MID-PENINSULA WATER DISTRICT

Finance Committee

Tuesday, September 15, 2026 - 9:00 AM

Agenda

Public comments may be submitted via email to Administrative Services Manager, Alison Bell, at abell@midpeninsulawater.org. Please indicate in your email the agenda item to which your comment applies.

Comments submitted before the meeting will be provided to the Committee before or during the meeting. Comments submitted after the meeting is called to order will be included in the correspondence that will be provided to the full Committee.

Committee members, staff, consultants, and the public may participate remotely or in person at 1075 Old County Road, Suite A, Belmont CA, 94002.

The meeting link is: https://us06web.zoom.us/j/87586066083

Should Zoom not be operational, please check online at: www.midpeninsulawater.org for any updates or further instruction.

1. Call to Order

2. Public Comment

If you wish to address the Committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

3. Regular Business

A. Review and Provide Direction on Potential Changes to Miscellaneous Charges Schedule

1. Credit Card Fees

2. Backflow Prevention Fees

3. Other Fees

B. Receive Report on Status of Arbitrage for 2025 Certificates of Participation

C. Receive Report on Status of Financial Management Plan Update

D. Receive Update on Capacity Charge Study Questions Regarding ISG

4. Adjournment

This agenda was posted at the Mid-Peninsula Water District's offices at 1075 Old County Road, Suite A, in Belmont, California, and on its website at www.midpeninsulawater.org.

Accessible Public Meetings

Upon request, the Mid-Peninsula Water District will provide written agenda materials in appropriate alternative formats, or disability related modification or accommodation (including auxiliary aids or services), to enable individuals with disabilities to participate in public meetings and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested. Requests should be sent to the Administrative Services Manager at (650) 591-8941 or abell@midpeninsulawater.org. Requests should be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

MEMORANDUM

Mid-Peninsula Water District — Arbitrage Rebate Status

TO: Finance Committee, Mid-Peninsula Water District (District)

FROM: James Ramsey, District Treasurer (Eide Bailly Advisory LLC)

DATE: September 10, 2026

SUBJECT: Arbitrage on Tax-Exempt Bonds and the District's Rebate Position as of June 30, 2026

Purpose and Bottom Line

This memorandum has two objectives. The first is to give the Committee a plain-language explanation of what arbitrage means for a tax-exempt borrower and why the District must continue to measure and monitor it. The second is to report where the District actually stands on its two outstanding certificate of participation financings as of the June 30, 2026 computation date, based on the arbitrage calculations prepared for each issue.

The conclusion is **favorable** and requires no action. Neither issue has earned investment income in excess of what federal law permits, so no rebate payment is owed to the United States Treasury on either financing. The 2016 Certificates show cumulative arbitrage earnings of negative $2,458,331.66, and the 2025 Certificates show negative $522,777.98, for a combined negative position of $2,981,109.64. A negative figure means the District's investments have earned **less** than the amount the arbitrage rules would have allowed it to keep, and no liability accrues.

Arbitrage in Plain Terms

Because interest on the District's certificates is exempt from federal income tax, investors accept a lower rate than they would demand on a taxable security. That subsidy is intended to lower the cost of building public facilities, not to create an investment opportunity. Federal tax law therefore limits what an issuer may keep when borrowed money sits in a construction or reserve account and earns interest before it is spent. Arbitrage, in this context, simply means earning more on the invested proceeds than the District is paying on the debt itself.

The rules work through two related restrictions. Yield restriction limits the yield (investment return) at which certain proceeds may be invested once a temporary period has run. Rebate, the requirement that drives this analysis, obligates the issuer to pay the federal government any investment earnings above the amount it would have earned had the proceeds been invested at the yield on the bonds. The two tests are measured separately and satisfying one does not excuse the other.

The computation itself is a comparison. Every deposit into and disbursement out of each fund is tracked by date, and the actual interest earned is accumulated. Those same cash flows are then future-valued forward to the computation date at the bond yield, producing the allowable earnings figure. Actual earnings less allowable earnings is the arbitrage position. A positive result is a rebate liability that must be set aside and eventually paid; a negative result means there is nothing to pay and the shortfall is carried forward against future earnings on that same issue.

Three practical points follow from that mechanism. Arbitrage is cumulative rather than annual, so a negative balance today is a cushion and not a permanent result; a period of higher short-term rates on an unspent construction fund can move an issue toward a liability. Spending the proceeds promptly is the most reliable protection, since federal law provides spending exceptions that relieve an issue of rebate when proceeds are expended within prescribed periods after issuance (5 years). And the exposure ends only when the issue does, because rebate is computed at installment dates and finally when the obligations are retired.

This is why the District has the calculations performed and refreshed. The annual computation documents compliance, gives the District advance warning if a position is trending toward a liability, and supports the disclosure and recordkeeping the District is expected to maintain over the life of each financing.

The District's Position at June 30, 2026

The District has two outstanding certificate of participation issues, both of which financed acquisition and construction of improvements and facilities forming part of the municipal water system. Both were computed as of June 30, 2026. The table below consolidates the results reported on the Notes and Summary tab of each workbook.

Exhibit 1. Notes and Summary — Arbitrage Factors & Earnings by Fund

Item	2016 COPs	2025 COPs	Combined
Original par amount	$18,570,000	$33,100,000	$51,670,000
Dated and delivery date	December 21, 2016	April 1, 2025	—
Computation date	June 30, 2026	June 30, 2026	—
Bond yield	3.498417%	4.006244%	—
Project Fund	($2,457,755.52)	($522,657.42)	($2,980,412.94)
Costs of Issuance Fund	($576.14)	($120.56)	($696.70)
Total arbitrage earnings	**($2,458,331.66)**	**($522,777.98)**	**($2,981,109.64)**

Amounts in parentheses are negative, meaning actual earnings fell short of allowable earnings. No rebate credits have been applied to either issue, so the total arbitrage earnings and the total arbitrage liability are the same figure in each case.

Exhibit 2. Sources and Uses of Funds

The sources and uses schedule establishes the amount of proceeds subject to the rebate computation and where those proceeds were deposited. Neither issue funded a debt service reserve, so the analysis turns on the construction proceeds and, to a trivial degree, the costs of issuance account. Note that the District does have a debt service reserve; however, this has been funded through operating revenues and as such, is exempt from the calculation.

Sources and Uses	2016 COPs	2025 COPs
Sources: Principal amount	$18,570,000.00	$33,100,000.00
Sources: Original issue premium	$938,447.30	$388,290.75
Total sources of funds	**$19,508,447.30**	**$33,488,290.75**

Uses: Construction fund	$19,143,020.82	$33,028,511.79
Uses: Underwriter's discount	$114,426.48	$208,462.15
Uses: Debt service reserve fund	$0.00	$0.00
Uses: Costs of issuance	$251,000.00	$251,316.81
Total uses of funds	**$19,508,447.30**	**$33,488,290.75**

Exhibit 3. Project Fund Computation

The project fund is where the analysis is decided on both issues. Each tab tracks every deposit, requisition and interest posting by date, future-values those flows at the bond yield, and compares the accumulated actual earnings with the allowable earnings that result.

Project Fund	2016 COPs	2025 COPs
Measurement period	Dec. 21, 2016 – June 30, 2026	Apr. 1, 2025 – June 30, 2026
Proceeds deposited to the fund	$19,143,020.82	$33,000,000.00
Bond yield used	3.498417%	4.006244%

Actual earnings	$1,029,618.73	$1,133,452.68
Allowable earnings at bond yield	$3,487,374.25	$1,656,110.10
Arbitrage earnings (actual less allowable)	**($2,457,755.52)**	**($522,657.42)**

The two issues sit at opposite ends of their spending cycles. The 2016 project fund has been fully drawn; its remaining balance is zero at the computation date, and its negative position is now fixed by history rather than exposed to future rates. The 2025 project fund is in the opposite posture. Thirteen requisitions had been paid through June 30, 2026, and the fund still held $32,758,943.79 against a construction deposit of $33,028,511.79, including the $28,814.53 transferred in from the costs of issuance account.

That balance is the item worth the Committee's attention. The 2025 cushion is $522,657.42 on a fund of roughly $32.8 million, which is a thin margin if short-term reinvestment rates run above the 4.006244% bond yield for an extended period while the construction program is still drawing down. The 2016 issue carries no such exposure, and its negative balance cannot offset a liability on the 2025 issue, because rebate is computed separately for each financing.

Recommendation

No rebate payment is due on either issue and no action is required of the Committee at this time. Staff should continue the annual computation on both financings, monitor the yield earned on the

2025 construction proceeds against the 4.006244% bond yield as requisitions continue, and retain the calculation workbooks and supporting statements with the transcript records for each issue.

Figures in this memorandum are taken from the arbitrage computation workbooks prepared for the 2016 and 2025 Certificates of Participation, computed as of June 30, 2026: the Notes and Summary Table, Sources-Uses, and COP-Project Fund tabs of each.

