

**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  
September 30, 2024**

# INVESTMENT PROGRAM

# OCTA Investment Dashboard

9/30/2024

## Safety of Principal

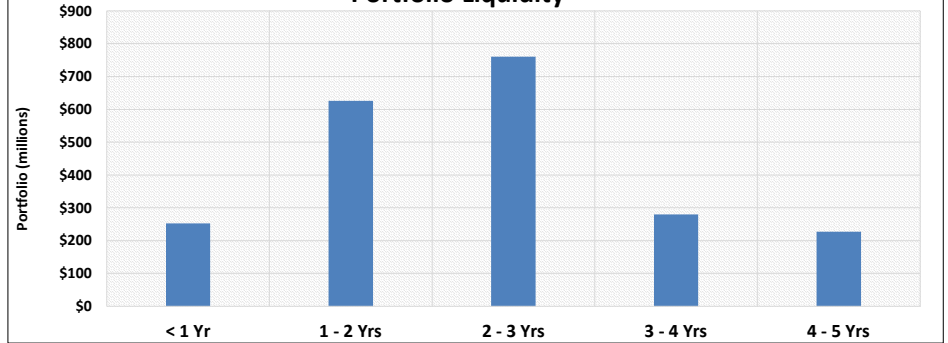
**Securities that fell below OCTA's minimum credit quality requirements during the month of September 2024:**  
N/A

**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

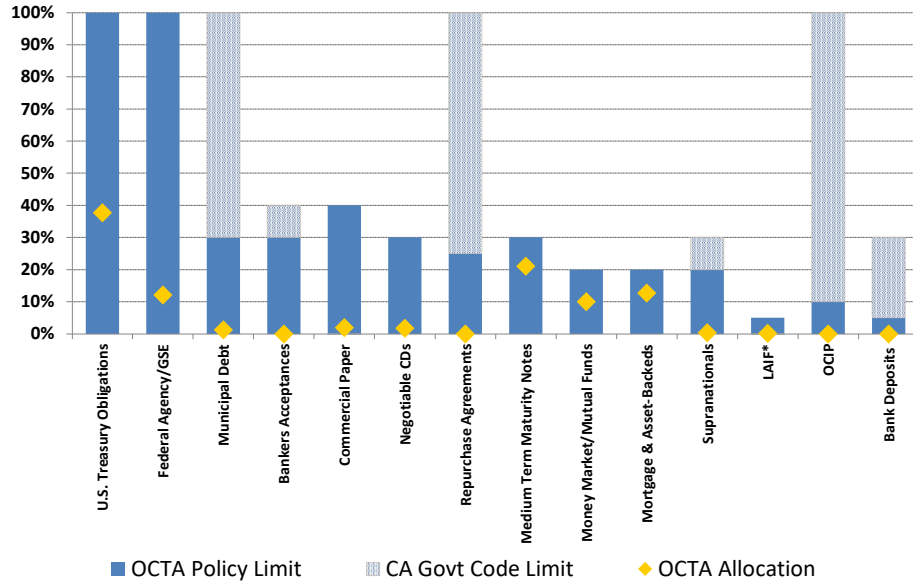
**Securities downgraded or placed on Negative Credit Watch during the month of September 2024, but remain in compliance with OCTA's Investment Policy:**  
N/A

