,260.80	1,327,959.60	1.12%
US BANK NA CINCINNATI	1/26/2018	599,088.00	602,340.00	1.21%
VESEY STREET INV TRUST I	9/1/2016	90,117.00	93,841.20	1.35%
VIRGINIA ELEC & POWER CO	9/15/2017	114,480.00	111,181.00	1.31%
VIRGINIA ELEC & POWER CO	4/30/2018	121,760.10	117,498.15	1.44%
VIRGINIA ELEC & POWER CO	6/30/2019	78,746.50	78,766.80	1.92%
VIRGINIA ELEC & POWER CO	6/30/2019	56,267.00	56,262.00	1.92%
VOLKSWAGEN GROUP AMERICA	5/23/2017	1,299,194.00	1,301,534.00	1.19%
VOLKSWAGEN GROUP AMERICA	11/20/2017	1,399,062.00	1,412,250.00	1.26%
WACHOVIA BANK NA	3/15/2016	988,227.00	941,517.00	0.75%
WACHOVIA CORP	10/15/2016	689,124.00	641,508.00	1.08%
WACHOVIA CORP	10/15/2016	149,267.30	138,993.40	1.08%
WAL-MART STORES INC	4/15/2016	317,547.00	307,269.00	0.46%
WAL-MART STORES INC	4/5/2017	170,902.50	163,845.00	0.74%
WAL-MART STORES INC	4/5/2017	381,519.60	360,459.00	0.74%
WAL-MART STORES INC	4/21/2017	249,962.50	251,117.50	0.78%
WALT DISNEY COMPANY/THE	12/1/2015	139,213.20	140,051.80	0.39%
WALT DISNEY COMPANY/THE	8/16/2016	1,520,640.00	1,515,960.00	0.57%
WALT DISNEY COMPANY/THE	8/16/2016	1,022,590.00	1,010,640.00	0.57%
WALT DISNEY COMPANY/THE	9/15/2016	77,153.05	69,721.60	0.60%
WALT DISNEY COMPANY/THE	9/15/2016	177,382.50	160,896.00	0.60%
WALT DISNEY COMPANY/THE	2/15/2017	803,760.00	805,856.00	0.73%
WALT DISNEY COMPANY/THE	5/30/2017	74,865.00	74,978.25	0.89%
WALT DISNEY COMPANY/THE	5/30/2017	2,395,680.00	2,399,304.00	0.89%
WELLS FARGO & COMPANY	7/1/2015	100,929.00	100,263.00	0.45%
WELLS FARGO & COMPANY	7/1/2015	50,155.00	50,131.50	0.45%
WELLS FARGO & COMPANY	6/15/2016	266,735.00	258,862.50	0.72%
WELLS FARGO & COMPANY	9/15/2016	77,115.23	75,176.93	1.04%
WELLS FARGO & COMPANY	9/15/2016	169,450.32	165,177.48	1.04%
WELLS FARGO & COMPANY	12/15/2016	104,517.00	102,805.00	0.96%
WELLS FARGO & COMPANY	12/15/2016	208,472.00	205,610.00	0.96%
WELLS FARGO & COMPANY	5/8/2017	719,936.00	715,113.00	1.06%
WELLS FARGO & COMPANY	5/8/2017	1,776,420.80	1,797,998.40	1.06%
WELLS FARGO & COMPANY	6/2/2017	99,874.00	99,970.00	1.16%
WELLS FARGO & COMPANY	6/2/2017	2,996,220.00	2,999,100.00	1.16%
WELLS FARGO & COMPANY	6/2/2017	249,255.00	249,925.00	1.16%
WELLS FARGO & COMPANY	6/2/2017	239,697.60	239,928.00	1.16%
WELLS FARGO & COMPANY	4/22/2019	150,267.00	151,824.00	1.81%

**Orange County Transportation Authority
Portfolio Listing
As of March 31, 2015**

WELLS FARGO & COMPANY	1/30/2020	24,942.75	25,129.00	2.04%
WELLS FARGO & COMPANY	1/30/2020	26,938.17	27,139.32	2.04%
WELLS FARGO & COMPANY	1/30/2020	47,905.92	48,247.68	2.04%
WELLS FARGO & COMPANY	1/30/2020	1,607,810.40	1,618,307.60	2.04%
WISC ELEC POWER	12/1/2015	148,352.50	129,535.00	0.78%
WISC ELEC POWER	6/15/2018	105,225.75	105,737.10	1.47%
WYETH LLC	4/1/2017	113,403.00	108,931.00	0.93%
XTO ENERGY INC	6/30/2015	114,630.00	101,158.00	0.65%
XTO ENERGY INC	12/15/2018	121,526.00	117,185.00	1.69%
<i>SUB-TOTAL</i>		246,564,538.37	245,660,635.93	

VARIABLE RATE NOTES

AMERICAN EXPRESS CO	5/22/2018	1,010,000.00	1,010,606.00	0.84%
AMERICAN EXPRESS CREDIT	7/29/2016	503,160.50	501,695.00	0.52%
AMERICAN EXPRESS CREDIT	7/29/2016	1,130,000.00	1,133,830.70	0.52%
AMERICAN EXPRESS CREDIT	3/18/2019	540,000.00	539,740.80	0.84%
BANK OF AMERICA CORP	4/1/2019	300,000.00	301,755.00	0.99%
BNP PARIBAS	12/12/2016	1,290,000.00	1,294,476.30	0.67%
BOKF NA	5/15/2017	448,254.00	447,975.00	1.18%
BOKF NA	5/15/2017	284,766.30	283,717.50	1.18%
BOKF NA	5/15/2017	676,358.69	675,944.50	1.18%
CITIGROUP INC	3/10/2017	500,000.00	499,585.00	0.86%
CITIGROUP INC	4/8/2019	630,000.00	629,754.30	1.05%
DAIMLER FINANCE NA LLC	8/1/2018	1,070,000.00	1,073,830.60	1.02%
DUKE ENERGY INDIANA INC	7/11/2016	660,000.00	660,666.60	0.53%
DUKE ENERGY INDIANA INC	7/11/2016	1,164,582.00	1,161,171.60	0.53%
DUKE ENERGY PROGRESS INC	3/6/2017	1,880,000.00	1,879,172.80	0.49%
EBAY INC	7/28/2017	500,000.00	493,375.00	1.04%
EBAY INC	7/28/2017	1,000,610.00	986,750.00	1.04%
GENERAL ELEC CAP CORP	7/12/2016	1,090,000.00	1,097,292.10	0.39%
GOLDMAN SACHS GROUP INC	4/30/2018	254,759.00	253,467.50	1.02%
GOLDMAN SACHS GROUP INC	4/30/2018	1,090,000.00	1,105,118.30	1.02%
HSBC USA INC	9/24/2018	820,000.00	829,479.20	0.83%
HSBC USA INC	11/13/2019	1,360,000.00	1,358,096.00	0.91%
IBM CORP	2/12/2019	170,000.00	170,574.60	0.55%
JOHNSON & JOHNSON	11/28/2016	1,150,000.00	1,151,253.50	0.27%
JPMORGAN CHASE & CO	11/18/2016	1,300,000.00	1,299,935.00	0.72%
JPMORGAN CHASE & CO	2/15/2017	430,000.00	430,537.50	0.72%
JPMORGAN CHASE & CO	1/25/2018	1,500,000.00	1,518,315.00	0.74%
JPMORGAN CHASE & CO	1/25/2018	540,000.00	546,593.40	0.74%
JPMORGAN CHASE & CO	1/23/2020	840,000.00	852,793.20	0.91%
MANUF & TRADERS TRUST CO	1/30/2017	642,009.60	639,353.60	0.70%
MANUF & TRADERS TRUST CO	1/30/2017	702,373.00	699,293.00	0.70%
MEDTRONIC INC	2/27/2017	1,250,000.00	1,246,162.50	0.51%
MERCK & CO INC	2/10/2020	1,380,000.00	1,385,561.40	0.56%
MORGAN STANLEY	4/25/2018	1,323,218.00	1,320,683.00	1.03%
MORGAN STANLEY	1/24/2019	818,137.75	817,713.95	1.03%
MORGAN STANLEY	1/24/2019	486,867.25	486,615.05	1.03%
MORGAN STANLEY	1/27/2020	1,330,000.00	1,349,883.50	1.10%
NATIONAL CITY BANK	6/7/2017	1,343,844.00	1,343,398.50	0.87%
NBCUNIVERSAL ENTERPRISE	4/15/2016	610,689.30	611,799.50	0.52%
NBCUNIVERSAL ENTERPRISE	4/15/2016	502,877.50	501,475.00	0.52%
PACCAR FINANCIAL CORP	12/6/2018	230,000.00	231,235.10	0.73%
ROCKWELL COLLINS INC	12/15/2016	1,090,000.00	1,091,024.60	0.58%
TORONTO-DOMINION BANK	11/5/2019	1,360,000.00	1,368,527.20	0.69%
WELLS FARGO BANK NA	5/16/2016	1,098,647.00	1,097,547.00	0.67%
WESTPAC BANKING CORP	7/30/2018	830,000.00	837,876.70	0.72%
<i>SUB-TOTAL</i>		39,131,153.89	39,215,651.60	

STATE OF CALIFORNIA AND LOCAL AGENCIES

CA EARTHQUAKE AUTH	7/1/2017	470,000.00	471,884.70	1.64%
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**Orange County Transportation Authority
Portfolio Listing
As of March 31, 2015**

CA ST DEPT OF WTR-AO	12/1/2015	500,000.00	500,910.00	0.38%
CALIFORNIA ST-TXBL	2/1/2016	1,410,640.00	1,405,880.00	0.54%
CALIFORNIA ST-TXBL	2/1/2016	792,670.20	793,318.00	0.54%
CALIFORNIA ST-TXBL	2/1/2016	402,288.00	401,680.00	0.54%
UNIV CA-AJ-TXBL	5/15/2016	400,000.00	401,132.00	0.65%
UNIV OF CALIFORNIA-AN	5/15/2016	640,000.00	639,884.80	0.65%
UNIV OF CALIFORNIA-AN	5/15/2017	1,500,000.00	1,505,985.00	1.03%
<i>SUB-TOTAL</i>		6,115,598.20	6,120,674.50	

MORTGAGE AND ASSET-BACK SECURITIES

AMXCA 2012-2 A	3/15/2018	2,999,062.50	3,002,370.00	0.46%
AMXCA 2012-2 A	3/15/2018	999,726.56	1,000,790.00	0.46%
BMWFT 2012-1A A	9/15/2017	630,836.72	631,335.60	0.12%
BMWFT 2012-1A A	9/15/2017	1,002,148.44	1,002,120.00	0.12%
BMWFT 2012-1A A	9/15/2017	320,412.50	320,678.40	0.12%
BMWFT 2012-1A A	9/15/2017	750,000.00	751,590.00	0.12%
BMWLT 2013-1 A3	9/21/2015	122,422.18	122,435.65	0.60%
CCCIT 2006-A3 A3	3/15/2018	265,425.00	250,684.80	0.62%
CCCIT 2013-A3 A3	7/23/2018	1,999,596.60	2,007,980.00	0.80%
CCCIT 2013-A6 A6	9/7/2018	1,299,926.55	1,309,620.00	0.80%
CCCIT 2014-A2 A2	2/22/2019	1,499,739.30	1,500,855.00	0.99%
CCCIT 2014-A2 A2	2/22/2019	1,997,040.00	2,001,140.00	0.99%
CHAIT 2007-A12 A12	8/15/2019	2,485,839.85	2,487,100.00	0.44%
CHAIT 2012-A3 A3	6/15/2017	2,003,750.00	2,001,400.00	0.44%
CHAIT 2012-A5 A5	8/15/2017	2,499,908.00	2,501,225.00	0.46%
CHAIT 2014-A7 A	11/15/2019	2,999,648.10	3,011,370.00	1.38%
CHAIT 2014-A7 A	11/15/2019	2,599,695.02	2,609,854.00	1.38%
CHAIT 2015-A2 A	2/18/2020	2,505,848.75	2,517,675.00	1.34%
FHLB Y2-2015 1	4/20/2015	564,909.89	564,180.61	2.55%
FHMS K501 A1	6/25/2016	102,836.98	101,123.44	1.16%
FHMS K501 A2	11/25/2016	1,146,595.31	1,122,210.00	0.76%
FHMS K502 A1	12/25/2016	945,316.38	946,165.29	0.61%
FITAT 2013-1 A3	10/15/2017	1,828,373.69	1,828,649.76	0.55%
FNA 2012-M9 ASQ2	12/25/2017	2,177,092.97	2,149,915.50	1.11%
FNA 2014-M1 ASQ2	11/25/2018	695,783.40	704,049.85	1.48%
FNA 2014-M1 ASQ2	11/25/2018	1,242,248.34	1,264,206.30	1.48%
FNA 2014-M4 ASQ2	1/25/2017	1,999,800.00	1,992,751.20	0.73%
FNA 2014-M5 FA	1/25/2017	630,934.19	630,365.66	0.46%
FNA 2014-M5 FA	1/25/2017	940,989.64	941,925.70	0.46%
FNA 2014-M8 FA	5/25/2018	1,530,820.36	1,530,939.82	0.38%
FNA 2014-M8 FA	5/25/2018	1,254,504.56	1,256,409.41	0.38%
FNA 2014-M9 ASQ2	4/25/2017	2,878,481.48	2,882,860.50	0.76%
GEEMT 2014-1 A3	5/22/2018	1,499,990.85	1,502,895.00	1.02%
GEET 2015-1 A3	2/25/2019	1,659,755.15	1,662,340.60	1.22%
HAROT 2012-2 A4	5/15/2018	1,003,515.63	1,000,780.00	0.76%
HAROT 2012-4 A4	12/18/2018	707,331.41	707,077.77	0.65%
HAROT 2013-4 A2	4/18/2016	208,847.38	208,834.84	0.53%
HAROT 2013-4 A3	9/18/2017	565,529.69	565,237.30	0.64%
HAROT 2013-4 A3	9/18/2017	763,869.51	764,320.88	0.64%
HAROT 2014-1 A3	11/21/2017	1,079,882.17	1,078,650.00	0.77%
HAROT 2014-1 A3	11/21/2017	2,496,093.75	2,496,875.00	0.77%
HAROT 2014-2 A3	3/19/2018	433,947.83	433,796.02	0.80%
HAROT 2014-3 A2	12/15/2016	399,734.38	399,800.00	0.57%
HAROT 2015-1 A3	10/15/2018	575,955.94	576,800.64	0.98%
HAROT 2015-1 A3	10/15/2018	1,599,877.60	1,602,224.00	0.98%
JDOT 2013-B A3	8/15/2017	911,293.14	912,820.95	0.63%
JDOT 2013-B A3	8/15/2017	684,150.46	684,615.71	0.63%
JDOT 2013-B A3	8/15/2017	1,822,586.28	1,825,641.90	0.63%
JDOT 2014-A A3	4/16/2018	1,699,727.66	1,702,176.00	0.82%
JDOT 2014-A A3	4/16/2018	2,499,599.50	2,503,200.00	0.82%
JDOT 2014-B A3	11/15/2018	713,844.06	715,342.32	0.96%

