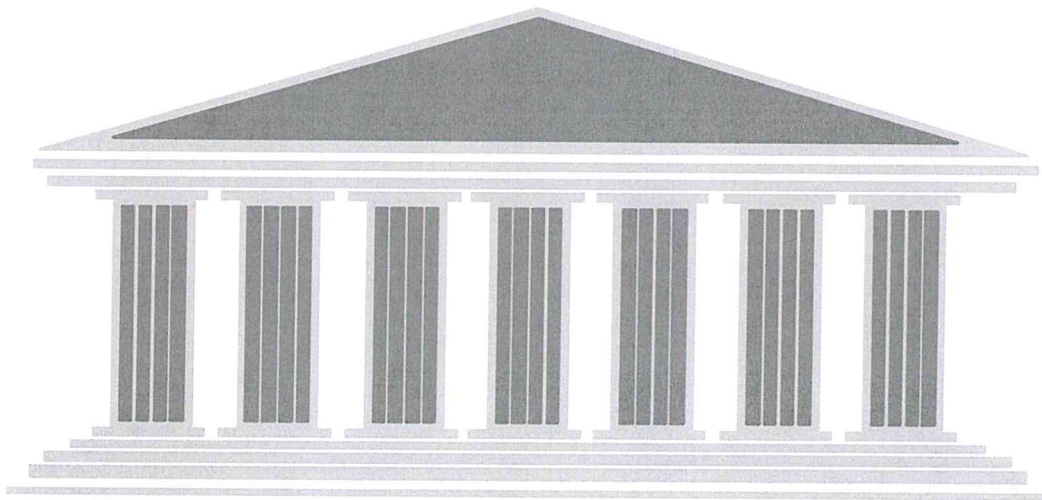


**Treasury/Public Finance Department's
Report On**

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



**Presented to the
Finance and Administration Committee**

**For The Period Ending
May 31, 2019**

INVESTMENT PROGRAM

OCTA Investment Dashboard

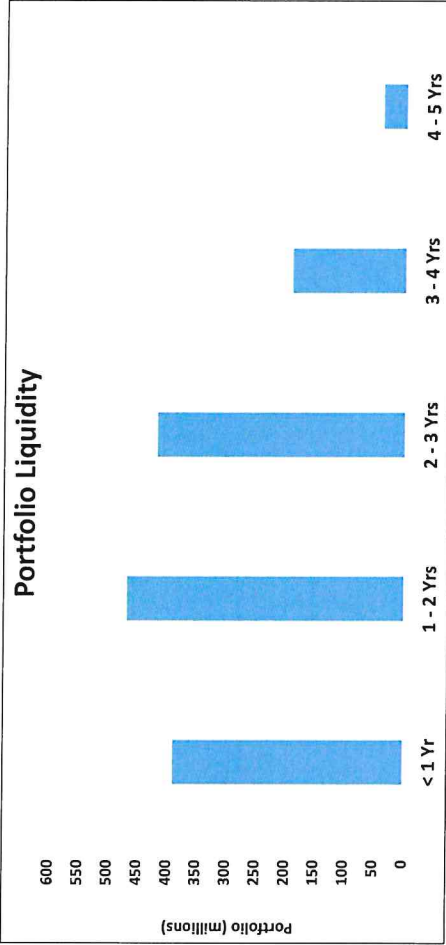
As of 5/31/19

Safety of Principal

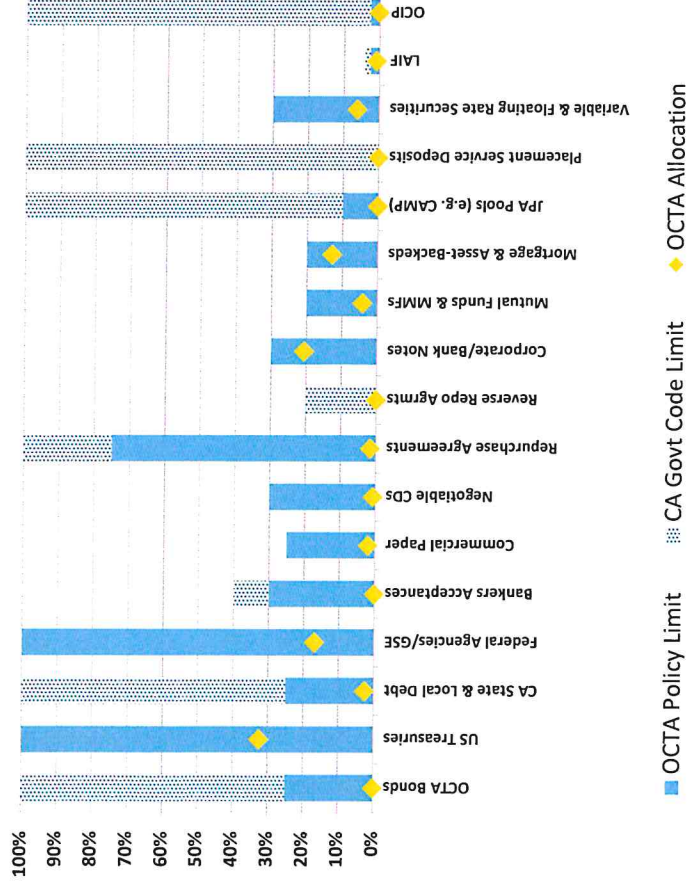
Securities that fall below OCTA's minimum credit quality requirements:
None

Issuers that fall below OCTA's minimum credit quality requirements:
Payden & Rygel

