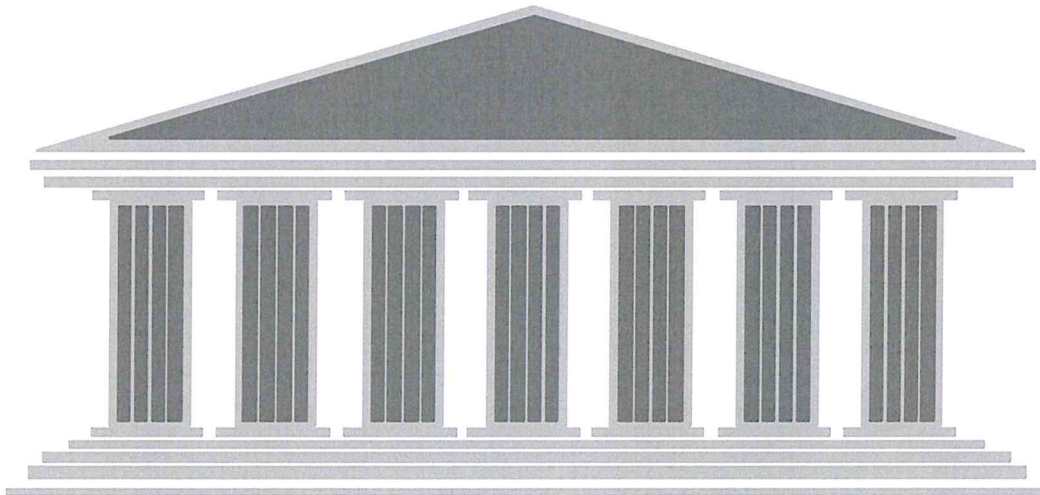


**Treasury/Public Finance Department's  
Report On**

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



**Presented to the  
Finance and Administration Committee**

**For The Period Ending  
September 30, 2019**

# INVESTMENT PROGRAM

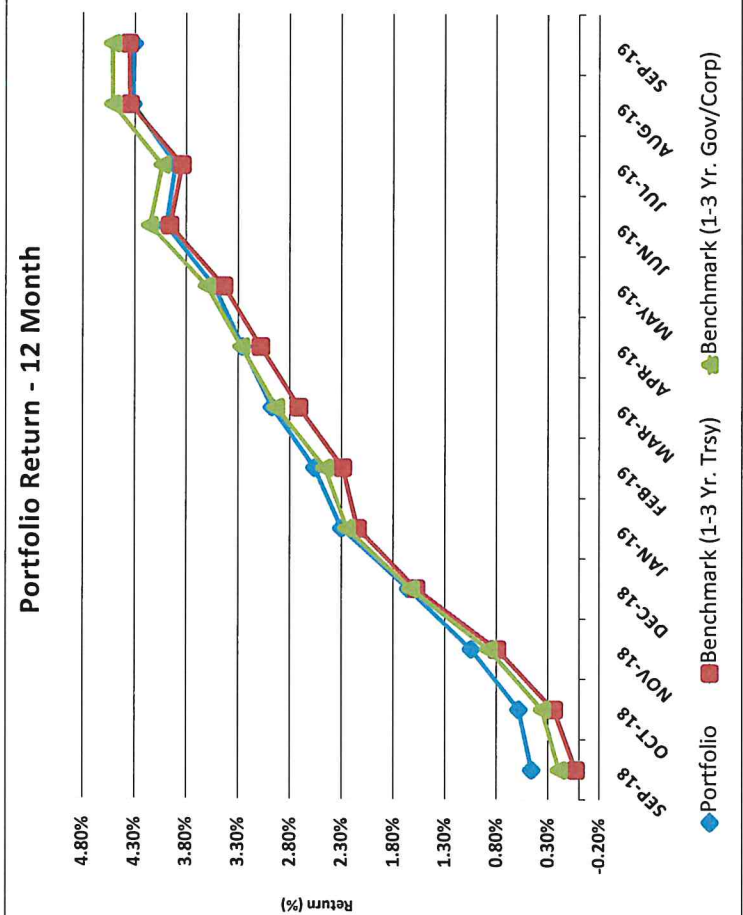
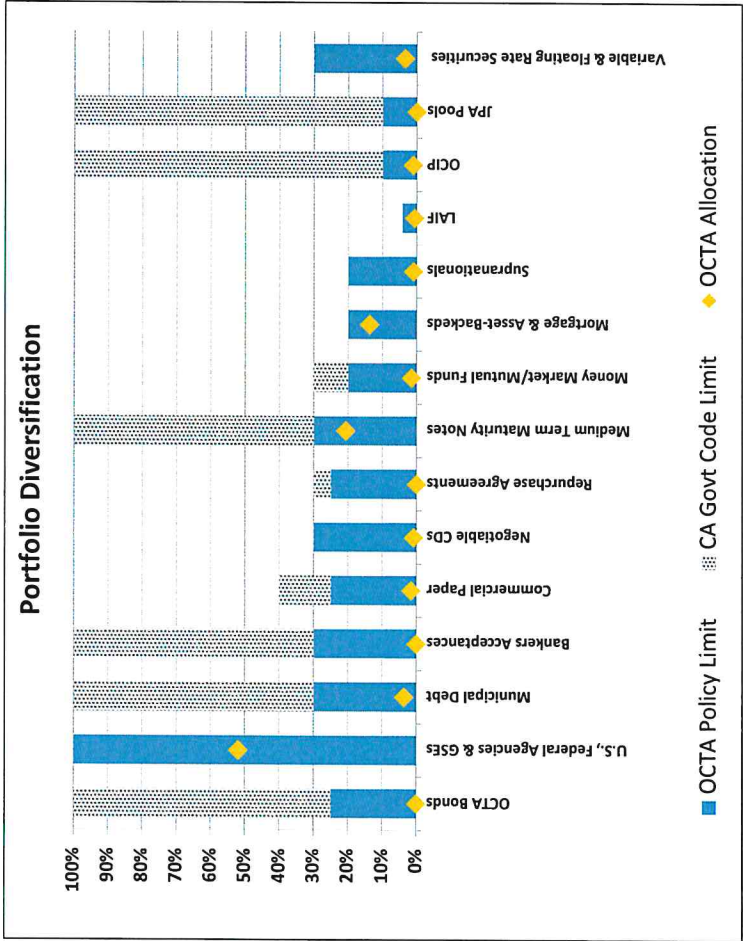
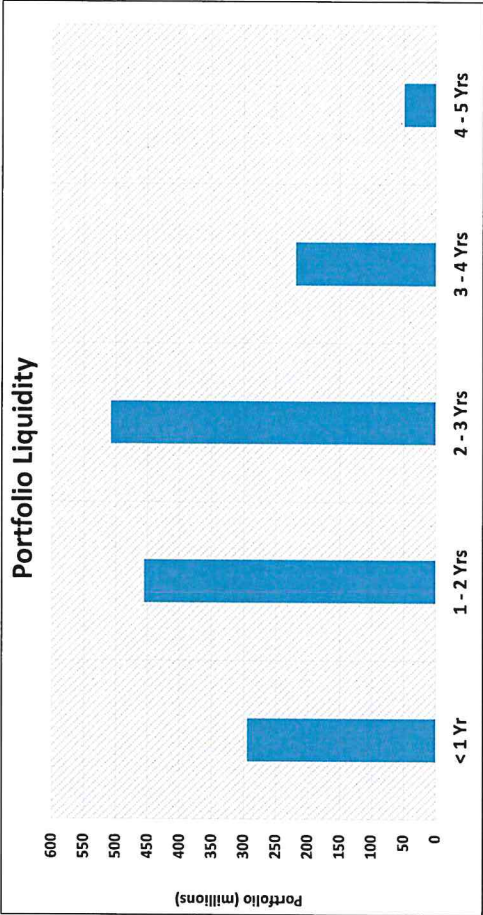
OCTA Investment Dashboard

