

**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
April 30, 2020**

INVESTMENT PROGRAM

OCTA Investment Dashboard

4/30/2020

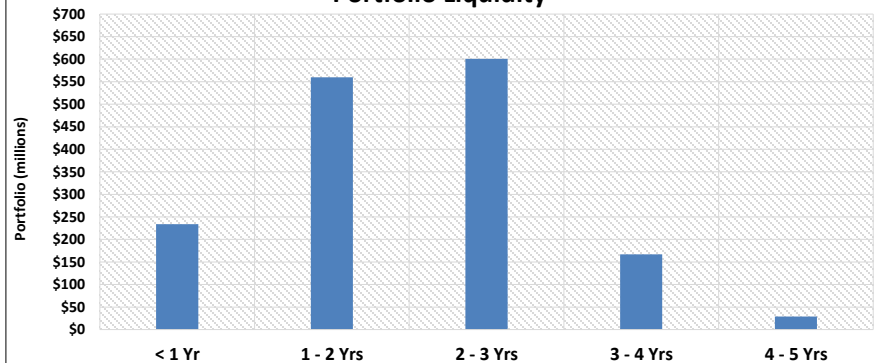
Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of April 2020:
Not applicable.

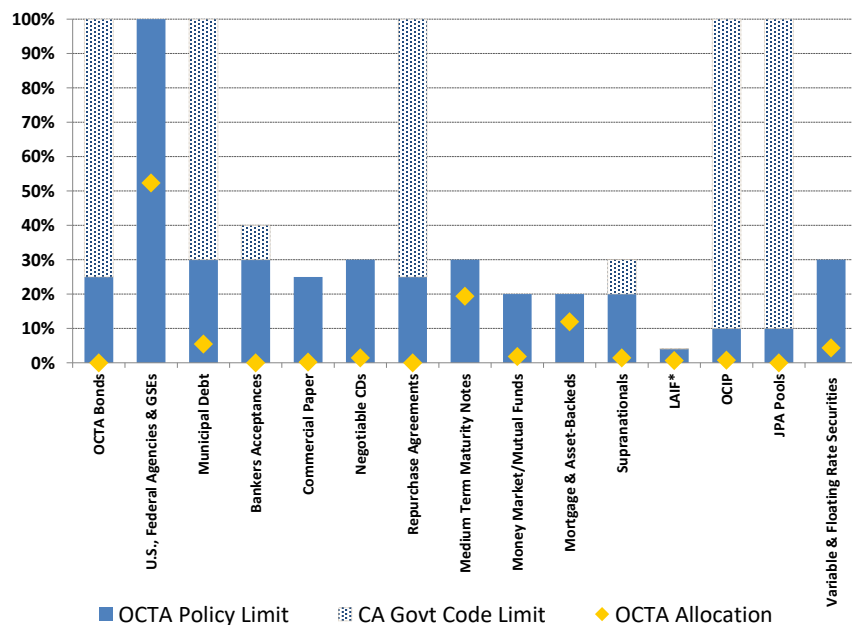
Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:

On Thursday, February 20, 2020, Moody's downgraded the long-term debt rating of Nissan to Baa1 from A3. OCTA holds three high quality AAA Nissan Auto/Lease asset backed security positions, respectively 0.3%, 0.4% and 0.6% of the portfolio. However, for asset backed securities, receivables are sold via a legal concept called "true sale" into a bankruptcy-remote issuing trust, therefore isolated from the financial health of the issuer. There has been no negative price action on the asset backed securities on news of the downgrade. The Treasurer reviewed the position and recommended the securities be held for the short-term. The Treasurer presented his recommendation to the Deputy Chief Executive Officer who concurred.

