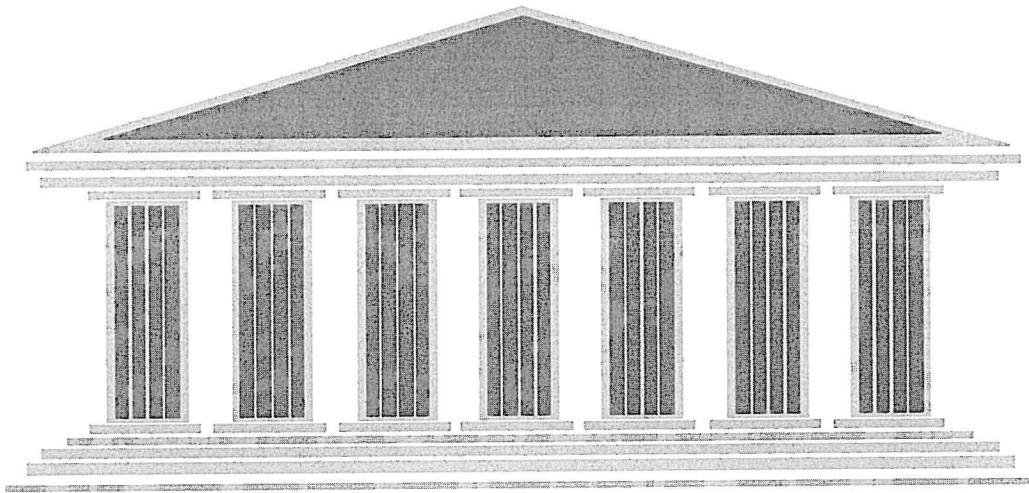


**Treasury/Public Finance Department's  
Report On**

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



**Presented to the  
Finance and Administration Committee**

**For The Period Ending  
February 28, 2018**

# INVESTMENT PROGRAM

# Investment Profile

2/28/2018

<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	306.4
State Street Global Advisors	Union Bank	Custodian	Short-Term Operating	305.3
Payden & Rygel Investment Counsel	Union Bank	Custodian	Short-Term Operating	305.8
Western Asset Management	Union Bank	Custodian	Short-Term Operating	305.3
<i>POOLED INVESTMENTS</i>				
California State Treasurer	LAIF	Custodian	Liquid	10.3
Orange County Treasurer	OCIP	Custodian	Legal Requirement	6.7
<i>CASH INVESTMENTS</i>				
OCTA	BNY Mellon	Trustee	Liquid	25.3
OCTA	Bank of the West	Broker	Liquid	58.2
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	11.0
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
<b>TOTAL</b>				<b>\$1,347.4</b>

