

AGENDA  
 IRVINE RANCH WATER DISTRICT  
 FINANCE AND PERSONNEL COMMITTEE MEETING  
 TUESDAY, DECEMBER 6, 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=mf0d0e67371a947c834cf1a32dde559b6>

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 _____
Eileen Lin _____	Jennifer Davis _____
Christopher Smithson _____	Stephen Aryan _____
_____	_____
_____	_____

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, December 6, 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. QUARTERLY REAL ESTATE PERFORMANCE – DAVIS / JACOBSON / CLARY

Recommendation: Receive and file.

8. RISK MANAGEMENT QUARTERLY REPORT – KANOFF / ARYAN / JACOBSON / CLARY

Recommendation: Receive and file.

9. INFORMATION SERVICES PROJECT STATUS REPORT – KANESHIRO / CLARY

Recommendation: Receive and file.

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**ACTION**

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10. FUNDING IRWD'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY – SMITHSON / CLARY

Recommendation: That the Board approve establishing a Section 115 OPEB Trust for the purpose of funding IRWD's OPEB liability.

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**OTHER BUSINESS**

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11. Directors' Comments

12. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL

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

- *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
- *Michael Brown v. PEI Engineering & Construction, et. seq.*, Case No. 30-2020-01154719

13. Open Session

14. Adjourn

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.

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December 6, 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.

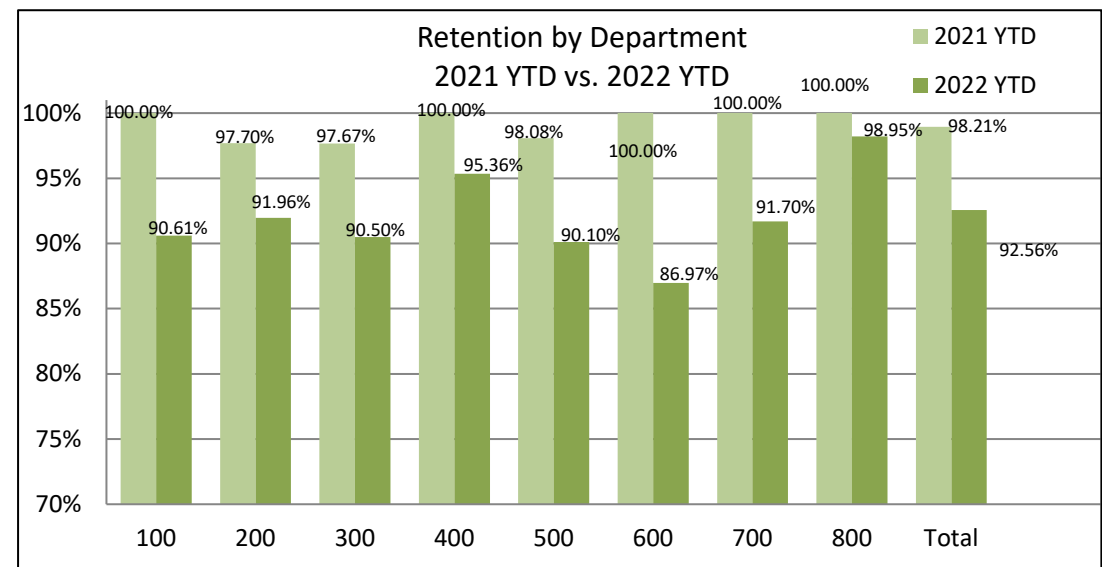
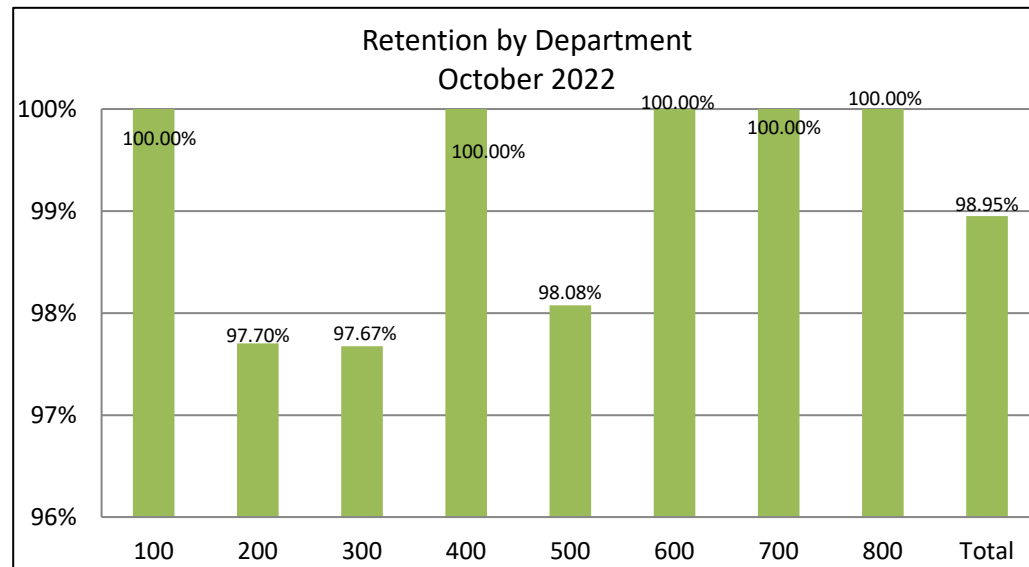
LIST OF EXHIBITS:

Exhibit "A" – Employee Population and Retention Status Report

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**EXHIBIT "A"**  
**IRVINE RANCH WATER DISTRICT**  
**EMPLOYEE POPULATION STATUS REPORT**  
**October 2022**

Dept	@10/01/22	Current Month Activity							@10/31/22		FY 22/23 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	24.0	1							25.0	1	26.0	19.0	0.66	19.7	100.00%	90.61%
200	87.0		2						85.0	6	91.0	88.4	0.59	89.0	97.70%	91.96%
300	43.0		1						42.0	3	45.0	42.0	3.37	45.4	97.67%	90.50%
400	64.0						1		65.0	8	73.0	65.9	0.06	66.0	100.00%	95.36%
500	52.0	1	1						52.0	10	62.0	50.7	1.00	51.7	98.08%	90.10%
600	29.0	1							30.0	4	34.0	31.3	4.54	35.9	100.00%	86.97%
700	27.0	1							28.0	0	28.0	26.7	3.94	30.6	100.00%	91.70%
800	55.0						1		54.0	6	60.0	55.3	1.09	56.4	100.00%	98.21%
<b>Totals</b>	<b>381.0</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>381.0</b>	<b>38</b>	<b>419.0</b>	<b>379.3</b>	<b>15.24</b>	<b>394.6</b>	<b>98.95%</b>	<b>92.56%</b>
<b>10/21</b>	<b>383</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>379</b>	<b>39</b>	<b>418.0</b>	<b>384.5</b>	<b>10.5</b>	<b>395.0</b>	<b>98.43%</b>	<b>92.29%</b>

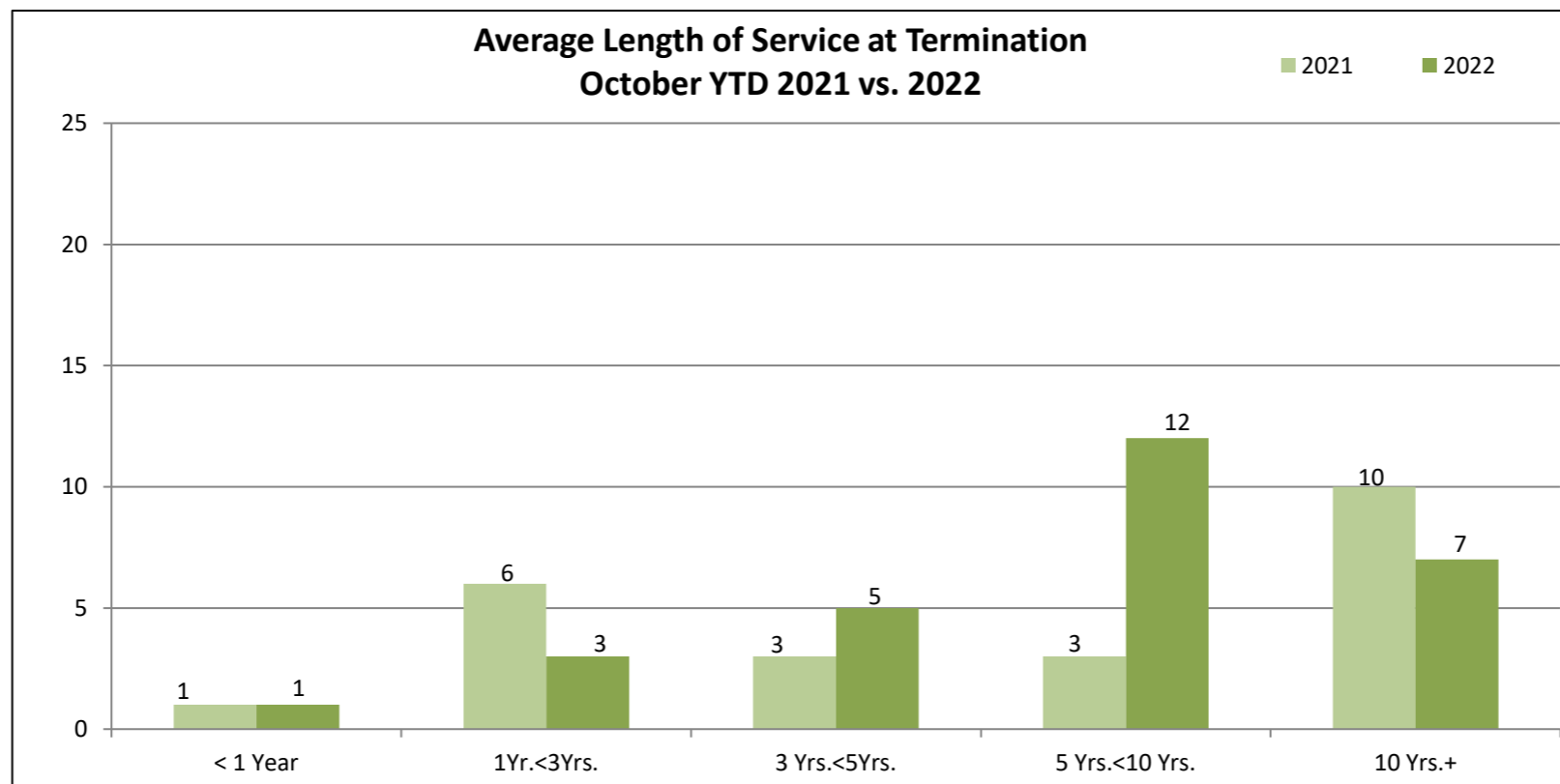


100-GM, HR, Safety, Commun; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.; 400-Water Ops; 500-Recycling Ops; 600-WQ&RC; 700-Water Res., Recyc. Water; 800-Adm. & Maint. Ops

