

**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
July 31, 2021**

OCTA Investment Dashboard

7/31/2021

Safety of Principal

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

Not applicable.

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

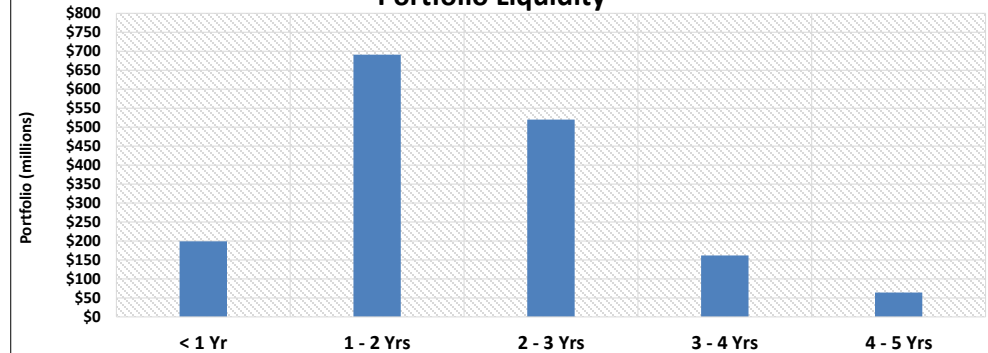
Not applicable.

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

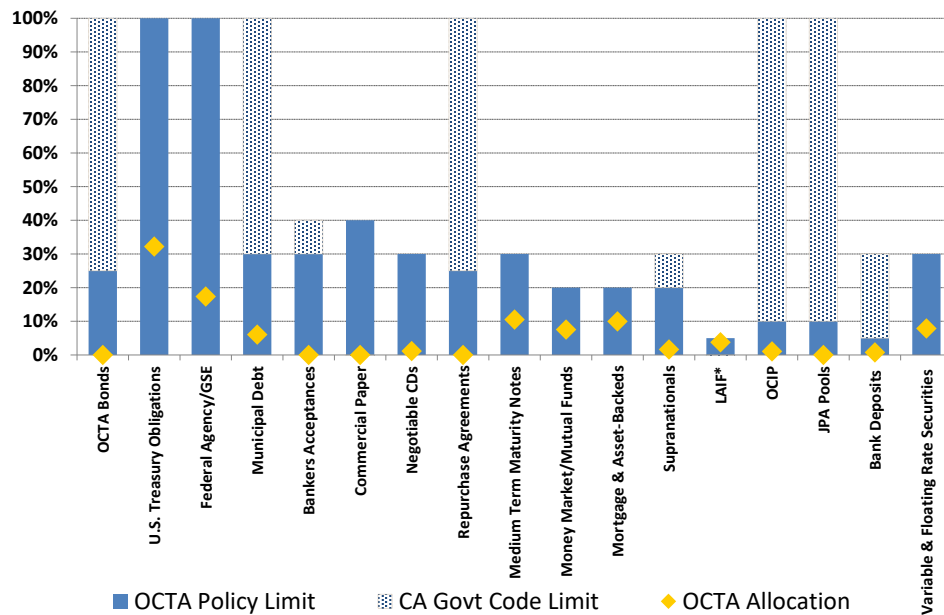
There were three securities held within OCTA's investment portfolio that were downgraded during the month. The total number of securities on the Negative Credit Watch list decreased to zero securities for the month.

