

Presentation Overview

- I. Introduction
 - II. 91 Express Lanes
 - III. Closing Out Measure M1 and Commencing Measure M2
 - IV. Orange County Economy
 - V. Chief Executive Officer's Report
 - VI. Sales Tax Collections
 - VII. Debt and Investments
- Appendix

Introduction

Presentation Participants



**Bill
Campbell**
Finance and
Administration
Chairman



**Jerry
Amante**
Director



**Carolyn
Cavecche**
Director



**Will
Kempton**
Chief
Executive
Officer



**Ken
Phipps**
Executive
Director,
Finance and
Administration



**Kirk
Avila**
Treasurer /
General
Manager

Sperry Capital

Jim Martling

Principal

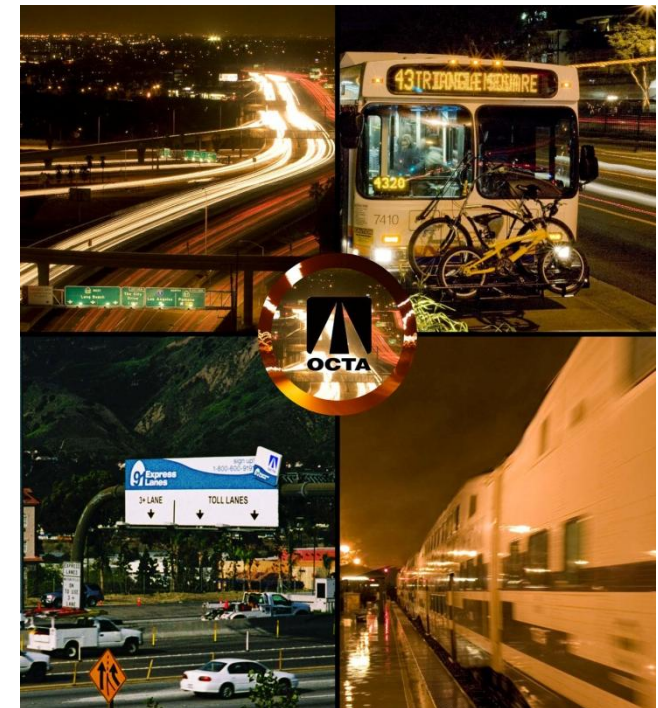
Bank of America Merrill Lynch

Kevin O'Brien

Director

Orange County Transportation Authority

- ❑ OCTA is a multi-modal transportation agency created in 1991 with the consolidation of seven separate agencies
- ❑ Governed by an 18-member Board of Directors consisting of 5 county supervisors, 10 city members, 2 public members and the Director of the Department of Transportation District 12 (Caltrans) as a non-voting member
- ❑ OCTA serves Orange County residents and commuters by providing:
 - Countywide bus and paratransit service
 - Metrolink commuter rail
 - Freeway improvements
 - Streets and Roads improvements
 - 91 Express Lanes
 - Motorist aid services
 - Taxi program regulation



OCTA Board of Directors



Patricia Bates
5th District Supervisor
Chair

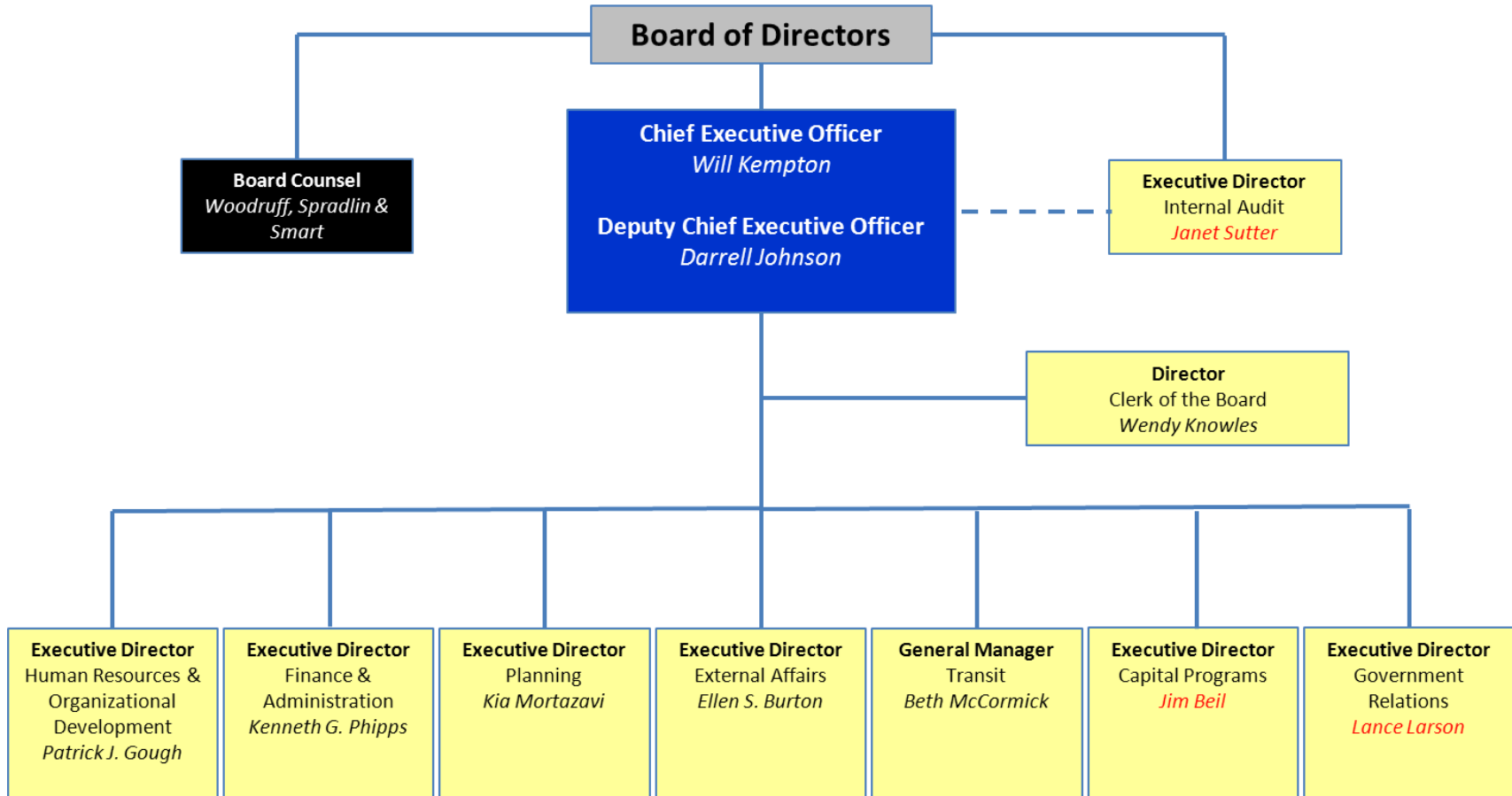


Paul Glaab
City of Laguna Niguel
Vice-Chair

Jerry Amante	<i>City of Tustin</i>
Don Bankhead*	<i>City of Fullerton</i>
Bill Campbell	<i>3rd District Supervisor</i>
Carolyn Cavecche	<i>City of Orange</i>
Larry Crandall*	<i>City of Fountain Valley</i>
William Dalton	<i>City of Garden Grove</i>
Lorri Galloway*	<i>City of Anaheim</i>
Don Hansen	<i>City of Huntington Beach</i>
Peter Herzog*	<i>City of Lake Forest</i>
John Moorlach	<i>2nd District Supervisor</i>
Shawn Nelson	<i>4th District Supervisor</i>
Janet Nguyen	<i>1st District Supervisor</i>
Miguel Pulido	<i>City of Santa Ana</i>
Gregory Winterbottom	<i>Public Member</i>
Vacant	<i>Public Member</i>
Cindy Quon	<i>Governor's Ex-Officio Member</i>

* *New Board Member*

Executive Management Team



Red font designates a change from last year

Key Events Over the Past Year

- ❑ Collected final Measure M1 sales tax revenues and paid final debt service payment to bondholders
- ❑ Commenced the Measure M2 program and issued \$352 million in taxable Build America Bonds and tax-exempt bonds to advance projects
- ❑ Opened the first Measure M2 freeway improvement project – eastbound lanes on the SR-91
- ❑ Completed I-5 Gateway project
- ❑ Commenced property acquisition for the Measure M2 freeway environmental mitigation program
- ❑ Broke ground on the West County Connectors, a \$328 million project to add carpool lanes and connector ramps between the SR-22, I-405, and I-605
- ❑ Continued capital investment in Metrolink Service Expansion Program
- ❑ Implemented railroad quiet zones in the cities of Anaheim, Orange, and Tustin
- ❑ New collective bargaining agreements were reached with all three labor unions as part of a comprehensive plan to ensure long-term financial sustainability
- ❑ Board approved OCTA’s Strategic Plan, Comprehensive Business Plan, and the FY 2011-12 Budget

Chairman's Strategic Initiatives for 2011

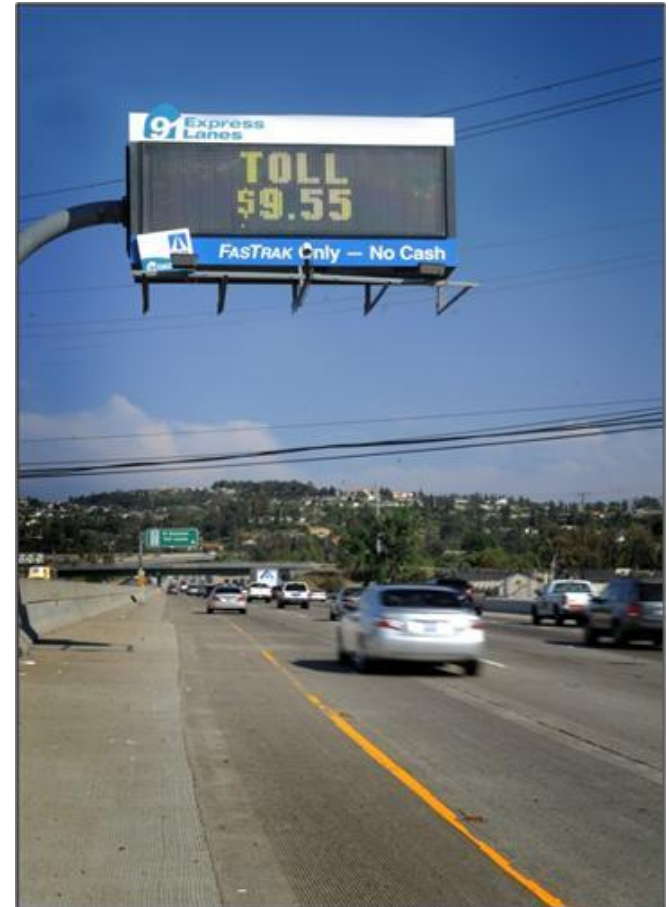
- ❑ Emphasize environmental stewardship
- ❑ Link investments
- ❑ Improve streets and roads
- ❑ Keep freeways moving
- ❑ Advance Measure M2 Go Local program
- ❑ Strengthen regional connections
- ❑ Envision future transit
- ❑ Advocate for process improvements
- ❑ Improve organizational effectiveness
- ❑ Sunset Measure M1 program



91 Express Lanes

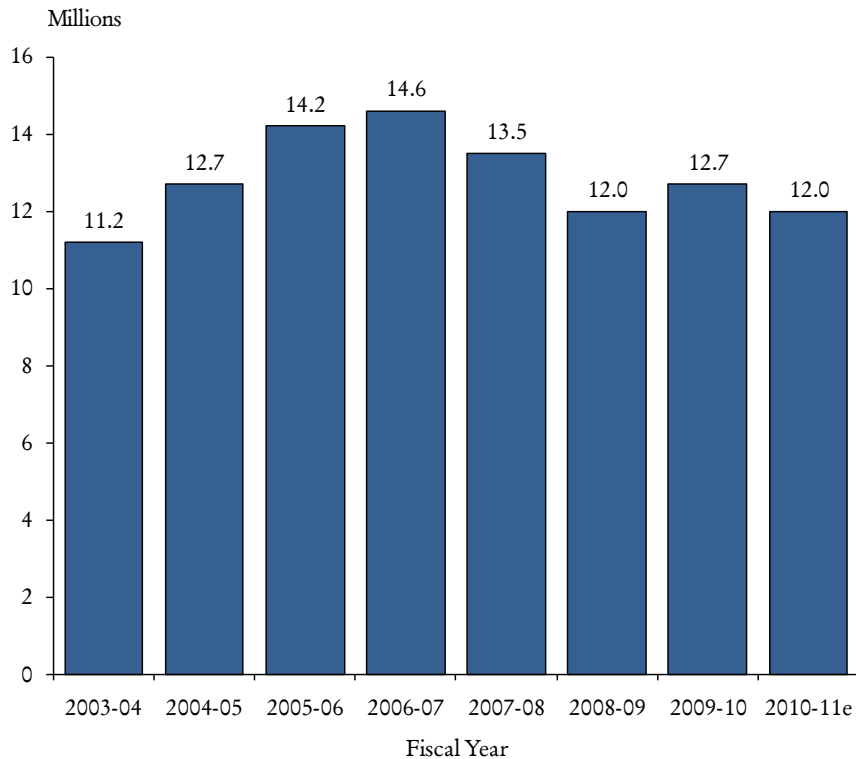
Events Over the Past Year

- ❑ Rolled over \$100 million private placement transaction with the Orange County Treasurer's office at a 1.55 percent rate and a final maturity of August 15, 2013
- ❑ Terminated the \$75 million Lehman Brothers / Woodlands Bank swap and funded termination payment from existing unrestricted reserves
- ❑ Retired remaining outstanding internal subordinated debt obligations (original amount totaled \$83.6 million in 2003)
- ❑ Hired Vavrinek, Trine, Day & Company, LLP as financial auditors for OCTA and the 91 Express Lanes
- ❑ Completed Electronic Toll and Traffic Management System upgrade
- ❑ Adjusted selected tolls on a quarterly basis per the Toll Policy

