

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

**May 12, 2026**

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, May 12th, 2026, at the District office, 1966 Olivenhain Road, Encinitas, California via teleconference and in person.

Director Meyers called the meeting to order at 11:02 a.m. In attendance were Scott Maloni, Treasurer; Neal Meyers, Vice President; Kimberly Thorner, General Manager; Leo Mendez, Finance Manager; Jared Graffam, Accounting Supervisor; Georgeanna Clark, Project Accountant II; and August Trees, Financial Analyst I. Also appearing remotely via Zoom were: Lora Nichols from Fieldman for item 8; Lawrence Chan from Stradling Yocca Carlson & Rauth LLP for item 8 and 9; and Ali Shapouri and John Zimmerman for the Pinnacle at Santa Fe Valley Project for item 9.

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 APRIL 2, 2026, SPECIAL FINANCE COMMITTEE MEETING

Director Meyers moved to approve the April 2<sup>nd</sup>, 2026, meeting minutes, seconded by Director Maloni, and carried unanimously.

6. QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (3rd QTR OF FY 2026)

Finance Manager Mendez presented the investment report as of March 31, 2026, to the Committee, emphasizing the District's three core principles that guide OMWD's

investment practices: safety of principal, liquidity, and return on investment in that order of priority. Finance Manager Mendez discussed cash and investment holdings noting that the District's current investment yield increased from the previous quarter due to replacing matured securities with higher yielding securities available in the market. Director Meyers requested more clarification on the District's investment strategy, and whether staff uses an investment advisor. Finance Manager Mendez explained that the District does not use an investment advisor; instead, staff manages the District's investments directly and works with three brokers to purchase securities. Finance Manager Mendez mentioned that the District has an annual objective to review its investment strategy and General Manager Thorner added that staff is currently researching different investment firms and the findings will be discussed at the next Finance Committee meeting, then brought to the full Board.

Finance Manager Mendez presented the District's draft summary of fund balances over the previous five years. Finance Manager Mendez noted the Wastewater Operating Fund was temporarily below the minimum balance established by the Board due to the timing of Wastewater revenue receipts, which are collected by the County via the property tax roll. Finance Manager Mendez added that about \$2.4 million in wastewater property tax revenues were received in April, which would bring the Wastewater Operating Fund back within Board approved limits.

Director Meyers asked if it is unusual for the Wastewater Operating Fund to fall below the minimum recommended balance. Finance Manager Mendez clarified that as part of the 2024 Wastewater Cost of Service Study, staff increased transfers to the Wastewater Capital Fund in order to maintain the Operating Fund closer to its minimum target, since the timing of revenues on the tax roll were causing the Operating Fund balance to exceed the maximum at times. General Manager Thorner added that our upcoming debt issuance will level out some of the volatility. Finance Manager Mendez mentioned that staff will continue to monitor the Wastewater Operating and Capital Funds closely until the debt is issued.

Finance Manager Mendez next presented graphs showing average days of cash on hand for the Water and Wastewater Operating Funds. Finance Manager Mendez also presented a three-year historical comparison of quarterly investment yields against the San Diego Consumer Price Index (SDCPI) and added that current investment yields are above SDCPI through March. Finance Manager Mendez also added that the latest CPI numbers were released by the Bureau of Labor and Statistics, showing an increase in April.

7. REVIEW OF OMWD'S FINANCIAL REPORT – BUDGET VS. ACTUAL REPORT  
(3<sup>rd</sup> QUARTER OF FY 2026)

Finance Manager Mendez presented the 3<sup>rd</sup> quarter of Fiscal Year 2026 Budget vs. Actual Report, noting that high rainfall has led to lower water sales to date partially

offset by lower purchased water costs. Finance Manager Mendez explained that the District has an overall favorable variance of \$761 thousand over budget to date for the period. Finance Manager Mendez also shared a graph comparing budgeted vs actual water sales for the first nine months of fiscal year 2026, and noted that subsequent April water sales were above budget for the month, leading to the District being about four hundred acre feet under budget on water sales as of end of April.

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

Finance Manager Mendez stated that a \$6.5 Million debt issuance was included as part of the 2024 Wastewater Cost of Service study to help finance capital improvement projects to keep annual rate increases at 5.5%. Finance Manager Mendez explained that the purpose of the item is to review wastewater debt financing options with the committee, including the staff recommendation to pursue a 20-year loan with the California Infrastructure and Economic Development Bank (IBank) as it is a most cost-effective option for the District.

Finance Manager Mendez added that staff's request to the committee is to consider bringing a resolution to the Board that would 1) allow staff to apply to IBank for a loan 2) serve as a resolution of intent to reimburse costs from tax-exempt proceeds for the IBank program. Finance Manager Mendez noted that approval only authorizes applying to IBank, not issuing debt. Staff will return to the Board for final approval if the IBank loan terms remain favorable.