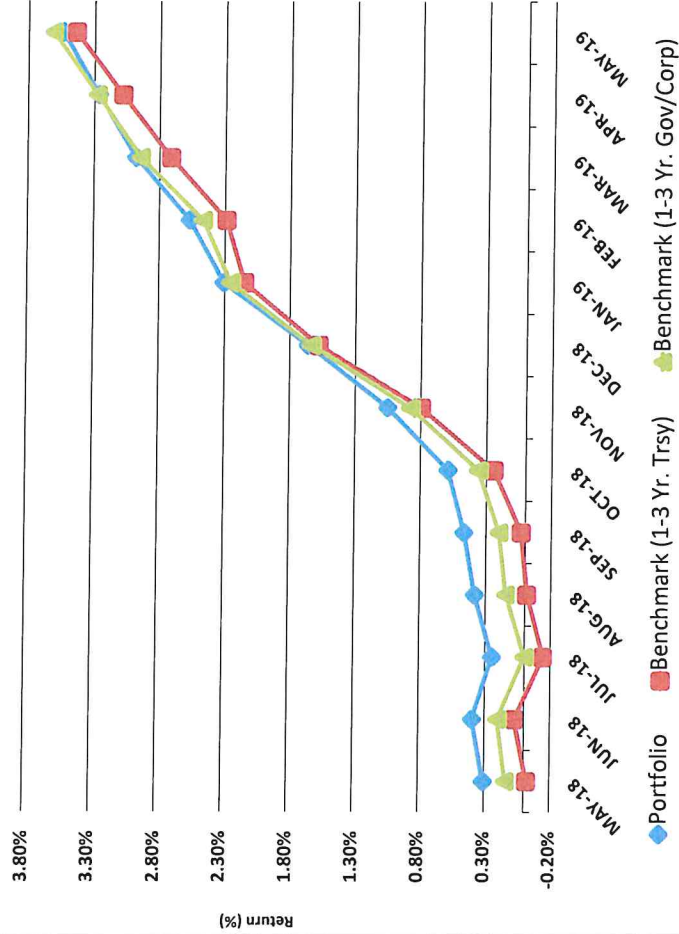
On Friday, May 24, 2019 Moody's downgraded the long-term debt rating of Nissan to A3 from A2, which falls below the investment policy requirement of A2. Current Nissan securities held by OCTA were not impacted by issuer downgrade, and remain AAA rated which meets the requirements of the investment policy.



Portfolio Diversification



Portfolio Return - 12 Month



Investment Profile

5/31/2019

| <u>Portfolio Manager</u> | <u>Depository</u> | <u>Role</u> | <u>Type of Investment</u> | <u>Amount (\$ Millions)</u> |
|-----------------------------------|---------------------|-------------|-------------------------------|-----------------------------|
| <i>LIQUID PORTFOLIO</i> | | | | |
| OCTA | BNY Mellon | Trustee | Cash | 60.0 |
| OCTA | Bank of the West | Broker | Cash | 24.5 |
| OCTA | U.S Bank | Trustee | Cash | 0.0 |
| <i>SHORT-TERM PORTFOLIO</i> | | | | |
| Logan Circle Partners | Union Bank | Custodian | Per OCTA Investment Policy | 376.0 |
| Chandler Asset Management | Union Bank | Custodian | Per OCTA Investment Policy | 377.0 |
| Payden & Rygel Investment Counsel | Union Bank | Custodian | Per OCTA Investment Policy | 379.8 |
| Public Financial Management (PFM) | Union Bank | Custodian | Per OCTA Investment Policy | 377.4 |
| <i>POOLED INVESTMENTS</i> | | | | |
| California State Treasurer | LAIF | Custodian | Per LAIF Investment Policy | 10.6 |
| Orange County Treasurer | OCIP | Custodian | Per OCIP Investment Policy | 0.2 |
| <i>BOND PROCEED PORTFOLIO</i> | | | | |
| OCTA | Bank of Nova Scotia | Custodian | Per Measure M2 Bond Indenture | 383.4 |
| OCTA | BNY Mellon | Trustee | Per GIC Agreement | 18.6 |
| <i>RESERVE FUNDS PORTFOLIO</i> | | | | |
| 91 Express Lanes 2013 Ref. Bonds | U.S Bank | Trustee | Commercial Paper | 11.2 |
| 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 | | | | 0.5 |
| TOTAL | | | | \$2,032.2 |

