

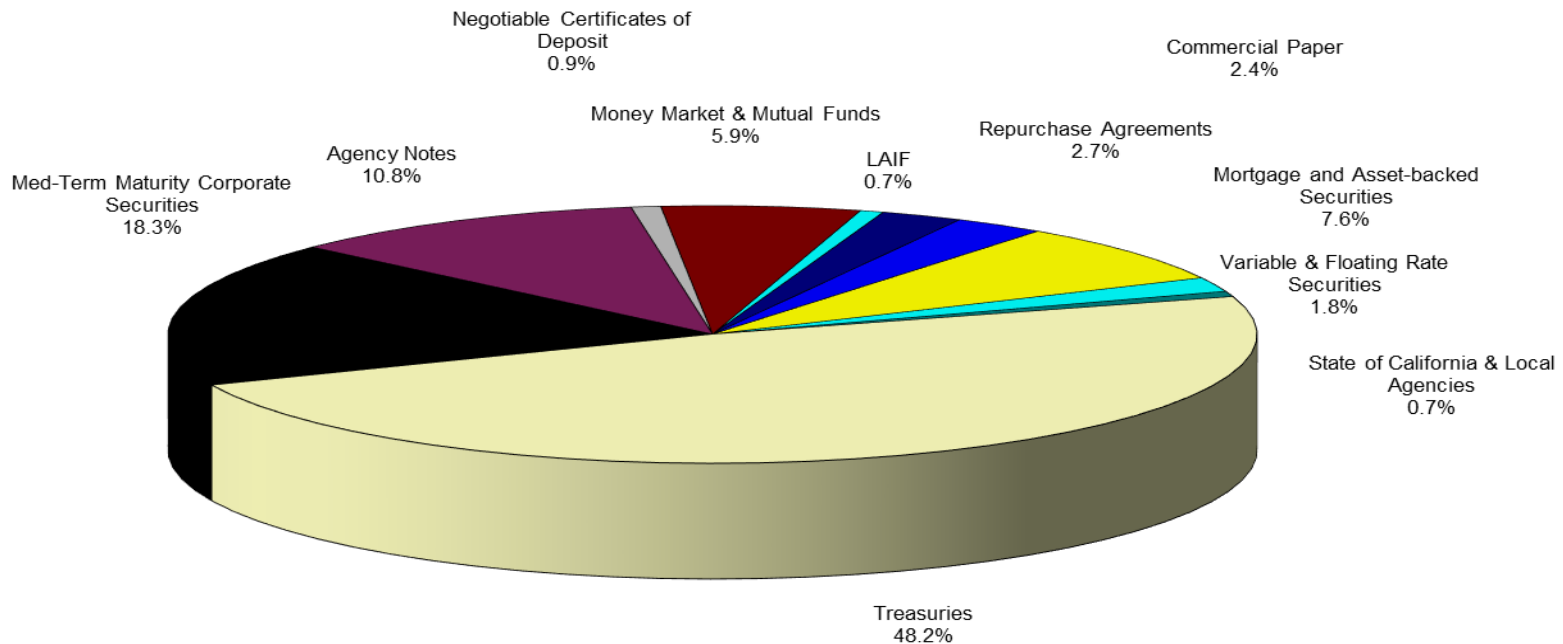
Orange County Transportation Authority Investment Portfolio



Investment Portfolio, Dec. 31, 2016

Portfolio Characteristics

Portfolio Book Value	\$1,476,876,544	-Managed by 4 Portfolio Managers
Portfolio Market Value	\$1,470,444,123	-Three distinct portfolios: Liquid, Bond Proceeds & Short-term
Average Credit Quality	AA	-Trades monitored by Orange County Transportation Authority (OCTA) staff
Book Yield	1.07%	
Yield to Maturity	1.18%	



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
 - Reflects 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 annually renew 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
 - Not currently funded
- 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

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
 - Provides full access for Internal Audit Department