

AGENDA  
IRVINE RANCH WATER DISTRICT  
FINANCE AND PERSONNEL COMMITTEE MEETING  
TUESDAY, JUNE 7, 2022

This meeting will be held in-person at the District’s headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Web:

<https://irwd.webex.com/irwd/j.php?MTID=mb2d9438f65d7d0254a5fff96a5cdf0f9>

Meeting Number (Access Code): 2485 376 8075

Meeting Password: jhDx69SrcN3

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

PLEASE NOTE: Participants joining the meeting will be placed into the Webex lobby when the Committee enters closed session. Participants who remain in the “lobby” will automatically be returned to the open session of the Committee once the closed session has concluded. Participants who join the meeting while the Committee is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the closed session has concluded.

CALL TO ORDER 11:30 a.m.

ATTENDANCE Chair: Peer Swan \_\_\_\_\_ Member: Steve LaMar \_\_\_\_\_

ALSO PRESENT

Paul Cook	_____	Cheryl Clary	_____
Wendy Chambers	_____	Kevin Burton	_____
Paul Weghorst	_____	Rob Jacobson	_____
Lance Kaneshiro	_____	Tiffany Mitcham	_____
Jennifer Davis	_____	Eileen Lin	_____
Christopher Smithson	_____	_____	_____
_____	_____	_____	_____

PUBLIC COMMENT NOTICE

Public comments are limited to three minutes per speaker on each subject. If you wish to address the Committee on any item, you may attend the meeting in person and submit a “speaker slip.” You may also submit a public comment in advance of the meeting by emailing [comments@irwd.com](mailto:comments@irwd.com) before 7:30 a.m. on Tuesday, June 7, 2022.

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## COMMUNICATIONS

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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.

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## INFORMATION

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5. EMPLOYEE POPULATION AND RETENTION STATUS REPORT – SRADER / MITCHAM

Recommendation: Receive and file.

6. MONTHLY INVESTMENT AND DEBT REVIEW – MENDOZA / DAVIS / JACOBSON / CLARY

Recommendation: Receive and file.

7. INFORMATION SERVICES PROJECT STATUS REPORT – KANESHIRO / CLARY

Recommendation: Receive and file.

8. QUARTERLY REAL ESTATE PERFORMANCE – DAVIS / JACOBSON / CLARY

Recommendation: Receive and file.

9. RISK MANAGEMENT QUARTERLY REPORT – KANOFF / JACOBSON / CLARY

Recommendation: Receive and file.

10. MID-CYCLE OPERATING BUDGET FOR FISCAL YEARS 2021-22 AND 2022-23 – PARDEE / SMITHSON / CLARY

Recommendation: Receive and file.

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**ACTION**

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11. IRWD TRUST FUND GUIDING PRINCIPLES AND USE STRATEGIES – SMITHSON / JACOBSON / CLARY

Recommendation: That the Board approve the updated guiding principles and the Board approve the Pension Benefits Trust Fund usage and the transfer of funds to CalPERS not to exceed \$9.6 million for FY 2022-23.

12. LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FY 2022-23 TO THE CALIFORNIA EMPLOYEES' RETIREMENT SYSTEM – LIN / CLARY

Recommendation: That the Board approve the lump sum payment for employer contributions to the California Public Employees' Retirement System (CalPERS) by making a one-time contribution of \$7,828,346 for IRWD's FY 2022-23 employer Unfunded Accrued Liability (UAL) contribution and approve the transfer and contribution from IRWD's Pension Benefits Trust.

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**OTHER BUSINESS**

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13. Directors' Comments

14. CLOSED SESSION

A. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL — EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1):

- *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
- *Mary Beth Rash v. City of Irvine, et. seq.*, Case No. 30-2018-01010123
- *Michael Brown v. PEI Engineering & Construction, et. seq.*, Case No. 30-2020-01154719
- *Andrea Jane Sura, et al. v. IRWD, et al.*, Case No. 30-2020-01173344

B. CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED LITIGATION – Pursuant to Government Code Section 54956.9(d)(2): significant exposure to litigation. (*Two (2) potential cases; Main Street Notice of Subrogation and Jin Suk Kang Claim.*)

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**OTHER BUSINESS – Continued**

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15. Open Session

16. Adjourn

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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 at the entrance of the meeting room at the District Office. The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

June 7, 2022  
Prepared by: L. Srader  
Submitted by: T. Mitcham  
Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

EMPLOYEE POPULATION AND RETENTION STATUS REPORT

SUMMARY:

Staff has prepared various population status reports for the Committee's review.

FISCAL IMPACTS:

None.

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:

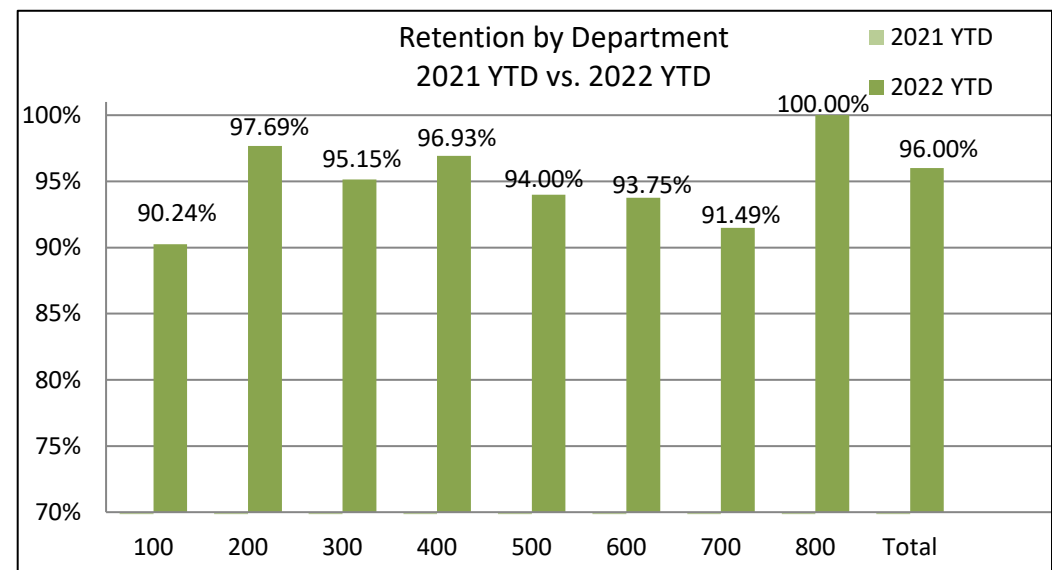
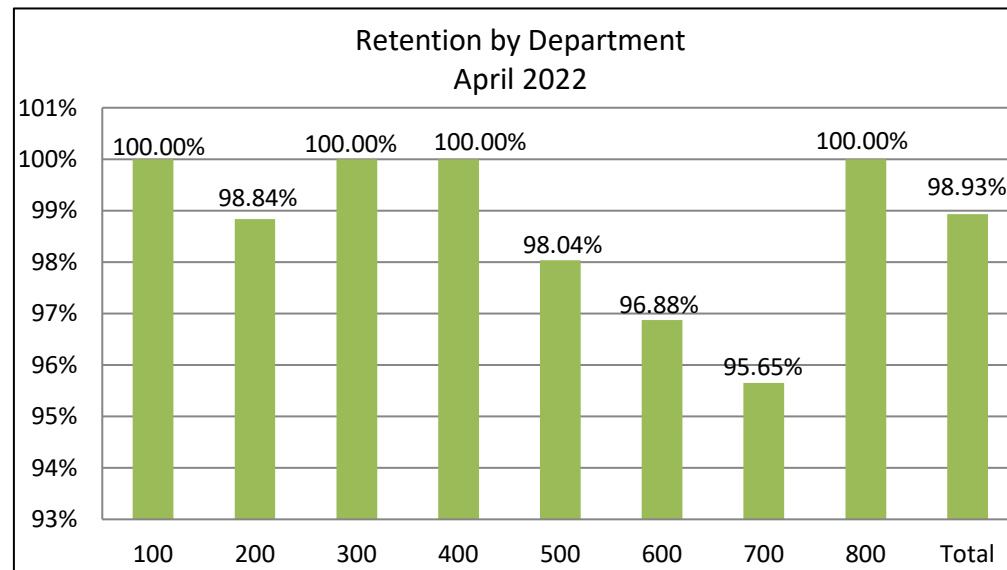
Exhibit "A" – Employee Population and Retention Status Report

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# EXHIBIT "A"

## IRVINE RANCH WATER DISTRICT EMPLOYEE POPULATION STATUS REPORT April 2022

Dept	@04/01/22	Current Month Activity							@04/30/22		FY 21/22 Budgeted Positions	Avg FYTD Filled Budget Positions	Avg FYTD Temp Emp FTE	Avg FYTD Total Filled Positions	Retention	
	Positions Filled	New Hires	Terms		Promo Trnsfr		Lateral Trnsfr		Positions Filled	Positions Unfilled					Current Period	2022 YTD
			Vol	Invol	In	Out	In	Out								
100	21.0								21.0	6	27.0	18.6	0.35	19.0	100.00%	90.24%
200	86.0	3	1						88.0	3	91.0	88.5	0.97	89.5	98.84%	97.69%
300	41.0	1							42.0	3	45.0	42.0	2.38	44.4	100.00%	95.15%
400	64.0								64.0	9	73.0	66.3	2.19	68.5	100.00%	96.93%
500	51.0		1						50.0	12	62.0	50.8	1.66	52.5	98.04%	94.00%
600	32.0		1						31.0	2	33.0	31.4	5.08	36.5	96.88%	93.75%
700	23.0		1						22.0	6	28.0	27.6	3.21	30.8	95.65%	91.49%
800	56.0	1							57.0	4	61.0	55.0	0.00	55.0	100.00%	100.00%
<b>Totals</b>	<b>374</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>375.0</b>	<b>45</b>	<b>420.0</b>	<b>380.2</b>	<b>15.85</b>	<b>396.0</b>	<b>98.93%</b>	<b>96.00%</b>
4/21	390	0	0	0	0	0	0	0	390	23	413.0	388.8	15.6	404.4	100.00%	97.50%

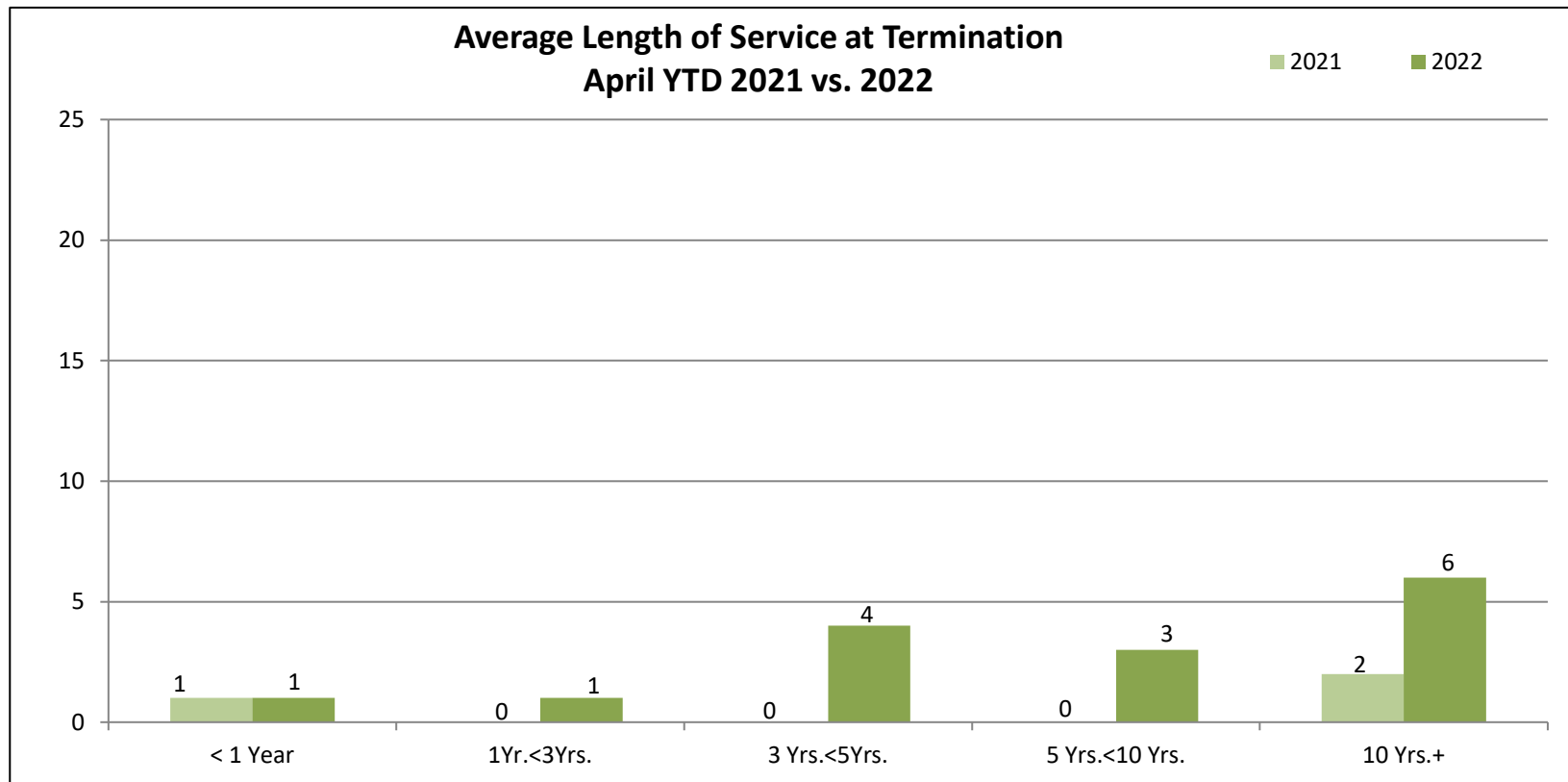


100-GM, HR, Safety; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.; 400-Water Ops; 500-Recycling; 600-WQ&RC; 700-Water Res., Recyc. Water and Public Affairs; 800-Adm. & Maintenance Ops

**IRVINE RANCH WATER DISTRICT  
RETENTION LONGEVITY RATIO  
April 2022**

Dept.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD Retention Longevity Ratio				
														< 1 Year	1Yr.<3Yrs.	3 Yrs.<5Yrs.	5 Yrs.<10 Yrs.	10 Yrs.+
100		1	1										2			2		
200			1	1									2				1	2
300	1		1										2				1	1
400		1	1										2			1		1
500		1	1	1									3	1			1	1
600	1			1									2			1		
700		1		1									2		1			1
800													0					
<b>2022 Total</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>6</b>
<b>2021 Data</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>31</b>					
<b>Percentage of Total Retention</b>														<b>93.33%</b>	<b>93.33%</b>	<b>73.33%</b>	<b>80.00%</b>	<b>60.00%</b>

<b>2022 Average YTD Length of Service at Termination</b>	<b>11.24 Years</b>
<b>2021 Average YTD Length of Service at Termination</b>	<b>10.21 Years</b>
<b>2020 Average YTD Length of Service at Termination</b>	<b>16.33 Years</b>
<b>2019 Average YTD Length of Service at Termination</b>	<b>9.21 Years</b>
<b>2018 Average YTD Length of Service at Termination</b>	<b>13.85 Years</b>





**IRVINE RANCH WATER DISTRICT  
EMPLOYEE POPULATION AND RETENTION REPORT  
APRIL 2022**

<b>NEW HIRES</b>				
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Prior Company/Agency</b>
04/02/22	300	Danielle Drake	Assistant Engineer	Irvine Ranch Water District
04/04/22	200	Gabrielle Wang	Accountant	City of San Juan Capistrano
04/11/22	200	Herbert Ng	Senior Accounting Clerk	Tawa Services, Inc.
04/25/22	800	Esteban Rendon	Senior Electrical Technician	CDM Constructors
04/25/22	200	Scott Fraser	Customer Service Specialist I	Orange County Social Services

<b>TERMINATIONS</b>					
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Reason</b>	<b>Comments</b>
04/05/22	200			VOL	
04/19/22	500			VOL	
04/21/22	600			VOL	

<b>RETIREMENTS</b>					
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Reason</b>	<b>Comments</b>
04/05/22	700	JoAnn Corey	Environmental Compliance Analyst	RET	