Short-Term Portfolio - \$1.51 Billion

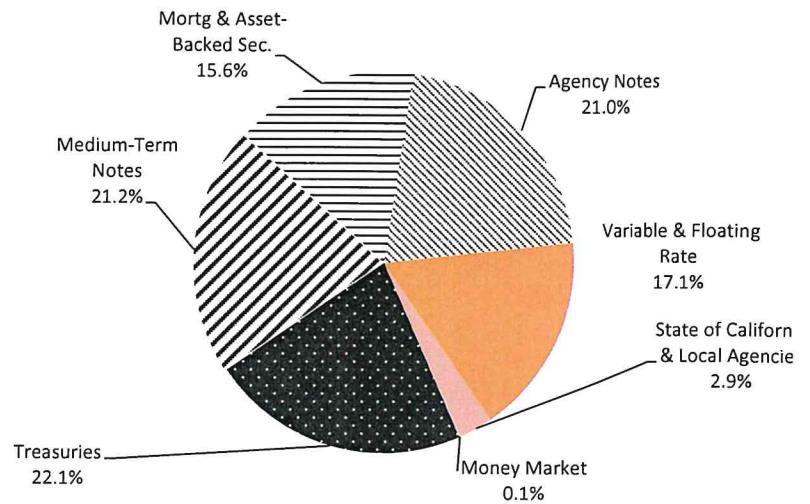
5/31/2019

Part 1 of 2

Logan Circle Partners

Book Value \$ 376,045,982

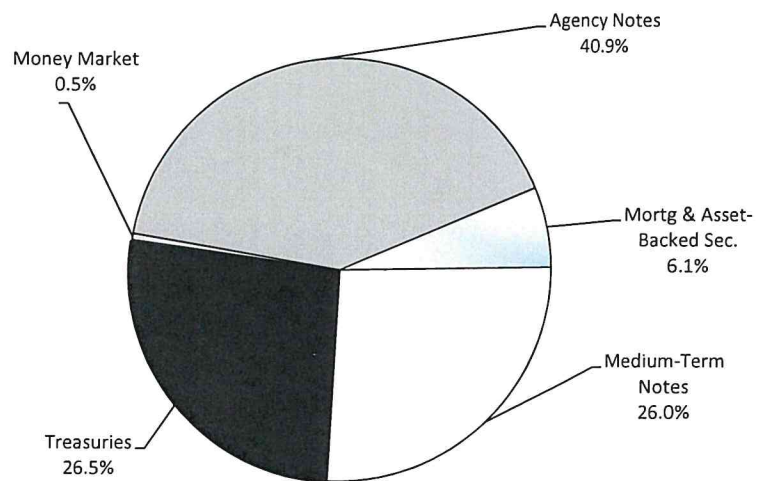
Market Value \$ 377,833,732



Chandler Asset Management

Book Value \$ 377,020,661

Market Value \$ 379,839,826



Market Value Reported By Clearwater

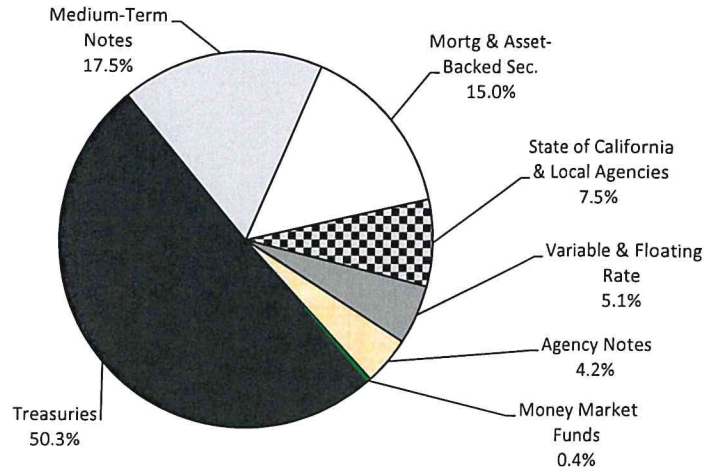
Short-Term Portfolio - \$1.51 Billion

5/31/2019

Part 2 of 2

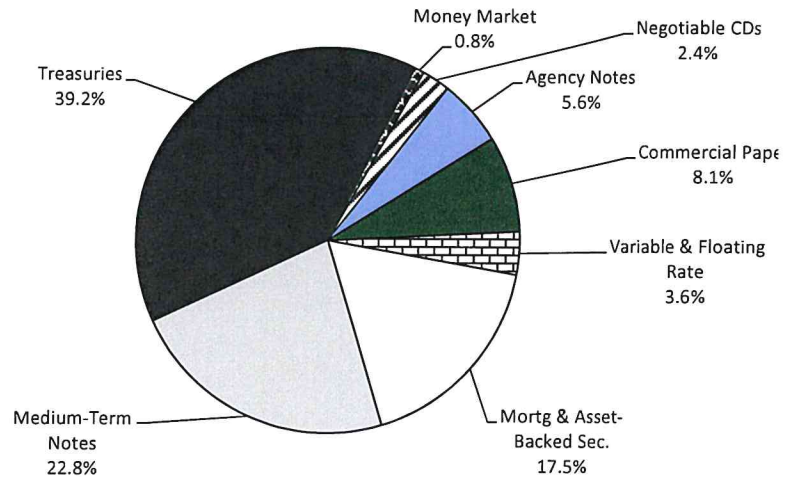
Payden & Rygel

| | | |
|--------------|----|-------------|
| Book Value | \$ | 379,751,345 |
| Market Value | \$ | 382,208,022 |



Public Financial Management (PFM)

| | | |
|--------------|----|-------------|
| Book Value | \$ | 377,352,567 |
| Market Value | \$ | 381,215,158 |



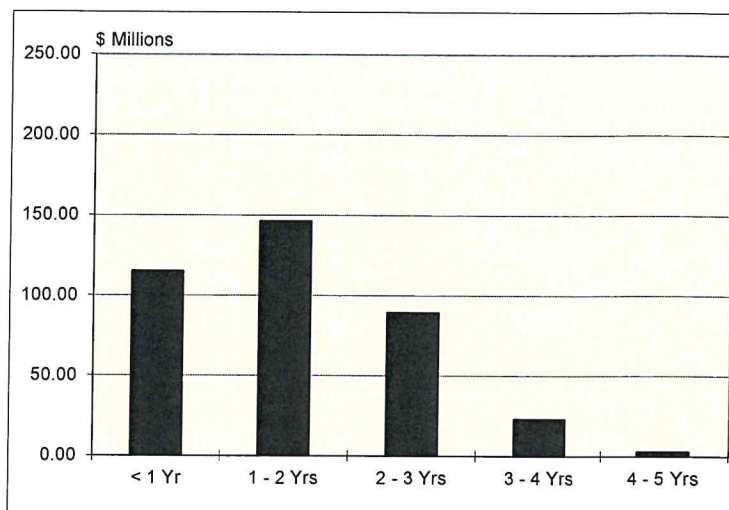
Market Value Reported By Clearwater

Short-Term Portfolio Maturity Schedule

5/31/2019

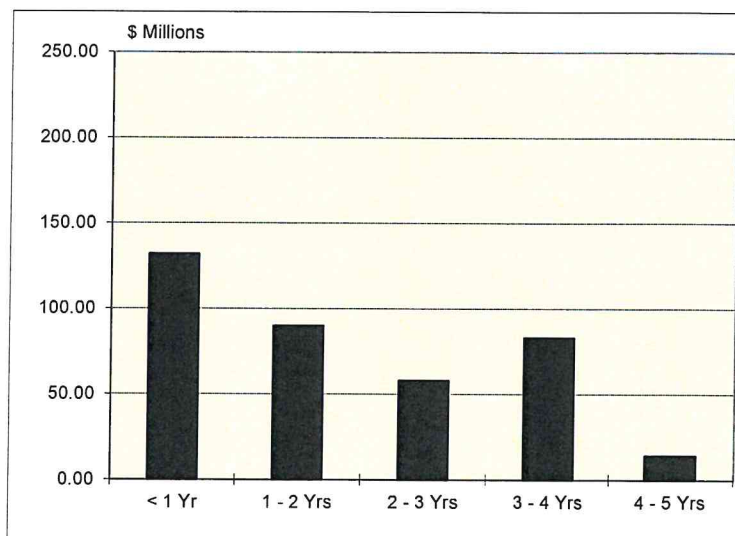
Logan Circle Partners (\$376.0 M)

| | |
|--------------------|-------|
| Monthly Return | 0.42% |
| TSY Benchmark | 0.71% |
| Gov/Corp Benchmark | 0.69% |
| Fiscal YTD Return | 3.03% |
| TSY Benchmark | 3.43% |
| Gov/Corp Benchmark | 3.60% |
| 12 Month Return | 3.06% |
| TSY Benchmark | 3.44% |
| Gov/Corp Benchmark | 3.61% |



