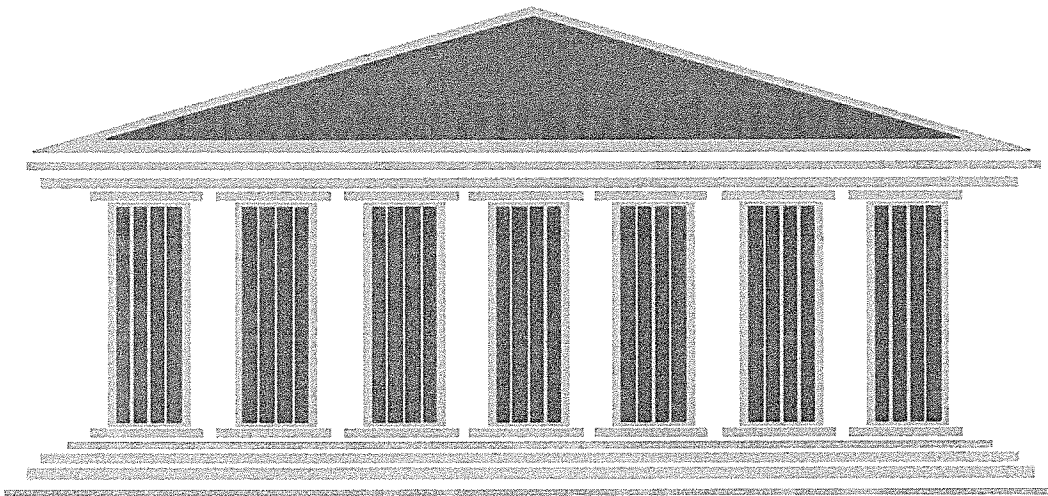


**Treasury/Public Finance Department's
Report On**

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



**Presented to the
Finance and Administration Committee**

**For The Period Ending
October 31, 2016**

INVESTMENT PROGRAM

Investment Profile

As of 9/30/16

<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	305.8
State Street Global Advisors	Union Bank	Custodian	Short-Term Operating	306.1
Payden & Rygel Investment Counsel	Union Bank	Custodian	Short-Term Operating	306.2
Western Asset Management	Union Bank	Custodian	Short-Term Operating	305.8
<i>POOLED INVESTMENTS</i>				
California State Treasurer	LAIF	Custodian	Liquid	10.2
Orange County Treasurer	OCIP	Custodian	Legal Requirement	0.0
<i>CASH INVESTMENTS</i>				
OCTA	BNY Mellon	Trustee	Liquid	95.1
OCTA	Bank of the West	Broker	Liquid	70.2
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	10.8
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
TOTAL				\$1,423.4