**IRVINE RANCH WATER DISTRICT  
RETENTION LONGEVITY RATIO  
October 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		1		2		2			7		2		4	2
300	1		1				1			1			4				3	1
400		1	1					1					3			1	1	1
500		1	1	1				1		1			5	1			3	1
600	1			1		1	1						4			1	1	1
700		1		1									2		1			1
800					1								1			1		
<b>2022 Total</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>12</b>	<b>7</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>96.43%</b>	<b>89.29%</b>	<b>82.14%</b>	<b>57.14%</b>	<b>75.00%</b>

<b>2022 Average YTD Length of Service at Termination</b>	<b>9.23 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  
October 2022**

<b>NEW HIRES</b>				
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Prior Company/Agency</b>
10/10/22	600	Scott Giatpaiboon	Laboratory Supervisor	California Department of Toxic Substances Control
10/10/22	700	Andy Uk	Environmental Compliance Analyst	City of Anaheim
10/31/22	100	Robert Meripol	Safety Specialist	BSI EHS Services and Solutions
10/31/22	500	Ramin Abolfathi	Cybersecurity Analyst - Automation	Orange County Sheriff's Department

<b>TERMINATIONS</b>					
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Reason</b>	<b>Comments</b>
10/20/22	200			VOL	
10/21/22	300			VOL	
10/21/22	500			VOL	
10/27/22	200			VOL	

<b>RETIREMENTS</b>					
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Reason</b>	<b>Comments</b>

<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>

<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>
10/01/22	800	Gregory Cronin	Vehicle & Equipment Maint Mechanic	400	Water Maintenance Tech I

<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>
10/01/22	200	Courtney Fajatin	Customer Service Specialist I	100	Public Affairs Assistant

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

UNFILLED POSITIONS			
Dept	Position	Salary Grade	Comments
100	Senior Human Resources Analyst	U13.E	
200	Mail Coordinator	6.N	Recruiting
200	Customer Service Manager	U18.E	
200	Accountant	27.N	Recruiting
200	Senior Accounting Clerk	20.N	Recruiting
200	User Support Manager	U20.E	
200	Accounting Supervisor	U14.E	Recruiting
300	Engineer	U17.E	Recruiting
300	Engineering Technician	20.N	
300	Senior Engineer	U20.E	
400	Operator II	27.N	
400	Metering Systems Technician II	22.N	
400	Metering Systems Technician I	16.N	
400	Water Maintenance Technician I	16.N	
400	Water Maintenance Technician II	22.N	
400	Water Maintenance Technician I	16.N	Recruiting
400	Water Maintenance Technician I	16.N	Recruiting
400	Water Maintenance Technician I	16.N	
500	Process Specialist	32.N	
500	Wetlands Specialist	24.N	
500	Collection Systems Supervisor	S32.N	
500	Operator III	29.N	Recruiting
500	Operations Supervisor	U35.N	Recruiting
500	Operator II	27.N	Recruiting
500	Operator II	27.N	Recruiting
500	Sr. Coll Systems CCTV Tech	25.N	
500	Collection Systems Technician II	20.N	
500	Collection Systems Technician II	20.N	
600	Scientist	28.N	Recruiting
600	Scientist	28.N	Recruiting
600	Scientist	28.N	Recruiting
600	Scientist	28.N	Recruiting
800	Reliability Engineer	U20.E	
800	Vehicle & Equipment Mechanic	22.N	
800	Electrical Supervisor	U24.N	
800	Electrical Technician	28.N	Recruiting
800	Instrumentation Technician	30.N	Recruiting
800	Instrumentation Technician	28.N	

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

LEAVE OF ABSENCE					
Type of Leave	Pay Status	Date Leave Began	Anticipated Return Date	Current Length (wks)	Comments
WC	WC/TTD	7/27/2022	11/30/2022	18.00	
FMLA/CFRA	ACCRUALS	7/25/2022	11/28/2022	18.00	
Paid Admin Leave	PAL	7/25/2022	11/30/2022	18.29	
FMLA/CFRA	ACCRUALS	8/1/2022	12/1/2022	17.43	
FMLA/CFRA	ACCRUALS	8/2/2022	11/18/2022	15.43	
FMLA/CFRA	ACCRUALS	9/13/2022	11/28/2022	10.86	
WC	WC/TTD	10/11/2022	12/19/2022	9.86	
FMLA/CFRA	ACCRUALS	10/17/2022	11/7/2022	3	
FMLA/CFRA	ACCRUALS	10/25/2022	11/28/2022	4.86	

Leave	Original Status	Date Leave Began	Anticipated Return Date	Length (wks)	Actual Return Date	Comments
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  
October**

Month	Length of Employment	Termination		Comments
		Vol	Invol	
January	14 years, 3 months		X	
	20 years, 2 months	X		CS
February	32 years, 1 month	X		RET
	2 years, 3 months	X		REL
	4 years, 10 months	X		City of Santa Monica
	6 years	X		Inland Empire Utilities Agency
March	4 years, 8 months	X		Yorba Linda Water District
	10 months	X		City of San Diego
	9 years, 3 months	X		NRG
	3 years, 8 months		X	
	26 years, 3 months	X		RET
April	6 years, 2 months	X		NRG
	12 years, 9 months	X		NRG
	4 years, 10 months	X		NRG
	21 years, 8 months	X		RET
May	3 years, 2 months	X		RET
June	19 years, 3 months	X		RET
	1 year, 5 months	X		Santa Margarita Water District
July	6 years, 2 months	X		P/F
	7 years, 6 months	X		South Orange County Wastewater Authority
August	6 years, 4 months	X		REL
	6 years, 6 months	X		Orange County Transportation Authority
	8 years, 2 months	X		Yorba Linda Water District
	8 years	X		Inland Empire Utilities Agency
September	*****	***		*****
October	6 years, 5 months	X		Western Municipal Water District
	6 years, 6 months	X		Inland Empire Utilities Agency
	1 year, 2 months	X		NRG
	9 years, 3 months	X		NRG
November				
December				

Change in status = CS  
Retirement = RET  
Relocation = REL  
No reason given = NRG  
Personal/Family = P/F