Portfolio Liquidity

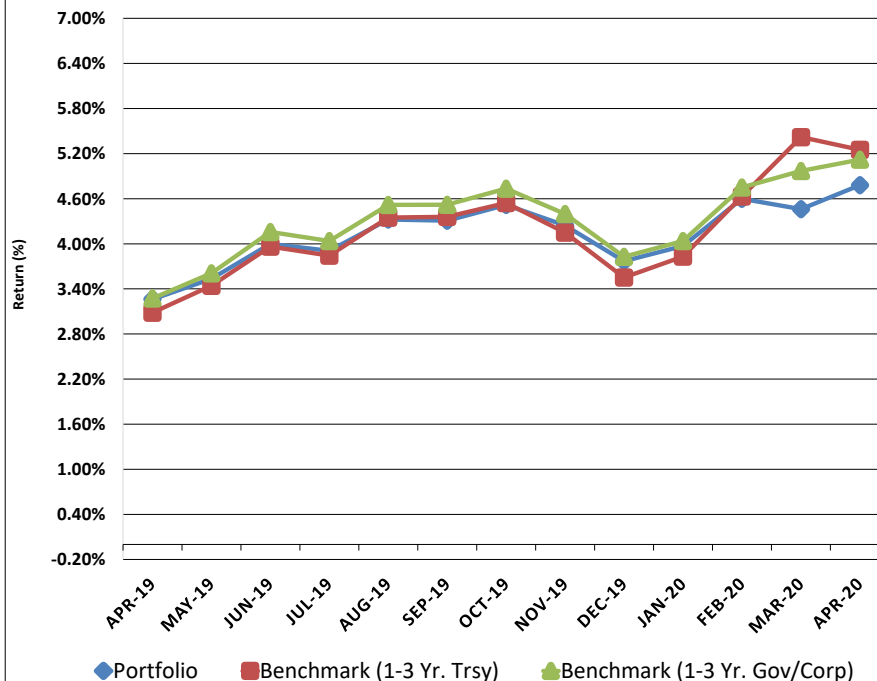


Portfolio Diversification



*Per CA Government Code LAIF limit is \$65 million

Portfolio Return - 12 Month



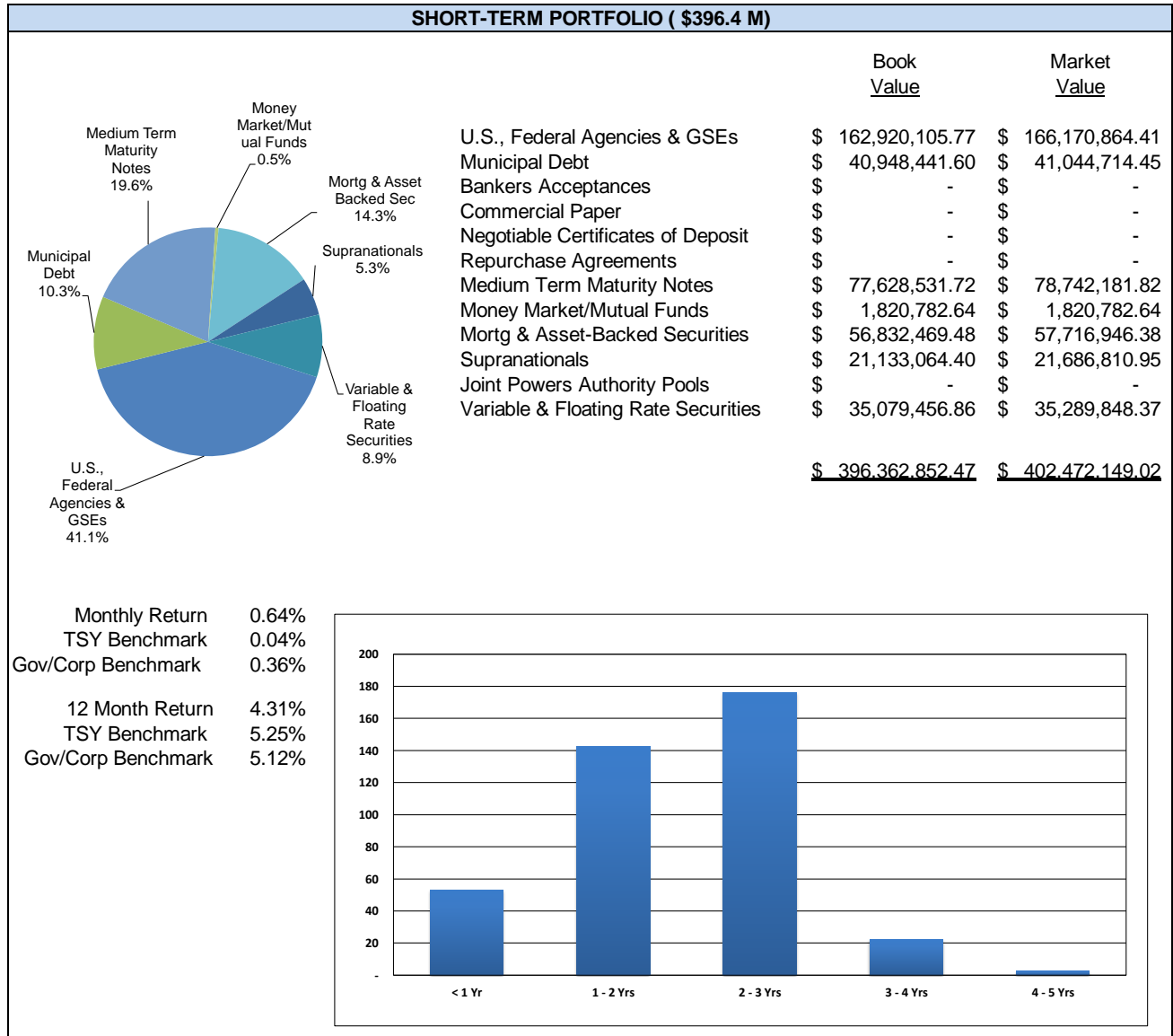
Investment Profile

4/30/2020

Portfolio / Managers	Depository	Role	Governing Document	Type of Investment	Amount (\$ Millions)
<u>LIQUID PORTFOLIO:</u>					
OCTA/ Measure M2	BNY Mellon	Trustee	Indenture	Money Market Fund	\$ 61.6
OCTA	Bank of the West	Broker	Investment Policy	Repurchase Agreement	62.1
OCTA	Bank of the West	Broker	Investment Policy	Bank Deposits	0.3
California State Treasurer	LAIF	Custodian	Investment Policy	Investment Pool/LAIF	10.9
Orange County Treasurer	OCIP	Custodian	Investment Policy	Investment Pool/OCIP	12.6
Subtotal OCTA Liquid Portfolio					\$ 147.5
<u>SHORT-TERM PORTFOLIO:</u>					
<u>Investment Managers</u>					
MetLife Investment Management	U.S Bank	Custodian	Investment Policy	Various	\$ 396.4
Chandler Asset Management	U.S Bank	Custodian	Investment Policy	Various	394.7
Payden & Rygel Investment Counsel	U.S Bank	Custodian	Investment Policy	Various	401.4
PFM Asset Management	U.S Bank	Custodian	Investment Policy	Various	397.5
Subtotal Short-Term Portfolio (Investment Managers)					\$ 1,590.0
<u>BOND PROCEEDS PORTFOLIO:</u>					
OCTA/ Measure M2	Bank of Nova Scotia	Custodian	Indenture/GIC	Guaranteed Investment Contract	\$ 200.2
OCTA/ Measure M2	BNY Mellon	Trustee	Indenture	Treasury Bills	5.0
OCTA/ Measure M2	BNY Mellon	Trustee	Indenture	Commercial Paper	64.8
OCTA/ Measure M2	BNY Mellon	Trustee	Indenture	Money Market Fund	11.5
Subtotal OCTA Bond Proceeds Portfolio					\$ 281.6
<u>RESERVE FUNDS PORTFOLIO:</u>					
OCTA/ 91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Indenture	Commercial Paper	\$ 11.5
OCTA/ 91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Indenture	Commercial Paper	10.5
OCTA/ 91 Express Lanes 2013 Ref. Bonds	Bank of the West	Trustee	Indenture	Commercial Paper	3.1
OCTA/ 91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Indenture	U.S. Treasury Obligations	0.0
OCTA/ 91 Express Lanes 2013 Ref. Bonds	U.S Bank	Trustee	Indenture	U.S. Treasury Obligations	0.0
Bank Deposits/Cash	Bank of the West	Trustee	Indenture	Cash	0.2
Subtotal OCTA Reserve Funds Portfolio					\$ 25.2
TOTAL					\$ 2,044.3

