

**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
February 29, 2024**

INVESTMENT PROGRAM

OCTA Investment Dashboard

2/29/2024

Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of February 2024:
N/A

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

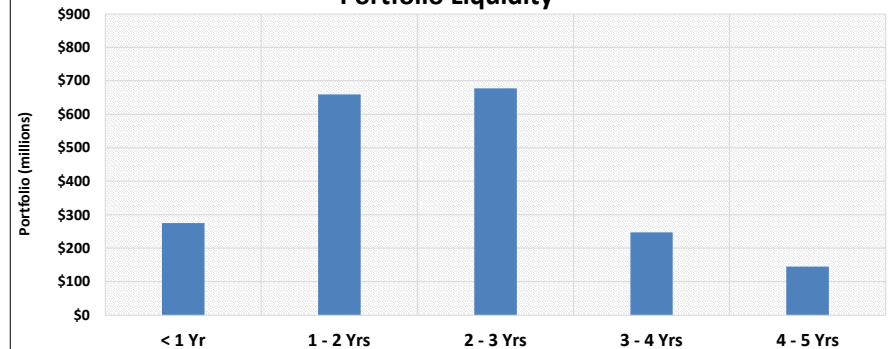
Three Keybank securities held within OCTA's investment portfolio were downgraded below minimum credit quality requirements for the month of October 2023.

Securities downgraded or placed on Negative Credit Watch during the month of February 2024, but remain in compliance with OCTA's Investment Policy:

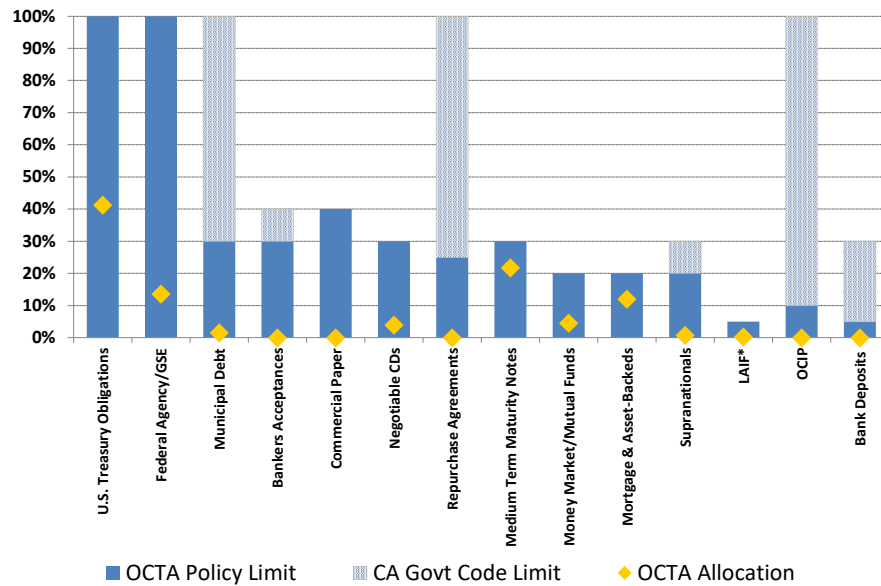
One security held within OCTA's investment portfolio was downgraded and placed negative credit watch during the month.

For further details please refer to A-8 of this report.

