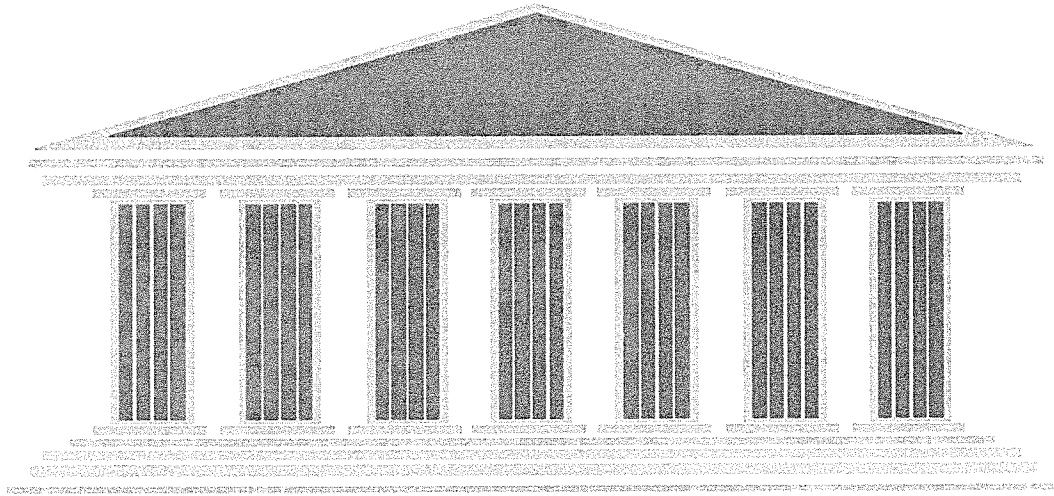


**Treasury/Public Finance Department's  
Report On**

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



**Presented to the  
Finance and Administration Committee**

**For The Period Ending  
June 30, 2017**

# INVESTMENT PROGRAM

# Investment Profile

## As of 6/30/17

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<u>Portfolio Manager</u>	<u>Depository</u>	<u>Role</u>	<u>Type of Investment</u>	<u>Amount (\$ Millions)</u>
<i>ACTIVELY MANAGED INVESTMENTS</i>				
JP Morgan	Union Bank	Custodian	Short-Term Operating	325.7
State Street Global Advisors	Union Bank	Custodian	Short-Term Operating	325.5
Payden & Rygel Investment Counsel	Union Bank	Custodian	Short-Term Operating	325.8
Western Asset Management	Union Bank	Custodian	Short-Term Operating	325.1
 <i>POOLED INVESTMENTS</i>				
California State Treasurer	LAIF	Custodian	Liquid	10.3
Orange County Treasurer	OCIP	Custodian	Legal Requirement	0.0
 <i>CASH INVESTMENTS</i>				
OCTA	BNY Mellon	Trustee	Liquid	112.6
OCTA	Bank of the West	Broker	Liquid	23.7
OCTA	U.S Bank	Trustee	Liquid	0.0
 <i>DEBT SERVICE RESERVE FUNDS</i>				
91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Commercial Paper	10.9
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Commercial Paper	10.0
91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Commercial Paper	3.0
Bank Deposits/Cash				0.1
<b>TOTAL</b>				<b>\$1,472.6</b>

