

AGENDA
 IRVINE RANCH WATER DISTRICT
 FINANCE AND PERSONNEL COMMITTEE MEETING
 TUESDAY, FEBRUARY 7, 2023

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=mc3ec8d01f3fcdcac51107ef720a52aa9>
 Meeting Number (Access Code): 2483 908 2332
 Meeting Password: 6jB6sQR97fD

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 before 7:30 a.m. on Tuesday, February 7, 2023.

COMMUNICATIONS

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

INFORMATION

5. 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. EXPENSES AND FEES OF BOARD MEMBERS AND GENERAL MANAGER PAID THROUGH THE SECOND QUARTER OF FISCAL YEAR 2022-23 – PULLES / CLARY

Recommendation: Receive and file.

8. LEGAL FEES QUARTERLY UPDATE – TOBAR / CLARY

Recommendation: Receive and file.

9. QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW – DAVIS / JACOBSON / CLARY

Recommendation: Receive and file.

10. FINANCIAL REPLACEMENT PLANNING MODEL UPDATE – SMITHSON / CLARY

Recommendation: Receive and file.

ACTION

11. AUDIT FIRM EXTENSION FOR THE FISCAL YEAR ENDING JUNE 30, 2023 – LIN / CLARY

Recommendation: That the Board authorize the General Manager to execute a new one-year audit services contract with Davis Farr LLP for the fiscal year ending June 30, 2023 at a cost of \$67,850 plus possible single audit fees not to exceed \$3,500.

OTHER BUSINESS

12. Directors' Comments

13. 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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February 7, 2023
Prepared by: L. Srader
Submitted by: T. Mitcham
Approved by: Paul A. Cook *PAC*

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.

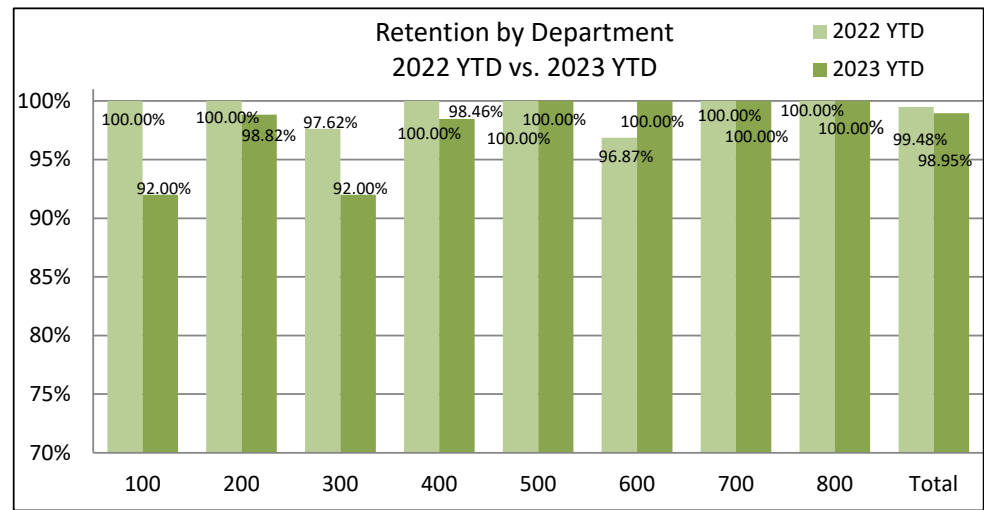
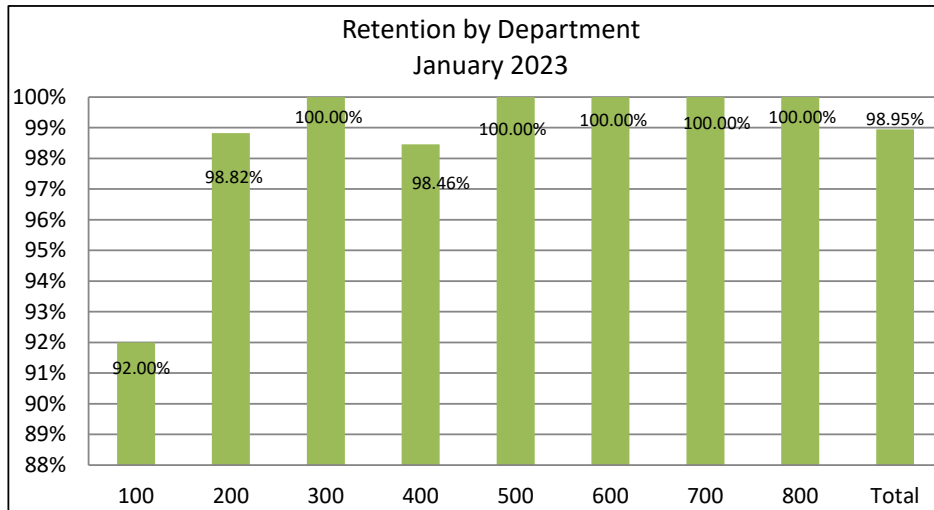
LIST OF EXHIBITS:

Exhibit "A" – Employee Population/Retention Status Report for January

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EXHIBIT "A"
IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
January 2023

Dept	@01/01/23	Current Month Activity							@01/31/23		FY 22/23	Avg FYTD	Avg FYTD	Avg FYTD	Retention	
	Positions Filled	New Hires	Terms		Promo Trnsfr		Lateral Trnsfr		Positions Filled	Positions Unfilled	Budgeted Positions	Filled Budget Positions	Temp Emp FTE	Total Filled Positions	Current Period	2023 YTD
			Vol	Invol	In	Out	In	Out								
100	25.0	1	2						24.0	2	26.0	23.4	0.57	24.0	92.00%	92.00%
200	85.0	1	1						85.0	7	92.0	86.1	0.68	86.8	98.82%	98.82%
300	42.0								42.0	3	45.0	42.6	2.53	45.1	100.00%	92.00%
400	65.0		1						64.0	9	73.0	64.7	0.54	65.3	98.46%	98.46%
500	50.0								50.0	12	62.0	51.1	1.00	52.1	100.00%	100.00%
600	32.0								32.0	2	34.0	30.0	4.27	34.3	100.00%	100.00%
700	27.0								27.0	1	28.0	26.6	3.38	30.0	100.00%	100.00%
800	54.0								54.0	6	60.0	54.7	0.29	55.0	100.00%	100.00%
Totals	380.0	2	4	0	0	0	0	0	378.0	42	420.0	379.3	13.25	392.5	98.95%	98.95%
1/22	376	4	1	1	0	0	0	0	378.0	43	421.0	382.1	9.6	391.8	99.47%	99.48%

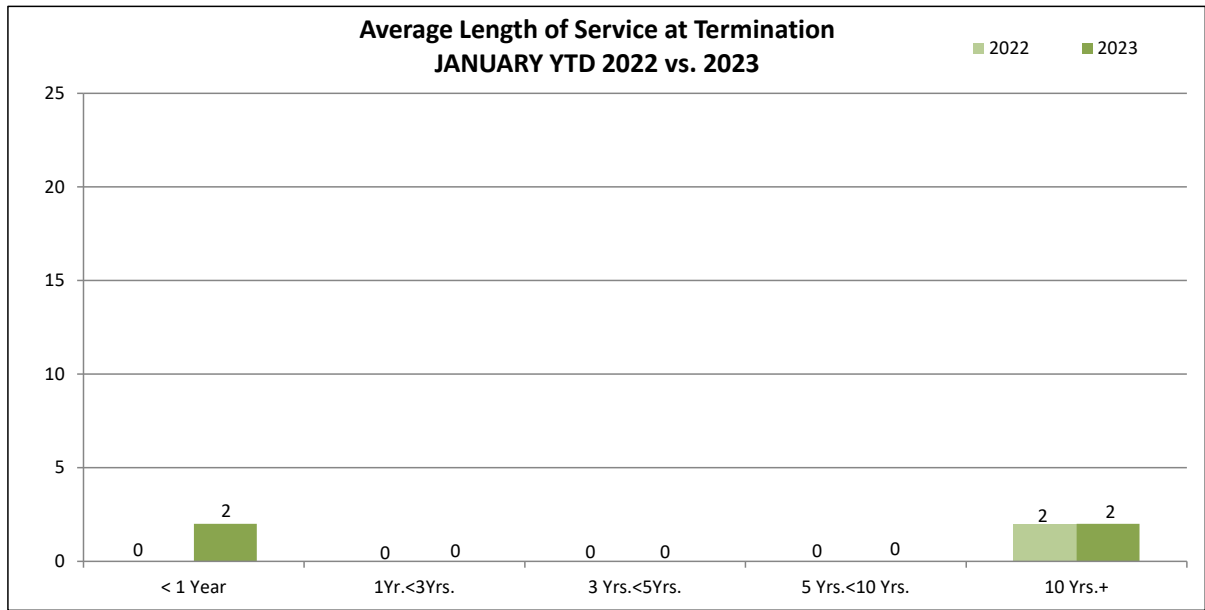


100-GM, HR, Safety, Commun; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.; 400-Water Ops; 500-Recycling Ops; 600-WQ&RC; 700-Water Res., Recyc. Water; 800-Adm. & Maint. Ops

**IRVINE RANCH WATER DISTRICT
RETENTION LONGEVITY RATIO
January 2023**

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	2												2	1					1
200	1												1						1
300													0						
400	1												1	1					
500													0						
600													0						
700													0						
800													0						
2023 Total	4	0	0	0	0	0	0	0	0	0	0	0	4	2	0	0	0	0	2
2022 Data	2	4	5	4	1	2	2	4	0	4	2	5	35						
Percentage of Total Retention														50.00%	100.00%	100.00%	100.00%	50.00%	

2023 Average YTD Length of Service at Termination	6.77 Years
2022 Average YTD Length of Service at Termination	10.40 Years
2021 Average YTD Length of Service at Termination	10.21 Years
2020 Average YTD Length of Service at Termination	16.33 Years
2019 Average YTD Length of Service at Termination	9.21 Years



**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION AND RETENTION REPORT
JANUARY 2023**

NEW HIRES				
Date	Dept	Employee Name	Position	Prior Company/Agency
01/16/23	100	Christine Franchville	Senior Executive Assistant	Cast Iron Partners & Wolfgang Puck Catering
01/30/23	200	Brenda Olvera	Office Specialist	North Carolina Administrative Office of the Court

TERMINATIONS					
Date	Dept	Employee Name	Position	Reason	Comments
01/25/23	100			VOL	
01/26/23	400			VOL	

RETIREMENTS					
Date	Dept	Employee Name	Position	Reason	Comments
01/03/23	100	Barbara Mourant	Senior Executive Assistant	RET	
01/12/23	200	Diana Sands	Office Specialist	RET	

PROMOTIONS					
Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
01/07/23	200	Herbert Ng	Senior Accounting Clerk	200	Accountant
01/07/23	800	Darin Nicholson	Senior Electrical & Instrumentation	800	Electrical & Instrumentation Supervisor
01/21/23	200	Ryan Matuska	Customer Service Supervisor	200	Customer Service Manager

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

CROSS TRAINING					
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
10/01/22	200	Courtney Fajatin	Customer Service Specialist I	100	Public Affairs Assistant
01/02/23	200	Brittany Pizanie	Customer Service Specialist II	200	Customer Service Field Technician

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION AND RETENTION REPORT
JANUARY 2023**

UNFILLED POSITIONS			
Dept	Position	Salary Grade	Comments
100	Senior Human Resources Analyst	U13.E	
100	Human Resources Analyst	U11.E	
200	User Support Manager	U20.E	
200	Customer Service Supervisor	U11.E	
200	Accounting Supervisor	U14.E	Recruiting
200	Senior Accounting Clerk	20.N	Recruiting
200	Customer Service Specialist II	18.N	Recruiting
200	Customer Service Specialist I	13.N	Recruiting
200	Mail Coordinator	7.N	Start Date Confirmed
300	Senior Engineer	U20.E	
300	Engineer	U17.E	Recruiting
300	Engineering Technician	20.N	Start Date Confirmed
400	Operator II	27.N	
400	Metering Systems Technician II	22.N	
400	Water Maintenance Technician II	22.N	
400	Metering Systems Technician I	16.N	
400	Water Maintenance Technician I	16.N	Recruiting
400	Water Maintenance Technician I	16.N	Recruiting
400	Water Maintenance Technician I	16.N	
400	Water Maintenance Technician I	16.N	
400	Water Maintenance Technician I	16.N	
500	Collection Systems Manager	U18.N	
500	Collection Systems Supervisor	S33.N	
500	Process Specialist	32.N	
500	Operator III	30.N	
500	Operator III	30.N	Recruiting
500	Operator II	27.N	Recruiting
500	Operator II	27.N	Recruiting
500	Sr. Coll Systems CCTV Tech	25.N	
500	Wetlands Specialist	24.N	
500	Collection Systems Technician II	21.N	
500	Collection Systems Technician II	21.N	
500	Operator I	22.N	
600	Water Quality Manager	U19.E	Recruiting
600	Scientist	29.N	Recruiting
700	Senior Water Loss Prevention Specialist	27.N	
800	Reliability Engineer	U20.E	
800	Senior Electrical & Instrumentation Tech	31.N	
800	Electrical & Instrumentation Technician	28.N	Recruiting
800	Electrical & Instrumentation Technician	28.N	
800	Electrical & Instrumentation Technician	28.N	
800	Vehicle & Equipment Mechanic	23.N	

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
January 2023**

LEAVE OF ABSENCE					
Type of Leave	Pay Status	Date Leave Began	Anticipated Return Date	Current Length (wks)	Comments
WC	WC/TTD	7/27/2022	1/31/2023	26.86	
LOA	Unpaid LOA	7/25/2022	1/31/2023	27.14	
WC	WC/TTD	10/11/2022	1/31/2023	16.00	
FMLA/CFRA	ACCRUALS	11/1/2022	1/9/2023	9.86	
FMLA/CFRA	ACCRUALS	11/6/2022	1/15/2023	10.00	
FMLA/CFRA	ACCRUALS	11/12/2022	2/21/2023	14.43	
FMLA/CFRA	ACCRUALS	12/26/2022	2/20/2023	8.00	
FMLA/CFRA	ACCRUALS	1/30/2023	4/24/2023	12	
LOA	ACCRUALS	1/5/2023	1/23/2023	2.57	

Leave	Original Status	Date Leave Began	Anticipated Return Date	Length (wks)	Actual Return Date	Comments
FMLA/CFRA	SDI	12/23/2021	2/24/2022	9.00	2/7/2022	Returned
FMLA/CFRA	SDI	1/17/2022	1/27/2022	1.43	1/31/2022	Returned
FMLA/CFRA	SDI	1/24/2022	2/24/2022	4.43	2/22/2022	Returned
FMLA/CFRA	WC/TTD	1/27/2022	2/16/2022	2.86	2/16/2022	Returned
FMLA/CFRA	SDI	10/12/2021	3/7/2022	20.86	3/8/2022	Returned
FMLA/CFRA	SDI	9/24/2021	3/17/2022	24.86	3/10/2022	Returned
FMLA/CFRA	SDI	9/6/2021	3/7/2022	26.00	3/7/2022	Returned
FMLA/CFRA	ACCRUALS	2/28/2022	3/17/2022	2.43	3/17/2022	Returned
FMLA/CFRA	SDI	12/13/2021	4/1/2022	15.57	3/31/2022	Separation

