

AGENDA  
 IRVINE RANCH WATER DISTRICT  
 FINANCE AND PERSONNEL COMMITTEE MEETING  
 TUESDAY, DECEMBER 5, 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=meal f07c1ab2a79c91cdb355dc90d6e76>  
 Meeting number (access code): 2498 960 7855  
 Meeting password: Pj3aDWG63QM (75323946 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 Chair: Peer Swan \_\_\_\_\_ Member: Steve LaMar \_\_\_\_\_

ALSO PRESENT

Paul Cook _____	Neveen Adly _____
Wendy Chambers _____	Kevin Burton _____
Paul Weghorst _____	Kent Morris _____
Christopher Smithson _____	Tiffany Mitcham _____
Eileen Lin _____	Lance Kaneshiro _____
Stephen Aryan _____	Jennifer Davis _____
_____	_____
_____	_____

PUBLIC COMMENT NOTICE

Public comments are limited to three minutes per speaker on each subject. If you wish to address the Committee on any item, you may attend the meeting in person and submit a “speaker slip.” You may also submit a public comment in advance of the meeting by emailing [comments@irwd.com](mailto:comments@irwd.com) before 7:30 a.m. on Tuesday, December 5, 2023.

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## COMMUNICATIONS

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

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## INFORMATION

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5. EMPLOYEE POPULATION AND RETENTION STATUS REPORT – SRADER / MITCHAM  
Recommendation: Receive and file.
6. MONTHLY INVESTMENT AND DEBT REVIEW – MEDOZA / DAVIS / ADLY / MORRIS  
Recommendation: Receive and file.
7. REAL ESTATE QUARTERLY PERFORMANCE – DAVIS / MORRIS / ADLY  
Recommendation: Receive and file.
8. QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW – MENDOZA / DAVIS / MORRIS / ADLY  
Recommendation: Receive and file.
9. RISK MANAGEMENT FISCAL YEAR-END REPORT – KANOFF / ARYAN / MITCHAM  
Recommendation: Receive and file.
10. LEGAL FEES QUARTERLY UPDATE – LI / SMITHSON / ADLY  
Recommendation: Receive and file.
11. OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS QUARTERLY UPDATE – LI / PARDEE / SMITHSON / ADLY  
Recommendation: Receive and file.

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**ACTION**

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12. INVESTMENT POLICY AND AUTHORITIES – DAVIS / MORRIS / ADLY

Recommendation: That the Board adopt a resolution approving the 2024 Investment Policy and authorizing the Treasurer and Assistant Treasurer(s) to invest and reinvest funds of the District and each of its Improvement Districts and to sell and exchange securities, superseding Resolution No. 2022-18.

Reso. No. 2023-

13. 2024 INDEX TENDER NOTES REMARKETING ALTERNATIVES – DAVIS / MORRIS / ADLY

Recommendation: That the Board authorize staff to convert the current index mode to variable rate mode, obtain a letter of credit associated with this debt, and remarket these debt issues.

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**OTHER BUSINESS**

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14. Closed Session

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

- *Michael Brown v. PEI Engineering & Construction, et. seq.*, Case No. 30-2020-01154719
- *United States, et al., ex rel. John Hendrix, et al. v. J-M Manufacturing Company, Inc., et al.*, Case No. CV 06-0055-GW
- *State of Nevada, et al. v. J-M Manufacturing Company, Inc., et al.*, Los Angeles Case No. BC459943

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (one case) Pursuant to Government Code Section 54956.9(d)(2): significant exposure to litigation.


15. Open Session

16. Directors’ Comments

17. Adjourn

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District’s office, 15600 Sand Canyon Avenue, Irvine, California (“District Office”). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office. The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

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December 5, 2023  
Prepared by: L. Srader  
Submitted by: T. Mitcham  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

EMPLOYEE POPULATION AND RETENTION STATUS REPORT

SUMMARY:

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

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

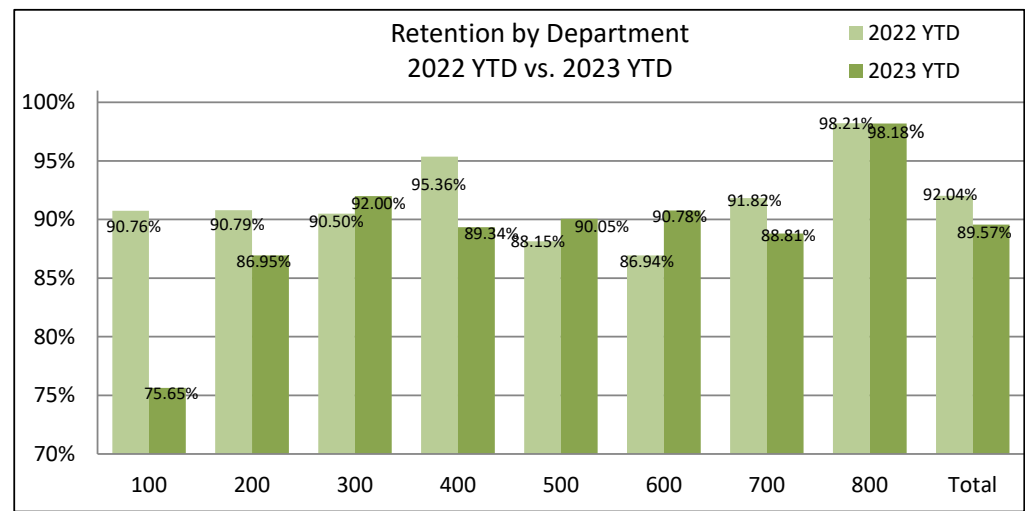
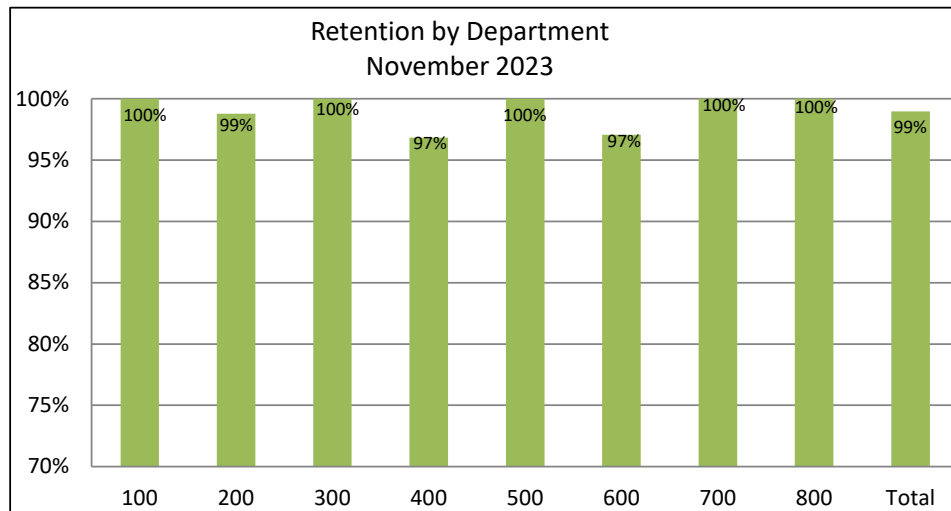
LIST OF EXHIBITS:

Exhibit "A" – Employee Population and Retention Status Report

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Exhibit "A"  
**IRVINE RANCH WATER DISTRICT**  
**EMPLOYEE POPULATION STATUS REPORT**  
**NOVEMBER 2023**

@11/01/23		Current Month Activity							@11/30/23		FY 23/24	Avg FYTD	Avg FYTD	Avg FYTD	Retention	
Dept	Positions Filled	New Hires	Terms		Promo Trnsfr		Lateral Trnsfr		Positions Filled	Positions Unfilled	Budgeted Positions	Filled Budget Positions	Temp Emp FTE	Total Filled Positions	Current Period	2023 YTD
			Vol	Invol	In	Out	In	Out								
100	23.0								23.0	1	24.0	25	0.28	24.9	100.00%	75.65%
200	82.0	3	1						84.0	7	91.0	83	1.87	84.5	98.78%	86.95%
300	46.0	1							47.0	3	50.0	44	3.14	46.9	100.00%	92.00%
400	63.0		2						61.0	10	71.0	65	0.00	64.6	96.83%	89.34%
500	52.0								52.0	11	63.0	51	4.47	55.7	100.00%	90.05%
600	34.0		1						33.0	2	35.0	33	2.96	35.6	97.06%	90.78%
700	27.0								27.0	2	29.0	27	0.00	26.6	100.00%	88.81%
800	56.0	1							57.0	5	62.0	56	1.27	57.1	100.00%	98.19%
<b>Totals</b>	<b>383.0</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>384.0</b>	<b>41</b>	<b>425.0</b>	<b>382</b>	<b>13.99</b>	<b>395.8</b>	<b>98.96%</b>	<b>89.57%</b>
<b>11/22</b>	<b>381</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>382.0</b>	<b>37</b>	<b>419.0</b>	<b>378.6</b>	<b>14.7</b>	<b>393.3</b>	<b>99.48%</b>	<b>92.04%</b>

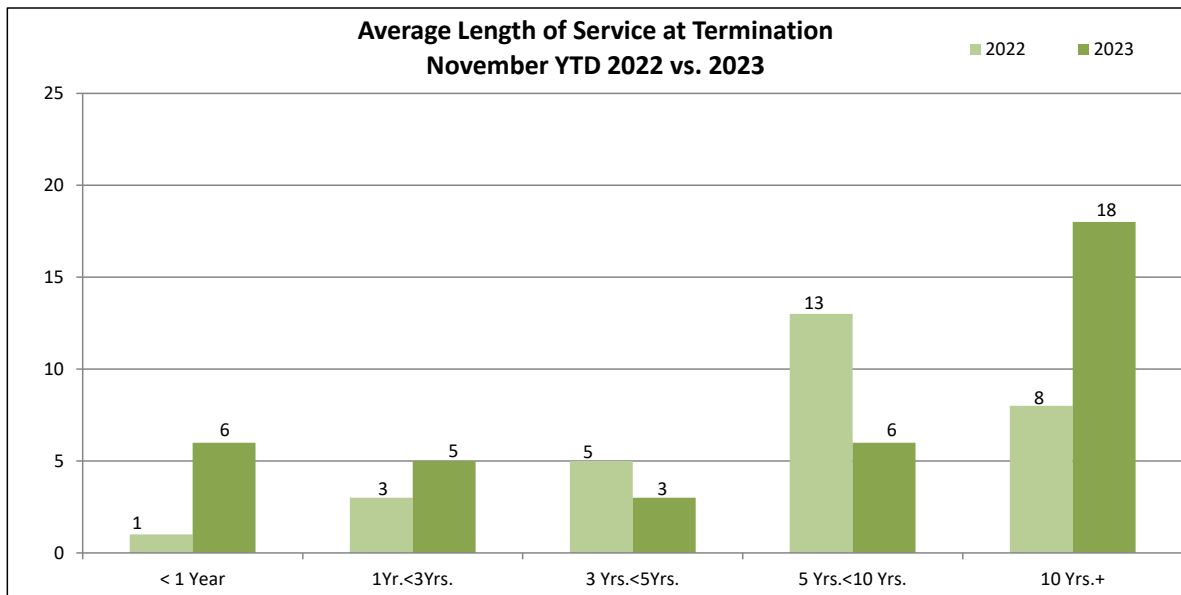


100-GM, HR, Safety, Commun; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.; 400-Water Ops; 500-Recycling Ops; 600-WQ&RC; 700-Water Res., Recyc. Water; 800-Adm. & Maint. Ops

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

Dept.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD Retention Longevity Ratio				
														< 1 Year	1Yr.<.3Yrs.	3 Yrs.<5Yrs.	5 Yrs.<10 Yrs.	10 Yrs.+
100	2						2	1	1				6	2	2	1		1
200	1		3				3		3		1		11	2			3	6
300					1		1						2					2
400	1						1	1		2	2		7	1	1		1	4
500			2					2		1			5		1	1	2	1
600							1	1			1		3	1		1		1
700				1			1		1				3					3
800							1						1		1			
<b>2023 Total</b>	<b>4</b>	<b>-</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>-</b>	<b>38</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>6</b>	<b>18</b>
<b>2022 Data</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>35</b>					
<b>Percentage of Total Retention</b>														<b>84.21%</b>	<b>86.84%</b>	<b>92.11%</b>	<b>84.21%</b>	<b>52.63%</b>

<b>2023 Average YTD Length of Service at Termination</b>	<b>12.21 Years</b>
<b>2022 Average YTD Length of Service at Termination</b>	<b>10.40 Years</b>
<b>2021 Average YTD Length of Service at Termination</b>	<b>10.21 Years</b>
<b>2020 Average YTD Length of Service at Termination</b>	<b>16.33 Years</b>
<b>2019 Average YTD Length of Service at Termination</b>	<b>9.21 Years</b>





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

NEW HIRES				
Date	Dept	Employee Name	Position	Prior Company/Agency
11/06/23	800	Tony Hernandez	Senior Maintenance Mechanic	World Energy Paramount
11/07/23	300	Tiffany Foo	Engineer	City of Fullerton
11/27/23	200	Claudia Espinoza	Accounting Supervisor	Davis Farr LLP
11/28/23	200	Erin Bornhoff	Customer Service Specialist I	Facial Aesthetic Concepts
11/28/23	200	Judith Miller	Customer Service Specialist I	Santa Margarita Water District

TERMINATIONS					
Date	Dept	Employee Name	Position	Reason	Comments
11/16/23	200			VOL	
11/23/23	400			VOL	

RETIREMENTS					
Date	Dept	Employee Name	Position	Reason	Comments
11/02/23	400	William Wesson	Operations Supervisor	RET	
11/25/23	650	Franklin Soto	Water Monitoring Supervisor	RET	

PROMOTIONS					
Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
11/11/23	700	Joshua Nowak	Recycled Water Specialist	700	Senior Recycled Water Specialist
11/25/23	200	Brenda Olvera	Office Specialist	200	Purchasing Coordinator

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

CROSS TRAINING					
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
11/11/23	400	Michael Drew	Operator II	800	Maintenance Mechanic
11/11/23	800	Ulysses Banda	Maintenance Mechanic	500	Recycling Operations
11/25/23	400	Husai Magana	Water Maintenance Technician I	700	Cross Connection Specialist

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

<b>UNFILLED POSITIONS</b>			
<b>Dept</b>	<b>Position</b>	<b>Salary Grade</b>	<b>Comments</b>
100	External Affairs Manager	U18.E	Recruiting
200	User Support Administrator	U35.N	Recruiting
200	Accountant	27.N	2nd Interviews Scheduled
200	Accountant	27.N	Recruiting
200	Office Specialist	15.N	
200	Senior Network Administrator	U15.E	Recruiting
200	Senior Accountant	U12.E	Recruiting
200	Customer Service Specialist III	21.N	Interviewing
300	Construction Inspector	29.N	Recruiting
300	Engineer	U17.E	Interviewing
300	Safety Specialist	U29.N	Recruiting
400	Water Maintenance Technician I	16.N	Recruiting
400	Operator I	22.N	Interviewing
400	Metering Systems Technician III	26.N	Recruiting
400	Metering Systems Technician I	16.N	Recruiting
400	Water Maintenance Technician II	22.N	Recruiting
400	Water Maintenance Technician II	22.N	Recruiting
400	Water Maintenance Technician I	16.N	Recruiting
400	Operations Manager	U21.E	
400	Operations Supervisor	S36.N	
400	Water Maintenance Technician I	16.N	Recruiting
500	Senior Collection Systems CCTV Tech	25.N	Recruiting
500	Operator I	22.N	Recruiting
500	Operator III	30.N	Interviewing
500	Operator III	30.N	Interviewing
500	Operator III	30.N	Interviewing
500	Manager of Biosolids & Energy Recovery	U21.E	Recruiting
500	Senior Collection Systems CCTV Tech	25.N	Recruiting
500	Collection Systems Technician II	21.N	Recruiting
500	Collection Systems Technician II	21.N	Recruiting
500	Senior SCADA Administrator	U15.E	
500	Collection Systems Technician I	15.N	
600	Regulatory Compliance Manager	U19.E	Recruiting
600	Water Monitoring Supervisor	S35.N	
700	Recycled Water Project Specialist	31.N	Recruiting
700	Recycled Water Specialist	24.N	
800	Reliability Manager	U22.E	Recruiting
800	Electrical & Instrumentation Technician	28.N	Interviewing
800	Senior Maintenance Mechanic	27.N	Recruiting
800	Asset Maintenance Coordinator	32.N	Recruiting
800	Senior Maintenance Mechanic	27.N	Recruiting

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

<b>LEAVE OF ABSENCE</b>					
<b>Type of Leave</b>	<b>Date Leave Began</b>	<b>Anticipated Return Date</b>	<b>Current Length (wks)</b>	<b>Comments</b>	
WC	10/11/2022	12/1/2023	59.43	Continuous	
LOA	11/12/2022	11/24/2023	53.86	Continuous	
FMLA/CFRA	3/27/2023	3/27/2024	52	Intermittent	
FMLA/CFRA	5/9/2023	5/9/2024	52.29	Continuous	
FMLA/CFRA	7/1/2023	7/1/2024	52.29	Intermittent	
FMLA/CFRA	7/7/2023	1/7/2024	26.29	Intermittent	
FMLA/CFRA	7/11/2023	1/11/2024	26.29	Intermittent	
FMLA/CFRA	8/1/2023	8/1/2024	52.29	Intermittent	
FMLA/CFRA	9/8/2023	9/8/2024	52.29	Intermittent	
FMLA/CFRA	9/12/2023	10/13/2023	4.43	Continuous	