**Orange County Transportation Authority
Portfolio Listing
As of March 31, 2015**

MBALT 2013-A A3	2/15/2016	493,246.05	493,313.27	0.60%
TAOT 2012-A A3	2/16/2016	39,830.96	39,751.93	0.48%
TAOT 2012-A A3	2/16/2016	17,081.72	17,036.54	0.48%
TAOT 2012-A A3	2/16/2016	48,026.38	48,043.05	0.48%
TAOT 2013-A A3	1/17/2017	170,002.91	170,021.22	0.52%
TAOT 2013-A A3	1/17/2017	278,693.30	278,723.32	0.52%
TAOT 2014-A A3	12/15/2017	1,658,693.42	1,658,037.78	0.72%
TAOT 2014-B A3	3/15/2018	1,999,682.60	1,999,080.00	0.79%
TAOT 2014-C A3	7/16/2018	959,958.43	960,633.60	0.89%
TAOT 2014-C A3	7/16/2018	2,999,870.10	3,001,980.00	0.89%
TAOT 2015-A A3	2/15/2019	2,964,551.69	2,974,458.35	0.96%
USAOT 2014-1 A3	12/15/2017	2,499,888.00	2,497,750.00	0.70%
	<i>SUB-TOTAL</i>	<u>82,374,771.23</u>	<u>82,428,234.47</u>	
SHORT-TERM PORTFOLIO - TOTAL		<u>\$ 1,068,167,785.27</u>	<u>\$ 1,066,507,790.28</u>	

DEBT SERVICE RESERVE FUNDS

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>REQUIRED AMOUNT</u>	<u>YIELD</u>
<u>91 EXPRESS LANES 2013 BONDS</u>	2030		10,799,437.46	
US BANK COMMERCIAL PAPER	5/6/2015	10,810,943.72		0.09%
<u>91 EXPRESS LANES 2013 BONDS - OPERATING & MAINTENANCE RESERVES</u>			13,000,000.00	
OPERATING RESERVE: BofWEST NEG CD	4/1/2015	3,000,000.00		0.08%
MAINTENANCE RESERVE: BofWEST NEG CD	4/1/2015	10,000,000.00		0.08%
DEBT SERVICE RESERVE FUNDS - TOTAL		<u>\$ 23,810,943.72</u>		

	<u>Book Value</u>	<u>Market Value</u>
TOTAL PORTFOLIO	<u>\$ 1,272,631,149.24</u>	<u>\$ 1,270,955,554.34</u>



COMMITTEE TRANSMITTAL

April 27, 2015

To: Members of the Board of Directors
From: Laurena Weinert, Clerk of the Board
Subject: Annual Update to Investment Policy

Finance and Administration Committee Meeting of April 22, 2015

Present: Directors Hennessey, Jones, Murray, Shaw, Spitzer, Steel,
and Ury
Absent: Director Miller

Committee Vote

Due to time constraints, this item was not presented to the Committee. This item was deferred to the next Finance and Administration Committee meeting to be held on Wednesday, May 13, 2015.



ORANGE COUNTY TRANSPORTATION AUTHORITY

Annual Update to Investment Policy

Staff Report



April 22, 2015

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Annual Update to Investment Policy

Overview

The Treasurer has revised the Orange County Transportation Authority's Investment Policy for 2015. The Investment Policy sets forth the investment guidelines for all funds invested on and after April 27, 2015. As recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Investment Policy to be reviewed at a public meeting. Further, the governing body of a local agency has the authorization to appoint, for a period of one year, a Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds.

Recommendations

- A. Adopt the 2015 Investment Policy.
- B. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2015-16.

Background

The Investment Policy (Policy) sets forth the guidelines for all Orange County Transportation Authority (OCTA) investments that must conform to the California Government Code (Code). The main objectives of the Policy continue to be the preservation of capital, liquidity, diversification, and a market average rate of return through economic cycles.

The Policy is reviewed and approved by the Board of Directors (Board) at least annually. However, relevant changes to the Code may warrant amendments to the Policy throughout the year.

Discussion

The 2015 Policy is being submitted for review and adoption by the Board. Treasury/Toll Roads Department staff met with representatives from OCTA's investment advisory firm and investment management firms to evaluate the effectiveness of the Policy and address any potential changes for 2015. The revisions include one legislative change to Section 53601 of the Code affecting local agencies during the past year and one recommendation that returns the policy to match the Code.

In response to a recent decrease in the supply of debt issued by government sponsored enterprises, such as mortgage-related securities issued by Fannie Mae and Freddie Mac, Assembly Bill 1933 (Chapter 59, Statutes of 2014) was introduced to offer another alternative to highly-rated, medium-term financial instruments in which to invest public funds. Supranationals were added to the Code as a permitted investment effective January 1, 2015. Multilateral lending institutions, or Supranationals, provide development financing, advisory services, and other financial services to their member countries to promote improved living standards through sustainable economic growth. Three of these Supranationals are headquartered in the United States (U.S.) and issue highly-rated bonds that are denominated in U.S. currency:

- Founded in 1959, the Inter-American Development Bank (IADB) has 48 country members: 26 borrowing member countries in Latin America and the Caribbean and 22 non-borrowing members, including the U.S., Canada, and 20 non-regional countries. The bank provides financial and technical support primarily to central governments in Latin America and the Caribbean to promote economic development and to expand opportunities for the poor.
- With 188 member countries, the International Bank for Reconstruction and Development (IBRD) is the largest component of the World Bank Group. Operating since 1944, the IBRD provides a combination of financial resources, knowledge and technical services, and strategic advice to developing countries, including middle income and credit-worthy lower income countries.
- Established in 1956 to complement the activities of the IBRD, the International Finance Corporation (IFC) is the second-largest component of the World Bank Group, with 184 member countries. The IFC provides loans, makes investments, and provides other financial services to encourage the growth and development of the private sector in developing member countries.

State law allows the State Treasurer to invest surplus funds in bonds issued by specified Supranational organizations, including the IADB, IBRD, and the IFC. Further, state law also allows state or local public retirement systems to invest in bonds issued by Supranational organizations, including the IADB, IBRD, and the IFC.

Additionally, it is the recommendation of OCTA's Financial Advisor, investment managers, and staff that the maximum allocation for mortgage/asset-backed securities be raised to 20 percent, from ten percent, to match the Code. During the 2013 revision of the Policy, the Finance and Administration (F&A) Committee agreed to the proposed language allowing the purchase of A-1 or equivalent rated money market mortgage/asset-backed securities. These securities are AAA at inception, but the rating is changed to an A-1 rating to denote less than 12 months to maturity. In an effort to mitigate perceived risk, the F&A Committee concurred with the proposed language clarification, but reduced the maximum allocation to ten percent with the provision that staff could return to the F&A Committee at a later time to revisit the idea of restoring the limit to 20 percent.

With interest rates at historic lows and the Federal Reserve poised to unwind unprecedented stimulus, diversification in high-quality fixed-income securities is a primary focus of OCTA's investment managers. By allowing the continued purchase of mortgage/asset-backed securities, the strategy will help insulate the portfolio from market volatility and provide increased yield with commensurate credit quality.

At the direction of the Finance and Administration Committee held April 8, 2015, termination language was added to the policy. On page two, Section III Compliance, the proposed language ensures OCTA the flexibility to terminate services with a portfolio manager for its convenience.

Next Steps

If the Board approves the proposed changes to the Policy, a copy of these changes and the final Policy will be provided to each portfolio manager. Each portfolio manager will be required to sign an acknowledgement letter confirming their receipt and understanding of the Policy. OCTA currently uses four portfolio managers to actively manage the short-term portfolio and two portfolio managers to manage the bond proceeds portfolio.

On October 13, 2014, the Board gave direction to establish an endowment fund for the Measure M2 Environmental Mitigation Program and the development of investment parameters for the funds. Staff will return to the

F&A Committee and Board over the next few months to suggest investment strategies and present further changes to the Policy related to the endowment fund.

Summary

California Government Code Section 53646(a)(2) recommends that local agencies annually review their Investment Policy at a public meeting. The Treasurer is submitting an update to the Orange County Transportation Authority's Investment Policy for approval by the Board of Directors. Further, the Orange County Transportation Authority requests approval by the Board of Directors, authorizing the Treasurer, for a period of one year, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2015-16.

Attachments

- A. Orange County Transportation Authority 2015 Investment Policy April 27, 2015
- B. Black-line Copy of Orange County Transportation Authority 2015 Investment Policy April 27, 2015

Prepared by:



Rodney Johnson
Deputy Treasurer
Treasury/Public Finance
(714) 560-5675

Approved by:



Andrew Oftelie
Executive Director,
Finance and Administration

(714) 560-5649



ORANGE COUNTY TRANSPORTATION AUTHORITY

Annual Update to Investment Policy

Attachment A

Orange County Transportation Authority
2015 Investment Policy
April 27, 2015

I. PURPOSE

This Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after April 27, 2015. The objective of this Investment Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Investment Policy. The OCTA Investment Policy conforms to the California Government Code (the Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Investment Policy and adhered to.

II. OBJECTIVES

1. **Safety of Principal** -- Safety of principal is the foremost objective of the OCTA. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of the securities.
2. **Liquidity** -- Liquidity is the second most important objective of the OCTA. It is important that the portfolio contain investments for which there is an active secondary market and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
3. **Total Return** -- The OCTA's portfolio shall be designed to attain a market-average rate of return through economic cycles.
4. **Diversification** -- Finally, the OCTA shall diversify its portfolio(s) to avoid incurring unreasonable market risks.

III. COMPLIANCE

The OCTA has provided each of its portfolio managers with a copy of this Investment Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Investment Policy. However, bond proceeds may be invested in approved short-term investments without regard to diversification limits. This may occur during the initial deposit of the bond proceeds portfolio, the final drawdown of the portfolio, or other times in between when appropriate due to drawdown requirements as requested by OCTA's Treasurer. When diversification limits are exceeded by a portfolio manager, the Treasurer will document the situation and report the circumstances to the Finance and Administration Committee monthly and include a write-up in the quarterly Debt and Investment report to the Board of Directors.

The OCTA Treasurer is responsible for verifying each portfolio manager's compliance as well as OCTA's entire portfolio's compliance with the provisions of the Investment Policy.

If OCTA's Treasurer, in his sole discretion, finds that a portfolio manager has made an investment that does not comply with the provisions of the Investment Policy, the Treasurer shall immediately notify the portfolio manager of the compliance violation. At that point, the portfolio manager is on probation for a period of one year. The second time a violation occurs while the portfolio manager is on probation, the Finance and Administration Committee shall review the error and may request that the portfolio manager responsible for the compliance violation meet with the Chair of the Finance and Administration Committee and the Treasurer as soon as practical at which time it will be decided whether the Board of Directors will be notified of the violation.

If OCTA's Treasurer finds that the portfolio manager has made a third investment while on probation that does not comply with the provisions of the Investment Policy, the Treasurer shall notify the Board of Directors of the compliance violations. OCTA may terminate services for its convenience any time by providing at least 30 days written notice.

IV. PRUDENCE

OCTA's Board of Directors or persons authorized to make investment decisions on behalf of OCTA are trustees and fiduciaries subject to the prudent investor standard.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard as defined in the Code below and shall be applied in the context of managing an overall portfolio. OCTA's investment professionals acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of OCTA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

V. DELEGATION OF AUTHORITY

Authority to manage OCTA's investment program is derived from an order of the Board of Directors. Management responsibility for the investment program is hereby delegated to OCTA's Treasurer pursuant to Section 53607 of the Code. On an annual basis, the Board of Directors is required to renew the authority of OCTA's Treasurer to invest or reinvest OCTA funds. The Treasurer is hereby authorized to delegate his authority as he determines to be appropriate. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate professionals.

