

AGENDA
IRVINE RANCH WATER DISTRICT
PENSION / OPEB 115 TRUSTS BOARD MEETING
TUESDAY, MAY 2, 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 (65267779 from video systems)

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 12:00 p.m.

ATTENDANCE Board Member: Peer Swan _____
Board Member: Steve LaMar _____
Board Member: Paul Cook _____

ALSO PRESENT Cheryl Clary _____ Kent Morris _____
Jennifer Davis _____ Dan Quirk, Sage View _____
Oliver Mendoza _____ _____

PUBLIC COMMENT NOTICE

If you wish to address the Committee on any item, please submit a request to speak via the “chat” feature available when joining the meeting virtually. Remarks are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 7:30 a.m. on Tuesday, May 2, 2023

COMMUNICATIONS

1. Meeting Minutes: Kent Morris
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. MINUTES OF THE MEETING OF THE IRVINE RANCH WATER DISTRICT 115 TRUSTS BOARD – DAVIS / MORRIS / CLARY

Recommendation: That the minutes of the February 7, 2023 Board Meeting of the Irvine Ranch Water District Pension 115 Trusts be approved as presented.

ACTION

PENSION 115 TRUST

6. IRWD POST-RETIREMENT BENEFITS TRUST INVESTMENT REVIEW AS OF MARCH 31, 2023 – DAVIS / MORRIS / CLARY

Recommendation: Based on discussions and direction from the Board, staff will implement changes to the investment portfolio, if any.

OPEB 115 TRUST

7. IRVINE RANCH WATER DISTRICT OPEB 115 TRUST ADMINISTRATION REQUIREMENTS – DAVIS / MORRIS / CLARY


Recommendation: That the 115 Trusts Board approve the Investment Policy Statement subject to any non-substantive changes and adopt resolutions for by-laws, establish investment custody account signature authority, appoint trust officers, and establish time and place of regular quarterly meetings.

Reso. No. 1
Reso. No. 2
Reso. No. 3
Reso. No. 4

OTHER BUSINESS

8. Directors' Comments
9. 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 Retirement Board in connection with a matter subject to discussion or consideration at an open meeting of the Retirement Board 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 Retirement Board 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 the Retirement Board, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to comments@irwd.com. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

May 2, 2023
Prepared by: J. Davis
Submitted by: K. Morris /C. Clary
Approved by: Paul A. Cook 

115 TRUSTS BOARD

MINUTES OF THE MEETING OF THE
IRVINE RANCH WATER DISTRICT 115 TRUSTS BOARD

SUMMARY:

Provided are the minutes of the February 7, 2023, meeting of the Irvine Ranch Water District 115 Trusts Board for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE FEBRUARY 7, 2023, BOARD MEETING OF THE IRVINE RANCH WATER DISTRICT 115 TRUSTS BOARD BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – February 7, 2023 Minutes

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EXHIBIT “A”

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT 115 TRUSTS BOARD

February 7, 2023

The meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) 115 Trusts Board was called to order by Chairman Swan at 12:00 pm. on February 7, 2023.

Directors Present: Chairman Peer Swan, Vice Chairman Steve LaMar, and Paul Cook

Also Present: Treasurer Robert Jacobson, Executive Director of Finance and Administrative Services Cheryl Clary, Assistant Treasurer Jennifer Davis, and Dan Quirk of SageView Advisory Group.

COMMUNICATION: None.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

ACTION CALENDAR

MINUTES OF BOARD MEETING

Jennifer Davis presented the minutes from the November 21, 2022 meeting.

On MOTION by Cook, seconded by La Mar and affirmed by Peer Swan, the minutes of the November 21, 2022 meeting were approved as presented.

Trust Investment Review:

- A capital markets and legislative update was provided by SageView.
- All trust investment options were reviewed as of 12/31/2022. All options are currently performing in line with benchmarks or above 50th percentile peer group rankings.
- The Portfolio return and expense ratio, style analysis, and asset allocation by fund were reviewed. Of note was the following:
 - As of December 31, 2022, the IRWD Post-Retirement Benefits Trust market value was \$97,215,451, up from \$90,092,481 on September 30, 2022.
 - For the quarter, the net total return was 7.91%, closely tracking with the index-based custom benchmark return of 7.48%.
 - For the trailing twelve months, the total return was -15.98%, closely tracking the custom benchmark return as well.
The portfolio is primarily allocated to index funds, leading to a low overall expense ratio of 0.06%.
 - The two actively scored funds by SageView score in the upper half of peer group rankings, while all index funds receive a pass rating.

- There was discussion to modify the portfolio target allocation from a broad 80% stock and 20% bond mix to 75% stock and 25% bonds. The table below lays out the changes. SageView executed the trades to adjust the portfolio on February 8.

Ticker	Fund	12/31/2022 % Target	2/7/2023 % Target
FDRXX	Fidelity Government Cash Reserves	0.0%	0.0%
FUMBX	Fidelity Short Term Treasury Bond Index	9.0%	0.0%
BCOIX	Baird Core Plus Institutional	5.0%	17.0%
VWEAX	Vanguard High Yield Corporate Bond	6.0%	8.0%
	Fixed Income	20.0%	25.0%
VINIX	Vanguard Institutional Index	50.5%	40.0%
VHYAX	Vanguard High Dividend Yield Index Admiral	9.0%	15.0%
VEXAX	Vanguard Extended Market Index	8.5%	10.0%
VTMNX	Vanguard Developed Markets Index	10.5%	10.0%
VEMAX	Vanguard Emerging Markets Index	1.5%	0.0%
	Equity	80.0%	75.0%


ADJOURNMENT

There being no further business, Chairman Swan adjourned the meeting.

APPROVED and SIGNED this 2nd day of May 2023.

Board Member, IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

Secretary, IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

May 2, 2023
 Prepared by: J. Davis
 Submitted by: K. Morris / C. Clary
 Approved by: Paul A. Cook 

115 TRUSTS BOARD

**IRWD POST-RETIREMENT BENEFITS TRUST
 INVESTMENT REVIEW AS OF MARCH 31, 2023**

SUMMARY:

Staff and a representative from IRWD’s pension investment advisor SageView Investment Advisors will present the Portfolio Investment Review for the quarter ended March 31, 2023 and provide an update on current market conditions and any recommended portfolio changes.

BACKGROUND:

Quarterly Investment Review:

As of March 31, 2023, the IRWD Post-Retirement Benefits Trust market value was \$101,989,575, which was a net increase of \$4,774,124 from the prior quarter end. The change was due to an increase in market value of \$4,089,990, capital gains of \$149,981 and dividends in the amount of \$549,415. Trust expenses for the quarter included \$15,000 paid to SageView Advisory Group and \$262 for transaction and reporting fees paid to Fidelity. Assets in the Trust are sufficient to meet the District’s current CalPERS unfunded liability. The table below represents closing balances and fund returns as of March 31.

Investment	Quarterly Return	Month End December 31, 2022	Month End March 31, 2023	Incr/(Decr)	Percent of Portfolio
EQUITIES					
Vanguard Institutional Index Fund.	7.49%	\$48,300,807	\$41,097,162	(\$7,203,645)	40.3%
Vanguard Extended Mkt (small/mid) Index Fund	5.85%	6,609,828	9,641,324	\$3,031,496	9.5%
Vanguard Developed Market Index	7.79%	9,964,753	10,330,931	\$366,178	10.1%
Vanguard Emerging Markets Index	3.61%	1,376,204	0	(\$1,376,204)	0.0%
Vanguard High Dividend Yield Index Admiral	-1.79%	10,503,535	14,960,655	\$4,457,120	14.7%
FIXED INCOME					
Baird Core Plus Bond Fund	3.04%	5,071,364	17,663,702	\$12,592,339	17.3%
Vanguard High-Yield Corporate Fund	3.19%	6,180,647	8,232,928	\$2,052,281	8.1%
Fidelity Short Term Treasury Bond	1.96%	9,201,044	0	(\$9,201,044)	0.0%
CASH-SHORT TERM					
Fidelity Government Cash Reserves		7,269	62,871	\$55,602	0.1%
Closing Balance		\$97,215,451	\$101,989,575	\$4,774,124	100.0%

For the quarter ended March 31, 2023, the portfolio return was 4.92% compared to the index-based custom benchmark return of 5.36%. For the one-year period ended March 31, 2023, the return was -6.66%, compared to the index-based custom benchmark return of -7.46%. The Portfolio Investment Review as of March 31, 2023 is provided as Exhibit “A”.

A representative from SageView will present the Portfolio Investment Review for the quarter ended March 31, 2023, update the Board on current market conditions, and provide any recommended portfolio changes for the Board’s consideration.

FISCAL IMPACTS:

Fiscal impacts are as described above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

BASED ON DISCUSSIONS AND DIRECTION FROM THE BOARD, STAFF WILL IMPLEMENT CHANGES TO THE INVESTMENT PORTFOLIO, IF ANY.

LIST OF EXHIBITS:

Exhibit "A" – The Portfolio Investment Review as of March 31, 2023



Plan Investment Review

Irvine Ranch Water District Post-Employment Benefits Trust

For period ending March 31, 2023

Jonathan Upham Registered Representative with and securities offered through Cetera Advisor Networks LLC, member FINRA/SIPC
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Section I

Market Overview

The views are those of SageView Advisory Group and should not be construed as investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot directly invest in unmanaged indices. Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards. Please consult your financial advisor for more information.

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Q1 2023 BY THE NUMBERS

Bank Failures



The early March collapse of Silicon Valley Bank and Signature Bank stoked contagion fears throughout the banking system, with each representing the second and third largest bank failures in US history. Treasury Secretary Janet Yellen's statements assuring depositors that their funds would be guaranteed calmed the markets in the short term but presented a long-term dilemma if larger banks receive a complete depositor guarantee from the US Treasury while regional bank deposits are only insured to the FDIC limit.

\$250,000

FDIC deposit insurance

0.37%

Average bank savings rate

4.64%

Average money market yield as of 3/31/23

All Eyes On The Fed



In late March, the Fed raised interest rates a quarter percent to between 4.75% and 5%, the highest level since September 2007. Chair Powell hinted that this could be the Fed's last hike of the cycle, while simultaneously expressing concern about the impact that rising rates had on banks. Continued banking turmoil and tightening credit conditions could slow the economy without requiring higher interest rates.

-1.07%

10 Year - 2 Year Treasury spread (at peak inversion on 3/8/23)

44.8%

Proportion of banks tightening lending standards

9

Consecutive months of falling inflation

Growth Rebound



In a surprise to many, large growth indices returned over 14% in the first quarter. Growth stocks outpaced value stocks across the market cap spectrum. This reversal from last year's Tech selloff demonstrates the stock market's resilience, even in the face of bank failures and recession worries. Reduced inflation, a semiconductor chip glut, and rapid developments in artificial intelligence excited investors looking at revenue potential and margin expansion.

17.1%

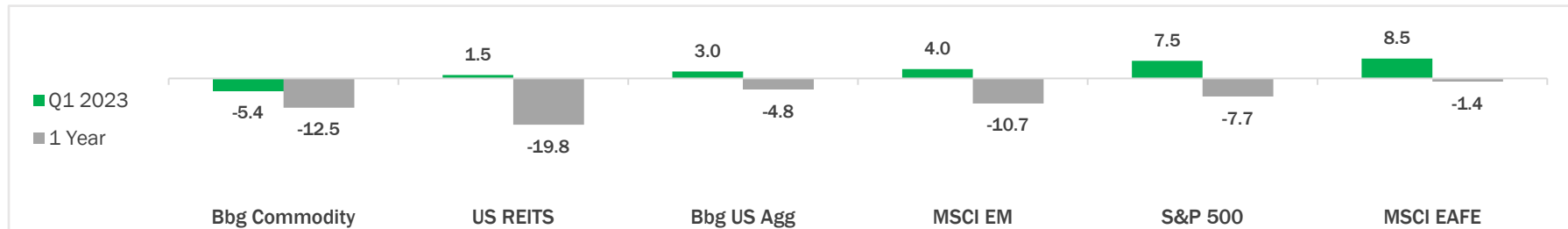
NASDAQ Composite Q1 return

13.4%

Q1 outperformance R1000G vs R1000V

13x

AI investment growth since 2013

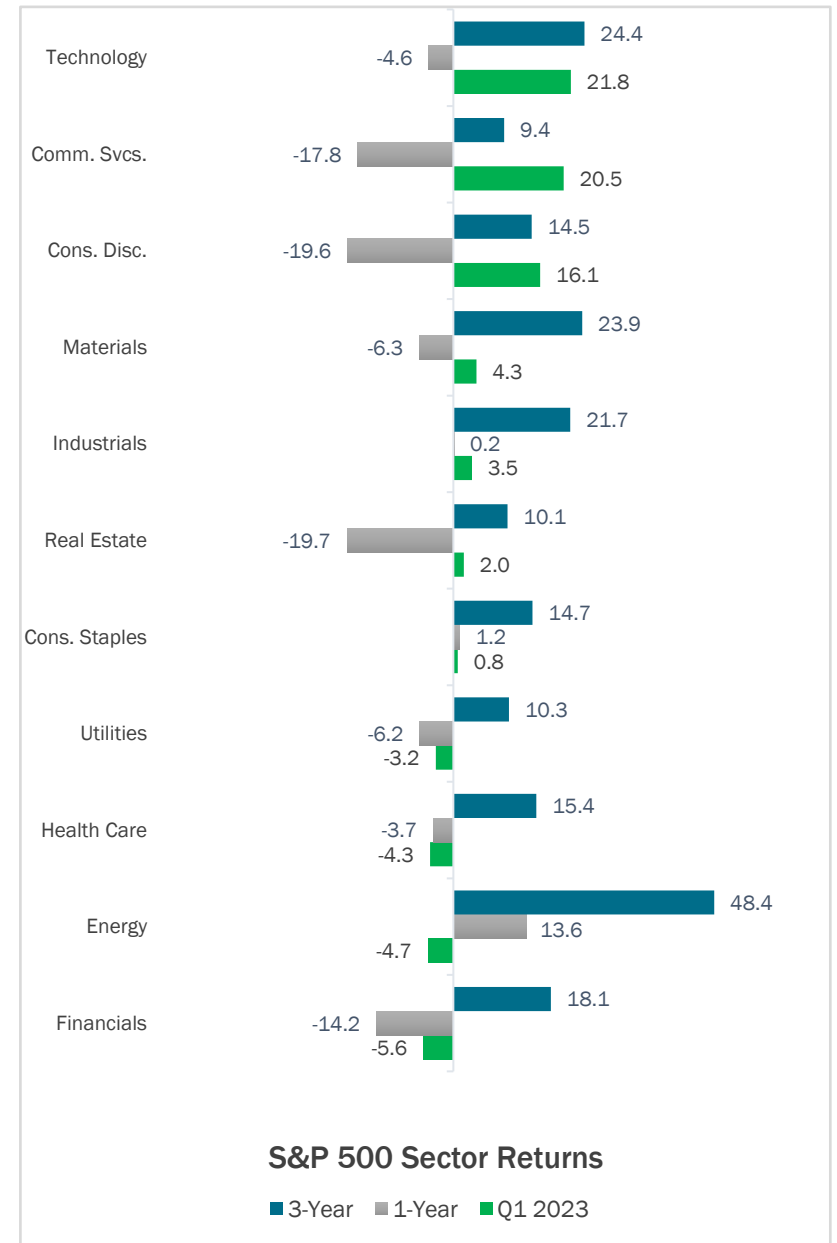
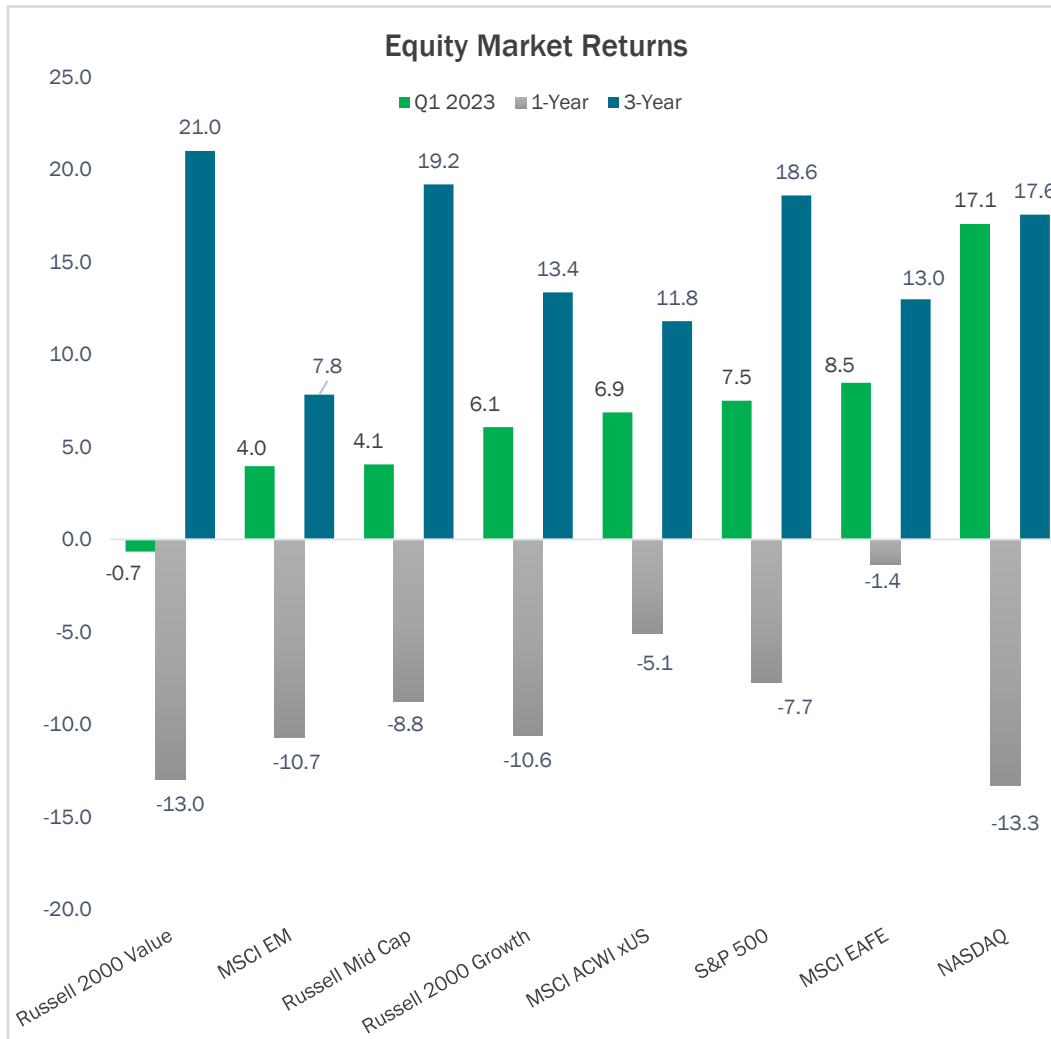


