

Notice and Agenda

REGULAR MEETING – COMMISSION OF THE LOS ANGELES COUNTY SANITATION DISTRICTS  
FINANCING AUTHORITY

To be held at the JOINT ADMINISTRATION OFFICE  
1955 Workman Mill Road, Whittier, California

WEDNESDAY June 11, 2025 At 12:00 P.M.

District(s)	Commissioner
SBC	PIMENTEL
1	SALEH
2	WARNER
3	SARO
4	MC OSKER
5	CERDA
8	DAVIS-HOLMES
9	HAHN
14	PARRIS
15	BARAKAT
16	GORDO
17, 20, 27, NR	BARGER
18, 19	TAJ
21	MOSS
22	FINLAY (Commission Chair)
23	MERLO
28	DAVITT
29	JONES
SCV	WESTE

1. Approve Minutes of Special Meeting Held February 23, 2022
2. Re: Los Angeles County Sanitation Districts Financing Authority (Finance Authority) Capital Projects Revenue Bonds, 2025 Series A (Subordinate Revenue Obligation Bonds)
  - (a) Employ Best, Best & Krieger, LLP, as Bond Counsel at Cost of Approximately \$87,000; Stradling, Yocca, Carlson & Rauth as Disclosure Counsel at a Cost of Approximately \$65,000; J.P. Morgan Securities LLC as Senior Underwriter with Mischler Financial Group and Stern Brothers as Co-Managers at Cost of Approximately 0.165 Percent of Bond Sale; and Montague DeRose & Associates, LLC, as Financial Advisor at Cost of Approximately \$70,000
  - (b) Confirm District No. 14 Authorization of Use of Standard and Poor’s Financial Services, LLC, at Cost of Approximately \$65,000 and Fitch Ratings, Inc., at Cost of Approximately \$62,000 as Bond Rating Agencies
  - (c) Adopt Resolution Approving Issuance of Bonds and Authorizing the Following:
    - (1) Execution and Delivery by Finance Authority of [Installment Purchase Agreement](#), [Indenture](#), [Escrow Deposit and Trust Agreement](#), [Bond Purchase Agreement](#), and [Continuing Disclosure Agreement](#) in Connection With the Issuance of the Bonds;
    - (2) Issuance of Such Bonds in Aggregate Principal Amount Not to Exceed \$125,000,000;
    - (3) Distribution of [Preliminary Official Statement](#) and an Official Statement in Connection Therewith; and
    - (4) Execution of Necessary Documents and Certificates and Related Actions

**Summary:** In 2005, the Financing Authority issued bonds to fund the construction of the Lancaster Water Reclamation Plant on behalf of District No. 14. In 2015 the outstanding bonds were refinanced to realize considerable savings. Now, in collaboration with the Districts’ municipal financial advisor, staff has identified another opportunity for savings through a refinancing of the bonds. The proposed resolution, as attached, 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 District No. 14’s behalf. Under the proposed action, the Financing Authority would approve the issuance of approximately \$78,000,000 of refinancing bonds and utilize \$22,000,000 in cash reserves to pay down the existing bond principal, resulting in an estimated net present value savings of \$7,000,000. 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

2. Contd.

Principles of commitment to fiscal responsibility and prudent financial stewardship; and to protect financial assets through prudent investment programs.

Adjourn to Wednesday, June 25, 2025, 12:00 p.m., at the Joint Administration Office, 1955 Workman Mill Road, Whittier

**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.



June 4, 2025

Board of Commissioners  
Los Angeles County Sanitation Districts  
Financing Authority

Commissioners:

**Proposed 2025 Revenue Bond Sale – District No. 14**

The agenda for the June 11, 2025, meeting of the Los Angeles County Sanitation Districts Financing Authority (Financing Authority) contains an item to adopt a resolution approving the issuance of bonds; and employ Bond Counsel, Underwriters, and a Financial Advisor; and to utilize Bond Rating Agencies. The purpose of this issuance is to realize savings by refinancing the existing loan principal and prepaying the existing debt obligations.

In 2005, the Financing Authority issued \$183 million in revenue bonds on behalf of District No. 14. The purpose for issuing the bonds was to: (1) fund the construction of the Lancaster Water Reclamation Plant upgrades that were needed to bring the plant into compliance with its discharge requirements, and (2) refinance then-outstanding State Revolving Fund Loans. In 2015, during a period of low interest rates, the Financing Authority refinanced the loan principal still outstanding by issuing approximately \$155 million in new revenue bonds, realizing a savings of approximately \$16.5 million.

