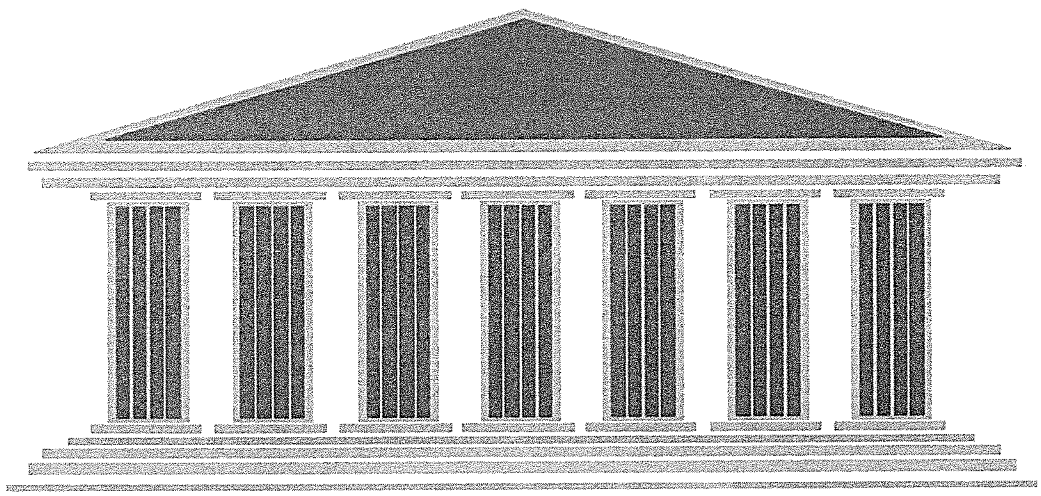
ATTACHMENT A

## 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, 2017

# INVESTMENT PROGRAM

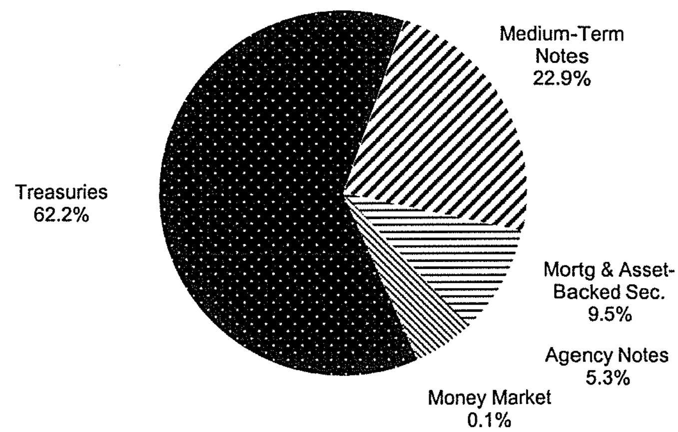
# Investment Profile
## 12/31/2017

| Portfolio Manager | Depository | Role | Type of Investment | Amount ($ Millions) |
|---|---|---|---|---|
| *ACTIVELY MANAGED INVESTMENTS* | | | | |
| JP Morgan | Union Bank | Custodian | Short-Term Operating | 315.5 |
| State Street Global Advisors | Union Bank | Custodian | Short-Term Operating | 314.7 |
| Payden & Rygel Investment Counsel | Union Bank | Custodian | Short-Term Operating | 315.4 |
| Western Asset Management | Union Bank | Custodian | Short-Term Operating | 314.5 |
| *POOLED INVESTMENTS* | | | | |
| California State Treasurer | LAIF | Custodian | Liquid | 10.3 |
| Orange County Treasurer | OCIP | Custodian | Legal Requirement | 15.5 |
| *CASH INVESTMENTS* | | | | |
| OCTA | BNY Mellon | Trustee | Liquid | 16.9 |
| OCTA | Bank of the West | Broker | Liquid | 53.8 |
| OCTA | U.S Bank | Trustee | Liquid | 0.0 |
| *DEBT SERVICE RESERVE FUNDS* | | | | |
| 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 | | | | 0.2 |
| **TOTAL** | | | | **$1,380.7** |

# Short-Term Portfolio - $1.26 Billion
## As of 12/31/17
## Part 1 of 2

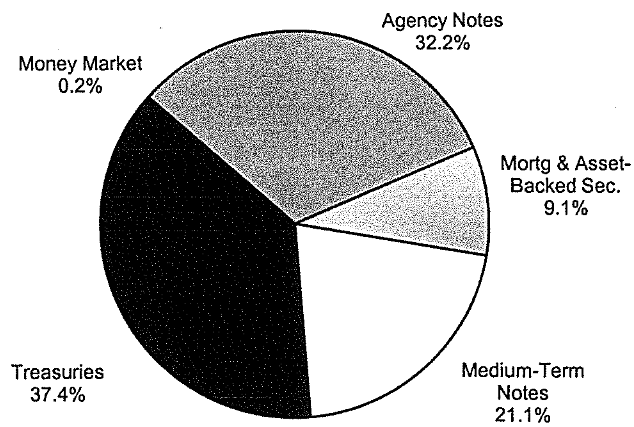
**JP Morgan**

| | | |
|---|---|---|
| Book Value | $ | 315,450,257 |
| Market Value | $ | 311,307,330 |




**State Street Global**

| | | |
|---|---|---|
| Book Value | $ | 314,726,370 |
| Market Value | $ | 312,260,112 |

