

**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
October 31, 2024**

INVESTMENT PROGRAM

OCTA Investment Dashboard

10/31/2024

Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of October 2024:

N/A

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

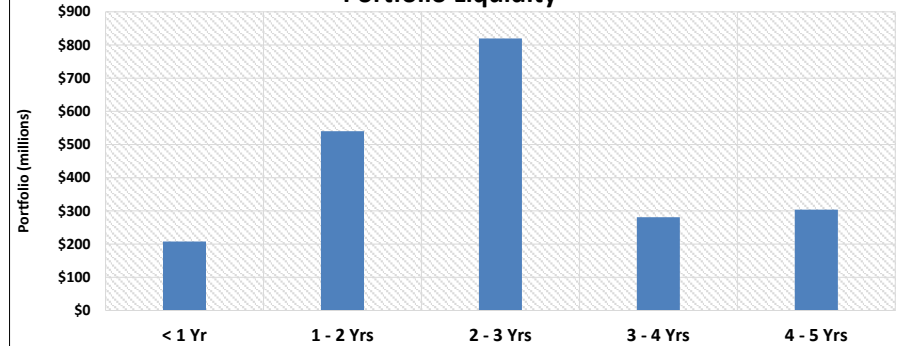
Two Keybank securities held within OCTA's investment portfolio were downgraded below minimum credit quality requirements for the month of October 2023

Securities downgraded or placed on Negative Credit Watch during the month of October 2024, but remain in compliance with OCTA's Investment Policy:

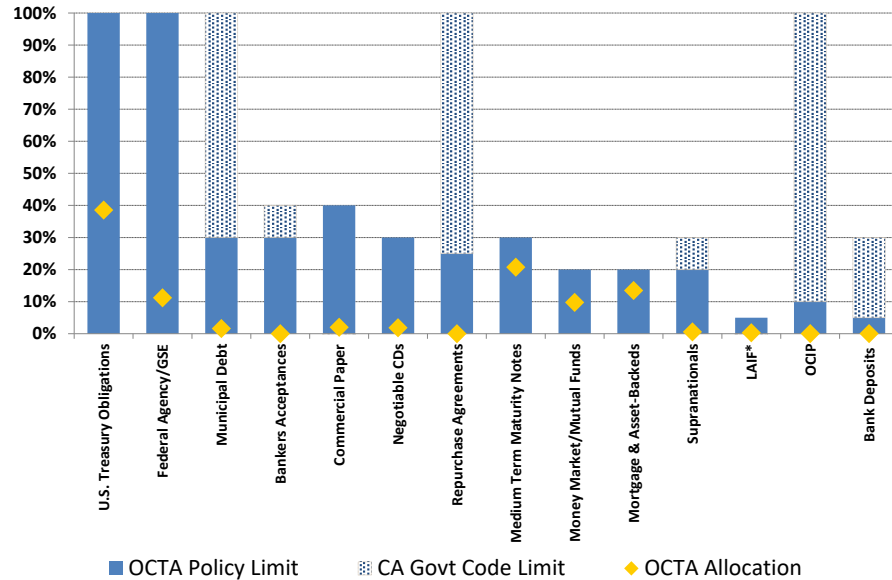
One security held within OCTA's investment portfolio was downgraded during the month.

For further details please refer to A-4 of this report.

