



AGENDA

Finance and Administration Committee Meeting

Committee Members

Andrew Do, Chairman
Richard Murphy, Vice Chairman
Michael Hennessey
Steve Jones
Todd Spitzer
Michelle Steel

Orange County Transportation Authority
Headquarters
550 South Main Street
Board Room – Conf. Room 07
Orange, California

Wednesday, October 10, 2018 at 10:30 a.m.

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 (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

Call to Order

Pledge of Allegiance

Director Hennessey

1. Public Comments

Special Calendar

2. Investment Management Presentation

Jennifer Matano/Andrew Oftelie

Orange County Transportation Authority contracts with four investment management firms to actively manage the short-term investment portfolio. Ken Schiebel and Sarah Meacham from PFM Asset Management will present an introduction to their firm and provide commentary on economic trends and the fixed-income market.



Consent Calendar (Items 3 through 8)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

3. Approval of Minutes

Approval of the minutes of the Finance and Administration Committee of September 12, 2018.

4. Local Agency Investment Fund - August 2018

Jennifer Matano/Andrew Oftelie

Overview

The Orange County Transportation Authority invests a portion of its liquid portfolio in the State of California Local Agency Investment Fund. Each month, the State Treasurer's office publishes a report detailing the composition of the pool. The attached summary statements from the report are for the month ending August 31, 2018. The report has been reviewed and is consistent with the investment practices of the State Treasurer's Office.

Recommendation

Receive and file as an information item.

5. Orange County Treasurer's Management Report - August 2018

Jennifer Matano/Andrew Oftelie

Overview

The Orange County Transportation Authority invests a portion of its liquid portfolio in the Orange County Investment Pool. Each month, the Orange County Treasurer publishes a comprehensive report detailing the composition of the pool and the prevailing economic and market conditions. The attached Treasurer's Management Report for the Orange County Investment Pool is for the month ending August 31, 2018. The report has been reviewed and is consistent with the investment practices of the Orange County Treasurer.

Recommendation

Receive and file as an information item.



6. Orange County Transportation Authority Investment and Debt Programs - August 2018
Jennifer Matano/Andrew Oftelie

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending August 31, 2018. The report has been reviewed and is consistent with the investment practices contained in the Investment Policy.

Recommendation

Receive and file as an information item.

7. Microsoft Enterprise Agreement Renewal
Barry Reynolds/Andrew Oftelie

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2018-19 Budget, a renewal of its existing Microsoft Enterprise Agreement is planned. Quotes were received from seven Microsoft Large Account Resellers that are approved to sell the Microsoft Enterprise Agreement via the County of Riverside's Master Agreement.

Recommendations

- A. Approve the selection of PCMG, Inc., to provide the Microsoft Enterprise renewal license for all of the Orange County Transportation Authority's Microsoft software.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-8-1972 between the Orange County Transportation Authority and PCMG, Inc., in the amount of \$1,504,438, for the renewal of the Microsoft Enterprise Agreement for a three-year term.



8. State Transit Assistance Fund Claims for Fiscal Year 2018-19
Sam Kaur/Andrew Oftelie

Overview

The Orange County Transit District is eligible to receive funding from the State Transit Assistance Fund for providing public transportation services throughout Orange County. In order to receive these funds, the Orange County Transit District, as the public transit and community transit services operator, must file claims with the Orange County Transportation Authority, the transportation planning agency for Orange County.

Recommendation

Adopt Resolution No. 2018-125 to authorize the filing of State Transit Assistance Fund claims, in the amount of \$35,263,303, to support public transportation.

Regular Calendar

There are no Regular Calendar items scheduled.

Discussion Items

9. Sales Tax Update
Andrew Oftelie

Staff will provide an update on sales tax collections.

10. Chief Executive Officer's Report

11. Committee Members' Reports

12. Closed Session

There are no Closed Session items scheduled.

13. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, October 24, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

Investment Management Presentation

PFM Asset Management



Orange County Transportation Authority Portfolio Review

Presented By:

Sarah Meacham, Managing Director

Kyle Jones, Director

PFM Asset
Management LLC

601 South Figueroa St.
Suite 4500
Los Angeles, CA 90017

(213) 489-4075
pfm.com



PFM Asset Management LLC

◆ 38 years of institutional investment experience

- Managing assets in California since 1989
- Fixed-income specialists
- Specialists in California Government Code sectors

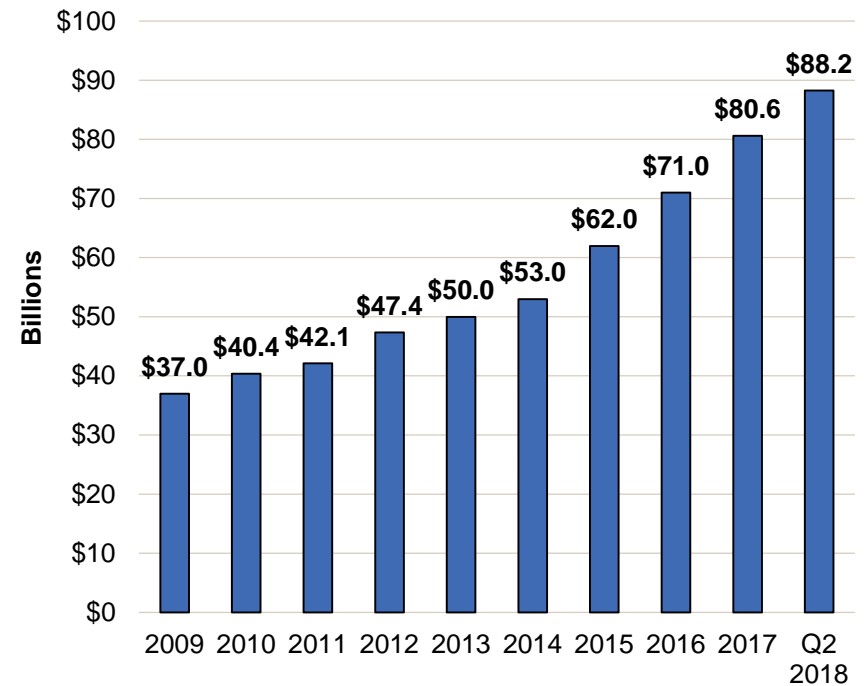
◆ \$88.2 billion in discretionary assets

- \$18.5 billion in California
- \$4.7 billion for transportation agencies

◆ Significant resources

- 213 investment professionals
- Independent credit analysis
- Senior leadership team averages 20+ years of experience
- 18 Chartered Financial Analysts (CFAs)

Discretionary Assets under Management



Assets for 2013-2017 are as of December 31.

All data as of June 30, 2018, unless otherwise noted.



Representative Transportation Clients

CALIFORNIA

- Golden Gate Bridge, Highway & Trans. District
- San Diego County Regional Trans. Commission
- San Joaquin County Transportation Authority
- San Bernardino County Transportation Authority
- San Francisco Airport
- San Mateo County Transportation Authority
- San Mateo County Transit District
- Sacramento Transportation Authority

NATIONAL

- Chesapeake Bay Bridge & Tunnel District (VA)
- Capital Metro Transportation Authority (TX)
- Jacksonville Aviation Authority (FL)
- Greater Orlando Aviation Authority (FL)
- Central Florida Expressway Authority (FL)
- Kenton County Airport Board (KY)
- North Carolina Turnpike Authority (NC)
- Jacksonville Transportation Authority (FL)
- Kansas Turnpike Authority (KS)

All data as of June 30, 2018. Representative clients based on client type and other non-performance based criteria to show a broad range of transportation clients or clients with a transportation-related scope and portfolio size of \$100 million or more in fixed income assets. This list does not represent an endorsement of PFM or its services. A full client list is available upon request.

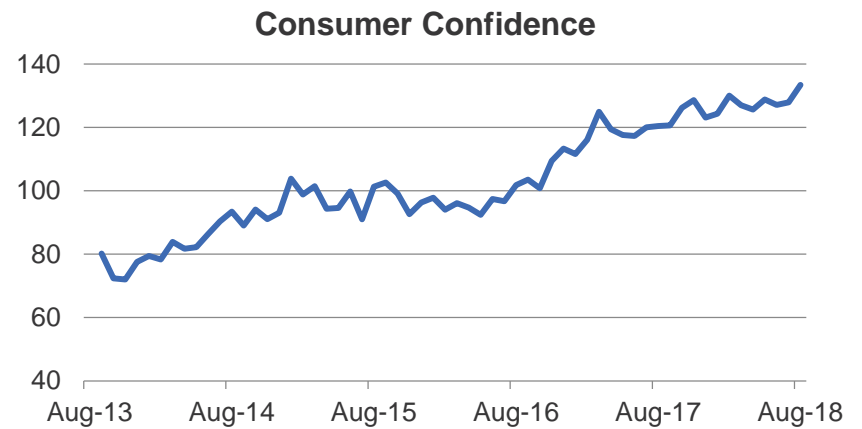
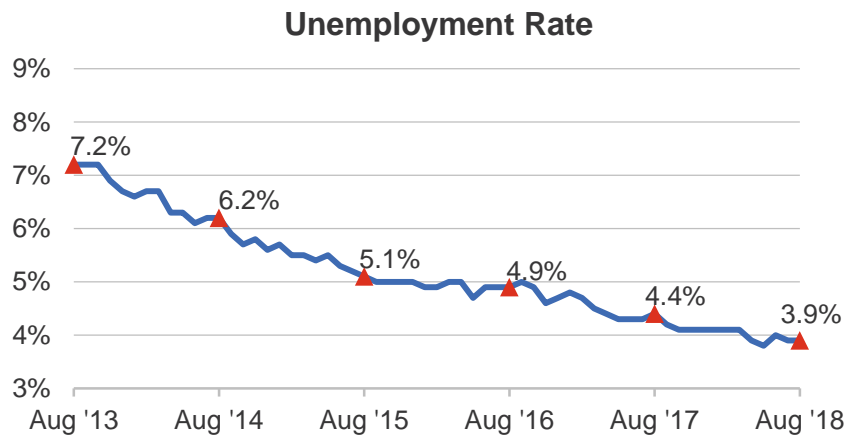
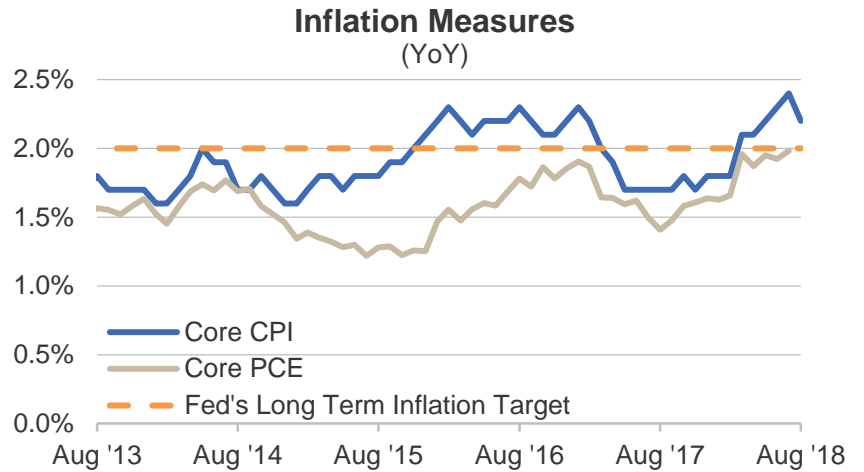
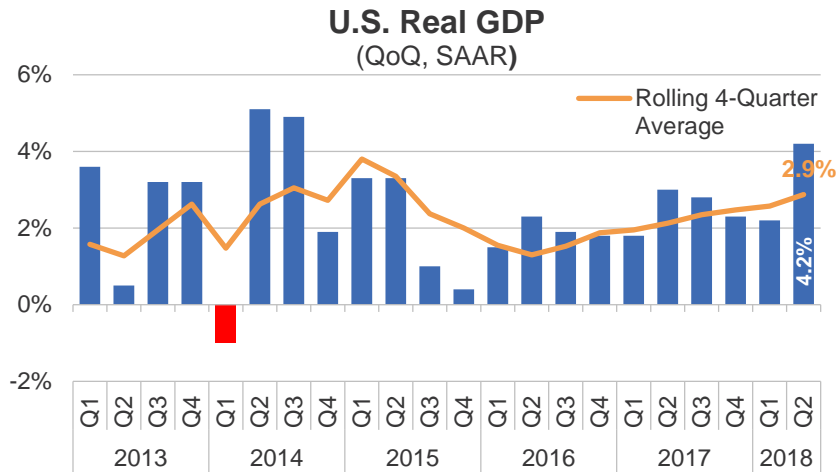


Current Market Themes

- U.S. economic conditions characterized by:
 - Improving growth
 - Strong labor market
 - Consumer and business optimism
 - Inflation finally reaching the Fed's target
- Rising yields with flatter yield curve
- Fed on track for several additional rate hikes
- Stock market reflects record corporate profits amid looming trade wars
- High degree of geopolitical risk



Current Economic Conditions

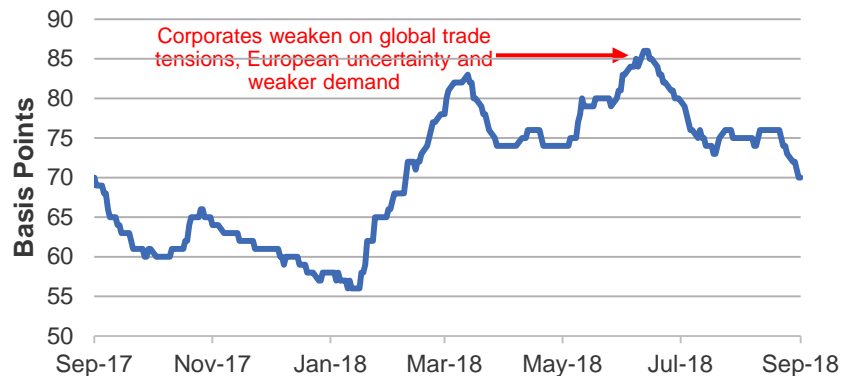


Source: Bloomberg, latest data available as of 8/31/18. SAAR is seasonally adjusted annualized rate.

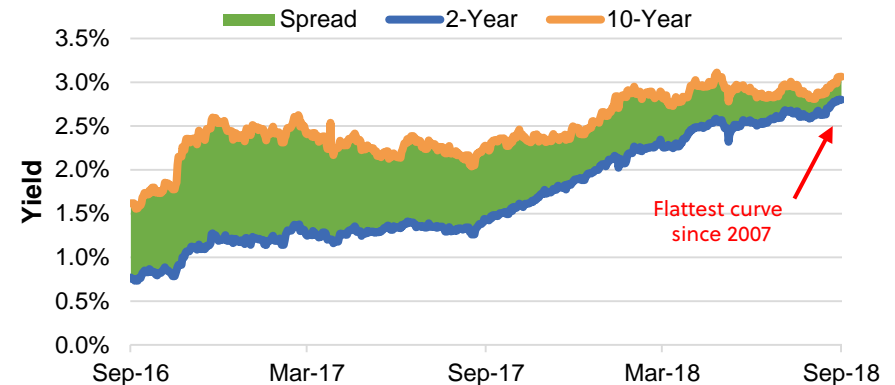


What We're Watching...

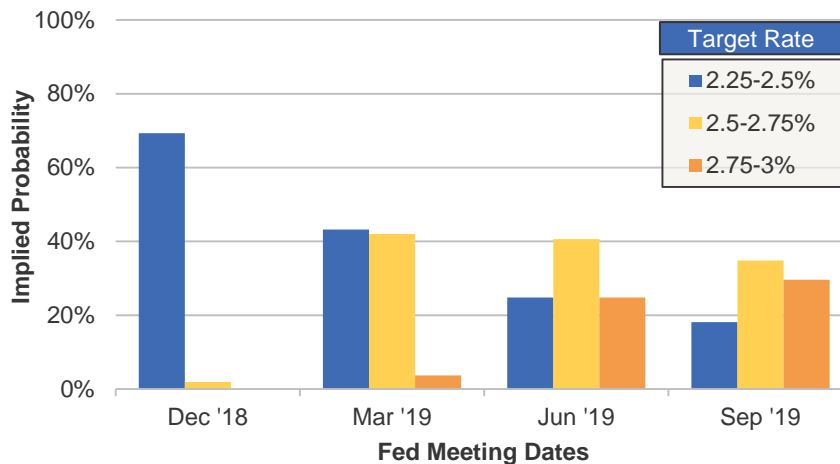
1-5 Year Corporate Spreads



Flattening Yield Curve (10-Yr vs. 2-Yr)



Market Implied Fed Rate Hike Probability



Economic Indicators Are Strong

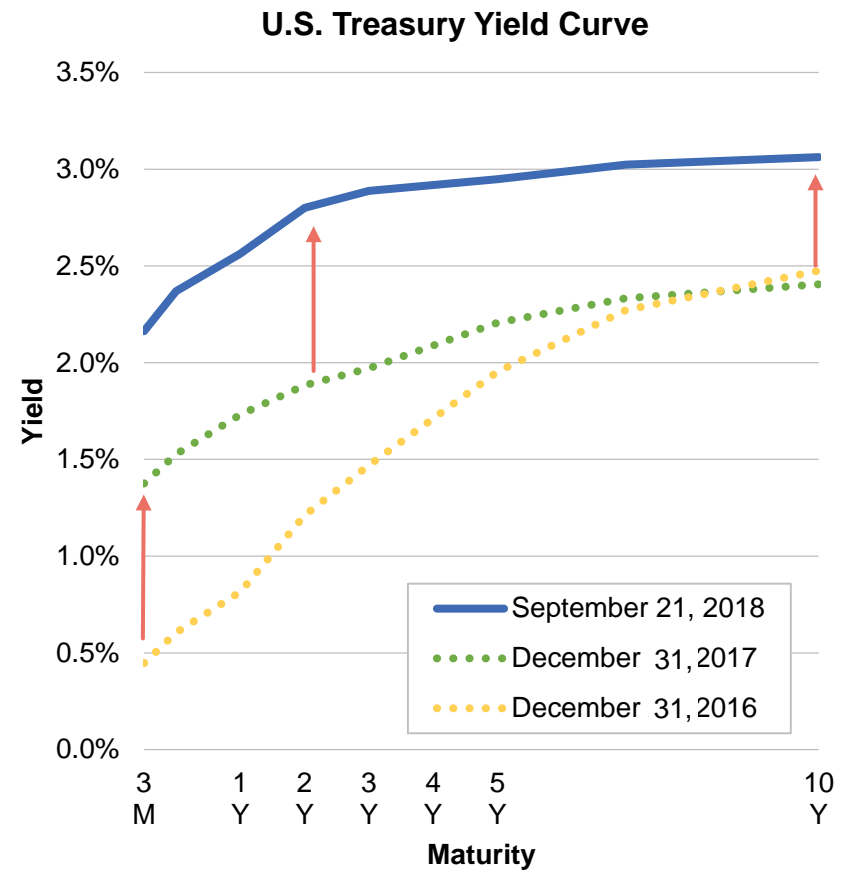
Metrics at or near Multi-Year Bests	
U.S. GDP	Unemployment Rate
Global Growth	Job Openings
Consumer Confidence	Corporate Profits
Home Prices	Inflation

Source: Bloomberg, ICE BofAML Indices, as of 9/21/18. Market Implied Fed Rate Hike Probability, as of 9/27/18.



U.S. Treasury Yield Curve Continues to Flatten as Rates Rise

	Current 9/21/18	Year-End 12/31/17	Year-End 12/31/16
3-month	2.16%	1.38%	0.50%
6-month	2.37%	1.53%	0.61%
1-year	2.56%	1.73%	0.81%
2-year	2.80%	1.88%	1.19%
3-year	2.89%	1.97%	1.45%
5-year	2.95%	2.21%	1.93%
10-year	3.06%	2.41%	2.44%



Source: Bloomberg



Yield Environment Favors Shorter-Term Credit

Yields as of September 21, 2018

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate
3-Month	2.16%	2.18%	2.44%	2.56%
6-Month	2.37%	2.30%	2.52%	2.65%
1-Year	2.56%	2.51%	2.68%	2.84%
2-Year	2.80%	2.81%	3.00%	3.17%
3-Year	2.89%	2.93%	3.15%	3.35%
5-Year	3.06%	3.03%	3.37%	3.56%

Source: Bloomberg BVAL yield curves for Treasury and Corporate. TradeWeb for Federal Agency yields. 3 and 6 month corporate yields from commercial paper: A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields may vary by issue.