Chandler Asset Management (\$377.0 M)

| | |
|----------------------|-------|
| Monthly Return | 0.66% |
| Benchmark Comparison | 0.71% |
| Gov/Corp Benchmark | 0.69% |
| Fiscal YTD Return | 3.54% |
| TSY Benchmark | 3.43% |
| Gov/Corp Benchmark | 3.60% |
| 12 Month Return | 3.58% |
| TSY Benchmark | 3.44% |
| Gov/Corp Benchmark | 3.61% |



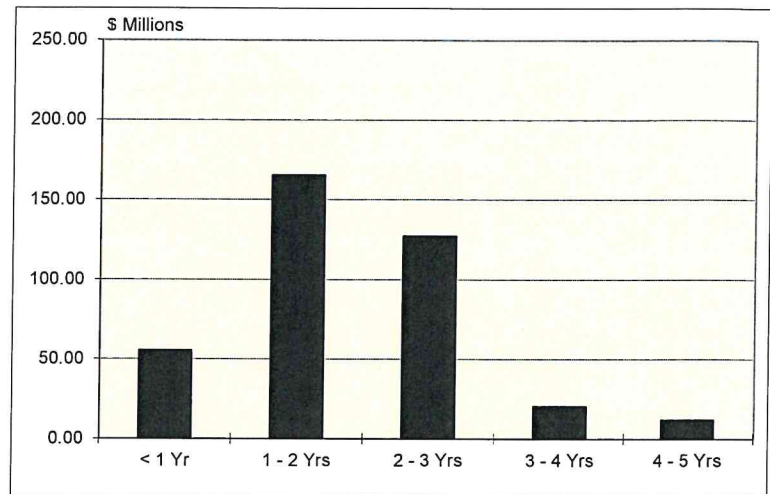
| Yield Curve Change From 4/30/19 to 5/31/19 | | | |
|---|---------|---------|----------|
| | 4/30/19 | 5/31/19 | Change |
| 1 Year | 2.403% | 2.040% | -0.3630% |
| 2 Year | 2.341% | 1.839% | -0.5020% |
| 3 Year | 2.315% | 1.806% | -0.5090% |
| 5 Year | 2.348% | 1.864% | -0.4840% |
| 30 Year | 2.944% | 2.625% | -0.3190% |

Short-Term Portfolio Maturity Schedule

5/31/2019

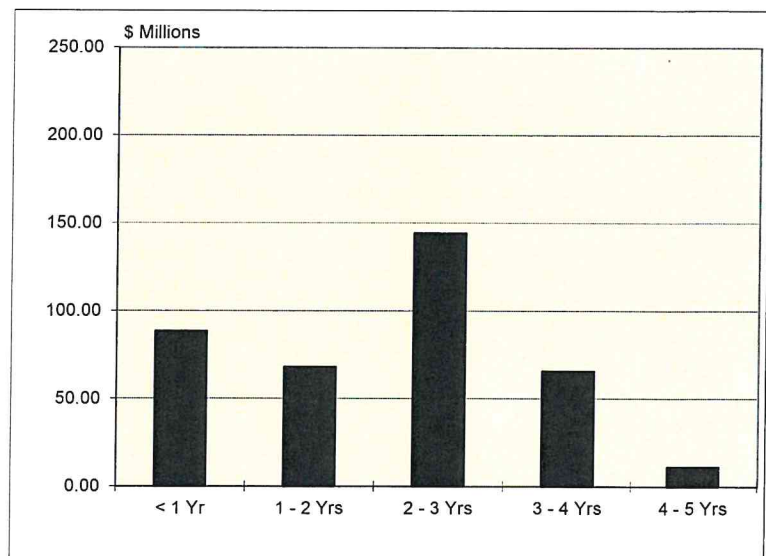
Payden & Rygel (\$379.8 M)

| | |
|--------------------|-------|
| Monthly Return | 0.70% |
| TSY Benchmark | 0.71% |
| Gov/Corp Benchmark | 0.69% |
| Fiscal YTD Return | 3.64% |
| TSY Benchmark | 3.43% |
| Gov/Corp Benchmark | 3.60% |
| 12 Month Return | 3.71% |
| TSY Benchmark | 3.44% |
| Gov/Corp Benchmark | 3.61% |



Public Financial Management (\$377.4 M)

| | |
|--------------------|-------|
| Monthly Return | 0.71% |
| TSY Benchmark | 0.71% |
| Gov/Corp Benchmark | 0.69% |
| Fiscal YTD Return | 3.72% |
| TSY Benchmark | 3.43% |
| Gov/Corp Benchmark | 3.60% |
| 12 Month Return | 3.79% |
| TSY Benchmark | 3.44% |
| Gov/Corp Benchmark | 3.61% |

