

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

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



**Presented to the
Finance and Administration Committee**

**For The Period Ending
March 31, 2020**

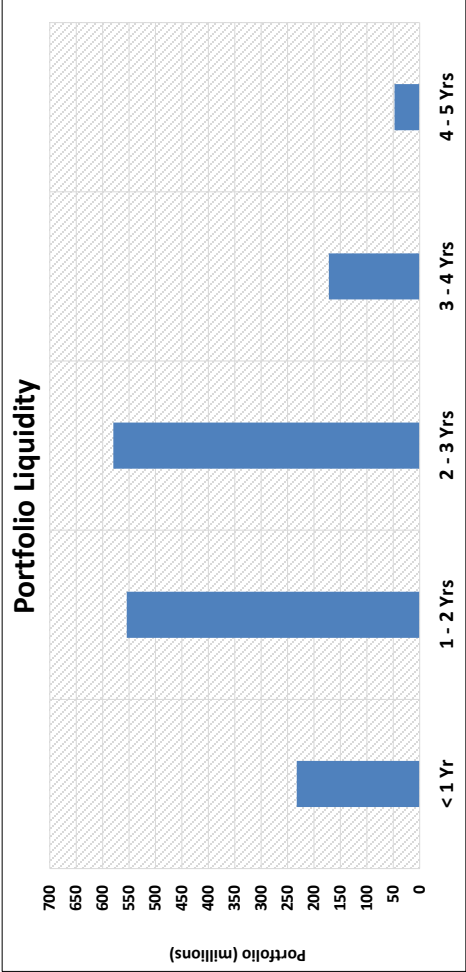
INVESTMENT PROGRAM

OCTA Investment Dashboard

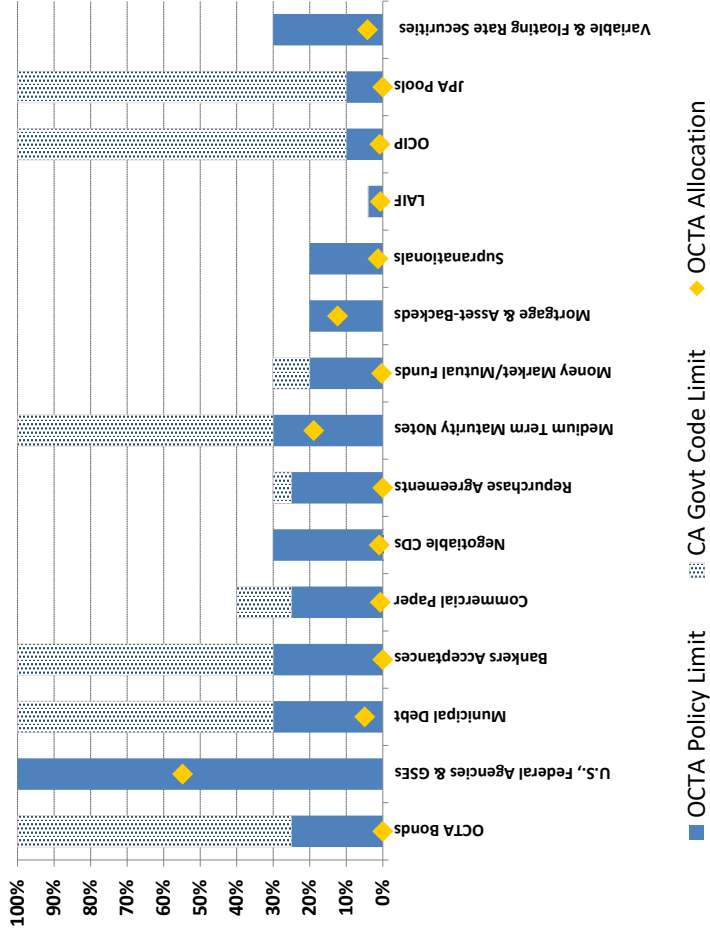
3/31/2020

Safety of Principal

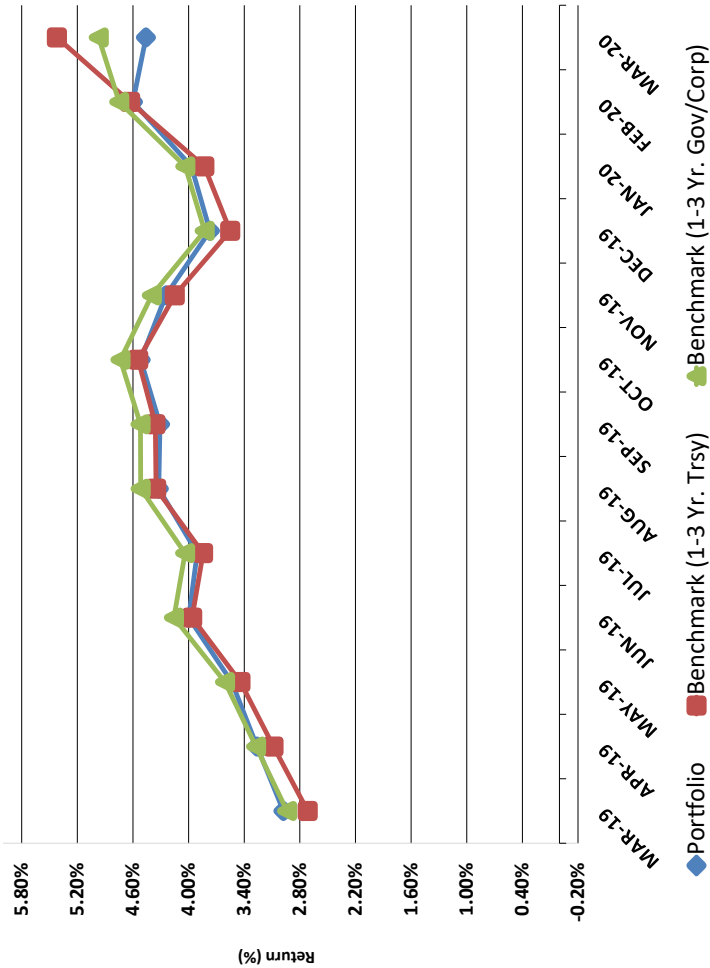
Securities that fall below OCTA's minimum credit quality requirements:



Portfolio Diversification



Portfolio Return - 12 Month



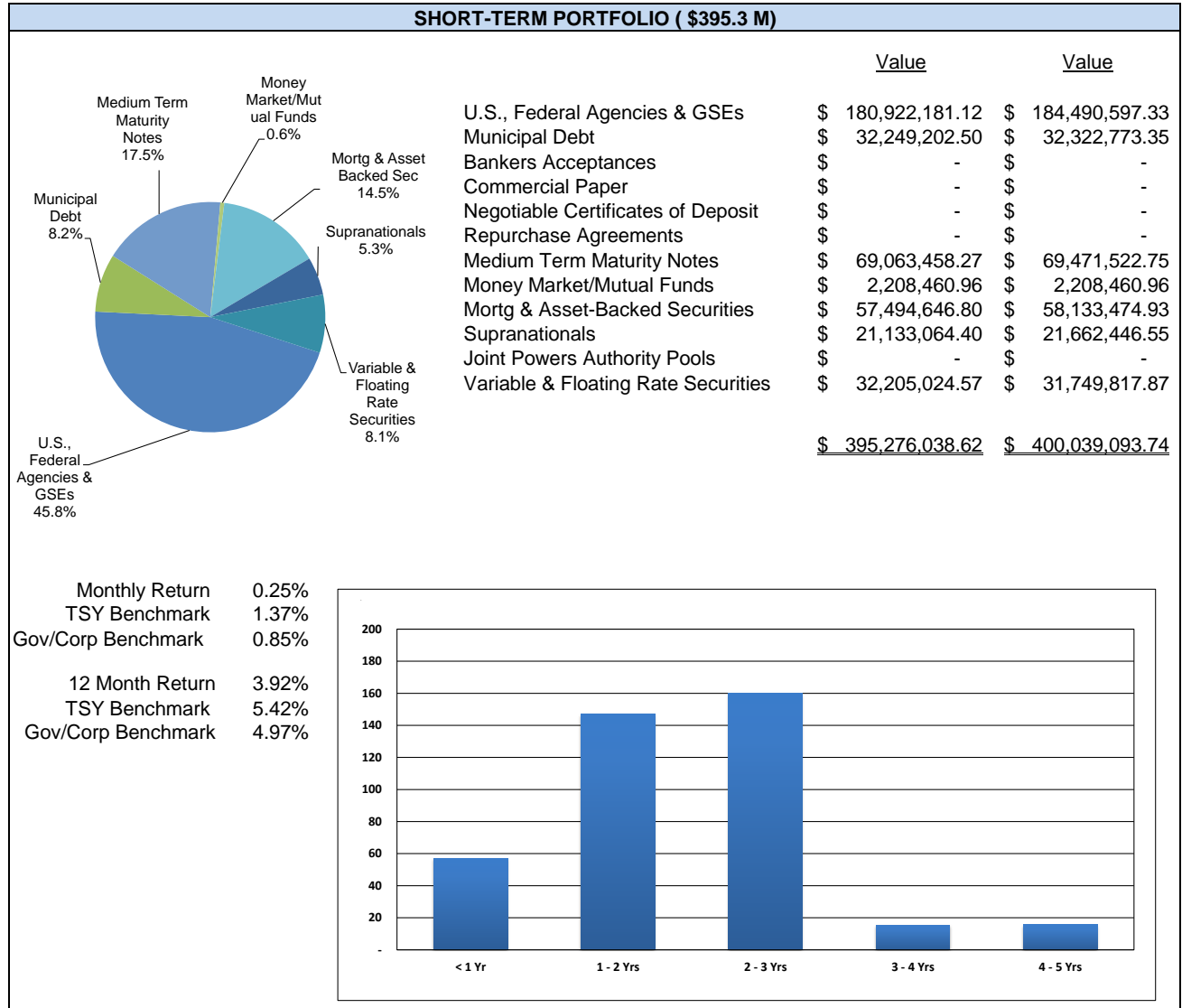
Investment Profile

3/31/2020

Portfolio / Managers	Depository	Role	Governing Document	Type of Investment	Amount (\$ Millions)
OCTA	Bank of the West	Broker	Investment Policy	Repurchase Agreement	\$ 47.1
California State Treasurer	LAIF	Custodian	Investment Policy	Investment Pool/LAIF	10.8
Orange County Treasurer	OCIP	Custodian	Investment Policy	Investment Pool/OCIP	13.0
Subtotal OCTA Liquid Portfolio					\$ 70.9
<u>SHORT-TERM PORTFOLIO:</u>					
<u>Investment Managers</u>					
MetLife Investment Management	U.S Bank	Custodian	Investment Policy	Various	\$ 395.3
Chandler Asset Management	U.S Bank	Custodian	Investment Policy	Various	394.1
Payden & Rygel Investment Counsel	U.S Bank	Custodian	Investment Policy	Various	400.4
PFM Asset Management	U.S Bank	Custodian	Investment Policy	Various	396.5
Subtotal Short-Term Portfolio (Investment Managers)					\$ 1,586.3
<u>BOND PROCEEDS PORTFOLIO:</u>					
OCTA/ Measure M2	BNY Mellon	Trustee	Indenture	Money Market Fund	\$ 58.6
OCTA/ Measure M2	Bank of Nova Scotia	Custodian	Indenture/GIC	Guaranteed Investment Contract	216.9
OCTA/ Measure M2	BNY Mellon	Trustee	Indenture	N/A	-
OCTA/ Measure M2	BNY Mellon	Trustee	Indenture	Money Market Fund	96.9
Subtotal OCTA Bond Proceeds Portfolio					\$ 372.4
<u>RESERVE FUNDS PORTFOLIO:</u>					
OCTA/ 91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Indenture	Commercial Paper	\$ 11.4
OCTA/ 91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Indenture	Commercial Paper	10.5
OCTA/ 91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Indenture	Commercial Paper	3.1
OCTA/ 91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Indenture	U.S. Treasury Obligations	0.0
OCTA/ 91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Indenture	U.S. Treasury Obligations	0.0
Bank Deposits/Cash	Bank of the West	Trustee	Indenture	Cash	0.2
Subtotal OCTA Reserve Funds Portfolio					\$ 25.2
TOTAL					\$ 2,054.8