Now, Districts' staff in collaboration with the Districts' municipal financial advisor, have identified an opportunity to refinance the 2015 bonds to realize additional savings. The size of the proposed bond issuance will be approximately \$78 million and will have an interest rate (true interest cost) of approximately (3.18%). An additional \$22 million in cash reserves will be used to pay down the remaining existing bond principal. The expected net present value savings totals approximately \$7 million.

The proposed bonds will be issued and sold by the Financing Authority, a joint powers authority 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 2025 bonds. This is the same structure that was used for selling the 2015 bonds.

The proposed bonds and the District No. 14'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 No. 14 Board will first consider authorizing the sale of the bonds. This is done through the *Resolution* that is on the agenda for the June 12, 2025, Board meeting. The Financing Authority will subsequently adopt the resolution on June 25, 2025, at an adjourned regular 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*, a *Bond Purchase Agreement*, and an *Escrow Agreement*; distribution of the *Preliminary Official Statement*; and execution of necessary documents, certificates and related actions. The *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 contents of the necessary documents are summarized below and are available at <http://www.lacsd.org/dl4bonds>.

- *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 those 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.
- *Escrow Agreement* – This agreement is between District No. 14, the Financing Authority, and the Escrow Bank. It requires an Escrow Fund be established and held by the Escrow Bank as an irrevocable escrow securing the payment of the 2015 bonds.
- *Continuing Disclosure Agreement* – The Securities and Exchange Commission requires that bond underwriters provide continuing and updated information on any bonds they have sold. Because the District is the primary source of the necessary information, the underwriters require that the District provide continuing and updated financial information on an annual basis. This agreement effectuates that requirement. For the most part, the required information is already contained in the Districts' Annual Comprehensive Financial Report.
- *Bond Purchase Agreement* – This agreement is between the District, the Financing Authority, and the underwriters. It 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.

Should any Director have any questions prior to the meeting, please call Mr. Matthew A. Eaton, Deputy Assistant Chief Engineer, at extension 2429.

Very truly yours,



Robert C. Ferrante

RCF:gc  
Enclosures

**RESOLUTION NO. \_\_**

**RESOLUTION OF THE COMMISSION OF THE LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF AN INDENTURE, AN INSTALLMENT PURCHASE AGREEMENT, AN ESCROW AGREEMENT, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY CAPITAL PROJECTS REVENUE REFUNDING BONDS, 2025 SERIES A (DISTRICT NO. 14 REVENUE BONDS), AUTHORIZING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$125,000,000, 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”) refinanced certain improvements to its sewerage system with proceeds of the \$149,940,000 Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds 2015 Series A (District No. 14 Subordinate Revenue Bonds) (the “Prior Bonds”);

**WHEREAS**, the Prior Bonds are secured by installment payments (the “Prior Installment Payments”) made by the District pursuant to that certain Installment Purchase Agreement dated July 1, 2015 (the “Prior Installment Purchase Agreement”) by and between the District and the Los Angeles County Sanitation Districts Financing Authority (the “Authority”);

**WHEREAS**, in order to achieve certain savings, the District desires to prepay the Prior Installment Payments;

**WHEREAS**, the Authority desires to assist the District in financing the prepayment of the Prior Installment Payments by refinancing the Prior Bonds;

**WHEREAS**, in order to provide funds to allow the District to prepay the Prior Installment Payments required pursuant to the Prior Installment Purchase Agreement and refinance the Prior Bonds, the Authority and the District desire that the Authority issue its Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Refunding Bonds, 2025 Series A (District No. 14 Revenue Bonds) (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 (such Indenture, 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 “Indenture”);

**WHEREAS**, the Bonds will be payable from and secured by installment payments (the “Installment Payments”) to be made by the District to the Authority 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 proceeds of the Bonds and certain other legally available monies will be held in escrow for the redemption of the Prior Bonds pursuant the terms and conditions set forth that certain Escrow Deposit and Trust Agreement by and amongst the Authority, the District and U.S. Bank Trust Company, National Association, as escrow agent (such Escrow Deposit and Trust 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 “Escrow Agreement”);

**WHEREAS**, J.P. Morgan Securities LLC, as senior managing underwriter and Mischler Financial Group, Inc. and Stern Brothers & Co., as co-manager (collectively the “Underwriters”), has presented the Authority and the District with a form of Bond Purchase Agreement, pursuant to which the Underwriters 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 “Bond Purchase Agreement”);