9/30/2019

Safety of Principal

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

N/A



# Investment Profile

## 9/30/2019

Portfolio / Managers	Depository	Role	Type of Investment	Amount (\$ Millions)
<b><u>LIQUID PORTFOLIO:</u></b>				
OCTA	BNY Mellon	Trustee	Cash	\$ 55.4
OCTA	Bank of the West	Broker	Cash	63.0
OCTA	U.S Bank	Trustee	Cash	0.0
<b>Subtotal OCTA Liquid Portfolio</b>				<b>\$ 118.4</b>
<b><u>SHORT-TERM PORTFOLIO:</u></b>				
<b><u>Investment Managers</u></b>				
MetLife Investment Management	Union Bank	Custodian	Per OCTA Investment Policy	\$ 379.2
Chandler Asset Management	Union Bank	Custodian	Per OCTA Investment Policy	380.0
Payden & Rygel Investment Counsel	Union Bank	Custodian	Per OCTA Investment Policy	385.2
Public Financial Management (PFM)	Union Bank	Custodian	Per OCTA Investment Policy	380.8
<b>Subtotal Short-Term Portfolio (Investment Managers)</b>				<b>\$ 1,525.2</b>
<b><u>Pooled Investments</u></b>				
California State Treasurer	LAIF	Custodian	Per LAIF Investment Policy	\$ 10.7
Orange County Treasurer	OCIP	Custodian	Per OCIP Investment Policy	15.6
<b>Subtotal Short-Term Portfolio Pooled Investments (LAIF/OCIP)</b>				<b>\$ 26.3</b>
<b>Subtotal Short-Term Portfolio</b>				<b>\$ 1,551.5</b>
<b><u>BOND PROCEED PORTFOLIO:</u></b>				
OCTA	Bank of Nova Scotia	Custodian	Per Measure M2 Bond Indenture	\$ 316.8
OCTA	BNY Mellon	Trustee	Per Measure M2 Bond Indenture	45.6
<b>Subtotal OCTA Bond Proceeds Portfolio</b>				<b>\$ 362.4</b>
<b><u>RESERVE FUNDS PORTFOLIO:</u></b>				
91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Commercial Paper	\$ 11.3
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Commercial Paper	10.4
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Commercial Paper	3.1
Bank Deposits/Cash				0.1
<b>Subtotal OCTA Reserve Funds Portfolio</b>				<b>\$ 25.0</b>
<b>TOTAL</b>				<b>\$ 2,057.2</b>

