

**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: TUESDAY, MAY 12, 2026

TIME: 11:00 A.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

Meeting ID: 891 4478 8378

Passcode: 073592

For Zoom Call-in Only:

Call: (669) 900-9128

Meeting ID: 891 4478 8378

Passcode: 073592

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 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 APRIL 2, 2026, SPECIAL FINANCE COMMITTEE MEETING
6. QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (3rd QTR OF FY 2026)
7. REVIEW OF OMWD'S FINANCIAL REPORT – BUDGET VS. ACTUAL REPORT (3rd QUARTER OF FY 2026)
8. REVIEW AND DISCUSS WASTEWATER FINANCING OPTIONS AND CONSIDER A RESOLUTION AUTHORIZING SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBANK) FOR WASTEWATER PROJECT FINANCING
9. CONSIDER AND DISCUSS APPROVAL OF OMWD BECOMING A MEMBER OF THE CALIFORNIA STATEWIDE COMMUNITY DEVELOPMENT AUTHORITY (CSCDA), AUTHORIZATION OF CSCDA TO FORM A COMMUNITY FACILITIES DISTRICT FOR THE PINNACLE AT SANTA FE VALLEY PROJECT, AND APPROVAL OF ACQUISITION AGREEMENT RELATING THERETO
10. FUTURE AGENDA ITEMS
11. ADJOURNMENT

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

April 2, 2026

A special meeting of the Finance Committee of Olivenhain Municipal Water District was held on Thursday, April 2nd, 2026, at the District office, 1966 Olivenhain Road, Encinitas, California via teleconference and in person.

Director Meyers called the meeting to order at 9:02 a.m. In attendance were Scott Maloni, Treasurer; Neal Meyers, Vice President; Kimberly Thorner, General Manager; Leo Mendez, Finance Manager; Georgeanna Clark, Project Accountant II; August Trees, Financial Analyst I; and Jared Graffam, Accounting Supervisor 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 FEBRUARY 9, 2026, REGULAR FINANCE COMMITTEE MEETING

Director Meyers moved to approve the February 9th, 2026, meeting minutes, seconded by Director Maloni and carried unanimously.

6. REVIEW AND DISCUSS PRELIMINARY FISCAL YEARS 2027 AND 2028 OPERATING AND CAPITAL BUDGET

Finance Manager Mendez presented the preliminary operating and capital budget for fiscal years 2027 and 2028, including an overview of the budget process, and noted that staff has produced a balanced budget. Finance Manager Mendez also noted that the District is meeting its stretch objective of keeping controllable costs at or below the San Diego Consumer Price Index (CPI) change of 3.8%. Finance Manager Mendez provided

an overview of the proposed Operating and Capital Budget Expenditures followed by budget uncertainties. Director Meyers inquired about the projected increase in SDCWA water costs. General Manager Thorner affirmed that the District will receive final numbers from SDCWA in May, but the budget assumes an increase of 8%. Director Meyers noted that the actual increase will likely be significantly lower than 8% and asked how a lower increase would affect OMWD's rates. General Manager Thorner explained that SDCWA rate increases are passed-through in the District's rate increases, and that lowering the assumption for the SDCWA rate increase would lower the budgeted purchased water costs, but would be offset by also lowering water sales revenue due to the District having a lower rate increase.

Finance Manager Mendez presented the budgeted operating revenues and expenses compared to the budgeted figures for fiscal year 2026 and actuals for fiscal year 2025 highlighting key increases in revenues and expenses in the next biennial budget period. Director Maloni questioned why revenues were significantly higher than expenses in both years showing a large net income, and why there was a lower net income for fiscal year 2028 compared to fiscal year 2027. General Manager Thorner explained that capital contributions are the primary driver of the high net income figures, and the decrease in fiscal year 2028 is due to capital contributions dropping from \$7.9 million in fiscal year 2027 to approximately \$2 million in fiscal year 2028. Finance Manager Mendez explained that the change in capital contributions is due to higher capacity fees revenue and expected grant funding during fiscal year 2027. General Manager Thorner explained that capacity fees and grant funding pay for their associated capital projects and should not be seen as an offset to operating costs. Director Meyers requested that a footnote should be added to clarify the funds are for specific projects and not a general revenue source. Finance Manager Mendez then provided an overview of key revenue and expenditure assumptions that were used throughout the operating budget.

Finance Manager Mendez next presented an overview of the capital budget, including estimated unspent appropriations through 2026 that will be added to the 2027 appropriations. Finance Manager Mendez noted that the 10-year capital spending plan was updated by Engineering and has been incorporated into the budget and the District's reserves projections. Director Meyers inquired about the DCMWTP improvements. General Manager Thorner explained that the plant will have to be shut down for capital improvements for 4 months in 2027, resulting in increased costs from purchasing treated water instead of raw water. Potential OMWD rate impacts related to the shutdown and the SDCWA rate increases were discussed.

Finance Manager Mendez next summarized the proposed equipment purchases for 2027 and 2028. Director Meyers asked questions regarding the potential switch to electric service vehicles and Director Maloni asked questions regarding the Boardroom equipment upgrades.

Finance Manager Mendez then detailed the 5-year historical reserves and projections for water and wastewater funds, noting that the primary driver of the projected reserve levels is the updated 10-year Capital Spending Plan. Finance Manager Mendez noted that the increase in the water reserve balances in fiscal year 2032 is due to a planned debt issuance and projected grant funds related to the San Dieguito Groundwater Desalination project. Finance Manager Mendez also noted that total Wastewater reserves are expected to decrease to a level closer to the minimum of the Board's reserves policy in 2030, assuming full capital spending, which is a conservative assumption.

Finance Manager Mendez requested approval from the Finance Committee to bring forward the budget for discussion with the Board at the April 15th meeting, for tentative approval. Finance Manager Mendez also noted that staff is requesting direction on adding a \$100 thousand grant lobbying agreement that would put the budget over the 3.8% increase in controllable costs annual objective but could lead to the District receiving grant funding. Finance Manager Mendez added that staff will continue with the budget refinement process, and that the final draft of the budget will be presented to the Board for consideration and adoption at the June board meeting.

Director Maloni and Director Meyers requested that staff maintain the annual objective of keeping controllable costs below 3.8% and directed staff not to pursue the grant lobbyist agreement for \$100 thousand. Director Meyers and Director Maloni approved bringing the preliminary budget for discussion and tentative approval at the April 15th Board meeting, excluding the grant lobbying agreement.

9. FUTURE AGENDA ITEMS/INFORMATION

There were no future agenda items requested.

10. ADJOURNMENT

The meeting was adjourned at 10:49 a.m.

Memo

Date: May 12, 2026
To: Finance Committee
From: Leo Mendez, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (3rd QTR OF FY 2026)**

Purpose

The purpose of this agenda 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 March 31, 2026

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 March 31, 2026

<u>Active Deposits</u>	<u>Book Value</u>
Checking Accounts	\$ 3,603,444
Cash Restricted for Specific Use	207,917
Petty Cash/Disaster Preparedness	1,487
Total Active Deposits	\$ 3,812,848

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	2,389,048
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<u>Investments</u>	<u>Face Value</u>	<u>Market Value</u>	<u>Current Yield</u>	<u>Balance</u>
LAIF	\$ 37,923,916	38,006,647	3.83%	\$ 37,923,916
CAMP - US Bank	20,751,351	20,751,351	3.80%	20,751,351
Money Market Funds	4,369,167	4,369,167	3.25%	4,369,167
U.S. Agency Securities	21,000,000	20,805,680	3.81%	20,998,300
Total Investments	\$ 84,044,434	\$ 83,932,845	3.78%	\$ 84,042,734

Total - All Deposits/Investments **\$ 90,244,630**

Maturity Analysis of Investments

	<u>Percent</u>	<u>Balance</u>
Demand Deposits	75.0%	\$ 63,044,434
Maturity within the next two months	1.2%	1,000,000
Maturity within three months and one year	2.4%	2,000,000
Maturity beyond one year	21.4%	17,998,300
Total Investments	100.0%	\$ 84,042,734

Weighted Average Days to Maturity **366**

Other Required Disclosures:

Accrued interest receivable as of 03/31/2026 \$ 496,401

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

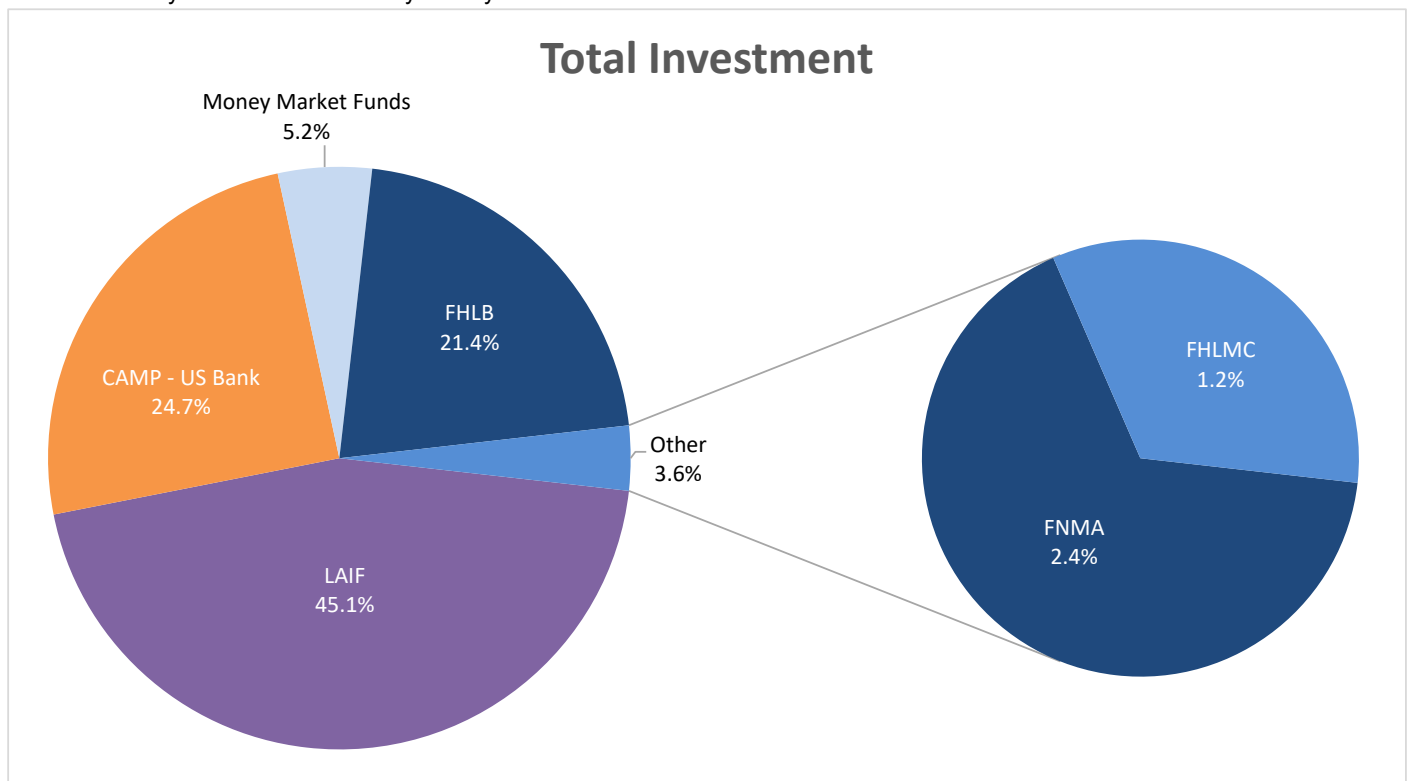
The District has sufficient funds on hand to meet the next 60 days' obligations.

Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
March 31, 2026

	Book Value	Percent	Permitted Percent	In Compliance?
LAIF	\$ 37,923,916	45.1%	50.0% ⁽¹⁾	Yes
CAMP - US Bank	20,751,351	24.7%	30.0%	Yes
Money Market Funds	4,369,167	5.2%	20.0% ⁽²⁾	Yes
U.S. Agency Securities	20,998,300	25.0%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	17,998,300	21.4%		
<i>FNMA</i> <i>Fannie Mae</i>	2,000,000	2.4%		
<i>FHLMC</i> <i>Freddie Mac</i>	1,000,000	1.2%		
Total Investments	\$ 84,042,734	100%		

Note:

- ⁽¹⁾ No more than 50% of the total value of all District Investments or \$40 million.
- ⁽²⁾ May not exceed 5% in any money market fund.



* Total may not add up to 100% due to rounding.

**Olivenhain Municipal Water District
MONTHLY INVESTMENTS DETAIL
March 31, 2026**

ACTIVE DEPOSIT		Book Value
Checking A/C: California Bank and Trust for General Purpose		3,603,444
California Bank and Trust for Specific Purpose		207,917
Petty Cash/Disaster Preparedness		1,487
Total - Active Deposits		3,812,848

DEPOSITS NOT COVERED BY INVESTMENT POLICY		
Cash with Fiscal Agents:		
Union Bank - RAD 96-1 Refunding Bond		938,536
Union Bank - 2015A Refunding Bond		138,954
SRF Loan		1,073,122
Union Bank - 2016A Refunding Bond		182,423
Union Bank - 2021A WW Revenue Bond		44,985
Union Bank - 2021B Refunding Bond		11,028

Total Deposits Not Covered by Investment Policy **2,389,048**

	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							
INVESTMENTS													
Invest Pools: US Bank Calif. Asset Mgmt Prgm (CAMP)							1		3.80%	\$ 20,751,351	\$ 20,751,351	\$ 20,751,351	
State Local Agency Investment Fund (LAIF)							1		3.83%	38,006,647	37,923,916	37,923,916	
First American Government 31846V567							1		3.54%	3,162,013	3,162,013	3,162,013	
CB&T Money Market Account							1		2.51%	1,207,154	1,207,154	1,207,154	

U.S. Agency Securities

3130ALVC5	FHLB Step-up Callable	Aa1	AA+	04/14/21	04/14/26	04/14/26	None	15	15	2.25%	2.25%	999,450	1,000,000	1,000,000
3130APAY1	FHLB Callable	Aa1	AA+	10/21/21	10/21/26	04/21/26		205	22	1.10%	1.12%	985,090	1,000,000	1,000,000
3130APL78	FHLB Callable	Aa1	AA+	10/28/21	10/28/26	04/28/26		212	29	1.38%	1.39%	986,550	1,000,000	1,000,000
3130B5X45	FHLB Callable	Aa1	AA+	04/24/25	04/24/29	04/24/26		1,121	25	4.45%	4.46%	998,050	1,000,000	1,000,000
3130B6CG9	FHLB Callable	Aa1	AA+	05/22/25	05/22/29	05/22/26		1,149	53	4.38%	4.39%	996,640	1,000,000	998,300
3130B2N43	FHLB Callable	Aa1	AA+	09/10/24	09/10/29	09/10/26		1,260	164	4.00%	4.04%	990,080	1,000,000	1,000,000
3130B9MN7	FHLB Callable	Aa1	AA+	02/26/26	08/26/30	08/26/26		1,610	149	4.00%	4.06%	984,570	1,000,000	1,000,000
3134HCNC9	FHLMC Callable	Aa1	AA+	01/09/26	01/09/31	10/09/26		1,746	193	4.10%	4.13%	992,690	1,000,000	1,000,000
3136GCGV1	FNMA Callable	Aa1	AA+	01/23/26	01/23/31	07/23/26		1,760	115	4.13%	4.15%	992,820	1,000,000	1,000,000
3130B9DE7	FHLB Callable	Aa1	AA+	02/11/26	02/11/31	02/11/27		1,779	318	4.02%	4.06%	989,930	1,000,000	1,000,000
3130B9HA1	FHLB Callable	Aa1	AA+	02/26/26	02/26/31	02/26/27		1,794	333	4.00%	4.07%	1,964,800	2,000,000	2,000,000
3130B9LF5	FHLB Callable	Aa1	AA+	02/26/26	02/26/31	02/26/27		1,794	333	4.00%	4.05%	1,976,760	2,000,000	2,000,000
3136GVCNU5	FNMA Callable	Aa1	AA+	03/04/26	03/04/31	09/04/26		1,800	158	4.10%	4.17%	983,880	1,000,000	1,000,000
3130B9Q45	FHLB Callable	Aa1	AA+	03/10/26	03/10/31	12/10/26		1,806	255	4.00%	4.04%	989,840	1,000,000	1,000,000
3130B9W63	FHLB Callable	Aa1	AA+	03/17/26	03/11/31	09/11/26		1,807	165	4.30%	4.32%	996,160	1,000,000	1,000,000
3130B9VN7	FHLB Callable	Aa1	AA+	03/17/26	03/17/31	03/17/27		1,813	352	4.13%	4.16%	1,981,440	2,000,000	2,000,000
3130B9RH5	FHLB Callable	Aa1	AA+	03/24/26	03/24/31	06/24/26		1,820	86	4.25%	4.27%	995,850	1,000,000	1,000,000
3130BA2S5	FHLB Callable	Aa1	AA+	03/30/26	03/25/31	03/25/27		1,821	360	4.50%	4.50%	1,001,080	1,000,000	1,000,000
							1,463	197	3.77%	3.81%	\$ 20,805,680	\$ 21,000,000	\$ 20,998,300	
Total Investments							366		3.78%	3.78%	\$ 83,932,845	\$ 84,044,434	\$ 84,042,734	

TOTAL - ALL DEPOSITS AND INVESTMENTS **\$ 90,244,630**

**Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
March 31, 2026**

PURCHASED

DATE				Investment Description	Stated	Current	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		Coupon	Yield		
01/09/26	01/09/31	10/09/26		FHLMC Callable	4.100%	4.105%	1,000,000	1,000,000
01/23/26	01/23/31	07/23/26		FNMA Callable	4.125%	4.128%	1,000,000	1,000,000
02/26/26	08/26/30	08/26/26		FHLB Callable	4.000%	4.001%	1,000,000	1,000,000
02/11/26	02/11/31	02/11/27		FHLB Callable	4.020%	4.019%	1,000,000	1,000,000
02/26/26	02/26/31	02/26/27		FHLB Callable	4.000%	4.000%	2,000,000	2,000,000
02/26/26	02/26/31	02/26/27		FHLB Callable	4.000%	4.000%	2,000,000	2,000,000
03/24/26	03/24/31	06/24/26		FHLB Callable	4.250%	4.268%	1,000,000	1,000,000
03/04/26	03/04/31	09/04/26		FNMA Callable	4.100%	4.167%	1,000,000	1,000,000
03/17/26	03/11/31	09/11/26		FHLB Callable	4.300%	4.317%	1,000,000	1,000,000
03/10/26	03/10/31	12/10/26		FHLB Callable	4.000%	4.041%	1,000,000	1,000,000
03/17/26	03/17/31	03/17/27		FHLB Callable	4.125%	4.164%	2,000,000	2,000,000
03/30/26	03/25/31	03/25/27		FHLB Callable	4.500%	4.495%	1,000,000	1,000,000

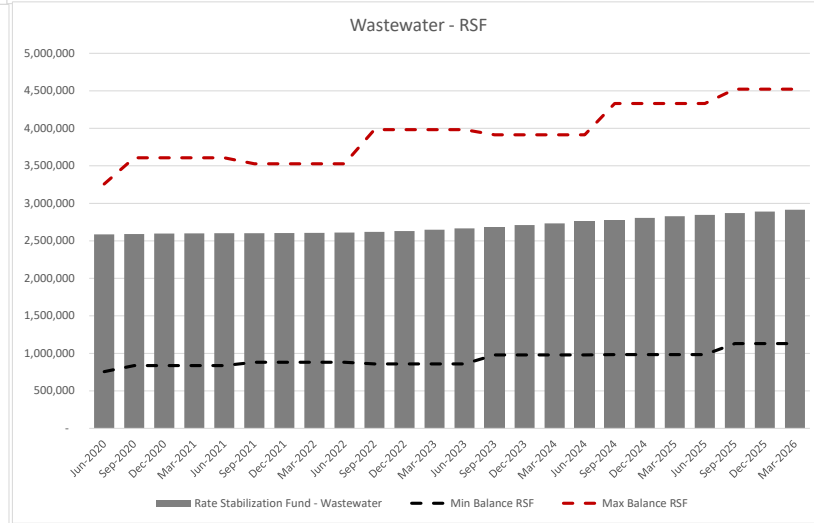
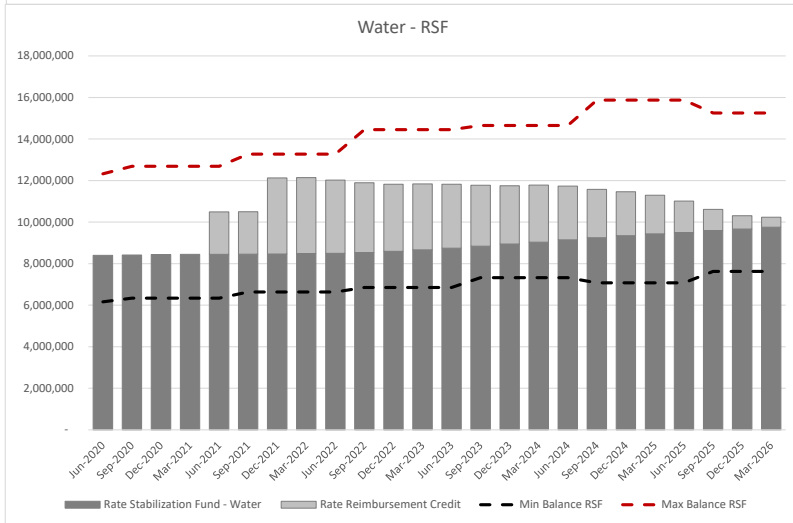
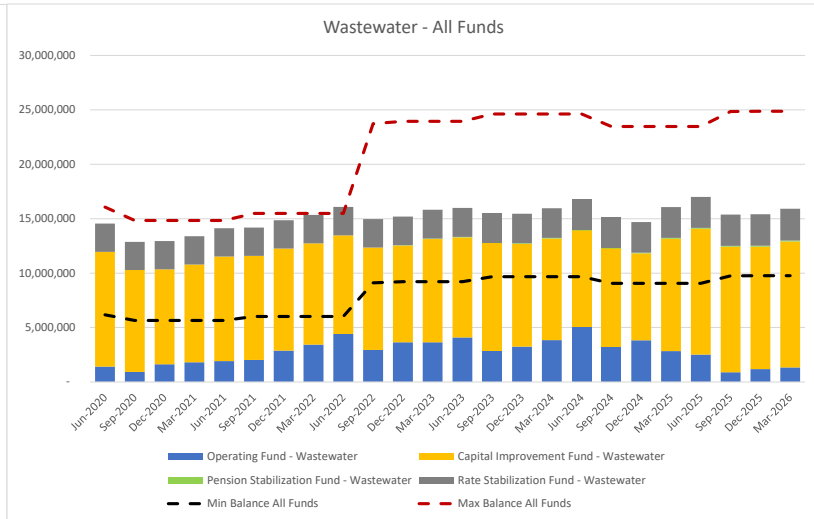
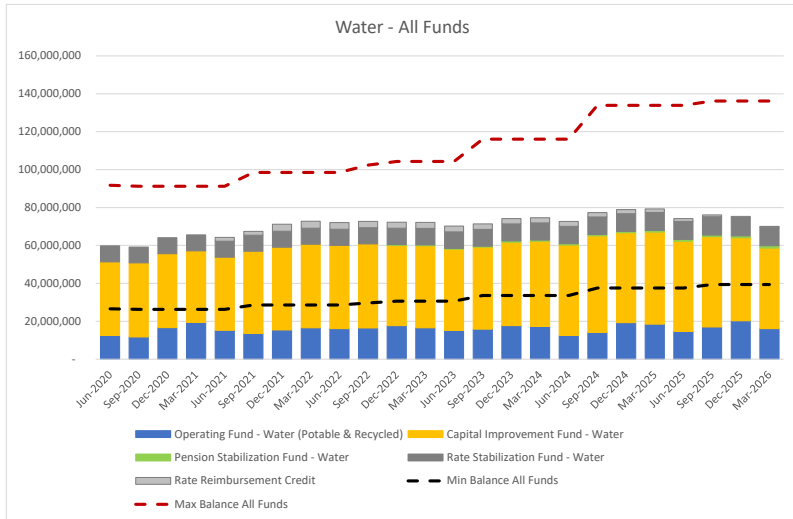
MATURED / REDEEMED / CALLED

