

**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
May 31, 2021**

OCTA Investment Dashboard

5/31/2021

Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of May 2021:
Not applicable.

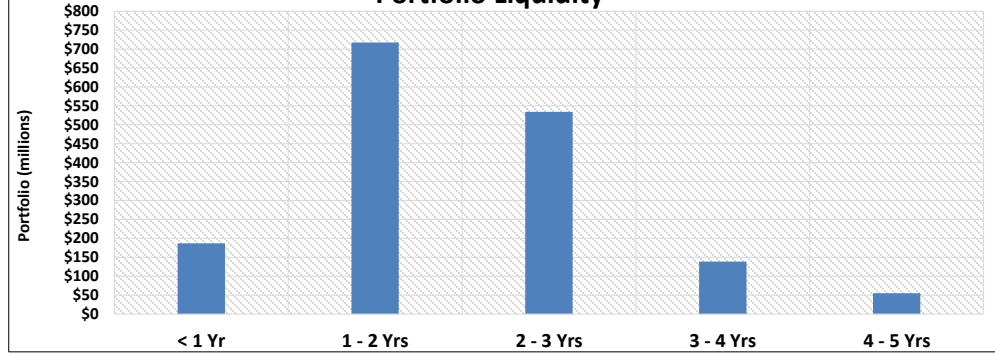
Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:
Not applicable.

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

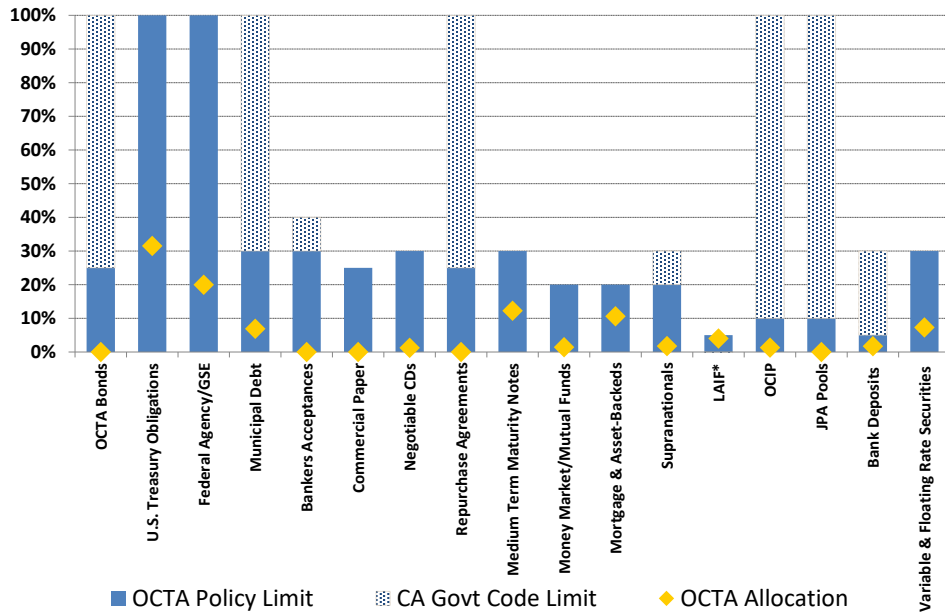
Two securities held within OCTA's investment portfolio were downgraded during the month. The total number of securities on the Negative Credit Watch list remained at one security for the month.