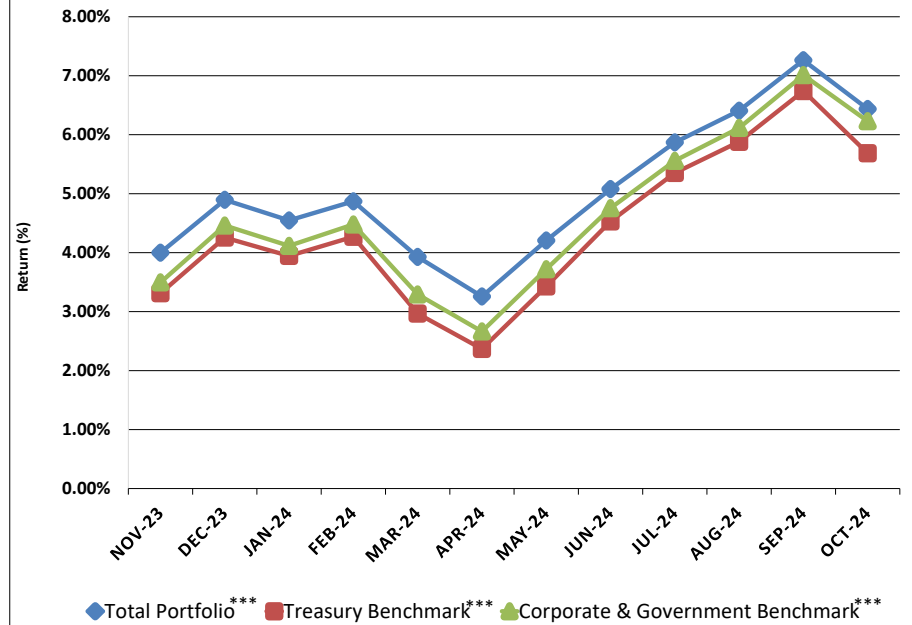
Portfolio Liquidity⁽¹⁾



Portfolio Diversification **



Total Return - 12 Month⁽¹⁾



1. Reflects Managed Portfolio.

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

** Per OCTA's Investment Policy the limit is 30% for variable and floating rate securities. As of October 31, 2024, 6.3% of the portfolio was invested in variable & floating rate securities.

*** Actual portfolio returns represent the aggregate performance of the managed portfolio.

The Treasury Benchmark is the 1-3 Year Treasury Index through September 2024 and transitions to a market value-weighted blend of the 1-3 Year and 1-5 Year Treasury Indices starting October 2024.

The Corporate & Government Benchmark is the 1-3 Year AAA-A U.S. Corporate & Government Index through September 2024 and shifts to a market value-weighted blend of the 1-3 Year and 1-5 Year AAA-A U.S. Corporate & Government Indices beginning October 2024.

Investment Compliance

10/31/2024

Portfolio Subject to Investment Policy			
Managed/Liquid Portfolio ¹	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Max. Percentages
U.S. Treasury Obligations	\$ 938,449,759	38.5%	100%
Federal Agency/GSE	272,279,878	11.2%	100%
Municipal Debt	\$ 38,902,047	1.6%	30%
Commercial Paper	48,715,563	2.0%	40%
Negotiable Certificates of Deposit	\$ 45,250,000	1.9%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	\$ 504,763,869	20.7%	30%
Money Market/Mutual Funds	237,236,675	9.7%	20%
Mortgage & Asset-Backed	\$ 327,457,037	13.4%	20%
Supranationals	13,493,324	0.6%	20%
Local Agency Investment Fund	\$ 7,116,960	0.3%	\$ 75 Million
Orange County Investment Pool	797,682	0.0%	10%
Bank Deposits	\$ 952,206	0.0%	5%
Total Managed/Liquid Portfolio²	\$ 2,435,414,998		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$154,387,037 (6.3% of total Managed/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

Portfolio Subject to Indenture					
Portfolio	Dollar Amount Invested	OCTA		Indenture Requirements	
		Credit Quality	Term	Min. Credit Quality	Max. Term
Liquid Portfolio*					
Government Obligations MMKT Fund	74,727,014	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	33,926,441	"AAAm"/"Aammf"	N/A	AAA Category	N/A
Total Liquid Portfolio	\$ 108,653,455				
Bond Proceeds Portfolio					
2021 Bond Anticipation Notes (BANs):					
Government Obligations MMKT Fund	56,093	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	"AAAm" or "AAAm-G"	N/A
91 Express Lanes 2023 Bonds:					
Government Obligations MMKT Fund	2,647	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Total Bond Proceeds Portfolio	\$ 58,740				
Reserve Funds Portfolio					
Government Obligations MMKT Fund	\$ 5,257,354	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Negotiable Certificates of Deposit	5,000,000	"A-1"/"P-1"/"F1+"	267 days	"A-1"/"P-1"/"F1"	270 days
Negotiable Certificates of Deposit	3,000,000	"A-1"/"P-1"/"F1+"	270 days	"A-1"/"P-1"/"F1"	270 days
Government Obligations MMKT Fund**	5,684	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
Total Reserve Funds Portfolio	\$ 13,263,037				
Total Portfolio Subject to Indenture	\$ 13,321,778				
Portfolio Total	\$ 2,557,390,231				

*Reflects portion of Liquid Portfolio subject to Indenture (OCTA Sales Tax Revenue)

**91 EL Debt Service Fund

Managed Portfolio
Sector Allocation and Performance Overview
10/31/2024

Book/Market Value	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio
Total Portfolio:					
Book Value	\$ 536,483,917	\$ 534,185,151	\$ 538,012,651	\$ 544,141,805	\$ 2,152,823,525
Market Value	\$ 542,131,534	\$ 542,787,172	\$ 545,200,817	\$ 548,978,337	\$ 2,179,097,860
1-3 Year Portfolio:					
Book Value	\$ 373,354,671	\$ 374,920,488	\$ 376,833,105	\$ 381,040,403	\$ 1,506,148,668
Market Value	\$ 376,791,467	\$ 382,208,402	\$ 382,782,981	\$ 385,610,059	\$ 1,527,392,909
1-5 Year Portfolio:					
Book Value	\$ 163,129,246	\$ 159,264,663	\$ 161,179,546	\$ 163,101,402	\$ 646,674,857
Market Value	\$ 165,340,067	\$ 160,578,769	\$ 162,417,836	\$ 163,368,278	\$ 651,704,950