Investment Strategy for OCTA

- ◆ Restructure the portfolio to be consistent with OCTA's long-term investment strategy
- ◆ Execute selective trades to increase the portfolio's return potential and enhance diversification while carefully managing risk
- ◆ Maintain a modestly defensive duration posture given the likelihood of additional rate hikes
- ◆ Key elements of the strategy include:
 - Reduce the portfolio's large allocation to Treasuries
 - Increase the allocation to the corporate sector as the widest yield spreads in a year led to attractive buying opportunities
 - Capture high yields available on short-term commercial paper and negotiable certificates of deposit
 - Purchase asset-backed securities (ABS) that offer attractive spreads relative to some industrial corporate note issuers

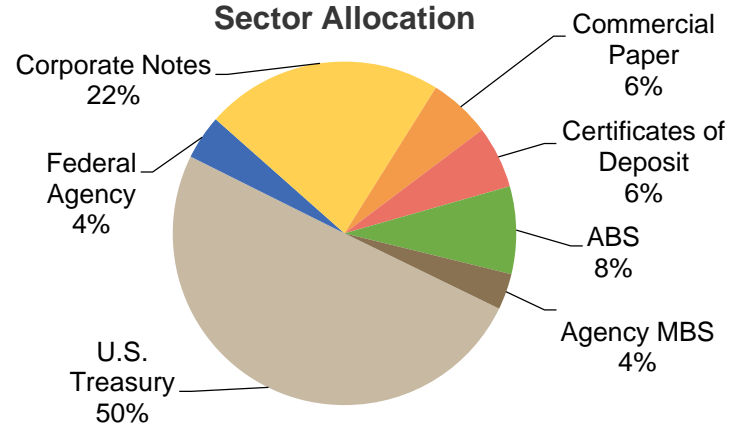


Portfolio Holdings Snapshot (as of 8/31/18)

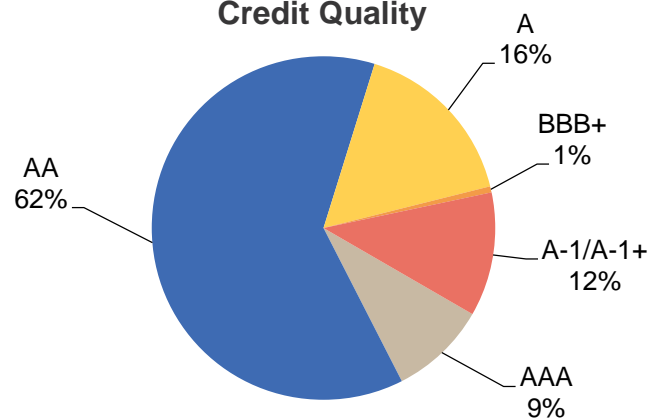
Portfolio Statistics

Market Value	\$342,516,052
Average Duration	1.63 years
Average Yield at Cost	2.00%
Average Yield at Market	2.63%

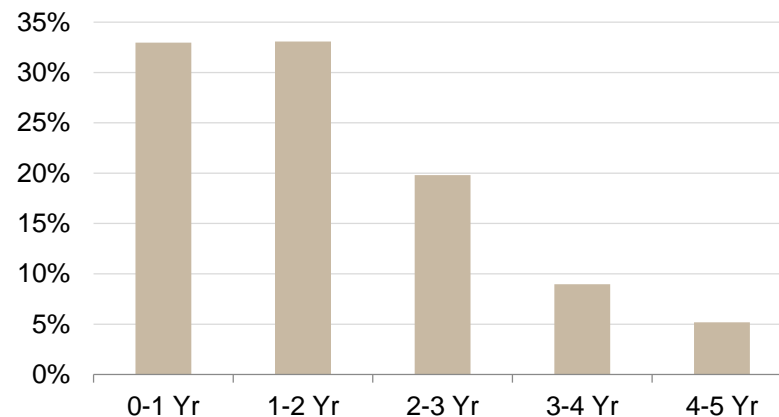
Sector Allocation



Credit Quality



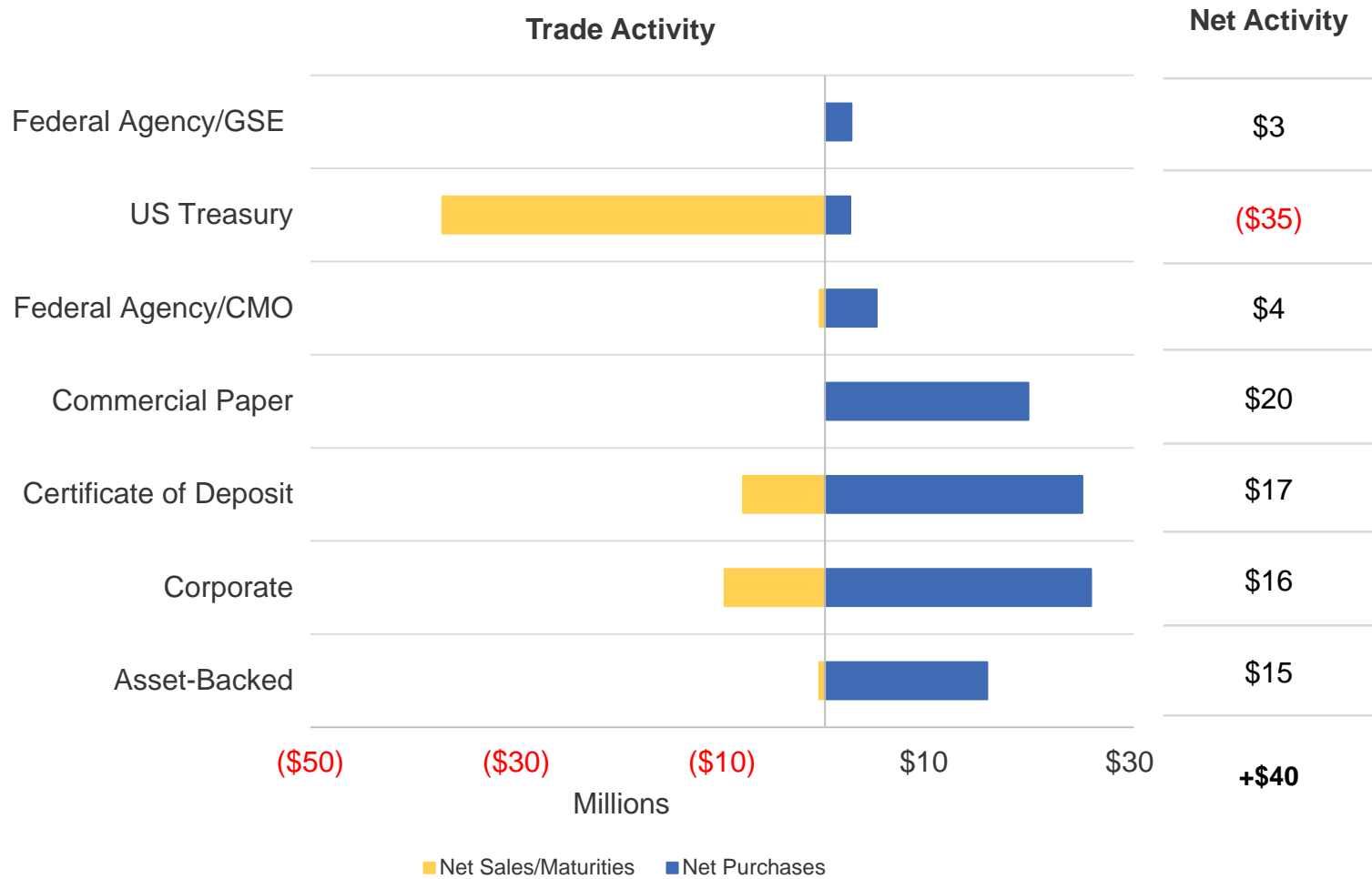
Duration Distribution



Excludes money market fund and accrued interest balances. Credit quality uses S&P rating, or Moody's equivalent if not rated by S&P. Please see important disclosures.



Summary of Trade Activity

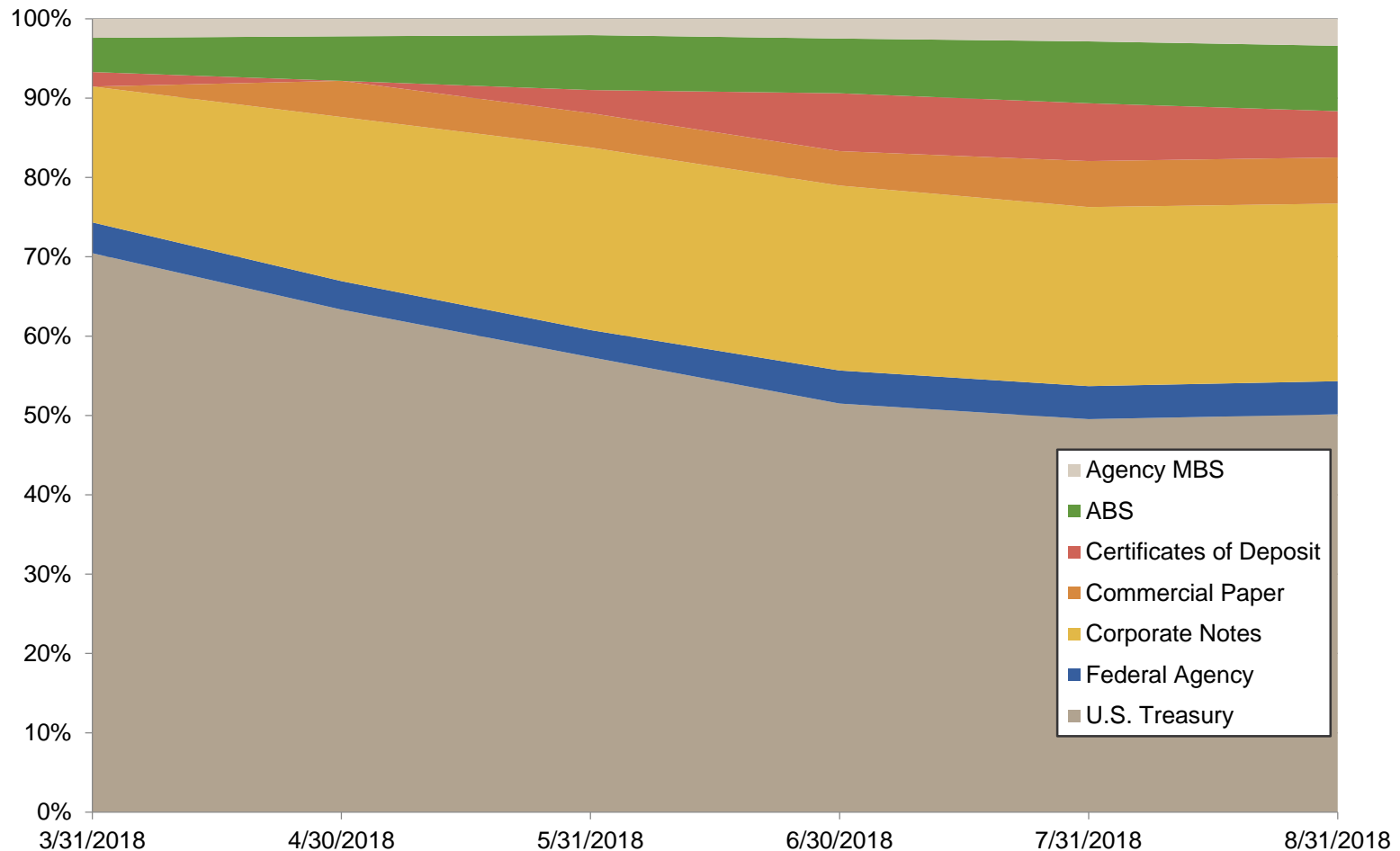


Trade activity, from inception (4/12/18) to date.



Historical Sector Allocation

March 31, 2018 - August 31, 2018





Portfolio Performance

Monthly Total Return Performance

Portfolio/Index	Duration (years)	4-Month Return	August 2018	July 2018
Orange County Transportation Authority	1.63	0.87%	0.34%	0.09%
ICE BoAML 1-3 Year U.S. Treasury	1.77	0.69%	0.32%	-0.01%
ICE BoAML 1-3 AAA-A Gov't/Corp	1.78	0.76%	0.34%	0.04%

Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). ICE BoAML Indices provided by Bloomberg Financial Markets, and ICE BoAML durations are as of 8/31/18.



Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.



MINUTES

Finance and Administration Committee Meeting

Committee Members Present

Andrew Do, Chairman
Richard Murphy, Vice Chairman
Michael Hennessey
Steve Jones
Michelle Steel

Staff Present

Darrell E. Johnson, Chief Executive Officer
Ken Phipps, Deputy Chief Executive Officer
Laurena Weinert, Clerk of the Board
Gina Ramirez, Deputy Clerk of the Board
James Donich, General Counsel
OCTA Staff and Members of the General Public

Committee Members Absent

Todd Spitzer

Call to Order

The September 12, 2018 regular meeting of the Finance and Administration Committee was called to order by Committee Chairman Do at 10:32 a.m.

Pledge of Allegiance

Director Jones led in the Pledge of Allegiance.

Committee Chairman Do wanted to take a moment to reflect on the commemoration of September 11, 2001. Additionally, he stated that a presentation was given to the Orange County Board of Supervisors for national preparedness month and stressed how important it is that the Orange County Transportation Authority (OCTA) is an integral part of the emergency operations center. As Chair of the Emergency Management Council, the public should know the role our agencies play in being prepared in the event of an emergency or natural disaster.

Darrell E. Johnson, Chief Executive Officer, (CEO), stated OCTA does participate in conjunction with the emergency operations center, and all OCTA employees are declared under a California requirement to be disaster service workers in the event of a disaster.

1. Public Comments

No public comments were received.

Special Calendar

2. Investment Management Presentation

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced Wendy Kaszak, Associate Director and Scott Pavlak, Managing Director from Logan Circle Partners.



2. (Continued)

Ms. Kaszak presented a PowerPoint presentation and highlighted the following areas:

- Firm Overview; and
- Market Outlook.

Mr. Pavlak presented a PowerPoint presentation and highlighted the following areas:

- Current Themes;
- Federal Reserve;
- Yield Curves – as of August 31, 2018;
- United States Inflation – as of August 31, 2018;
- United States Earnings & the Consumer – as of August 31, 2018;
- Intercontinental Exchange (ICE) Bank of America Merrill Lynch (BAML) Corporate 1-5 Year Index;
- Portfolio Strategy/Positioning; and
- Portfolio Review – as of August 31, 2018.

A discussion ensued regarding the reason for uptick in wages, federal interest rate hikes, and commercial mortgage-backed securities.

Consent Calendar (Items 3 through 14)

3. Approval of Minutes

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to approve the minutes of the Finance and Administration Committee of July 25, 2018.

4. Audit of State Transportation Improvement Program Planning, Programming and Monitoring Program, Program Fiscal Year 2015-2016

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

5. Warranty Administration, Internal Audit Report No. 18-510

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to direct staff to implement one recommendation provided in Warranty Administration, Internal Audit Report No. 18-510.



6. Local Agency Investment Fund - July 2018

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

7. Orange County Treasurer's Management Report - July 2018

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

8. Orange County Transportation Authority Investment and Debt Programs Report - July 2018

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

9. Environmental Mitigation Program Endowment Fund Investment Report For June 30, 2018

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

10. Fiscal Year 2017-18 Fourth Quarter Grant Reimbursement Status Report

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to receive and file as an information item.

11. Excess Liability Insurance Renewal

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A40995, in the amount of \$800,000, to Marsh Risk and Insurance Services, Inc., to purchase excess liability insurance on behalf of the Orange County Transportation Authority for the policy period of November 1, 2018 to November 1, 2019.



12. Amendment to Agreement for Temporary Staffing Services

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-5-3658 between the Orange County Transportation Authority and Howroyd Wright Employment Agency, Inc., doing business as AppleOne Employment Services, in the amount of \$83,565. This will increase the maximum obligation of the agreement to a total contract value of \$488,809.

13. Adopt Resolution Reaffirming the Longstanding Policy of Requiring the Use of Transponders on the 91 Express Lanes

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to adopt Resolution No. 2018-121 confirming the longstanding policy of requiring the use of transponders on the 91 Express Lanes.

14. Amendment to Grant Management and Programming Database Agreement

A motion was made by Director Steel, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Purchase Order A40326 between the Orange County Transportation Authority and EcoInteractive Inc., in the amount of \$27,500, to expand the current OCFundtracker platform to include the Capital Improvement Program module effective October 1, 2018 through August 31, 2019. This will increase the maximum obligation of the agreement to a total purchase order value of \$118,170.

Regular Calendar

15. Update on the Low Carbon Fuel Standard Program

Andrew Oftelie, Executive Director of Finance and Administration, provided opening comments and introduced Ron Rojas, Section Manager III of Contracts Administration & Materials Management, who provided a PowerPoint presentation on the following:

- Background;
- Low Carbon Fuel Standard (LCFS) Program Components;
- LCFS Credit Basics;
- Element Markets Renewable Energy Contract, and
- Next Steps.

15. (Continued)

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

16. Fiscal Year 2018-19 Comprehensive Business Plan

Darrell E. Johnson, CEO, provided opening comments and introduced Victor Velasquez, Department Manager of Financial Planning and Analysis who provided a PowerPoint presentation on the following:

- Overview;
- Bus Program-Program Risks;
- Rail Program-Major Assumptions;
- Rail Program-Program Risks;
- Measure M2 Program-Major Assumptions;
- 91 Express Lanes-Major Assumptions; and
- Motorist Services-Major Assumptions.

Committee Chairman Do inquired on the cost data for maintaining the life cycle of a bus to 18 years.

Andrew Oftelie, Executive Director of Finance and Administration, discussed the bus cycle midlife overhauls at six and twelve years. Additionally, he stated staff will be working closely with the maintenance department and to track the operating costs in years 14, 15, 16, 17, and 18.

A motion was made by Director Hennessey, seconded by Committee Vice Chairman R. Murphy, and declared passed by those present, to approve the Fiscal Year 2018-19 Comprehensive Business Plan.

Discussion Items

17. Chief Executive Officer's Report

Mr. Johnson, CEO, reported on the following:

- On September 12th, OCTA will host a telephone town hall for the public to provide input on the Long-Range Transportation Plan. In addition, a community open house will be held at the OCTA Headquarters on September 22nd. The public can also submit feedback online at octaLRTP.com through Sept. 28th.



17. (Continued)

- On September 12th, OCTA will host a community open house for the passing siding project along the Los Angeles – San Diego – San Luis Obispo Rail corridor between Laguna Niguel and San Juan Capistrano. Staff will be available to provide information and answer questions about the project at the San Juan Capistrano Library from 6:00 p.m. – 7:30 p.m.
- OCTA's annual Rodeo is on September 15th at 8:00 a.m. at the Santa Ana Base and Committee Chairman Murray will be participating.

18. Committee Members' Reports

Director Hennessey acknowledged the ten-year anniversary of the Chatsworth Train Collision. As a member agency of Metrolink, OCTA needs to remain vigilant in the area of safety and continue our commitment to safety.

19. Closed Session

There were no Closed Session items scheduled.

20. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 26, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.

ATTEST

Gina Ramirez
Deputy Clerk of the Board

Andrew Do
Committee Chairman



October 10, 2018

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Local Agency Investment Fund - August 2018

Overview

The Orange County Transportation Authority invests a portion of its liquid portfolio in the State of California Local Agency Investment Fund. Each month, the State Treasurer's office publishes a report detailing the composition of the pool. The attached summary statements from the report are for the month ending August 31, 2018. The report has been reviewed and is consistent with the investment practices of the State Treasurer's Office.

Recommendation

Receive and file as an information item.

Discussion

As of August 31, 2018, the fair value including accrued interest of the Pooled Money Investment Account (PMIA) was \$86,440,302,800 with an average monthly effective yield of 2 percent and a month-end weighted average maturity of 191 days. The Local Agency Investment Fund (LAIF) is a component of the State of California PMIA. The month-end balance of LAIF was \$20,402,522,932. The Orange County Transportation Authority's month-end balance in LAIF was \$10,424,157.

The average monthly effective yield is the average of the daily yield for the month. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and current market value.

Summary

The Orange County Transportation Authority is submitting a copy of the Local Agency Investment Fund statements and summary reports to the Finance and Administration Committee. The statements are for the month ending August 31, 2018.

Attachment

A. Local Agency Investment Fund – As of August 31, 2018

Prepared by:



Jennifer Matano
Department Manager,
Treasury/Public Finance
(714) 560-5563

Approved by:



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

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
September 13, 2018

ORANGE COUNTY TRANSPORTATION AUTHORITY

MANAGER, TREASURY/PUBLIC FINANCE
550 SOUTH MAIN STREET
P.O. BOX 14184
ORANGE, CA 92613-1584

PMIA Average Monthly Yields

Account Number:
80-30-001

Tran Type Definitions

August 2018 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	10,424,157.09
Total Withdrawal:	0.00	Ending Balance:	10,424,157.09



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
08/13/18	1.98	1.96	192
08/14/18	1.98	1.96	190
08/15/18	1.99	1.96	191
08/16/18	2.01	1.96	192
08/17/18	2.01	1.96	191
08/18/18	2.01	1.96	191
08/19/18	2.01	1.96	191
08/20/18	2.01	1.96	191
08/21/18	2.01	1.96	189
08/22/18	2.01	1.96	188
08/23/18	2.02	1.96	191
08/24/18	2.02	1.97	191
08/25/18	2.02	1.97	191
08/26/18	2.02	1.97	191
08/27/18	2.02	1.97	188
08/28/18	2.02	1.97	187
08/29/18	2.02	1.97	187
08/30/18	2.02	1.97	186
08/31/18	2.04	1.97	191
09/01/18	2.04	1.97	191
09/02/18	2.04	1.97	191
09/03/18	2.04	1.97	191
09/04/18	2.04	1.97	191
09/05/18	2.04	1.98	189
09/06/18	2.04	1.98	189
09/07/18	2.04	1.98	190
09/08/18	2.04	1.98	190
09/09/18	2.04	1.98	190
09/10/18	2.05	1.98	189
09/11/18	2.05	1.98	189
09/12/18	2.05	1.98	189

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

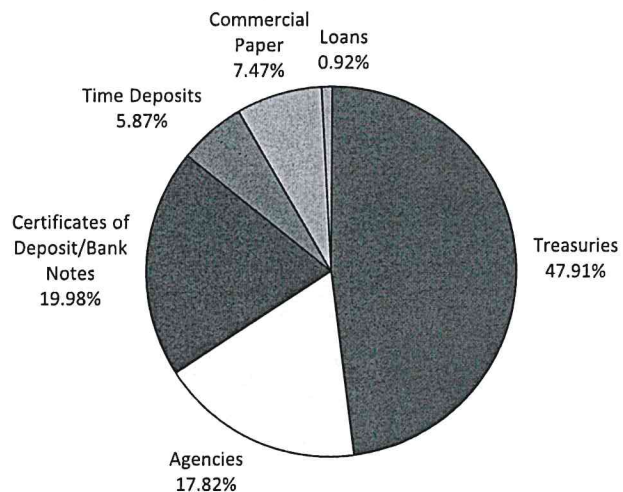
Quarter Ending 06/30/18

Apportionment Rate: 1.90%
 Earnings Ratio: 0.00005216919081336
 Fair Value Factor: 0.998126869
 Daily: 1.92%
 Quarter to Date: 1.76%
 Average Life: 193

**PMIA Average Monthly
Effective Yields**

Aug 2018 1.998
 July 2018 1.944
 June 2018 1.854

**Pooled Money Investment Account
Portfolio Composition
08/31/18
\$86.2 billion**



Percentages may not total 100%, due to rounding.

Based on data available as of 9/12/2018



Fair Value Including Accrued Interest	\$	86,440,302,799.64
---------------------------------------	----	-------------------

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).



October 10, 2018

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Treasurer's Management Report - August 2018

Overview

The Orange County Transportation Authority invests a portion of its liquid portfolio in the Orange County Investment Pool. Each month, the Orange County Treasurer publishes a comprehensive report detailing the composition of the pool and the prevailing economic and market conditions. The attached Treasurer's Management Report for the Orange County Investment Pool is for the month ending August 31, 2018. The report has been reviewed and is consistent with the investment practices of the Orange County Treasurer.

Recommendation

Receive and file as an information item.

Discussion

As of August 31, 2018, the book value of the Orange County Investment Pool (OCIP) Money Market Fund was \$659,347,387 with a monthly gross yield of 1.64 percent and a month-end average days to maturity of 42 days. The OCIP Extended Fund book value was \$6,633,538,915 with a monthly gross yield of 1.69 percent and a month-end average days to maturity of 414 days. The Orange County Transportation Authority's month-end balance in the OCIP was \$21,375,607; the combined pool had a monthly gross yield of 1.68 percent and month-end average days to maturity of 350 days.