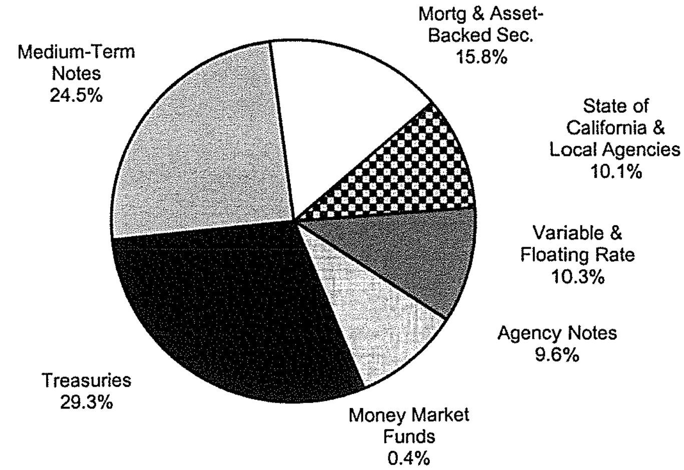



*Market Value Reported By Custodial Bank*

# Short-Term Portfolio - $1.26 Billion
## As of 12/31/17
## Part 2 of 2

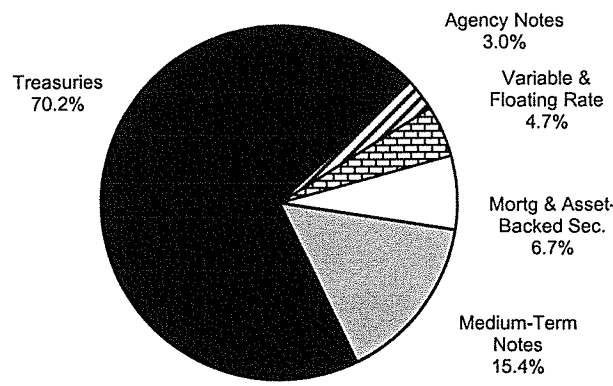
**Payden & Rygel**

| | | |
|---|---|---|
| Book Value | $ | 315,360,831 |
| Market Value | $ | 313,255,883 |




**Western Asset Management**

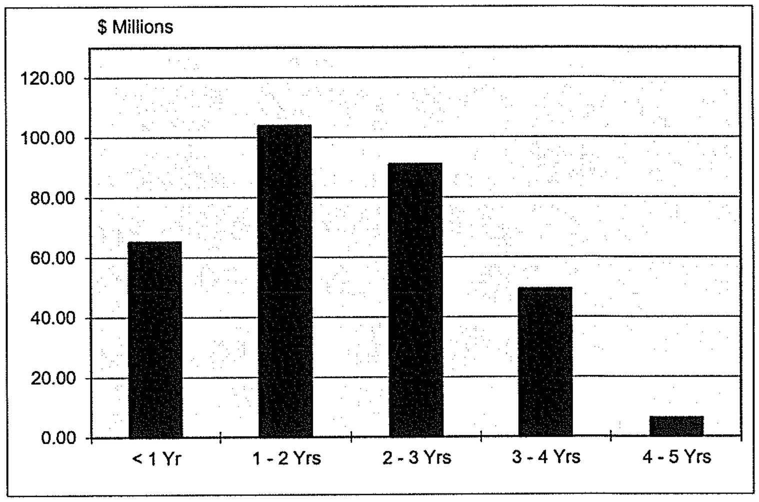
| | | |
|---|---|---|
| Book Value | $ | 314,525,874 |
| Market Value | $ | 312,691,198 |



# Short-Term Portfolio Maturity Schedule
## As of 12/31/17

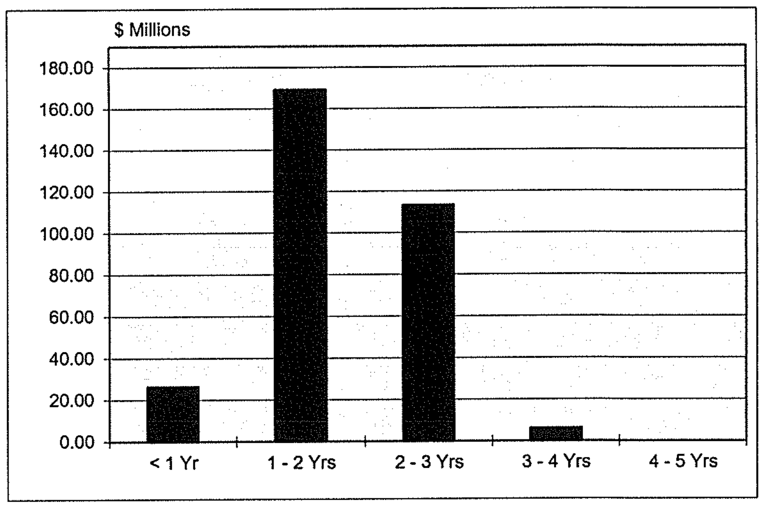
**JP Morgan ($315.5 M)**

| | |
|---|---|
| Monthly Return | 0.05% |
| TSY Benchmark | 0.01% |
| Gov/Corp Benchmark | 0.03% |
| | |
| Fiscal YTD Return | 0.22% |
| TSY Benchmark | -0.01% |
| Gov/Corp Benchmark | 0.10% |
| | |
| 12 Month Return | 0.88% |
| TSY Benchmark | 0.42% |
| Gov/Corp Benchmark | 0.70% |




**State Street Global ($314.7 M)**

| | |
|---|---|
| Monthly Return | 0.05% |
| Benchmark Comparison | 0.01% |
| Gov/Corp Benchmark | 0.03% |
| | |
| Fiscal YTD Return | 0.09% |
| TSY Benchmark | -0.01% |
| Gov/Corp Benchmark | 0.10% |
| | |
| 12 Month Return | 0.71% |
| TSY Benchmark | 0.42% |
| Gov/Corp Benchmark | 0.70% |



