

**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 AND IN PERSON**

**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:** MONDAY, FEBRUARY 9, 2026

**TIME:** 3:00 P.M.

**PLACE:** HYBRID REGULAR MEETING VIA ZOOM AND IN PERSON

The meeting is being held virtually as a convenience to the public. The meeting will not stop or suspend its in-person meeting should a technological interruption occur with respect to the Zoom or call-on options listed on the agenda.

**For Zoom Participation:**

[www.zoom.us/join](http://www.zoom.us/join)

Meeting ID: 844 8428 3393

Passcode: 163745

**For Zoom Call-in Only:**

Call: (669) 900-9128

Meeting ID: 844 8428 3393

Passcode: 163745

**Public Participation/Comment:** Members of the public can participate in the meeting by emailing your comments on an agenda item to Jared Graffam at [jgraffam@olivenhain.com](mailto:jgraffam@olivenhain.com) or address the finance committee directly in real-time under the public comment section. If you do not receive a confirmation email that your comment has been received, please call (760) 230-2569 or address the committee under the public comment section to ensure that your comments are heard in real-time. The subject line of your email should clearly state the item number you are commenting on and should include your name and phone number. All comments will be emailed to the finance committee members.

*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 18, 2025, REGULAR FINANCE COMMITTEE MEETING
6. QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (2<sup>nd</sup> QTR OF FY 2026)
7. REVIEW OF OMWD'S FINANCIAL REPORT – BUDGET VS. ACTUAL REPORT (2<sup>nd</sup> QUARTER OF FY 2026)
8. CONSIDER EDUCATIONAL ITEM ON LOCAL AGENCY INVESTMENT GUIDELINES (ANNUAL OBJECTIVE 57, PART 1)
9. REVIEW TIMELINE FOR GENERAL MANAGER'S RECOMMENDED BIENNIAL OPERATING AND CAPITAL BUDGET FOR FISCAL YEARS 2027 AND 2028
10. REVIEW AND DISCUSS PROPOSED FINANCING TEAM FOR PLANNED WASTEWATER DEBT ISSUANCE AND RESOLUTION OF INTENT TO ISSUE TAX-EXEMPT OBLIGATIONS TO PAY FOR IMPROVEMENTS TO THE DISTRICT'S WASTEWATER SYSTEM
11. PINNACLES CFD FORMATION (VERBAL REPORT)
12. CONSIDER REVIEW AND COMMENTS ON AN ORDINANCE AMENDING OLIVENHAIN MUNICIPAL WATER DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (Article 2 – Organization of Board of Directors) TO BE BROUGHT TO THE FEBRUARY BOARD MEETING
13. FUTURE AGENDA ITEMS
14. ADJOURNMENT

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

**November 18, 2025**

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, November 11<sup>th</sup>, 2025, at the District office, 1966 Olivenhain Road, Encinitas, California via teleconference and in person.

Director Meyers called the meeting to order at 10:02 a.m. In attendance were Scott Maloni, Treasurer; Neal Meyers, Vice President; Kimberly Thorner, General Manager; Leo Mendez, Finance Manager; Jared Graffam, Accounting Supervisor; Georgeanna Clark, Financial Analyst I; and Sophia Kuo from The Pun Group for item 6 appearing remotely.

1. CALL TO ORDER

2. ROLL CALL (BOARD MEMBERS)

3. ADOPTION OF THE AGENDA

Director Meyers moved to adopt the agenda, seconded by Director Maloni, and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE SEPTEMBER 4, 2025, SPECIAL FINANCE COMMITTEE MEETING

Director Meyers requested a change to the meeting minutes for the September 4<sup>th</sup> meeting, stating he would like the record to show that in the final paragraph it was Director Maloni who asked that Director Hahn be informed of the committee's decision to not pursue the issue of director per diems further.

Director Meyers moved to approve the September 4<sup>th</sup>, 2025, meeting minutes, with the one change noted for the record, seconded by Director Maloni and carried unanimously.

6. REVIEW AND DISCUSS FISCAL YEAR 2024-25 AUDITED FINANCIAL STATEMENTS AND SINGLE AUDIT

Ms. Sophia Kuo from The Pun Group (the District's audit firm) provided an overview of

the audit process and discussed the District's audited financial statements with the committee. Ms. Kuo stated that there were no material findings during the audit and her team did not encounter any difficulties in performing their audit. Ms. Kuo also stated that the District received a clean audit and no material weaknesses or significant deficiencies in internal controls were noted.

Ms. Kuo then presented an overview of the District's audited financial statements and other pertinent information, including key financial indicators and pension information. The key indicators included a comparison with the average of ten local districts, and Ms. Kuo noted that the District performs better than its peers across all the presented financial indicators. Ms. Kuo highlighted the most significant variances from the prior year financials, including a decrease in Restricted Assets due to a decrease in Grants Receivable and a decrease in Liabilities resulting from a \$3.5 million reduction in Grants Payable, both changes related to the Title XVI grant. Ms. Kuo reported that the District's net position increased by approximately \$3.7 million.

Director Meyers requested that additional information be added to the key financial indicators to clarify whether a higher ratio or lower ratio is better for each indicator before presenting the data to the full Board. Director Maloni inquired why the District's Pension Liability to Net Position Ratio doubled between fiscal years 2022 and 2023. General Manager Thorner explained that the increase was due to the District's pension liability increasing after CalPERS experienced an investment loss. Director Maloni asked what the Capital Condition Ratio indicates. General Manager Thorner explained that it reflects the age of the District's assets based on the collective remaining useful life. General Manager Thorner noted that she expects the ratio to improve next year following the completion of various District projects.

Director Meyers inquired why the Cash Flow Statement showed such a large change in Proceeds for Grants and in Other capital financing expenses. Finance Manager Mendez explained that it was due to Title XVI Grant cash amounts received by the District and paid to subrecipients during the fiscal year.

Ms. Kuo then presented the Single Audit results, noting that there were no material findings and her team did not encounter any difficulties during the audit process. Ms. Kuo stated that the federal government's Office of Management and Budget Compliance supplement, which is used by the auditors to evaluate the District, had not yet been released, which prevents issuance of the final Single Audit report. Ms. Kuo stated that once the supplement is available, her team will complete the Single Audit report.

Director Maloni asked if delaying issuance of the Single Audit report will cause any issues for the District. General Manager Thorner responded that it wouldn't, as the District's main audit has been completed and all entities requiring a Single Audit this year are experiencing the same delay.

Both Director Meyers and Director Maloni voted to approve presenting the audited financial statements and Annual Comprehensive Financial Report, as well as the Single Audit either in draft form or final issued form, to the full Board at the December meeting.

7. REVIEW STAFF'S REPORT ON DISTRICT PENSION PLANS FUNDING STATUS WITH CALPERS AND DISCUSS STAFF'S RECOMMENDED PENSION FUNDING PLANS FOR 2025

Finance Manager Mendez presented the District's pension funding status to the committee based on the most recent actuarial report available from CalPERS, as well as the District's existing pension funding plan. Finance Manager Mendez reported that the District's combined Classic plan and PEPR plan funded status is 74.9%, which is higher than the previous year's funded ratio of 72.5%, but still below the 85% long-term goal set by the Board. Director Maloni asked why the District's funded ratio goal is not 100%. Finance Manager Mendez explained that rating agencies primarily look for whether the District has a funding plan in place to proactively address its pension liability, and ideally, a ratio in the 80-90% range. General Manager Thorner added that the funded ratio is a moving target that can change based on CalPERS actuarial assumptions and investment returns.

Director Maloni inquired about the benefits of making the additional payments to CalPERS versus keeping the funds invested. Finance Manager Mendez explained that by making the additional payments the District is getting a 6.8% rate of return from CalPERS, compared to the less than 4% return on District Investments. Finance Manager Mendez noted that the District has saved about \$500 thousand by making additional discretionary payments to date, which is about \$358 thousand more than the District would have made had the District kept the funds invested.

Finance Manager Mendez presented two options for funding the District's pension liability for 2025, including Option 1, which is staff's recommended option and in-line with the Board's existing Pension Funding Policy: making a \$311,000 Additional Discretionary Payment (ADP), and transferring \$500,000 to the Water Pension Stabilization Fund and \$50,000 to the Wastewater Pension Stabilization Fund from the Water and Wastewater Operating Funds, respectively. Finance Manager also presented Option 2, which includes making a larger Additional Discretionary Payment (ADP) of \$611,000, and transferring \$775,000 to the Water Pension Stabilization Fund and \$75,000 to the Wastewater Pension Stabilization Fund from the Water and Wastewater Operating Funds, respectively.

Director Meyers asked if the District has sufficient funds for the proposed transfers, noting the recent high-cost repair projects. General Manager Thorner clarified that those repair expenses were charged to the Capital Fund, not the Operating Fund, and noted that even after repairs and planned capital spending, the Water Capital Fund is projected to remain twice the minimum required balance.

Following the discussion, Director Meyers and Director Maloni voted to bring Option 1, the staff-recommended pension funding plan, to the full Board for consideration.

8. QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (1st QTR OF FY 2026)

Finance Manager Mendez presented the investment report as of September 30, 2025, to the committee. The discussion included cash and investment holdings. Finance Manager Mendez reported that the current yield on the District's investment portfolio has decreased slightly compared to the previous quarter due to replacing matured securities with lower yields available in the market. Finance Manager Mendez reported that the District investments are in compliance with the District's Investment policy and that the District has sufficient funds to meet its financial obligations for the next 60 days.

Finance Manager Mendez also presented the draft summary of fund balances over the previous five years. Finance Manager Mendez reported that the Wastewater Operating Fund is currently below the minimum balance set by the Board due to the timing of Wastewater revenue receipts, which are collected from the County via the property tax roll, and that the Operating Fund balance will be within Board set limits by the next quarterly update.

Finance Manager Mendez also presented a three-year historical comparison of quarterly investment yields against the San Diego Consumer Price Index (SDCPI), and added that current investment yields are slightly below SDCPI.

Director Maloni inquired why District policy requires maintaining funds to meet 60 days of financial obligations rather than a longer period. General Manager Thorner explained that the Board established the limit and may change it; however, increasing the minimum may necessitate raising rates. General Manager Thorner noted that the Board policy sets a minimum of 60 days and a maximum of 120 days, and the District currently has approximately 100 days in the Water Operating Fund. Director Meyers requested that staff include the average days of cash on hand in the Water Operating Fund as part of the next report to the committee.

Director Maloni inquired whether the District is moving forward with the insurance captive investigation. General Manager Thorner responded that staff set an annual objective regarding the captive insurance investigation for 2026, and that annual objectives for 2026 will be presented at the January Board of Directors Meeting.

9. QUARTERLY REVIEW OF OMWD'S FINANCIAL REPORT - BUDGET vs. ACTUAL REPORT (1ST QTR OF FY 2026)

Finance Manager Mendez presented the Q1 Budget vs Actual report for the current fiscal period, noting that revenue and expenses are close to budgeted figures, with most

variances attributed to timing differences. Finance Manager Mendez also shared a graph comparing budgeted vs actual water sales for the first 3 months of fiscal year 2026, explaining that water sales are in line with budgeted predictions.

10. ANNUAL REVIEW OF INVESTMENT AND BOARD DESIGNATED FUND BALANCES (RESERVES) POLICIES AND PROPOSED CHANGES TO THE POLICY FOR 2025

Director Meyers noted that he saw no changes to the policies when reviewing the meeting packet and asked for confirmation that the only changes made were to update the year in multiple places. Finance Manager Mendez confirmed that there were no material changes made to either policy.