Source: Morningstar. Returns represent cumulative total return, including dividends US REITS – FTSE NAREIT ALL REITS

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EQUITIES

Investors entered the year focused on sticky inflation and rising rates, as the Fed remained committed to tighter monetary policy. Focus quickly shifted to banking sector health following several bank failures. In a major shift from the last 12 months, growth stocks, particularly Tech and Communications, rallied based on expected lower rates, while value stocks were negative in Q1.



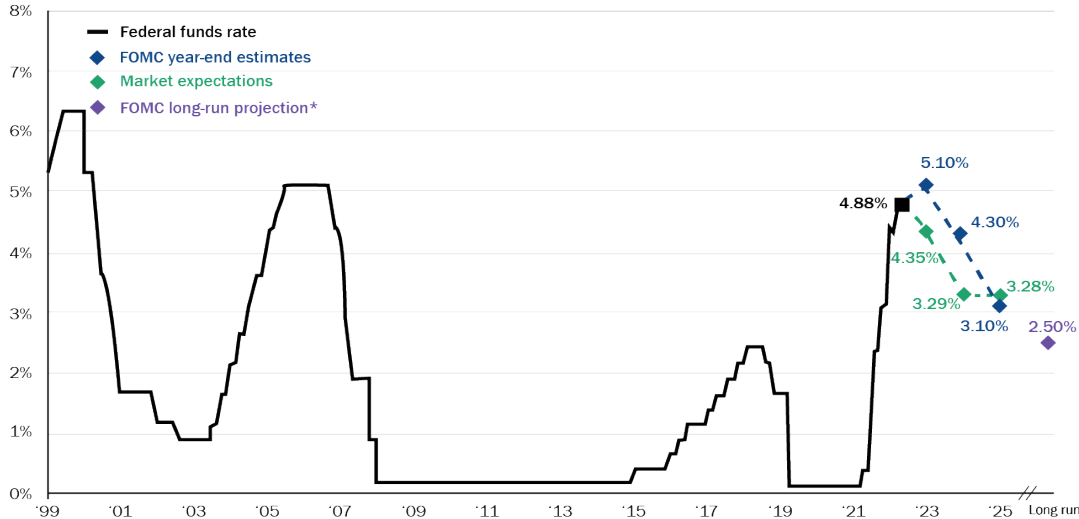
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FIXED INCOME

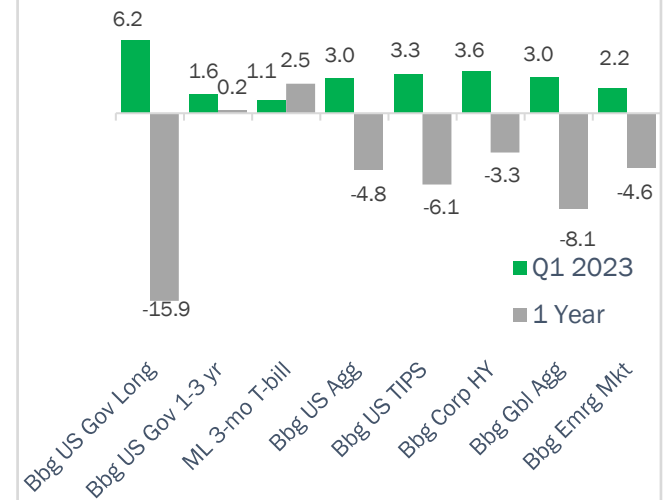
The yield curve inversion steepened during the quarter, a common occurrence as the Fed nears the end of its rate hiking cycle. The Bloomberg US Agg Bond Index returned nearly 3% in the first quarter, a healthy rebound from last year. Longer-dated Treasuries posted healthy returns on the back of an easing inflationary environment. Markets currently predict a rate cut by the end of the year.

Federal funds rate expectations

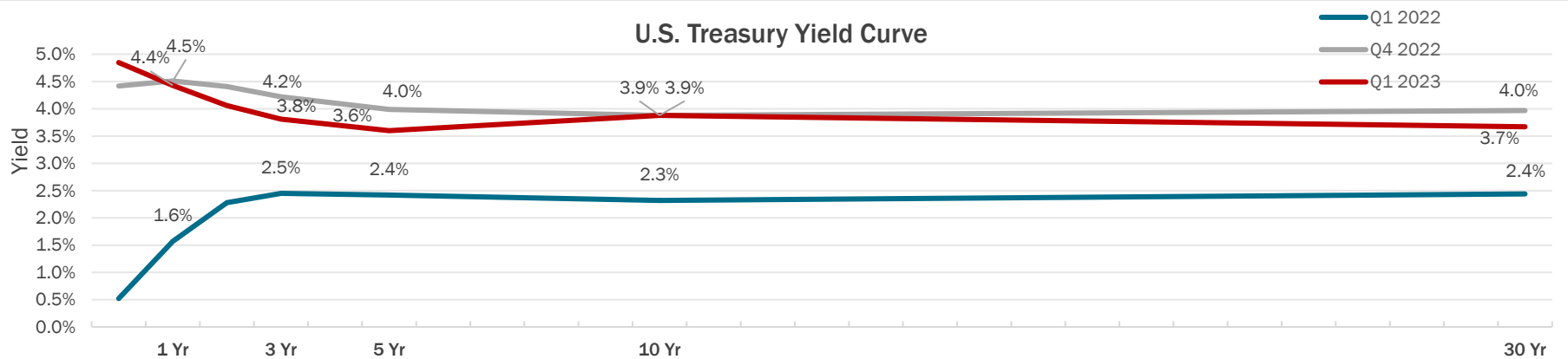
FOMC and market expectations for the federal funds rate



Fixed Income Market Returns



U.S. Treasury Yield Curve



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The background of the slide is a grayscale image of a globe, showing latitude and longitude lines. A large, semi-transparent teal rectangle is overlaid on the center of the globe. Inside this rectangle, the text "Section II" and "Investment Summary" is written in white, bold, sans-serif font.

Section II

Investment Summary

Executive Summary and Observations

Assets total \$101,989,575 at March 31, 2023, up from \$97,215,451 at December 31, 2022.

Trade activity during the quarter:

-Eliminated short treasury and emerging markets positions and reallocated as shown below.

Target Allocation vs. Actual

Ticker	Fund	12/31/2022	12/31/2022	03/31/2023	03/31/2023	3/31/2023
		\$ Actual	% Target	\$ Actual	% Actual	% Target
FDRXX	Fidelity Government Cash Reserves	7,269	0.0%	62,871	0.1%	0.0%
FUMBX	Fidelity Short Term Treasury Bond Index	9,201,044	9.0%	0	0.0%	0.0%
BCOIX	Baird Core Plus Institutional	5,071,364	5.0%	17,663,702	17.3%	17.0%
VWEAX	Vanguard High Yield Corporate Bond	6,180,647	6.0%	8,232,928	8.1%	8.0%
	Fixed Income	20,460,323	20.0%	25,959,502	25.5%	25.0%
VINIX	Vanguard Institutional Index	48,300,807	50.5%	41,097,162	40.3%	40.0%
VHYAX	Vanguard High Dividend Yield Index Adm	10,503,535	9.0%	14,960,655	14.7%	15.0%
VEXAX	Vanguard Extended Market Index	6,609,828	8.5%	9,641,324	9.5%	10.0%
VTMNX	Vanguard Developed Markets Index	9,964,753	10.5%	10,330,931	10.1%	10.0%
VEMAX	Vanguard Emerging Markets Index	1,376,204	1.5%	0	0.0%	0.0%
	Equity	76,755,128	80.0%	76,030,072	74.5%	75.0%
	Total	97,215,451	100.0%	101,989,575	100.0%	100.0%

For the quarter, the net total return was 4.92%, compared to the index-based custom benchmark of 5.36% and the peer-group custom benchmark of 4.34%.

For the past 12 months, the net total return was -6.66%, beating the index-based custom benchmark return of -7.46%, and beating the custom peer group return of -6.63%.

The portfolio is heavily allocated to index funds, leading to a low overall expense ratio of 0.10%.

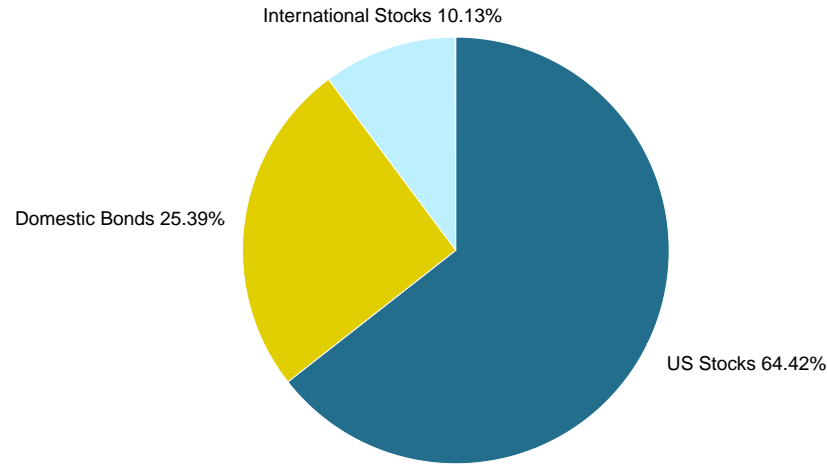
Baird Core Plus and Vanguard High Yield Corporate Bond score in the top quartile of SageView's peer group quantitative rankings, while all index funds receive a pass rating.



Asset Allocation by Fund

As of 03/31/2023

Fund	% of Plan Assets	Total Assets
Vanguard Institutional Index I	40.30%	\$41,097,162.25
Baird Core Plus Bond Inst	17.32%	\$17,663,702.47
Vanguard High Dividend Yield Index Adm	14.67%	\$14,960,654.50
Vanguard Developed Markets Index Instl	10.13%	\$10,330,931.15
Vanguard Extended Market Index Admiral	9.45%	\$9,641,324.49
Vanguard High-Yield Corporate Adm	8.07%	\$8,232,928.24
Fidelity® Government Cash Reserves	0.06%	\$62,871.42
Total Market Value:	100.00%	\$101,989,574.52



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Fund Performance Summary

As of 03/31/2023

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	SageView Ranking
Fidelity® Government Cash Reserves	Money Market-Taxable	0.06%	1.02	1.02	2.38	0.79	1.16	0.67	0.34	NA
ICE BofA US 3M Trsy Bill TR USD*			1.07	1.07	2.50	0.89	1.41	0.87		
Cat: Morningstar Money Market - Taxable			1.00	1.00	2.31	0.78	1.12	0.65	0.41	
Baird Core Plus Bond Inst	Intermediate Core-Plus Bond	17.32%	3.04	3.04	-4.34	-1.13	1.44	2.00	0.30	TOP DEC
Bloomberg US Agg Bond TR USD*			2.96	2.96	-4.78	-2.77	0.91	1.36		
Cat: Morningstar Intermediate Core-Plus Bond			3.02	3.02	-5.36	-1.14	0.93	1.53	0.74	
Vanguard High-Yield Corporate Adm	High Yield Bond	8.07%	3.19	3.19	-1.95	4.74	3.25	3.89	0.13	TOP QUAR
ICE BofA US High Yield TR USD*			3.72	3.72	-3.56	5.84	3.06	4.03		
Cat: Morningstar High Yield Bond			3.15	3.15	-3.55	5.55	2.51	3.23	0.89	
Vanguard High Dividend Yield Index Adm	Large Value	14.67%	-1.79	-1.79	-2.91	17.92	8.45	10.13	0.08	Pass
Russell 1000 Value TR USD*			1.01	1.01	-5.91	17.93	7.50	9.13		
Cat: Morningstar Large Value			0.87	0.87	-5.10	18.91	7.77	9.10	0.90	
Vanguard Institutional Index I	Large Blend	40.30%	7.49	7.49	-7.76	18.57	11.16	12.21	0.04	Pass
S&P 500 TR USD*			7.50	7.50	-7.73	18.60	11.19	12.24		
Cat: Morningstar Large Blend			5.68	5.68	-7.36	17.66	9.66	10.83	0.79	
Vanguard Extended Market Index Admiral	Mid-Cap Blend	9.45%	5.85	5.85	-14.15	17.14	6.04	8.91	0.06	Pass
S&P Completion TR USD*			5.80	5.80	-14.27	17.04	5.93	8.81		
Cat: Morningstar Mid-Cap Blend			3.38	3.38	-6.84	19.55	7.13	9.01	0.91	
Vanguard Developed Markets Index Instl	Foreign Large Blend	10.13%	7.79	7.79	-2.88	13.86	3.44	5.27	0.05	Pass
FTSE Dv Ex US TR USD*			7.81	7.81	-3.05	13.83	4.02	5.44		
Cat: Morningstar Foreign Large Blend			7.79	7.79	-2.32	12.54	2.87	4.67	0.92	

