

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 15
HELD AT THE OFFICE OF THE DISTRICT
VIA TELECONFERENCE

February 23, 2022
1:30 o'clock, P.M.

The Board of Directors of County Sanitation District No. 15 of Los Angeles County met in regular session via teleconference.

There were present: Margaret Finlay, Director from Duarte
Jessica Ancona, Director from El Monte
Cory C. Moss, Director from Industry
Tom Adams, Director from Monrovia
Kimberly Ann Cobos-Cawthorne, Director from Montebello
Victor Gordo, Director from Pasadena
Sean Dang, Alternate Director from Rosemead
Denise Menchaca, Alternate Director from San Gabriel
Susan Jakubowski, Director from San Marino
Gloria Olmos, Director from South El Monte
Cynthia Sternquist, Alternate Director from Temple City
Dario Castellanos, Director from West Covina
Cathy Warner, Alternate Director from Whittier
Holly Mitchell, Director from Los Angeles County
Richard Barakat, Chairperson, Alternate Director from Bradbury

Absent: Sho Tay, Director from Arcadia
Emmanuel J. Estrada, Director from Baldwin Park
Larry G. Burrola, Director from Irwindale
Charlie Klinakis, Director from La Puente
Henry Lo, Director from Monterey Park
Gene Goss, Director from Sierra Madre

Also present: Kimberly S. Christensen, Secretary to the Board
Wes Beverlin, District Counsel

RE: PUBLIC COMMENT
The Chairperson 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: DIRECTOR FROM CITY OF DUARTE
A certificate from the City Clerk of the City of Duarte was presented to the Secretary stating that at a meeting of the City Council held January 11, 2022, Ms. Margaret Finlay was elected Mayor of the City of Duarte, which is the designation of the presiding officer of the governing body of that city and automatically places Ms. Finlay on this Board.

Upon motion of Director Finlay, duly seconded and unanimously carried by a roll-call vote, the certificate was accepted and ordered filed.

RE: ALTERNATE DIRECTOR FROM CITY OF DUARTE
A copy of an action taken by the City Council of the City of Duarte at a meeting held January 11, 2022 was presented to the Secretary stating that Ms. Tzeitel Parasci, a member of the City Council of the City of Duarte, was appointed to serve as alternate Director from the city.

Upon motion of Director Finlay, duly seconded and unanimously carried by a roll-call vote, the action was accepted and ordered filed.

RE: DIRECTOR FROM CITY OF SAN MARINO
A certificate from the City Clerk of the City of San Marino was presented to the Secretary stating that at a meeting of the City Council held January 12, 2022, Ms.

Susan Jakubowski was elected Mayor of the City of San Marino, which is the designation of the presiding officer of the governing body of that city and automatically places Ms. Jakubowski on this Board.

Upon motion of Director Finlay, duly seconded and unanimously carried by a roll-call vote, the certificate was accepted and ordered filed.

RE: ALTERNATE DIRECTOR
FROM CITY OF SAN MARINO

A copy of an action taken by the City Council of the City of San Marino at a meeting held January 12, 2022 was presented to the Secretary stating that Mr. Ken Ude, a member of the City Council of the City of San Marino, was appointed to serve as alternate Director from the city.

Upon motion of Director Finlay, duly seconded and unanimously carried by a roll-call vote, the action was accepted and ordered filed.

RE: MINUTES
meeting held January 26, 2022, were approved.

Upon motion of Director Finlay, duly seconded and carried by a roll-call vote, the minutes of the regular

RE: DISTRICT EXPENSES
seconded and unanimously carried by a roll-call vote, were approved:

The following expenses for the month of December 2021 were presented and upon motion of Director Finlay, duly

Local District Expenses:

Operations & Maintenance (O & M)	\$ 172,969.00
Capital	808,966.14

Allocated Expenses:

Joint Administration	362,941.14
Technical Support	442,733.94
Joint Outfall	1,535,830.64

Total Expenses	<u>\$3,323,440.86</u>
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RE: RESOLUTION PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY ON MARCH 4, 2020 BY CALIFORNIA GOVERNOR AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODY - ADOPT

