



Measure M
Taxpayer Oversight Committee
at the Orange County Transportation Authority
600 S. Main Street, Orange CA, Room 154
August 12, 2014
6:00 p.m.



AGENDA

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for June 10, 2014**
- 4. Chairman's Report**
- 5. Presentation Items**
 - A. Sales Tax Forecast
Presentation – Andrew Oftelie, Executive Director, Finance
 - B. Santa Ana/Garden Grove Fixed-Guideway Update (Project S)
Presentation – Jim Beil, Executive Director, Capital Programs
Andrew Oftelie, Executive Director, Finance
 - C. Measure M Environmental Mitigation Program Update
Presentation – Marissa Espino, Strategic Communications Officer
 - D. Fare Stabilization Update
Presentation – Sean Murdock, Manager, Finance and Administration
- 6. OCTA Staff Updates (5 minutes each)**
 - Measure M Transit Program Update – Jim Beil, Executive Director, Capital Programs
 - Finance Directors Workshop – Andrew Oftelie, Executive Director, Finance
 - 10-Year Review – Tamara Warren, Manager, M Program Office
 - Other
- 7. Annual Eligibility Review Subcommittee Report**
- 8. Audit Subcommittee Report**
- 9. Environmental Oversight Committee 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 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



INFORMATION ITEMS

- 1. Measure M2 Tax-Exempt Commercial Paper Program** **June 9, 2014**
- 2. Comprehensive Transportation Funding Programs Semi-Annual Review – March 2014**
- 3. Measure M Taxpayer Oversight Committee Recruitment, Lottery and Resolutions of Appreciation for Outgoing Members** **June 23, 2014**
- 4. Annual Update to Investment Policy** **July 14, 2014**
- 5. Measure M2 Eligibility Review Recommendation for the City of Huntington Beach Expenditure Report**
- 6. Measure M2 Project W Safe Transit Stops – 2014 Programming Recommendations**
- 7. Second Quarter 2014 Debt and Investment Report** **July 28, 2014**

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Measure M Taxpayer Oversight Committee

**June 10, 2014
Meeting Minutes**

Committee Members Present:

Jan Grimes, Orange County Acting Deputy Auditor-Controller, Co-Chairman
Narinder "Nindy" Mahal, First District Representative
Linda Rogers, First District Representative
Howard Mirowitz, Second District Representative, Co-Chairman
Terre Duensing, Third District Representative
Randy Holbrook, Third District Representative
Cynthia Hall, Fourth District Representative
Terry Fleskes, Fifth District Representative
Nilima Gupta, Fifth District Representative

Committee Member(s) Absent:

Philip C. La Puma, PE, Fourth District Representative
Jack Wu, Second District Representative

Orange County Transportation Authority Staff Present:

Marissa Espino, Strategic Communications Officer
Janice Kadlec, Public Reporter Specialist
Sam Kaur, Section Manager for Local Programs
Ross Lew, Program Manager, Capital Programs
Dennis Mak, Program Manager, Capital Programs
Kia Mortazavi, Executive Director, Planning
Andy Otfelie, Executive Director, Finance and Administration
Alice Rogan, Strategic Communications Manager, External Affairs
Tamara Warren, Program Manager, M Program Management Office
Tresa Oliveri, OC Bridges Outreach Manager

1. Welcome

Chair Jan Grimes welcomed everyone to the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) meeting and began the meeting 6:00 p.m.

2. Pledge of Allegiance

Chair Jan Grimes asked everyone to join her in the Pledge of Allegiance to the Flag.

3. Approval of Minutes/Attendance Report for April 8, 2014

Chair Jan Grimes asked if there were any additions or corrections to the April 8, 2014 Meeting Minutes and Attendance Report.

A motion was made by Linda Rogers, seconded by Terry Fleskes, and carried unanimously to approve the April 8, 2014 TOC minutes and attendance report as presented.

4. Chairman's Report

There was no Chairman's report.

5. Co-Chair Election

Chair Jan Grimes asked for nominations for the TOC Co-Chair.

Chair Jan Grimes nominated First District Representative Linda Rogers to the position of TOC Co-Chair. Terre Duensing seconded the nomination. There were no further nominations and the nominations were closed. Linda Rogers was elected unanimously to the TOC Co-Chair position.

6. Subcommittee Selections

Alice Rogan asked if any of the current TOC members would like to change to a different subcommittee. All members present asked to keep their current subcommittee assignments except for Linda Rogers who volunteered to be assigned where needed.

Linda Rogers asked if the Environmental Oversight Committee (EOC) assignment was an extra assignment. Alice Rogan said the EOC requires one TOC member and currently Phillip La Puma serves on this committee.

7. Action Item(s)

A. M1 Revenue & Expenditure Quarterly Report (Mar 14)

Andrew Oftelie briefly reviewed the M1 Revenue and Expenditure Quarterly Report (Mar 14). He noted the report had been reviewed by the Audit Subcommittee earlier in the evening.

B. M2 Revenue & Expenditure Quarterly Report (Mar 14)

Andrew Oftelie briefly reviewed the M2 Revenue and Expenditure Quarterly Report (Mar 14). He noted the report had been reviewed by the Audit Subcommittee earlier in the evening.

A motion was made by Linda Rogers, seconded by Nilima Gupta, and carried unanimously to receive and file the M1 and M2 Revenue and Expenditure Quarterly Reports for March 2014.

8. Presentation Items

A. Orange County Bridges Update

Ross Lew gave an update on the Orange County Bridges construction project and Tresa Oliveri gave a report on the outreach efforts for the project.

Linda Rogers said she noticed there were many different construction companies doing the work. She asked why there were so many companies. Ross Lew said every part of the project goes out for bid and the lowest responsible bidder gets the contract. There are some duplicate companies hired, but for the most part, there have been a variety of contractors.

Nindy Mahal asked if the most difficult part of the program was acquiring land for right of way. Ross Lew said this was most definitely a difficult part of the program, especially on this complex program. He showed an example where land had to be acquired in order to build a temporary road needed to keep traffic moving.

Howard Mirowitz asked if there have been any challenging legal situations connected to right of way acquisition for the projects. Ross Lew said obtaining any right of way requires a very thorough process outlined by State law and it does require a great deal of coordination with the property owners. For the most part, it has been less challenging for OCTA because they have been very transparent in terms of sharing with the property owners the need for the property and appraising the property fairly.

OCTA had an initial Right of Way Information public meeting and invited everyone with a property impact to attend. The project details were shared and everyone was walked through the ROW process. This was done to give a transparent approach and to give a common understanding of the process. Individual meetings were then scheduled with ROW staff to discuss appraisal, valuation & settlement.

B. Comprehensive Transportation Funding Programs (CTFP) Update

Kia Mortazavi introduced Sam Kaur who gave an overview on the CTFP call for projects process.

Terry Fleskes asked if there was anything significant in the material that came out of the semi-annual review process in the way of changes. Sam Kaur said OCTA looked at the project status of each project and based on this, approved 11 project delays. Most of the delays were caused by design changes and other delays were related to right of way acquisitions. They canceled one project because they did not need the money. Another project was granted Timely Use of Funds Extension. This is the first time this has been granted since the inception of M2. Agencies have 36 months to encumber the project funds and if they have not done this, they are to ask for Timely Use of Funds.

Howard Mirowitz asked how the level of service (LOS) is calculated and how it enters into a decision of whether or not a proposal is funded. Kia Mortazavi said LOS looks at the capacity of the intersection and whether the volume is 80%, or 90%, or sometimes is over 100%. This would occur if people are sitting at the red light at the intersection for more than one cycle of the red light. In order to qualify for the program, the intersection needs to be at 80% or more. The projects go through a ranking process taking in to account cost and benefits. The projects are assigned points and the lower cost and higher benefits projects get more points.

Randy Holbrook asked if they look at the intersections at any certain time to obtain the LOS. Kia Mortazavi said the look at the intersections at peak times.

Linda Rogers asked if the CTFP occurs one time only or is it done every year. Kia Mortazavi said it is done every year.

C. I-5 Central Improvement Project Update

Dennis Mak gave an update on the I-5 Central Improvement Project.

Linda Rogers asked if the I-5 High Occupancy Vehicle (HOV) lane will be able to connect to the SR-22. Dennis Mak said no. Linda Rogers asked why not. Dennis Mak said the purpose of the project was to increase the HOV lane capacity and this is consistent to M2 Project A. They are delivering this as promised to the voters.

Linda Rogers asked if this project was part of the effort to address the HOV lane degradation. Kia Mortazavi said projects like this help the system work better overall. In this particular area it just happens to address the degradation issue. Our goal is to try and improve mobility overall.

Cynthia Hall asked how much right of way acquisition was involved for this project. Dennis Mak said none; this project did not require any property acquisition.

9. OCTA Staff Updates

Sales Tax: Andrew Otfelie gave an update on the Sales Tax revenues. The sales tax forecast from the three Universities (Chapman, Cal State Fullerton, UCLA) was updated in May 2014. OCTA's official Sales Tax Revenue projection is \$15.9 billion.

Other: Alice Rogan handed out business size cards to help move people through the I-5 South construction. The cards give all the different ways to find out about the construction project

Alice Rogan reported the lottery for the new members of the TOC would be June 23, 2014. The current meeting would be the final meeting for Howard Mirowitz and Randy Holbrook.

10. Annual Eligibility Review Subcommittee Report

There was nothing to report.

11. Audit Subcommittee Report

Jan Grimes gave a report on the Audit Subcommittee which met earlier in the evening.

- They received the Selection of Cities for Measure M2 Agreed Upon Procedures audits. The suggestion for audits was made by the Annual Eligibility Review Subcommittee

and the normal five year rotation schedule. Six cities were nominated and the Audit Subcommittee added four more.

The original cities selected for Local Fair Share Audits were: Aliso Viejo, Dana Point, Orange, Seal Beach, Stanton, and Westminster. The cities of Seal Beach and Westminster were also selected for the Senior Mobility Program (SMP) and Senior Non-Emergency Medical Transportation (SNEMT) audits.

The Audit Subcommittee added four more cities to the Local Fair Share Audits: Buena Park, Costa Mesa, La Habra, and Santa Ana.

- Jan Grimes said the Audit Subcommittee reviewed the M1 and M2 Quarterly Reports and received a report on the Project U Fare Stabilization Report. OCTA Staff is recommending to the Board to use excess money within the M2 Transit mode to solve the shortfall in the Project U Fare Stabilization Program.
- The Audit Subcommittee was given for their information copies of the Orange County Local Transportation Authority (OCLTA) compliance tracking report. This document is an internal tracking system for M2 projects.

12. Environmental Oversight Committee Report

There was nothing to report.

13. Committee Member Report

Howard Mirowitz said it has been a pleasure serving on the TOC and would miss it when he leaves. Jan Grimes said both Howard Mirowitz and Randy Holbrook would be missed. They were very valuable members of the TOC and The TOC appreciated all they have done.

Alice Rogan said on behalf of OCTA Staff she would like to thank both of them for their service.

14. Public Comments

There were no comments from the public.

15. Adjournment

The Measure M Taxpayers Oversight Committee meeting adjourned at 7:00 p.m. The next meeting will be August 12, 2014.

Taxpayer Oversight Committee
Fiscal Year 2013-2014
Attendance Record



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

Meeting Date	9-Jul	13-Aug	10-Sep	8-Oct	12-Nov	10-Dec	14-Jan	11-Feb	11-Mar	8-Apr	13-May	10-Jun
Terre Duensing		X		X		X		X		X		X
Terry Fleskes		E		X		X		X		X		X
Jan Grimes		X		X		X		X		X		X
Nilima Gupta		X		X		X		X		X		X
Cynthia Hall		X		X		X		X		X		X
Randy Holbrook		X		X		E		X		X		X
Phil La Puma		X		X		X		X		X		*
Anh-Tuan Le		E		X		E		--		--		--
Nindy Mahal		X		X		X		X		X		X
Howard Mirowitz		X		X		X		X		X		X
Linda Rogers		--		--		--		X		X		X
Jack Wu		X		X		E		X		E		*

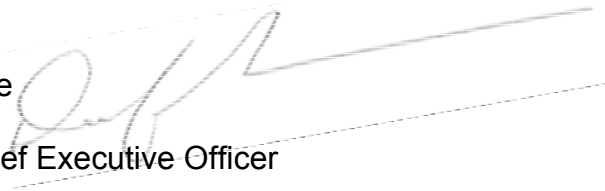
Absences Pending Approval

<u>Meeting Date</u>	<u>Name</u>	<u>Reason</u>
6/10/14	Phil La Puma	Personal
6/10/14	Jack Wu	Personal

Presentation Items



August 4, 2014

To: Executive Committee 

From: Darrell Johnson, Chief Executive Officer

Subject: Santa Ana/Garden Grove Fixed-Guideway Proposed Financial and Implementation Plans

Overview

On May 23, 2014, the Orange County Transportation Authority Board of Directors directed staff to develop proposed financial and implementation plans for the Santa Ana/Garden Grove Fixed-Guideway Project with the Orange County Transportation Authority serving as the lead agency. Staff has developed the proposed financial and implementation plans and is seeking Board of Directors' direction for advancing the project.

Recommendations

- A. Approve the Orange County Transportation Authority to serve as the lead agency for project development and implementation, and operations and maintenance of the Santa Ana/Garden Grove Fixed-Guideway Project.
- B. Authorize the Chief Executive Officer to negotiate and execute a cooperative agreement with the cities of Santa Ana and Garden Grove to define roles and responsibilities for project development through construction of the Santa Ana/Garden Grove Fixed-Guideway Project.
- C. Direct staff to pursue federal New Starts funding for the Santa Ana/Garden Grove Fixed-Guideway Project and to submit a letter to the Federal Transit Administration requesting entrance into project development, the first phase of the New Starts Program.
- D. Approve the use of Measure M2 Project S revenues to fund operations and maintenance of future fixed-guideway projects.

- E. Direct staff to prepare a request for proposals for project management consultant services for the Santa Ana/Garden Grove Fixed-Guideway Project and return to the Board of Directors for approval to release the request for proposals.

Background

Since 2008, the cities of Santa Ana and Garden Grove (SA/GG) have been working on the development of the SA/GG Fixed-Guideway Project (Project) as part of the Measure M2 (M2) Project S: Transit Extensions to Metrolink program. The Project is currently in the environmental phase and is scheduled to be environmentally cleared in fall 2014. On May 23, 2014, the Orange County Transportation Authority (OCTA) Board of Directors (Board) directed staff to develop a proposed financial plan to fund capital, and operations and maintenance (O&M) of the Project that maximizes the use of state and federal funding sources by leveraging M2 revenues. Additionally the Board directed staff to develop a proposed project implementation plan for the Project, with OCTA serving as the lead agency.

In anticipation of the cities of SA/GG's completion of the alternatives analysis, locally preferred alternative (LPA) selection, environmental clearance, and the request to advance the Project for further engineering as part of project development, staff is prepared to identify roles and responsibilities and develop a financial plan to implement the Project.

Discussion

Financial Plan

Consistent with OCTA's standard financial planning practices, a cash flow analysis that demonstrates the Project cash flow for both capital and ongoing O&M has been completed to advance project development. As directed by the Board, staff has developed a viable and sustainable financial plan for the Project over the M2 term, through 2041. Cost and ridership data were provided by the City of Santa Ana and are based upon, and consistent with, the project development work to date. Both the capital and operating estimates will continue to be refined as additional project development and engineering is completed in future phases. The following factors served as a framework in the development of the financial plan:

- The total available sales tax revenue forecast for Project S over the life of M2 is \$1.3 billion.
- Funding needs for other Project S-eligible projects, including, but not limited to, Anaheim Rapid Connection (ARC) and the rubber-tire projects are considered.

- The M2 Ordinance states that “The Authority shall make every effort to maximize state and federal funding for Transit Projects.”
- The Board previously directed that the Project remain eligible for the Federal Transit Administration’s (FTA) New/Small Starts Program.

Staff also considered the desire to deliver the benefits of the Project in the most expeditious manner possible, while ensuring the most prudent use of M2 funds and consistency with the M2 Ordinance by leveraging its use to maximize state and federal funding sources. Staff has also considered debt financing, which has previously been used by OCTA to successfully advance project delivery.

Given the above framework and considerations, the following financial scenarios were developed based on three separate capital funding assumptions:

- Scenario A (New Starts): Assume \$125 million of federal New Starts funding and \$125 million of local and other funds.
- Scenario B (Small Starts): Assume \$75 million of federal Small Starts funding (maximum federal contribution on a Small Starts project) and \$175 million of local and other funds.
- Scenario C (Non-New Starts): Assume \$125 million of other federal (Non-New Starts) funding and \$125 million of local and other funds.

All three scenarios assume the current estimate of capital cost for the Project’s preliminary recommended alternative, Streetcar Alternative 1, with construction completed in fiscal year (FY) 2018-19. However, given that the Project LPA has not been adopted by the Santa Ana City Council as of the preparation of this report, the capital cost for Streetcar Alternative 2 was also evaluated.

In terms of operating revenue and expenses, a number of assumptions had to be made consistent with the level of project development completed to date.

Operating Revenue Assumptions

The City of Santa Ana will contribute ten percent of the operating cost (net of farebox). The M2 Project S funding guidelines for preliminary engineering, approved by the Board in September 2010, specify that operations would be potentially eligible for Congestion Mitigation and Air Quality Improvement funds, and Project S should not be used. However, as the projects have progressed and the financial capacity of Project S has been further reviewed, staff is recommending that Project S be an eligible source for O&M. The use of M2 funds to subsidize O&M of a transit system is consistent with other projects within the M2

transit mode, including Project R- High Frequency Metrolink Service, Project U- Expand Mobility Choices for Seniors and Persons with Disabilities, and Project V-Community Based Transit/Circulators, and allowable under the M2 ordinance.

Twenty percent farebox recovery is assumed in the base year of operations, FY 2018-19, and fare revenue per boarding is assumed to be \$1.17. The fare revenue per boarding estimate is consistent with the current OCTA fixed-route fare revenue per boarding escalated by Consumer Price Index (CPI).

The City of Santa Ana estimates opening year ridership to range between 3,000-5,000 daily riders. Additional opening year ridership modeling will be performed as part of the subsequent phase of project development consistent with FTA New Starts requirements. For the purposes of a draft financial plan, an estimate of 3,400 daily riders is assumed in the base year of operations. This conservative estimate is on the lower end of the ridership range provided and equates to 20 percent farebox return, consistent with federal requirements. Daily ridership of 6,100 in 2035 is also assumed, consistent with the SA/GG environmental impact report (EIR).

Operating Expense Assumptions

Estimated annual operating cost in FY 2018-19 is \$5.97 million, and is based on the SA/GG EIR assumption of \$4.93 million in 2011 escalated by CPI. Estimated annual operating cost in FY 2018-19 net of fare revenue, and the cities of SA/GG contributions is \$4.30 million. Annual revenue hours of 26,364 are assumed consistent with the SA/GG EIR.

Capital Rehabilitation and Replacement Expense Assumptions

The useful life of streetcars can vary between 25 and 50 years dependent on the level of routine maintenance performed on the vehicles. Modern streetcar systems typically utilize a useful life estimate of 30 years, with a midlife cost of \$500,000 per streetcar. Additionally, staff has assumed system rehabilitation cost to be \$1 million every five years which is a reasonable and conservative assumption compared to other street car systems. These costs have been escalated by CPI for each scenario.

Debt Service Assumptions

The interest rate for financing is assumed to be five percent, with final maturity in FY 2039-40. The cost of debt issuance is assumed to be 0.7 percent, with a debt service reserve fund of ten percent per issuance.

Cash flows for each capital funding scenario are provided in Attachments A, B, and C. To provide a comprehensive review of the overall Project S program capacity, the attached cash flows include revenues and expenses based upon estimates OCTA has to date for the Project, rubber-tired projects, and the Anaheim Rapid Connection (ARC) Project. For the Project, once an LPA has been adopted and additional engineering has been completed the project cost will be refined. Additionally, given the early stages of development of the ARC project and project cost and schedule uncertainties, the ARC project estimates are subject to revisions pending updated cost and schedule information provided by the City of Anaheim.

The following table provides a summary of each scenario in terms of the amount of external funding, Project S pay-as-you go funds, total debt issued, total debt service, and ending Project S program balance in FY 2040-41.

Financial Scenarios with Project, Rubber-Tired, and ARC

<i>(\$ in Millions)</i>	Federal Funds	Measure M2 Project S Pay-As-You Go Funds	Debt Issuance Required	Total Debt Service	Ending Project S Program Balance in Fiscal Year 2040-41
Scenario A (New Starts)	294.1	164.1	130.0	226.1	611.1
Scenario B (Small Starts-SA/GG New Starts- ARC)	244.2	139.0	205.0	351.5	502.8
Scenario C (Non-New Starts)	294.1	164.1	130.0	226.1	611.1

Based on current revenue and expenditure assumptions for Project S, it is anticipated that the amount of forecasted Project S revenue (both sales tax revenues and external sources) would be sufficient to meet the funding needs for any one of the Project capital funding scenarios, as well as the other Project S-eligible projects, including the ARC and the rubber-tired projects. Each scenario leaves a significant balance in the Project S program that will provide the financial resources necessary to deliver additional or expanded projects.

Although the three financial scenarios are viable, staff is recommending that OCTA pursue New Starts funding given the project cost estimate and potential for a higher federal funding participation. While the program does present certain constraints, given its highly competitive nature and potential impacts to the Project schedule inherent with federal reviews and approvals, the opportunities that accompany a project deemed meritorious by the FT A are extensive not just for the short-term project benefits, but for the long-term

viability of the transit program in Orange County. The New Starts program is a proven project development framework with expert resources provided by FTA to oversee the Project from engineering through construction. Additionally, pursuing New Starts would not impact current funding commitments on other OCTA projects and programs.

Implementation Plan

The intent of the implementation plan is to identify roles and responsibilities to fund, implement, operate, and maintain the Project. While the terms and definitions of project phases may vary, the implementation of a transit project is not unlike the implementation of a highway project in terms of the range of activities that need to be completed as it relates to project scope, schedule, and budget.

Additionally, the plan serves as a roadmap for the key activities that will need to occur, when they need to occur, and by which agency. The structure of the implementation plan is consistent with the requirements placed on a project pursuing FTA's New Starts funding. Pending Board approval to pursue New Starts, the implementation plan will be utilized to advise FTA that OCTA and the cities of SA/GG have established clear lines of responsibility and commitment to advance the Project beyond initial planning to engineering, design, and construction.

Based upon prior Board direction, input from the City of Santa Ana serving as the lead agency for environmental clearance on behalf of the City of Garden Grove, as well as guidance from the FTA, the implementation plan assumes that OCTA will serve as lead agency for:

- Project development, engineering, construction, operations, and maintenance
- Project sponsor responsible for securing Project funds for capital and operations, including serving as the designated recipient for the pursuit of federal discretionary funds
- Owner of Project assets

To realize certain project efficiencies, and consistent with M2 Project S: Transit Extensions to Metrolink Program, the cities of SA/GG shall serve in the following roles:

- Support in the continued development, engineering, and construction of the Project.

- Provide ten percent annual operating contribution (from the City of Santa Ana)
- Assist with necessary right-of-way (ROW) acquisitions, approvals, and permits, as well as utilities and utility relocation
- Assist with outreach to community members, residents, business owners, and other stakeholders

Based upon these assumptions, the proposed implementation plan provides a breakdown of activities associated with the expected roles and responsibilities (Attachment D). Key activity sections include:

- Project Management
- Financial Planning
- Interagency Agreements
- Environmental Review
- FTA New Starts Evaluation
- Procurement
- ROW Acquisition
- Safety/Security
- Public Involvement
- Design/Engineering
- Construction Management
- Start-up and Testing
- Operations and Maintenance
- Project Closeout

The key activity sections are broken out to demonstrate responsibilities as the lead agency, and when each activity should be initiated, refined, and completed for each of the stages of the FTA-defined New Starts process: Project Development, Engineering, and Full Funding Grant Agreement/Construction. Should Small Starts be pursued, the Project stages are condensed to project development and construction; although similar activities need to be completed as in New Starts, there is one less FTA evaluation, rating, and approval step in Small Starts.

Next Steps

Based upon the proposed implementation plan and support from the cities of SA/GG, staff is seeking Board approval for OCTA to serve as the lead agency for project development, implementation and O&M, and to request from FTA entry into project development based upon the identified roles and responsibilities. Additionally, staff is seeking Board approval to authorize the Chief Executive Officer to negotiate and execute an agreement with the City of Santa Ana and the City of Garden Grove that defines these roles for project development through construction. Staff would return at a later point in the project development process with an agreement for the O&M of the Project.

Once accepted by FTA to enter into project development, OCTA will have two years, per FTA requirements, to complete as much engineering and design work on the Project as needed to confirm project scope and cost. A significant component of this phase will be initiating the project management plan (PMP). The PMP is accompanied by multiple sub-plans and establishes how OCTA will continuously manage the Project during engineering, includes a staffing plan that identifies key personnel, and demonstrates OCTA's management capacity and capability to deliver the Project consistent with a defined scope, schedule, and cost estimate.

Staff is recommending procurement of a project management consultant (PMC) to support staff in managing this effort and will return to the Board for approval to release a request for proposals. The procurement of a PMC is the first of multiple procurements for resources for which staff will seek Board approval to support OCTA in the management, delivery, and O&M of the Project. Staff will return with a full procurement plan and schedule for procuring additional resources as referenced in Attachment E.

Consistent with standard programming practices, OCTA will pursue other available state and federal funding opportunities, including, but not limited to, state cap-and-trade funds.

Summary

Based upon proposed financial and implementation plans, staff is seeking Board of Directors' approval to serve as the implementing lead agency, and operator and maintainer for the Santa Ana/Garden Grove Fixed-Guideway Project. Staff is also seeking Board of Directors' approval to request entrance into project development, the first phase of the New Starts Program, from the Federal Transit Administration.

Attachments

- A. M2 Transit Extensions to Metrolink (Project S) Cash Flow – Scenario A
- B. M2 Transit Extensions to Metrolink (Project S) Cash Flow – Scenario B
- C. M2 Transit Extensions to Metrolink (Project S) Cash Flow – Scenario C
- D. Proposed Project Implementation Plan
- E. Overview of Anticipated Proc urements for Santa Ana/Garden Grove Fixed-Guideway Project

Prepared by:



Kelly Hart
Project Manager
(714) 560-5725

Approved by:



Jim Beil, P.E.
Executive Director, Capital Programs
(714) 560-5646

M2 Transit Extensions to Metrolink (Project S) Cash Flow
 Scenario A: Includes SA/GG and ARC Projects with 50% New Starts Funding

(Millions of Nominal Dollars)

Fiscal Year:	Pgm To Date	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2034	2041	Total Program
Beginning project balance:	-	70.96	73.41	24.71	105.90	82.59	57.14	36.80	21.34	38.05	49.82	291.73	567.90	
Revenue														
Local Revenue														
M2 Sales Tax Revenue	72.62	25.40	27.17	28.78	30.29	31.73	33.03	34.31	35.66	37.07	38.55	58.13	58.12	1,349.07
External Revenue														
SA/GG Federal Grants (50%)	-	-	-	78.46	39.80	6.63	-	-	-	-	-	-	-	124.89
ARC Federal Grants (50%)	-	-	-	-	-	53.14	56.87	59.16	-	-	-	-	-	169.17
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total external revenue	-	-	-	78.46	39.80	59.77	56.87	59.16	-	-	-	-	-	294.06
Net Bond Proceeds	-	-	-	116.09	-	-	-	-	-	-	-	-	-	116.09
Total revenues	72.62	25.40	27.17	223.33	70.09	91.50	89.90	93.46	35.66	37.07	38.55	58.13	58.12	1,753.22
Expenses														
Operating Expenses														
Operating expense - SA/GG	-	-	-	-	-	(4.30)	(4.34)	(4.39)	(4.44)	(4.49)	(4.53)	(4.95)	(5.75)	(111.59)
Operating expense - ARC	-	-	-	-	-	-	-	(3.82)	(3.87)	(3.93)	(3.99)	(4.60)	(5.38)	(83.94)
Operating cost - Rubber Tired Program	(1.67)	(1.04)	(1.06)	(1.09)	(1.11)	(1.14)	(1.17)	(1.20)	(1.22)	(1.25)	(1.28)	(1.62)	(1.92)	(40.38)
Total operating expenses	(1.67)	(1.04)	(1.06)	(1.09)	(1.11)	(5.44)	(5.51)	(9.40)	(9.54)	(9.67)	(9.81)	(11.17)	(13.04)	(246.92)
Capital Expenses														
Streetcar Project Development & Capital *														
SA/GG	-	-	(53.19)	(123.51)	(62.66)	(10.43)	-	-	-	-	-	-	-	(249.79)
ARC	-	(21.91)	(16.38)	(2.75)	(20.21)	(91.67)	(95.30)	(90.10)	-	-	-	-	-	(338.33)
Streetcar Rehab & Replacement														
SA/GG Streetcar Rehab	-	-	-	-	-	-	-	-	-	-	-	(5.61)	-	(5.61)
ARC Streetcar Rehab	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.41)
Streetcar System Rehab														
SA/GG Other Rehab	-	-	-	-	-	-	-	-	-	-	(1.27)	(1.60)	-	(6.11)
ARC Other Rehab	-	-	-	-	-	-	-	-	-	-	-	-	(1.89)	(6.40)
Rubber Tired Program	-	-	(5.24)	(5.37)	-	-	-	-	-	(6.20)	(6.35)	-	-	(55.36)
Other capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditures	-	(21.91)	(74.82)	(131.63)	(82.86)	(102.10)	(95.30)	(90.10)	-	(6.20)	(7.62)	(7.22)	(1.89)	(670.01)
Debt Service	-	-	-	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	-	(226.11)
Total Expenditures:	(1.67)	(22.95)	(75.86)	(142.14)	(93.40)	(116.96)	(110.23)	(108.93)	(18.96)	(25.29)	(26.84)	(27.82)	(14.94)	(1,142.13)
Ending project balance:	70.96	73.41	24.71	105.90	82.59	57.14	36.80	21.34	38.05	49.82	61.53	322.05	611.09	

* Estimate includes engineering and final design costs. Preliminary engineering funds have been previously programmed through federal S307 funds but are not eligible for use pending OCTA/FTA approval.

M2 Transit Extensions to Metrolink (Project S) Cash Flow
 Scenario B: Includes SA/GG (Small Starts Funding) and ARC (New Starts Funding) Projects

(Millions of Nominal Dollars)

Fiscal Year	Pgm To Date	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2034	2041	Total
Beginning project balance:	-	70.96	73.41	24.71	95.07	54.05	24.13	42.74	21.56	32.56	38.63	223.42	459.60	
<u>Revenue</u>														
Local Revenue														
M2 Sales Tax Revenue	72.62	25.40	27.17	28.78	30.29	31.73	33.03	34.31	35.66	37.07	38.55	58.13	58.12	1,343.07
External Revenue														
SA/GG Small Starts Federal Grants	-	-	47.12	23.90	3.98	-	-	-	-	-	-	-	-	75.00
ARC New Starts Federal Grants	-	-	-	-	53.14	56.87	59.16	-	-	-	-	-	-	169.17
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total external revenue	-	-	47.12	23.90	57.12	56.87	59.16	-	-	-	-	-	-	244.17
Net Bond Proceeds	-	-	-	138.42	-	-	44.65	-	-	-	-	-	-	183.07
Total revenues	72.62	25.40	27.17	214.31	54.19	88.85	134.55	93.46	35.66	37.07	38.55	58.13	58.12	1,770.30
<u>Expenses</u>														
<u>Operating Expenses</u>														
Operating expense - SA/GG	-	-	-	-	-	(4.30)	(4.34)	(4.39)	(4.44)	(4.49)	(4.53)	(4.95)	(5.75)	(111.69)
Operating expense - ARC	-	-	-	-	-	-	-	(3.82)	(3.87)	(3.93)	(3.99)	(4.60)	(5.38)	(93.94)
Operating cost - Rubber Tired Program	(1.67)	(1.04)	(1.06)	(1.09)	(1.11)	(1.14)	(1.17)	(1.20)	(1.22)	(1.25)	(1.28)	(1.62)	(1.92)	(40.38)
Total operating expenses	(1.67)	(1.04)	(1.06)	(1.09)	(1.11)	(1.14)	(1.17)	(1.20)	(1.22)	(1.25)	(1.28)	(1.62)	(1.92)	(246.02)
<u>Capital Expenses</u>														
Streetcar Project Development & Capital *														
SA/GG	-	-	(53.19)	(123.51)	(62.66)	(10.43)	-	-	-	-	-	-	-	(249.79)
ARC	-	(21.91)	(16.39)	(2.75)	(20.21)	(91.67)	(95.30)	(90.10)	-	-	-	-	-	(338.33)
Streetcar Rehab & Replacement														
SA/GG Streetcar Rehab	-	-	-	-	-	-	-	-	-	-	-	(5.61)	-	(5.61)
ARC Streetcar Rehab	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.41)
Streetcar System Rehab														
SA/GG Other Rehab	-	-	-	-	-	-	-	-	-	-	(1.27)	(1.60)	-	(6.11)
ARC Other Rehab	-	-	-	-	-	-	-	-	-	-	-	-	(1.89)	(6.40)
Rubber Tired Program	-	-	(5.24)	(5.37)	-	-	-	-	-	(6.20)	(6.35)	-	-	(55.38)
Other capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditures	-	(21.91)	(74.82)	(131.63)	(82.86)	(102.10)	(95.30)	(90.10)	-	(6.20)	(7.62)	(7.22)	(1.89)	(670.01)
Debt Service	-	-	-	(11.23)	(11.23)	(11.23)	(15.13)	(15.13)	(15.13)	(15.13)	(15.13)	(15.13)	-	(351.49)
Total Expenditures:	(1.67)	(22.95)	(75.88)	(143.96)	(95.21)	(118.77)	(115.95)	(114.64)	(24.67)	(31.00)	(32.55)	(33.53)	(14.94)	(1,267.51)
Ending project balance:	70.96	73.41	24.71	95.07	54.05	24.13	42.74	21.56	32.56	38.63	44.62	248.02	502.79	

* Estimate includes engineering and final design costs. Preliminary engineering funds have been previously programmed through federal 5307 funds but are not eligible for use pending OCTA/FTA approval.