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

Month	Length of Employment	Termination		Comments
		Vol	Invol	
January	15 years, 9 months	X		RET
	10 years, 3 months	X		RET
	11 months	X		Inland Empire Utility Agency
	2 months	X		City of Brea
February	*****			*****
March	19 years, 6 months	X		RET
	5 years, 3 months	X		City of Oceanside
	4 years, 6 months	X		Orange County Water District
	6 months	X		United Health Group
	5 years, 7 months		X	
April	11 years, 10 months		X	
May	13 years, 9 months	X		Elsinore Valley Municipal Water District
June	*****			*****
July	23 years, 3 monthsS	X		RET
	14 years, 4 months	X		RET
	32 years, 8 months	X		RET
	18 years, 5 months	X		RET
	3 years, 10 months	X		Orange County Water District
	30 years, 8 months	X		RET
	2 years, 10 months	X		Metropolitan Water District
	1 month	X		P/F
	4 years, 2 months	X		RET
	4 months		X	
August	5 years	X		Unknown Employer
	5 years	X		Return to School
	8 months	X		Unknown Employer
	31 years, 10 months	X		RET
	12 months	X		City of Corona
September	7 years, 7 months	X		Unknown Employer
	1 years	X		Unknown Employer
	10 years, 10 months	X		RET
	35 years, 2 months	X		RET
	35 years, 7 months	X		RET
October	16 years, 10 months	X		RET
	1 year, 1 month	X		South Coast Water District
	31 years	X		Liberty Utilities
November	28 years, 11 months	X		RET
	8 years, 2 months	X		Moulton Niguel Water District
	24 years, 8 months	X		RET
	1 year, 3 months	X		Southern California Edison

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

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

Personal/Family = P/F  
Relocation = REL

**IRVINE RANCH WATER DISTRICT  
SUMMARY  
AGENCY & DISTRICT TEMPORARY EMPLOYEES  
OCTOBER 2023**

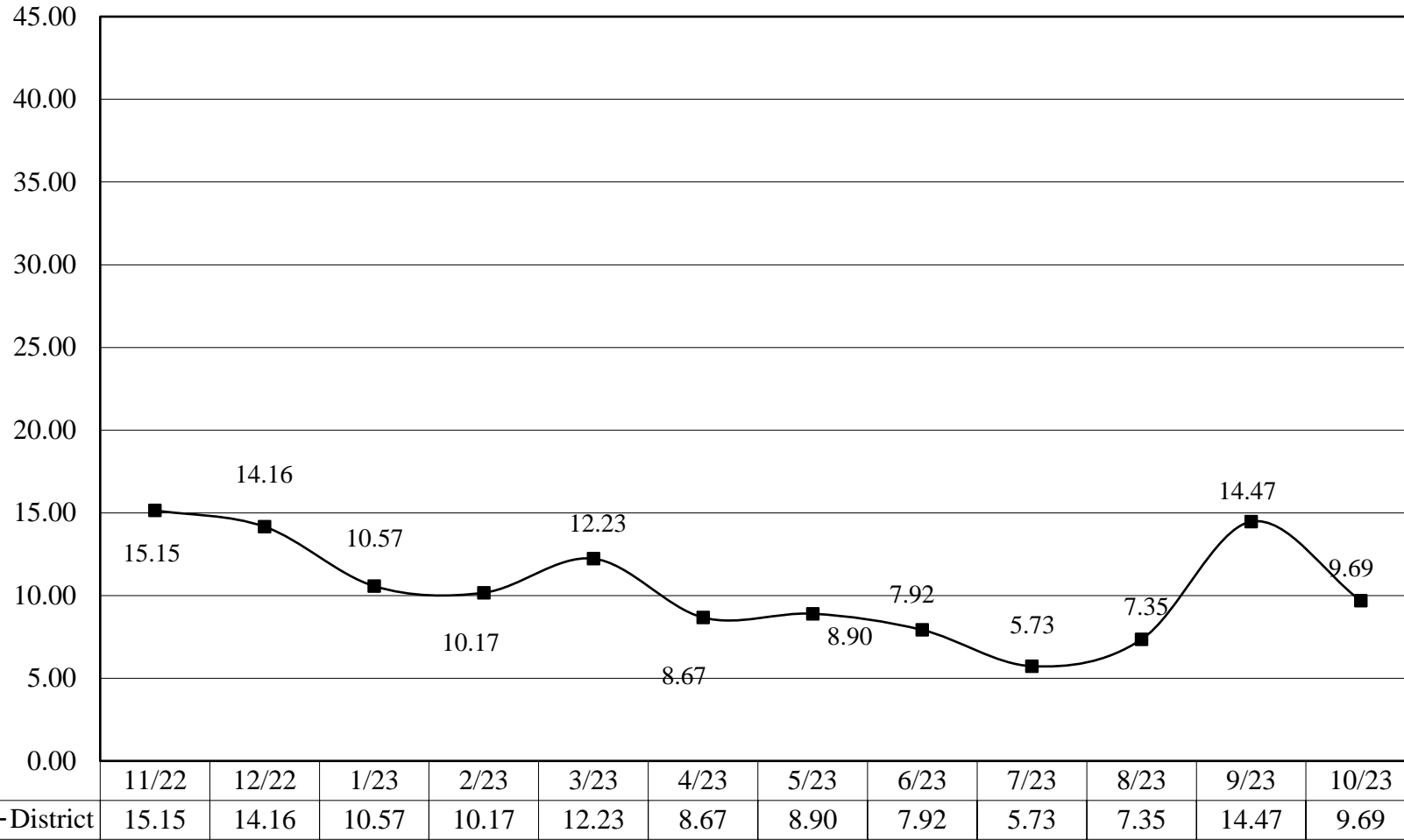
ACTIVE											
Current Month	FYTD Ave Hours Worked	PERS Enroll-ment	Agency		Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FY' YTD	Actual Cost FY' YTD
FTE	FTE			Dept							
<b>0.00</b>	<b>0.00</b>			<b>100</b>							
1.00	0.49	No	X	200	58.00	168	9,744.00	6	4	38,976.00	19,604.00
1.00	0.49	No	X	200	55.00	168	9,240.00	6	4	36,960.00	18,590.00
1.00	0.49	No	X	200	68.00	168	11,424.00	3	2	22,848.00	22,984.00
0.40	0.10	No		200	16.50	84	1,386.00	9	2	2,772.00	1,138.50
0.00	0.00	No	X	200	73.10	168	12,280.80	6	1	12,280.80	0.00
0.00	0.00	No	X	200	49.30	168	8,282.40	4	2	16,564.80	0.00
<b>3.40</b>	<b>1.56</b>			<b>200</b>							
0.42	0.72	No		300	20.00	84	1,680.00	12	4	6,720.00	9,940.00
0.26	0.63	No		300	20.00	84	1,680.00	12	3	5,040.00	8,700.00
0.39	0.65	No		300	20.00	84	1,680.00	12	4	6,720.00	8,990.00
0.26	0.70	No		300	20.00	85	1,700.00	12	4	6,800.00	9,740.00
0.51	0.45	Yes		300	81.81	84	6,872.04	12	4	27,488.16	25,361.10
<b>1.84</b>	<b>3.14</b>			<b>300</b>							
<b>0.00</b>	<b>0.00</b>			<b>400</b>							
0.53	0.48	No		500	16.50	84	1,386.00	12	4	5,544.00	5,519.25
0.26	0.58	No		500	19.50	84	1,638.00	12	4	6,552.00	7,780.50
0.25	0.30	No		500	16.50	84	1,386.00	12	4	5,544.00	3,440.25
0.18	0.31	No		500	16.50	84	1,386.00	12	4	5,544.00	3,539.25
<b>1.21</b>	<b>1.67</b>			<b>500</b>							
0.26	0.42	No		600	16.50	84	1,386.00	12	4	5,544.00	4,851.00
0.16	0.37	No		600	16.00	84	1,344.00	9	4	5,376.00	4,056.00
0.84	0.92	No		600	16.50	84	1,386.00	3	4	5,544.00	10,527.00
0.23	0.52	No		600	16.50	84	1,386.00	12	4	5,544.00	5,948.25
0.38	0.09	No		600	16.50	84	1,386.00	12	3	4,158.00	1,080.75
0.39	0.10	No		600	18.00	84	1,512.00	12	3	4,536.00	1,215.00
0.39	0.54	No		600	16.50	84	1,386.00	12	4	5,544.00	6,171.00
<b>2.64</b>	<b>2.96</b>			<b>600</b>							
0.32	0.59	No		700	20.00	84	1,680.00	12	4	6,720.00	8,140.00
0.29	0.19	No		700	15.50	84	1,302.00	10	2	2,604.00	2,065.38
<b>0.60</b>	<b>0.78</b>			<b>700</b>							
<b>0.00</b>	<b>0.00</b>			<b>800</b>							
<b>9.69</b>	<b>10.11</b>										

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

TERMINATED												
Current Month FTE	Avg FYTD Temp Emp FTE	Active PERS Y/N *	Agency	Dept	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FYTD	Actual Cost FYTD	
1.00	0.28	No	X	100	65.64	168	11,027.52	3	2	22,055.04	12,766.98	
<b>1.00</b>	<b>0.28</b>			<b>100</b>								
0.92	0.31	No	X	200	35.50	168	5,964.00	5	3	17,892.00	5,680.00	
<b>0.92</b>	<b>0.31</b>			<b>200</b>								
0.00	0.00	Yes		300	95.00	84	7,980.00	12	2	15,960.00	0.00	
<b>0.00</b>	<b>0.00</b>			<b>300</b>								
<b>0.00</b>	<b>0.00</b>			<b>400</b>								
0.92	0.73	No	X	500	143.00	168	24,024.00	6	2	48,048.00	72,358.00	
0.92	0.73	No	X	500	118.00	168	19,824.00	6	2	39,648.00	59,708.00	
0.92	0.73	No	X	500	118.00	168	19,824.00	6	2	39,648.00	59,708.00	
0.40	0.61	No		500	19.50	84	1,638.00	12	3	4,914.00	6,201.00	
<b>3.17</b>	<b>2.80</b>			<b>500</b>								
<b>0.00</b>	<b>0.00</b>			<b>600</b>								
1.00	0.49	Yes		700	33.91	168	5,696.88	4	2	11,393.76	11,461.58	
<b>0.00</b>	<b>0.00</b>			<b>700</b>								
<b>0.00</b>	<b>0.00</b>			<b>800</b>								
5.10	3.39									451,482.56	417,264.79	

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

**Temporary Employees  
Full Time Equivalency  
District Totals as of October 31, 2023**





December 5, 2023

Prepared by: O. Mendoza / J. Davis

Submitted by: K. Morris / N. Adly

Approved by: Paul A. Cook *PA*

## FINANCE AND PERSONNEL COMMITTEE

### MONTHLY INVESTMENT AND DEBT REVIEW

#### SUMMARY:

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

- The Investment Portfolio Summary Report as of November 24, 2023 as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of November 24, 2023 as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of November 24, 2023 as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of November 24, 2023 as outlined in Exhibit "D".

#### BACKGROUND:

##### Investment Portfolio:

Due to the timing of the Committee meeting, the rate of return for November is not complete. Preliminary calculations indicate a rate of return for the fixed income investment portfolio of 4.13%, which is a 0.06% increase from October's rate of 4.07%. The increase is primarily due to the reinvestment of funds at higher yields in the District's money market fund. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for November 2023 was 6.53%, which was a 0.04% decrease from October's rate of 6.57%. The decrease is due to the change in the average fixed income portfolio from \$345.4 million to \$360.6 million allocating more of the fixed income portfolio's lower yield to the overall portfolio weighted average yield.

##### Debt Portfolio:

As of November 24, 2023, IRWD's weighted average all-in variable rate for debt was 2.62%, which was a 0.09% decrease from October's rate of 2.71%. Including IRWD's weighted average fixed rate bond issues of 3.72% and the negative cash accruals from fixed payer interest rate swaps (which hedge a portion of the District's variable rate debt), the total average debt rate was 3.35%, a 0.03% decrease from October's rate of 3.38%. The decrease was due to lower average rates for the District's variable rate debt.

#### FISCAL IMPACTS:

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

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Investment Portfolio Summary as of November 24, 2023

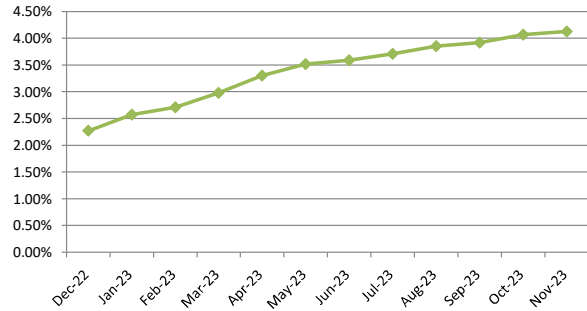
Exhibit "B" – Yield Curve as of November 24, 2023

Exhibit "C" – Summary of Fixed and Variable Debt as of November 24, 2023

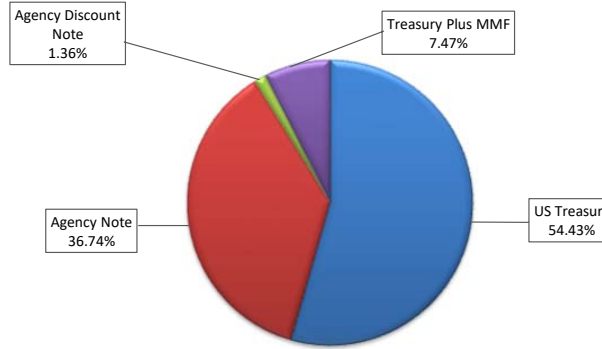
Exhibit "D" – Summary of Variable Rate Debt Rates as of November 24, 2023

Exhibit "A"  
**Irvine Ranch Water District  
Investment Portfolio Summary  
November 2023**

**Monthly Fixed Income Yield**



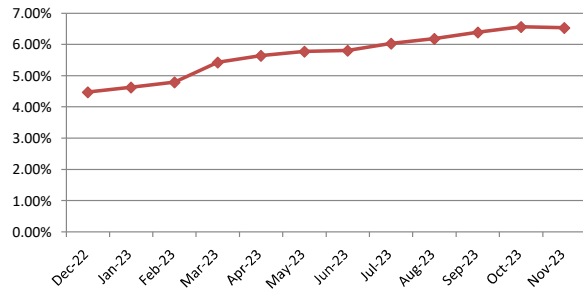
**Portfolio Distribution**



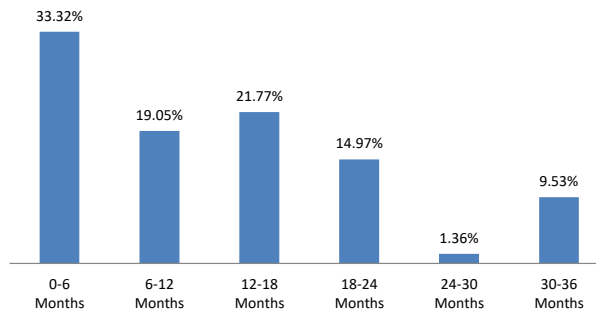
**Investment Summary**

Type	PAR	Book Value	Market Value
US Treasury	200,000,000	198,161,368	196,266,758
Agency Note	135,000,000	133,749,228	132,026,050
Treasury Plus MMF	27,441,221	27,441,221	27,441,221
Agency Discount	5,000,000	4,973,488	4,948,500
<b>Grand Total</b>	<b>367,441,221</b>	<b>364,325,305</b>	<b>360,682,528</b>

**Weighted Average Return Including Real Estate Portfolio**



**Maturity Distribution**



**Top Issuers**

Issuer	PAR	% Portfolio
US Treasury	200,000,000	54.43%
Fed Home Loan Bank	65,000,000	17.69%
Fed Farm Credit Bank	55,000,000	14.97%
Wells Fargo / Allspring	27,441,221	7.47%
Fed Home Loan Mortgage Corp	15,000,000	4.08%
Fed Natl Mortgage Assoc	5,000,000	1.36%
<b>Grand Total</b>	<b>367,441,221</b>	<b>100.00%</b>