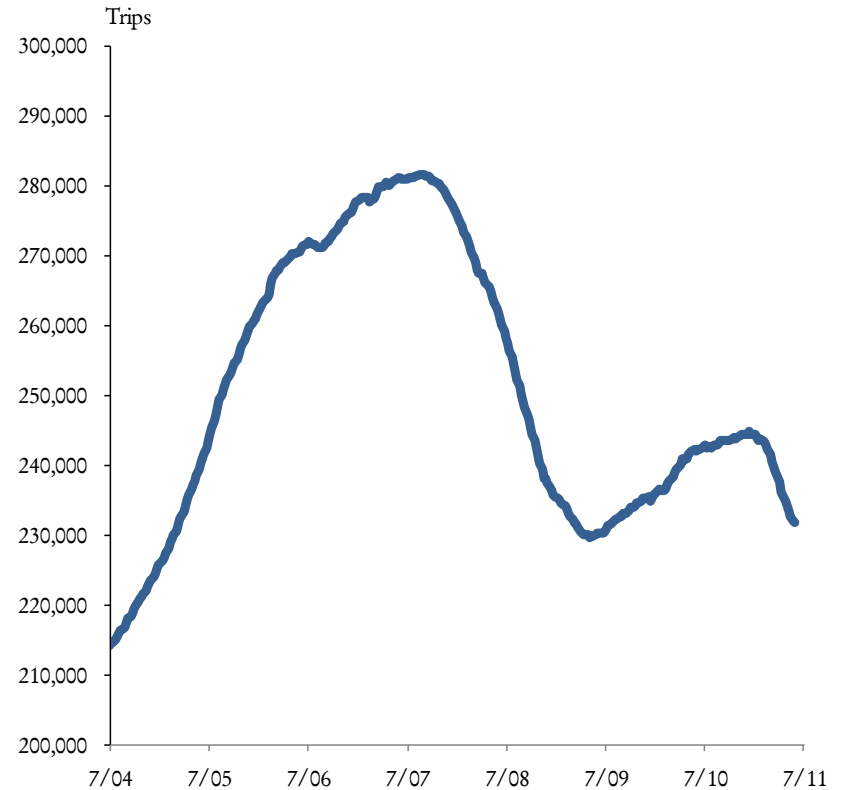


Traffic History

Annual Traffic Volumes

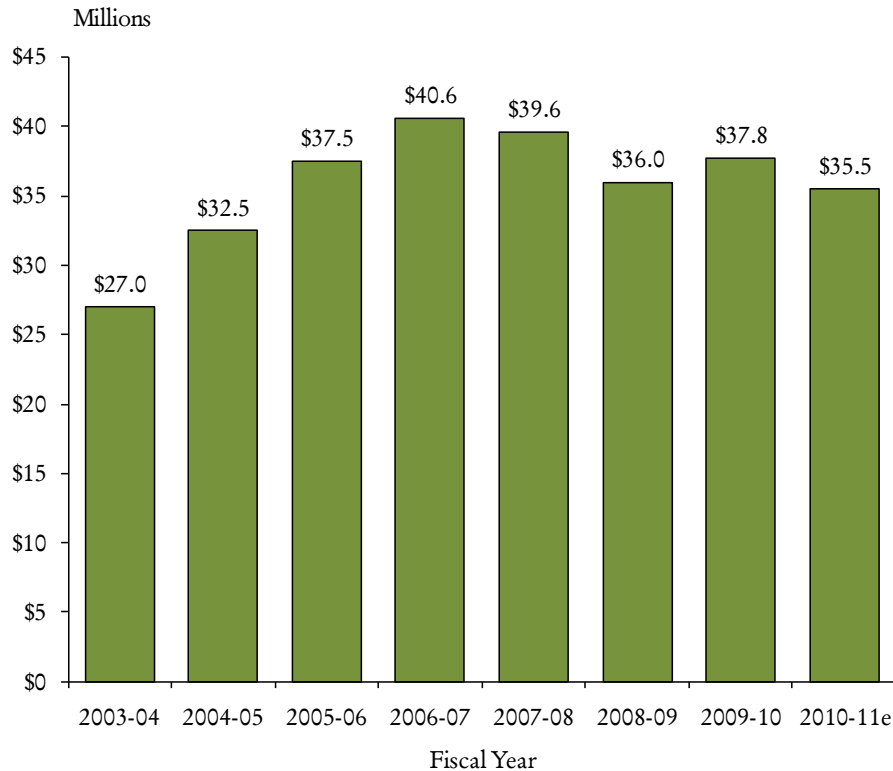


Traffic Volumes on a Rolling Weekly Average

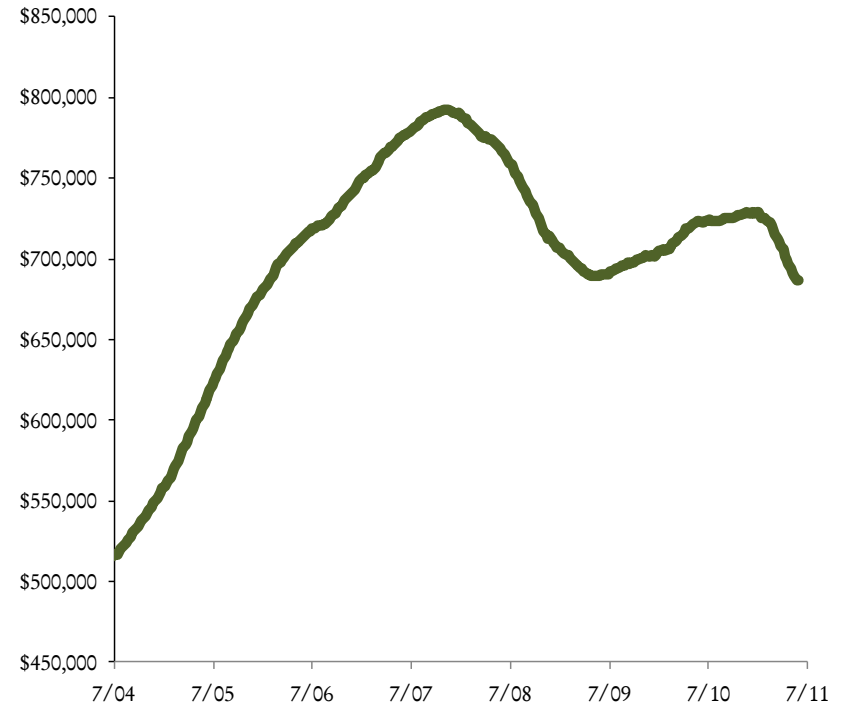


Gross Potential Toll Revenues

Annual Gross Potential Toll Revenues

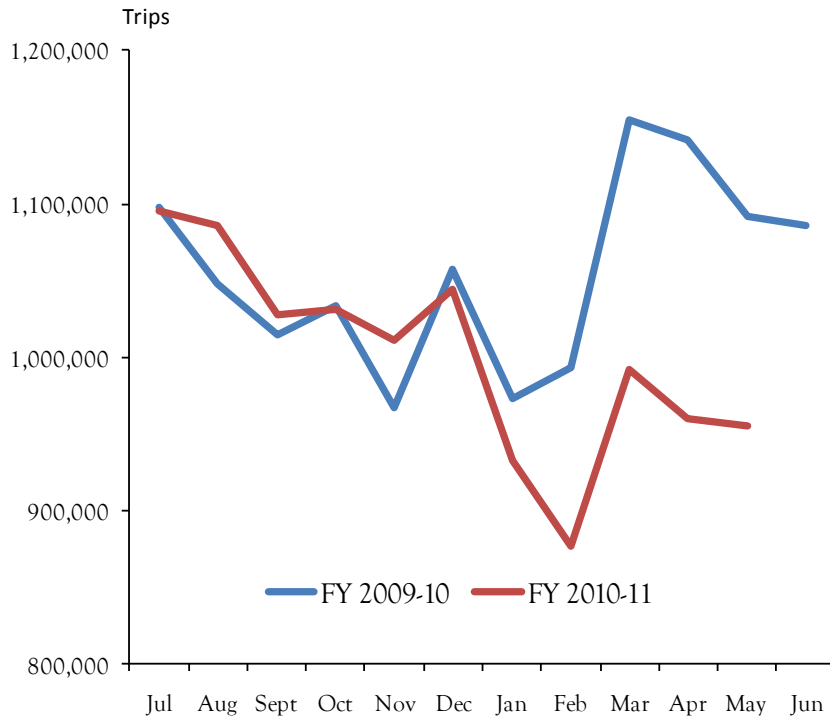


Gross Potential Toll Revenues on a Rolling Weekly Average

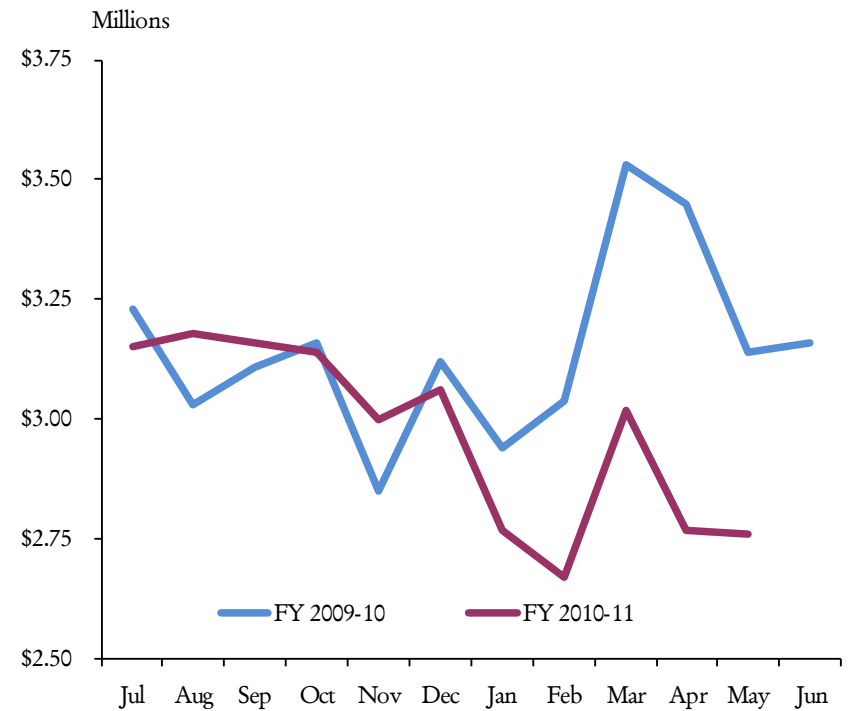


Fiscal Year 2010-11 Traffic Volumes and Revenues to Date

Monthly Traffic Volumes
Down 4.8% FY to Date
Through May 2011

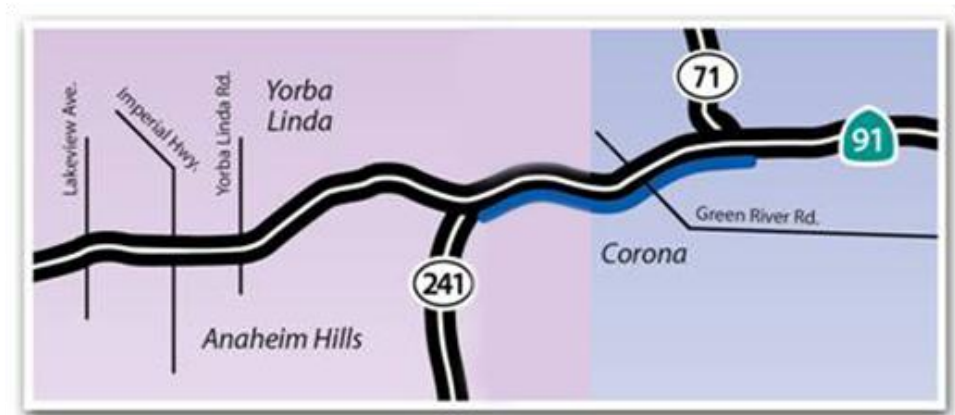


Monthly Gross Potential Revenues
Down 5.6% FY to Date
Through May 2011



Improvement Project Impacts Traffic Volumes

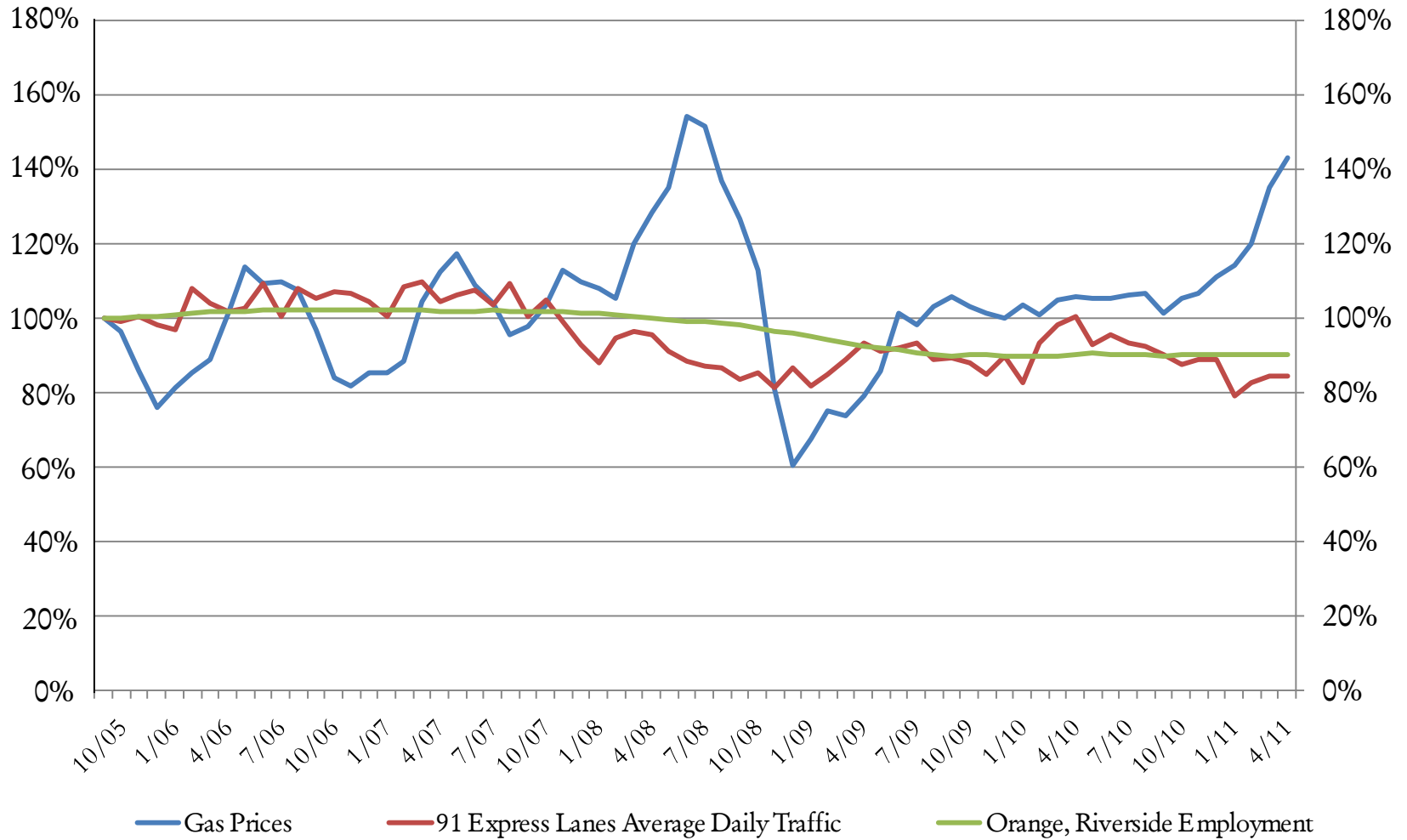
- ❑ In December 2010, 5.9 miles of additional capacity on the eastbound SR-91 general purpose lanes opened
- ❑ The project, funded with American Recovery and Reinvestment Act funds and 91 Express Lanes excess toll revenues, eased congestion and increased speeds in the general purpose lanes
- ❑ The additional lane capacity and economic factors have decreased traffic volumes on the 91 Express Lanes



Change in Monthly Traffic Volumes
From Prior Year

	Eastbound	Westbound	Total
December 2010	-3.6%	1.9%	-1.3%
January 2011	-8.1%	1.1%	-4.2%
February 2011	-16.6%	-5.0%	-11.7%
March 2011	-19.3%	-6.8%	-14.0%
April 2011	-20.6%	-9.5%	-15.9%
May 2011	-15.8%	-8.4%	-12.5%

Traffic Volume Comparison to Employment and Gas Prices



Recent Toll Reductions

Eastbound	October 1, 2010	January 1, 2011	April 1, 2011
Monday			4 PM - 5 PM \$5.55 → \$5.05
Monday		5 PM - 6 PM \$5.35 → \$4.85	
Tuesday			4 PM - 5 PM \$7.80 → \$7.30
Tuesday			5 PM - 6 PM \$7.25 → \$6.75
Tuesday	6 PM - 7 PM \$4.10 → \$3.60		
Wednesday	3 PM - 4 PM \$4.95 → \$4.45		3 PM - 4 PM \$4.45 → \$3.95
Wednesday			4 PM - 5 PM \$8.30 → \$7.80
Wednesday			5 PM - 6 PM \$8.50 → \$8.00
Thursday			3 PM - 4 PM \$5.95 → \$5.45
Thursday			4 PM - 5 PM \$9.95 → \$9.45
Thursday			5 PM - 6 PM \$9.80 → \$9.30
Thursday			6 PM - 7 PM \$4.90 → \$4.50
Friday	2 PM - 3 PM \$3.60 → \$3.10		
Friday			5 PM - 6 PM \$8.00 → \$7.50

Toll Structure as of April 2011

Eastbound

SR-55 to Riverside County line

Westbound

Riverside County line to SR-55

	Sun	M	Tu	W	Th	F	Sat
Midnight	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
1:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
2:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
3:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
4:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
5:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
6:00 AM	\$1.30	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$1.30
7:00 AM	\$1.30	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$1.30
8:00 AM	\$1.65	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05
9:00 AM	\$1.65	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05
10:00 AM	\$2.50	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.50
11:00 AM	\$2.50	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.50
Noon	\$3.00	\$2.05	\$2.05	\$2.05	\$2.05	\$3.10	\$3.00
1:00 PM	\$3.00	\$2.85	\$2.85	\$2.85	\$3.10	\$4.90	\$3.00
2:00 PM	\$3.00	\$4.10	\$4.10	\$4.10	\$4.20	\$3.10	\$3.00
3:00 PM	\$2.50	\$4.40	\$3.70	\$3.95	\$5.45	\$10.25	\$3.00
4:00 PM	\$2.50	\$5.05	\$7.30	\$7.80	\$9.45	\$9.35	\$3.00
5:00 PM	\$2.50	\$4.85	\$6.75	\$8.00	\$9.30	\$7.50	\$3.00
6:00 PM	\$2.50	\$4.40	\$4.10	\$3.60	\$4.40	\$5.30	\$2.50
7:00 PM	\$2.50	\$3.10	\$3.10	\$3.10	\$4.50	\$4.95	\$2.05
8:00 PM	\$2.50	\$2.05	\$2.05	\$2.05	\$2.85	\$4.50	\$2.05
9:00 PM	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.85	\$2.05
10:00 PM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$2.05	\$1.30
11:00 PM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30

