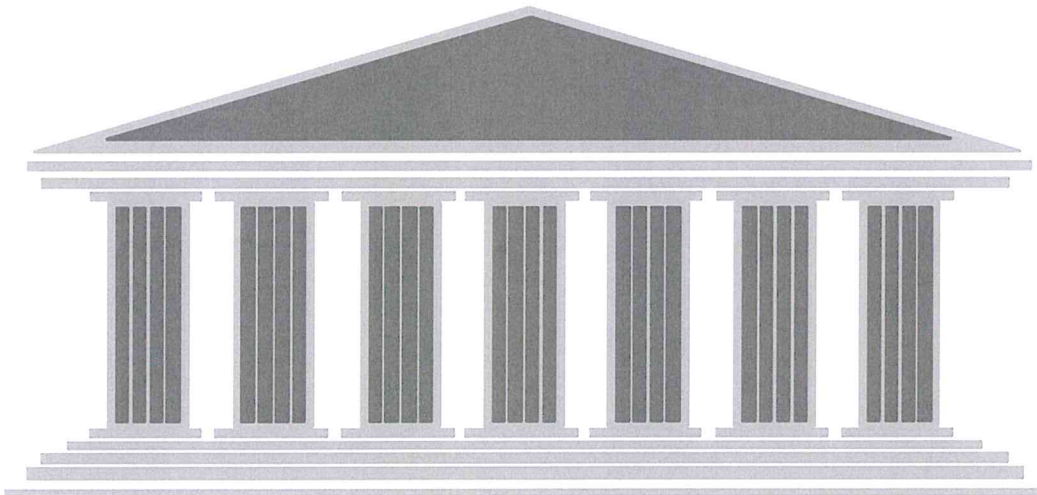


**Treasury/Public Finance Department's  
Report On**

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



**Presented to the  
Finance and Administration Committee**

**For The Period Ending  
October 31, 2018**

# INVESTMENT PROGRAM

# Investment Profile

## 10/31/2018

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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>				
Logan Circle Partners	Union Bank	Custodian	Short-Term Operating	346.6
Chandler Asset Management	Union Bank	Custodian	Short-Term Operating	348.4
Payden & Rygel Investment Counsel	Union Bank	Custodian	Short-Term Operating	348.8
Public Financial Management (PFM)	Union Bank	Custodian	Short-Term Operating	348.7
<i>POOLED INVESTMENTS</i>				
California State Treasurer	LAIF	Custodian	Liquid	10.5
Orange County Treasurer	OCIP	Custodian	Legal Requirement	17.8
<i>CASH INVESTMENTS</i>				
OCTA	BNY Mellon	Trustee	Liquid	96.1
OCTA	Bank of the West	Broker	Liquid	9.9
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	11.1
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				0.4
<b>TOTAL</b>				<b>\$1,551.2</b>