Short-Term Portfolio - \$1.22 Billion

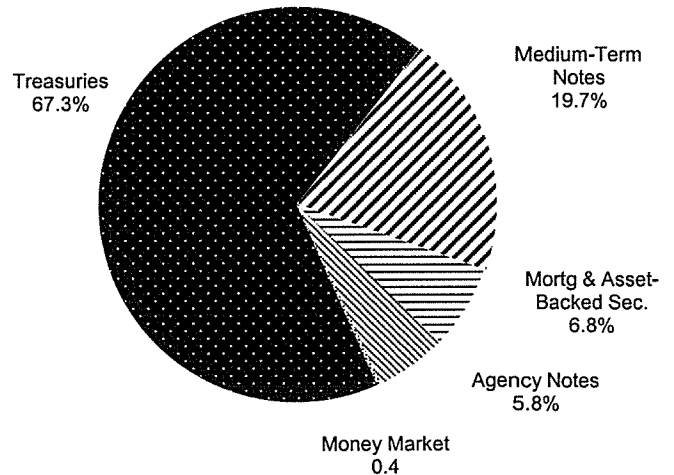
As of 10/31/16

Part 1 of 2

JP Morgan

Book Value \$ 305,819,932

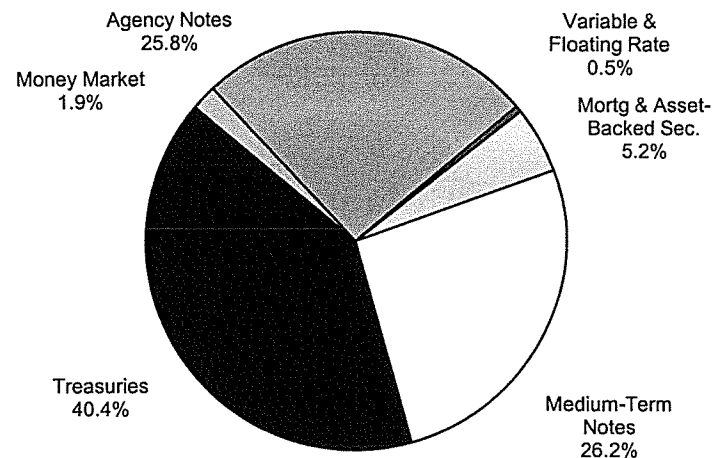
Market Value \$ 305,010,412



State Street Global

Book Value \$ 306,092,054

Market Value \$ 306,374,039



Market Value Reported By Custodial Bank

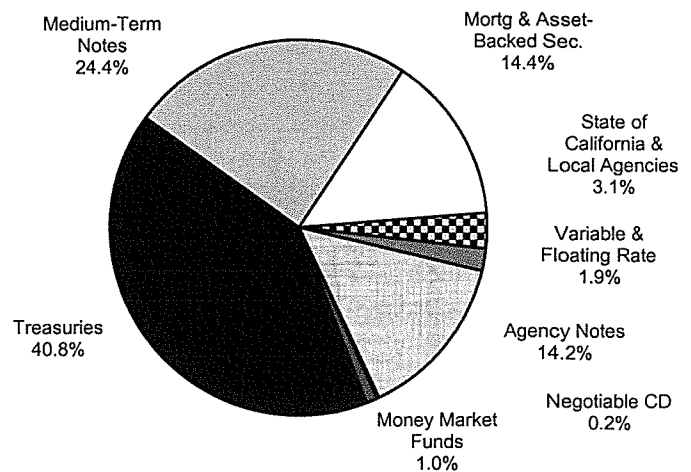
Short-Term Portfolio - \$1.22 Billion

As of 10/31/16

Part 2 of 2

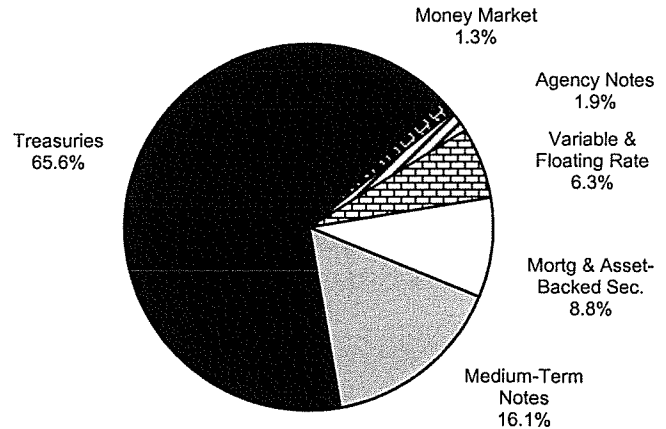
Payden & Rygel

Book Value	\$	306,236,072
Market Value	\$	306,116,416



Western Asset Management

Book Value	\$	305,836,525
Market Value	\$	306,771,129

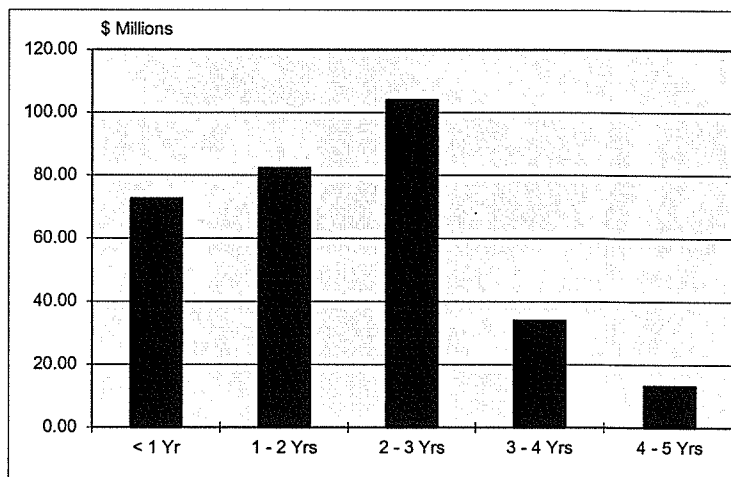


Short-Term Portfolio Maturity Schedule

As of 10/31/16

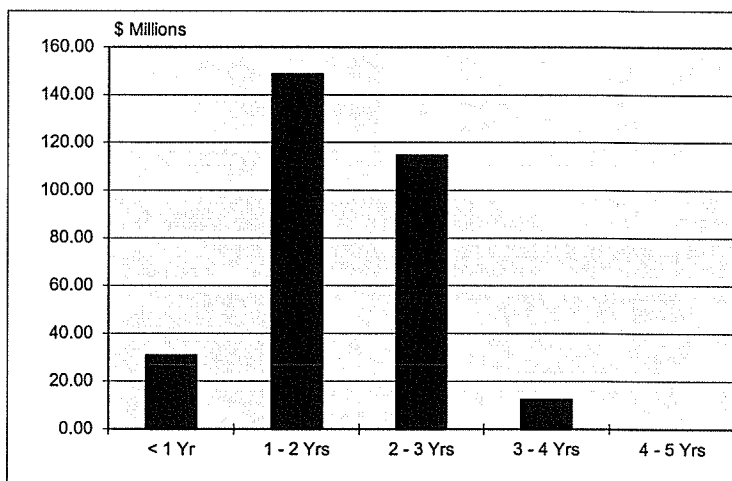
JP Morgan (\$305.8 M)

Monthly Return	-0.06%
TSY Benchmark	-0.07%
Gov/Corp Benchmark	-0.05%
Fiscal YTD Return	-0.08%
TSY Benchmark	-0.17%
Gov/Corp Benchmark	-0.09%
12 Month Return	1.18%
TSY Benchmark	0.92%
Gov/Corp Benchmark	1.12%



State Street Global (\$306.1 M)

Monthly Return	-0.03%
Benchmark Comparison	-0.07%
Gov/Corp Benchmark	-0.05%
Fiscal YTD Return	-0.07%
TSY Benchmark	-0.17%
Gov/Corp Benchmark	-0.09%
12 Month Return	1.17%
TSY Benchmark	0.92%
Gov/Corp Benchmark	1.12%



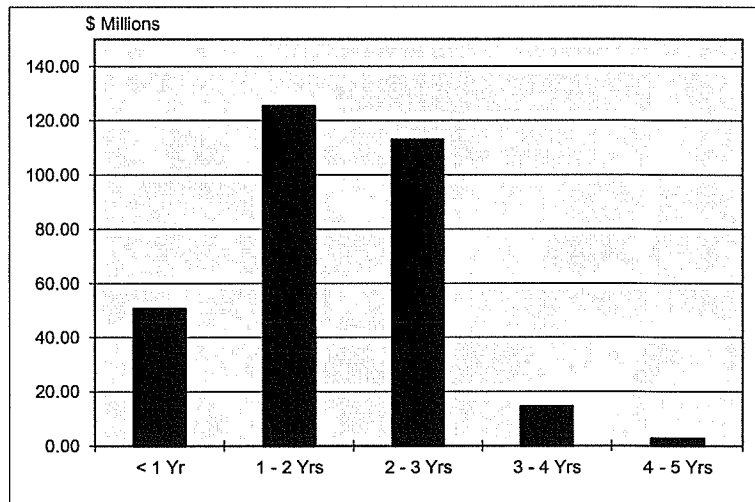
Yield Curve Change From 9/30/16 to 10/31/16			
	9/30/16	10/31/16	Change
1 Year	0.588%	0.644%	0.0560%
2 Year	0.764%	0.843%	0.0790%
3 Year	0.876%	0.991%	0.1150%
5 Year	1.150%	1.308%	0.1580%
30 Year	2.316%	2.580%	0.2640%