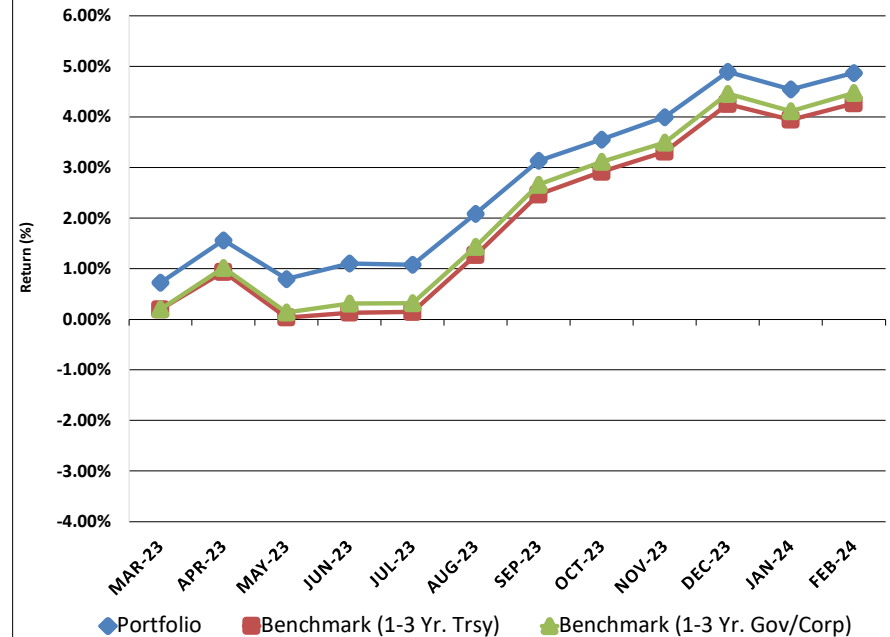
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



* 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 February 29, 2024, 6.5% of the portfolio was invested in variable & floating rate securities.

Investment Compliance

2/29/2024

Portfolio Subject to Investment Policy			
	Dollar Amount	Percent Of	Investment Policy
Short-Term/Liquid Portfolio ¹	Invested	Portfolio	Max. Percentages
U.S. Treasury Obligations	\$ 886,131,237	41.3%	100%
Federal Agency/GSE	292,361,357	13.6%	100%
Municipal Debt	\$ 34,241,204	1.6%	30%
Commercial Paper	-	0.0%	40%
Negotiable Certificates of Deposit	\$ 85,250,000	4.0%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	\$ 467,467,950	21.8%	30%
Money Market/Mutual Funds	97,397,299	4.5%	20%
Mortgage & Asset-Backed	\$ 258,684,770	12.1%	20%
Supranationals	17,053,537	0.8%	20%
Local Agency Investment Fund	\$ 6,881,548	0.3%	\$ 75 Million
Orange County Investment Pool	684,606	0.0%	10%
Bank Deposits	\$ 250,000	0.0%	5%
Total Short-Term/Liquid Portfolio²	\$ 2,146,403,508		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$139,072,895 (6.5% of total Short-Term/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