The Treasurer shall develop administrative procedures and internal control, consistent with this Investment Policy, for the operation of OCTA's investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of OCTA.

VI. ETHICS AND CONFLICTS OF INTEREST

OCTA's officers and employees involved in the investment process shall not participate in personal business activity that conflicts with the proper execution of OCTA's investment program, or which impairs their ability to make impartial investment decisions. OCTA's investment professionals and Treasury/Toll Roads Department employees are not permitted to have any material financial interests in financial institutions that conduct business with OCTA, and they are not permitted to have any personal financial/investment holdings that have a material effect on the performance of OCTA's investments.

VII. RESPONSIBILITIES

The Finance and Administration Committee of the OCTA Board of Directors, subject to the approval of the OCTA Board of Directors, is responsible for establishing the Investment Policy and ensuring investments are made in compliance with this Investment Policy. This Investment Policy shall be reviewed annually by the Board of Directors at a public meeting.

The Treasurer is responsible for making investments and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities and shall make a quarterly report to the Board of Directors in accordance with Section 53646 (b) of the Code. Under Section 53646 (b) the Code states that the Treasurer may make a quarterly report to the Board of Directors. OCTA policy is to provide a monthly report to the Finance and Administration Committee and provide copies to the Board of Directors. In addition, the Treasurer will prepare a quarterly report to the Board of Directors.

The Treasurer is responsible for establishing a procedural manual for OCTA's investment program and for having an annual independent audit performed on OCTA's investments.

VIII. FINANCIAL BENCHMARKS

In order to establish a basis for evaluating investment results, the Authority uses four nationally recognized fixed income security performance benchmarks to evaluate return on investments. The BofA Merrill Lynch 1-3 year Treasury Index and the BofA Merrill Lynch 1-3 year AAA-A U.S. Corporate and Government Index benchmarks are used for OCTA's short-term portfolios, the BofA Merrill Lynch 1-5 year Treasury Index and the BofA Merrill Lynch 1-5 year AAA-A U.S. Corporate and Government Index benchmarks are used for the extended fund, while a customized performance benchmark may be used for the bond proceeds portfolios.

IX. BOND PROCEEDS INVESTMENTS

Bond proceeds from OCTA's capital project financing programs are to be invested in accordance with the provisions of their specific indenture and are further limited by the maturity and diversification guidelines of this Investment Policy. Debt service reserve funds of bond proceeds are to be invested in accordance with the maturity provision of their specific indenture.

X. INVESTMENT AGREEMENTS – BOND PROCEEDS

Investment agreements must be approved and signed by OCTA's Treasurer. Investment agreements are permitted with any bank, insurance company or broker/dealer, or any corporation if:

A. At the time of such investment,

- such bank has an unsecured, uninsured and unguaranteed obligation rated long-term Aa2 or better by Moody's and AA or better by Standard & Poor's, or
- such insurance company or corporation has an unsecured, uninsured and unguaranteed claims paying ability rated long-term Aaa by Moody's and AAA by Standard & Poor's, or
- such bank or broker/dealer has an unsecured, uninsured and unguaranteed obligation rated long-term A2 or better by Moody's and A or better by Standard & Poor's (and with respect to such broker/dealer rated short-term P-1 by Moody's and A-1 by Standard & Poor's); provided, that such broker/dealer or A2/A rated bank also collateralize the obligation under the investing agreement with U.S. Treasuries, Government National Mortgage Association securities, Federal National Mortgage Association securities or Federal Home Loan Mortgage Association securities meeting the following requirements:
 1. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
 2. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
 3. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

B. The agreement shall include a provision to the effect that if any rating of any such bank, insurance, broker-dealer or corporation is downgraded below a minimum rating to be established at the time the agreement is executed, OCTA shall have the right to terminate such agreement.

XI. PERMITTED INVESTMENTS FOR NON-BOND PROCEEDS:

Maturity and Term

All investments, unless otherwise specified, are subject to a maximum stated term of five years. Maturity shall mean the stated final maturity or the mandatory redemption date of the security, or the unconditional put option date if the security contains such a provision. Term or tenure shall mean the remaining time to maturity from the settlement date.

The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Eligible Instruments and Quality

OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Investment Policy. If an eligible security already contained in the Authority's portfolio is subsequently placed on "Negative Credit Watch" by any of the three Nationally Recognized Statistical Rating Organizations (NRSROs), then the security will be handled under the provisions of Rating Downgrades.

1) OCTA Notes and Bonds

Notes and bonds issued by OCTA, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate. Investments in tax-exempt notes and bonds issued by OCTA are only allowable when authorized by the Internal Revenue Service.

2) U.S. Treasuries

Direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Treasury coupon and principal STRIPS (Separate Trading of Registered Interest and Principal of Securities) and TIPS (Treasury Inflation Protected Securities) are permitted investments pursuant to the Investment Policy.

3) Federal Instrumentality Securities (Government Sponsored Enterprises)

Debentures, discount notes, callable and step-up securities, with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)

4) Federal Agencies

Mortgage-backed securities and debentures with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States (EXIMBANK)
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

5) State of California and Local Agency Obligations

Registered state warrants, treasury notes or bonds of the State of California and bonds, notes, warrants or other evidences of indebtedness of any local agency, other than OCTA, of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated at least A-1 or better by two of the three NRSROs for short-term obligations, or A or the equivalent for long-term debt.

OCTA may also purchase defeased state and local obligations as long as the obligations have been legally defeased with U.S. Treasury securities and such obligations mature or otherwise terminate within five years of the date of purchase.

Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments.

6) Bankers Acceptances

Bankers acceptances which:

- A. are eligible for purchase by the Federal Reserve System, and
- B. are rated by at least two of the NRSROs with at least A-1 or the equivalent for short-term deposits, and
- C. may not exceed the 5 percent limit on any one commercial bank.

Maximum Term: 180 days (Code)

7) Commercial Paper

Commercial Paper must :

- A. be rated at least A-1 or the equivalent by two of the three NRSRO's, and
- B. be issued by corporations rated at least A- or the equivalent rating by a NRSRO for issuer's debt, other than commercial paper, and
- C. be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
- D. not represent more than 10 percent of the outstanding paper of the issuing corporation.

Maximum Term: 180 days (Code 270 days)

8) Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated by at least two of the NRSRO's with at least A-1 or the equivalent for short-term deposits.

Maximum Term: 270 days

9) Repurchase Agreements

Repurchase agreements collateralized by U.S. Treasuries or Agency securities as defined in the Investment Policy with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the FDIC so long as at the time of the investment such dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

- A. a Public Securities Association (PSA) master repurchase agreement and a tri-party agreement, if applicable, representing a custodial undertaking in connection with a master repurchase agreement, which governs the transaction and has been signed by OCTA; and
- B. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
- C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and

- D. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

Maximum Term: 30 days (Code 1 year)

Reverse repurchase agreements are not permitted unless used as a permitted investment in the Local Agency Investment Fund

10) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by two of the three NRSRO's, and
- B. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, and
- C. may not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can any one corporate issuer represent more than 5 percent of the portfolio.

Maximum Term: Five (5) years. (Code)

11) Money Market Funds

Shares of beneficial interest issued by diversified management companies (commonly called money market funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the money market fund's assets.

12) Other Mutual Funds

Shares of beneficial interest issued by diversified management companies (commonly called mutual funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the fund's or pool's assets.

13) Mortgage or Asset-backed Securities

Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which:

- A. is rated AAA or equivalent (excluding US Government/Agency/Instrumentality backed structured product which will be permitted with their prevailing ratings even if those ratings are below AAA) by a NRSRO, or be rated at least A-1 or the equivalent by two of the three NRSRO's for money-market asset-backed securities, and
- B. is issued by an issuer having at least an A or equivalent rating by a NRSRO for its long-term debt.

Maximum Term: Five year stated final maturity. (Code)

14) State of California Local Agency Investment Fund (LAIF)

LAIF is a pooled fund managed by the State Treasurer referred to in Section 16429.1 of the Code. All securities are purchased under the authority of the Code Section 16430 and 16480.4.

15) Orange County Treasury Investment Pool (OCIP)

The OCIP is a pooled fund managed by the Orange County Treasurer and is comprised of two funds, the Money Market Fund and Extended Fund. The Money Market Fund is invested in cash equivalent securities and is based on the investment guidelines detailed in the Code section 53601.7, which parallels Rule 2a-7. The Extended Fund is for cash requirements past one year and is based on the Code Sections 53601 and 53635.

16) California Asset Management Program (CAMP)

CAMP is a program for the investment of bond and certificates of participation proceeds only. CAMP investments must be rated AA or better by two of the three NRSRO's.

17) Variable and Floating Rate Securities

Variable and floating rate securities are restricted to investments in securities with a final maturity of not to exceed five years as described above, must utilize traditional money market reset indices such as U. S. Treasury bills, Federal Funds, commercial paper or LIBOR (London Interbank Offered Rate), and must meet all minimum credit requirements previously detailed in the Investment Policy. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes.

18) Bank Deposits

Bank deposits in California banks which have a minimum short-term rating of A-1 by Standard and Poor's and a minimum short-term rating of P-1 by Moody's. The Treasurer shall draft and execute a contract describing provisions for bank deposits.

19) Derivatives

Derivatives are to be used as a tool for bonafide hedging investments only where deemed appropriate. Derivatives shall not be used for the purpose of interest rate speculation.

Derivative products in any of the eligible investment categories listed above may be permitted. The Treasurer has the sole responsibility for determining which prospective investments are derivatives. Each prospective investment in a derivative product must be documented by the Treasurer as to the purpose and specific financial risk being hedged. Each such investment must be approved by the Finance and Administration Committee prior to entering into such investment.

No investments shall be permitted that have the possibility of returning a zero or negative yield if held to maturity. In addition, the investment in inverse floaters, range notes, strips derived from mortgage obligations, step-up notes and dual index notes are not permitted investments.

20) Supranationals

Any United States dollar denominated senior unsecured unsubordinated obligations eligible for purchase and sale within the United States, with a final maturity not exceeding five years from the date of trade settlement, which is rated AA- or equivalent by two of the three NRSRO's, issued or unconditionally guaranteed by the following:

- The International Bank for Reconstruction and Development
- The International Finance Corporation
- The Inter-American Development Bank

Any Supranational security not specifically mentioned above is not a permitted investment.

Maximum Term: Five (5) years. (Code)

Rating Downgrades

OCTA may from time to time be invested in a security whose rating is down-graded below the quality criteria permitted by this Investment Policy.

Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade shall be immediately reviewed by the Treasurer for action, and notification shall be made to the Board of Directors in writing as soon as practical and/or included in the monthly Orange County Transportation Authority Investment and Debt

Programs report. The decision to retain the security until maturity, sell (or put) the security, or other action shall be approved by the Treasurer.

Diversification Guidelines

Diversification limits ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

<u>Instruments</u>	<u>At All Times Maximum % Portfolio</u>
1) OCTA Note and Bonds	25%
2) U.S. Treasuries (including U.S. Treasury STRIPS & TIPS).....	100%
3) Federal Instrumentality Securities.....	100%
4) Federal Agencies	100%
5) State of California and Local Agencies	25%
6) Bankers Acceptances	30% (Code 40%)
7) Commercial Paper	25% (Code)
8) Negotiable CDs	30% (Code)
9) Repurchase Agreements	75%
10) Medium Term Maturity Corporate Securities	30% (Code)
11) Money Market Funds and 12) Other Mutual Funds (in total).....	20% (Code)
13) Mortgage and Asset-backed Securities	20% (Code)
14) LAIF	\$40mm maximum per entity
15) OCIP	\$40mm maximum per entity
16) CAMP	10%
17) Variable and Floating Rate Securities	30%
18) Bank Deposits	5%
19) Derivatives (hedging transactions only) and subject to prior approval	5%
20) Supranationals.....	30% (Code)
21) Investment Agreements pursuant to indenture.....	100%

Outside portfolio managers must review the portfolios they manage to ensure compliance with OCTA's diversification guidelines on an ongoing basis.

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Federal Instrumentalities, Supranationals, Investment Agreements, Repurchase Agreements and OCTA Debt

Any one corporation, bank, local agency, special purpose vehicle or other corporate name for one or more series of securities. 5%

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Federal Instrumentalities and Repurchase Agreements

Any one Federal Agency, Federal Instrumentalities or Supranational 35%

Any one repurchase agreement counter-party name

If maturity/term is \leq 7 days	50%
If maturity/term is $>$ 7 days	35%

Issuer/Counter-Party Diversification Guidelines For OCTA’s Debt

The Authority can purchase all or a portion of the Orange County Transportation Authority’s debt, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate, providing the purchase does not exceed 25% of the Maximum Portfolio and when authorized by the Internal Revenue Service.

XII SECURITIES SAFE KEEPING

All security transactions, including collateral for repurchase agreements, entered into by OCTA shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third party custodian designated by the Treasurer, evidenced by safe keeping receipts and in compliance with Code Section 53608.

XIII. BROKER DEALERS

The Treasurer, and investment professionals authorized by the Treasurer, may buy securities from a list of broker dealers and financial institutions that will be periodically reviewed.

Outside portfolio managers must certify that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with this Investment Policy.

XIV. INVESTMENT POLICY REVIEW

This Investment Policy shall be reviewed annually by the Finance and Administration Committee of the OCTA Board of Directors to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends.

