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, AUGUST 11, 2026

TIME: 2:00 P.M.

PLACE: HYBRID REGULAR MEETING VIA ZOOM AND IN PERSON

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

For Zoom Participation:
www.zoom.us/join
Meeting ID: 869 0856 2599
Passcode: 768025

For Zoom Call-in Only:
Call: (669) 900-9128
Meeting ID: 869 0856 2599
Passcode: 768025

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 MAY 12, 2026, REGULAR FINANCE COMMITTEE MEETING
6. QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (4TH QUARTER OF FY 2026)
7. REVIEW OF OMWD'S FINANCIAL REPORT – BUDGET VS. ACTUAL REPORT (4TH QUARTER OF FY 2026)
8. REVIEW PRESENTATION ON OMWD'S INVESTMENT STRATEGY AND CONSIDER ISSUING A REQUEST FOR PROPOSALS (RFP) FOR INVESTMENT MANAGEMENT SERVICES FOR A TRIAL PERIOD OF THREE YEARS (ANNUAL OBJECTIVE 57, PART 2)
9. CONSIDER AND DISCUSS OMWD'S WATER RATES AND CHARGES FOR CALENDAR YEAR 2027
10. CONSIDER INFORMATIONAL ITEM REGARDING FINANCIAL SCENARIOS AND IMPACT ON RESERVES
11. PROFESSIONAL AUDITING SERVICES REQUEST FOR PROPOSALS (VERBAL REPORT)
12. FUTURE AGENDA ITEMS
13. ADJOURNMENT

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 2nd, 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 Manger 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 (3rd QUARTER OF FY 2026)

Finance Manager Mendez presented the 3rd 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.

Agenda Item 6

Memo

Date: August 11, 2026

To: Finance Committee

From: Leo Mendez, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: **QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (4th 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 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.

Prepared by: August Trees, Financial Analyst
Georgeanna Clark, Project Accountant II
Jared Graffam, Accounting Supervisor
Reviewed by: Jared Graffam, Accounting Supervisor
Leo Mendez, Finance Manager
Approved by: Kimberly A. Thorner, General Manager

Attachments:

Attachment 1 - DRAFT Monthly Cash and Investment Summary Report as of June 30, 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 June 30, 2026

Active Deposits				**Book Value**
Checking Accounts				$ 971,383
Cash Restricted for Specific Use				578,947
Petty Cash/Disaster Preparedness				1,484
Total Active Deposits				$ 1,551,815
Deposits Not Covered by Investment Policy				
Cash with Fiscal Agents				2,549,643
Investments	**Face Value**	**Market Value**	**Current Yield**	
LAIF	$ 39,478,290	39,564,412	3.82%	$ 39,478,290
CAMP - US Bank	21,947,576	21,947,576	3.77%	21,947,576
Money Market Funds	1,248,869	1,248,869	3.52%	1,248,869
U.S. Agency Securities	27,000,000	26,727,050	4.06%	26,998,300
Total Investments	$ 89,674,735	$ 89,487,906	3.87%	$ 89,673,035
Total - All Deposits/Investments				**$ 93,774,493**

Maturity Analysis of Investments

	Percent	**Balance**
Demand Deposits	69.9%	$ 62,674,735
Maturity within the next two months	0.0%	-
Maturity within three months and one year	2.2%	2,000,000
Maturity beyond one year	27.9%	24,998,300
Total Investments	**100.0%**	**$ 89,673,035**
Weighted Average Days to Maturity	**428**	

Other Required Disclosures:

Accrued interest receivable as of 06/30/2026 $ 621,904

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.

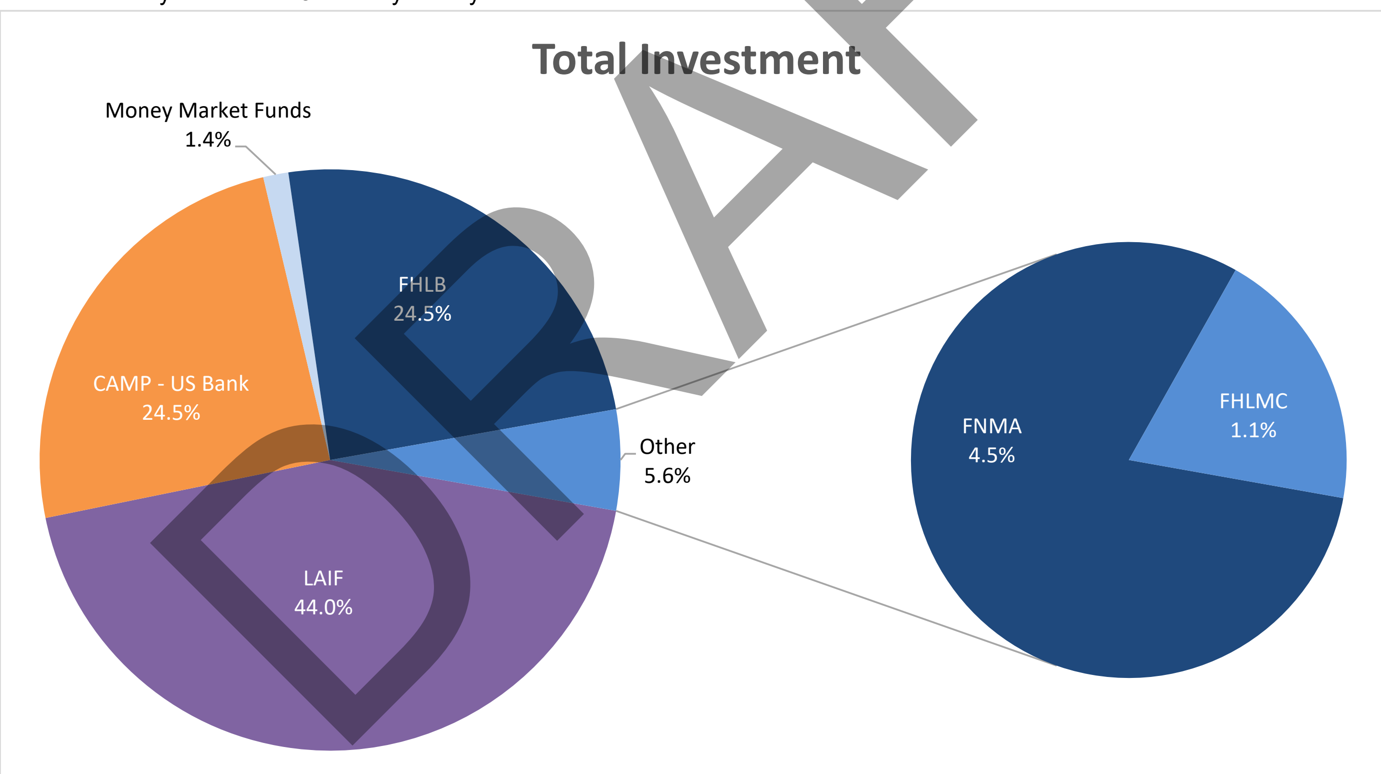
Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
June 30, 2026

		Book Value	Percent	Permitted Percent	In Compliance?
LAIF		$ 39,478,290	44.0%	50.0% [1]	Yes
CAMP - US Bank		21,947,576	24.5%	30.0%	Yes
Money Market Funds		1,248,869	1.4%	20.0% [2]	Yes
U.S. Agency Securities		26,998,300	30.1%	50.0%	Yes
FHLB	*Federal Home Loan Bank*	*21,998,300*	*24.5%*		
FNMA	*Fannie Mae*	*4,000,000*	*4.5%*		
FHLMC	*Freddie Mac*	*1,000,000*	*1.1%*		
Total Investments		**$ 89,673,035**	**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
June 30, 2026

ACTIVE DEPOSIT		Book Value
Checking A/C:	California Bank and Trust for General Purpose	971,383.36
	California Bank and Trust for Specific Purpose	578,947
Petty Cash/Disaster Preparedness		1,484
	Total - Active Deposits	**1,551,815**
DEPOSITS NOT COVERED BY INVESTMENT POLICY		
Cash with Fiscal Agents:		
	Union Bank - RAD 96-1 Refunding Bond	938,548
	Union Bank - 2015A Refunding Bond	4,642
	SRF Loan	1,605,064
	Union Bank - 2016A Refunding Bond	1,222
	Union Bank - 2021A WW Revenue Bond	94
	Union Bank - 2021B Refunding Bond	73
	Total Deposits Not Covered by Investment Policy	**2,549,643**

		RATING		DATE				Weighted Average Days to Maturity						
		Moody's	S&P	Purchase	Maturity	Next Call	Next S-U	Maturity	Call	*Stated Coupon*	*Current Yield*	Market Value	Face Value	Book Value
INVESTMENTS														
Invest. Pools:	US Bank Calif. Asset Mgmt Prgm (CAMP)				Demand			1			*3.77%*	$ 21,947,576	$ 21,947,576	$ 21,947,576
State Local Agency Investment Fund (LAIF)					Demand			1			*3.82%*	39,564,412	39,478,290	$ 39,478,290
First American Government 31846V567					Demand			1			*3.52%*	1,248,061	1,248,061	$ 1,248,061
CB&T Money Market Account					Demand			1			*1.86%*	808	808	$ 808
U.S. Agency Securities														
3130APAY1	FHLB Callable	Aa1	AA+	10/21/21	10/21/26	07/21/26		114	22	*1.10%*	*1.39%*	991,190	1,000,000	$ 1,000,000
3130APL78	FHLB Callable	Aa1	AA+	10/28/21	10/28/26	07/28/26		121	29	*1.38%*	*4.41%*	991,770	1,000,000	$ 1,000,000
3130B6CG9	FHLB Callable	Aa1	AA+	05/22/25	05/22/29	anytime		1,058	1	*4.38%*	*4.40%*	994,410	1,000,000	$ 998,300
3130B2N43	FHLB Callable	Aa1	AA+	09/10/24	09/10/29	09/10/26		1,169	73	*4.00%*	*4.06%*	986,190	1,000,000	$ 1,000,000
3130B9MN7	FHLB Callable	Aa1	AA+	02/26/26	08/26/30	08/26/26		1,519	58	*4.00%*	*4.08%*	980,240	1,000,000	$ 1,000,000
3134HCNC9	FHLMC Callable	Aa1	AA+	01/09/26	01/09/31	10/09/26		1,655	102	*4.10%*	*4.15%*	988,810	1,000,000	$ 1,000,000
3136GCGV1	FNMA Callable	Aa1	AA+	01/23/26	01/23/31	07/23/26		1,669	24	*4.13%*	*4.17%*	989,880	1,000,000	$ 1,000,000
3130B9DE7	FHLB Callable	Aa1	AA+	02/11/26	02/11/31	02/11/27		1,688	227	*4.02%*	*4.08%*	985,570	1,000,000	$ 1,000,000
3130B9HA1	FHLB Callable	Aa1	AA+	02/26/26	02/26/31	02/26/27		1,703	242	*4.00%*	*4.09%*	1,955,600	2,000,000	$ 2,000,000
3130B9LF5	FHLB Callable	Aa1	AA+	02/26/26	02/26/31	02/26/27		1,703	242	*4.00%*	*4.06%*	1,968,340	2,000,000	$ 2,000,000
3136GCNU5	FNMA Callable	Aa1	AA+	03/04/26	03/04/31	09/04/26		1,709	67	*4.10%*	*4.18%*	979,990	1,000,000	$ 1,000,000
3130B9Q45	FHLB Callable	Aa1	AA+	03/10/26	03/10/31	12/10/26		1,715	164	*4.00%*	*4.06%*	986,330	1,000,000	$ 1,000,000
3130B9W63	FHLB Callable	Aa1	AA+	03/17/26	03/11/31	09/11/26		1,716	74	*4.30%*	*4.32%*	994,620	1,000,000	$ 1,000,000
3130B9VN7	FHLB Callable	Aa1	AA+	03/17/26	03/17/31	03/17/27		1,722	261	*4.13%*	*4.18%*	1,973,120	2,000,000	$ 2,000,000
3130B9RH5	FHLB Callable	Aa1	AA+	03/24/26	03/24/31	07/24/26		1,729	25	*4.25%*	*4.28%*	994,050	1,000,000	$ 1,000,000
3130BA2S5	FHLB Callable	Aa1	AA+	03/30/26	03/25/31	03/25/27		1,730	269	*4.50%*	*4.51%*	997,110	1,000,000	$ 1,000,000
3130BADZ7	FHLB Callable	Aa1	AA+	04/22/26	10/22/29	10/22/26		1,211	115	*4.15%*	*4.16%*	997,000	1,000,000	$ 1,000,000
3130BAE45	FHLB Callable	Aa1	AA+	04/23/26	04/23/31	10/23/26		1,759	116	*4.40%*	*4.44%*	991,480	1,000,000	$ 1,000,000
3130BANF0	FHLB Callable	Aa1	AA+	05/19/26	05/19/31	11/19/26		1,785	143	*4.50%*	*4.51%*	1,993,700	2,000,000	$ 2,000,000
3136GDHU0	FNMA Callable	Aa2	AA+	06/30/26	06/30/31	12/30/26		1,827	184	*4.50%*	*4.51%*	1,993,360	2,000,000	$ 2,000,000
3130BBAB1	FHLB Callable	Aa3	AA+	06/30/26	06/30/31	12/30/26		1,827	184	*4.60%*	*4.62%*	995,430	1,000,000	$ 1,000,000
3130BB4U6	FHLB Callable	Aa4	AA+	06/30/26	06/30/31	12/30/26		1,827	184	*4.79%*	*4.80%*	998,860	1,000,000	$ 1,000,000
								1,544	**144**	***4.02%***	***4.06%***	**$ 26,727,050**	**$ 27,000,000**	**$ 26,998,300**
	Total Investments							**466**		***3.86%***	***3.87%***	**$ 89,487,906**	**$ 89,674,735**	**$ 89,673,035**
TOTAL - ALL DEPOSITS AND INVESTMENTS													**$**	**93,774,493**

Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
June 30, 2026

PURCHASED

DATE					Stated	Current		
Purchase	Maturity	Call	Step-Up	Investment Description	Coupon	Yield	Face Value	Book Value
04/22/26	10/22/29	10/22/26		FHLB Callable	*4.150%*	*4.162%*	1,000,000	1,000,000
04/23/26	04/23/31	10/23/26		FHLB Callable	*4.400%*	*4.438%*	1,000,000	1,000,000
05/19/26	05/19/31	11/19/26		FHLB Callable	*4.500%*	*4.514%*	2,000,000	2,000,000
06/30/26	06/30/31	12/30/26		FNMA Callable	*4.500%*	*4.515%*	2,000,000	2,000,000
06/30/26	06/30/31	12/30/26		FHLB Callable	*4.600%*	*4.621%*	1,000,000	1,000,000
06/30/26	06/30/31	12/30/26		FHLB Callable	*4.790%*	*4.795%*	1,000,000	1,000,000

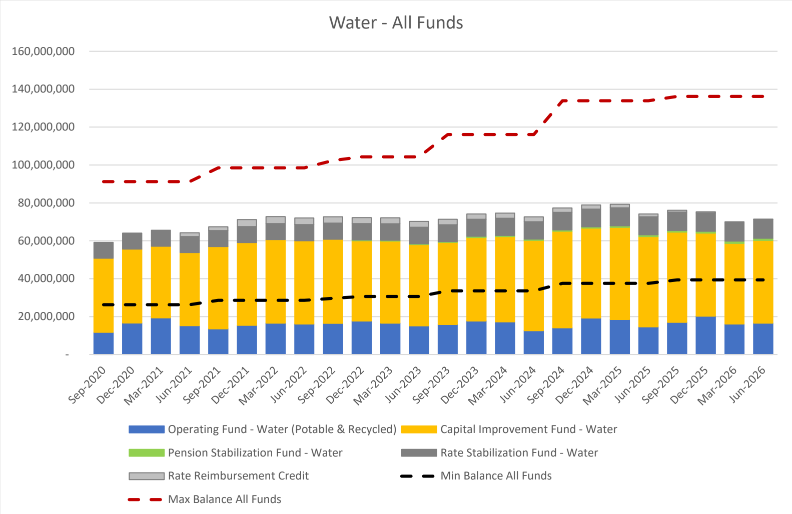
MATURED / REDEEMED / CALLED

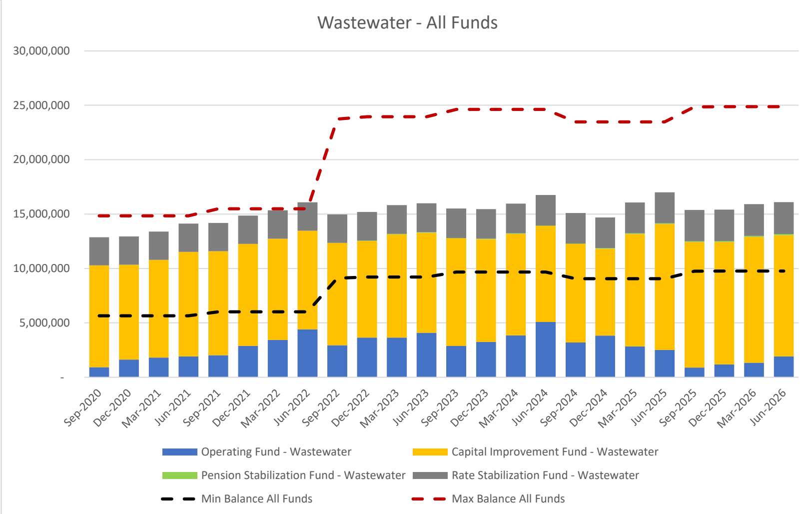
DATE					Stated	Current		
Redemption	Maturity	Call	Step-Up	Investment Description	Coupon	Yield	Face Value	Book Value
04/14/26	04/14/26	04/14/26	None	FHLB Step-up Callable	*2.250%*	*2.251%*	1,000,000	1,000,000
04/24/26	04/24/29	04/24/26		FHLB Callable	*4.450%*	*4.459%*	1,000,000	1,000,000