**WHEREAS**, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) requires that, in order to be able to purchase or sell the Bonds, the Underwriters must have reasonably determined that the issuer or one or more obligated persons has undertaken in a written agreement or contract for the benefit of the owners and beneficial owners of the Bonds to provide disclosure of certain financial and operating data and certain material events on an ongoing basis;

**WHEREAS**, in order to cause such requirement to be satisfied, the Authority desires to enter into a Continuing Disclosure Agreement with U.S. Bank Trust Company, National Association, as trustee and as Dissemination Agent, relating to the Bonds (such Continuing Disclosure 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 “Continuing Disclosure 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 Indenture;
- (b) the Installment Purchase Agreement;
- (c) the Escrow Agreement;
- (d) the Bond Purchase Agreement;
- (e) the Continuing Disclosure Agreement; and
- (f) the Preliminary Official Statement;

**WHEREAS**, the Commission of the Authority (the “Commission”) desires to authorize the issuance of the Bonds and the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Bonds;

**WHEREAS**, Section 5852.1 of the California Government Code (the “Government Code”) requires that the Commission obtain from an underwriter, financial advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the Bonds, good faith estimates of (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds, plus the fees and charges paid to third parties not paid with the proceeds of the Bonds; and

**WHEREAS**, in compliance with Government Code Section 5852.1, the Commission has obtained from Montague DeRose and Associates, LLC, as the District’s municipal advisor (the “Municipal Advisor”), the required good faith estimates and such estimates are disclosed and set forth in Exhibit A attached hereto;

**NOW, THEREFORE, BE IT RESOLVED** by the Commission of the Los Angeles County Sanitation Districts Financing Authority, as follows:

**SECTION 1.** All of the recitals herein contained are true and correct and the Commission so finds and determines.

**SECTION 2.** Subject to the provisions of Section 3 hereof, the issuance of the Bonds, in an aggregate principal amount of not to exceed \$125,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

**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 each of the Chairperson of the Commission, or such other member of the Commission as the Chairperson may designate, the President of the Authority, the Vice President of the Authority, the Treasurer of the Authority and the Secretary of the Authority, or their designees, (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 Authority, to execute and deliver the Indenture 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 aggregate principal amount of the Bonds shall not exceed \$125,000,000, the final maturity date of the Bonds shall not be later than October 1, 2035 and the true interest cost for the Bonds shall not be in excess of 4.0% per annum.

**SECTION 4.** 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 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 Authority, 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 \$125,000,000, shall not result in the term of the Installment Purchase Agreement terminating later than October 1, 2035 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 4.0% per annum.

**SECTION 5.** The form of the Escrow Deposit and Trust Agreement which provides for (i) the redemption of the Prior Bonds, (ii) the creation and administration by the U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”), of the Escrow Fund for the benefit of the owners of Prior Bonds, and (iii) the performance of other duties by the Escrow Agent, is approved in the form on file with the Board Secretary, and the Authorized Officers are each individually authorized to execute and deliver, on behalf of the District, such Escrow Agreement with respect to the Prior Bonds. If the Authorized Officers so determine, the Escrow Agreement may be replaced with refunding instructions to be given to the Trustee for the Prior Bonds.

**SECTION 6.** The Bond 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 Authority, to execute and deliver the Bond 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 0.5% of the initial aggregate principal amount of the Bonds.

**SECTION 7.** The Continuing Disclosure 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 Authority, to execute and deliver the Continuing Disclosure 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 8.** 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. The Authorized Officers are hereby authorized to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

**SECTION 9.** 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 Authority, to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the Authority.

**SECTION 10.** The Commission 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 11.** The Authorized Officers and their authorized deputies and agents of the Authority are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the Authority 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 12.** All actions heretofore taken by the Authorized Officers and their authorized deputies and agents of the Authority with respect to 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 13.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the Commission of the Los Angeles County Sanitation Districts Financing Authority on June 11, 2025.

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Chairperson

ATTEST:

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Secretary

## GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by Montague DeRose and Associates, LLC, the District's municipal advisor (the "Municipal Advisor").

*Principal Amount.* The Municipal Advisor has informed the Authority that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$108,690,000 (the "Estimated Principal Amount").

*True Interest Cost of the Bonds.* The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.67%.

*Finance Charge of the Bonds.* The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$521,967.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$116,010,606.

*Total Payment Amount.* The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$142,597,164, which excludes any reserves or capitalized interest paid or funded with proceeds of the Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds

being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the Authority based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.