*Investment Policy Benchmark

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Investment Discussion Summary - Current Investments

Fund Name % of Plan Assets Category	Comment Date	Comments
Baird Core Plus Bond Inst 17.32 Intermediate Core-Plus Bond	12/31/2022	<p>Performance Update (12/31/2022): The Baird Core Plus Bond fund outperformed the Bloomberg U.S. Universal Bond Index in the fourth quarter. Asset allocation was a key driver of returns, with an overweight to investment grade credit being accretive. Active positioning within investment grade credit was also additive, specifically favoring BBB credit, as well as underweighting non-corporate in favor of corporate credit. Securitized positioning was positive, with an overweight to non-agency CMBS at the top of the capital structure. Over the trailing one-year, the fund outperformed the benchmark. The underweight position to high yield U.S. corporate credit and agency RMBS helped to buoy the negative absolute returns over the trailing twelve months.</p> <p>Strategy Summary: The fund utilizes a duration neutral approach relative to the benchmark. Typically, portfolio managers hope to generate the most excess return (about 40% of alpha) through security selection, then sector allocation (30% of alpha), yield curve positioning (25% of alpha), and lastly trade execution (5% of alpha). Credit analysts first determine which issuers appear to offer the best value within each sector. Only US dollar denominated securities are utilized in this fund with no use of derivative securities. The prospectus benchmark for the strategy is the Bloomberg US Universal Index. The standard category benchmark is the Bloomberg US Aggregate Bond Index. Fund comments are relative to the prospectus benchmark.</p>
Vanguard High-Yield Corporate Adm 8.07 High Yield Bond	12/31/2022	<p>Performance Update (12/31/2022): The Vanguard High Yield fund outperformed for both the quarter and the twelve-month period. US high yield bonds posted positive returns and spreads tightened for the fourth quarter amid some easing of inflation concerns, limited supply, and a large stretch of retail inflows. All credit tiers posted positive total returns for the quarter, with higher quality credit outpacing lower quality debt. For the quarter, the fund's outperformance was driven primarily by security selection within the Healthcare and media and entertainment sectors. For the twelve-month period, an underweight allocation to credit risk, along with strong selection within the wireless, pharmaceutical, and technology sectors were the primary drivers of performance. Its underweight allocation to and selection within the Energy sector was the largest detractor.</p> <p>Strategy Summary: The Fund invests primarily in a diversified group of high yielding, higher risk corporate bonds with medium and lower range credit quality ratings. The Fund invests at least 80% of its assets in corporate bonds that are rated below Baa by Moody's. The Fund may not invest more than 20% of its assets in any of the following, in the aggregate: bonds with credit ratings lower than B or the equivalent, convertible securities, preferred stocks, and fixed and floating rate loans of medium to lower range credit quality. The standard category benchmark is the BB Barclays US Corporate High Yield Bond Index. Fund comments are relative to the prospectus benchmark.</p>

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IPS Historical Ranking

Fund Name	06/2020	09/2020	12/2020	03/2021	06/2021	09/2021	12/2021	03/2022	06/2022	09/2022	12/2022	03/2023
Fidelity® Government Cash Reserves	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Baird Core Plus Bond Inst	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP QUAR	TOP QUAR	TOP DEC	TOP QUAR	TOP DEC	TOP DEC
Vanguard High-Yield Corporate Adm	TOP DEC	TOP DEC	TOP DEC	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR
Vanguard High Dividend Yield Index Adm	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Institutional Index I	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Extended Market Index Admiral	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Developed Markets Index Instl	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass

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Fund Score Summary

Fund Name	Ticker	Total Return Composite Ranking	Rolling 12 Mo Perf. (5 Yrs.)	RSquared (3 Yrs)	Modified Sharpe Ratio (36 Mos.)	Alpha (60 Mos.)	Up Capture Ratio (10 Yrs.)	Down Capture Ratio (10 Yrs.)	Batting Average (10 Yrs.)	Expense Ratio	SageView Normalized Ranking
Baird Core Plus Bond Inst	BCOIX	23%	36%	11%	44%	19%	21%	35%	10%	7%	6%
Vanguard High-Yield Corporate Adm	VWEAX	33%	37%	50%	74%	19%	61%	20%	16%	3%	22%

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Baird Core Plus Bond Inst

BCOIX

Ranking Vs. Peers - Intermediate Core-Plus Bond

March 31, 2023

Intermediate Core-Plus Bond Universe: 804 Funds

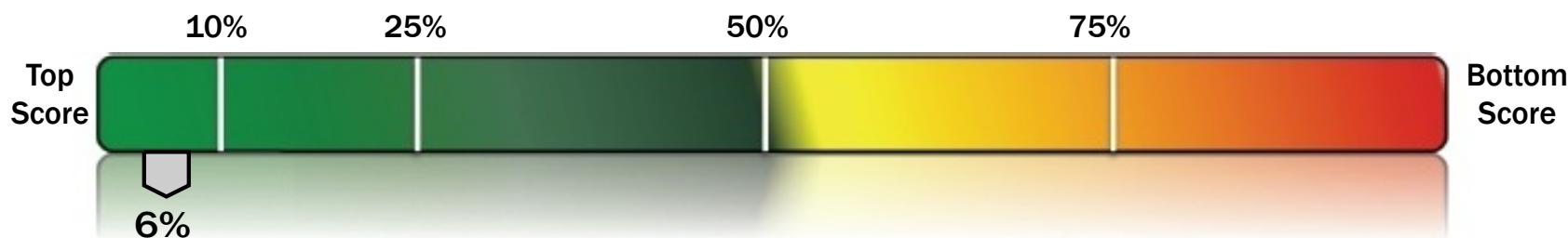
Performance Ranking		Ranking
Total Return Composite Ranking		23.25%
10 Year	16.00%	
5 Year	18.00%	
3 Year	45.00%	
1 Year	10.00%	
Rolling 12 Month - 5 Years		35.63%

Ratio Statistics		Ranking
Modified Sharpe Ratio - 36 Months		44.00%
Alpha - 60 Months		19.00%
Up Capture Ratio - 10 Years		21.00%
Down Capture Ratio - 10 Years		35.00%
Batting Average - 10 Years		10.00%

Style Consistency		Ranking
Style Consistency to Benchmark		
Bloomberg US Agg Bond TR USD	R2	11.00%

Fund Expense		Ranking
Expense Ratio	0.3	7.00%

SageView Normalized Ranking	
SageView Normalized Ranking	6.00%
STATUS	TOP DECILE



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Vanguard High-Yield Corporate Adm

VWEAX

Ranking Vs. Peers - High Yield Bond

March 31, 2023

High Yield Bond Universe: 720 Funds

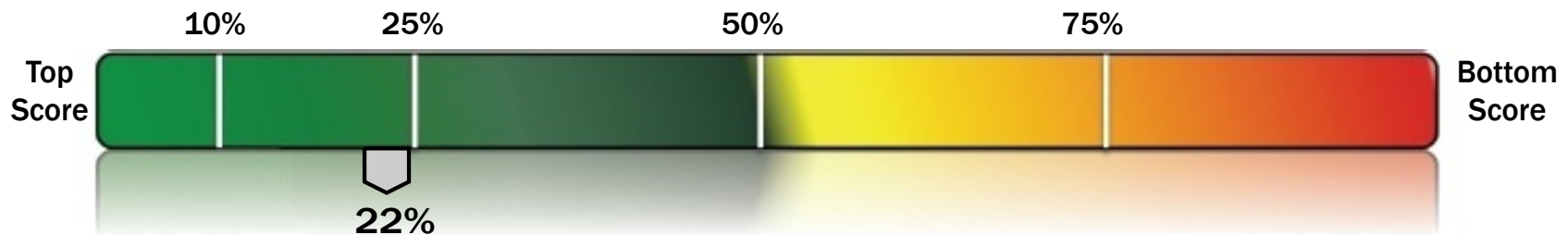
Performance Ranking		Ranking
Total Return Composite Ranking		32.75%
10 Year	20.00%	
5 Year	19.00%	
3 Year	74.00%	
1 Year	18.00%	
Rolling 12 Month - 5 Years		36.59%

Ratio Statistics		Ranking
Modified Sharpe Ratio - 36 Months		74.00%
Alpha - 60 Months		19.00%
Up Capture Ratio - 10 Years		61.00%
Down Capture Ratio - 10 Years		20.00%
Batting Average - 10 Years		16.00%

Style Consistency		Ranking
Style Consistency to Benchmark		
Bloomberg US HY 2% Issuer Cap TR USD	R2	50.00%

Fund Expense		Ranking
Expense Ratio	0.13	3.00%

SageView Normalized Ranking	
SageView Normalized Ranking	22.00%
STATUS	TOP QUARTILE



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Section III

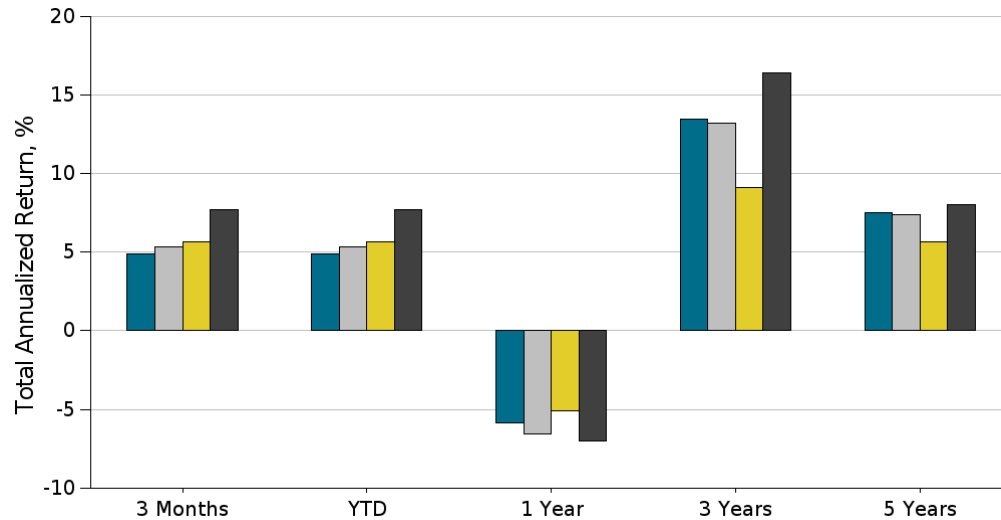
Portfolio Summary

Portfolio Return vs. Custom Benchmark

As of 03/31/2023

Performance As Of March 31, 2023	3 Month	YTD	1 Year	3 Year	Prospectus Exp Ratio
Irvine Ranch Water District Post-Employment Benefits Trust	4.92	4.92	-6.66	12.08	0.10
Irvine Ranch Water District Post-Employment Benefits Trust Custom Benchmark	5.36	5.36	-7.46	11.84	NA
Irvine Ranch Water District Post-Employment Benefits Trust Custom Category Averages Benchmark	4.34	4.34	-6.63	11.89	0.83
Institutional Portfolio 60-30-10	5.63	5.63	-5.08	9.12	NA
MSCI World NR USD	7.73	7.73	-7.02	16.40	NA

¹Industry Average Exp Ratio 0.89%. Based on plan assets \$50Mil+



Benchmark	Weight
S&P 500 TR USD	40.30%
Bloomberg US Agg Bond TR USD	17.32%
Russell 1000 Value TR USD	14.67%
FTSE Dv Ex US TR USD	10.13%
S&P Completion TR USD	9.45%
ICE BofA US High Yield TR USD	8.07%
ICE BofA US 3M Trsy Bill TR USD	0.06%

- Irvine Ranch Water District Post-Employment Benefits Trust
- Irvine Ranch Water District Post-Employment Benefits Trust Custom Benchmark
- Institutional Portfolio 60-30-10
- MSCI World NR USD

¹Industry Average Expense Ratio Source: 401(k) Averages Book, 20th Edition, published by HR Investment Consultants

The Institutional Portfolio 60-30-10 consists of 60% MSCI World NR USD, 30% Bloomberg US Agg Bond TR USD and 10% ICE BofA US 3M Trsy Bill TR USD

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Management Style Analysis

As of 03/31/2023

Domestic Equity Style Box

	VALUE	BLEND	GROWTH
LARGE CAP	<ul style="list-style-type: none"> Vanguard High Dividend Yield Index Adm (\$95.42 bn) 	<ul style="list-style-type: none"> Vanguard Institutional Index I(\$170.39 bn) 	
MID CAP		<ul style="list-style-type: none"> Vanguard Extended Market Index Admiral (\$5.97 bn) 	
SMALL CAP			

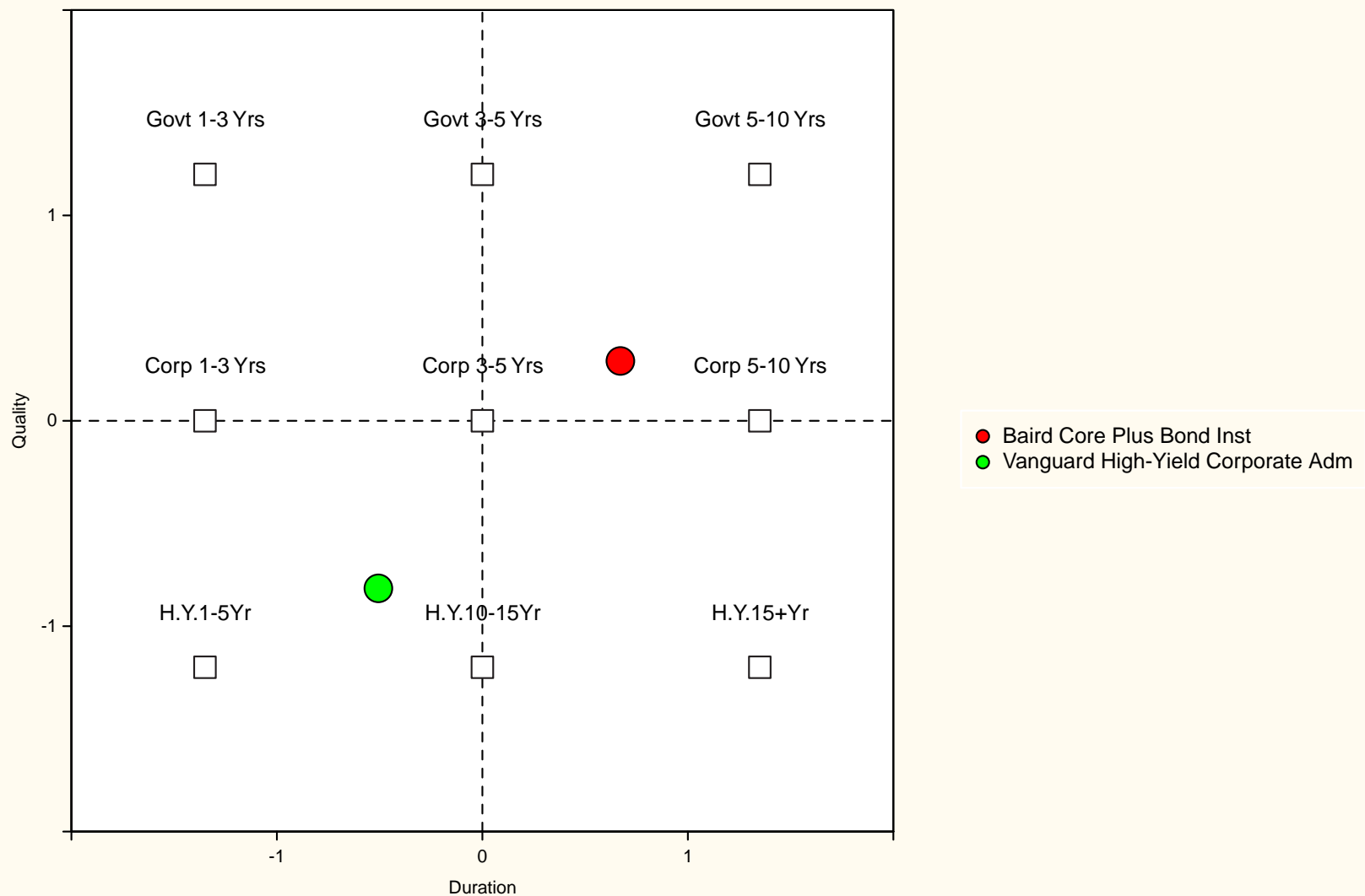
Average Market Cap. listed in parentheses

