

**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  
May 31, 2025**

# INVESTMENT PROGRAM

# OCTA Investment Dashboard

5/31/2025

## Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of May 2025:

N/A

Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:

Two Keybank securities held within OCTA's investment portfolio were downgraded below minimum credit quality requirements for the month of October 2023

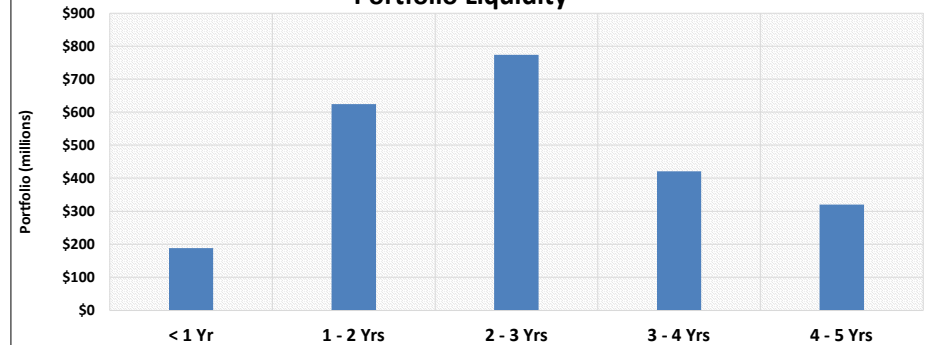
Securities downgraded or placed on Negative Credit Watch during the month of May 2025,

but remain in compliance with OCTA's Investment Policy:

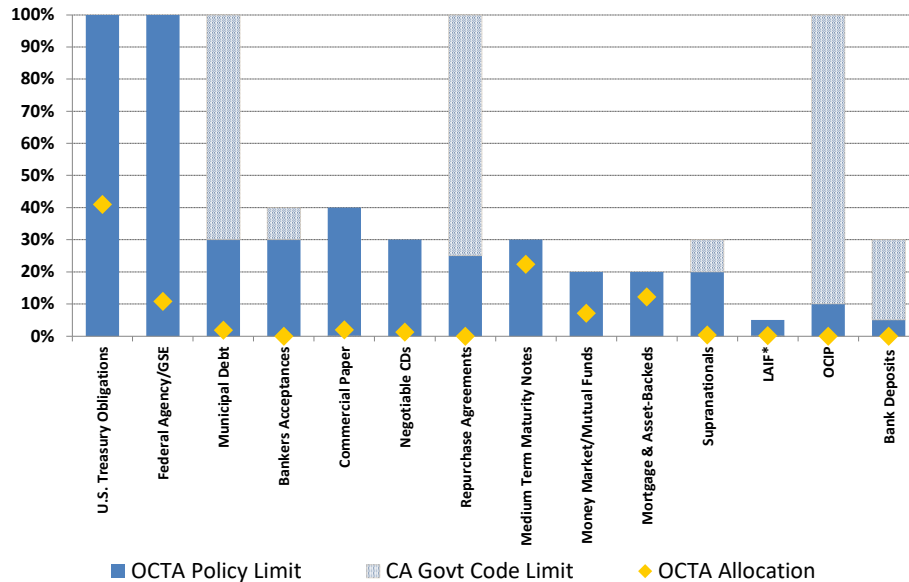
Various securities held within OCTA's investment portfolio were either downgraded or placed on Negative Credit Watch during the month.

For further details please refer to A-4 of this report.