The proposed changes to the Investment Policy and Fund Balances (Reserves) Policy were approved by the committee to be presented to the full Board for final approval.

11. REVIEW OF 401(A) AND 457(B) PLANS (VERBAL REPORT)

The Committee received a verbal report from Finance Manager Mendez regarding recent changes to the Districts 401(a) and 457(b) plans. Finance Manager Mendez explained that the District has a fiduciary responsibility to ensure plans offered to employees are reasonable. To fulfill this duty, staff engaged a consultant to review the District's two existing plans with CalPERS and Lincoln. The consultant determined the fees charged by CalPERS were reasonable, however the fees charged by Lincoln were high. After discussions with Lincoln, the District decided to transition employees to a different Lincoln plan for a lower fee.

Director Meyers inquired whether the 401(a) or 457(b) plans require nondiscrimination testing. General Manager Thorner responded that neither plan requires discrimination testing; however, the District's Voluntary Employees' Beneficiary Association (VEBA), Flexible Spending Accounts, and AFLAC plans do require discrimination testing, which staff completes annually.

12. FUTURE AGENDA ITEMS/INFORMATION

Director Meyers requested staff calculate and present the average days of cash on hand in the Water Operating Fund to present at the next Finance Committee meeting.

13. ADJOURNMENT

The meeting was adjourned at 11:22 a.m.

# Memo

Date: February 09, 2026  
To: Finance Committee  
From: Leo Mendez, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (2<sup>nd</sup> QTR OF FY 2026)**

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## **Purpose**

The purpose of this agenda item is to provide a 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. The report provides documentation that the District has sufficient funds to meet the next 60 days’ obligations.

## Background

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

All investments have been made in accordance with the District's Annual Statement of Investment Policy. A copy of District historic water and wastewater reserve fund balances and a copy of District historic water and wastewater historic average days of cash on hand are also provided and attached for review.

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

Attachments:

**Attachment 1** - DRAFT Monthly Cash and Investment Summary Report as of December 30, 2025

**Attachment 2** - Graphs showing 5-year history of OMWD fund balances by quarter

**Attachment 3** - Graphs showing 5-year history of OMWD average days of cash on hand by quarter

**Attachment 4** - Graph showing current yield on investments and SDCPI - quarterly over last 3 years

**Olivenhain Municipal Water District**  
**MONTHLY CASH AND INVESTMENT SUMMARY**  
**As of December 31, 2025**

**Active Deposits**

	<b>Book Value</b>
Checking Accounts	\$ 1,502,118
Cash Restricted for Specific Use	412,057
Petty Cash/Disaster Preparedness	\$ 1,487
Total Active Deposits	\$ 1,915,662

**Deposits Not Covered by Investment Policy**

Cash with Fiscal Agents	2,336,802
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<b>Investments</b>	<b>Face Value</b>	<b>Market Value</b>	<b>Current Yield</b>	<b>Book Value</b>
LAIF	\$ 31,648,403	31,709,471	4.03%	\$ 31,648,403
CAMP - US Bank	26,540,075	26,540,075	3.95%	26,540,075
Money Market Funds	1,205,086	1,205,086	2.61%	1,205,086
U.S. Treasury Securities	2,000,000	1,995,080	2.26%	1,984,470
U.S. Agency Securities	29,365,000	29,256,198	2.33%	29,361,300
Total Investments	\$ 90,758,565	\$ 90,705,912	3.39%	\$ 90,739,335

**Total - All Deposits/Investments****\$ 94,991,799****Maturity Analysis of Investments**

	<b>Percent</b>	<b>Balance</b>
Demand Deposits	65.5%	\$ 59,393,565
Maturity within the next two months	14.3%	12,982,478
Maturity within three months and one year	7.7%	6,974,992
Maturity beyond one year	12.6%	11,388,300
<b>Total Investments</b>	<b>100.0%</b>	<b>\$ 90,739,335</b>

**Weighted Average Days to Maturity****128****Other Required Disclosures:**

Accrued interest receivable as of 12/31/2025 \$ 548,298

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2025.

The District has sufficient funds on hand to meet the next 60 days' obligations.



**Olivenhain Municipal Water District  
MONTHLY INVESTMENTS DETAIL  
December 31, 2025**

ACTIVE DEPOSIT		Book Value
Checking A/C: California Bank and Trust for General Purpose		1,502,118
California Bank and Trust for Specific Purpose		412,057
Petty Cash/Disaster Preparedness		1,487
<b>Total - Active Deposits</b>		<b>1,915,662</b>

DEPOSITS NOT COVERED BY INVESTMENT POLICY		
<b>Cash with Fiscal Agents:</b>		
Union Bank - RAD 96-1 Refunding Bond		353,590
Union Bank - 2015A Refunding Bond		138,950
SRF Loan		1,605,972
Union Bank - 2016A Refunding Bond		182,277
Union Bank - 2021A WW Revenue Bond		44,985
Union Bank - 2021B Refunding Bond		11,028
<b>Total Deposits Not Covered by Investment Policy</b>		<b>2,336,802</b>

	RATING		DATE				Weighted Average Days to Maturity	Call	Stated Coupon	Current Yield	Market Value	Face Value	Book Value
	Moody's	S&P	Purchase	Maturity	Next Call	Next S-U							
<b>INVESTMENTS</b>													
<b>Invest. Pools:</b>													
US Bank Calif. Asset Mgmt Prgm (CAMP)						Demand	1		3.95%	\$ 26,540,075	\$ 26,540,075	\$ 26,540,075	
State Local Agency Investment Fund (LAIF)						Demand	1		4.03%	31,709,471	31,648,403	31,648,403	
First American Government 31846V567						Demand	1		3.64%	1,719	1,719	1,719	
CB&T Money Market Account						Demand	1		2.61%	1,203,368	1,203,368	1,203,368	
<b>U.S. Treasury Notes/Bills</b>													
91282CGL9	U.S. Treasury Notes	Aa1	-	08/19/25	02/15/26		47		4.00%	4.00%	1,000,290	1,000,000	999,992
91282CBQ3	U.S. Treasury Notes	Aa1	-	03/09/21	02/28/26		60		0.50%	0.50%	994,790	1,000,000	984,478
							<b>4</b>		<b>2.25%</b>	<b>2.26%</b>	<b>\$ 1,995,080</b>	<b>\$ 2,000,000</b>	<b>\$ 1,984,470</b>
<b>U.S. Agency Securities</b>													
3130AKMD5	FHLB Callable	Aa1	AA+	01/26/21	01/26/26	01/26/26	27	27	0.50%	0.50%	997,930	1,000,000	999,500
3130AKU53	FHLB Callable	Aa1	AA+	01/28/21	01/28/26	01/28/26	29	29	0.52%	0.52%	997,780	1,000,000	1,000,000
3130AKN69	FHLB Callable	Aa1	AA+	01/28/21	01/28/26	01/28/26	29	29	0.50%	0.50%	997,760	1,000,000	1,000,000
3130AKVN3	FHLB Callable	Aa1	AA+	01/29/21	01/29/26	01/29/26	30	30	0.52%	0.52%	997,690	1,000,000	1,000,000
3130AKWK8	FHLB Callable	Aa1	AA+	02/12/21	02/12/26	02/12/26	44	44	0.51%	0.51%	996,410	1,000,000	1,000,000
3130AKX43	FHLB Step-up Callable	Aa1	AA+	02/24/21	02/24/26	02/24/26	56	56	0.70%	0.70%	1,991,460	2,000,000	2,000,000
3130AL7M0	FHLB Callable	Aa1	AA+	02/24/21	02/24/26	02/24/26	56	56	0.63%	0.63%	995,510	1,000,000	1,000,000
3130AKYR1	FHLB Callable	Aa1	AA+	02/25/21	02/25/26	None	57		0.55%	0.55%	995,420	1,000,000	1,000,000
3130AL6K5	FHLB Callable	Aa1	AA+	02/25/21	02/25/26	None	57		0.58%	0.58%	995,470	1,000,000	1,000,000
3130ALD76	FHLB Callable	Aa1	AA+	02/25/21	02/25/26	02/25/26	57	57	0.70%	0.70%	995,640	1,000,000	1,000,000
3130ALCW2	FHLB Callable	Aa1	AA+	02/25/21	02/25/26	None	57		0.63%	0.63%	995,530	1,000,000	998,500
3130ALGJ7	FHLB Callable	Aa1	AA+	03/23/21	03/23/26	01/23/26	83	24	1.00%	1.01%	969,413	975,000	975,000
3130ALPQ1	FHLB Step-up Callable	Aa1	AA+	03/30/21	03/30/26	03/30/26	90	90	2.00%	2.01%	996,050	1,000,000	1,000,000
3130ALVC5	FHLB Step-up Callable	Aa1	AA+	04/14/21	04/14/26	01/14/26	105	15	2.25%	2.26%	995,760	1,000,000	1,000,000
3130B7NF7	FHLB Callable	Aa1	AA+	09/03/25	09/03/26	01/03/26	247	4	4.00%	4.00%	1,000,010	1,000,000	1,000,000
3130APAY1	FHLB Callable	Aa1	AA+	10/21/21	10/21/26	01/21/26	295	22	1.10%	1.12%	980,110	1,000,000	1,000,000
3130APL78	FHLB Callable	Aa1	AA+	10/28/21	10/28/26	01/28/26	302	29	1.38%	1.40%	982,510	1,000,000	1,000,000
3130B6Z25	FHLB Callable	Aa1	AA+	07/11/25	07/07/27	01/07/26	554	8	4.30%	4.30%	1,390,125	1,390,000	1,390,000
3130B73C6	FHLB Callable	Aa1	AA+	07/14/25	07/14/27	01/14/26	561	15	4.30%	4.32%	996,380	1,000,000	1,000,000
3130B7JT2	FHLB Callable	Aa1	AA+	08/22/25	08/12/27	02/12/26	590	44	4.15%	4.15%	999,500	1,000,000	1,000,000
3130B7JC9	FHLB Callable	Aa1	AA+	08/20/25	08/20/27	02/20/26	598	52	4.13%	4.14%	1,993,420	2,000,000	2,000,000
3130B4TN1	FHLB Callable	Aa1	AA+	01/30/25	01/28/28	01/28/26	759	29	4.50%	4.50%	999,070	1,000,000	1,000,000
3130B4YQ8	FHLB Callable	Aa1	AA+	02/25/25	02/25/28	02/25/26	787	57	4.60%	4.60%	999,990	1,000,000	1,000,000
3130B5X45	FHLB Callable	Aa1	AA+	04/24/25	04/24/29	04/24/26	1,211	115	4.45%	4.45%	1,000,940	1,000,000	1,000,000
3130B6CG9	FHLB Callable	Aa1	AA+	05/22/25	05/22/29	05/22/26	1,239	143	4.38%	4.37%	1,000,460	1,000,000	998,300
3130B6SW7	FHLB Callable	Aa1	AA+	07/02/25	07/02/29	01/02/26	1,280	3	4.69%	4.69%	1,000,000	1,000,000	1,000,000
3130B2N43	FHLB Callable	Aa1	AA+	09/10/24	09/10/29	09/10/26	1,350	254	4.00%	4.02%	995,860	1,000,000	1,000,000
							<b>389</b>	<b>51</b>	<b>2.32%</b>	<b>2.33%</b>	<b>\$ 29,256,198</b>	<b>\$ 29,365,000</b>	<b>\$ 29,361,300</b>
<b>Total Investments</b>							<b>128</b>		<b>3.39%</b>	<b>3.39%</b>	<b>\$ 90,705,912</b>	<b>\$ 90,758,565</b>	<b>\$ 90,739,335</b>

