



# ADMINISTRATION COMMITTEE

## Agenda Report

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**File #:** 2025-4310

**Agenda Date:** 5/28/2025

**Agenda Item No:** 22.

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

**SUBJECT:**

**ADOPT ORANGE COUNTY SANITATION DISTRICT'S DEBT POLICY**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Adopt Resolution No. OC SAN 25-02 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. OC SAN 23-22".

**BACKGROUND**

As there were no significant changes in State law governing Orange County Sanitation District's (OC San) ability to issue debt, the proposed changes to the OC San Debt Policy are administrative and include additional methods of sale for potential capital funding. The OC San Debt Policy sets forth the parameters for issuing debt and managing outstanding debt. It also 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 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) with 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 have reviewed and updated the attached Debt Policy and there are no material changes to the Debt Policy or its structure.

**RELEVANT STANDARDS**

- Comply with OC San Policy: OC San Debt Policy
- California Government Code Section 8855(i)

**PROBLEM**

Prior to any debt issuance (including debt refunding), issuers must certify on CDIAC'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 have reviewed and updated OC San's Debt Policy.

**TIMING CONCERNS**

OC San's Series 2016A in the amount of \$109,935,000 is subject to optional redemption on February 1, 2026. OC San 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 OC San not being able to have the option to take advantage of the opportunity to refinance old debt and discontinue paying above market interest costs.

**PRIOR COMMITTEE/BOARD ACTIONS**

December 2023 - The Board adopted Resolution No. OC SAN 23-22 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. OC SAN 21-21".

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://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. OC SAN 25-02