Mid-Peninsula Water District
$18,570,000 COP, Series 2016 Computation Date 06/30/26
Computation of Arbitrage Earnings Bond Yield 3.498417%
Project Fund
Computation as of June 30, 2026

Date	Principal Amounts	Actual Earnings Interest	Total	Future Value	Description
12/21/16	$ (19,143,020.82)		$ (19,143,020.82)	$ (26,700,375.53)	Bond Proceeds
01/04/17	(1,592.22)	1,592.22	-	-	Interest
02/02/17	(5,476.43)	5,476.43	-	-	Interest
03/02/17	(5,536.64)	5,536.64	-	-	Interest
03/20/17	(42,910.53)		(42,910.53)	(59,336.25)	Transfer from COI
04/04/17	(7,358.92)	7,358.92	-	-	Interest
04/05/17	(10.27)	10.27	-	-	Interest
05/02/17	(8,755.93)	8,755.93	-	-	Interest
06/02/17	(10,144.37)	10,144.37	-	-	Interest
06/09/17	268,386.44		268,386.44	368,287.95	Disbursement
07/05/17	(11,186.81)	11,186.81	-	-	Interest
07/10/17	37,411.14		37,411.14	51,182.50	Disbursement
08/02/17	(13,178.04)		(13,178.04)	(17,990.54)	Interest
08/03/17	12,535.11		12,535.11	17,111.16	Disbursement
08/07/17	25,180.22		25,180.22	34,359.13	Disbursement
08/18/17	30,230.46		30,230.46	41,206.32	Disbursement
08/28/17	8,286.70		8,286.70	11,284.42	Disbursement
09/05/17	(13,889.47)	13,889.47	-	-	Interest
09/21/17	26,923.33		26,923.33	36,581.14	Disbursement
09/22/17	3,606.12		3,606.12	4,899.21	Disbursement
10/03/17	(13,740.78)	13,740.78	-	-	Interest
10/05/17	31,325.20		31,325.20	42,504.24	Disbursement
11/02/17	(14,584.55)	14,584.55	-	-	Interest
11/02/17	86,634.51		86,634.51	117,244.23	Disbursement
11/17/17	150,150.13		150,150.13	202,905.65	Disbursement
11/20/17	10,795.00		10,795.00	14,583.60	Disbursement
11/24/17	22,242.35		22,242.35	30,036.83	Disbursement
12/04/17	(14,615.74)	14,615.74	-	-	Interest
12/08/17	39,585.19		39,585.19	53,384.62	Disbursement
12/11/17	220,599.00		220,599.00	297,413.40	Disbursement
12/18/17	110,125.56		110,125.56	148,371.38	Disbursement
01/03/18	(16,315.52)	16,315.52	-	-	Interest
01/11/18	53,664.36		53,664.36	72,140.42	Disbursement
01/29/18	262,084.20		262,084.20	351,702.12	Disbursement
02/02/18	(17,717.32)	17,717.32	-	-	Interest
02/23/18	221,300.77		221,300.77	296,282.26	Disbursement
03/02/18	(17,140.20)	17,140.20	-	-	Interest
03/16/18	34,045.98		34,045.98	45,479.88	Disbursement
03/23/18	246,673.77		246,673.77	329,292.19	Disbursement
04/03/18	(20,666.32)	20,666.32	-	-	Interest
04/26/18	86,351.50		86,351.50	114,904.66	Disbursement
04/26/18	351,118.89		351,118.89	467,220.56	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

		Actual Earnings			
Date	**Principal Amounts**	**Interest**	**Total**	**Future Value**	**Description**
05/02/18	(21,315.01)	21,315.01	-	-	Interest
05/23/18	418,903.86		418,903.86	555,960.91	Disbursement
06/04/18	(22,792.33)		(22,792.33)	(30,217.26)	Interest
06/27/18	122,821.81		122,821.81	162,469.76	Disbursement
07/03/18	(22,571.92)	22,571.92	-	-	Interest
07/05/18	226,879.38		226,879.38	299,885.13	Disbursement
07/25/18	119,773.67		119,773.67	158,007.76	Disbursement
08/04/18	(24,003.89)	24,003.89	-	-	Interest
08/15/18	38,178.01		38,178.01	50,267.52	Disbursement
08/16/18	6,032.98		6,032.98	7,942.62	Disbursement
08/28/18	11,807.90		11,807.90	15,527.41	Disbursement
09/05/18	(24,700.72)	24,700.72	-	-	Interest
09/26/18	58,628.94		58,628.94	76,887.97	Disbursement
09/27/18	122,798.89		122,798.89	161,026.98	Disbursement
10/01/18	466,328.40		466,328.40	611,262.16	Disbursement
10/02/18	(24,735.82)	24,735.82	-	-	Interest
10/19/18	19,845.01		19,845.01	25,967.40	Disbursement
10/22/18	153,875.43		153,875.43	201,288.95	Disbursement
11/02/18	(26,088.52)	26,088.52	-	-	Interest
11/08/18	43,628.02		43,628.02	56,982.55	Disbursement
11/21/18	22,601.27		22,601.27	29,482.30	Disbursement
11/23/18	11,405.00		11,405.00	14,874.40	Disbursement
12/04/18	(25,995.52)	25,995.52	-	-	Interest
01/03/19	(28,006.89)	28,006.89	-	-	Interest
01/08/19	20,215.13		20,215.13	26,249.70	Disbursement
01/09/19	14,085.00		14,085.00	18,287.84	Disbursement
01/24/19	40,238.00		40,238.00	52,168.69	Disbursement
01/25/19	15,740.00		15,740.00	20,404.98	Disbursement
02/04/19	(29,282.07)	29,282.07	-	-	Interest
02/14/19	23,824.51		23,824.51	30,828.66	Disbursement
02/15/19	259,773.93		259,773.93	336,112.07	Disbursement
03/04/19	(26,381.68)	26,381.68	-	-	Interest
03/22/19	99,272.25		99,272.25	127,984.43	Disbursement
03/27/19	35,657.89		35,657.89	45,948.80	Disbursement
03/28/19	155,132.18		155,132.18	199,884.13	Disbursement
04/02/19	(29,011.69)	29,011.69	-	-	Interest
04/08/19	24,817.90		24,817.90	31,946.26	Disbursement
04/09/19	22,330.50		22,330.50	28,741.62	Disbursement
04/29/19	29,041.01		29,041.01	37,306.26	Disbursement
05/02/19	(27,609.00)	27,609.00	-	-	Interest
05/24/19	265,443.06		265,443.06	340,163.57	Disbursement
05/28/19	2,267.50		2,267.50	2,904.66	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

		Actual Earnings			
Date	**Principal Amounts**	**Interest**	**Total**	**Future Value**	**Description**
06/04/19	(28,222.64)	28,222.64	-	-	Interest
06/17/19	28,863.19		28,863.19	36,905.53	Disbursement
06/18/19	59,412.34		59,412.34	75,959.42	Disbursement
07/02/19	(25,948.47)	25,948.47	-	-	Interest
07/03/19	244,782.70		244,782.70	312,502.57	Disbursement
07/24/19	15,587.25		15,587.25	19,859.00	Disbursement
07/25/19	290.92		290.92	370.61	Disbursement
08/02/19	(25,075.09)	25,075.09	-	-	Interest
08/15/19	137,358.30		137,358.30	174,645.66	Disbursement
09/04/19	(23,675.11)	23,675.11	-	-	Interest
09/16/19	81,053.00		81,053.00	102,746.15	Disbursement
09/27/19	775,101.20		775,101.20	981,502.25	Disbursement
10/02/19	(21,534.12)	21,534.12	-	-	Interest
10/25/19	331,796.45		331,796.45	419,010.24	Disbursement
11/01/19	(11,341.37)	11,341.37	-	-	Deposit
11/04/19	(19,095.37)	19,095.37	-	-	Interest
11/21/19	428,166.86		428,166.86	539,349.45	Disbursement
11/22/19	4,595.00		4,595.00	5,787.63	Disbursement
12/03/19	(16,526.88)	16,526.88	-	-	Interest
12/20/19	327,219.31		327,219.31	411,030.44	Disbursement
12/23/19	1,852.50		1,852.50	2,326.31	Disbursement
01/03/20	(15,499.99)	15,499.99	-	-	Interest
01/28/20	15,659.44		15,659.44	19,597.91	Disbursement
01/29/20	17,802.15		17,802.15	22,277.37	Disbursement
02/04/20	(14,944.36)	14,944.36	-	-	Interest
02/25/20	148,138.76		148,138.76	184,911.74	Disbursement
02/26/20	12,296.47		12,296.47	15,347.37	Disbursement
03/03/20	(13,831.38)	13,831.38	-	-	Interest
03/25/20	43,466.75		43,466.75	54,098.93	Disbursement
03/26/20	8,543.95		8,543.95	10,632.81	Disbursement
04/02/20	(9,373.59)	9,373.59	-	-	Interest
04/27/20	20,414.63		20,414.63	25,329.37	Disbursement
04/28/20	11,647.55		11,647.55	14,450.25	Disbursement
05/04/20	(2,760.68)	2,760.68	-	-	Interest
05/21/20	38,356.13		38,356.13	47,479.52	Disbursement
05/22/20	4,250.00		4,250.00	5,260.39	Disbursement
06/01/20	(1,137.00)	1,137.00	-	-	Interest
06/02/20	91,305.13		91,305.13	112,902.39	Disbursement
06/17/20	2,838.95		2,838.95	3,505.37	Disbursement
06/24/20	195,026.68		195,026.68	240,643.90	Disbursement
07/02/20	(779.79)	779.79	-	-	Interest
07/14/20	175,800.85		175,800.85	216,500.52	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

