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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 Certificates of Participation (COP)
Debt Service
- 4) Debt Service Reserve
10% of the Outstanding COPs
- 5) Capital Improvement Reserve
50% of the average Capital Improvement Program (CIP)
for the next ten years
- 6) Operating & Capital Share of Catastrophe Funds
- 7) Replacement and Refurbishment
2% of the average CIP per year

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Non-Discretionary Criteria

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

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Discretionary Reserve Criteria

- Operating Contingencies 10% of the Operating Budget
- Capital Improvement Reserve 50% of the average CIP for the next ten years
- Operating & Capital Share of Catastrophe Funds
- Replacement and Refurbishment 2% of the CIP Per Year

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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 listed above

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Chandler Asset Management

- **Specializing in Investment Management for Public Agencies**

- **Independent & Employee-Owned**

- Fixed income specialist since 1988
- Founded by public investment professionals
- Headquartered in San Diego, CA

- **Stable Team of Investment Professionals**

- Team of investment professionals average over 21 years portfolio management experience
- Disciplined, repeatable investment philosophy and process
- Proprietary investment analysis

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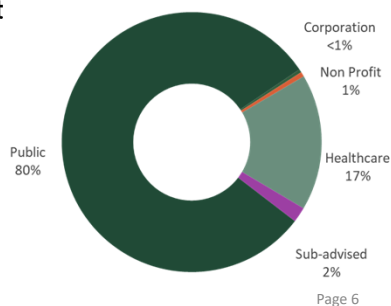
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Chandler Asset Management

Custom Investment Programs

- Investment solutions based on your risk profile and return goals
- Strategies for operating, short, and long-term reserves
- Direct contact with investment management team

Assets Under Management
\$19.5 Billion

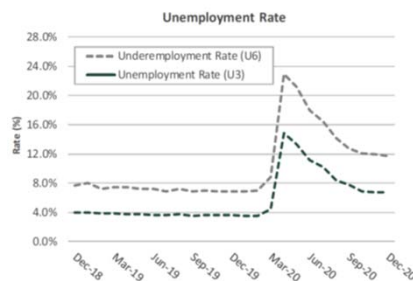


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Economic Update

- Near-term outlook remains challenging as the labor market remains under pressure and many regions have renewed business restrictions due to the virus.
- The distribution of vaccines and therapeutics will help fuel the economic recovery later this year.
- The Fed's highly accommodative monetary policy framework will continue to provide support for the financial markets.