M2 Transit Extensions to Metrolink (Project S) Cash Flow
 Scenario C: Includes SA/GG and ARC Projects with 50% Federal/Non-New Starts Funding

(Millions of Nominal Dollars)

Fiscal Year:	Pgm To Date	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2034	2041	Total
Beginning project balance:	-	70.96	73.41	68.71	129.43	138.39	93.16	55.98	21.34	38.05	49.83	291.73	567.90	
<u>Revenue</u>														
Local Revenue														
M2 Sales Tax Revenue	72.62	25.40	27.17	28.78	30.29	31.73	33.03	34.31	35.66	37.07	38.55	58.13	58.12	1,343.07
External Revenue														
SA/GG Federal Grants (50%)	-	-	44.00	40.00	40.89	-	-	-	-	-	-	-	-	124.89
ARC Federal Grants (50%)	-	-	-	18.00	31.17	40.00	40.00	40.00	-	-	-	-	-	169.17
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total external revenue	-	-	44.00	58.00	72.06	40.00	40.00	40.00	-	-	-	-	-	294.06
Net Bond Proceeds	-	-	-	116.09	-	-	-	-	-	-	-	-	-	116.09
Total revenues	72.62	25.40	71.17	202.87	102.35	71.73	73.03	74.31	35.66	37.07	38.55	58.13	58.12	1,753.22
<u>Expenses</u>														
<u>Operating Expenses</u>														
Operating expense - SA/GG	-	-	-	-	-	(4.30)	(4.34)	(4.39)	(4.44)	(4.49)	(4.53)	(4.95)	(5.75)	(111.69)
Operating expense - ARC	-	-	-	-	-	-	-	(3.82)	(3.87)	(3.93)	(3.98)	(4.60)	(5.38)	(93.94)
Operating cost - Rubber Tired Program	(1.67)	(1.04)	(1.06)	(1.09)	(1.11)	(1.14)	(1.17)	(1.20)	(1.22)	(1.25)	(1.28)	(1.62)	(1.92)	(40.38)
Total operating expenses	(1.67)	(1.04)	(1.06)	(1.09)	(1.11)	(5.44)	(5.51)	(9.40)	(9.54)	(9.67)	(9.81)	(11.17)	(13.04)	(246.02)
<u>Capital Expenses</u>														
Streetcar Project Development & Capital *														
SA/GG	-	-	(53.19)	(123.51)	(62.66)	(10.43)	-	-	-	-	-	-	-	(249.79)
ARC	-	(21.91)	(16.39)	(2.75)	(20.21)	(91.67)	(95.30)	(90.10)	-	-	-	-	-	(336.33)
Streetcar Rehab & Replacement														
SA/GG Streetcar Rehab	-	-	-	-	-	-	-	-	-	-	-	(5.61)	-	(5.61)
ARC Streetcar Rehab	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.41)
Streetcar System Rehab														
SA/GG Other Rehab	-	-	-	-	-	-	-	-	-	-	(1.27)	(1.60)	-	(6.11)
ARC Other Rehab	-	-	-	-	-	-	-	-	-	-	-	-	(1.89)	(6.40)
Rubber Tired Program	-	-	(5.24)	(5.37)	-	-	-	-	-	(6.20)	(6.35)	-	-	(55.36)
Other capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditures	-	(21.91)	(74.82)	(131.63)	(82.86)	(102.10)	(95.30)	(90.10)	-	(6.20)	(7.62)	(7.22)	(1.89)	(670.01)
Debt Service	-	-	-	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	(9.42)	-	(226.11)
Total Expenditures:	(1.67)	(22.95)	(75.88)	(142.14)	(93.40)	(116.96)	(110.23)	(108.93)	(18.96)	(25.29)	(26.84)	(27.82)	(14.94)	(1,142.13)
Ending project balance:	70.96	73.41	68.71	129.43	138.39	93.16	55.96	21.34	38.05	49.83	61.54	322.05	611.09	

* Estimate includes engineering and final design costs. Preliminary engineering funds have been previously programmed through federal 5307 funds but are not eligible for use pending OCTA/FTA approval.

PROPOSED PROJECT IMPLEMENTATION PLAN

SECTION	SUBSECTIONS	PROPOSED RESPONSIBLE PARTY*	Pre-Project Development		Project Development (Entry: Apr 1, 2015)				Engineering (Entry: Jul 1, 2016)				Construction (FGA: Oct 1, 2017)								Testing / Start-up		Ops				
			2014		2015		2016		2017		2018		2019				2020										
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
PROJECT MANAGEMENT																											
Project Staffing	Org Chart - should include reporting and functional relationships	Orange County Transportation Authority (OCTA)																									
	Develop staffing plan																										
	Project management/staff experience																										
Project Definition	Description of Alternatives	OCTA/CSA																									
	Project Maps																										
	Purpose and Need																										
	Travel Forecasting																										
	Operating Plan(s)																										
	Selection of Locally Preferred Alternative (LPA) by City of Santa Ana (CSA)																										
	OCTA Board of Directors approves completion of the LPA by CSA																										
Project Schedule	Basis of Schedule																										
	Refined schedule - utilizes scheduling software																										
	Full schedule - including construction, testing, and startup																										
Technical and Legal Capacity	Technical Capacity	OCTA																									
	Legal Capacity																										
Project Management Plan	Risk Management Plan	OCTA																									
	Rail Fleet Management Plan																										
	Bus Fleet Management Plan																										
	Safety and Security Plan																										
	Real Estate Management Acquisition Plan (RAMP)																										
	Quality Assurance/Quality Control Plan																										
	Materials Testing Plan																										
	Project Controls Plan																										
	Contingency Management Plan																										
	Start-up and Testing Plan																										
FINANCIAL PLANNING																											
Financial Plan	Capital Cost, Unit Costs, and Contingencies (SCC Workbook)	OCTA/CSA																									
	Operating and Maintenance Cost, Methodology																										
	Project cash flow - 20 years																										
	Agency capital and O&M cash flow - 20 years																										
	FTA Coordination																										
Quarterly Financial Reviews	Coordination of financial planning for project with CSA and the Federal Transit Administration (FTA)	OCTA/CSA/FTA																									
Project Funding	Capital	OCTA/CSA																									
	Operations and Maintenance																										
Establish Project Budget	Identify and Commit Local Funding Sources	OCTA/CSA																									
	Ensure project included in Transportation Improvement Program, Statewide Transportation Improvement Program, Financially-Constrained Regional Transportation Plan																										
Lifecycle Cost Planning	Capital	OCTA/CSA																									
	Operations and Maintenance																										
	Consideration of State of Good Repair needs/projects																										
GOVERNANCE / INTERAGENCY AGREEMENTS																											
Intergovernmental Agreements	Identify and Draft Agreement of Project Responsibilities	OCTA/CSA																									
	Right-of-Way (ROW) Use Agreement																										
	Utility Agreement																										
Third-Party Agreements	Private utility relocation agreements	OCTA/CSA																									
	Master permitting plan and schedule																										
	Public/private funding agreements																										
Project Oversight	Local - OCTA	OCTA																									
	Federal - Project Management Oversight Committee	OCTA/FTA																									

SECTION	SUBSECTIONS	PROPOSED RESPONSIBLE PARTY*	Pre-Project Development		Project Development (Entry: Apr 1, 2015)				Engineering (Entry: Jul 1, 2016)				Construction (FFGA: Oct 1, 2017)				Testing / Start-up		Ops
			2014		2015		2016		2017		2018		2019		2020				
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ENVIRONMENTAL REVIEW																			
Prepare environmental documentation	Federal	CSA																	
	State - California Environmental Quality Act	CSA																	
Document Review	OCTA Board Approves Completion of Draft Environmental Document	OCTA																	
	Final EIR Certification by Santa Ana City Council	CSA																	
	FTA Issues Finding of No Significant Impact	FTA																	
Implementation of findings/mitigation	Ensure measures included in procurement, design	OCTA/CSA																	
	Construction monitoring	OCTA/CSA																	
FTA NEW STARTS EVALUATION																			
Project Justification Criteria	Cost effectiveness	OCTA/FTA																	
	Land use																		
	Economic Development																		
	Mobility Improvements																		
	Congestion Relief																		
	Environmental Benefits																		
Local Financial Commitment	Current Capital and Operating Condition	OCTA/CSA/FTA																	
	Commitment of Capital and Operating Funds																		
	Reasonableness of the Financial Plan																		
PMOC Reviews, Coordination	Ongoing project review with FTA Contractor	OCTA/FTA																	
Before and After Study	Before survey	OCTA/FTA																	
	After survey																		
	Work plan																		
	Interim deliverables																		
	Final study																		
FTA Coordination	Project development reviews	OCTA/FTA																	
	Commitment of capital and operating funds	OCTA/FTA																	
	Negotiate Full Funding Grant Agreement - Final Financial Plan	OCTA/CSA																	
Asset Management / State of Good Repair	Include project in OCTA asset management plan	OCTA																	
	Outline timing, needs for SOGR projects																		
PROCUREMENT																			
Establish Contract Implementation Plan	Consideration of project delivery methods	OCTA																	
	Establish approach to operations and maintenance																		
Materials Procurement	Establish party responsible for procurement of materials	OCTA																	
Vehicle Procurement	Request for Information / Request for Quotation - information collection	OCTA																	
	Request for Proposal																		
	Contract award																		
	Oversight during manufacturing / inspection																		
	Delivery																		
	Vehicle Acceptance																		
ROW																			
Acquire ROW	Develop RAMP	OCTA/CSA																	
	Title reports and appraisals																		
	Maintenance Facility																		
	Project related ROW																		
SAFETY AND SECURITY																			
Safety certification	Develop and complete checklists	OCTA																	
California Public Utilities Commission	Ongoing coordination	OCTA/CSA																	
PUBLIC INVOLVEMENT																			
Public Outreach Plan	Develop and refine public outreach plan	OCTA/CSA																	
	During planning, environmental process																		
	During construction																		
Media Relations	Ongoing coordination	OCTA/CSA																	

SECTION	SUBSECTIONS	PROPOSED RESPONSIBLE PARTY*	Pre-Project Development		Project Development (Entry: Apr 1, 2015)				Engineering (Entry: Jul 1, 2016)				Construction (FFGA: Oct 1, 2017)				Testing / Start-up		Ops				
			2014		2015		2016		2017		2018		2019		2020								
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
DESIGN AND ENGINEERING																							
Design criteria	Develop design criteria manual	OCTA																					
Utility Relocation	Identify location, type, and quantities	OCTA/CSA																					
Project Cost Estimation	Capital	OCTA/CSA																					
	Operations and Maintenance																						
Geotech Report	Establish baseline report	OCTA																					
Value Engineering	Process to identify and include efficiencies in design, const.	OCTA																					
Design (Exact approach will depend on project delivery method selected)	Procure designer	OCTA																					
	Conceptual Engineering: Approximately ten percent	CSA																					
	Preliminary Engineering: Approximately 30 percent Design	OCTA/CSA																					
	Final Design: Design Completion	OCTA																					
Maintenance and Storage Facility	Site Location	OCTA/CSA																					
	Layout and Design																						
CONSTRUCTION MANAGEMENT																							
Contract Phasing	Establish sequencing of construction; link milestones across contracts	OCTA/CSA																					
Project Controls	Document and Records Control	OCTA																					
	Internal reporting procedures																						
	Cost Control Procedures																						
	Schedule Control Procedures																						
	Risk Control Procedures																						
Coordination	Third Party	OCTA/CSA																					
	Maintenance of Intergovernmental Agreements																						
Inspection	Document and Records Control	OCTA																					
	Internal reporting procedures																						
Risk Management	Process established	OCTA/FTA																					
	Risk assessment / Risk Management Plan																						
	Risk Monitoring																						
Maintenance and Storage Facility	Construction	OCTA/CSA/FTA																					
START-UP AND TESTING																							
Testing	Testing of project, line	OCTA																					
Education	Opening Activities	OCTA																					
	Safety Awareness																						
	Rider Communications																						
Training Plan	Staff	OCTA																					
OPERATIONS																							
Labor Relations and Policies	Wage rates and classifications	OCTA																					
	Wage and hour requirements																						
	State and local regulations																						
Performance Monitoring	Ongoing monitoring of mechanical project elements	OCTA																					
	Ongoing monitoring of operational performance																						
MAINTENANCE																							
Preventative Maintenance	Ongoing required maintenance of capital project elements	OCTA																					
Vehicle Maintenance Planning	Ongoing required maintenance of capital project elements	OCTA																					
PROJECT CLOSEOUT																							
Closeout materials	Adherence to FTA project close-out procedures	OCTA/FTA																					

* Responsibility subject to change pending completion of PMP and ongoing discussions with the Cities of Santa Ana and Garden Grove

Overview of Anticipated Procurements for Santa Ana/Garden Grove
Fixed-Guideway Project

Type of Service	Scope of Activities	Anticipated Schedule for Release-Duration
Project Management/ Construction Management Consultant	Oversee engineering and construction activities on behalf of Orange County Transportation Authority	2014-2019
Design/Engineering	Through Final Design, including Right-of-Way	2015-2017
Construction	Capital, vehicles, utilities	2017-2019
Operations and Maintenance	Operations and Maintenance Contract(s)	2018



COMMITTEE TRANSMITTAL

June 9, 2014

To: Members of the Board of Directors

From: ^{WK}
Wendy Knowles, Clerk of the Board

Subject: Measure M2 Environmental Mitigation Program Update

Regional Planning and Highways Committee Meeting of June 2, 2014

Present: Directors Donchak, Harper, Lalloway, Miller, Murray, Nelson,
and Spitzer

Absent: Director Bates

Committee Vote

This item was passed by the Members present.

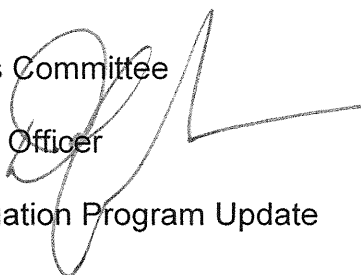
Committee Recommendation

Receive and file as an information item.



June 2, 2014

To: Regional Planning and Highways Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Measure M2 Environmental Mitigation Program Update



Overview

Measure M2 includes a program to deliver comprehensive mitigation for the environmental impacts of freeway projects in exchange for streamlined project approvals from the state and federal resources agencies. To date, the program has acquired a number of open space properties and provided funding for habitat restoration projects. A status report, including upcoming activities and next steps, is presented.

Recommendation

Receive and file as an information item.

Background

Measure M2 (M2) includes an innovative environmental mitigation program. Under this program, biological impacts from the M2 freeway program of projects are addressed through a consolidated plan rather than a piecemeal project-by-project effort. In exchange, state and federal resources agencies (consisting of the California Department of Fish and Wildlife [CDFW] and the United States Fish and Wildlife Service [USFWS]) agreed to fast-track the permitting process and entered into a master agreement for the M2 freeway projects. The goal of the program is to deliver more effective mitigation while supporting faster delivery of M2 freeway improvements.

The Environmental Mitigation Program (Mitigation Program) was launched in fall 2007 with the creation of the Environmental Oversight Committee (EOC). The EOC provides guidance on program design and funding recommendations for consideration and approval by the Board of Directors (Board).

The EOC consists of representatives of the Orange County Transportation Authority (OCTA) Board, resources agencies, environmental stakeholders, and

public members as called for in the M2 Ordinance. Director Patricia Bates is chair of the EOC, and Director Lori Donchak is also a member.

During the initial years of the program, OCTA entered into an agreement with the California Department of Transportation, CDFW, and USFWS to establish the roles and responsibilities of the respective agencies. The Board then developed policy to guide implementation, which included:

- A science-based approach to identify and prioritize mitigation areas;
- Property acquisition and habitat restoration to address diverse mitigation needs;
- A voluntary property acquisition process with offers based on an appraisal of the selected properties;
- Identification of long-term property management and maintenance costs in the evaluation of property acquisitions or restoration projects;
- Consideration of public access, where feasible, as a co-benefit in the property acquisition criteria, as well as in the restoration project selection criteria;
- Planning for the transition of long-term property management and maintenance responsibilities to an agency or entity other than OCTA;
- Integration of the acquired properties (Preserves) and restoration projects into the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP) to obtain maximum assurances from CDFW and USFWS on the permitting process.

The estimated revenue forecast for this program is approximately \$300 million over the life of the sales tax measure. To date, OCTA has committed approximately \$160 million of the program revenue towards a number of major activities, including:

- Acquisition of six open space properties/preserves totaling 1,150 acres;
- Funding for 11 habitat restoration projects;
- Funding for interim and long-term land management efforts;
- Preparation of an NCCP/HCP and associated draft environmental impact report/environmental impact statement (DEIR/EIS);
- Preparation of six Resource Management Plans (RMPs) for the acquired properties to outline management responsibilities;
- Debt financing for early property acquisition;
- Outreach to the community and stakeholders including hiking and equestrian tours of the Ferber Ranch property to introduce the public to the NCCP/HCP, as well as future opportunities for tours planned in late spring and late summer 2014.

OCTA's commitment to this program and collaborative work with the resources agencies and environmental stakeholders has contributed to the advancement of the M2 freeway projects.

Discussion

Upcoming milestones for the Mitigation Program involve the completion and public release of the NCCP/HCP, DEIR/EIS, and the RMPs. Other milestones include activities related to property acquisition/restoration efforts, establishing endowment parameters for land management, and determining future funding priorities.

The NCCP/HCP identifies conservation strategies and mitigation measures, as well as the long-term management requirements of the Preserves. A DEIR/EIS has also been prepared for the NCCP/HCP. The Board authorized public release of the draft NCCP/HCP and DEIR/EIS in late January 2014. The public release of the NCCP/HCP and the associated DEIR/EIS has been delayed to accommodate management and legal reviews by the resources agencies. It is anticipated the public review process will now take place in late summer 2014 instead of the second quarter of the year. OCTA staff and consultants have been working with the resources agencies to address comments and revisions, but more time is needed to complete the process. The time taken upfront to make these refinements to the documents will enable a more expeditious approval process.

Once the NCCP/HCP has been finalized, there will be a 90-day public comment period, which provides an opportunity to gather feedback from stakeholders and address public concerns. The stakeholders will be notified of the public release, community meetings will be scheduled, and all of the documents will be available online.

The NCCP/HCP mitigation commitments will also be utilized to help satisfy the regulatory requirements for jurisdictional waters and wetlands. The Army Corps of Engineers and the State Water Resources Control Board (regulatory agencies) will issue permits, pursuant to the state and federal Clean Water Acts for the construction of the M2 freeway projects. This is a separate, but equally important, process in streamlining the delivery of the M2 freeway projects.

The M2-funded restoration projects (Attachment A) also provide mitigation credits to compensate for construction impacts anticipated from the 13 freeway projects. These restoration projects were approved for funding by the OCTA Board in two separate groups (2010 and 2012). The projects are being implemented by

project sponsors (various cities and non-profit entities) within Orange County. Many of these projects have received resources and regulatory agency approvals and are well underway. Some of these project sponsors are still developing restoration plans. OCTA staff and OCTA consultants are assisting project sponsors through this necessary compliance process.

In conjunction with the preparation of the NCCP/HCP, RMPs also are being developed for each of the Preserves (six to date). These plans outline how the responsibilities to manage the biological resources of the Preserves will be carried out while taking into consideration compatible limited public access. It is important to note that the Preserves must be managed consistent with the goals and objectives outlined in the NCCP/HCP. The RMPs are typically not required to be prepared until the NCCP/HCP is approved. However, recognizing the importance of public access, five of the six RMPs are being prepared now and in parallel to the NCCP/HCP and DEIR/EIS to expedite this process. The RMP for the newly acquired MacPherson Preserve will be developed once the biological baseline surveys are completed for that property. The intent is to provide guidance for the ongoing protection and preservation of the natural resources found within each Preserve as the primary directive. The RMPs will address fire protection issues, accommodate, where feasible, safe public access of the Preserves, and will outline the management and monitoring criteria for each property. Concurrent with this process, revenues will be needed to address the long-term management of the Preserves.

In January 2014, the Board directed the EOC to recommend a long-term funding plan for the Mitigation Program and guidance for the establishment of the management endowment. Since then, staff has been working with an ad-hoc subcommittee of the EOC to analyze various options and establish recommended parameters for the endowment. These include:

- Identification of the appropriate level of management within the NCCP/HCP;
- Consideration of the constraints/opportunities for OCTA versus a third-party investor for the endowment;
- Reviewing OCTA's investment policy to determine if it is appropriate for a long-term endowment; and
- Outlining different endowment deposit schedules.

Subsequently, work will proceed on developing a set of guiding principles for the long-term funding plan. Recommendations on both the endowment and the funding plan are expected from the EOC. These recommendations will be forwarded to the Finance and Administration Committee, and then to the Board for approval before the end of the calendar year.

OCTA has worked closely with the resources agencies to acquire 1,150 acres of open space property and fund 11 restoration projects. Currently, one additional property (approximately 150 acres) is under consideration for acquisition, and there will be an upcoming call for restoration projects (anticipated for 2016) targeting specific watersheds related to the freeway projects. With the culmination of these efforts, OCTA will be well positioned to meet the mitigation goals of the NCCP/HCP.

Once the NCCP/HCP and DEIR/EIS are complete, OCTA staff will focus on developing criteria for long-term land managers, executing conservation easements on the Preserves. Staff will also continue to monitor the interim and future long-term land managers for activities on the OCTA Preserves.

Summary

Measure M2 includes an Environmental Mitigation Program that provides funding for programmatic mitigation to off-set impacts of the 13 freeway projects. To expedite the delivery of the freeway projects, this program was initiated in 2007 to implement early project mitigation through property acquisition and habitat restoration. The program will be administered through a Natural Community Conservation Plan/Habitat Conservation Plan that is in the final stages of completion. An overview of the progress to date and the upcoming milestones are discussed for Board of Directors' review and information.

Attachment

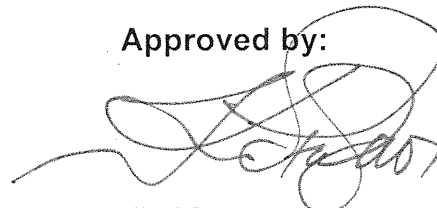
- A. Orange County Transportation Authority Environmental Mitigation Program Restoration Projects

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Approved by:



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Orange County Transportation Authority Environmental Mitigation Program Restoration Projects

Restoration Projects	Sponsors	Cost	Approximate Acreage	Geographic Area	Targeted Habitat Types
City Parcel	City of San Juan Capistrano	\$1,500,000	53	San Juan Capistrano	Riparian corridor, upland coastal sage scrub (CSS), oak woodland, and native grassland
Fairview Park	City of Costa Mesa	\$2,000,000	23	Costa Mesa	Wetlands, native grassland, CSS, willow scrub, oak woodland
Irvine Ranch	The New Irvine Ranch Conservancy	\$1,450,000	94.9	Irvine	Chaparral, CSS, coast live oak/sycamore, oak woodland, native grassland, and riparian
UCI Ecological Reserve	Nature Reserve of Orange County	\$325,000	8.5	Irvine	Cactus scrub
Big Bend	Laguna Canyon Foundation	\$87,500	3.7	Laguna Beach	Upland CSS, riparian woodland
Aliso Creek	Laguna Canyon Foundation	\$1,105,000	55	Laguna Niguel	Riparian
Chino Hills State Park	California Department of Parks and Recreation	\$193,000	21	Yorba Linda	Willow riparian, oak-walnut woodland, cactus scrub
Harriett Weider Regional Park	Bolsa Chica Conservancy	\$475,000	8.2	Huntington Beach	Native grassland, CSS, riparian
Lower Silverado Canyon	The New Irvine Ranch Conservancy	\$1,399,580	44	County of Orange	Riparian
North Coal Canyon	California Department of Parks and Recreation	\$247,500	5.5	Yorba Linda	Riversidian Alluvial fan CSS
West Loma	The New Irvine Ranch Conservancy	\$1,296,000	80	County of Orange	Scrub, riparian
		\$10,078,580			



COMMITTEE TRANSMITTAL

June 23, 2014

To: Members of the Board of Directors
From: Wendy Knowles, ^{WK} Clerk of the Board
Subject: Measure M2 Fare Stabilization Update

Finance and Administration Committee Meeting of June 11, 2014

Present: Directors Bates, Hennessey, Jones, Lalloway, Moorlach, Spitzer, and Ury
Absent: Director Pulido

Committee Vote

This item was passed by the Members present.

Committee Recommendations (Reflects a change from Staff's Recommendation)

- A. Direct staff to develop solutions to address the shortfall in the senior and disabled fare stabilization program revenue utilizing funds within the Measure M2 Transit Program, or any other alternatives, as part of the Measure M2 Ten-Year Comprehensive Program Review.
- B. Direct staff to continue to return to the Finance and Administration Committee and the Board of Directors on an annual basis to provide an update on the status of the fare stabilization program.



June 11, 2014

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Measure M2 Fare Stabilization Update

Overview

Measure M2 allocates one percent of net revenues to stabilize fares for seniors and persons with disabilities under Project U. Due to the significant decrease in projected revenue available for Project U as compared to the original projections in 2005, it is anticipated that the one percent allocation will be insufficient to meet projected expenditures over the life of the Measure M2 Program.

Recommendations

- A. Direct staff to develop solutions to address the shortfall in the senior and disabled fare stabilization program revenue utilizing funds within the Measure M2 Transit Program as part of the Measure M2 Ten-Year Comprehensive Program Review.
- B. Direct staff to continue to return to the Finance and Administration Committee and the Board of Directors on an annual basis to provide an update on the status of the fare stabilization program.

Background

Since inception in 1991, the Measure M1 (M1) Program transit mode has included funding for the stabilization of senior and disabled passenger fares. The M1 Program allocated \$20 million (\$1 million per year) to fund this program. Age eligibility for a senior during M1 was consistent with the Federal Transit Administration's definition of a senior, which was age 65 or greater. The M1 Ordinance was silent as to the required percentage of fares that M1 would stabilize. As a result, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved a policy that stabilized fares for seniors and persons with disabilities at an amount that matched the \$20 million in M1 revenues.

Measure M2 (M2) Project U continued funding for the stabilization of senior and disabled passenger fares by allocating one percent of the net revenues for this purpose. M2 applies a less restrictive age eligibility requirement, defining a senior as age 60 or greater. Unlike M1, M2 provides specific guidance that fares will be stabilized “in an amount equal to the percentage of partial funding of fares for seniors and persons with disabilities as of the effective date of the ordinance.”

When the M2 Program was developed in fiscal year (FY) 2005-06, sales tax revenue based on the original three-university forecast was anticipated to reach \$232 million over the 30-year period for the program. Based on projected ridership figures at the time, this amount of revenue was sufficient to meet the ordinance requirements of the percentage of partial funding of fares, while also lowering the age requirement from 65 to 60.

Forecasts for M2 sales tax collections based on the FY 2013 three-university forecast are now lower than the original estimate by approximately 35 percent. As a result, the amount of M2 sales tax revenues projected for the Fare Stabilization Program has dropped from \$232 million to \$148 million over the 30-year M2 period. Despite the large reduction in forecasted revenue, the M2 Ordinance still requires the Fare Stabilization Program to continue to fund the same percentage of partial funding as of the effective date of the M2 Ordinance, which was November 8, 2006. This requirement limits the OCTA’s flexibility to reduce fare stabilization expenditures commensurate with the reduction in revenue.

Staff has continually monitored the financial viability of the M2 Fare Stabilization Program. On February 14, 2011, the Board approved M2 Project U Funding and Policy Guidelines. At that time, a potential shortfall in the Fare Stabilization Program was already being forecasted due to the drop in M2 sales tax collections. As a result, the Board directed staff to utilize unallocated funds from the Senior Mobility Program (SMP), also a Project U Program, to help backfill the shortfall in the Fare Stabilization Program. Over the 30-year period of M2, this provides approximately \$6 million to the Fare Stabilization Program.

Even with the backfill of the SMP, current projections are that the amount of M2 sales tax revenue dedicated to the fare stabilization program will be \$154 million. The projected need to fulfill the M2 Ordinance requirement is \$248 million (Attachment A).

Staff has provided annual updates on the Fare Stabilization Program to the Finance and Administration (F&A) Committee and the Board. On

February 26, 2014, the F&A Committee requested that staff return in May with potential solutions to the funding shortfall.

Discussion

Staff has analyzed potential solutions to address the shortfall in program funding. The potential solutions include: 1) addressing the shortfall with funds from another M2 Transit Program; 2) continue the program as-is and utilize funds from a non-M2 program to fill the funding gap; 3) continue the program at current funding levels, and then end the program once funds are exhausted; 4) amend the M2 ordinance to align program expenditures with program revenue.

In order to accommodate the fare stabilization requirement as it is written in the Ordinance, 1.68 percent of the net M2 revenues would be required (versus one percent allocated within the Ordinance). One solution to addressing the shortfall in the Fare Stabilization Program would be to utilize funds from one of the other M2 transit programs (Projects R, S, T, U, V or W – Attachment B). This solution keeps the promise made to senior and disabled riders and does not transfer the financial commitment to the riders or other OCTA programs.

This solution would be similar to other programs in M1 or M2. As some projects or programs have been completed under budget and satisfied the Ordinance commitments, the remaining funds have been allocated to other projects in the mode that could use the funding. The M2 Ordinance requires that a Ten-Year Comprehensive Program Review be conducted for precisely this purpose. As part of that review, staff will be evaluating the entire M2 Program, including projects within the M2 Transit Program, and potential programmatic changes may be recommended. This option would require a transfer of funds between M2 transit projects, would require approval by a vote of not less than two thirds of the Taxpayers Oversight Committee, and approval by the Board.

The Ten-Year Comprehensive Program Review will begin in the next year. If it is determined that one of the other transit programs within M2 has excess funds after meeting the voter commitments, it is an attractive option for filling the fare stabilization deficit. This option keeps all of the original promises of the M2 Ordinance while not raising fares for seniors or disabled riders, or utilizing funds from another OCTA funding source outside of M2. As such, staff is recommending that the Board direct staff to look at this option as part of the Ten-Year Comprehensive Program Review.

A second option would allow the program to operate as-is and run an annual deficit. Under this option, one percent of the net M2 revenue would be transferred to bus operations each year to stabilize fares, and the annual shortfall would be absorbed by bus operations. Though the annual deficit is estimated to be small over the next six years, it grows substantially over the final 21 years of the program, and would likely lead to service reductions in order to absorb the reduction in funding. This option would continue to stabilize fares for seniors, but does so at the expense of service to all riders of the bus system.

The third option would allow the Fare Stabilization Program to make annual transfers larger than one percent in order to cover the cost of the program, but would discontinue the program once the program's estimated revenue has been exhausted. Based on anticipated revenue and expenditures, funds for the Fare Stabilization Program would be exhausted by FY 2033-34. Once the funds are exhausted, the amount needed to subsidize fares would be approximately \$12.4 million per year, increasing to \$16.6 million by FY 2039-40. This amount would need to be subsidized by external sources such as passenger fares, funds from the bus program, or fixed-route service levels would need to be adjusted to match the reduction in ongoing revenue.

The fourth option would allow OCTA to match ongoing expenditures with revenue by amending the language in the M2 Ordinance. By amending the Ordinance, OCTA could reduce expenditures by increasing the eligibility age or eliminating the requirement that the Fare Stabilization Program fund the same percentage of funding as of the effective date of the M2 Ordinance.

If OCTA were to increase the eligibility age in order to match ongoing expenditures with revenue, the eligibility age would need to be increased to 68. Doing so would eliminate the entire subsidy for seniors between the ages of 60 to 67. The decrease in subsidy would result in a cost increase for that group of riders of approximately 63 percent. This would have a substantial negative impact on ridership for seniors between 60 and 67 years of age.

Alternatively, if the Ordinance allowed the percentage of funding to change, the subsidy percentages could be reduced to match ongoing revenues. Under this scenario, the subsidy would be decreased for all ages of senior riders, and costs for all senior and disabled riders would increase approximately 28 percent to backfill the shortfall in funding. This action would also have a negative impact on ridership for both senior and disabled riders.

Both of these options reduce expenditures to match revenue, but do so by raising costs for senior and disabled riders, which would result in a significant reduction in senior and disabled ridership. Both of these options would

require an amendment to the M2 Ordinance and must be approved by a vote of not less than two thirds of the Board.

Summary

Staff has assessed remedies to address the shortfall in the M2 senior and disabled Fare Stabilization Program funding and recommends that a plan be developed utilizing funds within the M2 Transit Program. Staff further recommends that the evaluation of programmatic changes within the M2 Transit Program take place as part of the Ten-Year Comprehensive Program Review of the M2 program which will begin within the next year.

Attachments

- A. M2 Fare Stabilization Cash Flow
- B. M2 Transit Project Descriptions

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Approved by:



Andrew Oftelie
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M2 Fare Stabilization Cash Flow

2011-2020		Historical			Forecast						
	M2 Total	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
M2 Revenue											
Fare Stabilization	\$ 147,775,576	\$ 589,703	\$ 2,396,009	\$ 2,543,643	\$ 2,701,278	\$ 2,882,328	\$ 3,068,853	\$ 3,232,617	\$ 3,379,340	\$ 3,518,716	\$ 3,656,805
SMP Surplus	5,743,410	-	391,720	316,285	176,203	100,358	106,895	112,628	117,734	120,711	127,453
Total Revenue	153,518,986	589,703	2,787,728	2,859,927	2,877,481	2,982,686	3,175,748	3,345,245	3,497,074	3,639,427	3,784,258
Subsidy Required											
ACCESS	19,108,983	198,270	204,344	213,308	224,163	230,387	236,788	291,040	298,510	306,191	314,090
Fixed Route	229,166,117	516,854	2,142,720	2,634,357	3,184,259	3,314,997	3,434,672	3,806,267	4,161,999	4,284,678	4,413,524
Total Subsidy	248,275,100	715,124	2,347,064	2,847,665	3,408,422	3,545,384	3,671,459	4,097,307	4,460,509	4,590,869	4,727,615
Surplus / Deficit	\$ (94,756,114)	\$ (125,422)	\$ 440,664	\$ 12,263	\$ (530,941)	\$ (562,698)	\$ (495,711)	\$ (752,062)	\$ (963,435)	\$ (951,442)	\$ (943,357)
2021-2031											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
M2 Revenue											
Fare Stabilization	\$ 3,786,259	\$ 3,923,733	\$ 4,071,063	\$ 4,225,825	\$ 4,388,557	\$ 4,562,048	\$ 4,752,752	\$ 4,945,064	\$ 5,142,550	\$ 5,360,377	\$ 5,588,017
SMP Surplus	131,992	136,804	141,942	145,438	153,059	159,127	165,798	172,524	177,487	187,036	194,997
Total Revenue	3,918,251	4,060,537	4,213,006	4,371,263	4,541,617	4,721,175	4,918,549	5,117,588	5,320,038	5,547,412	5,783,014
Subsidy Required											
ACCESS	386,153	396,164	406,461	417,050	512,860	526,285	540,092	554,294	681,793	699,800	718,324
Fixed Route	4,880,919	5,325,342	5,486,821	5,653,475	6,235,568	6,781,031	7,000,330	7,227,326	7,950,431	8,632,302	8,936,200
Total Subsidy	5,267,072	5,721,506	5,893,281	6,070,525	6,748,428	7,307,316	7,540,422	7,781,619	8,632,224	9,332,103	9,654,523
Surplus / Deficit	\$ (1,348,821)	\$ (1,660,970)	\$ (1,680,276)	\$ (1,699,263)	\$ (2,206,812)	\$ (2,586,141)	\$ (2,621,872)	\$ (2,664,031)	\$ (3,312,186)	\$ (3,784,690)	\$ (3,871,509)
2032-2041											
	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	
M2 Revenue											
Fare Stabilization	\$ 5,827,488	\$ 6,075,713	\$ 6,338,684	\$ 6,616,329	\$ 6,908,855	\$ 7,214,991	\$ 7,536,392	\$ 7,871,957	\$ 8,223,022	\$ 6,446,608	
SMP Surplus	203,371	212,059	219,333	230,984	241,208	251,900	263,174	272,969	287,186	225,037	
Total Revenue	6,030,859	6,287,772	6,558,017	6,847,313	7,150,063	7,466,891	7,799,567	8,144,926	8,510,208	6,671,644	
Subsidy Required											
ACCESS	737,378	907,192	931,357	956,216	981,791	1,208,146	1,240,586	1,273,961	1,308,299	1,207,690	
Fixed Route	9,243,827	10,143,907	10,981,947	11,402,209	11,833,293	12,974,545	14,039,158	14,648,015	15,294,855	12,600,290	
Total Subsidy	9,981,205	11,051,098	11,913,304	12,358,426	12,815,084	14,182,691	15,279,743	15,921,976	16,603,154	13,807,980	
Surplus / Deficit	\$ (3,950,346)	\$ (4,763,326)	\$ (5,355,288)	\$ (5,511,113)	\$ (5,665,021)	\$ (6,715,800)	\$ (7,480,177)	\$ (7,777,050)	\$ (8,092,946)	\$ (7,136,336)	

* FY 2010-11 represents the first three months of the program and FY 2040-41 represents the final nine months of the program



Transit Projects

High Frequency Metrolink Service Transit Extensions to Metrolink

Project **R**

High Frequency Metrolink Service

Description:

This project will increase rail services within the county and provide frequent Metrolink service north of Fullerton to Los Angeles. The project will provide for track improvements, more trains, and other related needs to accommodate the expanded service.

This project is designed to build on the successes of Metrolink and complement service expansion made possible by the current Measure M. The service will include upgraded stations and added parking capacity; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means, to move arriving passengers to nearby destinations.

The project also includes funding for improving grade crossings and constructing over or underpasses at high volume arterial streets that cross the Metrolink tracks.

Cost:

The estimated cost of capital and operations is \$1,014.1 million.