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

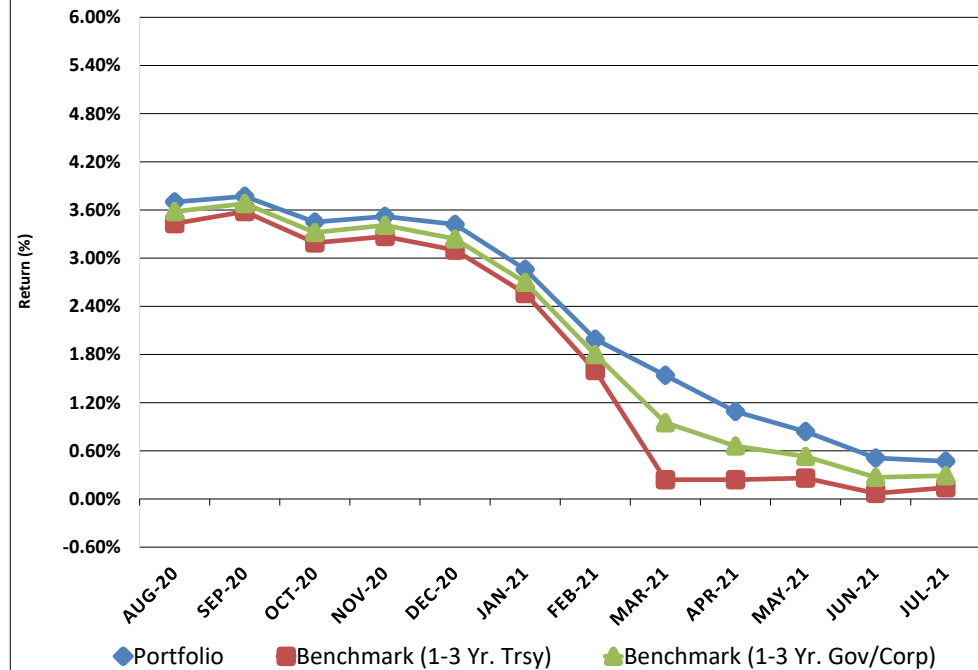
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



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

Investment Compliance

7/31/2021

Portfolio Subject to Investment Policy			
	Dollar Amount	Percent Of	Investment Policy
Short-Term/Liquid Portfolio ¹	Invested	Portfolio	Maximum Percentages
U.S. Treasury Obligations	\$ 604,379,951	32.2%	100%
Federal Agency/GSE	325,698,756	17.4%	100%
Municipal Debt	113,442,836	6.0%	30%
Commercial Paper	-	0.0%	40%
Negotiable Certificates of Deposit	21,800,000	1.2%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	197,403,430	10.5%	30%
Money Market/Mutual Funds	141,852,153	7.6%	20%
Mortgage & Asset-Backed	187,043,051	10.0%	20%
Supranationals	30,904,063	1.6%	20%
Local Agency Investment Fund	71,054,530	3.8%	\$ 75 Million
Orange County Investment Pool	19,877,938	1.1%	10%
Joint Powers Authority Pools	-	0.0%	10%
Bank Deposits	14,641,898	0.8%	5%
Variable & Floating Rate Securities	148,127,973	7.9%	30%
Total Short-Term/Liquid Portfolio	\$ 1,876,226,580	100.0%	

