



June 28, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report - May 2017

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending May 31, 2017. The report has been reviewed and is consistent with the investment practices contained in the Investment Policy. One security fell below the minimum credit quality during the month. The security was sold the next day.

Recommendation

Receive and file as an information item.

Discussion

As of May 31, 2017, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$1.5 billion. The portfolio is divided into two managed portfolios: the liquid portfolio for immediate cash needs and the short-term portfolio for future budgeted expenditures. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program. The weighted average book yield for the OCTA portfolio is 1.34 percent.

On May 23, 2017, Moody's downgraded its ratings of Schlumberger Holdings. The portfolio managed by JP Morgan contained a corporate medium-term note (MTN) with a par value of \$630,000, maturing December 21, 2020. OCTA's investment policy requires that corporate MTNs maintain an "A" rating by two of the three Nationally Recognized Statistical Rating Organizations. In the event a

security falls below that level, the decision to retain the security until maturity or liquidate the security shall be approved by the Treasurer. Further, the action shall be noted in the monthly OCTA Investment and Debt Programs report.

OCTA's debt portfolio had an outstanding principal balance of \$427 million as of May 31, 2017. Approximately 75 percent of the outstanding balance is comprised of Measure M2 debt and 25 percent is associated with the 91 Express Lanes Program.

Summary

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending May 31, 2017.

Attachment

- A. Orange County Transportation Authority Investment and Debt Programs – For the Period Ending May 31, 2017.

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