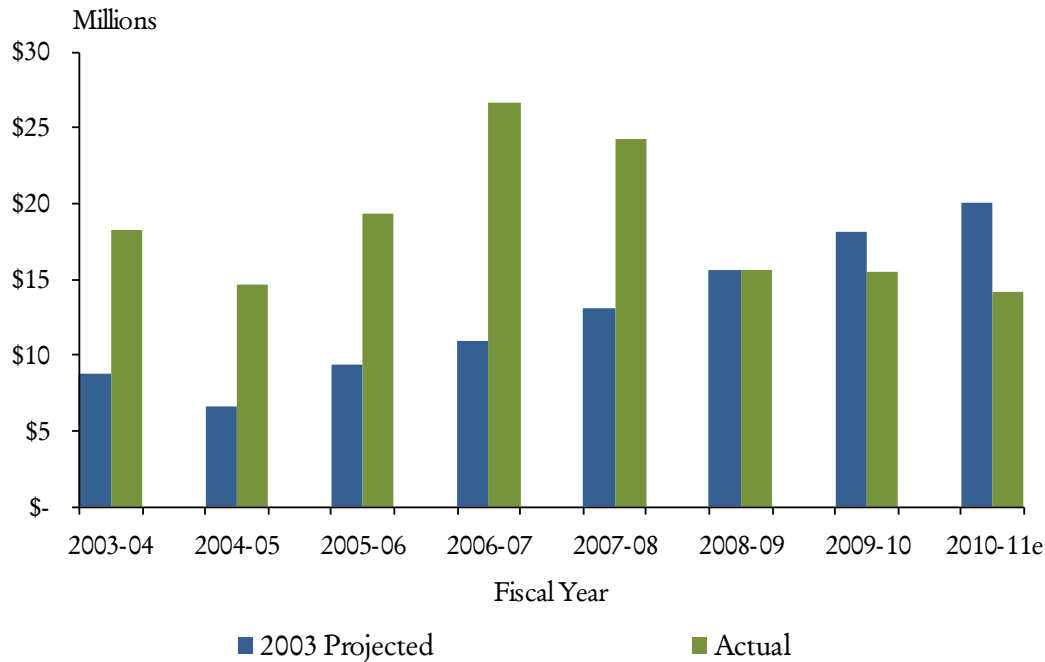
	Sun	M	Tu	W	Th	F	Sat
Midnight	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
1:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
2:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
3:00 AM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
4:00 AM	\$1.30	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$1.30
5:00 AM	\$1.30	\$3.95	\$3.95	\$3.95	\$3.95	\$3.80	\$1.30
6:00 AM	\$1.30	\$4.10	\$4.10	\$4.10	\$4.10	\$3.95	\$1.30
7:00 AM	\$1.30	\$4.55	\$4.55	\$4.55	\$4.55	\$4.40	\$1.75
8:00 AM	\$1.75	\$4.10	\$4.10	\$4.10	\$4.10	\$3.95	\$2.05
9:00 AM	\$1.75	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25	\$2.50
10:00 AM	\$2.50	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.50
11:00 AM	\$2.50	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.90
Noon	\$2.50	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.90
1:00 PM	\$2.90	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.90
2:00 PM	\$2.90	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.90
3:00 PM	\$2.90	\$2.05	\$2.05	\$2.05	\$2.05	\$2.50	\$2.90
4:00 PM	\$3.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.50	\$3.05
5:00 PM	\$3.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.50	\$3.05
6:00 PM	\$3.05	\$2.05	\$2.05	\$2.05	\$2.05	\$3.00	\$2.50
7:00 PM	\$2.50	\$1.30	\$1.30	\$1.30	\$1.30	\$2.05	\$2.05
8:00 PM	\$2.50	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
9:00 PM	\$2.50	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
10:00 PM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
11:00 PM	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30

Maximum toll for each direction is highlighted in yellow

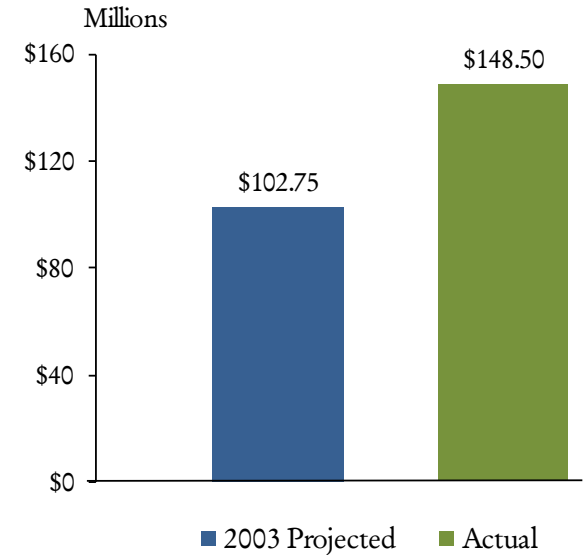


Projected Versus Actual Net Revenues After Debt Service

Annual Comparison

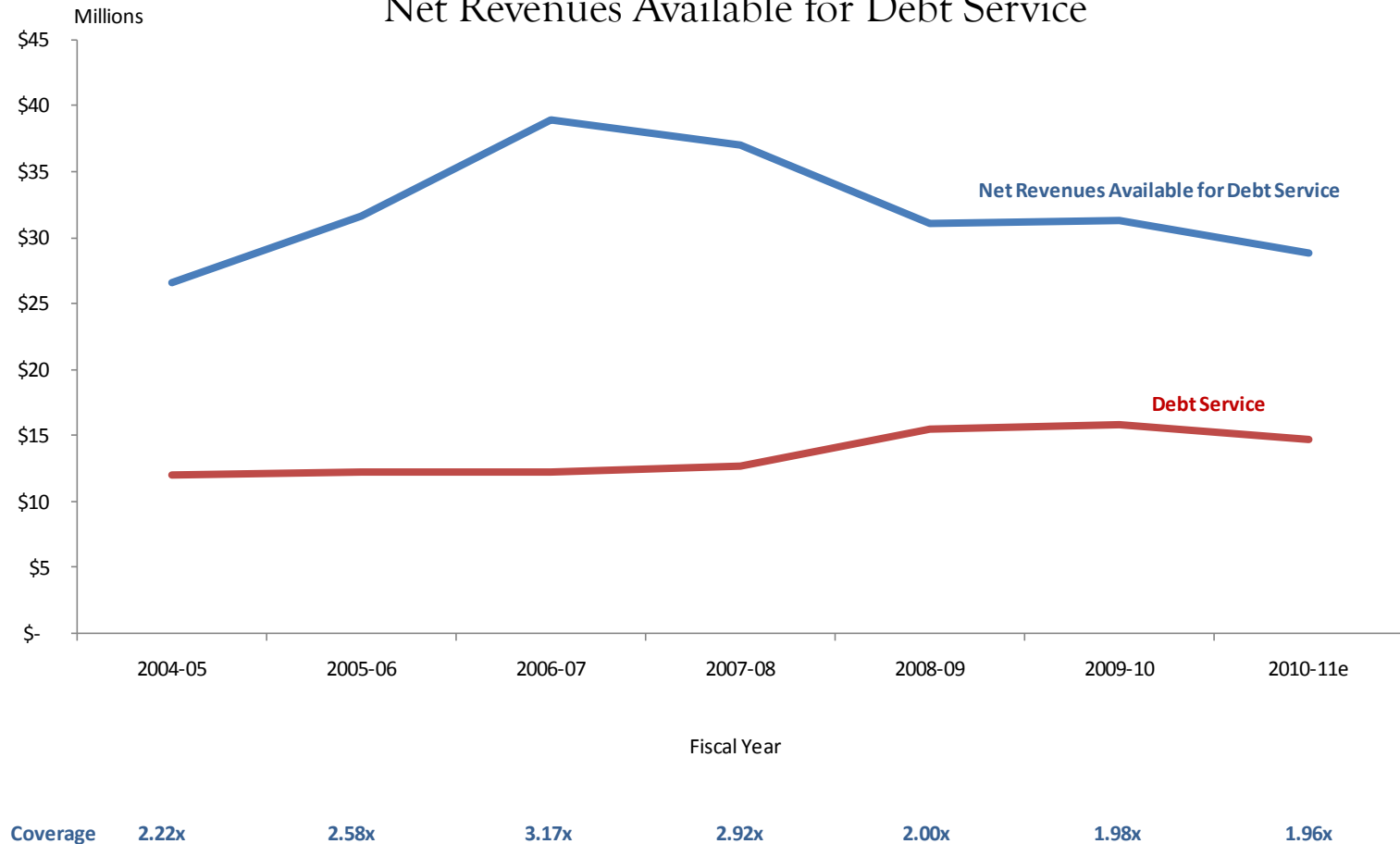


Cumulative Comparison



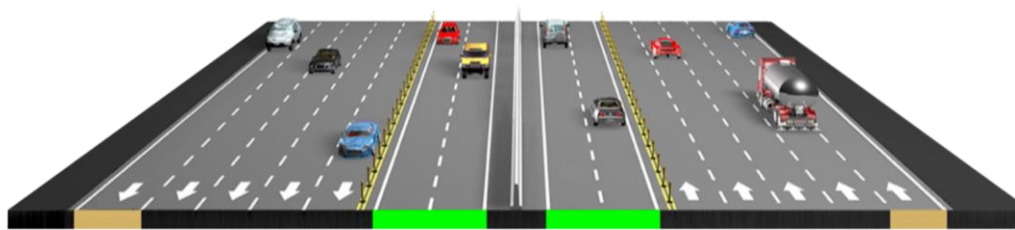
Historical Debt Service Coverage

Total Revenues less Current Expenses equals
Net Revenues Available for Debt Service





91 Express Lanes Extension into Riverside County Update

- ❑ SB 1316 authorized the extension of the 91 Express Lanes into Riverside County and extended the maturity of OCTA's Franchise Agreement up to 2065
- ❑ Riverside County Transportation Commission's (RCTC) SR-91 Corridor Improvement Project focuses on increasing capacity for the 12-mile stretch of the SR-91 from the SR-241 to Pierce Street
- ❑ OCTA and RCTC continue to make progress in finalizing a cooperative agreement that addresses design, construction, and startup issues related to the extension of the lanes
- ❑ OCTA, Cofiroute USA (the current operator), and RCTC are negotiating a three-party agreement for the joint operations of the two toll roads



LEGEND

-  NEW GENERAL PURPOSE LANE
-  NEW EXPRESS LANES

Near-Term Priorities

- ❑ Deploy new back-office software system developed by Cofiroute USA
- ❑ Exercise two five-year extension periods from July 1, 2011 through June 30, 2021 for operating services provided by Cofiroute USA
- ❑ Complete 91 Express Lanes pavement analysis report
- ❑ Submit 2011 Implementation Plan for SR-91 improvement projects
- ❑ Finalize negotiations with Riverside County Transportation Commission to extend 91 Express Lanes into Riverside County
- ❑ Complete 2011 updated Stantec Traffic and Revenue Study on the impacts of the 91 Express Lanes extension



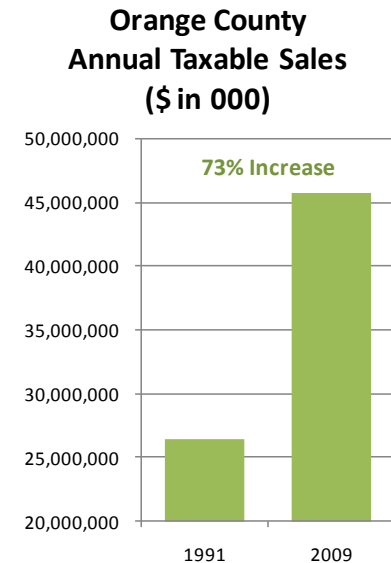
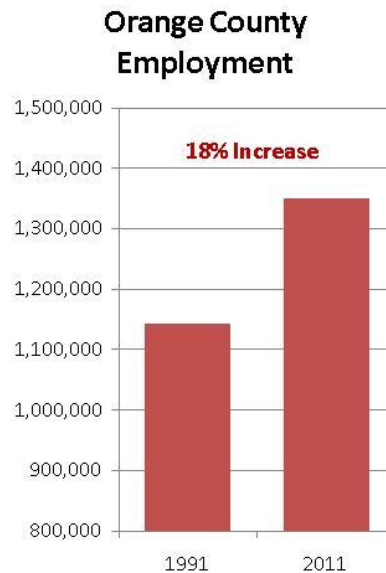
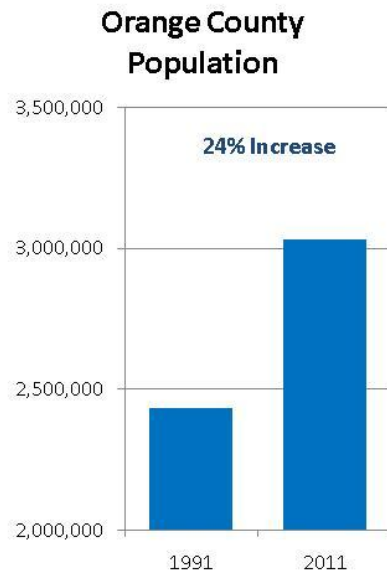
Fundamentals of the 91 Express Lanes Remain Strong

- ❑ Despite recent declines in traffic volumes and toll revenues, the financial position of the 91 Express Lanes remains stronger than projected in 2003
- ❑ All bond indenture reserve funds are fully funded and the additional OCTA mandated capital reserve fund totals \$15 million
- ❑ All internal subordinated debt retired
- ❑ \$100 million in variable rate debt is privately placed at a fixed rate until August 15, 2013
- ❑ Lehman Brothers/Woodlands Bank swap termination lowers near-term annual debt service requirements
- ❑ Debt service coverage ratio solidly above indenture requirements
- ❑ Construction expected to begin in September 2011 to add a new general purpose lane in each direction of the SR-91 between SR-55 and SR-241
- ❑ Orange County employment and Riverside County jobs/population imbalance likely to continue
- ❑ Per Senate Bill 1316, OCTA's Board has the option to extend Franchise Agreement up to 2065

Closing Out Measure M1 and Commencing Measure M2

End of a Twenty-Year Program

- ❑ Measure M1 program was approved by the voters in 1990 and commenced on April 1, 1991
- ❑ Over \$1.2 billion in long-term and short-term debt issued to advance projects
- ❑ Sales tax collections ended on March 31, 2011 and generated approximately \$4.07 billion in revenues
- ❑ Changes in the Orange County profile over the last 20 years include:



Measure M1: Promises and Projects Delivered

- ❑ Delivered all promised freeway projects
 - Added one major highway project (SR-22)
 - 192 lane miles of additional freeway capacity
- ❑ Invested \$700 million in regional arterial system
 - Improved 170 intersections and 38 freeway interchanges
- ❑ Provided \$600 million to local agencies
- ❑ Implemented Metrolink service
 - Carries trips equivalent to 1.5 lanes of traffic on the I-5 during peak hours
- ❑ Stabilized transit fares for seniors and persons with disabilities



Closeout of Measure M1 Program

❑ Measure M1 revenues are allocated to:

- Freeways (43 percent) \$1.75 Billion
- Streets and Roads (32 percent) \$1.30 Billion
 - Regional projects \$448 Million
 - Local projects \$856 Million
- Transit (25 percent) \$1.02 Billion
- Total \$4.07 Billion

❑ Freeway program has an estimated ending balance of \$30 million which can be potentially used for:

- SR-57 widening project
- I-5 widening project between I-5/I-405 Interchange and San Clemente