# Short-Term Portfolio - \$1.3 Billion

As of 6/30/17

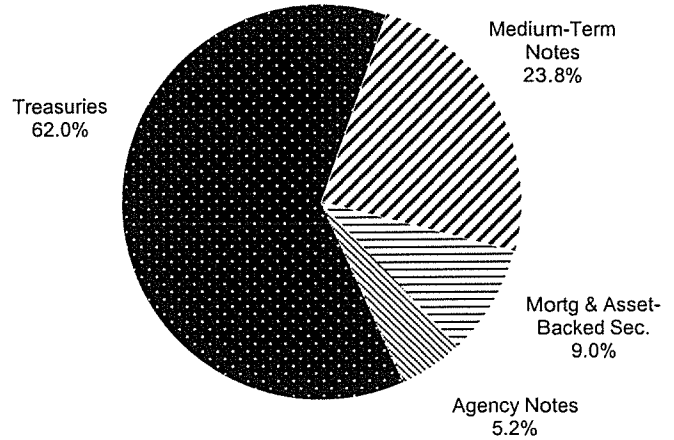
Part 1 of 2

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## JP Morgan

Book Value           \$   325,729,926

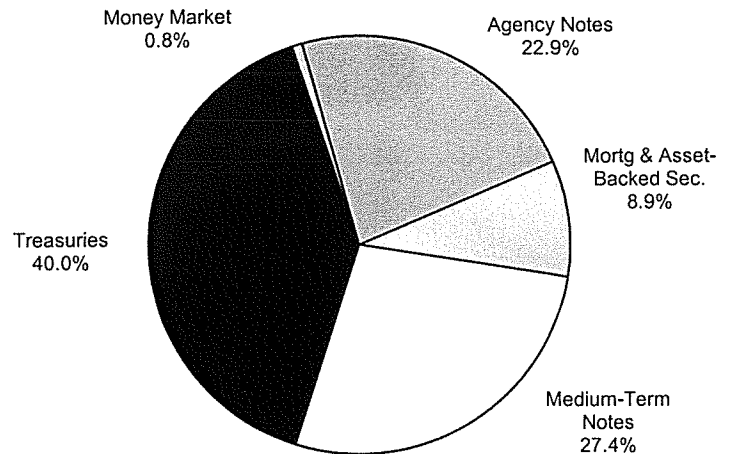
Market Value         \$   323,234,246



## State Street Global

Book Value           \$   325,460,075

Market Value         \$   324,553,720



*Market Value Reported By Custodial Bank*

# Short-Term Portfolio - \$1.3 Billion

## As of 6/30/17

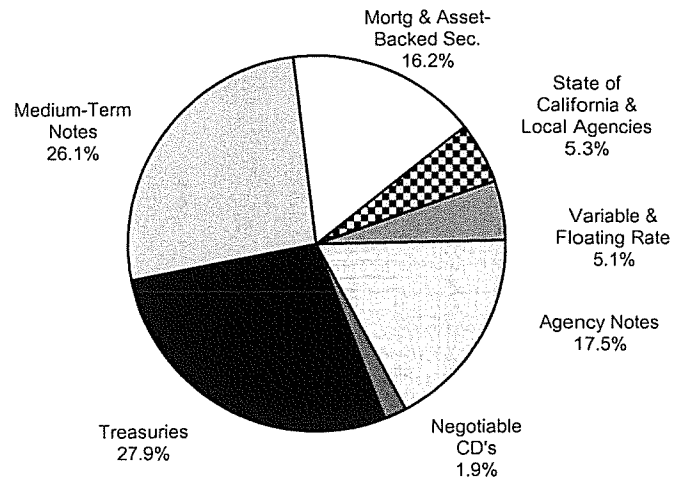
### Part 2 of 2

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#### Payden & Rygel

Book Value                   \$   325,756,608

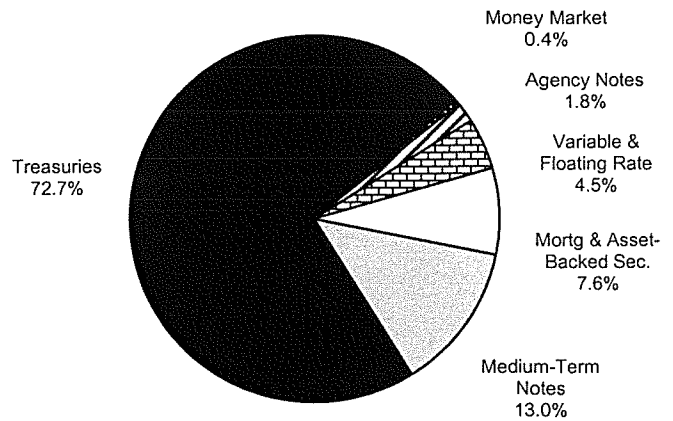
Market Value                \$   324,929,959



#### Western Asset Management

Book Value                   \$   325,099,857

Market Value                \$   324,909,018



# Short-Term Portfolio Maturity Schedule

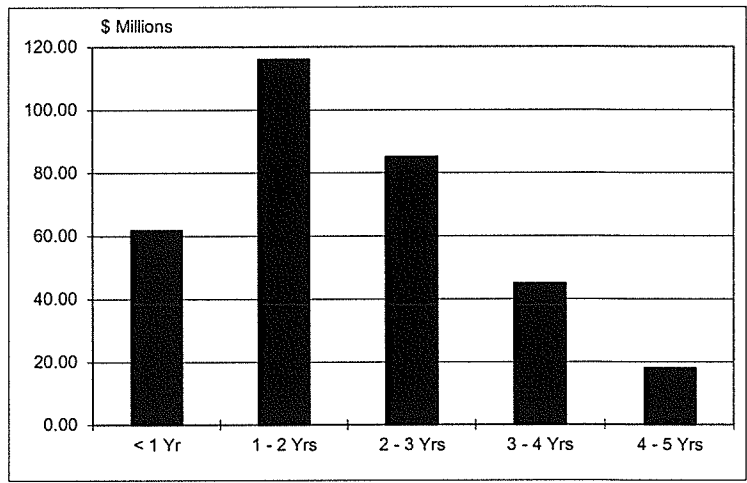
## As of 6/30/17

### JP Morgan (\$325.7 M)

Monthly Return -0.04%  
 TSY Benchmark -0.08%  
 Gov/Corp Benchmark -0.05%

Fiscal YTD Return 0.17%  
 TSY Benchmark -0.11%  
 Gov/Corp Benchmark 0.15%

12 Month Return 0.17%  
 TSY Benchmark -0.11%  
 Gov/Corp Benchmark 0.15%

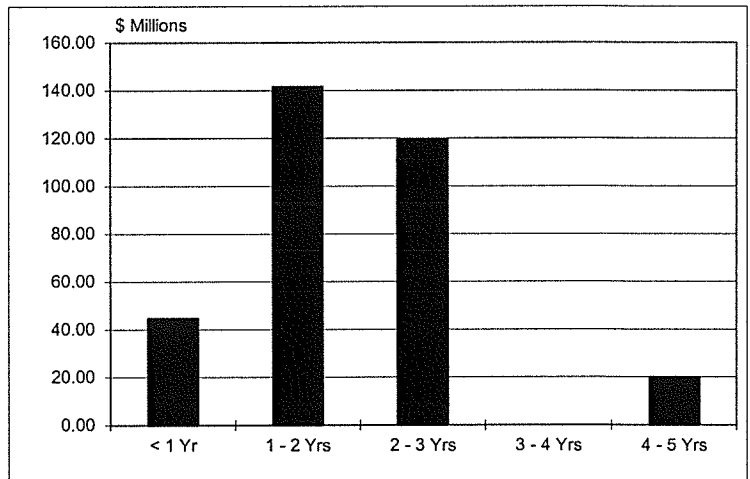


### State Street Global (\$325.5 M)

Monthly Return -0.03%  
 Benchmark Comparison -0.08%  
 Gov/Corp Benchmark -0.05%

Fiscal YTD Return 0.20%  
 TSY Benchmark -0.11%  
 Gov/Corp Benchmark 0.15%

12 Month Return 0.20%  
 TSY Benchmark -0.11%  
 Gov/Corp Benchmark 0.15%

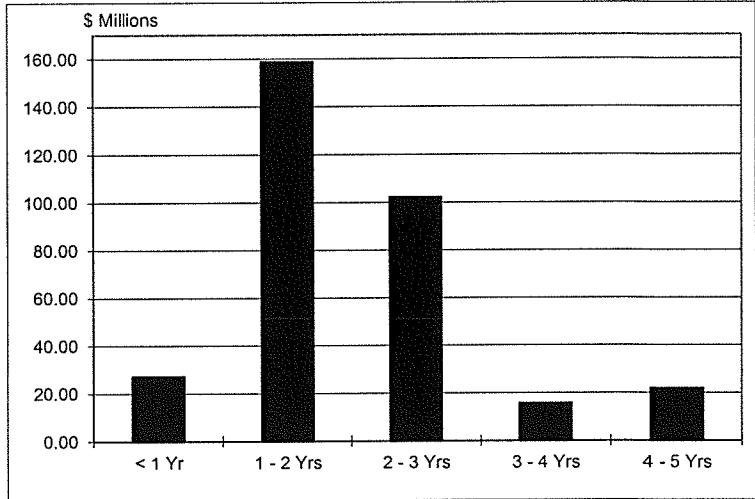


<b>Yield Curve Change</b>			
<b>From 5/31/17 to 6/30/17</b>			
	<u>5/31/17</u>	<u>6/30/17</u>	<u>Change</u>
1 Year	1.153%	1.230%	0.0770%
2 Year	1.284%	1.384%	0.1000%
3 Year	1.434%	1.547%	0.1130%
5 Year	1.752%	1.889%	0.1370%
30 Year	2.864%	2.835%	-0.0290%