# Short-Term Portfolio - \$1.39 Billion

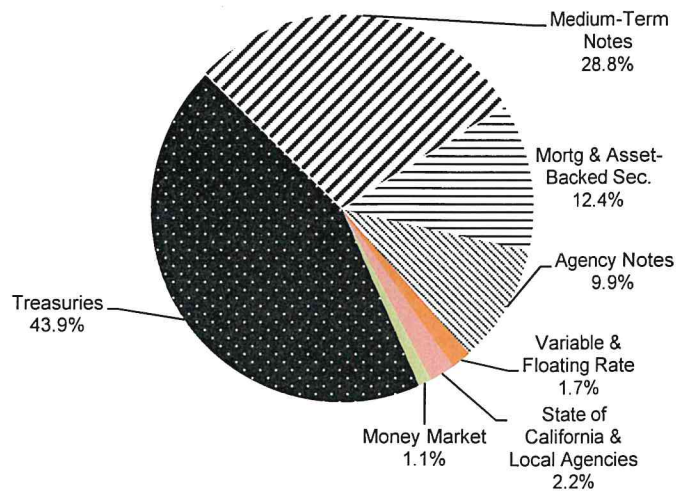
As of 10/31/18

## Part 1 of 2

### Logan Circle Partners

Book Value               \$   346,566,266

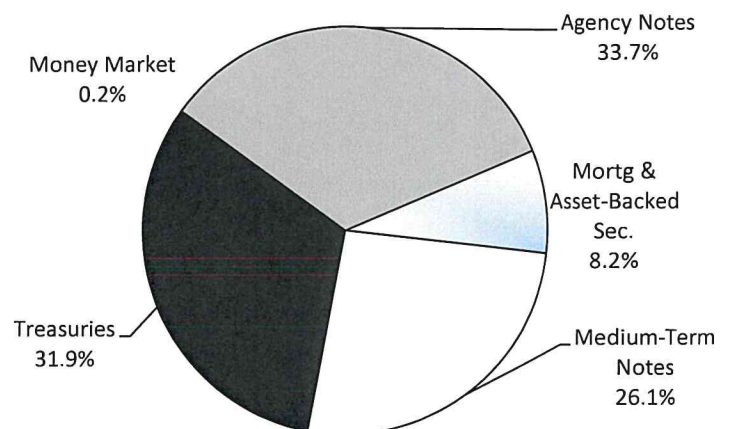
Market Value           \$   343,754,628



### Chandler Asset Management

Book Value               \$   348,428,107

Market Value           \$   344,331,187



*Market Value Reported By Custodial Bank*

# Short-Term Portfolio - \$1.39 Billion

## As of 10/31/18

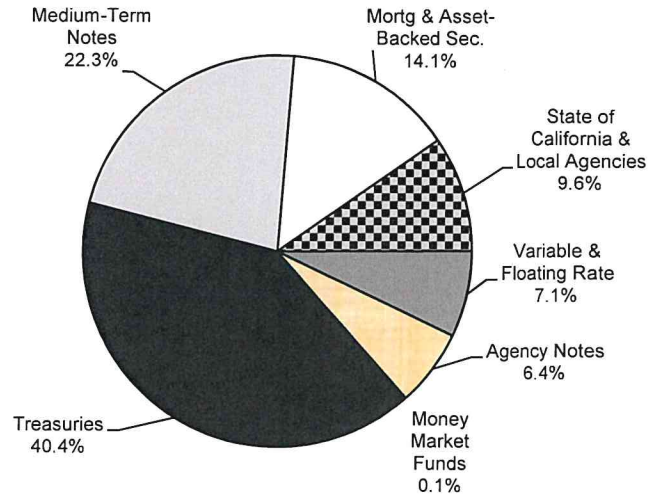
### Part 2 of 2

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#### Payden & Rygel

Book Value \$ 348,783,126

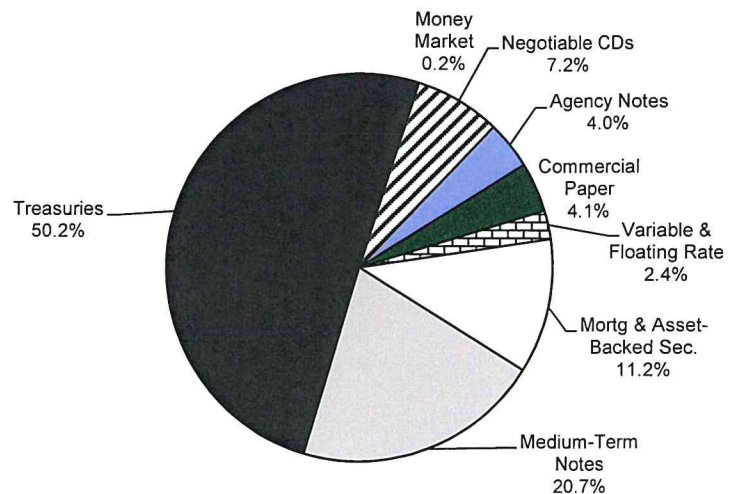
Market Value \$ 345,718,115



#### Public Financial Management (PFM)

Book Value \$ 348,721,401

Market Value \$ 344,980,098



Market Value Reported By Custodial Bank

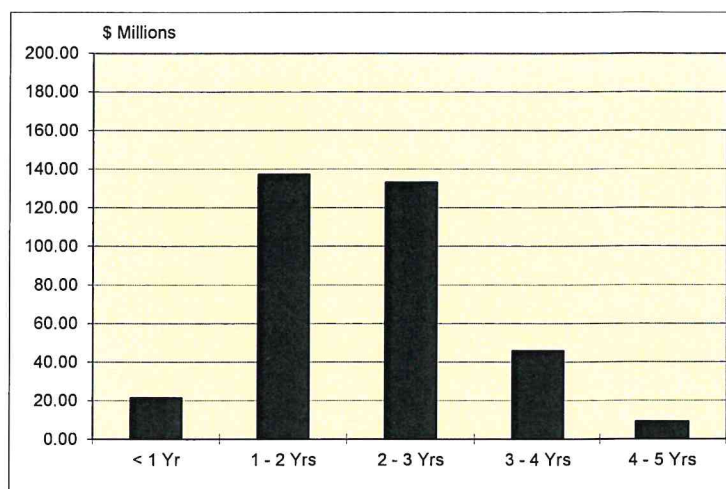
# Short-Term Portfolio Maturity Schedule As of 10/31/18

## Logan Circle Partners (\$346.6 M)

Monthly Return 0.11%  
TSY Benchmark 0.15%  
Gov/Corp Benchmark 0.13%

Fiscal YTD Return 0.47%  
TSY Benchmark 0.35%  
Gov/Corp Benchmark 0.43%

12 Month Return 0.55%  
TSY Benchmark 0.25%  
Gov/Corp Benchmark 0.36%

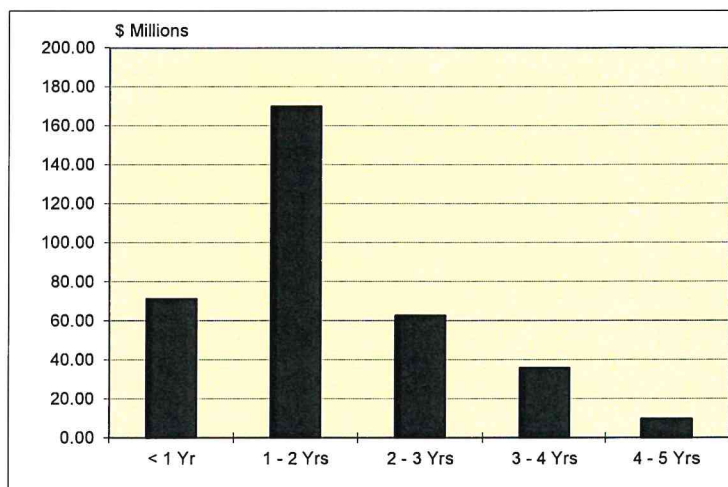


## Chandler Asset Management (\$348.4 M)

Monthly Return 0.11%  
Benchmark Comparison 0.15%  
Gov/Corp Benchmark 0.13%

Fiscal YTD Return 0.50%  
TSY Benchmark 0.35%  
Gov/Corp Benchmark 0.43%

12 Month Return 0.51%  
TSY Benchmark 0.25%  
Gov/Corp Benchmark 0.36%



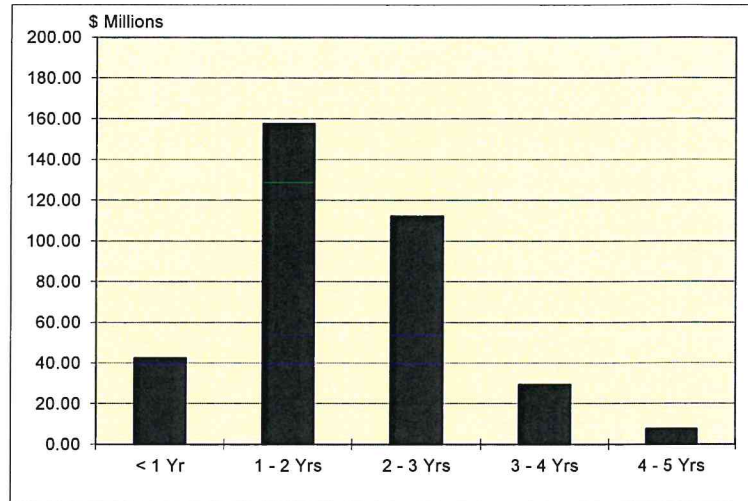
Yield Curve Change From 9/30/18 to 10/31/18			
	9/30/18	10/31/18	Change
1 Year	2.567%	2.659%	0.0920%
2 Year	2.821%	2.869%	0.0480%
3 Year	2.884%	2.926%	0.0420%
5 Year	2.954%	2.976%	0.0220%
30 Year	3.206%	3.391%	0.1850%



