

**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, 2021**

OCTA Investment Dashboard

4/30/2021

Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of April 2021:

Not applicable.

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

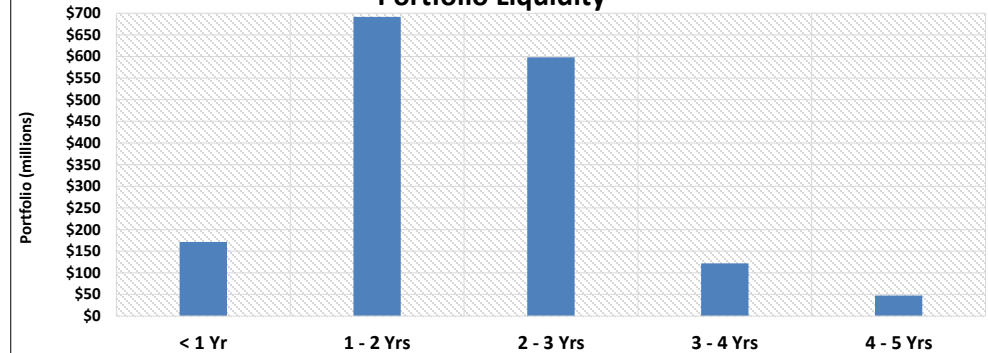
Not applicable.

Securities downgraded or placed on Negative Credit Watch during the month of April 2021, but remain in compliance with OCTA's Investment Policy:

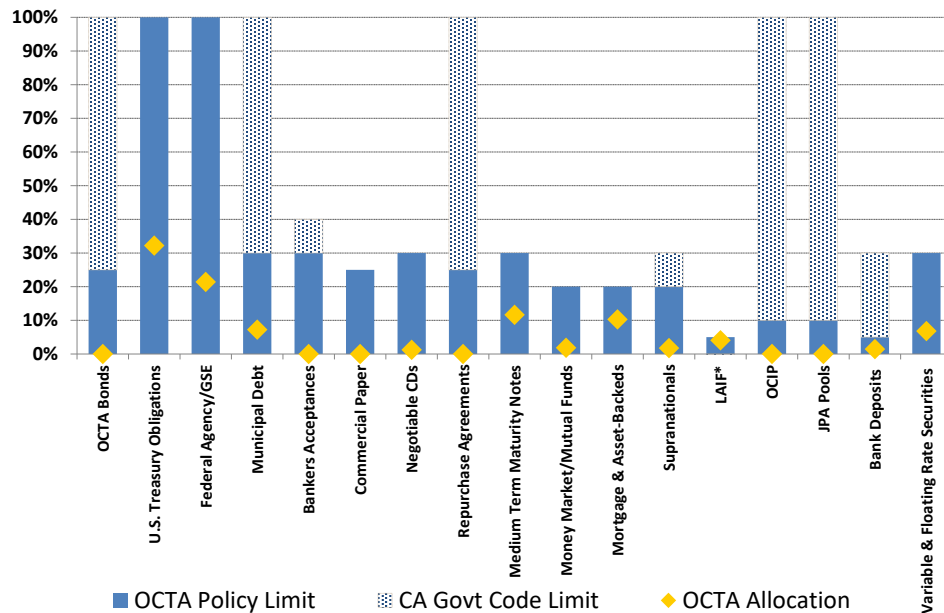
One security held within OCTA's investment portfolio was downgraded during the month. The total number of securities on the Negative Credit Watch list decreased to one security for the month.

For further details please refer to A-8 of this report.