**IRVINE RANCH WATER DISTRICT  
SUMMARY  
AGENCY & DISTRICT TEMPORARY EMPLOYEES  
July - October 2022**

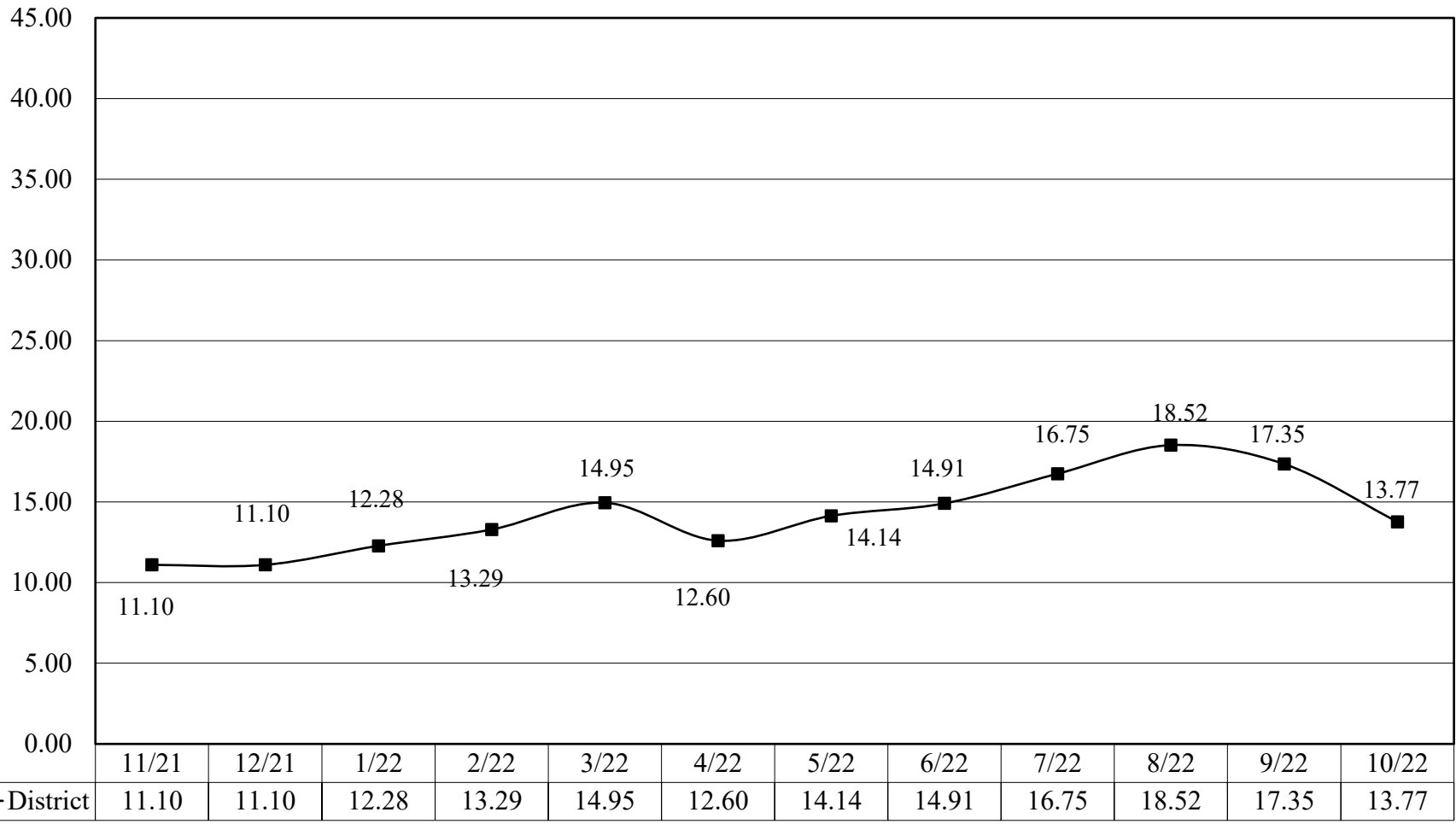
ACTIVE											
Current Month	FYTD Ave Hours Worked	PERS Enrollment	Agency	Dept	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FY' YTD	Actual Cost FY 'YTD
0.62	0.66	Yes		100	50.00	84	4,200.00	8	4	16,800.00	22,885.00
<b>0.62</b>	<b>0.66</b>			<b>100</b>							
0.55	0.31	No		200	19.00	84	1,596.00	11	3	4,788.00	4,066.00
0.58	0.26	No		200	19.00	84	1,596.00	9	2	3,192.00	3,372.50
<b>1.14</b>	<b>0.56</b>			<b>200</b>							
0.27	0.65	No		300	18.00	84	1,512.00	12	4	6,048.00	8,118.00
0.27	0.63	No		300	19.00	84	1,596.00	12	4	6,384.00	8,331.50
0.22	0.58	No		300	19.00	84	1,596.00	12	4	6,384.00	7,638.00
0.38	0.62	No		300	19.00	84	1,596.00	12	4	6,384.00	8,160.50
0.92	0.89	Yes		300	31.65	168	5,317.20	5	4	21,268.80	19,433.10
<b>2.07</b>	<b>3.37</b>			<b>300</b>							
<b>0.23</b>	<b>0.06</b>	No	X	400	34.12	168	5,732.16	6	1	5,732.16	1,364.80
0.00	0.00	No	X	400	37.90	168	6,367.20	6	1	6,367.20	0.00
<b>0.00</b>	<b>0.00</b>			<b>400</b>							
0.91	1.00	Yes		500	24.21	168	4,067.28	12	4	16,269.12	49,267.35
<b>0.91</b>	<b>1.00</b>			<b>500</b>							
0.46	0.17	No		600	15.00	84	1,260.00	12	4	12,600.00	5,325.00
0.21	0.33	No		600	15.00	84	1,260.00	7	4	5,040.00	3,390.00
0.32	0.13	No	X	600	45.72	168	7,680.96	6	4	30,723.84	4,023.36
1.00	0.68	Yes		600	28.72	168	4,824.96	12	4	19,299.84	13,535.74
1.00	0.64	No	X	600	45.72	168	7,680.96	7	4	30,723.84	20,185.38
0.92	0.29	No	X	600	45.72	168	7,680.96	2	4	30,723.84	9,212.58
0.92	0.31	No	X	600	45.72	168	7,680.96	4	4	30,723.84	9,988.61
0.00	0.16	No		600	15.00	84	1,260.00	9	2	2,520.00	1,635.00
0.29	0.07	No		600	15.00	84	1,260.00	12	1	1,260.00	761.25
0.34	0.65	No		600	15.00	84	1,260.00	12	4	5,040.00	6,750.00
<b>5.48</b>	<b>3.42</b>			<b>600</b>							
0.83	0.58	No		700	15.00	84	1,260.00	12	4	5,040.00	6,018.75
0.92	0.29	No	X	700	30.28	168	5,087.04	5	4	20,348.16	6,056.00
0.65	0.80	Yes		700	32.04	168	5,382.72	7	4	21,530.88	18,062.55
0.00	0.00	No	X	700	34.57	168	5,807.76	4	3	17,423.28	0.00
0.46	0.42	Yes		700	42.95	84	3,607.80	7	4	14,431.20	12,530.66
0.70	0.76	No		700	17.00	84	1,428.00	12	4	5,712.00	8,984.50
<b>3.56</b>	<b>2.85</b>			<b>700</b>							
<b>0.00</b>	<b>0.00</b>			<b>800</b>							
<b>13.77</b>	<b>11.86</b>										

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

<b>TERMINATED</b>											
<b>Current Month FTE</b>	<b>Avg FYTD Temp Emp FTE</b>	<b>Active PERS Y/N *</b>	<b>Agency</b>	<b>Dept</b>	<b>Hourly Rate</b>	<b>Est Hours per Month</b>	<b>Est Cost Per Month</b>	<b>Expected Duration (Months)</b>	<b>Actual Worked (Months)</b>	<b>Projected Cost FYTD</b>	<b>Actual Cost FYTD</b>
<b>0.00</b>	<b>0.00</b>			<b>100</b>							
0.12	0.03	No	X	200	39.50	168	6,636.00	4	2	13,272.00	829.50
<b>0.12</b>	<b>0.03</b>			<b>200</b>							
<b>0.00</b>	<b>0.00</b>			<b>300</b>							
<b>0.00</b>	<b>0.00</b>			<b>400</b>							
<b>0.00</b>	<b>0.00</b>			<b>500</b>							
0.46	0.34	No		600	15.00	84	1,260.00	10	10	12,600.00	10,755.00
<b>0.46</b>	<b>0.34</b>			<b>600</b>							
0.21	0.54	Yes		700	32.04	168	5,382.72	12	1	5,382.72	5,991.48
0.44	0.11	No	X	700	34.57	168	5,807.76	4	1	5,807.76	2,627.32
1.00	0.44	No		700	15.00	84	1,260.00	3	2	2,520.00	4,545.00
<b>1.65</b>	<b>1.09</b>			<b>700</b>							
<b>0.00</b>	<b>0.00</b>			<b>800</b>							
2.23	1.46									392,340.48	283,844.43

EXC = Exclude from PERS enrollment  
Yes= Temporary employee enrolled in PERS Membership  
No=Temporary Agency employee

**Temporary Employees  
Full Time Equivalency  
District Totals as of October 31, 2022**




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December 6, 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 November 28, 2022, as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of November 28, 2022, as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of November 28, 2022, as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of November 28, 2022, as outlined in Exhibit "D".

#### BACKGROUND:

##### Investment Portfolio:

The rate of return for the fixed income investment portfolio was 1.82%, which was a 0.35% increase from October's rate of 1.47%. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for November 2022 was 4.13%, which was a 0.16% increase from October's rate of 3.97%. The increases were due to a full month of higher interest rates on \$25 million reinvested in October and an increase in LAIF's investment rate.

##### Debt Portfolio:

As of November 28, 2022, IRWD's weighted average all-in variable rate for debt was 1.67%, which was a 0.67% decrease from October's rate of 2.34%. 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 the District's variable rate debt), the total average debt rate was 3.15%, a 0.31% decrease from October's rate of 3.46%. The decrease was due to lower average rates for the District's variable rate debt and a decrease in the negative cash accrual from the District's fixed payer swaps.

#### 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 November 28, 2022

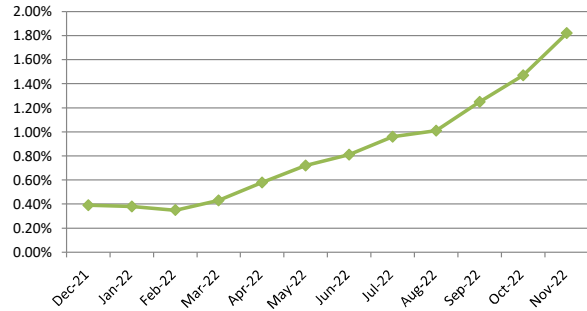
Exhibit "B" – Yield Curve as of November 28, 2022

Exhibit "C" – Summary of Fixed and Variable Debt as of November 28, 2022

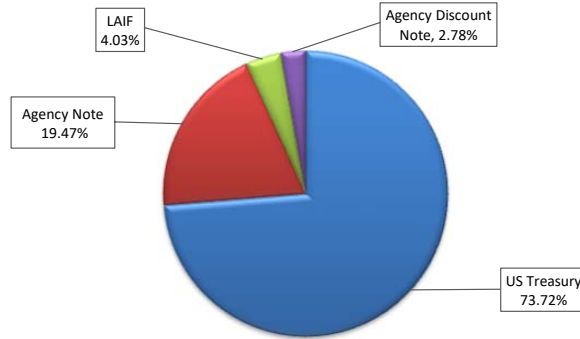
Exhibit "D" – Summary of Variable Rate Debt Rates as of November 28, 2022

Exhibit "A"  
**Irvine Ranch Water District  
Investment Portfolio Summary  
November 2022**

**Monthly Fixed Income Yield**



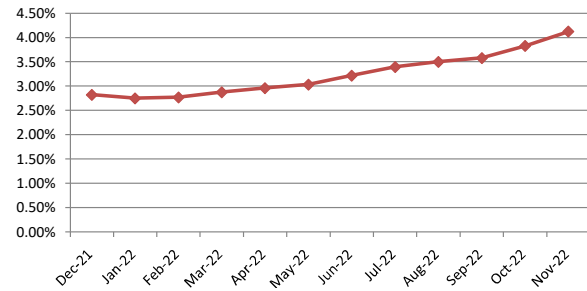
**Portfolio Distribution**



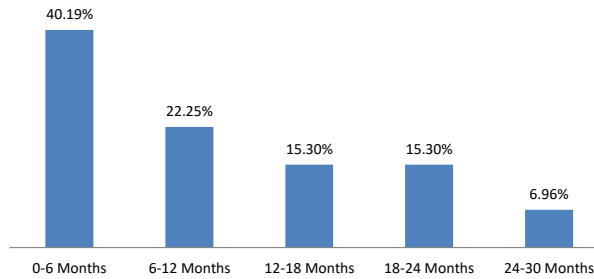
**Investment Summary**

Type	PAR	Book Value	Market Value
US Treasury	265,000,000	262,820,463	258,140,554
Agency Note	70,000,000	69,791,716	68,713,450
LAIF	14,500,000	14,500,000	14,221,034
Agency Discount Note	10,000,000	10,000,000	9,989,306
<b>Grand Total</b>	<b>359,500,000</b>	<b>357,112,179</b>	<b>351,064,344</b>

