



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

1. Call to Order

Council Member Cheylynda Barnard called the meeting to order at 3:45 pm.
The following attendees were present at the meeting:

Subcommittee Members:

Cheylynda Barnard, Council Member
Edward Delgado, Council Member (alternate for Mayor Cabrera)

Staff Members:

Brian Mohan, City Manager
Launa Jimenez, Assistant City Manager, Administration
Felicia London, Chief Financial Officer/City Treasurer
Christina Zepeda, Executive Assistant
Anna Chacon, Deputy Finance Director, Administration
Vanessa Lecesse, Management Analyst
Ummad Hussain, Senior Administrative Assistant
Zara Terrell, Senior Management Analyst
Valerie Arenas Rey, Special Districts Division Manager
Stephanie Cuff, Senior Management Analyst
Jessica Holstien, Utilities Finance Manager
Salvador Figueroa, Senior Management Analyst
Guadalupe Ramirez, Senior Management Analyst
Sean Kelleher, Assistant City Manager, Development
John Peraza, Assistant to the City Manager
Natalia Medina, Financial Resources Division Manager
Melissa Walker, Director of Public Works
Jason Niccoli, Electric Utility Division Manager

2. Public Comments

None

3. Approval of Minutes

ACTION: Council Member Barnard motioned to approve the meeting minutes of April 22, 2025, and Council Member Delgado seconded to approve the minutes.

4. Action Items

A. MORENO VALLEY PUBLIC FINANCING AUTHORITY ELECTRIC SYSTEMS REVENUE BONDS, SERIES 2026A

Jason Niccoli, Electric Utility Division Manager, provided a report and presentation for the electric series revenue bonds. Jim Fabian, the City's municipal advisor with Fieldman, walked through the presentation and stated in terms of executive summary,



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

Moreno Valley Electric Utility (MVU) is looking to issue approximately \$138 million of Electric System Revenue Bonds Series 2026A. This will be the first inaugural issue of the electric system of MVU based on the enterprise's net revenues that are generated from the operation of the utility. The reason for the financing is to fund approximately \$100 million of new projects for MVU that were identified in the MVU business plan that was presented to the City Council on December 9, 2025. Battery storage is the first project that will be funded. The expansion of the new substation line extensions on the northeast side of the city, in addition to the microgrid and EV infrastructure are all part of the list of projects that will be funded from the proceeds of the bond issue. In addition to that, we are also refunding prior debt of the MVU that was issued by the general fund. As you may recall, MVU has gone through a progression from start-up to getting its feet on the ground, to working through contractual issues, to being in a position now to be able to support its own debt issuance. Part of that process in working with city staff has been to look at refunding the existing debt that was used to fund electric infrastructure. Those were the 2019 lease revenue bonds that were issued. There is approximately \$16 million of that debt left outstanding. We also have lease revenue refunding bonds that were issued; those have about \$23.4 million outstanding. The 2021 Street light refinancing, which was done by Banc of America, which has approximately \$4.9 million. Those are all debts that the MVU pays but are secured by the general fund assets. Part of this bond issue will be not only to provide that funding for the \$100 million for new projects, but to take this existing debt and put it onto the balance sheet of MVU and take it off the balance sheet of the City's general fund. At that same time, free up the assets of the general fund that are pledged to the debt. It's really a two-pronged approach that we're looking at implementing with this financing.

Councilmember Delgado asked for clarification on how the bonds/debt are paid back.

Brian Forbath, the City's partner at Stradling Yocca Carlson & Rauth, explained that the bonds will be paid and secured by a pledge and lien on the net revenues of the electric system, which is essentially gross revenues, all the charges that are charged to customers, less operation and maintenance expenses. There will be a pledge to the bond owners in order to protect the bond owners' interests. There is what we call a rate covenant, where MVU will agree to set rates and charges each year that are budgeted to be at least 1.25 times the debt service on the bonds. Coverage is well in excess of that; it's about three times or more, so that is not an issue. At some point, if there is more debt, there would be a requirement to raise rates in order to satisfy your bond covenants. Additionally, there are covenants against dilution to bond owners, which is called the Additional Bonds test. That says that in order for the city to issue additional bonds secured by this pledge and lien on those revenues, once again, you have to have at least 1.25 times revenues to the debt service on the bonds. The plan is that the bonds will be secured and funded by a debt service reserve fund, which is money, or in this instance, likely an insurance policy that will be purchased by the City that will basically provide a year's worth of debt service on the bonds in case there's a hiccup along the way. The plan is to structure this as a tax-exempt financing so that any investor who buys a bond gets paid interest semi-annually on your investment at a coupon