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

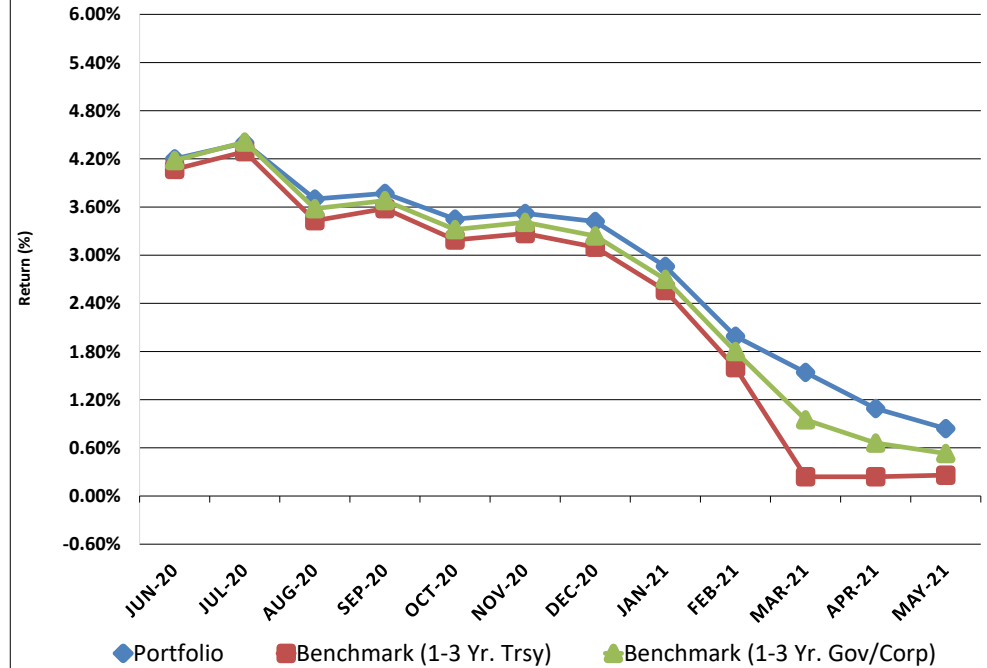
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



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

Investment Compliance

5/31/2021

Portfolio Subject to Investment Policy			
Short-Term/Liquid Portfolio ¹	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Maximum Percentages
U.S. Treasury Obligations	\$ 555,470,320	31.5%	100%
Federal Agency/GSE	352,379,286	20.0%	100%
Municipal Debt	121,906,281	6.9%	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	215,993,153	12.2%	30%
Money Market/Mutual Funds	24,925,786	1.4%	20%
Mortgage & Asset-Backed	187,081,384	10.6%	20%*
Supranationals	30,904,063	1.8%	20%
Local Agency Investment Fund**	70,996,561	4.0%	\$ 75 Million
Orange County Investment Pool	23,218,901	1.3%	10%
Joint Powers Authority Pools	-	0.0%	10%
Bank Deposits	30,585,282	1.7%	5%
Variable & Floating Rate Securities	128,573,775	7.3%	30%
Total Short-Term/Liquid Portfolio	\$ 1,763,834,793	100.0%	

1. Excludes portion of Liquid Portfolio subject to Indenture

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

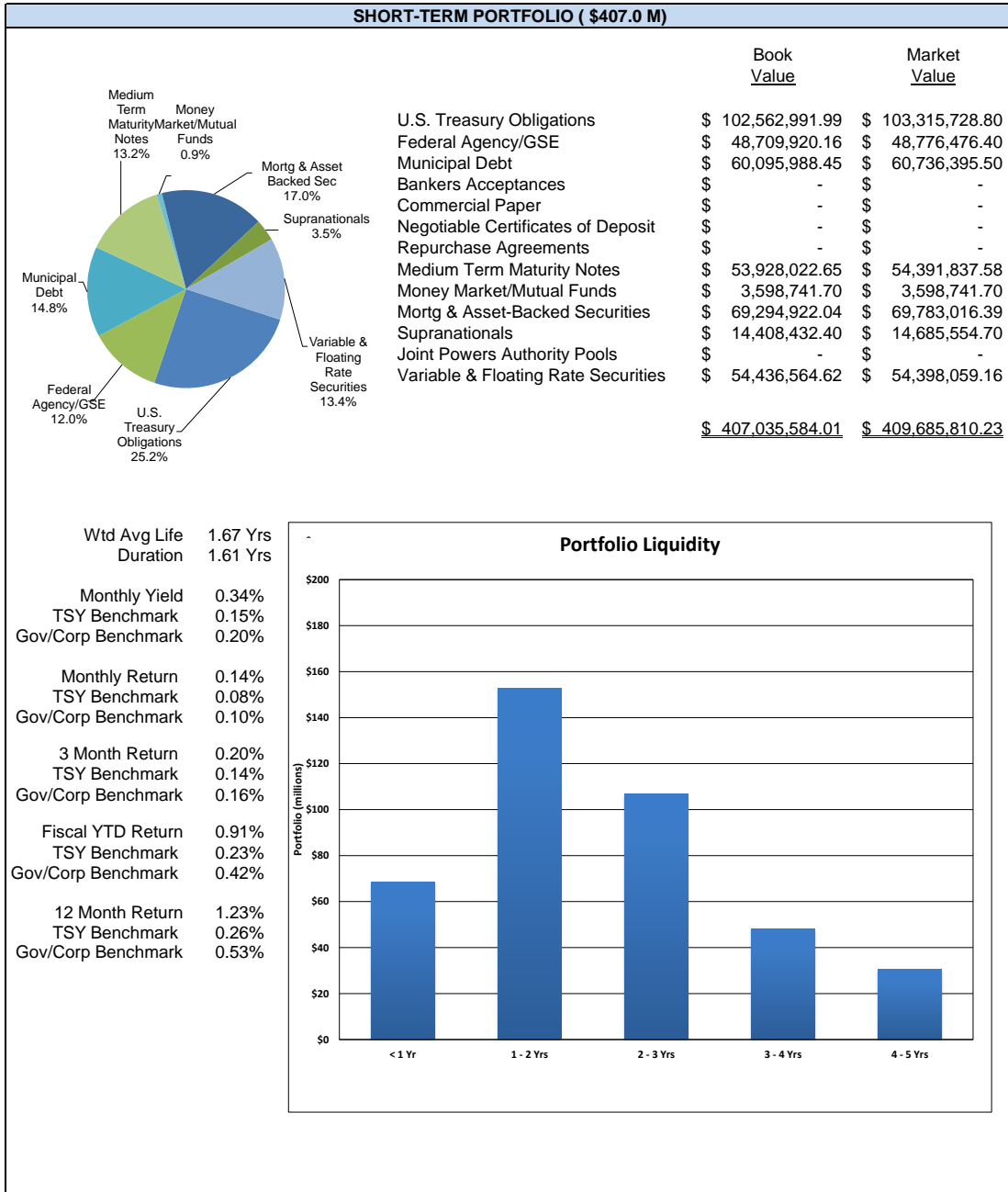
**OCTA increased the balance in the LAIF (Pool) from \$46m to \$71m during the month of February.

