NOTICE OF A REGULAR MEETING OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT'S FINANCE COMMITTEE

1966 Olivenhain Road, Encinitas, CA 92024 Tel: (760) 753-6466 • Fax: (760) 753-1578

VIA TELECONFERENCE ONLY

Pursuant to AB 3035, effective January 1, 2003, any person who requires a disability related modification or accommodation in order to participate in a public meeting shall make such a request in writing to the District for immediate consideration.

DATE: WEDNESDAY, FEBRUARY 9, 2022

TIME: 11:00 A.M.

PLACE: Remote Regular Meeting VIA TELECONFERENCE ONLY

Pursuant to the Legislation AB 361, and in the interest of public health, OMWD is temporarily taking actions to mitigate the COVID-19 pandemic by holding Committee Meetings electronically or by teleconference. The Boardroom will not be open to the public for this meeting.

To join this meeting via phone, please dial:

(669) 900-9128 or (253) 215 8782 Meeting ID: 815 0064 0263 and Password: 944689

Note: Items On The Agenda May Be Taken Out Of Sequential Order As Their Priority Is Determined By The Committee

- 1. CALL TO ORDER
- 2. ROLL CALL (BOARD MEMBERS)
- 3. ADOPTION OF THE AGENDA
- 4. PUBLIC COMMENTS

- 5. CONSIDER APPROVAL OF THE MINUTES OF THE NOVEMBER 8, 2021 FINANCE COMMITTEE MEETING
- 6. CONSIDER PROPOSALS FOR PENSION ADVISORY SERVICES AND SELECT A FIRM FOR DEVELOPMENT OF OLIVENHAIN MUNICIPAL WATER DISTRICT'S PENSION FUNDING POLICY AND PENSION FUNDING PLAN
- 7. REVIEW AND DISCUSS QUARTERLY INVESTMENTS AND CASH REPORTS (4^{TH} QTR 2021)
- 8. DISCUSS THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION
 REPLACEMENT PROJECT, REVIEW POTENTIAL INCREASES IN THE OVERALL
 PROJECT BUDGET, AND THE SEWER CAPITAL AND EQUIPMENT FUND
 BALANCES
- 9. CONSIDER FUTURE AGENDA ITEMS
- 10. ADJOURNMENT

MINUTES OF A REGULAR MEETING OF THE FINANCE COMMITTEE OF OLIVENHAIN MUNICIPAL WATER DISTRICT

November 8, 2021

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Monday, November 8, 2021, at the District office, 1966 Olivenhain Road, Encinitas, California via a hybrid schedule of in person and teleconference.

President Watt called the meeting to order at 11:00 a.m. In attendance were Lawrence A. Watt, Board President; Christy Guerin, Board Treasurer; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Leo Mendez, Accounting Supervisor; and Jared Graffam, Financial Analyst II. Also in attendance via teleconference was Kenneth Pun from The Pun Group, LLP.

- 1. CALL TO ORDER
- 2. ROLL CALL (BOARD MEMBERS)

3. <u>ADOPTION OF THE AGENDA</u>

Director Watt moved to adopt the agenda, seconded by Director Guerin and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. <u>CONSIDER APPROVAL OF THE MINUTES OF THE SEPTEMBER 22, 2021 SPECIAL FINANCE COMMITTEE MEETING</u>

Director Watt moved to approve the September 22, 2021 meeting minutes, seconded by Finance Manager Selamat and carried unanimously. Director Guerin was absent at the September 22nd meeting so Finance Manager was acting treasurer.

6. RECEIVE FISCAL YEAR 2020-21 AUDITED FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL COMPREHENSIVE FINANCIAL REPORT AND DISCUSS AUDIT RESULTS

Finance Manager Selamat introduced Kenneth Pun from The Pun Group (the District's audit firm). Mr. Pun reviewed and discussed the District's audited financial statements

with the committee. Mr. Pun stated that there were no material findings during the audit and his team did not encounter any difficulties in performing their audit. He also stated that the District received a clean audit and no material weaknesses or significant deficiencies in internal controls were noted.

Mr. Pun reported that Governmental Accounting Standards Board (GASB) No. 84 - Fiduciary Activities, GASB No. 90 - Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61), and GASB No. 98 - The Annual Comprehensive Financial Report went into effect during the fiscal year under audit but did not have a material effect on the District's financials.

Mr. Pun presented an overview of the District's audited financial statements and other pertinent information, such as key financial indicators and pension information, in his presentation and discussion with the committee.

Director Watt raised a question on the reduction in liabilities payable from restricted assets compared to the prior year during the presentation. Accounting Supervisor Mendez responded that the change from prior year's number is due to a fluctuation in the District's retention payables when a significant Capital Improvement Project is completed and placed in service, i.e. the New and Remodeled Operations and Administrative Facilities project that was completed in fiscal year 2021.

Director Guerin inquired if the District has a pension liability policy aimed at 75% coverage. General Manager Thorner responded the District currently does not have a pension funding policy but the Board has directed Staff to make additional discretionary payments annually not to exceed 40% of the District's minimum Unfunded Accrued Liability amount required by CalPERS.

Director Watt commented the Annual Comprehensive Financial Report was well written and addressed several questions he had while reviewing the financial statements. Director Watt asked Mr. Pun if there is anything the board should be concerned about with regards to the recent audit. Mr. Pun responded that no issues were found while conducting the audit and the District's strong leadership team and internal controls help mitigate the risk of material misstatements in the financials.

Finance Manager Selamat reported that the District did better in fiscal year 2021 compared to fiscal year 2020. Unrestricted Cash in fiscal year 2021 increased compared to fiscal year 2020 primarily due to the increase in water sales, proceeds from selling of the District's parcels at Gaty, and the first water rebate payment received from the San Diego County Water Authority in April 2020. Finance Manager Selamat also reported that there was a slight reduction in the District's water operating and maintenance from the prior fiscal year. A reduction in the operating expenses coupled with an increase in water sales resulted in a higher net operating income in fiscal year 2021 compared to fiscal year 2020.

Director Guerin was pleased that COVID-19 has not significantly impacted the District's finances based on the staff and auditors' report.

General Manager Thorner reported the Annual Comprehensive Financial Report will be presented to the full board for approval at the December meeting.

7. REVIEW AND DISCUSS QUARTERLY INVESTMENTS AND CASH REPORTS (3RD QTR 2021)

Finance Manager Selamat reviewed the investment report as of September 30, 2021 with the committee. Cash and investments were discussed. Finance Manager Selamat reported that short-term interest rates for securities with maturity between 2 and 5 years have significantly increased since the last meeting. Yields on 10 Year US Treasury also have increased since the District locked rates on the 2021 bond issuances. Finance Manager Selamat reported the current yield on a two-year treasury investment is about 0.5% where they were at about 0.2% three months ago. Finance Manager Selamat recommended the District continue to maximize its investments in money market pools such as LAIF and CAMP to meet the District's current liquidity needs and to invest in short-term US securities such as treasuries and agencies when the District has more cash available for investment.

Finance Manager Selamat reported that the District's investments are in compliance with the investment policy and that the District has sufficient funds to meet its financial obligations for the next 120 days.

Director Watt inquired if the District will still be in compliance with the investment policy if implementing the proposed changes outlined in agenda item 8. General Manager Thorner responded the District will still be in compliance if the proposed changes to the investment policy are accepted by the committee.

8. REVIEW AND DISCUSS PROPOSED CHANGES TO THE DISTRICT'S INVESTMENT POLICY FOR 2022 AND REVIEW OF WATER AND WASTEWATER RESERVES (VERBAL REPORT)

Finance Manager Selamat reported Richard Babbe with PFM Asset Management (PFM) completed the annual review of the District's investment policy and confirmed it is in compliance with California Government Code sections that govern the investment of public funds. Finance Manager Selamat then reviewed and discussed staff-proposed changes to the District's investment policy which included updating the effective date of the policy, and increasing the LAIF investment limit to 50% of the portfolio and/or \$40 million (whichever is lesser) to take advantage of higher yields and provide more flexibility.

Director Watt inquired about PFM. Finance Manager Selamat responded that PFM is the investment agency overseeing the CAMP investment pool, and Mr. Babbe, PFM Senior

Managing Consultant, is well respected and has been with the firm for over 25 years. Mr. Babbe has provided valuable feedback and investment advice to the District over the last 25 years.

Finance Manager Selamat discussed the reserve balances for the Water and Wastewater funds with the committee and reported that Water reserves are within the minimum and maximum limits established in the Board's reserve policy. The District's reserves policy requires Staff to review Water and Wastewater reserves annually. Finance Manager Selamat reported the Wastewater - Operating fund is currently slightly below the minimum requirement due to the timing of cash receipts and expenditures. Finance Manager Selamat anticipated Wastewater reserves will be within the appropriate limits by the end of fiscal year 2021. Based on Staff's review of the District's Water and Wastewater reserves, Staff is not proposing changes to the reserves balance minimum and maximum.

The proposed changes to the investment policy were approved by the committee to be presented to the full board at its December 2021 meeting.

9. <u>DISCUSS AND RECOMMEND TREATMENT OF THE SECOND REBATE PAYMENT FROM</u>

<u>THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD) LITIGATION</u>

<u>TO SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) MEMBER AGENCIES IN THE</u>

AMOUNT OF \$1,622,584.

Finance Manager Selamat presented to the committee different options on treatment of the SDCWA rebate checks received by the District for direction from the committee.

Staff's proposed options were discussed. General Manager Thorner and Finance Manager Selamat responded to inquiries from the committee. Following the discussion, the committee approved an option for recommendation and consideration by the board at the November meeting.

10. CONSIDER FUTURE AGENDA ITEMS

There we no future agenda items requested.

11. ADJOURNMENT

The meeting was adjourned at 12:18 p.m.



Memo

Date: February 9, 2022

To: Finance Committee

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: CONSIDER PROPOSALS FOR PENSION ADVISORY SERVICES AND SELECT A

FIRM FOR DEVELOPMENT OF OLIVENHAIN MUNICIPAL WATER DISTRICT'S

PENSION FUNDING POLICY AND PENSION FUNDING PLAN

The District solicited proposals for professional services to assist District staff with the development of the District's pension funding policy and to evaluate funding strategies for managing and addressing the District's pension liability. Research and development of a Pension Funding Policy is a 2022 Annual Objective. The District received proposals from California Municipal Advisors, LLC, Urban Futures, Inc, and GovInvest, Inc.

Based on the three (3) proposals received, the total cost for assisting District Staff with development of a pension funding policy and pension funding plan is less than \$17,500. Article 6 of the District's Administrative and Ethics Code requires Staff to obtain proposals from at least two firms for professional service contracts less than \$200,000.

Copies of each firm's presentation and proposal are attached for the committee's review and discussion. Additionally, a representative of each firm will make a presentation to the Committee at the meeting.

Staff will be available for discussion and to recommend staff's preferred option for consideration and approval by the Committee.

Attachments:

CalMuni Pension Advisory Services PowerPoint presentation CalMuni Pension Advisory Services proposal UFI Pension Advisory Services PowerPoint presentation UFI Pension Advisory Services Proposal GovInvest Pension Policy Development PowerPoint presentation GovInvest Actuarial Services and Technology proposal



Olivenhain Municipal Water District

Pension
Services
Overview
Presentation

FEBRUARY 9, 2021



Presenters



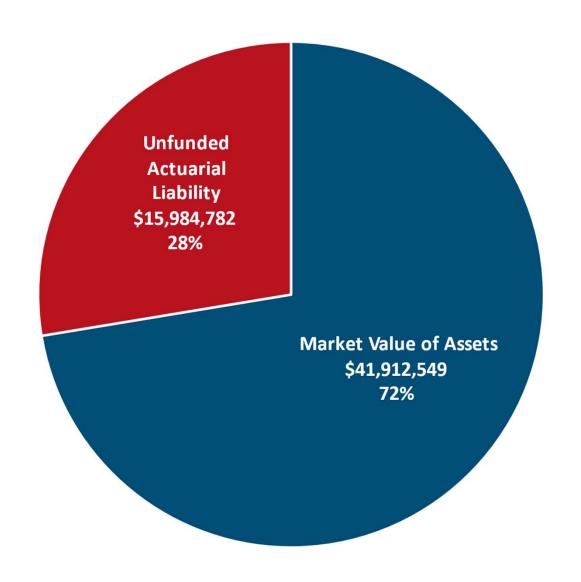
- ➤ Cameron Weist, Partner
 The Weist Law Firm Bond Counsel (Fiduciary)
 - Special legal counsel to District; assures District's legal interests are protected
 - Prepares all resolutions and legal and closing documentation;
 - assures bonds are "valid and legally binding obligations"



- ➤ Andrew Flynn, Managing Director
 California Municipal Advisors LLC Independent Registered Municipal Advisor (Fiduciary)
 - · Assures District's financial and policy interests are protected
 - Intermediary between Broker/Dealer or Placement Agent and District
 - Manages financial transaction details on behalf of District



Pension Funding Status

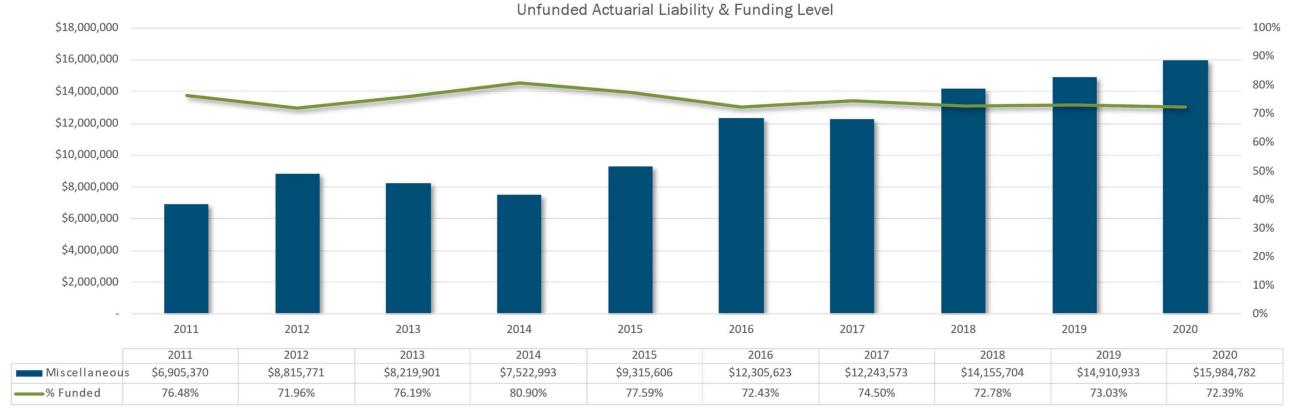


- ➤ Total Pension Obligations = \$57.9M
- Pension Assets = \$41.9M
- > Shortfall = \$16.0M (27.6% of what is needed)
 - > Accrues interest at 7% interest rate = \$11.7M interest
 - ➤ Total Unfunded Liability with interest = \$27.7M

Shortfall (UAL) = DEBT:

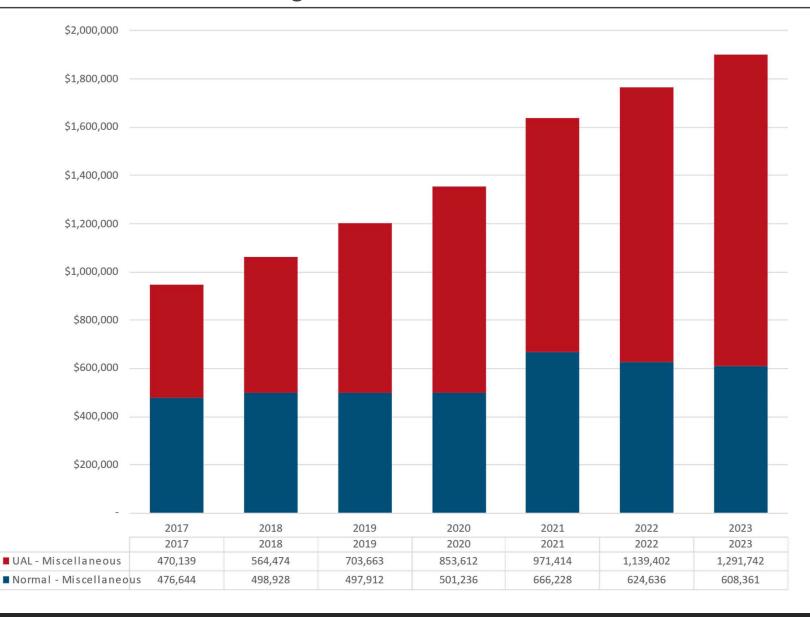
- Amortizes over time (currently 22 years)
- Reduced or delayed payments not allowed
- District's most expensive debt
- No prepayment restrictions or penalties

Pension Funding History



9.1M more Funded Level
4.1%
lower

Pension Payments



Annual Pension Payment Increase

\$953K

in seven years

UAL as a Percent of Total Payments

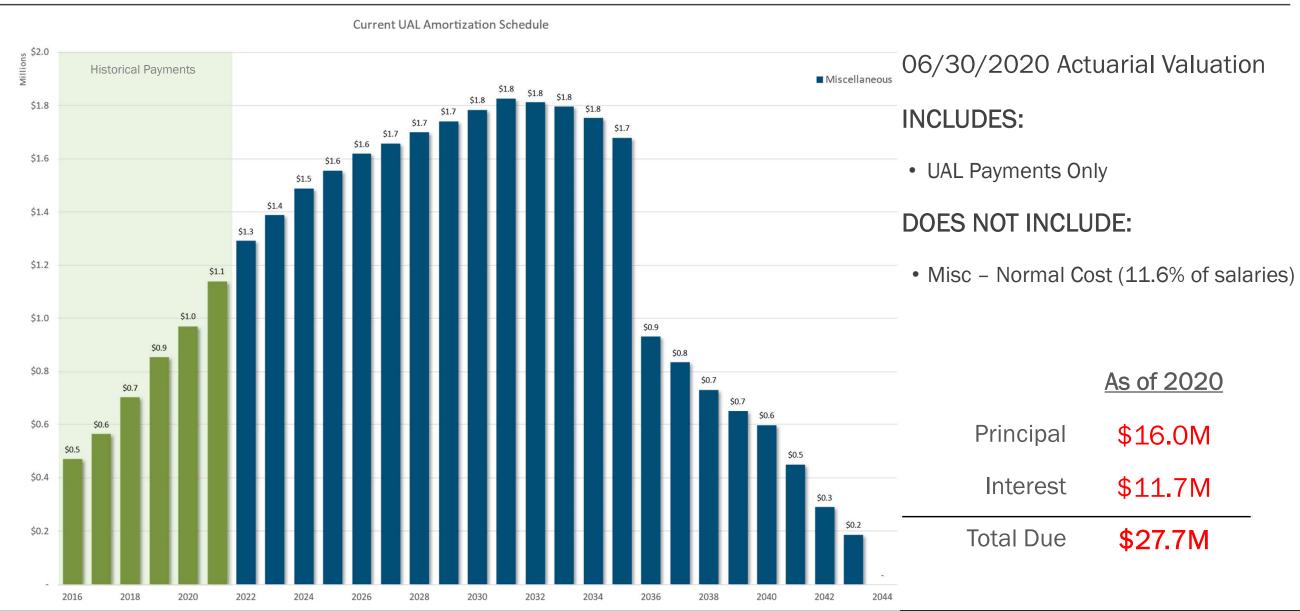
2017

2023

49.6% 68.0%



Where Things Currently Stand



Pension Strategy Objectives

Pension costs cannot be viewed in a vacuum

Strategy must incorporate reserves, cash flow constraints, policy objectives, and current political dynamics

- Normal Cost can only be reduced thru labor practices
- UAL Payments can be reduced thru multiple strategies

Two approaches to pension cost management:

SHORT-TERM CASH FLOW MANAGEMENT

- Achieve budget predictability
- Extend UAL payments over longer term

LONG-TERM COST MANAGEMENT

- Reduce overall interest cost for the District
- Prepay or accelerate UAL payments



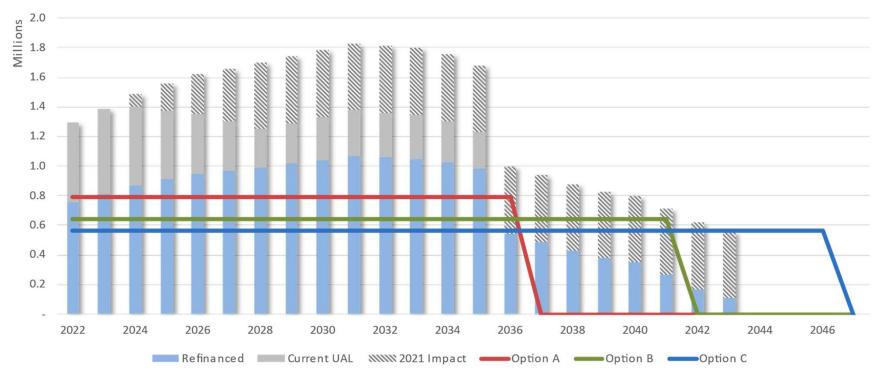
Pension Liability Management Policy

The development of a robust Pension Liability Management Policy is one of the key building blocks to maintaining a healthy funding status for the District's pension plans.

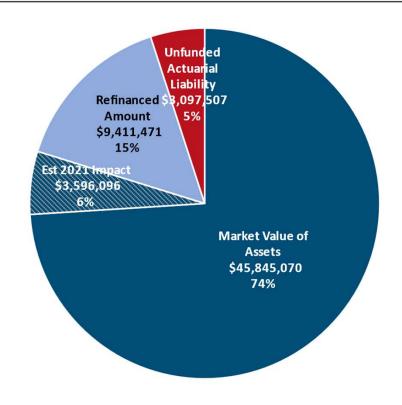
- > Establishes long-term targets for plan funding levels and a roadmap for annual review and action.
- Provides direction and prioritization for the use of surplus funds for developing, maintaining, and utilizing District reserves.
- > Develops a comprehensive waterfall framework for current and future staff to manage reserves for current and future liability management.



Baseline Refinancing Scenarios



Scenario	Term	% of UAL Refunded	Total Financing Cost	Est Interest – Rate	Cash Flow Savings			
Scenario	1 61111				Years 1-10	Years 11-15	Years 16-25	Total
Current CalPERS UAL			\$16,105,074	7.00%	\$ -	\$ -	\$ -	\$ -
UAL Refina	nced (58.4	4%)	\$9,411,471					
Α	15 years	58%	(\$9,611,471)	2.75%	\$1,476,066	\$1,622,721	\$1,270,981	\$4,369,768
В	20 years	58%	(\$9,611,471)	3.00%	\$2,921,964	\$1,053,587	(\$667,144)	\$3,308,407
С	25 years	58%	(\$9,411,471)	3.25%	\$3,707,835	\$1,603,696	(\$3,268,657)	\$2,042,874



- Interest Rate estimates are based on current market rates. Actual rates may vary.
- ➤ Refinancing amounts include semi-annual loan payments and costs of issuance (estimated at \$200,000 for public sale).

How We Can Help

- > Step 1: Develop Pension Liability Management Plan/Policy
- ➤ Step 2: Implement Initial Pension Liability Management Initiatives
 - Additional Discretionary Payments Strategies and Calculations
- > Step 3: Refunding Strategies and Debt Issuance Management
- > Step 4: Provide On-Going Pension Liability Management Support
 - Review of Annual CalPERS Valuation Reports
 - Reserve Contribution Calculations
 - Additional Discretionary Payments Strategies and Calculations
 - Update Fee and Rate Studies to Reflect True Pension Costs



QUESTIONS?