<b>PROMOTIONS</b>					
<b>Date</b>	<b>Departing Dept</b>	<b>Employee Name</b>	<b>Departing Position</b>	<b>New Dept</b>	<b>New Position</b>
04/02/22	700	Melody Seesangrit	Water Efficiency Analyst	700	Water Efficiency Supervisor
04/02/22	600	Kristina Reppert	Scientist	600	Senior Scientist
04/02/22	500	Ricardo Noguera	Operator II	500	Operator III

<b>TRANSFERS</b>					
<b>Effective Date</b>	<b>Departing Dept</b>	<b>Employee Name</b>	<b>Departing Position</b>	<b>New Dept</b>	<b>New Position</b>

<b>CROSS TRAINING</b>					
<b>Effective Date</b>	<b>Departing Dept</b>	<b>Employee Name</b>	<b>Departing Position</b>	<b>New Dept</b>	<b>New Position</b>
02/01/22	400	Bailey Hall	Water Maintenance Technician I	400	Water Maintenance Technician I
04/02/22	800	Gregory Cronin	Vehicle & Equipment Maintenance Mechanic	400	Water Maintenance Technician I

**IRVINE RANCH WATER DISTRICT  
EMPLOYEE POPULATION AND RETENTION REPORT  
APRIL 2022**

<b>UNFILLED POSITIONS</b>				
<b>Dept</b>	<b>Position</b>	<b>Salary Grade</b>	<b>Comments</b>	
100	Community Relations Manager	U18.E	Recruiting	
100	Safety Manager	U17.E	Recruiting	
100	Public Affairs Specialist	29.N		
100	Digital Communications Specialist	U10.E	Recruiting	
100	Senior Human Resources Analyst	U13.E		
100	Safety Specialist	U26.N		
200	Manager of Contract Admin & Risk	U19.E	Recruiting	
200	Accountant	27.N	Recruiting	
200	Accountant	27.N	Recruiting	
300	Senior Engineer	U20.E	Recruiting	
300	Senior Engineer	U20.E		
300	Engineer	U17.E	Recruiting	
400	Water Maintenance Technician III	26.N		
400	Operator III	29.N		
400	Water Maintenance Technician I	16.N		
400	Field Services Manager	U18.E	Recruiting	
400	Metering Systems Technician I	16.N		
400	Water Maintenance Technician I	16.N		
400	Water Maintenance Technician I	16.N		
400	Water Maintenance Technician I	16.N		
400	Water Maintenance Technician I	16.N		
500	Collection Systems Technician II	20.N		
500	Operator III	29.N	Recruiting	
500	Process Specialist	32.N		
500	Cybersecurity Analyst	U18.E		
500	Operator III	29.N	Recruiting	
500	Collection Systems Supervisor	S32.N	Recruiting	
500	Operator II	27.N		
500	Collection Systems CCTV Tech	21.N	Recruiting	
500	Collection Systems Technician II	20.N	Recruiting	
500	Collection Systems Technician I	15.N		
500	Collection Systems CCTV Tech	21.N	Recruiting	
500	Sr. Coll Systems CCTV Tech	25.N	Recruiting	
600	Senior Scientist	32.N	Recruiting	
600	Scientist	28.N		
700	Water Efficiency Analyst	33.N	Recruiting	
700	Recycled Water Specialist	24.N		
700	Recycled Water Specialist	24.N		
700	Water Efficiency Specialist	26.N		
700	Environmental Compliance Analyst	U12.E		
700	Senior Energy & Water Resources Planner	U17.E	Recruiting	
800	Instrumentation Technician	30.N		
800	Instrumentation Technician	28.N		
800	Electrical Technician	28.N	Recruiting	
800	Director of Field Operations	U27.E		

**IRVINE RANCH WATER DISTRICT  
EMPLOYEE POPULATION STATUS REPORT  
April 2022**

LEAVE OF ABSENCE					
Type of Leave	Pay Status	Date Leave Began	Anticipated Return Date	Current Length (wks)	Comments
FMLA/CFRA	SDI	12/8/2021	6/15/2022	27.00	
FMLA/CFRA	SDI	12/27/2021	7/26/2022	30.14	
FMLA/CFRA	WC/TTD	7/22/2021	6/13/2022	46.57	
FMLA/CFRA	WC/TTD	1/27/2022	6/13/2022	19.57	
FMLA/CFRA	SDI	3/21/2022	6/1/2022	10.29	
FMLA/CFRA	SDI	3/14/2022	5/9/2022	8.00	
FMLA/CFRA	SDI	3/8/2022	6/14/2022	14.00	
FMLA/CFRA	SDI	3/17/2022	7/20/2022	17.86	
FMLA/CFRA	SDI	4/18/2022	9/5/2022	20.00	
FMLA/CFRA	ACCRUALS	4/27/2022	5/18/2022	3.00	

Leave	Original Status	Date Leave Began	Anticipated Return Date	Length (wks)	Actual Return Date	Comments
FMLA/CFRA	SDI	4/16/2021	9/23/2021	22.86	09/23/21	Returned
FMLA/CFRA	SDI	8/20/2021	9/29/2021	5.71	09/29/21	Returned
FMLA/CFRA	SDI	7/20/2021	9/15/2021	8.14	09/15/21	Returned
FMLA/CFRA	SDI	7/22/2021	9/30/2021	10.00	09/30/21	Returned
FMLA/CFRA	SDI	9/20/2021	11/16/2021	8.14	11/16/2021	Returned
FMLA/CFRA	SDI	9/20/2021	11/17/2021	8.29	11/17/2021	Returned
FMLA/CFRA	SDI	9/28/2021	12/5/2021	9.71	12/5/2021	Returned
FMLA/CFRA	SDI	9/30/2021	10/18/2021	2.57	10/18/2021	Returned
FMLA/CFRA	SDI	9/16/2021	11/1/2021	6.57	11/1/2021	Returned
FMLA/CFRA	SDI	9/7/2021	10/5/2021	4.00	10/5/2021	Returned
FMLA/CFRA	SDI	10/11/2021	11/30/2021	7.14	11/30/2021	Returned
FMLA/CFRA	SDI	6/29/2021	10/25/2021	16.86	10/25/2021	Returned
FMLA/CFRA	SDI	5/20/2021	10/21/2021	22.00	10/21/2021	Returned
FMLA/CFRA	SDI	10/4/2021	12/30/2021	12.43	12/30/21	Returned
FMLA/CFRA	SDI	11/1/2021	12/20/2021	7.00	12/20/21	Returned
FMLA/CFRA	SDI	10/5/2021	11/15/2021	5.86	11/15/21	Returned
FMLA/CFRA	SDI	12/23/2021	2/24/2022	9.00	02/07/22	Returned
FMLA/CFRA	SDI	1/17/2022	1/27/2022	1.43	01/31/22	Returned
FMLA/CFRA	SDI	1/24/2022	2/24/2022	4.43	02/22/22	Returned
FMLA/CFRA	WC/TTD	1/27/2022	2/16/2022	2.86	02/16/22	Returned
FMLA/CFRA	SDI	10/12/2021	3/7/2022	20.86	03/08/22	Returned
FMLA/CFRA	SDI	9/24/2021	3/17/2022	24.86	03/10/22	Returned
FMLA/CFRA	SDI	9/6/2021	3/7/2022	26.00	03/07/22	Returned
FMLA/CFRA	ACCRUALS	2/28/2022	3/17/2022	2.43	03/17/22	Returned
FMLA/CFRA	SDI	12/13/2021	4/1/2022	15.57	03/31/22	Separation

**IRVINE RANCH WATER DISTRICT  
EMPLOYEE POPULATION STATUS REPORT FOR 2022**

Month	Length of Employment	Termination		Comments
		Vol	Invol	
January	14 years, 3 months		X	
	20 years, 2 months	X		Requested change to part-time status
February	32 years, 1 month	X		Retirement
	2 years, 3 months	X		Moved to Texas
	4 years, 10 months	X		City of Santa Monica
	6 years	X		Inland Empire Utilities Authority
March	4 years, 8 months	X		Yorba Linda Water District
	10 months	X		City of San Diego
	9 years, 3 months	X		
	3 years, 8 months		X	
	26 years, 3 months	X		Retirement
April	6 years, 2 months	X		
	12 years, 9 months	X		
	4 years, 10 months	X		

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

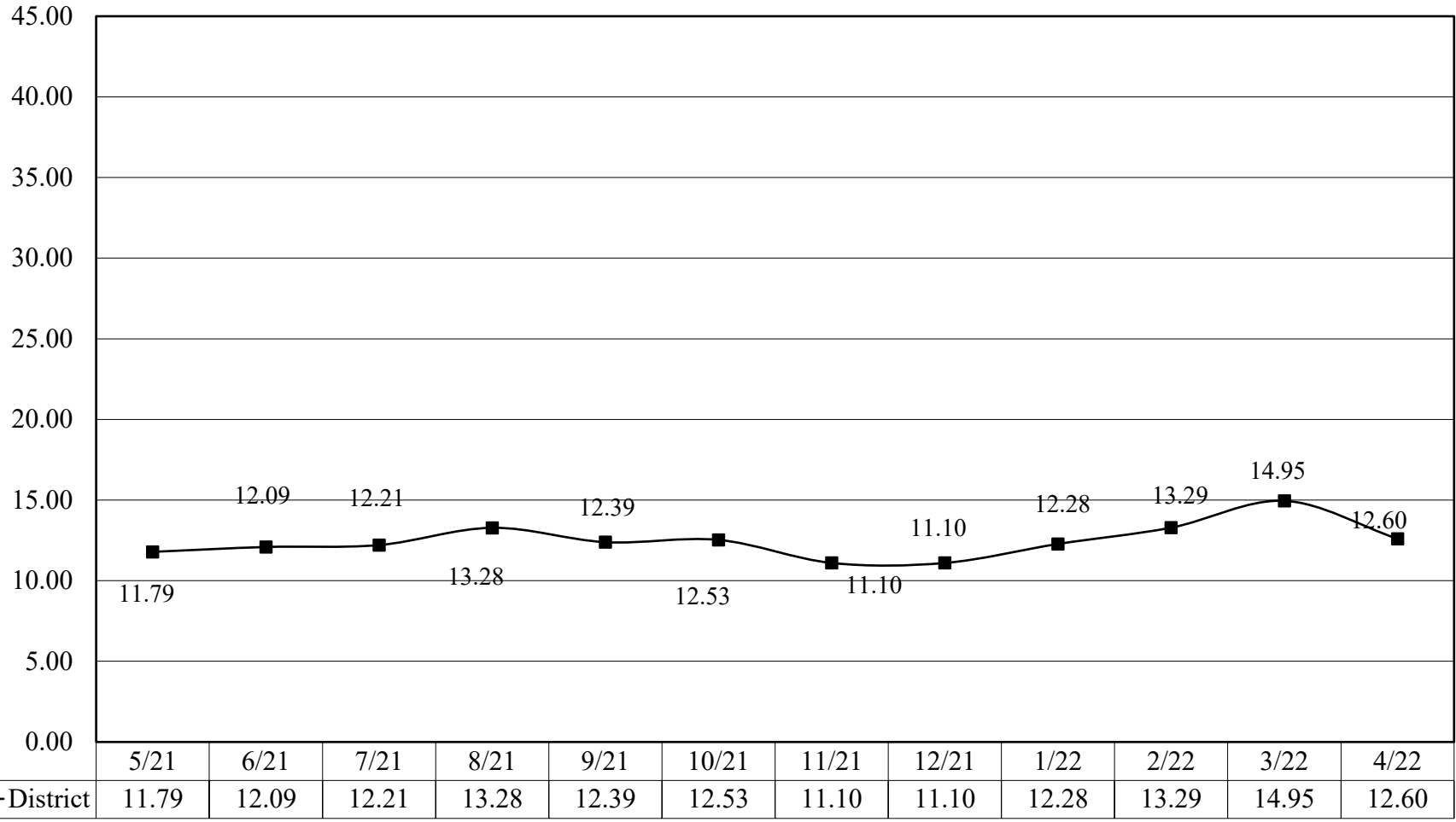
ACTIVE											
Current Month	FYTD Ave Hours Worked	PERS Enrollment	Agency	Dept	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FY' YTD	Actual Cost FY 'YTD
0.50	0.35	Yes		100	50.00	84	4,200.00	8	5	21,000.00	30,762.50
<b>0.50</b>	<b>0.35</b>			<b>100</b>							
<b>0.00</b>	<b>0.00</b>			<b>200</b>							
0.62	0.79	Yes		300	37.70	168	6,333.60	12	9	57,002.40	51,799.80
0.23	0.34	No		300	18.00	84	1,512.00	12	9	13,608.00	10,710.00
0.23	0.35	No		300	18.00	84	1,512.00	12	9	13,608.00	11,043.00
0.76	0.25	Yes		300	81.81	84	6,872.04	12	5	34,360.20	35,914.59
0.82	0.27	Yes		300	31.65	168	5,317.20	5	4	21,268.80	14,622.30
0.23	0.37	No		300	19.00	84	1,596.00	12	9	14,364.00	12,340.50
<b>2.88</b>	<b>2.38</b>			<b>300</b>							
0.64	0.73	Yes		400	24.78	168	4,163.04	12	10	41,630.40	31,396.26
0.00	0.06	No		400	35.13	168	5,901.84	4	2	11,803.68	3,354.92
<b>0.64</b>	<b>0.73</b>			<b>400</b>							
0.86	0.85	Yes		500	30.28	168	5,087.04	12	9	45,783.36	44,708.42
0.95	0.80	Yes		500	24.21	168	4,067.28	12	5	20,336.40	34,202.68
<b>1.81</b>	<b>1.66</b>			<b>500</b>							
0.25	0.25	No		600	14.00	84	1,176.00	10	9	10,584.00	6,090.00
0.21	0.14	No		600	14.00	84	1,176.00	12	8	9,408.00	3,402.00
0.52	0.20	No		600	14.00	84	1,176.00	7	6	7,056.00	4,844.00
0.51	0.37	No		600	17.00	84	1,428.00	12	8	11,424.00	10,888.50
0.00	0.02	No	X	600	45.72	168	7,680.96	6	2	15,361.92	1,828.80
0.83	0.85	Yes		600	28.72	168	4,824.96	12	11	53,074.56	42,294.51
0.22	0.32	No		600	14.00	84	1,176.00	10	9	10,584.00	7,654.50
0.87	0.51	No	X	600	45.72	168	7,680.96	7	6	46,085.76	40,302.18
0.00	0.00	No	X	600	45.72	168	7,680.96	4	2	15,361.92	0.00
<b>3.42</b>	<b>2.66</b>			<b>600</b>							
0.87	0.85	Yes		700	32.04	168	5,382.72	12	9	48,444.48	47,066.76
0.72	0.81	Yes		700	32.04	168	5,382.72	12	9	48,444.48	45,240.48
0.41	0.13	No	X	700	30.28	168	5,087.04	4	3	15,261.12	6,994.68
0.72	0.40	Yes		700	32.04	168	5,382.72	6	6	32,296.32	22,107.60
0.63	0.26	Yes		700	42.95	84	3,607.80	7	6	21,646.80	19,316.76
<b>3.35</b>	<b>2.45</b>			<b>700</b>							
<b>0.00</b>	<b>0.00</b>			<b>800</b>							
<b>12.60</b>	<b>10.24</b>										

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

TERMINATED											
Current Month FTE	Avg FYTD Temp Emp FTE	Active PERS Y/N *	Agency	Dept	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FYTD	Actual Cost FYTD
<b>0.00</b>	<b>0.00</b>			<b>100</b>							
0.98	0.97	Yes		200	22.37	168	3,758.16	12	5	18,790.80	18,734.88
<b>0.98</b>	<b>0.97</b>			<b>200</b>							
<b>0.00</b>	<b>0.00</b>			<b>300</b>							
0.98	0.97	No	X	400	23.92	168	4,018.56	6	3	12,055.68	12,103.52
1.00	0.45	No	X	400	32.26	168	5,419.68	4	4	21,678.72	12,718.51
0.00	0.05	No	X	400	30.53	168	5,129.04	6	4	20,516.16	1,221.20
<b>1.98</b>	<b>1.46</b>			<b>400</b>							
<b>0.00</b>	<b>0.00</b>			<b>500</b>							
0.98	0.87	No	X	600	32.76	168	5,503.68	2	4	22,014.72	19,787.04
0.87	0.96	No	X	600	32.76	168	5,503.68	6	4	22,014.72	21,785.40
1.00	0.60	No	X	600	46.43	168	7,800.24	5	4	31,200.96	23,981.10
<b>2.85</b>	<b>0.87</b>			<b>600</b>							
0.68	0.76	EXC		700	14.00	84	1,176.00	12	5	5,880.00	9,198.00
<b>0.00</b>	<b>0.00</b>			<b>700</b>							
<b>0.00</b>	<b>0.00</b>			<b>800</b>							
<b>5.80</b>	<b>3.30</b>									<b>793,950.36</b>	<b>658,415.37</b>

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 April 30, 2022**




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June 7, 2022

Prepared by: O. Mendoza / J. Davis

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 May 31, 2022, as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of May 31, 2022, as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of May 31, 2022, as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of May 31, 2022, as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

The rate of return for the fixed income investment portfolio was 0.72%, which was a 0.14% increase from April's rate of 0.58%. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for May 2022 was 3.04%, which was a 0.08% increase from April's rate of 2.96%. The increases were due to a full month of higher interest rates on the investment of \$45 million in late April and an increase in the Local Agency Investment Fund (LAIF) rate from 0.52% to 0.67%.

