

SPECIAL MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 14

To be held at the OFFICE OF THE DISTRICT  
1955 Workman Mill Road, California

*In response to concerns about the Novel Coronavirus (COVID-19), and in accordance with the Governor's Executive Order N-29-20 and N-08-21, Directors will attend these meetings via teleconference. To join the meeting, click <https://us02web.zoom.us/j/8091438308> or enter the Meeting ID 809 143 8308 into the Zoom app on your smartphone or computer. Alternatively, you may join by phone by calling (669) 900-9128 and entering the Meeting ID. You may find further information at: [www.lacsd.org/aboutus/governance/agenda\\_and\\_minutes/default.asp](http://www.lacsd.org/aboutus/governance/agenda_and_minutes/default.asp)*

THE DISTRICT MAY TAKE ACTION ON ANY AGENDA ITEM LISTED BELOW

WEDNESDAY	July 28, 2021	At 9:00 A.M.
Governing Body	Director	Alternate
LANCASTER	PARRIS (Chairperson)	CRIST (Chair pro tem)
PALMDALE	HOFBAUER	BISHOP
LOS ANGELES COUNTY	SOLIS	BARGER

At the call of the Chairperson, a special meeting of the Board of Directors of County Sanitation District No. 14 of Los Angeles County will be held at the above time and place for the purpose of:

1. Public Comment
2. Approve Minutes of Adjourned Regular Meeting Held June 10, 2021
3. Approve May 2021 Expenses in Amount of \$1,203,056.83

**Summary:** Local District expenses represent costs incurred for operations, maintenance, and capital projects that are the sole responsibility of the individual District. Allocated expenses represent the District's proportionate share of expenses made by District No. 2, the Administrative District, on its behalf pursuant to the Joint Administration Agreement. This Agreement provides for the joint administration and technical support for all of the signatory Districts along with the methodology for determining the proportionate costs for each District. A listing of Districts' payments and previously approved budgets can be found on the Districts' website at [lacsd.org/financial-documents](http://lacsd.org/financial-documents). This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

Local District Expenses:	
Operations & Maintenance (O & M)	\$ 858,655.43
Capital	80,309.42
Legal	22,376.25
Allocated Expenses:	
Joint Administration	104,837.07
Technical Support	130,139.50
Legal	6,739.16
Total Expenses	<u>\$1,203,056.83</u>

4. Re: Issuance of Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds)
  - (a) Adopt Resolution Approving Issuance of Bonds and Authorizing the Following:
    1. Execution and Delivery by District of *Installment Purchase Agreement* and *Bond Purchase Agreement* in Connection with Issuance of Bonds
    2. Distribution of Preliminary Official Statement and Official Statement in Connection Therewith
    3. Execution of Necessary Documents and Certificates and Related Actions
  - (b) Approve Use of Standard and Poor's Financial Services LLC, at Cost of Approximately \$34,250 and Fitch Ratings, Inc., at Cost of Approximately \$32,000 as Bond Rating Agencies

**Summary:** Between 2007 and 2012, the District made a number of upgrades to its facilities including construction of the Lancaster Water Reclamation Plant Expansion; construction of the Rosamond Outfall Trunk Sewer; and replacement of a section of the Trunk F Sewer. Four State Clean Water Revolving Fund

## 4. Contd.

low-interest loans obtained during that period were used to partially fund the work. Now, because interest rates have dropped to near-historic low levels, savings can be realized by refinancing the loan principal still outstanding. The proposed Resolution, as attached, includes approval of the necessary documents, direction to staff to distribute the documents, and authority for the Financing Authority (comprised of all the active Districts and governed by a Commission made up of those Districts' chairpersons) to sell new revenue bonds on the District's behalf. Under the proposed action, the District would approve the issuance of approximately \$45 million of refinancing bonds, resulting in an estimated net present value savings of \$4 million. The necessary extensive documents to be considered for the sale of the bonds are available at <http://www.lacsd.org/d14bonds>. A letter discussing this issue accompanies the agenda. This item is consistent with the Districts Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship and to protect financial assets through prudent investment programs.

## 5. Adopt Resolution Approving Joint Community Facilities Agreement with California Municipal Finance Authority (Authority) and Pacific Communities Builder, Inc. (Developer)

Summary: In order to fund obligations to District No. 14 associated with its Pacific Palacio development, the Developer has proposed establishing a Community Facilities District (CFD) through the Authority pursuant to the Mello-Roos Community Facilities Act of 1982. In accordance with the Mello-Roos Act, the Authority is the sponsoring agency for the CFD. The District must be party to the Agreement since it would be the ultimate recipient of the bond proceeds. The District would have no obligations for issuing any CFD bonds or for repaying any bonds that might be issued. The proposed Resolution, copy attached, would authorize the Chief Engineer and General Manager to execute the Agreement. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

## Adjourn

**Status Report:** Prior to or during the meeting session, the Chief Engineer and General Manager may update the Directors on various matters concerning the Districts that may be of current interest to the Directors.