Andrew Flynn

California Municipal Advisors LLC

(415) 310-1255

andrew.flynn@calmuniadvisors.com

Cameron Weist

The Weist Law Firm

(831) 438-7900

cameron@weistlaw.com





CALIFORNIA MUNICIPAL ADVISORS LLC

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT (the "Agreement"), made and entered into this __th day of _____2021, by and between the Olivenhain Municipal Water District, a political subdivision, organized and existing under the Constitution and laws of the State of California, with its principal place of business at 1966 Olivenhain Road, Encinitas, CA 92024 (the "District"), and California Municipal Advisors LLC, a California Limited Liability Company, with its principal place of business at 20 South Santa Cruz Avenue, Suite 300, Los Gatos, CA 95030 ("CalMuni"), sets forth the terms and conditions under which CalMuni shall provide consulting services to the District.

WHEREAS, as a financial consultant and municipal advisor to cities and other local government agencies throughout the State of California, CalMuni regularly works with agencies to clarify and implement pension cost mitigation techniques and strategies (the "Cost Mitigation Strategies") in relation to the Unfunded Accrued Liability (the "UAL") associated with their respective CalPERS pension plans (the "Pension Plans"); and

WHEREAS, once the applicable Cost Mitigation Strategies have been determined and synthesized, CalMuni regularly assists public agencies with the development of a comprehensive pension management policy (the "Pension Management Policy"); and

WHEREAS, the District wishes to obtain the services of CalMuni to assist the District with development of a Pension Management Policy; and

WHEREAS, the District is also interested in exploring various refinancing alternatives available to the District pertaining to the UAL, and desires to have CalMuni assist with the development of a customized financing plan, including recommendations as to the method of sale, timing, sizing and structure of municipal debt obligations (the "Debt Obligations") to be transacted based on optimized savings opportunities, projected cash flow requirements, bonding capacity, and targeted revenue / rate threshold (the "Financing Plan"); and

WHEREAS, CalMuni is duly licensed and has the necessary qualifications, experience, and personnel necessary to properly provide the Scope of Services attached hereto as Exhibit A (the "Scope of Services"); and

WHEREAS, the District desires to retain CalMuni to provide the Scope of Services; and

WHEREAS, the Board of Directors, hereby authorizes the General Manager to enter into this Agreement on behalf of the District; and

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and intending to be legally bound hereby, the District and CalMuni agree as follows:

SECTION I. SCOPE OF SERVICES

- A. CalMuni shall provide the services described in Exhibit A to this Agreement (hereinafter referred to interchangeably as the "Services" or "Scope of Services"). Any material changes in or additions to the Scope of Services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Agreement. Services provided by CalMuni which are not specifically referenced in the Scope of Services shall be completed as agreed in writing in advance between the District and CalMuni. Upon request of the District, CalMuni or an affiliate of CalMuni may agree to additional services to be provided by CalMuni or an affiliate of CalMuni, by a separate agreement between the District and CalMuni or its respective affiliate.
- B. CalMuni shall perform all such work with skill and diligence and pursuant to generally accepted standards of practice in effect at the time of performance. CalMuni shall provide corrective services without charge to the District for work which fails to meet these standards, and which is reported to CalMuni in writing within sixty (60) days of discovery.
- C. The District shall cooperate with CalMuni and will furnish all information, data, records, and reports existing and available to the District to enable CalMuni to carry out work outlined in the Scope of Services. CalMuni shall be entitled to reasonably rely on information, data, records, and reports furnished by the District, however, the District makes no warranty as to the accuracy or completeness of any such information, data, records, or reports available to it and provided to CalMuni which were furnished to the District by a third party. CalMuni shall have a duty to bring to the District's attention any deficiency or error it may discover in any information provided to CalMuni by the District or a third party.
- D. CalMuni shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing Services pursuant to this Agreement. The District shall furnish to CalMuni no facilities or equipment, unless the District otherwise agrees in writing to provide the same.
- E. CalMuni shall, at CalMuni's sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits or other such approvals which are legally required for performing the Services.
- F. Upon the District's request, CalMuni shall provide, in a form acceptable to the District, written progress reports of all oral and written observations, opinions, recommendations, analyses, progress and conclusions related to CalMuni's performance of the Services.

SECTION II. WORK SCHEDULE

The services of CalMuni are to commence as soon as practicable after the execution of this Agreement. CalMuni shall thereafter diligently perform the Services through to completion unless otherwise directed by the District or unless earlier terminated.

SECTION III. REGISTERED MUNICIPAL ADVISOR; REQUIRED DISCLOSURES

- A. CalMuni is a registered municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. This Agreement designates CalMuni as the District's independent registered municipal advisor ("IRMA") with regard to the attached Scope of Services for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA Exemption"). CalMuni shall not be responsible for, or have any liability in connection with, verifying that CalMuni is independent from any other party seeking to rely on the IRMA Exemption (as such independent status is required pursuant to the IRMA Exemption, as interpreted from time to time by the SEC). The District acknowledges and agrees that any reference to CalMuni, its personnel, and its role as IRMA, including in the written representation of the District required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by CalMuni. The District further agrees not to represent that CalMuni is the District's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the attached Scope of Services or without CalMuni's prior written consent.
- B. MSRB Rule G-42 requires that municipal advisors make written disclosures to its Districts of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in CalMuni's Disclosure Statement delivered to the District together with this Agreement as Exhibit C.

SECTION IV. COMPENSATION

- A. For the Services provided under this Agreement, CalMuni's professional fees shall be paid as provided in Exhibit B to this Agreement. Any services which are not included in the Scope of Services set forth in Exhibit A of this Agreement will be subject to separate, mutually acceptable fee structures.
- B. Invoice(s) in a format and on a schedule acceptable to the District shall be submitted to and be reviewed and verified by the District. The District shall notify CalMuni of exceptions or disputed items and their dollar value within fifteen (15) days of receipt. Payment of the undisputed amount of the invoice will typically be made approximately thirty (30) days after the invoice is received by the District.
- C. CalMuni will maintain clearly identifiable, complete and accurate records with respect to all costs incurred under this Agreement on an industry recognized accounting basis. CalMuni shall make available to the representative of the District all such books and records related to this Agreement, and the right to examine, copy and audit the same during regular business hours upon three (3) business days' notice for a period of two (2) years from the date of final payment under this Agreement.

SECTION V. TERM AND TERMINATION

A. Unless otherwise provided, the term of this Agreement shall begin on the date of its full execution and shall expire on the following dates as to the scope of work set forth in the referenced exhibits unless extended by amendment or terminated earlier as provided herein.

Exhibit	Termination
A-I – Pension Management Policy Development	June 30, 2022
A-II - Annual Monitoring and Maintenance Services	June 30, 2027
A-III - Issuance of Debt Obligations	June 30, 2024
A-IV - Annual CDIAC Debt Transparency Reporting	June 30, 2027
A-V - MSRB Continuing Disclosure Compliance	June 30, 2027

- B. The District may suspend this Agreement and CalMuni's performance of the Services, wholly or in part, for such period as it deems necessary in the District's sole discretion. CalMuni will be paid for satisfactory services performed through the date of suspension.
- C. If CalMuni at any time refuses or neglects to perform its Services in a timely fashion or in accordance with the schedule identified in Exhibit A, or is declared bankrupt, or commits any act of insolvency, or makes an assignment for the benefit of creditors without District's consent, or fails to make prompt payment to persons furnishing labor, equipment, materials or services, or fails in any respect to properly and diligently perform its Services, or otherwise fails to perform fully any and all of the Agreements herein contained, this Agreement shall be terminated.
- D. If CalMuni fails to cure the default within seven (7) days after written notice from the District, the District may, at its sole option, demand possession of any documents or other materials (in paper and electronic form) prepared or used by CalMuni in connection with the provision of Services and (1) provide any such work, labor, materials or services as may be necessary to overcome the default and deduct the cost thereof from any money then due or thereafter to become due to CalMuni under this Agreement; or (2) terminate this Agreement.
- E. This Agreement and all Services to be rendered under it may be terminated upon ten (10) days written notice from either party, with or without cause. In the event District elects to terminate this Agreement, CalMuni shall be paid for all services rendered, unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. This continuing right to receive full compensation shall survive the term of this Agreement.

SECTION VI. ASSIGNMENT

CalMuni shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the District.

SECTION VII. INFORMATION TO BE FURNISHED TO AND BY CALMUNI

- A. All information, data, reports, and records ("Data") in the possession of the District or any third-party agent to the District necessary for carrying out any services to be performed under this Agreement shall be furnished to CalMuni, and the District shall cause its agent(s) to cooperate with CalMuni in its conduct of reasonable due diligence in performing the services.
- Unless otherwise provided for herein, all documents, materials, data, computer data files, В. basis for calculations, and reports originated and prepared by CalMuni under this agreement shall be and remain the property of the District for its use in any manner it deems appropriate. CalMuni agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in the District and waives and relinquishes all claims to copyright or intellectual property rights in favor of the District. CalMuni shall deliver the work product to the District in the PDF format electronically. CalMuni shall use all reasonable efforts to ensure that any electronic files provided to the District will be compatible with the District's current computer hardware and software. CalMuni makes no representation as to long-term compatibility, usability or readability of the format resulting from the use of software application packages, operating systems or computer hardware differing from those in use by the District at the commencement of this Agreement. CalMuni shall be permitted to maintain copies of all such data for its files. The District acknowledges that its use of the work product is limited to the purposes contemplated by the Scope of Services and, should the District use these products or data in connection with additions to the work required under this Agreement or for new work without consultation with and without additional compensation to CalMuni, CalMuni makes no representation as to the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services and shall have no liability or responsibility whatsoever in connection with such use which shall be at the District's sole risk. Any and all liability arising out of changes made by the District to CalMuni's deliverables is waived against CalMuni unless the District has given CalMuni prior written notice of the changes and has received CalMuni's written consent to such changes.
- C. To the extent the District requests that CalMuni provide advice with regard to any recommendation made by a third party, the JPA will provide to CalMuni written direction to do so as well as any Data it has received from such third party relating to its recommendation. The District acknowledges and agrees that while CalMuni is relying on the Data in connection with its provision of the services under this Agreement, CalMuni makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.
- D. In the course of performing services under this Agreement CalMuni may obtain, receive, and review confidential or proprietary documents, information or materials that are and shall remain the exclusive property of the District. Should CalMuni undertake the work on behalf of other agencies, entities, firms or persons relating to the matters described in the Scope of Services, it is expressly agreed by CalMuni that any such confidential or proprietary information or materials shall not be provided or disclosed in any manner to any of the District's other clients, or to any other third party, without the District's prior express written consent.

SECTION VIII. NOTICES

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to wit:

Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024
Attention: Finance Director

<u>California Municipal Advisors LLC</u> 20 South Santa Cruz Avenue, Suite 300 Los Gatos, CA 95030 Attention: Andrew Flynn

SECTION IX. LIMITATION OF LIABILITY

Except to the extent caused by willful misconduct, bad faith, negligence, or reckless disregard of obligations or duties under this Agreement on the part of CalMuni or any of its associated persons, neither CalMuni nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any financial or other damages resulting from the District's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of CalMuni or any of its associated persons, upon any advice or recommendation provided by CalMuni to the District.

SECTION X. INDEMNIFICATION

To the fullest extent allowed by law, CalMuni shall indemnify, defend with counsel acceptable to the District, and hold harmless the District and its officers, officials, employees, agents and volunteers from and against any and all liability, loss, damage, claims, suits, actions, arbitrations proceedings, administrative proceedings, regulatory proceedings, civil penalties and fines, taxes, expenses and costs (including, without limitation, attorney's fees and costs and fees of litigation) (collectively, "Liability") of every nature, whether actual, alleged or threatened, arising out of CalMuni's performance of the Services, its misclassification of its employees (as independent contractors) who provide services under this Agreement, or its failure to comply with any of its obligations contained in this Agreement, except to the extent such Liability caused by the sole negligence or willful misconduct of the District or its officers, officials, employees, agents or volunteers.

CalMuni's obligation to defend and indemnify shall not be excused because of CalMuni's inability to evaluate Liability or because CalMuni evaluates Liability and determines that CalMuni is not liable to the claimant. CalMuni must respond within thirty (30) days to the tender of any claim for defense and indemnity by the District, unless this time has been extended by the District. If CalMuni

fails to accept or reject a tender of defense and indemnity within thirty (30) days, in addition to any other remedy authorized by law, so much of the money due CalMuni under and by virtue of this Agreement as shall reasonably be considered necessary by the District, may be retained by the District until disposition has been made of the claim or suit for damages, or until CalMuni accepts or rejects the tender of defense, whichever occurs first.

With respect to third party claims against CalMuni, CalMuni waives any and all rights of any type to express or implied indemnity against the Indemnitees.

If any term of portion of this section is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, said section shall be interpreted to allow the broadest indemnity permitted by law.

This obligation to defend and indemnify the District set forth here is binding on the successors, assigns or heirs of CalMuni and shall survive the termination or completion of this Agreement or this section or final payment to the fullest extent and duration allowed by law.

SECTION XI. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARY

- A. CalMuni, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of the District by virtue of this Agreement or any actions or services rendered under this Agreement. This Agreement shall not be construed as an agreement for employment. Nothing in this Agreement is intended or shall be construed to give any person, other than the Parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy, or claim under or in respect of this Agreement or any provisions contained herein.
- B. CalMuni acknowledges that CalMuni: (1) is free from the control and direction of the District in connection with the performance of the Services; (2) performs Services outside the usual course of the District's business; and (3) is customarily engaged in an independently established trade, occupation, or business of the same nature as CalMuni performs for the District, and has the option to perform such work for other entities. CalMuni shall have no authority to contract for or otherwise bind the District.

SECTION XII. DISPUTE RESOLUTION

A. If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter between themselves. If the dispute is not resolved by meeting and conferring, the matter shall be submitted for formal mediation to a mediator selected mutually by the parties. The expenses of such mediation shall be shared equally between the parties. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The decision of the arbitrator shall be binding, unless within thirty (30) days after

issuance of the arbitrator's written decision, any party files an action in court. Venue and jurisdiction for any such action between the parties shall lie in the Superior Court for the District of Santa Clara.

B. In the event of any controversy, claim or dispute relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

SECTION XIII. APPLICABLE LAW

This Agreement shall be construed, enforced, and administered according to the laws of the State of California. CalMuni and the District agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

SECTION XIV. ENTIRE AGREEMENT; SEVERABILITY

This Agreement represents the entire agreement between the District and CalMuni and may not be amended or modified except in writing signed by both parties. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

SECTION XV. EXECUTION; COUNTERPARTS

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

[Signature Page to Follow on Next Page]

IN WITNESS THEREOF, the District an	d CalMuni have execut	ed this Agreement	as of the
day and year herein above written.			

Olivenhain Municipal Water District

By:	
Name: Title:	
CALIF	ORNIA MUNICIPAL ADVISORS LLO
By:	
	Andrew Flynn Managing Director

EXHIBIT A

SCOPE OF SERVICES

A-I. Pension Management Policy Development.

Policy Development services shall include:

- Attend meetings and/or conference calls with the District Board of Directors, staff, District Counsel, and other as requested by the District to provide information through presentations and general discussions pertaining to the existing Olivenhain Municipal Water District CalPERS pension plans.
- Work closely with staff to identify pension liability management tools (as covered in the initial presentation).
- Determine preferred pension liability management scenarios and determine key variables (e.g., desired pension plan funding levels, target reserve levels, priorities for immediate vs. overall cash flow savings, etc.).
- Based upon Board of Directors direction in coordination with staff, prepare a draft Pension Management Policy for Board consideration and approval.

A-II. Annual Monitoring and Maintenance Services.

CalMuni will provide annual pension policy monitoring and maintenance services to the District, including the review of the District's Pension Management Policy, review of the most recent CalPERS Valuation Report, review of the 115 Trust and other Pension Reserve Funds, review of other relevant financial and operational data.

Based upon our review of all relevant data, CalMuni will produce a detailed "Pension Policy Compliance Report" that, among other things, (i) estimates the upcoming CalPERS UAL bases (i.e., the increase or decrease in UAL debt for the ensuing Fiscal Year), (ii) updates available fund balances that have been pledged or set-aside (such as 115 Trust monies or other pension stabilization funds or reserves established pursuant to the Pension Management Policy) to make discretionary payment to your Pension Plans, (iii) reviews the Pension Management Policy for compliance as well as opportunities to further mitigate Pension Plan costs, and (iv) concludes with specific recommendations.

A-III. Issuance of Debt Obligations.

Should the Issuance of a Debt Obligation be deemed appropriate by the District, CalMuni will provide debt issuance advisory services including the creation of the Financing Plan, development of a pricing strategy, management of the financing schedule and coordination of required pre-and-

post sale documentation. As municipal advisor, CalMuni will successfully perform the following duties on behalf of the District, as required:

- *Financing Schedule*. Manage the financing process and coordinate activities of financing team members. Prepare a schedule of activities and ensure the financing is completed in a timely manner.
- Method of Sale, Timing, Sizing and Structure of Debt Obligations. Assist the District in creating a customized Financing Plan for the Debt Obligations including method of sale (private placement vs. public offering), timing, sizing, and structure.
 - a. *Method of Sale*. Advise as to the appropriate method of sale for the Debt Obligations.
 - b. Assist in the Preparation of Lender Request for Proposals. If private placement is determined the best method of sale, assist the District (and any placement agent) with the preparation and distribution of Request for Proposals to banks and assist the District with analysis the responses of the responding banks.
 - c. *Timing of Issuances*. Advise as to the timing for each series of Debt Obligations to be sold based upon the District's historical and projected revenues and expenses, market interest rate environment, and other factors.
 - d. *Sizing of Issues*. Advise as to the sizing of the Debt Obligations to be sold based on the nature of the financing, federal tax law limitations, state regulatory restrictions, targeted tax rates, goals of the financing program, and other matters.
 - e. Structure of Debt Obligations. Advise as to the repayment structure of the Debt Obligations to be sold based on targeted tax rates, impact on interest costs, prudent debt management practices, and other considerations.
- Rating Agency Preparation. Prepare the rating strategy and rating agency credit presentation to optimize the credit rating assigned to the Debt Obligations, if applicable.
- Evaluation of Credit Enhance Opportunities. Evaluate potential cost effectiveness of credit enhancement options.
- Lender/Underwriter Due Diligence Assistance. Assist the District in providing due diligence information requested by lenders/underwriters, as applicable.
- Authorizing Documentation. Provide bond counsel with information necessary for the preparation of authorizing documentation. Review authorizing documentation prior to their approval.
- Review of Debt Policy. Review and provide any necessary updates to the District's debt policy to ensure compliance with SB 1029 prior to issuance.

- *Board Presentations*. Assist District in presenting all related financing matters to the Board of Directors, as requested.
- *Pricing Strategy*. CalMuni will assist the District throughout the sales negotiation process with the Underwriter / Placement Agent.
 - a. Advise the District on the propriety of the Underwriter's or Placement Agent's proposed pricing and compensation relative to the current market conditions;
 - b. Negotiate to provide the lowest available rates and costs to the District;
 - c. Provide the District with a pricing analysis of proposed financing alternatives; and
 - d. Provide quantitative schedules showing the results of the final pricing.
- Closing Documentation. Review closing documents and otherwise assist in the closing of the transaction.

A-IV. Annual CDIAC Debt Transparency Reporting (SB 1029)

In the case of financing transactions, Effective January 1, 2017, state and local issuers are required to submit an annual debt transparency report for any issue of debt for which they have submitted a Report of Final Sale to CDIAC during the reporting period. The annual debt transparency report is due to CDIAC no later than January 31st of each year (beginning January 31, 2018) for any debt outstanding at any point during the prior fiscal year. At a minimum, the annual debt transparency report will require issuers to include:

- Debt authorized during the reporting period, which shall include:
 - Debt authorized at the beginning of the reporting period
 - Debt authorized and issued during the reporting period
 - Debt authorized but not issued at the end of the reporting period
 - Debt authority that has lapsed during the reporting period
- Debt outstanding during the reporting period, which shall include the following:
 - Principal balance at the beginning of the reporting period
 - Principal paid during the reporting period
 - Principal outstanding at the end of the reporting period
- The use of proceeds of issued debt during the reporting period, which shall include the following:
 - Debt proceeds available at the beginning of the reporting period
 - Proceeds spent during the reporting period and the purposes for which it was spent
 - Debt proceeds remaining at the end of the reporting period

CalMuni will work with the District to complete the Annual Debt Transparency reports and submit them on behalf of the District.

A-V. MSRB Continuing Disclosure Compliance (Rule 15c2-12)

If the District choses to publicly offer bond transactions, required annual continuing disclosure reports ("Annual Reports") must be filed on the Electronic Municipal Market Access ("EMMA") system. Each obligation has distinct disclosure requirements. The primary reporting requirements generally include the filing of:

- Audited financial statements
- Other financial information and operating data
- Other material information
- Notices of Significant Events

CalMuni will provide the following services:

- Prepare Annual Reports
- Supervise and direct the District on issues related to its disclosure obligations
- Notify the District of pending due dates
- Assist in the tracking of rating changes and other Significant Events
- Prepare Significant Events notices, as necessary
- Post Annual Reports, notices, and other required documentation to EMMA

EXHIBIT B

COMPENSATION FOR SERVICES

For the Services described in Section A-I (Pension Management Policy Development) of Exhibit A, CalMuni will be compensated on a time and materials basis, not to exceed total budget, as shown below. The invoices and additional documentation requested by District, as applicable, will be submitted to the District monthly.

In no case shall the total compensation under this Agreement exceed the "not-to-exceed" amount specified below without prior written authorization of the General Manager or other authorized officer.

If there are material changes to the Scope of Services, a revised budget may be determined by mutual written agreement between CalMuni and the District.

Task	Description	Hours [1]	Amount @ \$285/hr [1]
1	Pension Management Policy Development	15	\$4,275
2	Pension Management Presentations	<u>5</u>	<u>\$1,425</u>
	TOTAL	20	\$5,700

^[1] Time and cost are estimates and will vary. Billings will be done on a T&M basis for actual amount of time required, not to exceed the total amount shown.

For the Services described in Section A-II (Annual Monitoring and Maintenance Services) of Exhibit A, CalMuni will be compensated on the basis an annual flat fee of \$1,750, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses not to exceed \$1,150. The invoice for these services will be submitted upon release of the Pension Policy Compliance Report.

For the Services described in Section A-III (Issuance of Debt Obligations) of Exhibit A, CalMuni will be compensated on a contingent (i.e., only if Debt Obligations successfully issued) basis a flat fee of \$35,000 for private placements and \$45,000 for public offerings, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses not to exceed \$2,150. All fees and expenses associated with the issuance of debt Obligations shall be paid from the proceeds of such Debt Obligations.

For the Services described in Section A-IV (Annual CDIAC Debt Transparency Reporting) of Exhibit A, CalMuni will be compensated on the basis an annual flat fee of \$450 per annual transaction report, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$250. The invoice for these services will be submitted upon completion and submission of the Report to CDIAC.

For the Services described in Section A-V (Annual CDIAC Debt Transparency Reporting) of Exhibit A, CalMuni will be compensated on the basis an annual flat fee of \$1,250 per annual transaction report, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$500. The invoice for these services will be submitted upon completion and submission of the reports to the MSRB.