Date	Principal Amounts	Actual Earnings Interest	Total	Future Value	Description
07/15/20	6,892.50		6,892.50	8,487.36	Disbursement
08/04/20	(642.22)	642.22	-	-	Interest
08/25/20	49,036.95		49,036.95	60,149.72	Disbursement
08/26/20	520.00		520.00	637.78	Disbursement
09/02/20	(282.34)	282.34	-	-	Interest
09/14/20	69,712.83		69,712.83	85,353.66	Disbursement
09/15/20	3,825.00		3,825.00	4,682.73	Disbursement
09/30/20	(4,250.00)		(4,250.00)	(5,195.46)	Cancelled Check
10/01/20	4,250.00		4,250.00	5,194.96	Disbursement
10/02/20	(93.90)	93.90	-	-	Interest
10/16/20	51,151.31		51,151.31	62,433.49	Disbursement
10/19/20	13,162.00		13,162.00	16,060.40	Disbursement
11/03/20	(96.56)		(96.56)	(117.66)	Interest
11/06/20	(14,467.70)		(14,467.70)	(17,624.53)	Transfer in
11/30/20	(5,754.00)		(5,754.00)	(6,993.21)	Cancelled Check
12/01/20	37,439.05		37,439.05	45,497.68	Disbursement
12/02/20	(93.30)	93.30	-	-	Interest
12/02/20	6,604.00		6,604.00	8,024.71	Disbursement
12/18/20	26,369.44		26,369.44	31,992.55	Disbursement
12/21/20	1,800.00		1,800.00	2,183.20	Disbursement
01/05/21	(95.98)	95.98	-	-	Interest
01/21/21	306,305.23		306,305.23	370,434.75	Disbursement
01/22/21	12,605.00		12,605.00	15,242.56	Disbursement
02/02/21	(94.84)	94.84	-	-	Interest
02/23/21	71,421.32		71,421.32	86,106.64	Disbursement
02/24/21	5,258.00		5,258.00	6,338.51	Disbursement
03/02/21	(83.93)	83.93	-	-	Interest
03/08/21	27,618.33		27,618.33	33,248.65	Disbursement
04/05/21	(98.48)	98.48	-	-	Interest
04/12/21	28,977.41		28,977.41	34,769.89	Disbursement
04/14/21	2,636.34		2,636.34	3,162.72	Disbursement
04/22/21	75,334.44		75,334.44	90,305.85	Disbursement
04/23/21	2,420.00		2,420.00	2,900.65	Disbursement
05/04/21	(88.98)	88.98	-	-	Interest
05/14/21	7,490.25		7,490.25	8,959.66	Disbursement
05/17/21	36,341.28		36,341.28	43,457.93	Disbursement
06/02/21	(58.88)	58.88	-	-	Interest
06/03/21	(76,845.83)		(76,845.83)	(91,751.84)	Deposit
06/22/21	172,227.86		172,227.86	205,256.63	Disbursement
06/23/21	1,852.50		1,852.50	2,207.55	Disbursement
07/02/21	(37.99)	37.99	-	-	Interest
07/21/21	325,056.87		325,056.87	386,305.59	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

Date	Principal Amounts	Actual Earnings Interest	Total	Future Value	Description
07/22/21	62,391.06		62,391.06	74,139.88	Disbursement
07/29/21	15,459.00		15,459.00	18,357.60	Disbursement
08/03/21	(88.98)	88.98	-	-	Interest
08/19/21	422,291.06		422,291.06	500,499.38	Disbursement
09/02/21	(85.22)	85.22	-	-	Interest
10/04/21	(80.40)	80.40	-	-	Interest
10/05/21	523,667.12		523,667.12	617,886.06	Disbursement
10/28/21	221,049.84		221,049.84	260,239.98	Disbursement
10/29/21	525.00		525.00	618.02	Disbursement
11/02/21	(79.02)	79.02	-	-	Interest
11/12/21	319,416.63		319,416.63	375,535.80	Disbursement
11/15/21	612.50		612.50	719.90	Disbursement
12/02/21	(72.48)	72.48	-	-	Interest
12/17/21	185,959.94		185,959.94	217,890.47	Disbursement
01/04/22	(73.48)	73.48	-	-	Interest
02/02/22	(72.50)	72.50	-	-	Interest
02/02/22	42,200.76		42,200.76	49,231.46	Disbursement
02/07/22	7,179.00		7,179.00	8,370.97	Disbursement
03/02/22	(70.77)	70.77	-	-	Interest
03/02/22	23,343.75		23,343.75	27,153.68	Disbursement
03/11/22	19,881.76		19,881.76	23,106.47	Disbursement
04/04/22	(494.42)	494.42	-	-	Interest
04/29/22	48,903.69		48,903.69	56,571.49	Disbursement
05/02/22	42,048.00		42,048.00	48,626.71	Disbursement
05/02/22	(47,568.25)		(47,568.25)	(55,010.65)	Returned item
05/02/22	3,586.00		3,586.00	4,147.06	Disbursement
05/03/22	(1,475.56)	1,475.56	-	-	Interest
05/06/22	250,897.87		250,897.87	290,040.06	Disbursement
05/09/22	77,111.15		77,111.15	89,115.20	Disbursement
05/31/22	140,086.68		140,086.68	161,564.68	Disbursement
06/02/22	(3,511.75)	3,511.75	-	-	Interest
06/02/22	234,279.50		234,279.50	270,146.65	Disbursement
06/23/22	507,770.83		507,770.83	584,316.38	Disbursement
07/05/22	(5,155.79)	5,155.79	-	-	Interest
08/02/22	(7,399.55)	7,399.55	-	-	Interest
08/02/22	521,555.34		521,555.34	597,911.83	Disbursement
08/03/22	25,831.58		25,831.58	29,610.49	Disbursement
09/02/22	(9,929.08)	9,929.08	-	-	Interest
09/07/22	215,412.38		215,412.38	246,111.79	Disbursement
09/30/22	91,581.25		91,581.25	104,399.65	Disbursement
10/03/22	118,893.14		118,893.14	135,494.87	Disbursement
10/04/22	(12,124.83)	12,124.83	-	-	Interest

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

Date	Principal Amounts	Actual Earnings Interest	Total	Future Value	Description
10/24/22	45,874.84		45,874.84	52,174.18	Disbursement
10/27/22	195,181.00		195,181.00	221,917.82	Disbursement
11/02/22	(14,547.59)	14,547.59	-	-	Interest
11/21/22	113,795.69		113,795.69	129,082.99	Disbursement
12/02/22	(16,828.16)	16,828.16	-	-	Interest
12/09/22	104,356.67		104,356.67	118,169.35	Disbursement
12/30/22	12,924.19		12,924.19	14,605.05	Disbursement
12/30/22	2,077.00		2,077.00	2,347.12	Disbursement
01/03/23	340,590.58		340,590.58	384,774.12	Disbursement
01/04/23	(18,806.15)	18,806.15	-	-	Interest
01/31/23	15,513.89		15,513.89	17,480.59	Disbursement
02/01/23	50,839.96		50,839.96	57,279.40	Disbursement
02/02/23	(19,069.58)	19,069.58	-	-	Interest
02/27/23	56,915.25		56,915.25	63,962.61	Disbursement
03/02/23	(18,213.10)	18,213.10	-	-	Interest
03/22/23	28,564.82		28,564.82	32,023.99	Disbursement
04/04/23	(20,371.23)	20,371.23	-	-	Interest
04/25/23	23,580.98		23,580.98	26,352.09	Disbursement
04/27/23	100,169.18		100,169.18	111,918.81	Disbursement
05/02/23	(19,557.99)	19,557.99	-	-	Interest
05/19/23	(100,169.18)		(100,169.18)	(111,680.14)	Returned item
05/24/23	32,183.63		32,183.63	35,864.61	Disbursement
05/25/23	92,700.00		92,700.00	103,292.48	Disbursement
06/02/23	(20,024.12)	20,024.12	-	-	Interest
06/05/23	299,207.65		299,207.65	333,073.62	Disbursement
07/03/23	457,393.89		457,393.89	507,782.72	Disbursement
07/05/23	(20,494.00)	20,494.00	-	-	Interest
07/05/23	7,585.00		7,585.00	8,418.97	Disbursement
07/27/23	406,753.83		406,753.83	450,513.47	Disbursement
08/02/23	(19,335.87)	19,335.87	-	-	Interest
08/25/23	129,253.49		129,253.49	142,770.48	Disbursement
08/28/23	(15,987.25)		(15,987.25)	(17,654.01)	Returned item
09/05/23	(18,180.83)	18,180.83	-	-	Interest
09/27/23	888,070.07		888,070.07	977,900.83	Disbursement
10/03/23	(16,901.16)	16,901.16	-	-	Interest
10/04/23	24,844.55		24,844.55	27,339.07	Disbursement
10/17/23	182,646.27		182,646.27	200,731.50	Disbursement
11/02/23	(13,701.05)	13,701.05	-	-	Interest
11/08/23	209,507.81		209,507.81	229,784.09	Disbursement
11/13/23	5,194.87		5,194.87	5,694.87	Disbursement
12/04/23	(12,248.29)	12,248.29	-	-	Interest
12/08/23	558,423.05		558,423.05	610,687.17	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

		Actual Earnings			
Date	**Principal Amounts**	**Interest**	**Total**	**Future Value**	**Description**
12/11/23	1,010.00		1,010.00	1,104.21	Disbursement
01/03/24	(10,497.62)	10,497.62	-	-	Interest
01/08/24	788,868.69		788,868.69	860,192.99	Disbursement
01/30/24	619,756.50		619,756.50	674,349.64	Disbursement
02/02/24	(7,048.68)	7,048.68	-	-	Interest
03/04/24	(3,228.58)	3,228.58	-	-	Interest
03/07/24	842,403.31		842,403.31	913,323.92	Disbursement
06/30/25	0.00		0.00	0.00	Remaining balance
06/30/26	-		-	-	Remaining balance
			(1,029,618.73)	(1,029,618.73)	Accumulated interest
	$ -	$ 1,029,618.73	$ 0.00	$ (3,487,374.25)	

Actual Earnings	$ 1,029,618.73
Allowable Earnings	3,487,374.25
December 21, 2016 - June 30, 2026 Arbitrage Earnings	**$ (2,457,755.52)**

Mid-Peninsula Water District
$33,100,000 COP, Series 2025 Computation Date 06/30/26
Computation of Arbitrage Earnings Bond Yield 4.006244%
Project Fund
Computation as of June 30, 2026