# Short-Term Portfolio Maturity Schedule As of 10/31/18

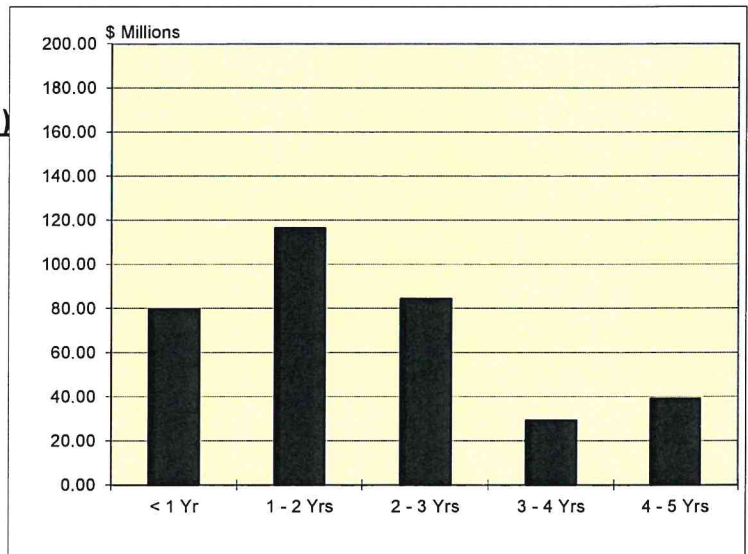
## **Payden & Rygel (\$348.8 M)**

Monthly Return	0.13%
TSY Benchmark	0.15%
Gov/Corp Benchmark	0.13%
Fiscal YTD Return	0.57%
TSY Benchmark	0.35%
Gov/Corp Benchmark	0.43%
12 Month Return	0.78%
TSY Benchmark	0.25%
Gov/Corp Benchmark	0.36%



## **Public Financial Management (\$348.7 M)**

Monthly Return	0.12%
TSY Benchmark	0.15%
Gov/Corp Benchmark	0.13%
Fiscal YTD Return	0.50%
TSY Benchmark	0.35%
Gov/Corp Benchmark	0.43%
12 Month Return	0.52%
TSY Benchmark	0.25%
Gov/Corp Benchmark	0.36%

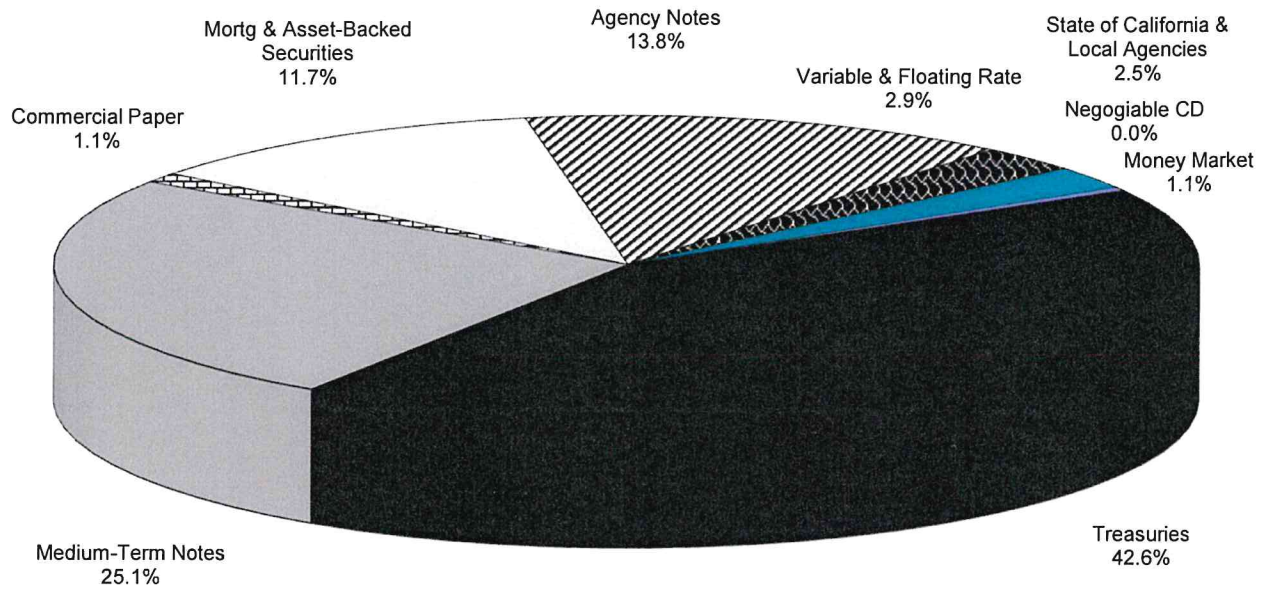


Yield Curve Change From 9/30/18 to 10/31/18			
	9/30/18	10/31/18	Change
1 Year	2.567%	2.659%	0.0920%
2 Year	2.821%	2.869%	0.0480%
3 Year	2.884%	2.926%	0.0420%
5 Year	2.954%	2.976%	0.0220%
30 Year	3.206%	3.391%	0.1850%