# Short-Term Portfolio - \$1.53 Billion

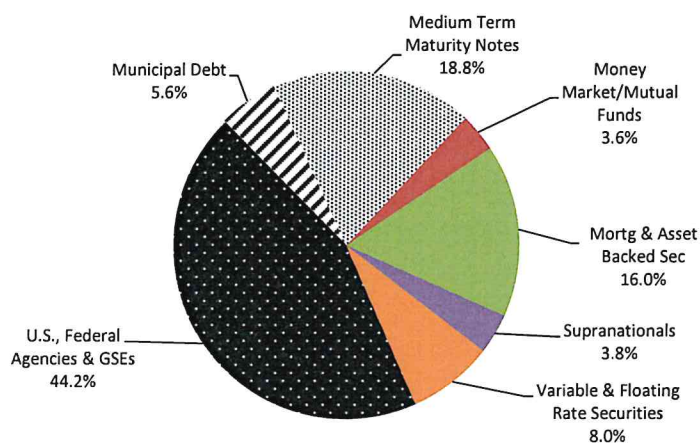
9/30/2019

Part 1 of 2

## MetLife Investment Management

Book Value<sub>(1)</sub>                      \$        379,168,447

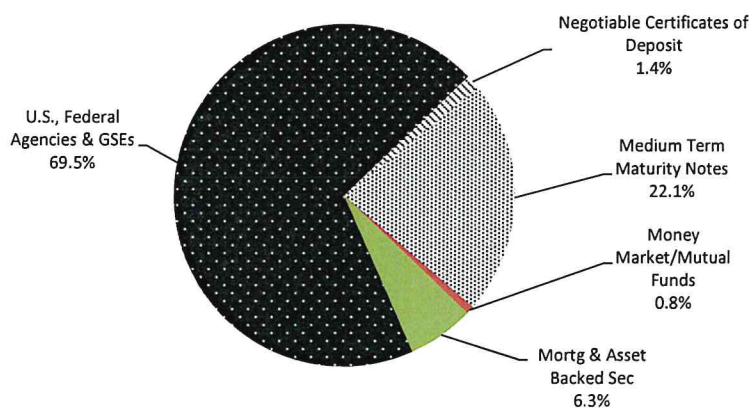
Market Value<sub>(2)</sub>                      \$        381,765,257



## Chandler Asset Management

Book Value<sub>(1)</sub>                      \$        379,995,054

Market Value<sub>(2)</sub>                      \$        385,086,851



<sup>(1)</sup> Book Value as Reported by Union Bank

<sup>(2)</sup> Market Value as Reported by Clearwater

# Short-Term Portfolio - \$1.53 Billion

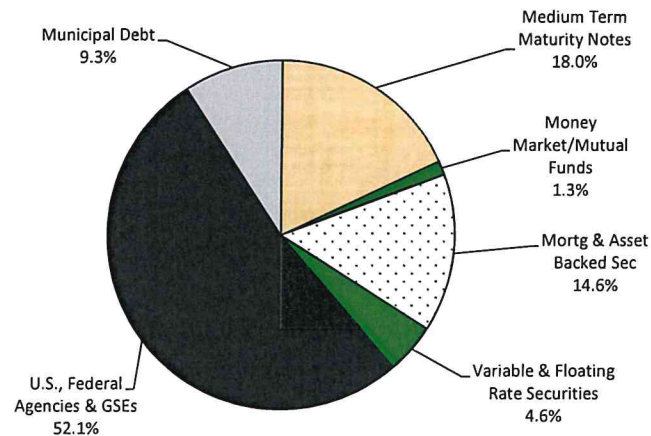
9/30/2019

Part 2 of 2

## Payden & Rygel

Book Value<sub>(1)</sub> \$ 385,245,639

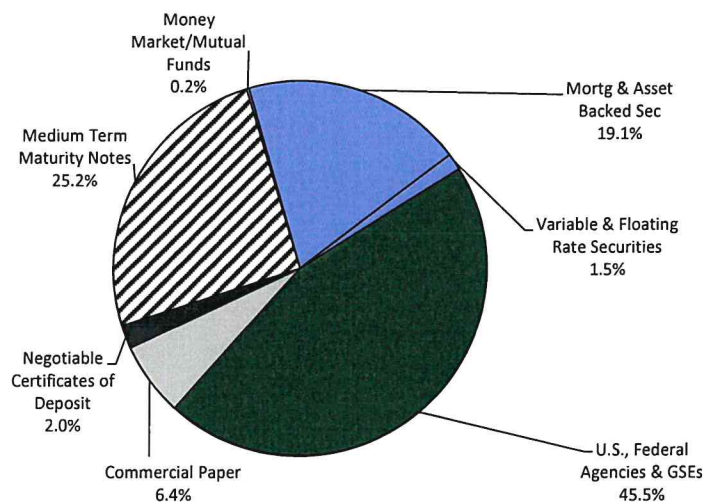
Market Value<sub>(2)</sub> \$ 386,501,985



## Public Financial Management (PFM)

Book Value<sub>(1)</sub> \$ 380,797,221

Market Value<sub>(2)</sub> \$ 386,296,859



(1) Book Value as Reported by Union Bank  
 (2) Market Value as Reported by Clearwater