DATE				Investment Description	Stated	Current	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		Coupon	Yield		
01/26/26	01/26/26	01/26/26		FHLB Callable	0.500%	0.501%	1,000,000	999,500
01/28/26	01/28/26	01/28/26		FHLB Callable	0.520%	0.521%	1,000,000	1,000,000
01/28/26	01/28/26	01/28/26		FHLB Callable	0.500%	0.501%	1,000,000	1,000,000
01/29/26	01/29/26	01/29/26		FHLB Callable	0.520%	0.521%	1,000,000	1,000,000
01/03/26	09/03/26	01/03/26		FHLB Callable	4.000%	4.000%	1,000,000	1,000,000
01/07/26	07/07/27	01/07/26		FHLB Callable	4.300%	4.300%	1,390,000	1,390,000
01/14/26	07/14/27	01/14/26		FHLB Callable	4.300%	4.316%	1,000,000	1,000,000
01/28/26	01/28/28	01/28/26		FHLB Callable	4.500%	4.504%	1,000,000	1,000,000
01/02/26	07/02/29	01/02/26		FHLB Callable	4.690%	4.690%	1,000,000	1,000,000
02/15/26	02/15/26			U.S. Treasury Notes	4.000%	4.000%	1,000,000	999,992
02/12/26	02/12/26	None		FHLB Callable	0.510%	0.510%	1,000,000	1,000,000
02/24/26	02/24/26	None	None	FHLB Step-up Callable	0.700%	0.701%	2,000,000	2,000,000
02/24/26	02/24/26	None		FHLB Callable	0.625%	0.626%	1,000,000	1,000,000
02/25/26	02/25/26	None		FHLB Callable	0.550%	0.551%	1,000,000	1,000,000
02/25/26	02/25/26	None		FHLB Callable	0.580%	0.581%	1,000,000	1,000,000
02/25/26	02/25/26	None		FHLB Callable	0.700%	0.701%	1,000,000	1,000,000
02/25/26	02/25/26	None		FHLB Callable	0.625%	0.626%	1,000,000	998,500
02/12/26	08/12/27	02/12/26		FHLB Callable	4.150%	4.150%	1,000,000	1,000,000
02/20/26	08/20/27	02/20/26		FHLB Callable	4.125%	4.137%	2,000,000	2,000,000
02/25/26	02/25/28	02/25/26		FHLB Callable	4.600%	4.603%	1,000,000	1,000,000
02/28/26	02/28/26			U.S. Treasury Notes	0.500%	0.500%	1,000,000	984,478
03/23/26	03/23/26	03/23/26		FHLB Callable	1.000%	1.002%	975,000	975,000
03/30/26	03/30/26	03/30/26	None	FHLB Step-up Callable	2.000%	2.003%	1,000,000	1,000,000

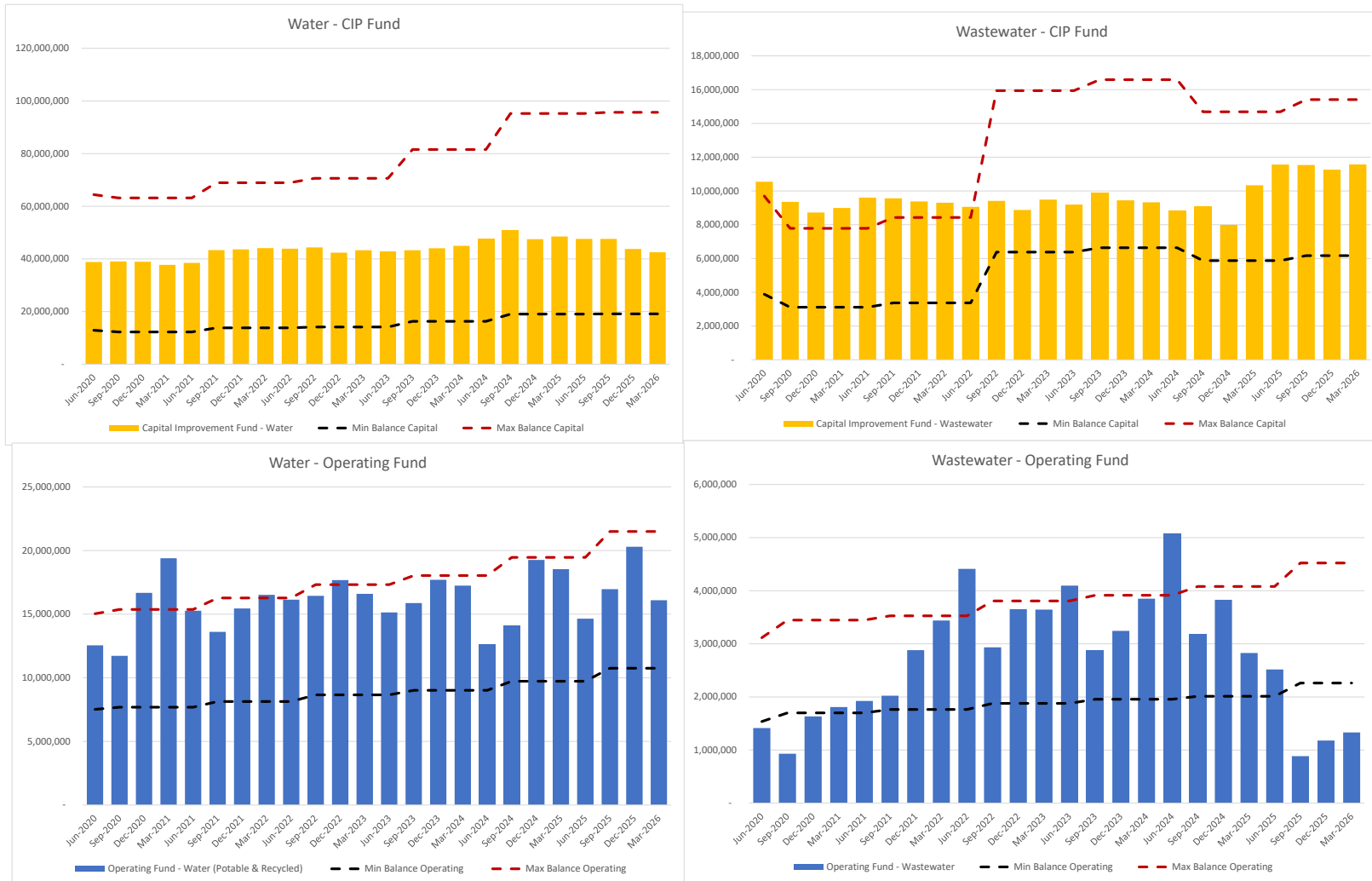
Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of March 31, 2026

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	1,487
10010-100	Cash - Operating Fund	16,098,078
10030-100	Cash - Capital and Equipment Fund	33,606,188
10040-100	Cash - Rate Stabilization Fund	10,235,178
10080-100	Cash - Pension Stabilization Fund	1,166,030
10060-100	Cash - Deposit Work for Other	1,673,241
14000-500	Restricted Cash - Capacity Fee Fund	8,952,803
Total Water Funds (Potable & Recycled)		<u>71,733,005</u>
<u>Wastewater Funds</u>		
10010-110	Wastewater - Operating Fund	1,329,772
10030-110	Wastewater - Capital Replacement Fund	11,566,758
10040-110	Wastewater - Rate Stabilization Fund	2,915,126
10080-110	Cash - Pension Stabilization Fund	103,005
Total Wastewater Funds		<u>15,914,660</u>
<u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	196,716
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
Total Non Fiscal Agent Debt Service Cash		<u>207,917</u>
<u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	1,073,122
14105-570	Redemption fund - RAD 96-1	889,919
14110-570	Reserve fund - RAD 96-1	48,617
14100-561	Redemption fund - Bond 2015A	138,954
14100-581	Redemption fund - Bond 2016A	182,423
14100-521	Redemption fund - Bond 2021A	44,985
14100-522	Redemption fund - Bond 2021B	11,028
Total Debt Service Funds		<u>2,389,048</u>
TOTAL FUND BALANCES		<u><u>90,244,630</u></u>

5 Year History of OMWD Fund Balances by Quarter



5 Year History of OMWD Fund Balances by Quarter

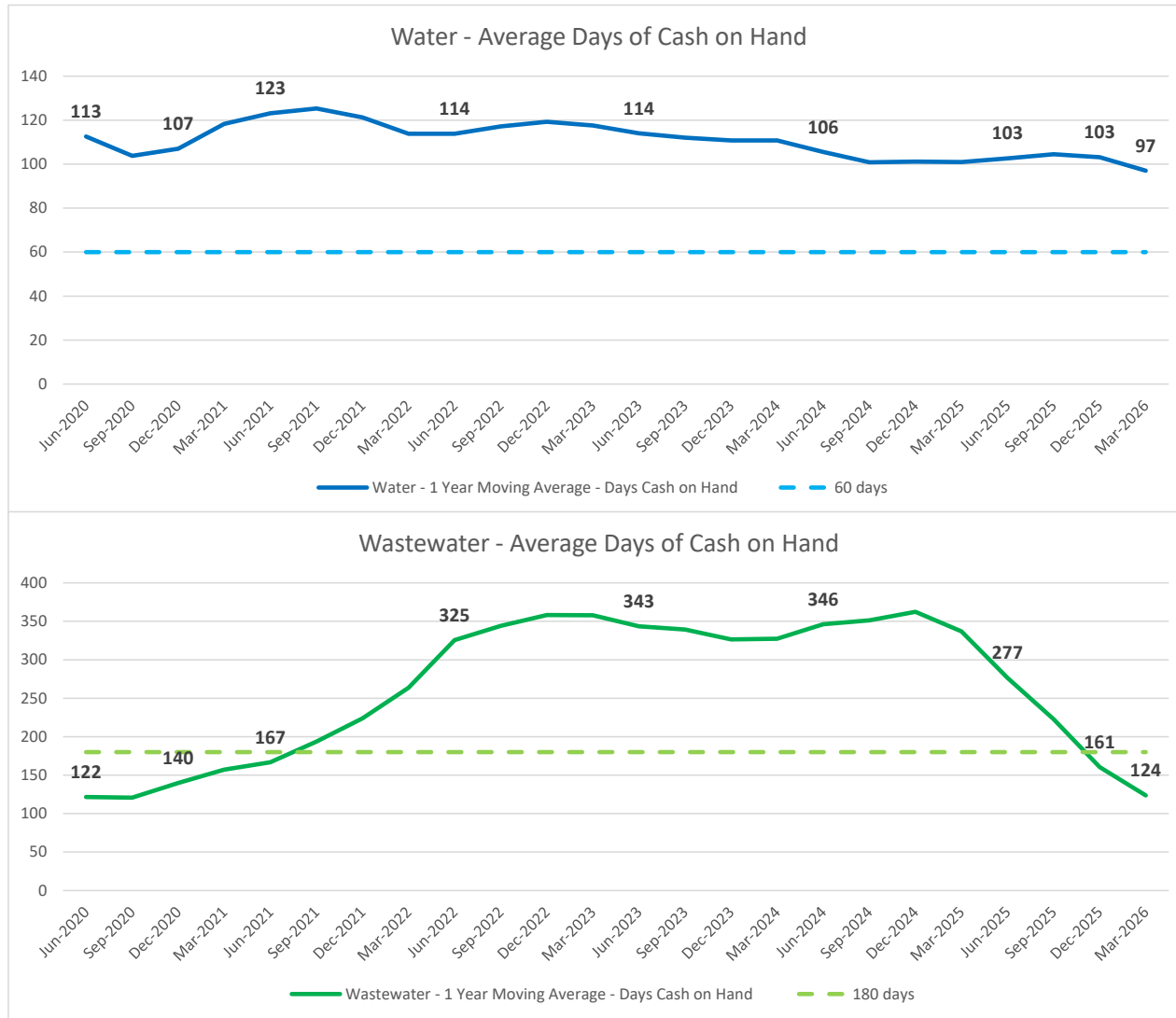


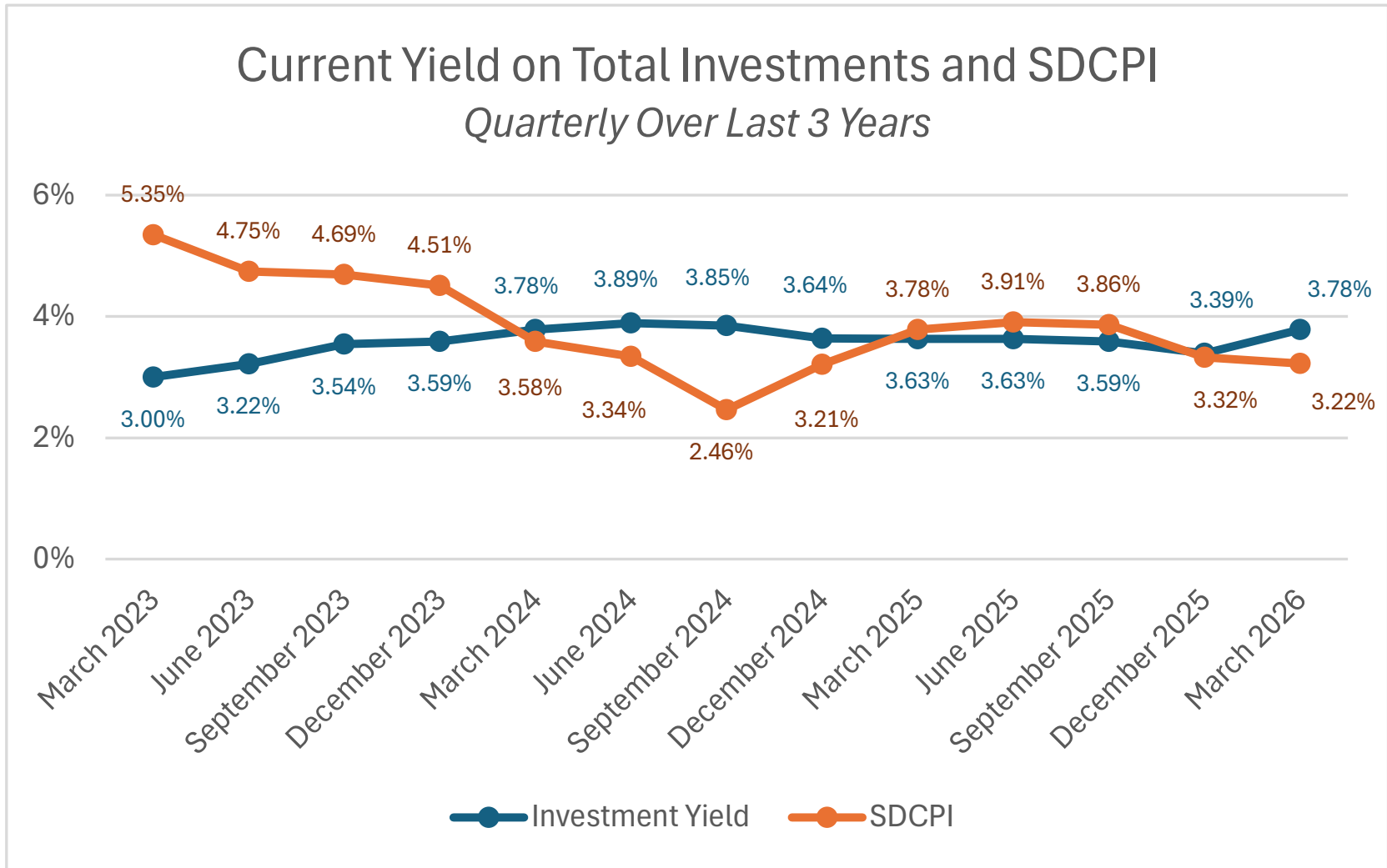
Notes to fund balance graphs above:

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.

*Wastewater Operating Fund is below the minimum balance through March 2026 due to timing of cash receipts from the County. The District received \$2.4 million from the County in April specific to Wastewater.

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: May 12, 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
(3rd QUARTER OF FY 2026)**

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:

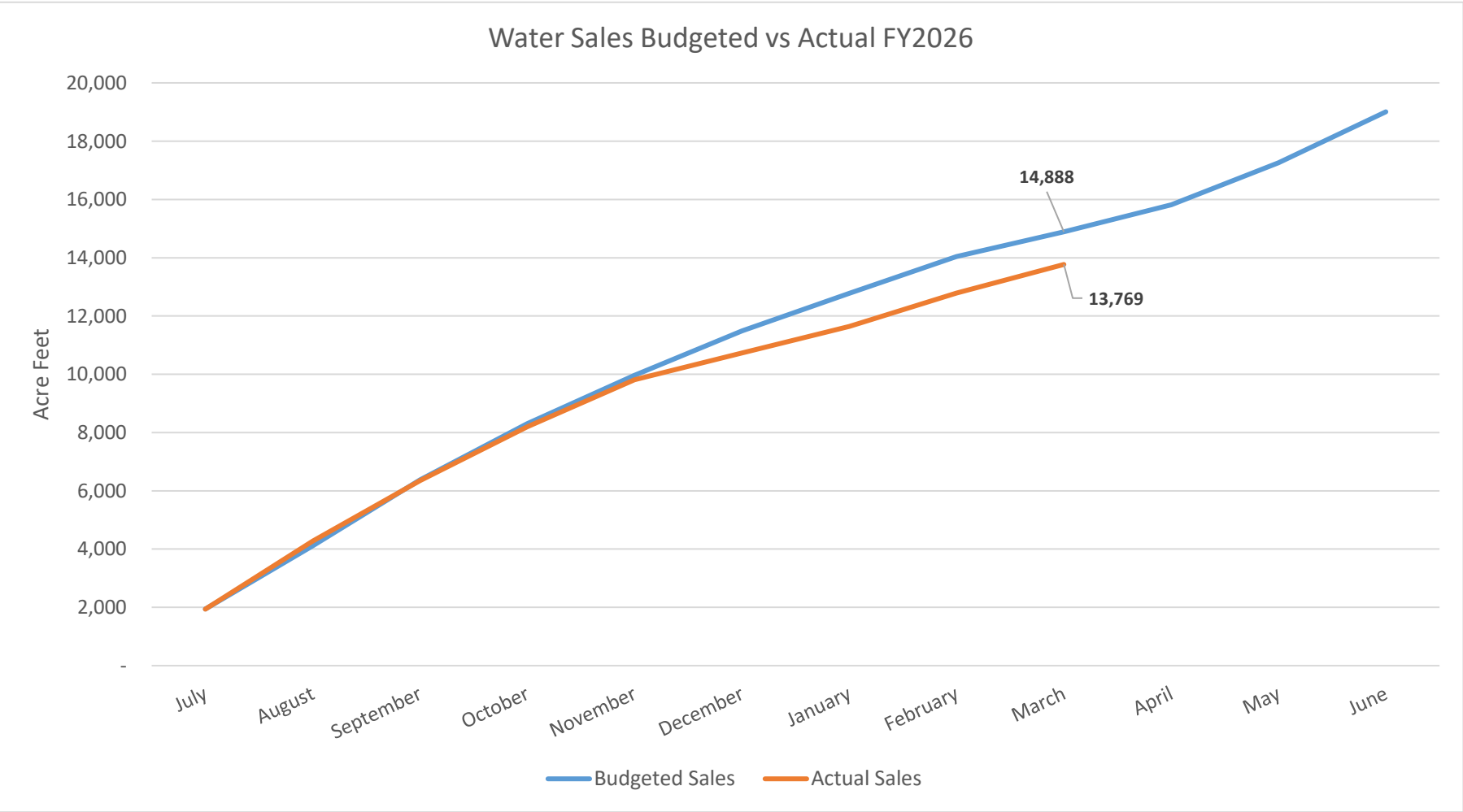
- Attachment 1** – Budget Vs. Actual Report (3rd Quarter of FY 2026)
- Attachment 2** – FY 2026 Budgeted vs. Actual Water Sales through March 2026

OLIVENHAIN MUNICIPAL WATER DISTRICT
Consolidated Actual vs Budget Summary
For the Nine Months Ending 3/31/2026

