



October 28, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report – September 2020

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending September 30, 2020. The report has been reviewed and is consistent with the investment practices contained in the Investment Policy.

Recommendation

Receive and file as an information item.

Discussion

As of September 30, 2020, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2.1 billion. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, the short-term portfolio for future budgeted expenditures, and the bond proceeds portfolio to meet Measure M2 (M2) transportation program needs. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

The weighted average book yield for the OCTA portfolio is 1.5 percent. The book yield measures the exact income, or interest, on a bond without regard to market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

OCTA's month-end balance in the Local Agency Investment Fund was \$10,899,573, with an average monthly effective yield of 0.7 percent. OCTA's month-end balance in the Orange County Investment Pool (OCIP) was \$15,640,428. For the month of August, the monthly gross yield for the OCIP was 1.1 percent. Yields for the month of September will be received in October.

During the month of September, one security held within OCTA's investment portfolio was downgraded. The total number of securities on the Negative Credit Watch decreased to five securities for the month. Please refer to I-8 (Rating Downgrades) and I-9 (Negative Credit Watch) of Attachment A for further details. As of September 30, 2020, the securities reflected on I-8 and I-9 still meet the minimum ratings requirements set forth by OCTA's Investment Policy.

OCTA's debt program is separate from its investment program and is comprised of M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan. The debt program currently has an outstanding principal balance of \$1 billion as of September 30, 2020. Approximately 63 percent of the outstanding balance is comprised of M2 debt, nine percent is associated with the 91 Express Lanes Program, and 29 percent is for the TIFIA Loan.

Summary

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending September 30, 2020.

Attachments

- A. Orange County Transportation Authority Investment and Debt Programs – For the Period Ending September 30, 2020.
- B. Orange County Transportation Authority Portfolio Listing as of September 30, 2020

Prepared by:



Robert Davis
Department Manager
Treasury/Public Finance
(714) 560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
(714) 560-5649