TOTAL - ALL DEPOSITS AND INVESTMENTS		\$	94,991,799
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**Olivenhain Municipal Water District  
INVESTMENTS TRANSACTION  
December 31, 2025**

**PURCHASED**

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

None

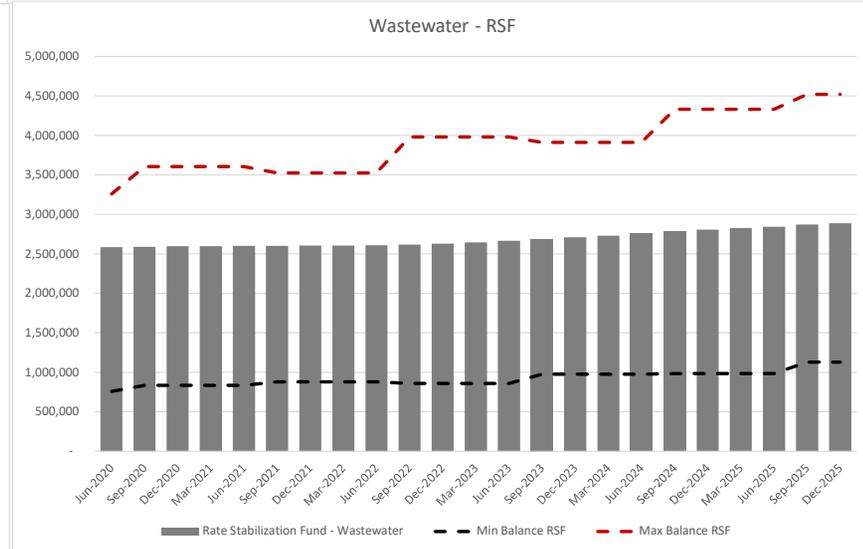
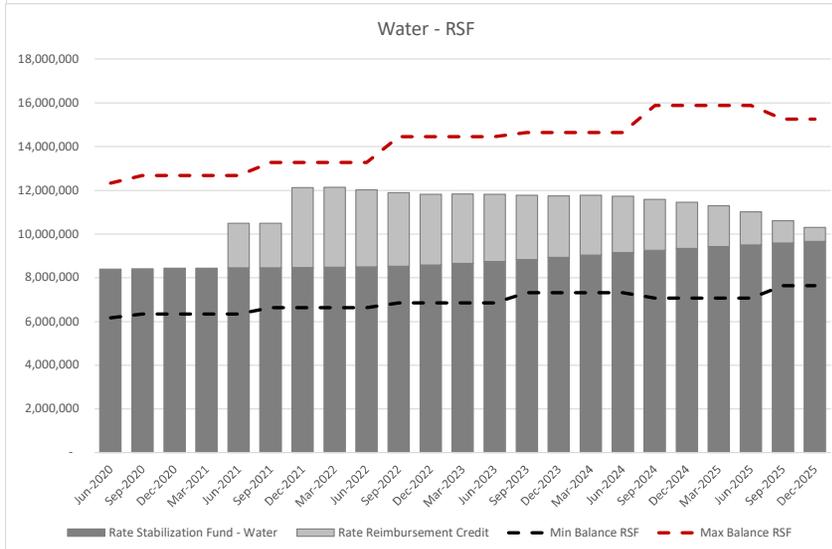
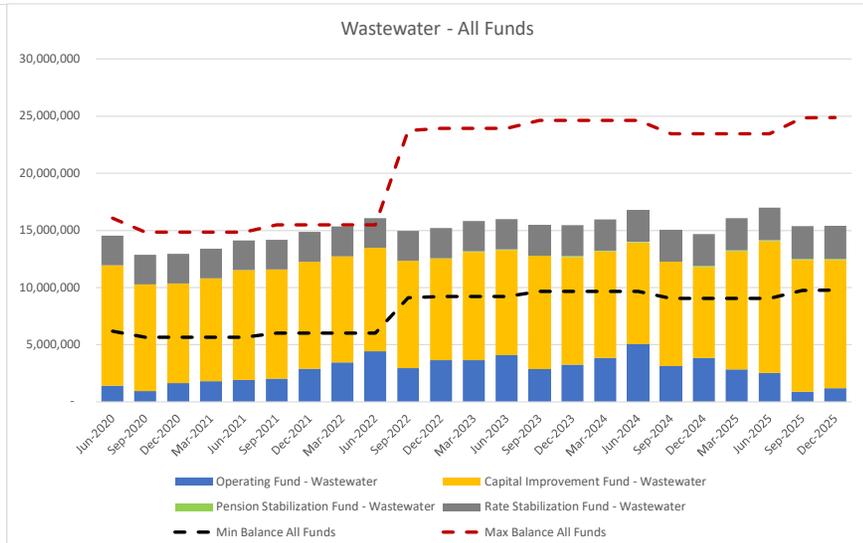
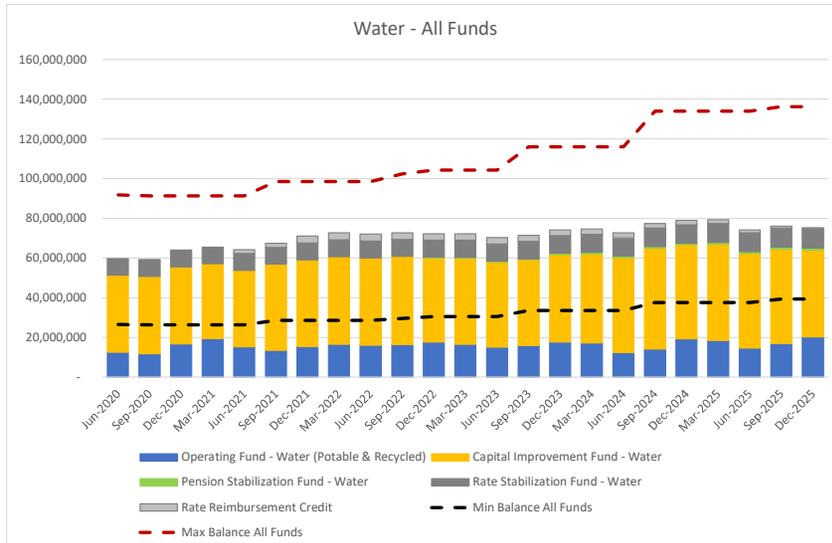
**MATURED / REDEEMED / CALLED**

DATE				Investment Description	<i>Stated</i>	<i>Current</i>	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		<i>Coupon</i>	<i>Yield</i>		
10/01/25	10/01/25			TEXAS ST PUB FIN AUTH	5.000%	5.000%	1,000,000	1,216,760
10/09/25	10/09/25			U.S. Treasury Bill	4.242%	4.246%	500,000	495,052
10/14/25	04/14/27	10/14/25		FHLB Callable	4.350%	4.353%	1,250,000	1,250,000
10/14/25	07/14/28	10/14/25		FHLB Callable	4.500%	4.499%	1,000,000	1,000,000
10/30/25	07/30/27	10/30/25		FHLB Callable	4.500%	4.505%	1,000,000	1,000,000
10/30/25	10/30/26	10/30/25		FHLB Callable	4.310%	4.312%	1,000,000	1,000,000
11/01/25	05/01/26	11/01/25		FHLB Callable	4.250%	4.250%	500,000	500,000
11/22/25	12/22/26	11/22/25		FHLB Callable	4.320%	4.325%	1,000,000	1,000,000
11/14/25	02/14/30	11/14/25		FHLB Callable	5.000%	4.998%	1,000,000	1,000,000
12/15/25	12/15/25	12/15/25	None	FHLB Step-up Callable	3.000%	3.001%	2,000,000	2,000,000

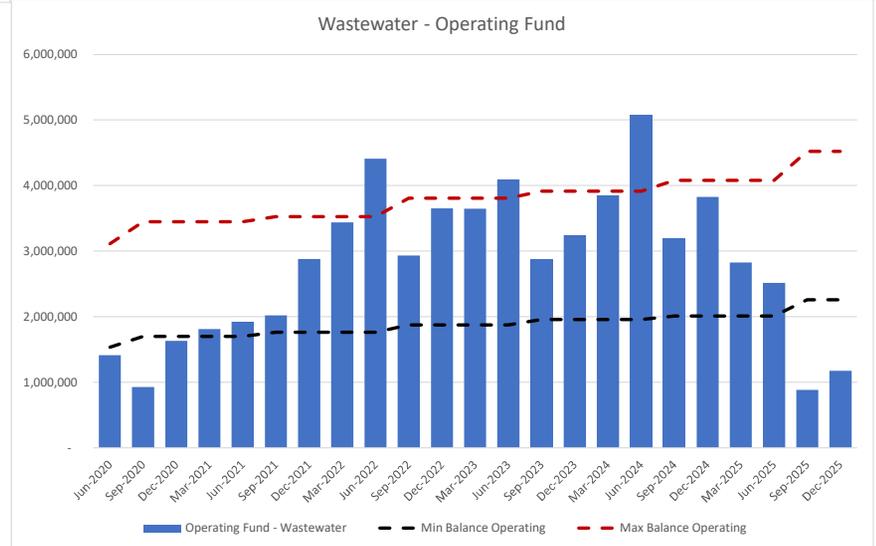
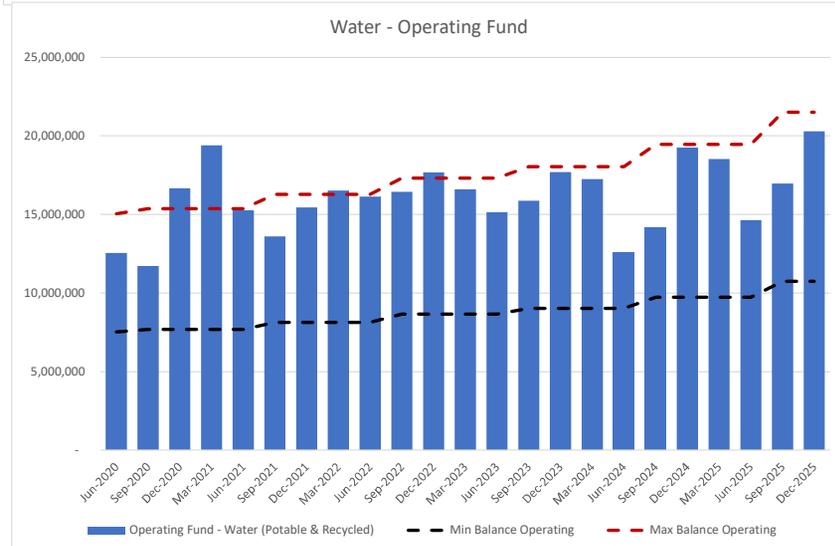
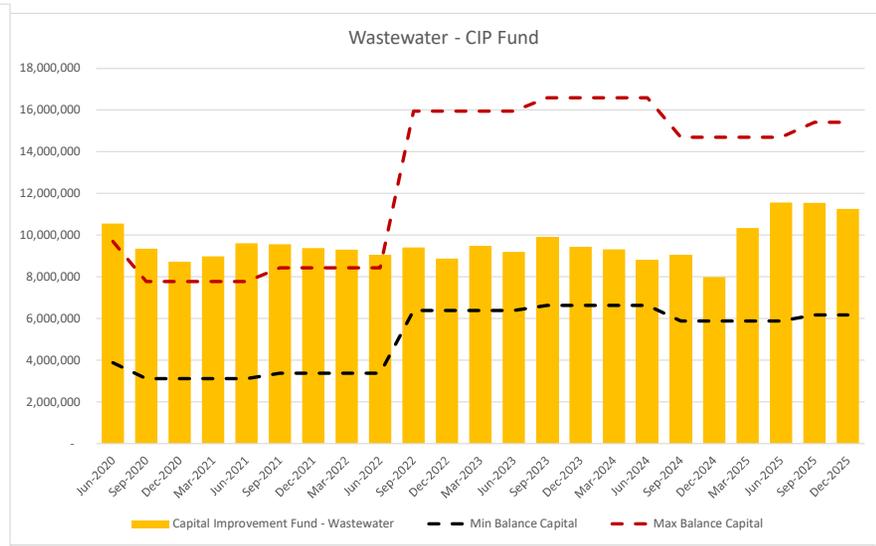
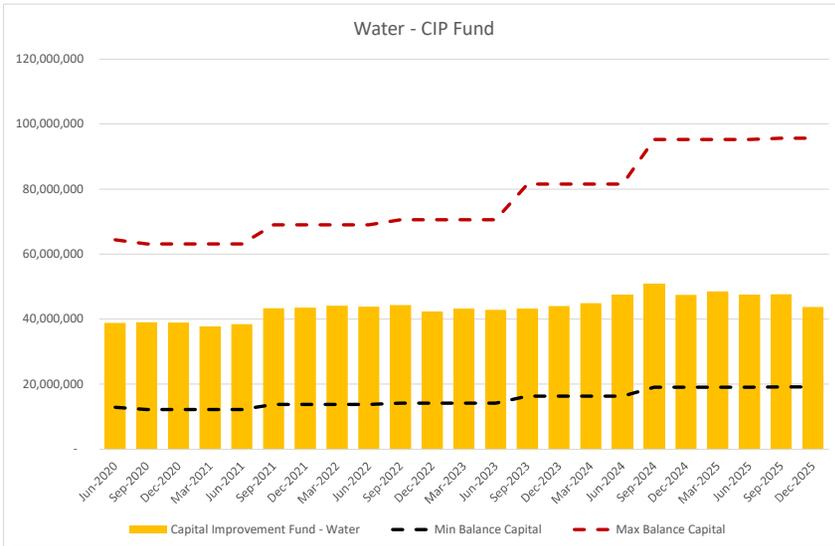
**Olivenhain Municipal Water District**  
**UNAUDITED CASH POSITION BY FUNDING SOURCES**  
**As of December 31, 2025**

