

MINUTES OF THE REGULAR MEETING  
 OF THE BOARD OF DIRECTORS OF  
 COUNTY SANITATION DISTRICT NO. 18  
 HELD AT THE OFFICE OF THE DISTRICT;  
 AND AT THE OFFICE OF SUPERVISOR HAHN  
 VIA TELECONFERENCE

March 25, 2026  
 1:30 o'clock, P.M.

The Board of Directors of County Sanitation District No. 18 of Los Angeles County met in regular session both in person and via teleconference.

There were present: Rene Trevino, Director from Artesia  
 Frank Yokoyama, Director from Cerritos  
 Cory C. Moss, Director from Industry  
 Carol Engelhardt, Alternate Director from La Habra Heights  
 Steve DeRuse, Alternate Director from La Mirada  
 John Garcia, Alternate Director from Pico Rivera  
 Joe Zamora, Director from Santa Fe Springs  
 Cathy Warner, Alternate Director from Whittier  
 Janice Hahn, Alternate Director from Los Angeles County, via teleconference at the Office of Supervisor Hahn  
 Sonny Santa Ines, Chairperson, Director from Bellflower

Absent: Claudia Frometa, Director from Downey  
 Jennifer Perez, Director from Norwalk

Also present: Kimberly S. Christensen, Secretary to the Board  
 Robert Ferrante, Chief Engineer and General Manager  
 Lolly Enriquez, 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 to Board on any matters.

RE: MINUTES  
 Upon motion of Director Yokoyama, duly seconded and unanimously carried by a roll-call vote, the minutes of the regular meeting held February 25, 2026, were approved.

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

Local District Expenses:	
Operations & Maintenance	\$ 84,046
Allocated Expenses	
	14,671,226
	661,701
Total Expenses	<u>\$15,416,973</u>

RE: APPROVE AND ACCEPT  
 NEGOTIATED EXCHANGE OF PROPERTY  
 TAX REVENUES FOR ANNEXATION OF  
 PM 73574 TO COUNTY LIGHTING  
 MAINTENANCE DISTRICT 10045A  
 The County Lighting Maintenance District 10045A (Lighting District) is proposing to annex territory located within the District's service area. The Revenue and Taxation Code requires that the District and other agencies that are already providing service to the territory, and are receiving property tax revenue, adopt a joint resolution approving the amount of property tax revenue to be apportioned to the agency providing the new service. The apportionment is determined by the Los Angeles County Auditor-Controller. A map prepared by the Los Angeles County Department of Public Works showing the proposed annexation and joint resolution was attached to the agenda. Staff has determined that adoption of the joint resolution does not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21065 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 15378. A

recommendation was made that the Board adopt a joint resolution approving and accepting the negotiated exchange of property tax revenues resulting from Annexation of PM 73574 to the Lighting District affecting the County of Los Angeles, Greater Los Angeles County Vector Control District, City of La Mirada, La Mirada Recreation and Parks, Norwalk Recreation and Parks, Water Replenishment District of Southern California, and County Sanitation District No. 18 of Los Angeles County.

Upon motion of Director Yokoyama, duly seconded and unanimously carried by a roll-call vote, the Board of Directors of County Sanitation District No. 18 of Los Angeles County does hereby approve the Joint Resolution of the governing bodies of the County of Los Angeles, Greater Los Angeles County Vector Control District, City of La Mirada, La Mirada Recreation and Parks, Norwalk Recreation and Parks, Water Replenishment District of Southern California, and County Sanitation District No. 18 of Los Angeles County, and County Lighting Maintenance District 10045A providing for the approval and acceptance of the negotiated exchange of property tax revenues resulting from the jurisdictional changes identified as Annexation of PM 73574 to County Lighting Maintenance District 10045A; and the Chairperson and Secretary were authorized to execute the Joint Resolution on behalf of the District.

