CHANDLER
ASSET MANAGEMENT

Orange County Transportation Authority

Investment Management Services

June 13, 2018

Jayson Schmitt, CFA
Executive Vice President
Portfolio Manager

Mia Corral Brown
Senior Vice President
Relationship Manager

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Section 1 | Introduction to Chandler Asset Management

Experienced Engagement Team

Orange County Transportation Authority

OCTA Treasurer and Finance Committee

OCTA Board of Directors

OCTA Staff

Your Assigned Team

Jayson Schmitt, CFA
EVP, Portfolio Manager
24 Years Industry Experience

Portfolio Management, Credit & Research

William Dennehy II, CFA
EVP, Portfolio Manager
26 Years Industry Experience

Client Communication for Strategy & Research

Mia Corral Brown
SVP, Relationship Mgr.
21 Years Industry Experience

Client Service & Relationship Management

Nicole Dragoo, JD, IACCP
COO, CCO
18 Years Industry Experience

Compliance & Investment Operations

Supported by 26 Additional Professionals:
Investment Management, Compliance, Operations, Client Service and Administration

Specializing in Investment Management for Public Agencies

"We believe if we do what is right for our clients, our own success will follow."

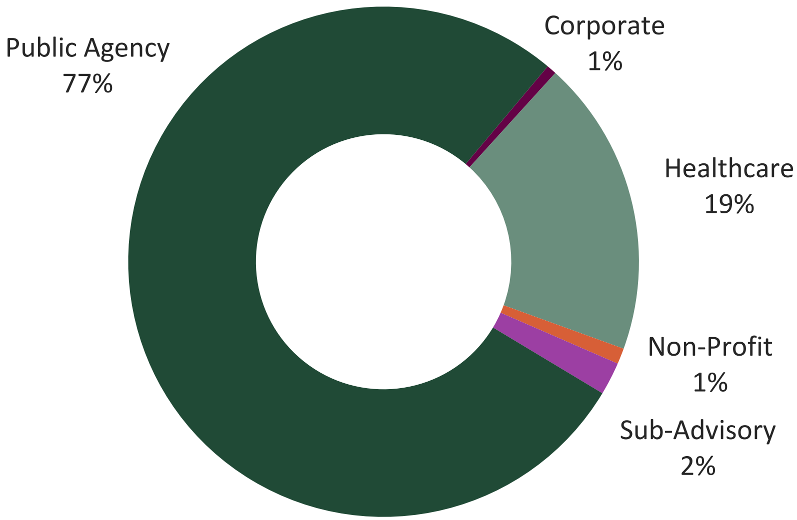
- *California Based, Independent & Employee-Owned*
  - Fixed income specialist since 1988
  - Founded by public investment professionals
  - Serve institutions with public sector focus
  - Headquartered in San Diego, CA

- *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

- *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

Assets Under Management

$14.9 Billion



Chandler Asset Management Assets as of March 31, 2018.

Understanding Our Clients Needs

Ten Largest Public Agency Clients

Client	AUM	Managed Since
Transportation Corridor Agencies, CA	$952 M	2015
CSAC Excess Insurance Authority, CA	$708 M	2015
Tulare County, CA	$558 M	2002
Orange County Sanitation District, CA	$506 M	2014
City of Tacoma, WA	$478 M	2015
City of Long Beach, CA	$434 M	2009
City and County of Denver, CO	$401 M	2009
City of Boulder, CO	$333 M	2013
Delaware State Treasury, DE	$306 M	2013
Rancho California Water District, CA	$265 M	1994

