Foothill/Eastern Transportation Corridor Agency
Toll Road Refunding Revenue Bonds
Series 2013, 2015 and 2019

Continuing Disclosure Report
For the Fiscal Year Ended June 30, 2020

Prepared pursuant to the Continuing Disclosure Certificates

Foothill/Eastern Transportation Corridor Agency Toll Road Refunding Revenue Bonds

Series 2013, 2015 and 2019

CONTINUING DISCLOSURE REPORT
For the Fiscal Year Ended June 30, 2020

Introduction:

On January 2, 2014, the Agency issued $2,274,616,568 aggregate initial principal amount of Toll Road Refunding Revenue Bonds, Series 2013 (the "2013 Bonds"). The 2013 Bonds were issued pursuant to a Master Indenture of Trust, dated as of December 1, 2013, between the Agency and the Trustee, as supplemented by the First and Second Supplemental Indentures of Trust, dated as of December 1, 2013, between the Agency and the Trustee (such Master Indenture of Trust, as so supplemented, the "2013 Master Indenture").

The 2013 Bonds were issued by the Agency for the purpose of providing funds, to refund the 1999 Bonds, as more fully described in the Official Statement for the 2013 Bonds dated December 12, 2013 (the "2013 Official Statement").

On February 19, 2015, the Agency issued $87,007,699 aggregate initial principal amount of Toll Road Refunding Revenue Bonds, Series 2015 (the "2015 Bonds"). The 2015 Bonds were issued pursuant to the 2013 Master Indenture, as supplemented by the Third Supplemental Indenture of Trust, dated as of January 1, 2015, between the Agency and the Trustee.

The 2015 Bonds were issued by the Agency for the purpose of providing funds to refund the 1995 Bonds, as more fully described in the Official Statement for the 2015 Bond's dated February 3, 2015 (the "2015 Official Statement").

The Term Rate Bonds (Subseries B-1) were remarketed as required by the 2013 Bonds Indenture. The transaction was completed on August 24, 2017 which locked in lower interest rates on $125,000,000 of Agency debt through 2053. The interest savings are approximately $1.3 million each year.

The Term Rate Bonds (Subseries B-2) were remarketed as required by the 2013 Bonds Indenture. The transaction was completed on July 18, 2019 which locked in lower interest rates on $125,000,000 of Agency debt through 2053. The interest savings are approximately $1.9 million each year.

On December 19, 2019, the Agency refunded $820,285,000 of the 2013 Bonds and issued $897,055,000 of Federally Taxable Toll Road Refunding Revenue Bonds Series 2019A (the "2019 Bonds"). The 2019 Bonds were issued pursuant to the 2013 Master Indenture, as supplemented by the Fourth Supplemental Indenture of Trust, dated as of December 1, 2019, between the Agency and the Trustee. The 2019 Bonds are more fully described in the Official Statement for the 2019 Bonds dated December 10, 2019 (the "2019 Official Statement"). The transaction was completed without extending the maturity date of the bonds and interest savings from the refunding transaction are approximately $13.5 million per year (prorated at $7.8 million for the fiscal year ended June 30, 2020).

Pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission, the Agency has executed Continuing Disclosure Certificates, dated as of January 2, 2014 (amended and restated July 16, 2019), February 19, 2015, and December 10, 2019 for the 2013, 2015 and 2019 Bonds, respectively (the "Continuing Disclosure Certificates"). The Continuing Disclosure Certificates state that the Agency shall provide not later than January 15 of each year to each Repository (as defined in the Continuing Disclosure Certificate) a Disclosure Report relating to the immediately preceding fiscal year. The Disclosure Report is to contain certain data related to the Agency, the Toll Road, the 2013 Bonds, the 2015 Bonds and the 2019 Bonds.

The information contained in this report constitutes all disclosure required pursuant to the Continuing Disclosure Certificates. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Official Statement.

Disclosure Information:

Section 4.1 - The audited financial statements of the Agency for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

See audited financial statements for the fiscal year ended June 30, 2020 attached.

Section 4.2 - Principal amount of Bonds of each Series outstanding under the 2013, 2015 and 2019 Master Indentures.

On January 2, 2014, the Agency issued $2,274,616,568 aggregate initial principal amount of the 2013 Bonds and used the proceeds to refund the 1999 Bonds. As of June 30, 2020, the bonds consist of the following: $554,155,000 principal amount of Series 2013A Current Interest Bonds; $289,339,995 Series 2013A Convertible Capital Appreciation Bonds; $187,981,005 Series 2013A Capital Appreciation Bonds; $375,000,000 Series 2013B Term Rate Current Interest Bonds; and $198,050,000 Series 2013C Junior Lien Current Interest Bonds.

On February 19, 2015, the Agency issued $87,007,699 aggregate initial principal amount of 2015 Bonds and used the proceeds to refund the 1995 Bonds. As of June 30, 2020, the accreted value of the 2015 Bonds is $109,250,823.

On December 10, 2019, the Agency issued $897,055,000 aggregate initial principal amount of the 2019 Bonds to refund a portion of the Agency's outstanding 2013 Bonds. The 2019 Bonds are more fully described in the 2019 Official Statement. As of June 30, 2020, the outstanding balance is $897,055,000.

Additional information can be found in the Agency's audited financial statements.

Section 4.3 - A statement of the Senior Lien Bonds Reserve Fund Requirement, the balance in the Senior Lien Bonds Reserve Fund and the amount of the Senior Lien Bonds Reserve Fund Requirement (if any) that is funded with a letter of credit, surety bond, or insurance policy, as provided by the 2013 Master Indenture; and a statement of the Junior Lien Bonds Reserve Fund Requirement, the balance in the Junior Lien Bonds Reserve Fund and the amount of the Junior Lien Bonds Reserve Fund Requirement (if any) that is funded with a letter of credit, surety bond, or insurance policy, as provided by the 2013 Master Indenture.

The Senior Lien Bonds Reserve Fund Requirement is $200,957,376.

The total amount available to meet the Senior Lien Bonds Reserve Fund Requirement on June 30, 2020 was $209,584,466 in cash and investments.

The Junior Lien Bonds Reserve Fund Requirement is $19,805,000.

The total amount available to meet the Junior Lien Bonds Reserve Fund Requirement on June 30, 2020 was $20,621,683 in cash and investments.

Section 4.4 – A statement of the Use and Occupancy Fund Requirement under the 2013 Master Indentures, the balance of the Use and Occupancy Fund, the amount of the Use and Occupancy Fund Requirement (if any) that is funded with an insurance policy as provided by the 2013 Master Indenture, and, if applicable, a brief description of such insurance policy (including self-insurance retention requirement applicable to such insurance policy).

The Use and Occupancy Fund Requirement under the 2013 Indentures is $15,000,000 of which at least $10,000,000 must be held in cash and investments. As of June 30, 2020, the fund consisted of $15,623,219 in cash and investments. As the cash and investments held in the Use and Occupancy Fund satisfy the full requirement, no insurance policy is held for this purpose.

Section 4.5 - Statement of the balance in the Revenue Guarantee Fund.

The Revenue Guarantee Fund was structured to cover a portion of the debt service payments in fiscal years 2016-2018, only in the event that revenues are insufficient. No Revenue Guarantee funds were needed for debt service payments. As of June 30, 2020, the balance in the Revenue Guarantee Fund remained $0.

Section 4.6 – Updated Fiscal Year information for the table entitled "HISTORICAL FISCAL YEAR TRAFFIC AND GROSS TRANSACTIONAL TOLL REVENUES" in the section of the Official Statement entitled "THE FOOTHILL/EASTERN SYSTEM- Toll Transactions, Gross Transactional Toll Revenues and Net Collectible Tolls."

Fiscal Year ending June 30	2016	2017	2018	2019	2020 (1)
Annual Transactions	63,375,504	67,004,684	69,049,893	69,219,945	58,652,310
Growth Over Previous Year	8.5%	5.7%	3.1%	0.2%	-15.3%
Average Weekday Transactions	197,704	209,478	215,943	217,094	181,273
Growth Over Previous Year	8.2%	6.0%	3.1%	0.5%	-16.5%
Average Toll Rate	$ 2.24	$ 2.29	$ 2.35	$ 2.39	$ 2.71 (2)
Growth Over Previous Year	3.4%	2.4%	2.4%	1.7%	13.4%
Annual Gross Transactional Toll Revenues	$141,886,265	$ 153,610,200	$ 162,046,077	$ 165,231,121	$ 158,858,549
Growth Over Previous Year	12.2%	8.3%	5.5%	2.0%	-3.9%

(1) The COVID-19 pandemic has impacted the results for the period ended June 30, 2020. The Agency experienced a sharp drop off in transactions when the Governor of California issued a shelter in place order on March 19, 2020. However, after the initial drop off, transactions began a steady climb in April 2020 as the economy in California began to open again. The Agency has sufficient cash reserves to weather a prolonged downturn related to the COVID-19 pandemic, if necessary.

(2) Increase from prior Fiscal Year reflects rate increase by Agency as well as change in Agency's discount program. See further discussion of the change in the discount program below.

Beginning in Fiscal Year 2019-20, the Transportation Corridor Agencies implemented new transponder technology (the "6C System") consisting of a sticker to be adhered to the inside of the vehicle's windshield in place of the hardcase transponders. All ExpressAccounts have been converted to FasTrak accounts. FasTrak account holders are able to pay tolls by: (i) making a prepayment by credit card, cash or check to fund a prepaid account from which tolls incurred will be deducted; (ii) maintaining a valid credit card or bank account on file from which tolls incurred will be deducted; or (iii) opting for periodic invoices for tolls incurred which invoices will be due immediately upon receipt. For prepaid FasTrak accounts, when the balance of prepaid tolls in a customer's account falls below a minimum threshold, depending on the arrangement with the motorist, the Transportation Corridor Agencies either notify the customer and request a replenishment payment or charge the customer's credit card account to replenish the toll prepayment account. The Transportation Corridor Agencies' prepaid FasTrak account holders earn discounts of $1 per transaction if the account incurred more than $40 in tolls (excluding discounts) within the Foothill/Eastern and San Joaquin Hills Transportation Corridors during the prior month.

Under the FasTrak transponder-based toll collection, a transponder-equipped vehicle passes through each toll plaza, the system identifies the account and the customer will be charged depending on the account type described in the preceding paragraph. Since July 1, 2019, existing or new FasTrak account holders are still able to purchase hardcase switchable transponders that are not necessary within the Foothill/Eastern and San Joaquin Hills Transportation Corridors and are only necessary to take advantage of occupancy discounts offered on some of the express lane facilities in the State.

Under the 6C System, the One-Time Toll payment option is still available for infrequent users who contact the Agency via the Agency's website, mobile app or by telephone within a short period after driving the road to pay tolls incurred. Transactions which are not associated with a FasTrak account and not paid within a short period after driving the road are subject to the violation process.

The transponders currently in use on the Foothill/Eastern and San Joaquin Hills Transportation Corridors are designed to meet the Caltrans standard specification for electronic toll facilities in the State. California law also requires that such transponders have interoperability capabilities with other toll collection and revenue management systems that may be established in the State. The 6C sticker transponders are interoperable with all tolled facilities in the State.

Section 4.7 – Updated Fiscal Year information for the table entitled "HISTORICAL FISCAL YEAR GROSS TRANSACTIONAL TOLL REVENUES AND NET COLLECTIBLE TOLLS" in the section of the Official Statement entitled "THE FOOTHILL/EASTERN SYSTEM-Net Collectible Tolls."

Fiscal Year ending June 30	2016	2017	2018	2019	2020 [4]
Gross Transactional Toll Revenue [1]	$ 141,886,265	$ 153,610,200	$ 162,046,077	$ 165,231,121	$ 158,858,549
Less Non-Pursuable Transactions [2]	$ (3,444,598)	$ (6,130,313)	$ (6,320,735)	$ (5,169,520)	$ (1,274,400)
Less Processable Transactions	$ (8,632,158)	$ (8,747,816)	$ (7,746,932)	$ (8,881,839)	$ (7,974,111)
Toll Revenue from Violations	$ 6,151,262	$ 6,258,052	$ 6,259,168	$ 6,623,135	$ 5,310,628
Less Non-Revenue Transactions [3]	$ (234,544)	$ (200,676)	$ (411,802)	$ (387,474)	$ (321,400)
Loss due to Canyon Fire 2 [1]	$ -	$ -	$ (276,496)	$ -	$ -
Net Collectible Tolls	$ 135,726,226	$ 144,789,447	$ 153,549,280	$ 157,415,423	$ 154,599,266
% of Gross Transactional Toll Revenue	95.7%	94.3%	94.8%	95.3%	97.3%

[1] The FY18 Gross Transactional Toll Revenue includes the estimated lost revenue due to Canyon Fire 2 of $1.4 million. The FY18 loss due to Canyon Fire 2 represents the portion of the estimated lost revenue that was not recovered through insurance.

[2] The primary reason for variation in Non-Pursuable Transactions is the health of the local economy, as new cars without license plates account for the majority of these transactions. The decrease in the fiscal year ended June 30, 2019 is related to a California law effective January 1, 2019 that requires all new vehicles sold to have temporary license plates. The further decrease in the fiscal year ended June 30, 2020 relates to the full year effect of the temporary license plate law.

[3] Transactions resulting from various entities that are not obligated to pay toll revenues (i.e. police), as well as timing differences and U.S. GAAP accounting adjustments.

[4] The COVID-19 pandemic has impacted the results for the fiscal year ended June 30, 2020. The Agency experienced a sharp drop off in transactions when the Governor of California issued a shelter in place order on March 19, 2020. However, after the initial drop off, transactions began a steady climb in April 2020 as the economy in California began to open again. The Agency has sufficient cash reserves to weather a prolonged downturn related to the COVID-19 pandemic, if necessary.

Section 4.8 – A Statement of Violation Penalty Revenues accrued for the Fiscal Year.

Violation Penalty Revenue accrued for the fiscal year ended June 30, 2020 was $21,532,841. Violation Penalty Revenue is recognized when earned.

Section 4.9 - A statement of Account Maintenance Fees accrued for the Fiscal Year, as well as the number of accounts and transponders for such Fiscal Year.

Prior to the commencement of Fiscal Year 2019-20, the Transportation Corridor Agencies charged a monthly fee of $2.00 per transponder to FasTrak account holders if monthly tolls incurred on the Transportation Corridor Agencies' facilities were less than $25 per transponder. In Fiscal Years 2017-18 and 2018-19, account maintenance fees were $8,956,049 and $9,835,594, respectively.

Effective July 1, 2019, the Transportation Corridor Agencies implemented a new transponder technology as approved by regulatory changes in California (see further discussion in Section 4.6). In connection with the implementation of the new sticker transponders, which are less expensive to acquire and maintain than the hardcase transponders, the Transportation Corridor Agencies eliminated account maintenance fees. While account maintenance fee revenues were eliminated, the Agency expects that the reduced expenses in obtaining and maintaining the new sticker transponders and the revised discount program for the Transportation Corridor Agencies' prepaid FasTrak account holders (discussed in Section 4.6) will result in an overall positive effect on the Agency's finances. The existing hardcase transponders issued to FasTrak account holders were replaced with sticker transponders to be adhered on the inside of a vehicle's windshield and all ExpressAccounts have been converted to FasTrak accounts, thereby allowing all accounts to be interoperable and pay tolls on any California toll facility. Hardcase transponders held by existing account holders will still continue to operate. The total number of FasTrak accounts for the Foothill Eastern and San Joaquin Hills Transportation Corridor Agencies combined was 1,759,014, and all such accounts had at least one transponder.

Section 4.10 – Statistical data summarizing the use of the AVI collection system on the Foothill/Eastern System, including the percentage of toll transactions that are AVI transactions and the overall level of accuracy of the toll collection system.

Fiscal Year ending June 30	2016	2017	2018	2019	2020 [1]
AVI Transactions	57,652,230	61,694,831	64,110,004	64,633,907	55,708,959
Total Transactions	63,375,504	67,004,684	69,049,893	69,219,945	58,652,310
AVI %	91.0%	92.1%	92.8%	93.4%	95.0%

(1) The COVID-19 pandemic has impacted the results for the fiscal year ended June 30, 2020. The Agency experienced a sharp drop off in transactions when the Governor of California issued a shelter in place order on March 19, 2020. However, after the initial drop off, transactions began a steady climb in April 2020 as the economy in California began to open again. The Agency has sufficient cash reserves to weather a prolonged downturn related to the COVID-19 pandemic, if necessary.

The Transportation Corridor Agencies toll collection and revenue management system is the Infinity Digital Lane System ("Infinity System"). Using common transponders, license plate readers, a centralized computer system and common personnel, the Infinity System utilizes mechanisms for separate usage-based revenue collection and cost allocation among the Agency and the San Joaquin Hills Transportation Corridor Agency. The Infinity System was designed by and is operated and maintained by TransCore, a Tennessee-based corporation.

By contract, the Infinity System is required to achieve an accuracy level of at minimum 99.5% readable plates. The Infinity System has met the minimum requirements.

Section 4.11- A statement of Development Impact Fees accrued for the Fiscal Year.

Development Impact Fees accrued for the fiscal year ended June 30, 2020 was $12,947,216.

Section 4.12 - Updated Fiscal Year information for the table entitled "Current Expenses" in the section of the Official Statement entitled "THE FOOTHILL/ EASTERN SYSTEM-Current Expenses."

Fiscal Year Ending June 30	2016	2017 (1)	2018	2019 (2)	2020 (3)	2021 (4) (Budgeted)
Toll Operations						
Toll Systems	$ 2,230	$ 1,711	$ 1,768	$ 1,905	$ 1,807	$ 2,296
Toll Customer Service/Compliance	$ 12,085	$ 9,246	$ 9,479	$ 10,696	$ 9,250	$ 8,754
Toll Facilities	$ 662	$ 637	$ 669	$ 767	$ 765	$ 826
Total Toll Operations	$ 14,977	$ 11,594	$ 11,916	$ 13,368	$ 11,822	$ 11,876
Toll Operating Administration	$ 6,915	$ 7,420	$ 6,464	$ 7,188	$ 6,567	$ 6,965
Toll Equipment and Capital Expenditures (Includes Transponders)	$ 2,367	$ 1,855	$ 2,338	$ 3,406	$ 1,825	$ 1,973
Total Current Expenses	$ 24,259	$ 20,869	$ 20,718	$ 23,962	$ 20,214	$ 20,814

(1) Decrease is due to a change in allocation method between the Agency and the San Joaquin Hills Agency. Prior to the All Electronic Tolling (AET) conversion, the on-road infrastructure business model was heavily weighted toward the Agency. The conversion to AET changed the business model from using on-road infrastructure (cash toll collections) to a centralized back office focus, weighted toward costs to support customers and the revenue base, which shifted costs to the San Joaquin Hills Agency.

(2) Increase primarily due to the customer service center back office system replacement project and cost associated with increases in traffic and revenue.

(3) Decreases reflect the effects of COVID-19 outbreak on costs associated with traffic and revenue. The COVID-19 pandemic has impacted the results for the fiscal year ended June 30, 2020. The Agency experienced a sharp drop off in transactions when the Governor of California issued a shelter in place order on March 19, 2020. However, after the initial drop off, transactions began a steady climb in April 2020 as the economy in California began to open again. The Agency has sufficient cash reserves to weather a prolonged downturn related to the COVID-19 pandemic, if necessary.

(4) Reflects projected continuing effects of COVID-19 outbreak, as well as budgeted maintenance on tolling systems that is carried out as needed.

Section 4.13 - Updated Fiscal Year information for the table entitled "HISTORICAL OPERATING REVENUES AND DEBT SERVICE COVERAGE" in the section of the Official Statement entitled "THE FOOTHILL/EASTERN SYSTEM-Historical Operating Revenues and Debt Service Coverage."