# Short-Term Portfolio - \$1.22 Billion

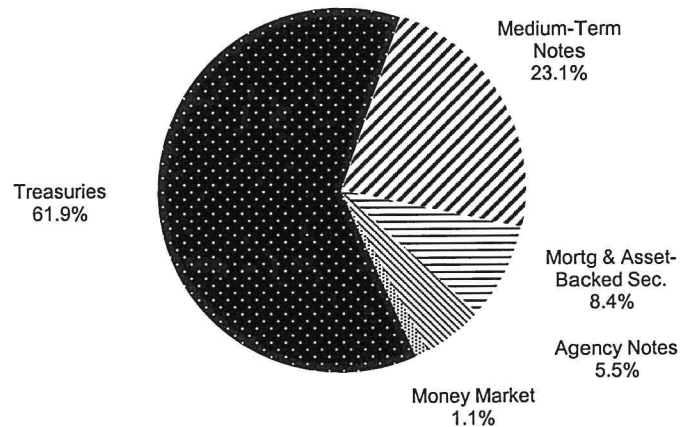
As of 2/28/18

Part 1 of 2

## JP Morgan

Book Value               \$   306,381,290

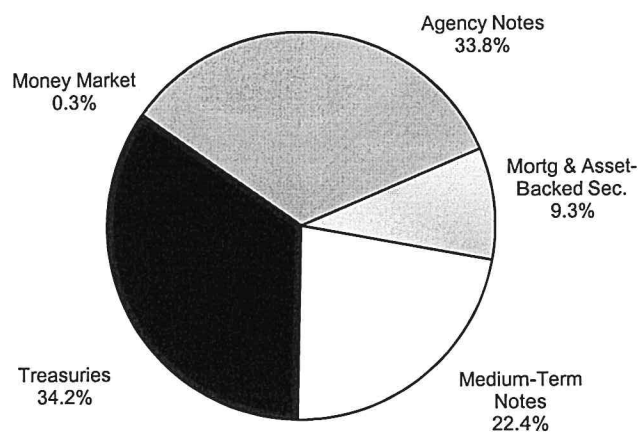
Market Value           \$   300,464,023



## State Street Global

Book Value               \$   305,338,893

Market Value           \$   301,533,531



*Market Value Reported By Custodial Bank*

# Short-Term Portfolio - \$1.22 Billion

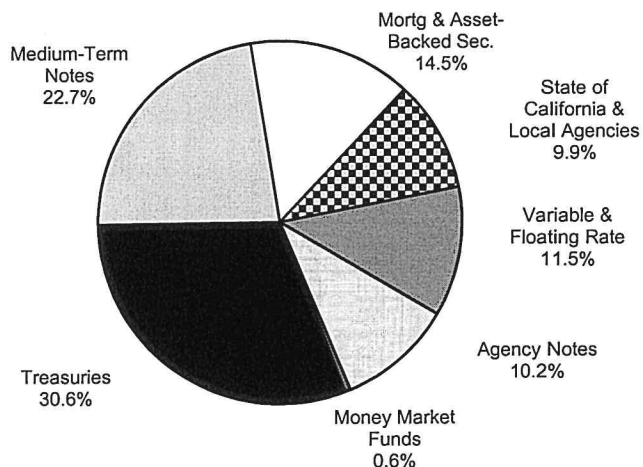
## As of 2/28/18

### Part 2 of 2

#### Payden & Rygel

Book Value \$ 305,808,417

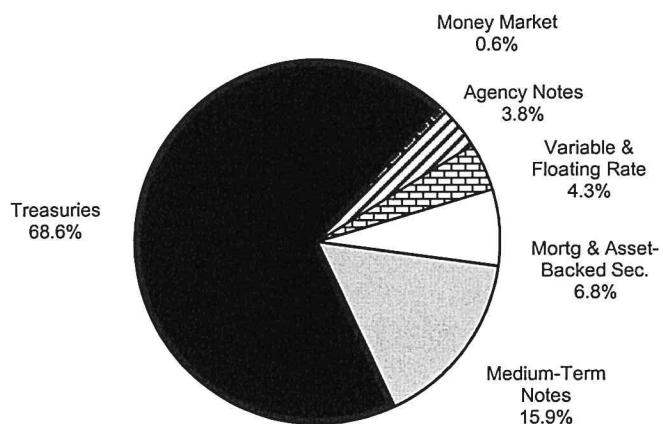
Market Value \$ 302,517,542



#### Western Asset Management

Book Value \$ 305,276,393

Market Value \$ 301,686,173

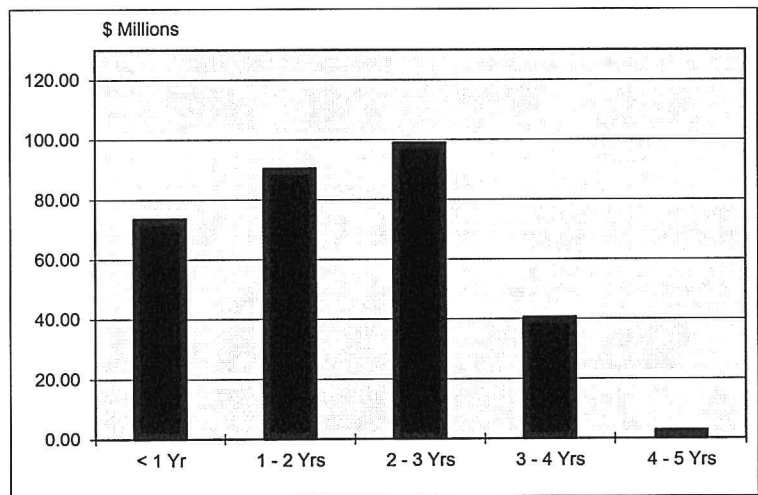


Market Value Reported By Custodial Bank

# Short-Term Portfolio Maturity Schedule As of 2/28/18

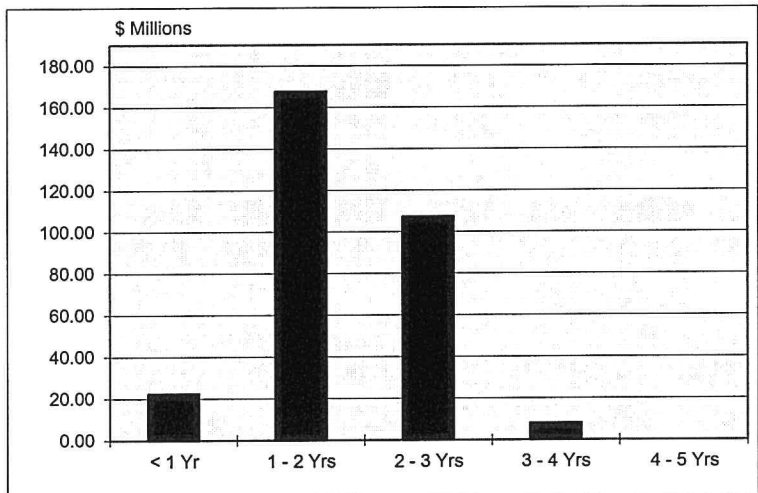
## JP Morgan (\$306.4 M)

Monthly Return	-0.07%
TSY Benchmark	-0.04%
Gov/Corp Benchmark	-0.07%
Fiscal YTD Return	-0.12%
TSY Benchmark	-0.34%
Gov/Corp Benchmark	-0.24%
12 Month Return	0.26%
TSY Benchmark	-0.13%
Gov/Corp Benchmark	0.07%



## State Street Global (\$305.3 M)

Monthly Return	-0.07%
Benchmark Comparison	-0.04%
Gov/Corp Benchmark	-0.07%
Fiscal YTD Return	-0.19%
TSY Benchmark	-0.34%
Gov/Corp Benchmark	-0.24%
12 Month Return	0.13%
TSY Benchmark	-0.13%
Gov/Corp Benchmark	0.07%

