

AGENDA
IRVINE RANCH WATER DISTRICT
FINANCE AND PERSONNEL COMMITTEE MEETING
TUESDAY, MAY 12, 2020

Due to COVID-19, this meeting will be conducted as a teleconference pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspend certain requirements of the Ralph M. Brown Act. Members of the public may not attend this meeting in person.

Participation by Committee Members will be from remote locations. Public access and participation will only be available telephonically/electronically.

To virtually attend the meeting and to be able to view any presentations or additional materials provided at the meeting, please join online via Webex using the link and information below:

Via Web:

<https://irwd.my.webex.com/irwd.my/j.php?MTID=m60fc092c5c0696a9b221b123a27cec95>

Meeting Number: 622 940 313

Password: wVkCKBqn774

After joining the meeting, in order to ensure all persons can participate and observe the meeting, please select the "Call in" option and use a telephone to access the audio for the meeting shown.

Please enter the attendee id number, which will be provided when you connect to Webex, followed by #.

As courtesy to the other participants, please mute your phone when you are not speaking.

CALL TO ORDER 11:30 a.m., Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE Chair: Peer Swan _____ Member: Steve LaMar _____

<u>ALSO PRESENT</u>	Paul Cook	_____	Cheryl Clary	_____
	Wendy Chambers	_____	Kevin Burton	_____
	Paul Weghorst	_____	Rob Jacobson	_____
	Eileen Lin	_____	Jenny Roney	_____
	Christopher Smithson	_____	Allen Shinbashi	_____
	Jennifer Davis	_____	Tanja Fournier	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

PUBLIC COMMENT NOTICE

If you wish to address the Committee on any item, please submit a request to speak via the "chat" feature available when joining the meeting virtually. Remarks are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 8:00 a.m. on Tuesday, May 12, at 9:00 a.m.

ALL VOTES SHALL BE TAKEN BY A ROLL CALL VOTE.

COMMUNICATIONS

1. Notes: Clary
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced, which came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

INFORMATION

- | | |
|-----|--|
| 5. | <u>EMPLOYEE POPULATION AND TURNOVER STATUS REPORT – SRADER / RONEY</u>

Recommendation: Receive and file. |
| 6. | <u>RESIDENTIAL INVESTMENT PROPERTY PERFORMANCE 2019 ANNUAL REPORT – FOURNIER / JACOBSON / CLARY</u>

Recommendation: Receive and file. |
| 7. | <u>REAL ESTATE QUARTERLY PERFORMANCE – MARCH 2020 – DAVIS / FOURNIER / JACOBSON / CLARY</u>

Recommendation: Receive and file. |
| 8. | <u>MONTHLY INVESTMENT AND DEBT REVIEW – DAVIS / FOURNIER / JACOBSON / CLARY</u>

Recommendation: Receive and file. |
| 9. | <u>EXPENSES AND FEES OF BOARD MEMBERS AND GENERAL MANAGER PAID THROUGH THE THIRD QUARTER OF FY 2019-20 – PULLES / CLARY</u>

Recommendation: Receive and file. |
| 10. | <u>LEGAL FEES QUARTERLY UPDATE – TOBAR / CLARY</u>

Recommendation: Receive and file. |
| 11. | <u>QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW – DAVIS / FOURNIER / JACOBSON / CLARY</u>

Recommendation: Receive and file. |

INFORMATION (Continued)

12. RISK MANAGEMENT QUARTERLY REPORT – KANOFF / SHINBASHI / JACOBSON / CLARY

Recommendation: Receive and file.

13. FISCAL YEAR 2019-20 OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS QUARTERLY UPDATE – PARDEE / SMITHSON / CLARY

Recommendation: Receive and file.

ACTION

14. MID-CYCLE OPERATING BUDGET AND RATES FOR FISCAL YEAR 2020-21 – SMITHSON / PARDEE / CLARY

Recommendation: That the Committee provide comments on forecast updates to the approved FY 2020-21 operating and non-operating budget, and that the Board authorize staff to postpone potable and recycled water and sewer rate increases for FY 2020-21.

OTHER BUSINESS

15. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL

A. EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1):

- *Kristina Quinn v. IRWD*, Case No. 30-2019-01069109-CU-PA-CJC
- *Victoria Gleason v. County of Orange, et al.*, Case No. 30-2018-00977432
- *United States, et al., ex rel. John Hendrix, et al. v. J-M Manufacturing Company, Inc., et al.*, Case No. CV 06-0055-GW
- *State of Nevada, et al. v. J-M Manufacturing Company, Inc., et al.*, Los Angeles Case No. BC459943

B. ANTICIPATED LITIGATION – Pursuant to Government Code Section 54956.9(d)(2): significant exposure to litigation (*one potential case: BKK Working Group notification to IRWD of potential liability, claim and/or litigation on file with the District.*)

OTHER BUSINESS - Continued

- 16. Open Session
- 17. Directors' Comments
- 18. Adjournment

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to comments@irwd.com. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

May 12, 2020
Prepared by: L. Srader
Submitted by: J. Roney
Approved by: Paul A. Cook

FINANCE AND PERSONNEL COMMITTEE

EMPLOYEE POPULATION AND TURNOVER STATUS REPORT

SUMMARY:

Staff has prepared various population and turnover reports for Committee review.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

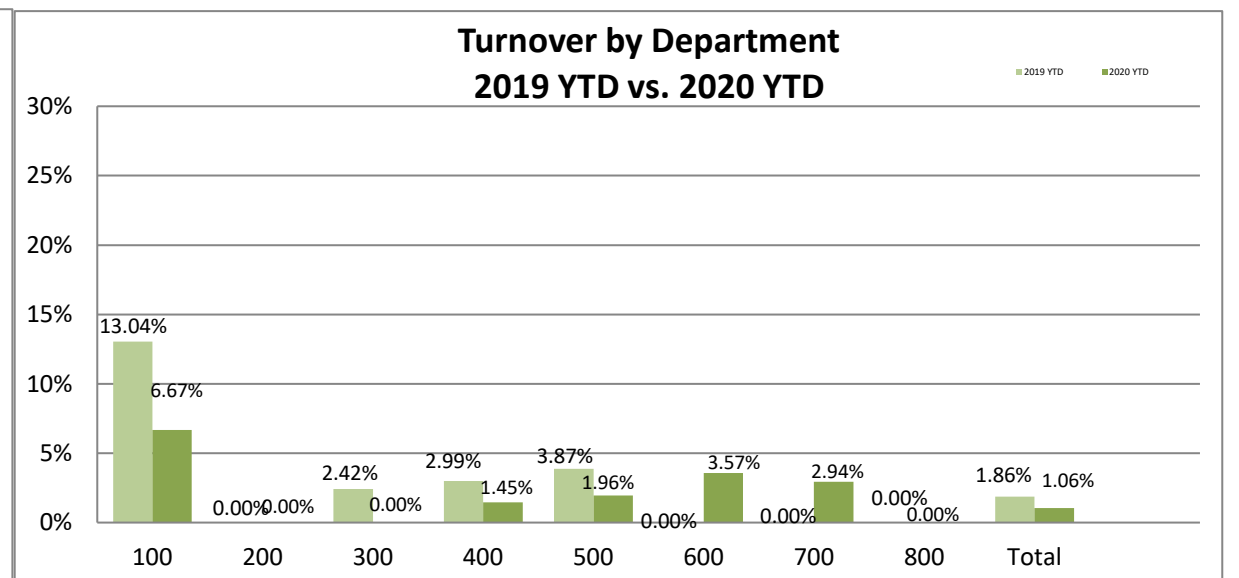
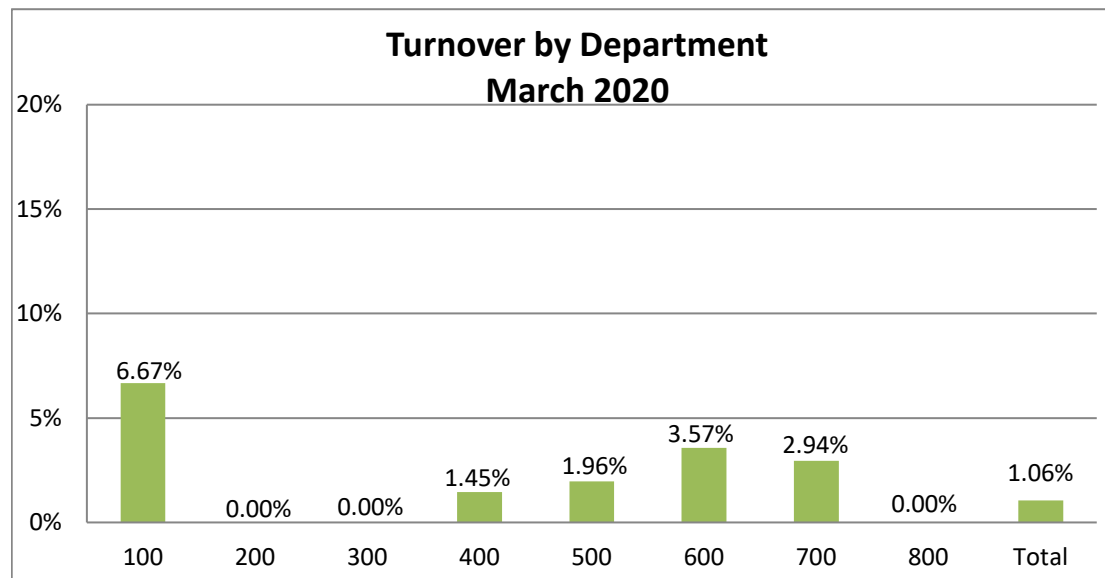
LIST OF EXHIBITS:

Exhibit "A" – Employee Population/Turnover Status Report

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EXHIBIT A
IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
March 2020

	@03/01/20	Current Month Activity							@03/31/20		FY 19/20	Avg FYTD	Avg FYTD	Avg FYTD	Internal Turnover		External Turnover	
Dept	Positions Filled	New Hires	Terms		Promo Trnsfr		Lateral Trnsfr		Positions Filled	Positions Unfilled	Budgeted Positions*	Filled Budget Positions	Temp Emp FTE	Total Filled Positions	Current Period	2020 YTD	Current Period	2020 YTD
			Vol	Invol	In	Out	In	Out										
100	15.0		1						14.0	2	16.0	15.3	0.7	16.1	0.00%	0.00%	6.67%	6.67%
200	86.0	1							87.0	2	89.0	80.7	6.4	87.0	0.00%	0.00%	0.00%	0.00%
300	42.0								42.0	2	44.0	41.9	4.0	46.0	0.00%	0.00%	0.00%	0.00%
400	70.0								70.0	2	72.0	66.8	3.1	69.9	0.00%	0.00%	0.00%	1.45%
500	51.0								51.0	8	59.0	51.4	2.1	53.6	0.00%	0.00%	0.00%	1.96%
600	28.0								28.0	2	30.0	23.3	3.6	27.0	0.00%	0.00%	0.00%	3.57%
700	34.0		1						33.0	2	35.0	37.3	3.7	41.1	0.00%	0.00%	2.94%	2.94%
800	55.0								55.0	6	61.0	55.4	0.9	56.3	0.00%	0.00%	0.00%	0.00%
Totals	381	1	2	0	0	0	0	0	380.0	26	406.0	372.3	24.6	396.9	0.00%	0.00%	0.52%	1.06%
3/19	378	1	1	0	0	0	0	0	378	16	395.0	369.7	29.9	399.6	0.00%	0.00%	0.26%	1.86%

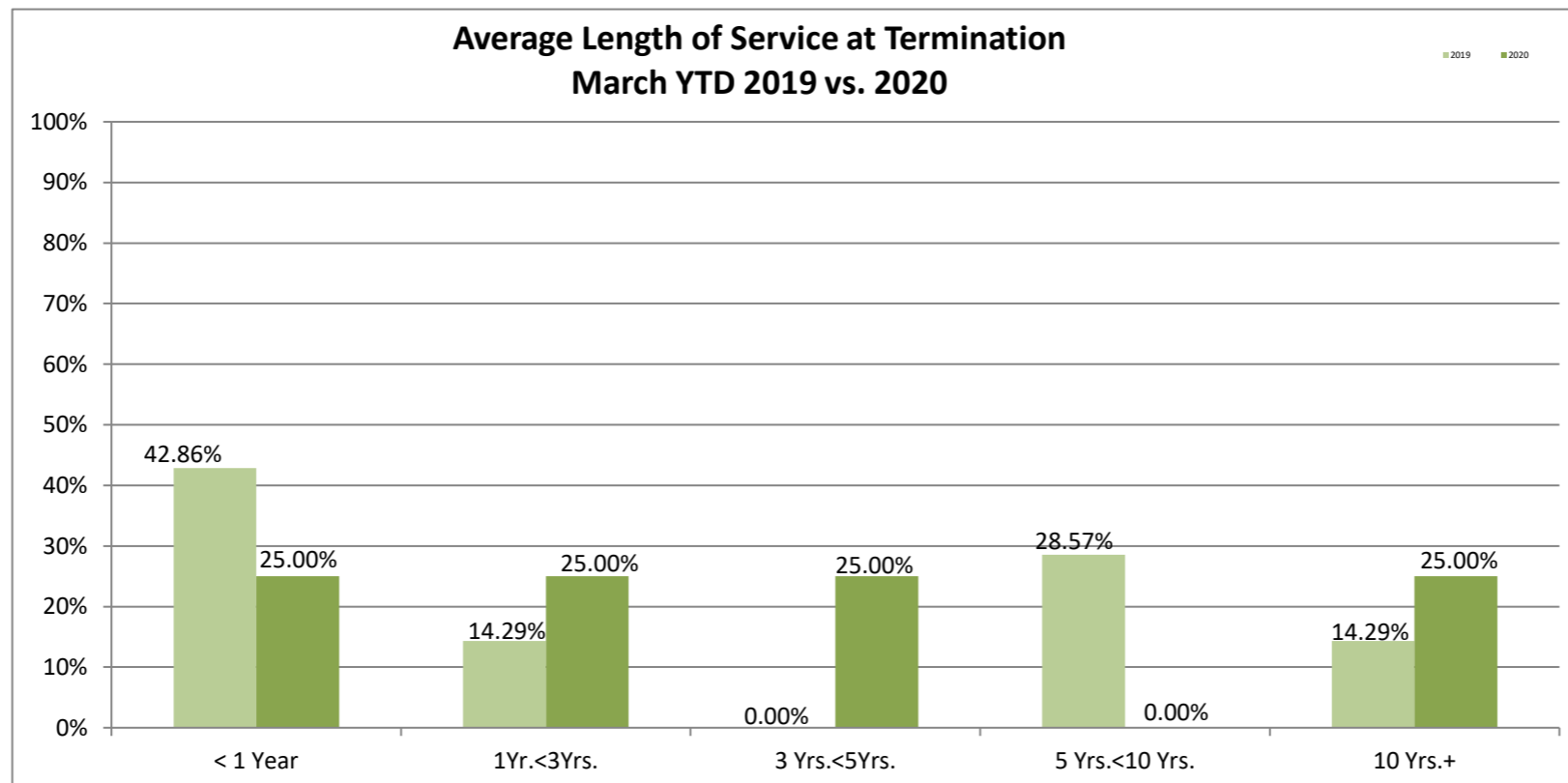


100-GM, HR, Safety; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.; 400-Water Ops; 500-Recycling; 600-WQ&RC; 700-Water Res., Recyc. Water and Public Affairs; 800-Adm. & Maintenance Ops

**IRVINE RANCH WATER DISTRICT
TURNOVER LONGEVITY RATIO
March 2020**

Dept.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD Turnover Longevity Ratio				
														< 1 Year	1Yr.<3Yrs.	3 Yrs.<5Yrs.	5 Yrs.<10 Yrs.	10 Yrs.+
100			1										1	1				
200													0					
300													0					
400													0					
500	1												1		1			
600	1												1					1
700			1										1			1		
800													0					
2020 Total	2	0	2	0	0	0	0	0	0	0	0	0	4	1	1	1	0	1
2019 Data	2	4	1	1	2	1	3	1	0	4	2	4	25					
Percentage of Total Turnover														25.00%	25.00%	25.00%	0.00%	25.00%

2020 Average YTD Length of Service at Termination	6.21 Years
2019 Average YTD Length of Service at Termination	9.21 Years
2018 Average YTD Length of Service at Termination	13.85 Years
2017 Average YTD Length of Service at Termination	14.35 Years
2016 Average YTD Length of Service at Termination	12.43 Years



**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
March 2020**

NEW HIRES				
Hire	Dept	Employee Name	Position	Comments
03/07/20	200	Alfraz Haquani	User Support Administrator	

TERMINATIONS					
Termination Date	Dept	Employee Name	Position	Reason	Comments
3/16/20 3/25/20				Vol Vol	Other Employment

RETIREMENTS					
Effective Date	Departing Dept	Employee Name	Position	Reason	Comments

PROMOTIONS					
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
03/21/20	600	Andrew Yue	Sr. Scientist	600	Laboratory Supervisor

TRANSFERS					
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position

CROSS TRAINING					
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
March 2020**

UNFILLED POSITIONS			
Dept	Position	Salary Grade	Comments
100	Safety Specialist	U29.N	Recruiting
100	HR Analyst	U31.N	Recruiting
200	Purchasing Coordinator	19.N	Recruiting
200	Director of IS	U27.E	Recruiting
300	Engineer	U17.E	Recruiting
300	Engineer	U17.E	Recruiting
400	Water Maintenance Technician I	22.N	Recruiting
400	Construction Services Manager	U18.E	
500	Process Specialist	32.N	
500	Collection Systems CCTV Technician	21.N	
500	Operator III	29.N	Recruiting
500	Operator III	29.N	Recruiting
500	Operator III	29.N	Recruiting
500	Operator II	27.N	
500	Operator III	29.N	
500	Operator II	27.N	Recruiting
600	Sr. Scientist	32.N	
600	Regulatory Compliance Administrator	U12.E	Recruiting
700	Recycled Water Specialist	24.N	
700	Cross Connection Specialist	26.N	
800	Asset Systems Manager	U17.E	
800	Sr. Electrical Technician	30.N	
800	Electrical Technician	28.N	
800	Maintenance Mechanic	22.N	Recruiting
800	Sr. Maintenance Mechanic	27.N	
800	Maintenance Mechanic	22.N	

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
March 2020**

LEAVE OF ABSENCE					
Type of Leave	Pay Status	Date Leave Began	Anticipated Return Date	Current Length	Comments
WC/FMLA/CFRA	SDI	9/9/2019		7 months	
FMLA/CFRA	SDI	1/23/2020	3/9/2020	2 months	
WC/FMLA/CFRA	SDI	2/3/2020		1 month	

Leave	Original Status	Date Leave Began	Return Date	Length	Return Date	Comments
FMLA/CFRA/PFL	SDI	10/25/2018	1/2/2019	2 month	01/14/19	Returned
FMLA/CFRA/PFL	SDI	12/19/2018	1/21/2019	2 weeks	01/21/19	Returned
FMLA/CFRA/PFL	SDI	12/19/2018	1/24/2019	2 weeks	01/21/19	Returned
FMLA/CFRA/PFL	SDI	12/18/2018	1/8/2019	2 weeks	01/08/19	Returned
FMLA/CFRA/PFL	SDI	12/17/2018	1/7/2019	2 weeks	01/07/19	Returned
FMLA/CFRA	SDI	7/23/2018	2/1/2019	6 months	02/01/19	Returned
FMLA/CFRA	SDI	12/17/2018	1/2/2019	2 weeks	01/02/19	Returned
FMLA/CFRA/PFL	SDI	12/17/2018	1/7/2019	2 weeks	01/07/19	Returned
FMLA/CFRA	SDI	1/24/2019	2/26/2019	2 months	03/12/19	Returned
FMLA/CFRA	SDI	1/11/2019	4/16/2019	3 months	04/16/19	Returned
FMLA/CFRA	SDI	3/30/2019	4/11/2019	1 week	04/09/19	Returned
FMLA/CFRA	SDI	1/9/2019	3/5/2019	4 months	04/02/19	Returned
FMLA/CFRA	SDI	9/9/2019	43773	2 months	11/04/19	Returned
FMLA/CFRA	SDI	3/30/2019	10/28/2019	7 months	10/28/19	Returned
FMLA/CFRA	SDI	9/3/2019	10/28/2019	2 months	10/28/19	Returned
FMLA/CFRA	PFL	9/23/2019	11/4/2019	2 months	11/04/19	Returned
FMLA/CFRA	SDI	7/2/2019	11/29/2019	5 months	11/29/19	Retired
FMLA/CFRA	SDI	9/30/2019	12/1/2019	3 months	12/30/19	Returned
FMLA/CFRA	SDI	10/7/2019	2/10/2020	4 months	02/03/20	Returned
FMLA/CFRA	SDI	7/9/2019	12/1/2019	7 months	12/01/19	Returned
FMLA/CFRA	SDI	9/2/2019	2/17/2020	5 months	02/03/20	Returned
FMLA/CFRA	SDI	12/10/2019	2/6/2020	2 months	02/10/20	Returned
FMLA/CFRA	SDI	12/2/2019	2/3/2020	2 months	02/03/20	Returned
FMLA/CFRA	SDI	1/27/2020	3/9/2020	1 month	03/09/20	Returned
FMLA/CFRA	SDI	9/23/2019	3/2/2020	5 months	03/09/20	Returned

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT**

Month	Length of Employment	Termination		Comments
		Vol	Invol	
January	14 years, 6 months	X		Other employment - Metropolitan Water
	1 year, 4 months	X		Other employment
February				
March	10 months	X		No reason given
	3 years, 2 months	X		Other employment - Mesa Water
April				
May				
June				
July				
August				
September				
October				
November				
December				

**IRVINE RANCH WATER DISTRICT
SUMMARY
AGENCY & DISTRICT TEMPORARY EMPLOYEES
March 2020**

ACTIVE

Current Month	FYTD Ave Hours Worked	PERS Enroll- ment	Agency		Job	Hourly	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FY' YTD	Actual Cost FY 'YTD
FTE	FTE	ment		Dept	Assignment	Rate	Month	Per Month	(Months)	(Months)	FY' YTD	FY 'YTD
0.31	0.21	Yes		130	Ret Anntnt	47.75	84	4,011.00	9	5	20,055.00	15,823.16
0.91	0.36	No	X	140	Temp HR Asst	37.15	168	6,241.20	7	4	24,964.80	20,765.36
1.22	0.57			100								
0.77	0.90	Yes		200	Temp CS Fld Tech	23.75	168	3,990.00	12	9	35,910.00	33,499.38
0.01	0.01	Yes		200	Retired Annuitant	56.55	84	4,750.20	12	9	42,751.80	565.50
0.89	0.73	Yes		200	Temp Supp Spec	23.50	168	3,948.00	12	9	35,532.00	26,907.50
1.00	0.90	Yes		200	Temp CS Fld Tech	23.75	168	3,990.00	12	9	35,910.00	33,440.00
0.82	0.88	No	X	200	Temp Puch Coord	34.17	168	5,740.56	4	4	22,962.24	13,236.60
1.00	0.89	Yes		200	Temp CS Spec I	22.22	168	3,732.96	12	9	33,596.64	30,757.81
1.00	0.90	Yes		200	Temp CS Spec I	22.22	168	3,732.96	12	9	33,596.64	31,225.43
5.49	5.20			200								
0.98	0.87	Yes		300	Temp Asst Engr	37.44	168	6,289.92	12	9	56,609.28	50,955.84
0.17	0.40	EXC		300	Student Intern	18.00	84	1,512.00	12	9	13,608.00	11,286.00
0.55	0.44	Yes		300	Ret Anntnt	72.97	84	6,129.48	9	9	55,165.32	50,531.73
0.23	0.37	EXC		300	Student Intern	17.00	84	1,428.00	12	9	12,852.00	9,732.50
0.21	0.33	EXC		300	Student Intern	17.00	84	1,428.00	12	9	12,852.00	8,789.00
0.17	0.37	EXC		300	Student Intern	17.00	84	1,428.00	12	9	12,852.00	9,911.00
0.33	0.31	EXC		300	Student Intern	15.00	84	1,260.00	9	6	7,560.00	7,320.00
1.00	0.94	EXC		300	Student Intern	37.44	84	3,144.96	12	9	28,304.64	54,624.96
3.63	4.04			300								
0.75	0.92	Yes		400	Metering Sys. Tech	23.75	168	3,990.00	12	9	35,910.00	34,425.63
0.49	0.89	Yes		400	Temp Utility Wkr	22.23	168	3,734.64	9	9	33,611.76	31,800.02
1.24	1.81			400								
0.85	0.99	Yes		500	Temp Scientist	32.53	168	5,290.32	12	9	42,322.56	43,920.68
0.85	0.99			500								
0.40	0.40	EXC		600	Student Intern	15.00	84	1,260.00	6	3	3,780.00	9,412.50
1.00	0.46	No	X	600	Temp Scientist	43.84	168	7,365.12	8	5	36,825.60	32,114.77
1.00	0.23	No	X	600	Temp Scientist	43.83	168	7,363.44	5	4	29,453.76	15,866.46
1.00	0.26	No	X	600	Temp Scientist	52.00	168	8,736.00	4	4	34,944.00	20,800.00
0.27	0.33	EXC		600	Student Intern	15.00	84	1,260.00	12	9	11,340.00	7,657.50
0.18	0.44	EXC		600	Student Intern	15.00	84	1,260.00	12	9	11,340.00	10,207.50
1.00	0.48	No	X	600	Temp Scientist	52.00	168	8,736.00	6	6	52,416.00	39,203.84
0.18	0.37	EXC		600	Student Intern	15.00	84	1,260.00	12	9	11,340.00	8,577.00
5.03	2.96			600								
1.00	0.92	Yes		700	Temp Wtr Eff Spec	30.71	168	5,159.28	12	9	46,433.52	44,030.46
0.85	0.40	No	X	700	Temp Wtr Eff Spec	43.53	168	7,313.04	8	5	36,565.20	27,521.84
0.60	0.07	No	X	700	Temp Wtr Eff Spec	43.53	168	7,313.04	3	1	7,313.04	4,559.77
1.00	0.93	yes		700	Temp. Sr. Office Special	30.71	168	5,159.28	12	9	46,433.52	44,694.57
3.45	2.32			700								
1.00	0.59	No	X	800	Temp Maint Mech	40.82	168	6,857.76	11	6	41,146.56	38,881.05
0.46	0.05	No	X	800	Temp Elec Tech	56.70	168	9,525.60	9	1	9,525.60	4,536.00
1.00	0.21	No	X	800	Temp Maint Mech	41.82	168	7,025.76	5	3	21,077.28	13,821.51
2.46	0.86			800								
23.38	18.74											