Investment Manager Diversification and Maturity Schedules

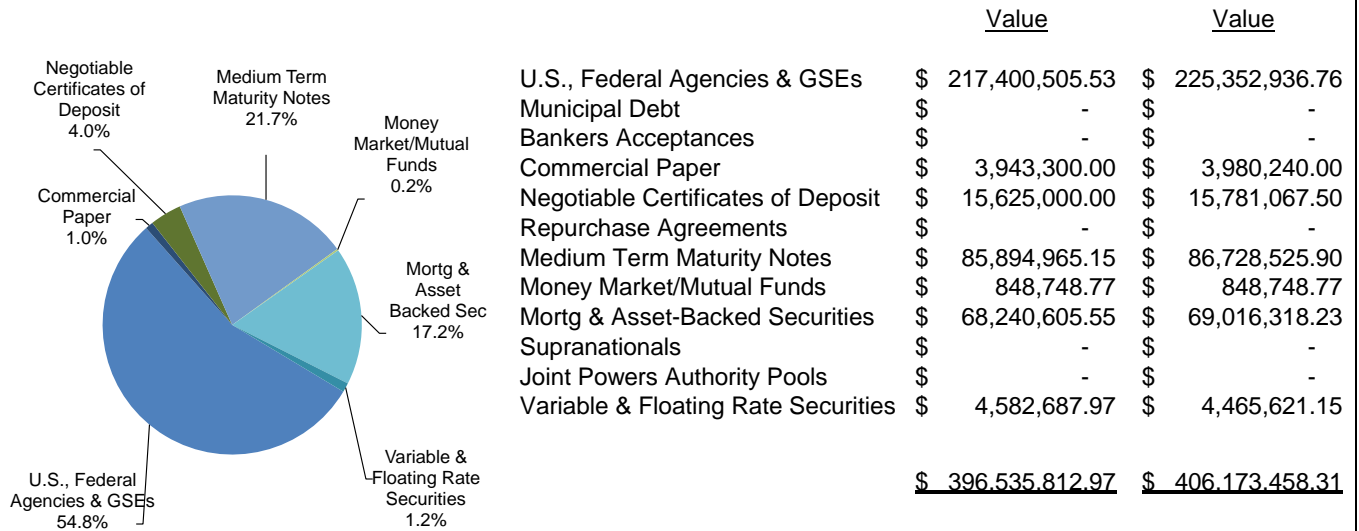
MetLife Investment Management 3/31/2020



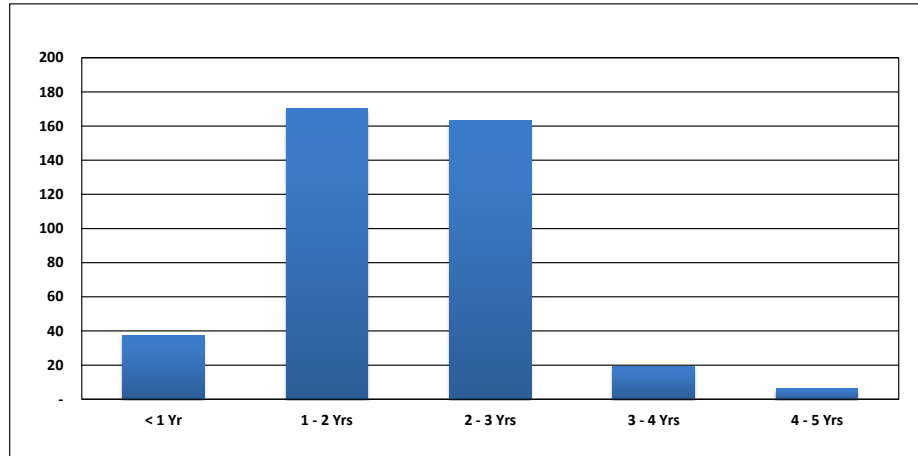
Investment Manager Diversification and Maturity Schedules

PFM
3/31/2020

SHORT-TERM PORTFOLIO (\$396.5 M)



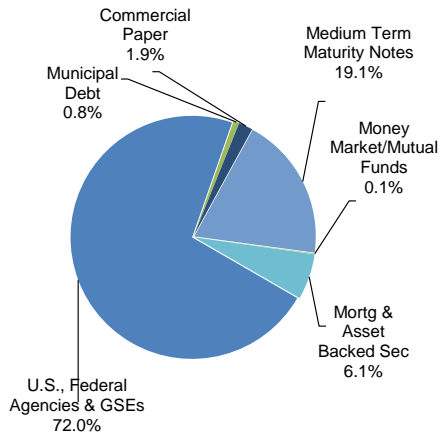
Monthly Return	0.61%
TSY Benchmark	1.37%
Gov/Corp Benchmark	0.85%
12 Month Return	4.74%
TSY Benchmark	5.42%
Gov/Corp Benchmark	4.97%



Investment Manager Diversification and Maturity Schedules

Chandler Asset Management 3/31/2020

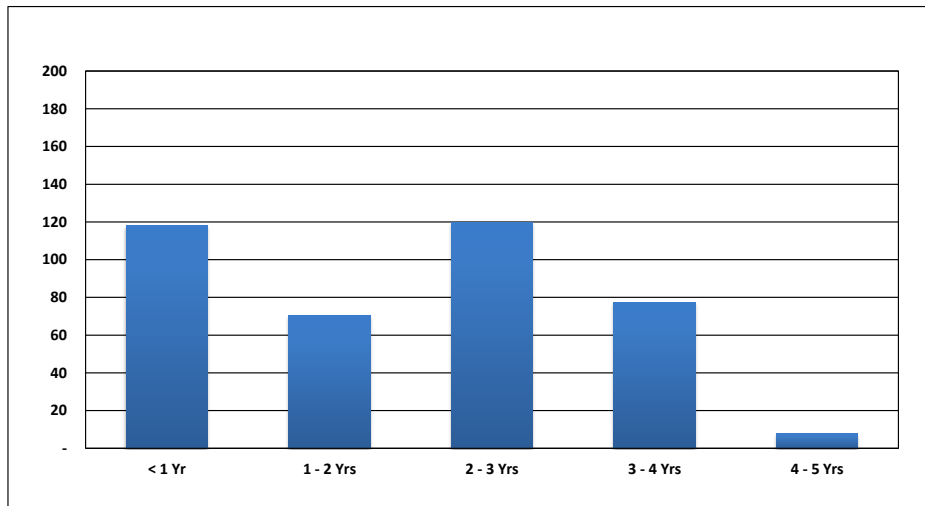
SHORT-TERM PORTFOLIO (\$394.1 M)