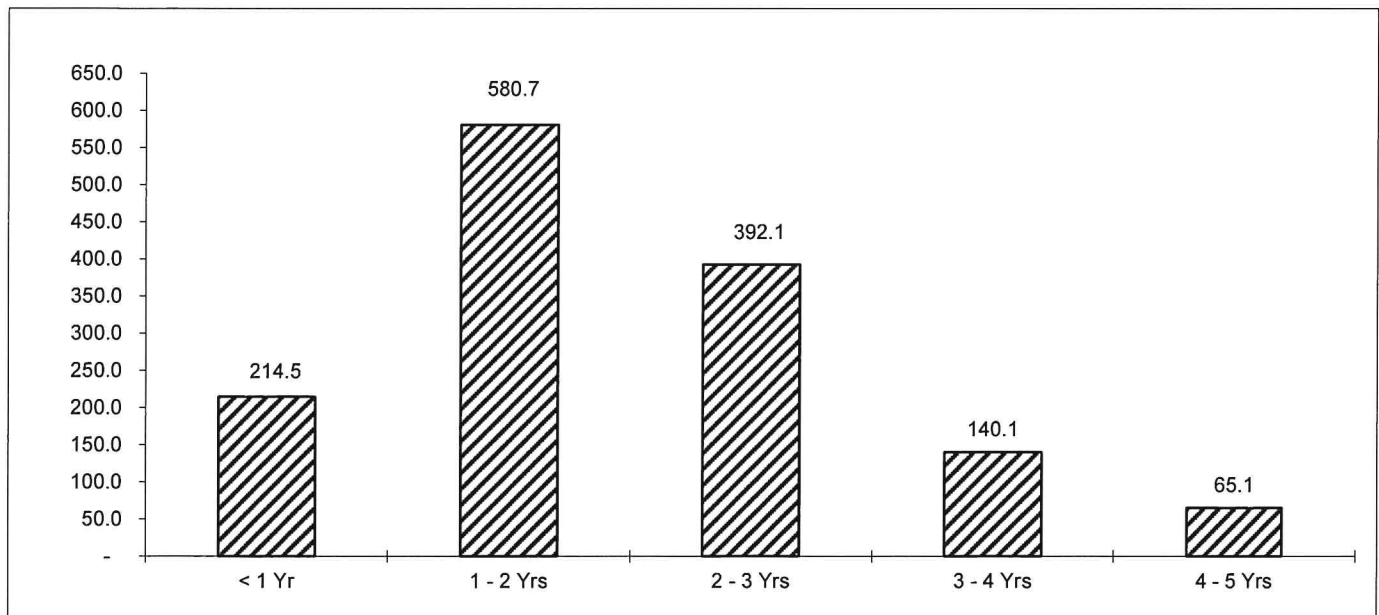
# Short-Term Portfolio

## As of 10/31/18

### Total Portfolio Composition



### Total Portfolio Maturity Schedule

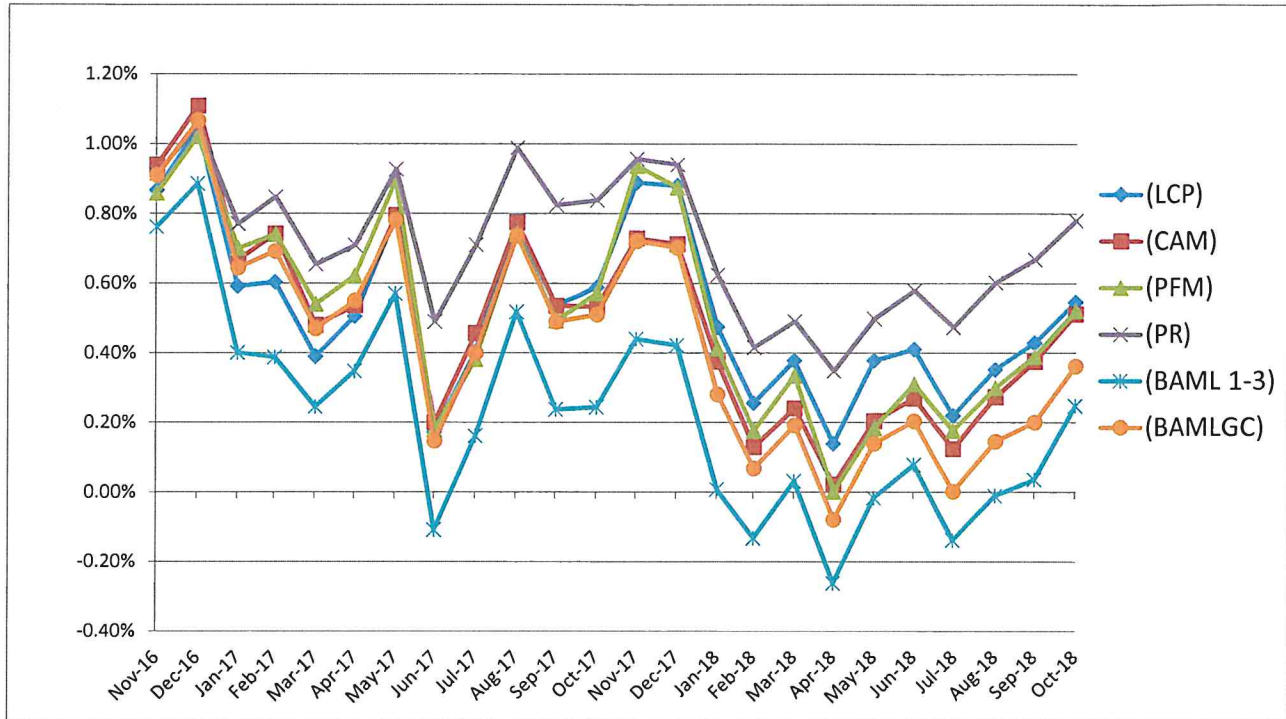




# Short-Term Portfolio Performance

## As of 10/31/18

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

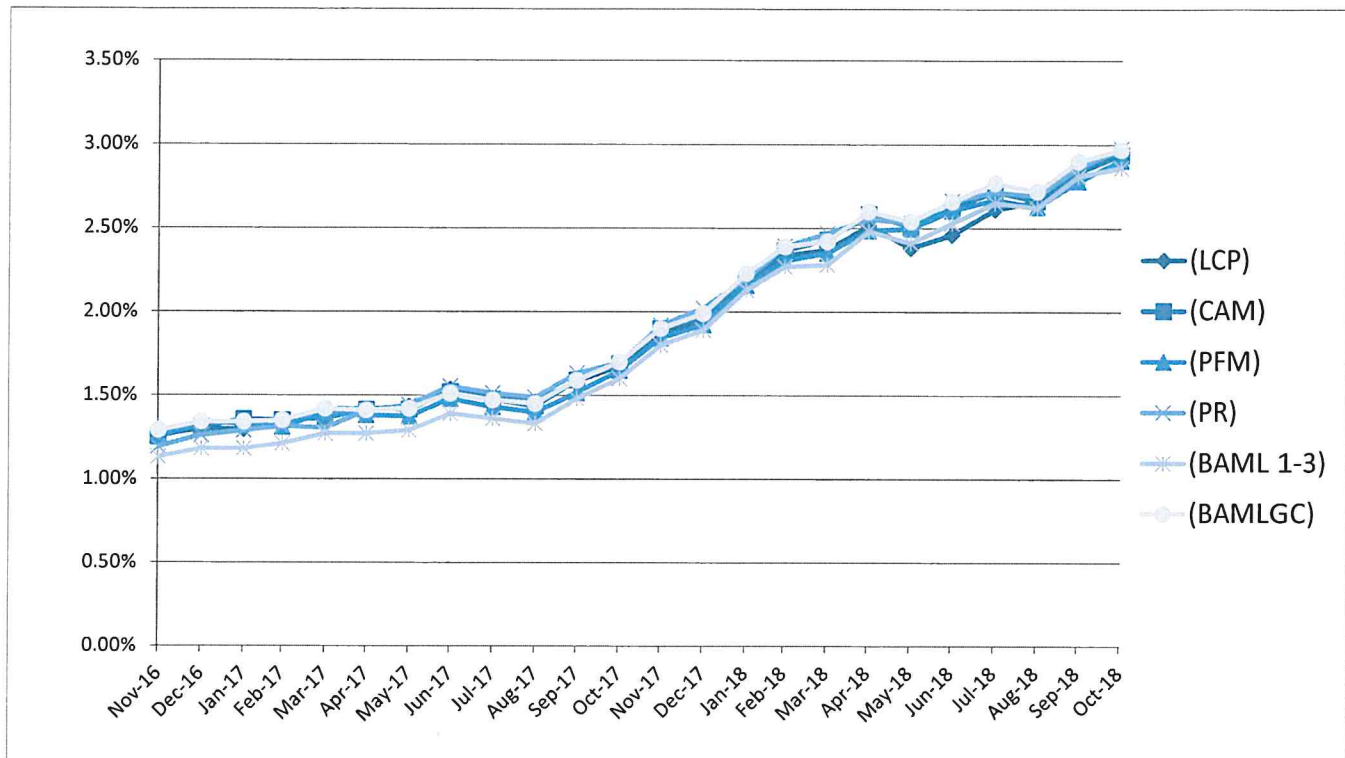


	Logan Circle Partners (LCP)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden & Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	ICE/ BAML 1-3 Yr Gov/Corp (BAMLGC)
Nov-16	0.87%	0.94%	0.86%	0.92%	0.76%	0.91%
Dec-16	1.04%	1.11%	1.02%	1.05%	0.89%	1.07%
Jan-17	0.59%	0.67%	0.70%	0.77%	0.40%	0.65%
Feb-17	0.60%	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%
Jul-17	0.40%	0.46%	0.38%	0.71%	0.16%	0.40%
Aug-17	0.76%	0.78%	0.74%	0.99%	0.52%	0.74%
Sep-17	0.54%	0.54%	0.49%	0.82%	0.24%	0.49%
Oct-17	0.59%	0.53%	0.57%	0.84%	0.24%	0.51%
Nov-17	0.89%	0.73%	0.94%	0.96%	0.44%	0.72%
Dec-17	0.88%	0.71%	0.87%	0.94%	0.42%	0.70%
Jan-18	0.48%	0.38%	0.41%	0.62%	0.01%	0.28%
Feb-18	0.26%	0.13%	0.18%	0.42%	-0.13%	0.07%
Mar-18	0.38%	0.24%	0.34%	0.49%	0.03%	0.19%
Apr-18	0.14%	0.02%	0.00%	0.35%	-0.26%	-0.08%