		Actual Earnings				
Date	**Principal Amounts**	**Interest**	**Gain (Loss)**	**Total**	**Future Value**	**Description**
04/01/25	$ (33,000,000.00)			$ (33,000,000.00)	$ (34,687,906.41)	Bond Proceeds
05/02/25	(106,281.28)	$ 106,281.28		-	-	Interest
05/12/25	208,370.01	(208,370.01)		-	-	Prepaid interest
06/02/25	(58,697.51)	58,697.51		-	-	Interest
06/03/25	(43,043.28)	43,043.28		-	-	Interest
06/30/25	(48,375.63)	48,375.63		-	-	Interest
07/02/25	(4,388.65)	4,388.65		-	-	Interest
07/07/25	(28,814.53)			(28,814.53)	(29,967.03)	Transfer from COI Fund
07/22/25	10,745.64			10,745.64	11,156.83	Requisition #1
07/31/25	(110,949.97)	110,949.97		-	-	Interest
08/04/25	(4,869.18)	4,869.18		-	-	Interest
08/06/25	(6.30)	6.30		-	-	Interest - Residual from COI Fur
08/29/25	38,850.51			38,850.51	40,171.67	Requisition #2
09/02/25	(94,024.18)	97,949.60	$ (3,925.42)	-	-	Interest
09/02/25	600.00			600.00	620.20	Requisition #2
09/03/25	(7,517.64)	7,517.64		-	-	Interest
09/18/25	84,712.00			84,712.00	87,408.04	Requisition #3
09/24/25	689,764.15			689,764.15	711,242.27	Requistion #4
09/30/25	(97,191.30)	94,947.58	2,243.72	-	-	Interest
10/02/25	(9,277.54)			(9,277.54)	(9,557.93)	Interest
10/27/25	11,957.67	-		11,957.67	12,284.89	Requisition #5
10/28/25	54,955.75	-		54,955.75	56,453.33	Requisition #5
10/30/25	(21,068.23)	21,068.23		-	-	Interest
10/31/25	(417.50)			(417.50)	(428.78)	Returned payment
10/31/25	(55,530.64)			(55,530.64)	(57,031.22)	Interest
11/04/25	(10,564.53)			(10,564.53)	(10,845.19)	Interest
11/20/25	113,674.32			113,674.32	116,486.96	Requisition #6
11/24/25	3,040.00			3,040.00	3,113.83	Requisition #6
12/01/25	(66,290.58)	58,697.51	7,593.07	-	-	Interest
12/02/25	(12,995.14)			(12,995.14)	(13,298.94)	Interest
12/17/25	19,842.77			19,842.77	20,272.84	Requisition #7
12/19/25	10,165.00			10,165.00	10,383.01	Requisition #7
12/31/25	(73,756.28)	48,375.63	25,380.65	-	-	Interest
01/05/26	(16,367.68)	16,367.68		-	-	Interest
02/02/26	(103,615.48)	104,536.26	(920.78)	(0.00)	(0.00)	Interest
02/03/26	(19,041.26)			(19,041.26)	(19,354.79)	Interest
02/03/26	120,994.99			120,994.99	122,987.25	Requisition #8
03/02/26	(76,616.22)	78,961.26	(2,345.04)	(0.00)	(0.00)	Interest
03/03/26	(20,533.83)	20,533.83		-	-	Interest
03/06/26	85,452.44			85,452.44	86,541.60	Requisition #9
03/31/26	(77,238.66)	79,385.02	(2,146.36)	-	-	Interest
04/01/26	69,424.10			69,424.10	70,113.96	Requisition #10
04/02/26	(24,546.79)			(24,546.79)	(24,787.95)	Interest
04/23/26	61,778.50			61,778.50	62,240.07	Requisition #11
04/30/26	(107,336.71)	55,530.64	51,806.07	-	-	Interest
05/04/26	(25,581.55)			(25,581.55)	(25,741.20)	Interest
05/21/26	92,595.75			92,595.75	92,997.83	Requisition #12
06/01/26	(99,705.67)	43,158.13	56,547.54	-	-	Interest
06/02/26	(30,939.22)			(30,939.22)	(31,035.61)	Interest
06/12/26	26,996.75			26,996.75	27,050.79	Requisition #13
06/15/26	96,667.25			96,667.25	96,828.48	Requisition #13
06/30/26	(103,948.43)	46,328.13	57,620.30	-	-	Interest
06/30/26	32,758,943.79			32,758,943.79	32,758,943.79	Remaining balance
06/30/25			-	(1,133,452.68)	(1,133,452.68)	Accumulated interest
	$ -	$ 941,598.93	$ 191,853.75	$ -	$ (1,656,110.10)	

Mid-Peninsula Water District
$33,100,000 COP, Series 2025 Computation Date 06/30/26
Computation of Arbitrage Earnings Bond Yield 4.006244%
Project Fund
Computation as of June 30, 2026

		Actual Earnings				
Date	**Principal Amounts**	**Interest**	**Gain (Loss)**	**Total**	**Future Value**	**Description**
				Actual Earnings	$ 1,133,452.68	
				Allowable Earnings	1,656,110.10	
				April 1, 2025 -June 30, 2026 Arbitrage Earnings	**$ (522,657.42)**	

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

Date	Principal Amounts	Actual Earnings Interest	Total	Future Value	Description
12/21/16	$ (19,143,020.82)		$ (19,143,020.82)	$ (26,700,375.53)	Bond Proceeds
01/04/17	(1,592.22)	1,592.22	-	-	Interest
02/02/17	(5,476.43)	5,476.43	-	-	Interest
03/02/17	(5,536.64)	5,536.64	-	-	Interest
03/20/17	(42,910.53)		(42,910.53)	(59,336.25)	Transfer from COI
04/04/17	(7,358.92)	7,358.92	-	-	Interest
04/05/17	(10.27)	10.27	-	-	Interest
05/02/17	(8,755.93)	8,755.93	-	-	Interest
06/02/17	(10,144.37)	10,144.37	-	-	Interest
06/09/17	268,386.44		268,386.44	368,287.95	Disbursement
07/05/17	(11,186.81)	11,186.81	-	-	Interest
07/10/17	37,411.14		37,411.14	51,182.50	Disbursement
08/02/17	(13,178.04)		(13,178.04)	(17,990.54)	Interest
08/03/17	12,535.11		12,535.11	17,111.16	Disbursement
08/07/17	25,180.22		25,180.22	34,359.13	Disbursement
08/18/17	30,230.46		30,230.46	41,206.32	Disbursement
08/28/17	8,286.70		8,286.70	11,284.42	Disbursement
09/05/17	(13,889.47)	13,889.47	-	-	Interest
09/21/17	26,923.33		26,923.33	36,581.14	Disbursement
09/22/17	3,606.12		3,606.12	4,899.21	Disbursement
10/03/17	(13,740.78)	13,740.78	-	-	Interest
10/05/17	31,325.20		31,325.20	42,504.24	Disbursement
11/02/17	(14,584.55)	14,584.55	-	-	Interest
11/02/17	86,634.51		86,634.51	117,244.23	Disbursement
11/17/17	150,150.13		150,150.13	202,905.65	Disbursement
11/20/17	10,795.00		10,795.00	14,583.60	Disbursement
11/24/17	22,242.35		22,242.35	30,036.83	Disbursement
12/04/17	(14,615.74)	14,615.74	-	-	Interest
12/08/17	39,585.19		39,585.19	53,384.62	Disbursement
12/11/17	220,599.00		220,599.00	297,413.40	Disbursement
12/18/17	110,125.56		110,125.56	148,371.38	Disbursement
01/03/18	(16,315.52)	16,315.52	-	-	Interest
01/11/18	53,664.36		53,664.36	72,140.42	Disbursement
01/29/18	262,084.20		262,084.20	351,702.12	Disbursement
02/02/18	(17,717.32)	17,717.32	-	-	Interest
02/23/18	221,300.77		221,300.77	296,282.26	Disbursement
03/02/18	(17,140.20)	17,140.20	-	-	Interest
03/16/18	34,045.98		34,045.98	45,479.88	Disbursement
03/23/18	246,673.77		246,673.77	329,292.19	Disbursement
04/03/18	(20,666.32)	20,666.32	-	-	Interest
04/26/18	86,351.50		86,351.50	114,904.66	Disbursement
04/26/18	351,118.89		351,118.89	467,220.56	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
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Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

Date	Principal Amounts	Actual Earnings Interest	Total	Future Value	Description
05/02/18	(21,315.01)	21,315.01	-	-	Interest
05/23/18	418,903.86		418,903.86	555,960.91	Disbursement
06/04/18	(22,792.33)		(22,792.33)	(30,217.26)	Interest
06/27/18	122,821.81		122,821.81	162,469.76	Disbursement
07/03/18	(22,571.92)	22,571.92	-	-	Interest
07/05/18	226,879.38		226,879.38	299,885.13	Disbursement
07/25/18	119,773.67		119,773.67	158,007.76	Disbursement
08/04/18	(24,003.89)	24,003.89	-	-	Interest
08/15/18	38,178.01		38,178.01	50,267.52	Disbursement
08/16/18	6,032.98		6,032.98	7,942.62	Disbursement
08/28/18	11,807.90		11,807.90	15,527.41	Disbursement
09/05/18	(24,700.72)	24,700.72	-	-	Interest
09/26/18	58,628.94		58,628.94	76,887.97	Disbursement
09/27/18	122,798.89		122,798.89	161,026.98	Disbursement
10/01/18	466,328.40		466,328.40	611,262.16	Disbursement
10/02/18	(24,735.82)	24,735.82	-	-	Interest
10/19/18	19,845.01		19,845.01	25,967.40	Disbursement
10/22/18	153,875.43		153,875.43	201,288.95	Disbursement
11/02/18	(26,088.52)	26,088.52	-	-	Interest
11/08/18	43,628.02		43,628.02	56,982.55	Disbursement
11/21/18	22,601.27		22,601.27	29,482.30	Disbursement
11/23/18	11,405.00		11,405.00	14,874.40	Disbursement
12/04/18	(25,995.52)	25,995.52	-	-	Interest
01/03/19	(28,006.89)	28,006.89	-	-	Interest
01/08/19	20,215.13		20,215.13	26,249.70	Disbursement
01/09/19	14,085.00		14,085.00	18,287.84	Disbursement
01/24/19	40,238.00		40,238.00	52,168.69	Disbursement
01/25/19	15,740.00		15,740.00	20,404.98	Disbursement
02/04/19	(29,282.07)	29,282.07	-	-	Interest
02/14/19	23,824.51		23,824.51	30,828.66	Disbursement
02/15/19	259,773.93		259,773.93	336,112.07	Disbursement
03/04/19	(26,381.68)	26,381.68	-	-	Interest
03/22/19	99,272.25		99,272.25	127,984.43	Disbursement
03/27/19	35,657.89		35,657.89	45,948.80	Disbursement
03/28/19	155,132.18		155,132.18	199,884.13	Disbursement
04/02/19	(29,011.69)	29,011.69	-	-	Interest
04/08/19	24,817.90		24,817.90	31,946.26	Disbursement
04/09/19	22,330.50		22,330.50	28,741.62	Disbursement
04/29/19	29,041.01		29,041.01	37,306.26	Disbursement
05/02/19	(27,609.00)	27,609.00	-	-	Interest
05/24/19	265,443.06		265,443.06	340,163.57	Disbursement
05/28/19	2,267.50		2,267.50	2,904.66	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