**Weighted Average Return Including Real Estate Portfolio**



**Maturity Distribution**



**Top Issuers**

Issuer	PAR	% Portfolio
US Treasury	265,000,000	73.72%
Fed Home Loan Bank	45,000,000	12.52%
Fed Farm Credit Bank	30,000,000	8.34%
State of California Tsy.	14,500,000	4.03%
Fed Home Loan Mortgage Corp	5,000,000	1.39%
<b>Grand Total</b>	<b>359,500,000</b>	<b>100.00%</b>

IRVINE RANCH WATER DISTRICT  
INVESTMENT SUMMARY REPORT

11/28/22

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> 11/28/2022	UNREALIZED <sup>(2)</sup> GAIN/(LOSS)
11/23/22			11/29/22		LAIF	State of California Tsy.	\$14,500,000		2.060%	\$14,500,000.00	\$14,500,000.00	14,221,033.95	(278,966.05)
11/18/22	NA	NA	11/29/22	NR	FHLB - Discount Note	Fed Home Loan Bank	10,000,000	3.500%	3.552%	9,989,305.56	10,000,000.00	9,989,305.60	(10,694.40)
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	5,000,000.00	4,986,150.00	(13,850.00)
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	10,000,000.00	9,972,300.00	(27,700.00)
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	5,000,000.00	4,986,150.00	(13,850.00)
11/28/22	NA	NA	12/13/22	Aaa/NR/AAA	Treasury - Bill	US Treasury	5,000,000	3.550%	3.605%	4,992,604.17	4,994,083.34	4,992,604.15	(1,479.19)
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	10,005,686.99	9,975,800.00	(29,886.99)
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	9,999,260.18	9,937,100.00	(62,160.18)
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	4,999,853.52	4,951,100.00	(48,753.52)
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	9,995,138.34	9,902,200.00	(92,938.34)
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	4,992,151.57	4,951,100.00	(41,051.57)
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	9,997,579.04	9,890,100.00	(107,479.04)
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	9,998,633.96	9,866,800.00	(131,833.96)
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	9,999,092.21	9,827,300.00	(171,792.21)
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	4,996,990.52	4,913,650.00	(83,340.52)
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	9,996,851.98	9,789,100.00	(207,751.98)
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	9,992,544.52	9,789,100.00	(203,444.52)
08/31/22	NA	NA	05/05/23	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.375%	3.321%	4,902,050.00	4,938,533.40	4,893,650.00	(44,883.40)
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	9,987,144.89	9,742,600.00	(244,544.89)
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	4,987,365.99	4,852,350.00	(135,015.99)
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	9,958,315.37	9,793,400.00	(164,915.37)
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	4,980,709.61	4,834,000.00	(146,709.61)
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	4,957,935.42	4,834,000.00	(123,935.42)
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	9,954,919.58	9,652,300.00	(302,619.58)
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	4,950,474.73	4,813,100.00	(137,374.73)
08/23/22	NA	NA	09/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	3.154%	4,842,968.75	4,883,440.72	4,807,800.00	(75,640.72)
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	9,973,443.89	9,602,000.00	(371,443.89)
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	4,976,339.87	4,852,750.00	(123,589.87)
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	4,966,330.65	4,852,750.00	(113,580.65)
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	4,916,765.45	4,783,000.00	(133,765.45)
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	4,904,724.70	4,783,000.00	(121,724.70)
08/31/22	NA	NA	12/08/23	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.375%	3.576%	4,987,445.00	4,989,934.35	4,924,650.00	(65,284.35)
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	4,894,182.89	4,755,650.00	(138,532.89)
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	4,935,150.51	4,769,900.00	(165,250.51)
08/31/22	NA	NA	01/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.500%	3.445%	4,935,156.25	4,946,672.90	4,869,550.00	(77,122.90)
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	4,968,413.92	4,799,050.00	(169,363.92)
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	10,024,185.24	9,636,400.00	(387,785.24)
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	9,918,013.09	9,615,200.00	(302,813.09)
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	9,991,230.98	9,673,800.00	(317,430.98)
08/17/22	NA	NA	06/14/24	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	3.125%	3.315%	4,983,200.00	4,985,869.86	4,880,650.00	(105,219.86)
08/17/22	NA	NA	07/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	3.000%	3.249%	4,976,562.50	4,980,042.02	4,865,250.00	(114,792.02)
08/31/22	NA	NA	08/26/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	3.375%	3.500%	4,988,050.00	4,989,564.33	4,885,500.00	(104,064.33)
S 09/09/22	One Time	11/28/2022	08/28/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.000%	3.950%	4,995,000.00	4,995,577.19	4,938,150.00	(57,427.19)
08/31/22	NA	NA	09/13/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.250%	3.530%	4,972,750.00	4,998,333.00	4,874,600.00	(123,733.00)
09/30/22	NA	NA	09/13/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.250%	4.340%	4,898,930.00	4,907,706.39	4,874,600.00	(33,106.39)
09/30/22	NA	NA	09/26/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.334%	4,992,100.00	4,992,773.73	4,964,150.00	(28,623.73)
10/17/22	NA	NA	10/17/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	10,000,000	4.375%	4.535%	9,969,800.00	9,971,659.10	9,951,000.00	(20,659.10)
10/31/22	NA	NA	11/15/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.250%	4.489%	4,783,984.38	4,792,960.90	4,780,100.00	(12,860.90)
10/31/22	NA	NA	12/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.250%	4.471%	4,773,046.88	4,781,930.15	4,767,950.00	(13,980.15)
10/31/22	NA	NA	12/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.250%	4.483%	4,771,875.00	4,780,804.14	4,767,950.00	(12,854.14)
10/31/22	NA	NA	01/15/25	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.125%	4.476%	4,651,562.50	4,664,947.34	4,646,900.00	(18,047.34)
10/31/22	NA	NA	01/31/25	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.500%	4.483%	4,789,843.75	4,797,916.67	4,785,750.00	(12,166.67)
SUB-TOTAL							\$359,500,000			\$356,318,308.21	\$357,112,179.10	\$351,064,343.70	(\$6,047,835.40)
TOTAL INVESTMENTS							\$359,500,000			\$356,318,308.21	\$357,112,179.10	\$351,064,343.70	(\$6,047,835.40)

IRVINE RANCH WATER DISTRICT  
INVESTMENT SUMMARY REPORT

11/28/22

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> 11/28/2022	UNREALIZED <sup>(2)</sup> GAIN/(LOSS)
					Petty Cash					3,400.00			
					Ck Balance	Bank of America		ECR	0.94%	3,088,869.33			
					Ck Balance	Wells Fargo		ECR	0.45%	4,995,787.23			
										<u>364,406,364.77</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.	Outstanding Variable Rate Debt	\$227,000,000		
	Net Outstanding Variable Rate Debt (Less \$60 million fixed-payer swaps)	\$167,000,000		
<sup>(2)</sup> Gain (loss) calculated against carry value using the trading value provided by Bank of New York/or Brokers	Investment Balance:	\$364,406,365		
	Investment to Variable Rate Debt Ratio:	218%		
<sup>(3)</sup> Real estate rate of return is based on most recent quarter end return	Portfolio - Average Number of Days To Maturity	295		
*S - Step up  This Investment Summary Report is in conformity with the 2022 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.				
		<b>Investment Portfolio</b>	<b>Real Estate<sup>(3)</sup> Portfolio</b>	<b>Weighted Avg. Return</b>
	<b>November</b>	<b>1.82%</b>	<b>12.44%</b>	<b>4.13%</b>
	<b>October</b>	<b>1.47%</b>	<b>12.44%</b>	<b>3.97%</b>
	<b>Change</b>	<b>0.35%</b>		<b>0.16%</b>

IRVINE RANCH WATER DISTRICT  
SUMMARY OF MATURITIES

11/28/22

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury
11/22	49,500,000	13.77%	\$14,500,000		10,000,000		25,000,000
12/22	20,000,000	5.56%					20,000,000
1/23	20,000,000	5.56%					20,000,000
2/23	20,000,000	5.56%		10,000,000			10,000,000
3/23	15,000,000	4.17%					15,000,000
4/23	20,000,000	5.56%					20,000,000
5/23	15,000,000	4.17%		5,000,000			10,000,000
6/23	15,000,000	4.17%					15,000,000
7/23	10,000,000	2.78%					10,000,000
8/23	15,000,000	4.17%					15,000,000
9/23	15,000,000	4.17%					15,000,000
10/23	10,000,000	2.78%					10,000,000
<b>SUB-TOTAL</b>	<b>\$224,500,000</b>	<b>62.45%</b>	<b>\$14,500,000</b>	<b>\$15,000,000</b>	<b>\$10,000,000</b>		<b>\$185,000,000</b>

13 Months - 3 YEARS							
11/01/2023 - 01/31/2024	\$30,000,000	8.34%		5,000,000			25,000,000
2/01/2024 - 4/30/2024	\$25,000,000	6.95%		10,000,000			15,000,000
5/01/2024 - 07/31/2024	\$20,000,000	5.56%		5,000,000			15,000,000
08/01/2024 - 10/31/2024	\$35,000,000	9.74%		35,000,000			
11/01/2024 +	\$25,000,000	6.95%					25,000,000
<b>TOTALS</b>	<b>\$359,500,000</b>	<b>100.00%</b>	<b>\$14,500,000</b>	<b>70,000,000</b>	<b>10,000,000</b>		<b>265,000,000</b>

% OF PORTFOLIO

4.03%

19.47%

2.78%

73.72%

Irvine Ranch Water District  
Summary of Real Estate - Income Producing Investments  
9/30/2022