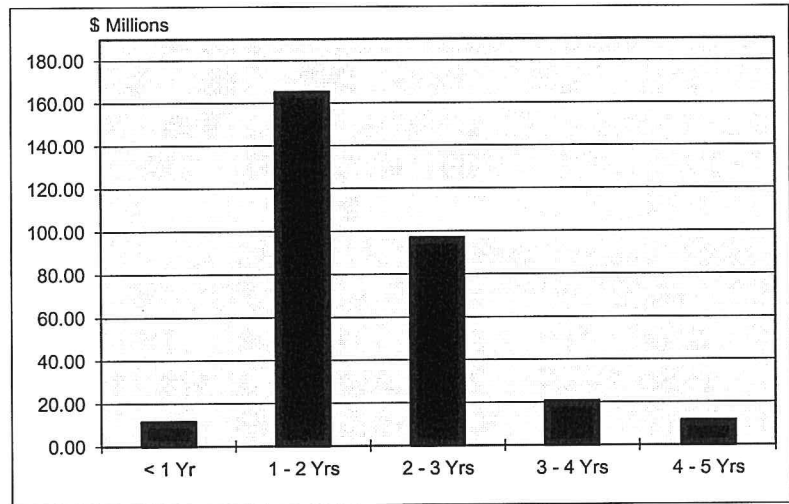


Yield Curve Change From 1/31/18 to 2/28/18			
	<u>1/31/18</u>	<u>2/28/18</u>	<u>Change</u>
1 Year	1.887%	2.064%	0.1770%
2 Year	2.143%	2.254%	0.1110%
3 Year	2.285%	2.409%	0.1240%
5 Year	2.515%	2.640%	0.1250%
30 Year	2.936%	3.126%	0.1900%

# Short-Term Portfolio Maturity Schedule As of 2/28/18

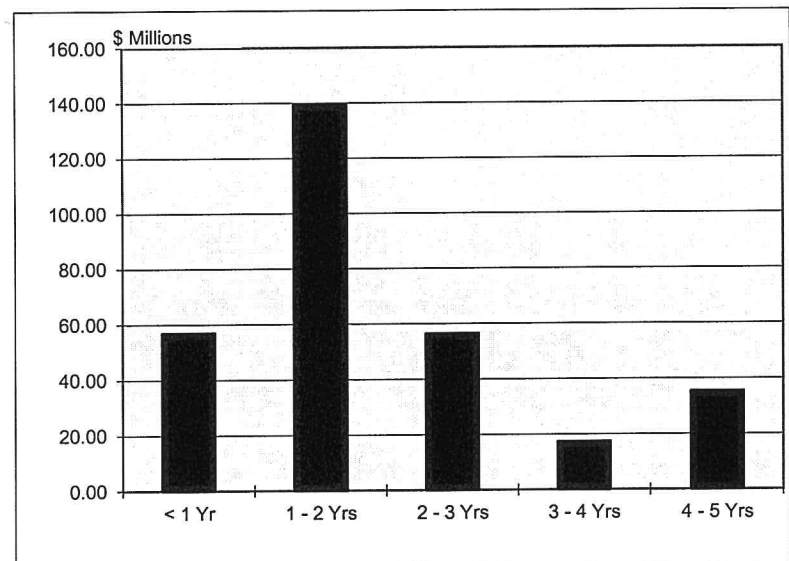
## Payden & Rygel (\$305.8 M)

Monthly Return	-0.06%
TSY Benchmark	-0.04%
Gov/Corp Benchmark	-0.07%
Fiscal YTD Return	0.04%
TSY Benchmark	-0.34%
Gov/Corp Benchmark	-0.24%
12 Month Return	0.42%
TSY Benchmark	-0.13%
Gov/Corp Benchmark	0.07%



## Western Asset Management (\$305.3 M)

Monthly Return	-0.09%
TSY Benchmark	-0.04%
Gov/Corp Benchmark	-0.07%
Fiscal YTD Return	-0.23%
TSY Benchmark	-0.34%
Gov/Corp Benchmark	-0.24%
12 Month Return	0.18%
TSY Benchmark	-0.13%
Gov/Corp Benchmark	0.07%

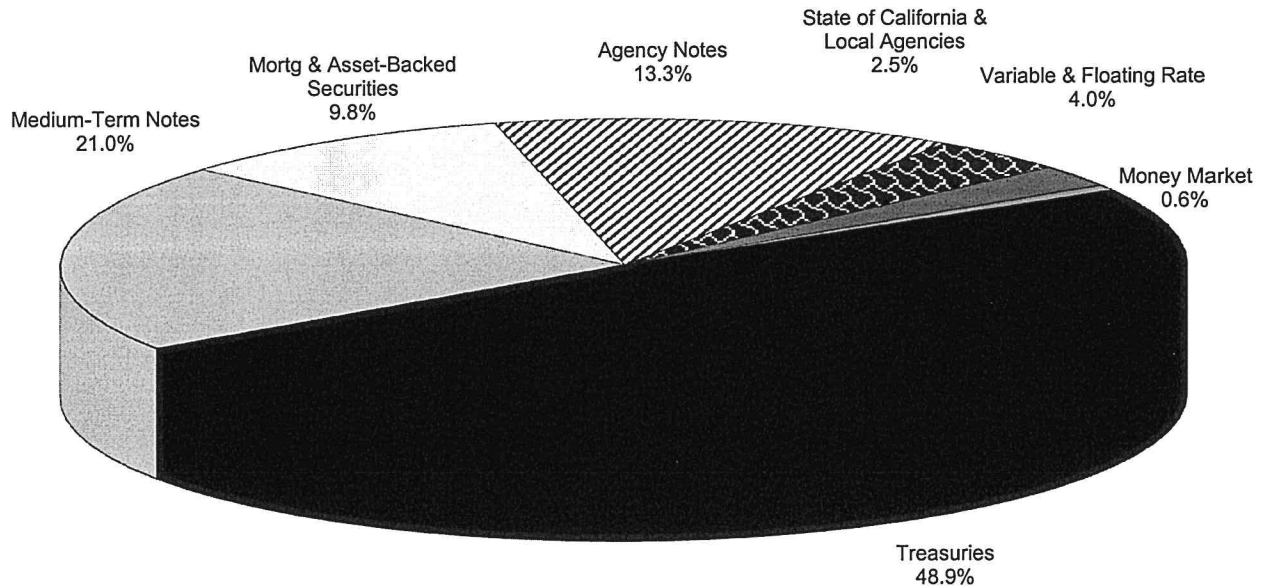


Yield Curve Change From 1/31/18 to 2/28/18			
	<u>1/31/18</u>	<u>2/28/18</u>	<u>Change</u>
1 Year	1.887%	2.064%	0.1770%
2 Year	2.143%	2.254%	0.1110%
3 Year	2.285%	2.409%	0.1240%
5 Year	2.515%	2.640%	0.1250%
30 Year	2.936%	3.126%	0.1900%