		Actual Earnings			
Date	**Principal Amounts**	**Interest**	**Total**	**Future Value**	**Description**
06/04/19	(28,222.64)	28,222.64	-	-	Interest
06/17/19	28,863.19		28,863.19	36,905.53	Disbursement
06/18/19	59,412.34		59,412.34	75,959.42	Disbursement
07/02/19	(25,948.47)	25,948.47	-	-	Interest
07/03/19	244,782.70		244,782.70	312,502.57	Disbursement
07/24/19	15,587.25		15,587.25	19,859.00	Disbursement
07/25/19	290.92		290.92	370.61	Disbursement
08/02/19	(25,075.09)	25,075.09	-	-	Interest
08/15/19	137,358.30		137,358.30	174,645.66	Disbursement
09/04/19	(23,675.11)	23,675.11	-	-	Interest
09/16/19	81,053.00		81,053.00	102,746.15	Disbursement
09/27/19	775,101.20		775,101.20	981,502.25	Disbursement
10/02/19	(21,534.12)	21,534.12	-	-	Interest
10/25/19	331,796.45		331,796.45	419,010.24	Disbursement
11/01/19	(11,341.37)	11,341.37	-	-	Deposit
11/04/19	(19,095.37)	19,095.37	-	-	Interest
11/21/19	428,166.86		428,166.86	539,349.45	Disbursement
11/22/19	4,595.00		4,595.00	5,787.63	Disbursement
12/03/19	(16,526.88)	16,526.88	-	-	Interest
12/20/19	327,219.31		327,219.31	411,030.44	Disbursement
12/23/19	1,852.50		1,852.50	2,326.31	Disbursement
01/03/20	(15,499.99)	15,499.99	-	-	Interest
01/28/20	15,659.44		15,659.44	19,597.91	Disbursement
01/29/20	17,802.15		17,802.15	22,277.37	Disbursement
02/04/20	(14,944.36)	14,944.36	-	-	Interest
02/25/20	148,138.76		148,138.76	184,911.74	Disbursement
02/26/20	12,296.47		12,296.47	15,347.37	Disbursement
03/03/20	(13,831.38)	13,831.38	-	-	Interest
03/25/20	43,466.75		43,466.75	54,098.93	Disbursement
03/26/20	8,543.95		8,543.95	10,632.81	Disbursement
04/02/20	(9,373.59)	9,373.59	-	-	Interest
04/27/20	20,414.63		20,414.63	25,329.37	Disbursement
04/28/20	11,647.55		11,647.55	14,450.25	Disbursement
05/04/20	(2,760.68)	2,760.68	-	-	Interest
05/21/20	38,356.13		38,356.13	47,479.52	Disbursement
05/22/20	4,250.00		4,250.00	5,260.39	Disbursement
06/01/20	(1,137.00)	1,137.00	-	-	Interest
06/02/20	91,305.13		91,305.13	112,902.39	Disbursement
06/17/20	2,838.95		2,838.95	3,505.37	Disbursement
06/24/20	195,026.68		195,026.68	240,643.90	Disbursement
07/02/20	(779.79)	779.79	-	-	Interest
07/14/20	175,800.85		175,800.85	216,500.52	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

Date	Principal Amounts	Actual Earnings Interest	Total	Future Value	Description
07/15/20	6,892.50		6,892.50	8,487.36	Disbursement
08/04/20	(642.22)	642.22	-	-	Interest
08/25/20	49,036.95		49,036.95	60,149.72	Disbursement
08/26/20	520.00		520.00	637.78	Disbursement
09/02/20	(282.34)	282.34	-	-	Interest
09/14/20	69,712.83		69,712.83	85,353.66	Disbursement
09/15/20	3,825.00		3,825.00	4,682.73	Disbursement
09/30/20	(4,250.00)		(4,250.00)	(5,195.46)	Cancelled Check
10/01/20	4,250.00		4,250.00	5,194.96	Disbursement
10/02/20	(93.90)	93.90	-	-	Interest
10/16/20	51,151.31		51,151.31	62,433.49	Disbursement
10/19/20	13,162.00		13,162.00	16,060.40	Disbursement
11/03/20	(96.56)		(96.56)	(117.66)	Interest
11/06/20	(14,467.70)		(14,467.70)	(17,624.53)	Transfer in
11/30/20	(5,754.00)		(5,754.00)	(6,993.21)	Cancelled Check
12/01/20	37,439.05		37,439.05	45,497.68	Disbursement
12/02/20	(93.30)	93.30	-	-	Interest
12/02/20	6,604.00		6,604.00	8,024.71	Disbursement
12/18/20	26,369.44		26,369.44	31,992.55	Disbursement
12/21/20	1,800.00		1,800.00	2,183.20	Disbursement
01/05/21	(95.98)	95.98	-	-	Interest
01/21/21	306,305.23		306,305.23	370,434.75	Disbursement
01/22/21	12,605.00		12,605.00	15,242.56	Disbursement
02/02/21	(94.84)	94.84	-	-	Interest
02/23/21	71,421.32		71,421.32	86,106.64	Disbursement
02/24/21	5,258.00		5,258.00	6,338.51	Disbursement
03/02/21	(83.93)	83.93	-	-	Interest
03/08/21	27,618.33		27,618.33	33,248.65	Disbursement
04/05/21	(98.48)	98.48	-	-	Interest
04/12/21	28,977.41		28,977.41	34,769.89	Disbursement
04/14/21	2,636.34		2,636.34	3,162.72	Disbursement
04/22/21	75,334.44		75,334.44	90,305.85	Disbursement
04/23/21	2,420.00		2,420.00	2,900.65	Disbursement
05/04/21	(88.98)	88.98	-	-	Interest
05/14/21	7,490.25		7,490.25	8,959.66	Disbursement
05/17/21	36,341.28		36,341.28	43,457.93	Disbursement
06/02/21	(58.88)	58.88	-	-	Interest
06/03/21	(76,845.83)		(76,845.83)	(91,751.84)	Deposit
06/22/21	172,227.86		172,227.86	205,256.63	Disbursement
06/23/21	1,852.50		1,852.50	2,207.55	Disbursement
07/02/21	(37.99)	37.99	-	-	Interest
07/21/21	325,056.87		325,056.87	386,305.59	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

		Actual Earnings			
Date	**Principal Amounts**	**Interest**	**Total**	**Future Value**	**Description**
07/22/21	62,391.06		62,391.06	74,139.88	Disbursement
07/29/21	15,459.00		15,459.00	18,357.60	Disbursement
08/03/21	(88.98)	88.98	-	-	Interest
08/19/21	422,291.06		422,291.06	500,499.38	Disbursement
09/02/21	(85.22)	85.22	-	-	Interest
10/04/21	(80.40)	80.40	-	-	Interest
10/05/21	523,667.12		523,667.12	617,886.06	Disbursement
10/28/21	221,049.84		221,049.84	260,239.98	Disbursement
10/29/21	525.00		525.00	618.02	Disbursement
11/02/21	(79.02)	79.02	-	-	Interest
11/12/21	319,416.63		319,416.63	375,535.80	Disbursement
11/15/21	612.50		612.50	719.90	Disbursement
12/02/21	(72.48)	72.48	-	-	Interest
12/17/21	185,959.94		185,959.94	217,890.47	Disbursement
01/04/22	(73.48)	73.48	-	-	Interest
02/02/22	(72.50)	72.50	-	-	Interest
02/02/22	42,200.76		42,200.76	49,231.46	Disbursement
02/07/22	7,179.00		7,179.00	8,370.97	Disbursement
03/02/22	(70.77)	70.77	-	-	Interest
03/02/22	23,343.75		23,343.75	27,153.68	Disbursement
03/11/22	19,881.76		19,881.76	23,106.47	Disbursement
04/04/22	(494.42)	494.42	-	-	Interest
04/29/22	48,903.69		48,903.69	56,571.49	Disbursement
05/02/22	42,048.00		42,048.00	48,626.71	Disbursement
05/02/22	(47,568.25)		(47,568.25)	(55,010.65)	Returned item
05/02/22	3,586.00		3,586.00	4,147.06	Disbursement
05/03/22	(1,475.56)	1,475.56	-	-	Interest
05/06/22	250,897.87		250,897.87	290,040.06	Disbursement
05/09/22	77,111.15		77,111.15	89,115.20	Disbursement
05/31/22	140,086.68		140,086.68	161,564.68	Disbursement
06/02/22	(3,511.75)	3,511.75	-	-	Interest
06/02/22	234,279.50		234,279.50	270,146.65	Disbursement
06/23/22	507,770.83		507,770.83	584,316.38	Disbursement
07/05/22	(5,155.79)	5,155.79	-	-	Interest
08/02/22	(7,399.55)	7,399.55	-	-	Interest
08/02/22	521,555.34		521,555.34	597,911.83	Disbursement
08/03/22	25,831.58		25,831.58	29,610.49	Disbursement
09/02/22	(9,929.08)	9,929.08	-	-	Interest
09/07/22	215,412.38		215,412.38	246,111.79	Disbursement
09/30/22	91,581.25		91,581.25	104,399.65	Disbursement
10/03/22	118,893.14		118,893.14	135,494.87	Disbursement
10/04/22	(12,124.83)	12,124.83	-	-	Interest