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

based on what you buy it at, and then you get a return of principal at maturity. The tax-exempt bond means that the interest that you get is exempt from federal income taxes and state income taxes. It's a lot cheaper for the City to borrow this way, and it's a good investment for investors because they don't have to pay taxes on their income. The term of the bond is intended to be 30 years, and it's going to be a fixed-rate bond. One of the important aspects of it is that the existing lease revenue bonds that we're refunding had to be issued on a taxable basis because of the contractual relationship that the City had with ENCO during that time, in terms of managing the system, and they getting a share of the operating revenues of the system. Now that the city has shifted to a new financial model, where you've brought a lot of that inside the house, and you have a fixed contract, fixed paid for services to third parties. We're able to structure this all to tax-exempt financing.

Council Member Delgado inquired about how the rate stabilization fund may be used to meet debt services.

Brian Forbath explained that there is a mechanism that they've built into the documents that allows the City to put unencumbered cash that you may have in reserves into what's called a rate stabilization fund. In years where revenues dipped for whatever reason, and you're going to be bumped up against that rate covenant of 1.25, you'll have the ability to take money out of that rate stabilization fund and count it as capital, or revenues towards meeting that financial covenant. Right now, the plan is not to fund the rate stabilization fund just because the system is so healthy, but we've baked it into the documents and into the structure for the future. These are 30-year bonds, and this is a long system so you will have the flexibility to do that if the Council so decides to.

Council Member Delgado inquired if the City will pass any of these additional costs in this program that may come later to the user, and if the rates will be raised.

Brian Forbath explained that all of the debt service from all of these bonds gets paid from electric charges from sales of kilowatt hours that are current.

James Niccoli, Electric Utility Division Manager, explained that this becomes part of the cost we have to cover from the collection of revenue. There is a debt service cost with borrowing this money, and that debt service cost will become part of the operations cost we have to cover with rates, and that gets captured in the cost of power on the market and everything else that we do. One good thing about this is that the investment of these dollars in the battery technologies that we're trying to buy helps bring down the total cost of energy; the amount of money we have to spend to purchase energy on the market comes down to offset the costs of using to service the debt. Over time, we can keep rates stable and low because of the investments that we're trying to make. We're doing this because we think it's best for the community, in the context of rates and in the context of reliability and renewables. The State requires us to be more renewable over time. The lowest cost renewables on the market are solar. Solar only happens in the middle of the day. We have to capture that energy in the middle of the day and then distribute it at night to levelize the cost of energy for everybody. As an example, the total cost of energy in the middle of the day can be negative. It's very low, about \$10 to \$15



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

a megawatt. But between the period of 4 p.m. and 9 p.m., it can be \$200 to \$400 a megawatt. We have invested a lot of dollars into batteries. We can take that \$15 per megawatt that we're spending on the market to purchase it and then use it during the time when we would otherwise have to pay \$200 to \$400 a megawatt. A big portion of the money that we're trying to borrow is to invest in those types of battery technologies, which help bring down the total cost of energy for the whole community.

Council Member Delgado inquired about the line extension on the northeast end of the city and the microgrids.

James Niccoli explained that there are a number of line extensions. It's actually to try to capture all of the parts parcels on the northeast side. In the northeast area, there is a lot of greenfield development potential. Over time, over the life cycle of this bond, we have to build out our infrastructure in order to capture those projects up there. The idea is to extend the distribution infrastructure up into that area in order to make it more palatable for developers to develop that area. My aim is for every empty parcel in the city, with the exception of small single-family homes and neighborhoods, to be an MVU customer.