Portfolio Subject to Indenture						
Liquid Portfolio*	Dollar Amount Invested	Credit Quality	OCTA Term	Indenture Requirements Credit Quality	Term	
Money Market Funds	\$ 40,444,268	AAA/Aaa	45 days	Min. A2/A	Max. 4 years	
Total Liquid Portfolio	\$ 40,444,268					
Bond Proceeds Portfolio						
Money Market Funds	\$ 171,159,345	AAA/Aaa	45 days	Min. A2/A	Max. 4 years	
Total Bond Proceeds Portfolio	\$ 171,159,345					
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	\$ 196,462,903					
Portfolio Total	\$ 2,000,741,964					

*Reflects portion of Liquid Portfolio subject to Indenture

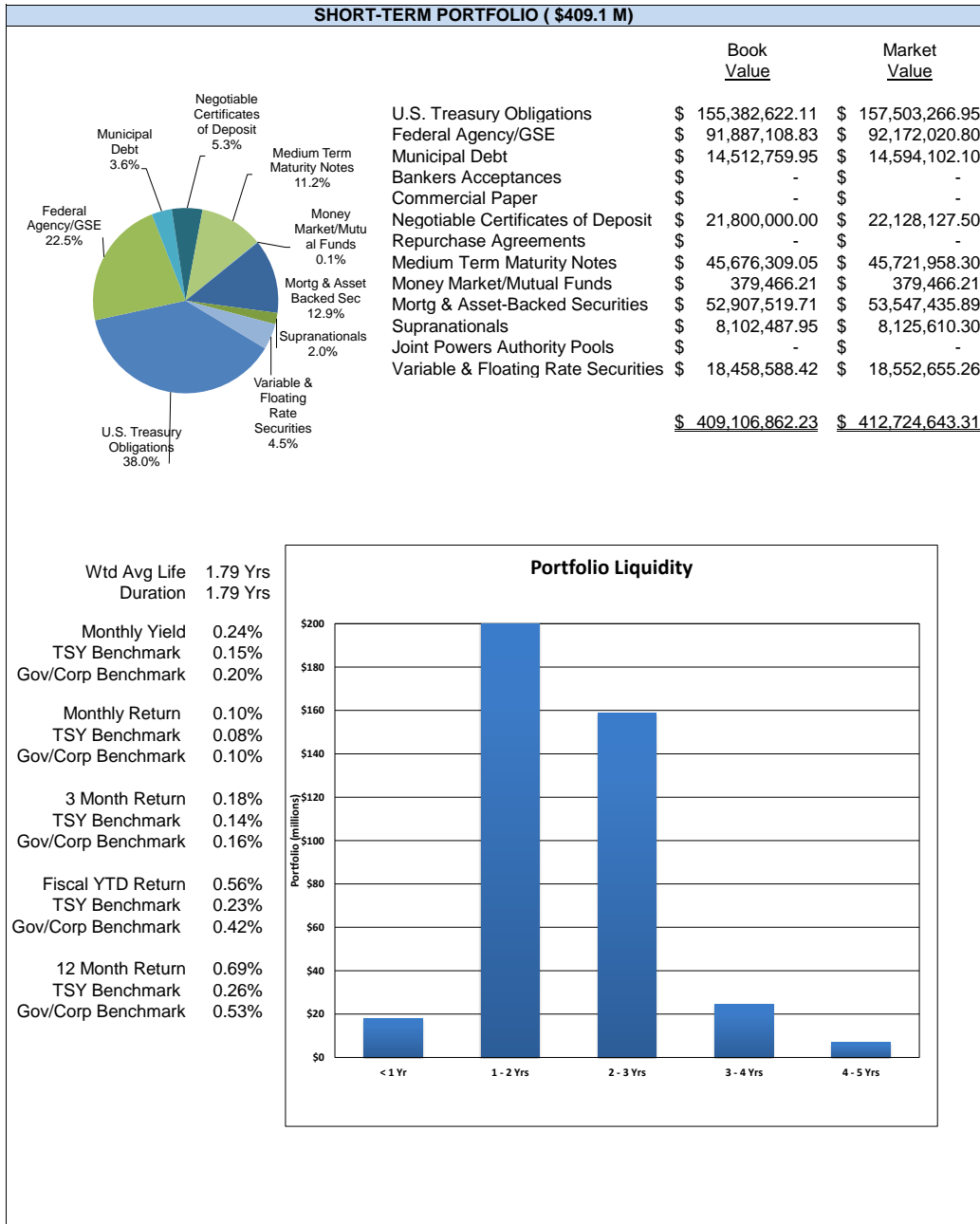
Investment Manager Diversification and Maturity Schedules

**MetLife Investment Management
5/31/2021**



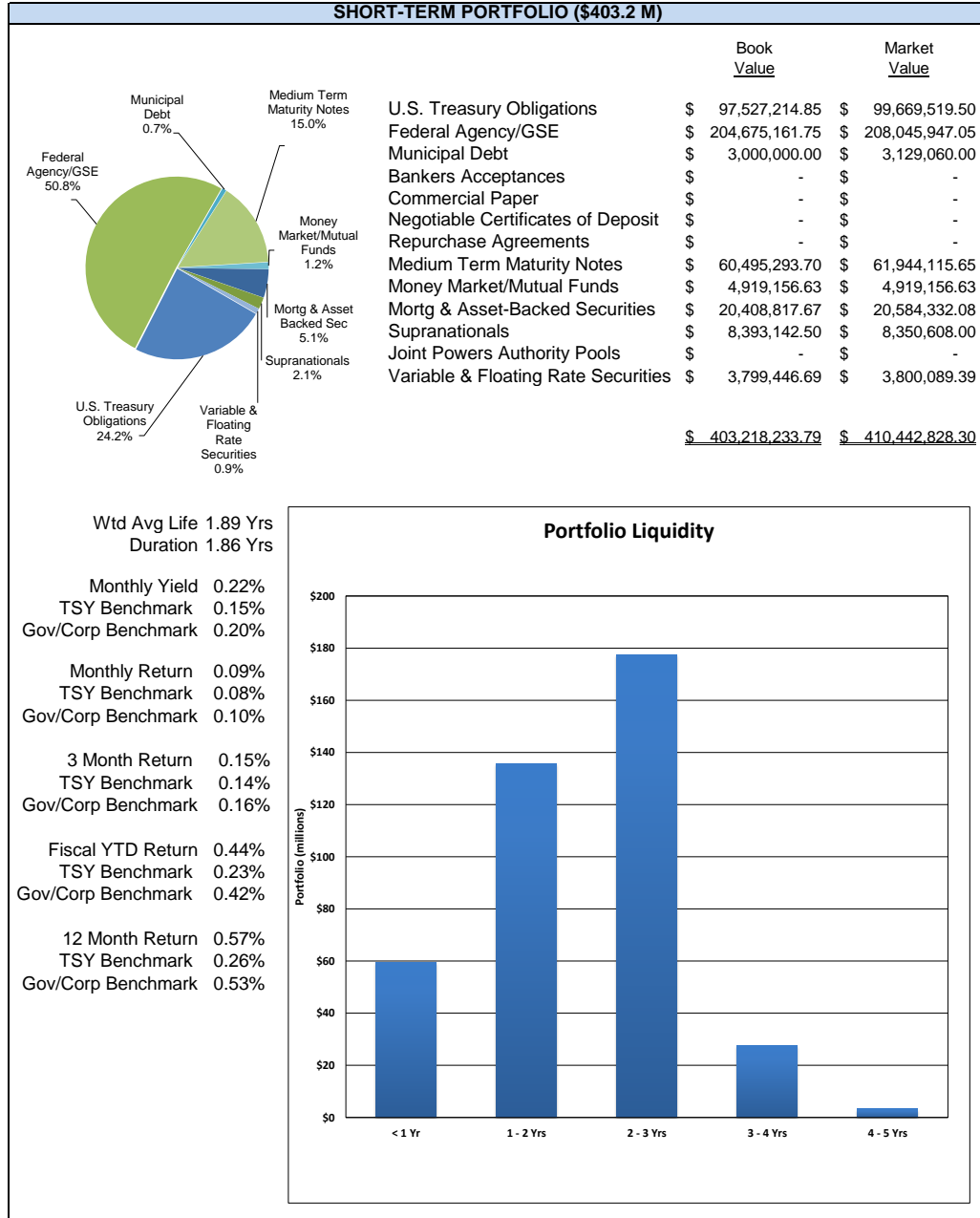
Investment Manager Diversification and Maturity Schedules