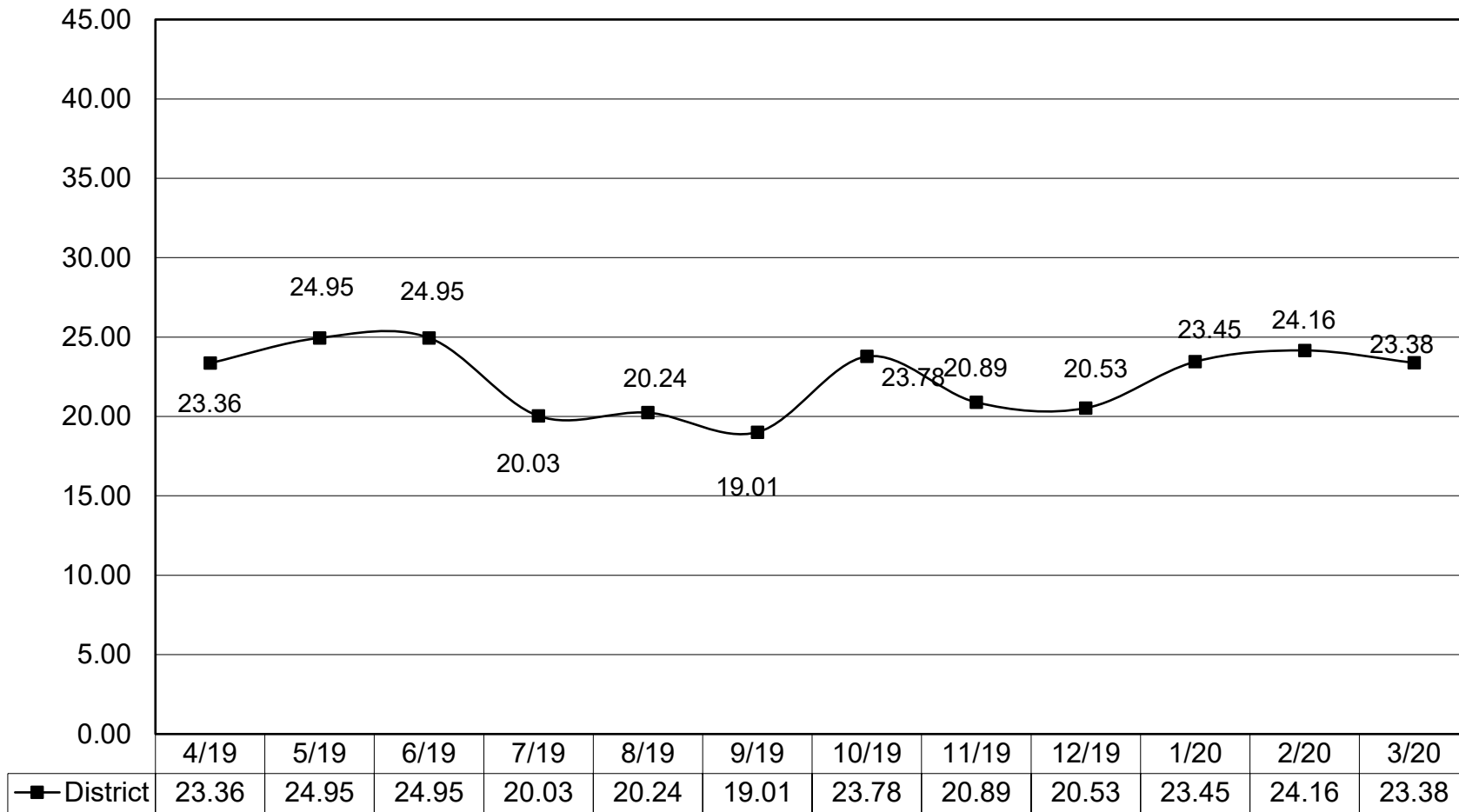
**IRVINE RANCH WATER DISTRICT
SUMMARY
AGENCY & DISTRICT TEMPORARY EMPLOYEES
March 2020**

TERMINATED

Current Month FTE	Avg FYTD Temp Emp FTE	Active PERS Y/N *	Agency	Dept	Classification	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FYTD	Actual Cost FYTD
0.63	0.11	No	X		Temp HR Assistant	27.87	168	4,682.16	3	1		
0.46	0.05	No	X	140	Temp HR Asst.	37.15	168	6,241.20	3	1	6,241.20	2,953.43
0.46	0.05			100								
0.18	0.39	EXC		200	Student Intern	15.00	84	1,260.00	12	1	1,260.00	2,010.00
0.81	0.65	No	X	200	Temp CS Spec I	29.36	168	4,932.48	9	7	34,527.36	29,820.66
0.41	0.77	No	X	200	Temp Mtl Clerk	29.05	168	4,880.40	7	7	34,162.80	37,481.76
1.40	1.80			200								
0.00	0.00			300								
1.00	0.88	Yes		400	Temp. Water Maintenanc	23.75	168	3,990.00	12	8	31,920.00	33,193.00
0.98	0.41	No	X	400	Temp Wtr Mnt Tech	31.51	168	5,293.68	9	6	31,762.08	20,859.62
1.98	1.29			400								
0.34	0.67	Yes		500	Temp Wetlnd Spec	29.03	84	2,438.52	12	6	14,631.12	23,790.09
0.69	0.49	No		500	Temp Coll Sys Tech	31.84	168	5,349.12	9	6	32,094.72	24,238.20
1.03	1.16			500								
0.65	0.68	Yes		600	Temp. Scientist	30.28	168	5,087.04	12	3	15,261.12	17,819.78
0.65	0.68			600								
0.53	0.78	No	X	700	Temp WE Spec	31.00	168	5,208.00	12	5	26,040.00	25,722.25
0.46	0.64	No	X	700	Temp GIS Tech	31.00	168	5,208.00	12	8	41,664.00	31,124.00
0.99	1.42			700								
0.00	0.00			800								
											1,266,425.16	1,090,415.64
6.51	6.41											

EXC = Exclude from PERS enrollment
Yes= Temporary employee enrolled in PERS Membership
No=Temporary Agency employee
*Data reported 30 days in arrears

Temporary Employees **Full Time Equivalency** **District Totals as of March 31, 2020**



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May 12, 2020

Prepared by: T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

RESIDENTIAL INVESTMENT PROPERTY PERFORMANCE 2019 ANNUAL REPORT

SUMMARY:

Staff and IRWD's apartment property consultant, Market-THINK, will present the annual performance report for the Sycamore Canyon and Wood Canyon Villa apartment properties for the calendar year ended December 31, 2019. The report will include property management and capital improvement plans for calendar year 2020, as well as an update on Orange County's apartment market, and an update on rental impacts and renewal programs at Sycamore Canyon and Wood Canyon Villas due to COVID-19.

BACKGROUND:

Staff completed its analysis of the 2019 financial statements (calendar year) and final 2020 operating and capital budgets for the Sycamore Canyon and Wood Canyon Villa apartment properties as submitted by IRWD's apartment property manager, Western National Properties. Staff and Ms. Susan Sirota of Market-THINK will present the following:

- A report of the 2019 financial performance for the District's residential investment properties including an overview of completed capital projects;
- A review of budget highlights and planned capital projects for 2020, which include completing exterior painting (first phase was completed in 2019), deck and balcony repairs, additional roof replacements (four buildings), construction of a French drain system to divert groundwater that began percolating above ground at the upper level of the property in 2019, and landscape enhancements;
- An updated forecast of Orange County apartment market activity for 2020 including new apartment construction projects, rental rate and occupancy projections, and perspectives on the 2020 apartment leasing market from industry economists, prior to COVID-19; and
- An update on rental impacts, renewal programs and other measures being taken by Western National Properties property management staff at Sycamore Canyon and Wood Canyon Villas due to COVID-19.

FISCAL IMPACTS:

For calendar year 2019, the net operating income (NOI) from the Sycamore Canyon Apartments property was \$8.4 million. The District's preferred return income from the Wood Canyon Villa property was \$540,000. For calendar year 2020, the NOI from the Sycamore Canyon Apartments property is projected to be \$8.6 million and the preferred return income from the Wood Canyon Villa property is projected to be \$540,000.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

None.

May 12, 2020

Prepared by: J. Davis / T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

REAL ESTATE QUARTERLY PERFORMANCE – MARCH 2020

SUMMARY:

Staff will provide the Committee with an update on the financial performance of IRWD's real estate investments and other revenue generating properties for the quarter ended March 31, 2020.

BACKGROUND:

For the quarter ended March 31, 2020, the net operating income (NOI) for the District's residential and commercial real estate investment properties was \$2.8 million, which represents a 15.14% return for the period and the fiscal year (FY) to date NOI was approximately \$8.2 million. Including the Serrano Summit / Lennar Homes promissory note earning a rate of 4.00%, the weighted average return of the District's real estate investment portfolio is 9.03%. Land lease income from the Strawberry Farms Golf Course was \$98,382 and \$406,594 for the quarter end and FY periods, respectively. Lease revenue from the District's six cell sites was \$94,237 and \$224,885 for the quarter and FY to date, respectively. A report detailing the NOI and return for the District's real estate investment properties, golf course, and cell sites is attached as Exhibit "A".

Residential Investment Properties:

For the quarter ended March 31, 2020, the NOI for the Sycamore Canyon Apartments was \$2.1 million, which was favorable to budget by \$59,871, due to lower payroll expenses resulting from vacant positions. The FY to date NOI was approximately \$6.3 million, which was favorable to budget by \$179,987, due to lower-than-anticipated vacancies and lower expenses related to apartment turnovers and payroll. The District's limited partnership investment in the Wood Canyon Villa property earned a preferred return of 9.00%, providing net income of \$134,263 for the quarter-end and \$406,483 for the FY to date. The net return for Wood Canyon was 8.30% and 8.44% for quarter-end and FY periods, respectively.

Commercial Investment Properties:

The NOI for the quarter ended March 31, 2020 at the Irvine Market Place (230 Commerce) property was \$146,356, which was in line with budget. For the FY to date, NOI at the property was \$429,804, which was favorable to budget by \$45,899, due to higher-than-anticipated occupancy and lower expenses for utilities and maintenance. The property has two suites available, which are being marketed by the District's real estate brokers.

For the quarter ended March 31, 2020, the NOI for the Sand Canyon Professional Center medical office property was \$201,083 and \$586,145 for the FY to date, which was in line with budget. The property is currently 100% occupied.

The NOI for the Waterworks Way Business Park property for the quarter ended March 31, 2020 was \$126,842, which was unfavorable to budget by \$4,953, due to unanticipated repair expenses for light poles. FY to date, NOI was \$414,761, which was favorable to budget by \$47,498 due to higher-than-anticipated lease income. The property is currently 100% occupied.

Strawberry Farms Golf Course and Cell Site Leases:

Land lease income for Strawberry Farms Golf Course for the quarter ended March 31, 2020 was \$98,382. This compares with income of \$124,063 for the same period last year, representing a 20.70% decrease for the period. As of March 19, 2020, the golf course was closed due to COVID-19. Based on the lease terms, the owner of the golf course operation is excused from minimum monthly rent payments during a government-required suspension of play, and the period will be added to the end of the lease term. The FY year to date income was \$406,594, representing a decrease of 0.90% compared to the same period last year. For the quarter ended March 31, 2020, the lease revenue from the District's six cell sites was \$94,237 and \$224,885 year to date, which were unfavorable to budget by approximately \$45,000 and \$19,000, respectively. The quarter-end and fiscal year variances were due to a lower-than-anticipated revenue share amount received.

FISCAL IMPACTS:

For the quarter and fiscal period ended March 31, 2020, the District's commercial and residential real estate investments provided NOI of approximately \$2.8 million and \$8.2 million, respectively. Strawberry Farms Golf Course lease revenue was \$98,382 for the quarter and \$406,594 for the FY to date. The District's cell site revenue was \$94,237 for the quarter and the FY to date was \$224,885. The Serrano Summit / Lennar Homes promissory note earned interest of \$881,280 for the quarter and \$2.6 million year to date.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Real Estate Performance Report

Exhibit "A"

Irvine Ranch Water District Real Estate Investment Performance Report - Investment as of March 31, 2020

INCOME PROPERTIES			FY 2019-20					FY 2019-20 RATE OF RETURN				3 Year Average Rate of Return	5 Year Average Rate of Return
Property Description	Capital Investment	Investment Inception	Jan-20	Feb-20	Mar-20	FY Q3	FY 2019-20 TOTAL	FY Q1	FY Q2	FY Q3	Average Fiscal YTD	FY 17/18 - 19/20	FY 15/16 - 19/20
Sycamore Canyon Apartments	\$ 43,550,810	Dec-92	\$ 715,665	\$ 700,581	\$ 731,666	\$ 2,147,912	\$ 6,331,610	20.15%	18.28%	19.73%	19.38%	19.02%	18.59%
Wood Canyon Villa Apartments	\$ 6,000,000	Jun-91	\$ 45,738	\$ 42,787	\$ 45,738	\$ 134,263	\$ 406,483	8.50%	8.53%	8.30%	8.44%	8.53%	8.54%
Irvine Market Place Office	\$ 5,739,845	Jul-03	\$ 60,093	\$ 43,095	\$ 43,168	\$ 146,356	\$ 429,804	9.29%	10.47%	10.20%	9.98%	9.97%	8.20%
Waterworks Way Business Park	\$ 8,630,577	Nov-08	\$ 42,440	\$ 40,698	\$ 43,704	\$ 126,842	\$ 414,761	6.64%	6.71%	5.88%	6.41%	5.72%	5.50%
Sand Canyon Professional Center	\$ 8,648,594	Jul-12	\$ 68,162	\$ 66,395	\$ 66,526	\$ 201,083	\$ 586,145	9.08%	8.73%	9.30%	9.04%	8.91%	8.75%
TOTAL - INCOME PROPERTIES	\$ 72,569,826		\$ 932,098	\$ 893,556	\$ 930,802	\$ 2,756,456	\$ 8,168,803	15.40%	14.34%	15.14%	14.96%	14.65%	14.21%

OTHER REAL ESTATE INVESTMNET			FY 2019-20					PROMISSORY NOTE RATE OF RETURN			
Property Description	Original Cost	Investment Inception	Jan-20	Feb-20	Mar-20	FY Q3	FY 2019-20 TOTAL	FY Q1	FY Q2	FY Q3	Average Fiscal YTD
Serrano Summit - Promissory Note - extension	\$ 88,128,000		\$ 293,760	\$ 293,760	\$ 293,760	\$ 881,280	\$ 2,600,320	4.00%	4.00%	4.00%	4.00%
TOTAL - REAL ESTATE INVESTMENTS	\$ 160,697,826		Weighted Average Rate of Return					9.15%	8.67%	9.03%	8.95%

Irvine Ranch Water District
Real Estate Investment Performance Report - Investment
Strawberry Farms Golf Course & Cell Site
as of March 31, 2020

	2019-20 NET INCOME				
Property Description	Jan-20	Feb-20	Mar-20	FY Q3	NET INCOME 2019-2020
Strawberry Farms Golf Course	\$ 49,104	\$ 49,278	\$ -	\$ 98,382	\$ 406,594
Change From Prior Year Period:				\$ (25,681) -20.70%	\$ (3,687) -0.90%
Cellular Sites	\$ 40,273	\$ 7,689	\$ 46,276	\$ 94,237	\$ 224,885
Change From Prior Year Period:				\$ (47,641) -33.58%	\$ (14,469) -6.05%

*Strawberry Farms Golf Course Closed on 03/19 related to the COVID-19 Pandemic, based on lease agreement no minimum payment is due.

May 12, 2020

Prepared by: J. Davis / T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

MONTHLY INVESTMENT AND DEBT REVIEW

SUMMARY:

The following items are submitted for the Committee's review and consideration:

- The Investment Portfolio Summary Report as of April 30, 2020, as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of April 30, 2020, as outlined in Exhibit "B";
- The Summary of Fixed and Variable Debt as of April 30, 2020, as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of April 30, 2020, as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

For April 2020, the rate of return for the fixed income investment portfolio was 1.77%, which was a 0.19% decrease from March's rate of 1.96%. The decrease is due to a full month of lower interest rates on the reinvestment of \$10 million in March and \$25 million invested in April, as well as a decrease in the LAIF rate from 1.80% to 1.62%. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for April 2020 was 4.02%, which was a 0.16% decrease from March's rate of 4.18%.

Debt Portfolio:

As of April 30, 2020, IRWD's weighted average all-in variable rate was 0.76%, which was a 2.27% decrease from March's rate of 3.03% due to lower interest rates in the variable rate debt market. Including the District's weighted average fixed rate bond issues of 3.69% and the negative cash accruals from fixed payer interest rate swaps, which hedge a portion of the District's variable rate debt, the total average debt rate was 2.84%, which was a 0.91% decrease from March's rate of 3.75%.

FISCAL IMPACTS:

Fiscal impacts are outlined above and included in the attached exhibits.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – Investment Portfolio Summary as of April 30, 2020

Exhibit “B” – Yield Curve as of April 30, 2020

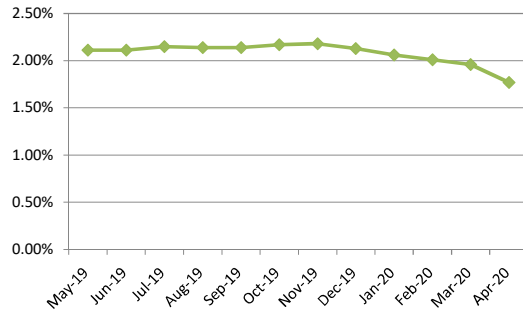
Exhibit “C” – Summary of Fixed and Variable Debt as of April 30, 2020

Exhibit “D” – Summary of Variable Rate Debt Rates as of April 30, 2020

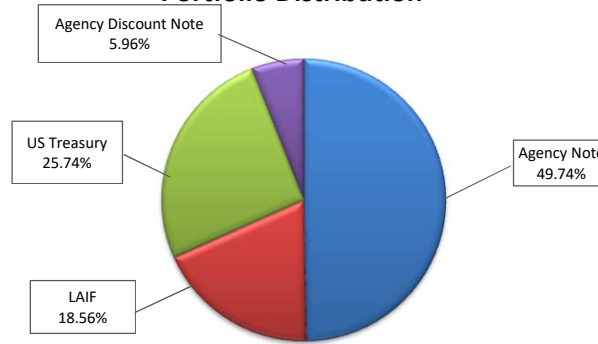
Exhibit "A"

Irvine Ranch Water District Investment Portfolio Summary April 2020

Monthly Fixed Income Yield



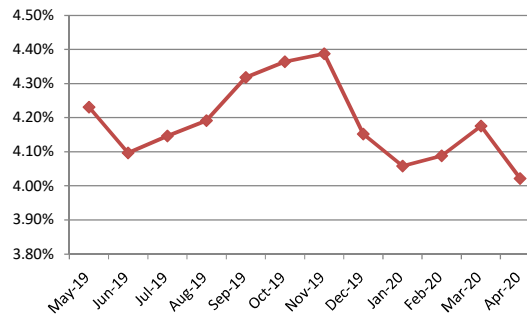
Portfolio Distribution



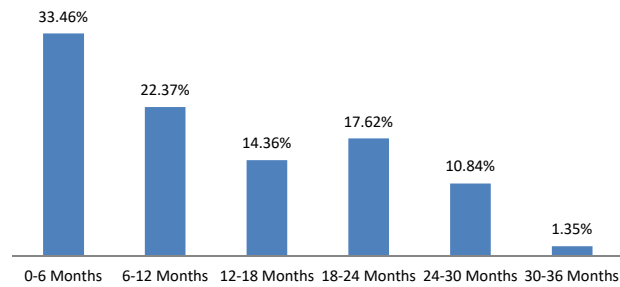
Investment Summary

Type	PAR	Book Value	Market Value
Agency Note	183,550,000	184,010,447	186,016,191
US Treasury	95,000,000	95,101,108	97,393,250
LAIF	68,500,000	68,500,000	69,012,450
Agency Discount Note	22,000,000	21,956,024	21,978,383
Grand Total	369,050,000	369,567,579	374,400,274

**Weighted Average Return
Including Real Estate Portfolio**



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
US Treasury	95,000,000	25.74%
State of California Tsy.	68,500,000	18.56%
Fed Home Loan Bank	67,000,000	18.15%
Fed Farm Credit Bank	65,000,000	17.61%
Fed Natl Mortgage Assoc	38,550,000	10.46%
Fed Home Loan Mortgage Corp	35,000,000	9.48%
Grand Total	369,050,000	100.00%