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Manager Style Box

Fixed Income - Single Computation
April 2013 - March 2023

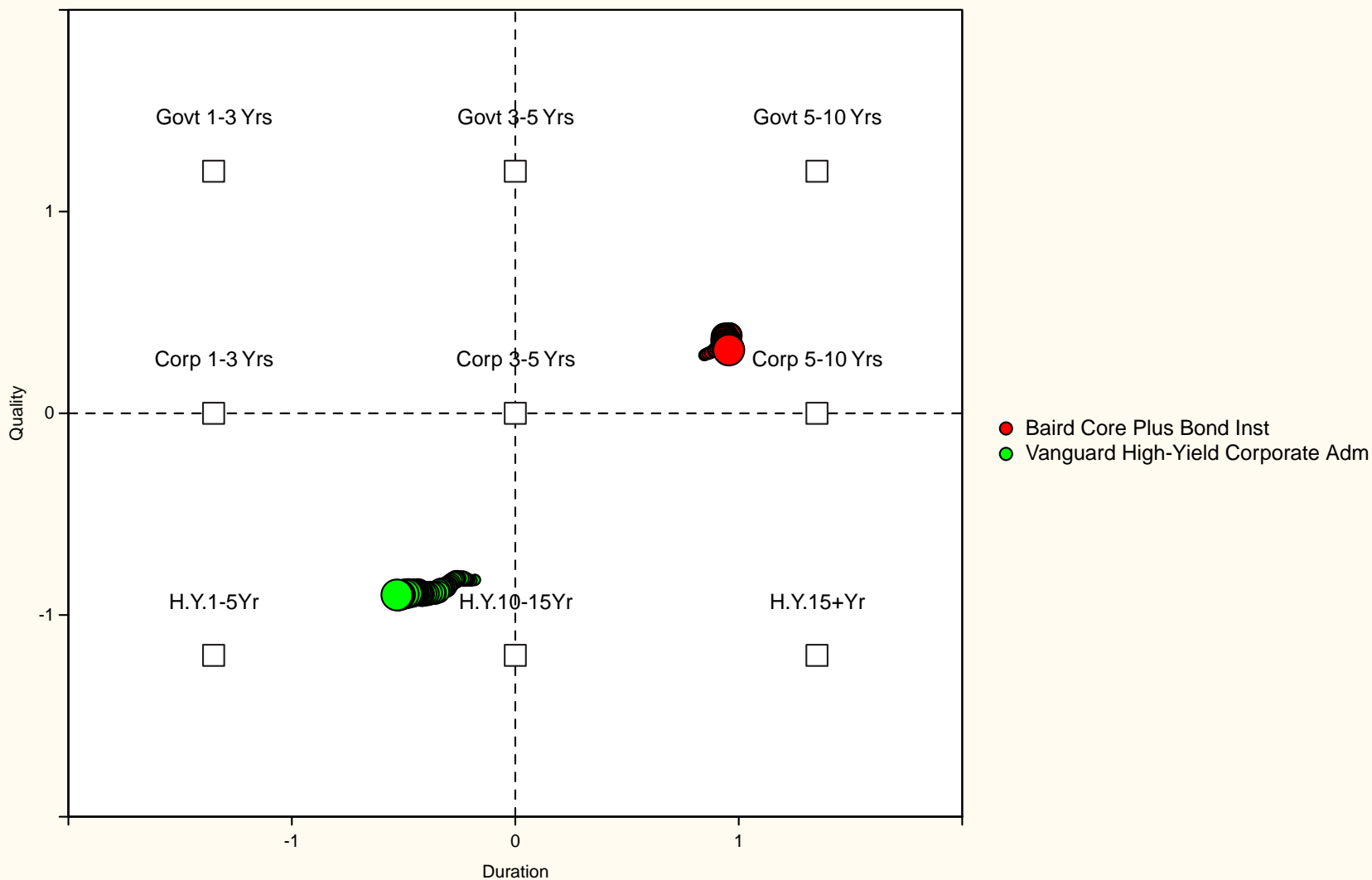


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Manager Style Box

Fixed Income - 12 Month Moving Windows
April 2013 - March 2023

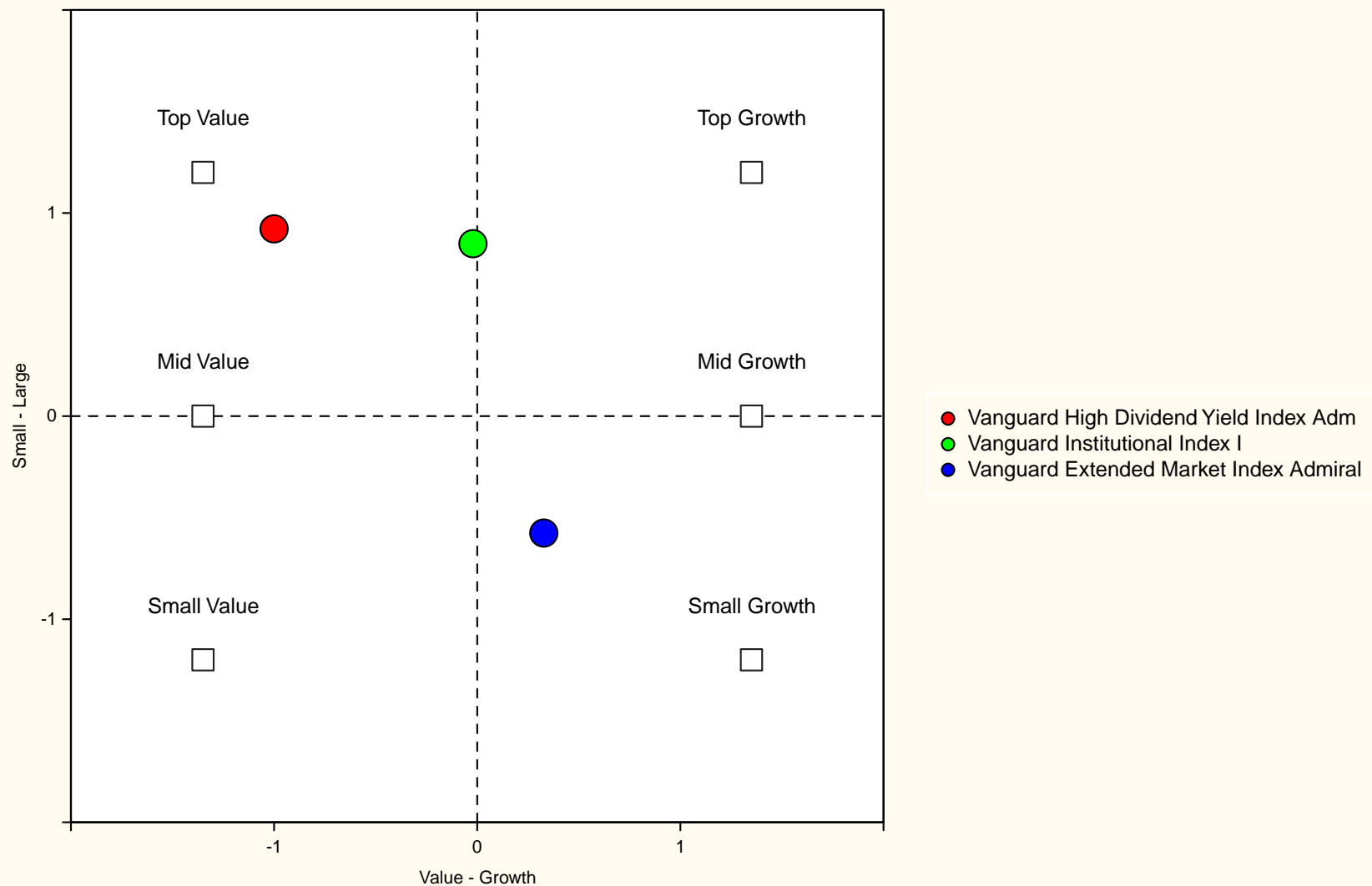


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Manager Style Box

Equity - Single Computation
April 2013 - March 2023

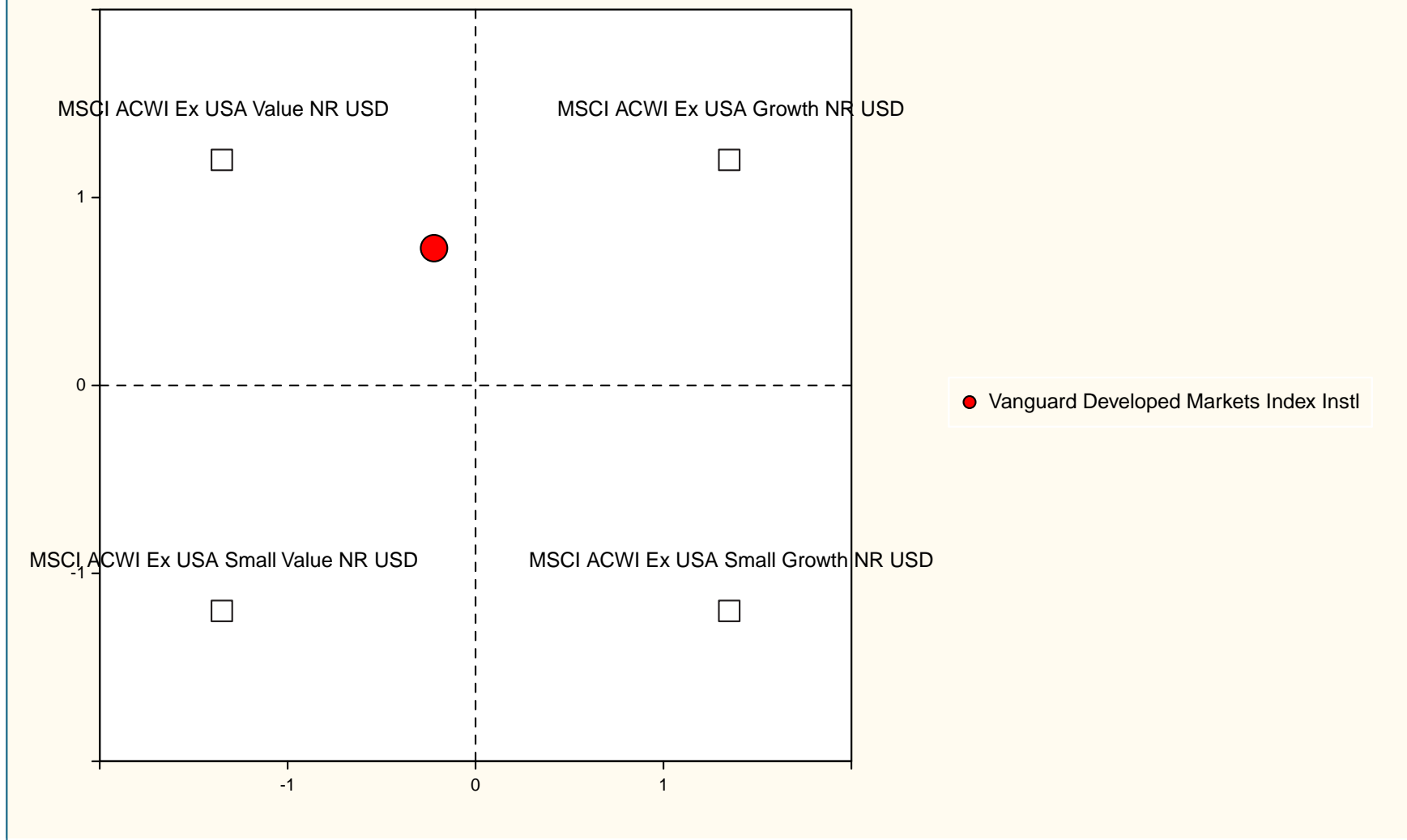


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Manager Style Box

International Equity - Single Computation
April 2013 - March 2023



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Section V Appendix

ACTIVE INVESTMENT OPTIONS ANALYSIS CRITERIA

All active plan investment options are reviewed quarterly against their peer group and index benchmark to determine the performance and quality of each offering. Each are evaluated using the following criteria:

1. Trailing 1, 3, 5 and 10 year returns – Total return is a basic measure of a fund's performance. Fund returns over each period are factored into a weighted average, based on the life of a fund. Recent returns receive a slightly higher weighting, while older returns, which may have been produced under different conditions, are weighted less.
2. Rolling period returns – A rolling period return divides a longer time frame into smaller time periods. A rolling 12-month return over five years is computed by first calculating a single period return over the first twelve months. Next, it calculates the 12-month return for months 2-13. The process continues until finally reaching the 12-month period spanning months 48-60. The final rolling figure reflects the average of all of the 12-month returns.
3. Batting Average – Batting average is calculated by (1) tallying the number of months in a given observation window where the investment return is greater than the return of the peer group median return and (2) dividing this amount by the total number of months in the observation window. The result is a ratio that ranges between 0 and 1. A batting average of greater than 0.50 signifies that the investment has outperformed the peer group more frequently than it has underperformed, irrespective of the magnitude of any outperformance or underperformance.
4. Style Consistency to the appropriate index – We utilize R-squared to assess whether the funds selected for the plan continue to operate and perform as expected within their appropriate asset class. R-squared measures the closeness between a fund's returns and movements in the benchmark. All active funds have some deviation from their benchmark, but excessive deviation could indicate that a fund is drifting away from its stated category mandate.
5. Modified Sharpe Ratio – The standard Sharpe Ratio calculation is calculated by subtracting the risk-free rate of return (the US Treasury Bill is typically used) from the portfolio return and dividing the result by the portfolio's standard deviation. A higher Sharpe ratio indicates that the portfolio was able to generate a higher return per unit of risk. Modified Sharpe Ratio is a related statistic that is equal to the Sharpe Ratio under normal circumstances. However, the Modified Sharpe calculation adds an exponent to the denominator that effectively raises the denominator to the -1 power in circumstances in which an investment's excess return is negative. This modification ensures that investments with both negative excess returns and higher standard deviations rank lower than investment with negative excess returns and lower standard deviations. Under the standard Sharpe Ratio calculation, the opposite is true.
6. Alpha – The use of Alpha allows us to gauge the effectiveness of the manager. Alpha is the difference between the portfolio's actual return and its expected return given the funds level of risk as calculated by beta.
7. Up Capture Ratio – The up capture ratio calculates the percentage of return of an index that a fund has captured during up market cycles. It tracks the fund's relative performance versus the appropriate index when the index is going up.
8. Down Capture Ratio – The down capture ratio calculates the percentage of return of an index a fund has captured during down market cycles. Funds that perform well in this category tend to reduce the downside loss for investors during bear markets.
9. Expense Ratio – The expense ratio is compared to the appropriate category average expense and then given a score based upon that percentage. This rewards low-cost funds and penalizes high-cost funds. Expense ratios are effectively "double weighted" in our scoring methodology, because performance returns are already net of expenses. Since fiduciaries are encouraged to carefully manage expenses, we believe explicitly factoring in fund fees is prudent.