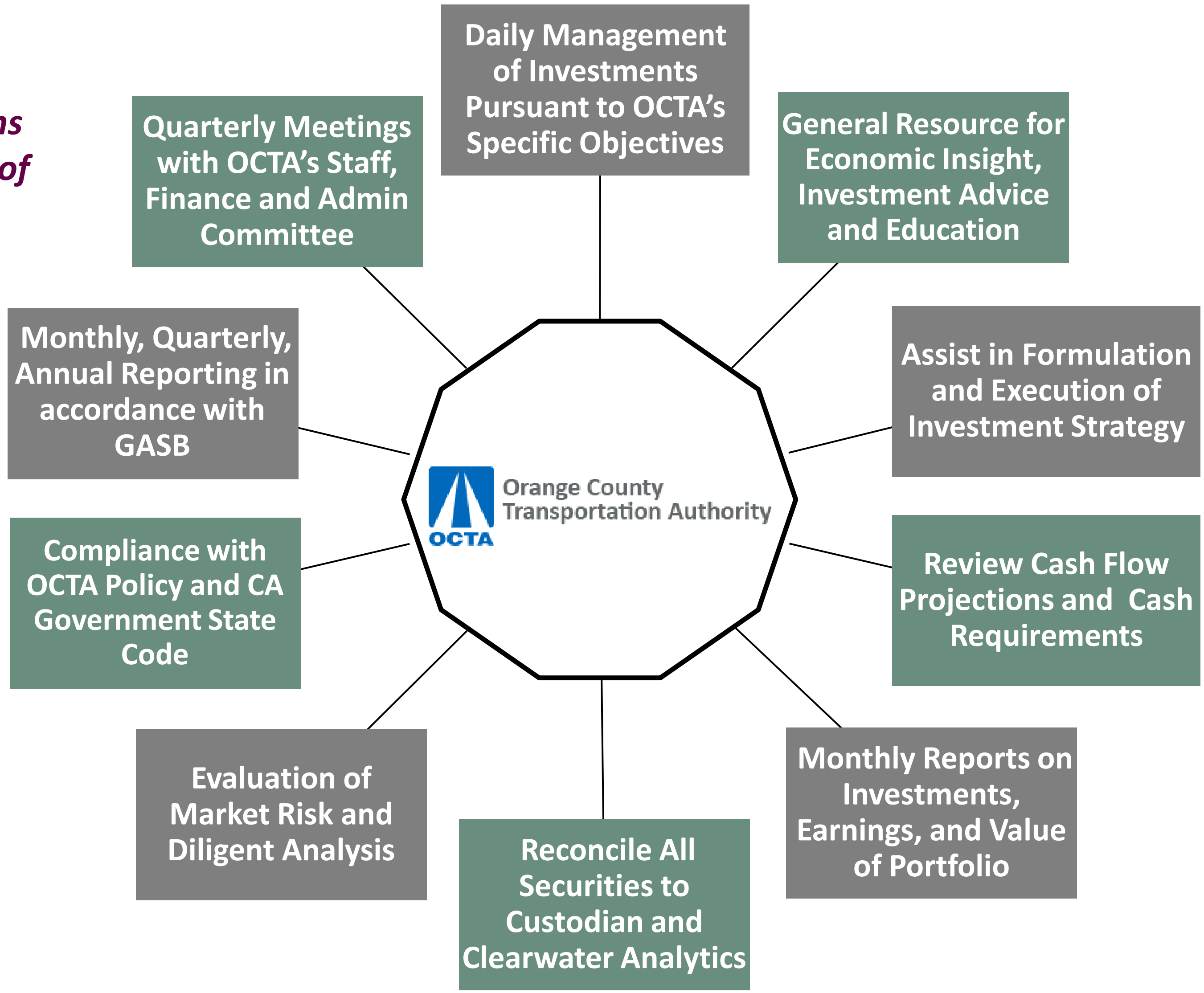
Sample Orange County and Transportation Clients

ACTA Corridor, CA
City of Brea, CA
City of Buena Park, CA
City of Costa Mesa, CA
City and County of Denver, CO *(Airport Funds)*
E-470 Highway Authority, CO
City of Fountain Valley, CA
Los Angeles County Metropolitan Transportation Authority, CA
Moulton Niguel Water District, CA
City of Newport Beach, CA
Orange County Sanitation District, CA
Sacramento Regional Transit District, CA
City of San Clemente, CA
Transportation Corridor Agencies, CA
City of Westminster, CA

The list on the left includes Chandler's top ten public agency assets under management as of June 30, 2017. The list on the right includes sample Orange County, CA clients and Transportation clients as of March 31, 2018. Both lists only includes clients that have given permission to be listed. It is not known whether the clients listed approve or disapprove of Chandler Asset Management and the advisory services provided. Includes discretionary and non-discretionary relationships.