PFM
5/31/2021



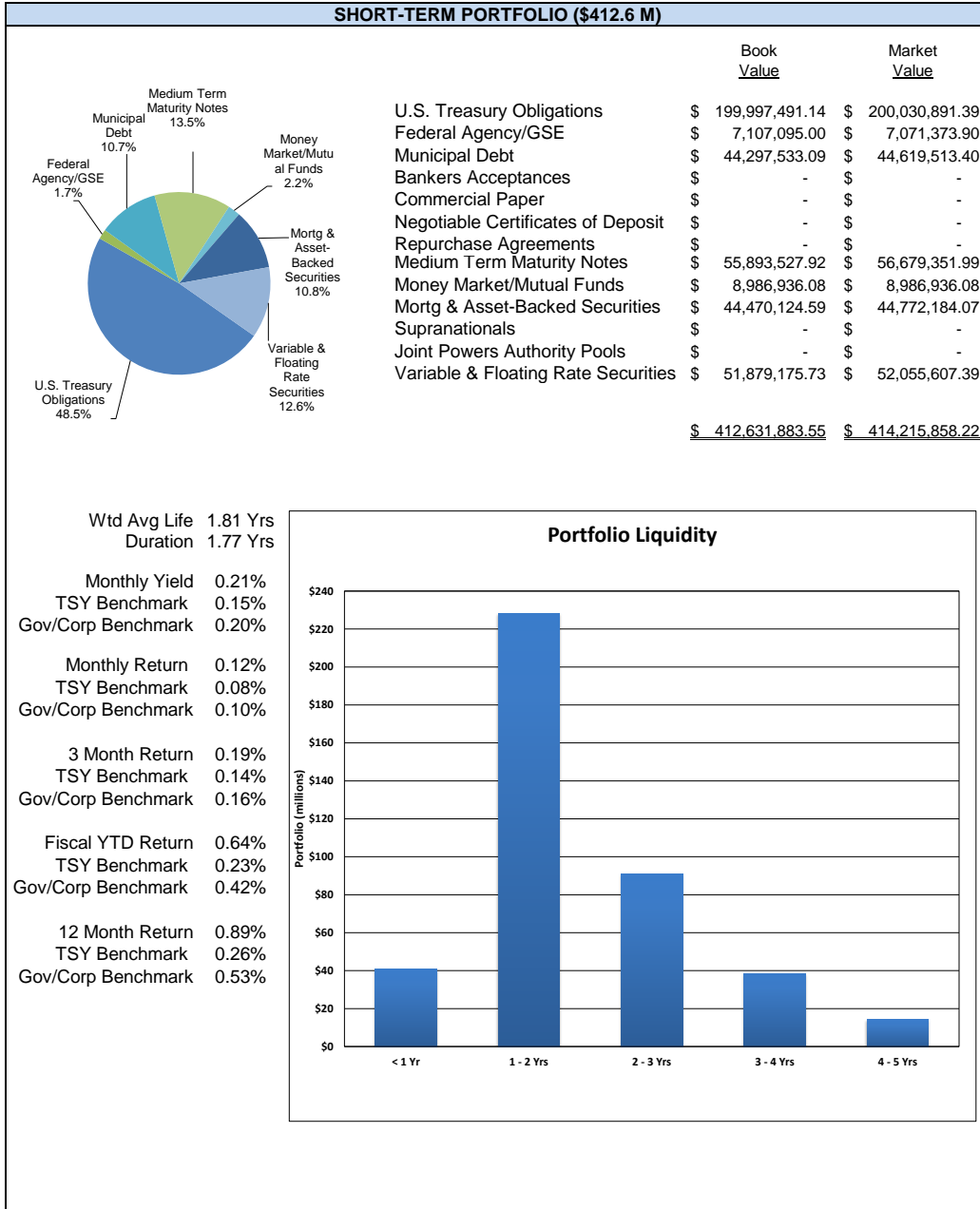
Investment Manager Diversification and Maturity Schedules