	Book Value	Market Value
U.S. Federal Agencies & GSEs	\$ 283,792,679.98	\$ 292,870,902.10
Municipal Debt	\$ 3,000,000.00	\$ 3,059,700.00
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ 7,431,083.33	\$ 7,492,950.00
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 75,465,862.25	\$ 77,253,912.60
Money Market/Mutual Funds	\$ 425,977.76	\$ 425,977.76
Mortg & Asset-Backed Securities	\$ 24,016,000.39	\$ 24,066,387.15
Supranationals	\$ -	\$ -
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ -	\$ -
	<u>\$ 394,131,603.71</u>	<u>\$ 405,169,829.61</u>

Monthly Return 0.63%
 TSY Benchmark 1.37%
 Gov/Corp Benchmark 0.85%

12 Month Return 4.79%
 TSY Benchmark 5.42%
 Gov/Corp Benchmark 4.97%

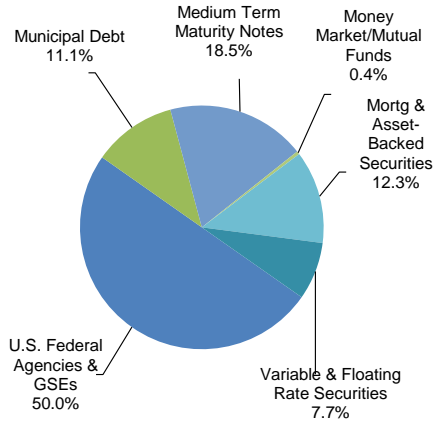


Investment Manager Diversification and Maturity Schedules

Payden & Rygel

3/31/2020

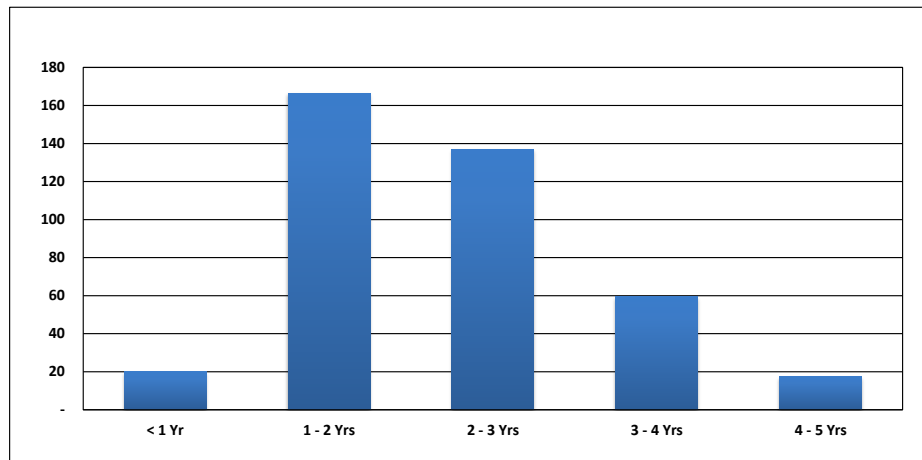
SHORT-TERM PORTFOLIO (\$400.4 M)



	Book Value	Market Value
U.S. Federal Agencies & GSEs	\$ 200,271,214.86	\$ 204,344,818.99
Municipal Debt	\$ 44,427,484.37	\$ 44,758,559.97
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 73,934,031.69	\$ 73,855,986.91
Money Market/Mutual Funds	\$ 1,679,415.83	\$ 1,679,415.83
Mortg & Asset-Backed Securities	\$ 49,392,381.67	\$ 49,788,074.27
Supranationals	\$ -	\$ -
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ 30,682,507.90	\$ 30,682,614.26
	<u>\$ 400,387,036.32</u>	<u>\$ 405,109,470.23</u>