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
Operating Revenues						
Commodity Water Sales	\$52,939,000.00	\$36,455,566.66	\$39,371,800.00	(\$2,916,233.34)	(7.4%)	1
Water Fees and Services	21,434,000.00	16,183,526.91	15,887,550.00	295,976.91	1.9%	
Wastewater Revenue	6,428,000.00	3,755,598.38	4,017,300.00	(261,701.62)	(6.5%)	2
Total Operating Revenues	80,801,000.00	56,394,691.95	59,276,650.00	(2,881,958.05)	(4.9%)	
Operating Expenses						
Purchased Water - Variable	30,058,000.00	21,186,826.07	23,212,500.00	2,025,673.93	8.7%	3
Purchased Water - Fixed	12,098,000.00	8,779,809.00	8,781,600.00	1,791.00	0.0%	
General Manager Dept	2,335,000.00	1,572,421.19	1,751,400.00	178,978.81	10.2%	4
Engineering Dept	2,741,000.00	1,899,212.73	2,056,770.00	157,557.27	7.7%	4
Finance Dept	1,940,000.00	1,296,554.33	1,456,110.00	159,555.67	11.0%	4
Customer Service Dept	3,396,000.00	2,458,230.38	2,550,267.00	92,036.62	3.6%	4
Human Resources Dept	988,000.00	729,020.03	740,997.00	11,976.97	1.6%	4
Water Operations and Maintenance Dept	13,624,000.00	9,701,700.30	10,225,971.00	524,270.70	5.1%	4
Parks Dept	543,000.00	374,381.42	408,114.00	33,732.58	8.3%	4
Other Operating Expenses	50,000.00		37,800.00	37,800.00	100.0%	
Wastewater Operations and Maintenance Dept	3,605,000.00	2,670,103.81	2,704,437.00	34,333.19	1.3%	
Recycled Water Operations Dept	1,307,000.00	935,003.79	983,250.00	48,246.21	4.9%	
Paygo Transfers						
Water Operations	4,977,000.00	3,735,000.00	3,735,000.00		0.0%	
Wastewater Operations	2,626,000.00	1,971,000.00	1,971,000.00		0.0%	
Recycled Operations	1,700,000.00	1,278,000.00	1,278,000.00		0.0%	
Capitalized Operations Expenditures	(2,105,000.00)	(1,319,225.45)	(1,577,070.00)	(257,844.55)	16.3%	5
Total Operating Expenses	79,883,000.00	57,268,037.60	60,316,146.00	3,048,108.40	5.1%	
Net Operating Income (Loss)	918,000.00	(873,345.65)	(1,039,496.00)	166,150.35		
Nonoperating Revenues						
Water Funds	6,239,000.00	4,260,845.49	4,068,200.00	192,645.49	4.7%	6
Debt Service Funds	1,061,000.00	701,677.28	689,620.00	12,057.28	1.7%	
Wastewater Funds	92,000.00	102,786.46	69,300.00	33,486.46	48.3%	6
Recycled Water Funds	260,000.00	217,344.46	195,300.00	22,044.46	11.3%	6
Total Nonoperating Revenue	7,652,000.00	5,282,653.69	5,022,420.00	260,233.69	5.2%	
Nonoperating Expense						
Capacity Fee Funds	30,000.00	7,401.04	22,320.00	14,918.96	66.8%	
Debt Service Funds	1,421,500.00	694,881.33	975,420.00	280,538.67	28.8%	7
Potable Water Funds	1,367,000.00	1,119,205.71	1,158,610.00	39,404.29	3.4%	8
Recycled Water Funds		2,649,483.35		(2,649,483.35)	0.0%	9
Total Nonoperating Expense	2,818,500.00	4,470,971.43	2,156,350.00	(2,314,621.43)	(107.3%)	
Inc before Cap Fees and Capital Contributions	5,751,500.00	(61,663.39)	1,826,574.00	(1,888,237.39)		
Capacity Fee Funds	1,351,000.00	1,440,203.48				
Capital contributions	2,045,000.00	3,059,480.96				
Change in Net Position		4,438,021.05				

OLIVENHAIN MUNICIPAL WATER DISTRICT
Actual vs Budget Variance
For the Nine Months Ending 3/31/2026

1. Water Sales revenue was approximately \$2.9 million (7.4%) below Budget YTD for an unfavorable variance through March, primarily due to the timing of unbilled water estimates and actual customer usage being 1,119 AF (7.5%) 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 \$2.0 million (8.7%) below Budget YTD, driven primarily by water purchases being 1,119 AF less than projected through March. 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, Wastewater Funds, and Recycled Water Funds were overall greater than Budget YTD for a positive variance due to higher interest income earned on short-term investments over budgeted returns.
7. Actual Non-operating Expenses - Debt Service Funds were lower than the Budget YTD amount for a positive variance because interest expense for the new Wastewater debt issuance was budgeted to begin in FY 2026 but has not yet been issued. Additionally, the 2015A Bonds interest expense does not include amortization of the issuance premium.
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 March.
9. Actual Non-operating Expenses – Recycled Water Funds balance is entirely grant pass-through expenses for amounts paid out to grant sub-recipients. An equal offsetting revenue amount is included in Capital contributions.



Memo

Date: May 12, 2026
To: Finance Committee
From: Leo Mendez, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **REVIEW AND DISCUSS WASTEWATER FINANCING OPTIONS AND CONSIDER A RESOLUTION AUTHORIZING SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBANK) FOR WASTEWATER PROJECT FINANCING**

The purpose of this item is to review wastewater debt issuance options with the committee, including staff’s recommendation for a 20-year loan of approximately \$6.5 million from the California Infrastructure and Economic Development Bank (IBank).

Staff is also proposing to bring the attached resolution to the Board for consideration at the May board meeting. The resolution would authorize the District to apply to the California Infrastructure and Economic Development Bank (IBank) for a loan to finance wastewater capital improvement projects. The resolution also serves as the resolution of intent to reimburse from tax-exempt proceeds for the IBank program, similar to the one adopted by the Board in February, and it preserves the District’s ability to reimburse eligible project costs from future debt proceeds.

Staff has been working with its municipal advisor Ms. Lora Nichols (Fieldman) and bond counsel Mr. Lawrence Chan (Stradling Yocca Carlson & Rauth LLP) to identify and evaluate debt financing options. While a private placement or public issuance was originally planned, the District’s municipal advisor, Fieldman, has identified the IBank program as a potentially more attractive option due to lower expected interest rates.

Submitting an application to IBank allows the District to evaluate a potentially lower-cost financing option while maintaining flexibility.

Based on current market conditions, the IBank option is estimated to provide lower overall borrowing costs and lower total debt service compared to a private placement loan from a commercial bank, while aligning repayment with the useful life of the wastewater assets. The IBank program has a longer timeline to close and standard compliance requirements, but avoids the additional documentation associated with a public bond issuance.

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. The attached resolution contains a buffer of up to \$7 million to include closing costs so that the District nets \$6.5 million in funding for capital projects.

Adoption of the resolution does not obligate the District to proceed with IBank financing; it allows staff to move forward with the application and continue evaluating options. Staff will return to the Board with a presentation of terms and request formal approval to proceed with the debt issuance if the terms are favorable.

The District will retain the reimbursement resolution from the February Board meeting to preserve the option of an alternate tax-exempt financing if the IBank option is not ultimately pursued.

The IBank program is a state-managed lending program that provides fixed-rate financing to California public agencies and non-profits for infrastructure development. It functions as an alternative to the bond market, offering loans between \$1,000,000 and \$65 million with terms up to 30 years. The capital is used for a wide range of public works, including transportation, water/wastewater systems, and public facilities.

Staff and the District's Municipal Advisor, Ms. Lora Nichols (Fieldman), will review the attached presentation with the committee. Staff, Ms. Nichols, and the District's bond counsel, Mr. Lawrence Chan (Stradling Yocca Carlson & Rauth LLP), will be available to answer any questions that the committee may have.

Attachments:

Attachment 1 – Presentation regarding wastewater debt financing options and staff recommendation

Attachment 2 – Resolution to submit application to IBank

Attachment 3 – IBank Application

Attachment 4 – IBank Application Addendum



Olivenhain Water District

Committee Meeting

May 12, 2026



Disclaimer

Fieldman, Rolapp & Associates, Inc. is an SEC-registered Municipal Advisor, undertaking a fiduciary duty in providing financial advice to public agencies. Compensation contingent on the completion of a financing or project is customary for municipal financial advisors. To the extent that our compensation for a transaction is contingent on successful completion of the transaction, a potential conflict of interest exists as we would have a potential incentive to recommend the completion of a transaction that might not be optimal for the public agency. However, Fieldman, Rolapp & Associates, Inc. undertakes a fiduciary duty in advising public agencies regardless of compensation structure.

These materials include an assessment of current market conditions, and include assumptions about interest rates, execution costs, and other matters related to municipal securities issuance or municipal financial products. These assumptions may change at any time subsequent to the date these materials were provided. The scenarios presented herein are not intended to be inclusive of every feasible or suitable financing alternative.

What Are Bonds?

Municipal bonds are a type of security sold through the municipal capital markets to various investors (not just one financial institution i.e. commercial bank)

- Issue is divided into different maturities and interest rates (i.e. 1-30 year maturities) to appeal to various investor types

Municipal governments that issue bonds receive a cash payment at the time of issuance in exchange for a promise to repay investors principal plus interest over time

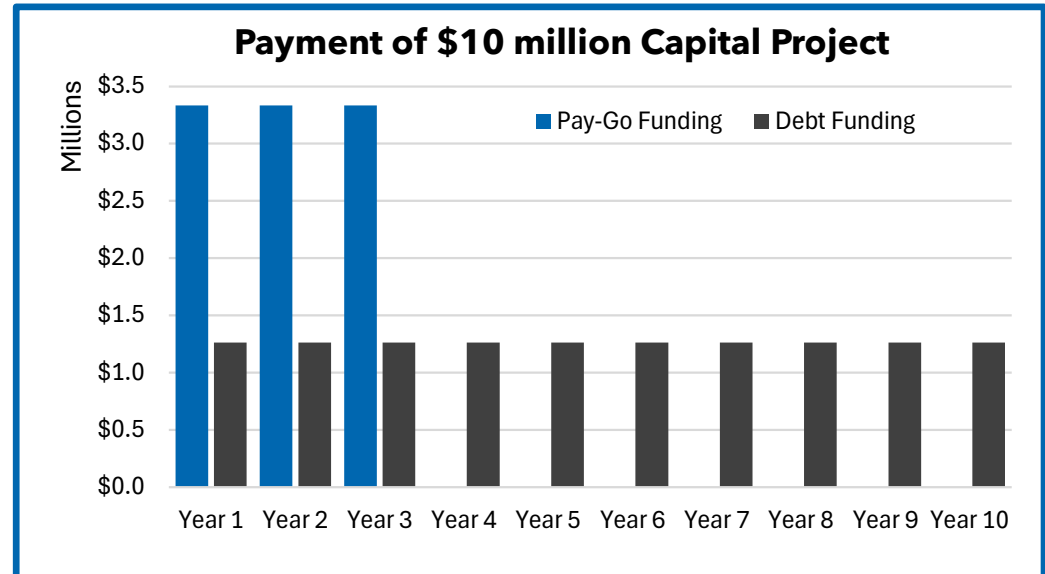
- Bonds used to finance long-term municipal infrastructure projects are typically repaid over 20-30 years (match useful life of the asset to term of bonds)

Accessing the capital markets generally results in getting the lowest cost of capital for projects of size

Bonds are repaid through a pledge of revenue received from providing services (i.e., the delivery of wastewater services and the payment of revenues from customers)

Intergenerational Equity

- Generally, using cash to fund long-term capital infrastructure is impractical as it requires increasing rates well in advance of expenditures and investing cash to maintain pace with inflation
- Using bonds to fund large capital projects allows the repayment period of the debt to equal the useful life of the project (infrastructure projects benefit current and future rate payers)
 - Current rate payers do not feel the burden of replenishing cash reserves to keep up with policies and inflation
 - Future rate payers share the cost of funding larger capital projects through the issuance of long-term debt



Cash Funded (Pay-as-you-go) CIP		Bond Funded CIP	
<u>Pros</u>	<u>Cons</u>	<u>Pros</u>	<u>Cons</u>
Avoids negative arbitrage	Depletes reserves; must maintain policy levels	Inter-generational equity	Added interest expense
No interest expense	Lose operational and liquidity flexibility	Lock in current fixed interest rates	Market risk
No interest rate risk	Must fund project costs (including inflation) in advance of expenditures	More affordable and stable wastewater rate structure	Annually meet bond covenants

Debt Structure Options

	IBank	Private Placement	Public Bonds
Credit Rating	Credit Rating reduces Interest Rate	Not Required	Required
Size	Up to \$65 MM	Depends on Bank Market, Potential Cap at \$20 MM	Flexible, Depends on Funding Needs
Term	Up to 30 Years	Up to 20 Years; Market is limited >20 Years	Flexible, Up to 30 years or longer
Interest Rate & Lock Period	Interest Rate is Market Driven and locked at time of IBank Board Approval	Interest Rate is Market Driven and based on cost of funds, Locked Up to 45 Days after bid	Interest Rate is Market Driven and locked at time of pricing
Offering Statement	Not Required	Not Required	Required
Due Diligence	IBank	Bank	Rating Agency & Investors
Reporting Requirements	Audits, annual compliance report	Audits, rate covenant compliance	Federal & State Annual Disclosure Reports
Time to Close	5+ Months	3+ Months	4 - 6 Months
Structure	Standard is level but alternatives may be considered	Standard is level but alternatives may be considered	Flexible repayment schedules
Pricing	Medium Costs of Issuance	Lowest Costs of Issuance	Highest Costs of Issuance

Debt Options Overview*

Options	OPTIONS COMPARISON				
	20YR Debt Service Options			30YR Debt Service Options	
	Private Placement	Wrapped Bond	IBank Loan	Wrapped Bond	IBank Loan
Gross Debt Service	\$10,545,174	\$10,776,383	\$9,735,810	\$14,389,834	\$12,262,523
PV Debt Service*	\$7,070,934	\$6,962,735	\$6,616,703	\$7,561,670	\$7,083,590
Rate	4.65%	5.00% Coupons	4.01%	5.00% Coupons	4.57%
All-In TIC	4.89%	4.77%	4.29%	5.12%	4.78%

Assumptions

1. Preliminary, subject to change. Based on current market conditions as of April 27, 2026, and bank rate estimates.
2. Borrowing costs assume a high "A" rated issuer with long-term repayment of 20-years or 30-years.
3. Public bonds include a fee for underwriting and IBank includes an additional fee 1% origination fee.
4. The Public Bond options assume a 10YR par call. IBank loan cannot be called prior to 10-years and Private Placement loans will generally be callable in 10-years.
5. All options assume a project fund of \$6.5 million.
6. All options assume level debt service, while the Public Bond options reflect debt service wrapped around existing wastewater loans.

Debt Options Overview*

OPTIONS COMPARISON					
Fiscal Year	20YR Debt Service Options			30YR Debt Service Options	
	Private Placement	Wrapped Bond	IBank Loan	Wrapped Bond	IBank Loan
6/30/2027	\$284,101	\$212,883	\$368,786	\$221,084	\$308,753
6/30/2028	308,993	318,000	494,447	330,250	414,564
6/30/2029	553,993	483,000	495,024	330,250	414,308
6/30/2030	552,600	484,750	490,199	330,250	413,824
6/30/2031	555,743	486,000	495,174	330,250	413,112
6/30/2032	553,188	481,750	494,548	330,250	412,171
6/30/2033	555,168	482,250	493,520	330,250	411,001
6/30/2034	551,450	482,250	492,092	330,250	414,603
6/30/2035	552,268	481,750	490,262	330,250	412,748
6/30/2036	552,388	485,750	493,032	330,250	410,665
6/30/2037	551,810	484,000	490,200	330,250	413,353
6/30/2038	555,535	481,750	491,967	330,250	410,584
6/30/2039	553,330	484,000	493,132	330,250	412,586
6/30/2040	550,428	485,500	493,696	330,250	414,132
6/30/2041	551,828	481,250	493,659	330,250	410,220
6/30/2042	552,298	791,500	493,020	635,250	411,080
6/30/2043	551,838	790,500	491,779	635,000	411,483
6/30/2044	550,448	793,000	494,937	639,000	411,429
6/30/2045	553,128	793,750	492,293	637,000	410,918
6/30/2046	554,645	792,750	494,048	634,250	409,950
6/30/2047	-	-	-	635,750	413,525
6/30/2048	-	-	-	636,250	411,415
6/30/2049	-	-	-	635,750	413,847
6/30/2050	-	-	-	639,250	410,594
6/30/2051	-	-	-	636,500	411,884
6/30/2052	-	-	-	637,750	412,489
6/30/2053	-	-	-	637,750	412,408
6/30/2054	-	-	-	636,500	411,641
6/30/2055	-	-	-	634,000	410,189
6/30/2056	-	-	-	635,250	413,052
Total	\$10,545,174	\$10,776,383	\$9,735,810	\$14,389,834	\$12,262,523

Public Issuance Considerations

Higher costs of issuance

Longer financing schedule (i.e., 5-6 months to complete)

Compliance with Continuing Disclosure & CDIAAC requirements

Needs credit rating for the sewer system

Volatile market conditions and size of issuance

IBank Considerations

Maximum term is the lesser of the project's useful life or 30 years.

- Borrowers may select shorter terms.

Repayment is generally structured to begin within one year of closing.

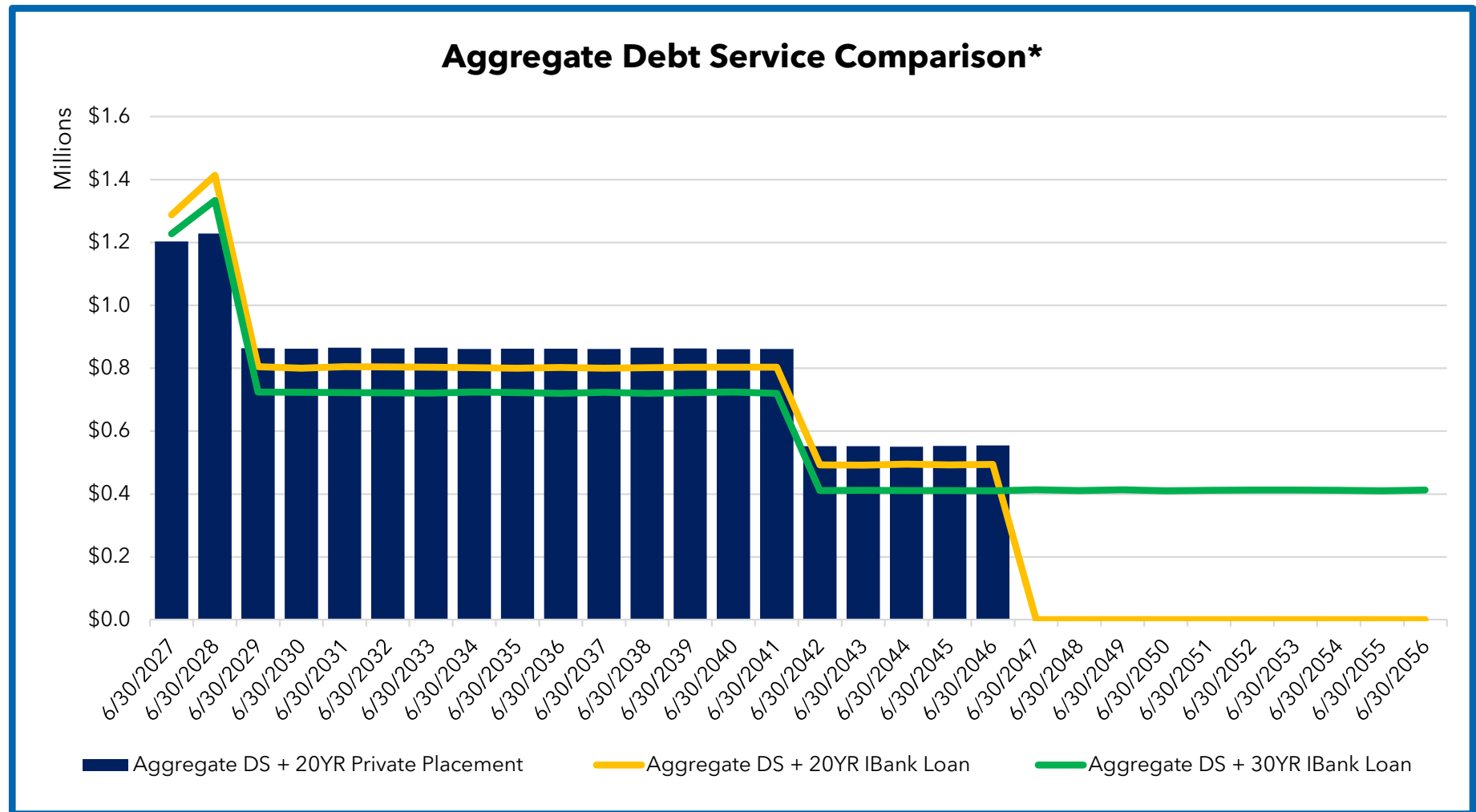
Standard amortization is level repayment, but alternative structures may be allowed or required.

IBank requires senior lien position unless certain exceptions are met.

IBank may request additional covenants, credit enhancement, or security, such as DSRF.

Financing requires preliminary review of application, credit due diligence and legal review for loan closure that can take up to 5 months

Aggregate Debt Service



Note: The 2021A (New Money) and 2021B (Refunding of Series 2018A) represent the existing debt obligations of the District and are rolled into the Aggregate Debt Service in this chart.

Recommendation

Proceed with preparing the pre-application and supporting materials to the IBank program and approval of the Resolution, pending acceptance by the Board on May 20, 2026.



QUESTIONS

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (“IBANK”) FOR FINANCING A CAPITAL IMPROVEMENT PROJECT, AUTHORIZING THE NEGOTIATION OF AN OBLIGATION PAYABLE TO IBANK FOR THE FINANCING OF A CAPITAL IMPROVEMENT PROJECT IF IBANK APPROVES SAID APPLICATION, DECLARING OF OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF AN OBLIGATION, AND APPROVING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the California Infrastructure and Economic Development Bank (“IBank”) administers a financing program to assist local governments with the financing of eligible projects in accordance with Section 63000 *et seq.* of the California Government Code (the “Act”); and

WHEREAS, IBank created the Infrastructure State Revolving Fund Program (“ISRF Program”) pursuant to the provision of the Act; and

WHEREAS, IBank has instituted an application process for financing under its ISRF Program; and

WHEREAS, IBank’s Criteria, Priorities and Guidelines for the Selection of Projects for Financing under the ISRF Program, dated February 23, 2016, and as may thereafter be amended from time to time (the “Criteria”), establishes requirements for the financing of projects under the ISRF Program; and

WHEREAS, the Olivenhain Municipal Water District (“Applicant”) desires to submit an application (“Financing Application”) to IBank under the ISRF Program for financing and refinancing the costs 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 (“Project”), in an amount not to exceed \$7,000,000; and

WHEREAS, the Act and the Criteria require the Applicant to make, by resolution of its governing body, certain findings prior to a project being selected for financing by IBank; and

WHEREAS, the Applicant expects to incur or pay certain expenditures in connection with the Project from the Applicant’s Revenue Fund for the Wastewater System that are reimbursable with the proceeds of tax exempt bonds or other tax exempt securities under Federal Tax Law (defined

below) prior to incurring indebtedness for the purpose of financing costs associated with the Project on a long-term basis (the “Reimbursement Expenditures”); and

WHEREAS, the Applicant reasonably expects that a financing arrangement (“Obligation”) in an amount not expected to exceed \$7,000,000 will be entered into under and memorialized by one or more financing agreements and related documents (collectively, the “Financing Agreement”) and that certain proceeds of such Obligation will be used to reimburse the Applicant for Reimbursement Expenditures incurred or paid prior to incurring the Obligation; and

WHEREAS, the Applicant acknowledges that IBank funds the ISRF Program, in part, with the proceeds of tax exempt bonds and, as such, has certain compliance obligations that may require it to have the Applicant enter into one or more new financing agreements to replace the Financing Agreement (collectively, the “Replacement Agreement”) on terms and conditions substantially identical to the original Financing Agreement.

