

**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  
December 31, 2024**

# INVESTMENT PROGRAM

# OCTA Investment Dashboard

12/31/2024

## Safety of Principal

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

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

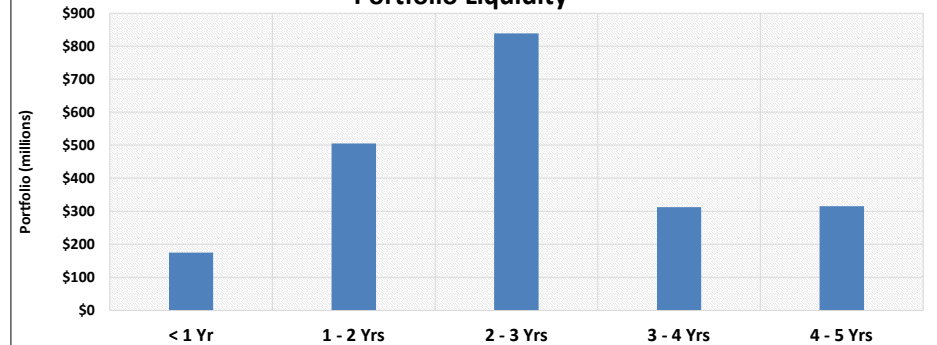
Two Keybank securities held within OCTA's investment portfolio were downgraded below minimum credit quality requirements for the month of October 2023

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

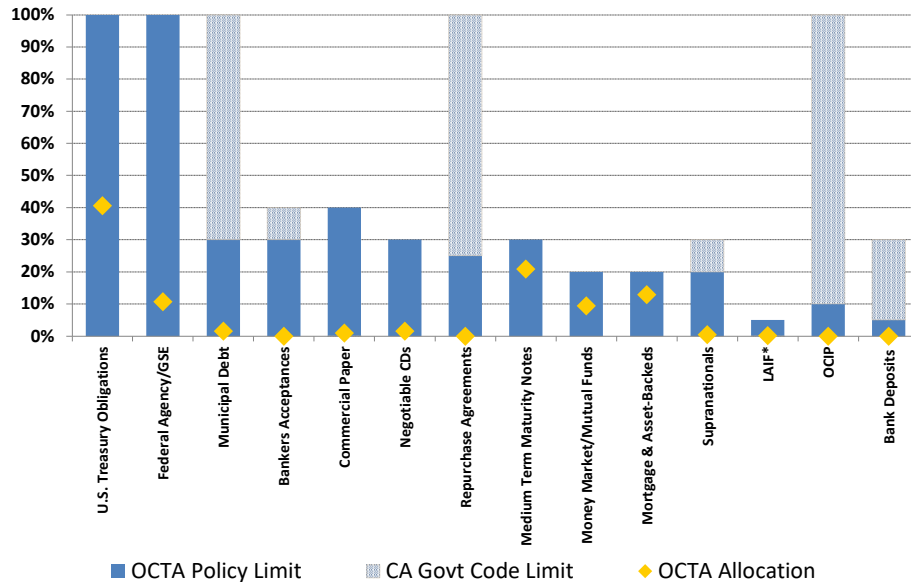
One security held within OCTA's investment portfolio was downgraded during the month.

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

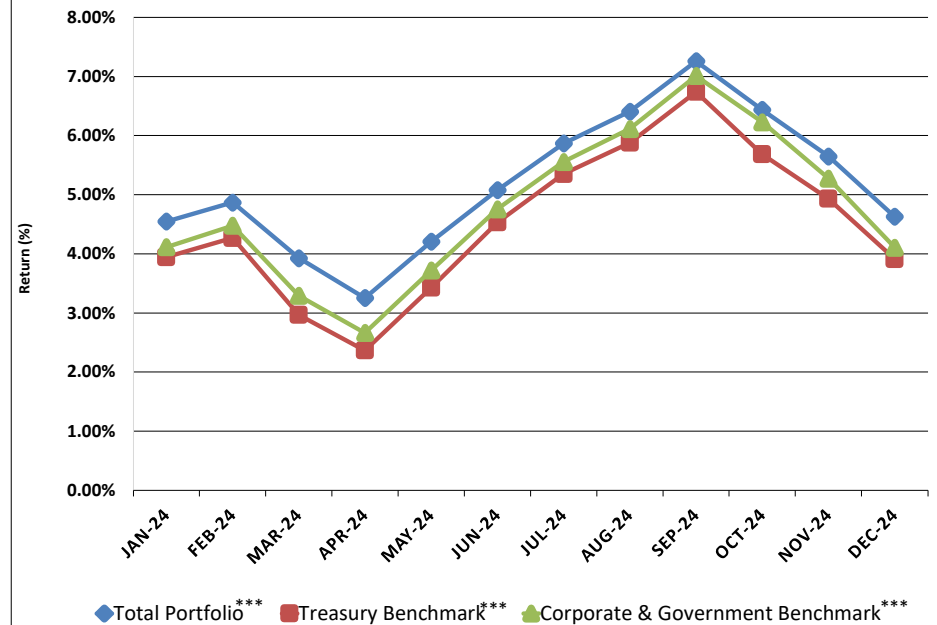
## Portfolio Liquidity<sup>(1)</sup>



## 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 December 31, 2024, 6.7% 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