A proposed *Resolution of the Board of Directors of the County Sanitation District No. 15 of Los Angeles County Proclaiming a Local Emergency, Ratifying the Proclamation of a State of Emergency on March 4, 2020 by California Governor and Authorizing Remote Teleconference Meetings of the Legislative Body*, was presented. Remote teleconference meetings, during the continued existence of the Governor's proclaimed state

of COVID-19 emergency, will be conducted under the provisions of AB 361 which added California Government Code Section 54953(e), to the Brown Act. Under the provisions of AB 361 and Government Code Section 54953(e), each District must adopt, by majority vote, a resolution making certain findings about the continuing COVID state of emergency and health and safety risks of conducting their meeting in person. By statute, this Resolution and its referenced findings, are only legally valid for 30 days. The Resolution was attached to the agenda. A recommendation was made to adopt the Resolution.

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

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
COUNTY SANITATION DISTRICT NO. 15 OF LOS ANGELES COUNTY
PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF
EMERGENCY ON MARCH 4, 2020 BY CALIFORNIA GOVERNOR AND AUTHORIZING
REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODY

WHEREAS, County Sanitation District No. 15 of Los Angeles County ("District") is committed to preserving and nurturing public access and participation in meetings of the District's Board of Directors and committees; and

WHEREAS, all meetings of the District's Board of Directors are open and public, pursuant to the requirements of the Ralph M. Brown Act (California Government Code Sections 54950-54963) (the "Brown Act"), so that

any member of the public may attend, participate, observe and watch the District's Board of Directors conduct business; and

WHEREAS, the Brown Act, Section 54953(e), allows for conducting and participating in meetings by members of a legislative body, without compliance with the requirements of the Brown Act Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition under the Brown Act Section 54953(e) is the declaration of a state of emergency by the Governor pursuant to California Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within California caused by the conditions outlined and described in California Government Code Section 8558; and

WHEREAS, a proclamation of a state of emergency is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological, or human-induced disasters; and

WHEREAS, it is further required that the state or local officials have imposed or recommended measures to promote social distancing, or the Board of Directors of the District have held a meeting where it considered and determined that meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, such conditions now exist in the District as Governor Newsom declared a State of Emergency on March 4, 2020 as a result of the threat of COVID-19; and

WHEREAS, the Centers for Disease Prevention and Control, in its publication "How to Protect Yourself & Others" updated August 13, 2021, have recommended social distancing practices, including staying 6 feet away from others and avoiding crowds and poorly ventilated spaces in order to protect individuals and others from COVID-19; and

WHEREAS, the County of Los Angeles Department of Public Health Order of the Health Officer issued September 17, 2021 (the "County Order") includes a finding that the existing community transmission of COVID-19 in Los Angeles County remains high and continues to present a high risk of infection and harm to the health of those who are not and cannot be vaccinated against COVID-19 especially when there is an absence of capacity limits and physical distancing requirements for both indoor and outdoor settings. The County Order further finds that COVID-19 infection remains a significant health hazard to all residents; and

WHEREAS, the District's Board of Directors does hereby find that the ongoing and significant risks associated with COVID-19 infection, especially in the absence of capacity limits and physical distancing requirements for indoor activities, on those who are not and cannot be vaccinated, and that COVID-19 infection remains a significant health hazard to all residents, has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment and facilities of the District, and desires to proclaim a local emergency and ratify the proclamation of a state of emergency by the Governor of the State of California, and further, ratify the County Order findings related to the ongoing health hazards of COVID-19; and

WHEREAS, as a consequence of the declared state of emergency and the local emergency, the Board of Directors of the District does hereby find that the District shall continue to conduct its meetings in accordance with the provisions and requirements of the Brown Act Section 54953(e), and that the legislative bodies of the District shall comply with the requirements to provide the public with access to, and an opportunity to comment at all meetings of the District's legislative bodies in accordance with the requirements of the Brown Act Section 54953(e)(2); and

WHEREAS, the District will continue its practice of live streaming its meetings via the Zoom software platform which allows members of the public to observe and participate in the meetings via video or call-in options, and will continue to offer members of the public an opportunity to make oral comments during the meetings and/or submit written comments before the meetings.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 15 OF LOS ANGELES COUNTY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true, correct, and are incorporated in this Resolution by reference.