The monthly gross yield is the average of the daily yield for the month. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and current market value.

During August there were no additions or deletions to the Treasurer's Approved Issuer List. Both the Money Market Fund and the Extended Fund were in

compliance at month-end. Pages 26 through 98 containing investment inventory are not included in the attachment. Copies of OCIP's investment inventory reports are available upon request.

Summary

The Orange County Transportation Authority is submitting a copy of the Orange County Treasurer's Management Report to the Finance and Administration Committee. The report is for the month ending August 31, 2018.

Attachment

- A. Treasurer's Monthly Investment Report – August 31, 2018

Prepared by:



Jennifer Matano
Department Manager,
Treasury/Public Finance
(714) 560-5563

Approved by:



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

Treasurer's Monthly **INVESTMENT** AUGUST 2018 **REPORT**

From the Office of
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM
Orange County Treasurer



COUNTY OF ORANGE

TREASURER'S INVESTMENT REPORT
For August 31, 2018

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OFFICE OF THE TREASURER-TAX COLLECTOR
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM



INTERDEPARTMENTAL COMMUNICATION

Date: September 18, 2018

To: Supervisor Andrew Do, Chairman
Supervisor Shawn Nelson, Vice-Chairman
Supervisor Michelle Steel
Supervisor Todd Spitzer
Supervisor Lisa Bartlett

From: Shari L. Freidenrich, CPA, CCMT, CPFA, ACPFIM 

Subject: Treasurer's Investment Report for the Month Ended August 31, 2018

Attached please find the Treasurer's Investment Report for the County of Orange for the month ended August 31, 2018. The County Treasurer provides this report in compliance with California Government Code Sections 53607, 53646, and 27134 and the County's Investment Policy Statement (IPS). We have included some charts and other data for your information including charts on fund composition and the top ten pool participants. This report is also publicly available on our website at ocgov.com/ocinvestments.

INVESTMENT POOL COMPOSITION

The investments contained within this report are as of August 31, 2018. The Investment Pool Statistics summary shows the total investment responsibility of the County Treasurer as delegated by the Board of Supervisors: the Orange County Investment Pool (OCIP) that includes the Voluntary Participants' funds, the Orange County Educational Investment Pool (OCEIP), the John Wayne Airport Investment Fund and various other non-Pooled investment funds. The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The County Treasurer established three Money Market Funds, the Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF), and the John Wayne Airport Investment Fund, which all are invested in cash-equivalent securities and provide liquidity for immediate cash needs. Standard & Poor's, on March 6, 2017, reaffirmed their highest rating of AAAM on the OCMMF and the OCEMMF. The County Treasurer also established the Extended Fund that is invested to meet cash needs between one and five years out. The Orange County Investment Pool is comprised of the Orange County Money Market Fund and portions of the Extended Fund. The Orange County Educational Investment Pool is comprised of the Orange County Educational Money Market Fund and portions of the Extended Fund.

The maximum maturity of investments for the OCMMF and the OCEMMF is 13 months, with a maximum weighted average maturity (WAM) of 60 days, and they have a current WAM of 42 and 54, respectively. The maximum maturity of investments for the John Wayne Airport Investment Fund is 15 months, with a maximum WAM of 90 days, and a current WAM of 85. The maximum maturity of the Extended Fund is five years, with duration not to exceed the Merrill Lynch 1-3 Year index +25% (2.33), and the duration is currently at 1.12. The investments in all of the funds are marked to market daily to determine the value of the funds. To further maintain safety, adherence to an investment strategy of only purchasing top-rated securities and diversification of instrument types and maturities is required.

ECONOMIC UPDATE

In August 2018, the job market added 201,000 new jobs, and July's job numbers were revised downward by 10,000 to 147,000. The U.S. unemployment rate for August remained unchanged at 3.9%. The U.S. Gross Domestic Product second quarter rate increased from the prior reported rate of 4.1% to 4.2%. The Empire State Manufacturing Index increased to 25.6 from 22.6 in July, while the Philadelphia Fed Index decreased to 11.9 from 25.7 in July. The Federal Reserve uses these indexes as regional economic gauges, and a reading above zero signals economic expansion. With respect to housing, S&P/CaseShiller reported that housing prices continue to show positive momentum as year-over-year prices increased for the seventy-fourth consecutive month in June, up 6.24% from a year ago. The index for pending home sales decreased 0.50% on a year-over-year basis in July.

The 10-year Treasury rate declined from 2.96% in July to 2.86% in August. The short-term 90-day T-bill increased from 2.03% at the end of July to 2.11% at the end of August. The rate on the 2-year Treasury note was 2.62% at the end of August, down from 2.67% in July.

INVESTMENT INTEREST YIELDS AND FORECAST

The current gross interest yield year-to-date for fiscal year 2018/2019 is 1.66% for OCIP and 1.71% for OCEIP. The current net yield for fiscal year 2018/2019 is 1.60 for OCIP and 1.65% for OCEIP. The forecasted net yield for fiscal year 2018/2019 for both OCIP and OCEIP is 1.81%.

APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS

Each month, the County Treasurer apportions the accrued interest earnings to each pool participant. As of the first business day of the following month accrued, but unpaid, interest earnings are added to pool participants' average balances in determining a participant's relative share of the pool's monthly earnings. The actual cash distribution will generally be paid in the month following. The July 2018 and August 2018 interest apportionments are expected to be paid in October 2018 and November 2018, respectively. The investment administrative fee for fiscal year 2018/2019 is estimated at 5.9 basis points.

TEMPORARY TRANSFERS

The County Treasurer, as required by Constitution Article XVI, Section 6, and per the Board of Supervisor's Resolution 15-016, is authorized to make temporary transfers to school districts to address their short-term cash flow needs. The loans are secured by tax receipts to be received by the County Treasurer, as the banker for the school districts. There are no temporary transfers outstanding as of August 31, 2018.

PORTFOLIO HOLDINGS OF DEBT ISSUED BY POOL PARTICIPANTS

Under guidelines outlined in the current IPS, the County Treasurer may invest in "A" or above rated securities issued by municipalities. Municipal debt issued by the County of Orange is exempt from this credit rating requirement. The Investment Pools may invest no more than 5% of individual pool assets in any one issuer, with the exception of the County of Orange which has a 10% limit. The Investment Pools have a total market value of \$356 million in County of Orange debt, which represents approximately 4.2% of total pooled assets. Prior to purchasing any pool participant debt, a standardized credit analysis is performed.

COMPLIANCE SUMMARY

The investment portfolios had no compliance exceptions for the month of August 2018.

CREDIT UPDATE

During August, there were no changes to the Treasurer's Approved Issuer List. An ongoing credit analysis of all issuers owned in the Investment Pools is reviewed on a daily, monthly, quarterly, and annual basis.

I certify that this report includes all pooled and non-pooled investments as of August 31, 2018 and is in conformity with all State laws and the IPS approved by the Board of Supervisors on November 14, 2017. The investments herein shown provide adequate liquidity to meet the next six months of projected cash flow requirements. I am available if you have any questions on this Investment Report at (714) 834-7625.

Enclosures

cc: Distribution List

ORANGE COUNTY TREASURER-TAX COLLECTOR
SUMMARY OF INVESTMENT DATA
INVESTMENT TRENDS

	AUGUST 2018	JULY 2018	INCREASE (DECREASE)	NET CHANGE %	AUGUST 2017	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value ¹	\$ 3,800,757,752	\$ 3,699,655,626	\$ 101,102,126	2.73%	\$ 3,887,687,886	\$ (86,930,134)	-2.24%
End Of Month Book Value ¹	\$ 3,818,674,986	\$ 3,720,637,614	\$ 98,037,372	2.63%	\$ 3,893,180,097	\$ (74,505,111)	-1.91%
Monthly Average Balance	\$ 3,728,926,590	\$ 3,957,348,486	\$ (228,421,896)	-5.77%	\$ 3,811,920,907	\$ (82,994,317)	-2.18%
Year-To-Date Average Balance	\$ 3,843,137,539	\$ 3,957,348,486	\$ (114,210,947)	-2.89%	\$ 3,885,644,464	\$ (42,506,925)	-1.09%
Monthly Accrued Earnings ²	\$ 5,324,206	\$ 5,532,831	\$ (208,625)	-3.77%	\$ 3,597,928	\$ 1,726,278	47.98%
Monthly Net Yield ²	1.62%	1.58%	0.04%	2.34%	1.05%	0.57%	54.29%
Year-To-Date Net Yield ²	1.60%	1.58%	0.02%	1.13%	1.04%	0.56%	54.16%
Annual Estimated Gross Yield ³	1.87%	1.87%	0.00%	0.00%	1.28%	0.59%	45.80%
Weighted Average Maturity (WAM)	350	380	(30)	-7.89%	361	(11)	-3.05%
Orange County Educational Investment Pool (OCEIP)							
End Of Month Market Value ¹	\$ 4,589,471,472	\$ 4,894,537,916	\$ (305,066,444)	-6.23%	\$ 4,343,104,770	\$ 246,366,702	5.67%
End Of Month Book Value ¹	\$ 4,609,254,223	\$ 4,917,462,588	\$ (308,208,365)	-6.27%	\$ 4,348,573,992	\$ 260,680,231	5.99%
Monthly Average Balance	\$ 4,779,197,893	\$ 4,991,639,662	\$ (212,441,769)	-4.26%	\$ 4,502,682,483	\$ 276,515,410	6.14%
Year-To-Date Average Balance	\$ 4,885,418,778	\$ 4,991,639,662	\$ (106,220,884)	-2.13%	\$ 4,620,999,920	\$ 264,418,858	5.72%
Monthly Accrued Earnings ²	\$ 7,083,460	\$ 7,146,878	\$ (63,418)	-0.89%	\$ 4,225,782	\$ 2,857,678	67.62%
Monthly Net Yield ²	1.68%	1.62%	0.06%	3.83%	1.04%	0.64%	61.44%
Year-To-Date Net Yield ²	1.65%	1.62%	0.03%	1.88%	1.03%	0.62%	59.95%
Annual Estimated Gross Yield ³	1.87%	1.87%	0.00%	0.00%	1.30%	0.57%	44.13%
Weighted Average Maturity (WAM)	325	323	2	0.62%	332	(7)	-2.11%

¹ Market values provided by Bloomberg and Northern Trust. The OCIP and OCEIP market values in current year and in prior year are slightly lower than book values due to six Federal Reserve short-term rate increases totaling 1.50% since November 2016, but both have a net asset value of 1.00 and have sufficient liquidity to meet projected cash flow needs.

² In August 2018, the OCIP and OCEIP Monthly Accrued Earnings, Monthly Net Yields and Year-To-Date Net Yields were higher than the prior year primarily due to six Federal Reserve short-term rate increases totaling 1.50% since November 2016.

³ The OCIP and OCEIP annual estimated gross yields for August 2017 are reported at the actual annual gross yields for FY 17/18, and their annual estimated gross yields for August 2018 are reported at the forecasted gross yield of 1.87%. The OCIP and OCEIP annual estimated gross yields for FY 18/19 are higher than FY 17/18 yields of 1.28% and 1.30%, primarily due to six Federal Reserve short-term rate increases totaling 1.50% since November 2016.

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH ENDED: August 31, 2018

INVESTMENT STATISTICS - By Investment Pool⁽¹⁾

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 8/31/18	MONTHLY Gross Yield	Current NAV ⁽⁴⁾
COMBINED POOL BALANCES (includes the Extended Fund)					
Orange County Investment Pool (OCIP)	MARKET Value \$ 3,800,757,752 COST (Capital) \$ 3,818,996,713 MONTHLY AVG Balance \$ 3,728,926,590 BOOK Value \$ 3,818,674,986	350	1.76%	1.68%	1.00
Orange County Educational Investment Pool (OCEIP)	MARKET Value \$ 4,589,471,472 COST (Capital) \$ 4,609,176,164 MONTHLY AVG Balance \$ 4,779,197,893 BOOK Value \$ 4,609,254,223	325	1.79%	1.74%	1.00

INVESTMENT STATISTICS - Non Pooled Investments⁽²⁾

DESCRIPTION	CURRENT BALANCE	INVESTMENT BALANCES AT COST	
Specific Investment			
Funds:	MARKET Value \$ 105,353,014	John Wayne Airport Investment Fund	\$ 51,237,431
283, FVSD, CCCD	COST (Capital) \$ 106,353,859	Fountain Valley School District Fund 40	\$ 34,790,770
	MONTHLY AVG Balance \$ 106,236,386	CCCD Series 2017E Bonds	\$ 20,325,658
	BOOK Value \$ 106,207,643		
			\$ 106,353,859

MONTH END TOTALS

INVESTMENTS & CASH		INVESTMENTS & CASH	
COUNTY MONEY MARKET FUND (OCMMF)			
County Money Market Fund	\$ 658,481,358	OCIP	\$ 3,820,698,299
County Cash	\$ 1,701,586	OCEIP	\$ 4,611,177,792
EXTENDED FUND	\$ 6,636,032,809	Specific Investment Funds	\$ 106,353,859
EDUCATIONAL MONEY MARKET FUND (OCEMMF)		Non-Pooled Cash	\$ 18,974,674
Educational Money Market Fund	\$ 1,133,658,710		
Educational Cash	\$ 2,001,628		
NON-POOLED INVESTMENTS & CASH			
Non-Pooled Investments	\$ 106,353,859		
Non-Pooled Cash	\$ 18,974,674		
	\$ 8,557,204,624		\$ 8,557,204,624

KEY POOL STATISTICS

INTEREST RATE YIELD		WEIGHTED AVERAGE MATURITY (WAM)	
OCMMF - MONTHLY GROSS YIELD	1.64%	OCMMF	42
OCEMMF - MONTHLY GROSS YIELD	1.90%	OCEMMF	54
JOHN WAYNE AIRPORT - MONTHLY GROSS YIELD	1.96%	JOHN WAYNE AIRPORT WAM	85
OCIP - YTD NET YIELD ⁽³⁾	1.60%	LGIP WAM (Standard & Poors)	37
OCEIP - YTD NET YIELD ⁽³⁾	1.65%		
90-DAY T-BILL YIELD - MONTHLY AVERAGE	2.06%		

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH ENDED: August 31, 2018

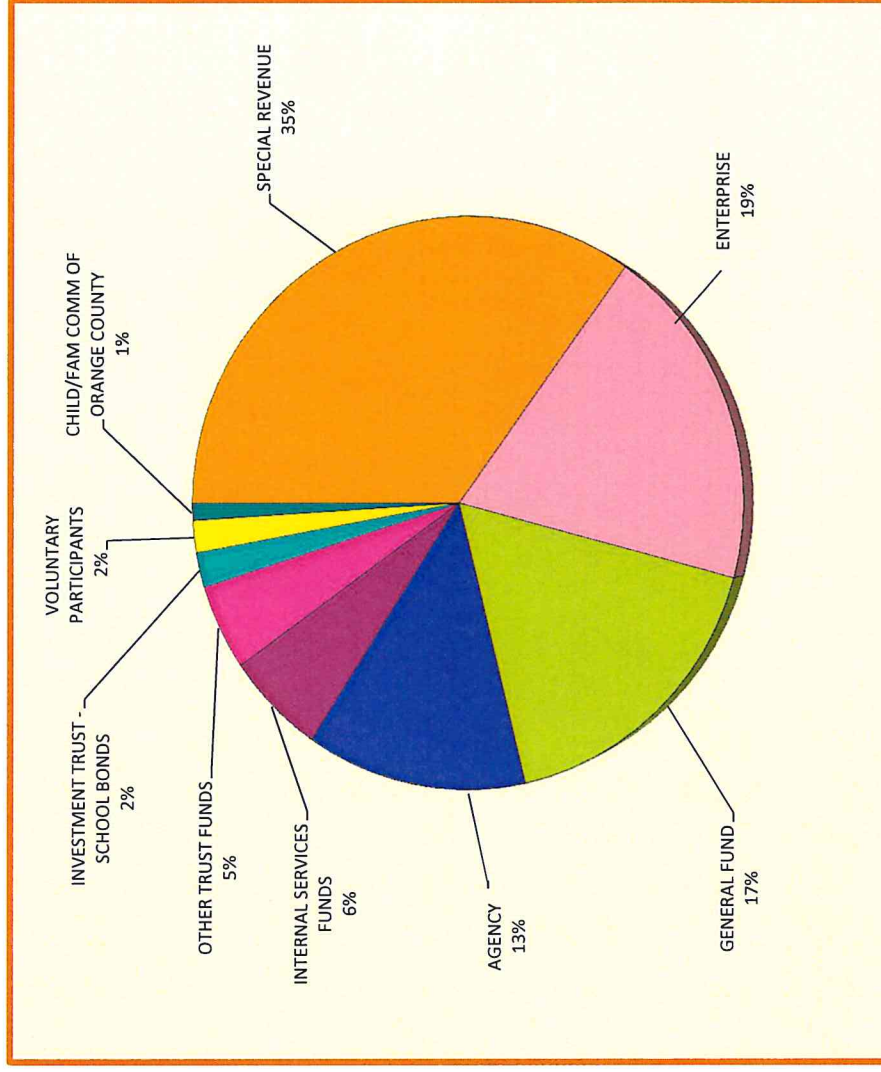
INVESTMENT STATISTICS - By Investment Fund

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 8/31/18	MONTHLY Gross Yield	Current NAV ⁽⁴⁾
<u>County Money Market Fund (OCMMF)</u>	MARKET Value \$ 659,580,340 COST (Capital) \$ 658,481,358 MONTHLY AVG Balance \$ 552,485,766 BOOK Value \$ 659,347,387	42	1.92%	1.64%	1.00
<u>Educational Money Market Fund (OCEMMF)</u>	MARKET Value \$ 1,135,219,335 COST (Capital) \$ 1,133,658,710 MONTHLY AVG Balance \$ 1,263,451,762 BOOK Value \$ 1,135,042,907	54	1.98%	1.90%	1.00
<u>Extended Fund</u>	MARKET Value \$ 6,595,429,549 COST (Capital) \$ 6,636,032,809 MONTHLY AVG Balance \$ 6,692,186,955 BOOK Value \$ 6,633,538,915	414	1.73%	1.69%	0.99
ALLOCATION OF EXTENDED FUND					
<u>Extended Fund</u> <i>OCIP Share</i>	MARKET Value \$ 3,141,177,412 COST (Capital) \$ 3,160,515,355 MONTHLY AVG Balance \$ 3,176,440,824 BOOK Value \$ 3,159,327,599	414	1.73%	1.69%	0.99
<i>OCEIP Share</i>	MARKET Value \$ 3,454,252,137 COST (Capital) \$ 3,475,517,454 MONTHLY AVG Balance \$ 3,515,746,131 BOOK Value \$ 3,474,211,316	414	1.73%	1.69%	0.99
<i>Modified Duration</i>	1.12				

- (1) The Combined Pool Balances include the County and Educational Money Market Funds and their respective portions of the Extended Fund.
- (2) Specific non-pooled investments are reported in compliance with Government Code Section 53646 (b)(1). Detailed descriptions are included in the inventory listing in Section VII of this report.
- (3) The Net Yield differs from the Monthly Gross Yield as it includes the deduction of the Investment Administrative Fee.
- (4) Book Value is computed as Cost reduced by amortization of premium and increased by the accretion of discount of the Investment Portfolio. Net Asset Value (NAV) is equal to Market Value divided by Book Value. The Extended Fund Market Value is lower than Book Value causing the NAV to be lower than 1.00 due to six Federal Reserve short-term rate increases totalling 1.50% since November 2016. When the Extended Fund is combined with the OCMMF and OCEMMF, both OCIP and OCEIP have a NAV of 1.00.

