

**MEMORANDUM
CITY OF LANCASTER**

TO: Mayor Parris and City Council Members

FROM: Councilmember Ken Mann

DATE: February 24, 2015

SUBJECT: **Report on the Activities of the Board of Directors for District No. 14 of the County Sanitation Districts of Los Angeles County**

Recommendation:

Receive a report of the proceedings and issues discussed at the February 12, 2015 District No. 14 Board of Directors meeting of the County Sanitation Districts of Los Angeles County.

Background:

District No. 14 of the County Sanitation Districts of Los Angeles County is organized to receive through their trunk sewers the wastewater from all of the City of Lancaster, a small region of the westerly portion of the City of Palmdale, and a smaller region of the unincorporated County of Los Angeles. A Board of Directors comprised of a representative from each city and the County generally meets monthly to review and decide upon the business of the District.

The Board of Directors considered the following agenda items at the February 12, 2015 meeting:

- Approved minutes of meeting held January 15, 2015.
- Approved warrants in the amount of \$232,431.10. The warrants issued by the District are for costs incurred for operation and maintenance, such as electricity, water, telephone, and chemicals, and for relatively small capital projects. Expenditures are made in accordance with the guidelines established by the budget procedure and the purchasing policy that has been adopted by the Board.
- Approved departmental invoices in the total amount of \$318,811.70 for the month of December, 2014. The invoices are an internal document that transfers each District's proportionate share of expenditures made by District No. 2, the administrative District, on behalf of the participating Districts in accordance with the authority granted through the approved annual budget and applicable joint powers agreement.
- Accepted Contract No. 4875 and ordered final payment to RePipe California, LP, for construction of Trunk "F" Sewer Rehabilitation–2014, resulting in total contract amount of \$45,925. There were no change orders on this project.

- Adopted a resolution approving issuance of bonds and authorizing the following:
 - (a) Execution and delivery by the District of an Installment Purchase Agreement and a Bond Purchase Agreement in connection with the issuance of Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2015 Series A (Subordinate Revenue Obligation Bonds).
 - (b) Distribution of a preliminary official statement and an official statement in connection therewith.
 - (c) Execution of necessary documents and certificates and related actions.

Summary: In 2005, the Los Angeles County Sanitation Districts Financing Authority (comprised of all active Districts and governed by a Commission made up of those Districts' chairpersons), on behalf of this District, issued \$182.9 million of revenue bonds for construction of the upgraded Lancaster Water Reclamation Plant. Now, because interest rates have dropped to near-historic low levels, savings can be realized by refinancing the bonds still outstanding. 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 District's behalf. Under the proposed action, the District would approve the issuance of approximately \$154.7 million of refinancing bonds, resulting in an estimated net present value savings of \$16.5 million. The necessary extensive documents to be considered for the sale of the bonds are included on attached disk. A letter discussing this issue accompanies the agenda.

- Received and ordered filed the Comprehensive Annual Financial Report for Fiscal Year 2013-2014.

Summary: Copies of the District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014, which includes the annual audit required by state and federal laws, have been previously mailed to the Directors.