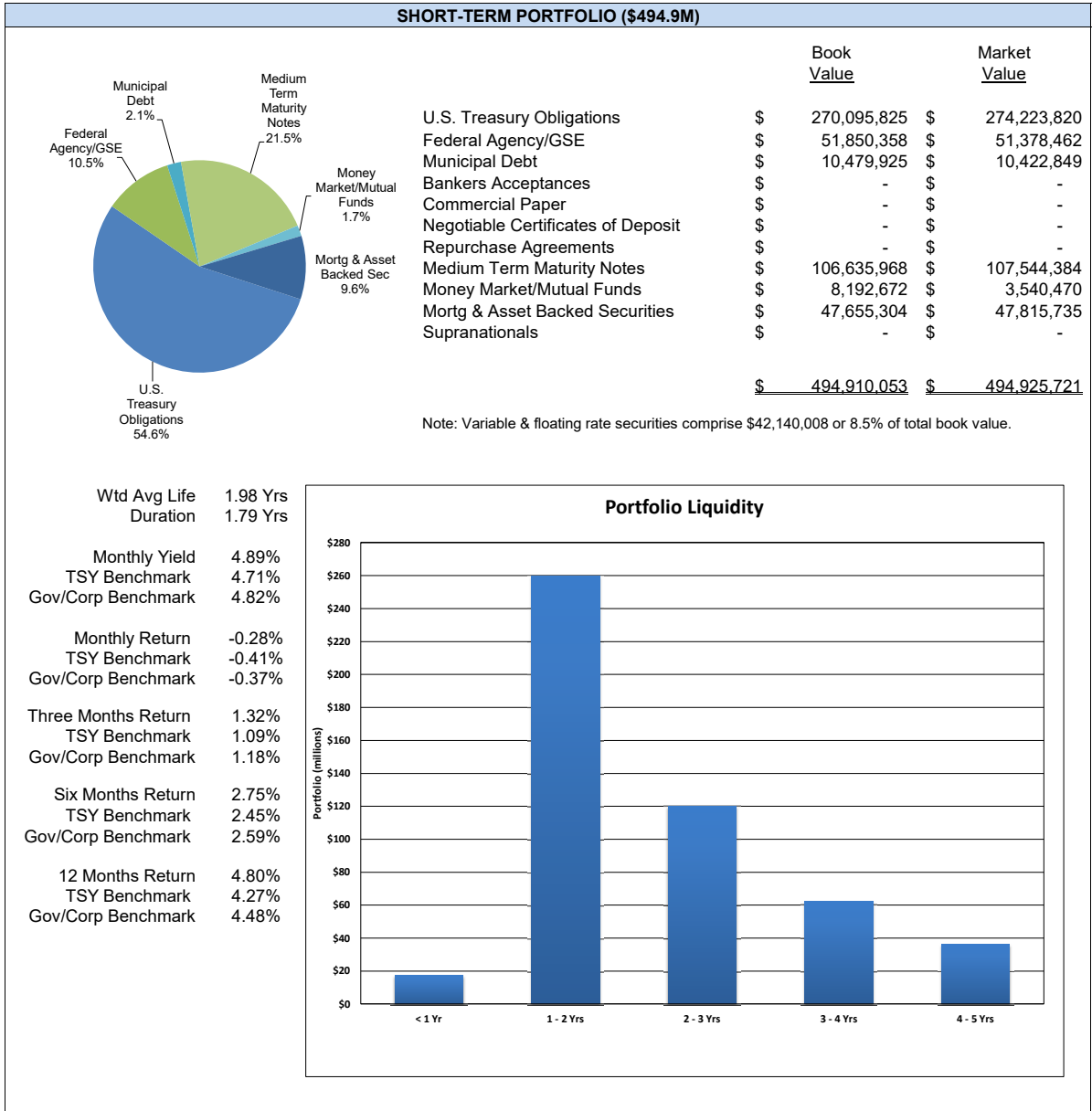
Portfolio Subject to Indenture					
Portfolio	Dollar Amount Invested	OCTA		Indenture Requirements	
		Credit Quality	Term	Min. Credit Quality	Max. Term
<u>Liquid Portfolio*</u>					
Government Obligations MMKT Fund	319,350,616	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	4,124,365	"AAAm"/"Aammf"	N/A	AAA Category	N/A
Total Liquid Portfolio	\$ 323,474,981				
<u>Bond Proceeds Portfolio</u>					
2021 Bond Anticipation Notes (BANs):					
Government Obligations MMKT Fund	54,299	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	"AAAm" or "AAAm-G"	N/A
91 Express Lanes 2023 Bonds:					
Government Obligations MMKT Fund	2,563	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Total Bond Proceeds Portfolio	\$ 56,861				
<u>Reserve Funds Portfolio</u>					
Bank Deposit	\$ -	N/A	N/A	N/A	N/A
Government Obligations MMKT Fund	5,363,565	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Negotiable Certificates of Deposit	5,000,000	"A-1"/"P-1"/"F1+"	267 days	"A-1"/"P-1"/"F1"	270 days
Negotiable Certificates of Deposit	3,000,000	"A-1"/"P-1"/"F1+"	180 days	"A-1"/"P-1"/"F1"	270 days
Government Obligations MMKT Fund**	2	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Total Reserve Funds Portfolio	\$ 13,363,568				
Total Portfolio Subject to Indenture	\$ 13,420,429				
Portfolio Total	\$ 2,483,298,918				

*Reflects portion of Liquid Portfolio subject to Indenture (OCTA Sales Tax Revenue)