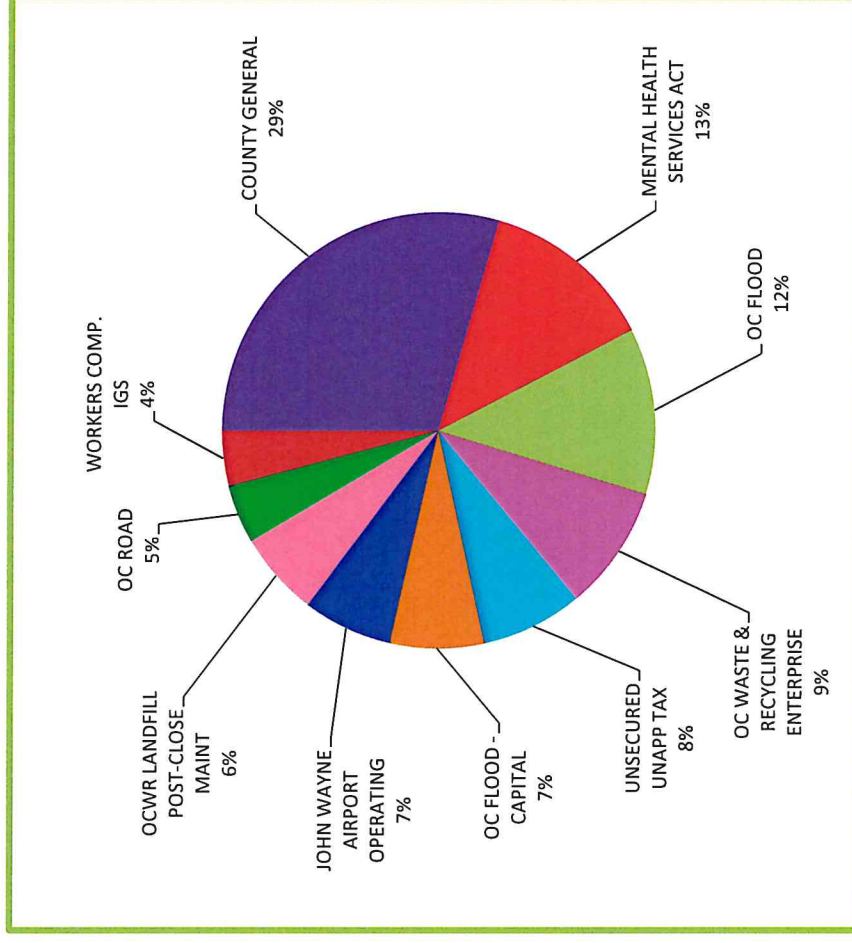
ORANGE COUNTY INVESTMENT POOL COMPOSITION BY FUND AS OF AUGUST 31, 2018

FUNDS	BALANCE
SPECIAL REVENUE	\$ 1,332,064,618
ENTERPRISE	736,790,636
GENERAL FUND	648,952,743
AGENCY	507,414,893
INTERNAL SERVICE FUNDS	235,511,647
OTHER TRUST FUNDS	185,505,250
INVESTMENT TRUST - SCHOOL BONDS	82,700,033
VOLUNTARY PARTICIPANTS	53,507,019
CHILD/FAM COMM OF ORANGE COUNTY	38,261,460
TOTAL	\$ 3,820,698,299



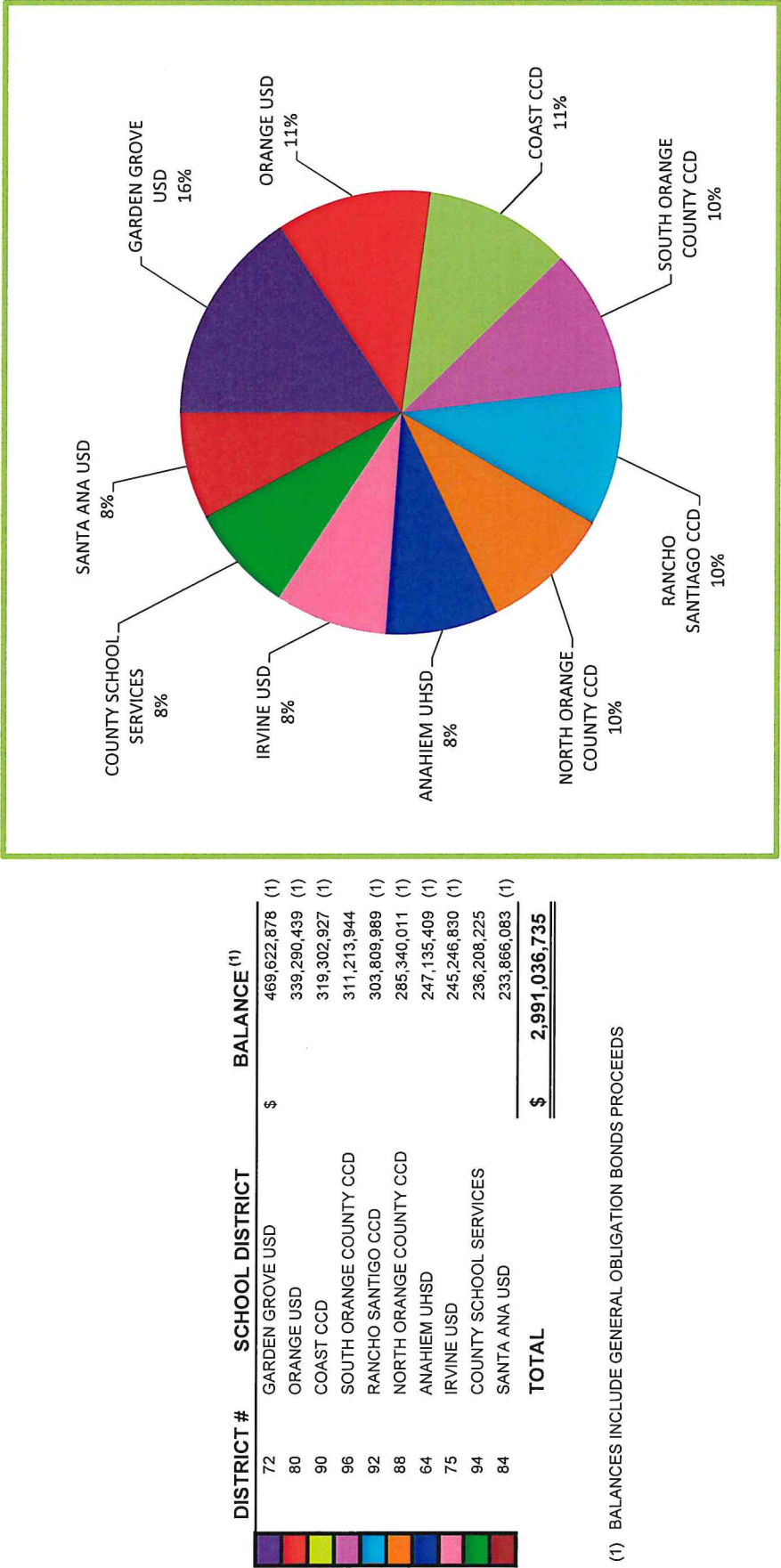
Fund Class	Balance as of 8/31/2017 (Millions)	Balance as of 8/31/2018 (Millions)	% Change
SPECIAL REVENUE	1,400	1,250	36%
ENTERPRISE	650	680	18%
GENERAL FUND	600	630	16%
AGENCY	500	530	14%
INTERNAL SERVICE FUNDS	250	275	13%
OTHER TRUST FUNDS	150	165	6%
INVESTMENT TRUST - SCHOOL BONDS	100	105	3%
VOLUNTARY PARTICIPANTS	50	55	2%
CHILD/FAM COMM OF ORANGE COUNTY	20	25	1%

ORANGE COUNTY INVESTMENT POOL
TOP TEN POOL PARTICIPANTS
AS OF AUGUST 31, 2018



FUND #	FUND NAME	BALANCE
100	COUNTY GENERAL	\$ 606,434,857
13Y	MENTAL HEALTH SERVICES ACT	266,097,421
400	OC FLOOD	254,874,231
299	OC WASTE & RECYCLING ENTERPRISE	191,362,181
674	UNSECURED UNAPP TAX	155,581,078
404	OC FLOOD - CAPITAL	144,482,015
280	JOHN WAYNE AIRPORT OPERATING	138,153,496
279	OCWR LANDFILL POST-CLOSE MAINT	129,116,730
115	OC ROAD	90,027,947
293	WORKERS COMP	84,824,495
TOTAL		<u><u>\$ 2,060,954,451</u></u>

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL TOP TEN POOL PARTICIPANTS AS OF AUGUST 31, 2018

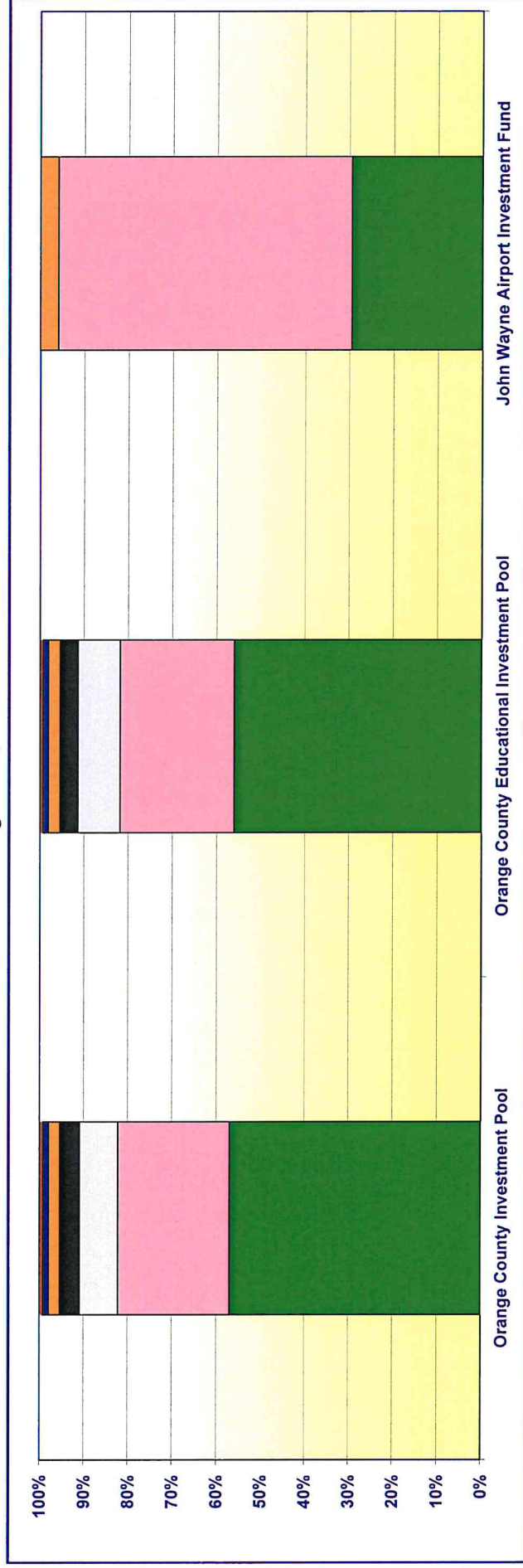


(1) BALANCES INCLUDE GENERAL OBLIGATION BONDS PROCEEDS

ORANGE COUNTY TREASURER - TAX COLLECTOR

BY INVESTMENT TYPE - By Percentage Holdings

August 31, 2018



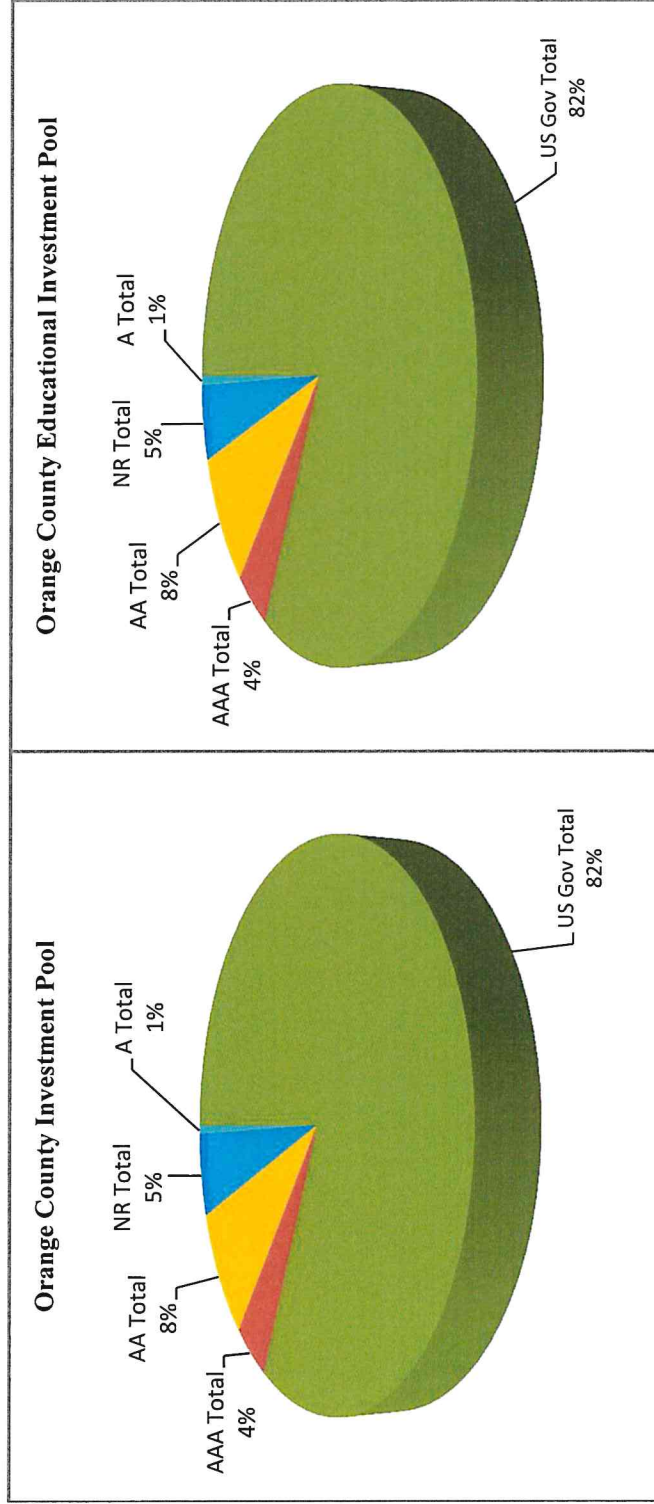
Orange County Investment Pool			
	In Thousands		%
U. S. GOVERNMENT AGENCIES	\$ 2,163,681		56.93%
U. S. TREASURIES	959,908		25.25%
MEDIUM-TERM NOTES	328,289		8.64%
MUNICIPAL DEBT	169,587		4.46%
MONEY MARKET MUTUAL FUNDS	95,826		2.52%
CERTIFICATES OF DEPOSIT	52,778		1.39%
LOCAL AGENCY INVESTMENT FUND	30,689		0.81%
	<u>\$ 3,800,758</u>		<u>100.00%</u>

Orange County Educational Investment Pool			
	In Thousands		%
U. S. GOVERNMENT AGENCIES	\$ 2,573,654		56.08%
U. S. TREASURIES	1,181,331		25.74%
MEDIUM-TERM NOTES	435,148		9.48%
MUNICIPAL DEBT	186,490		4.06%
MONEY MARKET MUTUAL FUNDS	121,062		2.64%
CERTIFICATES OF DEPOSIT	58,038		1.26%
LOCAL AGENCY INVESTMENT FUND	33,748		0.74%
	<u>\$ 4,589,471</u>		<u>100.00%</u>

John Wayne Airport Investment Fund			
	In Thousands		%
U. S. GOVERNMENT AGENCIES	\$ 15,137		29.54%
U. S. TREASURIES	34,021		66.38%
MONEY MARKET MUTUAL FUNDS	2,093		4.08%
	<u>\$ 51,251</u>		<u>100.00%</u>

Calculated Using Market Value at 8/31/2018

ORANGE COUNTY TREASURER - TAX COLLECTOR **CREDIT QUALITY BY MARKET VALUE** August 31, 2018

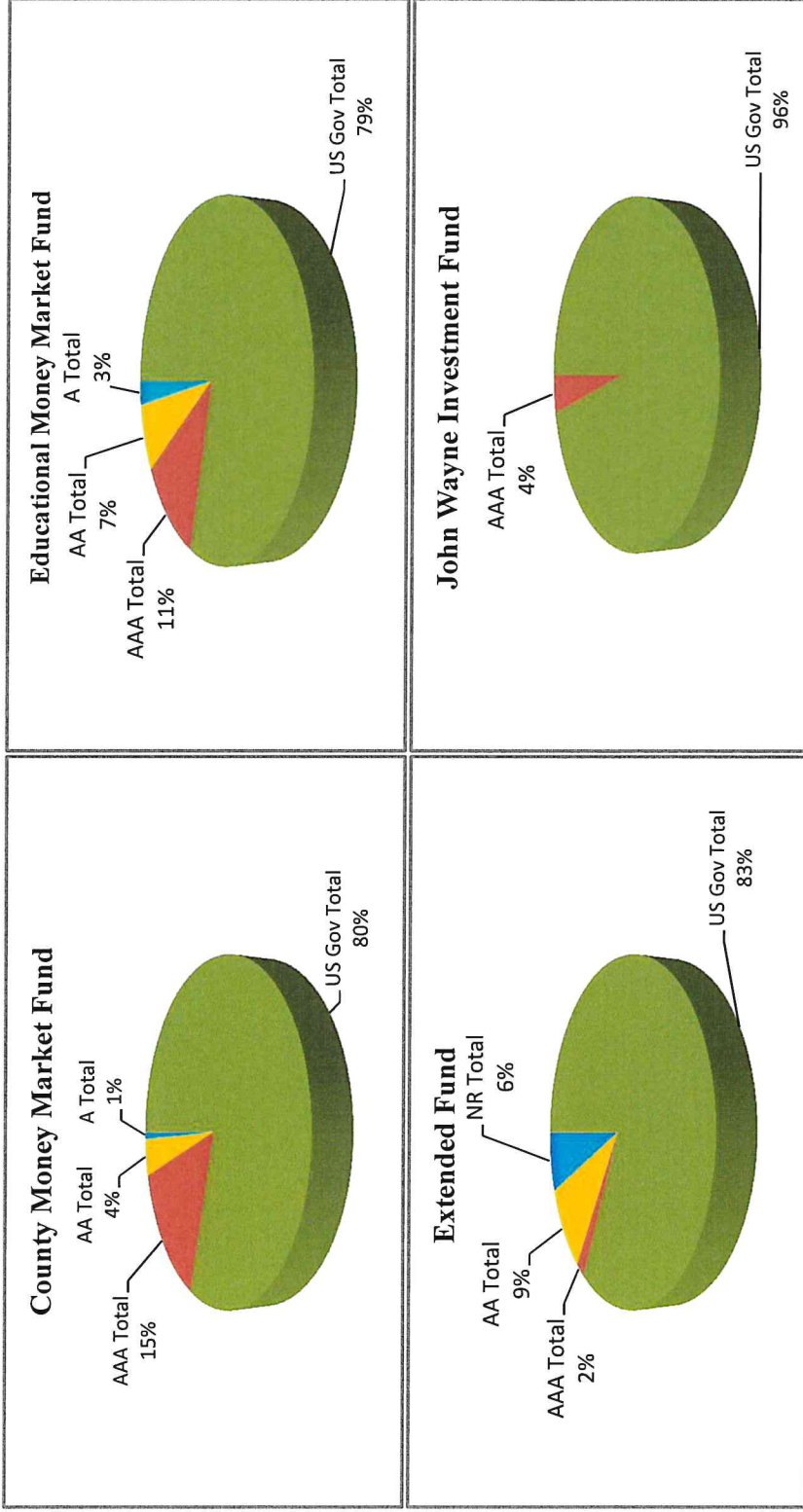


US GOV Includes Agency & Treasury Debt
 AA includes AA+, AA-, & AA
 A includes A+, A-, & A
 NR Includes LAIF and Orange County Pension Obligation Bonds

ORANGE COUNTY TREASURER - TAX COLLECTOR

CREDIT QUALITY BY MARKET VALUE

August 31, 2018



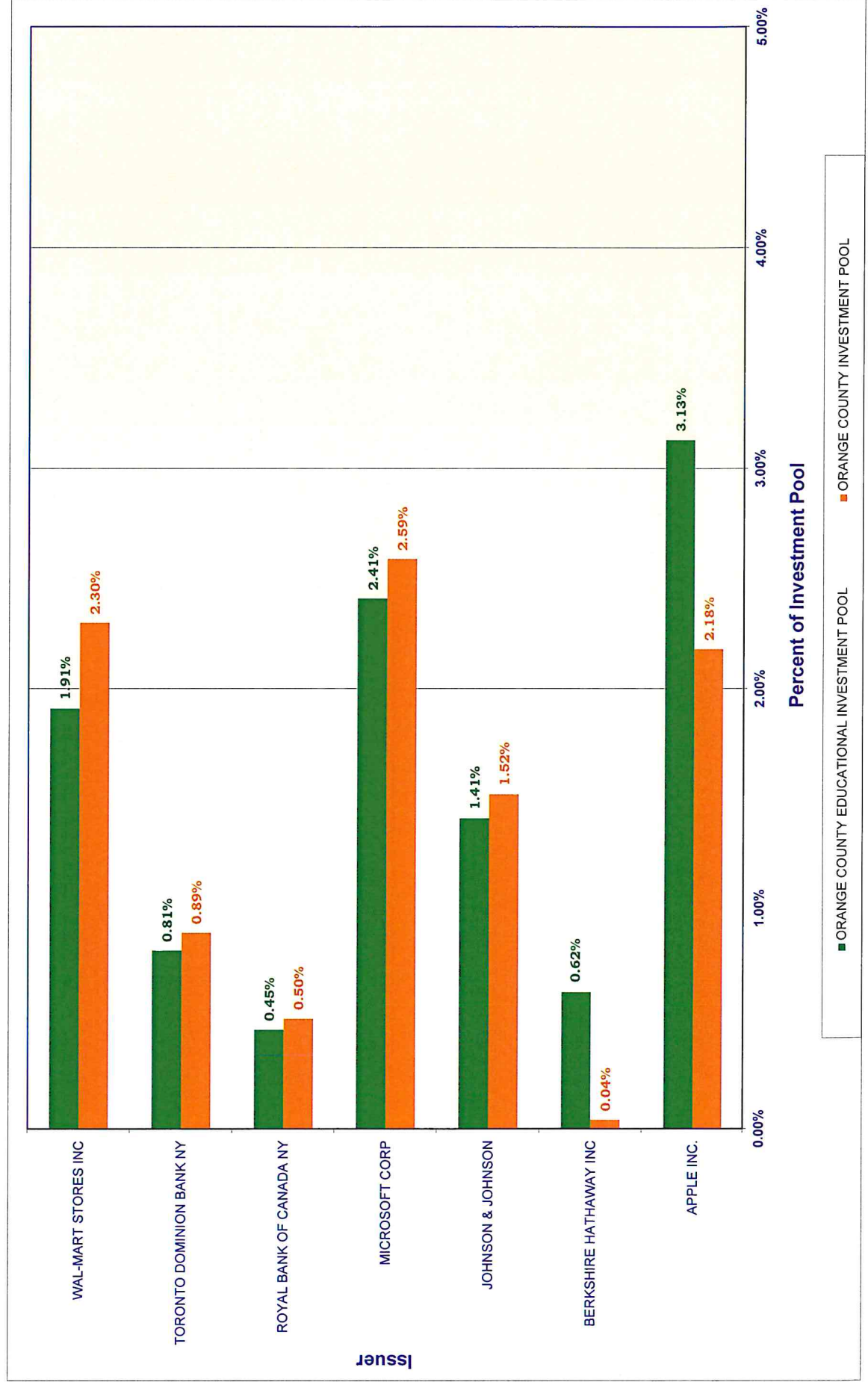
US GOV Includes Agency & Treasury Debt

AA Includes AA+, AA-, & AA

A Includes A+, A-, & A

NR Includes LAIF and Orange County Pension Obligation Bonds

ORANGE COUNTY TREASURER - TAX COLLECTOR
MEDIUM-TERM NOTES / CERTIFICATES OF DEPOSIT
ISSUER CONCENTRATION-By Investment Pool
 August 31, 2018



ORANGE COUNTY TREASURER-TAX COLLECTOR
APPROVED ISSUER LIST - OCIP, OCEIP, and JWA
August 31, 2018

ISSUER	S/T RATINGS			L/T RATINGS		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch
U.S. TREASURY SECURITIES						
U.S. GOVERNMENT	A-1+	P-1	F1+	AA+	Aaa	AAA
U.S. GOVERNMENT AGENCY SECURITIES						
FEDERAL NATIONAL MORTGAGE ASSOCIATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN MORTGAGE CORPORATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN BANKS	A-1+	P-1	NR	AA+	Aaa	NR
FEDERAL FARM CREDIT BANKS	A-1+	P-1	F1+	AA+	Aaa	AAA
MEDIUM-TERM NOTES						
APPLE INC	A-1+	P-1	NR	AA+	Aa1	NR
JOHNSON & JOHNSON	A-1+	P-1	F1+	AAA	Aaa	AAA
MICROSOFT CORPORATION	A-1+	P-1	F1+	AAA	Aaa	AA+
BERKSHIRE HATHAWAY INC *	A-1+	P-1	NR	AA	Aa2	A+
BERKSHIRE HATHAWAY FINANCE *	NR	NR	NR	NR	Aa2	A+
ISSUERS ON HOLD						
ROYAL BANK OF CANADA NY (JULY, 2016) **	A-1+	P-1	F1+	AA-	Aa2	AA
TORONTO DOMINION BANK NY (MARCH, 2017) ***	A-1+	P-1	F1+	AA-	Aa1	AA-
WALMART INC (JULY, 2018)****	A-1+	P-1	F1+	AA	Aa2	AA
MUNICIPAL BONDS						
ORANGE CNTY CA PENSION OBLG 2018 A	NR	NR	NR	NR	NR	NR
STATE POOL - LOCAL AGENCY INVESTMENT FUND						
LOCAL AGENCY INVESTMENT FUND	NR	NR	NR	NR	NR	NR
MONEY MARKET MUTUAL FUNDS *****						
NAME OF FUND	S & P	Moody's	Fitch			
INVESCO GOVERNMENT & AGENCY SHORT-TERM INVESTMENTS TRUST (AIM)	AAAm	Aaa-mf	AAAmnf			
GOLDMAN SACHS FINANCIAL SQUARE GOVT FUND	AAAm	Aaa-mf	NR			
MORGAN STANLEY INSTITUTIONAL LIQUIDITY FUNDS - GOVT	AAAm	Aaa-mf	NR			
NORTHERN INSTITUTIONAL TREASURY PORTFOLIO	AAAm	NR	NR			

* Further purchase restrictions apply due to Investment Policy Statement rating limits.