We Work with You on All Aspects of Your Program

OCTA's Mission is to develop and deliver transportation solutions to enhance the quality of life and keep Orange County moving.



Safety Comes First

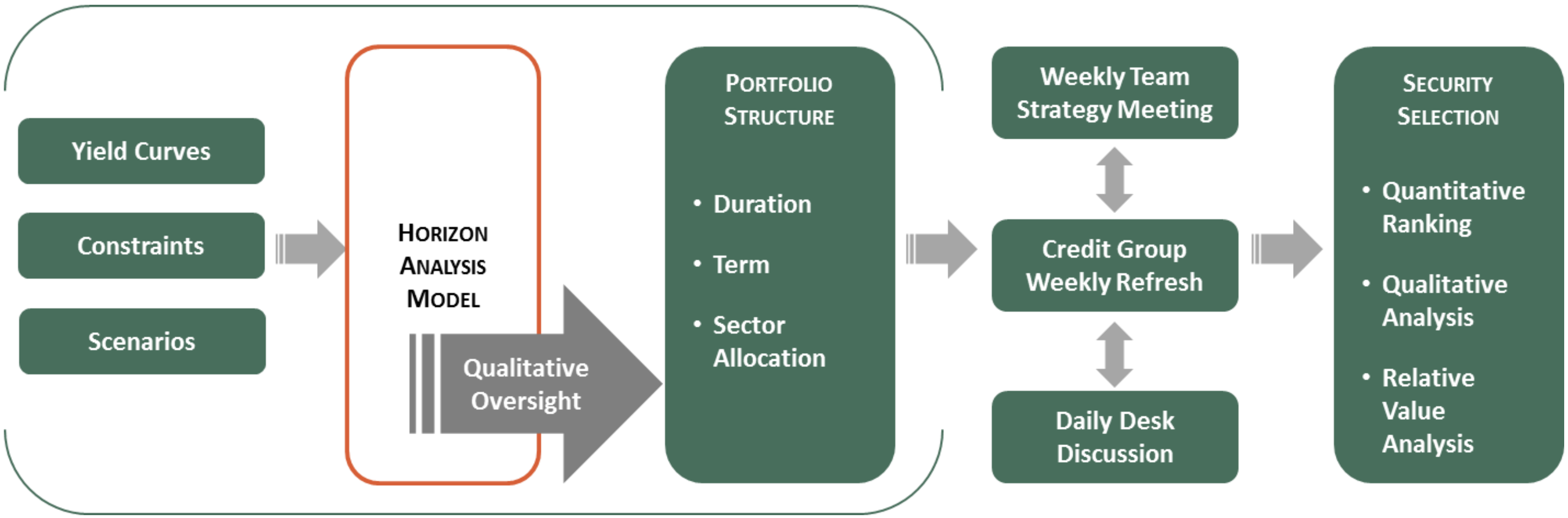
Consistent application of a disciplined, conservative investment process

- Our approach focuses on:
  - Safety of principal*
  - Appropriate levels of liquidity
  - Diversification of risk
  - Compliance with statutes, policies and objectives
  - Generating market yield and return
- Our approach utilizes investment processes and strategies we have managed for almost three decades

While Chandler focuses on safety of principal by investing in conservative investment-grade quality bonds, investors should be aware that bonds and other fixed income securities do carry some degree of risk and we cannot ensure a profit nor guarantee against loss.