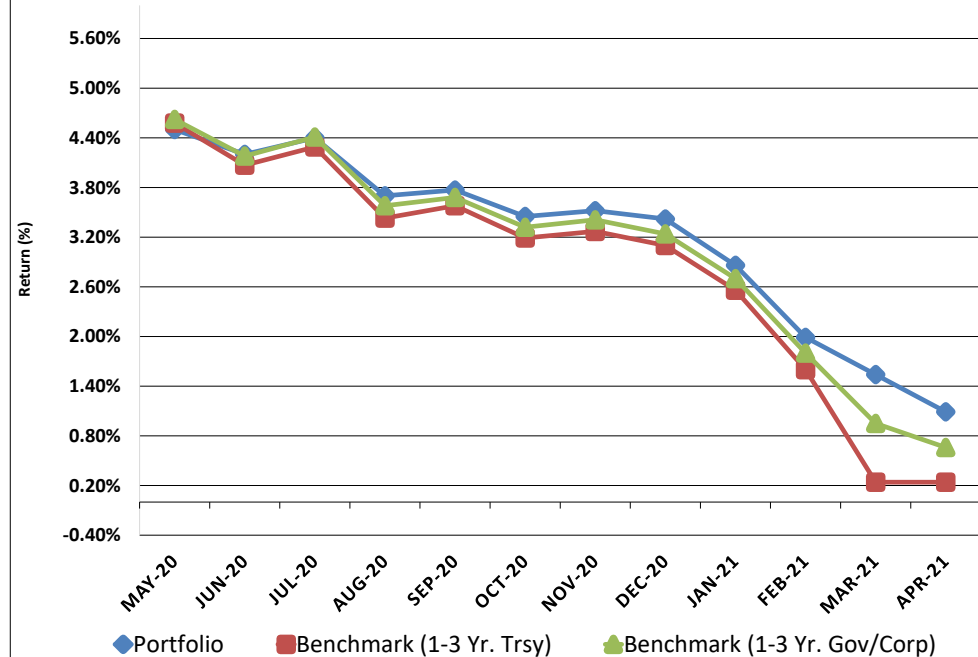
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



*Per CA Government Code LAIF limit is \$75 million

Investment Compliance

4/30/2021

| Portfolio Subject to Investment Policy | | | |
|--|-------------------------|----------------------|---------------------------------------|
| Short-Term/Liquid Portfolio ¹ | Dollar Amount Invested | Percent Of Portfolio | Investment Policy Maximum Percentages |
| U.S. Treasury Obligations | \$ 562,359,133 | 32.2% | 100% |
| Federal Agency/GSE | 374,028,747 | 21.4% | 100% |
| Municipal Debt | 126,572,661 | 7.2% | 30% |
| Commercial Paper | - | 0.0% | 25% |
| Negotiable Certificates of Deposit | 21,800,000 | 1.2% | 30% |
| Repurchase Agreements | - | 0.0% | 25% |
| Medium Term Maturity Notes/Corporates | 203,133,775 | 11.6% | 30% |
| Money Market/Mutual Funds | 32,187,562 | 1.8% | 20% |
| Mortgage & Asset-Backed | 179,229,903 | 10.3% | 20%* |
| Supranationals | 30,904,063 | 1.8% | 20% |
| Local Agency Investment Fund** | 70,996,561 | 4.1% | \$ 75 Million |
| Orange County Investment Pool | 718,438 | 0.0% | 10% |
| Joint Powers Authority Pools | - | 0.0% | 10% |
| Bank Deposits | 25,588,892 | 1.5% | 5% |
| Variable & Floating Rate Securities | 118,775,959 | 6.8% | 30% |
| Total Short-Term/Liquid Portfolio | \$ 1,746,295,693 | 100.0% | |