# Short-Term Portfolio Maturity Schedule As of 6/30/17

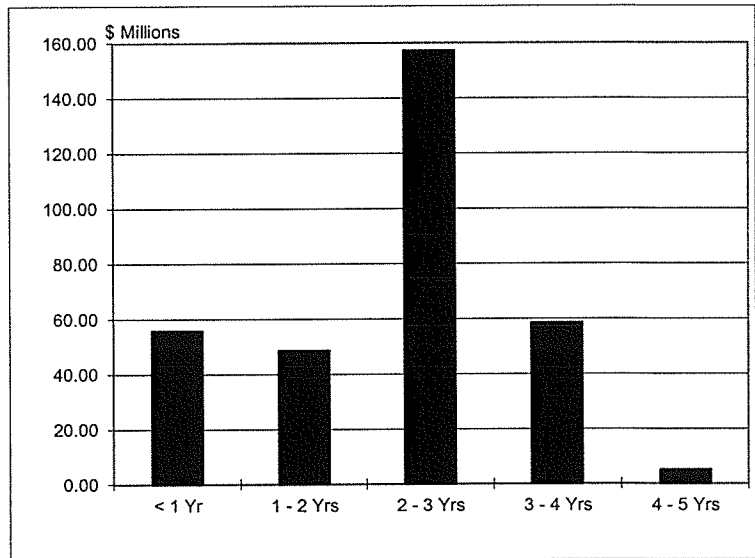
## **Payden & Rygel (\$325.8 M)**

Monthly Return	-0.02%
TSY Benchmark	-0.08%
Gov/Corp Benchmark	-0.05%
Fiscal YTD Return	0.49%
TSY Benchmark	-0.11%
Gov/Corp Benchmark	0.15%
12 Month Return	0.49%
TSY Benchmark	-0.11%
Gov/Corp Benchmark	0.15%



## **Western Asset Management (\$325.1 M)**

Monthly Return	-0.06%
TSY Benchmark	-0.08%
Gov/Corp Benchmark	-0.05%
Fiscal YTD Return	0.18%
TSY Benchmark	-0.11%
Gov/Corp Benchmark	0.15%
12 Month Return	0.18%
TSY Benchmark	-0.11%
Gov/Corp Benchmark	0.15%



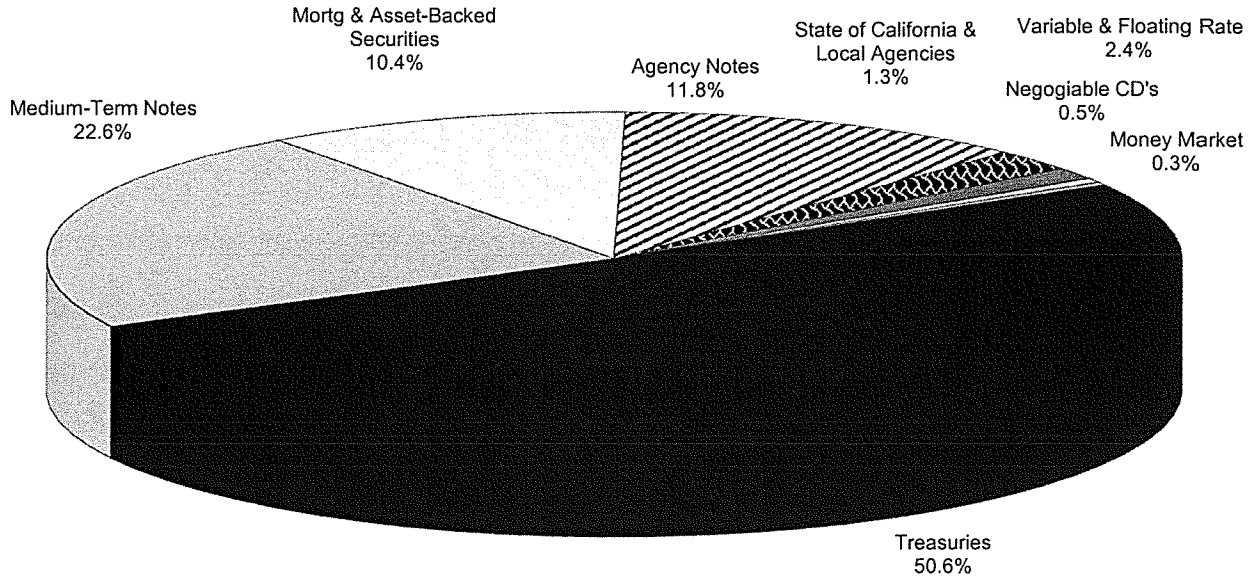
<b>Yield Curve Change From 5/31/17 to 6/30/17</b>			
	<u>5/31/17</u>	<u>6/30/17</u>	<u>Change</u>
1 Year	1.153%	1.230%	0.0770%
2 Year	1.284%	1.384%	0.1000%
3 Year	1.434%	1.547%	0.1130%
5 Year	1.752%	1.889%	0.1370%
30 Year	2.864%	2.835%	-0.0290%