Investment Manager Diversification and Maturity Schedules

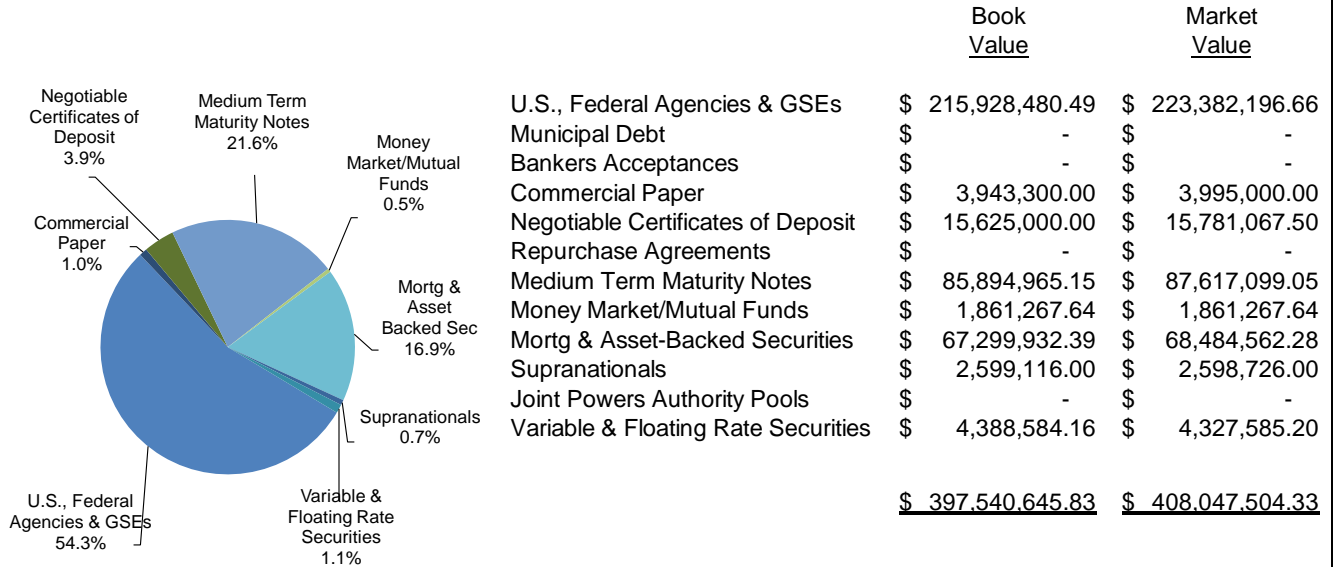
MetLife Investment Management 4/30/2020



Investment Manager Diversification and Maturity Schedules

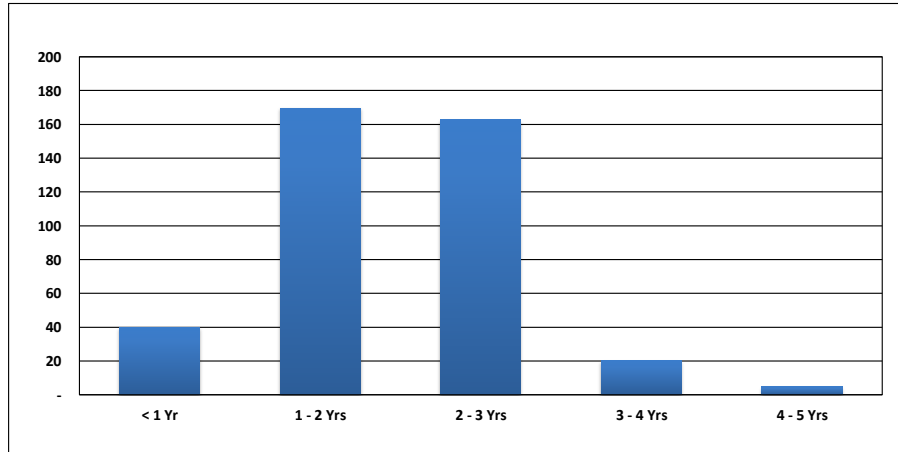
PFM
4/30/2020

SHORT-TERM PORTFOLIO (\$397.5 M)