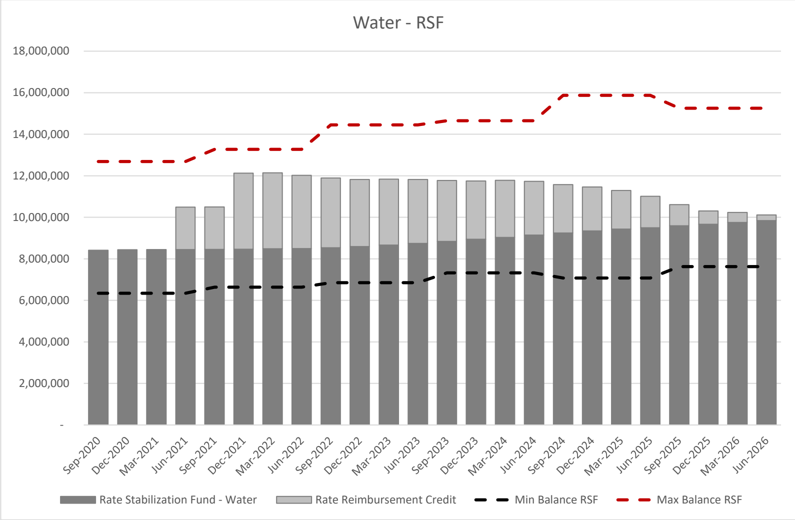
Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of June 30, 2026

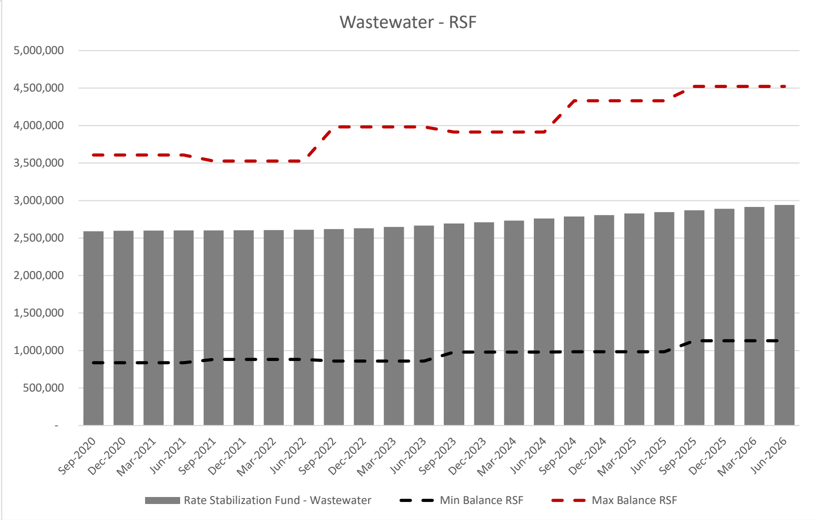
Water Funds (Potable & Recycled)		**Balance**
10050-100	Cash - Petty Cash Fund	1,484
10010-100	Cash - Operating Fund	16,827,260
10030-100	Cash - Capital and Equipment Fund	35,518,143
10040-100	Cash - Rate Stabilization Fund	10,112,424
10080-100	Cash - Pension Stabilization Fund	1,176,179
10060-100	Cash - Deposit Work for Other	1,662,850
14000-500	Restricted Cash - Capacity Fee Fund	9,084,566
	Total Water Funds (Potable & Recycled)	**74,382,907**
Wastewater Funds		
10010-110	Wastewater - Operating Fund	1,674,758
10030-110	Wastewater - Capital Replacement Fund	11,543,839
10040-110	Wastewater - Rate Stabilization Fund	2,940,498
10080-110	Cash - Pension Stabilization Fund	103,901
	Total Wastewater Funds	**16,262,996**
Non Fiscal Agent Debt Service Cash		
14020-570	Cash non-agent - RAD 96-1	567,746
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
	Total Non Fiscal Agent Debt Service Cash	**578,947**
Debt Service Funds		
14030-510	SRF Loan - Fiscal Agent	1,605,064
14105-570	Redemption fund - RAD 96-1	889,930
14110-570	Reserve fund - RAD 96-1	48,618
14100-561	Redemption fund - Bond 2015A	4,642
14100-581	Redemption fund - Bond 2016A	1,222
14100-521	Redemption fund - Bond 2021A	94
14100-522	Redemption fund - Bond 2021B	73
	Total Debt Service Funds	**2,549,643**
TOTAL FUND BALANCES		**93,774,493**

5 Year History of OMWD Fund Balances by Quarter

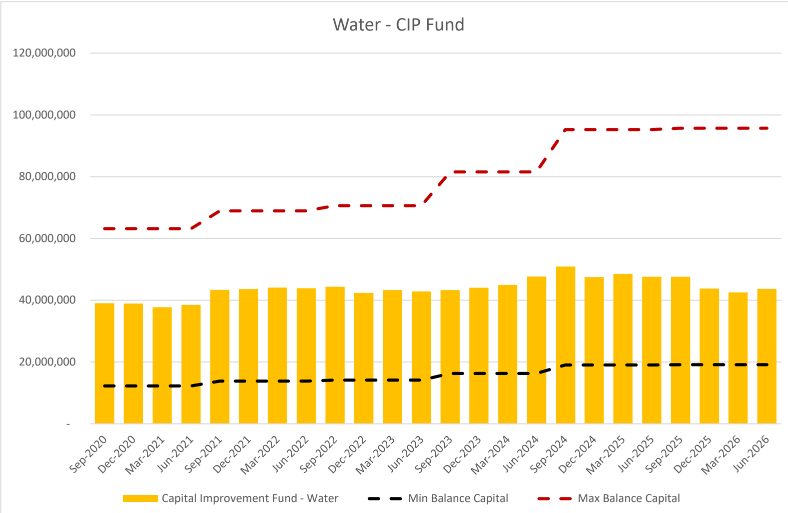


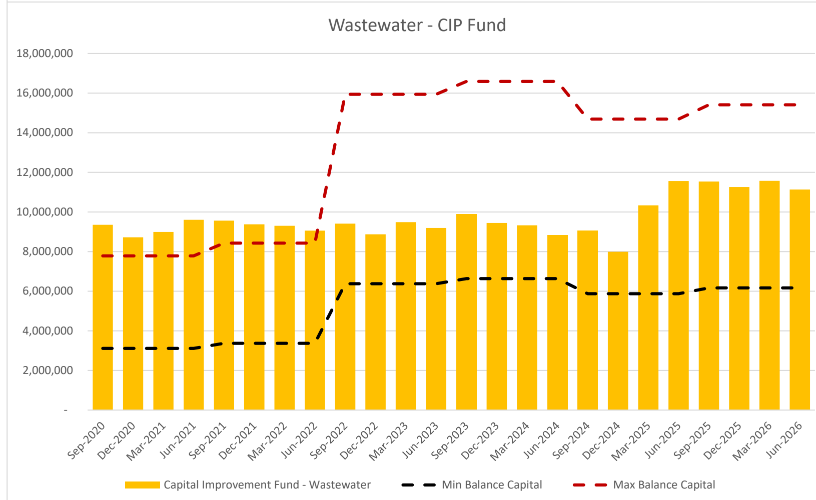


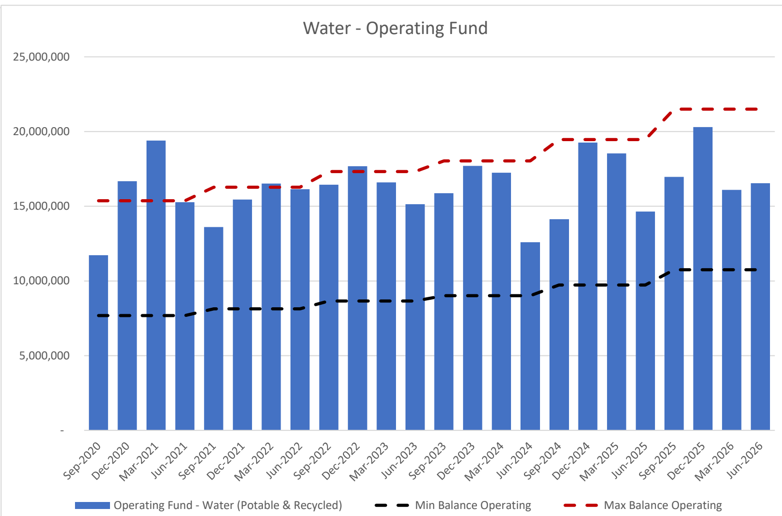


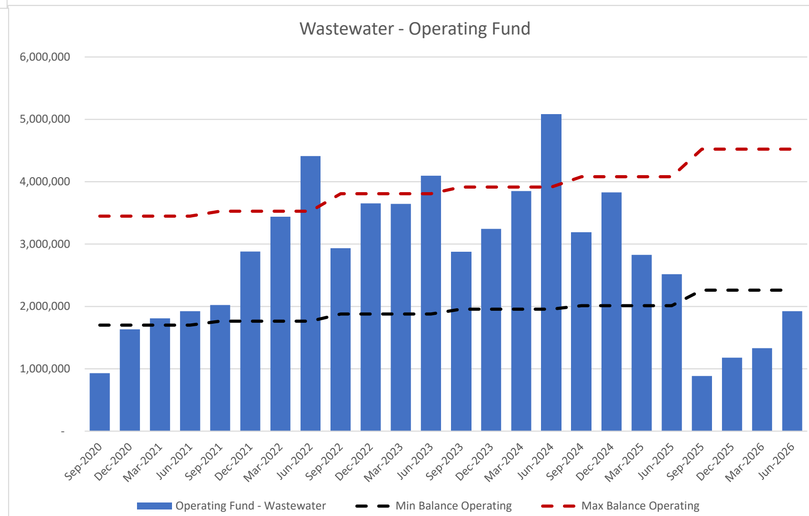


5 Year History of OMWD Fund Balances by Quarter





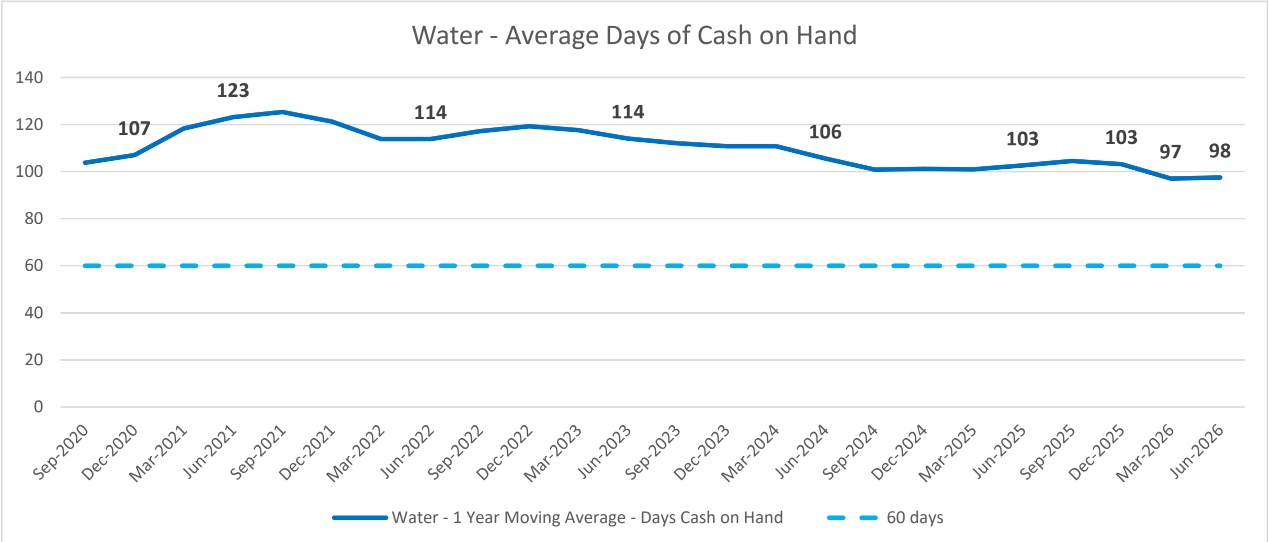


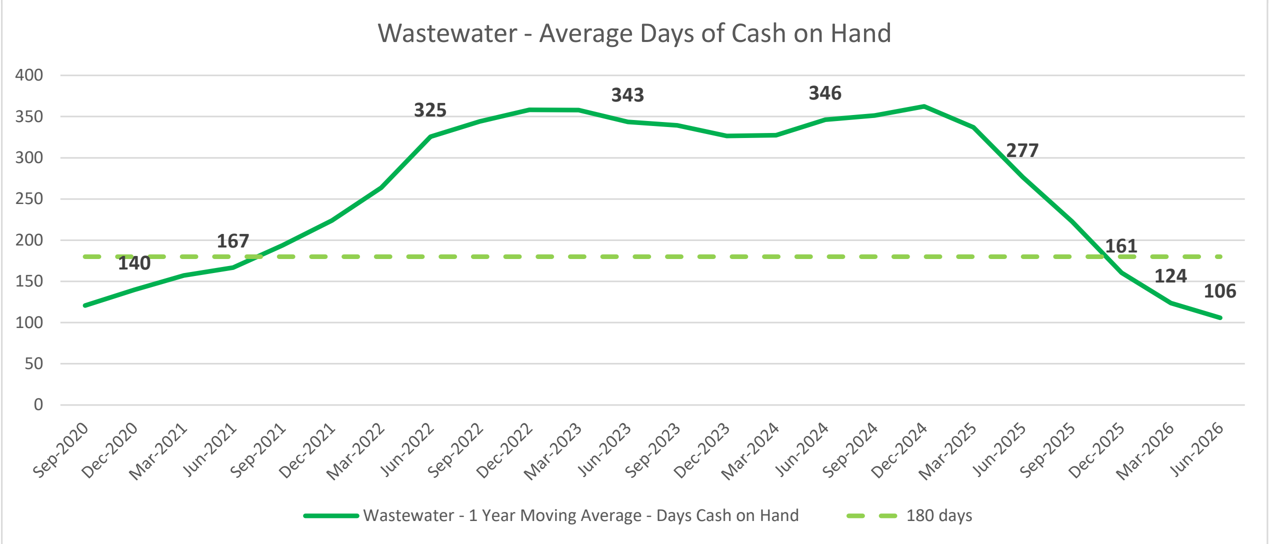


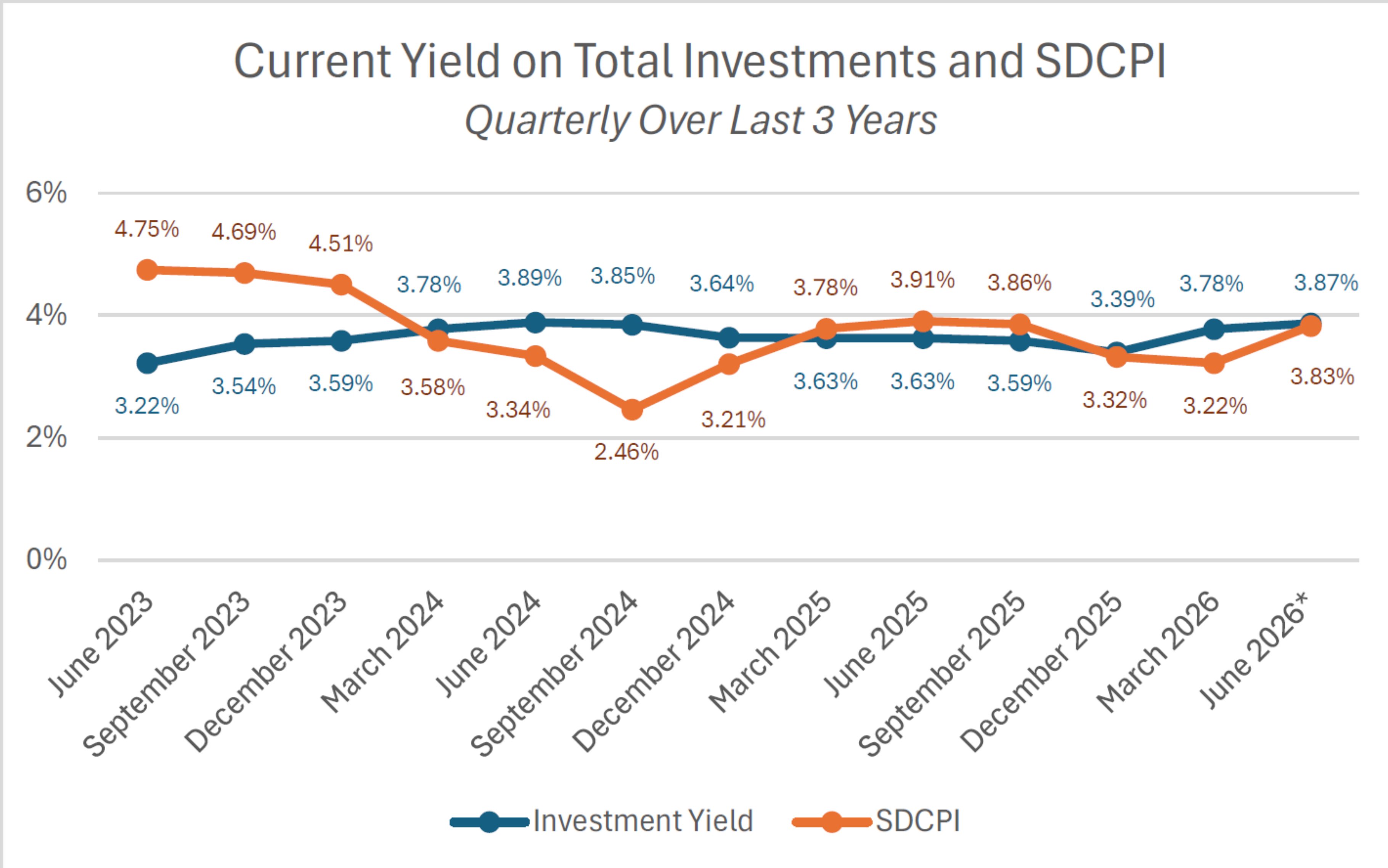
Notes to fund balance graphs above:

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

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







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

* July 2026 SDCPI is not yet available to calculate June 2026. May SDCPI shown.