Each fund is benchmarked to a specific market index, and fund performance is evaluated and compared to a relevant peer group using Morningstar category classifications. A fund is given a peer group ranking for each criterion, shown as a percentage. The percentage rankings for all criteria are then averaged to give a fund its average ranking score. All funds with at least a three year track record are scored in the above manner. A fund is then classified as Top Decile, top Quartile, 2nd Quartile, 3rd Quartile or 4th Quartile based upon the overall score compared to all other funds within that particular asset category.

PASSIVE INVESTMENT OPTIONS ANALYSIS CRITERIA


All passive investment options are reviewed quarterly against their peer group and index benchmark to determine the performance and quality of each offering. Each are evaluated using the following criteria:

1. Expense Ratio – The percentage of fund assets, net of reimbursements, used to pay 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. The Prospectus Net Expense Ratio is collected annually from a fund's prospectus.
2. Tracking Error – A measure of the difference in returns between an investment and a benchmark. Tracking error is reported as a standard deviation of the difference between the returns of an investment and its benchmark.
3. R-Squared – A statistical metric that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time, and would suggest that alpha and beta may be relied upon with a high degree of confidence.
4. Beta – A measure of the volatility, or systematic risk, of an investment in comparison to a market index as a whole. Beta is calculated using regression analysis. Beta represents the tendency of an investment's returns to respond to moves in the market or index that it's calculated against. A beta of 1 indicates that the investment's price moves with the market. A beta of less than 1 means that the investment is theoretically less volatile than the market. A beta of greater than 1 indicates that the investment's price is theoretically more volatile than the market. The reliability of an investment's beta is a function of the investment's r-squared value in relation to the benchmark. A high r-squared value signifies that the beta measure is reliable, while a low r-squared signifies that it is potentially inaccurate.

Each of the criteria above carries a proprietary weight. An index fund is evaluated and ranked in each of the above criteria relative to their peer group. A fund is given a peer group ranking for each criterion. The percentage rankings for all criteria are then weighted to give a fund its average ranking score.

The raw score is then normalized on a scale of 1 to 100, with 1 being the best and 100 the worst. The top 75% of the funds in a category receive a passing score, while the bottom 25% fail.

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May 2, 2023
Prepared by: J. Davis
Submitted by: K. Morris / C. Clary
Approved by: Paul A. Cook 

115 TRUSTS BOARD

IRVINE RANCH WATER DISTRICT OPEB 115 TRUST ADMINISTRATION REQUIREMENTS

SUMMARY:

Staff will provide the 115 Trusts Board with a recommended Investment Policy Statement (IPS) for the *Irvine Ranch Water District OPEB 115 Trust* (OPEB 115 Trust). Staff will also recommend that the 115 Trusts Board adopt Resolutions for approval of its bylaws, identify and approve authorized signers for the Trust, appoint remaining officers, and establish regular 115 Trusts Board meeting dates and times.

BACKGROUND:

On January 23, 2023 and March 13, 2023, the IRWD Board approved establishing a new Section 115 Trust for the purpose of funding a portion of IRWD's Other Post-Employment Benefits other than pensions (OPEB) liability and an initial funding of \$10 million into that trust, respectively. At its meeting on April 24, 2023, the District's Board of Directors adopted Resolution No. 2023 – 7 approving the Declaration of Trust for the OPEB 115 Trust attached as Exhibit "A".

Investment Policy Statement:

Separate from the OPEB 115 Trust, IRWD sponsors a Post-Employment Benefits Trust ("Pension 115 Trust") and has funded amounts dedicated to prefunding IRWD's pension obligations and related expenses. In June 2016, the Trustee of the Pension 115 Trust adopted an updated investment policy statement setting out principles and guidelines for investing Pension 115 Trust assets. Staff is recommending that because the terms and investment objectives of the OPEB 115 Trust substantially resemble those of the Pension 115 Trust, it is appropriate to model the OPEB 115 Trust IPS on the Pension 115 Trust IPS. Accordingly, attached as Exhibit "B" is OPEB 115 Trust's IPS, whose content substantially mirrors the Pension 115 Trust's IPS.

Trust Structuring and Organization Approvals:

Staff recommends that the 115 Trusts Board adopt resolutions related to OPEB 115 Trust administration issues. The proposed resolutions address the following:

- Approval of the proposed Trust bylaws;
- Identify and approval of authorized signers for the Trust's custodial account;
- Appoint the Trust officers; and
- Establish regular 115 Trusts Board meeting dates and times.

Copies of the proposed resolutions are attached as Exhibits “C”, “D”, “E” and “F”, respectively. A copy of the proposed *Bylaws of the Irvine Ranch Water District Other Post-Employment Benefits Trust* is attached as Exhibit “G”. Staff will provide additional detail on each of the proposed Resolutions at the meeting.

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:

That the 115 Trusts Board approve the Investment Policy Statement attached as Exhibit “B” subject to any non-substantive changes recommended by counsel, and adopt the following Resolutions by Title:

RESOLUTION NO. 2023-1

RESOLUTION OF THE 115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST
ADOPTING BYLAWS

RESOLUTION NO. 2023-2

RESOLUTION OF THE 115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST
ESTABLISHING INVESTMENT CUSTODY ACCOUNT
AND DELEGATING SIGNATURE AUTHORITY

RESOLUTION NO. 2023-3

RESOLUTION OF THE 115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST
APPOINTING TRUST OFFICERS

RESOLUTION NO. 2023-4

RESOLUTION OF THE 115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST
ESTABLISHING TIME AND PLACE OF REGULAR QUARTERLY MEETINGS OF
THE 115 TRUSTS BOARD

LIST OF EXHIBITS:

Exhibit “A” – Declaration of Trust

Exhibit “B” – Investment Policy Statement

Exhibit “C” – Resolution Adopting Bylaws

Exhibit “D” – Resolution for Signature Authority

Exhibit “E” – Resolution Appointing Officers

Exhibit “F” – Resolution for Meeting Dates and Times

Exhibit “G” – Proposed Bylaws of the IRWD Post-Employment Benefits Trust

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Exhibit "A"

RESOLUTION NO. 2023-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT APPROVING DECLARATION OF TRUST FOR OPEB SECTION 115 TRUST

A. The Irvine Ranch Water District (the "**District**") provides retiree health benefits and other post-employment benefits other than pension benefits ("**OPEB**") to its eligible former employees and their beneficiaries.

B. The District intends to set aside funds that will be held in trust for the purpose of funding OPEB.

C. California Constitution Article XIII B, Section 5 and California Government Code Sections 53201, 53206, and 53622 authorize the legislative body of a local agency to establish an OPEB trust.

D. The Board of Directors determines that it is in the best interest of the District to establish a single trust for the purpose of prefunding OPEB, which trust (i) is intended to qualify as a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, (ii) receives contributions from the District in amounts and at times determined by the District in its sole discretion, and (iii) makes disbursements to pay OPEB and allocable expenses of administering the Trust and the OPEB Plans, in amounts and times determined by the District in its sole discretion.

E. In accordance with California Constitution Article XVI, Section 17, the Board intends to delegate to the Irvine Ranch Water District 115 Trusts Board ("Trustee") responsibility for the investment, control, and management of the trust assets.

The Board of Directors of the Irvine Ranch Water District therefore resolves as follows:

Section 1. The declaration of trust establishing a trust to be known as the "Irvine Ranch Water District OPEB 115 Trust" (the "**Trust**") is hereby approved substantially in the form attached as Exhibit A, to be effective upon adoption of this resolution.

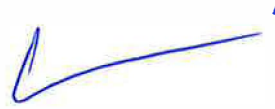
Section 2. The President and Secretary of the District are hereby authorized and directed to execute the Trust, with any changes, insertions and deletions as are approved by the District's Executive Director of Finance or Treasurer, with the concurrence of the President, which approval will be conclusively evidenced by execution of the Trust.

Section 3. The District Treasurer and Assistant Treasurer are each hereby authorized and directed to make contributions of District assets to the Trust in the amounts and at the times established from time to time by the Board of Directors.

Section 4. The District's Executive Director of Finance, Treasurer, and Assistant Treasurer are each hereby authorized and directed to (i) direct the Trustee to make disbursements from the Trust in accordance with the Trust's terms, (ii) take any actions as to which the Trust requires or permits a direction of the District, within parameters established from time to time by the Board of Directors, and (iii) take all other appropriate steps to implement the purpose and intent of this Resolution.

Section 5. This Resolution takes effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 24th day of April, 2023.



President
IRVINE RANCH WATER DISTRICT



Secretary
IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:
HANSON BRIDGETT LLP


By: 
General Counsel

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, Leslie Bonkowski, Secretary of the Board of Directors of Irvine Ranch Water District, do hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of said District at a Regular Board meeting of said Board held on April 24, 2023, and that it was so adopted by the following vote:

AYES:	DIRECTORS	McLaughlin, Reinhart, Swan, and Withers.
NOES:	DIRECTORS	None
ABSTAIN:	DIRECTORS	None
ABSENT:	DIRECTORS	LaMar

(SEAL)



Secretary of Irvine Ranch Water District
and of the Board of Directors thereof

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, Leslie Bonkowski, Secretary of the Board of Directors of Irvine Ranch Water District, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 2023-7 of said Board, and that the same has not been amended or repealed.

Dated: _____

Secretary of Irvine Ranch Water District
and of the Board of Directors thereof

(SEAL)

Exhibit "A"
DECLARATION OF TRUST
FOR THE
IRVINE RANCH WATER DISTRICT
OPEB 115 TRUST

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**DECLARATION OF TRUST
FOR THE
IRVINE RANCH WATER DISTRICT
OPEB 115 TRUST**

The Board of Directors (the “Board”) of the Irvine Ranch Water District (the “Employer”) hereby makes and enters into this Declaration of Trust in order to establish the Irvine Ranch Water District OPEB 115 Trust (the “Trust”). The Trust is effective upon its adoption by the Board.

WHEREAS, the Employer currently provides retiree-health benefits and other post-employment benefits (“OPEB”) other than pension benefits for its eligible former employees and their beneficiaries;

WHEREAS, the Employer wishes to establish a single-employer trust (“Trust”) and set aside funds in the Trust to prefund the Employer’s OPEB;

WHEREAS, the Employer intends that (i) the Trust’s income will be exempt from federal and state income tax (under section 115 of the Internal Revenue Code with respect to federal income tax), (ii) contributions to the Trust will not be taxable to the Trust’s beneficiaries, and (iii) all assets of the Trust will be irrevocably dedicated to, and will be used for the exclusive purpose of, providing for payments of OPEB and paying the reasonable expenses of administering the Trust and Employer plans providing OPEB, and will not be available to any creditors of Employer;

WHEREAS, the Trust is authorized under sections 53201, 53206, and 53622 of the California Government Code, and Section 5 of Article XIII B of the California Constitution;

WHEREAS, the Employer will assign the responsibility for the investment, control, and management of Trust assets to the Employer’s 115 Trusts Board (“Trustee”) in accordance with and subject to the terms of the Trust; and

WHEREAS, the Board wishes to establish the Trust and formally state the terms under which Trust assets are held in trust by the 115 Trusts Board as Trustee.

NOW THEREFORE, the Board hereby irrevocably establishes the Trust in accordance with the terms and conditions set out below:

**ARTICLE 1
DEFINITIONS**

- 1.1. “Beneficiary” means a person who is entitled to benefits that are funded with Trust assets.
- 1.2. “Board of Directors” means the Board of Directors of the Employer.
- 1.3. “Code” means the Internal Revenue Code of 1986, as amended.

- 1.4. “Employer” or “District” means the Irvine Ranch Water District.
- 1.5. “Investment Policy Statement” means the statement of policy for investing the assets under the Trust.
- 1.6. “OPEB” means other post-employment health and welfare benefits (other than pensions), including medical, dental, vision, life insurance, long-term care and other similar benefits, provided by the Employer for its eligible former employees.
- 1.7. “OPEB Plans” means the plans, policies, or collective bargaining agreements adopted by the Employer, as amended, under which the OPEB funded by the Trust for the Employer’s Beneficiaries are payable.
- 1.8. “115 Trusts Board” means the three-member board, consisting of the Employer’s General Manager, and the two members of the Finance and Personnel Committee of the Board of Directors, responsible for the investment, control, and management of Trust assets.
- 1.9. “Trust” means this Irvine Ranch Water District OPEB 115 Trust.
- 1.10. “Trustee” means the 115 Trusts Board.

**ARTICLE 2
ESTABLISHMENT AND PURPOSE OF THE TRUST**

- 2.1. Establishment of Trust. The Board of Directors hereby establishes this Trust to hold and distribute the assets of the Trust in accordance with its terms.
- 2.2. Purpose of the Trust. The Trust is a single-employer trust arrangement established and maintained for the sole purpose of holding assets, comprising the Employer’s contributions and any earnings thereon, to prefund OPEB and pay the reasonable, allocable expenses of administering the Trust and the OPEB Plans. Consistent with its purpose, the Trust is intended to qualify as a tax-exempt trust performing an essential governmental function within the meaning of section 115 of the Code.

**ARTICLE 3
GENERAL TRUST PROVISIONS**

- 3.1. Irrevocable Trust. The Trust is irrevocable.
- 3.2. Title to and Control Over Trust Assets. The Trustee has the exclusive right, title and interest in and to the assets of the Trust, and assets under the Trust will be controlled and managed exclusively by the Trustee.
- 3.3. Exclusive Purpose. The Trustee will hold all assets of the Trust for the exclusive purpose of prefunding OPEB and defraying reasonable expenses of administering the Trust and the OPEB Plans.

- 3.4. No Diversion. The principal of the Trust, together with any earnings thereon, shall be held in trust by the Trustee separate and apart from any assets of the Employer. Except as provided in Article 10, all of the assets of the Trust and all income thereon are irrevocably dedicated to, and shall be used for the exclusive purpose of, prefunding OPEB for the benefit of the Beneficiaries and for paying the reasonable expenses of administering the Trust and the OPEB Plans. At no time will any Trust assets be used for, or diverted to, any other purposes.
- 3.5. Spendthrift Provision. Assets held in the Trust may not be used to satisfy claims of creditors of the Employer. No Beneficiary shall be deemed a third-party beneficiary of the Trust, nor shall any Beneficiary have the right to compel any payment of any amount from the assets of the Trust or to enforce any duties of any party to or other entity referred to in the Trust. Beneficiaries will not have any preferred claim, lien on, or security interest in, or any beneficial interest in any particular assets of the Trust. Except to the extent allowed by law, the Trust is not subject to attachment or garnishment or other legal process by any creditor of any such Beneficiary, nor shall any Beneficiary have the right to alienate, anticipate, commute, pledge, encumber, or assign any Trust assets.
- 3.6. Contributions. The Employer may, in its sole discretion, at any time make (or cause to be made) contributions of cash or other assets acceptable to the Trustee to the Trust, from the Employer's general assets or any other Employer-owned funds that the Employer deems appropriate. Neither the Trustee nor any Beneficiary nor any other party has any right to compel such contributions or any duty or responsibility to determine whether any such contributions comply with the OPEB Plans or state law; computing the amount or adequacy of any contributions or transfers hereunder; or enforcing the payment of any contributions to the Trust. In addition the Trustee is not responsible for separately accounting for any contributions or transfers to the Trust or for determining the source of these amounts.

