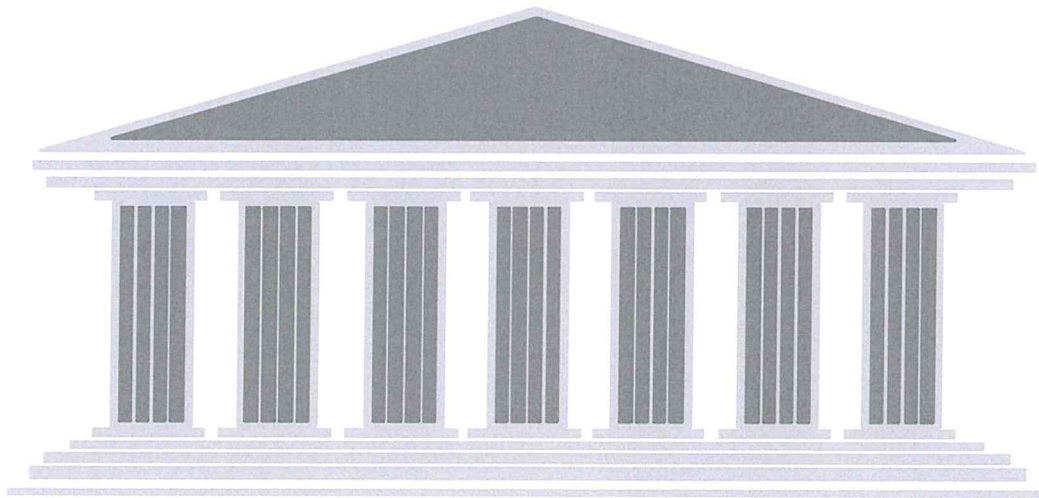


**Treasury/Public Finance Department's
Report On**

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



**Presented to the
Finance and Administration Committee**

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

INVESTMENT PROGRAM

OCTA Investment Dashboard

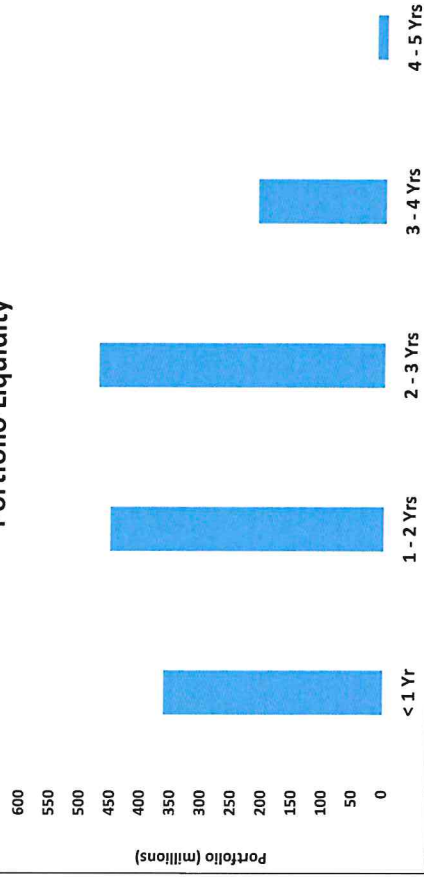
7/31/2019

Safety of Principal

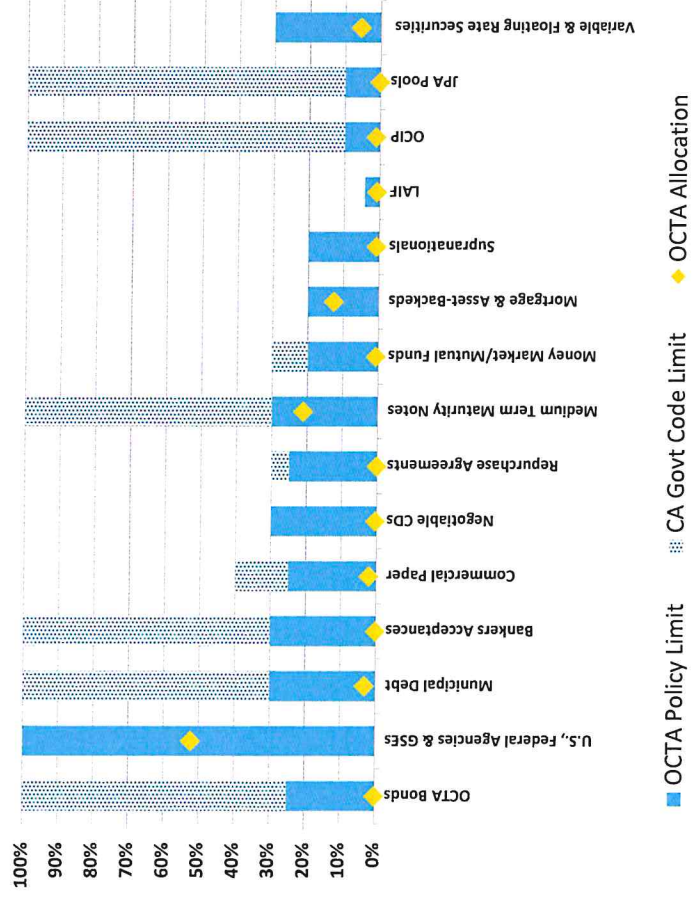
Securities that fall below OCTA's minimum credit quality requirements:

None

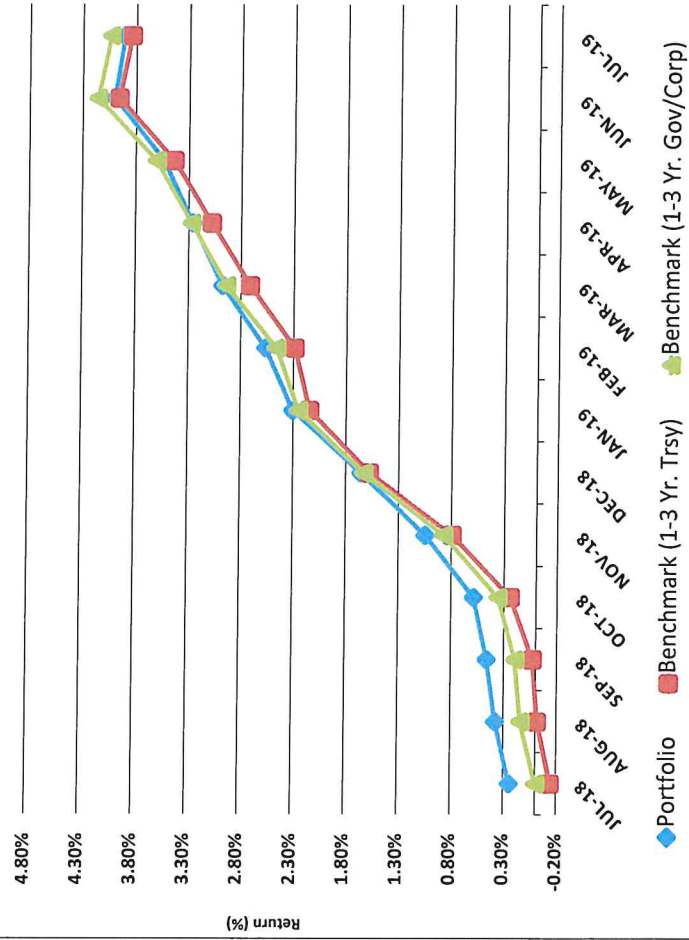
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



Investment Profile

7/31/2019

| <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 | 87.7 |
| OCTA | Bank of the West | Broker | Cash | 16.7 |
| OCTA | U.S Bank | Trustee | Cash | 8.5 |
| <i>SHORT-TERM PORTFOLIO</i> | | | | |
| MetLife Investment Management | Union Bank | Custodian | Per OCTA Investment Policy | 377.6 |
| Chandler Asset Management | Union Bank | Custodian | Per OCTA Investment Policy | 378.4 |
| Payden & Rygel Investment Counsel | Union Bank | Custodian | Per OCTA Investment Policy | 383.1 |
| Public Financial Management (PFM) | Union Bank | Custodian | Per OCTA Investment Policy | 379.0 |
| <i>POOLED INVESTMENTS</i> | | | | |
| California State Treasurer | LAIF | Custodian | Per LAIF Investment Policy | 10.7 |
| Orange County Treasurer | OCIP | Custodian | Per OCIP Investment Policy | 16.4 |
| <i>BOND PROCEED PORTFOLIO</i> | | | | |
| OCTA | Bank of Nova Scotia | Custodian | Per Measure M2 Bond Indenture | 350.1 |
| OCTA | BNY Mellon | Trustee | Per Measure M2 Bond Indenture | 53.8 |
| <i>RESERVE FUNDS PORTFOLIO</i> | | | | |
| 91 Express Lanes 2013 Ref. Bonds | U.S Bank | Trustee | Commercial Paper | 11.3 |
| 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 | | | | 0.6 |
| TOTAL | | | | \$2,086.9 |