Agenda Item 7

Memo

Date: August 11, 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 (4th 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.

Prepared by: August Trees, Financial Analyst
Georgeanna Clark, Project Accountant II
Jared Graffam, Accounting Supervisor
Reviewed by: Jared Graffam, Accounting Supervisor
Leo Mendez, Finance Manager
Approved by: Kimberly A. Thorner, General Manager

Attachments:

Attachment 1 – Budget Vs. Actual Report (4th Quarter of FY 2026)
Attachment 2 – FY 2026 Budgeted vs. Actual Water Sales through June 2026

OLIVENHAIN MUNICIPAL WATER DISTRICT
Consolidated Actual vs Budget Summary
For the Twelve Months Ending 6/30/2026

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
Operating Revenues						
Commodity Water Sales	$52,939,000.00	$52,092,301.16	$52,939,000.00	($846,698.84)	(1.6%)	1
Water Fees and Services	21,434,000.00	21,992,199.27	21,434,000.00	558,199.27	2.6%	
Wastewater Revenue	6,428,000.00	6,445,944.46	6,428,000.00	17,944.46	0.3%	
Total Operating Revenues	**80,801,000.00**	**80,530,444.89**	**80,801,000.00**	**(270,555.11)**	**(0.3%)**	
Operating Expenses						
Purchased Water - Variable	30,058,000.00	30,508,998.23	30,058,000.00	(450,998.23)	(1.5%)	2
Purchased Water - Fixed	12,098,000.00	11,942,058.00	12,098,000.00	155,942.00	1.3%	
General Manager Dept	2,335,000.00	2,111,030.22	2,335,000.00	223,969.78	9.6%	3
Engineering Dept	2,741,000.00	2,460,512.12	2,741,000.00	280,487.88	10.2%	3
Finance Dept	1,940,000.00	1,702,810.32	1,940,000.00	237,189.68	12.2%	3
Customer Service Dept	3,396,000.00	3,196,499.95	3,396,000.00	199,500.05	5.9%	3
Human Resources Dept	988,000.00	949,024.48	988,000.00	38,975.52	3.9%	3
Water Operations and Maintenance Dept	13,624,000.00	12,987,595.78	13,624,000.00	636,404.22	4.7%	3
Parks Dept	543,000.00	505,487.15	543,000.00	37,512.85	6.9%	3
Other Operating Expenses	50,000.00		50,000.00	50,000.00	100.0%	
Wastewater Operations and Maintenance Dept	3,605,000.00	3,612,306.41	3,605,000.00	(7,306.41)	(0.2%)	3
Recycled Water Operations Dept	1,307,000.00	1,335,111.69	1,307,000.00	(28,111.69)	(2.2%)	3
Paygo Transfers						
Water Operations	4,977,000.00	4,980,000.00	4,977,000.00	(3,000.00)	(0.1%)	
Wastewater Operations	2,626,000.00	2,628,000.00	2,626,000.00	(2,000.00)	(0.1%)	
Recycled Operations	1,700,000.00	1,704,000.00	1,700,000.00	(4,000.00)	(0.2%)	
Capitalized Operations Expenditures	(2,105,000.00)	(1,761,991.84)	(2,105,000.00)	(343,008.16)	16.3%	4
Total Operating Expenses	**79,883,000.00**	**78,861,442.51**	**79,883,000.00**	**1,021,557.49**	**1.3%**	
Net Operating Income (Loss)	**918,000.00**	**1,669,002.38**	**918,000.00**	**751,002.38**		
Nonoperating Revenues						
Water Funds	6,239,000.00	6,575,541.73	6,239,000.00	336,541.73	5.4%	5
Debt Service Funds	1,061,000.00	1,091,439.66	1,061,000.00	30,439.66	2.9%	
Wastewater Funds	92,000.00	150,223.37	92,000.00	58,223.37	63.3%	5
Recycled Water Funds	260,000.00	293,723.66	260,000.00	33,723.66	13.0%	5
Total Nonoperating Revenue	**7,652,000.00**	**8,110,928.42**	**7,652,000.00**	**458,928.42**	**6.0%**	
Nonoperating Expense						
Capacity Fee Funds	30,000.00	22,728.27	30,000.00	7,271.73	24.2%	
Debt Service Funds	1,421,500.00	897,612.18	1,421,500.00	523,887.82	36.9%	6
Potable Water Funds	1,367,000.00	1,361,246.07	1,367,000.00	5,753.93	0.4%	
Recycled Water Funds		0.00		0.00	0.0%	
Total Nonoperating Expense	**2,818,500.00**	**2,281,586.52**	**2,818,500.00**	**536,913.48**	**19.0%**	
Inc before Cap Fees and Capital Contributions	**5,751,500.00**	**7,498,344.28**	**5,751,500.00**	**1,746,844.28**		
Capacity Fee Funds	1,351,000.00	2,014,255.26				
Capital contributions	2,045,000.00	454,827.36				7
Change in Net Position		**9,967,426.90**				

OLIVENHAIN MUNICIPAL WATER DISTRICT
Actual vs Budget Variance
For the Twelve Months Ending 6/30/2026

1. Water Sales revenue was approximately $847 thousand (1.6%) below Budget YTD through June. This unfavorable variance is mainly due to the Calendar Year 2026 revenue adjustment being lower than budgeted. Expected water revenues were budgeted at the midterm based on the most recent information from SDCWA, however SDCWA's actual rates ended up being lower than expected. The difference is also partially due to the timing of unbilled water estimates.

2. Purchased water variable expenses were $450 thousand (1.5%) over Budget YTD. The unfavorable variance is mainly due to 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. Without the cost of the potable water used for recycled customers, purchased water variable expenses would have been under budget by a positive variance for the year due to actual SDCWA untreated rates being lower than budgeted.

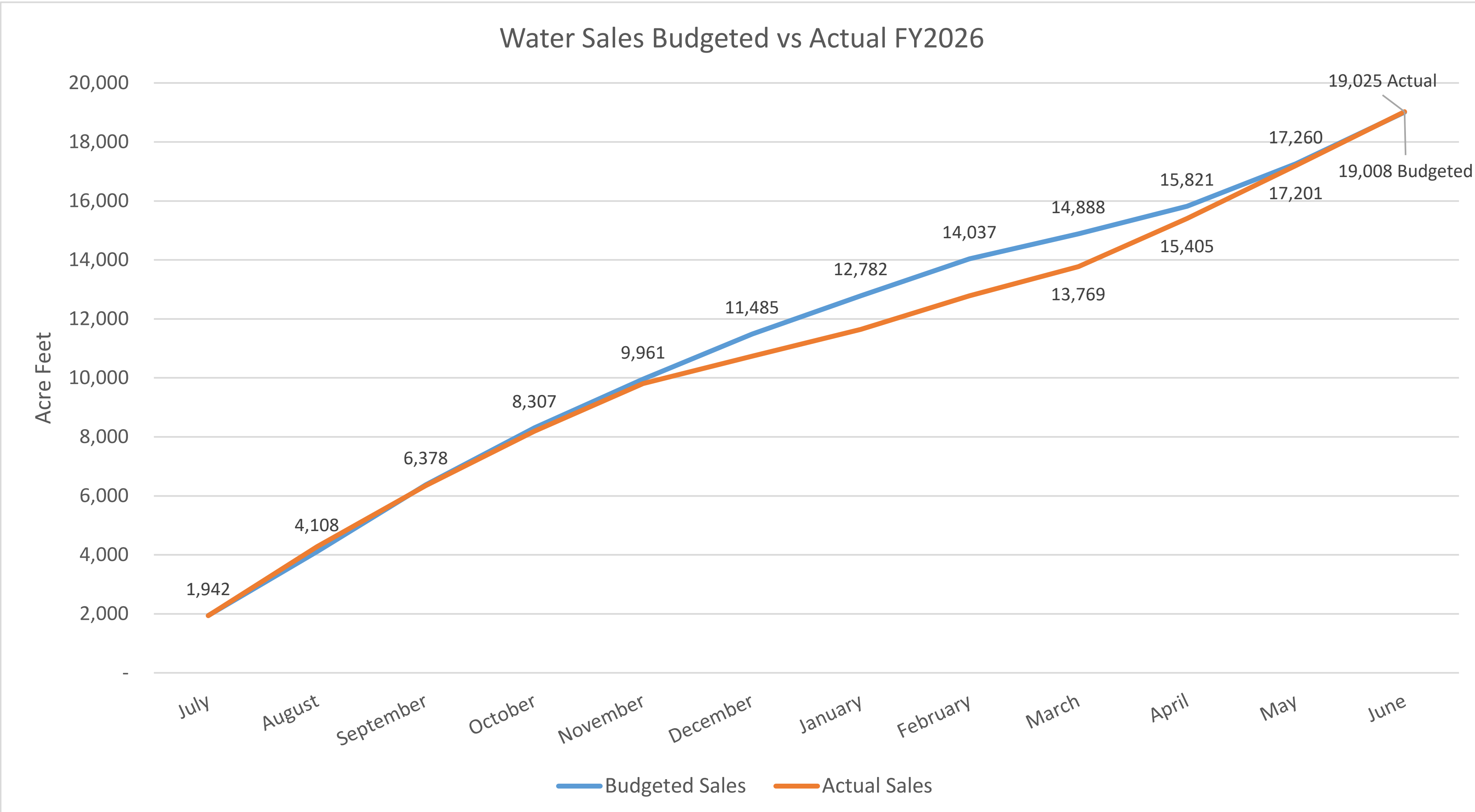
3. Actual departmental expenses varied from the Budget YTD amounts due to the timing of actual operating expenses. The Budget YTD amounts assume expenditures are incurred evenly throughout the year.

4. Actual Capitalized Operating Expenses were lower than the Budget YTD amount due to actual capitalized labor to date being lower than anticipated due to delays on several District projects.

5. 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.

6. 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.

7. Capital contributions includes grant-funded revenue. The total is below budget due to the timing of grant receipts received. These contributions also include $5.48 million in pass-through grant revenue, with an equal offsetting pass-through grant expense. These amounts represent funds the District received from granting agencies and passed directly to grant sub-recipients.


Water Sales Budgeted vs Actual FY2026
Acre Feet
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
-
1,942
4,108
6,378
8,307
9,961
11,485
12,782
14,037
14,888
13,769
15,821
15,405
17,260
17,201
19,025 Actual
19,008 Budgeted
July
August
September
October
November
December
January
February
March
April
May
June
Budgeted Sales
Actual Sales

Olivenhain Municipal Water District

Agenda Item 8

Memo

Date: August 11, 2026

To: Olivenhain Municipal Water District Board of Directors

From: Leo Mendez, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: **REVIEW PRESENTATION ON OMWD'S INVESTMENT STRATEGY AND CONSIDER ISSUING A REQUEST FOR PROPOSALS (RFP) FOR INVESTMENT MANAGEMENT SERVICES FOR A TRIAL PERIOD OF THREE YEARS (ANNUAL OBJECTIVE 57, PART 2)**

This item is presented in furtherance of Annual Objective #57, which directs staff and the Finance Committee to review the District's investment safety, liquidity, and returns relative to current legal requirements for public agency investments.

Staff and representatives from PFM Asset Management, Mr. Kyle Tanaka and Mr. Robert Montoya, will present the attached slides and will be available to answer any questions the committee may have.

Prepared by: August Trees, Financial Analyst
Georgeanna Clark, Project Accountant II
Leo Mendez, Finance Manager
Reviewed by: Leo Mendez, Finance Manager
Approved by: Kimberly A. Thorner, General Manager

Attachments: **Attachment 1** – Presentation

Investment Strategy (Annual Objective 57)

Finance Committee
August 11, 2026

OLIVENHAIN
Municipal Water District

Agenda

- Background
- Current investment portfolio
- Peer agency survey results
- Opportunities to increase yield
  - Investment advisor
- Benefits & considerations of hiring an investment advisor
- Staff recommendation and next steps
- PFM Presentation –
  - California Code Requirements refresher
  - Investment pools education
  - Sample portfolio strategies

Background

- 2026 Annual objective #57
  - Review the safety, liquidity and returns of the OMWD portfolio compared to current legal requirements for public agency investments with the Finance Committee and evaluate any adjustments to strategy that could be made that would increase market return without jeopardizing the safety or liquidity of OMWD investments. If any adjustments to strategy or financial policies are recommended by the Finance Committee, bring those recommendations to the full board for consideration.

Background (cont'd)

- At the February Finance Committee and Board meetings, staff presented an educational item on Local Agency Investment Guidelines
  - To establish a common understanding of the statutory requirements per California Code, permitted investments, and OMWD's practices
  - Emphasis on Safety, Liquidity, and Returns (in this order)
- Staff conducted an investment survey of peer agencies in the surrounding area to understand their investment practices and yields
- Staff met with potential investment management firms to identify potential opportunities for OMWD

Current investment portfolio

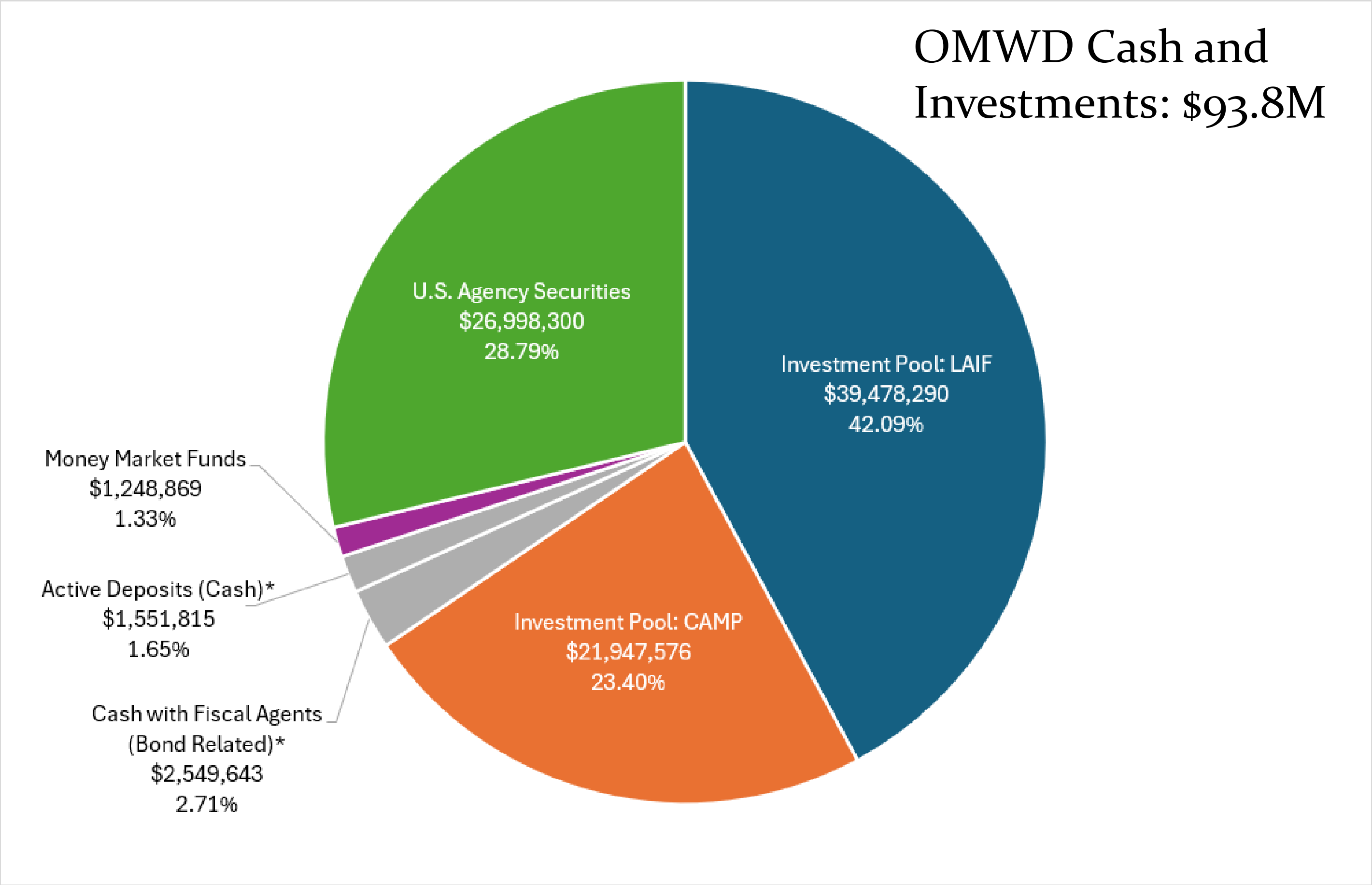
1) Safety
- Investments are high quality and conservative
- Within legal and policy limits