Sector Allocation	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio
Total Portfolio:					
U.S. Treasury Obligations	36.9%	43.1%	46.4%	47.9%	43.6%
Federal Agency/GSE	31.6%	5.5%	9.7%	3.8%	12.6%
Municipal Debt	0.0%	5.2%	0.2%	1.9%	1.8%
Negotiable Certificates of Deposit	0.0%	0.0%	3.8%	0.0%	0.9%
Medium Term Maturity Notes	21.9%	26.6%	21.7%	23.6%	23.4%
Money Market/Mutual Funds	0.9%	1.9%	0.2%	3.9%	1.7%
Mortg & Asset Backed Sec	7.1%	16.7%	18.0%	19.0%	15.2%
Supranationals	1.6%	0.9%	0.0%	0.0%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
1-3 Year Portfolio:					
U.S. Treasury Obligations	34.3%	41.1%	46.8%	46.9%	42.3%
Federal Agency/GSE	25.7%	5.7%	7.9%	4.0%	10.8%
Municipal Debt	0.0%	5.3%	0.2%	1.9%	1.8%
Negotiable Certificates of Deposit	0.0%	0.0%	4.0%	0.0%	1.0%
Medium Term Maturity Notes	29.4%	26.8%	22.2%	23.9%	25.6%
Money Market/Mutual Funds	0.1%	1.9%	0.2%	4.0%	1.6%
Mortg & Asset Backed Sec	9.2%	17.8%	18.7%	19.3%	16.3%
Supranationals	1.3%	1.4%	0.0%	0.0%	0.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
1-5 Year Portfolio:					
U.S. Treasury Obligations	43.0%	47.8%	45.6%	50.1%	46.6%
Federal Agency/GSE	45.2%	5.2%	14.0%	3.3%	17.0%
Municipal Debt	0.0%	4.8%	0.2%	2.0%	1.7%
Negotiable Certificates of Deposit	0.0%	0.0%	3.3%	0.0%	0.8%
Medium Term Maturity Notes	4.8%	26.2%	20.5%	22.8%	18.5%
Money Market/Mutual Funds	2.7%	1.8%	0.2%	3.6%	2.1%
Mortg & Asset Backed Sec	2.2%	14.1%	16.3%	18.3%	12.7%
Supranationals	2.1%	0.0%	0.0%	0.0%	0.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Portfolio Characteristics	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio	* US Treasury Benchmark	** Corp./Govt. Benchmark
Total Portfolio:							
Weighted Average Life	2.08	2.23	2.17	2.21	2.18	n/a	n/a
Duration	1.93	2.03	1.98	2.02	1.99	1.74	1.74
Monthly Yield	4.33%	4.40%	4.39%	4.43%	4.39%	4.19%	4.36%
1-3 Year Portfolio:							
Weighted Average Life	1.84	2.02	1.92	1.97	1.94	n/a	n/a
Duration	1.71	1.80	1.76	1.79	1.76	1.74	1.74
Monthly Yield	4.37%	4.43%	4.39%	4.44%	4.41%	4.19%	4.36%
1-5 Year Portfolio:							
Weighted Average Life	2.61	2.84	2.75	2.77	2.74	n/a	n/a
Duration	2.41	2.54	2.49	2.54	2.50	2.49	2.49
Monthly Yield	4.25%	4.36%	4.39%	4.40%	4.35%	4.18%	4.37%

Portfolio Performance (Total Rate of Return)	CHANDLER	METLIFE	PFM	Payden & Rygel	Total Portfolio	* US Treasury Benchmark	** Corp./Govt. Benchmark
Total Portfolio:							
Monthly Return ***	-0.60%	-0.55%	-0.55%	-0.67%	-0.62%	-0.73%	-0.71%
1-3 Year Portfolio:							
Monthly Return ***	-0.47%	-0.55%	-0.43%	-0.52%	-0.49%	-0.59%	-0.56%
1-5 Year Portfolio:							
Monthly Return ***	-0.90%	-0.98%	-0.83%	-1.01%	-0.93%	-1.08%	-1.04%

* Represents the ICE/BAML 1-3 Year U.S. Treasury Index for the 1-3 Year Portfolio and the ICE/BAML 1-5 Year U.S. Treasury Index for the 1-5 Year Portfolio. The benchmarks for duration and monthly yield are weighted for the Total Portfolio

** Represents the ICE/BAML 1-3 Year AAA-A U.S. Corporate & Government Index for the 1-3 Year Portfolio and the ICE/BAML 1-5 Year AAA-A U.S. Corporate & Government Index for the 1-5 Year Portfolio. The benchmarks for duration and monthly yield are weighted for the Total Portfolio.