<b><u>Water Funds (Potable &amp; Recycled)</u></b>		<b><u>Balance</u></b>
10050-100	Cash - Petty Cash Fund	1,487
10010-100	Cash - Operating Fund	20,246,216
10030-100	Cash - Capital and Equipment Fund	34,922,091
10040-100	Cash - Rate Stabilization Fund	10,309,430
10080-100	Cash - Pension Stabilization Fund	936,243
10060-100	Cash - Deposit Work for Other	1,562,713
14000-500	Restricted Cash - Capacity Fee Fund	8,857,018
<b>Total Water Funds (Potable &amp; Recycled)</b>		<b><u>76,835,199</u></b>
<b><u>Wastewater Funds</u></b>		
10010-110	Wastewater - Operating Fund	1,178,619
10030-110	Wastewater - Capital Replacement Fund	11,255,987
10040-110	Wastewater - Rate Stabilization Fund	2,889,996
10080-110	Cash - Pension Stabilization Fund	83,139
<b>Total Wastewater Funds</b>		<b><u>15,407,741</u></b>
<b><u>Non Fiscal Agent Debt Service Cash</u></b>		
14020-570	Cash non-agent - RAD 96-1	400,857
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
<b>Total Non Fiscal Agent Debt Service Cash</b>		<b><u>412,057</u></b>
<b><u>Debt Service Funds</u></b>		
14030-510	SRF Loan - Fiscal Agent	1,605,972
14105-570	Redemption fund - RAD 96-1	304,973
14110-570	Reserve fund - RAD 96-1	48,616
14100-561	Redemption fund - Bond 2015A	138,950
14100-581	Redemption fund - Bond 2016A	182,277
14100-521	Redemption fund - Bond 2021A	44,985
14100-522	Redemption fund - Bond 2021B	11,028
<b>Total Debt Service Funds</b>		<b><u>2,336,802</u></b>
 <b>TOTAL FUND BALANCES</b>		 <b><u>94,991,799</u></b>

### 5 Year History of OMWD Fund Balances by Quarter



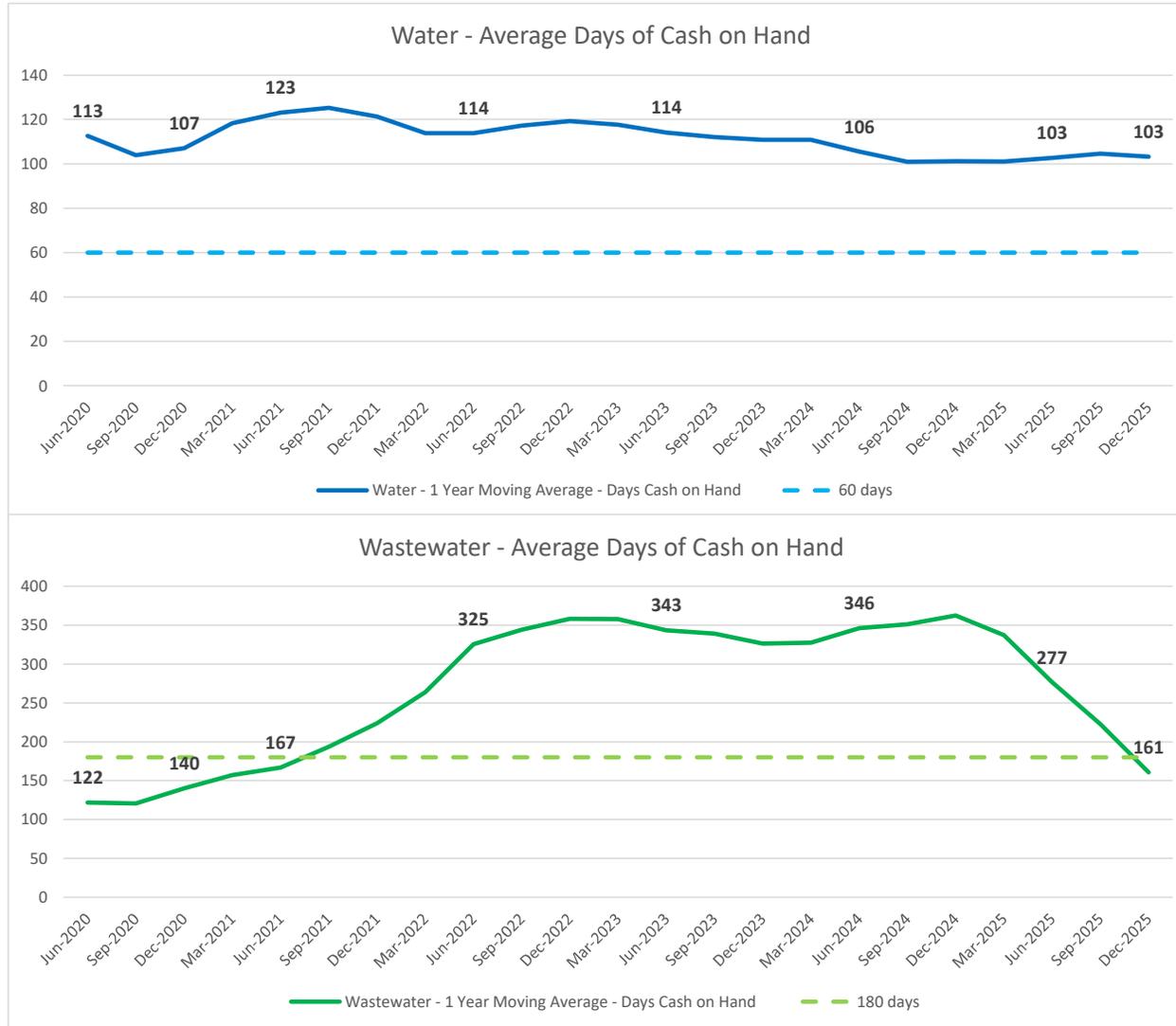
## 5 Year History of OMWD Fund Balances by Quarter

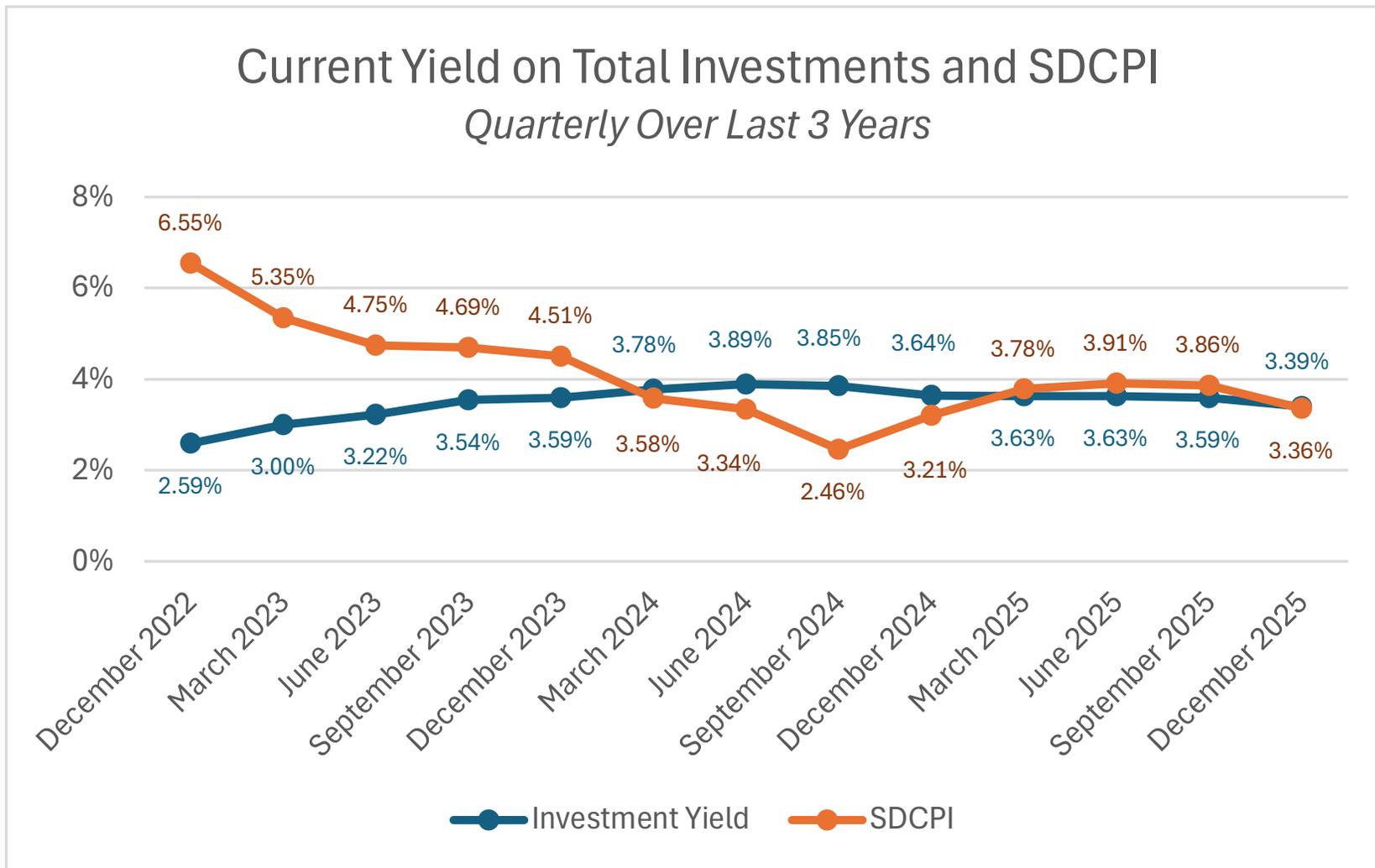


**Notes to fund balance graphs above:**

Quarterly fund balances in these graphs may exceed the maximum or fall below the minimum threshold set in the District's Reserves Policy due to the timing of cash receipts and expenditures. In November, after the District's financial audit is completed, fund balances will be reviewed with the finance committee and reported to the full Board. Any excess over the maximum set in the District's Reserve Policy, at that time, will be reported and any handling of excess funds will be discussed with the Finance Committee.