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT FOR 2023
JANUARY 2023**

Month	Length of Employment	Termination		Comments
		Vol	Invol	
January	15 years, 9 months	X		RET
	10 years, 3 months	X		RET
	11 months	X		Inland Empire Utility Agency
	2 months	X		City of Brea
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				

Change in status = CS
Retirement = RET
No Reason Given = NRG

Personal/Family = P/F
Relocation = REL

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

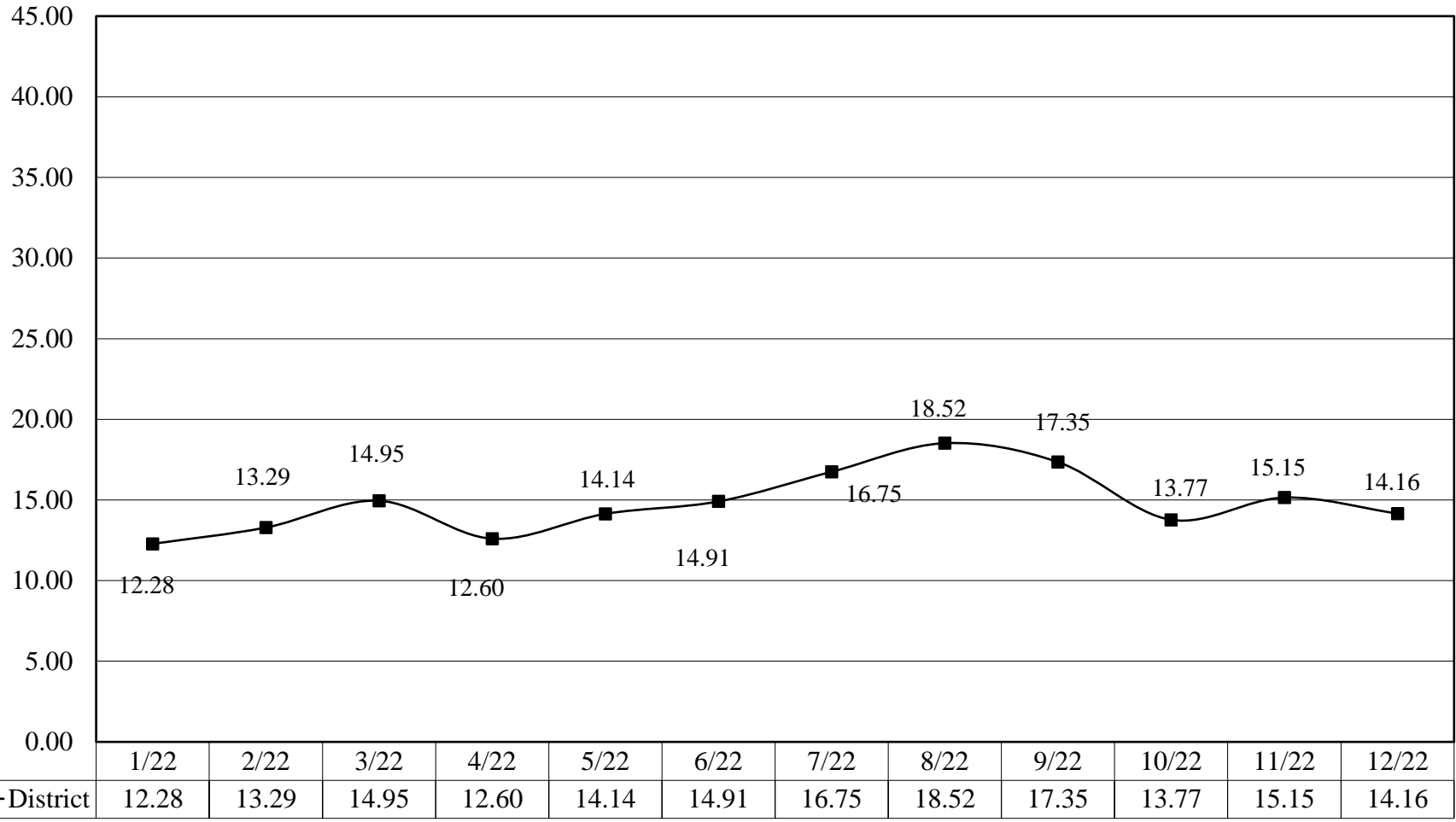
ACTIVE											
Current Month	FYTD Ave Hours Worked	PERS Enroll-ment	Agency		Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FY' YTD	Actual Cost FY 'YTD
FTE	FTE			Dept							
0.58	0.57	Yes		100	50.00	84	4,200.00	8	6	25,200.00	34,522.50
0.58	0.57			100							
0.55	0.32	No		200	19.00	84	1,596.00	11	5	7,980.00	7,486.00
0.62	0.32	No		200	19.00	84	1,596.00	9	4	6,384.00	7,476.50
1.18	0.65			200							
0.40	0.47	No		300	20.00	84	1,680.00	12	6	10,080.00	11,380.00
0.49	0.46	No		300	19.00	84	1,596.00	12	6	9,576.00	10,706.50
0.43	0.43	No		300	19.00	84	1,596.00	12	6	9,576.00	9,899.00
0.39	0.46	No		300	19.00	84	1,596.00	12	6	9,576.00	10,507.00
0.45	0.70	Yes		300	36.06	168	6,058.08	5	6	36,348.48	30,578.88
0.06	0.01	Yes		300	95.00	84	7,980.00	6	1	7,980.00	950.00
2.22	2.53			300							
0.93	0.29	No	X	400	34.12	168	5,732.16	6	3	17,196.48	12,214.96
0.87	0.25	No	X	400	37.90	168	6,367.20	6	3	19,101.60	11,370.00
1.80	0.54			400							
0.00	0.00			500							
0.39	0.30	No		600	15.00	84	1,260.00	7	6	7,560.00	5,385.00
0.87	0.31	No	X	600	45.72	168	7,680.96	6	6	46,085.76	17,442.18
0.74	0.62	Yes		600	28.72	168	4,824.96	12	6	28,949.76	21,462.46
0.87	0.61	No	X	600	37.70	168	6,333.60	7	6	38,001.60	28,180.75
0.87	0.40	No	X	600	45.72	168	7,680.96	2	6	46,085.76	22,288.50
0.87	0.41	No	X	600	45.72	168	7,680.96	4	6	46,085.76	23,159.17
0.23	0.17	No		600	15.00	84	1,260.00	9	4	5,040.00	3,180.00
0.35	0.13	No		600	15.00	84	1,260.00	12	3	3,780.00	2,403.75
0.23	0.05	No		600	17.00	84	1,428.00	9	2	2,856.00	935.00
0.28	0.46	No		600	15.00	84	1,260.00	12	6	7,560.00	8,392.50
5.70	3.47			600							
0.11	0.37	No		700	15.00	84	1,260.00	12	6	7,560.00	6,753.75
0.87	0.41	No	X	700	30.28	168	5,087.04	5	6	30,522.24	14,897.76
0.23	0.59	Yes		700	34.57	168	5,807.76	7	6	34,846.56	25,106.46
0.87	0.25	No	X	700	34.57	168	5,807.76	4	5	29,038.80	10,388.29
0.62	0.63	No		700	18.00	84	1,512.00	12	6	9,072.00	13,752.00
2.69	2.25			700							
0.00	0.00			800							
14.16	9.99										

**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
0.00	0.00			100							
0.12	0.03	No	X	200	39.50	168	6,636.00	4	2	13,272.00	829.50
0.12	0.03			200							
0.00	0.00			300							
0.00	0.00			400							
0.68	1.00	Yes		500	26.12	168	4,388.16	12	6	26,328.96	56,210.24
0.68	1.00			500							
0.46	0.17	No		600	15.00	84	1,260.00	12	5	12,600.00	5,325.00
0.46	0.34	No		600	15.00	84	1,260.00	10	10	12,600.00	10,755.00
0.92	0.52			600							
0.21	0.54	Yes		700	32.04	168	5,382.72	12	1	5,382.72	5,991.48
0.44	0.06	No	X	700	34.57	168	5,807.76	4	1	5,807.76	2,627.32
0.32	0.29	Yes		700	42.95	84	3,607.80	7	5	18,039.00	14,903.65
1.00	0.25	No		700	15.00	84	1,260.00	3	2	2,520.00	4,545.00
1.96	1.14			700							
0.32	0.29	Yes		700	42.95	84	3,607.80	7	6	21,646.80	14,903.65
0.32	0.29			800							
4.00	2.97									620,240.04	466,909.74

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 December 31, 2022**




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February 7, 2023

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 January 31, 2023, as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of January 31, 2023, as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of January 31, 2023, as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of January 31, 2023, as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

The rate of return for the fixed income investment portfolio was 2.56%, which was a 0.29% increase from December's rate of 2.27%. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for January 2023 was 4.68%, which was a 0.15% increase from December's rate of 4.53%. The increases were due to the higher average balance in the fixed income portfolio invested at higher interest rates.

Debt Portfolio:

As of January 31, 2023, IRWD's weighted average all-in variable rate for debt was 1.91%, which was a 1.02% decrease from December's rate of 2.93%. 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 3.18%, a 0.39% decrease from December's rate of 3.57%. The decrease was due to lower average rates for the District's variable rate debt.

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 January 31, 2023

Exhibit "B" – Yield Curve as of January 31, 2023

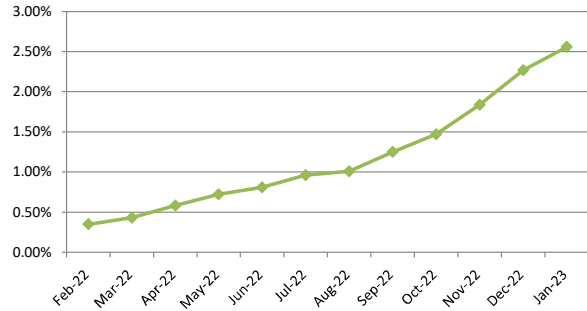
Exhibit "C" – Summary of Fixed and Variable Debt as of January 31, 2023

Exhibit "D" – Summary of Variable Rate Debt Rates as of January 31, 2023

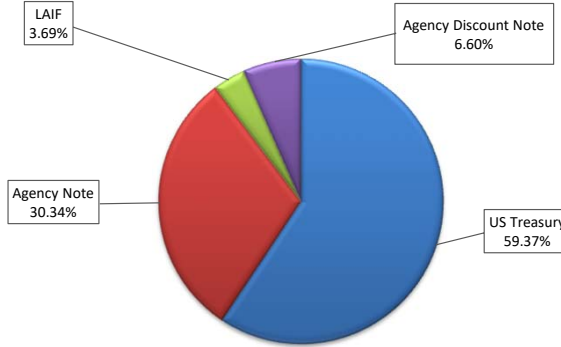
Exhibit "A"

Irvine Ranch Water District Investment Portfolio Summary January 2023

Monthly Fixed Income Yield



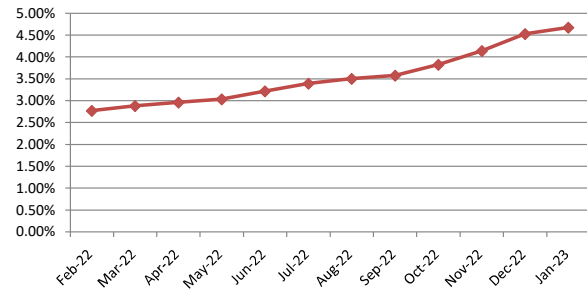
Portfolio Distribution



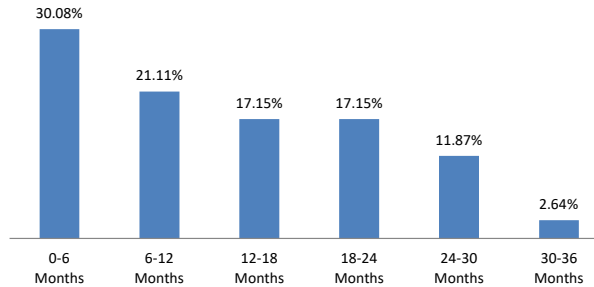
Investment Summary

Type	PAR	Book Value	Market Value
US Treasury	225,000,000	222,461,743	218,968,263
Agency Note	115,000,000	114,138,512	113,120,250
Agency Discount	25,000,000	24,643,868	24,595,544
LAIF	14,000,000	14,000,000	13,739,450
Grand Total	379,000,000	375,244,123	370,423,506

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
US Treasury	225,000,000	59.37%
Fed Home Loan Bank	75,000,000	19.79%
Fed Farm Credit Bank	50,000,000	13.19%
State of California Tsy.	14,000,000	3.69%
Fed Home Loan Mortgage Corp	10,000,000	2.64%
Fed Natl Mortgage Assoc	5,000,000	1.32%
Grand Total	379,000,000	100.00%

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

01/31/23

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 1/31/2023	UNREALIZED ⁽²⁾ GAIN/(LOSS)
01/31/23			02/01/23		LAIF	State of California Tsy.	\$14,000,000		2.460%	\$14,000,000.00	\$14,000,000.00	13,739,449.61	(260,550.39)
01/03/23	NA	NA	02/07/23	NR	FHLB - Discount Note	Fed Home Loan Bank	10,000,000	4.100%	4.174%	9,960,138.89	9,993,166.67	9,960,138.90	(33,027.77)
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	9,999,693.12	9,957,600.00	(42,093.12)
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	9,999,585.58	9,933,300.00	(66,285.58)
01/31/23	NA	NA	03/16/23	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	4.480%	4.567%	4,972,622.22	4,973,244.44	4,972,622.20	(622.24)
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	9,999,561.24	9,897,600.00	(101,961.24)
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	4,998,545.42	4,948,800.00	(49,745.42)
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	9,998,153.16	9,862,500.00	(135,653.16)
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	9,995,626.12	9,862,500.00	(133,126.12)
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	4,963,120.04	4,930,850.00	(32,270.04)
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	9,991,548.30	9,821,500.00	(170,048.30)
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	4,991,078.35	4,889,050.00	(102,028.35)
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	9,970,563.94	9,842,600.00	(127,963.94)
01/24/23	NA	NA	07/12/23	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	4.685%	4.857%	4,890,032.64	4,895,238.20	4,890,032.65	(5,205.55)
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	4,985,651.78	4,868,350.00	(117,301.78)
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	4,968,712.30	4,868,350.00	(100,362.30)
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	9,965,795.01	9,723,100.00	(242,695.01)
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	4,961,722.23	4,849,050.00	(112,672.23)
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	4,908,533.34	4,843,150.00	(65,383.34)
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	9,978,877.81	9,667,600.00	(311,277.81)
01/13/23	NA	NA	10/03/23	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.750%	4.809%	4,998,200.00	4,998,330.04	4,998,200.00	(130.04)
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	4,980,731.87	4,876,000.00	(104,731.87)
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	4,972,580.65	4,876,000.00	(96,580.65)
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	4,930,942.76	4,810,550.00	(120,392.76)
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	4,920,952.91	4,810,550.00	(110,402.91)
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	4,991,611.96	4,928,400.00	(63,211.96)
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	4,911,493.34	4,789,650.00	(121,843.34)
01/17/23	NA	NA	01/12/24	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	4.545%	4.771%	4,772,750.00	4,782,218.75	4,772,750.00	(9,468.75)
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	4,944,588.70	4,798,250.00	(146,338.70)
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	4,954,434.12	4,882,800.00	(71,634.12)
12/16/22	NA	NA	02/15/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.750%	4.531%	4,899,804.69	4,910,859.10	4,892,950.00	(17,909.10)
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	4,972,717.96	4,821,300.00	(151,417.96)
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	10,020,946.61	9,662,600.00	(358,346.61)
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	9,927,864.23	9,651,600.00	(276,264.23)
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	9,992,224.91	9,705,500.00	(286,724.91)
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	4,987,431.48	4,873,250.00	(114,181.48)
12/16/22	NA	NA	06/14/24	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	4.875%	4.611%	5,018,300.00	5,016,724.73	5,007,650.00	(9,074.73)
12/01/22	NA	NA	07/02/24	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.750%	4.450%	4,795,376.45	4,817,287.78	4,788,250.00	(29,037.78)
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	4,982,077.21	4,878,700.00	(103,377.21)
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	4,990,584.85	4,898,150.00	(92,434.85)
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	4,996,008.34	4,948,500.00	(47,508.34)
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	5,000,603.83	4,887,400.00	(113,203.83)
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	4,916,482.77	4,887,400.00	(29,082.77)
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	4,993,447.46	4,974,300.00	(19,147.46)
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	9,974,220.52	9,967,400.00	(6,820.52)
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	4,810,913.94	4,804,700.00	(6,213.94)
12/22/22	NA	NA	11/18/24	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.875%	4.260%	4,693,316.75	4,711,356.94	4,682,150.00	(29,206.94)
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	4,799,696.68	4,794,550.00	(5,146.68)
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	4,798,662.41	4,794,550.00	(4,112.41)
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	4,691,717.01	4,681,850.00	(9,867.01)
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	4,814,062.50	4,812,900.00	(1,162.50)
12/30/22	NA	NA	02/28/25	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.750%	4.317%	4,839,453.13	4,846,151.04	4,834,550.00	(11,601.04)
12/30/22	NA	NA	03/15/25	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.750%	4.329%	4,731,250.00	4,742,253.41	4,728,150.00	(14,103.41)