*** Reflects monthly return only, as the 1-5 year portfolio was launched on October 1, 2024. Additional performance metrics will be reported once sufficient data becomes available.

Rating Downgrades & Negative Credit Watch 10/31/2024

Investment Manager / Security

Par Amount

Maturity

S&P

Moody's

Fitch Ratings

Rating Downgrades:

PFM and CAM

TORONTO DOMINION BANK

\$	4,725,000 *	10/27/2025	A+	Aa3	AA-
\$	5,000,000	04/05/2027	A-	A2	AA-

On October 15, S&P Global Ratings downgraded Toronto Dominion Bank's (TDB) credit ratings by one notch to A+ from AA- with stable outlook. Subsequently, on October 23, Moody's Ratings also downgraded TDB by one notch to Aa3 from Aa2 with stable outlook. The ratings action followed a settlement with U.S. regulators related to Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) deficiencies in its U.S. operations. Both rating agencies cited deficiencies in TDB's U.S. BSA/AML compliance program, resulting in a \$3.1 billion fine and an asset cap on its U.S. assets until compliance standards are met. TDB is addressing these issues by enhancing its compliance program with additional controls and staffing. Moody's notes that, while remediation costs may impact profitability, TDB's core Canadian operations remain solid, supported by stable financial performance and robust liquidity. The security complies with the requirements of the Investment Policy. Both investment managers (CAM and PFM) recommend holding the securities given the company's diverse income streams, strong balance sheet, and position as one of the top Canadian banks. TDB is expected to strengthen its risk management processes and controls over the next two years while maintaining solid profitability. TDB has already provisioned for the fines.

* As part of PFM's routine rebalancing activity, the security was sold on November 1, 2024, resulting in a gain.

- Rating below minimum requirements:

KEYBANK NATIONAL ASSOCIATION

\$	1,675,000	08/08/2025 - 01/26/2026	BBB+	Baa1	BBB+
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During October 2023, Moody's and Fitch downgraded Keybank by one notch. The downgrade reflects the agencies' view that a higher-for-longer rate environment is likely to constrain profitability at Keybank more than for other banks of similar size. In addition, Keybank has a lower-than-average capital ratio on a proforma basis when adjusted for unrealized losses on available-for-sale securities. Due to the downgrade by both agencies, the three Keybank securities held within the portfolio fell below the minimum credit quality requirements of the Investment Policy. The Treasurer reviewed the position and recommended the securities be held for the short-term. The Treasurer presented his recommendation to the Chief Executive Officer who concurred. During June 2024, one of three Keybank securities was matured.

Negative Credit Watch:

N/A

DEBT PROGRAM

(M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, 2021 TIFIA Loan)

Outstanding Debt¹

As of 10/31/2024

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 2025:		21,790,000
All in True Interest Cost:		4.33%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA+/Aa2/AA+
Final Maturity:		2041

2019 M2 Sales Tax Revenue Bonds

Issued:	\$	376,690,000
Outstanding:		319,315,000
Debt Service FY 2025:		33,065,900
All in True Interest Cost:		3.14%
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):		AA+/AA+
Final Maturity:		2041

Sub-total M2 Outstanding Debt	\$	569,315,000
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91 Express Lanes

2023 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	47,545,000
Outstanding:		41,725,000
Debt Service FY 2025:		8,051,750
All in True Interest Cost:		2.80%
Pledged Revenue Source:	91 Toll Road Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA-/Aa3/AA-
Final Maturity:		2030

Sub-total 91 Express Lanes Outstanding Debt	\$	41,725,000
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405 Express Lanes

2021 TIFIA Loan

Amount Available	\$	628,930,000
Outstanding:		631,379,860
Capitalized Interest:		17,668,565
Interest Rate:		1.95%
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):		Baa2
Final Maturity:		2058

Sub-total 405 Express Lanes Outstanding Debt	\$	631,379,860
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TOTAL OUTSTANDING DEBT:	\$	1,242,419,860
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1. Comprises OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Express Lanes Toll Road Revenue Bonds, and 2021 TIFIA Loan) currently outstanding and irrespective of OCTA's investment program.