**Public Comment:** Members of the public may address the Board of Directors on any item shown on the agenda or matter under the Board's authority. A "Request to Address Board of Directors" form is available. In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Secretary to the Boards' Office (562) 908-4288, extension 1100. Notification of 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting. (28CFR 35.101 et seq. ADA Title II).

**Document Requests:** Links to supporting documents are available online at the time of posting. Agendas and supporting documents or other writings that will be distributed to Board members in connection with matters subject to discussion or consideration at this meeting that are not exempt from disclosure under the Public Records Act are available for inspection following the posting of this agenda at the office of the Secretary to the Boards of Directors located at the Districts' Joint Administration Building, 1955 Workman Mill Road, Whittier, California, 90601, or at the time of the meeting at the address posted on this agenda.



July 23, 2021

Board of Directors  
Los Angeles County Sanitation District No. 14

Directors:

### **Proposed 2021 Revenue Bond Sale**

Between 2007 and 2012, the District made a number of upgrades to its facilities including construction of the Lancaster Water Reclamation Plant Expansion; construction of the Rosamond Outfall Trunk Sewer; and replacement of a section of the Trunk F Sewer. Four State Clean Water Revolving Fund low-interest loans, totaling approximately \$107 million in principal, were obtained to partially fund the work. The current principal balance on the loans is now approximately \$54 million and the loans have an average interest rate of 2.6% with payments extending to 2032.

Interest rates are now at historic lows and savings can be realized by refinancing the loan principal still outstanding by issuing bonds at a lower interest rate. The loans can be paid off at any time without penalty. Therefore, it is recommended that the District authorize issuing new bonds to pay off the loans.

The size of the proposed bond issuance will be approximately \$45 million and will have an interest rate (true interest cost) of approximately 0.75%. Because the overall interest rate will be lower than the existing interest rate on the existing debt, there will be a total estimated net present value savings of approximately \$4.3 million, translating into savings of roughly \$730,000 in the first year and \$365,000 each year from 2023-2032, or approximately 7% of the annual debt service.

The proposed bonds will be issued and sold by the Los Angeles County Sanitation Districts' Financing Authority, a joint powers authority that was established in 1993 for selling bonds on behalf of the member Districts. The membership consists of all of the active Districts and is governed by a commission consisting of the Chairs of each member District. District No. 14 will enter into a separate agreement (the "Installment Purchase Agreement") with the Financing Authority for the 2021 bonds.

The proposed bonds and the District's ability to repay them must be submitted to rating agencies (Fitch and Standard & Poor's) for their evaluation. The resulting ratings will, in large part, determine the interest rate at which the bonds can be sold. The primary vehicle for submitting this data is the Preliminary Official Statement, a copy of which is included. District No. 14 has employed a strategy of maintaining relatively strong debt coverage ratios and prudent cash reserves to maximize its ratings.

To complete the transaction, the District Board must first authorize the sale of the bonds. This is done through the resolution that is on the agenda for the July 28, 2021 Board meeting. The resolution approves the issuance of the proposed bonds and the form of the Indenture pursuant to which the proposed bonds will be issued and authorizes: the execution of an Installment Purchase Agreement and a Bond Purchase Agreement; distribution of the preliminary and an official statements; and execution of necessary documents, certificates and related actions. A resolution is used because the official documents cannot be finalized until after the pricing is complete. The resolution authorizes the Chairperson of the Board of Directors, the Chairperson Pro Tem of the Board of Directors, the Chief Engineer and General Manager of the District, and the Assistant Chief Engineer and Assistant General Manager of the District to sign the final documents after the close of pricing. The Board action also approves the use Standard and Poor's Financial Services LLC and Fitch Ratings, Inc. as rating agencies.

The contents of the necessary documents are summarized below, and the complete documents are provided at <http://www.lacsd.org/d14bonds>.

- Preliminary Official Statement – This document is equivalent to a prospectus that would be issued when buying or selling stock. It contains general information about the District, provides specific historic and projected financial data, gives information on the size of the proposed bond transaction and intended uses of the proceeds, and summarizes the requirements of the other bond documents.
- Installment Purchase Agreement – Through this agreement, the Financing Authority agrees to issue bonds on behalf of the District. In return, the District covenants to make the debt service payments on behalf of the Financing Authority. As part of its covenants, the District agrees to set appropriate service charge rates and to provide continuing disclosure. It also establishes the parameters under which the District can undertake additional debt (either bonds or loan).
- Indenture – This agreement is between the Financing Authority and the Trustee (a third party acting on behalf of the bond holders). The Indenture establishes the accounting practices that must be used and creates a flow of funds to ensure that the bondholders are repaid in a timely and orderly fashion.
- Bond Purchase Agreement – This agreement is between the District, the Financing Authority and the underwriters. The agreement requires the underwriters to purchase the bonds from the District for resale to the public and requires the District, through the Financing Authority, to make the bonds available to the underwriters.