**Chandler Asset Management
5/31/2021**



Investment Manager Diversification and Maturity Schedules

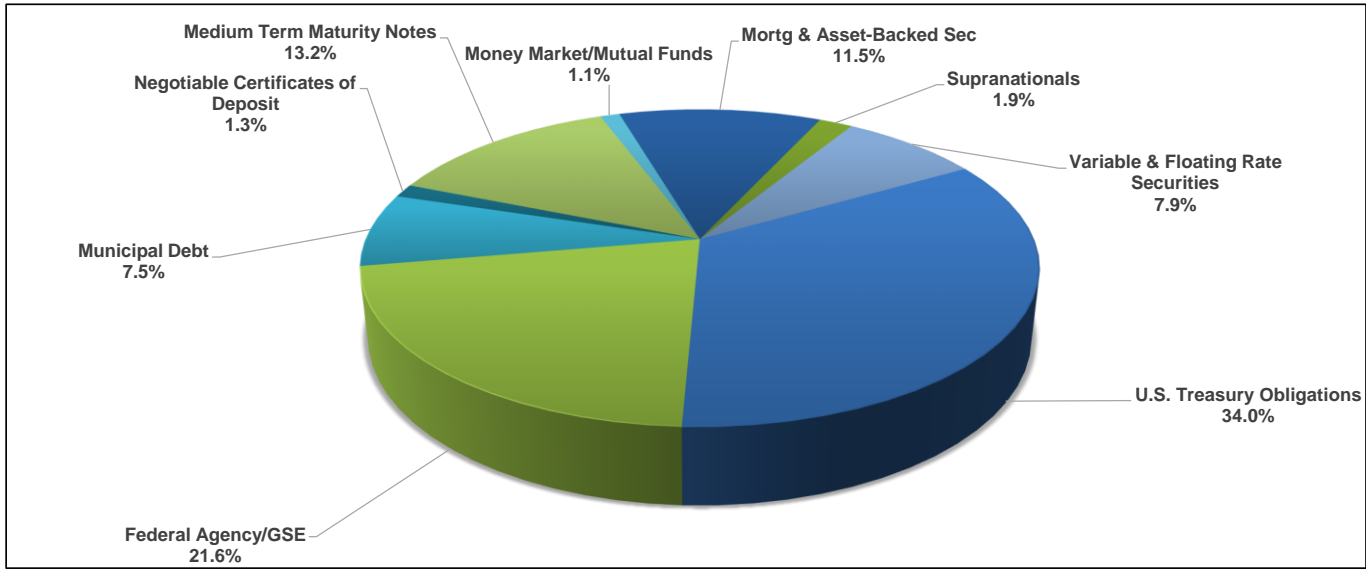
Payden & Rygel
5/31/2021



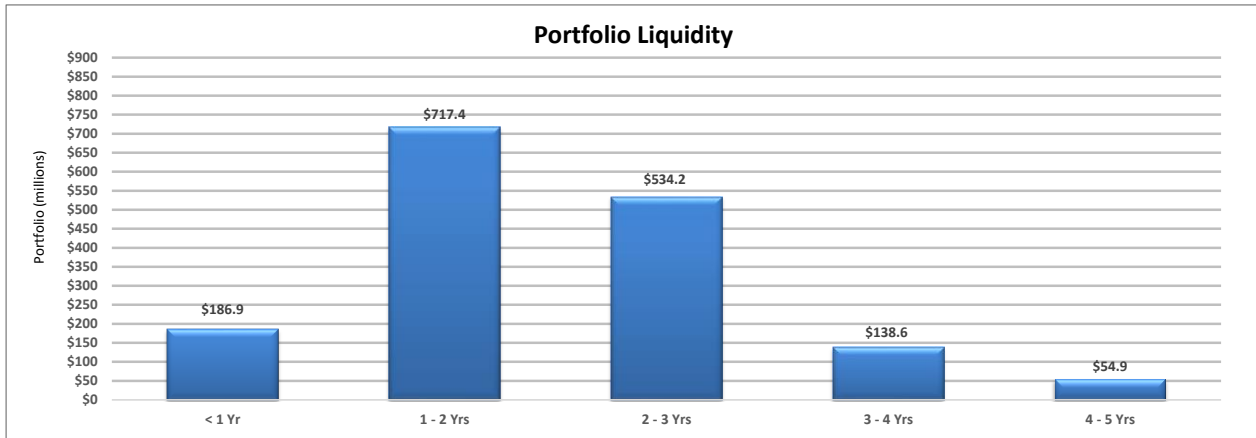
Short-Term Portfolio

5/31/2021

Portfolio Composition



Portfolio Liquidity



Rating Downgrades & Negative Credit Watch 5/31/2021

<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:					
Payden & Rygel					
Consumers Energy Company	\$ 580,000	6/1/2023	A	A1	A+
<p><i>On May 3, 2021, Moody's downgraded the long-term ratings of the Consumers Energy Company (Consumers Energy) from Aa3 to A1, and Moody's also downgraded the rating of the parent holding company CMS Energy Corp from Baa1 to Baa2. The downgrade is due to Consumers Energy financial metrics declining over the past few years due to tax reform changes and continued high leverage to support elevated capital investments. The security complies with the requirements of the Investment Policy, and the manager is comfortable holding the security due to the company benefiting from a supportive regulatory environment and its positive position to maintain its current credit profile.</i></p>					