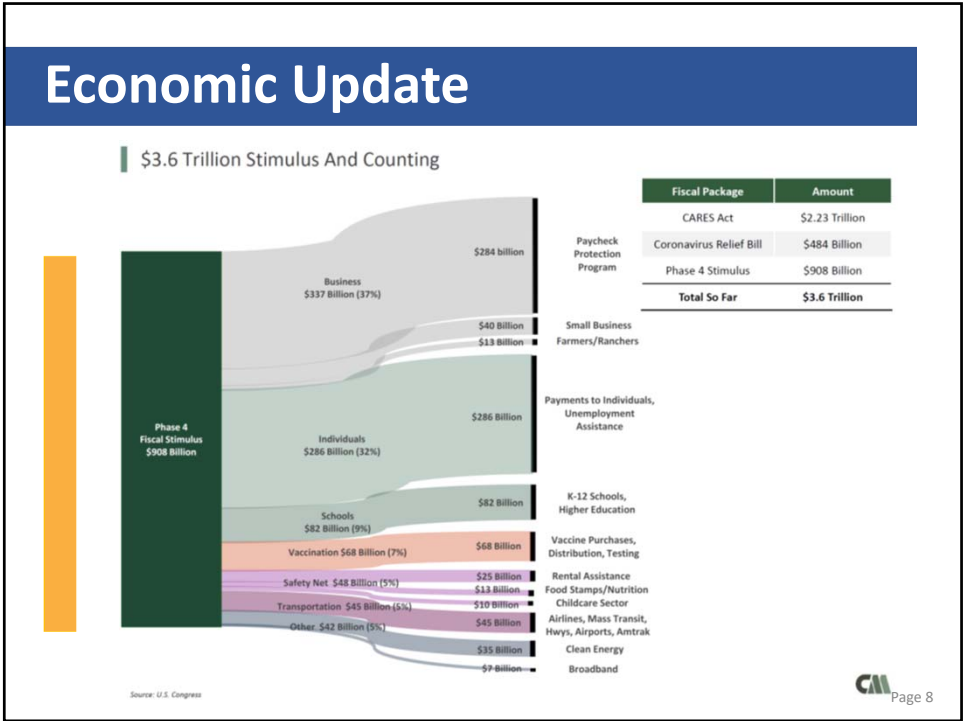
Source: US Department of Labor



Source: The Conference Board

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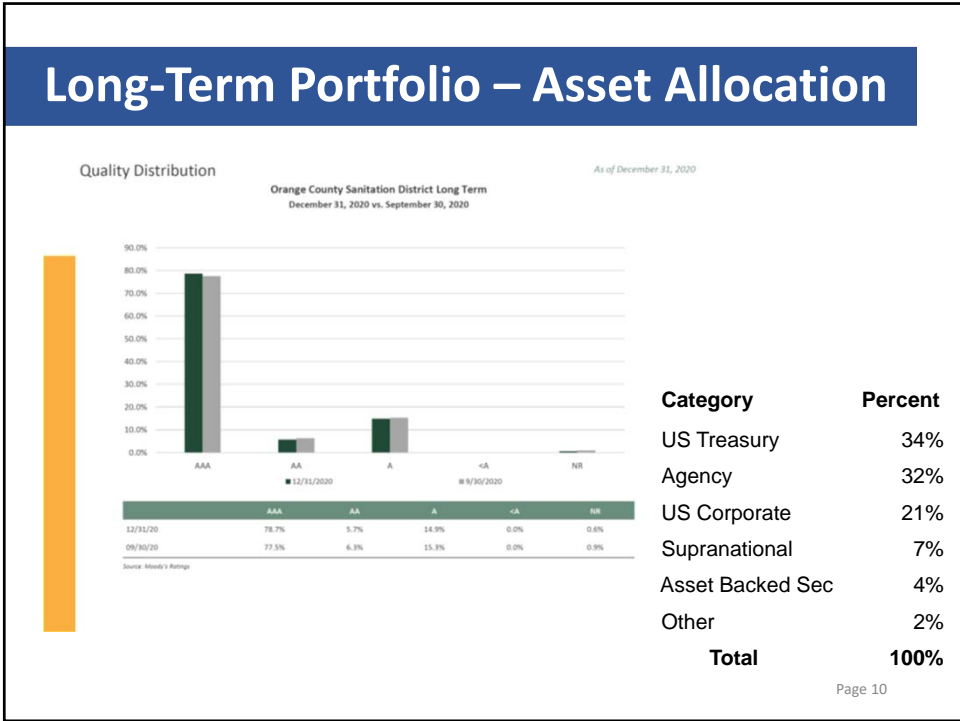
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Portfolios - Long-Term and Short Term

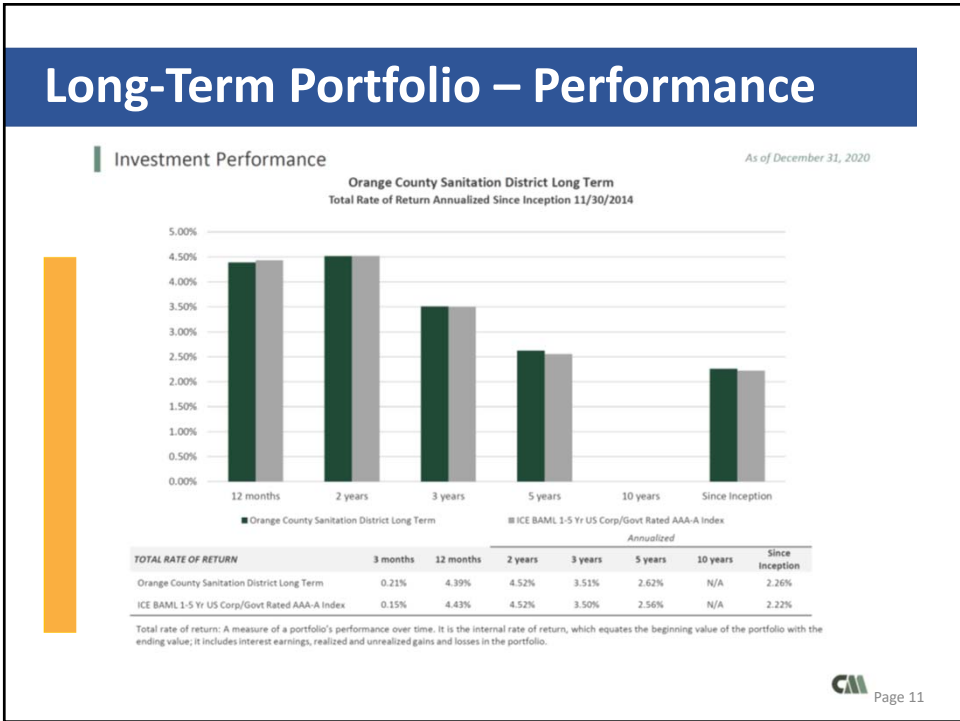
- The Orange County Sanitation District's Investment Policy is consistent with California Government Code
- Long-Term
 - Approximately \$658 million
 - Compares to the ICE BAML 1-5 Year
 - Corporate Government Rated AAA – A Index
- Short-Term (Liquidity)
 - Approximately \$226 million
 - Compares to the 3-month T-Bill rate
 - Operates with a maximum maturity of 1-year