Debt Portfolio:

As of May 31, 2022, IRWD's weighted average all-in variable rate was 0.94%, which was a 0.28% increase from April's rate of 0.66%. The increase was due to higher variable interest rates. Including IRWD's weighted average fixed rate bond issues of 3.71% and the negative cash accruals from fixed payer interest rate swaps, which hedge a portion of IRWD's variable rate debt, the total average debt rate was 3.13%, an 0.11% increase from April's rate of 3.02%.

FISCAL IMPACTS:

Fiscal impacts are outlined above and included in the exhibits 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:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Investment Portfolio Summary as of May 31, 2022

Exhibit "B" – Yield Curve as of May 31, 2022

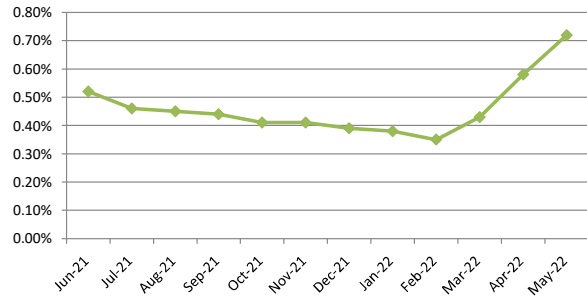
Exhibit "C" – Summary of Fixed and Variable Debt as of May 31, 2022

Exhibit "D" – Summary of Variable Rate Debt Rates as of May 31, 2022

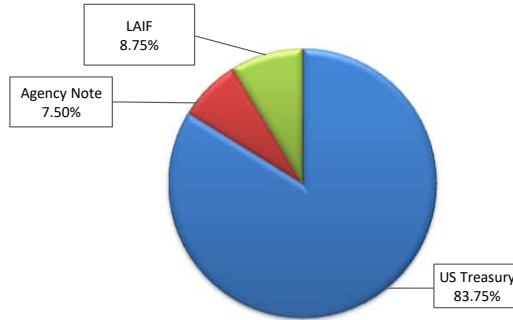
# Exhibit "A"

## Irvine Ranch Water District Investment Portfolio Summary May 2022

**Monthly Fixed Income Yield**



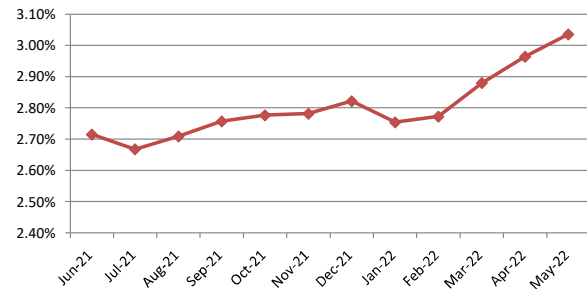
**Portfolio Distribution**



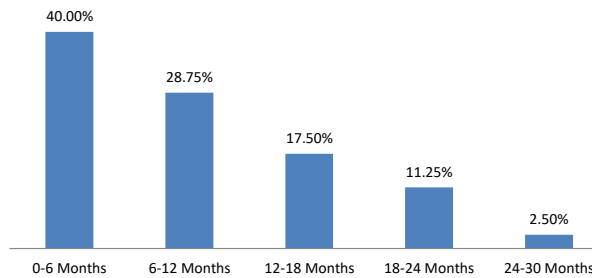
**Investment Summary**

Type	PAR	Book Value	Market Value
US Treasury	335,000,000	333,681,773	330,745,331
LAIF	35,000,000	35,000,000	34,606,374
Agency Note	30,000,000	30,050,898	29,760,750
<b>Grand Total</b>	<b>400,000,000</b>	<b>398,732,671</b>	<b>395,112,455</b>

**Weighted Average Return Including Real Estate Portfolio**



**Maturity Distribution**



**Top Issuers**

Issuer	PAR	% Portfolio
US Treasury	335,000,000	83.75%
State of California Tsy.	35,000,000	8.75%
Fed Farm Credit Bank	15,000,000	3.75%
Fed Home Loan Bank	15,000,000	3.75%
<b>Grand Total</b>	<b>400,000,000</b>	<b>100.00%</b>

IRVINE RANCH WATER DISTRICT  
INVESTMENT SUMMARY REPORT

05/31/22

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE <sup>(1)</sup> 5/31/2022	UNREALIZED <sup>(2)</sup> GAIN/(LOSS)
04/29/22			06/01/22		LAIF	State of California Tsy.	\$35,000,000		0.730%	\$35,000,000.00	\$35,000,000.00	34,606,373.83	(393,626.17)
04/22/21	NA	NA	06/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.082%	10,005,078.13	10,000,339.32	9,991,200.00	(9,139.32)
04/30/21	NA	NA	06/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.082%	5,002,539.06	5,000,172.85	4,995,600.00	(4,572.85)
05/28/21	NA	NA	06/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.064%	5,003,320.31	5,000,241.93	4,995,600.00	(4,641.93)
05/20/21	NA	NA	06/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.750%	0.065%	5,093,750.00	5,006,696.43	5,008,800.00	2,103.57
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	5,000,036.18	5,008,300.00	8,263.82
12/23/21	NA	NA	07/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.157%	9,998,046.88	9,999,467.33	9,980,100.00	(19,367.33)
04/28/21	NA	NA	08/31/22	Aaa/NR/NR	Treasury - Note	US Treasury	5,000,000	0.125%	0.102%	5,001,562.50	5,000,290.18	4,982,800.00	(17,490.18)
12/15/21	NA	NA	08/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.875%	0.188%	5,059,570.31	5,020,930.11	5,011,350.00	(9,580.11)
01/13/22	NA	NA	08/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.312%	4,994,140.63	4,997,681.73	4,982,800.00	(14,881.73)
02/15/22	NA	NA	08/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.776%	4,982,617.19	4,991,970.38	4,982,800.00	(9,170.38)
02/15/22	NA	NA	08/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.769%	4,982,812.50	4,992,060.60	4,982,800.00	(9,260.60)
04/28/21	NA	NA	09/09/22	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.000%	0.112%	5,128,632.30	5,025,778.02	5,013,750.00	(12,028.02)
12/03/21	NA	NA	09/30/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.210%	4,996,484.38	4,998,586.74	4,976,150.00	(22,436.74)
01/10/22	NA	NA	09/30/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.332%	4,992,578.13	4,996,585.38	4,976,150.00	(20,435.38)
02/28/22	NA	NA	09/30/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.742%	4,982,031.25	4,989,840.10	4,976,150.00	(13,690.10)
03/23/22	NA	NA	09/30/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.937%	9,957,812.50	9,973,273.89	9,952,300.00	(20,973.89)
04/22/21	NA	NA	10/31/22	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.110%	10,002,343.75	10,003,373.97	9,932,800.00	(70,573.97)
12/23/21	NA	NA	10/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.253%	9,989,062.50	9,994,671.47	9,932,800.00	(61,871.47)
04/11/22	NA	NA	10/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	1.235%	9,939,062.50	9,954,371.92	9,932,800.00	(21,571.92)
05/20/21	NA	NA	11/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.103%	5,001,647.15	5,000,536.28	4,957,400.00	(43,136.28)
12/20/21	NA	NA	11/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.266%	9,986,718.75	9,992,993.66	9,914,800.00	(78,193.66)
01/07/22	NA	NA	11/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.401%	4,987,695.31	4,993,151.52	4,957,400.00	(35,751.52)
10/15/21	NA	NA	12/15/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	1.625%	0.140%	10,173,046.88	10,080,024.03	9,998,100.00	(81,924.03)
11/30/21	NA	NA	12/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.216%	9,990,234.38	9,994,747.28	9,893,400.00	(101,347.28)
09/30/21	NA	NA	01/31/23	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.143%	4,998,828.13	4,999,414.07	4,935,950.00	(63,464.07)
12/30/21	NA	NA	01/31/23	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.417%	9,968,359.38	9,980,553.37	9,871,900.00	(108,653.37)
02/28/22	NA	NA	01/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	1.070%	4,956,640.63	4,968,606.27	4,935,950.00	(32,656.27)
11/18/21	NA	NA	02/10/23	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	10,000,000	0.160%	0.285%	9,984,690.00	9,991,339.11	9,879,300.00	(112,039.11)
10/07/21	NA	NA	02/28/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.181%	9,992,187.50	9,995,825.15	9,849,200.00	(146,625.15)
09/09/21	NA	NA	03/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.153%	9,995,703.13	9,997,707.83	9,827,000.00	(170,707.83)
11/02/21	NA	NA	03/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.308%	4,987,109.38	4,992,401.05	4,913,500.00	(78,901.05)
09/30/21	NA	NA	04/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.202%	9,987,890.63	9,993,011.40	9,802,000.00	(191,011.40)
10/19/21	NA	NA	04/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.307%	9,972,265.63	9,983,448.84	9,802,000.00	(181,448.84)
11/16/21	NA	NA	05/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.385%	9,960,156.25	9,974,147.73	9,779,300.00	(194,847.73)
12/29/21	NA	NA	06/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.563%	4,967,187.50	4,976,408.53	4,876,350.00	(100,058.53)
04/21/22	NA	NA	06/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	1.375%	2.107%	9,914,062.50	9,922,162.36	9,896,100.00	(26,062.36)
01/11/22	NA	NA	07/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.710%	4,954,882.81	4,966,122.25	4,862,300.00	(103,822.25)
02/28/22	NA	NA	07/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	1.408%	4,909,960.94	4,926,126.25	4,862,300.00	(63,826.25)
01/13/22	NA	NA	08/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.769%	9,898,437.50	9,922,819.52	9,714,800.00	(208,019.52)
02/15/22	NA	NA	08/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	1.473%	4,898,046.88	4,917,276.47	4,849,200.00	(68,076.47)
11/26/21	NA	NA	09/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.250%	0.572%	9,941,015.63	9,957,405.05	9,693,800.00	(263,605.05)
03/31/22	NA	NA	10/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.625%	2.155%	4,958,984.38	4,963,376.38	4,935,350.00	(28,026.38)
04/21/22	NA	NA	10/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.625%	2.380%	4,943,750.00	4,947,883.06	4,935,350.00	(12,533.06)
03/31/22	NA	NA	11/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.500%	2.210%	4,860,742.19	4,874,919.50	4,840,250.00	(34,669.50)
04/21/22	NA	NA	11/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.500%	2.462%	4,846,093.75	4,856,825.31	4,840,250.00	(16,575.31)
04/14/22	NA	NA	12/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	2.213%	4,829,687.50	4,843,089.14	4,806,850.00	(36,239.14)
03/22/22	NA	NA	01/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.875%	2.013%	4,896,484.38	4,907,292.63	4,850,000.00	(57,292.63)
03/22/22	NA	NA	02/29/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.500%	2.020%	4,950,781.25	4,955,710.07	4,898,050.00	(57,660.07)
03/10/22	NA	NA	03/08/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	1.875%	1.680%	10,038,080.00	10,033,744.42	9,859,400.00	(174,344.42)
04/21/22	NA	NA	04/30/24	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	2.000%	2.600%	9,882,421.88	9,888,936.34	9,865,200.00	(23,736.34)
05/31/22	NA	NA	05/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	2.500%	2.560%	9,988,281.25	9,988,297.28	9,988,281.25	(16.03)

IRVINE RANCH WATER DISTRICT  
INVESTMENT SUMMARY REPORT

05/31/22

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE <sup>(1)</sup> 5/31/2022	UNREALIZED <sup>(2)</sup> GAIN/(LOSS)
SUB-TOTAL							<u>\$400,000,000</u>			<u>\$398,734,268.29</u>	<u>\$398,732,670.67</u>	<u>\$395,112,455.08</u>	<u>(\$3,620,215.59)</u>
<u>TOTAL INVESTMENTS</u>							<u>\$400,000,000</u>			<u>\$398,734,268.29</u>	<u>\$398,732,670.67</u>	<u>\$395,112,455.08</u>	<u>(\$3,620,215.59)</u>
					Petty Cash					3,400.00			
					Ck Balance	Bank of America		ECR	0.19%	<u>7,025,637.17</u>			
										<u>\$405,763,305.46</u>			

<sup>(1)</sup> LAIF market value is as of the most recent quarter-end as reported by LAIF.  
Security market values are determined using Bank of New York ("Trading Prices"), Bloomberg and/or broker dealer pricing.  
<sup>(2)</sup> Gain (loss) calculated against carry value using the trading value provided by Bank of New York/or Brokers  
<sup>(3)</sup> Real estate rate of return is based on most recent quarter end return

Outstanding Variable Rate Debt	\$237,300,000
Net Outstanding Variable Rate Debt (Less \$60 million fixed-payer swaps)	\$177,300,000
Investment Balance:	\$405,763,305
Investment to Variable Rate Debt Ratio:	229%
Portfolio - Average Number of Days To Maturity	268

	Investment Portfolio	Real Estate <sup>(3)</sup> Portfolio	Weighted Avg. Return
May	0.72%	12.41%	3.04%
April	0.58%	12.41%	2.96%
Change	0.14%		0.08%

This Investment Summary Report is in conformity with the 2022 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.