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

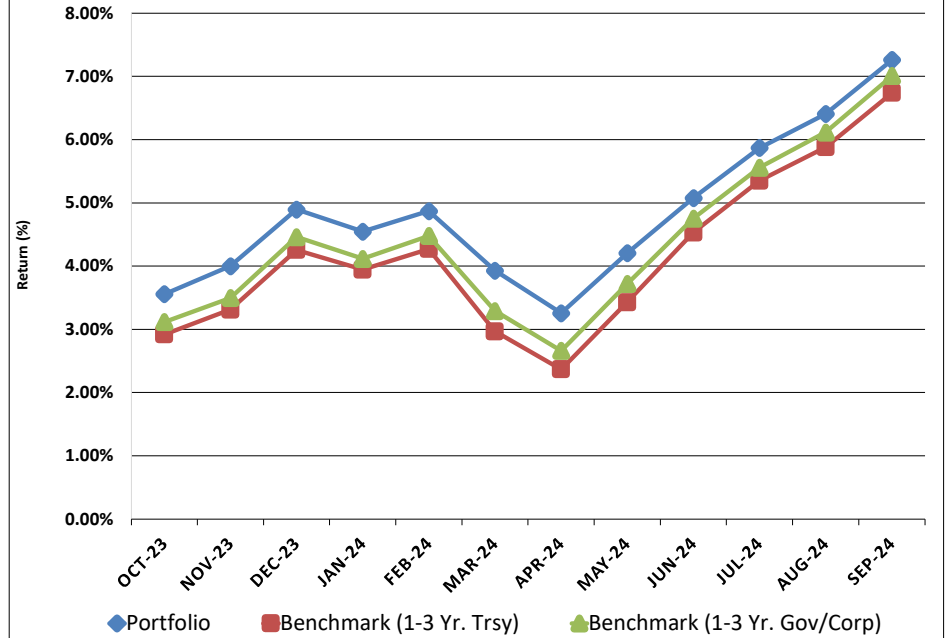
## Portfolio Liquidity



## Portfolio Diversification



## Portfolio Return - 12 Month



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

\*\* Per OCTA's Investment Policy the limit is 30% for variable and floating rate securities. As of September 30, 2024, 7.1% of the portfolio was invested in variable & floating rate securities.

## Investment Compliance

9/30/2024

Portfolio Subject to Investment Policy			
	Dollar Amount	Percent Of	Investment Policy
Short-Term/Liquid Portfolio <sup>1</sup>	Invested	Portfolio	Max. Percentages
U.S. Treasury Obligations	\$ 918,809,940	37.8%	100%
Federal Agency/GSE	295,782,688	12.2%	100%
Municipal Debt	\$ 32,705,473	1.3%	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	\$ 513,558,744	21.1%	30%
Money Market/Mutual Funds	245,719,638	10.1%	20%
Mortgage & Asset-Backed	\$ 311,032,840	12.8%	20%
Supranationals	12,012,200	0.5%	20%
Local Agency Investment Fund	\$ 7,033,549	0.3%	\$ 75 Million
Orange County Investment Pool	792,603	0.0%	10%
Bank Deposits	\$ 837,500	0.0%	5%
<b>Total Short-Term/Liquid Portfolio<sup>2</sup></b>	<b>\$ 2,432,250,737</b>		

1. Excludes portion of Liquid Portfolio subject to Indenture

2. Includes variable & floating rate securities invested in the amount of \$173,035,037 (7.1% of total Short-Term/Liquid portfolio) and subject to 30% limit per OCTA's Investment Policy.

