

MINUTES OF THE SPECIAL MEETING  
OF THE BOARD OF DIRECTORS OF  
COUNTY SANITATION DISTRICT NO. 14  
HELD AT THE OFFICE OF THE DISTRICT  
VIA TELECONFERENCE

July 28, 2021  
9:00 o'clock, A.M.

Pursuant to the call of the Chairperson and upon written notice of the Secretary setting the time and place of a special meeting and mailed to each Director at least 24 hours before the meeting, a special meeting of the Board of Directors of County Sanitation District No. 14 of Los Angeles County was held via teleconference at the office of the District, 1955 Workman Mill Road, Whittier, California, on July 28, 2021, at 9:00 a.m., 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
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
5. Adopt Resolution Approving Joint Community Facilities Agreement with California Municipal Finance Authority (Authority) and Pacific Communities Builder, Inc. (Developer)

There were present: Austin Bishop, Alternate Director from Palmdale  
Kathryn Barger, Alternate Director from Los Angeles County  
Marvin Crist, Chairperson pro tem, Alternate Director from Lancaster

Absent: None

Also present: Kimberly S. Christensen, Secretary to the Board  
Brant Dveirin, District Counsel

RE: PUBLIC COMMENT The Chairperson pro tem announced this was the time for any questions or comments by members of the public. There were no public comments or questions to address the Board on any matters.

RE: MINUTES Upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, the minutes of the adjourned regular meeting held June 10, 2021, were approved.

RE: DISTRICT EXPENSES The following expenses for the month of May 2021 were presented and upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, were approved:

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

\$1,203,056.83

RE: ISSUANCE OF LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY CAPITAL PROJECTS REVENUE BONDS, 2021 SERIES A (DISTRICT NO. 14 REVENUE BONDS) (GREEN BONDS) RESOLUTION APPROVING ISSUANCE OF BONDS - ADOPT - INSTALLMENT AND BOND PURCHASE AGREEMENTS EXECUTE - PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT - DISTRIBUTE - USE OF STANDARD AND POOR'S FINANCIAL SERVICES LLC AND FITCH RATINGS, INC. APPROVE

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 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 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,* (Resolution) that was attached to the agenda, 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 were made available to the Directors and the public. A letter discussing this issue accompanied 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. A recommendation was made for the issuance of the Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds) and to adopt a Resolution approving issuance of the bonds and authorizing the execution and delivery by the District of an *Installment Purchase Agreement* and a *Bond Purchase Agreement* in connection with the issuance of bonds; distribution of a Preliminary Official Statement and an Official Statement in connection therewith; and, execution of necessary documents and certificates and related actions. Furthermore, a recommendation was made to approve use of Standard and Poor's Financial Services LLC, at a cost of approximately \$34,250 and Fitch Ratings, Inc., at a cost of approximately \$32,000 as bond rating agencies.

The Chief Engineer and General Manager stated that these are the next steps for District No. 14 to initiate refinancing of four State Clean Water Revolving Fund (SRF) loans. Following the Board's action, a Financing Authority meeting will be convened today to make the final approval for the issuance of bonds to refinance District No. 14's debt.

Upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, the following Resolution was adopted:

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.

RE: RESOLUTION APPROVING JOINT  
COMMUNITY FACILITIES AGREEMENT  
CALIFORNIA MUNICIPAL FINANCE  
AUTHORITY AND PACIFIC  
COMMUNITIES BUILDER, INC.  
ADOPT - DEFER

A proposed *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* was presented. 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 to the agenda, 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. A recommendation was made to adopt the resolution.

The Chief Engineer and General Manager stated that the Districts has traditionally participated in Community Facilities Districts (CFDs) to facilitate new housing developments in District No. 14. The CFDs are used to finance the connection fees that developers are required to pay.

In response to the Chairperson pro tem, the Chief Engineer and General Manager stated that this is specifically for this development. The agency has previously taken similar actions in the Santa Clarita Valley.

In response to the Chairperson pro tem and Director Barger, Mr. Matt Eaton, Head of Financial Management, stated that the District has previously taken similar actions. This CFD covers 56 single-family homes. The CFD issues bonds to finance development fees, including connection fees owed to the District, development fees with the city of Lancaster, and water company fees. The Developers are required to pay for all the fees upfront; without the agreement they would not be able to finance facilities via bonds secured by property taxes.

The Chairperson pro tem stated that he preferred to have the Developer go through the City of Lancaster. The Chief Engineer and General Manager stated that he would have staff discuss the matter with the City.

In response to Director Bishop, Mr. Eaton stated the Developer must enter into a Joint Community Facility Agreement with each agency to which they owe fees that they would like to finance.

Upon motion of the Chairperson pro tem, duly seconded and unanimously carried by a roll-call vote, the proposed action to adopt the *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* was deferred.

The meeting was adjourned by the Chairperson pro tem.

MARVIN CRIST  
Chairperson pro tem

ATTEST:

KIMBERLY S. CHRISTENSEN  
Secretary

/mh