12/31/2024

Portfolio Subject to Investment Policy			
	Dollar Amount	Percent Of	Maximum
Managed Portfolio <sup>1</sup>	Invested	Portfolio	Percentages
U.S. Treasury Obligations	\$ 994,011,457	40.2%	100%
Federal Agency/GSE	265,224,970	10.7%	100%
Municipal Debt	\$ 40,124,505	1.6%	30%
Commercial Paper	24,412,500	1.0%	40%
Negotiable Certificates of Deposit	\$ 40,525,000	1.6%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	\$ 511,807,785	20.7%	30%
Money Market/Mutual Funds	232,060,976	9.4%	20%
Mortgage & Asset-Backed	\$ 317,142,682	12.8%	20%
Supranationals	13,493,324	0.5%	20%
Local Agency Investment Fund	\$ 7,116,960	0.3%	\$ 75 Million
Orange County Investment Pool	18,171	0.0%	10%
Bank Deposits	\$ 26,266,570	1.1%	5%
<b>Total Managed Portfolio<sup>2</sup></b>	<b>\$ 2,472,204,900</b>		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$164,701,868 (6.7% 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>Liquid Portfolio*</b>					
Government Obligations MMKT Fund	99,807,842	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	44,298,993	"AAAm"/"Aammf"	N/A	AAA Category	N/A
Government Obligations MMKT Fund **	108,813,748	"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 **	20,586,236	"AAAm"/"Aaa-mf"	N/A	N/A	N/A
Bank Deposits **	94,068	N/A	N/A	N/A	N/A
<b>Total Liquid Portfolio</b>	<b>\$ 298,600,886</b>				
<b>Reserve Funds Portfolio</b>					
Government Obligations MMKT Fund	\$ 5,296,047	"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+"	270 days	"A-1"/"P-1"/"F1"	270 days
Government Obligations MMKT Fund ***	5,705	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
<b>Total Reserve Funds Portfolio</b>	<b>\$ 13,301,752</b>				
<b>Total Portfolio Subject to Indenture</b>	<b>\$ 13,301,752</b>				
<b>Portfolio Total</b>	<b>\$ 2,784,107,538</b>				

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

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

\*\*\* 91 EL Debt Service Fund

**Managed Portfolio**  
**Sector Allocation and Performance Overview**  
**12/31/2024**

Book/Market Value	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio
<b>Total Portfolio:</b>					
Book Value	\$ 539,228,760	\$ 538,563,059	\$ 541,796,555	\$ 547,298,391	\$ 2,166,886,764
Market Value	\$ 544,610,868	\$ 545,710,595	\$ 547,255,925	\$ 551,602,473	\$ 2,189,179,861
<b>1-3 Year Portfolio:</b>					
Book Value	\$ 374,985,418	\$ 378,110,901	\$ 379,449,361	\$ 383,442,393	\$ 1,515,988,074
Market Value	\$ 378,767,366	\$ 384,520,225	\$ 384,407,168	\$ 387,697,267	\$ 1,535,392,025
<b>1-5 Year Portfolio:</b>					
Book Value	\$ 164,243,341	\$ 160,452,158	\$ 162,347,194	\$ 163,855,997	\$ 650,898,690
Market Value	\$ 165,843,502	\$ 161,190,371	\$ 162,848,757	\$ 163,905,206	\$ 653,787,836