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2022	ANNUALIZED RATE OF RETURN QUARTER ENDED 9/30/2022
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 43,550,810	\$ 174,250,000	22.67%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 34,194,459	8.50%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,739,845	\$ 12,240,000	9.54%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,630,577	\$ 11,832,000	8.25%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	\$ 8,648,594	\$ 12,138,000	7.78%
Sand Canyon Professional Center - General Office	Sep-20	Office Building	Fee Simple	\$ 25,985,968	\$ 33,915,000	-0.21%
<b>Total - Income Properties</b>				<b>\$ 98,555,794</b>	<b>\$ 278,569,459</b>	<b>12.44%</b>

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

**MATURITIES/SALES/CALLS**

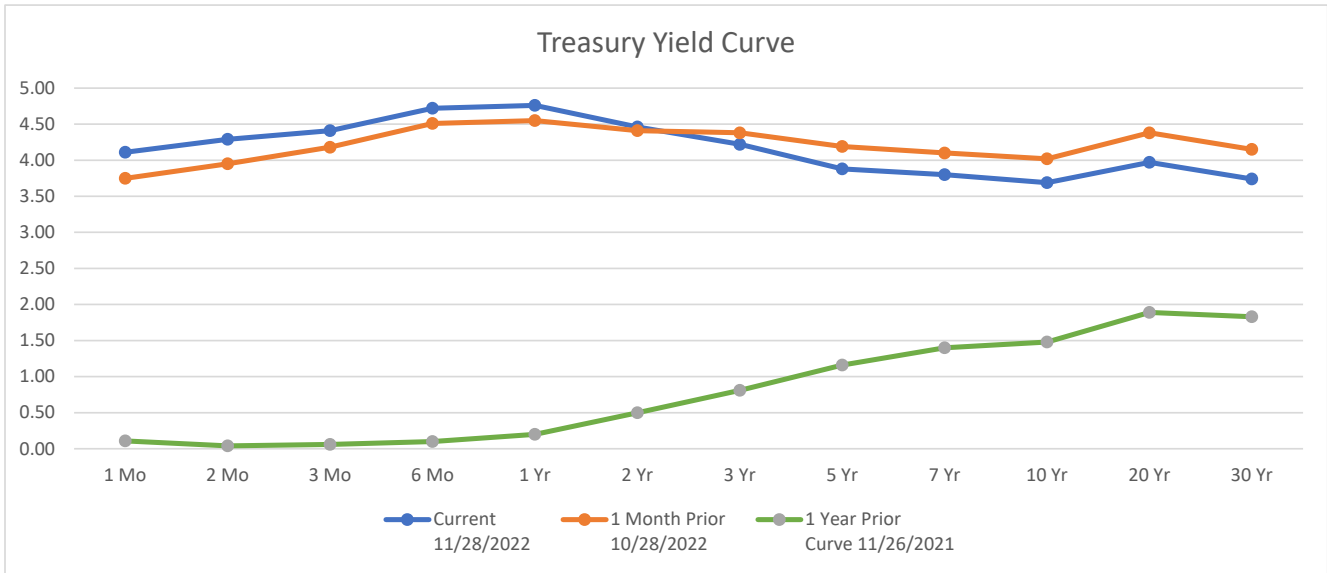
**PURCHASES**

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
11/9/2022	FHLB - Discount Note	\$10,000,000	3.58%	11/8/2022	11/9/2022	FHLB - Discount Note	\$10,000,000	3.58%
11/18/2022	FHLB - Discount Note	\$10,000,000	3.60%	11/10/2022	11/18/2022	FHLB - Discount Note	\$10,000,000	3.60%
11/28/2022	FHLB - Discount Note	\$5,000,000	3.61%	11/10/2022	11/28/2022	FHLB - Discount Note	\$5,000,000	3.61%
11/29/2022	<i>FHLB - Discount Note</i>	<i>\$10,000,000</i>	<i>3.55%</i>	10/18/2022	11/29/2022	FHLB - Discount Note	\$10,000,000	3.55%
11/30/2022	<i>Treasury - Note</i>	<i>\$5,000,000</i>	<i>0.10%</i>	11/28/2022	12/13/2022	Treasury - Bill	\$5,000,000	3.60%
11/30/2022	<i>Treasury - Note</i>	<i>\$10,000,000</i>	<i>0.27%</i>					
11/30/2022	<i>Treasury - Note</i>	<i>\$5,000,000</i>	<i>0.40%</i>					

(1) There may be additional investment purchases based on the pending maturities for the month.



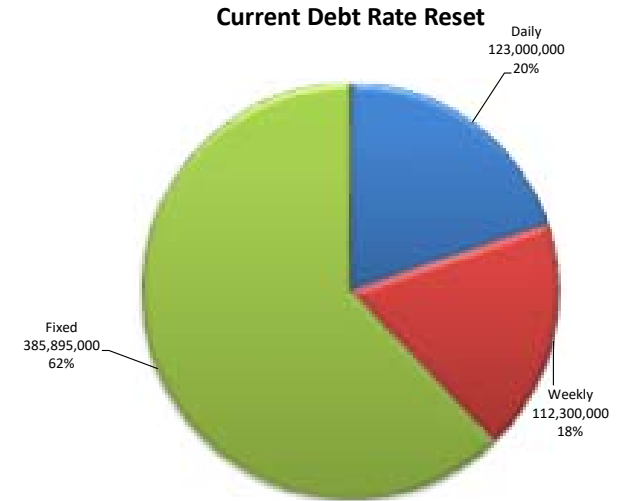
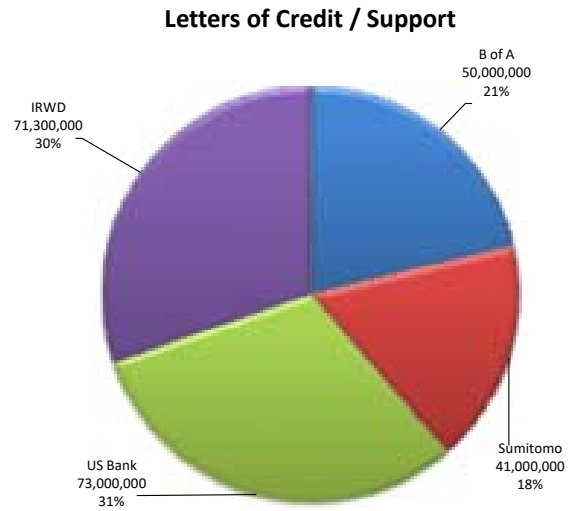
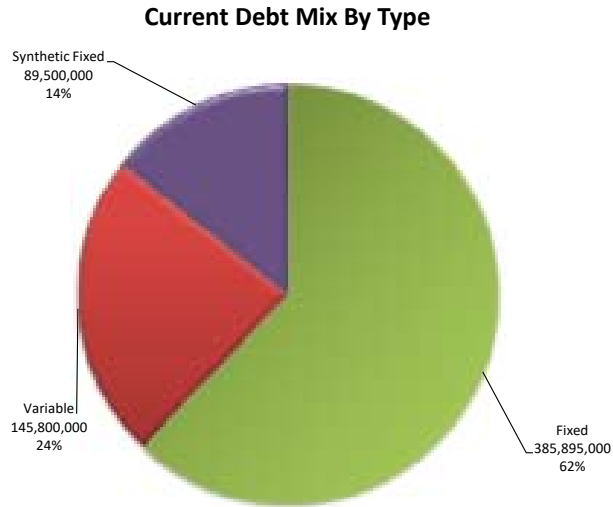
## Exhibit "B"



Tenor	Current 11/28/2022	1 Month Prior 10/28/2022	1 Year Prior Curve 11/26/2021
1 Mo	4.11	3.75	0.11
2 Mo	4.29	3.95	0.04
3 Mo	4.41	4.18	0.06
6 Mo	4.72	4.51	0.10
1 Yr	4.76	4.55	0.20
2 Yr	4.46	4.41	0.50
3 Yr	4.22	4.38	0.81
5 Yr	3.88	4.19	1.16
7 Yr	3.80	4.10	1.40
10 Yr	3.69	4.02	1.48
20 Yr	3.97	4.38	1.89
30 Yr	3.74	4.15	1.83

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Exhibit "C"  
**Irvine Ranch Water District**  
**Summary of Fixed and Variable Rate Debt**  
**November 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	3.75%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	\$41,000,000	6.69%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$40,800,000	6.66%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$27,200,000	4.44%	IRWD	Goldman	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	\$47,500,000	7.75%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$47,500,000	7.75%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	\$109,650,000	17.89%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$175,000,000	28.55%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$101,245,000	16.52%	N/A	N/A	Fixed	Fixed
<b>Total</b>			<b>\$612,895,000</b>	<b>100.00%</b>				

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

November-22

ITN		GENERAL BOND INFORMATION																		LETTER OF CREDIT INFORMATION										TRUSTEE INFORMATION				
Daily		VARIABLE RATE ISSUES																		Letter of Credit										Rmkt Agent				
Weekly		Issue Date	Maturity Date	Principal Payment Date	Payment Date	Original Par Amount	Remaining Principal	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														
		05/19/93	04/01/33	Apr 1	5th Bus. Day	\$38,300,000	\$23,000,000	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														
		04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$41,000,000	04/01/11	05/28/25	A1/P-1	A/A-1	A/F1	\$41,606,575	0.3150%	\$131,061	BAML	WED	0.07%	\$28,700	BANK OF NY														
		04/15/11	10/01/37	Oct 1	1st Bus. Day	\$60,545,000	\$40,800,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	Goldman	WED	0.13%	\$51,000	BANK OF NY														
		04/15/11	10/01/37	Oct 1	1st Bus. Day	\$40,370,000	\$27,200,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	Goldman	WED	0.13%	\$34,000	BANK OF NY														
		06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$47,500,000	04/01/11	05/01/25	Aa2/VMIG1	AA-/A-1+	AA/F1+	\$48,030,959	0.3000%	\$144,093	US Bank	DAILY	0.07%	\$33,250	US BANK														
		06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$47,500,000	B of A	04/01/11	04/21/25	Aa2/VMIG1	A/A-1	A1/F1+	\$48,030,959	0.2800%	\$134,487	Goldman	DAILY	0.10%	\$47,500	US BANK													
<b>\$349,430,000</b>							<b>\$227,000,000</b>	<b>SUB-TOTAL VARIABLE RATE DEBT</b>										<b>\$160,978,521</b>	<b>0.2979%</b>	<b>\$479,570</b>	<b>0.10%</b>	<b>\$217,450</b>												
																		(Wt. Avg)		(Wt. Avg)														
FIXED RATE ISSUES																																		
		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	US BANK														
		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	US BANK														
		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	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>\$612,895,000</b>	<b>TOTAL - FIXED &amp; VARIABLE RATE DEBT</b>																										