Monthly Return 0.46%
 TSY Benchmark 0.04%
 Gov/Corp Benchmark 0.36%

 12 Month Return 5.00%
 TSY Benchmark 5.25%
 Gov/Corp Benchmark 5.12%

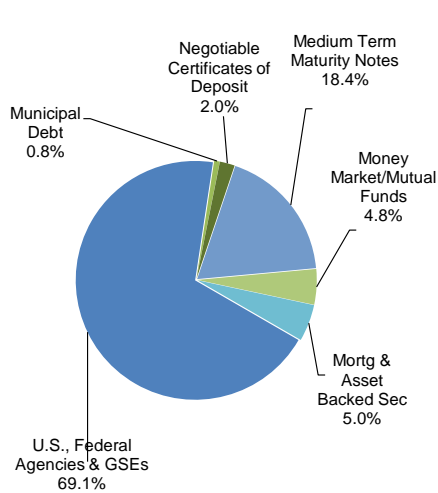


Investment Manager Diversification and Maturity Schedules

Chandler Asset Management

4/30/2020

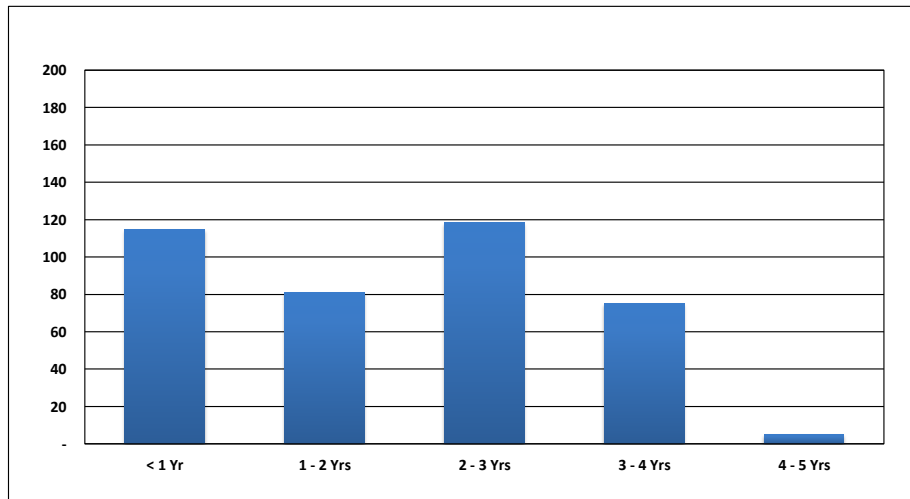
SHORT-TERM PORTFOLIO (\$394.7 M)



	Book Value	Market Value
U.S. Federal Agencies & GSEs	\$ 272,511,827.85	\$ 281,566,243.65
Municipal Debt	\$ 3,000,000.00	\$ 3,045,660.00
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 8,000,000.00	\$ 8,000,000.00
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 72,468,582.25	\$ 75,095,369.90
Money Market/Mutual Funds	\$ 18,977,751.30	\$ 18,977,751.30
Mortg & Asset-Backed Securities	\$ 19,696,250.14	\$ 19,868,036.78
Supranationals	\$ -	\$ -
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ -	\$ -
	<u>\$ 394,654,411.54</u>	<u>\$ 406,553,061.63</u>

Monthly Return 0.40%
 TSY Benchmark 0.04%
 Gov/Corp Benchmark 0.36%

 12 Month Return 4.99%
 TSY Benchmark 5.25%
 Gov/Corp Benchmark 5.12%

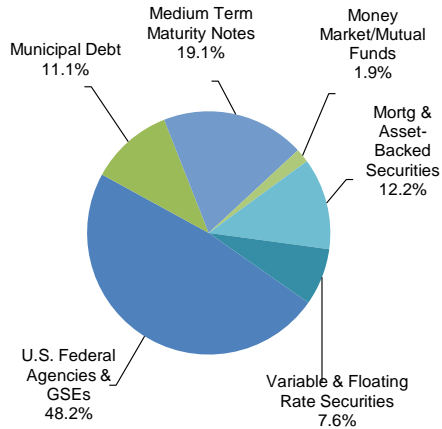


Investment Manager Diversification and Maturity Schedules

Payden & Rygel

4/30/2020

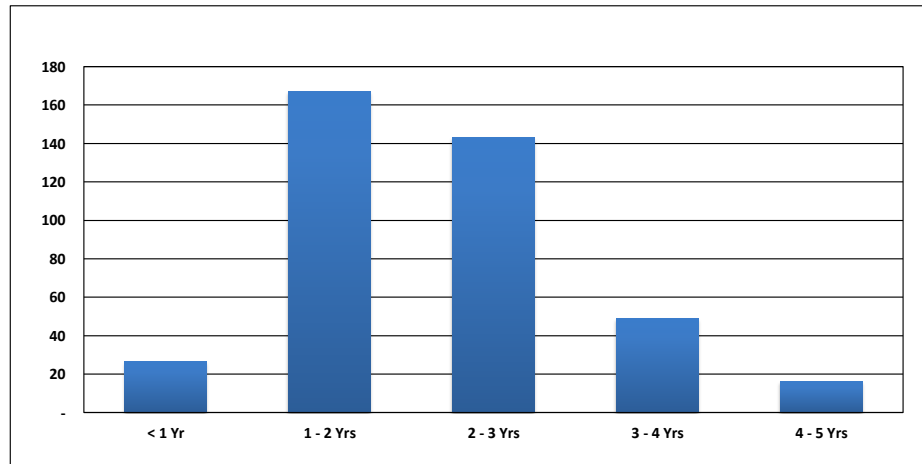
SHORT-TERM PORTFOLIO (\$401.4 M)