Short-Term Portfolio Maturity Schedule

As of 10/31/16

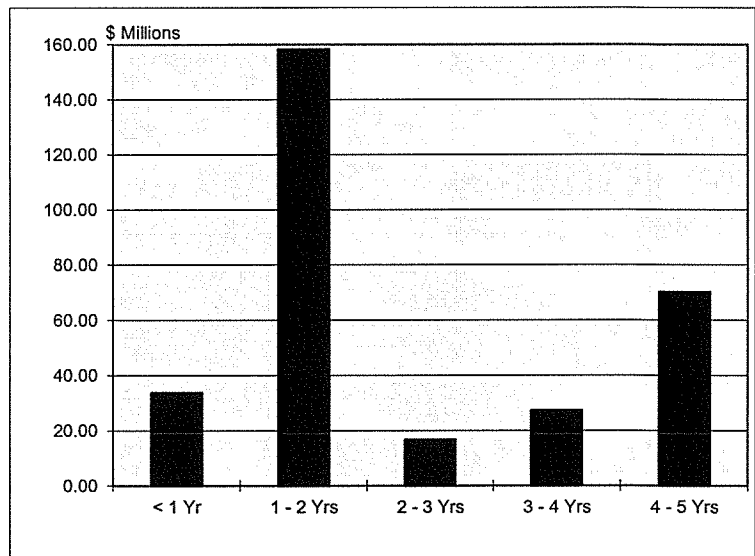
Payden & Rygel (\$306.2 M)

Monthly Return	0.00%
TSY Benchmark	-0.07%
Gov/Corp Benchmark	-0.05%
Fiscal YTD Return	0.02%
TSY Benchmark	-0.17%
Gov/Corp Benchmark	-0.09%
12 Month Return	1.04%
TSY Benchmark	0.92%
Gov/Corp Benchmark	1.12%



Western Asset Management (\$305.8 M)

Monthly Return	-0.09%
TSY Benchmark	-0.07%
Gov/Corp Benchmark	-0.05%
Fiscal YTD Return	-0.10%
TSY Benchmark	-0.17%
Gov/Corp Benchmark	-0.09%
12 Month Return	1.28%
TSY Benchmark	0.92%
Gov/Corp Benchmark	1.12%

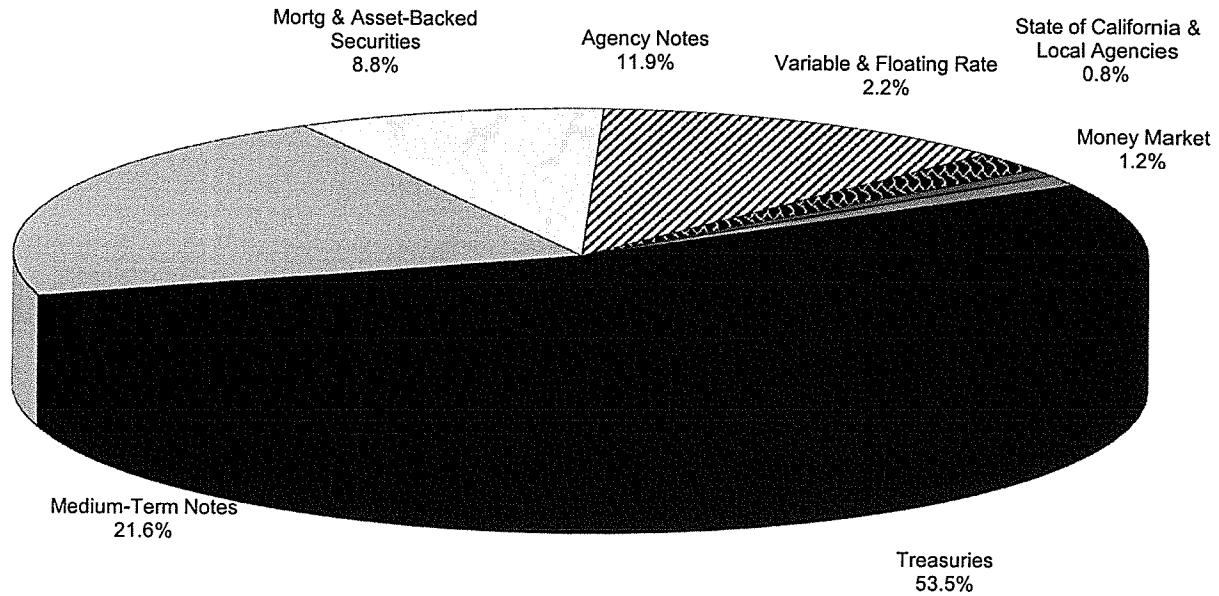


Yield Curve Change From 9/30/16 to 10/31/16			
	<u>9/30/16</u>	<u>10/31/16</u>	<u>Change</u>
1 Year	0.588%	0.644%	0.0560%
2 Year	0.764%	0.843%	0.0790%
3 Year	0.876%	0.991%	0.1150%
5 Year	1.150%	1.308%	0.1580%
30 Year	2.316%	2.580%	0.2640%

