

# OC San Reserves & Investments

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## Seven Reserve Criteria

### Non-Discretionary

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

\*Dry Period = prior to receiving funds from the County

\*\*Total Reserves = 4.7% of \$11.6B asset replacement value

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## Seven Reserve Criteria

### Discretionary

- 4) Operating Contingencies  
10% of Operating Budget
- 5) Capital Improvement Reserve  
50% of average CIP for the next ten years
- 6) Operating & Capital Share of Catastrophe Funds
- 7) Replacement and Refurbishment  
2% of the average CIP per year

\*\*Total Reserves = 4.7% of \$11.6B asset replacement value

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## 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

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## Portfolios - Long-Term and Short Term

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

- **Long-Term Benchmarks**

- ICE BofA 1-5 Year
  - US Corporate & Government Rated AAA – A Index

- **Short-Term Benchmarks**

- 3-month T-Bill rate
- Maximum maturity of 1-year

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## Long-Term Portfolio – Asset Allocation

- Approximately \$713 million

| Category         | Percent     |
|------------------|-------------|
| US Treasury      | 35%         |
| US Corporate     | 26%         |
| US Govt Agency   | 18%         |
| Asset Backed Sec | 14%         |
| Supranational    | 6%          |
| Other            | 1%          |
| <b>Total</b>     | <b>100%</b> |

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## Short-Term Portfolio – Asset Allocation

- Approximately \$225 million

| Category         | Percent     |
|------------------|-------------|
| US Treasury      | 46%         |
| US Govt Agency   | 25%         |
| Money Market     | 16%         |
| US Corporate     | 7%          |
| Negotiable CDs   | 4%          |
| Commercial Paper | 2%          |
| <b>Total</b>     | <b>100%</b> |

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## Questions



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