IRVINE RANCH WATER DISTRICT  
INVESTMENT SUMMARY REPORT

11/24/23

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE <sup>(1)</sup> 11/24/2023	UNREALIZED <sup>(2)</sup> GAIN/(LOSS)
04/06/23			11/25/23		LAIF	State of California Tsy.	\$0.00		3.610%	\$0.00	\$0.00	0.00	0.00
11/24/23			11/25/23		Treasury Plus MMF	Wells Fargo / Allspring	27,441,220.56		5.200%	27,441,220.56	27,441,220.56	27,441,220.56	0.00
03/31/22	NA	NA	11/30/23	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	0.500%	2.210%	4,860,742.19	5,000,000.00	4,980,700.00	(19,300.00)
04/21/22	NA	NA	11/30/23	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	0.500%	2.462%	4,846,093.75	5,000,000.00	4,980,700.00	(19,300.00)
08/01/23	NA	NA	11/30/23	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	0.500%	5.292%	9,844,140.63	10,000,000.00	9,961,400.00	(38,600.00)
08/31/22	NA	NA	12/08/23	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.375%	3.576%	4,987,445.00	4,999,810.59	4,988,850.00	(10,960.59)
04/14/22	NA	NA	12/15/23	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	0.125%	2.213%	4,829,687.50	4,996,091.19	4,968,350.00	(27,741.19)
01/17/23	NA	NA	01/12/24	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	4.545%	4.771%	4,772,750.00	4,973,487.50	4,948,500.00	(24,987.50)
11/14/23	NA	NA	01/30/24	Aaa/NR/AAA	Treasury - Bill	US Treasury	10,000,000	5.231%	5.378%	9,888,116.86	9,912,818.33	9,888,116.90	(24,701.43)
03/22/22	NA	NA	01/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	0.875%	2.013%	4,896,484.38	4,990,714.04	4,944,350.00	(46,364.04)
08/31/22	NA	NA	01/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.500%	3.445%	4,935,156.25	4,992,363.96	4,963,850.00	(28,513.96)
12/16/22	NA	NA	02/15/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.750%	4.531%	4,899,804.69	4,982,124.78	4,961,150.00	(20,974.78)
08/17/23	NA	NA	02/15/24	Aaa/NR/AAA	Treasury - Bill	US Treasury	10,000,000	5.260%	5.494%	9,734,077.78	9,888,955.56	9,843,900.00	(45,055.56)
03/22/22	NA	NA	02/29/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	1.500%	2.020%	4,950,781.25	4,993,752.20	4,935,550.00	(58,202.20)
03/10/22	NA	NA	03/08/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	1.680%	1.680%	10,038,080.00	10,005,119.12	9,870,000.00	(135,119.12)
04/21/22	NA	NA	04/30/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.000%	2.600%	9,882,421.88	9,976,007.71	9,828,500.00	(147,507.71)
05/31/22	NA	NA	05/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.500%	2.560%	9,988,281.25	9,997,082.34	9,828,100.00	(168,982.34)
08/17/22	NA	NA	06/14/24	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	3.125%	3.315%	4,925,200.00	4,995,063.27	4,928,350.00	(66,713.27)
12/16/22	NA	NA	06/14/24	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	4.875%	4.611%	5,018,300.00	5,006,569.23	4,975,500.00	(31,069.23)
12/01/22	NA	NA	07/02/24	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.750%	4.450%	4,795,376.45	4,924,370.57	4,878,200.00	(46,170.57)
08/17/22	NA	NA	07/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	3.000%	3.249%	4,976,562.50	4,992,023.37	4,909,000.00	(83,023.37)
08/31/22	NA	NA	08/26/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	3.375%	3.500%	4,988,050.00	4,995,572.25	4,912,700.00	(82,872.25)
S 09/09/22	One Time	11/28/2022	08/28/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.000%	3.950%	4,995,000.00	4,998,115.44	4,938,300.00	(59,815.44)
02/28/23	One Time	8/28/2023	08/28/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	5.250%	5.338%	4,993,750.00	4,996,903.56	4,989,700.00	(7,203.56)
08/31/22	NA	NA	09/13/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.250%	3.530%	4,972,750.00	5,011,701.61	4,903,550.00	(108,151.61)
09/30/22	NA	NA	09/13/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.250%	4.340%	4,898,930.00	4,959,373.82	4,903,550.00	(55,823.82)
09/30/22	NA	NA	09/26/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.334%	4,992,100.00	4,996,740.03	4,947,550.00	(49,190.03)
10/17/22	NA	NA	10/17/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	10,000,000	4.375%	4.535%	9,969,800.00	9,986,738.44	9,895,800.00	(90,938.44)
10/31/22	NA	NA	11/15/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.489%	4,783,984.38	4,898,652.19	4,839,850.00	(58,802.19)
12/22/22	NA	NA	11/18/24	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.875%	4.260%	4,693,316.75	4,844,678.35	4,771,700.00	(72,978.35)
10/31/22	NA	NA	12/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.471%	4,773,046.88	4,886,523.44	4,824,600.00	(61,923.44)
10/31/22	NA	NA	12/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.483%	4,771,875.00	4,885,937.50	4,824,600.00	(61,337.50)
10/31/22	NA	NA	01/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	1.125%	4.476%	4,651,562.50	4,822,542.98	4,756,250.00	(66,292.98)
10/31/22	NA	NA	01/31/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.500%	4.483%	4,789,843.75	4,892,968.75	4,829,500.00	(63,468.75)
02/13/23	NA	NA	02/13/25	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	5.020%	5.020%	5,000,000.00	5,000,000.00	4,958,600.00	(41,400.00)
02/07/23	NA	NA	02/14/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.750%	4.500%	4,737,350.00	4,843,050.61	4,780,400.00	(62,650.61)
12/30/22	NA	NA	02/28/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.750%	4.317%	4,839,453.13	4,907,650.03	4,836,550.00	(71,100.03)
02/07/23	NA	NA	03/14/25	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.250%	4.518%	4,973,050.00	4,983,499.28	4,928,300.00	(55,199.28)
12/30/22	NA	NA	03/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	1.750%	4.329%	4,731,250.00	4,843,284.74	4,767,600.00	(75,684.74)
04/12/23	NA	NA	03/31/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	20,000,000	3.875%	4.073%	19,925,781.25	19,949,832.67	19,625,000.00	(324,832.67)
12/22/22	NA	NA	04/01/25	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	4.200%	4.160%	5,004,550.00	5,002,666.49	4,931,700.00	(70,966.49)
12/08/22	Quarterly	02/12/2023	05/12/25	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	3.050%	4.427%	4,843,000.00	4,906,437.92	4,827,200.00	(79,237.92)
01/11/23	NA	NA	05/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.750%	4.148%	4,845,312.50	4,903,930.92	4,817,800.00	(86,130.92)
12/13/22	NA	NA	06/13/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.340%	4,989,400.00	4,993,498.36	4,920,850.00	(72,648.36)
12/13/22	NA	NA	06/13/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.352%	4,988,000.00	4,992,639.65	4,920,850.00	(71,789.65)
08/01/23	NA	NA	07/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	3.000%	4.917%	9,646,875.00	9,707,212.89	9,648,400.00	(58,812.89)

IRVINE RANCH WATER DISTRICT  
INVESTMENT SUMMARY REPORT

11/24/23

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE <sup>(1)</sup> 11/24/2023	UNREALIZED <sup>(2)</sup> GAIN/(LOSS)
04/24/23	NA	NA	07/24/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	10,000,000	4.250%	4.253%	10,000,000.00	10,000,000.00	9,838,400.00	(161,600.00)
04/21/23	NA	NA	09/23/25	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	10,000,000	0.375%	4.127%	9,143,400.00	9,359,967.04	9,144,600.00	(215,367.04)
12/01/22	NA	NA	10/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	4.250%	4.298%	4,993,359.38	4,995,669.99	4,921,100.00	(74,569.99)
12/01/22	Continuous after	9/12/2023	12/12/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.125%	4.694%	4,920,500.00	4,946,712.74	4,871,400.00	(75,312.74)
07/06/23	NA	NA	06/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	15,000,000	4.125%	4.566%	14,819,531.25	14,844,377.18	14,699,400.00	(144,977.18)
09/27/23	NA	NA	09/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.625%	4.846%	9,939,453.13	9,943,083.71	9,925,800.00	(17,283.71)
11/03/23	NA	NA	10/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.625%	4.784%	9,956,640.63	9,957,767.89	9,956,640.63	(1,127.27)
SUB-TOTAL							<u>\$367,441,221</u>			<u>\$361,139,638.45</u>	<u>\$364,325,304.79</u>	<u>\$360,682,528.09</u>	<u>(\$3,642,776.70)</u>
<b>TOTAL INVESTMENTS</b>							<u>\$367,441,221</u>			<u>\$361,139,638.45</u>	<u>\$364,325,304.79</u>	<u>\$360,682,528.09</u>	<u>(\$3,642,776.70)</u>

Petty Cash										3,400.00			
Ck Balance					Bank of America	ECR	1.77%			2,536,647.69			
Ck Balance					Wells Fargo	ECR	2.00%			0.00 <sup>(5)</sup>			
										<u>\$363,679,686.14</u>			

<sup>(1)</sup> LAIF market value is as of the most recent quarter-end as reported by LAIF.  
Security market values are determined using Bank of New York ("Trading Prices"), Bloomberg and/or broker dealer pricing.

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

<sup>(3)</sup> Real estate rate of return is based on most recent quarter end return.

<sup>(4)</sup> Original Cost updated to reflect capital tenant improvements added for Fiscal Year 2023.  
of capital tenant improvements during FY 2023.

<sup>(5)</sup> Cash balance in this account are funds that are pending purchase into the current money market fund.

\*S - Step up

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

Outstanding Variable Rate Debt	\$214,800,000
Net Outstanding Variable Rate Debt (Less \$60 million fixed-payer swaps)	\$154,800,000
Investment Balance:	\$363,679,686
Investment to Variable Rate Debt Ratio:	235%
Portfolio - Average Number of Days To Maturity	359

	Investment Portfolio	Real Estate <sup>(3)(4)</sup> Portfolio	Weighted Avg. Return
November	4.13%	14.70%	6.53%
October	4.07%	14.70%	6.57%
Change	0.06%	0.00%	-0.04%

IRVINE RANCH WATER DISTRICT  
SUMMARY OF MATURITIES

11/24/23

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury	Investment Sweep
11/23	47,441,221	12.91%					20,000,000	27,441,221
12/23	10,000,000	2.72%		5,000,000			5,000,000	
1/24	25,000,000	6.80%			5,000,000		20,000,000	
2/24	20,000,000	5.44%					20,000,000	
3/24	10,000,000	2.72%		10,000,000				
4/24	10,000,000	2.72%					10,000,000	
5/24	10,000,000	2.72%					10,000,000	
6/24	10,000,000	2.72%		10,000,000				
7/24	10,000,000	2.72%		5,000,000			5,000,000	
8/24	15,000,000	4.08%		15,000,000				
9/24	15,000,000	4.08%		15,000,000				
10/24	10,000,000	2.72%		10,000,000				
SUB-TOTAL	\$192,441,221	52.37%		\$70,000,000	\$5,000,000		\$90,000,000	\$27,441,221

13 Months - 3 YEARS								
11/01/2024 - 01/31/2025	\$30,000,000	8.16%		5,000,000			25,000,000	
02/01/2025 - 04/30/2025	\$50,000,000	13.61%		20,000,000			30,000,000	
5/01/2025 - 07/31/2025	\$40,000,000	10.89%		25,000,000			15,000,000	
08/01/2025 - 10/31/2025	\$15,000,000	4.08%		10,000,000			5,000,000	
11/01/2025 - 01/31/2026	\$5,000,000	1.36%		5,000,000				
02/01/2026 - 04/30/2026								
5/01/2026 - 07/31/2026	\$15,000,000	4.08%					15,000,000	
08/01/2026 - 10/31/2026	\$20,000,000	5.44%					20,000,000	
11/01/2026 +								
SUB-TOTAL	\$175,000,000	47.63%		\$65,000,000			\$110,000,000	
TOTALS	\$367,441,221	100.00%		\$135,000,000	\$5,000,000		\$200,000,000	\$27,441,221

% OF PORTFOLIO

36.74%

1.36%

54.43%

7.47%

Irvine Ranch Water District  
Summary of Real Estate - Income Producing Investments  
9/30/2023

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2023	ANNUALIZED RATE OF RETURN QUARTER ENDED 9/30/2023
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 45,457,369	\$ 178,606,250	23.77%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 36,246,127	8.50%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,568,747	\$ 12,484,800	9.78%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,983,395	\$ 12,068,640	8.55%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	\$ 8,715,929	\$ 12,380,760	7.85%
Sand Canyon Professional Center - General Office <sup>(1)</sup>	Sep-20	Office Building	Fee Simple	\$ 31,404,103	\$ 40,559,820	7.29%
<b>Total - Income Properties</b>				<b>\$ 106,129,543</b>	<b>\$ 292,346,397</b>	<b>14.70%</b>

(1) Original Cost updated to reflect capital tenant improvements added for Fiscal Year 2023.

**IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT**  
**INVESTMENT ACTIVITY<sup>(1)</sup>**  
**Nov-23**

**MATURITIES/SALES/CALLS**

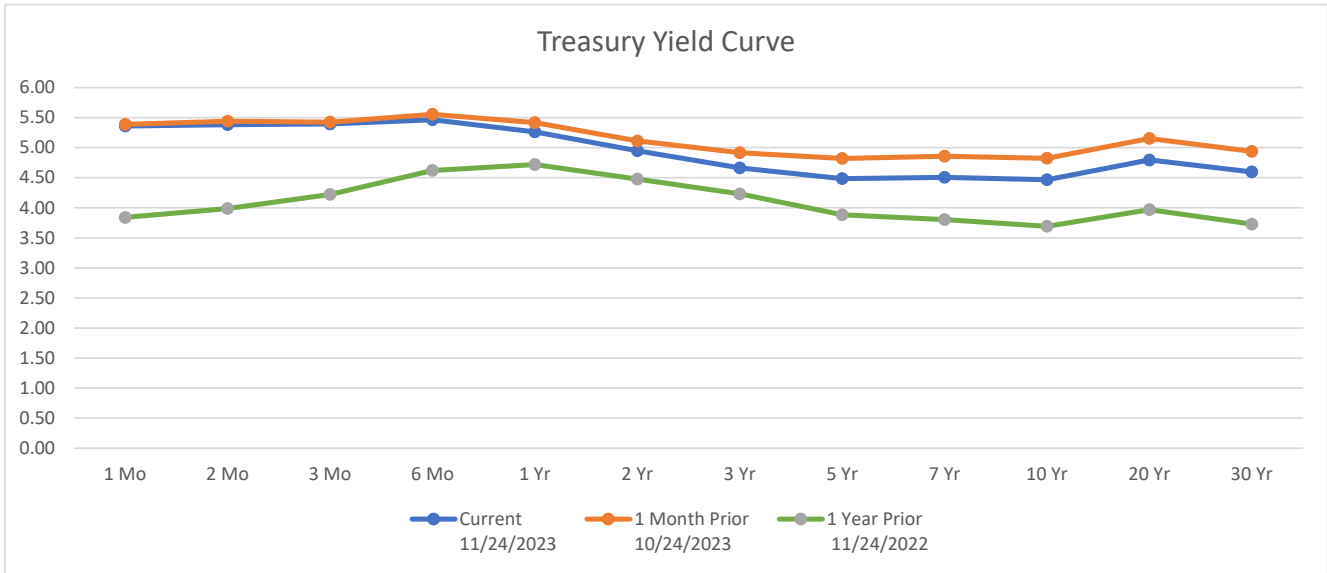
**PURCHASES**

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
11/7/2023	Treasury - Bill	\$5,000,000	5.31%	11/2/2023	11/7/2023	Treasury - Bill	\$10,000,000	5.31%
<i>11/30/2023</i>	<i>Treasury - Note</i>	<i>\$5,000,000</i>	<i>2.21%</i>	11/3/2023	10/15/2026	Treasury - Note	\$10,000,000	4.78%
<i>11/30/2023</i>	<i>Treasury - Note</i>	<i>\$5,000,000</i>	<i>2.46%</i>	11/14/2023	1/30/2024	Treasury - Bill	\$10,000,000	5.38%
<i>11/30/2023</i>	<i>Treasury - Note</i>	<i>\$10,000,000</i>	<i>5.29%</i>					

(1) Italicized entries indicate securities that are scheduled but not yet matured, sold, called, or purchased. There may be additional investment purchases if there are pending maturities for the month.



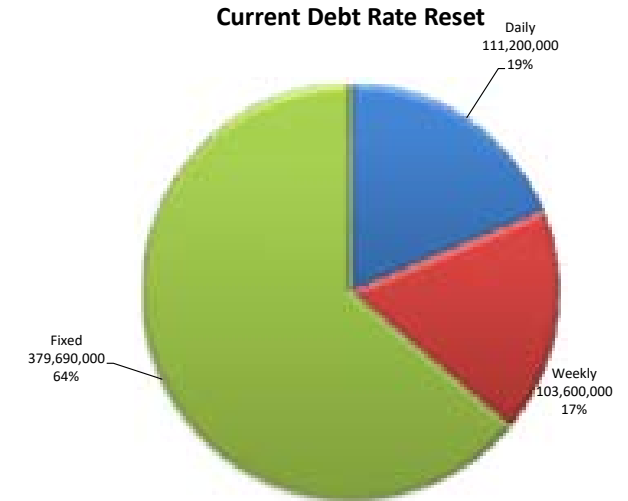
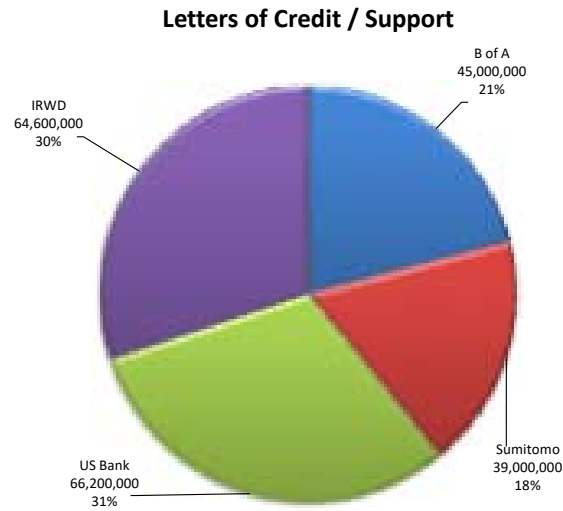
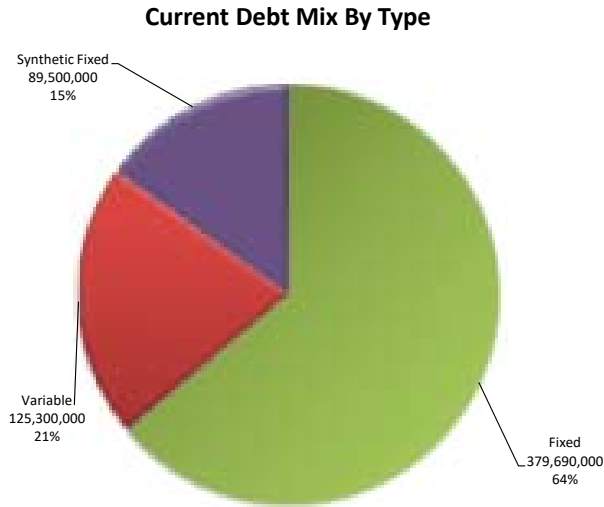
## Exhibit "B"