Measure M2: Start of a Thirty-Year Program

- ❑ Measure M2 sales tax collections commenced on April 1, 2011
- ❑ Program is forecasted to generate approximately \$15.3 billion
- ❑ Early Action Plan (EAP), adopted by Board of Directors in 2007 and updated in 2010, provided a five-year blueprint for making early progress on the M2 program
- ❑ OCTA established tax-exempt commercial paper program in 2008 and issued Sales Tax Revenue Bonds in 2010 to fund EAP projects
- ❑ M2 revenues will be allocated after the deduction of state collection fees, audits, and environmental cleanup to the following categories:
 - Freeways 43 percent
 - Streets and Roads 32 percent
 - Transit 25 percent



Measure M2 Freeway Program

- ❑ Updated Measure M2 Early Action Plan to accelerate five highway projects on portions of the SR-55, I-5, and SR-91
- ❑ OCTA and Caltrans selected contractors to begin construction of a new northbound lane on the SR-57 from Orangethorpe Avenue to Lambert Avenue
- ❑ Preparing final design for the SR-91 project between the I-5 and SR-57
- ❑ Caltrans advertised the construction contract to add a lane in both directions on the SR-91 between the SR-55 and the SR-241
- ❑ Final design for the reconstruction of the I-5 interchange at Ortega Highway in San Juan Capistrano is underway
- ❑ Final environmental review being conducted on the I-405 improvement project between the SR-73 and the I-605



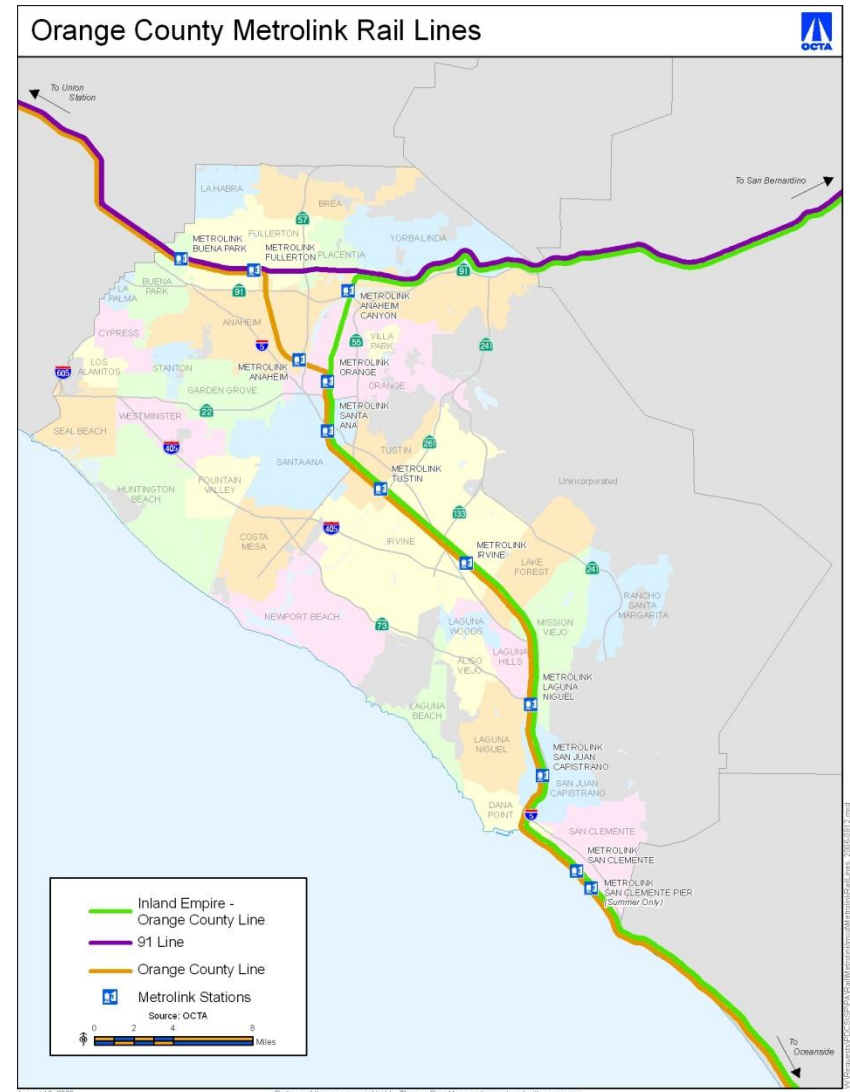
Measure M2 Environmental Programs

- ❑ Freeway environmental mitigation program provides a comprehensive mitigation of the environmental impacts of the 13 freeway improvement projects under M2 program
- ❑ OCTA Board of Directors has allocated a total of \$42 million to purchase and maintain open space in Orange County
- ❑ OCTA has acquired four properties at a cost of approximately \$23 million - negotiations are underway for various other properties
- ❑ In February 2011, the Board authorized the issuance of the M2 Environmental Cleanup Allocation Program - Tier 1 Grant Program call for projects
- ❑ The call for projects is designed to mitigate visible forms of pollutants prior to being deposited in waterways and the ocean



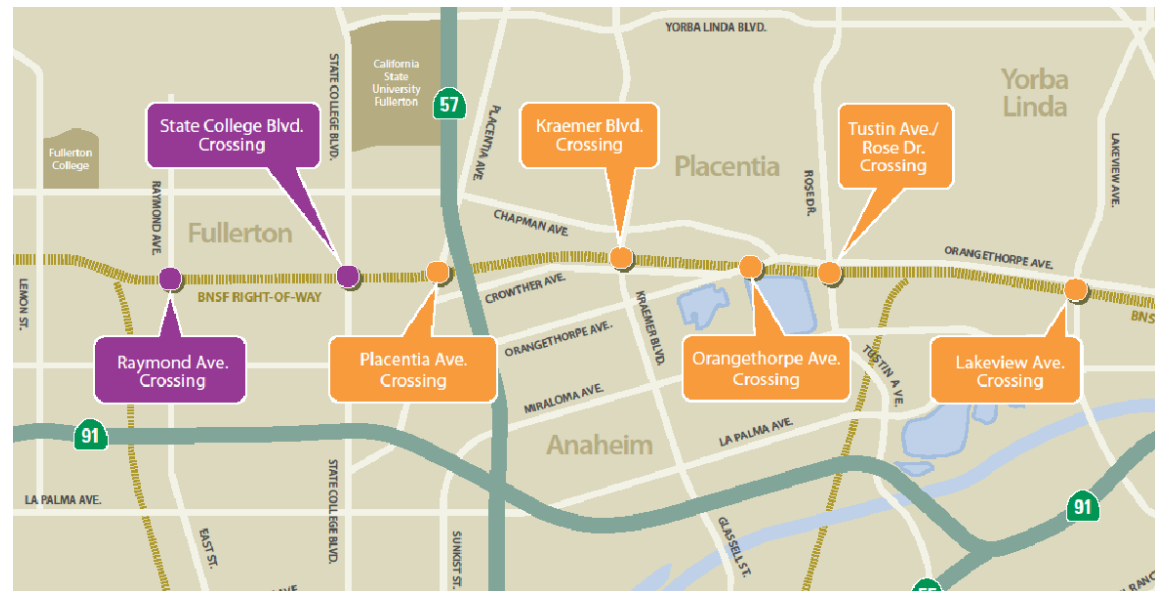
Measure M2 Transit Program

- ❑ Metrolink Service Expansion Plan will increase weekday trips from 42 to 59 trips by Fiscal Year 2014-15
- ❑ Beginning July 5, six new weekday trains will be added within Orange County
- ❑ Construction for 50 at-grade rail-highway crossings in the eight participating cities is anticipated to be complete by the end of 2011
- ❑ The City of Anaheim has begun engineering, fabrication, and the construction process for the Anaheim Regional Transportation Intermodal Center (ARTIC) building structure
- ❑ Approved senior/disabled program funding and policy guidelines



Measure M2 Streets and Roads

- ❑ Local Fair Share program, which provides funding to help cities and the County of Orange pay for the escalating cost of restoring the aging street system, will begin distributing funds July 2011
- ❑ Signal synchronization along ten arterial corridors comprised of 533 signalized intersections on 158 miles of roadway is underway
- ❑ OCTA is overseeing the implementation of seven railroad grade separation projects along the Orangethorpe railroad corridor in the cities of Anaheim, Fullerton, and Placentia
- ❑ Total approved funding for all seven grade separation projects is \$590 million



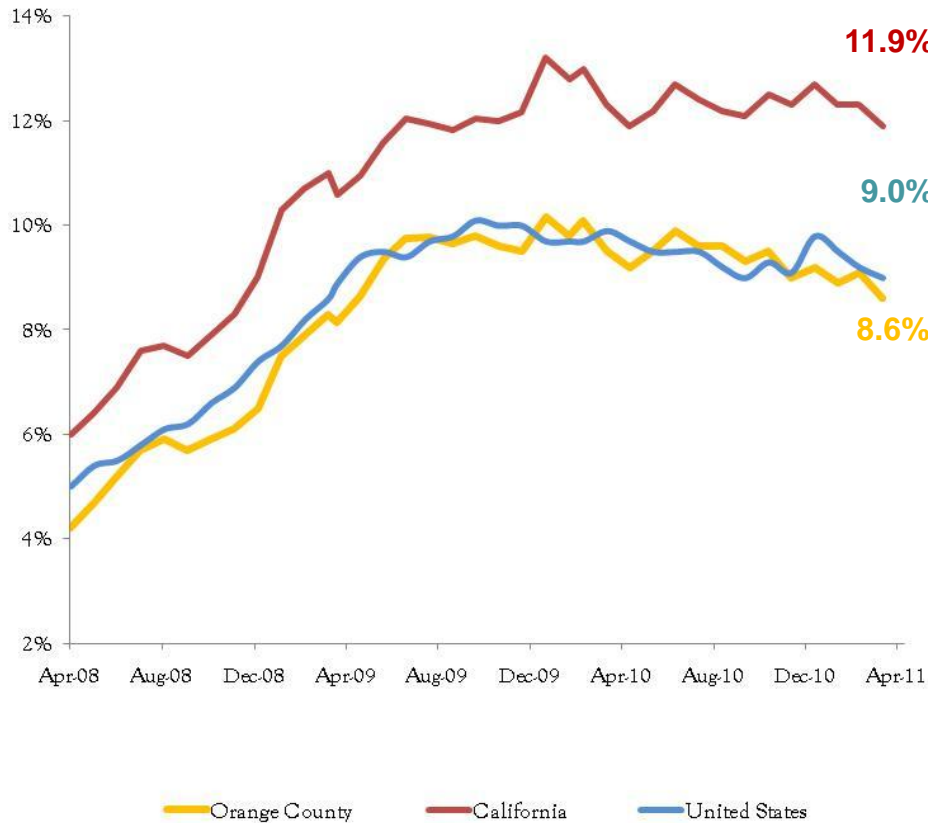
Orange County Economy

Orange County, California

- ❑ Orange County population is third highest in the state and comprises 8 percent of the total
- ❑ Orange County has the second largest employment base in the state and comprises 9.7 percent of the total
- ❑ Orange County generates 10 percent of the state's total taxable sales transactions
- ❑ Median household income is 122 percent of state average and 144 percent of national average
- ❑ If Orange County were a country, it would rank as the 46th largest economy in the world



Unemployment Rate Comparison



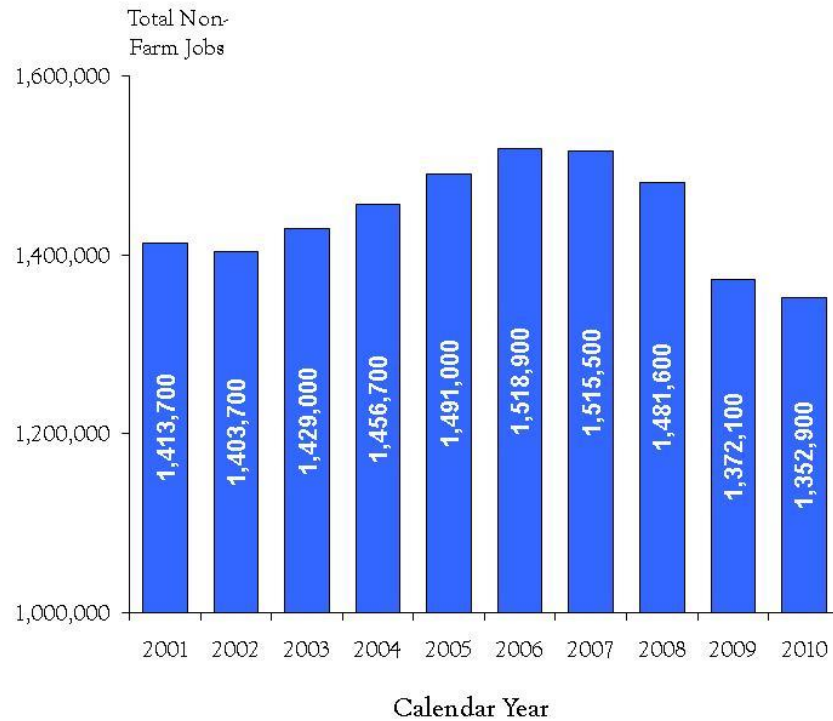
- ❑ Orange County's unemployment rate of 8.6 percent is at a two-year low
- ❑ The rate peaked at 10.1 percent in March 2010
- ❑ Orange County has the lowest unemployment rate in the Southern California region:

Orange County	8.6%
Ventura County	9.7%
San Diego County	9.8%
Los Angeles County	12.1%
Riverside/San Bernardino	13.4%

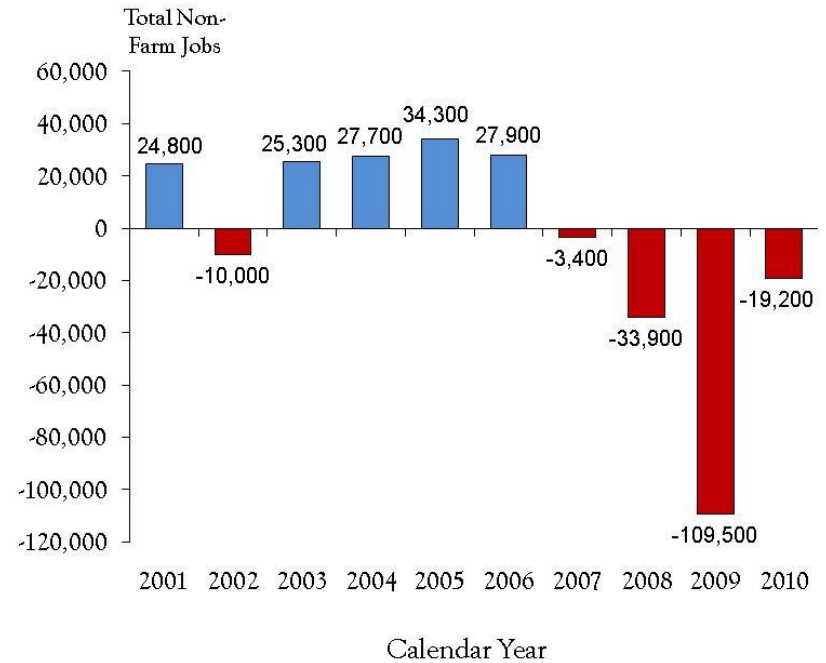
Source: Employment Development Department, April 2011