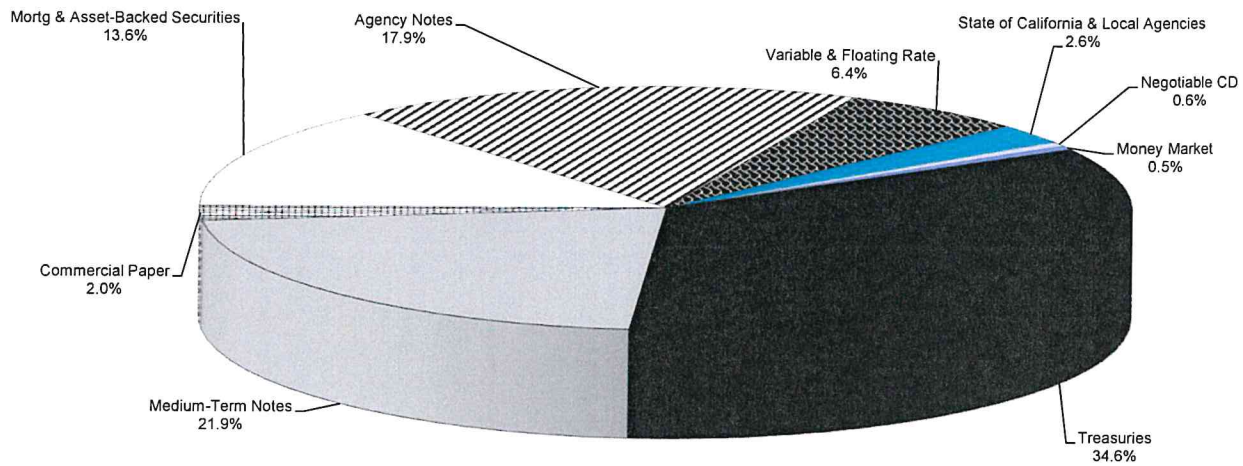


| Yield Curve Change From 4/30/19 to 5/31/19 | | | |
|---|----------------|----------------|---------------|
| | <u>4/30/19</u> | <u>5/31/19</u> | <u>Change</u> |
| 1 Year | 2.403% | 2.040% | -0.3630% |
| 2 Year | 2.341% | 1.839% | -0.5020% |
| 3 Year | 2.315% | 1.806% | -0.5090% |
| 5 Year | 2.348% | 1.864% | -0.4840% |
| 30 Year | 2.944% | 2.625% | -0.3190% |