Short-Term Portfolio - \$1.52 Billion

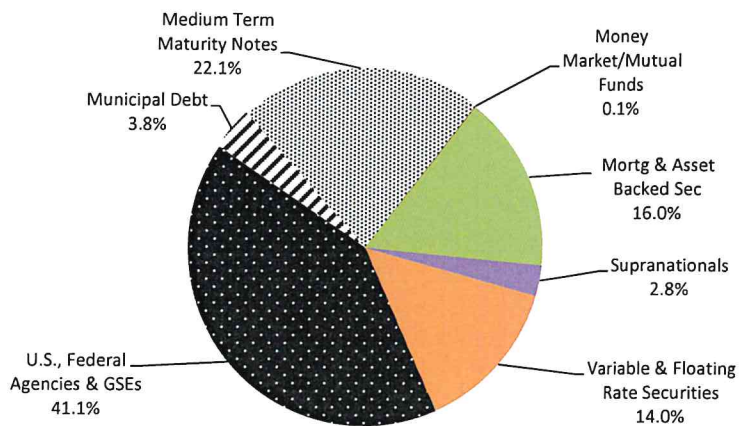
7/31/2019

Part 1 of 2

MetLife Investment Management

Book Value \$ 377,559,885

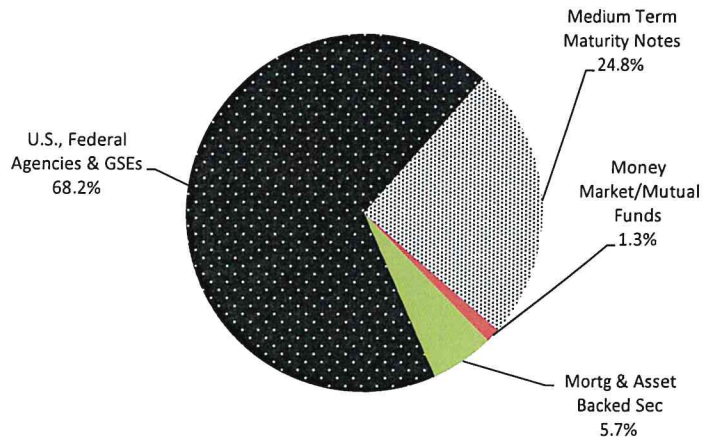
Market Value \$ 377,597,282



Chandler Asset Management

Book Value \$ 378,401,554

Market Value \$ 381,958,757



Market Value as Reported By Clearwater

Short-Term Portfolio - \$1.52 Billion

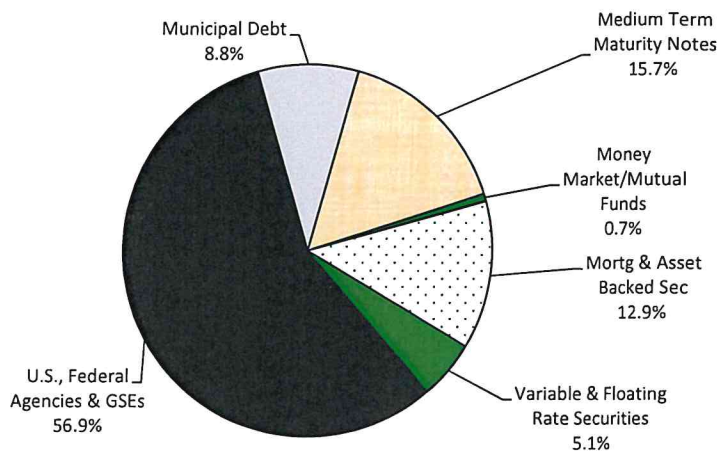
7/31/2019

Part 2 of 2

Payden & Rygel

Book Value \$ 383,115,106

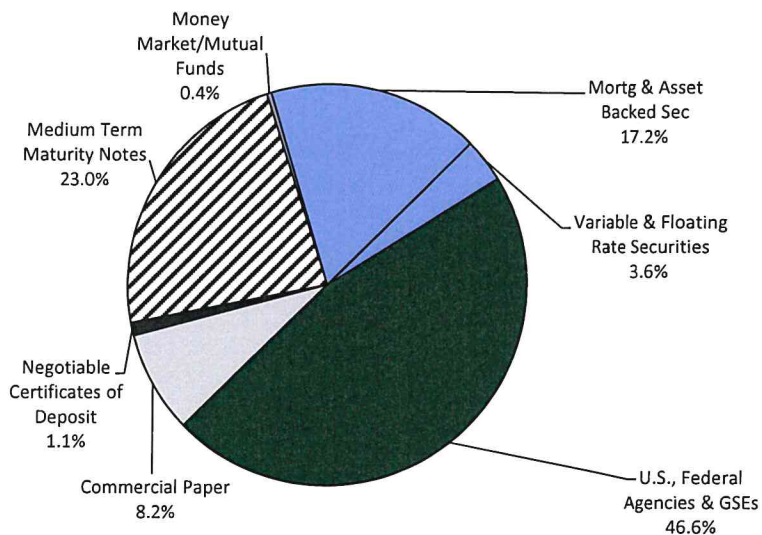
Market Value \$ 378,091,490



Public Financial Management (PFM)

Book Value \$ 379,024,856

Market Value \$ 383,361,296



Market Value as Reported By Clearwater

Short-Term Portfolio Maturity Schedule

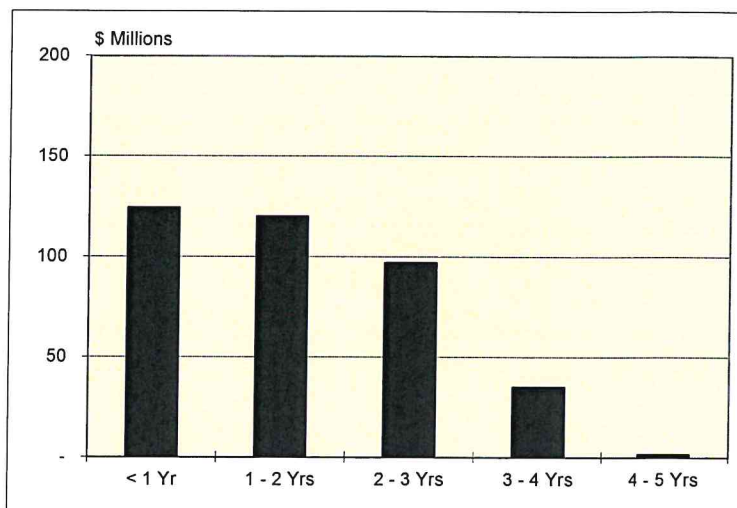
7/31/2019

MetLife Investment Management (\$377.6 M)

Monthly Return 0.09%
 TSY Benchmark -0.12%
 Gov/Corp Benchmark -0.07%

Fiscal YTD Return 3.55%
 TSY Benchmark 3.84%
 Gov/Corp Benchmark 4.09%

12 Month Return 3.49%
 TSY Benchmark 3.84%
 Gov/Corp Benchmark 4.04%

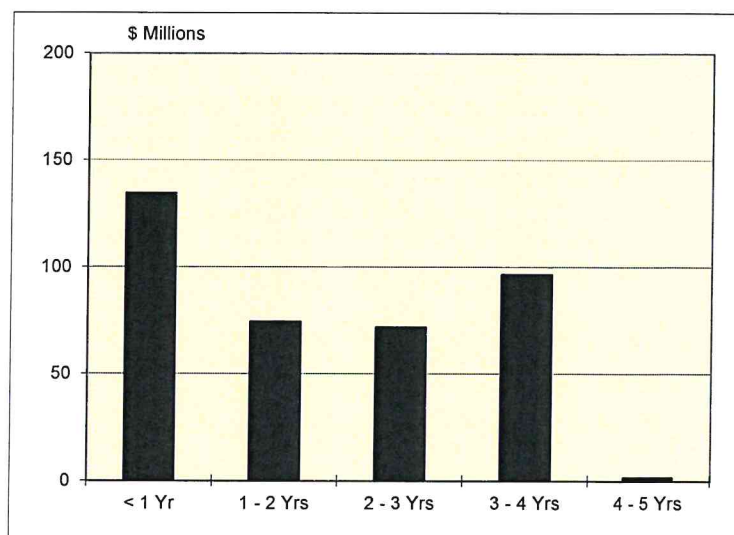


Chandler Asset Management (\$378.4 M)