As stated above, this matter will be on the agenda for the July 28, 2021 Board meeting and will be discussed with the Directors.

Very truly yours,

  
Robert Ferrante

RF:av

Enclosures

**RESOLUTION OF THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT PURCHASE AGREEMENT AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY SANITATION DISTRICT FINANCING AUTHORITY CAPITAL PROJECTS REVENUE BONDS, 2021 SERIES A (DISTRICT NO. 14 REVENUE BONDS) (GREEN BONDS), APPROVING THE ISSUANCE OF SAID BONDS AND THE FORM OF THE INDENTURE PURSUANT TO WHICH THE SAME ARE TO BE ISSUED, AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, Los Angeles County Sanitation District No. 14 of Los Angeles County (the “District”) financed certain improvements to its sewerage system with proceeds of loans evidenced by (a) Loan Contract (Contract No. 03-846-550-0; Project No. 4783-110), by and between the District and the State Water Resources Control Board, (b) Loan Contract (Contract No. 03-847-550-0; Project No. 4783-210), by and between the District and the State Water Resources Control Board, (c) Loan Contract (Contract No. 03-848-550-0; Project No. 4783-310), by and between the District and the State Water Resources Control Board, and (d) Loan Contract (Contract No. 08-816-550-0; Project No. 4916-110), by and between the District and the State Water Resources Control Board (the “State Loans”);

**WHEREAS**, in order to achieve certain savings, the District desires to prepay the State Loans;

**WHEREAS**, the District desires that Los Angeles County Sanitation Districts Financing Authority (the “Authority”) assist the District in financing the prepayment of the State Loans;

**WHEREAS**, in order to provide funds to prepay the State Loans, the District and the Authority desire that the Authority issue its Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds) (the “Bonds”);

**WHEREAS**, the Bonds will be payable from and secured by installment payments (the “Installment Payments”) to be made by the District pursuant to an Installment Purchase Agreement by and between the District and the Authority (such Installment Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Installment Purchase Agreement”);

**WHEREAS**, the Bonds will be issued pursuant to an Indenture by and between the Authority and U.S. Bank National Association, as trustee (the “Indenture”);

**WHEREAS**, BofA Securities, Inc., as underwriter (the “Underwriter”), has presented the Authority and the District with a form of Bond Purchase Agreement, pursuant to which the Underwriter proposes to purchase the Bonds (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Purchase Agreement”);

**WHEREAS**, a form of the Preliminary Official Statement to be distributed in connection with the offering and sale of the Bonds has been prepared (such Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Preliminary Official Statement”);

**WHEREAS**, there have been prepared and submitted to this meeting forms of;

- (a) the Installment Purchase Agreement;
- (b) the Indenture;
- (c) the Purchase Agreement; and
- (d) the Preliminary Official Statement; and

**WHEREAS**, the Board of Directors of the District (the “Board of Directors”) desires to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the prepayment of the State Loans and the offering, sale and issuance of the Bonds;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of County Sanitation District No. 14 of Los Angeles County, as follows:

**Section 1.** All of the recitals herein contained are true and correct and the Board of Directors so finds and determines.

**Section 2.** The Installment Purchase Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Chairperson of the Board of Directors, the Chairperson *Pro Tem* of the Board of Directors, or such other member of the Board of Directors as the Chairperson may designate, the Chief Engineer and General Manager of the District and the Assistant Chief Engineer and Assistant General Manager of the District (each, an “Authorized Officer”) is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to execute and deliver the Installment Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that such changes, insertions and omissions shall not result in the aggregate principal amount of Bonds payable from the Installment Payments payable by the District under the Installment Purchase Agreement being in excess of \$55,000,000, shall not result in the term of the Installment Purchase Agreement terminating later than October 1, 2032 and shall not result in a true interest cost attributable to the Installment

Payments payable by the District under the Installment Purchase Agreement being in excess of 2.00% per annum.

**Section 3.** The Indenture, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and the issuance of the Bonds on the terms and conditions set forth therein, and subject to the limitations specified therein, is hereby approved; provided, however, that the aggregate principal amount of the Bonds shall not exceed \$55,000,000, the final maturity date of the Bonds shall not be later than October 1, 2032 and the true interest cost for the Bonds shall not be in excess of 2.00% per annum.

**Section 4.** The Purchase Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to execute and deliver the Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the Underwriter's discount for the sale of the Bonds (exclusive of any original issue discount) shall not exceed 0.325% of the initial aggregate principal amount of the Bonds.