Tenor	Current 11/24/2023	1 Month Prior 10/24/2023	1 Year Prior 11/24/2022
1 Mo	5.36	5.39	3.84
2 Mo	5.38	5.44	3.99
3 Mo	5.39	5.42	4.22
6 Mo	5.46	5.56	4.62
1 Yr	5.26	5.42	4.72
2 Yr	4.95	5.11	4.48
3 Yr	4.66	4.92	4.23
5 Yr	4.49	4.82	3.88
7 Yr	4.51	4.86	3.80
10 Yr	4.47	4.82	3.69
20 Yr	4.80	5.15	3.97
30 Yr	4.60	4.94	3.73

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



**Outstanding Par by Series**

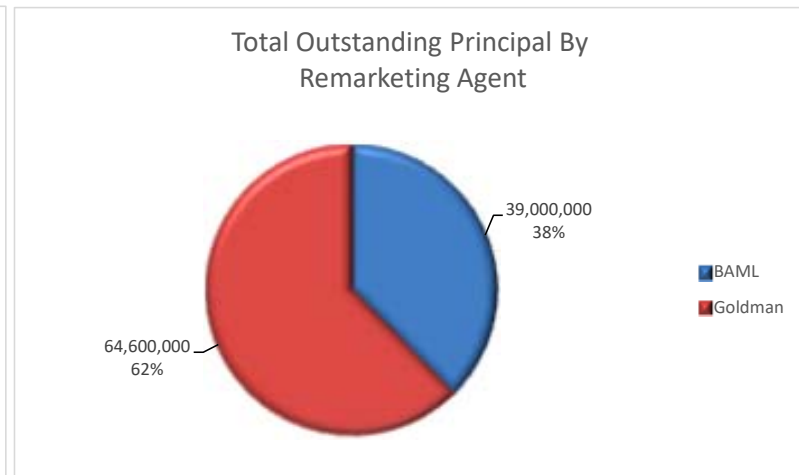
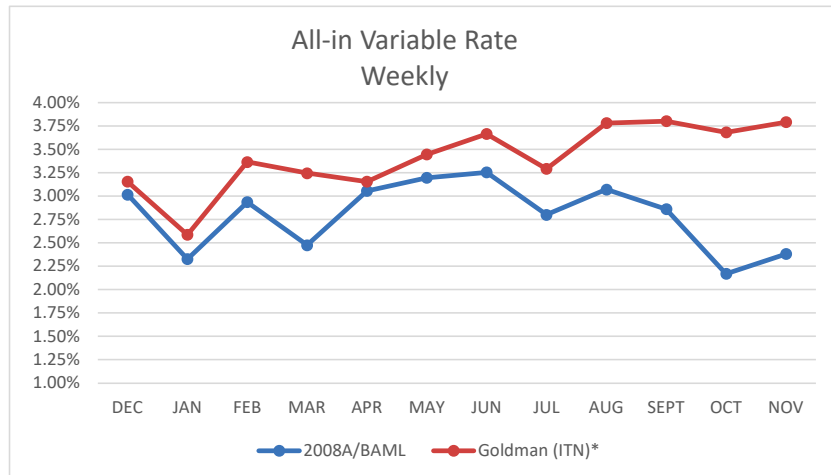
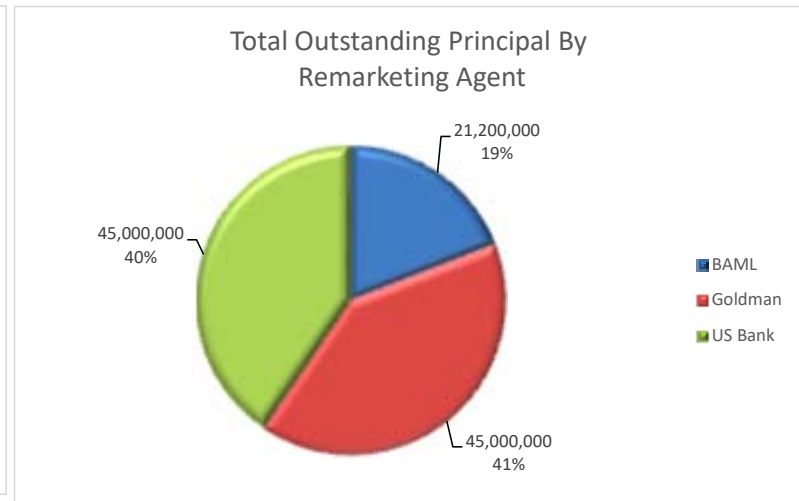
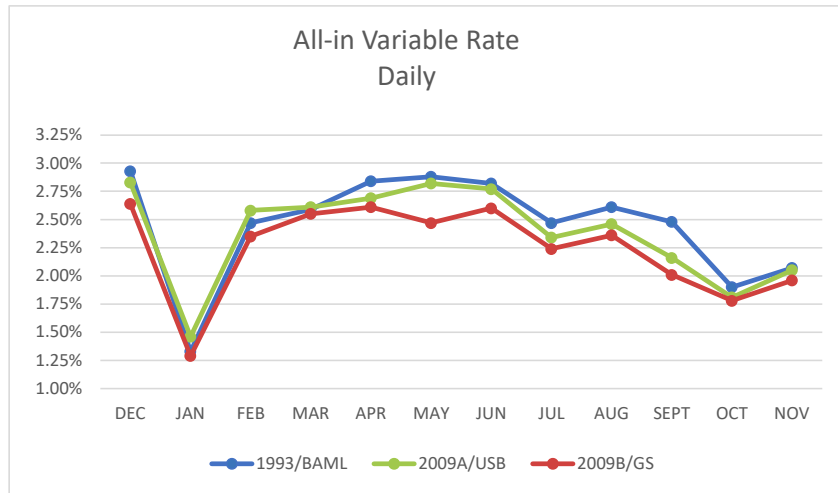
Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit/Support	Rmkt Agent	Mode	Reset
Series 1993	05/19/93	04/01/33	\$21,200,000	3.57%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	\$39,000,000	6.56%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$38,760,000	6.52%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$25,840,000	4.35%	IRWD	Goldman	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	\$45,000,000	7.57%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$45,000,000	7.57%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	\$105,710,000	17.78%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$175,000,000	29.44%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$98,980,000	16.65%	N/A	N/A	Fixed	Fixed
<b>Total</b>			<b>\$594,490,000</b>	<b>100.00%</b>				

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

November-23

ITN		GENERAL BOND INFORMATION																LETTER OF CREDIT INFORMATION										TRUSTEE INFORMATION													
Daily		Maturity Date		Principal Payment Date		Payment Date		Original Par Amount		Remaining Principal		Letter of Credit		Reimbursement Agreement Date		L/C Exp. Date		MOODY'S		S&P		FITCH		LOC Stated Amount		LOC Fee		Annual LOC Cost		Rmkt Agent		Reset		Rmkt Fees		Annual Cost		Trustee			
Weekly		Issue Date		Maturity Date		Principal Payment Date		Payment Date		Original Par Amount		Remaining Principal		Letter of Credit		Reimbursement Agreement Date		L/C Exp. Date		MOODY'S		S&P		FITCH		LOC Stated Amount		LOC Fee		Annual LOC Cost		Rmkt Agent		Reset		Rmkt Fees		Annual Cost		Trustee	
SERIES 1993	05/19/93	04/01/33	Apr 1	5th Bus. Day	\$38,300,000	\$21,200,000	US BANK	05/07/15	05/01/25	Aa3/VMIG1	AA-/A-1+	N/R	\$21,485,764	0.3000%	\$64,457	BAML	DAILY	0.10%	\$21,200	BANK OF NY																					
SERIES 2008-A Refunding	04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$39,000,000	SUMITOMO	04/01/11	05/28/25	A1/P-1	A/A-1	A/F1	\$39,576,866	0.3150%	\$124,668	BAML	WED	0.07%	\$27,300	BANK OF NY																					
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$60,545,000	\$38,760,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	\$48,450	BANK OF NY																					
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$40,370,000	\$25,840,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	\$32,300	BANK OF NY																					
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$45,000,000	US BANK	04/01/11	05/01/25	Aa2/VMIG1	AA-/A-1+	AA/F1+	\$45,503,014	0.3000%	\$136,509	US Bank	DAILY	0.07%	\$31,500	US BANK																					
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$45,000,000	B of A	04/01/11	04/21/25	Aa2/VMIG1	A/A-1	A1/F1+	\$45,503,014	0.2800%	\$127,408	Goldman	DAILY	0.10%	\$45,000	US BANK																					

Exhibit "D"  
**Irvine Ranch Water District**  
**Summary of Remarketing Performance**  
**November 2023**



\*ITNs are based on SIFMA + 5

REMARKETING AGENT PERFORMANCE COMPARISON  
Nov-23

Date	Daily Variable Rate Comparison			Weekly Variable Rate Comparison
	Goldman Sachs vs US Bank	Goldman Sachs vs Bank of America	US Bank vs Bank of America	Goldman Sachs* vs Bank of America
11/1/2023	-0.20%	-0.05%	0.15%	1.66%
11/2/2023	-0.65%	-0.37%	0.28%	1.69%
11/3/2023	-0.30%	-0.30%	0.00%	1.69%
11/4/2023	-0.30%	-0.30%	0.00%	1.69%
11/5/2023	-0.30%	-0.30%	0.00%	1.69%
11/6/2023	-0.30%	-0.10%	0.20%	1.69%
11/7/2023	-0.20%	-0.05%	0.15%	1.69%
11/8/2023	-0.15%	-0.02%	0.13%	1.69%
11/9/2023	-0.10%	-0.05%	0.05%	1.72%
11/10/2023	0.10%	0.05%	-0.05%	1.72%
11/11/2023	0.10%	0.05%	-0.05%	1.72%
11/12/2023	0.10%	0.05%	-0.05%	1.72%
11/13/2023	0.65%	0.30%	-0.35%	1.72%
11/14/2023	0.25%	0.10%	-0.15%	1.72%
11/15/2023	0.05%	-0.05%	-0.10%	1.72%
11/16/2023	-0.10%	0.00%	0.10%	1.67%
11/17/2023	-0.05%	-0.03%	0.02%	1.67%
11/18/2023	-0.05%	-0.03%	0.02%	1.67%
11/19/2023	-0.05%	-0.03%	0.02%	1.67%
11/20/2023	-0.20%	-0.12%	0.08%	1.67%
11/21/2023	-0.15%	-0.27%	-0.12%	1.67%
11/22/2023	-0.20%	-0.20%	0.00%	1.67%
11/23/2023	-0.20%	-0.20%	0.00%	1.46%
11/24/2023	-0.20%	-0.25%	-0.05%	1.46%
<b>Average Spread</b>	<b>-0.10%</b>	<b>-0.09%</b>	<b>0.01%</b>	<b>1.67%</b>

<b>Rmkt Agent</b>	GS / US Bank	GS / Bank of America	US Bank / Bank of America	GS / Bank of America
<b>Mode</b>	Daily / Daily	Daily / Daily	Daily / Daily	Weekly / Weekly
<b>Bond Issue</b>	2009B / 2009A	2009B / 1993	2009A / 1993	ITN (2011A1 & 2011A2) / 2008A
<b>Par Amount</b>	\$45,000,000 / \$45,000,000	\$45,000,000 / \$21,200,000	\$45,000,000 / \$21,200,000	\$64,600,000 / \$39,000,000
<b>LOC Bank</b>	Bank of America / US Bank	Bank of America / US Bank	US Bank / US Bank	None / Sumitomo

\*ITNs are based on SIFMA + 5

SUMMARY OF DEBT RATES

Nov-23

Rmkt Agent Mode	GOLDMAN DAILY	GOLDMAN WEEKLY	GOLDMAN WEEKLY	MERRILL LYNCH DAILY	MERRILL LYNCH WEEKLY	US BANK DAILY
Bond Issue	2009 - B	2011 A-1	2011 A-2	1993	2008-A	2009-A
Par Amount	45,000,000	38,760,000	25,840,000	21,200,000	39,000,000	45,000,000
LOC Bank	BOFA	(SIFMA + 5)	(SIFMA + 5)	US BANK	Sumitomo	US BANK
Reset		Wednesday	Wednesday		Wednesday	
11/1/2023	2.05%	4.14%	4.14%	2.10%	2.48%	2.25%
11/2/2023	1.35%	3.90%	3.90%	1.72%	2.21%	2.00%
11/3/2023	1.20%	3.90%	3.90%	1.50%	2.21%	1.50%
11/4/2023	1.20%	3.90%	3.90%	1.50%	2.21%	1.50%
11/5/2023	1.20%	3.90%	3.90%	1.50%	2.21%	1.50%
11/6/2023	1.00%	3.90%	3.90%	1.10%	2.21%	1.30%
11/7/2023	0.80%	3.90%	3.90%	0.85%	2.21%	1.00%
11/8/2023	0.70%	3.90%	3.90%	0.72%	2.21%	0.85%
11/9/2023	0.70%	3.18%	3.18%	0.75%	1.46%	0.80%
11/10/2023	1.30%	3.18%	3.18%	1.25%	1.46%	1.20%
11/11/2023	1.30%	3.18%	3.18%	1.25%	1.46%	1.20%
11/12/2023	1.30%	3.18%	3.18%	1.25%	1.46%	1.20%
11/13/2023	2.20%	3.18%	3.18%	1.90%	1.46%	1.55%
11/14/2023	2.20%	3.18%	3.18%	2.10%	1.46%	1.95%
11/15/2023	2.10%	3.18%	3.18%	2.15%	1.46%	2.05%
11/16/2023	2.05%	3.86%	3.86%	2.05%	2.19%	2.15%
11/17/2023	2.05%	3.86%	3.86%	2.08%	2.19%	2.10%
11/18/2023	2.05%	3.86%	3.86%	2.08%	2.19%	2.10%
11/19/2023	2.05%	3.86%	3.86%	2.08%	2.19%	2.10%
11/20/2023	1.90%	3.86%	3.86%	2.02%	2.19%	2.10%
11/21/2023	1.85%	3.86%	3.86%	2.12%	2.19%	2.00%
11/22/2023	1.80%	3.86%	3.86%	2.00%	2.19%	2.00%
11/23/2023	1.80%	3.65%	3.65%	2.00%	2.19%	2.00%
11/24/2023	1.80%	3.65%	3.65%	2.05%	2.19%	2.00%
Avg Interest Rates	1.58%	3.67%	3.67%	1.67%	2.00%	1.68%
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%	0.07%
LOC Fee	0.28%			0.30%	0.32%	0.30%
<b>All-In Rate</b>	<b>1.96%</b>	<b>3.79%</b>	<b>3.79%</b>	<b>2.07%</b>	<b>2.38%</b>	<b>2.05%</b>
Par Amount	83,760,000		25,840,000	60,200,000		45,000,000

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	51.77%	111,200,000	2.02%	1.64%
Weekly	48.23%	103,600,000	3.26%	3.04%
	100.00%	<b>\$214,800,000</b>	2.62%	2.31%
<b>Fixed</b>				
COPS 2016	27.84%	105,710,000	2.90%	
BABS 2010	46.09%	175,000,000	4.44%	(1)
SERIES 2016	26.07%	98,980,000	3.32%	
	100.00%	<b>\$379,690,000</b>	3.72%	
<b>All-In Debt Rate Including \$60 Million Notional Amount of Swaps</b>				<b>3.35%</b>

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


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December 5, 2023

Prepared by: J. Davis / K. Morris

Submitted by: N. Adly

Approved by: Paul A. Cook 

## FINANCE AND PERSONNEL COMMITTEE

### REAL ESTATE QUARTERLY PERFORMANCE

#### SUMMARY:

Staff will provide the Committee with an update on the financial performance of IRWD's real estate investments and other revenue generating properties for the quarter ended September 30, 2023.

#### BACKGROUND:

For the quarter ended September 30, 2023, the net operating income (NOI) for IRWD's residential and commercial real estate investment properties was \$3.9 million, which represents a 14.70% annualized return. Land lease income from the Strawberry Farms Golf Course and lease revenue from the District's five cell sites was \$320,925 and \$82,972, respectively. A report detailing the NOI and returns for IRWD's real estate investment properties, golf course land lease, and cell sites is provided as Exhibit "A".

#### Residential Investment Properties:

The NOI for the Sycamore Canyon Apartments for the quarter ended September 30, 2023, was approximately \$2.7 million, which was favorable to budget by \$144,797 due to higher-than-anticipated revenue from increased lease rates. IRWD's limited partnership investment in the Wood Canyon Villa Apartments property continued to earn a preferred return of 9.00%, providing income of \$136,110 for the quarter. The net return for Wood Canyon was 8.50%.

#### Commercial Investment Properties:

For the quarter ended September 30, 2023, NOI at the Irvine Market Place (230 Commerce) office property was \$136,198 and in line with budget. Currently, the property has two suites available, which are being marketed by IRWD's commercial broker, Colliers International. The property is currently 76.4% occupied.

The NOI for the Waterworks Way Business Park property for the quarter ended September 30, 2023, was \$191,957 and favorable to budget by \$15,244 due to lower maintenance expenses. The property is currently 100% occupied.

For the quarter ended September 30, 2023, the NOI for the Sand Canyon Professional Center medical office property was \$170,991 and in line with budget. The property is currently 100% occupied.

For the quarter ended September 30, 2023, NOI at the Sand Canyon Professional Center general office property was \$572,255 and was unfavorable to budget by \$30,524 due to higher than budgeted common area maintenance (CAM) and repair expenses. The property is currently 100% occupied.