**91 EL Debt Service Fund

Investment Manager Diversification and Maturity Schedules

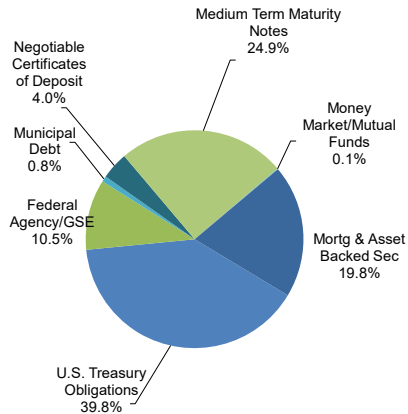
MetLife Investment Management
2/29/2024



Investment Manager Diversification and Maturity Schedules

PFM
2/29/2024

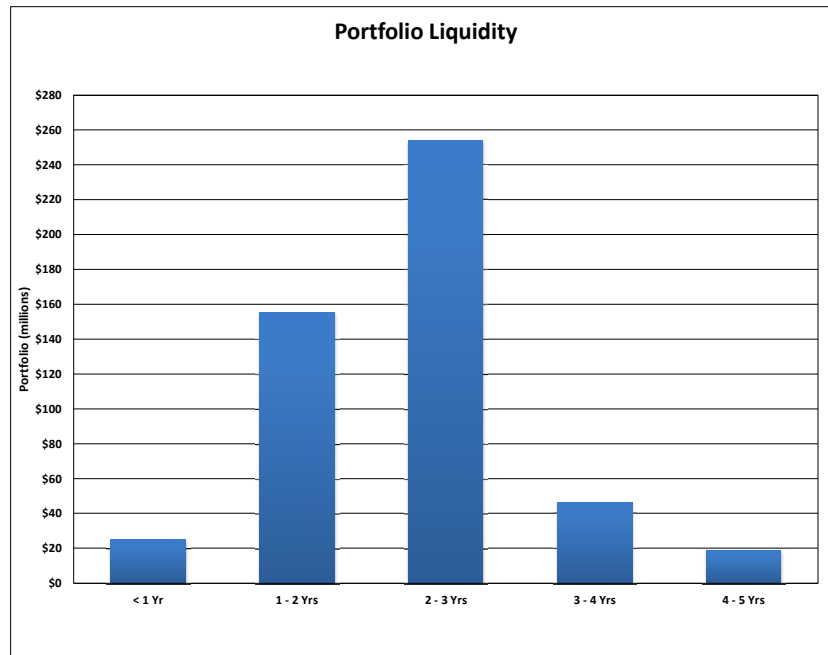
SHORT-TERM PORTFOLIO (\$500.2M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 199,134,855	\$ 200,598,758
Federal Agency/GSE	\$ 52,556,812	\$ 52,517,789
Municipal Debt	\$ 4,220,000	\$ 4,129,493
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 20,250,000	\$ 20,801,528
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 124,737,195	\$ 125,208,658
Money Market/Mutual Funds *	\$ 460,186	\$ 516,555
Mortg & Asset Backed Securities	\$ 98,816,459	\$ 97,885,925
Supranationals	\$ -	\$ -
	\$ 500,175,507	\$ 501,658,705

Note: Variable & floating rate securities comprise \$30,797,378 or 6.2% of total book value.