Project **S**

Transit Extensions to Metrolink

Description:

Frequent service in the Metrolink corridor provides a high capacity transit system linking communities within the central core of Orange County. This project will establish a competitive program for local jurisdictions to broaden the reach of the rail system to other activity centers and communities. Proposals for extensions must be developed and supported by local jurisdictions and will be evaluated against well-defined and well-known criteria as follows:

- Traffic congestion relief
- Project readiness, with priority given to projects that can be implemented within the first five years of the Plan
- Local funding commitments and the availability of right-of-way
- Proven ability to attract other financial partners, both public and private
- Cost-effectiveness
- Proximity to jobs and population centers
- Regional as well as local benefits
- Ease and simplicity of connections
- Compatible, approved land uses
- Safe and modern technology
- A sound, long-term operating plan

This project shall not be used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor. The emphasis shall be on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor. It is intended that multiple transit projects be funded through





Transit Projects

MetroLink Gateways

Expand Mobility Choices for Seniors and Persons with Disabilities

a competitive process and no single project may be awarded all of the funds under this program.

These connections may include a variety of transit technologies such as conventional bus, bus rapid transit or high capacity rail transit systems as long as they can be fully integrated and provide seamless transition for the users.

Cost:

The estimated cost to implement this program over thirty years is \$1,000.0 million.

Project **T**

Convert Metrolink Station(s) to Regional Gateways that Connect Orange County with High-Speed Rail Systems

Description:

This program will provide the local improvements that are necessary to connect planned future high-speed rail systems to stations on the Orange County Metrolink route.

The State of California is currently planning a high-speed rail system linking northern and southern California. One line is planned to terminate in Orange County. In addition, several magnetic levitation (MAGLEV) systems that would connect Orange County to Los Angeles and San Bernardino Counties, including a link from Anaheim to Ontario airport, are also being planned or proposed by other agencies.

Cost:

The estimated Measure M share of the cost for these regional centers and connections is \$226.6 million.



Project **U**

Expand Mobility Choices for Seniors and Persons with Disabilities

Description:

This project will provide services and programs to meet the growing transportation needs of seniors and persons with disabilities as follows:

- One percent of net revenues will stabilize fares and provide fare discounts for bus services, specialized ACCESS services and future rail services
- One percent of net revenues will be available to continue and expand local community van service for seniors through the existing Senior Mobility Program
- One percent will supplement existing countywide senior non-emergency medical transportation services

Over the next 30 years, the population age 65 and over is projected to increase by 93 percent. Demand for transit and specialized transportation services for seniors and persons with disabilities is expected to increase proportionately.

Cost:

The estimated cost to provide these programs over 30 years is \$339.8 million.



Transit Projects

Community Based Transit/Circulators

Safe Transit Stops

Project **V**

Community Based Transit/Circulators

Description:

This project will establish a competitive program for local jurisdictions to develop local bus transit services such as community based circulators, shuttles and bus trolleys that complement regional bus and rail services, and meet needs in areas not adequately served by regional transit. Projects will need to meet performance criteria for ridership, connection to bus and rail services, and financial viability to be considered for funding. All projects must be competitively bid, and they cannot duplicate or compete with existing transit services.

Cost:

The estimated cost of this project is \$226.5 million.

Project **W**

Safe Transit Stops

Description:

This project provides for passenger amenities at 100 busiest transit stops across the County. The stops will be designed to ease transfer between bus lines and provide passenger amenities such as improved shelters, lighting, current information on bus and train timetables and arrival times, and transit ticket vending machines.

Cost:

The estimated cost of this project is \$25.0 million.



*Information
Items*



COMMITTEE TRANSMITTAL

June 9, 2014

To: Members of the Board of Directors
From: Wendy Knowles, ^{WJK} Clerk of the Board
Subject: Measure M2 Tax-Exempt Commercial Paper Program

Finance and Administration Committee Meeting of May 28, 2014

Present: Directors Bates, Jones, Moorlach, and Pulido
Absent: Directors Hennessey, Jones, Spitzer, and Ury

Committee Vote


Due to a lack of quorum, no action was taken and the Committee forwarded this item to the full Board.

Staff Recommendation

Approve the use of \$25 million in Measure M2 sales tax revenues to retire the total outstanding Tax-Exempt Commercial Paper Notes.



May 28, 2014

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer 
Subject: Measure M2 Tax-Exempt Commercial Paper Program

Overview

In October 2011, the Orange County Transportation Authority selected JP Morgan Chase Bank, N.A. to provide letter of credit services for the Measure M2 Tax-Exempt Commercial Paper Notes Program. The letter of credit will expire in October 2014. Various options are available for the program, including entering into a new letter of credit, paying down the outstanding Tax-Exempt Commercial Paper Notes balance, or looking at other short-term borrowing instruments.

Recommendation

Approve the use of \$25 million in Measure M2 sales tax revenues to retire the total outstanding Tax-Exempt Commercial Paper Notes.

Background

Since 1993, the Orange County Transportation Authority (OCTA) has had an active Tax-Exempt Commercial Paper (TECP) Program in place to complement OCTA's long-term debt structure. The initial TECP Program funded Measure M1 projects. TECP is a debt instrument that allows issuers to borrow funds on a short-term basis with a variable interest rate. The interest rate fluctuates with each maturity. Maturities range from one to 270 days. TECP programs are generally secured by a Letter of Credit (LOC) to provide the necessary liquidity for investors.

In January 2008, OCTA's Board of Directors (Board) established a \$400 million TECP Program. The TECP Program was created to fund Measure M2 (M2) Early Action Plan projects since collections of the M2 sales tax did not commence until April of 2011. The TECP Program was secured by a direct pay LOC facility provided by four financial institutions: Dexia Credit Local, Bank of America N.A., BNP Paribas, and J.P. Morgan

Chase Bank N.A. (JP Morgan). Of the \$400 million authorized amount, OCTA had only issued \$100 million in TECP notes for M2 projects by December 2010. Also in 2010, OCTA issued taxable and tax-exempt long-term sales tax revenue bonds for the M2 Program. The issuance size was approximately \$350 million. A portion of the bonds issued (\$75 million) were used to pay down the outstanding TECP balance of \$100 million, reducing the outstanding TECP debt to \$25 million. The TECP authorized amount and supporting LOC were also reduced from \$400 million to \$50 million (with \$25 million in TECP outstanding).

In November 2011, OCTA entered into a three-year agreement with JP Morgan to provide LOC services for the M2 Program. The facility is for \$50 million, and the cost totals 64.5 basis points (0.645 percent) per year for both the utilized portion and unutilized portion of the LOC. This translates into approximately \$322,500 per year. The agreement expires on October 31, 2014.

Discussion

As the expiration date approaches for the JP Morgan LOC, OCTA has numerous options available. These include continuing with the program and issuing a new request for proposals for LOC services, replacing the TECP Program with another type of short-term debt program, or retiring the outstanding TECP balance.

The current cost of maintaining a TECP Program includes fees of 64.5 basis points on both the utilized and unutilized portion of the LOC, the remarketing fees of 4 basis points, and the annual rating fees of 12.4 basis points. In addition to these fees, the TECP Program's interest is priced off of the current weekly Securities Industry and Financial Markets Association (SIFMA) rate. SIFMA has averaged 12 basis points over the past three years. Adding these costs together brings the total to approximately 92.9 basis points on an annual basis over the past three years.

OCTA's investment portfolio totals approximately \$1.2 billion, with the M2 program funds comprising \$443 million. These funds are invested in OCTA's short-term portfolio. The short-term portfolio has experienced an average total return of approximately 1.15 percent over the past three years. OCTA has budgeted one percent for interest earnings for the fiscal year 2014-15 budget. Three-year treasury securities are yielding 88 basis points as of May 12, 2014.

Option 1 - The first option is a continuation of the status quo with a TECP Program supported by a LOC. Based upon a review of recent municipal

transactions, fees for LOC services are currently lower than they were when OCTA entered into the agreement with JP Morgan. If the Board elects to pursue this option, OCTA would issue a request for proposals for LOC services to receive the most competitive rate. This option would incur cost of issuance expenses, estimated at approximately \$115,000. These fees would cover expenses for bank counsel, OCTA bond counsel, rating agencies, financial advisor, and trustee.

Option 2 - OCTA could elect to pursue another short-term financing option to replace the TECP Program. The municipal market has evolved to offer issuers other alternatives including floating rate notes (FRNs). FRNs are municipal obligations with interest rates resetting regularly, often weekly, monthly, or quarterly. The rates are derived from a benchmark rate, either the weekly SIFMA rate or the one- or three-month London Interbank Offered Rate (LIBOR), plus a fixed-spread negotiated over the benchmark at issuance. FRNs do not require remarketing fees or short-term ratings, and the fixed-spread to the benchmark rate is comparable to a LOC rate. This option would incur cost of issuance expenses, estimated at approximately \$85,000.

Option 3 - OCTA began collecting M2 sales tax revenues on April 1, 2011. These funds are invested in OCTA's short-term investment portfolio. Under this option, OCTA would use \$25 million in M2 sales tax revenues accumulated to date to retire the outstanding TECP balance. The LOC would expire on its expiration date.

Recommendation

Given the current interest rate environment, staff recommends the Board select Option 3. Interest rates remain at historically low levels. Average interest earnings on M2 balances over the past three years are slightly above the cost of maintaining a TECP with a supporting LOC. Although the current market for LOCs or FRNs could potentially offer lower fees, there would be cost of issuance expenses with either Option 1 or Option 2. Under Option 3, OCTA would use \$25 million in M2 funds to pay down the outstanding TECP balance on October 30, 2014. The JP Morgan LOC would expire the next day.

Although the outstanding TECP balance would be at zero after the pay down, OCTA would have the ability to issue new TECP by soliciting bids for a new LOC or issuing FRNs in the future if funds were required. The next updated plan of finance will address whether a short-term borrowing option should be included in OCTA's debt portfolio. The next plan of finance is scheduled to be completed and presented to the Board later this calendar year.

Summary

The existing Letter of Credit for the Measure M2 Program will expire at the end of October 2014. Staff has reviewed various alternatives and recommends using Measure M2 funds from the Orange County Transportation Authority's investment portfolio to retire the outstanding \$25 million balance.

Attachments

None

Prepared by:



Kirk Avila
Treasurer/General Manager
Treasury/Toll Roads
(714) 560-5674

Approved by:



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



COMMITTEE TRANSMITTAL

June 9, 2014

To: Members of the Board of Directors
From: Wendy Knowles, Clerk of the Board *WK*
Subject: Comprehensive Transportation Funding Programs Semi-Annual Review – March 2014

Regional Planning Committee meeting of June 2, 2014

Present: Directors Donchak, Harper, Lalloway, Miller, Murray, Nelson, Spitzer
Absent: Director Bates

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve adjustments to the Comprehensive Transportation Funding Program project allocations.
- B. Approve nine project delays for the cities of Dana Point (two requests), Fullerton, Irvine, Laguna Beach, Laguna Niguel, Mission Viejo, Tustin, and Yorba Linda.
- C. Authorize the use of \$1,275,000 in Measure M2 funds for the Mission Viejo La Paz Bridge and Road Widening Project to replace Proposition 1B State-Local Partnership Program funds.
- D. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program, and execute any agreements to facilitate the recommendations above.



Committee Discussion

The Regional Planning and Highways Committee asked staff to provide additional information regarding the March 2014 delay request submitted by the City of Dana Point (City) for a proposed Measure M2 (M2) Project V community circulator project. The delay request submitted by the City requested additional time due to vehicle procurement and related issues. However, a subsequent newspaper article printed on April 24, 2014, cited California Coastal Commission (Commission) issues as a key reason for the delay request. The Commission is providing part of the City's match for the M2 Project V community circulator project.

The Orange County Transportation (OCTA) staff contacted the City, and City staff confirmed that the delay request relates to all the above issues including those created by the Commission. The Commission recommended a change to the scope of the M2 Project V community circulator project by requiring the inclusion of a "water taxi" to serve the Dana Point Harbor area. This type of project is not in the scope of the City's M2 Project V funding application, and the City has not committed to implement this type of service.

Moving forward, this issue will require further coordination between the City, the Commission, and OCTA.



June 2, 2014

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Comprehensive Transportation Funding Programs Semi-Annual Review – March 2014

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.

Recommendations

- A. Approve adjustments to the Comprehensive Transportation Funding Program project allocations.
- B. Approve nine project delays for the cities of Dana Point (two requests), Fullerton, Irvine, Laguna Beach, Laguna Niguel, Mission Viejo, Tustin, and Yorba Linda.
- C. Authorize the use of \$1,275,000 in Measure M2 funds for the Mission Viejo La Paz Bridge and Road Widening Project to replace Proposition 1B State-Local Partnership Program funds.
- D. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program, and execute any agreements to facilitate the recommendations above.

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 contains a variety of funding programs and sources including Measure M (M1) and Measure M2 (M2) revenues, federal Regional Surface Transportation Program funds, and State-Local Partnership Program (SLPP) funds. 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 (SAR). The goals of the SAR process are to review project status, determine the continued viability of projects, address local agency issues, and ensure timely closeout of the M1 Streets and Roads Program.

Discussion

M1 Program Summary

Since 1991, OCTA has competitively awarded more than \$677.4 million in 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.

M1 CTFP Summary

Project Status	September 2013		March 2014	
	Project Phases	Allocations*	Project Phases	Allocations* (after SAR adjustments)
Started ¹	48	\$ 48.4	20	\$ 39.3
Pending ²	105	\$ 64.3	87	\$ 58.3
Completed ³	1,718	\$ 565.5	1,764	\$ 579.8
Total Allocations	1,871	\$ 678.2	1,871	\$ 677.4

* Allocations in millions of \$

According to information gathered in the latest review cycle, 99 percent of open projects completed field work by December 2013, and local agencies are actively closing out the remaining M1 projects. Local agencies are on track to close out the M1 CTFP by the end of calendar year 2014. Staff also identified \$1.1 million in project savings through the closeout of 25 M1 project allocations. Per Board of Directors' (Board) policies, these funds will be applied to future M2 call for projects.

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

M2 Program Summary

Since the start of M2, OCTA has issued a number of calls and awarded \$177.9 million in competitive funds for the following programs: 1) M2 Regional Capacity Program (Project O), 2) Traffic Signal Synchronization Program (Project P), and 3) the Environmental Cleanup Program (Project X). Below is a summary of CTFP allocations using M2. Additional details are provided in Attachment A.

M2 CTFP Summary

Project Status	September 2013		March 2014	
	Project Phases	Allocations*	Project Phases	Allocations* (after SAR adjustments)
Planned ¹	97	\$ 72.3	83	\$ 36.5
Started ²	129	\$ 97.0	126	\$ 130.7
Pending ³	24	\$ 5.2	20	\$ 3.9
Completed ⁴	29	\$ 3.5	49	\$ 6.8
Total Allocations⁵	279	\$ 178.0	278	\$ 177.9

* Allocations in millions of \$

This SAR captures \$7,500 in project cancellations, and \$107,717 in project savings. This review showed a substantial increase (\$33.7 million) in started projects for the second consecutive reporting period, and a respectable \$10.7 million in delivered projects (pending and completed).

Project Adjustments

The March 2014 SAR adjustments are described in Attachment A and itemized in Attachment B. The adjustments include two transfer requests, nine project delay requests, one scope change request, one phase cancellation, three timely use of funds extension requests, and one action regarding Proposition 1B State-Local Partnership Program (Proposition 1B) funds. The background related to Proposition 1B funds is further described in Attachment A. The Technical Advisory Committee reviewed the M2 requests for approval on April 23, 2014⁶.

1. Planned indicates that the funds have not been obligated and/or are pending contract award.
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.
5. Allocation changes are the result of recently Board-approved 2013 programming actions and reductions for project cancellations at the request of local agencies.
6. The delay request from the City of Mission Viejo was processed after Technical Advisory Committee approval.

Summary

The Orange County Transportation Authority has recently reviewed the status of grant-funded streets and roads projects funded through the Comprehensive Transportation Funding Programs. Staff recommends approval of the project adjustments requested by local agencies, including nine project delay requests, one scope change request, one project cancellation, three timely use of fund extension requests, and one action regarding Proposition 1B State-Local Partnership Program funds. The next semi-annual review is currently scheduled for September 2014.

Attachments

- A. Comprehensive Transportation Funding Programs - March 2014 Semi-Annual Review Adjustment Request Descriptions
- B. Comprehensive Transportation Funding Programs - March 2014 Semi-Annual Review Adjustment Requests
- C. Letter from Mark Chagnon, Director of Public Works – City of Mission Viejo – Dated May 12, 2014 – CTFP Funding Request for Extension of Time, 11-MVJO-ACE-3536, La Paz Bridge and Road Widening, Muirlands Boulevard to Chrisanta Drive

Prepared by:



Paul Rumberger
Transportation Funding Analyst
Measure M Local Programs
(714) 560-5747

Approved by:



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

**Comprehensive Transportation Funding Programs
March 2014 Semi-Annual Review Adjustment Request Descriptions**

Transfer Requests

The City of Costa Mesa is requesting to transfer \$151,475 in right-of-way savings to the construction phase on the Harbor Boulevard Widening Project (South Coast Drive to Sunflower Avenue). The additional funds will be used to support construction management services during the construction phase. Likewise, the City of Mission Viejo is requesting to transfer \$182,221 in savings from the right-of-way phase to the construction phase on the Oso Parkway Widening Project (Interstate 5 to Country Club Drive). The additional funds will be used to for unanticipated cost increases in the construction phase. The proposed allocations for these projects are \$900,275 and \$1.4 million, respectively.

Project Delays

During this semi-annual review (SAR), eight agencies are requesting nine project delays. Local agencies may request a one-time delay, up to 24 months, to obligate funds. All delay requests have received city council concurrence.

The City of Dana Point is requesting two, 24-month delays, for the Environmental Cleanup Program (ECP) - Tier 2 San Juan Creek "LO1SO2" Subwatershed Trash Removal and Dry Weather Diversion (San Juan Creek) Project and the Summer Weekend Harbor/Pacific Coast Highway and Special Events Trolley (Trolley) Project (Project V). The City of Dana Point is requesting a delay for the San Juan Creek Project in order to better identify the source of nuisance water and pollution to the subwatershed, and to evaluate technical and economic feasibility of the mitigation options based on the source of pollution. Additionally, the City of Dana Point is requesting a delay for the Trolley Project in order to garner additional interest among transit providers for leased vehicle service, ensure compliance with the Americans with Disabilities Act, and put forth a more substantial marketing campaign to ensure success.

The City of Fullerton is requesting a 24-month delay for the Bastanchury Road Widening and Restriping Project. The City of Fullerton was awarded \$1.8 million for construction that occurs in Army Corps of Engineers (Army Corps) right-of-way. Staffing and funding challenges with the Army Corps has delayed engineering approvals. In addition, the City of Fullerton is required to obtain permits from the Department of Fish and Game, Regional Water Quality Control Board, and receive National Environmental Policy Act approval.

The City of Irvine is requesting a 12-month delay for the Peters Canyon Wash Channel Water Capture and Reuse Pipeline Project (ECP-Tier 2). The delay will allow for additional coordination efforts between participating agencies and possible permitting delays during the design phase.

**Comprehensive Transportation Funding Programs
March 2014 Semi-Annual Review Adjustment Request Descriptions**

The City of Laguna Beach is requesting a 12-month delay for the Gaviota Drive Diversion Project (ECP-Tier 1). The City of Laguna Beach will need to redesign certain project aspects in order to ensure in-ground utilities are not impacted during construction. The redesign work is underway, and construction is expected to begin by the end of the calendar year.

The City of Laguna Niguel is requesting a 24-month delay for the Oso Creek Multi-Use Trails (ECP-Tier 2). The City of Laguna Niguel is coordinating utility undergrounding with San Diego Gas and Electric that will not be completed prior to December 2014.

The City of Mission Viejo is requesting a second time 12-month delay for the La Paz Bridge and Road Widening Project. The City of Mission Viejo had difficulty delivering the project due to federal funding requirements. The project is now ready to advertise and bid for construction. The Comprehensive Transportation Funding Program (CTFP) Guidelines restrict local agencies to one delay request, however, this recommendation is consistent with the Measure M2 (M2) Ordinance.

The City of Tustin is requesting a 24-month delay for the Tustin Legacy Detention Basin and Wetlands Project (ECP-Tier 2). The City of Tustin encountered delays in the design phase that will impact award of the construction contract. Design is scheduled to be complete by December 2014, and the City of Tustin expects to award a construction contract in late spring 2015.

The City of Yorba Linda is requesting a 12-month delay for the construction allocation on the Bastanchury Road Widening Project (Lakeview Avenue to Eureka Avenue). The City of Yorba Linda is currently in right-of-way negotiations with two property owners, but expects timely acquisition of required right-of-way in order to obligate the construction funds in the next fiscal year.

Scope Change

The City of Irvine, as lead for the Barranca Parkway Signal Synchronization Project (Red Hill Avenue to Robin Circle), is requesting a scope change for improvements to be constructed in the City of Mission Viejo. The City of Irvine is proposing to omit one controller at Los Alisos Boulevard, which was recently replaced as part of a different project, forego emergency vehicle pre-emption between Robin Circle and Marathon Street in the City of Mission Viejo, and install Countdown Pedestrian Signal Heads. These project modifications will not change project scoring or competitiveness of the project.

Comprehensive Transportation Funding Programs March 2014 Semi-Annual Review Adjustment Request Descriptions

Cancellation

The City of Laguna Hills is requesting cancellation of the right-of-way phase on the Paseo De Valencia Intersection Widening Project (Kennington Drive to Laguna Hills Drive). The City of Laguna Hills was awarded \$7,500 in 2011, to acquire a trail easement, however, the funds are no longer required and the scope of work will remain the same.

Timely Use of Funds Extensions

Once obligated, CTFP funds expire 36 months from the date of contract award. Per precept 17 in the CTFP Guidelines, local agencies may request a one-time extension of 20 months through the SAR. During this SAR, three agencies have submitted timely use of funds extension requests.

The City of Brea is requesting a 24-month extension for the Lambert Road and State Route 57 (SR-57) interchange engineering phase, which includes project approval and environmental documentation (PA&ED) and final design. This request is greater than the maximum extension in the CTFP Guidelines, however, it is consistent with Local Fair Share extension requests. The City of Brea encountered delays in the PA&ED because the project required a Phase II Environmental Site Assessment, an expanded natural environmental study from a minimum impact study to a full study, and a revised visual impact study to comply with revised California Department of Transportation guidelines.

The County of Orange (County) is requesting a 20-month extension for the engineering phase on Cow Camp Road (Antonio Parkway to I Street). The project allocation is to design phases 1A, 1B, and 1C. The County anticipated designing and constructing all three segments as one project, however, consistent with a recent scope change to phase construction (1A and 1B only), the County must extend the design of 1C in order to accommodate the new project phasing.

The City of Orange is requesting a 20-month extension for the Meats Avenue at State Route 55 interchange design phase. The City of Orange is requesting additional time to complete analysis of technical studies after results were inconsistent with the approved project study report.

**Comprehensive Transportation Funding Programs
March 2014 Semi-Annual Review Adjustment Request Descriptions**

State-Local Partnership Program Funds

The City of Mission Viejo applied for and received \$5.42 million of funding for La Paz Bridge and Road Widening Project during the 2010 Regional Capacity Program call for projects. As part of the call, the OCTA augmented the M2 funds with Proposition 1B State-Local Partnership Program (SLPP) funds. The La Paz Bridge and Road Widening Project was selected to receive \$1.275 million in SLPP funds and \$1.275 million in M2 funds. The City of Mission Viejo had difficulty delivering the project due to federal requirements related to \$3.9 million of federal funding for this project, and was unable to meet the necessary timing requirements to use the SLPP funds since the project could have been funded with M2 funds initially. The project is now ready to advertise and bid for construction, and staff is recommending to backfill the project with an additional \$1.275 million in M2 to cover the SLPP funding. Staff is working with the California Transportation Commission regarding alternative uses for the \$1.275 million in SLPP funds.

**Comprehensive Transportation Funding Programs
March 2014 Semi-Annual Review Adjustment Requests**

Transfer Request(s)									
Agency	Project Number	Program	Project Title	Phase	Fiscal Year (FY)	Current Allocation	Action Request	Proposed Allocation	
Costa Mesa	11-CMSA-ACE-3518	ACE	Harbor Boulevard Widening (South Coast Drive to Sunflower Avenue)	R	FY 11/12	\$ 330,000	\$ (151,475)	\$ 178,525	
Costa Mesa	11-CMSA-ACE-3518	ACE	Harbor Boulevard Widening (South Coast Drive to Sunflower Avenue)	C	FY 12/13	\$ 748,800	\$ 151,475	\$ 900,275	
<i>Description: Transfer \$151,475 from right-of-way to construction.</i>									
Mission Viejo	11-MVJO-ACE-3537	ACE	Oso Parkway Widening (Interstate 5 to Country Club Drive)	R	FY 11/12	\$ 1,451,650	\$ (182,221)	\$ 1,269,429	
Mission Viejo	11-MVJO-ACE-3537	ACE	Oso Parkway Widening (Interstate 5 to Country Club Drive)	C	FY 13/14	\$ 1,203,968	\$ 182,221	\$ 1,386,189	
<i>Description: Transfer \$182,221 from right-of-way to construction</i>									
Transfer(s) - Total Phase Allocations (2)						\$ 3,734,418	\$ -	\$ 3,734,418	

Delay Request(s)									
Agency	Project Number	Program	Project Title	Phase	Allocation Amount	Current FY	Action Request	Proposed FY	
Dana Point	13-DNPT-ECP-3676	ECP-2	San Juan Creek "LO1SO2" Subwatershed Trash Removal and Dry Weather Diversion	I	\$ 470,236	FY 13/14	24 months	FY 15/16	
Dana Point	N/A	Project V	Summer Weekend Harbor/Pacific Coast Highway and Special Events Trolley	N/A	\$ 2,456,511	FY 13/14	24 months	FY 15/16	
Fullerton	13-FULL-ACE-3652	ACE	Bastanchury Road Widening and Restriping	C	\$ 1,806,637	FY 13/14	24 months	FY 15/16	

**Comprehensive Transportation Funding Programs
March 2014 Semi-Annual Review Adjustment Requests**

Delay Request(s) (cont.)								
Agency	Project Number	Program	Project Title	Phase	Allocation Amount	Current FY	Action Request	Proposed FY
Irvine	13-IRVN-ECP-3677	ECP-2	Peters Canyon Wash Channel Water Capture and Reuse Pipeline	I	\$ 3,273,105	FY 13/14	12 months	FY 14/15
Laguna Beach	13-LBCH-ECP-3688	ECP-1	Gaviota Drive Diversion	I	\$ 200,000	FY 13/14	12 months	FY 14/15
Laguna Niguel	13-LNIG-ECP-3678	ECP-2	Oso Creek Multi-Use Trails	I	\$ 883,300	FY 13/14	24 months	FY 15/16
Mission Viejo	11-MVJO-ACE-3536	ACE	La Paz Bridge/Road Widening (Muirlands to Chrisanta)	C	\$ 1,275,000	FY 13/14	12 months	FY 14/15
Tustin	13-TUST-ECP-3681	ECP-2	Tustin Legacy Detention Basin and Wetlands	I	\$ 824,688	FY 13/14	24 months	FY 15/16
Yorba Linda	11-YLND-ACE-3544	ACE	Bastanchury Road (Lakeview Avenue to Eureka Avenue)	C	\$ 1,730,560	FY 13/14	12 months	FY 14/15
					Delay(s) - Total Phase Allocations (8)	\$ 12,920,037		

Scope Change Request(s)								
Agency	Project Number	Program	Project Title	Phase	Fiscal Year	Current Allocation	Action Request	Proposed Allocation
Irvine	13-IRVN-TSP-3662	TSSP	Barranca Parkway Signal Synchronization (Red Hill Avenue to Robin Circle)	R	FY 13/14	\$ 1,992,386	Scope Change	\$ 1,992,386
					<i>Description:</i>	Omit controller at Los Alisos Boulevard, remove emergency vehicle pre-emption between Robin Circle and Marathon Street, and install Countdown Pedestrian Signal Heads		
					Scope Change(s) - Total Phase Allocations (1)	\$ 1,992,386	\$ 1,992,386	

**Comprehensive Transportation Funding Programs
March 2014 Semi-Annual Review Adjustment Requests**

Cancellation Request(s)							
Agency	Project Number	Program	Project Title	Phase	FY	Current Allocation	Proposed Allocation
Laguna Hills	11-LHLL-ACE-3533	ACE	Paseo De Valencia Intersection Widening (Kennington Drive to Laguna Hills Drive)	R	FY 11/12	\$ 7,500	\$ -
Cancellation(s) - Total Phase Allocations (1)						\$ 7,500	\$ -

Timely Use of Funds Extension Request(s)							
Agency	Project Number	Program	Project Title	Phase	FY	Current Allocation	Proposed Use Date
Brea	11-BREA-FST-3509	FAST	Lambert Road at State Route 57 Interchange	E	FY 11/12	\$ 927,000	January 2017
County of Orange	11-ORCO-ACE-3519	ACE	Cow Camp Road (Antonio Parkway to I Street)	E	FY 11/12	\$ 1,000,000	April 2015
Orange	11-ORNG-FST-3540	FAST	Meats Avenue at State Route 55 Interchange	E	FY 11/12	\$ 1,400,000	February 2016
Timely Use of Funds Extension(s) - Total Phase Allocations (3)						\$ 3,327,000	

ABBREVIATIONS

- | | |
|---|--|
| ACE: Arterial Capacity Enhancement Program | I: Implementation |
| C: Construction | ICE: Intersection Capacity Enhancements |
| E: Engineering | Project V: Community Based Transit/Circulators |
| ECP-1: Environmental Cleanup Program-Tier 1 | TSSP: Traffic Signal Synchronization Program |
| ECP-2: Environmental Cleanup Program-Tier 2 | |
| FAST or FST: Freeway Arterial/Street Transition | |



City of Mission Viejo

Public Works Department

May 12, 2014

Trish Kelley
Mayor
Dave Leckness
Mayor Pro Tem
Rhonda Reardon
Council Member
Cathy Schlicht
Council Member
Frank Ury
Council Member

Ms. Adriann Cardoso
Capital Programming Manager
Orange County Transportation Authority
P. O. Box 14184
Orange, California 92863

Subject: CTFP Funding Request for Extension of Time, 11-MVJO-ACE-3536, La Paz Bridge and Road Widening, Muirlands Boulevard to Chrisanta Drive

Dear Ms. Cardoso:

In conformance with the 2012 Comprehensive Funding Guidelines Manual, the City of Mission Viejo is respectfully requesting a 12-month extension of time for the award of a construction contract for the La Paz Bridge and Road Widening from Muirlands Boulevard to Chrisanta Drive. Attached is the City of Mission Viejo City Council Resolution No. 14-17 authorizing this request. The request is due to a delay in the federal construction authorization process.

The La Paz project was awarded \$1.275 million in State Local Partnership Program and \$1.275 million in M2 in the 2010 Combined Transportation Funding Call for Projects. This was combined with \$5.42 million in federal Highway Bridge Program funds to support a total construction cost of \$7.97 million.

Because the project includes federal funding, the City must comply with the federal requirements, including the right-of-way process and obtaining federal authorization to proceed with construction bidding and contract award. OCTA previously granted a 12-month extension until June 30, 2014, due to delays in the right-of-way process. The right-of-way issues were resolved, and the City's right-of-way certification was approved last year. Following that, the City submitted its request for construction authorization package, but was informed that due to the timing of the request, insufficient funds were available in the federal Highway Bridge Program (HBP) to authorize construction. Recently, the City was notified that the federal funds had been reprogrammed into a later fiscal year and the federal authorization was again moving forward. Although the federal authorization is expected soon, there is not sufficient time to award a construction contract by the OCTA deadline of June 30, 2014. Accordingly, the City requests OCTA to grant an additional 12-month time extension from the current contract award deadline of June 30, 2014, to June 30, 2015.

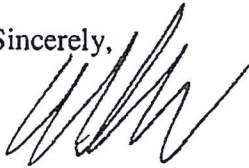
Ms. Adriann Cardoso, Orange County Transportation Authority
CTFP Funding Request for Extension of Time, 11-MVJO-ACE-3536
La Paz Bridge and Road Widening, Muirlands Boulevard to Chrisanta Drive

Page 2

Furthermore, because a portion of the original CTFP grant funding was comprised of SLPP funds, which have since expired, the City requests that the SLPP funds be replaced with Measure M2 funds. If the federal authorization is received this summer, the City expects to be able to award a construction contract in the fall. The timely award of a construction contract is especially important as there are a number of other agreements/permits in place with the railroad, Caltrans, and adjacent property owners, which may otherwise be adversely affected.

Thank you for your consideration of this request. If you have any questions, please do not hesitate to contact me at (949) 470-3091 or mchagnon@cityofmissionviejo.org.

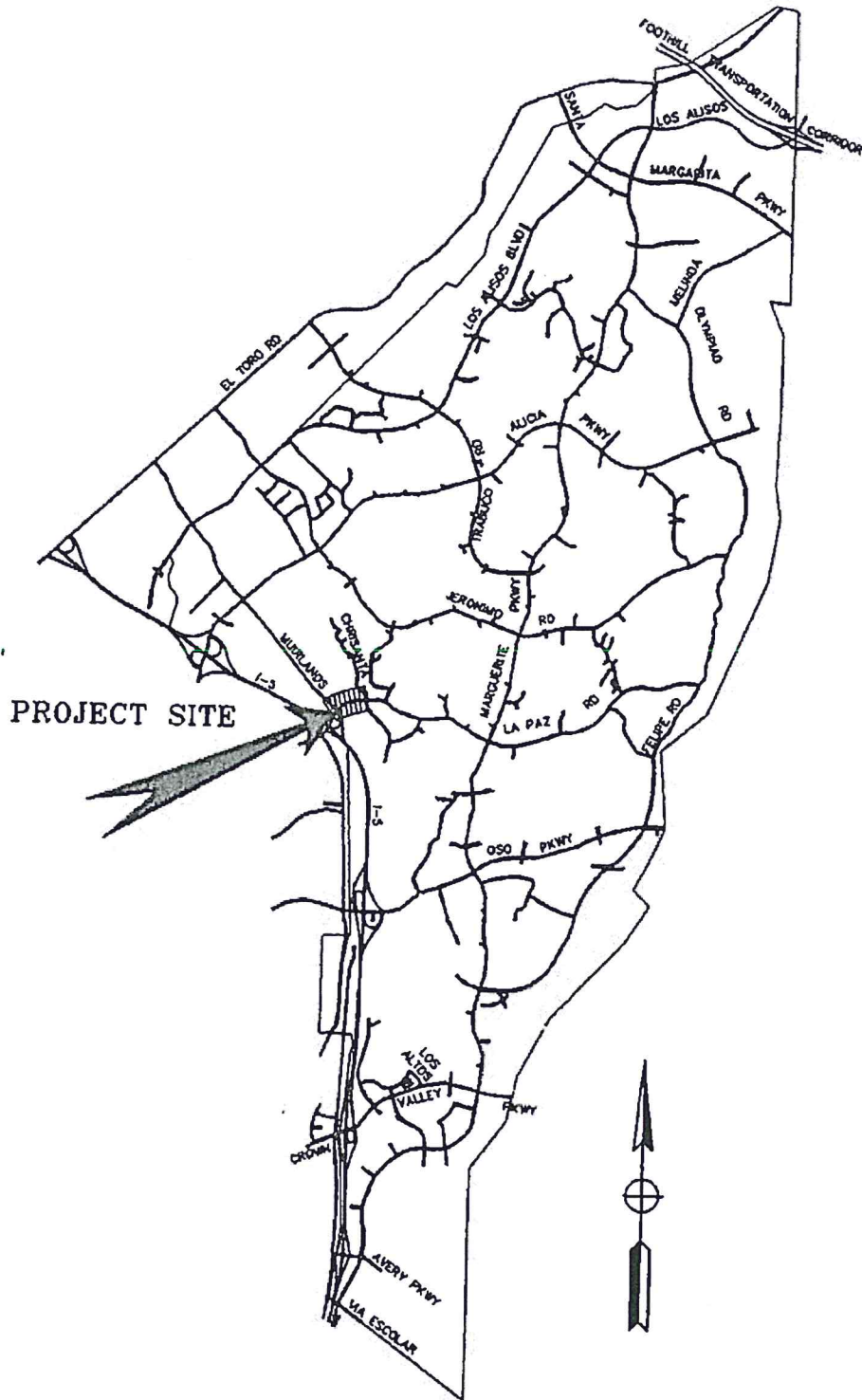
Sincerely,



Mark Chagnon
Director of Public Works

Attachments: Location Map
Resolution 14-17

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CITY OF MISSION VIEJO
LOCATION MAP

RESOLUTION 14-17

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF MISSION VIEJO AUTHORIZING THE CITY MANAGER TO REQUEST AN EXTENSION OF TIME FROM THE ORANGE COUNTY TRANSPORTATION AUTHORITY FOR FUNDING FOR THE LA PAZ BRIDGE AND ROAD WIDENING PROJECT (CIP 756/761)

WHEREAS, the City of Mission Viejo originally applied for grant funding for the La Paz Bridge and Road Widening, Muirlands to Chrisanta (CIP 756/761) for funding consideration under the 2010 Orange County Transportation Authority (OCTA) Comprehensive Transportation Funding Program (CTFP) call-for-projects for the Regional Capacity Program; and

WHEREAS, OCTA approved grant funding for construction of the subject project in the amount of \$2,550,646.00; and

WHEREAS, due to right-of-way delays, OCTA previously approved a 12-month extension of time until June 30, 2014, for the City of Mission Viejo to award a construction contract for the subject project; and

WHEREAS, due to delays in the federal construction authorization, an additional extension of time is necessary to allow for the completion of the federal authorization and the City's construction bidding and contract award process;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MISSION VIEJO DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Manager is authorized to request an extension until June 30, 2015, for the construction contract award for the La Paz Bridge and Road Widening project from OCTA.