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EXHIBIT C

DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER INFORMATION CALIFORNIA MUNICIPAL ADVISORS LLC

I. Introduction

California Municipal Advisors LLC (hereinafter, referred to as "CalMuni") is a registered municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. In accordance with MSRB rules, this disclosure statement is provided by us to each client prior to the execution of its advisory agreement with written disclosures of all material conflicts of interests and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c) (ii). CalMuni employs a number of resources to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest provided herein.

How We Identify and Manage Conflicts of Interest

Code of Ethics. CalMuni requires all of its employees to conduct all aspects of our business with the highest standards of integrity, honesty and fair dealing. All employees are required to avoid even the appearance of misconduct or impropriety and avoid actual or apparent conflicts of interest between personal and professional relationships that would or could interfere with an employee's independent exercise of judgment in performing the obligations and responsibilities owed to a municipal advisor and our clients.

Policies and Procedures. CalMuni has adopted policies and procedures that include specific rules and standards for conduct. Some of these policies and procedures provide guidance and reporting requirements about matters that allow us to monitor behavior that might give rise to a conflict of interest. These include policies concerning the making of gifts and charitable contributions, entertaining clients, and engaging in outside activities, all of which may involve relationships with clients and others that are important to our analysis of potential conflicts of interest.

Supervisory Structure. CalMuni has both a compliance and supervisory structure in place that enables us to identify and monitor employees' activities, both on a transaction and firm-wide basis, to ensure compliance with appropriate standards. Prior to undertaking any engagement with a new client or an additional engagement with an existing client, appropriate municipal advisory personnel will review the possible intersection of the client's interests, the proposed engagement, our engagement personnel, experience and existing obligations to other clients and related parties. This review, together with employing the resources described above, allows us to evaluate any situations that may be an actual or potential conflict of interest.

Disclosures. CalMuni will disclose to clients those situations that it believes would create a material conflict of interest, such as:

- 1. any advice, service or product that any affiliate may provide to a client that is directly related to the municipal advisory work of CalMuni;
- 2. any payment made to obtain or retain a municipal advisory engagement with a client;
- 3. any fee-splitting arrangement with any provider of an investment or services to a client;
- 4. any conflict that may arise from the type of compensation arrangement we may have with a client; and

5. any other actual or potential situation that CalMuni is or becomes aware of that might constitute a material conflict of interest that could reasonably be expected to impair our ability to provide advice to or on behalf of clients consistent with regulatory requirements.

If CalMuni identifies such situations or circumstances, we will prepare meaningful disclosure describing the implications of the situation and how we intend to manage the situation. CalMuni will also disclose any legal or disciplinary events that are material to a client's evaluation or the integrity of our management or advisory personnel. CalMuni will provide this disclosure (or a means to access this information) in writing prior to starting our proposed engagement and will provide such additional information or clarification as the client may request. CalMuni will also advise clients in writing of any subsequent material conflict of interest that may arise, as well as the related implications, its plan to manage that situation, and any additional information such client may require.

II. General Conflict of Interest Disclosures

Disclosure of Conflicts Concerning the Firm's Affiliates

CalMuni's affiliates offer a wide variety of financial and legal services, and our clients may be interested in pursuing an affiliate's services separately. The affiliate's business with the client could create an incentive for CalMuni to recommend a course of action designed to increase the level of the client's business activities with the affiliate or to recommend against a course of action that would reduce the client's business activities with the affiliate. In either instance, CalMuni may be perceived as recommending services for a client that are not in the best interests of our clients, but rather are in our interests or the interests of our affiliates. Accordingly, CalMuni mitigates any perceived conflict of interest that may arise in this situation by disclosing it to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances. Further, CalMuni receives no compensation from its affiliates with respect to a client introduction or referral. If a client chooses to work with an affiliate, we require that the client consult and enter into a separate agreement for services, so that the client can make an independent, informed, evaluation of the services offered.

Disclosure of Conflicts Related to the Firm's Compensation

From time to time, CalMuni may be compensated by a municipal advisory fee that is or will be set forth in an agreement with the client to be, or that has been, negotiated and entered into in connection with a municipal advisory service. Payment of such fee may be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal or par amount of municipal securities or municipal financial product. While this form of compensation is customary in the municipal securities market, it may be deemed to present a conflict of interest since we may appear to have an incentive to recommend to the client a transaction that is larger in size than is necessary. Further, CalMuni may also receive compensation in the form of a fixed fee arrangement. While this form of compensation is customary, it may also present a potential conflict of interest if the transaction ultimately requires less work than contemplated and we are perceived as recommending a more economically friendly pay arrangement. Finally, CalMuni may contract with clients on an hourly fee basis. If CalMuni and the client do not agree on a maximum amount of hours at the outset of the engagement, this arrangement may pose a conflict of interest as we would not have a financial incentive to recommend an alternative that would result in fewer hours. CalMuni manages and mitigates all of these types of conflicts by disclosing the fee structure to the client, and by requiring that there be a review of the municipal securities transaction

or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives, and financial circumstances.

Disclosure Concerning Provision of Services to State and Local Government, and Non-Profit Clients

CalMuni regularly provides financial advisory services to state and local governments, their agencies, and instrumentalities, and non-profit clients. While our clients have expressed that this experience in providing services to a wide variety of clients generally provides great benefit for all of our clients, there may be or may have been clients with interests that are different from (and adverse to) other clients. If for some reason any client sees our engagement with any other particular client as a conflict, we will mitigate this conflict by engaging in a broad range of conduct, if and as applicable. Such conduct may include one or any combination of the following: 1) disclosing the conflict to the client; 2) requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, including the client's needs, objectives and financial circumstances; 3) implementing procedures that establishes a "firewall" that creates physical, technological and procedural barriers and/or separations to ensure that non-public information is isolated to particular area such that certain governmental transaction team members and supporting functions operate separately during the course of work performed; and 4) in the rare event that a conflict cannot be resolved, we will withdraw from the engagement.

Disclosure Related to Legal and Disciplinary Events

As registered municipal advisors with the SEC and the MSRB, pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2, our legal, disciplinary and judicial events are required to be disclosed on our forms MA and MA-I filed with the SEC, in 'Item 9 Disclosure Information' of form MA, 'Item 6 Disclosure Information' of form MA-I, and if applicable, the corresponding disclosure reporting page(s). To review the foregoing disclosure items and material change(s) or amendment(s), if any, clients may electronically access CalMuni filed forms MA and MA-I on the SEC's Electronic Data Gathering, Analysis, and Retrieval system, listed by date of filing starting with the most recently filed.

III. Specific Conflicts of Interest Disclosures – Client

The principal of Weist Law LLP ("WeistLaw"), Cameron Weist, is also a principal of CalMuni. We do not believe that this duel representation creates a conflict because the California Rules of Professional Conduct governing the ethical standards imposed on lawyers are aligned with and equal or exceed the fiduciary duties imposed on municipal advisors, and also because CalMuni receives no compensation from WeistLaw, or vice versa, and both firms are independently engaged under separate contracts which have been vetted in light of various factors, including the client's needs, objectives and legal and financial circumstances, to ensure that each such client has made an independent, informed, evaluation of the type and quality of services offered by each entity. If you believe this creates a conflict, please do not sign this Agreement.

To our knowledge, following reasonable inquiry, we are not aware of any other actual or potential conflict of interest that could reasonably be anticipated to impair our ability to provide advice to or on behalf of the Client in accordance with applicable standards of conduct of MSRB Rule G-42.



Pension Advisory Services

February 9, 2022



UFI Overview

Convey complex financial issues in easy-to-understand tern



Industry Leader: #1 Rank MA in CA from 2017-2021. Leader in POBs and pension advisory services.



Integrated Solutions: UFI is structured to provide comprehensive financial advisory services to our clients through our three divisions: Public Finance, Management Group and Compliance Group



Capital Market Resources: UFI has the same resources as the largest national MA firms and investment banks: Bloomberg, TM3, and DBC.



Executive Government Experience: We are staffed with finance professionals with executive government and corporate/investment banking experience.



UFI – Industry Leader

#1 Municipal Advisor

- Largest MA in CA (15 advisors)
- Financial planning & modeling
- Forecasting & Fiscal 360

#1 Pension Advisor

- 22 POBs: \$2.4 Billion
- 17 Pension Advisory (non-POB)

CSDA Endorsed Affiliate

CSDA Endorsed Affiliate: CSDA recommends UFI (as an endorsed affiliate) to provide pension advisory service to its members. The CSDA has negotiated a discounted fee schedule for its members (see Appendix D).

memb WIFI Financial Solutions

PENSION ADVISORY SERVICES

Pre-Payment (ADP) Strategies

CalPERS Termination

Pension Modeling

Fund Exchange

Pension Funding Policy

Financing Solutions:

- Leveraged Refunding
- Tax-Exempt Exchange
- Pension Obligation (POBs)

POB Risk Analysis/ Scenarios

- Stress Tests
- Monte Carlo Simulation

Education: Workshops, Finance Committee, Stakeholders, 1on1s, Taxpayers Assoc.,

What Sets Us Apart



CalPERS Experts: We are in constant contact with various divisions of CalPERS, pension actuaries, 115 trusts. As a results we have an in-depth understanding of Pension Liabilities, POBs, and CalPERS Administrative Process



Comprehensive Approach: Evaluate Multiple Strategies Develop Customized Plan with Creative Solutions



Proven Solutions: UFI developed many of the concepts used today when addressing pension liabilities: taxexempt exchange, base selection strategy, and leverage refunding and pension funding policies.



Unmatched Technical Expertise / Understand Risk:

Pension Modeling, Risk/Scenario Analysis & Monte Carlo Simulation. Ability to analyze and quantify risk and provide risk mitigation strategies.



Leader in Pension Advisory Work

Client	Closed	Par (\$MM)
1 City of Montclair	Oct-21	62,190
2 City of Santa Ana	Aug-21	425,830
3 City of Commerce	Aug-21	27,875
4 City of Buena Park	Aug-21	96,385
5 City of Sanger	Aug-21	19,450
6 City of San Fernando	Aug-21	36,525
7 City of Whittier	Aug-21	133,895
8 City of Covina	Jul-21	62,795
9 City of Orange	Mar-21	285,770
10 City of Monterey Park	Feb-21	106,335
11 City of El Cajon	Jan-21	147,210
12 City of Coachella	Dec-20	17,590
13 City of Arcadia	Nov-20	90,000
14 City of Azusa	Sep-20	70,075
15 City of Pomona	Aug-20	219,890
16 City of Inglewood	Jun-20	101,620

Feb-20

Sep-19

Nov-17

Oct-17

Jun-17

May-17

Aug-15

Jan-10

Dec-08

Aug-07

131,800

111,545

52,795

50,475

31,960

16,000

17,650

7,215

31,149

64,420

17 City of Pasadena

18 City of Glendora

19 City of Monrovia

20 City of Inglewood

21 City of Pomona

22 City of Riverside

24 City of San Ramon

25 City of Azusa

26 City of Colton

23 City of Fountain Valley

POBs for which UFI Served as MA

Evaluating / In Process POBs - \$2.2 Billion

Non-POB Pension Advisory Clients

- Los Angeles County Sanitation District
- Beaumont Cherry Valley Water District
- South Orange County Wastewater Authority (SOCWA)
- Santa Fe Irrigation District
- Goleta Sanitary District
- Castro Valley Sanitation District
- Placer County Water District
- Scotts Valley Water District
- Roland Water District
- Walnut Valley Water District
- Camrosa Water District
- Culver City
- · City of Upland
- City of Colton
- City of Desert Hot Springs
- City of Simi Valley
- San Gabriel COG

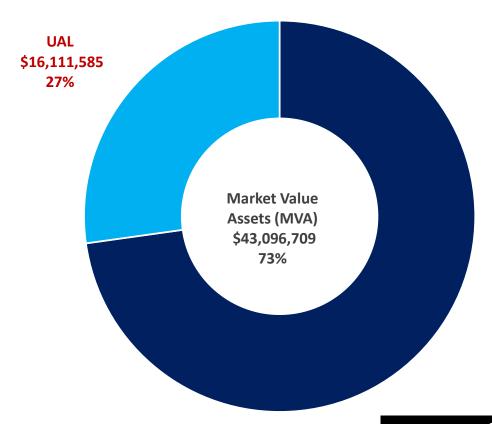


27 City of San Bernardino Oct-05 50,402 TOTAL PAR \$2,468,846

Olivenhain MWD



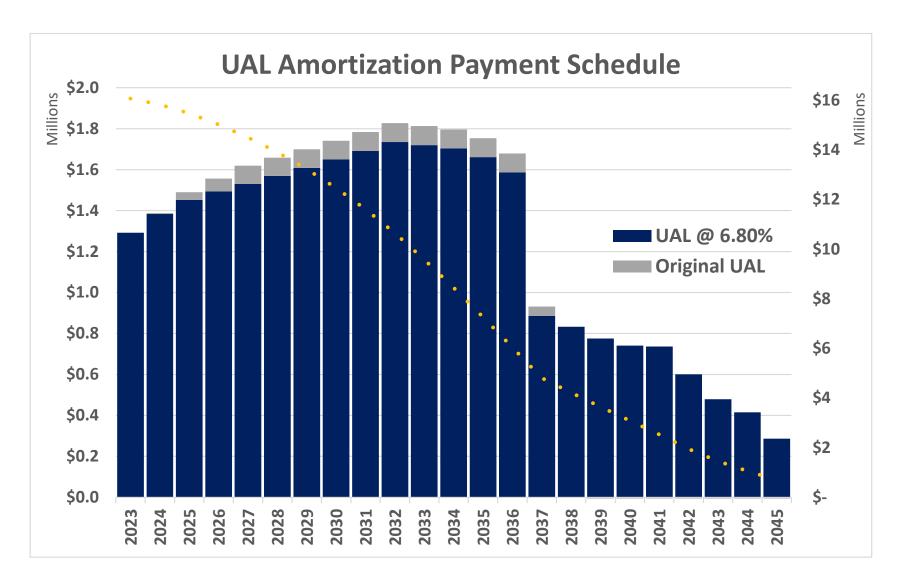
Unfunded Accrued Liability (UAL)



Unfunded Actuarial Liability (UAL) 2020							
	Classic	PEPRA	COMBINED				
Accrued Liability (AL)	\$ 57,897,331	\$1,310,963	\$59,208,294				
Market Value Assets (MVA)	41,912,549	1,184,160	43,096,709				
UAL = AL - MVA	\$ 15,984,782	\$ 126,803	\$16,111,585				
	72.4%	90.3%	72.8%				



UAL Payments





Amortization Bases

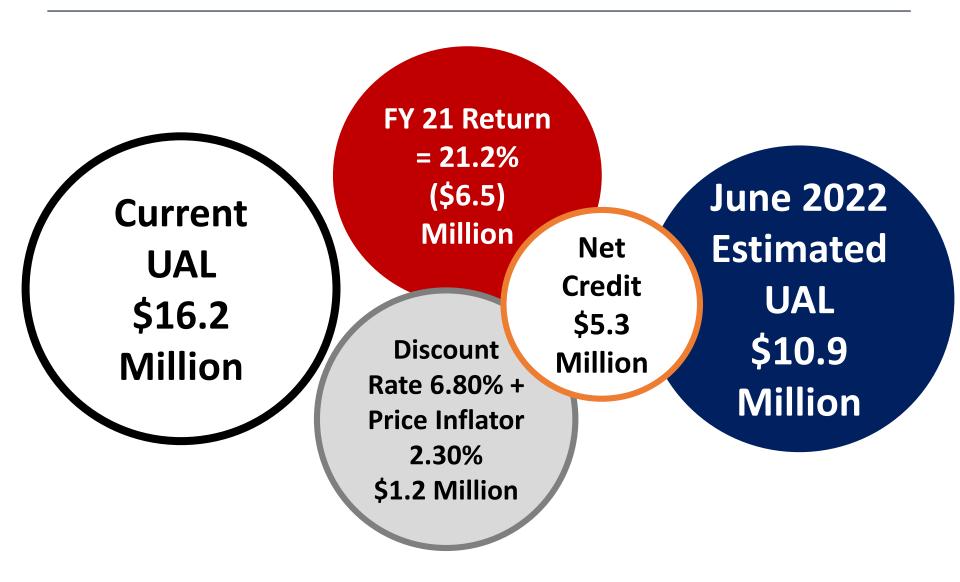
	MISCELLANEOUS PLAN AMORTIZATION BASES FY 22-23							
	Year	Reason	Ramp	Term		Balance	F	Payment
1	2013	Share of Pre-2013 Pool UAL	NO	14	\$	4,380,841	\$	415,674
2	2013	Non-Investment (Gain)/Loss	100%	23		(42,787)		(3,071)
3	2013	Investment (Gain)/Loss	100%	23		4,638,937		332,998
4	2014	Non-Investment (Gain)/Loss	100%	24		4,106		286
5	2014	Investment (Gain)/Loss	100%	24		(3,651,164)		(254,539)
6	2014	Assumption Change	100%	14		2,121,278		226,891
7	2015	Non-Investment (Gain)/Loss	100%	25		(195,458)		(13,259)
8	2015	Investment (Gain)/Loss	100%	25		2,346,336		159,168
9	2016	Non-Investment (Gain)/Loss	100%	26		(381,406)		(25,221)
10	2016	Investment (Gain)/Loss	100%	26		2,957,171		195,549
11	2016	Assumption Change	100%	16		908,166		86,357
12	2017	Non-Investment (Gain)/Loss	80%	27		(83,563)		(4,371)
13	2017	Investment (Gain)/Loss	80%	27		(1,596,041)		(83,479)
14	2017	Assumption Change	80%	17		1,080,976		79,541
15	2018	Investment (Gain)/Loss	60%	28		(493,486)		(19,393)
16	2018	Assumption Change	60%	18		1,769,351		96,332
17	2018	Method Change	60%	18		483,887		26,345
18	2019	Non-Investment (Gain)/Loss	60%	19		238,283		22,288
19	2019	Investment (Gain)/Loss	NO	19		237,870		9,931
20	2020	Non-Investment (Gain)/Loss	40%	20		207,390		18,925
21	2020	Investment (Gain)/Loss	NO	20		1,133,817		24,790
		FY 22-23	47	PEPRA	\$	16,064,504 136,515	\$	1,291,742



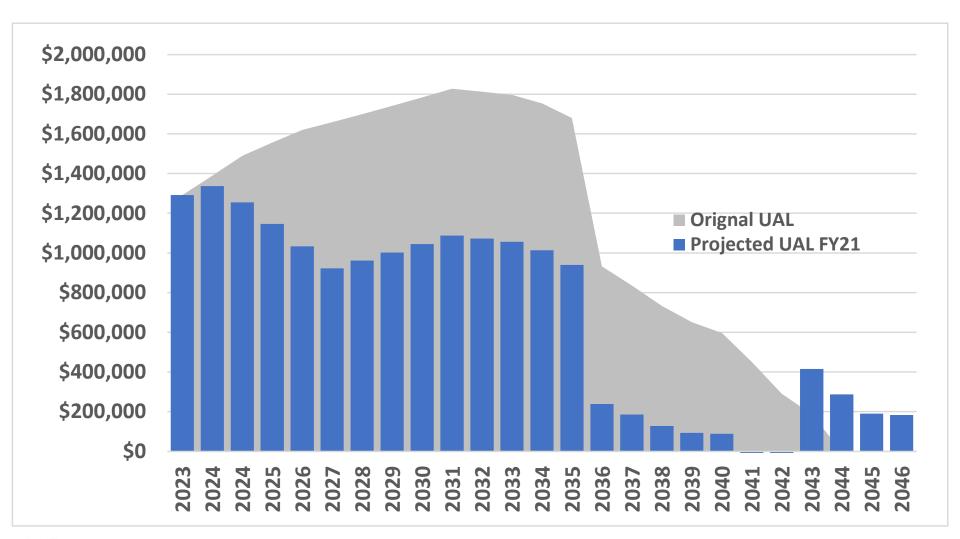
FY21 Base



FY21 New Bases



UAL After FY21 New Bases





Projected UAL Payments After Credit

		AdjustedUAL	FY21 Return	Discount Rate +	Net Impact	Projected UAL
-		Payments	21.20%	Price Inflator	Net Impact	FY21
1	2023	\$ 1,291,742	\$ -	\$ -	\$ -	\$ 1,291,742
2	2024	1,383,759	(150,040)	102,456	(47,584)	1,336,175
3	2024	1,452,747	(300,079)	102,456	(197,624)	1,255,123
4	2025	1,493,310	(450,119)	102,456	(347,664)	1,145,646
5	2026	1,530,848	(600,159)	102,456	(497,703)	1,033,144
6	2027	1,569,437	(750,199)	102,456	(647,743)	921,694
7	2028	1,609,107	(750,199)	102,456	(647,743)	961,364
8	2029	1,649,887	(750,199)	102,456	(647,743)	1,002,144
9	2030	1,691,809	(750,199)	102,456	(647,743)	1,044,066
10	2031	1,734,906	(750,199)	102,456	(647,743)	1,087,163
11	2032	1,720,253	(750,199)	102,456	(647,743)	1,072,510
12	2033	1,703,539	(750,199)	102,456	(647,743)	1,055,795
13	2034	1,660,992	(750,199)	102,456	(647,743)	1,013,249
14	2035	1,586,862	(750,199)	102,456	(647,743)	939,119
15	2036	886,697	(750,199)	102,456	(647,743)	238,954
16	2037	832,750	(750,199)	102,456	(647,743)	185,007
17	2038	775,207	(750,199)	102,456	(647,743)	127,464
18	2039	741,080	(750,199)	102,456	(647,743)	93,337
19	2040	736,684	(750,199)	102,456	(647,743)	88,941
20	2041	600,684	(750,199)	102,456	(647,743)	(47,059)
21	2042	479,355	(750,199)	102,456	(647,743)	(168,388)
22	2043	415,423	-	-	-	415,423
23	2044	286,556	-	-	-	286,556
24	2045	190,529	-	-	-	190,529
25	2046	183,152	-	-	-	183,152
		\$ 28,207,314	\$ (13,503,574)	\$ 2,049,110	\$ (11,454,464)	\$ 16,752,850
		\$ 16,201,019	\$ (6,535,875)	\$ 51 ,240,248	\$ (5,295,626)	\$ 10,905,393
				.	Normal Cost	\$ 39,314



Our Approach



Our Approach

Analyze
Pension/
OPEB
Liabilities

- Review Actuarial Reports, CAFR & CIP
- Develop Pension Model

Evaluate Funding Strategies

- Budget & Financing Approaches
- Base Selection: Cash Flows vs. Savings

Scenario & Risk Analysis

- Recession
 Scenarios
- Stress Testing
- Monte Carlo Simulation

Education &
Stakeholde
r Meetings

- Workshops: 1on1s / Special Meetings
- Adopt Pension Funding Policy

Develop
Policy/Plan
&
Implement

Pension Funding Policy



Funding Strategies

- 1 Use of Reserves & 1-Time Monies
- 2 Pension Stabilization Fund/115 Trus
- Budgeting Approache
- S

- 3 Leveraged Refunding
- 4 Tax-Exempt Exchange
- 5 Fresh Start / Soft Fresh Start
- 6 Recycling Savings

