



May 24, 2017

To: Finance and Administration Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Annual Update to Investment Policy

Overview

The Treasurer is presenting the Orange County Transportation Authority's Investment Policy for 2017. The Investment Policy sets forth the investment guidelines for all funds invested on and after June 12, 2017. As recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Investment Policy to be reviewed at a public meeting. Further, the governing body of a local agency has the authorization to appoint, for a period of one year, a Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds.

Recommendations

- A. Adopt the 2017 Investment Policy.
- B. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2017-18.

Background

The Investment Policy (Policy) sets forth the guidelines for all Orange County Transportation Authority (OCTA) investments that must conform to the California Government Code (Code). The main objectives of the Policy continue to be the preservation of capital, liquidity, diversification, and a market average rate of return through economic cycles.

The Policy is reviewed and approved by the Board of Directors (Board) at least annually. However, relevant changes to the Code may warrant amendments to the Policy throughout the year.

Discussion

The 2017 Policy is being submitted for review and adoption by the Board. Treasury/Toll Roads Department staff met with representatives from OCTA's investment advisory firm and investment management firms to evaluate the effectiveness of the Policy and address any potential changes for 2017. There was no new legislation affecting the Code or strategic changes requiring updates to the Policy.

Next Steps

If the Board approves the 2017 Policy, a copy of the final Policy will be provided to each portfolio manager. Each portfolio manager will be required to sign an acknowledgement letter confirming their receipt and understanding of the Policy. OCTA currently uses four portfolio managers to actively manage the short-term portfolio.

Summary

California Government Code Section 53646(a)(2) recommends that local agencies annually review their Investment Policy at a public meeting. The Treasurer is submitting the Orange County Transportation Authority's 2017 Investment Policy for approval by the Board of Directors. Further, the Orange County Transportation Authority requests approval by the Board of Directors, authorizing the Treasurer, for a period of one year, to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2017-18.

Attachments

- A. Orange County Transportation Authority 2017 Investment Policy
June 12, 2017
- B. Black-line Copy of Orange County Transportation Authority 2017
Investment Policy June 12, 2017

Prepared by:



Rodney Johnson
Deputy Treasurer
Treasury/Toll Roads
(714) 560-5675

Approved by:



Andrew Oftelie
Executive Director,
Finance and Administration
(714) 560-5649