



ADMINISTRATION COMMITTEE

Agenda Report

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File #: 2025-4654

Agenda Date: 12/17/2025

Agenda Item No: 19.

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

SUBJECT:

INVEST AND/OR REINVEST ORANGE COUNTY SANITATION DISTRICT'S FUNDS AND ADOPT INVESTMENT POLICY STATEMENT

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Adopt Resolution No. OC SAN 25-20 entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District, Authorizing the Orange County Sanitation District's Treasurer to Invest and/or Reinvest the Orange County Sanitation District's Funds, Adopting the Orange County Sanitation District's Investment Policy Statement and Performance Benchmarks, and Repealing Resolution No. OC SAN 24-14".

BACKGROUND

This agenda item presents updates to the Orange County Sanitation District (OC San) Investment Policy Statement for consideration by the Administration Committee as it is the oversight committee for the Investment Policy (Section 19.2). Proposed changes to the Investment Policy are as follows:

- Revise the maximum maturity periods for investments in prime quality commercial paper from 270 days to 397 days in Section 8.4 (Commercial Paper) per California Senate Bill 858.
- Add the Liquid Operating portfolio in Section 14.11 which states that no more than 20% of the portfolios may be invested in a combination of non-agency mortgage-backed securities, non-agency collateralized mortgage obligations and private label asset-backed securities.

With adoption of the Resolution, the Board of Directors would readopt OC San's Investment Policy Statement, portfolio performance benchmarks, and monitoring and reporting requirements for calendar year 2026.

RELEVANT STANDARDS

- Comply with OC San Policy: OC San Investment Policy
- Comply with Government Code Sections 53607 & 53646

PROBLEM

Government Code §53607 allows for the Board of Directors to delegate authority to invest and/or reinvest OC San's funds to the Treasurer for a one-year period. Government Code §53646 requires OC San to review its Investment Policy annually and readopt its Policy at a public meeting, which will establish specific performance benchmarks and objectives and specific monitoring and reports. Pursuant to Government Code §53646, OC San's Investment Policy must be reviewed and readopted prior to December 31, 2025.

PROPOSED SOLUTION

With adoption of the proposed Resolution, the Board of Directors would renew its delegation of investment authority to the Director of Finance/Treasurer for a one-year period, January 1, 2026 to December 31, 2026, in compliance with the requirements of Government Code §53607. Each year, the Board of Directors will consider similar actions, along with the annual reconsideration of OC San's Investment Policy.

TIMING CONCERNS

The Board of Directors delegation of authority to the Director of Finance/Treasurer to invest and/or reinvest OC San's funds will expire on December 31, 2025.

RAMIFICATIONS OF NOT TAKING ACTION

OC San's Director of Finance/Treasurer will not have the authority to invest and/or reinvest OC San's funds and OC San will not be in compliance with Government Code §53646.

PRIOR COMMITTEE/BOARD ACTIONS

December 2024 - Adopted Resolution No. OC SAN 24-14 entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Authorizing the Orange County Sanitation District's Treasurer to Invest and/or Reinvest the Orange County Sanitation District's Funds, Adopting the Orange County Sanitation District's Investment Policy Statement and Performance Benchmarks, and Repealing Resolution No. OC SAN 23-23".

ADDITIONAL INFORMATION

OC San's Investment Policy Statement is a comprehensive document describing the policy, authorizations, benchmarks, delegations, and investment limitations. The Investment Policy will govern the investment activities of OC San's external investment manager on behalf of OC San.

Annual Review of Investment Policy

The Investment Policy includes the requirement that OC San shall review its Investment Policy annually (Sections 1.2 and 19.1). OC San's investment manager reviewed the existing policy to ensure that the language remains current with the Government Code. The proposed Investment Policy is attached with redlined changes from the most recent approved policy in December 2024.

Annual Delegation of Investment Authority

Effective January 1, 1997, Government Code §53607 states that governing boards of local agencies may only delegate authority to invest and/or reinvest agency funds to the agency's Treasurer for a one-year period.

ATTACHMENT

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

- Orange County Sanitation District Calendar Year 2025 Investment Policy Statement (Redline)
- Orange County Sanitation District Calendar Year 2026 Investment Policy Statement (Clean)
- Proposed Resolution No. OC SAN 25-20