Section 2. Proclamation of Local Emergency. The Board of Directors of the District does hereby proclaim that a local emergency now exists throughout the territory of the District and, as described in the County Order, there remains evidence of sustained and high community transmission rates of COVID-19 resulting in high risks of infection and harm to the health of those who are not and cannot be vaccinated against COVID-19, especially when there is an absence of capacity limits and physical distancing requirements for both indoor and outdoor settings, and COVID-19 infection remains a significant health hazard to all residents of the District.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The District's Board of Directors hereby ratifies the Governor of the State of California's Proclamation of a State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The Chief Engineer and General Manager, staff and legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, without limitation, conducting open and public meetings in accordance with the Brown Act Section 54953(e) and all other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) 30 days after the date of this resolution, or such time that the District's Board of Directors adopts a subsequent resolution in accordance with the Brown Act Section 54953(e)(3) to extend the time during which the legislative bodies of the District may continue to teleconference without compliance with the requirements of the Brown Act Section 54953(b)(3).

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 15 of Los Angeles County this 23rd day of February 2022 by the following vote:

AYES: Fifteen (15)

NOES: None

ABSTAIN: None

ABSENT: Six (6)

RE: RESOLUTION OF THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 15 OF LOS ANGELES COUNTY AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF A MASTER OBLIGATION AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF A JOINT ACQUISITION AGREEMENT AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY REVENUE BONDS, 2022 SERIES A (GREEN BONDS) (SRF LOANS REFUNDING), 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 ADOPT

A proposed *Resolution Authorizing the Execution and Delivery by the District of a Master Obligation Agreement, Authorizing the Execution and Delivery by the District of a Joint Acquisition Agreement and a Bond Purchase Agreement in Connection with the Issuance of Los Angeles County Sanitation Districts Financing Authority Revenue Bonds, 2022 Series A (Green Bonds) (SRF Loans Refunding), 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* was presented.

The Chief Engineer and General Manager introduced Mr. Matt Eaton, Department Head of Financial management, to discuss the matter in more detail. Mr. Eaton discussed the Clearwater Tunnel Financing Plan and proposed loan refunding and bond issuance. The Clearwater Tunnel is a seven-mile outfall tunnel, which will convey effluent from the Joint Water Pollution Control Plant in Carson to White Point at the Palos Verdes Peninsula. It will replace the two current tunnels, constructed in 1937 and 1958.

The Districts needs to refund existing JOS loans to receive \$570 million in state and federal low-interest financing. The U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation Act (WIFIA) program will provide a \$441 million loan. The Clean Water State Revolving Fund will provide a \$127 million loan. Low-interest financing will save up to \$6 million per year over 30 years.

He explained the initial steps needed to obtain low-cost financing. To finalize the process of securing the new low interest loans, the Districts must pay off or refund 42 existing SRF loans. It is recommended to use cash reserves to pay off 35 loans for those with a remaining term of less than two years, those with low balances, or those that have pre-paid interest (\$56.2 million); and issue bonds to refund the remaining seven SRF loans (\$103.6 million).

He discussed the next steps. In the month of February, the individual Districts will consider approval of the action. Earlier today, February 23, the Financing Authority gave final approval for the issuance of the bonds. On March 1, the Districts will pay off 35 loans using cash reserves. On April 7, the bond sale closes and the remaining seven loans will be paid off. Approval of the low-cost SRF and WIFIA loans is expected in April or May.

In response to Director Mahmud, District No. 16, City of South Pasadena, Mr. Eaton stated that there were no prepayment penalties. He advised that prepayment would save on interest due to the acceleration of the payment schedule.

In order to finance the Clearwater Tunnel Project, the Districts applied for low-cost loans from the State Water Resources Control Board's Clean Water SRF and the US Environmental Protection Agency's WIFIA program. In order to finalize these two loans, 42 existing SRF loans to the Joint Outfall System Districts must be refunded either by paying off with cash reserves or through the issuance of bonds. Staff recommends using cash reserves to pay off the existing loans with a remaining term of less than two years, low balances, or that have pre-paid interest (35 loans for a total of \$46 million). The remaining seven SRF loans (\$100 million) would be refunded with revenue bonds. These actions allow the Districts to move forward with finalizing the WIFIA and SRF loans for the Tunnel Project, which will save up to \$6 million per year compared to market-rate bond financing. The proposed Resolution includes approval of the necessary documents, direction to staff to distribute the documents, and authority for the Financing Authority to sell new revenue bonds on the Districts' behalf. The necessary extensive documents to be considered for the sale of the bonds are available at <https://www.lacsd.org/JOSbonds>. A letter discussing this issue accompanies the agenda. Approval of this does not constitute a "Project" as defined in California Public Resources Code Section 21065 as funds will be used to repay existing financial obligations. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to protect financial and facility assets through prudent investment and maintenance programs. A copy of the proposed Resolution was attached to the agenda. A recommendation was made to adopt the Resolution. Furthermore, a recommendation was made to approve the use of Standard & Poor's Financial Services LLC, at a cost of approximately \$42,075, as the bond rating agency.