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

04/30/20

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 4/30/2020	UNREALIZED ⁽²⁾ GAIN/(LOSS)
08/23/17			05/01/20		LAIF	State of California Tsy.	\$68,500,000		1.620%	\$68,500,000.00	\$68,500,000.00	69,012,449.53	512,449.53
06/29/18	NA	NA	05/15/20	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.550%	2.566%	4,998,450.00	4,999,968.37	5,011,800.00	11,831.63
12/04/19	NA	NA	05/28/20	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.625%	1.582%	5,025,000.00	5,003,835.23	5,017,800.00	13,964.77
06/11/18	NA	NA	06/11/20	Aaa/NR/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.550%	2.570%	4,997,100.00	4,999,837.35	5,021,350.00	21,512.65
11/10/17	NA	NA	06/22/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.500%	1.750%	4,968,000.00	4,999,890.23	5,014,050.00	14,159.77
04/19/18	NA	NA	07/30/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.500%	2.535%	4,886,000.00	4,987,683.07	5,021,700.00	34,016.93
06/08/18	NA	NA	07/30/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.500%	2.559%	4,890,100.00	4,987,367.82	5,021,700.00	34,332.18
12/20/17	Quarterly	11/10/16	08/10/20	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.450%	2.052%	4,923,000.00	4,983,785.27	5,004,650.00	20,864.73
09/14/18	NA	NA	08/24/20	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.680%	2.789%	4,989,700.00	4,998,331.69	5,054,400.00	56,068.31
09/14/18	NA	NA	09/04/20	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.690%	2.794%	4,990,050.00	4,998,261.17	5,047,250.00	48,988.83
03/13/20	NA	NA	09/16/20	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	0.480%	0.489%	4,987,533.35	4,989,533.35	4,996,950.00	7,416.65
12/12/17	NA	NA	09/28/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	2.000%	2.000%	5,000,000.00	5,000,000.00	5,026,650.00	26,650.00
10/31/17	NA	NA	10/30/20	Aaa/NR/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,550,000	1.850%	1.850%	5,550,000.00	5,550,000.00	5,578,971.00	28,971.00
03/31/20	NA	NA	10/30/20	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	0.150%	0.153%	4,995,562.50	4,996,187.50	4,995,900.00	(287.50)
09/28/18	NA	NA	10/31/20	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.750%	2.847%	4,889,453.13	4,805,385.42	5,048,450.00	243,064.58
03/16/20	NA	NA	11/18/20	NR	FHLB - Discount Note	Fed Home Loan Bank	7,000,000	0.530%	0.540%	6,974,545.28	6,977,636.95	6,993,700.00	16,063.05
11/30/17	NA	NA	11/24/20	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.850%	1.964%	4,983,550.00	4,996,876.01	5,051,800.00	54,923.99
12/20/17	NA	NA	12/28/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.875%	2.023%	4,978,400.00	4,993,289.13	5,054,050.00	60,760.87
11/09/18	NA	NA	12/31/20	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.375%	2.958%	4,939,843.75	4,981,253.99	5,086,350.00	105,096.01
03/31/20	NA	NA	01/19/21	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	0.200%	0.204%	4,991,833.33	4,992,666.66	4,991,833.33	(833.33)
10/12/18	NA	NA	01/31/21	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	1.375%	2.890%	9,664,843.76	9,890,536.86	10,109,400.00	218,863.14
12/14/18	NA	NA	02/16/21	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	2.375%	2.806%	4,954,750.00	4,982,412.26	5,083,700.00	101,287.74
12/14/18	NA	NA	02/28/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.000%	2.755%	4,919,515.95	4,967,985.90	5,087,900.00	119,914.10
02/12/19	NA	NA	03/12/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	2.500%	2.516%	9,996,500.00	9,998,547.43	10,210,100.00	211,552.57
02/25/19	NA	NA	03/12/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.375%	2.549%	4,982,700.00	4,992,695.04	5,096,500.00	103,804.96
06/17/19	NA	NA	03/17/21	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.950%	1.938%	5,001,050.00	5,000,525.82	5,066,450.00	65,924.18
02/28/20	NA	NA	04/13/21	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	3,000,000	2.500%	1.185%	3,043,950.00	3,040,734.15	3,066,840.00	26,105.85
06/14/19	NA	NA	04/30/21	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.750%	1.913%	4,985,000.00	4,992,040.82	5,064,200.00	72,159.18
12/05/19	NA	NA	04/30/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.250%	1.650%	5,041,406.25	5,029,437.26	5,116,000.00	86,562.74
09/13/19	NA	NA	05/15/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.625%	1.757%	5,071,093.75	5,044,171.36	5,140,050.00	95,878.64
03/02/20	NA	NA	05/31/21	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	2.125%	1.186%	10,115,711.10	10,108,081.80	10,234,400.00	126,318.20
09/18/19	NA	NA	06/11/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.250%	1.786%	5,039,300.00	5,025,246.52	5,110,150.00	84,903.48
01/16/20	NA	NA	06/30/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.125%	1.594%	4,966,406.25	4,973,112.35	5,063,650.00	90,537.65
07/26/19	NA	NA	07/19/21	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.875%	1.927%	4,995,000.00	4,996,933.70	5,098,150.00	101,216.30
12/12/19	One Time	05/27/20	08/27/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.750%	1.712%	5,003,200.00	5,002,469.90	5,010,150.00	7,686.10
08/01/19	NA	NA	08/31/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.125%	1.816%	4,929,687.50	4,955,003.70	5,066,400.00	111,396.30
10/11/19	NA	NA	10/15/21	Aaa/AA+/NR	Treasury - Note	US Treasury	5,000,000	2.875%	1.540%	5,131,640.63	5,095,282.74	5,205,300.00	110,017.26
10/22/19	NA	NA	10/15/21	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.400%	1.642%	4,976,500.00	4,982,732.04	5,076,150.00	93,417.96
11/05/19	NA	NA	11/15/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.875%	1.610%	5,125,585.94	5,095,418.20	5,216,600.00	121,181.80
11/08/19	NA	NA	11/30/21	Aaa/AA+/NR	Treasury - Note	US Treasury	5,000,000	1.750%	1.680%	5,007,031.25	5,005,397.16	5,128,700.00	123,302.84
04/23/20	NA	NA	12/20/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	1.625%	0.309%	10,217,480.00	10,214,967.85	10,217,480.00	2,512.15
11/25/19	NA	NA	12/31/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.000%	1.619%	5,039,062.50	5,031,015.73	5,155,450.00	124,434.27
11/25/19	NA	NA	01/13/22	Aaa/NA/NR	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	2.375%	1.635%	5,077,250.00	5,061,601.92	5,175,350.00	113,748.08
03/08/19	NA	NA	01/15/22	Aaa/AA+/NR	Treasury - Note	US Treasury	5,000,000	2.500%	2.460%	5,005,468.75	5,003,268.68	5,203,900.00	200,631.32
01/15/20	One Time	7/10/20	01/10/22	Aaa/NA/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.625%	1.625%	5,000,000.00	5,000,000.00	5,017,100.00	17,100.00
12/19/19	NA	NA	01/31/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.875%	1.641%	5,024,218.75	5,020,025.84	5,151,750.00	131,724.16
03/21/19	NA	NA	02/03/22	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.030%	2.361%	4,954,350.00	4,972,044.81	5,140,550.00	168,505.19
12/19/19	NA	NA	02/15/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.500%	1.652%	5,089,453.13	5,074,260.84	5,213,500.00	139,239.16
03/08/19	NA	NA	03/11/22	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.500%	2.549%	5,002,750.00	5,001,699.04	5,207,600.00	205,900.96
12/19/19	NA	NA	03/31/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.875%	1.645%	5,025,585.94	5,021,470.07	5,165,450.00	143,979.93
02/21/20	NA	NA	04/14/22	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.400%	1.414%	4,998,500.00	4,998,557.47	5,084,450.00	85,892.53
04/23/20	NA	NA	04/21/22	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	10,000,000	1.580%	0.320%	10,250,200.00	10,247,450.55	10,250,200.00	2,749.45

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

04/30/20

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 4/30/2020	UNREALIZED ⁽²⁾ GAIN/(LOSS)
04/27/20	Quarterly	10/27/20	04/27/22	NA/NA/NA	FHLMC - Note	Fed Home Loan Mortgage Corp	10,000,000	0.550%	0.550%	10,000,000.00	10,000,000.00	10,000,000.00	
01/15/20	NA	NA	07/15/22	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.600%	1.594%	5,000,750.00	5,000,662.01	5,114,900.00	114,237.99
04/24/20	NA	NA	10/21/22	Aaa/NR/NR	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.550%	0.555%	5,000,000.00	5,000,000.00	5,000,000.00	
TOTAL INVESTMENTS							<u>\$369,050,000</u>			<u>\$369,094,062.79</u>	<u>\$369,567,579.01</u>	<u>\$374,400,273.86</u>	<u>\$4,832,694.85</u>

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

04/30/20

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury
04/20	\$68,500,000	18.56%	\$68,500,000				
05/20	10,000,000	2.71%		10,000,000			
06/20	10,000,000	2.71%		10,000,000			
07/20	10,000,000	2.71%		10,000,000			
08/20	10,000,000	2.71%		10,000,000			
09/20	15,000,000	4.06%		10,000,000	5,000,000		
10/20	15,550,000	4.21%		5,550,000	5,000,000		5,000,000
11/20	12,000,000	3.25%		5,000,000	7,000,000		
12/20	10,000,000	2.71%		5,000,000			5,000,000
01/21	15,000,000	4.06%			5,000,000		10,000,000
02/21	10,000,000	2.71%		5,000,000			5,000,000
03/21	20,000,000	5.42%		20,000,000			
SUB-TOTAL	\$206,050,000	55.83%	\$68,500,000	\$90,550,000	\$22,000,000		\$25,000,000
13 Months - 3 YEARS							
04/01/2021 - 05/31/2021	28,000,000	7.59%		8,000,000			20,000,000
06/30/2021 - 08/31/2021	25,000,000	6.77%		15,000,000			10,000,000
09/01/2021 - 11/30/2021	20,000,000	5.42%		5,000,000			15,000,000
12/01/2021 - 02/28/2022	45,000,000	12.19%		25,000,000			20,000,000
03/01/2022 - 05/31/2022	35,000,000	9.48%		30,000,000			5,000,000
06/01/2022- 08/31/2022	5,000,000	1.35%		5,000,000			
09/01/2022 +	5,000,000	1.35%		5,000,000			
	-						
	-						
TOTALS	\$369,050,000	100.00%	\$68,500,000	\$183,550,000	\$22,000,000		\$95,000,000

% OF PORTFOLIO	18.56%	49.74%	5.96%	25.74%
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Irvine Ranch Water District
Summary of Real Estate - Income Producing Investments
3/31/2020

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 3/31/2020	ANNUALIZED RATE OF RETURN QUARTER ENDED 3/31/2020
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 43,550,810	\$ 148,625,000	19.73%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 28,710,327	8.30%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,739,845	\$ 11,730,000	10.20%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,630,577	\$ 9,180,000	5.88%
Sand Canyon Professional Center	Jul-12	Medical Office	Fee Simple	\$ 8,648,594	\$ 11,220,000	9.30%
Total - Income Properties				\$ 72,569,826	\$ 209,465,327	15.14%
OTHER REAL ESTATE DESCRIPTION						
Serrano Summit - Promissory Note	Sep-17	NA	NA	\$ 88,128,000	\$ 88,128,000	4.00%
Total - Income Producing Real Estate Investments				\$ 160,697,826	\$ 297,593,327	9.03%

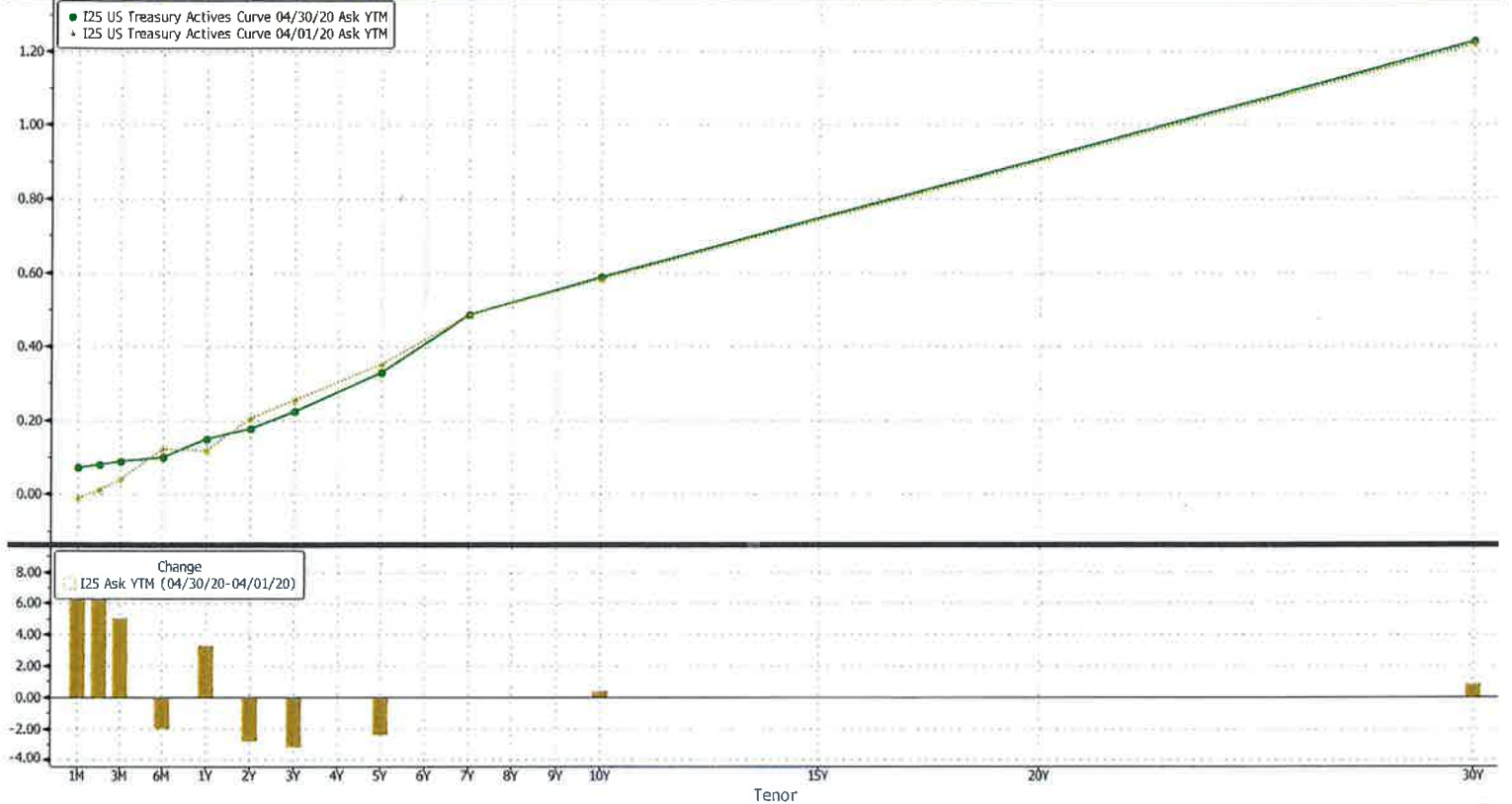
Apr-20

PURCHASES

A - 6

Exhibit "B"

US Treasury Actives Curve		Actions ▾	98 Table	Export ▾	Settings ▾	Graph Curves	
X-Axis Tenor	Y-Axis Ask YTM		Currency None	PCS		Lower Chart	History Chart ▾
Specific 04/01/20	04/30/20	Relative	Last 1D 1W	Modify		Curves & Relative Value	

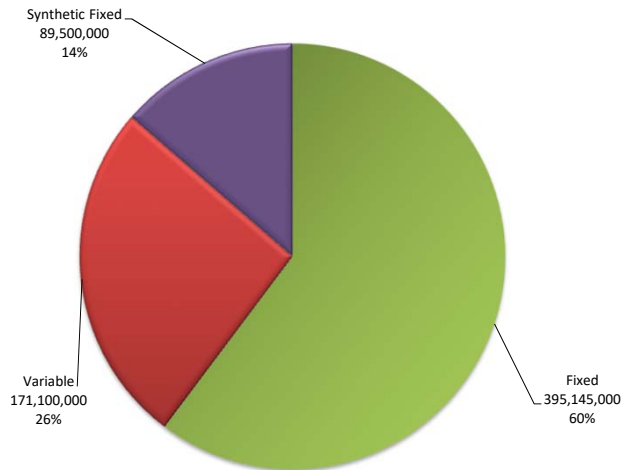


I25 Ask YTM US Treasury Actives Curve		I25 Ask YTM US Treasury Actives Curve		I25 Ask YTM (Change)	
04/30/20		04/01/20		04/30/20-04/01/20	
Tenor	Description	Yield	Description	Yield	Yield
11)	1MGBM Govt	0.074	Same	-0.010	8.4
12)	2MGB2 Govt	0.081	Same	0.013	6.8
13)	3MGB3 Govt	0.089	Same	0.038	5.1
14)	6MGB6 Govt	0.101	Same	0.122	-2.0
15)	1YGB1 Govt	0.150	Same	0.117	3.3
16)	2YGT2 Govt	0.178	Same	0.206	-2.8
17)	3YGT3 Govt	0.223	Same	0.255	-3.2
18)	5YGT5 Govt	0.328	Same	0.352	-2.4
19)	7YGT7 Govt	0.486	Same	0.486	0.0
20)	10YGT10 Govt	0.587	Same	0.583	0.4
21)	30YGT30 Govt	1.227	Same	1.219	0.8

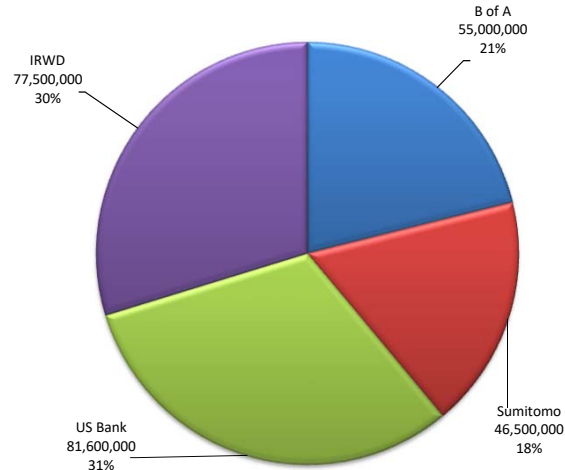
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Exhibit "C"
Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
April 2020

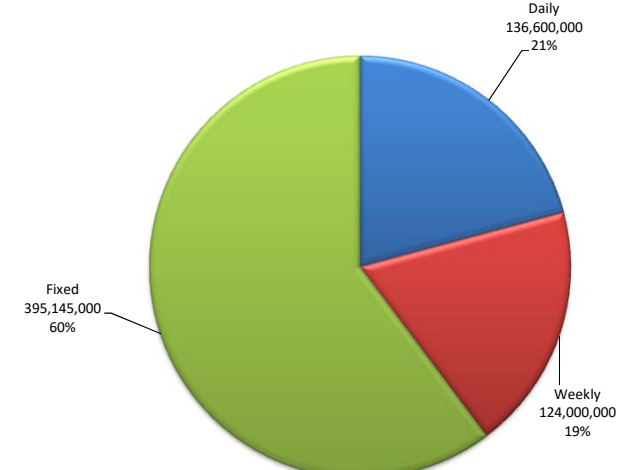
Current Debt Mix By Type



Letters of Credit / Support



Current Debt Rate Reset



Outstanding Par by Series

Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit/Support	Rmkt Agent	Mode	Reset
Series 1993	05/19/93	04/01/33	\$26,600,000	4.06%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	\$46,500,000	7.09%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$46,500,000	7.09%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$31,000,000	4.73%	IRWD	Goldman	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	\$55,000,000	8.39%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$55,000,000	8.39%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	\$116,745,000	17.80%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$175,000,000	26.69%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$103,400,000	15.77%	N/A	N/A	Fixed	Fixed
Total			\$655,745,000	100.00%				

IRVINE RANCH WATER DISTRICT
SUMMARY OF FIXED & VARIABLE RATE DEBT

April-20

ITN
Daily
Weekly

GENERAL BOND INFORMATION							LETTER OF CREDIT INFORMATION										TRUSTEE INFORMATION				
VARIABLE RATE ISSUES	Issue Date	Maturity Date	Principal Payment Date	Payment Date	Original Par Amount	Remaining Principal	Letter of Credit	Reimbursement Agreement Date	L/C Exp. Date		MOODY'S	S&P	FITCH	LOC Stated Amount	LOC Fee	Annual LOC Cost	Rmkt Agent	Reset	Rmkt Fees	Annual Cost	Trustee
SERIES 1993	05/19/93	04/01/33	Apr 1	5th Bus. Day	\$38,300,000	\$26,600,000	US BANK	05/07/15	12/15/21		Aa3/VMIG1	AA-/A-1+	N/R	\$26,958,553	0.3300%	\$88,963	BAML	DAILY	0.10%	\$26,600	BANK OF NY
SERIES 2008-A Refunding	04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$46,500,000	SUMITOMO	04/01/11	07/21/21		A1/P-1	A/A-1	A/F1	\$47,187,945	0.3150%	\$148,642	BAML	WED	0.07%	\$32,550	BANK OF NY
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$60,545,000	\$46,500,000	N/A	N/A	N/A		Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	\$58,125	BANK OF NY
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$40,370,000	\$31,000,000	N/A	N/A	N/A		Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	\$38,750	BANK OF NY
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$55,000,000	US BANK	04/01/11	12/15/21		Aa2/VMIG 1	AA-/A-1+	AA/F1+	\$55,614,795	0.3300%	\$183,529	US Bank	DAILY	0.07%	\$38,500	US BANK
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$55,000,000	B of A	04/01/11	05/16/22		Aa2/VMIG 1	A/A-1	A1/F1+	\$55,614,795	0.3000%	\$166,844	Goldman	DAILY	0.10%	\$55,000	US BANK
					\$349,430,000	\$260,600,000	SUB-TOTAL VARIABLE RATE DEBT							\$185,376,088	0.3172%	\$587,978					
										(Wt. Avg)							(Wt. Avg)				
FIXED RATE ISSUES																					
2010 GO Build America Taxable Bonds	12/16/10	05/01/40	May (2025)	May/Nov	\$175,000,000	\$175,000,000	N/A	N/A	N/A		Aa1	AAA	NR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK
2016 COPS	09/01/16	03/01/46	Mar (2021)	Mar/Sept	\$116,745,000	\$116,745,000	N/A	N/A	N/A		NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK
SERIES 2016	10/12/16	02/01/46	Feb (2022)	Feb/Aug	\$103,400,000	\$103,400,000	N/A	N/A	N/A		NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	BANK OF NY
					\$395,145,000	\$395,145,000	SUB-TOTAL FIXED RATE DEBT														
					\$744,575,000	\$655,745,000	TOTAL- FIXED & VARIABLE RATE DEBT														

Remarketing Agents			GO VS COP's		
Goldman	132,500,000	51%	GO:	539,000,000	82%
BAML	73,100,000	28%	COPS:	116,745,000	18%
US Bank	55,000,000	21%	Total	<u>655,745,000</u>	
	<u>260,600,000</u>				

LOC Banks		Breakdown Between Variable & Fixed Rate Mode	
SUMITOMO	46,500,000	Daily Issues	136,600,000 21%
BANK OF AMERICA	55,000,000	Weekly Issues	46,500,000 7%
US BANK	81,600,000	ITN Issues	77,500,000 12%
	<u>183,100,000</u>	Sub-Total	<u>260,600,000</u>
		Fixed Rate Issues	\$395,145,000 60%
		Sub-Total - Fixed	<u>395,145,000</u>
		TOTAL DEBT	
		FIXED & VAR.	<u>655,745,000</u> 100%

Exhibit "D"
IRVINE RANCH WATER DISTRICT
SUMMARY OF DEBT RATES
Apr-20

Rmkt Agent	GOLDMAN		GOLDMAN		GOLDMAN		MERRILL LYNCH		US BANK
Mode	DAILY	WEEKLY	WEEKLY	WEEKLY	DAILY	WEEKLY	DAILY		
Bond Issue	2009 - B	2011 A-1	2011 A-2	2011 A-2	1993	2008-A	2009-A		
Par Amount	55,000,000	46,500,000	31,000,000	31,000,000	26,600,000	46,500,000	55,000,000		
Bank	BOFA	(SIFMA -6)	(SIFMA -6)	(SIFMA -6)	US BANK	Sumitomo	US BANK		
Reset		Wednesday	Wednesday	Wednesday		Wednesday			
4/1/2020	0.45%	4.65%	4.65%	0.33%	4.67%	0.50%			
4/2/2020	0.32%	1.77%	1.77%	0.28%	1.77%	0.40%			
4/3/2020	0.23%	1.77%	1.77%	0.24%	1.77%	0.35%			
4/4/2020	0.23%	1.77%	1.77%	0.24%	1.77%	0.35%			
4/5/2020	0.23%	1.77%	1.77%	0.24%	1.77%	0.35%			
4/6/2020	0.21%	1.77%	1.77%	0.19%	1.77%	0.30%			
4/7/2020	0.18%	1.77%	1.77%	0.13%	1.77%	0.20%			
4/8/2020	0.11%	1.77%	1.77%	0.10%	1.77%	0.16%			
4/9/2020	0.07%	0.68%	0.68%	0.07%	0.48%	0.13%			
4/10/2020	0.07%	0.68%	0.68%	0.07%	0.48%	0.13%			
4/11/2020	0.07%	0.68%	0.68%	0.07%	0.48%	0.13%			
4/12/2020	0.07%	0.68%	0.68%	0.07%	0.48%	0.13%			
4/13/2020	0.04%	0.68%	0.68%	0.05%	0.48%	0.09%			
4/14/2020	0.03%	0.68%	0.68%	0.03%	0.48%	0.05%			
4/15/2020	0.02%	0.68%	0.68%	0.02%	0.48%	0.05%			
4/16/2020	0.02%	0.30%	0.30%	0.02%	0.21%	0.03%			
4/17/2020	0.01%	0.30%	0.30%	0.01%	0.21%	0.03%			
4/18/2020	0.01%	0.30%	0.30%	0.01%	0.21%	0.03%			
4/19/2020	0.01%	0.30%	0.30%	0.01%	0.21%	0.03%			
4/20/2020	0.01%	0.30%	0.30%	0.01%	0.21%	0.02%			
4/21/2020	0.01%	0.30%	0.30%	0.02%	0.21%	0.02%			
4/22/2020	0.01%	0.30%	0.30%	0.02%	0.21%	0.02%			
4/23/2020	0.01%	0.15%	0.15%	0.02%	0.16%	0.02%			
4/24/2020	0.03%	0.15%	0.15%	0.01%	0.16%	0.02%			
4/25/2020	0.03%	0.15%	0.15%	0.01%	0.16%	0.02%			
4/26/2020	0.03%	0.15%	0.15%	0.01%	0.16%	0.02%			
4/27/2020	0.04%	0.15%	0.15%	0.06%	0.16%	0.05%			
4/28/2020	0.06%	0.15%	0.15%	0.06%	0.16%	0.06%			
4/29/2020	0.07%	0.15%	0.15%	0.07%	0.16%	0.08%			
4/30/2020	0.10%	0.15%	0.15%	0.07%	0.21%	0.10%			
Avg Interest Rates	0.09%	0.84%	0.84%	0.08%	0.77%	0.13%			
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%	0.07%			
LOC Fee	0.30%			0.33%	0.32%	0.33%			
All-In Rate	0.49%	0.96%	0.96%	0.51%	1.16%	0.53%			
Par Amount	101,500,000		31,000,000		73,100,000		55,000,000		

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	52.42%	136,600,000	0.51%	0.11%
Weekly	47.58%	124,000,000	1.04%	0.81%
	100.00%	\$ 260,600,000	0.76%	0.44%
Fixed				
COPS 2016	29.54%	116,745,000	2.90%	
BABS 2010	44.29%	175,000,000	4.44%	(1)
SERIES 2016	26.17%	103,400,000	3.32%	
	100.00%	\$ 395,145,000	3.69%	
All-In Debt Rate Including \$60 Million Notional Amount of Swaps				2.84%


(1) Rate adjusted up from 4.35% as a result of sequestration reducing BAB's subsidy by 5.9%

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May 12, 2020

Prepared by: M. Pulles

Submitted by: C. Clary

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

EXPENSES AND FEES OF BOARD MEMBERS AND GENERAL MANAGER PAID THROUGH THE THIRD QUARTER OF FY 2019-20

SUMMARY:

Pursuant to the Policy Regarding Business Expense Reimbursement, Travel, Meeting Compensation and Representation, staff has assembled for Committee review an Expense Summary, as shown in Exhibits “A” and “B”, for the District’s Board Members and the General Manager through the third quarter of Fiscal Year (FY) 2019-20. Provided below is a summary of expenses paid to date.