** S&P changed its outlook from Negative to Stable on June 27, 2018. Moody's upgraded its L/T issuer credit rating from A1 to Aa2 and changed its outlook from Negative to Stable on July 16, 2018.

*** Moody's upgraded its L/T issuer credit rating from Aa2 to Aa1 and changed its outlook from Negative to Stable on July 16, 2018

**** S&P placed its L/T issuer credit rating on Negative Outlook (S&P - May 9, 2018).

***** All money market funds are institutional money market funds investing in debt issued or guaranteed by the U.S. Government and its agencies.

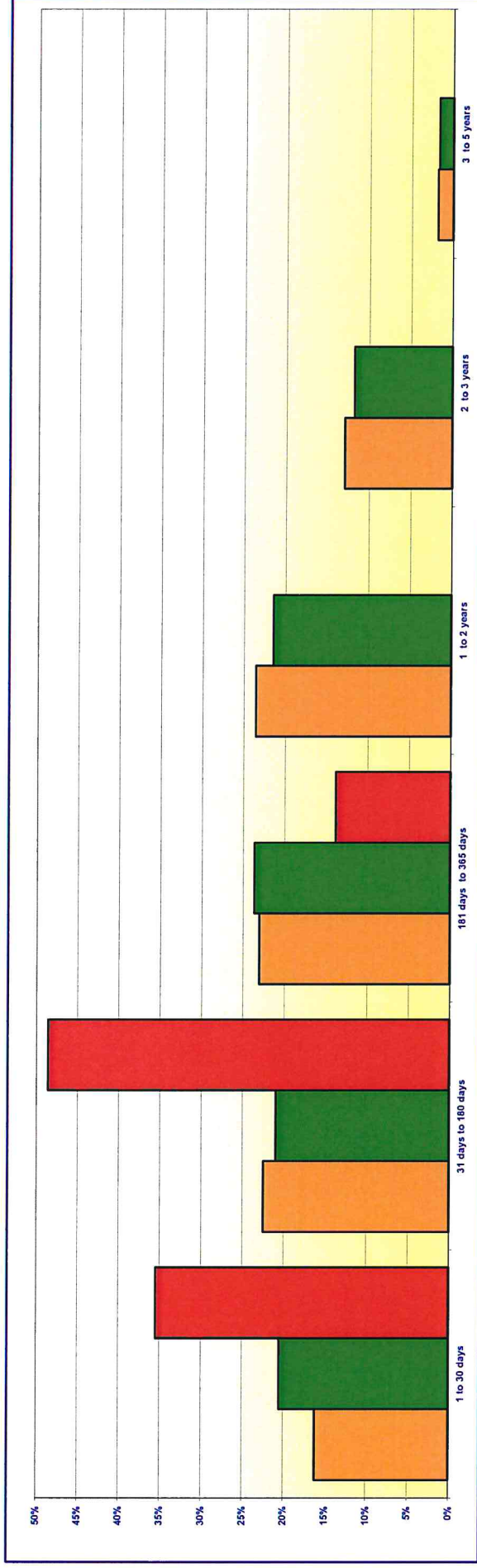
**Orange County Treasurer-Tax Collector
Changes in Approved Issuer's List
For the Month Ended August 31, 2018**

During August, there were no changes to the Treasurer's Approved Issuer List.

An ongoing credit analysis of all issuers owned in the Investment Pools is reviewed on a daily, monthly, quarterly, and annual basis.

ORANGE COUNTY TREASURER - TAX COLLECTOR MATURITIES DISTRIBUTION

August 31, 2018

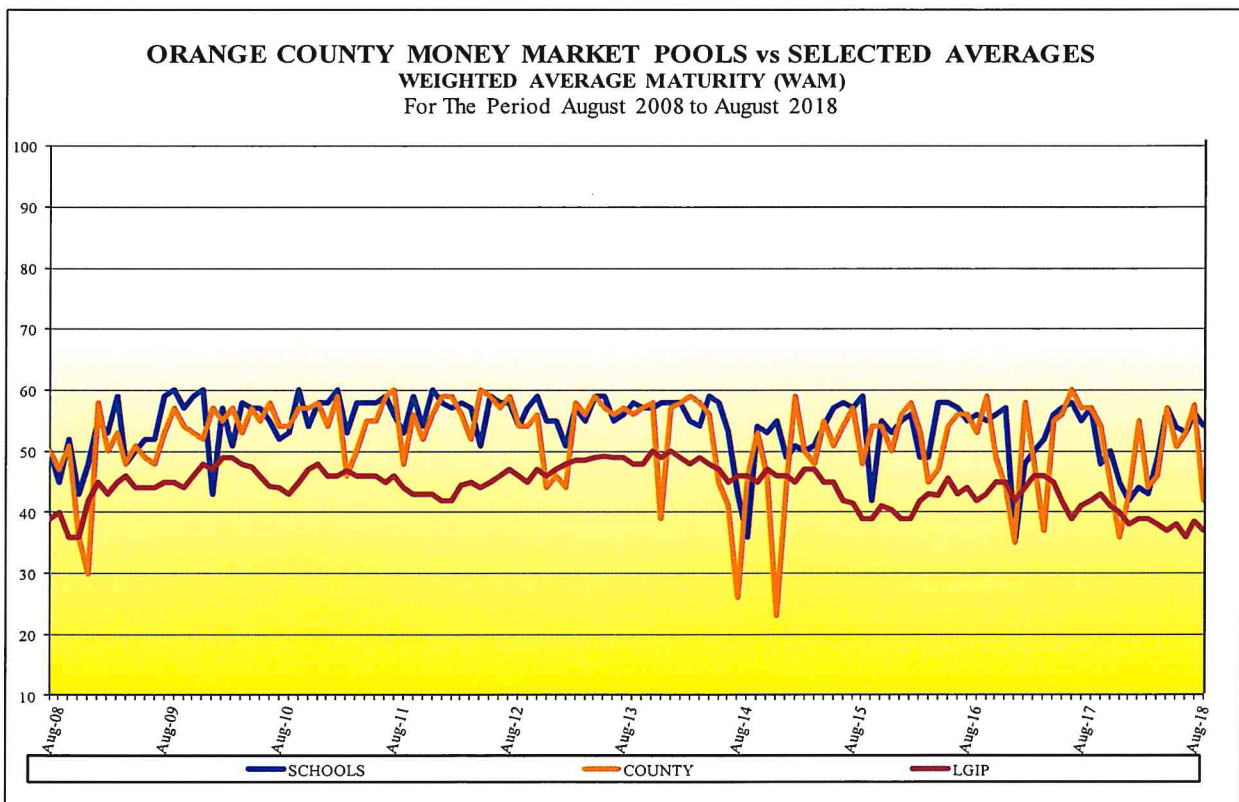
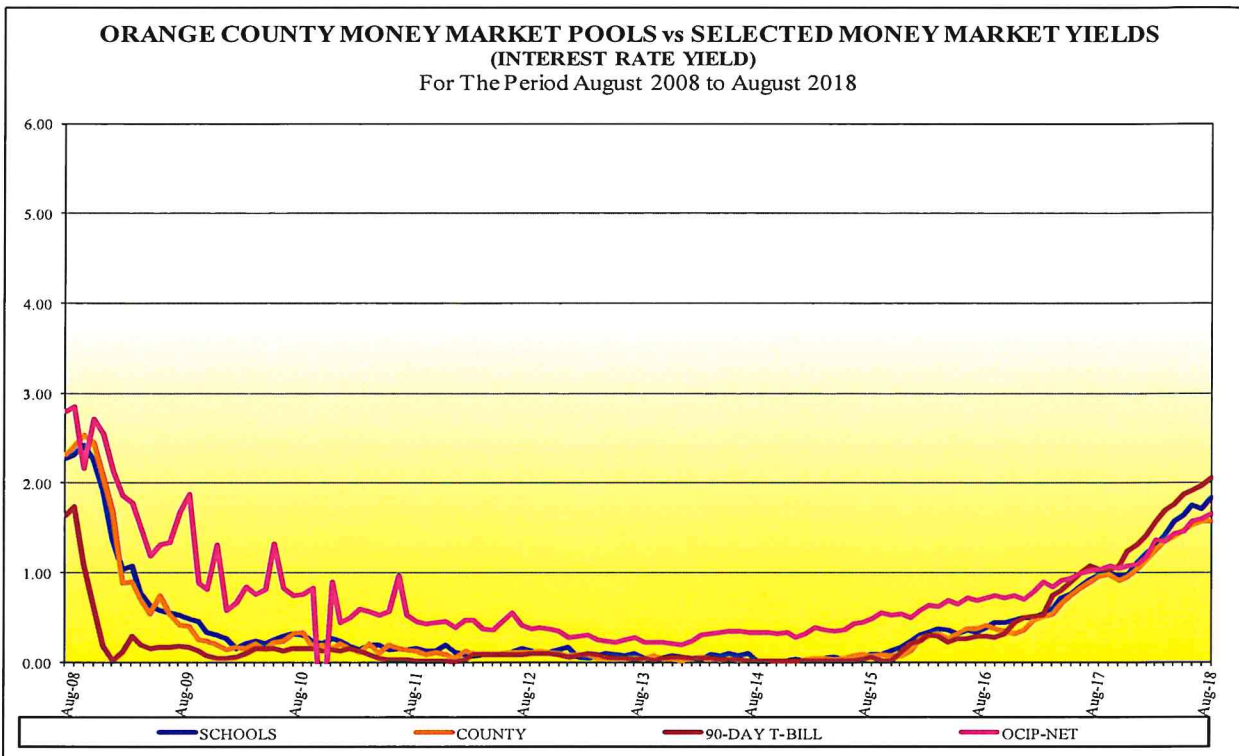


ORANGE COUNTY INVESTMENT POOL			
	In Thousands ¹		%
1 TO 30 DAYS	\$ 618,530		16.18%
31 TO 180 DAYS	857,791		22.44%
181 TO 365 DAYS	880,383		23.03%
1 YEAR TO 2 YEARS	899,787		23.54%
2 YEARS TO 3 YEARS	495,514		12.96%
3 YEARS TO 5 YEARS	70,285		1.85%
TOTAL	\$ 3,822,290		100.00%

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL			
	In Thousands ¹		%
1 TO 30 DAYS	\$ 944,958		20.48%
31 TO 180 DAYS	965,737		20.93%
181 TO 365 DAYS	1,091,072		23.65%
1 YEAR TO 2 YEARS	989,468		21.45%
2 YEARS TO 3 YEARS	544,900		11.81%
3 YEARS TO 5 YEARS	77,290		1.68%
TOTAL	\$ 4,613,465		100.00%

JOHN WAYNE AIRPORT INVESTMENT FUND			
	In Thousands ¹		%
1 TO 30 DAYS	\$ 18,193		35.45%
31 TO 180 DAYS	24,925		48.57%
181 TO 365 DAYS	7,100		13.84%
1 YEAR TO 5 YEARS	1,100		2.14%
TOTAL	\$ 51,318		100.00%

¹ Maturity Limits are calculated using face value.



•For the Month Ended August 31, 2018, S&P LGIP – 1.96; S&P LGIP WAM -37; 90-Day T-Bill – 2.06; OCIP – Net – 1.62

ORANGE COUNTY TREASURER-TAX COLLECTOR

INVESTMENT POOL YIELDS

September 1, 2017 - August 31, 2018

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	GROSS AVERAGE YIELD FOR MONTH	MONTH END WAM
<i>Current Month August 2018</i>				
County Pool - Money Market Fund	\$ 659,580,340	\$ 768,838	1.64%	42
Educational Pool - Money Market Fund	\$ 1,135,219,335	\$ 2,041,031	1.90%	54
Extended Fund	\$ 6,595,429,549	\$ 9,597,798	1.69%	414
<i>July 2018</i>				
County Pool - Money Market Fund	\$ 519,462,662	\$ 949,885	1.64%	58
Educational Pool - Money Market Fund	\$ 1,430,530,269	\$ 2,265,416	1.77%	56
Extended Fund	\$ 6,644,200,611	\$ 9,464,408	1.65%	432
<i>June 2018</i>				
County Pool - Money Market Fund	\$ 763,523,217	\$ 1,395,560	1.60%	53
Educational Pool - Money Market Fund	\$ 1,586,960,674	\$ 2,142,715	1.81%	53
Extended Fund	\$ 6,600,606,705	\$ 8,820,686	1.60%	419
<i>May 2018</i>				
County Pool - Money Market Fund	\$ 1,271,767,146	\$ 1,895,963	1.54%	51
Educational Pool - Money Market Fund	\$ 1,507,610,060	\$ 2,273,000	1.71%	54
Extended Fund	\$ 6,615,441,734	\$ 8,444,349	1.48%	414
<i>April 2018</i>				
County Pool - Money Market Fund	\$ 1,677,026,990	\$ 2,621,771	1.47%	57
Educational Pool - Money Market Fund	\$ 1,715,592,154	\$ 1,887,341	1.64%	57
Extended Fund	\$ 6,661,112,140	\$ 8,045,347	1.46%	397
<i>March 2018</i>				
County Pool - Money Market Fund	\$ 1,466,459,327	\$ 1,551,676	1.41%	46
Educational Pool - Money Market Fund	\$ 1,149,359,827	\$ 1,585,016	1.48%	49
Extended Fund	\$ 6,652,243,109	\$ 7,957,780	1.40%	415
<i>February 2018</i>				
County Pool - Money Market Fund	\$ 1,396,683,700	\$ 1,284,889	1.32%	44
Educational Pool - Money Market Fund	\$ 1,273,494,829	\$ 1,464,904	1.37%	43
Extended Fund	\$ 6,647,720,511	\$ 7,473,044	1.46%	428
<i>January 2018</i>				
County Pool - Money Market Fund	\$ 1,245,291,533	\$ 1,659,517	1.21%	55
Educational Pool - Money Market Fund	\$ 1,594,050,298	\$ 2,213,711	1.28%	44
Extended Fund	\$ 6,595,804,419	\$ 6,473,087	1.24%	423
<i>December 2017</i>				
County Pool - Money Market Fund	\$ 2,128,947,374	\$ 2,182,701	1.10%	43
Educational Pool - Money Market Fund	\$ 2,136,417,171	\$ 1,446,683	1.17%	42
Extended Fund	\$ 5,906,097,678	\$ 6,050,707	1.18%	375
<i>November 2017</i>				
County Pool - Money Market Fund	\$ 1,459,897,098	\$ 1,124,024	1.02%	36
Educational Pool - Money Market Fund	\$ 1,154,471,530	\$ 889,369	1.03%	45
Extended Fund	\$ 5,996,926,512	\$ 5,910,266	1.19%	399
<i>October 2017</i>				
County Pool - Money Market Fund	\$ 1,387,117,541	\$ 983,038	0.97%	45
Educational Pool - Money Market Fund	\$ 1,008,484,106	\$ 1,026,340	1.03%	50
Extended Fund	\$ 5,975,091,002	\$ 5,972,076	1.17%	416
<i>September 2017</i>				
County Pool - Money Market Fund	\$ 885,572,484	\$ 752,100	1.05%	54
Educational Pool - Money Market Fund	\$ 1,319,525,808	\$ 1,129,853	1.06%	48
Extended Fund	\$ 5,974,063,472	\$ 5,798,039	1.18%	443
Fiscal Year July 1, 2018 - June 30, 2019	Average Month End Market Value Balance	YTD Interest Income	YTD Gross Yield	YTD Average
Orange County Investment Pool	\$ 3,750,206,689	\$ 10,857,037	1.66%	365
Orange County Educational Investment Pool	\$ 4,742,004,694	\$ 14,230,338	1.71%	324

ORANGE COUNTY TREASURER-TAX COLLECTOR

CASH AVAILABILITY PROJECTION

FOR THE SIX MONTHS ENDING FEBRUARY 28, 2019

Government Code Section 53646 (b) (3), effective on January 1, 1996, requires the Treasurer-Tax Collector to include a statement in the investment report, denoting the ability of the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP) to meet their expenditure requirements for the next six months.

The OCIP and OCEIP consist of funds in the treasury deposited by various entities required to do so by statute, as well as those entities voluntarily depositing monies in accordance with Government Code Section 53684.

The Treasurer-Tax Collector is required to disburse monies placed in the treasury as directed by the Auditor-Controller and the Department of Education, except for the making of legal investments, to the extent funds are transferred to one or more clearing funds in accordance with Government Code Section 29808.

The Treasurer-Tax Collector, in her projection of cash availability to disburse funds as directed by the Auditor-Controller and the Department of Education, is primarily relying on historical trends involving deposits and withdrawals and known future cash flows. No representation is made as to an individual depositor's ability to meet their anticipated expenditures with anticipated revenues.

The Cash Availability Projection for the six months ending February 28, 2019, indicates the ability of the pools to meet projected cash flow requirements. However, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

ORANGE COUNTY INVESTMENT POOL				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
August 2018 - Ending Cash				\$ 1,701,586
September	\$ 598,494,651	\$ 379,690,307	\$ 409,615,751	570,270,793
October	261,454,848	978,114,234	499,575,838	1,310,264,037
November	216,763,153	1,185,277,842	1,138,764,353	1,573,540,679
December	156,793,973	2,565,809,044	1,847,265,284	2,448,878,412
January	181,612,869	584,029,910	1,320,087,797	1,894,433,394
February	113,424,304	495,292,962	292,664,703	2,210,485,957

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
August 2018 - Ending Cash				\$ 2,001,628
September	\$ 914,689,262	\$ 660,519,512	\$ 618,865,625	958,344,777
October	438,785,961	315,686,564	712,298,064	1,000,519,238
November	147,034,307	761,952,721	698,090,277	1,211,415,989
December	112,173,228	1,427,899,972	493,718,171	2,257,771,018
January	219,869,322	634,942,623	933,847,073	2,178,735,890
February	130,686,406	276,325,850	661,859,971	1,923,888,175

ORANGE COUNTY TREASURER-TAX COLLECTOR
STATEMENT OF ACCOUNTABILITY
For the Month Ended August 31, 2018

	Month
Treasurer's Accountability at the Beginning of the Period:	\$ 8,781,076,733
Cash Receipts:	
County	506,497,791
School and Community College Districts	261,818,336
Total Cash Receipts	768,316,127
Cash Disbursements:	
County	412,121,104
School and Community College Districts	580,234,199
Total Cash Disbursements	992,355,303
Net Change in Cost Value of Pooled Assets	(224,039,176)
Net Decrease in Non-Pooled Investments	(889,371)
Net Increase in Non-Pooled Cash	1,056,438
Treasurer's Accountability at the End of the Period:	\$ 8,557,204,624
Assets in the Treasury at the End of the Period (at Cost Value):	
Pooled Investments:	
Orange County Investment Pool	\$ 3,818,996,713
Orange County Educational Investment Pool	4,609,176,164
Total Pooled Investments	8,428,172,877
Non-Pooled Investments:	
Non-Pooled Investments - John Wayne Airport	51,237,431
Non-Pooled Investments - Fountain Valley School District Fund 40	34,790,770
Non-Pooled Investments - CCCD Series 2017E Bonds	20,325,658
Total Non-Pooled Investments	106,353,859
Cash:	
Cash in banks - County	1,664,266
Cash in banks - Schools	2,001,628
Cash in banks - OC Sheriff	15,412,010
Cash in banks - John Wayne Airport	3,562,664
Cash - Other	37,320
Total Cash	22,677,888
Total Assets in the Treasury at the End of the Period:	\$ 8,557,204,624

**ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) COMPLIANCE SUMMARY**
August 31, 2018

Investment Policy (IPS) Guidelines	Orange County Money Market Fund				Extended Fund		Orange County Educational Money Market Fund		John Wayne Airport Investment Fund	
	Investment Type	Market Value of Investments ⁽¹⁾	Percent of Portfolio		Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio
Diversification Limit										
100%	U.S. Treasuries Securities	\$ 124,984,001	18.95%		\$ 1,753,062,221	26.58%	\$ 263,192,083	23.18%	\$ 34,020,889	66.38%
100%	U.S. Government Agency Securities	401,516,231	60.87%		3,699,960,175	56.10%	635,858,838	56.01%	15,137,517	29.54%
30%	Municipal Debt	-	0.00%		356,077,012	5.40%	-	0.00%	-	0.00%
30%	Medium-Term Notes	37,254,212	5.65%		611,077,440	9.26%	115,105,993	10.14%	-	0.00%
40%	Banker Acceptances	-	0.00%		-	0.00%	-	0.00%	-	0.00%
40%	Commercial Paper	-	0.00%		-	0.00%	-	0.00%	-	0.00%
30%	Negotiable Certificates of Deposits	-	0.00%		110,815,830	1.68%	-	0.00%	-	0.00%
\$65MM	Local Agency Investment Fund (LAIF)	-	0.00%		64,436,871	0.98%	-	0.00%	-	0.00%
20%	Repurchase Agreements	-	0.00%		-	0.00%	-	0.00%	-	0.00%
20%	Money Market Mutual Funds	95,825,896	14.53%		-	0.00%	121,062,421	10.67%	2,092,767	4.08%
20%	Investment Pools	-	0.00%		-	0.00%	-	0.00%	-	0.00%
30%	Supranationals	-	0.00%		-	0.00%	-	0.00%	-	0.00%
		\$ 659,580,340	100.00%		\$ 6,595,429,549	100.00%	\$ 1,135,219,335	100.00%	\$ 51,251,173	100.00%

Investment Policy (IPS) Guidelines	Orange County Money Market Fund				Extended Fund		Orange County Educational Money Market Fund		John Wayne Airport Investment Fund	
	Compliance Category (Yes/No)	Market Value of Investments ⁽¹⁾	Percent of Portfolio		Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio
5%	Percentage Limits									
20%	Issuer Limit	Yes			Yes				Yes	
50%	Money Market Mutual Fund Issuer	Yes ⁽³⁾			N/A				Yes ⁽³⁾	
	Government Agencies Issuer	Yes ⁽⁴⁾			Yes ⁽⁴⁾				Yes ⁽⁴⁾	
See Above	Diversification Limit	Yes			Yes				Yes	
60 Days	Maturity/Duration Limits									
90 Days	Weighted Average Maturity - Money Market Fund	Yes/41.54			N/A				N/A	
	Weighted Average Maturity - JWA Investment Fund	N/A			N/A				Yes/84.92	
>Merrill 1-3 Year Index+25% (2.33)	Duration ⁽⁵⁾	N/A			Yes/1.12				N/A	
13 Months/397 days	Final Maturity - Money Market Fund	Yes/349			N/A				N/A	
15 Months/458 days	Final Maturity - John Wayne Airport Investment Fund	N/A			N/A				Yes/391	
5 Years/1826 days	Final Maturity - Extended Fund	N/A			Yes/1417				N/A	
A-1/2 A	Rating Limits									
≥ A-1/P-1/F2	Money Market Fund Short Term/Long Term	Yes			N/A				Yes	
A-1/2 AA ⁽²⁾	Short Term Debt/No Split Ratings	Yes			N/A				Yes	
	Extended Fund Short Term/Long Term	N/A			Yes				N/A	
Approved Issuer List	Authorized Issuer	Yes			Yes				Yes	
Broker/Dealer List	Authorized Financial Dealer/Institution	Yes			Yes				Yes	
0.995 - 1.005	Net Asset Value - Money Market Fund and JWA	Yes/1.0004			N/A				Yes/1.0002	

(1) All investments are marked to market in compliance with the narrow valuation range prescribed by the IPS and market values are provided by Bloomberg Professional Services and Northern Trust.