## 5 Year History of OMWD Operating Fund Balances as Average Days Cash on Hand by Quarter





June and December SDCPI are the average of the months on either side.

# Memo

Date: February 09, 2026  
To: Finance Committee  
From: Leo Mendez, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW OF OMWD’S FINANCIAL REPORT – BUDGET VS. ACTUAL REPORT  
(2<sup>nd</sup> QUARTER OF FY 2026)**

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The purpose of this agenda item is to review the most recent quarterly Budget vs. Actual financial report with the Finance Committee. Staff will review the attachments with the committee and will be available to answer any questions.

Attachments:

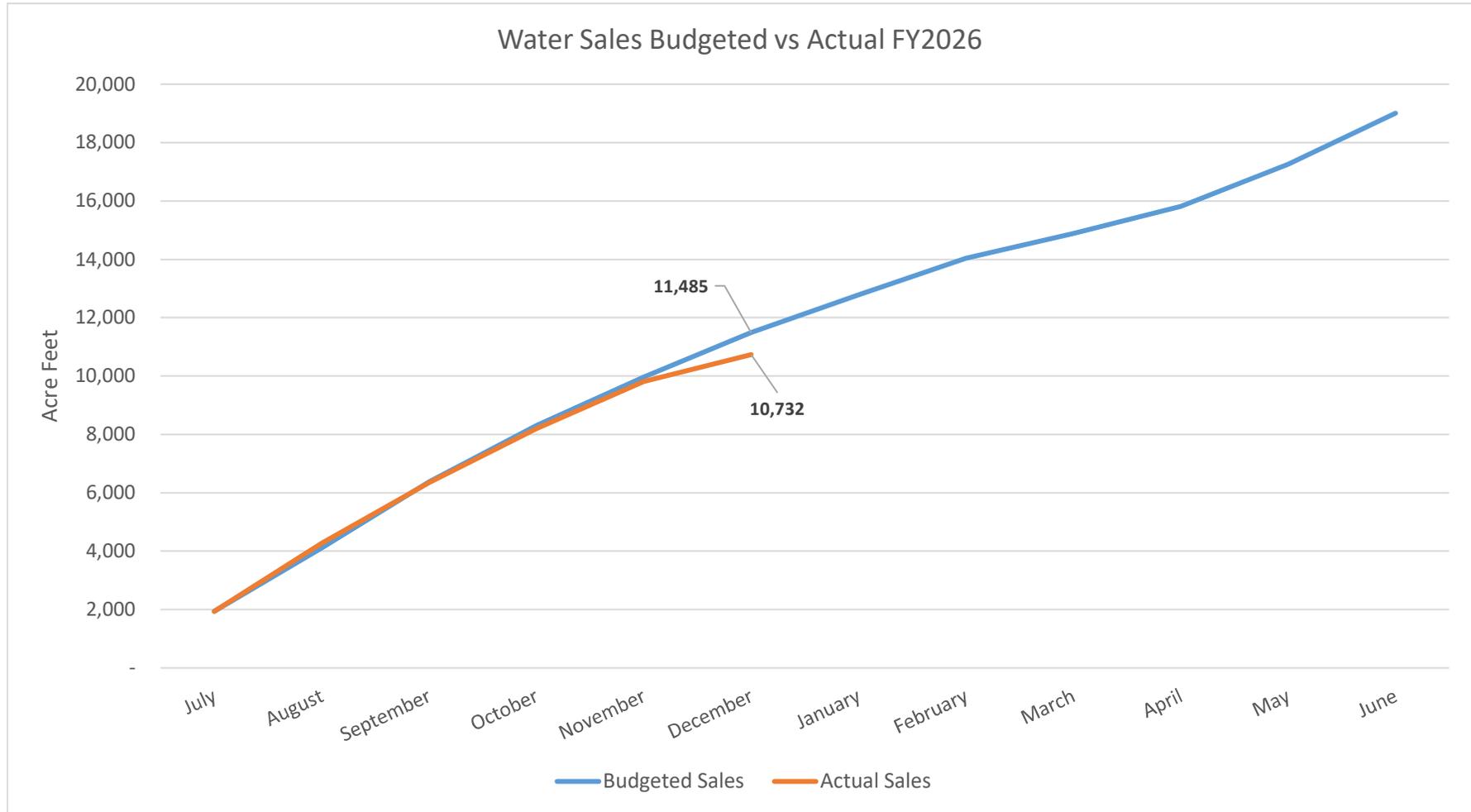
**Attachment 1** – Budget Vs. Actual Report (2<sup>nd</sup> Quarter of FY 2026)

**Attachment 2** – FY 2026 Budgeted vs. Actual Water Sales through December 2025

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
<b>Operating Revenues</b>						
Commodity Water Sales	\$52,939,000.00	\$26,999,337.82	\$30,155,900.00	(\$3,156,562.18)	(10.5%)	1
Water Fees and Services	21,434,000.00	10,704,565.35	10,344,000.00	360,565.35	3.5%	
Wastewater Revenue	6,428,000.00	1,534,817.24	1,849,600.00	(314,782.76)	(17.0%)	2
<b>Total Operating Revenues</b>	<b>80,801,000.00</b>	<b>39,238,720.41</b>	<b>42,349,500.00</b>	<b>(3,110,779.59)</b>	<b>(7.3%)</b>	
<b>Operating Expenses</b>						
Purchased Water - Variable	30,058,000.00	15,935,739.13	17,441,000.00	1,505,260.87	8.6%	3
Purchased Water - Fixed	12,098,000.00	5,617,560.00	5,617,800.00	240.00	0.0%	
General Manager Dept	2,335,000.00	1,071,526.82	1,167,600.00	96,073.18	8.2%	4
Engineering Dept	2,741,000.00	1,267,443.59	1,371,180.00	103,736.41	7.6%	4
Finance Dept	1,940,000.00	886,682.32	970,740.00	84,057.68	8.7%	4
Customer Service Dept	3,396,000.00	1,712,009.29	1,700,178.00	(11,831.29)	(0.7%)	4
Human Resources Dept	988,000.00	470,510.70	493,998.00	23,487.30	4.8%	4
Water Operations and Maintenance Dept	13,624,000.00	6,547,552.58	6,817,314.00	269,761.42	4.0%	4
Parks Dept	543,000.00	263,342.26	272,076.00	8,733.74	3.2%	4
Other Operating Expenses	50,000.00		25,200.00	25,200.00	100.0%	
Wastewater Operations and Maintenance Dept	3,605,000.00	1,758,862.45	1,802,958.00	44,095.55	2.4%	4
Recycled Water Operations Dept	1,307,000.00	667,802.93	655,500.00	(12,302.93)	(1.9%)	4
Paygo Transfers						
Water Operations	4,977,000.00	2,490,000.00	2,490,000.00		0.0%	
Wastewater Operations	2,626,000.00	1,314,000.00	1,314,000.00		0.0%	
Recycled Operations	1,700,000.00	852,000.00	852,000.00		0.0%	
Capitalized Operations Expenditures	(2,105,000.00)	(983,981.32)	(1,051,380.00)	(67,398.68)	6.4%	5
<b>Total Operating Expenses</b>	<b>79,883,000.00</b>	<b>39,871,050.75</b>	<b>41,940,164.00</b>	<b>2,069,113.25</b>	<b>4.9%</b>	
<b>Net Operating Income (Loss)</b>	<b>918,000.00</b>	<b>(632,330.34)</b>	<b>409,336.00</b>	<b>(1,041,666.34)</b>		
<b>Nonoperating Revenues</b>						
Water Funds	6,884,000.00	3,569,305.40	3,075,300.00	494,005.40	16.1%	6
Debt Service Funds	1,061,000.00	291,041.78	348,180.00	(57,138.22)	(16.4%)	6
Wastewater Funds	92,000.00	61,114.04	46,200.00	14,914.04	32.3%	6
Recycled Water Funds	260,000.00	131,124.13	130,200.00	924.13	0.7%	
<b>Total Nonoperating Revenue</b>	<b>8,297,000.00</b>	<b>4,052,585.35</b>	<b>3,599,880.00</b>	<b>452,705.35</b>	<b>12.6%</b>	
<b>Nonoperating Expense</b>						
Capacity Fee Funds	30,000.00	7,401.04	14,880.00	7,478.96	50.3%	
Debt Service Funds	1,421,500.00	475,148.18	529,680.00	54,531.82	10.3%	7
Potable Water Funds	1,367,000.00	921,290.88	975,740.00	54,449.12	5.6%	8
<b>Total Nonoperating Expense</b>	<b>2,818,500.00</b>	<b>1,403,840.10</b>	<b>1,520,300.00</b>	<b>116,459.90</b>	<b>7.7%</b>	
<b>Inc before Cap Fees and Capital Contributions</b>	<b>6,396,500.00</b>	<b>2,016,414.91</b>	<b>2,488,916.00</b>	<b>(472,501.09)</b>		
Capacity Fee Funds	706,000.00	335,468.44				
Capital contributions	2,045,000.00	3,903.28				
<b>Change in Net Position</b>		<b>2,355,786.63</b>				

OLIVENHAIN MUNICIPAL WATER DISTRICT  
Actual vs Budget Variance  
For the Six Months Ending 12/31/2025

1. Water Sales revenue was approximately \$3.2 million (10.5%) below Budget YTD for an unfavorable variance through December, primarily due to the timing of unbilled water estimates and actual customer usage being 753 AF (6.5%) less than projected.
2. Wastewater Revenue was less than Budget YTD due to timing. 4S Ranch and Rancho Cielo Sanitation Districts' wastewater service fees are collected on the County's tax roll when customers pay their property tax to the County. Actual YTD wastewater service revenue will be closer to the Budget YTD amount as the year progresses.
3. Purchased water variable expenses were \$1.5 million (8.6%) below Budget YTD, driven primarily by water purchases being 753 AF less than projected through December. These savings were partially offset by the use of potable water to meet recycled water demand in the northwest quadrant. With Vallecitos Water District's Meadowlark Reclamation Facility currently offline, the District has supplemented recycled water supplies with potable water to satisfy customer demand.
4. Actual departmental expenses varied from the Budget YTD amounts due to the timing of actual operating expenses. The Budget YTD amounts assume expenditures are incurred evenly throughout the year.
5. Actual Capitalized Operating Expenses were lower than the Budget YTD amount due to the timing of capitalized labor spent on District projects. The Budget YTD amount assumes expenditures are incurred evenly throughout the year.
6. Actual Non-operating Revenues – Water Funds and Wastewater Funds were overall greater than Budget YTD for a positive variance due to higher interest income earned on short-term investments over budgeted returns. Debt Service Funds were lower overall than Budgeted YTD due to the timing of property tax revenues received from the County, which includes revenues related to the special assessment debt.
7. Actual Non-operating Expenses - Debt Service Funds were lower than the Budget YTD amount for a positive variance because amortization of the issuance premium is not included in the 2015A Bonds interest expense.
8. Actual Non-operating Expenses – Potable Water Funds were lower than the Budgeted YTD amount for a positive variance because the MET rate reimbursement credit is lower than budgeted due to lower than budgeted water sales through December.



