

Orange County Transportation Authority Investment Policy Overview



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, maximum allocation, and term
- Investment Policy
 - Agency specific
 - Risk tolerance of the Board of Directors
 - Appropriate for cash flow demands of agency

Investment Policy Compliance

	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Maximum Percentages
<u>Investment Instruments</u>			
U.S. Treasuries	581,339,593	45.0%	100%
Federal Agencies & U.S. Government Sponsored	156,315,129	12.1%	100%
State of California & Local Agencies	6,610,598	0.5%	25%
Money Market Funds & Mutual Funds	81,289,712	6.3%	20%
Bankers Acceptances	0	0.0%	30%
Negotiable Certificates of Deposit	13,000,000	1.0%	30%
Commercial Paper	10,814,837	0.8%	25%
Medium Term Maturity Corporate Securities	263,704,253	20.4%	30%
Mortgage and Asset-backed Securities	91,376,563	7.1%	10%
Repurchase Agreements	28,993,216	2.2%	75%
Investment Agreements Pursuant To Indenture	0	0.0%	100%
Local Agency Investment Fund (LAIF)	10,158,078	0.8%	\$ 40 Million
Orange County Investment Pool (OCIP)	439,805	0.0%	\$ 40 Million
CAMP	0	0.0%	10%
Variable & Floating Rate Securities	48,572,129	3.8%	30%
Debt Service Reserve Funds - Investment Agreements	0	0.0%	Not Applicable
Bank Deposits	0	0.0%	5%
TOTAL	1,292,613,914	100.0%	

Investment Policy Content

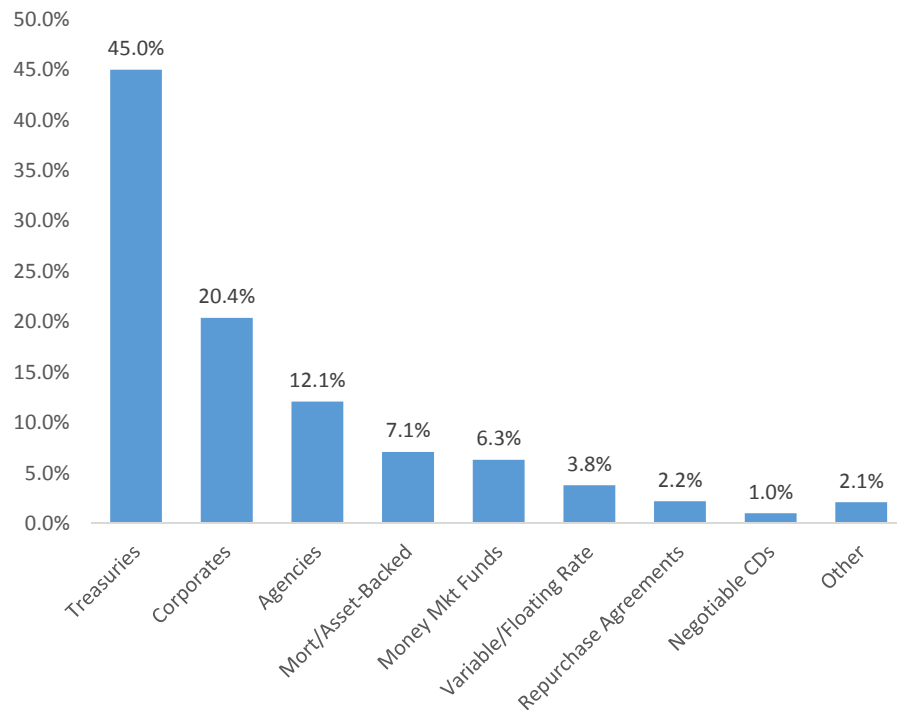
- Purpose
 - Sets guidelines for all OCTA funds invested
- Objectives
 - Safety of Principal, Liquidity, Total Return, Diversification
- Compliance
 - Establishes policy as part of portfolio manager contract
- Delegation of Authority
 - The Board of Directors annually renew the authority for the Treasurer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

Investment Portfolio as of Sept. 30, 2015

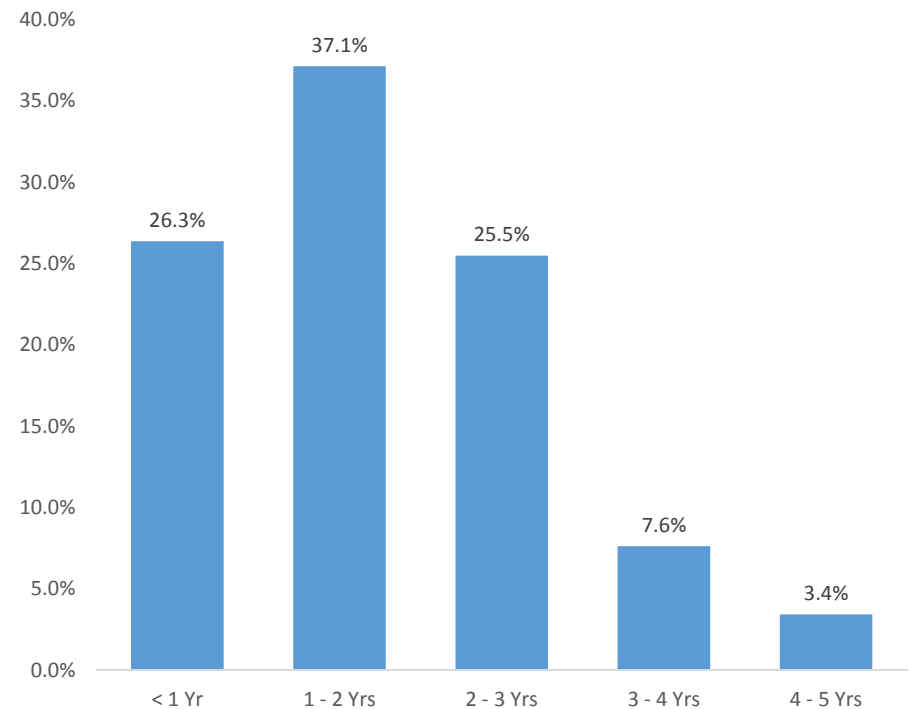
Portfolio Characteristics

Portfolio Market Value	\$1.29 Billion	Yield to Maturity	0.73%
Duration	1.66 Yrs	12-Month Total Return	1.02%
Average Credit Quality	AA+		

Allocation Sectors



Maturity Distribution



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 semi-annual reviews
 - Reports to Finance and Administration Committee

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