

MINUTES OF THE REGULAR MEETING OF THE
 BOARD OF DIRECTORS OF
 COUNTY SANITATION DISTRICT NO. 19
 HELD AT THE OFFICE OF THE DISTRICT;
 AT THE CERRITOS CITY HALL;
 AT THE HAWAIIAN GARDENS CITY HALL;
 AT THE LAKEWOOD CITY HALL; AND
 AT THE OFFICE OF SUPERVISOR HAHN
 VIA TELECONFERENCE

March 11, 2026
 1:30 o'clock, P.M.

The Board of Directors of County Sanitation District No. 19 of Los Angeles County met in regular session both in person and via teleconference.

There were present: Rene Trevino, Director from Artesia, via teleconference at Cerritos City Hall
 Frank Yokoyama, Director from Cerritos, via teleconference at Cerritos City Hall
 Maria Teresa Del Rio, Director from Hawaiian Gardens, via teleconference at Hawaiian Gardens City Hall
 Jeff Wood, Alternate Director from Lakewood, via teleconference at Lakewood City Hall
 Janice Hahn, Alternate Director from Los Angeles County, via teleconference at the Office of Supervisor Hahn
 Sueely Saro, Chairperson, Alternate Director from Long Beach

Absent: None

Also present: Kimberly S. Christensen, Secretary to the Board
 Robert Ferrante, Chief Engineer and General Manager
 Jessica Lienau, 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: MINUTES
 Upon motion of the Chairperson, duly seconded and unanimously carried by a roll-call vote, the minutes of the regular meeting held February 11, 2026, were approved.

RE: DISTRICT EXPENSES
 The following expenses for the month of December 2025, were presented and upon motion of the Chairperson, duly seconded and unanimously carried by a roll-call vote, were approved:

Local District Expenses:	
Operations & Maintenance	\$ 27,354
Allocated Expenses:	
Operations & Maintenance	4,617,239
Capital	<u>208,246</u>
Total Expenses	<u>\$4,852,839</u>

RE: JOINT OUTFALL SYSTEM CAPITAL PROJECTS REVENUE BONDS SALE - DISCUSS
 The Chief Engineer and General Manager mentioned that the Districts has depleted excess reserves and will need to issue bonds annually over the next five years to finance capital improvement projects while rebuilding reserves. He introduced Mr. Andrew Hall, the Department Head of Financial Management, to deliver a brief PowerPoint presentation on the topic.

Mr. Hall stated that this item is for informational purposes only and requires no Board action. A slide displayed an outline of his presentation. He covered three main points, including the Joint Outfall System (JOS) Bonds, the financing team and Request for Proposals for Underwriters, and next steps.

A slide presented information concerning current debt obligations. The first item, the 2022 Series A Revenue Bonds (Green Bonds), is a revenue bond that refinanced existing State Revolving Fund (SRF) loans, with approximately \$74 million in outstanding principal. Additionally, there are two loans for the Clearwater

Tunnel: one SRF loan, for which the full amount of \$127 million has been drawn, and a Water Infrastructure Finance Innovation Act (WIFIA) loan (\$379 million drawn; \$62 million remaining to draw), in conjunction with the Environmental Protection Agency. Lastly, there is a 216th Street Sewer SRF Loan, which is smaller (\$14 million outstanding). Overall, the number and amount of bonds is not substantial relative to the Joint Outfall System's size.

A slide explained why additional funding is necessary. The need stems from the Capital Improvement Program, and the Districts has the capacity due to low current debt levels. Our strong credit rating—JOS has an 'AAA' rating—supports this. The Districts planned for this by ensuring the proposed JOS rates include future debt, and debt financing will help replenish reserves, meeting reserve targets within five years.

The 2025 S&P Credit Rating Metrics (S&P Global Survey of 1,600 Water and Wastewater Utilities) were presented on a slide. Current results and forecasts for the upcoming year were emphasized. There is excellent debt coverage, significant reserves, and the Districts continues to maintain a healthy debt-to-capitalization ratio. The number of days of cash on hand is at the lower end of these metrics, but staff and the Districts' Financial Advisor believe that the JOS will maintain strong ratings due to the positive indicators in the credit rating metrics.

A slide presented the Fiscal Year (FY) 2026-27 JOS Capital Project Summary. The Districts anticipates spending approximately \$323 million, which includes sewer system (42 percent) and treatment plant (40 percent) projects (related to aging infrastructure), the Clearwater project (12 percent), and other projects (6 percent).

A slide showed a bar graph of the forecast of capital funding between 2026 and 2030, based on Carollo's JOS 2025 Rate Study, indicating that the majority of capital projects are projected to be debt financed over the next 5 years.

A slide presented details of the proposed 2026 JOS bonds for the issuance amount of \$625 million. Interest rates are currently forecast to be between 3.89 percent and 4.57 percent. Given the current global situation, we'll observe where those interest rates will go. The anticipated bond term is 30 years. The Financing Authority, comprised of the Chairpersons of all active Districts, is responsible for approving the issuance of the bonds for individual or collective Districts. The JOS Districts will receive the bond proceeds and are responsible for paying the debt service.

The Financing Team, as shown on a slide, is comprised of Montague DeRose & Associates, Municipal Financial Advisor; Best Best & Krieger LLP, Bond Counsel; Stradling Yocca Carlson & Rauth, Disclosure Counsel; and underwriters (senior and co-Manager pending selection from pool). The Senior and Co-Manager pool was established through a Request for Qualifications. No disadvantaged businesses applied for that senior management pool, although they did apply for the co-manager pool. Several disadvantaged businesses will be selected for these bond issues going forward.

The final slide displayed the next steps for briefing individual boards in March. In May, individual Districts will consider adoption of resolutions, and then the Financing Authority will consider approval of the bond issuance in June. Bond closing is expected in August.

In response to the Chairperson, Mr. Hall, and the Chief Engineer and General Manager stated that the interest rate will be determined at bond closing. Staff will monitor the interest rate and, if necessary, hold bond issuance. Another presentation on this matter will take place in May.

The meeting was adjourned by the Chairperson at 2:04 p.m.

SUELY SARO
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary
/ee