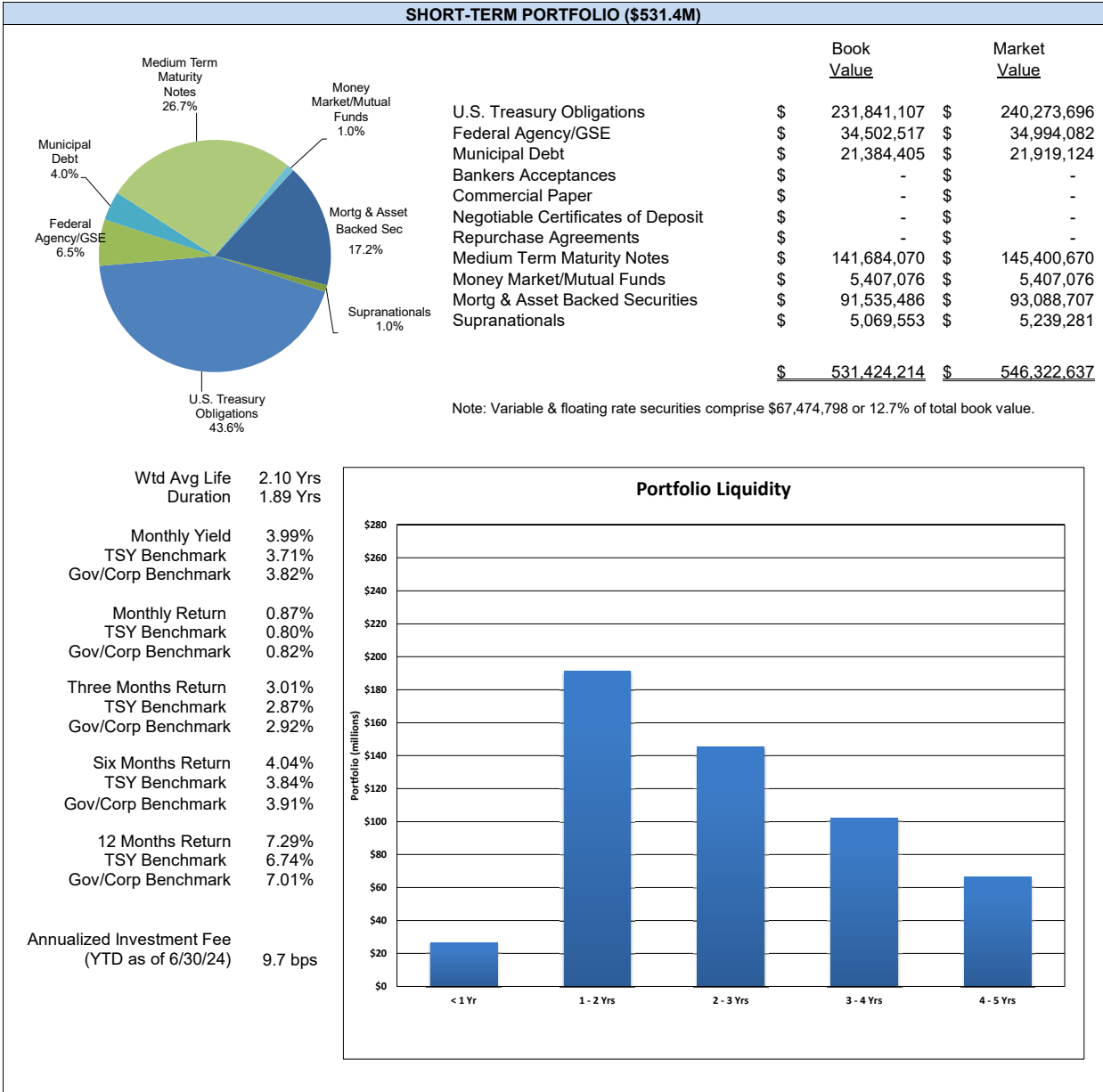
Portfolio Subject to Indenture					
Portfolio	Dollar Amount Invested	OCTA		Indenture Requirements	
		Credit Quality	Term	Min. Credit Quality	Max. Term
<b>Liquid Portfolio*</b>					
Government Obligations MMKT Fund	96,645,375	"AAAm"	N/A	AAA Category	N/A
Government Obligations MMKT Fund	27,373,871	"AAAm"/"Aammf"	N/A	AAA Category	N/A
<b>Total Liquid Portfolio</b>	<b>\$ 124,019,246</b>				
<b>Bond Proceeds Portfolio</b>					
<b>2021 Bond Anticipation Notes (BANs):</b>					
Government Obligations MMKT Fund	55,875	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	"AAAm" or "AAAm-G"	N/A
<b>91 Express Lanes 2023 Bonds:</b>					
Government Obligations MMKT Fund	2,637	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
<b>Total Bond Proceeds Portfolio</b>	<b>\$ 58,512</b>				
<b>Reserve Funds Portfolio</b>					
Government Obligations MMKT Fund	\$ 5,236,953	"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**	5,663	"AAAm"/ "Aaa-mf"/"AAAmmf"	N/A	N/A	N/A
<b>Total Reserve Funds Portfolio</b>	<b>\$ 13,242,616</b>				
<b>Total Portfolio Subject to Indenture</b>	<b>\$ 13,301,128</b>				
<b>Portfolio Total</b>	<b>\$ 2,569,571,112</b>				