	Name	Conference, Travel, and Other District-Related Expenses	Meeting Fees	Total
Board Members:	LaMar	\$ 7,906	\$ 24,590	\$ 32,496
	Matheis	14,582	25,162	39,744
	Reinhart	4,897	25,448	30,345
	Swan	14,598	19,156	33,754
	Withers	2,718	21,116	23,834
	<i>Total:</i>	<i>\$ 44,701</i>	<i>\$115,472</i>	<i>\$160,173</i>
General Manager:	Cook	\$ 4,256	N/A	\$ 4,256
	<i>Total:</i>	<i>\$ 4,256</i>	<i>N/A</i>	<i>\$ 4,256</i>

FISCAL IMPACTS:

Meeting fees total \$115,472 versus a budget of \$132,750, resulting in a positive variance of \$17,278 year to date. Conference and meeting-related travel expenses for both the Board of Directors and the General Manager totaled \$48,957 versus a budget of \$81,000, resulting in a positive variance of \$32,043.

The total cost for Board and General Manager conference, travel, and other District-related expenses, including meeting fees, through the third quarter of FY 2019-20, is \$164,429, resulting in a positive variance of \$49,321 to budget.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – Expense Summary Overview for the Board Members and General Manager
Exhibit “B” – Expense Summaries by Individual

Exhibit "A"



Irvine Ranch Water District Conference/Seminar and Monthly Expense Summary For the Third Quarter, FY 19-20

All Board Members/General Manager

Name	Registration	Airfare	Lodging	Meals	Taxi/Shuttle/ Auto Rental	Parking	Other	Mileage Reimb		Reimb. By	Total
	Fees								# Miles	Amount	
Board Members:											
Steven LaMar	\$ 1,575	\$ 8,490	\$ 2,782	\$ 149	\$ 256	\$ 285	\$ -	601	\$ 348	(5,979)	7,906
Mary Aileen Matheis	3,671	3,792	5,934	221	643	-	133	325	188	-	14,582
Doug Reinhart	1,644	-	2,398	155	285	133	-	486	282	-	4,897
Peer Swan	2,645	4,789	3,764	208	195	588	424	3,421	1,985	-	14,598
John Withers	1,448	-	993	-	227	50	-	-	-	-	2,718
											-
											-
											-
											-
General Manager:											
Paul Cook	-	2,386	542	498	90	37	703	-	-	-	4,256
											-
											-
Total	\$ 10,983	\$ 19,456	\$ 16,413	\$ 1,231	\$ 1,696	\$ 1,093	\$ 1,260	4,833	\$ 2,803	\$ (5,979)	\$ 48,957

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Steven LaMar

*Detail of Description/Location provided on Expense Report



**Irvine Ranch Water District
Conference/Seminar and Monthly Expense Summary
For the Third Quarter, FY 19-20**

Mary Aileen Matheis

Date Paid	Date Incurred	Description/Location	Registration Fees	Airfare	Lodging	Meals	Taxi/Shuttle/ Auto Rental	Parking Fees	Other	Mileage Reimb		Reimb. By	
										# Miles	Amount	ACWA	Total
<u>Monthly Expense Reports</u>													
Paid	July 2019	*Various business meetings	505.46				50.00						\$ 555.46
Paid	August 2019	*Various business meetings	130.00										130.00
Paid	September 2019	IEUA Water Association Leadership, Ontario, CA	20.00										20.00
Paid	October 2019	ISDOC Quarterly meeting, Fountain Valley, CA	20.00										20.00
Paid	November 2019	Orange County Business Council Red Carpet Awards, Costa Mesa	85.00										85.00
Paid	December 2019	Chapman University Economic Forecast, Costa Mesa	188.00										188.00
Paid	January 2020	*Various business meetings	177.00										177.00
	February 2020	Monthly Expense Report (no activity this period)											-
	March 2020	Monthly Expense Report (no activity this period)											-
	April 2020	Monthly Expense Report (no activity this period)											-
	May 2020	Monthly Expense Report (no activity this period)											-
	June 2020	Monthly Expense Report (no activity this period)											-
<u>Conferences/Seminars and Other Non-local Travel</u>													
Paid July'19	February 2019	*Various business meetings for the month of February 2019		60.00	946.94		69.94		8.00				1,084.88
Paid July'19	April 2019	*Various business meetings for the month of April 2019			224.27					165	95.82		320.09
Paid July'19	May 2019	*Various business meetings for the month of May 2019		711.00	1,042.92	48.59	62.48		8.00				1,872.99
Paid Aug'19	June 2019	*Various business meetings for the month of June 2019		354.60	1,135.70	26.29	30.00		8.00				1,554.59
Paid	August 2019	Urban Water Institute's Annual Conf., San Diego, CA			808.05	48.88			6.00	160	92.57		955.50
Paid	September 2019	WEF 2019 Colorado River Symposium, Santa Fe, NM	725.00	878.50	425.97	15.16	132.32		11.00				2,187.95
Paid	October 16, 2019	ACWA Regulatory Summit, Sacramento, CA	290.00	583.96	195.71	25.75	146.40		2.00				1,243.82
Paid	October 30, 2019	WEF 36th Annual Water Summit, Sacramento, CA	300.44	583.96			102.00						986.40
Paid	12/02/2019	ACWA 2019 Fall Conference, San Diego, CA	725.00		943.12	56.45	18.00		86.00				1,828.57
Paid	12/11/2019	Colorado River Water Users Assoc. 2019 Conf., Las Vegas, NV	505.00	619.96	210.89		32.00		4.00				1,371.85
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Total			\$ 3,670.90	\$ 3,791.98	\$ 5,933.57	\$ 221.12	\$ 643.14	\$ -	\$ 133.00	325	\$ 188.39	\$ -	\$ 14,582.10

*Detail of Description/Location provided on Expense Report

[illegible]

*Detail of Description/Location provided on Expense Report



Peer Swan

**Irvine Ranch Water District
Conference/Seminar and Monthly Expense Summary
For the Third Quarter, FY 19-20**

Date Paid	Date Incurred	Description/Location	Registration Fees	Airfare	Lodging	Meals	Taxi/Shuttle/ Auto Rental	Parking Fees	Other	Mileage Reimb		Reimb. By ACWA	Total
Monthly Expense Reports *													
Paid	July 2019	*Various business meetings							\$ 9.72	50	\$ 29.24		\$ 38.96
	August 2019	Monthly Expense Report (no activity this period)											-
Paid	September 2019	*Various business meetings	20.00						34.02	254	147.57		201.59
Paid	October 2019	*Various business meetings	30.00					20.00	59.58	419	243.22		352.80
Paid	November 2019	*Various business meetings	30.00						45.00	189	109.42		184.42
	December 2019	Monthly Expense Report (no activity this period)											-
	January 2020	Monthly Expense Report (no activity this period)											-
	February 2020	Monthly Expense Report (no activity this period)											-
	March 2020	Monthly Expense Report (no activity this period)											-
	April 2020	Monthly Expense Report (no activity this period)											-
	May 2020	Monthly Expense Report (no activity this period)											-
	June 2020	Monthly Expense Report (no activity this period)											-
Conferences/Seminars and Other Non-local Travel													
Paid Jul'19	February 2019	Annual Washington DC Conf for CASA & ACWA		743.56		29.52	67.16		4.86	14	8.12		853.22
Paid Jul'19	February 2019	*Professional meetings for month of February 2019							43.74	226	131.04		174.78
Paid Jul'19	March 2019	Water Now 4th Annual Summit, Austin, TX		643.36	863.56	27.55	48.36	70.00	4.86	14	8.24		1,665.93
Paid Jul'19	March 2019	*Professional meetings for month of March 2019		573.96		31.54		20.00	38.88	193	112.09		776.47
Paid Jul'19	April 2019	*Professional meetings for month of April 2019		573.96		6.19	66.50	20.00	63.18	430	249.21		979.04
Paid Sep'19	May 2019	*Professional meetings for month of May 2019						26.00	41.31	357	206.86		274.17
Paid Sep'19	May 2019	ACWA 2019 Spring Conf., Monterey, CA			1,356.16	14.97		125.00	4.86	736	426.88		1,927.87
Paid Sep'19	June 2019	Watershed Stewardship Wildland Urban, Auburn, CA		583.96	313.74	44.30		48.00	2.43	10	6.09		998.52
Paid Sep'19	June 2019	*Professional meetings for month of June 2019							48.60	315	182.96		231.56
Paid	10/01/2019	WEF Northern California Water Tour, Sacramento, CA	895.00	583.96	234.10	34.50		80.00	4.86	14	8.24		1,840.66
Paid	10/30/2019	WEF 2019 Water Summit, Sacramento, CA	300.44	583.96		8.64		20.00	2.43	21	11.95		927.42
Paid	11/05/2019	WEF Central Coast Tour, San Jose, CA	645.00	501.96	289.56	10.32	13.15	54.00	4.86	14	8.24		1,527.09
Paid	12/02/2019	ACWA 2019 Fall Conference, San Diego, CA	725.00		707.34			105.00	10.98	165	95.47		1,643.79
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*Detail of Description/Location provided on Expense Report

**Irvine Ranch Water District
Conference/Seminar and Monthly Expense Summary
For the Third Quarter, FY 19-20**


John Withers

Date Paid	Date Incurred	Description/Location	Registration Fees	Airfare	Lodging	Meals	Taxi/Shuttle/ Auto Rental	Parking Fees	Other	Mileage Reimb. # Miles	Amount	Reimb. By ACWA	Total
<u>Monthly Expense Reports</u>													
Paid	July 2019	*Various business meetings	120.00	-	-	-	-	-	-	-	-	-	\$ 120.00
Paid	August 2019	*Various business meetings	130.00	-	-	-	-	-	-	-	-	-	130.00
Paid	September 2019	*Various business meetings	126.25	-	-	-	-	-	-	-	-	-	126.25
Paid	October 2019	Orange County Business Council Economic Forecast, Irvine	200.00	-	-	-	-	-	-	-	-	-	200.00
Paid	November 2019	Orange County Business Council Red Carpet Awards, Costa Mesa	85.00	-	-	-	-	-	-	-	-	-	85.00
	December 2019	Monthly Expense Report (no activity this period)	-	-	-	-	-	-	-	-	-	-	=
Paid	January 2020	*Various business meetings	62.00	-	-	-	-	-	-	-	-	-	62.00
	February 2020	Monthly Expense Report (no activity this period)	-	-	-	-	-	-	-	-	-	-	=
	March 2020	Monthly Expense Report (no activity this period)	-	-	-	-	-	-	-	-	-	-	=
	April 2020	Monthly Expense Report (no activity this period)	-	-	-	-	-	-	-	-	-	-	=
	May 2020	Monthly Expense Report (no activity this period)	-	-	-	-	-	-	-	-	-	-	=
	June 2020	Monthly Expense Report (no activity this period)	-	-	-	-	-	-	-	-	-	-	=
<u>Conferences/Seminars and Other Non-local Travel</u>													
Paid Jul'19	May 2019	ACWA 2019 Spring Conf., Monterey, CA	-	-	521.46	-	226.97	50.00	-	-	-	-	798.43
Paid	12/02/2019	ACWA 2019 Fall Conf., San Diego, CA	725.00	-	471.56	-	-	-	-	-	-	-	1,196.56
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Total			\$ 1,448.25	\$ -	\$ 993.02	\$ -	\$ 226.97	\$ 50.00	\$ -	-	\$ -	\$ -	\$ 2,718.24

*Detail of Description/Location provided on Expense Report

[illegible]

*Detail of Description/Location provided on Expense Report

May 12, 2020
Prepared: by: J. Tobar
Submitted by: C. Clary
Approved by Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

LEGAL FEES QUARTERLY UPDATE

SUMMARY:

Below is an analysis that provides a summary of legal fees incurred by IRWD through the third quarter of Fiscal Year (FY) 2019-20.

BACKGROUND:

Legal fees for IRWD's general operations through the third quarter of FY 2019-20 totaled \$1,473,141 compared to a budget of \$2,142,500, which resulted in a positive variance of \$669,359, or 31.2%. There were positive variances in all operating legal services categories including general services, litigation, special projects, personnel issues, and insurance litigation. Actual legal fees accounted for 1.24% of actual operating expenses and 2.69% of total expenditures.

Capitalized legal fees associated with major capital projects through the third quarter of FY 2019-20 totaled \$3,337,541. The Michelson Water Recycling Plant Biosolids and Energy Recovery Facility comprised 98.7% of the total legal fees associated with capital spending through the third quarter of FY 2019-20.

Non-operating legal fees through the third quarter of FY 2019-20 totaled \$55,994 for bond counsel rendered in connection with the 2011 Index Tender Notes Annual Remarketing.

Provided as Exhibit "A" is a detailed comparison of actual to budgeted legal fees through the third quarter of FY 2019-20. Provided as Exhibit "B" is a three-year comparison of fees incurred by the firms providing services to IRWD in FY 2017-18 through FY 2019-20, their hourly rates, and a general description of the services provided.

FISCAL IMPACTS:

Fiscal impacts are outlined above.

ENVIRONMENTAL COMPLIANCE :

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” –Legal Fees, Fiscal Year 2019-20

Exhibit “B” –Comparative Analysis of Legal Fees for FY 2017-18 through FY 2019-20

Exhibit "A"

Legal Fees Fiscal Year 2019 - 2020

Firm	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Actual Operating Legal Fees	YTD Budget Operating Legal Fees	YTD % Actual vs Budget
Operating Legal Fees:							
<u>General Services:</u>							
Alston & Bird LLP	\$ -	\$ 877	\$ 783	\$ -	\$ 1,660		
Hanson Bridgett LLP	\$ -	\$ -	\$ 225,000	\$ -	\$ 225,000		
Kronick Moskowitz Tiedemann & Girard	\$ (11,915)	\$ 16,333	\$ (14,155)	\$ -	\$ (9,737)		
Lewis Brisbois Bisgaard & Smith LLP	\$ 121,270	\$ 198,990	\$ (14,652)	\$ -	\$ 305,608		
Sub-total	\$ 109,355	\$ 216,200	\$ 196,976	\$ -	\$ 522,531	\$ 675,000	77.4%
<u>Litigation:</u>							
Alston & Bird LLP	\$ 221,290	\$ 39,182	\$ 514,365	\$ -	\$ 774,837		
Sub-total	\$ 221,290	\$ 39,182	\$ 514,365	\$ -	\$ 774,837	\$ 1,137,500	68.1%
<u>Special Projects:</u>							
Hanson Bridgett LLP	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000		
Sub-total	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 150,000	33.3%
<u>Personnel Issues:</u>							
Burke, Williams & Sorensen, LLP	\$ 2,633	\$ -	\$ 2,372	\$ -	\$ 5,005		
Payne & Fears LLP	\$ 9,809	\$ 1,785	\$ 36,119	\$ -	\$ 47,713		
Pillsbury Winthrop Shaw Pittman LLP	\$ 5,177	\$ 13,983	\$ 3,494	\$ -	\$ 22,654		
Sub-total	\$ 17,619	\$ 15,768	\$ 41,985	\$ -	\$ 75,372	\$ 105,000	71.8%
<u>Insurance Litigation:</u>							
Everett Dorey LLP	\$ 14,553	\$ 26,624	\$ 9,096	\$ -	\$ 50,273		
Woodruff, Spradlin & Smart	\$ 51	\$ 77	\$ -	\$ -	\$ 128		
Sub-total	\$ 14,604	\$ 26,701	\$ 9,096	\$ -	\$ 50,401	\$ 75,000	67.2%
Total Operating Legal Fees	\$ 362,868	\$ 297,851	\$ 812,422	\$ -	\$ 1,473,141	\$ 2,142,500	68.8%

Major Capital Projects Legal Fees:

Asset Optimization - Lake Forest Develop.	\$ 2,688	\$ -	\$ -	\$ -	\$ 2,688
MWRP Biosolids and Energy Recovery	\$ 996,780	\$ 1,837,155	\$ 459,416	\$ -	\$ 3,293,351
Syphon Reservoir Improvements	\$ -	\$ 1,903	\$ -	\$ -	\$ 1,903
Water and Energy Planning Studies DW	\$ -	\$ 315	\$ 12,360	\$ -	\$ 12,675
Water Supply Reliability Agreements	\$ 20,547	\$ 3,290	\$ 3,087	\$ -	\$ 26,924
Capital Projects Total	\$ 1,020,015	\$ 1,842,663	\$ 474,863	\$ -	\$ 3,337,541

Total Operating and Capital Legal Fees \$ 1,382,883 \$ 2,140,514 \$ 1,287,285 \$ - \$ 4,810,682

	YTD Actual	YTD Budget
Operating Expense	\$ 118,504,560	\$ 124,915,633
Operating Legal Fees	\$ 1,473,141	\$ 2,142,500
% of Legal to Operating	1.24%	1.72%
Capital Projects	\$ 60,270,547	\$ 68,142,987
Capital Legal Fees	\$ 3,337,541	
% of Legal to Capital	5.54%	
Total Operating and Capital Expenditures	\$ 178,775,107	\$ 193,058,620
Total Operating and Capital Legal Fees	\$ 4,810,682	
% of Legal Fees to Total Operating and Capital Expenditures	2.69%	

Non-operating Legal Fees:

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
<u>Bond Counsel:</u>					
Lewis Brisbois Bisgaard & Smith LLP	\$ -	\$ -	\$ 994	\$ -	\$ 994
Orrick, Herrington & Sutcliffe LLP	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000
Stradling Yocca Carlson & Rauth	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Total	\$ -	\$ -	\$ 55,994	\$ -	\$ 55,994

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Exhibit "B"

Analysis of Legal Fees Third Quarter Ended March 31, 2018 - 2020

Firm	YTD Actual 2017-2018	YTD Actual 2018-2019	YTD Actual 2019-2020	Hourly Rate	Area of Expertise	Service Provided
Operating Legal Fees:						
Alston & Bird LLP	\$ 475,481	\$ 439,423	\$ 776,497	\$ 275 to \$ 585	Litigation	Orange County Water District litigation
Alexander Bowie a Law Corp	\$ 20,192	\$ -	\$ -	\$ 185 to \$ 220	IRWD legal counsel	District general counsel/legislative/litigation/special project
Atkinson, Andelson, Loya, Ruud and Rom	\$ 3,187	\$ 8,129	\$ -	\$ 220	IRWD legal counsel	District general counsel/legislative/litigation/special project
Burke, Williams & Sorensen, LLP	\$ 32,912	\$ 18,567	\$ 5,005	\$ 325	Employee relations	Personnel policy review and revision
Everett Dorey LLP ⁽¹⁾	\$ -	\$ 41,796	\$ 50,273	\$ 235 to \$ 260	Litigation	County of Orange Litigation
EXTTI, Incorporated	\$ 5,000	\$ -	\$ -	\$ 200 to \$ 275	Employee relations	Personnel matters
Hanson Bridgett LLP	\$ -	\$ -	\$ 275,000	\$ 345 to \$ 490	IRWD legal counsel	District general counsel/legislative/litigation/special project
Koeller Nebeker Carlson & Haluck LLP ⁽¹⁾	\$ 20,799	\$ 7,125	\$ -	\$ 195	Legal Counsel	Legal counsel related to insurance claim issues
Kronick Moskovitz Tiedemann & Girard	\$ -	\$ (24,122)	\$ (9,737)	\$ 100 to \$ 350	IRWD legal counsel	Counsel services related to water resources and policy matters
Law Office of Atoosa Vakili	\$ -	\$ 6,763	\$ -	\$ 75 to \$ 250	Employee relations	General personnel and human resources
Lewis Brisbois Bisgaard & Smith LLP	\$ -	\$ 516,722	\$ 305,608	\$ 335	IRWD legal counsel	District general counsel/legislative/litigation/special project
Lewis Brisbois Bisgaard & Smith LLP ⁽¹⁾	\$ 3,126	\$ 6,250	\$ -	\$ 200	Legal Counsel	Legal counsel related to insurance claim issues
Nossaman LLP	\$ 504,337	\$ -	\$ -	\$ 333	IRWD legal counsel	District general counsel/legislative/litigation/special project
Olson, Hagel & Fishburn, LLP	\$ -	\$ 128	\$ -	\$ 255	IRWD legal counsel	District general counsel/legislative/litigation/special project
Payne & Fears, LLP	\$ 63,000	\$ 47,818	\$ 47,713	\$ 235 to \$ 550	Employee relations	General personnel and human resources
Pillsbury Winthrop Shaw Pittman LLP	\$ 34,410	\$ 31,784	\$ 22,654	\$ 695	Employee relations	Employee benefits
Woodruff, Spradlin & Smart ⁽¹⁾	\$ -	\$ 1,688	\$ 128	\$ 105 to \$ 255	Legal Counsel	Legal counsel related to insurance claim issues
Total Operating Legal Fees	\$ 1,162,444	\$ 1,102,071	\$ 1,473,141			
⁽¹⁾ Insurance Litigation						
Capitalized Legal Fees:						
Alexander Bowie a Law Corp	\$ 2,689	\$ -	\$ -	\$ 185 to \$ 220	IRWD legal counsel	District general counsel/legislative/litigation/special project
Alston & Bird LLP	\$ 104,480	\$ 586,308	\$ 3,293,351	\$ 275 to \$ 585	IRWD legal counsel	Counsel services in connection with the Biosolids project
Burke, Williams & Sorensen, LLP	\$ 4,550	\$ 16,542	\$ -	\$ 325	Employee relations	
Jackson Tidus, a Law Corporation	\$ 111,070	\$ 882	\$ 2,688	\$ 225 to \$ 595	IRWD legal counsel	Counsel services in connection with Serrano Summit property sale
Kronick Moskovitz Tiedemann & Girard	\$ -	\$ 74,432	\$ 41,502	\$ 100 to \$ 350	IRWD legal counsel	Counsel services in connection with water resources and policy matters
Nossaman LLP	\$ 9,158	\$ -	\$ -	\$ 333	IRWD legal counsel	Counsel services in connection with Serrano Summit property sale
Capitalized Legal Fees Total	\$ 231,947	\$ 678,164	\$ 3,337,541			
Total Operating and Capital Legal Fees	\$ 1,394,391	\$ 1,780,235	\$ 4,810,682			
Non-operating Legal Fees:						
Bond Counsel:						
Lewis Brisbois Bisgaard & Smith LLP	\$ -	\$ -	\$ 994	n/a	Bond counsel	Counsel in connection with the issuance of GO bonds and COP
Orrick, Herrington & Sutcliffe LLP	\$ -	\$ 30,000	\$ 30,000	n/a	Bond counsel	Counsel in connection with the issuance of GO bonds and COP
Stradling Yocca Carlson & Rauth	\$ 30,000	\$ 25,000	\$ 25,000	n/a	Bond counsel	Counsel in connection with the issuance of GO bonds and COP
Kutak Rock LLP	\$ -	\$ 6,000	\$ -	n/a	Bond counsel	Counsel in connection with the extension of the letter of credit
Non-operating Legal Fees Total	\$ 30,000	\$ 61,000	\$ 55,994			

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May 12, 2020

Prepared by: J. Davis / T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW

SUMMARY:

The following is submitted for the Committee's review:

- A Summary of the Deferred Compensation Program and Distribution of Assets as of March 31, 2020, as outlined in Exhibit "A", and
- Mutual Fund Performance Review as of March 31, 2020, as outlined in Exhibit "B".