# Memo

Date: February 09, 2026  
To: Finance Committee  
From: Leo Mendez, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **CONSIDER EDUCATIONAL ITEM ON LOCAL AGENCY INVESTMENT GUIDELINES (ANNUAL OBJECTIVE 57, PART 1)**

---

The purpose of this agenda item is to consider an educational item on local agency investment guidelines. Representatives from PFM Asset Management (Mr. Kyle Tanaka and Mr. Robert Montoya) and staff will present the attached slides to the committee and will be available to answer any questions.

This item is brought in furtherance of Annual Objective #57 to look at investment safety, liquidity, and returns compared to current legal requirements for public agency investments with the Finance Committee. This educational review on investment guidelines is the first step in the objective before investment safety, liquidity and returns are evaluated.

Attachments:

**Attachment 1 – Presentation**

# Olivenhain Municipal Water District

## Investment Policy Review

February 09, 2026

Kyle Tanaka, CAMP Program Administrator

Robert Montoya, Institutional Relationship Manager

# The Role of the Investment Policy Statement

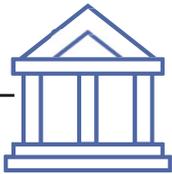
An organization's investment policy statement (IPS) serves as a foundation for implementing a successful investment program. An effective IPS is customized to the needs of the organization and provides critical guidance pertaining to investment objectives, proper governance, portfolio construction, and evaluation criteria.



It guides the objectives, and policies of the organization across evolving needs and varying economic environments



It provides a governance and decision-making framework for managing fiduciary responsibilities



It states how to comply with any applicable laws and regulations

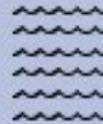
## Common Pitfalls of an IPS

- ▶ **Lack of consensus:** The process should be collaborative
- ▶ **Unclear language:** Guidelines need to be specific to be enforceable
- ▶ **Unrealistic goals:** Persistent failure will quickly render an IPS meaningless
- ▶ **Overly restrictive guidelines:** Policies should be carefully tailored and allow for appropriate flexibility
- ▶ **Failure to enforce and revise when necessary:** When long-term strategy changes or policies are not followed, either the IPS should be amended or a process corrected



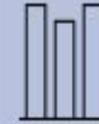
## Safety

Seek to preserve capital with high-quality investments



## Liquidity

Plan for and provide liquidity as needed



## Yield

Strategy in line with your return objectives and risk tolerances



# California Code - Permitted Investment Universe

Securities	1 Day	180 Days	270 Days	1 Year	5 Years	Over 5 Years
U.S. Treasuries		✓ Permitted				Requires Approval
Federal Agencies		✓ Permitted				
Municipal Securities		✓ Permitted				
Negotiable Certificates of Deposit		✓ Permitted				
Commercial Paper		✓ Permitted			X Prohibited	
Bankers' Acceptances	✓ Permitted				X Prohibited	
Medium-Term Corporate Notes		✓ Permitted				X Prohibited
Asset-Backed Securities (ABS)		✓ Permitted				
Supranationals		✓ Permitted				
Public Bank Debt		✓ Permitted				Requires Approval
Repurchase Agreements		✓ Permitted				X Prohibited
Money Market Funds/Bond Mutual Funds	✓ Permitted					X Prohibited
Local Government Investment Pools	✓ Permitted					
Foreign Sovereign						X Prohibited
Fixed-Income ETFs						
High-Yield Bonds						
Private Placements						
Convertibles						
Non-U.S. Dollar Investment Grade						
Emerging Markets Debt						
Bank Loans						
Domestic Equities (Large, Mid, Small Cap)						
Int'l Equities (Large, Mid, Small Cap)						
Emerging Markets						
Preferred Stock						
Equity Mutual Funds and ETFs						
Commodities						
Real Estate						
Hedge Funds						
Private Equity						
Venture Capital						
Tangible Assets						
Complex Derivatives, Futures and Options						

Source: California Government Code Section 53601.

# OMWD - Where we are today

- Safety
  - Investments are high quality and conservative
  - Within legal and policy limits
- Liquidity
  - Cash is available to meet operating needs
  - Upcoming obligations are fully covered
  - No need to sell investments early
- Return
  - Earning a reasonable return for public funds
    - Currently above SDCPI
  - Returns are consistent with safety and liquidity priorities



- Bring this educational item to full Board at the February 18<sup>th</sup> meeting
- SB 827 Financial Training - upcoming
- Follow-up with Finance Committee on Options for annual objective 57
- Undertaking agency survey of practices



# Disclosures

*The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.*

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**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**



# Memo

Date: February 9, 2026  
To: Finance Committee  
From: Leo Mendez, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW TIMELINE FOR GENERAL MANAGER’S RECOMMENDED BIENNIAL OPERATING AND CAPITAL BUDGET FOR FISCAL YEARS 2027 AND 2028**

---

The purpose of this agenda item is to update the Finance Committee on the timeline for developing, reviewing, and adopting the General Manager’s Recommended Biennial Operating and Capital Budget for Fiscal Years 2027 and 2028. Staff will review the attached document with the committee and will be available to address any questions.

Attachments:

Attachment 1 – Biennial Budget Timeline Summary

# Biennial Budget

## Creation and Approval Timeline

**February**

- Finance receives input from each department manager on their departmental and capital project needs

**March**

- Finance uses current and historical information to create the draft budget.
- GM and Finance work with Departments on cost cutting measures throughout prior to presenting Draft Budget to Finance Committee

**Early April**

- Draft Budget presented to the Finance Committee (Budget Workshop)

**April 15<sup>th</sup>**

- Draft Budget presented to the full Board (Budget Workshop)
- If necessary, the draft budget will be brought back to the full Board on May 20<sup>th</sup>

**April through May**

- Finance updates budget assumptions with any new information. Significant updates will be brought to the Board's attention prior to adoption.
- Finance creates the Biennial Budget book

**June 17<sup>th</sup>**

- Board adopts the General Manager Recommended Biennial Operating and Capital Budget

# Memo

Date: February 09, 2026  
To: Finance Committee  
From: Leo Mendez, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW AND DISCUSS PROPOSED FINANCING TEAM FOR PLANNED WASTEWATER DEBT ISSUANCE AND RESOLUTION OF INTENT TO ISSUE TAX-EXEMPT OBLIGATIONS TO PAY FOR IMPROVEMENTS TO THE DISTRICT'S WASTEWATER SYSTEM**

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The purpose of this item is to review and discuss the proposed financing team for the planned wastewater debt issuance and a resolution of the Board's intention to issue tax-exempt bonds for improvements to the District's wastewater system, including the Headworks Screening project.

A \$6.5 million debt issuance was included as part of the 2024 Wastewater Rate Study that the Board approved in 2024. The debt issuance was recommended by the District's rate consultant (Raftelis Financial Consultants) to keep annual wastewater revenue adjustments at 5.5%. Additionally, one of the District's annual objectives for 2026 is to complete this wastewater debt issuance.

Staff is proposing that OMWD retain Fieldman as the District's Municipal Advisor and Stradling Yocca Carlson & Rauth as the District's Bond Counsel, as part of its financing team when issuing the debt. OMWD has historically and continually used Fieldman and Stradling Yocca Carlson & Rauth due to their expertise, responsiveness, and familiarity with the District.

Staff is also proposing to bring the attached Resolution of Intent to the Board for consideration. While the resolution does not obligate the Board to issue bonds, it does allow the District to reimburse itself for costs incurred for the project back up to 60 days

prior to this resolution date once the planned wastewater debt is issued, should the Board approve the resolution.

Staff and the District's Bond Counsel, Mr. Lawrence Chan, Partner at Stradling Yocca Carlson & Rauth, will be available to answer any questions the committee may have. A copy of the resolution is attached.

Attachments:

**Attachment 1** – Resolution

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE OLIVENHAIN MUNICIPAL WATER  
DISTRICT REGARDING ITS INTENTION TO  
ISSUE TAX-EXEMPT OBLIGATIONS

WHEREAS, the Olivenhain Municipal Water District (the “District”) is a municipal water district duly organized and existing under the laws of the State of California; and

WHEREAS, the Board of Directors of the District intends to finance the costs of certain public facilities and improvements, as provided in Exhibit A attached hereto and incorporated herein (collectively, “Project”); and

WHEREAS, the District expects to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (“Obligations”); and

WHEREAS, prior to the execution and delivery of the Obligations, the District desires to incur certain expenditures with respect to the Project from available monies of the District, which expenditures are desired to be reimbursed by the District from a portion of the proceeds of the sale of the Obligations.

NOW, THEREFORE, the BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS

SECTION 1. The District hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the execution and delivery of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$6.5 million.

SECTION 3. This resolution is being adopted not later than 60 days after the date (“Expenditure Date or Dates”) that the District will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

SECTION 4. Except as described below, the expected date of execution and delivery of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, however, that the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the “eighteen month limit” of the previous sentence is changed to “three years” and the limitation of the previous sentence beginning with “; provided, . . . .” is not applicable.

SECTION 5. Proceeds of the Obligations to be used to reimburse Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of the District) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the District as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the District (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. The limitations described in Section 3 and Section 4 of this resolution do not apply to: (a) costs of issuance with respect to the Obligations; (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations; or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 8. This resolution is adopted as official action of the District in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of District expenditures incurred prior to the date of execution and delivery of the Obligations, is part of the District's official proceedings, and will be available for inspection by the general public at the main administrative office of the District.

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Board of Directors of the Olivenhain Municipal Water District held on \_\_\_\_\_, 2026.

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Matthew R. Hahn, President  
Board of Directors  
Olivenhain Municipal Water District

Attest:

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Christy Guerin,  
Secretary Board of Directors  
Olivenhain Municipal Water District

## EXHIBIT A

### DESCRIPTION OF PROJECT

The Project consists of improvements to the District's wastewater system, including construction of certain rehabilitations, replacements, and modifications at the 4S Wastewater Treatment Plant and the collections system, including wastewater pump stations. The project will consist of installation of new and modified components such as pumps, pipelines, valves electrical and instrumentation systems, mechanical systems, chemical systems, odor control equipment, structural modifications, headworks equipment (automatic bar screens, wash press , and grit classifier), off-specification diversion piping, strainer, and coatings used in the wastewater treatment and collection process to improve the overall wastewater system performance.

# Memo

Date: February 09, 2026  
To: Finance Committee  
From: Leo Mendez, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **PINNACLES CFD FORMATION (VERBAL REPORT)**

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This is an informational item. Staff will make a verbal report to the Committee on the status of a request received by the District from the Pinnacle at Santa Fe Valley Developer (Pinnacle Developer) about forming a community facility district (CFD). This item was previously reviewed with the Finance Committee in 2025 and has recently picked up again.