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

Date	Principal Amounts	Actual Earnings Interest	Total	Future Value	Description
10/24/22	45,874.84		45,874.84	52,174.18	Disbursement
10/27/22	195,181.00		195,181.00	221,917.82	Disbursement
11/02/22	(14,547.59)	14,547.59	-	-	Interest
11/21/22	113,795.69		113,795.69	129,082.99	Disbursement
12/02/22	(16,828.16)	16,828.16	-	-	Interest
12/09/22	104,356.67		104,356.67	118,169.35	Disbursement
12/30/22	12,924.19		12,924.19	14,605.05	Disbursement
12/30/22	2,077.00		2,077.00	2,347.12	Disbursement
01/03/23	340,590.58		340,590.58	384,774.12	Disbursement
01/04/23	(18,806.15)	18,806.15	-	-	Interest
01/31/23	15,513.89		15,513.89	17,480.59	Disbursement
02/01/23	50,839.96		50,839.96	57,279.40	Disbursement
02/02/23	(19,069.58)	19,069.58	-	-	Interest
02/27/23	56,915.25		56,915.25	63,962.61	Disbursement
03/02/23	(18,213.10)	18,213.10	-	-	Interest
03/22/23	28,564.82		28,564.82	32,023.99	Disbursement
04/04/23	(20,371.23)	20,371.23	-	-	Interest
04/25/23	23,580.98		23,580.98	26,352.09	Disbursement
04/27/23	100,169.18		100,169.18	111,918.81	Disbursement
05/02/23	(19,557.99)	19,557.99	-	-	Interest
05/19/23	(100,169.18)		(100,169.18)	(111,680.14)	Returned item
05/24/23	32,183.63		32,183.63	35,864.61	Disbursement
05/25/23	92,700.00		92,700.00	103,292.48	Disbursement
06/02/23	(20,024.12)	20,024.12	-	-	Interest
06/05/23	299,207.65		299,207.65	333,073.62	Disbursement
07/03/23	457,393.89		457,393.89	507,782.72	Disbursement
07/05/23	(20,494.00)	20,494.00	-	-	Interest
07/05/23	7,585.00		7,585.00	8,418.97	Disbursement
07/27/23	406,753.83		406,753.83	450,513.47	Disbursement
08/02/23	(19,335.87)	19,335.87	-	-	Interest
08/25/23	129,253.49		129,253.49	142,770.48	Disbursement
08/28/23	(15,987.25)		(15,987.25)	(17,654.01)	Returned item
09/05/23	(18,180.83)	18,180.83	-	-	Interest
09/27/23	888,070.07		888,070.07	977,900.83	Disbursement
10/03/23	(16,901.16)	16,901.16	-	-	Interest
10/04/23	24,844.55		24,844.55	27,339.07	Disbursement
10/17/23	182,646.27		182,646.27	200,731.50	Disbursement
11/02/23	(13,701.05)	13,701.05	-	-	Interest
11/08/23	209,507.81		209,507.81	229,784.09	Disbursement
11/13/23	5,194.87		5,194.87	5,694.87	Disbursement
12/04/23	(12,248.29)	12,248.29	-	-	Interest
12/08/23	558,423.05		558,423.05	610,687.17	Disbursement

Mid-Peninsula Water District
$18,570,000 COP, Series 2016
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 3.498417%

		Actual Earnings			
Date	**Principal Amounts**	**Interest**	**Total**	**Future Value**	**Description**
12/11/23	1,010.00		1,010.00	1,104.21	Disbursement
01/03/24	(10,497.62)	10,497.62	-	-	Interest
01/08/24	788,868.69		788,868.69	860,192.99	Disbursement
01/30/24	619,756.50		619,756.50	674,349.64	Disbursement
02/02/24	(7,048.68)	7,048.68	-	-	Interest
03/04/24	(3,228.58)	3,228.58	-	-	Interest
03/07/24	842,403.31		842,403.31	913,323.92	Disbursement
06/30/25	0.00		0.00	0.00	Remaining balance
06/30/26	-		-	-	Remaining balance
			(1,029,618.73)	(1,029,618.73)	Accumulated interest
	$ -	$ 1,029,618.73	$ 0.00	$ (3,487,374.25)	

Actual Earnings	$ 1,029,618.73
Allowable Earnings	3,487,374.25
December 21, 2016 - June 30, 2026 Arbitrage Earnings	**$ (2,457,755.52)**

Mid-Peninsula Water District
$33,100,000 COP, Series 2025 Computation Date 06/30/26
Computation of Arbitrage Earnings Bond Yield 4.006244%
Project Fund
Computation as of June 30, 2026

		Actual Earnings				
Date	**Principal Amounts**	**Interest**	**Gain (Loss)**	**Total**	**Future Value**	**Description**
04/01/25	$ (33,000,000.00)			$ (33,000,000.00)	$ (34,687,906.41)	Bond Proceeds
05/02/25	(106,281.28)	$ 106,281.28		-	-	Interest
05/12/25	208,370.01	(208,370.01)		-	-	Prepaid interest
06/02/25	(58,697.51)	58,697.51		-	-	Interest
06/03/25	(43,043.28)	43,043.28		-	-	Interest
06/30/25	(48,375.63)	48,375.63		-	-	Interest
07/02/25	(4,388.65)	4,388.65		-	-	Interest
07/07/25	(28,814.53)			(28,814.53)	(29,967.03)	Transfer from COI Fund
07/22/25	10,745.64			10,745.64	11,156.83	Requisition #1
07/31/25	(110,949.97)	110,949.97		-	-	Interest
08/04/25	(4,869.18)	4,869.18		-	-	Interest
08/06/25	(6.30)	6.30		-	-	Interest - Residual from COI Fur
08/29/25	38,850.51			38,850.51	40,171.67	Requisition #2
09/02/25	(94,024.18)	97,949.60	$ (3,925.42)	-	-	Interest
09/02/25	600.00			600.00	620.20	Requisition #2
09/03/25	(7,517.64)	7,517.64		-	-	Interest
09/18/25	84,712.00			84,712.00	87,408.04	Requisition #3
09/24/25	689,764.15			689,764.15	711,242.27	Requistion #4
09/30/25	(97,191.30)	94,947.58	2,243.72	-	-	Interest
10/02/25	(9,277.54)			(9,277.54)	(9,557.93)	Interest
10/27/25	11,957.67	-		11,957.67	12,284.89	Requisition #5
10/28/25	54,955.75	-		54,955.75	56,453.33	Requisition #5
10/30/25	(21,068.23)	21,068.23		-	-	Interest
10/31/25	(417.50)			(417.50)	(428.78)	Returned payment
10/31/25	(55,530.64)			(55,530.64)	(57,031.22)	Interest
11/04/25	(10,564.53)			(10,564.53)	(10,845.19)	Interest
11/20/25	113,674.32			113,674.32	116,486.96	Requisition #6
11/24/25	3,040.00			3,040.00	3,113.83	Requisition #6
12/01/25	(66,290.58)	58,697.51	7,593.07	-	-	Interest
12/02/25	(12,995.14)			(12,995.14)	(13,298.94)	Interest
12/17/25	19,842.77			19,842.77	20,272.84	Requisition #7
12/19/25	10,165.00			10,165.00	10,383.01	Requisition #7
12/31/25	(73,756.28)	48,375.63	25,380.65	-	-	Interest
01/05/26	(16,367.68)	16,367.68		-	-	Interest
02/02/26	(103,615.48)	104,536.26	(920.78)	(0.00)	(0.00)	Interest
02/03/26	(19,041.26)			(19,041.26)	(19,354.79)	Interest
02/03/26	120,994.99			120,994.99	122,987.25	Requisition #8
03/02/26	(76,616.22)	78,961.26	(2,345.04)	(0.00)	(0.00)	Interest
03/03/26	(20,533.83)	20,533.83		-	-	Interest
03/06/26	85,452.44			85,452.44	86,541.60	Requisition #9
03/31/26	(77,238.66)	79,385.02	(2,146.36)	-	-	Interest
04/01/26	69,424.10			69,424.10	70,113.96	Requisition #10
04/02/26	(24,546.79)			(24,546.79)	(24,787.95)	Interest
04/23/26	61,778.50			61,778.50	62,240.07	Requisition #11
04/30/26	(107,336.71)	55,530.64	51,806.07	-	-	Interest
05/04/26	(25,581.55)			(25,581.55)	(25,741.20)	Interest
05/21/26	92,595.75			92,595.75	92,997.83	Requisition #12
06/01/26	(99,705.67)	43,158.13	56,547.54	-	-	Interest
06/02/26	(30,939.22)			(30,939.22)	(31,035.61)	Interest
06/12/26	26,996.75			26,996.75	27,050.79	Requisition #13
06/15/26	96,667.25			96,667.25	96,828.48	Requisition #13
06/30/26	(103,948.43)	46,328.13	57,620.30	-	-	Interest
06/30/26	32,758,943.79			32,758,943.79	32,758,943.79	Remaining balance
06/30/25			-	(1,133,452.68)	(1,133,452.68)	Accumulated interest
	$ -	$ 941,598.93	$ 191,853.75	$ -	$ (1,656,110.10)	

Mid-Peninsula Water District
$33,100,000 COP, Series 2025
Computation of Arbitrage Earnings
Project Fund
Computation as of June 30, 2026

Computation Date 06/30/26
Bond Yield 4.006244%

Date	Principal Amounts	Actual Earnings Interest	Actual Earnings Gain (Loss)	Total		Future Value	Description
				Actual Earnings	$	1,133,452.68	
				Allowable Earnings		1,656,110.10	
				April 1, 2025 -June 30, 2026 Arbitrage Earnings	**$**	**(522,657.42)**	

MEMORANDUM

To:Mid-Peninsula Water District Board of Directors and District Treasurer

From:James Ramsey, Managing Director, Government Advisory Services, Eide Bailly LLP

Date:September 1, 2026

Subject:Recommended Redlines to the MPWD Financial Management Policy Manual (Resolution 2024-05, adopted April 25, 2024)

Purpose and scope

This memorandum recommends revisions to the District's Financial Management Policy Manual, reviewed from two perspectives: a member of the Board of Directors responsible for governance and fiduciary oversight, and the District Treasurer responsible for custody, cash controls, and investment reporting. The manual is a strong first consolidation of seven predecessor resolutions and it establishes a credible COSO-based control framework. The recommendations below are refinements, not a rewrite.