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

01/31/23

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 1/31/2023	UNREALIZED ⁽²⁾ GAIN/(LOSS)
12/22/22	NA	NA	04/01/25	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	4.200%	4.160%	5,004,550.00	5,004,325.51	4,997,850.00	(6,475.51)
12/08/22	Quarterly	02/12/2023	05/12/25	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	3.050%	4.427%	4,843,000.00	4,852,746.05	4,835,600.00	(17,146.05)
01/11/23	NA	NA	05/15/25	Aaa/AA+/AAA	Treasury - Note	US Treasury	5,000,000	2.750%	4.148%	4,845,312.50	4,849,111.84	4,845,312.50	(3,799.34)
12/13/22	NA	NA	06/13/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.340%	4,989,400.00	4,989,980.50	4,986,000.00	(3,980.50)
12/13/22	NA	NA	06/13/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.352%	4,988,000.00	4,988,657.17	4,986,000.00	(2,657.17)
12/01/22	NA	NA	10/15/25	Aaa/AA+/AAA	Treasury - Note	US Treasury	5,000,000	4.250%	4.298%	4,993,359.38	4,993,751.87	5,000,400.00	6,648.13
12/01/22	Continuous after	9/12/2023	12/12/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.125%	4.694%	4,920,500.00	4,924,952.57	4,922,700.00	(2,252.57)
SUB-TOTAL							<u>\$379,000,000</u>			<u>\$373,928,594.52</u>	<u>\$375,244,123.35</u>	<u>\$370,423,505.86</u>	<u>(\$4,820,617.49)</u>
TOTAL INVESTMENTS							<u>\$379,000,000</u>			<u>\$373,928,594.52</u>	<u>\$375,244,123.35</u>	<u>\$370,423,505.86</u>	<u>(\$4,820,617.49)</u>
					Petty Cash					3,400.00			
					Ck Balance	Bank of America		ECR	1.44%	1,722,906.73			
					Ck Balance	Wells Fargo		ECR	1.55%	2,339,124.79			
										<u>\$377,994,026.04</u>			

⁽¹⁾ 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.

⁽²⁾ Gain (loss) calculated against carry value using the trading value provided by Bank of New York/or Brokers

⁽³⁾ Real estate rate of return is based on most recent quarter end return

*S - Step up

This Investment Summary Report is in conformity with the 2023 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.

Outstanding Variable Rate Debt	\$227,000,000
Net Outstanding Variable Rate Debt (Less \$60 million fixed-payer swaps)	\$167,000,000
Investment Balance:	\$377,994,026
Investment to Variable Rate Debt Ratio:	226%
Portfolio - Average Number of Days To Maturity	370

	Investment Portfolio	Real Estate ⁽³⁾ Portfolio	Weighted Avg. Return
January	2.56%	13.02%	4.68%
December	2.27%	13.02%	4.53%
Change	0.29%		0.15%

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

01/31/23

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury
1/23	14,000,000	3.69%	\$14,000,000				
2/23	30,000,000	7.92%		10,000,000	10,000,000		10,000,000
3/23	20,000,000	5.28%			5,000,000		15,000,000
4/23	20,000,000	5.28%					20,000,000
5/23	15,000,000	3.96%		5,000,000			10,000,000
6/23	15,000,000	3.96%					15,000,000
7/23	15,000,000	3.96%			5,000,000		10,000,000
8/23	15,000,000	3.96%					15,000,000
9/23	15,000,000	3.96%					15,000,000
10/23	15,000,000	3.96%		5,000,000			10,000,000
11/23	10,000,000	2.64%					10,000,000
12/23	10,000,000	2.64%		5,000,000			5,000,000
SUB-TOTAL	\$194,000,000	51.19%	\$14,000,000	\$25,000,000	\$20,000,000		\$135,000,000

13 Months - 3 YEARS							
1/01/2024 - 03/31/2024	\$35,000,000	9.23%		10,000,000	5,000,000		20,000,000
4/01/2024 - 6/30/2024	\$30,000,000	7.92%		10,000,000			20,000,000
7/01/2024 - 09/30/2024	\$35,000,000	9.23%		30,000,000			5,000,000
10/01/2024 - 12/31/2024	\$30,000,000	7.92%		15,000,000			15,000,000
01/01/2025 - 03/31/2025	\$20,000,000	5.28%					20,000,000
4/01/2025 - 06/30/2025	\$25,000,000	6.60%		20,000,000			5,000,000
7/01/2025 - 9/30/2025							
10/01/2025 - 12/31/2025	\$10,000,000	2.64%		5,000,000			5,000,000
01/01/2026 +							
TOTALS	\$379,000,000	100.00%	\$14,000,000	115,000,000	25,000,000		225,000,000

% OF PORTFOLIO

3.69%

30.34%

6.60%

59.37%

Irvine Ranch Water District
Summary of Real Estate - Income Producing Investments
12/31/2022

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2022	ANNUALIZED RATE OF RETURN QUARTER ENDED 12/31/2022
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 43,550,810	\$ 174,250,000	21.22%
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	10.42%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,630,577	\$ 11,832,000	6.88%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	\$ 8,648,594	\$ 12,138,000	7.81%
Sand Canyon Professional Center - General Office	Sep-20	Office Building	Fee Simple	\$ 25,985,968	\$ 33,915,000	4.65%
Total - Income Properties				\$ 98,555,794	\$ 278,569,459	13.02%

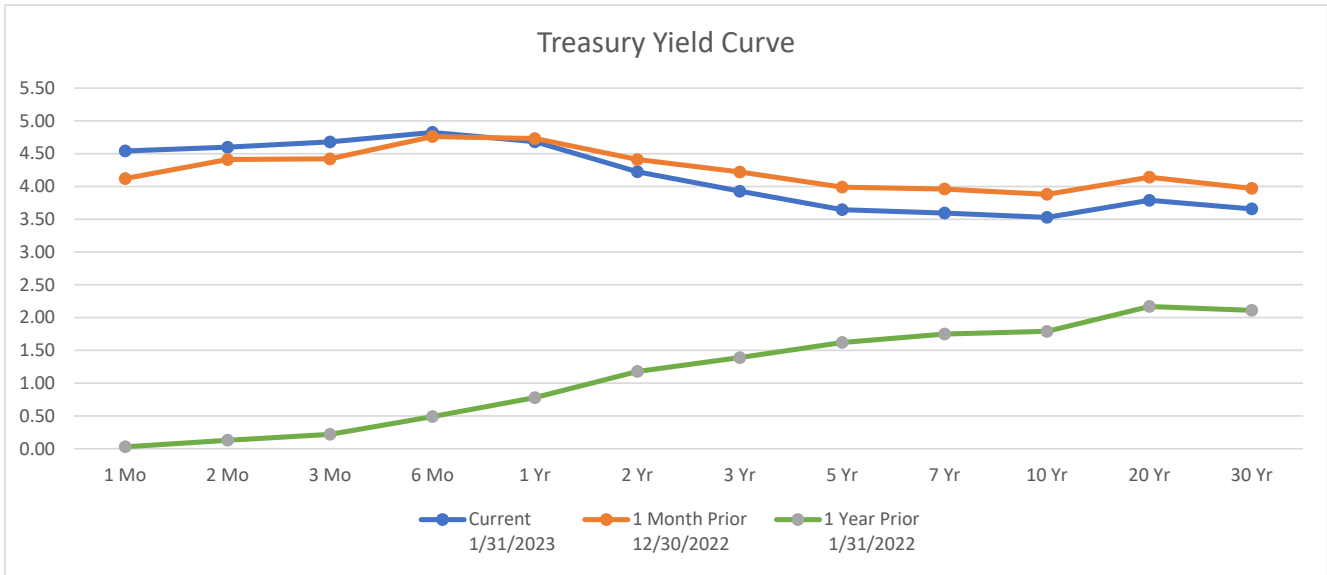
IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY
Jan-23

MATURITIES/SALES/CALLS

PURCHASES

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
1/13/2023	FHLB - Discount Note	\$5,000,000	3.86%	1/3/2023	2/7/2023	FHLB - Discount Note	\$10,000,000	4.17%
1/17/2023	FHLB - Discount Note	\$5,000,000	4.02%	1/11/2023	5/15/2025	Treasury - Note	\$5,000,000	4.15%
1/24/2023	FHLB - Discount Note	\$5,000,000	3.92%	1/13/2023	10/3/2023	FHLB - Note	\$5,000,000	4.81%
1/31/2023	Treasury - Note	\$5,000,000	0.14%	1/17/2023	1/12/2024	FHLB - Discount Note	\$5,000,000	4.77%
1/31/2023	Treasury - Note	\$10,000,000	0.42%	1/24/2023	7/12/2023	FHLB - Discount Note	\$5,000,000	4.86%
1/31/2023	Treasury - Note	\$5,000,000	1.07%	1/31/2023	3/16/2023	FHLB - Discount Note	\$5,000,000	4.57%

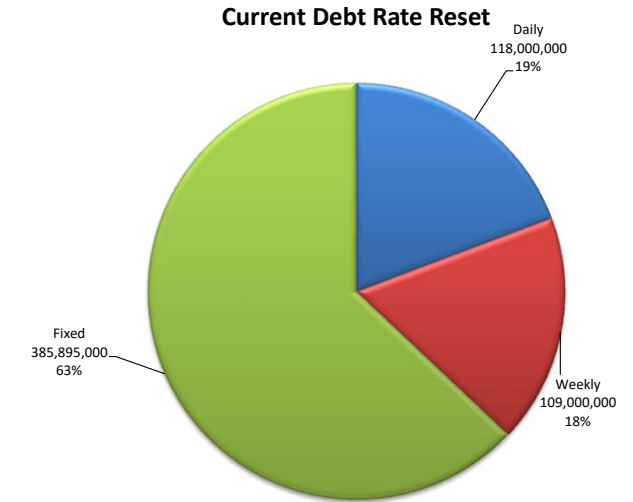
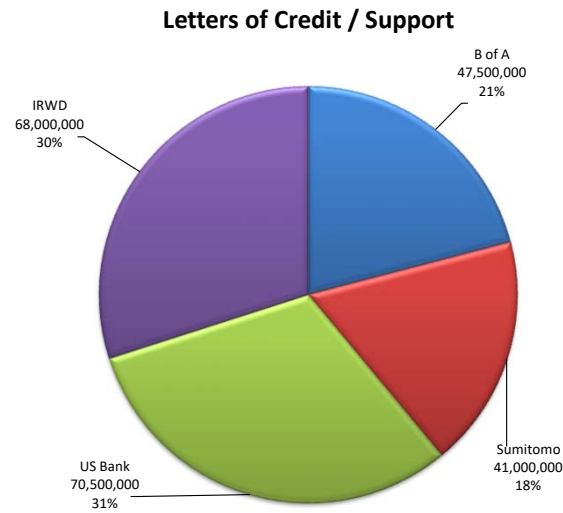
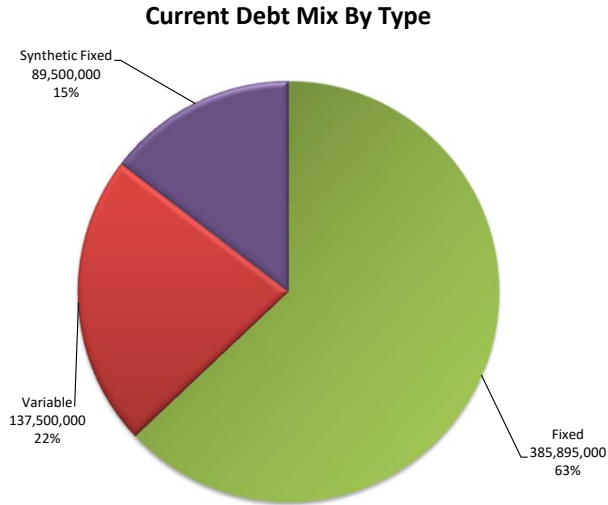
Exhibit "B"



Tenor	Current 1/31/2023	1 Month Prior 12/30/2022	1 Year Prior 1/31/2022
1 Mo	4.54	4.12	0.03
2 Mo	4.60	4.41	0.13
3 Mo	4.68	4.42	0.22
6 Mo	4.83	4.76	0.49
1 Yr	4.68	4.73	0.78
2 Yr	4.22	4.41	1.18
3 Yr	3.93	4.22	1.39
5 Yr	3.65	3.99	1.62
7 Yr	3.60	3.96	1.75
10 Yr	3.53	3.88	1.79
20 Yr	3.79	4.14	2.17
30 Yr	3.66	3.97	2.11

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Exhibit "C"
Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
January 2023



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
Total			\$612,895,000	100.00%				

IRVINE RANCH WATER DISTRICT
SUMMARY OF FIXED & VARIABLE RATE DEBT

January-23

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	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											
		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											
		04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$41,000,000	SUMITOMO	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	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	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	US BANK	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											
\$349,430,000							\$227,000,000	SUB-TOTAL VARIABLE RATE DEBT										\$160,978,521	0.2979%	\$479,570												
																(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	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	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	N/A	BANK OF NY											
\$395,145,000							\$385,895,000	SUB-TOTAL FIXED RATE DEBT																								
\$744,575,000							\$612,895,000	TOTAL - FIXED & VARIABLE RATE DEBT																								
							\$503,245,000																									

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	612,895,000	
	227,000,000				

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%
	159,000,000	Sub-Total	227,000,000
		Fixed Rate Issues	\$385,895,000 63%
		Sub-Total - Fixed	385,895,000
		TOTAL DEBT	
		FIXED & VAR.	612,895,000 100%

Exhibit "D"