RE: FACILITIES PLANNING  
FIRST AMENDMENT TO CONSTRUCTION  
PERMIT - COUNTY OF LOS ANGELES  
AUTHORIZE CHIEF ENGINEER AND  
GENERAL MANAGER TO EXECUTE

A recommendation was made to authorize the Chief Engineer and General Manager to execute a *First Amendment to Construction Permit* (Amendment) with County of Los Angeles (County) for Phase 1A of the Puente Hills Landfill (PHLF) Park Project. In 2016, the County approved a Master Plan and Environmental

Impact Report for construction of a public park at PHLF, which closed in 2013. In 2021, the Districts and the County entered into a Joint Powers Agreement (JPA) that defines the responsibilities of the parties as they relate to post-closure maintenance of PHLF and the development and operation of the park. Among other things, the JPA requires the Districts to grant the County the necessary property rights to construct, operate, and maintain the park. In March 2025, the Board authorized the Chief Engineer and General Manager to issue a permit to the County to allow work on Phase 1A of the Park Project to begin while the parties negotiate the necessary long-term property rights, which will be in the form of a ground lease agreement (Lease) that will be presented to the Board for approval at a future meeting. The permit expires on April 1, 2026; however, Lease negotiations are ongoing. The proposed Amendment extends the term of the permit through October 1, 2026. As fee title holder of the PHLF property, District No. 18 must authorize the action requested, and District No. 2, as the administrative District, must approve the authority granted by District No. 18. This item is consistent with the Districts' Guiding Principle to maximize use of our assets and resources (recycled water, recyclables, and energy).

Upon motion of Director Yokoyama, duly seconded and carried by a roll-call vote with Director Hahn abstaining from the vote, the Chief Engineer and General Manager, on behalf of the District, was authorized to execute a *First Amendment to Construction Permit* with the County of Los Angeles for Phase 1A of the Puente Hills Landfill Park Project.

RE: FACILITIES PLANNING  
PUENTE HILLS LANDFILL  
COMMUNICATIONS SITE GROUND  
LEASE AGREEMENT - SOUTHERN  
CALIFORNIA EDISON COMPANY  
CONTRACT NO. 5795 - APPROVE

In 1976, the Districts licensed a vacant area at the Puente Hills Landfill (PHLF) to Southern California Edison Company (SCE) to install and operate a communications tower on successive one-year terms at a fixed rent of \$720 per year. SCE has requested a long-term lease in exchange for payment of fair market rent. The Districts does not have an immediate need for the premises, and

SCE's activities will not interfere with the proposed regional park that the County of Los Angeles plans to construct and operate at PHLF. The proposed *Communications Site Ground Lease Agreement* (Agreement), which will replace the license, has an initial 10-year term plus four 5-year extension options and requires SCE to pay rent of \$46,500 per year, which is based on a recent appraisal, plus 3 percent annual increases. On January 14, 2026, the Board of Directors of District No. 2 declared the premises to be "exempt surplus land," pursuant to the provisions of the California Surplus Land Act, allowing the Districts to lease it for commercial use pending its eventual use to support Districts' operations. Staff has determined that approval of the Agreement is exempt or otherwise not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21084 and CEQA Guidelines Section 15301. As fee title holder of the PHLF property, District No. 18 must approve the Agreement, and District No. 2, as the administrative District, must approve the action by District No. 18. This item is consistent with the Districts' Guiding Principle to maximize use of our assets and resources (recycled water, recyclables, and energy). A recommendation was made to approve and order executed an Agreement with SCE for Districts' property at the PHLF.

Upon motion of Director Yokoyama, duly seconded and unanimously carried by a roll-call vote, the Board of Directors of County Sanitation District No. 18 of Los Angeles County found and determined that it

would be to the advantage of the District to enter into a *Communications Site Ground Lease Agreement* with Southern California Edison Company providing for operation of a communication tower, as set forth in the Agreement and under terms and conditions contained therein. All the terms and conditions of the *Communications Site Ground Lease Agreement*, Contract No. 5795, dated March 25, 2026, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District.

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, 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 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 designated to refinance 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 of bonds is not substantial relative to our agency'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, despite drawing down reserves over the past few years, the Districts continue 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 it will remain rated strongly 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.

A slide presented details of proposed 2026 JOS bonds for the issuance amount of \$625 million. Currently, interest rates range from 3.89 percent to 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 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.

Upon motion of Director Moss, duly seconded and unanimously carried, the meeting was adjourned at 2:01 p.m.

ATTEST:

SONNY SANTA INES  
Chairperson

KIMBERLY S. CHRISTENSEN  
Secretary

/ee