	Book Value	Market Value
U.S. Federal Agencies & GSEs	\$ 193,639,533.96	\$ 184,585,534.89
Municipal Debt	\$ 44,427,484.37	\$ 44,712,191.41
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 76,563,822.64	\$ 77,709,897.99
Money Market/Mutual Funds	\$ 7,440,004.30	\$ 7,440,004.30
Mortg & Asset-Backed Securities	\$ 48,914,077.79	\$ 49,729,543.89
Supranationals	\$ -	\$ -
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ 30,429,079.88	\$ 30,683,307.25
	<u>\$ 401,414,002.94</u>	<u>\$ 394,860,479.73</u>

Monthly Return 0.61%
 TSY Benchmark 0.04%
 Gov/Corp Benchmark 0.36%

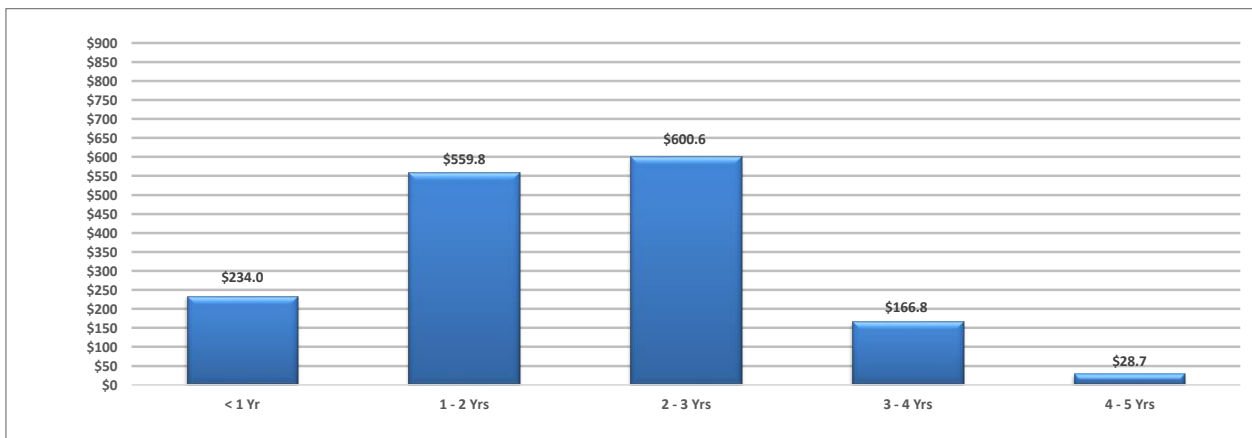
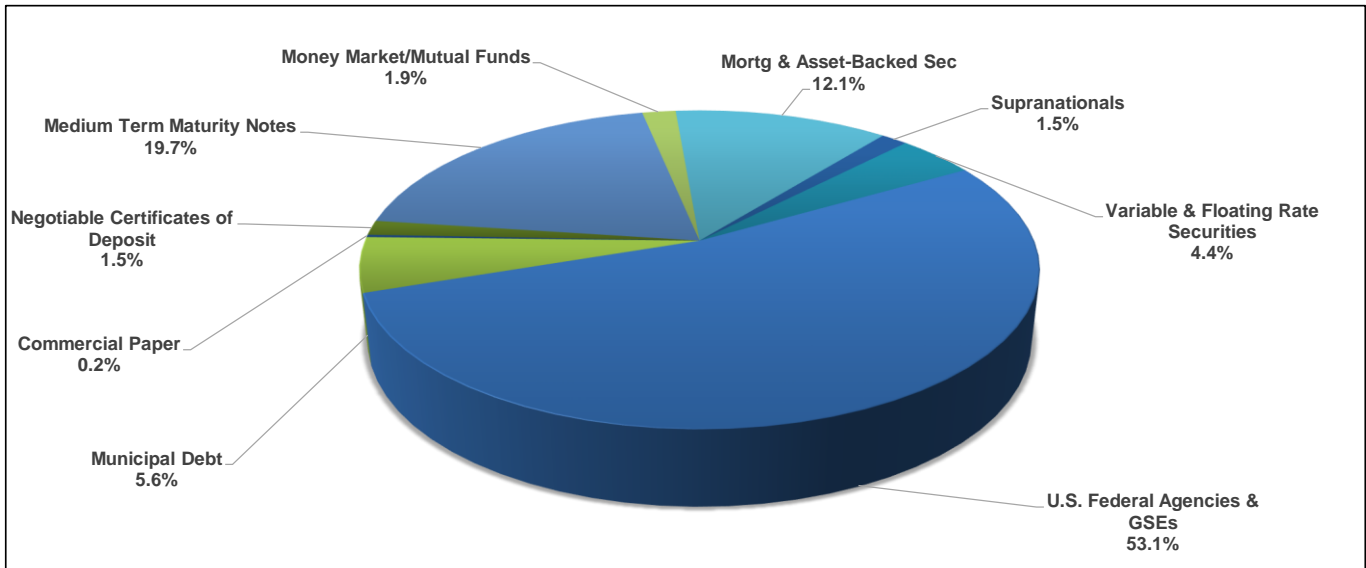
12 Month Return 4.81%
 TSY Benchmark 5.25%
 Gov/Corp Benchmark 5.12%