SECTION 2. The City Clerk shall certify the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 19th day of May, 2014.

Trish Kelley
Mayor

I, Karen Hamman, City Clerk of the City of Mission Viejo, hereby certify that the foregoing resolution was duly adopted by the City Council of the City of Mission Viejo at a

regular meeting thereof, held on the 19th day of May, 2014, by the following vote of the City Council:

AYES:
NOES:
ABSENT:

Karen Hamman
City Clerk



June 23, 2014

To: Members of the Board of Directors
From: Darrell Johnson, Chief Executive Officer
Subject: Measure M Taxpayer Oversight Committee Recruitment, Lottery, and Resolutions of Appreciation for Outgoing Members

Overview

Measure M, first approved by voters in 1990 and renewed again by voters in 2006, calls for a committee to oversee implementation of the program of transportation improvements. Each year, new committee members are recruited and selected to fill vacancies left by expired terms. The recruitment process has been completed for 2014, and a lottery must take place in public session to fill vacancies in the Second and Third Supervisorial Districts.

Recommendations

- A. Pursuant to the Measure M ordinances, conduct the lottery for final selection of new Measure M Taxpayer Oversight Committee members by drawing one name, each representing the Second and the Third Supervisorial Districts, from the list of recommended finalists from the Grand Jurors Association of Orange County.
- B. Present Orange County Local Transportation Authority Resolutions of Appreciation No. 2014-028 for Howard Mirowitz and No. 2014-029 for Merrill "Randy" Holbrook, members of the Taxpayer Oversight Committee whose terms have expired.

Background

The Measure M Taxpayer Oversight Committee (TOC) is required by the Measure M (M1) Traffic Improvement and Growth Management Plan Ordinance No. 2, as well as the Measure M2 (M2) Ordinance No. 3. The TOC is an independent committee representing all five supervisorial districts in the County and is responsible for ensuring the transportation projects in Measure M are implemented according to the M1 Expenditure Plan and M2 Investment Plan approved by the voters.

The original oversight committee, known as the Citizens Oversight Committee (COC), began meeting in 1991. The M2 Ordinance called for the COC to be transformed into the TOC. In 2007, the TOC took on the role and basic responsibilities of the COC. Although M1 sales tax collection expired on March 31, 2011, the TOC will continue to oversee M1 expenditures and project activities, and approve any necessary amendments until M1 is fully closed out. The 11-member committee has a balanced representation of all supervisorial districts, with ten private citizens plus the Orange County Auditor-Controller. The TOC meets bimonthly to review progress on the implementation of the Measure M program.

Each year, as terms of appointed members on the TOC come to an end, a recruitment process is conducted to fill vacancies. As outlined in the M1 and M2 ordinances, the recruitment process is conducted by the Grand Jurors Association of Orange County (GJAOC). The GJAOC acts as an independent body serving in the interest of Orange County citizens. In its role, the GJAOC appoints a five-member Selection Panel (Panel) to conduct the recruitment process.

The Panel conducted the first COC application/recruitment program from August to October 1990. The first lottery took place on November 15, 1990, and the individuals chosen began meeting in January 1991, serving staggered one-year, two-year, or three-year terms. Following the same recruitment process, new members serving three-year terms have joined the committee each year, replacing outgoing members whose terms have expired.

Discussion

On June 30, 2014, the terms of two members of the TOC will expire. The current membership roster is attached (Attachment A). The schedule for the recruitment process for this year began in mid-February to fill vacancies in the Second and Third Supervisorial Districts (Attachment B).

The Panel concluded the recruitment process to fill the two vacant positions at the end of May (Attachment C). A fact sheet/application form was used for recruitment purposes (Attachment D). Announcements were distributed to almost 4,700 persons in the Second and Third Supervisorial Districts by emailing to listings in the Orange County Transportation Authority (OCTA) database. Advertisements were also placed in the Los Angeles Times and the Orange County Register, and on their websites, as well as in other local newspapers and publications. In addition, postings were made on OCTA's Facebook and Twitter accounts; announcements were sent to the media and

city councils; and information was sent to local organizations to include in their newsletters.

The members of the Panel screened 16 applications from interested citizens, looking closely at each applicant's community service record, as well as experience in community and transportation issues. The Panel considered each individual's ability to assess and analyze facts, desire to make the TOC a priority, their involvement in community organizations, any special skills or experience, and their degree of knowledge of government. In addition, the M1 and M2 ordinances prohibit elected or appointed officials from serving on the TOC. This year, based on the recent amendment to the M2 Ordinance, the Panel included more specific questions on the application regarding conflicts of interest, and appointed and elected officials were required to fill out an intent to resign form.

Following an initial screening process, personal interviews were conducted by the Panel in an effort to gain as much insight as possible into the most qualified candidates.

The criteria listed in Policy Resolution No. 1, Section III, No. 3, of Ordinance No. 2 calls for no more than five candidates to be recommended for each supervisorial district. The Panel provides only the names of candidates it feels are most qualified for membership. The Panel is recommending nine candidates for possible membership on the committee: five from the Second Supervisorial District and four from the Third Supervisorial District (Attachment E). None of the candidates currently hold appointed positions.

At the June 23, 2014, OCTA Board of Directors meeting, the Chairman will select two persons by lottery to fill the vacant positions. The two new members will begin serving their terms in July 2014. Each representative will serve a three-year term.

During the lottery process, the first name drawn from each supervisorial district will be the selected committee member. The remaining names will be drawn from each supervisorial district to establish a contingency list. Should a vacancy occur, finalists would be called upon to serve on the committee in the order in which the names were drawn.

Resolutions for Outgoing Members

Participation on the TOC requires dedication, time, and commitment. The volunteers who serve on the TOC provide expertise and insight, resulting in thoughtful discussions regarding implementation and oversight of Measure M.

In recognition of this contribution to the citizens of Orange County, Resolutions of Appreciation will be presented to the following TOC members who have completed their terms: Howard Mirowitz – Second Supervisorial District and Merrill “Randy” Holbrook – Third Supervisorial District (Attachment F).

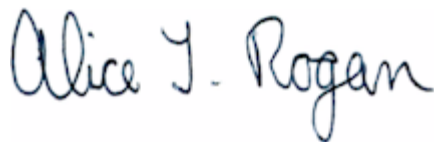
Summary

The Panel has completed its recruitment for two open positions on the TOC for the Second and Third Supervisorial Districts and submitted the names of eligible candidates for the 2014 lottery to fill the two positions. Also, two Resolutions of Appreciation for outgoing TOC members are included for Board of Directors’ presentation.

Attachments

- A. Measure M Taxpayer Oversight Committee Members Fiscal Year 2013-2014
- B. Measure M Taxpayer Oversight Committee 2014 Recruitment Schedule, Supervisorial Districts Two and Three
- C. Grand Jurors Association of Orange County Oversight Committee Selection Panel 2014
- D. Taxpayer Oversight Committee 2014 Membership Application
- E. Measure M Taxpayer Oversight Committee 2014 Finalists
- F. Resolutions of Appreciation for Outgoing Members

Prepared by:



Alice T. Rogan
Strategic Communications Manager
(714) 560-5577

Approved by:



Ellen S. Burton
Executive Director, External Affairs
(714) 560-5923

**MEASURE M
TAXPAYER OVERSIGHT COMMITTEE MEMBERS
FISCAL YEAR 2013-14**

<u>District</u>	<u>Name</u>	<u>Term</u>	<u>Expiration</u>
1	Narinder "Nindy" Mahal	3 Years	2016
1	Linda Rogers	1.5 Years*	2015
2	Howard Mirowitz	3 Years	2014
2	Jack Wu	3 Years	2015
3	Merrill "Randy" Holbrook	3 Years	2014
3	Terre Duensing	3 Years	2016
4	Cynthia H. Hall	3 Years	2016
4	Philip C. La Puma, PE	3 Years	2015
5	Terry Fleskes	3 Years	2015
5	Nilima Gupta	3 Years	2016
	Jan Grimes, Orange County Auditor-Controller		Required by M1 and M2 Ordinances
*replaced Anh-Tuan Le after 1.5 years			

**MEASURE M TAXPAYER OVERSIGHT COMMITTEE
2014 RECRUITMENT SCHEDULE
SUPERVISORIAL DISTRICTS TWO AND THREE**

Feb 5, 2013	Planning meeting with GJAOC Selection Panel
Week of Mar 17 Mar 17 – Apr 5	Press release distributed; Flyer emailed to city public information officers, weekly newsletters, supervisors' assistants; Posted on OCTA Social Media Outlets and <i>Los Angeles (LA) Times</i> and <i>Orange County (OC) Register</i> Websites
Mar 17 & 20 Mar 22 & 25	Ad in the <i>LA Times</i> Ad in the <i>OC Register</i>
Mar 24, 25, 26 & 28	Ad in Local Papers
April 4 & 5	Ad in the <i>OC Register</i>
Apr 11	Ad in <i>OC Register</i> community papers within the Second and Third supervisorial districts
Apr 20 & 27	Ad in the <i>Daily Pilot</i>
Apr 27	Ad in the <i>OC Register</i>
Apr 21 – May 2	Posted on <i>LA Times</i> Website
May 5	Applications due
May 5	First reading of applications by GJAOC Selection Panel Legal review for conflict of interest (as needed)
May 8 & 9 May 12 - 14	GJAOC Selection Panel interviews candidates
May 16	GJAOC Selection Panel submits list of finalists to OCTA
Jun 23	OCTA Chairman draws names at Board of Directors Meeting

**GRAND JURORS ASSOCIATION OF ORANGE COUNTY
OVERSIGHT COMMITTEE
SELECTION PANEL
2014**

Robin R. Bowen (Chair)

John J. Moohr

Bill Underwood

Virginia Zlaket

Helen Alberts



TAXPAYER OVERSIGHT COMMITTEE

2014 Membership Application

KEEP AN EYE ON YOUR TAX DOLLARS

RESIDENTS NEEDED FROM THE SECOND AND THIRD SUPERVISORIAL DISTRICTS

Measure M is the Transportation Ordinance and Plan approved first by Orange County voters in 1990 and renewed again by voters in 2006. The combined measures raise the sales tax in Orange County by one-half cent for a total period of 50 years to alleviate traffic congestion. This money is administered by the Orange County Transportation Authority (OCTA) and pays for specific voter-approved transportation projects for freeway improvements, local street and road improvements, and rail and transit programs specified in the Plan.

Measure M calls for an independent Taxpayer Oversight Committee to oversee compliance with the Ordinance as specified in the Transportation Ordinance and Plan.

The responsibilities of the 11-member Measure M Taxpayer Oversight Committee are to:

- Ensure all transportation revenue collected from Measure M is spent on the projects approved by the voters as part of the Plan;
- Ratify any changes in the Plan and recommend any major changes go back to the voters for approval;
- Participate in ensuring that all jurisdictions in Orange County conform with the requirements of Measure M before receipt of any tax monies for local projects;
- Hold annual public meetings regarding the expenditure and status of funds generated by Measure M;
- Review independent audits of issues regarding the Plan and performance of the Orange County Local Transportation Authority regarding the expenditure of Measure M sales tax monies.
- Annually certify OCTA is proceeding in accordance with the Plan.

HOW ARE MEMBERS CHOSEN?

Measure M Oversight Committee candidates are chosen by the Grand Jurors Association of Orange County (GJAOC), which has formed a five-member Taxpayer Oversight Committee Selection Panel to conduct an extensive recruitment program. The panel screens all applications, conducts interviews and recommends candidates for membership on the Taxpayer Oversight Committee. The GJAOC is made up of former grand jurors who have a continuing concern for good government and whose purpose is to promote public understanding of the functions and purpose of the grand jury. The GJAOC is a neutral body serving the interests of the citizens of Orange County.

Measure M Taxpayer Oversight Committee members represent each of the five Orange County Supervisorial Districts and have been meeting regularly since 1990. At this time, the GJAOC is conducting a recruitment to fill two vacancies with one representative from each of the Second and Third supervisorial districts. The GJAOC will recommend as many as five finalists from each district. The new members are to be chosen by lottery at the June 23, 2014 meeting of the OCTA Board of Directors. The terms for the new committee members will begin July 1, 2014. The representatives will serve three-year terms which expire on June 30, 2017. This is a volunteer position and no monetary compensation will be paid to committee members. The chairperson is the elected Auditor-Controller of Orange County. The Auditor-Controller's term coincides with his/her elected/appointed term.

WHO CAN APPLY TO SERVE?

Any Orange County citizen 18 years or older may apply to serve on the Measure M Taxpayer Oversight Committee. Potential candidates will be reviewed on the basis of the following criteria:

1. Commitment and ability to participate in Taxpayer Oversight Committee meetings for a three-year term from July 1, 2014 to June 30, 2017. The Committee will maintain time and meeting requirements. The Committee currently meets quarterly.
2. Demonstrated interest and history of participation in community activities, with special emphasis on transportation-related activities.
3. Lack of financial conflict of interest with respect to the allocation of sales tax revenue generated by Measure M. All Taxpayer Oversight Committee members are required to sign a conflict of interest form when accepting appointment.
4. Elected or appointed city, district, county, state or federal officials are not eligible to serve.

DEADLINE FOR APPLICATION:

All applications **MUST** be received no later than **May 5, 2014**. For more information, call the GJAOC's Taxpayer Oversight Selection Panel at (714) 970-9329. Please print and mail completed application to:

GJAOC's Measure M Taxpayer Oversight Committee
Selection Panel
P.O. Box 1154
Yorba Linda, CA 92885-1154



TAXPAYER OVERSIGHT COMMITTEE

2014 Membership Application

APPLICATION FOR MEASURE M TAXPAYER OVERSIGHT COMMITTEE

Please type or print using dark ink. Additional sheets may be attached if needed.

Name: _____ Email: _____

Business Address: _____
Street City Zip Code

Residence Address: _____
Street City Zip Code

Home Phone: () _____ Business Phone: () _____

Supervisory District Number: _____ (Call Registrar of Voters at (714) 567-7586 to confirm your district.)

Present Employment Status: Employed Unemployed Retired

Present Occupation: _____ Employer: _____

Ethnic Origin (optional): _____ How long have you lived in Orange County? _____ year(s)

Are you a citizen of the United States? Yes No Are you a registered voter? Yes No

Have you (or your spouse) or any entity that you either work for or have a financial interest in, received any financial remuneration for goods or services provided by you, or by any entity you work for or have a financial interest in, that was paid for with Measure M revenues, either directly or indirectly, within the past 12 months? Yes No

If so, please explain.

Do you have any possible conflict of interest with respect to the allocation of Measure M2 revenues? Yes No

If so, please explain.

Are you currently an elected or appointed officer of any public entity? Yes No
(Note: All public officers shall complete an [intent to resign form](#).)

If so, please explain.

Are you related to or closely associated with any elected official or public employee? Yes No

If so, please state the nature of the association.

Have you ever been convicted of malfeasance in office, or of any felony? Yes No

If so, please explain.



TAXPAYER OVERSIGHT COMMITTEE

2014 Membership Application

As a member of any profession or organization, or as a holder of any office, have you ever been suspended, disbarred, or otherwise disqualified? Yes No

If so, please explain.

Do you personally have any past or pending issues related to development or transportation in any Orange County city? Yes No

If so, please explain.

Do you possess research abilities, including complex reading facility and capability to assess and analyze facts? Yes No

Is there any reason that you may be biased and not objective if you are chosen to serve as a member of the Measure M Taxpayer Oversight Committee? Yes No

While no specific time commitment is predetermined, are you willing to make a conscientious effort for a period of three years to give membership on this committee a priority and participate as necessary? Yes No

If you are presently active or have been active in the past five years in any organization, please give the organization name, nature of your activities and duties, and appropriate dates.
(Attach sheet if necessary)

In what transportation-related activities have you been involved?

What do you know about Measure M?

What specialized skill or expertise would you bring to the Oversight Committee?



TAXPAYER OVERSIGHT COMMITTEE

2014 Membership Application

EDUCATIONAL BACKGROUND:

List highest grade completed, any degrees you hold and the college/university attended and date of graduation.

EMPLOYMENT BACKGROUND:

List employment history for the last five years, including positions and titles held.

How did you hear about the Taxpayer Oversight Committee?

Why do you wish to be considered for membership on the Taxpayer Oversight Committee?

APPLICATION MUST BE RECEIVED BY MAY 5, 2014

Please print and mail completed application to:

GJAOC's Measure M Taxpayer Oversight Committee Selection Panel
P.O. Box 1154
Yorba Linda, CA 92885-1154

For more information call (714) 970-9329.

I hereby declare the information provided in this Application for the Measure M Oversight Committee is true, correct and complete to the best of my knowledge. I understand that my statements may be verified and I give permission to do so.

Date

Signature

Orange County Transportation Authority
550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

INTENT TO RESIGN

I _____ am currently a public entity officer. The public entity is
NAME

_____ and my office is _____.
PUBLIC ENTITY CURRENT OFFICE

I agree that if I am appointed to be a member of the Measure M2 Taxpayer Oversight Committee (TOC) that I will resign my public entity office prior to accepting my appointment as a member of the TOC.

NAME

SIGNATURE

DATE

**MEASURE M
TAXPAYER OVERSIGHT COMMITTEE
2014 FINALISTS**

DISTRICT 2

NAME	CITY
Buley, Joseph	Huntington Beach
Drilling, Margie	Fountain Valley
Dubin, Alan	Los Alamitos
Melnick, Martin	Newport Coast
Riley, Ellen	Huntington Beach

DISTRICT 3

NAME	CITY
D'Albert, Richard	Anaheim
Hull, Ray	Orange
Kelly, James	Tustin
Randolph, Ronald	Yorba Linda

Howard Mirowitz

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of Howard Mirowitz to the successful implementation of Measure M to date; and

WHEREAS, be it known that Howard Mirowitz has served on the Measure M Taxpayer Oversight Committee from July 2008 to June 2014;

WHEREAS, Mr. Mirowitz has served on the Measure M Taxpayer Oversight Committee Audit Subcommittee for six years and served as Co-Chair for two years;

WHEREAS, representing the citizens of Orange County and the Second Supervisorial District, Mr. Mirowitz displayed a keen perception and understanding of issues and the complexities of both the Measure M1 and Measure M2 ordinances and investment plans.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors is privileged to recognize Howard Mirowitz's outstanding public service; and

BE IT FURTHER RESOLVED that the Board of Directors does hereby acknowledge and appreciate the dedicated efforts of Howard Mirowitz and the many hours of his personal time that he gave to ensure the will of the voters and the integrity of Measure M were maintained.

Dated: June 23, 2014

**Shawn Nelson, Chairman
Orange County Transportation Authority**

**Darrell Johnson, Chief Executive Officer
Orange County Transportation Authority**

OCTA Resolution No. 2014-028

Merrill “Randy” Holbrook

WHEREAS, the Orange County Transportation Authority Board of Directors recognizes and commends the valuable contribution of Merrill “Randy” Holbrook to the successful implementation of Measure M to date; and

WHEREAS, be it known that Merrill “Randy” Holbrook has served on the Measure M Taxpayer Oversight Committee from July 2011 to June 2014; and

WHEREAS, Mr. Holbrook has served on the Measure M Taxpayer Oversight Committee – Annual Eligibility Review Subcommittee for three years; and

WHEREAS, representing the citizens of Orange County and the Third Supervisorial District, Mr. Holbrook displayed a keen perception and understanding of issues and the complexities of both the Measure M1 and Measure M2 ordinances and investment plans.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors is privileged to recognize Merrill “Randy” Holbrooks’ outstanding public service; and

BE IT FURTHER RESOLVED that the Board of Directors does hereby acknowledge and appreciate the dedicated efforts of Merrill “Randy” Holbrook and the many hours of his personal time that he gave to ensure the will of the voters and the integrity of Measure M were maintained.

Dated: June 23, 2014

**Shawn Nelson, Chairman
Orange County Transportation Authority**

**Darrell Johnson, Chief Executive Officer
Orange County Transportation Authority**

OCTA Resolution No. 2014-029



COMMITTEE TRANSMITTAL

July 14, 2014

To: Members of the Board of Directors
From: Wendy Knowles, ^{WK} Clerk of the Board
Subject: Annual Update to Investment Policy

Finance and Administration Committee Meeting of July 9, 2014

Present: Directors Bates, Hennessey, Jones, Moorlach, Spitzer, and Ury
Absent: Directors Lalloway and Pulido

Committee Vote

This item was passed by the Members present.

Committee Recommendation

Adopt the 2014 Investment Policy.



July 9, 2014

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

Overview

The Orange County Transportation Authority's Treasurer has revised the investment policy for 2014. The investment policy sets forth the investment guidelines for all funds invested on and after July 14, 2014. 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.

Recommendation

Adopt the 2014 Investment Policy.

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 2014 Policy is being submitted for review and adoption by the Board. Treasury/Toll Roads Department staff met with representatives from the OCTA's investment advisory firm and investment management firms to evaluate the effectiveness of the Policy and address any potential changes for 2014. There were no legislative changes to Section 53601 of the Code

affecting local agencies during the past year. Proposed changes to the Policy can be categorized into two areas: Policy language updates and adding additional benchmarks for performance comparisons.

Policy Language Updates

There are two language updates proposed for the Policy. The first pertains to modifying the language under compliance on page one and two of the black-lined version of the Policy. Staff is recommending revising the Policy to reflect the recommendation of a recent audit finding. In this case, a bond proceeds manager exceeded the allowable investment in money market funds since OCTA provided instructions to the manager to remain liquid. Management has updated the Policy to include additional language regarding the drawdown of portfolio funds and the determination of compliance issues.

The second language update proposed for the Policy is on page 12 of the black-lined version of the Policy regarding the investment in 91 Express Lanes debt. The previous Policy contained language that OCTA could invest in the 2003 91 Express Lanes Series B bonds if the Internal Revenue Service allowed such investments for agencies. The 2003 Series B bonds were refunded in August of 2013. Therefore, the Policy has been revised to generalize the investment in any OCTA notes or bonds as long as the Internal Revenue Service allows this type of investment.

Additional Benchmarks

The second area of change to the Policy relates to the benchmarks utilized by OCTA to measure performance. These changes are captured on page three of the black-lined version of the Policy. OCTA's short-term portfolio uses the Bank of America Merrill Lynch 1-3 Year United States (U.S.) Treasury Index (BAML 1-3 Year Treasury Index), and the extended fund uses the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index (BAML 1-5 Year Treasury Index) as benchmarks to measure performance. These benchmarks are comprised of 100 percent treasury securities. The portfolio managers for the short-term fund, however, have the latitude to invest funds within the parameters of the permitted investments in the Policy. There are currently no funds invested in the extended fund.

Members of the Finance and Administration (F&A) Committee have inquired about the appropriateness of the current benchmarks with respect to measuring the added-value of the portfolio managers' contribution. Currently, there are no publicly available indices that precisely reflect the permitted investments allowed under Section 53601 of the Code. If the Board prefers

adding a second benchmark to the short-term portfolio, the Bank of America Merrill Lynch 1-3 Year AAA-A U.S. Corporate and Government Index (BAML 1-3 Year Corporate and Government Index) may be used when reporting performance. This index contains approximately nine percent of foreign and other sovereign securities that are not permitted investments in the Code, making a direct correlation unattainable. Similar to the short-term portfolio, a second benchmark, the Bank of America Merrill Lynch 1-5 Year AAA-A U.S. Corporate and Government Index (BAML 1-5 Year Corporate and Government Index), may be used when comparing performance whenever monies are added to the extended fund.

The addition of the second benchmark is not an effort to legislate additional risk by mandating designated asset allocation requirements. The intent is to provide perspective when evaluating relative performance when portfolio managers purchase non-treasury securities such as corporate medium-term notes or asset-backed securities. The two short-term portfolio benchmarks currently share a similar duration of approximately 1.8 years, and the extended fund benchmarks have the same duration of 2.8 years. Over the past five years, the average annual total return for the BAML 1-3 Year Treasury Index was 1.11 percent, while the average annual total return for the BAML 1-3 Year Corporate and Government Index was 1.73 percent. During the same period, the average annual total return for OCTA's short-term portfolio was 1.67 percent.

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. The additional benchmark for the short-term portfolio will also be incorporated into the monthly and quarterly reports provided to the F&A Committee and Board.

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.

Staff will return to the F&A Committee and Board over the next few months to discuss other investment strategies for the Measure M2 Environmental Mitigation Program. This program will be seeking Board approval for the establishment of an endowment fund for future expenditures. If the endowment fund is established, a longer-term investment strategy and benchmark will need to be evaluated.

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.

Attachments

- A. Orange County Transportation Authority 2014 Investment Policy July 14, 2014
- B. Black-line Copy of Orange County Transportation Authority 2014 Investment Policy July 14, 2014

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
2014 Investment Policy
July 14, 2014

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. 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.

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.

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%
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) 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, 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 35%

Any one repurchase agreement counter-party name

If maturity/term is ≤ 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)

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

2014 Annual Investment Policy

June-July 1014, 20134

I. PURPOSE

This Annual Investment Policy sets forth the investment guidelines for all funds of the Orange County Transportation Authority (OCTA) invested on and after ~~June-July 1014, 20134~~. The objective of this Annual 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 Annual Investment Policy. The OCTA Annual 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 Annual 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 Annual 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 Annual Investment Policy. However, bond proceeds may be invested in approved short-term investments without regard to diversification limits, for a period of three months after their initial deposit and three months before the bond proceeds portfolio final drawdown. Investment activity during the implementation and dissolution of the bond proceeds investment portfolio strategy shall be reported to the Finance & Administration Committee monthly and included in the quarterly Debt and Investment report to the Board of Directors. 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 ~~Annual~~ 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 ~~Annual~~ 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 ~~Annual~~ 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.

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 ~~Annual~~ 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

Annual 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 Annual Investment Policy and ensuring investments are made in compliance with this Annual Investment Policy. This Annual 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 isare 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 isare 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 Annual 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 Annual 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 Annual 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:

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

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Maximum Term: 180 days (Code)

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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 Annual 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 Annual 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.

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 Annual 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%
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) Investment Agreements pursuant to indenture	100%

Outside portfolio managers must review the portfolios they manage (including bond proceeds portfolios once established) 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, Investment Agreements, Repurchase Agreements and ~~91 Express Lanes~~ 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 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 ~~91 Express Lanes~~ Debt

The Authority can purchase all or a portion of the Orange County Transportation Authority's ~~Toll Road Revenue Refunding Bonds (91 Express Lanes) Series B Bonds maturing December 15, 2030~~ 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 Annual Investment Policy.

XIV. ANNUAL INVESTMENT POLICY REVIEW

This Annual 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 12 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 which 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 of 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 invests 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)

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 Annual 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

July 14, 2014

To: Members of the Board of Directors

From: ^{WK} Wendy Knowles, Clerk of the Board

Subject: Measure M2 Eligibility Review Recommendation for the City of Huntington Beach Expenditure Report

Regional Planning and Highways Committee Meeting of July 7, 2014

Present: Directors Bates, Donchak, Harper, Miller, Murray, Nelson, and Spitzer

Absent: Director Lalloway

Committee Vote

This item was passed by the Members present.

Directors Bates and Harper were not present to vote on this item.

Committee Recommendation

Approve the expenditure report for the City of Huntington Beach and find the City of Huntington Beach eligible to receive Measure M2 net revenues for fiscal year 2013-14.



July 7, 2014

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Measure M2 Eligibility Review Recommendation for the City of Huntington Beach Expenditure Report

Overview

The Measure M2 Ordinance includes eligibility requirements that local agencies must satisfy in order to receive Measure M2 net revenues. The City of Huntington Beach's expenditure report for fiscal year 2012-13 and resolution have been reviewed and approved by the Taxpayer Oversight Committee. Staff is seeking an approval of eligibility for the City of Huntington Beach.

Recommendation

Approve the expenditure report for the City of Huntington Beach and find the City of Huntington Beach eligible to receive Measure M2 net revenues for fiscal year 2013-14.

Background

The Measure M2 (M2) Ordinance requires local jurisdictions to adopt an annual expenditure report that accounts for net revenues, developer/traffic impact fees, and funds expended that satisfy maintenance of effort requirements by maintaining a minimum level of local streets and roads expenditures.

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. On February 11, 2014, the TOC approved the expenditure reports for all local jurisdictions in Orange County, except for the City of Huntington Beach (City) due to the City's use of a federal fiscal year.

Discussion

The City submitted the expenditure report¹ for fiscal year (FY) 2012-13 and resolution by the March 31, 2014 deadline. Orange County Transportation Authority staff reviewed the expenditure report to ensure compliance with the M2 Ordinance. The AER subcommittee convened on March 20, 2014 to review the City's expenditure report, and presented recommendations of eligibility compliance to the TOC on April 8, 2014. The TOC approved the City's expenditure report and found the City eligible to receive M2 net revenues for FY 2013-14.

Summary

The Taxpayer Oversight Committee reviewed the City of Huntington Beach's expenditure report for fiscal year 2012-13 and recommended the City of Huntington Beach be eligible to receive Measure M2 net revenues for fiscal year 2013-14.

Attachment

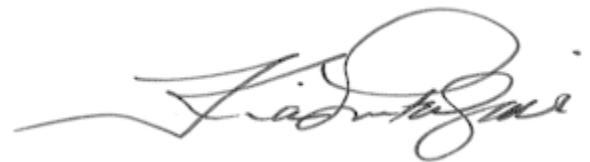
None.

Prepared by:



May Hout
Associate Transportation
Funding Analyst
(714) 560-5905

Approved by:



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

¹ Expenditure reports are due six months after the close of the FY per the M2 Ordinance. The City follows a federal fiscal year (October 1 to September 30) and that agency's expenditure report is due March 31st of each year. All other local agencies follow the July to June FY, with expenditure reports due December 31st of each year.



COMMITTEE TRANSMITTAL

July 14, 2014

To: Members of the Board of Directors

From: *WK*
Wendy Knowles, Clerk of the Board

Subject: Measure M2 Project W Safe Transit Stops – 2014 Programming Recommendations

Transit Committee Meeting of July 10, 2014

Present: Directors Donchak, Jones, Nguyen, Pulido, Shaw, Tait, and Winterbottom

Absent: None

Committee Vote

This item was passed by the Members present.

Committee Recommendations

- A. Approve the programming recommendations for Measure M2 Project W funding, in an amount not to exceed \$1,205,666, for city-initiated improvements, and \$370,000 for Orange County Transportation Authority-initiated improvements.
- B. Authorize the Chief Executive Officer to negotiate and execute letter agreements to support the programming recommendations.



July 10, 2014

To: Transit Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Measure M2 Project W Safe Transit Stops – 2014 Programming Recommendations

Overview

In March 2014, the Orange County Transportation Authority Board of Directors approved the Measure M2 Project W Program to provide passenger amenities at busy bus stops, and directed staff to work with local agencies and return with funding recommendations. Project applications have been reviewed, and funding recommendations are presented for approval. The goal is to improve the transit facilities infrastructure in high transit demand areas and provide a better bus transit experience to customers.

Recommendations

- A. Approve the programming recommendations for Measure M2 Project W funding, in an amount not to exceed \$1,205,666, for city-initiated improvements, and \$370,000 for Orange County Transportation Authority-initiated improvements.
- B. Authorize the Chief Executive Officer to negotiate and execute letter agreements to support the programming recommendations.

Background

Measure M2 includes Project W Safe Transit Stops. This program provides funding for passenger amenities at the 100 busiest bus stops in Orange County, determined by average daily weekday passenger boardings. The M2020 Plan, approved by the Orange County Transportation Authority (OCTA) Board of Directors (Board) on September 10, 2012, identified \$5.5 million on a pay-as-you-go basis through 2020 for Project W.

On March 14, 2014, the Board authorized staff to work with the eligible local agencies and return with funding recommendations based on the Project W Safe Transit Stops framework (Attachment A). The framework provides 80 percent of the available funds for city-initiated improvements and up to 20 percent for the OCTA-initiated improvements. Therefore, Project W can provide a minimum of \$1,206,000 through fiscal year 2014-15 for city-initiated improvements for the 100 busiest stops across Orange County, and approximately \$370,000 to OCTA for regional improvements. OCTA staff worked with the cities to prepare needs assessments and project applications for funding based on the 100 busiest stops list. For the OCTA-initiated improvements, development of the software needed for a “real time” regional “text4next” system is being recommended for Project W funds.

Discussion

City-Initiated Bus Stop Improvements: In April 2014, OCTA staff met with the representatives from local agencies where busy stops are located. The Project W Safe Transit Stops framework and bus stop list were reviewed with the local agencies at these meetings. Local agencies submitted needs assessments and project applications for 51 of the top 100 busiest stops, requesting \$1,205,666 in Project W funds. Based on information submitted by local agencies, the remaining 49 locations do not need immediate improvements. OCTA staff reviewed the needs assessments and applications consistent with the Project W framework.

In reviewing the needs assessments and 51 applications submitted by local agencies, proposed projects will provide much needed new transit amenities. This includes installing new transit shelters at locations where there are no shelters at present, and replacing aging shelters, shade, and amenities that have become run down over time. All city-initiated projects submitted for funding met the Project W framework requirements and are being recommended for funding, in an amount not to exceed \$1,205,666 (Attachment B). Local agencies also expressed interest in submitting future applications for the remaining 49 projects. Staff recommends revisiting improvements to the remaining 49 stops in 2016. This effort would include city-prepared needs assessments for the remaining bus stops.

OCTA-Initiated Bus Stop Improvements: The Project W framework also provides funds for the regional amenities to provide real-time information. OCTA is proposing to program \$370,000 to expand the regional text4next system. The current system allows cell phone users to receive the next three scheduled arrival times via text message for a specific stop. Project W funds will be used for the software engineering needed to migrate the text4next

system to provide real-time arrival information for specific stop locations selected by the customer. OCTA's goal is to complete the design and engineering for this text4next system enhancement within 12 to 18 months.

Summary

Based on the approved Project W Safe Transit Stops framework, staff is seeking approval to fund 51 city-initiated improvements for up to \$1,205,666, and to provide \$370,000 for OCTA-initiated improvements.

Attachments


- A. Project W Framework
- B. 2014 Project W Programming Recommendations

Prepared by:



Sam Kaur
Section Manager, Measure M Local
Programs
(714) 560-5673

Approved by:



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

Project W Framework

PURPOSE

This is a fixed-scope program which provides funding for passenger amenities at the 100 busiest bus stops in Orange County, determined by average daily weekday passenger boardings (October 2012 data).

City-Initiated Bus Stop Improvements

Eighty percent of the available Project W funding (\$4,470,000) will be made available to support city-initiated projects. The Orange County Transportation Authority (OCTA) is functioning as the funding agency for the local bus stop amenity improvements implemented by cities under this program. Local jurisdictions have the authority and responsibility for designing, constructing, and maintaining bus stop improvements. Local agencies will retain local control and responsibility for these improvements including, but not limited to, shelters, lighting, seating, and waste receptacles.