Fiscal Year ending June 30	2016	2017	2018	2019	2020 [5]
Revenues					
Net Collectible Tolls	$ 135,726,226	$ 144,789,447	$ 153,549,280	$ 157,415,423	$ 154,599,266
Account Maintanance Fees [1]	12,097,068	7,986,844	8,956,049	9,835,594	$ -
Violations Penalty Revenue	17,907,923	19,808,895	23,642,883	23,826,236	$ 21,532,841
Other Revenue from Toll Operations	1,903,370	2,461,776	2,657,108	2,713,417	$ 1,570,566
Total Tolls, Fees and Fines	$ 167,634,587	$ 175,046,962	$ 188,805,318	$ 193,790,670	$ 177,702,673
Total Interest Income	$ 2,416,334	$ 3,014,540	$ 3,992,811	$ 5,356,377	$ 5,607,776
Total Revenues	$ 170,050,922	$ 178,061,502	$ 192,798,130	$ 199,147,047	$ 183,310,449
Total Current Expenses	$ (24,214,463)	$ (20,868,717)	$ (20,718,142)	$ (23,961,577)	$ (20,213,861)
Adjusted Net Toll Revenues	$ 145,836,459	$ 157,192,785	$ 172,079,988	$ 175,185,470	$ 163,096,588
Total DIF Income Applied to Debt Service [2]	$ 23,349,465	$ 15,939,240	$ 19,754,012	$ 9,860,047	$ 7,947,216
Enhanced Adjusted Net Toll Revenues	$ 169,185,924	$ 173,132,025	$ 191,834,000	$ 185,045,517	$ 171,043,804
Annual Debt Service					
13 Bonds - Senior Lien Interest	$ 100,006,013	$ 100,006,013	$ 98,835,700	$ 98,693,513	$ 68,671,020
13 Bonds - Senior Lien Cap I	(180,000)	-	-	-	-
13 Bonds Revenue Guarantee Fund	(10,960,000)	(7,340,000)	(3,380,000)	-	-
13 Bonds - Senior Lien Principal	-	-	-	-	4,660,000
19 Bonds - Senior Lien Interest	-	-	-	-	20,403,281
Total Senior Lien Debt Service	$ 88,866,013	$ 92,666,013	$ 95,455,700	$ 98,693,513	$ 93,734,301
13 Bonds - Junior Lien Interest	$ 12,764,300	$ 12,764,300	$ 12,764,300	$ 12,764,300	$ 12,764,300
13 Bonds - Junior Lien Principal	-	-	-	-	-
Total Aggregate Debt Service	$ 101,630,313	$ 105,430,313	$ 108,220,000	$ 111,457,813	$ 106,498,601
Coverage Ratio for Aggregate Debt Service	1.66	1.64	1.77	1.66	1.61
Coverage Ratio for Senior Lien Debt Service	1.90	1.87	2.01	1.87	1.82
Average Toll Rate Change [3]	3.4%	2.4%	2.4%	1.7%	13.5%
Unrestricted Funds [4]	$ 205,664,000	$ 269,715,000	$ 339,431,000	$ 415,773,000	$ 405,546,000

(1) Account Maintenance Fees were eliminated July 1, 2019. Please see further discussion in Section 4.9.

(2) As per indenture, equals DIF Revenue in excess of $5 Million.

(3) Fiscal Year 19-20 increase from prior year reflects rate increase by Agency as well as change in Agency's discount program.
See further discussion of the change in the discount program in Section 4.6.

(4) Per June 30, 2020 Audited Financial Statements. Not pledged to the payment of the Bonds.

(5) The COVID-19 pandemic has impacted the results for the fiscal year ended June 30, 2020. The Agency experienced a sharp drop off in transactions when the Governor of California issued a shelter in place order on March 19, 2020. However, after the initial drop off, transactions began a steady climb in April 2020 as the economy in California began to open up again. The Agency has sufficient cash reserves to weather a prolonged down turn related to the COVID-19 pandemic, if necessary.

Section 4.14 - Updated Fiscal Year information for the table entitled "Current Expenses for Toll Operations" in the section of the Official Statement entitled "THE FOOTHILL/ EASTERN SYSTEM-FY 2013-14 Results and FY 2014-15 Budget-Management Discussion of FY 2013-14 and FY 2014-15 Budget and Performance-Current Expenses for Toll Operations."

See table in Section 4.12

Section 4.15 - Updated Fiscal Year information for the table entitled "Future Capital Project Costs" in the section of the Official Statement entitled "THE FOOTHILL/ EASTERN SYSTEM-Capital Improvement Program-Other Capital Projects.

See attached "Fiscal Year 2020 Capital Improvement Plan" presented to the Board of Directors on June 11, 2020.

Section 4.16 - Updated actual Fiscal Year information corresponding to the projections in the table in the section entitled "PROJECTED REVENUES AND REVENUE REQUIREMENTS."

See table in Section 4.13

Section 4.17 – A description of any damage to the Foothill/Eastern System or the toll collection system during the past Fiscal Year, which in the determination of the Agency will result in a material reduction in Net Toll Revenues.

During the fiscal year ended June 30, 2020, no damage occurred to the Toll Road or the toll collection system, which, in the determination of the Agency, resulted in a material reduction in Net Toll Revenues.

Section 5 – Reporting of Significant Events

There was a rating change for the Senior and Junior Lien Bonds from Baa3 to Baa2 from Moody's Investor Service on July 1, 2019. An additional rating change from Fitch Ratings took place on November 25, 2019 which upgraded the Senior Lien Bonds from BBB- to BBB and the Junior Lien Bonds from BB+ to BBB-.

The Term Rate Bonds (Subseries B-2) were remarketed as required by the 2013 Bonds Indenture. The transaction was completed on July 16, 2019 which locked in lower interest rates on $125,000,000 of Agency debt through 2053. The interest savings are approximately $1.9 million each year.

On December 19, 2019, the Agency refunded $820,285,000 of the 2013 Bonds and issued $897,055,000 of Federally Taxable Toll Road Refunding Revenue Bonds Series 2019A (the "2019 Bonds"). The 2019 Bonds were issued pursuant to the 2013 Master Indenture, as supplemented by the Fourth Supplemental Indenture of Trust, dated as of December 1, 2019, between the Agency and the Trustee. The 2019 Bonds are more fully described in the Official Statement for the 2019 Bonds dated December 10, 2019 (the "2019 Official Statement"). The transaction was completed without extending the maturity date of the bonds and interest savings from the refunding transaction are approximately $13.5 million per year (prorated at $7.8 million for the fiscal year ended June 30, 2020).

As of June 30, 2020, none of the following events have occurred with respect to the 2013, 2015 and 2019 Bonds except as noted above:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2013 and 2015 Bonds, or other material events affecting the tax status of the Series 2013 and 2015 Bonds;
7. Modifications to rights of 2013, 2015 and 2019 Bond holders, if material;
8. 2013, 2015 and 2019 Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the 2013, 2015 and 2019 Bonds, if material;
11. Rating Changes **- See Credit Rating upgrades in Section 5 above.**
12. Bankruptcy, insolvency, receivership, or similar event of the Agency. For purposes of this event the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;
13. Consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional Trustee, or the change of name of a Trustee, if material; and
15. Introduction or passage of any amendment to the Act.
16. Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and**- See Bond Refunding Transaction in Section 5 above.**
17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

Signature

The information set forth herein has been furnished by the Agency and is believed to be accurate and reliable, but is not guaranteed as to accuracy and completeness. Statements contained in this Disclosure Report which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained herein are subject to change without notice and the delivery of this Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Agency.

Foothill/Eastern Transportation Corridor Agency

By

Amy Potter

Amy Potter
Chief Financial Officer
January 7, 2021

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Financial Statements

June 30, 2020 and 2019

(With Independent Auditor's Report Thereon)

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foothill/Eastern Transportation Corridor Agency
Irvine, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Foothill/Eastern Transportation Corridor Agency (the Agency), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of net pension liability and related ratios, and schedule of Agency contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Crowe LLP

Crowe LLP

Costa Mesa, California
November 12, 2020

This discussion and analysis of the financial performance of the Foothill/Eastern Transportation Corridor Agency (the Agency) provide an overview of the Agency's financial activities for the fiscal years ended June 30, 2020 and 2019. Please read it in conjunction with the Agency's financial statements and accompanying notes.

Background

The Agency was formed in 1986 as a joint powers authority by the County of Orange and cities in Orange County, California to provide traffic relief to Orange County through the construction and operation of toll roads. The Agency was created to plan, design, finance, construct, and operate the Foothill (State Route 241) and Eastern (State Route 241, State Route 261, and State Route 133) toll roads. The Agency's primary focus is the operation of the facilities and collection of tolls to repay the tax-exempt revenue bonds that were issued to construct the toll roads.

Planning began in the 1970s when local transportation studies identified the need for new highways, including the Foothill and Eastern Transportation Corridors (State Route 241, State Route 261, and State Route 133), to serve Orange County's growing population. In the early 1980s, the corridor was envisioned as a non-tolled highway funded through state or federal gas-tax revenue, but with a shortage of gas-tax revenue to fund transportation improvements and increasing costs of building new roads, local officials began to study alternative ways to fund road projects.

In the mid-1980s, two state laws were passed authorizing the Agency to collect tolls and development impact fees to fund road construction. With a pledged revenue stream from future tolls and development impact fees, the Agency issued nonrecourse, toll-revenue bonds to fund road construction, rather than relying on the uncertainty of state gas-tax revenue. The Agency also reached an agreement with the California Department of Transportation (Caltrans) for Caltrans to assume ownership, liability, and maintenance of the State Route 241, State Route 261, and State Route 133 toll roads as part of the state highway system. This agreement eliminated the need for the Agency to seek additional funding sources for road maintenance.

In 1993, the first 3.2-mile segment of the Foothill (State Route 241) toll road opened to traffic, the first toll road in Southern California to use FasTrak®, an electronic toll collection system that allowed drivers to pay tolls without stopping at a toll booth. The State Route 241, State Route 261, and State Route 133 toll roads serve as important, time-saving alternative routes to local freeways and arterial roads. As discussed in "Economic Factors", traffic was impacted by the COVID-19 pandemic resulting in a decrease in transactions to 58,652,310 during the year ended June 30, 2020, compared to 69,219,945 transactions in 2019, and 69,049,893 transactions in 2018.

Financial Highlights

Tolls, fees, and fines earned in fiscal year 2020 (FY20) totaled $177,703 compared to $193,791 in fiscal year 2019 (FY19), a decrease of 8.3% (see discussion of COVID-19 in "Economic Factors").

As of June 30, 2020 and 2019, the Agency had $340,115 and $361,792, respectively, of restricted cash and investments that were subject to master indentures of trust for the bonds outstanding at each date. The Agency also had $405,546 and $415,773, respectively, of unrestricted cash and investments.

(In thousands)

The Agency's net position at June 30, 2020 and 2019 was $(1,481,449) and $(1,537,799), respectively. The negative net position results from the inclusion in the Agency's financial statements of its long-term debt obligations (toll revenue bonds), which were used to fund design, planning and construction of the corridors, but not the related capital assets, since ownership of the corridors was transferred to Caltrans upon completion of construction.

Overview of the Financial Statements

The Agency's financial statements include its statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position and statements of revenues, expenses, and changes in net position, present the financial picture of the Agency from the economic resources measurement focus using the accrual basis of accounting. The statements of cash flows provide information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related financing, and investing activities during the reporting period.

The statements of net position and the statements of revenues, expenses, and changes in net position report the Agency's net position and related changes. Net position is the difference between the total of recorded assets and deferred outflows and the total of liabilities and deferred inflows. The recorded activities include all toll revenue and operating expenses related to the operation of the Foothill/Eastern Transportation Corridors, as well as the Agency's design and construction-related activities and related financing costs. Activities are financed by toll revenue, development impact fees, fees and fines, and investment income.

Financial Analysis

The following table summarizes the net position of the Agency as of June 30, 2020, 2019, and 2018:

	2020	Percentage increase (decrease)	2019	Percentage increase (decrease)	2018
Assets and deferred outflows:					
Current assets	$ 159,117	(11.9) %	$ 180,509	80.0 %	$ 100,284
Capital assets, net	120,612	2.6	117,516	10.8	106,030
Other noncurrent assets	743,907	0.2	742,106	0.6	738,031
Deferred outflows	200,806	1,854.3	10,275	(4.7)	10,787
Total assets and deferred outflows	1,224,442	16.6	1,050,406	10.0	955,132
Liabilities and deferred inflows:					
Current liabilities *	96,236	(12.6)	110,090	23.9	88,850
Bonds payable	2,607,800	5.7	2,467,823	1.3	2,436,570
Net pension liability	—	(100.0)	9,226	24.4	7,417
Deferred inflows	1,855	74.0	1,066	(49.0)	2,091
Total liabilities and deferred inflows	2,705,891	4.5	2,588,205	2.1	2,534,928
Net position	$ (1,481,449)	3.7	$ (1,537,799)	2.7	$ (1,579,796)

* Excludes current portion of bonds payable which is included within Bonds payable.

(In thousands)

The decrease in current assets is primarily attributable to the payment of $75,000 in debt reduction as part of a bond refunding transaction that decreased interest payments by $335,000 over the life of the bonds, net of the Agency's accumulation of additional cash reserves, as cash generated from operations has continued to surpass its immediate debt service requirements. The increase in deferred outflows is due to the amortized reacquisition price of refunded bonds in excess of net carrying amount of $192,060 in FY20.

The following is a summary of the Agency's revenue, expenses, and changes in net position for the years ended June 30, 2020, 2019, and 2018:

	2020	Percentage increase (decrease)	2019	Percentage increase (decrease)	2018
Operating revenues:					
Tolls, fees, and fines	$ 177,703	(8.3) %	$ 193,791	2.6 %	$ 188,805
Development impact fees	12,947	(12.9)	14,860	(40.0)	24,754
Other revenues	731	-	731	(19.0)	902
Total operating revenues	191,381	(8.6)	209,382	(2.4)	214,461
Operating expenses	23,931	(24.8)	31,832	6.5	29,889
Operating income	167,450	(5.7)	177,550	(3.8)	184,572
Nonoperating expenses, net	(111,100)	(18.0)	(135,553)	(3.1)	(139,915)
Change in net position	56,350		41,997		44,657
Net position at beginning of year	(1,537,799)	2.7	(1,579,796)	2.7	(1,624,453)
Net position at end of year	$ (1,481,449)	3.7	$ (1,537,799)	2.7	$ (1,579,796)

Tolls, fees, and fines comprised 92.9% of total revenue in FY20 compared to 92.6% of total revenue in FY19. Tolls, fees, and fines decreased by 8.3% and increased by 2.6%, respectively, over each of the two preceding years. The decrease in 2020 was primarily due to the COVID-19 pandemic which resulted in reduced traffic on the roads beginning in March of 2020 following the governor's stay-at-home order. Development impact fees were $12,947 in FY20 and $14,860 in FY19, a decrease of 12.9% and 40%, respectively. The amounts of development impact fees collected fluctuate from year to year depending on residential and nonresidential development in Orange County within the area of benefit.

Operating expenses were $23,931 in FY20 compared to $31,832 in FY19, a decrease of 24.8%. Included in operating expenses in FY20 is noncash depreciation expense on capital assets of $2,494, compared to $4,988 in FY19. Excluding depreciation, operating expenses were $21,437 in FY20 and $26,844 in FY19, a decrease of $5,407. The decrease in operating expenses is primarily due to the aforementioned reduced traffic and related toll revenue due to COVID-19, which in turn resulted in lower toll compliance and customer service costs as well as professional services. Operating expenses were $31,832 in FY19 compared to $29,889 in FY18, an increase of 6.5%. Included in operating expenses in FY19 is noncash depreciation expense on capital assets of $4,988, compared to $5,563 in FY18. Excluding depreciation, operating expenses were $26,844 in FY19 and $24,326 in FY18, an increase of $2,518. The increase in operating expenses is primarily due to the Agency's initiative to replace hard-case transponders with adhesive 6C tags. The new adhesive tags are less costly to procure and will result in future cost savings.

(In thousands)

Net nonoperating expenses for FY20 include investment income of $30,594 compared to $23,053 in FY 19, with the increase due to increased cash balances and an increase in earnings rates; interest expense of $118,934, compared to $144,009 in FY19, due to decreased interest expense from the bond remarketing and the bond refunding; a write off of construction in progress of $17,288 for the South County Traffic Relief Effort Project; costs of bond remarketing and issuance of $5,468 due to the bond remarketing and the bond refunding; and legal settlements expense of $4, compared to $14,597 in FY19, due to the $14,500 accrual for the legal settlement in FY19. Net nonoperating expenses for FY19 include investment income of $23,053; interest expense of $144,009; and $14,597 for legal settlements. For FY18, net nonoperating expenses include investment income of $5,567; interest expense of $142,245; bond remarketing costs of $882; and $2,355 of costs related to the removal of some of the agency's toll booths. The increase in investment income in FY19 is due to higher reinvestment rates and incorporating more higher yielding non-government securities and short-term liquidity pools into the Agency's portfolio. Accrual-basis interest expense included accretion on the Agency's capital appreciation bonds and convertible capital appreciation bonds of $32,473 and $30,707 in FY20 and in FY19, respectively. Interest expense in FY20 and FY19 also included noncash amortization of $38,892 and $546, respectively, related to a discount on the issuance of bonds; $339 and $300, respectively, related to prepaid bond insurance; and $638 and $998, respectively, related to the deferred bond refunding costs. Legal settlements in FY19 include a tentative settlement of $14,500 for a class action lawsuit alleging that the Agency, along with other California toll operators, violated California Streets and Highways Code 31490 by transmitting drivers' personal information for purposes of toll collection and enforcement, interoperability and communications with customers. The settlement will eliminate the costs of ongoing litigation, minimize the Agency's risk profile, and help protect the Agency against future potential claims.

Capital Assets, Net

The following table summarizes the Agency's capital assets, net of accumulated depreciation, at June 30:

	2020	2019	2018
Construction in progress	$ 90,524	86,271	72,633
Right-of-way acquisitions, grading, or improvements	18,689	18,698	18,698
Furniture and equipment	11,399	12,547	14,699
Total capital assets, net	$ 120,612	117,516	106,030

Right-of-way acquisitions, grading, or improvements include easements and environmental mitigation parcels. Furniture and equipment include facility and toll revenue equipment related to the corridor operations facility, transponders, toll and violations collection equipment, buildings, and changeable message signs.

More detailed information about the Agency's capital assets is presented in note 5 to the financial statements.

Debt Administration

At June 30, 2020, 2019, and 2018, the Agency had outstanding bonds payable of $2,607,800, $2,467,823, and $2,436,570, respectively. The changes in FY20 are primarily attributable to the accretion of principal on capital appreciation bonds of $32,473 and principal payments of $4,660. Additionally, in FY20 the Agency completed a refunding of certain 2013 Senior Term current interest bonds. This resulted in net additional carried debt of

$76,770, offset by an amortized reacquisition price of refunded bonds in excess of net carrying amount of ($192,060), and amortization of bond discount of $35,394.

More detailed information about the Agency's bonds is presented in note 7 to the financial statements.

All of the Agency's tolls, fees, fines, and development impact fee revenue, less certain expenses, as defined in the indentures of trust, are pledged to repay these bonds. The Agency has several debt covenants contained in the master indentures of trust. Management of the Agency represents that the Agency was in compliance with all of its covenants as of and for the years ended June 30, 2020, 2019 and 2018.

Economic Factors

After the Agency adopted new toll rates to reflect a 2% inflationary increase for FY20, transactional toll revenue was trending up compared to FY19 until government action taken in response to the COVID-19 pandemic resulted in significantly reduced traffic throughout the region. On March 19, 2020, the governor implemented a stay-at-home order which resulted in traffic reaching a low point at the end of March and then steadily increasing beginning in late April. In response, the board of directors approved a very conservative budget for FY21. As of the date of this report, actual transactions and revenue have significantly exceeded these budgeted amounts. Due to the Agency's demonstrated financial discipline and actions taken in recent years to further strengthen the finances, the Agency has very strong liquidity and is well positioned to meet its continued financial obligations.

In July 2019, the Agency successfully remarketed the Toll Road Refunding Revenue Bonds Series 2013B-2. The transaction reset the interest rate of the bonds to 3.5% until January 15, 2053, reducing interest payments by approximately $62,700 through the final maturity of the bonds.

In December 2019, the Agency also issued $897,055 of federally taxable Series 2019 Toll Road Refunding Revenue Bonds, which were used to refund $820,285 of certain 2013 Senior Term current interest bonds at lower interest rates ranging from 3.824% to 4.094%. The favorable interest rates and Agency cash of $75,000 utilized in the transactions reduced interest payments by approximately $335,000 through the final maturity of the bonds.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Foothill/Eastern Transportation Corridor Agency, 125 Pacifica, Suite 100, Irvine, CA 92618 or to info@thetollroads.com.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Net Position

June 30, 2020 and 2019

(In thousands)

	2020	2019
Assets:		
Current assets:		
Cash and investments	$ 92,337	$ 108,577
Restricted cash and investments	54,892	58,059
Receivables:		
Accounts, net of allowance of $2,359 and $2,271, respectively	7,950	8,487
Fees	13	11
Interest	2,508	3,794
Other assets	1,417	1,581
Total current assets	159,117	180,509
Noncurrent assets:		
Cash and investments	313,209	307,196
Restricted cash and investments	285,223	303,733
Depreciable capital assets, net	8,025	9,667
Non-depreciable capital assets	112,587	107,849
Unamortized prepaid bond insurance	16,916	9,779
Net pension asset	933	—
Note receivable – San Joaquin Hills Transportation Corridor Agency	127,626	121,398
Total noncurrent assets	864,519	859,622
Deferred outflows of resources:		
Unamortized deferral of bond refunding costs	199,493	8,072
Pension costs	1,313	2,203
Total assets and deferred outflows	1,224,442	1,050,406
Liabilities:		
Current liabilities:		
Accounts payable	9,337	10,912
Unearned revenue	22,661	25,452
Due to San Joaquin Hills Transportation Corridor Agency	2,543	7,633
Employee compensated absences payable	566	508
Interest payable	46,629	51,085
Reserve for settlement	14,500	14,500
Current portion of bonds payable	8,397	4,567
Total current liabilities	104,633	114,657
Net pension liability	—	9,226
Long-term bonds payable	2,599,403	2,463,256
Total liabilities	2,704,036	2,587,139
Deferred inflows of resources:		
Pension costs	1,855	1,066
Total liabilities and deferred inflows	2,705,891	2,588,205
Net position:		
Net investment in capital assets	(2,287,695)	(2,342,235)
Restricted	257,607	262,218
Unrestricted	548,639	542,218
Total net position	$ (1,481,449)	$ (1,537,799)

See accompanying notes to financial statements.