ARTICLE 4 TRUSTEE

- 4.1. Powers and Duties of the Trustee. Solely for purposes of example and without limitation of any power, authority, rights, or privileges conferred herein or otherwise by law, the Trustee has the following powers and authority, to be exercised in its sole discretion:
- (a) To invest and reinvest Trust assets, together with the income therefrom.
 - (b) To establish and maintain a Trust account to which the Trustee will (i) credit all contributions or transfers from the Employer to the Trust and any income and gains attributable to those amounts, and (ii) debit all distributions, transfers from the Trust, and any losses and expenses attributable to those amounts.
 - (c) At the direction of the Employer, to distribute payments from the Trust in accordance with Article 6.
 - (d) To pay the reasonable expenses of the Trust from Trust assets.

- (e) To maintain accounts with, execute transactions through, and lend stocks, bonds or other securities on an adequately secured basis to, any qualified brokerage firm.
- (f) To perform accounting and maintain records of the Trust account.
- (g) To vote upon or tender any stocks, bonds or other securities and to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options of which the Trustee receives actual notice, and to make any payments incidental thereto; to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities and to delegate discretionary powers and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property held in Trust.
- (h) To deposit or invest all or any part of the assets of the Trust in savings accounts or certificates of deposit or other deposits in a bank or savings and loan association or other depository institution.
- (i) To invest and reinvest any Trust assets in one or more collective investment funds.
- (j) To hold, manage, improve, repair and control all investment property, real or personal, forming part of the Trust; to sell, convey, transfer, exchange, partition, pledge, encumber, lease for any term, even extending beyond the duration of this Trust, and otherwise dispose of the same from time to time.
- (k) To take such actions as may be necessary or desirable to protect the Trust from loss due to the default on mortgages held in the Trust including the appointment of agents or trustees in such other jurisdictions as may seem desirable, to transfer property to such agents or trustees, to grant to such agents such powers as are necessary or desirable to protect the Trust, to direct such agent or trustee, or to delegate such power to direct, and to remove such agent or trustee.
- (l) To settle, compromise or abandon all claims and demands in favor of or against the Trust.
- (m) To borrow money from any source and to execute promissory notes, mortgages, or other obligations and to pledge or mortgage any Trust assets as security.
- (n) To designate and engage the services of such agents, representatives, advisers, counsel and accountants and, as part of its expenses under the Trust, to pay their reasonable expenses and compensation.
- (o) To hold in cash, without liability for interest, such portion of the Trust assets as is pending investment, or payment of expenses, or distribution for OPEB.

- (p) To make, execute and deliver, as the Trustee, any and all deeds, leases, mortgages, conveyances, waivers, releases or other instruments in writing necessary or appropriate for the accomplishment of any powers listed in the Trust.
- (q) To register securities, or any other property, in its name or in the name of any nominee, with or without indication of the capacity in which property shall be held, or to hold securities in bearer form and to deposit any securities or other property in a depository or clearing corporation.
- (r) To pay or cause to be paid from the Trust any and all real or personal property taxes, income taxes or other taxes with respect to the Trust.
- (s) To exercise all of the further rights, powers, options and privileges granted, provided for, or vested in trustees generally under applicable state law so that the powers conferred upon the Trustee herein shall not be in limitation of any authority conferred by law or under the Trust, but shall be in addition thereto; provided that such powers satisfy applicable state law requirements (if any).
- (t) To do any other acts which the Trustee deems necessary or appropriate for the protection of the Trust.

4.2. Custody of Trust Assets. The Trustee may designate another person to act as custodian of the Trust assets. The Trustee is authorized to re-delegate such custodial duties to one or more banks. Each custodian so designated will receive and hold as part of the Trust any Trust assets transferred to it by the Trustee.

4.3. Delegation of Investment Authority. The Trustee may delegate, consistent with its fiduciary duties, all or part of its power and authority to invest Trust assets, including delegating to investment managers. All rights associated with assets of the Trust will be exercised by the Trustee or the person or persons designated by the Trustee, and will in no event be exercisable by or rest with Beneficiaries. Any investment manager appointed by the Trustee will have the investment powers granted the Trustee except to the extent the investment manager's powers are specifically limited by the Trustee.

4.4. Reliance. In the performance of its duties hereunder, the Trustee is entitled to rely on, and is under no obligation to investigate instructions or data received from the Employer, including whether the amount of contributions made to the Trust by the Employer comply with the OPEB Plans. Accordingly, the Trustee will not be liable for action or inaction that is caused directly or indirectly by erroneous or late instructions or data furnished by the Employer.

4.5. Annual Audit. The Trustee may appoint a responsible accounting firm to conduct an annual audit of the Trust at the sole expense of the Employer. The results of such audit shall be provided to the Employer.

ARTICLE 5 INVESTMENTS

- 5.1. Trustee. The Trustee will hold and administer Trust assets without distinction between principal and income, and will have exclusive authority and responsibility for the management and investment of Trust assets.
- 5.2. Combining of Assets for Investment. The Trustee may commingle, for investment or administration purposes, the assets (or a portion of the assets) of the Trust in any group trust within the meaning of section 401(a)(24) of the Code, but only if the commingled trust qualifies as tax exempt under Revenue Ruling 2011-1 and any subsequent relevant guidance from the Internal Revenue Service.
- 5.3. Investment Policy Statement. The Trustee will establish an Investment Policy Statement to invest the assets of the Trust in accordance with the principles set forth in the Investment Policy Statement in any investments permitted under the Trust.
- 5.4. Broker Executed Investments. Transactions in investments which require execution through a broker shall be executed through such broker or brokers as the Trustee may select. The Trustee will hold all right, title, and interest in Trust assets at all times, and the Trustee shall serve as sole custodian with respect to Trust assets, except to the extent that the Trustee has, in accordance with Section 4.2, specifically delegated such custodianship to another person.
- 5.5. Asset Allocation.
 - (a) The Trustee will determine the asset allocation of investments for the assets in the Trust in its judgment from time to time in light of the anticipated amounts of cash required for distributions for OPEB or expenses, and the principles set forth in the Investment Policy Statement. The Trustee will execute the Investment Policy Statement by investing the Trust assets in investments that the Trustee determines in the exercise of its judgment will further the principles set forth in the Investment Policy Statement without any obligation to consult with or obtain the approval of the Employer.
 - (b) The Trustee will reassess and may alter the asset allocation of the Trust at least annually. The Trustee will “rebalance” the investments of the Trust as needed to maintain the ratios of the asset allocation of the Trust then in effect. In addition, the Trustee will, from time to time, review the most recent relevant actuarial data and consult with the Employer to determine whether there are reasons to revise the Investment Policy Statement for the Trust. The Trustee will continuously review the performance of the investment of the Trust’s assets and, in its judgment, will purchase or sell investments for the Trust.
- 5.6. Annual Reports. The Trustee will provide to the Employer not less frequently than annually, or at such other time requested by the Employer, an analysis of the performance of the investments of the Trust and a statement of any changes in investments made in such year.

**ARTICLE 6
PAYMENTS FROM TRUST**

- 6.1. Employer Authority. The Employer has the exclusive authority and responsibility to determine the timing and amount of distributions from the Trust. The Employer will direct the Trustee in writing to disburse amounts from the Trust (a) to pay benefits or expenses under the OPEB Plans, (b) to pay the reasonable administrative expenses of the Trust (including taxes and termination costs), or (c) to reimburse the Employer for paying any amounts described in this Section 6.1. The Employer may not direct that Trust assets be disbursed for any other purpose.
- 6.2. Trustee Authority. Except as provided in Article 7, the Trustee will not make or authorize disbursements from the Trust without first receiving written direction from the Employer.
- 6.3. Trustee Reliance. Except as otherwise provided by law, the Trustee will be fully protected in making payments out of the Trust at the Employer's written direction. The Trustee's sole obligation as to those disbursements will be to observe the instructions of the Employer to the extent that the Trust has assets to make disbursements as instructed by the Employer. Nothing in the Trust constitutes a guarantee that Trust assets will be sufficient to pay any OPEB.

**ARTICLE 7
TAXES, EXPENSES AND COMPENSATION OF THE TRUSTEE**

- 7.1. Reimbursement of Expenses. At the time and in the manner determined in its sole discretion, the Trustee may disburse funds from the Trust to pay all reasonable expenses of administering the Trust, to the extent not paid by the Employer. For this purpose, reasonable expenses include, but are not limited, to the following: taxes payable by the Trust, legal fees and expenses, and insurance premiums.

**ARTICLE 8
RECORDKEEPING AND VALUATION**

- 8.1. Trust Records. The Trustee will keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions, including such specific records as may be agreed upon in writing between the Employer and the Trustee with respect to the Trust.
- 8.2. Annual Reports. Within 180 days following the close of each calendar year (or any other period for which the Employer requests a report), the Trustee will deliver to the Employer a written account of the Trust during such period, setting forth all deposits, investments, receipts, disbursements and other transactions effected by it with respect to the Trust, including a description of transfers made and income received by the Trust, all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), all disbursements for the payment of OPEB or administrative expenses (any amounts paid to

the Trustee shown separately), or other costs paid from the Trust, and showing all cash, securities and other property held in the Trust at the end of such period.

- 8.3. Valuation. All securities will be valued at fair market value as of the date of valuation, as determined by the Trustee on the basis of all available information that the Trustee deems reasonable.

ARTICLE 9 STANDARD OF CARE

- 9.1. Standard of Care. The Trustee, when making, selling or otherwise managing investments of the Trust, will discharge its duties with respect to the investment of the Trust (a) solely in the interest of, and for the exclusive purposes of holding, investing and making payments of OPEB for the benefit of Beneficiaries, maximizing the amount available for paying OPEB, minimizing Employer contributions thereto, and paying reasonable expenses of administering the Trust and the OPEB Plans, and (b) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. The Trustee will diversify the investments of the assets so as to minimize the risk of loss and to prudently and reasonably maximize the rate of return, in accordance with the Investment Policy Statement.

ARTICLE 10 AMENDMENT AND TERMINATION

- 10.1. Amendment. The Employer may amend the Trust at any time. No amendment, however, will be effective at any time before the satisfaction of all liabilities with respect to Beneficiaries under the Trust to the extent that it would cause any part of the Trust to be used for, or diverted to, purposes other than for the exclusive purposes of prefunding OPEB for Beneficiaries and defraying the reasonable expenses of administering the Trust and the OPEB Plans.
- 10.2. Termination of Trust. The Employer reserves the right to terminate the Trust, provided that, except as provided in Sections 10.3 and 10.4, in no event may any Trust assets revert to the Employer before satisfaction of all OPEB liabilities with respect to the Beneficiaries of the Employer for whom the Trust was established. Upon termination of the Trust, the Trust will continue to exist and the Trustee will continue to have all powers necessary or desirable for the orderly liquidation and distribution of Trust assets in accordance with the provisions hereof until all Trust assets have been distributed. The Trustee will pay out Trust assets in the following order of priority: (a) reasonable administrative expenses of the Trust (including taxes and termination costs), (b) reasonable administrative expenses of the OPEB Plans, and (c) benefits under the OPEB Plans. If the Employer's obligation to provide benefits under the OPEB Plans terminates, the Trustee will continue to maintain the Trust, and shall have all of the powers and duties of Trustee, until amounts described in the preceding sentence have been fully paid.

Any assets remaining in the Trust will be paid to the Employer to the extent permitted by law and consistent with the requirements of section 115 of the Code.

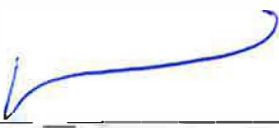
- 10.3. Return of Contributions Due to Mistake of Fact. At the written direction of the Employer and after receipt of any indemnification that the Trustee may require from the Employer, the Trustee will return any contribution made by the Employer due a mistake of fact, excluding any earnings but reduced by any losses, to the Employer within one year after the Employer discovers the mistake.
- 10.4. Reversion. The Employer will not have any beneficial interest in the Trust or receive any amounts upon termination of the Trust or at any other time, except as provided in this Article 10.

ARTICLE 11 MISCELLANEOUS

- 11.1. No Vested Rights. The Employer has created this Trust solely to provide a vehicle for funding OPEB. The establishment, maintenance, and operation of the Trust do not create, confer, or guarantee any implied or express rights, entitlements, or claims for any person, including but not limited to employees, retirees, beneficiaries, or other individuals or entities, to benefits under the separate OPEB Plans or any other plans, programs, or arrangements, whether funded by this Trust or otherwise. Additionally, no person has any implied or express right to any assets under the Trust or to have any OPEB funded by Trust assets.
- 11.2. Choice of Law. The Trust shall be governed by, and interpreted in a manner consistent with, the laws of the State of California and, to the extent applicable, the Internal Revenue Code.
- 11.3. Severability. In the event any provision of this Trust is held to be invalid for any reason, such invalidity shall not affect any other provisions of the Trust and the Trust shall be construed and enforced as if the invalid provision had never been included.

IN WITNESS WHEREOF, in accordance with Resolution No. 2023-7 of the District's Board of Directors, the person(s) below hereby executes this document effecting the establishment of the Trust on this 24th day of April, 2023.

IRVINE RANCH WATER DISTRICT

By: 
Karen McLaughlin, President of the Board
of Directors of the Irvine Ranch Water
District



[SEAL]

ATTEST:


Secretary of the Board of Directors of the
Irvine Ranch Water District

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Exhibit "B"

**The Irvine Ranch Water District
OPEB 115 Trust**

Investment Policy Statement

May 2, 2023

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BACKGROUND

On January 23, 2023, the Irvine Ranch Water District (IRWD or "District") created the Irvine Ranch Water District OPEB 115 Trust ("Trust"), a trust whose income is tax-exempt under Internal Revenue Code Section 115. Contributed assets are to be used for the sole purposes of (i) prefunding and paying postemployment health and welfare benefits other than pension (OPEB) provided under District plans, policies, and agreements providing OPEB ("OPEB Plans") and (ii) paying the reasonable, allocable expenses of administering the Trust and the OPEB plans.

In furtherance of these purposes, the Trust is intended to:

- Minimize unfunded OPEB obligations realized on IRWD's balance sheet
- Reduce IRWD's future OPEB liability over time in a prudent and gradual manner
- Assist in maintaining and protecting the District's credit ratings
- Pay certain benefit and expense obligations when due
- Maximize returns within reasonable and prudent levels of risk in order to minimize contributions
- Control costs by prudently managing the trust assets
- Maintain flexibility in determining the future level of contributions
- Limit risk exposure through prudent diversification

INVESTMENT AUTHORITY

IRWD's Board of Directors has appointed a 115 Trusts Board (the "Board") as the Trustee of the Trust to oversee certain policies and procedures related to the operation and administration of the Trust. The Board consists of two IRWD Board members (as further defined in the Trust Document) and the General Manager, and will have authority to implement the Investment Policy Statement (IPS) in the best interest of the Trust. In implementing this IPS, the Board may delegate certain functions to:

1. An investment consultant to assist the Board in the investment process and to maintain compliance with this IPS. The investment consultant may assist in establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The investment consultant must be registered with the Securities and Exchange Commission ("SEC").
2. A custodian to physically maintain possession of securities owned by the Trust, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales, among other things. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust.
3. A co-trustee, such as a bank trust department to assume fiduciary responsibility for the administration of Trust assets.

4. Additional specialists such as attorneys, auditors, actuaries, consultants, and others to assist the Board in meeting its responsibilities and obligations to administer Trust assets prudently.