2) Liquidity
- Cash is available to meet operating needs
- No need to sell investments early

3) Returns
- Earning reasonable returns for public funds
  - Currently 3.87%
- Returns are consistent with safety and liquidity priorities

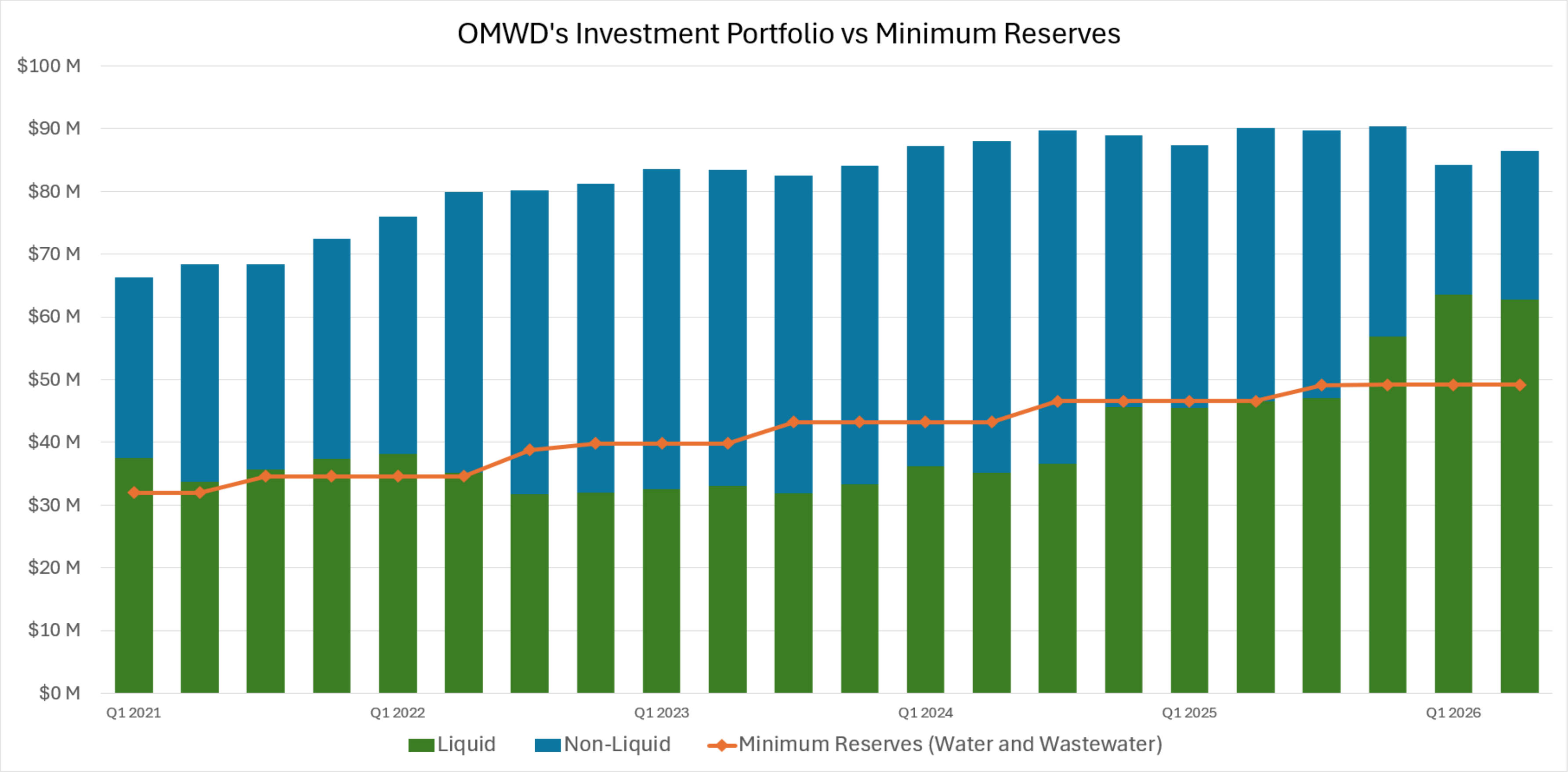
Current investment portfolio (cont'd)

- Market Value : $93.8M
  - Invested assets $89.7M



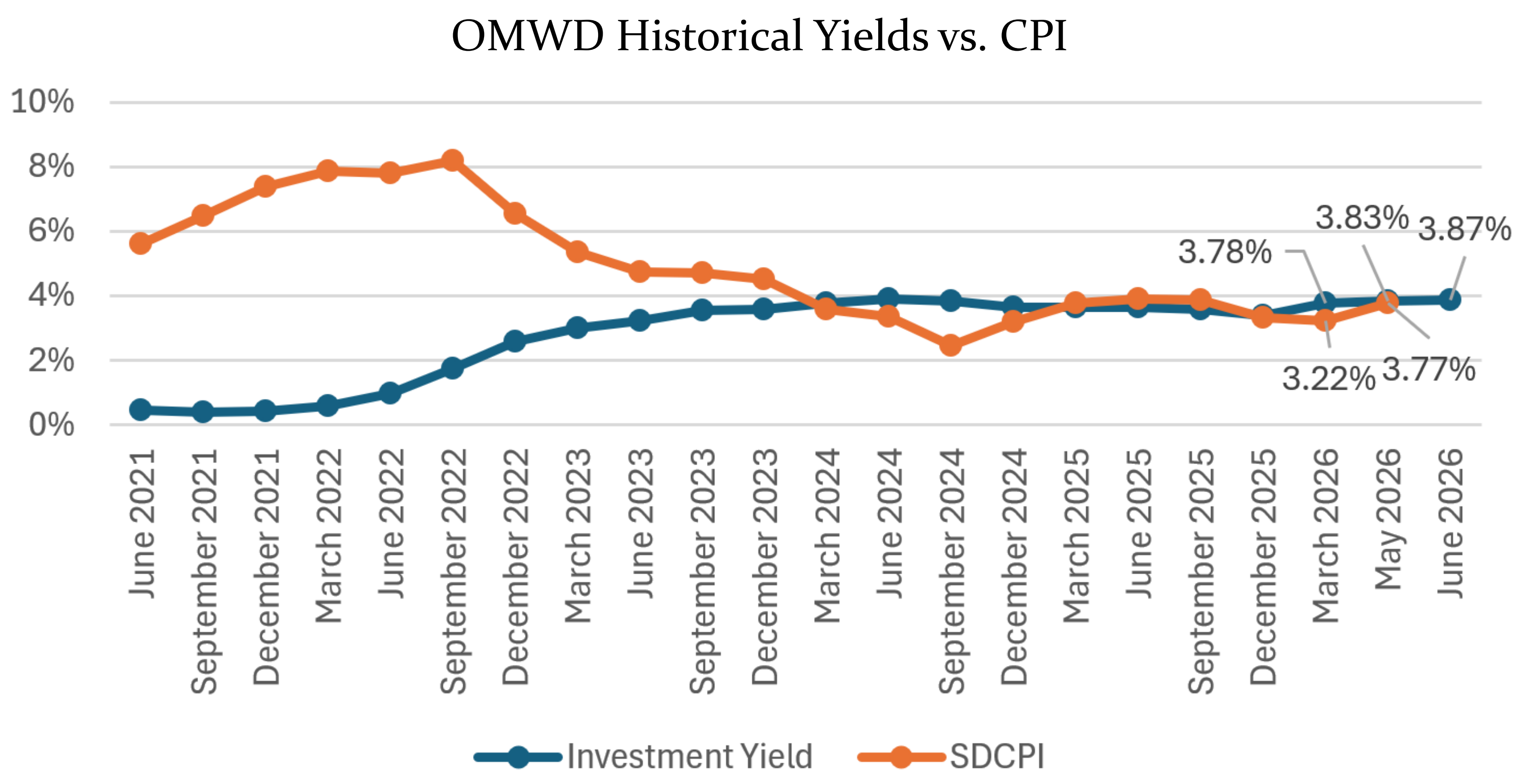
Note: As of June 2026 Investment Report

Current investment portfolio (cont'd)



- As of 7/29 – LAIF 3.84%, CAMP 3.80%

Current investment portfolio (cont'd)



Note: June 2026 SDCPI numbers have not been released yet.

Peer agency survey results

Agency Name	Investment Portfolio Size	Weighted Average Days to Maturity	Yield	In-House or Managed	As of:
City of San Diego	$ 2,544,697,000	743	4.32%	In-House	5/31/2026
Helix Water District	$ 101,476,280	1224	4.20%	In-House	4/30/2026
Fallbrook	$ 38,630,169	1121	4.19%	Managed	5/31/2026
Vallecitos Water District	$ 69,441,676	507	4.12%	Managed	5/31/2026
City of Poway	$ 163,321,591	409	4.09%	Managed	3/31/2026
City of Oceanside	$ 580,344,647	1091	4.06%	Managed	3/31/2026
Rincon del Diablo MWD	$ 43,193,321	924	3.97%	In-House	5/31/2026
Valley Center MWD	$ 35,871,795	554	3.94%	Managed	5/31/2026
Sweetwater Authority	$ 74,410,698	173	3.94%	In-House	5/31/2026
Olivenhain MWD	$ 89,674,735	428	3.87%	In-House	6/30/2026
Santa Fe Irrigation District	$ 50,251,224	514	3.85%	In-House	6/30/2026
Rainbow	$ 22,491,555	0	3.82%	In-House	5/31/2026
Ramona MWD	$ 40,226,904	0	3.82%	In-House	4/30/2026
Otay Water District	$ 103,830,919	62	3.81%	In-House	5/31/2026
City of Carlsbad	$ 975,613,345	613	3.79%	In-House	5/31/2026
Leucadia	$ 34,590,187	887	3.78%	In-House	5/31/2026
City of Del Mar	$ 41,716,601	865	3.76%	Managed	3/31/2026
SDCWA	$ 363,686,146	467	3.71%	Managed	5/31/2026
Vista Irrigation District	$ 39,219,311	51	3.69%	In-House	3/31/2026
City of Encinitas (San Dieguito WD)	$ 137,057,506	409	3.68%	In-House	3/31/2026
City of Escondido	$ 232,100,691	769	3.54%	In-House	3/31/2026
Padre Dam MWD	$ 97,219,424	863	3.41%	Managed	5/31/2026
Lakeside Water District	$ 15,216,993	1327	3.36%	In-House	4/30/2026
Yuima Municipal Water District	$ 4,790,899	Not Reported	3.12%	In-House	5/31/2026
SEJPA	$ 22,454,526	0	3.02%	In-House	5/31/2026

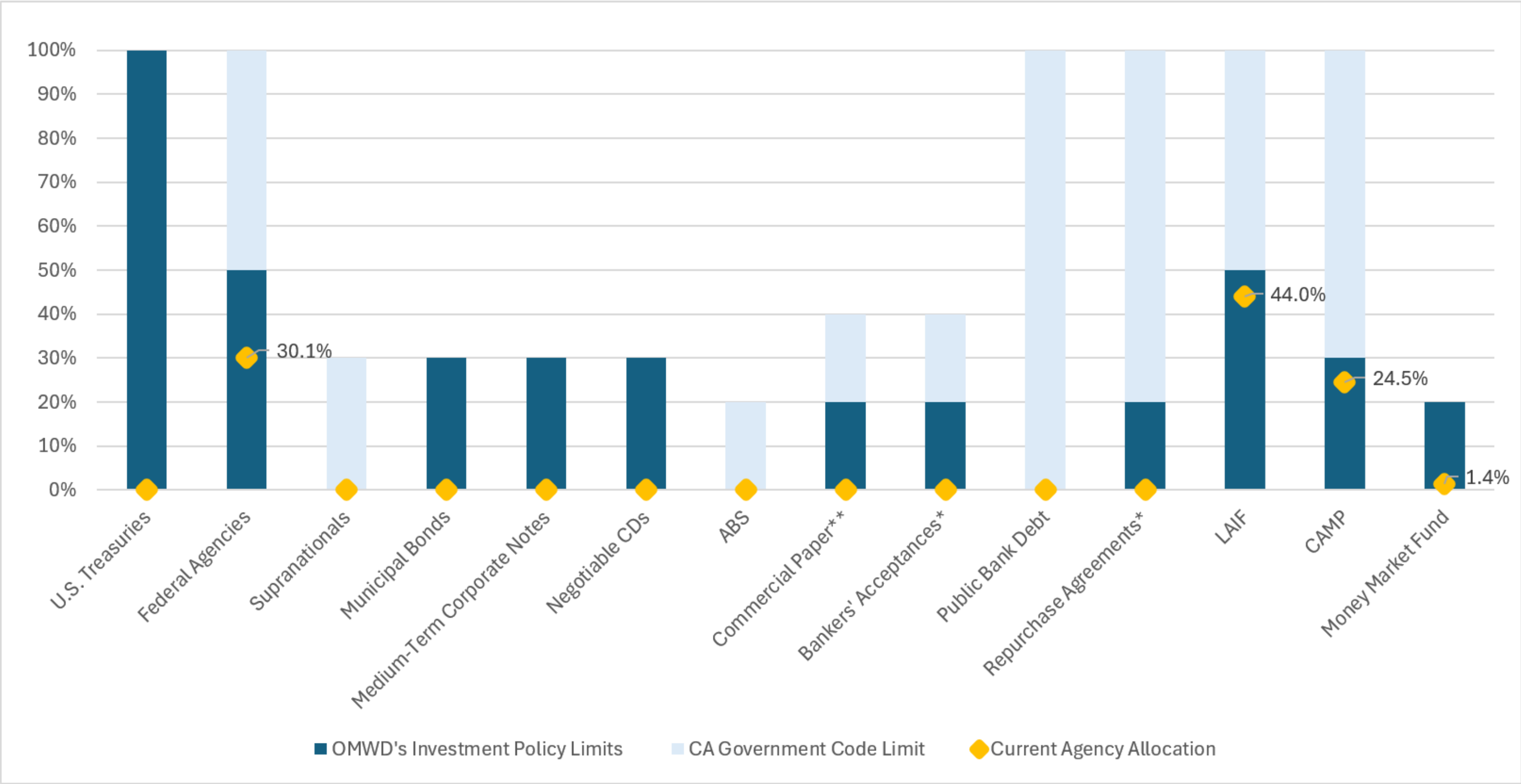
OMWD's Yield = 3.87%

Average Yield = 3.79%

Opportunities to increase yield

- Utilize an investment manager to work with staff to:
  - Continue to maintain Safety and Liquidity for operations and capital projects
  - Invest excess cash over a longer time horizon
  - Broaden diversification within allowable investments
    - For example, Municipal Bonds and Corporate notes, which require active credit monitoring that an investment manager is better equipped to provide
  - Take advantage of changing interest rate environments
  - Potentially increase investment earnings while maintaining safety and liquidity

Opportunities to increase yield



Benefits and Considerations of hiring an investment advisor

- Benefits
  - Professional portfolio management and market monitoring
  - Assistance optimizing portfolio structure and maturities
  - Enhanced portfolio diversification and credit analysis
  - Ongoing compliance and Board reporting
  - Broader access to a variety of brokers for competitive pricing
  - Potential to improve investment earnings
  - Flexibility to maintain staff oversight:
    - Discretionary – advisor executes trades without staff approval
    - Nondiscretionary approach - advisor obtains staff approval before executing trades (recommended)
- Considerations
  - Fees (**about 5-15 basis points** of total amount under management)
    - Amount under management only – does not apply on what District maintains in investment pools (CAMP and LAIF)
  - Board-approved investment policy continues to govern all investment decisions
  - No guarantee of better performance

Staff recommendation and next steps

- Issue a Request for Proposals (RFP) for investment management services for a trial period of three years
- Select firm and present agreement to the Finance Committee, then the full Board
- Onboard selected firm
- "Baby step" amount managed by investment advisor– Start with a conservative amount
  - $30-40 million, maintaining remainder in highly liquid investments for District needs (LAIF, CAMP)
    - Consistent with current practice
  - Re-evaluate once investment manager onboarded
- Monitor performance of investment manager
  - Monitor performance and working relationship with staff
  - Establish an appropriate benchmark

Olivenhain Municipal Water District

Strategy & Sample Portfolios

August 11, 2026

Robert Montoya

Institutional Relationship Manager

Kyle Tanaka

CAMP Program Administrator

Agenda

California Government Code Refresher

California Government Code Refresher

Advantages & Disadvantages of Pools

Strategy Comparison

Sample Portfolios

California Code – Refresher

California Government Code Investment Universe

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

Source: California Government Code, Section 53601, as of December 31, 2024. https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=4.&article=1.

