



MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | MAY 2, 2024

The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on May 2, 2024, was called to order by President Stephen Dopudja at 5:30 p.m. in the Board Room at the District Administrative Facility located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, transcribed the minutes thereof.

DIRECTORS PRESENT

President Stephen Dopudja
Vice President Ed Mandich
Director Glenn Acosta
Director Don Chadd
Director Michael Safranski

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Karen Warner, Principal Accountant
Roseann Lejsek, Administrative Assistant

DISTRICT CONSULTANTS

Claire Collins, District General Legal Counsel - Hanson & Bridgett, LLP – Virtually
Habib Isaac, IB Consulting
Andrea Bolling, IB Consulting
Lora Nichols, Fieldman Rolapp & Associates
Lawrence Chan, Stradling Yocca Carlson & Rauth

PUBLIC PRESENT

None

PLEDGE OF ALLEGIANCE

Director Mandich led the Board of Directors, District staff, and audience in the Pledge of Allegiance.

ITEMS TOO LATE TO BE AGENDIZED

None

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

None

**TRABUCO CANYON WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS MINUTES | MAY 2, 2024**

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported that the District experienced an emergency sewer line break the prior day. Mr. Perea provided a summary report of the El Toro Road emergency sewer line break that occurred the prior day which resulted from an air vacuum breaker lateral pipeline leak coincidentally after an earthquake. Mr. Perea thanked District operations staff and Irvine Ranch Water District collections staff that responded to the incident to isolate and clean up the site, and subsequently report to the Regional Board.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 1: FINANCIAL MODEL REVIEW

Mr. Paludi introduced the District’s financial consultants in attendance to the Board of Directors, and he reported that a presentation of the District’s current financial model performance and options for potential adjustments with previous feedback had been prepared for the Board’s consideration. Mr. Paludi reported that the District has issued a Request for Proposals (RFP) for a private placement loan to a list of banking institutions for the purpose of refinancing existing debt and borrow new debt to fund capital improvement projects in accordance with the adopted financial plan.

Ms. Nichols updated the Board of Directors on the proposed debt issuance of \$20.4M, including the refinancing of \$10M, and she reported that the bank proposals are expected the following week. Discussion occurred concerning the District’s debt obligations, associated pre-payment penalties, and funding strategies. Mr. Paludi presented the proposed Capital Improvement Project (CIP) Program for FYE 2025 through FYE 2028 which will be funded partly through loan funds.

Mr. Isaac delivered a PowerPoint presentation that provided a review of the financial plan assumptions based on the performance of the adopted rates and charges and the infusion of new debt proceeds. Mr. Isaac reported that there is an opportunity to reduce the adopted potable water rates and charges that are to be effective on July 1, 2024 by the action of the Board, but he cautioned that the debt service ratio must be met in conformance with any loan covenant associated with the debt issuance. Mr. Isaac did not recommend any reduction in sewer or recycled water rates and charges. Discussion occurred concerning the potential impacts of lowering the potable water rates and charges to the financial plan at different levels as well as the potential for a pass-thru increase due to Metropolitan Water District cost increases.

The Board of Directors, through Director Dopudja, recommended scheduling a subsequent Special Board Meeting to review the (1) private placement loan proposals; (2) the impact of a proposed potable water rates and charges reduction; and (3) the impact of pass-thru charge due to Metropolitan Water District rate increase.

MOTION: None. No action was taken.

ADJOURNMENT

President Dopudja adjourned the May 2, 2024 Special Board Meeting at 7:37 p.m.