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

SECTION 1. The Board of Directors hereby approves confirms, ratifies, and affirms all actions of the Applicant’s representatives, General Manager, Finance Manager, and officers heretofore taken in connection with, or with respect to, submitting the Financing Application, and the consideration by the Board of Directors for approval of the Obligation and the Financing Agreement, if IBank approves the Financing Application and the Obligation, and in connection therewith the Board of Directors finds and certifies:

- a. The Project facilitates the effective and efficient use of existing and future public resources so as to promote both economic development and conservation of natural resources;
- b. The Project develops and enhances public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities;
- c. That the Project is consistent with the Applicant’s capital improvement plan;
- d. The proposed financing is appropriate for the Project;
- e. The Project is consistent with the Criteria; and
- f. It has considered (i) the impact of the Project on California’s land resources and the need to preserve such resources; (ii) whether the Project is economically or socially desirable; and (iii) whether the project is consistent with, and in furtherance of the State Environmental Goals and Policy Report (as defined in the Criteria).

SECTION 2. The Applicant hereby declares its official intent to use proceeds of the Obligation to reimburse itself for the Reimbursement Expenditures with the proceeds of tax exempt bonds or other tax exempt securities issued under the provisions of the Internal Revenue Code of 1986, as amended, and those Treasury Regulations implementing such provisions (collectively, “Federal Tax Law”). This declaration is made solely for purposes of establishing compliance with applicable requirements of Federal Tax Law and its date is controlling for purposes of

reimbursement under Federal Tax Law. This declaration does not bind the Applicant to make any expenditure, incur any indebtedness, or proceed with the Project.

SECTION 3. All of the Reimbursement Expenditures were made no earlier than 60 days prior to the date of this Resolution. The Applicant will allocate proceeds of the Obligation to pay Reimbursement Expenditures within eighteen (18) months of the later of the date the original expenditure was paid or the date the Project was placed in service or abandoned, but in no event more than three (3) years after the original expenditure was paid.

SECTION 4. The General Manager, Finance Manager and any of their written designees are hereby authorized and directed to act on behalf of the Applicant in all matters pertaining to the Financing Application, and if IBank approves the Financing Application and the Obligation, and the Board of Directors approves the Financing Agreement and the Obligation, the execution thereof and of related financial documents, including but not limited to the authority to: (i) pledge the Net System Revenues of the Wastewater System and held in the Revenue Fund for the Wastewater System, and all legally available amounts in the Revenue Fund for the Wastewater System, on a parity basis with the Applicant's obligations in connection with the Installment Purchase Contracts, each dated as of October 1, 2021, by and between the Applicant and the OMWD Financing Authority, to the repayment of the Obligation, (ii) provide covenants relating to, among other things, maintaining the debt service coverage ratio required by IBank, rates and charges to be pledged, and as to any other security or collateral securing the Obligation, and (iii) take any other action necessary or desirable to enable the Applicant to enter into the Financing Agreement and incur the Obligation.

SECTION 5. If the Financing Application and the Obligation is approved by IBank, the General Manager, Finance Manager and any of their written designees are authorized to negotiate the financing documents, including, but not limited to the Financing Agreement and the Replacement Agreement with IBank for the purposes of financing the Obligation, to be presented to this Board of Directors for consideration for approval.

SECTION 6. This Resolution shall become effective immediately upon adoption.

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Board of Directors of the Olivenhain Municipal Water District held on May 20, 2026.

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

Attest:

Christy Guerin, Secretary

RESOLUTION NO. 2026-__ *continued*

Board of Directors
Olivenhain Municipal Water District



**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
INFRASTRUCTURE STATE REVOLVING FUND LOAN PROGRAM**

FINANCING INFORMATION

PART I. INFORMATION

1. Legal name:

2. Type:

- | | |
|--|--|
| <input type="checkbox"/> City | <input type="checkbox"/> County |
| <input type="checkbox"/> General Law <input type="checkbox"/> Charter | <input type="checkbox"/> State Agency |
| <input type="checkbox"/> Assessment District | <input type="checkbox"/> Mello-Roos Community Facilities District |
| <input type="checkbox"/> Special District | <input type="checkbox"/> Joint Powers Authority |
| <input type="checkbox"/> School District | <input type="checkbox"/> Charter School |
| <input type="checkbox"/> Other Public Agency, specify:
<input type="text"/> | <input type="checkbox"/> Non-profit Organization, provide name of
Governmental Entity Sponsor (required): |

3. Mailing address:

Street: _____

City, Zip: _____

4. Mailing address of the Governmental Entity Sponsor (required only if a non-profit organization):

Street: _____

City, Zip: _____

5. In what jurisdiction(s) is the Project located?

6. Contact information:

Name:	Title:
Address <i>(if different)</i> :	Telephone:
City:	Fax:
Zip:	E-mail:

Governmental Entity Sponsor (required only if a non-profit organization):

Name:	Title:
Address <i>(if different)</i> :	Telephone:
City:	Fax:
Zip:	E-mail:

6. Additional contact information: consultants, advisors, engineers, attorneys, and others affiliated with the project.

Name:	Title:
Address:	Telephone:
City:	Fax:
Zip:	E-mail:
Name:	Title:
Address:	Telephone:
City:	Fax:
Zip:	E-mail:

PART II. FINANCING REQUESTED

1. Financing amount requested:
2. IBank origination fee included in financing: Yes No
3. Financing term requested: years

4. Source of financing repayment:

- Enterprise Fund, specify:
- Special Fund, specify:
- General Fund Lease
- Assessment District/Mello-Roos Tax
- Other, specify:
- Special Taxes / Property Related Assessments, specify:
- Voter Approved General Obligation Debt

PART III. PROJECT INFORMATION

1. Project Name:

2. Project Location/Address:

Street:
 City, Zip:

3. Project Category (please reference IBank Criteria, Priorities, and Guidelines Document)

- | | |
|--|--|
| <input type="checkbox"/> City Street | <input type="checkbox"/> County Highway |
| <input type="checkbox"/> Defense Conversion | <input type="checkbox"/> Drainage and Flood Control |
| <input type="checkbox"/> Educational Facility | <input type="checkbox"/> Environmental Mitigation Measures |
| <input type="checkbox"/> Military Infrastructure | <input type="checkbox"/> Parks and Recreational Facility |
| <input type="checkbox"/> Port Facility | <input type="checkbox"/> Power or Communications Facility |
| <input type="checkbox"/> Public Safety Facility | <input type="checkbox"/> Public Transit |
| <input type="checkbox"/> Sewage Collection and Treatment | <input type="checkbox"/> Solid Waste Collection and Disposal |
| <input type="checkbox"/> State Highway | <input type="checkbox"/> Water Treatment and Distribution |
| <input type="checkbox"/> Industrial, Utility, and Commercial | <input type="checkbox"/> Educational, Cultural, and Social |

4. Detailed description of Project. (An environmental report, such as CEQA, capital improvement plan or feasibility study, or other such reports containing a *detailed* description of the Project. If the funding request is limited to a portion of the project, please identify as appropriate. Attach as Exhibit 1.)

Type of Permit	Date Submitted	Date Received	Expiration Date

5. Complete the attached Project Sources and Uses of Proceeds Table as Exhibit 2. Attach cost estimates, bids, and construction contracts, if available. [Label and attach as Exhibits 2a, 2b, 2c, etc.] Attachment: Yes No

6. Provide documentation demonstrating commitment(s) for Project funding sources other than IBank's, such as resolutions, commitment letters, grant agreements, loan agreements, contracts, etc. [Label and attachment as Exhibit 3—if multiple documents, label and attach as Exhibits 3a, 3b, 3c, etc.] Attachment: Yes No

7. Is land acquisition a component of the Project?

No

Yes Provide a copy of the purchase agreement as Exhibit 4. Include a description of the land acquired or to be acquired (current owner, address, assessor's parcel number, purchase date or expected purchase date, cost or estimate), and identify the funding source for the land below:

8. Provide a Project timeline as Exhibit 5. Include specific Project milestones such as preliminary engineering report, all required permits, design, engineering, land/right-of-way acquisition, preparation of bid documents, awarding of construction contract, construction start date, construction completion date, and date the project will become operational.

Attachment: Yes No

9. Private Activity

Will any entity, including a governmental entity other than the Applicant, use or directly benefit from any portion of the Project other than as a member of the general public? (For example, will a private entity or a federal agency operate, or lease space in the proposed project?)

No

Yes Describe the entity that will use or otherwise benefit from the Project. Provide a copy of any agreement with such private entity, or federal agency. [Label and attach as Exhibit 6]

10. Will the loan finance more than 5% of the private activity costs?

No

Yes Explain:

11. Business Relocation

Will the proposed Project facilitate the relocation of a private sector business from one area of the State to another?

No

Yes Provide a justification to support the move:

[Empty text box for justification]

12. Non-Profit Applicants

Explain the affiliation between the non-profit and the public entity Sponsor (City, County, State Agency, Special District, JPA, etc.) of the proposed project.

[Empty text box for affiliation explanation]

13. Project Impact

A. Describe the economic benefits to the community and/or the State resulting from this project:

[Empty text box for economic benefits]

B. Provide the following:

1) The total number jobs created and average wage. _____/_____

2) The total number of jobs retained and average wage. _____/_____ Describe the environmental impact to the community that will result from this project.

[Empty text box for environmental impact description]

14. Useful Life

Provide evidence of the useful life of the Project. [Label and attach as Exhibit 7]

PART IV. FINANCIAL INFORMATION

Note: Information required in this part that was previously provided to IBank need not be resubmitted.

1. Provide complete copies of the five (5) most recent fiscal year-end audited financial statements, if not already provided, as well as applicable revenue projections and cash flows. [Label and attach as Exhibits 8a, 8b, 8c, etc.]

2. Provide the current year’s adopted budget as Exhibit 9.

No

Yes

3. Are there any events that have occurred since the date of the last financial statement that could materially affect revenues or overall financial condition of the Applicant?

No

Yes Explain:

4. In the table below, list all outstanding financing obligations (debts, notes, capital leases, etc.) secured by the source of repayment for the requested financing. Attach as Exhibit 10 one copy of all financing documents (e.g., official statement along with any underlying loan agreements, lease agreements, or indentures, etc.).[Label and attach as Exhibits 10a, 10b, 10c, etc.]

Name of Lender	Date of Debt	Outstanding Balance (as of)	Maximum Annual Debt Service/Lease Payment
		\$	\$
		\$	\$
		\$	\$
		\$	\$

5. Provide a description of any off-balance-sheet debt obligations, including capital leases and other contractual obligations:

6. Has there been a default on any debt or other obligation including, but not limited to, bonds, leases, or loans within the last five years?

No

Yes Specify the date(s) and circumstances:

7. Attach as Exhibit 11 the current Capital Improvement Plan. Explain below any expected Plan for future debt issuance:

8. Do you have an Inter-fund Transfer Policy?

No

Yes Attach a copy of the policy as Exhibit 12.

PART V. LOAN PROCEEDS

1. Will the loan proceeds pay current staff to perform direct work for the Project? ¹

Yes No

2. Will the loan proceeds pay for any general administration or overhead costs?

Yes No

3. Have such costs already incurred?

No

Yes Explain:

4. Does the Project include prevailing wages as required by IBank Criteria?

Yes No

5. Will loan proceeds finance preliminary costs?

Yes No

A) Are such costs greater than 20% of the total loan amount?

Yes No

B) Have any costs already incurred?

No

Yes Explain:

PART VI. LEGAL INFORMATION

1. Describe the composition of the Applicant's governing body, including the number of positions, term, and selection/appointment process:

2. Describe any pending or anticipated litigation and/or contractual disputes that may negatively impact the loan repayment source, or the ability of the Applicant to enter into or repay the IBank loan:

3. Describe any past, present, or potential issues or controversies that may impact the Project:

¹ ISRF Loan proceeds cannot be used to pay overtime

4. If this is a Charter City, attach as Exhibit 13 the completed Charter City Questionnaire, and a copy of the City's Charter including all addendums and supplements thereto.
5. For a School District, Special District, or Joint Powers Authority (JPA), provide the statutory citation of formation authority or attach a copy of all formation documents and amendments as Exhibit 14.
 - No
 - Yes
6. For a Non-Profit provide as Exhibit 15, a copy of the following:
 - a. Articles of Incorporation, together with all amendments.
 - b. Certificate of Status/Good Standing.
 - c. Bylaws, together with all amendments.
 - d. 501 (c)(3) Determination Letters(s) from IRS, and any related documents and correspondence with/from IRS.
 - e. All Form 990s for the last three years.
 - f. All Form 990-Ts for the last three years
 - g. Capital Campaign brochures, form of pledge cards and related materials, if any.

I acknowledge that:

All information submitted to the California Infrastructure and Economic Development Bank (IBank) is true and correct at the time of submission, and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements contained herein not misleading.

AUTHORIZED SIGNATURE	PRINT NAME AND TITLE	DATE

Please tell us how you heard about IBank and the ISRF Program.

Information Checklist

IBank Staff Use	INDICATE IF EACH DOCUMENT IS ATTACHED			EXHIBITS
	YES	NO	N/A	
	<input type="checkbox"/>			Financial Information (Page # 9) Signed and Dated
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 1 Study, Plan, or Other Report with Detailed Project Description
	<input type="checkbox"/>	<input type="checkbox"/>		Exhibit 2 Sources and Uses of Proceeds Table
	<input type="checkbox"/>	<input type="checkbox"/>		Exhibit 2a Detailed cost estimates, bids, and construction contracts, that support Exhibit. Label each Exhibit a, b, c, etc.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 3 Documentation Demonstrating Commitment of Other Project Funding Sources (includes Applicant's contribution). Label each Exhibit a ,b, c, etc.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 4 Real Estate Purchase Agreement
	<input type="checkbox"/>	<input type="checkbox"/>		Exhibit 5 Project Timeline
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 6 Project Benefit Information
	<input type="checkbox"/>	<input type="checkbox"/>		Exhibit 7 Useful Life Exhibit
	<input type="checkbox"/>	<input type="checkbox"/>		Exhibit 8 Five (5) Years Audited Financial Statements [and any applicable revenue projections and cash flows]. Label each Exhibit a, b, c, etc.
	<input type="checkbox"/>	<input type="checkbox"/>		Exhibit 9 Current Year Adopted Budget
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 10 Outstanding Financing Documents. Label each Exhibit a, b, c, etc.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 11 Current Capital Improvement Plan
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 12 Interfund Transfer Policy/Reimbursement Agreement
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 13 Charter City Information and Questionnaire
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 14 Districts Formation Documents and Amendments
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit 15 Non-Profit Applicants Exhibits. Label each Exhibit a, b, c, etc.

Exhibit 2

SOURCES AND USES OF PROCEEDS TABLE

*(NOTE: **Attach** as Exhibit 2a detailed cost estimates, bids, and construction contracts, etc. to support data provided in the table.)*

PROJECT USES	PROJECT FUNDING SOURCES						
	Estimated Life of the Project	<u>IBANK</u>	Other	Other	Other	Other	TOTAL
Land Acquisition		\$	\$	\$	\$	\$	\$
Building Construction/Renovation		\$	\$	\$	\$	\$	\$
Construction Contingency		\$	\$	\$	\$	\$	\$
Machinery/Equipment		\$	\$	\$	\$	\$	\$
Engineering/Architectural/Design/Permits/Environmental		\$	\$	\$	\$	\$	\$
IBank Origination Fee:		\$	\$	\$	\$	\$	\$
Other:		\$	\$	\$	\$	\$	\$
Other:		\$	\$	\$	\$	\$	\$
TOTAL		\$	\$	\$	\$	\$	\$

Please provide the justification in determining the useful life of the Project:



**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
INFRASTRUCTURE STATE REVOLVING FUND PROGRAM**

FINANCING APPLICATION ADDENDUM



**FEES & CHARGES
SPECIAL FUNDS & TAXES**

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
INFRASTRUCTURE STATE REVOLVING FUND PROGRAM**

**FEES, CHARGES, SPECIAL FUNDS & TAXES
FINANCING APPLICATION ADDENDUM**

PART I. PROPOSED SOURCE(S) OF REPAYMENT

1. District Type:

- | | |
|---|--|
| <input type="checkbox"/> Water | <input type="checkbox"/> Lighting |
| <input type="checkbox"/> Irrigation | <input type="checkbox"/> Park |
| <input type="checkbox"/> Sewer/Wastewater | <input type="checkbox"/> Solid Waste |
| <input type="checkbox"/> Public Works | <input type="checkbox"/> Public Safety |
| <input type="checkbox"/> Flood Control | <input type="checkbox"/> Fire Protection |
| <input type="checkbox"/> Utilities | <input type="checkbox"/> School |
| <input type="checkbox"/> Community Services | <input type="checkbox"/> Public Services |
| <input type="checkbox"/> Airport | <input type="checkbox"/> Port/Harbor |
| <input type="checkbox"/> Other, specify:
_____ | |

2. Source(s) of Repayment:
(Please check all that apply)

Fees & charges

- Water Enterprise Fund
 Sewer/Wastewater Enterprise Fund
 Solid Waste Enterprise Fund
 Other Fund: specify _____

Other

- Specify: _____

Special Fund

- Name _____

Taxes (other than assessments)

- Property
 Special, specify: _____

3. What lien position does the Applicant request for IBank's loan? If the IBank loan is not requested to be in a senior position or senior lien position on parity with existing debt, describe why the IBank should consider a subordinate lien position, and why a subordinate position is necessary or desired by the Applicant:

PART II. APPLICANT'S LEGAL AUTHORITY

1. Authority to operate the system. Attach as Exhibit FC-1.
2. Authority to collect funds for each proposed source of repayment. Attach as Exhibit FC-2.
3. Authority to pledge each proposed source of repayment and to do so for the entire term of the loan. Attach as Exhibit FC-3.
4. Authority to adopt a resolution making the findings necessary for the financing of Infrastructure Projects under the ISRF Program as required by CA Government Code section 63041. Attach as Exhibit FC-4.
5. Authority to enter into a loan agreement and other related documents. Attach as Exhibit FC-5.
6. Authority to enter into, and to timely perform, obligations in accordance with a loan agreement with the IBank (such as covenants to increase rates or charges, to maintain a minimum debt service coverage, and to provide annual audits and surveillance reports). Attach as Exhibit FC-6.

If the requested information is found in a system capital improvement plan, master plan or any other system-planning document, submit a copy of the plan and reference here the page(s) of the document that provides the information requested. Attach as Exhibit FC-7.

PART III. SYSTEM INFORMATION

1. **Water projects**—Provide detailed information about the supply of water, including the source, terms of the supply contract, status of water rights, storage, transmission, treatment, distribution, and age and capacity of the system:

For water systems that purchase water, provide a copy of the water purchase contract. Attach as Exhibit FC-8.

2. **Sewer projects**—Provide detailed information about the collection, transmission, treatment and sludge disposal system and procedures, age and capacity of the system:

No

Yes Submit a copy of the ordinance or adopted resolution. Attach as Exhibit FC-9.

3. **Solid waste projects**—Provide detailed information about the system collection and disposal processes and procedures, contracts with haulers, the status of landfill(s), and the age and capacity of the system:

--

For solid waste systems that have disposal contracts or contracts with haulers, provide a copy of each contract. Attach as Exhibit FC-10a and 10b, respectively.

4. Describe the service area:

--

Provide a map of the enterprise service area as Exhibit FC-11.

5. Complete the following tables:

- a. Current and historical system user distribution:

NUMBER OF USERS					
	Current Fiscal Year – 4*	Current Fiscal Year – 3*	Current Fiscal Year – 2*	Current Fiscal Year – 1*	Current Fiscal Year
Residential					
Commercial					
Industrial					
Other					
TOTAL					

*Year - 1 = Year prior to current fiscal year; Y – 1 through Y – 4 are 1-4 years prior to current fiscal year.

- b. Current system usage and revenues:

SYSTEM USAGE AND GROSS REVENUES				
as of				
	Annual Usage	% of Usage	Annual Gross Revenues	% of Total Revenues
Residential				
Commercial				
Industrial				
Other				
TOTAL		100%		100%

c. Ten (10) largest current users and their percentage of system use and revenue:

TEN LARGEST SYSTEM USERS			
as of			
User	% of System Use	% of System Revenues	Customer Class (Residential/Commercial/ Industrial/Other)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
TOTAL			

d. Describe the rate-setting process, including the approval process and adherence to Proposition 218, the length of time necessary to implement adjustments, and the history of obtaining requested rate increases over the past five (5) years:

RATE INCREASES OVER THE PAST FIVE YEARS		
Date Adopted	Date Effective	Percent of Increase

e. Provide the historical monthly average system rates per residential unit over the last four (4) years and current rate information:

CURRENT AND HISTORICAL AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL UNIT					
	Current Fiscal Year – 4*	Current Fiscal Year – 3*	Current Fiscal Year – 2*	Current Fiscal Year – 1*	Current Fiscal Year
Residential Unit	_____	_____	_____	_____	_____

*Year - 1 = Year prior to current fiscal year, Y - 1 through Y - 4 are 1-4 years prior to current fiscal year.

- f. Provide the projected average monthly user charge per residential unit over the next five (5) years (include any adopted or anticipated rate increases):

PROJECTED AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL UNIT				
	Current Fiscal Year +1*	Current Fiscal Year + 2*	Current Fiscal Year + 3*	Current Fiscal Year + 4*
Residential Unit				

*Year + 1 = Year after the current fiscal year; Y + 1 through Y + 4 are 1-4 years after current fiscal year.

- g. Provide current comparable monthly average residential rate information for nearby comparable systems:

COMPARABLE RATES as of				
	System Name: _____	System Name: _____	System Name: _____	System Name: _____
	Location: _____	Location: _____	Location: _____	Location: _____
Residential Unit				

6. Describe the expected increases or decreases in demand for service over the next five (5) years:

7. Describe the enterprise system's current capital improvement plan and expected plan for financing any capital improvements (e.g., future debt issuance), including how the system capacity is expected to meet future aggregate customer demand and peak daily demand:

8. Are there any pending or threatened enforcement actions, including warnings, orders, violations or fines, by any regulatory agency against the Applicant with regard to the system?

No

Yes Describe and indicate the current status:

PART IV. FINANCIAL INFORMATION

1. Provide an aging of system accounts receivable for each proposed source of revenue to be pledged. Attach as Exhibit FC-12, FC-12a, FC-12b, etc.