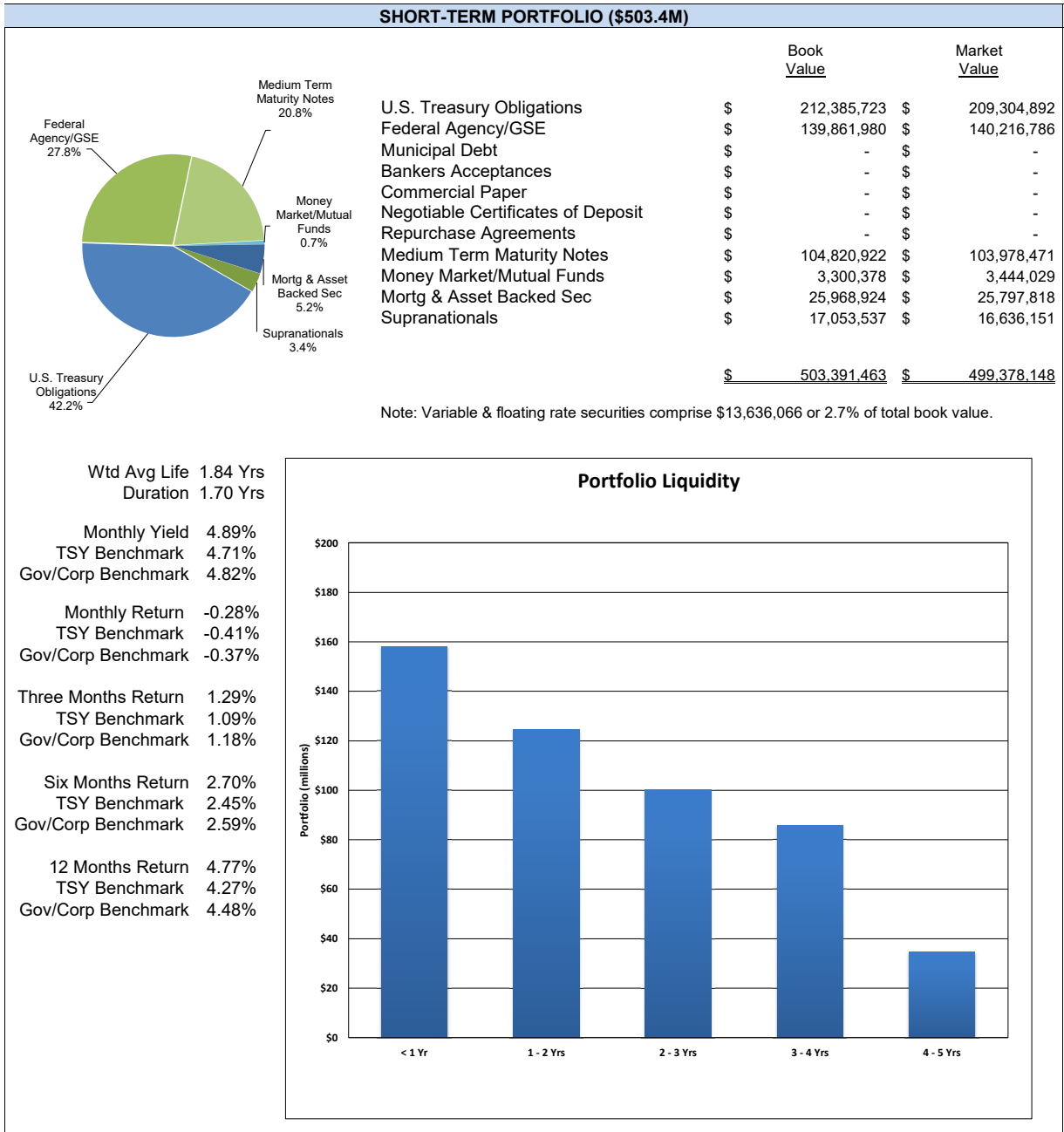
Wtd Avg Life	1.93 Yrs
Duration	1.75 Yrs
Monthly Yield	4.93%
TSY Benchmark	4.71%
Gov/Corp Benchmark	4.82%
Monthly Return	-0.27%
TSY Benchmark	-0.41%
Gov/Corp Benchmark	-0.37%
Three Months Return	1.35%
TSY Benchmark	1.09%
Gov/Corp Benchmark	1.18%
Six Months Return	2.84%
TSY Benchmark	2.45%
Gov/Corp Benchmark	2.59%
12 Months Return	4.88%
TSY Benchmark	4.27%
Gov/Corp Benchmark	4.48%