Remarketing Agents			GO VS COP's		
Goldman	115,500,000	51%	GO:	503,245,000	82%
BAML	64,000,000	28%	COPS:	109,650,000	18%
US Bank	47,500,000	21%	Total	<b>612,895,000</b>	
	<u>227,000,000</u>				

LOC Banks		Breakdown Between Variable & Fixed Rate Mode	
SUMITOMO	41,000,000	Daily Issues	118,000,000 19%
BANK OF AMERICA	47,500,000	Weekly Issues	41,000,000 7%
US BANK	70,500,000	ITN Issues	68,000,000 11%
	<u>159,000,000</u>	Sub-Total	<b>227,000,000</b>
		Fixed Rate Issues	\$385,895,000 63%
		Sub-Total - Fixed	<b>385,895,000</b>
		TOTAL DEBT	
		FIXED & VAR.	<b>612,895,000</b> 100%

## Exhibit "D"


### SUMMARY OF DEBT RATES Nov-22

Rmkt Agent Mode	GOLDMAN DAILY	GOLDMAN WEEKLY	GOLDMAN WEEKLY	MERRILL LYNCH		US BANK
Bond Issue	2009 - B	2011 A-1	2011 A-2	DAILY 1993	WEEKLY 2008-A	DAILY 2009-A
Par Amount	47,500,000	40,800,000	27,200,000	23,000,000	41,000,000	47,500,000
LOC Bank	BOFA	(SIFMA + 6)	(SIFMA + 6)	US BANK	Sumitomo	US BANK
Reset		Wednesday	Wednesday		Wednesday	
11/1/2022	1.15%	2.30%	2.30%	1.16%	1.91%	1.30%
11/2/2022	1.10%	2.30%	2.30%	1.11%	1.91%	1.25%
11/3/2022	1.04%	2.44%	2.44%	1.08%	1.97%	1.20%
11/4/2022	1.04%	2.44%	2.44%	0.94%	1.97%	1.10%
11/5/2022	1.04%	2.44%	2.44%	0.94%	1.97%	1.10%
11/6/2022	1.04%	2.44%	2.44%	0.94%	1.97%	1.10%
11/7/2022	0.92%	2.44%	2.44%	0.90%	1.97%	1.00%
11/8/2022	0.87%	2.44%	2.44%	0.84%	1.97%	0.93%
11/9/2022	0.82%	2.44%	2.44%	0.79%	1.97%	0.80%
11/10/2022	0.77%	2.25%	2.25%	0.74%	1.78%	0.80%
11/11/2022	0.77%	2.25%	2.25%	0.74%	1.78%	0.80%
11/12/2022	0.77%	2.25%	2.25%	0.74%	1.78%	0.80%
11/13/2022	0.77%	2.25%	2.25%	0.74%	1.78%	0.80%
11/14/2022	0.70%	2.25%	2.25%	0.72%	1.78%	0.77%
11/15/2022	0.68%	2.25%	2.25%	0.65%	1.78%	0.72%
11/16/2022	0.60%	2.25%	2.25%	0.65%	1.78%	0.65%
11/17/2022	0.54%	2.10%	2.10%	0.57%	1.67%	0.60%
11/18/2022	0.54%	2.10%	2.10%	0.53%	1.67%	0.55%
11/19/2022	0.54%	2.10%	2.10%	0.53%	1.67%	0.55%
11/20/2022	0.54%	2.10%	2.10%	0.53%	1.67%	0.55%
11/21/2022	0.52%	2.10%	2.10%	0.53%	1.67%	0.55%
11/22/2022	0.50%	2.10%	2.10%	0.50%	1.67%	0.52%
11/23/2022	0.50%	2.10%	2.10%	0.50%	1.67%	0.52%
11/24/2022	0.50%	1.96%	1.96%	0.50%	1.58%	0.52%
11/25/2022	0.50%	1.96%	1.96%	0.50%	1.58%	0.51%
11/26/2022	0.50%	1.96%	1.96%	0.50%	1.58%	0.51%
11/27/2022	0.50%	1.96%	1.96%	0.50%	1.58%	0.51%
11/28/2022	0.50%	1.96%	1.96%	0.50%	1.58%	0.50%
<b>Avg Interest Rates</b>	<b>0.72%</b>	<b>2.21%</b>	<b>2.21%</b>	<b>0.71%</b>	<b>1.77%</b>	<b>0.77%</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>1.10%</b>	<b>2.34%</b>	<b>2.34%</b>	<b>1.11%</b>	<b>2.16%</b>	<b>1.14%</b>
Par Amount	88,300,000		27,200,000	64,000,000		47,500,000

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	51.98%	118,000,000	1.12%	0.74%
Weekly	48.02%	109,000,000	2.27%	2.05%
	100.00%	<b>\$ 227,000,000</b>	1.67%	1.37%
<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>3.15%</b>

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

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December 6, 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:

Staff will provide the Committee with an update on the financial performance of IRWD's real estate investments and other revenue generating properties for the quarter ended September 30, 2022.

#### BACKGROUND:

For the quarter ended September 30, 2022, the net operating income (NOI) for IRWD's residential and commercial real estate investment properties was \$3.1 million, which represents a 12.44% return for the period. Land lease income from the Strawberry Farms Golf Course and lease revenue from the District's five cell sites was \$285,448 and \$125,404, respectively. A report detailing the NOI and returns for IRWD's real estate investment properties, golf course land lease, and cell sites is provided as Exhibit "A".

#### Residential Investment Properties:

The NOI for the Sycamore Canyon Apartments for the quarter ended September 30, 2022, was approximately \$2.5 million, which was favorable to budget by \$78,897 due to higher-than-anticipated occupancy and revenue from increased lease rates, as well as lower-than-budgeted expenses for apartment turnovers and building maintenance. IRWD's limited partnership investment in the Wood Canyon Villa Apartments property earned a preferred return of 9.00%, providing income of \$135,930 for the quarter. The net return for Wood Canyon was 8.50%.

#### Commercial Investment Properties:

For the quarter ended September 30, 2022, NOI at the Irvine Market Place (230 Commerce) office property was \$136,866 and unfavorable to budget by \$36,615 primarily due to higher-than-anticipated operating expenses for HVAC repairs and electricity. Currently, the property has two suites available, which are being marketed by IRWD's commercial broker, Colliers International. The property is currently 82.4% occupied.

The NOI for the Waterworks Way Business Park property for the quarter ended September 30, 2022, was in line with budget at \$177,979. The property is currently 100% occupied.

For the quarter ended September 30, 2022, the NOI for the Sand Canyon Professional Center medical office property was \$168,278 and in line with budget. The property is currently 100% occupied.

At the Sand Canyon Professional Center general office property, the quarter ended September 30, 2022 NOI was a negative \$13,433 and unfavorable to budget by \$6,485 due to the

reconciliation of common area maintenance expenses. The lease with Bandai Namco commenced on April 1, 2022 and provides for six months of abated rent which expired in October 2022. During the six-month period, Bandai was obligated to pay all building operating expenses (utilities, landscape maintenance, property taxes, etc.).

Strawberry Farms Golf Course and Cell Site Leases:

Land lease income for Strawberry Farms Golf Course for the quarter ended September 30, 2022 was \$285,448. This compares with income of \$258,917 for the same period last year, representing a 10.25% increase for the period. The increase in revenues was due to additional rounds of golf played following a slowdown during COVID restrictions (restrictions lifted in June 2021). For the quarter ended September 30, 2022, the lease revenue from IRWD's five cell sites was \$125,404 which was an increase of \$53,382 from the same period last year. The increase was primarily due to two renewal signing bonuses.

FISCAL IMPACTS:

Fiscal impacts are discussed above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Real Estate Performance Report



Exhibit "A"

Irvine Ranch Water District  
Real Estate Investment Performance Report  
as of September 30, 2022

INCOME PROPERTIES		FY 2022-23					FY 2022-2023 RATE OF RETURN		3 Year Average Rate of Return	5 Year Average Rate of Return
Property Description	Capital Investment	Jul-22	Aug-22	Sep-22	FY Q1	FY 2022-23 TOTAL	FY Q1	Average Fiscal YTD	FY 20/21 - 22/23	FY 18/19 - 22/23
Sycamore Canyon Apartments	\$ 43,550,810	\$ 799,862	\$ 765,069	\$ 903,703	\$ 2,468,634	\$ 2,468,634	22.67%	22.67%	21.51%	20.35%
Wood Canyon Villa Apartments	\$ 6,000,000	\$ 45,683	\$ 45,863	\$ 44,384	\$ 135,930	\$ 135,930	8.50%	8.50%	8.51%	8.51%
Irvine Market Place Office	\$ 5,739,845	\$ 43,584	\$ 52,990	\$ 40,292	\$ 136,866	\$ 136,866	9.54%	9.54%	9.77%	9.32%
Waterworks Way Business Park	\$ 8,630,577	\$ 58,149	\$ 60,210	\$ 59,620	\$ 177,979	\$ 177,979	8.25%	8.25%	7.64%	6.90%
Sand Canyon Professional Center - Medical	\$ 8,648,594	\$ 55,378	\$ 58,531	\$ 54,369	\$ 168,278	\$ 168,278	7.78%	7.78%	8.73%	8.78%
Sand Canyon Professional Center - General	\$ 25,985,968	\$ (5,625)	\$ 9,443	\$ (17,251)	\$ (13,433)	\$ (13,433)	-0.21%	-0.21%		
	\$ 98,555,793	\$ 997,031	\$ 992,106	\$ 1,085,117	\$ 3,074,254	\$ 3,074,254	12.44%	12.44%	12.03%	11.43%

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 Ranch Water District  
Real Estate Investment Performance Report  
Strawberry Farms Golf Course & Cell Site  
as of September 30, 2022**

Property Description	2022-23 NET INCOME				
	Jul-22	Aug-22	Sep-22	FY Q1	NET INCOME 2022 - 2023
Strawberry Farms Golf Course	\$ 91,662	\$ 101,165	\$ 92,621	\$ 285,448	\$ 285,448
Change From Prior Year Period:					\$ 26,531 10.25%
Cellular Sites	\$ 20,977	\$ 79,452	\$ 24,975	\$ 125,404	\$ 125,404
Change From Prior Year Period:					\$ 53,382 74.12%

December 6, 2022  
Prepared by D. Kanoff  
Submitted by: S. Aryan / R. Jacobson  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

RISK MANAGEMENT QUARTERLY REPORT

SUMMARY:

Staff will provide the Committee with a report on the insurance and claim expenses incurred by IRWD through the first quarter of the Fiscal Year (FY) ending June 30, 2023.