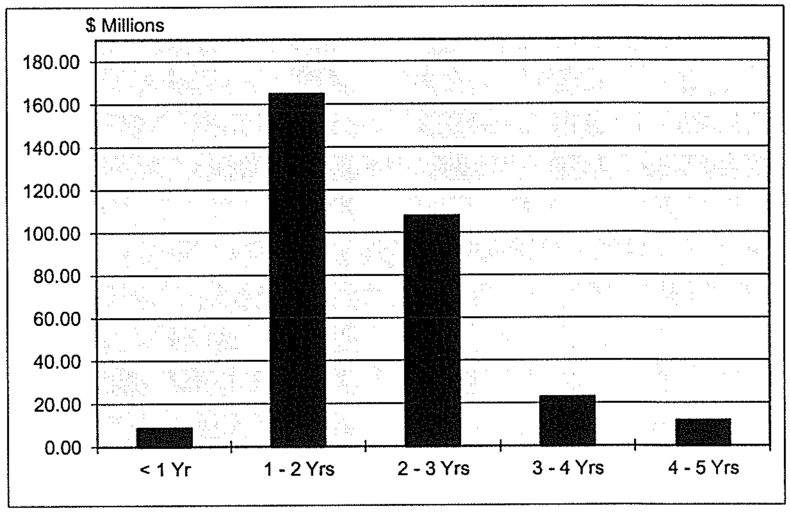

**Yield Curve Change**
**From 11/30/17 to 12/31/17**

| | 11/30/17 | 12/31/17 | Change |
|---|---|---|---|
| 1 Year | 1.612% | 1.738% | 0.1260% |
| 2 Year | 1.784% | 1.885% | 0.1010% |
| 3 Year | 1.893% | 1.972% | 0.0790% |
| 5 Year | 2.138% | 2.207% | 0.0690% |
| 30 Year | 2.828% | 2.740% | -0.0880% |

# Short-Term Portfolio Maturity Schedule
## As of 12/31/17

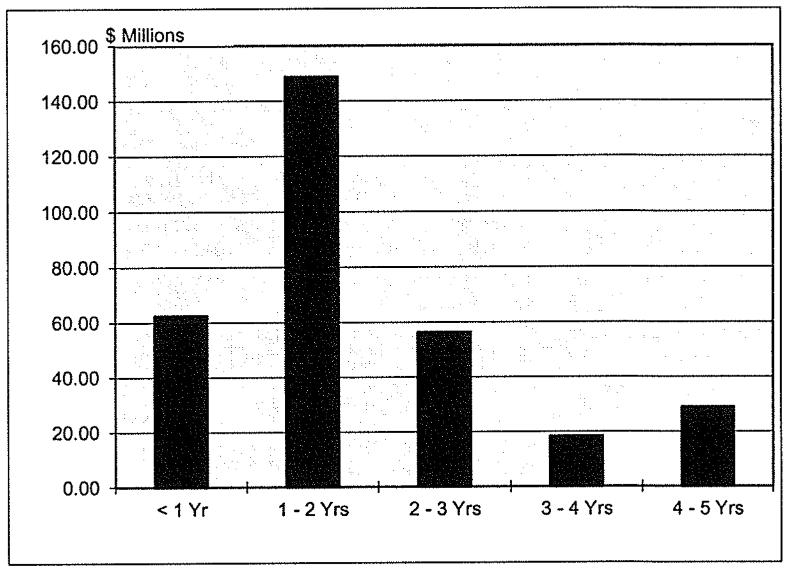
**Payden & Rygel ($315.4 M)**

| | |
|---|---|
| Monthly Return | 0.05% |
| TSY Benchmark | 0.01% |
| Gov/Corp Benchmark | 0.03% |
| Fiscal YTD Return | 0.28% |
| TSY Benchmark | -0.01% |
| Gov/Corp Benchmark | 0.10% |
| 12 Month Return | 0.94% |
| TSY Benchmark | 0.42% |
| Gov/Corp Benchmark | 0.70% |




**Western Asset Management ($314.5 M)**

| | |
|---|---|
| Monthly Return | 0.04% |
| TSY Benchmark | 0.01% |
| Gov/Corp Benchmark | 0.03% |
| Fiscal YTD Return | 0.15% |
| TSY Benchmark | -0.01% |
| Gov/Corp Benchmark | 0.10% |
| 12 Month Return | 0.87% |
| TSY Benchmark | 0.42% |
| Gov/Corp Benchmark | 0.70% |