Regarding microgrids, we're going to build a microgrid here at the City Hall campus. We're actually getting close to issuing construction projects for here. We're going to build a battery in the dirt area on the other side of the Safety Building. We're going to extend the amount of solar parking both in front of the CRC and in front of and around the police station and the EOC, and integrate that all into a system that makes this campus completely resilient in case of outages. It actually is going to produce so much energy and give us so many options that we can support the neighboring grid as well, not 100% of the time. When we're not having emergencies, I can take the excess energy that's produced here at this campus and use it to offset costs for the community.

Brian Forbath explained that when this comes back to Council on Tuesday, May 5th, there is going to be a variety of documents that will be before council for approval. There are going to be two resolutions. There is a resolution of the City Council, and there is a resolution of the Public Financing Authority. The bonds are going to be issued by the Public Financing Authority on behalf of the City. The total not-to-exceed amount of the bonds is \$150 million. There's a cushion in there just in case interest rates and projects differ. As it's been estimated, it's expected to be about \$138 million total, about approximately \$100 million of which would be new money, and the rest would be the refunding components of it. The City Resolutions and Authority Resolution also set forth general parameters pursuant to which the bonds can be sold, and not-to-exceed interest rates. In other words, it becomes super expensive if the interest rates go up and we have to come back to council. We blow through that parameter that we have and that that current parameter is 5.25% is what we have and there is a not-to-exceed. It also authorizes certain officers and officials to execute documents on behalf of the City to consummate the transactions. It also provides flexibility for the City to go out and purchase municipal bond insurance. Municipal bond insurance is something the City pays



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

for and in return, you get a policy back that guarantees the principal and interest on your bonds to the public. The reason why you do that is because the municipal bond insurers have a higher rating than what the rating on the bonds would be. Accordingly, it'll sell at a lower rate, but you have to pay for that. There's a break-even analysis that Tom Jacob, the City's underwriter, and Jim Fabian, the City's municipal advisor, will run that states the financial benefit of bond insurance, and there will be a decision that the City Manager and others will execute if bond insurance makes sense, but we think it probably will. The other documents before that will be before the Council is the Indenture of Trust. That is the contract between the Authority, the trustee, and bond owners. That tells bond owners how they get paid, when they get paid, what amount they get paid in, how they exchange their bonds, and how other bonds can get redeemed, and so forth. Then there is the Installment Purchase Agreement, which is the agreement that has all the financial covenants that I spoke about in terms of the City. That is where your rate covenant is, the additional bonds test is, and the rate stabilization fund mechanics are. It requires the City to establish a revenue fund, which you already have, which is the MVU Enterprise fund, and all the revenues get deposited in. Out of that, you pay operations and materials first, then you pay principal and interest on your bonds, refund your reserve fund, and then all the surplus money flows out, and you can spend it on projects and other things. That's all laid out in the Installment Purchase Agreement. Then we've got escrow agreements, which are agreements that provide for the payoff of your existing lease revenue bonds that we talked about. Then there's a Bond Purchase Agreement. That's the contract between the Financing Authority and the City and Tom's firm, Stifel, Nicolaus & Company, Inc., pursuant to which Tom's firm agrees to purchase the bonds at a fixed price and then sells those bonds to individual investors on behalf of the City. In connection with that, there's a variety of representations and warranties that the City makes to Tom's firm on behalf of investors. Then, probably most importantly, is the Preliminary Offering Statement. That is the offering document or prospectus, pursuant to which Stifel Nicolaus will market the bonds to investors. It has all the salient information about who the City is, all the details about the electric system, your revenues, your customers, and your power purchases. It explains all of the financial covenants that we've talked about today, tells bond owners how they're going to get paid, when they're going to get paid, how their bonds are going to get redeemed, and so forth. That's all in the Preliminary Official Statement. The important aspect of a Preliminary Official Statement is that it's a public offering of securities, it's subject to certain obligations under Federal Securities laws, that all the information that's in the Preliminary Official Statement must be true and complete in all material respects, and we can't omit to state any material facts therein that are necessary to make those statements not false or misleading. Those are certain steps that the City will provide to Stifel Nicolaus as the purchaser of the bonds, and part of my job as Bond Council and Disclosure Council is to make sure the City does a rigorous due diligence process to make sure that the Official Statement has everything in there that's true, correct, and accurate. There are no material misstatements. The last piece of the documents is what we call a Continuous Disclosure certificate. In connection with the sale of the bonds, Tom's firm is legally required to have a contract from the City to provide certain annual