# Short-Term Portfolio

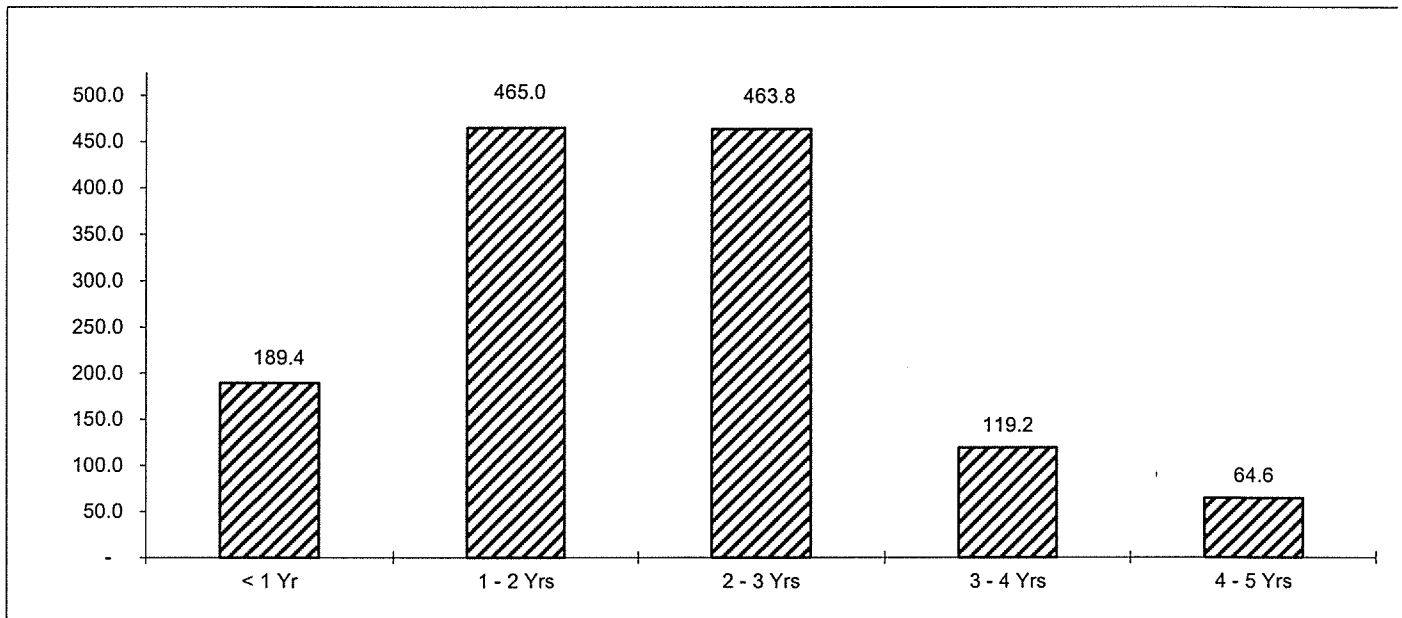
## As of 6/30/17

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### Total Portfolio Composition