Local governments have an array of investment options, with CAMP focused on Local Government Investment Pools (LGIP's).

CAMP has been providing investment services for and by California Public Services since 1989, and current offers liquid pool and Term products.

Source: California Government Code Section 53601.

Advantages & Disadvantages of Pools

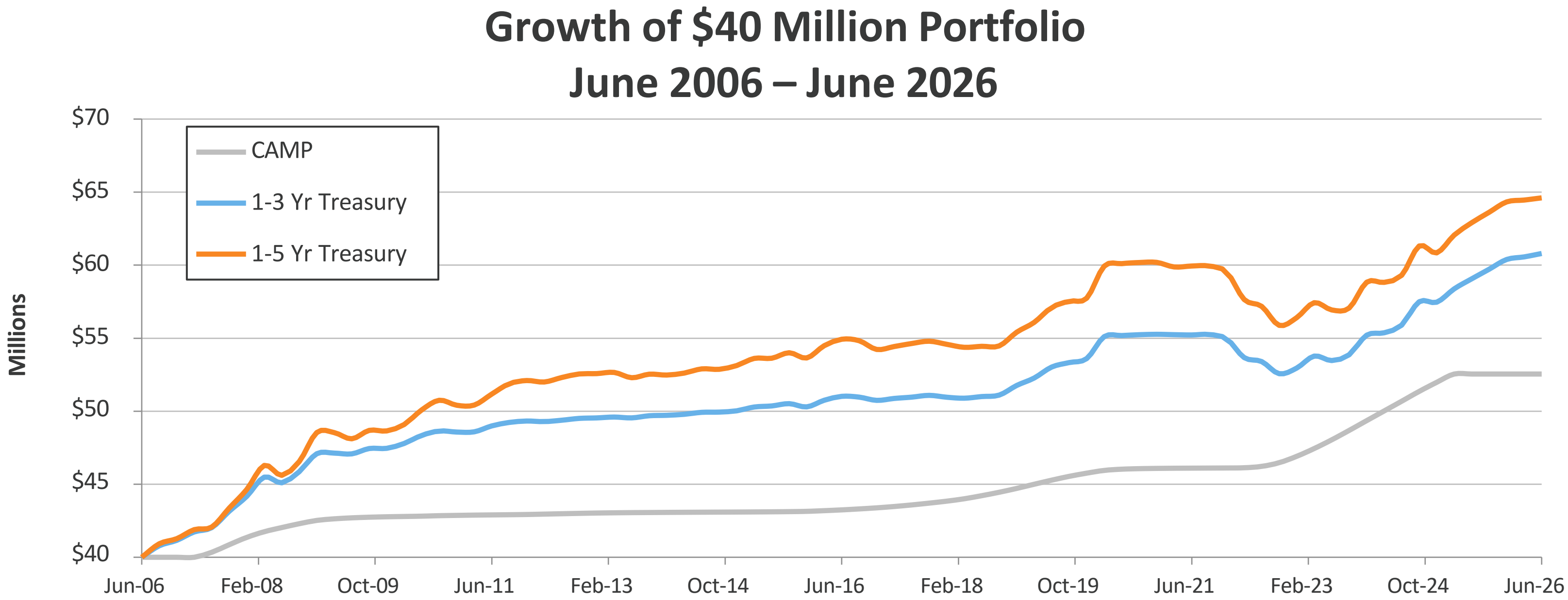
Advantages

- Efficient Investment Approach
- Economies of Scale
- Diverse Product Offering:
  - Stable NAV Funds
  - Floating NAV Funds
  - Term Programs
- Highly Liquid
- Reduced Market Risk
  - Weighted Average Maturity (WAM) dependent
- Expenses netted from yield
- Simplified accounting and reconciliation

Disadvantages

- Inability to customize investment strategy
- Other investors' actions can be detrimental
- Fees are pre-determined

Growth of $40 Million Portfolio



20 Years Ended June 30, 2026				
ICE Bank of America Treasury Index	Duration (years)	Annualized Total Return	Cumulative Value of $100 Million	Quarters With Negative Return
CAMP	0.15*	1.37%**	$52,544,885	0 out of 80
1-3 Yr Treasury	1.82	2.11%	$60,797,975	18 out of 80
1-5 Yr Treasury	2.53	2.42%	$64,606,402	23 out of 80

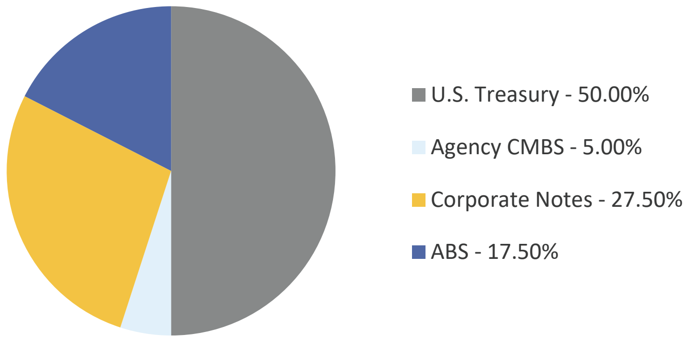
Source: ICE BofA Indices as of 06/30/2026
**Duration shown for CAMP is derived from Weighted Average Maturity.*
***CAMP Monthly Distribution Yield is used to represent performance.*

Sample Portfolio: 1-3 Year Strategy

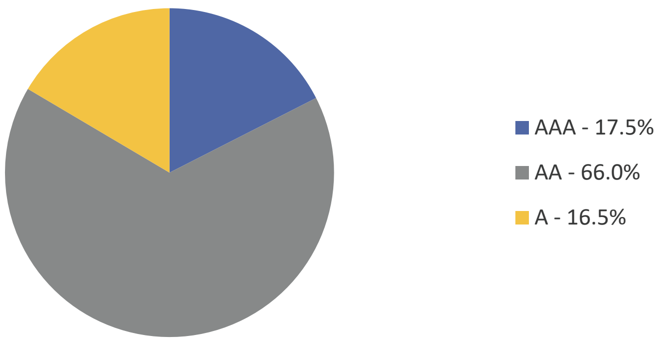
Portfolio Statistics

Portfolio Duration *Benchmark*	1.75 years *1.75 years*
Portfolio Average Maturity / Weighted Average Life *Benchmark*	2.01 years *1.84 years*
Portfolio Gross Yield *Benchmark*	4.44% *4.27%*
Average Rating	AA

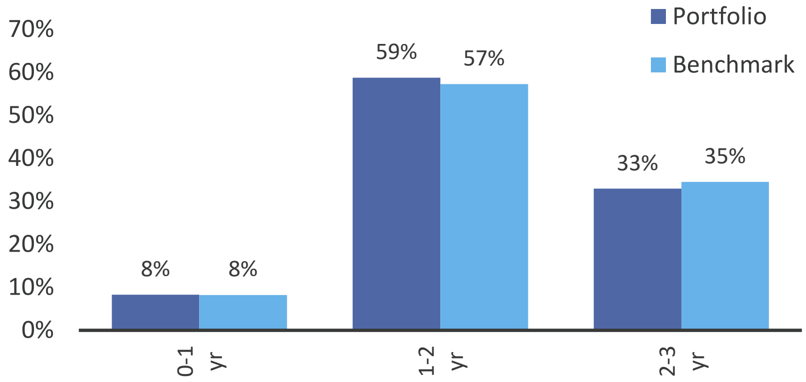
Sector Allocation



Credit Quality



Duration Distribution



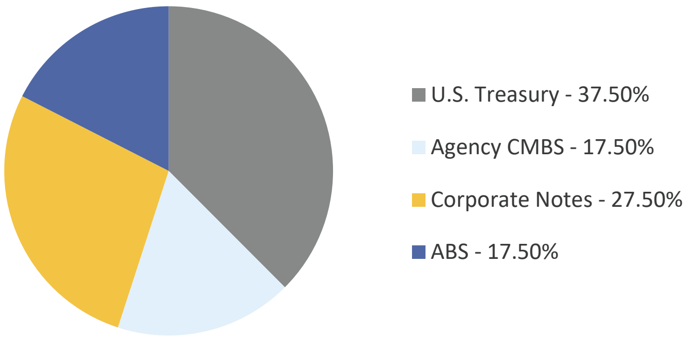
Data Source: Bloomberg Finance L.P. Data as of July 29, 2026. Sample portfolio structured by PFMAM. Please see important disclosures at the end of this presentation. The benchmark is the ICE BofA 1-3 Year U.S. Treasury Index, data as of July 28, 2026.

Sample Portfolio: 1-5 Year Strategy

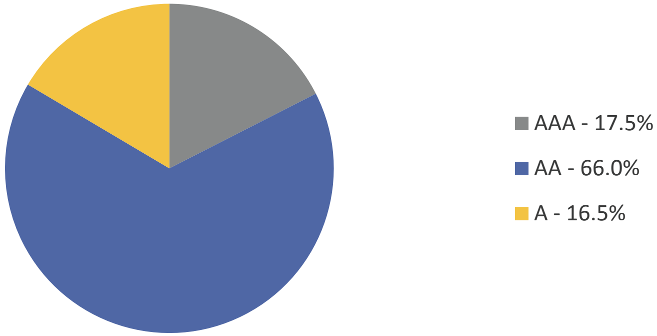
Portfolio Statistics

Portfolio Duration *Benchmark*	2.45 years *2.45 years*
Portfolio Average Maturity / Weighted Average Life *Benchmark*	2.76 years *2.63 years*
Portfolio Gross Yield *Benchmark*	4.50% *4.29 %*
Average Rating	AA

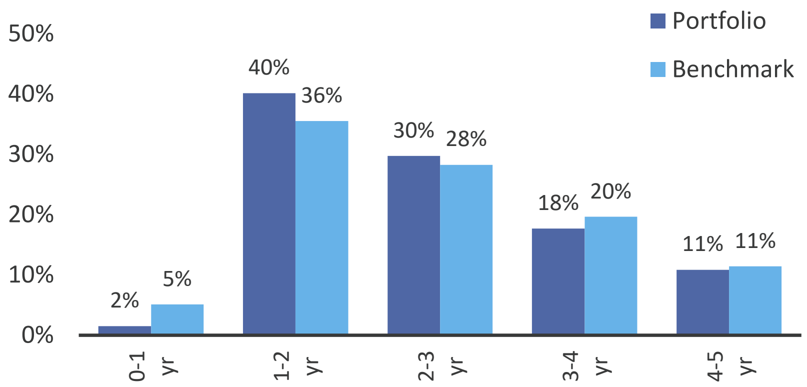
Sector Allocation



Credit Quality



Duration Distribution



Data Source: Bloomberg Finance L.P. Data as of July 29, 2026. Sample portfolio structured by PFMAM. Please see important disclosures at the end of this presentation. The benchmark is the ICE BofA 1-5 Year U.S. Treasury Index, data as of July 28, 2026.

Important Notes to Sample Portfolio

- Sample portfolio is provided for illustrative purposes only and is not a recommendation.
- Portfolio based on assumed investment noted on each respective page.
- Yield source Bloomberg for individual securities, as of July 29, 2026.
- Ratings shown are S&P, or the equivalent Moody's or Fitch rating.
- Security universe sourced from Bloomberg Finance L.P. and Market Axess and further limited to those issuers permitted by PFMAM's internal Approved Credit List.
- Actual yields and security availability may vary at time of purchase.
- As economic and market conditions may change in the future, so may PFMAM's recommendations as to the sale and purchase of securities in the portfolio.

Disclosures

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

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Agenda Item 9

Memo

Date: August 11, 2026

To: Finance Committee

From: Leo Mendez, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: **CONSIDER AND DISCUSS OMWD'S WATER RATES AND CHARGES FOR CALENDAR YEAR 2027**

At the November 6, 2024 meeting, OMWD's Board adopted an ordinance authorizing OMWD, starting January 1, 2025, and at any time through and including December 31, 2029, to automatically pass through to customers certain cost increases experienced by OMWD to avoid operational deficits, depletion of reserves, and inability to address water capital infrastructure needs for the next five years ("Pass-Through Increases").

The Pass-Through Increases include: (1) increases in purchased water wholesale charges from SDCWA, and any other purchased water wholesale water charges imposed on OMWD, including by Recycled Water Wholesalers (collectively referred to as "Purchased Water Wholesale Pass-Through"); (2) increases imposed by SDCWA to the SDCWA Infrastructure Access Charge; (3) inflationary cost increases based on annual percentage change in CPI (Inflation Pass-Through).

If approved by the Board, Pass-Through Increases will be automatically implemented annually after giving notice to customers at least 30 days prior to the effective date of the Pass-Through Increases (January 1, 2027).

OMWD's water rates and charges are reviewed by the Board each year. Staff evaluate the impact of Pass-Through Increases on future OMWD's water rates and charges as part of rate setting process and make recommendations to the Committee for discussion prior to presentation to the full Board for consideration and adoption.

Staff will present the proposed pass-through increases to the committee via the attached presentation. Staff will also be available for any questions the committee may have.

Prepared by: August Trees, Financial Analyst
Georgeanna Clark, Project Accountant II
Jared Graffam, Accounting Supervisor
Reviewed by: Jared Graffam, Accounting Supervisor
Leo Mendez, Finance Manager
Approved by: Kimberly A. Thorner, General Manager

Attachment: Presentation – 2027 Pass-through Increases and Adjustments (Potable and Recycled)

2027 Pass-through Increases and Adjustments (Potable and Recycled Water)

Finance Committee Meeting
August 11, 2026

OLIVENHAIN
Municipal Water District

Agenda

- Background
  - OMWD's 2024 pass-through ordinance
  - Rate Reimbursement Credit (RRC)
- Wholesale water increases
  - SDCWA
  - Recycled water
- Staff-recommended pass-through adjustments
  - Customer bill impact
  - Other options considered
  - Why full pass-throughs are recommended
  - 2028 pass-through adjustments preview (subject to change)
  - Bill surveys
- OMWD efforts to keep rates low
- Next steps

Background

OLIVENHAIN
Municipal Water District

Background

- OMWD's water rates and charges are reviewed by the Board each year; staff presents proposed rates and charges to the Finance Committee and the Board for consideration and discussion
- SDCWA approved wholesale water increases on June 25, 2026
- 2027 Pass-Through Increases were reviewed by the District's Rate Consultant, Raftelis Financial Consultants
- Pass-through increases are in compliance with OMWD's 2024 Pass-through Ordinance

OMWD's 2024 Pass-through Ordinance

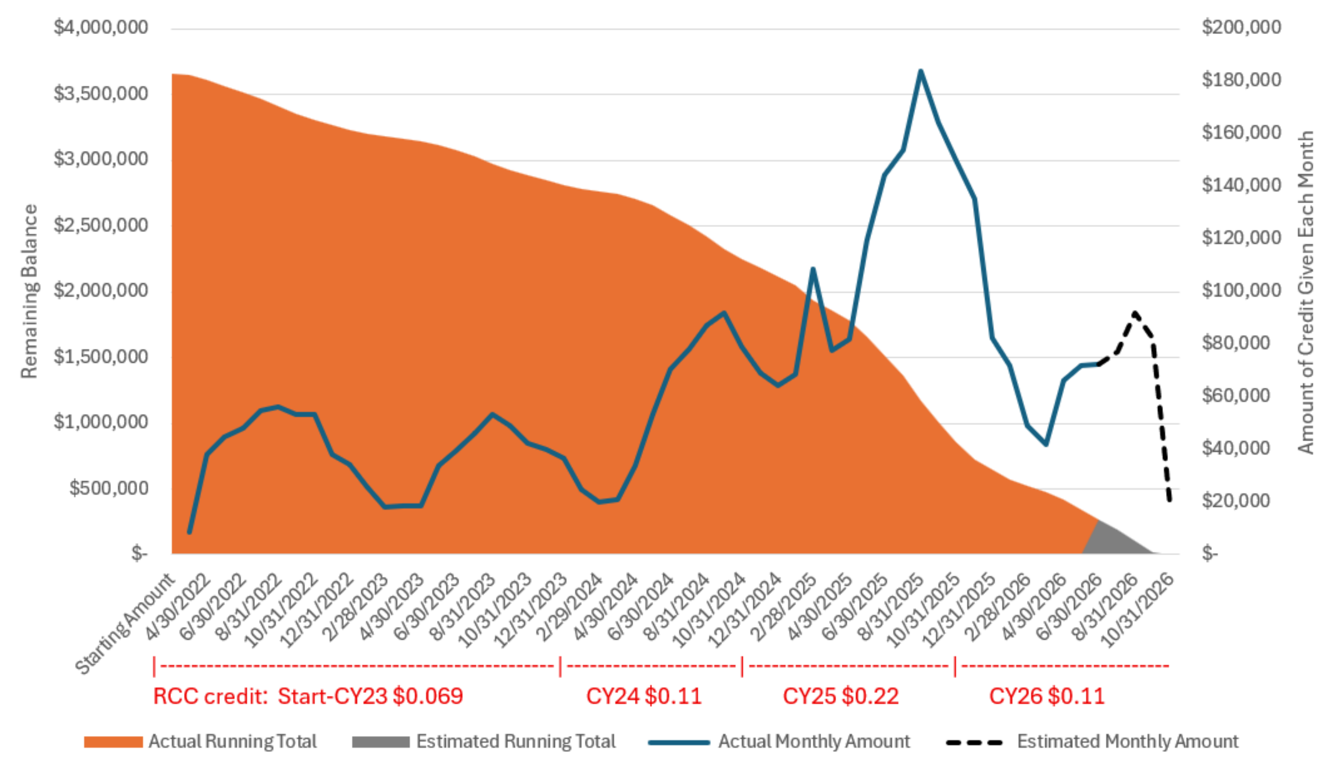
- The ordinance authorized the board to:
  - Pass through any increases in purchased water wholesale charge increases imposed on OMWD (**Purchased Water Wholesale Pass-Through**)
  - Pass-through increases to SDCWA fixed monthly meter fees collected on water meter (**SDCWA Infrastructure Access Charge**)
  - Pass-through increases to the District's Costs of Operations and Maintenance and Capital Facilities based on SDCPI-U (**Inflationary Pass-Through**)
- Any future increases in the SDCWA Infrastructure Access Charge will only impact the SDCWA Infrastructure Access Charge.
- Any Purchased Water Wholesale Pass-Through and any Inflationary Pass-Through will impact the OMWD Water Consumption Charges and System Access Charge.