# Memo

Date: February 9, 2026  
To: Finance Committee  
From: Kimberly A. Thorner, General Manager  
Subject: **CONSIDER REVIEW AND COMMENTS ON AN ORDINANCE AMENDING OLIVENHAIN MUNICIPAL WATER DISTRICT’S ADMINISTRATIVE AND ETHICS CODE (Article 2 – Organization of Board of Directors) TO BE BROUGHT TO THE FEBRUARY BOARD MEETING**

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## **Purpose**

The purpose of this item is to preview the per diem and official business Ordinance that will be presented to the full board after the Public Hearing at the February 18<sup>th</sup> Board Meeting.

## **Recommendation**

If the Board approves an increase to the OMWD Board per diem rate, it is required to update Article 2 of the Administrative and Ethics Code with the attached Ordinance.

## **Alternative(s)**

At the full board meeting the board could decide against increasing the per diem rate; however, staff recommends including the language regarding what meetings are subject to per diems as this is required by AB 1234 as official business.

## **Background**

At the December 17, 2025 Board Meeting, the Board voted to hold a Public Hearing regarding increasing OMWD's Board per diem rate to \$250 per meeting, to increase the per diem with the Consumer Price Index (CPI-U) up to a maximum of 5% annually, and to reevaluate the Board per diem rate in 2031.

At the January 21, 2026 Board Meeting, the Board approved setting the time and place for the required Public Hearing for February 18, 2026 at 5:30 p.m.

In reviewing per diem requirements as part of this process, the General Manager discovered that AB 1234 required agencies to adopt a policy in a public meeting specifying the types of meetings members of the Board can receive per diems. The policy sets forth what meetings and events are official business. Presently, the Administrative and Ethics Code states meetings of the Board, Committees, and attendance at events hosted by associations in Article 19 as meetings that attendance and per diems are authorized. The attached language proposed by staff was derived from review of the policies adopted under AB 1234 of other agencies. Staff recommends that the Board adopt this clarification of meetings that are official business regardless of the per diem amount.

## **Fiscal Impact**

Insignificant relative to OMWD's total budget. By way of example, the impact to OMWD's operating budget for fiscal year 2026 for increasing the Board per diem per meeting amount from \$150 to \$250 is estimated at approximately \$36,000 (based on an average of six meetings per month per Director).

## **Discussion**

A public hearing is required when increasing the board per diem rate and will be held on February 18, 2026 at 5:30 p.m. prior to the adoption of an ordinance at the full Board Meeting. The Public Hearing will be noticed in the newspaper on February 6<sup>th</sup> and February 13<sup>th</sup>. There is a 60-day waiting period before the new rate can take effect. In addition to the code also stating that per diem can NOT be for more than a total of 10 days in any calendar month, the proposed Ordinance also specifies what meetings qualify for per diem reimbursements.

General Counsel Smith opined that the Board should be able to adopt an Ordinance to establish future annual increases based on CPI or some other index, so long as the increases never exceed 5% annually in accordance with Water Code § 20202.

This item is to have the Finance Committee preview the attached Ordinance prior to the Board Meeting and provide any comments prior to the Board Meeting.

Prepared by: Stephanie Kaufmann, Executive Secretary

Reviewed by: Kimberly A. Thorner, General Manager

Approved by: Kimberly A. Thorner, General Manager

*Attachments:*

*Proposed Per Diem Ordinance*

ORDINANCE NO. 5XX

ORDINANCE OF OLIVENHAIN MUNICIPAL WATER DISTRICT'S  
BOARD OF DIRECTORS AMENDING THE ADMINISTRATIVE AND  
ETHICS CODE (*Article 2 – Organization of Board of Directors*)

BE IT ORDAINED by the Board of Directors of Olivenhain Municipal Water District as follows:

SECTION 1: Article 2 of OMWD's Administrative and Ethics Code, Organization of Board of Directors, Sections and 2.1, 2.16. and 2.17. is hereby amended to read as shown on Exhibit A (attached).

PASSED, ADOPTED AND APPROVED this 18th day of February 2026 by the following roll call vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Matthew R. Hahn, President  
Board of Directors  
Olivenhain Municipal Water District

ATTEST:

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Christy Guerin, Secretary  
Board of Directors  
Olivenhain Municipal Water District

<b>Olivenhain Municipal Water District</b>  <b>ADMINISTRATIVE AND ETHICS CODE</b>	Article No. 2	Page 1 of 10
	Title: <b>ORGANIZATION OF BOARD OF DIRECTORS</b>	
	Latest Revision Date <del>January 15, 2025</del> February 18, 2025	ORDINANCE NO. <del>5265X</del> X

ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS

*Sec. 2.1 revised by Ordinance No. 5XX / February 18, 2026*

- Sec. 2.1 revised by Ordinance No. 526 / January 15, 2025*
- Sec. 2.1 revised by Ordinance No. 506 / January 18, 2023*
- Sec. 2.1 revised by Ordinance No. 488 / June 16, 2021*
- Sec. 2.1 revised by Ordinance No. 482 / January 13, 2021*
- Sec. 2.1 revised by Ordinance No. 480 / December 9, 2020*
- Sec. 2.1 revised by Ordinance No. 461 / December 12, 2018*
- Sec. 2.1. revised by Ordinance No. 447 / January 18, 2017*
- Sec. 2.1. revised by Ordinance 422 / January 14, 2015*
- Sec. 2.1. revised by Ordinance 413 / February 12, 2014*
- Sec. 2.1. revised by Ordinance 404 / January 16, 2013*
- Sec. 2.1. revised by Ordinance 393 / January 18, 2012*
- Sec. 2.1. revised by Ordinance 385 / February 9, 2011*
- Sec. 2.1. revised by Ordinance 368 / December 10, 2008*
- Sec. 2.1. revised by Ordinance 342 / January 12, 2007*
- Sec. 2.1. revised by Ordinance 331 / June 9, 2006*
- Sec. 2.1. revised by Ordinance 320 / July 27, 2005*
- Sec. 2.1. revised by Ordinance No. 299 / November 27, 2002*
- Sec. 2.1. revised by Ordinance No. 298 / September 18, 2002*

Sec. 2.1 Executive Officers. All powers, privileges, and duties vested in or imposed upon the District by law and the Municipal Water District Act shall be exercised and performed by the Board of Directors except such powers as the Board may delegate to others by ordinance, resolution or motion.

Effective December 2014, per AB 72, elected water Directors will now be required to take office at noon on the first Friday in December succeeding their election. Outgoing Directors will end their term on the first Friday in December at 11:59 A.M.

The current terms of the Board of Directors of the District are as follows:

<u>DIVISION</u>	<u>CURRENT TERM</u>	<u>DIRECTOR</u>
1	<del>12/02/22</del> <u>03/24/25</u> to 12/04/26	<del>Lanfried</del> <u>San Antonio</u>
2	12/06/24 to 12/01/28	Maloni
3	12/06/24 to 12/06/28	Guerin
4	12/02/22 to 12/04/26	Hahn
5	12/06/24 to 12/01/28	Meyers

The Executive Officers of the Board shall consist of the President, Vice President, Secretary, Treasurer; and they shall serve a two-year term or until their successors are elected. Elections shall be held at the January meeting of the Board in the odd numbered years.

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ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS

At the Board's first meeting in January of each odd-numbered year, in accordance with Section 71273 of the Municipal Water Code as amended, election of officers shall be rotated sequentially by Director Divisions, commencing with the Office of President, except that the District's Representative serving on the San Diego County Water Authority Board shall not hold the office of President on the Olivenhain Municipal Water District Board. Any Board Director not wishing to hold a particular office may pass on filling that position.

If a Board Member passes on filling a particular position, consensus shall be reached on the remaining Board Officer positions to be filled by the Board. If consensus cannot be reached, all remaining Board Officer positions with the exception of President, shall be voted on individually by a majority vote of the board. All Board Members are eligible for the office of President, Treasurer, Secretary, and appointment to the San Diego County Water Authority representative per Sec. 2.18, provided they have served no less than one year on the Board. The office of President shall always rotate sequentially by division. A board member may pass on filling the office of President.

- A. President. It shall be the duty of the President to preside over the meetings of the Board of Directors, and the President shall authenticate all official records of the District where required by law or as directed by a majority of the Board, and such other duties and responsibilities as required or imposed by law or a majority of the Board of Directors.
- B. Vice-President. The Vice-President shall exercise the powers and duties of the President, if the President is absent or unable to act.
- C. Secretary. The Secretary shall authenticate all official records of the District, and shall maintain in a safe location the official records of the District, certify all records wherever required and where necessary, and perform such other duties and responsibilities as imposed upon the Secretary by law or by a majority of the Board of Directors.

In the absence of the Secretary, the duties of the Secretary shall be performed by the Assistant Secretary.

- D. Treasurer. The Treasurer shall be appointed by the Board of Directors and a Deputy Treasurer may also be appointed by the Board of Directors.

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ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS

The Treasurer shall be custodian of all monies deposited in the treasury. Such monies shall be paid out upon the presentation of warrants or demands legally drawn, and without such warrant or demand, shall pay out no money, except the principal and interest of bonds payable by the District when due. The Treasurer shall make payments by warrants drawn against the funds deposited in the commercial accounts of the District. Such warrants, when approved by the General Manager as to authorization of expenditure and availability of appropriated funds, shall be signed by the Treasurer or Deputy Treasurer.

The Treasurer shall, so far as practicable, deposit the money under the treasurer's supervision and control in such institutions and upon such terms as the laws of the State of California may permit and as directed by the Board of Directors, and evidence of such deposits shall be counted and considered as cash in the treasury of the District.

The Treasurer shall purchase, sell or exchange approved securities to the best advantage of the District, with discretion, and with approval of the Board of Directors.

The Treasurer shall report to the Board at least monthly the condition of the District's finances.

In the absence of the Treasurer, the duties of the Treasurer shall be performed by the Deputy Treasurer.

The Treasurer and the Deputy Treasurer shall be bonded in an amount to be determined by the Board of Directors.

The General Manager shall serve as the Assistant Secretary and the Finance Manager shall serve as the Deputy Treasurer.

*Sec. 2.2 revised by Ordinance 451 / July 19, 2017*

*Sec. 2.2. revised by Ordinance 375 / March 24, 2010*

Sec. 2.2. Executive Committees. There may be committees created from time to time to take care of matters which arise and require committee study and recommendation.

Each committee shall have a chairperson and vice chairperson, to be appointed by the President of the Board. Each committee shall meet at stated times to be agreed upon by the committee chairperson, and shall

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ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS

consider matters referred to it by the Board, or matters within the scope of its duties, which are presented to it by its members or by the General Manager. Each committee, having authority only to recommend to the Board, shall carry on its work if two or more of its members are present at the Meeting. A meeting of any committee may be called by the President of the Board at any time for consideration of matters requiring immediate attention.

Each committee chairperson shall report to the Board of Directors at the next regularly scheduled Board of Directors' Meeting regarding matters considered at committee meetings.

The Safety, Personnel, and Finance, Committees shall conduct business in Public Session in conformance with the provisions of the Brown Act as amended, Government Code 54950 et. seq. Ad Hoc Committees may be appointed from time to time and shall only meet as necessary. Not more than two Board Directors shall serve on any one committee.