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

\*\*91 EL Debt Service Fund

**Investment Manager Diversification and Maturity Schedules**

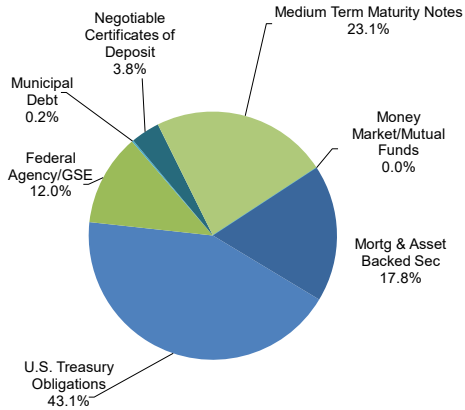
**MetLife Investment Management  
9/30/2024**



## Investment Manager Diversification and Maturity Schedules

**PFM**  
9/30/2024

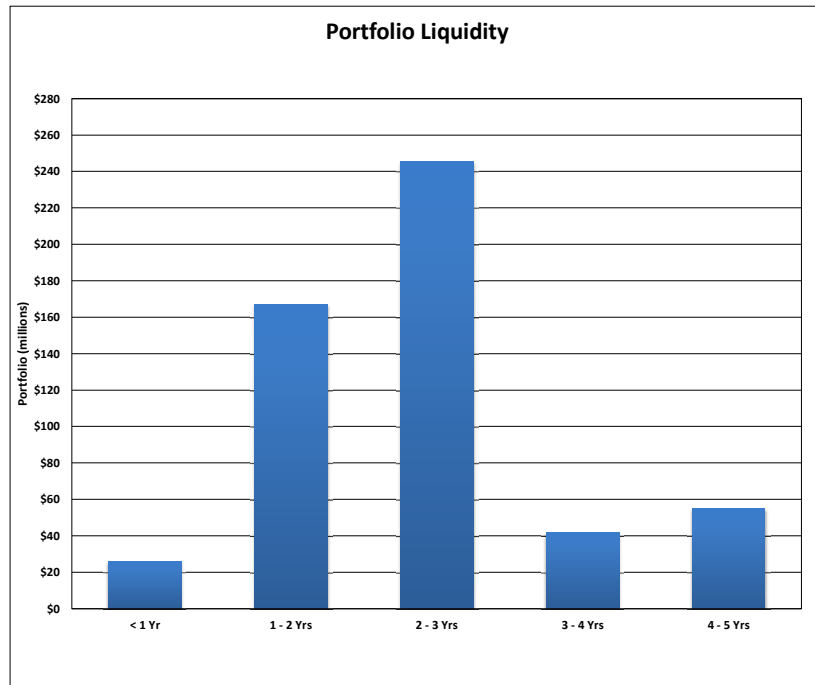
### SHORT-TERM PORTFOLIO (\$535.6M)



	Book Value	Market Value
U.S. Treasury Obligations	\$ 231,058,697	\$ 237,067,364
Federal Agency/GSE	\$ 64,030,070	\$ 65,297,233
Municipal Debt	\$ 1,025,000	\$ 1,003,747
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ 20,250,000	\$ 21,377,383
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 123,634,241	\$ 126,885,434
Money Market/Mutual Funds *	\$ 103,914	\$ 103,914
Mortg & Asset Backed Securities	\$ 95,460,092	\$ 96,169,800
Supranationals	\$ -	\$ -
	<b>\$ 535,562,015</b>	<b>\$ 547,904,873</b>

Note: Variable & floating rate securities comprise \$40,497,944 or 7.6% of total book value.