Annual Changes in Orange County Employment

Employment History



Job Creation and Loss History



Source: Employment Development Department, April 2011

A Closer Look at Job Losses Over the Past Four Years

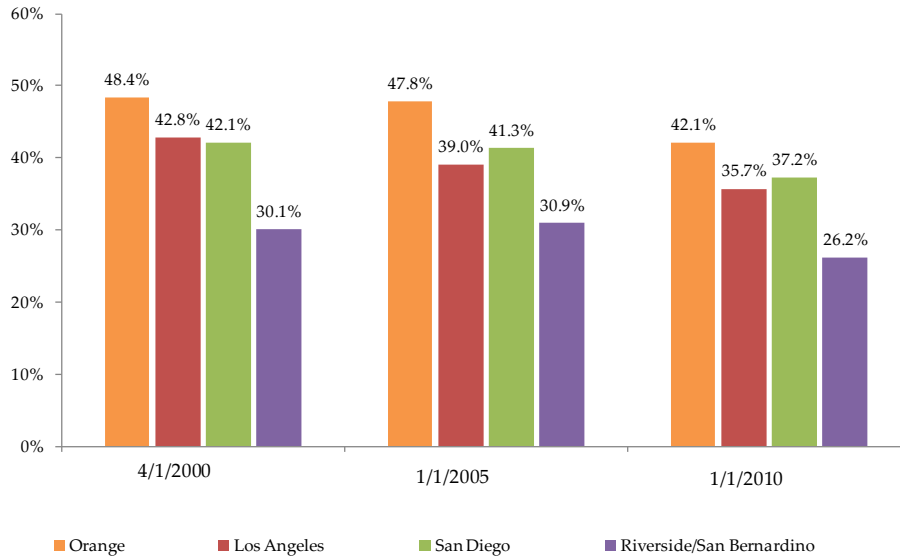
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total 4-Year Gain/Loss</u>	<u>Current Employment Levels Last Seen</u>
Construction	(3,500)	(11,900)	(17,000)	(7,100)	(39,500)	1998
Manufacturing	(2,300)	(6,300)	(19,300)	(4,600)	(32,500)	Before 1990*
Trade, Transportation & Utilities	4,200	(5,400)	(22,100)	(5,300)	(28,600)	1997
Information	(700)	(1,100)	(2,800)	(2,300)	(6,900)	Before 1990*
Financial Activities	(10,500)	(14,600)	(8,000)	(1,500)	(34,600)	2000
Professional & Business Services	(1,200)	(6,700)	(26,400)	2,600	(31,700)	1999
Educational & Health Services	4,900	8,100	1,400	3,900	18,300	N/A
Leisure & Hospitality	3,300	3,500	(7,300)	(400)	(900)	2005
Other Services	(300)	(900)	(3,800)	(400)	(5,400)	1998
Government	2,700	1,400	(4,200)	(4,100)	(4,200)	2001
Total	(3,400)	(33,900)	(109,500)	(19,200)	(166,000)	1999

Source: Employment Development Department, April 2011

* Employment levels before 1990 are not available

Orange County Employment and Population Comparisons

Jobs as a Percent of Population



Percent of Orange County Jobs and Population to the State

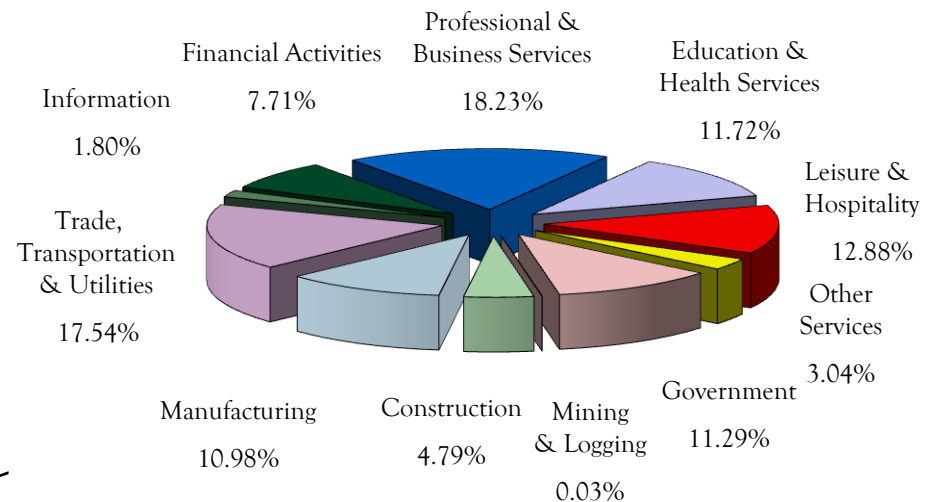


Source: Employment Development Department and California Department of Finance

Orange County Job Market as of April 2011

- ❑ Unemployment rate was 8.6 percent, down from 9.1 in March 2011, and below the year-ago estimate of 9.4 percent
- ❑ Total employment increased by 12,700 jobs from April 2010 to April 2011
- ❑ Leisure and hospitality reported the largest year-over-year growth, with an overall increase of 8,800 jobs
- ❑ Professional and business services added 7,800 jobs
- ❑ Government reported the largest year-over-year employment decline with a cutback of 3,700 jobs overall

Orange County Employment Sectors
1.366 Million Total Nonfarm Jobs



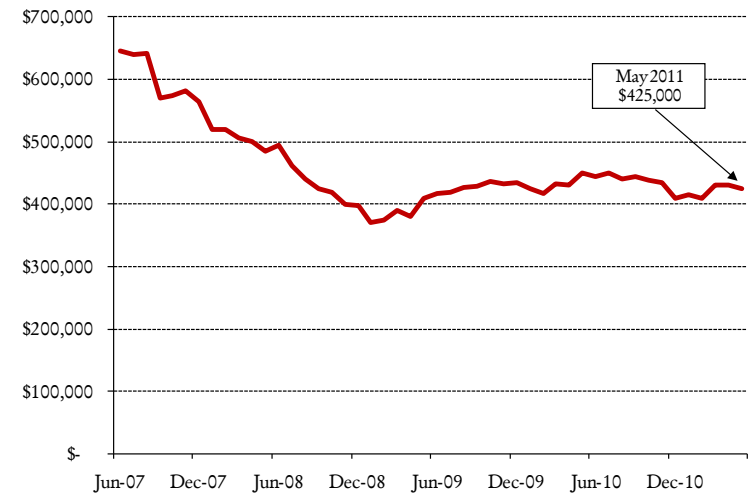
Source: Employment Development Department, April 2011

Median Home Prices and Sales Volume

County	May 2011 Median Price	Change from May 2010
Orange	\$425,000	-5.6%
Los Angeles	\$320,000	-7.2%
San Diego	\$324,500	-4.6%
San Bernardino	\$150,000	-6.3%
Riverside	\$197,000	-6.2%
Ventura	\$360,500	-5.1%
Southern California	\$280,000	-8.20%

County	May 2011 Sales Volume	Change from May 2010
Orange	2,664	-18.2%
Los Angeles	5,983	-18.3%
San Diego	3,087	-20.4%
San Bernardino	2,323	-18.1%
Riverside	3,644	-12.5%
Ventura	693	-15.0%
Southern California	18,394	-17.4%

Orange County Median Prices



Source: DataQuick



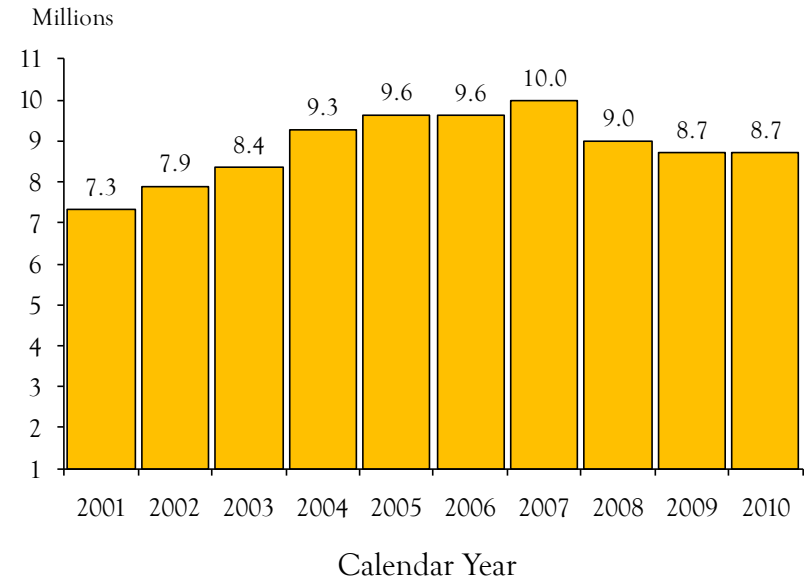
Visitor Spending Rebounds in 2010

- ❑ Leisure and Hospitality accounts for 175,900 jobs
- ❑ Anaheim has the largest convention center on the West Coast

Visitor Spending



Total Passengers at John Wayne Airport



Source: Anaheim/Orange County Visitors and Convention Bureau

Chief Executive Officer's Report

Managing Through the Recession

❑ Impacts to Orange County:

- Significant decline in sales tax revenues
- High unemployment
- Reduced 91 Express Lanes, bus, and rail ridership
- External funds jeopardized
- Favorable bidding environment
- Low interest rates and inflation

❑ OCTA response:

- Accelerated construction projects and realized cost savings
- Locked-in attractive long-term financing
- Leveraged external revenues
- Lowered 91 Express Lanes tolls
- Reduced bus service by 20 percent
- Revised future service levels for Metrolink program
- Reduced administrative positions and benefits
- Zero compensation increase for all employees
- Initiated Transit System Study



Fiscal Year 2011-12 Budget is Balanced

- ❑ The Board approved \$1.1 billion FY 2011-12 budget on June 13, 2011
- ❑ FY 2011-12 budget reflects a 4.6 percent decrease from current year budget
- ❑ Budget is consistent with Strategic Plan and Comprehensive Business Plan

Revenue By Source (in Millions)	FY 2011-12 Budget	Percent of Budget
Local Transportation Authority 1/2 Cent Sales Tax (M2)	\$243.1	22.0%
Federal Grants	207.4	18.8%
Local Transportation Fund 1/4 Cent Sales Tax	129.0	11.7%
State Grants	93.2	8.4%
Passenger Fares	50.7	4.6%
91 Express Lanes Revenues	41.8	3.8%
Gas Tax Exchange	23.0	2.1%
Gas Tax	23.0	2.1%
State Transit Assistance	19.4	1.8%
Interest	12.9	1.2%
Property Tax	11.0	1.0%
Other	10.8	1.0%
Advertising	3.2	0.3%
Subtotal Sources	\$868.6	
Planned Use of Reserves	236.7	21.4%
Total Revenues / Reserves	\$1,105.3	

Expenditures (in Millions)	FY 2011-12 Budget	Percent of Budget
Capital Expenditures	\$226.5	20.5%
Contributions to Other Agencies	196.2	17.7%
Salaries & Benefits	147.3	13.3%
Professional & Outside Services	138.2	12.5%
Contract Transportation Services	70.4	6.4%
Measure M2 Local Fair Share/Regional Capacity	63.9	5.8%
Measure M1 Turnback / Competitive	38.0	3.4%
Interest Expense	29.2	2.6%
Gas Tax Exchange	23.0	2.1%
Maintenance Parts & Fuel	21.9	2.0%
General & Administration	12.7	1.1%
Insurance Claims / Premiums	11.1	1.0%
Other Operating Expense	0.7	0.1%
Subtotal Expenditures	\$979.0	
Designations	126.3	11.4%
Total Expenditures / Designations	\$1,105.3	

California State Budget Update

- ❑ On May 16, 2011, Governor Brown released the May Revise for FY 2011-12 state budget to the Legislature
- ❑ Impacts of the budget to Orange County:
 - \$19.25 million in transit operations revenue for FY 2011-12
 - Approximately \$30 million in FY 2011-12 for highway and transit capital projects
- ❑ Despite budget reduction measures passed earlier this year and higher than anticipated personal income tax revenues, the state still projected a \$9.6 billion deficit that needed to be addressed for FY 2011-12
- ❑ On June 15, 2011, both houses of the California Legislature approved several majority vote budget bills in order to meet the constitutional deadline of June 15th for the budget to be passed
- ❑ On June 16, 2011, Governor Brown vetoed the two key budget bills that constituted the FY 2011-12 state budget



Strategic Plan Adopted to Guide Agency & Measure Results

- ❑ Development began in July 2010 and approved in February 2011
- ❑ Involvement included Board of Directors, employees, and key external stakeholders
- ❑ The five-year plan incorporates the agency's vision, mission and values in achieving transportation goals
- ❑ The plan was developed using best practices and “balanced scorecard”
- ❑ Goal of plan is to instill a culture of performance-based management, using metrics for developing budgets and framework for employee performance plans
- ❑ Main goals are Mobility, Public Service, Financial Sustainability, Stewardship, and Organizational Excellence
- ❑ Monitoring of performance led by Human Resources & Organizational Development Division



Maximizing the Efficiency and Effectiveness of Transit

- ❑ OCTA initiated a Transit System Study (TSS) to create a transit vision for the future - a more efficient, sustainable transit system that would support Orange County's growing population
- ❑ The focus is on finding new, affordable ways of providing cost-effective bus services in order to make the best use of limited financial resources
- ❑ OCTA developed guiding principles to maximize bus service planning efficiency and to reduce dependency on external funding:
 - Invest in high performing services
 - Replace lower performing services with lower cost services
 - Integrate city shuttles that connect with Metrolink rail and community circulators with the fixed-route network
 - Match service products to markets
 - Improve service efficiency and speeds in an integrated network



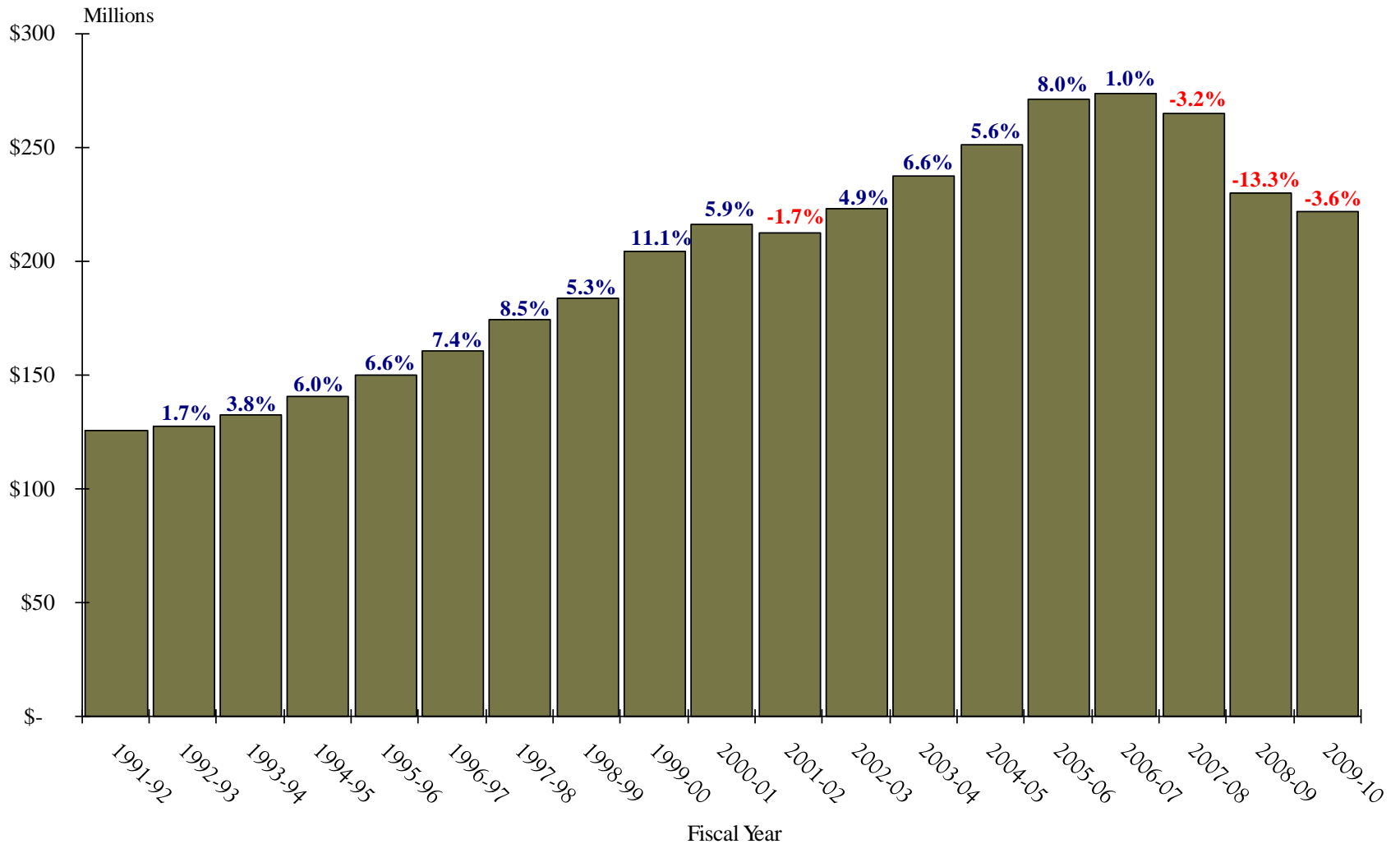
Breaking Down Barriers Initiative

- ❑ Before an infrastructure project can begin, a number of federal processes must be completed
- ❑ These processes create barriers that delay program funding, job creation and economic recovery
- ❑ OCTA created the Breaking Down Barriers initiative to expedite the delivery of federal transportation infrastructure projects by improving efficiency of federal review processes
- ❑ Study team included interviews with public officials at all levels, practitioners within and outside of implementing agencies, and industry leaders experienced in both public and private sectors
- ❑ The three broad categories of recommended changes include:
 - Focus the federal process on outcomes
 - Federal-state-local relationship should be a partnership for performance
 - Parties at all levels should focus on efficiency



