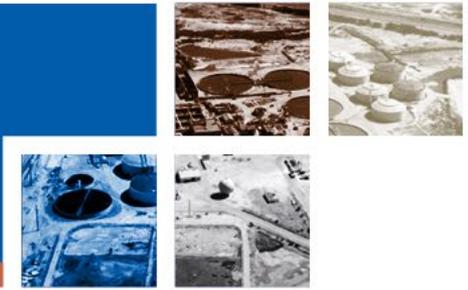


# Investment Performance Results OCSD Reserves & Investments

**Wally Ritchie, Controller  
Administration Committee  
February 19, 2020**



# Seven Reserve Criteria



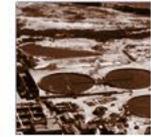
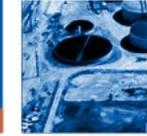
- 1) Next Year's Dry Period (Cash Flow Reserve) – 50% of the Operating Budget**
- 2) Operating Contingencies – 10% of Operating Budget**
- 3) Next Year's Dry Period Debt Service – 100% of August COP Debt Service**
- 4) Capital Improvement Reserve – 50% of average CIP balance to 2030**
- 5) Debt Service Reserve – 10% of the Outstanding COPs**
- 6) Operating & Capital Share of Catastrophe Funds**
- 7) Replacement and Refurbishment – 2% Per Year**

# Non-Discretionary Criteria



- 1) Next Year's Dry Period (Cash Flow Reserve) – 50% of the Operating Budget**
- 3) Next Year's Dry Period Debt Service – 100% of August COP Debt Service**
- 5) Debt Service Reserve – 10% of the Outstanding COPs**

# Discretionary Reserve Criteria

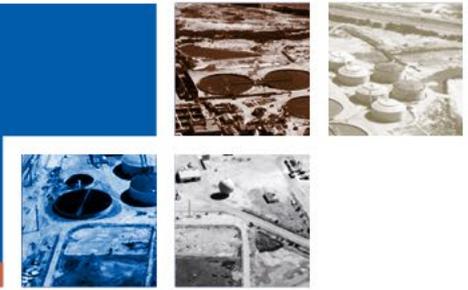


- 2) Operating Contingencies – 10% of Operating Budget**
- 4) Capital Improvement Reserve – 50% of average CIP balance to 2030**
- 6) Operating & Capital Share of Catastrophe Funds**
- 7) Replacement and Refurbishment – 2% Per Year**



# OCSD Investments

# Investment Objectives



## First

- Provide safety of principal

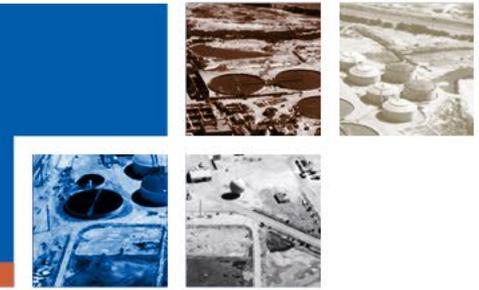
## Second

- Provide sufficient liquidity

## Third

- Earn a commensurate rate of return consistent with the constraints imposed by the objectives listed above

# OCSD has Two Major Portfolios Long-Term and Short Term



The Orange County Sanitation District's Investment Policy is consistent with California Government Code

## Long-Term

- Compares to the ICE BAML 1-5 Year  
Corporate Government Rated AAA – A Index

## Short-Term

- Compares to the 3-month T-Bill rate  
Operates with a maximum maturity of one year

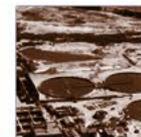
# Long-Term Portfolio – Asset Allocation



- Approximately \$580 million

<b>Category</b>	<b>Percent</b>
US Treasury	35%
Agency	23%
US Corporate	21%
Asset Backed Sec	8%
Other	7%
Supranational	6%
<b>Total</b>	<b>100%</b>

# Long-Term Portfolio – Performance



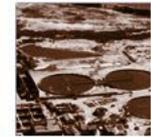
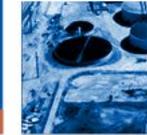
## Average Market Yield

December 31, 2019 2.74%

Benchmark 2.67%

September 30, 2019 2.82%

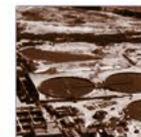
# Short-Term Portfolio – Asset Allocation



- Approximately \$176 million

<b>Category</b>	<b>Percent</b>
US Treasury	78%
US Corporate	7%
Agency	6%
Commercial Paper	3%
Money Market	3%
Negotiable CDs	2%
Supranational	1%
<b>Total</b>	<b>100%</b>

# Short-Term Portfolio – Performance



## Average Market Yield

December 31, 2019	1.68%
Benchmark	1.50%
September 30, 2019	2.01%



**Questions?**