Upon motion of Director Finlay, duly seconded and unanimously carried by a roll-call vote, the Board of Directors of County Sanitation District No. 15 approved the use of Standard & Poor's Financial Services LLC, at a cost of approximately \$42,075, as the bond rating agency. Furthermore, the following Resolution was adopted:

**RESOLUTION OF THE BOARD OF DIRECTORS OF COUNTY SANITATION
DISTRICT NO. 15 OF LOS ANGELES COUNTY AUTHORIZING THE EXECUTION
AND DELIVERY BY THE DISTRICT OF A MASTER OBLIGATION AGREEMENT,
AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF A JOINT
ACQUISITION AGREEMENT AND A BOND PURCHASE AGREEMENT IN
CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY SANITATION
DISTRICTS FINANCING AUTHORITY REVENUE BONDS, 2022 SERIES A (GREEN
BONDS) (SRF LOANS REFUNDING), 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, County Sanitation District No. 15 of Los Angeles County (the "District") and certain other County Sanitation Districts of Los Angeles County (collectively, the "MOA Districts") desire to establish the terms and conditions for the incurrence by each MOA District from time to time of obligations of such MOA District to finance or refinance the acquisition, construction, equipping and improvement of such MOA District's sewerage system and other items with respect thereto that such MOA District may lawfully finance or refinance ("Projects");

WHEREAS, there has been prepared a form of a Master Obligation Agreement, by and among the MOA Districts and Zions Bancorporation, National Association, as master trustee, which sets forth such terms and conditions for the incurrence by each MOA District from time to time of obligations of such MOA District to finance or refinance Projects of such MOA District (such Master Obligation 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 “Master Obligation Agreement”);

WHEREAS, certain of the County Sanitation Districts of Los Angeles County, including the District, commonly referred to as the Joint Outfall Districts (the “Districts”), financed certain capital additions, replacements, betterments, extensions and improvements to their respective sewerage systems with proceeds of loans evidenced by (a) Loan Contract (Contract No. 09-857-550; Project No. 5539-110), by and among the Districts and the State Water Resources Control Board, (b) Loan Contract (Contract No. 13-811-550; Project No. 5892-110), by and among the Districts and the State Water Resources Control Board, (c) Loan Contract (Contract No. 12-832-550; Project No. 7694-110), by and among the Districts and the State Water Resources Control Board, (d) Loan Contract (Contract No. D16-01011; Project No. 8189-110), by and among the Districts and the State Water Resources Control Board, (e) Loan Contract (Contract No. D16-01012; Project No. 8204-110), by and among the Districts and the State Water Resources Control Board, (f) Loan Contract (Contract No. D16-01013; Project No. 8205-110), by and among the Districts and the State Water Resources Control Board and (g) Loan Contract (Contract No. D17-01016; Project No. 8226-110), by and among the Districts and the State Water Resources Control Board (the “State Loans”);

WHEREAS, in order to achieve certain savings, each District desires to prepay its respective share of each of the State Loans;

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

WHEREAS, in order to provide funds to prepay the State Loans, the Districts and the Authority desire that the Authority issue its Los Angeles County Sanitation Districts Financing Authority Revenue Bonds, 2022 Series A (Green Bonds) (SRF Loans Refunding) (the “Bonds”);

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

WHEREAS, the Bonds will be payable from and secured by installment payments (the “Installment Payments”) to be made by each District pursuant to a Joint Acquisition Agreement by and among the Districts and the Authority (such Joint Acquisition 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 “Joint Acquisition Agreement”);

WHEREAS, all of the Authority’s right, title and interest in and to the Joint Acquisition Agreement (other than such rights of the Authority that are, as provided in the Indenture, retained by the Authority) will, pursuant to the Indenture, be assigned and transferred to the Trustee;