OCTA-Initiated Bus Stop Improvements

Twenty percent of available Project W funding (\$1,120,000) is proposed to be directed towards the development and implementation of regional, customer-facing technologies that benefit the 100 busiest stops. Examples include design of the real-time "text4next" system, ticketing vending machines, and other regional elements that benefit the region, as well as the 100 busiest stops. OCTA would implement these passenger amenities working in cooperation with local agencies.

ELIGIBLE APPLICANTS

Eligible applicants for the "city-initiated bus stop improvements" funding include the 15 local agencies in Orange County which have at least one of the top 100 busiest bus stops as defined above. Bus stops on private property would need to be submitted by the city on behalf of the property owner.

APPLICATION

Required to Include:

- Proposed maintenance plan;
- Photos of the proposed project site in the weekday AM peak and PM peak period;
- Project design or concept drawings;
- Shelter size and covered passenger waiting area footage; and
- Needs assessment.

EVALUATION CRITERIA

If sufficient funds are not available during a funding cycle to fund all the projects that are submitted, projects will be prioritized for funding based on a combination of boarding ranking and the needs of each stop.

AVAILABLE FUNDING

Five and a half million on a pay-as-you-go basis is available for Project W between fiscal year (FY) 2012-13 through FY 2019-20. Funding for the city-initiated bus stop improvements will be offered biennially. The amount available through FY 2020, as well as the amount available for each round of funding, is shown below.

Project W Estimated Funding by FY (in thousands)									
FY	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	Total
Total Revenue	\$580	\$610	\$650	\$690	\$720	\$750	\$780	\$810	\$5,590
City-Initiated 80%	\$460	\$490	\$520	\$550	\$580	\$600	\$620	\$650	\$4,470
OCTA-Initiated 20%	\$120	\$120	\$130	\$140	\$140	\$150	\$160	\$160	\$1,120

The first round of funding for Project W funds will target \$950,000 for city-initiated improvements, and \$240,000 for OCTA-initiated improvements. These figures are comprised of the amounts available from FYs 2012-13 and 2013-14.

Project W Funding Available Biennially for City Project Applications and Stops Improved (in thousands)					Total
FYs	12/13 and 13/14	14/15 and 15/16	16/17 and 17/18	18/19 and 19/20	
City Available Funds Biennially	\$950	\$1,070	\$1,180	\$1,270	\$4,470
Bus Stops Improved	30+	35+	35+	TBD	

ELIGIBLE COSTS

Project W will pay for up to \$20,000 for "normal load stops" and up to \$30,000 for "high load stops.* A high load stop is where the 90th percentile of boarding events have ten or more passengers waiting. The following expenses are eligible for reimbursement under the program:

*The average cost of a single width shelter and bench is approximately \$15,000 and the average cost of a double width shelter and bench is \$25,000.

Eligible

- Passenger Waiting Amenities
 - Bus shelters or shade structures (required);
 - Seating/leaning fixtures (required);
 - Waste receptacles (required);
 - Ad displays; and
 - Bus stop lighting.

- Other Amenities
 - Transit/pedestrian information display;
 - Security cameras (monitored by local police department);
 - Bicycle lockers or racks;
 - Mature street trees;
 - Minor improvements to sidewalks necessary to accommodate shelters; and,
 - Installation of electric service on bus shelters for future OCTA uses.

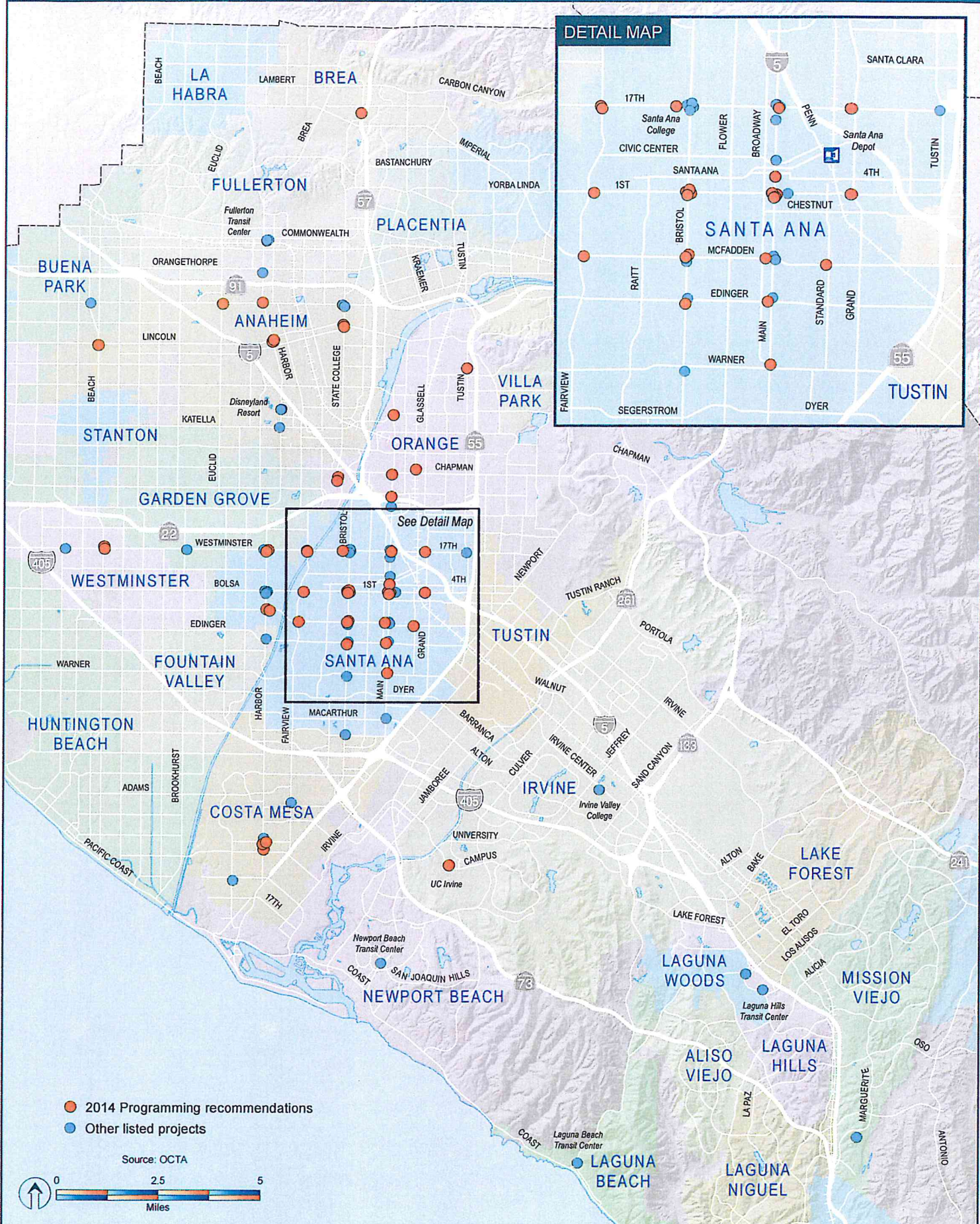
Not Eligible

- Right-of-way acquisition;
- Planning and design;
- Maintenance; and
- Electricity.

Other OCTA-Funded Items

- Installation of bus stop signage;
- Real-time information display improvements will be provided in future; and
- Ticket vending machines can be installed as funding becomes available in future.

2014 Project W Recommendations



2014 Project W Programming Recommendations

Rank	City	Project Location	Proposed Improvements	Request
6	Santa Ana	Bristol Street/1st Street	1 Shelter, 1 Bench, 1 Trash Receptacle	\$ 19,263
7	Santa Ana	Bristol Street/McFadden Avenue	2 Shelters, 2 Benches, 4 Trash Receptacles, Replace Concrete, Curb Ramp, Bike Rack	\$ 30,000
8	Santa Ana	1st Street/Main Street	2 Shelters, 4 Benches, 4 Trash Receptacles, Replace Concrete, Curb Ramp	\$ 30,000
12	Santa Ana	Main Street/1st Street	1 Shelter, 2 Benches, 4 Trash Receptacles, Curb Ramp	\$ 20,000
14	Brea	Ring Road and Brea Mall	2 Shelter, Benches, Trash Receptacles	\$ 30,000
17	Anaheim	Lincoln Avenue/State College Boulevard	Shade Structure, Benches, 2 Trees, Replace Concrete	\$ 29,840
19	Irvine	Campus Drive/University Center Drive	2 Shelter, 2 Benches 2 Trash Receptacles	\$ 30,000
20	Santa Ana	McFadden Avenue/Harbor Boulevard	2 Shelters, 2 Benches, 2 Trash Receptacles, Curb Ramp	\$ 30,000
21	Santa Ana	Westminster Avenue/Harbor Boulevard	1 Shelter, 1 Bench, 2 Trash Receptacles, Curb Ramp	\$ 20,000
23	Santa Ana	McFadden Avenue/Bristol Street	1 Shelter, 2 Benches, 4 Trash Receptacles	\$ 20,000
24	Orange	South Bound (SB) The City Drive/City Way	2 Shelters, 2 Trash Receptacles	\$ 30,000
26	Anaheim	Harbor Boulevard/La Palma Avenue	1 Shelter, 2 Benches, 2 Trees, Replace Concrete	\$ 19,996
28	Santa Ana	Harbor Boulevard/McFadden Avenue	1 Shelter, 1 Bench, 4 Trash Receptacles, Curb Ramp	\$ 20,000
30	Orange	North Bound (NB) The City Drive/Dawn Way	2 Shelters, 2 Trash Receptacles	\$ 28,020
31	Santa Ana	1st Street/Bristol Street	2 Shelters, 2 Benches, 4 Trash Receptacles	\$ 30,000
33	Santa Ana	Harbor Boulevard/Westminster Avenue	2 Shelters, 2 Benches, 4 Trash Receptacles, 2 Trees	\$ 30,000
34	Santa Ana	17th Street/Grand Avenue	1 Shelters, 2 Benches, 4 Trash Receptacles, Curb Ramp	\$ 20,000
38	Santa Ana	McFadden Avenue/Sycamore Street	2 Shelters, 2 Benches, 4 Trash Receptacles, Curb Ramp, Bike Rack	\$ 30,000
39	Santa Ana	Fairview Street/Westminster Avenue	2 Shelters, 2 Benches, 4 Trash Receptacles, Curb Ramp, 1 Tree, Bike Rack, Other Americans with Disability Act (ADA) Improvements	\$ 30,000
42	Santa Ana	Main Street/1st Street	2 Shelters, 2 Benches, 4 Trash Receptacles, Curb Ramp, 1 Tree, Bike Rack, Other Americans with Disability Act (ADA) Improvements	\$ 30,000
43	Orange	SB Main Street/Katella Avenue	1 Shelter, 1 Trash Receptacle	\$ 13,837
44	Orange	SB Main Street/Chapman Avenue	1 Shelter, 1 Trash Receptacle	\$ 15,241
45	Santa Ana	Bristol Street/1st Street	2 Shelters, 2 Benches, 4 Trash Receptacles	\$ 30,000
46	Costa Mesa	Harbor Boulevard/Victoria Street	1 Shelter, 2 Trash Receptacles, 2 Benches	\$ 30,000
47	Westminster	Westminster Boulevard/Beach Boulevard	2 Shelters, 2 Benches, 2 Trash Receptacles	\$ 25,000
53	Anaheim	Harbor Boulevard/Lincoln Avenue	1 Shelter, 2 Benches, 2 Trees, Replace Concrete	\$ 19,996
55	Anaheim	State College Boulevard/Lincoln Avenue	1 Shelter, 2 Benches, Replace Concrete	\$ 19,987
56	Santa Ana	Main Street/5th Street	2 Shelters, 2 Benches, 4 Trash Receptacles	\$ 30,000
59	Santa Ana	Edinger Avenue/Main Street	1 Shelter, 2 Benches, 4 Trash Receptacles, Curb Ramp	\$ 20,000

2014 Project W Programming Recommendations

Rank	City	Project Location	Proposed Improvements	Request
60	Anaheim	La Palma Avenue/Euclid Street	1 Shelter, 1 Bench, 1 Tree, Replace Concrete	\$ 19,992
61	Orange	Orange Transportation Center Dock 1	1 Shelter, 2 Trash Receptacles	\$ 14,338
62	Costa Mesa	Wilson Street/Harbor Boulevard	1 Shelter, 1 Trash Receptacles, 2 Benches	\$ 28,556
67	Anaheim	Lincoln Avenue/Harbor Boulevard	1 Shelter, 3 Benches, 1 Tree, Replace Concrete	\$ 28,690
68	Santa Ana	1ST Street/Grand Avenue	1 Shelter, 2 Benches, 4 Trash Receptacles	\$ 20,000
72	Santa Ana	McFadden Avenue/Standard Avenue	1 Shelter, 2 Benches, 4 Trash Receptacles	\$ 20,000
73	Santa Ana	McFadden Avenue/Fairview Street	2 Shelters, 2 Benches, 4 Trash Receptacles, Replace Concrete, Curb Ramp	\$ 30,000
74	Santa Ana	17th Street/Main Street	1 Shelter, 2 Benches, 4 Trash Receptacles	\$ 20,000
75	Costa Mesa	Harbor Boulevard and Wilson Street	1 Shelter, 2 Trash Receptacles, 1 Bench	\$ 23,652
76	Santa Ana	17th Street/Santa Ana College Boulevard	1 Shelter, 2 Benches, 4 Trash Receptacles, Replace Concrete	\$ 20,000
77	Santa Ana	Westminster Avenue/Fairview Street	1 Shelter, 2 Benches, 4 Trash Receptacles, 1 Tree	\$ 20,000
79	Santa Ana	1st Street/Bristol Street	1 Shelter, 2 Benches, 4 Trash Receptacles, 1 Tree	\$ 20,000
80	Orange	SB Main Street/La Veta Avenue	1 Shelter, 1 Trash Receptacle	\$ 14,010
81	Santa Ana	Bristol Street/Edinger Avenue	1 Shelter, 2 Benches, 4 Trash Receptacles, Curb Ramp	\$ 20,000
84	Westminster	Beach Boulevard/Westminster Boulevard	2 Shelters, 2 Benches, 2 Trash Receptacles	\$ 27,000
85	Anaheim	Beach Boulevard/Lincoln Avenue	1 Shelter, 2 Trees, Replace Concrete	\$ 19,996
88	Santa Ana	1st Street/Fairview Street	1 Shelter, 2 Benches, 4 Trash Receptacles, Replace Concrete	\$ 20,000
89	Santa Ana	Main Street/4th Street	1 Shelter, 1 Bench, 1 Trash Receptacle	\$ 18,256
90	Orange	SB Tustin Street at East Village Way	2 Shelters, 4 Trash Receptacles	\$ 30,000
91	Santa Ana	Main Street/Warner Avenue	1 Shelter, 2 Benches, 4 Trash Receptacles, Replace Concrete	\$ 20,000
92	Anaheim	Harbor Boulevard/Lincoln Avenue	1 Shelter, 2 Benches, 2 Trees, Replace Concrete	\$ 19,996
99	Santa Ana	1st Street/Main Street	1 Shelter, 2 Benches, 4 Trash Receptacles, Curb Ramp	\$ 20,000
Total				\$ 1,205,667



COMMITTEE TRANSMITTAL

July 28, 2014

To: Members of the Board of Directors
From: Wendy Knowles, ^{WK} Clerk of the Board
Subject: Second Quarter 2014 Debt and Investment Report

Finance and Administration Committee Meeting of July 23, 2014

Present: Directors Bates, Hennessey, Jones, Lalloway, Moirlach, and Ury
Absent: Directors Pulido and Spitzer

Committee Vote

This item was passed by the Members present.

Committee Recommendation

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



July 23, 2014

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Second Quarter 2014 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 second quarter of 2014, April through June, 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 \$1.2 billion as of June 30, 2014. 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 \$489 million as of June 30, 2014. Approximately 75 percent of the outstanding balance is comprised of M2 debt and 25 percent is associated with the 91 Express Lanes program.

Economic Summary: Job creation increased in June 2014 while the unemployment rate fell to a nearly six-year low of 6.1 percent, underscoring the strength of a United States labor market that continues to fuel a rebound in growth. The addition of 288,000 jobs followed a 224,000 gain the prior month

that was bigger than previously estimated. The number of long-term unemployed Americans fell to 3.1 million, indicating greater success for people searching for work.

A rebound in the economy after a first-quarter slump is encouraging companies to add to staffing levels. The economy is showing signs of a self-sustaining recovery where production growth leads to job growth, which leads to consumption growth. Evidence of the recovery can be seen in domestic auto sales; cars and light trucks sold at a 16.9 million pace in June 2014, the strongest since July 2006, after a 16.7 million rate in May 2014.

The Federal Reserve Bank (Fed) may increase interest rates in the second or third quarter of 2015. Bond traders are forecasting a 54 percent chance the Fed will raise its benchmark rate to at least 0.5 percent by July 2015, up from 43.2 percent odds at the end of May 2014.

Debt Portfolio Activity: In late June and early July 2014, OCTA representatives traveled to New York to visit with the rating agencies and financial institutions. During the meetings, representatives discussed OCTA's programs and services. The meetings focused on the M2 program, 91 Express Lanes operational highlights, sales tax collections, fiscal year 2014-15 approved budget, financing plans, and the status of the Orange County economy. The meetings were well received.

No debt service payments were made during the second quarter. The outstanding balances for each of OCTA's debt securities are presented in Attachment A.

Investment Portfolio Compliance: There were no compliance violations during the quarter. 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 June 30, 2014, to the diversification guidelines of the policy.

Investment Portfolio Performance Versus Selected Benchmarks: OCTA's investment managers provide OCTA and its financial advisor, Sperry Capital, with monthly performance reports. The investment managers' performance reports calculate monthly total rates of return based upon the market value of the portfolios they manage at the beginning of the month versus the market value at the end of the month. The market value of the portfolio at the end of the month includes the actual value of the portfolio based upon prevailing market conditions, as well as the interest income accrued during the month.

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 two-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 Index Benchmark. The BAML 1-3 year Treasury Index is one of 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 2013 Annual Investment Policy. For the quarter ending June 30, 2014, the weighted average total return for OCTA's short-term portfolio was 0.33 percent, 6 basis points above the benchmark return of 0.27 percent. For the 12-month period ending June 30, 2014, the portfolio's return totaled 1.10 percent, 33 basis points above the benchmark return of 0.77 percent 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 OCTA's 2013 Annual Investment Policy. For the quarter ending June 30, 2014, the weighted average total return for OCTA's bond proceeds portfolio was 0.07 percent, 8 basis points above the benchmark return of -0.01 percent. For the 12-month period ending June 30, 2014, the portfolio's return totaled 0.29 percent, 55 basis points above the benchmark return of -0.26 percent for the same period.

During the last 12, months the yield curve has remained relatively unchanged for treasuries one-year and shorter. Beginning with the two-year, yields have been rising resulting in a steepening of the yield curve. A steepening yield curve historically is an indicator of stronger economic activity and rising inflation expectations. The two-year and five-year treasuries are currently yielding 0.46 percent and 1.63 percent respectively. This is an increase of 17 basis points for the two-year and 61 basis points for the five-year. This has created downward pricing pressure on existing securities in this maturity range, but also created buying opportunities as yields continue to rise.

The outperformance during the quarter and trailing 12 months for both the short-term and bond proceeds portfolios was a direct result of the yield provided by all non-government sectors and the ability to reinvest in the rising yield environment. Treasury yields dipped slightly during June 2014 as

corporate medium term notes and asset-backed securities outpaced returns of government bonds.

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 book 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 investment report summarizes the Orange County Transportation Authority's Treasury activities for the period April 2014 through June 2014.

Attachments

- A. Orange County Transportation Authority Outstanding Debt June 30, 2014.
- B. Orange County Transportation Authority Investment Policy Compliance June 30, 2014.
- C. Orange County Transportation Authority Short-term Portfolio Performance Review Quarter Ending June 30, 2014.
- D. Orange County Transportation Authority Short-term Portfolio Performance June 30, 2014.
- E. Orange County Transportation Authority Comparative Yield Performance June 30, 2014.
- F. Investment Manager Diversification and Maturity Schedules June 30, 2014.
- G. Orange County Transportation Authority Portfolio Listing as of June 30, 2014.

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
Outstanding Debt
June 30, 2014**

Orange County Local Transportation Authority (OCLTA) - M2 Program

	<u>Issued</u>	<u>Outstanding</u>	<u>Final Maturity</u>
2008 Tax-Exempt Commercial Paper	\$ 100,000,000	\$ 25,000,000	2014
2010 Series B Sales Tax Revenue Tax-Exempt Bonds	\$ 59,030,000	\$ 46,020,000	2020
2010 Series A Sales Tax Revenue Taxable Bonds	\$ 293,540,000	\$ 293,540,000	2041
Sub-total	\$ 452,570,000	\$ 364,560,000	

91 Express Lanes

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

TOTAL OUTSTANDING BALANCE **\$ 488,975,000**

ORANGE COUNTY TRANSPORTATION AUTHORITY
Investment Policy Compliance
June 30, 2014

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	\$540,092,126	44.3%	100%
Federal Agencies & U.S. Government Sponsored	126,335,202	10.4%	100%
State of California & Local Agencies	3,832,670	0.3%	25%
Money Market Funds & Mutual Funds	120,492,145	9.9%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	20,200,160	1.7%	30%
Commercial Paper	14,401,565	1.2%	25%
Medium Term Maturity Corporate Securities	221,839,505	18.2%	30%
Mortgage and Asset-backed Securities	77,458,289	6.3%	10%
Repurchase Agreements	41,242,459	3.4%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund	10,126,142	0.8%	\$ 40 Million
Orange County Investment Pool	14,714,848	1.2%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	29,578,334	2.4%	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>\$1,220,313,446</u>	100.0%	

**Orange County Transportation Authority
Short-term Portfolio Performance Review*
Quarter Ending June 30, 2014**

Month Ending	Merrill Lynch Treasury 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
4/30/2014	0.13%	1.92 years	0.18%	1.83 years	0.15%	1.73 years	0.19%	1.61 years	0.15%	1.74 years
5/31/2014	0.18%	1.94 years	0.24%	1.83 years	0.20%	1.72 years	0.16%	1.56 years	0.19%	1.78 years
6/30/2014	-0.04%	1.93 years	-0.05%	1.85 years	-0.01%	1.74 years	-0.02%	1.51 years	-0.03%	1.86 years
Apr 14 - Jun 14 Total Return	0.27%		0.36%		0.34%		0.33%		0.31%	

HISTORICAL QUARTERLY RETURNS

Jul 13 - Sep 13 Total Return	0.29%	0.36%	0.37%	0.40%	0.45%
Oct 13 - Dec 13 Total Return	0.06%	0.09%	0.15%	0.14%	0.20%
Jan 14 - Mar 14 Total Return	0.14%	0.20%	0.21%	0.24%	0.23%
Apr 14 - Jun 14 Total Return	0.27%	0.36%	0.34%	0.33%	0.31%

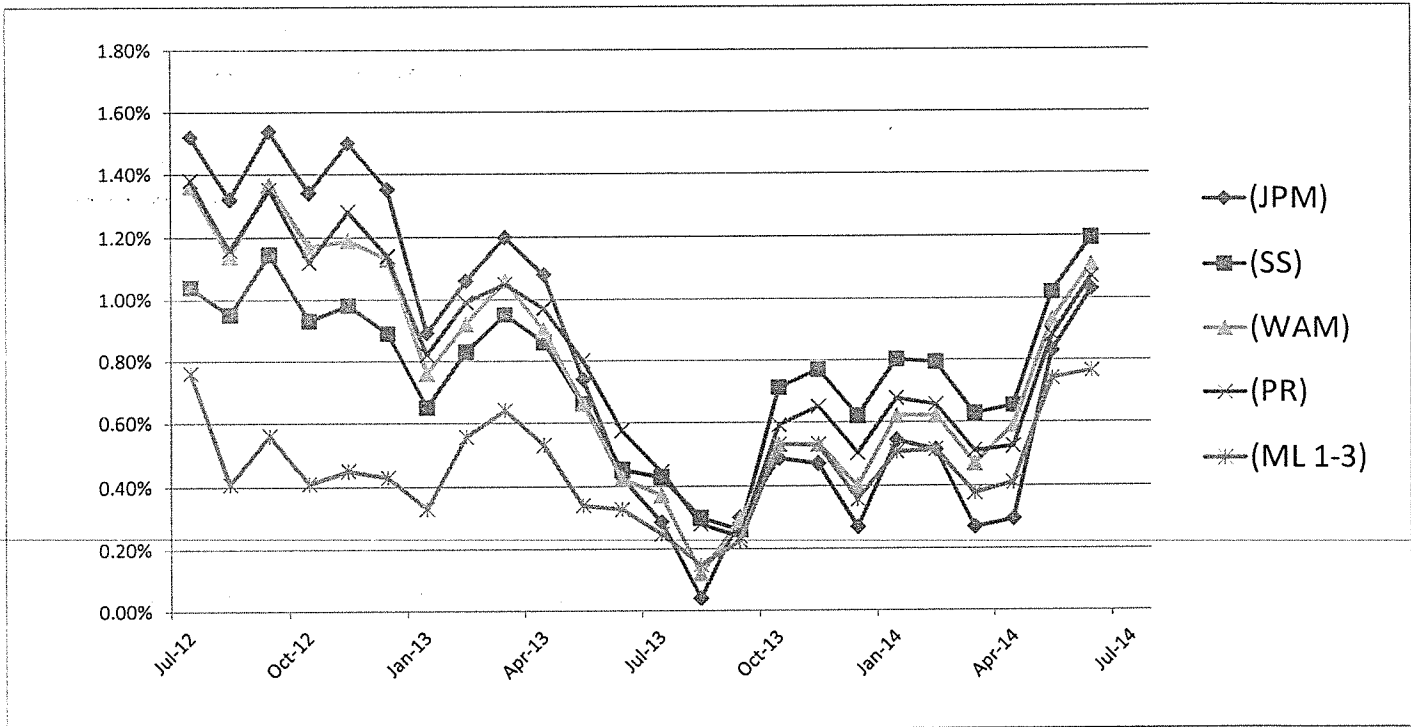
12-Month Total Return	0.77%	1.03%	1.07%	1.11%	1.20%
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* - Month End Rates of Return are Gross of Fees

12-Mo Total Return (Net of Fees)	N/A	0.88%	0.94%	0.97%	1.06%
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Orange County Transportation Authority Short-Term Portfolio Performance June 30, 2014

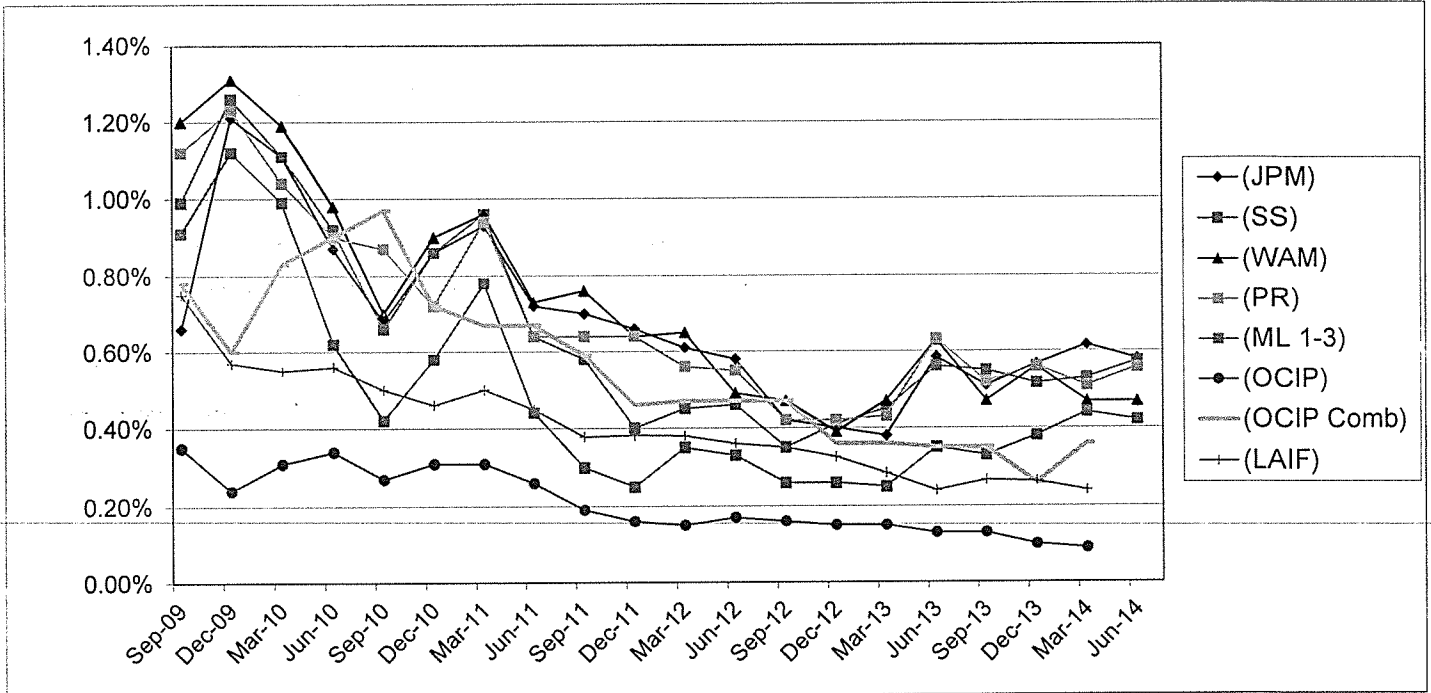
**Trailing 1-Year Total Return
Vs. The Merrill Lynch 1-3 Treasury Benchmark**



	JP Morgan (JPM)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	Merrill Lynch 1-3 Yr (ML 1-3)
Jul-12	1.52%	1.04%	1.36%	1.38%	0.76%
Aug-12	1.32%	0.95%	1.14%	1.16%	0.41%
Sep-12	1.54%	1.15%	1.37%	1.35%	0.56%
Oct-12	1.34%	0.93%	1.17%	1.12%	0.41%
Nov-12	1.50%	0.98%	1.19%	1.28%	0.45%
Dec-12	1.35%	0.89%	1.13%	1.14%	0.43%
Jan-13	0.89%	0.65%	0.76%	0.82%	0.33%
Feb-13	1.06%	0.83%	0.92%	0.99%	0.56%
Mar-13	1.20%	0.95%	1.06%	1.05%	0.64%
Apr-13	1.08%	0.86%	0.90%	0.97%	0.53%
May-13	0.74%	0.66%	0.66%	0.80%	0.34%
Jun-13	0.43%	0.45%	0.42%	0.57%	0.33%
Jul-13	0.29%	0.43%	0.37%	0.45%	0.25%
Aug-13	0.04%	0.30%	0.12%	0.28%	0.15%
Sep-13	0.30%	0.26%	0.29%	0.24%	0.23%
Oct-13	0.49%	0.71%	0.53%	0.59%	0.53%
Nov-13	0.47%	0.77%	0.53%	0.65%	0.53%
Dec-13	0.27%	0.62%	0.40%	0.50%	0.36%
Jan-14	0.54%	0.80%	0.62%	0.68%	0.51%
Feb-14	0.51%	0.79%	0.62%	0.66%	0.51%
Mar-14	0.27%	0.63%	0.47%	0.51%	0.38%
Apr-14	0.30%	0.65%	0.59%	0.52%	0.41%
May-14	0.83%	1.02%	0.93%	0.88%	0.74%
Jun-14	1.03%	1.20%	1.11%	1.07%	0.77%

Orange County Transportation Authority Comparative Yield Performance June 30, 2014

**Historical Yields
Vs. The Merrill Lynch 1-3 Treasury Benchmark**

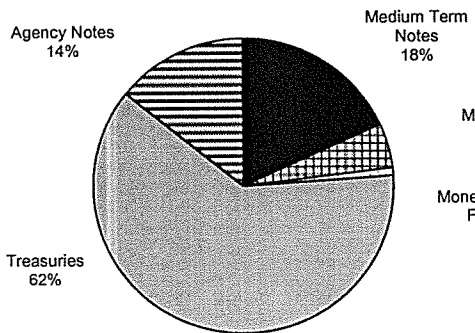


	JP Morgan <u>(JPM)</u>	State Street <u>(SS)</u>	Western Asset Mgmt <u>(WAM)</u>	Payden Rygel <u>(PR)</u>	Merrill Lynch 1-3 Yr <u>(ML 1-3)</u>	<u>(OCIP)</u>	<u>(OCIP Comb)</u>	<u>(LAIF)</u>
Sep-09	0.66%	0.99%	1.20%	1.12%	0.91%	0.35%	0.78%	0.75%
Dec-09	1.21%	1.26%	1.31%	1.23%	1.12%	0.24%	0.60%	0.57%
Mar-10	1.11%	1.11%	1.19%	1.04%	0.99%	0.31%	0.83%	0.55%
Jun-10	0.87%	0.92%	0.98%	0.90%	0.62%	0.34%	0.90%	0.56%
Sep-10	0.68%	0.66%	0.70%	0.87%	0.42%	0.27%	0.97%	0.50%
Dec-10	0.86%	0.86%	0.90%	0.72%	0.58%	0.31%	0.72%	0.46%
Mar-11	0.93%	0.96%	0.96%	0.94%	0.78%	0.31%	0.67%	0.50%
Jun-11	0.72%	0.64%	0.73%	0.64%	0.44%	0.26%	0.67%	0.45%
Sep-11	0.70%	0.58%	0.76%	0.64%	0.30%	0.19%	0.59%	0.38%
Dec-11	0.66%	0.40%	0.64%	0.64%	0.25%	0.16%	0.46%	0.38%
Mar-12	0.61%	0.45%	0.65%	0.56%	0.35%	0.15%	0.47%	0.38%
Jun-12	0.58%	0.46%	0.49%	0.55%	0.33%	0.17%	0.47%	0.36%
Sep-12	0.42%	0.35%	0.47%	0.42%	0.26%	0.16%	0.47%	0.35%
Dec-12	0.40%	0.41%	0.39%	0.42%	0.26%	0.15%	0.36%	0.33%
Mar-13	0.38%	0.45%	0.47%	0.43%	0.25%	0.15%	0.36%	0.29%
Jun-13	0.59%	0.56%	0.63%	0.63%	0.35%	0.13%	0.35%	0.24%
Sep-13	0.51%	0.55%	0.47%	0.52%	0.33%	0.13%	0.35%	0.27%
Dec-13	0.57%	0.52%	0.56%	0.56%	0.38%	0.10%	0.26%	0.26%
Mar-14	0.62%	0.53%	0.47%	0.51%	0.44%	0.09%	0.36%	0.24%
Jun-14	0.58%	0.57%	0.47%	0.56%	0.42%	N/A	N/A	N/A

Investment Manager Diversification and Maturity Schedules

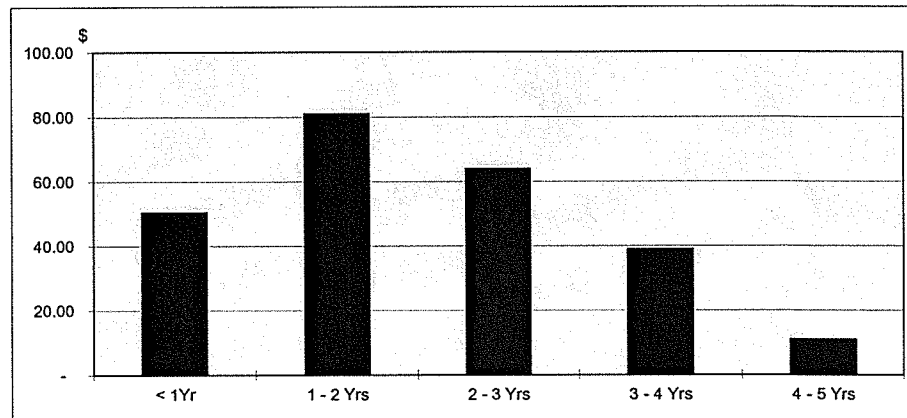
**JP Morgan
June 30, 2014**

SHORT-TERM PORTFOLIO (\$245.3 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$151,899,694	\$150,555,286
Agency Notes	34,633,694	33,614,343
Medium Term Notes	44,789,769	44,043,514
Mortg. & Asset-Back Sec.	11,876,730	11,848,594
Money Market Funds	<u>2,091,114</u>	<u>2,091,114</u>
	<u>\$245,291,002</u>	<u>\$242,152,851</u>