Implementing a Disciplined, Repeatable Investment Process

*Chandler's **Horizon Analysis Model***



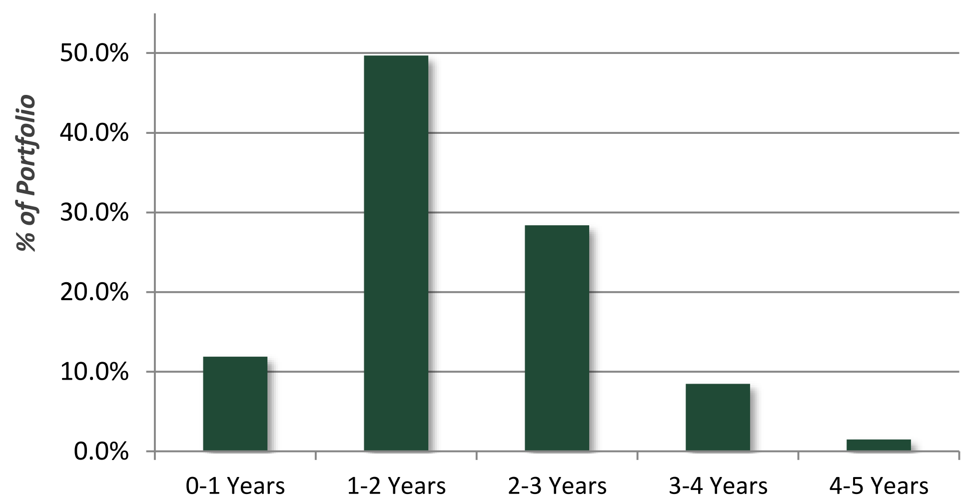
- Proprietary quantitative Horizon Analysis Model suggests target duration, sector allocation and term structure.
- The security selection process employs quantitative tools and rigorous qualitative analysis to determine relative value.

OCTA's Chandler Managed Portfolio *as of May 31, 2018*

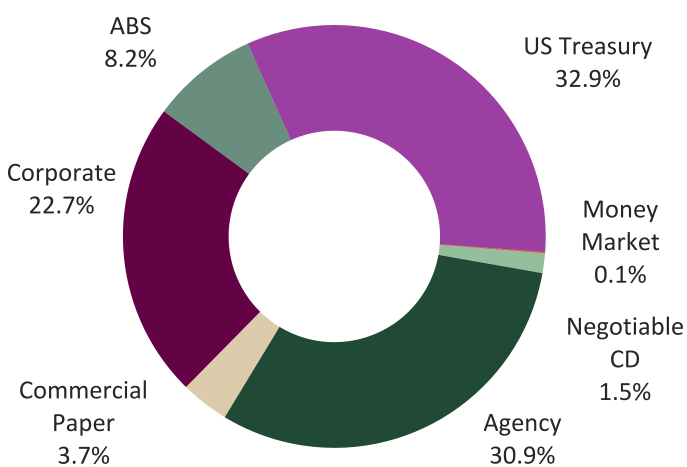
Portfolio Characteristics

Average Duration	1.65
Average Coupon	1.58%
Average Market Yield	2.52%
Average Quality (S&P/Moody)	AA/Aa1
Average Final Maturity	1.89 years
Benchmark	ICE BAML 1-3 year US Treasury Index*

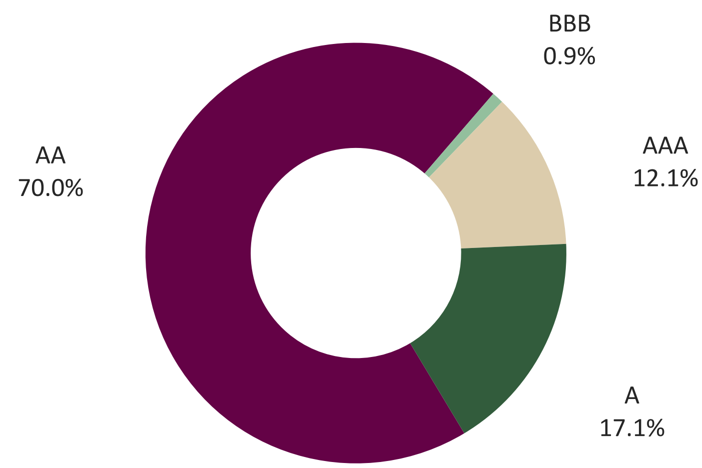
Maturity Distribution



Sector Allocation



Credit Quality (S&P)



Based on OCTA's Chandler Managed Portfolio as of May 31, 2018. Please see ICE BAML disclosures at the end of this presentation

CHANDLER VISION

"Our vision is to be the preferred and most trustworthy investment adviser. We bring the highest value, share knowledge and provide dedicated service to our employees, clients and community."

CHANDLER PHILOSOPHY

"We believe our forward-thinking, risk-controlled process results in client investment programs that protect principal, manage risk and enhance income."