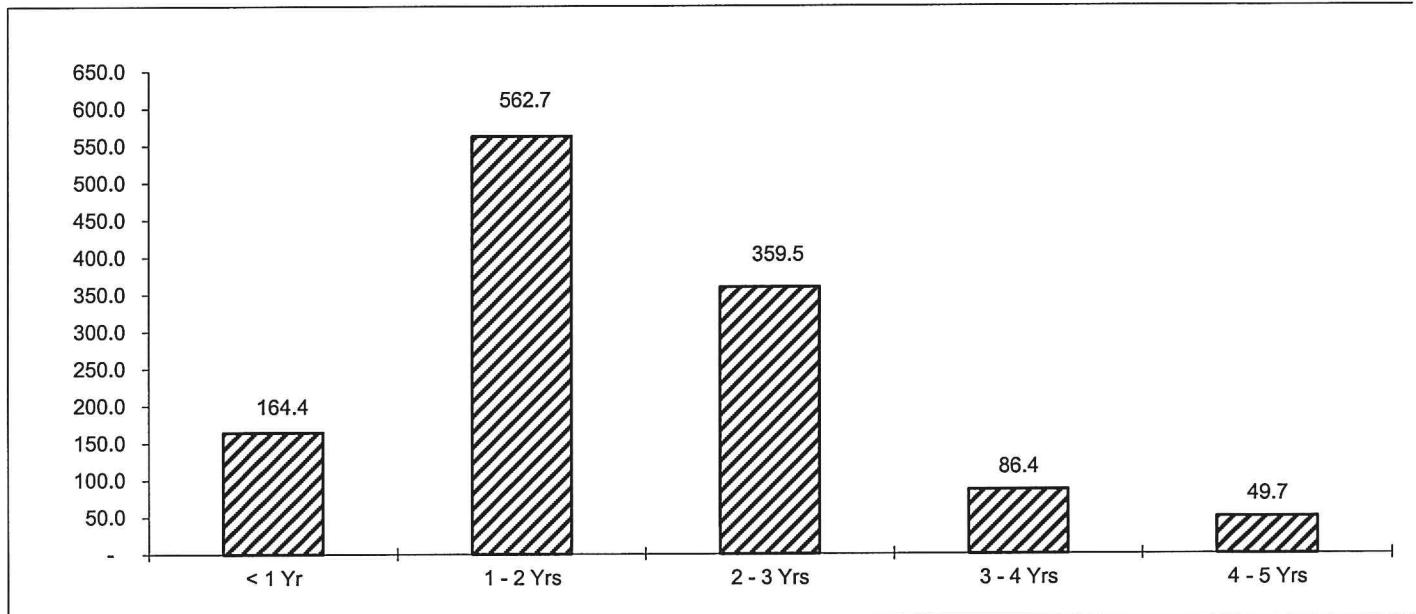
# Short-Term Portfolio

## As of 2/28/18

### Total Portfolio Composition



### Total Portfolio Maturity Schedule

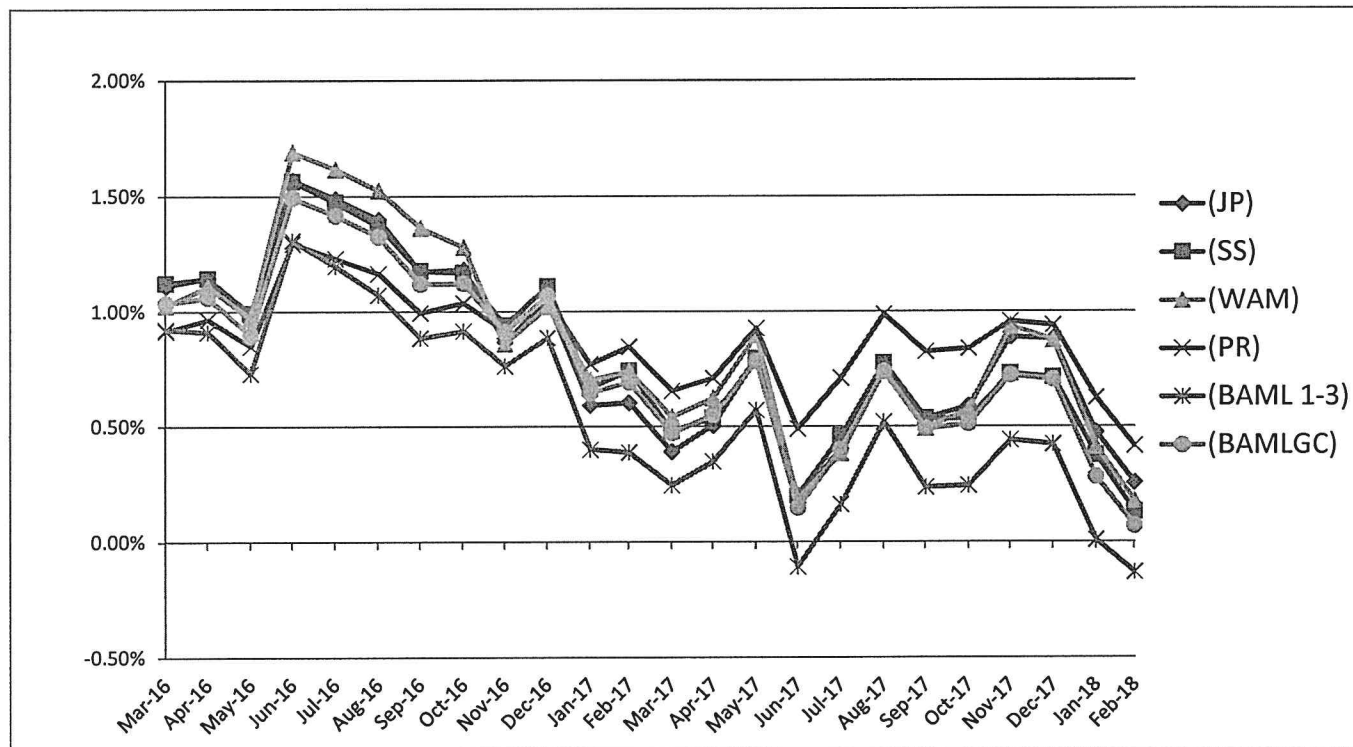




# Short-Term Portfolio Performance

## As of 2/28/18

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

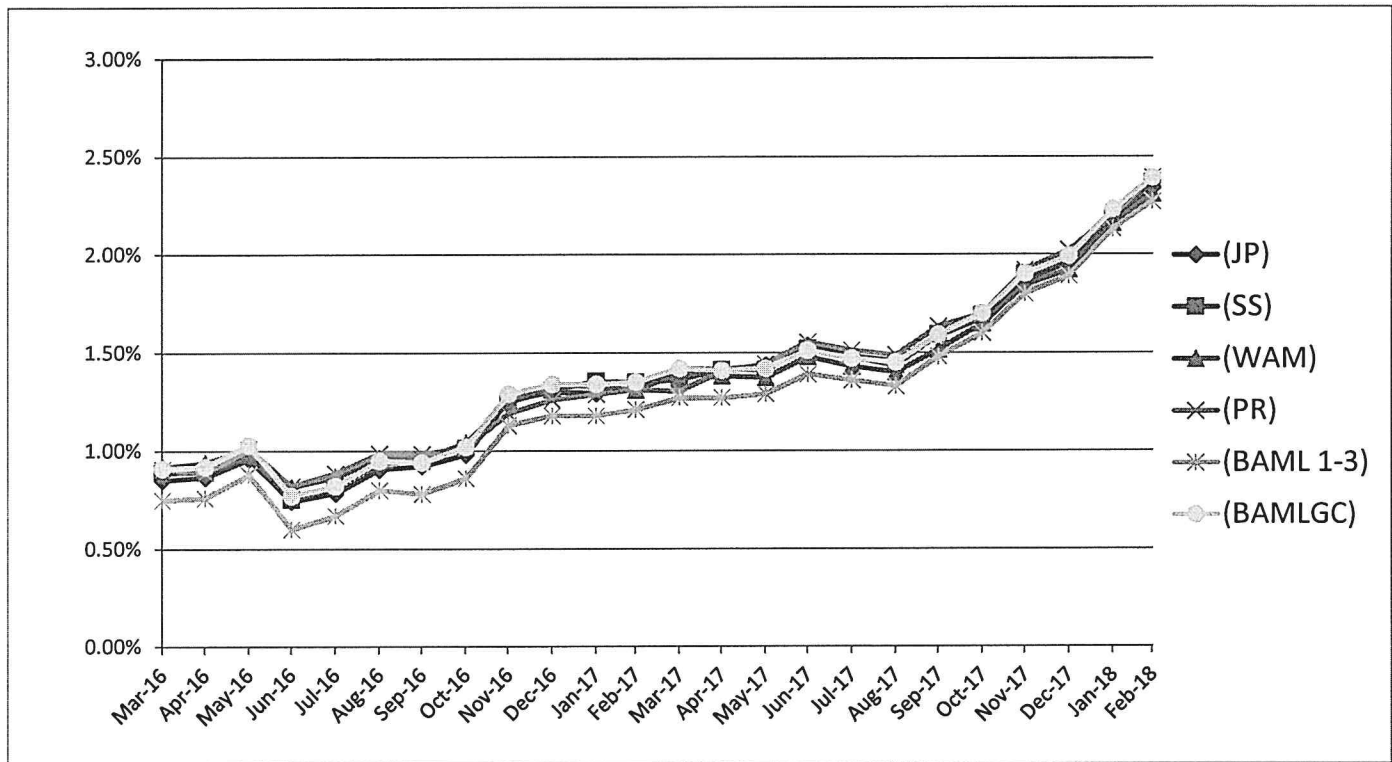


	JP Morgan (JP)	State Street (SS)	Western Asset Mgmt (WAM)	Payden & Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	ICE/ BAML 1-3 Yr Gov/Corp (BAMLGC)
Mar-16	1.11%	1.12%	1.03%	0.92%	0.92%	1.04%
Apr-16	1.15%	1.14%	1.11%	0.96%	0.91%	1.06%
May-16	0.96%	0.99%	0.97%	0.85%	0.73%	0.90%
Jun-16	1.57%	1.56%	1.69%	1.30%	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%
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%

# Comparative Yield Performance

## As of 2/28/18

### 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)
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%
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%