Short-Term Portfolio

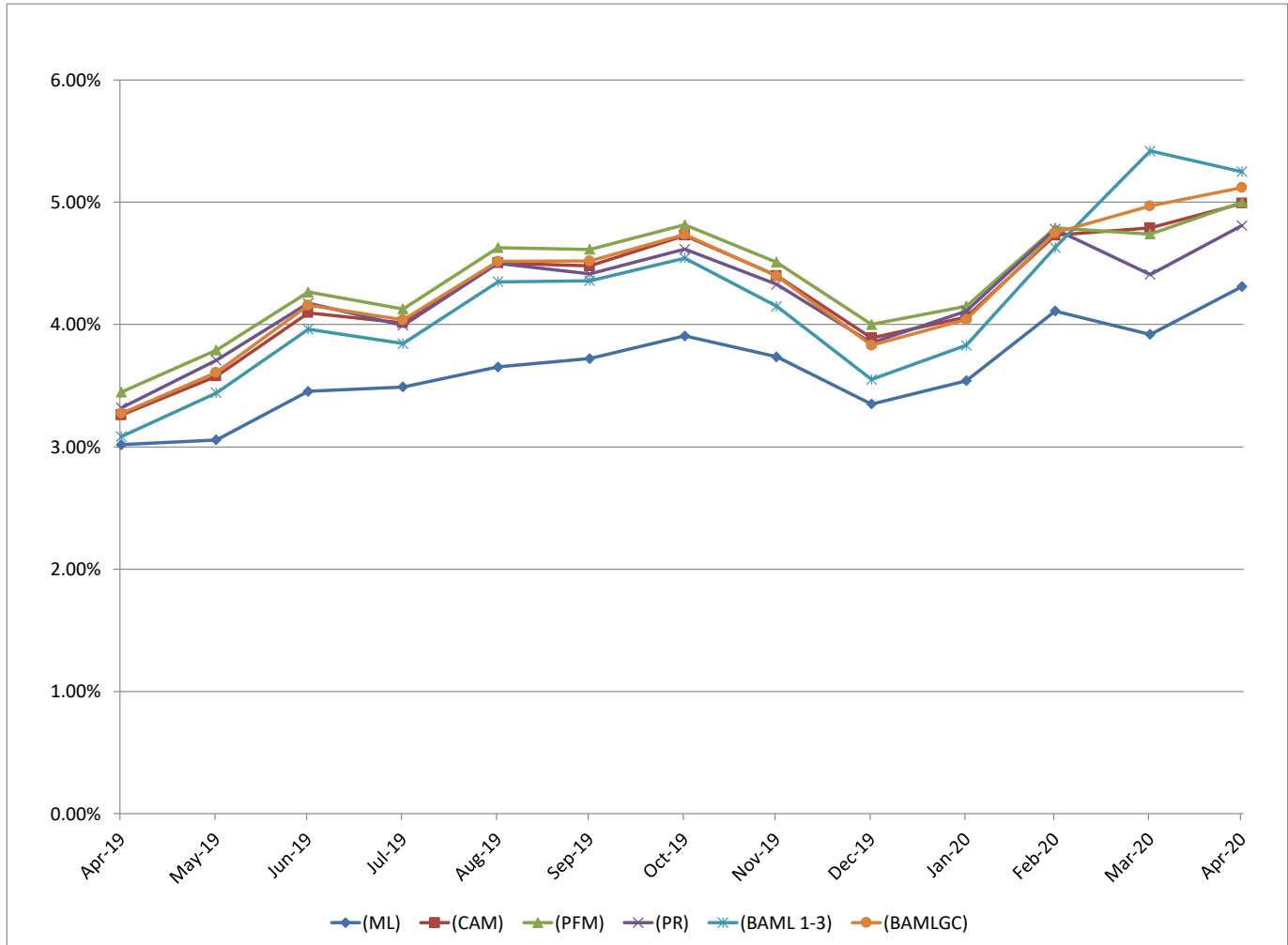
4/30/2020

Portfolio Composition



Orange County Transportation Authority
Short-Term Portfolio Performance
4/30/2020