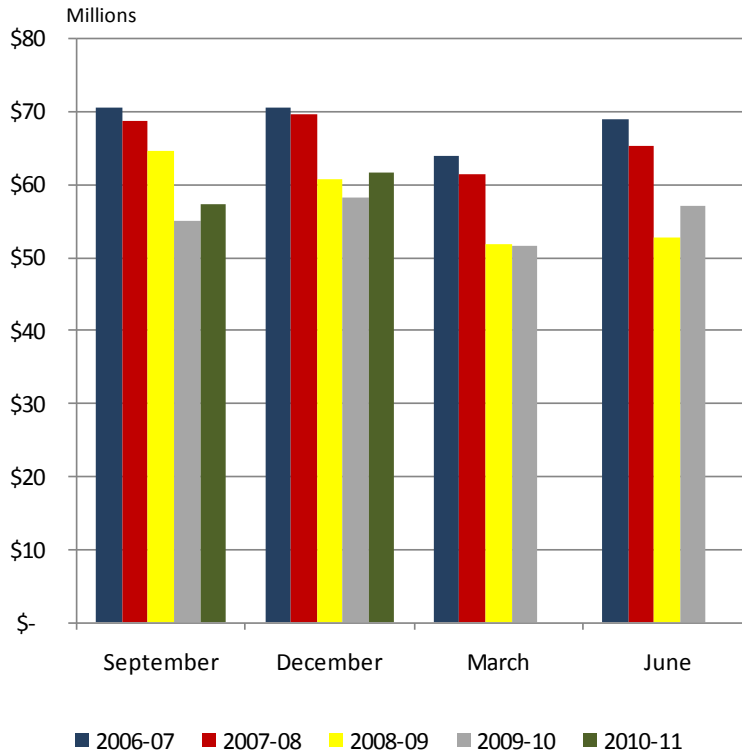
Sales Tax Collections

Historical Measure M1 Sales Tax Revenues

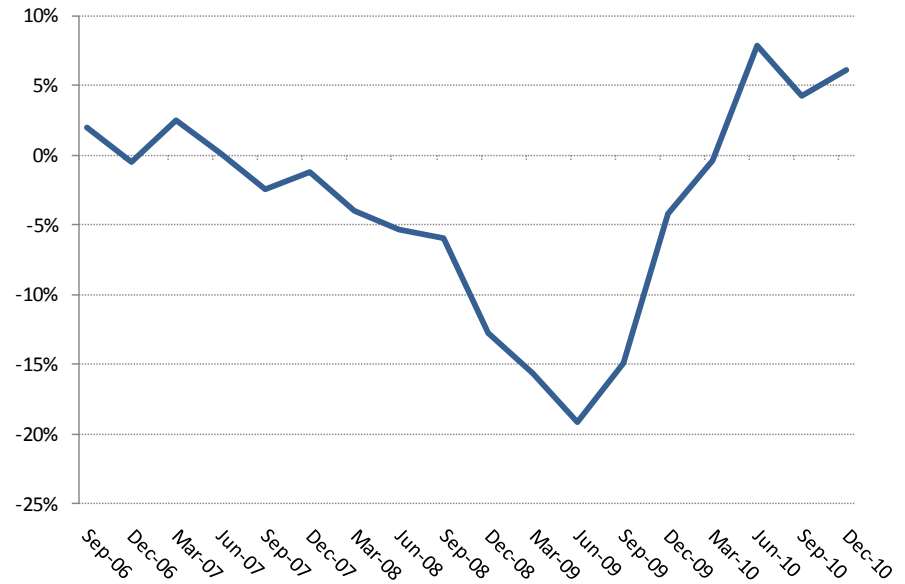


Quarterly Look at Measure M1 Sales Tax Collections

Sales Tax Revenues
By Quarter



Quarterly Sales Tax Revenues
Percent Change From Prior Year



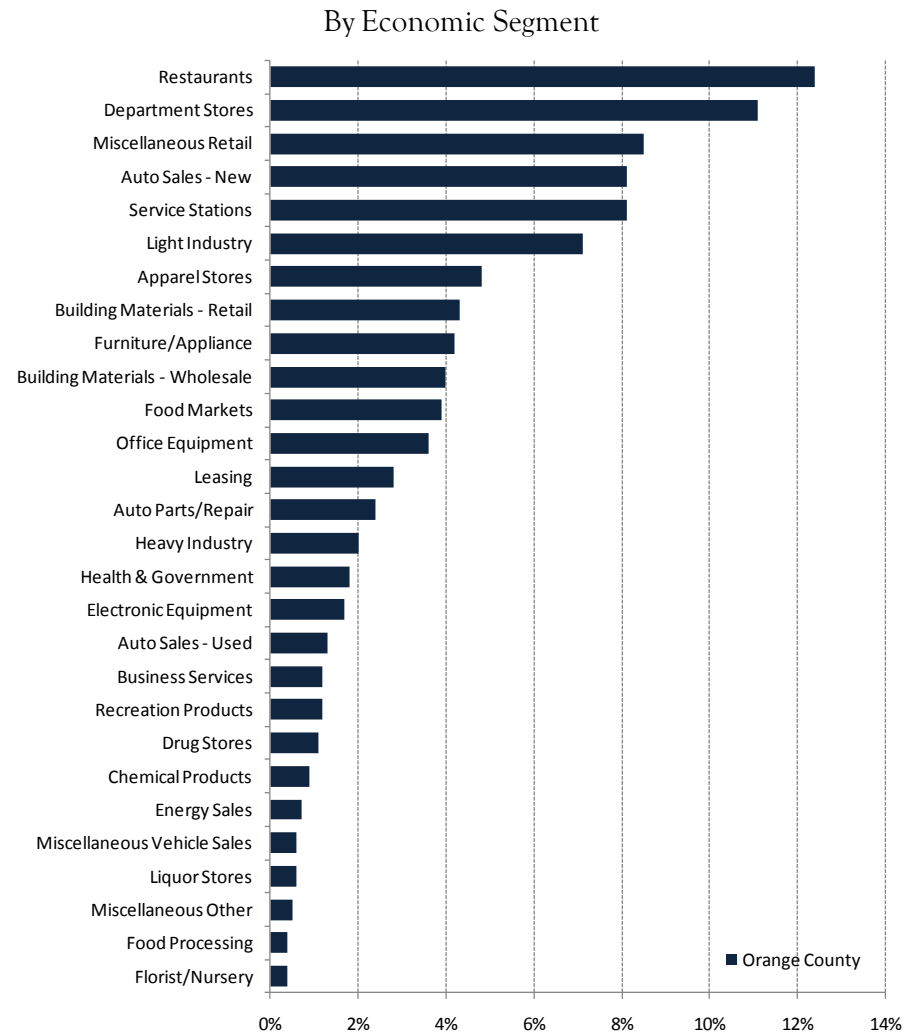
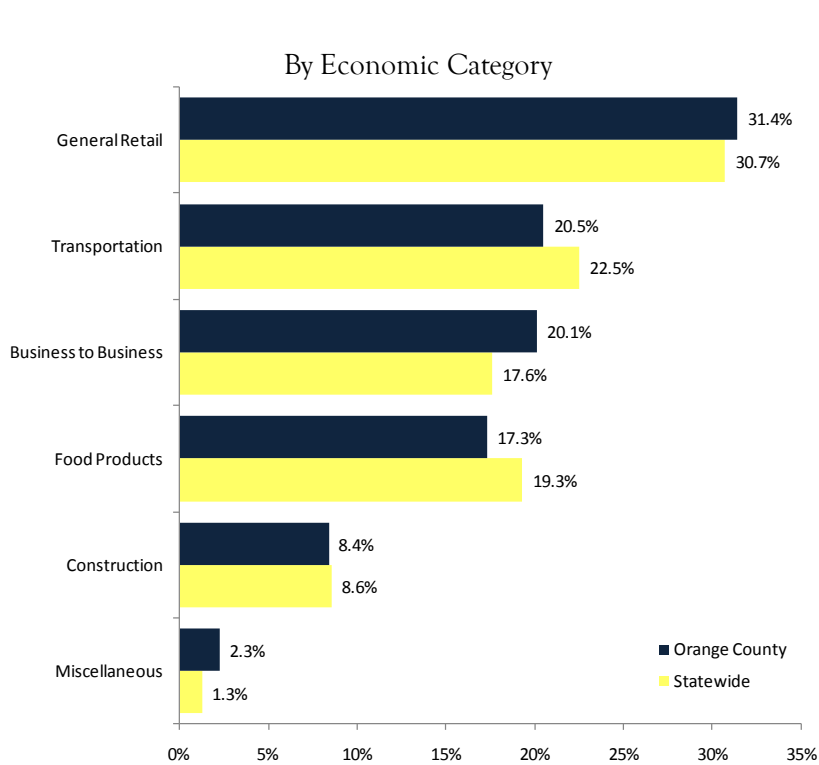
Comparison of Sales Tax Collections

Percent Change in Sales Tax Collections Over Prior Year

Quarter Ending:	2008 3rd Qtr	2008 4th Qtr	2009 1st Qtr	2009 2nd Qtr	2009 3rd Qtr	2009 4th Qtr	2010 1st Qtr	2010 2nd Qtr	2010 3rd Qtr	2010 4th Qtr
OCTA	-6.2%	-13.0%	-15.5%	-19.3%	-15.1%	-4.2%	-0.2%	8.0%	4.4%	6.2%
LOS ANGELES METRO	-1.3%	-11.7%	-17.0%	-21.6%	-17.5%	-6.4%	-0.6%	5.8%	4.3%	5.9%
SANDAG TRANSNET	-3.8%	-9.9%	-15.2%	-18.1%	-13.3%	-5.3%	2.8%	7.7%	6.6%	6.9%
BAY AREA RAPID TRANSIT	-3.8%	-9.7%	-16.7%	-20.9%	-13.2%	-6.0%	0.4%	9.9%	3.6%	6.4%
VTA 1976 SALES TAX	-3.9%	-11.1%	-20.9%	-26.9%	-9.7%	-4.0%	7.9%	17.7%	6.3%	10.5%
VTA 2000 MEASURE A	-2.1%	-9.5%	-20.6%	-26.3%	-11.0%	-4.2%	9.2%	17.5%	6.6%	10.6%
RCTC	-9.6%	-14.9%	-18.3%	-21.6%	-16.6%	-5.7%	0.1%	7.2%	3.3%	7.4%
SAN JOAQUIN	-3.5%	-10.3%	-20.4%	-26.2%	-17.0%	-8.5%	3.6%	8.0%	5.0%	8.4%
NORTHERN CALIFORNIA	-2.2%	-9.2%	-16.6%	-22.0%	-14.0%	-6.6%	1.0%	8.5%	3.9%	7.2%
SOUTHERN CALIFORNIA	-3.9%	-12.0%	-16.2%	-19.9%	-15.5%	-5.6%	0.1%	6.5%	3.6%	6.0%
STATE TOTAL	-3.2%	-10.8%	-16.4%	-20.8%	-14.8%	-6.0%	0.5%	7.3%	3.7%	6.5%