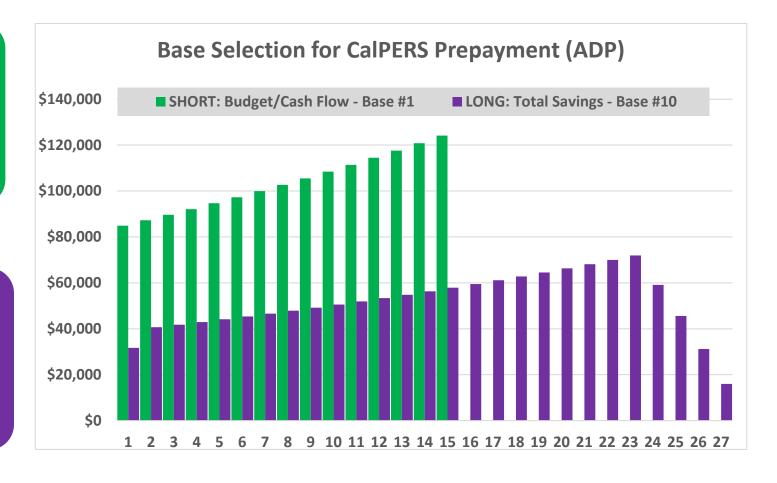
Financing Approache



Base Selection "Targeting" Strategies

Short Bases
=
Cash Flow /
Budget
Impact

Long Bases
=
Maximum
Total
Savings





Case Studies



Use of Reserves

Camrosa Water District

\$5.0 Million UAL



\$9.0 Million UAL Savings

1.8X

Excess reserves used to pre-pay 100% of UAL

- District had reached its reserve fund target
- Did not impact ratings or 1.25X coverage
- Savings replenish portion of capital reserves
- Tax-exempt bonds pay for future capital projects

	Fiscal	AΝ	INUAL UAL	
	Year	P	AYMENTS	
1	2020		301,272	
2	2021		358,954	
3	2022	407,822		
4	2023	448,946		
5	2024		473,677	
6	2025		499,720	
7	2026		513,463	
8	2027	527,583		
9	2028		542,092	
10	2029		556,999	
11	2030		480,805	
12	2031		494,027	
13	2032	507,613		
14	2033		500,831	
15	2034		493,292	
16	2035		476,735	
17	2036		449,633	
18	2037		401,243	
19	2038		237,287	
20	2039		204,078	
21	2040		178,283	
22	2041		161,522	
23	2042		127,137	
24	2043		121,175	
25	2044		96,829	
26	2045		49,406	
27	2046		5,961	
		\$	9,013,840	



Leveraged Refunding

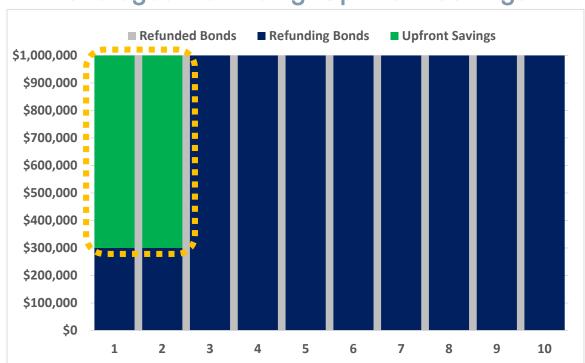


\$850,000 Up-Front Savings Base #17

\$2.1 Million
UAL Savings

2.0X





City of Arcadia 2001 & 2011 TABs

- \$10.3 Million Refunding
 \$4.9 Million Savings
- 10% share of savings
- \$498,000 up-front

ADP

Safety Base #15 (25 Years)

\$1.0 Million Savings



Tax Exempt Exchange + ADP

\$56 Million UAL

85% Funding Target

Tax-Exempt Exchange

\$10 \$10 Million Million Bonds @ Pay-Go 2.0% **Projects**

Pay-Go Budget

Reallocated to Pay

UAL Payments Cover Bond Debt Service

** Separate Board Actions

\$10 Million UAL@ 7.0%



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Placer County Water:

- Merged Bases
 - Restructure cash flows
- ADPs from Reserves
 - \$11.5 Million

 - Base #9 (85%)Savings = \$28.9 Million
- Bonding Capacity / Coverage
- Tax-Exempt Exchange
 \$15.2 million (20 years)

 - Base #9,10,4,21
 Savings = \$11 Million
- Combined Savings
 - \$40 Million



Pension Funding Policy

Documents key components of Comprehensive Pension Management Plan

- Full description of plans & liabilities
- Financial metrics/targets:
 - Level of reserve and funding target levels
- How to use excess (1-time monies) & reserves
- Allocation of Additional Resources (ADPs)
- Potential Funding Solutions
 - Base Selection / Funding objective
- Structuring guidelines
 - Minimum Savings Levels

We believe that rating agencies will require agencies to formally adopt written policies to address unfunded pension/OPEB liabilities in the future.



CSDA Member Fees



CSDA Member Discounted

CSDA Member Discounted Fees

	Bond	Financin	g - MA Sei	rvices
--	-------------	-----------------	------------	--------

UFI

District	Pension	Pension
Operating	Modeling	Funding
Budget	Services	Policy
\$1-\$1 Million	\$5,500	\$1,500
\$1 - \$2.5 Million	\$6,000	\$2,000
\$2.5 - \$5 Million	\$6,500	\$2,500
\$5 - \$10 Million	\$7,000	\$3,000
\$10-\$15 Million	\$7,500	\$3,500
415-\$25 Million	\$8,500	\$4,000

District Operating Budget	Standard fees	CSDA Bond Fees		
\$0-\$2.5 Million	\$30,000	\$27,500		
\$2.5 - \$5Million	\$32,500	\$30,000		
\$5 - \$10 Million	\$35,000	\$32,500		
\$10 -\$15 Million	\$40,000	\$37,500		
\$15-\$25 Million	\$45,000	\$42,500		
\$25 Million +	\$50,000+	TBD		

Base Model Fee = \$10,000 Pension Funding Policy \$3,000-5,000

Assumes Private Placement Public Offering \$2,500 more

Hourly Fees	

Additional analysis, scenarios, board, community & stakeholder meetings

	Standard	CSDA
Managing Director	\$325	\$300
Analyst	\$175	\$150



Understanding Your Pension Liability



Primary Contributing Factors

California League of Cities **Enhanced &** Retroactive 2018 Rensign Sustainability **Benefits** Report 2.0% @ 50 to 3.0% @ 50 •AB 616 (2001) Miscellaneous 2.0% @ 55 to 2.7% @ 55 Investment COLA Losses Life **CalPERS** Contribution Expectanc **Policy**

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Can I Get Out of CalPERS?

Yes, you can, but it will cost you....

\$119 million



Termination Payment

US TREASURY BONDS (Risk-Free Strategy) Termination Agency Pool \$490 million

UAL 1.75% 10-Year







CalPERS Funds Future Shortfall

CalPERS Annual Pension

Current Year Payment Past Due Payment







Benefits earned this year by employees

Benefits previously earned by employees + retirees

% of Payroll

Fixed \$ Amount

N/A

\$7.5 Million





Pension Costs as % of Payroll

UAL = 55.6%

EPMC = 7.2%

Normal Costs = 9.5%

Base Salary

Miscellaneous Plan Employees **UAL = 28.8%**

EPMC = 9.0%

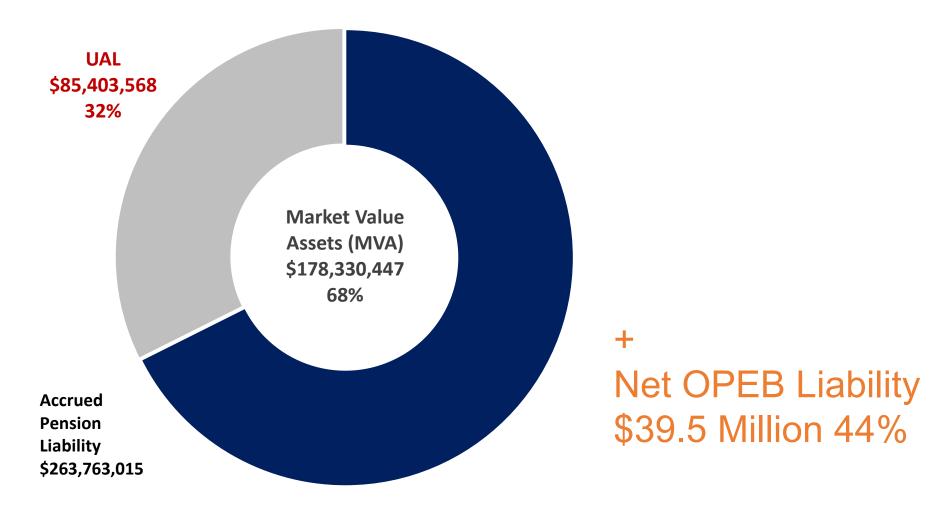
Normal Costs = 18.2%

Base Salary

Safety Plan Employees



Unfunded Accrued Liability (UAL)



CalPERS Actuarial Report June 30, 2020



Amortization Bases Loans @ 7.0%

MISCELLANICOL	IS PLAN AMORTIZATION	IN BASES EV 22-23
IVIISCELLAINEOU	S PLAN AIVIUNTIZATION	JN DAJEJ FT 44-45

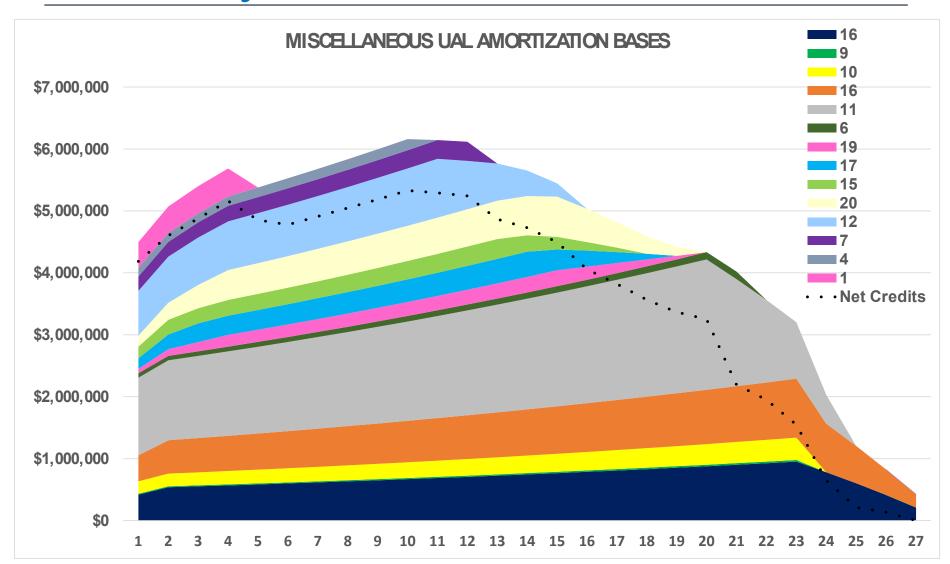
	Year	Reason	Ramp	Term		Balance		Payment
1	2013	Share of Pre-2013 Pool UAL	NO	14	\$	4,675,422	\$	443,625
2	2013	Non-Investment (Gain)/Loss	100%	23		16,182		1,162
3	2013	Investment (Gain)/Loss	100%	23		4,273,431		306,761
4	2014	Non-Investment (Gain)/Loss	100%	24		4,011		280
5	2014	Investment (Gain)/Loss	100%	24		(3,556,602)		(247,946)
6	2014	Assumption Change	100%	14		2,053,130		219,602
7	2015	Non-Investment (Gain)/Loss	100%	25		(186,183)		(12,630)
8	2015	Investment (Gain)/Loss	100%	25		2,204,157		149,523
9	2016	Non-Investment (Gain)/Loss	100%	26		(350,529)		(23,179)
10	2016	Investment (Gain)/Loss	100%	26		2,725,595		180,235
11	2016	Assumption Change	100%	16		818,299		77,811
12	2017	Non-Investment (Gain)/Loss	80%	27		(75,055)		(3,926)
13	2017	Investment (Gain)/Loss	80%	27		(1,391,353)		(72,773)
14	2017	Assumption Change	80%	17		947,778		69,740
15	2018	Non-Investment (Gain)/Loss	60%	28		222,034		8,726
16	2018	Investment (Gain)/Loss	60%	28		(426,465)		(16,760)
17	2018	Assumption Change	60%	18		1,549,884		84,383
18	2018	Method Change	60%	18		429,248		23,370
19	2019	Non-Investment (Gain)/Loss	NO	19		206,822		19,345
20	2019	Investment (Gain)/Loss	40%	19		198,577		8,291
21	2020	Non-Investment (Gain)/Loss	NO	20		179,046		16,338
22	2020	Investment (Gain)/Loss	20%	20		935,425		20,452
		FY 22-23			\$ 6	9 _{15,452,854}	\$	1,252,430

UAL Dynamic Liability

CalPERS adds new bases each year

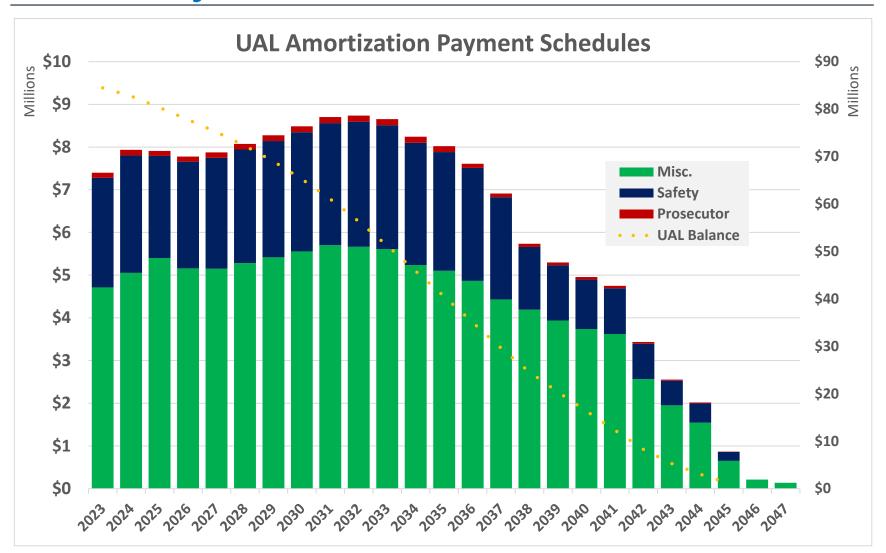


Misc. Layer Cake





UAL Payment Schedule





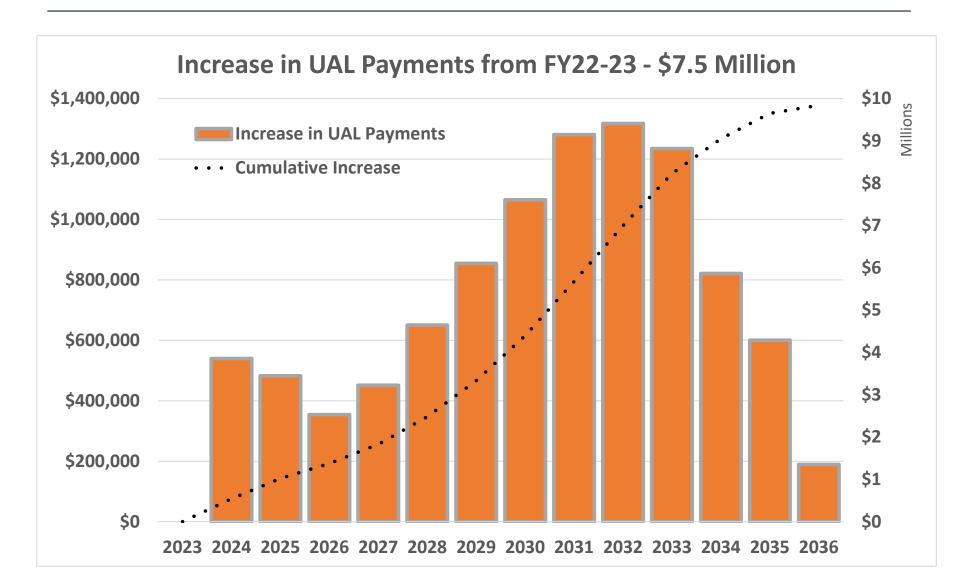
UAL Payment Schedule FY 22-

23

•		Misc.	Safety	Prosecutor	2nd Tier Safety	PEPRA Safety	2nd Tier Prosecutor	PEPRA Prosecutor	UAL Payments
1	2023	4,712,550	2,567,409	119,702	7,228	29,726	10,261	4,596	7,451,472
2	2024	5,053,450	2,750,461	129,127	8,578	33,288	11,164	5,092	
3	2025	5,400,566	2,392,005	117,656	5,526	13,282	3,015	1,857	
4	2026	5,158,836	2,497,207	123,208	6,191	14,726	3,347	1,994	7,805,509
5	2027	5,149,576	2,596,295	128,420	6,779	16,015	3,641	2,119	7,902,846
6	2028	5,281,685	2,659,617	131,489	6,868	16,254	3,692	2,160	8,101,765
7	2029	5,417,428	2,724,679	134,641	6,961	16,500	3,747	2,206	8,306,162
8	2030	5,556,903	2,791,531	137,880	7,054	16,751	3,802	2,250	8,516,171
9	2031	5,700,213	2,860,222	141,209	7,155	17,010	3,862	2,296	8,731,967
10	2032	5,662,644	2,930,801	144,629	7,252	17,274	3,919	2,345	8,768,864
11	2033	5,613,434	2,898,011	143,056	7,357	17,547	3,978	2,389	8,685,772
12	2034	5,238,394	2,861,424	141,300	7,465	17,830	4,040	2,440	8,272,892
13	2035	5,100,481	2,781,641	137,422	7,573	18,118	4,106	2,492	8,051,834
14	2036	4,867,618	2,642,577	97,900	7,686	18,411	4,171	2,542	7,640,906
15	2037	4,431,352	2,394,841	84,385	6,867	16,296	3,693	2,187	6,939,621
16	2038	4,191,491	1,469,808	75,890	5,999	14,055	3,193	1,806	5,762,243
17	2039	3,935,348	1,296,332	66,878	5,081	11,684	2,658	1,404	
18	2040	3,737,956	1,157,335	59,535	4,114	9,178	2,099	979	4,971,195
19	2041	3,622,812	1,070,579	54,871	3,090	6,532	1,453	531	4,759,867
20	2042	2,566,159	827,073	42,564	233	696		130	3,436,855
21	2043	1,951,345	574,906	27,885					2,554,136
22	2044	1,547,817	449,142	21,550					2,018,509
23	2045	650,017	209,494	7,347					866,858
24	2046	214,049	-	-					214,049
25	2047	136,264	-	-					136,264
26	2048	-	-	-					-
27	2049	-	-	-					-
28	2050	-	-	-					-
29	2051	-	-	-					-
30	2052	- \$100 909 397	- \$ 17 102 201	\$ 2 269 EAA	\$ 125_057	\$ 221 172	¢ 70.9/1	¢ //2 Q15	- \$ 151 140 208



Rising Payments Crowd Out Future Budgets





Regulatory Disclosure

Disclosure of Conflicts of Interest and Legal or Disciplinary Events. Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. ("UFI") and its associated persons.

Conflicts of Interest. Compensation. UFI represents that in connection with the issuance of municipal securities, UFI may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, UFI hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding UFI's ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer. It should be noted that other forms of compensation (i.e. hourly or fixed fee based) may also present a potential conflict of interest regarding UFI's ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair UFI's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

Other Municipal Advisor Relationships. UFI serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another UFI client. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, UFI could potentially face a conflict of interest arising from these competing client interests. UFI fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients. If UFI becomes aware of any additional potential or actual conflict of interest after this disclosure, UFI will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

Legal or Disciplinary Events. UFI does not have any legal events or disciplinary history on UFI's Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access UFI's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against UFI, UFI will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate UFI, its management and personnel.

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Kimberly Thorner General Manager Olivenhain Metropolitan Water District 1966 Olivenhain Road Encinitas, CA 92024

RE: Pension Advisory Services

Dear Kimberly:

Thank you for conveying an interest in our Pension Advisory Services.

UFI is at the forefront of pension issues in California. We utilize our proprietary Pension Solutions $\mathsf{Model}^\mathsf{TM}$, which integrates CalPERS actuarial data (amortization bases), to determine the financial impact of different solutions with accuracy.

UFI shall provide pension advisory services to the Olivenhain Municipal Water District (the "District"). Our focus will be to analyze available funding options to develop a plan for on addressing your retirement costs. We will assist staff with analysis and decision-making relating to the District's pension liability. This engagement will be comprised of four integrated and successive phases:

- 1. Develop a pension model.
- 2. Analyze and recommend financial solutions to help address your pension liabilities
- 3. Facilitate Board Review & Education Process
- 4. Develop Pension Funding Plan & Adopt of Pension Funding Policy

Our goal will be to serve as an extension of staff.

1. CALPERS UAL PENSION ANALYSIS & MODELING

We commence by gathering the District's pension data and variables, which are then used to populate UFI's proprietary Pension Solutions Model.™ The model will incorporate the District's current Amortization Bases for each plan.

The District's UAL is equal to \$15,984,782, according to the most recent CalPERS actuarial report dated June 30, 2020.

UFI will create an amortization schedule for each of the District's 21 Amortization Base. These schedules serve as the cornerstone of our analytical process, which enables the District to

perform scenario analysis and determine the optimal solution for the use of Additional Discretionary Payments (ADPs) to CalPERS.

Funding Strategies – UFI will focus on "reshaping" the District UAL payments through the application of ADPs. We will also discuss how to best utilize a Section 115 Trust.

UFI will also analyze the viability of 3 additional strategies:

- 1) Tax-Exempt Exchange
- 2) Fresh Start
- 3) Soft Fresh Start

Unfunded Accrued Liability

The District has an unfunded liability of \$16.8 million ~ 73%

The District's annual UAL payments are scheduled to increase from \$1.3 million in FY 21-22 to \$1.75 million in FY 2031-32.

These payments are in addition, to the District's Normal Costs, which are based on a percentage of payroll.

We will hold a Zoom meeting **in January** to present basic findings and discuss potential financial solutions. Once preliminary projections are developed, we will evaluate and refine each strategy with staff to prepare a presentation for the Finance Committee (January/ February).

2. DEVELOP FINANCIAL SOLUTIONS AND RECOMMENDATIONS

Our objective is to develop a Comprehensive Funding Plan that details how to address your UAL identifying which financing strategy to use for each individual base, over a multi-year timeframe.

We utilize a base selection strategy that serves as the guiding principles of our recommendations: applying monies toward long-term bases to maximize total savings, short-term bases to maximize budgetary or cash flow impact. We can also use a combination of merged bases, Fresh Start and ADPs (Base Selection) to flatten the UAL payments.

Once the District has obtained feedback from the Finance Committee, we will develop a more refined course of action, we will present our recommendations in a PowerPoint presentation to the District's Board of Directors in a Workshop.

3. BOARD OF DIRECTOR REVIEW & EDUCATION PROCESS

Addressing your retirement liability involves many financial and legal/administrative intricacies. We have found that this issue requires a significant education process before buy-in can be achieved for a recommended solution(s). UFI believes that this education process is so critical that we highlighted it as a key step in our proposal.

Conducting a workshop is a critical step toward the implementation of financial solutions. UFI can conduct a Board Workshop: 1) to explain the pension liabilities and 2) to present potential solutions to addressing these costs as well implementation requirements.