FOOTHILL/EASTERN TRANSPORTATION
CORRIDOR AGENCY

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2020 and 2019

(In thousands)

	2020	2019
Operating revenues:		
Tolls, fees, and fines	$ 177,703	$ 193,791
Development impact fees	12,947	14,860
Other revenues	731	731
Total operating revenues	191,381	209,382
Operating expenses:		
Toll compliance and customer service	9,750	11,313
Depreciation	2,494	4,988
Salaries and wages	3,812	4,561
Toll systems	1,807	1,904
Communications	321	870
Insurance	707	829
Toll facilities	765	767
Professional services	3,025	5,188
Facilities operations, maintenance, and repairs	258	291
Other operating expenses	992	1,121
Total operating expenses	23,931	31,832
Operating income	167,450	177,550
Nonoperating revenues (expenses):		
Investment income	30,594	23,053
Settlement expense	(4)	(14,597)
Write off of construction in progress (note 5)	(17,288)	—
Costs of bond remarketing transaction	(778)	—
Cost of bond issuance	(4,690)	—
Interest expense	(118,934)	(144,009)
Nonoperating expenses, net	(111,100)	(135,553)
Change in net position	56,350	41,997
Net position at beginning of year	(1,537,799)	(1,579,796)
Net position at end of year	$ (1,481,449)	$ (1,537,799)

See accompanying notes to financial statements.

FOOTHILL/EASTERN TRANSPORTATION
CORRIDOR AGENCY

Statements of Cash Flows

Years ended June 30, 2020 and 2019

(In thousands)

		2020		2019
Cash flows from operating activities:				
Cash received from toll road patrons	$	170,359	$	198,131
Cash received from development impact fees		12,947		14,877
Cash received from other revenue		731		730
Cash payments to suppliers		(19,039)		(21,425)
Cash payment to pension fund for unfunded actuarial accrued liability		(8,744)		—
Cash payments to employees		(3,492)		(4,198)
Net cash provided by operating activities		152,762		188,115
Cash flows from capital and related financing activities:				
Cash payments for acquisition of capital assets		(22,878)		(16,475)
Cash payments in connection with bond remarketing transaction		(5,468)		—
Cash payments for interest and principal		(176,981)		(111,458)
Net cash used in capital and related financing activities		(205,327)		(127,933)
Cash flows from investing activities:				
Cash receipts for interest and dividends		11,351		12,875
Cash receipts from the maturity and sale of investments		590,011		427,545
Cash payments for purchase of investments		(553,848)		(476,638)
Net cash provided by (used in) investing activities		47,514		(36,218)
Net increase (decrease) in cash and cash equivalents		(5,051)		23,964
Cash and cash equivalents at beginning of year		87,685		63,721
Cash and cash equivalents at end of year (note 4)	$	82,634	$	87,685
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$	167,450	$	177,550
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		2,494		4,988
Changes in operating assets and liabilities:				
Accounts receivable		537		(840)
Fees receivable		(3)		18
Due to/from San Joaquin Hills Transportation Corridor Agency		(5,090)		1,558
Other assets		164		(542)
Accounts payable		(1,575)		1,398
Unearned revenue		(2,791)		3,622
Net pension liability/asset		(10,159)		1,809
Deferred outflows of resources related to pensions		889		(486)
Deferred inflows of resources related to pensions		789		(1,025)
Employee compensated absences payable		57		65
Total adjustments		(14,688)		10,565
Net cash provided by operating activities	$	152,762	$	188,115

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Cash Flows

Years ended June 30, 2020 and 2019

(In thousands)

	2020	2019
Noncash capital and related financing and investing activities:		
Interest expense recorded for accretion of bonds outstanding	$ (32,471)	$ (30,707)
Amortization of bond discount recorded as interest expense	(382)	(546)
Amortization of deferred bond-refunding cost recorded as interest expense	(4,137)	(998)
Amortization of prepaid bond insurance recorded as interest expense	(472)	(300)
Write-off of construction in progress	(17,288)	—
Interest accrued on note receivable from San Joaquin Hills Transportation Corridor Agency	6,228	301
Change in unrealized gain/loss on investments	9,048	7,302
Amortization of discount/premium on investments	(498)	2,259
Reserve for settlement	—	(14,500)
Refunded bond proceeds through escrow	(820,285)	—

See accompanying notes to financial statements.

(1) Reporting Entity

In recognition of the regional transportation needs in the County of Orange (County), the California State Legislature enacted various amendments to the California Government Code to authorize the financing of bridges and major thoroughfares by joint powers agencies. Pursuant to such authorization, the Foothill/Eastern Transportation Corridor Agency (the Agency) was created in January 1986 by a joint exercise of powers agreement. Current members are the County and the cities of Anaheim, Dana Point, Irvine, Lake Forest, Mission Viejo, Orange, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Santa Ana, Tustin, and Yorba Linda (collectively, the member agencies). The purpose of the Agency is to plan, design, construct, finance, administer funds for, and operate the Foothill and Eastern Transportation Corridors. The Agency is governed by a board of directors comprising representatives from the member agencies. The Agency has the power to, among other things, incur debt and establish and collect tolls.

The financial statements comprise the activities of the Agency. There are no other organizations for which the Agency is financially accountable or for which it is fiscally responsible. The Agency and the San Joaquin Hills Transportation Corridor Agency (SJHTCA) are under common management and together are called the Transportation Corridor Agencies (TCA). However, each agency has an independent governing board. Refer to note 2(l) of the financial statements for interagency transactions detail.

(2) Summary of Significant Accounting Policies

The accounting policies of the Agency are in conformity with U.S. generally accepted accounting principles (U.S. GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

(a) Basis of Presentation

The Agency records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged in business-type activities as an enterprise fund. This model allows all financial information for the Agency to be reported in a single column in each of the accompanying financial statements.

The Agency distinguishes operating revenue and expenses from nonoperating items in the preparation of its financial statements. Operating revenue and expenses generally result from the collection of tolls, fees, and fines on the corridors. The Agency’s operating expenses include depreciation, materials, services, and other expenses related to the operation of the corridors, in addition to costs associated with the Agency’s ongoing obligations for environmental mitigation and certain costs related to construction administration. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred.

Restricted resources are used in accordance with the Agency's master indentures of trust. Unrestricted resources are used at the Agency's discretion. When both restricted and unrestricted resources are available for use, it is the Agency's policy to determine on a case-by-case basis when to use restricted or unrestricted resources.

(c) Budget

Fiscal year budgets are prepared by the Agency's staff for estimated revenue and expenses. The board of directors adopts the annual budget at the June board meeting for the fiscal year commencing the following July. The approval of the budget requires the consent of at least two-thirds of the board members. No expenditures in excess of the total budget for each board-designated category are made without the approval of a budget amendment of at least two-thirds of the board members. All budgets are adopted on a basis consistent with U.S. GAAP. All budget appropriations lapse at year-end. Any budgeted expenses not incurred by each year-end must be reappropriated in the next fiscal year.

(d) Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Agency classifies cash and cash equivalents as current or noncurrent based on intended use and/or restriction for construction or debt service in accordance with GASB Statement No. 62.

(e) Investments

Investments, except for money market funds, are stated at fair value on a recurring basis. Money market funds are recorded at amortized cost.

The Agency classifies investments as current or noncurrent based on intended use and/or restriction for construction or debt service in accordance with GASB Statement No. 62.

(f) Receivables

Receivables include amounts due from member agencies for development impact fees collected on behalf of the Agency, credit card receivables, interoperable receivables due from other California toll agencies, receivables from patrons for tolls, and interest.

(g) Capital Assets

Capital assets include construction in progress, environmental mitigation sites, easements, the corridor operations facility, transponders, toll and violations collection equipment, buildings, changeable message signs, vehicles, and furniture. Capital assets are defined by the Agency as assets with an initial individual cost of more than five thousand dollars, with the exception of transponders that are valued in total, and an estimated useful life in excess of one year. The cost of capital assets includes ancillary charges necessary to place the assets into their intended location and condition for use.

As described further in note 5, the Foothill/Eastern Transportation Corridors and the related purchases of rights of way, for which title vests with the California Department of Transportation (Caltrans), are not included as capital assets because the Agency does not have title to these assets. The Agency holds the title and capitalizes these projects while in construction until project completion, at which point the title is transferred to Caltrans to be maintained as part of the state highway system. The costs of normal maintenance and repairs and mitigation that do not add value to the assets or materially extend asset useful lives are not capitalized.

Capital assets are recorded at cost and are depreciated using the straight-line method over the following estimated useful lives:

Asset type	Useful life
Buildings	20–30 Years
Changeable message signs	15 Years
Toll revenue equipment	5 Years
Vehicles	5 Years
Leasehold improvements, other equipment, and furniture	5–10 Years

Assets determined to be impaired are recorded at the lower of cost or estimated net realizable value.

(h) Unearned Revenue

Unearned revenue represents prepaid tolls collected from patrons, including those using FasTrak®, an electronic toll collection system.

(i) Unamortized Deferral of Bond Refunding Costs

Deferred bond-refunding costs represent certain costs related to the issuance of bonds. In refunding debt resulting in the legal defeasance of the old debt, the difference in the carrying value of the refunded debt and its reacquisition price is reported as deferred outflows or deferred inflows of resources in the Statement of Net Position and amortized over the life of the old or the new debt, whichever is shorter.

(j) Pension Plan

Qualified permanent employees of the Agency participate in a cost-sharing, multiple-employer defined benefit pension plan administered by the Orange County Employees Retirement System (OCERS). For purposes of measuring the Agency’s net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by OCERS. For this purpose, plan contributions are recognized when they are due and payable in accordance with plan terms. Investments are reported at fair value.

(k) Revenue Recognition

Toll revenue is recognized at the time each vehicle passes through the toll plaza. Violation revenue is recognized upon receipt of payment. Development impact fees are earned when building permits are issued and funds are collected by the member agencies. Other revenue is recognized when earned.

(l) Transactions with SJHTCA

Expenses directly related entirely to the Agency are charged to the Agency, and those incurred on behalf of both the Agency and SJHTCA are allocated between the two agencies based on the estimated benefit to each. In addition, the Agency has amounts due from SJHTCA related to SJHTCA customers who incur tolls on the Agency's corridors and other expenses and amounts due to SJHTCA related to the Agency's customers who incur tolls on State Route 73. At June 30, 2020 and 2019, the Agency had tolls due to SJHTCA of $2,543 and $7,633, respectively.

A note receivable from SJHTCA was established when the Agency's board of directors and the board of directors of SJHTCA approved an agreement that provided for the termination of the Mitigation Payment and Loan Agreement between the agencies, concurrently with the closing of a refinance transaction proposed by SJHTCA. The termination agreement also provided for SJHTCA to pay $120,000 to the Agency, in annual installments beginning January 15, 2025 equal to 50% of SJHTCA's surplus funds, plus accrued interest. At June 30, 2020 and 2019, the Agency had a note receivable of $127,626 and $121,398, respectively

(m) Net Position

The Agency's net position is classified within the following categories:

Net investment in capital assets: Represents the Agency's capital assets, net of accumulated depreciation and unamortized bond refunding costs, reduced by the outstanding principal balances of debt attributable to the acquisition, construction, and improvement of the Agency's capital assets and capital assets related to construction, rights-of-way, grading, and improvements that were transferred to Caltrans in previous years. See note 5.

Restricted: Represents the Agency's assets subject to externally imposed conditions, related primarily to restricted bond proceeds and the Agency's tolls, fees, fines, and development impact fee revenue, less certain expenses, in accordance with the Agency's master indentures of trust.

Unrestricted: Represents the remainder of the Agency's net position not included in the categories above.

(n) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(In thousands)

(o) Reclassifications

Certain amounts reported in the prior period have been reclassified to conform to the current period presentation. There was no impact on total net position or changes in net position as a result of these reclassifications.

(p) Recent Events

In December 2019, a novel strain of coronavirus (COVID-19) surfaced in Wuhan, China, and has spread around the world with resulting business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. TCA has been closely monitoring the impact of the COVID-19 pandemic on vehicle transactions and revenue. As COVID-19 measures increased during March, 2020, following the governor's stay-at-home order, transactions continued to decline and reached a low point at the end of March during the current fiscal year. Beginning in late April 2020 and through the date of this report, vehicle transactions have increased as businesses have begun to reopen. With total cash and investments as of June 30, 2020, TCA's liquidity is more than sufficient to meet the FY 2021 Board approved budgeted obligations. Further, FY 2021 toll revenues have exceeded the FY 2021 Board approved budgeted toll revenue through the date of this report. During this evolving situation, TCA will continue to analyze the impact on its financial position.

(3) Development Impact Fees

The sources of development impact fees for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
City of Irvine	$ 8,454	$ 10,392
City of Lake Forest	2,561	2,279
City of Tustin	1,253	531
City of Yorba Linda	253	541
City of Mission Viejo	132	—
City of Anaheim	105	582
County of Orange	67	107
City of Orange	56	91
City of San Clemente	33	291
City of Santa Ana	29	32
City of Dana Point	3	10
City of Rancho Santa Margarita	1	4
	$ 12,947	$ 14,860

(In thousands)

(4) Cash and Investments

Cash and investments as of June 30, 2020 and 2019 are classified in the accompanying financial statements, as follows:

	2020	2019
Current cash and investments	$ 92,337	$ 108,577
Noncurrent cash and investments	313,209	307,196
Current restricted cash and investments	54,892	58,059
Noncurrent restricted cash and investments	285,223	303,733
	$ 745,661	$ 777,565

(In thousands)

Cash and investments as of June 30, 2020 consist of the following:

	Cash and cash equivalents	Investments	Total
Deposit accounts	$ 6,025	$ —	$ 6,025
Money market funds	38,645	—	38,645
California Asset Management Trust Cash Reserve Portfolio (CAMP)	—	76,481	76,481
LAIF	—	59,569	59,569
Commercial paper	—	23,969	23,969
Corporate notes	—	68,003	68,003
U.S. Treasury securities	—	5,538	5,538
Federal agency, U.S. government-sponsored enterprise, and supranational notes	—	166,341	166,341
Investments held with trustee per debt agreements:			
U.S. Treasury securities	35,545	67,968	103,513
Commercial paper	2,419	—	2,419
Federal agency and U.S. government-sponsored enterprise notes and bonds	—	125,267	125,267
Corporate notes	—	69,891	69,891
Total	$ 82,634	$ 663,027	$ 745,661

(In thousands)

Cash and investments as of June 30, 2019 consist of the following:

		Cash and cash equivalents		Investments		Total
Cash on hand	$	1	$	—	$	1
Deposit accounts		17,822		—		17,822
Money market funds		35,727		—		35,727
California Asset Management Trust Cash Reserve Portfolio (CAMP)		—		60,260		60,260
Certificates of deposit		—		116,207		116,207
Commercial paper		—		49,267		49,267
Corporate notes		—		126,604		126,604
U.S. Treasury securities		34,135		5,533		39,668
Federal agency, U.S. government-sponsored enterprise, and supranational notes		—		61,774		61,774
Investments held with trustee per debt agreements:						
U.S. Treasury securities		—		85,268		85,268
Federal agency and U.S. government-sponsored enterprise notes and bonds		—		93,630		93,630
Corporate notes		—		91,337		91,337
Total	$	87,685	$	689,880	$	777,565

(a) Cash Deposits

Custodial Credit Risk Related to Cash Deposits

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

At June 30, 2020 and 2019, the carrying amounts of the Agency's cash deposits were $6,025 and $17,822, respectively, and the corresponding aggregate bank balances were $8,352 and $21,287, respectively. The differences of $2,327 and $3,465 were principally due to outstanding checks. The Agency's custodial credit risk is mitigated in that the full amounts of the bank balances outlined above are insured by federal depository insurance or collateralized in accordance with Section 53652 of the California Government Code with securities held by the pledging financial institution in the Agency's name.

(b) Investments

(i) Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Agency mitigates these risks by holding a diversified portfolio of high-quality investments. The Agency's investment policy sets specific parameters by type of investment for credit quality, maximum maturity, and maximum percentage investment. Both the policy and the Agency's debt agreements generally require that all securities must be issued by companies with a long-term debt rating of at least "A" by two of the Nationally Recognized Statistical Rating Organizations (NRSRO) or at least "AA" by one NRSRO. The policy also indicates specific rating requirements for certain types of investments. Further, there are percentage limitations on the purchase of specific types of securities, based on the purchase price of the security as compared to the market value of the total portfolio at the time of purchase. However, the policy does not require sales of individual securities due to subsequent changes in market value that cause their values to exceed the prescribed maximum percentages of the portfolio.

The table below identifies the types of investments that are authorized by the Agency's investment policy and certain provisions of the Agency's policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee, which are governed by the provisions of the Agency's debt agreements rather than by the Agency's investment policy.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio*	Maximum percentage investment in one issuer	Specific rating requirement
U.S. Treasury bills, notes, and bonds	5 Years	100	100	N/A
Federal agency and U.S. government-sponsored enterprise notes and bonds	5 Years	100	35	N/A
Federal agency mortgage-backed securities	5 Years	20	15	Second highest ratings category by an NRSRO
Supranational agency notes and bonds	5 Years	30	5	Second highest ratings category by an NRSRO

(In thousands)

Authorized investment type		Maximum maturity	Maximum percentage of portfolio*	Maximum percentage investment in one issuer	Specific rating requirement
Certificates of deposit	**	5 Years	100	5	Long-term debt rating in one of the highest ratings categories by two NRSROs
Certificates of Deposit Account Registry Service		5 Years	30	5	Long-term debt rating in one of the highest ratings categories by two NRSROs
Negotiable certificates of deposit		5 Years	30	5	Long-term debt rating in one of the highest ratings categories by two NRSROs
Banker's acceptances		180 Days	30	5	Drawn on and accepted by a bank that carries the highest short-term ratings category by one NRSRO
Commercial paper		270 Days	25	Lesser of 5% of portfolio or 10% of outstanding paper of issuer	Highest short-term rating by an NRSRO
Repurchase agreements		90 Days	25	5	N/A
Medium-term maturity corporate notes		5 Years	30	5	Long-term debt rating in one of the highest ratings categories by two NRSROs

Authorized investment type	Maximum maturity	Maximum percentage of portfolio*	Maximum percentage investment in one issuer	Specific rating requirement
State of California Local Agency Investment Fund	N/A	Lesser of $75 million or 15% of portfolio	5	N/A
County or local agency investment pools	N/A	15	5	N/A
Shares in a California common law trust	N/A	20	5	Highest rating category by an NRSRO
Asset-backed securities	5 Years	20	5	Highest rating by one NRSRO; issuer must also have one of the three highest ratings from two NRSROs
Money market mutual funds	N/A	20	5	Highest applicable rating by two NRSROs
Bonds or notes issued by the State of California, any local agency in the state, or any other state	5 Years	30	5	One of the three highest rating categories by at least two NRSROs

* Excluding amounts held by trustee, which are subject to provisions of the bond indentures

** The full amounts of principal and accrued interest must be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration

The investment of debt proceeds and toll revenue held by the Agency's bond trustee is governed by provisions of the debt agreements, rather than by the general provisions of the California Government Code or the Agency's investment policy. The following table identifies the investment types that are authorized for these funds, and if applicable, the specific rating requirements:

Investments authorized by debt agreements	Specific rating requirement
U.S. government obligations	N/A
U.S. federal agency debt instruments	N/A
State and local government debt securities	One of the two highest rating categories by Moody's and S&P, and if rated by Fitch, in one of the two highest rating categories
Certificates of deposit, savings accounts, deposit accounts, or money market deposits insured by the FDIC	N/A
Certificates of deposit collateralized by U.S. government or federal agency obligations	N/A
Federal funds or bankers' acceptances	Prime-1 or A3 or better by Moody's, A-1 or A or better by S&P and, if rated by Fitch, F-1 or A or better
Commercial paper	Prime-1 or better by Moody's and A-1 or better by S&P and, if rated by Fitch, F-1 or better
Repurchase agreements with terms up to 30 days, secured by U.S. government or federal agency obligations	A or better by both Moody's and S&P and, if rated by Fitch, A or better
Medium-term corporate notes with maximum maturity of five years	One of the three highest applicable rating categories, or approved in writing, by S&P, and, if rated by Fitch, one of the three highest applicable rating categories

Investments authorized by debt agreements		Specific rating requirement
Money market mutual funds		AAAm-G, AAA-m, or AA-m by S&P and, if rated by Moody's, Aaa, Aa1, or Aa2 and, if rated by Fitch, AAA or AA
Investment agreements	*	N/A

* Investments may be allowed if the Agency certifies to the trustee that the investment was approved in writing by each rating agency, which has assigned a rating to the Agency's bonds, and by the Agency's bond insurer.