Source: MuniServices

Orange County Sales Tax Breakdown*

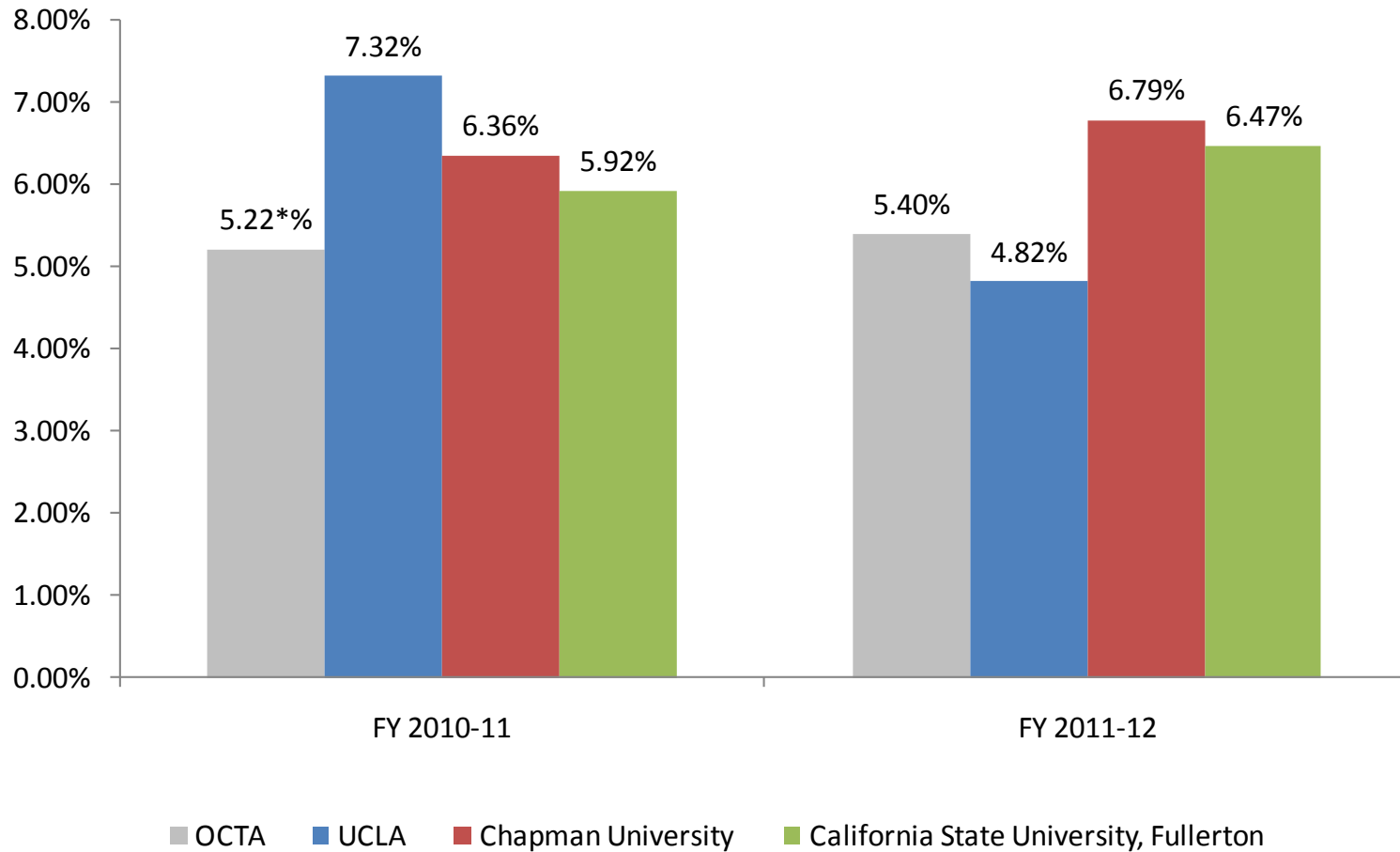


* Breakdown is for the 12 month period ending December 2010

Source: MuniServices

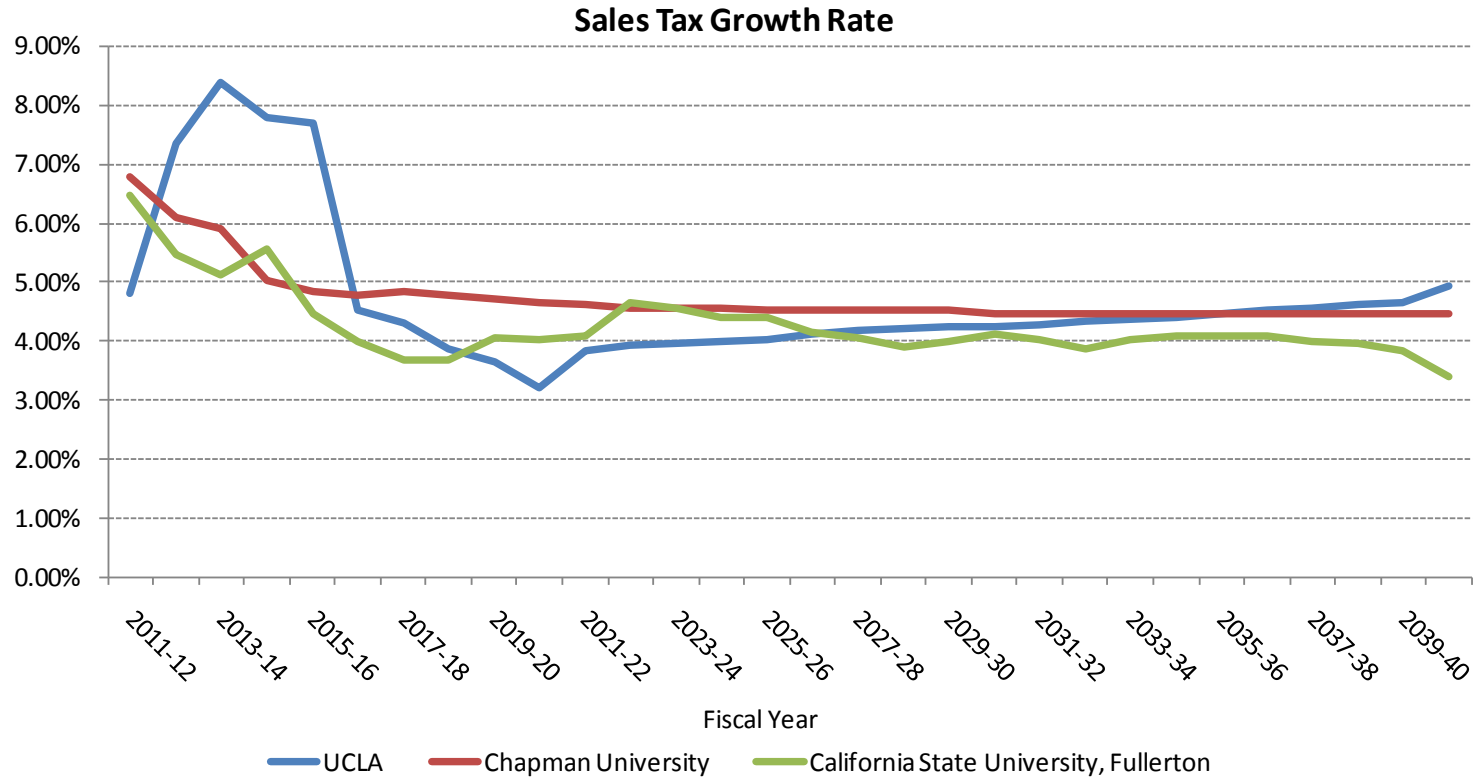


Growth Rate Projections for FY 2010-11 and FY 2011-12



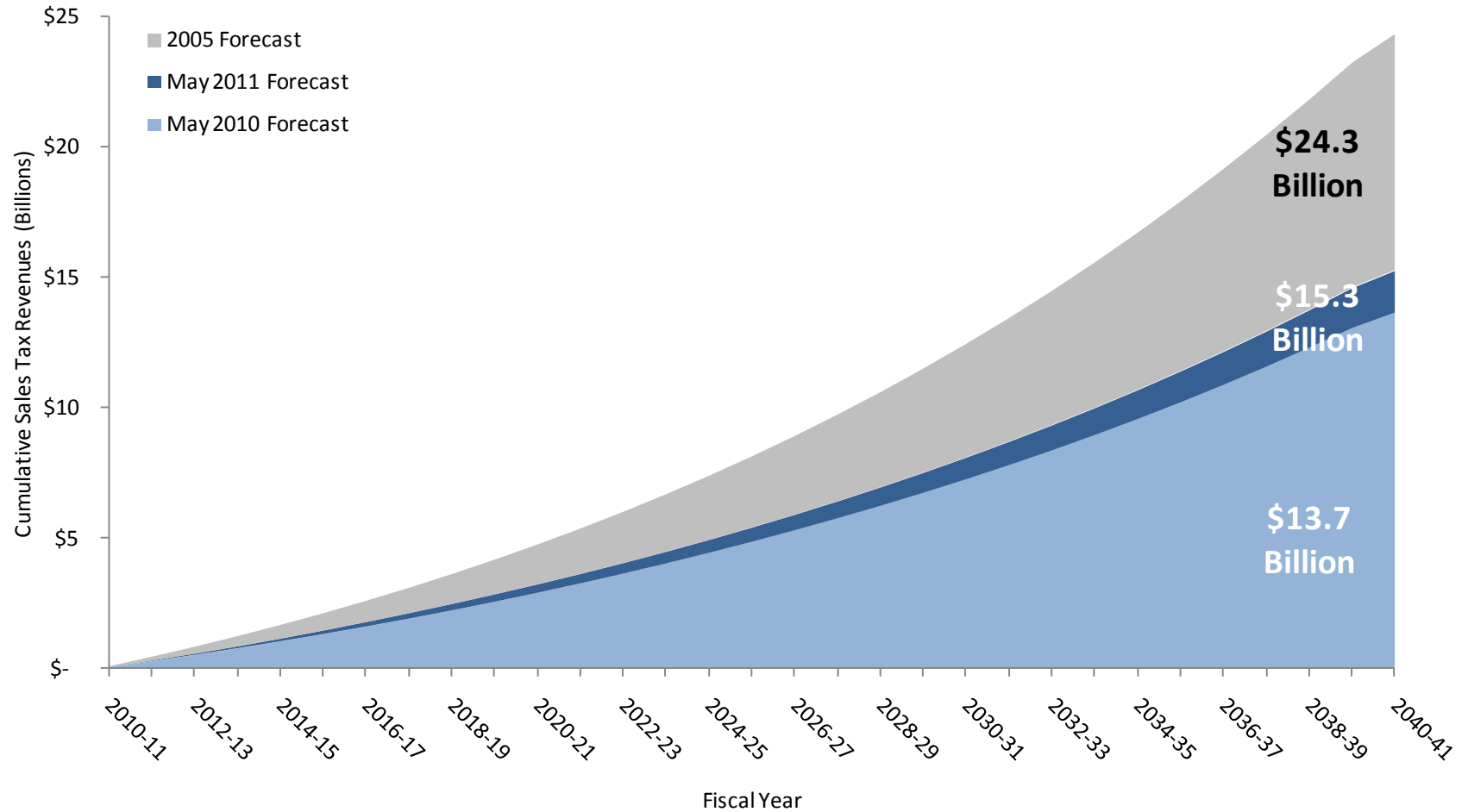
* Represents actual collections for the first six months of FY 2010-11 (July 2010 through December 2010)

Measure M2 Forecasts by University

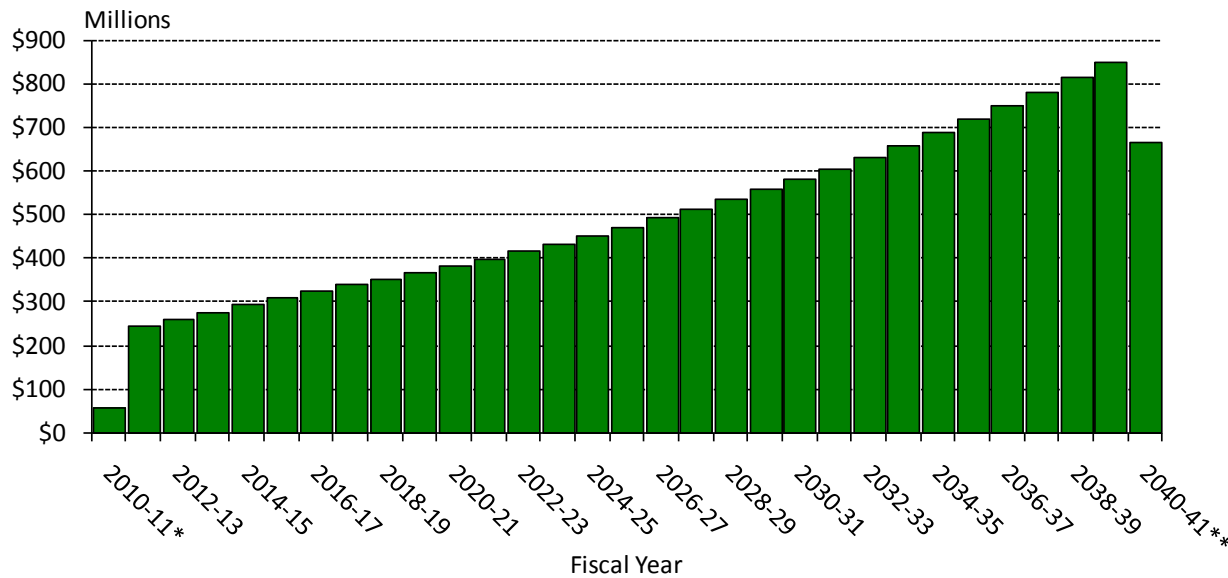


	Average 1-Year Rate FY 2012	Average 3-Year Rate FY 2012-2014	Average 5-Year Rate FY 2012-2016	Average 10-Year Rate FY 2012-2021	Average 30-Year Rate FY 2012-2041
UCLA	4.82%	6.86%	7.21%	5.56%	4.71%
Chapman University	6.79%	6.27%	5.74%	5.24%	4.75%
California State University, Fullerton	6.47%	5.69%	5.42%	4.65%	4.27%

Measure M2 Forecast Comparison



2011 Measure M2 Nominal Forecast Totals \$15.3 Billion



* Represents one quarter of sales tax collections
 ** Represents three quarters of sales tax collections

Fiscal Year	Measure M2 Projected Revenue	Growth Rate
2010-11*	\$ 58,352,724	5.22%
2011-12	246,015,083	5.40%
2012-13	261,532,220	6.31%
2013-14	278,476,423	6.48%
2014-15	295,564,653	6.14%
2015-16	312,294,052	5.66%
2016-17	326,158,331	4.44%
2017-18	340,097,246	4.27%
2018-19	354,037,558	4.10%
2019-20	368,697,923	4.14%
2020-21	383,263,092	3.95%
2021-22	399,310,947	4.19%
2022-23	416,802,923	4.38%
2023-24	434,977,935	4.36%
2024-25	453,748,399	4.32%
2025-26	473,363,848	4.32%
2026-27	493,539,045	4.26%
2027-28	514,540,510	4.26%
2028-29	536,217,790	4.21%
2029-30	559,063,610	4.26%
2030-31	582,950,005	4.27%
2031-32	607,789,237	4.26%
2032-33	633,431,737	4.22%
2033-34	660,564,901	4.28%
2034-35	689,114,252	4.32%
2035-36	719,000,111	4.34%
2036-37	750,301,456	4.35%
2037-38	782,854,010	4.34%
2038-39	816,852,720	4.34%
2039-40	852,138,167	4.32%
2040-41**	666,297,903	4.26%
Total	\$ 15,267,348,808	4.58%



Debt and Investments

Measure M1 Debt Program Ends

- ❑ Over \$1.2 billion in Measure M1 debt issued during the 20-year period
- ❑ First Measure M note issued in January 1991 for \$49.3 million
- ❑ All debt service payments made on time despite Orange County bankruptcy filing in December 1994
- ❑ Debt structure included first senior bonds, second senior bonds, taxable commercial paper program, and a tax-exempt commercial paper program
- ❑ Final debt service payment of \$85.1 million remitted on February 15, 2011

NEW ISSUE BOOK-ENTRY-ONLY

In the opinion of Bond Counsel, assuming compliance by the Authority with certain tax covenants described herein, the interest on the 1991 Series A Notes is excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and judicial decisions and, in the opinion of Bond Counsel, the interest on the 1991 Series A Notes is exempt from personal income taxes of the State of California under present state law. Original issue discount ("OID") on the 1991 Series A Notes properly allocable to a Noteholder is treated as interest and is excluded from gross income to the same extent as interest on the 1991 Series A Notes described in the preceding sentence. In addition, Bond Counsel is of the opinion that the 1991 Series A Notes are not "private activity bonds" and, therefore, the interest on the 1991 Series A Notes will not be treated as a specific item of tax preference for purposes of the federal alternative minimum tax. However, interest on the 1991 Series A Notes is included in the computation of certain federal taxes on corporations. See "TAX EXEMPTION" herein.

\$49,325,000
Orange County Local Transportation Authority
(Orange County, California)
Sales Tax Revenue Notes, 1991 Series A
(Limited Tax Bonds)

Dated: January 1, 1991 **Due: April 1, 1993**

The 1991 Series A Notes are limited obligations of the Orange County Local Transportation Authority, and the payment of principal of and interest on the 1991 Series A Notes shall be paid from the Revenues, the Note Collateral Fund and the Project Fund, as defined in the Indenture herein described. The Indenture provides that the Authority shall grant, as security for the repayment of the 1991 Series A Notes and the interest thereon, a first lien and charge against the Revenues, the Note Collateral Fund and the Project Fund as defined in the Indenture; provided, however, that the Revenues will not be available to pay principal of and interest on the 1991 Series A Notes until the Note Collateral Fund has been released to the Authority as provided in the Indenture. It is expected that amounts in the Note Collateral Fund will be invested in an investment agreement with Morgan Guaranty Trust Company of New York. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWERS OF THE COUNTY OF ORANGE, THE STATE OF CALIFORNIA, OR ANY OTHER POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OTHER THAN THE AUTHORITY TO THE EXTENT OF THE PLEDGE OF THE REVENUES, THE NOTE COLLATERAL FUND AND THE PROJECT FUND, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 1991 SERIES A NOTES. THE 1991 SERIES A NOTES ARE "LIMITED TAX BONDS" WITHIN THE MEANING OF CALIFORNIA PUBLIC UTILITIES CODE SECTION 182251.

The 1991 Series A Notes will be issued in book-entry form, initially registered in the name of Code & Co., New York, New York, as nominee of The Depository Trust Company, New York, New York.

Interest on the 1991 Series A Notes will be payable on October 1 and April 1, commencing October 1, 1991. Purchasers will not receive certificates representing their interest in the 1991 Series A Notes. Individual purchases will be in principal amounts of \$5,000 or in any integral multiple of \$5,000. Payments of principal and interest will be paid by State Street Bank and Trust Company of California, N.A., Los Angeles, California to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the 1991 Series A Notes.

The Authority may issue additional notes on a parity with the 1991 Series A Notes upon satisfaction of certain conditions contained in the Indenture.

THE 1991 SERIES A NOTES ARE SUBJECT TO OPTIONAL REDEMPTION IN WHOLE OR IN PART ON ANY DATE ON OR AFTER MARCH 1, 1992, WITHOUT PREMIUM. To the extent more fully described herein, the 1991 Series A Notes are legal investments for commercial banks in California and are eligible to secure deposits of public monies in California.