OMWD's 2024 Pass-Through Ordinance cont'd

- If approved by the Board of Directors, Pass-Through Increases will be automatically implemented annually after giving notice to customers and be effective for the five-year period commencing January 1, 2025, through December 31, 2029.
- All Pass-Through Increases **shall not exceed 12% per year**, and in no event shall any Pass-Through Increases result in rates exceeding OMWD's cost of providing water services to its customers.
- Prior to implementing any Pass-Through Increases, OMWD will provide written notice of proposed changes to customers not less than 30 days prior to the effective date of the Pass-Through Increases.

Rate Reimbursement Credit (RRC)

- Received $3.6 million in refund payments from SDCWA in 2021
- Board elected to pass-on full amount to ratepayers via the RRC
- Board elected to decrease the RRC in 2026 to "smooth" the impact on customer water bills once funds fully depleted
- RRC to be depleted by end of October 2026



Wholesale Water Increases

OLIVENHAIN
Municipal Water District

SDCWA Wholesale Water Increases

- 3% increase for FY 2027 per CWA but actual agency-specific increases vary
- OMWD's increase equals 9.5%
  - Due to CWA 15.1% increase for treated rate and increase in treated water purchases for FY 2027 for DCMWTP shutdown (included in biennial budget)

SDCWA Variable Charges	CY 2026	CY 2027	$ Change	% Change
	($/AF)	($/AF)	Inc. (Dec.)	Inc. (Dec.)
Supply Rate	1,490	1,490	-	0.0%
Transportation Rate (Variable)	128	113	(15)	-11.7%
All-In Untreated Rate	1,618	1,603	(15)	-0.9%
Melded Treatment Rate	530	610	80	15.1%
All-In Treated Rate	2,148	2,213	65	3.0%

OMWD's Allocation of SDCWA Fixed Charges	CY 2026	CY 2027	$ Change	% Change
	Annual Fee	Annual Fee	Inc. (Dec.)	Inc. (Dec.)
Customer Service Charge	1,594,344	1,685,919	91,575	5.7%
Storage Charge	3,679,536	3,825,775	146,239	4.0%
Supply Reliability Charge	2,555,004	2,648,289	93,285	3.7%
Transportation Rate (Fixed)	2,100,684	2,789,462	688,778	32.8%
Readiness to Serve Charge (MWD)[1]	627,084	720,292	93,208	14.9%
Capacity Charge (MWD)	542,028	445,586	(96,442)	-17.8%
Total Fixed Charges	11,098,680	12,115,323	1,016,643	9.2%
Infrastructure Access Charge	1,550,316	1,661,340	111,024	7.2%

[1] *Readiness to Serve Charge (MWD) is billed on a fiscal year basis*

Wholesale Recycled Water Increases

Recycled Water Rates					
Agency					
	FY '25	Increase	FY '26	Increase[1]	FY '27
RSFCSD	$ 972.30	5.1%	$ 1,021.48	2.1%	$ 1,043.26
	FY '25	Increase	FY '26	Increase[2]	FY '27
City of SD	$ 1,056.33	24.5%	$ 1,315.51	22.2%	$ 1,607.36
	FY '25	Increase	FY '26	Increase	FY '27
SEJPA[3]	$ 1,461.00	11.9%	$ 1,635.00	12.7%	$ 1,843.00
	FY '25	Increase[4]	FY '26	Increase[5]	FY '27
VWD	$ 1,220.76	30.2%	$ 1,590.00	-4.0%	$ 1,527.00

1 - Estimated increase based on OMWD proposed recycled rate adjustment
2 - Based on proposed rate from City of San Diego
3 - SEJPA amounts are net of $450 credit, FY 2027 based on SEJPA forecasted increases
4 - FY ‘26 based on VWD budget - awaiting retrospective adjustment
5 - FY ’27 based on draft recycled water purchase agreement

Proposed pass-through increases

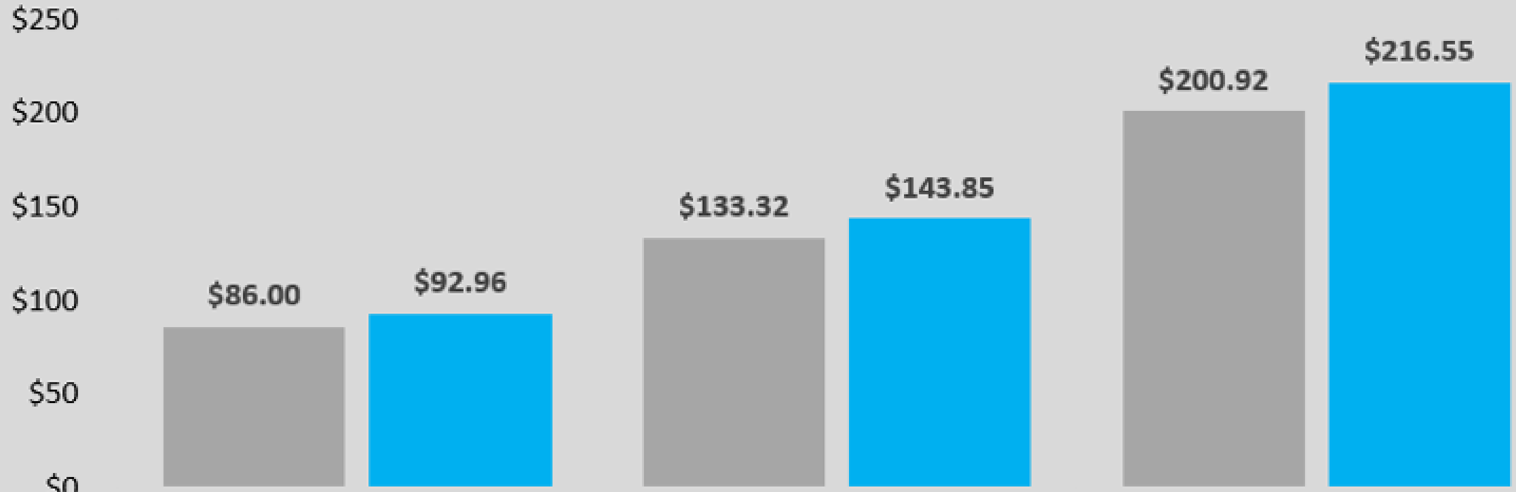
OLIVENHAIN
Municipal Water District

2027 Pass-Through Increases

- **7.27% revenue adjustment**
  - Less than the 12% threshold set by the Board via Prop 218 & Ordinance
  - Includes the following Purchased Water Wholesale Pass-Throughs:
    - **An estimated 9.5% increase** in OMWD's cost to purchase water from SDCWA, which includes:
      - SDCWA Melded Treatment Rate increase of **15.1%**
      - SDCWA Fixed Cost Increase of **9.2%**
    - Recycled Water Rate: based on anticipated increases in recycled water costs from various recycled water suppliers
  - **Revenue adjustment also includes Inflationary Pass-Through of 3.77%** (May 2026 over May 2025) for OMWD's water operations and maintenance costs
- All-Inclusive Untreated Rate from SDCWA of **$2,313/AF** based on OMWD's water sales projection for FY 2027.
- Fire Meter Charge Increase: $ 0.39/month, or a 6% increase, for a typical meter

2027 Pass-Through Increases: Bill impacts

2027 Monthly Bill Impacts
(Domestic Customer with 3/4" Meter)



	Low (6 hcf/month)	Median (13 hcf/month)	Average (23 hcf/month)
2026 Monthly Bill	$86.00	$133.32	$200.92
2027 Monthly Bill	$92.96	$143.85	$216.55
Difference ($)	$6.96	$10.53	$15.63
Difference (%)	8.1%	7.9%	7.8%

2026 Monthly Bill 2027 Monthly Bill

2027 rates effective 1/1/2027
RRC anticipated to end October of 2026

Other Options Considered for 2027

2027 Purchased Water Wholesale Pass-Through and Inflation Pass-Through

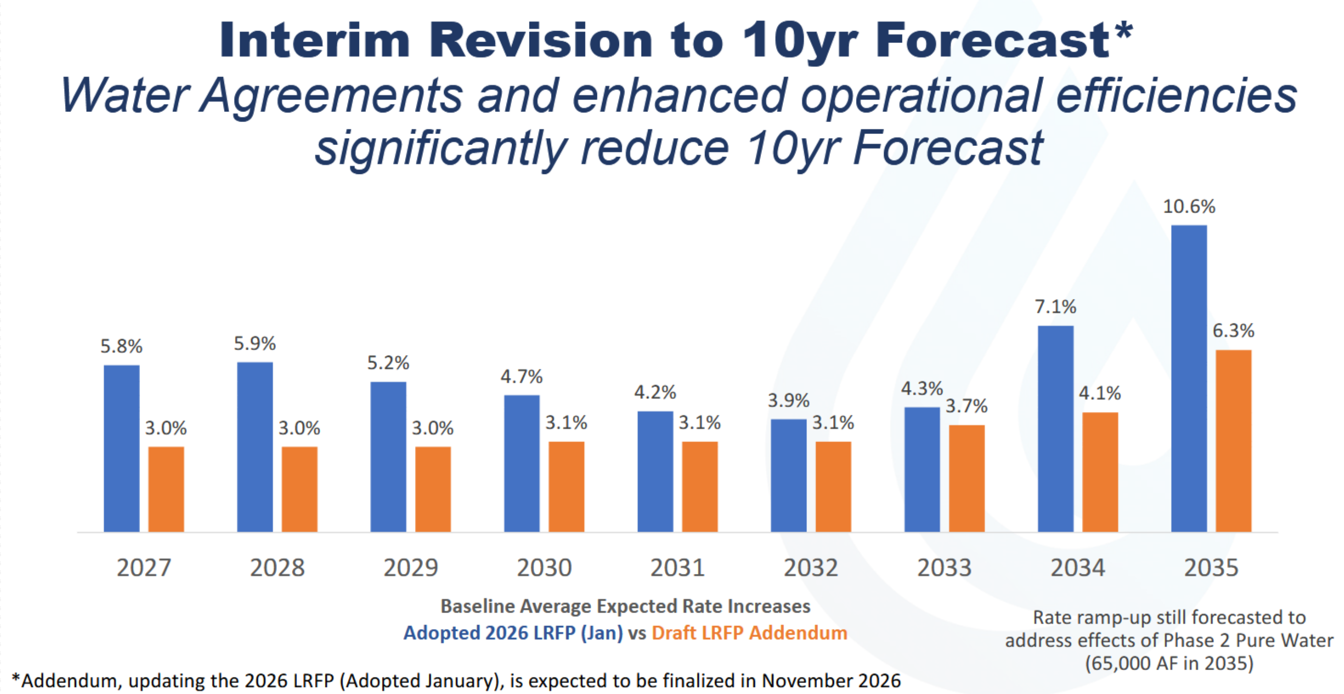
Criteria	Full Pass-Through (Staff Recommendation)	$500k from Operating Reserves to Offset Rates	$800k from Operating Reserves to Offset Rates
Compliance with OMWD Prop 218 Notice?	✓	✓	✓
Met Cost of Service?	✓	X	X
Consistency with OMWD Past Practice?	✓	X	X
Revenue Adjustment $	$ 5,140,000	$ 4,640,000	$ 4,340,000
Use of Reserves	X N/A	✓ $500,000	✓ $800,000
Revenue Adjustment %	7.27%	6.58%	6.19%
Monthly Bill (Low User 6 hcf/month)	$92.96	$92.54	$92.30
Monthly Bill (Median User 13 hcf/month)	$143.85	$142.94	$142.42
Monthly Bill (Average User 23 hcf/month)	$216.55	$214.94	$214.02
Commodity Charge Reduction	N/A	7 cents	11 cents

Staff recommends full-pass throughs for the following reasons:

- Pass-through full costs (full cost recovery) per OMWD's 2024 pass-through ordinance, consistent with past practice
- 10-year CIP has significantly grown, as reflected in the recently adopted Biennial Budget for Fiscal Years 2027 and 2028
- To ensure OMWD continues to have adequate funds for unanticipated emergencies (Cadencia/Azahar)
- Rating agencies could view a drawdown of reserves negatively, which could affect OMWD's credit rating
- Avoid the need to replenish reserves drawdown in OMWD's next cost of service study
  - We can't make up what we don't pass-through until the next cost of service study

2028 pass-through adjustments preview (subject to change)

- 2028 pass-through adjustments are anticipated to be lower than proposed 2027 adjustments because:
  - CWA is anticipating a 3% increase for 2028
  - OMWD would revert to lower treated water purchases
- CWA 10-year rate increase forecast:

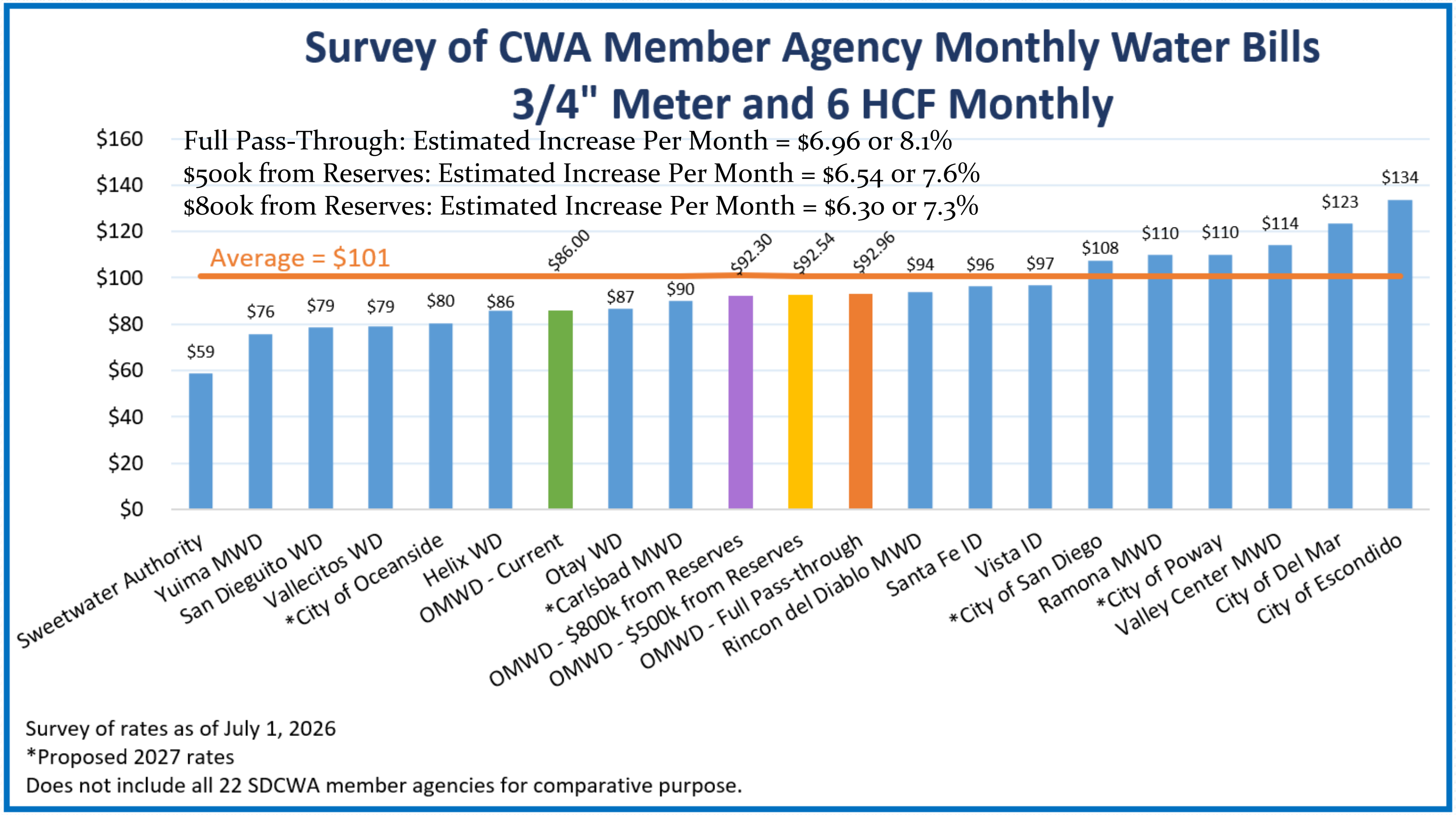


Monthly Water Bill Surveys

Olivenhain
Municipal Water District

Monthly Water Bill Survey

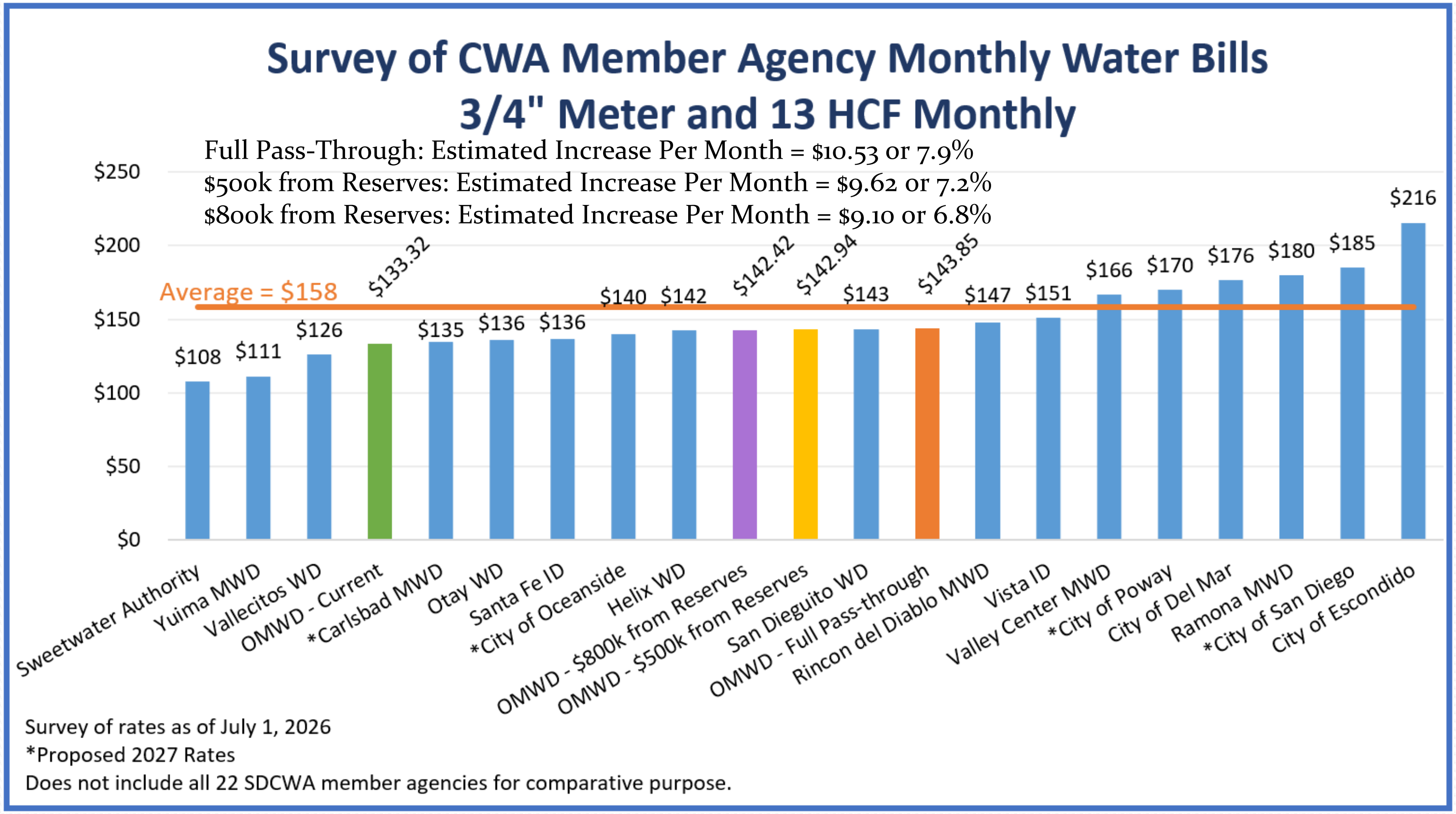
Single Family Residential (6 units)



OLIVENHAIN Municipal Water District

Monthly Water Bill Survey

Single Family Residential (13 units)

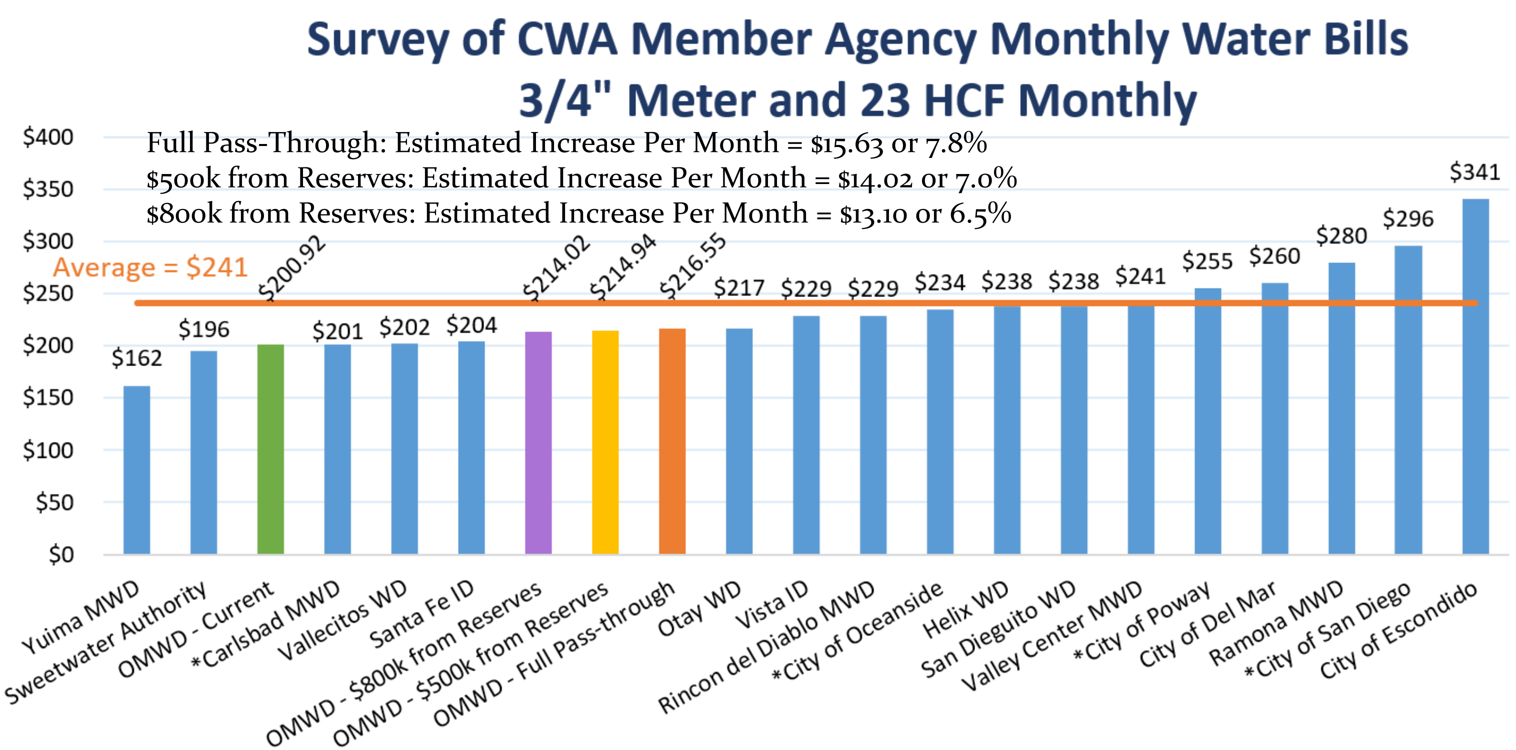


OLIVENHAIN Municipal Water District

Monthly Water Bill Survey

Single Family Residential (23 units)

OMWD Average Monthly Domestic Water Usage



Survey of rates as of July 1, 2026

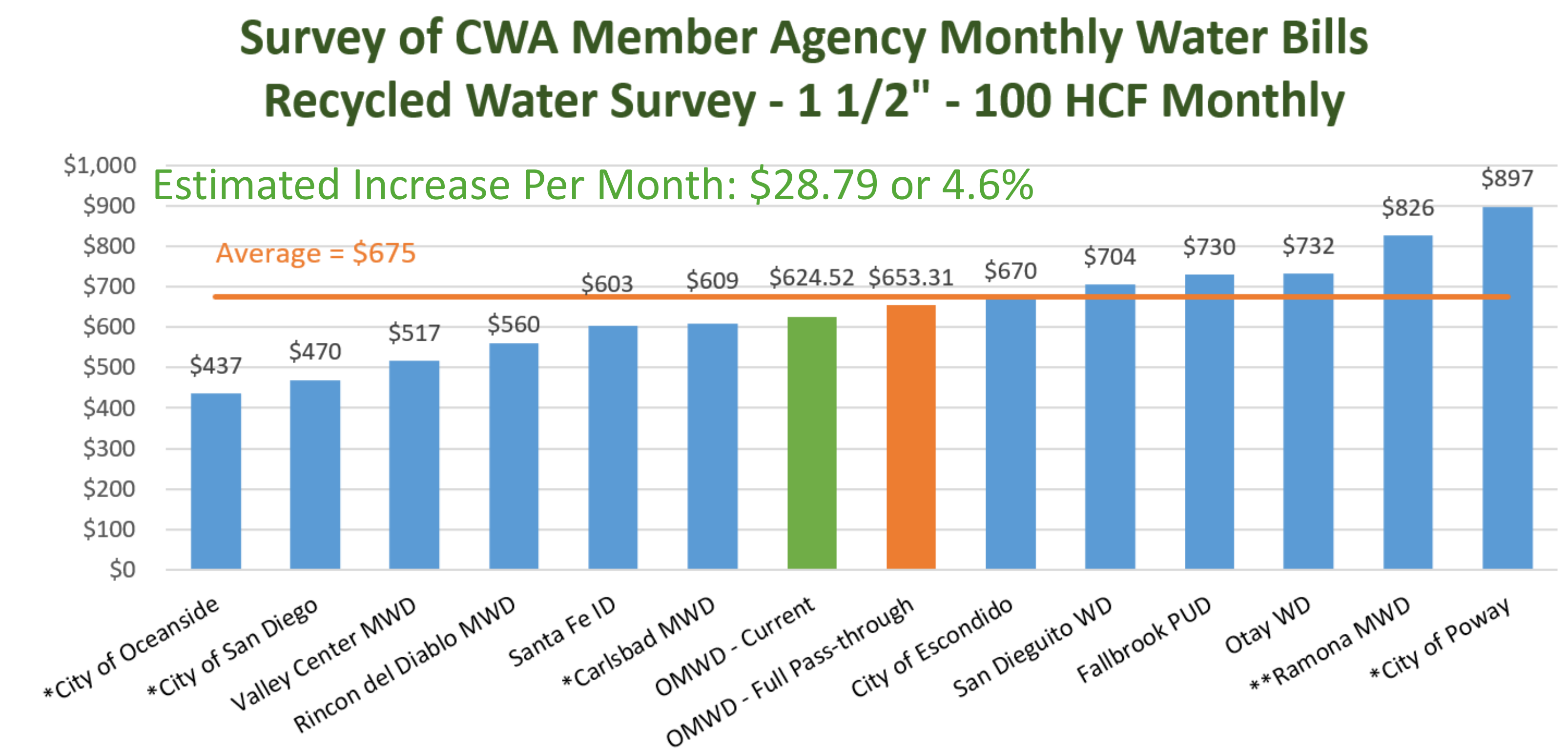
*Proposed 2027 Rates

Does not include all 22 SDCWA member agencies for comparative purpose.

OLIVENHAIN Municipal Water District

Monthly Water Bill Survey

Recycled Water (100 units)



Survey of posted rates as of July 1 , 2026 All rates are CY 2026 or newer.
Does not include all 22 SDCWA member agencies for comparative purpose.
*Proposed 2027 rates
** Ramona provides an untreated melded supply of water to its agricultural customers

OLIVENHAIN
Municipal Water District

OMWD efforts to keep rates low

OLIVENHAIN
Municipal Water District

OMWD efforts to keep rates low

- Use of property tax revenues to help offset rates
- Use of non-operating revenue such as investment income, capacity fees, and grant funds to offset capital project costs
- Continued selling excess treatment services from DCMWTP to Vallecitos for additional revenue
- Pre-purchased 3,499 AF of water last two years resulting in savings of approximately $700k
- Renegotiating existing recycled water purchased agreements
  - City of San Diego – no take or pay
  - Vallecitos Water District
- FY 27 and FY 28 Biennial Budget:
  - Savings from backfilling positions
  - Annual Objective - Controllable operating costs under CPI (3.8%)
    - Reduction of $255k in O&M expenses from departmental budgets
  - $7.3M in less critical capital projects deferred

Next Steps

Olivenhain Municipal Water District

Next Steps

- Staff is requesting the committee's direction on bringing pass-through increases to the full Board in August for discussion and consideration
- At the August meeting, staff will present the recommended pass-through adjustments to the Board for discussion and consideration
- Based on the Board's direction, staff will mail the 30-day rate change notice to OMWD's customers in September
- At the October Board meeting, staff will bring rates to the Board for consideration and adoption
- November/December – Staff will update rates
- January 1, 2027 – New rates in effect

Questions?

Appendix 2: Rate Tables

Current and Proposed Commodity Rates

Commodity Charge		Calendar Year 2027 Rate Options		
Customer Type	Current	Full Pass-through (Staff Preferred)	$500k from Operating Reserves to Offset Rates (7 cents)	$800k from Operating Reserves to Offset Rates (11 cents)
Domestic				
0-6 Units	$4.71	$5.20	$5.13	$5.09
7-23 Units	$6.76	$7.27	$7.20	$7.16
24-80 Units	$7.57	$8.10	$8.03	$7.99
80+ Units	$8.55	$9.12	$9.05	$9.01
Agricultural[3]	$7.22	$7.76	$7.69	$7.65
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
Commercial	$6.43	$6.93	$6.86	$6.82
Irrigation[4]				
Tier 1	$7.23	$7.77	$7.70	$7.66
Tier 2	$8.16	$8.74	$8.67	$8.63
Construction	$8.97	$9.56	$9.49	$9.45
Recycled	$4.70	$4.88		
RRC	$0.11	*N/A*		

Current and Proposed Fire Meter Charges

Current and Proposed OMWD Fire Meter Charge Rates ($/Meter Size)		
Meter Size	Current	Proposed Effective January 1, 2027
5/8"	$6.50	$6.89
3/4"	$6.50	$6.89
1"	$7.29	$7.73
1-1/2"	$8.32	$8.82
2"	$9.96	$10.56
2-1/2"	$13.67	$14.50
3"	$14.44	$15.31
4"	$20.40	$21.63
6"	$36.71	$38.92
8"	$61.73	$65.44

Current and Proposed System Access Charge (SAC) and SDCWA Infrastructure Access Charge (IAC)

Current and Proposed OMWD System Access Charge (SAC)		
Meter Size	Current	Proposed Effective January 1, 2027
5/8"	$40.72	$43.55
3/4"	$53.19	$56.89
1"	$90.58	$96.90
1-1/2"	$140.41	$150.21
2"	$219.33	$234.65
2-1/2"	$397.94	$425.75
3"	$435.33	$465.74
4"	$721.93	$772.37
6"	$1,506.96	$1,612.27
8"	$2,711.51	$2,900.99

Current and Proposed SDCWA Infrastructure Access Charge (IAC)		
Meter Size	Current	Proposed Effective January 1, 2027
5/8"	$4.55	$4.87
3/4"	$4.55	$4.87
1"	$8.65	$9.25
1-1/2"	$14.11	$15.10
2"	$22.75	$24.35
2-1/2"	$42.32	$45.29
3"	$46.41	$49.67
4"	$77.81	$83.28
6"	$163.80	$175.32
8"	$295.75	$316.55

Olivenhain Municipal Water District

Agenda Item 10

Memo

Date:	August 11, 2026
To:	Finance Committee
From:	Leo Mendez, Finance Manager
Via:	Kimberly Thorner, General Manager
Subject:	**INFORMATIONAL ITEM REGARDING FINANCIAL SCENARIOS AND IMPACT ON RESERVES**

This is an informational item regarding certain financial scenarios and the impact on the District's reserve fund balances. Staff reviewed the attached document with Director Meyers, and is providing the attachment to the committee and Board as information and will be available to answer any questions.