1. Excludes portion of Liquid Portfolio subject to Indenture

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

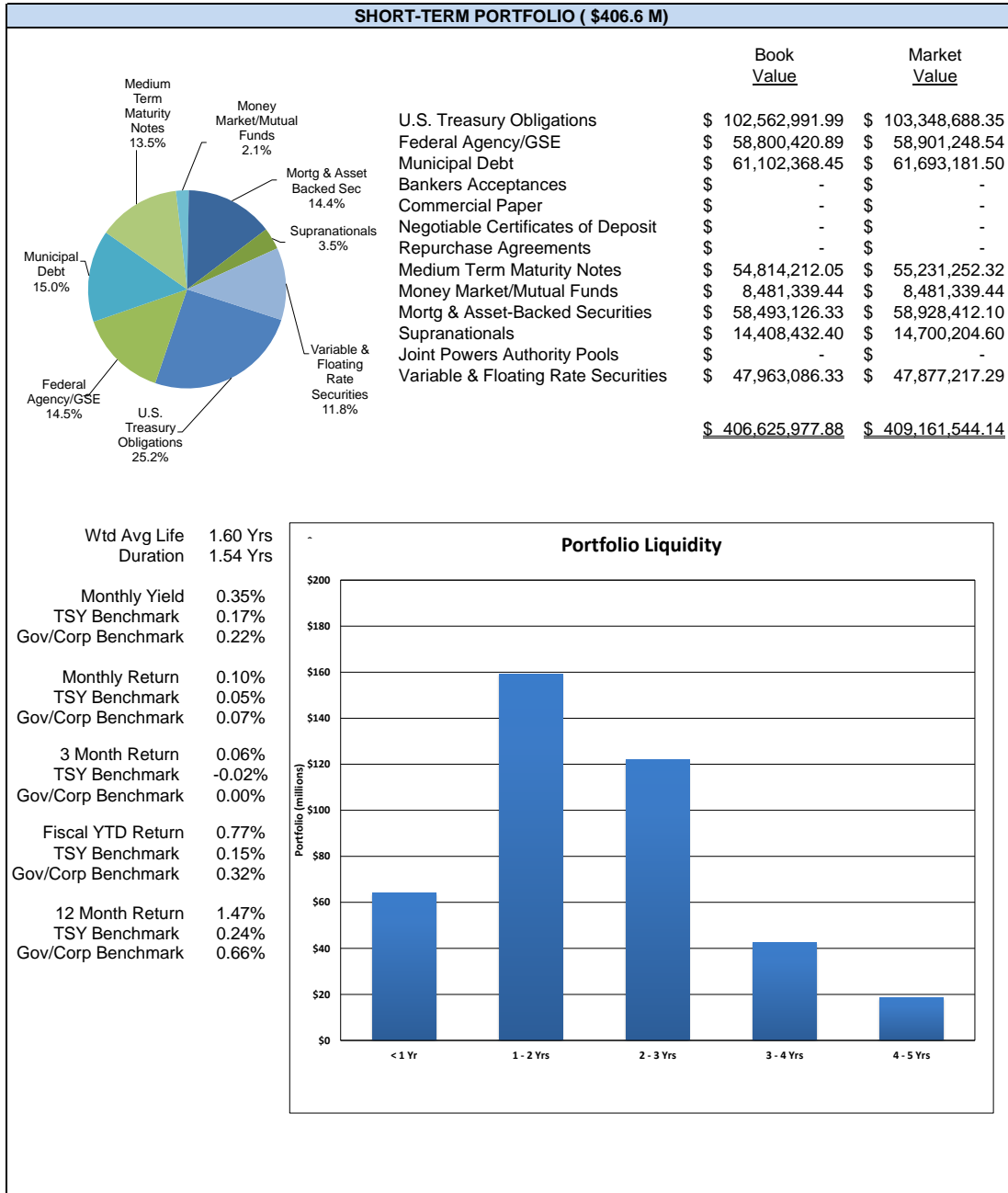
**OCTA has increased the balance in the LAIF (Pool) from \$46m to \$71m during the month of February. The move allowed OCTA to increase yield from 0.10% to 0.41% on the funds while maintaining liquidity and safety of funds.

| Portfolio Subject to Indenture | | | | | |
|---|-------------------------|----------------|-------------|---------------------------------------|-----------------------------|
| | Dollar Amount Invested | Credit Quality | OCTA Term | Indenture Requirements Credit Quality | Indenture Requirements Term |
| Liquid Portfolio* | | | | | |
| Money Market Funds | \$ 50,332,467 | AAA/Aaa | 45 days | Min. A2/A | Max. 4 years |
| Total Liquid Portfolio | \$ 50,332,467 | | | | |
| Bond Proceeds Portfolio | | | | | |
| Money Market Funds | \$ 171,153,284 | AAA/Aaa | 45 days | Min. A2/A | Max. 4 years |
| Total Bond Proceeds Portfolio | \$ 171,153,284 | | | | |
| Reserve Funds Portfolio | | | | | |
| Commercial Paper | \$ 25,084,570 | P-1/F-1 | 60-150 days | Min. A-1/P-1 | Max. 180 days |
| Bank Deposits | \$ 218,921 | | | | |
| US Treasuries Obligations | 68 | AAA/Aaa | 30 days | Min. A2/A | Max. 5 years |
| Total Reserve Funds Portfolio | \$ 25,303,558 | | | | |
| Total Portfolio Subject to Indenture | \$ 196,456,842 | | | | |
| Portfolio Total | \$ 1,993,085,002 | | | | |