BACKGROUND:

As of March 31, 2020, IRWD's Section 457(b) and 401(a) Plans (collectively, the "Plans") assets totaled \$59,248,155, which represented a \$10,147,405 decrease from the quarter ended December 31, 2019, and a \$2,097,289 decrease for the one-year period ended March 31, 2020. The changes in Plan assets over these two periods are summarized as follows:

	<i>For the One-Year Period Ending March 31, 2020</i>	<i>For the Quarter Ending March 31, 2020</i>
Beginning Balance	\$61,345,444	\$69,395,559
Employee Contributions	3,231,657	1,093,808
District Contributions	1,240,622	345,656
Transfers to/from Other Plans	530,861	208,996
Distributions	(2,279,608)	(915,079)
Loan Distributions ⁽¹⁾	(196,729)	(95,176)
Loan Repayments	314,999	89,010
Net Investment Gain (Loss)	(4,939,090)	(10,874,620)
Ending Balance – March 31, 2020	\$59,248,155	\$59,248,155
Change in Assets for the Period	(\$2,097,289)	(\$10,147,405)

(1) Number of loans outstanding: 70

Review of Investment Options:

IRWD's Deferred Compensation Policy states that any investment option performing "Below Benchmark" for four consecutive quarters or seven out of the trailing 12 quarters, has "Failed" the Long-Term Rolling Analysis (LTRA) and the investment option is to be replaced. For the quarter ended March 31, 2020, the Victory Integrity Small-Cap Value fund failed the LTRA for the first time since it was added to the Plan in 2012. Staff will continue to monitor the fund's performance. The Advised Assets Group Performance Review as of March 31, 2020 is attached as Exhibit "B".

FISCAL IMPACTS:

As of March 31, 2020, the District's Plan assets totaled \$59,248,155, which represented a \$10,147,405 decrease from the quarter ended December 31, 2019 and a \$2,097,289 decrease for the one-year period ended March 31, 2020.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Summary of the Deferred Compensation Plan and Distribution of Assets
Exhibit "B" – Mutual Fund Performance Review

EXHIBIT "A"
IRVINE RANCH WATER DISTRICT
SUMMARY OF DEFERRED COMPENSATION PROGRAM
March 31, 2020

Deferred Compensation IRS Section 457 (Employee Contributions) Money Purchase Pension Plan & Executive Plan - IRS Section 401 (a) (District Contributions)			
	457	401 (a)	GRAND TOTAL
Assets	\$45,537,182	\$13,710,972	\$59,248,155
<i>Change From Prior Quarter</i>	<i>(\$7,662,996)</i>	<i>(\$2,484,409)</i>	<i>(\$10,147,405)</i>
<i>Change From Prior Year (3/2019)</i>	<i>(\$1,511,693)</i>	<i>(\$585,596)</i>	<i>(\$2,097,289)</i>
Quarterly Contributions	\$1,093,808	\$345,656	\$1,439,464
*Change From Prior Quarter	\$409,911	\$55,476	

*Increase in contributions is due to one additional pay period in the quarter ended March 31, 2020 and vacation accrual transfers

	For the One Year Period Ending March 31, 2020	For the Quarter Ending March 31, 2020
Beginning Balance	\$61,345,444	\$69,395,559
Employee Contributions	3,231,657	1,093,808
District Contributions	1,240,622	345,656
Transfers to/from other plans	530,861	208,996
Distributions	(2,279,608)	(915,079)
Loan Distributions ⁽¹⁾	(196,729)	(95,176)
Loan Repayment	314,999	89,010
Net Investment Gain (Loss)	(4,939,090)	(10,874,620)
Ending Balance - March 31, 2020	\$59,248,155	\$59,248,155
Change in assets for the period	(\$2,097,289)	(\$10,147,405)

⁽¹⁾ Number of loans outstanding as of 3/31/20 : 70

Employee Participation	
Full-time Employees	386
Employees Participating	344
Percent Participation	89%

IRVINE RANCH WATER DISTRICT
SUMMARY OF DEFERRED COMPENSATION PROGRAM
DISTRIBUTION OF ASSETS

March 31, 2020

Fund	457	401	Assets	Percent of Assets	Change from previous quarter
PROFILE FUNDS					
Aggressive Profile Fund	4,253,185.56	1,963,290.39	6,216,476	10.5%	-0.6%
Moderate Profile Fund	4,405,547.94	921,451.90	5,327,000	9.0%	0.0%
Conservative Profile Fund	3,153,650.02	1,070,204.53	4,223,855	7.1%	0.3%
Sub Total			15,767,330	26.6%	-0.2%
INTERNATIONAL FUND					
American Funds EuroPacific Gr R6	1,293,954.10	421,281.90	1,715,236	2.9%	-0.3%
Vanguard Total Intl Stock Index Admiral	845,703.12	185,923.70	1,031,627	1.7%	-0.3%
Sub Total			2,746,863	4.6%	-0.6%
SMALL CAP FUNDS					
Hood River Small-Cap Growth Retirement	1,356,581.94	526,068.71	1,882,651	3.2%	-0.4%
Victory Integrity Small Cap Value R6	492,928.07	205,795.97	698,724	1.2%	-0.7%
Vanguard Small Cap Index	738,393.10	221,816.50	960,210	1.6%	-0.4%
Sub Total			3,541,584	6.0%	-1.3%
MEDIUM CAP FUNDS					
Hartford MidCap R6	1,171,085.42	626,101.31	1,797,187	3.0%	-0.5%
Wells Fargo Spec Md Cp Val R6	1,555,394.54	518,482.47	2,073,877	3.5%	-1.0%
Vanguard Mid-Cap Index Fund	967,977.84	182,372.91	1,150,351	1.9%	-0.6%
Sub Total			5,021,414	8.5%	-2.2%
LARGE CAP FUNDS					
American Funds Growth Fund of Amer R6	3,203,291.81	1,055,415.54	4,258,707	7.2%	-0.4%
Vanguard Institutional Index	4,562,802.92	978,968.41	5,541,771	9.4%	-1.2%
Diamond Hill Large-Cap Fund	1,143,753.54	398,520.44	1,542,274	2.6%	-0.6%
Sub Total			11,342,753	19.2%	-2.2%
BOND FUND					
Metropolitan West Total Return Bond Plan	3,610,033.55	902,378.37	4,512,412	7.6%	2.0%
Sub Total			4,512,412	7.6%	2.0%
STABLE VALUE FUND					
Putnam Stable Value	7,261,873.09	1,994,384.27	9,256,257	15.6%	3.4%
Sub Total			9,256,257	15.6%	3.4%
TARGET DATE FUND					
Vanguard Target Retirement Income Inv	500,427.02	735,777.12	1,236,204	2.1%	0.3%
Vanguard Target Retirement 2020 Inv	960,282.36	189,149.31	1,149,432	1.9%	0.1%
Vanguard Target Retirement 2025 Inv	227,277.76	35,373.68	262,651	0.4%	0.1%
Vanguard Target Retirement 2030 Inv	157,422.93	20,701.49	178,124	0.3%	0.1%
Vanguard Target Retirement 2035 Inv	230,434.34	76,289.67	306,724	0.5%	0.0%
Vanguard Target Retirement 2040 Inv	305,141.10	18,252.55	323,394	0.5%	0.3%
Vanguard Target Retirement 2045 Inv	25,998.37	21,155.21	47,154	0.1%	0.0%
Vanguard Target Retirement 2050 Inv	356,803.34	22,610.48	379,414	0.6%	0.1%
Vanguard Target Retirement 2055 Inv	133,260.81	11,436.06	144,697	0.2%	0.0%
Vanguard Target Retirement 2060 Inv	63,642.06	3,184.96	66,827	0.1%	-0.1%
Sub Total			4,094,621	6.9%	0.9%
OTHER					
Ameritrade Brokerage	2,560,335.70	404,584.38	2,964,920	5.0%	0.3%
Total Assets	45,537,182	13,710,972	\$59,248,155	100%	
LOAN BALANCE OUTSTANDING			\$655,346		



FUND PERFORMANCE REVIEW

Irvine Ranch Water District

Reporting Period Ending March 31, 2020

The analytical material contained herein merely describes the process that Great West Financial applies in evaluating funds. It may or may not be based on the plan's current investment policy and is not intended to be used by plan sponsors as a primary basis for deciding whether to make a particular fund available under the plan. Funds listed on the Fund Performance Review are designed to meet stated investment objectives and risk profiles, but do not constitute investment advice from Great West Financial or its affiliate. Plan fiduciaries should review the educational material provided and consult with their investment advisers if necessary to make the investment decision. Neither Great West Financial, nor its representatives, agents or affiliates are permitted to give legal, ERISA, or tax advice. Any discussion of these matters included or related to this document or other educational information is provided for informational purposes only. Such discussion does not purport to be complete or to cover every situation. Current tax and ERISA law are subject to interpretation and legislative change. The appropriateness of any product for any specific taxpayer may vary depending on the particular set of facts and circumstances. You should consult with and rely on your own legal and tax advisers.

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AM469530T-0618

FUND PERFORMANCE REVIEW



IMPORTANT DISCLOSURES:

The Fund Performance Review is compiled at the request of the Plan fiduciary based on the specific criteria specified by the Plan fiduciary. It is designed as a high level analytical tool to aide plan fiduciaries in carrying out their fiduciary responsibilities. Great-West is not providing impartial investment advice in a fiduciary capacity to the plan with respect to the Fund Performance Review. The Plan fiduciaries are solely responsible for the selection and monitoring of the Plan's investment options and for determining the reasonableness of all plan fees and expenses. Great-West and its affiliates receive investment management and other fees and revenue from any Great-West or Putnam investment options included in the Fund Performance Review. In addition, Great-West and its affiliates may receive revenue sharing type payments in relation to the investment options provided on the Fund Performance Review. Please contact your Empower Retirement representative for more information. Plan Sponsors may wish to review the enclosed material with their investment adviser, consultant or broker, if necessary, prior to making final investment decisions.

Risks associated with the investment options can vary significantly and the relative risks of investment categories may change under certain economic conditions. *The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be more or less than their original cost. Current performance may be lower or higher than performance data shown due to market activity. Past performance is not a guarantee of future results.*

GWFS Equities, Inc. registered representatives may also be investment adviser representatives of GWFS affiliate, Advised Assets Group, LLC. Representatives do not offer or provide investment, fiduciary, financial, legal or tax advice or act in a fiduciary capacity for any client unless explicitly described in writing. Any discussion of these matters included or related to this document or other educational information is provided for informational purposes only. Such discussion does not purport to be complete or to cover every situation. Current tax and ERISA law are subject to interpretation and legislative change. The appropriateness of any product may vary depending on the particular set of facts and circumstances. You should consult with and rely on your own financial, legal and tax advisers.

FUND PERFORMANCE REVIEW: OVERVIEW



- OBJECTIVE:**
- * To quantify historical fund performance relative to peer group benchmarks.
 - * To identify funds that have performed below a peer group median over the long-term.
 - * To assist in identifying style drift and discern gaps within the plan portfolio.

- FUNDAMENTALS:**
- * An objective analysis based on set criteria.
 - * Based on long-term and risk-adjusted performance.
 - * Comparison against peer group of similar funds based on Morningstar, Inc. fund categories.

- SOURCE:**
- * Statistics are derived from an independent third-party source: primarily Morningstar[®] DirectSM

- SCOPE:**
- * The Fund Performance Review is designed as a high level analytical tool to aide plan sponsors in carrying out their fiduciary responsibilities; it is not intended as investment advice.

Although data is gathered from reliable sources, including but not limited to Morningstar, Inc., the completeness or accuracy of the data shown cannot be guaranteed. Where data obtained from Morningstar, ©2020 Morningstar, Inc. All Rights Reserved. The data: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Required performance information may appear on more than one page. The "Return Analysis" page includes the 1, 5, and 10 Year/Since Inception performance percentages as well as the inception date for each of the funds.

It is important to note that when applicable, performance shown prior to inception date reflects performance achieved by the oldest share class of the same fund as determined by Morningstar. While the newer share class is less expensive than the oldest share class of the same fund, performance was not adjusted upwards to display higher returns.

Investment options available in the plan may be through mutual funds, collective trusts, separately managed accounts and/or a group fixed and variable annuity contract.

FUND PERFORMANCE REVIEW (FPR): CRITERIA



OVERALL RATING: Based on a combination of performance, risk-adjusted performance and the Overall Morningstar Rating.

Return Composite: Determined by taking the equal-weighted average of the 3-, 5- and 10-year category return percentiles.

Sharpe Composite: Calculated by averaging the 3- and 5-year category sharpe percentiles.

Overall Composite: The equally-weighted average of the Return Composite and Sharpe Composite.

Overall Morningstar Rating™: Represents a measure of an investment's risk-adjusted return, relative to similar investments. The Overall Composite is the sole determinate for the Overall Rating for funds that do not have an Overall Morningstar Category Rating.

Overall Composite		Overall Morningstar Rating	Overall Rating
> 50.0%	AND	③, ④, or ⑤	Above
≥ 50.0%	OR	③, ④, or ⑤	Neutral
< 50.0%	AND	①, or ②	Below
< 25.0%			Below

LONG-TERM ROLLING ANALYSIS: Based on the accumulated trailing 12 quarter "Overall Ratings".

Consecutive number of Quarters Receiving a Below Rating		Total number of Quarters Below out of trailing 12 quarters	Long-Term Rolling Analysis *
< 4 Quarters	AND	< 7 Quarters	Pass
≥ 4 Quarters	OR	≥ 7 Quarters	Watch
OR			
Overall Rating: < 25.0%			Watch

*'Pass' and 'Watch' ratings in the long-term rolling analysis are not available for target date funds or Great-West SecureFoundation funds. Morningstar's category classification system has not evolved to address differences in target-date glidepaths. The current system separates funds only by target retirement date and does not consider the level of equity in the glidepath (i.e. how aggressive or conservative the glidepath is versus peers). Plans should consider how their demographics align with their chosen target date glidepath rather than attempt to "time the market" by changing glidepaths based on peer performance rankings. All target-date funds will receive an 'N/A' rating in the FPR. The Great-West SecureFoundation funds will also receive an 'N/A' rating in the FPR. These funds are unique in that they also require the purchase of a Guaranteed Lifetime Withdrawal Benefit (Guarantee) either as a fixed deferred annuity contract, a certificate to a group fixed deferred annuity contract, or a rider to a variable annuity contract. The Guarantee provides guaranteed retirement income for the life of a designated person(s), provided certain conditions are met. Plan Sponsors that seek this feature should take a long-term, holistic view with these funds as this benefit does not show up in peer group performance rankings as measured and scored through the FPR process.

For expanded definitions of the Composites, Sharpe Ratio and Ratings, please refer to the corresponding glossary.

Performance Summary: Irvine Ranch Water District

period ended 3/31/2020

	Morningstar Category	Ticker Symbol	Fund Name	Overall Rating					Long-Term Rolling Analysis		
				Composite %'s			Overall Morningstar Rating		Consecutive Quarters Below	# of Quarters Below out of trailing 12	
				Overall	Return	Sharpe					
Intl	Foreign Large Growth	REGX	American Funds Europacific Growth R6	38.4	39.3	37.5	3	Neutral	0	0 out of 12	Pass
Small-Cap	Small Growth	HRSIX	Hood River Small-Cap Growth Retirement	46.9	50.3	43.5	3	Neutral	0	0 out of 12	Pass
	Small Value	MVSSX	Victory Integrity Small-Cap Value R6	30.9	31.3	30.5	2	Below	1	1 out of 12	Pass
Mid-Cap	Mid-Cap Growth	HFMVX	Hartford MidCap R6	35.3	39.0	31.5	3	Neutral	0	0 out of 12	Pass
	Mid-Cap Value	WFPRX	Wells Fargo Special Mid Cap Value R6	86.7	87.3	86.0	4	Above	0	0 out of 12	Pass
Large-Cap	Large Growth	RGAGX	American Funds Growth Fund of Amer R6	42.8	41.7	44.0	3	Neutral	0	0 out of 12	Pass
	Large Value	DHLYX	Diamond Hill Large Cap Y	82.7	82.3	83.0	4	Above	0	0 out of 12	Pass
Asst All/Other	Target-Date Retirement	VTINX	Vanguard Target Retirement Income Inv	86.5	88.0	85.0	5	Above	0	0 out of 12	N/A
	Target-Date 2020	VTWIX	Vanguard Target Retirement 2020 Inv	81.7	83.3	80.0	5	Above	0	0 out of 12	N/A
	Target-Date 2025	VTTVX	Vanguard Target Retirement 2025 Inv	78.2	79.3	77.0	5	Above	0	0 out of 12	N/A
	Target-Date 2030	VTHRX	Vanguard Target Retirement 2030 Inv	77.3	76.0	78.5	4	Above	0	0 out of 12	N/A
	Target-Date 2035	VTTX	Vanguard Target Retirement 2035 Inv	79.6	78.7	80.5	4	Above	0	0 out of 12	N/A
	Target-Date 2040	VFORX	Vanguard Target Retirement 2040 Inv	78.1	78.7	77.5	4	Above	0	0 out of 12	N/A
	Target-Date 2045	VTIVX	Vanguard Target Retirement 2045 Inv	72.3	72.0	72.5	4	Above	0	0 out of 12	N/A
	Target-Date 2050	VFIFX	Vanguard Target Retirement 2050 Inv	74.0	73.0	75.0	4	Above	0	0 out of 12	N/A
	Target-Date 2055	VFFVX	Vanguard Target Retirement 2055 Inv	75.5	75.5	75.5	4	Above	0	0 out of 12	N/A
	Target-Date 2060+	VTTX	Vanguard Target Retirement 2060 Inv	65.8	66.0	65.5	4	Above	0	0 out of 12	N/A
Bond	Intermediate Core-Plus Bond	MWTSX	Metropolitan West Total Return Bd Plan	92.0	90.0	94.0	5	Above	0	0 out of 12	Pass
Index Funds	Foreign Large Blend	VTIAX	Vanguard Total Intl Stock Index Admiral (Idx)	54.6	49.7	59.5	3	N/A	N/A	0 out of 12	Pass
	Small Blend	VSMAX	Vanguard Small Cap Index Adm (Idx)	89.5	90.0	89.0	5	N/A	N/A	0 out of 12	Pass
	Mid-Cap Blend	VIMAX	Vanguard Mid Cap Index Admiral (Idx)	92.1	92.7	91.5	5	N/A	N/A	0 out of 12	Pass
	Large Blend	VINIX	Vanguard Institutional Index I (Idx)	86.9	88.3	85.5	5	N/A	N/A	0 out of 12	Pass

Data Source: Morningstar® DirectSM

Please refer to the Appendix page for additional disclosures.

Return Analysis: Irvine Ranch Water District

period ended 3/31/2020

	Fund Name	1st Qtr 2020 Return	1st Qtr 2020 Percentile	Performance vs. Benchmark (Annualized Returns and Return Percentiles %)								Return Since Inception	Incept. Date
				1 Year Return	1 Year Percentile	3 Year Return	3 Year Percentile	5 Year Return	5 Year Percentile	10 Year Return	10 Year Percentile		
Intl	Foreign Large Growth Peer Group	-19.61	50	-8.11	50	1.57	50	1.30	50	4.19	50		
	American Funds Europacific Growth R6	-22.43	15	-12.70	15	0.28	31	0.91	44	3.97	43	6.69	5/1/2009
Small-Cap	Small Growth Peer Group	-24.05	50	-16.98	50	1.98	50	2.85	50	9.17	50		
	Hood River Small-Cap Growth Retirement	-22.84	62	-19.30	34	0.52	38	2.70	47	9.94	66	0.73	3/3/2017
	Small Value Peer Group	-36.44	50	-31.41	50	-10.79	50	-3.97	50	4.33	50		
	Victory Integrity Small-Cap Value R6	-40.44	16	-34.64	24	-12.65	23	-5.46	21	4.33	50	4.43	6/1/2012
Mid-Cap	Mid-Cap Growth Peer Group	-19.83	50	-9.50	50	5.79	50	4.89	50	9.83	50		
	Hartford MidCap R6	-24.20	14	-16.18	12	3.11	22	4.53	43	9.93	52	5.61	11/7/2014
	Mid-Cap Value Peer Group	-31.89	50	-24.33	50	-6.46	50	-1.63	50	5.73	50		
	Wells Fargo Special Mid Cap Value R6	-31.71	54	-20.16	79	-4.21	86	0.47	81	8.17	95	5.26	6/28/2013
Large-Cap	Large Growth Peer Group	-14.43	50	-1.92	50	9.68	50	8.31	50	11.39	50		
	American Funds Growth Fund of Amer R6	-15.04	42	-4.10	34	7.55	32	8.39	51	11.02	42	12.95	5/1/2009
	Large Value Peer Group	-26.60	50	-17.52	50	-2.21	50	1.41	50	6.83	50		
	Diamond Hill Large Cap Y	-26.80	45	-14.41	74	-0.26	76	3.72	88	8.23	83	9.14	12/30/2011
Asst All/Other	Target-Date Retirement Peer Group	-7.38	50	-0.91	50	2.58	50	2.58	50	4.14	50		
	Vanguard Target Retirement Income Inv	-5.91	69	0.91	74	3.38	88	3.17	89	4.92	87	4.90	10/27/2003
	Target-Date 2020 Peer Group	-10.10	50	-2.78	50	2.63	50	2.99	50	5.81	50		
	Vanguard Target Retirement 2020 Inv	-10.76	33	-2.64	56	3.28	83	3.58	85	6.39	82	5.48	6/7/2006
	Target-Date 2025 Peer Group	-12.39	50	-4.35	50	2.52	50	3.08	50	6.26	50		
	Vanguard Target Retirement 2025 Inv	-12.95	35	-4.31	53	3.07	80	3.60	83	6.65	75	5.97	10/27/2003
	Target-Date 2030 Peer Group	-14.63	50	-6.20	50	2.24	50	3.08	50	6.46	50		
	Vanguard Target Retirement 2030 Inv	-14.76	48	-5.78	61	2.80	79	3.56	76	6.87	73	5.55	6/7/2006
	Target-Date 2035 Peer Group	-17.22	50	-8.34	50	1.85	50	2.98	50	6.59	50		
	Vanguard Target Retirement 2035 Inv	-16.52	63	-7.25	70	2.53	81	3.51	78	7.07	77	6.33	10/27/2003
	Target-Date 2040 Peer Group	-18.84	50	-9.80	50	1.47	50	2.84	50	6.61	50		
	Vanguard Target Retirement 2040 Inv	-18.25	60	-8.74	69	2.23	77	3.43	80	7.18	79	5.67	6/7/2006
	Target-Date 2045 Peer Group	-20.24	50	-10.89	50	1.19	50	2.76	50	6.64	50		
	Vanguard Target Retirement 2045 Inv	-19.88	61	-10.21	67	1.77	73	3.21	73	7.07	70	6.52	10/27/2003
	Target-Date 2050 Peer Group	-20.39	50	-11.14	50	1.07	50	2.63	50	6.72	50		
	Vanguard Target Retirement 2050 Inv	-19.86	65	-10.17	74	1.79	75	3.23	76	7.07	68	5.62	6/7/2006
	Target-Date 2055 Peer Group	-20.69	50	-11.61	50	0.99	50	2.68	50	7.05	50		
	Vanguard Target Retirement 2055 Inv	-19.89	79	-10.21	81	1.78	76	3.19	75	N/A	N/A	7.88	8/18/2010
	Target-Date 2060+ Peer Group	-20.81	50	-11.34	50	1.13	50	3.04	50	6.85	50		
	Vanguard Target Retirement 2060 Inv	-19.86	78	-10.18	79	1.79	70	3.20	62	N/A	N/A	7.19	1/19/2012
Bond	Intermediate Core-Plus Bond Peer Group	-0.98	50	4.64	50	3.44	50	2.70	50	3.90	50		
	Metropolitan West Total Return Bd Plan	2.26	91	8.29	94	4.71	93	3.29	87	4.79	90	4.23	7/29/2011
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	-24.30	35	-16.57	32	-2.55	46	-0.68	66	2.06	37	1.98	11/29/2010
	Vanguard Small Cap Index Adm (Idx)	-30.07	82	-23.33	78	-3.27	91	0.42	87	7.84	92	7.09	11/13/2000
	Vanguard Mid Cap Index Admiral (Idx)	-25.72	81	-16.65	86	-0.26	92	2.08	91	8.86	95	8.21	11/12/2001
	Vanguard Institutional Index I (Idx)	-19.60	70	-7.00	76	5.08	83	6.70	90	10.50	92	9.18	7/31/1990

A Percentile Ranking of 100% represents the highest performance whereas 0% represents the lowest.