XV. DEFINITION OF TERMS

ACCRUED INTEREST: The amount of interest that is earned but unpaid since the last interest payment date.

AGENCY SECURITIES: (See U.S. Government Agency Securities)

ASK PRICE: (Offer Price) The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): Securities collateralized or backed by receivables such as automobile loans and credit card receivables. The assets are transferred or sold by the company to a Special Purpose Vehicle and held in trust. The SPV or trust will issue debt collateralized by the receivables.

BANKERS ACCEPTANCES (BAs): Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount,

and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

BASIS POINT: When a yield is expressed as X.YZ%, the YZ digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BID PRICE: The price at which a buyer offers to buy a security.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains an electronic record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment.

CALLABLE BONDS: A bond issue which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a security.

CERTIFICATES OF DEPOSIT (NEGOTIABLE CDs): A negotiable (marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits in an Investment Agreement.

COMMERCIAL PAPER (CP): Unsecured promissory notes issued by companies and government entities usually at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

COUPON: The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as "interest rate."

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of assets in the name of the depositor.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE SECURITY: Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: An investment principal designed to spread the risk in a portfolio by dividing investments by sector, maturity and quality rating.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size or book-value of that investment.

DURATION: A measure of the timing of cash flows, such as the interest payments and principal repayment, to be received from a given fixed-income security.

FEDERAL FUNDS RATE: Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC): A committee within the Federal Reserve System that makes short-term monetary policy for the Fed. The committee decides either to sell securities to reduce the money supply, or to buy government securities to increase the money supply. Decisions made at FOMC meetings will cause interest rates to either rise or fall.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 2 Federal Reserve banks and about 6,000 member banks.

FITCH Ratings referred to as Fitch: (See Nationally Recognized Statistical Rating Organizations)

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INTEREST RATE RISK: The risk associated with declines or rises in interest rates, which causes the market price of a fixed-income security to increase or decrease in value.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

MARK-TO-MARKET: The process by where the value of a security is adjusted to reflect current market conditions.

MARKET RISK: The risk that the value of a security will rise or decline as a result in changes in market conditions.

MARKET VALUE: The current market price of a security.

MATURITY: The date that the principal or stated value of an investment becomes due and payable.

MEDIUM TERM MATURITY CORPORATE SECURITIES: Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

MONEY MARKET: The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invest in a variety of short-term money market instruments.

MOODY'S INVESTORS SERVICE, INC. referred to as Moody's: (See Nationally Recognized Statistical Rating Organizations)

MORTGAGE-BACKED SECURITY: A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the individual real estate assets are used to pay interest and principal on the bonds.

MUNICIPAL DEBT: Issued by public entities to meet capital needs.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NRSRO's): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc. and Fitch Ratings.

NEGOTIABLE CD: (See Certificates of Deposit)

NET ASSET VALUE (NAV): The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling the fund's assets which includes securities, cash and accrued earnings, then subtracting this from the fund's liabilities and dividing by the total number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

NON-CALLABLE: Bond that is exempt from any kind of redemption for a stated time period.

OCTA BONDS: Bonds, notes, warrants, or other evidences of indebtedness.

OFFER PRICE: An indicated price at which market participants are willing to sell a security.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

PORTFOLIO: A group of securities held by an investor.

PREMIUM: The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE: A preferred interest rate charged by commercial banks to their most creditworthy customers.

PRINCIPAL: The face value or par value of an investment.

PURCHASE DATE: See (Trade Date)

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

REPURCHASE AGREEMENTS (REPOS): A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, with the difference between the purchase price and sales price determining the earnings.

SAFEKEEPING: Holding of assets (e.g. securities) by a financial institution.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SETTLEMENT DATE: The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

SPECIAL PURPOSE VEHICLE (SPV): A trust or similar structure created specifically to purchase securities and reprofile cash flows and/or credit risk. Mortgage or Asset-backed securities may be issued out of the SPV and secured by the collateral transferred from the corporation.

STANDARD & POOR'S CORPORATION referred to as Standard and Poor's or S & P: (See Nationally Recognized Statistical Rating Organizations)

SUPRANATIONALS: Supranationals are multilateral development banks that are formed by two or more central governments to promote economic development for the member countries. Supranational Institutions finance their activities by issuing bond debt and are usually considered part of the sub-sovereign debt market.

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio.

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. GOVERNMENT AGENCY SECURITIES or FEDERAL AGENCIES AND U.S. FEDERAL INSTRUMENTALITIES: U.S. Government related organizations, the largest of which are

government financial intermediaries assisting specific credit markets (housing, agriculture). Often simply referred to as "Agencies", they include:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest bearing discount securities of the U.S. Treasury with maturities under one year.

Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

Treasury bond: interest-bearing obligations issued by the U.S. Treasury with maturities ranging from ten to thirty years from the date of issue.

Treasury STRIPS: U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book entry record-keeping system.

Treasury TIPS: U.S. Treasury securities whose principal increases at the same rate as the Consumer Price Index. The interest payment is then calculated from the inflated principal and repaid at maturity.

VARIABLE AND FLOATING RATE SECURITIES: Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities.

For the purposes of this Investment Policy, a Variable Rate Security, where the variable rate of interest is readjusted no less frequently than every 762 calendar days, shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest. A Floating Rate Security shall be deemed to have a remaining maturity of one day.

VOLITILITY: The degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

ZERO COUPON SECURITIES: Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.



ORANGE COUNTY TRANSPORTATION AUTHORITY

Annual Update to Investment Policy

Attachment B

Orange County Transportation Authority
2014~~5~~ Investment Policy
July ~~April~~⁴~~27~~, 2014~~5~~

I. PURPOSE

This Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after ~~July 14, 2014~~ April 27, 2015. The objective of this Investment Policy is to ensure OCTA's funds are prudently invested to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Investment Policy. The OCTA Investment Policy conforms to the California Government Code (the Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Investment Policy and adhered to.

II. OBJECTIVES

1. **Safety of Principal** -- Safety of principal is the foremost objective of the OCTA. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of the securities.
2. **Liquidity** -- Liquidity is the second most important objective of the OCTA. It is important that the portfolio contain investments for which there is an active secondary market and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
3. **Total Return** -- The OCTA's portfolio shall be designed to attain a market-average rate of return through economic cycles.
4. **Diversification** -- Finally, the OCTA shall diversify its portfolio(s) to avoid incurring unreasonable market risks.

III. COMPLIANCE

The OCTA has provided each of its portfolio managers with a copy of this Investment Policy as a part of their contract and expects its portfolio managers to invest each portfolio they manage for OCTA in accordance with the provisions of the Investment Policy. However, bond proceeds may be invested in approved short-term investments without regard to diversification limits. This may occur during the initial deposit of the bond proceeds portfolio, the final drawdown of the portfolio, or other times in between when appropriate due to drawdown requirements as requested by OCTA's Treasurer. When diversification limits are exceeded by a portfolio manager, the Treasurer will document the situation and report the circumstances to the Finance and Administration Committee monthly and include a write-up in the quarterly Debt and Investment report to the Board of Directors.

The OCTA Treasurer is responsible for verifying each portfolio manager's compliance as well as OCTA's entire portfolio's compliance with the provisions of the Investment Policy.

If OCTA's Treasurer, in his sole discretion, finds that a portfolio manager has made an investment that does not comply with the provisions of the Investment Policy, the Treasurer shall immediately notify the portfolio manager of the compliance violation. At that point, the portfolio manager is on probation for a period of one year. The second time a violation occurs while the portfolio manager is on probation, the Finance and Administration Committee shall review the error and may request that the portfolio manager responsible for the compliance violation meet with the Chair of the Finance and Administration Committee and the Treasurer as soon as practical at which time it will be decided whether the Board of Directors will be notified of the violation.

If OCTA's Treasurer finds that the portfolio manager has made a third investment while on probation that does not comply with the provisions of the Investment Policy, the Treasurer shall notify the Board of Directors of the compliance violations, ~~and the Board, thereafter may terminate the contract with the portfolio manager.~~ OCTA may terminate services for its convenience any time by providing at least 30 days written notice.

IV. PRUDENCE

OCTA's Board of Directors or persons authorized to make investment decisions on behalf of OCTA are trustees and fiduciaries subject to the prudent investor standard.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard as defined in the Code below and shall be applied in the context of managing an overall portfolio. OCTA's investment professionals acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of OCTA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

V. DELEGATION OF AUTHORITY

Authority to manage OCTA's investment program is derived from an order of the Board of Directors. Management responsibility for the investment program is hereby delegated to OCTA's Treasurer pursuant to Section 53607 of the Code. On an annual basis, the Board of Directors is required to renew the authority of OCTA's Treasurer to invest or reinvest OCTA funds. The Treasurer is hereby authorized to delegate his authority as he determines to be appropriate. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate professionals.

The Treasurer shall develop administrative procedures and internal control, consistent with this Investment Policy, for the operation of OCTA's investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of OCTA.

VI. ETHICS AND CONFLICTS OF INTEREST

OCTA's officers and employees involved in the investment process shall not participate in personal business activity that conflicts with the proper execution of OCTA's investment program, or which impairs their ability to make impartial investment decisions. OCTA's investment professionals and Treasury/Toll Roads Department employees are not permitted to have any material financial interests in financial institutions that conduct business with OCTA, and they are not permitted to have any personal financial/investment holdings that have a material effect on the performance of OCTA's investments.

VII. RESPONSIBILITIES

The Finance and Administration Committee of the OCTA Board of Directors, subject to the approval of the OCTA Board of Directors, is responsible for establishing the Investment Policy and ensuring investments are made in compliance with this Investment Policy. This Investment Policy shall be reviewed annually by the Board of Directors at a public meeting.

The Treasurer is responsible for making investments and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities and shall make a quarterly report to the Board of Directors in accordance with Section 53646 (b) of the Code. Under Section 53646 (b) the Code states that the Treasurer may make a quarterly report to the Board of Directors. OCTA policy is to provide a monthly report to the Finance and Administration Committee and provide copies to the Board of Directors. In addition, the Treasurer will prepare a quarterly report to the Board of Directors.

The Treasurer is responsible for establishing a procedural manual for OCTA's investment program and for having an annual independent audit performed on OCTA's investments.

VIII. FINANCIAL BENCHMARKS

In order to establish a basis for evaluating investment results, the Authority uses four nationally recognized fixed income security performance benchmarks to evaluate return on investments. The BofA Merrill Lynch 1-3 year Treasury Index and the BofA Merrill Lynch 1-3 year AAA-A U.S. Corporate and Government Index benchmarks are used for OCTA's short-term portfolios, the BofA Merrill Lynch 1-5 year Treasury Index and the BofA Merrill Lynch 1-5 year AAA-A U.S. Corporate and Government Index benchmarks are used for the extended fund, while a customized performance benchmark may be used for the bond proceeds portfolios.

IX. BOND PROCEEDS INVESTMENTS

Bond proceeds from OCTA's capital project financing programs are to be invested in accordance with the provisions of their specific indenture and are further limited by the maturity and diversification guidelines of this Investment Policy. Debt service reserve funds of bond proceeds are to be invested in accordance with the maturity provision of their specific indenture.

X. INVESTMENT AGREEMENTS – BOND PROCEEDS

Investment agreements must be approved and signed by OCTA's Treasurer. Investment agreements are permitted with any bank, insurance company or broker/dealer, or any corporation if:

A. At the time of such investment,

- such bank has an unsecured, uninsured and unguaranteed obligation rated long-term Aa2 or better by Moody's and AA or better by Standard & Poor's, or
- such insurance company or corporation has an unsecured, uninsured and unguaranteed claims paying ability rated long-term Aaa by Moody's and AAA by Standard & Poor's, or
- such bank or broker/dealer has an unsecured, uninsured and unguaranteed obligation rated long-term A2 or better by Moody's and A or better by Standard & Poor's (and with respect to such broker/dealer rated short-term P-1 by Moody's and A-1 by Standard & Poor's); provided, that such broker/dealer or A2/A rated bank also collateralize the obligation under the investing agreement with U.S. Treasuries, Government National Mortgage Association securities, Federal National Mortgage Association securities or Federal Home Loan Mortgage Association securities meeting the following requirements:
 1. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
 2. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and
 3. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

B. The agreement shall include a provision to the effect that if any rating of any such bank, insurance, broker-dealer or corporation is downgraded below a minimum rating

to be established at the time the agreement is executed, OCTA shall have the right to terminate such agreement.

XI. PERMITTED INVESTMENTS FOR NON-BOND PROCEEDS:

Maturity and Term

All investments, unless otherwise specified, are subject to a maximum stated term of five years. Maturity shall mean the stated final maturity or the mandatory redemption date of the security, or the unconditional put option date if the security contains such a provision. Term or tenure shall mean the remaining time to maturity from the settlement date.

The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Eligible Instruments and Quality

OCTA policy is to invest only in high quality instruments as permitted by the Code, subject to the limitations of this Investment Policy. If an eligible security already contained in the Authority's portfolio is subsequently placed on "Negative Credit Watch" by any of the three Nationally Recognized Statistical Rating Organizations (NRSROs), then the security will be handled under the provisions of Rating Downgrades.

1) OCTA Notes and Bonds

Notes and bonds issued by OCTA, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate. Investments in tax-exempt notes and bonds issued by OCTA are only allowable when authorized by the Internal Revenue Service.