*Reflects portion of Liquid Portfolio subject to Indenture

Investment Manager Diversification and Maturity Schedules

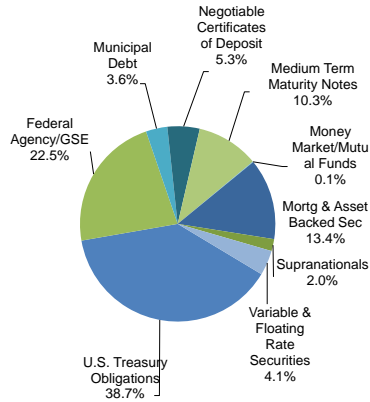
MetLife Investment Management
4/30/2021



Investment Manager Diversification and Maturity Schedules

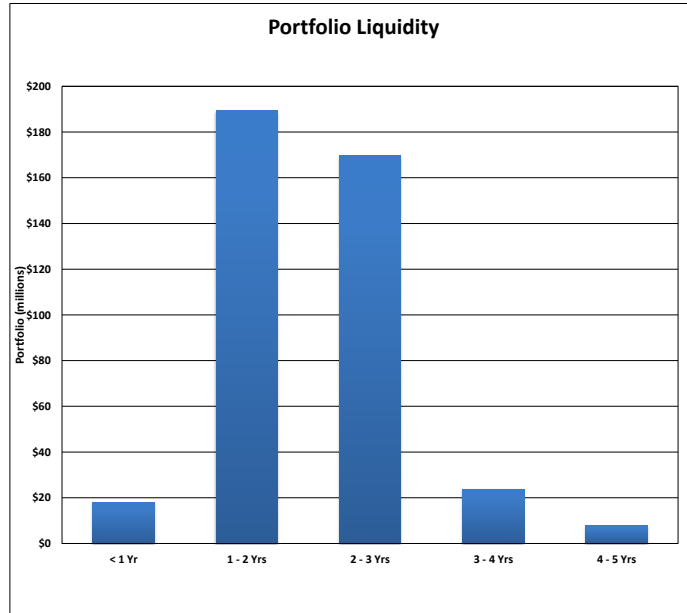
PFM
4/30/2021

SHORT-TERM PORTFOLIO (\$408.6 M)



| | Book Value | Market Value |
|-------------------------------------|--------------------------|--------------------------|
| U.S. Treasury Obligations | \$ 157,905,535.58 | \$ 160,208,518.00 |
| Federal Agency/GSE | \$ 91,904,922.28 | \$ 92,133,842.20 |
| Municipal Debt | \$ 14,512,759.95 | \$ 14,578,010.25 |
| Bankers Acceptances | \$ - | \$ - |
| Commercial Paper | \$ - | \$ - |
| Negotiable Certificates of Deposit | \$ 21,800,000.00 | \$ 22,144,340.50 |
| Repurchase Agreements | \$ - | \$ - |
| Medium Term Maturity Notes | \$ 42,258,029.10 | \$ 42,799,990.20 |
| Money Market/Mutual Funds | \$ 419,104.04 | \$ 419,104.04 |
| Mortg & Asset-Backed Securities | \$ 54,811,640.19 | \$ 55,486,957.83 |
| Supranationals | \$ 8,102,487.95 | \$ 8,118,662.70 |
| Joint Powers Authority Pools | \$ - | \$ - |
| Variable & Floating Rate Securities | \$ 16,868,837.96 | \$ 16,635,782.80 |
| | <u>\$ 408,583,317.05</u> | <u>\$ 412,525,208.52</u> |