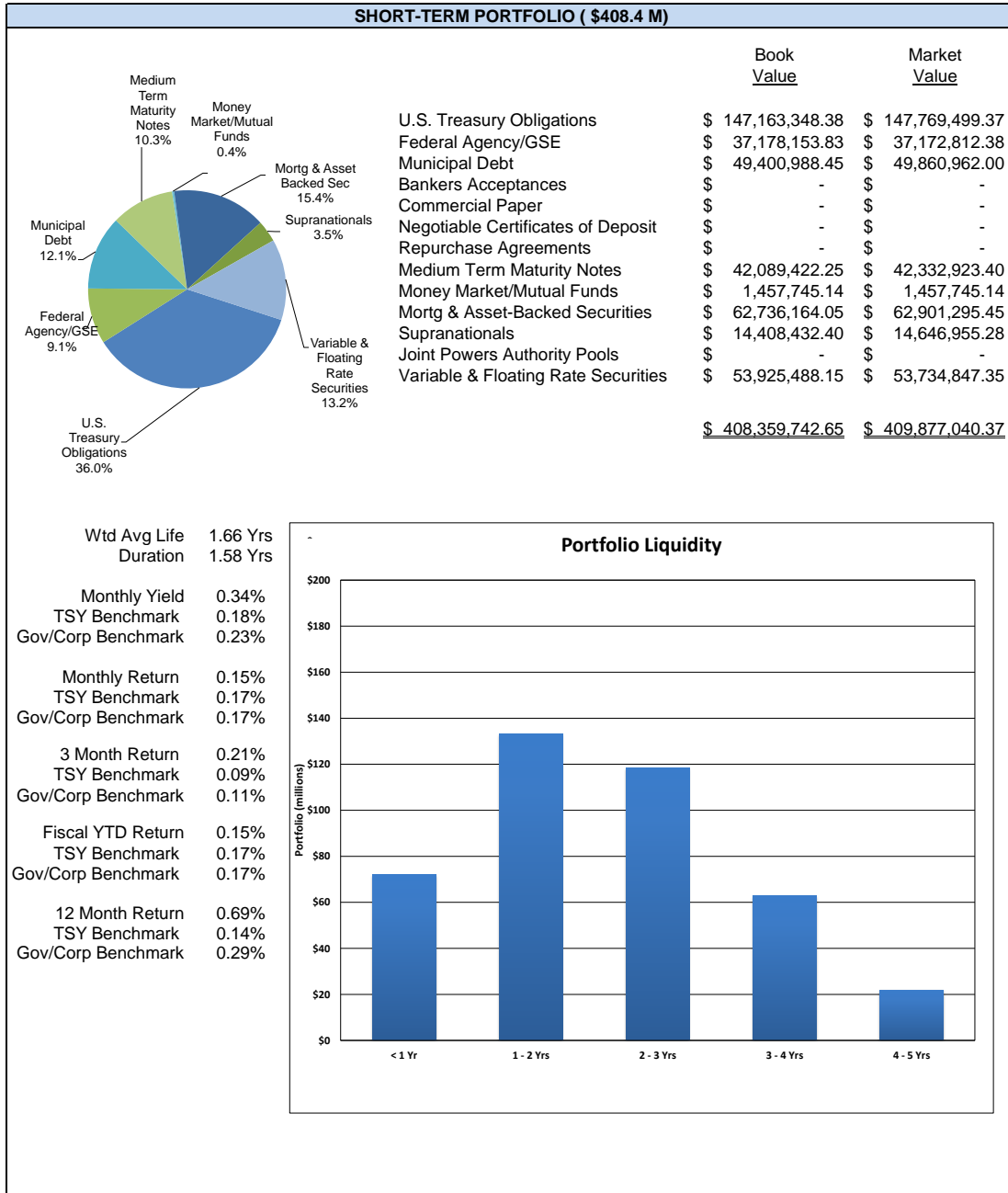
1. Excludes portion of Liquid Portfolio subject to Indenture

Portfolio Subject to Indenture					
	Dollar Amount	OCTA		Indenture Requirements	
	Invested	Credit Quality	Term	Credit Quality	Term
Liquid Portfolio*					
Money Market Funds	\$ 114,600,182	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Total Liquid Portfolio	\$ 114,600,182				
Bond Proceeds Portfolio					
Money Market Funds	\$ 13,296	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Total Bond Proceeds Portfolio	\$ 13,296				
Reserve Funds Portfolio					
Commercial Paper	\$ 25,090,963	P-1/F-1	60-150 days	Min. A-1/P-1	Max. 180 days
Bank Deposits	\$ 220,659				
US Treasuries Obligations	367	AAA/Aaa	30 days	Min. A2/A	Max. 5 years
Total Reserve Funds Portfolio	\$ 25,311,988				
Total Portfolio Subject to Indenture	\$ 25,325,284				
Portfolio Total	\$ 2,016,152,046				