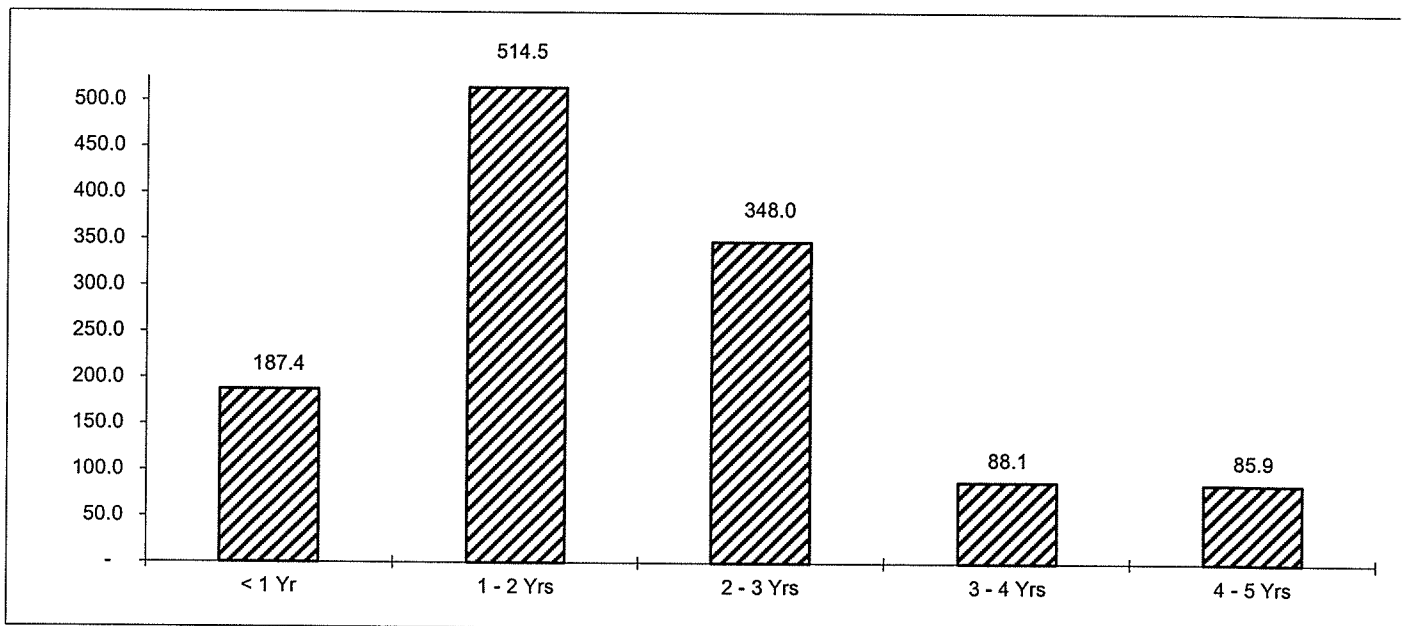
Short-Term Portfolio

As of 10/31/16

Total Portfolio Composition



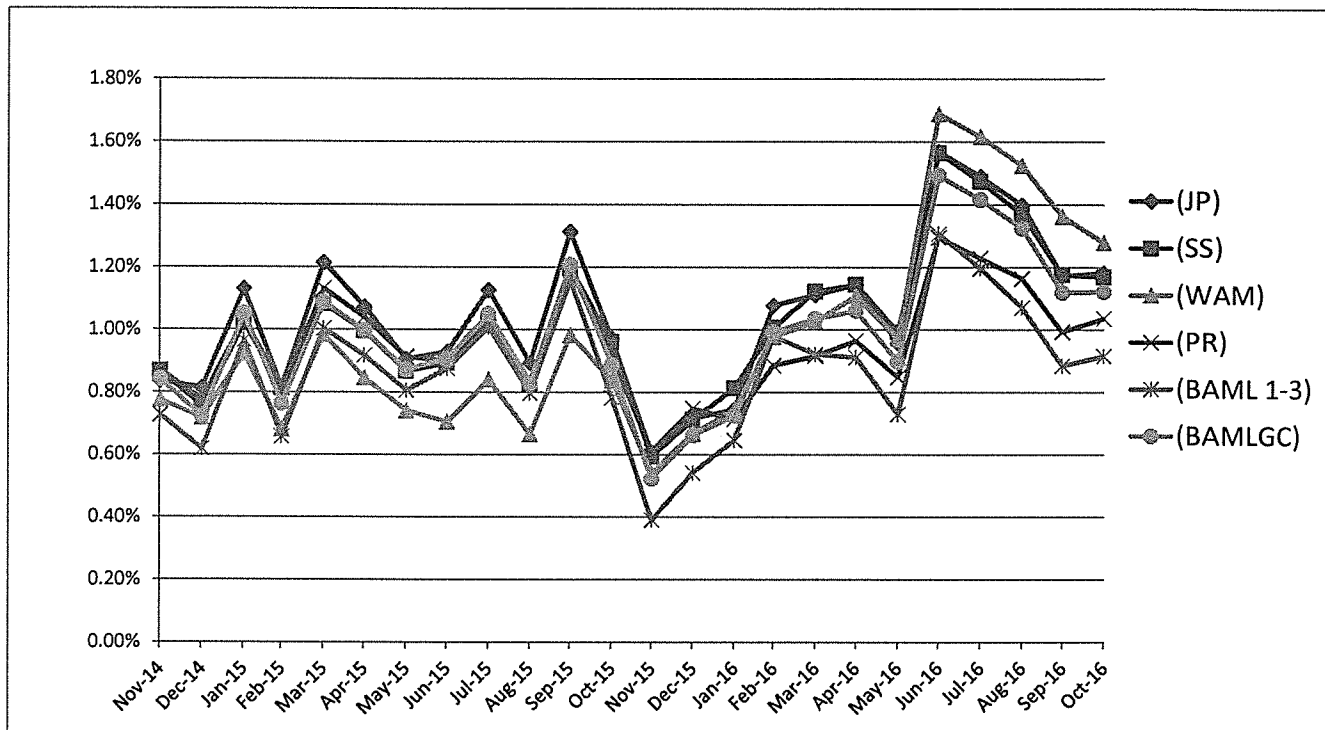
Total Portfolio Maturity Schedule



Short-Term Portfolio Performance

As of 10/31/16

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

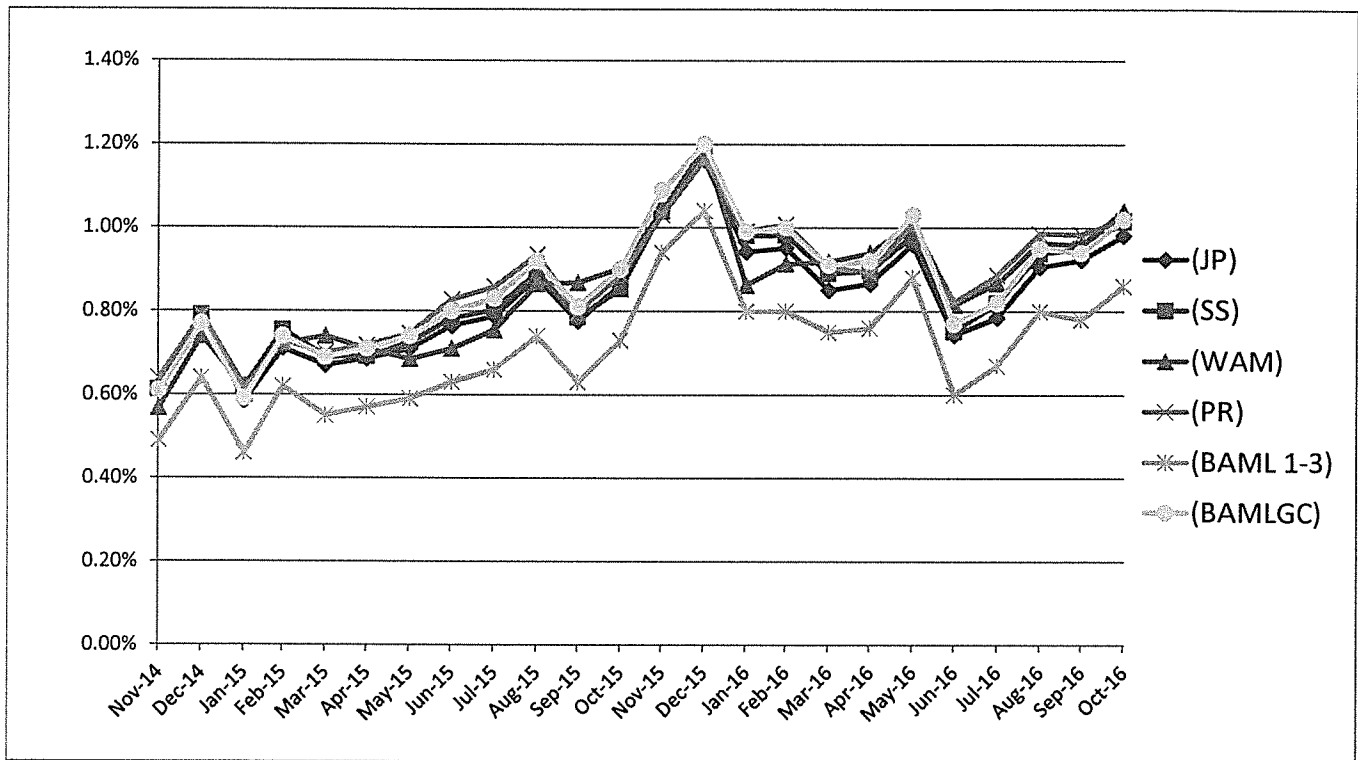


	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden & Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Nov-14	0.84%	0.87%	0.77%	0.87%	0.73%	0.84%
Dec-14	0.81%	0.76%	0.72%	0.78%	0.62%	0.72%
Jan-15	1.13%	1.02%	0.92%	1.03%	0.97%	1.05%
Feb-15	0.82%	0.81%	0.68%	0.81%	0.66%	0.76%
Mar-15	1.21%	1.08%	0.98%	1.13%	1.00%	1.09%
Apr-15	1.07%	1.00%	0.85%	1.04%	0.92%	1.00%
May-15	0.91%	0.87%	0.74%	0.91%	0.81%	0.87%