**Section 5.** The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the distribution of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. If determined by the Authority to be necessary or appropriate, the Authorized Officers are hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule).

**Section 6.** The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the District.

**Section 7.** The Board of Directors hereby authorizes the execution and delivery of all agreements, documents, certificates and instruments authorized by this Resolution to be executed and delivered (a) with electronic signatures using DocuSign, as the same may be permitted under the California Uniform Electronic Transactions Act, and (b) with digital signatures using DocuSign, as the same may be permitted under Section 16.5 of the California Government Code.

**Section 8.** The Authorized Officers and the officers and employees of the District are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the District to do any and all things and to execute and deliver any and all agreements, documents, certificates and instruments that they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

**Section 9.** All actions heretofore taken by the Authorized Officers and the officers and employees of the District with respect to the prepayment of the State Loans and the issuance and sale of the Bonds, or in connection with or related to any of the agreements, documents, certificates or instruments referred to herein, are hereby approved, confirmed and ratified.

**Section 10.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the Board of Directors of County Sanitation District No. 14 of Los Angeles County on July 28, 2021.

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Chairperson

ATTEST:

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Secretary



**RESOLUTION OF THE BOARD OF DIRECTORS OF COUNTY  
SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY  
APPROVING A JOINT COMMUNITY FACILITIES AGREEMENT FOR  
PACIFIC PALACIO**

**WHEREAS**, Vista Equity LP, an affiliate of Pacific Communities Builder, Inc. (the “Developer”), has submitted an application requesting that the Board of the California Municipal Finance Authority (the “Authority”) institute proceedings under the Mello-Roos Community Facilities Act of 1982 (the “Act”) to establish a community facilities district;

**WHEREAS**, the Developer is developing the property proposed to be included within the boundaries of the Community Facilities District (the “Property”);

**WHEREAS**, the Property is within the service boundaries of County Sanitation District No. 14 of Los Angeles County (the “Sanitation District”);

**WHEREAS**, pursuant to the Act and said petition, the Board of the Authority has instituted proceedings to establish California Municipal Finance Authority Community Facilities District No. 2021-8 (City of Lancaster – Pacific Palacio) (the “Community Facilities District”), to authorize the levy of special taxes (the “Special Taxes”) upon the land within the Community Facilities District and the issuance of bonds (the “Bonds”) secured by the Special Taxes, the proceeds of which are to be used to finance certain public facilities;

**WHEREAS**, the facilities proposed to be financed by the Community Facilities District include certain facilities to be owned and operated by the Sanitation District (the “Sanitation District Facilities”) and certain facilities to be owned and operated by the City of Lancaster and certain other public agencies;

**WHEREAS**, Section 53316.2 of the Act provides that a community facilities district may finance facilities to be owned or operated by a public agency other than the agency that created the community facilities district only pursuant to a joint community facilities agreement or a joint exercise of powers agreement adopted pursuant to said Section;

**WHEREAS**, Section 53316.2 of the Act further provides that at any time prior to the adoption of the resolution of formation creating a community facilities district or a resolution of change to alter a district, or a resolution or resolutions authorizing issuance of bonds pursuant to Section 53356 of the Act, the legislative bodies of two or more local agencies may enter into a joint community facilities agreement pursuant to Sections 53316.2, 53316.4, and 53316.6 of the Act to exercise any power authorized by the Act with respect to the community facilities district being created if the legislative body of each entity adopts a resolution declaring that the joint agreement would be beneficial to the residents of that entity; and

**WHEREAS**, there has been presented to this meeting a form of Joint Community Facilities Agreement by and among the Authority, the Sanitation District and the Developer that provides for the financing of the Sanitation District Facilities from the proceeds of Bonds (such Joint Community Facilities Agreement, in substantially the form presented to this meeting, with such

changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Joint Community Facilities Agreement”);

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of County Sanitation District No. 14 of Los Angeles County, as follows:

**Section 1.** Pursuant to Section 53316.2 of the Act, the Board of Directors of the Sanitation District (the “Board of Directors”) hereby declares and determines that the Joint Community Facilities Agreement will be beneficial to the residents of the territory served by the Sanitation District.

**Section 2.** The form of Joint Community Facilities Agreement, on file with the Secretary of the Board of Directors, is hereby approved. Each of the Chief Engineer and General Manager and the Secretary of the Board of Directors is hereby authorized and directed, for and in the name of the Sanitation District, to execute and deliver the Joint Community Facilities Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Chief Engineer and General Manager may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Joint Community Facilities Agreement by the Chief Engineer and General Manager.

**Section 3.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the Board of Directors of County Sanitation District No. 14 of Los Angeles County on \_\_\_\_\_, 2021.

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Chairperson

ATTEST:

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Secretary