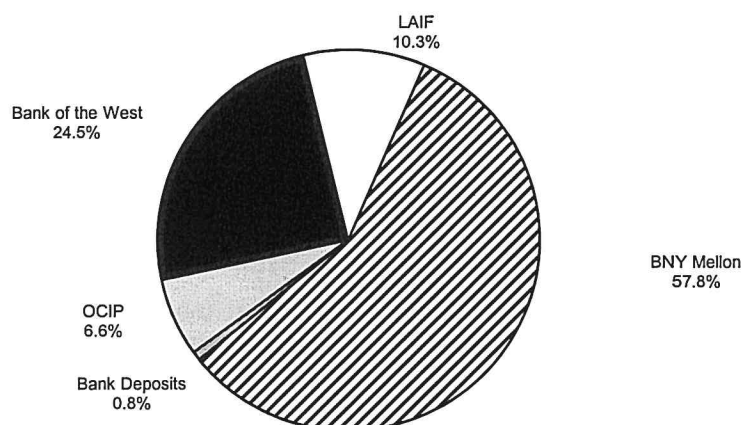
# Liquid Funds Portfolio - \$82.9 M

## As of 2/28/18

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### Other Liquid Funds

Book Value	\$	100,677,388
Market Value	\$	100,677,388



Yield Curve Change From 1/31/18 to 2/28/18			
	<u>1/31/18</u>	<u>2/28/18</u>	<u>Change</u>
1 Month	1.379%	1.507%	0.1280%
3 Month	1.459%	1.659%	0.2000%
6 Month	1.653%	1.855%	0.2020%

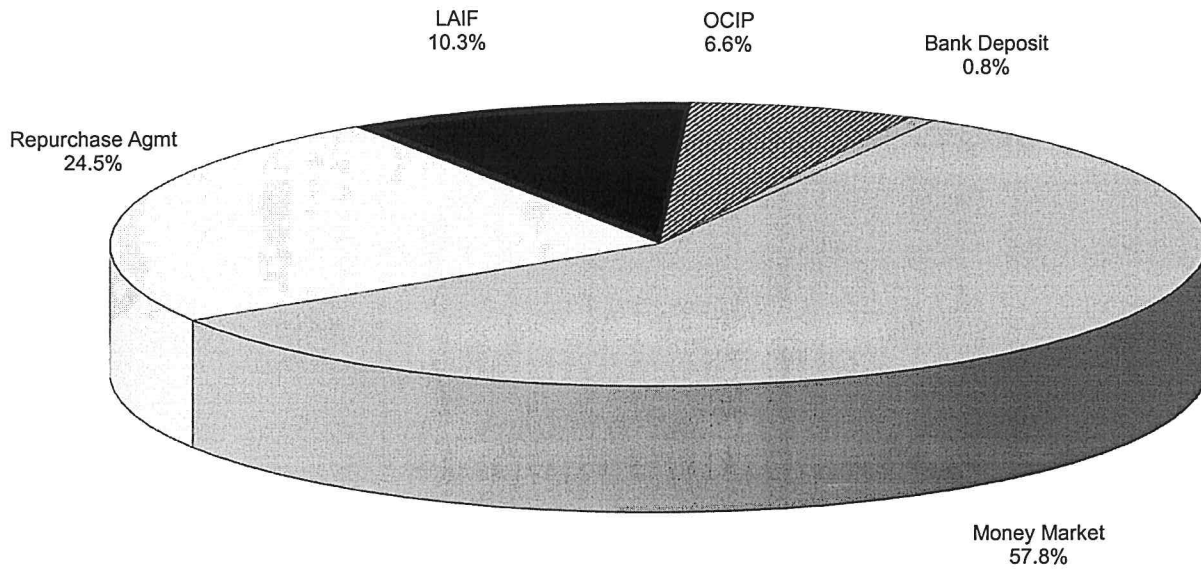
*Market Value Reported By Custodial Bank*

# Liquid Portfolio

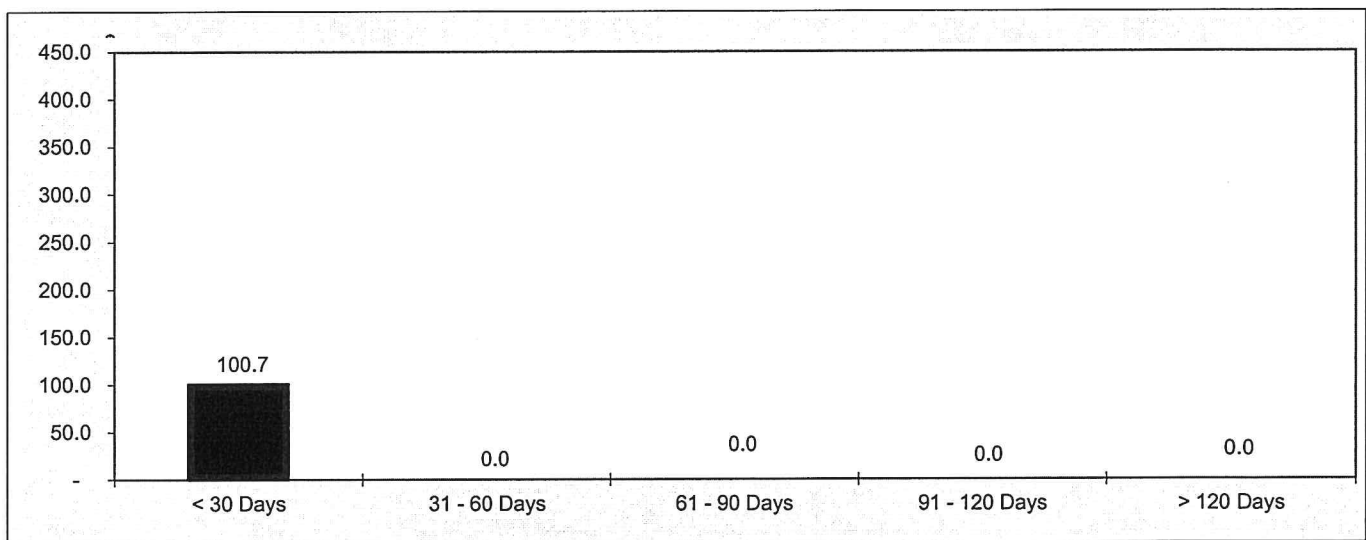
## As of 2/28/18

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### Total Portfolio Composition



