



BOARD OF DIRECTORS

Agenda Report

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

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Agenda Item No: 6.

FROM: Robert Thompson, General Manager
Originator: Wally Ritchie, Director of Finance

SUBJECT:

TREASURER'S REPORT FOR THE FOURTH QUARTER ENDED JUNE 30, 2024

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Receive and file the Orange County Sanitation District Fourth Quarter Treasurer's Report for the period ended June 30, 2024.

BACKGROUND

The fourth quarter treasurer's report contains financial portfolio performance with respect to the Orange County Sanitation District's (OC San) funds. Both Long-Term and Liquid Operating Monies Portfolios are summarized. A performance summary table can be found below. The report also contains information on the U.S. and global economic outlook from OC San's investment manager, Insight Investment. Additionally, the Section 115 Trust quarterly performance report is included. The Section 115 trust is administered by Public Agency Retirement Services (PARS) and managed by PFM Asset Management and was established to prefund pension obligations.

RELEVANT STANDARDS

- Quarterly financial reporting

ADDITIONAL INFORMATION

The fourth quarter treasurer's report for the period ended June 30, 2024 is being submitted in accordance with OC San's investment policy that requires the report be submitted to the governing body following the end of each quarter and includes the following information:

- Performance results in comparison with the ICE BAML 3-month treasury bill index for the liquid operating portfolio; and the ICE BAML Corp./Govt. 1-5 Year Bond index for the long-term portfolio as identified in the investment policy; and the time-weighted total rate of return for the portfolio for the prior three months, six months, nine months, twelve months, and since inception compared to the Benchmark returns for the same periods:

**Portfolio Performance Summary
As of June 30, 2024**

	Liquid Operating Monies (%)		Long-Term Operating Monies (%)	
	Total Rate of Return	Benchmark	Total Rate of Return	Benchmark
3 Months	1.30	1.37	0.87	0.89
6 Months	2.66	2.76	1.15	1.09
9 Months	1.35	1.38	1.44	1.48
12 Months	5.50	5.64	4.72	4.77
Annualized Since Inception	2.52	2.27	3.72	3.58

- A listing of individual securities held at the end of each reporting period (see the detailed listings of each security contained within the report).

- Cost and market values of the portfolios:

	<u>Liquid Operating</u>	<u>Long-Term</u>
Cost	\$96.0 M	\$713.4 M
Market Value	\$96.2 M	\$693.3 M

- Modified duration of the portfolio compared to the Benchmark:

	<u>Liquid Operating</u>	<u>Long-Term</u>
OC San Policy	< 0.50	< 5.00
Benchmark	0.16	2.60
Portfolio	0.18	2.48

- Dollar change in value of the portfolio for a one percent (1%) change in interest rates:

Liquid Operating - \$173,872
Long- Term - \$17,219,847

- None of the portfolios are currently invested in reverse repurchase agreements.
- The percent of the Liquid Operating Monies portfolio maturing within 90 days: 86.9%
- Average portfolio credit quality:

Liquid Operating - AA
Long- Term - AA

- Percent of portfolio with credit ratings below "A" by any rating agency and a description of such securities:

Liquid Operating - 0.70%
Long-Term - Percent of portfolio - 0.75%

	Cost	Maturity Date	Moody	S&P	Fitch
Truist Financial Corp	\$972,700.00	8/1/2024	Baa1	A-	A-
Virginia Electric Power Co	\$5,736,523.40	5/15/2027	A2	BBB+	A

- All investments are in compliance with the investment policy and the California Government Code, except for the following Lehman Brother holdings that OC San is pursuing collection through the bankruptcy court:

Lehman Brothers Note-Defaulted \$600,000 par value purchased 9/19/2008

Lehman Brothers Note-Defaulted \$2,000,000 par value purchased 9/18/2008

- Sufficient funds are available for OC San to meet its operating expenditure requirements for the next six months.

CEQA

N/A

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Fourth Quarter Treasurer's Report for the period ended June 30, 2024