At June 30, 2020 and 2019, all of the Agency's investments were rated at or above the minimum levels required by its investment policy and its debt agreements, as shown below:

	June 30, 2020		June 30, 2019	
Investment type	**S&P**	**Moody's**	**S&P**	**Moody's**
U.S. Treasury bills	AA+	Aaa	AA+	Aaa
U.S. Treasury notes	—	—	AA+	Aaa
Federal agency, U.S. government-sponsored enterprise, and supranational notes	AA+	Aaa	AA+/AAA	Aaa
Money market funds	AAA	Aaa	AAA	Aaa
CAMP	AAA	NR	AAA	NR
Commercial paper:				
JP Morgan Chase & Co	—	—	A-1	P-1
MUFG Bank Ltd /NY	A-1	P-1	A-1	P-1
Rabobank USA Fin Corp	—	—	A-1	P-1
Toyota Motor Corp	A-1+	P-1	A-1+	P-1
Certificates of Deposit:				
Bank of Montreal Chicago	—	—	A-1	P-1
Bank of Nova Scotia Houston	—	—	A-1	P-1
Cooperatieve Rabobank UA	—	—	A-1	P-1
Nordea Bank AB	—	—	A-1+	P-1
Royal Bank Canada	—	—	A-1+	P-1
Svenska Handelsbanken NY	—	—	A-1+	P-1
Toronto Dominion Holdings	—	—	A-1+	P-1
Westpac Banking Corp	—	—	A-1+	P-1

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Notes to Financial Statements

June 30, 2020 and 2019

(In thousands)

Investment type	June 30, 2020 S&P	June 30, 2020 Moody's	June 30, 2019 S&P	June 30, 2019 Moody's
Corporate notes – Medium term:				
Apple Inc.	AA+	Aa1	AA+	Aa1
Bank of America Corp	A-	A2	A-	A2
Berkshire Hathaway Inc	—	—	AA	Aa2
Charles Schwab Corp	A	A2	A	A2
ChevronTexaco Corp	AA	Aa2	AA	Aa2
Chubb Corporation	A	A3	A	A3
Cisco Systems	AA-	A1	AA-	A1
Deere & Company	A	A2	A	A2
Exxon Mobil Corp	—	—	AA+	Aaa
General Dynamics	—	—	A+	A2
Honda Motor Corporation	—	—	A	A2
HSBC USA Corp	A-	A2	A	A2
IBM	A	A2	A	A1
Intel Corp	A+	A1	A+	A1
JP Morgan Chase & Co	A-	A2	A-	A2
Oracle Corporation	—	—	AA-	A1
Paccar Financial	A+	A1	A+	A1
Pepsico Inc	—	—	A+	A1
Pfizer Inc	—	—	AA	A1
PNC Financial Services Group	A	A2	A	A2
State Street Bank	A	A1	A	A1
Toyota Motor Corp	A+	A1	AA-	Aa3
US Bancorp	A+ & AA-	A1	A+	A1
Visa Inc	AA-	Aa3	AA-	Aa3
Walmart	AA	Aa2	AA	Aa2
Wells Fargo and Company	A-	A2	A-	A2

* Ratings are indicated to the extent available. However, in some instances, discounted federal agency bonds are not rated.

At June 30, 2020, with the exception of investments issued or explicitly guaranteed by the U.S. government, money market mutual funds, and external investment pools, there were no investments in any issuers that accounted for 5% or more of the Agency's total investments, other than investments with Federal Home Loan Bank and Federal Farm Credit Bank that represented approximately 21% and 11%, respectively, of the Agency's total investments, as permitted by the Agency's investment policy and the applicable bond indentures.

At June 30, 2019, with the exception of investments issued or explicitly guaranteed by the U.S. government, money market mutual funds, and external investment pools, there were no investments in any issuers that accounted for 5% or more of the Agency's total investments, other than investments with Federal Home Loan Bank that represented approximately 7% of the

(In thousands)

Agency's total investments, as permitted by the Agency's investment policy and the applicable bond indentures.

(ii) *Custodial Credit Risk*

Custodial credit risk for investments is the risk that the Agency will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the Agency are deposited in the Agency's trustee bank, with the exception of a money market account, LAIF, and CAMP funds that are deposited in the Agency's primary bank. Securities are not held in broker accounts.

(iii) *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency mitigates this risk by matching maturity dates, to the extent possible, with the Agency's expected cash flow.

A summary of the Agency's investments held at June 30, 2020 that are governed by the Agency's investment policy and its bond agreements, including money market funds of $38,645, U.S. Treasury securities of $35,545 and commercial paper of $2,419 that are considered cash equivalents, is as follows:

		Remaining maturity (in years)			
Investment type	**Total**	**Less than one**	**One to two**	**Two to five**	**More than five**
Federal agency, U.S. government-sponsored enterprise, and supranational notes and bonds	$ 291,607	$ 32,122	$ 84,119	$ 175,365	$ —
Corporate notes	137,894	80,761	14,567	42,566	—
U.S. Treasury securities	109,051	98,886	2,748	7,416	—
Certificates of deposit	—	—	—	—	—
Commercial paper	26,388	26,388	—	—	—
CAMP	76,481	76,481	—	—	—
Money market funds	38,645	38,645	—	—	—
Local Agency Investment Fund	59,569	59,569	—	—	—
Total	$ 739,636	$ 412,854	$ 101,434	$ 225,348	$ —

(In thousands)

A summary of the Agency's investments held at June 30, 2019 that are governed by the Agency's investment policy and its bond agreements, including money market funds of $35,727 and U.S. Treasury securities of $34,135 that are considered cash equivalents, is as follows:

		Remaining maturity (in years)			
Investment type	**Total**	**Less than one**	**One to two**	**Two to five**	**More than five**
Federal agency, U.S. government-sponsored enterprise, and supranational notes and bonds	$ 155,404	$ 78,447	$ 31,820	$ 45,137	$ —
Corporate notes	217,941	73,548	95,250	49,143	—
U.S. Treasury securities	124,936	79,673	42,578	2,685	—
Certificates of deposit	116,207	116,207	—	—	—
Commercial paper	49,267	49,267	—	—	—
CAMP	60,260	60,260	—	—	—
Money market funds	35,727	35,727	—	—	—
Total	$ 759,743	$ 493,129	$ 169,648	$ 96,965	$ —

(iv) Fair Value Measurements

Because investing is not a core part of the Agency's mission, the Agency has determined that the disclosures related to these investments only need to be disaggregated by major type and has chosen a tabular format for disclosing the levels within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs.
- Level 3 inputs are significant, unobservable inputs.

Debt securities classified as Level 2 in the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial paper and certificates of deposit are valued based on quoted prices in active markets of similar securities.

(Continued)

(In thousands)

At June 30, 2020 and 2019, the Agency had the following fair value measurements:

		June 30, 2020		
Investment type	**Fair value**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Federal agency, U.S. government-sponsored enterprise, and supranational notes and bonds	$ 291,607	$ —	$ 291,607	$ —
Corporate notes	137,894	—	137,894	—
U.S. Treasury securities	109,051	—	109,051	—
Certificates of deposit	—	—	—	—
Commercial paper	26,388	—	26,388	—
Total	$ 564,940	$ —	$ 564,940	$ —

Excluded from the table above are money market funds of $38,645, which are reported at amortized cost, and funds on deposit with CAMP totaling $76,481 and LAIF totaling $59,569, which are not subject to fair value measurement categorization.

		June 30, 2019		
Investment type	**Fair value**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Federal agency, U.S. government-sponsored enterprise, and supranational notes and bonds	$ 155,404	$ —	$ 155,404	$ —
Corporate notes	217,941	—	217,941	—
U.S. Treasury securities	124,936	—	124,936	—
Certificates of deposit	116,207	—	116,207	—
Commercial paper	49,267	—	49,267	—
Total	$ 663,756	$ —	$ 663,756	$ —

Excluded from the table above are money market funds of $35,727, which are reported at amortized cost, and funds on deposit with CAMP totaling $60,260 which are not subject to fair value measurement categorization.

(In thousands)

(5) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance at beginning of year	Additions	Transfers/ deletions	Balance at end of year
Construction in progress	$ 86,271	$ 21,532	$ (17,279)	$ 90,524
Right-of-way acquisitions, grading, or improvements	18,698	—	(9)	18,689
Furniture and equipment	2,880	494	—	3,374
Non-depreciable capital assets	$ 107,849	$ 22,026	$ (17,288)	$ 112,587

Furniture and equipment	$ 35,030	$ 852	$ (4,557)	$ 31,325
Accumulated depreciation	(25,363)	(2,494)	4,557	(23,300)
Depreciable capital assets, net	$ 9,667	$ (1,642)	$ —	$ 8,025

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance at beginning of year	Additions	Transfers/ deletions	Balance at end of year
Construction in progress	$ 72,633	$ 13,638	$ —	$ 86,271
Right-of-way acquisitions, grading, or improvements	18,698	—	—	18,698
Furniture and equipment	2,588	292	—	2,880
Non-depreciable capital assets	$ 93,919	$ 13,930	$ —	$ 107,849

Furniture and equipment	$ 45,078	$ 2,545	$ (12,593)	$ 35,030
Accumulated depreciation	(32,967)	(4,989)	12,593	(25,363)
Depreciable capital assets, net	$ 12,111	$ (2,444)	$ —	$ 9,667

Right-of-way acquisitions, grading, and improvements include easements and environmental mitigation parcels. Furniture and equipment include transponders, toll and violations collection equipment, buildings, vehicles, and leasehold improvements. Those not yet placed in service are reported as non-depreciable.

Transfers/Deletions

Ownership of the Foothill/Eastern Transportation Corridor construction, rights-of-way, grading, and improvements were transferred to Caltrans during the year ended June 30, 1999 upon satisfaction of all conditions contained within the cooperative agreements between the Agency and Caltrans. The Agency incurs additional costs for improvements and enhancements to the thoroughfares previously transferred to Caltrans. These improvements and enhancements are covered by separate project-specific cooperative agreements with Caltrans. The balance of construction in progress represents capital improvement projects, most of which will also be transferred to Caltrans upon completion and recognized as contribution expense upon completion.

During the year ended June 30, 2020, the Agency completed the environmental scoping and screening process for the South County Traffic Relief Effort (SCTRE) Project, resulting in the recommendation that the County of Orange advance the extension of Los Patrones Parkway as an un-tolled County major thoroughfare. This formally concluded the Agency’s study to complete the southern extension of the SR 241 Toll Road as it transitions the tolled portion of the roadway into the regional arterial network. Accordingly, the Agency recognized expenses of $17,288 to write off previously incurred costs associated with the planning for this project.

(Continued)

(6) Mitigation Payment and Loan Agreement

On November 10, 2005, the Agency's board of directors and the board of directors of SJHTCA entered into a Mitigation Payment and Loan Agreement (the Agreement). The terms of the Agreement called for the Agency to make payments totaling $120,000 over four years to SJHTCA to mitigate for anticipated loss of revenue due to the construction of the State Route 241 to I-5 connection project. All scheduled payments totaling $120,000 were made to SJHTCA as of June 2009 and were recorded as construction in progress.

In addition, the Agency committed to provide loans to SJHTCA on an as-needed basis up to $1,040,000, subject to the terms of the Agreement, to assist SJHTCA in achieving its required debt service coverage ratio. Payments of accrued interest and outstanding principal would begin in the fiscal year when SJHTCA achieved a surplus in revenue in excess of the amount needed to meet the debt coverage requirement. All principal and accrued interest would be due and payable on January 1, 2037 to the extent that SJHTCA had surplus revenue available to pay all amounts due. The Agreement also stipulated that the Agency would not be obligated to make loans to SJHTCA prior to securing the necessary funds for constructing the State Route 241 to I-5 connection project unless the Agency determined that it would not build the project. If the commencement and diligent pursuit of the construction of the State Route 241 to I-5 connection project did not occur by June 30, 2015, the mitigation payments would be added to the principal amount of the loan. No amounts were loaned in connection with this arrangement.

On August 14, 2014, the Agency's board of directors and the board of directors of SJHTCA approved an agreement that provided for termination of the Agreement concurrently with the closing of a refinance transaction proposed by SJHTCA. The closing of this refinance transaction occurred on November 6, 2014. The termination agreement also provided for SJHTCA to pay $120,000 to the Agency, in annual installments beginning January 15, 2025 equal to 50% of SJHTCA's surplus funds as defined in the agreement. Interest accrual based on the average annual yield of the State of California Pooled Money Investment Account commenced upon closing of the transaction and interest is payable annually beginning January 15, 2025.

As a result of this agreement, the aggregate payments of $120,000 that were made to SJHTCA through 2009 were reclassified during 2015 as a note receivable from SJHTCA and a reduction of construction in progress.

(7) Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2020:

(In thousands)

	Balance at beginning of year	Additions/ accretions	Reductions	Balance at end of year	Due within one year
Series 2019 Toll Road Refunding					
Revenue Bonds:					
Senior Term Current Interest Bonds	$ —	$ 897,055	$ —	$ 897,055	$ —
Series 2013 Toll Road Refunding					
Revenue Bonds:					
Senior Term Current Interest Bonds	1,749,440	—	(820,285)	929,155	—
Junior Lien Current Interest Bonds	198,050	—	—	198,050	—
Capital Appreciation Bonds	181,606	11,035	(4,660)	187,981	8,397
Convertible Capital				-	
Appreciation Bonds	272,442	16,898	—	289,340	—
Series 2015 Toll Road Refunding				-	
Revenue Bonds:				-	
Capital Appreciation Bonds	104,711	4,540	—	109,251	—
Total bonds payable	$ 2,506,249	$ 929,528	$ (824,945)	$ 2,610,832	$ 8,397
Less unamortized discount on 2013 bonds	(38,426)	—	35,394	(3,032)	
Total bonds payable less unamortized discount	$ 2,467,823	$ 929,528	$ (789,551)	$ 2,607,800	

The following is a summary of changes in long-term obligations during the year ended June 30, 2019:

	Balance at beginning of year	Additions/ accretions	Reductions	Balance at end of year	Due within one year
Series 2013 Toll Road Refunding					
Revenue Bonds:					
Senior Term Current Interest Bonds	$ 1,749,440	$ —	$ —	$ 1,749,440	$ —
Junior Lien Current Interest Bonds	198,050	—	—	198,050	—
Capital Appreciation Bonds	171,151	10,455	—	181,606	4,567
Convertible Capital					
Appreciation Bonds	256,541	15,901	—	272,442	—
Series 2015 Toll Road Refunding					
Revenue Bonds:					
Capital Appreciation Bonds	100,360	4,351	—	104,711	—
Total bonds payable	$ 2,475,542	$ 30,707	$ —	$ 2,506,249	$ 4,567
Less unamortized discount on 2013 bonds	(38,972)	—	546	(38,426)	
Total bonds payable less unamortized discount	$ 2,436,570	$ 30,707	$ 546	$ 2,467,823	

In December 2019, the Agency issued $897,055 of federally taxable Series 2019 Toll Road Refunding Revenue Bonds (2019 Bonds); the proceeds of the issuance were used to refund $820,285 of certain 2013 Senior Term current interest bonds. The reacquisition price of the refunded bonds exceeded their net carrying amount by $195,558; this amount was considered a deferred outflow of resources for accounting purposes and is being amortized through 2053, the remaining period during which the refunded bonds were scheduled to be repaid. In addition, the Agency incurred bond insurance premiums of $7,608, which are being amortized over the life of the 2019 Bonds. The 2019 Bonds were issued at par and mature in annual installments from January 2049 to January 2053. Interest on the 2019 Bonds is payable semiannually at rates ranging from 3.824% to 4.094%. The 2019 Bonds are subject to early redemption on or after January 15, 2030 at the option of the Agency by payment of principal and accrued interest.

The net proceeds of the bond refunding along with $75,000 of unrestricted cash were used to purchase U.S. government securities, which were placed in an irrevocable escrow fund to be used for the debt service payments related to the 2013 bonds which are to be refunded in their entirety on January 15, 2024. The transaction resulted in a present value savings of approximately $210,000 and cash flow savings of approximately $335,000. As of June 30, 2020, the amount of the 2013 bonds outstanding, which were eliminated from the financial statements as a result of the December 2019 refunding, was $820,285.

In February 2015, the Agency issued $87,008 of Senior Lien Toll Road Refunding Revenue Bonds (2015 Capital Appreciation Bonds); together with certain funds held in trust, the proceeds of the issuance were used to refund certain outstanding revenue bonds. The bonds accrue interest at rates ranging from 4.21% to 4.42%, compounded semiannually, and are scheduled to mature in annual installments from January 2033 to January 2035.

In December 2013, the Agency issued $2,274,617 of Series 2013 Toll Road Refunding Revenue Bonds (2013 Bonds); the proceeds of the issuance were used to refund certain outstanding revenue bonds. The reacquisition price of the refunded bonds exceeded their net carrying amount by $14,534; this amount was considered a deferred loss for accounting purposes and is being amortized through 2040, the remaining period during which the refunded bonds were scheduled to be repaid. In addition, the Agency incurred bond insurance premiums of $9,533, which are being amortized over the life of the 2013 bonds. The 2013 Bonds were issued at a discount of $41,009, which are being amortized over the life of the bonds.

The 2013 current interest bonds include $1,374,440 of Senior Term Bonds that mature in installments from January 2042 through January 2053; $375,000 of Term Rate Bonds that mature in installments from January 2050 through January 2053; and $198,050 of Junior Lien Bonds that mature in installments from January 2023 through January 2043. Interest on the 2013 current interest bonds is payable semiannually at rates ranging from 5.00% to 6.50%. The Senior Term Bonds and the Junior Lien Bonds are subject to early redemption on or after January 15, 2024, at the option of the Agency, by payment of principal and accrued interest. The Term Rate Bonds are subject to early redemption, at the option of the Agency, by payment of principal and accrued interest, on or after dates ranging from July 15, 2017 through July 15, 2022.

During August 2017, $125,000 of the 2013 Term Rate Bonds were remarketed, resulting in a reduction in the applicable interest rate from 5.00% to 3.95%. In connection with the remarketing transaction, the Agency incurred expenses of $882.

During July 2019, $125,000 of the 2013 Term Rate Bonds (Subseries B-2) were remarketed, resulting in a reduction in the applicable interest rate from 5.00% to 3.50%. In connection with the remarketing transaction, the Agency incurred expenses of $778.

The 2013 capital appreciation bonds accrue interest at rates ranging from 3.750% to 7.125%, compounded semiannually, and are scheduled to mature in annual installments from January 2020 to January 2042. The bonds are subject to early redemption, at the option of the Agency, based on an independent make-whole calculation.

The 2013 convertible capital appreciation bonds accrue interest, compounded semiannually based on accreted amounts, at rates ranging from 5.30% to 6.85% through January 15, 2024. After this date, interest is payable semiannually based on accreted amounts. The bonds are scheduled to mature in annual installments from January 2025 to January 2042. The bonds are subject to early redemption on or after January 15, 2031, at the option of the Agency, by payment of the accreted amounts and accrued interest.

Included in principal at June 30, 2020 and 2019, is $177,098 and $144,625, respectively, related to accreted principal on convertible capital appreciation bonds and capital appreciation bonds.

A portion of the net proceeds of a prior bond refunding was used to purchase U.S. government securities, which were placed in an irrevocable escrow fund to be used for the debt service payments related to a previously refunded portion of the 1995 bonds. As of June 30, 2020, and 2019, the amounts of the previously refunded 1995 bonds outstanding, which were previously eliminated from the financial statements as a result of the refunding, are $700,142 and $734,918, respectively.

The master indentures of trust require the trustee to hold bond proceeds, pledged revenue, and any other amounts pledged for repayment of the bond debt described above. The balance of pledged funds held by the trustee are included in restricted cash and investments.

(In thousands)

The following is a summary of the annual debt service requirements by fiscal year for the Agency's long-term debt obligations as of June 30, 2020:

	Principal	Interest[1]	Junior lien interest[1]	Total
2021	$ 8,397	$ 83,446	$ 12,764	$ 104,607
2022	11,838	84,074	12,764	108,676
2023	15,624	84,833	12,754	113,211
2024	10,088	95,276	12,718	118,082
2025	5,214	105,276	12,648	123,138
2026 – 2030	108,679	529,039	60,714	698,432
2031 – 2035	233,426	571,408	51,102	855,936
2036 – 2040	270,046	721,768	30,804	1,022,618
2041 – 2045	566,065	460,843	5,566	1,032,474
2046 – 2050	806,730	201,003	—	1,007,733
2051 – 2053	574,725	34,524	—	609,249
	$ 2,610,832	$ 2,971,490	$ 211,834	$ 5,794,156

(1) Includes payments scheduled on January 1 and January 15 of the indicated fiscal year and July 1 and July 15 of the following fiscal year, to coincide with the annual debt service calculations used for covenant compliance purposes.