Strawberry Farms Golf Course and Cell Site Leases:

The land lease income for Strawberry Farms Golf Course for the quarter ended September 30, 2023 was \$320,925. This compares with income of \$285,448 for the same period last year, representing a 12.43% increase for the period. The additional revenues were due to an increase in green fees from rounds of golf played. For the quarter ended September 30, 2023, the lease revenue from IRWD's five cell sites was \$82,972 which was a decrease of \$42,432 from the same period last year. The decrease was primarily due to a renewal signing bonus in the previous period.

FISCAL IMPACTS:

Fiscal impacts are discussed above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Real Estate Performance Report

## Exhibit "A"

### Irvine Ranch Water District Real Estate Investment Performance Report as of September 30, 2023

INCOME PROPERTIES			FY 2023-24					FY 2023-2024 RATE OF RETURN		3 Year Average Rate of Return	5 Year Average Rate of Return
Property Description	Capital Investment	Investment Inception	Jul-23	Aug-23	Sep-23	FY Q1	FY 2023-24 TOTAL	Annualized Q1	Average Fiscal YTD	FY 21/22 - 23/24	FY 19/20 - 23/24
Sycamore Canyon Apartments	\$ 45,457,369	Dec-92	\$ 875,766	\$ 872,094	\$ 953,970	\$ 2,701,830	\$ 2,701,830	23.77%	23.77%	22.24%	20.74%
Wood Canyon Villa Apartments	\$ 6,000,000	Jun-91	\$ 45,863	\$ 45,863	\$ 44,384	\$ 136,110	\$ 136,110	8.50%	8.50%	8.51%	8.52%
Irvine Market Place Office	\$ 5,568,747	Jul-03	\$ 58,291	\$ 31,873	\$ 46,034	\$ 136,198	\$ 136,198	9.78%	9.78%	10.21%	9.82%
Waterworks Way Business Park	\$ 8,983,395	Nov-08	\$ 66,980	\$ 63,049	\$ 61,928	\$ 191,957	\$ 191,957	8.55%	8.55%	7.89%	7.10%
Sand Canyon Professional Center - Medical	\$ 8,715,929	Jul-12	\$ 55,221	\$ 56,044	\$ 59,726	\$ 170,991	\$ 170,991	7.85%	7.85%	8.29%	8.51%
Sand Canyon Professional Center - General	\$ 31,404,103	Sep-20	\$ 179,525	\$ 197,128	\$ 195,602	\$ 572,255	\$ 572,255	7.29%	7.29%		
			\$ 1,281,646	\$ 1,266,051	\$ 1,361,644	\$ 3,909,341	\$ 3,909,341	14.70%	14.70%	16.89%	15.88%

**Notes/Assumptions:**

- Wood Canyon cash flows represent partnership cash distributions from Western National Group.
- The 9.00% Preferred Return for Wood Canyon accrues on the original \$6 million investment amount along with any accrued preferred return. The current total monthly accrual is approximately \$45,000/month.
- Capital Investment does not include depreciation


**Irvine Ranch Water District  
Real Estate Investment Performance Report  
Strawberry Farms Golf Course & Cell Site  
as of September 30, 2023**

Property Description	2023-24 NET INCOME				
	Jul-23	Aug-23	Sep-23	FY Q1	NET INCOME 2023 - 2024
Strawberry Farms Golf Course	\$ 105,407	\$ 112,890	\$ 102,629	\$ 320,925	\$ 320,925
Change From Prior Year Period:				\$ 35,477 12.43%	\$ 35,477 12.43%
Cellular Sites	\$ 36,136	\$ 18,284	\$ 28,552	\$ 82,972	\$ 82,972
Change From Prior Year Period:				\$ (42,432) -33.84%	\$ (42,432) -33.84%

December 5, 2023

Prepared by: O. Mendoza / J. Davis

Submitted by: K. Morris / N. Adly

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW

SUMMARY:

The following is submitted for the Committee's review:

- A Summary of the Deferred Compensation Program and Distribution of Assets as of September 30, 2023, as outlined in Exhibit "A"; and
- Mutual Fund Performance Review as of September 30, 2023, as outlined in Exhibit "B".

BACKGROUND:

IRWD manages the Deferred Compensation Plan, which provides employees the opportunity to save for retirement on a tax-advantaged basis. For the quarter, 85% of IRWD employees participated in the voluntary 457(b) Deferred Compensation Plan.

Overview of the Deferred Compensation Assets:

As of September 30, 2023, IRWD's Sections 457(b) and 401(a) Plans (collectively, the "Plans") assets totaled \$85,640,750, which represented a \$3,300,972 decrease from the prior quarter ended June 30, 2023, and an \$8,726,169 increase for the one-year period. The changes in Plan assets over the two periods are summarized as follows:

	<i>One Year Period Ending September 30, 2023</i>	<i>Quarter Ending September 30, 2023</i>
Beginning Balance	\$76,914,582	\$88,941,721
Employee Contributions	3,951,471	882,959
District Contributions	2,080,903	344,268
Transfers to/from Other Plans	169,749	24,179
Distributions	(6,490,532)	(1,629,021)
Loan Distributions <sup>(1)</sup>	(270,826)	(146,181)
Loan Repayments	223,981	85,994
Net Investment Gain (Loss)	9,061,421	(2,863,171)
Ending Balance – September 30, 2023	\$85,640,750	\$85,640,750
Change in Assets for the Period	\$8,726,169	(\$3,300,972)

(1) Number of loans outstanding: 73

Review of Investment Funds:

IRWD's Deferred Compensation Policy states that any investment performing "Below Benchmark" for four consecutive quarters or seven out of the trailing 12 quarters, has "Failed" the Long-Term Rolling Analysis (LTRA) and the investment option will be a candidate for replacement. The Committee may also place a fund on "Watch Status" if it has failed to meet certain Policy criteria for further evaluation. For the quarter ended September 30, 2023, all funds in the Plans passed the LTRA. The Fund Performance Review as of September 30, 2023, is provided as Exhibit "B".

FISCAL IMPACTS:

As of September 30, 2023, the District's Plan assets totaled \$85,640,750, which represented a \$3,300,972 decrease from the quarter ended June 30, 2023, and an \$8,726,169 increase for the one-year period.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

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

Exhibit "A"

IRVINE RANCH WATER DISTRICT  
SUMMARY OF DEFERRED COMPENSATION PROGRAM  
September 30, 2023

<b>Deferred Compensation IRS Section 457 (Employee Contributions) Money Purchase Pension Plan &amp; Executive Plan - IRS Section 401 (a) (District Contributions)</b>			
	<b>457</b>	<b>401 (a)</b>	<b>GRAND TOTAL</b>
<b>Assets</b>	<b>\$64,104,223</b>	<b>\$21,536,527</b>	<b>\$85,640,750</b>
<i>Change From Prior Quarter</i>	<i>(\$2,539,540)</i>	<i>(\$761,431)</i>	<i>(\$3,300,972)</i>
<i>Change From Prior Year (9/2022)</i>	<i>\$5,977,799</i>	<i>\$2,748,370</i>	<i>\$8,726,169</i>
<b>Quarterly Contributions</b>	<b>\$882,959</b>	<b>\$344,268</b>	<b>\$1,227,227</b>
*Change From Prior Quarter	<i>(\$143,694)</i>	<i>(\$45,168)</i>	

\*Decrease in contributions are due to one additional pay period in the quarter ended June 30, 2023

	One Year Period Ending September 30, 2023	Quarter Ending September 30, 2023
Beginning Balance	\$76,914,582	\$88,941,721
Employee Contributions	3,951,471	882,959
District Contributions	2,080,903	344,268
Transfers to/from other plans	169,749	24,179
Distributions	(6,490,532)	(1,629,021)
Loan Distributions <sup>(1)</sup>	(270,826)	(146,181)
Loan Repayment	223,981	85,994
Net Investment Gain (Loss)	9,061,421	(2,863,171)
Ending Balance - September 30, 2023	<u>\$85,640,750</u>	<u>\$85,640,750</u>
Change in assets for the period	\$8,726,169	(\$3,300,972)

<sup>(1)</sup> Number of loans outstanding as of 9/30/23 : 73

<b>Employee Participation</b>	
Full-time Employees	393
Employees Participating	334
Percent Participation	85%

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

September 30, 2023

		Assets	Percent of Assets	Change from previous quarter
<b>PROFILE FUNDS</b>				
AGG	Aggressive Profile Fund	10,345,605	12.1%	0.2%
MOD	Moderate Profile Fund	6,251,132	7.3%	0.1%
CON	Conservative Profile Fund	6,262,459	7.3%	-0.1%
<b>Sub Total</b>		<b>22,859,196</b>	<b>26.7%</b>	<b>0.2%</b>
<b>INTERNATIONAL FUND</b>				
RERGX	American Funds EuroPacific Gr R6	2,228,089	2.6%	-0.1%
VTIAX	Vanguard Total Intl Stock Index Admiral	1,643,428	1.9%	0.1%
<b>Sub Total</b>		<b>3,871,517</b>	<b>4.5%</b>	<b>-0.1%</b>
<b>SMALL CAP FUNDS</b>				
HRSIX	Hood River Small-Cap Growth Retirement	3,295,218	3.8%	-0.2%
MVSSX	Victory Integrity Small Cap Value R6	1,708,982	2.0%	0.0%
VSMAX	Vanguard Small Cap Index	1,936,501	2.3%	0.2%
<b>Sub Total</b>		<b>6,940,702</b>	<b>8.1%</b>	<b>0.1%</b>
<b>MEDIUM CAP FUNDS</b>				
JMGMX	JP Morgan MidCap Growth R6	2,785,838	3.3%	0.0%
WFPRX	Wells Fargo Spec Md Cp Val R6	3,208,503	3.7%	-0.3%
VIMAX	Vanguard Mid-Cap Index Fund	1,789,784	2.1%	0.1%
<b>Sub Total</b>		<b>7,784,125</b>	<b>9.1%</b>	<b>-0.2%</b>
<b>LARGE CAP FUNDS</b>				
RGAGX	American Funds Growth Fund of Amer R6	6,308,187	7.4%	0.1%
VINIX	Vanguard Institutional Index	8,107,482	9.5%	0.1%
DHLYX	Diamond Hill Large-Cap Fund	1,990,719	2.3%	-0.1%
<b>Sub Total</b>		<b>16,406,388</b>	<b>19.2%</b>	<b>0.0%</b>
<b>BOND FUND</b>				
MWTSX	Metropolitan West Total Return Bond Plan	3,885,091	4.5%	-0.3%
<b>Sub Total</b>		<b>3,885,091</b>	<b>4.5%</b>	<b>-0.3%</b>
<b>STABLE VALUE FUND</b>				
PCSV15	Putnam Stable Value	11,812,001	13.8%	0.1%
<b>Sub Total</b>		<b>11,812,001</b>	<b>13.8%</b>	<b>0.1%</b>
<b>TARGET DATE FUND</b>				
VTINX	Vanguard Target Retirement Income Inv	1,144,791	1.3%	0.1%
VTWNX	Vanguard Target Retirement 2020 Inv	1,781,092	2.1%	0.0%
VTTVX	Vanguard Target Retirement 2025 Inv	714,944	0.8%	0.0%
VTHRXX	Vanguard Target Retirement 2030 Inv	651,031	0.8%	0.1%
VTTTHX	Vanguard Target Retirement 2035 Inv	1,081,482	1.3%	0.1%
VFORX	Vanguard Target Retirement 2040 Inv	768,461	0.9%	0.0%
VTIVX	Vanguard Target Retirement 2045 Inv	640,730	0.7%	0.0%
VFIFX	Vanguard Target Retirement 2050 Inv	1,148,187	1.3%	0.0%
VFFVX	Vanguard Target Retirement 2055 Inv	528,921	0.6%	0.0%
VTTTSX	Vanguard Target Retirement 2060 Inv	314,084	0.4%	0.0%
VLXVX	Vanguard Target Retirement 2065 Inv	21,957	0.0%	0.0%
<b>Sub Total</b>		<b>8,795,680</b>	<b>10.3%</b>	<b>0.3%</b>
<b>OTHER</b>				
SDBTDA	Ameritrade Brokerage	0	0.0%	-4.0%
		3,286,051	3.8%	
<b>Total Assets</b>		<b>\$85,640,750</b>	<b>100%</b>	
<b>LOAN BALANCE OUTSTANDING</b>		<b>\$833,070</b>		



Exhibit "B"



# FUND PERFORMANCE REVIEW

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

Reporting Period Ending September 30, 2023

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

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RO3067635-0823

# FUND PERFORMANCE REVIEW



## IMPORTANT DISCLOSURES:

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

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

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

# FUND PERFORMANCE REVIEW: OVERVIEW



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

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

- SOURCE:** \* Statistics are derived from an independent third-party source: primarily Morningstar® Direct<sup>SM</sup>

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

Although data is gathered from reliable sources, including but not limited to Morningstar, Inc., the completeness or accuracy of the data shown cannot be guaranteed. Where data obtained from Morningstar, ©2023 Morningstar, Inc. All Rights Reserved. The data: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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

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

Investment options available in the plan may be through mutual funds, collective trusts, separately managed accounts, institutional separate accounts, and group variable annuity contract.

# FUND PERFORMANCE REVIEW (FPR): CRITERIA



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

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

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

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

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

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

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

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

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

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

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

# Performance Summary: Irvine Ranch Water District

period ended 9/30/2023

Morningstar Category	Ticker Symbol	Fund Name	Overall Rating					Long-Term Rolling Analysis			
			Composite %'s			Overall Morningstar Rating	Overall Rating	Consecutive Quarters Below	# of Quarters Below out of trailing 12	Pass	
			Overall	Return	Sharpe						
<b>Intl</b>	Foreign Large Growth	RERGX	American Funds Europacific Growth R6	59.5	60.0	59.0	3	Above	0	0 out of 12	Pass
<b>Small-Cap</b>	Small Growth	HRSIX	Hood River Small-Cap Growth Retirement	91.8	93.7	90.0	4	Above	0	0 out of 12	Pass
	Small Value	MVSSX	Victory Integrity Small-Cap Value R6	81.2	79.3	83.0	3	Above	0	4 out of 12	Pass
<b>Mid-Cap</b>	Mid-Cap Growth	JMGMX	JPMorgan Mid Cap Growth R6	77.3	80.0	74.5	5	Above	0	0 out of 12	Pass
	Mid-Cap Value	WFPRX	Allspring Special Mid Cap Value R6	82.0	80.0	84.0	4	Above	0	0 out of 12	Pass
<b>Large-Cap</b>	Large Growth	RGAGX	American Funds Growth Fund of Amer R6	45.7	44.3	47.0	3	Neutral	0	0 out of 12	Pass
	Large Value	DHLYX	Diamond Hill Large Cap Y	43.5	53.0	34.0	3	Neutral	0	0 out of 12	Pass
<b>Asst All/Other</b>	Target-Date Retirement	VTINX	Vanguard Target Retirement Income Fund	54.5	58.0	51.0	4	Above	0	0 out of 12	N/A
	Target-Date 2020	VTWNX	Vanguard Target Retirement 2020 Fund	57.2	61.3	53.0	4	Above	0	0 out of 12	N/A
	Target-Date 2025	VTTVX	Vanguard Target Retirement 2025 Fund	68.5	71.0	66.0	4	Above	0	0 out of 12	N/A
	Target-Date 2030	VTHRX	Vanguard Target Retirement 2030 Fund	64.2	66.3	62.0	4	Above	0	0 out of 12	N/A
	Target-Date 2035	VTTHX	Vanguard Target Retirement 2035 Fund	54.0	56.0	52.0	4	Above	0	0 out of 12	N/A
	Target-Date 2040	VFORX	Vanguard Target Retirement 2040 Fund	50.9	54.3	47.5	4	Above	0	0 out of 12	N/A
	Target-Date 2045	VTIVX	Vanguard Target Retirement 2045 Fund	60.8	62.7	59.0	4	Above	0	0 out of 12	N/A
	Target-Date 2050	VFIFX	Vanguard Target Retirement 2050 Fund	61.0	62.0	60.0	4	Above	0	0 out of 12	N/A
	Target-Date 2055	VFFVX	Vanguard Target Retirement 2055 Fund	54.8	55.0	54.5	4	Above	0	0 out of 12	N/A
	Target-Date 2060	VTTSX	Vanguard Target Retirement 2060 Fund	53.2	52.3	54.0	4	Above	0	0 out of 12	N/A
Target-Date 2065+	VLXVX	Vanguard Target Retirement 2065 Fund	62.5	54.5	70.5	3	Above	0	1 out of 12	N/A	
<b>Bond</b>	Intermediate Core-Plus Bond	MWTSX	Metropolitan West Total Return Bd Plan	37.4	36.3	38.5	3	Neutral	0	0 out of 12	Pass
<b>Index Funds</b>	Foreign Large Blend	VTIAX	Vanguard Total Intl Stock Index Admiral (Idx)	44.6	45.7	43.5	3	N/A	N/A	0 out of 12	Pass
	Small Blend	VSMAX	Vanguard Small Cap Index Adm (Idx)	61.7	66.3	57.0	4	N/A	N/A	0 out of 12	Pass
	Mid-Cap Blend	VIMAX	Vanguard Mid Cap Index Admiral (Idx)	57.3	63.0	51.5	4	N/A	N/A	0 out of 12	Pass
	Large Blend	VINIX	Vanguard Institutional Index I (Idx)	79.9	82.3	77.5	5	N/A	N/A	0 out of 12	Pass

Data Source: Morningstar® Direct<sup>SM</sup>  
Please refer to the Appendix page for additional disclosures.