2. Discuss the billing process and terms offered to users.

3. Provide the monthly accounts receivable information below:

ACCOUNTS RECEIVABLE AGING						
as of						
	Current	Over 30	Over 60	Over 90	Over 120	Total
Percent						

4. Explain collection practices and/or policies addressing accounts receivable that are greater than 90 days past due.

5. Has there been a system operating deficit during any of the prior three fiscal (3) years?

No

Yes Describe any and all operating deficits and the action taken by the governing body to eliminate or balance the operating deficits:

6. Does the Applicant have a debt service reserve fund for outstanding debt of the system?

No

Yes Provide an explanation if any debt service reserve fund has not been funded at its required level during the last three (3) fiscal years below. Include the amount and circumstances of any deficits, any withdrawals, and the corresponding replenishment schedule. Attach as Exhibit FC-13.

7. Does the Applicant have a rate stabilization fund?

No

Yes Describe below any withdrawals from and deposits to the rate stabilization fund made over the last three (3) years, the circumstances necessitating any withdrawals, and the corresponding replenishment schedule. Attach as Exhibit FC-14.

8. Provide a copy of the rate study or similar report, along with resolutions, presentations, and meeting minutes for existing rates and charges for the last five years. Attach as Exhibit FC-15.

9. Has any assessment, standby charge, or rate or charge levied by the Applicant been subject to an initiative or a majority protest, or is any appeal or protest expected, or threatened, pursuant to Proposition 218?

No

Yes Explain:

10. Does the Applicant wish IBank to consider revenues from adopted rate increases (implemented, or not yet implemented) and/or system expansions in its analysis?

No

Yes Provide an independent feasibility study, or an engineer’s report pertaining to the proposed Project and the system, including all assumptions. For system expansions only, also include in this report a “worst case” scenario analysis of the fiscal impact of the loan on rates for existing rate payers, assuming that there are no new system rate payers and existing rate payers’ fees will fully finance the Project debt. Attach as Exhibit FC-16.

11. Is the Applicant a recipient of any grants, loans or other financial assistance for the operation of the system? If so, describe impacts on the proposed financing and provide copies. Attach as Exhibit FC-17.

No

Yes

Describe:

**FEES & CHARGES
SPECIAL FUNDS & TAXES
ADDENDUM CHECKLIST**

(Complete and submit with the Financing Application)

IBank Staff Use	APPLICANT-INDICATE WHETHER OR NOT EACH DOCUMENT IS ATTACHED TO THIS ADDENDUM			ADDENDUM EXHIBITS	
	Date Rec'd	YES	NO		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-1	Authority to Operate the System
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-2	Authority to Collect Proposed Revenue Stream
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-3	Authority to Pledge Proposed Revenue Stream
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-4	Authority to Adopt Resolution
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-5	Authority to Enter into Loan Agreement and Related Documents
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-6	Authority to Enter into, and to Timely Perform, Obligations
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-7	System Capital Improvement Plan, Master Plan, Other System Planning Document
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-8	Water Purchase Contract
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-9	Hook-up Ordinance
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-10	Disposal/Hauler Contracts
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-11	Map of Service Area
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-12	Aging Accounts Receivable Aging for Each Proposed Source of Revenue. Additional Exhibits label a, b, c, etc.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-13	Debt Service Reserve Fund Funding Schedule
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-14	Rate Stabilization Fund Replenishment Schedule
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-15	Rate Study, Resolutions, Presentations, Meeting Minutes for the last Five Years
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-16	Adopted Rate Increases: Resolution, Staff Report, and Independent Feasibility Study/Rate Study/Engineer's Report
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Exhibit FC-17	Grants, Loans or Financial Assistance Documentation

Memo

Date: May 12, 2026
To: Finance Committee
From: Leo Mendez, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER AND DISCUSS APPROVAL OF OMWD BECOMING A MEMBER OF THE CALIFORNIA STATEWIDE COMMUNITY DEVELOPMENT AUTHORITY (CSCDA), AUTHORIZATION OF CSCDA TO FORM A COMMUNITY FACILITIES DISTRICT FOR THE PINNACLE AT SANTA FE VALLEY PROJECT, AND APPROVAL OF ACQUISITION AGREEMENT RELATING THERETO**

Pinnacle at Santa Fe Valley, LLC (Developer), as the Developer of the Pinnacle at Santa Fe Valley development project (Project) within OMWD’s service area, applied to California Statewide Community Development Authority (CSCDA) to participate in the Statewide Community Infrastructure Program (SCIP). SCIP is a financing program offered through CSCDA which can be used by developers to finance public infrastructure, facilities, and impact fees through the issuance of Community Facilities District (CFD) Mello-Roos bonds. By joining CSCDA and authorizing CSCDA to form a CFD over the Project area, OMWD is allowing competitive financing to the Developer through issuance of Mello-Roos bonds by CSCDA to finance the required public improvements for the Project.

At the April Board meeting, the OMWD Board approved a Master Facilities Agreement with The Pinnacle at Santa Fe Valley, LLC for the construction of facilities required by OMWD.

The Developer desires to use the SCIP program to finance OMWD and Rancho Santa Fe Community Services District (RSF) facilities and fees for the Project. As previously discussed with the Finance Committee, OMWD staff prefers this approach to forming a CFD itself, as liability is limited through the CSCDA process and administration of the CFD will be CSCDA’s responsibility.

CSCDA has issued many CFD Mello-Roos CFD bond financings through SCIP. Funds available from the issuance of Mello-Roos CFD bonds have been used by many developers statewide to finance public infrastructure, facilities, and impact/capacity fees. CSCDA assumes liability for bond issuance and administration.

Over the last several months, OMWD's staff, bond counsel, General Counsel, and the Developer and its consultants have prepared the attached resolutions and other documents being presented at this meeting. The first resolution (Attachment 1), approves the form of CSCDA's Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority (Joint Powers Agreement) (Attachment 2) and in doing so, authorizes OMWD to join CSCDA.

The second resolution (Attachment 3) authorizes CSCDA to form the CFD over the Project area and approves the form of a Funding and Acquisition Agreement (Acquisition Agreement) (included as Exhibit C to Attachment 3) with the Developer. The Acquisition Agreement sets forth the terms and conditions under which the proceeds of the CFD bonds, if and when available, will be disbursed to the Developer to pay the cost of improvements constructed by the Developer and acquired by OMWD, or to reimburse the Developer for OMWD fees that the Developer has paid to OMWD.

Under the Mello-Roos Act, bond proceeds may only be applied to finance the facilities of a public agency other than the agency that formed the CFD if there is "joint community facilities agreement" entered into between such agencies. Attachment 3, together with the Joint Powers Agreement, constitutes the joint community facilities agreement to allow CSCDA's CFD bonds to finance OMWD facilities. The resolutions and agreements are attached for reference only.

OMWD will also receive about \$3 million in capacity fees via this CFD. Rancho Santa Fe CSD is also expected to participate in CSCDA's SCIP program for the Project as they are the sewer services provider for the Project. Meetings to date have included Rancho Santa Fe CSD.

Staff recommends the committee consider bringing this item forward for discussion with the full Board at the May meeting. All documents presented to the committee have been reviewed by OMWD's General Counsel.

Staff and OMWD's bond counsel, Mr. Lawrence Chan (Stradling Yocca Carlson & Rauth LLP), will be available to answer any questions the committee may have.

Attachment 1: JPA Resolution

Attachment 2: Joint Powers Agreement

Attachment 3: JCFA Resolution (including Acquisition Agreement as Exhibit C)

RESOLUTION NO. _____

RESOLUTION APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF AN AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

WHEREAS, the Olivenhain Municipal District, California (the “District”), has expressed an interest in participating in the economic development financing programs (the “Programs”) in conjunction with the parties to that certain Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority, dated as of June 1, 1988 (the “Agreement”); and

WHEREAS, there is now before this Board the form of the Agreement; and

WHEREAS, the District proposes to participate in the Programs and desires that certain projects to be located within the District be financed pursuant to the Programs and it is in the public interest and for the public benefit that the District do so; and

WHEREAS, the Agreement has been filed with the District, and the members of the Board of the District, with the assistance of its staff, have reviewed said document;

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

SECTION 1. The Agreement is hereby approved and the President or the General Manager or designee thereof is hereby authorized and directed to execute said document, with such changes, insertions and omissions as may be approved by said President or General Manager, and the Secretary or such Secretary’s designee is hereby authorized and directed to attest thereto.

SECTION 2. The President, the General Manager, the Secretary and all other proper officers and officials of the District are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

SECTION 3. The Secretary of the District shall forward a certified copy of this Resolution and an originally executed Agreement to:

Lawrence Chan
Stradling Yocca Carlson & Rauth LLP
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660

SECTION 4. This resolution shall take effect immediately upon its passage.

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Board of Directors of the Olivenhain Municipal Water District held on May 20, 2026.

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

Attest:

Christy Guerin,
Secretary Board of Directors
Olivenhain Municipal Water District

**AMENDED AND RESTATED
JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

THIS AGREEMENT, dated as of June 1, 1988, by and among the parties executing this Agreement (all such parties, except those which have withdrawn in accordance with Section 13 hereof, being herein referred to as the "Program Participants"):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the "Joint Exercise of Powers Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Program Participants is a "public agency" as that term is defined in Section 6500 of the Government Code of the State of California, and

WHEREAS, each of the Program Participants is empowered to promote economic development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, and the increase of the tax base, within its boundaries; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue industrial development bonds pursuant to the California Industrial Development Financing Act (Title 10 (commencing with Section 91500 of the Government Code of the State of California)) (the "Act") and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of law to promote economic development through the issuance of bonds, notes, or other evidences of indebtedness, or certificates of participation in leases or other agreements (all such instruments being herein collectively referred to as "Bonds"); and

WHEREAS, in order to promote economic development within the State of California, the County Supervisors Association of California ("CSAC"), together with the California Manufacturers Association, has established the Bonds for Industry program (the "Program").

WHEREAS, in furtherance of the Program, certain California counties (collectively, the "Initial Participants") have entered into that certain Joint Exercise of Powers Agreement dated as of November 18, 1987 (the "Initial Agreement"), pursuant to which the California Counties Industrial Development Authority has been established as a separate entity under the Joint Exercise of Powers Act for the purposes and with the powers specified in the Initial Agreement; and

WHEREAS, the League of California Cities ("LCC") has determined to join as a sponsor of the Program and to actively participate in the administration of the Authority; and

WHEREAS, the Initial Participants have determined to specifically authorize the Authority to issue Bonds pursuant to Article 2 of the Joint Exercise of Powers Act ("Article 2") and Article 4 of the Joint Exercise of Powers Act ("Article 4"), as well as may be authorized by the Act or other applicable law; and

WHEREAS, the Initial Participants desire to rename the California Counties Industrial Development Authority to better reflect the additional sponsorship of the Program; and

WHEREAS, each of the Initial Participants has determined that it is in the public interest of the citizens within its boundaries, and to the benefit of such Initial Participant and the area and persons served by such Initial Participant, to amend and restate in its entirety the Initial Agreement in order to implement the provisions set forth above; and

WHEREAS, it is the desire of the Program Participants to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake projects within their respective jurisdictions that may be financed with Bonds issued pursuant to the Act, Article 2, Article 4, or other applicable provisions of law; and

WHEREAS, the projects undertaken will result in significant public benefits, including those public benefits set forth in Section 91502.1 of the Act, an increased level of economic activity, or an increased tax base, and will therefore serve and be of benefit to the inhabitants of the jurisdictions of the Program Participants;

NOW, THEREFORE, the Program Participants, for and in consideration of the mutual promises and agreements herein contained, do agree to restate and amend the Initial Agreement in its entirety to provide as follows:

Section 1. Purpose.

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act, relating to the joint exercise of powers common to public agencies, in this case being the Program Participants. The Program Participants each possess the powers referred to in the recitals hereof. The purpose of this Agreement is to establish an agency for, and with the purpose of, issuing Bonds to finance projects within the territorial limits of the Program Participants pursuant to the Act, Article 2, Article 4, or other applicable provisions of law; provided, however that nothing in this Agreement shall be construed as a limitation on the rights of the Program Participants to pursue economic development outside of this Agreement, including the rights to issue Bonds through industrial development authorities under the Act, or as otherwise permitted by law.

Within the various jurisdictions of the Program Participants such purpose will be accomplished and said powers exercised in the manner hereinafter set forth.

Section 2. Term.

This Agreement shall become effective as of the date hereof and shall continue in full force and effect for a period of forty (40) years from the date hereof, or until such time as it is terminated in writing by all the Program Participants; provided, however, that this Agreement shall not terminate or be terminated until the date on which all Bonds or other indebtedness issued or caused to be issued by the Authority shall have been retired, or full provision shall have been made for their retirement, including interest until their retirement date.

Section 3. Authority.

A. CREATION AND POWERS OF AUTHORITY.

(1) Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Statewide Communities Development Authority" (the "Authority"), and said Authority shall be a public entity separate and apart from the Program Participants. Its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to this Agreement.

B. COMMISSION.

The Authority shall be administered by a Commission (the "Commission") which shall consist of seven members, each

serving in his or her individual capacity as a member of the Commission. The Commission shall be the administering agency of this Agreement, and, as such, shall be vested with the powers set forth herein, and shall execute and administer this Agreement in accordance with the purposes and functions provided herein.

Four members of the Commission shall be appointed by the governing body of CSAC and three members of the Commission shall be appointed by the governing body of LCC. Initial members of the Commission shall serve a term ending June 1, 1991. Successors to such members shall be selected in the manner in which the respective initial member was selected and shall serve a term of three years. Any appointment to fill an unexpired term, however, shall be for such unexpired term. The term of office specified above shall be applicable unless the term of office of the respective member is terminated as hereinafter provided, and provided that the term of any member shall not expire until a successor thereto has been appointed as provided herein.

Each of CSAC and LCC may appoint an alternate member of the Commission for each member of the Commission which it appoints. Such alternate member may act as a member of the Commission in place of and during the absence or disability of such regularly appointed member. All references in this Agreement to any member of the Commission shall be deemed to refer to and include the applicable alternate member when so acting in place of a regularly appointed member.

Each member or alternate member of the Commission may be removed and replaced at any time by the governing body by which such member was appointed. Any individual, including any member of the governing body or staff of CSAC or LCC, shall be eligible to serve as a member or alternate member of the Commission.

Members and alternate members of the Commission shall not receive any compensation for serving as such but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a member or alternate member, if the Commission shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

C. OFFICERS; DUTIES; OFFICIAL BONDS.

The Commission shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among its members to serve for such term as shall be determined by the Commission. The Commission shall appoint one or more of its officers or

employees to serve as treasurer, auditor, and controller of the Authority (the "Treasurer") pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve for such term as shall be determined by the Commission.

Subject to the applicable provisions of any resolution, indenture or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived.

The Treasurer of the Authority shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Commission but in no event less than \$1,000. If and to the extent permitted by law, any such officer may satisfy this requirement by filing an official bond in at least said amount obtained in connection with another public office.

The Commission shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Commission shall have the power, by resolution, to the extent permitted by the Joint Exercise of Powers Act or any other applicable law, to delegate any of its functions to one or more of the members of the Commission or officers or agents of the Authority and to cause any of said members, officers or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Commission or the Authority.

D. MEETINGS OF THE COMMISSION.

(1) Regular Meetings.

The Commission shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Commission and a copy of such resolution shall be filed with each party hereto.

(2) Special Meetings.

Special meetings of the Commission may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

(3) Ralph M. Brown Act.

All meetings of the Commission, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California).

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Commission and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Commission.

(5) Quorum.

A majority of the members of the Commission which includes at least one member appointed by the governing body of each of CSAC and LCC shall constitute a quorum for the transaction of business. No action may be taken by the Commission except upon the affirmative vote of a majority of the members of the Commission which includes at least one member appointed by the governing body of each of CSAC and LCC, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Commission such rules and regulations for the conduct of its meetings and affairs as may be required.

Section 4. Powers.

The Authority shall have any and all powers relating to economic development authorized by law to each of the parties hereto and separately to the public entity herein created, including, without limitation, the promotion of opportunities for the creation and retention of employment, the stimulation of economic activity, and the increase of the tax base, within the jurisdictions of such parties. Such powers shall include the common powers specified in this

Agreement and may be exercised in the manner and according to the method provided in this Agreement. All such powers common to the parties are specified as powers of the Authority. The Authority is hereby authorized to do all acts necessary for the exercise of such powers, including, but not limited to, any or all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and any governmental entity; to sue and be sued in its own name; and generally to do any and all things necessary or convenient to the promotion of economic development, including without limitation the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, and the increase of the tax base, all as herein contemplated. Without limiting the generality of the foregoing, the Authority may issue or cause to be issued bonded and other indebtedness, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, including Article 2 and Article 4, the Act or any other applicable provision of law.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California county could exercise such powers and perform such duties until a California general law city shall become a Program Participant, at which time it shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

Section 5. Fiscal Year.

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by the Authority, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 1988.

Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2 hereof, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Program Participants and shall thereafter remain the sole property of the Program Participants; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Program Participants.

Section 7. Bonds.

The Authority shall issue Bonds for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement. Said Bonds may, at the discretion of Authority, be issued in series.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The fees and expenses of such counsel, consultants, advisors, and the expenses of CSAC, LCC, and the Commission shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

Section 9. Local Approval.

A copy of the application for financing of a project shall be filed by the Authority with the Program Participant in whose jurisdiction the project is to be located. The Authority shall not issue Bonds with respect to any project unless the governing body of the Program Participant in whose jurisdiction the project is to be located, or its duly authorized designee, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Action to approve or disapprove a project shall be taken within 45 days of the filing with the Program Participant. Certification of approval or disapproval shall be made by the clerk of the governing body of the Program Participant, or by such other officer as may be designated by the applicable Program Participant, to the Authority.

Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Program Participant, CSAC, or LCC or pledge of the faith and credit of the Program Participants, CSAC, LCC, or the

Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds or the respective project costs except from revenues and other funds pledged therefor. Neither the Program Participants, CSAC, LCC, nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Program Participants nor the faith and credit of CSAC, LCC, or the Authority shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds nor shall the Program Participants, CSAC, LCC, or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or Indenture shall be deemed to be a covenant or agreement of any member of the Commission, or any officer, agent or employee of the Authority in his individual capacity and neither the Commission of the Authority nor any officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

Section 10. Accounts and Reports.

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Program Participant.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Agency by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with each Program Participant and also with the county auditor of each county in which a Program Participant is located. Such report shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Commission may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

The Treasurer of the Authority, within 120 days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to each of the Program Participants to the extent such activities are not covered by the reports of the trustees for the Bonds. The trustee appointed under each Indenture shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said Indenture. Said trustee may be given such duties in said Indenture as may be desirable to carry out this Agreement.

Section 11. Funds.

Subject to the applicable provisions of each Indenture, which may provide for a trustee to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Section 10 hereof, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions or purposes of this Agreement.

Section 12. Notices.

Notices and other communications hereunder to the Program Participants shall be sufficient if delivered to the clerk of the governing body of each Program Participant.

Section 13. Withdrawal and Addition of Parties.

A Program Participant may withdraw from this Agreement upon written notice to the Commission; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding under an Indenture. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Commission which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Qualifying public agencies may be added as parties to this Agreement and become Program Participants upon: (i) the filing by such public agency of an executed counterpart of this Agreement, together with a certified copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (ii) adoption of a resolution of the Commission approving the addition of such public agency as a Program Participant. Upon satisfaction of such conditions, the Commission shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

Section 14. Indemnification.

To the full extent permitted by law, the Commission may authorize indemnification by the Authority of any person who is or was a member or alternate member of the Commission, or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a member or alternate member of the Commission, or an officer, employee or other agent of the Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 15. Contributions and Advances.

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the parties hereto for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the party making such advance at the time of such advance.

Section 16. Immunities.

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, all pension, relief, disability, workers' compensation, and other benefits which apply to the activity of officers, agents or employees of Program Participants when performing their

respective functions within the territorial limits of their respective public agencies, shall apply to them to the same degree and extent while engaged as members of the Commission or otherwise as an officer, agent or other representative of the Authority or while engaged in the performance of any of their functions or duties extraterritorially under the provisions of this Agreement.

Section 17. Amendments.

Except as provided in Section 13 above, this Agreement shall not be amended, modified, or altered except by a written instrument duly executed by each of the Program Participants.

Section 18. Effectiveness.

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Program Participants at 9:00 a.m., California time, on the date that the Commission shall have received from each of the Initial Participants an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Participant approving this Agreement and the execution and delivery hereof.

Section 19. Partial Invalidity.

If anyone or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 20. Successors.

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no party may assign any right or obligation hereunder without the consent of the other parties.

Section 21. Miscellaneous.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement is made in the State of California, under the Constitution and laws of such state and is to be so construed.

This Agreement is the complete and exclusive statement of the agreement among the parties hereto, which supercedes and merges all prior proposals, understandings, and other agreements, including, without limitation, the Initial Agreement, whether oral, written, or implied in conduct, between and among the parties relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

Program Participant:

[SEAL]

By _____

Name:

Title:

ATTEST:

By _____

Name:

Title:

RESOLUTION NO. _____

A RESOLUTION OF OLIVENHAIN MUNICIPAL WATER DISTRICT

(1) AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (THE “AUTHORITY”) TO FORM A COMMUNITY FACILITIES DISTRICT WITHIN THE TERRITORIAL LIMITS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT TO FINANCE CERTAIN PUBLIC IMPROVEMENTS; (2) EMBODYING A JOINT COMMUNITY FACILITIES AGREEMENT SETTING FORTH THE TERMS AND CONDITIONS OF THE COMMUNITY FACILITIES DISTRICT FINANCING; (3) APPROVING A FORM OF FUNDING AND ACQUISITION AGREEMENT BETWEEN THE DISTRICT AND THE DEVELOPER; AND (4) AUTHORIZING STAFF TO COOPERATE WITH THE AUTHORITY AND ITS CONSULTANTS IN CONNECTION THEREWITH.