Monthly Return 0.01%
 Benchmark Comparison -0.12%
 Gov/Corp Benchmark -0.07%

Fiscal YTD Return 3.43%
 TSY Benchmark 3.84%
 Gov/Corp Benchmark 4.09%

12 Month Return 4.01%
 TSY Benchmark 3.84%
 Gov/Corp Benchmark 4.04%



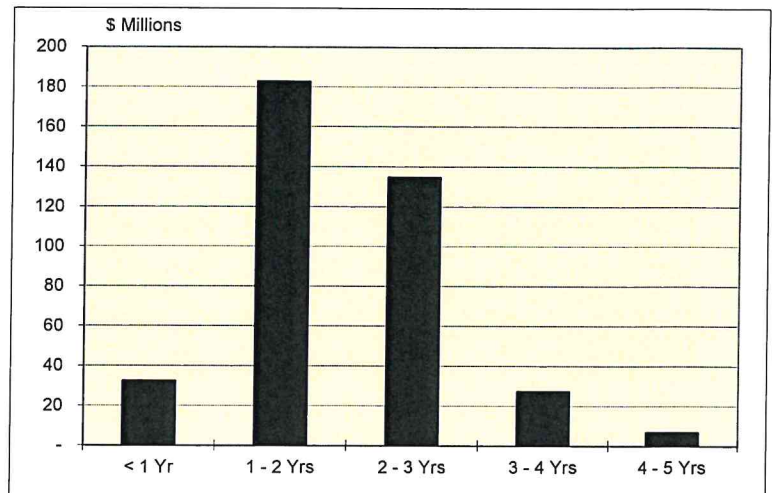
| Yield Curve Change From 6/30/19 to 7/31/19 | | | |
|---|---------|---------|----------|
| | 6/30/19 | 7/31/19 | Change |
| 1 Year | 1.916% | 1.793% | -0.1230% |
| 2 Year | 1.762% | 1.580% | -0.1820% |
| 3 Year | 1.708% | 1.538% | -0.1700% |
| 5 Year | 1.734% | 1.527% | -0.2070% |
| 30 Year | 2.467% | 2.265% | -0.2020% |

Short-Term Portfolio Maturity Schedule

7/31/2019

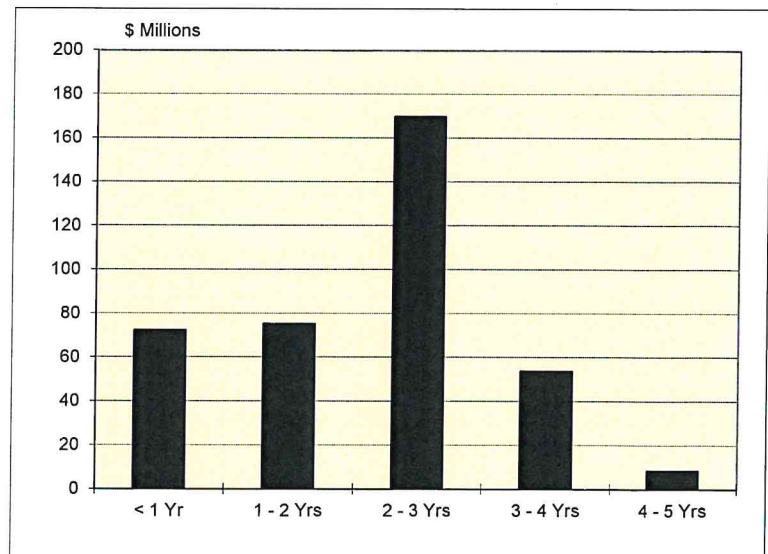
Payden & Rygel (\$383.1 M)

| | |
|--------------------|--------|
| Monthly Return | -0.06% |
| TSY Benchmark | -0.12% |
| Gov/Corp Benchmark | -0.07% |
| Fiscal YTD Return | 3.33% |
| TSY Benchmark | 3.84% |
| Gov/Corp Benchmark | 4.09% |
| 12 Month Return | 3.99% |
| TSY Benchmark | 3.84% |
| Gov/Corp Benchmark | 4.04% |



Public Financial Management (\$379.0 M)

| | |
|--------------------|--------|
| Monthly Return | -0.05% |
| TSY Benchmark | -0.12% |
| Gov/Corp Benchmark | -0.07% |
| Fiscal YTD Return | 3.43% |
| TSY Benchmark | 3.84% |
| Gov/Corp Benchmark | 4.09% |
| 12 Month Return | 4.13% |
| TSY Benchmark | 3.84% |
| Gov/Corp Benchmark | 4.04% |