*Reflects portion of Liquid Portfolio subject to Indenture

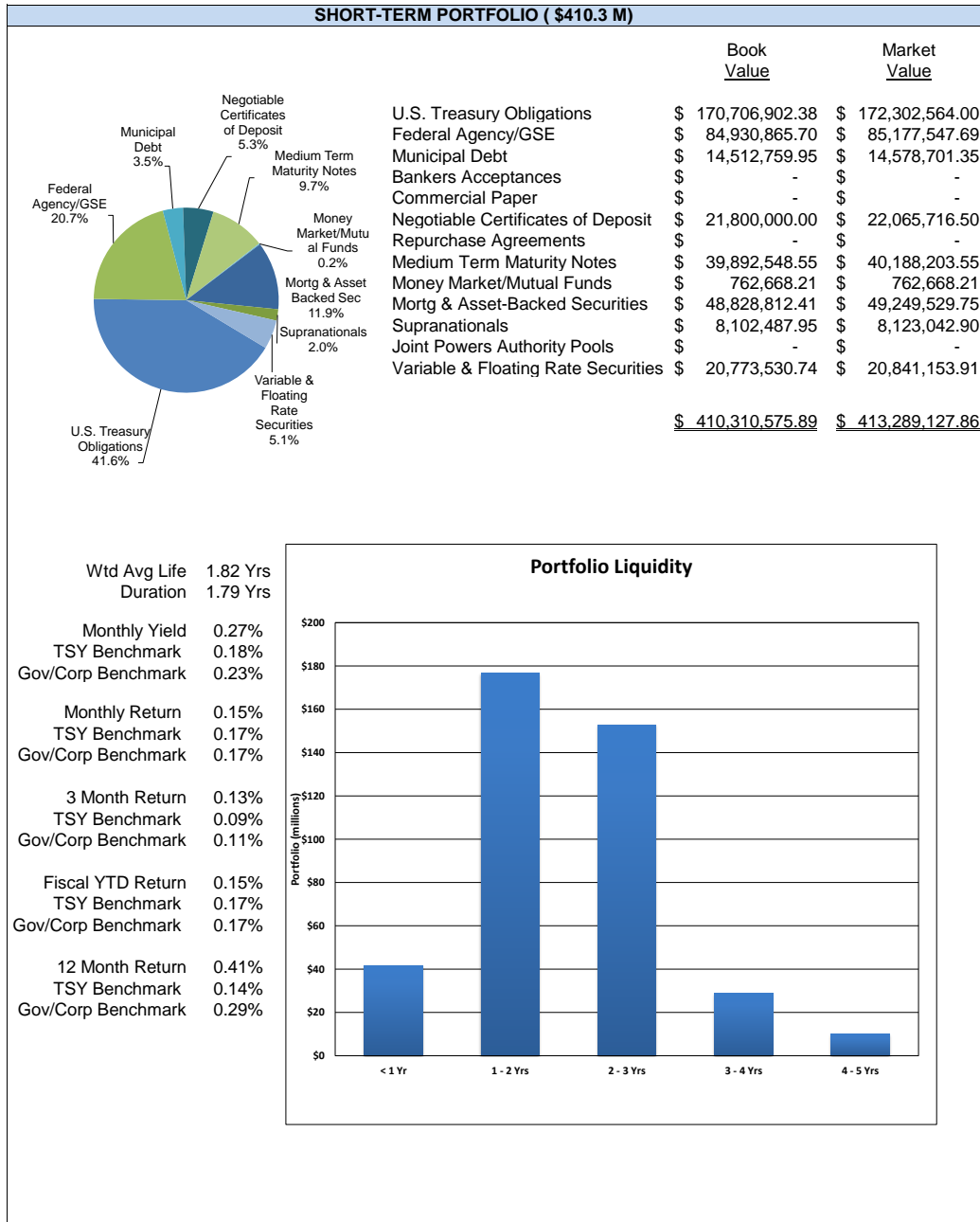
Investment Manager Diversification and Maturity Schedules