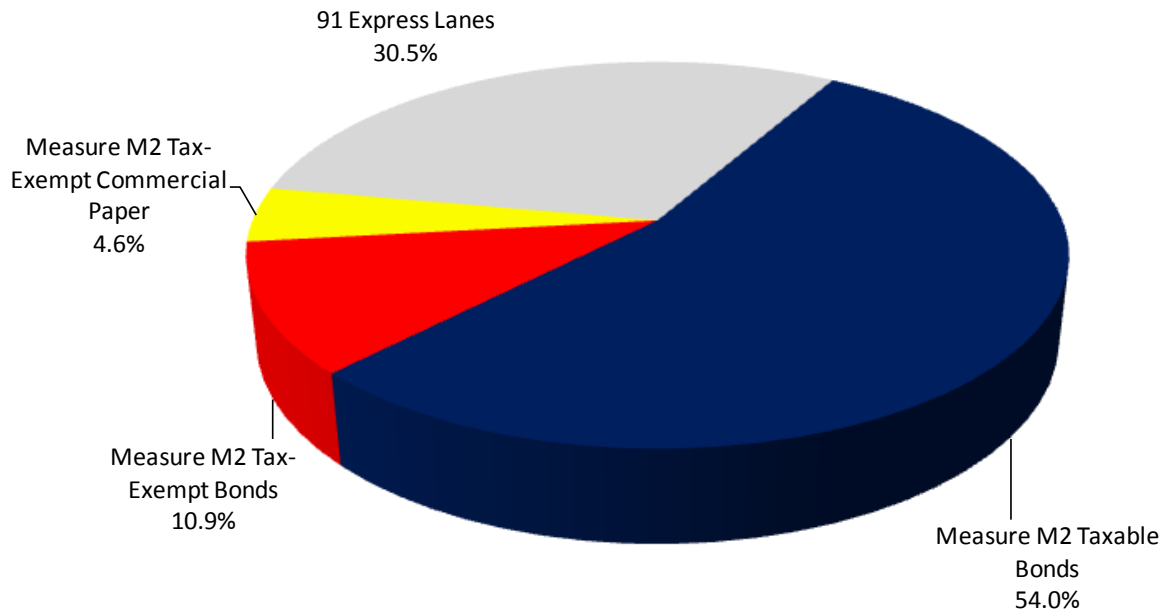
Cusip No. 684273AA3 Interest Rate: 5.35% Yield: 5.40%
(Plus Accrued Interest from the Date of the Issuance)

The 1991 Series A Notes are offered when, as, and if issued subject to the approval of validity by O'Melveny & Myers, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its General Counsel, Parker, Covert & Chidester, Tustin, California. Certain legal matters will be passed upon for the Underwriters by Nossaman, Guthrie, Knox & Elliott. It is anticipated that the 1991 Series A Notes will be available for delivery to DTC on or about February 7, 1991.

Kidder, Peabody & Co.,
Incorporated
Goldman, Sachs & Co. **Lehman Brothers**
Artemis Capital Group, Inc.

Dated: January 31, 1991

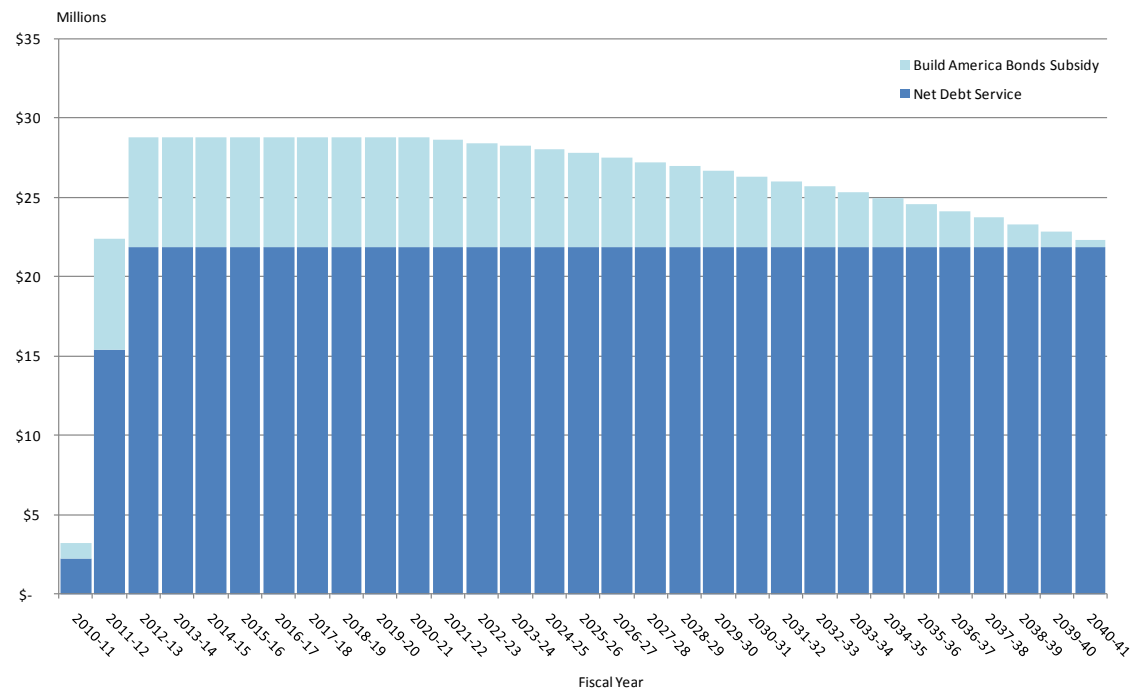
Current Debt Profile – Outstanding Debt Totals \$543 Million



Outstanding Debt	Outstanding Balance	Final Maturity Date
Measure M2 Taxable Bonds	\$293,540,000	February 2041
Measure M2 Tax-Exempt Bonds	\$59,030,000	February 2020
Measure M2 Tax-Exempt Commercial Paper	\$25,000,000	November 2011
91 Express Lanes	\$165,685,000	December 2030
Total	\$543,255,000	

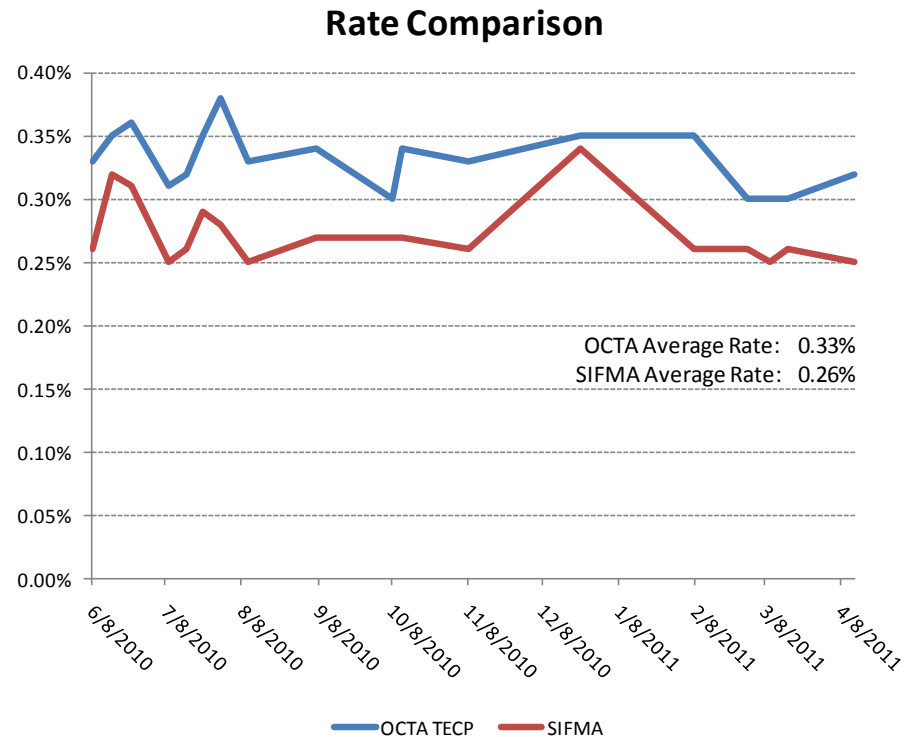
\$352.6 Million in Measure M2 Bonds Issued in 2010

- ❑ Issued \$352.57 million in December 2010 to advance Measure M2 projects
 - \$293.54 million in taxable Build America Bonds
 - \$59.03 million in tax-exempt bonds
- ❑ True interest cost of the transaction totaled 4.328 percent
- ❑ Taxable term bond maturing in 2041 (\$250 million) includes a make whole provision
- ❑ Taxable serial bonds (\$43.54 million) contain a call premium after 10 years
- ❑ Average net debt service per year totals \$21.8 million (after Build America Bonds subsidy)



Measure M2 Commercial Paper Program

- ❑ \$400 million tax-exempt commercial paper program commenced in February 2008
- ❑ Tax-exempt commercial paper program is secured by a direct pay Letter of Credit from four banks:
 - Dexia
 - JP Morgan Chase
 - Bank of America Merrill Lynch
 - BNP Paribas
- ❑ OCTA issued \$100 million through December 2010
- ❑ \$75 million was refunded in December 2010 and maximum program amount was reduced to \$50 million
- ❑ Letter of Credit expires in November 2011
- ❑ Outstanding commercial paper balance as of June 1, 2011 totals \$25 million



Measure M2 Coverage Projections

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Sales Tax Receipts (1)	\$ 246,015	\$ 261,532	\$ 278,476	\$ 295,565	\$ 312,294
Less: SBOE & Oversight Audit Fees (2)	6,150	6,538	6,962	7,389	7,807
Less: Environmental Cleanup (3)	4,920	5,231	5,570	5,911	6,246
Sales Tax Revenues	234,944	249,763	265,945	282,264	298,241
Less: Local Revenues (4)	41,847	44,487	47,369	50,276	53,121
Revenues Available for Debt Service (5)	193,097	205,277	218,576	231,989	245,120
Debt Service on Outstanding Bonds (6)	15,424	21,835	21,833	21,834	21,835
Estimated Debt Service on Outstanding Commercial Paper (7)	3,955	3,955	3,955	3,955	3,955
Future Bond Issuance Debt Service (8)			15,896	15,896	15,896
Total Debt Service	\$ 19,379	\$ 25,790	\$ 41,684	\$ 41,685	\$ 41,687
Debt Service Coverage Ratio for Outstanding Bonds	12.52x	9.40x	5.79x	6.15x	6.50x
Debt Service Coverage Ratio for All Debt	9.96x	7.96x	5.24x	5.57x	5.88x

(1) Based upon forecasted values by OCTA for FY 2011-12 and UCLA, Chapman University, and California State University at Fullerton for FY 2012-13 through FY 2015-16

(2) Based upon 2.5% for SBOE and Oversight Audit fees

(3) Based upon 2.0% for Environmental Cleanup fees

(4) Computed at 18% of the difference between Sales Tax Revenues and the Authority administrative expenses of 1% on receipts of the Sales Tax

(5) Excludes investment earnings

(6) In December 2010, OCTA issued \$352.57 million in M2 Sales Tax Revenue Bonds. The debt service payments correspond with this issuance

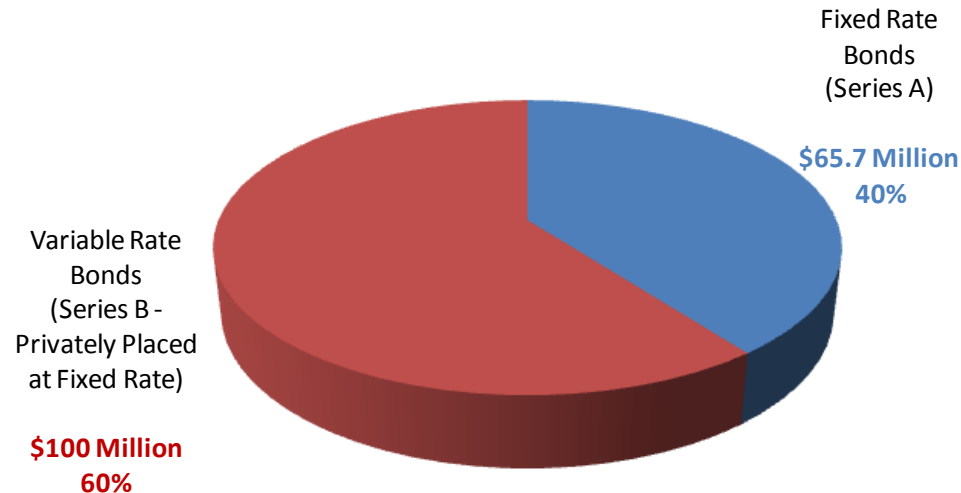
(7) Based upon a 6% rate for 30 years for the maximum stated amount of \$54,438,356

(8) Based upon a \$210 million bond issuance at 6% rate for 27 years

Zero Percent Growth Scenario - Revenues Kept at FY 2011-12 Levels

Revenues Available for Debt Service	193,097	193,097	193,097	193,097	193,097
Debt Service Coverage Ratio for Outstanding Bonds	12.52x	8.84x	5.12x	5.12x	5.12x
Debt Service Coverage Ratio for All Debt	9.96x	7.49x	4.63x	4.63x	4.63x

91 Express Lanes Debt



- ❑ In December 2010, OCTA rolled over private placement transaction with the Orange County Investment Pool at a fixed rate of 1.55 percent
- ❑ The maturity of the private placement is August 15, 2013 (which matches the first optional call date of the fixed rate Series A bonds)
- ❑ \$75 million Lehman Brothers/Woodlands Bank interest rate swap terminated in March 2011 (\$25 million interest rate swap with JP Morgan remains outstanding)
- ❑ OCTA will evaluate restructuring opportunities before August 2013

91 Express Lanes Coverage Projections – New Capacity

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15*	FY 2015-16
Gross Potential Toll Revenues (1)	\$37,094,506	\$37,094,506	\$37,094,506	\$31,530,330	\$31,530,330
Tolls (2)	\$34,868,836	\$34,868,836	\$34,868,836	\$29,638,511	\$29,638,511
Add: Non-Toll Revenues (3)	\$6,944,323	\$6,944,323	\$6,944,323	\$6,944,323	\$6,944,323
Revenues	\$41,813,159	\$41,813,159	\$41,813,159	\$36,582,834	\$36,582,834
Less: Current Expenses (4)	(14,722,641)	(15,164,320)	(15,619,250)	(16,087,827)	(16,570,462)
Net Revenues for Debt Service	\$27,090,518	\$26,648,839	\$26,193,909	\$20,495,007	\$20,012,372
Existing Bond Debt Service (5)	\$10,757,468	\$10,757,468			
Future Bond Issuance Debt Service (6)			\$14,316,721	\$14,316,721	\$14,316,721
Net Revenues after Debt Service	\$16,333,051	\$15,891,371	\$11,877,189	\$6,178,286	\$5,695,651
Debt Service Coverage Ratio for Outstanding Bonds	2.52 x	2.48 x	1.83 x	1.43 x	1.40 x

(1) Zero percent growth for toll revenues through FY 2013-14; drop in toll revenues in FY 2014-15 and FY 2015-16 reflects completion of new general purpose lanes on SR-91

(2) Tolls have averaged 94% of Gross Potential Toll Revenues

(3) Zero percent growth for non-toll revenues

(4) Current Expenses are estimated to increase by 3% per year

(5) Includes debt service for the 2003 bonds and the 2010 private placement

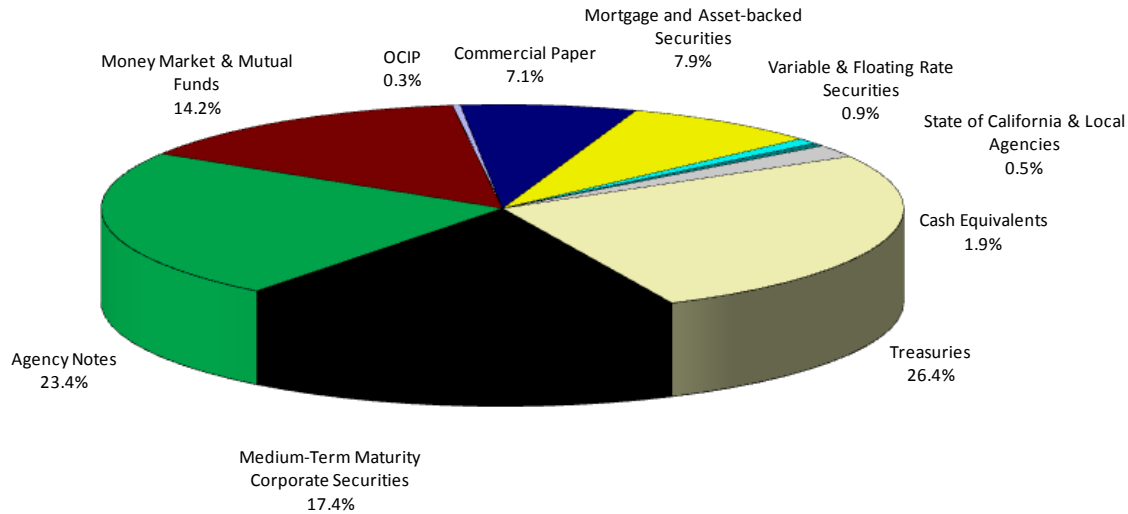
(6) Debt service for a \$150 million bond transaction at 6% for 17 years

* In FY 2014-15, an additional general purpose lane will open in the SR-91 corridor - completion of the project is projected to lower toll revenues by 15%

\$56 Million in Net Revenues after Debt Service Projected over Next Five Years
\$53 Million in Total Reserves Accumulated To-Date



Investment Portfolio Totals \$1 Billion (as of April 2011)



Maturity Schedule