Section 2 | Economic Update

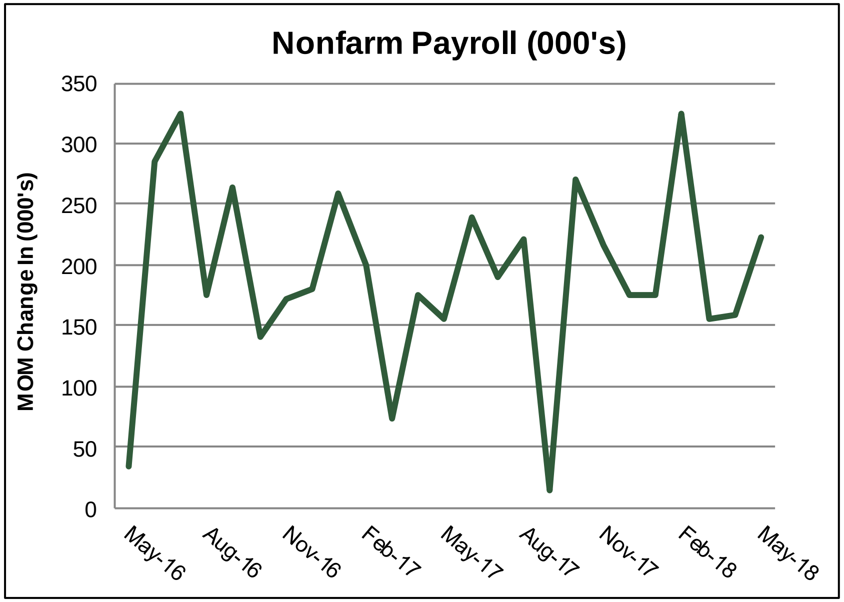
Economic Update

- The next Federal Open Market Committee meeting is scheduled for June 12-13. We expect the Fed to raise the fed funds rate by 25 basis points this month to a range of 1.75%-2.00%. In addition, we currently believe the Fed will hike the fed funds rate by another 25 basis points toward year-end. However, unless there is a significant pick-up in inflation, we do not think a fourth rate hike is likely this year and believe the pace of further rate hikes is likely to slow in 2019. In our view, the fed funds rate seems to be grinding closer to the equilibrium or neutral rate (i.e. the rate which is neither stimulative nor restrictive to the economy). Leading Economic Indicators have moderated, suggesting that overall economic growth is unlikely to strongly accelerate in the second half of the year. Meanwhile, inflationary pressures remain modest and we do not see signs that the economy is close to overheating. Given the recent strengthening of the dollar, upward pressure on oil prices, recently disappointing housing market data, uncertainty regarding global trade, and some signs of stress in emerging markets, we think the Fed will be wary of hiking rates too quickly and will remain on a gradual path of policy normalization.

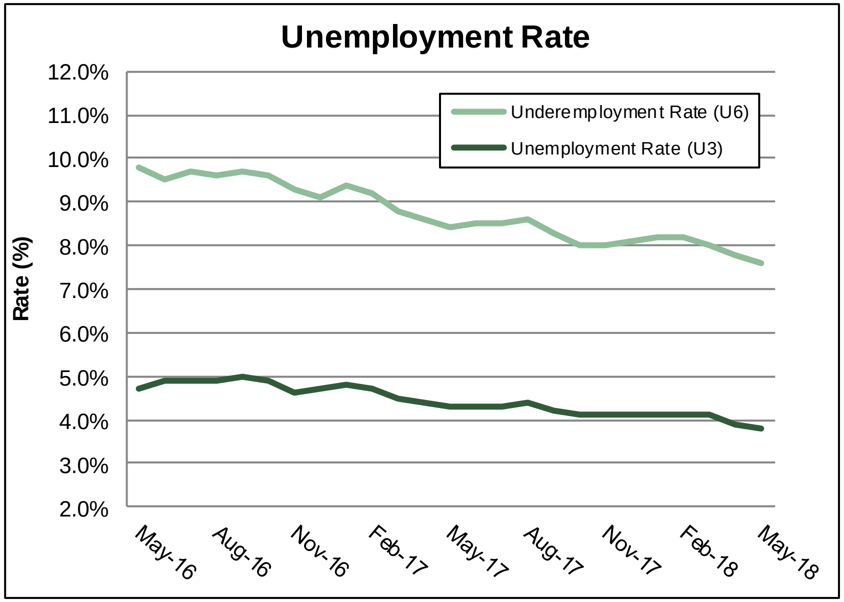
- We are forecasting GDP growth of about 2.5%-3.0% in 2018, which is in line with the Fed's forecast and the market consensus. This would equate to an increase over 2017 GDP growth of 2.3%. Overall, economic data remains solid. The economy is at or near full employment, consumer confidence is strong, and leading indicators suggest the economy will continue to grow modestly.