Monthly Return 0.26%
 TSY Benchmark 1.37%
 Gov/Corp Benchmark 0.85%

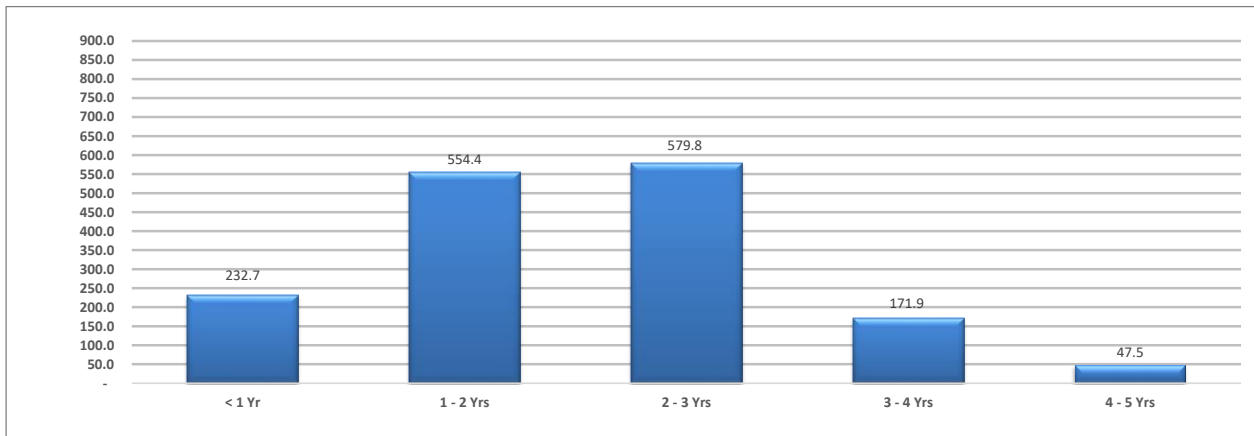
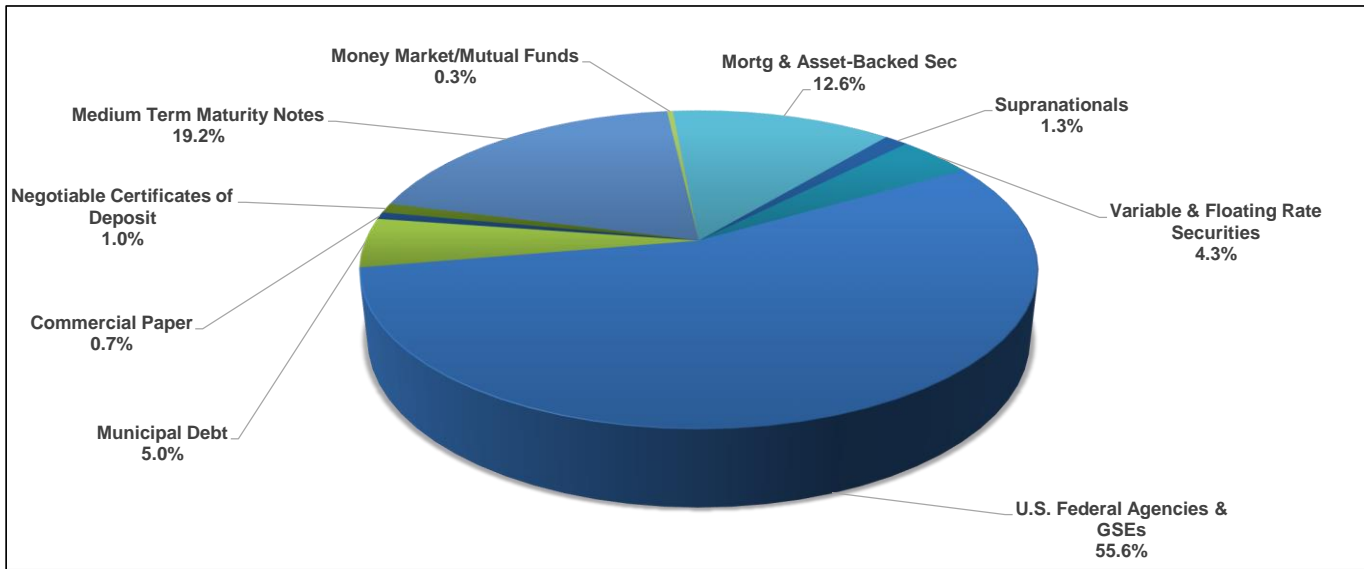
12 Month Return 4.41%
 TSY Benchmark 5.42%
 Gov/Corp Benchmark 4.97%



Short-Term Portfolio

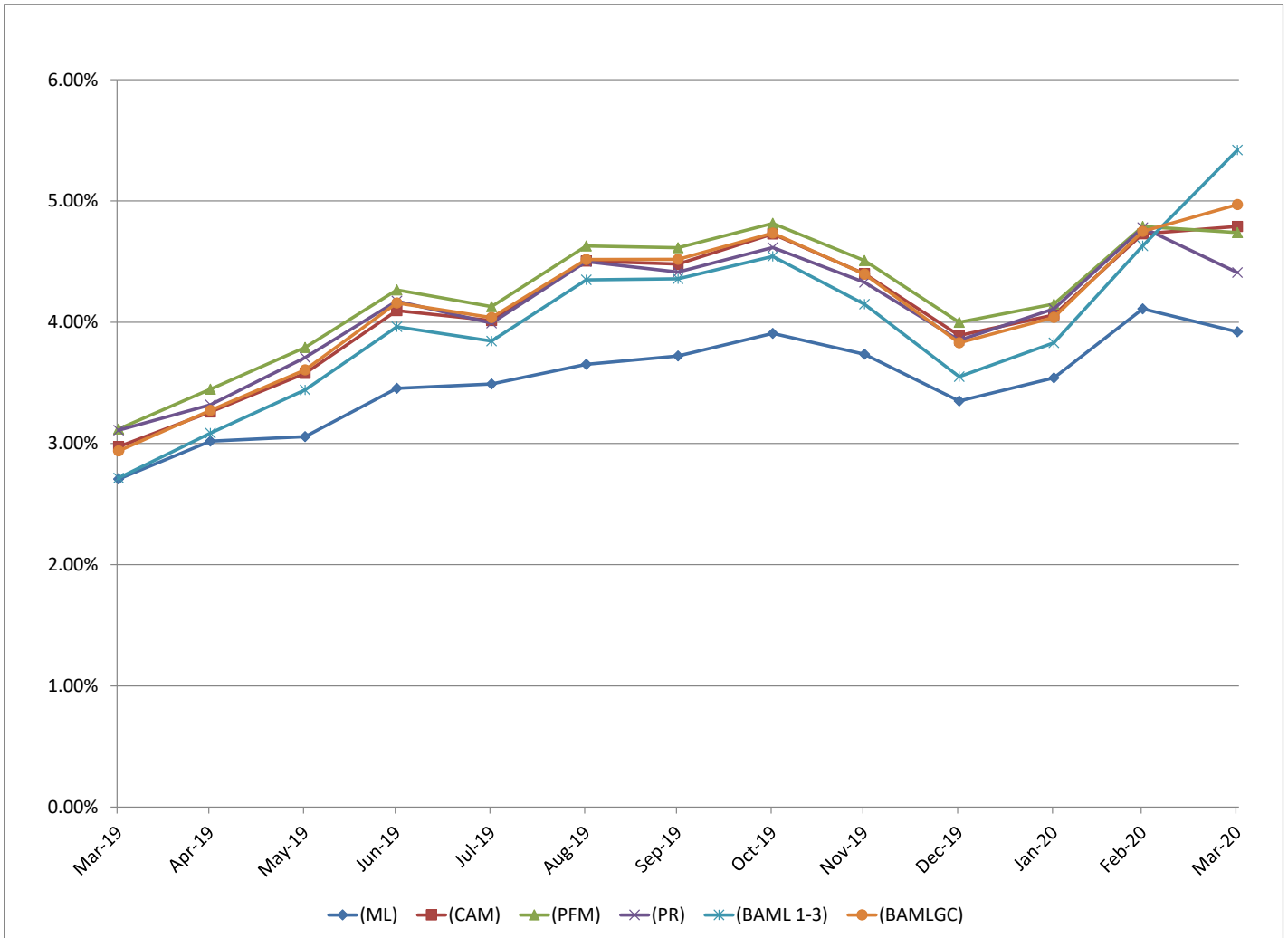
3/31/2020

Portfolio Composition



Orange County Transportation Authority
Short-Term Portfolio Performance
3/31/2020