FIDUCIARY STANDARDS

The Board is subject to the following duties under relevant state and federal laws:

- a) The assets of the Trust shall be held for the exclusive purposes of providing benefits to participants of the OPEB Plans and their beneficiaries and defraying reasonable expenses of administering the Trust and OPEB Plans.
- b) The Board shall discharge their duties with respect to the Trust solely in the interest of, and for the exclusive purposes of providing benefits to participants of the OPEB Plans and their beneficiaries, and defraying reasonable expenses of administering the Trust and the OPEB Plans. The Board shall discharge its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims.
- c) Investment staff, investment consultants, investment managers, custodians and all other parties charged with handling the Trust's assets shall utilize the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims, and shall comply with all applicable laws, rules and regulations.
- d) Notwithstanding anything to the contrary, the Board may deviate from the IPS's terms if the Board determines that doing so is consistent with its fiduciary duties to the Trust.

INVESTMENT POLICY OBJECTIVES

The purposes of the IPS are to:

- Articulate the Board's consensus view of the Trust's long-term investment objectives and risk tolerance.
- Establish the Trust's investment constraints, such as liquidity needs, time horizon, legal and regulatory requirements, and unique circumstances.
- State in a written document the Board's expectations, objectives and guidelines for the investment of all Trust assets.
- Set forth an investment structure for managing all Trust assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification, and total investment return over the long term.
- Establish formalized criteria to monitor, evaluate and compare the performance results achieved by the money managers on a regular basis.
- Comply with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state and federal entities that may impact Trust assets.

INVESTMENT GUIDELINES

Time Horizon

The Trust's investment objectives are based on a 20 to 25-year investment horizon so that interim fluctuations should be viewed with appropriate perspective. The Board has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Asset Allocation

The current asset allocation policy of the Trust (at market value) is set forth in Exhibit A and represents the current minimum-maximum asset allocation range for each asset class for the Trust.

The Board is committed to implementing and maintaining the long term asset allocation policy, within the permitted ranges. The Board recognizes that circumstances may arise where it is not possible or practical to timely implement or maintain the policy. In such circumstances, the Board will monitor the status of the asset allocation policy and seek to comply with the policy when it is possible and prudent to do so.

The long-term asset allocation of the Trust will be reviewed periodically and changes will be made as the Board deems necessary. On a quarterly basis the Board will monitor the current asset allocation policy against the long term allocation and rebalance as it deems necessary.

The Board will also approve an Investment Structure, which provides additional detail as to the allocation of assets to categories of investments within the broad asset classes that comprise the asset allocation policy. The investment structure and any changes thereto do not necessarily require that an asset allocation study be performed.

Risk Tolerances

The Trust will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon and that is consistent with the Trust's investment objectives.

Rebalancing

The asset allocation of the Trust will be monitored on a quarterly basis and the assets of the Trust may be rebalanced to within the target ranges when fluctuations in market values cause the portfolio to fall outside the guideline ranges set out above. Such re-balancing shall occur as soon as practical and will be conducted in accordance with the rebalancing procedures established by the Board.

When re-balancing, funds will generally be taken from accounts that are most significantly above their approved ranges and will be transferred to accounts that are most significantly below their approved ranges until the allocation is within the guideline ranges.

Diversification

Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, issuers, or industries. Furthermore, assets will be assigned to a variety of investment managers that employ a range of investment management strategies.

Consistent with the paragraph above:

- a) No single investment management firm shall be authorized to manage more than 15% of the Trust's actively managed assets without Board approval. There is no limit on the amount of passively managed assets that an investment management firm shall be authorized to manage.
- b) As a general rule, Trust assets placed with an investment manager should not represent more than 10% of the total assets managed by that firm, without Board approval
- c) Liquidity Management: The projected cash flow needs of the Trust are to be reviewed at least quarterly and the custodian and investment managers of the Trust are to be informed in writing in a timely manner of the liquidity needs of the Trust. If necessary, cash flow needs will be coordinated through the Trust's rebalancing provisions contained herein.

Performance Expectations

Over the long-term, for a rolling five-year period, the performance objective for Trust assets will be to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate. Additionally, it is expected that the annual rate of return on Trust assets will be commensurate with the then prevailing investment environment.

Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual Trust investments and blended benchmark comparisons for the Trust in its entirety.

HIRING & TERMINATING INVESTMENT MANAGERS

The Board, with the assistance of the Investment Consultant, shall prudently select appropriate investment managers to manage the assets of the Trust. Managers must meet the following criteria:

- The investment manager must be a bank, insurance company, or investment adviser as defined by the Investment Advisers Act of 1940.
- With respect to Trust assets invested in a mutual fund, the Manager must provide historical quarterly performance data for the mutual fund compliant with Securities Exchange Commission ("SEC") and National Association of Securities Dealers ("NASD") standards.
- The investment manager must provide historical quarterly performance data compliant with Global Investment Performance Standards ("GIPS"), calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style and reported net of fees.

- The investment manager must provide detailed information on history of the firm, key personnel, key clients, fee schedule (including most favored nation clauses), and support personnel.
- The investment manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment manager for portfolios other than Pooled Vehicles (see Guidelines for Portfolio Holdings) must confirm that it has received, understands and will adhere to this IPS and any manager-specific policies by signing a consent form provided by the Board.
- Have no past or outstanding legal judgments against them, which reflect negatively upon the firm or call into question the ability of the firm to serve as a fiduciary of the Trust.

The procedures noted above and recommendations to appoint or terminate an investment manager shall be accompanied by a report prepared by an external investment consultant .

MONITORING INVESTMENT MANAGERS

The Trust's investment managers will be monitored on an ongoing basis and may be terminated by the Board at any time due to performance or other developments that call into question the manager's ability to continue to effectively manage assets of the Trust.

In the event that certain Trust assets are passively managed, the manager should be expected to produce long-term returns that are reasonably close to those of the relevant benchmark. For any active investment managers, quarterly performance will be measured and evaluated relative to appropriate long-term performance benchmarks and objectives, though it is understood that investment managers will, from time to time, underperform their benchmarks and objectives. Persistent underperformance by an investment manager, however, will be viewed as the basis for an extraordinary review of that manager and the manager's potential termination.

Certain other events may also trigger an extraordinary review, and possible termination, of an investment manager. These include, but are not limited to:

- a) Failure to adhere to the terms of a contract between the manager and the Trust.
- b) Loss of an investment professional(s) directly responsible for managing the Trust's assets, or who is/are so significant to the firm's overall investment process as to call into question the future efficacy of that process.
- c) The sale of the investment management firm to another entity, or other change in ownership.
- d) The purchase of another entity by the investment management firm.
- e) Significant account losses and/or extraordinary addition of new accounts.
- f) Regulatory actions against the firm, particularly any that represent violations of securities laws and regulations.
- g) Any other event which may impair the manager's ability to perform in a satisfactory manner or put the Trust's assets at undue risk of loss.

GUIDELINES FOR PORTFOLIO HOLDINGS

The investment consultant shall make every effort to prudently select funds that follow the guidelines listed below:

Pooled Vehicles

Until the Trust reaches a size, where investment in separate accounts are viable and appropriate, the Trust will invest in Pooled Vehicles, such as commingled and/or mutual funds.

Pooled Vehicles are regulated by either the Office of the Comptroller of the Currency ("OCC") or the SEC and provide the Trust the ability to appropriately diversify its holdings in a cost effective manner. Inherent within the Pooled Vehicle structure is the limitation on customizing the underlying security selection based on Trust specific economic, social or other screens.

Upon attaining asset size where use of a separate account structure is viable and appropriate, the selection of individual asset managers will be considered along with Pooled Vehicles for inclusion in the Trust. Separate accounts are governed by contract. When using separate accounts, the Trust may develop addenda to this IPS to constrain the individual asset manager using economic, social or other screening techniques.

The Trust assets are currently invested primarily in mutual fund investment vehicles, given the current asset size of the Trust. The type of investment vehicles utilized by the Trust will be revisited as the asset size of the portfolio increases.

Every effort shall be made, to the extent practical, prudent and appropriate, to select commingled funds and/or mutual funds that have investment objectives and policies that are consistent with this IPS (as outlined below in the Equities and Fixed Income sections). However, given the nature of commingled funds and mutual funds, it is recognized that there may be deviations between this IPS and the objectives of these pooled vehicles. A commingled fund or mutual fund will not be included in Trust portfolio unless it complies with the Investment Company Act of 1940's diversification requirement.

Cash Equivalents

Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher, as established by Moody's or Standard & Poor's, including money market funds in the highest quality rating category. Bankers' acceptances, certificates of deposit and savings accounts must be made of United States banks or financial institutions or United States branches of foreign banks, which are federally insured with unrestricted capital of at least \$50 million.

Short-term corporate obligations must be rated A or better by Moody's or by Standard & Poor's.

Equities

Investment in common stocks, preferred stocks and publicly traded Real Estate Investment Trusts shall be restricted to high quality, readily marketable securities of corporations that are actively traded on a major exchange.

Not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at market may be held in any one industry category.

Other than these constraints, there are no quantitative guidelines suggested as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the investment manager(s).

The overall non-U.S. equity allocation should include a diverse global mix of at least 10 countries.

The emerging markets exposure as defined by Morgan Stanley Capital International Inc. should be limited to 35% of the non-U.S. portion of the portfolio.

In order to maintain an effective money management structure that is style neutral, the target growth to value allocation in all market capitalizations is one-to-one. However, in no case will the growth to value allocation for market capitalizations exceed two-to-one. Conversely, value shall not exceed growth by the same ratio.

Fixed Income

Fixed income investments shall be high quality, marketable securities with a preponderance of the investments in:

1. U.S. Treasury, federal agencies and U.S. Government guaranteed obligations, and
2. Investment Grade municipal or corporate issues including convertibles.

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies.

The overall rating of the fixed income assets shall be at least "A", according to one of the three rating agencies (Fitch, Moody's or Standard & Poor's). In cases where the yield spread adequately compensates for additional risk, securities where two of the three rating agencies (Fitch, Moody's or Standard & Poor's) have assigned ratings of Baa3 or BBB- ratings, can be purchased up to a maximum of 20% of total market value of fixed income securities. If the credit quality of any one issue should drop below investment grade (as defined by two of the three rating agencies - Fitch, Moody's and Standard & Poor's), the investment manager should notify the Board and the investment consultant immediately detailing their plan of action regarding the security.

Active bond management is permissible and may require transactions that will temporarily lower the return or change the maturity of the portfolio in anticipation of market changes. Holdings of individual securities should be liquid so as not to incur unnecessary transaction costs.

Prohibited Investments

The following investments and transactions are not authorized and shall not be purchased: letter stock and other unregistered securities, short sales, margin transactions, private placements (with the exception of Rule 144A securities), venture capital funds, hedge fund, and other investment securities specifically restricted by the Board.

Derivatives, options and futures will be allowed as portfolio protection strategies, not as return enhancement strategies. No natural resource properties such as oil, gas or timber may be held except by purchase of publicly traded securities or within Pooled Vehicles, but direct ownership of real estate may be allowed. The purchase of collectibles is also prohibited.

Safekeeping

All securities shall be held by a custodian appointed by the Board for safekeeping. The custodian shall produce statements monthly, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the custodial agreement. Assets of the Trust held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts.

CONTROL PROCEDURES

Review of Investment Objectives

The investment consultant shall review annually the appropriateness of the IPS for achieving the Trust's stated objectives. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the IPS.

Review of Investment Performance

The investment consultant shall report on a quarterly basis to the Board to review the total Trust investment performance, in accordance with the Investment Evaluation Criteria attached as Exhibit B. In addition, the investment consultant will be responsible for keeping the Board advised of any material change in investment strategy, investment managers, and other pertinent information potentially affecting performance of the Trust.

The investment consultant shall compare the investment results on a quarterly basis to appropriate benchmarks, as well as market index returns in both equity and debt markets. Examples of benchmarks and indexes that will be used include the S&P 500 Index for large cap equities, Russell 2000 Index for small cap equities, MSCI Europe, Australia, and Far East Index (EAFE) for international equities, Barclays Aggregate Bond Index for fixed income securities, and the U.S. 91 Day T-bill Index for cash equivalents.

Derivative Securities

Derivative securities are financial instruments that "derive" their value from an underlying commodity, index, or security. Examples include futures, options and forward contracts. Derivatives can provide a cost-effective means of managing portions of a portfolio and to manage risk through hedging activities. Examples of such uses include:

- a) Equitizing cash during portfolio transitions until "physical" securities are in place.
- b) Managing asset allocation on a temporary basis.
- c) Hedging foreign currency risk, subject to approved limits.

In general, the use of derivatives for the purposes noted above, and similar risk management purposes, is supported by the Board. Speculative positions in derivatives, however, are not authorized under any circumstances.

Given the nature of many investment managers' mandates under a commingled/mutual fund it is recognized and understood that investment managers retained by the Trust may use derivatives that are contrary to the paragraphs above.

This IPS allows for the use of derivatives within the specific commingled portfolios being managed by the investment managers retained by the Trust

The use of derivatives in any separately managed portfolio must be authorized by the Board and stated in this IPS prior to being utilized within the Trust.

OTHER

Investment Costs

Investment costs shall be monitored, controlled, and whenever possible negotiated to ensure cost effectiveness. The Board shall give consideration to the impact of administrative expenses, external management fees and performance fees when establishing the asset mix of the Trust. The Board will be provided reports on investment costs of the Trust at least annually.

Valuation of Investments

The Trust's investments shall be valued using market values or other suitable methods of valuation. The frequency of valuation shall be dependent upon the nature of the asset. Where a public market price is not available for an investment, a suitable method of valuation shall be used including the use of: discounted cash flows, earnings multiples, appraisals, prevailing market rates for instruments with similar characteristics or other pricing models as appropriate. Independent, qualified appraisers may be used to provide valuations or verify the reasonableness of internal valuations.

Proxy Voting

Proxies must be voted in the best interest of shareholders — in this case the IRWD Trust and its beneficiaries. The Board may engage the services of one or more third parties including but not limited to its custodian, investment managers, and consultants, to vote proxies for common stocks owned in its portfolios. Such parties must exercise their authority to vote as fiduciaries to the Trust and in accordance with applicable standards of prudence.

The Board may establish proxy voting guidelines to further guide the voting of the Trust's proxies. Any third parties retained to vote the proxies of the Trust shall provide periodic reports to the Board on their activities.

As of the date of this IPS, the Board has delegated its proxy voting authority on all domestic and international securities to the investment managers/ fund managers responsible for voting the proxies on domestic and international securities.

ADOPTION OF INVESTMENT IPS STATEMENT

Any changes and exceptions to the IPS will be made in writing and adopted by the Board. Once adopted, change and exceptions will be delivered to each investment manager, as appropriate, by the investment advisor.

Approved by the Irvine Ranch Water District 115 Trusts Board:

Resolved by:

Board President

Date

EXHIBIT A
Target Allocation

Asset Classes	Current Target Allocation Min-Max Ranges
Cash	0-30%
Public Equity: Domestic equity International equity	30-80%
Private Equity	0-5%
Fixed Income	10-40%
Real Estate	0-10%

EXHIBIT B

Investment Evaluation Criteria – Sageview Advisory Group

Evaluation Methodology

Each Trust investment option is evaluated on an ongoing basis using several measures that quantify the expenses, returns and risk-adjusted performance of each option within its peer group.