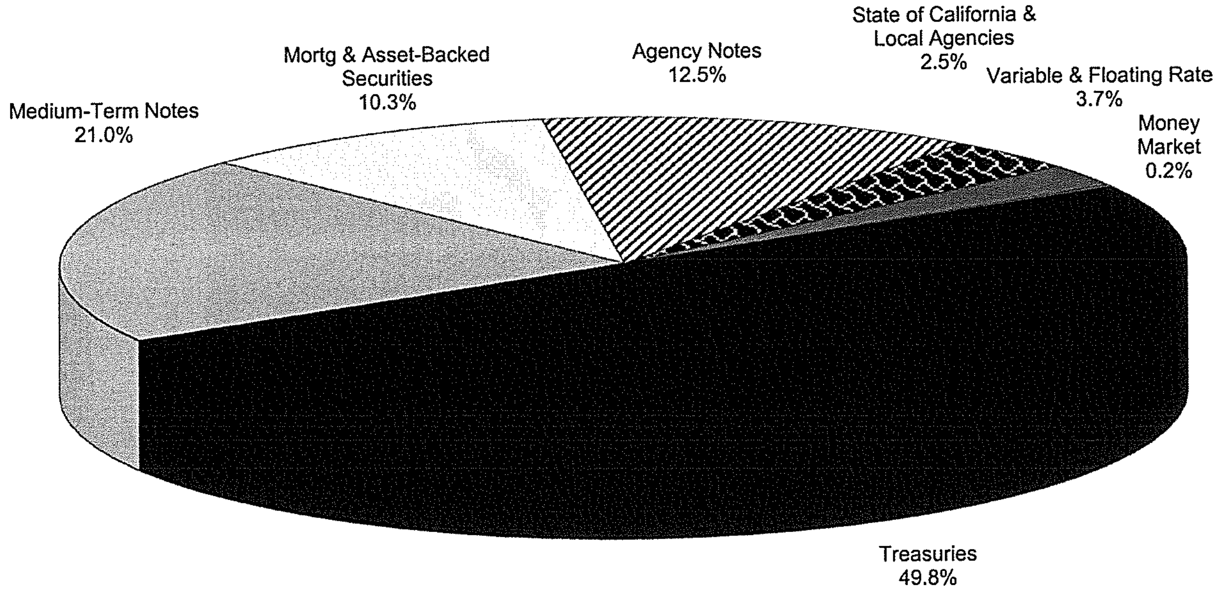



**Yield Curve Change**
**From 11/30/17 to 12/31/17**

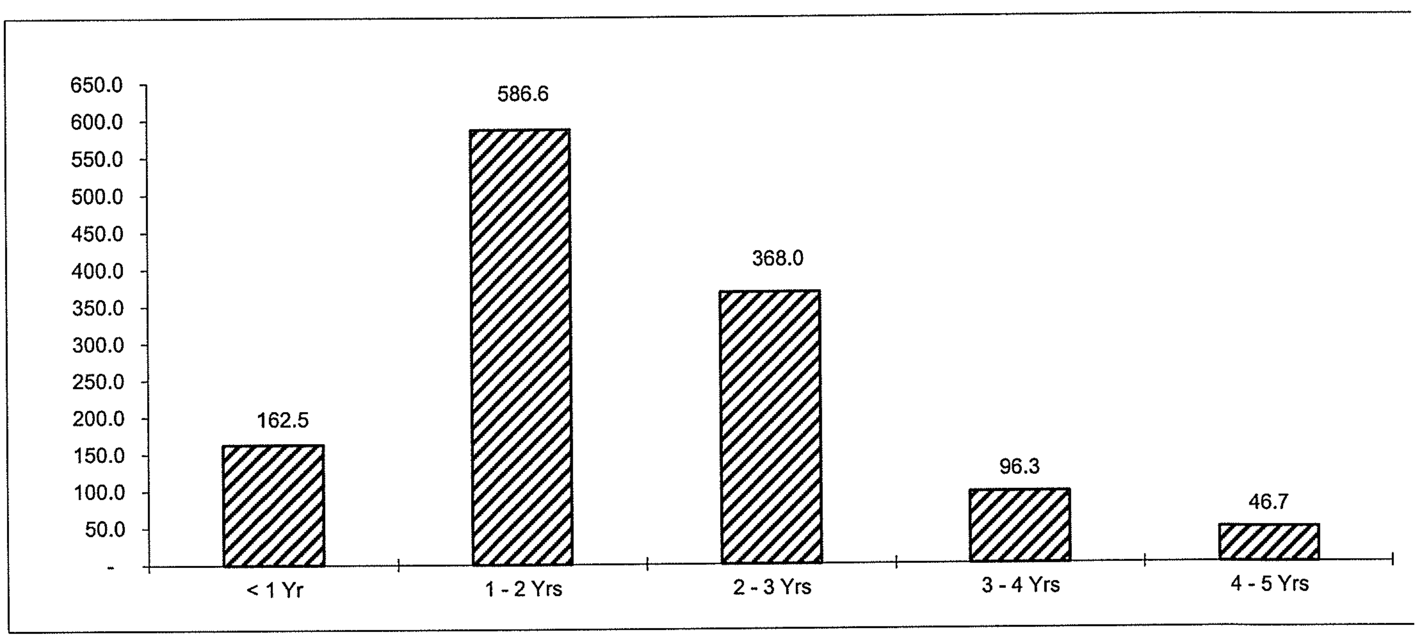
| | 11/30/17 | 12/31/17 | Change |
|---|---|---|---|
| 1 Year | 1.612% | 1.738% | 0.1260% |
| 2 Year | 1.784% | 1.885% | 0.1010% |
| 3 Year | 1.893% | 1.972% | 0.0790% |
| 5 Year | 2.138% | 2.207% | 0.0690% |
| 30 Year | 2.828% | 2.740% | -0.0880% |