*Sec. 2.3. revised by Ordinance 409 / July 24, 2013*

Sec. 2.3. Appointment of Staff Personnel. The Board of Directors shall appoint the following staff personnel and fix their compensation: General Manager, Attorney, Auditor, and any other employee who may not be subject directly to the supervision of the General Manager.

*Sec. 2.4. revised by Ordinance No. 423 / Mar. 18, 2015*

*Sec. 2.4 revised by Ordinance No. 368 / Dec. 10, 2008*

*Sec. 2.4. revised by Ordinance No. 356 / Dec. 5, 2007*

*Sec. 2.4. revised by Ordinance No. 321 / Sept. 20, 2005*

*Sec. 2.4. revised by Ordinance No. 310 / May 14, 2004*

Sec. 2.4. Time and Place of Regular Board Meetings. There shall generally be one regular Board Meeting per month scheduled by annual calendar to be presented to the Board for consideration on or before November of each calendar year. The regular Board Meeting shall usually be held with notice on the second or third Wednesday of every month at 4:00 P.M. In the event a second regular Board Meeting is scheduled for a particular month, it shall usually be held with notice on the fourth Wednesday of that month, also at 4:00 P.M. The annual calendar is considered in compliance with the standing policy of the Board of Directors that when a regular Board Meeting conflicts with holidays or conferences for the Association of

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**ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS**

California Water Agencies (ACWA) or California Special District Association (CSDA), the regular Board Meeting shall be scheduled so as not to conflict with the aforementioned conferences or holidays. Rescheduled Board meetings shall comply with Section 2.7 of the Administrative and Ethics Code for adjourned and continued meetings. One or both regular Board Meetings shall be held prior to the monthly San Diego County Water Authority Board Meeting.

The meetings are held in the room designated as the Boardroom at the offices and principal place of business of the District located at 1966 Olivenhain Road, Encinitas, California.

- Sec. 2.4.1. DELETED by Ordinance No. 321 / Sept. 20, 2005*
- Sec. 2.4.1. revised by Ordinance No. 310 / May 14, 2004*
- Sec. 2.4.1. revised by Ordinance No. 305 / October 22, 2003*
- Sec. 2.4.1. revised by Ordinance No. 295 / July 24, 2002*

**Sec. 2.5. Call for Special Meeting.** A special meeting may be ordered at any time by the President of the Board of Directors, or by members of the Board of Directors constituting a majority of the Board by delivering personally or by mail, written notice to each Board Director and to each local newspaper of general circulation, radio or television station requesting notice in writing. The call and notice shall be posted at least 24 hours prior to a special meeting in a location that is freely accessible to members of the public.

Such notice must be delivered personally or by mail at least twenty-four hours before the time of such meeting as specified in the notice. The order shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings by the Board of Directors.

Written notice need not be given to any Board Director who files a written waiver of notice at or before the meeting or for any Board member actually present at the meeting.

**Sec. 2.6. Emergency Meetings.** The Board may hold an emergency meeting without complying with the 24-hour notice and posting requirements if an emergency exists as defined in Government Code Section 54956.5. The President of the Board, or his/her designee, shall telephone any local newspaper of general circulation, radio, or television station, which has requested notice of special meetings one hour prior to the emergency meeting.

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ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS

If telephone services are not functioning, local newspapers of general circulation, radio, or television stations requesting notice of special meetings shall be contacted as soon after the emergency meeting as possible and advised of the purpose and actions taken at this meeting. The Board shall not meet in closed session during any emergency meeting.

All special meeting requirements, other than the 24-hour notice and posting requirements, shall be followed at the emergency meeting. Minutes of the emergency meeting, a list of persons the District notified or attempted to notify, a copy of the roll call vote, and any action taken shall be posted for a minimum of ten (10) days, in a public place, as soon after the emergency meeting as possible.

Sec. 2.7. Adjourned and Continued Meetings. The Board may adjourn or continue any regular, adjourned regular, special, or adjourned special meeting to a time and place specified in the order of adjournment or continuance. Less than a quorum of the Board may adjourn from time to time. The Clerk or Secretary of the District may adjourn a meeting if all Board members are absent as provided in the Brown Act.

A copy of any order of adjournment shall be posted on the door of the meeting room within twenty-four (24) hours after the time of adjournment continuance to a subsequent date. Notice of continued meetings held within twenty-four (24) hours of the meeting shall be posted on the door of the meeting room immediately after the meeting setting the continuance date. If an order of adjournment or continuance does not state a meeting time, the Board's normal meeting time for regular meetings shall be the designated time.

Sec. 2.8. Quorum. A quorum necessary for the transaction of business at any meeting of the Board shall be declared to exist whenever there are present at least three Board Directors. However, any regular or special meeting of the Board of Directors at which a quorum is not present may be continued from time to time until a quorum is present to transact the business of the Board.

*Section 2.9. revised by Ordinance 385 / January 26, 2011*

Sec. 2.9. Voting. Except as otherwise provided by law or ordinance, the decision of the Board of Directors shall be expressed and determined by motions duly made and adopted by a majority vote of the Board Directors who are present provided a quorum exists. A roll call vote shall be had if requested by any Board Director. When not requested or ordered by the President, a

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roll call vote shall be deemed dispensed with. A roll call vote shall be taken on all Ordinances.

Sec. 2.10. Order of Procedure at Meetings. Except as otherwise provided by law or Ordinance, the business of the meetings of the Board of Directors and the order of procedure shall be as provided by "Robert's Rules of Order, revised." The President shall preside at all meetings of the Board, and in his/her absence, the Vice-President. In the absence of both the President and Vice-President, the presiding officer shall be selected by a majority vote of the members of the Board attending such meeting.

*Section 2.11. revised by Ordinance 486 / April 14, 2021*

Sec. 2.11. Agenda Posting and Public Comment. The Agenda for regular meetings shall be posted in a location accessible to the public at least seventy-two (72) hours in advance of the meeting date. The Agenda shall specify the time and location of the meeting and a brief general description of each item listed. No action shall be taken on any item not appearing on the Agenda except as provided by Government Code Section 54954.2 or any successor statute. The Agenda shall provide an opportunity for members of the public to address the Board. The Board may adopt reasonable regulations from time to time limiting the amount of time for public input and individual speakers on Agenda items.

Sec. 2.12. Minutes of the Board Meetings. The Minutes of the Meetings of the Board of Directors shall be recorded and kept permanently by the Secretary in a book maintained for that purpose entitled "Book of Minutes of the Meetings of the Board of Directors, Olivenhain Municipal Water District." Unless otherwise expressly directed by the Board at the time of their adoption, the Ordinances and Resolutions adopted by the Board may be referred to in the Minutes by number and title only, but the same shall be recorded in full in books kept for that purpose entitled "Book of Ordinances" and shall authenticate the Minutes, Ordinances and Resolutions after they have been transcribed and approved by the Board of Directors and placed into the appropriate books and when so authenticated shall constitute the official Minutes, Ordinances and Resolutions of the Board of Directors of the Olivenhain Municipal Water District.

Sec. 2.13. Official Seal of the District. The following design is hereby determined to be and it is hereby adopted as and for the official seal of the Olivenhain Municipal Water District:

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ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS

A CIRCLE WITH THE WORDS: "OLIVENHAIN MUNICIPAL WATER DISTRICT," INSCRIBED AROUND. THE PERIMETER THEREOF WITH THE WORDS: "ORGANIZED APRIL 6, 1959" AND "CALIFORNIA" IN THE CENTER THEREOF.

*Section 2.14. revised by Ordinance 486 / April 14, 2021*  
*Section 2.14. revised by Ordinance 320 / July 27, 2005*

Sec. 2.14. Agenda Creation. The General Manager shall prepare the Agenda for all meetings of the Board of Directors so that the Agenda can be posted in a location accessible to the public at least seventy-two (72) hours in advance of the meeting date. The General Manager shall place on the Agenda all matters reasonable to be brought before the Board within his/her knowledge, and any matters requested to be placed on the Agenda by any two Board Directors. The General Manager shall place on the Consent Calendar all items, which appear to be routine or which he/she believes will require no discussion by the Board.

Items may be removed from the Consent Calendar by request of a Board Director or the General Manager. No reason must be given for the request. The President will call all items on the Consent Calendar by Agenda number item. The request to remove from the calendar any item must be made prior to or at the end of the time of the call. All items not removed may then be voted upon at the conclusion of the Consent Calendar Call by one (1) motion and by one (1) vote. A Board Director may have his/her vote recorded differently on the various items on the Consent Calendar. A Consent Calendar item will be identified by a "C" in front of the Agenda item number.

Sec. 2.15. Closed Sessions. The Board may hold closed sessions on Agenda items as provided in the Brown Act.

*Sec. 2.16. revised by Ordinance No. 5XX / February 18, 2026*

See Sec. 2.16. Directors Fees, Expenses. Effective ~~April 17, 2000~~ April 20, 2026, each Board Director shall receive compensation in an amount not to exceed ~~one two~~ hundred fifty dollars (\$~~150~~250.00) per day for each day's ~~act of official service set forth in section 2.17, attendance at meetings of the Board or for each day's service rendered as a Board Director by request of the Board,~~ not to exceed a total of ten (10) days in any calendar month or more than one per day, together with expenses incurred in the performance of his/her duties requested or authorized by the Board.

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**ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS**

Beginning in April 2027, and annually thereafter, the daily compensation shall adjust by the percentage change in the Consumer Price Index (CPI-U for San Diego) February to February Data, up to five percent (5%), unless a majority of the Board declines to accept the indexed change.

*Sec. 2.17. revised by Ordinance No. 5XX / February 18, 2026*

Sec. 2.17. Official Service. The following activities shall be considered service rendered in an official capacity that is eligible for compensation:

- 1) Attendance by any Director at a board meeting of the District, whether regular, special, or emergency.
- 2) Attendance by any Director at a board committee meeting or hearing of the District, of which they are a member
- 3) Attendance at District-related activities if the Director is designated by the Board as the District's primary representative, which shall be deemed to be approved in advance by Board action.
- 4) Attendance at orientation, educational activities, site visits, lobbying trips, tours, trainings, and briefings for Board member(s) organized by District staff.
- 5) Attendance at training programs that Board members must take as required by law (e.g., ethics training, cybersecurity, and sexual harassment prevention training) located in the State of California or webinars.
- 6) Attendance by any Director in their official capacity at water or wastewater related conferences, seminars, or educational events set for in Article 19.
- 7) All other activities must be approved in advance by the Board and compensation specifically authorized in order to be considered service rendered in an official capacity that is eligible for compensation under this Ordinance.

Sec. 2.1718. Director Absence. Any Board Director who will be absent from the State for a period of sixty (60) days or more must receive permission from the Board of Directors prior to the expiration of the 60-day period. Failure to receive permission shall constitute abandonment of the position and shall create a vacancy on the Board of Directors.

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ARTICLE 2. ORGANIZATION OF BOARD OF DIRECTORS

*Section 2.18. added by Ordinance 483 / January 13, 2021*

Sec. 2.1819. San Diego County Water Authority Representative. The Board shall select a representative by majority vote to fill its seat on the San Diego County Water Authority Board. If OMWD acquires a second seat on the San Diego County Water Authority Board in the future, the same process for selection shall be followed. Only a member of the Board or the General Manager may be selected to serve as the San Diego County Water Authority representative for OMWD. The term of appointment shall comply with the County Water Authority Act stated term of office of six years, and until their successors are appointed and qualified. The OMWD representative to the San Diego County Water Authority Board may be removed by a majority vote of the OMWD Board at any time without cause and serves at the will of the OMWD Board.