SUMMARY OF DEBT RATES Jan-23

Rmkt Agent Mode	GOLDMAN DAILY	GOLDMAN WEEKLY	GOLDMAN WEEKLY	MERRILL LYNCH		US BANK DAILY	
Bond Issue	2009 - B	2011 A-1	2011 A-2	1993	2008-A	2009-A	
Par Amount	47,800,000	40,800,000	27,200,000	23,000,000	41,000,000	47,500,000	
LOC Bank Reset	BOFA	(SIFMA + 6) Wednesday	(SIFMA + 6) Wednesday	US BANK	Sumitomo Wednesday	US BANK	
1/1/2023	2.50%	3.72%	3.72%	2.63%	3.25%	2.70%	
1/2/2023	2.50%	3.72%	3.72%	2.63%	3.25%	2.70%	
1/3/2023	2.20%	3.72%	3.72%	2.42%	3.25%	2.60%	
1/4/2023	2.00%	3.72%	3.72%	1.92%	3.25%	2.25%	
1/5/2023	1.75%	3.19%	3.19%	1.81%	2.67%	1.90%	
1/6/2023	1.50%	3.19%	3.19%	1.61%	2.67%	1.80%	
1/7/2023	1.50%	3.19%	3.19%	1.61%	2.67%	1.80%	
1/8/2023	1.50%	3.19%	3.19%	1.61%	2.67%	1.80%	
1/9/2023	1.42%	3.19%	3.19%	1.42%	2.67%	1.60%	
1/10/2023	1.35%	3.19%	3.19%	1.37%	2.67%	1.45%	
1/11/2023	1.00%	3.19%	3.19%	1.12%	2.67%	1.30%	
1/12/2023	0.95%	2.56%	2.56%	0.86%	1.97%	1.10%	
1/13/2023	0.67%	2.56%	2.56%	0.66%	1.97%	0.95%	
1/14/2023	0.67%	2.56%	2.56%	0.66%	1.97%	0.95%	
1/15/2023	0.67%	2.56%	2.56%	0.66%	1.97%	0.95%	
1/16/2023	0.67%	2.56%	2.56%	0.66%	1.97%	0.95%	
1/17/2023	0.55%	2.56%	2.56%	0.62%	1.97%	0.75%	
1/18/2023	0.52%	2.56%	2.56%	0.46%	1.97%	0.65%	
1/19/2023	0.42%	1.92%	1.92%	0.41%	1.21%	0.60%	
1/20/2023	0.40%	1.92%	1.92%	0.35%	1.21%	0.50%	
1/21/2023	0.40%	1.92%	1.92%	0.35%	1.21%	0.50%	
1/22/2023	0.40%	1.92%	1.92%	0.35%	1.21%	0.50%	
1/23/2023	0.38%	1.92%	1.92%	0.32%	1.21%	0.45%	
1/24/2023	0.30%	1.92%	1.92%	0.25%	1.21%	0.40%	
1/25/2023	0.25%	1.92%	1.92%	0.25%	1.21%	0.35%	
1/26/2023	0.25%	1.72%	1.72%	0.25%	1.04%	0.35%	
1/27/2023	0.25%	1.72%	1.72%	0.25%	1.04%	0.35%	
1/28/2023	0.25%	1.72%	1.72%	0.25%	1.04%	0.35%	
1/29/2023	0.25%	1.72%	1.72%	0.25%	1.04%	0.35%	
1/30/2023	0.30%	1.72%	1.72%	0.37%	1.04%	0.45%	
1/31/2023	0.36%	1.72%	1.72%	0.50%	1.04%	0.50%	
Avg Interest Rates	0.91%	2.46%	2.46%	0.93%	1.94%	1.09%	
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%	0.07%	
LOC Fee	0.28%			0.30%	0.32%	0.30%	
All-In Rate	1.29%	2.59%	2.59%	1.33%	2.33%	1.46%	
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	1.37%	0.99%
Weekly	48.02%	109,000,000	2.49%	2.27%
	100.00%	\$ 227,000,000	1.91%	1.60%
Fixed				
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%	\$ 385,895,000	3.71%	
All-In Debt Rate Including \$60 Million Notional Amount of Swaps				3.18%

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

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February 7, 2023
 Prepared by: M. Pulles
 Submitted by: C. Clary
 Approved by: Paul A. Cook *PAC*

FINANCE AND PERSONNEL COMMITTEE

EXPENSES AND FEES OF BOARD MEMBERS AND GENERAL MANAGER
PAID THROUGH THE SECOND QUARTER OF FISCAL YEAR 2022-23

SUMMARY:

Pursuant to the Policy Regarding Business Expense Reimbursement, Travel, Meeting Compensation, and Representation, staff has assembled for Committee review an Expense Summary, as shown in Exhibits “A” and “B”, for IRWD’s Board members and the General Manager through the second quarter of Fiscal Year (FY) 2022-23. Provided below is a summary of expenses paid to date.

	Name	Conference, Travel, and Other District-Related Expenses	Meeting Fees	Total
Board Members:	LaMar	\$9,892	\$18,900	\$ 28,792
	McLaughlin	0	8,505	8,505
	Reinhart	901	18,900	19,801
	Swan	13,022	18,900	31,922
	Withers	2,677	17,640	20,317
	<i>Total:</i>	\$26,492	\$82,845	\$109,337
General Manager:	Cook	\$237	N/A	\$237
	<i>Total:</i>	\$237	N/A	\$237

FISCAL IMPACTS:

Meeting fees total \$82,845 versus a budget of \$98,000 resulting in a positive variance of \$15,155 year to date. Conference and meeting-related travel expenses for both the Board of Directors and the General Manager totaled \$26,729 versus a budget of \$59,000, resulting in a positive variance of \$32,271.

The total cost for Board and General Manager conference, travel, and other District-related expenses, including meeting fees, through the second quarter FY 2022-23 is \$109,574, resulting in a positive variance of \$47,426 to budget.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Expense Summary Overview for the Board Members and General Manager

Exhibit "B" – Expense Summaries by Individual



**Irvine Ranch Water District
Conference/Seminar and Monthly Expense Summary
Through the Second Quarter FY 2022-23**

All Board Members/General Manager

Name	Registration Fees	Airfare	Lodging	Meals	Taxi/Shuttle/ Auto Rental	Parking Fees	Other	Mileage Reimb		Reimb. By Personal Ck.	Total
								# Miles	Amount		
Board Members:											
Steven LaMar	2,435	2,351	4,193	145	49	274	-	711	445	-	9,892
Karen McLaughlin	-	-	-	-	-	-	-	-	-	-	-
Doug Reinhart	195	-	483	75	-	-	-	236	148	-	901
Peer Swan	4,752	3,474	3,066	301	515	372	77	743	465	-	13,022
John Withers	1,370	-	982	50	-	-	-	441	275	-	2,677
											-
											-
											-
											-
											-
											-
General Manager:											
Paul Cook	-	-	-	213	-	19	5	-	-	-	237
											-
											-
Total	\$ 8,752	\$ 5,825	\$ 8,724	\$ 784	\$ 564	\$ 665	\$ 82	2,130	\$ 1,333	\$ -	\$ 26,729

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**Irvine Ranch Water District
Conference/Seminar and Monthly Expense Summary
Through the Second Quarter FY 2022-23**

Steven LaMar

Date Paid	Date Incurred	Description/Location	Registration Fees	Airfare	Lodging	Meals	Taxi/Shuttle/ Auto Rental	Parking Fees	Other	Mileage Reimb		Reimbursed by Personal Check	Total
										# Miles	Amount		
Monthly Expense Reports													
	July 2022	Monthly Expense Report (no activity this period)											\$ -
Paid	August 2022	*Various business/virtual meetings								158	98.94		98.94
	September 2022	Monthly Expense Report (no activity this period)											-
Paid	October 2022	ACWA Hoover Dam - Colorado River Aqueduct Inspection Trip		329.98				63.00		81	50.63		443.61
Paid	November 2022	*Various business/virtual meetings			715.70								715.70
Paid	December 2022	CCEEB In-Person WQTF Meeting, Pasadena								109	68.31		68.31
	January 2023	Monthly Expense Report (no activity this period)											-
	February 2023	Monthly Expense Report (no activity this period)											-
	March 2023	Monthly Expense Report (no activity this period)											-
	April 2023	Monthly Expense Report (no activity this period)											-
	May 2023	Monthly Expense Report (no activity this period)											-
	June 2023	Monthly Expense Report (no activity this period)											-
													-
													-
Conferences/Seminars and Other Non-local Travel													
Paid	July 11-14, 2022	ACWA Annual Washington DC Conference, Washington, D.C.	760.00	1,573.20	858.69	60.29	38.60	80.00					3,370.78
Paid	July 18-25, 2022	CA Council for Environmental & Economic Balance, Olympic Valley, CA	1,675.00	447.96	1,274.56	19.73		130.63		54	33.50		3,581.38
Paid	Aug. 2-4, 2022	9th Annual Forecast Informed Reservoir Operations, La Jolla, CA			619.84	13.23	10.13			93	58.07		701.27
Paid	Nov. 28-30, 2022	ACWA 2022 Fall Conference, Indian Wells, CA			724.44	52.13				216	135.00		911.57
													-
													-
													-
													-
													-
													-
													-
													-
													-
													-
													-
Total			\$ 2,435.00	\$ 2,351.14	\$ 4,193.23	\$ 145.38	\$ 48.73	\$ 273.63	\$ -	711	\$ 444.45	\$ -	\$ 9,891.56

*Detail of Description/Location provided on Expense Report




Peer Swan

**Irvine Ranch Water District
Conference/Seminar and Monthly Expense Summary
Through the Second Quarter FY 2022-23**

Date Paid	Date Incurred	Description/Location	Registration Fees	Airfare	Lodging	Meals	Taxi/Shuttle/ Auto Rental	Parking Fees	Other	Mileage Reimb		Reimb. By ACWA	Total
										# Miles	Amount		
Monthly Expense Reports *													
Paid	July 2022	Independent Special Districts of O.C. Quarterly Meeting and Luncheon, Fountain Valley	\$ 20.00										\$ 20.00
	August 2022	Monthly Expense Report (no activity this period)											-
	September 2022	Monthly Expense Report (no activity this period)											-
Paid	October 2022	*Various business/virtual meetings	210.00					15.00					225.00
Paid	November 2022	Meeting w/AGM Trent Taylor of Rosedale-Rio Bravo Water Storage, Bakersfield, CA				19.26					331	206.88	226.14
Paid	December 2022	*Various business/virtual meetings	134.02										134.02
	January 2023	Monthly Expense Report (no activity this period)											-
	February 2023	Monthly Expense Report (no activity this period)											-
	March 2023	Monthly Expense Report (no activity this period)											-
	April 2023	Monthly Expense Report (no activity this period)											-
	May 2023	Monthly Expense Report (no activity this period)											-
	June 2023	Monthly Expense Report (no activity this period)											-
Conferences/Seminars and Other Non-local Travel													
Paid	May 2022	*Various business meetings (Receipts given Sept. 15, 2022)				10.87	43.40						54.27
Paid	Aug. 10, 2022	CASA 2022 Annual Summer Conf., Olympic Valley, CA	625.00	411.95	603.62	46.42	351.02	60.00	77.33				2,175.34
Paid	Aug. 24, 2022	Urban Water Institute 2022 Annual Summer Conf., San Diego, CA	575.00		498.12	74.37		20.00		167	104.38		1,271.87
Paid	Oct. 11-14, 2022	WEF Northern California Tour, Sacramento, CA	899.00	442.97	205.01	32.18		76.00					1,655.16
Paid	Oct. 20-21, 2022	Public Policy Institute of Calif. Drought, Energy & Water Panel, San Francisco, CA		592.96		39.09	28.80	28.00					688.85
Paid	Oct. 26-27, 2022	WEF Water Summit, Sacramento, CA	285.00	407.97	261.51	39.80		38.00					1,032.28
Paid	Nov. 1-4, 2022	WEF San Joaquin River Tour, Fresno, CA	699.00	559.46	377.51	38.84	35.50	66.00					1,776.31
Paid	Nov. 17-18, 2022	Public Policy Institute of Calif. 2022 Annual Water Conf., Sacramento, CA		596.96			56.42	28.00					681.38
Paid	Nov. 28-30, 2022	ACWA 2022 Fall Conf., Indian Wells, CA	775.00		725.34					245	153.13		1,653.47
Paid	Dec. 14-16, 2022	Colorado River Water Users Assoc. Annual Conf., Las Vegas, NV	530.00	461.95	394.56			41.00					1,427.51
													-
													-
													-
													-
Total			\$ 4,752.02	\$ 3,474.22	\$ 3,065.67	\$ 300.83	\$ 515.14	\$ 372.00	\$ 77.33	743	\$ 464.39	\$ -	\$ 13,021.60

*Detail of Description/Location provided on Expense Report

February 7, 2023
Prepared by: J. Tobar
Submitted by: C. Clary
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

LEGAL FEES QUARTERLY UPDATE

SUMMARY:

Below is an analysis that provides a summary of legal fees incurred by IRWD through the second quarter of Fiscal Year (FY) 2022-23.

BACKGROUND:

Legal fees for IRWD's general operations through the second quarter of FY 2022-23 totaled \$891,952 compared to a budget of \$1,609,250, resulting in a positive variance of \$717,298, or 44.6%. Of the total legal fees attributable to operations, general services was over budget by \$25,352 due primarily to work associated with general counsel legal services; personnel issues was over budget by \$79,644 due primarily to work associated with human resource matters. There were positive variances in all other categories including litigation and special projects. Actual legal fees accounted for 0.87% of actual operating expenses and 0.66% of total expenditures.

Capitalized legal fees associated with major capital projects through the second quarter of FY 2022-23 totaled \$110,822. The Kern Fan Groundwater Storage, the Santiago Dam Outlet and Spillway, and the Shallow Groundwater Unit (SGU) Optimization for PFAS Treatment projects comprised 83.3% of the total legal fees associated with capital spending through the second quarter of FY 2022-23.

There were no non-operating legal fees through the second quarter of FY 2022-23.

Exhibit "A" provides a detailed comparison of actual-to-budgeted legal fees through the second quarter of FY 2022-23. Exhibit "B" provides a three-year comparison of fees incurred by the firms providing services to IRWD in FY 2020-21 through FY 2022-23, their hourly rates, and a general description of the services provided.