The recommendations fall into three groups: governance and Board oversight provisions that should be strengthened before the next biennial review; control provisions where the current language is either weaker than practice requires or internally inconsistent; and drafting corrections where the text as adopted contains conflicting figures, broken cross-references, or residual editing artifacts. Proposed language is offered as a starting point for District Counsel review; dollar thresholds shown in brackets are for Board determination.

Note on the reviewed file: the copy provided was labeled as containing reviewer comments, but the document contains no embedded comments, highlights, or markup. The observations below are my own, based on the full text of the adopted manual.

Priority recommendations

If the Board advances only a handful of changes at the next review, these eight carry the most risk reduction per page of amendment: define the District Treasurer's role and charter the Finance Committee; correct the check-signing tier that permits a single signature; lower the wire-transfer verification threshold and add vendor banking-change controls; raise the internal debt service coverage floor to at least the 1.30 bond covenant; place dollar limits and reporting requirements around reserve draws, emergency contracts, and billing adjustments; make quarterly investment reporting to the Board mandatory rather than permissive; add fidelity or crime bond and cyber liability coverage requirements; and consolidate every dollar threshold into an appendix that the Board can update by resolution.

Part I. Governance and Board oversight

The provisions in this part concern what the Board sees, when it sees it, and who is accountable for bringing it forward. Bracketed amounts are for Board determination.

Section and issue	Current language	Recommended language
Section 4.1.A - the District Treasurer is named once and never defined. The office has no stated duties, appointment method, or reporting obligation.	"The control environment also includes a Board Finance Committee of three (3) members, two (2) of whom are assigned Board members and the third is the appointed District Treasurer." The Treasurer appears nowhere else in the manual.	Retain the sentence and add a new subsection 4.1.D, District Treasurer: "The Board shall appoint a District Treasurer. The Treasurer serves on the Board Finance Committee, countersigns the quarterly investment report required by Section 5.11.C, reviews the monthly reserve and cash position reports, and reports directly to the Board on any matter affecting the custody, deposit, or investment of District funds. The duties assigned to the Treasurer by this Policy shall not be delegated to the General Manager."
Section 4.1.A - the Finance Committee meets only as needed and reports orally, leaving no written record of its review.	"The Committee meetings are open to the public and scheduled on an as-needed basis. ... Board members orally present summary reports of the Committee meetings at the next regularly scheduled Board meeting."	"The Committee shall operate under a written charter approved by the Board and shall meet no less than quarterly, scheduled to align with the audit entrance and exit conferences, the mid-year budget review, the quarterly investment report, and the annual reserve status report. Written minutes shall be prepared and included in the agenda packet for the next regular Board meeting."
Sections 5.3 and 5.4.B - the manual requires an annual audit but never guarantees the Board direct access to the auditor, the management letter, or the governance communication.	"Assure that an audit contract is in place prior to the close of each fiscal year to ensure a timely audit." / "A financial audit will be conducted each fiscal year."	Add: "The external auditor shall present the audited financial statements, the required governance communication, and any management letter or internal control findings directly to the Board in open session, and shall be afforded the opportunity to meet with the

		Board or the Finance Committee without District staff present. Audit services shall be re-solicited by competitive proposal no less frequently than every five (5) years, with engagement partner rotation."
Section 5.1 - every fraud report that does not implicate the General Manager is investigated by the General Manager, with no independent channel and no mandatory Board notification.	"For claims of fraud not involving the General Manager, the General Manager shall have primary responsibility for investigation of activity covered by this policy."	Add: "The District shall maintain a reporting channel, available anonymously, that routes reports to District Counsel and the Board President independent of District management. No employee or officer shall be subject to retaliation for a good-faith report. The General Manager shall notify the Board Finance Committee of every substantiated instance of fraud, misappropriation, or dishonest activity, regardless of amount, at its next meeting."
Sections 5.6.B, 5.6.C and 5.6.E - reserve draws of any size require only notification of one officer, with ratification after the fact.	"The General Manager will notify the Board President prior to withdrawing and using the necessary funds and seek ratification of the expenditure at the next regular Board Meeting."	"For a draw of [$50,000] or less, the General Manager will notify the Board President prior to withdrawal and seek ratification at the next regular Board meeting. A draw exceeding [$50,000], or cumulative draws exceeding [$150,000] in a fiscal year, requires prior Board approval or, where time does not permit, the concurrence of the Board President and the District Treasurer, with ratification at the next regular meeting. All draws and replenishments shall be reported quarterly."
Section 5.6.A - reserves have targets but no floors, and replenishment is aspirational rather than scheduled.	"Replenishment of reserve and trust plan levels, including consideration of incorporation of minimum targets, and plans for meeting maximum target levels, will be recommended by the General Manager as	"Each reserve shall carry a stated minimum, target, and maximum level. If a reserve falls below its minimum at fiscal year end, the General Manager shall present with the next annual budget a

	part of the District's annual budgeting process."	written replenishment plan that restores the reserve to at least its minimum within [thirty-six (36)] months, and shall report progress against that plan quarterly."
Section 5.10.C - the internal coverage floor sits below the District's own bond covenant, so a financing could satisfy policy and still breach the covenant.	"A debt service coverage ratio requirement of no less than 1.15." Section 2 and Section 5.10.O both state that the 2016 Certificates of Participation require net revenues equal to 1.30 times debt service.	"A debt service coverage ratio of no less than 1.30, and in no event less than the most restrictive coverage covenant then in effect on outstanding District debt. The District shall use an internal planning target of 1.50 in rate studies and capital financing analyses."
Section 5.11.C - investment reporting to the Board is written as optional in both directions.	"[T]he General Manager or their designee may render at least a quarterly report to the Board of Directors. If a report is filed, it shall be submitted within 45 days of the end of the quarter covered by the report."	"The General Manager or their designee shall render a quarterly report to the Board of Directors, countersigned by the District Treasurer, submitted within thirty (30) days of the end of the quarter covered by the report." Retain the existing content requirements, including the compliance statement and the six-month cash flow statement.
Sections 5.11.A, 5.6.F, 5.10.G, 6.1.C, Section 7 and Section 12 - five different review intervals are stated in five places, with no single schedule.	Investment policy "reviewed annually by the Board of Directors at a public meeting"; reserve and debt policies "every two (2) years"; procurement and rates "every five (5) years"; the manual as a whole "every two (2) years."	Add an appendix, Policy Review Calendar, listing each component policy, its review interval, its statutory basis where one exists, and the responsible party, and amend Section 12 to read: "Each component policy shall be reviewed on the interval stated in the Policy Review Calendar appended to this Policy."
Section 5.10 - the Board is never guaranteed a written affordability analysis before authorizing debt.	"Prior approval by the Board of Directors (Board) is required for the issuance of new debt or for the refinancing of existing debt."	Add: "Prior to Board authorization of any new debt, staff shall present a written affordability analysis addressing projected debt service coverage under base and stress scenarios, the resulting rate impact on a typical residential account, debt per connection, and the

		effect of the financing on each reserve target."
Section 7.F.2 - a director's conflict of interest is disclosed to a subordinate officer rather than to the Board and Counsel.	"[T]he staff member shall disclose such interest in writing to the General Manager as soon as possible, or in the case of the General Manager, to the General Counsel, so that the appropriate precautions may be taken."	"A staff member shall disclose such interest in writing to the General Manager. The General Manager shall disclose to District Counsel and the Board President. A member of the Board of Directors shall disclose the interest to District Counsel and on the record at a public meeting, and shall recuse from all participation in the procurement."

Part II. Cash controls, procurement, and budget

These provisions govern the daily mechanics the Treasurer is accountable for, and the contracting authority the Board delegates. Several are internally inconsistent as adopted.