IRVINE RANCH WATER DISTRICT  
SUMMARY OF MATURITIES

05/31/22

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury
05/22	35,000,000	8.75%	35,000,000				
06/22	25,000,000	6.25%					25,000,000
07/22	15,000,000	3.75%		5,000,000			10,000,000
08/22	25,000,000	6.25%					25,000,000
09/22	30,000,000	7.50%		5,000,000			25,000,000
10/22	30,000,000	7.50%					30,000,000
11/22	20,000,000	5.00%					20,000,000
12/22	20,000,000	5.00%					20,000,000
1/23	20,000,000	5.00%					20,000,000
2/23	20,000,000	5.00%		10,000,000			10,000,000
3/23	15,000,000	3.75%					15,000,000
4/23	20,000,000	5.00%					20,000,000
<b>SUB-TOTAL</b>	<b>\$275,000,000</b>	<b>68.75%</b>	<b>\$35,000,000</b>	<b>\$20,000,000</b>			<b>\$220,000,000</b>

13 Months - 3 YEARS							
05/01/2023 - 07/31/2023	\$35,000,000	8.75%					35,000,000
08/01/2023 - 10/31/2023	\$35,000,000	8.75%					35,000,000
11/01/2023 - 01/31/2024	\$20,000,000	5.00%					20,000,000
02/01/2024 - 04/30/2024	\$25,000,000	6.25%		10,000,000			15,000,000
5/01/2024 +	\$10,000,000	2.50%					10,000,000
<b>TOTALS</b>	<b>\$400,000,000</b>	<b>100.00%</b>	<b>\$35,000,000</b>	<b>30,000,000</b>	<b>-</b>		<b>335,000,000</b>

% OF PORTFOLIO

8.75%

7.50%

83.75%

Irvine Ranch Water District  
Summary of Real Estate - Income Producing Investments  
3/31/2022

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2021	ANNUALIZED RATE OF RETURN QUARTER ENDED 3/31/2022
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 43,550,810	\$ 170,000,000	22.20%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 32,258,924	8.51%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,739,845	\$ 12,000,000	9.95%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,630,577	\$ 11,600,000	8.82%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	\$ 8,648,594	\$ 11,900,000	9.64%
Sand Canyon Professional Center - General Office	Sep-20	Office Building	Fee Simple	\$ 25,985,968	\$ 33,250,000	-0.44%
<b>Total - Income Properties</b>				<b>\$ 98,555,794</b>	<b>\$ 271,008,924</b>	<b>12.41%</b>

**IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT**  
**INVESTMENT ACTIVITY**  
**May-22**

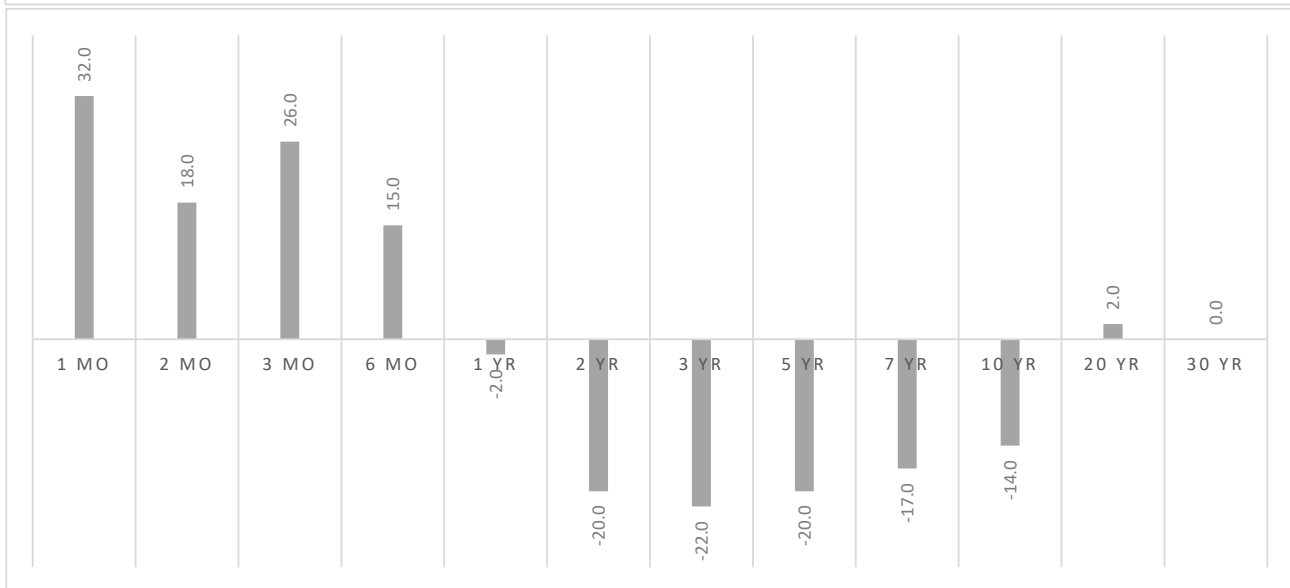
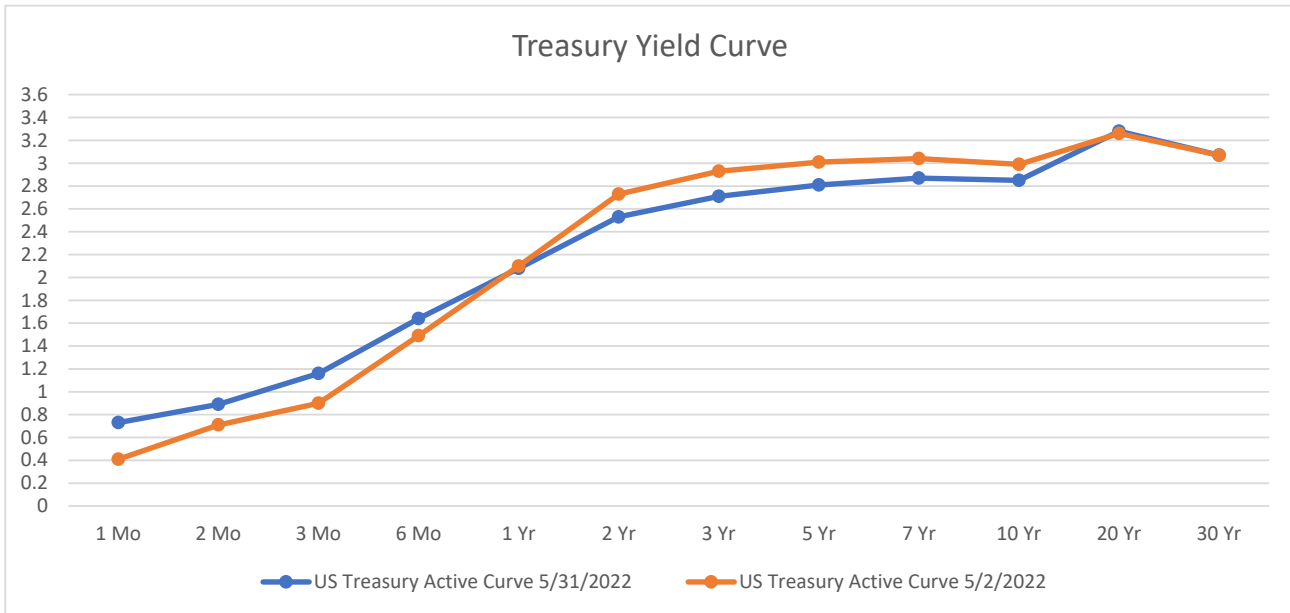
**MATURITIES/SALES/CALLS**

**PURCHASES**

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
5/31/2022	Treasury - Note	\$10,000,000	0.06%	5/31/2022	5/31/2024	Treasury - Note	\$10,000,000	2.56%



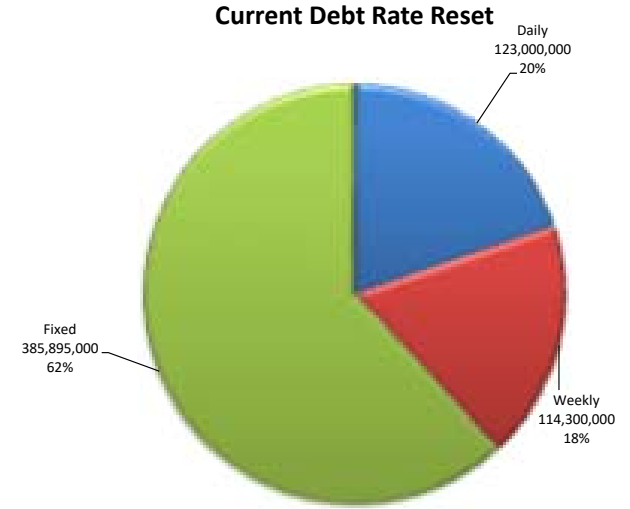
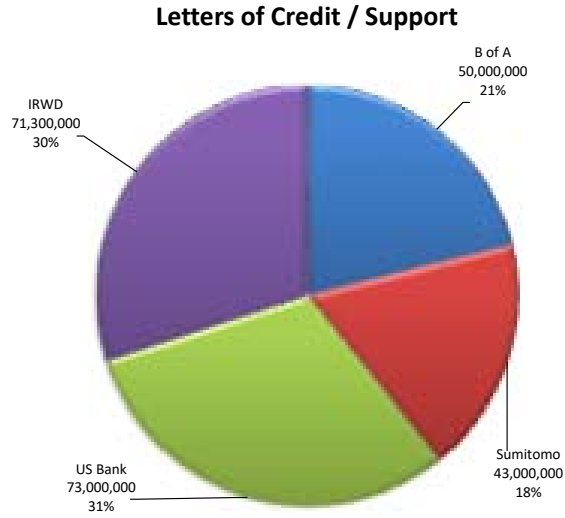
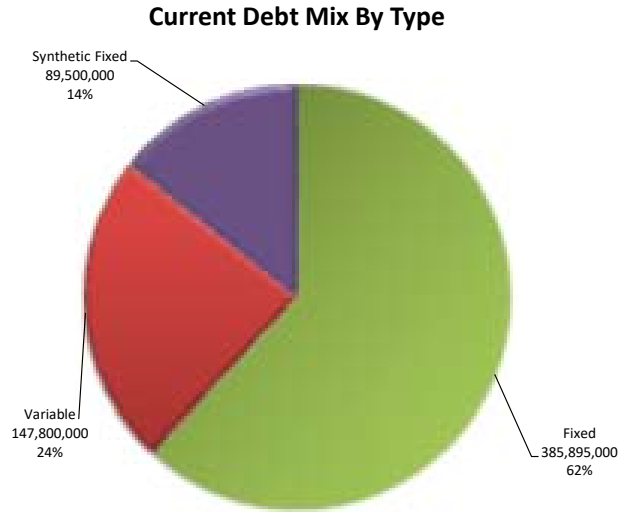
## Exhibit "B"



Tenor	US Treasury Active Curve 5/31/2022	US Treasury Active Curve 5/2/2022	Change
1 Mo	0.73	0.41	32.0
2 Mo	0.89	0.71	18.0
3 Mo	1.16	0.9	26.0
6 Mo	1.64	1.49	15.0
1 Yr	2.08	2.1	-2.0
2 Yr	2.53	2.73	-20.0
3 Yr	2.71	2.93	-22.0
5 Yr	2.81	3.01	-20.0
7 Yr	2.87	3.04	-17.0
10 Yr	2.85	2.99	-14.0
20 Yr	3.28	3.26	2.0
30 Yr	3.07	3.07	0.0

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Exhibit "C"  
**Irvine Ranch Water District**  
**Summary of Fixed and Variable Rate Debt**  
**May 2022**



**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	\$23,000,000	3.69%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	\$43,000,000	6.90%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$42,780,000	6.86%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$28,520,000	4.58%	IRWD	Goldman	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	\$50,000,000	8.02%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$50,000,000	8.02%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	\$109,650,000	17.59%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$175,000,000	28.08%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$101,245,000	16.25%	N/A	N/A	Fixed	Fixed
<b>Total</b>			<b>\$623,195,000</b>	<b>100.00%</b>				

**IRVINE RANCH WATER DISTRICT**  
**SUMMARY OF FIXED & VARIABLE RATE DEBT**

May-22

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	\$23,000,000	US BANK	05/07/15	05/01/25	Aa3/VMIG1	AA-/A-1+	N/R	\$23,310,027	0.3000%	\$69,930	BAML	DAILY	0.10%	\$23,000	BANK OF NY								
SERIES 2008-A Refunding	04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$43,000,000	SUMITOMO	04/01/11	05/28/25	A1/P-1	A/A-1	A/F1	\$43,636,164	0.3150%	\$137,454	BAML	WED	0.07%	\$30,100	BANK OF NY								
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$60,545,000	\$42,780,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	\$53,475	BANK OF NY								
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$40,370,000	\$28,520,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	\$35,650	BANK OF NY								
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$50,000,000	US BANK	04/01/11	05/01/25	Aa2/VMIG 1	AA-/A-1+	AA/F1+	\$50,558,904	0.3000%	\$151,677	US Bank	DAILY	0.07%	\$35,000	US BANK								
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$50,000,000	B of A	04/01/11	04/21/25	Aa2/VMIG 1	A/A-1	A1/F1+	\$50,558,904	0.2800%	\$141,565	Goldman	DAILY	0.10%	\$50,000	US BANK								
<b>\$349,430,000</b>							<b>\$237,300,000</b>							<b>SUB-TOTAL VARIABLE RATE DEBT</b>					<b>\$168,064,000</b>		<b>0.2979%</b>		<b>\$500,626</b>		<b>0.10%</b>		<b>\$227,225</b>	
																			(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 1	Mar/Sept	\$116,745,000	\$109,650,000	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 1	Feb/Aug	\$103,400,000	\$101,245,000	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								
<b>\$395,145,000</b>							<b>\$385,895,000</b>							<b>SUB-TOTAL FIXED RATE DEBT</b>														
<b>\$744,575,000</b>							<b>\$623,195,000</b>							<b>TOTAL- FIXED &amp; VARIABLE RATE DEBT</b>														

Remarketing Agents			GO VS COP's		
Goldman	121,300,000	51%	GO:	513,545,000	82%
BAML	66,000,000	28%	COPS:	109,650,000	18%
US Bank	50,000,000	21%	Total	<u>623,195,000</u>	
	<u>237,300,000</u>				

LOC Banks		Breakdown Between Variable & Fixed Rate Mode	
SUMITOMO	43,000,000	Daily Issues	123,000,000 20%
BANK OF AMERICA	50,000,000	Weekly Issues	43,000,000 7%
US BANK	73,000,000	ITN Issues	71,300,000 11%
	<u>166,000,000</u>	Sub-Total	<u>237,300,000</u>
		Fixed Rate Issues	\$385,895,000 62%
		Sub-Total - Fixed	<u>385,895,000</u>
		TOTAL DEBT	
		FIXED & VAR.	<u>623,195,000</u> 100%

## Exhibit "D"


### SUMMARY OF DEBT RATES May-22

Rmkt Agent Mode	GOLDMAN DAILY	GOLDMAN WEEKLY	GOLDMAN WEEKLY	MERRILL LYNCH DAILY	MERRILL LYNCH WEEKLY	US BANK DAILY
Bond Issue	2009 - B	2011 A-1	2011 A-2	1993	2008-A	2009-A
Par Amount	50,000,000	42,780,000	28,520,000	23,000,000	43,000,000	50,000,000
LOC Bank	BOFA	(SIFMA + 6)	(SIFMA + 6)	US BANK	Sumitomo	US BANK
Reset		Wednesday	Wednesday		Wednesday	
5/1/2022	0.25%	0.50%	0.50%	0.27%	0.40%	0.32%
5/2/2022	0.22%	0.50%	0.50%	0.25%	0.40%	0.27%
5/3/2022	0.22%	0.50%	0.50%	0.23%	0.40%	0.25%
5/4/2022	0.22%	0.50%	0.50%	0.23%	0.40%	0.25%
5/5/2022	0.38%	0.66%	0.66%	0.41%	0.57%	0.32%
5/6/2022	0.38%	0.66%	0.66%	0.39%	0.57%	0.39%
5/7/2022	0.38%	0.66%	0.66%	0.39%	0.57%	0.39%
5/8/2022	0.38%	0.66%	0.66%	0.39%	0.57%	0.39%
5/9/2022	0.39%	0.66%	0.66%	0.39%	0.57%	0.40%
5/10/2022	0.38%	0.66%	0.66%	0.41%	0.57%	0.43%
5/11/2022	0.60%	0.66%	0.66%	0.44%	0.57%	0.51%
5/12/2022	0.65%	0.82%	0.82%	0.65%	0.70%	0.62%
5/13/2022	0.75%	0.82%	0.82%	0.74%	0.70%	0.75%
5/14/2022	0.75%	0.82%	0.82%	0.74%	0.70%	0.75%
5/15/2022	0.75%	0.82%	0.82%	0.74%	0.70%	0.75%
5/16/2022	0.73%	0.82%	0.82%	0.74%	0.70%	0.76%
5/17/2022	0.67%	0.82%	0.82%	0.73%	0.70%	0.74%
5/18/2022	0.66%	0.82%	0.82%	0.71%	0.70%	0.71%
5/19/2022	0.65%	0.88%	0.88%	0.66%	0.78%	0.72%
5/20/2022	0.64%	0.88%	0.88%	0.64%	0.78%	0.68%
5/21/2022	0.64%	0.88%	0.88%	0.64%	0.78%	0.68%
5/22/2022	0.64%	0.88%	0.88%	0.64%	0.78%	0.68%
5/23/2022	0.60%	0.88%	0.88%	0.62%	0.78%	0.67%
5/24/2022	0.60%	0.88%	0.88%	0.60%	0.78%	0.66%
5/25/2022	0.59%	0.88%	0.88%	0.59%	0.78%	0.65%
5/26/2022	0.60%	0.85%	0.85%	0.57%	0.72%	0.64%
5/27/2022	0.57%	0.85%	0.85%	0.59%	0.72%	0.63%
5/28/2022	0.57%	0.85%	0.85%	0.59%	0.72%	0.63%
5/29/2022	0.57%	0.85%	0.85%	0.59%	0.72%	0.63%
5/30/2022	0.57%	0.85%	0.85%	0.59%	0.72%	0.63%
5/31/2022	0.52%	0.85%	0.85%	0.49%	0.72%	0.62%
<b>Avg Interest Rates</b>	<b>0.53%</b>	<b>0.77%</b>	<b>0.77%</b>	<b>0.54%</b>	<b>0.65%</b>	<b>0.57%</b>
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%	0.07%
LOC Fee	0.28%			0.30%	0.32%	0.30%
<b>All-In Rate</b>	<b>0.91%</b>	<b>0.90%</b>	<b>0.90%</b>	<b>0.94%</b>	<b>1.04%</b>	<b>0.94%</b>
Par Amount	92,780,000		28,520,000	66,000,000		50,000,000

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	51.83%	123,000,000	0.93%	0.55%
Weekly	48.17%	114,300,000	0.95%	0.73%
	100.00%	<b>\$ 237,300,000</b>	0.94%	0.63%
<b>Fixed</b>				
COPS 2016	28.41%	109,650,000	2.90%	
BABS 2010	45.35%	175,000,000	4.44%	(1)
SERIES 2016	26.24%	101,245,000	3.32%	
	100.00%	<b>\$ 385,895,000</b>	3.71%	
<b>All-In Debt Rate Including \$60 Million Notional Amount of Swaps</b>				<b>3.13%</b>

(1) Rate adjusted up from 4.35% as a result of sequestration reducing BAB's subsidy by 5.7%

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June 7, 2022  
Prepared by: L. Kaneshiro  
Submitted by: C. Clary  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

INFORMATION SERVICES PROJECT STATUS REPORT

SUMMARY:

Provided for the Committee's review is a list of projects on which Information Services Department staff is currently working.