- Treasury yields declined in May on a month-over-month basis. During the first half of the month rates across the curve increased, but the trend reversed during the second half of the month due to elevated geopolitical tension. At month-end, the 2-year Treasury yield was down six basis points to 2.43%, while the 10-year Treasury yield was down nearly ten basis points to 2.86%. The spread between 2- and 10-year Treasury yields narrowed to just 43 basis points at month-end. All else being equal, we believe the Fed's plan to normalize the balance sheet will help promote a steeper yield curve in the second half of this year. Increased issuance by the Treasury to fund the growing fiscal deficit is also likely to drive longer-term yields higher, however, that may be partially offset by ongoing monetary policy normalization which typically causes the curve to flatten.

Employment



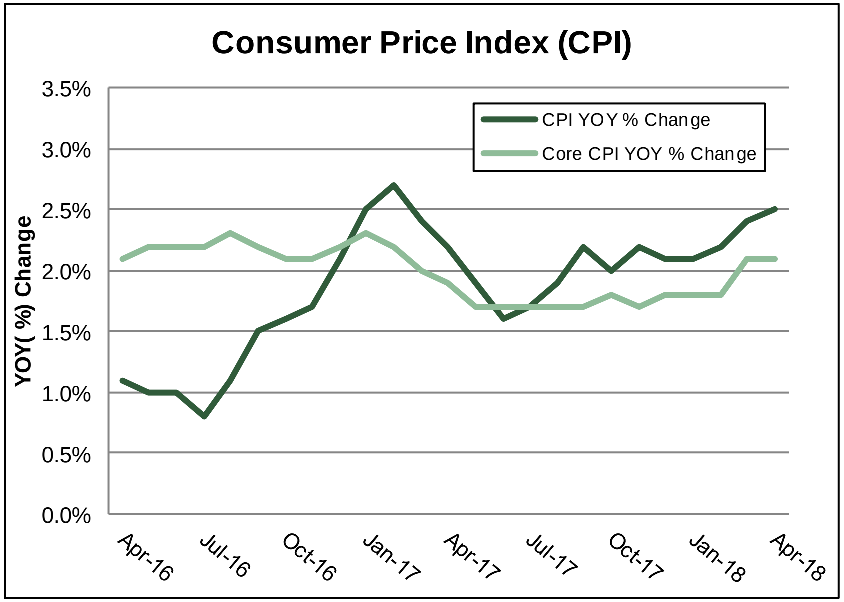
Source: US Department of Labor



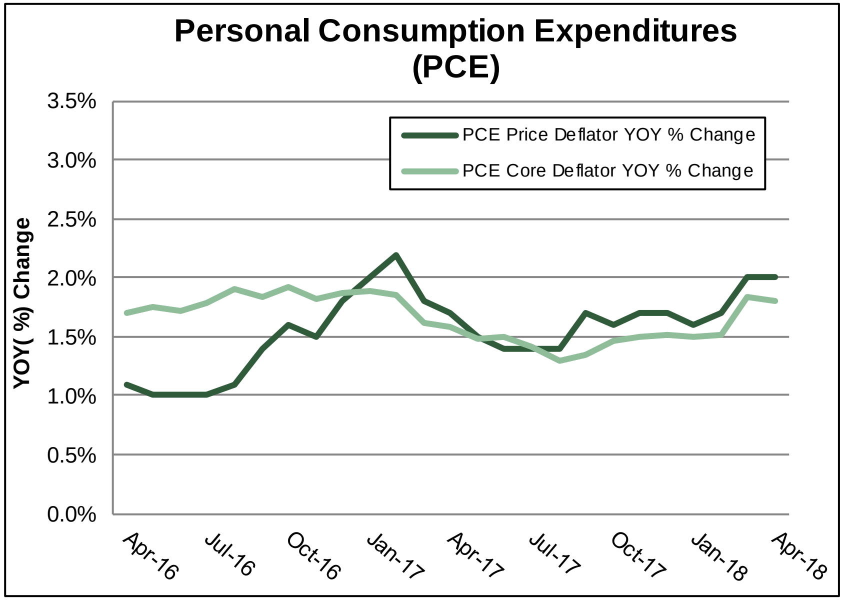
Source: US Department of Labor

U.S. payrolls rose by 223,000 in May, exceeding the consensus forecast of 190,000. March and April payrolls were revised up by a net total of 15,000. On a trailing 3-month and 6-month basis, payrolls increased by an average of 179,000 and 202,000 per month, respectively. The unemployment rate declined to 3.8% in