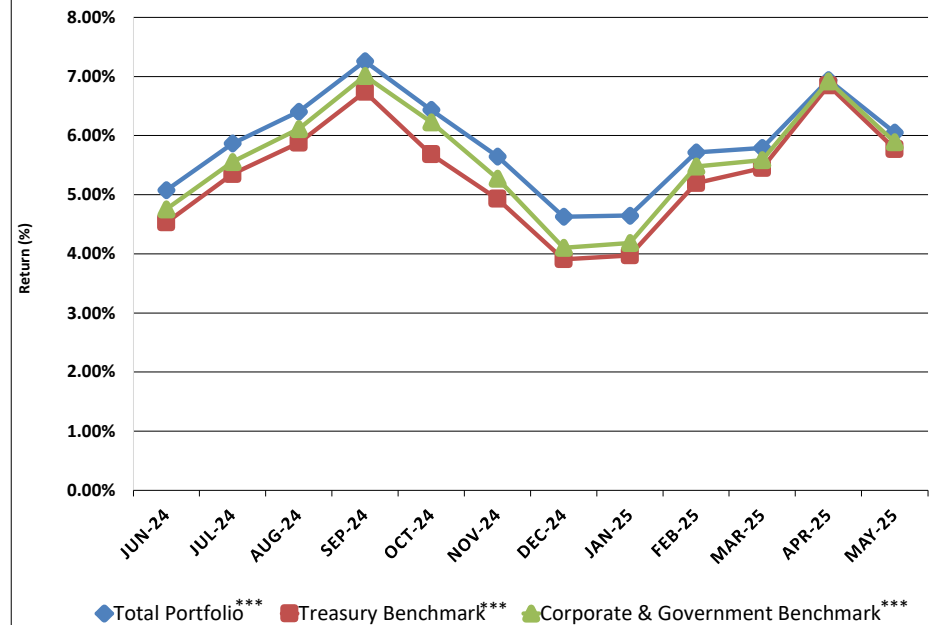
## Portfolio Liquidity<sup>(1)</sup>



## Portfolio Diversification \*\*



## Total Return - 12 Month<sup>(1)</sup>



1. Reflects Managed Portfolio.

\* Per CA Government Code LAIF limit is \$75 million

\*\* Per OCTA's Investment Policy the limit is 30% for variable and floating rate securities. As of May 31, 2025, 8.3% of the portfolio was invested in variable & floating rate securities.

\*\*\* Actual portfolio returns represent the aggregate performance of the managed portfolio.

The Treasury Benchmark is the 1-3 Year Treasury Index through September 2024 and transitions to a market value-weighted blend of the 1-3 Year and 1-5 Year Treasury Indices starting October 2024.

The Corporate & Government Benchmark is the 1-3 Year AAA-A U.S. Corporate & Government Index through September 2024 and shifts to a market value-weighted blend of the 1-3 Year and 1-5 Year AAA-A U.S. Corporate & Government Indices beginning October 2024.

# Investment Compliance

5/31/2025

Portfolio Subject to Investment Policy			
Managed/Liquid Portfolio <sup>1</sup>	Dollar Amount Invested	Percent Of Portfolio	Maximum Percentages
U.S. Treasury Obligations	\$ 1,058,214,361	41.0%	100%
Federal Agency/GSE	280,573,507	10.9%	100%
Municipal Debt	\$ 51,040,631	2.0%	30%
Commercial Paper	51,426,916	2.0%	40%
Negotiable Certificates of Deposit	\$ 35,775,000	1.4%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	\$ 579,266,431	22.5%	30%
Money Market/Mutual Funds	185,711,428	7.2%	20%
Mortgage & Asset-Backed	\$ 316,932,263	12.3%	20%
Supranationals	11,786,289	0.5%	20%
Local Agency Investment Fund	\$ 7,279,072	0.3%	\$ 75 Million
Orange County Investment Pool	58,161	0.0%	10%
Bank Deposits	\$ 839,397	0.0%	5%
<b>Total Managed/Liquid Portfolio<sup>2</sup></b>	<b>\$ 2,578,903,456</b>		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$214,017,238 (8.3% of total Managed/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

Portfolio Subject to Indenture/Grant Funding Agreement					
Portfolio	Dollar Amount Invested	OCTA		Indenture/Funding Agreement Requirements	
		Credit Quality	Term	Min. Credit Quality	Max. Term
<b><u>Liquid Portfolio*</u></b>					
Government Obligations MMKT Fund	216,851,431	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	14,948,181	"AAAm"/"Aammf"	N/A	AAA Category	N/A
Government Obligations MMKT Fund **	82,307,176	"AAAm"/"Aaa-mf"	N/A	N/A	N/A
Government Obligations MMKT Fund **	25,000,000	"AAAm"/"Aaa-mf"	N/A	N/A	N/A
Government Obligations MMKT Fund **	20,953,364	"AAAm"/"Aaa-mf"	N/A	N/A	N/A
Bank Deposits	200,501	N/A	N/A	N/A	N/A
<b>Total Liquid Portfolio</b>	<b>\$ 360,260,653</b>				
<b><u>Reserve Funds Portfolio</u></b>					
Government Obligations MMKT Fund	\$ 5,384,620	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Negotiable Certificates of Deposit	5,000,000	"A-1"/"P-1"/"F1+"	91 days	"A-1"/"P-1"/"F1"	270 days
Negotiable Certificates of Deposit	3,000,000	"A-1"/"P-1"/"F1+"	270 days	"A-1"/"P-1"/"F1"	270 days
Government Obligations MMKT Fund ***	962	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Bank Deposits	195,789				
<b>Total Reserve Funds Portfolio</b>	<b>\$ 13,581,370</b>				
<b>Total Portfolio Subject to Indenture</b>	<b>\$ 373,842,023</b>				
<b>Portfolio Total</b>	<b>\$ 2,952,745,479</b>				