Section and issue	Current language	Recommended language
Section 5.5.B - the middle check tier contradicts the two-signature rule that opens the same subsection. As written, one signature can satisfy it.	"All checks require two (2) authorized signatures." ... "Checks in the amount of $25,001-$99,999: One (1) handwritten signature, which shall be the General Manager's, and/or one (1) authorized computer-generated electronic signature."	"Checks in the amount of $25,001 to $99,999: one (1) handwritten signature, which shall be the General Manager's, and one (1) authorized computer-generated electronic signature." Replace "and/or" with "and" so that no check issues on a single signature.
Section 5.5.B - the largest checks may be signed entirely within management.	"Checks in the amount of $100,000 and greater: Two (2) handwritten signatures, one of which shall be the General Manager's or a Board member."	"Checks in the amount of $100,000 and greater: two (2) handwritten signatures, one of which shall be the General Manager's and one of which shall be a member of the Board of Directors or the District Treasurer."
Section 5.5.G - the verification threshold sits far above the range in which payment fraud actually occurs, and the manual contains no vendor banking-change control at all.	"Any electronic wire transfer transmitted or received by the District exceeding $500,000 should be verified over the telephone as added protection against fraud."	"All outbound electronic wire transfers, and all ACH payment batches, shall require authorization by two (2) individuals and shall be verified by telephone callback to a number already on file for the payee, never to a number supplied in the payment request. Any new payee, or any change to an existing

		payee's banking instructions, shall be verified by the same callback procedure by an employee other than the one who received the request, and the verification shall be documented in the vendor file before the payment is released."
Section 5.5.B - reconciliations may be prepared up to 45 days after the statement arrives, and the only reviewer is the officer who authorizes the disbursements being reconciled.	"Bank Statement reconciliations should be prepared within 45 days after the bank statements are received from the bank and submitted to the General Manager for review."	"Bank statement reconciliations shall be prepared within twenty (20) days after the bank statements are received and submitted to the General Manager for review. Not less than annually, the District Treasurer or the Finance Committee shall review a completed reconciliation and the outstanding check list. The District shall use Positive Pay and ACH debit filters or blocks on all operating accounts where the bank offers them."
Section 5.5.E - billing adjustment authority is open-ended in amount and is never reported.	"A customer will be entitled to a billing adjustment once every five (5) years per service address, or as determined by the General Manager due to a customer's extraordinary or exigent circumstances."	Retain, and add: "An adjustment exceeding [$2,500] requires the concurrence of the Board Finance Committee. The General Manager shall present annually to the Finance Committee a summary of all billing adjustments, credits, and write-offs for the fiscal year, showing counts and dollar totals by approving employee."
Section 5.5.E - the write-off threshold is self-contradictory as drafted.	"De minimis accounts receivable balances (less than THIRTY DOLLARS [$30] or less) will be written off by the District ..."	"Accounts receivable balances of THIRTY DOLLARS ($30) or less will be written off by the District ..." Delete the redundant "less than."
Sections 8.L and 8.O - the cardholder authorizes their own statement, and nothing provides for independent review of the General Manager's card, which carries the largest limit.	"The statement will be forwarded to each cardholder to authorize the approved charges accompanied by all original supporting documentation for all charges." / "The General	Add: "Each cardholder's monthly statement shall be reviewed and approved by that cardholder's supervisor. The General Manager's statement shall be reviewed and approved monthly by the

	Manager's card limit is $50,000."	Board President or the District Treasurer, who shall report exceptions to the Finance Committee. Cash advances, gift cards, and personal purchases are prohibited on District cards."
Sections 7.B.2 and 7.B.3, and the identical structure at 7.C.2 and 7.C.3 - approval authority and solicitation method are stated as if they were alternatives, so the two paragraphs appear to contradict each other.	"Exceeding $50,000. Construction contracts involving an estimated cost of work in excess of FIFTY THOUSAND DOLLARS ($50,000) must be approved by the Board of Directors." followed by "$50,001 - $100,000. ... the award of contract may be based on informal bids obtained by the General Manager."	Restate as one provision: "Contracts exceeding $50,000 must be approved by the Board of Directors. For contracts of $50,001 to $100,000, the solicitation may be by informal written bid, and the General Manager shall obtain at least three (3) informal written bids where possible; formal advertisement is not required. Contracts exceeding $100,000 shall be awarded following a formally advertised sealed bid process."
Section 7.E - emergency contracting authority carries no ceiling and no ratification requirement.	"In cases of emergency, the General Manager is authorized to arrange for public works, purchase of supplies or services, or tools and equipment, without competitive bidding or proposals or prior Board approval ... If possible, the General Manager shall attempt to seek the concurrence of the Board President prior to awarding any contract."	Retain, and add: "The General Manager shall document the emergency in a written finding stating the circumstances, the action taken, and the amount committed. An emergency commitment exceeding [$250,000] shall be presented to the Board for ratification at a special meeting called for that purpose if a regular meeting is not scheduled within [fourteen (14)] days."
Section 7.D - professional services contracts require no competition at any dollar level, and long-tenured providers are never re-solicited.	"Advertisements and competitive bidding are not required for professional service contracts." / "The award of the contract may be based on a competitive negotiation process or Request for Proposals."	"For professional services contracts exceeding [$100,000], or having a term exceeding [three (3)] years, the award shall be based on a documented qualifications-based selection or Request for Proposals. Professional service providers engaged continuously for five (5) years, including the financial auditor, District Engineer, District Counsel, and Municipal Advisor, shall be re-solicited

		by Request for Proposals or Qualifications, subject to the Board's waiver authority under Section 7.I."
Section 7 - "Contingency" is defined in Section 2 but no provision governs change order authority, a material gap for a District administering a capital program financed by the 2016 Certificates of Participation.	No current language. Section 2 defines Contingency as "a predetermined amount or percentage of a contract held for changes in a public works construction project, or professional services agreement."	Add a new Section 7.K, Change Orders: "The General Manager may approve change orders to a Board-approved contract up to a cumulative total of the lesser of ten percent (10%) of the original contract amount or [$50,000], provided appropriated funds are available. Change orders beyond that limit require prior Board approval. All change orders shall be reported to the Board at its next regular meeting."
Section 5.8.E - the manual insures assets but never addresses coverage for the people handling District funds or for a cyber event.	"All capital assets will be adequately insured. An analysis of risk exposure will allow for MPWD to adequately ensure purchases or improvements to absorb losses and structure their insurance purchases accordingly."	Retain, and add: "The District shall maintain fidelity or employee dishonesty coverage, including funds transfer fraud and social engineering coverage, applicable to all officers and employees authorized to handle, disburse, or invest District funds, and shall maintain cyber liability coverage. Coverage limits shall be reviewed annually and reported to the Board Finance Committee."
Section 6.1.D - the closing sentences are garbled and the manual states no structural balance requirement.	"Any budget surplus will be credited to cash reserves. Cash reserves will be utilized for any projected budget under the program."	"The Operating Budget shall be structurally balanced: budgeted operating revenues shall be sufficient to fund operating expenditures, annual debt service, and budgeted reserve contributions without reliance on reserves. Any operating surplus at fiscal year end shall be credited to reserves in the funding rank order stated in Section 5.6.A. Any projected operating deficit shall be presented to the Board with the proposed remedy, which

		may include a reserve draw under Section 5.6.B, expenditure reductions, or a rate adjustment."

Part III. Drafting corrections

These are errors in the adopted text rather than policy choices. They can be corrected as a clean-up amendment without reopening any substantive question.

Location	As adopted	Correction
Section 5.5.A, final bullet	"Petty cash is governed by Section 5.06 (C) below."	"Petty cash is governed by Section 5.5(C) below." There is no Section 5.06.
Section 5.5.C, petty cash restrictions	"The General Manager has the authority to authorize Management employee signatories." - a bullet duplicated from the check-signing provision at Section 5.5.B.	Delete the bullet. It has no application to petty cash and the identical sentence already appears in its correct place.
Section 5.8.A, Existing Infrastructure	The subsection sets the capitalization threshold at "$10,000 or more" with a useful life of two years or more, then illustrates it with "if a generator part costs $15,000 and the related acquisition and installation costs push the cost over $25,000, it falls within this policy."	Conform the example to the stated threshold, or state the intended threshold once and use it throughout. The Board should also confirm the adjacent example treating five computers totaling $12,500 as expensed, since group or network asset treatment would capitalize it.
Section 5.6.A and the Cash Reserves Summary table	Section 5.6.A states the Section 115 Trust target as 100% of projected pension liability "plus 5% contingency"; the summary table and Section 5.6.D omit the contingency and add "or $500,000 if no liability is outstanding."	Align all three statements to a single formulation. The Board should also confirm whether the $500,000 alternative can ever apply to a CalPERS employer, and delete it if not.
Section 2.2 and Section 6.1.B	The 2016 Certificates of Participation are stated as "$18,570,000 Financing Project 12/21/2016" in Section 2.2 and as "totaling $18,750,000 (2016 COP-Certificates of Participation) on December 7, 2016" in Section 6.1.B.	Correct to the actual par amount and closing date from the Official Statement, and use the same figure in both places.
Table of Contents	"I. Integration of Debit" and "F.	"Integration of Debt" and

	Standards in Conduct in Procurements."	"Standards of Conduct in Procurements."

Additional provisions to consider adding

Four items have no counterpart in the current text and so cannot be shown as a redline. Each is a normal component of a district financial policy of this scope.

Budget amendment and transfer authority. Section 5.2 refers to "budget amendments as necessary" and Section 6.1.D describes adoption, but no provision states who may move appropriations between line items or departments, or up to what amount. A short provision granting the General Manager transfer authority within a stated limit, with anything larger reserved to the Board, would close the gap.

Periodic internal control testing. The manual builds a sound COSO framework in Sections 3 and 5.4 but relies entirely on the annual financial audit to verify that the controls operate. A rotating review of the highest-risk cycles - cash receipts, disbursements, payroll, and utility billing adjustments - performed every two or three years by a firm other than the financial auditor and reported to the Finance Committee would give the Board independent assurance between audits.

A schedule of dollar thresholds. The manual hard-codes roughly twenty dollar figures, several of which are already dated: the $8.0 million capital reserve target tied to the 2023 cost analysis, the $1.2 million rate stabilization target, the $200 register balance, the $400 petty cash fund, and the $150,000 aggregate card limit. Moving all of them into a single appendix that the Board updates by resolution would let the District refresh them without reopening the manual.

Continuity for non-delegable duties. Section 5.5.B provides that the General Manager's review of the bank reconciliation "should not be delegated." The provision should name an alternate reviewer - the Board President, the District Treasurer, or the Finance Committee chair - so the control continues to operate during an extended absence or a vacancy.

Suggested next steps

The Board Finance Committee is the natural forum for this work. A practical sequence would be to take up Part III as a consent clean-up amendment, since nothing in it is contested; refer Part I to Counsel for drafting, as the Treasurer and Finance Committee provisions change the governance structure and warrant careful language; and direct staff to return with recommended dollar thresholds for the bracketed items in Parts I and II, informed by the District's actual transaction history. Section 12 calls for review of the manual every two years, which places the next scheduled review in 2026; these items would fit within that cycle.

I am available to work through the proposed language with staff and Counsel, or to present the recommendations to the Finance Committee.