Investment Manager Diversification and Maturity Schedules

Chandler Asset Management

2/29/2024

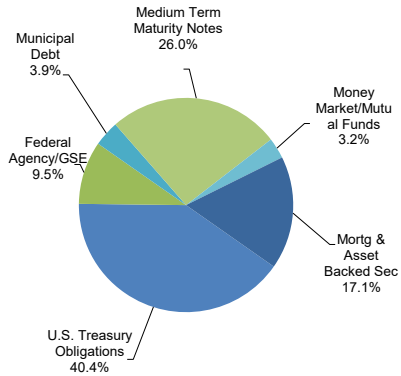


Investment Manager Diversification and Maturity Schedules

Payden & Rygel

2/29/2024

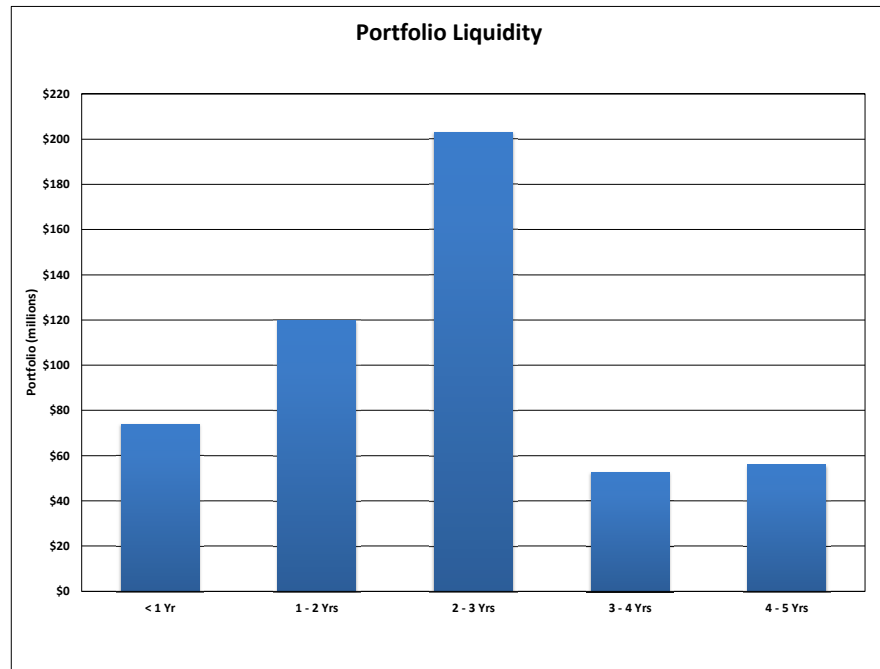
SHORT-TERM PORTFOLIO (\$505.6M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 204,514,834	\$ 199,527,804
Federal Agency/GSE	\$ 48,092,208	\$ 47,958,817
Municipal Debt	\$ 19,541,278	\$ 19,187,222
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 131,273,866	\$ 130,527,935
Money Market/Mutual Funds	\$ 15,947,283	\$ 2,433,314
Mortg & Asset Backed Sec	\$ 86,244,082	\$ 86,496,930
Supranationals	\$ -	\$ -
	\$ 505,613,551	\$ 486,132,022

Note: Variable & floating rate securities comprise \$52,499,442 or 10.4% of total book value.