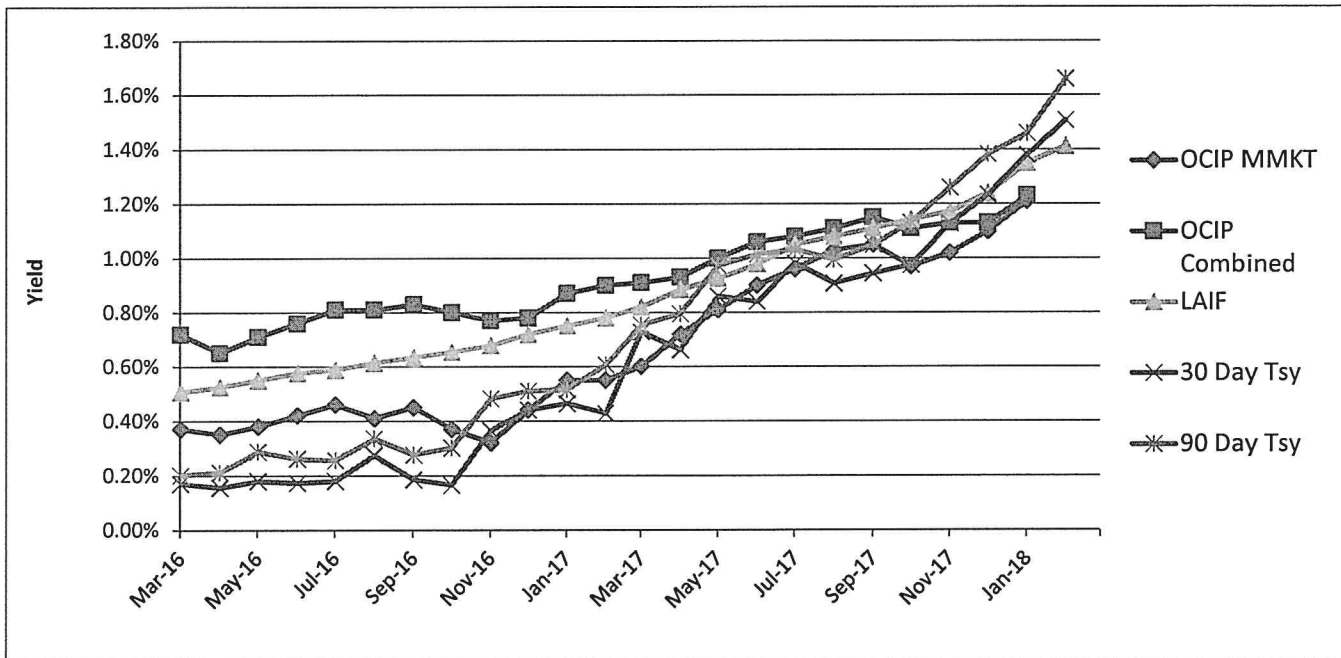
### Maturity Schedule For Liquid Portfolio



# Liquid Portfolio Performance

## As of 2/28/18

### 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>
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	1.10%	1.13%	1.24%	1.23%	1.38%
Jan-18	1.21%	1.23%	1.35%	1.38%	1.46%
Feb-18	N/A	N/A	1.41%	1.51%	1.66%

# Investment Policy Compliance

## As of 2/28/18

<u>Investment Instruments</u>	<u>Dollar Amount Invested</u>	<u>Percent Of Portfolio</u>	<u>Investment Policy Maximum Percentages</u>
U.S. Treasuries	597,357,620	44.3%	100%
Federal Agencies & U.S. Government Sponsored *	162,861,936	12.1%	100%
State of California & Local Agencies	30,382,958	2.3%	25%
Money Market Funds & Mutual Funds	65,869,003	4.9%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	0	0.0%	30%
Commercial Paper	23,950,077	1.8%	25%
Medium Term Maturity Corporate Securities	256,685,644	19.0%	30%
Mortgage and Asset-backed Securities	119,439,429	8.9%	10%
Repurchase Agreements	24,689,159	1.8%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund (LAIF)	10,336,469	0.8%	\$ 40 Million
Orange County Investment Pool (OCIP)	6,692,791	0.5%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	48,388,656	3.6%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	778,715	0.1%	5%
Derivatives (hedging transactions only)	0	0.0%	5%
<b>TOTAL</b>	<b>1,347,432,459</b>	<b>100.0%</b>	

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

# Investment Policy Compliance

## As of 2/28/18

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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)	66,281,226	4.9%	35%
Federal Home Loan Mortgage Corporation (FHLMC)	62,081,016	4.6%	35%
Federal Farm Credit Bank (FFCB)	13,835,796	1.0%	35%
Federal National Mortgage Association (FNMA)	37,953,279	2.8%	35%
	180,151,316 *	13.4%	

\* 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.