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

financial information to investors so investors can track how their investments are doing. Each year, the City has to file an annual financial statement. It has your audit and has certain other operating information on EMMA, and the City currently does this for all their bonds with EMMA they have outstanding.

Council Member Delgado inquired about who the investors are and if they are out of state or local.

Tom Jacob explained that there will be a broad pool of investors. We will work with our sales force. They will reach out to a broad pool of investors and see who is interested. I expect we're going to get the credit rating back here within the week. I expect this to be a very good credit. Then we'll market this to a broad pool of investors, and we'll see who is interested.

Tom explained that this is a preliminary look at the sources and uses of funds. The electric system is going to borrow, about \$138 million. This is based on relatively recent market conditions, coupled with some premium. This is going to be sufficient to pay for the project fund, the \$100 million in improvements to the electric system, and then also the refunding escrow deposits. Those funds will be used to pay off the three outstanding bond issues that are currently secured by the City's general fund. The 2019 Lease Revenue bonds, the 2021 lease revenue bonds, and the 2021 Equipment Lease as well. These delivery date expenses are various costs of issuance paid to the City's consultants, as well as the bond insurance and surety reserve premiums. Those are the insurance premiums that are paid to the bond insurance to insure the bonds, and then also provide an insurance policy on the Debt Service Reserve fund. These are the components of what the final numbers will actually look like. These are subject to change based on market conditions, the closer we get to the actual sale of the bonds.

Jim Fabian explained that we took a snapshot to show the financial health and strength of the MVU, looked at the total revenues, total expenditures, and then looked at the impact of the debt service on the system. We have approximately three times coverage, which is a very strong coverage, as Brian Forbath mentioned in our legal documents. The minimum coverage is 1.25%. We're about 3% or three times in looking at our debt service coverage. The health of the MVU is in a really strong position. You have great liquidity in MVU in terms of cash reserves, which we highlighted with our rating with S&P. As Tom mentioned, we're waiting to hear back from S&P this week. We presented a snapshot of where the MVU was, where it is now, and where it's headed in the future. It's a really great story to tell; we're looking forward to that rating. We'll have it to be able to present to the City Council next week. Just wrapping things up in terms of our schedule, been following up with S&P on some additional questions that they had. Friday, we anticipate receiving the rating. We'll be in front of the City Council and the Authority on May 5th. We're scheduled to price the bonds on May 21st, and then close the transaction on June 17th, and that's when the \$100 million will be available for the projects. In addition, the outstanding debt will be refunded at that time, on June 17th.

Council Member Delgado inquired about the 3.25% times and the fact that MVU is very healthy and why the rates should go up.



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

Jason Niccoli explained that it's important to note that 3.25% is after cutting rates significantly this year.