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

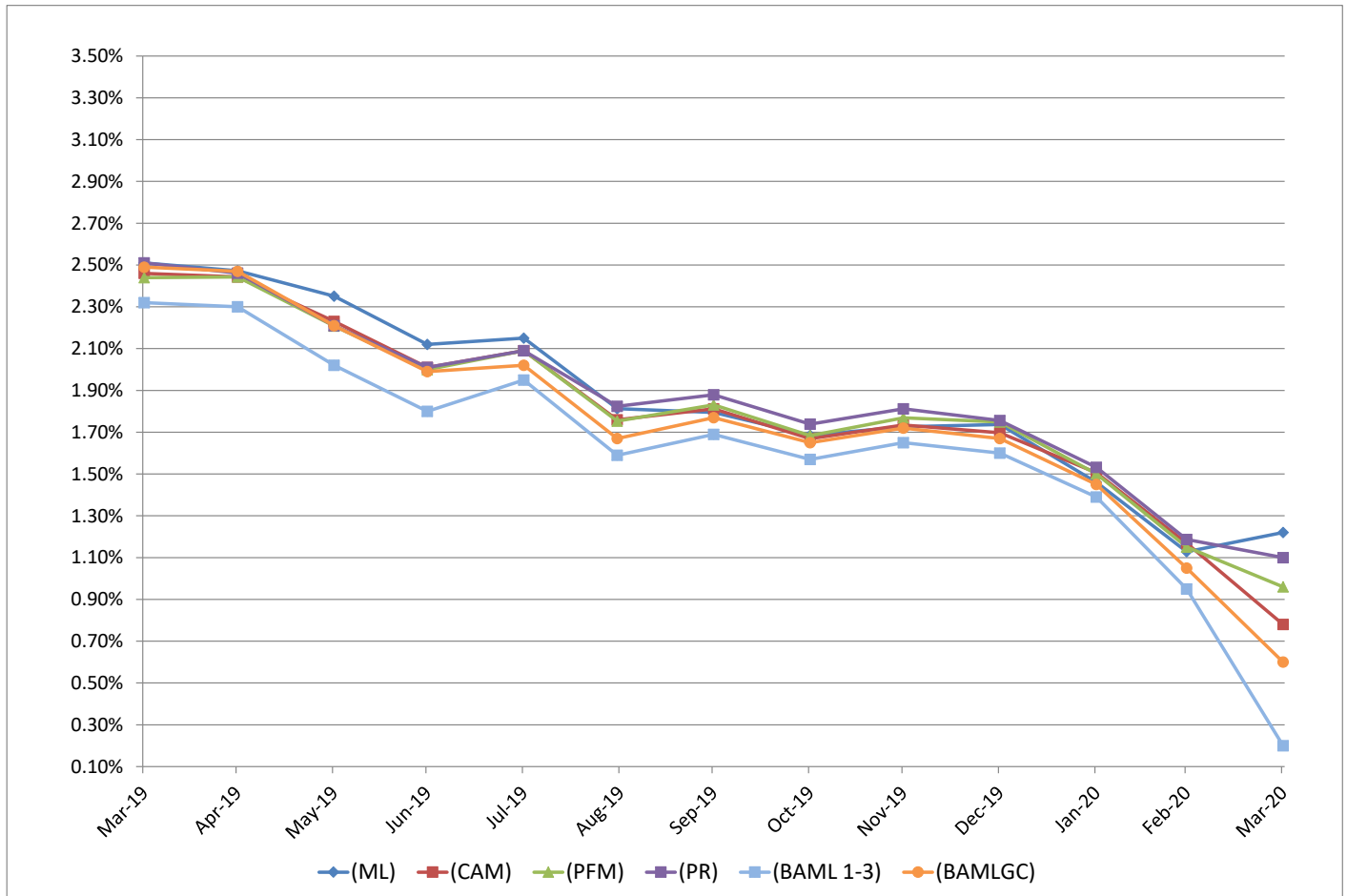


	MetLife Investment Mgmt (ML)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden & Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Mar-19	2.71%	2.97%	3.12%	3.11%	2.72%	2.94%
Apr-19	3.02%	3.26%	3.45%	3.32%	3.08%	3.27%
May-19	3.06%	3.58%	3.79%	3.71%	3.44%	3.61%
Jun-19	3.45%	4.10%	4.27%	4.17%	3.96%	4.16%
Jul-19	3.49%	4.01%	4.13%	3.99%	3.84%	4.04%
Aug-19	3.65%	4.50%	4.63%	4.50%	4.35%	4.52%
Sep-19	3.72%	4.48%	4.61%	4.41%	4.36%	4.52%
Oct-19	3.91%	4.73%	4.82%	4.62%	4.54%	4.74%
Nov-19	3.74%	4.40%	4.51%	4.33%	4.15%	4.40%
Dec-19	3.35%	3.89%	4.00%	3.85%	3.55%	3.83%
Jan-20	3.54%	4.06%	4.15%	4.11%	3.83%	4.04%
Feb-20	4.11%	4.73%	4.79%	4.78%	4.63%	4.75%
Mar-20	3.92%	4.79%	4.74%	4.41%	5.42%	4.97%