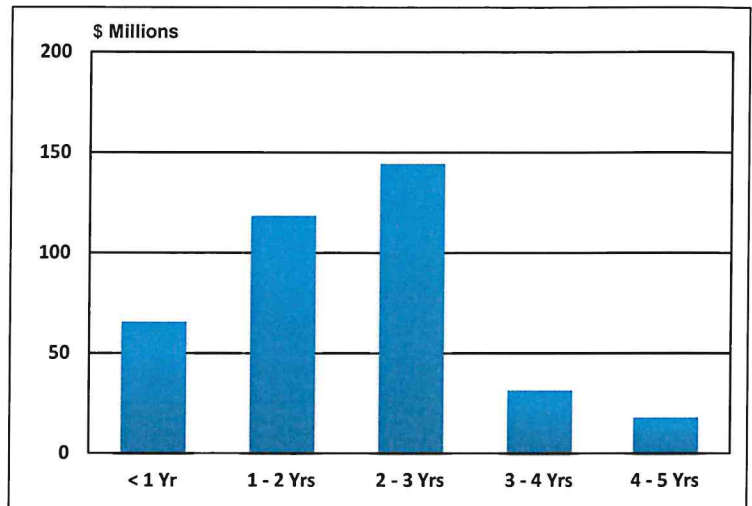


# Short-Term Portfolio Maturity Schedule

## 9/30/2019

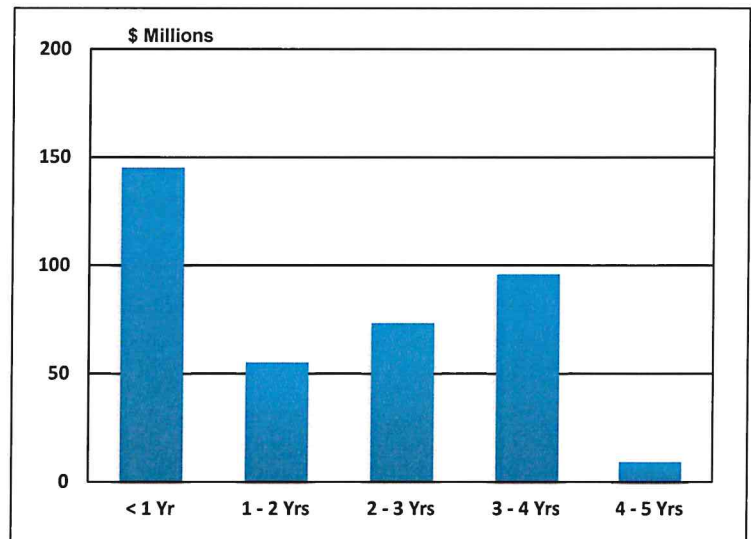
### MetLife Investment Management (\$379.2 M)

Monthly Return	0.02%
TSY Benchmark	-0.11%
Gov/Corp Benchmark	-0.08%
Fiscal YTD Return	3.65%
TSY Benchmark	4.35%
Gov/Corp Benchmark	4.52%
12 Month Return	3.72%
TSY Benchmark	4.36%
Gov/Corp Benchmark	4.52%



### Chandler Asset Management (\$380.0 M)

Monthly Return	-0.06%
TSY Benchmark	-0.11%
Gov/Corp Benchmark	-0.08%
Fiscal YTD Return	3.76%
TSY Benchmark	4.35%
Gov/Corp Benchmark	4.52%
12 Month Return	4.48%
TSY Benchmark	4.36%
Gov/Corp Benchmark	4.52%



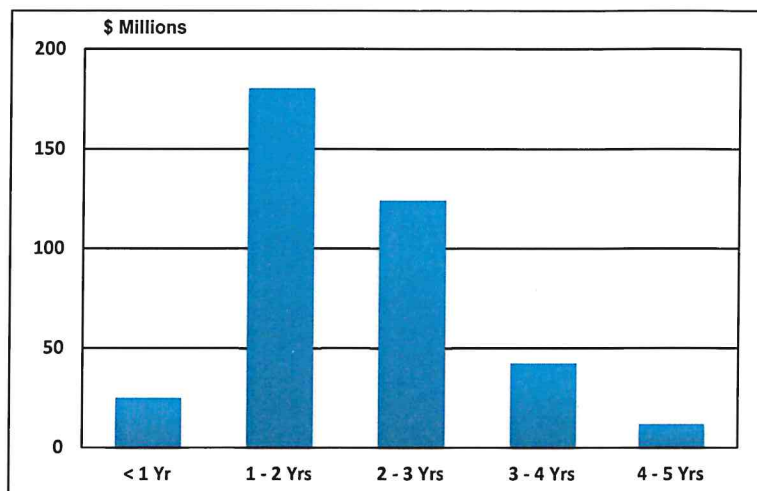
Yield Curve Change From 8/31/19 to 9/30/19			
	8/31/19	9/30/19	Change
1 Year	1.699%	1.595%	-0.1040%
2 Year	1.437%	1.391%	-0.0460%
3 Year	1.355%	1.347%	-0.0080%
5 Year	1.311%	1.348%	0.0370%
30 Year	1.953%	2.033%	0.0800%

# Short-Term Portfolio Maturity Schedule

## 9/30/2019

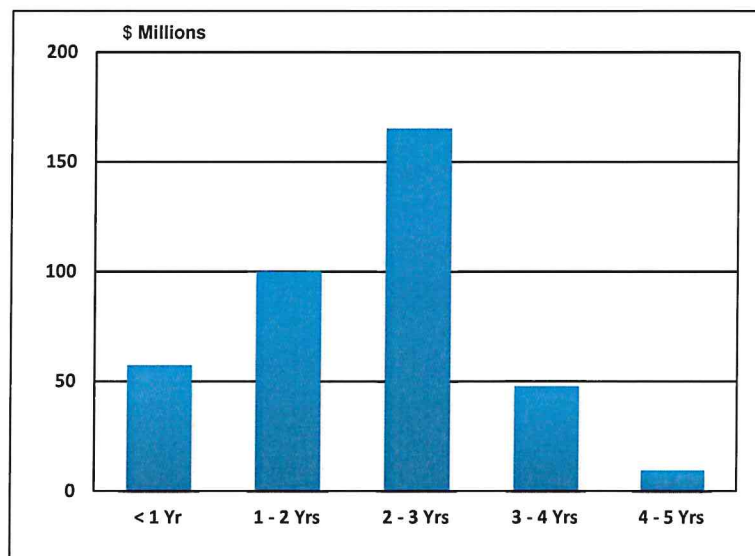
### Payden & Rygel (\$385.2 M)