(2) Excludes US Government Debt per the 2018 IPS policy approved by the Board of Supervisors on November 14, 2017 effective on January 1, 2018.

(3) Rating Agency requirements limit investment in each Money Market Mutual Fund to 10%.

(4) GSE issuers rated 'AA-' or higher with final maturities of 30 days or less are excluded from the calculation of the 50% limit per IPS for the Extended Fund and the JWA Investment Fund and from the Rating Agency limit of 33% for the two Money Market Funds.

(5) IPS states all pools, except short-term pools, shall have an effective duration not to exceed a leading 1-3 year index +25%. Duration provided above (1.12) is a modified duration, which does not take into consideration all embedded options such as callable bonds. This presentation is not considered materially different from the effective duration requirement specified in IPS.

Note: Compliance exceptions, if any, are noted by red shading for the specific IPS guideline and investment pool.

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
August 31, 2018

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	Calendar year 2016 and six months ended 6/30/17 in progress.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2018 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2017 in progress.
Quarterly Continuous Compliance Auditing	TOC	TOC Directive	June 30, 2018 in progress.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	FY 16/17 and FY 17/18 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2017 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All 2018 IPS certifications received for active approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions/Form 700	FY 18/19 identified two compliance incidents as of August 31, 2018.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made one change at the October 18, 2017 meeting. The BOS approved on November 14, 2017.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 18, 2017 meeting and did not make any additional changes. The BOS approved on November 14, 2017.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2017 Annual Report was presented to BOS meeting on February 27, 2018.
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	The TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at the TOC meeting on October 18, 2017.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2018.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2016 (one submitted in January 2017).
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	All TOC members and designated employees are in compliance for calendar year 2017.

LEGEND	
Auditor-Controller	AC
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

**Orange County Treasurer-Tax Collector
Noncompliance Detail
For the Month Ended August 31, 2018**

During August, the Orange County Investment Pool (OCIP), the Orange County Educational Investment Pool (OCEIP), and the John Wayne Airport Investment Fund were all free of noncompliance incidents.

MONTHLY TREASURER'S INVESTMENT REPORT

Distribution List

County of Orange Elected Officials

Honorable Sandra Hutchens, Sheriff-Coroner
Honorable Hugh Nguyen, Clerk-Recorder
Honorable Claude Parrish, Assessor
Honorable Anthony J. Rackauckas, Jr., District Attorney/Public Administrator
Honorable Eric Woolery, Auditor-Controller

Treasury Oversight Committee

Gary Capata
Alisa Cutchen
Frank Kim
Al Mijares
Laura Parisi
Richard Rohm
Eric Woolery

County of Orange Departments

Assessor
Auditor-Controller
Child Support Services
Clerk of the Board
Clerk-Recorder
County Counsel
County Executive Office
District Attorney/Public Administrator
Health Care Agency
Human Resources Services
Independent Review
In-Home Supportive Services
John Wayne Airport
OC Community Resources
OC Dana Point Harbor
OC Public Works
OC Waste & Recycling
Performance Audit
Probation
Public Defender
Registrar of Voters
Sheriff-Coroner
Social Services Agency

County Agencies

Children & Families Commission
Civic Center Commission
Law Library
Orange County Employees Retirement System
Orange County Cemetery District
Orange County Fire Authority
Orange County Transportation Authority
Transportation Corridor Agencies

State of California

CDIAC
Superior Court

Orange County School Districts

Orange County Department of Education
Anaheim City School District
Anaheim Union High School District
Brea-Olinda Unified School District
Buena Park School District
Capistrano Unified School District

Centralia School District
Cypress School District
Fountain Valley School District
Fullerton School District
Fullerton Joint Union High School District
Garden Grove Unified School District
Huntington Beach City School District
Huntington Beach Union High School District
Irvine Unified School District
Laguna Beach Unified School District
La Habra City School District
Los Alamitos Unified School District
Lowell Joint School District
Magnolia School District
Newport-Mesa Unified School District
Ocean View School District
Orange Unified School District
Placentia-Yorba Linda Unified School District
Saddleback Valley Unified School District
Santa Ana Unified School District
Savanna School District
Tustin Unified School District
Westminster School District

Orange County Community College Districts (CCD)

Coast Community CCD
North Orange County CCD
Rancho-Santiago CCD
South Orange County CCD

Orange County Regional Occupational Programs (ROP)

Capistrano-Laguna Beach ROP
Coastline ROP
North Orange County ROP

Voluntary Pool Participants (date approved)

Serrano Water District (6-22-99)
City of Villa Park (10-2-01)
City of Tustin (5-21-02)
Mesa Water District (8-9-02)
Orange County Water District (3-30-04)
Municipal Water District of OC (7-27-04)
Orange County Mosquito and Vector Control District (11-14-06)
Buena Park Library District (2-9-10)
Local Agency Formation Commission (10-5-10)
Villa Park Community Services Foundation (4-5-11)
City of Laguna Niguel (3-13-14)
City of Lake Forest (12-16-15)
Foothill/Eastern TCA (10-14-16)
San Joaquin Hills TCA (10-14-16)
Foothill/Eastern TCA/RCC (11-17-16)
City of Laguna Woods (5-10-17)
City of Mission Viejo (10-2-17)
Placentia Library District (10-16-17)



October 10, 2018

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report - August 2018

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending August 31, 2018. The report has been reviewed and is consistent with the investment practices contained in the Investment Policy.

Recommendation

Receive and file as an information item.

Discussion

As of August 31, 2018, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$1.5 billion. The portfolio is divided into two managed portfolios: the liquid portfolio for immediate cash 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 Program. The weighted average book yield for the OCTA portfolio is 2.12 percent.

The book yield measures the exact income, or interest, on a bond without regard to market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

OCTA's debt portfolio had an outstanding principal balance of \$573 million as of August 31, 2018. Approximately 54 percent of the outstanding balance is comprised of Measure M2 debt, 17 percent is associated with the 91 Express Lanes Program, and 29 percent is for the Transportation Infrastructure Finance and Innovation Act Loan.

Summary

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending August 31, 2018.

Attachment

- A. Orange County Transportation Authority Investment and Debt Programs
– For the Period Ending August 31, 2018.

Prepared by:



Jennifer Matano
Department Manager
Treasury/Public Finance
(714) 560-5563

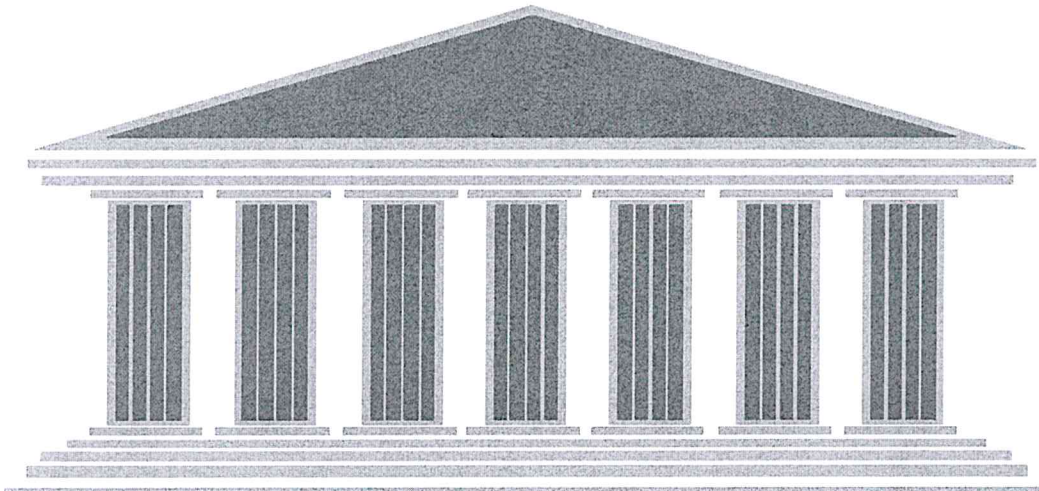
Approved by:



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

**Treasury/Public Finance Department's
Report On**

**Orange County Transportation Authority
Investment and Debt Programs**



**Presented to the
Finance and Administration Committee**

**For The Period Ending
August 31, 2018**

INVESTMENT PROGRAM

Investment Profile

8/31/2018

<u>Portfolio Manager</u>	<u>Depository</u>	<u>Role</u>	<u>Type of Investment</u>	<u>Amount (\$ Millions)</u>
<i>ACTIVELY MANAGED INVESTMENTS</i>				
Logan Circle Partners	Union Bank	Custodian	Short-Term Operating	345.9
Chandler Asset Management	Union Bank	Custodian	Short-Term Operating	347.3
Payden & Rygel Investment Counsel	Union Bank	Custodian	Short-Term Operating	347.8
Public Financial Management (PFM)	Union Bank	Custodian	Short-Term Operating	347.8
<i>POOLED INVESTMENTS</i>				
California State Treasurer	LAIF	Custodian	Liquid	10.4
Orange County Treasurer	OCIP	Custodian	Legal Requirement	21.4
<i>CASH INVESTMENTS</i>				
OCTA	BNY Mellon	Trustee	Liquid	35.6
OCTA	Bank of the West	Broker	Liquid	23.1
OCTA	U.S Bank	Trustee	Liquid	0.0
<i>DEBT SERVICE RESERVE FUNDS</i>				
91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Commercial Paper	11.0
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Commercial Paper	10.0
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Commercial Paper	3.0
Bank Deposits/Cash				0.3
TOTAL				\$1,503.6

Short-Term Portfolio - \$1.39 Billion

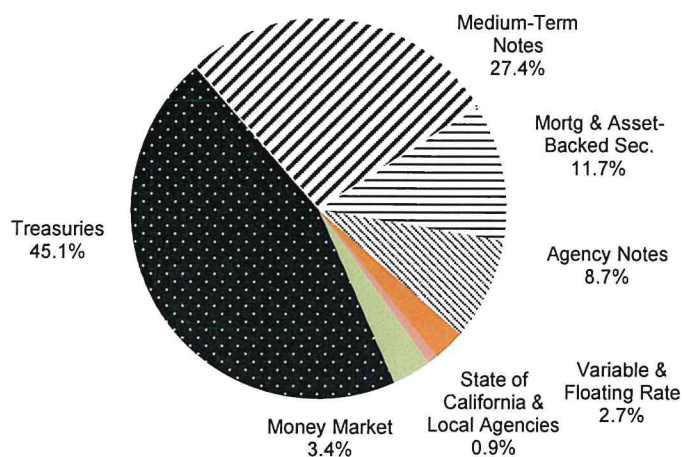
As of 8/31/18

Part 1 of 2

Logan Circle Partners

Book Value \$ 345,870,796

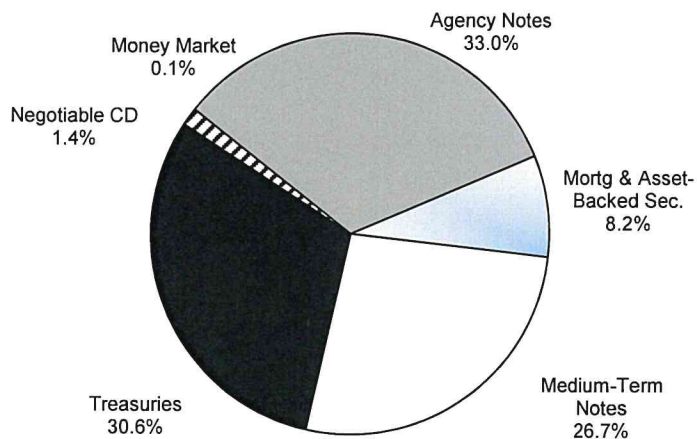
Market Value \$ 343,569,101



Chandler Asset Management

Book Value \$ 347,258,838

Market Value \$ 343,931,683



Market Value Reported By Custodial Bank

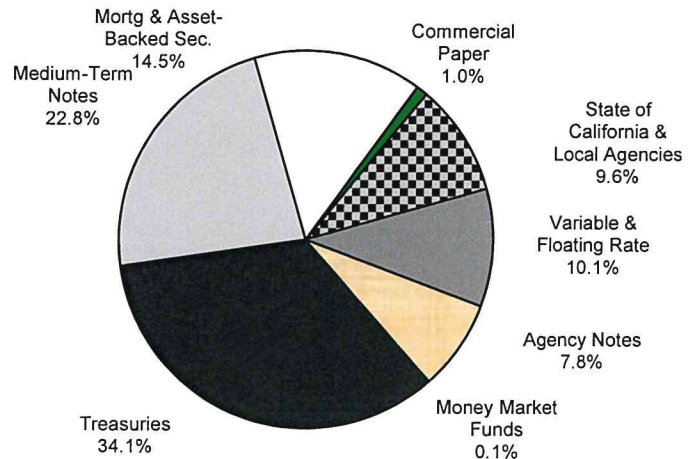
Short-Term Portfolio - \$1.39 Billion

As of 8/31/18

Part 2 of 2

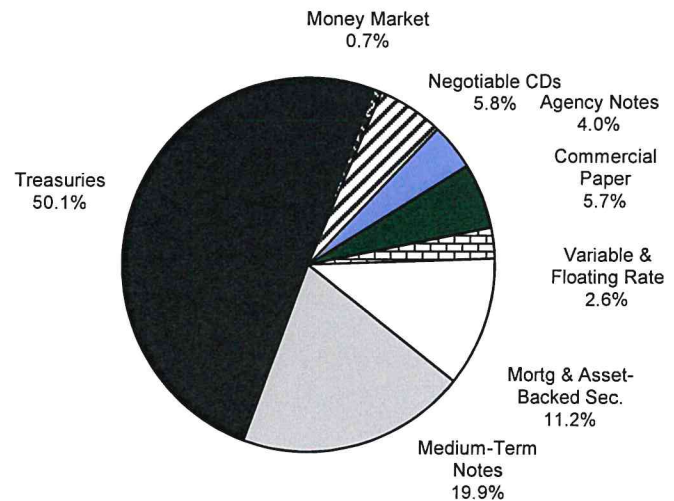
Payden & Rygel

Book Value	\$	347,843,513
Market Value	\$	345,322,943



Public Financial Management (PFM)

Book Value	\$	347,776,167
Market Value	\$	344,851,834

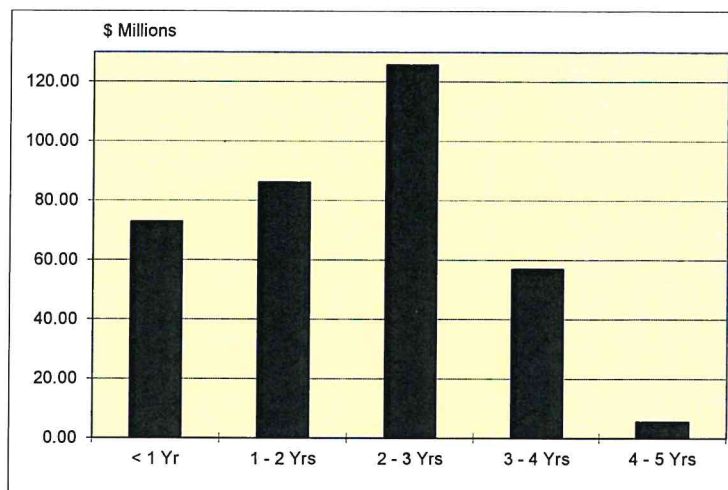


Market Value Reported By Custodial Bank

Short-Term Portfolio Maturity Schedule As of 8/31/18

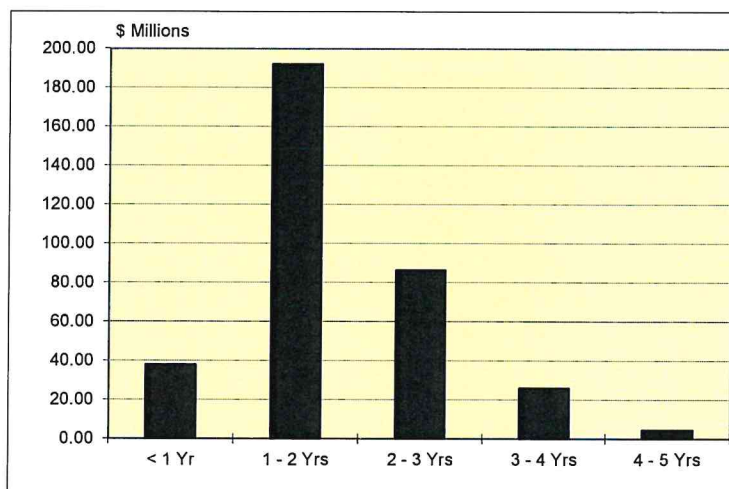
Logan Circle Partners (\$345.9 M)

Monthly Return	0.35%
TSY Benchmark	0.32%
Gov/Corp Benchmark	0.34%
Fiscal YTD Return	0.41%
TSY Benchmark	0.31%
Gov/Corp Benchmark	0.38%
12 Month Return	0.35%
TSY Benchmark	-0.01%
Gov/Corp Benchmark	0.15%



Chandler Asset Management (\$347.3 M)

Monthly Return	0.34%
Benchmark Comparison	0.32%
Gov/Corp Benchmark	0.34%
Fiscal YTD Return	0.43%
TSY Benchmark	0.31%
Gov/Corp Benchmark	0.38%
12 Month Return	0.27%
TSY Benchmark	-0.01%
Gov/Corp Benchmark	0.15%

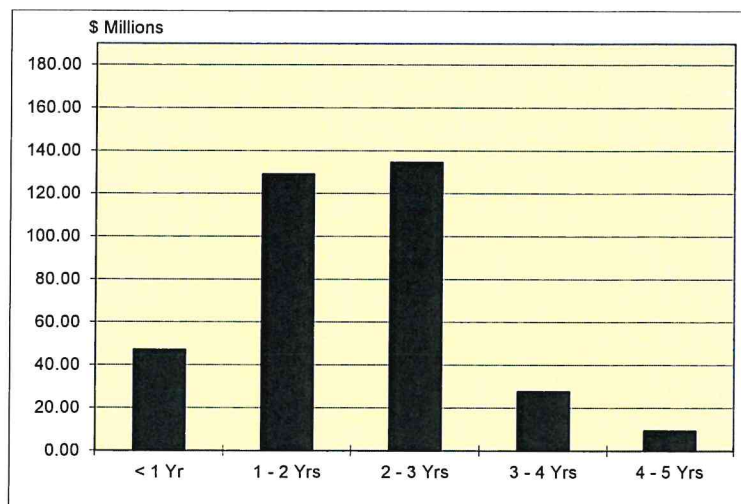


Yield Curve Change From 7/31/18 to 8/31/18			
	7/31/18	8/31/18	Change
1 Year	2.414%	2.450%	0.0360%
2 Year	2.671%	2.628%	-0.0430%
3 Year	2.768%	2.693%	-0.0750%
5 Year	2.849%	2.739%	-0.1100%
30 Year	3.083%	3.020%	-0.0630%

Short-Term Portfolio Maturity Schedule As of 8/31/18

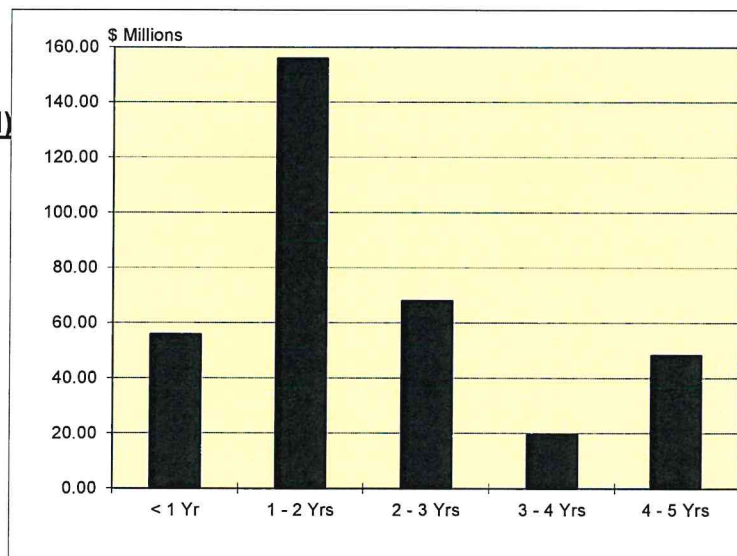
Payden & Rygel (\$347.8 M)

Monthly Return	0.32%
TSY Benchmark	0.32%
Gov/Corp Benchmark	0.34%
Fiscal YTD Return	0.43%
TSY Benchmark	0.31%
Gov/Corp Benchmark	0.38%
12 Month Return	0.60%
TSY Benchmark	-0.01%
Gov/Corp Benchmark	0.15%