(8) Commitments and Contingencies

(a) Toll Collection and Revenue Management System Agreements

The Agency and SJHTCA have entered into agreements with contractors for various services, including toll collection systems operation and maintenance. The agreements expire on various dates through June 30, 2025 and are cancelable by the Agency, without further obligation, with advance written notice.

(b) Project Costs

As of June 30, 2020, the Agency has outstanding commitments and contracts related to construction activities of approximately $43 million.

(c) Litigation

The Agency established a $14,500 reserve for a tentative settlement of a class action lawsuit that was approved by the board of directors and is still subject to approval by the Court. In 2015, a class of drivers filed a complaint alleging that the Agency, along with other California toll operators, violated due process and assessed excessive fines during the toll collection process. In 2016, the plaintiffs amended their complaint to include a claim alleging that the California toll operators violated California Streets and Highways Code 31490 by transmitting drivers' personal information for purposes of toll collection and enforcement, interoperability and communications with customers. In 2018, the Court certified a limited class relating to the alleged violation of California Streets and Highways Code 31490, and found that the Agency's penalties did not violate the excessive fines clause in the State or Federal Constitution. In January 2020, the Court confirmed that the majority of the Agency's enforcement related practices did not violate California Streets and Highways Code 31490. The settlement will eliminate the costs of ongoing litigation, minimize the Agency's risk profile, and help protect the Agency against future potential claims. The Agency is a defendant in various other legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on the Agency's financial position or results of operations.

(d) Risk Management

The Agency maintains insurance coverage for various risks, including but not limited to property, liability, earthquake, and flood coverage. Coverage is purchased in accordance with the Agency's master indentures of trust, as applicable. No losses have exceeded insurance coverage in the past three fiscal years.

(9) Corridor Operations Facility Lease

In January 2000, the Agency, along with SJHTCA, relocated to the corridor operations facility. At that time, an operating lease agreement was executed between the Agency (lessor) and SJHTCA (lessee). The lease agreement expires at the earliest occurrence of 1) dissolution of the Agency, 2) sale of the facility, or 3) dissolution of SJHTCA. Lease payments are based on the estimated fair market rental value and are adjusted annually. The Agency received lease revenue for the years ended June 30, 2020 and 2019 of $709 and $706, respectively.

(10) Employees' Retirement Plans

Defined Contribution Plan – The Agency sponsors a defined contribution plan under the provisions of Internal Revenue Code Section 457 that permits employees to defer portions of their pretax compensation. The Agency provides matching contributions to a related Section 401(a) plan, at a rate of 50% of the employees' deferral contributions, up to a maximum of 2% of each employee's related compensation. In connection with this plan, the Agency incurred $74 and $72 of expense for the years ended June 30, 2020 and 2019, respectively.

Defined Benefit Plan – Qualified permanent employees of the Agency participate in a cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by OCERS, a public employee retirement system established in 1945. The Plan is subject to the provisions of the County Employees Retirement Law of 1937 (California Government Code Section 31450 et. seq.); the California Public Employees' Pension Reform Act of 2013 (Government Code Section 7522 et. seq.); and other applicable statutes.

(a) Benefits

The Plan provides retirement, disability, and death benefits to eligible plan members and their beneficiaries. Monthly retirement benefits are determined by benefit formulas that depend upon the classification of employees, the date of entering membership in OCERS or a reciprocal plan, retirement age, years of service, and final average compensation. The Agency's members hired prior to January 1, 2013 are subject to a benefit formula of 2.0% of final average compensation per year of service, based upon retirement at age 55. Members hired on or after January 1, 2013 are subject to a benefit formula of 2.5% at 67.

Amounts payable for retired members are subject to annual cost-of-living adjustments based upon changes in the Consumer Price Index for the prior calendar year. Adjustments are limited to a maximum increase or decrease of 3% per year.

(b) Contributions

Employer and employee contribution requirements are determined as percentages of covered payroll amounts and vary based upon the age of each employee at the date of entering membership in OCERS or a reciprocal plan. Employer contribution rates are determined using the entry age normal actuarial cost method based upon a level percentage of payroll. Employer contribution rates ranged from 12.46% to 62.38% for the year ended December 31, 2019, and from 10.88% to 62.81% for the year ended December 31, 2018. Employee contributions are established by the OCERS Board of Retirement and guided by applicable state statutes. Employee contribution rates ranged from 9.61% to 17.15% for the year ended December 31, 2019, and from 8.62% to 16.39% for the year ended December 31, 2018. The contributions from the Agency recognized by the Plan, measured as the total amounts of additions to the Plan's fiduciary net position for the years ended December 31, 2019 and 2018, were $9,532 and $944, respectively, and equaled 100% of the required contributions, and represented 273.4% and 23.8% of the Agency's covered payroll, respectively.

The actuarially determined contributions from the Agency for the years ended June 30, 2020 and 2019, were $450 and $886, respectively and represented 12.9% and 22.5%, respectively, of the Agency's covered payroll.

The Agency paid off its portion of TCA's unfunded actuarial accrued liability (UAAL), totaling $8,920, on July 1, 2019. This is included in the Agency's total contributions during the year ended June 30, 2020.

(c) Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources

For purposes of reporting under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* OCERS arranged for determination of the Plan's collective net pension liability; deferred outflows and inflows of resources related to pensions; and pension expense, as well as the proportionate share of each amount applicable to the Plan's participating employers, using measurement dates of December 31, 2019 and 2018, with respective actuarial valuations as of December 31, 2018 and 2017 and standard procedures to roll forward to the respective measurement dates that correspond with the Agency's reporting dates of June 30, 2020 and 2019. The proportionate share of the total pension liability attributable to TCA has been determined by OCERS's actuary based upon actual employer contributions within each rate group and TCA is the only employer within its rate group. TCA's proportionate share is further allocated between the Agency and SJHTCA on the basis of

(Continued)

(In thousands)

their respective shares of covered payroll to determine the amounts reportable by the Agency, as indicated below:

	June 30, 2020	June 30, 2019
Collective net pension liability - OCERS	$ 5,075,682	$ 6,197,202
Proportionate share attributable to Transportation Corridor Agencies	(1,753)	13,254
Share allocable to Foothill/Eastern Transportation Corridor Agency	(933)	9,226
Agency's proportion (percentage) of the collective net pension liability	-0.02%	0.15%
Collective deferred outflows of resources - OCERS	$ 503,281	$ 1,203,926
Proportionate share attributable to Transportation Corridor Agencies	1,496	2,555
Share allocable to Foothill/Eastern Transportation Corridor Agency	1,038	1,675
Collective deferred inflows of resources - OCERS	$ 902,538	$ 544,673
Proportionate share attributable to Transportation Corridor Agencies	2,857	1,543
Share allocable to Foothill/Eastern Transportation Corridor Agency	1,855	1,066
Collective pension expense	$ 590,748	$ 783,713
Proportionate share attributable to Transportation Corridor Agencies	1,061	1,846
Share allocable to Foothill/Eastern Transportation Corridor Agency	559	1,109

The Agency’s deferred outflows of resources related to pensions as of June 30, 2020 and 2019 are attributable to the following:

	2020	2019
Net difference between projected and actual earnings on pension plan investments	$ —	$ 831
Changes of assumptions	611	769
Differences between expected and actual experience	427	75
Contributions to the plan subsequent to the measurement date of the collective net pension liability	275	528
Total deferred outflows related to pensions	$ 1,313	$ 2,203

(Continued)

(In thousands)

The Agency's deferred inflows of resources related to pensions as of June 30, 2020 and 2019 are attributable to the following:

	2020	2019
Differences between expected and actual experience	$ 611	$ 939
Net difference between projected and actual earnings on pension plan investments	1,226	—
Changes of assumptions or other inputs	18	127
Total deferred inflows related to pensions	$ 1,855	$ 1,066

The amount of $275, representing as of June 30, 2020 the Agency's balance of deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as as a reduction/increase of the net pension liability/asset in the year ending June 30, 2021. The other amounts of the Agency's balances of deferred outflows and deferred inflows of resources as of June 30, 2020 will be recognized as changes to the net pension liability/asset as follows:

Year ending June 30:	
2021	$ (311)
2022	(234)
2023	29
2024	(359)
2025	58
	$ (817)

(d) Actuarial Assumptions and Other Inputs

The following significant methods and assumptions were used to measure the Plan's total pension liability as of December 31, 2019 and 2018:

- Actuarial experience study – Three-year period ended December 31, 2016
- Inflation rate – 2.75%
- Projected salary increases – 4.25% to 17.25%, depending upon service and nature of employment
- Cost-of-living adjustments – 2.75%

The mortality assumptions were based, respectively, on the results of the actuarial experience studies for the period January 1, 2014 through December 31, 2016 using the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally using the two-dimensional Scale MP-2016.

(Continued)

(In thousands)

The discount rate used to measure the Plan's total pension liability as of December 31, 2019 and 2018 was 7.00%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made at actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return should be determined without reduction for plan administrative expense. The investment return assumptions are net of administrative expenses, assumed to be 13 and 12 basis points, respectively. The investment rate of return assumptions remained the same for reporting purposes due to the immaterial impact administrative expenses has on the overall assumed rate of return. The long-term expected rates of return on plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation and deducting expected investment expenses.

The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected rate of return assumptions for each measurement date are summarized in the following table:

	December 31, 2019 and 2018	
Asset Class:	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	35.00%	6.38%
Core Bonds	13.00%	1.03%
High Yield Bonds	4.00%	3.52%
Bank Loan	2.00%	2.86%
TIPS	4.00%	0.96%
Emerging Market Debt	4.00%	3.78%
Real Estate	10.00%	4.33%
Core Infrastructure	2.00%	5.48%
Natural Resources	10.00%	7.86%
Risk Mitigation	5.00%	4.66%
Mezzanine/Distressed Debts	3.00%	6.53%
Private Equity	8.00%	9.48%
Total	100.00%	

(In thousands)

The following table presents the Agency's proportionate share of the Plan's net pension liability, calculated using the discount rates used in each year's actuarial valuation (7.0% for 2019 and 2018), as well as what its proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.0%) or one percentage point higher (8.0%) than the assumed discount rate:

	June 30	
	2020	**2019**
Net pension (asset)/liability, as calculated:		
With assumed discount rate	$ (933)	$ 9,226
With a 1% decrease	3,083	13,998
With a 1% increase	(4,201)	5,347

(e) Plan's Fiduciary Net Position

OCERS provides publicly available financial information, including comprehensive annual financial reports and actuarial valuations at www.ocers.org. Detailed information about the Plan's fiduciary net position is included in the comprehensive annual financial report for the fiscal year ended December 31, 2019, which may also be obtained by calling (714) 558-6200.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Required Supplementary Information

Schedule of Net Pension Liability and Related Ratios

(Amounts in thousands)

(Unaudited)

	Plan year ended December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
Agency's proportion (percentage) of the collective net pension liability	-0.02%	0.15%	0.15%	0.17%	0.16%
Agency's proportionate share (amount) of the collective net pension liability	$ (933)	$ 9,226	$ 7,417	$ 8,742	$ 8,918
Agency's covered payroll	3,486	3,971	4,191	3,908	4,083
Agency's proportionate share of the collective net pension liability as a percentage of its covered payroll	-27%	232%	177%	224%	218%
Plan's fiduciary net position as a percentage of the total pension liability	-0.04%	70.03%	74.93%	71.16%	67.10%

Note - GASB Statement No. 68 requires a 10-year schedule presenting the items above. The applicable information has been presented for the periods since the statement was adopted, and will be supplemented as the same information becomes available for future periods.

See accompanying independent auditor's report.

Change in Assumptions and Methods

2017

- The assumed rate of return was decreased from 7.25% to 7.00%.
- The inflation rate was decreased from 3.00% to 2.75%.
- Projected salary increases for general members of 4.25% to 13.50% changed to 4.25% to 12.25% and safety members changed from 5.00% to 17.50% to 4.75% to 17.25%.
- Mortality rate tables changed to a Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally using two-dimensional MP-2016 scale, adjusted separately for healthy and disabled for both general and safety members.
- Impact due to assumption changes to be phased-in over three years.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Required Supplementary Information

Schedule of Agency Contributions

(Amounts in thousands)

(Unaudited)

	Fiscal year ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Actuarially determined contributions	$ 612	$ 944	$ 1,024	$ 1,038	$ 949
Contributions recognized	(9,532)	(944)	(1,024)	(1,038)	(949)
Contribution deficiency (excess)	$ (8,920)	$ —	$ —	$ —	$ —
Agency's covered payroll	$ 3,486	$ 3,971	$ 4,191	$ 3,908	$ 4,083
Contributions recognized as a percentage of covered payroll	273.4%	23.8%	24.4%	26.6%	23.2%

Note - GASB Statement No. 68 requires a 10-year schedule presenting the items above. The applicable information has been presented for the periods since the statement was adopted, and will be supplemented as the same information becomes available for future periods.

See accompanying independent auditor's report.

TRANSPORTATION CORRIDOR AGENCIES™

Fiscal Year 2021 Capital Improvement Plan

Adopted June 11, 2020

Introduction

The Transportation Corridor Agencies (Agencies) are comprised of the Foothill/Eastern Transportation Corridor Agency (F/ETCA) and the San Joaquin Hills Transportation Corridor Agency (SJHTCA). Collectively, the Agencies have constructed and operated 51 miles of toll roads (The Toll Roads) in Orange County for over 25 years since the initial segment of the 241 Toll Road between Portola Parkway (North) and Portola Parkway (South) opened to traffic in 1993. The Toll Roads are comprised of State Route (SR) 241, SR 261 and a portion of SR 73 and SR 133. Construction of the initial roadway segments and subsequent completed capital projects constitute over $1.6 billion in capital investment for F/ETCA and over $1.2 billion for SJHTCA. The Toll Roads provide important links in the county-wide and regional transportation network and ensure a safe, reliable commute for motorists.

In order to maintain free flow traffic conditions on The Toll Roads, various roadway expansions and operational improvements may be required to keep pace with changing traffic conditions, land uses and demographics. These system improvements are reflected in the projects that constitute the Agencies' Capital Improvement Plan (CIP). The Fiscal Year 2021 CIP represents an approximately $371 million investment for F/ETCA capital projects in construction or scheduled for completion by 2025 and approximately $41 million for SJHTCA. Future ultimate capital projects anticipated by year 2040 are also outlined in the CIP and represent potential future investment to the transportation system within Orange County. In light of the effects the COVID-19 Pandemic has had on the economy, the timing of future year projects is uncertain. These projects will be reviewed annually prior to being advanced.

A Systemwide Traffic Operations Study is under development to assess the need for system improvements through 2040. The study will present future year traffic forecasts in five-year increments from 2025 through 2040 and identify specific areas of The Toll Roads where improvements will be needed and when those improvements need to be constructed in order to maintain free flow conditions. The study results will be used to identify projects and develop implementation strategies for the projects. The projects and their implementation schedules will be reflected in the CIP. The study's analysis and results will be evaluated periodically, and the findings used to update project implementation schedules. Updates will be reflected in future editions of the CIP.

The CIP is updated annually. The annual update focuses on new projects, changes to project status, costs and schedules, and provides a general summary of the projects completed to date. The CIP is divided into six sections:

1. Capital projects under construction
2. Current capital projects [completion dates by 2025[1]]
3. Future capital projects, interchanges (I/C) and other operational improvements [completion dates post-2025[1]]
4. Future capital projects, ultimate widenings [completion dates post–2025[1]]
5. Other agency projects, coordination only
6. Completed capital projects

The goal of the CIP is to identify projects and system improvements on The Toll Roads to ensure free flow conditions are maintained. The Agencies are committed to implementing improvements to The Toll Roads required to efficiently operate the roads. The Agencies work collaboratively with the California Department of Transportation (Caltrans), regional partner agencies and other local agencies to identify effective solutions that maintain the free flow conditions on The Toll Roads.

Adjustments have been made to the implementation schedules for the CIP projects due to the potential impact of the COVID-19 Pandemic on the Agencies' Fiscal Year 2021 projected revenues and traffic.

[1] Implementation schedules for projects will be updated periodically based on the results of Agencies' Systemwide Traffic Operations Study.

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6 F/ETCA & SJHTCA: Signage Enhancements

7 Current Capital Projects
Completion dates by 2025[1]

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9 F/ETCA: NB SR 241 Channelizers at Windy Ridge

10 F/ETCA: SR 241 Loma Segment Widening (Potential TCM Substitution Project)

11 SJHTCA: Catalina View Traffic Improvements (Potential TCM Substitution Project)

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14 SJHTCA: Glenwood Interchange (Phases 2 & 3)

15 F/ETCA & SJHTCA: Toll Booth Removals and Toll Plaza Reuse

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Completion dates post-2025[1]

17 F/ETCA Long Term Projects

19 SJHTCA Long Term Projects

20 Other Agency Projects
Coordination Only

21 SR 133/Great Park Interchange

21 Los Patrones Parkway Extension

22 SR 74 Lower Ortega Highway Widening

22 I-5 HOV Improvements, Avenida Pico to San Diego County Line

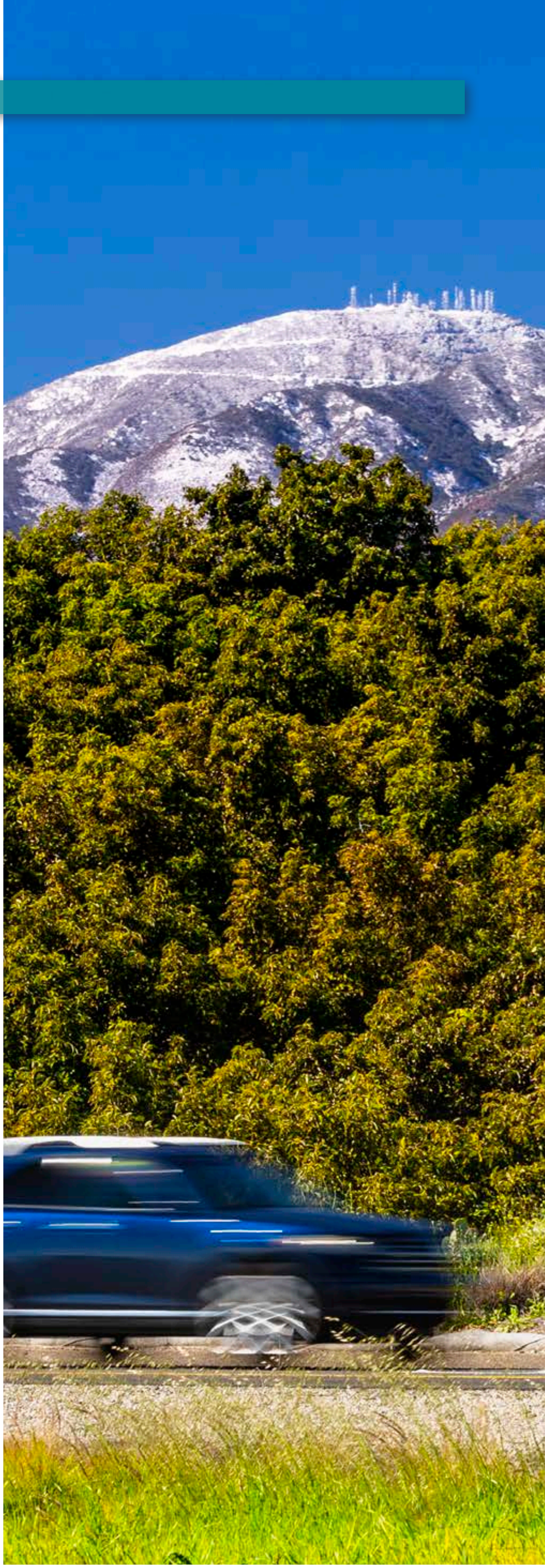
23 SR 73 Improvements, MacArthur to I-405

24 Estimated Project Costs by Agency

27 Completed Projects

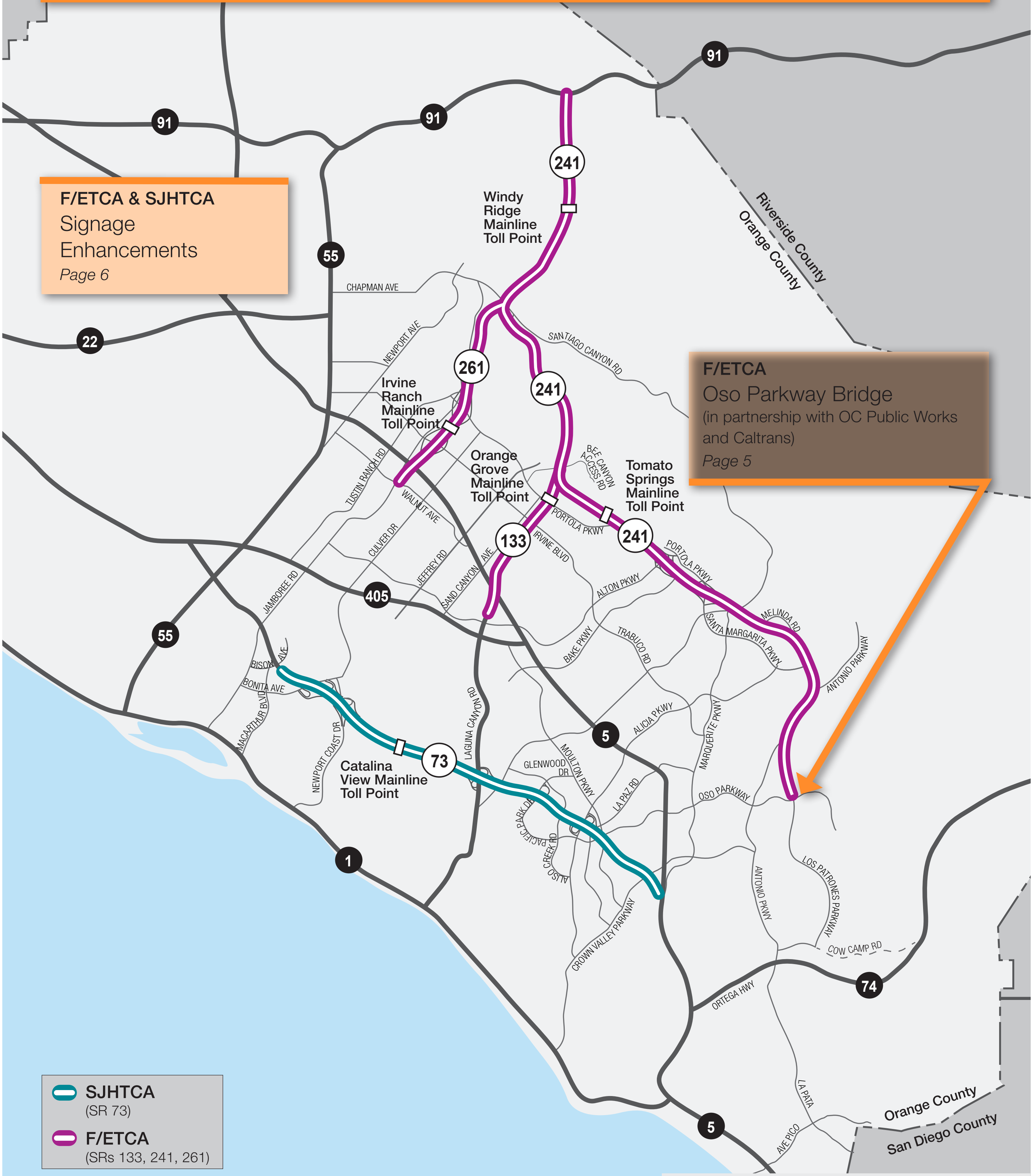
28 F/ETCA Completed Projects

32 SJHTCA Completed Projects



[1] Implementation schedules for projects will be updated periodically based on the results of Agencies' Systemwide Traffic Operations Study (see page 2).