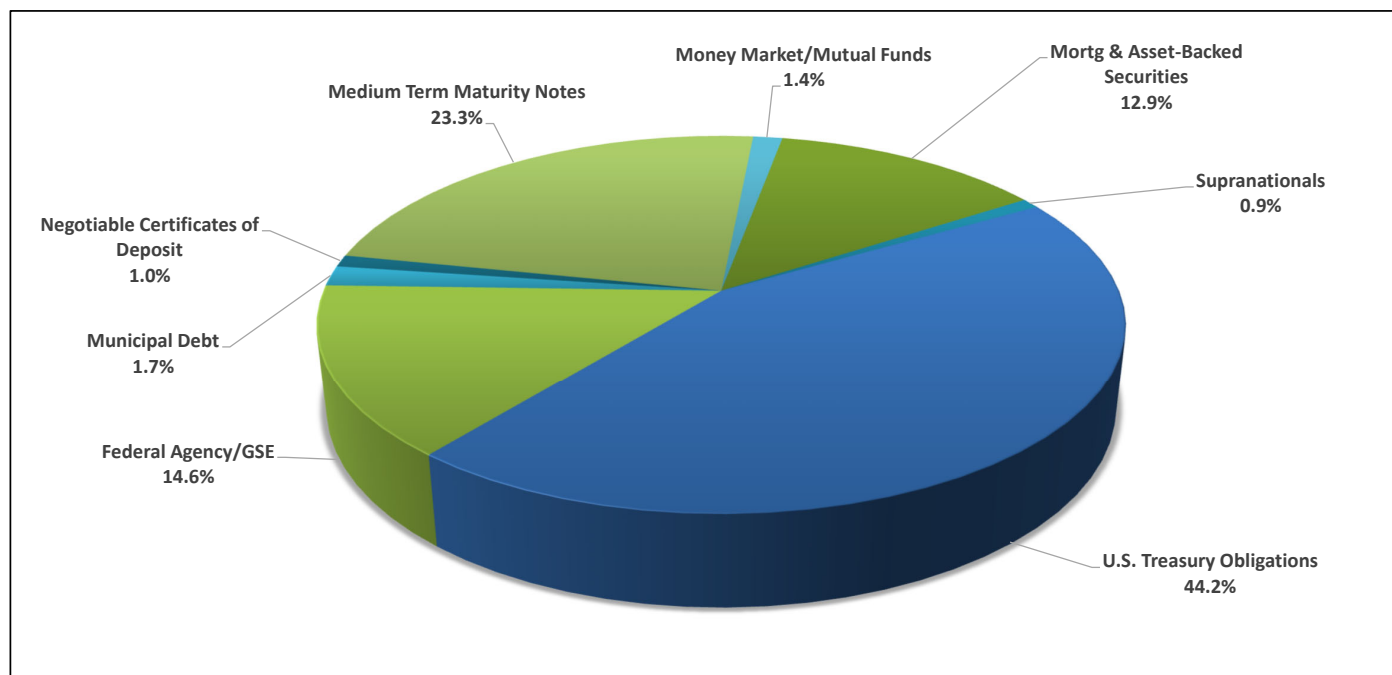
Wtd Avg Life	2.07 Yrs
Duration	1.78 Yrs
Monthly Yield	5.01%
TSY Benchmark	4.71%
Gov/Corp Benchmark	4.82%
Monthly Return	-0.27%
TSY Benchmark	-0.41%
Gov/Corp Benchmark	-0.37%
Three Months Return	1.38%
TSY Benchmark	1.09%
Gov/Corp Benchmark	1.18%
Six Months Return	2.90%
TSY Benchmark	2.45%
Gov/Corp Benchmark	2.59%
12 Months Return	5.03%
TSY Benchmark	4.27%
Gov/Corp Benchmark	4.48%