Jun-15	0.93%	0.89%	0.70%	0.90%	0.88%	0.91%
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%

Comparative Yield Performance

As of 10/31/16

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



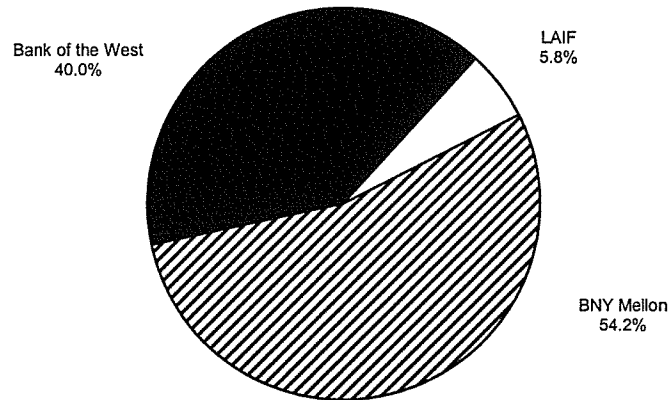
	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden Rygel (PR)	BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Nov-14	0.62%	0.61%	0.57%	0.64%	0.49%	0.61%
Dec-14	0.78%	0.79%	0.74%	0.79%	0.64%	0.77%
Jan-15	0.59%	0.62%	0.62%	0.61%	0.46%	0.59%
Feb-15	0.71%	0.76%	0.72%	0.73%	0.62%	0.74%
Mar-15	0.67%	0.69%	0.74%	0.70%	0.55%	0.69%
Apr-15	0.69%	0.69%	0.71%	0.72%	0.57%	0.71%
May-15	0.71%	0.73%	0.69%	0.75%	0.59%	0.74%
Jun-15	0.77%	0.78%	0.71%	0.83%	0.63%	0.80%
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%