Short-Term Portfolio Performance

3/31/2020

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



	MetLife Investment Mgmt (ML)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Mar-19	2.51%	2.46%	2.44%	2.51%	2.32%	2.49%
Apr-19	2.47%	2.44%	2.44%	2.46%	2.30%	2.47%
May-19	2.35%	2.23%	2.21%	2.21%	2.02%	2.21%
Jun-19	2.12%	2.01%	2.00%	2.01%	1.80%	1.99%
Jul-19	2.15%	2.09%	2.09%	2.09%	1.95%	2.02%
Aug-19	1.81%	1.76%	1.75%	1.82%	1.59%	1.67%
Sep-19	1.80%	1.81%	1.83%	1.88%	1.69%	1.77%
Oct-19	1.69%	1.67%	1.68%	1.74%	1.57%	1.65%
Nov-19	1.73%	1.73%	1.77%	1.81%	1.65%	1.72%
Dec-19	1.74%	1.70%	1.75%	1.76%	1.60%	1.67%
Jan-20	1.46%	1.51%	1.50%	1.53%	1.39%	1.45%
Feb-20	1.13%	1.17%	1.15%	1.19%	0.95%	1.05%
Mar-20	1.22%	0.78%	0.96%	1.10%	0.20%	0.60%

Investment Compliance

3/31/2020

Portfolio Subject to Investment Policy			
Short-Term/Liquid Portfolio	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Maximum Percentages
U.S. Federal Agencies & GSEs	\$ 882,386,581	53.2%	100%
Municipal Debt	\$ 79,676,687	4.8%	30%
Commercial Paper	\$ 11,374,383	0.7%	25%
Negotiable Certificates of Deposit	15,625,000	0.9%	30%
Repurchase Agreements	\$ 46,140,070	2.8%	25%
Medium Term Maturity Notes	304,358,317	18.4%	30%
Money Market/Mutual Funds	\$ 5,162,603	0.3%	20%
Mortgage & Asset-Backed	199,143,634	12.0%	20%*
Supranationals	\$ 21,133,064	1.3%	20%
Local Agency Investment Fund	10,805,565	0.7%	\$ 65 Million
Orange County Investment Pool	\$ 12,974,235	0.8%	10%
Joint Powers Authority Pools	-	0.0%	10%
Bank Deposits	\$ 967,352	0.1%	5%
Variable & Floating Rate Securities	67,470,220	4.1%	30%
Total Short-Term/Liquid Portfolio	\$ 1,657,217,714	100.0%	

*Asset-backed securities, excluding mortgages, may not exceed 10 percent of the allocation

Portfolio Subject to Indenture					
<u>Bond Proceeds Portfolio</u>	Dollar Amount	OCTA		Indenture Requirements	
	<u>Invested</u>	<u>Credit Quality</u>	<u>Term</u>	<u>Credit Quality</u>	<u>Term</u>
Money Market Funds	\$ 155,553,834	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Treasury Bills	\$ -	AAA/Aaa/AA+	30 days	Min. A2/A	Max. 4 years
Guaranteed Investment Contract	216,850,000	Aa2/AA-/A+	N/A	Min. A3/A-	N/A
Total Bond Proceeds Portfolio	\$ 372,403,834				
<u>Reserve Funds Portfolio</u>					
Commercial Paper	25,018,067	P-1/F-1	30 days	Min. A-1/P-1	Max. 180 days
Bank Deposits	165,250				
US Treasuries Obligations	1,974	AAA/Aaa	30 days	Min. A2/A	Max. 5 years
Total Reserve Funds Portfolio	\$ 25,185,290				
Total Portfolio Subject to Indenture	\$ 397,589,124				
Portfolio Total	\$ 2,054,806,838				

Negative Credit Watch

3/31/2020

Manager / Security	Par Amount	Maturity	S&P	Moody's	Fitch Ratings
PFM					
Merck & Co. On February 5, 2020, S&P placed the long-term ratings of Merck & Co. under review for possible downgrade. The credit watch placement is due to Merck's announcement that it will be spinning off a large portion of their brand. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Merck, and their vast pharmaceutical diversification.	1,250,000	2/10/2022	AA-	A1	A+
3M Company On March 24, 2020, Moody's placed the long-term ratings of 3M Company under review for possible downgrade. The credit watch placement is due to expectations of higher leverage needs and weaker earnings for the year. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to increased demand for 3M products, in light of COVID-19.	1,155,000	Various**	A+	A1	N/A
Toyota Motor Credit Corporation On March 26, 2020, S&P and Moody's placed the long-term ratings of Toyota Co. under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the economy, oil prices, and the rise in used car prices. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Toyota, and their product diversification .	4,430,000	Various***	AA-	A1	A+
American Honda Finance Corporation On March 27, 2020, S&P and Moody's placed the long-term ratings of Honda Co. under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the economy, oil prices, and the rise in used car prices. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Honda's strong balance sheet, and their product diversification.	3,800,000	6/27/2022	A	A3	N/A
Payden & Rygel					
San Francisco Bay Area Rapid Transit District (BART) On March 20, 2020, Fitch placed the long-term ratings of San Francisco BART under review for possible downgrade. The credit watch placement is due to a broad sector revision of bonds secured by economically sensitive tax revenues, in light of COVID-19. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the strong credit quality of the agency as well as a strong cash flow.	630,000	7/1/2020	AA+	N/A	AA+
Chandler Asset Management					
Toyota Motor Credit Corporation On March 26, 2020, S&P and Moody's placed the long-term ratings of Toyota Co. under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the economy, oil prices, and the rise in used car prices. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Toyota, and their product diversification .	3,500,000	Various****	AA-	A1	A+
General Dynamics Corporation On March 20, 2020, S&P placed the long-term ratings of General Dynamics under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the company's demand for business jets and related services. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the dominate role defense plays in their overall business.	4,000,000	5/11/2021	A	A2	N/A
American Honda Finance Corporation On March 27, 2020, S&P and Moody's placed the long-term ratings of Honda Co. under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the economy, oil prices, and the rise in used car prices. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Honda's strong balance sheet, and their product diversification.	3,500,000	Various*****	A	A3	N/A
Daimler Finance North America On March 25, 2020, Moody's placed the long-term ratings of Daimler under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on global demand for vehicles, and the impact of production halts on the supply chain. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Daimler securing \$12 billion in EUR loan facilities.	3,000,000	5/5/2020	BBB+	A3	A-
*9/15/21 & 3/11/22					
**9/14/21 & 3/1/22					
***1/8/21 & 1/11/22					
****4/17/20 & 4/13/21					
*****11/16/22 & 1/12/24					