2) U.S. Treasuries

Direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Treasury coupon and principal STRIPS (Separate Trading of Registered Interest and Principal of Securities) and TIPS (Treasury Inflation Protected Securities) are permitted investments pursuant to the Investment Policy.

3) Federal Instrumentality Securities (Government Sponsored Enterprises)

Debentures, discount notes, callable and step-up securities, with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)

- Federal Agricultural Mortgage Corporation (Farmer Mac)

4) Federal Agencies

Mortgage-backed securities and debentures with a final maturity not exceeding five years from the date of trade settlement issued by the following:

- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States (EXIMBANK)
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

5) State of California and Local Agency Obligations

Registered state warrants, treasury notes or bonds of the State of California and bonds, notes, warrants or other evidences of indebtedness of any local agency, other than OCTA, of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated at least A-1 or better by two of the three NRSROs for short-term obligations, or A or the equivalent for long-term debt.

OCTA may also purchase defeased state and local obligations as long as the obligations have been legally defeased with U.S. Treasury securities and such obligations mature or otherwise terminate within five years of the date of purchase.

Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments.

6) Bankers Acceptances

Bankers acceptances which:

- A. are eligible for purchase by the Federal Reserve System, and
- B. are rated by at least two of the NRSROs with at least A-1 or the equivalent for short-term deposits, and
- C. may not exceed the 5 percent limit on any one commercial bank.

Maximum Term: 180 days (Code)

7) Commercial Paper

Commercial Paper must :

- A. be rated at least A-1 or the equivalent by two of the three NRSRO's, and
- B. be issued by corporations rated at least A- or the equivalent rating by a NRSRO for issuer's debt, other than commercial paper, and
- C. be issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
- D. not represent more than 10 percent of the outstanding paper of the issuing corporation.

Maximum Term: 180 days (Code 270 days)

8) Negotiable Certificates of Deposit

Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated by at least two of the NRSRO's with at least A-1 or the equivalent for short-term deposits.

Maximum Term: 270 days

9) Repurchase Agreements

Repurchase agreements collateralized by U.S. Treasuries or Agency securities as defined in the Investment Policy with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the FDIC so long as at the time of the investment such dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

- A. a Public Securities Association (PSA) master repurchase agreement and a tri-party agreement, if applicable, representing a custodial undertaking in connection with a master repurchase agreement, which governs the transaction and has been signed by OCTA; and
- B. the securities are held free and clear of any lien by OCTA's custodian or trustee or an independent third party acting as agent "Agent" for the custodian or trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian or trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for OCTA's custodian or trustee; and
- C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of OCTA's custodian or trustee and OCTA; and

- D. the Agent provides OCTA's custodian or trustee and OCTA with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required 102 percent collateral percentage is not restored within two business days of such valuation.

Maximum Term: 30 days (Code 1 year)

Reverse repurchase agreements are not permitted unless used as a permitted investment in the Local Agency Investment Fund

10) Medium Term Maturity Corporate Securities

Corporate securities which:

- A. are rated A- or better by two of the three NRSRO's, and
- B. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, and
- C. may not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can any one corporate issuer represent more than 5 percent of the portfolio.

Maximum Term: Five (5) years. (Code)

11) Money Market Funds

Shares of beneficial interest issued by diversified management companies (commonly called money market funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the money market fund's assets.

12) Other Mutual Funds

Shares of beneficial interest issued by diversified management companies (commonly called mutual funds) which:

- A. are rated AAA (or the equivalent highest ranking) by two of the three NRSRO's, and
- B. may not represent more than 10 percent of the fund's or pool's assets.

13) Mortgage or Asset-backed Securities

Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which:

- A. is rated AAA or equivalent (excluding US Government/Agency/Instrumentality backed structured product which will be permitted with their prevailing ratings even if those ratings are below AAA) by a NRSRO, or be rated at least A-1 or the equivalent by two of the three NRSRO's for money-market asset-backed securities, and
- B. is issued by an issuer having at least an A or equivalent rating by a NRSRO for its long-term debt.

Maximum Term: Five year stated final maturity. (Code)

14) State of California Local Agency Investment Fund (LAIF)

LAIF is a pooled fund managed by the State Treasurer referred to in Section 16429.1 of the Code. All securities are purchased under the authority of the Code Section 16430 and 16480.4.

15) Orange County Treasury Investment Pool (OCIP)

The OCIP is a pooled fund managed by the Orange County Treasurer and is comprised of two funds, the Money Market Fund and Extended Fund. The Money Market Fund is invested in cash equivalent securities and is based on the investment guidelines detailed in the Code section 53601.7, which parallels Rule 2a-7. The Extended Fund is for cash requirements past one year and is based on the Code Sections 53601 and 53635.

16) California Asset Management Program (CAMP)

CAMP is a program for the investment of bond and certificates of participation proceeds only. CAMP investments must be rated AA or better by two of the three NRSRO's.

17) Variable and Floating Rate Securities

Variable and floating rate securities are restricted to investments in securities with a final maturity of not to exceed five years as described above, must utilize traditional money market reset indices such as U. S. Treasury bills, Federal Funds, commercial paper or LIBOR (London Interbank Offered Rate), and must meet all minimum credit requirements previously detailed in the Investment Policy. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes.

18) Bank Deposits

Bank deposits in California banks which have a minimum short-term rating of A-1 by Standard and Poor's and a minimum short-term rating of P-1 by Moody's. The Treasurer shall draft and execute a contract describing provisions for bank deposits.

19) Derivatives

Derivatives are to be used as a tool for bonafide hedging investments only where deemed appropriate. Derivatives shall not be used for the purpose of interest rate speculation.

Derivative products in any of the eligible investment categories listed above may be permitted. The Treasurer has the sole responsibility for determining which prospective investments are derivatives. Each prospective investment in a derivative product must be documented by the Treasurer as to the purpose and specific financial risk being hedged. Each such investment must be approved by the Finance and Administration Committee prior to entering into such investment.

No investments shall be permitted that have the possibility of returning a zero or negative yield if held to maturity. In addition, the investment in inverse floaters, range notes, strips derived from mortgage obligations, step-up notes and dual index notes are not permitted investments.

20) Supranationals

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Any United States dollar denominated senior unsecured unsubordinated obligations eligible for purchase and sale within the United States, with a final maturity not exceeding five years from the date of trade settlement, which is rated AA- or equivalent by two of the three NRSRO's, issued or unconditionally guaranteed by the following:

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- The International Bank for Reconstruction and Development
- The International Finance Corporation
- The Inter-American Development Bank

Any Supranational security not specifically mentioned above is not a permitted investment.

Maximum Term: Five (5) years. (Code)

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Rating Downgrades

OCTA may from time to time be invested in a security whose rating is down-graded below the quality criteria permitted by this Investment Policy.

Any security held as an investment whose rating falls below the investment guidelines or whose rating is put on notice for possible downgrade shall be immediately reviewed by the Treasurer for action, and notification shall be made to the Board of Directors in writing as soon as practical and/or included in the monthly Orange County Transportation Authority Investment and Debt

Programs report. The decision to retain the security until maturity, sell (or put) the security, or other action shall be approved by the Treasurer.

Diversification Guidelines

Diversification limits ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

<u>Instruments</u>	<u>At All Times Maximum % Portfolio</u>
1) OCTA Note and Bonds	25%
2) U.S. Treasuries (including U.S. Treasury STRIPS & TIPS).....	100%
3) Federal Instrumentality Securities.....	100%
4) Federal Agencies	100%
5) State of California and Local Agencies	25%
6) Bankers Acceptances	30% (Code 40%)
7) Commercial Paper	25% (Code)
8) Negotiable CDs	30% (Code)
9) Repurchase Agreements	75%
10) Medium Term Maturity Corporate Securities	30% (Code)
11) Money Market Funds and 12) Other Mutual Funds (in total).....	20% (Code)
13) Mortgage and Asset-backed Securities	10% 20% (Code)
14) LAIF	\$40mm maximum per entity
15) OCIP	\$40mm maximum per entity
16) CAMP	10%
17) Variable and Floating Rate Securities	30%
18) Bank Deposits	5%
19) Derivatives (hedging transactions only) and subject to prior approval	5%
20) <u>Supranationals</u>	<u>30% (Code)</u>
201) <u>Investment Agreements pursuant to indenture</u>	<u>100%</u>

Outside portfolio managers must review the portfolios they manage to ensure compliance with OCTA's diversification guidelines on an ongoing basis.

Issuer/Counter-Party Diversification Guidelines For All Securities Except Federal Agencies, Federal Instrumentalities, Supranationals, Investment Agreements, Repurchase Agreements and OCTA Debt

Any one corporation, bank, local agency, special purpose vehicle or other corporate name for one or more series of securities. 5%

Issuer/Counter-Party Diversification Guidelines For Federal Agencies, Federal Instrumentalities and Repurchase Agreements

Any one Federal Agency, ~~or~~ Federal Instrumentalities or Supranational 35%

Any one repurchase agreement counter-party name

If maturity/term is \leq 7 days	50%
If maturity/term is $>$ 7 days	35%

Issuer/Counter-Party Diversification Guidelines For OCTA's Debt

The Authority can purchase all or a portion of the Orange County Transportation Authority's debt, including notes and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by OCTA or by a department, board, agency or authority of OCTA which may bear interest at a fixed or floating rate, providing the purchase does not exceed 25% of the Maximum Portfolio and when authorized by the Internal Revenue Service.

XII SECURITIES SAFE KEEPING

All security transactions, including collateral for repurchase agreements, entered into by OCTA shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third party custodian designated by the Treasurer, evidenced by safe keeping receipts and in compliance with Code Section 53608.

XIII. BROKER DEALERS

The Treasurer, and investment professionals authorized by the Treasurer, may buy securities from a list of broker dealers and financial institutions that will be periodically reviewed.

Outside portfolio managers must certify that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with this Investment Policy.

XIV. INVESTMENT POLICY REVIEW

This Investment Policy shall be reviewed annually by the Finance and Administration Committee of the OCTA Board of Directors to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends.

XV. DEFINITION OF TERMS

ACCRUED INTEREST: The amount of interest that is earned but unpaid since the last interest payment date.

AGENCY SECURITIES: (See U.S. Government Agency Securities)

ASK PRICE: (Offer Price) The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): Securities collateralized or backed by receivables such as automobile loans and credit card receivables. The assets are transferred or sold by the company to a Special Purpose Vehicle and held in trust. The SPV or trust will issue debt collateralized by the receivables.

BANKERS ACCEPTANCES (BAs): Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

BASIS POINT: When a yield is expressed as X.YZ%, the YZ digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BID PRICE: The price at which a buyer offers to buy a security.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains an electronic record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment.

CALLABLE BONDS: A bond issue which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a security.

CERTIFICATES OF DEPOSIT (NEGOTIABLE CDs): A negotiable (marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate.

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits in an Investment Agreement.

COMMERCIAL PAPER (CP): Unsecured promissory notes issued by companies and government entities usually at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

COUPON: The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as "interest rate."

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of assets in the name of the depositor.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE SECURITY: Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: An investment principal designed to spread the risk in a portfolio by dividing investments by sector, maturity and quality rating.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size or book-value of that investment.

DURATION: A measure of the timing of cash flows, such as the interest payments and principal repayment, to be received from a given fixed-income security.

FEDERAL FUNDS RATE: Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC): A committee within the Federal Reserve System that makes short-term monetary policy for the Fed. The committee decides either to sell securities to reduce the money supply, or to buy government securities to increase the money supply. Decisions made at FOMC meetings will cause interest rates to either rise or fall.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 2 Federal Reserve banks and about 6,000 member banks.

FITCH Ratings referred to as Fitch: (See Nationally Recognized Statistical Rating Organizations)

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INTEREST RATE RISK: The risk associated with declines or rises in interest rates, which causes the market price of a fixed-income security to increase or decrease in value.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

MARK-TO-MARKET: The process by where the value of a security is adjusted to reflect current market conditions.

MARKET RISK: The risk that the value of a security will rise or decline as a result in changes in market conditions.

MARKET VALUE: The current market price of a security.

MATURITY: The date that the principal or stated value of an investment becomes due and payable.

MEDIUM TERM MATURITY CORPORATE SECURITIES: Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

MONEY MARKET: The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invest in a variety of short-term money market instruments.

MOODY'S INVESTORS SERVICE, INC. referred to as Moody's: (See Nationally Recognized Statistical Rating Organizations)

MORTGAGE-BACKED SECURITY: A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the individual real estate assets are used to pay interest and principal on the bonds.

MUNICIPAL DEBT: Issued by public entities to meet capital needs.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NRSRO's): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc. and Fitch Ratings.

NEGOTIABLE CD: (See Certificates of Deposit)

NET ASSET VALUE (NAV): The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling the fund's assets which includes securities, cash and accrued earnings, then subtracting this from the fund's liabilities and dividing by the total number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

NON-CALLABLE: Bond that is exempt from any kind of redemption for a stated time period.

OCTA BONDS: Bonds, notes, warrants, or other evidences of indebtedness.

OFFER PRICE: An indicated price at which market participants are willing to sell a security.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

PORTFOLIO: A group of securities held by an investor.

PREMIUM: The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE: A preferred interest rate charged by commercial banks to their most creditworthy customers.

PRINCIPAL: The face value or par value of an investment.

PURCHASE DATE: See (Trade Date)

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

REPURCHASE AGREEMENTS (REPOS): A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, with the difference between the purchase price and sales price determining the earnings.