May-18	0.38%	0.21%	0.18%	0.50%	-0.02%	0.14%
Jun-18	0.41%	0.27%	0.31%	0.58%	0.08%	0.20%
Jul-18	0.22%	0.12%	0.18%	0.47%	-0.14%	0.00%
Aug-18	0.35%	0.27%	0.30%	0.60%	-0.01%	0.15%
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%

# Comparative Yield Performance

## As of 10/31/18

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



	Logan Circle Partners (LCP)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	ICE/ BAML 1-3 Yr Gov/Corp (BAMLGC)
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%
Jul-17	1.48%	1.48%	1.43%	1.51%	1.36%	1.47%
Aug-17	1.46%	1.44%	1.40%	1.49%	1.33%	1.45%
Sep-17	1.59%	1.59%	1.52%	1.63%	1.48%	1.59%
Oct-17	1.67%	1.69%	1.65%	1.70%	1.60%	1.70%
Nov-17	1.87%	1.90%	1.84%	1.92%	1.80%	1.90%
Dec-17	1.96%	1.97%	1.92%	2.02%	1.89%	1.99%
Jan-18	2.18%	2.19%	2.16%	2.20%	2.13%	2.23%
Feb-18	2.34%	2.37%	2.31%	2.39%	2.27%	2.39%
Mar-18	2.37%	2.43%	2.35%	2.47%	2.28%	2.42%
Apr-18	2.51%	2.58%	2.48%	2.55%	2.48%	2.60%
May-18	2.38%	2.51%	2.50%	2.53%	2.41%	2.54%
Jun-18	2.46%	2.62%	2.60%	2.66%	2.53%	2.66%
Jul-18	2.61%	2.72%	2.67%	2.72%	2.65%	2.77%
Aug-18	2.66%	2.66%	2.63%	2.69%	2.62%	2.72%
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%