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# Return Analysis: Irvine Ranch Water District

period ended 9/30/2023

Fund Name	3rd Qtr	3rd Qtr	Performance vs. Benchmark (Annualized Returns and Return Percentiles %)								Return Since Inception	Incept. Date	
	2023	2023	1 Year	1 Year	3 Year	3 Year	5 Year	5 Year	10 Year	10 Year			
	Return	Percentile	Return	Percentile	Return	Percentile	Return	Percentile	Return	Percentile			
<b>Intl</b>	Foreign Large Growth Peer Group	-7.65	50	18.62	50	-0.21	50	2.77	50	4.15	50		
	American Funds Europacific Growth R6	-6.33	76	19.64	65	0.08	58	3.11	59	4.64	63	7.23	5/1/2009
<b>Small-Cap</b>	Small Growth Peer Group	-6.48	50	9.44	50	1.63	50	3.26	50	7.47	50		
	Hood River Small-Cap Growth Retirement	-8.50	17	4.77	19	7.10	90	7.26	94	11.21	97	11.13	3/3/2017
	Small Value Peer Group	-3.21	50	12.89	50	15.20	50	4.00	50	6.60	50		
	Victory Integrity Small-Cap Value R6	-1.39	79	19.37	86	22.04	92	5.30	73	7.35	73	10.53	6/1/2012
<b>Mid-Cap</b>	Mid-Cap Growth Peer Group	-5.47	50	14.06	50	1.19	50	6.18	50	9.04	50		
	JPMorgan Mid Cap Growth R6	-5.36	53	15.55	67	2.11	58	8.80	90	11.11	92	13.02	11/1/2011
	Mid-Cap Value Peer Group	-4.07	50	13.29	50	13.48	50	5.59	50	7.61	50		
	Allspring Special Mid Cap Value R6	-5.62	17	14.38	64	13.94	55	8.33	91	9.38	94	9.93	6/28/2013
<b>Large-Cap</b>	Large Growth Peer Group	-3.56	50	25.15	50	4.66	50	9.37	50	12.09	50		
	American Funds Growth Fund of Amer R6	-2.34	87	23.09	33	5.15	57	8.61	36	11.72	40	13.43	5/1/2009
	Large Value Peer Group	-2.68	50	14.40	50	11.80	50	6.38	50	8.34	50		
	Diamond Hill Large Cap Y	-3.07	40	13.34	42	8.62	14	6.82	64	9.25	81	11.02	12/30/2011
<b>Asst All/Other</b>	Target-Date Retirement Peer Group	-2.69	50	7.16	50	0.02	50	2.42	50	3.22	50		
	Vanguard Target Retirement Income Fund	-2.35	74	7.02	46	-0.13	42	2.69	66	3.60	66	4.56	10/27/2003
	Target-Date 2020 Peer Group	-2.86	50	8.89	50	1.60	50	3.38	50	4.88	50		
	Vanguard Target Retirement 2020 Fund	-2.65	70	9.36	63	1.43	44	3.58	64	5.24	76	5.53	6/7/2006
	Target-Date 2025 Peer Group	-3.08	50	9.93	50	2.00	50	3.65	50	5.22	50		
	Vanguard Target Retirement 2025 Fund	-2.99	59	11.56	89	2.17	57	4.06	77	5.79	79	6.16	10/27/2003
	Target-Date 2030 Peer Group	-3.35	50	11.73	50	2.86	50	4.22	50	5.92	50		
	Vanguard Target Retirement 2030 Fund	-3.20	63	13.14	85	2.97	55	4.46	70	6.28	74	6.11	6/7/2006
	Target-Date 2035 Peer Group	-3.57	50	13.81	50	4.08	50	4.80	50	6.53	50		
	Vanguard Target Retirement 2035 Fund	-3.28	74	14.61	67	3.89	41	4.93	60	6.79	67	6.91	10/27/2003
	Target-Date 2040 Peer Group	-3.65	50	15.88	50	5.11	50	5.27	50	6.93	50		
	Vanguard Target Retirement 2040 Fund	-3.34	76	16.15	59	4.81	34	5.37	58	7.26	71	6.73	6/7/2006
	Target-Date 2045 Peer Group	-3.76	50	17.29	50	5.77	50	5.57	50	7.24	50		
	Vanguard Target Retirement 2045 Fund	-3.45	79	17.67	59	5.72	48	5.87	65	7.61	75	7.53	10/27/2003
	Target-Date 2050 Peer Group	-3.76	50	17.80	50	5.94	50	5.71	50	7.36	50		
	Vanguard Target Retirement 2050 Fund	-3.46	77	18.48	68	5.92	49	5.99	67	7.67	70	6.99	6/7/2006
	Target-Date 2055 Peer Group	-3.74	50	18.19	50	6.19	50	5.79	50	7.51	50		
	Vanguard Target Retirement 2055 Fund	-3.46	83	18.48	56	5.91	37	5.99	64	7.65	64	9.11	8/18/2010
	Target-Date 2060 Peer Group	-3.78	50	18.05	50	6.22	50	5.81	50	7.52	50		
	Vanguard Target Retirement 2060 Fund	-3.48	76	18.49	63	5.91	38	5.98	65	7.65	54	8.77	1/19/2012
	Target-Date 2065+ Peer Group	-3.74	50	18.38	50	5.96	50	5.88	50	N/A	50		
	Vanguard Target Retirement 2065 Fund	-3.46	81	18.47	51	5.93	48	5.97	61	N/A	N/A	7.02	7/12/2017
<b>Bond</b>	Intermediate Core-Plus Bond Peer Group	-3.04	50	1.26	50	-4.81	50	0.23	50	1.32	50		
	Metropolitan West Total Return Bd Plan	-3.51	22	0.42	26	-5.54	20	0.14	45	1.23	44	2.00	7/29/2011
<b>Index Funds</b>	Vanguard Total Intl Stock Index Admiral (Idx)	-4.02	75	20.46	24	3.86	42	2.74	45	3.60	50	4.18	11/29/2010
	Vanguard Small Cap Index Adm (Idx)	-4.61	55	12.53	62	8.71	37	4.60	76	7.99	86	8.52	11/13/2000
	Vanguard Mid Cap Index Admiral (Idx)	-5.07	21	12.61	33	7.26	23	6.49	79	9.05	87	9.37	11/12/2001
	Vanguard Institutional Index I (Idx)	-3.28	50	21.58	73	10.12	72	9.89	84	11.88	91	10.02	7/31/1990

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

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

Performance data quoted represents past performance and is not a guarantee or prediction of future results. The investment return and principal value of an investment will fluctuate so that, when redeemed

shares/units may be worth more or less than their original cost. For performance data current to the most recent month-end, please visit [www.empower-retirement.com/participant](http://www.empower-retirement.com/participant). Total return performance shown above represents that of the

underlying fund and does not include a deduction for any applicable annuity contract of administrative fees/expenses. Performance numbers shown above would be less after applicable fee/expenses are deducted.

Data Source: Morningstar® Direct<sup>SM</sup>

Please refer to the Appendix page for additional disclosures

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Page 6 of 15

B-6

# Sharpe Ratio and Expense Analysis: Irvine Ranch Water District

period ended 9/30/2023

Fund Name	Sharpe Ratios and Percentiles %				Standard Deviation		Expense	Expense	Manager	Fund Size	
	3 Yr Ratio	3 Yr %	5 Yr Ratio	5 Yr %	3 Yr	5 Yr	Ratio	Percentile %	Tenure (yrs)	\$MM	
<b>Intl</b>	Foreign Large Growth Peer Group	-0.03	50	0.14	50	19.26	19.33	0.99	50		
	American Funds Europacific Growth R6	-0.01	59	0.16	59	19.02	19.41	0.47	5	22	125,943
<b>Small-Cap</b>	Small Growth Peer Group	0.09	50	0.18	50	21.73	24.07	1.09	50		
	Hood River Small-Cap Growth Retirement	0.32	88	0.33	92	24.61	26.11	0.99	40	21	1,522
	Small Value Peer Group	0.66	50	0.21	50	22.33	25.24	1.10	50		
	Victory Integrity Small-Cap Value R6	0.86	91	0.26	75	23.89	27.52	0.95	31	20	1,419
<b>Mid-Cap</b>	Mid-Cap Growth Peer Group	0.07	50	0.30	50	21.19	22.47	1.03	50		
	JPMorgan Mid Cap Growth R6	0.10	58	0.41	91	20.34	21.94	0.70	11	19	9,131
	Mid-Cap Value Peer Group	0.64	50	0.28	50	19.58	22.20	0.94	50		
	Allspring Special Mid Cap Value R6	0.69	75	0.40	93	18.20	21.25	0.69	12	15	11,693
<b>Large-Cap</b>	Large Growth Peer Group	0.23	50	0.44	50	20.84	21.30	0.88	50		
	American Funds Growth Fund of Amer R6	0.25	57	0.41	37	20.11	20.61	0.30	5	30	223,090
	Large Value Peer Group	0.60	50	0.32	50	17.55	19.16	0.85	50		
	Diamond Hill Large Cap Y	0.43	10	0.33	58	18.46	20.42	0.55	14	21	7,875
<b>Asst All/Other</b>	Target-Date Retirement Peer Group	-0.16	50	0.11	50	8.48	8.08	0.59	50		
	Vanguard Target Retirement Income Fund	-0.23	36	0.14	66	8.08	7.60	0.08	2	11	35,263
	Target-Date 2020 Peer Group	0.01	50	0.19	50	10.25	10.58	0.54	50		
	Vanguard Target Retirement 2020 Fund	-0.01	41	0.21	65	10.02	10.30	0.08	3	11	37,751
	Target-Date 2025 Peer Group	0.05	50	0.21	50	11.15	11.76	0.58	50		
	Vanguard Target Retirement 2025 Fund	0.07	57	0.24	75	11.65	12.01	0.08	2	11	72,180
	Target-Date 2030 Peer Group	0.12	50	0.24	50	12.76	13.31	0.59	50		
	Vanguard Target Retirement 2030 Fund	0.13	55	0.26	69	12.77	13.27	0.08	2	11	81,554
	Target-Date 2035 Peer Group	0.21	50	0.27	50	14.06	14.76	0.60	50		
	Vanguard Target Retirement 2035 Fund	0.20	42	0.28	62	13.72	14.44	0.08	2	11	82,365
	Target-Date 2040 Peer Group	0.27	50	0.29	50	15.28	16.18	0.64	50		
	Vanguard Target Retirement 2040 Fund	0.25	35	0.30	60	14.68	15.62	0.08	2	11	72,165
	Target-Date 2045 Peer Group	0.30	50	0.30	50	16.20	17.08	0.63	50		
	Vanguard Target Retirement 2045 Fund	0.30	51	0.31	67	15.68	16.75	0.08	2	11	68,781
	Target-Date 2050 Peer Group	0.31	50	0.30	50	16.37	17.33	0.64	50		
	Vanguard Target Retirement 2050 Fund	0.31	51	0.32	69	15.99	16.93	0.08	2	11	56,637
	Target-Date 2055 Peer Group	0.32	50	0.30	50	16.57	17.45	0.64	50		
	Vanguard Target Retirement 2055 Fund	0.31	42	0.32	67	15.99	16.93	0.08	2	11	36,765
	Target-Date 2060 Peer Group	0.32	50	0.31	50	16.51	17.44	0.64	50		
	Vanguard Target Retirement 2060 Fund	0.31	42	0.32	66	15.97	16.91	0.08	2	11	19,697
Target-Date 2065+ Peer Group	0.31	50	0.31	50	16.74	18.13	0.64	50			
Vanguard Target Retirement 2065 Fund	0.31	54	0.32	87	15.98	16.92	0.08	3	6	5,191	
<b>Bond</b>	Intermediate Core-Plus Bond Peer Group	-1.03	50	-0.23	50	6.47	6.23	0.67	50		
	Metropolitan West Total Return Bd Plan	-1.08	34	-0.24	43	6.94	6.19	0.37	9	27	58,069
<b>Index Funds</b>	Vanguard Total Intl Stock Index Admiral (Idx)	0.18	42	0.14	45	17.71	18.31	0.11	5	15	55,912
	Vanguard Small Cap Index Adm (Idx)	0.40	38	0.23	76	20.94	23.52	0.05	3	8	42,705
	Vanguard Mid Cap Index Admiral (Idx)	0.35	24	0.31	79	19.36	21.39	0.05	3	25	51,757
	Vanguard Institutional Index I (Idx)	0.51	71	0.50	84	17.85	18.97	0.04	3	23	241,625

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

Expense refers to the Prospectus Net Expense Ratio

Data Source: Morningstar® Direct<sup>SM</sup>

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# Annual Returns and Statistics: Irvine Ranch Water District

period ended 9/30/2023

Fund Name	Calendar Year Returns					Modern Portfolio Theory Statistics ( 3 year)			Portfolio Construction			
	2022	2021	2020	2019	2018	Alpha	Beta	R2	Turnover Ratio	Number of Holdings	% in top 10 holdings	
<b>Intl</b>	Foreign Large Growth Peer Group	-23.77	8.98	21.72	28.16	-13.78						
	American Funds Europacific Growth R6	-22.72	2.84	25.27	27.40	-14.91	1.89	1.08	95	34	362	24%
<b>Small-Cap</b>	Small Growth Peer Group	-27.92	9.42	37.56	28.77	-5.08						
	Hood River Small-Cap Growth Retirement	-27.93	23.88	60.81	24.19	-6.78	4.36	1.08	93	95	93	25%
	Small Value Peer Group	-11.65	30.46	4.03	22.49	-15.09						
	Victory Integrity Small-Cap Value R6	-7.58	33.76	1.33	23.28	-18.42	5.12	1.00	97	61	128	12%
<b>Mid-Cap</b>	Mid-Cap Growth Peer Group	-28.27	12.35	38.12	34.53	-4.88						
	JPMorgan Mid Cap Growth R6	-26.96	10.99	48.51	39.96	-4.97	-0.52	0.95	98	45	109	19%
	Mid-Cap Value Peer Group	-8.04	28.46	3.15	27.80	-13.33						
	Allspring Special Mid Cap Value R6	-4.50	28.80	3.36	35.68	-13.02	3.36	0.90	96	24	65	28%
<b>Large-Cap</b>	Large Growth Peer Group	-31.12	22.00	35.84	33.10	-1.11						
	American Funds Growth Fund of Amer R6	-30.49	19.69	38.28	28.54	-2.60	2.43	1.04	95	30	360	28%
	Large Value Peer Group	-5.24	26.00	2.85	25.71	-8.84						
	Diamond Hill Large Cap Y	-13.27	25.89	9.07	32.34	-9.53	-2.43	1.04	98	38	54	31%
<b>Asst All/Other</b>	Target-Date Retirement Peer Group	-12.73	6.35	9.90	13.27	-3.33						
	Vanguard Target Retirement Income Fund	-12.74	5.25	10.02	13.16	-1.99	-1.12	0.85	99	19	6	99%
	Target-Date 2020 Peer Group	-14.13	9.20	11.82	17.05	-4.68						
	Vanguard Target Retirement 2020 Fund	-14.15	8.17	12.04	17.63	-4.24	0.77	1.06	99	14	7	99%
	Target-Date 2025 Peer Group	-15.13	10.05	12.26	18.56	-5.37						
	Vanguard Target Retirement 2025 Fund	-15.55	9.80	13.30	19.63	-5.15	0.36	0.91	99	14	6	99%
	Target-Date 2030 Peer Group	-15.99	11.80	13.70	20.77	-6.28						
	Vanguard Target Retirement 2030 Fund	-16.27	11.38	14.10	21.07	-5.86	1.23	0.99	99	11	5	99%
	Target-Date 2035 Peer Group	-16.67	14.11	14.20	22.55	-7.14						
	Vanguard Target Retirement 2035 Fund	-16.62	12.96	14.79	22.44	-6.58	2.21	1.07	99	9	5	99%
	Target-Date 2040 Peer Group	-17.36	15.99	15.31	23.95	-7.82						
	Vanguard Target Retirement 2040 Fund	-16.98	14.56	15.47	23.86	-7.32	-1.48	0.86	99	7	5	99%
	Target-Date 2045 Peer Group	-17.91	17.19	15.35	24.80	-8.17						
	Vanguard Target Retirement 2045 Fund	-17.36	16.16	16.30	24.94	-7.90	-0.83	0.92	100	5	5	99%
	Target-Date 2050 Peer Group	-18.13	17.39	15.92	25.07	-8.39						
	Vanguard Target Retirement 2050 Fund	-17.46	16.41	16.39	24.98	-7.90	-0.70	0.94	100	4	5	99%
	Target-Date 2055 Peer Group	-18.26	17.79	15.69	25.40	-8.45						
	Vanguard Target Retirement 2055 Fund	-17.46	16.44	16.32	24.98	-7.89	-0.71	0.94	100	4	6	99%
	Target-Date 2060 Peer Group	-18.18	17.66	16.16	25.42	-8.42						
	Vanguard Target Retirement 2060 Fund	-17.46	16.44	16.32	24.96	-7.87	-0.70	0.93	100	3	5	99%
	Target-Date 2065+ Peer Group	-18.32	17.78	16.52	26.45	-8.91						
	Vanguard Target Retirement 2065 Fund	-17.39	16.46	16.17	24.96	-7.95	-0.69	0.93	100	2	6	99%
<b>Bond</b>	Intermediate Core-Plus Bond Peer Group	-13.99	-0.90	8.58	9.38	-0.76						
	Metropolitan West Total Return Bd Plan	-14.69	-1.11	9.17	9.23	0.29	0.53	1.12	99	426	1971	34%
<b>Index Funds</b>	Vanguard Total Intl Stock Index Admiral (Idx)	-16.01	8.62	11.28	21.51	-14.43	0.12	1.03	99	5	8013	9%
	Vanguard Small Cap Index Adm (Idx)	-17.61	17.73	19.11	27.37	-9.31	0.25	0.94	99	14	1443	4%
	Vanguard Mid Cap Index Admiral (Idx)	-18.71	24.51	18.24	31.03	-9.23	-0.73	0.99	100	12	343	7%
	Vanguard Institutional Index I (Idx)	-18.14	28.67	18.39	31.46	-4.42	-0.03	1.00	100	3	506	31%

Current performance may be lower or higher than performance data shown. Performance data quoted represents past performance and is not a guarantee or prediction of future results. The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost. Total return performance shown above represents that of the underlying fund and does not include a deduction for any applicable annuity contract of administrative fees/expenses. Performance numbers shown above would be less after applicable fee/expenses are deducted.