SAFEKEEPING: Holding of assets (e.g. securities) by a financial institution.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SETTLEMENT DATE: The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

SPECIAL PURPOSE VEHICLE (SPV): A trust or similar structure created specifically to purchase securities and reprofile cash flows and/or credit risk. Mortgage or Asset-backed securities may be issued out of the SPV and secured by the collateral transferred from the corporation.

STANDARD & POOR'S CORPORATION referred to as Standard and Poor's or S & P: (See Nationally Recognized Statistical Rating Organizations)

SUPRANATIONALS: Supranationals are multilateral development banks that are formed by two or more central governments to promote economic development for the member countries. Supranational Institutions finance their activities by issuing bond debt and are usually considered part of the sub-sovereign debt market.

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THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

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TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio.

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. GOVERNMENT AGENCY SECURITIES or FEDERAL AGENCIES AND U.S. FEDERAL INSTRUMENTALITIES: U.S. Government related organizations, the largest of which are

government financial intermediaries assisting specific credit markets (housing, agriculture). Often simply referred to as "Agencies", they include:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- Government National Mortgage Association (GNMA or Ginnie Mae)
- Small Business Administration (SBA)
- Export-Import Bank of the United States
- Maritime Administration
- Washington Metro Area Transit
- U.S. Department of Housing & Urban Development
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest bearing discount securities of the U.S. Treasury with maturities under one year.

Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

Treasury bond: interest-bearing obligations issued by the U.S. Treasury with maturities ranging from ten to thirty years from the date of issue.

Treasury STRIPS: U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book entry record-keeping system.

Treasury TIPS: U.S. Treasury securities whose principal increases at the same rate as the Consumer Price Index. The interest payment is then calculated from the inflated principal and repaid at maturity.

VARIABLE AND FLOATING RATE SECURITIES: Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities.

For the purposes of this Investment Policy, a Variable Rate Security, where the variable rate of interest is readjusted no less frequently than every 762 calendar days, shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest. A Floating Rate Security shall be deemed to have a remaining maturity of one day.

VOLITILITY: The degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

ZERO COUPON SECURITIES: Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.



COMMITTEE TRANSMITTAL

April 27, 2015

To: Members of the Board of Directors

From: Laurena Weinert, Clerk of the Board

Subject: Measure M2 Comprehensive Transportation Funding Programs
- 2015 Call for Projects Programming Recommendations

Regional Planning and Highways Committee Meeting of April 20, 2015

Present: Directors Bartlett, Donchak, Lalloway, Miller, Nelson, Spitzer, and
Ury

Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve programming \$32.04 million in Regional Capacity Program funds to 23 local agency projects.
- B. Approve programming \$16.29 million in Regional Traffic Signal Synchronization Program funds to seven local agency projects.



April 20, 2015

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Measure M2 Comprehensive Transportation Funding Programs - 2015 Call for Projects Programming Recommendations

Overview

The Orange County Transportation Authority issued the 2015 Measure M2 Regional Capacity Program and Regional Traffic Signal Synchronization Program call for projects in August 2014. This competitive call for projects provides grant funding for streets and roads projects countywide. A priority list of projects recommended for funding is presented for review and approval.

Recommendations

- A. Approve programming \$32.04 million in Regional Capacity Program funds to 23 local agency projects.
- B. Approve programming \$16.29 million in Regional Traffic Signal Synchronization Program funds to seven local agency projects.

Background

The Regional Capacity Program (RCP), Project O, is the Measure M2 (M2) competitive funding program through which the Orange County Transportation Authority (OCTA) provides funding for streets and roads capital projects. The Regional Traffic Signal Synchronization Program (RTSSP), Project P, is the M2 Program that provides funding for multi-jurisdictional signal synchronization projects. Both programs are administrated through the Comprehensive Transportation Funding Programs (CTFP), which allocates funds through a competitive process based on a common set of guidelines and scoring criteria approved by the OCTA Board of Directors (Board).

On August 11, 2014, the Board authorized staff to issue a call for projects (call), making available approximately \$35 million in RCP funding and \$15 million in RTSSP funding.

Discussion

On October 24, 2014, OCTA received 24 applications requesting RCP funding, and 16 applications requesting RTSSP funding. Applications were reviewed to determine eligibility, consistency, and adherence to the program guidelines and objectives. Staff worked with the local agencies to address technical issues related, but not limited to, right-of-way needs, construction unit costs, project scope, and external funding sources.

RCP

The RCP provides capital improvement funding for congested streets, roads, intersections, and interchanges. For a roadway to be eligible for funding through this program, it must operate with significant congestion and delay, which equates to at least a level of service (LOS) "D", (.81 volume/capacity [v/c] or higher). Any proposed improvements must provide measurable benefits to the operation of the facility. The program guidelines grant some consideration to projects with more moderate congestion and delay, such as those with a LOS "C" (between .71 and .80 v/c). If programming capacity exists after all heavily congested facilities are funded, these more moderately impacted facilities are considered for funding. For the 2015 call, sufficient funding existed that these moderately congested facilities were included in the recommended programming. Only one project submitted for consideration was not eligible due to its low level of congestion.

Local agencies submitted 24 project applications requesting \$32.5 million in RCP funds. Staff recommends programming \$32.04 million to fund 23 local agency projects. The details of projects recommended for funding for the RCP are shown in Attachment A.

The Board authorized \$35 million in capacity for the 2015 call. This amount is anticipated to be available on an annual basis for future calls based on an analysis of revenue forecasts. The recommended programming for the current call totals \$32.04 million, leaving an unprogrammed balance of approximately \$3 million. Concurrent with the call process, staff performed an analysis of future project funding needs that have been identified by local agency submissions.

This analysis identified a potential need of approximately \$45 million - \$60 million of project programming in the 2016 call cycle. The \$3 million in remaining programming capacity available, as part of the 2015 call, will be carried over to the next call cycle in anticipation of that future funding need, which may exceed the annual programming capacity of \$35 million.

RTSSP

The RTSSP provides a significant funding source for multi-agency, corridor-based signal synchronization to improve traffic flow along Orange County streets and roads. Funding is provided over a three-year period and provides for capital costs of signal synchronization, as well as a limited amount of funding for ongoing maintenance and monitoring to keep the investments in optimal condition. Local agencies submitted a total of 16 project applications, requesting \$20.9 million. As noted previously, the Board authorized \$15 million in funding for the 2015 call cycle. Staff recommends programming \$16.29 million to fund the seven highest scoring projects. All of the proposed projects will be implemented in fiscal year 2015-16. The details of projects recommended for funding for the RTSSP are shown in Attachment B.

The table below provides a summary of the funding recommendations.

2015 CTFP Call Summary (\$ in millions)

	RCP	RTSSP	Total
Number of Applications Recommended for Approval	23	7	30
Amount Recommended for Approval (escalated)	\$32.04	\$16.29	\$48.33

On February 25, 2015, OCTA's Technical Advisory Committee considered the projects detailed in the attachments and approved these recommendations for Board consideration.

Next Steps

The projects, once approved, will be incorporated into the master funding agreements between OCTA and each of the local agencies. Staff will continue to monitor project status and project delivery through the semi-annual review process and report to the Board as needed.

Summary

OCTA staff has prepared programming recommendations to fund projects under the RCP and RTSSP as a result of the 2015 CTFP call. M2 funding for 30 projects, totaling \$48.33 million, is presented for Board consideration and approval.

Attachments

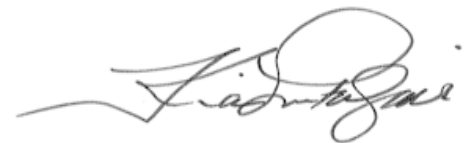
- A. 2015 Measure M2 Regional Capacity Program Call for Projects – Programming Recommendations
- B. 2015 Measure M2 Regional Traffic Signal Synchronization Program Call for Projects – Programming Recommendations

Prepared by:



Roger Lopez
Senior Transportation Funding Analyst
(714) 560-5438

Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741

2015 Measure M2 Regional Capacity Program Call for Projects - Programming Recommendations

AGENCY	NAME	FUND	ENG	ROW	CON	TOTAL REQUEST	SCORE
Santa Ana	Bristol Street Widening - Civic Center Drive to Washington Avenue	ACE			2,485,597	2,485,597	69
Santa Ana	Bristol Street Widening - Warner Avenue to Street Andrew Place	ACE			5,629,845	5,629,845	67
Santa Ana	Fairview Street Widening	ACE	185,100			185,100	66
Yorba Linda	Bastanchury Road Improvements from Prospect Avenue to Imperial Highway	ACE			385,000	385,000	65
Orange County	Cow Camp Road - Segment 2 (Engineering Phase)	ACE	3,250,000			3,250,000	65
Anaheim	Lincoln Avenue from Harbor Boulevard to West Street	ACE	590,494			590,494	61
Irvine	University Drive (MacArthur Boulevard to Campus Drive) Widening	ACE		2,477,740		2,477,740	60
Laguna Niguel	Crown Valley Parkway Westbound Widening I-5 to Oso Creek Project	ACE	922,000			922,000	60
Mission Viejo	La Paz Bridge and Road Widening; Muirlands Boulevard to Chrsanta Drive	ACE			2,452,544	2,452,544	58
Costa Mesa	Hyland Avenue at MacArthur Boulevard Intersection Improvements	ICE	37,500			37,500	52
* Costa Mesa	Harbor Boulevard at Gisler Avenue Intersection Improvement	ICE			496,538	496,538	51
Anaheim	Ball Road and Anaheim Boulevard Intersection	ICE			2,886,658	2,886,658	49
* Lake Forest	Portola Parkway Widening Improvements	ACE			225,200	225,200	46
Orange	Tustin Street and Katella Avenue Critical Intersection Widening	ICE	105,000	750,000		1,218,882	46
Anaheim	State College Boulevard and La Palma Avenue Intersection	ICE			363,882	2,189,239	45
Anaheim	Ball Road and Sunkist Street Intersection	ICE			2,556,802	2,556,802	44
San Juan Capistrano	Del Obispo Street Widening	ACE	85,000	175,000		865,930	42
Orange	Tustin Street and Chapman Avenue Intersection Widening	ICE	105,000	138,750		243,750	39
Huntington Beach	Atlanta Avenue Widening	ACE			1,200,000	1,200,000	38
La Habra	Whittier Boulevard and Hacienda Road Intersection Improvements	ICE	97,500	624,067		624,067	38
Orange	Tustin Avenue/Meats Avenue Intersection Right Turn Lane Addition	ICE	262,500			97,500	38
Costa Mesa	West 17th Street Widening Project	ACE	762,904			262,500	36
* Anaheim	Lincoln Avenue Widening - East Street to Evergreen Street	ACE				762,904	33
						\$ 32,045,788	
Laguna Hills	La Paz Road Widening (McIntyre Street to Cabot Road)	ACE	80,198	384,720		\$ 464,918	27

UNFUNDED (LOS Lower than .71)

Projects indicated with an * have a starting LOS of .71 - .80
 Projects programmed in years two and three have been escalated

- ENG - Engineering
- ROW - Right-of-way
- CON - Construction
- ACE - Arterial Capacity Enhancement Program (roadway widening)
- I-5 - Interstate 5
- ICE - Intersection Capacity Enhancements (intersection improvements)
- LOS - Level of service

2015 Measure M2 Regional Traffic Signal Synchronization Program Call for Projects - Programming Recommendations

AGENCY	NAME	FUND	TOTAL REQUEST	SCORE	CUMULATIVE
Orange	Chapman Avenue Corridor	RTSSP	\$ 2,344,044	86	\$ 2,344,044
Santa Ana	Westminster Avenue/17th Street Corridor	RTSSP	\$ 2,820,102	86	\$ 5,164,146
Laguna Hills	Alicia Parkway	RTSSP	\$ 1,847,200	85	\$ 7,011,346
La Habra	Imperial Highway/SR-90 Corridor	RTSSP	\$ 2,760,001	81	\$ 9,771,347
Fullerton	Malvern Avenue/Chapman Avenue	RTSSP	\$ 2,202,304	72	\$ 11,973,651
Newport Beach	Coast Highway	RTSSP	\$ 1,799,210	62	\$ 13,772,861
Anaheim	La Palma Avenue (Woodland Drive to Chrisden Street)	RTSSP	\$ 2,518,146	55	\$ 16,291,007

UNFUNDED (Beyond available programming capacity)

Orange	Main Street Corridor	RTSSP	\$ 1,419,910	51
Anaheim	East Street Corridor	RTSSP	\$ 654,012	35
Costa Mesa	Fair Drive - Del Mar Avenue - University Drive	RTSSP	\$ 296,120	31
Costa Mesa	Bear Street	RTSSP	\$ 431,300	31
Lake Forest	Rockfield Boulevard Corridor	RTSSP	\$ 467,694	31
Mission Viejo	Olympiad Road/Felipe Road Corridor	RTSSP	\$ 547,856	30
San Clemente	Avenida La Pata	RTSSP	\$ 368,044	27
San Clemente	Camino Vera Cruz	RTSSP	\$ 238,890	23
Costa Mesa	Anton Boulevard	RTSSP	\$ 504,900	17

RTSSP - Regional Traffic Signal Synchronization Program
 SR-90 - State Route 90



COMMITTEE TRANSMITTAL

May 11, 2015

To: Members of the Board of Directors
From: Laurena Weinert, Clerk of the Board
Subject: Measure M2 Eligibility Review Recommendations for Fiscal Year 2013-14 Expenditure Reports

Regional Planning and Highways Committee Meeting of May 4, 2015

Present: Directors Bartlett, Donchak, Lalloway, Nelson, Spitzer, and Ury
Absent: Director Miller

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Approve fiscal year 2013-14 expenditure reports and find 35 local agencies eligible to receive Measure M2 revenues for fiscal year 2014-15.