FISCAL IMPACTS:

Fiscal impacts are outlined above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" –Legal Fees, Fiscal Year 2022-23

Exhibit "B" –Comparative Analysis of Legal Fees for FY 2020-21 through FY 2022-23

Legal Fees
Fiscal Year 2022 - 2023

Firm	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Actual Operating Legal Fees	YTD Budget Operating Legal Fees	YTD % Actual vs Budget
Operating Legal Fees:							
<u>General Services:</u>							
Hanson Bridgett LLP	\$ 463,023	\$ 113,579	\$ -	\$ -	\$ 576,602		
Sub-total	\$ 463,023	\$ 113,579	\$ -	\$ -	\$ 576,602	\$ 551,250	104.6%
<u>Litigation:</u>							
Alston & Bird LLP	\$ 59,536	\$ 66,783	\$ -	\$ -	\$ 126,319		
Everett Dorey LLP	\$ 2,617	\$ 12,185	\$ -	\$ -	\$ 14,802		
Fisher & Phillips LLP	\$ 23,563	\$ 82,379	\$ -	\$ -	\$ 105,942		
Hanson Bridgett LLP	\$ 2,002	\$ 4,320	\$ -	\$ -	\$ 6,322		
Kutak Rock LLP	\$ -	\$ (67,724)	\$ -	\$ -	\$ (67,724)		
Sub-total	\$ 87,718	\$ 97,943	\$ -	\$ -	\$ 185,661	\$ 908,000	20.5%
<u>Special Projects:</u>							
Kienle Law, PC	\$ -	\$ 45	\$ -	\$ -	\$ 45		
Sub-total	\$ -	\$ 45	\$ -	\$ -	\$ 45	\$ 100,000	0.1%
<u>Personnel Issues:</u>							
JL Group, LLC	\$ -	\$ 10,835	\$ -	\$ -	\$ 10,835		
Law Office of Atoosa Vakili	\$ 82	\$ -	\$ -	\$ -	\$ 82		
Liebert Cassidy Whitmore	\$ 9,763	\$ 1,604	\$ -	\$ -	\$ 11,367		
Lozano Smith, LLP	\$ 5,449	\$ 37,071	\$ -	\$ -	\$ 42,520		
Payne & Fears LLP	\$ 6,236	\$ 46,883	\$ -	\$ -	\$ 53,119		
Pillsbury Winthrop Shaw Pittman LLP	\$ 8,679	\$ 3,042	\$ -	\$ -	\$ 11,721		
Sub-total	\$ 30,209	\$ 99,435	\$ -	\$ -	\$ 129,644	\$ 50,000	259.3%
Total Operating Legal Fees	\$ 580,950	\$ 311,002	\$ -	\$ -	\$ 891,952	\$ 1,609,250	55.4%

Major Capital Projects Legal Fees:

Kern Fan Groundwater Storage	\$ 15,836	\$ 14,570	\$ -	\$ -	\$ 30,406		
Potable Water Studies 21/22 - 22/23	\$ -	\$ 2,548	\$ -	\$ -	\$ 2,548		
Santiago Dam Outlet and Spillway	\$ -	\$ 32,382	\$ -	\$ -	\$ 32,382		
Shallow Groundwater Unit (SGU)	\$ 29,553	\$ -	\$ -	\$ -	\$ 29,553		
Optimization for PFAS Treatment							
Well ET-1 PFAS Treatment	\$ 15,933	\$ -	\$ -	\$ -	\$ 15,933	92341.0	
Capital Projects Total	\$ 61,322	\$ 49,500	\$ -	\$ -	\$ 110,822		83%

Total Operating and Capital Legal Fees \$ 642,272 \$ 360,502 \$ - \$ - \$ 1,002,774

	YTD Actual	YTD Budget
Operating Expense	\$ 102,030,779	\$ 94,327,409
Operating Legal Fees	\$ 891,952	\$ 1,609,250
% of Legal to Operating	0.87%	1.71%
Capital Projects	\$ 48,878,342	\$ 56,982,502
Capital Legal Fees	\$ 110,822	
% of Legal to Capital	0.23%	
Total Operating and Capital Expenditures	\$ 150,909,121	\$ 151,309,911
Total Operating and Capital Legal Fees	\$ 1,002,774	
% of Legal Fees to Total Operating and Capital Expenditures	0.66%	

Non-operating Legal Fees:


	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Total	\$ -	\$ -	\$ -	\$ -	\$ -

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Analysis of Legal Fees
Second Quarter Ended December 31, 2020 - 2022

Firm	YTD Actual 2020-2021	YTD Actual 2021-2022	YTD Actual 2022-2023	Hourly Rate	Area of Expertise	Service Provided
<u>Operating Legal Fees:</u>						
Alston & Bird LLP	\$ 155,286	\$ 258,260	\$ 126,319	\$ 275 to \$ 585	Litigation	Orange County Water District litigation
Benjamin P. deMayo	\$ -	\$ 1,785	\$ -	\$ 350	Legal Counsel	Special counsel services
Burke, Williams & Sorensen, LLP	\$ 1,170	\$ 1,268	\$ -	\$ 325	Employee relations	Personnel policy review and revision
Everett Dorey LLP ⁽¹⁾	\$ 49,971	\$ 5,493	\$ 14,802	\$ 235 to \$ 260	Litigation	County of Orange Litigation
EXTTI, Incorporated	\$ -	\$ 12,131	\$ -	\$ 200 to \$ 275	Employee relations	Personnel matters
Fisher & Phillips LLP	\$ -	\$ -	\$ 105,942	\$ 540 to \$ 760	Legal Counsel	Special counsel services
Hanson Bridgett LLP	\$ 422,453	\$ 362,304	\$ 582,924	\$ 345 to \$ 490	IRWD legal counsel	District general counsel/legislative/litigation/special project
Jackson Tidus, a Law Corporation	\$ 1,386	\$ -	\$ -	\$ 225 to \$ 595	IRWD legal counsel	District general counsel/legislative/litigation/special project
JL Group, LLC	\$ -	\$ -	\$ 10,835	\$ 200 to \$ 290	Employee relations	Personnel matters
Kienle Law, PC	\$ -	\$ 11,367	\$ 45	\$ 180 to \$ 450	IRWD legal counsel	OSHA matters
Kronick Moskovitz Tiedemann & Girard	\$ 225,934	\$ 258,342	\$ -	\$ 180 to \$ 360	IRWD legal counsel	Counsel services related to water resources, policy matters and litigation
Kutak Rock LLP ⁽¹⁾	\$ 58,950	\$ 12,095	\$ (67,724)	\$ 395 to \$ 425	Legal Counsel	Legal counsel related to insurance claim issues
Law Office of Atoosa Vakili	\$ -	\$ 4,000	\$ 82	\$ 75 to \$ 250	Employee relations	General personnel and human resources
Liebert Cassidy Whitmore	\$ -	\$ -	\$ 11,367	n/a	Legal Counsel	Personnel matters
Lozano Smith, LLP	\$ -	\$ -	\$ 42,520	n/a	Legal Counsel	Personnel matters
Payne & Fears, LLP	\$ 8,167	\$ 48,828	\$ 53,119	\$ 235 to \$ 550	Employee relations	General personnel and human resources
Pillsbury Winthrop Shaw Pittman LLP	\$ 16,616	\$ 32,898	\$ 11,721	\$ 695	Employee relations	Employee benefits
Wagener Law, PC	\$ -	\$ 57,613	\$ -	\$ 535	Employee relations	Human resource matters
Total Operating Legal Fees	\$ 939,933	\$ 1,066,384	\$ 891,952			
⁽¹⁾ Insurance Litigation						
<u>Capitalized Legal Fees:</u>						
Alston & Bird LLP	\$ 2,146,080	\$ 13,843	\$ -	\$ 275 to \$ 585	IRWD legal counsel	Counsel services in connection with the Biosolids project
Hanson Bridgett LLP	\$ -	\$ -	\$ 45,486	\$ 345 to \$ 490	IRWD legal counsel	Counsel services in connection with PFAS Treatment project
Jackson Tidus, a Law Corporation	\$ 4,788	\$ -	\$ -	\$ 225 to \$ 595	IRWD legal counsel	Counsel services in connection with Serrano Summit property sale
Kronick Moskovitz Tiedemann & Girard	\$ 61,785	\$ 198,780	\$ 65,336	\$ 180 to \$ 360	IRWD legal counsel	Counsel services in connection with water resources and policy matters
Capitalized Legal Fees Total	\$ 2,212,653	\$ 212,623	\$ 110,822			
Total Operating and Capital Legal Fees	\$ 3,152,586	\$ 1,279,007	\$ 1,002,774			
<u>Non-operating Legal Fees:</u>						
Bond Counsel:						
Kutak Rock LLP	\$ -	\$ 6,000	\$ -	n/a	Bond counsel	Counsel in connection with the extension of the letter of credit
Orrick, Herrington & Sutcliffe LLP	\$ -	\$ 6,000	\$ -	n/a	Bond counsel	Counsel in connection with the issuance of GO bonds and COP
Non-operating Legal Fees Total	\$ -	\$ 12,000	\$ -			

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February 7, 2023
 Prepared by: J. Davis
 Submitted by: R. Jacobson / C. Clary
 Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW

SUMMARY:

The following is submitted for the Committee’s review:

- A Summary of the Deferred Compensation Program and Distribution of Assets as of December 31, 2022, as outlined in Exhibit “A”; and
- Mutual Fund Performance Review as of December 31, 2022, as outlined in Exhibit “B”.

BACKGROUND:

IRWD manages the Deferred Compensation Plan, which provides employees the opportunity to save for retirement on a tax-advantaged basis. For the quarter, 90% of IRWD employees participated in the voluntary 457(b) Deferred Compensation Plan.

Overview of the Deferred Compensation Assets:

As of December 31, 2022, IRWD’s Sections 457(b) and 401(a) Plans (collectively, the “Plans”) assets totaled \$81,456,185, which represented a \$4,541,603 increase from the prior quarter ended September 30, 2022, and a \$14,698,581 decrease for the one-year period. The changes in Plan assets over the two periods are summarized as follows:

	<i>One Year Period Ending December 31, 2022</i>	<i>Quarter Ending December 31, 2022</i>
Beginning Balance	\$96,154,766	\$76,914,582
Employee Contributions	3,728,931	913,258
District Contributions	1,396,860	387,842
Transfers to/from Other Plans	494,084	105,466
Distributions	(5,337,886)	(1,253,914)
Loan Distributions ⁽¹⁾	(252,822)	(8,837)
Loan Repayments	288,476	43,420
Net Investment Gain (Loss)	(15,016,224)	4,354,368
Ending Balance – December 31, 2022	\$81,456,185	\$81,456,185
Change in Assets for the Period	(\$14,698,581)	\$4,541,603

(1) Number of loans outstanding: 67

Review of Investment Funds:

IRWD's Deferred Compensation Policy states that any investment performing "Below Benchmark" for four consecutive quarters or seven out of the trailing 12 quarters, has "Failed" the Long-Term Rolling Analysis (LTRA) and the investment option will be a candidate for replacement. The Committee may also place a fund on "Watch Status" if it has failed to meet certain Policy criteria for further evaluation. For the quarter ended December 31, 2022, all funds in the Plans passed the overall rating and the Victory Integrity Small-Cap Value R6 Fund continues to remain on "Watch Status" based on the LTRA criteria. The Fund Performance Review as of December 31, 2022, is provided as Exhibit "B".

FISCAL IMPACTS:

As of December 31, 2022, the District's Plan assets totaled \$81,456,185, which represented a \$4,541,603 increase from the quarter ended September 30, 2022, and a \$14,698,581 decrease for the one-year period.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Summary of the Deferred Compensation Plan and Distribution of Assets

Exhibit "B" – Mutual Fund Performance Review

Exhibit "A"
 IRVINE RANCH WATER DISTRICT
 SUMMARY OF DEFERRED COMPENSATION PROGRAM
 December 31, 2022

Deferred Compensation IRS Section 457 (Employee Contributions)			
Money Purchase Pension Plan & Executive Plan - IRS Section 401 (a) (District Contributions)			
	457	401 (a)	GRAND TOTAL
Assets	\$61,563,642	\$19,892,543	\$81,456,185
<i>Change From Prior Quarter</i>	\$3,437,218	\$1,104,385	\$4,541,603
<i>Change From Prior Year (12/2021)</i>	(\$11,446,284)	(\$3,252,297)	(\$14,698,581)
Quarterly Contributions	\$913,258	\$387,842	\$1,301,100
<i>*Change From Prior Quarter</i>	\$118,018	\$25,810	

*Increase in contributions is due to one additional pay period in the quarter ended December 31, 2022

	One Year Period Ending December 31, 2022	Quarter Ending December 31, 2022
Beginning Balance	\$96,154,766	\$76,914,582
Employee Contributions	3,728,931	913,258
District Contributions	1,396,860	387,842
Transfers to/from other plans	494,084	105,466
Distributions	(5,337,886)	(1,253,914)
Loan Distributions ⁽¹⁾	(252,822)	(8,837)
Loan Repayment	288,476	43,420
Net Investment Gain (Loss)	(15,016,224)	4,354,368
Ending Balance - December 31, 2022	\$81,456,185	\$81,456,185
Change in assets for the period	(\$14,698,581)	\$4,541,603

⁽¹⁾ Number of loans outstanding as of 12/31/22 : 67

Employee Participation	
Full-time Employees	387
Employees Participating	349
Percent Participation	90%

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

December 31, 2022

		Assets	Percent of Assets	Change from previous quarter
PROFILE FUNDS				
AGG	Aggressive Profile Fund	9,220,119	11.3%	0.2%
MOD	Moderate Profile Fund	6,223,966	7.6%	0.0%
CON	Conservative Profile Fund	6,042,955	7.4%	0.0%
	Sub Total	21,487,040	26.3%	0.3%
INTERNATIONAL FUND				
RERGX	American Funds EuroPacific Gr R6	2,066,096	2.5%	0.3%
VTIAX	Vanguard Total Intl Stock Index Admiral	1,675,447	2.1%	0.2%
	Sub Total	3,741,543	4.6%	0.6%
SMALL CAP FUNDS				
HRSIX	Hood River Small-Cap Growth Retirement	3,140,561	3.9%	-0.4%
MVSSX	Victory Integrity Small Cap Value R6	1,772,937	2.2%	0.3%
VSMAX	Vanguard Small Cap Index	1,693,658	2.1%	0.1%
	Sub Total	6,607,156	8.2%	0.1%
MEDIUM CAP FUNDS				
JMGMX	JP Morgan MidCap Growth R6	2,241,673	2.8%	2.8%
WFPRX	Wells Fargo Spec Md Cp Val R6	3,272,475	4.0%	0.4%
VIMAX	Vanguard Mid-Cap Index Fund	1,795,705	2.2%	0.0%
	Sub Total	7,309,852	9.0%	3.2%
LARGE CAP FUNDS				
RGAGX	American Funds Growth Fund of Amer R6	5,040,511	6.2%	-0.4%
VINIX	Vanguard Institutional Index	7,455,141	9.2%	0.4%
DHLYX	Diamond Hill Large-Cap Fund	2,700,420	3.3%	0.3%
	Sub Total	15,196,072	18.7%	0.3%
BOND FUND				
MWTSX	Metropolitan West Total Return Bond Plan	4,059,380	5.0%	-0.1%
	Sub Total	4,059,380	5.0%	-0.1%
STABLE VALUE FUND				
PCSV15	Putnam Stable Value	12,153,822	14.9%	-1.1%
	Sub Total	12,153,822	14.9%	-1.1%
TARGET DATE FUND				
VTINX	Vanguard Target Retirement Income Inv	1,084,507	1.3%	0.0%
VTWNX	Vanguard Target Retirement 2020 Inv	1,676,621	2.1%	0.0%
VTTVX	Vanguard Target Retirement 2025 Inv	624,635	0.8%	0.0%
VTHRXX	Vanguard Target Retirement 2030 Inv	494,969	0.6%	-0.3%
VTTHX	Vanguard Target Retirement 2035 Inv	882,981	1.1%	-0.2%
VFORX	Vanguard Target Retirement 2040 Inv	625,574	0.8%	0.0%
VTIVX	Vanguard Target Retirement 2045 Inv	536,532	0.7%	0.1%
VFIFX	Vanguard Target Retirement 2050 Inv	999,150	1.2%	0.1%
VFFVX	Vanguard Target Retirement 2055 Inv	396,544	0.5%	0.1%
VTTSX	Vanguard Target Retirement 2060 Inv	246,274	0.3%	0.0%
1VLXVX	Vanguard Target Retirement 2065 Inv	7,294	0.0%	0.0%
	Sub Total	7,575,081	9.0%	-0.2%
OTHER				
	Ameritrade Brokerage	3,326,239	4.3%	4.3%
Total Assets		\$81,456,185	100%	

LOAN BALANCE OUTSTANDING

\$751,642



FUND PERFORMANCE REVIEW

Irvine Ranch Water District - 98453-01/02/F1

Reporting Period Ending December 31, 2022

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

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RO1693638-0621

FUND PERFORMANCE REVIEW



IMPORTANT DISCLOSURES:

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

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

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

FUND PERFORMANCE REVIEW: OVERVIEW



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

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

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

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

Although data is gathered from reliable sources, including but not limited to Morningstar, Inc., the completeness or accuracy of the data shown cannot be guaranteed. Where data obtained from Morningstar, ©2022 Morningstar, Inc. All Rights Reserved. The data: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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

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

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

FUND PERFORMANCE REVIEW (FPR): CRITERIA



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

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

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

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

Overall Morningstar Rating™: Represents a measure of an investment's risk-adjusted return, relative to similar investments.