Data Source: Morningstar® DirectSM

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# Index Performance

period ending 9/30/2023

	Index	Total Return 1 Year	Total Return Annlzd 3 Year	Total Return Annlzd 5 Year	Total Return Annlzd 10 Year	Annual Return 2022	Annual Return 2021	Annual Return 2020	Annual Return 2019	Annual Return 2018
<b>International</b>	MSCI EMF ID	8.79	-4.15	-1.89	-0.36	-22.37	-4.59	15.84	15.42	-16.63
	MSCI Eafe Ndr_D	25.65	5.75	3.24	3.82	-14.45	11.26	7.82	22.01	-13.79
	MSCI World Ndr_D	21.95	8.08	7.26	8.26	-18.14	21.82	15.90	27.67	-8.71
<b>Small-Cap</b>	Russell 2000 Growth	9.59	1.09	1.55	6.72	-26.36	2.83	34.63	28.48	-9.31
	Russell 2000	8.93	7.16	2.40	6.65	-20.44	14.82	19.96	25.52	-11.01
	Russell 2000 Value	7.84	13.32	2.59	6.19	-14.48	28.27	4.63	22.39	-12.86
<b>Mid-Cap</b>	Russell Midcap Growth	17.47	2.61	6.97	9.94	-26.72	12.73	35.59	35.47	-4.75
	Standard & Poor's Midcap 400	15.51	12.05	6.06	8.94	-13.06	24.76	13.66	26.20	-11.08
	Russell Midcap Value	11.05	10.98	5.18	7.92	-12.03	28.34	4.96	27.06	-12.29
<b>Large-Cap</b>	Russell 1000 Growth	27.72	7.97	12.42	14.48	-29.14	27.60	38.49	36.39	-1.51
	Standard & Poor's 500 TR	21.62	10.15	9.92	11.91	-18.11	28.71	18.40	31.49	-4.38
	Russell 1000 Value	14.44	11.05	6.23	8.45	-7.54	25.16	2.80	26.54	-8.27
<b>Bond</b>	Bloomberg US Agg Bond TR USD	0.64	-5.21	0.10	1.13	-13.01	-1.54	7.51	8.72	0.01
	Bloomberg US Credit TR USD	3.47	-4.83	0.86	2.12	-15.26	-1.08	9.35	13.80	-2.11
	Bloomberg US MBS TR USD	-0.17	-5.09	-0.77	0.61	-11.81	-1.04	3.87	6.35	0.99
	Bloomberg US Government TR USD	-0.74	-5.73	-0.03	0.65	-12.32	-2.28	7.94	6.83	0.88
	Bloomberg US Govt 1-3 Yr TR USD	2.47	-0.90	1.04	0.80	-3.81	-0.60	3.14	3.59	1.58

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

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

Data Source: Morningstar® Direct<sup>SM</sup>

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

Bond prices generally fall when interest rates rise (and vice versa) and are subject to risks, including changes in credit quality, market valuations, inflation, liquidity and default. High-yield bonds have a greater risk of default. The interest from Treasury inflation-protected securities (TIPS) is adjusted periodically according to the Consumer Price Index. The return from TIPS may understate the actual rate of inflation due to changes in the bond's underlying price. U.S. Treasury securities, where listed, are guaranteed as to the timely payment of principal and interest if held to maturity. The fund itself is neither issued nor guaranteed by the U.S. government. Cash-alternative funds are not federally guaranteed and are subject to interest rate, inflation and credit risks.

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

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

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Page 10 of 15

B-10



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

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Page 11 of 15

B-11

# APPENDIX - GLOSSARY



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

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

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

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

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

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

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

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

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

**Bloomberg 1-3 Credit Index** The index measures the performance of non-securitized component of the U.S. Aggregate Index with maturities of 1-3 years, including Treasuries, government-related issues and corporates. It is a subset of the U.S. Aggregate Index.

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

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

**Bond funds** Contrary to individual bonds, which offer a guaranteed rate of return, bond funds are variable funds and their returns may rise or fall depending on market conditions. Funds with 70% or more of their assets invested in bonds are classified as Bond Funds. Bond funds are divided into two main groups: Taxable

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

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

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

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

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

# APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Page 13 of 15

B-13

# APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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

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

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

# APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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December 5, 2023  
Prepared by D. Kanoff / S. Aryan  
Submitted by: T. Mitcham  
Approved by: Paul A. Cook *PAC*

FINANCE AND PERSONNEL COMMITTEE

RISK MANAGEMENT QUARTERLY REPORT

SUMMARY:

Staff will provide the Committee with a report on the insurance and claim expenses incurred by IRWD through the first quarter of the current Fiscal Year (FY) ending June 30, 2024.

BACKGROUND:

A comparison of IRWD's actual versus budget insurance expenses for the first quarter of FY 2023-24 and FY 2022-23 is provided as Exhibit "A" and summarized as follows:

- Insurance premiums total \$690,330 and are \$89,796 under budget;
- Third-party claim administration expenses total \$1,575 and are \$4,093 under budget;
- Legal expenses total \$4,409; and
- Claim payments total \$3,407 and are \$21,593 under budget.

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

FISCAL IMPACTS:

Fiscal impacts are outlined above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Insurance and Claims Summary

Exhibit "B" – Closed General Liability Claims in FY 2023-24

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Exhibit "A"

**Irvine Ranch Water District  
Insurance and Claims Summary  
Period Ending September 30, 2023**

PREMIUM	Actual FY 23/24	Budget FY 23/24	Variance	% Variance	Prior Actual FY 22/23
Crime	2,947	3,125	178	6%	2,806
General Liability	445,261	475,000	29,739	6%	360,650
Pollution	45,981	58,250	12,269	21%	45,070
Property	181,493	225,000	43,507	19%	155,937
Cyber	14,648	18,750	4,102	22%	15,136
<b>Total</b>	<b>690,330</b>	<b>780,125</b>	<b>89,796</b>	<b>12%</b>	<b>579,599</b>

CATEGORY	Closed FY 23/24	Total FY 23/24	Budget FY 23/24	Variance	Prior FY 22/23
Claim Payments - Property	3,407	3,407	25,000	21,593	
Claim Admin	1,575	1,575	7,500	4,093	559
<b>Total FY 23/24</b>	<b>4,982</b>	<b>4,982</b>	<b>32,500</b>		

\*

\*

Includes \$1,575 annual administrative fee

CATEGORY	Open FY 23/24	Total FY 23/24	Prior FY 22/23
Legal	4,409	4,409	4,619
<b>Total FY 23/24</b>	<b>4,409</b>	<b>4,409</b>	<b>4,619</b>

ACTIVITY	FY 2022/23	FY 2023/24
Beginning Open Claims	3	1
New Claims	13	5
Closed Claims	(15)	(4)
<b>Current Open Claims</b>	<b>1</b>	<b>2</b>


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Exhibit "B"

Register of Closed General Liability Claims as of September 30, 2023

Closed Claims Fiscal Year 2023-2024			
CLAIM TYPE	CLAIMANT	Claim Payments - Property	Grand Total
Single Event	Frank McGovern	1,250	1,250
	Powerstone Property Management	185	185
	Richard Petrulio	18	18
	Tracy Duong	1,954	1,954
Grand Total		3,407	3,407

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December 5, 2023  
Prepared by: V. Li / C. Smithson  
Submitted by: N. Adly  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

FISCAL YEAR 2023-2024 LEGAL FEES ANALYSIS  
QUARTERLY UPDATE

SUMMARY:

Provided is an analysis that summarizes legal fees incurred by IRWD for the first quarter of Fiscal Year (FY) 2023-24.

BACKGROUND:

Legal fees for the first quarter of FY 2023-24 supporting the operations of IRWD totaled \$428,183 compared to a budget of \$775,000, resulting in a positive variance of \$346,817, or 44.7%. There were positive variances in all other categories including general services, litigation, and special projects. Actual legal fees accounted for 0.83% of actual operating expenses and 0.56% of total expenditures.

Capitalized legal fees associated with major capital projects for the first quarter of FY 2023-24 totaled \$6,232. The Kern Fan Groundwater Storage, the Potable Water Studies, and the Sites Reservoir Planning and Environmental Review projects comprised 100% of the total legal fees associated with capital spending for the first quarter of FY 2023-24.

There were no non-operating legal fees in the first quarter of FY 2023-24.

Exhibit “A” provides a detailed comparison of actual-to-budgeted legal fees for the first quarter of FY 2023-24. Exhibit “B” provides a three-year comparison of fees incurred by the firms providing services to IRWD in FY 2021-22 through FY 2023-24, their hourly rates, and a general description of the services provided.

FISCAL IMPACTS:

Fiscal impacts are outlined above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Legal Fees, Fiscal Year 2023-24

Exhibit "B" – Comparative Analysis of Legal Fees for FY 2021-22 through FY 2023-24



Exhibit "A"

Legal Fees  
Fiscal Year 2023 - 2024

Firm	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Actual Operating Legal Fees	YTD Budget Operating Legal Fees	YTD % Actual vs Budget
<b>Operating Legal Fees:</b>							
<u>General Services:</u>							
Hanson Bridgett LLP	\$ 244,196	\$ -	\$ -	\$ -	\$ 244,196		
Kienle Law, PC	190	-	-	-	190		
Liebert Cassidy Whitmore	5,761	-	-	-	5,761		
Lozano Smith, LLP	27,733	-	-	-	27,733		
Payne & Fears, LLP	10,555	-	-	-	10,555		
Pillsbury Winthrop Shaw Pittman LLP	10,985	-	-	-	10,985		
Sub-total	299,418	-	-	-	299,418	\$ 300,000	99.8%
<u>Litigation and Personnel Issues:</u>							
Alston & Bird LLP	53,211	-	-	-	53,211		
Fisher & Phillips LLP	58,186	-	-	-	58,186		
Hanson Bridgett LLP	5,898	-	-	-	5,898		
Payne & Fears LLP	11,469	-	-	-	11,469		
Sub-total	128,765	-	-	-	128,765	\$ 400,000	32.2%
<u>Special Projects:</u>							
Sub-total	-	-	-	-	-	\$ 75,000	0.0%
<b>Total Operating Legal Fees</b>	<b>\$ 428,183</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 428,183</b>	<b>\$ 775,000</b>	<b>55.3%</b>

**Major Capital Projects Legal Fees:**

Kern Fan Groundwater Storage	\$ 270	\$ -	\$ -	\$ -	\$ 270
Sites Reservoir Planning and Environmental Review	4,545	-	-	-	4,545
Potable Water Studies 23/24-24/25	1,418	-	-	-	1,418
<b>Capital Projects Total</b>	<b>6,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,232</b>
<b>Total Operating and Capital Legal Fees</b>	<b>\$ 434,415</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 434,415</b>

	YTD Actual	YTD Budget
Operating Expense	\$ 51,598,276	\$ 56,779,153
Operating Legal Fees	\$ 428,183	\$ 775,000
% of Legal to Operating	0.83%	1.36%
Capital Projects	\$ 26,117,206	\$ 27,283,233
Capital Legal Fees	\$ 6,232	
% of Legal to Capital	0.02%	
Total Operating and Capital Expenditures	\$ 77,715,481	\$ 84,062,386
Total Operating and Capital Legal Fees	\$ 434,415	
% of Legal Fees to Total Operating and Capital Expenditures	0.56%	

**Non-operating Legal Fees:**

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
<u>Deferred Compensation:</u>					
Pillsbury Winthrop Shaw Pittman LLP	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Bond Counsel:</u>					
Kutak Rock LLP	-	-	-	-	-
Orrick, Herrington & Sutcliffe LLP	-	-	-	-	-
Stradling Yocca Carlson & Rauth	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Exhibit "B"

### Analysis of Legal Fees Fiscal Years 2022 - 2024


Firm	YTD Actual 2021-2022	YTD Actual 2022-2023	Q1 Actual 2023-2024	Hourly Rate	Area of Expertise	Service Provided
<b>Operating Legal Fees:</b>						
Alston & Bird LLP	\$ 376,737	\$ 208,920	\$ 53,211	\$ 275 to \$ 585	Litigation	Orange County Water District litigation
Benjamin P. deMayo	6,650	-	-	\$ 350	Legal Counsel	Special counsel services
Burke, Williams & Sorensen, LLP	4,063	-	-	\$ 325	Employee relations	Personnel policy review and revision
Everett Dorey LLP <sup>(1)</sup>	8,757	(87,428)	-	\$ 235 to \$ 260	Litigation	County of Orange Litigation
EXTTI, Incorporated	12,544	-	-	\$ 200 to \$ 275	Employee relations	Personnel matters
Fisher & Phillips LLP	-	375,734	58,186	\$ 300 to \$ 760	Legal Counsel	Special counsel services
Hanson Bridgett LLP	454,763	635,774	250,094	\$ 345 to \$ 455	IRWD legal counsel	District general counsel/legislative/litigation/special project
JL Group, LLC	-	22,816	-	\$ 200 to \$ 290	Employee relations	Personnel matters
Kidman Gagen Law, LLP	-	750	-	\$ 345 to \$ 455	IRWD legal counsel	Special counsel services
Kienle Law, PC	11,772	5,553	190	\$ 180 to \$ 475	IRWD legal counsel	OSHA matters
Kronick Moskovitz Tiedemann & Girard	265,602	8,072	-	\$ 180 to \$ 405	IRWD legal counsel	Counsel services related to water resources, policy matters and litigation
Kutak Rock LLP <sup>(1)</sup>	19,400	(67,724)	-	\$ 395 to \$ 425	Legal Counsel	Legal counsel related to insurance claim issues
Law Office of Atoosa Vakili	13,160	82	-	\$ 75 to \$ 250	Employee relations	General personnel and human resources
Liebert Cassidy Whitmore	-	24,698	5,761	n/a	Legal Counsel	Personnel matters
Lozano Smith, LLP	-	67,615	27,733	\$ 315	Legal Counsel	Personnel matters
Payne & Fears, LLP	59,532	105,285	22,024	\$ 235 to \$ 550	Employee relations	General personnel and human resources
Pillsbury Winthrop Shaw Pittman LLP	39,040	54,669	10,985	\$ 695 \$ 845	Employee relations	Employee benefits
Rosen Law Offices, APC <sup>(1)</sup>	250,000	-	-	n/a	Legal Counsel	Legal counsel related to insurance claim issues
Wagener Law, PC	57,613	8,470	-	\$ 535 \$ 795	Employee relations	Personnel matters
<b>Total Operating Legal Fees</b>	<b>\$ 1,579,633</b>	<b>\$ 1,363,286</b>	<b>\$ 428,183</b>			
<sup>(1)</sup> Insurance Litigation						
<b>Capitalized Legal Fees:</b>						
Alston & Bird LLP	\$ 13,843	\$ -	\$ -	\$ 275 to \$ 585	IRWD legal counsel	Counsel services in connection with the Biosolids project
Hanson Bridgett LLP	-	45,486	-	\$ 345 to \$ 490	IRWD legal counsel	Counsel services in connection with PFAS Treatment project
Kronick Moskovitz Tiedemann & Girard	239,141	113,904	6,232	\$ 180 to \$ 405	IRWD legal counsel	Counsel services in connection with water resources and policy matters
<b>Capitalized Legal Fees Total</b>	<b>252,984</b>	<b>159,390</b>	<b>6,232</b>			
<b>Total Operating and Capital Legal Fees</b>	<b>\$ 1,832,617</b>	<b>\$ 1,522,676</b>	<b>\$ 434,415</b>			
<b>Non-operating Legal Fees:</b>						
Deferred Compensation:						
Pillsbury Winthrop Shaw Pittman LLP	\$ 7,548	\$ -	\$ -	\$ 695	Employee benefits	Deferred compensation funded by fee income
Bond Counsel:						
Kutak Rock LLP	6,000	-	-	n/a	Bond counsel	Counsel in connection with the extension of the letter of credit
Orrick, Herrington & Sutcliffe LLP	36,000	30,000	-	n/a	Bond counsel	Counsel in connection with the issuance of GO bonds and COP
Stradling Yocca Carlson & Rauth	25,000	27,500	-	n/a	Bond counsel	Counsel in connection with the issuance of GO bonds and COP
<b>Non-operating Legal Fees Total</b>	<b>\$ 74,548</b>	<b>\$ 57,500</b>	<b>\$ -</b>			

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December 5, 2023

Prepared by: D. Pardee/ V. Li / C. Smithson

Submitted by: N. Adly

Approved by: Paul A. Cook 

## FINANCE AND PERSONNEL COMMITTEE

### FISCAL YEAR 2023-24 OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS QUARTERLY UPDATE

#### SUMMARY:

Staff has prepared a financial analysis of the unaudited operating statements through the first quarter of Fiscal Year (FY) 2023-24. Actual operating net revenue was \$49.2 million, while total system operating expenses were \$45.4 million for a net operating income of \$3.8 million compared with a budget of \$3.5 million. Consolidated expenses, including capital, totaled \$49.8 million which is \$5.5 million under budget. Non-operating net income was \$21.8 million compared with a budget of \$17.1 million.