May from 3.9% in April. The labor participation rate edged down to 62.7% from 62.8%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 7.6% from 7.8%. Wages rose 0.3% in May, slightly more than expected. Wages were up 2.7% on a year-over-year basis in May, up from 2.6% in April. The average workweek was unchanged at 34.5 hours.

Inflation



Source: US Department of Labor



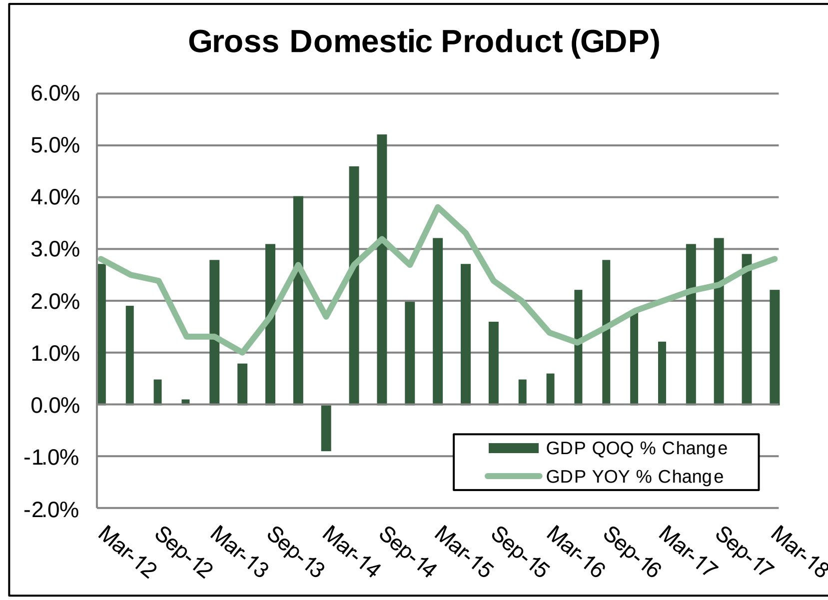
Source: US Department of Labor

The Consumer Price Index (CPI) was up 2.5% year-over-year in April, up from 2.4% in March. Core CPI (CPI less food and energy) was up 2.1% year-over-year in April, unchanged from March. The Personal Consumption Expenditures (PCE) index was up 2.0% year-over-year in April, unchanged from March. Core PCE (excluding food and energy) was up just 1.8% on a year-over-year basis in April, in line with the downwardly-revised 1.8% year-over-year growth rate in March. Core PCE inflation remains below the Fed's 2.0% target.

Gross Domestic Product (GDP)

Components of GDP	6/17	9/17	12/17	3/18
Personal Consumption Expenditures	2.2%	1.5%	2.8%	0.7%
Gross Private Domestic Investment	0.6%	1.2%	0.8%	1.2%
Net Exports and Imports	0.2%	0.4%	-1.2%	0.1%
Federal Government Expenditures	0.1%	0.1%	0.2%	0.1%
State and Local (Consumption and Gross Investment)	-0.2%	0.0%	0.3%	0.1%
Total	3.1%	3.2%	2.9%	2.2%