BACKGROUND:

Information Services periodically submits a project status report for the Committee's review. The current project status report is provided as Exhibit "A".

FISCAL IMPACTS:

The fiscal impacts are shown in Exhibit "A".

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" – Information Services Project Status Report

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Exhibit “A”

Information Services Project Status Report

June 7, 2022

Project Name	Project Summary	Schedule	Project Budget	Status				
User Technology and Software Upgrades	Replace PCs based on IRWD replacement practices, including replacing desktops with laptops. Upgrade software as hardware is replaced.	<table border="0"> <tr> <td style="text-align: center;">Start</td> <td style="text-align: center;">7/21</td> </tr> <tr> <td style="text-align: center;">Complete</td> <td style="text-align: center;">6/23</td> </tr> </table>	Start	7/21	Complete	6/23	\$400,000	<p>Sand Canyon desktops have been replaced with laptops. Most OPS equipment have been replaced, however staff is assessing the remaining equipment if further replacements/upgrades are needed.</p> <p>Future equipment replacements will be according to IRWD replacement practices as an on-going operational activity.</p>
Start	7/21							
Complete	6/23							
Conference Room Technology Upgrade	Modernize and upgrade conference room technology.	<table border="0"> <tr> <td style="text-align: center;">Start</td> <td style="text-align: center;">7/21</td> </tr> <tr> <td style="text-align: center;">Complete</td> <td style="text-align: center;">12/22</td> </tr> </table>	Start	7/21	Complete	12/22	\$300,000	<p>Conference room technology upgrades continue. The Syphon Conference Room has been completed. An Open House was conducted for employees to see and try the new technology and provide feedback, which will be used to develop recommended configurations for the remaining conference rooms. LCD schedule displays have been installed outside of all conference rooms.</p>
Start	7/21							
Complete	12/22							
Wi-Fi Refresh	Replace the District’s legacy Wi-Fi infrastructure with modern authentication and equipment.	<table border="0"> <tr> <td style="text-align: center;">Start</td> <td style="text-align: center;">3/22</td> </tr> <tr> <td style="text-align: center;">Complete</td> <td style="text-align: center;">3/23</td> </tr> </table>	Start	3/22	Complete	3/23	\$380,000	<p>Wi-Fi coverage analysis and design have been completed for Baker, LAW RP, Operations, and Sand Canyon facilities. A Request for Proposal is being prepared to obtain competitive bids for the build-out. Equipment lead time is causing a schedule delay of approximately three months.</p>
Start	3/22							
Complete	3/23							

Oracle EBS Database Upgrade	Implement a technical upgrade of IRWD's Oracle EBS database to the most current version.	Start Complete	3/22 8/22	\$290,000	Project kick-off was conducted on April 27. Go-live is on-track for August 2022.
Oracle EBS Direct Labor cost allocation to Projects	Implement Oracle EBS Direct labor cost Allocation for G&A to Projects.	Start Complete	3/22 9/22	\$320,000	Project kick-off was conducted on April 13. Go-live is on-track for September 2022.
Maximo Application and Database Upgrade	Upgrade the Maximo asset management system application and database to the most current versions.	Start Complete	5/22 10/22	\$355,000	Project kick-off was conducted on May 23. Go-live is on-track for October 2022.

June 7, 2022

Prepared by: J. Davis

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



## FINANCE AND PERSONNEL COMMITTEE

### REAL ESTATE QUARTERLY PERFORMANCE

#### SUMMARY:

At the Committee meeting, staff will provide an update on the financial performance of IRWD's real estate investments and other revenue generating properties for the quarter and fiscal year to date as of March 31, 2022.

#### BACKGROUND:

For the quarter ended March 31, 2022, the net operating income (NOI) for IRWD's residential and commercial real estate investment properties was \$3.1 million, which represents a 12.41% return for the period. The fiscal year (FY) to date NOI was approximately \$9.0 million. Land lease income from the Strawberry Farms Golf Course was \$208,892 and \$690,551 for the quarter and FY to date, respectively. Lease revenue from the District's six cell sites were \$116,809 and \$261,636 for the quarter and FY to date, respectively. A report detailing the NOI and returns for IRWD's real estate investment properties, golf course, and cell sites is provided as Exhibit "A".

#### Residential Investment Properties:

The NOI for the Sycamore Canyon Apartments for the quarter ended March 31, 2022, was approximately \$2.4 million and \$7.1 million year to date, which were favorable to budget by \$106,561 and \$637,682, respectively. The quarter and fiscal year end variances were due to unanticipated revenue from the City of Anaheim's COVID-19 rent relief program for certain qualified tenants, as well as higher-than-anticipated occupancy and lease rates, and lower operating expenses for payroll, maintenance, and apartment turnovers, and the deferral of larger budgeted items to mid-calendar year 2022. IRWD's limited partnership investment in the Wood Canyon Villa Apartments property earned a preferred return of 9.00%, providing income of \$133,151 for the quarter and \$405,371 for the FY to date. The net return for Wood Canyon was 8.51% for the quarter and 8.52% for the FY period.

#### Commercial Investment Properties:

For the quarter ended March 31, 2022, NOI at the Irvine Market Place (230 Commerce) property was \$142,765 and in line with budget. The FY NOI was \$413,787, which was favorable to budget by \$12,167 due to rent from an unanticipated lease extension. Currently, the property has one suite available, which is being marketed by IRWD's commercial real estate broker Colliers International.

At the Waterworks Way Business Park property, for the quarter and FY ended March 31, 2022, NOI were \$190,308 and \$508,772 and favorable to budget by \$41,521 and \$45,009, respectively. The variances were due to a lease renewal without a budgeted rent concession. The property is currently 100% occupied.

For the quarter and FY period ended March 31, 2022, the NOI for the Sand Canyon Medical Office property was \$208,535 and \$618,535 and was in line with budget. The property is currently 100% occupied. The new seven-year lease extension with tenant Reproductive Sciences Management Company (formerly Coastal Fertility) will begin on June 1, 2022, at the end of the current 10-year lease term.

At the 23 Odyssey office property, tenant improvements were completed, and the lease commenced on April 1, 2022. The tenant, Bandai Namco, completed the move of its employees to the new building in mid-April. Based on the terms of the lease agreement, the tenant has six months of abated rent from May through October 2022 and is responsible for its direct operating expenses during that period (utilities, landscape maintenance, etc.). The property is expected to have a positive cash flow beginning November 2022.

Strawberry Farms Golf Course and Cell Site Leases:

Land lease income for Strawberry Farms Golf Course for the quarter ended March 31, 2022 was \$208,892. This compares with income of \$182,420 for the same period last year, representing a 14.51% increase for the period. The FY year-to-date income was \$690,551, representing an increase of 25.25% compared to the same period last year. The increase in revenues was primarily due to additional rounds of golf played following a slowdown during COVID restrictions. For the quarter and FY ended March 31, 2022, the lease revenue from IRWD's six cell sites were \$116,809 and \$261,636, respectively, which were increases of \$25,983 and \$48,556 from the same periods last year. The increases were primarily due to timing of the revenue share amount and annual adjustments to lease rates.

FISCAL IMPACTS:

For the quarter and fiscal year period ended March 31, 2022, IRWD's commercial and residential real estate investments provided NOI of approximately \$3.1 million and \$9.0 million, respectively. Strawberry Farms Golf Course lease revenue was \$208,892 for the quarter and \$690,551 for the FY to date. The District's cell site revenue was \$116,809 for the quarter and the FY to date was \$261,636.

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 as of March 31, 2022

INCOME PROPERTIES			FY 2021-22					FY 2021-2022 RATE OF RETURN				3 Year Average Rate of Return	5 Year Average Rate of Return
Property Description	Capital Investment	Investment Inception	Jan-22	Feb-22	Mar-22	FY Q3	FY 2021-22 TOTAL	FY Q1	FY Q2	FY Q3	Average Fiscal YTD	FY 19/20 - 21/22	FY 17/18 - 21/22
Sycamore Canyon Apartments	\$ 43,550,810	Dec-92	\$ 830,715	\$ 770,211	\$ 815,681	\$ 2,416,607	\$ 7,142,050	21.22%	22.19%	22.20%	21.87%	20.35%	19.75%
Wood Canyon Villa Apartments	\$ 6,000,000	Jun-91	\$ 45,863	\$ 41,425	\$ 45,863	\$ 133,151	\$ 405,371	8.52%	8.52%	8.51%	8.52%	8.50%	8.52%
Irvine Market Place Office	\$ 5,739,845	Jul-03	\$ 51,083	\$ 49,131	\$ 42,551	\$ 142,765	\$ 413,787	9.40%	9.49%	9.95%	9.61%	9.75%	9.83%
Waterworks Way Business Park	\$ 8,630,577	Nov-08	\$ 73,479	\$ 57,682	\$ 59,147	\$ 190,308	\$ 508,772	7.19%	7.57%	8.82%	7.86%	7.06%	6.39%
Sand Canyon Professional Center - Medical	\$ 8,648,594	Jul-12	\$ 70,569	\$ 69,810	\$ 68,156	\$ 208,535	\$ 618,535	9.40%	9.56%	9.64%	9.54%	9.24%	9.08%
23 Odyssey	\$ 25,985,968	Sep-20	\$ (9,983)	\$ (10,157)	\$ (8,577)	\$ (28,717)	\$ (124,706)	-0.92%	-0.56%	-0.44%	-0.64%		
<b>TOTAL - INCOME PROPERTIES</b>	<b>\$ 98,555,793</b>		<b>\$ 1,061,726</b>	<b>\$ 978,102</b>	<b>\$ 1,022,821</b>	<b>\$ 3,062,649</b>	<b>\$ 8,963,809</b>	<b>11.65%</b>	<b>12.23%</b>	<b>12.41%</b>	<b>12.10%</b>	<b>11.51%</b>	<b>11.17%</b>


**Notes/Assumptions:**

- Wood Canyon cash flows represent partnership cash distributions from Western National Group.
- The 9.00% Preferred Return for Wood Canyon accrues on the original \$6 million investment amount along with any accrued preferred return. The current total monthly accrual is approximately \$45,000/month.
- Capital Investment does not include depreciation; Sycamore Canyon 2007-08 renovation costs included in Capital Investment total.
- Irvine Market Place capital investment amount includes land cost of \$871,396; Waterworks Business Park capital investment includes land cost of \$2,420,213.

**Irvine Ranch Water District  
Real Estate Investment Performance Report  
Strawberry Farms Golf Course & Cell Site  
as of March 31, 2022**

Property Description	2021-22 NET INCOME				
	Jan-22	Feb-22	Mar-22	FY Q3	NET INCOME 2021 - 2022
Strawberry Farms Golf Course	\$ 64,394	\$ 71,613	\$ 72,885	\$ 208,892	\$ 690,551
Change From Prior Year Period <sup>1</sup> :				\$ 26,472 14.51%	\$ 139,194 25.25%
Cellular Sites	\$ 22,672	\$ 66,741	\$ 27,396	\$ 116,809	\$ 261,636
Change From Prior Year Period:				\$ 25,983 28.61%	\$ 48,556 22.79%

1) Increase from prior year which included limited capacity at golf course related to COVID-19 pandemic

June 7, 2022  
Prepared by: D. Kanoff  
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 third quarter Fiscal Year (FY) ending June 30, 2022.

BACKGROUND:

A comparison of IRWD's actual versus budget insurance expenses for the third quarter of FY 2021-22 and FY 2020-21 is provided as Exhibit "A" and summarized as follows:

- Insurance premiums total \$1,688,713 and are \$29,488 over budget;
- Third-party claim administration expenses total \$1,520 and are \$20,980 under budget;
- Legal expenses total \$431,114; and
- Claim payments total \$28,547 and are \$68,953 under budget.

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" – Closed General Liability Claims in FY 2021-22

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Exhibit "A"

**Irvine Ranch Water District  
Insurance and Claims Summary  
Period Ending March 31, 2022**

PREMIUM	Actual FY 21/22	Budget FY 21/22	Variance	% Variance	Prior FY 20/21
Crime	8,018	7,950	(68)	-1%	7,637
General Liability	1,096,442	1,026,750	(69,692)	-7%	722,722
Pollution	136,208	154,275	18,067	12%	129,936
Property	413,803	457,500	43,697	10%	232,579
Cyber	34,242	12,750	(21,492)	-169%	9,514
<b>Total</b>	<b>1,688,713</b>	<b>1,659,225</b>	<b>(29,488)</b>	<b>-2%</b>	<b>1,102,388</b>

CATEGORY	Open FY 21/22	Closed FY 21/22	Total FY 21/22	Budget FY 21/22	Variance	Prior FY 20/21
Membership		150	150	2,475	2,325	150
Claim Payments -	20,000	8,547	28,547	97,500	68,953	29,721
Accrual - Bodily Injury	(100,000)		(100,000)		100,000	28,428
* Claim Admin	270	1,250	1,520	22,500	20,980	6,378
Accrual - EPL	100,000		100,000		(100,000)	
<b>Total FY 21/22</b>	<b>20,270</b>	<b>9,947</b>	<b>30,217</b>	<b>122,475</b>	<b>92,258</b>	<b>64,677</b>

\* Includes \$1,250 annual administrative fee

CATEGORY	Open FY 21/22	Closed FY 21/22	Total FY 21/22	Prior FY 20/21
Legal	431,114		431,114	167,746
<b>Total FY 21/22</b>	<b>431,114</b>		<b>431,114</b>	<b>167,746</b>

ACTIVITY	FY 2020/21	FY 2021/22
Beginning Open Claim	6	4
New Claims	5	11
Closed Claims	(7)	(8)
<b>Current Open Claims</b>	<b>4</b>	<b>7</b>

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Exhibit "B"  
 Register of Closed General Liability Claims as of March 31, 2022

Closed Claims Fiscal Year 2021-2022				
CLAIM TYPE	CLAIMANT	Legal	Claim Payments -	Grand Total
			Property	
<b>Single Event</b>	Chase Bank - Irvine		1,261	1,261
	Adam Cohen		4,077	4,077
	Stacy Marlin		250	250
	Kathy Chang		40	40
	Ginger Pierson		869	869
	Michael McCarthy		440	440
	St. Michel at Newport Ridge		360	360
	Renga Thiagarajah		1,250	1,250
<b>Grand Total</b>			<b>8,547</b>	<b>8,547</b>

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June 7, 2022  
 Prepared by: C. Smithson / D. Pardee  
 Submitted by: C. Clary  
 Approved by: Paul A. Cook *P.A.C.*

FINANCE AND PERSONNEL COMMITTEE

MID-CYCLE OPERATING AND NON-OPERATING BUDGET UPDATE FOR  
FISCAL YEAR 2022-23

SUMMARY:

Two-year operating and non-operating budgets for Fiscal Year (FY) 2021-22 and FY 2022-23 were approved by the Board in April 2021, and rates based on cost-of-service thru June 30, 2023, was adopted by the Board on January 24, 2022. Staff has conducted a detailed review of the second year of the two-year approved budgets for FY 2022-23 and will provide mid-cycle updates to the operating and non-operating budgets, assumptions, and potential rate impacts in a PowerPoint presentation, provided as Exhibit “A”. Staff recommends the use of the IRWD Rate Stabilization Fund to cover any shortfall in operating net income.