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

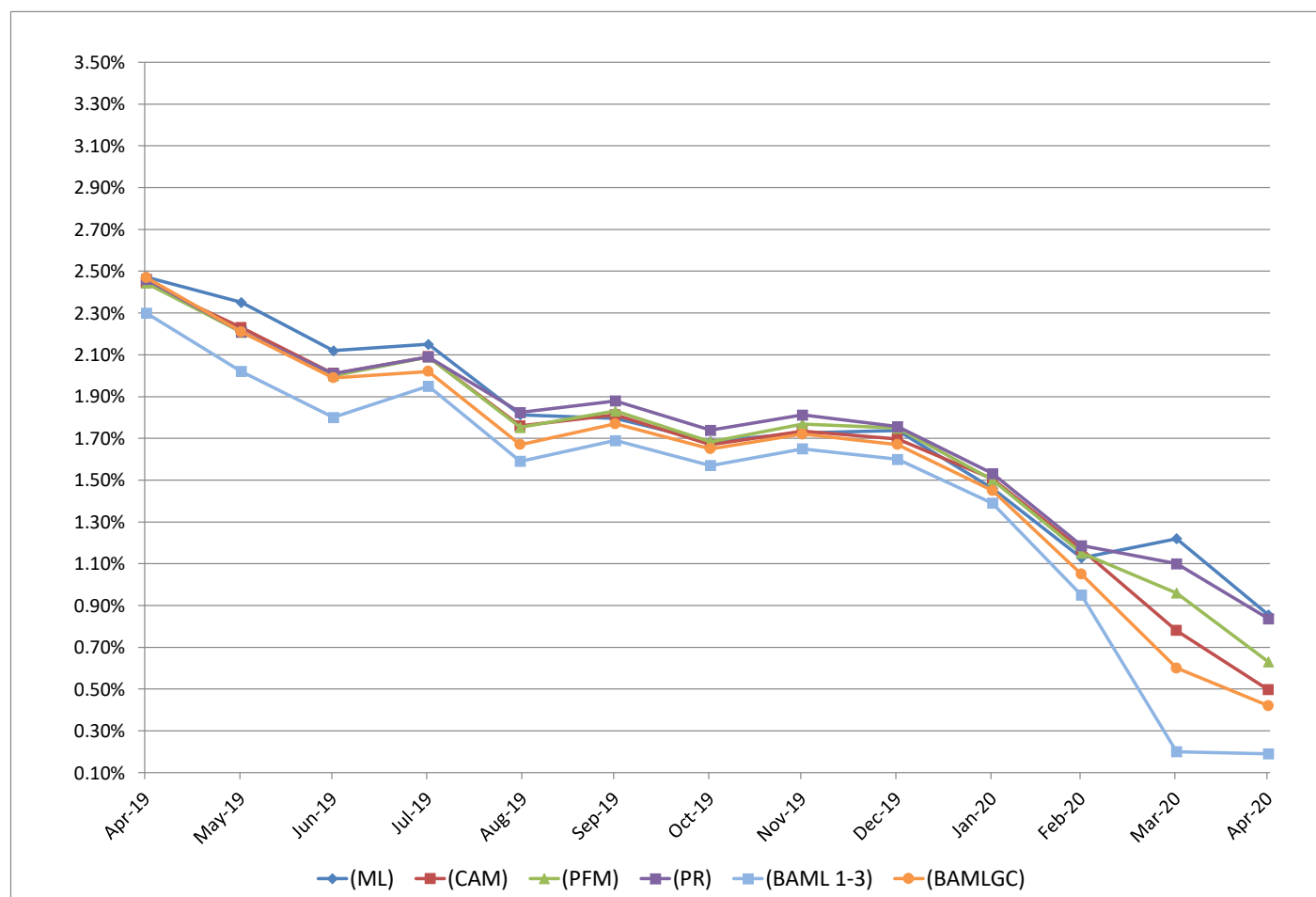


	MetLife Investment Mgmt (ML)	Chandler Asset Mgmt (CAM)	Public Fin Mgmt (PFM)	Payden & Rygel (PR)	ICE/BAML 1-3 Yr Trsy (BAML 1-3)	BAML 1-3 Yr Gov/Corp (BAMLGC)
Apr-19	3.02%	3.26%	3.45%	3.32%	3.08%	3.27%
May-19	3.06%	3.58%	3.79%	3.71%	3.44%	3.61%
Jun-19	3.45%	4.10%	4.27%	4.17%	3.96%	4.16%
Jul-19	3.49%	4.01%	4.13%	3.99%	3.84%	4.04%
Aug-19	3.65%	4.50%	4.63%	4.50%	4.35%	4.52%
Sep-19	3.72%	4.48%	4.61%	4.41%	4.36%	4.52%
Oct-19	3.91%	4.73%	4.82%	4.62%	4.54%	4.74%
Nov-19	3.74%	4.40%	4.51%	4.33%	4.15%	4.40%
Dec-19	3.35%	3.89%	4.00%	3.85%	3.55%	3.83%
Jan-20	3.54%	4.06%	4.15%	4.11%	3.83%	4.04%
Feb-20	4.11%	4.73%	4.79%	4.78%	4.63%	4.75%
Mar-20	3.92%	4.79%	4.74%	4.41%	5.42%	4.97%
Apr-20	4.31%	4.99%	5.00%	4.81%	5.25%	5.12%

Short-Term Portfolio Performance

4/30/2020

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)
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%	2.02%
Aug-19	1.81%	1.76%	1.75%	1.82%	1.59%	1.67%
Sep-19	1.80%	1.81%	1.83%	1.88%	1.69%	1.77%
Oct-19	1.69%	1.67%	1.68%	1.74%	1.57%	1.65%
Nov-19	1.73%	1.73%	1.77%	1.81%	1.65%	1.72%
Dec-19	1.74%	1.70%	1.75%	1.76%	1.60%	1.67%
Jan-20	1.46%	1.51%	1.50%	1.53%	1.39%	1.45%
Feb-20	1.13%	1.17%	1.15%	1.19%	0.95%	1.05%
Mar-20	1.22%	0.78%	0.96%	1.10%	0.20%	0.60%
Apr-20	0.86%	0.50%	0.63%	0.84%	0.19%	0.42%

Investment Compliance

4/30/2020

Portfolio Subject to Investment Policy			
	Dollar Amount	Percent Of	Investment Policy
Short-Term/Liquid Portfolio ¹	Invested	Portfolio	Maximum Percentages
U.S. Federal Agencies & GSEs	\$ 844,999,948	50.4%	100%
Municipal Debt	88,375,926	5.3%	30%
Commercial Paper	3,943,300	0.2%	25%
Negotiable Certificates of Deposit	23,625,000	1.4%	30%
Repurchase Agreements	62,073,197	3.7%	25%
Medium Term Maturity Notes	312,555,902	18.7%	30%
Money Market/Mutual Funds	30,099,806	1.8%	20%
Mortgage & Asset-Backed	192,742,730	11.5%	20%*
Supranationals	23,732,180	1.4%	20%
Local Agency Investment Fund	10,859,947	0.6%	\$ 65 Million
Orange County Investment Pool	12,621,522	0.8%	10%
Joint Powers Authority Pools	-	0.0%	10%
Bank Deposits	297,283	0.0%	5%
Variable & Floating Rate Securities	69,897,121	4.2%	30%
Total Short-Term/Liquid Portfolio	\$ 1,675,823,862	100.0%	