Brian Mohan, City Manager, provided an explanation regarding the rate increases. In December 2025, there was a Study Session presented to City Council in which, based on going away from ENCO and having a revenue share component and having to be in parity with SCE rates, Council approved new rates that became effective in January. The rates were reduced, and our revenues decreased. But the system is still healthy, because we also cut out \$8 million of overhead, due to ENCO getting the revenue share. In essence, what we were able to save residents on revenue we were able to offset with cost savings as well. The overall health of the system is still there. Regarding bonds, here is the problem: If we wanted to do these particular capital improvements, \$100 million, it would deplete our current fund balance in that particular fund. This generation, their rate would skyrocket to be able to pay back that \$100 million. What you do is bond against a very healthy system, so we now have generational equity. Now each generation is paying the debt service over 30 years, on a 50-year useful life of the systems that are being put into place based on that \$100 million of capital project money. Therefore, you're not penalizing any one generation by skyrocketing their rates and then reducing them over time after the funds have been built back up. That is the concept of debt. A lot of people in the community will say their rates are going to go up. With this type of technology, we're able to better store our capacity at much less cost by operating the distributed purchasing of that particular source, because we're having microgrids predicated on solar, which is the cheapest way to go. Therefore, we're able to store that and then deploy it when rates are typically high. This particular bond gives us the ability to maintain rates over time a lot longer if we choose not to do that. The other thing is generational equity. More importantly, costs are always continuing to go up. So, we do \$100 million in debt now, and get those projects deployed. If we were to wait and deploy it over 10 to 15 years, that \$100 million could cost us \$150 million. The other aspect that we discussed is that the three pieces of debt were predicated on the general fund backing. We have that debt on the general fund books so now this alleviates the general fund. With basically no debt from the general fund, our rating potentially goes up. As part of some of the things that we've been discussing on the Measure U side and the budget that was approved in May of 2025, Public Safety Campus, some other things that are potentially coming down the pipeline, we could potentially bond at a much better tax-exempt rate. Again, you have the generational equity. It gives us the ability to go ahead and deploy a large portion of that plan. Once that plan is in place, even with the debt service from those particular bonds on the Public Safety side, you could still be looking at only 25 million being used, but that's what this bond sets the general fund up for: to have a better rating.

Brian Forbath added that the time frames seem short because City staff have done a tremendous amount of work to get to this spot that we're at today, and in terms of drafting the rating presentation, all the disclosure for the official statement, and putting all this together in a coherent package. It's been a lot of work on their behalf to get to this point.



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

Council Member Delgado and Council Member Barnard asked no further questions.

Felicia London, Chief Financial Officer/City Treasurer, looked for a motion on the action item, Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A.

Council Member Barnard motioned to approve the Bond System 2026A, and Council Member Delgado seconded to approve.

B. ANNUAL STATEMENT OF INVESTMENT POLICY

Felicia London, Chief Financial Officer/City Treasurer, presented a report for the annual Statement of Investment Policy. California Government Code sections 5601 and 53646, respectively, delineate the types of investments allowed, define various restrictions governing these investments, and suggest a periodic review of the Investment Report and Investment Policy by the governing body of the local agency. The City's Investment Policy has established a review process whereby the Council reviews and adopts the policy annually. The policy identifies allowable investments, the reporting process related to the investments, safekeeping measures in maintaining assets, and the roles of staff in the management of the investment program. The City's Investment Policy calls for the policy to be reviewed and adopted annually by City Council. The policy was last revised in May of 2024. The policy, in its revised form, has incorporated all of the most recent changes made to the California Government Code, as well as the best practices which have been identified by the California Debt and Investment Advisory Commission, CDIAC. The policy has been reviewed and certified by both the Association of Public Treasurers of the United States and Canada and the California Municipal Treasurers Association in February 2020, and comments from that review process have been incorporated into the current version of the policy. Chandler Asset Management, which manages our long-term investments, recently reviewed our Investment Policy. They have made a few minor revisions to ensure our policy meets the GFOA, CMTA, and CDIAC best practices. In light of these challenges, the City will be submitting our Investment Policy to CMTA for recertification this year.

Council Member Delgado and Council Member Barnard asked no further questions.

Felicia London, Chief Financial Officer/City Treasurer, looked for a motion on the action item, Annual Statement of Investment Policy.

Council Member Delgado motioned to approve the Annual Statement of Investment Policy, and Council Member Barnard seconded to approve.