The Overall Composite is the sole determinate for the Overall Rating for funds that do not have an Overall Morningstar Category Rating.

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

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

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

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

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

Performance Summary: Irvine Ranch Water District

period ended 12/31/2022

Morningstar Category	Ticker Symbol	Fund Name	Overall Rating					Long-Term Rolling Analysis			
			Composite %'s			Overall Morningstar Rating		Consecutive Quarters Below	# of Quarters Below out of trailing 12		
			Overall	Return	Sharpe						
Intl	Foreign Large Growth	RERGX	American Funds Europacific Growth R6	44.5	48.0	41.0	3	Neutral	0	0 out of 12	Pass
Small-Cap	Small Growth	HRSIX	Hood River Small-Cap Growth Retirement	96.5	97.0	96.0	4	Above	0	0 out of 12	Pass
	Small Value	MVSSX	Victory Integrity Small-Cap Value R6	65.5	68.0	63.0	3	Above	0	7 out of 12	Watch
Mid-Cap	Mid-Cap Growth	JMGMX	JPMorgan Mid Cap Growth R6	87.3	88.7	86.0	5	Above	0	0 out of 12	Pass
	Mid-Cap Value	WFPRX	Allspring Special Mid Cap Value R6	88.3	89.7	87.0	4	Above	0	0 out of 12	Pass
Large-Cap	Large Growth	RGAGX	American Funds Growth Fund of Amer R6	43.6	43.7	43.5	3	Neutral	0	0 out of 12	Pass
	Large Value	DHLYX	Diamond Hill Large Cap Y	47.8	57.7	38.0	3	Neutral	0	0 out of 12	Pass
Asst All/Other	Target-Date Retirement	VTINX	Vanguard Target Retirement Income Fund	55.7	57.3	54.0	4	Above	0	0 out of 12	N/A
	Target-Date 2020	VTWNX	Vanguard Target Retirement 2020 Fund	54.5	58.0	51.0	4	Above	0	0 out of 12	N/A
	Target-Date 2025	VTTVX	Vanguard Target Retirement 2025 Fund	57.8	62.0	53.5	4	Above	0	0 out of 12	N/A
	Target-Date 2030	VTHRX	Vanguard Target Retirement 2030 Fund	51.3	55.7	47.0	4	Above	0	0 out of 12	N/A
	Target-Date 2035	VTTHX	Vanguard Target Retirement 2035 Fund	48.5	52.0	45.0	4	Neutral	0	0 out of 12	N/A
	Target-Date 2040	VFORX	Vanguard Target Retirement 2040 Fund	52.2	56.3	48.0	4	Above	0	0 out of 12	N/A
	Target-Date 2045	VTIVX	Vanguard Target Retirement 2045 Fund	65.5	67.0	64.0	4	Above	0	0 out of 12	N/A
	Target-Date 2050	VFIFX	Vanguard Target Retirement 2050 Fund	60.3	62.0	58.5	4	Above	0	0 out of 12	N/A
	Target-Date 2055	VFFVX	Vanguard Target Retirement 2055 Fund	58.8	57.0	60.5	4	Above	0	0 out of 12	N/A
	Target-Date 2060	VTTSX	Vanguard Target Retirement 2060 Fund	53.5	50.0	57.0	4	Above	0	0 out of 12	N/A
Target-Date 2065+	VLXVX	Vanguard Target Retirement 2065 Fund	59.0	57.0	61.0	4	Above	0	1 out of 12	N/A	
Bond	Intermediate Core-Plus Bond	MWTSX	Metropolitan West Total Return Bd Plan	47.5	52.0	43.0	3	Neutral	0	0 out of 12	Pass
Index Funds	Foreign Large Blend	VTIAX	Vanguard Total Intl Stock Index Admiral (Idx)	43.4	43.3	43.5	3	N/A	N/A	0 out of 12	Pass
	Small Blend	VSMAX	Vanguard Small Cap Index Adm (Idx)	68.1	69.7	66.5	4	N/A	N/A	0 out of 12	Pass
	Mid-Cap Blend	VIMAX	Vanguard Mid Cap Index Admiral (Idx)	67.3	72.0	62.5	4	N/A	N/A	0 out of 12	Pass
	Large Blend	VINIX	Vanguard Institutional Index I (Idx)	76.8	79.7	74.0	4	N/A	N/A	0 out of 12	Pass

Data Source: Morningstar® DirectSM
Please refer to the Appendix page for additional disclosures.

Return Analysis: Irvine Ranch Water District

period ended 12/31/2022

Fund Name	4th Qtr	4th Qtr	Performance vs. Benchmark (Annualized Returns and Return Percentiles %)										Incept. Date
	2022 Return	2022 Percentile	1 Year Return	1 Year Percentile	3 Year Return	3 Year Percentile	5 Year Return	5 Year Percentile	10 Year Return	10 Year Percentile	Return Since Inception		
Intl	Foreign Large Growth Peer Group	13.87	50	-24.31	50	0.28	50	1.87	50	4.94	50		
	American Funds Europacific Growth R6	13.78	48	-22.72	62	-0.15	43	1.54	40	5.30	61	7.25	5/1/2009
Small-Cap	Small Growth Peer Group	4.52	50	-28.01	50	2.95	50	6.14	50	9.99	50		
	Hood River Small-Cap Growth Retirement	-0.38	7	-27.93	50	12.81	98	10.69	96	13.63	97	11.67	3/3/2017
	Small Value Peer Group	10.93	50	-11.71	50	6.27	50	4.56	50	8.79	50		
	Victory Integrity Small-Cap Value R6	13.49	86	-7.58	82	7.80	74	4.73	54	9.63	76	10.78	6/1/2012
Mid-Cap	Mid-Cap Growth Peer Group	5.44	50	-28.14	50	3.73	50	7.40	50	10.62	50		
	JPMorgan Mid Cap Growth R6	6.05	58	-26.96	58	6.38	85	9.87	89	13.04	92	13.08	11/1/2011
	Mid-Cap Value Peer Group	12.03	50	-8.05	50	6.62	50	5.99	50	9.66	50		
	Allspring Special Mid Cap Value R6	14.08	92	-4.50	78	8.33	78	8.45	94	11.93	97	10.72	6/28/2013
Large-Cap	Large Growth Peer Group	2.74	50	-31.02	50	4.90	50	8.45	50	12.04	50		
	American Funds Growth Fund of Amer R6	2.29	43	-30.49	55	4.78	49	7.57	35	11.93	47	12.68	5/1/2009
	Large Value Peer Group	12.79	50	-5.25	50	7.01	50	7.11	50	10.24	50		
	Diamond Hill Large Cap Y	11.04	16	-13.27	6	6.00	29	7.35	57	11.49	87	11.61	12/30/2011
Asst All/Other	Target-Date Retirement Peer Group	4.14	50	-12.53	50	0.38	50	2.10	50	3.33	50		
	Vanguard Target Retirement Income Fund	3.74	31	-12.74	46	0.34	49	2.30	58	3.62	65	4.57	10/27/2003
	Target-Date 2020 Peer Group	5.23	50	-14.12	50	1.59	50	3.16	50	5.45	50		
	Vanguard Target Retirement 2020 Fund	4.97	40	-14.15	48	1.33	42	3.22	57	5.83	75	5.52	6/7/2006
	Target-Date 2025 Peer Group	5.72	50	-15.02	50	1.75	50	3.42	50	5.95	50		
	Vanguard Target Retirement 2025 Fund	6.03	65	-15.55	31	1.66	47	3.58	64	6.43	75	6.13	10/27/2003
	Target-Date 2030 Peer Group	6.61	50	-16.03	50	2.30	50	3.90	50	6.66	50		
	Vanguard Target Retirement 2030 Fund	6.81	59	-16.27	43	2.09	43	3.94	54	6.99	70	6.02	6/7/2006
	Target-Date 2035 Peer Group	7.52	50	-16.69	50	2.87	50	4.31	50	7.29	50		
	Vanguard Target Retirement 2035 Fund	7.45	42	-16.62	53	2.64	38	4.34	53	7.57	65	6.83	10/27/2003
	Target-Date 2040 Peer Group	8.37	50	-17.38	50	3.32	50	4.68	50	7.67	50		
	Vanguard Target Retirement 2040 Fund	8.20	39	-16.98	58	3.17	42	4.74	56	8.06	71	6.59	6/7/2006
	Target-Date 2045 Peer Group	8.93	50	-17.93	50	3.55	50	4.90	50	7.91	50		
	Vanguard Target Retirement 2045 Fund	8.89	47	-17.36	62	3.74	61	5.14	65	8.34	75	7.40	10/27/2003
	Target-Date 2050 Peer Group	9.14	50	-18.14	50	3.75	50	5.03	50	8.04	50		
	Vanguard Target Retirement 2050 Fund	9.23	55	-17.46	61	3.80	55	5.18	61	8.36	70	6.79	6/7/2006
	Target-Date 2055 Peer Group	9.31	50	-18.28	50	3.77	50	5.04	50	8.18	50		
	Vanguard Target Retirement 2055 Fund	9.23	43	-17.46	72	3.79	52	5.18	59	8.34	60	8.97	8/18/2010
	Target-Date 2060 Peer Group	9.26	50	-18.20	50	3.80	50	5.08	50	8.35	50		
	Vanguard Target Retirement 2060 Fund	9.23	47	-17.46	66	3.79	49	5.18	55	8.34	46	8.59	1/19/2012
	Target-Date 2065+ Peer Group	9.30	50	-18.32	50	3.81	50	4.99	50	N/A	50		
	Vanguard Target Retirement 2065 Fund	9.24	45	-17.39	75	3.78	46	5.15	68	N/A	N/A	6.42	7/12/2017
Bond	Intermediate Core-Plus Bond Peer Group	1.90	50	-13.98	50	-2.57	50	0.07	50	1.27	50		
	Metropolitan West Total Return Bd Plan	1.81	42	-14.69	26	-2.70	42	0.18	57	1.36	57	2.25	7/29/2011
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	14.67	19	-16.01	45	0.51	46	1.09	44	4.06	40	4.02	11/29/2010
	Vanguard Small Cap Index Adm (Idx)	7.97	40	-17.61	49	4.93	53	5.94	80	10.11	76	8.62	11/13/2000
	Vanguard Mid Cap Index Admiral (Idx)	9.02	39	-18.71	21	6.17	47	7.32	80	11.10	89	9.55	11/12/2001
	Vanguard Institutional Index I (Idx)	7.55	48	-18.14	53	7.64	72	9.40	80	12.53	87	9.85	7/31/1990

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

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

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

Data Source: Morningstar® DirectSM

Please refer to the Appendix page for additional disclosures

Sharpe Ratio and Expense Analysis: Irvine Ranch Water District

period ended 12/31/2022

Fund Name	Sharpe Ratios and Percentiles %				Standard Deviation		Expense Ratio	Expense Percentile %	Manager Tenure (yrs)	Fund Size \$MM
	3 Yr Ratio	3 Yr %	5 Yr Ratio	5 Yr %	3 Yr	5 Yr				
Intl	Foreign Large Growth Peer Group	0.08	50	0.12	50	21.41	18.76	0.99	50	
	American Funds Europacific Growth R6	0.06	43	0.10	39	21.45	18.75	0.46	5	22
Small-Cap	Small Growth Peer Group	0.21	50	0.31	50	25.99	23.76	1.08	50	
	Hood River Small-Cap Growth Retirement	0.53	98	0.47	94	28.60	25.87	0.99	40	20
	Small Value Peer Group	0.33	50	0.25	50	27.63	24.21	1.09	50	
	Victory Integrity Small-Cap Value R6	0.37	72	0.26	54	30.77	26.80	0.95	33	19
Mid-Cap	Mid-Cap Growth Peer Group	0.24	50	0.38	50	24.99	21.95	1.00	50	
	JPMorgan Mid Cap Growth R6	0.34	85	0.48	87	24.12	21.65	0.70	13	18
	Mid-Cap Value Peer Group	0.35	50	0.32	50	24.52	21.40	0.93	50	
	Allspring Special Mid Cap Value R6	0.42	79	0.43	95	23.90	20.65	0.70	14	14
Large-Cap	Large Growth Peer Group	0.28	50	0.43	50	23.63	20.84	0.88	50	
	American Funds Growth Fund of Amer R6	0.28	49	0.40	38	22.77	20.11	0.30	4	29
	Large Value Peer Group	0.39	50	0.39	50	21.41	18.83	0.85	50	
	Diamond Hill Large Cap Y	0.33	25	0.39	51	22.57	19.97	0.55	15	20
Asst All/Other	Target-Date Retirement Peer Group	0.00	50	0.13	50	9.14	7.70	0.59	50	
	Vanguard Target Retirement Income Fund	-0.02	45	0.17	63	8.59	7.16	0.08	3	10
	Target-Date 2020 Peer Group	0.12	50	0.22	50	11.60	9.96	0.55	50	
	Vanguard Target Retirement 2020 Fund	0.10	42	0.23	60	11.48	9.95	0.08	4	10
	Target-Date 2025 Peer Group	0.13	50	0.23	50	12.84	11.16	0.59	50	
	Vanguard Target Retirement 2025 Fund	0.12	47	0.24	60	13.38	11.61	0.08	2	10
	Target-Date 2030 Peer Group	0.17	50	0.26	50	14.73	12.85	0.60	50	
	Vanguard Target Retirement 2030 Fund	0.15	42	0.26	52	14.76	12.85	0.08	3	10
	Target-Date 2035 Peer Group	0.20	50	0.27	50	16.36	14.34	0.62	50	
	Vanguard Target Retirement 2035 Fund	0.19	36	0.28	54	16.04	14.03	0.08	2	10
	Target-Date 2040 Peer Group	0.22	50	0.29	50	17.88	15.63	0.64	50	
	Vanguard Target Retirement 2040 Fund	0.22	40	0.29	56	17.33	15.22	0.08	3	10
	Target-Date 2045 Peer Group	0.23	50	0.29	50	18.92	16.51	0.65	50	
	Vanguard Target Retirement 2045 Fund	0.24	62	0.31	66	18.64	16.33	0.08	2	10
	Target-Date 2050 Peer Group	0.24	50	0.30	50	19.25	16.73	0.65	50	
	Vanguard Target Retirement 2050 Fund	0.25	55	0.31	62	18.82	16.47	0.08	3	10
	Target-Date 2055 Peer Group	0.24	50	0.30	50	19.46	16.95	0.65	50	
	Vanguard Target Retirement 2055 Fund	0.24	58	0.31	63	18.83	16.46	0.08	2	10
	Target-Date 2060 Peer Group	0.24	50	0.30	50	19.44	16.90	0.65	50	
	Vanguard Target Retirement 2060 Fund	0.24	52	0.31	62	18.81	16.45	0.08	3	10
	Target-Date 2065+ Peer Group	0.24	50	0.30	50	19.37	16.92	0.64	50	
	Vanguard Target Retirement 2065 Fund	0.24	50	0.31	72	18.82	16.46	0.08	3	6
Bond	Intermediate Core-Plus Bond Peer Group	-0.47	50	-0.19	50	6.84	5.72	0.65	50	
	Metropolitan West Total Return Bd Plan	-0.52	33	-0.18	53	6.46	5.50	0.36	9	26
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	0.08	43	0.07	44	20.32	17.79	0.11	5	14
	Vanguard Small Cap Index Adm (Idx)	0.28	53	0.31	80	25.52	22.63	0.05	3	7
	Vanguard Mid Cap Index Admiral (Idx)	0.33	46	0.38	79	23.61	20.66	0.05	2	25
	Vanguard Institutional Index I (Idx)	0.41	71	0.50	77	21.16	18.69	0.04	4	22