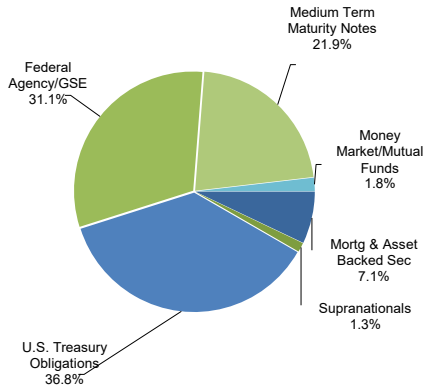
Wtd Avg Life	2.03 Yrs
Duration	1.86 Yrs
Monthly Yield	3.98%
TSY Benchmark	3.71%
Gov/Corp Benchmark	3.82%
Monthly Return	0.84%
TSY Benchmark	0.80%
Gov/Corp Benchmark	0.82%
Three Months Return	2.91%
TSY Benchmark	2.87%
Gov/Corp Benchmark	2.92%
Six Months Return	3.95%
TSY Benchmark	3.84%
Gov/Corp Benchmark	3.91%
12 Months Return	7.24%
TSY Benchmark	6.74%
Gov/Corp Benchmark	7.01%
Annualized Investment Fee (YTD as of 6/30/24)	5.8 bps



**Investment Manager Diversification and Maturity Schedules**

**Chandler Asset Management  
9/30/2024**

**SHORT-TERM PORTFOLIO (\$535.6M)**

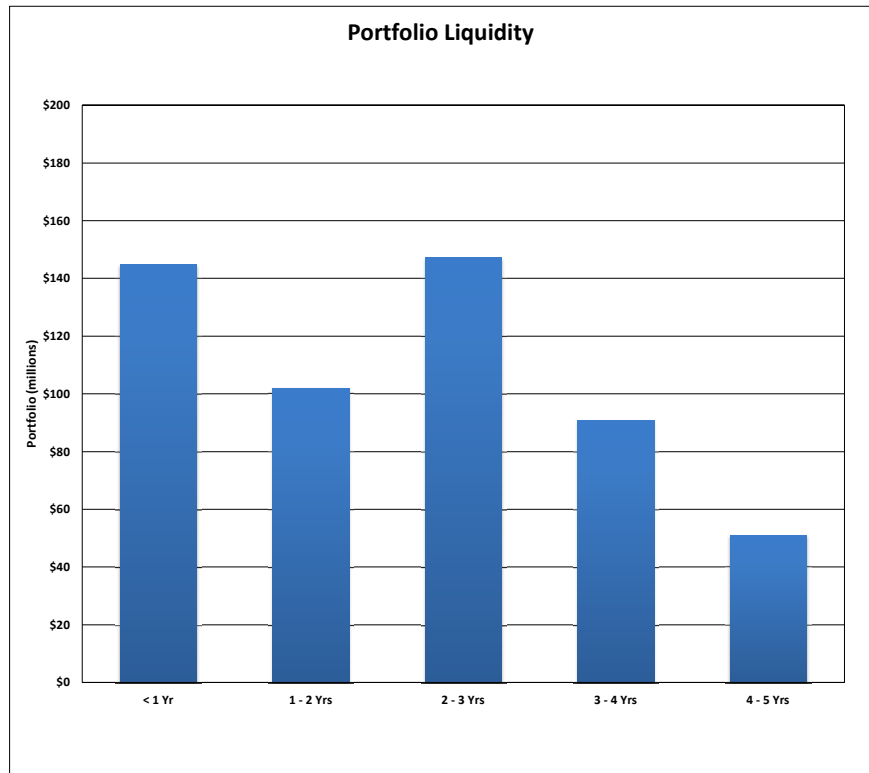


	<u>Book Value</u>	<u>Market Value</u>
U.S. Treasury Obligations	\$ 197,036,513	\$ 199,250,302
Federal Agency/GSE	\$ 166,681,351	\$ 170,660,504
Municipal Debt	\$ -	\$ -
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 117,385,829	\$ 120,273,818
Money Market/Mutual Funds	\$ 9,776,991	\$ 9,776,991
Mortg & Asset Backed Sec	\$ 37,797,619	\$ 38,280,943
Supranationals	\$ 6,942,647	\$ 7,073,401
	<u>\$ 535,620,950</u>	<u>\$ 545,315,959</u>

Note: Variable & floating rate securities comprise \$15,947,640 or 3.0% of total book value.

