



ADMINISTRATION COMMITTEE

Agenda Report

Headquarters
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File #: 2025-4574

Agenda Date: 12/10/2025

Agenda Item No: 5.

FROM: Robert Thompson, General Manager
Originator: Wally Ritchie, Director of Finance

SUBJECT:

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM PREPAYMENT

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve prepayments of Orange County Employees Retirement System contributions in the amount of \$10.3 million, using funds from OC San's 115 Trust.

BACKGROUND

Orange County Employees Retirement System (OCERS) offers agencies the opportunity to participate in the Early Payment of Employer Contributions Program. This program allows agencies to prepay their annual OCERS contribution with a discount rate of 7%. OC San has participated in this program since 2010 to realize savings on contributions.

In 2021, OC San implemented an Internal Revenue Service Code Section 115 Trust Pension Account (115 Trust) with Public Agency Retirement Services. The 115 Trust is established to fund pension obligations, once contributions are made into the trust, fund use is limited to pension costs. OC San's future pension obligation to OCERS is fully funded as of June 30, 2025.

The current balance in the OC San's 115 Trust account is \$18.3 million. The recommended OCERS Prepayment is \$10.3 million, leaving a balance of 8.0 million in the 115 Trust account.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Ensure that investment proposals and decisions are based on clearly defined standards

PROBLEM

Funds in the 115 Trust can only be used to pay for pension obligations.

PROPOSED SOLUTION

Prepay OCERS contributions using funds from OC San's 115 Trust.

TIMING CONCERNS

Prepayments to OCERS must be made by January 15th to qualify for the 7% discount.

RAMIFICATIONS OF NOT TAKING ACTION

The funds held in the 115 Trust cannot be used for any other purpose.

PRIOR COMMITTEE/BOARD ACTIONS

November 2021 - Adopt Resolution No. OC SAN 21-17 entitled: "A Resolution of the Board of Directors of Orange County Sanitation District Adopting a Post-Employment Benefit Trust Agreement with Public Agency Retirement Services; and Authorizing Officers to Execute Documents and Agreements; and Authorize staff to make an initial investment of up to \$15 million into the Section 115 pension trust.

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

This item has been budgeted (Budget FY 2024-25 and 2025-26, Page 15, Salaries, Wages & Benefits) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

N/A