BACKGROUND:

On April 26, 2021, the Board approved a two-year operating budget that included expenditures totaling \$180.2 million for FY 2021-22 and \$187.7 million for FY 2022-23. The Board also approved a two-year non-operating budget with net income totaling \$76.7 million for FY 2021-22 and \$84.1 million for FY 2022-23. The Board approved rate increases on January 24, 2022 to provide for cost-of-service equity for both fiscal years of the operating budget.

Staff has conducted a detailed mid-cycle review of the approved operating and non-operating budgets for FY 2022-23. Forecasted variances are summarized in a PowerPoint presentation, provided as Exhibit “A”. Staff recommends use of the Rate Stabilization Fund to cover any shortfall in operating expenses.

FY 2022-23 Operating Budget:

Forecasted variances resulting from changes in expense assumptions for FY 2022-23 are shown below. Pass-through costs included in the expense changes are \$1.0 million. Additional details will be provided in the PowerPoint presentation. Below is a summary of the net forecasted changes:

<b>Forecast Variances from Approved Operating Budgets</b>	
<b>Net Income</b> (millions)	<b>FY 2022-23</b>
Forecasted Revenue Variance	\$ -
Forecasted Expense Variance	(6.0)
<b>Forecasted Change in Net Income</b>	<b>\$ (6.0)</b>

Rates through FY 2022-23:

Changes to IRWD's rates and charges were publicly noticed by mail as required under Proposition 218. The Board approved rate increases to provide cost-of-service equity for FY 2021-22 and FY 2022-23 on January 24, 2022. These rates took effect on February 1, 2022. The Board also approved rates associated with the Water Shortage Contingency Plan (WSCP). These rates require additional Board action prior to implementation.

Proposition 218 rules allow for recalculation of rates to include pass-through costs. Rates may be increased with notification of at least 30 days and without a public hearing or any additional action by the IRWD Board of Directors. A review of current rates and recalculated rates with allowable pass-through costs will be presented in the PowerPoint presentation. Staff recommendation is that any additional costs not previously included in rates be covered by the Rate Stabilization Fund instead of user rates.

FY 2022-23 Non-operating Budget:

Forecasted variances resulting from changes in revenue and expense assumptions for FY 2022-23 are shown below:

<b>Forecast Variances from Approved Non-Operating Budgets</b>	
<b>Net Income</b> (millions)	<b>FY 2022-23</b>
Forecasted Revenue Variance	\$ 17.3
Forecasted Expense Variance	(3.7)
<b>Projected Change in Net Income</b>	<b>\$13.6</b>

Replacement Fund:

The Replacement fund would be impacted by any shortfall or excess income due to forecasted changes in the operating and non-operating budget. The estimated impact of the operating variance is a shortfall of \$6.0 million. This is offset by a portion of the projected increase in Net Non-Operating Income. The anticipated forecast is expected to result in an estimated Replacement Fund balance of \$360 million at the end of FY 2022-23.

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.

Finance and Personnel Committee: Mid-Cycle Operating and Non-Operating Budget Update for  
Fiscal Year 2022-23  
June 7, 2022  
Page 3

RECOMMENDATION:

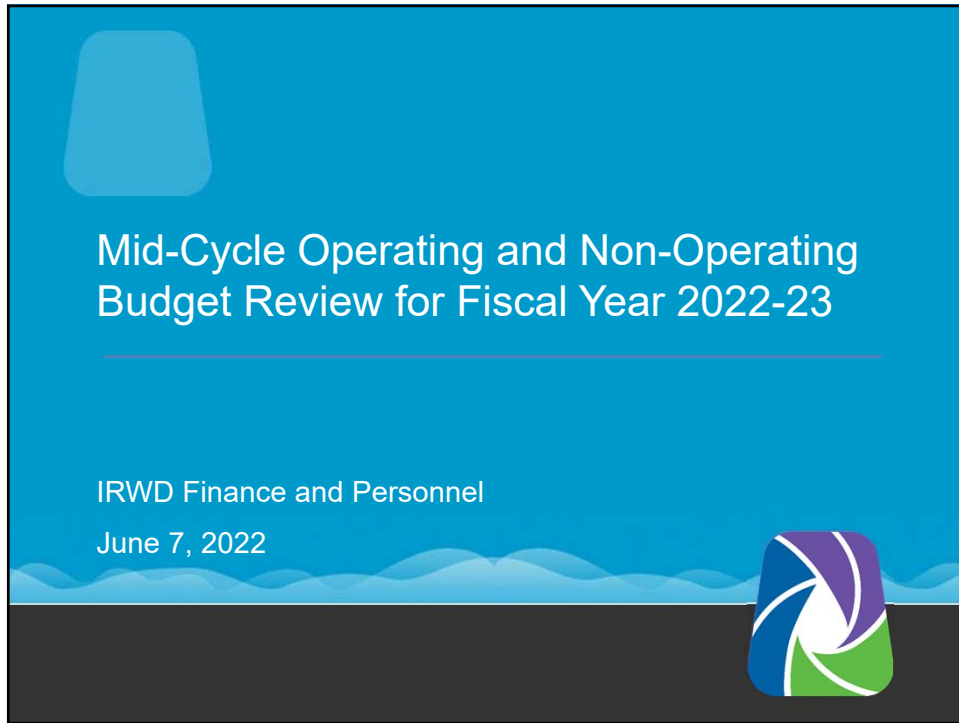
Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Mid-Cycle Operating Budgets and Rates for FY 2022-23 PowerPoint


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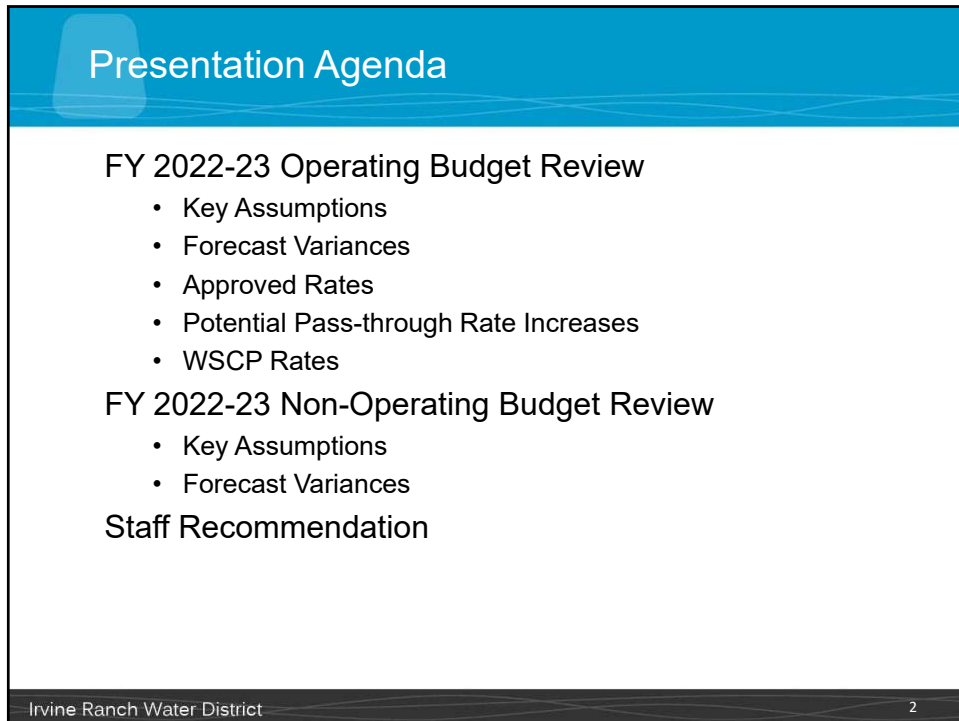


Mid-Cycle Operating and Non-Operating  
Budget Review for Fiscal Year 2022-23

IRWD Finance and Personnel  
June 7, 2022



1

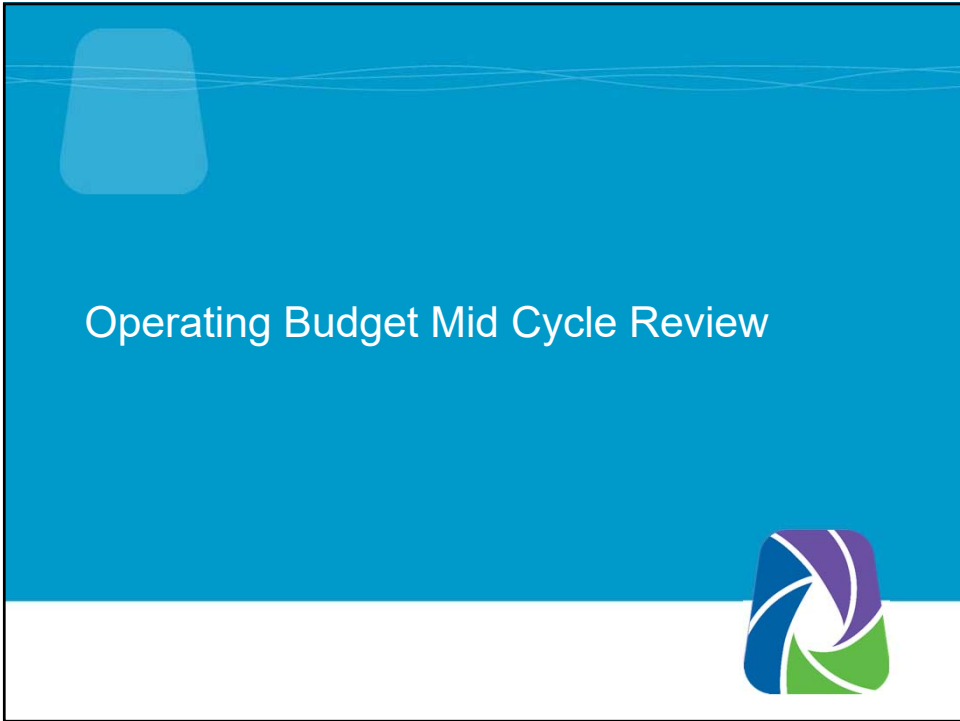


Presentation Agenda

- FY 2022-23 Operating Budget Review
  - Key Assumptions
  - Forecast Variances
  - Approved Rates
  - Potential Pass-through Rate Increases
  - WSCP Rates
- FY 2022-23 Non-Operating Budget Review
  - Key Assumptions
  - Forecast Variances
- Staff Recommendation

Irvine Ranch Water District 2

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### Operating Budgets – Key Assumptions

<b>Uncontrollable (Pass Through) Cost Escalators</b>			
Assumptions	FY 21-22	FY 22-23	FY 22-23 Updated
OCWD RA rate/AF	\$509	\$540	\$544
MWDOC potable rate /AF (effective January 1)	\$1,124	\$1,166	\$1,176
MWDOC non-potable rate /AF (effective January 1)	\$790	\$817	\$827
MWDOC Meter Surcharge (per meter)	\$13.00	\$13.39	\$13.75
SCE Electricity rate increase	5.0%	5.0%	8.0%

Irvine Ranch Water District 4

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## Other Operating Budget Key Assumptions

Approved Budget FY 2022-23*	Updated Assumptions FY 2022-23
<b>Labor:</b>	
Cost of living (COLA) at 3%	COLA at 7.9%
Headcount - 1 new position	Headcount - 7 new positions
Vacancies at 5% and filled at midpoint of salary range	Vacancies at 8% offset by some positions filled above mid-point
<b>Operations:</b>	
Native water usage = 2000 AF	Native water usage = 1250 AF
Untreated imported water usage = 2250 AF	Untreated imported water usage = 3000 AF
No water banking transfers	Revenue and costs related to banked water transferred to Dudley Ridge Water Service

\*Budget assumes recycled water to be included in BPP calculation, resulting in no BEA.

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## Operating Budget Forecast Variance

Changes from Updated Assumptions (in millions)*	FY 2022-23
MWDOC Rates	\$ 0.2
RA	0.2
Southern California Edison	0.6
<b>Total Pass-Through Costs</b>	<b>\$ 1.0</b>
Higher COLA increases	2.1
Unbudgeted positions and promotions/new hire salaries over midpoint	1.1
Increase in untreated imported water due to lower use of native water	0.4
Banked Water Operating Expenses	0.6
Projects delayed from FY 2021-22 until FY 2022-23	0.3
All Other	0.5
<b>Total Other Costs</b>	<b>\$ 5.0</b>
<b>Total Expense Forecast Variance</b>	<b>\$ 6.0</b>

\* Increased expense / (reduced expense)

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## Operating Budgets Variances

### Forecast Variances from Approved Operating Budget

(in millions)

<b>Net Income</b>	<b>FY 2022-23</b>
Forecasted Revenue Variance	\$ -
Forecasted Expense Variance	(6.0)
<b>Projected Change in Net Income</b>	<b>\$ (6.0)</b>
Use of Rate Stabilization Fund	\$ 6.0

Irvine Ranch Water District

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## Review of Approved Rates



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## Approved Rates FY 2022-23

### Water Rates per CCF

Tiers	Potable	Recycled
Low Volume	\$1.53	\$1.23
Base	\$2.42	\$2.16
Inefficient	\$5.15	\$4.03
Wasteful	\$14.64	\$7.20
<b>Monthly Water Service Rate* \$10.75</b>		

\*Typical Customer with 5/8" meter

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## Approved Rates FY 2022-23

### Sewer Rates

Usage	Monthly Sewer Service Rate
Average water usage exceeds 10 ccfs per month	\$29.75
Average water usage falls between 5 and 10 ccfs	\$25.50
Average water usage falls below 5 ccfs	\$20.45
<b>Commercial, Industrial, &amp; Public Authority</b>	
Quantity Service Charge (beyond 10 ccf)	\$2.19/ccf
Industrial Waster Service Charge (if applicable)	\$0.107/ccf

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## Typical Residential Customer Bill FY 2022-23

<b>Current Residential Rates:</b>	<b>Water</b>	<b>Sewer</b>
Low Volume	\$1.53	
Commodity Rate	\$2.42	
Operations	\$7.97	\$12.12
Replacements	\$2.08	\$7.65
Enhancements	\$0.70	\$0.68
Total Service Charge	\$10.75	\$20.45
Commodity (12ccf's)	\$24.59	
<b>Current Monthly*</b>	\$55.79	

\*8.9% rate increase effective February 1, 2022

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## Potential Pass-Through Rate Increases



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## Potential Pass-Through Rate Increases

### Potable Water Rates

Tiers	Current Rate (ccf)	Pass-Through Rate (ccf)	Difference (\$)
Low Volume	<b>\$1.53</b>	\$1.55	\$0.02
Base	<b>\$2.42</b>	\$2.45	\$0.03
Inefficient	<b>\$5.15</b>	\$5.19	\$0.04
Wasteful	<b>\$14.64</b>	\$14.68	\$0.04

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## Potential Pass-Through Rate Increases

### Recycled Water Rates

Tiers	Current Rate (ccf)	Pass-Through Rate (ccf)	Difference (\$)
Low Volume	<b>\$1.23</b>	\$1.26	\$0.03
Base	<b>\$2.16</b>	\$2.19	\$0.03
Inefficient	<b>\$4.03</b>	\$4.06	\$0.03
Wasteful	<b>\$7.20</b>	\$7.23	\$0.03

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## Typical Residential Customer Bill FY 2022-23

Current Residential Rates:	Water	Sewer
Low Volume	\$1.53	
Commodity Rate	\$2.42	
Operations	\$7.97	\$12.12
Replacements	\$2.08	\$7.65
Enhancements	\$0.70	\$0.68
Total Service Charge	\$10.75	\$20.45
Commodity (12ccfs)	\$24.59	
<b>Current Monthly</b>	<b>\$55.79</b>	
Potential Pass-Through Residential Rate Adjustment:		
Low Volume	\$1.55	
Base Commodity Rate	\$2.45	
Operations	\$7.97	\$12.12
Replacements	\$2.08	\$7.65
Enhancements	\$0.70	\$0.68
Total Service Charge	\$10.75	\$20.45
Commodity	\$24.90	
<b>Proposed Monthly</b>	<b>\$56.10</b>	
Current Monthly	\$55.79	
Difference	\$0.31	
Change %	0.6%	