Liquid Funds Portfolio - \$175.6 M

As of 10/31/16

Other Liquid Funds

Book Value	\$	175,568,381
Market Value	\$	175,568,381



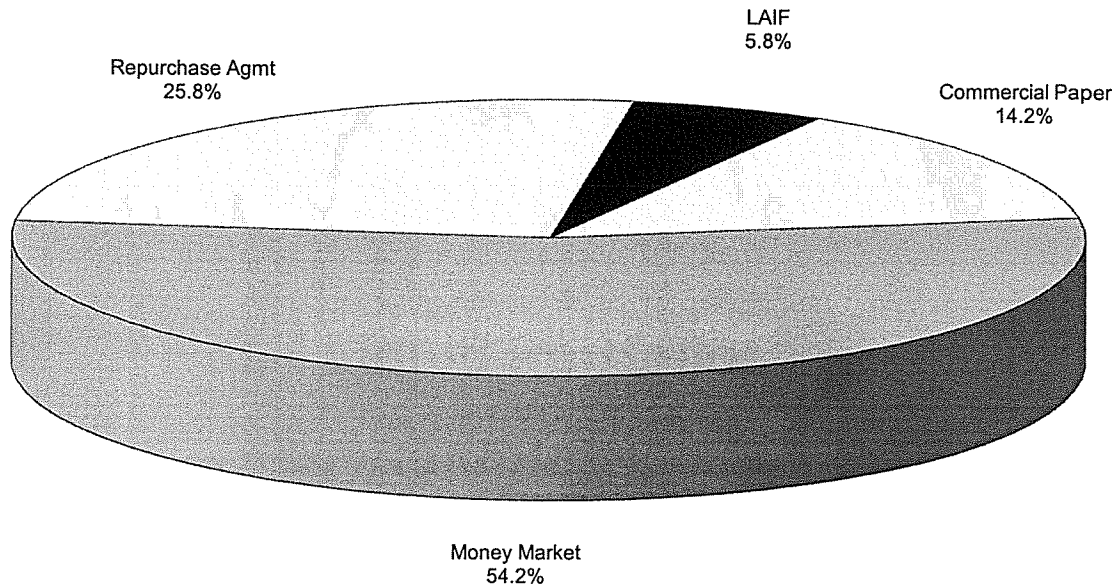
Yield Curve Change From 9/30/16 to 10/31/16			
	<u>9/30/16</u>	<u>10/31/16</u>	<u>Change</u>
1 Month	0.185%	0.165%	-0.0200%
3 Month	0.276%	0.302%	0.0260%
6 Month	0.434%	0.495%	0.0610%