WHEREAS, the Olivenhain Municipal Water District (the “District”) is a municipal water district duly organized and existing under California Water Code Section 71000 *et seq.*; and

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is a California joint-exercise of powers authority lawfully formed and operating within the State pursuant to an agreement (the “Joint Powers Agreement”) entered into as of June 1, 1988 under the authority of Title 1, Division 7, Chapter 5 (commencing with Section 6500) of the California Government Code; and

WHEREAS, the District is a party to the Joint Powers Agreement and, by virtue thereof, a member (a “Program Participant”) of the Authority; and

WHEREAS, the Joint Powers Agreement was entered into to establish the Authority as an agency authorized to issue bonds to finance projects within the territorial limits of its Program Participants; and

WHEREAS, the Joint Powers Agreement authorizes the Authority to undertake financing programs under any applicable provisions of State law to promote economic development, the stimulation of economic activity, and the increase of the tax base within the jurisdictional boundaries of its Program Participants; and

WHEREAS, the “Mello-Roos Community Facilities Act of 1982,” being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State (the “Act”) is an applicable provision of State law available to, among other things, finance public improvements necessary to meet increased demands placed upon local agencies as a result of development; and

WHEREAS, there is a development project, commonly known as “Pinnacle at Santa Fe Valley,” within the jurisdictional boundaries of the District, owned by Pinnacle at Santa Fe Valley, LLC (the “Development Project” and the “Developer,” respectively), and the Developer has requested that the District consider formation of a community facilities district for the Development Project under the Act; and

WHEREAS, the District does not desire to allocate District resources and District staff time to the formation and administration of a community facilities district and to the issuance of bonds therefor; and

WHEREAS, the Development Project will promote economic development, the stimulation of economic activity, and the increase of the tax base within the District; and

WHEREAS, both the Authority and the District are “local agencies” under the Act; and

WHEREAS, the Act permits two or more local agencies to enter into a joint community facilities agreement to exercise any power authorized by the Act; and

WHEREAS, the District desires to enter into such an agreement with the Authority to authorize the Authority to form a community facilities district within the territorial limits of the District in order to finance certain public improvements, including through the financing of certain water connection and capacity fees, meter surcharges, and fair share contributions, required of the Development Project; and

WHEREAS, a form of the Funding and Acquisition Agreement (the “Acquisition Agreement”) between the District and the Developer has been presented to the District’s Board of Directors (the “Board”) and is on file with the Secretary of the Board; and

WHEREAS, nothing herein constitutes the District’s approval of any applications, Development Project entitlements and/or permits, and such, to the extent required in the future, are subject to and contingent upon the District’s approval following, to the extent applicable, environmental review in compliance with the California Environmental Quality Act (“CEQA”); and

WHEREAS, nothing herein affects, without limitation, requirements for and/or compliance with any and all applicable and/or necessary improvement standards, land use requirements or subdivision requirements relating to the Development Project or any portion thereof, which obligations are and shall remain independent and subsisting; and

WHEREAS, the Board is fully advised in this matter.

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 specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the District, and the statements, findings and determinations of the District set forth in the recitals above are true and correct.

SECTION 2. This resolution shall constitute full “local approval,” under Section 9 of the Joint Powers Agreement, and under the Authority’s Local Goals and Policies (as defined below), for the Authority to undertake and conduct proceedings in accordance herewith

and under the Act to form a community facilities district (the “Community Facilities District”) with boundaries substantially as shown on Exhibit A attached hereto, and to authorize a special tax within the Community Facilities District and to issue bonds for the Community Facilities District.

SECTION 3. The Joint Powers Agreement, together with the terms and provisions of this resolution, shall together constitute a joint community facilities agreement between the District and the Authority under the Act. As, without this resolution, the Authority has no power to conduct proceedings under the Act to form the Community Facilities District, adoption by the Commission of the Authority of the Resolution of Intention to form the Community Facilities District under the Act shall constitute acceptance of the terms hereof by the Authority.

SECTION 4. This resolution and the agreement it embodies are determined to be beneficial to the residents/customers of the District and are in the best interests of the residents of the District, and of the future residents of the area within the Community Facilities District.

SECTION 5. The Authority has adopted Local Goals and Policies as required by Section 53312.7 of the Act (the “Local Goals and Policies”). If there is a conflict between the Authority’s Local Goals and Policies and the District’s local goals and policies with respect to the use of the Act, the District’s local goals and policies shall control with respect to the Community Facilities District.

SECTION 6. Pursuant to the Act and this resolution, the Authority may conduct proceedings under the Act to form the Community Facilities District, and to have it authorize the financing of the facilities and fees set forth on Exhibit B, attached hereto. All of said facilities, whether to be financed directly or through fees, are facilities that have an expected useful life of five years or longer and are facilities that the District or other local public agencies, as the case may be, are authorized by law to construct, own or operate, or to which they may contribute revenue. The facilities (including facilities financed through the water connection and capacity fees, meter surcharges, sewer capacity charges, fair share contributions or similar) are referred to herein as the “Improvements,” and the Improvements to be owned by the District are referred to as the “District Improvements.” The fees, including but not limited to water connection and capacity fees, meter surcharges, sewer capacity charges, fair share contributions and similar, are referred to as the “Fees,” and the Fees paid or to be paid to the District are referred to as the “District Fees.”

SECTION 7. For Fees paid or to be paid to another local agency (any such local agency referred to herein as an “Other Local Agency”), the Authority will obtain the written consent of that Other Local Agency before issuing bonds to fund such Fees, as required by the Act. If it is expected that the proposed Community Facilities District will finance Improvements (whether directly or through the financing of Fees) to be owned by an Other Local Agency, the Authority will separately identify such Improvements in its proceedings, and will enter into joint community facilities agreements with each Other Local Agency prior to issuing bonds to finance such Improvements, as required by the Act. Each joint community facilities agreement with an Other Local Agency will contain a provision that the Other Local Agency will provide indemnification to the District to the same extent that the District provides indemnification to the Other Local Agency under the terms of this resolution.

SECTION 8. The Board certifies to the Commission of the Authority that all of the District Improvements, including the improvements to be constructed or acquired with the proceeds of the District Fees, are necessary to meet increased demands placed upon the District as a result of development occurring or expected to occur within the Community Facilities District. Joint community facilities agreements with each Other Local Agency shall each contain a certification with respect to the Improvements to be owned by, and Fees paid or to be paid to, the Other Local Agency equivalent to that made by the District in this paragraph.

SECTION 9. The Authority will apply the special tax collections initially as required by the documents under which any bonds are issued; and thereafter, to the extent not provided in the bond documents, may pay its own reasonable administrative costs incurred in the administration of the Community Facilities District. The Authority will remit any special tax revenues remaining after the final retirement of all bonds to the District and to each Other Local Agency pro rata to the amounts of bond proceeds applied thereto. The District will apply any such special tax revenues it receives for authorized District Improvements or the District Fees and its own administrative costs only as permitted by the Act. The joint community facilities agreements with each Other Local Agency must require such Other Local Agency to apply the special tax revenues they receive for their authorized Improvements and Fees under the Community Facilities District and for their own related administrative costs only as permitted by the Act.

SECTION 10. The Authority will administer the Community Facilities District, including employing and paying all consultants, annually levying the special tax and all aspects of paying and administering the bonds, and complying with all State and Federal requirements appertaining to the proceedings, including the requirements of the United States Internal Revenue Code. The District will cooperate fully with the Authority in respect of the requirements of the Internal Revenue Code and to the extent information is required of the District to enable the Authority to perform its disclosure and continuing disclosure obligations with respect to the bonds, although the District will not participate in nor be considered to be a participant in the proceedings respecting the Community Facilities District (other than as a party to the agreement embodied by this resolution) nor will the District be or be considered to be an issuer of the bonds. The Authority shall obtain a provision equivalent to this paragraph in each joint community facilities agreement with each Other Local Agency.

SECTION 11. In the event the Authority forms the Community Facilities District and special tax revenues become available to finance the Improvements (including through the financing of the Fees), or the Authority completes the issuance and sale of bonds and bond proceeds become available to finance the District Improvements and the District Fees, the Authority shall establish and maintain one or more special funds for deposit of such special tax revenues and bond proceeds (collectively, the "Acquisition and Construction Fund"). The portion of special tax revenues and bond proceeds which is intended to be utilized to finance the Improvements and the Fees shall be deposited in the Acquisition and Construction Fund. The Acquisition and Construction Fund will be available to fund the District Improvements and the District Fees and for the Improvements and Fees pertaining to each Other Local Agency. Amounts in the Acquisition and Construction Fund shall be applied to pay for the acquisition of District Improvements or to provide a credit for District Fees in the manner set forth in the Acquisition Agreement.

SECTION 12. With respect to the Authority and each Other Local Agency, the District agrees that the Authority and each Other Local Agency have no responsibility for the administration of the construction or acquisition of District Improvements and expenditure of District Fees. The District reserves the right, with respect to the Developer, to require the Developer to contract with the District to assume any portion or all of this responsibility. The Authority shall obtain a provision equivalent to this paragraph in each joint community facilities agreement with each Other Local Agency.

SECTION 13. The District agrees to indemnify and to hold the Authority, its other members, and its other members' officers, agents and employees, and each Other Local Agency and their officers, agents and employees (collectively, the "Indemnified Parties") harmless from any and all claims, suits and damages (including costs and reasonable attorneys' fees) arising out of the design, engineering, construction and installation of the District Improvements and the District Improvements to be financed or acquired with the District Fees. The District reserves the right, with respect to the Developer, to require the Developer to assume by contract with the District any portion or all of this responsibility. The Authority shall obtain a provision equivalent to this paragraph in each joint community facilities agreement with each Other Local Agency indemnifying the District and its officers, agents and employees as Indemnified Parties with respect to such Other Local Agency's Improvements and the Improvements to be constructed or acquired with such Other Local Agency's Fees. The Authority agrees to indemnify and to hold the District, its officers, employees and agents harmless from any and all claims, suits, and damages (including costs and reasonable attorneys' fees) arising out of the formation and administration of the Community Facilities District and issuance and administration of any bonds by the Authority relating to the District Improvements and District Fees, including any claims, suits, and damages (including costs and reasonable attorneys' fees), relating to the tax-exempt status of such bonds except to the extent such claims, suits or damages relating to the tax-exempt status are derived from an untrue statement of fact made by the District regarding the use of the proceeds of the Bonds or derived from or related to the use of the District Improvements.

SECTION 14. With respect to the Authority and each Other Local Agency, the District agrees, once the District Improvements are constructed according to the approved plans and specifications and the District and the Developer have put in place their agreed arrangements for the funding of maintenance of the District Improvements, to accept ownership of the District Improvements, to take maintenance responsibility for the District Improvements, and to indemnify and hold harmless the Indemnified Parties to the extent provided in the preceding paragraph from any and all claims, etc., arising out of the use and maintenance of the District Improvements. The District reserves the right, as respects the Developer, to require the Developer by contract with the District to assume any portion or all of this responsibility. The Authority shall obtain a provision equivalent to this paragraph in each joint community facilities agreement with each Other Local Agency indemnifying the District and its officers, agents and employees as Indemnified Parties.

SECTION 15. The District acknowledges the requirement of the Act that if the District Improvements are not completed prior to the adoption of the Resolution of Formation of the Community Facilities District by the Commission of the Authority, the District Improvements must be constructed as if they had been constructed under the direction and supervision, or under the authority of, the District. The District acknowledges that this includes a requirement that all District Improvements must be constructed under contracts that require the payment of prevailing

wages as required by Section 1720 *et seq.* of the Labor Code of the State of California. The Authority makes no representation that this requirement is the only applicable legal requirement in this regard. The District reserves the right, with respect to the Developer, to assign appropriate responsibility for compliance with this paragraph to the Developer.

SECTION 16. The form of the Acquisition Agreement attached hereto as Exhibit C is hereby approved, and the Board President, the General Manager of the District, or any such officer's designee (each, an "Authorized Officer") is authorized to execute, and deliver to the Developer, the Acquisition Agreement on behalf of the District in substantially that form, with such changes as shall be approved by an Authorized Officer after consultation with the District's counsel and the Authority's bond counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 17. After completion of the District Improvements and appropriate arrangements for the maintenance of the District Improvements, or any discrete portion thereof as provided in Section 53313.51 of the Act and in the Acquisition Agreement, to the satisfaction of the District, and in conjunction with the District's acceptance thereof, acquisition of the District Improvements shall be undertaken as provided in the Acquisition Agreement.

SECTION 18. The District hereby consents to the formation of the Community Facilities District in accordance with this resolution and consents to the assumption of jurisdiction by the Authority for the proceedings respecting the Community Facilities District with the understanding that the Authority will hereafter take each and every step required for or suitable for consummation of the proceedings, the levy, collection and enforcement of the special tax, and the issuance, sale, delivery and administration of the bonds, all at no cost to the District and without binding or obligating the District's general fund or taxing authority.

SECTION 19. The terms of the agreement embodied by this resolution may be amended by a writing duly authorized, executed and delivered by the District and the Authority, except that no amendment may be made after the issuance of the bonds by the Authority that would be detrimental to the interests of the bondholders without complying with all of the bondholder consent provisions for the amendment of the bond resolutions, bond indentures or like instruments governing the issuance, delivery and administration of all outstanding bonds.

SECTION 20. Except to the extent of the indemnifications extended to each Other Local Agency in the agreement embodied by this resolution, and the District's agreement to take responsibility for and ownership of the District Improvements and the administration and expenditure of the District Fees, no person or entity, including the Developer, shall be deemed to be a third party beneficiary of this resolution, and nothing in this resolution (either express or implied) is intended to confer upon any person or entity other than the Authority and the District (and their respective successors and assigns) any rights, remedies, obligations or liabilities under or by reason of this resolution.

SECTION 21. The District shall be identified as a third-party beneficiary of all joint community facilities agreements between the Authority and each Other Local Agency to the extent of the indemnification provisions and the provisions whereby each Other Local Agency agrees to take responsibility for and ownership of their Improvements.

SECTION 22. This resolution shall remain in force until all bonds of the Community Facilities District have been retired and the authority to levy the special tax conferred by the Community Facilities District proceedings has ended or is otherwise terminated.

SECTION 23. The Board hereby authorizes and directs the General Manager and other appropriate District staff to cooperate with the Authority and its consultants and to do all things necessary and appropriate to carry out the intent of this resolution and the Community Facilities District financing, and to execute any and all certificates and documents in connection with the bond issuance as shall be approved by the General Manager after consultation with the District's counsel and the Authority's bond counsel.

SECTION 24. All actions heretofore taken by the General Manager and other appropriate officers and agents of the District with respect to the Community Facilities District are hereby ratified, confirmed and approved. The Board hereby approves the execution and delivery of the Acquisition Agreement with electronic signatures under the California Uniform Electronic Transactions Act and digital signatures under Section 16.5 of the California Government Code using DocuSign.

SECTION 25. The Board hereby approves delivery of a certified copy of this resolution to the Authority's bond counsel, Stradling Yocca Carlson & Rauth LLP.

SECTION 26. This Resolution shall take effect upon its adoption.

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Board of Directors of the Olivenhain Municipal Water District held on May 20, 2026.

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

Attest:

Christy Guerin,
Secretary Board of Directors
Olivenhain Municipal Water District

EXHIBIT A

COMMUNITY FACILITIES DISTRICT BOUNDARIES

**PROPOSED BOUNDARIES OF
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2026-08
(PINNACLE AT SANTA FE VALLEY)
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA**

LEGEND

Proposed Boundaries of Zone 1 of California Statewide Communities Development Authority Community Facilities District No. 2026-08 (Pinnacle at Santa Fe Valley), County of San Diego, State of California

Proposed Boundaries of Zone 2 of California Statewide Communities Development Authority Community Facilities District No. 2026-08 (Pinnacle at Santa Fe Valley), County of San Diego, State of California

Assessor Parcel Line

Assessor Parcels included within C.S.D.A. CFD No. 2026-08 (Pinnacle at Santa Fe Valley):

Zone 1:
678-061-01-00 to 678-061-12-00

Zone 2:
678-022-01-00 to 678-022-15-00
678-062-01-00 to 678-062-10-00

For particulars of lines and dimensions of Assessor's parcels reference is made to the maps of the San Diego County Assessor, California.

Filed in the office of the Secretary of California Statewide Communities Development Authority this ____ day of _____, 2026.

For Secretary of the Authority, Kevin O'Rourke
California Statewide Communities Development Authority

I hereby certify that the within map showing the proposed boundaries of California Statewide Communities Development Authority, Community Facilities District No. 2026-08 (Pinnacle at Santa Fe Valley), County of San Diego, State of California, was approved by the Commission of the California Statewide Communities Development Authority at a regular meeting thereof, held on this ____ day of _____, 2026, by its Resolution No. _____.

For Secretary of the Authority, Kevin O'Rourke
California Statewide Communities Development Authority

San Diego County Recorder's Certificate

This map has been filed under Document Number: _____, this ____ day of _____, 2026, at _____ m. in Book _____ of Maps of Assessment and Community Facilities Districts at Page(s) _____, in the office of the County Recorder in the County of San Diego, State of California, at the request of the California Statewide Communities Development Authority in the amount of \$ _____.

Jordan Z. Marks
Assessor-Recorder-County Clerk
County of San Diego

By: _____
Deputy Recorder

Exempt from SB2 fees per Government Code Section 27388.1 (a) (2) (D).

PREPARED BY DTA PUBLIC FINANCE, INC.

SHEET 1 OF 1

EXHIBIT B

AUTHORIZED IMPROVEMENTS AND FEES

Generally, for each of the categories of public capital improvements that are described below to be acquired, constructed and installed on public property (including dedicated rights-of-way and public easements), the authorized improvements shall be deemed to include, without limitation, the cost of real property, the cost and expense of mobilization, clearing, grubbing, protective fencing and erosion control, excavation, dewatering, lime treatment, drainage ditches, rock outfalls, curb, gutter and sidewalks, base and finish paving, striping, traffic signage, traffic signals, streetlights, landscaping, irrigation, soundwalls, retaining walls, barricades, water mains, pump stations, water tanks, and other related appurtenant work and facilities, together with the cost and expense of engineering design, plan review, project management, construction-related surety bonds or like security instruments, construction staking and management, inspection, and any like fees and costs incidental to such acquisition, construction and installation.

The following public capital improvements to be funded include those improvements eligible for construction from water connection and capacity fees, meter surcharge, sewer capacity charges, and other similar charges or fees. The property owners within the Community Facilities District will receive a credit for certain improvements eligible for funding from a water connection and capacity fees, meter surcharge, sewer capacity charge or similar, or for their required fair share contribution toward funded improvements, in the amount of any special tax or bond proceeds applied to such improvements.

Public Capital Improvements and Fees

1. Sewer improvements, including, but not limited to, pipelines, valves, pumps, treatment facilities and improvements funded through a sewer connection fee, sewer capacity charge or a similar charge or fee.
2. Water improvements, including, but not limited to, water distribution system improvements, pump stations, water connection and capacity fees (including capacity in existing systems), wells, well site improvements, reservoirs, pipelines, valves, meters, hydrants, tie-ins and improvements funded through a water system backup facilities charge, water demand offset fee, meter surcharge, or similar charges or fees.

EXHIBIT C

FORM OF FUNDING AND ACQUISITION AGREEMENT

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

FUNDING AND ACQUISITION AGREEMENT

BY AND BETWEEN

OLIVENHAIN MUNICIPAL WATER DISTRICT

AND

PINNACLE AT SANTA FE VALLEY, LLC

Dated as of May 20, 2026

FUNDING AND ACQUISITION AGREEMENT

This Funding and Acquisition Agreement (the “Agreement”) is entered into as of 20th day of May, 2026 by and between the Olivenhain Municipal Water District, a public agency (the “District”) and Pinnacle at Santa Fe Valley, LLC, a California limited liability company (the “Developer”), authorized to conduct business in the State of California.

Recitals

A. The Developer has applied for the financing of certain public capital improvements (the “Acquisition Improvements”) and water connection and capacity fees, meter surcharges, and fair share contributions (together, the “Fees”) through the California Statewide Communities Development Authority (the “Authority”) and its Statewide Community Infrastructure Program (“SCIP”) for its development project known as “Pinnacle at Sante Fe Valley” located in the County of San Diego (such project and the related infrastructure improvements, the “Project”). The public capital improvements are to be owned and operated by the District, and the financing is to be accomplished through a Community Facilities District which will be administered by the Authority under and pursuant to the Mello-Roos Community Facilities Act of 1982, being California Government Code Sections 53311 *et seq.* (the “Act”). The Developer has submitted an application to the Authority to participate in SCIP and to form a community facilities district (the “Community Facilities District”) and within the territorial limits of the District to finance the Acquisition Improvements and Fees.

B. The Authority intends to levy special taxes on property within the Community Facilities District and issue bonds to fund, among other things, all or a portion of the costs of the Acquisition Improvements and Fees. The portion of the proceeds of the special taxes and bonds allocable to the cost of the Acquisition Improvements and Fees, together with interest earned thereon, is referred to herein as the “Available Amount.”

C. The Authority will provide financing for the acquisition by the District of the Acquisition Improvements and the payment of the Acquisition Price (as defined herein) of the Acquisition Improvements, or to provide for a credit to the Developer for the Fees, from the Available Amount. Attached hereto as Exhibit A is a description of the Acquisition Improvements, which includes authorized discrete and usable portions, if any, of the public capital improvements, pursuant to Section 53313.51 of the Act, to be acquired from the Developer, and a description of the Fees.

D. The parties anticipate that, upon completion of the Acquisition Improvements and subject to the terms and conditions of this Agreement, the District will acquire the completed Acquisition Improvements.

E. Any and all monetary obligations of the District arising out of this Agreement are the special and limited obligations of the District payable only from the Available Amount, and no other funds whatsoever of the District shall be obligated therefor under any circumstances.

F. Attached to this Agreement are Exhibit A (*Description of Acquisition Improvements, Fees and Budgeted Amounts*), Exhibit B (*Disbursement Request Form*), and

Exhibit C (*Bidding, Contracting and Construction Requirements*) each of which are incorporated into this Agreement for all purposes.

Agreement

ARTICLE I

DEFINITIONS; COMMUNITY FACILITIES DISTRICT FORMATION AND
FINANCING PLAN

Section 1.01. Definitions. As used herein, the following capitalized terms shall have the meanings ascribed to them below:

“Acceptable Title” means free and clear of all monetary liens, encumbrances, assessments, whether any such item is recorded or unrecorded, and taxes, except those items which are reasonably determined by the District Engineer not to interfere with the intended use and therefore are not required to be cleared from the title.

“Acquisition and Construction Fund” means any fund or account established by the Authority pursuant to the Authority Trust Agreement and Section 1.03 hereof for the purpose of paying the Acquisition Price of the Acquisition Improvements.

“Acquisition Improvement” means a public capital improvement described in Exhibit A hereto.

“Acquisition Price” means the total amount eligible to be paid to the Developer upon acquisition of an Acquisition Improvement and/or any Eligible Portion as provided in Section 2.03 not to exceed the Actual Cost of the Acquisition Improvement.