Monthly Return	-0.07%
TSY Benchmark	-0.11%
Gov/Corp Benchmark	-0.08%
Fiscal YTD Return	3.70%
TSY Benchmark	4.35%
Gov/Corp Benchmark	4.52%
12 Month Return	4.41%
TSY Benchmark	4.36%
Gov/Corp Benchmark	4.52%



### Public Financial Management (\$380.8 M)

Monthly Return	-0.05%
TSY Benchmark	-0.11%
Gov/Corp Benchmark	-0.08%
Fiscal YTD Return	3.84%
TSY Benchmark	4.35%
Gov/Corp Benchmark	4.52%
12 Month Return	4.61%
TSY Benchmark	4.36%
Gov/Corp Benchmark	4.52%



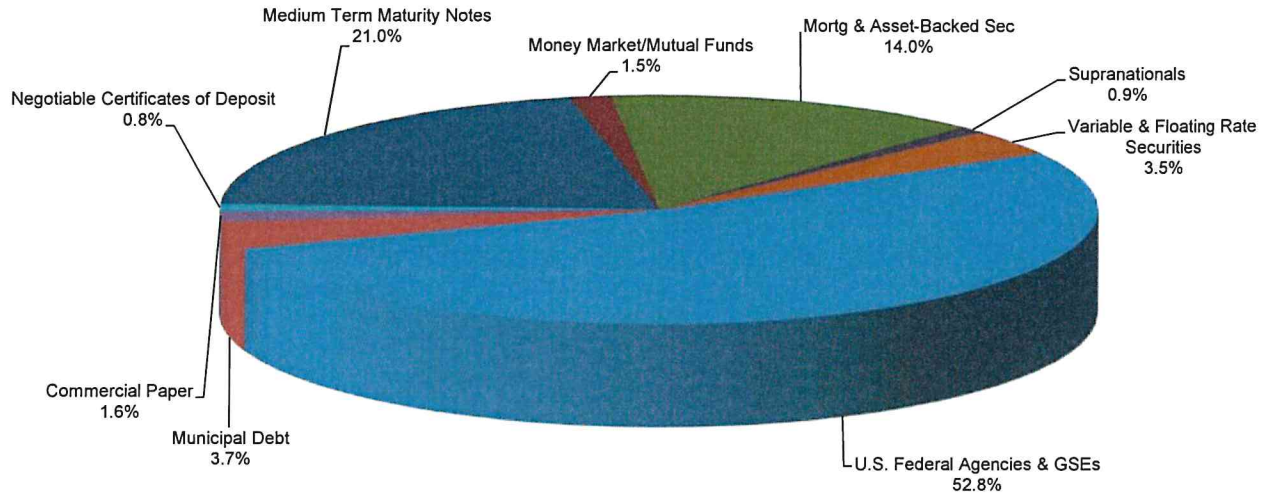
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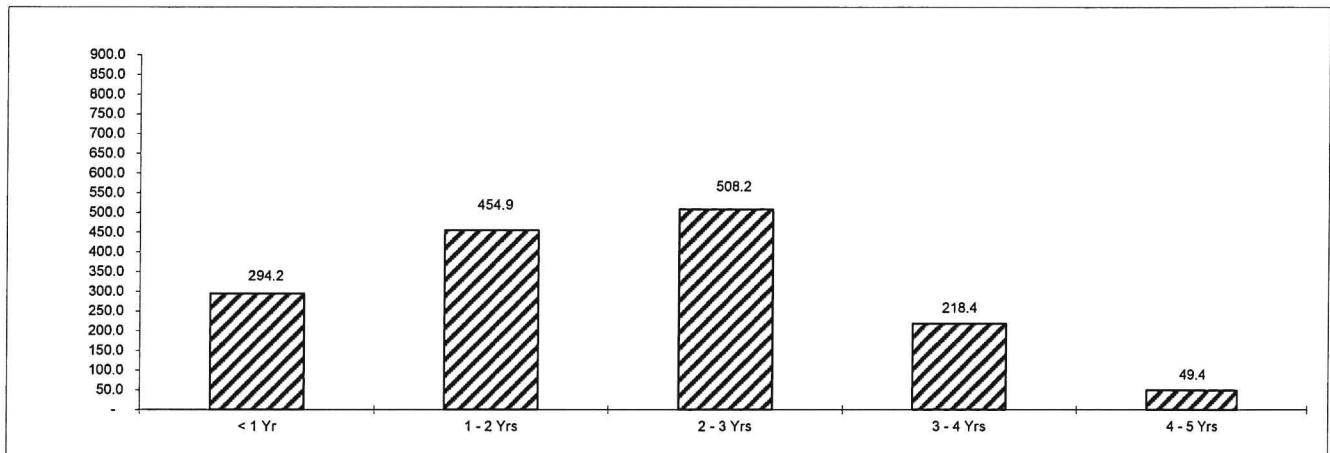
# Short-Term Portfolio