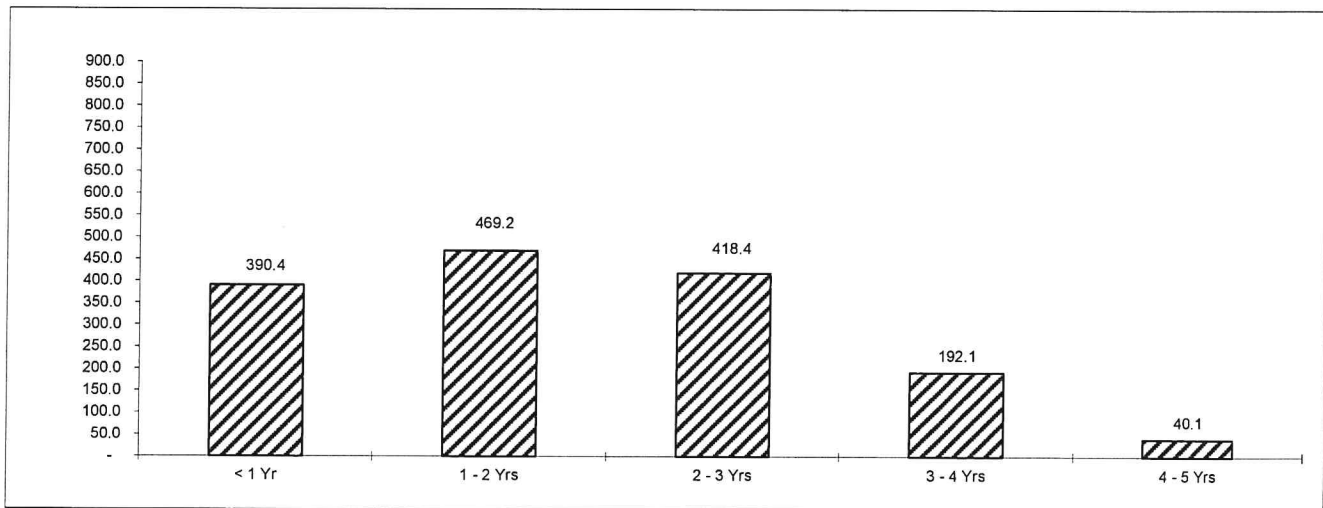
Short-Term Portfolio

5/31/2019

Total Portfolio Composition

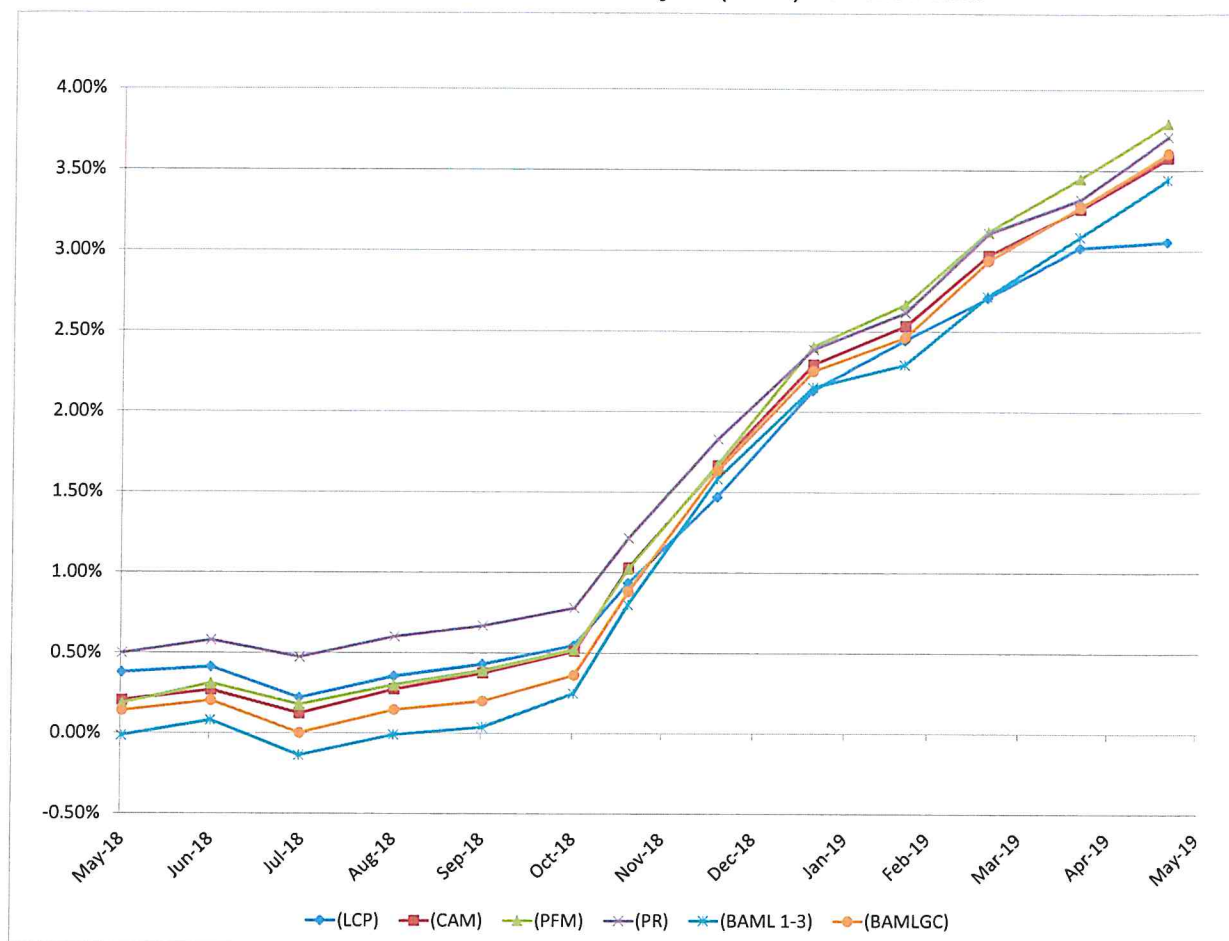


Total Portfolio Maturity Schedule



Short-Term Portfolio Performance 5/31/2019

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

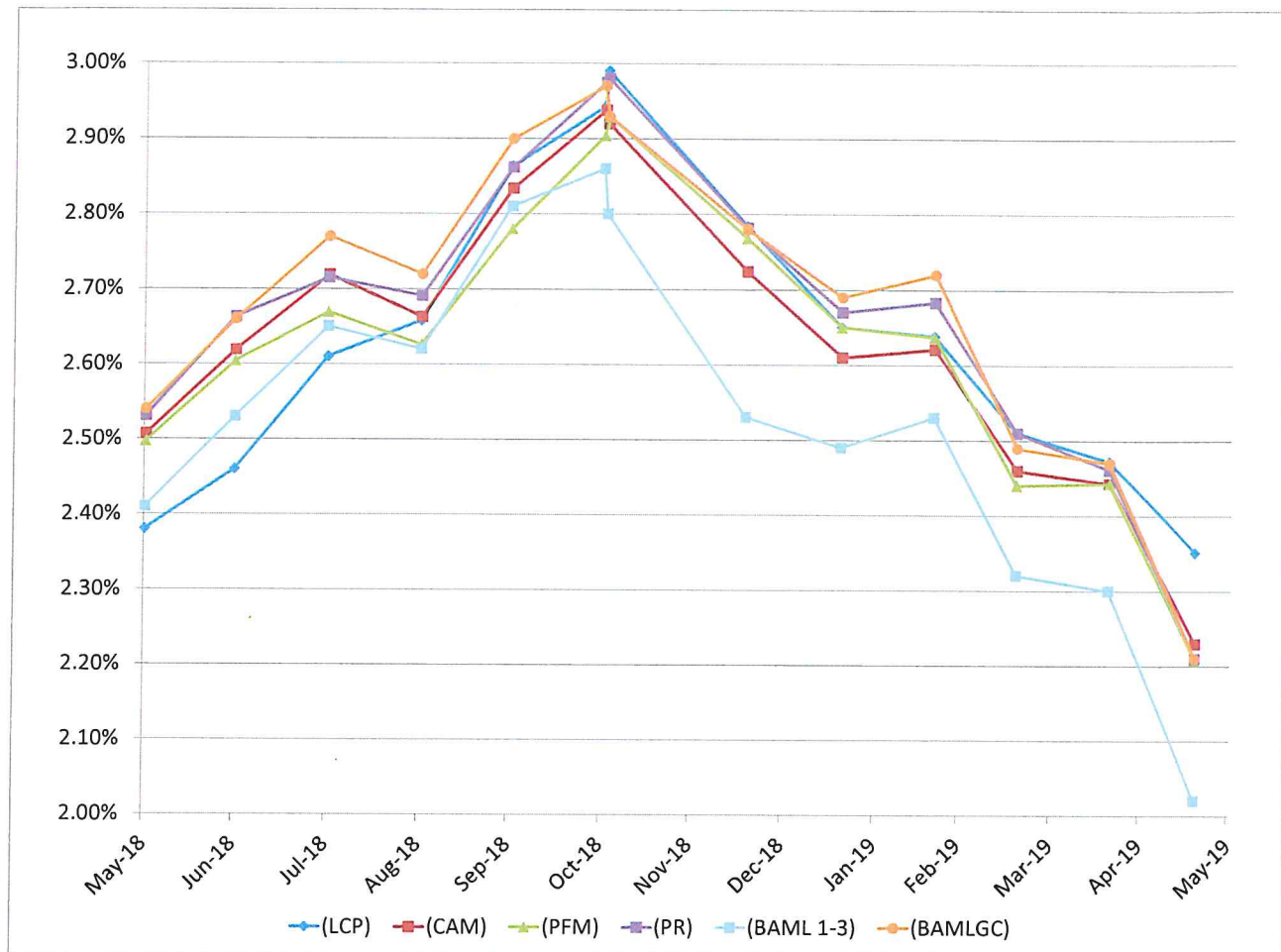


| | Logan Circle Partners (LCP) | Chandler Asset Mgmt (CAM) | Public Fin Mgmt (PFM) | Payden & Rygel (PR) | ICE/BAML 1-3 Yr Trsy (BAML 1-3) | BAML 1-3 Yr Gov/Corp (BAMLG) |
|--------|-----------------------------------|---------------------------------|-----------------------------|---------------------------|---------------------------------------|------------------------------------|
| 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% |
| Nov-18 | 0.93% | 1.03% | 1.02% | 1.22% | 0.80% | 0.88% |
| Dec-18 | 1.47% | 1.67% | 1.67% | 1.83% | 1.58% | 1.64% |
| Jan-19 | 2.13% | 2.29% | 2.41% | 2.39% | 2.15% | 2.25% |
| Feb-19 | 2.44% | 2.54% | 2.67% | 2.62% | 2.29% | 2.46% |
| Mar-19 | 2.71% | 2.97% | 3.12% | 3.11% | 2.72% | 2.94% |
| Apr-19 | 3.02% | 3.26% | 3.45% | 3.32% | 3.08% | 3.27% |
| May-19 | 3.06% | 3.58% | 3.79% | 3.71% | 3.44% | 3.61% |