Public Financial Management (\$347.8 M)

Monthly Return	0.34%
TSY Benchmark	0.32%
Gov/Corp Benchmark	0.34%
Fiscal YTD Return	0.42%
TSY Benchmark	0.31%
Gov/Corp Benchmark	0.38%
12 Month Return	0.30%
TSY Benchmark	-0.01%
Gov/Corp Benchmark	0.15%

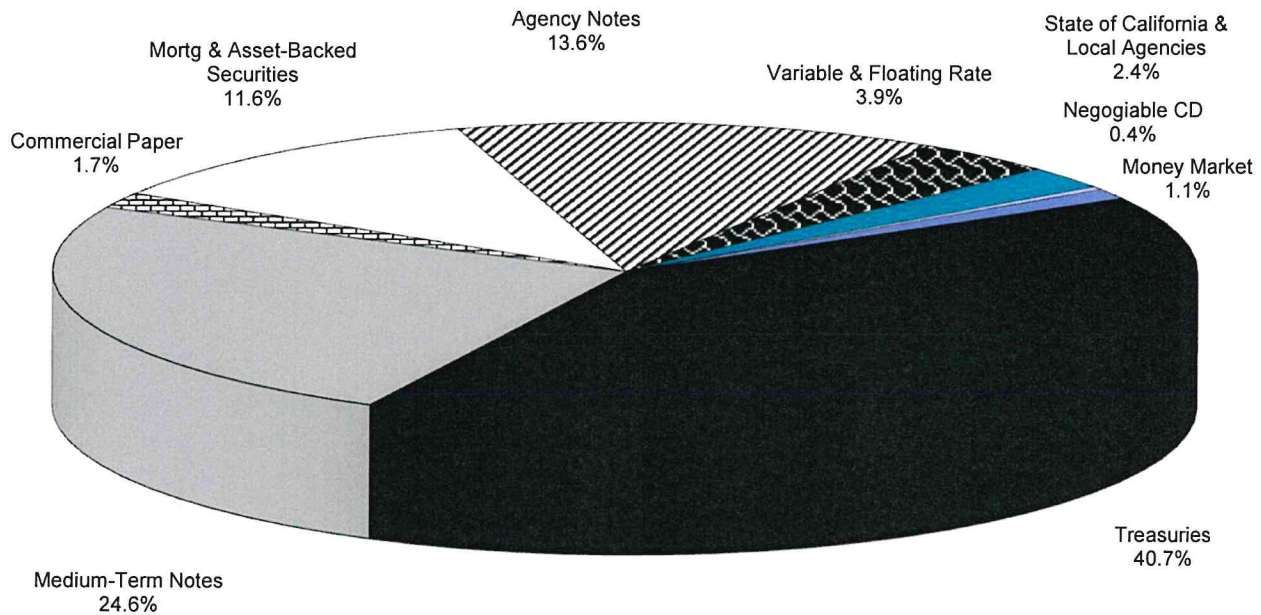


Yield Curve Change From 7/31/18 to 8/31/18			
	7/31/18	8/31/18	Change
1 Year	2.414%	2.450%	0.0360%
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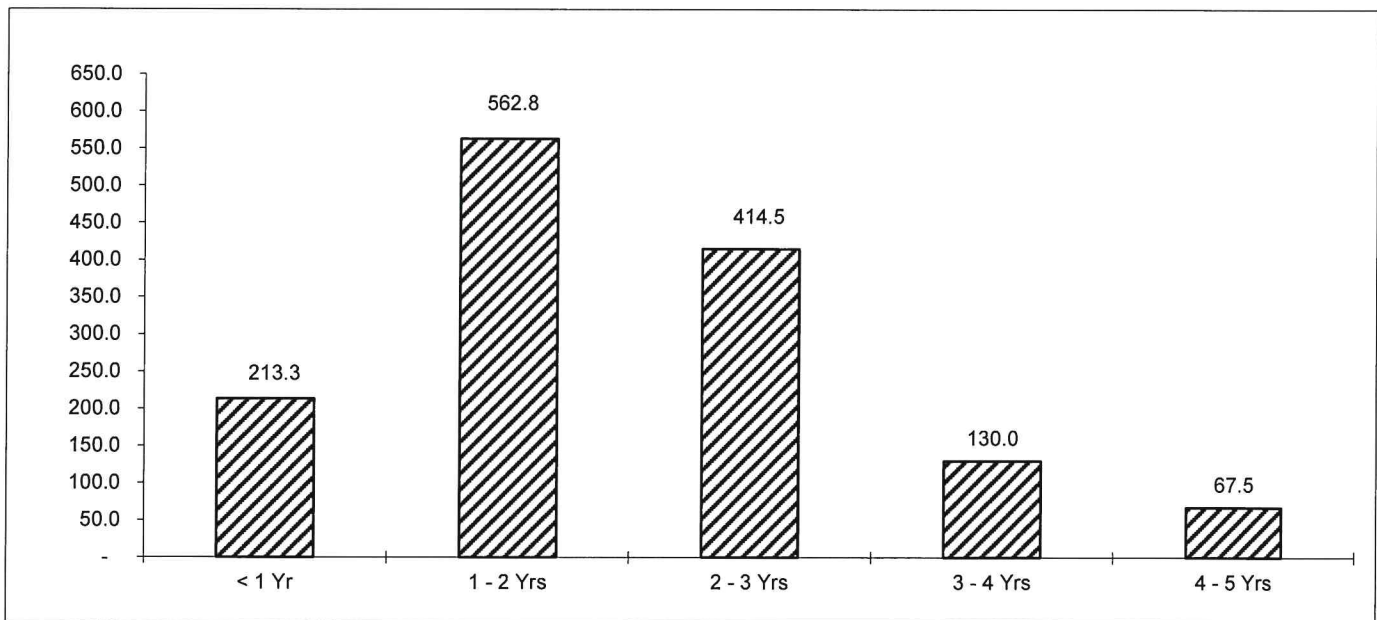
Short-Term Portfolio

As of 8/31/18

Total Portfolio Composition



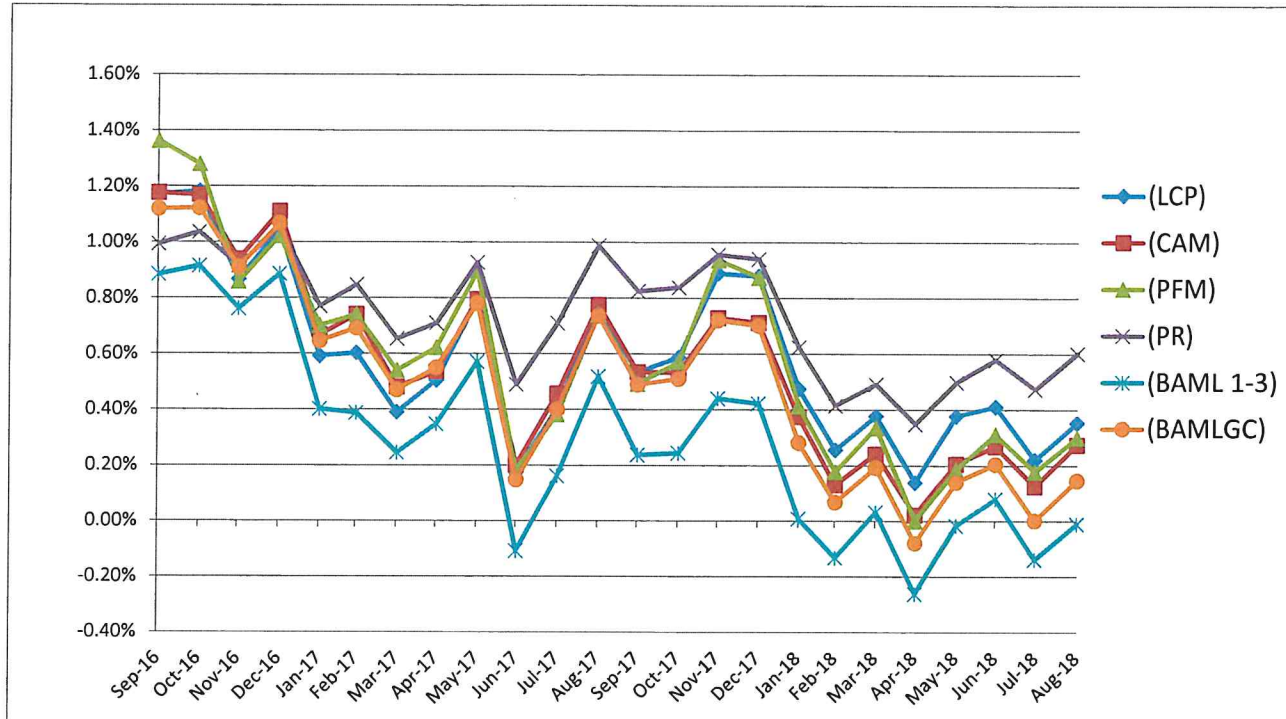
Total Portfolio Maturity Schedule



Short-Term Portfolio Performance

As of 8/31/18

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

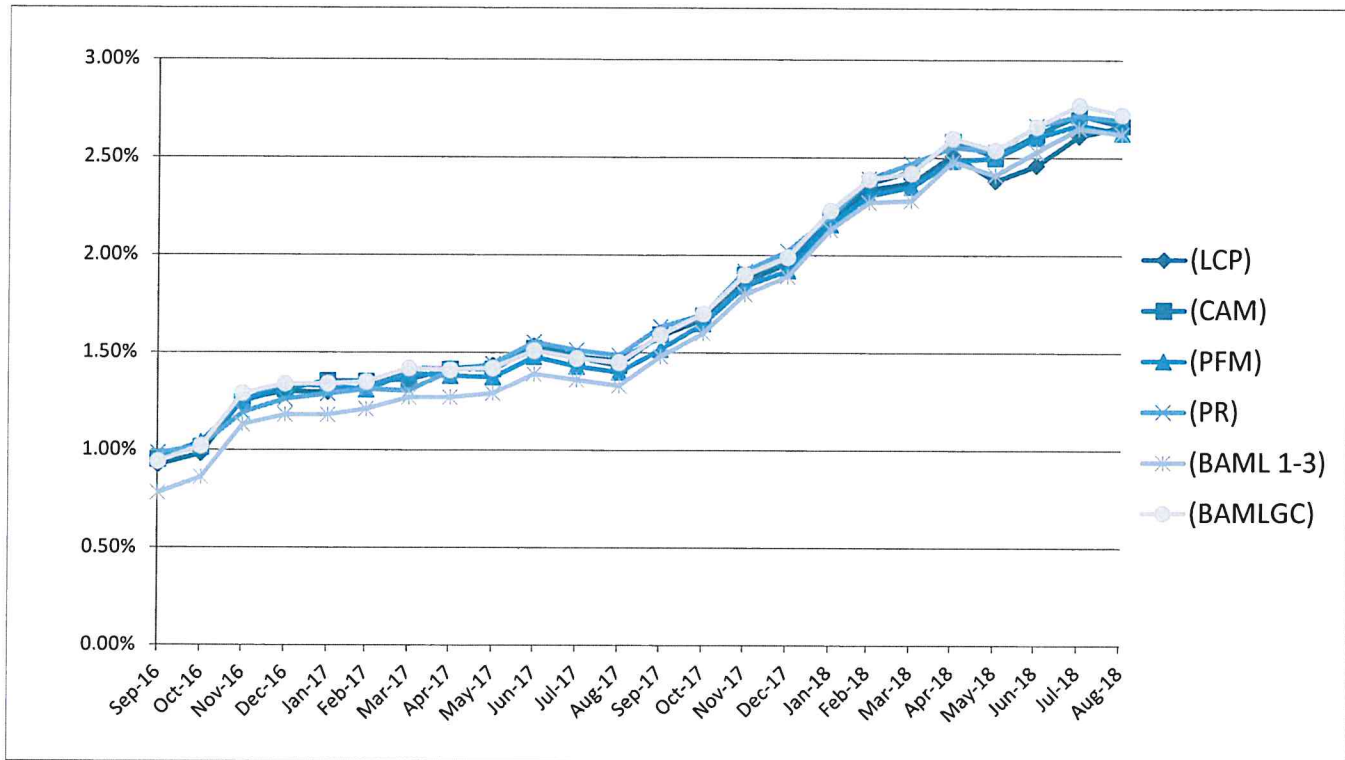


	Logan Circle Partners (LCP)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden & Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	ICE/ BAML 1-3 Yr Gov/Corp (BAMLGC)
Sep-16	1.17%	1.18%	1.36%	0.99%	0.88%	1.12%
Oct-16	1.18%	1.17%	1.28%	1.04%	0.92%	1.12%
Nov-16	0.87%	0.94%	0.86%	0.92%	0.76%	0.91%
Dec-16	1.04%	1.11%	1.02%	1.05%	0.89%	1.07%
Jan-17	0.59%	0.67%	0.70%	0.77%	0.40%	0.65%
Feb-17	0.60%	0.74%	0.74%	0.85%	0.39%	0.69%
Mar-17	0.39%	0.48%	0.54%	0.65%	0.25%	0.47%
Apr-17	0.51%	0.54%	0.62%	0.71%	0.35%	0.55%
May-17	0.79%	0.80%	0.90%	0.93%	0.57%	0.78%
Jun-17	0.17%	0.20%	0.18%	0.49%	-0.11%	0.15%
Jul-17	0.40%	0.46%	0.38%	0.71%	0.16%	0.40%
Aug-17	0.76%	0.78%	0.74%	0.99%	0.52%	0.74%
Sep-17	0.54%	0.54%	0.49%	0.82%	0.24%	0.49%
Oct-17	0.59%	0.53%	0.57%	0.84%	0.24%	0.51%
Nov-17	0.89%	0.73%	0.94%	0.96%	0.44%	0.72%
Dec-17	0.88%	0.71%	0.87%	0.94%	0.42%	0.70%
Jan-18	0.48%	0.38%	0.41%	0.62%	0.01%	0.28%
Feb-18	0.26%	0.13%	0.18%	0.42%	-0.13%	0.07%
Mar-18	0.38%	0.24%	0.34%	0.49%	0.03%	0.19%
Apr-18	0.14%	0.02%	0.00%	0.35%	-0.26%	-0.08%
May-18	0.38%	0.21%	0.18%	0.50%	-0.02%	0.14%
Jun-18	0.41%	0.27%	0.31%	0.58%	0.08%	0.20%
Jul-18	0.22%	0.12%	0.18%	0.47%	-0.14%	0.00%
Aug-18	0.35%	0.27%	0.30%	0.60%	-0.01%	0.15%

Comparative Yield Performance

As of 8/31/18

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



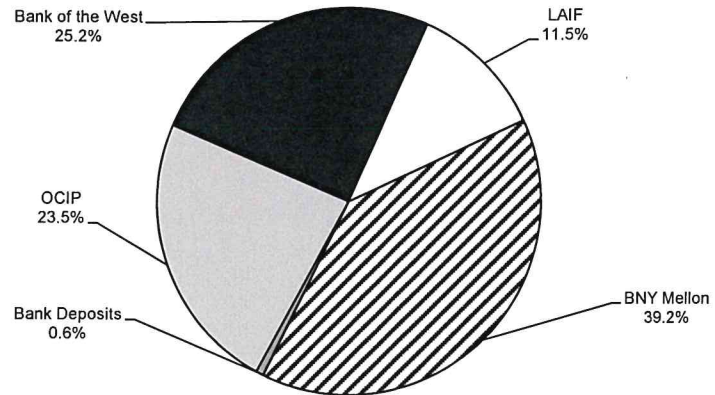
	Logan Circle Partners (LCP)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden Rygel (PR)	ICE/ 1-3 Yr Trsy (BAML 1-3)	ICE/ BAML 1-3 Yr Gov/Corp (BAMLGC)
Sep-16	0.92%	0.95%	0.96%	0.98%	0.78%	0.94%
Oct-16	0.98%	1.02%	1.04%	1.02%	0.86%	1.02%
Nov-16	1.26%	1.25%	1.25%	1.19%	1.13%	1.29%
Dec-16	1.30%	1.31%	1.34%	1.26%	1.18%	1.34%
Jan-17	1.29%	1.36%	1.33%	1.29%	1.18%	1.34%
Feb-17	1.32%	1.35%	1.31%	1.31%	1.21%	1.35%
Mar-17	1.42%	1.36%	1.39%	1.30%	1.27%	1.42%
Apr-17	1.42%	1.41%	1.38%	1.41%	1.27%	1.41%
May-17	1.44%	1.42%	1.37%	1.44%	1.29%	1.42%
Jun-17	1.54%	1.52%	1.48%	1.55%	1.39%	1.51%
Jul-17	1.48%	1.48%	1.43%	1.51%	1.36%	1.47%
Aug-17	1.46%	1.44%	1.40%	1.49%	1.33%	1.45%
Sep-17	1.59%	1.59%	1.52%	1.63%	1.48%	1.59%
Oct-17	1.67%	1.69%	1.65%	1.70%	1.60%	1.70%
Nov-17	1.87%	1.90%	1.84%	1.92%	1.80%	1.90%
Dec-17	1.96%	1.97%	1.92%	2.02%	1.89%	1.99%
Jan-18	2.18%	2.19%	2.16%	2.20%	2.13%	2.23%
Feb-18	2.34%	2.37%	2.31%	2.39%	2.27%	2.39%
Mar-18	2.37%	2.43%	2.35%	2.47%	2.28%	2.42%
Apr-18	2.51%	2.58%	2.48%	2.55%	2.48%	2.60%
May-18	2.38%	2.51%	2.50%	2.53%	2.41%	2.54%
Jun-18	2.46%	2.62%	2.60%	2.66%	2.53%	2.66%
Jul-18	2.61%	2.72%	2.67%	2.72%	2.65%	2.77%
Aug-18	2.66%	2.66%	2.63%	2.69%	2.62%	2.72%

Liquid Funds Portfolio - \$90.8 M

As of 8/31/18

Other Liquid Funds

Book Value	\$	90,837,230
Market Value	\$	90,837,230



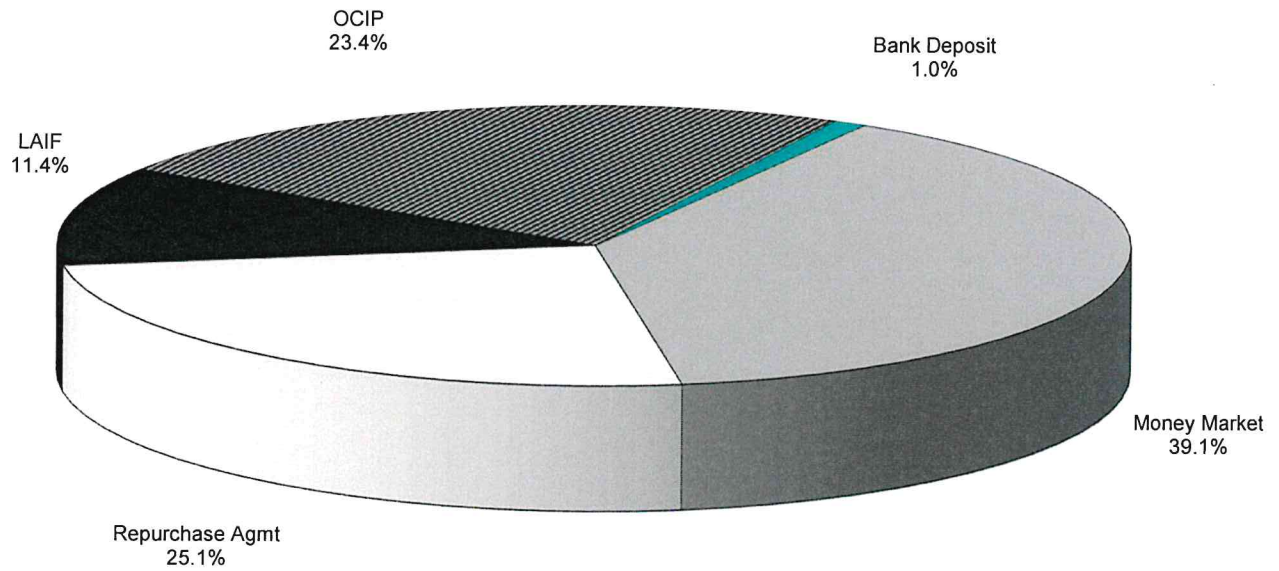
Yield Curve Change From 7/31/18 to 8/31/18			
	7/31/18	8/31/18	Change
1 Month	1.891%	1.931%	0.0400%
3 Month	2.023%	2.098%	0.0750%
6 Month	2.194%	2.265%	0.0710%