# Short-Term Portfolio
## As of 12/31/17

### Total Portfolio Composition

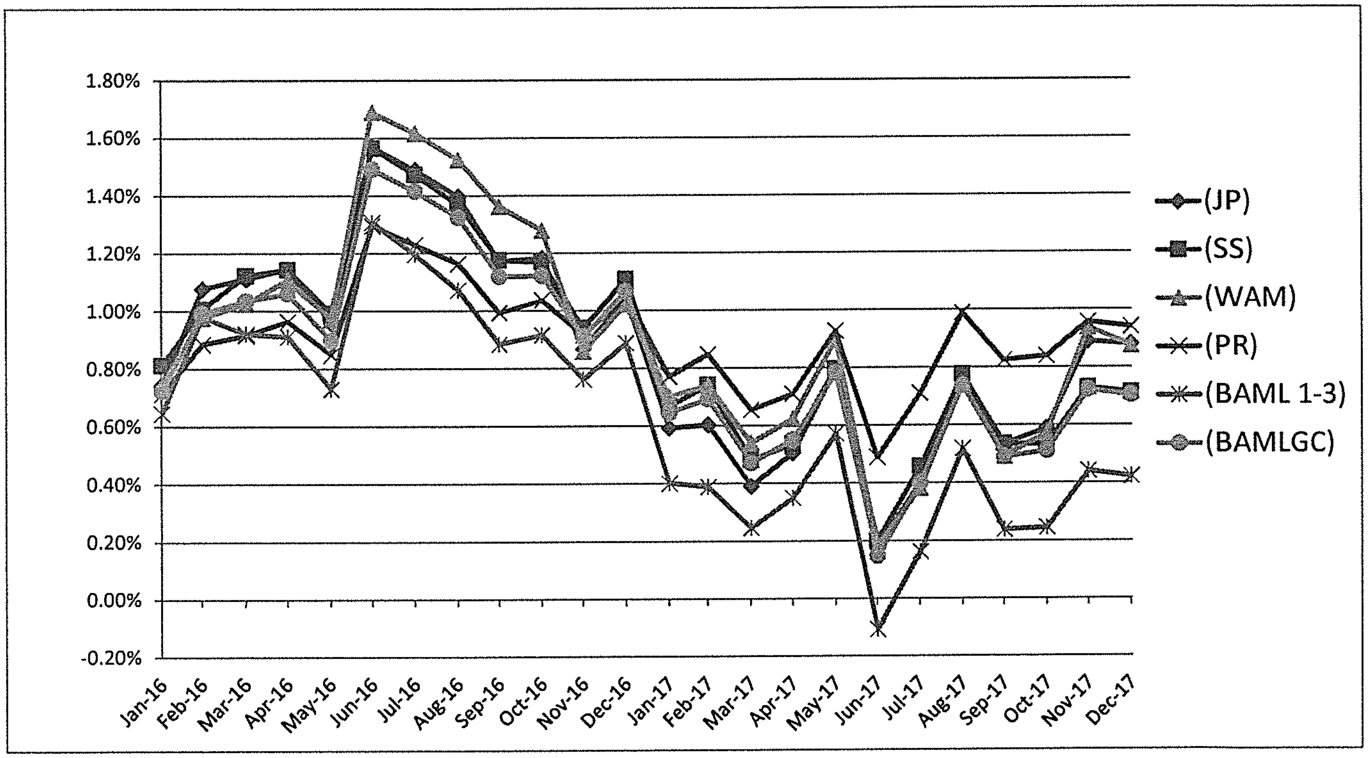



### Total Portfolio Maturity Schedule



# Short-Term Portfolio Performance
## As of 12/31/17

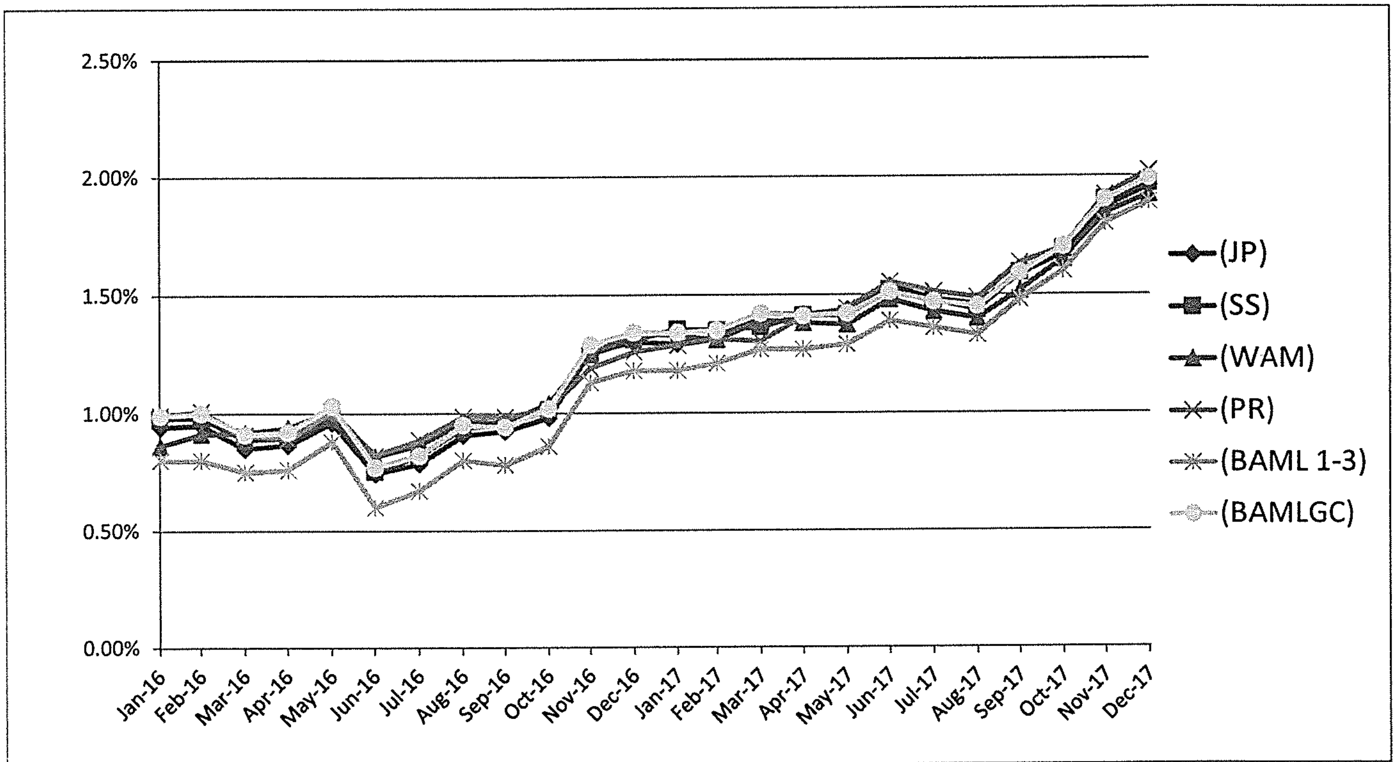
### Trailing 1-Year Total Return
### Vs. The Bank of America Merrill Lynch (BAML) 1-3 Benchmarks




| | JP Morgan (JP) | State Street (SS) | Western Asset Mgmt (WAM) | Payden & Rygel (PR) | ICE/BAML 1-3 Yr Trsy (BAML 1-3) | ICE/ BAML 1-3 Yr Gov/Corp (BAMLGC) |
|---|---|---|---|---|---|---|
| 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% |
| 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% |

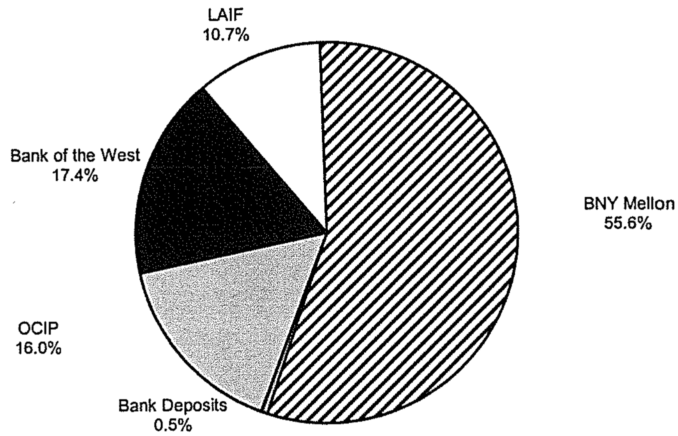
# Comparative Yield Performance
## As of 12/31/17

