



ADMINISTRATION COMMITTEE

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Agenda Report

File #: 2026-4757

Agenda Date: 6/10/2026

Agenda Item No: 12.

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: Recommend to the Board of Directors to:

Adopt Resolution No. OC SAN 26-XX 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 25-20".

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:

- Addition of California SB 827 training requirements for local agency officials in Section 5.1. Local agency officials are required to receive at least 2 hours of fiscal and financial training at least once every 2 years.
- Addition of California SB 852 requirement for public officials who manage a local agency's investment to file Form 700 Statement of Economic Interest through the Fair Political Practices Commission's electronic filing system in Section 6.0.
- Additional language in Internal Controls Section 16.0 related to the establishment and maintenance of an internal control structure designed to ensure that the assets of OC San are protected from loss, theft, fraud or misuse.

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 Fiscal Year 2026-2027.

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, 2026.

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, July 1, 2026 to June 30, 2027, 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, 2026.

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 2025 - Adopted 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".

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 2025.

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 Fiscal Year 2026-2027 Investment Policy Statement (Redline)
- Orange County Sanitation District Fiscal Year 2026-2027 Investment Policy Statement (Clean)
- Proposed Resolution No. OC SAN 26-XX