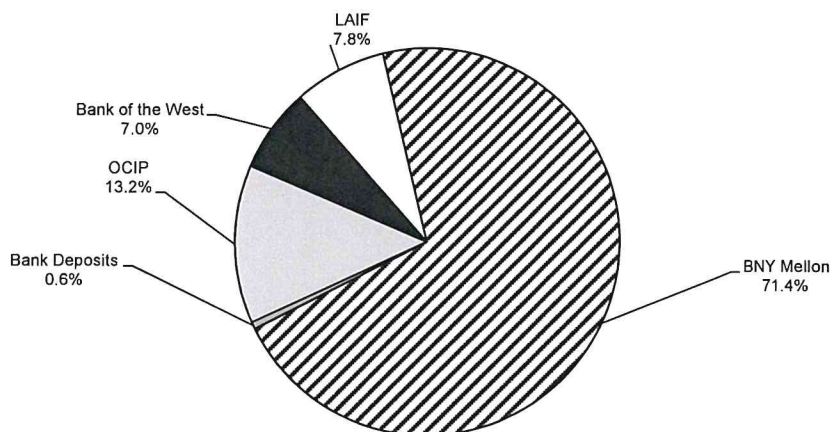
# Liquid Funds Portfolio - \$134.6 M

## As of 10/31/18

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### Other Liquid Funds

Book Value	\$	134,633,494
Market Value	\$	134,633,494



Yield Curve Change From 9/30/18 to 10/31/18			
	<u>9/30/18</u>	<u>10/31/18</u>	<u>Change</u>
1 Month	2.112%	2.191%	0.0790%
3 Month	2.200%	2.328%	0.1280%
6 Month	2.369%	2.492%	0.1230%

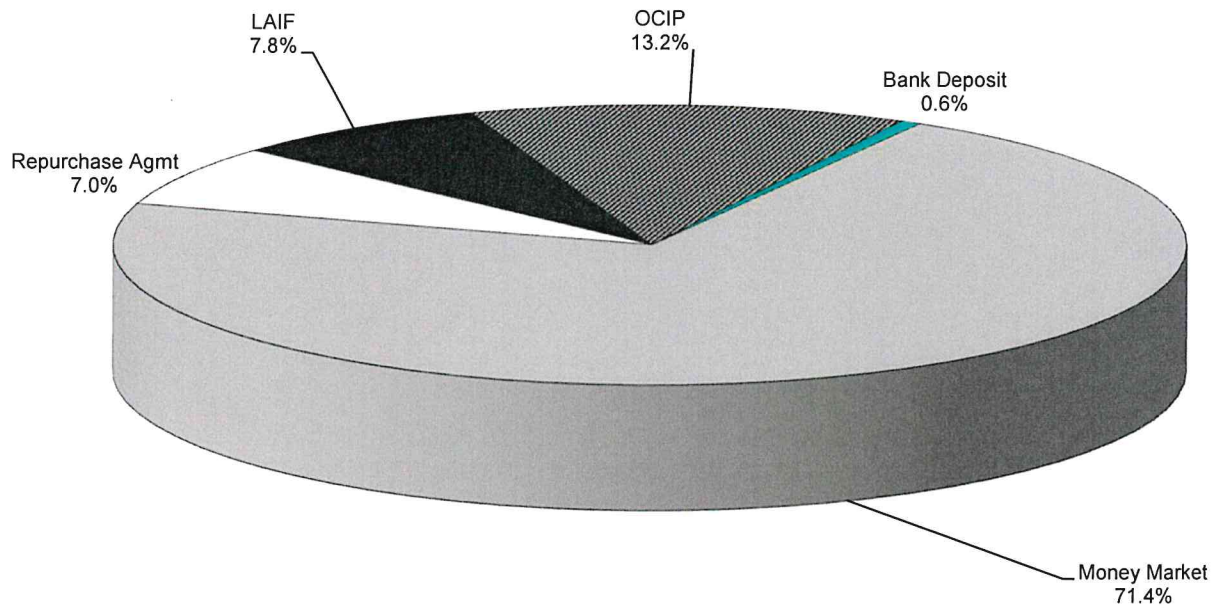
Market Value Reported By Custodial Bank

# Liquid Portfolio

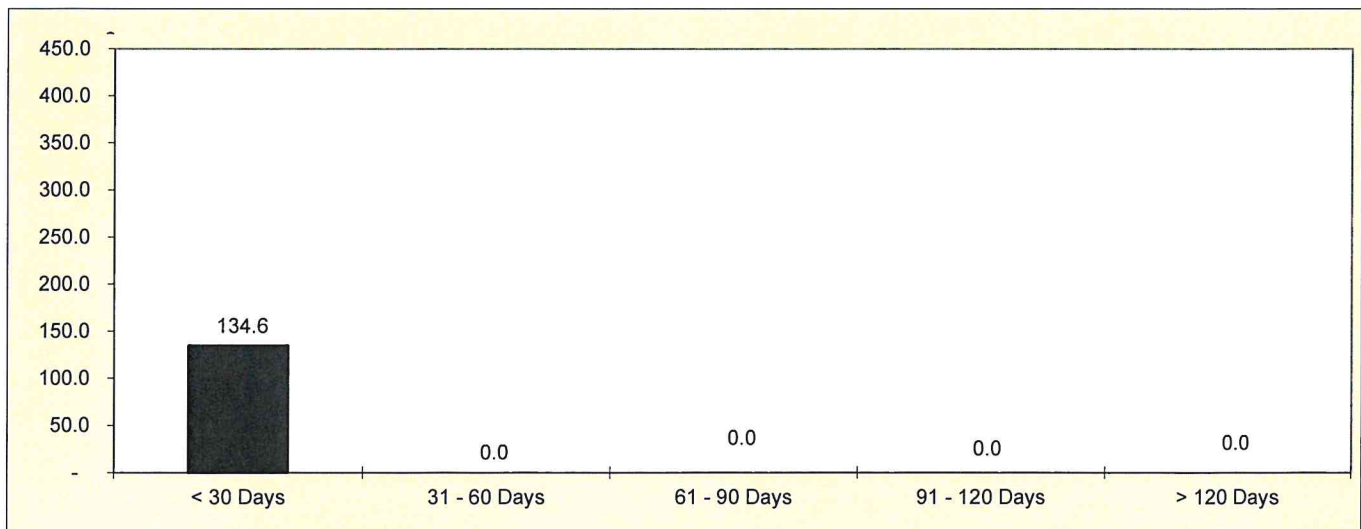
## As of 10/31/18

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### Total Portfolio Composition