No action is necessary at this time, however this information will be useful as the Board approaches another decision point on the San Dieguito Desalination Project in 2027.

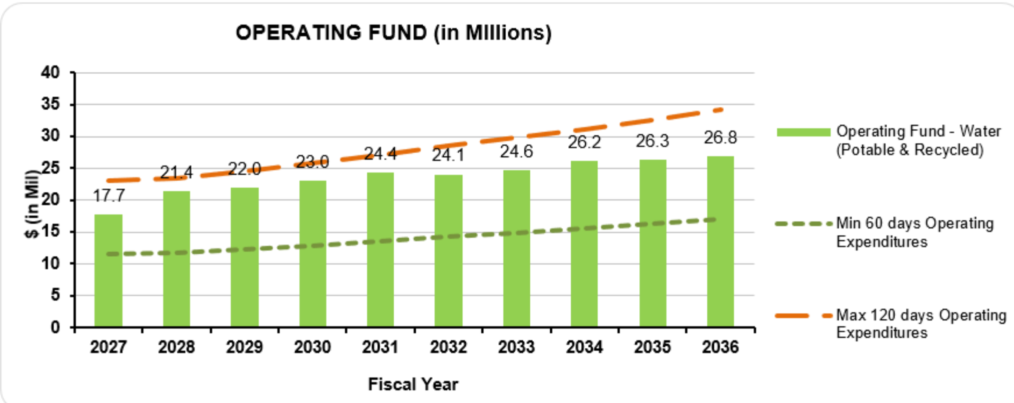
Prepared by: Georgeanna Clark, Project Accountant II
Reviewed by: Jared Graffam, Accounting Supervisor
Leo Mendez, Finance Manager
Approved by: Kimberly A. Thorner, General Manager

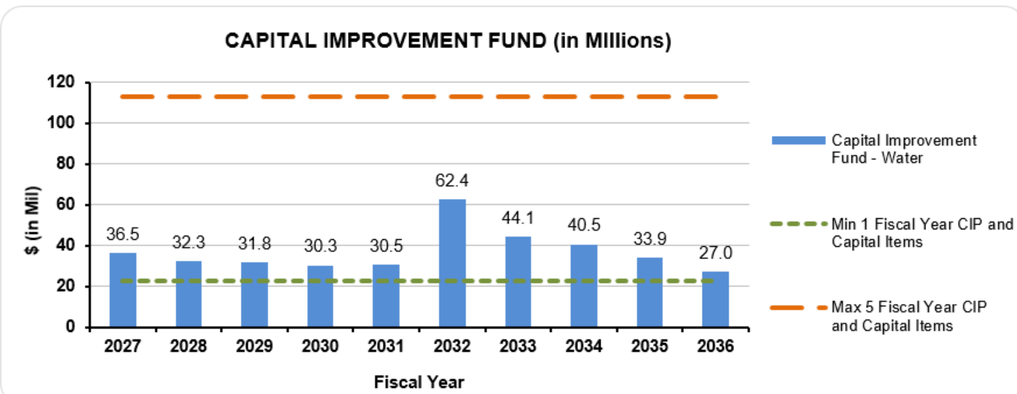
Attachment: Financial Scenarios

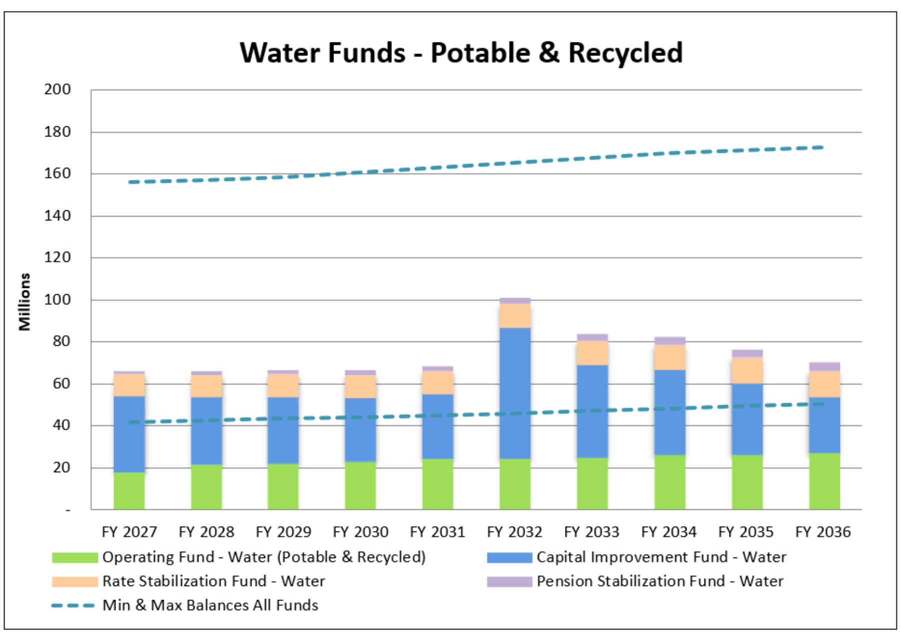
Scenario 1 – Proposed revenue adjustment and adopted biennial budget for fiscal years 2027 and 2028

Assumptions:

- **CWA purchased water increases: 2027: 3%, 2028: 5.9%, 2029+: 6%**
- **OMWD revenue adjustments: 2027: 7.3%, 2028: 1.6%, 2029+: 5%**
- **100% CIP spending**
- **Desal: $70.2 mil total cost for 2027 onward, $51 mil debt issuance in 2032, $13 mil. grants**
    - **Desal costs based on 2022 estimates adjusted for inflation**
- **No 2029 Debt Issuance**



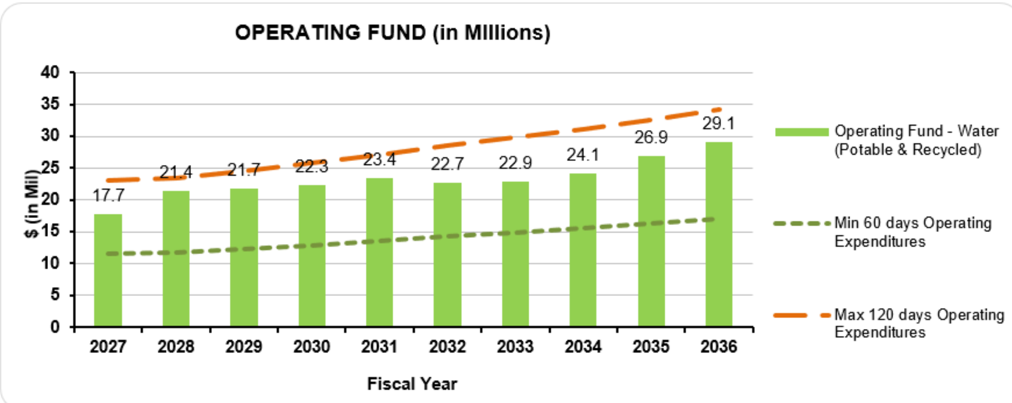


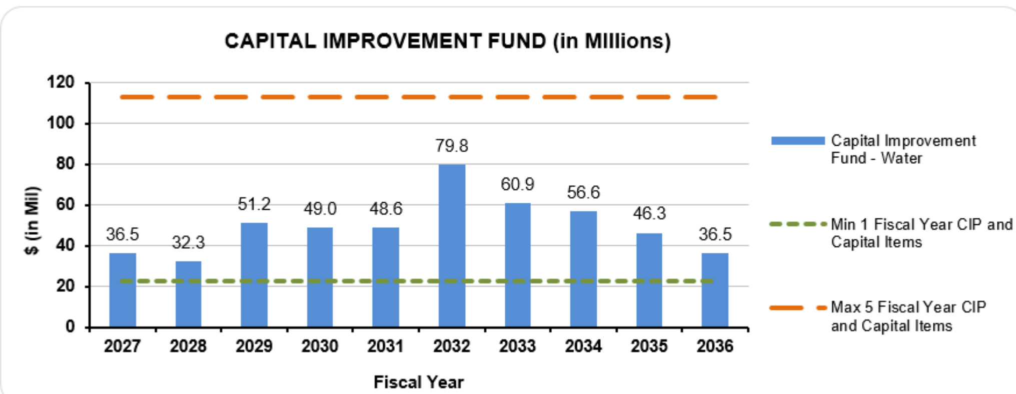


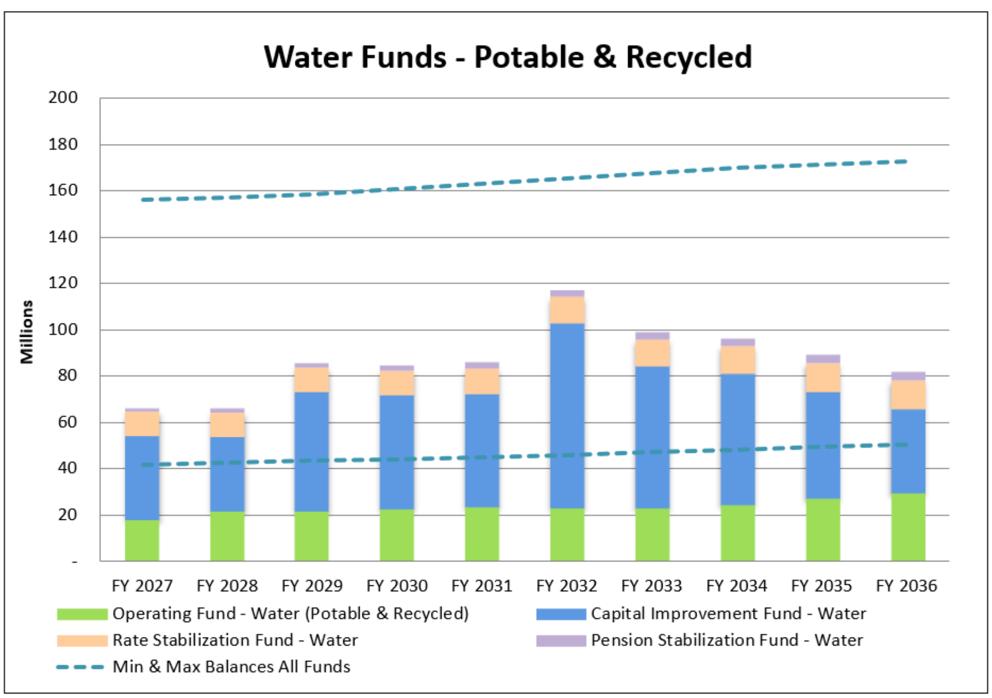
Scenario 2 – Same as scenario 1 but with $20 million debt issuance in 2029

Assumptions:

- **CWA purchased water increases: 2027: 3%, 2028: 5.9%, 2029+: 6%**
- **OMWD revenue adjustments: 2027: 7.3%, 2028: 1.6%, 2029+: 5%**
- **100% CIP spending**
- **Desal: $70.2 mil total cost for 2027 onward, $51 mil debt issuance in 2032, $13 mil. grants**
    - **Desal costs based on 2022 estimates adjusted for inflation**
- **2029 Debt issuance of $20 mil. with $1.3 mil debt service (exact amount TBD)**



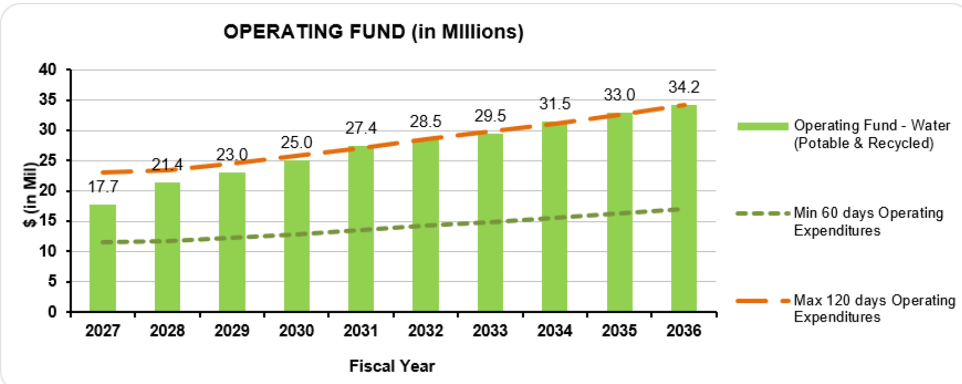


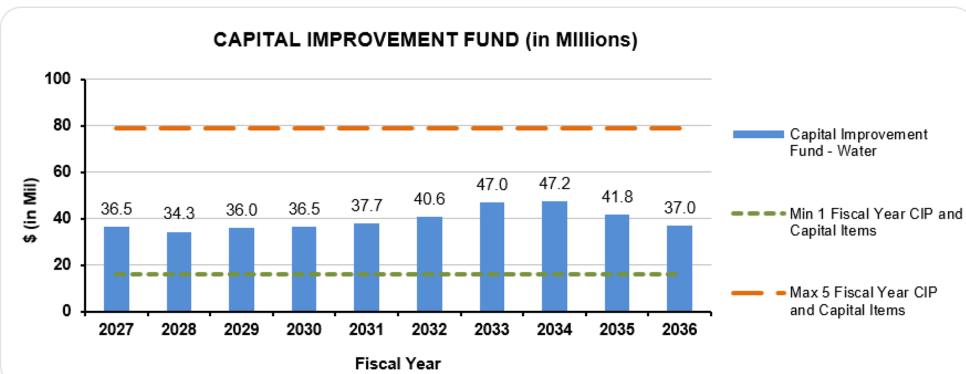


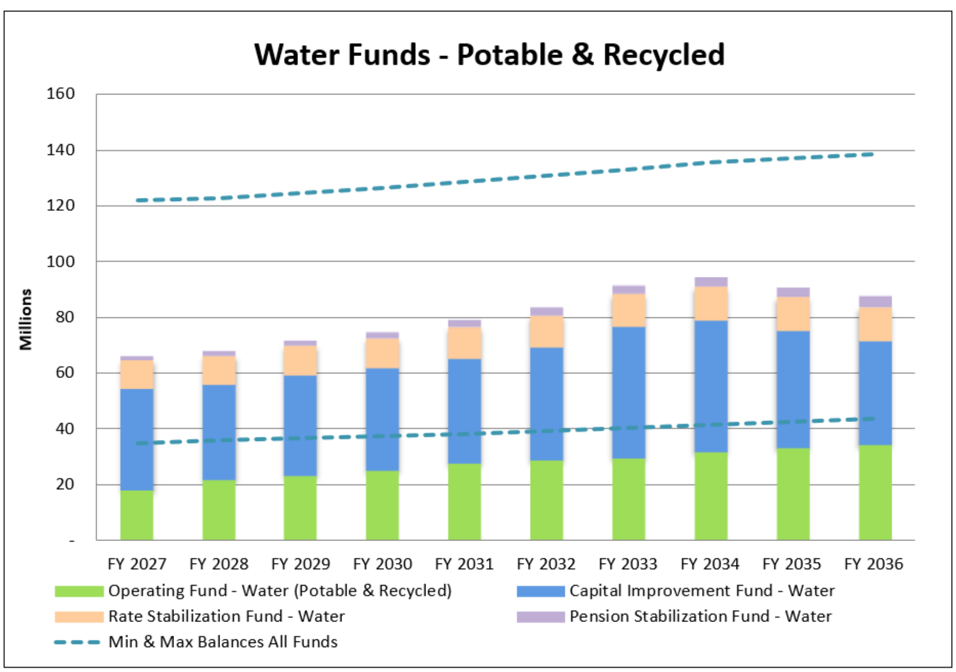
Scenario 3 – No Desal and no $20 mil debt issuance in 2029

Assumptions:

- **CWA purchased water increases: 2027: 3%, 2028: 5.9%, 2029+: 6%**
- **OMWD revenue adjustments: 2027: 7.3%, 2028: 1.6%, 2029+: 5%**
- **100% CIP spending**
- **No Desal after 2027 budgeted spend**
    - **Note: removing desal changes Capital Min/Max (which are based on 10-year CIP)**
- **No 2029 debt issuance**







Agenda Item 11

Memo

Date: August 11, 2026

To: Finance Committee

From: Leo Mendez, Finance Manager

Via: Kimberly Thorner, General Manager

Subject: **PROFESSIONAL AUDITING SERVICES REQUEST FOR PROPOSALS (VERBAL REPORT)**

Staff will provide a verbal report regarding the issuance of a Request for Proposals (RFP) for professional auditing services. Fiscal year 2026 marks the final year of the agreement under the existing professional services agreement with the District's current auditors.

Prepared by: Leo Mendez, Finance Manager
Reviewed by: Leo Mendez, Finance Manager
Approved by: Kimberly A. Thorner, General Manager