Wtd Avg Life	2.00 Yrs
Duration	1.86 Yrs
Monthly Yield	4.00%
TSY Benchmark	3.71%
Gov/Corp Benchmark	3.82%
Monthly Return	0.77%
TSY Benchmark	0.80%
Gov/Corp Benchmark	0.82%
Three Months Return	2.86%
TSY Benchmark	2.87%
Gov/Corp Benchmark	2.92%
Six Months Return	3.89%
TSY Benchmark	3.84%
Gov/Corp Benchmark	3.91%
12 Months Return	7.14%
TSY Benchmark	6.74%
Gov/Corp Benchmark	7.01%

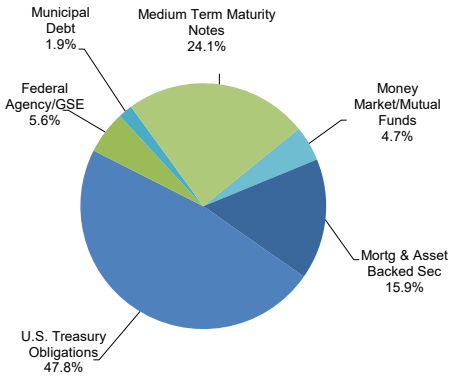
Annualized Investment Fee  
(YTD as of 6/30/24) 5.1 bps



**Investment Manager Diversification and Maturity Schedules**

**Payden & Rygel**  
9/30/2024

**SHORT-TERM PORTFOLIO (\$542.1M)**



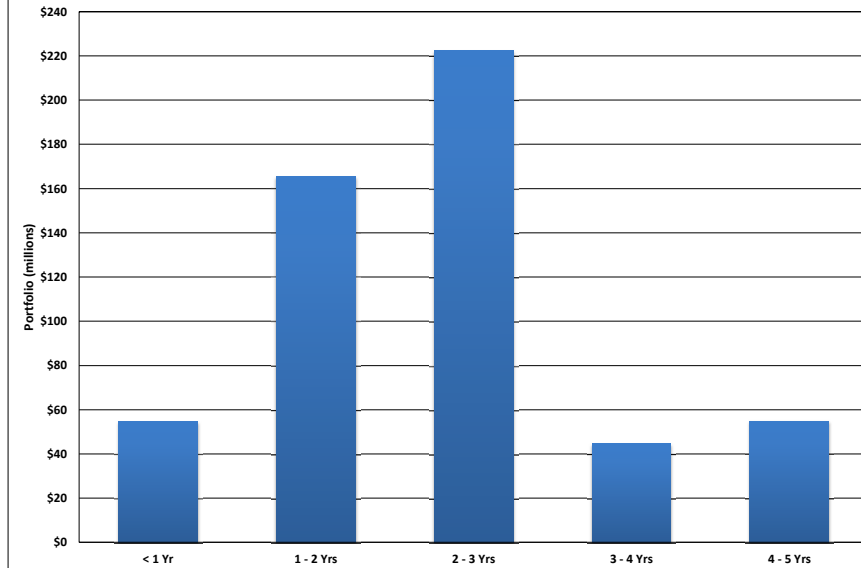
	Book Value	Market Value
U.S. Treasury Obligations	\$ 258,873,622	\$ 264,249,666
Federal Agency/GSE	\$ 30,568,749	\$ 31,157,762
Municipal Debt	\$ 10,296,068	\$ 10,296,649
Bankers Acceptances	\$ -	\$ -
Commercial Paper	\$ -	\$ -
Negotiable Certificates of Deposit	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -
Medium Term Maturity Notes	\$ 130,854,604	\$ 133,436,864
Money Market/Mutual Funds	\$ 25,299,633	\$ 25,299,633
Mortg & Asset Backed Sec	\$ 86,239,644	\$ 87,470,180
Supranationals	\$ -	\$ -
	<b>\$ 542,132,320</b>	<b>\$ 551,910,754</b>

Note: Variable & floating rate securities comprise \$49,114,655 or 9.1% of total book value.