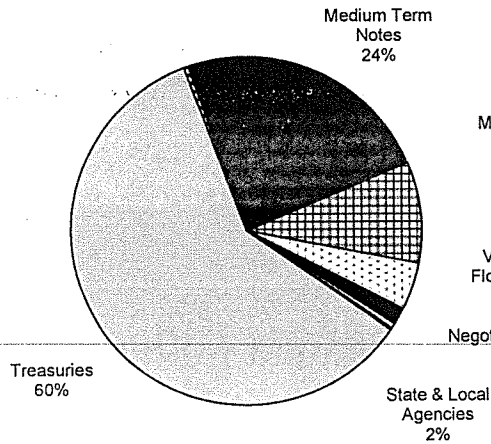
Wtd Avg Life	1.90 Yrs
Duration	1.85 Yrs
Quarter-end Yield	0.58%
Benchmark Comparison	0.42%
Quarter Return	0.36%
Benchmark Comparison	0.27%
12 Month Return	1.03%
Benchmark Comparison	0.77%



Investment Manager Diversification and Maturity Schedules

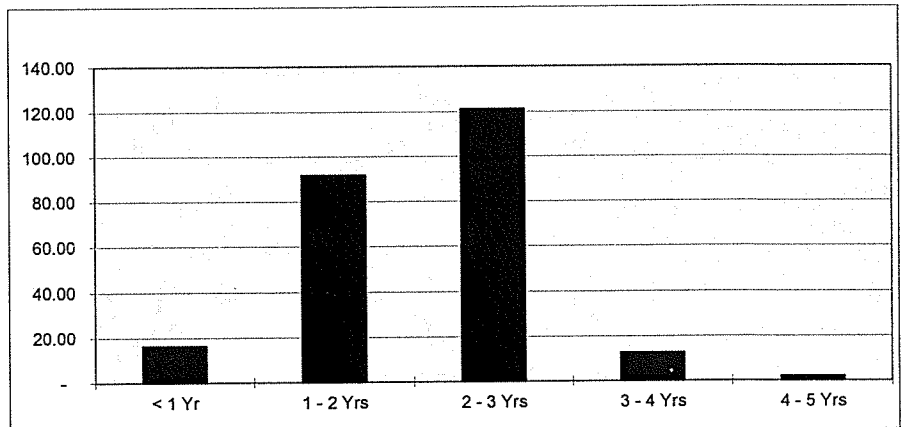
Payden & Rygel
June 30, 2014

SHORT-TERM PORTFOLIO (\$244.6 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$145,762,885	\$145,616,963
Agencies	988,624	1,001,177
Medium Term Notes	58,364,688	58,181,788
Mortg. & Asset-Back Sec.	23,177,284	23,057,169
Variable & Floating Rate	10,774,613	10,828,888
State & Local Agencies	3,832,670	3,840,872
Negotiable CD	1,200,000	1,200,228
Money Market Funds	445,411	445,411
	<u>\$244,546,175</u>	<u>\$244,172,496</u>

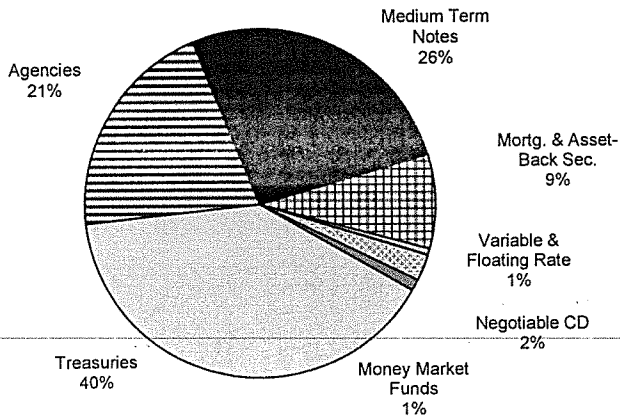
Wtd Avg Life	1.89 Yrs
Duration	1.74 Yrs
Quarter-end Yield	0.56%
Benchmark Comparison	0.42%
Quarter Return	0.34%
Benchmark Comparison	0.27%
12 Month Return	1.07%
Benchmark Comparison	0.77%



Investment Manager Diversification and Maturity Schedules

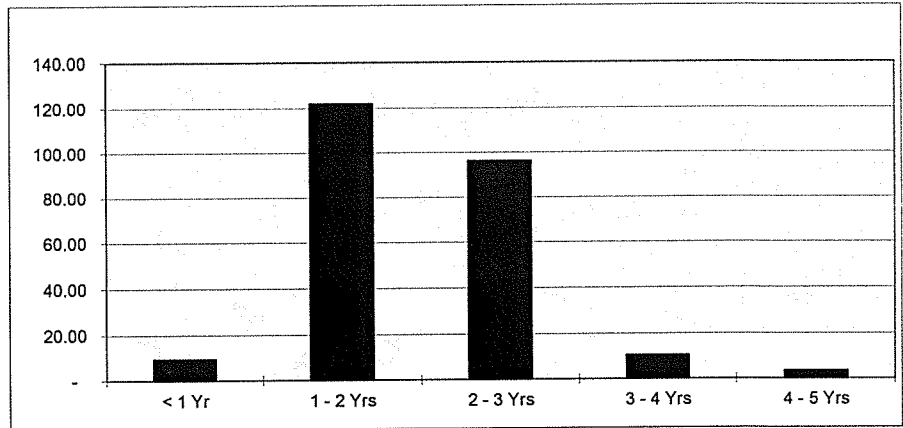
State Street
June 30, 2014

SHORT-TERM PORTFOLIO (\$241.9 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$96,591,421	\$96,700,075
Agencies	49,861,469	49,598,150
Medium Term Notes	63,979,521	64,110,922
Mortg. & Asset-Back Sec.	21,385,828	21,433,413
Variable & Floating Rate	1,500,000	1,521,135
Negotiable CD	6,000,160	5,999,880
Money Market Funds	<u>2,557,725</u>	<u>2,557,725</u>
	<u>\$241,876,123</u>	<u>\$241,921,300</u>

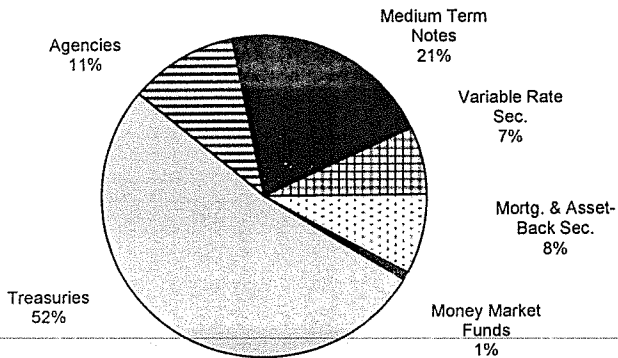
Wtd Avg Life	1.91 Yrs
Duration	1.86 Yrs
Quarter-end Yield	0.57%
Benchmark Comparison	0.42%
Quarter Return	0.31%
Benchmark Comparison	0.27%
12 Month Return	1.20%
Benchmark Comparison	0.77%



Investment Manager Diversification and Maturity Schedules

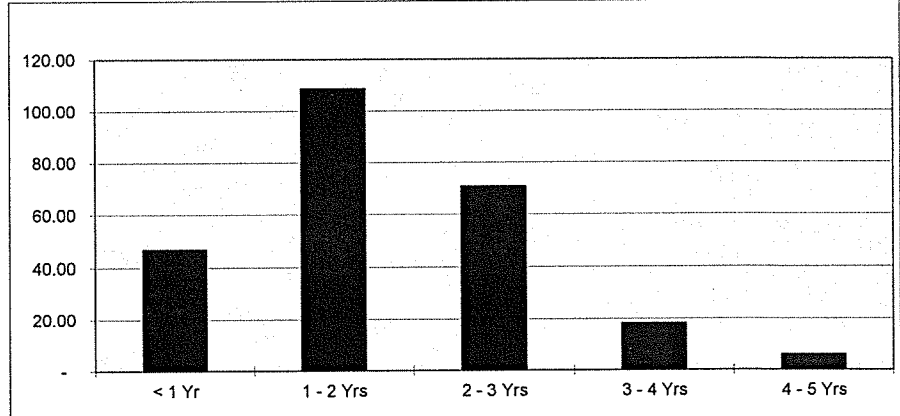
Western Asset Management June 30, 2014

SHORT-TERM PORTFOLIO (\$250.4 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$131,283,243	\$131,547,488
Agencies	\$26,990,622	26,644,311
Medium Term Notes	53,176,202	52,991,513
Variable Rate Sec.	16,973,722	17,059,470
Mortg. & Asset-Back Sec.	19,782,205	19,794,135
Money Market Funds	<u>2,171,389</u>	<u>2,171,389</u>
	<u>\$250,377,383</u>	<u>\$250,208,306</u>

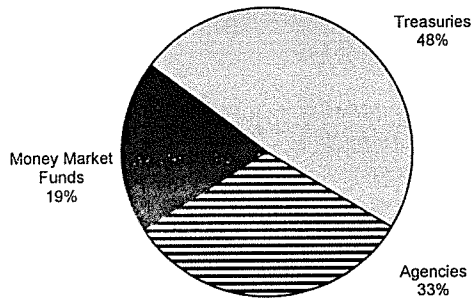
Wtd Avg Life	1.75 Yrs
Duration	1.51 Yrs
Quarter-end Yield	0.47%
Benchmark Comparison	0.42%
Quarter Return	0.33%
Benchmark Comparison	0.27%
12 Month Return	1.11%
Benchmark Comparison	0.77%



Investment Manager Diversification and Maturity Schedules

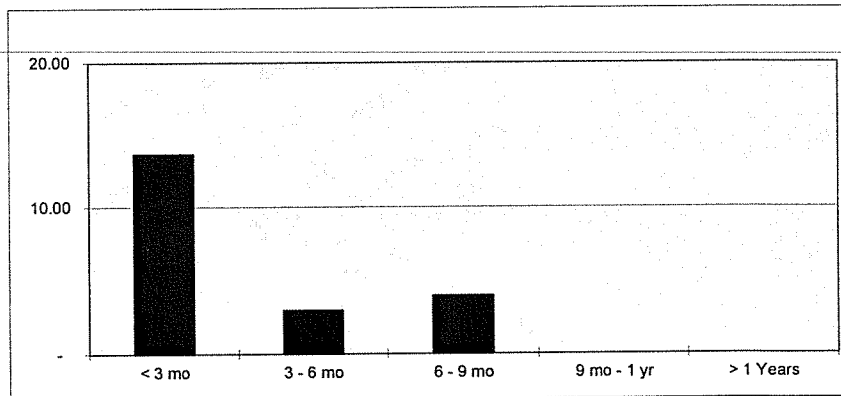
Cutwater
June 30, 2014

BOND PROCEEDS PORTFOLIO (\$20.7 M)



	<u>Book Value</u>	<u>Market Value</u>
Treasuries	\$ 10,002,663	\$10,001,516
Agencies	6,731,475	6,704,984
Money Market Funds	<u>3,928,334</u>	<u>3,928,334</u>
	<u>\$ 20,662,472</u>	<u>\$ 20,634,834</u>

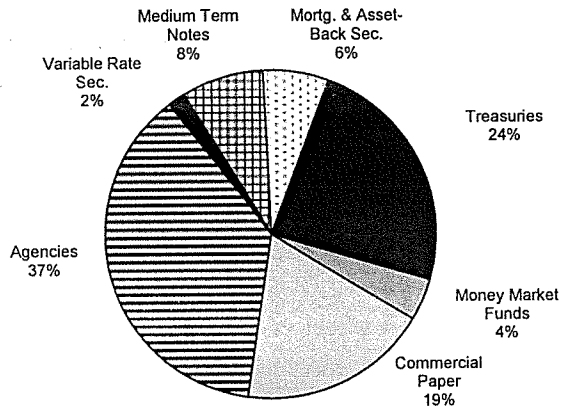
Wtd Avg Life	0.23 Yrs
Duration	0.23 Yrs
Quarter-end Yield	0.06%
Benchmark Comparison	0.04%
Quarter Return	0.02%
Benchmark Comparison	-0.01%
12 Month Return	0.14%
Benchmark Comparison	-0.26%



Investment Manager Diversification and Maturity Schedules

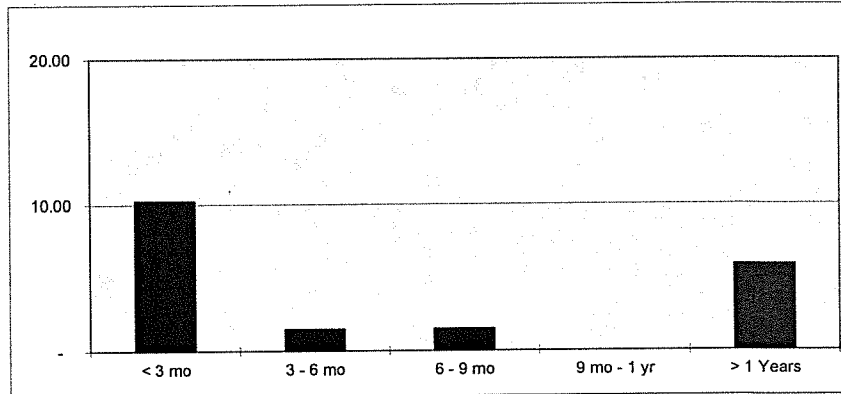
Logan Circle
June 30, 2014

BOND PROCEEDS PORTFOLIO (\$19.2 M)



	<u>Book Value</u>	<u>Market Value</u>
Commercial Paper	\$3,597,173	\$3,599,563
Agencies	7,129,318	7,127,036
Variable Rate Sec.	330,000	330,393
Medium Term Notes	1,529,325	1,518,128
Mortg. & Asset-Back Sec.	1,236,243	1,235,863
Treasuries	4,552,219	4,552,248
Money Market Funds	796,174	796,174
	<u>\$19,170,451</u>	<u>\$19,159,404</u>

Wtd Avg Life	0.46 Yrs
Duration	0.21 Yrs
Quarter-end Yield	0.19%
Benchmark Comparison	0.04%
Quarter Return	0.12%
Benchmark Comparison	-0.01%
12 Month Return	0.45%
Benchmark Comparison	-0.26%



**Orange County Transportation Authority
Portfolio Listing
As of June 30, 2014**

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	7/1/2014	41,242,459.08	41,242,459.08	0.05%
FEDERATED PRIME OBLIGATIONS FUND	N/A	12,003,056.73	12,003,056.73	0.02%
FIDELITY PRIME OBLIGATIONS FUND	N/A	96,446,493.30	96,446,493.30	0.01%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	45.58	45.58	0.01%
GOLDMAN SACHS FINANCIAL GOVT FUND	N/A	51,502.22	51,502.22	0.01%
SUB-TOTAL		<u>149,743,556.91</u>	<u>149,743,556.91</u>	
<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>	N/A	10,126,142.30	10,126,142.30	N/A
<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>	N/A	14,714,847.67	14,714,847.67	N/A
LIQUID PORTFOLIO - TOTAL		<u>\$ 174,584,546.88</u>	<u>\$ 174,584,546.88</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	4,724,507.95	4,724,507.95	0.02%
CREDIT SUISSE (USA), INC.	7/14/2014	749,281.25	749,935.50	0.24%
HSBC BANK USA, NATIONAL ASSOCIATION	8/4/2014	749,300.00	749,875.50	0.18%
THE BANK OF NOVA SCOTIA	7/2/2014	749,548.75	749,970.00	1.45%
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	8/8/2014	599,436.50	599,889.60	0.17%
THE COCA-COLA COMPANY	7/31/2014	749,606.25	749,892.00	0.17%
SUB-TOTAL		<u>8,321,680.70</u>	<u>8,324,070.55</u>	
<u>U.S. GOVERNMENT & AGENCY OBLIGATIONS</u>				
FANNIE MAE	8/28/2014	1,003,850.00	1,001,230.00	0.11%
FED HOME LN DISCOUNT NT	7/11/2014	1,199,673.00	1,199,988.00	0.04%
FED HOME LN DISCOUNT NT	7/16/2014	239,935.97	239,997.60	0.02%
FED HOME LN DISCOUNT NT	7/16/2014	259,934.71	259,997.40	0.02%
FED HOME LN DISCOUNT NT	8/29/2014	2,999,433.75	2,999,850.00	0.03%
FED HOME LN DISCOUNT NT	9/12/2014	999,477.92	999,920.00	0.04%
FEDERAL FARM CREDIT BANK	7/15/2016	501,050.00	500,145.00	0.24%
FEDERAL HOME LOAN BANK	7/24/2014	500,356.50	500,340.00	0.13%
FREDDIE MAC	7/28/2014	2,029,790.24	2,004,400.00	0.17%
FREDDIE MAC	8/27/2014	702,856.00	700,984.20	0.11%
FREDDIE MAC	11/7/2016	775,248.00	775,496.00	0.18%
FREDDIE MAC DISCOUNT NT	7/25/2014	899,926.25	899,982.00	0.03%
FREDDIE MAC DISCOUNT NT	9/10/2014	749,865.83	749,940.00	0.04%
FREDDIE MAC DISCOUNT NT	11/28/2014	999,395.00	999,750.00	0.06%
TREASURY BILL	9/25/2014	2,999,681.25	2,999,802.00	0.03%
TREASURY BILL	9/25/2014	999,752.78	999,934.00	0.03%
US TREASURY FRN	1/31/2016	949,592.38	949,981.00	0.07%
US TREASURY FRN	1/31/2016	299,876.95	299,994.00	0.07%
US TREASURY FRN	1/31/2016	249,952.14	249,995.00	0.07%
US TREASURY FRN	4/30/2016	1,550,336.42	1,550,403.00	0.08%
US TREASURY N/B	10/15/2014	500,859.38	500,625.00	0.07%
US TREASURY N/B	10/15/2014	1,001,601.56	1,001,250.00	0.07%
US TREASURY N/B	10/31/2014	2,001,627.04	2,001,020.00	0.10%
US TREASURY N/B	12/31/2014	1,000,312.50	1,000,190.00	0.09%
US TREASURY N/B	12/31/2014	3,001,289.06	3,000,570.00	0.09%
SUB-TOTAL		<u>28,415,674.63</u>	<u>28,385,784.20</u>	

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MEDIUM TERM NOTES

BANK OF NEW YORK MELLON	2/20/2015	756,232.50	753,787.50	0.29%
UBS AG STAMFORD CT	1/15/2015	773,092.50	764,340.00	0.34%
SUB-TOTAL		1,529,325.00	1,518,127.50	

VARIABLE RATE NOTES

NATIONAL RURAL UTIL COOP	5/27/2016	330,000.00	330,392.70	0.43%
SUB-TOTAL		330,000.00	330,392.70	

MORTGAGE AND ASSET-BACK SECURITIES

CCCIT 2013-A8 A8	12/12/2016	300,140.63	300,067.80	0.25%
FG P60083	12/1/2014	181.67	177.35	4.37%
FG P60083	12/1/2014	14.17	14.59	5.97%
GEET 2012-1 A3	11/23/2015	5,948.58	5,953.35	0.98%
GEET 2012-1 A3	11/23/2015	89,681.66	89,300.18	0.79%
TAOT 2012-B A3	7/15/2016	61,152.87	61,141.94	0.37%
TAOT 2012-B A3	7/15/2016	81,368.48	81,522.58	0.37%
TAOT 2012-B A3	7/15/2016	480,524.72	480,983.23	0.37%
TAOT 2012-B A3	7/15/2016	16,260.96	16,304.52	0.37%
VWALT 2012-A A4	5/22/2017	200,968.75	200,397.40	0.71%
SUB-TOTAL		1,236,242.51	1,235,862.94	

BOND PROCEEDS PORTFOLIO - TOTAL **\$ 39,832,922.84** **\$ 39,794,237.89**

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	8/18/2014	1,200,000.00	1,200,228.00	0.09%
SKANDINAVISKA ENSKILDA BANKEN AB NEG. CD	12/15/2014	6,000,160.38	5,999,880.00	0.25%
BLACKROCK INSTITUTIONAL FUNDS	N/A	7,265,639.08	7,265,639.08	0.01%
SUB-TOTAL		14,465,799.46	14,465,747.08	
<u>U.S. GOVERNMENT & AGENCY OBLIGATIONS</u>				
FANNIE MAE	12/19/2014	2,999,838.00	3,008,880.00	0.12%
FANNIE MAE	4/15/2015	4,558,884.00	4,152,360.00	0.18%
FANNIE MAE	4/15/2015	1,137,362.00	1,038,090.00	0.18%
FANNIE MAE	5/27/2015	199,692.60	200,552.00	0.20%
FANNIE MAE	7/28/2015	827,195.20	818,744.00	0.20%
FANNIE MAE	10/15/2015	677,679.60	631,566.00	0.29%
FANNIE MAE	10/15/2015	1,472,215.50	1,421,023.50	0.29%
FANNIE MAE	10/26/2015	518,058.50	508,545.00	0.33%
FANNIE MAE	10/26/2015	5,188,175.00	5,085,450.00	0.33%
FANNIE MAE	3/8/2016	523,765.00	512,585.00	0.50%
FANNIE MAE	3/15/2016	1,043,640.00	1,030,650.00	0.45%
FANNIE MAE	3/30/2016	2,996,580.00	3,005,100.00	0.40%
FANNIE MAE	3/30/2016	3,457,054.46	3,466,883.70	0.40%
FANNIE MAE	3/30/2016	1,383,421.10	1,387,354.50	0.40%
FANNIE MAE	3/30/2016	1,153,019.10	1,155,961.80	0.40%
FANNIE MAE	4/11/2016	5,325,000.00	5,182,000.00	0.32%
FANNIE MAE	7/5/2016	445,073.40	447,880.50	0.61%
FANNIE MAE	9/28/2016	450,418.95	456,601.50	0.59%
FANNIE MAE	12/15/2016	589,210.00	551,685.00	0.63%
FANNIE MAE	4/27/2017	201,672.00	201,008.00	0.94%
FANNIE MAE	6/12/2017	913,792.00	903,712.00	0.91%
FEDERAL FARM CREDIT BANK	7/7/2014	515,680.00	500,250.00	0.50%
FEDERAL HOME LOAN BANK	3/13/2015	680,132.50	646,525.25	0.16%

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FEDERAL HOME LOAN BANK	3/13/2015	2,650,900.00	2,545,375.00	0.16%
FEDERAL HOME LOAN BANK	2/19/2016	2,994,150.00	3,000,210.00	0.37%
FEDERAL HOME LOAN BANK	3/11/2016	2,446,625.00	2,402,787.00	0.48%
FEDERAL HOME LOAN BANK	3/11/2016	4,348,200.00	4,178,760.00	0.48%
FEDERAL HOME LOAN BANK	6/24/2016	4,985,775.00	4,986,050.00	0.52%
FEDERAL HOME LOAN BANK	12/16/2016	443,940.00	439,532.00	0.69%
FREDDIE MAC	8/20/2014	1,007,740.00	1,001,220.00	0.12%
FREDDIE MAC	8/27/2014	708,675.10	700,987.00	0.11%
FREDDIE MAC	12/5/2014	364,941.60	365,375.95	0.11%
FREDDIE MAC	4/17/2015	3,689,936.00	3,710,656.00	0.14%
FREDDIE MAC	8/28/2015	6,006,426.18	6,020,580.00	0.20%
FREDDIE MAC	9/10/2015	5,205,075.00	5,090,450.00	0.23%
FREDDIE MAC	3/15/2016	6,496,620.00	6,494,865.00	0.45%
FREDDIE MAC	4/18/2016	1,038,708.00	976,824.00	0.48%
FREDDIE MAC	5/13/2016	7,010,234.00	7,003,010.00	0.48%
FREDDIE MAC	5/27/2016	419,306.80	414,884.00	0.54%
FREDDIE MAC	5/27/2016	334,835.48	337,093.25	0.54%
FREDDIE MAC	5/27/2016	1,031,249.00	1,037,210.00	0.54%
FREDDIE MAC	5/27/2016	11,987,945.00	11,927,915.00	0.54%
FREDDIE MAC	8/25/2016	1,033,230.00	1,030,100.00	0.59%
FREDDIE MAC	8/25/2016	517,140.00	515,050.00	0.59%
FREDDIE MAC	8/25/2016	321,244.63	319,331.00	0.59%
FREDDIE MAC	8/25/2016	515,047.00	515,050.00	0.59%
FREDDIE MAC	8/25/2016	196,775.40	195,719.00	0.59%
FREDDIE MAC	8/25/2016	6,321,780.00	6,180,600.00	0.59%
FREDDIE MAC	2/22/2017	1,802,340.00	1,803,006.00	0.81%
FREDDIE MAC	6/29/2017	349,386.80	350,756.00	0.93%
NCUA GUARANTEED NOTES	6/12/2015	988,623.90	1,001,177.10	0.21%
US TREASURY N/B	7/31/2014	820,065.18	801,688.00	0.16%
US TREASURY N/B	7/31/2014	706,154.69	701,477.00	0.16%
US TREASURY N/B	7/31/2014	2,077,265.63	2,004,220.00	0.16%
US TREASURY N/B	7/31/2014	524,843.75	501,055.00	0.16%
US TREASURY N/B	8/15/2014	230,041.60	216,109.40	0.19%
US TREASURY N/B	8/15/2014	477,430.66	475,223.25	0.13%
US TREASURY N/B	8/15/2014	301,148.44	300,141.00	0.13%
US TREASURY N/B	8/31/2014	275,045.00	266,004.35	0.12%
US TREASURY N/B	10/15/2014	1,806,257.81	1,802,250.00	0.07%
US TREASURY N/B	10/15/2014	502,343.75	500,625.00	0.07%
US TREASURY N/B	10/31/2014	4,158,750.00	4,030,320.00	0.11%
US TREASURY N/B	10/31/2014	1,011,058.04	1,007,580.00	0.11%
US TREASURY N/B	10/31/2014	225,484.15	226,705.50	0.11%
US TREASURY N/B	11/30/2014	704,703.90	675,681.60	0.10%
US TREASURY N/B	11/30/2014	548,839.84	534,494.40	0.10%
US TREASURY N/B	12/31/2014	2,996,132.81	3,000,570.00	0.09%
US TREASURY N/B	1/31/2015	433,445.46	425,317.20	0.09%
US TREASURY N/B	2/15/2015	713,781.25	665,821.00	0.12%
US TREASURY N/B	2/15/2015	748,261.72	717,038.00	0.12%
US TREASURY N/B	2/28/2015	490,888.28	466,955.20	0.11%
US TREASURY N/B	2/28/2015	1,055,625.00	1,015,120.00	0.11%
US TREASURY N/B	2/28/2015	2,630,566.41	2,537,800.00	0.11%
US TREASURY N/B	3/31/2015	12,997,460.97	13,014,690.00	0.10%
US TREASURY N/B	4/30/2015	532,285.16	509,980.00	0.11%
US TREASURY N/B	5/31/2015	1,562,226.56	1,527,195.00	0.15%
US TREASURY N/B	6/15/2015	801,875.00	801,816.00	0.14%
US TREASURY N/B	6/15/2015	599,648.44	601,362.00	0.14%
US TREASURY N/B	6/15/2015	12,892,484.59	12,929,283.00	0.14%
US TREASURY N/B	6/30/2015	524,296.87	508,595.00	0.15%
US TREASURY N/B	6/30/2015	410,937.50	406,876.00	0.15%
US TREASURY N/B	6/30/2015	5,002,929.70	5,011,700.00	0.14%
US TREASURY N/B	7/31/2015	207,875.00	203,454.00	0.16%
US TREASURY N/B	7/31/2015	202,992.86	203,454.00	0.16%

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US TREASURY N/B	7/31/2015	169,734.38	170,178.50	0.15%
US TREASURY N/B	7/31/2015	998,089.29	1,001,050.00	0.15%
US TREASURY N/B	7/31/2015	8,005,026.80	8,008,400.00	0.15%
US TREASURY N/B	7/31/2015	2,993,681.93	3,003,150.00	0.15%
US TREASURY N/B	7/31/2015	1,500,649.56	1,501,575.00	0.15%
US TREASURY N/B	7/31/2015	998,437.50	1,001,050.00	0.14%
US TREASURY N/B	7/31/2015	14,968,945.35	15,015,750.00	0.15%
US TREASURY N/B	8/15/2015	587,118.17	549,055.50	0.18%
US TREASURY N/B	8/15/2015	2,219,140.63	2,091,640.00	0.18%
US TREASURY N/B	8/15/2015	553,613.28	522,910.00	0.18%
US TREASURY N/B	8/15/2015	648,171.88	650,611.00	0.17%
US TREASURY N/B	8/15/2015	647,613.28	650,611.00	0.17%
US TREASURY N/B	8/15/2015	4,986,132.81	5,004,700.00	0.17%
US TREASURY N/B	8/31/2015	3,995,312.50	4,010,000.00	0.16%
US TREASURY N/B	8/31/2015	793,627.68	810,248.00	0.15%
US TREASURY N/B	8/31/2015	1,995,390.62	2,005,000.00	0.16%
US TREASURY N/B	9/15/2015	3,487,820.00	3,503,570.00	0.17%
US TREASURY N/B	9/15/2015	1,893,542.97	1,901,938.00	0.17%
US TREASURY N/B	9/15/2015	1,997,116.08	2,002,040.00	0.17%
US TREASURY N/B	9/30/2015	250,498.88	253,360.00	0.17%
US TREASURY N/B	9/30/2015	2,296,765.63	2,302,415.00	0.17%
US TREASURY N/B	9/30/2015	5,123,844.88	5,067,200.00	0.17%
US TREASURY N/B	9/30/2015	8,201,901.80	8,107,520.00	0.17%
US TREASURY N/B	10/31/2015	513,339.85	507,030.00	0.19%
US TREASURY N/B	10/31/2015	5,140.43	5,070.30	0.19%
US TREASURY N/B	10/31/2015	19,993,035.75	20,017,200.00	0.19%
US TREASURY N/B	10/31/2015	11,693,183.73	11,710,062.00	0.19%
US TREASURY N/B	11/15/2015	397,769.53	370,534.50	0.22%
US TREASURY N/B	11/15/2015	226,968.75	211,734.00	0.22%
US TREASURY N/B	11/15/2015	998,593.75	1,002,270.00	0.21%
US TREASURY N/B	11/15/2015	7,010,687.53	7,015,890.00	0.21%
US TREASURY N/B	11/30/2015	2,060,468.75	2,032,340.00	0.23%
US TREASURY N/B	11/30/2015	1,029,062.50	1,016,170.00	0.23%
US TREASURY N/B	11/30/2015	3,064,335.94	3,048,510.00	0.23%
US TREASURY N/B	11/30/2015	246,026.23	254,042.50	0.23%
US TREASURY N/B	11/30/2015	1,235,906.25	1,219,404.00	0.23%
US TREASURY N/B	11/30/2015	618,703.13	609,702.00	0.23%
US TREASURY N/B	11/30/2015	2,040,390.63	2,032,340.00	0.23%
US TREASURY N/B	12/31/2015	1,049,179.69	1,027,890.00	0.26%
US TREASURY N/B	12/31/2015	1,008,714.29	1,027,890.00	0.26%
US TREASURY N/B	12/31/2015	201,797.54	205,578.00	0.26%
US TREASURY N/B	1/15/2016	17,499,527.44	17,547,331.20	0.27%
US TREASURY N/B	1/15/2016	5,623,073.47	5,628,767.20	0.27%
US TREASURY N/B	1/31/2016	607,278.12	595,700.60	0.29%
US TREASURY N/B	1/31/2016	734,289.06	718,949.00	0.29%
US TREASURY N/B	1/31/2016	525,917.96	513,535.00	0.29%
US TREASURY N/B	1/31/2016	316,019.53	308,121.00	0.29%
US TREASURY N/B	1/31/2016	228,275.77	236,226.10	0.29%
US TREASURY N/B	1/31/2016	8,413,464.30	8,216,560.00	0.29%
US TREASURY N/B	2/15/2016	673,078.13	640,758.00	0.31%
US TREASURY N/B	2/15/2016	841,289.06	800,947.50	0.31%
US TREASURY N/B	2/29/2016	499,023.44	499,510.00	0.31%
US TREASURY N/B	2/29/2016	2,132,187.50	2,076,800.00	0.32%
US TREASURY N/B	2/29/2016	853,187.50	830,720.00	0.32%
US TREASURY N/B	2/29/2016	460,199.19	473,800.00	0.32%
US TREASURY N/B	2/29/2016	302,977.57	309,000.00	0.32%
US TREASURY N/B	2/29/2016	309,407.67	319,300.00	0.32%
US TREASURY N/B	2/29/2016	308,560.02	319,300.00	0.32%
US TREASURY N/B	2/29/2016	149,725.12	154,500.00	0.32%
US TREASURY N/B	2/29/2016	14,465,449.26	14,485,790.00	0.31%
US TREASURY N/B	2/29/2016	6,189,101.58	6,193,924.00	0.31%

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US TREASURY N/B	3/15/2016	8,805,873.21	8,804,840.00	0.34%
US TREASURY N/B	3/31/2016	326,889.85	315,806.15	0.34%
US TREASURY N/B	3/31/2016	476,434.80	460,766.35	0.34%
US TREASURY N/B	4/15/2016	1,995,937.50	1,995,380.00	0.38%
US TREASURY N/B	4/15/2016	5,286,750.00	5,287,757.00	0.38%
US TREASURY N/B	4/30/2016	486,738.28	468,405.00	0.39%
US TREASURY N/B	4/30/2016	1,503,457.03	1,544,175.00	0.39%
US TREASURY N/B	4/30/2016	7,506,152.34	7,497,675.00	0.39%
US TREASURY N/B	5/15/2016	6,097,787.50	6,122,746.60	0.40%
US TREASURY N/B	5/15/2016	7,146,867.89	7,179,768.00	0.40%
US TREASURY N/B	5/31/2016	156,628.71	158,923.05	0.42%
US TREASURY N/B	5/31/2016	6,180,468.75	6,151,860.00	0.42%
US TREASURY N/B	5/31/2016	2,080,703.12	2,050,620.00	0.42%
US TREASURY N/B	5/31/2016	309,375.00	307,593.00	0.42%
US TREASURY N/B	5/31/2016	312,216.01	317,846.10	0.42%
US TREASURY N/B	6/15/2016	15,011,183.10	15,018,750.00	0.44%
US TREASURY N/B	6/30/2016	695,187.50	714,441.00	0.46%
US TREASURY N/B	6/30/2016	395,328.13	408,252.00	0.46%
US TREASURY N/B	6/30/2016	80,071.88	81,650.40	0.46%
US TREASURY N/B	6/30/2016	565,919.92	561,346.50	0.46%
US TREASURY N/B	6/30/2016	2,319,478.91	2,316,830.10	0.46%
US TREASURY N/B	6/30/2016	5,503,455.93	5,504,730.00	0.46%
US TREASURY N/B	6/30/2016	12,450,000.00	12,460,707.00	0.46%
US TREASURY N/B	6/30/2016	6,002,598.23	6,005,160.00	0.46%
US TREASURY N/B	7/31/2016	1,020,312.50	1,020,780.00	0.50%
US TREASURY N/B	7/31/2016	606,750.00	612,468.00	0.50%
US TREASURY N/B	7/31/2016	161,943.75	163,324.80	0.50%
US TREASURY N/B	7/31/2016	1,341,556.84	1,342,325.70	0.50%
US TREASURY N/B	7/31/2016	330,217.77	331,753.50	0.50%
US TREASURY N/B	7/31/2016	615,023.44	612,468.00	0.50%
US TREASURY N/B	8/15/2016	6,849,093.73	6,896,649.60	0.51%
US TREASURY N/B	8/15/2016	5,512,909.05	5,513,310.00	0.51%
US TREASURY N/B	8/31/2016	60,377.34	60,618.60	0.52%
US TREASURY N/B	8/31/2016	1,003,750.00	1,010,310.00	0.52%
US TREASURY N/B	8/31/2016	676,845.70	681,959.25	0.52%
US TREASURY N/B	8/31/2016	737,955.86	737,526.30	0.52%
US TREASURY N/B	8/31/2016	502,910.15	505,155.00	0.52%
US TREASURY N/B	8/31/2016	327,500.98	328,350.75	0.52%
US TREASURY N/B	8/31/2016	502,597.66	505,155.00	0.52%
US TREASURY N/B	8/31/2016	707,710.94	707,217.00	0.52%
US TREASURY N/B	8/31/2016	6,374,341.42	6,364,953.00	0.52%
US TREASURY N/B	9/15/2016	5,226,017.42	5,237,804.00	0.54%
US TREASURY N/B	9/15/2016	16,351,837.50	16,327,846.70	0.54%
US TREASURY N/B	9/15/2016	241,416.43	241,744.80	0.54%
US TREASURY N/B	9/30/2016	320,601.56	316,476.00	0.54%
US TREASURY N/B	9/30/2016	499,375.00	504,845.00	0.57%
US TREASURY N/B	9/30/2016	227,355.46	227,180.25	0.57%
US TREASURY N/B	9/30/2016	706,699.22	706,783.00	0.57%
US TREASURY N/B	9/30/2016	501,035.15	504,845.00	0.57%
US TREASURY N/B	9/30/2016	502,597.65	504,845.00	0.57%
US TREASURY N/B	9/30/2016	858,466.80	858,236.50	0.57%
US TREASURY N/B	10/31/2016	225,192.19	222,354.30	0.58%
US TREASURY N/B	10/31/2016	352,843.75	353,283.00	0.59%
US TREASURY N/B	10/31/2016	502,519.53	504,690.00	0.59%
US TREASURY N/B	10/31/2016	800,312.50	807,504.00	0.59%
US TREASURY N/B	10/31/2016	326,180.66	328,048.50	0.59%
US TREASURY N/B	10/31/2016	1,832,770.50	1,842,118.50	0.59%
US TREASURY N/B	11/30/2016	1,328,955.08	1,313,675.00	0.62%
US TREASURY N/B	11/30/2016	319,394.53	315,282.00	0.62%
US TREASURY N/B	11/30/2016	903,888.67	893,299.00	0.62%
US TREASURY N/B	11/30/2016	200,679.69	201,234.00	0.62%