We will be available to make presentations to individual Board Members (1 on 1 s) to facilitate the approval/education process.

4. DEVELOP COMPREHENSIVE FUNDING PLAN & ADOPT PENSION FUNDING POLICY

We encourage the District to develop a long-term comprehensive pension management plan, which utilizes more than one financial solution. A multiple-funding strategy, by definition, sends CalPERS monies on different dates, which is an inherent risk management strategy (i.e., dollar cost averaging)

After the Board Workshop meeting, we will obtain feedback from staff regarding the most viable financial solutions. UFI will refine these financial solutions and perform additional scenario analyses. UFI will work with staff to develop a comprehensive fund plan and set of pension funding policies, with specific recommendations to present to the full Board for approval.

PROJECT TEAM

We have assigned three of our most senior staff to your project. Collectively, we have over 50 years of combined executive-level government and public finance experience, including financial forecast modeling, capital project financing, fiscal sustainability strategies and restructurings, pension (and OPEB) analytics and management, and pension obligations bonds.

We have helped cities, water agencies, and specials districts complete hundreds of capital project financings, explained complex fiscal and analytic concepts to elected officials, and gained the trust and respect of numerous councils and boards. More importantly, all our work, findings and recommendations are tailored to our client's financial needs and objectives.

I will be the engagement manager and day-to-day contact. I will develop the pension model, perform requested analytics, and plan to attend all meetings and presentations. Tim Frydendall will provide analytical support, and Jim Morris will assist on long range financial planning, continuing disclosure or other advice provided by the Public Management Group (i.e., non-MA work).

The team will be available to serve the District and meet with staff and your Board as requested. Below are the biographies and relevant experience of the proposed members of the team for this project.



Julio F. Morales, *Director* 17821 East 17th Street, Suite 245, Tustin, CA 92780 (714) 283-9334 office / (626) 298-9583 cell juliom@urbanfuturesinc.com

Julio has over twenty-five years of working in the areas of public and corporate finance, Districtmanagement, municipal budgeting and financial leadership. He served as the City Manager for the City of Huntington Park; having also served at its Finance Director and Treasurer. In both roles Julio helped implement changes and improvements that led to the elimination of a \$4.0 million (15%) structural deficit. He also served as the Finance Director and Treasurer for the City of El Monte. Most recently, Julio worked for the Department of the Treasury's Office of Technical Assistance (OTA), providing financial advice to the Treasurer of Paraguay and helping to streamline and automate their operations. Julio began his career in public and corporate finance as a financial advisor at PFM, an investment banker with Bank of America, derivative/ investment provider for Transamerica, and debt manager for the Districtof Oakland.

Julio earned his undergraduate degree from the University of Michigan, a Master of Public Policy (MPP) from the Harvard Kennedy School of Government, and an MBA from UCLA, where he was a Dean's Fellowship Recipient.

James P. Morris, Managing Director 17821 East 17th Street, Suite 245, Tustin, CA 92780 (909) 648-3176 jamesm@urbanfuturesinc.com

Jim will have primary responsibility for the performance of our Public Management Group team, ensuring comprehensive data collection, thorough analytics, and actionable recommendations. He has over twenty years of experience working in the fields of financial analysis, municipal law and public agency governance. Jim utilizes his diverse background and expertise in local government to assist cities and special districts in the areas of long-term forecasting, fiscal stabilization and financial sustainability planning.

His recent engagements include preparing fiscal forecasts for Pomona, Beaumont and various municipal utilities, conducting program evaluation services in Pasadena, and developing specialized fiscal models for utilities in Azusa, Needles and Pomona. Jim began his professional career as a public law attorney with Best Best & Krieger LLP, where he served as General Counsel for Western Municipal Water District and Victor Valley Wastewater Reclamation Authority. Jim is a graduate of Dartmouth College and received both his Juris Doctorate and Master's in Urban Planning from UCLA.

Tim Frydendall, Analyst 17821 East 17th Street, Suite 245, Tustin, CA 92780 (714) 293-3586 timothyf@urbanfuturesinc.com



Tim will assist Julio and Jim on quantitative analytics, research, drafting pitch books, and additional administrative needs throughout the project.

Tim has two years of experience working in public accounting as an auditor at Vasquez & Co. LLP. His recent engagements at UFI include financial analysis and administrative duties for charter schools located in California, Arizona, Louisiana, Nevada, and New York. He has also participated in compliance reporting for UFI's municipal, charter school and water agency clients. Tim attended Loyola University, Chicago and received a Bachelors degree in Accounting from California State University, Long Beach.

FEE ESTIMATES

UFI is willing and prepared to refine, modify and tailor our tasks and work product to meet the District's needs and financial parameters. UFI is an endorsed affiliate of the CSDA. The CSDA has negotiated discounted rates/fees for its members agencies, as summarized below:

CSDA Member Discounted Fees			Bond Financing - MA Services		
District Operating Budget	Pension Modeling Services	Pension Funding Policy	District Operating Budget	UFI Standard fees	CSDA Bond Fees
\$1-\$1 Million	\$5,500	\$1,500	\$0-\$2.5 Million	\$30,000	\$27,500
\$1 - \$2.5 Million	\$6,000	\$2,000	\$2.5 - \$5 Million	\$32,500	\$30,000
\$2.5 - \$5 Million	\$6,500	\$2,500	\$5 - \$10 Million	\$35,000	\$32,500
\$5 - \$10 Million	\$7,000	\$3,000	\$10 -\$15 Million	\$40,000	\$37,500
\$10-\$15 Million	\$7,500	\$3,500	\$15-\$25 Million	\$45,000	\$42,500
\$15-\$25 Million	\$8,500	\$4,000	\$25 Million +	\$50,000+	TBD
Base Model Fee = \$10,000 Pension Funding Policy \$3,000-5,000			Assumes Private Placement Public Offering \$2,500 more		
Hourly Fees				Standard	CSDA
Additional analysis, scenarios, board,			Managing Director	\$325	\$300
community & stakeholder meetings			Analyst	\$175	\$150

Based on the above 'CSDA Member Fees' for Pension Modeling Services and Pension Funding Policy, the agency separately shall pay the CSDA an administrative fee equal to 10% of the fee UFI received per transaction.

The majority of the costs are flat fees and have been pre-negotiated, however, each engagement has a variable component for the hourly work performed. We have outlined the expected costs into 4 component parts below.

1. Baseline Pension Model / Scenario Analysis – Given your annual revenues, we would typically charge a base rate to develop a pension model of \$8,500 (Pension Model). The model will include estimates of the impact of lowing the Discount rate to 6.80% and the credit received for the 21.3% return. Also, we will update the model once the new actuarial reports become available in August 2022. UFI will provide the model's outputs in Excel format for the District to utilize; however, the model and all other proprietary information, will remain the property of UFI.

- 2. Presentations & Meetings Once the baseline model is complete, we charge on a time and materials basis for the costs of running different scenarios, performing additional analysis, developing/making presentations, and attending meetings. This ensures that you receive the level of service and analysis that you require. Typically, these hourly fees range between \$1,500 \$3,000.
- 3. Board Review & Education Process: Once staff has developed a recommend plan of solutions, we will be available to facilitate the education and review with the Board, individual members, and any subcommittees. We anticipate that the initial plan review process may require 2 or 3 (Zoom) meetings: 1 Finance Committee presentation, 1 Board Workshop and potential 1 on 1 meetings. We charge on a time and materials basis for the costs of developing/making presentations, performing requested analysis, and attending meetings. These fees should range between \$1,500 \$3,000.
- 4. Adoption of Comprehensive Funding Plan & Policy UFI will work with staff to develop a Comprehensive Funding Plan with specific recommendations (e.g., strategy, timing, and base selection. UFI will assist the District in drafting a formal written Pension Funding Policy, which includes: a description of the City's liabilities, target funding goals/objectives, potential funding solutions, how to use 1-time monies and reserves, and guideline for application of ADPs and implementation of tax-exempt exchange. UFI believes that the adoption of a formal written Pension Funding Policy serves as the capstone for this process. We will assist in drafting the staff reports for the adoption of the District's Pension Funding Plan and Policies. UFI will adopting at a Board Meeting, which shall be a flat fee of \$4,000.

Deliverables

UFI will assist the District with all necessary steps required to make ADPs with CalPERS and implement desire solutions, including which specific "amortization base" to prepay and required correspondence with CalPERS. UFI will provide all analysis and recommendations in PowerPoint Format. formal written memorandums will increase the budget. UFI anticipates completing this assignment within a 90 to 120-day timeframe. Timing will be driven largely by the timeliness of feedback from staff and the frequency of Finance Committee and Board of Directors meetings.

Not-to-Exceed Fee

UFI proposes a not-to-exceed amount of \$17,500, which includes developing the model and performing all required analyses, attending meetings via Zoom, drafting staff reports, and preparing PowerPoint presentations necessary to develop a Comprehensive Funding Plan and Pension Funding Polices. We have assumed 3 Finance Committee/Board of Director meetings, which will be conducted via Zoom. UFI can attend in person meetings, based on our prior experience, we would recommend the Board Workshop and 1 on 1s be conducted in person. Inperson meetings could increase by an additional 2 hours of travel time (plus mileage).

All analysis and recommendations will be presented in PowerPoint Format. Formal written memorandums and not contemplated and will increase the budget. UFI's proposed pension advisory fees are in addition to a CSDA Administration Fee, which is assessed separately (see above).

HOURLY RATES

Due to variables in every engagement and to ensure Olivenhain Municipal Water District maintains flexibility to tailor the work to fit within its time and fiscal constraints, UFI proposes to carry out its work on an actual time and materials basis with the overall costs being governed by the financial limits defined by the District, utilizing the following professional service rate schedule:

UFI Professional Staff	Hourly Rates	
Director / Managing Director	\$300	
Analyst	\$150	

These rates will remain constant through December 30, 2022 and are subject to change thereafter. Out-of-pocket expenses include inter-regional travel, project specific services or data from third-party vendors (prior approval required), or extraordinary or specifically requested materials, supplies, printing, or electronic data storage. All out-of-pocket expenses will be charged on an actual cost basis, plus 10%.

We are enthusiastic about the opportunity to work with you and the District. If you have any questions, please do not hesitate to contact me at any time (626) 298-9583 Cell or (714) 923-3562 Work, or juliom@urbanfuturesinc.com.

Tulio F. Morales

Julio F. Morales Director Urban Futures, Inc.

Sincerely,

Signed & Executed by

Olivenhain Municipal Water District Date

General Manager

ADDITIONAL DISCLOSURES RELATED TO PENSION ADVISORY SERVICES AS REQUIRED BY THE MSRB AND SEC

Independent Registered Municipal Advisor ("IRMA")

If acting in the capacity of an Independent Registered Municipal Advisor ("IRMA") with regard to the IRMA exemption of the SEC Rule, Urban Futures, Inc. will review all third-party recommendations submitted to Urban Futures, Inc. in writing by the District.

Fiduciary Duty

Urban Futures, Inc. is currently registered as a Municipal Advisor with the Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB"). As such, Urban Futures, Inc. has a Fiduciary Duty to the District and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the District with informed advice;
- make a reasonable inquiry as to the facts that are relevant to the District's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the District; and
- d) undertake a reasonable investigation to determine that Urban Futures, Inc. is not forming any recommendation on materially inaccurate or incomplete information; Urban Futures, Inc. must have a reasonable basis for:
 - i. any advice provided to or on behalf of the District
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the District any other party involved in the municipal securities transaction or municipal financial product, or investors in the District securities; and
 - iii. any information provided to the District or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

Urban Futures, Inc. must deal honestly and with the utmost good faith with the District and act in the District's best interests without regard to the financial or other interests of Urban Futures, Inc. Urban Futures, Inc. will eliminate or provide full and fair disclosure (included herein) to the District about each material conflict of interest (as applicable). Urban Futures, Inc. will not engage in municipal advisory activities with the District as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the District's best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there are no actual or potential conflicts of interest that Urban
 Futures, Inc. is aware of that might impair its ability to render unbiased and competent advice or
 to fulfill its fiduciary duty. Urban Futures, Inc. represents that in connection with the issuance of
 municipal securities, Urban Futures, Inc. may receive compensation from the District for services
 rendered, which compensation is contingent upon the successful closing of a transaction and/or
 is based on the size of a transaction.
- Consistent with the requirements of MSRB Rule G-42, Urban Futures, Inc. hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the District If Urban Futures, Inc. becomes aware of any potential conflict of interest that arises after this disclosure, Urban Futures, Inc. will disclose the detailed information in writing to the District in a timely manner.
- The fee paid to Urban Futures, Inc. increases the cost of financing to the District. The increased cost occurs from compensating Urban Futures, Inc. for municipal advisory services provided.
- Urban Futures, Inc. does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the District.
- Urban Futures, Inc. does not have any affiliate that provides any advice, service, or product to or
 on behalf of the client that is directly or indirectly related to the municipal advisory activities to
 be performed by Urban Futures, Inc.;
- Urban Futures, Inc. has not made any payments directly or indirectly to obtain or retain the District's municipal advisory business;
- Urban Futures, Inc. has not received any payments from third parties to enlist Urban Futures, Inc.
 recommendation to the District of its services, any municipal securities transaction or any
 municipal finance product;
- Urban Futures, Inc. has not engaged in any fee-splitting arrangements involving Urban Futures, Inc. and any provider of investments or services to the District;
- Urban Futures, Inc. does not have any other engagements or relationships that might impair
 Urban Futures, Inc.'s ability either to render unbiased and competent advice to or on behalf of the District or to fulfill its fiduciary duty to the District as applicable; and
- Urban Futures, Inc. does not have any legal or disciplinary event that is material to the District's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Legal Events and Disciplinary History

Urban Futures, Inc. does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The District may electronically access Urban Futures, Inc.'s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

<u>www.sec.gov/edgar/searchedgar/companysearch.html</u>. There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, the District may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

Recommendations

If Urban Futures, Inc. makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the District and is within the scope of the engagement, Urban Futures, Inc. will determine, based on the information obtained through reasonable diligence of Urban Futures, Inc. whether a municipal securities transaction or municipal financial product is suitable for the District. In addition, Urban Futures, Inc. will inform the District of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Urban Futures, Inc. reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the District and
- whether Urban Futures, Inc. has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the District's objectives.

If the District elects a course of action that is independent of or contrary to the advice provided by Urban Futures, Inc., Urban Futures, Inc. is not required on that basis to disengage from the District

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Urban Futures, Inc. is required to maintain in writing, all communication and created documents between Urban Futures, Inc. and the District for 5 years.

Pension Policy Development

Olivenhain Water District

Presentation By: Dan Matusiewicz







More Than Just a Policy



Powerful Analytical Tools at Your Fingertips

Pension

OPEB

Labor







The actuarial and financial modeling software helps agencies predict and stress test the potential impacts of pension plans, labor negotiations, and other post-employment benefits.



Comprehensive Solutions Suite

Pension Plan Management

Our revolutionary software is the first and only system designed specifically for each agency, giving you access to up-to-date information on your pension plan and the transparency needed for good decision-making.

OPEB Plan Management

Just like Pension, our OPEB software uses your plan details to forecast your liabilities and costs. Modifying the plan assumptions will allow you to measure the impacts of changes before they happen, allowing your team to prepare and budget for a fiscally sustainable future.

Labor Cost Management

Automate your costing process using individual data for the fastest and most accurate results. Track pensionable cost changes, model new benefits, measure new hires and vacancies, and easily validate the information for trust-based decision-making.

How is GovInvest Different?



GovInvest was originally founded as software company transforming dense static actuarial reports into powerful financial forecasting tools.

Software modelling greatly enhances policy makers' abilities to visualize the impact of volatile experience and everchanging assumptions, especially when CalPERS actuarial valuations lag behind actual results by two years.

These tools to help policy makers visualize real time results based on changing circumstances and allows policy analysts stress test their strategies. On the contrary it is difficult to make decision based on static results that cannot be practically modeled in excel.

The powerful modeling tools are augmented by experienced actuarial consultants and local agency practitioners who understand public process and how to move analysis in actionable results.

GovInvest differs from some consulting practices that use relative crude models based on fixed amortization schedules based on stale results. GovInvest tools use census files to build projection models based actual agency demographics (active, separated and retired employees).

Achieving Success With Govlnvest



Partner with a customer success manager, public finance experts and credentialed actuaries for end-to-end policy management results.

Model Educate Analyze Unite Adopt Manage Quantify Review Understand Leverage Formally Present scenario experience and the problem software to impacts and adopt update scenario model to before draft strategies options to strategies jumping to current stakeholders policies policies as strategies and the solution state policies necessary

National Market Presence



GovInvest works with clients across 13 states, including:

- Arizona
- California
- Connecticut
- Florida
- Kansas
- Maryland
- Michigan
- Nevada
- New York
- Oregon
- Pennsylvania
- Rhode Island
- Washington











Your GovInvest Team





Jasmine Nachtigall-Fournier President & Co-Founder



Ira Summer
Senior Retirement
Plan Expert and
Finance
Consultant



Max Stoff Director of Customer Success



Evi Laksana, Chief OPEB Actuary

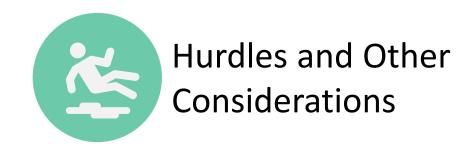


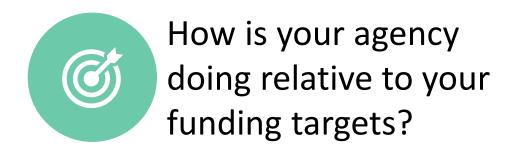
Excerpts From an Education Presentation



Understanding Pension Funding











Retirement Benefits

Provided through California Public Employees Retirement System (CalPERS), a multi-employer pension & health care administrator

Promised benefit is made by the contracting agency and thus the local agency's obligation not CalPERS

Once the promised benefit is made, the benefit can only be changed prospectively per the California Constitution "California Rule"

Exiting CalPERS is not a practical option, the termination liability is cost prohibitive.

Revised benefit structure for employees hired on or after January 1, 2013 due to Public Employees Pension Reform Act (PEPRA)

Agency has one CalPERS plan: Two benefit tiers



Defined Benefit – Sample Formula

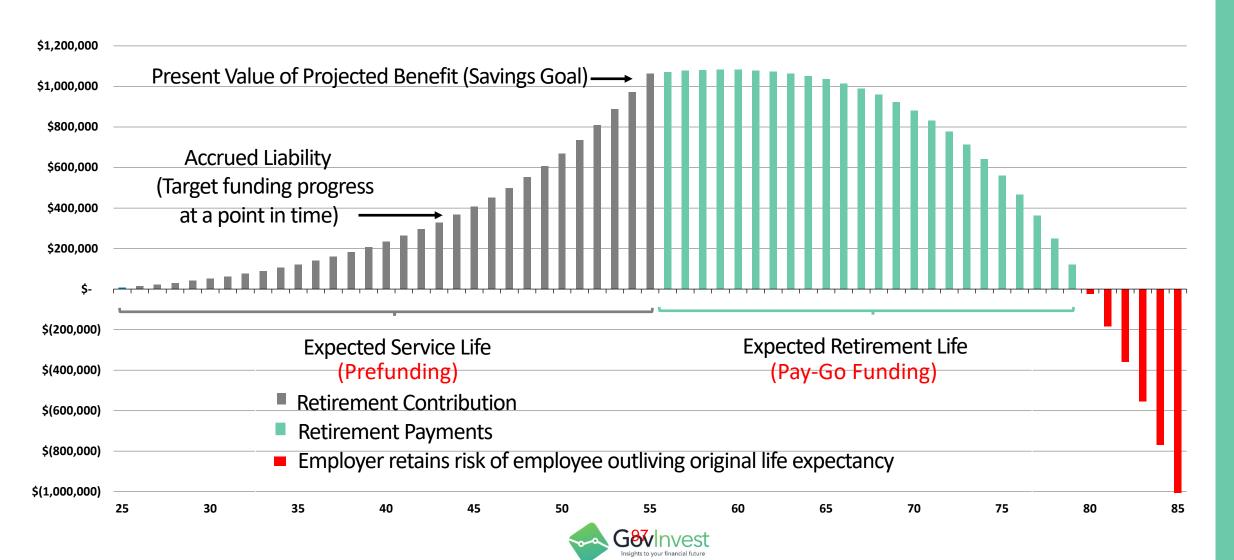
What does 2% @ 55 Mean?

- 2.0 is the benefit factor if employee retires at age 55.
- The benefit factor is multiplied times the years of service to derive a % of pensionable pay
- 30 Years of Service X 2.0 = 60% of Final Year \$100,000 = \$60,000 Lifetime Annual Benefit
- Employees could retire as early as 50 and receive a reduced benefit factor.
 - For example: 1.87% at age 54, 1.74% at age 53, 1.63% at age 52 and so on





Illustration Pension Funding for an Individual Employee



Assumptions Set Future Cost & Funding Expectations



Economic

- Inflation
- **Investment Return**
- Salary Growth



Funding a Pension Plan

Plan Cost and Affordability

Major Driver of



Demographic

- Retirement
- Disability
- Death
- **Termination**







CalPERS Board Decisions

Reduced Discount Rate Assumption from 7% to 6.8% Reduced Inflation Rate Assumption from 2.5% to 2.3% Increased Wage Growth Assumption from 2.75% to 2.8% Other relatively minor Demographic Assumption changes

CalPERS Board Selects New Asset Allocation for Investment Portfolio, Keeps Discount Rate at 6.8% - CalPERS

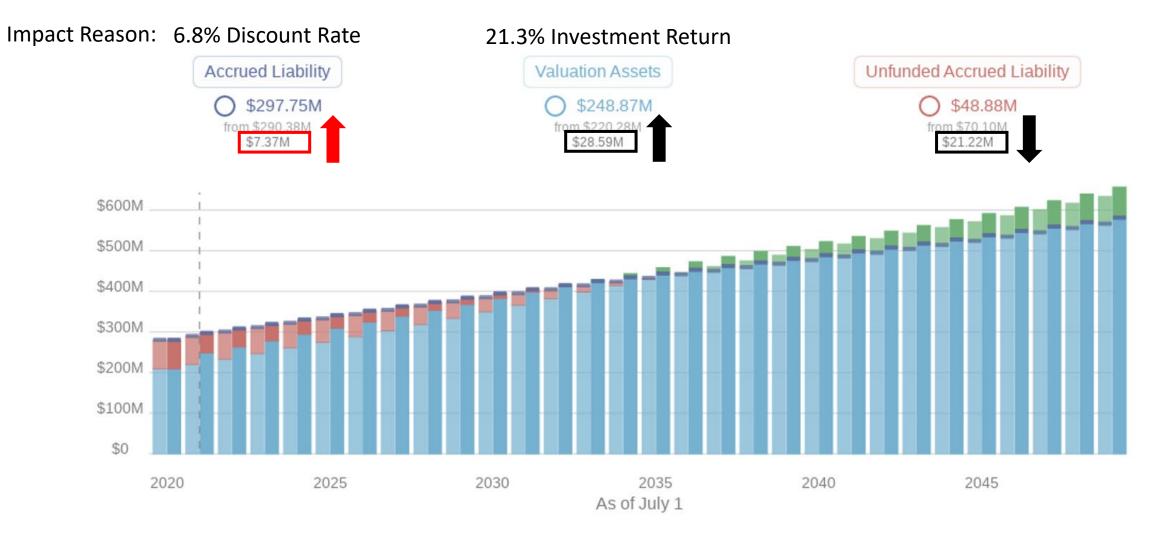
https://www.calpers.ca.gov/page/about/organization/facts-at-a-glance/asset-liability-management



How is Your Agency/ Plan Impacted?