May 4, 2015

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Measure M2 Eligibility Review Recommendations for Fiscal Year 2013-14 Expenditure Reports

Overview

Measure M2 requires all local agencies in Orange County to annually satisfy eligibility requirements in order to receive Measure M2 net revenues. Fiscal year 2013-14 expenditure reports and resolutions have been submitted by the local agencies and reviewed and approved by the Taxpayer Oversight Committee. Recommendations are presented to the Board of Directors for eligibility determination.

Recommendation

Approve fiscal year 2013-14 expenditure reports and find 35 local agencies eligible to receive Measure M2 revenues for fiscal year 2014-15.

Background

The Measure M2 (M2) Ordinance requires local jurisdictions to meet 13 eligibility requirements, including the adoption of an annual expenditure report that accounts for M2 net revenues, developer/traffic impact fees, and funds expended that satisfy maintenance of effort requirements.

Local agencies are required to annually submit expenditure reports within six months of the close of the local agencies' fiscal year. This allows the local agencies to finalize the certified annual financial reports and use this information to submit the M2 Expenditure Report.

The Taxpayer Oversight Committee (TOC) reviews specific eligibility requirements and designates the annual eligibility review (AER) subcommittee to review eligibility components, including local agencies' expenditure reports.

Discussion

The AER subcommittee convened on March 19, 2015 to review the expenditure reports and found that all agencies had submitted acceptable expenditure reports, which are consistent with the eligibility requirements and summarized in Attachment A. On April 14, 2015, the AER subcommittee recommended to the TOC that all cities and County of Orange be found eligible. The TOC approved the expenditure reports for 35 local jurisdictions and is recommending that all 35 local jurisdictions be approved as eligible to receive M2 net revenues for fiscal year (FY) 2014-15. All of the other eligibility requirements were previously met and approved by the Board of Directors (Board) on November 10, 2014. The expenditure report is the last requirement to be satisfied for the final FY 2014-15 eligibility determination.

Summary

All local agencies have submitted FY 2013-14 expenditure reports that are consistent with the M2 Ordinance. The TOC reviewed and approved the M2 expenditure reports. Board approval is required to confirm that these local agencies have met the eligibility requirements for FY 2014-15.

Attachment

- A. Fiscal Year (FY) 2014-15 Measure M2 Eligibility Review of FY 2013-14 Expenditure Reports Summary

Prepared By:



May Hout
Transportation Funding Analyst
(714) 560-5905

Approved By:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741

**Fiscal Year (FY) 2014-15 Measure M2 Eligibility
Review of FY 2013-14 Expenditure Reports Summary**

Agency	Expenditure Report Received by Deadline	Resolution Received by Deadline	Maintenance of Effort Reported	Expenditure Report Found Compliant by Taxpayer Oversight Committee Subcommittee
Aliso Viejo	Yes	Yes	Yes	Yes
Anaheim	Yes	Yes	Yes	Yes
Brea	Yes	Yes	Yes	Yes
Buena Park	Yes	Yes	Yes	Yes
Costa Mesa	Yes	Yes	Yes	Yes
County of Orange	Yes	Yes	N/A	Yes
Cypress	Yes	Yes	Yes	Yes
Dana Point	Yes	Yes	Yes	Yes
Fountain Valley	Yes	Yes	Yes	Yes
Fullerton	Yes	Yes	Yes	Yes
Garden Grove	Yes	Yes	Yes	Yes
Huntington Beach	Yes	Yes	Yes	Yes
Irvine	Yes	Yes	Yes	Yes
La Habra	Yes	Yes	Yes	Yes
La Palma	Yes	Yes	Yes	Yes
Laguna Beach	Yes	Yes	Yes	Yes
Laguna Hills	Yes	Yes	Yes	Yes
Laguna Niguel	Yes	Yes	Yes	Yes
Laguna Woods	Yes	Yes	Yes	Yes
Lake Forest	Yes	Yes	Yes	Yes
Los Alamitos	Yes	Yes	Yes	Yes
Mission Viejo	Yes	Yes	Yes	Yes
Newport Beach	Yes	Yes	Yes	Yes
Orange	Yes	Yes	Yes	Yes
Placentia	Yes	Yes	Yes	Yes
Rancho Santa Margarita	Yes	Yes	Yes	Yes
San Clemente	Yes	Yes	Yes	Yes
San Juan Capistrano	Yes	Yes	Yes	Yes
Santa Ana	Yes	Yes	Yes	Yes
Seal Beach	Yes	Yes	Yes	Yes
Stanton	Yes	Yes	Yes	Yes
Tustin	Yes	Yes	Yes	Yes
Villa Park	Yes	Yes	Yes	Yes
Westminster	Yes	Yes	Yes	Yes
Yorba Linda	Yes	Yes	Yes	Yes

N/A - Not applicable



COMMITTEE TRANSMITTAL

May 22, 2015

To: Members of the Board of Directors
From: ^{lw} Laurena Weinert, Clerk of the Board
Subject: Environmental Mitigation Program Long-Term Funding Strategy

Executive Committee Meeting of May 4, 2015

Present: Chairman Lalloway, Vice Chair Donchak, and Directors Hennessey, Murray, Spitzer, Steel, and Ury
Absent: Director Nelson

Committee Vote

This item was passed by the Members present.

Committee Recommendations *(reflects a change from staff's recommendations)*

- A. Approve the guiding principles to meet Measure M2 obligations, maintain an inclusive process, and allocate remaining revenues to off-set environmental impacts from future state highway improvement projects (similar in scope and impacts to Measure M2 freeway projects).
- B. Approve the long-term funding strategy to establish overall priorities and a timetable for future spending recommendations.
- C. Approve the expenditure options list derived from the Environmental Oversight Committee analysis.
- D. Review environmental issues on a cross regional basis.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Environmental Mitigation Program Long-Term Funding
Strategy**

Staff Report



May 4, 2015

To: Executive Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Environmental Mitigation Program Long-Term Funding Strategy

Overview

The Environmental Oversight Committee has examined potential options for the use of remaining Measure M2 Environmental Mitigation Program revenues to off-set environmental impacts from future state highway improvement projects. Guiding principles were developed along with a long-term funding strategy in order to establish a framework for potential future expenditures. Recommendations are presented for Board of Directors consideration.

Recommendations

- A. Approve the guiding principles to meet Measure M2 obligations, maintain an inclusive process, and allocate remaining revenues to off-set environmental impacts from future state highway improvement projects (similar in scope and impacts to Measure M2 freeway projects).
- B. Approve the long-term funding strategy to establish overall priorities and a timetable for future spending recommendations.
- C. Approve the expenditure options list derived from the Environmental Oversight Committee analysis.

Background

The Orange County Transportation Authority's (OCTA) M2 Environmental Mitigation Program (EMP) provides for comprehensive environmental mitigation for impacts resulting from the freeway improvements.

In August 2007, the OCTA Board of Directors (Board) approved a Measure M2 (M2) Early Action Plan (EAP) to advance key M2 projects, which included the EMP. In November 2009, the Board approved master and planning agreements to establish a process, roles, responsibilities, and commitments for

the preparation of a Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP or Plan), along with an environmental impact report/environmental impact statement, which was initiated in mid-2010. There is a process built in to the NCCP/HCP that provides flexibility to accommodate changes throughout the life of the EMP.

The EMP component of the freeway element of the M2 half-cent sales tax for transportation improvements was part of the expenditure plan that was approved by Orange County voters in November 2006. The plan sets aside a portion (at least five percent) of freeway program revenues for this component. The anticipated revenue through 2041 available to the EMP is approximately \$317 million. Approximately \$150 million of this amount has been committed to the following to:

- acquire preservation areas,
- fund habitat restoration projects,
- support the program (including preparation of the Plan and technical consultant support),
- repay EMP bond interest,
- fund endowment to pay for long-term land management of the acquired properties.

To date, seven properties have been acquired, totaling approximately 1,300 acres. These properties are located in the City of Brea, City of Laguna Beach, unincorporated Foothill-Trabuco area within the County of Orange, and Silverado Modjeska area. The properties possess similar habitat types to those potentially impacted by the M2 freeway projects. Expenditures for property acquisitions include setting aside costs for interim and long-term land management. Funding for long-term land management and maintenance will be established through an endowment. In October 2014, the OCTA Board approved a \$34.5 million target amount and an investment framework for the endowment. The next steps will involve development of detailed investment parameters, reporting, and accounting standards. This process will be vetted through the Environmental Oversight Committee (EOC) and the Finance and Administration Committee, with approval from the Board.

OCTA has funded 11 habitat restoration projects that encompass approximately 400 acres in various parts of the County. These restoration projects were also selected based on their habitat value that off-sets impacts resulting from the M2 freeway projects (Attachment A). The acquired lands and restoration projects are incorporated into the NCCP/HCP as part of OCTA's mitigation commitment.

Discussion

Since mid-2014, staff has been working with the EOC on the development of a framework for potential uses of future EMP funds. The discussions included the following:

- determination of how the use of future EMP funds would maintain compliance with the M2 Ordinance No. 3 (as amended November 9, 2012 and November 25, 2013); and
- evaluation of OCTA's future funding and financing capacity

The EOC next drafted a framework that outlined an inclusive process with the appropriate stakeholders while meeting M2 obligations for future EMP revenues. The intent of this document is to maintain and foster the partnerships that have been established with the California Department of Fish and Wildlife and the United States Fish and Wildlife Service (collectively referred to as resources agencies), and the environmental coalition that supported M2 (Attachment B).

To map out a path ahead for the implementation of the guiding principles, the EOC also drafted a long-term funding strategy to identify and track major upcoming commitments and milestones for the EMP. These activities included fulfilling Plan commitments, establishing an endowment, completing a similar process to the Plan with the Army Corps of Engineers and State Water Resources Control Board to comply with state and federal clean water acts, and accounting for prior mitigation commitments by the California Department of Transportation (Caltrans). Looking ahead, the EOC evaluated a mechanism to cover mitigation needs for potential state highway improvements in Orange County that are similar in scope and impacts to the M2 freeway projects, and also considered whether bonding against future revenues is feasible (Attachment C).

An exercise to help identify options for potential uses of future revenues was undertaken by the EOC. After coming up with different potential options, EOC members ranked these options to create a short-list, which will be used as a basis for consideration, for uses of future EMP revenues. The options include the current approach of obtaining mitigation through acquisition of properties, funding of restoration projects, funding land management/ maintenance, and mitigation banking. In addition, the EOC identified opportunities outside of the existing framework to further protect and enhance OCTA's existing investments (e.g., preserves and restoration funding). These include enhancing existing wildlife corridors, reducing the risk of fires, and addressing sensitive species outside of the NCCP/HCP framework (Attachment D).

The EOC also requested information regarding how much additional debt can be issued over the next several years for the mitigation program. The attached graph (Attachment E) addresses that question. The graph provides the ending cash balance for the mitigation program per year. Each line on the chart represents a different ending cash balance depending on whether additional debt is issued in a particular year. The table in the middle of the graph highlights the amounts that can be issued for the fiscal year (FY) (these amounts are independent of each other, meaning that a debt issuance can only occur in one of the FYs because of the financial capacity constraints). The balances take into account the transfer of funds to the endowment fund from FY 2016 through FY 2027, and the transfer of annual mitigation costs to the endowment fund in FY 2028.

On March 4, 2015, the EOC endorsed the guiding principles, long-term funding strategy, potential expenditure options list, and directed staff to come back at a future date to identify candidate projects and programs in accordance with the long-term funding strategy.

Staff is seeking Board approval of the guiding principles, long-term funding strategy, an expenditure options list, and direction to work with the EOC to identify candidate projects and programs in accordance with the long-term funding strategy.

Summary

The Environmental Oversight Committee has endorsed recommendations for the use of remaining Measure M2 Environmental Mitigation Program revenues to off-set environmental impacts from future state highway improvement projects. Staff will return to the Board of Directors in 2016 with recommendations for candidate projects and programs.