### Maturity Schedule For Liquid Portfolio

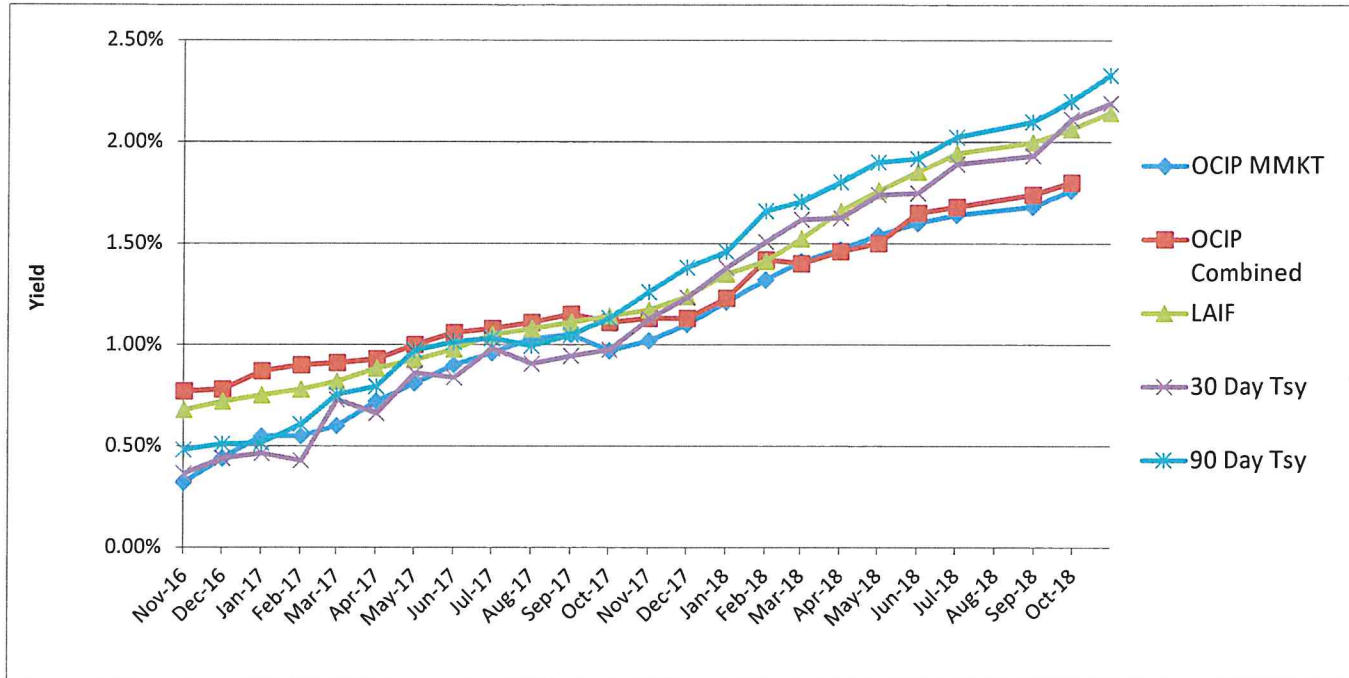




# Liquid Portfolio Performance

## As of 10/31/18

### 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>
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	0.90%	1.06%	0.98%	0.84%	1.01%
Jul-17	0.96%	1.08%	1.05%	0.98%	1.03%
Aug-17	1.03%	1.11%	1.08%	0.91%	0.99%
Sep-17	1.05%	1.15%	1.11%	0.94%	1.05%
Oct-17	0.97%	1.11%	1.14%	0.98%	1.13%
Nov-17	1.02%	1.13%	1.17%	1.13%	1.26%
Dec-17	1.10%	1.13%	1.24%	1.23%	1.38%
Jan-18	1.21%	1.23%	1.35%	1.38%	1.46%
Feb-18	1.32%	1.42%	1.41%	1.51%	1.66%
Mar-18	1.41%	1.40%	1.52%	1.62%	1.71%
Apr-18	1.47%	1.46%	1.66%	1.62%	1.80%
May-18	1.54%	1.50%	1.76%	1.74%	1.90%
Jun-18	1.60%	1.65%	1.85%	1.75%	1.92%
Jul-18	1.64%	1.68%	1.94%	1.89%	2.02%
Aug-18	1.68%	1.74%	2.00%	1.93%	2.10%
Sep-18	1.76%	1.80%	2.06%	2.11%	2.20%
Oct-18	N/A	N/A	2.14%	2.19%	2.33%



# Investment Policy Compliance

## As of 10/31/18

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	579,074,619	37.3%	100%
Federal Agencies & U.S. Government Sponsored *	188,145,920	12.1%	100%
State of California & Local Agencies	40,922,800	2.6%	25%
Money Market Funds & Mutual Funds	101,524,818	6.5%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	25,000,000	1.6%	30%
Commercial Paper	38,529,892	2.5%	25%
Medium Term Maturity Corporate Securities	340,858,918	22.0%	30%
Mortgage and Asset-backed Securities	159,576,459	10.3%	20%**
Repurchase Agreements	9,476,363	0.6%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund (LAIF)	10,480,795	0.7%	\$ 40 Million
Orange County Investment Pool (OCIP)	17,795,270	1.1%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	39,009,707	2.5%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	807,525	0.1%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
<b>TOTAL</b>	<b>1,551,203,087</b>	<b>100.0%</b>	

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

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

# Investment Policy Compliance

## As of 10/31/18

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### 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)	52,835,399	3.4%	35%
Federal Home Loan Mortgage Corporation (FHLMC)	64,135,366	4.1%	35%
Federal Farm Credit Bank (FFCB)	11,903,590	0.8%	35%
Federal National Mortgage Association (FNMA)	56,947,636	3.7%	35%
	185,821,991 *	12.0%	

\* 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.