Each Trust investment option is reviewed at least quarterly against its peer group and benchmark index to assess the performance and quality of each offering. Each is evaluated using the following criteria:

1. Trailing one-, three-, five-, and ten-year returns
2. Rolling 12-month returns (five years)
3. Rolling 36-month returns (ten years)
4. Sharpe Ratio (five years)
5. Alpha (five years)
6. Up Capture Ratio (five years)
7. Down Capture Ratio (five years)
8. Style Consistency to the appropriate index (R-Squared)
9. Expense Ratio

Each option is benchmarked to a specific market index, and performance is evaluated and compared to a relevant peer group using Morningstar or equivalent category classifications. A manager is given a peer group ranking in each criterion, shown as a percentage. A ranking of 10% indicates a manager is in the top 10% of its peer group for this criterion. The rankings for all criteria are then weighted and averaged to give a manager its average ranking score. The lower the average ranking score, the better. For example, a manager with an average ranking score of 25% would, in general, be more attractive than a comparable manager with a ranking score of 50%. Each evaluation measure requires a three-year history to ensure an accurate evaluation of the manager. Therefore, any manager with fewer than three years of history will not be evaluated using this method.

An overall ranking score is used to indicate where a manager places in relation to the scores of the other managers in its category. Generally, managers are divided into categories of deciles and quartiles.

In addition to the quantitative methodology described above, many qualitative criteria and possible warning signs are monitored in order to highlight a manager's potential exposure to risk that may make it unsuitable as a Trust investment option. The warning signs may include (but are not limited to):

- Above-average operating expenses
- Above-average style drift (as determined by returns-based and holdings-based analyses)
- High degrees of portfolio concentration among individual holdings
- High degrees of portfolio concentration among economic sectors
- Above-average performance volatility
- Above-average portfolio turnover
- Below-average Alpha
- Below-average manager tenure and/or above-average turnover
- Rapid growth in manager assets
- Significantly positive or negative cash flows
- Unusual levels of corporate scrutiny; poor public perception
- For bond portfolios, very low average credit quality relative to peers
- For bond portfolios, significantly above- or below-average portfolio duration
- Recent changes to or concerns with the firm structure / ownership
- Recent changes to or concerns with the corporate management team structure

Other Investment Evaluation Criteria

The Board recognizes that certain investment options present challenges in monitoring, given the nature of the investment option's portfolio and peer group. Thus, there are several instances where investment options will not fit neatly into the monitoring framework set forth herein. Therefore, the Board must consider additional or different factors when evaluating certain investments. The following are common examples of investments requiring a different point of view, whether the Board has included them in the current menu or may consider doing so in the future.

Multi-asset class investments: For multi-asset class investment options, such as balanced/risk funds, the asset allocation should be evaluated taking into account factors such as generally accepted investment theories and prevailing investment industry practices, and goals of the Trust, the philosophy of the fiduciaries regarding asset class diversification and the desired relationship of risk (or volatility) and potential return.

Index funds: The goal of an index fund is to closely mirror the performance of a predetermined index at a reasonable cost. Thus fees and relative performance versus an appropriate index are the most important factors to consider. Fees should be low versus other passively managed investments with a similar mandate. Performance should closely track the intended index. An index fund's performance should not differ widely from the performance of its benchmark minus fees. Other qualitative evaluation criteria may also be considered when evaluating index funds.

The Board, with the assistance of the Investment Consultant, will review the IPS and monitor each investment option on an ongoing basis. The Board will periodically evaluate the investment results of the investment options.

In addition, the Board shall maintain a "Watch List" for investment options that are not meeting certain objectives. An investment option will be placed on the "Watch List" when the Board with the assistance of the Investment Consultant determines that the fund selected for the Trust fails to meet the performance benchmarks set forth above in the Evaluation Methodology for some period of time to be determined by the Board and Investment Consultant.

The Board at its discretion may follow the below procedure:

Whenever an investment option falls into the 3rd quartile based on SageView's scoring system, it should be placed on the Watch List. The option will be monitored and remain on the Watch List for four consecutive quarters, even if its performance improves. If the option remains in the 3rd quartile for four consecutive quarters, a detailed review of the option should be made and a recommendation to replace or retain the option should be presented to the Board. The option may be reviewed sooner at the Board's discretion.

Whenever an investment option falls into the 4th quartile based on SageView's scoring system, a detailed review of the option should be made as soon as possible or at the next Board meeting, and a recommendation to replace (or retain) the option should be presented.

Investment options that fail to meet qualitative criteria (i.e.: manager changes, fund company reorganizations, strategy changes) will be put on the Watch List by the Board.

The Board shall have the authority to establish, modify, amend, or adjust acceptable performance measurement standards by which each investment option is to be evaluated.

Final selection, replacement and/or removal of an investment option shall be completed only after conducting a thorough review of the identified investment option.

EXHIBIT "C"

RESOLUTION NO. 2023 -1

RESOLUTION OF THE 115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST
ADOPTING BYLAWS

A. The Irvine Ranch Water District OPEB 115 Trust (the "Trust") was duly established by Declaration of Trust approved by the Board of Directors of the Irvine Ranch Water District and executed as of April 24, 2023.

B. Pursuant to the Declaration of Trust, the Irvine Ranch Water District 115 Trusts Board ("115 Trusts Board") appointed thereby shall serve as Trustee of the Trust and shall have responsibility for the investment, control, and management of the Trust assets.

C. The 115 Trusts Board desires to adopt bylaws to govern the affairs of the 115 Trusts Board.

The Irvine Ranch Water District 115 Trusts Board therefore resolves as follows:

Section 1. The Bylaws of the 115 Trusts Board, attached hereto as Exhibit "A" and incorporated herein by this reference, are hereby adopted and approved and shall stand as the Bylaws of the 115 Trusts Board, until amended or otherwise modified in writing by the 115 Trusts Board.

Section 2. The Secretary is to execute the Bylaws and the Certificate of Adoption of the Bylaws, and to insert the certified Bylaws in the book of minutes of the 115 Trusts Board and a copy of the certified Bylaws is kept at the principal office of the 115 Trusts Board.

Section 3. This resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 2nd day of May, 2023.

Chair
IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

Secretary
IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

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EXHIBIT "D"

RESOLUTION NO. 2023 -2

RESOLUTION OF THE 115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST
ESTABLISHING INVESTMENT CUSTODY ACCOUNT
AND DELEGATING SIGNATURE AUTHORITY

A. The Irvine Ranch Water District OPEB 115 Trust (the "Trust") was duly established by Declaration of Trust approved by the Board of Directors of the Irvine Ranch Water District and executed as of April 24, 2023.

B. Pursuant to the Declaration of Trust, the Irvine Ranch Water District 115 Trusts Board ("115 Trusts Board") appointed thereby shall serve as Trustee of the Trust and shall have responsibility for the investment, control, and management of the Trust assets.

C. The 115 Trusts Board desires to establish signature authority for bank accounts, investment custody accounts and similar accounts.

The Irvine Ranch Water District 115 Trusts Board therefore resolves as follows:

Section 1. The Chair, Vice Chair, Treasurer or any Assistant Treasurer of the 115 Trusts Board, acting on behalf of the 115 Trusts Board, are authorized to open such accounts, investment custody accounts and similar accounts as may be necessary or appropriate for the conduct of business of the 115 Trusts Board, provided that any such account shall require the signatures of at least two (2) of said officers of the 115 Trusts Board on all checks and at least two (2) approvals of same officers for any electronic withdrawals drawn on such account.

Section 2. All resolutions and depository, custody, or similar agreements required by the depository institutions with respect to such accounts are hereby adopted, and the Secretary is authorized to certify to any institution the adoption of this resolution in the form used by that institution.

Section 3. This resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 2nd day of May, 2023.

Chair
IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

Secretary
IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

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EXHIBIT "E"

RESOLUTION NO. 2023 -3

RESOLUTION OF THE 115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST
APPOINTING TRUST OFFICERS

A. The Irvine Ranch Water District OPEB 115 Trust (the "Trust") was duly established by Declaration of Trust approved by the Board of Directors of the Irvine Ranch Water District and executed as of April 24, 2023.

B. Pursuant to the Declaration of Trust, the Irvine Ranch Water District 115 Trusts Board ("115 Trusts Board") appointed thereby shall serve as Trustee of the Trust and shall have responsibility for the investment, control, and management of the Trust assets.

C. The 115 Trusts Board has adopted bylaws, pursuant to which the Chairman and other current members of the Irvine Ranch Water District's Finance and Personnel Committee are specified to be the Chair and Vice Chair, respectively, of the 115 Trusts Board.

D. The 115 Trusts Board desires to appoint other officers.

The Irvine Ranch Water District 115 Trusts Board therefore resolves as follows:

The positions of Secretary, Assistant Secretary, Treasurer, and Assistant Treasurer of the Irvine Ranch Water District are hereby appointed as Trust officers. If any individual occupying one of the appointed positions ceases to hold that position for any reason, their successor in that position will automatically become a Trust officer without any further action of the 115 Trusts Board.

This resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 2nd day of May, 2023.

Chair
IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

Secretary
IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

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EXHIBIT “F”

RESOLUTION NO. 2023 -4

RESOLUTION OF THE 115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST
ESTABLISHING TIME AND PLACE OF REGULAR QUARTERLY MEETINGS OF
THE 115 TRUSTS BOARD

A. The Irvine Ranch Water District OPEB 115 Trust (the “Trust”) was duly established by Declaration of Trust approved by the Board of Directors of the Irvine Ranch Water District and executed as of April 24, 2023.

B. Pursuant to the Declaration of Trust, the Irvine Ranch Water District 115 Trusts Board (“115 Trusts Board”) appointed thereby shall serve as Trustee of the Trust and shall have responsibility for the investment, control, and management of the Trust assets.

C. The 115 Trusts Board has adopted bylaws, pursuant to which regular meetings of the 115 Trusts Board shall be held quarterly and in accordance with the requirements of California Government Code Section 54950 *et seq.*

D. 115 Trusts Board desires to establish the time and place of its regular meetings.

The Irvine Ranch Water District 115 Trusts Board therefore resolves as follows:

Section 1.

The first Tuesday of each month (beginning May 2023), at the hour of Noon (Pacific Time) at the offices of the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California, are hereby established as the time and place of the regular meeting of the 115 Trusts Board. It is intended that the quarterly regular meeting will be held on one of the three such dates per quarter and the other two will be adjourned.

Section 2. This resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 2nd day of May, 2023.

Chair
IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

Secretary
IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

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EXHIBIT "G"

**BY-LAWS OF THE
115 TRUSTS BOARD OF THE
IRVINE RANCH WATER DISTRICT OPEB 115 TRUST**

I. MEMBERSHIP

1. Members

The Irvine Ranch Water District 115 Trusts Board ("115 Trusts Board") is the trustee of the Irvine Ranch Water District OPEB 115 Trust ("Trust"). The 115 Trusts Board's membership comprises of all members of the Finance and Personnel Committee of the Board of Directors of Irvine Ranch Water District (the "District") and the District's General Manager. A 115 Trusts Board member's term of service runs concurrently with, and ends upon termination of, service on the Finance and Personnel Committee or employment as General Manager, respectively.

2. Compensation

Members of the 115 Trusts Board serve without compensation. Expenses are reimbursable in accordance with District policy and state law.

II. ADMINISTRATION

1. Chair

The Finance and Personnel Committee Chair shall serve as Chair of the 115 Trusts Board.

2. Vice Chair

The Finance and Personnel Committee Vice Chair shall serve as Vice Chair of the 115 Trusts Board.

3. Filling of Vacancy in Office

In the event of a vacancy in the office of the Chair, the Vice Chair shall assume the office of Chair until the vacancy is filled. In the event of a vacancy in the office of Vice Chair, the 115 Trusts Board may elect one of its members to fill such vacancy if necessary for the conduct of 115 Trusts Board business.

4. Other Officers

The 115 Trusts Board shall by resolution appoint a Secretary, Treasurer, Assistant Treasurer(s), and such other officers as it may deem necessary from time to time.

III. MEETINGS

1. Regular Meetings

Regular meetings of the 115 Trusts Board shall be held quarterly. Meetings are subject to the Ralph M. Brown Act, California Government Code Section 54950 et seq.

2. Special Meetings

Special meetings of the 115 Trusts Board may be called in the manner provided by Section 54956 of the California Government Code.

3. Quorum

Two members of the 115 Trusts Board constitute a quorum. A vote of a majority of those members present shall be required for action. Action may be taken by motion or resolution.

4. Agenda

Agendas shall be posted and made available to the public in accordance with the Ralph M. Brown Act by the 115 Trusts Board Secretary. Members of the 115 Trusts Board may request an item to be included on the agenda by contacting the Chair of the 115 Trusts Board.

5. Communications and Requests

- a. Public documents referred to on the agenda are available for review at the Office of the 115 Trusts Board Secretary.
- b. Persons desiring to address the 115 Trusts Board on any matter listed on the agenda or on any item within the subject matter jurisdiction of the 115 Trusts Board shall make their intention known prior to the beginning of the meeting by filling out a "Request to Address the Board" form which may be obtained at the Meeting or from the Office of the 115 Trusts Board.
- c. No person shall address the 115 Trusts Board until he or she has first been recognized by the Chair. Each person, except for staff, addressing the 115 Trusts Board shall state his or her name and purpose for addressing the 115 Trusts Board. The Chair may, in the interest of facilitating the business of the 115 Trusts Board, limit the amount of time an individual may use in addressing the 115 Trusts Board. The 115 Trusts Board will follow the established policies of the District for public comment.

6. Minutes

The 115 Trusts Board Secretary shall cause to be recorded, minutes including the time and place of each meeting of the 115 Trusts Board, the names of members present, all official acts of the 115 Trusts Board, the votes given by members except when the action is unanimous, and when requested by a member's dissent or approval with his or her reasons, and shall cause the minutes to be presented for approval at the next regular

meeting. The approved minutes shall form part of the permanent records of the 115 Trusts Board.

7. Committees

The Chair may appoint committees as may be deemed necessary to carry out the business of the 115 Trusts Board. The Ralph M. Brown Act is not applicable to advisory committees composed solely of members of the 115 Trusts Board, which are less than a quorum of the 115 Trusts Board.

IV. ACCOUNTABILITY

1. Annual Reports

The 115 Trusts Board shall submit an annual report (fiscal year) of performance to the Board of Directors of the District within ninety days after the end of the fiscal year. An audit of the financial statements of the Trust will be conducted by an independent certified public accountant as required.

2. Review of Financial Information

The 115 Trusts Board shall periodically receive reports from the Trust's investment consultant and custodian and shall review all key financial information to ensure that resources are used, and actions taken in compliance with the Trust and the approved Investment Policy Statement. The 115 Trusts Board shall review all audits and similar information to ensure compliance with financial control practices and accounting rules.

3. Education

Members are encouraged to take at least one educational course annually on investment strategies or other education programs that are relevant to their duties as fiduciaries for the Trust.

V. CONFLICT OF INTEREST REGULATIONS

A 115 Trusts Board member shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to his or her duties, functions or responsibilities on the 115 Trusts Board. Such member shall not perform any work, service, or counsel for compensation outside of his or her 115 Trusts Board responsibilities where any part of his or her efforts will be subject to approval by the 115 Trusts Board.

Members of the 115 Trusts Board shall comply with the provisions of the California Political Reform Act (Government Code Section 87100, et seq.) and with the conflict-of-interest code adopted from time to time by the District. For such purposes, Members of the 115 Trusts Board shall be considered officials who manage public investments. Each member shall file with the Office of the Secretary an Annual Statement of Economic Interest. Individual members shall disclose and disqualify themselves from participating in any decision in which they have a financial interest under the standards of the California Political Reform Act.

VI. AMENDMENTS

The Bylaws of the 115 Trusts Board may be amended at any time by a majority vote of the total membership of the 115 Trusts Board.