Market Value Reported By Custodial Bank

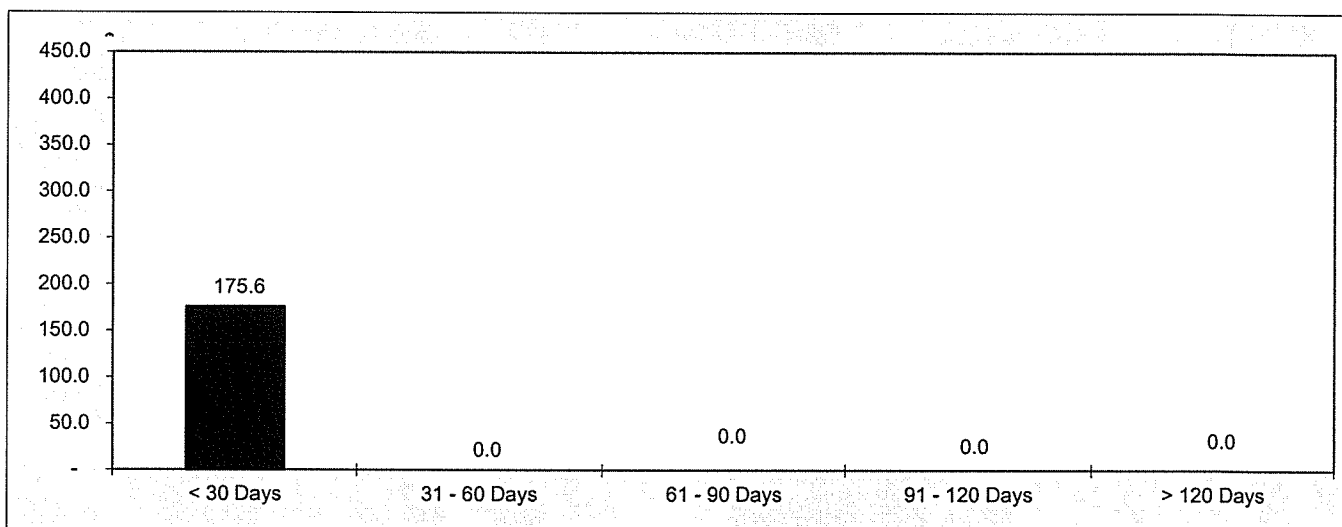
Liquid Portfolio

As of 10/31/16

Total Portfolio Composition



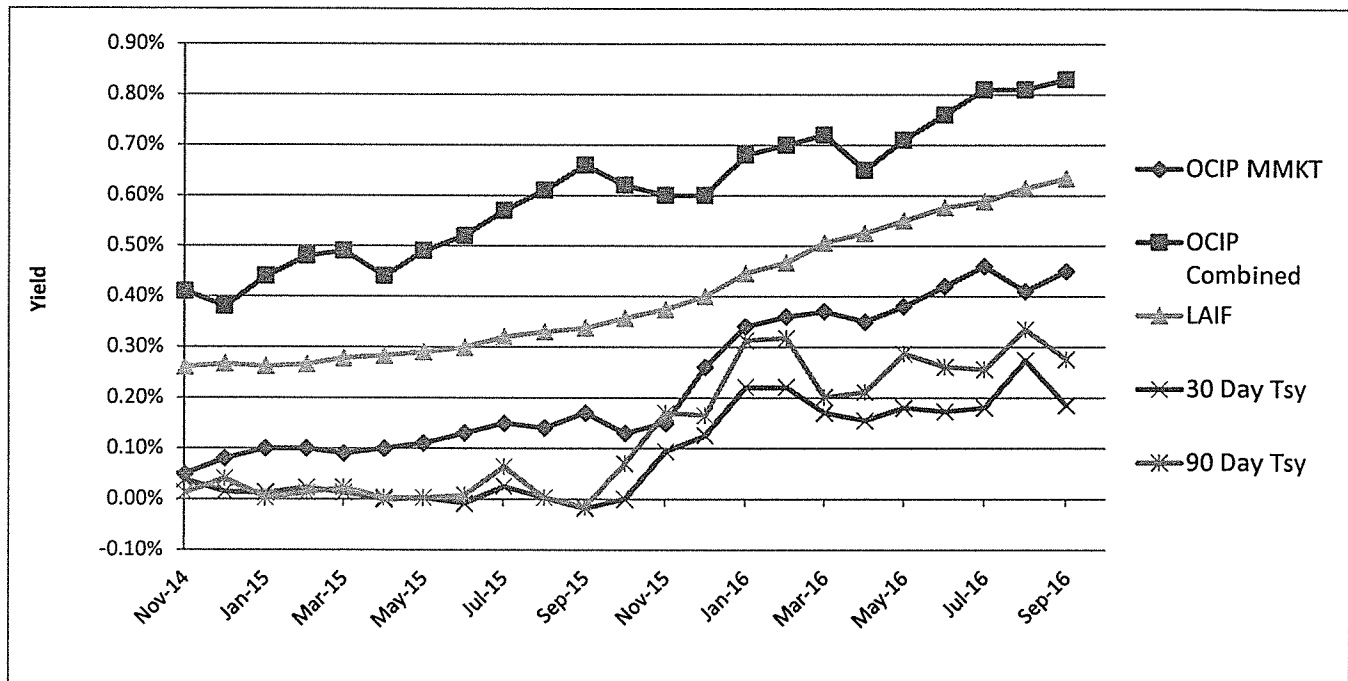
Maturity Schedule For Liquid Portfolio



Liquid Portfolio Performance

As of 10/31/16

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



	OCIP MMKT	OCIP Combined	LAIF	30 Day Tsy	90 Day Tsy
Nov-14	0.05%	0.41%	0.26%	0.04%	0.01%
Dec-14	0.08%	0.38%	0.27%	0.02%	0.04%
Jan-15	0.10%	0.44%	0.26%	0.01%	0.00%
Feb-15	0.10%	0.48%	0.27%	0.02%	0.01%
Mar-15	0.09%	0.49%	0.28%	0.01%	0.02%
Apr-15	0.10%	0.44%	0.28%	0.00%	0.00%
May-15	0.11%	0.49%	0.29%	0.00%	0.00%
Jun-15	0.13%	0.52%	0.30%	-0.01%	0.01%
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%

Investment Policy Compliance

As of 10/31/16

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	655,085,983	46.0%	100%
Federal Agencies & U.S. Government Sponsored *	145,981,682	10.3%	100%
State of California & Local Agencies	9,436,645	0.7%	25%
Money Market Funds & Mutual Funds	109,278,873	7.7%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	560,000	0.0%	30%
Commercial Paper	48,833,685	3.4%	25%
Medium Term Maturity Corporate Securities	264,215,693	18.6%	30%
Mortgage and Asset-backed Securities	107,809,006	7.6%	10%
Repurchase Agreements	45,246,333	3.2%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund (LAIF)	10,216,772	0.7%	\$ 40 Million
Orange County Investment Pool (OCIP)	22,668	0.0%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	26,704,545	1.9%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	58,029	0.0%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
TOTAL	1,423,449,913	100.0%	

* See attached page for a detailed listing of this category

Investment Policy Compliance

As of 10/31/16

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 & U.S. Government Sponsored</u>			
Federal Home Loan Bank (FHLB)	22,549,942	1.6%	35%
Federal Home Loan Mortgage Corporation (FHLMC)	65,875,595	4.6%	35%
Federal National Mortgage Association (FNMA)	87,785,916	6.2%	35%
Federal Housing and Urban Development	<u>1,000,000</u>	0.1%	35%
	177,211,452 *	12.4%	