Sector Allocation	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio
<b>Total Portfolio:</b>					
U.S. Treasury Obligations	42.1%	42.1%	47.2%	52.0%	45.9%
Federal Agency/GSE	27.7%	6.0%	11.6%	3.8%	12.2%
Municipal Debt	0.3%	5.4%	0.2%	1.6%	1.9%
Negotiable Certificates of Deposit	0.0%	0.0%	2.9%	0.0%	0.7%
Medium Term Maturity Notes	21.1%	28.4%	21.3%	23.7%	23.6%
Money Market/Mutual Funds	0.3%	0.4%	0.2%	0.9%	0.4%
Mortg & Asset Backed Sec	6.9%	16.8%	16.7%	18.1%	14.6%
Supranationals	1.6%	0.9%	0.0%	0.0%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>1-3 Year Portfolio:</b>					
U.S. Treasury Obligations	39.1%	41.1%	48.2%	51.7%	45.1%
Federal Agency/GSE	22.9%	5.7%	9.4%	4.0%	10.4%
Municipal Debt	0.0%	5.3%	0.2%	1.5%	1.7%
Negotiable Certificates of Deposit	0.0%	0.0%	3.0%	0.0%	0.8%
Medium Term Maturity Notes	27.3%	28.2%	21.6%	23.8%	25.2%
Money Market/Mutual Funds	0.4%	0.4%	0.1%	0.9%	0.4%
Mortg & Asset Backed Sec	9.0%	18.0%	17.5%	18.1%	15.7%
Supranationals	1.3%	1.3%	0.0%	0.0%	0.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<b>1-5 Year Portfolio:</b>					
U.S. Treasury Obligations	48.9%	44.3%	44.9%	52.6%	47.7%
Federal Agency/GSE	38.7%	6.9%	16.6%	3.3%	16.5%
Municipal Debt	1.0%	5.6%	0.2%	1.7%	2.1%
Negotiable Certificates of Deposit	0.0%	0.0%	2.5%	0.0%	0.6%
Medium Term Maturity Notes	6.8%	29.0%	20.5%	23.5%	19.9%
Money Market/Mutual Funds	0.3%	0.2%	0.3%	0.9%	0.4%
Mortg & Asset Backed Sec	2.2%	14.0%	14.9%	18.0%	12.3%
Supranationals	2.1%	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	2.24	2.20	2.11	2.33	2.22	n/a	n/a
Duration	2.07	2.02	1.94	2.13	2.04	1.96	1.96
Monthly Yield (Annualized)	4.40%	4.50%	4.44%	4.47%	4.45%	4.26%	4.43%
<b>1-3 Year Portfolio:</b>							
Weighted Average Life	2.02	1.93	1.86	2.09	1.98	n/a	n/a
Duration	1.88	1.78	1.72	1.91	1.82	1.74	1.74
Monthly Yield (Annualized)	4.42%	4.49%	4.42%	4.46%	4.45%	4.25%	4.41%
<b>1-5 Year Portfolio:</b>							
Weighted Average Life	2.75	2.83	2.69	2.90	2.79	n/a	n/a
Duration	2.52	2.57	2.45	2.63	2.54	2.48	2.48
Monthly Yield (Annualized)	4.36%	4.50%	4.48%	4.49%	4.46%	4.29%	4.48%

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 ***	0.04%	0.17%	0.15%	0.07%	0.11%	0.14%	0.13%
Three Months Return ***	0.06%	0.10%	0.16%	0.03%	0.09%	-0.06%	-0.03%
<b>1-3 Year Portfolio:</b>							
Monthly Return ***	0.09%	0.25%	0.23%	0.16%	0.18%	0.24%	0.23%
Three Months Return ***	0.06%	0.10%	0.16%	0.03%	0.09%	-0.06%	-0.03%
<b>1-5 Year Portfolio:</b>							
Monthly Return ***	-0.10%	-0.02%	-0.05%	-0.13%	-0.08%	-0.07%	-0.08%
Three Months Return ***	-0.60%	-0.58%	-0.43%	-0.66%	-0.57%	-0.77%	-0.71%

\* 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

12/31/2024

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

#### PFM

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

\$	3,750,000	2/1/2027	A+	A1	AA-
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On December 17, Moody's Investors Service (Moody's) downgraded its senior unsecured debt ratings on seven French banks. Included in the ratings actions were Banque Federative du Credit Mutuel SA, BNP Paribas SA, and Credit Agricole SA along with their respective issuing subsidiaries. The downgrades follow a similar action on the French Republic's debt ratings on December 14, 2024 that was driven by ongoing political fragmentation that is expected to result in rising deficits and deterioration in the government's debt affordability. Moody's cited stability in credit and liquidity conditions for French banks, as well as resilient economic growth and low unemployment that are all supportive of asset quality and operating performance. All outlooks are now stable. The security complies with the requirements of the Investment Policy. Investment manager recommends holding the securities given the respective banks' underlying credit profiles remain strong, and all are among the highest-rated banks globally.

#### - 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 12/31/2024

### 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 2025:		21,790,000
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 2025:		33,065,900
All in True Interest Cost:		3.14%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):	AA+/AA+	
Final Maturity:		2041

<b>Sub-total M2 Outstanding Debt</b>	<b>\$</b>	<b>569,315,000</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:		631,379,860
Capitalized Interest:		17,668,565
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>631,379,860</b>
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<b>TOTAL OUTSTANDING DEBT:</b>	<b>\$</b>	<b>1,242,419,860</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.