

Proposed Primary Changes to Investment Policy

Section of Investment Policy	Page	Current Policy	Recommendation	Rationale	Recommended By
Credit Rating Actions	8	Investment managers must inform and receive approval from OCTA to retain or sell a security once it has been placed on Negative Credit Watch or Downgraded within OCTA's Investment Policy limits as well as outside of the Investment Policy limits.	Provide the investment manager discretion to retain or sell a security that has been placed on Negative Credit Watch or Downgraded but is still within OCTA's Investment Policy requirements. The investment manager must still inform OCTA of the credit watch placement or Downgrade along with providing rationale of the hold or sell.	Gives the investment manager discretion to conduct investment activities at their discretion for securities that remain within OCTA's Investment Policy requirements.	Investment Manager
Authorized Investments, Issuer Concentration & Maturity Restrictions Commercial Paper	9	25%, 10% of a single issuer	40%, 10% of a single issuer	As of January 1, 2021, the California Government Code (CA Code) allows for agencies with funds greater than \$100,000,000 to invest 40% of their portfolio into Commercial Paper given the safe and conservative nature of this security type.	Investment Manager and OCTA
Authorized Investments, Issuer Concentration & Maturity Restrictions Mortgage Pass – Through and Asset-Backed Securities	10	20%, no more than 10% in Asset-Backed Securities (ABS), no more than 5% in any single issuer	20%	To align with the Government Code. Allows additional flexibility within structured investment types. ABS are less sensitive to prepayments, removing the 10% limitation assists the investment manager with stabilizing the average life of the portfolio over time.	Investment Manager and OCTA

OCTA - Orange County Transportation Authority