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

C. ANNUAL REVIEW OF THE DEBT MANAGEMENT POLICY

Felicia London, Chief Financial Officer/City Treasurer, presented a report for the Annual Statement of the Debt Management Policy. On September 12th, 2016, Governor Brown signed Senate Bill 1029, amending the Government Code to require issuers of public debt in California to have an adopted Debt Management policy. The City of Moreno Valley has recognized that having a debt policy in place is a best practice and first adopted a policy in 2006. Every year, staff reviews and revises the policy to industry standards. Debt Management policies are considered a best practice by many professional municipal finance organizations, including the Government Finance Officers Association, the California Society of Municipal Finance Officers, and the Association of Public Treasurers of the United States and Canada. Issuers of public debt within California are now required to have an adopted debt policy to participate in the financial markets. The Debt Management policy was originally developed in 2006 and revised in 2014, 2017, 2019, 2020, 2021, 2023, and 2024. In recent years, additional requirements have been placed on the issuers of municipal securities based on the input from oversight agencies such as the Securities Exchange Commission, the Municipal Securities Rulemaking Board, the California Debt and Investment Advisory Commission, rating agencies, and investors. Should any new significant developments occur in the regulatory environment, the policy will be reviewed and revised to meet these changes and will be brought back for review by the City Council at that time.

Council Member Delgado and Council Member Barnard asked no further questions.

Felicia London, Chief Financial Officer/City Treasurer, looked for a motion on the action item, Annual Review of the Debt Management Policy.

Council Member Barnard motioned to approve the Annual Statement of Investment Policy, and Council Member Delgado seconded to approve.

5. Advisory Items

A. REVIEW OF FISCAL YEAR 2026-27 FIXED CHARGES FOR SPECIAL FINANCING DISTRICTS

Valerie Arenas Rey, Special Districts Division Manager, presented a report on the review of the Fiscal Year 2026 and 2027 Fixed Charges for Special Financing Districts. Each year, City Council reviews and approves the maximum and applied rates for the City's Special Financing Districts, CSDs, LMDs, and CFDs prior to submission to the County of Riverside to be included with the property tax rate. This item will be presented to City Council during the May 19th meeting. The proposed annual rates are a continuation of the rates previously approved by the



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

qualified electors to be levied on the property tax bills. There are no increases proposed to the rates other than an annual adjustment, provided it was previously approved by the qualified electorate. Revenue received for each District is restricted and can only be used in the District and for the purposes for which it was collected. Approval of the fixed charges includes setting the maximum rates in the annual applied rates. The maximum rates are calculated using the formula and terms approved by the qualified electors. For example, application of an annual inflationary adjustment. The legislative body can levy any amount up to the maximum rate on the property tax bills. The amount levied on the property Tax Bill is calculated by using the applied rates. The applied rates are the amounts necessary to fund the estimated expenditures for the District. For example, electricity for street lighting, including administration and reserves. For the upcoming fiscal year, the applied rate can be lower, but it cannot be higher than the maximum rate. The proposed annual applied rates are consistent with each program and the estimated budgets. They are calculated based on the information available at the time this report was prepared. The Consumer Price Index increase proposed for most districts is 3.01%, based on the Los Angeles CPI. The newest Parks Maintenance District and Public Safety District use the Riverside CPI, which was 3.28% for the calendar year 2025. Staff conducted a review of any potential conflicts of interest with the assistance of the City Attorney, and it has been determined that there are no conflicts for the City Council or CSD Board Members.

Council Member Delgado and Council Member Barnard asked no further questions.

6. Chief Financial Officer/City Treasurer Comments

Felicia London, Chief Financial Officer/City Treasurer, advised that the next Finance Subcommittee meeting is scheduled for May 26, 2026, and all future meetings are on the Fourth Tuesday of each month at 3:45 pm.

7. Council Member Comments

Council Member Delgado and Council Member Barnard thanked staff and participants.

8. Adjournment

Meeting adjourned at 4:29 PM



**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 28, 2026**

Prior Meeting Attendance

Board Member	4/22/25	5/27/25	6/24/25	7/22/25	8/26/25	9/23/25	10/28/25
Mayor Ulises Cabrera		NM	NM	NM	NM	NM	NM
Council Member Cheylynda Barnard	X	NM	NM	NM	NM	NM	NM
Council Member Ed Delgado (Alternate)	X						

Board Member	11/28/25	12/23/25	1/27/26	2/24/26	3/24/26	4/28/26	
Mayor Ulises Cabrera	NM	NM	NM	NM	NM		
Council Member Cheylynda Barnard	NM	NM	NM	NM	NM	X	
Council Member Ed Delgado (Alternate)						X	