\* Reflects portion of Liquid Portfolio subject to Indenture (OCTA Sales Tax Revenue) or Grant Funding Agreement

\*\* Senate Bill (SB) 125 Grant Funding

\*\*\* 91 EL Debt Service Fund

**Managed Portfolio**  
**Sector Allocation and Performance Overview**  
**5/31/2025**

Book/Market Value	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio
<b>Total Portfolio:</b>					
Book Value	\$ 577,419,805	\$ 578,906,014	\$ 582,523,841	\$ 587,935,952	\$ 2,326,785,612
Market Value with Accrued Interest	\$ 587,836,849	\$ 589,442,710	\$ 590,833,478	\$ 595,833,580	\$ 2,363,946,617
<b>1-3 Year Portfolio:</b>					
Book Value	\$ 380,320,107	\$ 386,043,076	\$ 411,250,367	\$ 390,934,462	\$ 1,568,548,012
Market Value with Accrued Interest	\$ 388,092,903	\$ 393,501,014	\$ 417,436,201	\$ 397,035,662	\$ 1,596,065,780
<b>1-5 Year Portfolio:</b>					
Book Value	\$ 197,099,698	\$ 192,862,938	\$ 171,273,474	\$ 197,001,489	\$ 758,237,600
Market Value with Accrued Interest	\$ 199,743,946	\$ 195,941,696	\$ 173,397,276	\$ 198,797,919	\$ 767,880,837

Sector Allocation	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio
<b>Total Portfolio:</b>					
U.S. Treasury Obligations	39.1%	49.3%	42.4%	51.1%	45.5%
Federal Agency/GSE	25.9%	5.2%	14.3%	3.0%	12.1%
Municipal Debt	0.3%	5.9%	0.5%	2.1%	2.2%
Negotiable Certificates of Deposit	0.0%	0.0%	1.8%	0.0%	0.5%
Medium Term Maturity Notes	23.6%	27.9%	23.5%	24.5%	24.9%
Money Market/Mutual Funds	1.2%	0.2%	0.1%	1.7%	0.8%
Mortg & Asset Backed Sec	7.8%	11.6%	17.4%	17.6%	13.6%
Supranationals	2.0%	0.0%	0.0%	0.0%	0.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>1-3 Year Portfolio:</b>					
U.S. Treasury Obligations	39.8%	50.3%	43.4%	50.4%	46.0%
Federal Agency/GSE	21.1%	4.9%	12.9%	3.4%	10.6%
Municipal Debt	0.0%	6.0%	0.5%	2.3%	2.2%
Negotiable Certificates of Deposit	0.0%	0.0%	1.9%	0.0%	0.5%
Medium Term Maturity Notes	26.6%	27.7%	22.8%	25.0%	25.5%
Money Market/Mutual Funds	1.8%	0.2%	0.1%	1.9%	1.0%
Mortg & Asset Backed Sec	8.5%	11.0%	18.4%	17.0%	13.8%
Supranationals	2.2%	0.0%	0.0%	0.0%	0.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>1-5 Year Portfolio:</b>					
U.S. Treasury Obligations	37.9%	47.3%	39.9%	52.4%	44.5%
Federal Agency/GSE	35.2%	5.6%	17.5%	2.4%	15.2%
Municipal Debt	0.9%	5.8%	0.5%	1.7%	2.3%
Negotiable Certificates of Deposit	0.0%	0.0%	1.7%	0.0%	0.4%
Medium Term Maturity Notes	17.8%	28.4%	25.3%	23.6%	23.7%
Money Market/Mutual Funds	0.1%	0.1%	0.1%	1.1%	0.4%
Mortg & Asset Backed Sec	6.4%	12.8%	15.0%	18.7%	13.2%
Supranationals	1.8%	0.0%	0.0%	0.0%	0.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Portfolio Characteristics	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio	* US Treasury Benchmark	** Corp./Govt. Benchmark
<b>Total Portfolio:</b>							
Weighted Average Life	2.28	2.24	2.12	2.28	2.23	n/a	n/a
Duration	2.10	2.06	1.96	2.08	2.05	1.97	1.99
Monthly Yield (Annualized)	4.15%	4.19%	4.19%	4.20%	4.18%	3.95%	4.14%
<b>1-3 Year Portfolio:</b>							
Weighted Average Life	1.99	1.98	1.87	2.02	1.96	n/a	n/a
Duration	1.85	1.83	1.74	1.84	1.81	1.74	1.75
Monthly Yield (Annualized)	4.15%	4.19%	4.19%	4.20%	4.18%	3.96%	4.14%
<b>1-5 Year Portfolio:</b>							
Weighted Average Life	2.82	2.77	2.71	2.81	2.78	n/a	n/a
Duration	2.56	2.52	2.48	2.56	2.53	2.45	2.49
Monthly Yield (Annualized)	4.14%	4.18%	4.19%	4.19%	4.18%	3.94%	4.15%

