

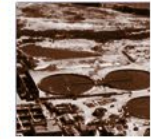
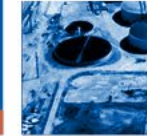
Investment Performance Results

OCSD Reserves & Investments

Wally Ritchie, Controller
Administration Committee
February 19, 2020

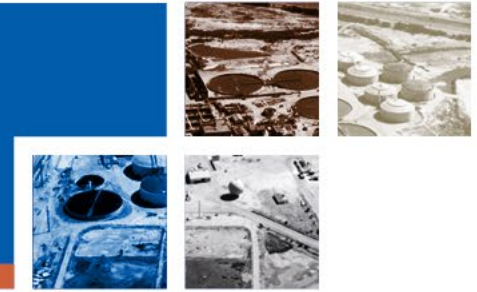


Seven Reserve Criteria



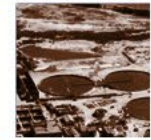
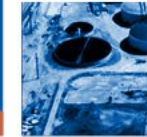
- 1) Next Year's Dry Period (Cash Flow Reserve) – 50% of the Operating Budget**
- 2) Operating Contingencies – 10% of Operating Budget**
- 3) Next Year's Dry Period Debt Service – 100% of August COP Debt Service**
- 4) Capital Improvement Reserve – 50% of average CIP balance to 2030**
- 5) Debt Service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

Non-Discretionary Criteria

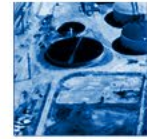
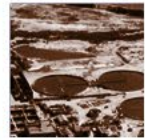


- 1) **Next Year's Dry Period (Cash Flow Reserve) – 50% of the Operating Budget**
- 3) **Next Year's Dry Period Debt Service – 100% of August COP Debt Service**
- 5) **Debt Service Reserve – 10% of the Outstanding COPs**

Discretionary Reserve Criteria

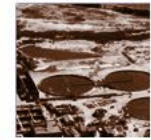
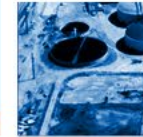


- 2) Operating Contingencies – 10% of Operating Budget**
- 4) Capital Improvement Reserve – 50% of average CIP balance to 2030**
- 6) Operating & Capital Share of Catastrophe Funds**
- 7) Replacement and Refurbishment – 2% Per Year**



OCSD Investments

Investment Objectives



First

- Provide safety of principal

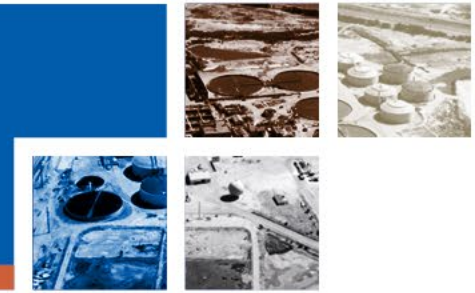
Second

- 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

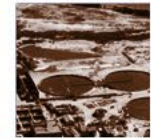
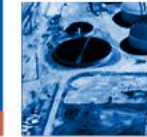
Long-Term Portfolio – Asset Allocation



- Approximately \$580 million

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

Long-Term Portfolio – Performance



Average Market Yield

December 31, 2019	2.74%
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Benchmark	2.67%
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September 30, 2019	2.82%
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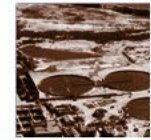
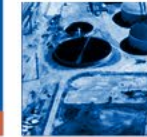
Short-Term Portfolio – Asset Allocation



- Approximately \$176 million

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

Short-Term Portfolio – Performance

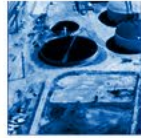
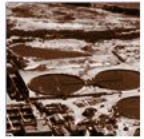


Average Market Yield

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