Current performance may be lower or higher than performance data shown.

Performance data quoted represents past performance and is not a guarantee or prediction of future results. The investment return and principal value of an investment will fluctuate so that, when redeemed shares/units may be worth more or less than their original cost. For performance data current to the most recent month-end, please visit www.empower-retirement.com/participant. Total return performance shown above represents that of the underlying fund and does not include a deduction for any applicable annuity contract of administrative fees/expenses. Performance numbers shown above would be less after applicable fee/expenses are deducted.

Data Source: Morningstar® DirectSM

Please refer to the Appendix page for additional disclosures

Sharpe Ratio and Expense Analysis: Irvine Ranch Water District

period ended 3/31/2020

Fund Name	Sharpe Ratios and Percentiles %				Standard Deviation		Expense Ratio	Expense Percentile %	Manager Tenure (yrs)	Fund Size \$MM
	3 Yr Ratio	3 Yr %	5 Yr Ratio	5 Yr %	3 Yr	5 Yr				
Intl	Foreign Large Growth Peer Group	0.07	50	0.08	50	15.17	14.09	1.04	50	
	American Funds Europacific Growth R6	-0.02	32	0.05	43	15.57	14.22	0.49	19	132,288
Small-Cap	Small Growth Peer Group	0.11	50	0.18	50	20.64	18.71	1.13	50	
	Hood River Small-Cap Growth Retirement	0.05	40	0.18	47	21.23	18.95	0.99	34	427
	Small Value Peer Group	-0.45	50	-0.15	50	22.99	20.17	1.12	50	
	Victory Integrity Small-Cap Value R6	-0.48	32	-0.19	29	24.90	21.93	0.96	30	1,486
Mid-Cap	Mid-Cap Growth Peer Group	0.31	50	0.31	50	17.86	16.11	1.05	50	
	Hartford MidCap R6	0.17	22	0.28	41	18.58	16.50	0.75	13	11,048
	Mid-Cap Value Peer Group	-0.32	50	-0.07	50	19.87	17.45	0.99	50	
	Wells Fargo Special Mid Cap Value R6	-0.21	90	0.05	82	19.37	16.48	0.72	13	7,696
Large-Cap	Large Growth Peer Group	0.56	50	0.54	50	15.66	14.47	0.92	50	
	American Funds Growth Fund of Amer R6	0.44	33	0.57	55	15.22	13.94	0.31	3	168,322
	Large Value Peer Group	-0.15	50	0.09	50	16.77	14.93	0.89	50	
	Diamond Hill Large Cap Y	-0.02	80	0.24	86	17.66	15.71	0.55	12	5,299
Asst All/Other	Target-Date Retirement Peer Group	0.17	50	0.29	50	5.42	4.92	0.66	50	
	Vanguard Target Retirement Income Inv	0.35	84	0.46	86	4.94	4.53	0.12	4	15,737
	Target-Date 2020 Peer Group	0.15	50	0.29	50	7.56	7.14	0.66	50	
	Vanguard Target Retirement 2020 Inv	0.23	80	0.35	80	8.04	7.52	0.13	3	28,657
	Target-Date 2025 Peer Group	0.13	50	0.27	50	9.17	8.53	0.66	50	
	Vanguard Target Retirement 2025 Inv	0.18	76	0.32	78	9.43	8.69	0.13	4	39,701
	Target-Date 2030 Peer Group	0.10	50	0.25	50	10.58	9.67	0.69	50	
	Vanguard Target Retirement 2030 Inv	0.15	79	0.29	78	10.57	9.70	0.14	4	35,345
	Target-Date 2035 Peer Group	0.07	50	0.22	50	11.90	10.80	0.68	50	
	Vanguard Target Retirement 2035 Inv	0.12	81	0.27	80	11.69	10.73	0.14	4	33,211
	Target-Date 2040 Peer Group	0.04	50	0.20	50	12.95	11.68	0.71	50	
	Vanguard Target Retirement 2040 Inv	0.10	77	0.25	78	12.83	11.74	0.14	4	25,964
	Target-Date 2045 Peer Group	0.03	50	0.19	50	13.76	12.38	0.70	50	
	Vanguard Target Retirement 2045 Inv	0.07	74	0.23	71	13.75	12.38	0.15	4	23,599
	Target-Date 2050 Peer Group	0.02	50	0.18	50	13.93	12.51	0.71	50	
	Vanguard Target Retirement 2050 Inv	0.07	75	0.23	75	13.75	12.38	0.15	4	17,704
	Target-Date 2055 Peer Group	0.02	50	0.18	50	14.17	12.70	0.71	50	
	Vanguard Target Retirement 2055 Inv	0.07	77	0.22	74	13.75	12.37	0.15	4	9,615
	Target-Date 2060+ Peer Group	0.03	50	0.21	50	14.15	12.75	0.70	50	
	Vanguard Target Retirement 2060 Inv	0.07	70	0.22	61	13.75	12.38	0.15	6	4,352
Bond	Intermediate Core-Plus Bond Peer Group	0.44	50	0.44	50	3.92	3.57	0.70	50	
	Metropolitan West Total Return Bd Plan	0.92	94	0.73	94	3.24	2.98	0.37	7	80,727
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	-0.20	50	-0.05	69	15.55	14.43	0.11	4	344,408
	Vanguard Small Cap Index Adm (Idx)	-0.14	92	0.05	86	20.52	18.08	0.05	2	69,319
	Vanguard Mid Cap Index Admiral (Idx)	-0.02	92	0.14	91	17.84	15.68	0.05	3	84,571
	Vanguard Institutional Index I (Idx)	0.29	82	0.46	89	15.21	13.65	0.04	2	190,756

A Percentile Ranking of 100% represents the highest performance whereas 0% represents the lowest.

Expense refers to the Prospectus Net Expense Ratio

Data Source: Morningstar® DirectSM

Please refer to the Appendix page for additional disclosures

Annual Returns and Statistics: Irvine Ranch Water District

period ended 3/31/2020

	Fund Name	Calendar Year Returns					Modern Portfolio Theory Statistics (3 year)			Portfolio Construction		
		2019	2018	2017	2016	2015	Alpha	Beta	R2	Turnover Ratio	Number of Holdings	% in top 10 holdings
Intl	Foreign Large Growth Peer Group	27.87	-14.25	30.97	-1.49	0.58						
	American Funds Europacific Growth R6	27.40	-14.91	31.17	1.01	-0.48	2.36	1.01	97	35	325	20%
Small-Cap	Small Growth Peer Group	28.08	-5.44	22.53	10.68	-2.20						
	Hood River Small-Cap Growth Retirement	24.19	-6.78	20.78	13.50	0.80	-2.73	1.04	95	98	94	23%
	Small Value Peer Group	21.72	-15.25	8.89	25.92	-6.10						
	Victory Integrity Small-Cap Value R6	23.28	-18.42	12.59	24.52	-6.49	1.13	1.00	99	72	136	12%
Mid-Cap	Mid-Cap Growth Peer Group	33.84	-5.34	24.84	5.66	0.21						
	Hartford MidCap R6	32.75	-7.29	24.42	11.87	1.75	3.14	1.00	96	31	102	18%
	Mid-Cap Value Peer Group	26.75	-13.44	13.38	17.82	-4.01						
	Wells Fargo Special Mid Cap Value R6	35.68	-13.02	11.27	21.68	-2.65	2.64	0.91	96	37	70	24%
Large-Cap	Large Growth Peer Group	32.41	-1.64	28.80	3.06	4.72						
	American Funds Growth Fund of Amer R6	28.54	-2.60	26.53	8.82	5.70	-5.26	0.98	96	36	332	31%
	Large Value Peer Group	25.44	-8.88	16.22	14.57	-3.53						
	Diamond Hill Large Cap Y	32.34	-9.53	20.42	14.74	-0.74	2.19	1.04	98	22	52	32%
Asst All/Other	Target-Date Retirement Peer Group	13.18	-3.32	8.60	5.20	-1.01						
	Vanguard Target Retirement Income Inv	13.16	-1.99	8.47	5.25	-0.17	0.37	0.71	98	10	6	100%
	Target-Date 2020 Peer Group	16.18	-4.46	12.76	6.56	-0.87						
	Vanguard Target Retirement 2020 Inv	17.63	-4.24	14.08	6.95	-0.68	0.06	0.91	100	13	6	100%
	Target-Date 2025 Peer Group	18.35	-5.41	15.02	7.08	-1.00						
	Vanguard Target Retirement 2025 Inv	19.63	-5.15	15.94	7.48	-0.85	0.25	0.91	100	11	5	100%
	Target-Date 2030 Peer Group	20.41	-6.31	16.81	7.54	-1.11						
	Vanguard Target Retirement 2030 Inv	21.07	-5.86	17.52	7.85	-1.03	0.63	0.87	100	8	5	100%
	Target-Date 2035 Peer Group	22.31	-7.27	18.47	8.00	-1.15						
	Vanguard Target Retirement 2035 Inv	22.44	-6.58	19.12	8.26	-1.26	0.40	0.97	100	7	5	100%
	Target-Date 2040 Peer Group	23.62	-7.92	19.55	8.29	-1.29						
	Vanguard Target Retirement 2040 Inv	23.86	-7.32	20.71	8.73	-1.59	0.49	1.04	100	5	5	100%
	Target-Date 2045 Peer Group	24.58	-8.30	20.36	8.38	-1.31						
	Vanguard Target Retirement 2045 Inv	24.94	-7.90	21.42	8.87	-1.57	0.12	1.11	100	4	5	100%
	Target-Date 2050 Peer Group	24.70	-8.49	20.55	8.53	-1.36						
	Vanguard Target Retirement 2050 Inv	24.98	-7.90	21.39	8.85	-1.58	0.13	1.11	100	3	5	100%
	Target-Date 2055 Peer Group	25.06	-8.57	20.86	8.44	-1.37						
	Vanguard Target Retirement 2055 Inv	24.98	-7.89	21.38	8.88	-1.72	0.12	1.11	100	3	5	100%
	Target-Date 2060+ Peer Group	25.14	-8.60	21.08	8.60	-0.83						
	Vanguard Target Retirement 2060 Inv	24.96	-7.87	21.36	8.84	-1.68	0.13	1.11	100	2	5	100%
Bond	Intermediate Core-Plus Bond Peer Group	9.28	-0.76	4.31	3.92	-0.18						
	Metropolitan West Total Return Bd Plan	9.23	0.29	3.49	2.56	0.25	-0.09	1.00	97	255	1848	29%
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	21.51	-14.43	27.55	4.67	-4.26	-0.80	1.02	99	4	7381	9%
	Vanguard Small Cap Index Adm (Idx)	27.37	-9.31	16.24	18.30	-3.64	1.87	0.96	100	16	1350	4%
	Vanguard Mid Cap Index Admiral (Idx)	31.03	-9.23	19.25	11.22	-1.34	-0.31	0.98	100	15	344	7%
	Vanguard Institutional Index I (Idx)	31.46	-4.42	21.79	11.93	1.37	-0.03	1.00	100	4	509	24%

Current performance may be lower or higher than performance data shown. Performance data quoted represents past performance and is not a guarantee or prediction of future results

The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost.

Total return performance shown above represents that of the underlying fund and does not include a deduction for any applicable annuity contract of administrative fees/expenses.

Performance numbers shown above would be less after applicable fee/expenses are deducted.

Data Source: Morningstar® DirectSM

Please refer to the Appendix page for additional disclosures

Index Performance

period ending 3/31/2020

	Index	Total Return 1 Year	Total Return Annlzd 3 Year	Total Return Annlzd 5 Year	Total Return Annlzd 10 Year	Annual Return 2019	Annual Return 2018	Annual Return 2017	Annual Return 2016	Annual Return 2015
International	MSCI EMF ID	-19.80	-3.97	-2.73	-1.73	15.42	-16.63	34.35	8.58	-16.96
	MSCI Eafe Ndtr_D	-14.38	-1.82	-0.62	2.72	22.01	-13.79	25.03	1.00	-0.81
	MSCI World Ndtr_D	-10.39	1.92	3.25	6.57	27.67	-8.71	22.40	7.51	-0.87
Small-Cap	Russell 2000 Growth	-18.58	0.10	1.70	8.89	28.48	-9.31	22.17	11.32	-1.38
	Russell 2000	-23.99	-4.64	-0.25	6.90	25.52	-11.01	14.65	21.31	-4.41
	Russell 2000 Value	-29.64	-9.51	-2.42	4.79	22.39	-12.86	7.84	31.74	-7.47
Mid-Cap	Russell Midcap Growth	-9.45	6.53	5.61	10.89	35.47	-4.75	25.27	7.33	-0.20
	Standard & Poor's Midcap 400	-22.51	-4.09	0.56	7.88	26.20	-11.08	16.24	20.74	-2.18
	Russell Midcap Value	-24.13	-5.97	-0.76	7.22	27.06	-12.29	13.34	20.00	-4.78
Large-Cap	Russell 1000 Growth	0.91	11.32	10.36	12.97	36.39	-1.51	30.21	7.08	5.67
	Standard & Poor's 500 TR	-6.98	5.10	6.73	10.53	31.49	-4.38	21.83	11.96	1.38
	Russell 1000 Value	-17.17	-2.18	1.90	7.67	26.54	-8.27	13.66	17.34	-3.83
Bond	BBgBarc US Aggregate Bond	8.93	4.82	3.36	3.88	8.72	0.01	3.54	2.65	0.55
	BBgBarc US Capital Credit	5.10	4.19	3.28	4.75	13.80	-2.11	6.18	5.63	-0.77
	BBgBarc US Mortgage-Backed	7.03	4.04	2.94	3.28	6.35	0.99	2.47	1.67	1.51
	BBgBarc US Government Bond	13.08	5.78	3.63	3.72	6.83	0.88	2.30	1.05	0.86
	BBgBarc US 1-3 Year Government	5.37	2.69	1.84	1.45	3.59	1.58	0.45	0.87	0.57

MSCI EMF ID	A capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in US dollars and do not include the effects of reinvested dividends.
MSCI EAFE Ndtr_D	Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world.
MSCI World Ndtr_D	Includes all 23 MSCI developed market countries. Ndtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies.
Russell 2000 Growth	Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values.
Russell 2000	Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.
Russell 2000 Value	Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values.
Russell Mid Cap Growth	Market-weighted total return index that measures the performance of companies within the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.
Standard & Poor's Midcap 400	Includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range.
Russell Mid Cap Value	Market-weighted total return index that measures the performance of companies within the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.
Russell 1000 Growth	Market-weighted total return index that measures the performance of companies within the Russell 1000 Index having higher price-to-book ratios and higher forecasted growth values.
Standard & Poor's 500	A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation.
Russell 1000 Value	Market-weighted total return index that measures the performance of companies within the Russell 1000 Index having lower price-to-book ratios and lower forecasted growth values.
BBgBarc US Aggregate Bond	Composed of the Bloomberg Barclays Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.
BBgBarc US Capital Credit	Listed for corporate bond-general and high-quality funds. This index tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC-registered, investment-grade corporate debt.
BBgBarc US Mortgage-Backed	Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA).
BBgBarc US Government Bond	Listed for government-bond general and Treasury funds because it tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations. This index is effective for tracking portfolios holding non-mortgage government securities.
BBgBarc US 1-3 Year Government	Comprised of both the Treasury Bond index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. Government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. Government).

A benchmark index is not actively managed, does not have a defined investment objective and does not incur fees or expenses. Therefore, performance of a fund will generally be less than its benchmark index. You cannot invest directly in a benchmark index.

Data Source: Morningstar® DirectSM

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About investment risk:

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The date in a target date fund's name is the approximate date when investors plan to start withdrawing their money (generally assumed at age 65). The principal value of the fund(s) is not guaranteed at any time, including at the time of the target date and/or withdrawal.

It is possible to lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at \$1 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.



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For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Please note, for any funds with a newer share class, the rating information is based on extended performance, which is derived from the historical performance of the older class shares, not adjusted for fees. Past performance is no guarantee of future results.

About Morningstar Rankings

Peer groups are created using Morningstar's category classification system. Peer groups are the combination of all share classes of all mutual funds in Morningstar's Open End Fund database (in a given asset class), all collective investment trusts in Morningstar's Separate Accounts/CITs database (in the same asset class), and all funds in Morningstar's Insurance and Pension Funds database (in the same asset class). As an example, the Large Blend peer group is created as a combination of all share classes of all mutual funds in Morningstar's US Fund Large Blend category, all collective investment trusts in Morningstar's US SA Large Blend category, and all funds in Morningstar's US Insurance Large Blend category. Please note, for any funds with a newer share class, the ranking information is based on extended performance, which is derived from the historical performance of the older class shares, not adjusted for fees.

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APPENDIX - GLOSSARY



12b-1 Fee The maximum annual charge deducted from fund assets to pay for distribution and marketing costs. Although usually set on a percentage basis, this amount will occasionally be a flat figure.

Actively managed A fund attempts to add portfolio value through such active investment techniques as sector allocation (top-down) and/or security selection (bottom-up).

Aggressive Growth (Objective) Funds that seek high growth of capital. Investments may include smaller companies, companies in newly-emerging industries or in

Alpha is the coefficient that measures the portion of an investment's return arising from non-market or unsystematic risk. In actively managed portfolio. Alpha is considered to be the value added by the manager through sector or security selection. A negative alpha would indicate that active management had produced less-than-market returns.

Annual Returns Total returns calculated on a calendar -year basis. The annual return for a fund will be the same as its trailing 12-month total return only at year-end

Annualized Returns Returns for periods longer than one year are expressed as "annualized returns." This is equivalent to the compound rate of return which, over a certain period of time, would produce a fund's total return over that same period.

Asset Allocation (Objective) Funds that seek high total return by investing in a mix of equities, fixed-income securities and money market instruments.

Barclays Capital Aggregate Index Composed of the Barclays Capital Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.

The returns published for the index are total returns, which include reinvestment of dividends.

Barclays Capital Government Bond Index Listed for government-bond general and Treasury funds. Because it tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations, this index is effective for tracking portfolios holding non-mortgage government securities. The returns published for the index are total returns, which include reinvestment of dividends.

Basis Point One-hundredth of a percentage point. For example, 50 basis points equals .50%.

Beta also known as market or systematic risk, beta is the coefficient that measures an investment's volatility relative to "the market" (the S & P 500 Index has a beta of 1.00) as a whole. Portfolios with a beta greater than 1.00 will move higher or lower than the market as a whole, while those with betas of less than 1.00 will move less than the market.

Bond funds Contrary to individual bonds, which offer a guaranteed rate of return, bond funds are variable funds and their returns may rise or fall depending on market conditions.

Funds with 70% or more of their assets invested in bonds are classified as Bond Funds. Bond funds are divided into two main groups: Taxable

Bond and Municipal Bond. Taxable Bond Fund categories include the following: Long-Term Government, Intermediate-Term Government, Short-Term Government, Long-Term Bond, Intermediate-Term Bond, Short-Term Bond, Ultrashort-Bond, International- Bond, High-Yield Bond, Emerging-Markets Bond and Multisector Bond.

Capital Appreciation The market rise in share value of a company as it experiences growth in earnings and/or assets. By extension, funds will experience capital appreciation as the underlying securities in their portfolios appreciate in value.

Capitalization The total market value of all stock issued by a company. Funds are frequently categorized by the market capitalization of the stocks in their portfolios; i.e., "small cap" generally refers to companies valued by the market at less than \$1 billion, "Mid-cap" to companies valued between \$1 billion and \$5 billion, and "Large-cap" to companies valued at more than \$5 billion.

Corporate Bond--General (Objective) Funds that seek income by investing in fixed-income securities. Funds with this objective may hold a variety of issues, including but not limited to government bonds, high-quality corporates, mortgages, asset-backed, bank loans and junk bonds.

Corporate Bond--High Yield (Objective) Funds that seek income by generally investing 65% or more of their assets in bonds rated below BBB. The price of these issues is generally affected more by the condition of the issuing company (similar to a stock) than by the interest-rate fluctuation that usually causes bond prices to move up and down.

APPENDIX - GLOSSARY (CONT.)



Diversification The investment practice of spreading assets in a portfolio among a number of different companies, industries, sectors and/or instruments. Under Modern Portfolio Theory, the practice of diversification may assist an investor in reducing overall portfolio risk and evening out portfolio returns.

Domestic equity funds are placed in a category based on the style and size of the stocks they typically own. The style and size parameters are based on the divisions used in the investment style box: Value, Blend, or Growth style and Small, Medium, or Large median market capitalization.

Duration A measure of the sensitivity of the price of a fixed-income security to a change in interest rates. Duration is expressed as a number of years.

Duration is a measure of interest rate risk. The larger the duration number, the greater the interest rate risk or reward for bond prices.

Equity-Income (Objective) Funds that are expected to pursue current income by investing at least 65% of their assets in dividend-paying equity securities.

Excess Returns The percentage of fund assets paid for operating and administrative expenses, as well as management fees. Fund expenses are reflected in a Fund's NAV.

Expense Ratio The percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio.

Foreign Stock Category An international fund having no more than 10% of stocks invested in the United States.

Fund of Funds A fund that specializes in buying shares in other mutual funds rather than individual securities. Quite often this type of fund is not discernible from its name alone, but rather through prospectus wording (i.e.: the fund's charter).

Government Bond--General (Objective) Offerings that pursue income by investing in a combination of mortgage-backed securities, Treasuries, and agency securities.

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Growth (Objective) Funds that pursue capital appreciation by investing primarily in equity securities. Current income, if considered at all, is a secondary concern.

Growth and Income (Objective) Growth of capital and current income are near-equal objectives for these funds. Investments are typically selected for both appreciation potential and dividend-paying ability.

Index Fund A fund that tracks a particular index and attempts to match returns. While an index typically has a much larger portfolio than a mutual fund, the fund's management may study the index's movements to develop a representative sampling, and match sectors proportionately.

Information Ratio Is an alternative to the Sharpe Ratio for measuring the risk-adjusted performance of a portfolio. It is calculated by subtracting the benchmark (usually an index) from the return of the portfolio as a whole, then dividing by the tracking error (standard deviation of the difference between portfolio returns and the returns of the index). The higher the Information Ratio, the better the more consistent a manager is.

International Equity Funds with 40% or more of their equity holdings in foreign stocks (on average over three years) are placed in the international equity class. These categories include Europe, Japan, International Hybrid, Latin America, Diversified Pacific, Pacific ex. Japan, Specialty Precious Metals, Diversified Emerging Markets, World Stock, and Foreign Stock. Foreign investments involve special risks, including currency fluctuations and political developments.

APPENDIX - GLOSSARY (CONT.)



Life Cycle These funds are geared toward investors of a certain age or with a specific time horizon for investing. Typically they are grouped together in sets (i.e. conservative, moderate, and aggressive portfolios).

Management Fees The management fee is the percentage deducted from fund assets to pay an advisor or subadvisor. Often, as the fund's net assets grow, the percentage deducted for management fees decreases. For example, a particular fund may report a management fee of 0.40% on the first \$500 million in assets, 0.35% on all assets between \$500 million and \$1 billion, and 0.30% on assets in excess of \$1 billion. Thus, if the fund contains \$1.5 billion in total net assets, the advisor scales back its management fees accordingly. Alternatively, the fund may compute the fee as a flat percentage of average net assets. The management fee might also come in the form of a group fee (G), a performance fee (P), or a gross income fee (I). Note: The management fee is just one (albeit a major) component of a fund's costs. The overall expense ratio is the most useful number for investors. Actual fees are also noted in this section.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years). If the fund is new and has no portfolio, we estimate where it will fall before assigning a more permanent category. When necessary, we may change a category assignment based on current information.

MSCI EAFE Ndr_D Listed for foreign stock funds (EAFE refers to Europe, Australasia, and Far East). Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world. Ndr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty. The returns published for the index are total returns, which include reinvestment of dividends.

MSCI World Ndr_D Includes all 23 MSCI developed market countries. Ndr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

Mutual fund An investment option that pools money from many shareholders and invests it in a group of stocks, bonds, or other securities. Also known as an open-end investment management company, mutual funds are securities required to be registered with the SEC.

NAV Stands for net asset value, which is the fund's share price. Funds compute this value by dividing the total net assets by the total number of shares.

Net Assets The month-end net assets of the mutual fund, recorded in millions of dollars. Net-asset figures are useful in gauging a fund's size, agility, and popularity. They help determine whether a small company fund, for example, can remain in its investment-objective category if its asset base reaches an ungainly size.

Prospectus A fund's formal written statement, generally issued on an annual basis. In this statement the fund sets forth its proposed purposes and goals, and other facts (e.g.: history and investment objective) that an investor should know in order to make an informed decision.