Wtd Avg Life	2.17 Yrs
Duration	1.96 Yrs
Monthly Yield	4.05%
TSY Benchmark	3.71%
Gov/Corp Benchmark	3.82%
Monthly Return	0.81%
TSY Benchmark	0.80%
Gov/Corp Benchmark	0.82%
Three Months Return	2.89%
TSY Benchmark	2.87%
Gov/Corp Benchmark	2.92%
Six Months Return	3.95%
TSY Benchmark	3.84%
Gov/Corp Benchmark	3.91%
12 Months Return	7.39%
TSY Benchmark	6.74%
Gov/Corp Benchmark	7.01%

Annualized Investment Fee (YTD as of 6/30/24) 9.8 bps

**Portfolio Liquidity**

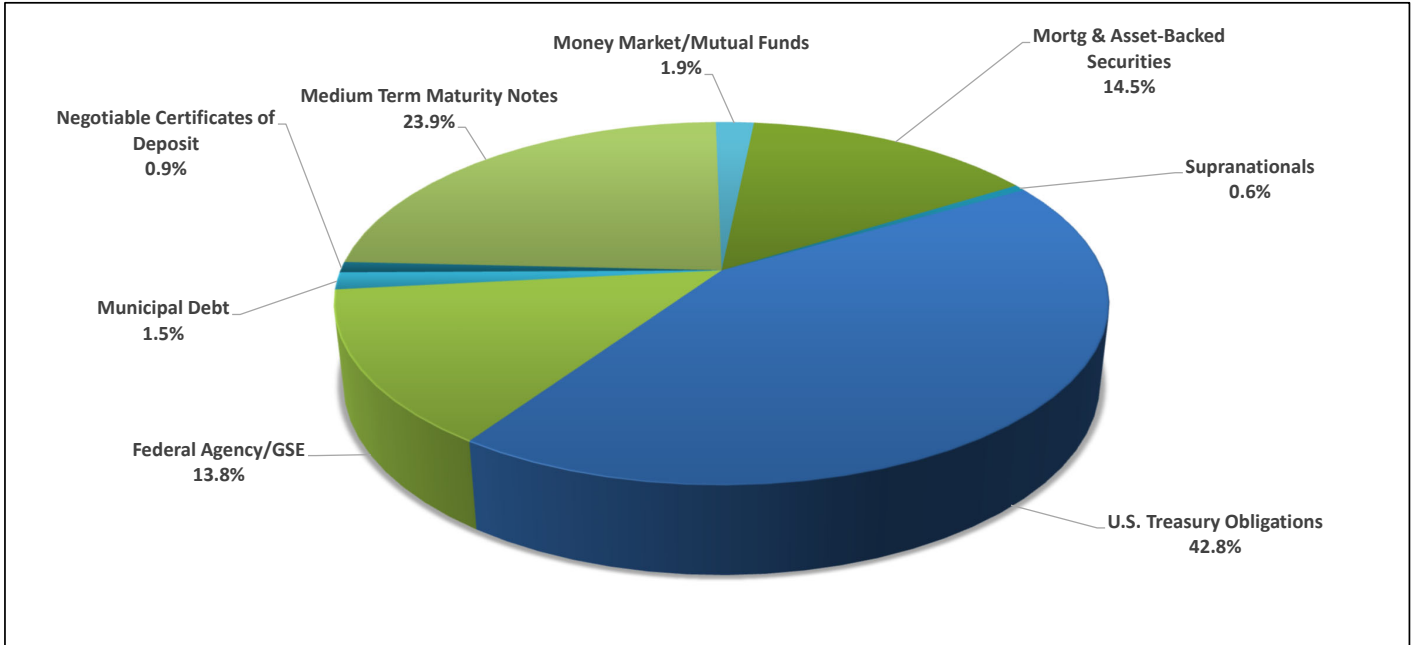




# Short-Term Portfolio

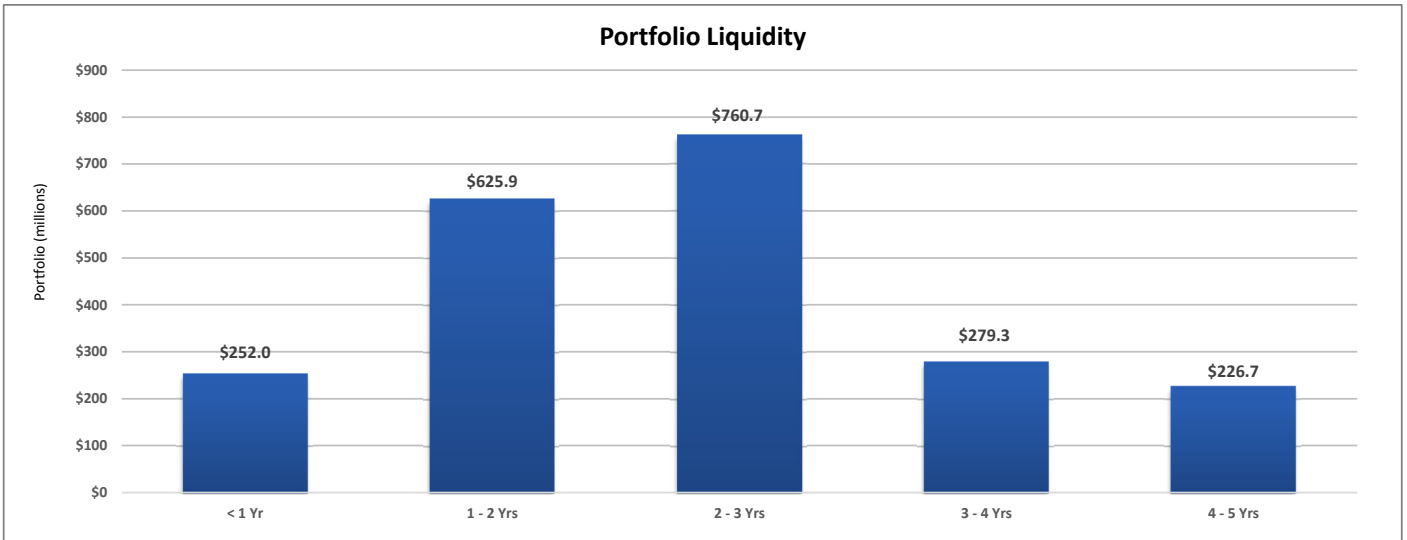
## 9/30/2024

### Portfolio Composition



Note: Variable & floating rate securities comprise 8.1% of total book value.

### Portfolio Liquidity



## Rating Downgrades & Negative Credit Watch

9/30/2024

**Investment Manager / Security**

**Par Amount**

**Maturity**

**S&P**

**Moody's**

**Fitch Ratings**

**Rating Downgrades:**

- 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 Debt<sup>1</sup>

## As of 9/30/2024

### 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

<b>Sub-total M2 Outstanding Debt</b>	<b>\$</b>	<b>569,315,000</b>
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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

<b>Sub-total 91 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>41,725,000</b>
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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

<b>Sub-total 405 Express Lanes Outstanding Debt</b>	<b>\$</b>	<b>631,379,860</b>
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<b>TOTAL OUTSTANDING DEBT:</b>	<b>\$</b>	<b>1,242,419,860</b>
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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.