“Actual Cost” means the total cost of an Acquisition Improvement and/or any Eligible Portion, as documented by the Developer to the satisfaction of the District and as certified by the District Engineer in an Actual Cost Certificate including, without limitation, (a) the Developer’s cost of constructing such Acquisition Improvement including grading, labor, material and equipment costs, (b) the Developer’s cost of designing and engineering the Acquisition Improvement, preparing the plans and specifications and bid documents for such Acquisition Improvement, and the costs of inspection, materials testing and construction staking for such Acquisition Improvement, (c) the Developer’s cost of any performance, payment and maintenance bonds and insurance, including title insurance, required hereby for such Acquisition Improvement, (d) the Developer’s cost of any real property or interest therein that is either necessary for the construction of such Acquisition Improvement (e.g., temporary construction easements, haul roads, etc.), or is required to be conveyed with such Acquisition Improvement in order to convey Acceptable Title thereto to the District or its designee, (e) the Developer’s cost of environmental evaluation or mitigation required for such Acquisition Improvement, (f) the amount of any fees actually paid by the Developer to governmental agencies in order to obtain permits, licenses or other necessary governmental approvals and reviews for such Acquisition Improvement, (g) the Developer’s cost for construction and project management, administration and supervision services for such Acquisition Improvement in an amount equal to five percent (5.0%), (h) the Developer’s cost for professional services related to such Acquisition Improvement, including

engineering, accounting, legal, financial, appraisal and similar professional services, and (i) the costs of construction financing incurred by the Developer with respect to such Acquisition Improvement.

“Actual Cost Certificate” means a certificate prepared a person or firm retained by the Developer that is experienced with the preparation of reimbursement requests from proceeds of the Bonds or Special Taxes for facilities similar to the Acquisition Improvements, detailing the Actual Cost of an Acquisition Improvement, or an Eligible Portion thereof, to be acquired hereunder, as may be revised by the District Engineer pursuant to Section 2.03. An Actual Cost Certificate shall include such necessary information (including invoices, receipts, worksheets and other evidence of cost as necessary) in sufficient detail to allow the District Engineer to verify the Acquisition Price of any Acquisition Improvement or Eligible Portion.

“Agreement” means this Acquisition Agreement, dated as of May 20, 2026.

“Authority” means the California Statewide Communities Development Authority.

“Authority Trust Agreement” means a Trust Agreement entered into by the Authority and an Authority Trustee in connection with the issuance of Bonds.

“Authority Trustee” means the financial institution identified as trustee in an Authority Trust Agreement.

“Available Amount” shall have the meaning assigned to the term in Recital B.

“Bonds” means bonds or other indebtedness issued by the Authority that is to be repaid with Special Taxes from the Community Facility District.

“District” means the Olivenhain Municipal Water District, a municipal water district duly organized and existing under California Water Code Section 71000 *et seq.*

“District Engineer” means the Engineer of the District and/or his/her designee who will be responsible for administering the acquisition of the Acquisition Improvements hereunder.

“Code” means the Government Code of the State of California.

“Community Facilities District” shall have the meaning assigned to the term in Recital D.

“Developer” means Pinnacle at Santa Fe Valley, LLC, its successors and assigns.

“Disbursement Request Form” means a requisition for payment of funds from the Acquisition and Construction Fund for an Acquisition Improvement, or an Eligible Portion thereof, and for funding Fees in substantially the form contained in Exhibit B hereto.

“Eligible Portion” shall have the meaning ascribed to it in Section 2.03 below.

“Fee” means a water demand offset fee, meter surcharge, fair share contribution or other similar charge or fee imposed by the District on the Developer eligible for funding through the

Community Facilities District and more particularly described in Exhibit A attached hereto.

“Installment Payment” means an amount equal to ninety percent (90%) of the Actual Cost of an Eligible Portion.

“Master Facilities Agreement” means the “Pinnacle at Santa Fe Valley Master Agreement for Construction of Water Facilities to be Dedicated to the Olivenhain Municipal Water District dated [April 15, 2026].

“Project” means the Developer’s development of the property in the Community Facilities District, including the design and construction of the Acquisition Improvements and the other public and private improvements to be constructed by the Developer within or near the Community Facilities District.

“Resolution” means Olivenhain Municipal Water District Resolution No. [____], adopted on May 20, 2026, titled “A Resolution of the Olivenhain Municipal Water District (1) Authorizing The California Statewide Communities Development Authority (The “Authority”) To Form A Community Facilities District Within The Territorial Limits Of The Olivenhain Municipal Water District To Finance Certain Public Improvements; (2) Embodying A Joint Community Facilities Agreement Setting Forth The Terms And Conditions Of The Community Facilities District Financing; (3) Approving A Form Of Funding And Acquisition Agreement Between The District And The Developer; And (4) Authorizing Staff To Cooperate With The Authority And Its Consultants In Connection Therewith.”

“Special Taxes” means annual special taxes, and prepayments thereof, authorized by the Community Facilities District to be levied by the Commission of the Authority within the Community Facilities District.

“Substantially Complete” or “Substantial Completion” with respect to an Acquisition Improvement means that such Acquisition Improvement is substantially complete in accordance with its Plans and Specifications and is available for use by the public for its intended purpose, notwithstanding any final “punch list” items still required to be completed, unless such items are required for the safe operation of such Acquisition Improvement, and shall be based upon approval of the District’s inspectors, which shall not be unreasonably withheld.

“Title Documents” means, for each Acquisition Improvement acquired hereunder, a grant deed or similar instrument necessary to transfer title to any real property or interests therein (including easements), or an irrevocable offer of dedication of such real property with interests therein necessary to the operation, maintenance, rehabilitation and improvement by the District of the Acquisition Improvement (including, if necessary, easements for ingress and egress) and a notice of completion or similar instrument evidencing transfer of title to the Acquisition Improvement (other than said real property interests) to the District, where applicable.

Section 1.02. Establishment of Community Facilities District. Developer has requested the District to permit the Authority to provide for financing of the Acquisition Improvements and Fees through the establishment and authorization of the Community Facilities District and the District agreed by its adoption of the Resolution. The Developer and the District

agree to reasonably cooperate with one another and with the Authority in the formation of the Community Facilities District and the completion of the financing through the issuance of Bonds in one or more series.

Section 1.03. Deposit and Use of Available Amount.

(a) Prior to the issuance of any Bonds, any Special Taxes collected by the Authority for the Community Facilities District shall be deposited in the Acquisition and Construction Fund established by the Authority, and may be disbursed to pay the Acquisition Price of Acquisition Improvements or applied to provide a credit for Fees in accordance with Article II of this Agreement. All funds in the Acquisition and Construction Fund shall be considered a portion of the Available Amount, and upon the issuance of the Bonds the Acquisition and Construction Fund shall be transferred to the Authority Trustee to be held in accordance with the Authority Trust Agreement.

(b) Upon the issuance of the Bonds, the Authority will cause the Authority Trustee to establish and maintain the Acquisition and Construction Fund for the purpose of holding all funds for the Acquisition Improvements and Fees. All earnings on amounts in the Acquisition and Construction Fund shall remain in the Acquisition and Construction Fund for use as provided herein and pursuant to the Authority Trust Agreement. Money in the Acquisition and Construction Fund shall be available to respond to delivery of a Disbursement Request Form and to be paid to the Developer or its designee, or to the District or its designee, to pay the Acquisition Price of the Acquisition Improvements or to pay for public capital improvements eligible for construction from Fees, as specified in Article II hereof. Upon completion of all of the Acquisition Improvements and the payment of all costs thereof and the application of amounts to the Fees, any remaining funds in the Acquisition and Construction Fund (less any amount determined by the District as necessary to reserve for claims against the account) shall be applied by the Authority to call Bonds or to reduce Special Taxes as the Authority shall determine.

Section 1.04. No District Liability; District Discretion; Effect on Other Agreements. In no event shall any actual or alleged act by the District or any actual or alleged omission or failure to act by the District with respect to the Community Facilities District or Bonds subject the District to monetary liability therefor. Further, nothing in this Agreement shall be construed as affecting the Developer's or the District's duty to perform their respective obligations under any other agreements, public improvement standards, land use regulations or subdivision requirements related to the Project, which obligations are and shall remain independent of the Developer's and the District's rights and obligations under this Agreement.

ARTICLE II

DESIGN, CONSTRUCTION AND ACQUISITION OF ACQUISITION IMPROVEMENTS;
CREDITS FOR FEES

Section 2.01. Letting and Administering Design Contracts. The Developer has awarded and administered, or will award and administer, engineering design contracts for the Acquisition Improvements to be acquired from Developer. Any such work shall be paid for and conducted by the Developer, and all eligible expenditures of the Developer for design engineering

and related costs in connection with the Acquisition Improvements (whether as an advance to the District or directly to the design consultant) shall be reimbursed at the time of acquisition of the Acquisition Improvements. The Developer shall be entitled to reimbursement for any design costs of the Acquisition Improvements only out of the Acquisition Price as provided in Section 2.03 and shall not be entitled to any payment for design costs independent of the acquisition of Acquisition Improvements.

The Developer shall employ, at its sole cost and expense, subject to potential reimbursement, a qualified professional engineering firm (“Developer Engineer”) to plan, design and prepare plans and specification (“Plans and Specifications”) for the Acquisition Improvements in full accordance with the District’s design criteria and standards. The Plans and Specifications shall be subject to the District’s approval, which shall not be unreasonably withheld. In the event the District disapproves the Plans and Specifications, the Developer shall cause the Developer Engineer to modify the Plans and Specifications in accordance with the reasons given for disapproval and shall resubmit the revised Plans and Specifications to the District for approval or disapproval. The foregoing procedure shall be continued until the Plans and Specifications have been approved by the District. The District agrees to process any Plans and Specifications for approval with such diligence and in such time as the District accords customers similarly situated. The cost and expense of the District’s review (including but not limited to, agents, employees and independent contractors) shall be paid by the Developer to the District and such costs shall be eligible to be reimbursed from the Available Amount. The Plans and Specifications shall conform to all applicable Federal, State and local governmental rules, ordinances, regulations and all applicable environmental laws.

A qualified engineering firm (the “Field Engineer”) shall be employed by the Developer to provide all field engineering surveys determined to be necessary by the District inspection personnel. The Field Engineer shall promptly furnish to the District a complete set of grade sheets listing all locations, offsets, etc., in accordance with good engineering practices, and attendant data and reports resulting from the Field Engineer’s engineering surveys and/or proposed facility design changes. The District shall have the right, but not the obligation, to review, evaluate and analyze whether such results comply with applicable specifications.

The cost of all surveying, compaction testing and report costs associated with such Acquisition Improvements furnished and constructed by any contractors shall be paid for by the Developer, and the costs of such work shall be eligible to be reimbursed from the Available Amount.

The Developer shall, at its sole cost and expense, be responsible for compliance with all environmental laws and all requirements of the Federal Endangered Species Act and the California Endangered Species Act, arising out of or in connection with the planning, design, construction and installation of the Acquisition Improvements and for compliance with all conditions and mitigation measures of each consent or approval of a public agency which must be satisfied for the purpose of the planning, design, construction and installation of the Acquisition Improvements. The term “environmental laws” shall include, without limitation, the California Environmental Quality Act and all other applicable State and Federal environmental laws. Any such work shall be paid for and conducted by, or on behalf of, the Developer, and the costs of such work shall be eligible to be reimbursed from the Available Amount.

Section 2.02. Letting and Administration of Construction Contracts; Indemnification; Construction.

(a) State law requires that all Acquisition Improvements not completed prior to the formation of the Community Facilities District shall be constructed as if they were constructed under the direction and supervision, or under the authority, of the District, so that they may be acquired by the District pursuant to Government Code Section 53313.5. In order to assure compliance with those provisions Developer agrees to comply with the requirements set forth in Exhibit C hereto, provided that the provisions in Exhibit C with respect to the bidding and contracting for the construction of the Acquisition Improvements shall not apply to contracts entered into prior to the date hereof. The Developer agrees that all the contracts shall call for payment of prevailing wages as required by the Labor Code of the State of California. The Developer's indemnification obligation set forth in Section 4.01 of this Agreement shall also apply to any alleged failure to comply with the requirements of this Section, and/or applicable State laws regarding public contracting and prevailing wages.

(b) Following receipt of the District's written approval of the Plans and Specifications, the Developer shall, or shall employ a licensed contractor or contractors, to construct and complete the Acquisition Improvements at no cost or expense to the District and in accordance with the laws, rules and regulations of all governmental bodies and agencies having jurisdiction over the Acquisition Improvements. The Acquisition Improvements shall be constructed and installed in strict compliance with the Plans and Specifications. Any deviations from the approved Plans and Specifications must be approved by the District, in writing. The Developer shall, at its sole cost and expense, apply for and obtain all necessary consents, approvals, permits, authority and entitlements as shall be required for the design, construction and installation of the Acquisition Improvements, if any, from all appropriate governmental authorities. The Developer shall directly pay all costs associated with the construction of the Acquisition Improvements, including but not limited to, furnishing of materials, and the Developer shall keep the District free and harmless from all such costs.

(c) Upon request of the District, the Developer shall require its contractors, at its sole cost and expense, to furnish labor and material payment bonds and contract performance bonds in an amount equal to one hundred percent (100%) of the contract price for the Acquisition Improvements and naming the Developer, the District, and the Community Facilities District, as obligees unto which the Developer, as principal, and the surety are bound, and issued by insurance or surety companies approved by the District. All such bonds shall be in a form approved by the District, and the labor and material payment bond shall comply with all requirements of payment bonds on public works of improvements, including but not limited to Civil Code Section 9550, *et seq.* Notwithstanding, if bonds have already been posted in connection with the recordation of the final maps additional bonds shall not be required.

(d) Upon constructing Acquisition Improvements, the Developer shall deliver to the District a Certificate of Insurance evidencing the coverage required under the Master Facilities Agreement.

(e) Subject to the terms and conditions of all other agreements related to the Acquisition Improvements, the Developer shall comply with such other reasonable requirements

relating to the construction of the Acquisition Improvements to be completed by the Developer which the District may impose by written notification delivered to the Developer at any time, either prior to the receipt of bids by the Developer for the construction of the Acquisition Improvements to be completed by the Developer, or, to the extent required as a result of changes in applicable laws, during the progress of construction thereof.

(f) The Developer shall, at the time the District acquires the Acquisition Improvements to be completed by the Developer or Owner, grant to the District by appropriate instruments prescribed by the District, all easements across private property and/or fee title ownership deeds and/ or public access or rights-of-way which may be necessary for the proper operation and maintenance of the Acquisition Improvements to be completed by the Developer, or any part thereof. The easements and/or fee title shall be in a width and at such locations as shall be acceptable to the District. The Developer shall ensure that all monetary liens, including deeds of trust and mortgages are subordinated to the easements and reconveyed as to the fee title ownership.

(g) Upon completion of the Acquisition Improvements to be completed by the Developer and completion of the final inspection, testing and written assurance thereof by the District, the Developer shall execute and deliver a Notice of Completion in the form and content acceptable to the District. The Notice of Completion shall convey title of the Acquisition Improvements to be completed by the Developer to the District. The Acquisition Improvements to be completed by the Developer shall be transferred to the District free of all liens and encumbrances. Nothing contained herein shall require the District to accept the Acquisition Improvements to be completed by the Developer, if such facilities are Substantially Complete. The District shall only accept such facilities if the Acquisition Improvements to be completed by the Developer are complete, including all punch list items that need to be completed and/or corrected.

(h) The Developer warrants and represents to the District that the Acquisition Improvements to be completed by the Developer shall be free from construction defects (and shall correct or cause to be corrected any such defects) in accordance with the terms of the Master Facilities Agreement.

(i) After the acceptance of the Acquisition Improvements, all permits, plans and operating manuals relating thereto, shall become the sole property of the District, at no cost to the District, subject to any warranty work. On the acceptance of the Acquisition Improvements by the District, the Developer shall deliver to the District, at no cost to District, all surveys and as-built drawings associated with the construction of the Acquisition Improvements.

(j) The District shall have the right to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer for the design and construction of the Acquisition Improvements.

(k) The District shall have the right to inspect, or cause to be inspected, the construction of the Acquisition Improvements constructed by the Developer. The District's personnel shall have access to the site of the work at all reasonable times for the purpose of accomplishing such inspection. Any inspection completed by the District shall be for the sole use and benefit of the District and neither Developer nor any third party shall be entitled to rely thereon

for any purpose. The District does not undertake or assume any responsibility for or owe a duty to inspect, review or supervise the creation of the Acquisition Improvements. Upon substantial completion of the construction of such Acquisition Improvements, the Developer shall notify the District's authorized representative in writing that the construction of such Acquisition Improvements has been substantially completed. The cost and expense of the District's inspection (including, but not limited to, agents, employees and independent contractors) shall be paid by Developer to the District.

(1) After an Acquisition Improvement has been completed and final inspection, testing and written assurance thereof has been completed, the Developer shall provide a Notice of Completion to the District for consideration of acceptance by the District's Board of Directors. Upon acceptable by the Board of Directors, the District shall forthwith file with the County Recorder of the County of San Diego the Notice of Completion pursuant to the provisions of Section 3093 of the Civil Code of California.

Section 2.03. Sale of Acquisition Improvements. Provided the Developer has complied with the requirements of this Agreement, the Developer agrees to sell to the District and the District hereby agrees to purchase from the Developer each Acquisition Improvement and/or Eligible Portion thereof to be constructed by Developer (including any rights-of-way or other easements necessary for the Acquisition Improvements, to the extent not already publicly owned), when the Acquisition Improvement is completed to the satisfaction of the District for an amount not to exceed the lesser of (i) the Available Amount, or (ii) the Actual Cost of the Acquisition Improvement. Exhibit A, attached hereto and incorporated herein, contains a list of the Acquisition Improvements. Portions of an Acquisition Improvement eligible for Installment Payments prior to completion of the entire Acquisition Improvement are described as eligible, discrete and usable portions in Exhibit A (each, an "Eligible Portion"). At the time of completion of each Acquisition Improvement, or Eligible Portion thereof, the Developer shall deliver to the District Engineer a written request for acquisition, accompanied by an Actual Cost Certificate and any other documents requested by the District Engineer, and by executed Title Documents for the transfer of the Acquisition Improvement where necessary. In the event that the District Engineer finds that the supporting paperwork submitted by the Developer fails to demonstrate the required relationship between the subject Actual Cost and eligible work, the District Engineer shall advise the Developer that the determination of the Actual Cost (or the ineligible portion thereof) has been disallowed and shall request further documentation from the Developer. If the further documentation is still not adequate, the District Engineer may revise the Actual Cost Certificate to delete any disallowed items and the determination shall be final and conclusive. The Developer shall ensure that all monetary liens, including deeds of trust and mortgages will be subordinated to the easements and reconveyed as to the fee title ownership. Notwithstanding the foregoing, the Acquisition Price of an Acquisition Improvement or Eligible Portion may be paid prior to transfer of ownership and acceptance of the District if it is "Substantially Complete" at the time of payment. The Acquisition Improvement or Eligible Portion shall be considered "Substantially Complete" when it has been reasonably determined by the District to be usable, subject to final completion of punch list items or any other items not essential to the primary use or operation of such Acquisition Improvement or Eligible Portion. If the Acquisition Price of an Acquisition Improvement or Eligible Portion is paid prior to transfer of ownership and acceptance based on it being Substantially Complete, the Developer may, upon transfer of ownership of such Acquisition Improvement or Eligible Portion to the District, submit a second reimbursement request for any

unpaid portion of the Actual Costs associated with completing such Acquisition Improvement or Eligible Portion.

Certain soft costs for the Acquisition Improvements, such as civil engineering, may have been incurred pursuant to single contracts that include work relating also to the private portions of the Project. In those instances, the total costs under such contracts will be allocated to each Acquisition Improvement as approved by the District Engineer. Where a specific contract has been awarded for design or engineering work relating solely to an Acquisition Improvement, one hundred percent (100%) of the costs under the contract will be allocated to that Acquisition Improvement. Amounts allocated to an Acquisition Improvement will be further allocated among the Eligible Portions of that Acquisition Improvement, if any, in the same proportion as the amount to be reimbursed for hard costs for each Eligible Portion bears to the amount to be reimbursed for hard costs for the entire Acquisition Improvement. Costs will be allocated to each Acquisition Improvement as approved by the District Engineer. The costs of certain environmental mitigation required to mitigate impacts of the public and private portions of the Project will be allocated to each Acquisition Improvement as approved by the District Engineer.

Upon completion of the construction of any Acquisition Improvements by the Developer, the Developer shall deliver to the District copies of the contract(s) with the contractor(s) who have constructed the Acquisition Improvements or other relevant documentation with regard to the payments made to such contractor(s) for the construction of such Acquisition Improvements, and shall also provide to the District copies of all invoices, purchase orders, canceled checks (or other proof of payment) with respect to all supplies and materials purchased for the construction of such Acquisition Improvements. The District shall require the District Representative to complete its determination of the cost of the Acquisition Improvements as promptly as is reasonably possible.

The Acquisition Price of any Acquisition Improvements may be determined and paid out of the Available Amount prior to transfer of ownership of the Acquisition Improvements to the District upon a determination of Substantial Completion of such Acquisition Improvement. The Developer shall submit a payment request form to the Community Facilities District which must also contain therewith approval of the District, which approval shall not be unreasonably withheld.

Notwithstanding the preceding provisions of this section, the sole source of funds for the acquisition by the District of the Acquisition Improvements or any Eligible Portion thereof shall be the proceeds made available by the Community Facilities District. The amount of the Acquisition Price actually paid for an Acquisition Improvement will be determined by the Available Amount and reserved for the financing of the Acquisition Improvements. If for any reason the proceedings for the formation of the Community Facilities District are not completed or the bonds are not sold, the Developer shall not be required to construct or offer any Acquisition Improvements to the District and the District shall not be required to acquire any Acquisition Improvements from the Developer pursuant to this Agreement. In such event, the Developer shall complete the design and construction and offer to the District ownership of such portions of Acquisition Improvements as are required to be constructed by the Developer as a condition to service meters requested by the Developer and issued by the District, or any other agreement between the Developer and District, but need not construct or offer any portion of the Acquisition Improvements which it is not so required to construct.

Prior to the transfer of ownership of an Acquisition Improvement by the Developer to the District, the Developer shall be responsible for the maintenance thereof and shall maintain and transfer such Acquisition Improvement to the District in as good condition as the Acquisition Improvement was in at the time the Developer notified the District that construction of same had been substantially completed in accordance with the Plans and Specifications, excepting wear and tear determined to be reasonable and customary in the sole discretion of the District. After acceptance of the Acquisition Improvements, all permits, plans and operating manuals relating thereto, shall become the sole property of the District, at no cost to District, subject to any warranty work. On the acceptance of the Acquisition Improvements by District, the Developer shall deliver to District, at no cost to District, all surveys and as-built drawings associated with the construction of the Acquisition Improvements.

Section 2.04. Conditions Precedent to Payment of Acquisition Price. Payment to the Developer or its designee of the Acquisition Price for an Acquisition Improvement from the Acquisition and Construction Fund shall in every case be conditioned first upon the determination of the District Engineer, pursuant to Section 2.03, in consultation with the District, that the Acquisition Improvement satisfies all District regulations and ordinances and is otherwise Substantially Complete or complete and ready for acceptance by the District, and shall be further conditioned upon satisfaction of the following additional conditions precedent:

(a) The Developer shall have provided the District with lien releases or other similar documentation satisfactory to the District Engineer as evidence that none of the property (including any rights-of-way or other easements necessary for the operation and maintenance of the Acquisition Improvement, to the extent not already publicly owned) comprising the Acquisition Improvement, and the property which is subject to the special taxes of the Community Facilities District, is not subject to any prospective mechanics lien claim respecting the Acquisition Improvements.