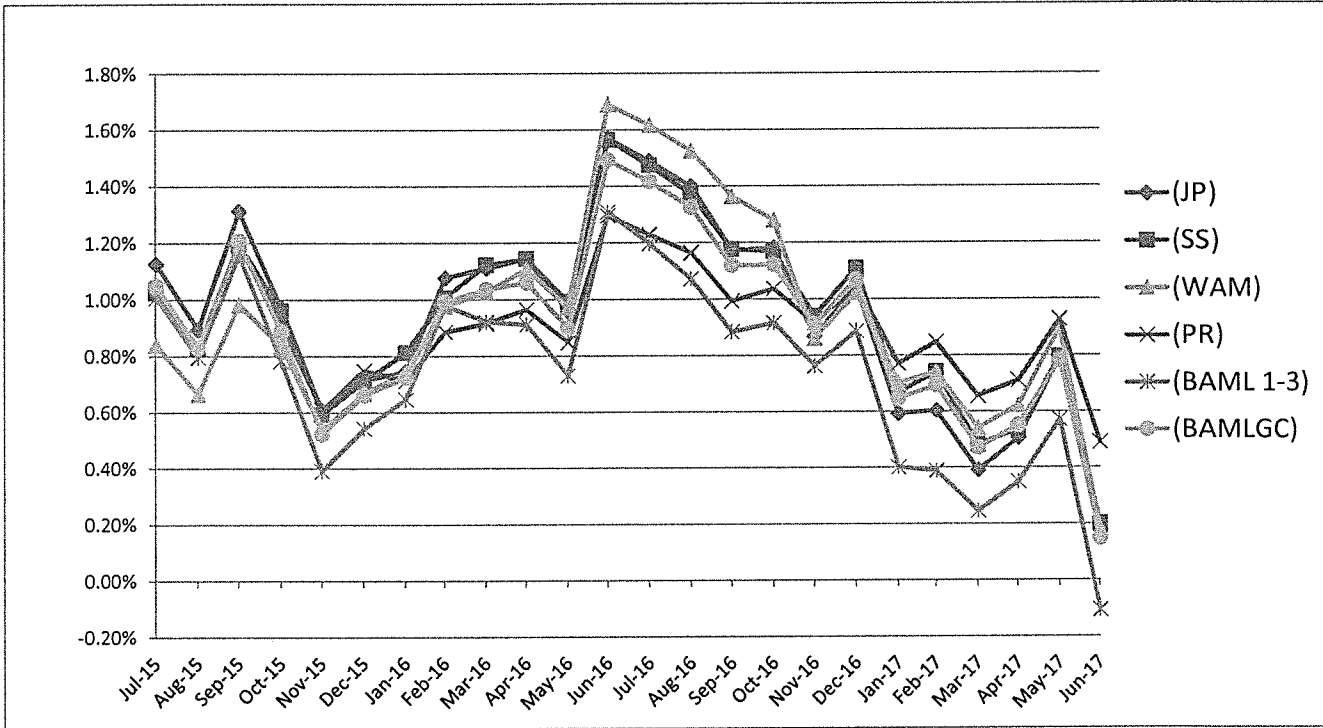
### Total Portfolio Maturity Schedule



# Short-Term Portfolio Performance

## As of 6/30/17

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

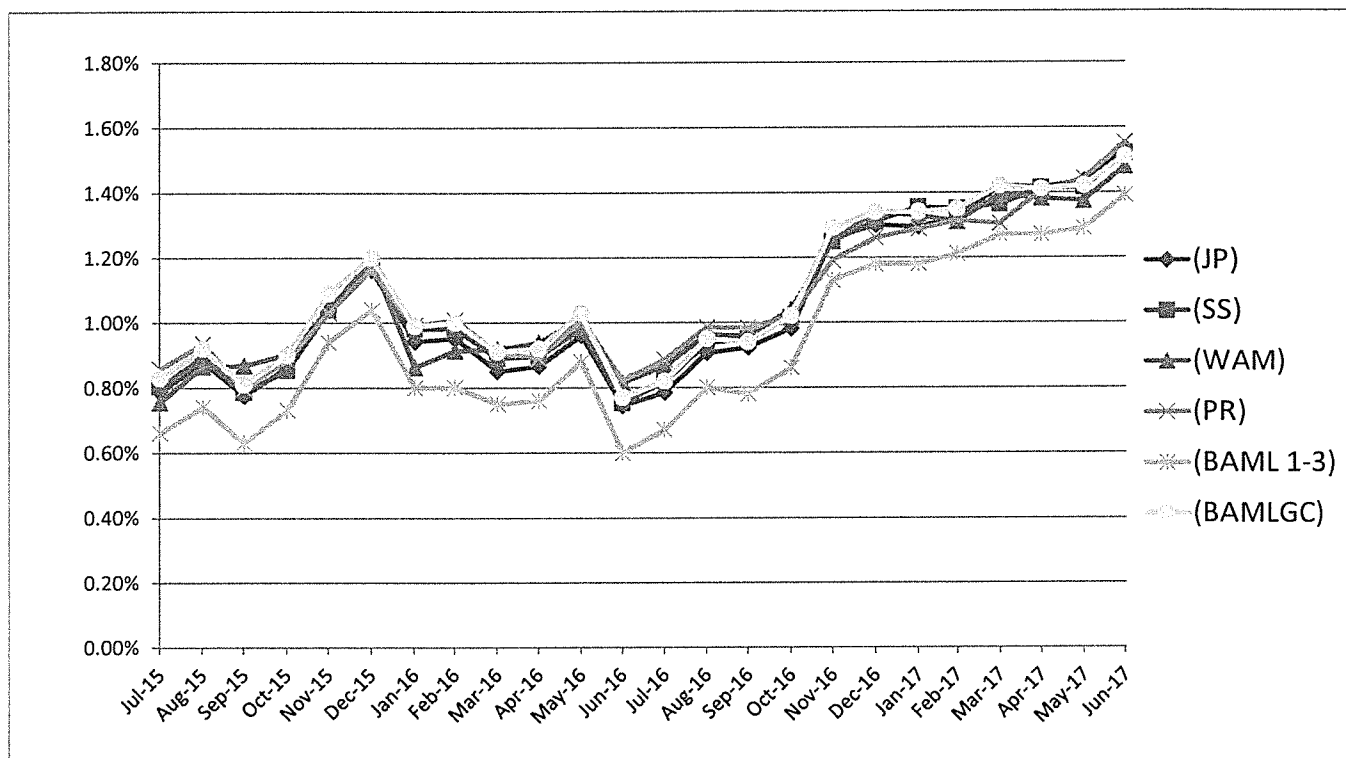


	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden & Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Jul-15	1.13%	1.03%	0.84%	1.04%	1.01%	1.05%
Aug-15	0.89%	0.83%	0.66%	0.83%	0.80%	0.83%
Sep-15	1.31%	1.20%	0.98%	1.19%	1.16%	1.21%
Oct-15	0.97%	0.96%	0.84%	0.91%	0.78%	0.89%
Nov-15	0.61%	0.59%	0.54%	0.61%	0.39%	0.52%
Dec-15	0.72%	0.71%	0.67%	0.75%	0.54%	0.66%
Jan-16	0.74%	0.81%	0.74%	0.71%	0.65%	0.72%
Feb-16	1.08%	1.01%	0.98%	0.89%	0.98%	0.99%
Mar-16	1.11%	1.12%	1.03%	0.92%	0.92%	1.04%
Apr-16	1.15%	1.14%	1.11%	0.96%	0.91%	1.06%
May-16	0.96%	0.99%	0.97%	0.85%	0.73%	0.90%
Jun-16	1.57%	1.56%	1.69%	1.30%	1.31%	1.49%
Jul-16	1.49%	1.47%	1.62%	1.23%	1.20%	1.42%
Aug-16	1.40%	1.37%	1.52%	1.16%	1.07%	1.32%
Sep-16	1.17%	1.18%	1.36%	0.99%	0.88%	1.12%
Oct-16	1.18%	1.17%	1.28%	1.04%	0.92%	1.12%
Nov-16	0.87%	0.94%	0.86%	0.92%	0.76%	0.91%
Dec-16	1.04%	1.11%	1.02%	1.05%	0.89%	1.07%
Jan-17	0.59%	0.67%	0.70%	0.77%	0.40%	0.65%
Feb-17	0.60%	0.74%	0.74%	0.85%	0.39%	0.69%
Mar-17	0.39%	0.48%	0.54%	0.65%	0.25%	0.47%
Apr-17	0.51%	0.54%	0.62%	0.71%	0.35%	0.55%
May-17	0.79%	0.80%	0.90%	0.93%	0.57%	0.78%
Jun-17	0.17%	0.20%	0.18%	0.49%	-0.11%	0.15%

# Comparative Yield Performance

## As of 6/30/17

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



	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Jul-15	0.79%	0.80%	0.76%	0.86%	0.66%	0.83%
Aug-15	0.88%	0.89%	0.87%	0.94%	0.74%	0.92%
Sep-15	0.78%	0.79%	0.87%	0.80%	0.63%	0.81%
Oct-15	0.86%	0.85%	0.90%	0.89%	0.73%	0.90%
Nov-15	1.04%	1.04%	1.04%	1.03%	0.94%	1.09%
Dec-15	1.16%	1.17%	1.19%	1.16%	1.04%	1.20%
Jan-16	0.94%	0.98%	0.86%	0.99%	0.80%	0.99%
Feb-16	0.95%	0.98%	0.91%	1.01%	0.80%	1.00%
Mar-16	0.85%	0.89%	0.92%	0.91%	0.75%	0.91%
Apr-16	0.87%	0.90%	0.94%	0.89%	0.76%	0.92%
May-16	0.96%	0.98%	1.01%	1.01%	0.88%	1.03%
Jun-16	0.74%	0.75%	0.82%	0.82%	0.60%	0.77%
Jul-16	0.79%	0.82%	0.87%	0.89%	0.67%	0.82%
Aug-16	0.91%	0.94%	0.96%	0.99%	0.80%	0.95%
Sep-16	0.92%	0.95%	0.96%	0.98%	0.78%	0.94%
Oct-16	0.98%	1.02%	1.04%	1.02%	0.86%	1.02%
Nov-16	1.26%	1.25%	1.25%	1.19%	1.13%	1.29%
Dec-16	1.30%	1.31%	1.34%	1.26%	1.18%	1.34%
Jan-17	1.29%	1.36%	1.33%	1.29%	1.18%	1.34%
Feb-17	1.32%	1.35%	1.31%	1.31%	1.21%	1.35%
Mar-17	1.42%	1.36%	1.39%	1.30%	1.27%	1.42%
Apr-17	1.42%	1.41%	1.38%	1.41%	1.27%	1.41%
May-17	1.44%	1.42%	1.37%	1.44%	1.29%	1.42%
Jun-17	1.54%	1.52%	1.48%	1.55%	1.39%	1.51%