Short-Term Portfolio Performance

5/31/2019

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) | BAML 1-3 Yr Gov/Corp (BAMLGC) |
|--------|-----------------------------------|---------------------------------|-----------------------------|-------------------------|---------------------------------------|-------------------------------------|
| 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% |
| Nov-18 | 2.99% | 2.92% | 2.93% | 2.98% | 2.80% | 2.93% |
| Dec-18 | 2.78% | 2.72% | 2.77% | 2.78% | 2.53% | 2.78% |
| Jan-19 | 2.65% | 2.61% | 2.65% | 2.67% | 2.49% | 2.69% |
| Feb-19 | 2.64% | 2.62% | 2.64% | 2.68% | 2.53% | 2.72% |
| Mar-19 | 2.51% | 2.46% | 2.44% | 2.51% | 2.32% | 2.49% |
| Apr-19 | 2.47% | 2.44% | 2.44% | 2.46% | 2.30% | 2.47% |
| May-19 | 2.35% | 2.23% | 2.21% | 2.21% | 2.02% | 2.21% |

Investment Policy Compliance

5/31/2019

| Portfolio Subject to Investment Policy | Dollar Amount Invested | Percent Of Portfolio | Investment Policy Maximum Percentages |
|--|---------------------------------------|---------------------------------|--|
| <u>Liquid and Short-Term Portfolio</u> | | | |
| U.S. Treasuries | 521,938,999 | 32.5% | 100% |
| Federal Agencies & U.S. Government Sponsored * | 269,952,905 | 16.8% | 100% |
| State of California & Local Agencies | 39,252,383 | 2.4% | 25% |
| Bankers Acceptances | - | 0.0% | 30% |
| Commercial Paper | 30,598,797 | 1.9% | 25% |
| Negotiable Certificates of Deposit | 9,000,000 | 0.6% | 30% |
| Repurchase Agreements | 24,560,517 | 1.5% | 75% |
| Medium Term Maturity Corporate Securities | 330,296,619 | 20.6% | 30% |
| Money Market & Mutual Funds | 66,899,273 | 4.2% | 20% |
| Mortgage and Asset-backed Securities | 205,083,183 | 12.8% | 20%** |
| Local Agency Investment Fund (LAIF) | 10,610,270 | 0.7% | \$ 40 Million |
| Orange County Investment Pool (OCIP) | 206,243 | 0.0% | \$ 40 Million |
| Variable & Floating Rate Securities | 97,150,991 | 6.1% | 30% |
| TOTAL | 1,605,550,179 | 100.0% | |

* See attached page for a detailed listing of this category

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

Portfolio Subject to Indenture

| Portfolio Subject to Indenture | Dollar Amount Invested |
|---------------------------------------|---------------------------------------|
| <u>Bond Proceeds Portfolio</u> | |
| Money Market Funds | 18,554,034 |
| Guaranteed Investment Contract | 383,350,000 |
| | <hr/> |
| | 401,904,034 |

Reserve Funds Portfolio

| | |
|------------------|------------|
| Commercial Paper | 24,758,613 |
|------------------|------------|

Investment Policy Compliance

5/31/2019

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) | 118,172,907 | 7.4% | 35% |
| Federal Home Loan Mortgage Corporation (FHLMC) | 67,019,498 | 4.2% | 35% |
| Federal Farm Credit Bank (FFCB) | 37,674,091 | 2.3% | 35% |
| Federal National Mortgage Association (FNMA) | 68,080,045 | 4.2% | 35% |
| | 290,946,542 * | 18.1% | |