9/30/2019

## Portfolio Composition



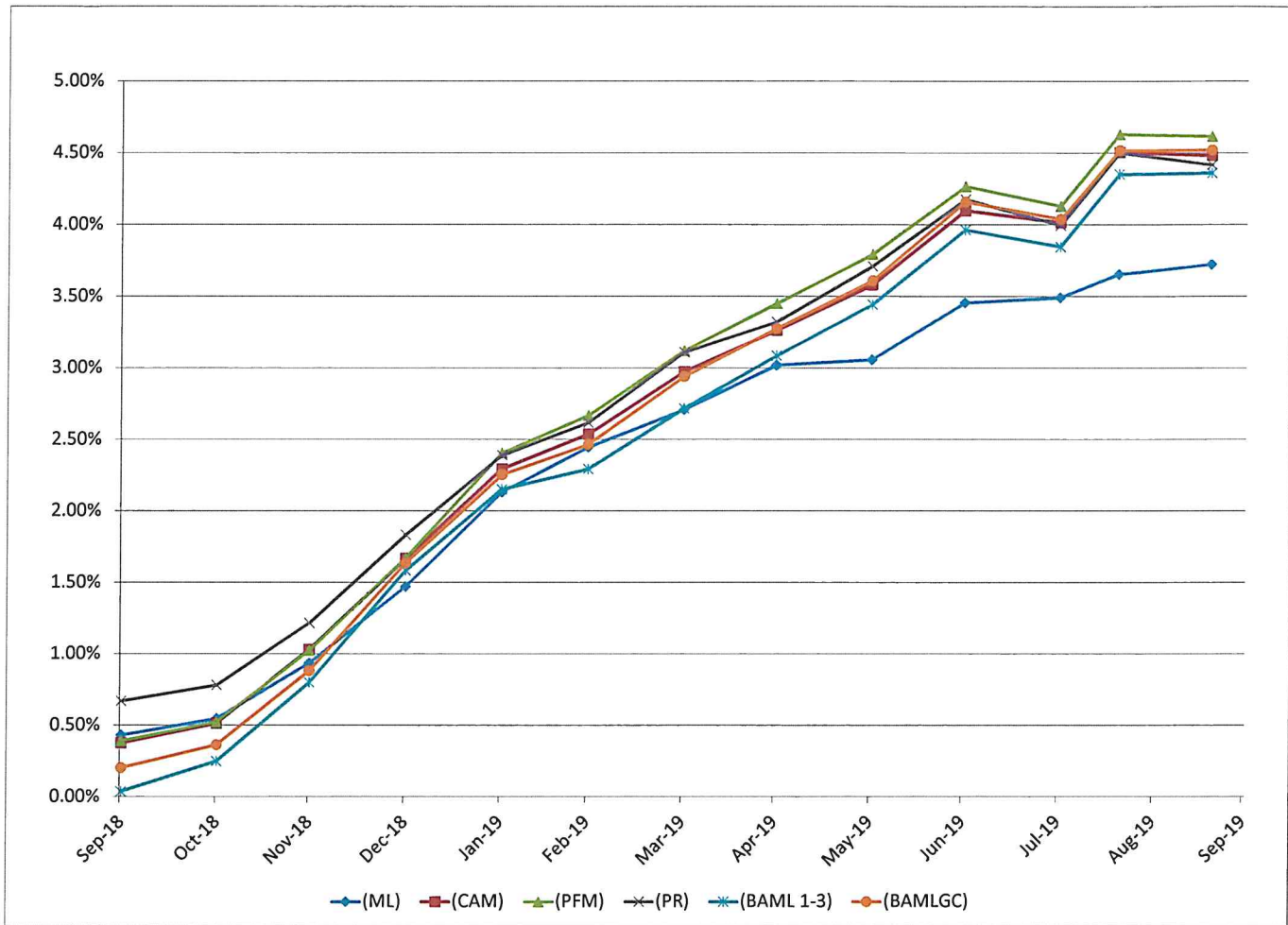
## Maturity Schedule



## Short-Term Portfolio Performance

### 9/30/2019

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

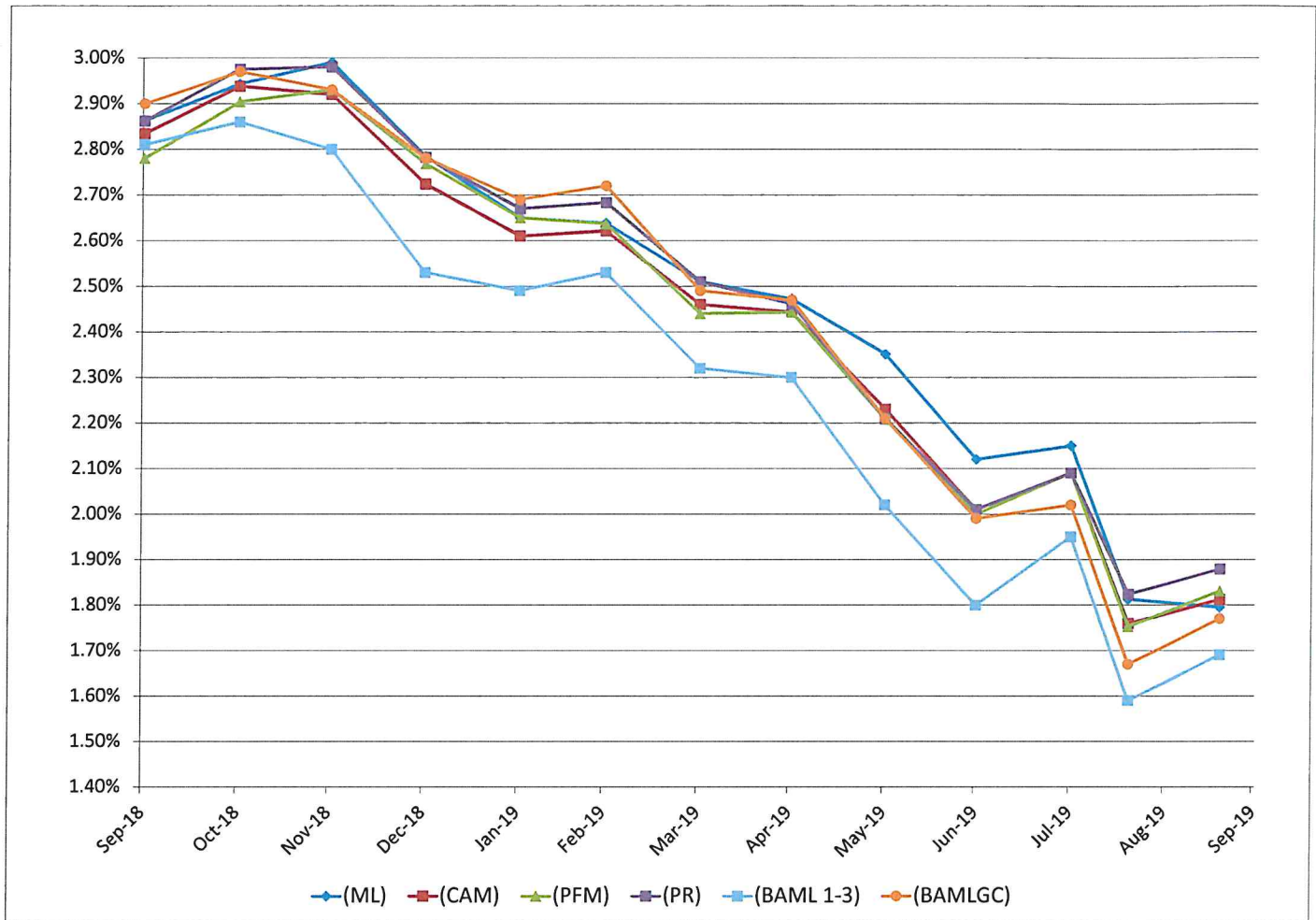


	MetLife Investment Mgmt (ML)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden & Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Sep-18	0.43%	0.38%	0.39%	0.67%	0.04%	0.20%
Oct-18	0.55%	0.51%	0.52%	0.78%	0.25%	0.36%
Nov-18	0.93%	1.03%	1.02%	1.22%	0.80%	0.88%
Dec-18	1.47%	1.67%	1.67%	1.83%	1.58%	1.64%
Jan-19	2.13%	2.29%	2.41%	2.39%	2.15%	2.25%
Feb-19	2.44%	2.54%	2.67%	2.62%	2.29%	2.46%
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%

# Short-Term Portfolio Performance

9/30/2019

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)
Sep-18	2.86%	2.83%	2.78%	2.86%	2.81%	2.90%
Oct-18	2.94%	2.94%	2.90%	2.98%	2.86%	2.97%
Nov-18	2.99%	2.92%	2.93%	2.98%	2.80%	2.93%
Dec-18	2.78%	2.72%	2.77%	2.78%	2.53%	2.78%
Jan-19	2.65%	2.61%	2.65%	2.67%	2.49%	2.69%
Feb-19	2.64%	2.62%	2.64%	2.68%	2.53%	2.72%
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%



# Investment Policy Compliance

9/30/2019

Portfolio Subject to Investment Policy			
Short-Term Portfolio	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Maximum Percentages
U.S. Federal Agencies & GSEs	\$ 805,790,608	51.9%	100%
Municipal Debt	56,893,007	3.7%	30%
Bankers Acceptances	-	0.0%	30%
Commercial Paper	24,301,277	1.6%	25%
Negotiable Certificates of Deposit	12,963,327	0.8%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes	320,818,193	20.7%	30%
Money Market/Mutual Funds	22,744,915	1.5%	20%
Mortgage & Asset-Backed	213,791,542	13.8%	20%*
Supranationals	14,319,780	0.9%	20%
Local Agency Investment Fund	10,678,071	0.7%	\$ 65 Million
Orange County Investment Pool	15,573,512	1.0%	10%
Joint Powers Authority Pools	-	0.0%	10%
Variable & Floating Rate Securities	53,583,712	3.5%	30%
<b>Total Short-Term Portfolio</b>	<b>\$ 1,551,457,943</b>	<b>100.0%</b>	