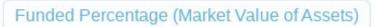


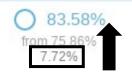
Funded Status Comparison



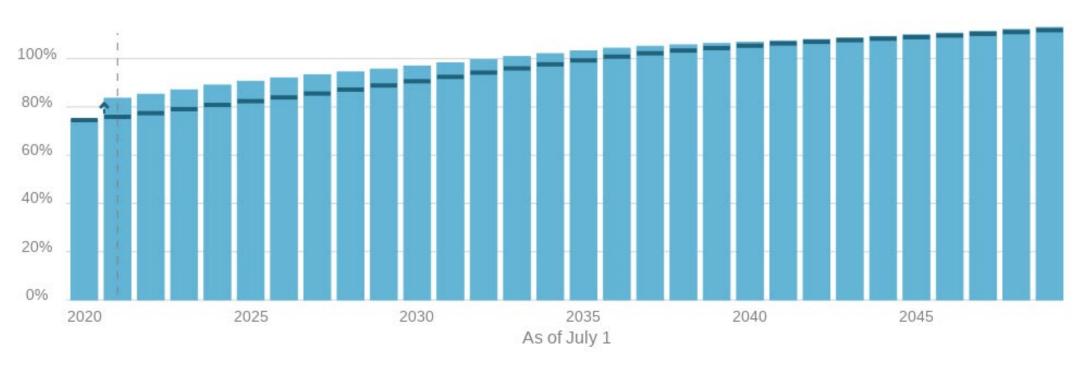


Funded Status



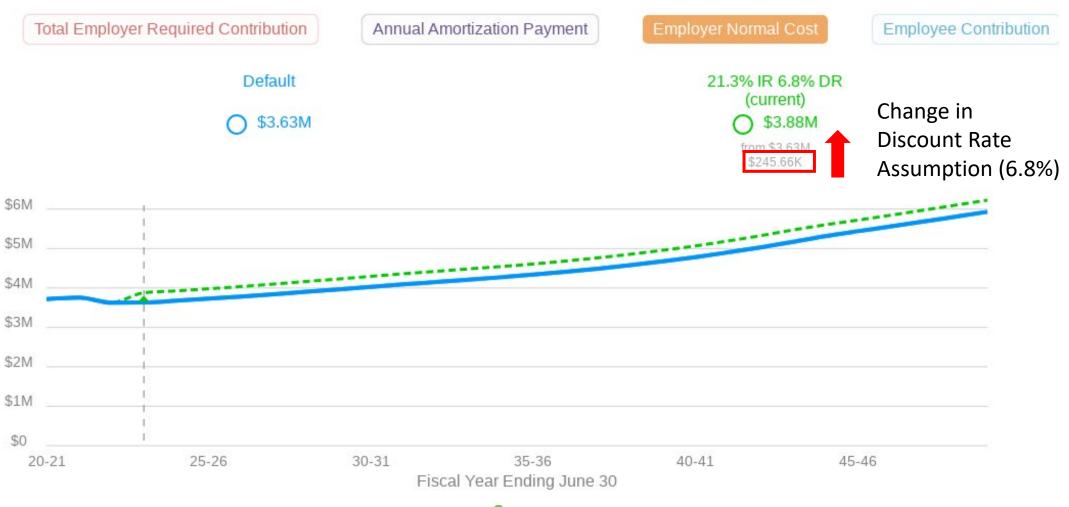


Net Impact

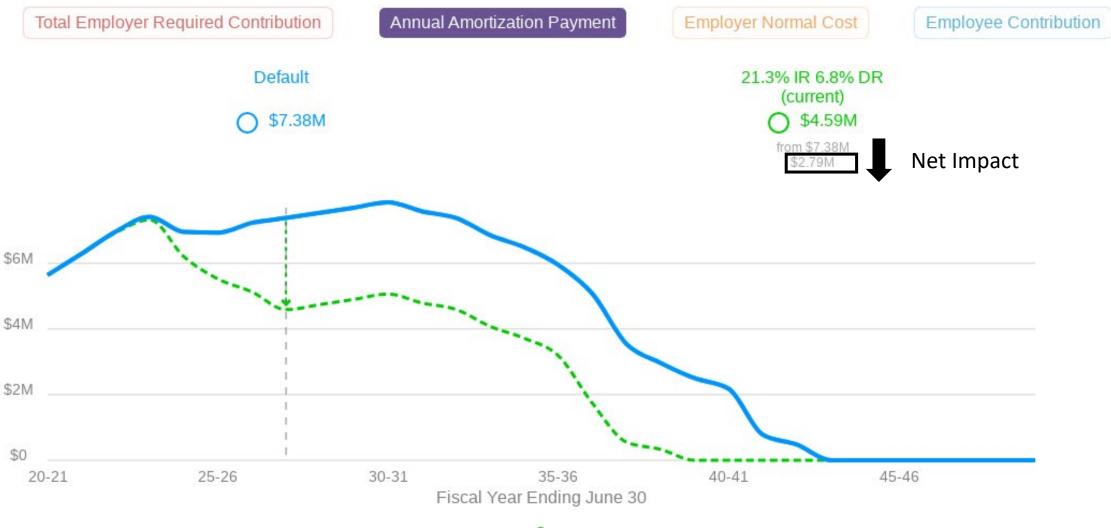




Normal Cost Impact – Nominal Dollars

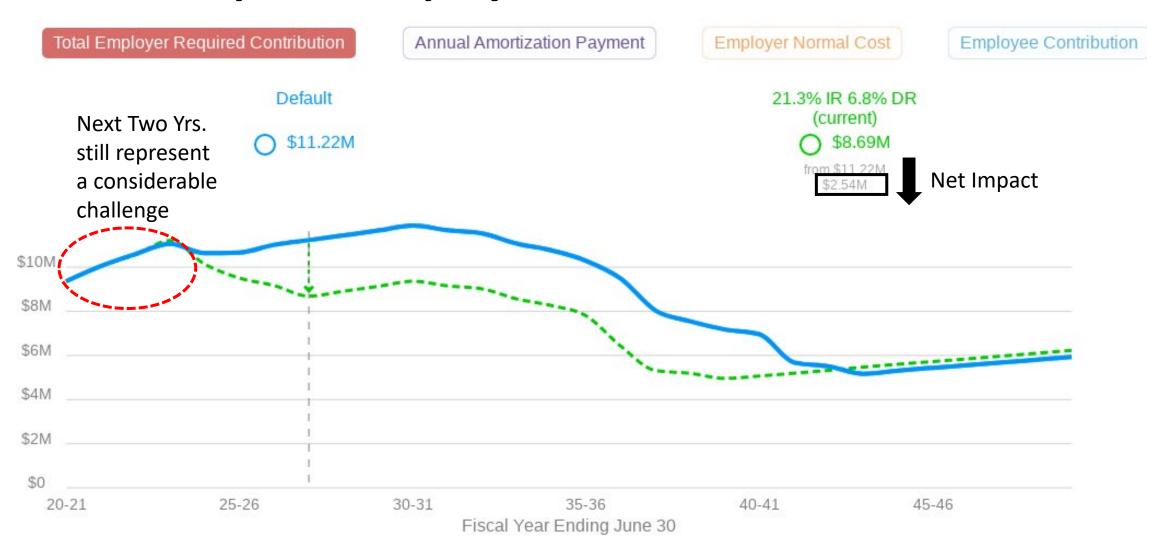


Amortization Payment





Total Required Employer Contributions





Strategies 1





Known Threats

- More Pandemic Waves
- Geopolitical Risks
- Political Gridlock
- Low Fixed Income Yields
- Inflation
- FOMC reaction signally the end of cheap money
- Significant Market Correction or slow reversion to the mean
- Unknown Risks



Preserving Budget Flexibility

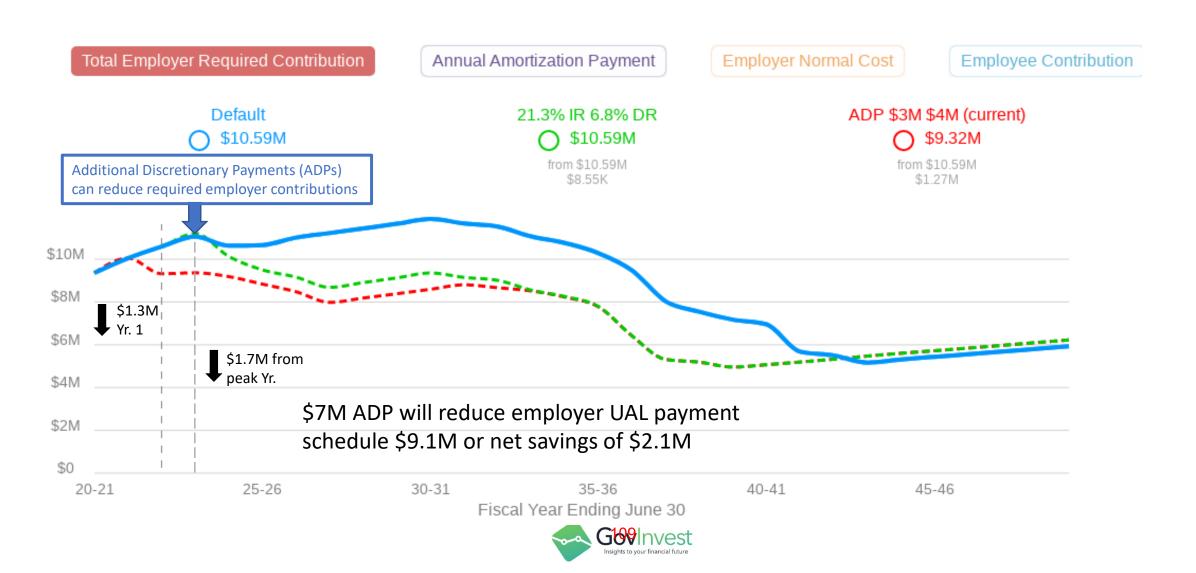
Sample Goals

- Stem rising pension costs for next for next two years.
- Prepare for inflation, revenue volatility and investment returns to moderate.
- Quantify known risks, augment reserves for unknown risks
- Revisit reserve and funding policies regularly

Recommended Actions



Deploy Portion of Idle Reserves to CalPERS to Flatten Scheduled Increase



Building Blocks of Pension Funding

Educate Analyze Adopt Administer **Evaluate** Present Understanding Quantify Consider Authorize staff Monitor Revisit funding impact of 2021 the issues strategies and funding policy policy to execute funding policy to ensure fiscal results and strategies new actuarial stability and assumptions growth



Questions



Reference Material



Why Are Funding Policies Important?

- Reserves Are the Cornerstone of Financial Flexibility
- Pension obligations are expensive and can become a serious financial threat to agencies without regular and appropriate attention;
- Pensions require long-term management therefore it is important to develop pension management strategies memorialize practices;
- Provides guidance in making annual budget decisions;
- Demonstrates prudent financial management practices;
- Reassures bond rating agencies; and
- Shows employees and the public how pensions will be funded



Rating Agency Considerations

S&P GlobalRatings

What We're Watching - U.S. States



Inflationary pressures

Inflation is forecast to remain elevated through 2022. Its impact on the economy could pressure revenue expectations.



Coronavirus variants

Vaccines continue to show protection against known strains, but new variants could affect health outcomes and lead to economic turbulence.



Medicaid utilization

With recent enrollment growth, when will elevated federal Medicaid reimbursement end, and how severe will be the effect be on state budgets.



Long-term budgetary balance

How federal stimulus and infrastructure support are utilized will be important to future structural budget balance



Pensions and OPEB

Very strong returns in fiscal 2021 have bolstered asset values, but for many states the long-term challenges to fund these liabilities remain.



Event risks

Catastrophic events, cybersecurity attacks, and unforeseen economic disruptions will continue to affect credit in 2022.



Federal aid deployment

The trillions in stimulus coming out of D.C. will have logistical hurdles to overcome to deploy. Much of that responsibility is falling on the backs of states.



Elections

With mid-term elections in Congress and over 70% of states with gubernatorial elections in 2022, new programs and policies are likely to be few and far between.





S&P GlobalRatings

Perspective

- Buoyant reserves and expected very strong growth will allow the sector to remain stable in the face of the continuing economic uncertainties.
- Active management and adequate liquidity remain key to creditworthiness.
- Continued prudent and timely budgetary controls will hold as a hallmark of good state governments.
- Managing the challenges of deploying the various rounds of stimulus money falls heavily on states, but mostly to existing administrative structures, so should be manageable





Proposal for Actuarial Services and Technology

TRANSPARENT SOLUTIONS FOR PENSION ANALYSIS, EDUCATION AND POLICY

Attention: Olivenhain Municipal Water District

Prepared By: Jason Huk Date: February 2, 2022



GovInvest Inc.

1230 Rosecrans Ave, St 300 PMB 754 Manhattan Beach, CA 90266

Date: February 2, 2022

Rainy Selamat, Finance Manager Olivenhain Municipal Water District 1966 Olivenhain Road Encinitas, CA 92024

Dear Rainy,

Thank you for reviewing this proposal. We are submitting this letter to summarize the actuarial consulting and technology services for Olivenhain Municipal Water District. Through innovative solutions, the efficient use of technology, and a focus on quality, we are an outstanding choice for actuarial consulting services for the water district Plan

We designed our software and tailor our services for potential clients like you. You are empowered to better understand your liabilities and costs and our solutions help you manage those costs into the future. We are continuously updating our software and services based on the changing public pension environment and the evolving needs and concerns of our clients.

One of our consulting actuaries will be assigned to your project. The firms we use have years of experience, meet all certification requirements, and have extensive experience in the defined benefit actuarial field.

The following sections include: GovInvest's Company Overview, Scope of Services, Implementation, Added Value, and Terms.

We look forward to the opportunity of working with you.

Sincerely,

Ted Price

CEO (310) 371-7106



COMPANY OVERVIEW

Since 2014, GovInvest has brought together leading actuaries, engineers, and designers to build innovative technological solutions to empower government agencies to better navigate the complexities of actuarial analysis. Our solution suite consists of our cloud-based software, actuarial valuations, funding reports, accounting valuations, and actuarial consulting.

When Co-founders Jasmine Nachtigall-Fournier and Ted Price saw the actuarial valuation reports that agencies depended on to make key decisions about funding their future employee benefits, they realized how complicated, outdated, and obsolete the reports could be, and set out to build the Total Liability Calculator, a cloud-based software platform that provides our clients with real-time information, instant actuarial and financial analysis, and insights into how to pay down unfunded liabilities. By facilitating easy communication of complex information to decision-makers and stakeholders, our firm has effectively increased efficiency and education towards transparent solutions.



"It was extremely helpful to have access to an actuary as an additional resource through GovInvest"

- Finance Manager, Lake Arrowhead CSD



"GovInvest was such a great help to the District during our MOU negotiations with the employee groups"

- Director of Administrative Service, Marina Coast Water District



"The software is very user friendly, and staff is very helpful in assisting with questions and helping to better understand the software data"

- Deputy City Manager, Brisbane



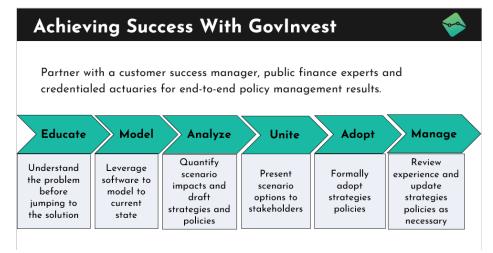
GovInvest's customer success team, engineers, retirement experts, and actuarial consultants are with your agency every step of the way to provide the best advice using instant analysis when you want it and quality certified reports when required. This is a relationship that no other company can offer.

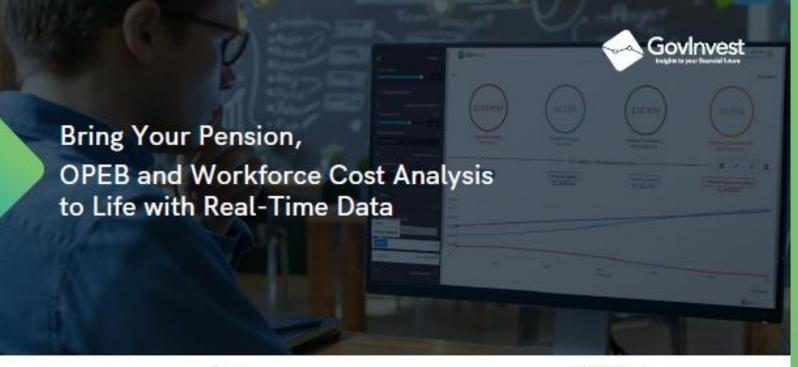
There are several qualities that differentiate our approach from other actuarial firms. These are:

- **Experience:** We have more depth and experience than most other independent firms. We're large enough to respond to client requests in a timely manner.
- Knowledge Leadership: We've built our firm on knowledge leadership and leveraging this information for our clients' benefit.
- Actionable Insight: Our consultants excel at communicating complex topics so that our clients can make informed decisions.

We believe that all agencies, regardless of size, must address similar issues:

- Understanding the extent of current pension and OPEB liabilities;
- Developing strategies to control costs and prudently fund benefits; and
- Clearly communicating costs and strategies to stakeholders.







PENSION & OPEB

- Project, measure and visualize employer retirement liabilities and costs.
- Adjust discount rate, investment return, amortization methods, impact on 115 Trusts, and more.





LABOR NEGOTIATIONS

- Project retirement costs on proposals, analyze bargaining units, and measure changes in workforce.
 - Salary increases, benefit costs, special pays, demographic analysis, and budget accounting.



CONSULTING & REPORTS

- All reports certified by Actuaries with more than than 30 years of experience
 - GASB valuation reports, actuarial funding reports, and budget studies.



SUPPORT & DEVELOPMENT

- Regular Webinars
- Unlimited Individual Training
 - Annual Data Updates
 - Presentation Support

COMPLEX ANALYSIS SIMPLIFIED FOR ANY AGENCY.

Services included with purchase of Software





UNLIMITED LOGINS



CONSULTATIVE PLANNING SESSIONS



CUSTOM TRAINING USING SCREEN SHARES



PRESENTATION REVIEW



PERIODIC UPDATES (GASB & CALPERS)



REPORT READING AND PREPARATION



ON-SITE TRAINING FOR ACTUARIAL CONCEPTS AND ANALYSIS



ACCESS TO USER GROUP MEETINGS



ACCESS TO TEAM OF RETIREMENT **PLAN EXPERTS**



ACCESS TO NEW



REVIEW OF FUNDING **METHODOLOGIES AND TRENDS**



DEDICATED SUPPORT



GOVINVEST TIMELINE

SOFTWARE IMPLEMENTATION



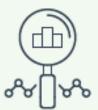
INFORMATION COLLECTION

- GovInvest will work with you during the information collection process
- Most data requests can be fulfilled using your myCalPERS portal



ONBOARDING

Once we receive the requested information, our actuaries create a sophisticated model that projects your agencies liabilities and costs



TESTING

- Stress test results and output
- Confirm module specification with client



DELIVERY

- Agency custom dashboard goes live
- Deliver logins to client
- Schedule one-on-one walk-through of customized



UPDATES, SUPPORT AND WEBINARS

(Included with no additional fee)

- Monthly webinars with industry professionals
- Hands on personal support
- Continuous feature and data updates



GOVINVEST TIMELINE

ANNUAL GASB REPORTING

VALUATION PROCESS



- Request data from client
- Review data
- Discuss any data issues with the client

PROCESSING



- Delivery of substantive data plan
- Claims cost, census finalized
- Code information to perform valuation

PLANNING



- Analyze data and choose appropriate assumptions.
- GovInvest partners with actuarial firms to provide an accurate and timely report



VALUATION REVIEW

- Submit a draft report for review
- Delivery of final draft
- Actuary available to discuss results

OPTIONAL ITEMS



(Additional fee TBD)

- One-on-one meeting at client's office to discuss software or report findings
- In person presentation by an actuary or public pension expert

REINVENTING PENSION ANALYSIS

Complicated pension information simplified into an interactive and visual software platform that allows you to do what-if analysis





- Sensitivity Analysis
- Amortization Analysis
- CalPERS Fresh Start
- Additional Employee & Employer Contributions
- Workforce Reduction Methods
- Section 115 Trust
- Salary/ COLA adjustments



- Data Visualization in Interactive Graphical Format
- Additional Employee/ Employer contributions
- Analyze impact on
 - Normal Cost
 - O UAL
 - Funded Status





TRANSPARENT VISUALS AND ANALYTICS

- Intuitive Graphs
- Complex Data Simplified (ex. Unfunded Actuarial Liability)
- Visualize Comparisons
- Presentation Using our Graphs
- Sharable Scenarios



HANDS ON

- Individual Training
- Monthly Webinars
- **Expert Actuarial Support**
- Presentation Development
- Strategic Planning

Pricing

Quoted for: Active Members **Total Members** Services Term

Olivenhain Municipal Water District

*80-100

160+

Use of the Govinvest Customized Pension Module Up to Five-Years from Agreement Effective Date

PENSION MODULE	
Market Rate Annual Fee:	\$8,500
* One-Time Onboarding Fee	\$3,500
*Annual Rate by Agreed Timeline (proposal 30 days from delivery of pricing/ terms)	\$8,000
*Discount Options	
1. Multi-Year Agreement	
2. Multi-year Upfront Payment	
3. Multi-Module Purchase (Labor Platform and OPEB if applicable beyond pension support)	
4. GASB 68 accounting reports (as needed)	

GovInvest Scope of Work

- Annual Education initiatives: Council Presentations, Finance Committee Support, Trainings.
- Breakout Analysis: Policy Development, Budget, Long-term planning, Negotiations/ workforce analysis
- Quarterly Check-ins and Strategic planning with dedicated Customer Success
- Unlimited logins and ease of implementation and onboarding
- Supplementary support to FA's and MA's
- Analysis for alternative resources and tools: POBs, 115 trusts, collective bargaining and financing activities
- Institutional Knowledge and streamlined Department Communications.
- Project planning with Senior finance consultants, retirement plan experts and actuaries
- Additional tools and resources for workforce costing, position budgeting, negotiations and GASB requirements.
- Technology differentiators as a sole provider of pension technology for policy, budget, costing and fiscal planning.
- Updated analytics beyond CalPERS outdated reporting based off real-time census of the agency.

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310-371-7106

support@govinvest.com www.govinvest,



Memo

Date: February 9, 2022

To: Finance Committee

From: Rainy Selamat, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (4th QTR 2021)

Purpose

The purpose of this agenda is to provide a verbal report on the District's investment activities and cash information to the Finance Committee to comply with the annual investment policy approved by the Board.

Recommendation

It is recommended that the Committee review and receive the attached report as presented.

Background

The attached reports are presented to provide information to the Finance Committee as required by the District's Annual Investment Policy, which was adopted by the Board at the December 2021 board meeting.

The purpose of the District's Investment Policy is to identify policies and procedures that shall govern the investment of all District funds. The ultimate goal of the policy is to enhance the economic position of the District while protecting its funds. These policies have been followed in making all investment decisions on behalf of the District.

The Annual Investment Policy also states that at least once each quarter, the District's Finance Manager shall provide an oral report on the District's investments for review and discussion.