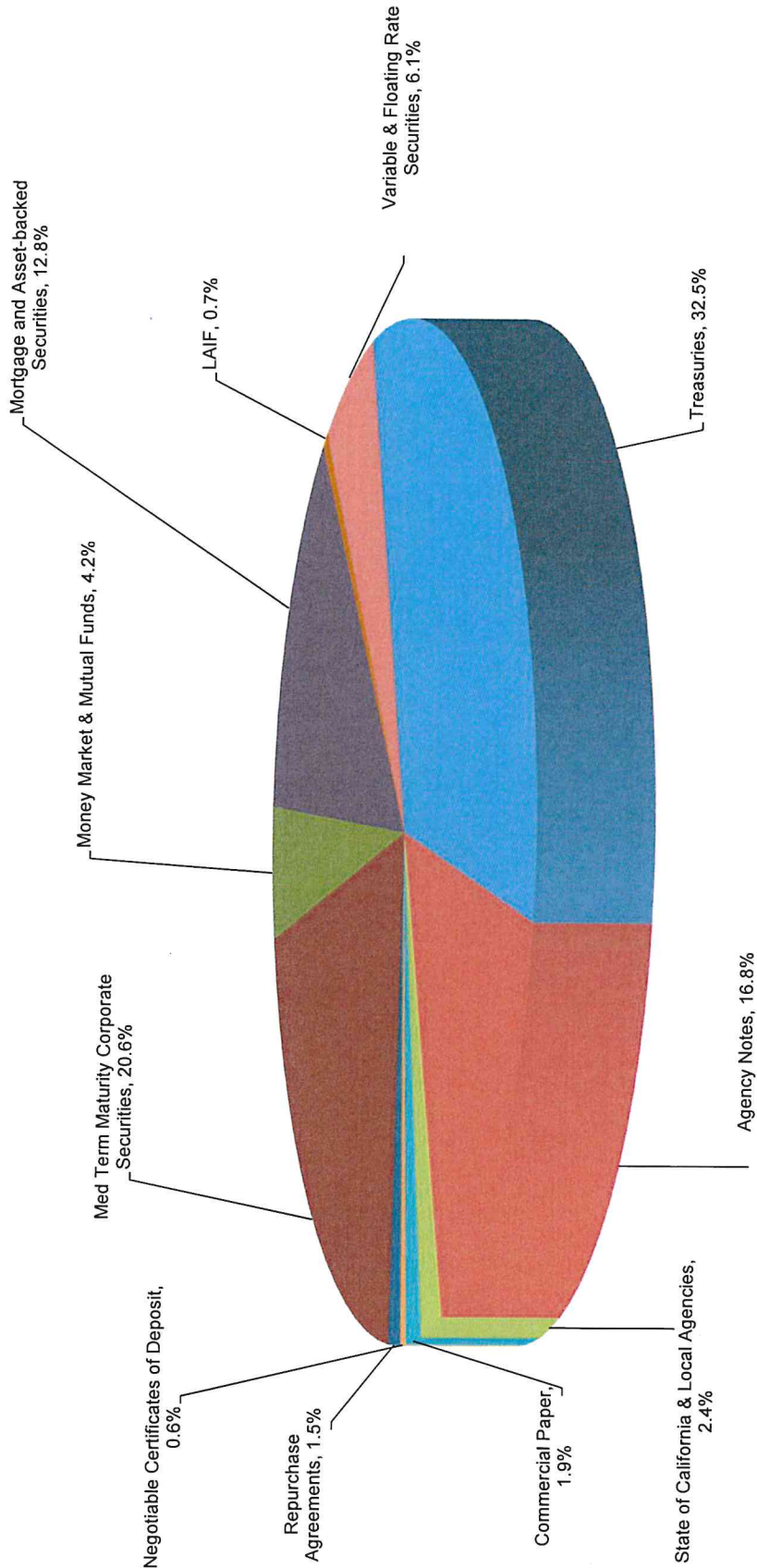
* The Total Dollar Amount Invested Equals The Dollar Amount Invested For Federal Agency Securities, Variable & Floating Rate (Agency) Securities, And A Portion Of Mortgage (Agency) & Asset-back Securities.

Money Market Funds (MMF) & Mutual Funds

| | | |
|--|-------------------|-------------|
| First American Obligations Treasury Fund | 4,902 | 0.0% |
| Blackrock Institutional T-Fund | 6,896,679 | 0.4% |
| Fidelity Treasury Obligations MMF | 30,141,569 | 1.9% |
| Federated Treasury Obligations Fund | <u>29,856,123</u> | <u>1.9%</u> |
| | 66,899,273 | 4.2% |

Investment Allocation for Liquid and Short-Term Portfolio

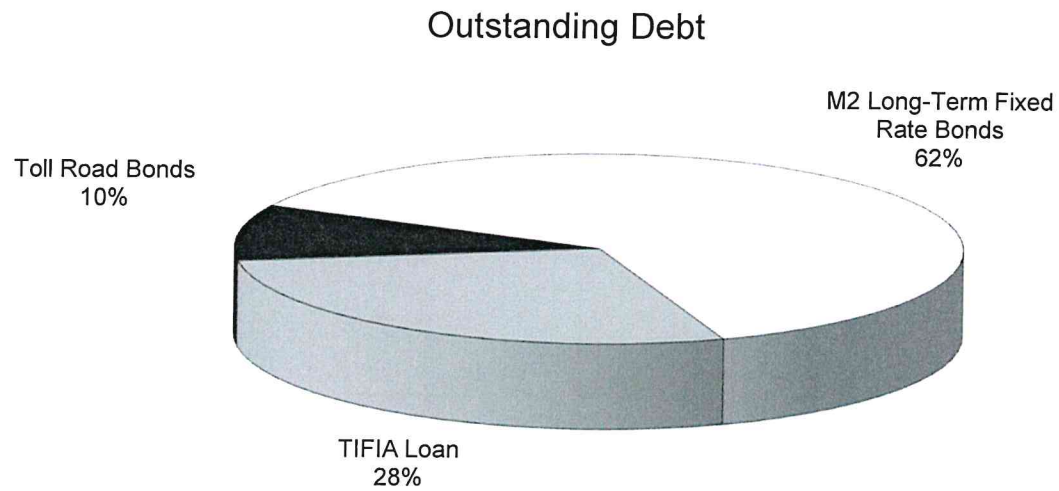
5/31/2019



DEBT PROGRAM

Total Outstanding Debt

As of 5/31/19



TOTAL OUTSTANDING DEBT: \$1,020,015,000

Outstanding Debt

As of 5/31/19

Orange County Local Transportation Authority (OCLTA-M2)

2010 Series A Taxable Build America Bonds - Sales Tax Revenue Bonds

| | | |
|-------------------------|-----------------------|-------------|
| Issued: | \$ | 293,540,000 |
| Outstanding: | | 250,000,000 |
| Debt Service FY 2019: | | 19,880,488 |
| 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: | | 8,530,000 |
| Debt Service FY 2019: | | 8,914,350 |
| Pledged Revenue Source: | M2 Sales Tax Revenues | |
| Ratings | Aa2/AA+/AA+ | |
| Final Maturity | | 2020 |

2019 M2 Sales Tax Bond

| | | |
|-------------------------|-----------------------|-------------|
| Issued: | \$ | 376,690,000 |
| Outstanding: | | 376,690,000 |
| Debt Service FY 2019: | | - |
| Pledged Revenue Source: | M2 Sales Tax Revenues | |
| Ratings: | AA+/AA+ | |
| Final Maturity: | | 2041 |

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: | \$ | 287,000,000 |
| Accrued Debt Service FY 2019: | \$ | 6,998,351 |
| Pledged Revenue Source: | 405 Toll Road Revenues | |
| Ratings | Baa2 | |
| Final Maturity | | 2057 |