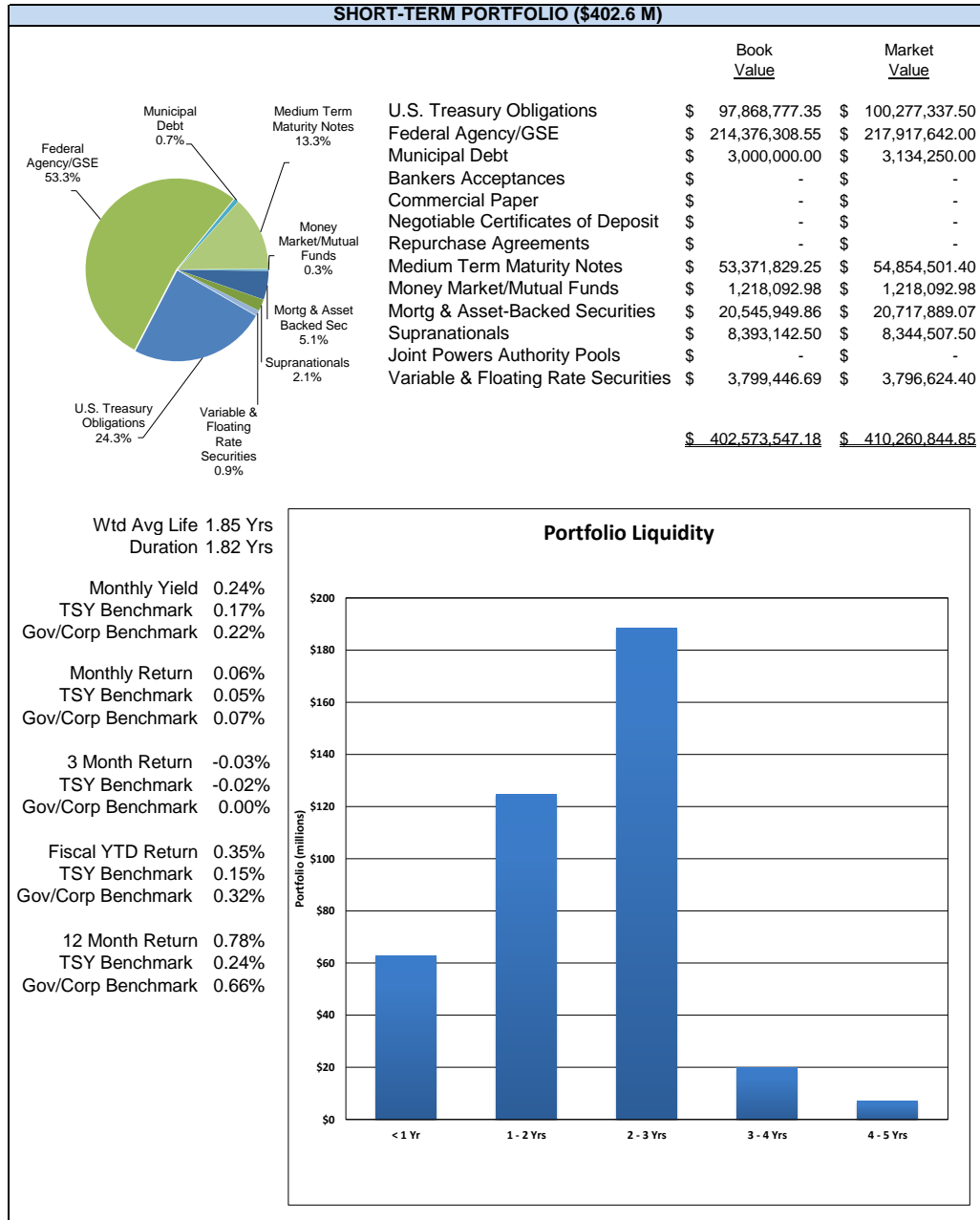
| | |
|--------------------|----------|
| Wtd Avg Life | 1.82 Yrs |
| Duration | 1.81 Yrs |
| Monthly Yield | 0.27% |
| TSY Benchmark | 0.17% |
| Gov/Corp Benchmark | 0.22% |
| Monthly Return | 0.08% |
| TSY Benchmark | 0.05% |
| Gov/Corp Benchmark | 0.07% |
| 3 Month Return | 0.02% |
| TSY Benchmark | -0.02% |
| Gov/Corp Benchmark | 0.00% |
| Fiscal YTD Return | 0.46% |
| TSY Benchmark | 0.15% |
| Gov/Corp Benchmark | 0.32% |
| 12 Month Return | 0.94% |
| TSY Benchmark | 0.24% |
| Gov/Corp Benchmark | 0.66% |



