

Primary Changes to Improve Clarity and Align Definitions and Reporting Requirements to the Code

Section of Investment Policy	Page	Current Policy	Recommendation	Rationale	Recommended By
Scope	1,3	Limited language regarding funds invested according to their respective indenture.	Add language to clarify funds that are governed by their respective bondindenture agreements	To clarify investments not governed by the Investment Policy	OCTA
Responsibilities	3	Language regarding monthly and quarterly reporting	Adjust language to match California Code section 53607 regarding a monthly report to the legislative body	Combine monthly and quarterly processes into one concise and detailed report to be provided to the Finance and Administration Committee and Board of Directors on a monthly basis	OCTA
Safekeeping and Custody	4	Limited language regarding safekeeping of invested funds	Add a section regarding Safekeeping and Custody of OCTA invested funds	To provide the reader with additional clarity regarding the operation of OCTA's investment program	Investment Manager
U.S. Treasury Obligations and Federal Agency or U.S. Government Sponsored Enterprises	5	Investments are currently grouped together as "Federal Agencies and U.S. Government Sponsored Enterprises"	Separate the investment listing for U.S. Treasury Obligations and Federal Agency's or U.S. Government Sponsored Enterprises to align with the Code	To clarify specifics of each separate investment type	Investment Manager and OCTA
Municipal Debt	5	No specific language regarding defeased Municipal Debt	Add language to clarify defeased bonds as eligible securities within the Municipal Debt section	Allows flexibility since it is common for municipal bonds to be defeased throughout the life of the bond	Investment Manager and OCTA
Local Agency Investment Fund (LAIF)	7	Limits \$65 million per account invested	Increase LAIF deposit limit from \$65 million to \$75 million to align with new limit set by the California State Treasurer as of January 1, 2020	Allows additional investment flexibility within pooled investments	Investment Manager

Proposed Changes to Investment Policy

Investment Pools	7	Language regarding Investment Pools	Add language clarifying Investment Pools are governed by their own Investment Policy for all pooled investments	To clarify governing document for investment pools	Investment Manager
Bank Deposits	8	No language regarding collateralization of bank deposits	Add language referencing code requirements for bank deposits to be collateralized.	To match code requirements and clarify collateralization requirements	Investment Manager
Credit Rating Actions	8	Limited language regarding OCTA reporting and investment manager requirements for investments put on credit watch or downgraded	Add language to clarify investment manager reporting responsibilities for rating downgrades	To provide clarity and guidance of expectations once OCTA securities are put on credit watch or downgraded	OCTA