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

Expense refers to the Prospectus Net Expense Ratio

Data Source: Morningstar® DirectSM

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Annual Returns and Statistics: Irvine Ranch Water District

period ended 12/31/2022

Fund Name	Calendar Year Returns					Modern Portfolio Theory Statistics (3 year)			Portfolio Construction			
	2022	2021	2020	2019	2018	Alpha	Beta	R2	Turnover Ratio	Number of Holdings	% in top 10 holdings	
Intl	Foreign Large Growth Peer Group	-24.31	8.97	21.72	28.16	-13.78						
	American Funds Europacific Growth R6	-22.72	2.84	25.27	27.40	-14.91	0.65	1.11	95	29	375	22%
Small-Cap	Small Growth Peer Group	-28.01	9.20	37.50	28.72	-5.02						
	Hood River Small-Cap Growth Retirement	-27.93	23.88	60.81	24.19	-6.78	12.17	1.08	94	77	93	30%
	Small Value Peer Group	-11.71	30.65	3.98	22.46	-15.11						
	Victory Integrity Small-Cap Value R6	-7.58	33.76	1.33	23.28	-18.42	1.20	1.04	98	58	139	12%
Mid-Cap	Mid-Cap Growth Peer Group	-28.14	12.40	35.95	34.27	-4.98						
	JPMorgan Mid Cap Growth R6	-26.96	10.99	48.51	39.96	-4.97	2.46	0.96	98	45	107	20%
	Mid-Cap Value Peer Group	-8.05	28.35	3.00	27.74	-13.40						
	Allspring Special Mid Cap Value R6	-4.50	28.80	3.36	35.68	-13.02	2.53	0.95	98	24	63	28%
Large-Cap	Large Growth Peer Group	-31.02	22.02	35.70	33.02	-1.22						
	American Funds Growth Fund of Amer R6	-30.49	19.69	38.28	28.54	-2.60	2.06	1.06	97	30	373	33%
	Large Value Peer Group	-5.25	25.93	2.91	25.78	-8.84						
	Diamond Hill Large Cap Y	-13.27	25.89	9.07	32.34	-9.53	-0.02	1.04	98	22	52	31%
Asst All/Other	Target-Date Retirement Peer Group	-12.53	6.37	9.86	13.22	-3.31						
	Vanguard Target Retirement Income Fund	-12.74	5.25	10.02	13.16	-1.99	-0.61	0.84	99	19	6	99%
	Target-Date 2020 Peer Group	-14.12	9.17	11.71	16.90	-4.65						
	Vanguard Target Retirement 2020 Fund	-14.15	8.17	12.04	17.63	-4.24	-0.13	0.75	99	14	6	99%
	Target-Date 2025 Peer Group	-15.02	10.03	12.19	18.50	-5.36						
	Vanguard Target Retirement 2025 Fund	-15.55	9.80	13.30	19.63	-5.15	0.22	0.87	99	14	6	99%
	Target-Date 2030 Peer Group	-16.03	11.80	13.57	20.71	-6.26						
	Vanguard Target Retirement 2030 Fund	-16.27	11.38	14.10	21.07	-5.86	0.13	0.87	99	11	5	99%
	Target-Date 2035 Peer Group	-16.69	14.11	14.12	22.46	-7.09						
	Vanguard Target Retirement 2035 Fund	-16.62	12.96	14.79	22.44	-6.58	0.66	0.95	99	9	5	99%
	Target-Date 2040 Peer Group	-17.38	15.98	15.13	23.86	-7.78						
	Vanguard Target Retirement 2040 Fund	-16.98	14.56	15.47	23.86	-7.32	-0.60	0.86	99	7	5	99%
	Target-Date 2045 Peer Group	-17.93	17.20	15.27	24.76	-8.17						
	Vanguard Target Retirement 2045 Fund	-17.36	16.16	16.30	24.94	-7.90	-0.15	0.92	100	5	5	99%
	Target-Date 2050 Peer Group	-18.14	17.37	15.85	25.01	-8.37						
	Vanguard Target Retirement 2050 Fund	-17.46	16.41	16.39	24.98	-7.90	-0.11	0.93	100	4	5	99%
	Target-Date 2055 Peer Group	-18.28	17.82	15.60	25.34	-8.45						
	Vanguard Target Retirement 2055 Fund	-17.46	16.44	16.32	24.98	-7.89	-0.12	0.93	100	4	6	99%
	Target-Date 2060 Peer Group	-18.20	17.65	16.11	25.32	-8.46						
	Vanguard Target Retirement 2060 Fund	-17.46	16.44	16.32	24.96	-7.87	-0.12	0.93	100	3	6	99%
	Target-Date 2065+ Peer Group	-18.32	17.70	16.52	26.28	-8.91						
	Vanguard Target Retirement 2065 Fund	-17.39	16.46	16.17	24.96	-7.95	-0.13	0.93	100	2	6	99%
Bond	Intermediate Core-Plus Bond Peer Group	-13.98	-0.90	8.57	9.36	-0.73						
	Metropolitan West Total Return Bd Plan	-14.69	-1.11	9.17	9.23	0.29	0.22	1.11	99	467	2033	34%
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	-16.01	8.62	11.28	21.51	-14.43	0.56	1.03	99	8	7981	9%
	Vanguard Small Cap Index Adm (Idx)	-17.61	17.73	19.11	27.37	-9.31	1.62	0.95	99	17	1501	3%
	Vanguard Mid Cap Index Admiral (Idx)	-18.71	24.51	18.24	31.03	-9.23	0.31	0.98	100	16	356	7%
	Vanguard Institutional Index I (Idx)	-18.14	28.67	18.39	31.46	-4.42	-0.02	1.00	100	3	505	25%

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

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

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

Data Source: Morningstar® DirectSM

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Index Performance

period ending 12/31/2022

	Index	Total Return 1 Year	Total Return Annlzd 3 Year	Total Return Annlzd 5 Year	Total Return Annlzd 10 Year	Annual Return 2022	Annual Return 2021	Annual Return 2020	Annual Return 2019	Annual Return 2018
International	MSCI EMF ID	-22.37	-4.98	-3.76	-0.98	-22.37	-4.59	15.84	15.42	-16.63
	MSCI Eafe Ndrtr_D	-14.45	0.87	1.54	4.67	-14.45	11.26	7.82	22.01	-13.79
	MSCI World Ndrtr_D	-18.14	4.94	6.14	8.85	-18.14	21.82	15.90	27.67	-8.71
Small-Cap	Russell 2000 Growth	-26.36	0.65	3.51	9.20	-26.36	2.83	34.63	28.48	-9.31
	Russell 2000	-20.44	3.10	4.13	9.01	-20.44	14.82	19.96	25.52	-11.01
	Russell 2000 Value	-14.48	4.70	4.13	8.48	-14.48	28.27	4.63	22.39	-12.86
Mid-Cap	Russell Midcap Growth	-26.72	3.85	7.64	11.41	-26.72	12.73	35.59	35.47	-4.75
	Standard & Poor's Midcap 400	-13.06	7.23	6.71	10.78	-13.06	24.76	13.66	26.20	-11.08
	Russell Midcap Value	-12.03	5.82	5.72	10.11	-12.03	28.34	4.96	27.06	-12.29
Large-Cap	Russell 1000 Growth	-29.14	7.79	10.96	14.10	-29.14	27.60	38.49	36.39	-1.51
	Standard & Poor's 500 TR	-18.11	7.66	9.42	12.56	-18.11	28.71	18.40	31.49	-4.38
	Russell 1000 Value	-7.54	5.96	6.67	10.29	-7.54	25.16	2.80	26.54	-8.27
Bond	Bloomberg US Agg Bond TR USD	-13.01	-2.71	0.02	1.06	-13.01	-1.54	7.51	8.72	0.01
	Bloomberg US Credit TR USD	-15.26	-2.86	0.42	1.82	-15.26	-1.08	9.35	13.80	-2.11
	Bloomberg US MBS TR USD	-11.81	-3.22	-0.53	0.74	-11.81	-1.04	3.87	6.35	0.99
	Bloomberg US Government TR USD	-12.32	-2.57	-0.06	0.60	-12.32	-2.28	7.94	6.83	0.88
	Bloomberg US Govt 1-3 Yr TR USD	-3.81	-0.46	0.74	0.66	-3.81	-0.60	3.14	3.59	1.58

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

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

Data Source: Morningstar® DirectSM

S&P 500® Index is a registered trademark of Standard & Poor's Financial Services LLC ("Standard & Poor's"), and is an unmanaged index considered indicative of the domestic Large-Cap equity market.

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About investment risk:

Stock values fluctuate in response to the activities of the general market, individual companies and economic conditions. Alternative investments generally invest in non-traditional asset categories or use non-conventional strategies and may have more risk than traditional investments. Asset allocation and balanced investment options and models are subject to the risks of their underlying investments. Commodity and real asset investments may be affected by natural disasters and political and economic developments. Foreign securities involve risks, such as currency fluctuations, economic changes and political developments. These risks may be heightened in emerging markets, which may also experience liquidity risk. Infrastructure funds invest in a limited number of companies and are subject to issuer, political, regulatory, market and economic risks, especially in foreign or emerging markets. Natural resources funds invest in a limited number of companies subject to industry, political, economic, commodity prices and regulation risks, especially in foreign or emerging markets. Real estate securities and trusts involve risks, including declining property values, changes in zoning laws or losses from casualty. Real estate securities that invest in foreign real estate involve additional risks, including currency fluctuations and political developments. Under certain market conditions, socially responsible funds may underperform funds that do not utilize a socially responsible investment style. Securities of small and mid-size companies may be more volatile than those of larger, more established companies. Specialty funds invest in a limited number of companies and may be more volatile than a more diversified fund.

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

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



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About Overall Morningstar Rating™

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

About Morningstar Rankings

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

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APPENDIX - GLOSSARY



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

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

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

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

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

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

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

Bloomberg US Aggregate Bond Index Composed of the Bloomberg Barclays Capital Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns published for the index are total returns, which include reinvestment of dividends.

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

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

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

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

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

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

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

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

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

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

APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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


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

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

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

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

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February 7, 2023
Prepared by: C. Smithson
Submitted by: C. Clary
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

FINANCIAL REPLACEMENT PLANNING MODEL UPDATE

SUMMARY:

IRWD utilizes various planning tools, including its Replacement Planning Model (RPM) and the Financial Replacement Planning Model (FRPM), to assist with the financial planning for setting future water and sewer rates. At the Committee meeting, staff will describe the cost updates included in the RPM; recommends the Committee provide input on the key assumptions utilized in the FRPM.

BACKGROUND:

IRWD's RPM model compiles the current and future costs associated with funding the replacement of IRWD facilities. In January 2023, the Engineering and Operations Committee discussed the most current version of the RPM, which includes updated treatment plant replacement costs and replacement and rehabilitation (R&R) frequencies. The RPM model utilizes a technique called "Continuous Refurbishment" – a hybrid approach of estimating refurbishment, repair, and periodic replacement costs that more closely aligns with the estimated timing of the projected expenditure. The RPM replacement cost updates resulted in an increase to IRWD's 50-year overall replacement needs by \$1.3 billion: from \$9.2 billion in 2020 to \$10.5 billion in 2022.

The revised cost projections from RPM have been incorporated into the FRPM along with updated assumptions. The FRPM model compiles the current and future costs associated with the replacement of IRWD facilities along with revenue streams to fund these costs. At the Committee meeting, staff will provide a PowerPoint (attached as Exhibit "A") which includes:

- 1) Updated 50-year cost projections from the RPM;
- 2) Updated revenue assumptions from the FRPM;
- 3) Replacement fund requirements and targets;
- 4) Potential impacts on rates; and
- 5) Recommendations and next steps.

Staff will incorporate the Committee's comments along with the final outputs from the FRPM to address proposed replacement fund rate increases for the FY 2023-24 and FY 2024-25 operating budgets to be considered in setting future water and sewer rates.

FISCAL IMPACTS:

The updated Financial Replacement Planning Model results will be incorporated into the upcoming Fiscal Year 2023-24 and Fiscal Year 2024-25 budgets as applicable.

ENVIRONMENTAL COMPLIANCE:

This item is statutorily exempt from the California Environmental Quality Act (CEQA).

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Financial Replacement Planning Model Update Draft Powerpoint

FINANCIAL REPLACEMENT PLANNING MODEL UPDATE

Finance & Personnel Committee Meeting
February 7, 2023

Irvine Ranch
Water District

DRAFT

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AGENDA

1. Replacement Planning Model (RPM) updates
2. Financial Replacement Planning Model (FRPM) updates
3. Replacement Fund Requirements and Targets
4. Potential Effect on Rates
5. Recommendations and Next Steps

Irvine Ranch
Water District

2

2

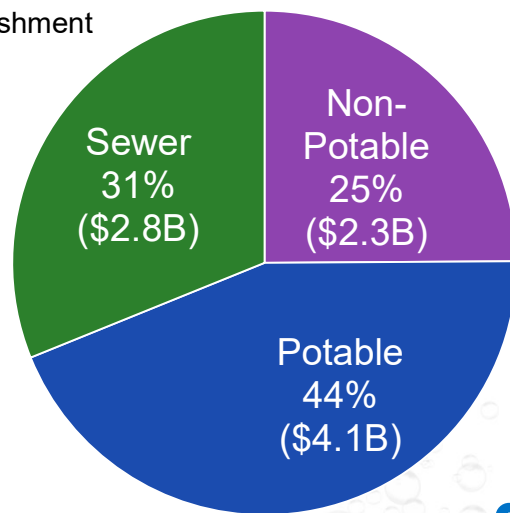


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REVISIT 2021 ANALYSIS RESULTS

Total 50-year RPM needs: approximately \$9.2 billion

- Moved from replacement to continuous refurbishment
- Assumes replacement after an extended life



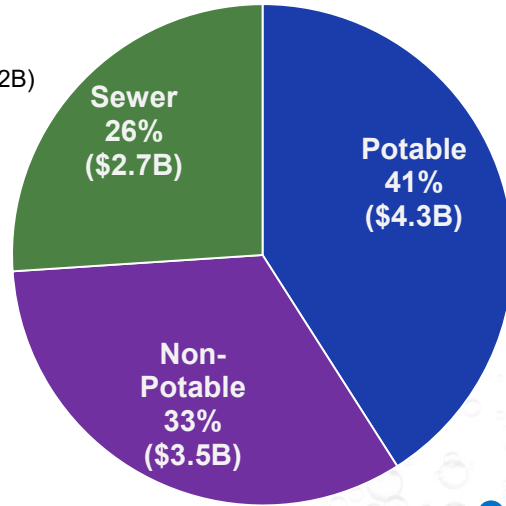
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UPDATED: 2023 RESULTS