WHEREAS, the rights and obligations of each District under and as provided in the Joint Acquisition Agreement and the Installment Payments of such District, and the rights and obligations of the Trustee, as assignee of the Authority, under and as provided in the Joint Acquisition Agreement and the Installment Payments, will, in all respects, be subject to the rights and obligations of, and the restrictions and limitations on, such District and the Trustee, as assignee of the Authority, under and as provided in the Master Obligation Agreement;

WHEREAS, BofA Securities, Inc. (the “Representative”), on behalf of itself and J.P. Morgan Securities LLC, has presented the Authority and the Districts with a form of Bond Purchase Agreement, pursuant to which the Representative 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, which Preliminary Official Statement contains certain information regarding the District, the Master Obligation Agreement, the Joint Acquisition Agreement, the Indenture and the Bonds (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 Master Obligation Agreement;
- (b) the Joint Acquisition Agreement;
- (c) the Indenture;
- (d) the Purchase Agreement; and
- (e) 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. 15 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 Master Obligation 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 Master Obligation 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.

Section 3. The Joint Acquisition 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 Joint Acquisition 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 Joint Acquisition Agreement initially being in excess of \$8,640,000, shall not result in the final scheduled payment date of the Installment Payments payable by the District under the Joint Acquisition Agreement being 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 Joint Acquisition Agreement being in excess of 2.00% per annum.

Section 4. 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 \$100,000,000, 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 5. 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 underwriters’ discount for the sale of the Bonds (exclusive of any original issue discount) shall not exceed 0.25% of the initial aggregate principal amount of the Bonds.

Section 6. The information regarding the District, the Master Obligation Agreement, the Joint Acquisition Agreement, the Indenture and the Bonds contained in 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 7. 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 8. 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 9. 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 10. 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 11. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 15 of Los Angeles County on February 23, 2022.

AYES: Directors Adams, Ancona, Castellanos, Cobos-Cawthorne, Dang, Finlay, Gordo, Jakubowski, Menchaca, Mitchell, Moss, Olmos, Sternquist, Warner, and Barakat

NOES: None

ABSTAIN: None

ABSENT: Directors Burrola, Estrada, Goss, Klinakis, Lo, and Tay

RE: SERVICE CHARGE REPORT RECEIVE AND ORDER FILED - AN ORDINANCE PRESCRIBING THE SERVICE CHARGE RATE AND MEAN LOADINGS PER UNIT OF USAGE AND PROVIDING FOR THE COLLECTION OF SUCH CHARGES ON THE TAX ROLL - AN ORDINANCE PRESCRIBING INDUSTRIAL WASTEWATER SURCHARGE RATES INTRODUCE - SET PUBLIC HEARING FOR MAY 25, 2022 AND GIVE REQUIRED NOTICE

A report titled *County Sanitation District No. 15 Service Charge Report for Fiscal Year 2022-23*, prepared in accordance with Section 5473 of the Health and Safety Code of the State of California and which establishes the formula for the calculation of a sewage unit that represents the average daily quantity of sewage flow and strength from a single-family home (SFH), was presented.

The Chief Engineer and General Manager introduced Mr. Matt Eaton, Department Head of Financial Management, to update the Directors on the Districts' wastewater rates for the various Boards meeting today. Mr. Eaton stated that the last rate package established rates from July 1, 2017, through June 30, 2021. Last year,

there was no rate increase. It is recommended to increase rates approximately two percent per year for the next four years.

In late 2020, a JOS Ad Hoc Committee, consisting of Directors, was formed to revisit assumptions on how service charge rates are determined for the 17 JOS Districts. Their goal was a fair, simple, and transparent rate-setting process. He advised that the new Joint Outfall Agreement and Financial Reserve Policies that were adopted in fall 2021 implemented the Committee's recommendations. Changes were implemented that lead to each household and commercial business paying the same amount for service when including the total of ad valorem (AV) tax, service charge, and use of reserves.

He reviewed a bar graph showing the annual average funding for the next four years. The service charge, shown in blue, is used to cover annual operations and maintenance capital expenses. The AV tax revenue, shown in orange, varies significantly between parcels and Districts. Some Districts are short on reserves, so they have a higher service charge which is represented by the yellow bar showing how much funds are going to replenish the reserves. The excess reserves, shown in grey, will be used to cover annual expenses. All Districts will be at approximately \$230 per year in service charge. These are a result of the Ad Hoc Committee's recommendations.