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US TREASURY N/B	11/30/2016	265,797.07	266,635.05	0.62%
US TREASURY N/B	11/30/2016	1,007,031.25	1,006,170.00	0.62%
US TREASURY N/B	12/15/2016	15,279,679.69	15,291,585.00	0.65%
US TREASURY N/B	12/31/2016	972,246.09	957,654.00	0.66%
US TREASURY N/B	12/31/2016	802,031.25	804,184.00	0.66%
US TREASURY N/B	12/31/2016	1,108,035.16	1,105,753.00	0.66%
US TREASURY N/B	12/31/2016	1,002,773.44	1,005,230.00	0.66%
US TREASURY N/B	12/31/2016	390,289.45	392,039.70	0.66%
US TREASURY N/B	12/31/2016	281,651.56	281,464.40	0.66%
US TREASURY N/B	12/31/2016	10,062,890.60	10,052,300.00	0.66%
US TREASURY N/B	1/15/2017	2,250,527.34	2,253,690.00	0.68%
US TREASURY N/B	1/15/2017	409,727.73	410,672.40	0.68%
US TREASURY N/B	1/15/2017	14,264,062.50	14,343,484.80	0.68%
US TREASURY N/B	1/31/2017	437,437.50	424,876.00	0.69%
US TREASURY N/B	1/31/2017	333,229.82	329,278.90	0.69%
US TREASURY N/B	1/31/2017	1,307,363.28	1,305,785.00	0.70%
US TREASURY N/B	1/31/2017	704,183.59	703,115.00	0.70%
US TREASURY N/B	1/31/2017	300,128.91	301,335.00	0.70%
US TREASURY N/B	1/31/2017	100,253.90	100,445.00	0.70%
US TREASURY N/B	1/31/2017	651,498.05	652,892.50	0.70%
US TREASURY N/B	1/31/2017	5,084,904.71	5,082,517.00	0.70%
US TREASURY N/B	2/28/2017	12,008,008.95	12,044,040.00	0.74%
US TREASURY N/B	3/31/2017	176,155.27	176,039.50	0.78%
US TREASURY N/B	3/31/2017	726,047.85	729,306.50	0.78%
US TREASURY N/B	3/31/2017	500,898.43	502,970.00	0.78%
US TREASURY N/B	3/31/2017	502,929.69	502,970.00	0.78%
US TREASURY N/B	4/30/2017	2,002,734.38	2,003,600.00	0.81%
US TREASURY N/B	4/30/2017	598,289.06	601,080.00	0.81%
US TREASURY N/B	4/30/2017	369,167.50	370,666.00	0.81%
US TREASURY N/B	5/15/2017	19,996,160.74	20,026,600.00	0.83%
US TREASURY N/B	5/31/2017	494,191.41	474,610.50	0.85%
US TREASURY N/B	5/31/2017	594,316.40	569,532.60	0.85%
US TREASURY N/B	5/31/2017	742,236.33	745,020.00	0.86%
US TREASURY N/B	5/31/2017	742,880.86	745,020.00	0.86%
US TREASURY N/B	5/31/2017	1,191,796.87	1,192,032.00	0.86%
US TREASURY N/B	5/31/2017	698,277.34	695,352.00	0.86%
US TREASURY N/B	5/31/2017	994,218.75	993,360.00	0.86%
US TREASURY N/B	5/31/2017	893,917.97	894,024.00	0.86%
US TREASURY N/B	6/15/2017	996,718.75	1,000,390.00	0.86%
US TREASURY N/B	6/30/2017	1,092,867.19	1,095,534.00	0.89%
US TREASURY N/B	6/30/2017	893,531.25	896,346.00	0.89%
US TREASURY N/B	7/31/2017	420,179.60	417,564.00	0.93%
US TREASURY N/B	7/31/2017	594,687.50	574,150.50	0.93%
US TREASURY N/B	7/31/2017	537,558.59	521,955.00	0.93%
US TREASURY N/B	7/31/2017	984,101.56	986,800.00	0.93%
US TREASURY N/B	7/31/2017	297,621.10	296,040.00	0.93%
US TREASURY N/B	7/31/2017	397,125.00	394,720.00	0.93%
US TREASURY N/B	7/31/2017	396,578.12	394,720.00	0.93%
US TREASURY N/B	7/31/2017	495,722.65	493,400.00	0.93%
US TREASURY N/B	7/31/2017	317,225.00	315,776.00	0.93%
US TREASURY N/B	7/31/2017	983,046.87	986,800.00	0.93%
US TREASURY N/B	7/31/2017	9,925.00	9,868.00	0.93%
US TREASURY N/B	8/31/2017	500,058.59	494,530.00	0.98%
US TREASURY N/B	9/30/2017	299,929.68	296,274.00	1.01%
US TREASURY N/B	9/30/2017	400,234.38	395,032.00	1.01%
US TREASURY N/B	9/30/2017	600,117.18	592,548.00	1.01%
US TREASURY N/B	9/30/2017	500,488.28	493,790.00	1.01%
US TREASURY N/B	9/30/2017	395,218.75	395,032.00	1.01%
US TREASURY N/B	10/31/2017	423,703.12	411,092.00	1.03%
US TREASURY N/B	10/31/2017	593,687.50	575,528.80	1.03%
US TREASURY N/B	10/31/2017	403,067.19	390,537.40	1.03%

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US TREASURY N/B	10/31/2017	636,726.56	616,638.00	1.03%
US TREASURY N/B	10/31/2017	513,247.26	505,058.10	1.05%
US TREASURY N/B	10/31/2017	791,395.31	802,151.10	1.05%
US TREASURY N/B	10/31/2017	600,820.32	594,186.00	1.05%
US TREASURY N/B	11/30/2017	198,812.50	196,938.00	1.08%
US TREASURY N/B	11/30/2017	300,339.84	295,407.00	1.08%
US TREASURY N/B	11/30/2017	600,117.19	590,814.00	1.08%
US TREASURY N/B	11/30/2017	300,117.19	295,407.00	1.08%
US TREASURY N/B	12/31/2017	800,375.00	789,872.00	1.12%
US TREASURY N/B	12/31/2017	598,570.32	592,404.00	1.12%
US TREASURY N/B	1/31/2018	699,945.31	693,273.00	1.15%
US TREASURY N/B	1/31/2018	651,294.92	643,753.50	1.15%
US TREASURY N/B	1/31/2018	400,781.25	396,156.00	1.15%
US TREASURY N/B	1/31/2018	550,000.00	544,714.50	1.15%
US TREASURY N/B	2/28/2018	349,166.02	344,505.00	1.19%
US TREASURY N/B	4/30/2018	649,212.89	634,666.50	1.26%
US TREASURY N/B	4/30/2018	149,121.09	146,461.50	1.26%
US TREASURY N/B	4/30/2018	1,063,433.59	1,074,051.00	1.26%
US TREASURY N/B	9/30/2018	678,910.94	679,150.00	1.41%
US TREASURY N/B	10/31/2018	1,486,699.22	1,488,405.00	1.43%
US TREASURY N/B	10/31/2018	676,520.32	674,743.60	1.43%
US TREASURY N/B	11/30/2018	695,132.82	693,658.00	1.46%
US TREASURY N/B	11/30/2018	493,847.65	495,470.00	1.46%
US TREASURY N/B	12/31/2018	692,207.03	700,385.00	1.49%
US TREASURY N/B	1/31/2019	500,683.60	499,690.00	1.51%
US TREASURY N/B	1/31/2019	1,973,750.00	1,977,500.00	1.50%
US TREASURY N/B	1/31/2019	247,226.56	247,187.50	1.50%
US TREASURY N/B	2/28/2019	1,191,328.13	1,191,192.00	1.54%
SUB-TOTAL		638,011,653.07	635,277,793.00	

MEDIUM TERM NOTES

3M COMPANY	9/29/2016	167,917.20	167,900.70	0.59%
3M COMPANY	9/29/2016	41,025.60	40,703.20	0.59%
3M COMPANY	6/26/2017	537,510.60	539,973.00	1.00%
ABB FINANCE USA INC	5/8/2017	104,903.40	106,320.90	1.18%
ACE INA HOLDINGS	11/23/2015	66,088.10	66,743.30	0.67%
ACE INA HOLDINGS	11/23/2015	67,430.35	66,743.30	0.67%
ACE INA HOLDINGS	2/15/2017	24,723.82	24,565.64	1.17%
ACE INA HOLDINGS	3/15/2018	60,709.50	57,229.00	1.76%
ALABAMA POWER CO	10/15/2015	10,986.58	11,007.81	0.49%
ALABAMA POWER CO	10/15/2015	312,618.14	313,222.23	0.49%
ALLSTATE CORP	8/15/2014	52,871.00	50,293.50	0.30%
ALLSTATE CORP	8/15/2014	1,671,570.00	1,508,805.00	0.30%
ALLSTATE CORP	5/15/2018	125,163.15	124,039.65	1.88%
AMER EXPRESS CREDIT CO	9/15/2015	62,530.80	61,571.40	0.57%
AMER EXPRESS CREDIT CO	12/2/2015	112,314.00	106,584.00	0.64%
AMERICAN EXPR CENTURION	11/13/2015	499,810.00	502,480.00	0.51%
AMERICAN EXPR CENTURION	11/13/2015	1,998,160.00	2,009,920.00	0.51%
AMERICAN EXPRESS CO	9/12/2016	100,629.90	98,820.90	0.98%
AMERICAN EXPRESS CO	8/28/2017	440,716.40	434,818.80	1.46%
AMERICAN EXPRESS CREDIT	6/12/2015	508,030.00	506,340.00	0.41%
AMERICAN EXPRESS CREDIT	9/19/2016	106,212.00	104,122.00	0.92%
AMERICAN EXPRESS CREDIT	9/19/2016	440,555.00	442,518.50	0.92%
AMERICAN EXPRESS CREDIT	6/5/2017	179,560.80	179,811.00	1.16%
AMERICAN EXPRESS CREDIT	6/5/2017	498,780.00	499,475.00	1.16%
AMERICAN HONDA FINANCE	8/11/2015	200,864.00	200,938.00	0.58%
AMERICAN HONDA FINANCE	8/11/2015	748,432.50	753,517.50	0.58%
AMERICAN HONDA FINANCE	9/21/2015	155,083.50	153,541.50	0.56%
AMERICAN HONDA FINANCE	9/21/2015	155,245.50	153,541.50	0.56%
AMERICAN HONDA FINANCE	10/7/2016	37,867.76	38,223.44	0.86%
AMERICAN HONDA FINANCE	10/7/2016	1,758,857.80	1,775,378.20	0.86%

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AMERISOURCEBERGEN CORP	5/15/2017	1,198,704.00	1,198,596.00	1.19%
AMERISOURCEBERGEN CORP	5/15/2017	699,657.00	699,181.00	1.19%
ANHEUSER-BUSCH COS LLC	3/1/2017	68,582.40	67,009.20	1.14%
ANHEUSER-BUSCH INBEV FIN	1/27/2017	1,999,120.00	2,009,780.00	0.93%
ANHEUSER-BUSCH INBEV WOR	7/15/2015	401,044.00	401,800.00	0.37%
ANHEUSER-BUSCH INBEV WOR	7/15/2015	100,012.00	100,450.00	0.37%
ANHEUSER-BUSCH INBEV WOR	7/15/2017	115,369.15	115,386.40	1.26%
APACHE CORP	1/15/2017	119,134.00	111,353.00	1.08%
APACHE CORP	1/15/2017	682,206.00	668,118.00	1.08%
APPLE INC	5/3/2016	214,610.85	214,542.05	0.57%
APPLE INC	5/3/2016	1,247,737.50	1,247,337.50	0.57%
APPLE INC	5/5/2017	179,904.60	180,243.00	1.00%
APPLE INC	5/5/2017	1,499,205.00	1,502,025.00	1.00%
AT&T INC	2/13/2015	889,368.10	892,821.30	0.36%
AT&T INC	2/13/2015	388,190.40	391,236.30	0.36%
AT&T INC	8/15/2015	1,043,950.00	1,021,710.00	0.56%
AT&T INC	5/15/2016	741,909.00	727,538.00	0.83%
AT&T INC	8/15/2016	1,057,240.00	1,030,470.00	0.95%
AT&T INC	6/1/2017	709,975.00	708,141.00	1.29%
AT&T INC	6/1/2017	810,168.00	809,304.00	1.29%
AT&T INC	2/1/2018	215,593.00	215,013.50	1.70%
ATMOS ENERGY CORP	6/15/2017	115,223.00	114,754.00	1.25%
BANK OF AMERICA CORP	7/12/2016	265,777.50	262,990.00	1.16%
BANK OF AMERICA CORP	11/21/2016	240,091.20	240,705.60	1.22%
BANK OF AMERICA CORP	3/22/2017	824,280.00	853,264.00	1.38%
BANK OF AMERICA CORP	9/1/2017	226,900.00	225,948.00	1.77%
BANK OF AMERICA CORP	9/1/2017	209,457.00	203,353.20	1.77%
BANK OF AMERICA CORP	12/1/2017	395,773.00	394,772.00	1.87%
BANK OF AMERICA CORP	7/15/2018	235,080.00	232,830.00	2.23%
BANK OF AMERICA NA	11/14/2016	2,298,298.00	2,301,633.00	1.09%
BANK OF AMERICA NA	2/14/2017	1,198,944.00	1,201,488.00	1.20%
BANK OF AMERICA NA	2/14/2017	3,696,744.00	3,704,588.00	1.20%
BANK OF NEW YORK MELLON	1/15/2015	50,824.00	50,750.00	0.33%
BANK OF NEW YORK MELLON	2/20/2015	100,638.00	100,505.00	0.29%
BANK OF NEW YORK MELLON	2/20/2015	279,745.20	281,414.00	0.29%
BANK OF NEW YORK MELLON	6/18/2015	88,275.05	87,159.00	0.32%
BANK OF NEW YORK MELLON	6/18/2015	873,267.90	851,082.00	0.32%
BANK OF NEW YORK MELLON	1/15/2016	209,792.00	205,926.00	0.57%
BANK OF NEW YORK MELLON	1/17/2017	105,342.00	103,536.00	0.95%
BANK OF NEW YORK MELLON	1/25/2018	68,348.00	69,323.80	1.58%
BANK OF NEW YORK MELLON	1/15/2019	99,995.00	100,596.00	1.96%
BANK OF NOVA SCOTIA	12/13/2016	699,797.00	702,121.00	0.97%
BAXTER INTERNATIONAL INC	6/1/2016	519,500.80	522,225.60	0.72%
BB&T CORPORATION	12/23/2015	1,002,073.20	978,190.00	0.89%
BB&T CORPORATION	3/15/2016	68,236.35	67,600.65	0.72%
BB&T CORPORATION	3/15/2016	77,138.25	78,000.75	0.72%
BB&T CORPORATION	3/15/2016	1,051,120.00	1,040,010.00	0.72%
BB&T CORPORATION	4/29/2016	161,946.00	158,811.00	0.71%
BB&T CORPORATION	4/29/2016	159,480.00	158,811.00	0.71%
BB&T CORPORATION	3/22/2017	73,052.70	71,643.60	1.25%
BB&T CORPORATION	8/15/2017	299,454.00	302,742.00	1.29%
BB&T CORPORATION	8/15/2017	518,055.42	523,743.66	1.29%
BECTON DICKINSON	11/8/2016	205,110.00	203,782.00	0.94%
BELLSOUTH CORP	9/15/2014	402,034.60	373,614.90	0.50%
BERKSHIRE HATHAWAY FIN	7/15/2014	331,488.00	300,522.00	0.90%
BERKSHIRE HATHAWAY FIN	12/15/2015	498,900.00	514,175.00	0.50%
BERKSHIRE HATHAWAY FIN	5/15/2017	425,985.00	426,606.60	1.04%
BERKSHIRE HATHAWAY INC	2/11/2015	103,238.00	101,762.00	0.32%
BERKSHIRE HATHAWAY INC	2/11/2016	1,099,901.00	1,106,083.00	0.46%
BERKSHIRE HATHAWAY INC	1/31/2017	579,971.00	593,960.60	0.95%
BERKSHIRE HATHAWAY INC	1/31/2017	1,553,385.00	1,536,105.00	0.95%

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BERKSHIRE HATHAWAY INC	2/9/2018	120,091.20	120,315.60	1.47%
BK TOKYO-MITSUBISHI UFJ	1/22/2015	1,043,810.00	1,018,480.00	0.55%
BLACKROCK INC	12/10/2014	115,094.30	116,657.15	0.25%
BLACKROCK INC	12/10/2014	31,705.80	30,432.30	0.25%
BLACKROCK INC	12/10/2014	75,033.00	71,008.70	0.25%
BLACKROCK INC	9/15/2017	6,071.90	5,757.60	1.40%
BLACKROCK INC	9/15/2017	23,055.74	21,878.88	1.40%
BOEING CAPITAL CORP	8/15/2016	62,471.40	61,744.80	0.69%
BOEING CAPITAL CORP	8/15/2016	104,758.00	102,908.00	0.69%
BOEING CAPITAL CORP	8/15/2016	1,043,550.00	1,029,080.00	0.69%
BOEING CO	2/15/2015	37,574.95	35,677.60	0.39%
BOEING CO	2/15/2015	114,222.90	112,129.60	0.39%
BOEING CO	5/15/2018	106,835.30	107,450.20	1.57%
BOTTLING GROUP LLC	4/1/2016	116,903.00	108,495.00	0.62%
BRANCH BANKING & TRUST	10/3/2016	2,399,136.00	2,426,040.00	0.94%
BRANCH BANKING & TRUST	4/3/2017	2,393,328.00	2,390,808.00	1.14%
BROADCOM CORP	11/1/2015	99,820.30	97,224.90	0.61%
BROADCOM CORP	11/1/2015	714,503.20	695,925.60	0.61%
CAPITAL ONE BANK USA NA	11/21/2016	339,989.80	341,336.20	0.98%
CAPITAL ONE BANK USA NA	11/21/2016	2,800,392.00	2,811,004.00	0.98%
CAPITAL ONE BANK USA NA	2/13/2017	1,119,540.80	1,119,955.20	1.20%
CARGILL INC	3/1/2017	233,410.90	234,236.60	1.20%
CARGILL INC	11/27/2017	115,382.00	114,067.00	1.73%
CARGILL INC	11/27/2017	103,601.70	102,660.30	1.73%
CAROLINA POWER & LIGHT	4/1/2015	174,643.15	160,505.60	0.42%
CATERPILLAR FINANCIAL SE	3/26/2015	179,847.00	181,040.40	0.27%
CATERPILLAR FINANCIAL SE	5/29/2015	69,977.60	70,527.80	0.27%
CATERPILLAR FINANCIAL SE	11/6/2015	579,466.40	581,983.60	0.45%
CATERPILLAR FINANCIAL SE	4/1/2016	60,360.00	62,129.40	0.61%
CATERPILLAR FINANCIAL SE	4/1/2016	52,619.50	51,774.50	0.61%
CATERPILLAR FINANCIAL SE	4/1/2016	151,717.36	151,181.54	0.61%
CATERPILLAR FINANCIAL SE	8/1/2016	98,722.10	97,607.75	0.72%
CATERPILLAR FINANCIAL SE	9/6/2016	1,139,829.00	1,153,030.20	0.82%
CATERPILLAR FINANCIAL SE	3/3/2017	249,852.50	250,120.00	0.98%
CATERPILLAR FINANCIAL SE	3/3/2017	2,398,584.00	2,401,152.00	0.98%
CATERPILLAR FINANCIAL SE	3/24/2017	91,200.60	91,635.30	1.07%
CATERPILLAR FINANCIAL SE	9/1/2017	59,999.00	56,903.00	1.38%
CATERPILLAR FINANCIAL SE	11/6/2017	166,697.73	166,283.57	1.38%
CATERPILLAR FINANCIAL SE	11/6/2017	36,928.96	36,841.27	1.38%
CATERPILLAR INC	6/26/2017	91,785.60	91,022.40	1.11%
CHARLES SCHWAB CORP	12/4/2015	120,674.40	120,484.80	0.57%
CHARLES SCHWAB CORP	12/4/2015	70,175.70	70,282.80	0.57%
CHARLES SCHWAB CORP	12/4/2015	220,624.80	220,888.80	0.57%
CHARLES SCHWAB CORP	12/4/2015	220,000.00	220,888.80	0.57%
CHEVRON CORP	6/24/2016	94,000.00	94,598.78	0.57%
CHEVRON CORP	6/24/2016	350,000.00	352,229.50	0.57%
CHEVRON CORP	6/24/2016	220,000.00	221,401.40	0.57%
CHEVRON CORP	6/24/2016	600,000.00	603,822.00	0.57%
CHEVRON CORP	6/24/2018	120,578.40	120,942.00	1.51%
CHUBB CORP	5/15/2018	174,229.50	171,988.50	1.81%
CHUBB CORP	5/15/2018	75,062.00	74,528.35	1.81%
CHUBB CORP	5/15/2018	115,653.00	114,659.00	1.81%
CISCO SYSTEMS INC	11/17/2014	57,972.20	55,573.10	0.16%
CISCO SYSTEMS INC	11/17/2014	52,654.50	50,521.00	0.16%
CISCO SYSTEMS INC	11/17/2014	79,470.00	75,781.50	0.16%
CISCO SYSTEMS INC	2/22/2016	62,851.25	59,440.70	0.56%
CISCO SYSTEMS INC	2/22/2016	89,612.00	86,459.20	0.56%
CISCO SYSTEMS INC	3/3/2017	199,988.00	200,622.00	0.98%
CISCO SYSTEMS INC	3/3/2017	900,000.00	903,573.00	0.37%
CISCO SYSTEMS INC	3/3/2017	899,946.00	902,799.00	0.98%
CISCO SYSTEMS INC	3/3/2017	1,689,898.60	1,695,255.90	0.98%

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CISCO SYSTEMS INC	3/14/2017	60,349.30	58,060.75	1.06%
CITIGROUP INC	8/12/2014	44,356.67	41,272.65	0.65%
CITIGROUP INC	10/15/2014	48,981.99	47,678.68	0.54%
CITIGROUP INC	1/15/2015	90,433.70	84,472.30	0.43%
CITIGROUP INC	1/15/2015	63,106.80	61,809.00	0.43%
CITIGROUP INC	1/15/2015	532,875.00	515,075.00	0.43%
CITIGROUP INC	1/15/2015	832,772.49	804,547.15	0.43%
CITIGROUP INC	5/19/2015	16,185.90	15,547.80	0.61%
CITIGROUP INC	8/7/2015	173,478.20	172,791.40	0.75%
CITIGROUP INC	6/15/2016	177,097.50	179,363.60	1.10%
CITIGROUP INC	6/15/2016	74,474.40	73,855.60	1.10%
CITIGROUP INC	6/15/2016	105,865.00	105,508.00	1.10%
CITIGROUP INC	3/10/2017	239,901.60	239,863.20	1.37%
CITIGROUP INC	11/21/2017	462,008.00	457,500.00	1.74%
CITIGROUP INC	11/21/2017	376,068.00	377,437.50	1.74%
CITIGROUP INC	5/15/2018	232,418.00	230,424.00	2.02%
COCA-COLA CO/THE	3/13/2015	459,484.80	461,619.20	0.25%
COCA-COLA CO/THE	9/1/2016	81,436.80	81,878.40	0.71%
COCA-COLA CO/THE	9/1/2016	1,037,040.00	1,023,480.00	0.71%
COCA-COLA CO/THE	11/1/2016	1,118,712.00	1,118,980.80	0.79%
COCA-COLA CO/THE	11/1/2016	1,168,654.50	1,168,935.30	0.79%
COCA-COLA CO/THE	3/14/2018	115,456.55	116,200.60	1.36%
COLGATE-PALMOLIVE CO	11/1/2015	992,480.00	1,013,000.00	0.40%
COMCAST CORP	1/15/2017	799,001.00	796,229.00	1.01%
COMERICA INC	9/16/2015	101,015.00	102,848.00	0.64%
COMERICA INC	9/16/2015	63,596.40	61,708.80	0.64%
COMERICA INC	9/16/2015	31,576.50	30,854.40	0.64%
COMMONWEALTH BK AUSTR NY	3/16/2015	214,363.80	212,366.70	0.36%
CONOCOPHILLIPS	1/15/2015	583,335.00	552,058.20	0.47%
CONOCOPHILLIPS	7/15/2018	42,257.25	41,730.50	1.71%
CONOCOPHILLIPS	7/15/2018	119,484.00	119,230.00	1.71%
CONOCOPHILLIPS COMPANY	12/15/2017	250,237.50	247,592.50	1.34%
CONS EDISON CO OF NY	9/15/2016	52,879.95	49,478.85	0.94%
CONSUMERS ENERGY COMPANY	8/15/2016	66,998.40	65,881.80	0.84%
COSTCO WHOLESALE CORP	12/7/2015	200,856.00	200,728.00	0.40%
COSTCO WHOLESALE CORP	12/7/2015	499,405.00	501,820.00	0.40%
CREDIT SUISSE USA INC	8/15/2015	53,843.90	52,573.50	0.53%
CREDIT SUISSE USA INC	8/15/2015	55,235.00	52,573.50	0.53%
CREDIT SUISSE USA INC	8/16/2016	162,489.60	153,958.00	1.10%
DAIMLER FINANCE NA LLC	4/10/2015	749,565.00	757,230.00	0.41%
DAIMLER FINANCE NA LLC	1/11/2016	555,316.12	560,848.32	0.68%
DAIMLER FINANCE NA LLC	8/1/2016	151,381.50	151,651.50	0.92%
DAIMLER FINANCE NA LLC	9/15/2016	156,480.00	154,981.50	1.10%
DAIMLER FINANCE NA LLC	3/10/2017	749,580.00	749,010.00	1.17%
DANAHER CORP	6/23/2016	52,411.50	51,622.00	0.65%
DANAHER CORP	6/23/2016	103,686.00	103,244.00	0.65%
DANAHER CORP	6/23/2016	119,501.10	118,730.60	0.65%
DEUTSCHE BANK AG LONDON	2/13/2017	1,249,887.50	1,256,350.00	1.20%
DUKE ENERGY CAROLINAS	12/15/2016	50,443.50	51,117.00	0.83%
DUKE ENERGY CAROLINAS	12/15/2016	91,089.00	92,010.60	0.83%
DUKE ENERGY FLORIDA INC	11/15/2015	719,359.20	721,771.20	0.47%
E.I. DU PONT DE NEMOURS	4/1/2016	425,164.00	415,000.00	0.60%
E.I. DU PONT DE NEMOURS	12/15/2016	112,495.00	110,363.00	0.97%
E.I. DU PONT DE NEMOURS	7/15/2018	233,598.00	233,666.00	1.67%
EBAY INC	7/15/2015	230,648.60	230,908.50	0.32%
EBAY INC	7/15/2015	200,000.00	200,790.00	0.32%
EBAY INC	7/15/2015	341,679.60	341,343.00	0.32%
EBAY INC	7/15/2015	500,000.00	501,975.00	0.32%
EBAY INC	10/15/2015	102,224.00	101,577.00	0.40%
EBAY INC	10/15/2015	58,236.00	60,946.20	0.40%
EBAY INC	10/15/2015	102,366.00	101,577.00	0.40%

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EBAY INC	10/15/2015	40,887.60	40,630.80	0.40%
EBAY INC	7/15/2017	250,040.00	251,177.50	1.19%
EBAY INC	7/15/2017	90,565.20	90,423.90	1.19%
EMC CORP	6/1/2018	54,923.55	55,363.55	1.70%
EMC CORP	6/1/2018	199,886.00	201,322.00	1.70%
EMERSON ELECTRIC CO	12/15/2014	162,974.20	148,037.75	0.42%
ENTERGY LOUISIANA LLC	12/15/2014	66,602.25	65,477.10	0.27%
EOG RESOURCES INC	2/1/2016	83,771.20	82,279.20	0.69%
EOG RESOURCES INC	2/1/2016	62,414.40	61,709.40	0.69%
EOG RESOURCES INC	2/1/2016	51,046.00	51,424.50	0.69%
EOG RESOURCES INC	2/1/2016	62,982.00	61,709.40	0.69%
FIFTH THIRD BANK	11/18/2016	699,818.00	702,261.00	1.01%
FIFTH THIRD BANK	6/1/2017	199,908.00	200,434.00	1.27%
FIFTH THIRD BANK	2/28/2018	196,866.00	199,328.00	1.54%
FLORIDA POWER & LIGHT	11/1/2017	229,360.40	215,935.00	1.35%
FRANKLIN RESOURCES INC	5/20/2015	157,431.00	153,568.50	0.44%
GENERAL DYNAMICS CORP	11/15/2017	112,245.75	114,029.40	1.26%
GENERAL DYNAMICS CORP	11/15/2017	59,721.00	59,493.60	1.26%
GENERAL ELEC CAP CORP	9/21/2015	1,268,280.00	1,255,032.00	0.61%
GENERAL ELEC CAP CORP	11/9/2015	653,417.10	644,414.40	0.56%
GENERAL ELEC CAP CORP	11/9/2015	1,036,260.00	1,022,880.00	0.56%
GENERAL ELEC CAP CORP	12/11/2015	32,967.00	33,253.77	0.47%
GENERAL ELEC CAP CORP	1/8/2016	49,985.00	50,358.50	0.53%
GENERAL ELEC CAP CORP	1/8/2016	310,987.60	298,508.00	0.63%
GENERAL ELEC CAP CORP	1/8/2016	996,790.00	1,007,170.00	0.53%
GENERAL ELEC CAP CORP	7/12/2016	999,680.00	1,014,370.00	0.79%
GENERAL ELEC CAP CORP	2/15/2017	730,951.00	721,597.50	1.13%
GENERAL ELEC CAP CORP	2/15/2017	637,220.10	632,785.50	1.13%
GENERAL ELEC CAP CORP	3/15/2017	1,763,104.00	1,759,415.00	1.14%
GENERAL ELEC CAP CORP	5/15/2017	439,934.00	441,421.20	1.13%
GENERAL ELEC CAP CORP	5/15/2017	929,860.50	933,003.90	1.13%
GENERAL ELEC CAP CORP	5/15/2017	749,887.50	752,422.50	1.13%
GENERAL ELECTRIC CO	10/9/2015	1,003,070.00	1,004,960.00	0.46%
GENERAL ELECTRIC CO	10/9/2015	999,730.00	1,004,960.00	0.46%
GENZYME CORP	6/15/2015	246,058.60	237,148.40	0.37%
GEORGIA POWER COMPANY	8/10/2015	909,408.50	912,557.10	0.50%
GEORGIA POWER COMPANY	8/10/2015	499,675.00	501,405.00	0.50%
GEORGIA POWER COMPANY	8/10/2015	399,740.00	401,124.00	0.50%
GEORGIA POWER COMPANY	12/15/2015	112,794.00	106,453.00	0.79%
GEORGIA POWER COMPANY	6/1/2017	60,218.50	56,338.50	1.26%
GEORGIA POWER COMPANY	6/1/2017	113,686.00	112,677.00	1.26%
GOLDMAN SACHS GROUP INC	11/15/2014	109,749.00	101,871.00	0.50%
GOLDMAN SACHS GROUP INC	5/3/2015	104,298.00	102,221.00	0.65%
GOLDMAN SACHS GROUP INC	5/3/2015	49,964.50	51,110.50	0.65%
GOLDMAN SACHS GROUP INC	5/3/2015	260,810.00	255,552.50	0.65%
GOLDMAN SACHS GROUP INC	5/3/2015	959,318.40	981,321.60	0.65%
GOLDMAN SACHS GROUP INC	5/3/2015	517,410.00	511,105.00	0.65%
GOLDMAN SACHS GROUP INC	8/1/2015	98,428.55	97,984.90	0.79%
GOLDMAN SACHS GROUP INC	11/23/2015	226,503.00	227,335.50	0.85%
GOLDMAN SACHS GROUP INC	11/23/2015	573,169.20	575,916.60	0.85%
GOLDMAN SACHS GROUP INC	1/15/2016	250,490.70	245,387.00	0.97%
GOLDMAN SACHS GROUP INC	2/7/2016	73,343.90	72,959.60	0.96%
GOLDMAN SACHS GROUP INC	2/7/2016	53,260.50	52,114.00	0.96%
GOLDMAN SACHS GROUP INC	2/7/2016	90,513.00	93,805.20	0.96%
GOLDMAN SACHS GROUP INC	2/7/2016	80,523.20	83,382.40	0.96%
GOLDMAN SACHS GROUP INC	9/1/2017	126,054.50	125,230.60	1.74%
GOLDMAN SACHS GROUP INC	9/1/2017	11,778.30	11,384.60	1.74%
GOLDMAN SACHS GROUP INC	9/1/2017	800,772.00	796,922.00	1.74%
GOLDMAN SACHS GROUP INC	1/18/2018	240,303.00	238,570.50	1.96%
GOLDMAN SACHS GROUP INC	1/18/2018	136,581.60	136,326.00	1.96%
HALLIBURTON COMPANY	8/1/2016	419,680.80	422,171.40	0.75%