Captial Projects Under Construction



Oso Parkway Bridge

F/ETCA

(in partnership with OC Public Works and Caltrans)

Summary

The Oso Parkway Bridge Project includes the construction of a bridge structure at Oso Parkway and mainline roadway gap closure between the southern terminus of SR 241 and the northern terminus of Los Patrones Parkway.

Project Status

The project is currently under construction.

Anticipated Completion

2020

Total Project Cost

$39.9 million

Project Description

The Oso Parkway Bridge Project will provide users of Los Patrones Parkway direct access to and from the 241 Toll Road which will pass under the new bridge. This direct access to the 241 Toll Road will enhance traffic operations and safety for the interchange and improve access to the 241 Toll Road.

Planning/Engineering

An addendum to the Final Environmental Impact Report (FEIR) 584 and 589, as certified by the County of Orange Board of Supervisors, was completed in 2016 pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15164 for the Oso Parkway Bridge Project. A Project Report and final plans and specifications were reviewed and approved by Caltrans.

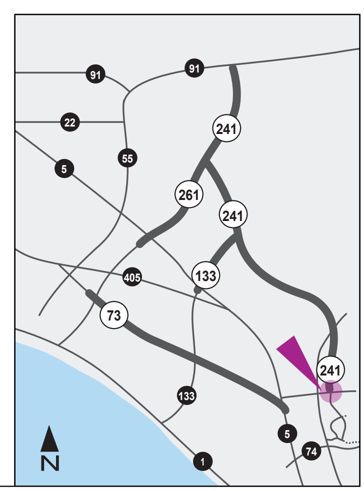
The project is being implemented as a partnership between TCA, Orange County (OC) Public Works and Caltrans. The planning, design, construction management and construction are fully funded by F/ETCA.

Right-of-Way

N/A

Construction

OC Public Works is administering the construction contract and providing construction oversight in conjunction with Caltrans. Construction commenced in August 2018 and will be completed over a 24-month construction period. Construction is anticipated to be completed in August 2020.



Signage Enhancements

F/ETCA & SJHTCA

Summary

The Signage Enhancements Project updates sign messaging throughout The Toll Roads and along the approaches from the connecting highways and arterials to meet the new Caltrans standards for toll road signage.

Project Status

The project is currently under construction.

Anticipated Completion

2020

Total Project Cost

F/ETCA $3.1 million | **SJHTCA** $3.9 million

Project Description

The project updates signage throughout The Toll Roads and along the approaches from the connecting roadways to provide consistent messaging that notifies drivers they are entering an all-electronic toll collection facility, explains how tolls can be paid, and incorporates current California Manual on Uniform Traffic Control Devices (CA MUTCD) recommendations for toll road signage. The Signage Enhancements Project improvements include: sign modifications; removal and/or replacement of ground mounted signs; replacement and overlays of roadside sign panels; modifications to overhead sign panels including replacements or overlays; removal of one overhead sign structure; installation of two new overhead sign structures; and removal and installation of associated guardrail.

Planning/Engineering

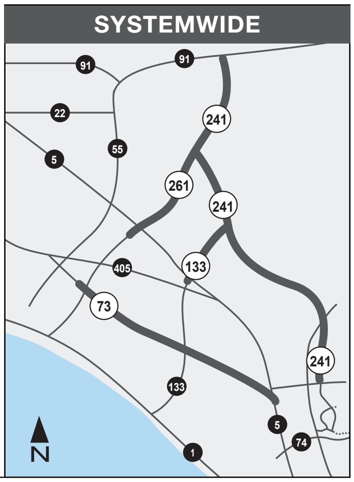
In December 2014, the Boards of Directors approved the commencement of design. Customer research was performed in mid-2015 and the results were incorporated into the signage modifications that are now being implemented to follow the California and Federal toll road signage recommendations as prescribed by the current CA MUTCD. Final design was completed in late 2018.

Right-of-Way

N/A

Construction

Installation will require periodic lane and ramp closures throughout The Toll Roads and adjacent highways and arterial interchanges. Closures will take place at night and other off-peak travel times to minimize inconvenience to drivers. The Boards of Directors awarded the construction contract in December 2018. Construction began in late 2019 and is anticipated to be completed in late 2020.



Current Capital Projects

Completion dates by 2025[1]

[1] Implementation schedules for projects will be updated periodically based on the results of Agencies' Systemwide Traffic Operations Study (see page 2).

Adopted June 11, 2020

241/91 Express Connector

F/ETCA

TIP ID: ORA111207
SCAG RTP PROJECT #: ORA111207

Summary

The 241/91 Express Connector Project will construct a tolled median-to-median connector with a single lane in each direction between SR 241 and the 91 Express Lanes, carrying northbound (NB) SR 241 traffic to eastbound 91 Express Lanes and westbound 91 Express Lanes traffic to southbound SR 241, and will add a northbound lane from the Santiago Creek Bridge to SR 91 to improve traffic operations. F/ETCA is working with Caltrans (the lead agency), Orange County Transportation Authority (OCTA) and Riverside County Transportation Authority (RCTC) on the project. Agreements to document roles and responsibilities for funding, delivery and operation of the project are under development by this multi-agency team.

Project Status

Final design is anticipated to commence in Summer 2020.

Anticipated Completion

2025

Total Project Cost

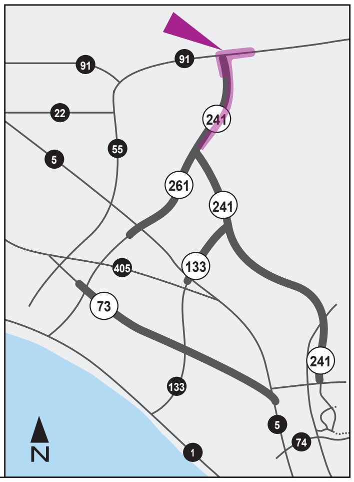
$250 million

Project Description

The purpose of the project is to implement the build-out of the Eastern Transportation Corridor as approved in 1994 in order to improve traffic operations on NB SR 241 and the SR 91 general-purpose lanes while also maintaining reliable travel times and free flow speeds during peak periods on the 91 Express Lanes. The project's planned construction is aligned with the implementation of other planned improvements in the area including the 15/91 Express Lanes Connector, SR 91 Corridor Operations Project and SR 71/SR 91 Interchange Improvements. The 241/91 Express Connector Project will provide connectivity between the 91 Express Lanes and the SR 241, which will enhance operations along the SR 91 general purpose lanes while also improving traffic operations on northbound SR 241.

Planning/Engineering

F/ETCA is the project sponsor with Caltrans as the lead agency. Preliminary engineering concepts for a tolled direct connector between SR 241 and the 91 Express Lanes were developed by F/ETCA and Caltrans, which were utilized for the environmental analysis. The 91 Express Lanes Extension and SR 241 Connector Feasibility Study was completed in March 2009 and was initiated to evaluate the various alternatives. A Project Study Report-Project Development Support document was completed in January 2012. The Draft Environmental Document was circulated for public review from November 7, 2016 through January 9, 2017. The Final Environmental Document has been signed by Caltrans and circulated for public review. A Record of Decision was approved in early 2020. Final design is anticipated to commence in Summer 2020. Construction cost estimate is being evaluated for future escalation.



Right-of-Way

Minor right-of-way acquisition is needed for the project.

Construction

A 26-month construction duration is anticipated.

NB SR 241 Channelizers at Windy Ridge

F/ETCA

Summary

The northbound (NB) SR 241 Channelizers at Windy Ridge Project will install channelizers on NB SR 241 approaching SR 91 to separate traffic heading eastbound from those heading westbound on SR 91 to mitigate queue-jumping that occurs on NB SR 241.

Project Status

Final design is in-progress.

Anticipated Completion

Early 2021

Total Project Cost

Design & Construction: $877,000
Annual Maintenance Cost: TBD

Project Description

The intent of this project is to mitigate queue-jumping that occurs on NB SR 241 approaching SR 91 by installing channelizers between the No. 2 lane and the No. 3 lane to separate the traffic heading eastbound from those heading westbound on SR 91.

The channelizers are an interim condition intended to be replaced by permanent improvements proposed as part of the 241/91 Express Connector Project which is anticipated to start construction in 2023 and open to traffic in 2025.

Planning/Engineering

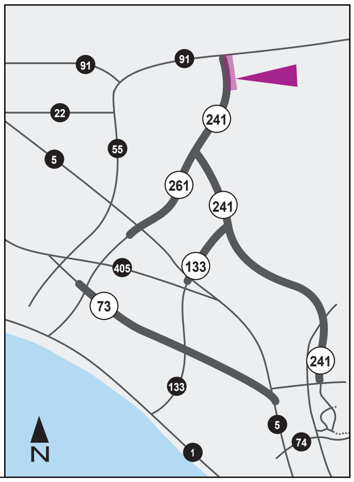
F/ETCA, in consultation with Caltrans, completed conceptual layouts in early 2020 and has commenced with final design. Final design is anticipated to be completed by Fall 2020.

Right-of-Way

N/A

Construction

A one-month construction duration is anticipated.



SR 241 Loma Segment Widening

(Potential Transportation Control Measure [TCM] Substitution Project)

F/ETCA

Summary

The SR 241 Loma Segment Widening Project provides lane improvements in each direction on SR 241 from the junction of SR 133 to north of SR 261. The project adds a lane in each direction and shifts southbound traffic onto the existing graded roadbed. These improvements would be consistent with the planned Ultimate Widening of the SR 241.

Project Status

Final design is on hold.

Anticipated Completion

2022

Total Project Cost

$77.4 million

Project Description

The SR 241 Loma Segment Widening Project will add one lane in each direction between the junction with SR 133 and Santiago Creek Bridge, just north of the junction with SR 261. Traffic volume has been steadily increasing within the project area. The project is needed to improve traffic operations of SR 241.

Planning/Engineering

A Project Study Report/Project Report (PSR/PR), an addendum to the Eastern Transportation Corridor environmental document and permits were prepared for the project. F/ETCA initiated final design of the project in March 2020. Final design was put on hold in April 2020 while impacts to the Agency due to COVID-19 Pandemic are evaluated.

The Toll Roads are designated TCMs in the Southern California Association of Governments (SCAG) and the South Coast Air Quality Management District (SCAQMD) approved plans. TCMs assist the southern California region with meeting greenhouse gas (GHG) reduction targets. As such, some of Agencies' previously planned widenings are not needed until post-2021. To comply with its commitment to deliver projects that assist with reducing GHG emissions by December 2022, F/ETCA is evaluating this project as a potential TCM substitution project.

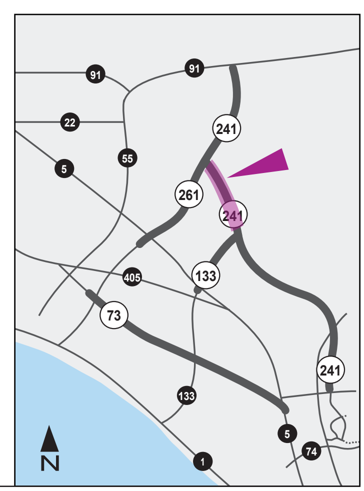
If determined to be a feasible TCM substitution, F/ETCA will work in concert with Orange County Transportation Authority (OCTA) and SCAG to complete the required inter-agency approvals, including the California Air Resources Board and the U.S. Environmental Protection Agency (EPA).

Right-of-Way

No right-of-way impacts are anticipated.

Construction

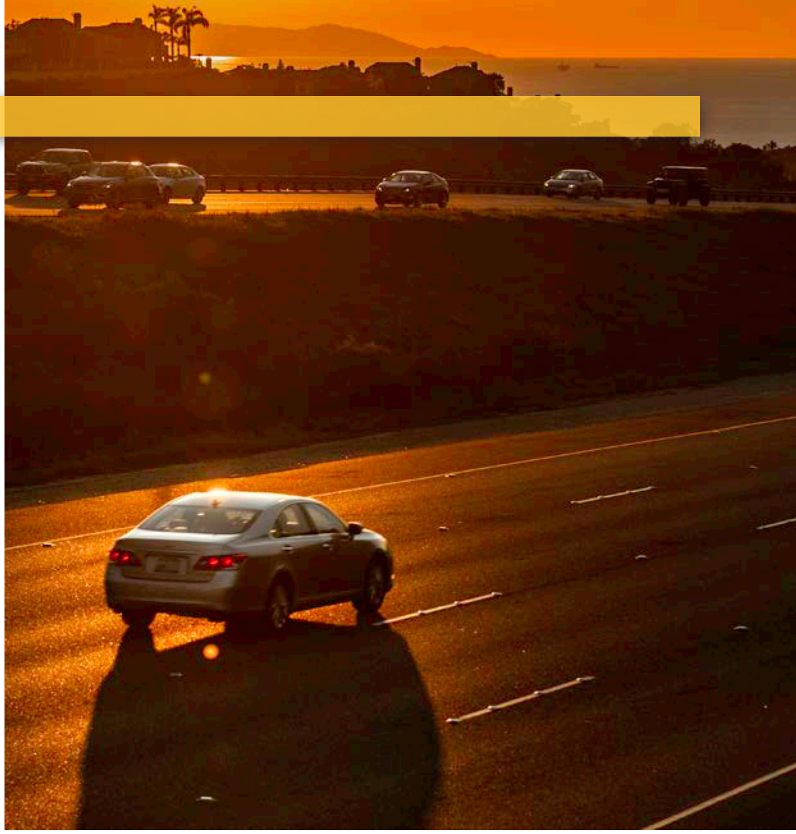
Construction completion is anticipated in 2022.



Catalina View Traffic Improvements

(Potential Transportation Control Measure [TCM] Substitution Project)

SJHTCA



Summary

The Catalina View Traffic Improvements Project consists of adding one additional lane through the Catalina View Mainline Toll Point (resulting in four mainline lanes and one truck climbing lane) and making operational improvements on SR 73 leading up to the mainline toll point in each direction to relieve traffic congestion experienced in this area during the morning and afternoon peak periods. These improvements would be consistent with the planned ultimate widening of the SR 73.

Project Status

The next steps for delivery of this project are being evaluated.

Anticipated Completion

TBD

Total Project Cost

$36.9 million

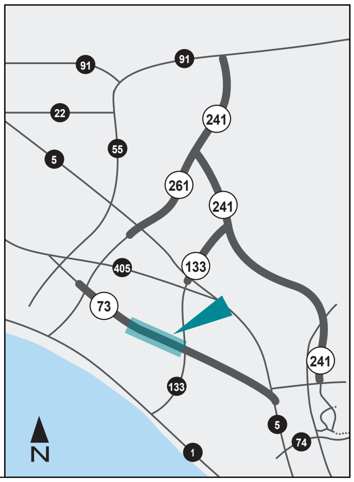
Project Description

An increase in congestion on SR 73 has been experienced in the mainline lanes during the morning and afternoon peak periods in the vicinity of the Catalina View Mainline Toll Point. A potential solution to relieve the traffic congestion is to increase the roadway capacity by adding a fourth lane through the Catalina View Toll Point and making operational improvements to SR 73, from the SR 133 to the Sand Canyon Undercrossing in the northbound direction and from Newport Coast Drive on-ramp to Laguna Canyon Road off-ramp in the southbound direction.

Planning/Engineering

Preliminary engineering and environmental studies were previously completed and will need to be revalidated. Upon completion of this revalidation, final design will commence. Evaluation of this project was put on hold in April 2020 while impacts to the Agency due to COVID-19 Pandemic are evaluated.

The Toll Roads are designated TCMs in the Southern California Association of Governments (SCAG) and the South Coast Air Quality Management District (SCAQMD) approved plans. TCMs assist the southern California region with meeting greenhouse gas (GHG) reduction targets. As such, some of Agencies' previously planned widenings are not needed until post-2021. To comply with its commitment to deliver projects that assist with reducing GHG emissions by December 2022, SJHTCA is evaluating this project as a potential TCM substitution project.



Right-of-Way

No right-of-way impacts are anticipated.