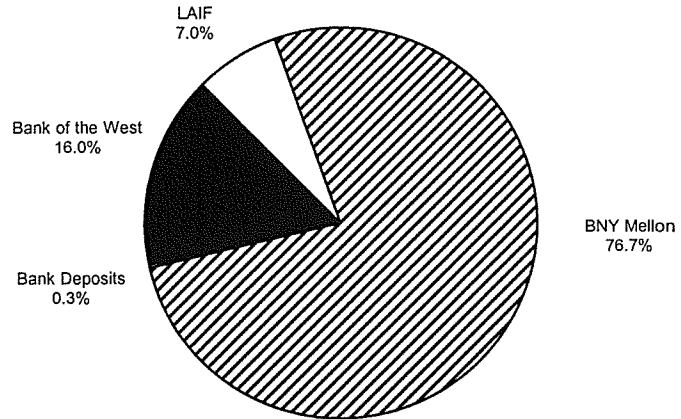
# Liquid Funds Portfolio - \$147.0 M

## As of 6/30/17

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### Other Liquid Funds

Book Value	\$	146,716,138
Market Value	\$	146,716,138



Yield Curve Change From 5/31/17 to 6/30/17			
	<u>5/31/17</u>	<u>6/30/17</u>	<u>Change</u>
1 Month	0.860%	0.839%	-0.0210%
3 Month	0.973%	1.014%	0.0410%
6 Month	1.068%	1.134%	0.0660%

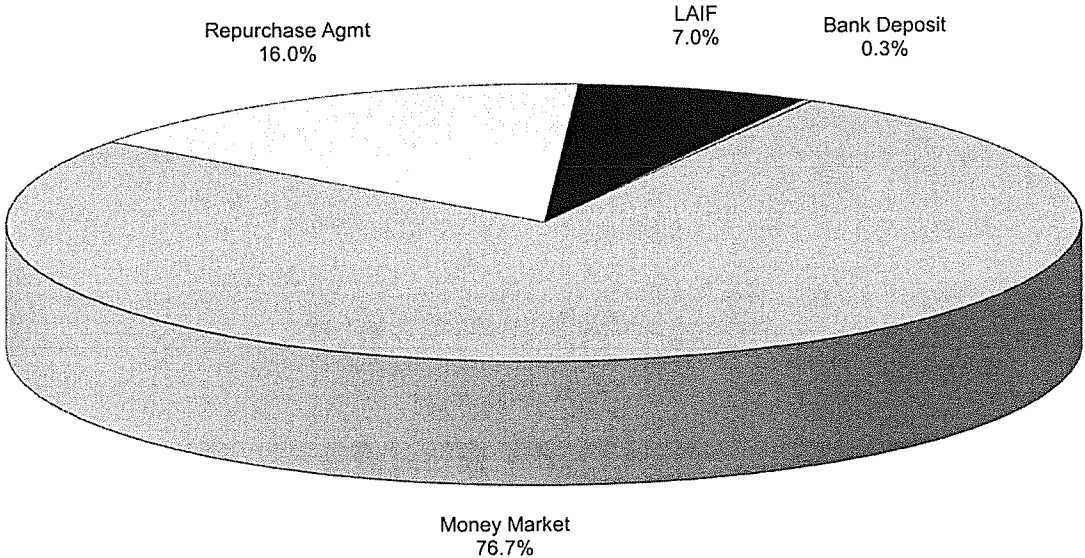
Market Value Reported By Custodial Bank

# Liquid Portfolio

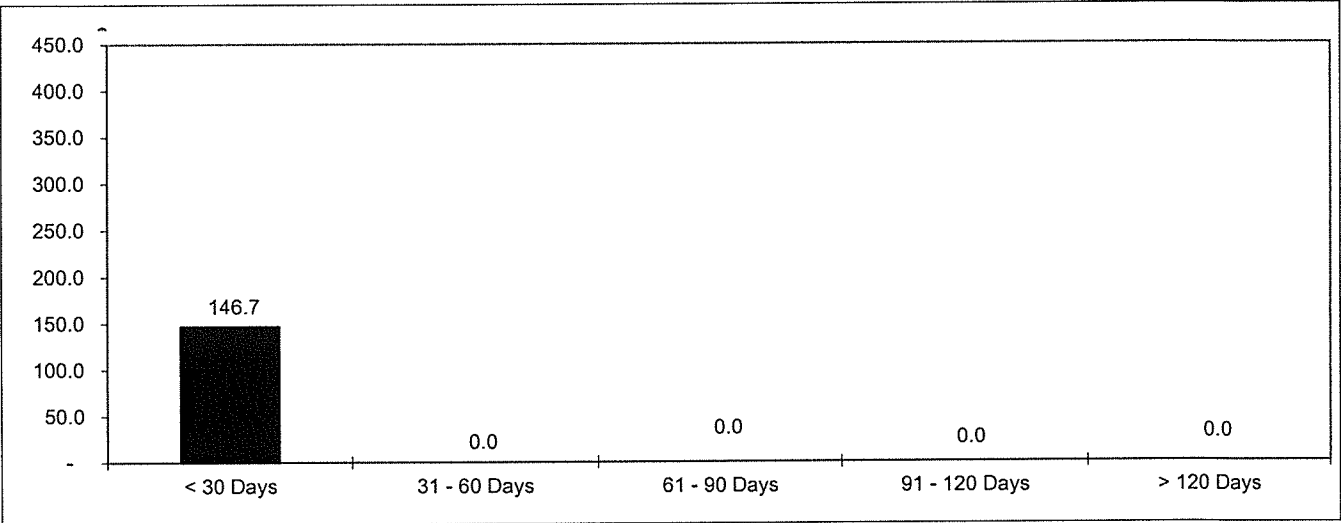
## As of 6/30/17

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### Total Portfolio Composition