Discussion

Staff will be available for discussion with the Committee during the meeting.

Attachment: Monthly Cash and Investment Summary Report as of December 31, 2021.

Olivenhain Municipal Water District MONTHLY CASH AND INVESTMENT SUMMARY As of December 31, 2021

Active Deposits				 Book Value
Checking Accounts Cash Restricted for Specific Use Petty Cash/Disaster Preparedness				\$ 10,071,089 141,897 1,476
Total Active Deposits				\$ 10,214,463
Deposits Not Covered by Investm	nent Policy			
Cash with Fiscal Agents	-			7,863,661
<u>Investments</u>	Face <u>Value</u>	Market <u>Value</u>	Current <u>Yield</u>	
LAIF	\$ 27,183,467	27,183,647	0.20%	\$ 27,183,467
CAMP - US Bank	13,535,060	13,535,060	0.05%	13,535,060
Money Market Funds	171,879	171,879	0.02%	171,879
Municipal Bonds	1,000,000	1,138,920	4.39%	1,216,760
U.S. Treasury Securities	2,000,000	1,987,380	1.01%	2,021,162
U.S. Agency Securities	31,876,111	31,420,160	0.55%	31,872,931
Total Investments	\$ 75,766,517	\$ 75,437,046	0.41%	\$ 76,001,259
Total - All Deposits/Investments				\$ 94,079,383
Maturity Analysis of Investments			_	
			Percent 2007	<u>Balance</u>
Demand Deposits			53.8%	\$ 40,890,406
Maturity within the next two months			0.0%	-
Maturity within three months and or	ie year		1.4% 44.8%	1,036,684
Maturity beyond one year		_		 34,074,169
Total Investments			100.0%	\$ 76,001,259
Weighted Average Days	to Maturity		596	

Other Required Disclosures:

Accrued interest receivable as of 12/31/2021

\$ 80,967

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2021.

The District has sufficient funds on hand to meet the next 30 days' obligations.

Olivenhain Municipal Water District PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY December 31, 2021

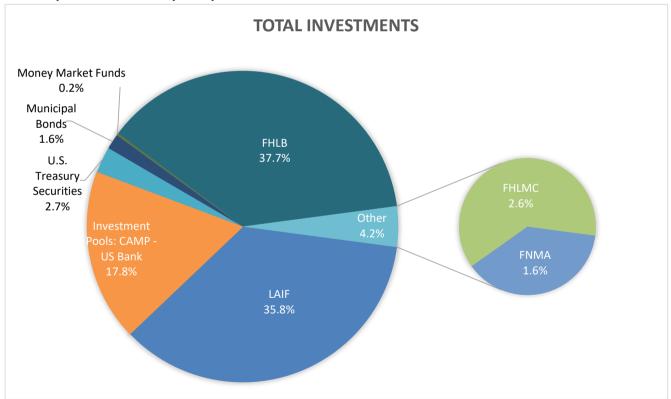
	Book <u>Value</u>	<u>Percent</u>	Permitted <u>Percent</u>		In <u>Compliance?</u>
LAIF	\$ 27,183,467	35.8%	50.0%	(1)	Yes
Investment Pools: CAMP - US Bank	13,535,060	17.8%	30.0%		Yes
U.S. Treasury Securities	2,021,162	2.7%	100.0%	(2)	Yes
Municipal Bonds	1,216,760	1.6%	30.0%		Yes
Money Market Funds	171,879	0.2%	20.0%	(3)	Yes
U.S. Agency Securities	31,872,931	41.9%	50.0%		Yes
FHLB Federal Home Loan Bank	28,623,111	37.7%	_		
FNMA Fannie Mae	1,250,000	1.6%			
FHLMC Freddie Mac	1,999,820	2.6%			

Total Investments \$ 76,001,259 100%

Note:

⁽¹⁾ No more than 50% of the total value of all District Investments or \$40 million.

⁽³⁾ May not exceed 5% in any money market fund.



 $^{^{\}star}$ Total may not add up to 100% due to rounding.

⁽²⁾ No limit.

Olivenhain Municipal Water District MONTHLY INVESTMENTS DETAIL December 31, 2021

Checking A/O	C California Bank and Trust fo	or Genera	al Purno	se										Book Value 10,071,0
	California Bank and Trust for													141,8
Petty Cash/Di	isaster Preparedness	•												1,4
	Total - Active Deposits												_	10,214,40
POSITS NO	OT COVERED BY INVEST	MENT	POLICY	,									_	
	iscal Agents:		OLIOI											
Ousii Witii i	Union Bank - RAD 96-1 Re	funding E	Pond											608,6
	Union Bank - 2015A Refun													876,3
	SRF Loan													856,3
	Union Bank - 2016A Refun													266,0
	Union Bank - 2021A WW R													5,105,7
	Union Bank - 2021B Refun	ding Bon	d											150,5
	Total Deposits Not Cov	ered by	Investr	nent Policy	,								=	7,863,6
		DATI	NC		D	ATE		Weighted						
		RATI	NG		υ,	ATE		Average Days to		Stated	Current			
	<u>.</u>	Moody's	S&P	Purchase	Maturity	Next Call	Next S-U	Maturity	Call	Coupon	Yield	Market Value	Face Value	Book Value
ESTMENT:	S													
vest. Pools	US Bank Calif. Asset Mgmt	Prgm (C	(AMP		Demand			1			0.05%	\$ 13,535,060	\$ 13,535,060	\$ 13,535,0
	gency Investment Fund (LAII	F)			Demand			1			0.20%	27,183,647	27,183,467	27,183,4
irst America	n Government 31846V567				Demand			1			0.02%	171,879	171,879	171,8
J.S. Treasu	ry Notes/Bills													
	U.S.Treasury Notes	Aaa	-	03/09/21	02/28/26			1,521		1.50%	1.48%	1,015,780	1,000,000	1,036,
1282CBQ3	U.S.Treasury Notes	Aaa	-	03/09/21	09/30/24			1,005		0.50%	0.51%	971,600	1,000,000	984,
								81		1.00%	1.01%	\$ 1,987,380	\$ 2,000,000	\$ 2,021,
I & Agones	/ Securities													
	FHLMC Callable	Aaa	AA+	01/27/21	01/27/23	01/27/22		393	28	0.13%	0.13%	998,320	1.000.000	999,
130AJZJ1	FHLB Callable	Aaa	AA+	09/02/20	08/25/23	Anytime		603	1	0.32%	0.32%	1,148,418	1,151,111	1,151,
136G4P56	FNMA Callable	Aaa	AA+	08/26/20	02/26/24	08/26/22		788	239	0.40%	0.40%	1,243,050	1,250,000	1,250,0
	FHLB Callable	Aaa	AA+	03/10/21	06/10/24	03/10/22		893	70	0.30%	0.30%	989,960	1,000,000	999,
	FHLB Callable	Aaa	AA+	11/04/20 07/28/20	11/04/24 07/28/25	Anytime		1,040	210	0.43%	0.44%	1,969,380	2,000,000	2,000,
	FHLMC Callable FHLB Step-up Callable	Aaa Aaa	AA+	12/15/20	12/15/25	07/28/22 03/15/22	06/15/22	1,306 1,446	75	0.65% 0.30%	0.66%	987,780 1,972,280	1,000,000 2,000,000	1,000,0 2,000,0
	FHLB Callable	Aaa	AA+	01/26/21	01/26/26	01/26/22	00/10/22	1,488	27	0.50%	0.52%	968,300	1,000,000	999,
3130AKU53	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/22		1,490	29	0.52%	0.53%	977,790	1,000,000	1,000,
3130AKN69	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/22		1,490	29	0.50%	0.51%	977,490	1,000,000	1,000,0
	FHLB Callable	Aaa	AA+	01/29/21	01/29/26	01/29/22		1,491	30	0.52%	0.53%	977,740	1,000,000	1,000,
	FHLB Callable	Aaa	AA+	02/12/21	02/12/26	02/12/22		1,505	44	0.51%	0.52%	976,920	1,000,000	1,000,0
3130AKX43 3130AL7M0	FHLB Step-up Callable FHLB Callable	Aaa	AA+	02/24/21	02/24/26 02/24/26	02/24/22 02/24/22	None	1,517 1,517	56 56	0.70% 0.63%	0.71% 0.64%	1,965,620 980,390	2,000,000 1,000,000	2,000,0 1,000,0
	FHLB Callable	Aaa Aaa	AA+	02/24/21	02/24/26	02/25/22		1,517	57	0.55%	0.57%	966,340	1,000,000	1,000,0
130AL6K5	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,518	57	0.58%	0.59%	979,360	1,000,000	1,000,
	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,518	57	0.70%	0.71%	982,750	1,000,000	1,000,0
	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,518	57	0.63%	0.64%	980,940	1,000,000	998,
	FHLB Callable	Aaa	AA+	02/26/21	02/26/24	Anytime		788	1	0.22%	0.22%	986,350	1,000,000	1,000,
130ALGJ7	FHLB Callable	Aaa	AA+	03/23/21	03/23/26	01/23/22	00/00/00	1,544	24	1.00%	1.01%	964,373	975,000	975,
		Aaa	AA+	03/30/21	03/30/26	12/31/21	03/30/22	1,551	1 1 5	0.50%	0.50%	992,820	1,000,000	1,000,
	FHLB Step-up Callable FHLB Callable	Aaa Aaa	AA+	04/14/21 06/03/21	04/14/26 06/03/24	01/14/22 03/03/22	04/14/22	1,566 886	15 63	0.60% 0.40%	0.60%	992,000 496,090	1,000,000 500,000	1,000, 500,
	FHLB Callable	Aaa	AA+	05/27/21	02/27/25	02/27/22		1,155	59	0.40%	0.40%	986,680	1,000,000	1,000,
	FHLB Step-up Callable	Aaa	AA+	08/18/21	02/18/25	02/18/22	02/18/23	1,146	50	0.35%	0.35%	992,340	1,000,000	1,000,
130ANSP6	FHLB Callable	Aaa	AA+	09/17/21	10/17/24	03/17/22		1,022	77	0.50%	0.51%	987,400	1,000,000	1,000,0
	FHLB Callable	Aaa	AA+	09/16/21	09/16/24	03/16/22		991	76	0.50%	0.50%	990,560	1,000,000	1,000,0
	FHLB Callable	Aaa	AA+	10/21/21	10/21/26	01/21/22		1,756	22 29	1.10%	1.11%	991,650	1,000,000	1,000,0
IJUAPL/8	FHLB Callable	Aaa	AA+	10/28/21	10/28/26	01/28/22		1,763		1.38%	1.38%	997,070	1,000,000	1,000,0
Municipal B	onds							1,287	1,700	0.55%	0.55%	\$ 31,420,160	\$ 31,876,111	\$ 31,872,9
	TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25			1,371		5.00%	4.39%	1,138,920	1,000,000	1,216,7
								1,371		5.00%	4.39%	\$ 1,138,920	\$ 1,000,000	\$ 1,216,
											_			
	Total Investments							596		0.40%	0.41%	\$ 75,437,046	\$ 75,766,517	\$ 76,001,2

Olivenhain Municipal Water District INVESTMENTS TRANSACTION December 31, 2021

PU					$\overline{}$
	1 - 4	- W A	r-v	_	m 1

	DATE				Stated	Current		
Purchase	Maturity	Call	Step-Up	Investment Description	Coupon	Yield	Face Value	Book Value

MATURED / REDEEMED / CALLED

	DATE				Stated	Current		
Redemption	Maturity	Call	Step-Up	Investment Description	Coupon	Yield	Face Value	Book Value

Olivenhain Municipal Water District UNAUDITED CASH POSITION BY FUNDING SOURCES As of December 31, 2021

Vater Funds (Potable & Recycled)	<u>Balance</u>
10050-100 Cash - Petty Cash Fund	1,476
10030-100 Cash - Capital and Equipment Fund	37,596,107
10010-100 Cash - Operating Fund	16,270,833
10060-100 Cash - Deposit Work for Other	57,052
10040-100 Cash - Rate Stabilization	12,128,481
14000-500 Restricted Cash - Capacity Fee Fund	5,154,653
Total Water Funds (Potable & Recycled)	71,208,601
Vastewater Funds	
10010-110 Wastewater - Operating Fund	2,881,343
10030-110 Wastewater - Capital Replacement Fund	9,379,201
10040-110 Wastewater - Rate Stabilization Fund	2,604,679
Total Wastewater Funds	14,865,223
Ion Fiscal Agent Debt Service Cash	
14020-570 Cash non-agent - RAD 96-1	130,696
10070-561 Cash non-agent - Bond 2015A	621
10070-581 Cash non-agent - Bond 2016A	10,580
Total Non Fiscal Agent Debt Service Cash	141,897
ebt Service Funds	
14030-510 SRF Loan - Fiscal Agent	856,331
14105-570 Redemption fund - RAD 96-1	542,421
14110-570 Reserve fund - RAD 96-1	66,235
14100-561 Redemption fund - Bond 2015A	876,325
14100-581 Redemption fund - Bond 2016A	266,018
14100-521 Redemption fund - CB&T 2021A	5,105,777
14100-522 Redemption fund - CB&T 2021B	
<u> </u>	150,552
Total Debt Service Funds	7,863,661



Memo

Date: February 9, 2022

To: Olivenhain Municipal Water District Finance Cmmittee

From: Jason P. Hubbard, Engineering Manager

Via: Kimberly A. Thorner, General Manager

Subject: DISCUSS THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION

REPLACEMENT PROJECT, REVIEW POTENTIAL INCREASES IN THE OVERALL

PROJECT BUDGET, AND THE SEWER CAPITAL AND EQUIPMENT FUND

BALANCES

Purpose

The purpose of this agenda item is to discuss the 4S Ranch Neighborhood 1 Sewer Pump Station (NBHD1 SPS) Replacement Project, review potential increases in the overall project budget, and the Sewer Capital and Equipment Fund balances.

Recommendation

The General Manager wants to review this item with the Finance Committee as the required allocation to complete this project requires a rework of the 10-year Wastewater Capital Improvement Plan (CIP). While achievable within the current planned rate increases for wastewater, the required allocation is significant. Staff does not believe that delaying this project will result in any savings.

Alternative(s)

There is no alternative. This is an informational item only.

Background

The NBHD1 SPS is located at the south end of 4S Ranch Parkway near the 4S Ranch Sports Park/Boys & Girls Club of Greater San Diego and Stone Ranch Elementary School in Director Division 4 (Bruce-Lane). The facility was constructed in 2000 by 4S Kelwood and dedicated to OMWD in 2002 as a part of the 4S Ranch Water Reclamation Facility (4S WRF) expansion. The NBHD1 SPS collects tributary flows from customers in the south end of the 4S Ranch development, including Black Mountain Ranch East Clusters, Heritage Bluffs, and soon-to-be Avion developments. NBHD1 SPS pumps the effluent up 4S Ranch Parkway and over to the 4S WRF on Dove Canyon Road through sewer force mains. The pump station consists of two (2) pumps: one (1) submersible pump in a wet well and one (1) centrifuge pump located in an above-ground, previously unconditioned structure along with the electrical equipment.

In 2015, the Capital Improvement Plan for 4S Ranch and Rancho Cielo Wastewater Systems report published by Dudek identified the upgrade of the NBHD1 SPS as number 4 on the list of high priority projects with a projected schedule for implementation in 2019.

However, due to the highly corrosive environment of NBHD1 SPS, in 2017 OMWD was required to install a space conditioning system to temporarily counteract the electrical failures occurring. While this helped with the immediate issue, further analysis identified the need to develop a long term solution due to the importance of the NBHD1 SPS as outlined in the 2015 Dudek report.

A Request for Proposals (RFP) for the design of NBHD1 SPS was issued and on November 8, 2017, the Board of Directors approved entering into a Professional Services Agreement (PSA) with Infrastructure Engineering Corporation (IEC) in the amount of \$328,000.

The NBHD1 SPS Replacement Project was designed to construct a below grade dry well to house newer generation pumps, replace all electrical and instrumentation equipment, replace the emergency generator, relocate utility lines, and remove unneeded equipment. The NBHD1 SPS Replacement Project was designed to increase reliability and safety, while simplifying long-term operations and maintenance. The plans, specifications, and engineer's estimate were prepared with the help of IEC and the NBHD1 SPS Replacement Project was placed out for bid in March 2019. At the time the project was out for bid, the engineer's estimate was \$3.4M. OMWD then canceled the request for bids in April 2019, as the FY 2020 budget discussions determined the need to postpone the bid until the FY 2022. Postponing this bid allowed for the bidding and construction of the El Camino Real Pipeline Replacement and Green Bike Lane Project, where bidding

occurred earlier than originally scheduled in coordination with planned work by the City of Encinitas. As the NBHD1 SPS Replacement Project was delayed before bids were received, the engineer's estimate of \$3.4M was never validated in 2019.

In preparation for placing the project out to bid again in fall 2021, staff reviewed the original replacement plans and requested IEC revise select aspects and revisit certain elements of the design. An amendment to IEC's PSA was approved by the Board at its February 10, 2021 meeting. The amendment included updating the design for the current building codes, re-reviewing hydraulic conditions to validate the pump design parameters due to new developments built or planned, updating the odor control equipment due to new visible corrosion, addressing soil creep issues from the adjacent slope, adding a restroom to the facility, assisting OMWD with coordination with the HOA for construction staging, and adding constructability improvements, such as increasing the separation between the new dry well and the existing wet well.

On November 17, 2021 the Board approved entering into a PSA with Valley CM in the amount of \$328,305 to provide construction management and inspection services for the NBHD1 SPS Replacement Project.

Fiscal Impact

While there are currently funds allocated to the project to cover all anticipated costs for the recommended project through FY 2022, total costs to complete the project will require an additional \$2,900,000 to be budgeted. If approved by the Board, these additional costs will be included in the FY 2023 annual budget, scheduled for consideration in June 2022. Funds for an increase in construction costs will come from the Sewer Capital Reserve Fund.

Additionally, staff reviewed and revised the approved 10-year Wastewater CIP schedule for the next 2-year budget cycle, FY 2023 and 2024. Revisions include adjustments to the timing of critical projects, either pushing them farther out or accelerating them based on an operational assessment. Additionally, eight (8) new projects were included in the revisions, some identified in the Dudek 2015 report and others identified by upcoming regulatory action or operational needs. Factoring in the unexpected increase for the NBHD1 SPS Replacement project budget along with the revisions mentioned, staff has verified the 10-year Wastewater CIP can be revised to maintain the necessary balance with OMWD's Sewer Capital and Equipment Fund balances through FY 2028. The revised 10-year Wastewater CIP and fund balances are attached as Exhibits D & E. The current sewer rates schedule through FY 2026 as defined in the Proposition 218 notice are sufficient and no additional increase is necessary. However, staff has identified the

potential for rate increases to cover deficiencies beginning in FY 2029 due to new CIPs being added to the Wastewater CIP schedule, such as a new EV charging station for required changes to the District's fleet. Staff will plan for another thorough review of the Wastewater CIP schedule in 2024, ahead of the Cost of Service Study in 2025, to determine what impact the revised Wastewater CIP schedule will have on sewer rates. As regulatory requirements and the operational needs of a dynamic wastewater system are fluid, the proposed schedule will allow OMWD to continue necessary infrastructure improvements and maintain stable Sewer Capital and Equipment Fund balances.

Is this a Multi Fiscal Year Project? Yes

In which FY did this capital project first appear in the CIP budget? **2014**

Total Project Budget: \$4,832,000

Current Fiscal Year Appropriation: \$2,534,000

To Date Approved Appropriations: \$2,534,000

Target Project Completion Date: January 2023

Expenditures and Encumbrances as of 1/25/2022: \$909,765

Is this change order within the appropriation of this fiscal year? **N/A**

If this change order is outside of the appropriation, Source of Fund: N/A

Discussion

The project was released for bid in November 2021. Three (3) addenda were issued during the bidding process to clarify various aspects of the contract documents. A total of five (5) bids were received on January 13, 2022 from:

Contractor	Total
Orion Construction Corporation	\$ 6,123,000 ¹
GSE Construction	\$ 6,196,000

Ahrens Mechanical	\$ 6,427,400
Caliagua Engineering Contractors	\$ 6,476,900 ¹
Pacific Hydrotech Corporation	\$ 6,637,600

¹Discrepancies found in Bid Schedule tabulations submitted by Contractors; General Provisions Section 2.3 states listed unit price prevails. Orion Construction Corporation submitted total amount as \$6,193,000 which could not be established by the bid tabulation. Caliagua Engineering Contractors submitted total amount as \$6,476,900 (same amount), but with discrepancy in Bid Item tabulation.

Pursuant to the contract documents, the basis of award is based on the total amount of the Bid Schedule items, listed at a lump sum price. The Total Amount of Bid Schedule price includes all labor, materials, removal, overhead, profit, insurance, and incidentals required to complete the work.

The lowest responsive and responsible bid was received from Orion in the amount of \$6,193,000. Two (2) irregularities were found during the bidding process. First, Orion's submitted amount of \$6,193,000 could not be established by the bid tabulation. Pursuant to Section 2.3 of the General Provisions, the listed unit price prevails. Therefore, Orion's listed unit prices added up to \$6,123,000 and still remained the lowest responsive and responsible bid. Second, Caliagua Engineering Contractors had a discrepancy in the Bid Item tabulation, but still added up to \$6,476,900. No protests have been received.

All five (5) bids came in over the engineer's estimate of \$3.9 million. The design firm, IEC calculated the updated engineer's estimate, which included a 10% contingency factor. Analysis of the bids versus the engineer's estimate revealed the largest price difference in bid item #12 – Pump Station Building/Dry Pit. Though shoring was a separate bid item (bid item #3), IEC and staff believe contractors factored in added risk with the deep (up to 30-feet) excavation and its proximity to the existing re-purposed wet well. Additionally, the uncertainty in availability and price increases for construction materials such as reinforced steel, concrete, lumber, and masonry block are suspected in influencing the price of this and other bid items. The second largest price difference is bid item #18 -Electrical & Telemetry. The estimate for this item was generated by IEC's subconsultant Moraes, Pham & Associates (MPA) and likely suffered from similar influences. Further analysis of the bids revealed somewhat comparable pricing for pumps, mechanical work, and the emergency generator (bid items #9, 10, and 20), but surprisingly a big difference in bid item #13 - Pump Station HVAC System, which involves relocating the existing air conditioning unit to the new building upper floor and installing new fiberglass reinforced plastic ducting and fans in the new lower floor dry pit. Both IEC and MPA have a long

history in San Diego County and have historically been very accurate in their estimates. In discussions with IEC, they provided no good explanations for why most of the bid items came in higher than the engineer's estimate by a factor of 2 other than the estimate was compiled when inflation was thought to be approximately 2-3% as opposed to the current 6-7% the market is experiencing.

In discussions with Orion, they sited risk and material increases at the largest contributors in the high price. The fact all five (5) bids are clustered in such a close \$6.1-6.4M range, within 8% of each other, without a very low or very high outlier, is unusual, and suggests all the contractors bidding the project made similar risk and pricing assumptions.

After receiving the bids, engineering staff met with the wastewater operation staff to discuss options for possible scope reductions in the project. However, no significant reductions in scope were discovered due to the interconnected nature of the design.

For OMWD to award the project to Orion, an increase in the overall budget would be required in the amount of \$2,900,000. As mentioned, there are currently funds allocated to the project to cover all anticipated costs for the recommended project for the remainder of the current FY 2022. Total costs to complete the project will require an increase in conjunction with the award of the construction contract to Orion.