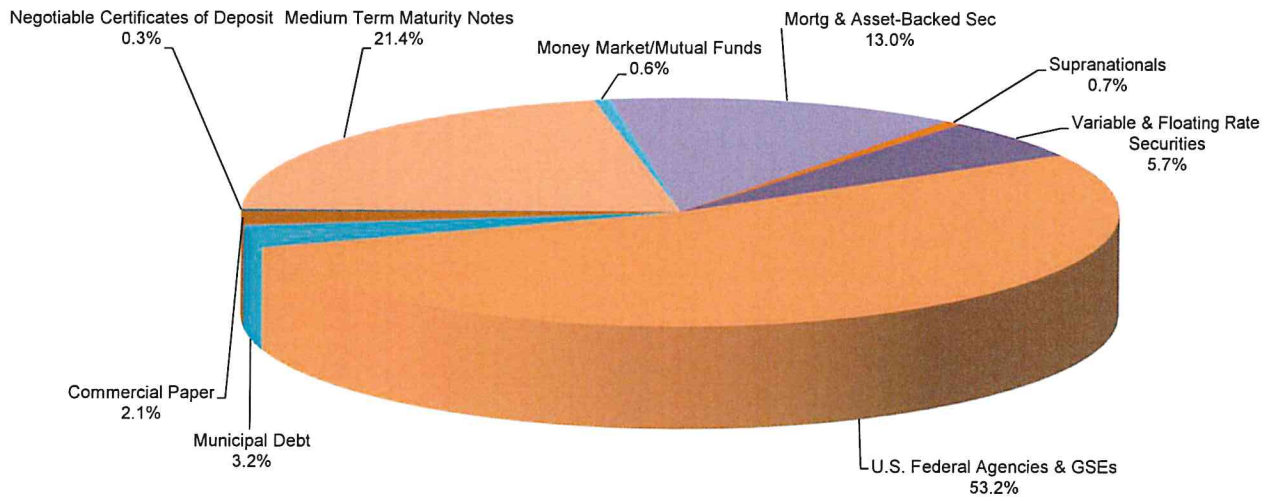


| Yield Curve Change From 6/30/19 to 7/31/19 | | | |
|---|---------|---------|----------|
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| 30 Year | 2.467% | 2.265% | -0.2020% |