### 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) | ICE/BAML 1-3 Yr Trsy (BAML 1-3) | ICE/ BAML 1-3 Yr Gov/Corp (BAMLGC) |
|---|---|---|---|---|---|---|
| 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% |
| 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% |

# Liquid Funds Portfolio - $97.1 M
## As of 12/31/17




**Other Liquid Funds**

| | | |
|---|---|---|
| Book Value | $ | 96,746,069 |
| Market Value | $ | 96,746,069 |

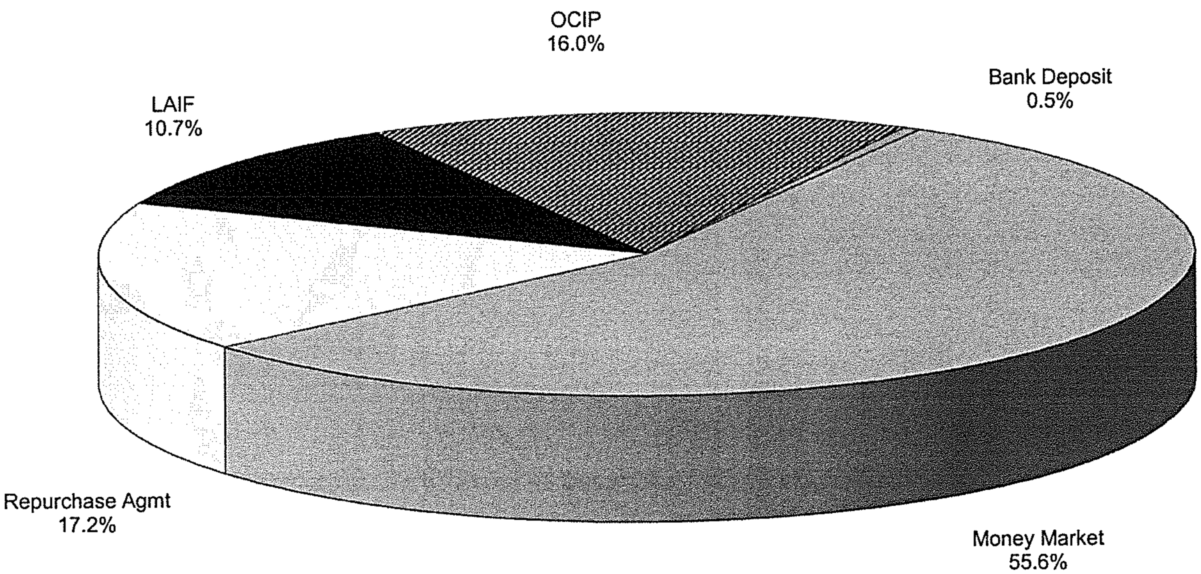
**Yield Curve Change**
**From 11/30/17 to 12/31/17**

| | 11/30/17 | 12/31/17 | Change |
|---|---|---|---|
| 1 Month | 1.128% | 1.234% | 0.1060% |
| 3 Month | 1.260% | 1.382% | 0.1220% |
| 6 Month | 1.440% | 1.533% | 0.0930% |

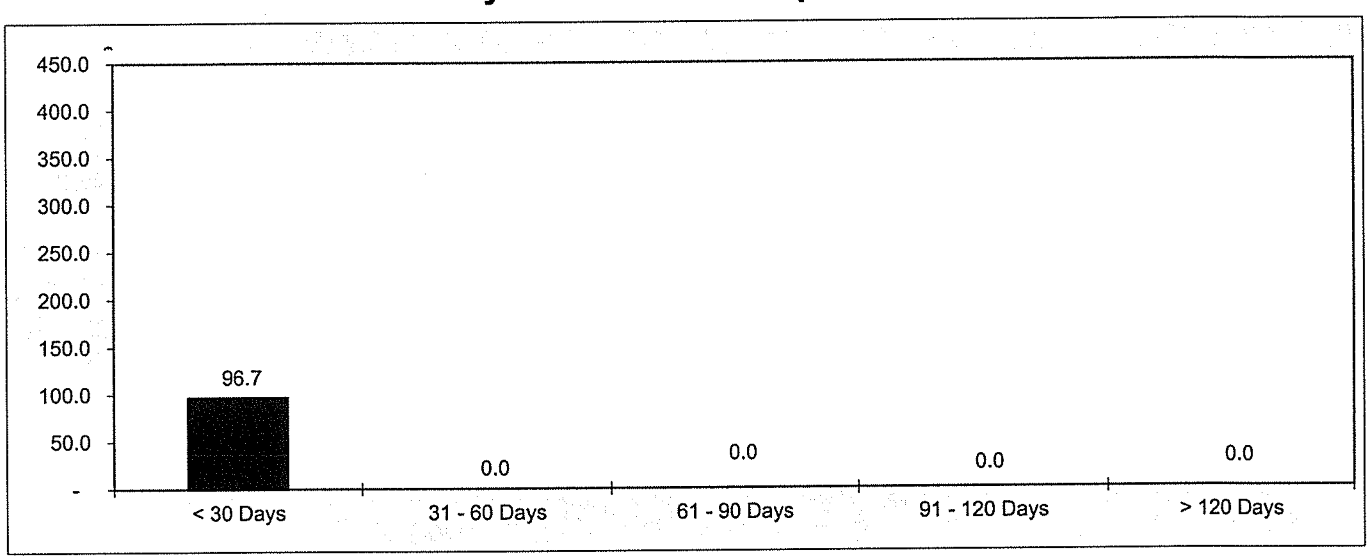
*Market Value Reported By Custodial Bank*