Portfolio Performance (Total Rate of Return)	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio	* US Treasury Benchmark	** Corp./Govt. Benchmark
<b>Total Portfolio:</b>							
Monthly Return ***	-0.11%	-0.11%	-0.10%	-0.14%	-0.11%	-0.26%	-0.20%
Three Months Return ***	1.18%	1.12%	1.14%	1.17%	1.15%	1.07%	1.10%
<b>1-3 Year Portfolio:</b>							
Monthly Return ***	-0.07%	-0.06%	-0.06%	-0.10%	-0.07%	-0.21%	-0.16%
Three Months Return ***	1.16%	1.08%	1.11%	1.14%	1.12%	1.04%	1.06%
<b>1-5 Year Portfolio:</b>							
Monthly Return ***	-0.19%	-0.21%	-0.19%	-0.22%	-0.21%	-0.36%	-0.28%
Three Months Return ***	1.20%	1.20%	1.22%	1.20%	1.21%	1.15%	1.17%

\* Represents the ICE/BAML 1-3 Year U.S. Treasury Index for the 1-3 Year Portfolio and the ICE/BAML 1-5 Year U.S. Treasury Index for the 1-5 Year Portfolio. The benchmarks for duration and monthly yield are weighted for the Total Portfolio.

\*\* Represents the ICE/BAML 1-3 Year AAA-A U.S. Corporate & Government Index for the 1-3 Year Portfolio and the ICE/BAML 1-5 Year AAA-A U.S. Corporate & Government Index for the 1-5 Year Portfolio. The benchmarks for duration and monthly yield are weighted for the Total Portfolio.

\*\*\* Reflects monthly return and three months only, as the 1-5 year portfolio was launched on October 1, 2024. Additional performance metrics will be reported once sufficient data becomes available.

## Rating Downgrades & Negative Credit Watch

### 5/31/2025

Investment Manager / Security	Par Amount	Maturity	S&P	Moody's	Fitch Ratings
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#### Rating Downgrades:

##### CAM, PFM, MetLife and Payden & Rygel

UNITED STATES TREASURY OBLIGATIONS	\$ 1,063,625,000	05/31/2025 - 04/30/2030	AA+	Aa1	AA+
FEDERAL FARM CREDIT BANKS FUNDING CORP	\$ 54,915,000	05/08/2026 - 09/10/2029	AA+	Aa1	AA+
FEDERAL HOME LOAN BANKS	\$ 41,150,000	09/11/2026 - 09/08/2028	AA+	Aa1	AA+
FEDERAL HOME LOAN MORTGAGE CORP	\$ 3,250,000	9/25/2026	AAA	Aa1	AAA
FEDERAL HOME LOAN MORTGAGE CORP	\$ 15,630,706	02/25/2026 - 02/25/2029	AAA	Aa1	AA+
FEDERAL HOME LOAN MORTGAGE CORP	\$ 113,242,596	08/25/2025 - 01/25/2030	AA+	Aa1	AA+
FEDERAL NATIONAL MORTGAGE ASSOCIATION	\$ 35,280,479	07/01/2025 - 01/25/2028	AA+	Aa1	AA+

On May 16, Moody's Investors Service (Moody's) downgraded its long-term issuer rating on the United States of America by one notch, from "Aaa" to "Aa1," while maintaining a stable outlook. The agency subsequently took similar actions on all government-sponsored enterprises (GSEs), including the Federal Farm Credit Bank System, the Federal Home Loan Banks, the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). The downgrade reflects a sustained and increasing government debt burden that has accumulated over multiple Presidential administrations. In the absence of adjustments to taxation and spending, budget flexibility is expected to remain constrained by mandatory expenditures and rising interest costs. Moody's further projects that an extension of the 2017 Tax Cuts and Jobs Act would add approximately \$4 trillion to the federal primary deficit over the next decade. As a result, the federal interest burden is anticipated to rise from 9% of revenue in 2021 to 18% in 2024 and approximately 30% by 2035. Despite the downgrade, these investments remain in compliance with the credit rating requirements of the Investment Policy. Investment managers continue to recommend holding the securities, as the U.S. Government is still widely regarded as representing the highest credit quality globally.