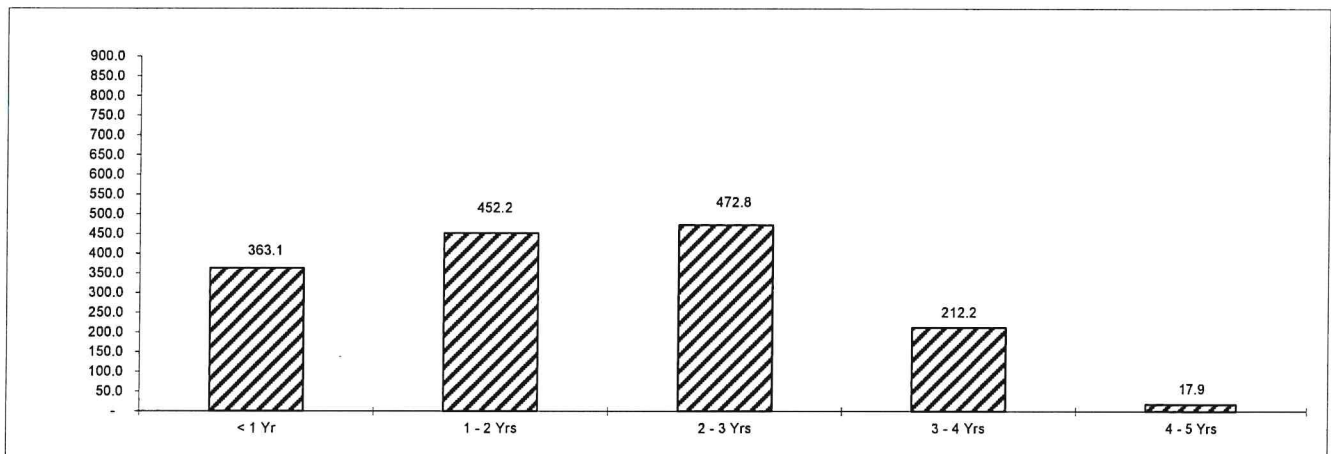
Short-Term Portfolio

7/31/2019

Portfolio Composition



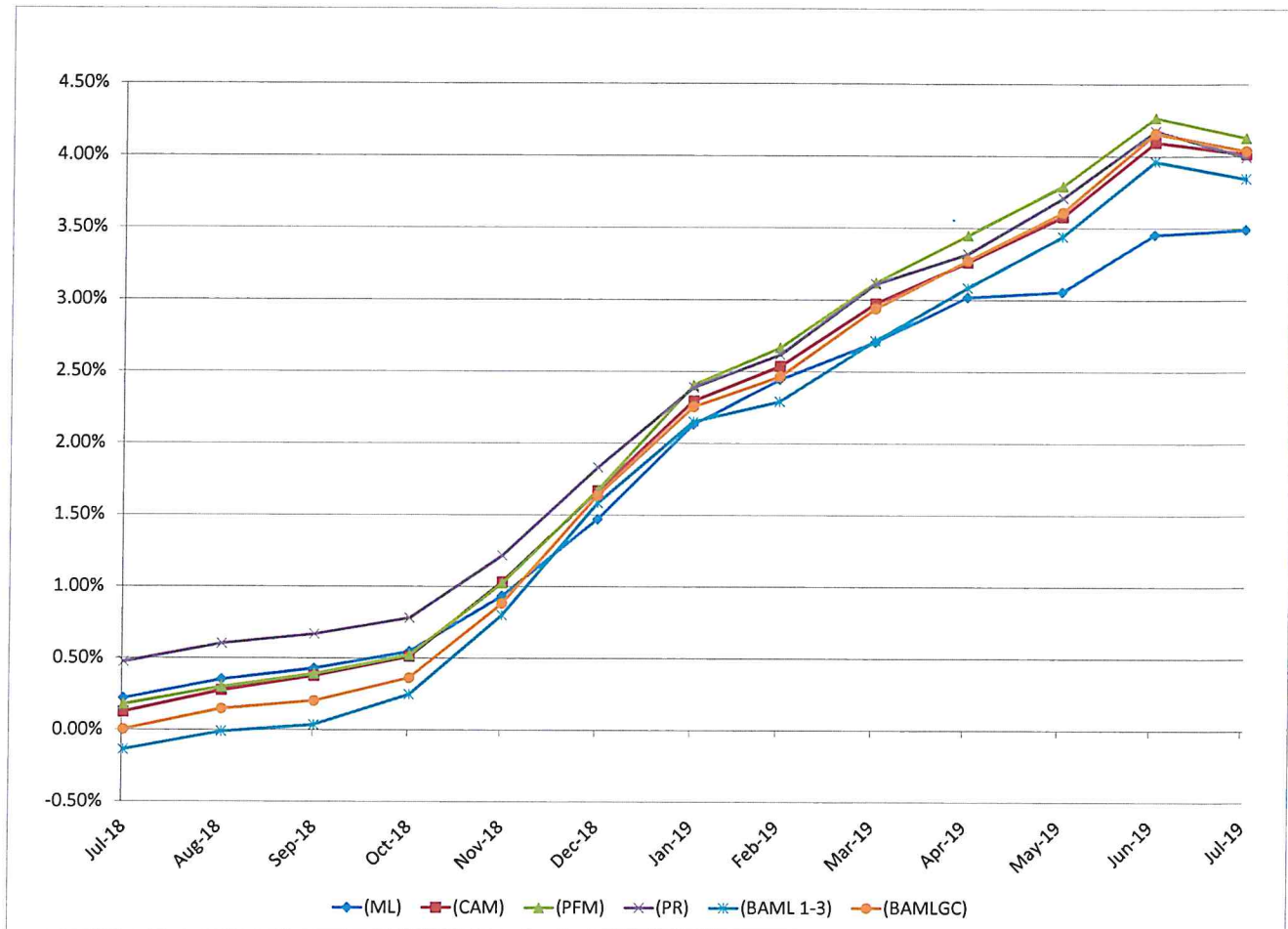
Maturity Schedule



Short-Term Portfolio Performance

7/31/2019

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

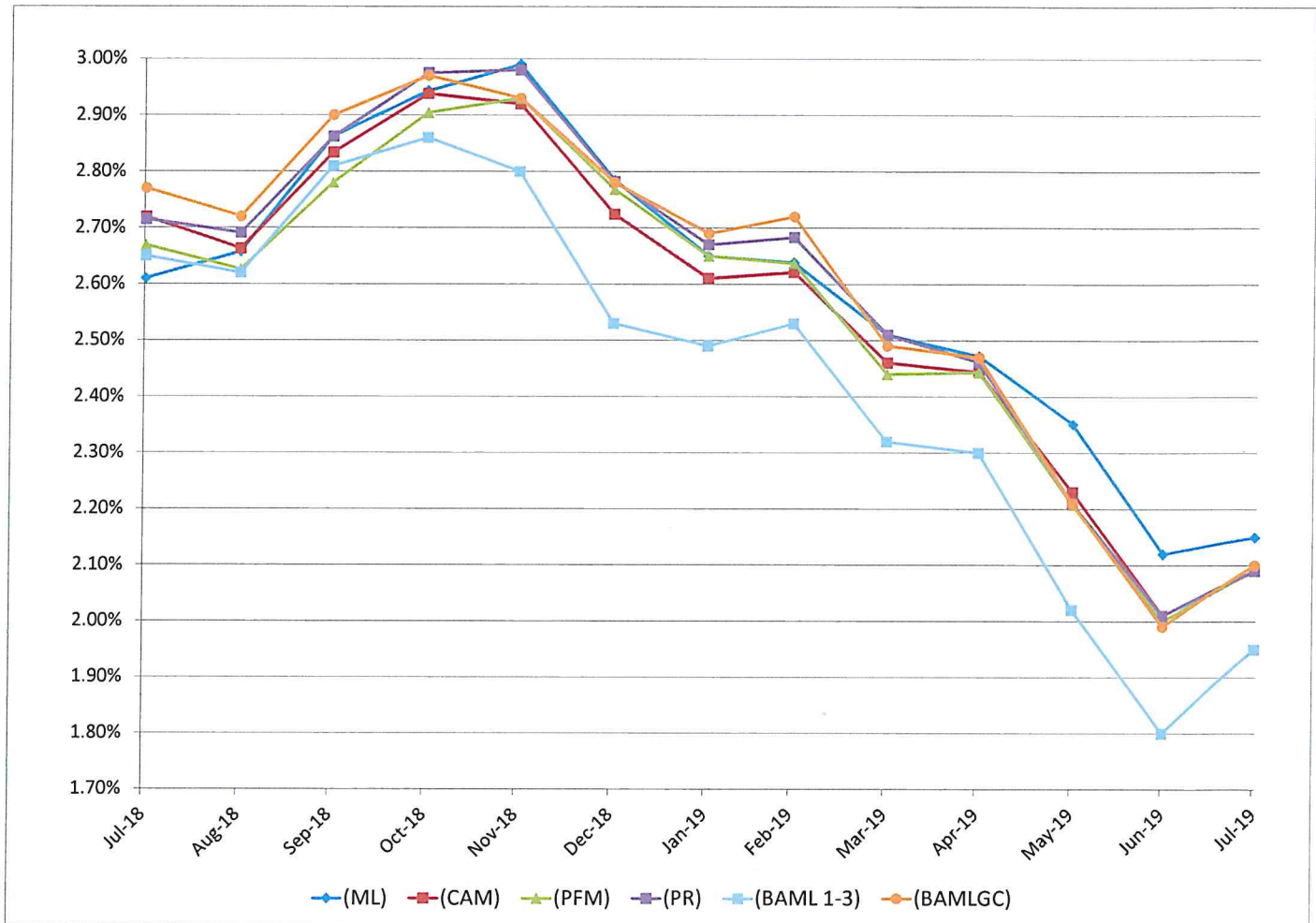


| | MetLife Investment Mgmt (ML) | Chandler Asset Mgmt (CAM) | Public Fin Mgmt (PFM) | Payden & Rygel (PR) | ICE/BAML 1-3 Yr Trsy (BAML 1-3) | BAML 1-3 Yr Gov/Corp (BAMLGC) |
|--------|------------------------------------|---------------------------------|-----------------------------|---------------------------|---------------------------------------|-------------------------------------|
| 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% |
| Jun-19 | 3.45% | 4.10% | 4.27% | 4.17% | 3.96% | 4.16% |
| Jul-19 | 3.49% | 4.01% | 4.13% | 3.99% | 3.84% | 4.04% |

Short-Term Portfolio Performance

7/31/2019

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



| | MetLife Investment Mgmt (ML) | 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) |
|--------|------------------------------------|---------------------------------|-----------------------------|-------------------------|---------------------------------------|-------------------------------------|