PFM					
IBM Corporation	\$ 935,000	2/12/2024	A-	A2	N/A
<p><i>On May 6, 2021, S&P downgraded the long-term ratings of the IBM Corporation (IBM) from A to A-. The downgrade is due to IBM's increased acquisitions in the first quarter affecting their leverage metrics for the future. 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 quality of their balance sheet.</i></p>					
Negative Credit Watch:					
Chandler Asset Management					
US Bancorp	\$ 4,500,000	Various**	A+	A1	A+
<p><i>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 to US Bank's consistent financial performance and the quality of their balance sheet.</i></p>					

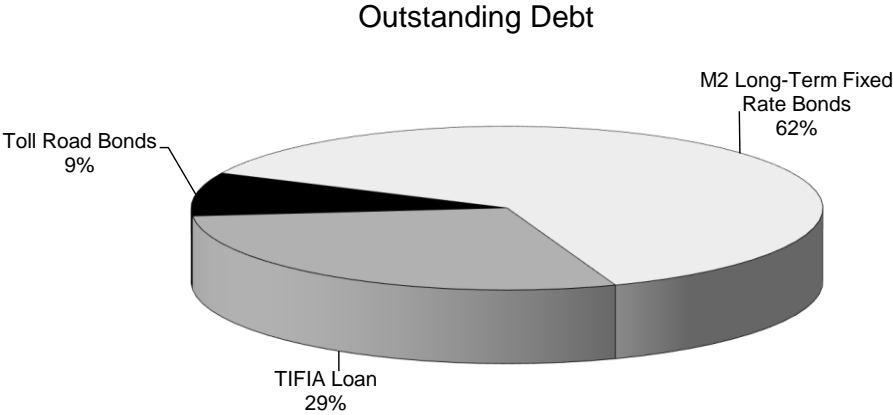
**2/5/24 & 7/30/24

DEBT PROGRAM

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

Total Outstanding Debt*

As of 5/31/21



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 5/31/21

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:		23,724,632
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.