Finance Manager Mendez then introduced Lora Nichols from Fieldman, the District's Municipal Advisor, who presented to the committee. Ms. Nichols presented the basics of bonds, the different financing options, information on the IBank program, and the positives and negatives of using IBank for the District's debt issuance versus other debt issuance methods. Ms. Nichols noted that the IBank option would be the most cost-effective option for the District at approximately 60 basis points less compared to a private placement debt issuance, based on current market conditions.

Director Maloni asked if IBank would allow increasing the repayment schedule over time. Ms. Nichols explained that IBank prefers structured repayments, but that they would consider the opportunity to escalate it. Director Meyers then asked if there was any prohibition to accelerating payments to pay off the debt sooner than originally scheduled. Ms. Nichols explained that IBank has a ten-year lockout with all debt issuances, meaning there is some flexibility with payments after the first ten years of repayment. Ms. Nichols explained the cost benefits of a 20-year debt issuance versus the 30-year debt issuance staff had originally planned. General Manager Thorner noted that staff requested numbers based on a 20-year repayment schedule because 20 years

lines up better with the life of the District's wastewater assets being added with the debt issuance financing.

Ms. Nichols explained that under the IBank option, the District would have to start repayments within one year of closing. Ms. Nichols also added that the District would have to spend down the funds within two years of closing, with the option to increase it to three years. Director Meyers asked about IBank's influence on the project, and whether they have oversight or control over the project or contracts related to the project. Ms. Nichols explained that they will request updates on the project and occasionally review invoices, but they will work with the District to make sure that the project timeline is upheld and that all funds are used. General Manager Thorner added that the City of Del Mar recently issued debt with IBank and that Finance Manager Mendez was in contact with them. Finance Manager Mendez reported that the City of Del Mar had positive experiences with the IBank program and staff.

General Manager Thorner added that if the Committee and Board approve of staff's direction, the District will not rescind the Board resolution made in February to issue debt with private placement or public issuance, and that the resolution gives staff more options in issuing the Wastewater debt. Director Meyers moved to bring the resolution to the full Board, seconded by Director Maloni. Additionally, Ms. Nichols was requested to give the same presentation to the full Board.

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

Finance Manager Mendez presented that staff's request to the committee is to consider bringing the resolutions included in the committee packet to the Board in order to allow OMWD to join CSCDA and authorize the CSCDA to form a Community Facilities District (CFD) to assist the Pinnacle at Santa Fe Valley (the developer) in financing infrastructure costs and fees through Mello-Roos bonds on 37 single-family homes in the District's service area. Finance Manager added that the Board approved a related Master Facilities Agreement at the April meeting that outlined the water infrastructure that the developer would need to build to provide water service to the homes.

Finance Manager Mendez reported that the CSCDA will be responsible for issuing and administrating the Mello-Roos bonds and that the District's role will be limited to approving eligible reimbursement requests for improvements that are constructed by the developer and accepted by OMWD. Finance Manager Mendez added that the developer has reimbursed the District for costs associated with the CFD formation to date, and that the developer will continue to reimburse the District for costs of reviewing reimbursements.

Finance Manager Mendez also added that the District is expected to receive capacity fees from the project, in addition to new customers and the water facilities that would be constructed by the developer. Finance Manager Mendez mentioned that the developer's obligation to build the facilities that are included in the Master Facilities Agreement, and to pay owed capacity fees, would remain regardless of whether CFD financing is secured. Finance Manager Mendez added that the resolutions were reviewed by both the District's bond counsel and general counsel.

Finance Manager Mendez then introduced the District's bond counsel, Mr. Lawrence Chan from Stradling Yocca Carlson & Rauth LLP, in case the committee had any questions. Director Meyers asked about any risk entering into these agreements, especially if anything goes wrong with the development project. Mr. Chan responded that there is no risk to the District if anything goes wrong with the CFD or bonds, and that the District's role in the agreement is to review project expenses before the developer can be reimbursed by bond proceeds. Director Meyers asked if we would assume any expenses during the process that would not be reimbursed. Mr. Chan responded that the CFD resolution includes language that the developer is covering all costs. General Manager Thorner added that Mr. Chan met with Finance Manager Mendez and the District's Engineering Manager to better understand the reimbursement request process and add the language. Director Meyers moved to bring the item to the Board, seconded by Director Maloni.

10. FUTURE AGENDA ITEMS/INFORMATION

There were no future agenda items requested.

11. ADJOURNMENT

The meeting was adjourned at 12:21 p.m.