*As of 12/31/2020 Page 9

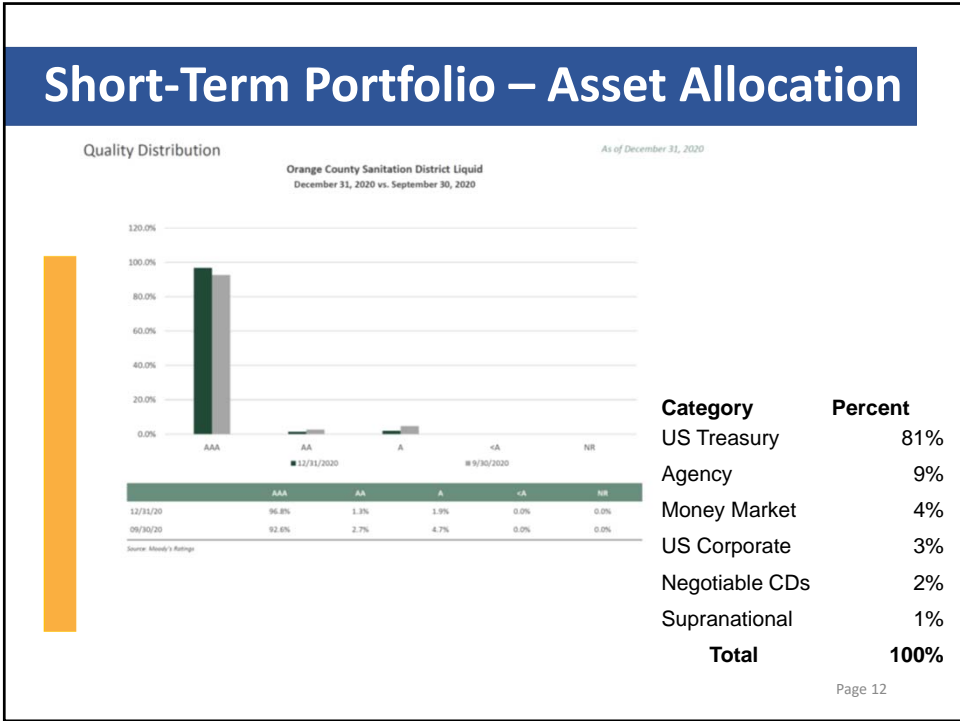
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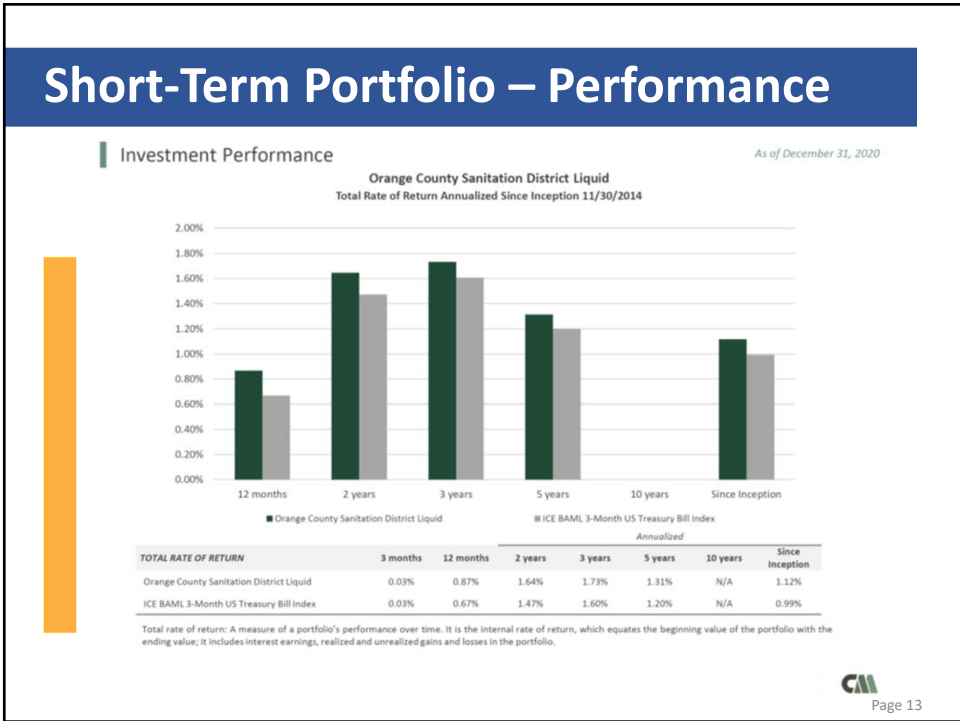
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Questions



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