1. Excludes portion of Liquid Portfolio subject to Indenture

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

Portfolio Subject to Indenture					
	Dollar Amount		OCTA	Indenture Requirements	
	Invested	Credit Quality	Term	Credit Quality	Term
Liquid Portfolio*					
Money Market Funds	\$ 61,628,316	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Bond Proceeds Portfolio					
Money Market Funds	\$ 11,536,238	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Treasury Bills	4,999,738	AAA/Aaa/AA+	27 days	Min. A2/A	Max. 4 years
Commercial Paper	64,843,831	P-1/F-1/A-1 Aa3/AA-	60-82 days	Min. A2/A	Max. 4 years
Guaranteed Investment Contract	200,200,000	Aa2/AA-/A+	N/A	Min. A3/A-	N/A
Total Bond Proceeds Portfolio	\$ 281,579,806				
Reserve Funds Portfolio					
Commercial Paper	\$ 25,025,925	P-1/F-1	30 days	Min. A-1/P-1	Max. 180 days
Bank Deposits	198,967				
US Treasuries Obligations	1,332	AAA/Aaa	30 days	Min. A2/A	Max. 5 years
Total Reserve Funds Portfolio	\$ 25,226,224				
Total Portfolio Subject to Indenture	\$ 306,806,030				

Portfolio Total	\$ 2,044,258,208
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*Reflects portion of Liquid Portfolio subject to Indenture

Negative Credit Watch

4/30/2020

Manager / Security	Par Amount	Maturity	S&P	Moody's	Fitch Ratings
PFM					
<i>Pfizer</i> On June 17, 2019, S&P, and Fitch placed the long-term ratings of Pfizer Inc. under review for possible downgrade. The credit watch placement is due to Pfizer's announcement of a debt-funded acquisition as well as an announcement to divest its mature off-patent business Upjohn. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Pfizer's product diversification and vast revenue streams.	2,300,000	Various*	AA-	A1	A
<i>Skandinaviska Enskilda Banken AB (publ.)</i> On March 31, 2020, Fitch placed the long-term ratings of Skandinaviska under review for possible downgrade. The credit watch placement is due to the negative impact COVID-19 will have on the banks credit profile. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to the bank being well capitalized, and because of this they should be able to absorb the negative impact of an economic downturn.	3,875,000	8/26/2022	A+	P-1	AA
<i>Merck & Co.</i> 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+
<i>Toyota Motor Credit Corporation</i> 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+
<i>American Honda Finance Corporation</i> 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
<i>Walt Disney Co.</i> On April 17, 2020, S&P placed the long-term ratings of Disney under review for possible downgrade. The credit watch placement is due to the impact COVID-19 has on a variety of Disney's businesses, in particular their theme parks, which remain closed indefinitely. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Disney's diverse business as well as strong leverage metrics.	875,000	9/1/2022	A	A2	A
Payden & Rygel					
<i>San Francisco Bay Area Rapid Transit District (BART)</i> 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+
<i>Walt Disney Co.</i> On April 17, 2020, S&P placed the long-term ratings of Disney under review for possible downgrade. The credit watch placement is due to the impact COVID-19 has on a variety of Disney's businesses, in particular their theme parks, which remain closed indefinitely. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding due to Disney's diverse business as well as strong leverage metrics.	875,000	9/1/2022	A	A2	A
Chandler Asset Management					
<i>Toyota Motor Credit Corporation</i> 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+
<i>General Dynamics Corporation</i> 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
<i>American Honda Finance Corporation</i> 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
<i>Daimler Finance North America</i> 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	BBB+
MetLife					
<i>San Francisco Bay Area Rapid Transit District (BART)</i> 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+

*9/15/21 & 3/1/22

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

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

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

Rating Downgrades

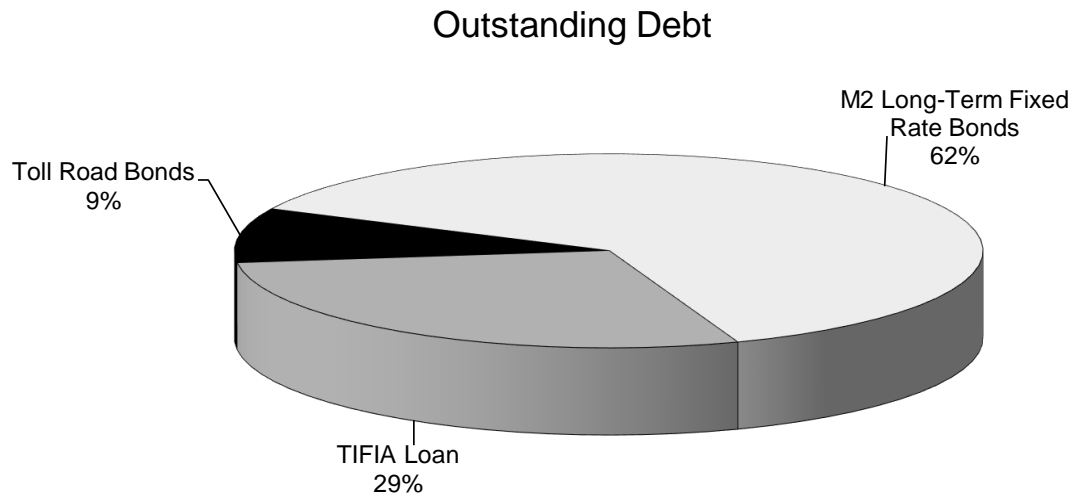
4/30/2020

<u>Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
Chandler Asset Management					
Daimler Finance North America	3,000,000	5/5/2020	BBB+	A3	BBB+
<p>On April 14, 2020, Fitch downgraded the long-term credit rating of Daimler from A- to BBB+.</p> <p>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.</p>					

DEBT PROGRAM

Total Outstanding Debt

As of 4/30/20



TOTAL OUTSTANDING DEBT: \$1,005,375,000

Outstanding Debt

As of 4/30/20

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

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:		91,685,000
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:	\$	14,663,610
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):		Baa2
Final Maturity:		2057