MetLife Investment Management
7/31/2021



Investment Manager Diversification and Maturity Schedules

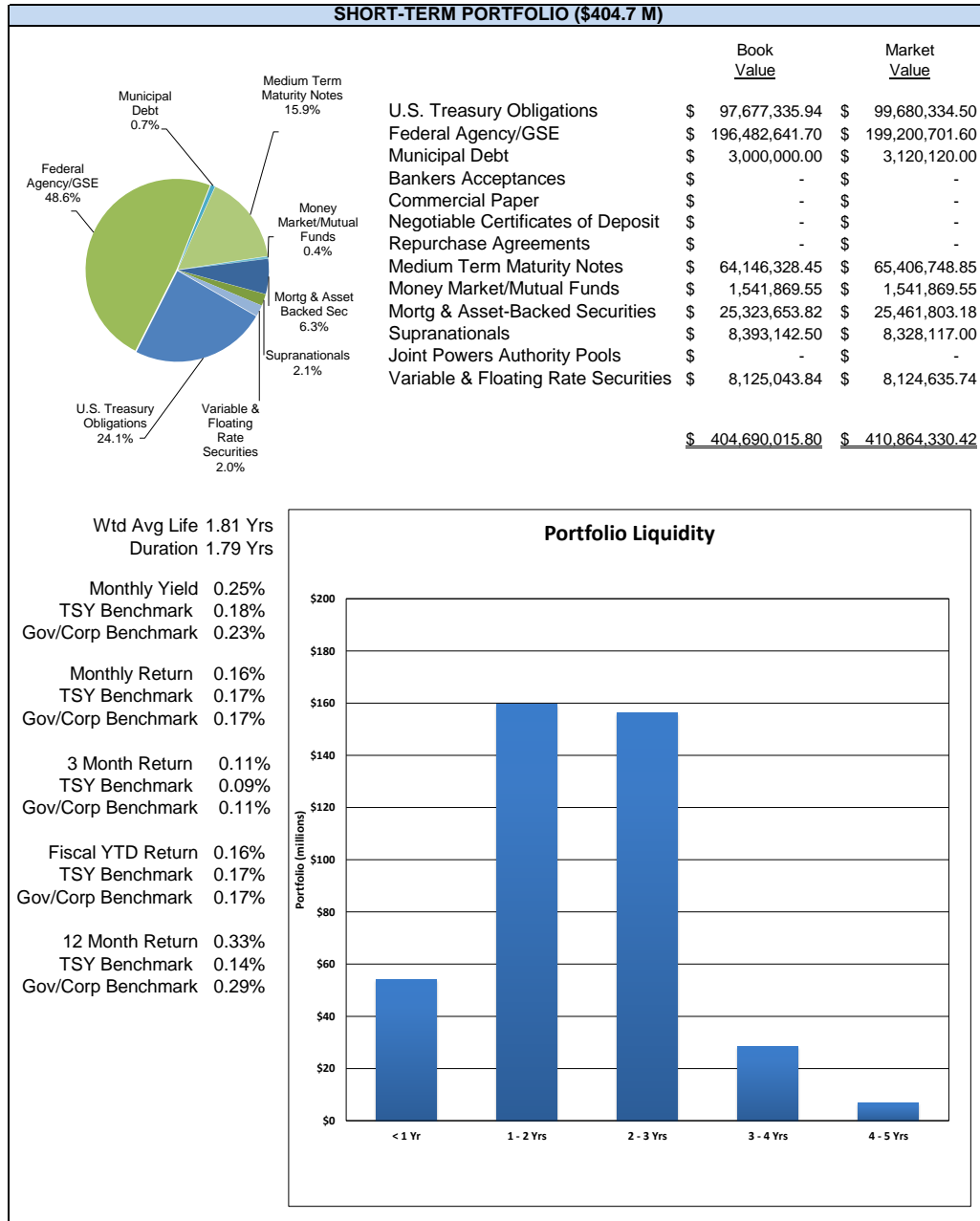
PFM
7/31/2021



Investment Manager Diversification and Maturity Schedules

Chandler Asset Management

7/31/2021

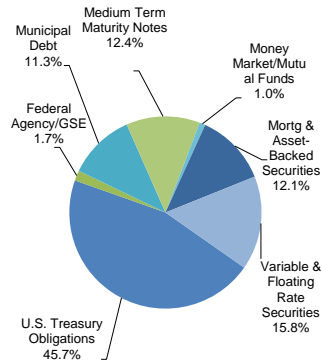


Investment Manager Diversification and Maturity Schedules

Payden & Rygel

7/31/2021

SHORT-TERM PORTFOLIO (\$413.2 M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 188,832,364.20	\$ 188,829,650.31
Federal Agency/GSE	\$ 7,107,095.00	\$ 7,094,153.50
Municipal Debt	\$ 46,529,088.09	\$ 46,634,086.72
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 51,275,130.77	\$ 51,831,616.33
Money Market/Mutual Funds	\$ 4,043,868.19	\$ 4,043,868.19
Mortg & Asset-Backed Securities	\$ 50,154,421.16	\$ 50,346,664.54
Supranationals	\$ -	\$ -
Joint Powers Authority Pools	\$ -	\$ -
Variable & Floating Rate Securities	\$ 65,303,910.09	\$ 65,308,480.57
	<u>\$ 413,245,877.50</u>	<u>\$ 414,088,520.16</u>