BACKGROUND:

A comparison of IRWD's actual versus budget insurance expenses for the first quarter of FY 2022-23 and FY 2021-22 is provided as Exhibit "A" and summarized as follows:

- Insurance premiums total \$579,599 and are \$71,657 under budget;
- Third-party claim administration expenses total \$0 and are \$7,500 under budget;
- Legal expenses total \$4,619; and
- Claim payments total \$30,559 and are \$1,941 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 2022-23

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Exhibit "A"

**Irvine Ranch Water District  
Insurance and Claims Summary  
Period Ending September 30, 2022**

PREMIUM	Actual FY 22/23	Budget FY 22/23	Variance	% Variance	Prior FY 21/22
Crime	2,806	2,730	(76)	-3%	2,673
General Liability	360,650	427,813	67,163	16%	365,993
Pollution	45,070	48,585	3,515	7%	45,403
Property	155,937	167,750	11,813	7%	137,934
Cyber	15,136	4,378	(10,758)	-246%	11,414
<b>Total</b>	<b>579,599</b>	<b>651,256</b>	<b>71,657</b>	<b>11%</b>	<b>563,417</b>

\*

\*

Based on accounting standards, the general ledger reflects insurance premium accruals due to the timing of recognition for insurance premium

CATEGORY	Closed FY 22/23	Total FY 22/23	Budget FY 22/23	Variance	Prior FY 21/22
Membership			825	825	5,588
Claim Payments - Property	559	559	32,500	1,941	
Claim Admin			7,500	7,500	1,484
Bodily Injury	30,000	30,000			
<b>Total</b>	<b>30,559</b>	<b>30,559</b>	<b>40,825</b>	<b>10,266</b>	<b>7,072</b>

CATEGORY	Open FY 22/23	Closed FY 22/23	Total FY 22/23	Prior FY 21/22
Legal	669	3,950	4,619	78,334
<b>Total</b>	<b>669</b>	<b>3,950</b>	<b>4,619</b>	<b>78,334</b>

ACTIVITY	FY 2021/22	FY 2022/23
Beginning Open Claims	4	3
New Claims	13	1
Closed Claims	(14)	(3)
Current Open Claims	3	1

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Exhibit "B"

Register of Closed General Liability Claims as of September 30, 2022

Closed Claims Fiscal Year 2022-2023						
CLAIM TYPE	CLAIMANT	Legal	Claim Payments - Property	Claim Admin	Bodily Injury	Grand Total
Single Event	Gleason v. County of Orange	2,657			20,000	22,657
	SLR Construction v. Roes 1 to 25	1,293			10,000	11,293
	Smoketree Irvine HOA		559			559
Grand Total		3,950	559	0	30,000	34,509

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December 6, 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


Note: This page is intentionally left blank.

Exhibit “A”

Information Services Project Status Report  
December 6, 2022

Project Name	Project Summary	Schedule		Project Budget	Status
Board Room Technology Upgrade	Modernize and upgrade Board Room technology.	Start Complete	7/22 6/23	\$100,000	<u>NEW:</u> The audio core head-end equipment upgrade was completed in November 2022. New wireless microphones have been ordered, but they have not been received yet due to equipment delays. Video equipment upgrades are being reviewed.
Conference Room Technology Upgrade	Modernize and upgrade conference room technology.	Start Complete	7/21 12/22	\$300,000	<u>ON-TRACK:</u> Eleven conference rooms have been upgraded with modern audio/visual technologies. Training and punch-list items are being addressed. Future conference room upgrades will be done on an as-requested basis.
Cybersecurity 24x7 Threat Monitoring and Response	Improve cybersecurity protections with 24x7 monitoring of District IT systems.	Start Complete	10/22 12/22	\$440,000	<u>ON-TRACK:</u> The Board approved this project at its meeting on September 26, 2022. The District’s IT infrastructure is currently being configured for the new 24x7 cybersecurity monitoring and response services. Steady-state operations is on-track to begin in December 2022.

Project Name	Project Summary	Schedule		Project Budget	Status
Wi-Fi Refresh	Replace the District's legacy Wi-Fi infrastructure with modern authentication and equipment.	Start Complete	3/22 6/23	\$380,000	<u>ON-TRACK:</u> The Board approved this project at its meeting on November 14, 2022. Staff and the vendor are working towards completing this project by June 2023, but this date is dependent on equipment delivery times.
Oracle EBS Direct Labor cost allocation to Projects	Implement Oracle EBS Direct labor cost Allocation for G&A to Projects.	Start Complete	3/22 12/22	\$464,000	<u>ON-TRACK:</u> Project is on-track for completion in December 2022.
Oracle EBS Database Upgrade	Implement a technical upgrade of IRWD's Oracle EBS database to the most current version.	Start Complete	3/22 10/22	\$299,000	<u>COMPLETED:</u> Project was successfully completed on-time and on-budget. The upgrade went live on October 10, 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	<u>COMPLETED:</u> Project was successfully completed on-time and on-budget. The upgrade went live on October 17, 2022.

December 6, 2022  
Prepared by: C. Smithson  
Submitted by: C. Clary  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL

FUNDING IRWD'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY

SUMMARY:

IRWD has fully funded its pension liability through a combination of contributions to CalPERS and its Section 115 Pension Benefits Trust. The District also has three Other Post-Employment Benefits Plans (OPEB). Currently, IRWD has no mechanism to fund its OPEB liability. Staff recommends that the Board approve establishing a new Section 115 OPEB Trust for the purpose of funding IRWD's future OPEB liability. Guiding Principles for determining future amounts to be funded and other matters will be developed in the coming months.

At the November Finance and Personnel meeting, the Committee tabled discussion of this item and requested that staff obtain a legal opinion regarding the District's ability to revert trust assets back to IRWD if the District has fully satisfied all OPEB liabilities. The legal opinion, attached as Exhibit "B", confirms that the District can revert trust assets to IRWD if and when all OPEB liabilities are extinguished.

BACKGROUND:

IRWD Pension Liability:

IRWD recognizes that defined benefit plans such as CalPERS and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive approach to address the pension issue and in 2013, established an irrevocable trust to substantially fund its CalPERS unfunded pension liability.

IRWD OPEB Liability:

To date, IRWD has elected to fund only the annual required contributions for its OPEB plans. The District's OPEB liability has increased over the last five years due primarily to a change in accounting standards in Fiscal Year (FY) 2017-18, which required that OPEB be reflected on the balance sheet on an actuarial basis. The current OPEB liability as of FY ended 2022 is \$24.7 million, compared to \$4.3 million in 2017 (which was prior to the accounting required change).

The OPEB liability will likely continue to increase. The District can continue the current approach of paying only the annual contribution, or it can take steps to begin mitigating the liability. At the meeting, staff will present a PowerPoint (provided as Exhibit "A") showing projected growth of the OPEB unfunded liability and two approaches for managing this liability:

1. Continue the current funding strategy: pay-as-you-go and only fund the annual required contributions; or

2. Establish a plan/ plan amendment to permit future funding to reduce the unfunded OPEB liability.

At its November 21, 2022 meeting, the Committee tabled discussion of this item and requested a legal opinion regarding the District's ability to revert trust assets back to IRWD if all OPEB liabilities have been extinguished. The legal opinion attached as Exhibit "B" confirms that the District can revert trust assets to IRWD if and when all OPEB liabilities are extinguished.

Staff recommends that the Board approve establishing a new Section 115 OPEB Trust to provide for future funding to reduce the District's OPEB liability. Guiding Principles for determining future amounts to be funded will be developed in the coming months.

#### FISCAL IMPACTS

Unable to determine at this time.

#### 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 establishing a Section 115 OPEB Trust for the purpose of funding IRWD's future OPEB liability.

#### LIST OF EXHIBITS:

Exhibit "A" – Draft PowerPoint Presentation

Exhibit "B" – Legal Opinion on Reverting OPEB Trust Assets

# CONSIDERATIONS FOR FUNDING OPEB

Finance & Personnel Committee Meeting  
December 2022

Irvine Ranch  
Water District

**DRAFT**

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## AGENDA

1. IRWD's current OPEB Plans
2. Current funding strategy for OPEB
3. Current / Projected OPEB Liability
4. Alternatives for addressing OPEB liability
5. Next Steps

Irvine Ranch  
Water District

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## IRWD'S CURRENT OPEB PLANS

1. PEMHCA – California public employees medical and hospital care act (PERS health) \$151/month/retiree
2. RHCAP – Retiree Health Cost Assistance Program, which provides medical reimbursement based on years of service up to a maximum of \$600 per month/retiree
3. Retiree Death Only Plan (“death benefit”) – 100% of annual salary for employees hired prior to January 1, 2009



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## IRWD'S CURRENT OPEB PLANS

Number of participants in current OPEB Plans:

Participants	PEMHCA	RHCAP	Death Benefit	Total
Inactive Employees or Beneficiaries Receiving	114	46	-	160
Entitled Inactive Employees not yet Receiving	89	-	135	224
Active Employees	408	408	123	939
<b>TOTAL</b>	<b>611</b>	<b>454</b>	<b>258</b>	<b>1,323</b>



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## CURRENT FUNDING STRATEGY FOR OPEB

IRWD historically has only paid the annual contribution (“pay-as-you-go”), which is the minimum amount required.