Market Value Reported By Custodial Bank

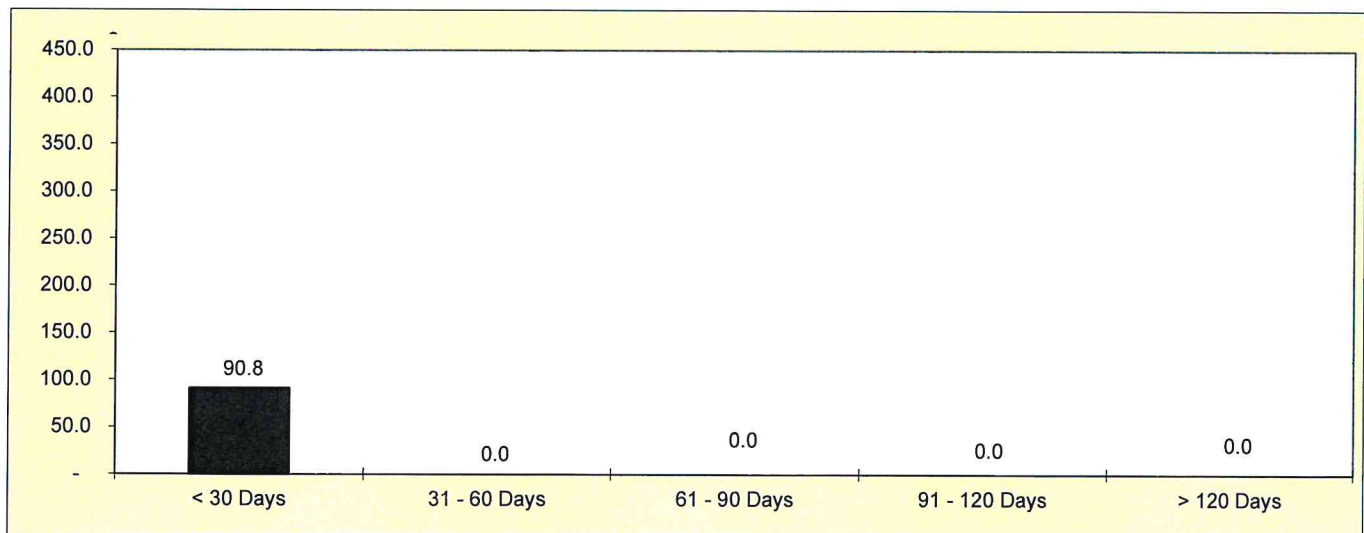
Liquid Portfolio

As of 8/31/18

Total Portfolio Composition



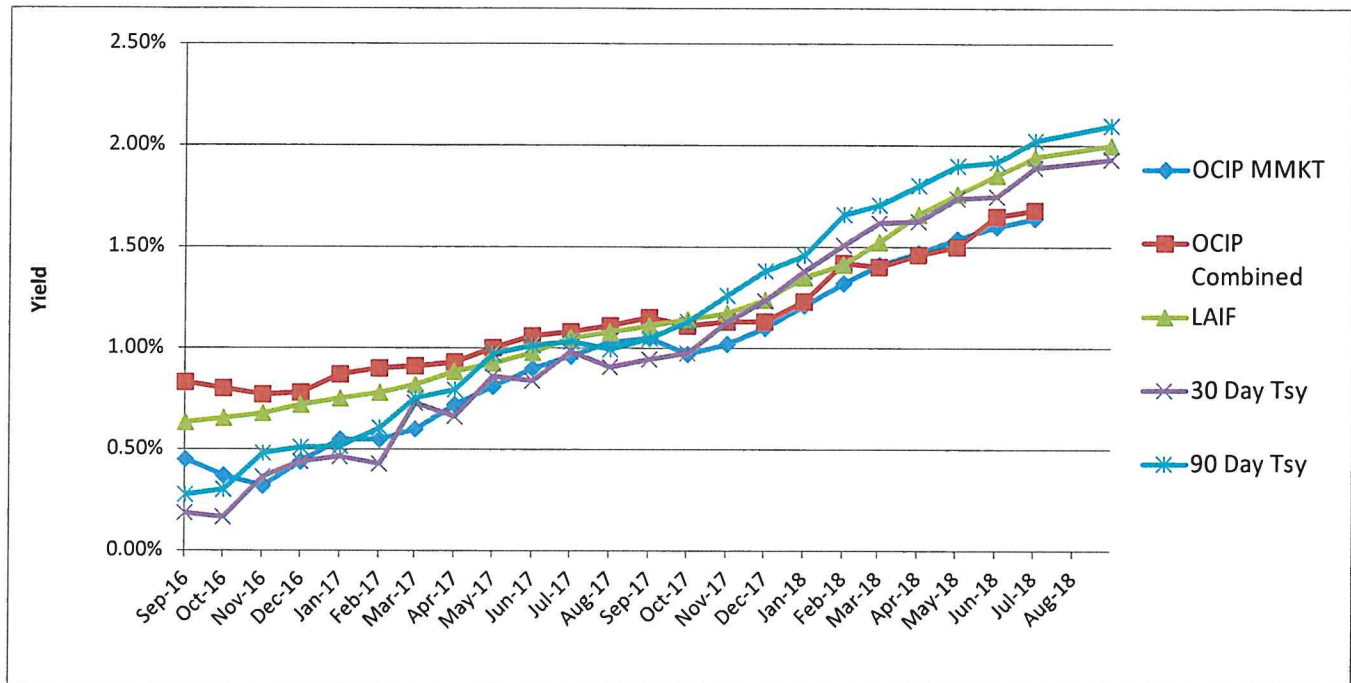
Maturity Schedule For Liquid Portfolio



Liquid Portfolio Performance

As of 8/31/18

Trailing 2-Year Yield OCIP, LAIF, 30 & 90 Day Treasury Bills



	OCIP MMKT	OCIP Combined	LAIF	30 Day Tsy	90 Day Tsy
Sep-16	0.45%	0.83%	0.63%	0.19%	0.28%
Oct-16	0.37%	0.80%	0.65%	0.17%	0.30%
Nov-16	0.32%	0.77%	0.68%	0.37%	0.48%
Dec-16	0.44%	0.78%	0.72%	0.44%	0.51%
Jan-17	0.55%	0.87%	0.75%	0.46%	0.52%
Feb-17	0.55%	0.90%	0.78%	0.43%	0.61%
Mar-17	0.60%	0.91%	0.82%	0.73%	0.75%
Apr-17	0.72%	0.93%	0.88%	0.66%	0.80%
May-17	0.81%	1.00%	0.93%	0.86%	0.97%
Jun-17	0.90%	1.06%	0.98%	0.84%	1.01%
Jul-17	0.96%	1.08%	1.05%	0.98%	1.03%
Aug-17	1.03%	1.11%	1.08%	0.91%	0.99%
Sep-17	1.05%	1.15%	1.11%	0.94%	1.05%
Oct-17	0.97%	1.11%	1.14%	0.98%	1.13%
Nov-17	1.02%	1.13%	1.17%	1.13%	1.26%
Dec-17	1.10%	1.13%	1.24%	1.23%	1.38%
Jan-18	1.21%	1.23%	1.35%	1.38%	1.46%
Feb-18	1.32%	1.42%	1.41%	1.51%	1.66%
Mar-18	1.41%	1.40%	1.52%	1.62%	1.71%
Apr-18	1.47%	1.46%	1.66%	1.62%	1.80%
May-18	1.54%	1.50%	1.76%	1.74%	1.90%
Jun-18	1.60%	1.65%	1.85%	1.75%	1.92%
Jul-18	1.64%	1.68%	1.94%	1.89%	2.02%
Aug-18	N/A	N/A	2.00%	1.93%	2.10%

Investment Policy Compliance

As of 8/31/18

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	555,165,094	36.9%	100%
Federal Agencies & U.S. Government Sponsored *	185,935,685	12.4%	100%
State of California & Local Agencies	36,715,625	2.4%	25%
Money Market Funds & Mutual Funds	50,579,603	3.4%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	24,983,810	1.7%	30%
Commercial Paper	47,201,160	3.1%	25%
Medium Term Maturity Corporate Securities	335,683,004	22.3%	30%
Mortgage and Asset-backed Securities	158,506,670	10.5%	10%
Repurchase Agreements	22,858,544	1.5%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund (LAIF)	10,424,157	0.7%	\$ 40 Million
Orange County Investment Pool (OCIP)	21,375,607	1.4%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	53,630,215	3.6%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	566,235	0.0%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
TOTAL	1,503,625,407	100.0%	

* See attached page for a detailed listing of this category

Investment Policy Compliance

As of 8/31/18

Detail Composition

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Total Portfolio</u>	<u>Investment Policy Guidelines</u>
<u>Federal Agencies & U.S. Government Sponsored</u>			
Federal Home Loan Bank (FHLB)	61,577,135	4.1%	35%
Federal Home Loan Mortgage Corporation (FHLMC)	68,295,228	4.5%	35%
Federal Farm Credit Bank (FFCB)	20,800,936	1.4%	35%
Federal National Mortgage Association (FNMA)	56,662,513	3.8%	35%
	207,335,812 *	13.8%	

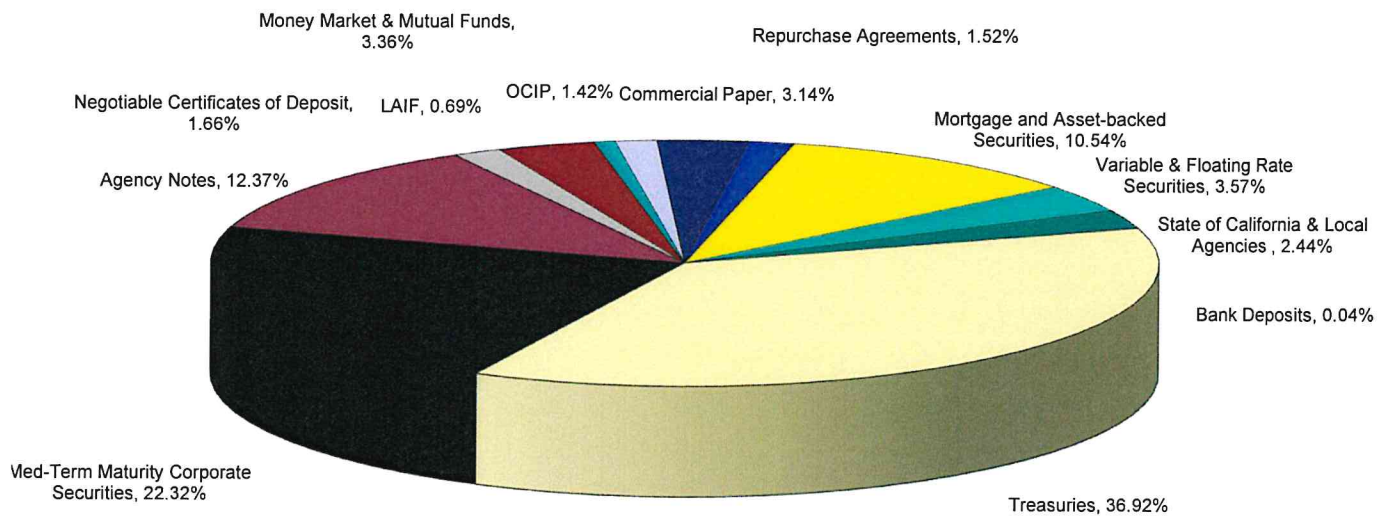
* The Total Dollar Amount Invested Equals The Dollar Amount Invested For Federal Agency Securities, Variable & Floating Rate (Agency) Securities, And A Portion Of Mortgage (Agency) & Asset-back Securities.

Money Market Funds (MMF) & Mutual Funds

First American Obligations Treasury Fund	29,563	0.0%
Goldman Sach Fin. Square Govt. MMF	0	0.0%
Blackrock Institutional T-Fund	14,966,916	1.0%
Fidelity Treasury Obligations MMF	17,030,485	1.1%
Federated Treasury Obligations Fund	<u>18,552,639</u>	<u>1.2%</u>
	50,579,602	3.4%

Investment Allocation

As of 8/31/18



Negative Credit Watch

As of 8/31/18

<u>Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
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PFM

<i>General Electric Company</i>	1,230,000	Various*	A	A2	A
On June 26, 2018, Standard & Poor's placed the long-term ratings of General Electric under review for possible downgrade.					

<i>GE Cap. Int. Funding Co.</i>	1,760,000	11/15/2020	A	A2	A
On June 26, 2018, Standard & Poor's placed the long-term ratings of GE Capital under review for possible downgrade.					

Logan Circle Partners

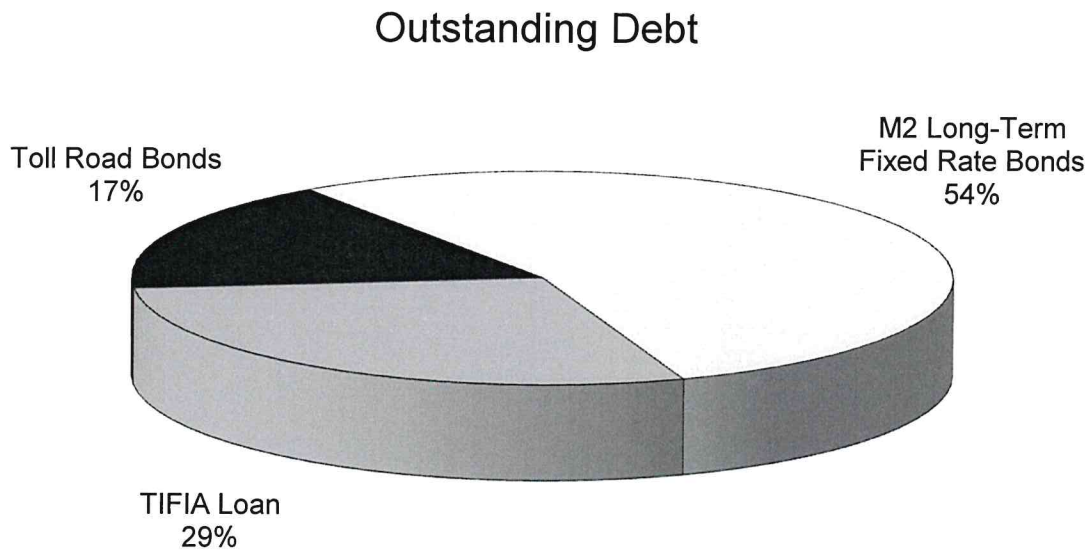
<i>General Electric Company</i>	2,390,000	10/17/2021	A	A2	A
On June 26, 2018, Standard & Poor's placed the long-term ratings of General Electric under review for possible downgrade.					

* Securities will mature on 8/7/19 and 1/8/20.

DEBT PROGRAM

Total Outstanding Debt

As of 8/31/18



TOTAL OUTSTANDING DEBT: \$573,030,000

Outstanding Debt

As of 8/31/18

Orange County Local Transportation Authority (OCLTA-M2)

2010 Series A Taxable Build America Bonds - Sales Tax Revenue Bonds

Issued:	\$	293,540,000
Outstanding:		293,540,000
Debt Service FY 2019:		12,922,317
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings	Aa2/AA+/AA+	
Final Maturity		2041

2010 Series B Tax-Exempt Sales Tax Revenue Bonds

Issued:	\$	59,030,000
Outstanding:		16,695,000
Debt Service FY 2019:		8,914,350
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings	Aa2/AA+/AA+	
Final Maturity		2020

91 Express Lanes

2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	124,415,000
Outstanding:		97,795,000
Debt Service FY 2019:		10,796,325
Pledged Revenue Source:	91 Toll Road Revenues	
Underlying Ratings	A1/AA-/A	
Final Maturity		2030

405 Express Lanes

2017 TIFIA Loan

Outstanding:	\$	165,000,000
Accrued Debt Service FY 2019:	\$	7,514,815
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings	Baa2	
Final Maturity		2058



October 10, 2018

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Microsoft Enterprise Agreement Renewal

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2018-19 Budget, a renewal of its existing Microsoft Enterprise Agreement is planned. Quotes were received from seven Microsoft Large Account Resellers that are approved to sell the Microsoft Enterprise Agreement via the County of Riverside's Master Agreement.

Recommendations

- A. Approve the selection of PCMG, Inc., to provide the Microsoft Enterprise renewal license for all of the Orange County Transportation Authority's Microsoft software.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-8-1972 between the Orange County Transportation Authority and PCMG, Inc., in the amount of \$1,504,438, for the renewal of the Microsoft Enterprise Agreement for a three-year term.

Discussion

On October 26, 2015, the Orange County Transportation Authority's (OCTA) Board of Directors (Board) approved Purchase Order No. C-5-3670 with PCMG, Inc., for a Microsoft Enterprise Agreement for the licensing of all of OCTA's Microsoft software. The term of the agreement was December 1, 2015 to November 30, 2018.

The Microsoft Enterprise Agreement has proven to be a very cost-effective way to purchase Microsoft software to address OCTA's key organizational objectives, such as building a secure and well-managed data center, maintaining line-of-business applications using the Microsoft Windows Operating System,

SQL Database Software, and standardizing on Microsoft's popular productivity software, known as Office Suite. OCTA has also enhanced its document sharing and collaboration processes by implementing the use of the Microsoft SharePoint Server.

The Microsoft Enterprise Agreement has provided OCTA with the best overall pricing based on its organization's size, the benefits of Software Assurance, as well as simplified licensing management.

Software Assurance, included in the Microsoft Enterprise Agreement, is a core set of benefits that improves workforce productivity and streamlines software deployment. These benefits include access to new product demos, rights to new software versions, deployment planning days, 24/7 phone and web support, and training for both end-users and technical staff. Software Assurance has allowed OCTA's Information Systems Department to maintain its strategic goal of always being on a supported release of its Microsoft software, whether on the back-end servers or on the business users' desktop workstations.

Renewal of the Microsoft Enterprise Agreement will provide OCTA with continued flexibility. With the use of Microsoft Office 365, OCTA will be able to implement Microsoft line-of-business applications, such as Outlook, Word, and Excel, either on-site (on-premise) or in the cloud (hosted). This flexibility will allow OCTA to determine and provide for different departmental needs, to more efficiently manage its computing environment, and to optimize spending of its technology dollars.

Procurement Approach

In planning for the procurement, the Contracts Administration and Materials Management (Camm) Department explored two different procurement methods for the renewal of the Microsoft Enterprise Agreement. OCTA can issue an Invitation for Bids (IFB) in accordance with OCTA's Board-approved procurement policies and procedures or piggy-back on another public agency's existing agreement in accordance with state law, which aims to allow public agencies to piggy-back on procurement contracts as a cost-savings measure.

Using the first option, OCTA would issue an IFB, whereby award is based on the lowest, responsive, responsible bid. Advantages of this procurement method include OCTA having full authority over the procurement, such as detailing the renewal requirements, selecting a Microsoft Large Account Reseller (LAR) for award, and negotiating the contract terms. However, this procurement approach can take up to 90 days before the renewal is completely processed.

Using the second option of a piggy-back procurement, OCTA would partner with another public agency that has an existing agreement with a Microsoft LAR for the renewal of the Microsoft Enterprise Agreement. This procurement method can result in a shortened procurement time, as well as administrative cost savings. OCTA is agreeable to all the terms and conditions of the County of Riverside's (County) Microsoft Enterprise Agreement, #01E73970. OCTA has used a piggy-back option when it renewed its previous Microsoft Enterprise Agreement in 2009, 2012, and 2015.

Staff determined that the piggy-back procurement method would be the most advantageous to OCTA. The County competitively bids the renewal of the Microsoft Enterprise Agreement every five years. Because the County's procurement included terms that allow eligible agencies within the State of California to benefit from volume pricing, a bench was created to include seven Licensed Solutions Providers (LSP) with their listed discount rates. This allows eligible agencies to receive competitive quotes based on their specific Microsoft needs. OCTA has been authorized to piggy-back on the County's agreement.

The CAMM Department used a competitive procurement process to purchase Microsoft Enterprise renewal licenses by requesting quotes from the seven Microsoft LSPs on September 13, 2018. Upon receiving quotes from five of the seven Microsoft LSPs by the submittal deadline, September 19, 2018, CAMM conducted a cost analysis and determined that the pricing from PCMG, Inc., was the lowest. Competing among the seven Microsoft LSPs with their discounted rates, ensures fair and reasonable pricing.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2018-19 Budget, Finance and Administration/Information Systems Department, Account 1283-7669-A5352-7F3, and is funded through local funds.

Summary

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-8-1972 with PCMG, Inc., in the amount of \$1,504,438, for the renewal of the Microsoft Enterprise Agreement for a three-year term effective December 1, 2018 through November 30, 2021.

Attachment

None.

Prepared by:



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Approved by:



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Virginia Abadessa
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October 10, 2018

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: State Transit Assistance Fund Claims for Fiscal Year 2018-19

Overview

The Orange County Transit District is eligible to receive funding from the State Transit Assistance Fund for providing public transportation services throughout Orange County. In order to receive these funds, the Orange County Transit District, as the public transit and community transit services operator, must file claims with the Orange County Transportation Authority, the transportation planning agency for Orange County.

Recommendation

Adopt Resolution No. 2018-125 to authorize the filing of State Transit Assistance Fund claims, in the amount of \$35,263,303, to support public transportation.

Background

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to transit and non-transit related projects. The funding source consists of two parts: Local Transportation Fund which is derived from 1/4 cent of the general sales tax collected statewide, and the State Transit Assistance Fund (STAF), which is generated from the statewide sales tax on diesel and funded through the Public Transportation Account. STAF revenues are appropriated to local agencies by formula on a quarterly basis.

The STAF revenues are distributed by the State Controller and returned quarterly to each regional entity based on the amount of the appropriation approved in the state budget. In Orange County, the STAF receipts are deposited in the Orange County STAF Account (Fund 185) in the Orange County Treasury and administered by the Orange County Auditor-Controller. STAF receipts are distributed by the Auditor-Controller to the Orange County Transit District (OCTD) based on claims against the STAF as specified in the TDA.

Discussion

Section 6732 of Title 21 of the California Code of Regulations requires OCTD to file a claim with the Orange County Transportation Authority (OCTA) in order to receive an allocation from the STAF for providing public transportation services. OCTD will use STAF revenues to help fund the ongoing capital requirements and operations of the bus program. OCTA has acknowledged that OCTD has met the required findings as per California Code of Regulations 6754, in order to be eligible to receive STAF funding.

The State Controller is required by Public Utilities Code Section 99312.7 to notify each transportation planning agency by January 31 of each year of an estimate of funds to be allocated during the next fiscal year (FY) and a revised estimate by August 1 of each year. In August, the State Controller's notification stated that OCTA would receive \$35,263,303 of STAF in FY 2018-19, which includes the increase from Senate Bill 1 funds. The State Controller based the above estimate on OCTA receiving approximately 5.3 percent of an expected statewide STAF Program of \$663,485,000.

Summary

The State Transit Assistance Fund provides funding to the Orange County Transit District for public transit services. In order to receive these funds, Orange County Transit District must file the appropriate State Transit Assistance Fund claims with Orange County Transportation Authority. Staff recommends the Orange County Transportation Authority Board of Directors adopt Resolution No. 2018-125 to file these claims.

Attachment

- A. Resolution of the Orange County Transportation District, Authorizing the Filing of State Transit Assistance Fund Claims, OCTD Resolution No. 2018-125

Prepared by:

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Approved by:

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**RESOLUTION OF THE
ORANGE COUNTY TRANSPORTATION DISTRICT**

**AUTHORIZING THE FILING OF
STATE TRANSIT ASSISTANCE FUND CLAIMS**

WHEREAS, the Orange County Transportation Fund was created by the Transportation Development Act (SB 325:1971) to aid in meeting the public transportation and community transit needs that exist in Orange County; and

WHEREAS, the Orange County Transit District is submitting transportation claims for funds from the Orange County Transportation Fund; and

WHEREAS, the Orange County Transportation Authority has the authority to review claims and allocate such funds in accordance with the California Code of Regulations and the California Transportation Development Act.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Orange County Transit District hereby requests the Orange County Transportation Authority, in connection to all findings in California Code of Regulations 6754, allocate funds to the Orange County Transit District for the purpose of providing the support of a public transportation system as described under Article 6.5 of the California Transportation Development Act.

BE IT FURTHER RESOLVED that the Orange County Transit District agrees to provide the Orange County Transportation Authority with such information as may be necessary to support these transportation claims.

ADOPTED, SIGNED AND APPROVED this 22nd day of October, 2018.

AYES:

NOES:

ABSENT:

ATTEST:

Laurena Weinert
Clerk of the Board

Lisa A. Bartlett, Chairwoman
Orange County Transit District