Wtd Avg Life 1.78 Yrs
Duration 1.72 Yrs

Monthly Yield 0.32%
TSY Benchmark 0.18%
Gov/Corp Benchmark 0.23%

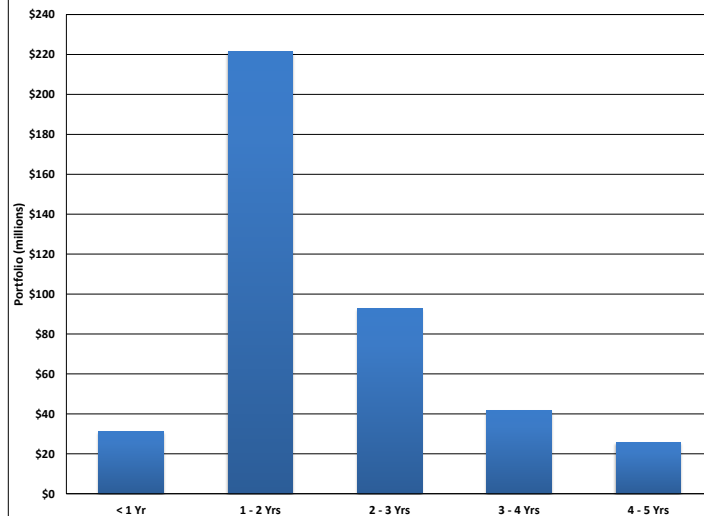
Monthly Return 0.17%
TSY Benchmark 0.17%
Gov/Corp Benchmark 0.17%