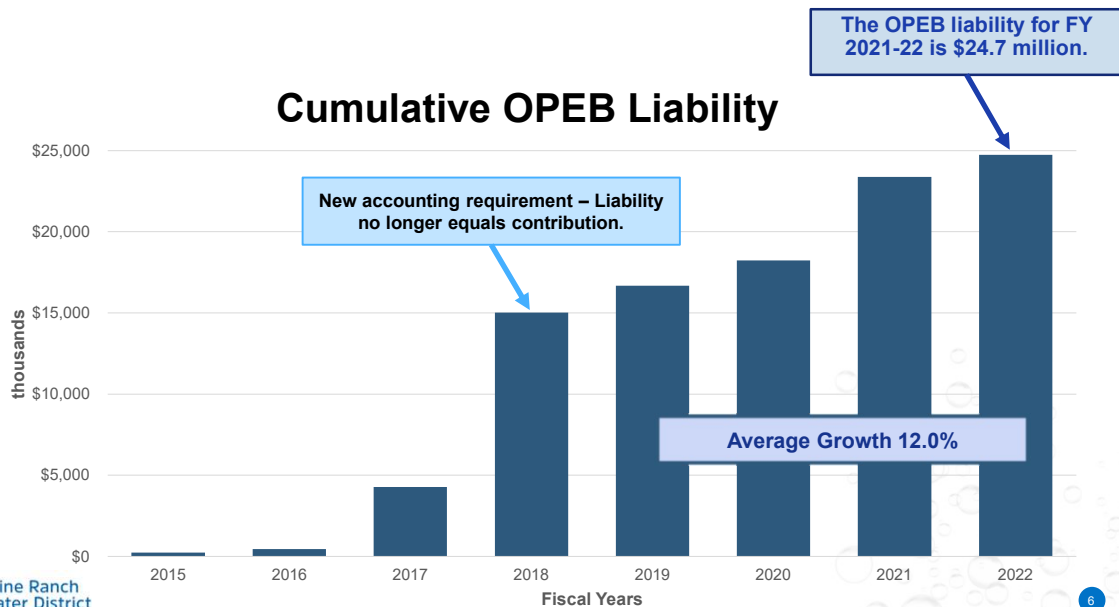
*Result:* a growing liability on IRWD’s financial statements



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## IRWD’S CURRENT OPEB LIABILITY

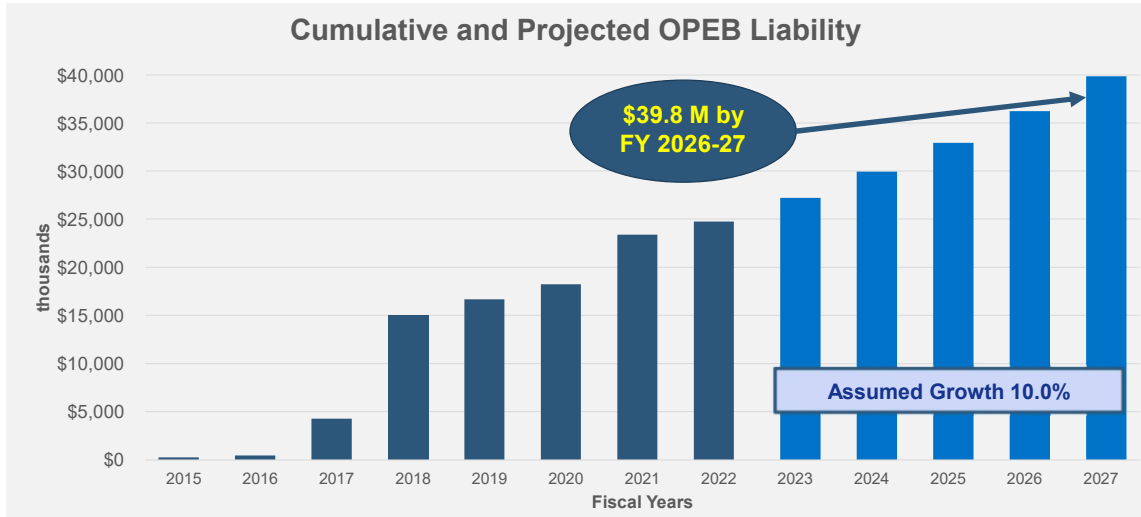


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# PROJECTED OPEB LIABILITY

The assumed growth factor is 10%.



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## ALTERNATIVES FOR ADDRESSING OPEB LIABILITY

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## FUTURE FUNDING STRATEGY ALTERNATIVES FOR OPEB

1. No change to the current approach: pay annual contribution and liability continues to grow

or

2. Establish mechanism to begin funding the OPEB liability

Options:

- a) Amend the existing Pension Benefit Trust Fund to include both pension and OPEB; or
- b) Adopt a new Trust Fund to address OPEB liability; or
- c) Participate in a third party 115 Trust for OPEB liability



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## 1. NO CHANGE TO THE CURRENT APPROACH

No change to the current approach: pay annual contribution of \$0.8 million (for FY 2021-22) and liability continues to grow.

### Advantages

- Meets annual obligation

### Disadvantages

- Continued growth of OPEB liability could eventually impact IRWD's credit rating



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## 2. ESTABLISH MECHANISM TO BEGIN FUNDING OPEB LIABILITY

- a) Amend the existing Pension Benefit Trust Fund to include both pension and OPEB

*Create two separate sub accounts for the pension and OPEB liabilities using new funds for OPEB*

### Advantages

- Requires only an amendment to existing plan

### Disadvantages

- Cost to amend existing Trust document
- Any material amendment to the Trust would be outside the IRS Private Letter Ruling (PLR) potentially risking current tax-exempt status



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## 2. ESTABLISH MECHANISM TO BEGIN FUNDING OPEB LIABILITY

### Staff Recommendation

- b) Adopt a new Trust Fund to address OPEB liability

*Adopt a separate, stand alone 115 Trust for OPEB using new funds*

### Advantages

- The IRS position on OPEB 115 trusts is well-established - there are hundreds of PLRs ruling that OPEB 115 trusts are tax-exempt
- The new Trust could largely mirror the existing Trust document
- The new Trust can permit the trust assets to revert to IRWD at its discretion if the District fully satisfies its OPEB obligations

### Disadvantages

- Cost to establish the new Trust Fund



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## 2. ESTABLISH MECHANISM TO BEGIN FUNDING OPEB LIABILITY

### c) Participate in a third party 115 Trust for OPEB liability

*Use new funds to participate in another 115 Trust (e.g., PARS, PFM, CalPERS)*

#### Advantages

- Provides a turnkey environment to invest funds with minimal management time requirement
- Lowest initial cost to implement

#### Disadvantages

- The District no longer controls the investment strategy
- Higher ongoing costs/fees than District's self managed plan



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## LEGAL OPINION FROM IRWD SPECIAL COUNSEL

### *Question:*

After extinguishing IRWD's OPEB liability, can any funds remaining in the Trust revert back to the District?

### *Answer:*

Yes.

### *Rationale:*

An OPEB Trust that provides for reversion of Trust assets to the District once its OPEB liability is zero would satisfy the necessary requirements for the GASB offset and the investment exception (see Exhibit "B" for full opinion).

*Special Counsel:* Marcus Wu, Pillsbury Winthrop Shaw Pittman LLP



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## NEXT STEPS

1. Staff recommends that the Board approve establishing a Section 115 OPEB Trust
2. Develop guiding principles for funding the OPEB Trust

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# QUESTIONS

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Pillsbury Winthrop Shaw Pittman LLP  
12255 El Camino Real, Suite 300 | San Diego, CA 92130-4088 | tel 858.509.4000 | fax 858.509.4010

**MEMORANDUM**

To: IRWD Executive Staff  
From: Marcus Wu  
Date: December 2, 2022  
Re: Permitted Reversion of OPEB Trust Assets

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Irvine Ranch Water District is considering the possibility of adopting a trust to fund the District's OPEB ("OPEB Trust"). The District asked, may an OPEB Trust's assets be paid (i.e., "revert") to the District after its OPEB liability is fully extinguished?

In short, yes, for the following reasons:

As the OPEB Trust's "settlor," the District has full discretion under the trust laws to decide the trust's terms. The District has full discretion to, for instance, include provisions providing for reversion of the Trust assets to the District.

Thus, the District could include in the OPEB Trust provisions permitting reversion of trust assets to the District at any time, regardless of the District's OPEB liabilities when the reversion occurs. But two other considerations are relevant.

First, under GASB standards, OPEB Trust assets are recognized as offsetting the OPEB liability reported in the District's financial statements only if the assets are irrevocably dedicated to providing OPEB and paying the trust's expenses. To qualify for this favorable GASB treatment, until the District's OPEB liabilities are fully extinguished (i.e., until the District's OPEB liability equals zero), OPEB Trust assets cannot be used for any other purpose.

Second, California imposes severe restrictions on where a public agency's assets may be invested. These restrictions, however, don't apply to assets that are "only . . . held for the purpose of" providing OPEB and defraying related expenses. Cal Govt Code §§ 53620 and 53622(a). Assets that satisfy this exception may be invested in *any* prudent investment. To qualify for this exception, we believe that an OPEB Trust must provide that, until the District's OPEB liabilities are fully extinguished, trust assets cannot be used for any other purpose.

Thus, an OPEB Trust that provides for reversion of trust assets to the District once its OPEB liability is zero would satisfy the above requirements for the GASB offset and the investment exception.



IRWD Executive Staff  
Page 2

If, however, the OPEB Trust permits reversion at any other time (e.g., when OPEB accruals are frozen but there's still a liability), we believe that the OPEB Trust wouldn't satisfy those requirements. Meaning that trust assets would not be recognized on the District's financial statements as offsetting its OPEB liability; and perhaps more importantly, trust assets would be subject to the California investment restrictions applicable to public agency assets, thereby defeating the primary purpose of the District's establishment of the Trust (that is, to access investments otherwise unavailable to public agency assets).