# Liquid Portfolio
## As of 12/31/17

### Total Portfolio Composition

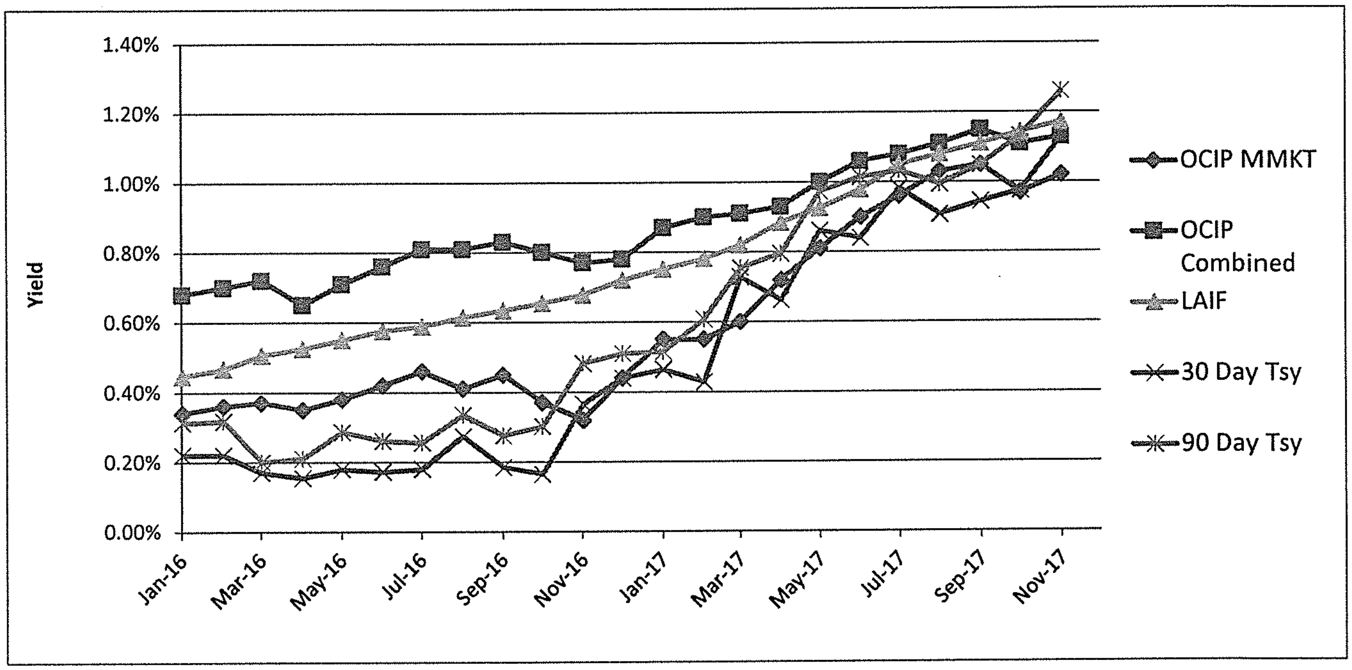



### Maturity Schedule For Liquid Portfolio



# Liquid Portfolio Performance
## As of 12/31/17

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




| | OCIP MMKT | OCIP Combined | LAIF | 30 Day Tsy | 90 Day Tsy |
|---|---|---|---|---|---|
| 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 | 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 | N/A | N/A | 1.24% | 1.23% | 1.38% |

# Investment Policy Compliance
## As of 12/31/17

| Investment Instruments | Dollar Amount Invested | Percent Of Portfolio | Investment Policy Maximum Percentages |
|---|---|---|---|
| U.S. Treasuries | 627,002,872 | 45.4% | 100% |
| Federal Agencies & U.S. Government Sponsored * | 157,748,048 | 11.4% | 100% |
| State of California & Local Agencies | 31,914,470 | 2.3% | 25% |
| Money Market Funds & Mutual Funds | 56,126,375 | 4.1% | 20% |
| Bankers Acceptances | 0 | 0.0% | 30% |
| Negotiable Certificates of Deposit | 0 | 0.0% | 30% |
| Commercial Paper | 23,929,866 | 1.7% | 25% |
| Medium Term Maturity Corporate Securities | 264,297,332 | 19.1% | 30% |
| Mortgage and Asset-backed Securities | 129,587,772 | 9.4% | 10% |
| Repurchase Agreements | 16,595,937 | 1.2% | 75% |
| Investment Agreements Pursuant To Indenture | 0 | 0.0% | 100% |
| Local Agency Investment Fund (LAIF) | 10,305,183 | 0.7% | $ 40 Million |
| Orange County Investment Pool (OCIP) | 15,514,598 | 1.1% | $ 40 Million |
| CAMP | 0 | 0.0% | 10% |
| Variable & Floating Rate Securities | 47,218,430 | 3.4% | 30% |
| Debt Service Reserve Funds - Investment Agreements | 0 | 0.0% | Not Applicable |
| Bank Deposits | 499,262 | 0.0% | 5% |
| Derivatives (hedging transactions only) | 0 | 0.0% | 5% |
| **TOTAL** | **1,380,740,146** | **100.0%** | |