Orion is local to San Diego County, based in Vista and has completed multiple recent public works projects for the City of San Diego, Helix Water District, and the Department of the Navy. On January 19, 2021, the Board also awarded Orion the contract for the Lone Jack Pressure Reducing Station Replacement Project.

Staff is available to answer any questions.

Attachments:

Exhibit A - Bid Results Tabulation;

Exhibit B - Bid Results Tabulation (Itemized);

Exhibit C - Wastewater Rate Model: Capital & Equipment Cash Flow Forecast

Exhibit D - 10-Year Wastewater CIP – Revised

Exhibit E - 10-Year Wastewater CIP - Comparison

Exhibit F - Project Location Map



Bid Results Tabulation January 13, 2022 at 2:00 p.m.

4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project (D700004)

Contractor	Total Amount of Bid Schedule (Base Bid)	Acknowledged Addendum 1 (Y/N)	Acknowledged Addendum 2 (Y/N)	Acknowledged Addendum 3 (Y/N)	Bid Bond (Y/N)
Orion Construction Corporation	\$6,123,000.00*	Y	Υ	Υ	Y
GSE Construction	\$6,196,000.00	Υ	Y	Υ	Υ
Ahrens Mechanical	\$6,427,400.00	Y	Y	Υ	Υ
Caliagua Engineering Contractors	\$6,476,900.00*	Υ	Y	Y	Υ
Pacific Hydrotech Corp.	\$6,637,600.00	Y	Y	Y	Y

^{*} Discrepancies found in Bid Schedule tabulations submitted by Contractors; General Provisions Section 2.3 states listed unit price prevails. Caliagua Engineering Contractors submitted total amount as \$6,476,900.00 with a discrepancy in Bid Item tabulation. Orion Construction Corporation submitted total amount as \$6,193,000.00.

Bid Results January 13, 2022 at 2:00 pm

1		Quantity	Construction Corporation	GSE Construction	Ahrens Mechanical	Caliagua Engineering Contractors	Pacific Hydrotech Corp.	ENGINEER'S ESTIMATE
	Mobilization ¹ , Demobilization, Bonds, Permits, Insurance, & Cleanup and Demobilization ¹	1 LS	\$ 456,000.00	\$ 400,000.00	\$ 157,000.00	\$ 454,300.00	\$ 412,400.00	\$ 137,000.00
2	Temporary Erosion Control/Storm Water Pollution Protection Program (SWPPP)	1 LS	\$ 75,000.00	\$ 5,000.00	\$ 33,400.00	\$ 37,300.00	\$ 41,500.00	\$ 20,000.00
3	Sheeting, Shoring & Bracing	1 LS	\$ 400,000.00	\$ 370,000.00	\$ 653,000.00	\$ 420,000.00	\$ 382,400.00	\$ 200,000.00
4	Demolition	1 LS	\$ 200,000.00	\$ 250,000.00	\$ 161,000.00	\$ 146,100.00	\$ 167,200.00	\$ 75,000.00
5	Earthwork	1 LS	\$ 250,000.00	\$ 280,000.00	\$ 81,000.00	\$ 250,000.00	\$ 299,900.00	\$ 93,600.0
6	Over-Excavation & Imported Bedding	100 CY	\$ 12,000.00	\$ 16,000.00	\$ 24,000.00	\$ 237,000.00	\$ 12,100.00	\$ 6,600.0
7	Civil Site Work	1 LS	\$ 165,000.00	\$ 230,000.00	\$ 232,000.00	\$ 235,000.00	\$ 178,300.00	\$ 85,000.00
8	Site Piping	1 LS	\$ 360,000.00	\$ 290,000.00	\$ 205,000.00	\$ 200,400.00	\$ 409,400.00	\$ 145,600.0
9	Dry-Pit Submersible Pumps	5 EA	\$ 250,000.00	\$ 200,000.00	\$ 247,000.00	Contractor wrote: \$46,200 \$46,200 x 5 = \$231,000 (Minor discrepancy; Contractor did not multiply by quantity. However, total matches with correct math and \$231,000 amount)	\$ 239,000.00	\$ 475,000.00
10	Pump Station Mechanical	1 LS	\$ 770,000.00	\$ 380,000.00	\$ 486,000.00	\$ 585,300.00	\$ 647,200.00	\$ 223,700.00
11	Modifications to the Operating Wet Well	1 LS	\$ 170,000.00	\$ 220,000.00	\$ 196,000.00	\$ 180,000.00	\$ 138,500.00	\$ 100,000.0
12	Pump Station Building/ Dry Pit	1 LS	\$ 990,000.00	\$ 1,490,000.00	\$ 1,490,000.00	\$ 1,295,600.00	\$ 1,388,300.00	\$ 622,500.0
13	Pump Station HVAC System	1 LS	\$ 300,000.00	\$ 470,000.00	\$ 485,000.00	\$ 213,500.00	\$ 198,200.00	\$ 70,000.0
14	Restroom in Existing Building	1 LS	\$ 50,000.00	\$ 70,000.00	\$ 117,000.00	\$ 57,700.00	\$ 36,000.00	\$ 25,000.0
15	Surge Tank Rehabilitation	1 LS	\$ 65,000.00	\$ 40,000.00	\$ 30,000.00	\$ 17,500.00	\$ 71,900.00	\$ 30,000.0
16	Surge Control Equipment	1 LS	\$ 5,000.00	\$ 75,000.00	\$ 138,000.00	\$ 138,000.00	\$ 79,200.00	\$ 25,000.0
17	Emergency Power Generation Equipment	1 LS	\$ 210,000.00	\$ 170,000.00	\$ 189,000.00	\$ 184,500.00	\$ 155,800.00	\$ 225,000.0
18	Electrical & Telemetry	1 LS	\$ 1,000,000.00	\$ 1,100,000.00	\$ 988,000.00	\$ 1,124,200.00	\$ 1,107,100.00	\$ 480,000.0
19	Systems Start-Up & Testing	1 LS	\$ 10,000.00	\$ 10,000.00	\$ 71,000.00	\$ 27,000.00	\$ 34,400.00	\$ 35,000.0
20	System Programming & Integration	1 LS	\$ 35,000.00	\$ 30,000.00	\$ 35,000.00	\$ 35,000.00	\$ 36,400.00	N/A ²
21	Sewer Bypass Operations	1 LS	\$ 350,000.00	\$ 100,000.00	\$ 409,000.00	\$ 407,500.00	\$ 602,400.00	\$ 500,000.0
								10% CONTINGENC
	Total Amount of Bid Schedule		\$ 6,123,000.00	\$ 6,196,000.00	\$ 6,427,400.00	\$ 6,476,900.00	\$ 6,637,600.00	\$ 3,931,400.0
		Bid states:	\$ 6,193,000.00	\$ 6,196,000.00	\$ 6,427,400.00		\$ 6,637,600.00	
		Difference Under/Over	\$ 70,000.00 Under	Matches bid N/A	Matches bid N/A	Matches bid N/A	Matches bid N/A	+

 $^{^{1}\}mbox{Mobilization}$ is limited to 8% of the total bid price for Bid Schedule.

math incorrect

correct tabulation

²Bid item #20 was broken out from bid item #18 under Addedum No.1 and therefore the Engineer's Estimate for this item was accounted for under bid item #18.

Exhibit C

Wastewater Rate Model Capital & Equipment Cash Flow Forecast

				FY 2022				FY 2024				FY 2026		FY 2027		FY 2028		FY 2029						Y 2032
CAPITAL & EQUIPMENT FUND																								
Beginning Balance			\$	9,601,189	\$ 14	4,206,139	\$	8,499,235	\$	8,978,434	\$	7,130,579	\$	7,441,827	\$	7,753,100	\$	8,130,527	\$ 5	5,387,576	\$	2,027,171	\$.	2,387,148
Add Debt Proceeds			\$	5,000,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Add Capacity Fee Revenue			\$	915,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Add Transfer from/(to) Operation Fund			\$	-	\$ 2	2,044,886	\$	1,148,089	\$	1,794,615	\$	1,569,198	\$	1,801,073	\$	1,905,177	\$	2,132,299	\$:	2,253,596	\$	1,994,976	\$:	1,938,879
Less CIP			\$	(1,253,050)	\$ (7	7,676,790)	\$	(593,890)	\$	(3,567,470)	\$	(1,182,950)	\$	(1,414,800)	\$	(1,452,750)	\$	(4,800,250)	\$ (!	5,539,000)	\$ (1,560,000)	\$ (3,723,750)
Less Capital Item Purchses			\$	(57,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)	\$	(75,000)
Less Transfer from/(to) Rate Stab. Fund			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Ending Balance			\$ 1	14,206,139	\$ 8	8,499,235	\$	8,978,434	\$	7,130,579	\$	7,441,827	\$	7,753,100	\$	8,130,527	\$	5,387,576	\$ 7	2,027,171	\$	2,387,148	\$	527,277
Minimum Target Balance	200%	of average of 10-year CIP	\$	6,302,330	\$ 6	6,302,330	\$	6,302,330	\$	6,302,330	\$	6,302,330	\$	6,302,330	\$	6,302,330	\$	6,302,330	\$ 6	5,302,330	\$	6,302,330	\$ 1	6,302,330
Maximum Target Balance	500%	of average of 10-vear CIP	\$:	15.755.825	\$ 15	5.755.825	\$ 1	15.755.825	\$:	15.755.825	\$:	15.755.825	Ś	15.755.825	\$ 1	15.755.825	\$:	15.755.825	\$ 1!	5.755.825	\$ 1	5.755.825	\$ 1	5.755.825

Exhibit D

10 Year CIP Schedule - Revised

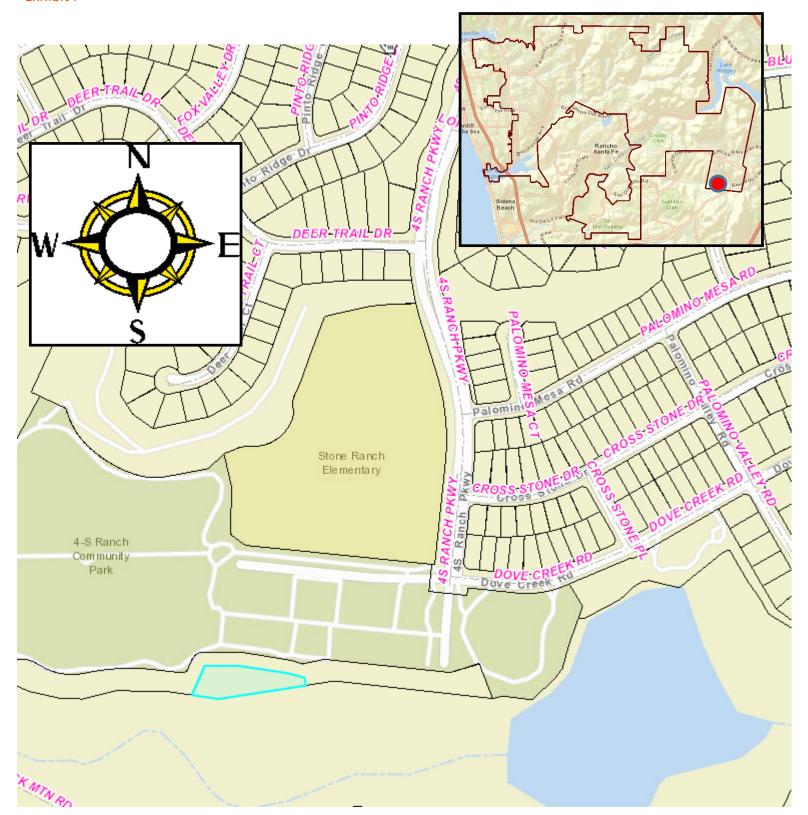
Project Descriptions	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Rehab Neighborhood 1 Pump Station	\$ 6,591,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Headworks Screening System Improvements	\$ 115,840	\$ 38,390	\$ 2,753,470	\$ -						
Replace Overflow Pond Strainer	\$ 25,000	\$ 206,000	\$ -							
District-Wide PLC Replacements (WW)	\$ 37,500	\$ 90,500	\$ 386,000	\$ 386,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cielo SPS Flow Meters	\$ 193,000	\$ -		\$ -	\$ 120,000	\$ -	\$ -	\$ 130,000	\$ -	\$ -
Wastewater Master Plan	\$ 2,000	\$ 16,000	\$ -							
4S Ranch Pipe Replacement	\$ 136,000	\$ -	\$ -	\$ 153,000	\$ -	\$ -	\$ 172,000	\$ -	\$ -	\$ 199,000
4S Ranch System Manhole Lining	\$ 17,000	\$ 18,000	\$ 18,000	\$ 19,000	\$ 20,000	\$ 21,000	\$ 21,000	\$ 23,000	\$ 24,000	\$ 25,000
Collection System SPS Rehab	\$ 169,000	\$ -	\$ 100,000	\$ -	\$ 198,000	\$ -	\$ 214,000	\$ -	\$ 231,000	\$ -
Rancho Cielo Pipe Replacement	\$ 173,000	\$ -	\$ -	\$ 194,000	\$ -	\$ -	\$ 218,000	\$ -	\$ -	\$ 246,000
Rancho Cielo System Manhole Lining	\$ 48,000	\$ 50,000	\$ 52,000	\$ 54,000	\$ 57,000	\$ 59,000	\$ 61,000	\$ 66,000	\$ 68,000	\$ 71,000
4S WRF Tertiary Filter Condition Assessment	\$ -	\$ -	\$ 61,000	\$ -	\$ -	\$ -	\$ -	\$ 74,000	\$ -	\$ -
EV Charging Station	\$ -	\$ -	\$ 15,000	\$ 186,950	\$ 747,800	\$ -	\$ -	\$ -	\$ -	\$ -
Replace Digester Blowers	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 801,500	\$ 212,500	\$ -	\$ -	\$ -
Main Electrical SwitchGear Upgrade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,250	\$ 3,404,750	\$ 3,316,000	\$ -	\$ -
Stormwater Diversion Pipline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ 530,000	\$ -	\$ -
Emergency Generator Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,000	\$ 1,078,000	\$ -	\$ -
Upgrade Plant B Oxidation Ditch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 712,750	\$ 1,220,250
Site Paving Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,250	\$ 312,750
Neighborhood 3 SPS Pumps	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,000	\$ 992,750
Non-Potable Water Pump Station Rehab	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,500
Headworks Odor Scrubber Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,500
Ongoing Projects										
Replace Pumps/Motors/Equipment	\$ 169,000	\$ 175,000	\$ 182,000	\$ 190,000	\$ 197,000	\$ 205,000	\$ 213,000	\$ 222,000	\$ 231,000	\$ 240,000
	\$ 7,676,790	\$ 593,890	\$ 3,567,470	\$ 1,182,950	\$ 1,414,800	\$ 1,452,750	\$ 4,800,250	\$ 5,439,000	\$ 1,560,000	\$ 3,723,750

10 Year CIP Schedule - Original

Project Descriptions	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	- 1	FY 2031	FY	2032
Rehab Neighborhood 1 Pump Station	\$ _	\$ _	\$ -	\$ _	\$ -	\$ -	\$ _	\$ -				
Headworks Screening System Improvements	\$ 963,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Replace Overflow Pond Strainer	\$ 158,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Cielo SPS Flow Meters	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Wastewater Master Plan	\$ 74,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
4S Ranch Pipe Replacement	\$ 136,000	\$ -	\$ -	\$ 153,000	\$ -	\$ -	\$ 172,000	\$ -				
4S Ranch System Manhole Lining	\$ 17,000	\$ 18,000	\$ 18,000	\$ 19,000	\$ 20,000	\$ 21,000	\$ 21,000	\$ 23,000				
Collection System SPS Rehab	\$ 169,000	\$ -	\$ 182,000	\$ -	\$ 197,000	\$ -	\$ 213,000	\$ -				
Rancho Cielo Pipe Replacement	\$ 321,000	\$ -	\$ -	\$ 361,000	\$ -	\$ -	\$ 406,000	\$ -				
Rancho Cielo System Manhole Lining	\$ 48,000	\$ 50,000	\$ 52,000	\$ 54,000	\$ 57,000	\$ 59,000	\$ 61,000	\$ 66,000				
4S WRF Tertiary Filter Condition Assessment	\$ -	\$ -	\$ 61,000	\$ -	\$ -	\$ -	\$ -	\$ 74,000				
Del Dios SPS Improvements	\$ 148,000	\$ -	\$ -	\$ -	\$ 1,115,000	\$ -	\$ -	\$ -				
Mid-Point SPS Improvements	\$ -	\$ 204,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Neighborhood 3 SPS Improvements	\$ 139,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Upgrade Plant B Oxidation Ditch	\$ 1,080,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Neighborhood 3 SPS Pumps	\$ -	\$ -	\$ 1,217,000	\$ 1,265,000	\$ -	\$ -	\$ -	\$ -				
Non-Potable Water Pump Station Rehab	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 684,000	\$ -	\$ -				
Ongoing Projects												
Replace Pumps/Motors/Equipment	\$ 169,000	\$ 175,000	\$ 182,000	\$ 190,000	\$ 197,000	\$ 205,000	\$ 213,000	\$ 150,000				
	\$ 3,522,000	\$ 447,000	\$ 1,712,000	\$ 2,042,000	\$ 1,586,000	\$ 969,000	\$ 1,086,000	\$ 313,000	\$	-	\$	-

10 Year CIP Schedule	- Comparison
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	Project Descriptions	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
ginal	4S Ranch Pipe Replacement	\$ 136,000	\$ -	\$ -	\$ 153,000	\$ -	\$ -	\$ 172,000	\$ -		
vised	4S Ranch Pipe Replacement	\$ 136,000	\$ -	\$ -	\$ 153,000	\$ -	\$ -	\$ 172,000	\$ -	\$ -	\$ 199,000
ginal	4S Ranch System Manhole Lining	\$ 17,000	\$ 18,000	\$ 18,000	\$ 19,000	\$ 20,000	\$ 21,000	\$ 21,000	\$ 23,000		
ised	4S Ranch System Manhole Lining	\$ 17,000	\$ 18,000	\$ 18,000	\$ 19,000	\$ 20,000	\$ 21,000	\$ 21,000	\$ 23,000	\$ 24,000	\$ 25,000
ginal	4S WRF Tertiary Filter Condition Assessment	\$ -	\$ -	\$ 61,000	\$ -	\$ -	\$ -	\$ -	\$ 74,000		
ised	4S WRF Tertiary Filter Condition Assessment	\$ -	\$ -	\$ 61,000	\$ -	\$ -	\$ -	\$ -	\$ 74,000	\$ -	\$ -
ginal	Cielo SPS Flow Meters	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
/ised	Cielo SPS Flow Meters	\$ 193,000	\$ -		\$ -	\$ 120,000	\$ -	\$ -	\$ 130,000	\$ -	\$ -
ginal	Collection System SPS Rehab	\$ 169,000	\$ -	\$ 182,000	\$ -	\$ 197,000	\$ -	\$ 213,000	\$ -		
/ised	Collection System SPS Rehab	\$ 169,000	\$ -	\$ 100,000	\$ -	\$ 198,000	\$ -	\$ 214,000	\$ -	\$231,000	\$ -
ginal	Headworks Screening System Improvements	\$ 963,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
vised	Headworks Screening System Improvements	\$ 115,840	\$ 38,390	\$2,753,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ginal	Rancho Cielo Pipe Replacement	\$ 321,000	\$ -	\$ -	\$ 361,000	\$ -	\$ -	\$ 406,000	\$ -		
vised	Rancho Cielo Pipe Replacement	\$ 173,000	\$ -	\$ -	\$ 194,000	\$ -	\$ -	\$ 218,000	\$ -	\$ -	\$ 246,000
ginal	Rancho Cielo System Manhole Lining	\$ 48,000	\$ 50,000	\$ 52,000	\$ 54,000	\$ 57,000	\$ 59,000	\$ 61,000	\$ 66,000		
vised	Rancho Cielo System Manhole Lining	\$ 48,000	\$ 50,000	\$ 52,000	\$ 54,000	\$ 57,000	\$ 59,000	\$ 61,000	\$ 66,000	\$ 68,000	\$ 71,000
ginal	Rehab Neighborhood 1 Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
/ised	Rehab Neighborhood 1 Pump Station	\$6,591,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ginal	Replace Overflow Pond Strainer	\$ 158,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
ised	Replace Overflow Pond Strainer	\$ 25,000	\$206,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ginal	Replace Pumps/Motors/Equipment	\$ 169,000	\$175,000	\$ 182,000	\$ 190,000	\$ 197,000	\$ 205,000	\$ 213,000	\$ 150,000	'	
ised	Replace Pumps/Motors/Equipment	\$ 169,000	\$175,000	\$ 182,000	\$ 190,000	\$ 197,000	\$ 205,000	\$ 213,000	\$ 222,000	\$231,000	\$ 240,000
ginal	Wastewater Master Plan	\$ 74,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	,,	+ = :0,000
ised	Wastewater Master Plan	\$ 2,000	\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ginal	Upgrade Plant B Oxidation Ditch	\$1,080,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		Ť
ised	Upgrade Plant B Oxidation Ditch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$712,750	\$1,220,250
ginal	Neighborhood 3 SPS Pumps	\$ -	\$ -	\$1,217,000	\$1,265,000	\$ -	\$ -	\$ -	\$ -	ψ. 12), σσ	† 1)220)200
ised	Neighborhood 3 SPS Pumps	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$142,000	\$ 992,750
ginal	Non-Potable Water Pump Station Rehab	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 684.000	\$ -	\$ -	ψ I . L , σ σ σ	Ç 332), 33
/ised	Non-Potable Water Pump Station Rehab	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,500
W	EV Charging Station	\$ -	\$ -	\$ 15,000	\$ 186,950	\$ 747,800	\$ -	\$ -	\$ -	\$ -	\$ -
N	Replace Digester Blowers	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 801,500	\$ 212,500	\$ -	\$ -	\$ -
w	Main Electrical SwitchGear Upgrade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,250	\$3,404,750	\$3,316,000	\$ -	\$ -
w	Stormwater Diversion Pipline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ 530,000	\$ -	\$ -
N	Emergency Generator Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,000	\$1,078,000	\$ -	\$ -
N	Site Paving Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$151,250	\$ 312,750
/	Headworks Odor Scrubber Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,500
/	District-Wide PLC Replacements (WW)	\$ 37,500	\$ 90,500	\$ 386,000	\$ 386,000						
		\$ 37,500	\$ 90,500	\$ 401,000	\$ 572,950	\$ 822,800	\$1,167,750	\$3,901,250	\$4,924,000	\$151,250	\$ 511,250
ginal	Del Dios SPS Improvements	\$ 148,000	\$ -	¢ .	¢ .	\$1.115.000	¢ .	¢ -	¢ _		
-	·	\$ 148,000		\$ -	÷ ·	÷ 1,115,000	- د	\$ - \$ -	- د		
ginal	Mid-Point SPS Improvements	Ψ	\$204,000	*	φ - 6	φ -	φ - ¢	Ψ	٠ -		
ginal	Neighborhood 3 SPS Improvements	\$ 139,000 \$ 287,000	\$ 204.000	\$ - \$ -	\$ - \$ -	\$1,115,000	\$ -	\$ - \$ -	\$ - \$ -	\$ -	\$ -



4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT
DISTRICT PROJECT NO. D700004