Investment Manager Diversification and Maturity Schedules

Chandler Asset Management

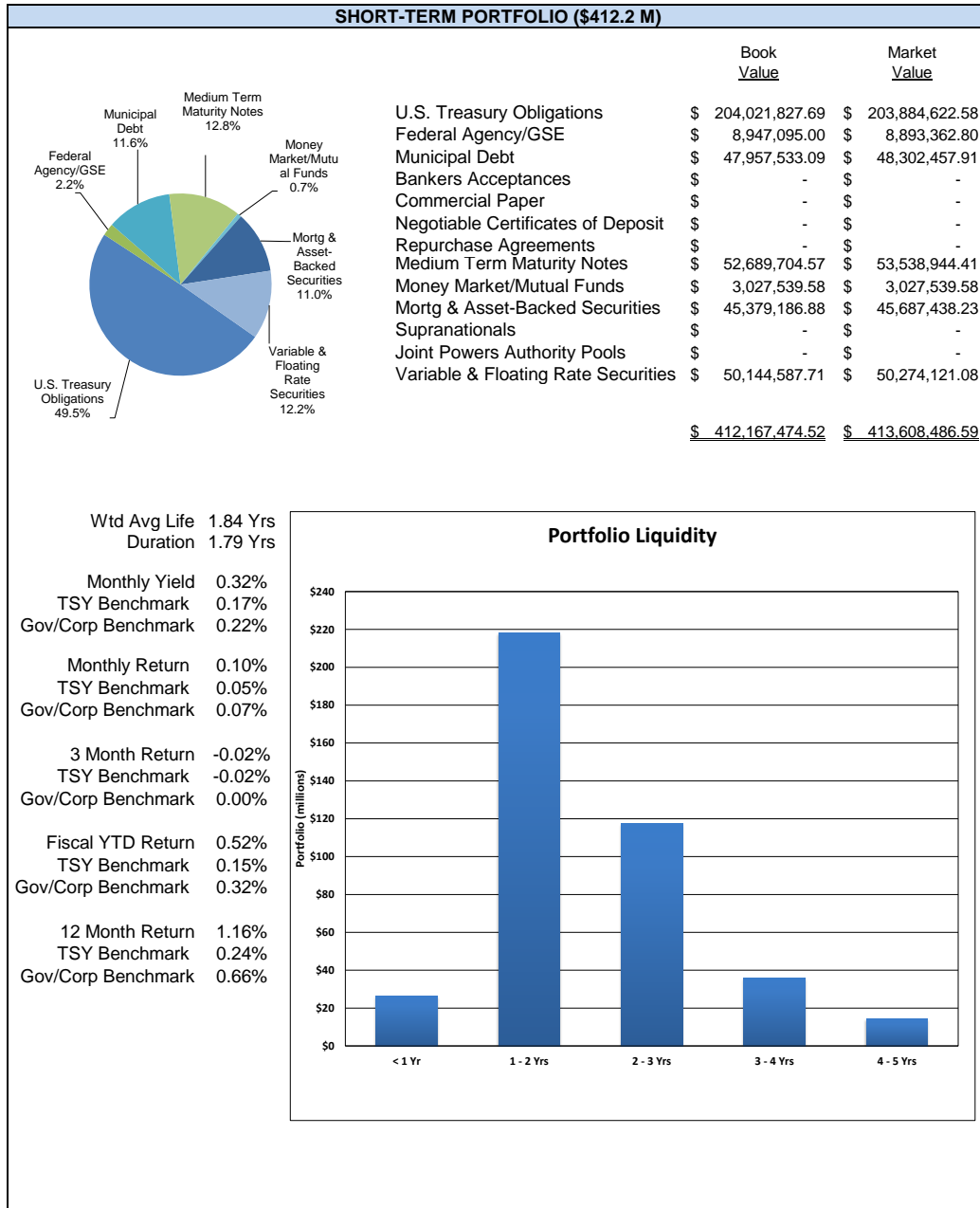
4/30/2021



Investment Manager Diversification and Maturity Schedules

Payden & Rygel

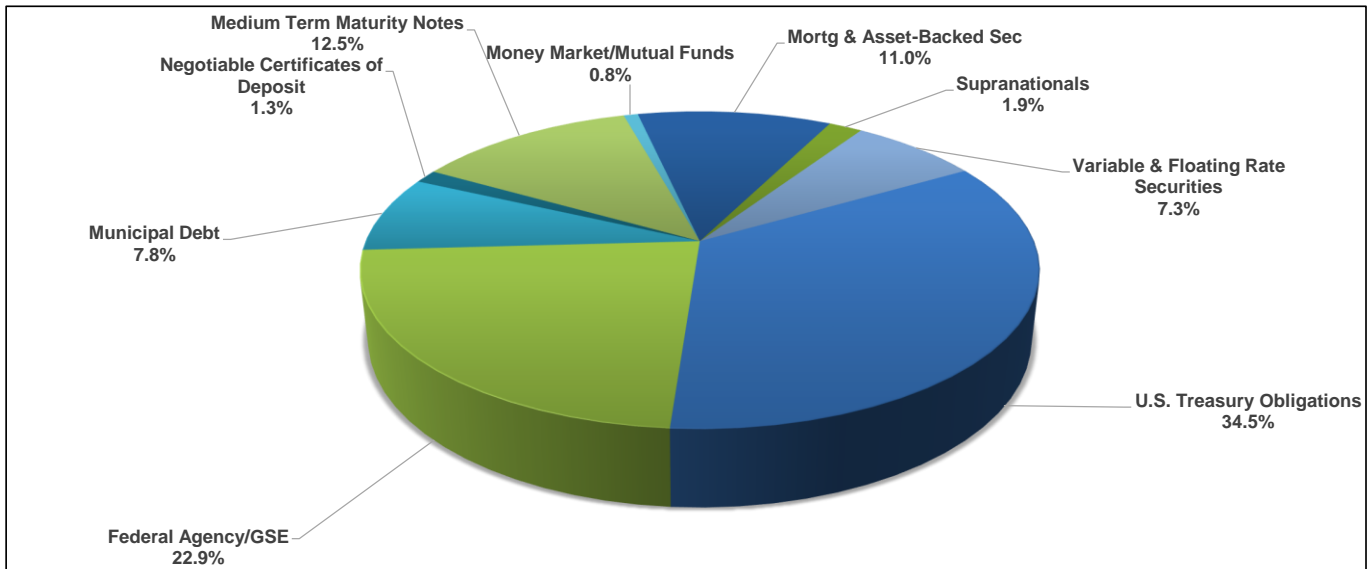
4/30/2021



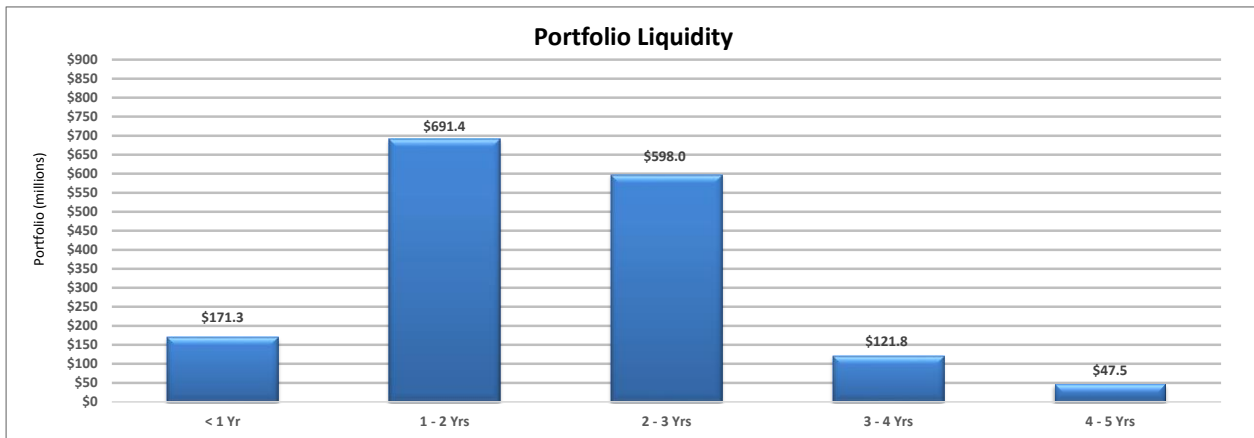
Short-Term Portfolio

4/30/2021

Portfolio Composition



Portfolio Liquidity



Rating Downgrades & Negative Credit Watch

4/30/2021

| <u>Investment Manager / Security</u> | <u>Par Amount</u> | <u>Maturity</u> | <u>S&P</u> | <u>Moody's</u> | <u>Fitch Ratings</u> |
|--------------------------------------|-------------------|-----------------|----------------|----------------|----------------------|
|--------------------------------------|-------------------|-----------------|----------------|----------------|----------------------|

Rating Downgrades:

Chandler Asset Management

| | | | | | |
|------------------------------|--------------|------------|----|----|-----|
| General Dynamics Corporation | \$ 4,000,000 | 5/11/2021* | A- | A2 | N/A |
|------------------------------|--------------|------------|----|----|-----|

