



Orange County Sanitation District

ADMINISTRATION COMMITTEE

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

Agenda Report

File #: 2020-1360

Agenda Date: 12/9/2020

Agenda Item No: 3.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

ADOPT ORANGE COUNTY SANITATION DISTRICT'S DEBT POLICY

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OCSD 20-XX, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Adopting the Orange County Sanitation District's Debt Policy and Repealing Resolution No. OCSD 18-16".

BACKGROUND

The Orange County Sanitation District's (Sanitation District) Debt Policy sets forth the parameters for issuing debt and managing outstanding debt, and provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, methods of sale that may be used, and structural features that may be incorporated. The debt policy should recognize a binding commitment to full and timely repayment of all debt as an intrinsic requirement for entry into the capital markets. The goals of a debt policy are to ensure that a government maintains a sound debt position and that credit quality is protected.

California Government Code Section 8855(i) requires any issuer of public debt to provide to the California Debt and Investment Advisory Commission (CDIAC) a report of any proposed debt issuances. Issuers must certify on the Report of the Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies, specifically an updated debt policy. Staff has reviewed and updated the attached Debt Policy and there are no material changes to the Debt Policy or its structure.

RELEVANT STANDARDS

- Orange County Sanitation District Debt Policy
- California Government Code Section 8855(i)
- Easy access to low cost credit

PROBLEM

Prior to any debt issuance (including debt refunding), issuers must certify on CDIA's Report of the Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies, specifically an updated debt policy.

PROPOSED SOLUTION

Staff has reviewed and updated the Sanitation District's Debt Policy.

TIMING CONCERNS

The Series 2018A Revenue Refunding Certificate Anticipation Notes (CANs) are due and payable on August 15, 2021 in the amount of \$102,200,000. The Sanitation District must update its Debt Policy prior to completing any debt issuance (including debt refunding).

RAMIFICATIONS OF NOT TAKING ACTION

Not taking action will result in the Sanitation District not being able to have the option to take advantage of the opportunity to refinance old debt in a low interest rate environment.

PRIOR COMMITTEE/BOARD ACTIONS

September 2018 - The Board adopted Resolution No. OCSD 18-16, entitled "A Resolution of the Board of Directors of the Orange County Sanitation District Adopting a Board of Directors Debt Policy".

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 Debt Policy (Clean)
- Orange County Sanitation District Debt Policy (Redline)
- Proposed Resolution No. OCSD 20-XX