Prospectus Objective Indicates a particular fund's investment goals, based on the wording in a fund's prospectus.

R-squared (R2) measures the degree to which movement in one variable is related to the movement in another variable. Portfolios with a high R-squared will react similarly to various market conditions. By combining investments with low correlations, an investor can reduce the overall risk within a portfolio.

Risk Basically there are four types of risk: 1) inflation risk means your money may not earn enough in the long run because as prices go up the value of your money goes down; 2) market risk means you could lose money because the price of a stock may go down; 3) credit risk means a company or organization that borrowed your money may not be able to pay it back; and 4) interest rate risk means you could lose money because as interest rates go up the value of bond investments goes down.

APPENDIX - GLOSSARY (CONT.)



Russell 1000 Consists of the 1000 largest companies within the Russell 3000 index. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose. The returns published for the index are total returns, which include reinvestment of dividends.

Russell 1000 Growth Market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

Russell 1000 Value Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

Russell 2000 Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization. The returns published for the index are total returns, which include reinvestment of dividends.

Russell 2000 Growth Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable US equity market.

Russell 2000 Value Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable US equity market.

Share Classes Shares of the same fund that offer different shareholder rights and obligations, such as different fee and load charges. Common share classes are A (front-end load), B (deferred fees), C (no sales charge and a relatively high annual 12b-1 fee, such as 1.00%). Multi-class funds hold the same investment portfolio for all classes, and differ only in their surrounding fee structure.

Sharpe Ratio measures the risk-adjusted performance of a portfolio. It is calculated by subtracting the risk-free rate of return (i.e., the return on treasury bills) from the return of the portfolio as a whole, then dividing by the standard deviation of the returns. The higher the Sharpe Ratio, the better the risk-adjusted performance of the portfolio.

Sortino Ratio is similar to the Sharpe Ratio, except that it uses downside deviation for the denominator instead of standard deviation. This alternative to the Sharpe Ratio provides a risk-adjusted measure of a security or fund's performance without penalizing it for upward price movements.

Standard Deviation A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Tax-deferred earnings You don't have to pay taxes on any earnings in your defined contribution plan until you withdraw your money. The money in a defined contribution plan can grow faster than with other types of savings plans, because the earnings you accumulate, if any, are also tax-deferred.

Turnover Ratio A measure of the percentage of holdings that have been "turned over" -- replaced with other holdings -- within a portfolio during the course of a year.

Variable funds Investments that fluctuate with market conditions. Unlike guaranteed investments, such as bonds or CDs, variable funds don't guarantee a specific rate of return. They do offer potential for higher earnings in return for higher degree of market risk.


World Stock Category An international fund having more than 10% of stocks invested in the US. Also known as global funds. Foreign Investments involve special risks, including currency fluctuations and political developments.

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May 12, 2020

Prepared by: D. Kanoff / A. Shinbashi

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

RISK MANAGEMENT QUARTERLY REPORT

SUMMARY:

Staff will provide the Committee with a report on the insurance and claim expenses incurred by IRWD through the third quarter Fiscal Year (FY) ended March 31, 2020.

BACKGROUND:

A comparison of the District's actual versus budget insurance expenses for the nine months of FY 2019-20 and FY 2018-19 is provided as Exhibit "A" and summarized as follows:

- Insurance premiums totaled \$773,039 and are \$94,185 under budget;
- Third-party claims administration expenses totaled \$1,403 and are \$21,247 under budget;
- Legal expenses totaled \$50,401 and are \$24,599 under budget; and
- Claim payments totaled \$88,976 and are \$8,524 under budget. This amount includes an accrual of \$66,572 for anticipated payment on an open claim.

The register of closed general liability claims, including current fiscal year and prior period claim expenses, is provided as Exhibit "B".

FISCAL IMPACTS:

Fiscal impacts are outlined above.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Insurance and Claims Summary

Exhibit "B" – FY 2019-20 Register of Closed General Liability Claims

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Exhibit "A"

Irvine Ranch Water District Insurance and Claims Summary Period Ending March 31, 2020

Premium	Actual	Budget	Variance	% Variance	FY 18/19
Crime	7,273	7,350	77	1%	11,656
General Liability	560,150	615,963	55,813	9%	424,113
Pollution	13,690	15,000	1,310	9%	13,690
Property	188,015	225,000	36,985	16%	185,283
Cyber	3,911	3,911	(0)	0%	3,666
Total	773,039	867,224	94,185	11%	638,408

	Open FY 19/20	Closed FY 19/20	Total FY 19/20	Budget FY 19/20	Variance	Prior FY 18/19
* Claim Administration	38	1,365	1,403	22,650	21,247	340
Claim Payments - Property		22,404	22,404	97,500	75,096	1,067
Accrual - Bodily Injury	66,572		66,572		(66,572)	
Total FY 19/20	66,610	23,769	90,379	120,150	29,771	1,407

* Includes \$1,250 annual administrative fee

	Open FY 19/20	Total FY 19/20	Budget FY 19/20	Variance	Prior FY 18/19
** Legal	50,401	50,401	75,000	24,599	43,484
Total FY 19/20	50,401	50,401	75,000	24,599	43,484

** Legal fees related to claims

ACTIVITY	FY 2018/19	FY 2019/20
Beginning Open Claims	4	4
New Claims	27	10
Closed Claims	-27	-10
Current Open Claims	4	4

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Exhibit "B"

Register of Closed General Liability Claims as of March 31, 2020


Closed Claims Fiscal Year 2019-2020				
Sum of COST		CATEGORY		
CLAIM TYPE	CLAIMANT	Claim Administration	Claim Payments - Property	Grand Total
Single Event	Mercury Insurance-Ely Almaleh	115	1,069	1,184
	Tom Smisek		417	417
	John Stahman		588	588
	Robert Bos		2,738	2,738
	Paige Bautista		1,685	1,685
	Andrew Minh Tran		422	422
	John Reichel		855	855
	Frank Torres Construction		7,506	7,506
	Blacksmith Motoworks		1,229	1,229
	Cantada Community Association		5,895	5,895
	George Hills Company, Inc.	1,250		1,250
Third Party Administration				
Grand Total		1,365	22,404	23,769

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May 12, 2020

Prepared by: D. Pardee / C. Smithson

Submitted by: C. Clary

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

FISCAL YEAR 2019-20 OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS QUARTERLY UPDATE

SUMMARY:

Staff prepared its financial analysis of the unaudited operating statements through the third quarter of the Fiscal Year (FY) 2019-20. Actual overall net expenses totaled \$118.5 million, compared with a budget of \$124.9 million. Net operating revenue was \$107.2 million, while total operating expenses were \$103.9 million, resulting in net operating income of \$3.3 million through the third quarter. Net non-operating income was \$64.4 million, compared with a budget of \$61.4 million.

BACKGROUND:

Staff prepared an analysis of the unaudited operating statements through the third quarter of FY 2019-20 as follows:

- Actual to budget comparison of operating expenses, attached as Exhibit “A”;
- Actual to budget comparison of revenues and expenses by system, attached as Exhibit “B”;
- Actual to budget comparison of non-operating revenues and expenses, attached as Exhibit “C”;
- Budget to forecast comparison of operating expenses, attached as Exhibit “D”; and
- Budget to forecast comparison of non-operating revenues and expenses, attached as Exhibit “E”.

The highlights of these documents are described in the following sections. Significant variances (greater than \$0.25 million) are also discussed.

Overall Operating Expenses:

Overall net operating expenses were under budget by \$6.4 million (5.1%). Exhibit “A” is a summary of actual to budget expenses by major category. Noteworthy variances to budget include:

- Regular Labor exceeded budget by \$1.3 million (4.8%) due to lower vacancies (6% compared to a budget of 7%) and new employees hired at salaries that exceeded budgeted expectations as a result of the robust economy in 2019.
- Contract Labor was under budget by \$0.4 million (22.8%). This is primarily a result of a postponement in hiring three contract positions due to schedule delays for the

commissioning and operation of the MWRP Biosolids facility, which was budgeted to be online in December 2019.

- The cost of water exceeded budget by \$1.1 million (3.7%). This is summarized below:
 - *Treated System* – Sales were below budget by 759 acre feet (AF) (1.9%). Imported water purchases exceeded budget, while groundwater and Baker Treatment Plant (Baker) came in under budget. Cost Impact: expenses were \$2.3 million over budget.
 - *Recycled Water System* – Sales were below budget by 1,865 AF (7.9%). Imported and produced/stored water were over budget. Pumped and native water were under budget and native water was transferred to Baker for the treated system. Cost Impact: expenses were \$1.2 million less than budget.

A more thorough discussion of the water system follows:

For the treated potable system, sales were under budget by 759 AF. IRWD used 1,519 AF more imported water than budgeted while pumped groundwater plus in-lieu water was 1,100 AF under budget. In lieu is a program that provides for agencies to use imported water at a cost equivalent to extracting groundwater to allow replenishment of natural groundwater basins. Several wells were down for maintenance while others were off. Included in the Baker Plant cost of water is \$1.4 million for 1,976 AF of native water and \$3.6 million for 4,596 AF of untreated imported water. The Baker Partners reimbursed the District \$1.0 million for 1,469 AF of this water, included in reimbursements on Exhibit “A”.

	Treated Water					
	Acre Feet			Millions		
	Actual	Budget	Variance	Actual	Budget	Variance
Imported	4,410	2,891	(1,519)	\$5.9	\$3.8	(\$2.1)
Pumped	27,274	33,756	6,482	16.0	16.5	0.5
Baker Imported	4,596	5,424	321	3.6	4.8	1.2
Baker Native	1,976			1.4		(1.4)
Baker Partners	(1,469)					
In-lieu	5,382		(5,382)	0.5		(0.5)
Total	42,169	42,071	(98)	27.4	25.1	(2.3)
Process Waste	(545)	(675)	(130)			
System Loss	(3,278)	(2,291)	987			
Sales/Cost of Sales	38,346	39,105	759	\$27.4	\$25.1	(\$2.3)
Baker Reimbursement (Exhibit A)				\$1.0		(\$1.0)

The recycled water system sales were below budget by 1,865 AF. Produced /stored water was over budget by 945 AF. Imported water was over budget by 313 AF primarily due to carriage water which is used to keep the pipeline full for Baker. Native water used by the recycled system was under budget by 52 AF and 1,976 AF was transferred to Baker as discussed above.

	Recycled Water					
	Acre Feet			Millions		
	Actual	Budget	Variance	Actual	Budget	Variance
Imported	716	403	(313)	\$1.0	\$0.8	(\$0.2)
Native	5,134	5,186	52	1.8	1.6	(0.2)
Native Trsf to Baker	(1,976)		1,976	(1.4)		1.4
Pumped	3,091	3,450	359	1.5	1.7	0.2
Produced/ Storage	16,502	15,557	(945)	-	-	0.0
Total	23,467	24,596	1,129	2.9	4.1	1.2
Process Waste	(464)	(518)	(54)			
System Loss	(1,333)	(544)	790			
Sales/Cost of Sales	21,670	23,535	1,865	\$2.9	\$4.1	\$1.2

- Electricity was under budget by \$1.7 million (13.7%) due to reduced pumping (\$0.5 million) and MWRP Biosolids facility startup delays as mentioned above (\$1.2 million).
- Chemicals were under budget by \$0.4 million (15.3%) due to the MWRP Biosolids facility startup delays.
- Repairs and Maintenance (IRWD) was below budget by \$0.6 million (7.7%). This was due to the costs budgeted for the MWRP Biosolids facility, which was not on-line as mentioned above (\$0.7 million). The reduced costs from the delay are expected to offset higher unbilled costs from OCSD.
- Legal Fees were under budget by \$0.7 million (31.2%) due to the dismissal of Soco West litigation (\$0.5) million in the prior year, budgeted in the current year, and the timing of current year invoices.
- Other Professional Fees were below budget by \$1.9 million (46.9%). This was due to timing of water efficiency and education programs (\$0.9 million) and timing of projects planned for various other departments.
- Conservation/over-allocation is under budget by \$0.6 million (85.7%) mainly due to low participation in conservation rebate programs and reimbursements by outside agencies.
- Baker Partners' reimbursement was positive by \$0.6 million (30.0%) largely due to reimbursement for the cost of water by partners for native water as discussed above.

Summary of System Actual to Budget Performance:

Exhibit "B" shows a detailed comparison of actual to budgeted revenue and expenses by system for the second quarter of FY 2019-20. Expenses are summarized into direct, indirect and general plant.

The net operating income for IRWD (systems) was over budget by \$1.0 million. Net revenues were under budget by \$3.0 million (2.7%) and total expenses were under budget by \$3.9 million (3.6%). Significant variances by system over \$0.25 million are explained below.

Potable Water System:

The net operating income variance for the potable water system was below budget by \$1.0 million. Net revenues matched budget. Total expenses were over budget by \$1.0 million (1.9%).

Direct expenses were over budget by \$0.7 million mostly due to the cost of water, which exceeded budget by \$0.9 million. This was a result of using more imported water as discussed above, partially offset by reduced costs for pumping, Baker labor and G&A, Baker reimbursements, and various other costs.

Potable Water Variances (in millions)	Imported	Clear and Process Wells	Baker WTP	Total
Water	(\$2.5)	\$0.4	(\$0.2)	(\$2.3)
Labor and G&A	0.0	(0.1)	0.5	0.4
Electricity	0.0	0.2	(0.2)	0.0
Chemicals	0.0	0.1	0.0	0.1
Other	0.0	0.0	0.4	0.4
Baker Reimbursement	0.0	0.0	0.5	0.5
Total Cost of Water	(\$2.5)	\$0.6	\$1.0	(\$0.9)

Indirect expenses were over budget by \$0.3 million. General and administrative (G&A) expense exceeded budget by \$0.6 million. This is due to an applied allocation of 195%, compared to a budget assumption of 180%. Staff is analyzing the G&A expenses to ensure the appropriate expenses are being allocated to G&A.

Recycled Water System:

The net operating income variance for the recycled water system was under budget by \$0.7 million. Net revenue was below budget by \$1.4 million (7.2%) and total expenses were under budget by \$0.7 million (3.7%).

Total revenues were under budget by \$1.4 million (7.2%). Commodity revenue was lower from reduced landscape and agricultural recycled usage (\$1.1 million) resulting from mild/cooler weather.

Direct expenses were under budget by \$1.6 million with the cost of water lower by \$1.4 million primarily due to Baker Partners reimbursement for native water as discussed above. Indirect expenses were over budget (\$0.9 million). The recycled system customer service budget was \$0.6 million over budget as a result of an incorrect allocation for the FY 2019-20 budget. This allocation was corrected in the FY 2020-21 budget. G&A expense exceeded budget by \$0.3 million due to a higher applied allocation as discussed previously.

Sewer System:

The net operating income variance for the sewer system was positive to budget by \$2.3 million. Net revenues were under budget by \$1.0 million (3.8%) and total expenses were under budget by \$3.3 million (13.2%).

Service revenues were under budget by \$1.0 million due to billing adjustments for prior periods for English Canyon sewer services.

Direct expenses were under budget by \$2.7 million from reduced operating costs related to the MWRP Biosolids facility, which is not online yet as mentioned above. Indirect expenses were under budget by \$0.6 million due to \$0.4 million reduced G&A expenses also related to the MWRP Biosolids facility commissioning delay.

Over-allocation/NTS:

The net operating income variance to budget for over-allocation and NTS was positive to budget by \$0.3 million. Net revenues were under budget by \$0.6 million (6.1%). Total expenses were under budget by \$0.9 million (9.4%).

Over-allocation revenues were under budget due to landscape usage falling below budget as discussed previously.

Direct expenses were under budget by \$1.3 million due to operations expense, which was below budget by \$1.3 million from reduced professional fees and conservation expenses as discussed previously. Indirect expenses were over budget by \$0.4 million due to higher G&A expense from direct labor allocation as discussed above.

Summary of Non-Operating Actual-to-Budget Expense:

IRWD's non-operating revenues are related to income generated from sources other than user rates. These revenues include property taxes, investment income, connection fees, and real estate. A portion of the non-operating revenues pay debt service. Property taxes and connection fees help pay for new infrastructure. Exhibit "C" provides a detailed comparison of actual to budget through the third quarter of FY 2019-20 and significant variances greater than \$0.25 million are discussed below.

Non-Operating Income/Expenses:

The net non-operating income variance to budget was positive by \$3.0 million. Revenues exceeded budget by \$1.0 million and expenses were below budget by \$2.1 million.

Key variances greater than \$0.25 million are as follows:

	Variance (\$ millions)
Property Tax Revenue exceeded budget due to higher assessed values.	\$4.3
Connection fees were under budget due to slower than expected development completion.	(4.5)
Real estate income was positive to budget due to higher than expected occupancy at investment properties.	0.7
Other income was above budget primarily due to revenue generated from the sales of native water partially offset by reduced plan check revenue.	0.4
Interest expense was under budget due to lower than budgeted variable rates (actual 1.2% versus budget 2.0%).	2.0
Other variances under \$0.25 million.	0.1
<i>Total</i>	\$3.0

Operating and Non-Operating Forecasts:

Exhibit “D” is a full year forecast of operating expenses for FY 2019-20. Expenses at year end are forecasted to be at \$164.9 million, \$2.1 million or 1.3% under budget, after reimbursement from Baker Partners. Key variances include:

- Increased labor;
- Increased cost of water;
- Reduced expenses for electricity, chemicals, and IRWD repairs and maintenance partially offset by increased OCSD expense due to the delay of the biosolids facility, budgeted to be online December 2019; and
- Reduced other professional and conservation expenses as previously discussed.

Exhibit “E” is a full year forecast of non-operating revenues and expenses for FY 2019-20. It is anticipated that the District will generate \$125.4 million in revenues and \$29.9 million in expenses for a net positive position of \$95.5 million versus a budget of \$92.7 million. Key variances includes:

- Increased property tax revenues;
- Reduced connection fees; and
- Reduced interest expense.

FISCAL IMPACTS:

Fiscal impacts are outlined above and are included in the attached exhibits.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Consolidated Operating Actual to Budget Expense
Exhibit "B" – Actual to Budget Revenues and Expenses by System
Exhibit "C" – Consolidated Non-Operating Actual to Budget
Exhibit "D" – Consolidated Operating Budget to Forecast
Exhibit "E" – Consolidated Non-Operating Budget to Forecast

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Exhibit A
Irvine Ranch Water District
Consol Operating Actual to Budget Expense (A vs B)
Period Ending March 31, 2020
(in thousands)

Expense Group	Expense Name	Actual 3/31/20	Budget 3/31/20	Budget (Over)/Under	Budget Variance %
Salaries & Benefits	Regular Labor	\$28,455	\$27,144	(\$1,312)	(4.8%)
	Overtime Labor	1,973	1,811	(162)	(8.9%)
	Contract Labor	1,284	1,662	378	22.8%
	Employee Benefits	14,982	15,168	186	1.2%
Salaries & Benefits Total		\$46,694	\$45,785	(\$909)	(2.0%)
Purchased Water & Utilities	Water	30,111	29,037	(1,074)	(3.7%)
	Electricity	10,588	12,270	1,683	13.7%
	Fuel	647	689	43	6.2%
	Telecommunication	527	576	49	8.5%
	Other Utilities	159	152	(7)	(4.7%)
Purchased Water & Utilities Total		\$42,030	\$42,724	\$693	1.6%
Materials & Supplies	Chemicals	2,367	2,796	429	15.3%
	Operating Supplies	1,830	2,005	176	8.8%
	Printing	184	221	38	17.1%
	Postage	423	483	59	12.3%
	Permits, Licenses and Fees	1,596	1,764	168	9.5%
	Office Supplies	72	78	5	7.0%
	Duplicating Equipment	74	141	67	47.2%
	Equipment Rental	45	90	44	49.3%
Materials & Supplies Total		\$6,592	\$7,578	\$986	13.0%
Professional Services	Rep & Maint OCSD & Others	7,761	7,794	33	0.4%
	Rep & Maint IRWD	7,508	8,132	624	7.7%
	Insurance	863	987	124	12.6%
	Legal Fees	1,473	2,143	669	31.2%
	Engineering Fees	497	714	218	30.5%
	Accounting Fees	68	75	7	9.3%
	Data Processing	2,271	2,512	241	9.6%
	Personnel Training	1,010	1,054	45	4.2%
	Personnel Physicals	17	32	16	48.6%
	Other Professional Fees	2,188	4,118	1,930	46.9%
	Directors' Fees	116	132	16	12.2%
Professional Services Total		\$23,772	\$27,695	\$3,923	14.2%
Other	Mileage Reimbursement	127	113	(15)	(13.2%)
	Collection Fees	1	10	9	88.4%
	Election Expense	113	131	19	14.3%
	Safety	93	106	13	12.2%
	Alarm and Patrol Services	596	600	4	0.7%
	Biosolids Disposals	22	259	236	91.3%
	Commuter Program	121	180	60	33.0%
	Computer Backup Storage	2	9	7	82.6%
	Contract Meter Reading	975	1,074	99	9.3%
	Other	79	95	16	17.3%
	Conservation/Over-allocation	103	722	619	85.7%
Other Total		\$2,231	\$3,299	\$1,068	32.4%
Grand Total		\$121,319	\$127,081	\$5,761	4.5%
Less: Reimbursement from Baker Partners		(2,815)	(2,165)	650	(30.0%)
Grand Total		\$ 118,505	\$ 124,916	\$ 6,411	5.1%

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Exhibit B
 IRVINE RANCH WATER DISTRICT
 ACTUAL vs BUDGET CONSOLIDATED OPERATING NET INCOME
 Fiscal Year 2019-20
 Period Ending March 31, 2020

(in thousands)	Consolidated Total				
	Actual	Budget	Variance	Variance %	
Revenues:					
Commodity	\$ 47,251	\$ 48,457	\$ (1,206)		
Service	72,816	73,936	(1,120)		
Over Allocation	9,328	9,933	(606)		
Total Revenues	129,395	132,326	(2,932)	2.2%	
Contribution to Enhancement and Replacement Funds	(22,149)	(22,130)	(19)		
Net Revenues	\$ 107,246	\$ 110,197	\$ (2,951)	2.7%	
Expenses:					
Cost of Water	\$ 44,797	\$ 45,292	\$ 494		
Operations	25,673	30,195	4,521		
Water Banking	1,226	1,165	(61)		
OCSD - O&M	6,871	6,843	(29)		
Total Direct	78,568	83,495	4,927	-5.9%	
Customer Service	6,438	6,249	(189)		
General & Administrative	17,574	16,757	(817)		
Total Indirect	24,012	23,006	(1,006)	4.4%	
General Plant	1,349	1,349	-		
Total Expenses	\$ 103,929	\$ 107,849	\$ 3,920	-3.6%	
Net Operating Income (Loss)	\$ 3,317	\$ 2,347	\$ 969		

IRVINE RANCH WATER DISTRICT
ACTUAL vs BUDGET SYSTEM OPERATING NET INCOME
Fiscal Year 2019-20
Period Ending March 31, 2020

	Potable Water				Recycled Water			
Revenues:	Actual	Budget	Variance	Variance %	Actual	Budget	Variance	Variance %
Commodity	\$ 33,907	\$ 33,755	\$ 152		\$ 13,344	\$ 14,702	\$ (1,358)	
Service	27,376	27,466	(90)		5,125	5,191	(66)	
Total Revenues	61,283	61,221	62	-0.1%	18,469	19,893	(1,424)	7.2%
Contribution to Enhancement and Replacement Funds	(6,546)	(6,518)	(28)		(795)	(840)	45	
Net Revenues	\$ 54,737	\$ 54,703	\$ 34	-0.1%	\$ 17,674	\$ 19,053	\$ (1,379)	7.2%
Expenses:								
Cost of Water	\$ 35,133	\$ 34,235	\$ (898)		\$ 9,664	\$ 11,056	\$ 1,393	
Operations	9,315	9,529	214		4,546	4,753	207	
Total Direct	44,449	43,764	(685)	1.6%	14,210	15,809	1,600	-10.1%
Customer Service	2,897	3,124	227		1,288	694	(593)	
General & Administrative	7,075	6,525	(550)		2,669	2,375	(295)	
Total Indirect	9,972	9,649	(323)	3.3%	3,957	3,069	(888)	28.9%
General Plant	472	472	-		238	238	-	
Total Expenses	\$ 54,893	\$ 53,886	\$ (1,007)	1.9%	\$ 18,405	\$ 19,117	\$ 712	-3.7%
Net Operating Income (Loss)	\$ (156)	\$ 817	\$ (973)		\$ (731)	\$ (64)	\$ (667)	
	Sewer				Over-allocation/NTS			
Revenues:	Actual	Budget	Variance	Variance %	Actual	Budget	Variance	Variance %
Service	\$ 40,315	\$ 41,279	\$ (964)		\$ -	\$ -	\$ -	
Over Allocation			-		9,328	9,933	(606)	
Total Revenues	40,315	41,279	(964)	2.3%	9,328	9,933	(606)	6.1%
Contribution to Enhancement and Replacement Funds	(14,808)	(14,771)	(36)		-	-	-	
Net Revenues	\$ 25,507	\$ 26,507	\$ (1,000)	3.8%	\$ 9,328	\$ 9,933	\$ (606)	6.1%
Expenses:								
Operations	\$ 7,573	\$ 10,340	\$ 2,767		\$ 4,239	\$ 5,573	\$ 1,334	
Water Banking	-	-	-		1,226	1,165	(61)	
OCSD - O&M	6,871	6,843	(29)		-	-	-	
Total Direct	14,444	17,183	2,738	-15.9%	5,465	6,739	1,273	-18.9%
Customer Service	1,610	1,736	126		644	694	51	
General & Administrative	5,190	5,630	440		2,640	2,227	(413)	
Total Indirect	6,799	7,366	567	-7.7%	3,283	2,921	(362)	12.4%
General Plant	564	564	-		74	74	-	
Total Expenses	\$ 21,808	\$ 25,113	\$ 3,305	-13.2%	\$ 8,823	\$ 9,734	\$ 911	-9.4%
Net Operating Income (Loss)	\$ 3,699	\$ 1,395	\$ 2,304		\$ 505	\$ 199	\$ 306	