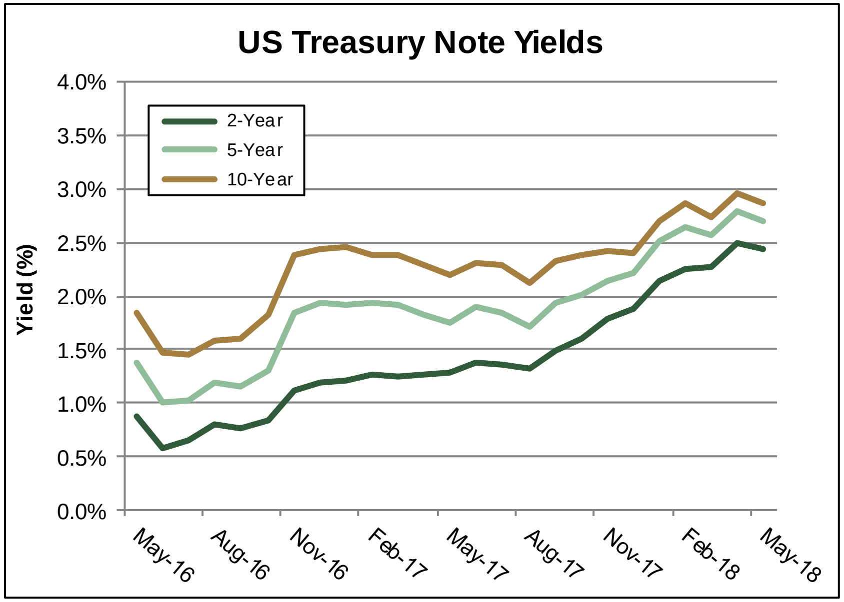
Source: US Department of Commerce



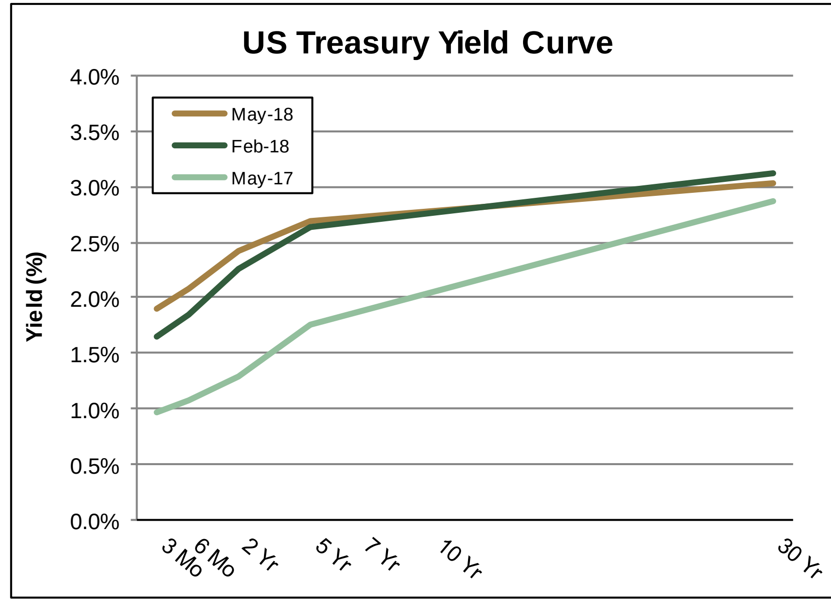
Source: US Department of Commerce

First quarter GDP growth was revised down to 2.2% from 2.3%, according to the second estimate, in line with expectations. Consumer spending was more subdued in the first quarter but was still favorable. GDP growth is expected to be stronger in the current quarter and second half of the year, compared with the first quarter. We expect overall GDP growth of 2.5%-3.0% for the full year, driven by ongoing labor market strength and a tailwind from tax reform.

Bond Yields



Source: Bloomberg



Source: Bloomberg

On a year-over-year basis, the Treasury yield curve has flattened. Rate hikes by the Federal Reserve have put upward pressure on shorter-term rates, while supply and demand imbalances, technical factors, and subdued inflation expectations have keep longer rates relatively contained. The yield curve is currently quite flat by historical standards.

Disclosures

ICE BAML 1-3 Year US Treasury Index

The ICE BAML 1-3 Year US Treasury Index is comprised of US Treasury securities issued by the US Government. All securities in the index must have fixed coupon rates and have at least one year but not greater than three years to maturity regardless of any call features.

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