Next, he showed a table of the proposed service charge rates for each District. Most Districts will have a proposed 1.5-2.5 percent increase. He stated that some Districts, including District No. 28, will not have a service charge. District No. 28 has very high reserves and AV tax revenue, which can be used to cover their service charge. The Districts has no control over the AV tax revenue.

In terms of implementation of the rates, in February the Boards were briefed. There are actions needed to initiate the process of the new rate ordinance and actions needed to receive and file the service charge report which places the service charge on the tax roll. In March/April, Proposition 218 mailers will be mailed and informational meetings will be held for residents/ratepayers. In May, each Board will hold public hearings and adopt the ordinance. The rates are effective July 1, 2022. Filing of the Service Charge Report is required each year in order to collect the wastewater service charge on the property tax roll.

A letter describing the required Board actions together with a copy of the Service Charge Report, the preliminary budget, and the proposed service charge rate and industrial wastewater surcharge rate ordinances, accompanied the agenda. In this District, the current service charge rate per single-family home (SFH) is \$13.58 per month (\$163 per year). The proposed rates for fiscal years 2022-23, 2023-24, 2024-25, and 2025-26 are \$13.92 per month (\$167 per year), \$14.25 per month (\$171 per year), \$14.58 per month (\$175 per year), and \$14.92 per month (\$179 per year), respectively. Owners of multiple dwelling units and commercial properties are charged in proportion to their use compared to an SFH. Changes to the Joint Outfall System industrial wastewater surcharge rates are also proposed that result in an overall initial decrease in the rate. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to plan for both short-term and long-term needs to minimize the need for significant rate increases.

An Ordinance Prescribing the Service Charge Rate and Mean Loadings per Unit of Usage for County Sanitation District No. 15 of Los Angeles County and Providing for the Collection of Such Charges on the Tax Roll, was presented and introduction of the Ordinance was recommended.

An Ordinance Prescribing Industrial Wastewater Surcharge Rates for County Sanitation District No. 15 of Los Angeles County, was presented and introduction of the Ordinance was recommended.

A recommendation was made that, in accordance with Proposition 218 and with Section 5473 of the Health and Safety Code, the Board instruct the District Clerk to mail individual notices to all affected property owners and to publish newspaper notices to inform the public of the date, time, and place for a combined public hearing on the Service Charge Report, the proposed rates, and the collection of the service charge on the property tax roll. Furthermore, a recommendation was made that a combined public hearing be set for May 25, 2022, at 1:30 p.m. via teleconference. After the public hearing is closed, the Board will consider adoption of the Service Charge Report, and adoption of the ordinances establishing the service charge and industrial wastewater surcharge rates, with the new rates effective on July 1, 2022.

BE IT RESOLVED, that the Board does hereby fix May 25, 2022, at 1:30 p.m. as the date and time, via teleconference, as the place for a public hearing on *County Sanitation District No. 15 Service Charge Report for Fiscal Year 2022-23*, the proposed service charge and industrial wastewater surcharge rates, and the collection of the service charge on the property tax roll.

The Clerk of this Board shall cause notice of the filing of the Report and the time and place of the public hearing to be published once a week for two successive weeks in the *Pasadena Star News*, a daily newspaper, there being no newspaper of general circulation within the District printed, and in such other publications as are deemed appropriate by the Chief Engineer and General Manager.

Upon motion of Director Finlay, duly seconded and unanimously carried by a roll-call vote, the *County Sanitation District No. 15 Service Charge Report for Fiscal Year 2022-23* was ordered filed with the Clerk of the District. Furthermore, *An Ordinance Prescribing the Service Charge Rate and Mean Loadings per Unit of Usage for County Sanitation District No. 15 of Los Angeles County, and Providing for the Collection of Such Charges on the Tax Roll*; and *An Ordinance Prescribing Industrial Wastewater Surcharge Rates for County Sanitation District No. 15 of Los Angeles County* were introduced and, after a reading of the titles thereof, further reading of said ordinances were waived.

Upon motion of Director Moss, duly seconded and unanimously carried, the meeting adjourned.

RICHARD BARAKAT
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ee