Exhibit C
 IRVINE RANCH WATER DISTRICT
 CONSOLIDATED NON-OPERATING ACTUAL TO BUDGET
 Period Ending March 31, 2020
 (in thousands)

Non-operating Revenues:	Actual 3/31/20	Budget 3/31/20	Budget Variance
Property Taxes	\$ 49,703	\$ 45,400	\$ 4,303
Investment Income	5,846	5,700	146
Connection Fees	9,731	14,250	(4,519)
Real Estate Income	13,727	13,050	677
Real Estate Fair Value Change	-	-	-
Other Income	6,381	6,000	381
Total Revenues	<u>\$ 85,387</u>	<u>\$ 84,400</u>	<u>\$ 987</u>
Non-operating Expenses:			
Interest Expense	\$ 16,495	\$ 18,537	\$ 2,042
Real Estate Expense	4,458	4,350	(108)
Other Expenses	24	150	126
Total Expenses	<u>\$ 20,977</u>	<u>\$ 23,037</u>	<u>\$ 2,060</u>
Net Revenues & Expenses	<u><u>\$ 64,410</u></u>	<u><u>\$ 61,363</u></u>	<u><u>\$ 3,047</u></u>

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Exhibit D
IRVINE RANCH WATER DISTRICT
CONSOLIDATED OPERATING FORECAST EXPENSE
Period Ending March 31, 2020

(in thousands)

Expense Group	Expense Name	Actual 3/31/20	Budget FY 2019-20	Forecast FY 2019-20	Forecast vs Budget (Over)/ Under	%
Salaries & Benefits	Regular Labor	\$ 28,455	\$ 36,681	\$ 38,181	\$ (1,500)	-4.1%
	Overtime Labor	1,973	2,413	2,413	-	-
	Contract Labor	1,284	2,204	1,904	300	13.6%
	Employee Benefits	14,982	20,224	20,224	-	-
Salaries & Benefits Total		\$ 46,694	\$ 61,522	\$ 62,722	(1,200)	(2.0%)
Water & Utilities	Water	30,111	39,242	40,242	(1,000)	(2.5%)
	Electricity	10,588	17,064	15,264	1,800	10.5%
	Fuel	647	946	946	-	-
	Telecommunication	527	767	767	-	-
	Other Utilities	159	194	194	-	-
Water & Utilities Total		\$ 42,030	\$ 58,214	\$ 57,414	800	1.4%
Materials & Supplies	Chemicals	2,367	3,930	3,530	400	10.2%
	Operating Supplies	1,830	2,642	2,642	-	-
	Printing	184	303	303	-	-
	Postage	423	644	644	-	-
	Permits, Licenses and Fees	1,596	1,869	1,869	-	-
	Office Supplies	72	104	104	-	-
	Duplicating Equipment	74	188	188	-	-
	Equipment Rental	45	119	119	-	-
Materials & Supplies Total		\$ 6,592	\$ 9,800	\$ 9,400	400	4.1%
Professional Services	Rep & Maint OCSD & Others	7,761	10,391	11,891	(1,500)	(14.4%)
	Rep & Maint IRWD	7,508	11,268	10,368	900	8.0%
	Insurance	863	1,317	1,317	-	-
	Legal Fees	1,473	2,690	2,690	-	-
	Engineering Fees	497	885	885	-	-
	Accounting Fees	68	100	100	-	-
	Data Processing	2,271	3,331	3,331	-	-
	Personnel Training	1,010	1,489	1,489	-	-
	Personnel Physicals	17	43	43	-	-
	Other Professional Fees	2,188	5,422	3,922	1,500	27.7%
	Directors' Fees	116	177	177	-	-
Professional Services Total		\$ 23,772	\$ 37,113	\$ 36,213	900	2.4%
Other	Mileage Reimbursement	127	150	150	-	-
	Collection Fees	1	13	13	-	-
	Election Expense	113	150	150	-	-
	Safety	93	141	141	-	-
	Commuter Program	596	800	800	-	-
	Alarm and Patrol Services	22	670	670	-	-
	Biosolids Disposals	121	240	240	-	-
	Computer Backup Storage	2	12	12	-	-
	Contract Meter Reading	975	1,432	1,432	-	-
	Other	79	127	127	-	-
	Conservation/Over-allocation	103	963	363	600	62.3%
Other Total		\$ 2,231	\$ 4,698	\$ 4,098	600	12.8%
Grand Total		\$ 121,319	\$ 171,347	\$ 169,847	\$ 1,500	0.9%
Less: Reimbursement from Baker Partners		(2,815)	(4,378)	(4,978)	600	13.7%
Grand Total		\$ 118,505	\$ 166,969	\$ 164,869	\$ 2,100	1.3%

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Exhibit E
 IRVINE RANCH WATER DISTRICT
 NON-OPERATING FORECAST TO BUDGET REVENUES & EXPENSES
 FORECAST 2020
 (in thousands)

Non-operating Revenues:	Actual 3/31/20	Full Year Budget	Full Year Forecast	Forecast Variance
Property Taxes	\$ 49,703	\$ 66,000	\$ 71,000	\$ 5,000
Investment Income	5,846	8,200	7,800	(400)
Connection Fees	9,731	19,000	13,000	(6,000)
Real Estate Income	13,727	17,400	18,000	600
Real Estate Fair Value Change	-	6,600	6,600	-
Other Income	6,381	8,000	9,000	1,000
Total Revenues	<u>\$ 85,387</u>	<u>\$ 125,200</u>	<u>\$ 125,400</u>	<u>\$ 200</u>
Non-operating Expenses:				
Interest Expense	\$ 16,495	\$ 24,700	\$ 22,000	\$ 2,700
Real Estate Expense	4,458	5,800	5,900	(100)
Other Expenses	24	2,000	2,000	-
Total Expenses	<u>\$ 20,977</u>	<u>\$ 32,500</u>	<u>\$ 29,900</u>	<u>\$ 2,600</u>
Net Revenues & Expenses	<u><u>\$ 64,410</u></u>	<u><u>\$ 92,700</u></u>	<u><u>\$ 95,500</u></u>	<u><u>\$ 2,800</u></u>

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May 12, 2020

Prepared by: C. Smithson / D. Pardee

Submitted by: C. Clary

Approved by: Paul A. Cook */s/ P. A. Cook*

FINANCE AND PERSONNEL COMMITTEE

MID-CYCLE OPERATING BUDGET AND RATES FOR
FISCAL YEAR 2020-21

SUMMARY:

A two-year operating budget for FY 2019-20 and FY 2020-21 was approved by the Board on April 22, 2019, and rates were adopted on June 24, 2019. Considering the hardships to many IRWD customers created by the impacts from COVID-19, staff recommends that the previously approved FY 2020-21 water and sewer rate increases, scheduled to become effective on July 1, 2020, be postponed.

BACKGROUND:

Staff conducted a detailed review of the approved budget for FY 2020-21 and will summarize the mid-cycle operating and non-operating budgets and assumptions in a PowerPoint presentation, provided as Exhibit "A". Staff recommends use of the Rate Stabilization Fund to cover any shortfall in revenues and expenses.

Water and Sewer Rates:

COVID-19 and its ramifications to IRWD customers has caused staff to recommend postponing the rate increase for FY 2020-21. In addition, changes in budget expenditure assumptions have occurred, including certain third-party agencies not passing through previously planned cost increases. Below is a summary of the net forecasted changes:

	(in millions)
Proposed Rate Revenue Reduction	\$ (4.6)
Forecasted Expense Variance	1.1
Projected Change in Net Income	\$ (3.5)

Staff recommends using the Rate Stabilization Fund to cover this difference. Postponement of approved rate increases do not need to be noticed through the Proposition 218 process. IRWD would notify its customers of the postponement through messaging that would include the District's newsletter, website, social media, and on-hold messaging.

Replacement Fund:

Staff also conducted a detailed review of the approved non-operating budget for FY 2020-21. Changes in budget revenue and expenditure assumptions have occurred, which impact the Replacement Fund. The estimated impact of these changes is \$2.7 million. The resulting

impacts, including use of the Rate Stabilization Fund, will change the projected Replacement Fund balance to \$404 million at the end of FY 2020-21.

FISCAL IMPACTS:

Fiscal impacts are outlined above and are included in the exhibit provided.

ENVIRONMENTAL COMPLIANCE:

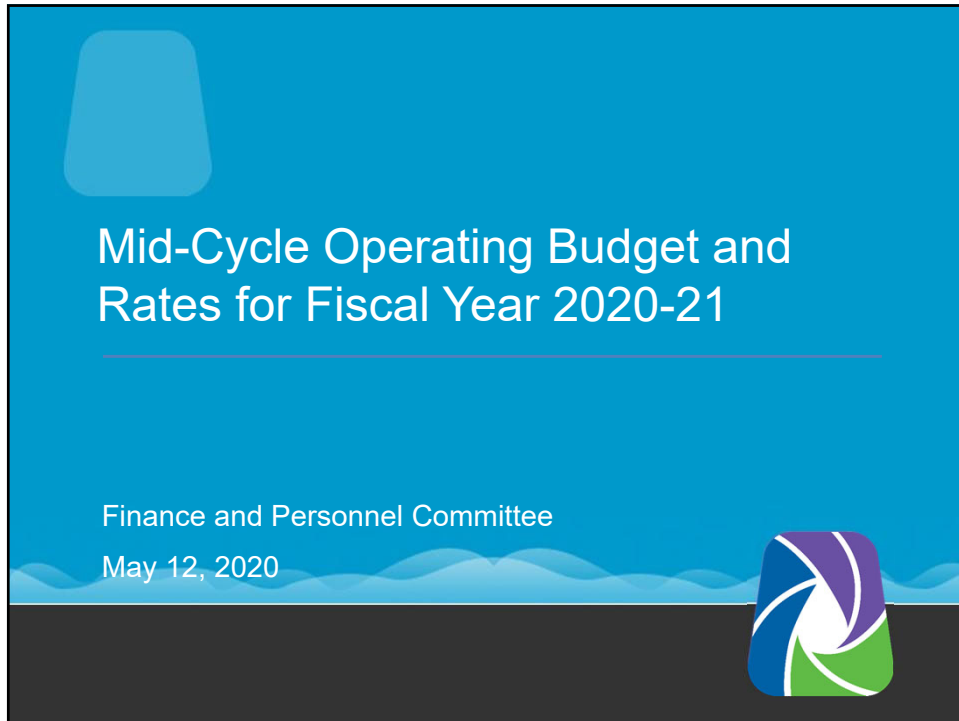
This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

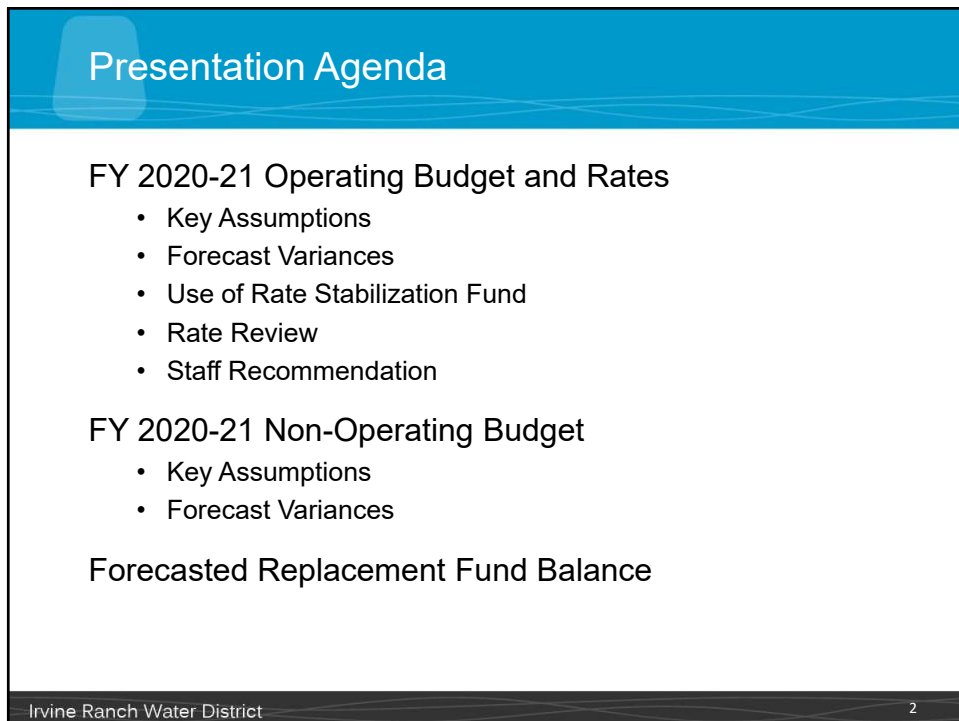
That the Board receive and file the Mid-Cycle Operating Budget Update for Fiscal Years 2019-20 and 2020-21, and approve the postponement of the potable water, recycled water, and sewer rate increases for FY 2020-21.

LIST OF EXHIBITS:

Exhibit “A” – Mid-Cycle Operating Budget and Rates for FY 2020-21 PowerPoint Presentation



1



2

Operating Budget and Rates



3

Operating Budget Key Assumptions

	Approved Budget		Updated Assumptions
Assumptions	FY 2019-20	FY 2020-21	FY 2020-21
Revenues:			
Sales in Acre Feet (AF)	85,117	86,434	
Customer growth rate	3%	3%	
Revenue Rate Increase (millions)	\$6.70	\$4.60	\$0
Expenses:			
OCWD RA rate/AF	\$487	\$511	\$487
MWDOC potable rate /AF (effective January 1)	\$1,078	\$1,111	\$1,104
MWDOC non-potable rate /AF (effective January 1)	\$755	\$777	
Electricity rate increase*	0.0%	4.5%	

* Increase may be postponed

Irvine Ranch Water District

4

4

Other Operating Budget Key Assumptions

Approved Budget FY 2020-21	Updated Assumptions
Labor:	
Cost of living (COLA) at 3% per year	COLA expected to be 1.0%
Headcount - 4.5 positions	Headcount - 2 unbudgeted new positions
Vacancies at 7% and filled at midpoint of salary range	Vacancies at 6% and some positions filled above mid-point
Operations:	
Customer budget allocations	
BEA	
PERS funding at 25% - No OPEB funding	
Biosolids facility online for entire Fiscal Year	

Irvine Ranch Water District

5

5

Operating Budget FY 2020-21

Updated Assumptions	Expense Change*
(in millions)	
Lower COLA increase	\$ (0.7)
Lower vacancy rate and some starting salaries above mid-point	1.5
Unbudgeted positions	0.4
Reduction in RA	(1.2)
Reduction in imported water due to higher use of native water	(1.1)
Additional Cybersecurity software services	0.3
Over-allocation projects funded by outside agencies	(0.3)
Total Expense Variance	\$ (1.1)

* Increased expense / (reduced expense)

Irvine Ranch Water District

6

6

Operating Budget FY 2020-21

Forecast Variances from Approved Budget

(in millions)

Proposed Rate Revenue Reduction	\$ (4.6)
Forecasted Expense Variance	1.1
Projected Change in Net Income	\$ (3.5)
Use of Rate Stabilization Fund	\$ 3.5

Irvine Ranch Water District

7

7

Replacement Fund Policy

Replacement Fund Uses

	Category	Target
1	Capital Facilities	Long term replacement (RPM model data Min: 1-5 years 100% and 6-10 years 50%; Max: 1-10 years 100%)
2	Insurance	Catastrophic events and unplanned emergency repairs: 5 times the deductible (\$125K for property; \$100K general liability)
3	Variable Rate Hedge	Excluded based on current debt ratio (variable to fixed)
4	System Refurbishments	(included in # 1)
5	Environmental Compliance	(included in # 1)
6	Rate Stabilization	Mitigate the impact of short-term effects on user rates (3 year average net operating working capital)

Irvine Ranch Water District

8

8

Customer Rates Review



9

FY 2020-21 Rates

Potable Water				
	Low Volume	Base Rate	Inefficient	Wasteful
FY 2020-21 rates (approved)	\$1.54	\$2.12	\$4.91	\$13.65
FY 2019-20 rates (approved)	\$1.47	\$2.00	\$4.86	\$13.63
FY 2020-21 rates (recommended)	\$1.47	\$2.00	\$4.86	\$13.63
Recycled Water				
FY 2020-21 rates (approved)	\$1.25	\$1.72	\$3.28	\$6.97
FY 2019-20 rates (approved)	\$1.19	\$1.57	\$3.15	\$6.62
FY 2020-21 rates (recommended)	\$1.19	\$1.57	\$3.15	\$6.62
Fixed Service Charge				
	5/8" meter			
FY 2020-21 rates (approved)	\$10.40			
FY 2019-20 rates (approved)	\$10.35			
FY 2020-21 rates (recommended)	\$10.35			

Irvine Ranch Water District

10

10

FY 2020-21 Rates

Sewer			
Fixed Service Charge			
Average Water Usage	Exceeds 10 ccfs per month	Falls between 5 and 10 ccfs	Falls below 5 ccfs
FY 2020-21 rates (approved)	\$26.35	\$23.70	\$19.75
FY 2019-20 rates (approved)	\$26.10	\$23.50	\$19.55
FY 2020-21 rates (recommended)	\$26.10	\$23.50	\$19.55

11

Proposed Rates – FY 2020-21

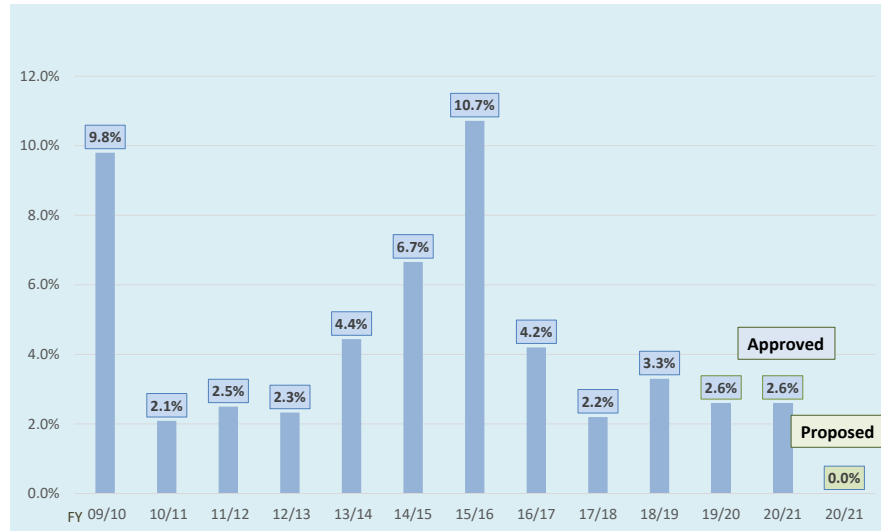
Typical Residential Customer		
	Approved Rate	Proposed Rate
Water		
Service Charge *	\$10.40	\$10.35
Commodity Charge **	<u>22.54</u>	<u>21.35</u>
Total Water Charge	\$32.94	\$31.70
Sewer		
Service Charge *	<u>\$23.70</u>	<u>\$23.50</u>
Total Typical Residential Monthly Bill	\$56.64	\$55.20
Difference		<u>(\$1.44)</u>

* Treated water service charge assumes a 5/8" x 3/4" meter. Both the water and sewer service charges include components for enhancement and replacement capital.

** Commodity charges for a typical residential customer are based on 12 ccf (District average).
 Approved FY 2020-21: Low Volume \$1.54 Base \$2.12
 Proposed FY 2020-21: Low Volume \$1.47 Base \$2.00

12

Average Yearly Rate Increase History



Irvine Ranch Water District

13

13

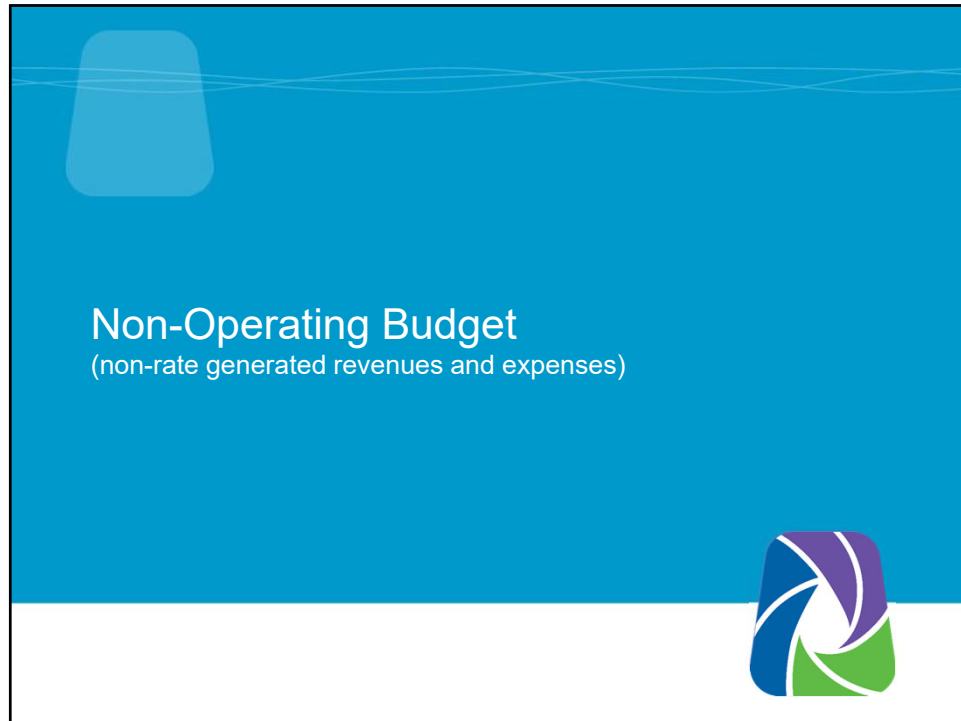
Staff Recommendation

That the Board receive and file the Mid-Cycle Operating Budget Update for Fiscal Years 2019-20 and 2020-21, and approve the postponement of the potable water, recycled water, and sewer rate increases for FY 2020-21.

Irvine Ranch Water District

14

14



15

Key Assumptions			
Non-Operating Budget			
	Budget		Updated Assumptions
	FY 2019-20	FY 2020-21	
Assessed Value Growth (tax revenue)	6.00%	4.00%	5.50%
Investment Income Rate	2.25%	2.40%	1.25%
Real Estate Income Growth	2.00%	2.00%	0.00%
Serrano Summit Interest rate on note	4.26%	(Serrano summit paid)	4.44%
Interest Expense (fixed rate)	3.70%	3.70%	
Interest Expense (variable rate)	2.00%	2.25%	0.65%
Real Estate Expense Growth	2.00%	2.00%	1.00%

Irvine Ranch Water District 16

16

Non-Operating Budget FY 2020-21

Forecast Variances from Non-Operating Approved Budget FY 2020-21

(in millions)	
Revenue Variance	\$ (6.1)
Expense Variance	3.0
Projected Change in Net Income	\$ (3.1)
<hr/>	
Replacement Fund	\$ (2.7)
New Capital	(0.4)
Projected Change in Net Income	\$ (3.1)

17

Replacement Fund

Forecast Replacement Fund Balance

(in millions)	
Replacement Fund Balance Estimate FY 2020-21	\$ 410.0
Non-Operating Variance to Replacement Fund	(2.7)
Use of Rate Stabilization	(3.5)
Revised Estimate FY 2020-21 Fund Balance	\$ 403.8

18

Questions / Discussion

