

Negative Credit Watch

3/31/2020

ATTACHMENT G

<u>Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
PFM					
Boeing On January 17, 2020, Moody's placed the long-term ratings of Boeing on review for possible downgrade. The credit watch placement is due to the extension of the grounding of the 737 MAX into 2020. The security complies with requirements of the Investment Policy, however, the position was sold on January 24, 2020, for a gain of \$5,400.	975,000	8/1/2021	A-	A3	A-
Merck & Co. On February 5, 2020, S&P placed the long-term ratings of Merck & Co. under review for possible downgrade. The credit watch placement is due to Merck's announcement that it will be spinning off a large portion of their brand. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Merck, and their vast pharmaceutical diversification.	1,250,000	2/10/2022	AA-	A1	A+
3M Company On March 24, 2020, Moody's placed the long-term ratings of 3M Company under review for possible downgrade. The credit watch placement is due to expectations of higher leverage needs and weaker earnings for the year. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to increased demand for 3M products, in light of COVID-19.	1,155,000	Various*	A+	A1	N/A
Toyota Motor Credit Corporation On March 26, 2020, S&P and Moody's placed the long-term ratings of Toyota Co. under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the economy, car sales, and global production. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Toyota, and their product diversification.	4,430,000	Various**	AA-	A1	A+
American Honda Finance Corporation On March 27, 2020, S&P and Moody's placed the long-term ratings of Honda Co. under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the economy, car sales, and global production. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Honda's strong balance sheet, and their product diversification.	3,800,000	6/27/2022	A	A3	N/A
Payden & Rygel					
San Francisco Bay Area Rapid Transit District (BART) On March 20, 2020, Fitch placed the long-term ratings of San Francisco BART under review for possible downgrade. The credit watch placement is due to a broad sector revision of bonds secured by economically sensitive tax revenues, in light of COVID-19. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the strong credit quality of the agency as well as a strong cash flow.	630,000	7/1/2020	AA+	N/A	AA+
Chandler Asset Management					
Toyota Motor Credit Corporation On March 26, 2020, S&P and Moody's placed the long-term ratings of Toyota Co. under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the economy, car sales, and global production. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Toyota, and their product diversification.	3,500,000	Various***	AA-	A1	A+
General Dynamics Corporation On March 20, 2020, S&P placed the long-term ratings of General Dynamics under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the company's demand for business jets and related services. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the dominate role defense plays in their overall business.	4,000,000	5/11/2021	A	A2	N/A
American Honda Finance Corporation On March 27, 2020, S&P and Moody's placed the long-term ratings of Honda Co. under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on the economy, car sales, and global production. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Honda's strong balance sheet, and their product diversification.	3,500,000	Various****	A	A3	N/A
Daimler Finance North America On March 25, 2020, Moody's placed the long-term ratings of Daimler under review for possible downgrade. The credit watch placement is due to the impact COVID-19 will have on global demand for vehicles, and the impact of production halts on the supply chain. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Daimler securing \$12 billion in EUR loan facilities.	3,000,000	5/5/2020	BBB+	A3	A-
*9/14/21 & 3/1/22					
**1/8/21 & 1/11/22					
***4/17/20 & 4/13/21					
****11/16/22 & 1/12/24					

Rating Downgrades 3/31/2020

Manager / Security	Par Amount	Maturity	S&P	Moody's	Fitch Ratings
PFM					
Boeing On January 17, 2020, Fitch downgraded the long term credit rating of Boeing from A to A-. The downgrade is due to the extension of the grounding of the 737 MAX. into 2020. The security complied with requirements of the Investment Policy, however, the position was sold on January 24, 2020, for a gain of \$5,400.	975,000	8/1/2021	A-	A3	A-
Merck & Co On February 5, 2020, S&P downgraded the long term credit rating of Merck & Co. from AA to AA-. The downgrade is due to Merck's announcement that it will be spinning off a large portion of their brand. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Merck, and their vast pharmaceutical diversification.	1,250,000	2/10/2022	AA-	A1	A+
Exxon Mobil Corporation On March 16, 2020, S&P downgraded the long term credit rating of Exxon from AA+ to AA. The downgrade is due to Exxon's higher leverage metrics, and weakened oil prices due to the COVID-19 outbreak. The security complies with the requirements of the Investment Policy and the manager is comfortable holding due to the industry strength of Exxon, and anticipated OPEC discussions.	1,600,000	3/6/2022	AA	Aaa	N/A
Toyota Motor Credit Corporation On March 26, 2020, Moody's downgraded the long term credit rating of Toyota Co. from Aa3 to A1. The downgrade is due to the impact COVID-19 will have on the economy, car sales, and global production. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Toyota, and their product diversification .	4,430,000	Various*	AA-	A1	A+
American Honda Finance Corporation On March 27, 2020, Moody's downgraded the long term credit rating of Honda Co. from A2 to A3. The downgrade is due to the impact COVID-19 will have on the economy, car sales, and global production. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Honda's strong balance sheet, and their product diversification.	3,800,000	6/27/2022	A	A3	N/A
Payden & Rygel					
Nissan On February 20, 2020, Moody's downgraded the long term credit rating of Nissan from A3 to Baa1. For asset backed securities, receivables are sold via "true sale" into a bankruptcy-remote issuing trust, isolated from the financial health of the issuer. There has been no negative price action on the asset backed securities. The Treasurer reviewed the position and recommended the securities be held for the short-term.	5,200,000	Various**	BBB+	Baa1	N/A
Chandler Asset Management					
Toyota Motor Credit Corporation On March 26, 2020, Moody's downgraded the long term credit rating of Toyota Co. from Aa3 to A1. The downgrade is due to the impact COVID-19 will have on the economy, car sales, and global production. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the industry strength of Toyota, and their product diversification .	3,500,000	Various**	AA-	A1	A+
American Honda Finance Corporation On March 27, 2020, Moody's downgraded the long term credit rating of Honda Co. from A2 to A3. The downgrade is due to the impact COVID-19 will have on the economy, car sales, and global production. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Honda's strong balance sheet, and their product diversification.	3,500,000	Various***	A	A3	N/A
Daimler Finance North America On March 26, 2020, S&P downgraded the long-term credit rating of Daimler from A- to BBB+. The downgrade is due to the impact COVID-19 will have on global demand for vehicles, and the impact of production halts on the supply chain. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Daimler securing \$12 billion in EUR loan facilities.	3,000,000	5/5/2020	BBB+	A3	A-
Oracle Corp On March 30, 2020, Moody's and Fitch downgraded the long-term credit rating of Oracle from A1 to A3, and A to A- , respectively. The downgrade is due to Oracle's plans to raise new debt and use proceeds for general corporate purposes. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to strong demand of products as well as proven earnings.	4,000,000	5/15/2022	A+	A3	A-

*1/8/21 & 1/11/22

**4/17/20 & 4/13/21

***11/16/22 & 1/12/24