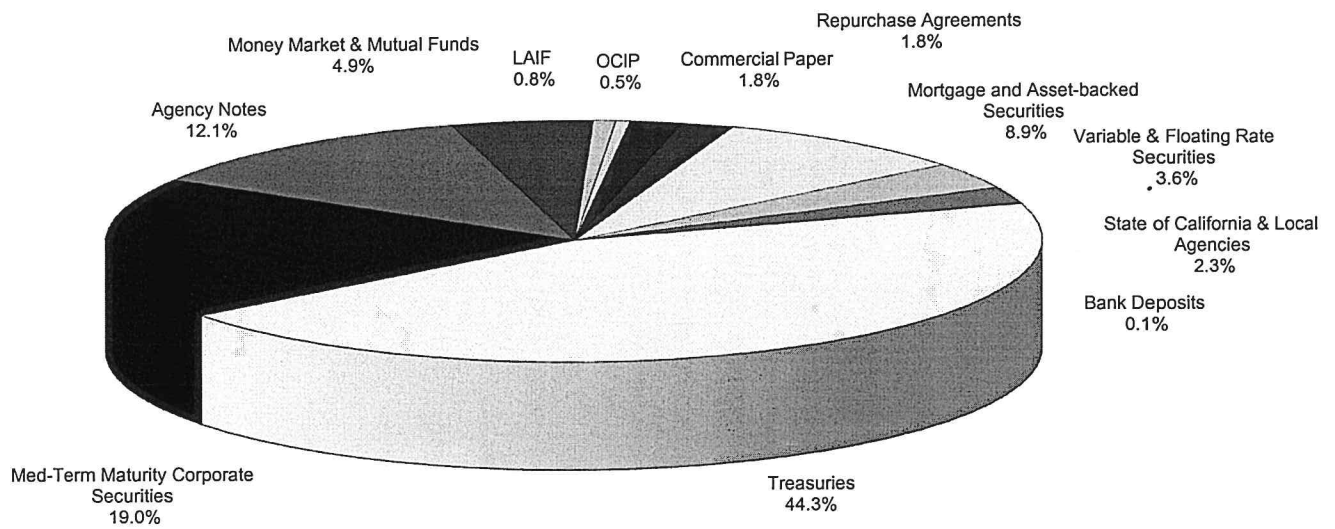
### Money Market Funds (MMF) & Mutual Funds

First American Obligations Treasury Fund	352	0.0%
Goldman Sach Fin. Square Govt. MMF	0	0.0%
Blackrock Institutional T-Fund	7,688,750	0.6%
Fidelity Treasury Obligations MMF	47,088,338	3.5%
Federated Treasury Obligations Fund	<u>11,091,563</u>	<u>0.8%</u>
	65,869,003	4.9%

# Investment Allocation

## As of 2/28/18

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# Negative Credit Watch

## As of 2/28/18

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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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### JPM

<i>Bayer US Financial</i>	200,000	10/8/2019	A-	A3	NA
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During May 2016, Standard & Poor's and Moody's placed the long-term ratings of Bayer Financial under review for possible downgrade.

<i>Walt Disney</i>	447,000	Various*	A+	A2	A
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On December 14, 2017, Standard & Poor's placed the long-term ratings of Walt Disney under review for possible downgrade.

<i>Qualcom</i>	320,000	5/20/2020	A	A1	NA
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On February 20, 2018, Standard & Poor's placed the long-term ratings of Qualcom under review for possible downgrade.

<i>Southern California Edison</i>	485,000	Various**	A	Aa3	A+
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On February 26, 2018, Fitch placed the long-term ratings of Southern California Edison under review possible downgrade.

### Payden & Rygel

<i>Qualcom</i>	530,000	5/20/2019	A	A1	NA
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On February 20, 2018, Standard & Poor's placed the long-term ratings of Qualcom under review for possible downgrade.

### Western Asset Management

<i>Qualcom</i>	1,740,000	Various***	A	A1	NA
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On February 20, 2018, Standard & Poor's placed the long-term ratings of Qualcom under review for possible downgrade.

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

\*\* Securities will mature on 8/15/18, 6/1/21, and 2/1/22.

\*\*\* Securities will mature on 5/18/18 and 5/20/20.

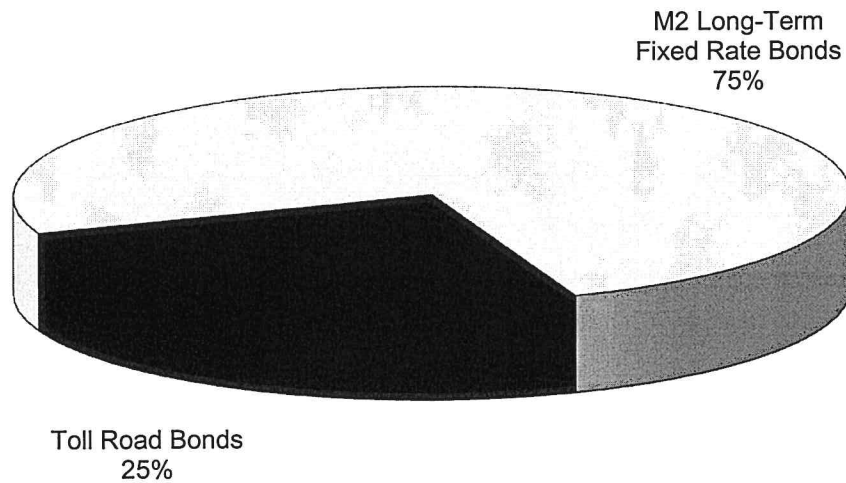
# DEBT PROGRAM

# Total Outstanding Debt

## As of 2/28/18

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Outstanding Debt



**TOTAL OUTSTANDING DEBT:     \$413,840,000**

# Outstanding Debt

## As of 2/28/18

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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 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:	\$	16,695,000
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