On April 29, 2021, S&P downgraded the long-term ratings of the General Dynamics Corporation (General Dynamics) from A to A-. The downgrade is due to General Dynamics weakened margins in 2020 due to the impact of the pandemic on business jet volumes, affecting the company's aerospace division. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding the security due to the company's diversified portfolio of products and the short amount of time until maturity.

Negative Credit Watch:

Chandler Asset Management

| | | | | | |
|------------|--------------|-----------|----|----|----|
| US Bancorp | \$ 4,500,000 | Various** | A+ | A1 | A+ |
|------------|--------------|-----------|----|----|----|

On March 16, 2021, Moody's placed the long-term ratings of US Bancorp (US Bank) under review for possible downgrade. The credit watch placement is due to the narrowing outperformance of US Bank compared to its peers which is currently attributed to coronavirus related struggles. The security remains in compliance with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due US Bank's consistent financial performance and the quality of their balance sheet.

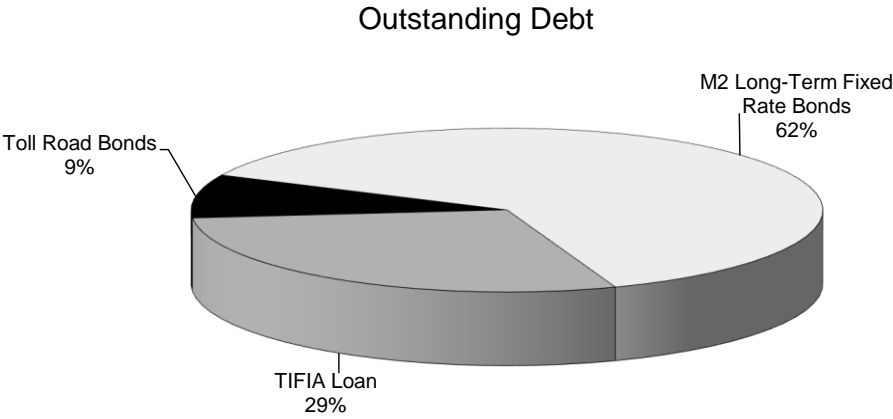
*Security matured as scheduled with no financial impact as a result of the downgrade

**2/5/24 & 7/30/24

DEBT PROGRAM

(M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, 2017 TIFIA Loan (I-405))

Total Outstanding Debt*
As of 4/30/21



TOTAL OUTSTANDING DEBT: \$990,890,000

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 TIFIA Loan (I-405)) currently outstanding and irrespective of OCTA's investment program.

Outstanding Debt*

As of 4/30/21

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 2021: | 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: | 368,625,000 |
| Debt Service FY 2021: | 26,569,650 |
| 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: | 85,265,000 |
| Debt Service FY 2021: | 10,795,075 |
| 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 Interest: | 23,015,310 |
| Pledged Revenue Source: | 405 Toll Road Revenues |
| Ratings (Moody's): | Baa2 |
| Final Maturity: | 2058 |

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 TIFIA Loan (I-405)) currently outstanding and irrespective of OCTA's investment program.