Rating Downgrades

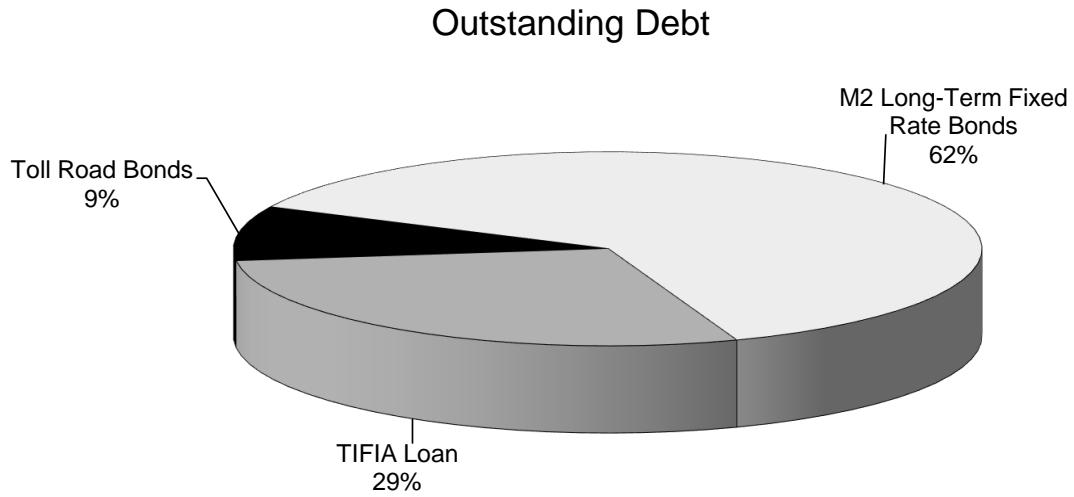
3/31/2020

<u>Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
PFM					
Exxon Mobil Corporation On March 16, 2020, S&P downgraded the long term credit rating of Exxon from AA+ to AA. The downgrade is due to Exxon's higher leverage metrics, and weakened oil prices due to the COVID-19 outbreak. The security complies with the requirements of the Investment Policy and the manager is comfortable holding due to the industry strength of Exxon, and anticipated OPEC discussions.	1,600,000	3/6/2022	AA	Aaa	N/A
Toyota Motor Credit Corporation On March 26, 2020, Moody's downgraded the long term credit rating of Toyota Co. from Aa3 to A1. The downgrade is due to the impact COVID-19 will have on the economy, oil prices, and the rise in used car prices. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Toyota, and their product diversification .	4,430,000	Various*	AA-	A1	A+
American Honda Finance Corporation On March 27, 2020, Moody's downgraded the long term credit rating of Honda Co. from A2 to A3. The downgrade is due to the impact COVID-19 will have on the economy, oil prices, and the rise in used car prices. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Honda's strong balance sheet, and their product diversification.	3,800,000	6/27/2022	A	A3	N/A
Chandler Asset Management					
Toyota Motor Credit Corporation On March 26, 2020, Moody's downgraded the long term credit rating of Toyota Co. from Aa3 to A1. The downgrade is due to the impact COVID-19 will have on the economy, oil prices, and the rise in used car prices. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Toyota, and their product diversification .	3,500,000	Various**	AA-	A1	A+
American Honda Finance Corporation On March 27, 2020, Moody's downgraded the long term credit rating of Honda Co. from A2 to A3. The downgrade is due to the impact COVID-19 will have on the economy, oil prices, and the rise in used car prices. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Honda's strong balance sheet, and their product diversification.	3,500,000	Various***	A	A3	N/A
Daimler Finance North America On March 26, 2020, S&P downgraded the long-term credit rating of Daimler from A- to BBB+. The downgrade is due to the impact COVID-19 will have on global demand for vehicles, and the impact of production halts on the supply chain. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Daimler securing \$12 billion in EUR loan facilities.	3,000,000	5/5/2020	BBB+	A3	A-
Oracle Corp On March 30, 2020, Moody's and Fitch downgraded the long-term credit rating of Oracle from A1 to A3, and A to A- , respectively. The downgrade is due to Oracle's plans to raise new debt and use proceeds for general corporate purposes. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to strong demand of products as well as proven earnings.	4,000,000	5/15/2022	A+	A3	A-
*1/8/21 & 1/11/22					
**4/17/20 & 4/13/21					
***11/16/22 & 1/12/24					

DEBT PROGRAM

Total Outstanding Debt

As of 3/31/20



TOTAL OUTSTANDING DEBT: \$1,005,375,000

Outstanding Debt

As of 3/31/20

Orange County Local Transportation Authority (OCLTA-M2)

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

Debt Service FY 2020:	17,270,000
Pledged Revenue Source:	M2 Sales Tax Revenues
Ratings (Fitch/ Moody's/ S&P):	AA+/Aa2/AA+
Final Maturity:	2041

2019 M2 Sales Tax Bond

Issued:	\$ 376,690,000
Outstanding:	376,690,000
Debt Service FY 2020:	17,939,230
Pledged Revenue Source:	M2 Sales Tax Revenues
Ratings (Fitch/ S&P):	AA+/AA+
Final Maturity:	2041

91 Express Lanes

2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$ 124,415,000
Outstanding:	91,685,000
Debt Service FY 2020:	10,798,325
Pledged Revenue Source:	91 Toll Road Revenues
Ratings (Fitch/ Moody's/ S&P):	A+/A1/AA-
Final Maturity:	2030

405 Express Lanes

2017 TIFIA Loan

Outstanding:	\$ 287,000,000
Accrued Debt Service FY 2020:	\$ 13,977,168
Pledged Revenue Source:	405 Toll Road Revenues
Ratings (Moody's):	Baa2
Final Maturity:	2057