Short-Term Portfolio

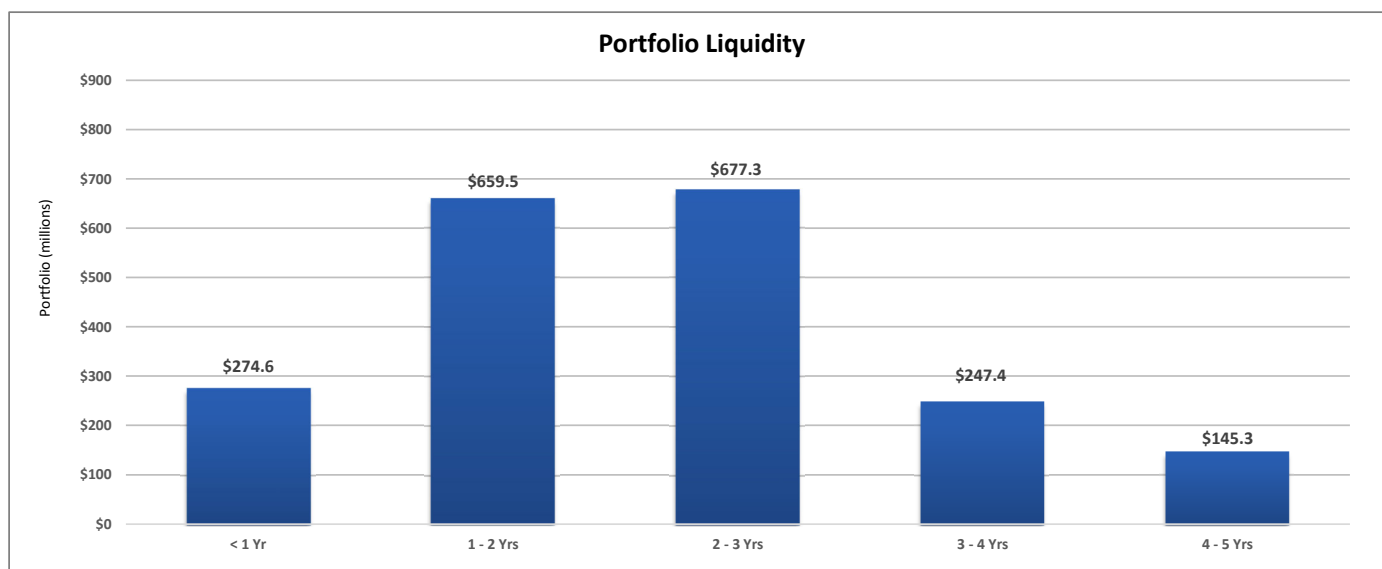
2/29/2024

Portfolio Composition



Note: Variable & floating rate securities comprise 6.9% of total book value.

Portfolio Liquidity



Rating Downgrades & Negative Credit Watch

2/29/2024

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

PFM, Payden & Rygel

TRUIST FINANCIAL CORP

\$	6,315,000	08/01/2024 - 10/28/2026	A-	A3	A-
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On February 21, 2024, Fitch Ratings (Fitch) downgraded Truist Financial Corp (TFC) by one notch to A- from A with stable outlook. The ratings action followed TFC's announcement on February 19 that it has agreed to sell its Truist Insurance Holdings LLC subsidiary (TIH). The downgrade reflects Fitch's view that sale of TIH removes a stable source of revenue and will likely increase earnings volatility over the longer-term. The security complies with the requirements of the Investment Policy, and the investment managers maintain a recommendation to hold the position until maturity, given Truist's dominant competitive position in an attractive region and its conservative underwriting standards and relatively low exposures to commercial real estate.

- Rating below minimum requirements:

KEYBANK NATIONAL ASSOCIATION

\$	3,720,000	06/14/2024 - 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.

Negative Credit Watch:

PFM, Payden & Rygel

TRUIST FINANCIAL CORP

\$	6,315,000	08/01/2024 - 10/28/2026	A-	A3	A-
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On February 20, 2024, Moody's placed Truist Financial Corp (TFC) on credit watch negative. The ratings action followed TFC's announcement on February 19 that it has agreed to sell its Truist Insurance Holdings LLC subsidiary (TIH). The credit watch negative reflects the concerns on diminished revenue diversification and views TFC's relatively high levels of unrealized losses on its securities portfolios. Further ratings actions will be contingent upon TFC's success in executing the balance sheet repositioning, its longer-term capital plans, and interest-rate risk management. Nevertheless, Moody's signaled a 12-18 month review period and a potential downgrade is expected to be limited to one notch. Given Truist's dominant competitive position in an attractive region and its conservative underwriting standards, investment managers recommend to hold existing positions in TFC.

DEBT PROGRAM

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

Outstanding Debt¹

As of 2/29/2024

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 2024:		17,270,000
All in True Interest Cost:		4.33%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):	AA+/Aa2/AA+	
Final Maturity:		2041

2019 M2 Sales Tax Revenue Bonds

Issued:	\$	376,690,000
Outstanding:		319,315,000
Debt Service FY 2024:		37,601,900
All in True Interest Cost:		3.14%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):	AA+/AA+	
Final Maturity:		2041

Sub-total M2 Outstanding Debt	\$	569,315,000
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91 Express Lanes

2023 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	47,545,000
Outstanding:		47,545,000
Debt Service FY 2024:		1,446,160
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

Sub-total 91 Express Lanes Outstanding Debt	\$	47,545,000
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405 Express Lanes

2021 TIFIA Loan

Amount Available	\$	628,930,000
Outstanding:		613,711,295
Accrued Interest:		-
Interest Rate:		1.95%
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):	Baa2	
Final Maturity:		2058

Sub-total 405 Express Lanes Outstanding Debt	\$	613,711,295
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TOTAL OUTSTANDING DEBT:	\$	1,230,571,295
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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.