




June 16, 2026

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

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the header.

Overview

The Treasurer is presenting the Orange County Transportation Authority's Proposed Fiscal Year 2026-27 Investment Policy. The governing body of a local agency is required to annually renew the delegation of authority for the Treasurer to invest, reinvest, purchase, exchange, sell, or manage public funds for a period of one year. Additionally, and as recommended under California Government Code Section 53646(a)(2), the Orange County Transportation Authority is submitting its Proposed Fiscal Year 2026-27 Investment Policy to be reviewed at a public meeting.

Recommendations

- A. Adopt the Fiscal Year 2026-27 Investment Policy, effective July 1, 2026.
- B. Authorize the Treasurer to invest, reinvest, purchase, exchange, sell, and manage Orange County Transportation Authority funds during fiscal year 2026-27.

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, updated, 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 Proposed Fiscal Year 2026-27 Policy is being submitted for review and adoption by the Board. OCTA's four investment managers performed an objective evaluation of the policy as it relates to effectiveness and risk. New legislation was enacted, resulting in updates to the Policy.

OCTA's investment managers reviewed the Policy and provided feedback during the annual review process. Staff considered that feedback and incorporated changes deemed appropriate, while preserving OCTA's current risk framework and providing sufficient flexibility to navigate the fixed-income market.

The proposed updates are summarized below and are intended to align the Policy with the Code and recent statutory changes.

- Amend the table for authorized investments, issuer concentration, and maturity restrictions under Section 11, Permitted Investments, to extend maximum maturity of commercial paper from 270 days to 397 days, consistent with updates to the Code.
- Extend the sunset period from January 1, 2026 to January 1, 2031, related to low-interest rate U.S. Government securities under Section 12, Prohibited Investment Vehicles and Practices, consistent with updates to the Code.

The Proposed Fiscal Year 2026-27 Policy can be found in Attachment A, and for reference, a redlined copy of the Policy (reflecting all proposed changes, including minor adjustments) can be found in Attachment B.

Next Steps

If the Board approves the Proposed Fiscal Year 2026-27 Policy, a copy of the final Policy will be provided to each portfolio manager. Each portfolio manager will be required to acknowledge receipt and understanding of the Policy changes.

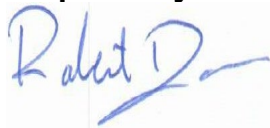
Summary

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 Proposed Fiscal Year 2026-27 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 2026-27.

Attachments

- A. Orange County Transportation Authority Fiscal Year 2026-27 Investment Policy, July 1, 2026
- B. Redlined Copy of Orange County Transportation Authority's Proposed Fiscal Year 2026-27 Investment Policy, July 1, 2026

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