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## Operating Budgets Variances

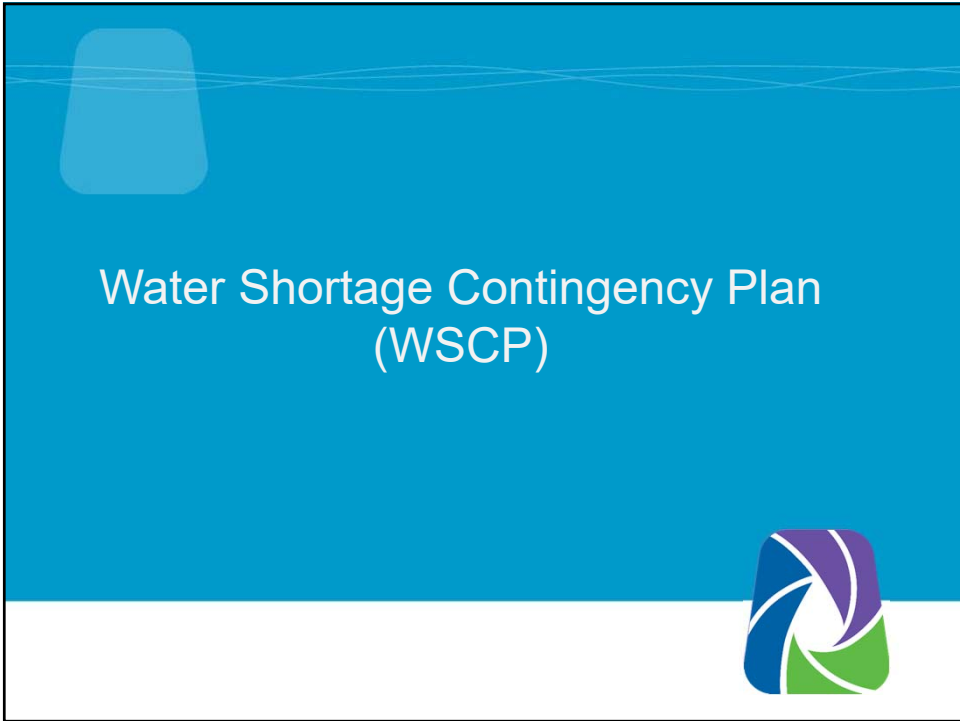
### Variances from Approved Operating Budget with Pass-Through Revenue

(in millions)

Net Income	FY 2022-23
Forecasted Revenue Variance	\$ 1.0
Forecasted Expense Variance	(6.0)
<b>Projected Change in Net Income</b>	<b>\$ (5.0)</b>
Use of Rate Stabilization Fund	\$ 5.0

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### Water Shortage Contingency Plan Rates


**Approved WSCP Levels and Associated Rates**

LEVEL	Current	1	2*	3	4	5	6
Low Volume	<b>\$1.53</b>	\$1.53	\$1.53	\$1.53	\$1.55	\$1.57	\$1.60
Base	<b>\$2.42</b>	\$2.43	\$2.46	\$2.50	\$2.53	\$2.57	\$2.62
Inefficient	<b>\$5.15</b>	\$5.45	\$5.86	\$6.34	\$6.91	\$7.40	\$7.71
Wasteful	<b>\$14.64</b>	\$15.77	\$17.11	\$18.74	\$19.90	\$21.21	\$21.86


\*WSCP is currently at level 2. Implementation of WSCP rates requires additional Board action.

Irvine Ranch Water District 18

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# Non-Operating Budget



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## Key Assumptions

Non-Operating Budget			
	FY 21-22	FY 22-23	FY 22-23 Updated
Assessed Value Growth (tax revenue)	3.40%	2.80%	3.10%
Investment Income Rate	0.55%	0.70%	1.88%
Real Estate Income Growth	2.00%	2.00%	2.50%
Interest Expense (variable rate)	0.15%	0.40%	1.63%
Real Estate Expense Growth	2.00%	2.00%	2.50%

Irvine Ranch Water District 20

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## Non-Operating Budgets Variances

### Forecast Variances from Approved Non-Operating Budgets

(in millions)

<b>Net Income</b>	<b>FY 2022-23</b>
Forecasted Revenue Variance	\$ 17.3
Forecasted Expense Variance	(3.7)
<b>Projected Increase in Net Income</b>	<b>\$13.6</b>

Irvine Ranch Water District

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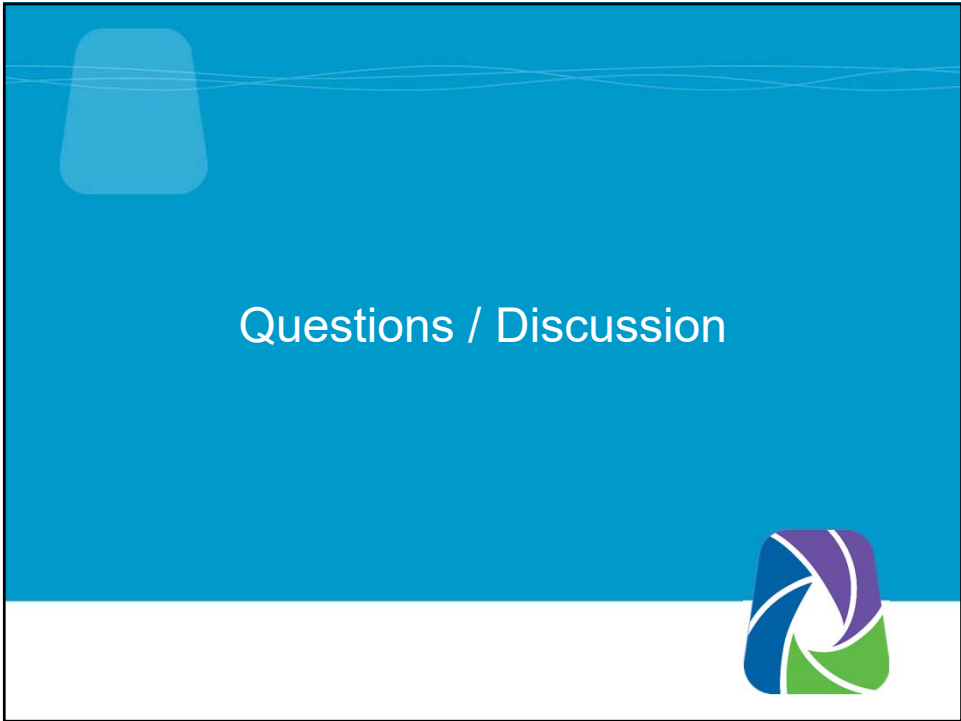
## Staff Recommendation

*That the Committee review and provide feedback on the Mid-Cycle Operating and Non-operating Budget Update for Fiscal Years 2022-23.*

Irvine Ranch Water District

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June 7, 2022

Prepared by: C. Smithson / R. Jacobson

Submitted by: C. Clary

Approved by: Paul A. Cook



## FINANCE AND PERSONNEL

### IRWD TRUST FUND GUIDING PRINCIPLES AND USE STRATEGIES

#### SUMMARY:

IRWD has fully funded its pension liability through a combination of contributions to the California Public Employees' Retirement System (CalPERS) and its Section 115 Pension Benefits Trust (Trust). The Trust is irrevocable, and funds can only be utilized for paying the District's retirement obligations. As of May 31, 2022, the Trust had an asset balance of \$102.2 million. Future funding contributions from the Trust to CalPERS will be made at the District's discretion.

At the meeting, staff will provide a PowerPoint presentation that proposes guiding principles along with five alternative use strategies for determining the appropriate timing and amounts for the transfer of assets from the Trust to CalPERS. Staff recommends the Board approve the updated guiding principles and that the Board approve the Pension Benefits Trust Fund usage and the transfer of funds to CalPERS not to exceed \$9.6 million for FY 2022-23.

#### BACKGROUND:

IRWD recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive approach to address the issue and in 2013, established an irrevocable trust to substantially fund its CalPERS unfunded liability. Previously, the District's only option for committing additional funds to reduce its unfunded liability was to send the funds to CalPERS.

Establishing a separate trust to "pre-fund" the CalPERS unfunded liability provided IRWD with an alternative that would allow for investment of assets by a separate professional fund manager selected and monitored by the District, with the trust's funds transferred to CalPERS at opportune times. The key benefits in establishing the Trust were:

- Retaining more control of District assets;
- Diversifying risk; and
- Providing alternatives to CalPERS asset management.

The Trust holds funding contributions for IRWD pending future remittance to the CalPERS pension trust fund which will be applied to retiree benefit payments associated with the plan. Future contributions will be transferred from the Trust to CalPERS at the District's discretion. In addition, Section 115 Trusts have also been used by public agencies to pre-fund and invest for their Other Post-Employment Benefits (OPEB) obligations.

Investment policy and asset allocation decisions relating to the Trust are made by the Retirement Trust Board, which consists of two members from the IRWD Board of Directors and the IRWD

General Manager. In 2013, the District made an initial \$35.0 million contribution to the Trust, and since then, has made additional contributions ranging from \$1.9 million to \$12.8 million. As of May 31, 2022, the value of the assets in the Trust was approximately \$102.2 million. The pension liability is currently fully funded including the Trust assets.

At the Retirement Board meeting on May 17, 2022, staff presented a PowerPoint which included the development of guiding principles to determine the appropriate and eventual transfer of asset from the Trust to CalPERS. Based on feedback from the Retirement Board, staff has updated the guiding principles and at this meeting, staff will present a PowerPoint, a draft of which is attached as Exhibit “A”, which will show five potential alternatives for transferring assets from the Trust to CalPERS. The Retirement Board will revisit any decision to transfer funds from the Trust on an annual basis.

Based on a review of the alternatives, staff recommends Option #4 which pays a portion of the Normal and Unfunded CalPERS liability from the Pension Trust. This option provides for payoff of the Replacement Fund Loan by FY 2026-27, a reasonable projected Trust Fund balance after 19 years of approximately \$33 million and estimated additions to the Replacement Fund of approximately \$245 million over the 19-year period. For option #4, the use of the Trust Fund for FY 2022-23 is \$9.6 million. Staff recommends Committee approval of the updated guiding principles and recommends Board approval of up to \$9.6 million for Trust Fund usage for FY 2022-23 and the transfer of funds to CalPERS.

FISCAL IMPACTS:

The \$9.6 million is included in the FY 2022-23 operating budget and will result in an additional repayment of the Replacement Fund loan of \$9.6 million.

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 approve the updated guiding principles and the Board approve the Pension Benefits Trust Fund usage and the transfer of funds to CalPERS not to exceed \$9.6 million for FY 2022-23.

LIST OF EXHIBITS:

Exhibit “A” – Draft PowerPoint Presentation

# TRUST FUND GUIDING PRINCIPLES AND USE STRATEGIES

JUNE 7, 2022

Irvine Ranch  
Water District

**DRAFT**

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## AGENDA

- Review previous Retirement Board highlights from 5/17/22
- Updated Guiding Principles
- Modeling assumptions and inputs
- Trust Fund usage potential options
- Staff recommendation
- Board action

Irvine Ranch  
Water District

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## PURPOSE OF GUIDING PRINCIPLES

*To guide IRWD’s approach to determining the eventual transfer of a portion of the funds from the IRWD Retirement Trust to CalPERS, ensuring that the Trust’s fund balance does not exceed the required uses to fully fund CalPERS.*



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## ANNUAL COMPREHENSIVE FINANCIAL REPORT

(\$ in thousands)

Fiscal Year <sup>(1)</sup>	Total Pension Liability	CalPERS Assets	Net Pension Liability/ (Asset)	Pension Benefits Trust Assets	CalPERS Assets as a Percentage of the Total Pension Liability	Pension Benefits Trust Assets as a Percentage of the Total Pension Liability	Total Pension Assets as a Percentage of the Total Pension Liability
06/30/20	\$ 291,334	\$ 222,867	\$ 68,467	\$ 78,389	76.5%	26.9%	103.4%
06/30/21	306,889	232,184	74,705	83,103	75.7%	27.0%	102.7%
06/30/22	323,148	283,306	39,842	107,930	87.7%	33.4%	121.1%

<sup>(1)</sup> As of the measurement date June 30, 2019, 2020, and 2021 respectively.



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## CALPERS PENSION BENEFIT FORMULA

Estimated Counts as of June 30, 2020:

	<b>Classic</b>	<b>Tier 2</b>	<b>PEPRA</b>	<b>Total</b>	<b>%</b>
<b>Active:</b>	169	42	185	396	41%
<b>Inactive <sup>(1)</sup>:</b>					
<b>Receiving Benefits</b>	189	3	1	193	20%
<b>Not Yet Receiving Benefits</b>	230	28	112	370	39%
	<b>588</b>	<b>73</b>	<b>298</b>	<b>959</b>	<b>100%</b>
	61%	8%	31%	100%	

(1) Inactive employees include retirees (Receiving Benefits) and employees who were working or not working at a CalPERS / reciprocal agency (Not Yet Receiving Benefits).



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## POSSIBLE USES FOR THE PENSION BENEFITS TRUST

- Trust Fund is limited to specific purposes
- Uses can include all costs associated with the District's CalPERS obligation including:
  - Normal costs (NC) associated with annual payroll
  - Unfunded accrued liability (UAL)
  - Additional discretionary payments (ADP) to CalPERS to reduce the unfunded liability and
  - Costs related to Trust Fund management
- Requires IRWD Board action to approve transfers from the irrevocable trust to CalPERS



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## PROPOSED GUIDING PRINCIPLES

- a. Manage trust fund to avoid stranded assets
  - Maintain asset balance consistent with projected needs
- b. Pay annual normal cost / UAL through combination of trust fund and user rates
  - Pay all or a portion of required annual normal costs and UAL through the trust fund
  - Repay Replacement Fund loan from user rates
  - Avoid spikes in user rates by utilizing trust fund
  - Once UAL is fully funded, utilize the trust as a pension rate-stabilization fund
- c. Over time, maintain an appropriate Trust Fund balance
  - Review target fund balance ranges periodically



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## IRVINE RANCH WATER DISTRICT

### Trust Fund Pension Benefit Modeling Assumptions and Inputs:

• <i>Interest on Replacement Fund Loan</i>	2.5%
• <i>Estimated Trust Fund Balance (7/2022)</i>	\$95M
• <i>Rate of Return (Future)</i>	6.50%
• <i>Ratio of Total Pension Assets to UAL (6/2022)*</i>	121.1%

\* See slide 4



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# IRVINE RANCH WATER DISTRICT

## Current User Rate Assumption

from PERS					
Fiscal Year	NC	UAL	Loan Payment	Trust Fund Interest <sup>(1)</sup>	User Rates
(millions)					
<b>2022-23</b>	\$3.848	\$8.098	\$3.355	(\$1.544)	\$13.757
<b>2023-24</b>	\$4.095	\$8.071	\$3.355	(\$1.513)	\$14.008
<b>2024-25</b>	\$4.200	\$8.062	\$3.355	(\$1.480)	<b>\$14.137</b>
<b>2025-26</b>	\$4.303	\$7.079	\$3.355	(\$1.445)	\$13.292
<b>2026-27</b>	\$4.403	\$6.575	\$3.355	(\$1.424)	\$12.909

" (1) Assumes the FY 2021-22 & 2022-23 budget assumption of the trust fund matching 25% of the pension liability. Assumes Option # 3 (Trust Fund pays UAL).



# TRUST FUND USES

## Trust Fund Use Potential Options

- 1) No change – pay everything through user rates
- 2) Pay NC and UAL from Trust Fund
- 3) Pay NC from user rates and UAL from Trust Fund
- 4) Pay a portion of NC and/or UAL from Trust Fund
- 5) Pay a portion of NC and/or UAL and include an ADP from Trust Fund

Repayment of Replacement Fund loan from user rates in no more than 20 Years.



