

Orange County Transportation Authority Investment Portfolio

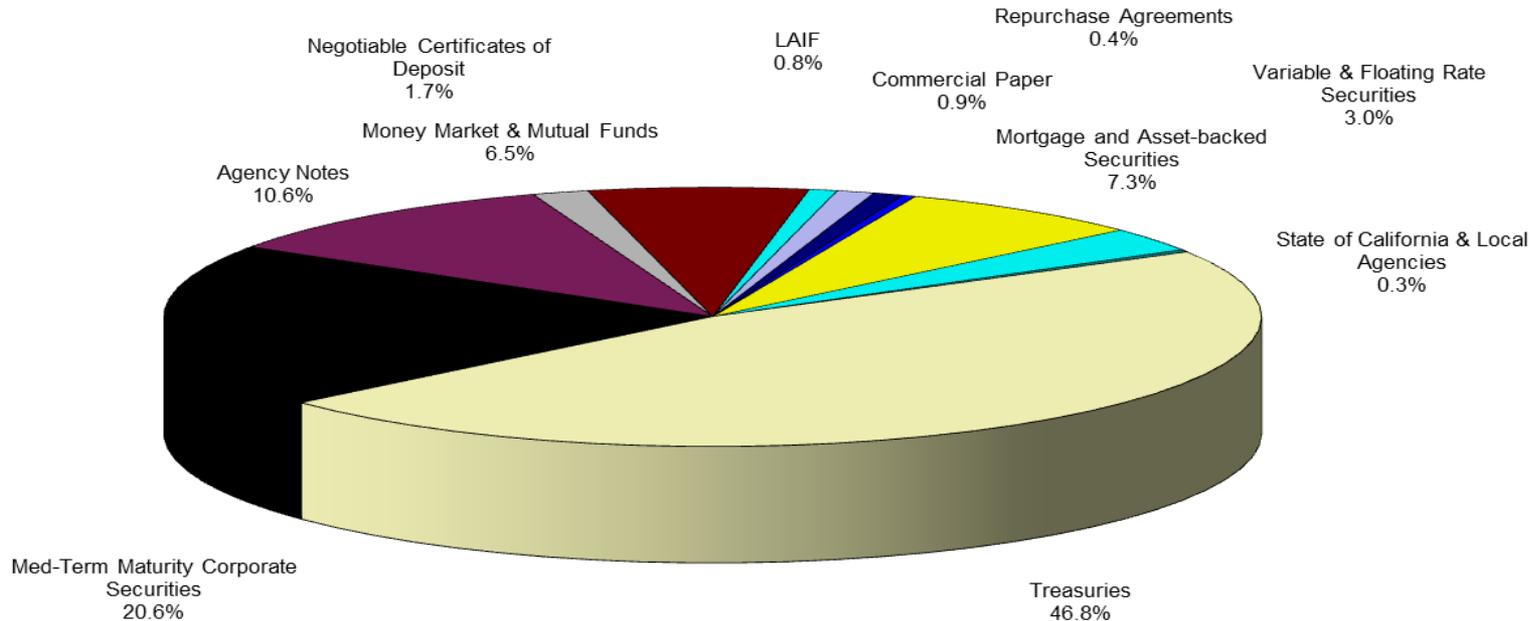


Investment Portfolio, Sept. 30, 2014

Portfolio Characteristics

Portfolio Book Value	\$1,220,308,413
Portfolio Market Value	\$1,214,854,615
Average Credit Quality	AA
Book Yield	0.70%
Yield to Maturity	0.59%

- Managed by 6 Portfolio Managers
- Three distinct portfolios: Liquid, Bond Proceeds & Short-term
- Trades monitored by Orange County Transportation Authority (OCTA) staff



Investing Public Funds

- Governed by California Law
 - Government Code Section 53601
 - Establishes type of investments i.e. treasuries, agencies, corporate notes, asset-backs, negotiable cd's, mutual funds
 - Establishes minimum credit ratings, term and maximum allocation
- Investment Policy
 - Agency specific
 - Risk tolerance of the Board
 - Appropriate for cash flow demands of agency

Investment Policy Content

- Purpose
 - Sets guidelines for all OCTA funds invested
- Objectives
 - Safety of Principal, Liquidity, Total Return, Diversification
- Compliance
 - Establishes policy as part of portfolio manager contract
- Delegation of Authority
 - The Board of Directors renews the authority for the Treasurer to invest funds
- Permitted Investments
 - Identifies specific investments types, minimum credit & terms allowable by portfolio

OCTA Portfolios

- Liquid Portfolio
 - Near-term cash needs
- Bond Proceeds Portfolio
 - Project specific
 - Two investment managers
 - Cutwater Asset Management and Logan Circle Partners
 - Customized benchmark to match draw schedule
- Short-term Portfolio
 - Future projects and services
 - BAML 1-3 Year Treasury Index and BAML 1-3 Year Corp/Gov AAA-A
 - Four investment managers
 - Payden & Rygel, State Street Global Advisors, JP Morgan, and Western Asset Management

Compliance and Reporting

- Each investment manager shares same objectives
 - Has pre/post-trade compliance systems
 - Investment review committees
 - Extensive research teams
- OCTA monitors each trade
 - Verify credit rating, maturity, asset allocation
 - Ongoing credit review (negative credit watch)
 - Report to the Board of Directors quarterly, and Finance and Administration Committee monthly
- Internal Audit performs quarterly reviews
 - Reports to Finance and Administration Committee

Investment Policy 2014

- Previously used the BAML 1-3 Year Treasury Index
 - Comprised on 100% treasuries
- California Government Code and OCTA Investment Policy allow additional fixed income securities
 - Agencies, corporate medium term notes, asset-backed securities, municipal bonds, commercial paper, etc
- Added additional benchmark for comparison
 - BAML 1-3 Year AAA - A US Corporate and Government Index
 - Comprised of 69% treasuries, 15% corporates, 16% other
- Additional benchmark does not advocate or permit additional risk; simply adds perspective to broader market

Clearwater Analytics

- Portfolio management software
 - Delivers daily web-based compliance, risk and performance reporting
 - Consolidated view of all investments
 - Daily feed from banking institutions
 - Single platform for performance reporting