(b) The Developer shall be current in the payment of all due and payable general property taxes, and all special taxes of the Community Facilities District, on property owned by the Developer or under option to the Developer within the Community Facilities District.

(c) The Developer shall certify that it is not in default with respect to any loan secured by any interest in the Project or with respect to this Agreement.

(d) To the extent completed Acquisition Improvements have not already been dedicated to the District pursuant to the final tract map or other documents, the Developer shall have provided the District with Title Documents needed to provide the District with title to the site, right-of-way, or easement upon which the subject Acquisition Improvement is situated. All such Title Documents shall be in a form acceptable to the District and shall convey Acceptable Title. The Developer agrees to comply with the applicable requirements of the District with respect the transfer and acceptance of the Acquisition Improvements. The amount paid to the Developer or its designee upon satisfaction of the foregoing conditions precedent shall be the Acquisition Price less all Installment Payments paid previously with respect to the Acquisition Improvement.

(e) Prior to the acceptance of an Acquisition Improvement by the District, the Developer shall provide to the District such evidence or proof as the District shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment on behalf of the Developer for the construction of an Acquisition Improvement has been paid, and that there are no claims by or on behalf of any such person, firm or corporation.

Section 2.05. Payment for Eligible Portions. The Developer shall submit an Actual Cost Certificate to the District Engineer with respect to any Eligible Portion. Payment to the Developer or its designee from the Acquisition and Construction Fund of an Installment Payment with respect to such Eligible Portion shall in every case be conditioned first upon the determination of the District Engineer, pursuant to Section 2.03, in consultation with the District, that the Eligible Portion has been completed in accordance with the applicable Plans and Specifications and that the Eligible Portion satisfies all District regulations and ordinances and is otherwise complete and, where appropriate, is ready for acceptance by the District, and shall be further conditioned upon satisfaction of the following additional conditions precedent:

(a) The Developer shall have provided the District with lien releases or other similar documentation satisfactory to the District Engineer as evidence that the property (including any rights-of-way or other easements necessary for the operation and maintenance of the Eligible Portion, to the extent not already owned by the District) comprising the Eligible Portion is not subject to any prospective mechanics lien claim respecting the Eligible Portion.

(b) The Developer shall be current in the payment of all due and payable general property taxes, and all special taxes of the Community Facilities District, on property owned by the Developer or under option to the Developer within the Community Facilities District.

(c) The Developer shall have provided the District with Title Documents needed to provide the District with title to the site, right-of-way, or easement upon which the subject Eligible Portion is situated. All such Title Documents shall be in a form acceptable to the District Engineer and shall be sufficient, upon completion of the Acquisition Improvement of which the Eligible Portion is a part, to convey Acceptable Title.

(d) Payment and performance bonds, from a bonding company with an A.M. Best rating of at least "A-" or its equivalent, applying to Plans and Specifications for the Acquisition Improvement approved by the District, shall be in place to secure completion of the Acquisition Improvement of which the Eligible Portion is a part.

(e) The Developer shall certify that it is not in default with respect to any loan secured by any interest in the Project or with respect to this Agreement.

(f) Prior to the acceptance of an Eligible Portion by the District, the Developer shall provide to the District such evidence or proof as the District shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment on behalf of the Developer for the construction of an Eligible Portion has been paid, and that there are no claims by or on behalf of any such person, firm or corporation.

Section 2.06. Disbursement Request Form – Acquisition Improvements or Eligible Portions. Upon a determination by the District Engineer and the District to pay the

Acquisition Price of an Acquisition Improvement pursuant to Section 2.04 or to pay an Installment Payment for an Eligible Portion pursuant to Section 2.05, the District Engineer shall cause a Disbursement Request Form substantially in the form attached hereto as Exhibit B to be submitted to the Authority Trustee, and the Authority Trustee shall make payment directly to the Developer or its designee of the amount pursuant to the Authority Trust Agreement. The District and the Developer acknowledge and agree that the Authority Trustee shall make payment strictly in accordance with the Disbursement Request Form and shall not be required to determine whether or not the Acquisition Improvement or Eligible Portion has been completed or what the Actual Costs may be with respect to the Acquisition Improvement or Eligible Portion. The Authority Trustee shall be entitled to rely on the executed Disbursement Request Form on its face without any further duty of investigation.

In the event that the Actual Cost of an Acquisition Improvement or the Installment Payment for an Eligible Portion is in excess of the Available Amount, the Authority Trustee shall withdraw all funds remaining in the Acquisition and Construction Fund and shall transfer those amounts to the Developer or its designee. The unpaid portion of the Actual Cost shall be paid from funds that may subsequently be deposited in the Acquisition and Construction Fund from a subsequent issuance of Bonds or from Special Tax revenues, if either of those occur.

Section 2.07. Fee Payment Credits

(a) The Developer may elect to apply the proceeds of Bonds to reimburse the Developer for Fees paid directly to the District by the Developer or a subsequent property owner prior to the date of issuance of Bonds (such payments, the “Reimbursable Fees”). The Developer may submit a written request to the District to reimburse such Reimbursable Fees from the Available Amount. In such case, and subject Section 2.07(c) and to any applicable laws and regulations, the District shall direct the Authority Trustee to disburse to the Developer an amount up to the amount of the Reimbursable Fees from the Available Amount, provided, if the Available Amount consists of tax exempt bond proceeds, the District shall, within 30 days of the request, either (i) transfer such prepaid amounts to the Authority Trustee for deposit in the Acquisition and Construction Fund for arbitrage and rebate tracking purposes or (ii) certify to the Authority Trustee that such amounts received from the Developer have been spent and the District delivers a certificate in substantially the form attached hereto as Exhibit B.

(b) Subject to Section 2.07(c) and the other provisions set forth herein, the Developer may elect to fund all or a portion of Fees directly from the Available Amount to the extent of funds available. In such case, Developer shall submit a written request to District specifying (i) the description of the Fees and amount requested to be funded and (ii) the lot numbers (or other applicable description) for which the Fees are payable. The District shall thereafter submit a written request to the Authority to apply the requested portion of the Available Amount to the funding of such Fees and the District shall provide a credit for the payment of such Fees in the records of the District, which credit shall be applied to the benefit of the Developer or subsequent Landowner when the Fees would otherwise be due and payable and the moneys shall be available to the District for payment of the costs of capital expenditures for public capital improvements eligible for funding from the Acquisition and Construction Fund. When the District has capital expenditures payable from the funded Fees, the District shall cause a Disbursement Request Form substantially in the form attached hereto as Exhibit B to be submitted to the

Authority Trustee, and the Authority Trustee shall make payment directly to or at the direction of the District pursuant to the Authority Trust Agreement.

(c) Notwithstanding the foregoing, the Developer and the District acknowledge that proceeds of tax-exempt Bonds have certain limitations under applicable federal income tax laws. The District covenants to cooperate with the Authority and the Authority's bond counsel by providing representations and certifications regarding the use of the Fees and Acquisition Improvements, the application of the Developer's fee credits, and the reasonably expected use of the Available Amount therefor to allow the Authority to determine the Fees eligible for financing from such tax-exempt Bond proceeds. The District and the Developer further acknowledge that not all Fees and not all components of the Fees may be eligible for application of tax-exempt Bond proceeds. The Developer further acknowledges that in no case are the District or the Authority required to provide for the issuance of Bonds.

Section 2.08. Limitation on Obligations. In no event shall the District be required to pay the Developer or its designee more than the Available Amount. The District shall not be obligated to pay all or a portion of the Fees or the acquisition price for the Acquisition Improvements except from the moneys available from the Community Facilities District.

Section 2.09. Costs of District Engineer. The Developer agrees to pay or reimburse the District for all costs of the District Engineer for the undertakings under this Agreement including, but not limited to, the costs relating to reviewing documentation to determine the Actual Cost and/or Eligible Portion of the Acquisition Improvements.

ARTICLE III

EVENTS OF DEFAULTS; REMEDIES

Section 3.01 Notice of Breach and Default. The occurrence of any of the following constitutes a breach and default of this Agreement:

(a) Developer refuses or fails to complete any Acquisition Improvement for which Bonds have been sold within the applicable time or abandons the construction of an Acquisition Improvement.

(b) Except for an assignment of this Agreement to a successor-in-interest to the property within the Community Facilities District, Developer assigns this Agreement without the prior written consent of District.

(c) Developer is adjudged bankrupt or makes a general assignment for the benefit of creditors, or a receiver is appointed in the event of Developer's insolvency.

(d) Developer or Developer's contractors, subcontractors, agents or employees, fail to comply with any terms or conditions of this Agreement to which the Developer or Developer's contractors, subcontractors, agents, or employees are subject.

(e) Developer fails to perform any obligation under this Agreement. The District must serve written notice of breach and default upon Developer (and any surety that has

provided bonds with respect to an Acquisition Improvement). Developer shall have thirty (30) days to cure the breach and default described in the written notice of breach and default.

(f) District fails to perform any obligation under this Agreement. Developer must serve written notice of breach and default upon the District. The District shall have thirty (30) days from receipt of such notice to cure the breach and default described in the written notice of breach and default.

Section 3.02 Breach of Agreement; Performance by District. If the District gives Developer notice under Section 3.01 herein and Developer fails to cure the breach and default described in the written notice prior to the expiration of the applicable cure period, a “Developer Event of Default” shall be deemed to have occurred. In the event of the occurrence and continuation of a Developer Event of Default, the District may exercise the remedies described in Section 3.01 and in Section 3.03 below, including the right of the District to proceed to complete the Acquisition Improvement by contract or other method the District considers advisable, at the sole expense of Developer, however, the District is under no obligation, financial, performance or otherwise, to complete the Acquisition Improvement. Where funds are currently available from the collection of Special Taxes said funds shall be used first for completion of the Acquisition Improvements in the event that the District elects to complete the Acquisition Improvement. In the event of the occurrence and continuance of a Developer Event of Default, (i) Developer, immediately upon demand, shall pay the costs and charges related to the Acquisition Improvement and any subsequent repairs, provided, upon such payment, Developer shall be entitled to payment for the Acquisition Improvement from the Available Amount, (ii) District, without liability for doing so, may take possession of and utilize in completing the Acquisition Improvement and repairs, if any, such materials and other property belonging to Developer as may be on or about the Property and necessary for completion of the Acquisition Improvement, and (iii) the District may draw upon any surety bonds.

If the Developer gives the District notice under Section 3.01(f) and District fails to cure the breach and default described in the written notice prior to the expiration of the applicable cure period, a “District Event of Default” shall be deemed to have occurred.

Section 3.03 Remedies. It is acknowledged by the parties that the District would not have entered into this Agreement if it were to be liable in damages under or with respect to this Agreement or the application thereof, other than for the payment to the Developer of any (i) moneys owing to the Developer hereunder, or (ii) moneys paid by the Developer pursuant to the provisions hereof which are misappropriated or improperly obtained, withheld or applied by the District.

In general, upon the occurrence and continuation of a Developer Event of Default or an District Event of Default, the applicable party may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that the District shall not be liable in damages to the Developer or to any assignee or transferee of the Developer other than for the payments to the Developer specified in the preceding paragraph. Subject to the foregoing, the Developer covenants not to sue for or claim any damages for any alleged breach of, or dispute which arises out of, this Agreement.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Indemnification and Hold Harmless. The Developer hereby assumes the defense of, and indemnifies and saves harmless the District, the Authority and their respective officers, directors, employees and agents, including the Authority Trustee, from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subjected or put, by reason of, or resulting from or alleged to have resulted from the acts or omissions of the Developer or its contractors, subcontractors, agents and employees arising out of any contract for the design, engineering and construction of the Acquisition Improvements entered into by the Developer, the financing of the Acquisition Improvements, the formation of the Community Facilities District, the levy of special taxes, the issuance of bonds, or arising out of any alleged misstatements of fact or alleged omission of a material fact made by the Developer, its officers, directors, employees or agents to the Authority's underwriter, financial advisor, appraiser, district engineer or bond counsel or regarding the Developer, its proposed developments, its property ownership and its contractual arrangements contained in the official statement relating to the Authority financing (provided that the Developer shall have been furnished a copy of the official statement and shall not have objected thereto); and provided, further, that nothing in this Section 4.01 shall limit in any manner the District's rights against any of the Developer's architects, engineers, contractors or other consultants. Except as set forth in this Section 4.01, no provision of this Agreement shall in any way limit the extent of the responsibility of the Developer for payment of damages resulting from the operations of the Developer, its agents and employees. Nothing in this Section 4.01 shall be understood or construed to mean that the Developer agrees to indemnify the District, the Authority or any of their respective officers, directors, employees or agents, for any wrongful acts or omissions to act of the Authority or its officers, employees, agents or any consultants or contractors, including the Authority Trustee, and for any wrongful acts, willful misconduct, active negligence or omissions to act of the District, or its officers, employees, agents or any consultants or contractors, including the Authority Trustee.

The aforementioned indemnity shall apply regardless of whether or not District has approved Plans and Specifications for the Acquisition Improvements and regardless of whether any insurance, workers compensation, disability or other employee benefit acts or terms required under this Agreement are applicable to any claims. The District does not and shall not waive any of its rights under this indemnity provision because of its acceptance of the bonds or insurance required under the provisions of this Agreement. The Developer's obligations to indemnify the District shall survive the expiration or termination of this Agreement.

The Developer further agrees to assume the defense of, and indemnify and save harmless the District and its respective officers, directors, employees and agents, from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subjected or put, by reason of, or resulting from or alleged to result from the issuance and administration of any Bonds by the Authority, including any claims, suits, and damages (including costs and reasonable attorneys' fees), relating to the tax-exempt status of such Bonds except to the extent such claims, suits or damages relating to the tax-exempt status are derived from an untrue statement or alleged untrue statement of fact made by the District regarding the use of the proceeds

of the Bonds or derived from or related to the use of the improvements funded from such proceeds and owned or to be owned by the District.

Section 4.02. Audit. The District shall have the right, during normal business hours and upon the giving of ten days' written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer (for which the Developer seeks reimbursement pursuant to this Agreement) in constructing the Acquisition Improvements.

Section 4.03. Cooperation. The District and the Developer agree to cooperate with respect to the completion of the financing of the Acquisition Improvements and Fees by the Authority through the levy of the Community Facilities District Special Taxes and issuance of Bonds. The District and the Developer agree to meet in good faith to resolve any differences on future matters which are not specifically covered by this Agreement.

Section 4.04. General Standard of Reasonableness. Any provision of this Agreement which requires the consent, approval or acceptance of either party hereto or any of their respective employees, officers or agents shall be deemed to require that the consent, approval or acceptance not be unreasonably withheld or delayed, unless the provision expressly incorporates a different standard. The foregoing provision shall not apply to provisions in the Agreement which provide for decisions to be in the sole discretion of the party making the decision.

Section 4.05. Third Party Beneficiaries. The Authority and its officers, employees, agents or any consultants or contractors are expressly deemed third party beneficiaries of this Agreement with respect to the provisions of Section 4.01. It is expressly agreed that, except for the Authority with respect to the provisions of Section 4.01, there are no third party beneficiaries of this Agreement, including without limitation any owners of bonds, any of the District's or the Developer's contractors for the Acquisition Improvements and any of the District's, the Authority's or the Developer's agents and employees.

Section 4.06. Conflict with Other Agreements. Nothing contained herein shall be construed as releasing the Developer or the District from any condition of development or requirement imposed by any other agreement between the District and the Developer, and, in the event of a conflicting provision, the other agreement shall prevail unless the conflicting provision is specifically waived or modified in writing by the District and the Developer.

Section 4.07. Notices. All invoices for payment, reports, other communication and notices relating to this Agreement shall be mailed to:

If to the District:

Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024
Attn: General Manager

If to the Developer:

Pinnacle at Santa Fe Valley, LLC
18029 Calle Ambiente, Suite 513, P.O. Box 676221
Rancho Santa Fe, CA 92067
Attn: Ali Shapouri

Either party may change its address by giving notice in writing to the other party.

Section 4.08. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 4.09. Governing Law; Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. Any legal action or proceeding concerning this Agreement shall be filed and prosecuted in the appropriate California state court in the County of San Diego, California. Each party hereto irrevocably consents to the personal jurisdiction of that court.

Section 4.10. Waiver; Time is of the Essence. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement. Time is of the essence of this Agreement and each and every provision thereof.

Section 4.11. Singular and Plural; Gender. As used herein, the singular of any word includes the plural, and terms in the masculine gender shall include the feminine.

Section 4.12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 4.13. Successors and Assigns. This Agreement is binding upon the heirs, assigns and successors-in-interest of the parties hereto. The Developer may not assign its rights or obligations hereunder, except to successors-in-interest to the property within the Community Facilities District, without the prior written consent of the District.

Section 4.14. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent of the District. Except as provided herein, District shall have no responsibility to pay any contractor or supplier of the Developer. It is not intended by the parties to this Agreement to create a partnership or joint venture among them and this Agreement shall not otherwise be construed.

Section 4.15. Electronic Signatures. Each of the parties hereto agrees that the transaction consisting of this Agreement may be conducted by electronic means under the Uniform

Electronic Transactions Act (California Civil Code section 1633.1 et seq.) and California Government Code section 16.5. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Agreement using an electronic signature, it is signing, adopting, and accepting this Indenture and that signing this Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Agreement in a usable format.

Section 4.16. Remedies in General. It is acknowledged by the parties that the District would not have entered into this Agreement if it were to be liable in damages under or with respect to this Agreement or the application thereof, other than for the payment to the Developer of any (i) moneys owing to the Developer hereunder, or (ii) moneys paid by the Developer pursuant to the provisions hereof which are misappropriated or improperly obtained, withheld or applied by the District.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that the District shall not be liable in damages to the Developer, or to any assignee or transferee of the Developer other than for the payments to the Developer specified in the preceding paragraph. Subject to the foregoing, the Developer covenants not to sue for or claim any damages for any alleged breach of, or dispute which arises out of, this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written above.

OLIVENHAIN MUNICIPAL WATER DISTRICT

By: _____
General Manager

ATTEST _____
Secretary of the Board

By: _____
Christy Guerin

PINNACLE AT SANTA FE VALLEY, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: _____
(Signature)

(Print Name)

EXHIBIT A TO THE ACQUISITION AGREEMENT

DESCRIPTION OF ACQUISITION IMPROVEMENTS, FEES AND BUDGETED AMOUNTS

Proposed Community Facilities District Acquisition Improvements ⁽¹⁾	Budgeted Amounts
Phase 1A Water - Potable	\$783,470
Phase 1B Water - Potable	\$141,535
Phase 2A Water - Potable	\$1,035,796
Pinnacle Peak Road Water - Potable	\$3,288,407
Phase 2B Water - Potable	\$574,266
Phase 2C Water - Storage	\$3,669,565
Phase 2D Water - Potable	\$356,426
Total Proposed CFD Acquisition Improvements:	\$9,849,466

Fees	Meter Size	Rate/Dwelling Unit (DU)	No. of DU	Budgeted Amounts
Capacity Fees	1.5 Inch Meter	\$80,841	37	\$2,991,117
Installation Charge	N/A	1,450	37	53,650
Ordinance 280 Fee	N/A	4,805	37	177,801
				<u>\$3,222,568</u>
Total Acquisition Improvements and Fees:				<u>\$13,072,034</u>

⁽¹⁾ All improvements shall be constructed as described in the Master Facilities Agreement. Phasing is subject to modification based on the actual plans and construction phasing and the costs above are estimates only

EXHIBIT B TO THE ACQUISITION AGREEMENT

**DISBURSEMENT REQUEST FORM
(Acquisition Improvement or Eligible Portion)**

To: [Authority Trustee]
Attention: _____
Fax: _____
Phone: _____

Re: CSCDA Community Facilities District No. _____

Dated: _____

The undersigned, a duly authorized officer of the Olivenhain Municipal Water District hereby requests a withdrawal from the Acquisition and Construction Fund pertaining to the above referenced Community Facilities District, as follows:

Request Date: [Insert Date of Request]

Name of Developer: Pinnacle at Santa Fe Valley, LLC

Withdrawal Amount: [Insert Acquisition Price/Installment Payment/Applied Fee amount]

Acquisition Improvements/Fees: [Insert Description of Acquisition Improvement(s)/ Eligible Portion(s)/Fees from Exhibit A]

Payment Instructions: [Insert Wire Instructions or Payment Address for Developer or Developer's designee as provided by the Developer or for District or direct vendor]

The undersigned hereby certifies as follows:

The Withdrawal is being made in accordance with a permitted use of the monies pursuant to the Acquisition Agreement and the Withdrawal is not being made for the purpose of reinvestment.

None of the items for which payment is requested have been reimbursed previously from the Acquisition and Construction Fund.

If the Withdrawal Amount is greater than the funds held in the Acquisition and Construction Fund, the Authority Trustee is authorized to pay the amount of such funds and to pay remaining amount(s) as funds are subsequently deposited in the Acquisition and Construction Fund, should that occur.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Acquisition Agreement.

OLIVENHAIN MUNICIPAL WATER DISTRICT

By: _____

Title: _____

EXHIBIT C TO THE ACQUISITION AGREEMENT

BIDDING, CONTRACTING AND CONSTRUCTION REQUIREMENTS FOR ACQUISITION IMPROVEMENTS

With respect to construction contracts awarded after approval of the Agreement, bids for construction shall be solicited from qualified contractors. The Developer may directly solicit bids. The bid package may consist of preliminary plans and specifications. A minimum of three bids is preferred, but not mandatory. Developer shall provide documentation of its solicitation efforts.

Each bidder will be provided with detailed Scopes of Work (SOW), Instructions to Bidders (ITB) along with detailed and itemized bid sheets with estimated quantities.

The bidding response time shall be not less than three (3) weeks.

Contract(s) for the construction of the public Acquisition Improvements shall be awarded based on the completeness of the bids, pricing and ability to meet the construction schedule, as determined by the Developer and approved by the District on a “lowest responsible bidder or best value basis” depending on the number of bids received.

The contractor to whom a contract is awarded shall be required to pay not less than the prevailing rates of wages pursuant to Labor Code Sections 1770, 1773 and 1773.1. A current copy of applicable wage rates is available from the State Department of Industrial Relations.

Upon request, the Developer shall provide the District with certified payrolls within ten (10) business days.

Notwithstanding the foregoing provisions, contract letting procedures that differ from the procedures in this Exhibit C shall be deemed to satisfy the Agreement if the Developer and the District Engineer agree in writing on such other contract letting procedures.