3 Month Return 0.16%
TSY Benchmark 0.09%
Gov/Corp Benchmark 0.11%

Fiscal YTD Return 0.17%
TSY Benchmark 0.17%
Gov/Corp Benchmark 0.17%

12 Month Return 0.47%
TSY Benchmark 0.14%
Gov/Corp Benchmark 0.29%

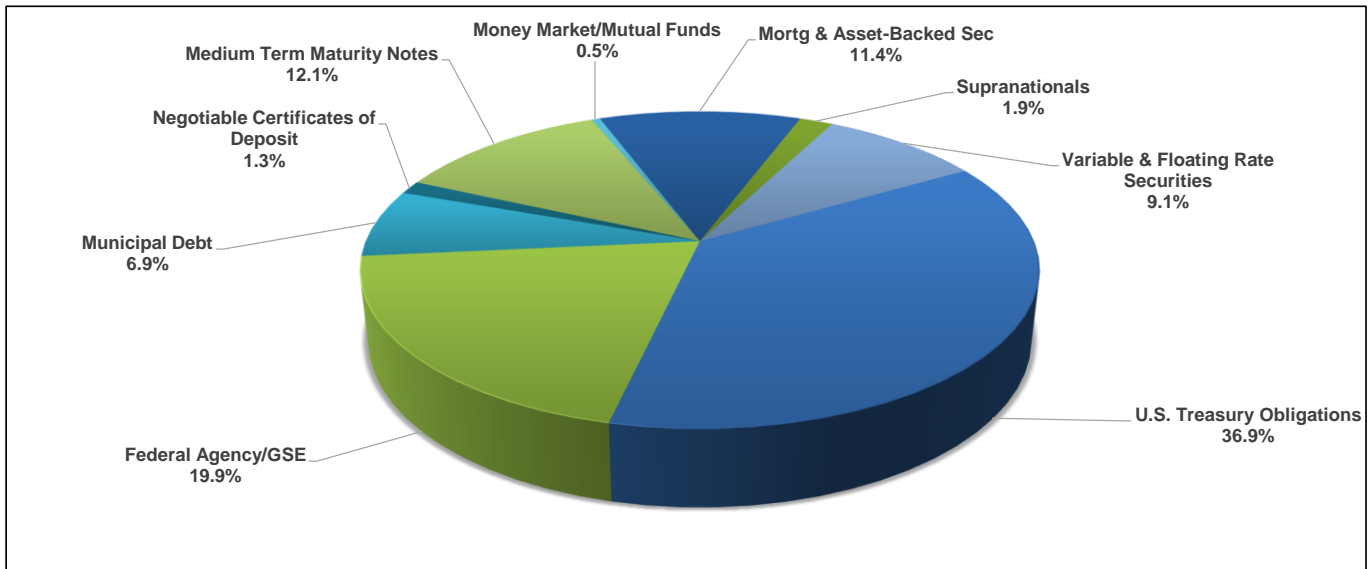
Portfolio Liquidity



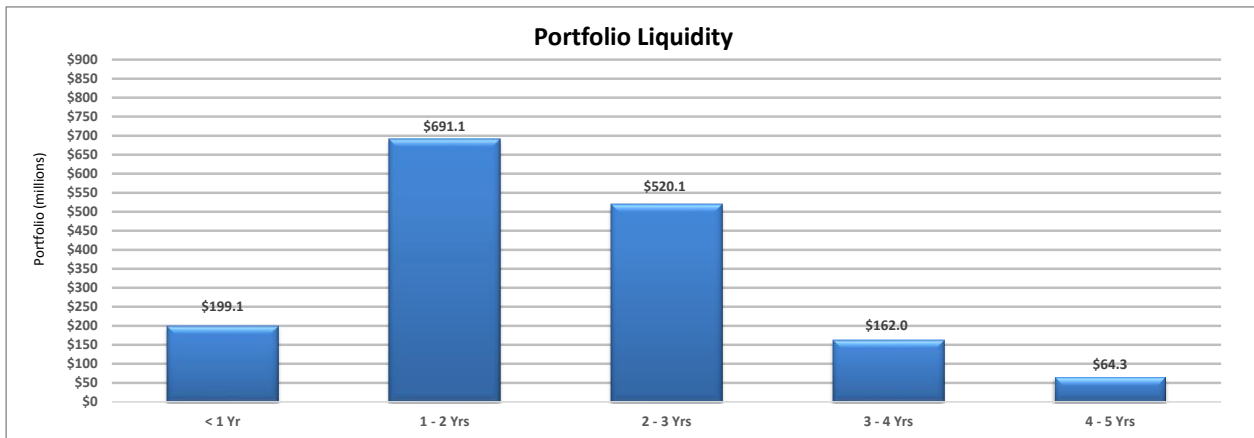
Short-Term Portfolio

7/31/2021

Portfolio Composition



Portfolio Liquidity



Rating Downgrades & Negative Credit Watch

7/31/2021

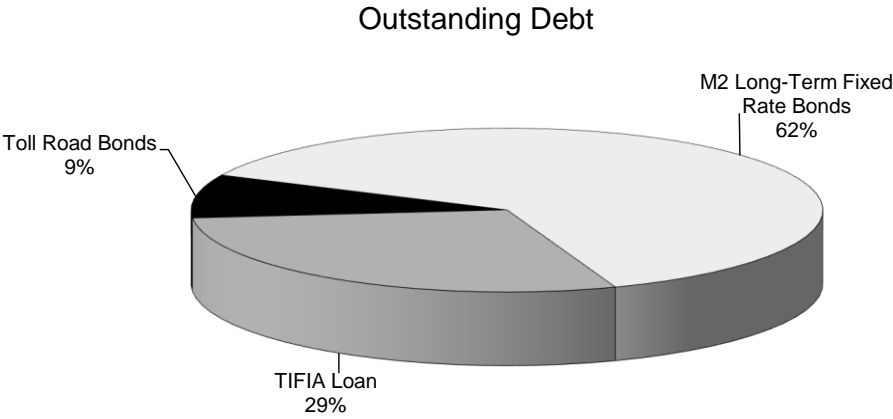
<u>Investment Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
Rating Downgrades:					
Chandler Asset Management					
US Bancorp	\$ 4,500,000	Various*	A+	A2	A+
On July 12, 2021, Moody's downgraded the long-term ratings of US Bancorp (US Bank) from A1 to A2. The downgrade is due to the narrowing outperformance of US Bank compared to its peers which is attributed to continued 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.					
Royal Bank of Canada	\$ 4,000,000	11/1/2024	A	A2	AA-
On July 15, 2021, Fitch downgraded the long-term ratings of the Royal Bank of Canada (Bank of Canada) from AA to AA-. The downgrade is due to an overall downgrade to the Canadian operating environment by Fitch due to an increase in private and public sector debt. The security remains in compliance with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to the Bank of Canada's strong credit profile among Canadian banks, diversification, capital buffers, and strong earnings.					
PFM					
Credit Suisse	\$ 3,100,000	3/17/2023	A+	A1	N/A
On July 13, 2021, Moody's downgraded the long-term ratings of Credit Suisse from Aa3 to A1. The downgrade is due to Moody's recently changing their methodology for bank ratings, resulting in rating changes to several banks. The security remains in compliance with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to Credit Suisse's enhancements to risk awareness, client defections, and a reduction in the bank's risk appetite.					

*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 7/31/21



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 7/31/21

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 2022:	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 2022:	26,556,400
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 2022:	10,795,825
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:	25,120,396
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.