Construction

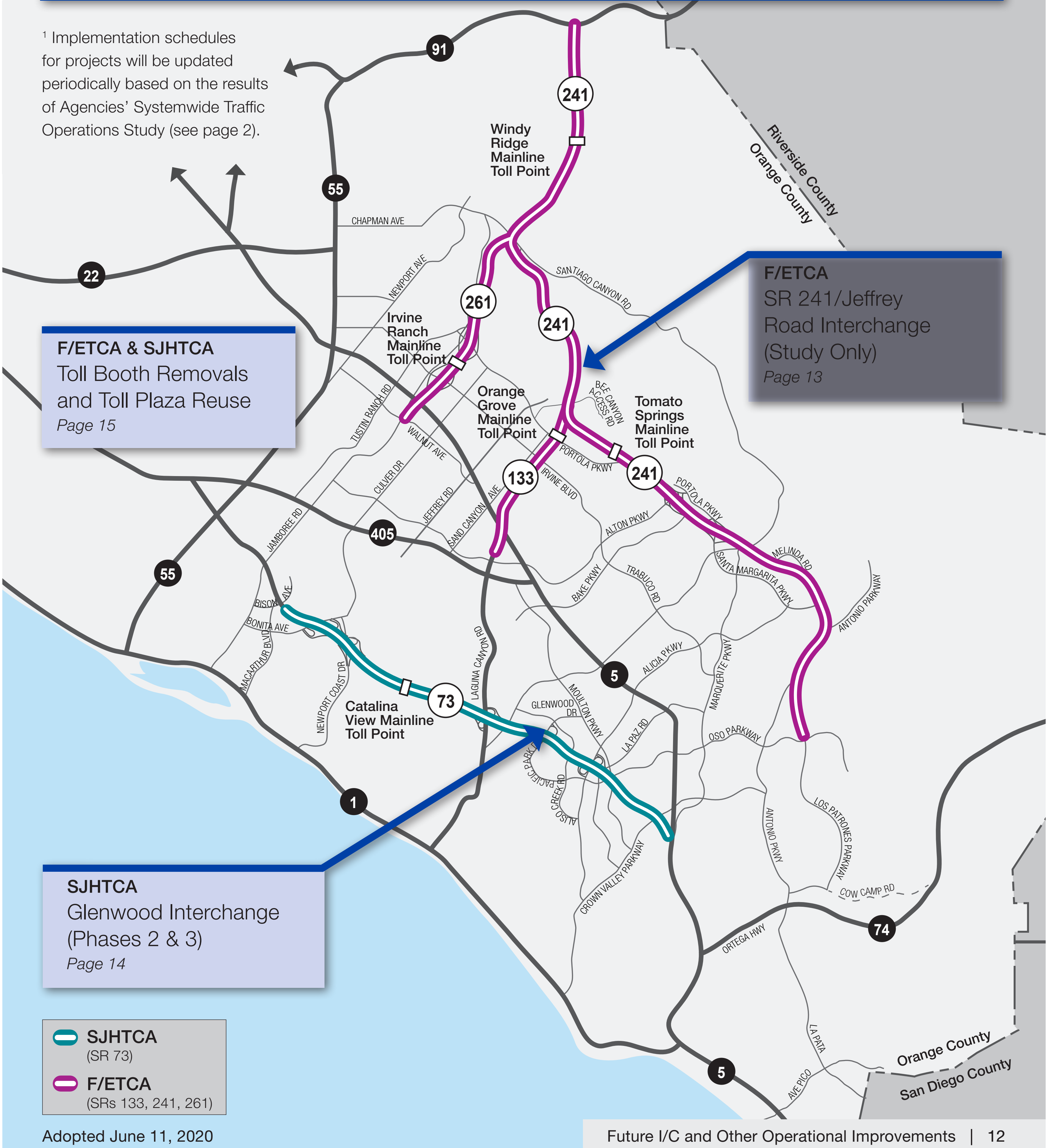
TBD

Future Capital Projects

Interchanges and Other Operational Improvements

Completion dates post-2025[1]

[1] Implementation schedules for projects will be updated periodically based on the results of Agencies' Systemwide Traffic Operations Study (see page 2).



Adopted June 11, 2020

SR 241/Jeffrey Road Interchange

(Study Only)

F/ETCA

Summary

The SR 241/Jeffrey Road Interchange Study will evaluate options for a new interchange at Jeffrey Road and SR 241 in the City of Irvine.

Project Status

Preparation of a Project Study Report-Project Development Support (PSR-PDS) is underway.

Anticipated Completion

TBD (study only)

Total Project Cost

TBD (study only)

Project Description

The study includes the evaluation of a new interchange at Jeffrey Road and SR 241 in the City of Irvine. The study will evaluate options for providing access to and from the Frank R. Bowerman Landfill from SR 241 to reduce truck traffic congestion on Sand Canyon Avenue, which currently serves as the designated truck route to the landfill.

Planning/Engineering

F/ETCA, acting as the sponsoring agency, has begun the preparation of a PSR-PDS to evaluate an interchange at Jeffrey Road and SR 241 as a potential access point to the Frank R. Bowerman Landfill from SR 241. The extension of Jeffrey Road, north of Portola Parkway to SR 241, is included in the County of Orange Master Plan of Arterial Highways (MPAH). This interchange was included in the original Eastern Transportation Corridor environmental document.

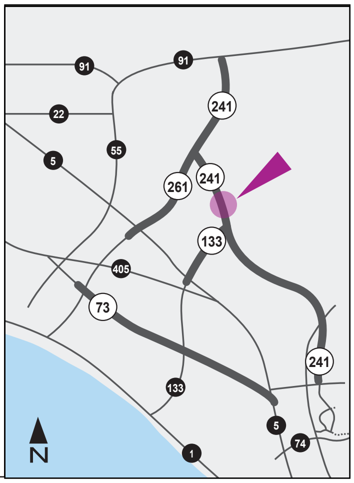
If this project moves beyond the study phase, the project will be programed for environmental planning, design, and construction.

Right-of-Way

Study only

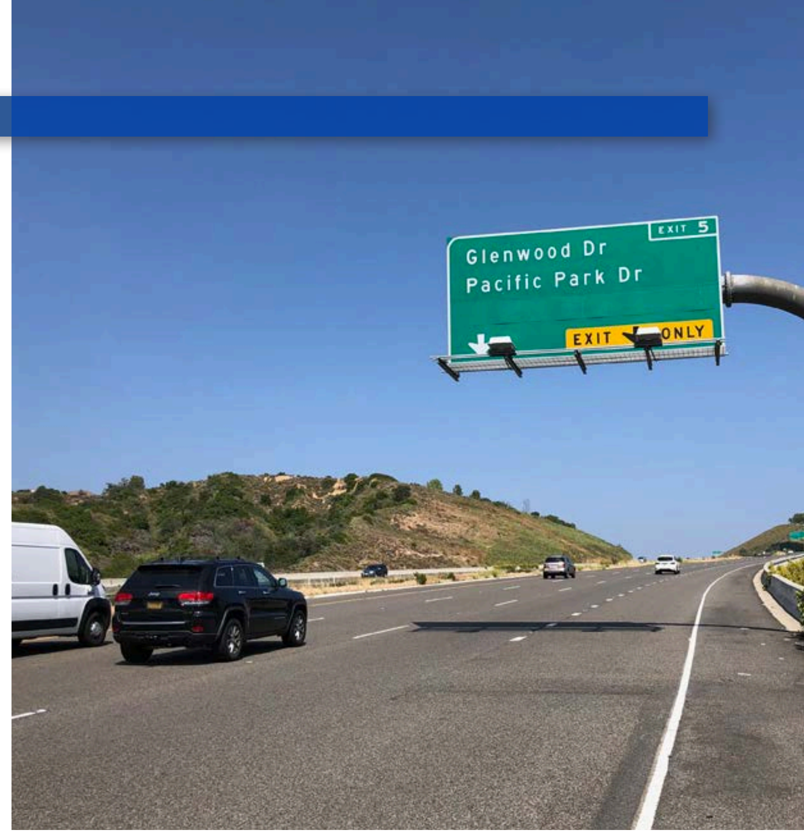
Construction

Study only



Glenwood Interchange (Phases 2 & 3)

SJHTCA



Summary

The Glenwood Interchange Project, Phase 2, completes the interchange movements with ramps to and from SR 73 to the south. Phase 3 is a future expansion and reconfiguration of the northbound on-ramp from Glenwood and provides for more intersection and mainline capacity by braiding the northbound on-ramp with the El Toro Road off-ramp.

Project Status

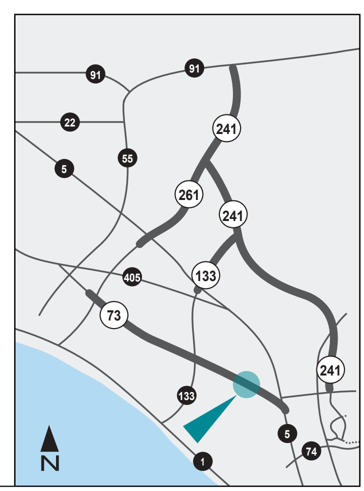
The schedules for Phases 2 and 3 have not been determined.

Anticipated Completion

TBD

Total Project Cost

$24.3 million



Toll Booth Removals and Toll Plaza Reuse

F/ETCA & SJHTCA

Summary

The Toll Booth Removals and Toll Plaza Reuse Project consists of removing the remaining toll booths and related equipment at toll points throughout the system, researching possible reuse of the toll booths and exploring options for reuse of the toll plazas and buildings.

Project Status

Conceptual planning has not yet commenced.

Anticipated Completion

TBD

Total Project Cost

F/ETCA TBD | **SJHTCA** TBD

Project Description

With the transition to all-electronic-toll (AET) collection on The Toll Roads in 2014, cash toll booths are no longer required. The removal of toll booths will provide standard lane and shoulder geometry at the toll plazas. The toll booths and related equipment on multi-lane ramps were removed in 2017 as part of the Toll Booth Removals Phase 1 Project. The removal of the remaining toll booths and related equipment at single lane ramp toll points (Toll Booth Removals Phase 2) and mainline toll points (Toll Booth Removals Phase 3) are still pending.

A study is proposed to research possible reuse options for the remaining toll booths and explore options for reuse of the toll plazas and buildings throughout the system. The recommendations developed as part of the study will be brought before the F/ETCA and SJHTCA Boards for further action.

Planning/Engineering

A Toll Plaza Facilities Reuse Study was conducted in 2016 to explore the feasibility of various reuses for the toll plazas and booths throughout the system. No preliminary concepts have been developed yet from the study.

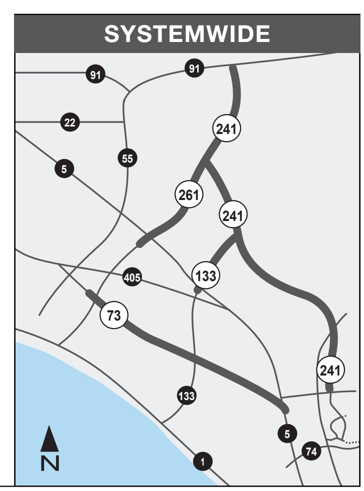
Conceptual planning has not yet commenced.

Right-of-Way

No right-of-way impacts are anticipated.

Construction

TBD

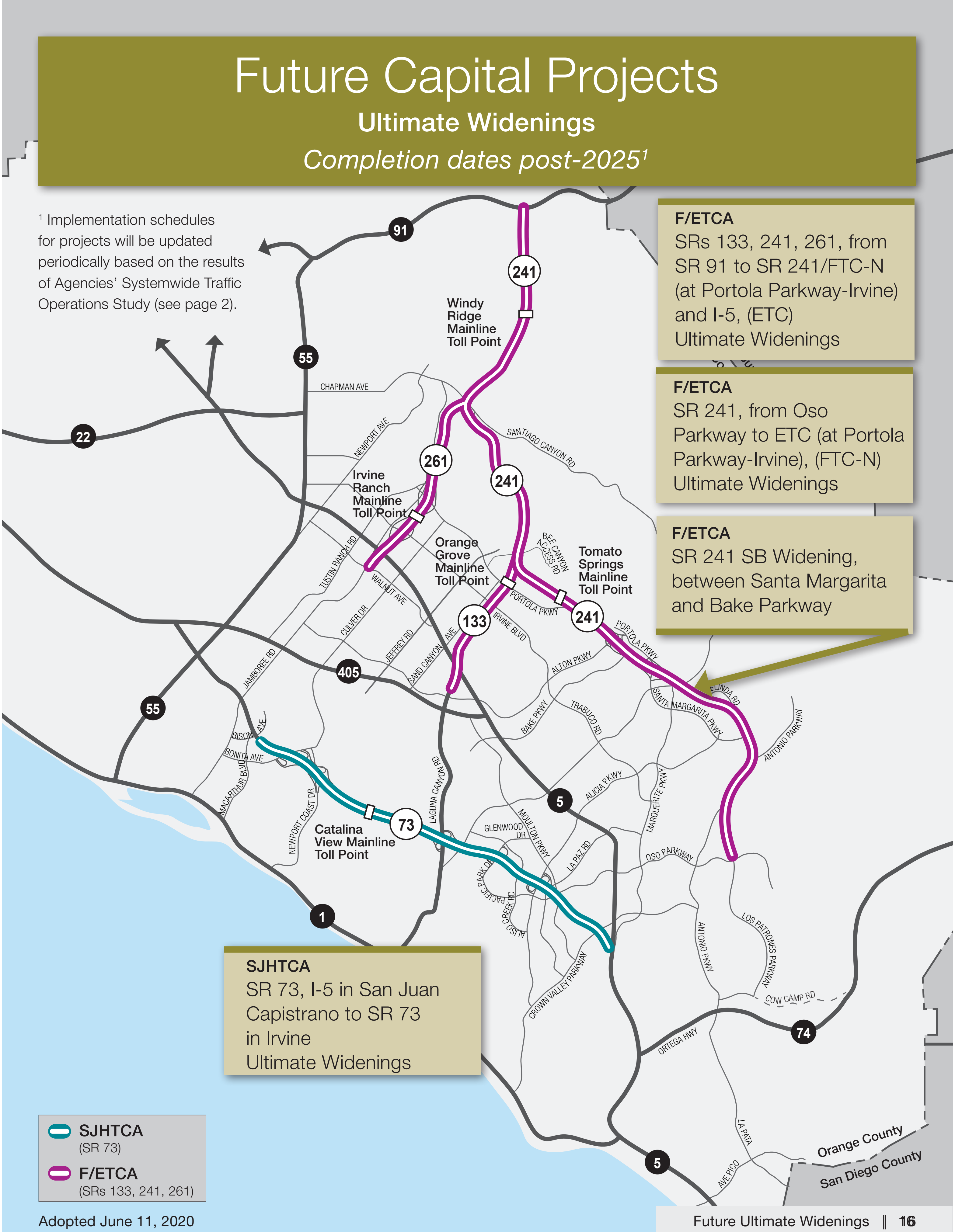


Future Capital Projects

Ultimate Widenings

Completion dates post-2025[1]

[1] Implementation schedules for projects will be updated periodically based on the results of Agencies' Systemwide Traffic Operations Study (see page 2).



F/ETCA
SRs 133, 241, 261, from SR 91 to SR 241/FTC-N (at Portola Parkway-Irvine) and I-5, (ETC)
Ultimate Widenings

F/ETCA
SR 241, from Oso Parkway to ETC (at Portola Parkway-Irvine), (FTC-N)
Ultimate Widenings

F/ETCA
SR 241 SB Widening, between Santa Margarita and Bake Parkway

SJHTCA
SR 73, I-5 in San Juan Capistrano to SR 73 in Irvine
Ultimate Widenings

SJHTCA
(SR 73)

F/ETCA
(SRs 133, 241, 261)

Future Capital Projects: Ultimate Widenings

Foothill/Eastern Transportation Corridor Agency

Project	Anticipated Completion	Total Project Cost	Description
F/ETCA SR 241 Southbound Widening, between Santa Margarita Parkway and Bake Parkway (PM 18.3 to PM 23.10)	TBD	$102.1 million	The SR 241 Southbound Widening, between Santa Margarita Parkway and Bake Parkway, proposes to add one lane in the southbound direction for 4.8 miles, from south of the Melinda Road Undercrossing (UC) to north of the Bake Parkway UC. Project includes the widening of the northbound and southbound Upper Oso Reservoir and the Aliso Creek Bridges and construction of limited pavement widening in the northbound direction between these two bridges. **Project Status** An addendum to the original Foothill Transportation Corridor – North environmental document, Final Supplemental EIR No. 423, March 1990, was completed in 2011.

Future Capital Projects: Ultimate Widenings

Foothill/Eastern Transportation Corridor Agency

Project	Anticipated Completion	Total Project Cost	Description
F/ETCA SRs 133, 241, 261, from SR 91 to SR 241/ FTC-N (at Portola Parkway-Irvine) and I-5, (Eastern Transportation Corridor) (ETC), Ultimate Widenings TIP ID & SCAG RTP Project #: ORA050 SR 241, from Oso Parkway to ETC (at Portola Parkway-Irvine), (Foothill Transportation Corridor - North) (FTC-N), Ultimate Widenings TIP ID & SCAG RTP Project #: ORA051	TBD	$884.5 million	Over the past two decades, The Toll Roads have become an integral part of the regional transportation system in Orange County. Customer surveys show that people depend on The Toll Roads for reliability in the travel time it takes to reach their destination. As regional travel demand grows, and the freeway and arterial system become more congested, portions of The Toll Roads can sometimes experience congestion as well. In order to preserve dependable travel times, roadway expansion and operational improvement projects become warranted. The transportation corridor system is designed to be expanded with additional lanes as traffic demands and volumes grow. Space is also provided within the median for either additional travel lanes and/or potential transit facilities as the County of Orange and surrounding communities mature. Since the original construction of the corridors, there have been several changes to several key factors that influence travel demand. These factors include residential and non-residential development changes, shifts in population and employment, changes to the arterial highway system and changes in commuter behavior. **Project Status** The Agencies are currently undertaking a systemwide traffic operations study to understand the specific areas and segments of The Toll Roads system where system improvements will be needed in order to maintain free flow conditions. The Agencies are developing a timeline in five-year horizon increments in order to have a better understanding of what improvements are needed and when those projects need to be constructed.

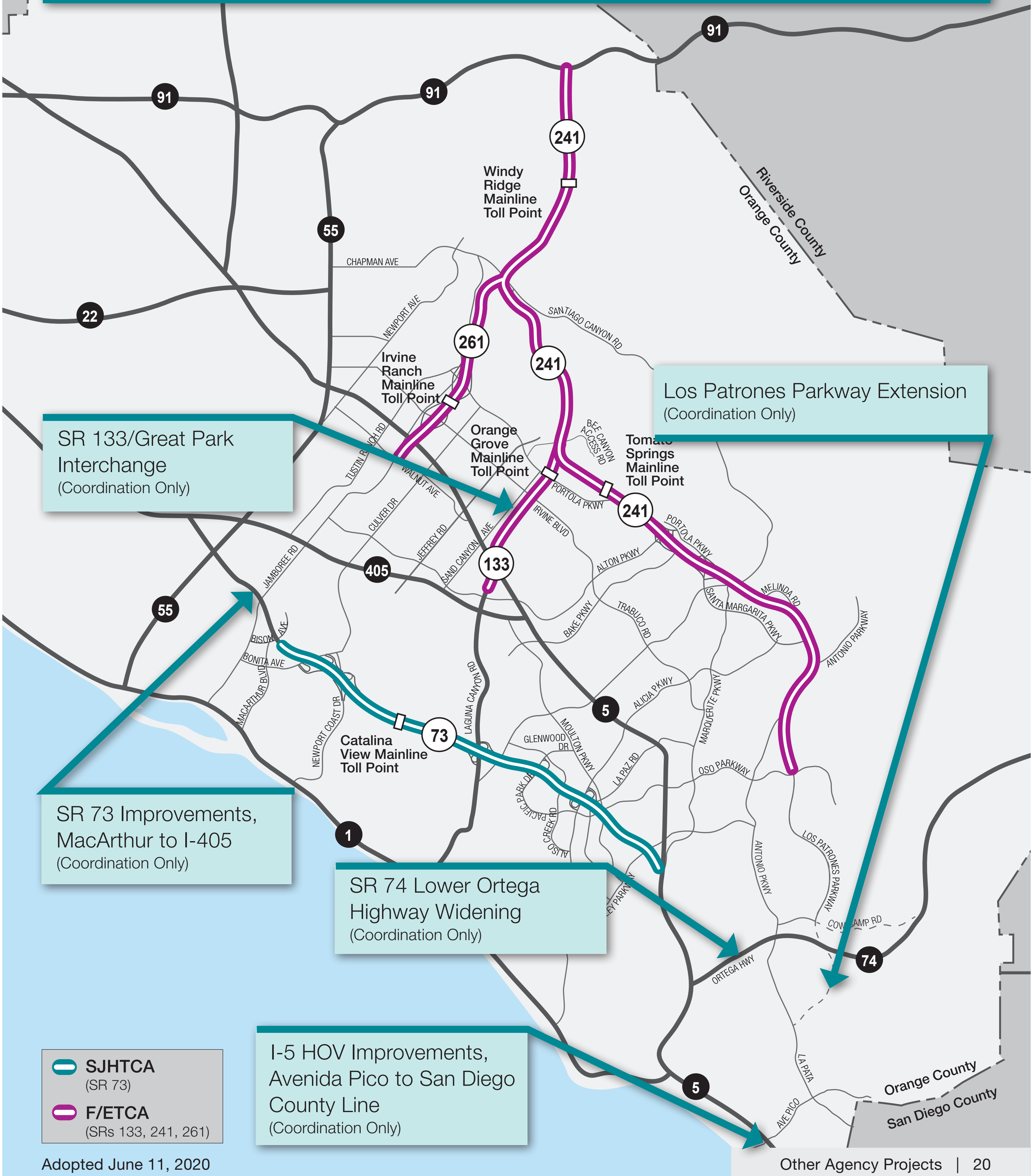
Future Capital Projects: Ultimate Widenings

San Joaquin Hills Transportation Corridor Agency

Project	Anticipated Completion	Total Project Cost	Description
SJHTCA SR 73, I-5 in San Juan Capistrano to SR 73 in Irvine, (San Joaquin Hills Transportation Corridor) (SJHTC), Ultimate Widenings TIP ID & SCAG RTP Project #: 10254	TBD	$354.7 million	Over the past two decades, The Toll Roads have become an integral part of the regional transportation system in Orange County. Customer surveys show that people depend on The Toll Roads for reliability in the travel time it takes to reach their destination. As regional travel demand grows, and the freeway and arterial system become more congested, portions of The Toll Roads can sometimes experience congestion as well. In order to preserve dependable travel times, roadway expansion and operational improvement projects become warranted. The transportation corridor system is designed to be expanded with additional lanes as traffic demands and volumes grow. Space is also provided within the median for either additional travel lanes and/or potential transit facilities as the County of Orange and surrounding communities mature. Since the original construction of the corridors, there have been several changes to several key factors that influence travel demand. These factors include residential and non-residential development changes, shifts in population and employment, changes to the arterial highway system and changes in commuter behavior. **Project Status** The Agencies are currently undertaking a systemwide traffic operations study to understand the specific areas and segments of The Toll Roads system where system improvements will be needed in order to maintain free flow conditions. The Agencies are developing a timeline in five-year horizon increments in order to have a better understanding of what improvements are needed and when those projects need to be constructed.