| 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% |
| Jun-19 | 2.12% | 2.01% | 2.00% | 2.01% | 1.80% | 1.99% |
| Jul-19 | 2.15% | 2.09% | 2.09% | 2.09% | 1.95% | 2.10% |

Investment Policy Compliance

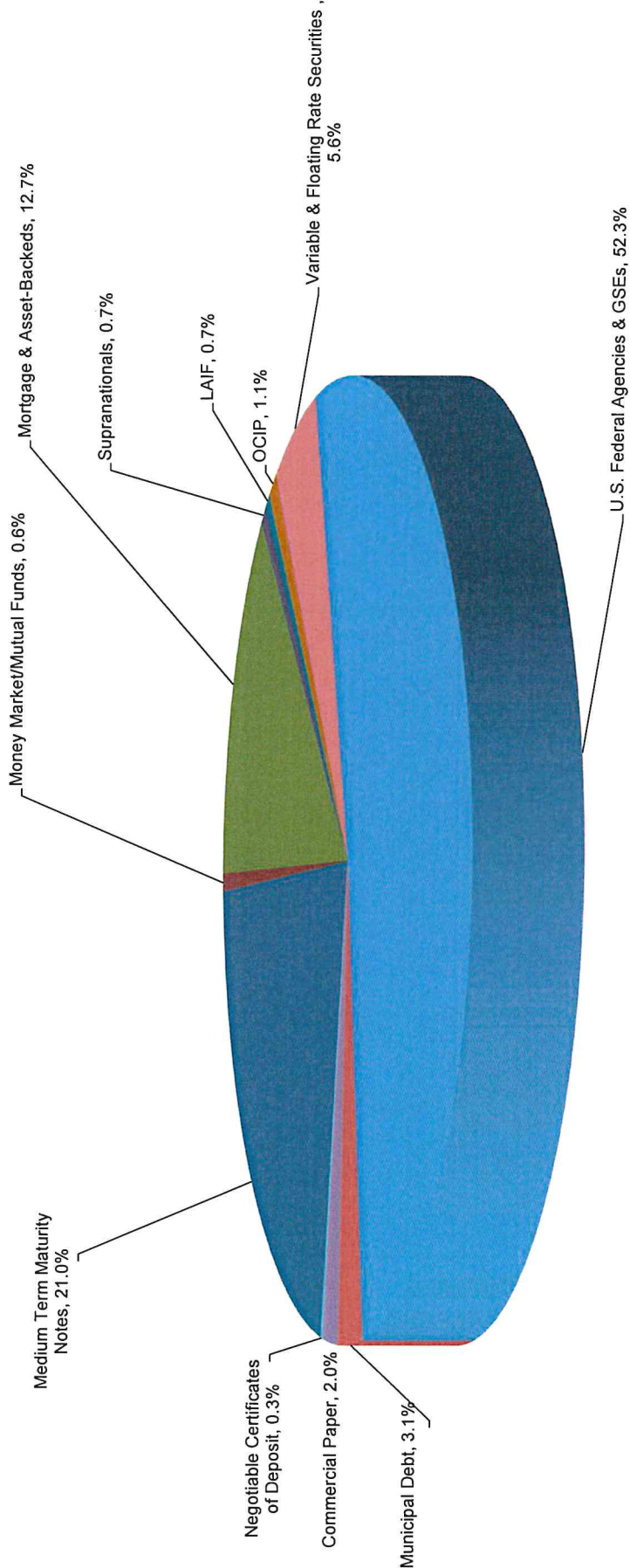
7/31/2019

| Portfolio Subject to Investment Policy | Dollar Amount Invested | Percent Of Portfolio | Investment Policy Maximum Percentages |
|--|------------------------------|-------------------------|--|
| <u>Liquid and Short-Term Portfolio</u> | | | |
| U.S., Federal Agencies & GSEs | 807,667,275 | 52.3% | 100% |
| Municipal Debt | 48,078,090 | 3.1% | 30% |
| Bankers Acceptances | - | 0.0% | 30% |
| Commercial Paper | 31,211,383 | 2.0% | 25% |
| Negotiable Certificates of Deposit | 4,000,000 | 0.3% | 30% |
| Repurchase Agreements | - | 0.0% | 25% |
| Medium Term Maturity Notes | 324,994,057 | 21.0% | 30% |
| Money Market/Mutual Funds | 9,166,053 | 0.6% | 20% |
| Mortgage & Asset-Backeds | 196,698,916 | 12.7% | 20%* |
| Supranationals | 10,484,250 | 0.7% | 20% |
| Local Agency Investment Fund | 10,678,071 | 0.7% | \$ 65 Million |
| Orange County Investment Pool | 16,377,023 | 1.1% | 10% |
| Joint Powers Authority Pools | - | 0.0% | 10% |
| Variable & Floating Rate Securities | 85,801,377 | 5.6% | 30% |
| TOTAL | 1,545,156,495 | 100.0% | |