##### CAM, PFM, MetLife and Payden & Rygel

BANK OF NEW YORK MELLON	\$ 3,925,000	04/20/2029	AA-	Aa2	AA
NATIONAL SECURITIES CLEARING CORP	\$ 7,850,000	05/27/2027 - 05/20/2030	AA+	Aa1	NA
NEW YORK LIFE GLOBAL FUNDING	\$ 12,205,000	09/18/2026 - 12/05/2029	AA+	Aa1	AAA
NORTHWESTERN MUTUAL GLOBAL FUNDING	\$ 13,965,000	07/01/2025 - 01/13/2030	AA+	Aa1	AAA

On May 19, Moody's downgraded several United States (U.S.) financial institutions by one notch. These institutions have rating methodologies that are linked to the U.S. sovereign rating, which was downgraded on May 16. Since the rating actions were driven by Moody's recent downgrade of the U.S. Government rather than any deterioration in the institutions' underlying credit profiles, investment managers recommend holding the affected securities.

##### PFM

USAA CAPITAL CORP	\$ 2,220,000	06/01/2027	AA-	Aa2	NA
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In May, Moody's and Standard & Poor's (S&P) each downgraded the long-term insurance financial strength rating of United Services Automobile Association (USAA) by one notch. USAA Capital Corporation, a wholly owned subsidiary of USAA and the primary entity through which USAA accesses the debt market, also had its senior unsecured debt rating downgraded—from Aa1 to Aa2 by Moody's and from AA to AA- by S&P. The downgrades of USAA and its subsidiaries were driven by the underperformance of its banking division, USAA Federal Savings Bank, and related compliance issues. The rating agencies expect the bank to resolve its regulatory matters over the next few years, which is anticipated to result in more effective risk management, reduced costs, and improved profitability. The agencies also noted USAA's low gross underwriting leverage in its property and casualty (P&C) business and its modest financial leverage as factors that continue to support the company's credit profile. Despite the downgrade, the security remains compliant with the Investment Policy, and the investment manager recommends holding the securities.

#### - Rating below minimum requirements:

KEYBANK NATIONAL ASSOCIATION	\$ 1,675,000	08/08/2025 - 01/26/2026	BBB+	Baa1	BBB+
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During October 2023, Moody's and Fitch downgraded Keybank by one notch. The downgrade reflects the agencies' view that a higher-for-longer rate environment is likely to constrain profitability at Keybank more than for other banks of similar size. In addition, Keybank has a lower-than-average capital ratio on a proforma basis when adjusted for unrealized losses on available-for-sale securities. Due to the downgrade by both agencies, the three Keybank securities held within the portfolio fell below the minimum credit quality requirements of the Investment Policy. The Treasurer reviewed the position and recommended the securities be held for the short-term. The Treasurer presented his recommendation to the Chief Executive Officer who concurred. During June 2024, one of three Keybank securities was matured.

#### Negative Credit Watch:

N/A

# **DEBT PROGRAM**

(M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, 2021 TIFIA Loan)

# Outstanding Debt<sup>1</sup>

## As of 5/31/2025

### Orange County Local Transportation Authority (OCLTA-M2)

#### 2025 M2 Sales Tax Revenue Bonds

Issued:	\$	227,565,000
Outstanding:		227,565,000
Debt Service FY 2025:		-
All in True Interest Cost:		3.04%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA+/Aa2/AAA
Final Maturity:		2041

#### 2019 M2 Sales Tax Revenue Bonds

Issued:	\$	376,690,000
Outstanding:		301,885,000
Debt Service FY 2025:		33,065,900
All in True Interest Cost:		3.14%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):		AA+/AAA
Final Maturity:		2041

<b>Sub-total M2 Outstanding Debt</b>	<b>\$</b>	<b>529,450,000</b>
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### 91 Express Lanes

#### 2023 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	47,545,000
Outstanding:		41,725,000
Debt Service FY 2025:		8,051,750
All in True Interest Cost:		2.80%
Pledged Revenue Source:	91 Toll Road Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA-/Aa3/AA-
Final Maturity:		2030

<b>Sub-total 91 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>41,725,000</b>
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### 405 Express Lanes

#### 2021 TIFIA Loan

Amount Available	\$	628,930,000
Outstanding:		637,535,814
Capitalized Interest:		23,824,519
Interest Rate:		1.95%
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):		Baa2
Final Maturity:		2058

<b>Sub-total 405 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>637,535,814</b>
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<b>TOTAL OUTSTANDING DEBT:</b>	<b>\$</b>	<b>1,208,710,814</b>
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1. Comprises OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and 2021 TIFIA Loan) currently outstanding and irrespective of OCTA's investment program.