## IRVINE RANCH WATER DISTRICT

### 1) No Change – Pay everything from user rates

(thousands)

Fiscal Year	Year	Trust Fund		User Rates	Replacement Fund	
		Uses	Balance		Loan Balance	Additions
2022-23	1	\$0	\$101,175	\$13,757	\$48,154	\$0
2026-27	5	\$0	\$130,158	\$14,710	\$39,222	\$1,934
2031-32	10	\$0	\$178,328	\$17,053	\$26,741	\$6,714
2036-37	15	\$0	\$244,325	\$19,769	\$12,621	\$12,718
2037-38	16	\$0	\$260,206	\$20,362	\$9,582	\$14,671
2038-39	17	\$0	\$277,119	\$20,973	\$6,466	\$15,305
2039-40	18	\$0	\$295,132	\$21,602	\$3,273	\$15,966
2040-41	19	\$0	\$314,316	\$22,250	\$0	\$16,654
Paid in Full					FY 2040-41	
Total		\$0		\$329,368		\$137,078



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## IRVINE RANCH WATER DISTRICT

### 2) Pay NC and UAL from Trust Fund

(thousands)

Fiscal Year	Year	Trust Fund		User Rates	Replacement Fund	
		Uses	Fund Balance		Loan Balance	Additions
2022-23	1	\$11,946	\$89,229	\$13,757	\$36,208	\$0
2026-27	5	\$10,978	\$63,087	\$15,139	\$0	\$14,698
2031-32	10	\$9,208	\$27,604	\$17,550	\$0	\$17,039
2036-37	15	\$6,848	(\$8,727)	\$20,345	\$0	\$19,753
2037-38	16	\$5,713	(\$15,007)	\$20,956	\$0	\$20,345
2038-39	17	\$5,930	(\$21,912)	\$21,584	\$0	\$20,956
2039-40	18	\$6,155	(\$29,492)	\$22,232	\$0	\$21,584
2040-41	19	\$6,389	(\$37,798)	\$22,899	\$0	\$22,232
Paid in Full					FY 2025-26	
Total		\$174,991		\$338,364		\$282,193



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## IRVINE RANCH WATER DISTRICT

### 3) Pay NC from User Rates and UAL from Trust

(thousands)

Fiscal Year	Year	Trust Fund		User Rates	Replacement Fund	
		Uses	Fund Balance		Loan Balance	Additions
2022-23	1	\$8,098	\$93,077	\$13,757	\$40,056	\$0
2026-27	5	\$6,575	\$86,733	\$14,998	\$0	\$2,361
2031-32	10	\$4,342	\$86,608	\$17,386	\$0	\$12,014
2036-37	15	\$1,344	\$101,561	\$20,156	\$0	\$14,065
2037-38	16	\$0	\$108,162	\$20,760	\$0	\$14,443
2038-39	17	\$0	\$115,193	\$21,383	\$0	\$14,830
2039-40	18	\$0	\$122,680	\$22,025	\$0	\$15,228
2040-41	19	\$0	\$130,654	\$22,685	\$0	\$15,635
Paid in Full					FY 2026-27	
Total		\$80,589		\$335,404		\$185,907



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## IRVINE RANCH WATER DISTRICT

### 4) Pay a Portion of NC and UAL from Trust Fund (80%)

(thousands)

Fiscal Year	Year	Trust Fund		User Rates	Replacement Fund	
		Uses	Fund Balance		Loan Balance	Additions
2022-23	1	\$9,557	\$91,618	\$13,757	\$38,597	\$0
2026-27	5	\$8,783	\$76,501	\$15,053	\$0	\$10,365
2031-32	10	\$7,366	\$57,749	\$17,451	\$0	\$15,101
2036-37	15	\$5,478	\$41,884	\$20,230	\$0	\$18,271
2037-38	16	\$4,570	\$40,036	\$20,837	\$0	\$19,088
2038-39	17	\$4,744	\$37,894	\$21,462	\$0	\$19,651
2039-40	18	\$4,924	\$35,433	\$22,106	\$0	\$20,231
2040-41	19	\$5,111	\$32,625	\$22,769	\$0	\$20,828
Paid in Full					FY 2026-27	
Total		\$139,993		\$336,565		\$245,129



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# IRVINE RANCH WATER DISTRICT

## 5) Pay a Portion of NC and UAL (80%) and Include an ADP

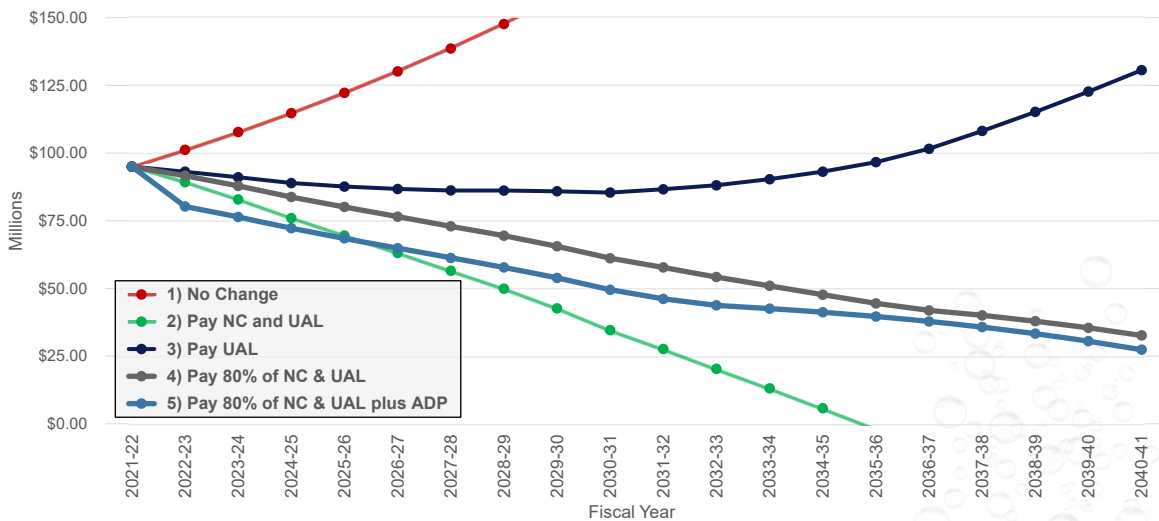
(thousands)

Fiscal Year	Year	Trust Fund			User Rates	Replacement Fund	
		ADP	Uses	Fund Balance		Loan Balance	Additions
2022-23	1	\$12,000	\$8,907	\$80,268	\$12,945	\$39,247	\$0
2026-27	5	\$0	\$8,080	\$64,865	\$14,369	\$0	\$8,323
2031-32	10	\$0	\$6,560	\$46,139	\$16,657	\$0	\$14,532
2036-37	15	\$0	\$4,403	\$37,798	\$19,311	\$0	\$17,647
2037-38	16	\$0	\$4,570	\$35,684	\$19,890	\$0	\$18,168
2038-39	17	\$0	\$4,744	\$33,260	\$20,487	\$0	\$18,704
2039-40	18	\$0	\$4,924	\$30,497	\$21,101	\$0	\$19,255
2040-41	19	\$0	\$5,111	\$27,368	\$21,734	\$0	\$19,823
<b>Paid in Full</b>					<b>FY 2026-27</b>		
<b>Total</b>		<b>\$12,000</b>	<b>\$134,586</b>		<b>\$321,093</b>		<b>\$234,933</b>



# IRVINE RANCH WATER DISTRICT

## Trust Fund Balance Alternatives



## STAFF RECOMMENDATION

Option # 4 - Use trust to fund CalPERS for a portion of Normal Costs and Unfunded CalPERS liability (UAL) for FY 2022-23

- NC and UAL funding estimate: \$9.6 million



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## BOARD ACTION

1. The Board approve the guiding principles.
2. The Board approve Trust Fund usage and transfer of funds to CalPERS not to exceed \$9.6 million for FY 2022-23.




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June 7, 2022  
Prepared by: E. Lin  
Submitted by: C. Clary  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS  
FOR FISCAL YEAR 2022-23 TO THE CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

SUMMARY:

IRWD typically chooses to pay the Annual Unfunded Accrued Liability (UAL) “Prepayment Option” in order to reduce overall costs to the District. Following this past practice, staff recommends the Board approve a lump sum payment option for employer contributions to the California Public Employees’ Retirement System (CalPERS) by making a one-time contribution of \$7,828,346 to CalPERS for IRWD’s Fiscal Year (FY) 2022-23.

BACKGROUND:

The total minimum required employer contribution to CalPERS is the sum of the CalPERS Plan’s Employer Normal Cost Rate (expressed as a percentage of payroll) plus the employer Unfunded Accrued Liability (UAL) contribution amount (billed monthly in dollars). Beginning in FY 2009-10, IRWD elected to utilize the lump sum payment option for the total minimum required employer contribution as the District benefits from not incurring interest expense at the assumed actuarial interest rate, which is currently 7.00%.

Beginning five years ago, CalPERS changed its rules so that only the UAL portion of the employer contribution can be prepaid in full no later than July 31 of each year. The normal cost contributions for IRWD, estimated to be \$3.8 million, will be made as part of the bi-weekly payroll reporting process. CalPERS has indicated that IRWD’s UAL lump sum payment for FY 2022-23 will be \$7,828,346, as shown in Exhibit “A”. The total UAL cost of choosing the monthly payments option is approximately \$8,097,704, so the lump sum payment option saves IRWD approximately \$269,358 this fiscal year.

FISCAL IMPACTS:

The District’s approved operating budget for FY 2022-23 includes normal and UAL employer contributions of \$11.4 million. The payments are consistent with the impacts identified in setting rates for FY 2022-23. The IRWD Section 115 Pension Benefits Trust will fund this UAL lump sum payment.

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.

Finance and Personnel Committee: Lump Sum Payment Option for Employer Contributions for  
FY 2022-23 to the California Public Employees' Retirement System

June 7, 2022

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RECOMMENDATION:

That the Board approve the lump sum payment for employer contributions to the California Public Employees' Retirement System (CalPERS) by making a one-time contribution of \$7,828,346 for IRWD's FY 2022-23 employer Unfunded Accrued Liability (UAL) contribution and approve the transfer and contribution from IRWD's Section 115 Pension Benefits Trust.

LIST OF EXHIBITS:

Exhibit "A" – Letter from CalPERS Regarding Lump Sum Prepayment Amount

Exhibit "A"

## Required Contributions

	Fiscal Year
<b>Required Employer Contribution</b>	<b>2022-23</b>
<b>Employer Normal Cost Rate</b>	<b>9.19%</b>
<i>Plus, Either</i>	
<b>1) Monthly Employer Dollar UAL Payment</b>	<b>\$674,809</b>
<i>Or</i>	
<b>2) Annual UAL Prepayment Option*</b>	<b>\$7,828,346</b>
<b>Required PEPRAs Member Contribution Rate</b>	<b>6.50%</b>
<p><i>The total minimum required employer contribution is the <b>sum</b> of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) and the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (<b>which must be received in full no later than July 31</b>). Any prepayment totaling over \$5 million requires a 72-hour notice email to <a href="mailto:FCSD_public_agency_wires@calpers.ca.gov">FCSD_public_agency_wires@calpers.ca.gov</a>. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.</i></p> <p><i>In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.</i></p> <p><i>For additional detail regarding the determination of the required contribution for PEPRAs members, see "PEPRAs Member Contribution Rates" in the "Liabilities and Contributions" section. Required member contributions for Classic members can be found in Appendix B.</i></p>	

	Fiscal Year 2021-22	Fiscal Year 2022-23
<b>Normal Cost Contribution as a Percentage of Payroll</b>		
Total Normal Cost	16.60%	16.47%
Employee Contribution <sup>1</sup>	7.33%	7.28%
Employer Normal Cost <sup>2</sup>	9.27%	9.19%
Projected Annual Payroll for Contribution Year	\$39,473,694	\$40,859,881
<b>Estimated Employer Contributions Based On Projected Payroll</b>		
Total Normal Cost	\$6,552,633	\$6,729,622
Employee Contribution <sup>1</sup>	2,893,422	2,974,599
<b>Employer Normal Cost<sup>2</sup></b>	<b>3,659,211</b>	<b>3,755,023</b>
<b>Unfunded Liability Contribution</b>	<b>7,045,451</b>	<b>8,097,704</b>
% of Projected Payroll (illustrative only)	17.85%	19.82%
Estimated Total Employer Contribution	\$10,704,662	\$11,852,727
% of Projected Payroll (illustrative only)	27.12%	29.01%

<sup>1</sup> For classic members, this is the percentage specified in the Public Employees' Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRAs members, the member contribution rate is based on 50% of the normal cost. A development of PEPRAs member contribution rates can be found in the "Liabilities and Contributions" section. Employee cost sharing is not shown in this report.

<sup>2</sup> The Employer Normal Cost is a blended rate for all benefit groups in the plan. For a breakout of normal cost by benefit group, see "Normal Cost by Benefit Group" in the "Liabilities and Contributions" section.

## Actuarial Assumptions

In 2017, CalPERS completed its most recent asset liability management study incorporating actuarial assumptions and strategic asset allocation. In December 2017, the CalPERS Board of Administration adopted relatively modest changes to the asset allocation that reduced the expected volatility of returns. The adopted asset allocation was expected to have a long-term blended return that continued to support a discount rate assumption of 7.00%. The Board also approved several changes to the demographic assumptions that more closely aligned with actual experience.

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. **The minimum employer contributions for fiscal year 2022-23 determined in this valuation were calculated using a discount rate of 7.00%.** The decision to reduce the discount rate was primarily based on reduced capital market assumptions provided by external investment consultants and CalPERS investment staff. The specific decision adopted by the Board reflected recommendations from CalPERS staff and additional input from employer and employee stakeholder groups. Based on the investment allocation adopted by the Board and capital market assumptions, the reduced discount rate schedule provides a more realistic assumption for the long-term investment return of the fund.

Notwithstanding the Board's decision to phase into a 7.00% discount rate, subsequent analysis of the expected investment return of CalPERS assets or changes to the investment allocation may result in a change to this discount rate schedule.

For more details and additional rationale for the selection of the actuarial assumptions, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website under: "Forms and Publications". Click on "View All" and search for Experience Study.

All actuarial assumptions (except the discount rates used for the hypothetical termination liability) represent an estimate of future experience rather than observations of the estimates inherent in market data.

### **Economic Assumptions**

#### **Discount Rate**

The prescribed discount rate assumption, adopted by the Board on December 21, 2016, is 7.00% compounded annually (net of investment and administrative expenses) as of June 30, 2020.

#### **Termination Liability Discount Rate**

The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date.

The hypothetical termination liabilities in this report are calculated using an observed range of market interest rates. This range is based on the lowest and highest 20-year Treasury bond observed during an approximate 19-month period from 12 months before the valuation date to 7 months after. The 20-year Treasury bond has a similar duration to most plan liabilities and serves as a good proxy for the termination discount rate. The 20-year Treasury yield was 1.18% on June 30, 2020.



# BENEFITS AND EMPLOYMENT TAX

## *HEALTH INSURANCE AND EMPLOYER CONTRIBUTIONS FY 2022-23*

	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Change</b>
<b>Insurance and Benefits</b>			
Health Ins Actives	\$ 7,096	\$ 7,450	\$ 354
Paid Time Off	5,185	5,559	374
Dental Premiums	511	524	13
Wrkrs Comp Premiums	750	825	75
Wrkrs Comp Paid Claims	772	772	-
Life Ins Actives	180	180	-
LT Disability Premiums	174	174	-
Medical Premiums - Retirees	425	425	-
Vision Benefit Premiums	98	98	-
RHCAP Payments - OPEB	351	351	-
Life Ins Retirees	13	13	-
Other	185	187	2
	<b>\$ 15,740</b>	<b>\$ 16,558</b>	<b>\$ 818</b>
<b>Employment Tax and PERS</b>			
PERS Employer Portion	\$ 10,690	\$ 11,388	\$ 698
PERS In Excess Of ARC	2,024	1,914	(110)
401A Employer Match Portion	1,006	1,052	46
401A Employer Direct Portion	402	421	19
Medicare Tax	572	598	26
St Unemployment Tax	50	50	-
	<b>\$ 14,744</b>	<b>\$ 15,423</b>	<b>\$ 679</b>
<b>Total Insurance, Benefits, and Taxes</b>	<b>\$ 30,484</b>	<b>\$ 31,981</b>	<b>\$ 1,497</b>

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