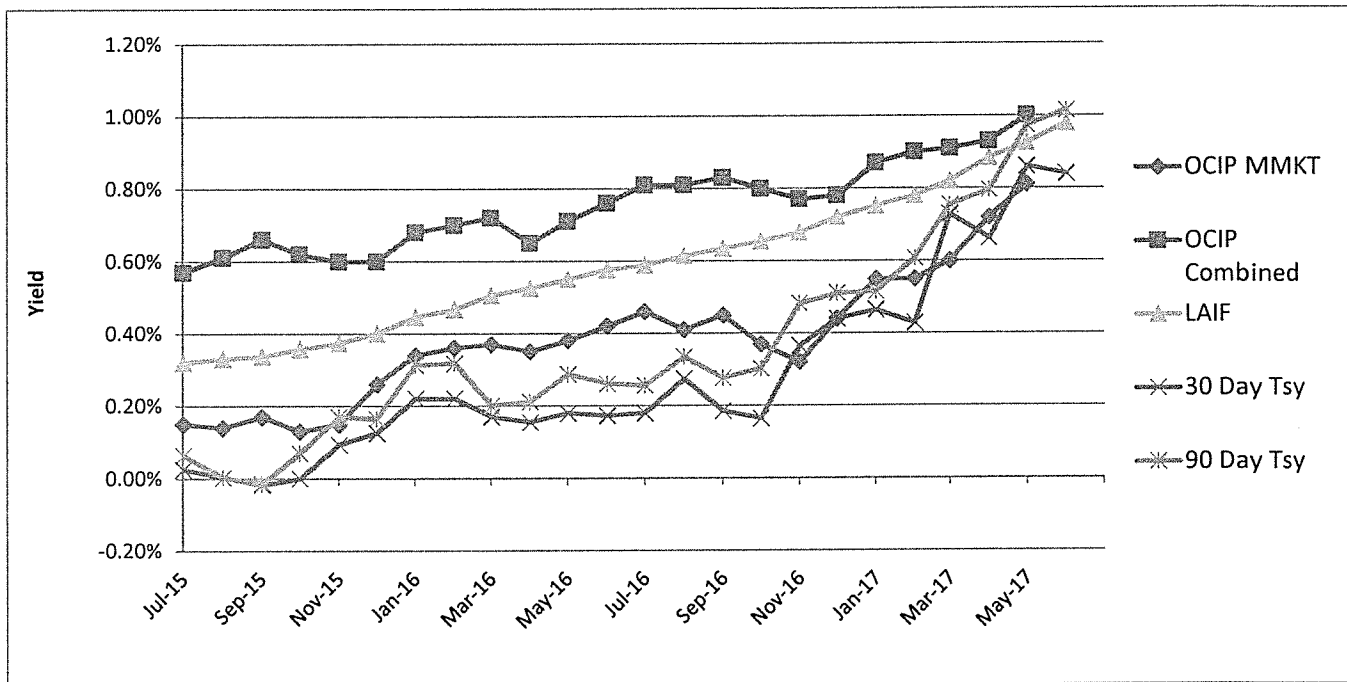
### Maturity Schedule For Liquid Portfolio



# Liquid Portfolio Performance

## As of 6/30/17

**Trailing 2-Year Yield**  
**OCIP, LAIF, 30 & 90 Day Treasury Bills**



	<u>OCIP MMKT</u>	<u>OCIP Combined</u>	<u>LAIF</u>	<u>30 Day Tsy</u>	<u>90 Day Tsy</u>
Jul-15	0.15%	0.57%	0.32%	0.03%	0.06%
Aug-15	0.14%	0.61%	0.33%	0.00%	0.00%
Sep-15	0.17%	0.66%	0.34%	-0.02%	-0.02%
Oct-15	0.13%	0.62%	0.36%	0.00%	0.07%
Nov-15	0.15%	0.60%	0.37%	0.09%	0.17%
Dec-15	0.26%	0.60%	0.40%	0.13%	0.17%
Jan-16	0.34%	0.68%	0.45%	0.22%	0.31%
Feb-16	0.36%	0.70%	0.47%	0.22%	0.32%
Mar-16	0.37%	0.72%	0.51%	0.17%	0.20%
Apr-16	0.35%	0.65%	0.53%	0.16%	0.21%
May-16	0.38%	0.71%	0.55%	0.18%	0.29%
Jun-16	0.42%	0.76%	0.58%	0.17%	0.26%
Jul-16	0.46%	0.81%	0.59%	0.18%	0.26%
Aug-16	0.41%	0.81%	0.61%	0.27%	0.34%
Sep-16	0.45%	0.83%	0.63%	0.19%	0.28%
Oct-16	0.37%	0.80%	0.65%	0.17%	0.30%
Nov-16	0.32%	0.77%	0.68%	0.37%	0.48%
Dec-16	0.44%	0.78%	0.72%	0.44%	0.51%
Jan-17	0.55%	0.87%	0.75%	0.46%	0.52%
Feb-17	0.55%	0.90%	0.78%	0.43%	0.61%
Mar-17	0.60%	0.91%	0.82%	0.73%	0.75%
Apr-17	0.72%	0.93%	0.88%	0.66%	0.80%
May-17	0.81%	1.00%	0.93%	0.86%	0.97%
Jun-17	N/A	N/A	0.98%	0.84%	1.01%

# Investment Policy Compliance

## As of 6/30/17

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	659,140,676	44.8%	100%
Federal Agencies & U.S. Government Sponsored *	153,967,470	10.5%	100%
State of California & Local Agencies	17,141,747	1.2%	25%
Money Market Funds & Mutual Funds	116,905,974	7.9%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	6,202,771	0.4%	30%
Commercial Paper	23,872,482	1.6%	25%
Medium Term Maturity Corporate Securities	293,968,663	20.0%	30%
Mortgage and Asset-backed Securities	135,933,579	9.2%	10%
Repurchase Agreements	23,411,663	1.6%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund (LAIF)	10,253,754	0.7%	\$ 40 Million
Orange County Investment Pool (OCIP)	43,641	0.0%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	31,370,399	2.1%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	422,337	0.0%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
<b>TOTAL</b>	<b>1,472,635,156</b>	<b>100.0%</b>	

\* See attached page for a detailed listing of this category

# Investment Policy Compliance

As of 6/30/17

## Detail Composition

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Total Portfolio</u>	<u>Investment Policy Guidelines</u>
<u>Federal Agencies &amp; U.S. Government Sponsored</u>			
Federal Home Loan Bank (FHLB)	56,095,911	3.8%	35%
Federal Home Loan Mortgage Corporation (FHLMC)	60,813,531	4.1%	35%
Federal National Mortgage Association (FNMA)	76,885,002	5.2%	35%
Federal Housing and Urban Development	<u>1,000,000</u>	0.1%	35%
	194,794,444 *	13.2%	

\* The Total Dollar Amount Invested Equals The Dollar Amount Invested For Federal Agency Securities, Variable & Floating Rate (Agency) Securities, And A Portion Of Mortgage (Agency) & Asset-back Securities.