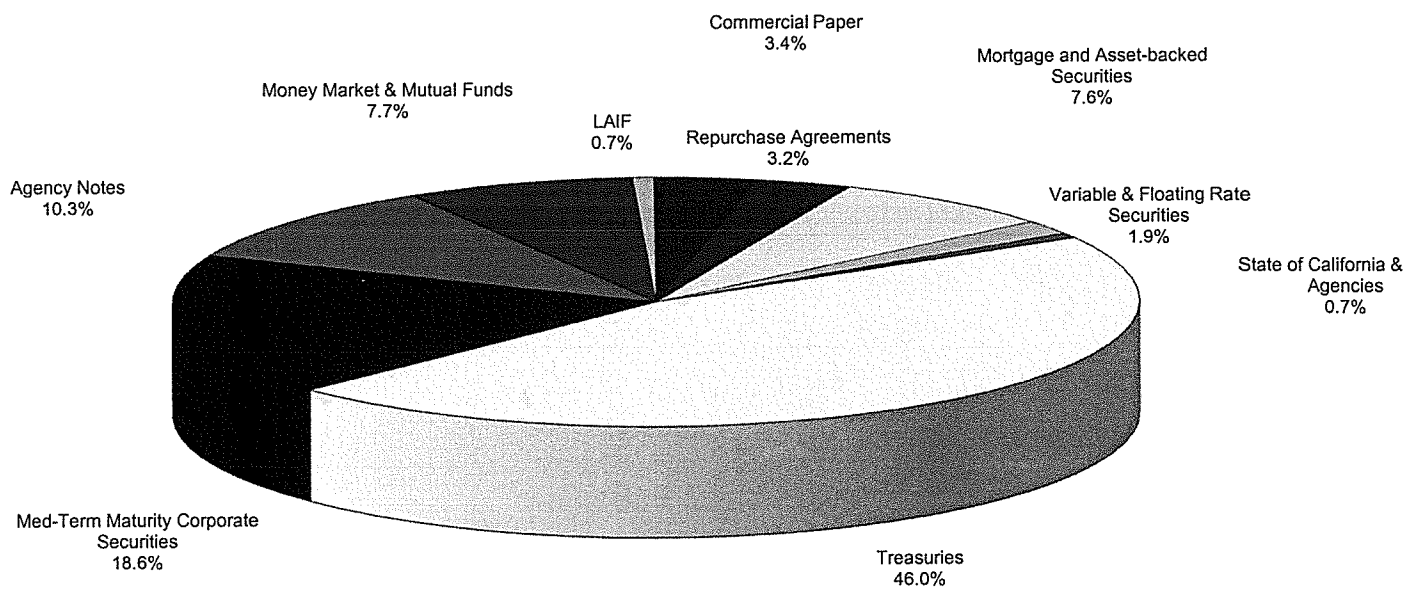
* The Total Dollar Amount Invested Equals The Dollar Amount Invested For Federal Agency Securities, Variable & Floating Rate (Agency) Securities, And A Portion Of Mortgage (Agency) & Asset-back Securities.

Money Market Funds (MMF) & Mutual Funds

First American Obligations Treasury Fund	242	0.0%
Goldman Sach Fin. Square Govt. MMF	0	0.0%
Blackrock Institutional T-Fund	14,191,030	1.0%
Fidelity Treasury Obligations MMF	80,904,476	5.7%
Federated Treasury Obligations Fund	<u>14,183,126</u>	<u>1.0%</u>
	109,278,873	7.7%

Investment Allocation

As of 10/31/16



Negative Credit Watch

As of 10/31/16

<u>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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JPM

<i>McDonalds</i>	250,000	Various	BBB+	Baa1	BBB+
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Removed from negative credit watch, but no longer within Investment Policy guidelines.

<i>Anheuser-Busch Cos</i>	375,000	Various	A-	A2	A
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During October, all three ratings agencies placed the long-term ratings of Anheuser-Busch under review for possible downgrade.

<i>Bayer US Financial</i>	200,000	10/8/2019	A-	A3	NA
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During May, Standard & Poor's and Moody's placed the long-term ratings of Bayer Financial under review for possible downgrade.

<i>Microsoft</i>	550,000	Various	AAA	Aaa	AA+
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During June, Fitch and Moody's placed the long-term ratings of Microsoft under review for possible downgrade.

Payden & Rygel

<i>Microsoft</i>	1,440,000	11/3/2018	AAA	Aaa	AA+
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During June, Fitch and Moody's placed the long-term ratings of Microsoft under review for possible downgrade.

<i>Qualcom</i>	915,000	5/18/2018	A+	A1	NR
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During October, Standard and Poor's and Moody's placed the long-term ratings of Qualcom under review for possible downgrade.

State Street

<i>Microsoft</i>	3,815,000	11/3/2018	AAA	Aaa	AA+
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During June, Fitch and Moody's placed the long-term ratings of Microsoft under review for possible downgrade.

<i>Danaher Corp.</i>	740,000	9/15/2018	A	A2	NR
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During September, Standard and Poor's placed the long-term ratings of Danaher Corp. under review for possible downgrade.

Western Asset

<i>Danaher Corp.</i>	760,000	9/15/2018	A	A2	NR
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During September, Standard and Poor's placed the long-term ratings of Danaher Corp. under review for possible downgrade.

<i>Qualcom</i>	1,250,000	Various	A+	A1	NR
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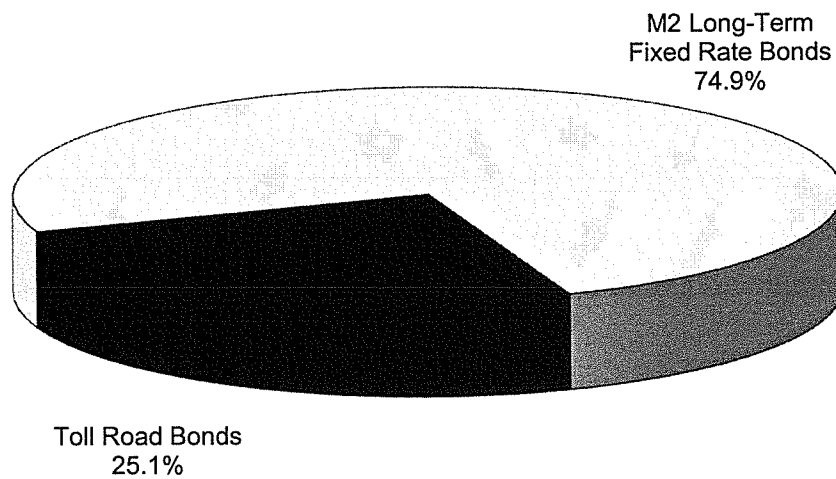
During October, Standard and Poor's and Moody's placed the long-term ratings of Qualcom under review for possible downgrade.

DEBT PROGRAM

Total Outstanding Debt

As of 10/31/16

Outstanding Debt



TOTAL OUTSTANDING DEBT: \$434,615,000

Outstanding Debt

As of 10/31/16

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:	\$	31,945,000
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