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HALLIBURTON COMPANY	8/1/2016	70,409.50	70,361.90	0.75%
HALLIBURTON COMPANY	8/1/2016	999,240.00	1,005,170.00	0.75%
HOME DEPOT INC	3/1/2016	111,485.00	107,909.00	0.63%
HOME DEPOT INC	3/1/2016	443,952.00	431,636.00	0.63%
HOME DEPOT INC	3/1/2016	578,980.00	539,545.00	0.63%
HOME DEPOT INC	9/10/2018	225,260.20	225,132.60	1.66%
HONEYWELL INTERNATIONAL	3/15/2016	115,614.00	108,370.00	0.47%
HONEYWELL INTERNATIONAL	3/1/2018	107,347.50	102,285.00	1.46%
HSBC FINANCE CORP	6/30/2015	218,898.00	208,710.00	0.62%
HSBC FINANCE CORP	6/30/2015	215,042.00	208,710.00	0.62%
HSBC USA INC	2/13/2015	102,304.00	101,244.00	0.36%
HSBC USA INC	1/16/2018	228,817.80	230,515.20	1.56%
HUNTINGTON NATIONAL BANK	4/24/2017	279,557.60	280,747.60	1.27%
IBM CORP	1/5/2016	255,420.00	255,782.50	0.46%
IBM CORP	5/6/2016	149,577.00	149,713.50	0.55%
IBM CORP	5/6/2016	1,007,151.80	1,008,070.90	0.55%
IBM CORP	5/6/2016	428,787.40	429,178.70	0.55%
IBM CORP	7/22/2016	103,953.00	102,622.00	0.67%
IBM CORP	7/22/2016	102,345.00	102,622.00	0.67%
IBM CORP	7/22/2016	251,190.00	256,555.00	0.67%
IBM CORP	2/6/2017	100,653.00	100,813.00	0.93%
IBM CORP	2/6/2017	647,120.50	655,284.50	0.93%
ILLINOIS TOOL WORKS INC	2/25/2017	142,801.23	142,862.72	0.94%
ILLINOIS TOOL WORKS INC	2/25/2017	1,218,304.20	1,218,828.80	0.94%
INTEL CORP	10/1/2016	51,569.00	51,306.50	0.78%
INTEL CORP	10/1/2016	162,860.80	164,180.80	0.78%
INTEL CORP	10/1/2016	93,070.80	92,351.70	0.78%
INTEL CORP	10/1/2016	83,012.80	82,090.40	0.78%
INTEL CORP	12/15/2017	169,911.60	170,047.60	1.34%
INTEL CORP	12/15/2017	114,871.20	115,032.20	1.34%
JACKSON NATL LIFE GLOBAL	4/16/2019	150,181.50	150,135.00	2.28%
JOHN DEERE CAPITAL CORP	4/17/2015	55,965.28	56,267.68	0.27%
JOHN DEERE CAPITAL CORP	4/17/2015	549,659.00	552,629.00	0.27%
JOHN DEERE CAPITAL CORP	6/29/2015	999,730.00	1,006,150.00	0.33%
JOHN DEERE CAPITAL CORP	6/7/2016	104,269.00	103,164.00	0.60%
JOHN DEERE CAPITAL CORP	6/7/2016	1,570,995.00	1,547,460.00	0.60%
JOHN DEERE CAPITAL CORP	9/15/2016	61,711.20	61,366.80	0.81%
JOHN DEERE CAPITAL CORP	10/11/2016	439,441.20	442,134.00	0.83%
JOHN DEERE CAPITAL CORP	12/15/2016	838,320.00	843,057.60	0.90%
JOHN DEERE CAPITAL CORP	12/15/2016	588,820.00	592,147.60	0.90%
JOHN DEERE CAPITAL CORP	3/15/2017	202,634.00	202,652.00	0.90%
JOHN DEERE CAPITAL CORP	6/12/2017	809,619.30	811,717.20	1.05%
JOHN DEERE CAPITAL CORP	9/18/2017	115,485.70	115,232.70	1.29%
JOHNSON & JOHNSON	11/28/2016	161,803.98	162,320.76	0.62%
JPMORGAN CHASE & CO	3/20/2015	1,170,619.50	1,161,776.00	0.45%
JPMORGAN CHASE & CO	10/15/2015	299,877.00	301,248.00	0.78%
JPMORGAN CHASE & CO	1/15/2016	984,830.00	1,027,360.00	0.81%
JPMORGAN CHASE & CO	1/15/2016	414,340.00	410,944.00	0.81%
JPMORGAN CHASE & CO	2/26/2016	1,997,580.00	2,009,400.00	0.84%
JPMORGAN CHASE & CO	2/15/2017	989,505.00	993,514.50	1.21%
JPMORGAN CHASE & CO	2/15/2017	1,199,400.00	1,204,260.00	1.21%
KENTUCKY UTILITIES	11/1/2015	35,775.60	35,509.95	0.53%
KENTUCKY UTILITIES	11/1/2015	205,604.00	202,914.00	0.53%
KENTUCKY UTILITIES	11/1/2015	25,606.25	25,364.25	0.53%
KEY BANK NA	11/25/2016	1,139,133.60	1,144,309.20	0.94%
KIMBERLY-CLARK CORP	8/1/2017	109,043.10	103,467.60	1.17%
LOCKHEED MARTIN CORP	9/15/2016	113,611.30	113,238.40	0.78%
LOCKHEED MARTIN CORP	9/15/2016	103,763.00	102,944.00	0.78%
LOUISVILLE GAS & ELEC	11/15/2015	102,159.00	101,513.00	0.52%
LOWE'S COMPANIES INC	10/15/2015	79,152.93	74,972.45	0.64%
LOWE'S COMPANIES INC	10/15/2015	21,160.87	20,063.05	0.64%

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LOWE'S COMPANIES INC	10/15/2015	44,366.00	42,238.00	0.64%
MANUF & TRADERS TRUST CO	1/30/2017	639,942.40	642,118.40	1.12%
MANUF & TRADERS TRUST CO	1/30/2017	1,207,452.00	1,203,972.00	1.12%
MANUF & TRADERS TRUST CO	3/7/2018	250,897.50	248,135.00	1.66%
MCDONALD'S CORP	5/29/2015	108,812.52	109,463.25	0.28%
MCDONALD'S CORP	5/29/2015	359,010.00	361,530.00	0.28%
MCDONALD'S CORP	5/29/2015	219,733.80	220,935.00	0.28%
MCDONALD'S CORP	5/29/2015	145,735.74	146,620.50	0.28%
MCDONALD'S CORP	3/15/2017	124,088.80	122,344.20	1.08%
MCDONALD'S CORP	10/15/2017	41,471.85	39,970.70	1.37%
MCDONALD'S CORP	10/15/2017	58,561.50	57,101.00	1.37%
MEDTRONIC INC	3/15/2016	415,228.00	413,704.00	0.61%
MET LIFE GLOB FUNDING I	6/29/2015	499,605.00	505,555.00	0.58%
MET LIFE GLOB FUNDING I	9/29/2015	206,262.00	204,882.00	0.53%
MET LIFE GLOB FUNDING I	4/10/2017	149,793.00	150,345.00	1.22%
MET LIFE GLOB FUNDING I	4/10/2017	728,992.60	731,679.00	1.22%
MET LIFE GLOB FUNDING I	1/10/2018	246,922.50	248,215.00	1.71%
METLIFE INC	6/1/2016	1,147,450.00	1,111,260.00	0.89%
MICROSOFT CORP	9/25/2015	102,978.00	101,652.00	0.29%
MICROSOFT CORP	2/8/2016	106,590.00	103,306.00	0.43%
MICROSOFT CORP	2/8/2016	583,396.00	568,183.00	0.43%
MICROSOFT CORP	12/6/2018	228,613.10	230,591.10	1.56%
MONSANTO CO	4/15/2016	141,790.50	139,781.70	0.76%
MONSANTO CO	4/15/2016	68,036.80	67,302.30	0.76%
MORGAN STANLEY	4/28/2015	189,188.68	187,325.29	0.37%
MORGAN STANLEY	10/15/2015	754,824.00	741,202.00	0.79%
MORGAN STANLEY	4/29/2016	369,096.00	367,475.50	1.04%
MORGAN STANLEY	3/22/2017	764,729.00	762,118.00	1.42%
MORGAN STANLEY	12/28/2017	174,928.50	170,770.50	1.84%
NATIONAL RURAL UTIL COOP	11/1/2015	103,204.00	101,727.00	0.60%
NATIONAL RURAL UTIL COOP	11/1/2015	61,816.20	61,036.20	0.60%
NATIONAL RURAL UTIL COOP	11/1/2015	72,182.60	71,208.90	0.60%
NATIONAL RURAL UTIL COOP	1/27/2017	999,410.00	1,003,920.00	0.95%
NATIONAL RURAL UTIL COOP	4/10/2017	101,504.45	94,881.25	1.18%
NATIONAL RURAL UTIL COOP	4/10/2017	56,796.50	55,812.50	1.18%
NATIONAL SEMICONDUCTOR	6/15/2017	99,349.60	92,606.40	1.17%
NBCUNIVERSAL MEDIA LLC	4/1/2016	317,271.00	311,364.00	0.70%
NEW YORK LIFE GLOBAL FDG	7/24/2015	434,612.85	435,669.90	0.60%
NEW YORK LIFE GLOBAL FDG	2/12/2016	446,877.00	451,264.50	0.62%
NEW YORK LIFE GLOBAL FDG	2/12/2016	1,039,324.00	1,042,922.40	0.62%
NEW YORK LIFE GLOBAL FDG	3/1/2017	154,669.85	155,277.45	1.06%
NORTHERN STATES PWR-MINN	8/15/2015	97,360.75	96,697.65	0.55%
NORTHERN STATES PWR-MINN	3/1/2018	136,449.60	135,114.00	1.69%
NOVARTIS CAPITAL CORP	4/24/2015	266,775.00	255,320.00	0.29%
NSTAR ELECTRIC CO	11/15/2017	115,107.00	113,132.00	1.61%
OCCIDENTAL PETROLEUM COR	2/1/2016	67,466.10	66,950.65	0.60%
OCCIDENTAL PETROLEUM COR	6/1/2016	44,053.60	42,636.00	0.66%
OCCIDENTAL PETROLEUM COR	2/15/2017	103,139.00	101,850.00	1.03%
OCCIDENTAL PETROLEUM COR	2/15/2017	179,987.50	178,237.50	1.03%
OCCIDENTAL PETROLEUM COR	2/15/2017	101,007.00	101,850.00	1.03%
ORACLE CORP	7/8/2014	102,503.00	100,051.00	1.43%
ORACLE CORP	7/8/2014	53,625.50	50,025.50	1.43%
ORACLE CORP	7/8/2014	100,857.70	95,048.45	1.43%
ORACLE CORP	1/15/2016	105,437.65	101,783.00	0.59%
ORACLE CORP	1/15/2016	85,317.75	80,355.00	0.59%
ORACLE CORP	1/15/2016	44,585.60	42,856.00	0.59%
ORACLE CORP	4/15/2018	116,766.00	114,915.00	1.67%
ORACLE CORP	1/15/2019	152,989.50	152,523.00	1.99%
PACCAR FINANCIAL CORP	9/29/2014	40,738.00	40,129.60	0.24%
PACCAR FINANCIAL CORP	9/29/2014	101,037.50	100,324.00	0.24%
PACCAR FINANCIAL CORP	6/5/2015	69,932.10	70,492.10	0.29%

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PACCAR FINANCIAL CORP	6/5/2015	179,825.40	181,265.40	0.29%
PACCAR FINANCIAL CORP	11/16/2015	797,888.00	802,904.00	0.44%
PACCAR FINANCIAL CORP	2/8/2016	99,966.00	100,438.00	0.53%
PACCAR FINANCIAL CORP	2/8/2016	209,714.40	210,919.80	0.53%
PACCAR FINANCIAL CORP	2/8/2016	1,100,924.00	1,104,818.00	0.53%
PACCAR FINANCIAL CORP	8/16/2016	2,097,963.00	2,115,687.00	0.80%
PACIFIC GAS & ELECTRIC	11/30/2017	103,338.00	101,769.30	1.67%
PACIFICORP	8/15/2014	163,471.50	150,819.00	0.57%
PECO ENERGY CO	10/1/2014	155,054.20	141,579.20	0.53%
PECO ENERGY CO	10/1/2014	221,500.00	202,256.00	0.53%
PECO ENERGY CO	10/15/2016	30,267.90	30,261.30	0.82%
PEPSICO INC	8/25/2014	39,843.60	40,037.20	0.19%
PEPSICO INC	3/5/2015	1,069,529.20	1,073,252.80	0.30%
PEPSICO INC	3/5/2015	179,920.80	180,547.20	0.30%
PEPSICO INC	8/13/2015	235,777.85	235,658.00	0.45%
PEPSICO INC	5/10/2016	601,656.00	620,952.00	0.61%
PEPSICO INC	2/22/2017	1,897,834.00	1,897,454.00	1.00%
PEPSICO INC	8/13/2017	199,372.00	200,660.00	1.14%
PEPSICO INC	8/13/2017	496,215.00	501,650.00	1.14%
PFIZER INC	1/15/2017	129,792.09	130,059.80	0.88%
PFIZER INC	5/15/2017	749,340.00	752,925.00	0.96%
PHILIP MORRIS INTL INC	5/16/2016	512,795.00	517,805.00	0.59%
PHILIP MORRIS INTL INC	3/20/2017	743,647.50	761,820.00	1.04%
PNC BANK NA	1/27/2017	469,309.10	471,306.60	1.01%
PNC BANK NA	1/27/2017	2,496,325.00	2,506,950.00	1.01%
PNC BANK NA	9/21/2017	673,238.70	674,373.30	1.51%
PNC FUNDING CORP	2/8/2015	425,483.24	417,867.90	0.45%
PNC FUNDING CORP	2/8/2015	239,383.72	230,336.94	0.45%
PNC FUNDING CORP	2/8/2015	423,412.00	407,676.00	0.45%
PNC FUNDING CORP	2/8/2015	478,521.00	458,635.50	0.45%
PNC FUNDING CORP	9/19/2016	63,443.40	62,307.00	0.88%
PNC FUNDING CORP	9/19/2016	1,145,529.00	1,142,295.00	0.88%
PRAXAIR INC	3/30/2015	67,331.40	61,911.00	0.37%
PRAXAIR INC	2/21/2016	999,380.00	1,003,340.00	0.55%
PRAXAIR INC	11/7/2017	140,847.00	139,032.60	1.26%
PRAXAIR INC	11/7/2017	109,486.30	109,239.90	1.26%
PRAXAIR INC	11/7/2017	39,737.20	39,723.60	1.26%
PRAXAIR INC	11/7/2018	58,611.60	58,713.00	1.76%
PRECISION CASTPARTS CORP	12/20/2015	269,919.00	270,572.40	0.56%
PRECISION CASTPARTS CORP	12/20/2015	399,880.00	400,848.00	0.56%
PRINCIPAL LFE GLB FND II	12/11/2015	300,891.00	301,596.00	0.63%
PRINCIPAL LFE GLB FND II	12/11/2015	100,335.00	100,532.00	0.63%
PRINCIPAL LFE GLB FND II	12/11/2015	449,707.50	452,394.00	0.63%
PRINCIPAL LIFE INC FDG	4/27/2015	111,185.00	104,238.00	0.40%
PRINCIPAL LIFE INC FDG	4/27/2015	111,196.00	104,238.00	0.40%
PROCTER & GAMBLE CO/THE	8/15/2014	83,094.40	80,449.60	0.44%
PROCTER & GAMBLE CO/THE	8/15/2014	98,144.10	90,505.80	0.44%
PROCTER & GAMBLE CO/THE	8/15/2014	218,414.00	201,124.00	0.44%
PROCTER & GAMBLE CO/THE	8/15/2014	200,848.00	200,120.00	0.22%
PROCTER & GAMBLE CO/THE	8/15/2014	1,094,250.00	1,005,620.00	0.44%
PROCTER & GAMBLE CO/THE	11/15/2015	25,673.50	25,483.00	0.39%
PROCTER & GAMBLE CO/THE	8/15/2016	102,560.00	101,640.00	0.67%
PROCTER & GAMBLE CO/THE	8/15/2016	783,648.40	802,956.00	0.67%
PROCTER & GAMBLE CO/THE	11/4/2016	2,299,793.00	2,297,907.00	0.79%
PUB SVC ELEC & GAS	8/15/2014	55,295.50	50,274.00	0.60%
PUB SVC ELEC & GAS	8/15/2014	78,984.50	70,383.60	0.60%
PUB SVC ELEC & GAS	5/1/2015	62,722.80	61,141.20	0.42%
PUB SVC ELEC & GAS	5/1/2015	83,649.60	81,521.60	0.42%
PUB SVC ELEC & GAS	5/1/2015	164,706.30	168,138.30	0.42%
RABOBANK NEDERLAND	1/19/2017	695,038.50	688,324.00	1.03%
RABOBANK NEDERLAND	1/19/2017	1,171,049.00	1,164,856.00	1.03%

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SAN DIEGO GAS & ELECTRIC	11/15/2015	169,434.00	159,399.00	0.71%
SIMON PROPERTY GROUP LP	2/1/2015	324,818.88	316,768.52	0.61%
SIMON PROPERTY GROUP LP	6/15/2015	1,081,078.50	1,048,888.35	0.53%
SIMON PROPERTY GROUP LP	5/1/2016	57,495.50	54,260.00	0.69%
SIMON PROPERTY GROUP LP	9/15/2017	41,560.00	41,143.20	1.16%
SIMON PROPERTY GROUP LP	9/15/2017	77,601.00	77,143.50	1.16%
SIMON PROPERTY GROUP LP	2/1/2018	78,793.60	79,447.20	1.70%
SOUTHERN CAL EDISON	5/1/2017	57,981.44	58,085.84	1.07%
SOUTHERN CAL EDISON	5/1/2017	899,712.00	901,332.00	1.07%
SOUTHERN CAL EDISON	5/1/2017	249,920.00	250,370.00	1.07%
SOUTHERN CO	9/1/2016	41,324.40	40,937.60	0.86%
SOUTHERN CO	9/1/2016	92,385.90	92,109.60	0.86%
STATE STREET CORP	3/7/2016	63,783.60	62,293.80	0.59%
STATE STREET CORP	3/7/2016	104,706.00	103,823.00	0.59%
STATE STREET CORP	4/30/2017	94,543.20	89,316.80	1.18%
SYSCO CORPORATION	6/12/2015	297,957.00	300,633.00	0.33%
TARGET CORP	5/1/2017	179,274.00	167,863.50	1.10%
TARGET CORP	5/1/2017	117,920.00	111,909.00	1.10%
TEXAS INSTRUMENTS INC	8/3/2015	99,777.00	100,104.00	0.35%
TEXAS INSTRUMENTS INC	8/3/2015	846,149.50	850,884.00	0.35%
TEXAS INSTRUMENTS INC	5/16/2016	100,537.55	98,198.65	0.57%
TEXAS INSTRUMENTS INC	3/12/2017	698,614.00	699,160.00	0.92%
TEXAS INSTRUMENTS INC	3/12/2017	1,247,525.00	1,248,500.00	0.92%
TORONTO-DOMINION BANK	9/9/2016	1,167,543.00	1,187,514.90	0.81%
TOYOTA MOTOR CREDIT CORP	2/17/2015	100,980.00	100,473.00	0.25%
TOYOTA MOTOR CREDIT CORP	2/17/2015	101,043.00	100,473.00	0.25%
TOYOTA MOTOR CREDIT CORP	6/17/2015	84,790.40	82,197.60	0.34%
TOYOTA MOTOR CREDIT CORP	6/17/2015	84,831.20	82,197.60	0.34%
TOYOTA MOTOR CREDIT CORP	6/17/2015	52,143.00	51,373.50	0.34%
TOYOTA MOTOR CREDIT CORP	1/11/2016	104,106.00	103,529.00	0.48%
TOYOTA MOTOR CREDIT CORP	9/15/2016	79,584.80	82,066.40	0.82%
TOYOTA MOTOR CREDIT CORP	1/12/2017	62,215.20	61,632.60	0.96%
TOYOTA MOTOR CREDIT CORP	5/16/2017	74,960.25	75,133.50	1.06%
TRAVELERS COS INC	12/1/2015	56,975.50	53,455.50	0.60%
TRAVELERS COS INC	12/1/2015	220,772.00	213,822.00	0.60%
TRAVELERS COS INC	6/20/2016	52,848.90	49,771.80	0.82%
TRAVELERS COS INC	6/20/2016	53,122.95	49,771.80	0.82%
TRAVELERS COS INC	12/15/2017	119,868.00	114,339.00	1.48%
UNITED PARCEL SERVICE	10/1/2017	85,812.52	85,954.42	1.14%
UNITED PARCEL SERVICE	10/1/2017	33,922.14	33,981.98	1.14%
UNITED TECHNOLOGIES CORP	5/1/2015	148,531.05	140,165.10	0.29%
UNITED TECHNOLOGIES CORP	6/1/2017	41,239.20	40,856.00	1.05%
UNITED TECHNOLOGIES CORP	12/15/2017	45,910.40	45,421.20	1.35%
UNITEDHEALTH GROUP INC	10/15/2015	221,163.80	220,972.40	0.51%
UNITEDHEALTH GROUP INC	10/15/2015	219,949.40	220,972.40	0.51%
UNITEDHEALTH GROUP INC	3/15/2016	497,191.50	485,748.00	0.69%
UNITEDHEALTH GROUP INC	11/15/2016	1,211,659.40	1,207,907.00	0.87%
UNITEDHEALTH GROUP INC	11/15/2016	138,554.66	137,169.10	0.87%
UNITEDHEALTH GROUP INC	11/15/2016	1,871,902.88	1,856,901.10	0.87%
UNITEDHEALTH GROUP INC	11/15/2016	53,720.16	53,229.80	0.87%
UNITEDHEALTH GROUP INC	2/15/2018	75,608.65	74,993.10	1.62%
US BANCORP	11/20/2014	163,315.35	166,704.45	0.22%
US BANCORP	11/15/2016	113,405.60	113,440.80	0.82%
US BANCORP	5/15/2017	538,733.60	537,077.83	1.09%
US BANCORP	5/15/2017	255,618.40	254,832.77	1.09%
US BANK NA CINCINNATI	1/30/2017	1,099,835.00	1,104,147.00	0.95%
US BANK NA CINCINNATI	1/30/2017	2,999,550.00	3,011,310.00	0.95%
USAA CAPITAL CORP	9/30/2014	649,337.00	651,033.50	0.41%
VESEY STREET INV TRUST I	9/1/2016	90,117.00	96,019.20	1.27%
VIRGINIA ELEC & POWER CO	4/30/2018	121,760.10	119,420.70	1.68%
VOLKSWAGEN GROUP AMERICA	5/23/2017	1,299,194.00	1,300,910.00	1.23%

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WACHOVIA BANK NA	3/15/2016	988,227.00	973,881.00	0.75%
WACHOVIA CORP	10/15/2016	689,124.00	661,194.00	1.10%
WACHOVIA CORP	10/15/2016	149,267.30	143,258.70	1.10%
WAL-MART STORES INC	4/11/2016	479,659.20	480,936.00	0.49%
WAL-MART STORES INC	4/15/2016	317,547.00	312,120.00	0.53%
WAL-MART STORES INC	4/5/2017	170,902.50	167,914.50	0.98%
WAL-MART STORES INC	4/5/2017	381,519.60	369,411.90	0.98%
WAL-MART STORES INC	4/21/2017	249,962.50	250,540.00	0.92%
WALT DISNEY COMPANY/THE	12/1/2014	44,852.85	45,126.00	0.21%
WALT DISNEY COMPANY/THE	12/1/2015	139,213.20	140,138.60	0.38%
WALT DISNEY COMPANY/THE	8/16/2016	1,022,590.00	1,012,940.00	0.74%
WALT DISNEY COMPANY/THE	9/15/2016	77,153.05	71,902.35	0.77%
WALT DISNEY COMPANY/THE	9/15/2016	177,382.50	165,928.50	0.77%
WALT DISNEY COMPANY/THE	2/15/2017	803,760.00	804,200.00	0.92%
WALT DISNEY COMPANY/THE	5/30/2017	74,865.00	74,728.50	1.00%
WALT DISNEY COMPANY/THE	5/30/2017	2,395,680.00	2,391,312.00	1.00%
WELLS FARGO & COMPANY	2/13/2015	101,186.00	100,584.00	0.31%
WELLS FARGO & COMPANY	7/1/2015	50,155.00	50,564.00	0.37%
WELLS FARGO & COMPANY	7/1/2015	100,929.00	101,128.00	0.37%
WELLS FARGO & COMPANY	6/15/2016	266,735.00	263,825.00	0.82%
WELLS FARGO & COMPANY	12/15/2016	104,517.00	103,941.00	1.00%
WELLS FARGO & COMPANY	12/15/2016	208,472.00	207,882.00	1.00%
WELLS FARGO & COMPANY	5/8/2017	154,266.00	153,844.50	1.18%
WELLS FARGO & COMPANY	5/8/2017	719,936.00	717,941.00	1.18%
WELLS FARGO & COMPANY	5/8/2017	1,776,420.80	1,805,108.80	1.18%
WELLS FARGO & COMPANY	6/2/2017	99,874.00	99,824.00	1.21%
WELLS FARGO & COMPANY	6/2/2017	239,697.60	239,577.60	1.21%
WELLS FARGO & COMPANY	6/2/2017	2,996,220.00	2,994,720.00	1.21%
WISC ELEC POWER	12/1/2015	148,352.50	134,567.50	0.81%
WYETH LLC	4/1/2017	113,403.00	111,406.00	1.22%
XTO ENERGY INC	6/30/2015	114,630.00	105,024.00	0.27%
XTO ENERGY INC	12/15/2018	121,526.00	120,740.00	1.65%
SUB-TOTAL		220,310,179.64	219,327,736.89	

VARIABLE RATE NOTES

AMERICAN EXPRESS CO	5/22/2018	1,010,000.00	1,017,544.70	0.64%
AMERICAN EXPRESS CREDIT	7/29/2016	1,130,000.00	1,137,243.30	0.44%
AMERICAN EXPRESS CREDIT	3/18/2019	540,000.00	542,997.00	0.67%
APPLE INC	5/3/2016	1,320,000.00	1,320,528.00	0.26%
APPLE INC	5/3/2018	1,090,000.00	1,090,032.70	0.48%
AT&T INC	11/27/2018	330,000.00	336,428.40	0.71%
BANK OF AMERICA CORP	3/22/2016	760,000.00	765,662.00	0.63%
BANK OF AMERICA CORP	4/1/2019	300,000.00	301,944.00	0.98%
BANK OF NOVA SCOTIA	7/15/2016	1,100,000.00	1,106,017.00	0.49%
BNP PARIBAS	12/12/2016	1,290,000.00	1,294,102.20	0.70%
BOKF NA	5/15/2017	448,254.00	447,952.50	1.09%
BOKF NA	5/15/2017	676,358.69	675,910.55	1.09%
BRANCH BANKING & TRUST	10/28/2015	1,000,000.00	1,000,920.00	0.31%
CITIGROUP INC	3/10/2017	500,000.00	500,270.00	0.76%
CITIGROUP INC	4/8/2019	630,000.00	630,875.70	0.98%
DAIMLER FINANCE NA LLC	8/1/2018	1,070,000.00	1,081,170.80	0.84%
DUKE ENERGY INDIANA INC	7/11/2016	660,000.00	662,395.80	0.41%
DUKE ENERGY PROGRESS INC	3/6/2017	1,880,000.00	1,881,015.20	0.42%
GENERAL ELEC CAP CORP	7/12/2016	1,210,000.00	1,220,986.80	0.44%
GOLDMAN SACHS GROUP INC	4/30/2018	1,090,000.00	1,107,603.50	1.02%
HSBC USA INC	9/24/2018	820,000.00	829,889.20	0.84%
HUNTINGTON NATIONAL BANK	4/24/2017	250,000.00	250,175.00	0.63%
IBM CORP	2/12/2019	170,000.00	171,006.40	0.47%
JOHNSON & JOHNSON	11/28/2016	1,150,000.00	1,151,115.50	0.27%
JPMORGAN CHASE & CO	2/15/2017	430,000.00	431,565.20	0.62%
JPMORGAN CHASE & CO	1/25/2018	540,000.00	547,608.60	0.75%

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JPMORGAN CHASE & CO	1/25/2018	1,500,000.00	1,521,135.00	0.75%
MEDTRONIC INC	2/27/2017	1,250,000.00	1,248,012.50	0.38%
MERCK & CO INC	5/18/2018	860,000.00	863,010.00	0.50%
NBCUNIVERSAL ENTERPRISE	4/15/2016	610,689.30	613,281.80	0.47%
NBCUNIVERSAL ENTERPRISE	4/15/2016	502,877.50	502,690.00	0.47%
PACCAR FINANCIAL CORP	12/6/2018	230,000.00	232,109.10	0.63%
PRUDENTIAL HOLDINGS, LLC	12/18/2017	980,154.86	993,274.71	0.74%
ROCKWELL COLLINS INC	12/15/2016	1,090,000.00	1,092,670.50	0.49%
WESTPAC BANKING CORP	7/30/2018	830,000.00	840,350.10	0.67%
<i>SUB-TOTAL</i>		29,248,334.35	29,409,493.76	

STATE OF CALIFORNIA AND LOCAL AGENCIES

CA ST DEPT OF WTR-AO	12/1/2015	500,000.00	500,985.00	0.51%
CALIFORNIA ST-TXBL	2/1/2016	792,670.20	795,695.90	0.59%
UNIV CA-AJ-TXBL	5/15/2016	400,000.00	401,272.00	0.74%
UNIV OF CALIFORNIA-AN	5/15/2016	640,000.00	639,468.80	0.68%
UNIV OF CALIFORNIA-AN	5/15/2017	1,500,000.00	1,503,450.00	1.14%
<i>SUB-TOTAL</i>		3,832,670.20	3,840,871.70	

MORTGAGE AND ASSET-BACK SECURITIES

AMXCA 2012-2 A	3/15/2018	2,999,062.50	3,009,870.00	0.39%
AMXCA 2012-2 A	3/15/2018	999,726.56	1,003,290.00	0.39%
BMWFT 2012-1A A	9/15/2017	630,836.72	631,946.70	0.30%
BMWFT 2012-1A A	9/15/2017	320,412.50	320,988.80	0.30%
BMWFT 2012-1A A	9/15/2017	750,000.00	752,317.50	0.30%
BMWLT 2013-1 A3	9/21/2015	1,499,760.00	1,501,305.00	0.36%
CCCIT 2006-A3 A3	3/15/2018	265,425.00	258,895.20	0.66%
CCCIT 2013-A1 A1	4/24/2017	1,100,000.00	1,099,637.00	0.29%
CCCIT 2013-A3 A3	7/23/2018	1,999,596.60	2,011,800.00	0.82%
CCCIT 2013-A5 A5	11/25/2016	1,280,000.00	1,280,204.80	0.27%
CCCIT 2013-A6 A6	9/7/2018	1,299,926.55	1,312,441.00	0.88%
CCCIT 2014-A2 A2	2/22/2019	1,499,739.30	1,499,235.00	1.04%
CHAIT 2006-A2 A2	4/16/2018	995,765.63	966,744.00	0.57%
CHAIT 2012-A3 A3	6/15/2017	2,003,750.00	2,007,440.00	0.40%
CHAIT 2012-A5 A5	8/15/2017	2,499,908.00	2,503,725.00	0.46%
CHAIT 2012-A6 A	8/15/2017	1,410,000.00	1,410,000.00	0.28%
CHAIT 2013-A5 A	5/15/2017	2,199,976.68	2,201,518.00	0.39%
FHLB Y2-2015 1	4/20/2015	675,711.71	683,751.40	2.55%
FHMS K501 A1	6/25/2016	762,545.58	756,076.93	0.75%
FHMS K501 A2	11/25/2016	1,146,595.31	1,128,537.00	0.84%
FHMS K502 A1	12/25/2016	2,001,725.10	1,992,673.14	0.93%
FHR 3612 AE	12/15/2014	174,885.71	174,926.32	1.45%
FITAT 2014-2 A2B	4/17/2017	2,500,000.00	2,509,425.00	0.31%
FNA 2012-M9 ASQ2	12/25/2017	2,177,092.97	2,143,610.70	1.29%
FNA 2014-M1 ASQ2	11/25/2018	695,783.40	703,029.20	1.66%
FNA 2014-M1 ASQ2	11/25/2018	1,242,248.34	1,262,373.60	1.66%
FNA 2014-M4 ASQ2	1/25/2017	1,999,800.00	1,998,275.40	0.80%
FNA 2014-M5 FA	1/25/2017	1,290,260.40	1,292,731.35	0.41%
FSPC T-50 A6X	2/27/2015	569,649.63	558,667.34	7.79%
GEET 2012-1 A3	11/23/2015	359,144.77	359,580.63	0.99%
GEMNT 2009-4 A	11/15/2017	1,449,875.00	1,417,598.00	0.44%
GEMNT 2009-4 A	11/15/2017	2,075,625.00	2,025,140.00	0.44%
GEMNT 2009-4 A	11/15/2017	744,269.53	708,799.00	0.44%
HAROT 2011-2 A4	8/18/2017	432,643.31	431,757.66	1.03%
HAROT 2011-3 A3	9/21/2015	39,554.71	39,628.52	0.27%
HAROT 2011-3 A3	9/21/2015	158,960.94	158,514.09	0.27%
HAROT 2012-4 A4	12/18/2018	707,331.41	708,286.74	0.55%
HAROT 2013-3 A2	1/15/2016	1,307,678.98	1,308,731.54	0.32%
HAROT 2013-4 A2	4/18/2016	866,947.98	867,303.45	0.38%
HAROT 2013-4 A3	9/18/2017	565,529.69	566,022.65	0.58%
HAROT 2013-4 A3	9/18/2017	763,869.51	765,382.84	0.58%

**Orange County Transportation Authority
Portfolio Listing
As of June 30, 2014**

HAROT 2014-1 A3	11/21/2017	1,079,882.17	1,079,902.80	0.68%
HAROT 2014-1 A3	11/21/2017	2,496,093.75	2,499,775.00	0.68%
HAROT 2014-2 A3	3/19/2018	433,947.83	433,826.40	0.79%
JDOT 2013-A A3	3/15/2017	1,467,289.06	1,468,340.20	0.37%
JDOT 2013-B A3	8/15/2017	999,863.70	1,003,510.00	0.60%
JDOT 2013-B A3	8/15/2017	1,999,727.40	2,007,020.00	0.60%
JDOT 2014-A A3	4/16/2018	1,699,727.66	1,703,315.00	0.82%
JDOT 2014-A A3	4/16/2018	1,499,759.70	1,502,925.00	0.82%
JDOT 2014-A A3	4/16/2018	2,499,599.50	2,504,875.00	0.82%
MBALT 2013-A A3	2/15/2016	3,499,453.13	3,502,450.00	0.45%
MBART 2013-1 A2	3/15/2016	646,651.37	646,998.39	0.35%
TAOT 2012-A A3	2/16/2016	357,264.71	357,072.76	0.34%
TAOT 2012-A A3	2/16/2016	153,214.91	153,031.18	0.34%
TAOT 2012-A A3	2/16/2016	430,773.69	431,547.93	0.34%
TAOT 2013-A A3	1/17/2017	243,998.12	244,368.44	0.40%
TAOT 2013-A A3	1/17/2017	399,996.92	400,604.00	0.40%
TAOT 2014-A A3	12/15/2017	1,658,693.42	1,660,177.89	0.63%
TAOT 2014-B A3	3/15/2018	1,999,682.60	2,004,880.00	0.64%
USAOT 2014-1 A3	12/15/2017	1,694,924.06	1,695,610.20	0.56%
USAOT 2014-1 A3	12/15/2017	2,499,888.00	2,500,900.00	0.56%
SUB-TOTAL		<u>76,222,046.71</u>	<u>76,133,310.70</u>	
SHORT-TERM PORTFOLIO - TOTAL		<u>\$ 982,090,683.43</u>	<u>\$ 978,454,953.14</u>	

DEBT SERVICE RESERVE FUNDS

<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
<i>91 EXPRESS LANES 2013 BONDS</i>	2030		10,799,437.46	
US BANK COMMERCIAL PAPER	5/1/2014	10,804,392.45		0.06%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	900.35		0.01%
<i>91 EXPRESS LANES 2013 BONDS - OPERATING & MAINTENANCE RESERVES</i>			13,000,000.00	
OPERATING RESERVE: BofWEST NEG CD	7/1/2014	3,000,000.00		0.07%
MAINTENANCE RESERVE: BofWEST NEG CD	7/1/2014	10,000,000.00		0.07%
DEBT SERVICE RESERVE FUNDS - TOTAL		<u>\$ 23,805,292.80</u>		

	<u>Book Value</u>	<u>Market Value</u>
TOTAL PORTFOLIO	<u>\$ 1,220,313,445.95</u>	<u>\$ 1,216,639,030.70</u>