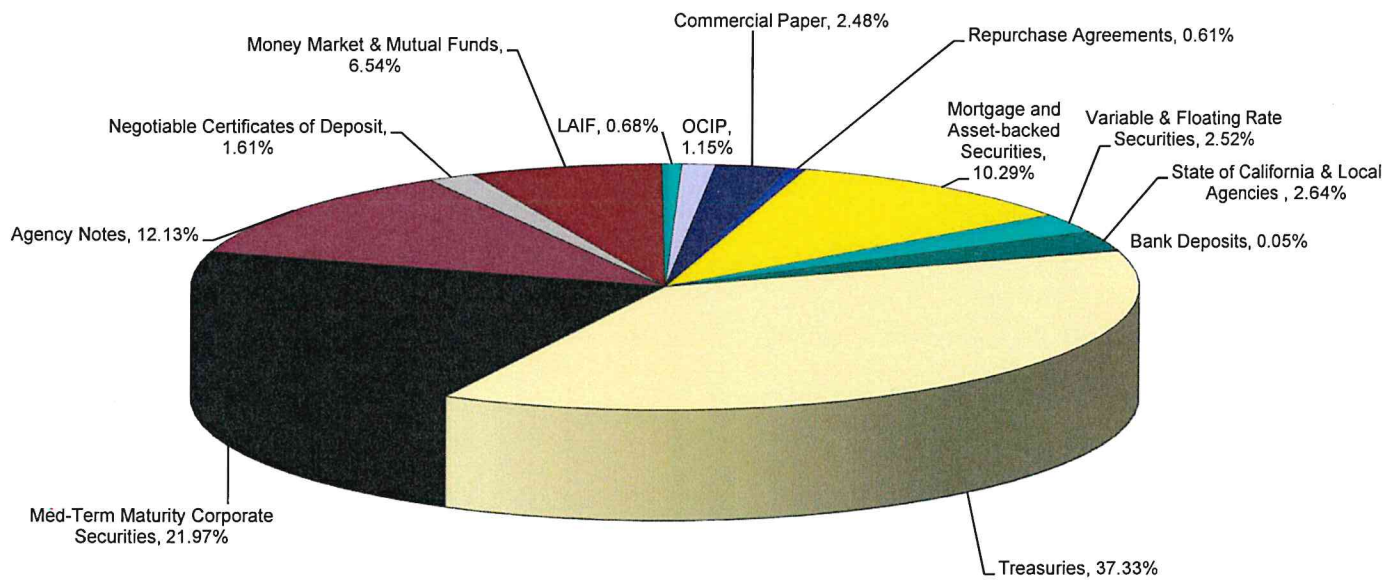
### Money Market Funds (MMF) & Mutual Funds

First American Obligations Treasury Fund	2,579	0.0%
Goldman Sach Fin. Square Govt. MMF	0	0.0%
Blackrock Institutional T-Fund	5,451,278	0.4%
Fidelity Treasury Obligations MMF	72,657,525	4.7%
Federated Treasury Obligations Fund	<u>23,413,436</u>	<u>1.5%</u>
	101,524,818	6.5%

# Investment Allocation

## As of 10/31/18

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## Negative Credit Watch

### As of 10/31/18

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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>
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#### PFM

<i>General Electric Company</i>	1,230,000	Various*	A	A2	A
On June 26, 2018, Standard & Poor's placed the long-term ratings of General Electric under review for possible downgrade.					

<i>GE Cap. Int. Funding Co.</i>	1,760,000	11/15/2020	A	A2	A
On June 26, 2018, Standard & Poor's placed the long-term ratings of GE Capital under review for possible downgrade.					

<i>IBM</i>	1,920,000	Various**	A1	A	A
On October 29, 2018, Moody's and S&P placed the long-term ratings of IBM under review for possible downgrade. On October 30, 2018, Fitch placed the long-term ratings of IBM under review for possible downgrade.					

#### Logan Circle Partners

<i>General Electric Company</i>	2,390,000	10/17/2021	A	A2	A
On June 26, 2018, Standard & Poor's placed the long-term ratings of General Electric under review for possible downgrade.					

#### Payden & Rygel

<i>IBM</i>	1,155,000	1/27/2020	A1	A	A
On October 29, 2018, Moody's and S&P placed the long-term ratings of IBM under review for possible downgrade. On October 30, 2018, Fitch placed the long-term ratings of IBM under review for possible downgrade.					

\* Securities will mature on 8/7/19 and 1/8/20.

\*\* Securities will mature on 2/12/19 and 2/5/21.

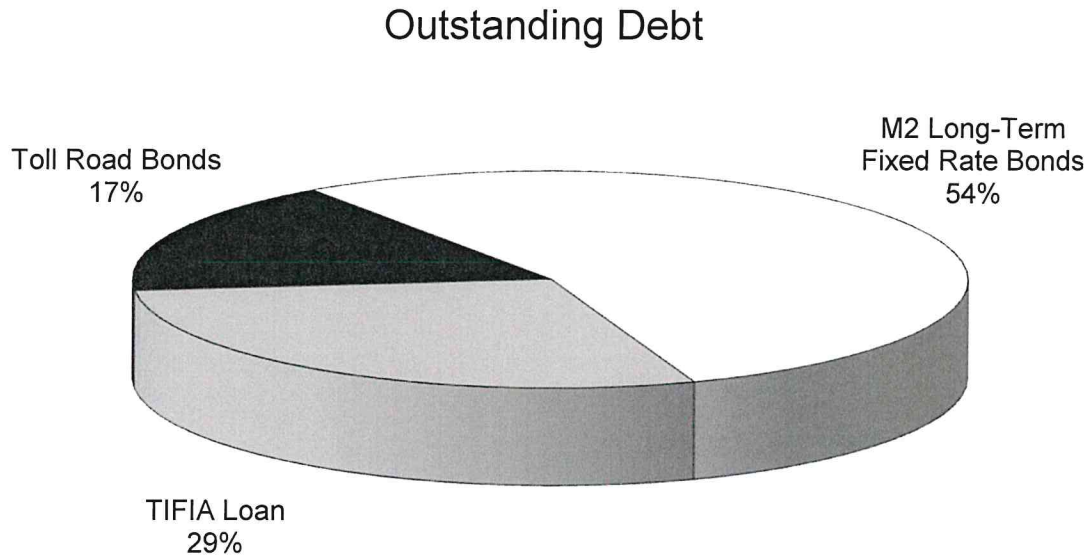
# DEBT PROGRAM



# Total Outstanding Debt

## As of 10/31/18

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**TOTAL OUTSTANDING DEBT: \$573,030,000**

# Outstanding Debt

## As of 10/31/18

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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 2019:		12,922,317
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:		16,695,000
Debt Service FY 2019:		8,914,350
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:		97,795,000
Debt Service FY 2019:		10,796,325
Pledged Revenue Source:	91 Toll Road Revenues	
Underlying Ratings		A1/AA-/A
Final Maturity		2030

### 405 Express Lanes

#### 2017 TIFIA Loan

Outstanding:	\$	165,000,000
Accrued Debt Service FY 2019:	\$	7,514,815
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings		Baa2
Final Maturity		2057