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

| Portfolio Subject to Indenture | Dollar Amount Invested |
|--------------------------------|------------------------------|
| <u>Bond Proceeds Portfolio</u> | |
| Money Market Funds | 53,823,365 |
| Guaranteed Investment Contract | 350,050,000 |
| | <hr/> 403,873,365 |
| <u>Reserve Funds Portfolio</u> | |
| Commercial Paper | 24,849,932 |

Investment Allocation for Liquid and Short-Term Portfolio*
7/31/2019



*Allocation percentages include pooled investments

Negative Credit Watch

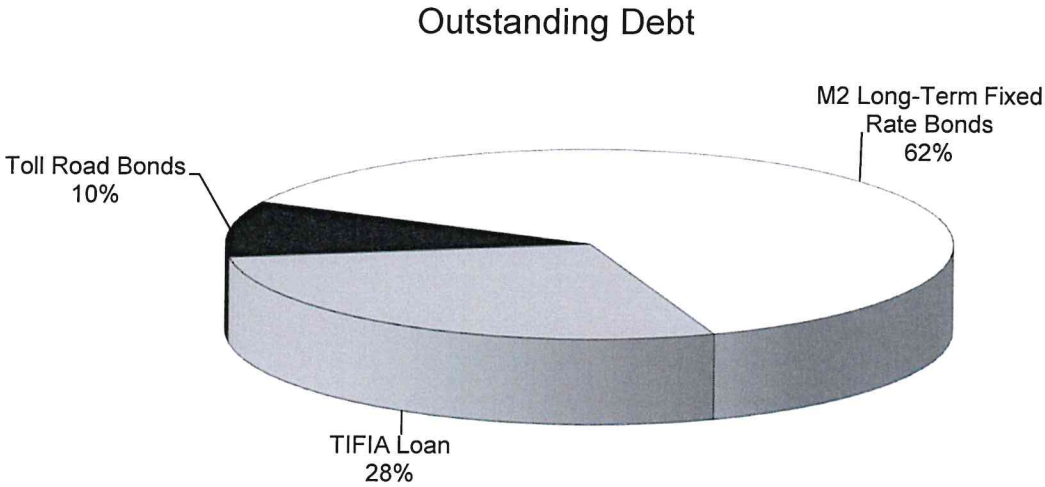
7/31/2019

| <u>Manager / Security</u> | <u>Par Amount</u> | <u>Maturity</u> | <u>S&P</u> | <u>Moody's</u> | <u>Fitch Ratings</u> |
|---|-------------------|-----------------|----------------|----------------|----------------------|
| PFM | | | | | |
| <i>Pfizer Inc.</i> | 2,300,000 | Various* | AA- | A1 | A+ |
| On June 17, 2019, S&P, and Fitch placed the long-term ratings of Pfizer Inc. under review for possible downgrade. | | | | | |
| MetLife Investment Mgmt | | | | | |
| <i>Bristol-Myers Squibb Co.</i> | 2,160,000 | 5/14/2021 | A+ | A2 | A- |
| On January 3, 2019, Fitch and S&P placed the long-term ratings of Bristol-Myers Squibb Co. under review for possible downgrade. | | | | | |

*9/15/21 & 3/11/22

DEBT PROGRAM

Total Outstanding Debt
As of 7/31/19



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

Outstanding Debt

As of 7/31/19

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 2020: | 17,270,000 |
| Pledged Revenue Source: | M2 Sales Tax Revenues |
| Ratings (Fitch/ Moody's/ S&P): | AA+/Aa2/AA+ |
| Final Maturity: | 2041 |

2010 Series B Tax-Exempt Sales Tax Revenue Bonds

| | |
|--------------------------------|-----------------------|
| Issued: | \$ 59,030,000 |
| Outstanding: | 8,530,000 |
| Debt Service FY 2020: | 8,913,850 |
| Pledged Revenue Source: | M2 Sales Tax Revenues |
| Ratings (Fitch/ Moody's/ S&P): | AA+/Aa2/AA+ |
| Final Maturity: | 2020 |

2019 M2 Sales Tax Bond

| | |
|-------------------------|-----------------------|
| Issued: | \$ 376,690,000 |
| Outstanding: | 376,690,000 |
| Debt Service FY 2020: | 17,939,230 |
| Pledged Revenue Source: | M2 Sales Tax Revenues |
| Ratings (Fitch/ S&P): | 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 2020: | 10,798,325 |
| Pledged Revenue Source: | 91 Toll Road Revenues |
| Ratings (Fitch/ Moody's/ S&P): | A+/A1/AA- |
| Final Maturity: | 2030 |

405 Express Lanes

2017 TIFIA Loan

| | |
|-------------------------------|------------------------|
| Outstanding: | \$ 287,000,000 |
| Accrued Debt Service FY 2020: | \$ 8,394,114 |
| Pledged Revenue Source: | 405 Toll Road Revenues |
| Ratings (Moody's): | Baa2 |
| Final Maturity: | 2057 |