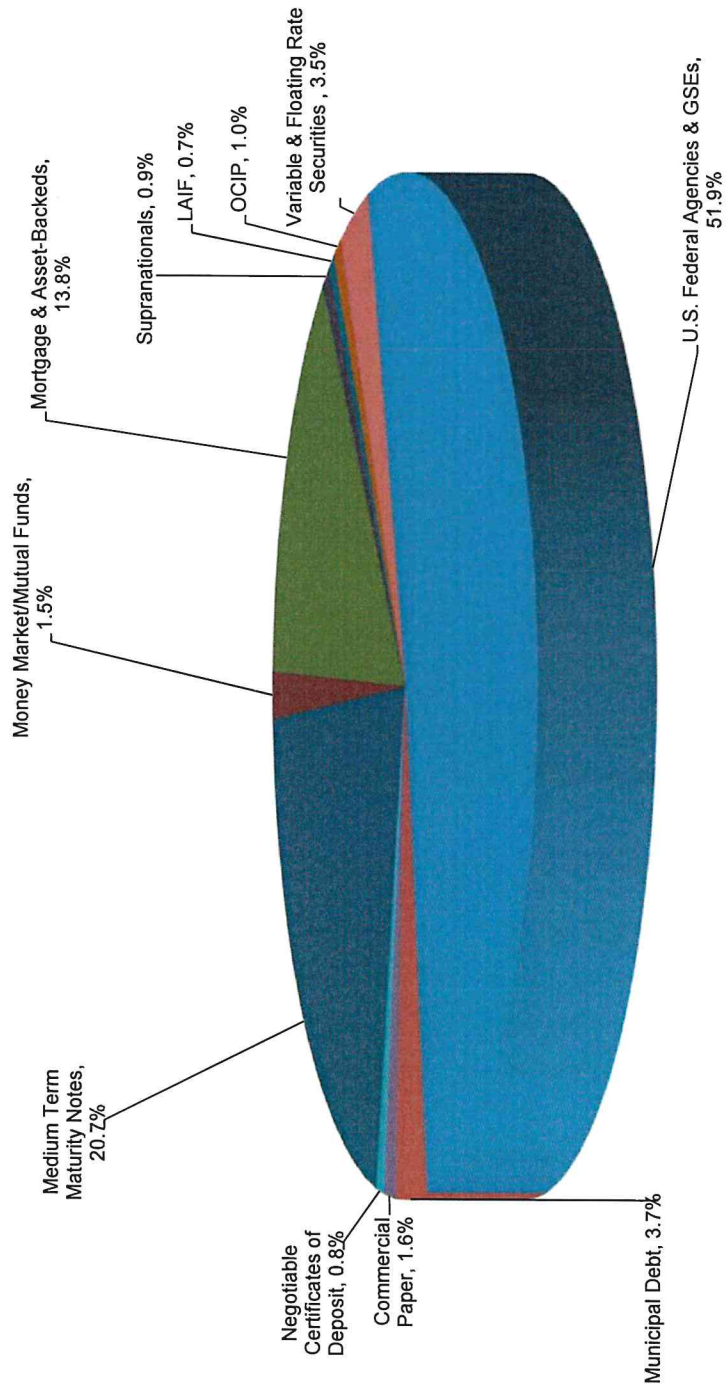
Portfolio Subject to Indenture	
	Dollar Amount Invested
<b>Bond Proceeds Portfolio</b>	
Money Market Funds	\$ 45,610,113
Guaranteed Investment Contract	316,750,000
<b>Total Bond Proceeds Portfolio</b>	<b>\$ 362,360,113</b>
<b>Reserve Funds Portfolio</b>	
Commercial Paper	\$ 24,957,353
<b>Total Portfolio Subject to Indenture</b>	<b>\$ 387,317,465</b>

<b>Portfolio Total**</b>	<b>\$ 1,938,775,408</b>
--------------------------	-------------------------

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

\*\*Liquid Portfolio not included (\$118.4 million as of 9/30/2019)

Investment Allocation for Short-Term Portfolio\*  
9/30/2019



\*Allocation percentages include pooled investments



## Negative Credit Watch

### 9/30/2019

<u>Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
<b>PFM</b>					
<i>Pfizer Inc.</i>	2,300,000	Various*	AA-	A1	A
On June 17, 2019, S&P, and Fitch placed the long-term ratings of Pfizer Inc. under review for possible downgrade.					
<b>MetLife Investment Mgmt</b>					
<i>Bristol-Myers Squibb Co.</i>	2,160,000	5/14/2021	A+	A2	A-
On January 3, 2019, S&P, and Fitch placed the long-term ratings of Bristol-Myers Squibb Co. under review for possible downgrade.					

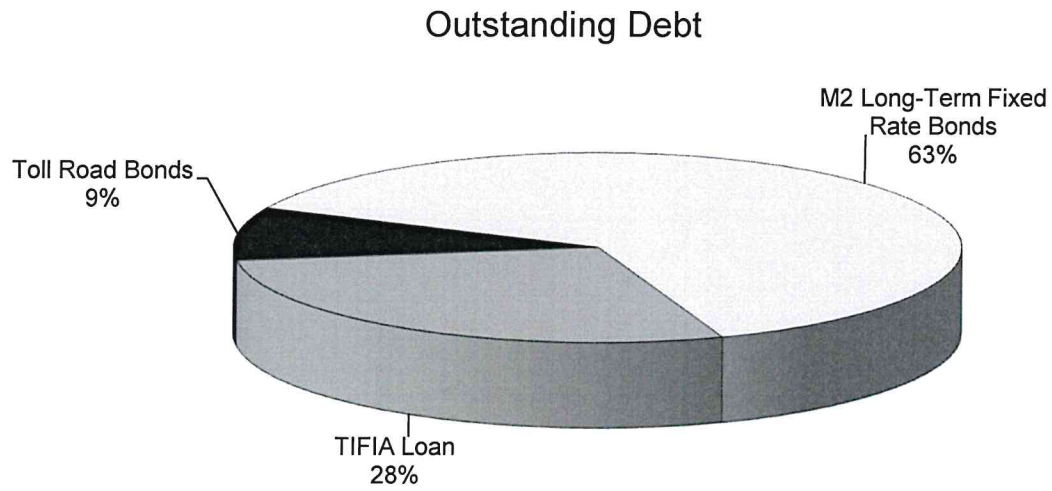
\*9/15/21 & 3/11/22

# DEBT PROGRAM

# Total Outstanding Debt

## As of 9/30/19

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**TOTAL OUTSTANDING DEBT:    \$1,013,905,000**

# Outstanding Debt

## As of 9/30/19

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

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

Issued:	\$	293,540,000
Outstanding:		250,000,000
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

#### 2010 Series B Tax-Exempt Sales Tax Revenue Bonds

Issued:	\$	59,030,000
Outstanding:		8,530,000
Debt Service FY 2020:		8,913,850
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):	AA+/Aa2/AA+	
Final Maturity:		2020

#### 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:	\$	9,789,878
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):	Baa2	
Final Maturity:		2057