Total 50-year RPM needs: approximately \$10.5 billion

Significant changes target treatment plants:

- ✓ Treatment plant replacement increased significantly (\$1.2B)
- ✓ Costs updated using consultant (HDR) data



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PREVIOUS ASSUMPTIONS (2021)

Replacement Fund Revenue Assumptions				
Description	Basis	Years	Escalator	Driver
User Rates	Current Budget - \$25.1 Million	2021-2030 2031-2040	11% 6%	Growth and rates
Real Estate Net Income	Current Budget - \$10.3 Million	50 Year Period	between 2.5-3.0%	Based upon real estate investment report
1% Tax	Current Allocation (29%) - \$13.5 Million	Reallocate after: 2042	2.50%	The legislature reallocating 1% tax revenue
Rate of Return	District return on cash and investment	50 Year Period	1.75% - 3.5%	Increased to 3.5% over a 10 year period
Capital Smoothing	Annual expenditures will not exceed \$125M	50 Year Period	3%	Spending for spikes will be spread over 2 years
Bond Sales	As needed	2025	\$200 M	Sufficient fund balance



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UPDATED ASSUMPTIONS (2023)

Replacement Fund Revenue Assumptions				
Description	Basis	Years	Escalator	Driver
User Rates	Current Budget - \$25.1 Million	2024-2033 2034-2043	11% 6%	Growth and rates
Real Estate Net Income	Current Budget - \$12.2 Million	50 Year Period	between 2.5-3.0%	Based upon real estate investment report
1% Tax	Current Allocation (31%) - \$15.0 Million	Reallocate after: 2044	2.50%	The legislature reallocating 1% tax revenue
Rate of Return	District return on cash and investment	50 Year Period	1.75% - 3.5%	Increased to 3.5% over a 5 year period
Capital Smoothing	Annual expenditures will not exceed \$180M	50 Year Period	3%	Spending for spikes will be spread over 2 years
Bond Sales	As needed	2027, 2037, & 2040	\$100 M	Sufficient fund balance



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REPLACEMENT FUND REQUIREMENTS AND TARGETS

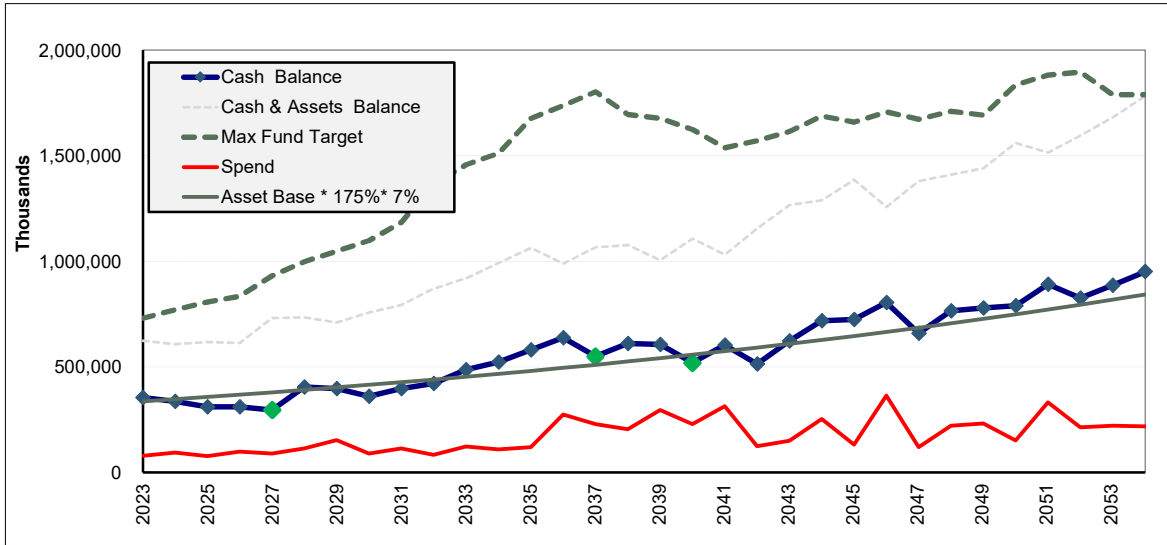
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STRATEGIES TO FUND REPLACEMENT FUND NEEDS

Rate Growth	Current	Proposed
Years 1-10	11.0%	11.0%
Years 11-20	6.0%	6.0%
Year 21 and forward	3.5%	3.5%
Additional Contribution from Pension Trust Fund Strategy	\$0.0	\$328.0 M

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MEETING REPLACEMENT FUND REQUIREMENTS



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BOARD APPROVED REPLACEMENT FUND CRITERIA

Board Approved

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

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REPLACEMENT FUND TARGETS

Replacement Criteria Application:	FY 2022-23	
	(in millions)	
Capital Facilities Replacement: Continuous Refurbishment - 100% of Years 1-5 and 50% of years 6-10	\$731	
Insurance: 5 times the deductible (\$125K for property and \$100K general liability)	\$ 1	
Rate Stabilization: Three years net working capital from operations	\$ 16	
Total required based on criteria	\$748	
Replacement Fund Current Balances:		
Current Cash Balance	\$355	47%
Current Cash and RE Balance	\$633	85%



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POTENTIAL EFFECT ON RATES

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POTENTIAL EFFECT ON RATES

Proposed Increases to a Typical Residential Customer Using 12 ccf


Recommended	Increase Factor	2022-23	2023-24	2024-25
Water Operations *	5%	\$8.45	\$8.87	\$9.31
Commodity *	5%	24.59	25.82	27.11
Replacement	11%	2.30	2.55	2.84
Sub total		\$35.34	\$37.24	\$39.26
Sewer Operations *	5%	\$12.95	\$13.62	\$14.29
Replacement	11%	7.50	8.34	9.25
Sub total		\$20.45	\$21.96	\$23.54
Total Monthly Bill		\$55.79	\$59.20 6.1%	\$62.80 6.1%


* Estimated increase.



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RECOMMENDATIONS AND NEXT STEPS

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NEXT STEPS – TODAY’S MEETING

Incorporate the following increases in the Replacement Component of IRWD’s Rates and Charges for FY 2023-24 and FY 2024-25:

- a. Increase the Replacement Fund component of the water service charge by 11% in each of the upcoming two years (\$0.25 & \$0.29); and
- b. Increase the Replacement Fund component of the sewer service charge by 11% in each of the upcoming two years (\$0.84 & \$0.91).



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NEXT STEPS – GOING FORWARD

1. F&P Committee: Preliminary Operating Budget Review (March 2023)
2. Special F&P Committee: Detailed Operating Budget Review (March 2023)
3. Board Workshops: Review and Approve Operating Budgets (April 2023)
4. Mailing of Prop 218 Notices (May 2023)
5. Adopt FY 2023-24 and FY 2024-25 Rates and Charges (June 2023)




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QUESTIONS



February 7, 2023
Prepared by: E. Lin
Submitted by: C. Clary
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

AUDIT FIRM EXTENSION FOR THE FISCAL YEAR ENDING JUNE 30, 2023

SUMMARY:

In 2018, the Board approved a five-year professional services contract with Davis Farr LLP for financial statement audit services. To maintain continuity and ensure a smooth transition of the changes associated with the new functionalities in IRWD's Oracle Financial System, staff recommends extending the existing contract for one year with Davis Farr to perform audit services for the fiscal year ending June 30, 2023.

BACKGROUND:

In April 2018, the Board approved a five-year audit services contract commencing with fiscal year ended June 30, 2018 with Davis Farr for financial statement audit services. The five-year agreement was for \$317,620 plus possible single audit fees relating to government grants not to exceed \$13,000. Davis Farr has served as the auditor of IRWD from since 2015. Davis Farr has consistently provided quality audit services to the District, and they are familiar with the District's operations and changes. Davis Farr also performs audits for several other related entities for the District.

IRWD is in the process of implementing new functionalities which would allow the District to get a more accurate allocation of overhead in the Oracle Financial System. To maintain continuity and ensure a smooth transition of the changes associated with the new functionalities in IRWD's Oracle Financial System, staff recommends extending the existing contract with Davis Farr LLP for one year to perform audit services for the fiscal year ending June 30, 2023. Davis Farr is proposing audit fees for FY 2023 totaling \$67,850 plus possible single audit fees relating to government grants not to exceed \$3,500, an increase of 4% over the prior year.

At the end of the contract for FY 2023, staff plans to issue requests for proposals for new audit services for a new five-year term.

FISCAL IMPACTS:

The one-year agreement is for \$67,850 plus possible Single Audit fees relating to government grants not to exceed \$3,500. This amount is included in IRWD's Fiscal Year 2022-23 Operating Budget.

ENVIRONMENTAL COMPLIANCE:

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

Finance and Personnel Committee: Audit Firm Extension for the Fiscal Year Ending June 30, 2023

February 7, 2023

Page 2

RECOMMENDATION:

That the Board authorize the General Manager to execute a new one-year audit services contract with Davis Farr LLP for the fiscal year ending June 30, 2023 at a cost of \$67,850 plus possible single audit fees not to exceed \$3,500.

EXHIBITS:

Exhibit "A" – Engagement Letter from Davis Farr, LLP

Exhibit "B" – Report on Davis Farr, LLP System of Quality Control



January 31, 2023

Irvine Ranch Water District
Attn: Cheryl Clary, Executive Director, Finance & Administration
15600 Sand Canyon Ave.
Irvine, CA, 92618

Dear Ms. Clary:

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide **Irvine Ranch Water District** (the "Entity").

You have requested that we audit the business-type activities and the aggregate remaining fund information of the Entity, as of June 30, 2023 and for the year then ended and the related notes, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with Government Auditing Standards, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information ("RSI") such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Changes in the Net Pension Liability and Related Ratios
3. Schedule of Pension Contributions
4. Schedule of Changes in the Net OPEB Liability and Related Ratios

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

1. Introductory Information
2. Statistical Information

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with Government Auditing Standards. As part of an audit in accordance with GAAS and in accordance with Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.² However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with Government Auditing Standards.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Entity's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
 - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform,

At the end of the year, we agree to perform the following:

- Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the Entity's management.

We will not assume management responsibilities on behalf of the Entity. However, we will provide advice and recommendations to assist management of the Entity in performing its responsibilities.

The Entity's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the Entity with regard to tax positions taken in the preparation of the tax return, but the Entity must make all decisions with regard to those matters.

Reporting

We will issue a written report upon completion of our audit of the Entity's basic financial statements. Our report will be addressed to the Board of Directors of the Entity. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter

paragraph(s) to our auditor’s report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Other Services

Applying Agreed-Upon Procedures

We agree to apply procedures listed in the attached schedules as of or for the period ended June 30, 2023. The Entity is responsible for the procedures listed in the attached schedules.

The Entity has agreed to and acknowledged that the procedures to be performed are appropriate to meet the intended purpose of evaluating compliance with certain agreements or regulations for the year ended June 30, 2023. The procedures we will perform may not address all the items of interest to a user of our report and may not meet the needs of all users of our report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

These agreed-upon procedures are noted in the attached schedule.

These procedures will be applied for the purpose of reporting our findings in regard to the results of the procedures performed. The procedures we will perform are for the intended use of the Entity.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements established by the American Institute of Certified Public Accountants. The agreed-upon procedures are not designed to constitute an examination or a review of the subject matter. Therefore, we will not express an opinion or a conclusion on the subject matter. We have no obligation to perform any procedures beyond those agreed to as enumerated in this letter of engagement. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

At the conclusion of our engagement, we will request certain written representations from you about the subject matter information and related matters. We will also issue a written report listing the agreed-upon procedures performed and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted use language.

Engagement Fees

Our fixed fees for the services previously outlined will be as follows:

Audit of Financial Statements	\$ 59,000
Single Audit, if needed	3,500
Prop 218 AUP	2,750
OCSA RA14 AUP	<u>6,100</u>
	<u>\$ 71,350</u>

Additionally, our fees are dependent on the availability, quality, and completeness of the Entity's records and, where applicable, upon the Entity's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., Entity employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable.

Other Engagement Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

The undersigned is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;

- Management’s consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Davis Farr LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Davis Farr LLP’s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,



Jonathan Foster, Partner
Davis Farr LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Irvine Ranch Water District

By _____
Executive Director, Finance and Administration

Date _____

Prop 218 Notices Agreed Upon Procedures

1. We will obtain a list of the notices sent to property owners and customers of record in IRWD's service area.
2. We will retrieve responses to the notices from the temporary post office box and count the number of protests.
3. We will calculate the protests received as a percentage of IRWD's customers to determine if more than 50% of the customers protested the rate increase.

OCSD RA14 Agreed Upon Procedures

1. We will obtain the OCSD general ledger detail for RA14 and the OCSD Cash and Investment Analysis for RA 14 to summarize a roll-forward of RA14 cash balances.
2. We will agree the annual ending cash and investment balances per the roll forward schedule to the audited financial statements.
3. We will review the prior year report to determine the impact on the cash balance at the current year. We will reconcile the cash adjustments noted in the prior year report to the related cash adjustments noted in the general ledger detail for the fiscal year.
4. We will review additional adjustments and calculations that were recorded by OCSD in the fiscal year. We will obtain support for the additional adjustments.
5. We will agree property tax revenues allocated to RA14 to the County of Orange property tax report.
6. We will obtain the 4th quarter interest income allocation recorded in RA14 and will compare the amounts to the audited financial statements. We will recalculate the interest revenue allocation.
7. We will review the capital charges to RA14, including the collection project charges. We will reconcile OCSD RA14 capital outlays to capital asset additions reported in the audited financial statements. We will obtain a schedule of capital asset activity to facilitate this reconciliation. We also will evaluate the appropriateness of depreciation charges in RA14.
8. We will review the annual integration adjustment for the fiscal year ended June 30, 2021 that is calculated to adjust IRWD's equity interest in OCSD's facilities based on changes in flows. We will trace the beginning and ending capital asset balances to amounts previously tested in step 7. We will test and recalculate the flow calculations. We will trace the flows to detailed flow reports by month.
9. We will review the documentation supporting the solids capital charges based on the Agreement for Transfer of Wastewater Solids Residuals dated April 28, 2010. We will verify the flow, load, and cost information used in the model and recalculated the charges to ensure they were in compliance with the abovementioned agreement. We will compare the solids loading information in the Solids Capital Models to the same solids loading information in the Solids O&M Models and also confirmed with IRWD staff that the numbers used in the model were accurate.

10. We will review the operating charges to RA14 including gallonage charges, salary/overhead direct charges, non-salary direct charges, and other expense. The operating charges are based on actual expenses recorded in OCSD's Fund 14 as well as an allocation of certain expenses from other funds. We reviewed source documentation for selected transactions and determined if charges were reasonable for RA14 operations.

11. We will review the documentation supporting the solids O&M charges based on the Agreement for Transfer of Wastewater Solids Residuals dated April 28, 2010.

12. We will verify the flow, load, and cost information used in the model and recalculated the charges to ensure they were in compliance with the abovementioned agreement.

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Report on the Firm's System of Quality Control

Davis Farr LLP

and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Davis Farr LLP (the firm) in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and examination of a service organization (SOC 1 engagement).

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

CPAs ■ Advisors

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Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Davis Farr LLP has received a peer review rating of *pass*.

GYL LLP

Ontario, California
August 8, 2022