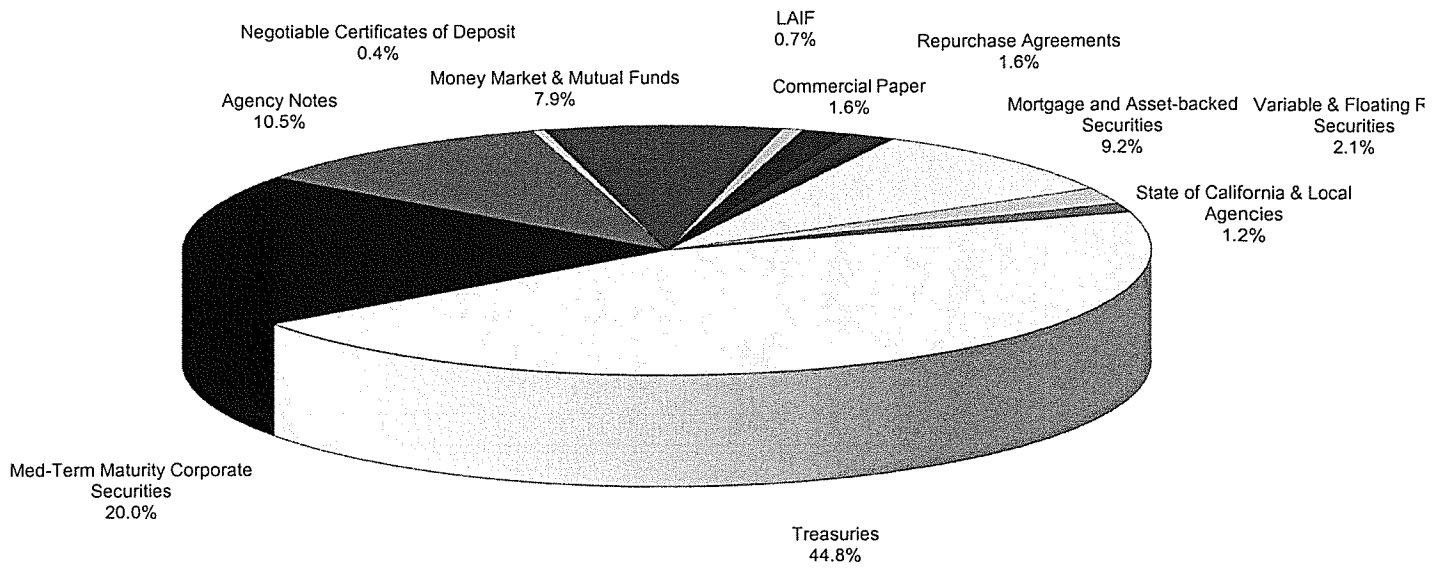
## Money Market Funds (MMF) & Mutual Funds

First American Obligations Treasury Fund	139	0.0%
Goldman Sach Fin. Square Govt. MMF	0	0.0%
Blackrock Institutional T-Fund	4,321,161	0.3%
Fidelity Treasury Obligations MMF	101,341,679	6.9%
Federated Treasury Obligations Fund	<u>11,242,996</u>	<u>0.8%</u>
	116,905,974	7.9%

# Investment Allocation

## As of 6/30/17

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## Negative Credit Watch As of 6/30/17

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<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>JPM</b>					
<i>McDonalds</i>	140,000	10/15/2017	BBB+	Baa1	BBB+
Removed from negative credit watch, but no longer within Investment Policy guidelines.					
<i>Bayer US Financial</i>	200,000	10/8/2019	A-	A3	NA
During May 2016, Standard & Poor's and Moody's placed the long-term ratings of Bayer Financial under review for possible downgrade.					

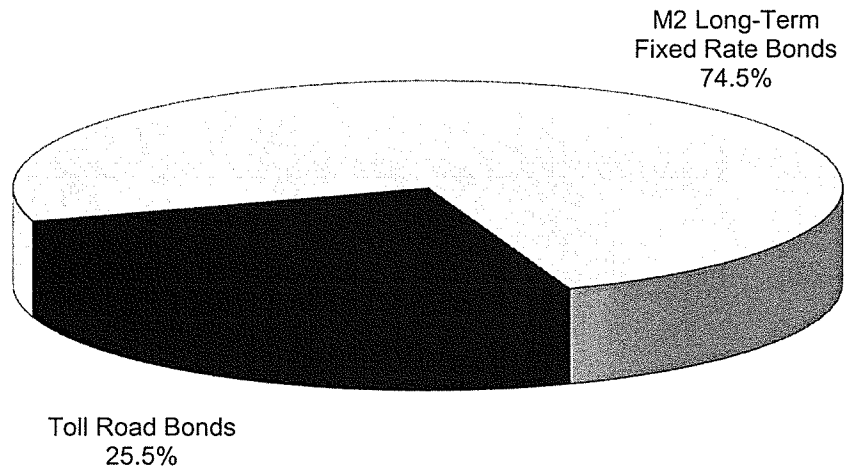
# DEBT PROGRAM

# Total Outstanding Debt

## As of 6/30/17

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### Outstanding Debt



**TOTAL OUTSTANDING DEBT: \$427,140,000**

# Outstanding Debt

## As of 6/30/17

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

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

Issued:	\$	293,540,000
Outstanding:	\$	293,540,000
Debt Service FY 2017:		13,409,389
Pledged Revenue Source:		M2 Sales Tax Revenues
Ratings		Aa2/AA+/AA+
Final Maturity		2041

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

Issued:	\$	59,030,000
Outstanding:	\$	24,470,000
Debt Service FY 2017:		8,912,100
Pledged Revenue Source:		M2 Sales Tax Revenues
Ratings		Aa2/AA+/AA+
Final Maturity		2020

### 91 Express Lanes

#### 2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	124,415,000
Outstanding:		109,130,000
Debt Service FY 2017:		10,798,525
Pledged Revenue Source:		Toll Road Revenues
Underlying Ratings		A1/AA-/A
Final Maturity		2030