Attachments

- A. Acquired Properties and Funded Restoration Projects
- B. Environmental Mitigation Program Guiding Principles
- C. Outline of Long-Term Funding Strategy for Freeway Mitigation Program
- D. Environmental Oversight Committee Recommended Expenditure Options and Heat Map
- E. M2 Freeway Environmental Mitigation Program Fund (5%) Ending Cash Balance

Prepared by:



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Approved by:



Kia Mortazavi
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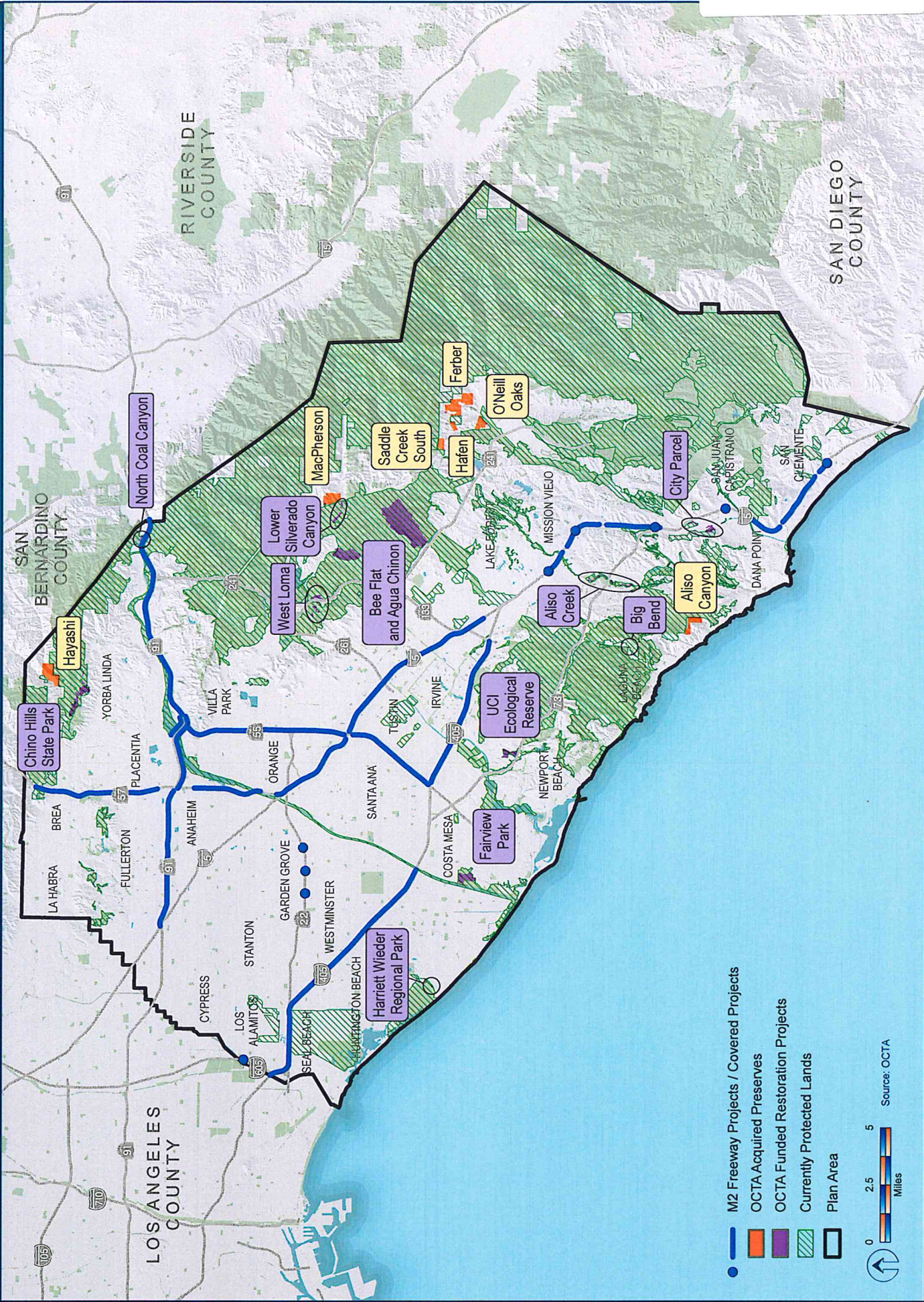


ORANGE COUNTY TRANSPORTATION AUTHORITY

**Environmental Mitigation Program Long-Term Funding
Strategy**

Attachment A

Acquired Properties and Funded Restoration Projects



- M2 Freeway Projects / Covered Projects
 - OCTA Acquired Preserves
 - OCTA Funded Restoration Projects
 - Currently Protected Lands
 - Plan Area
- 0 2.5 5 Miles Source: OCTA



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Environmental Mitigation Program Long-Term Funding
Strategy**

Attachment B

Environmental Mitigation Program Guiding Principles

The Environmental Oversight Committee oversees and makes recommendations related to the Environmental Mitigation Program (EMP) to the Orange County Transportation Authority Board of Directors. The EMP provides comprehensive mitigation for the Measure M (M2) freeway projects. The following guiding principles outline the EMP priorities going forward.

Responsibly Meet M2 Obligations

- Fully fund the long-term non-wasting endowment for the Natural Community Conservation Plan/Habitat Conservation Plan (Plan) through a strategic schedule, investment, and financing plan.
- Comply with wildlife agency requirements to ensure that mitigation obligations are met within the Plan.
- Comply with other regulatory requirements to ensure that freeway project mitigation obligations are met.
- Ensure the EMP meets the minimum five percent mitigation obligation as outlined in the M2 Ordinance No. 3.

Maintain an Inclusive Process

- Acquisition, restoration, and management expenditures shall continue to be comprehensive, innovative, and ecosystem based while providing a net environmental benefit in exchange for net benefit in the delivery of the transportation improvements.
- Future expenditures (calls for projects) for the EMP shall offer opportunities to submit new properties for acquisition, restoration, and management consideration.
- Selection of acquisition, restoration, and management sites shall continue to use the established scientific, open, and transparent evaluation process.
- All deliberations and decisions shall be accompanied by public outreach and participation.

Allocate Remaining Revenues

- Over the life of the EMP, adhere to the existing board policy of 80 percent acquisition and 20 percent restoration expenditures, both inclusive of management costs.
- Due to limited funds, if a single applicant will receive a cumulative total of more than 20 percent of restoration funds allocated to date, a review of restoration needs is triggered. Any such award must demonstrate an attempt to meet priority EMP needs elsewhere but without success.
- Consider the benefits of advancing remaining EMP dollars for early expenditure to allow for strategic acquisition and restoration projects.
- Consider creating additional mitigation capacity for future state highway improvements in Orange County that are similar in nature to existing M2 freeway projects and which use the appropriate planning, permitting, and environmental processes.



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Environmental Mitigation Program Long-Term Funding
Strategy**

Attachment C

Outline of Long-Term Funding Strategy for Freeway Mitigation Program

Activity or Action	Timetable
i. Complete the remaining Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP) commitments for acquisition and restoration.	2015-2025 (2016-2018 for acquisition; up to ten years for restoration project completion)
ii. Establish and fund the mitigation endowment as directed by the Orange County Transportation Authority Board of Directors (Board).	2015-2016 to establish 2016-2027 to fund endowment
iii. Complete negotiations with Army Corps of Engineers and State Water Resources Control Board, and allocate funding to meet regulatory permit requirements.	2015 to complete negotiations 2016-2041 to fund required mitigation
iv. Provide credits to California Department of Transportation for Measure M (M2) project specific mitigations funded by them prior to NCCP/HCP commitment, as well as project specific impacts that could not feasibly be covered by the NCCP/HCP.	2015-2016 to credit 2016-2041 for any uncovered impacts
v. Allocate all remaining freeway mitigation funds according to the Environmental Oversight Committee recommended funding principles, to be approved by the Board.	2015-2027 limited allocation opportunities 2028-2041 allocate remaining funds
vi. Create a pool of credits/bank to cover mitigation needs for reasonably anticipated state highway improvements in Orange County that are similar in scope and impacts to M2 freeway projects.	2015-2016 identify potential eligible capital projects and mechanism for pooling credits 2017-2018 estimate project impacts 2018-2041 identify and acquire suitable mitigation sites
vii. Consider the strategic value of advancing funds through borrowing if acquisition or other time sensitive mitigation opportunities arise.	2016-2027 limited borrowing capacity 2028-2041 best opportunities



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Environmental Mitigation Program Long-Term Funding
Strategy**

Attachment D

Environmental Oversight Committee Recommended Expenditure Options and Heat Map

CURRENT MITIGATION

Acquisition

Acquire open space properties (from willing sellers) to off-set impacts from freeway improvement projects that meet the goals and objectives of the OCTA M2 NCCP/HCP and/or the M2 Ordinance.

Restoration

Fund habitat restoration efforts to off-set impacts from freeway improvement projects that meet the goals and objectives of the OCTA M2 Plan and/or the M2 Ordinance.

Management/maintenance

Fund land management and/or maintenance activities on OCTA and non-OCTA-owned open space properties to off-set impacts from freeway improvement projects.

Mitigation banking

Create a banking instrument by acquiring land and/or funding habitat restoration projects to be used towards future freeway improvement projects (similar in scope and impacts to M2 freeway projects).

BROADER DEFINITION

Retrofit wildlife corridors

Fund projects that would improve wildlife movement through existing corridor areas that may be bisected by a transportation facility to enhance regional conservation strategies.

Retrofit stream crossings

Fund projects that would provide stream creation/re-establishment to off-set impacts to aquatic resources.

Wildlife fencing

Fund projects that would improve wildlife movement through the placement of fencing or modification of existing fencing within areas that may be bisected by a transportation facility to enhance regional conservation strategies.

Fire risk reduction

Fund projects that would reduce the risk of fire ignitions along transportation infrastructure adjacent to natural lands.

Non-covered species

Fund mitigation projects (acquisition/restoration) focused on non-covered species (M2 NCCP/HCP {e.g., Arroyo Toad and Steelhead}). This could include species listed and non-listed within Orange County. These species would be regionally significant and could be impacted in the future through transportation infrastructure improvements.

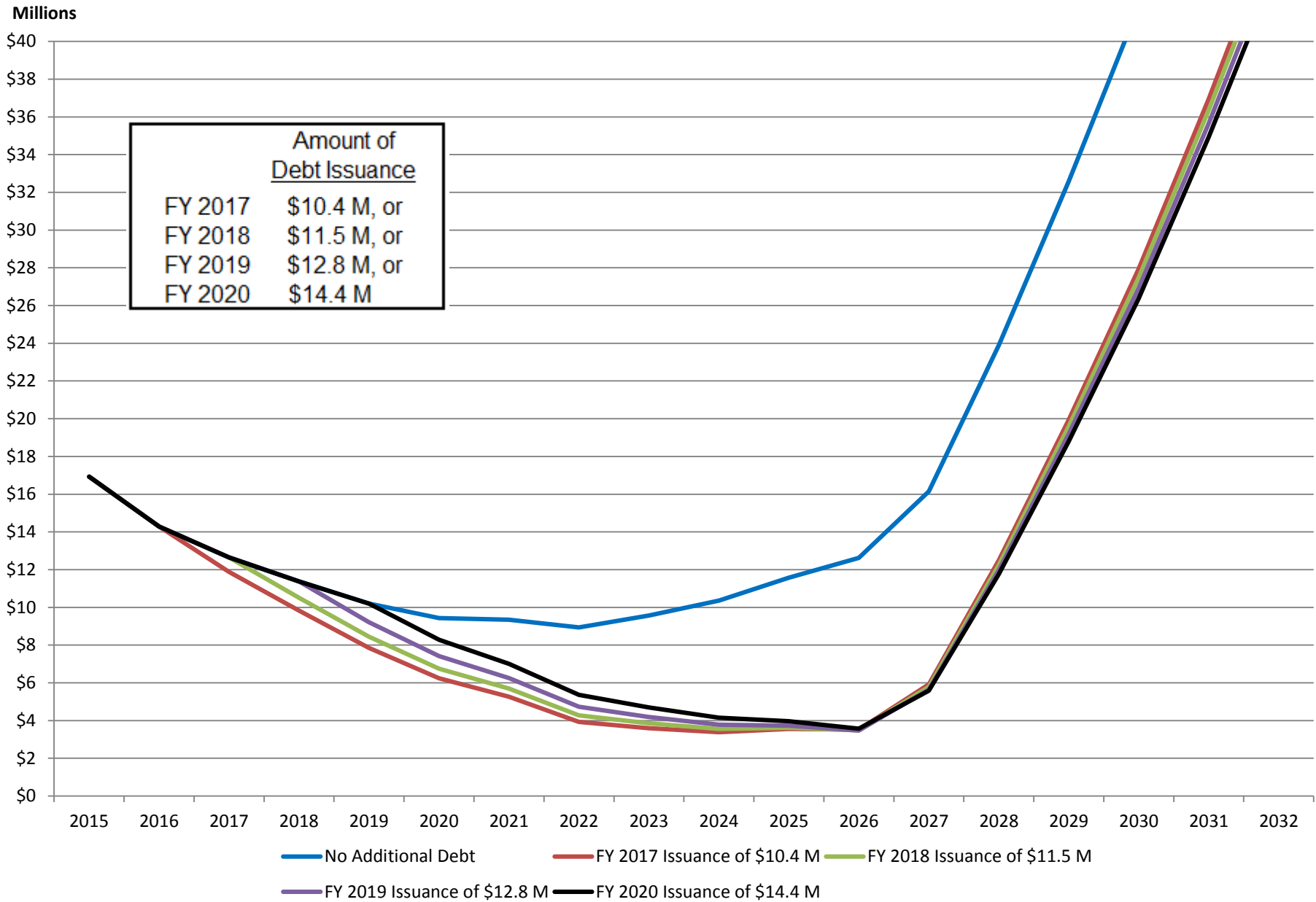


ORANGE COUNTY TRANSPORTATION AUTHORITY

**Environmental Mitigation Program Long-Term Funding
Strategy**

Attachment E

M2 Freeway Environmental Mitigation Program Fund (5%) Ending Cash Balance Scenarios



	Amount of Debt Issuance
FY 2017	\$10.4 M, or
FY 2018	\$11.5 M, or
FY 2019	\$12.8 M, or
FY 2020	\$14.4 M

FY – Fiscal year
M – Million