Other Agency Projects

Coordination Only



Other Agency Projects: Coordination Only

Project	Anticipated Completion	Project Sponsor	Description
SR 133/Great Park Interchange (Coordination Only)	TBD	Five Point Communities, in partnership with the City of Irvine	The SR 133/Great Park Interchange Project is under development by Five Point Communities, in partnership with the City of Irvine and Caltrans, to study the potential for a new interchange on SR 133 at Great Park Boulevard (Trabuco Road). The intent of this new access is to alleviate traffic demand at the nearby Sand Canyon Avenue/ Interstate 5 (I-5) interchange. **Project Status** A Project Study Report-Project Development Support (PSR-PDS) is underway by Five Point Communities. **Total Project cost** TBD
Los Patrones Parkway Extension (Coordination Only)	TBD	County of Orange	The Los Patrones Parkway Extension Project will continue Los Patrones Parkway as a local arterial roadway with no tolls from Cow Camp Road south through the Prima Deshecha Landfill to connect with La Pata Avenue. The project is the result of a detailed analysis of alternatives proposed to relieve traffic congestion in south Orange County. The analysis and results are detailed in the F/ETCA South County Traffic Relief Effort Scoping Summary and Alternatives Screening report, dated March 2020. The report recommends the County of Orange, as the lead agency, advance the Los Patrones Parkway Extension for further consideration. **Project Status** TBD **Total Project Cost** TBD

Other Agency Projects: Coordination Only

Project	Anticipated Completion	Project Sponsor	Description
SR 74 Lower Ortega Highway Widening (Coordination Only)	TBD	County of Orange and OCTA	The SR 74 Lower Ortega Highway Widening Project proposes to widen SR 74 from two lanes to four lanes from Calle Entradero to 150-feet east of the City of San Juan Capistrano/County boundary with restriping from 150-feet east of the City/County boundary to Reata Road. The improvements being studied by the County of Orange and OCTA, in partnership with Caltrans, are expected to relieve existing and future traffic congestion and improve the flow of traffic on SR 74. The project will accommodate planned growth and development in the surrounding areas, remove a chokepoint, and provide improvements consistent with local planning documents. **Project Status** Supplemental Project Report and Environmetal Assessment are in-progress by the County of Orange and OCTA. **Total Project Cost** TBD
I-5 HOV Improvements, Avenida Pico to San Diego County Line (Coordination Only)	TBD	OCTA	The I-5 HOV Improvements Project is under development by OCTA, in partnership with Caltrans, to study the option of adding a high occupancy vehicle (HOV) lane in each direction from Avenida Pico in the City of San Clemente to the San Diego County Line to provide HOV continuity by connecting to the existing HOV lanes that currently terminate at Avenida Pico. **Project Status** PA/ED is underway by OCTA. **Total Project Cost** TBD

Other Agency Projects: Coordination Only

Project	Anticipated Completion	Project Sponsor	Description
SR 73 Improvements, MacArthur to I-405 (Coordination Only)	TBD	OCTA	The SR 73 Improvements, MacArthur to I-405, Project is under development by OCTA to study the option of adding one HOV lane in each direction from MacArthur Boulevard to Interstate 405 (I-405). SJHTCA, as a stakeholder, will coordinate with OCTA on this study including the potential option to add managed lanes on SR 73 between Bison Avenue and Bear Street with a tie-in to the SR 73/I-405 Express Connector to provide managed lane continuity between the 73 Toll Road and the 405 Express Lanes. **Project Status** Preliminary study is planned by OCTA. **Total Project Cost** TBD

Estimated Project Cost by Agency (in $1,000)

Foothill/Eastern Transportation Corridor Agency

	Project	FY19 & Prior	FY20 Actual Plus Projected	FY21 Proposed Budget	FY22 & Later	Total Project Cost
Under Construction	Oso Parkway Bridge	$19,645	$14,692	$5,570	$0	$39,907
	Signage Enhancements	$477	$1,989	$638	$0	$3,104
Current Completion dates by 2025[1]	241/91 Express Connector	$13,820	$2,951	$14,426	$218,803	$250,000
	NB SR 241 Channelizers at Windy Ridge	$0	$200	$677	$0	$877
	SR 241 Loma Segment Widening (Potential TCM Substitution Project)	$961	$850	$0	$75,589	$77,400
Future I/C and Other Operational Improvements Completion dates post-2025[1]	SR 241/Jeffrey Road Interchange (Study Only)	$264	$0	$0	TBD	TBD
	Toll Booth Removals and Toll Plaza Reuse	$2,935	$0	$0	TBD	TBD
Future Ultimate Widenings Completion dates post-2025[1]	SR 241 Southbound Widening, between Santa Margarita Parkway and Bake Parkway (PM 18.3 to PM 23.10)	$3,902	$0	$0	$98,198	$102,100
	SRs 133, 241, 261, from SR 91 to SR 241/FTC-N (at Portola Parkway-Irvine) and I-5, (ETC) Ultimate Widenings & SR 241, from Oso Parkway to ETC (at Portola Parkway-Irvine), (FTC-N) Ultimate Widenings	$0	$0	$0	$884,500	$884,500

Estimated Project Cost by Agency (in $1,000)

Foothill/Eastern Transportation Corridor Agency

	Project	FY19 & Prior	FY20 Actual Plus Projected	FY21 Proposed Budget	FY22 & Later	Total Project Cost
Other Agency Projects (Coordination only)	SR 133/Great Park Interchange (Coordination Only)	$28	$0	$0	TBD	TBD
	Los Patrones Parkway Extension (Coordination Only)	$0	$0	$0	TBD	TBD
	SR 74 Lower Ortega Highway Widening (Coordination Only)	$0	$0	$0	TBD	TBD
	I-5 HOV Improvements, Avenida Pico to San Diego County Line (Coordination Only)	$0	$0	$0	TBD	TBD
F/ETCA Total		**$42,032**	**$20,682**	**$21,311**	**TBD**	**TBD**

Footnote

[1] Implementation schedules for projects will be updated periodically based on the results of Agencies' Systemwide Traffic Operations Study (see page 2).

Estimated Project Cost by Agency (in $1,000)

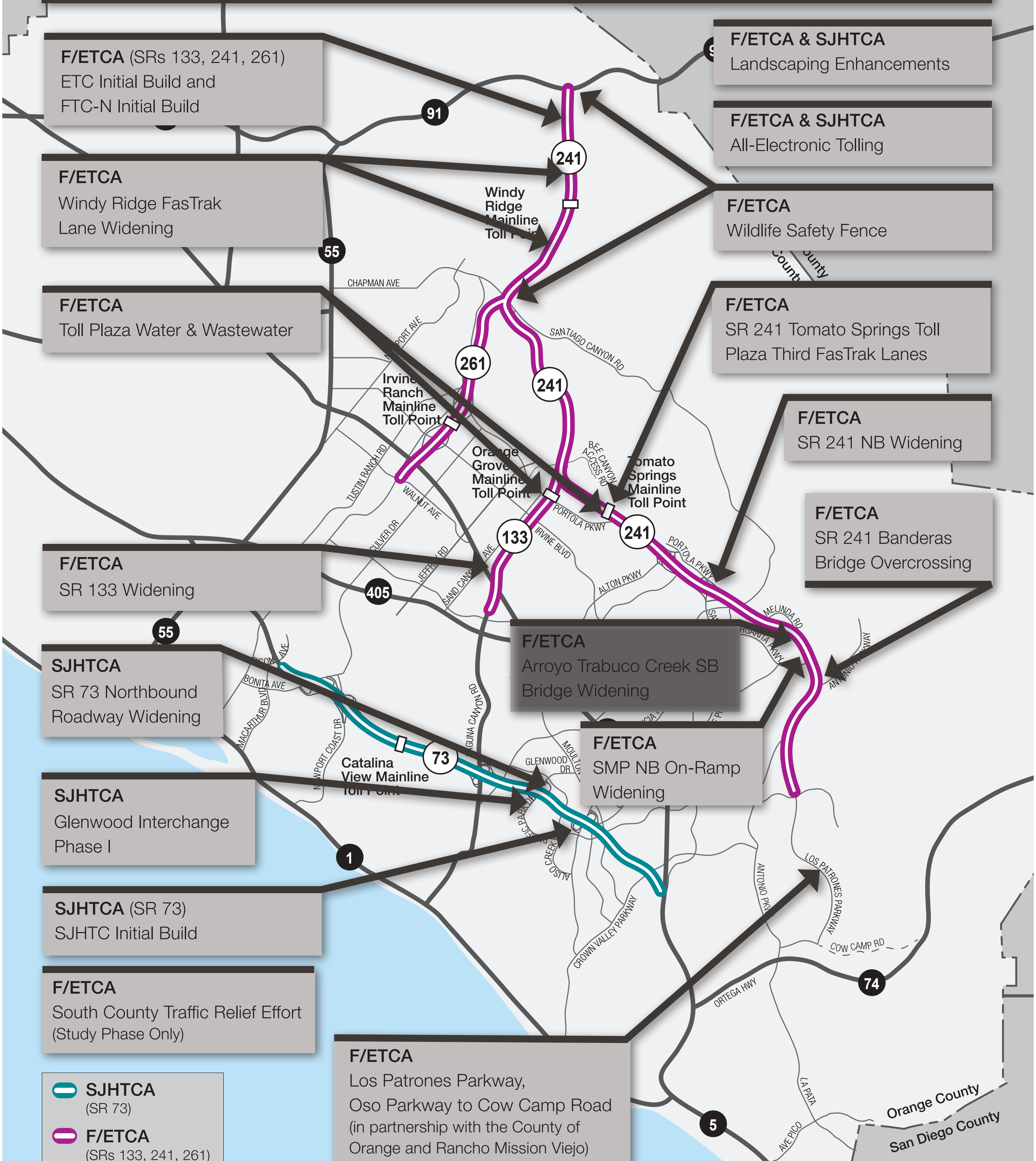
San Joaquin Hills Transportation Corridor Agency

	Project	FY19 & Prior	FY20 Actual Plus Projected	FY21 Proposed Budget	FY22 & Later	Total Project Cost
Under Construction	Signage Enhancements	$423	$2,264	$1,175	$0	$3,862
Current Completion dates by 2025[1]	Catalina View Traffic Improvements (Potential TCM Substitution Project)	$26	$167	$0	$36,707	$36,900
Future I/C and Other Operational Improvements Completion dates post-2025[1]	Glenwood Interchange (Phases 2 & 3)	$0	$0	$0	$24,300	$24,300
	Toll Booth Removals and Toll Plaza Reuse	$2,455	$0	$0	TBD	TBD
Future Ultimate Widenings Completion dates post-2025[1]	SR 73, I-5 in San Juan Capistrano to SR 73 in Irvine, Ultimate Widenings	$0	$0	$0	$354,700	$354,700
Other Agency Projects (Coordination only)	SR 73 Improvements, MacArthur to I-405 (Coordination Only)	$0	$0	$0	TBD	TBD
SJHTCA Total		**$2,904**	**$2,431**	**$1,175**	**TBD**	**TBD**

Footnote

[1] Implementation schedules for projects will be updated periodically based on the results of Agencies' Systemwide Traffic Operations Study (see page 2).

Completed Capital Projects



Completed Projects

Foothill/Eastern Transportation Corridor Agency

Initial Projects			
Project	**Year**	**Total Project Cost**	**Description**
F/ETCA Eastern Transportation Corridor (ETC) and Foothill Transportation Corridor – North (FTC-N) Initial Builds	1993 1998	$1.5 billion	Construction of 133, 261, & 241 Toll Roads extend from SR 91 in the north to I-5 in the west, the Laguna Freeway (SR 133) to the southeast and Oso Parkway to the south. The initial approximately 34.1-mile project included the purchase of right-of-way and construction of two to three mainline lanes, plus climbing and auxiliary lanes with sufficient median to add additional lanes and/or transit later.

Enhancements to the Initial Projects			
Project	**Year**	**Total Project Cost**	**Description**
F/ETCA SR 241 Banderas Bridge Overcrossing	2002	$1.2 million	Construction of a new overcrossing of SR 241 between Antonio Parkway and Santa Margarita Parkway. The project was sponsored by the City of Rancho Santa Margarita to provide improved traffic circulation within the City. F/ETCA contributed $1.22 million as its fair share of the project costs.
F/ETCA Santa Margarita Parkway Northbound On-Ramp Widening	2005	$11.6 million	Addition of a second lane to the Santa Margarita Parkway Northbound on-ramp to address high peak-hour traffic volumes. Project included widening the 1,500-foot long Arroyo Trabuco Creek northbound bridge to the ultimate corridor configuration.
F/ETCA Arroyo Trabuco Creek Southbound Bridge Widening	2005	$8.5 million	Widening of the Arroyo Trabuco Creek southbound bridge to its ultimate corridor configuration during the widening of the Santa Margarita Parkway northbound on-ramp thereby allowing both northbound and southbound structures to be widened to their Ultimate Corridor width at the same time. This strategy allowed only one disruption of the Arroyo Trabuco Creek below the bridge. The project was designed and constructed including the addition of a second exit lane to Santa Margarita Parkway.

Completed Projects

Foothill/Eastern Transportation Corridor Agency

Enhancements to the Initial Projects (continued)			
Project	**Year**	**Total Project Cost**	**Description**
F/ETCA SR 241 Northbound Widening, Arroyo Trabuco Creek to Bake Parkway	2003	$15.3 million	Addition of one additional lane in the median of northbound SR 241 from Arroyo Trabuco Creek to Bake Parkway including the widening of five twin northbound and southbound bridges (Portola Parkway South UC, Serrano Equestrian UC, Lake Forest Dr. UC, Bake Parkway UC, Melinda Road UC) to their Ultimate Corridor configuration.
F/ETCA SR 241 Tomato Springs Toll Plaza Third FasTrak Lanes	2004	$3.1 million	Addition of one lane in each direction between NB SR 241/ SB SR 133 connector and Portola Parkway (North) OC. These lanes were added to address increasing traffic volumes and FasTrak usage at this location. Project included the reconfiguration of the lane delineation between the mainline toll point and the adjacent SR 133 interchange to encourage FasTrak as the predominant toll payment method.
F/ETCA Landscaping Enhancements	2004	$5.0 million	Installation of landscaping enhancements on SR 241 and SR 261 toll roads.
F/ETCA Toll Plaza Water & Wastewater	2002	$0.2 million	Improvements to the toll point water and wastewater systems at three mainline toll points on SRs 133, 241 and 261, including one new connection to a public sewer.
F/ETCA SR 133 Widening Merge/Diverge Project, I-5 to SR 241	2005	$5.4 million	Addition of one mixed flow lane in each direction from I-5 to SR 241 along with median guardrail for most of the 2.5-mile project length.
F/ETCA Windy Ridge FasTrak® Lane Widening	2009	$10.6 million	Addition of a third FasTrak lane in each direction in the median of SR 241 through the Windy Ridge Mainline Toll Point from south of the Southern California Edison (SCE) Wildlife Undercrossing (UC) to north of the Windy Ridge Wildlife UC (3.0 miles). SCE UC southbound bridge and Windy Ridge UC northbound bridge built to their ultimate corridor configuration.

Completed Projects

Foothill/Eastern Transportation Corridor Agency

Enhancements to the Initial Projects (continued)			
Project	**Year**	**Total Project Cost**	**Description**
F/ETCA All-Electronic Tolling (AET)	2014	$14.4 million	Conversion of the toll collection facilities to all-electronic-toll collection. Project included various modifications to mainline toll points and signage. Additionally, the project included removal of toll booths and related equipment on multi-lane ramps where traffic passed on both sides of the existing toll booths.
F/ETCA Wildlife Safety Fence	2016	$10.4 million	Construction of six miles of wildlife safety fence along the northbound and southbound lanes of SR 241 from the Chapman/Santiago Canyon Road interchange to SR 91.
Los Patrones Parkway, Oso Parkway to Cow Camp Road (in partnership with the County of Orange and Rancho Mission Viejo)	2020	$100 million (includes $55.5 million F/ETCA contribution to date)	Los Patrones Parkway is a 4-lane divided roadway that creates a 4.5-mile, north-south link from the southerly terminus of SR 241 between Oso Parkway and Cow Camp Road. The project includes a multi-purpose pathway trail for pedestrians and cyclists from Oso Parkway to Chiquita Canyon Drive. Rancho Mission Viejo (RMV) was the project sponsor with the County of Orange as the lead agency. An agreement was required by the County of Orange between RMV and F/ETCA to address funding, phasing and construction of Los Patrones Parkway including designing the roadway as a high speed, unsignalized transportation corridor. F/ETCA provided funding for the right-of-way, design and a portion of the construction pursuant to the County of Orange Major Thoroughfare and Bridge Fee Program. F/ETCA has contributed a total of $55.5 M to date.

Completed Projects

Foothill/Eastern Transportation Corridor Agency

Enhancements to the Initial Projects (continued)			
Project	**Year**	**Total Project Cost**	**Description**
South County Traffic Relief Effort (Study Phase Only)	2020	Study Phase Only	The South County Traffic Relief Effort (SCTRE) included studying options to address the need for additional transportation improvements to relieve existing and future congestion on Interstate 5 and local arterials in South Orange County. F/ETCA, in partnership with other transportation agencies, identified the needs and a range of alternatives in a Caltrans Project Study Report-Project Development Support (PSR-PDS) document. The formal environmental study phase including the public scoping and alternatives screening analysis commenced in December 2018. The results are detailed in the SCTRE Final Scoping Summary and Alternatives Screening Report, dated March 2020. On March 12, 2020, the F/ETCA Board voted to approve the recommendation presented in the report which recommends Alternative 1 (No Build) and Alternative 22 Untolled (Los Patrones Parkway) as the two alternatives that should be advanced for further consideration. A Project Report documenting the closeout of the project is being prepared by Caltrans and will conclude the environmental planning phase for this project. The Los Patrones Parkway Extension (Alternative 22 Untolled) will be led by County of Orange.
F/ETCA Total		**$1.641 billion**	

Completed Projects

San Joaquin Hills Transportation Corridor Agency

Initial Projects			
Project	**Year**	**Total Project Cost**	**Description**
SJHTCA San Joaquin Hills Transportation Corridor (SJHTC) Initial Build	1996	$1.2 billion	Construction of an approximately 17.4-mile extension of SR 73 from Jamboree Road in the City of Newport Beach to I-5 in San Juan Capistrano as a tolled facility. The initial project included three lanes in each direction, plus climbing and auxiliary lanes with sufficient median to add additional lanes and/or transit later. Additionally, constructed the extension and realignment of Ford Road (completed 1995). This 1.65-mile project extended and realigned Ford Road (now known as Bonita Canyon Drive) between MacArthur Blvd and Newport Coast Drive.

Enhancements to the Initial Projects			
Project	**Year**	**Total Project Cost**	**Description**
SJHTCA SR 73 @ Glenwood Interchange Phase I	2003	$8.5 million	Construction of ramps to and from the north at Glenwood/ Pacific Park Drive on SR 73. Work was performed under a design-build contract. Just under $6.7 million was received by the San Joaquin Hills Transportation Corridor Agency in grant funding for the project.
SJHTCA SJH Landscaping Enhancements	2004	$2.3 million	Installation of landscaping enhancements at interchanges along SR 73.
SJHTCA SR 73 Northbound Roadway Widening	2009	$15.0 million	Addition of a fourth lane to the northbound mainline in two locations: (1) from the former lane drop north of Aliso Viejo Parkway to north of the Laguna Canyon Road on-ramp, a distance of 2.4 miles, and (2) from the Catalina View Mainline Toll Point cash lane merge, to the MacArthur Boulevard off-ramp, a distance of 3.3 miles. Ford Road/Bonita Canyon Drive Undercrossing (UC) northbound bridge, Newport Coast Drive UC northbound bridge, and Wildlife UC No. 2 northbound bridge built to their ultimate corridor configuration.

Completed Projects

San Joaquin Hills Transportation Corridor Agency

Enhancements to the Initial Projects (continued)			
Project	**Year**	**Total Project Cost**	**Description**
SJHTCA All-Electronic Tolling (AET)	2014	$7.9 million	Conversion of the toll collection facilities to all-electronic-toll collection. Project included various modifications to mainline toll points and signage. Additionally, the project included removal of toll booths and related equipment on multi-lane ramps where traffic passed on both sides of the existing toll booths.
SJHTCA Total		**$1.234 billion**	

Transportation Corridor Agencies™