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

# Investment Policy Compliance
## As of 12/31/17

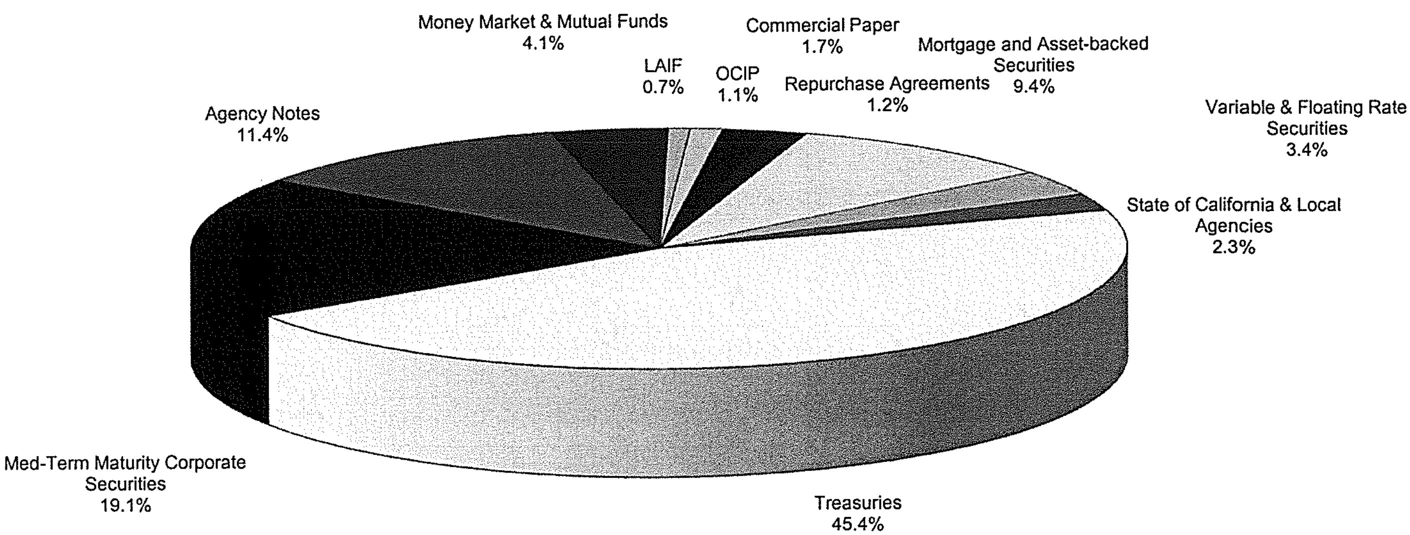
### Detail Composition

| Investment Instruments | Dollar Amount Invested | Percent Of Total Portfolio | Investment Policy Guidelines |
|---|---|---|---|
| *Federal Agencies & U.S. Government Sponsored* | | | |
| Federal Home Loan Bank (FHLB) | 60,381,865 | 4.4% | 35% |
| Federal Home Loan Mortgage Corporation (FHLMC) | 73,390,114 | 5.3% | 35% |
| Federal Farm Credit Bank (FFCB) | 12,300,000 | 0.9% | 35% |
| Federal National Mortgage Association (FNMA) | 55,923,613 | 4.1% | 35% |
| | 201,995,592 * | 14.6% | |

* *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 | 2,511 | 0.0% |
| Goldman Sach Fin. Square Govt. MMF | 0 | 0.0% |
| Blackrock Institutional T-Fund | 2,294,408 | 0.2% |
| Fidelity Treasury Obligations MMF | 32,949,979 | 2.4% |
| Federated Treasury Obligations Fund | 20,879,478 | 1.5% |
| | 56,126,375 | 4.1% |

# Investment Allocation
## As of 12/31/17



# Negative Credit Watch
## As of 12/31/17

| Manager / Security | Par Amount | Maturity | S&P | Moody's | Fitch Ratings |
|---|---|---|---|---|---|
| **JPM** | | | | | |
| *Bayer US Financial* | 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.

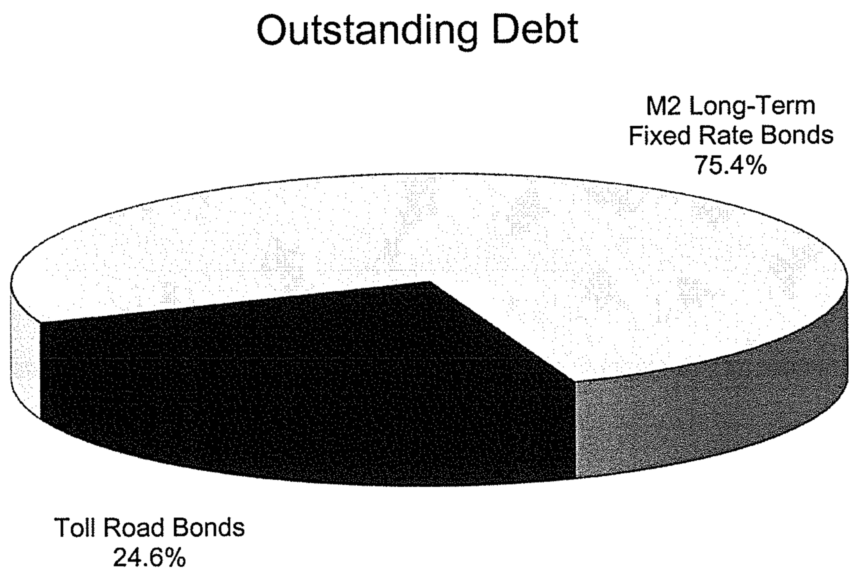
| Manager / Security | Par Amount | Maturity | S&P | Moody's | Fitch Ratings |
|---|---|---|---|---|---|
| *Walt Disney* | 447,000 | Various* | A+ | A2 | A |

On December 14, 2017, Standard & Poor's placed the long-term ratings of Walt Disney under review for possible downgrade.

** Securities will mature on 9/17/18, 1/8/19, 7/12/19, and 6/5/20.*

# DEBT PROGRAM

# Total Outstanding Debt
## As of 12/31/17




**TOTAL OUTSTANDING DEBT: $421,615,000**

# Outstanding Debt
## As of 12/31/17

### 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 2018: | 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 2018: | 8,913,100 |
| 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: | 103,605,000 |
| Debt Service FY 2018: | 10,794,700 |
| Pledged Revenue Source: | 91 Toll Road Revenues |
| Underlying Ratings | A1/AA-/A |
| Final Maturity | 2030 |

### 405 Express Lanes

2017 TIFIA Loan

| | |
|---|---|
| Outstanding: | $ 0 |
| Debt Service FY 2018: | 0 |
| Pledged Revenue Source: | 405 Toll Road Revenues |
| Ratings | Baa2/BBB-/BBB- |
| Final Maturity | 2058 |