#### BACKGROUND:

Details of unaudited actual results through the first quarter of FY 2023-24 are provided in the following documents:

- Operating revenues and expenses by system, provided as Exhibit “A”;
- Operating expenses, provided as Exhibit “B”; and
- Non-operating revenues and expenses, provided as Exhibit “C”.

Exhibits “A”, “B”, and “C” provide operating and non-operating results with detailed explanations for variances that exceed \$0.5 million. These variances are color coded, and explanations are included in the exhibits with matching colors for easy reference. Exhibit “A” includes cost of water and acre-feet (AF) details for potable and recycled water. Exhibit “B” includes a summary of the major components included in salaries and benefits.

#### Summary of Operating Revenues and Expenses:

Net revenues were \$49.2 million and operating expenses were \$45.4 million resulting in a net operating income through the first quarter of FY 2023-24 of \$3.8 million. Exhibit “A” shows a detailed comparison and explanations for significant variances of actual to budget revenues and expenses by system through the first quarter of FY 2023-24. A summary by system is outlined below.

#### *Potable Water System:*

Net revenues were lower than budget by \$1.1 million and total expenses were below budget by \$1.2 million as shown on page 2 of Exhibit “A”. Sales were 470 AF under budget, resulting in commodity sales \$0.9 million below budget. Purchased water was under budget by \$0.6 million. More information is included on page 2 and 3 of Exhibit “A”.

*Recycled Water System:*

Net revenues were under budget by \$2.8 million, and total expenses were under budget by \$2.5 million. Sales were 2,149 AF lower than budget. Commodity revenues were \$3.0 million below budget. More information is included on pages 4 and 5 of Exhibit “A”.

*Sewer System:*

Net revenues met budget, and total expenses were under budget by \$1.0 million. More information is included on page 6 of Exhibit “A”.

*Conservation, Natural Treatment System (NTS), and Water Banking (Over-allocation Fund):*

Net revenues were below budget by \$0.8 million and total expenses were under budget by \$0.4 million. More information is included on page 7 of Exhibit “A”.

Summary of Operating Expenses:

Exhibit “B” is a summary of actual versus budget expenses by major category, including capital, through the first quarter of FY 2023-24. Net operating expenses were \$49.8 million, which is \$5.5 million under budget. Explanations are provided on page 2 of Exhibit “B”. Salary and employee benefits are detailed on page 3 of Exhibit “B”.

Summary of Non-Operating Revenues and Expenses:

Exhibit “C” is a summary of non-operating revenues and expenses. IRWD’s non-operating revenues are related to income generated from sources other than user rates. They include property taxes, investment income, connection fees, and real estate. A portion of the non-operating revenue pays debt service. Property taxes and connection fees help to pay for new infrastructure.

The non-operating net income was \$21.8 million, which was positive to budget by \$4.8 million. Revenues were over budget by \$4.6 million and expenses were over budget by \$0.1 million.

FISCAL IMPACTS:

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

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Actual to Budget Operating Revenues and Expenses by System

Exhibit "B" – Consolidated Actual to Budget and Forecast Operating Expenses

Exhibit "C" – Consolidated Actual to Budget and Forecast Non-Operating Net Income

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Exhibit "A"  
**Actual vs Budget Operating Net Income by System**  
**Fiscal Year 2023-24**  
(in thousands)

<b>Consolidated</b>			
<b>Revenues:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Commodity	\$ 27,409	\$ 32,140	\$ (4,731)
Fixed Service Charges and Other	29,926	30,365	(439)
<b>Total Revenues</b>	<b>\$ 57,335</b>	<b>\$ 62,505</b>	<b>\$ (5,170)</b>
Contribution to Enhancement and Replacement Funds	(8,118)	(8,562)	444
<b>Net Revenues</b>	<b>\$ 49,217</b>	<b>\$ 53,943</b>	<b>\$ (4,726)</b>
<b>Expenses:</b>			
Salaries and Benefits	\$ 10,184	\$ 11,137	\$ 953
Water	13,129	15,227	2,098
Electricity	7,156	7,704	548
Repairs and Maintenance - OC San Sewer	1,030	1,030	-
All Other Repairs and Maintenance	3,109	3,252	143
All Other Operating Expense	10,783	12,062	1,279
<b>Total Expenses</b>	<b>\$ 45,391</b>	<b>\$ 50,412</b>	<b>\$ 5,021</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 3,826</b>	<b>\$ 3,531</b>	<b>\$ 295</b>

Explanations for significant variances greater than \$500K are included in the details of each system.

**Actual vs Budget Operating Net Income by System**  
**Fiscal Year 2023-24**  
(in thousands)

<b>Potable (treated and untreated systems)</b>			
<b>Revenues:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Commodity	\$ 15,900	\$ 16,846	\$ (946)
Fixed Service Charges and Other	11,256	11,445	(189)
<b>Total Revenues</b>	<b>\$ 27,156</b>	<b>\$ 28,291</b>	<b>\$ (1,135)</b>
Contribution to Enhancement and Replacement Funds	(2,295)	(2,376)	81
<b>Net Revenues</b>	<b>\$ 24,861</b>	<b>\$ 25,915</b>	<b>\$ (1,054)</b>
<b>Expenses:</b>			
Salaries and Benefits	\$ 3,781	\$ 4,091	\$ 310
Water	11,736	12,379	643
Electricity	3,722	3,964	242
Repairs and Maintenance	1,097	1,022	(75)
All Other Operating Expense	4,362	4,443	81
<b>Total Expenses</b>	<b>\$ 24,698</b>	<b>\$ 25,899</b>	<b>\$ 1,201</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 163</b>	<b>\$ 16</b>	<b>\$ 147</b>

**Revenues:**

Commodity Revenue was under budget.

- Significant rain and continued conservation resulted in reduced residential and landscape sales.
- Reduced Sales are partially offset by increased water banking income (\$0.6M)

**Expenses:**

Water was under budget.

- Water costs were lower due to replacing imported untreated water with lower cost native water.
- Reduced costs were partially offset by higher Basin Equity Assessment (BEA) than estimated for FY 2022-23 (\$0.5 million).

**Actual vs Budget Operating Net Income by System  
Fiscal Year 2023-24**

Potable (treated and untreated systems)						
	Acre Feet (AF)			Cost (in Millions)		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Treated</b>						
Pumped	11,701	13,128	1,427	\$7.7	\$8.1	\$0.4
Imported	2,224	1,676	(548)	3.4	2.9	(0.5)
Baker Treatment Plant (Baker)	3,003	1,800	(1,203)	1.7	1.7	0.0
Baker Partners*	(1,196)		1,196	0.9		(0.9)
<b>Total Treated</b>	<b>15,732</b>	<b>16,604</b>	<b>872</b>	<b>13.7</b>	<b>12.7</b>	<b>(1.0)</b>
<b>Untreated</b>						
Native Water	2,629	1,240	(1,389)	0.9	0.4	(0.5)
Imported	52	1,066	1,014	0.2	1.3	1.1
Baker ILP	(1,577)		1,577	(1.2)		1.2
Transfer to Recycled	(996)	(2,232)	(1,236)	(1.0)	(2.0)	(1.0)
Evaporation		(40)	(40)			
<b>Total Untreated</b>	<b>108</b>	<b>34</b>	<b>(74)</b>	<b>(1.1)</b>	<b>(0.3)</b>	<b>0.8</b>
<b>Total</b>	<b>15,840</b>	<b>16,638</b>	<b>798</b>	<b>\$ 12.6</b>	<b>\$ 12.4</b>	<b>\$ (0.2)</b>
Process Waste	(522)	(358)	164			
System Loss	(456)	(948)	(492)			
<b>Sales/Cost of Sales</b>	<b>14,862</b>	<b>15,332</b>	<b>470</b>	<b>\$ 12.6</b>	<b>\$ 12.4</b>	<b>\$ (0.2)</b>
Baker Partners Reimbursement				(0.9)		0.9
<b>Total</b>				<b>\$ 11.7</b>	<b>\$ 12.4</b>	<b>\$ 0.6</b>

Usage was under budget by 6.3% primarily due to reduced agricultural and landscape.

Pumped Water usage and costs were under budget.

- Dyer Road Well Field (DRWF) and Potable Treatment Plant (PTP) pumping was reduced due to well maintenance and inspections.
- Costs include BEA adjustment for FY 2022-23.

Potable Imported water usage and cost were over budget.

Imported water was increased to replace pumped water.

Native Water usage and cost were over budget.

Native water availability was higher than budgeted and supplied to the recycled system and Baker.

Untreated Imported water usage and cost were below budget.

- Less water was transferred to the Recycled System due to reduced demand.
- Imported water was also replaced by less expensive native water.

**Actual vs Budget Operating Net Income by System**  
**Fiscal Year 2023-24**  
(in thousands)

<b>Recycled</b>			
<b>Revenues:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Commodity	\$ 7,760	\$ 10,725	\$ (2,965)
Fixed Service Charges and Other	2,450	2,315	135
<b>Total Revenues</b>	<b>\$ 10,210</b>	<b>\$ 13,040</b>	<b>\$ (2,830)</b>
Contribution to Enhancement and Replacement Funds	(304)	(321)	17
<b>Net Revenues</b>	<b>\$ 9,906</b>	<b>\$ 12,719</b>	<b>\$ (2,813)</b>
<b>Expenses:</b>			
Salaries and Benefits	\$ 1,756	\$ 1,908	\$ 152
Water	1,393	2,848	1,455
Electricity	2,138	2,579	441
Repairs and Maintenance	234	312	78
All Other Operating Expense	2,294	2,650	356
<b>Total Expenses</b>	<b>\$ 7,815</b>	<b>\$ 10,297</b>	<b>\$ 2,482</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 2,091</b>	<b>\$ 2,422</b>	<b>\$ (331)</b>

**Revenues:**

Commodity Revenue was lower than budget.

- Significant rain and continued conservation resulted in reduced landscape and agricultural sales. Customer sales were under budget by 2,149 AF (19%).
- Recycled water was provided to the Green Acres Project at no cost (128 AF).

**Expenses:**

Water is under budget

Pumped and supplemental untreated water costs were under budget due to reduced demand.

**Actual vs Budget Operating Net Income by System  
Fiscal Year 2023-24**

<b>Recycled</b>						
	<b>Acre Feet (AF)</b>			<b>Cost (in Millions)</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Produced/ Storage	8,178	9,372	1,194	\$ -	\$ -	\$ -
Untreated Supplemental	996	2,232	1,236	1.0	2.0	1.0
Pumped	659	951	292	0.4	0.8	0.4
<b>Total</b>	<b>9,833</b>	<b>12,555</b>	<b>2,722</b>	<b>\$ 1.4</b>	<b>\$ 2.8</b>	<b>\$ 1.4</b>
Process Waste	(69)	(194)	(125)			
System Loss	(27)	(475)	(448)			
<b>Sales/Cost of Sales</b>	<b>9,737</b>	<b>11,886</b>	<b>2,149</b>	<b>\$ 1.4</b>	<b>\$ 2.8</b>	<b>\$ 1.4</b>

Stored water usage was under budget.

- Less water was stored due to full reservoirs.

Untreated water usage and cost were under budget.

Supplemental water was under budget due to reduced demand.

Pumped water usage and cost were under budget.

Pumped water was under budget due to reduced demand.

Process Waste and System losses were below budget.

Reduced pumped water and lower demands resulted in lower water losses.

Sales were under budget.

Usage was under budget by 18.1% primarily due to reduced agricultural and landscape sales as a result of increased precipitation.

Sales, which excludes water sent to the Green Acres Project, is 19.0% below budget.

**Actual vs Budget Operating Net Income by System**  
**Fiscal Year 2023-24**  
(in thousands)

<b>Sewer</b>			
<b>Revenues:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Fixed Service Charges and Other	\$ 16,220	\$ 16,605	\$ (385)
<b>Total Revenues</b>	<b>16,220</b>	<b>16,605</b>	<b>(385)</b>
Contribution to Enhancement and Replacement Funds	(5,519)	(5,865)	346
<b>Net Revenues</b>	<b>\$ 10,701</b>	<b>\$ 10,740</b>	<b>\$ (39)</b>
<b>Expenses:</b>			
Salaries and Benefits	\$ 3,540	\$ 3,922	\$ 382
Electricity	1,200	1,070	(130)
Repairs and Maintenance - OC San	1,030	1,030	-
All Other Repairs and Maintenance	1,076	1,285	209
All Other Operating Expense	3,229	3,727	498
<b>Total Expenses</b>	<b>\$ 10,075</b>	<b>\$ 11,034</b>	<b>\$ 959</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 626</b>	<b>\$ (294)</b>	<b>\$ 920</b>

**Actual vs Budget Operating Net Income by System**  
**Fiscal Year 2023-24**  
(in thousands)

<b>Conservation, NTS and Water Banking (Over-Allocation Fund)</b>			
<b>Revenues:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Commodity	\$ 3,749	\$ 4,569	\$ (820)
<b>Total Revenues</b>	<b>3,749</b>	<b>4,569</b>	<b>(820)</b>
Contribution to Enhancement and Replacement Funds	-	-	-
<b>Net Revenues</b>	<b>\$ 3,749</b>	<b>\$ 4,569</b>	<b>\$ (820)</b>
<b>Expenses:</b>			
Salaries and Benefits	\$ 1,107	\$ 1,216	\$ 109
Electricity	96	91	(5)
Repairs and Maintenance	702	633	(69)
All Other Operating Expense	898	1,242	344
<b>Total Expenses</b>	<b>\$ 2,803</b>	<b>\$ 3,182</b>	<b>\$ 379</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 946</b>	<b>\$ 1,387</b>	<b>\$ (441)</b>

**Revenues:**

- Commodity Revenue was below budget.
- Significant rain resulted in reduced residential and landscape over-allocation sales.

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## Exhibit "B"

<b>Irvine Ranch Water District</b>				
<b>Operating Expenses</b>				
(in thousands)				
Through the First Quarter of Fiscal Year 2023-24				
<b>Expense Name</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual vs Budget</b>	<b>Act Vs Budget %</b>
Regular Labor	\$ 9,031	\$ 9,410	\$ 379	4.0%
Overtime Labor	803	883	80	9.1%
Contract Labor	290	430	140	32.5%
Employee Benefits	6,224	6,719	495	7.4%
<b>Salaries &amp; Benefits Total</b>	<b>\$ 16,348</b>	<b>\$ 17,442</b>	<b>\$ 1,094</b>	<b>6.3%</b>
Water	14,050	15,227	1,177	7.7%
Electricity	7,998	8,572	574	6.7%
Fuel	279	377	98	25.9%
Telecommunication	237	234	(3)	-1.3%
Other Utilities	49	81	32	39.5%
<b>Water &amp; Utilities Total</b>	<b>\$ 22,613</b>	<b>\$ 24,491</b>	<b>\$ 1,878</b>	<b>7.7%</b>
Chemicals	2,406	2,106	(300)	-14.3%
Operating Supplies	975	776	(199)	-25.7%
Printing	114	92	(23)	-24.6%
Postage	111	123	12	9.5%
Permits, Licenses and Fees	288	397	109	27.4%
Office Supplies	10	26	16	61.1%
Duplicating Equipment	30	32	2	6.3%
Equipment Rental	16	21	5	23.8%
<b>Materials &amp; Supplies Total</b>	<b>\$ 3,950</b>	<b>\$ 3,571</b>	<b>\$ (379)</b>	<b>-10.6%</b>
Rep & Maint OC SAN & Others	1,396	1,342	(54)	-4.1%
Rep & Maint IRWD	3,437	3,688	251	6.8%
Insurance	695	813	118	14.5%
Legal Fees	428	775	347	44.8%
Engineering Fees	201	249	48	19.3%
Accounting Fees	37	27	(11)	-39.6%
Data Processing	1,082	1,100	18	1.6%
Personnel Training	289	449	160	35.6%
Personnel Physicals	5	9	4	44.3%
Other Professional Fees	1,017	1,403	386	27.5%
Directors' Fees	40	48	8	15.8%
<b>Professional Services Total</b>	<b>\$ 8,627</b>	<b>\$ 9,901</b>	<b>\$ 1,274</b>	<b>12.9%</b>
Election Expense	15	15	-	0.0%
Safety	20	29	9	29.9%
Alarm and Patrol Services	2	260	258	99.2%
Biosolids Disposals	297	263	(34)	-12.7%
Contract Meter Reading	268	408	140	34.2%
Over-Allocation	73	260	187	71.9%
Other	83	140	57	40.6%
<b>Other Total</b>	<b>\$ 758</b>	<b>\$ 1,374</b>	<b>\$ 616</b>	<b>44.8%</b>
<b>Total Expenses</b>	<b>\$ 52,296</b>	<b>\$ 56,779</b>	<b>\$ 4,483</b>	<b>7.9%</b>
Less: Reimbursement from Partners	(2,543)	(1,557)	986	63.3%
<b>Grand Total</b>	<b>\$ 49,754</b>	<b>\$ 55,222</b>	<b>\$ 5,468</b>	<b>9.9%</b>

**Irvine Ranch Water District  
Operating Expenses  
Through the First Quarter of Fiscal Year 2023-24**

**Key variances (over)/under budget greater than \$0.5 Million are as follows:**

Water is below budget by \$1.2 million.

- Native water was used to replace more expensive imported untreated water.
- Water demands were lower due to rainfall and customer conservation.
- Native water stored in Irvine Lake was used by the Baker Treatment Plant (BTP).  
Compensation from the Baker Partners is reflected in the reimbursements from Partners.
- Costs include Basin Equity Assessment (BEA) (\$0.5 million).

Electricity is below budget by \$0.6 million.

- Lower production of recycled water decreased energy use (\$0.3 million).
- Less power was used to pump water (\$0.3 million).

Reimbursements from Partners is higher than budget by \$1.0 million

Baker Partner's reimbursements were higher than budgeted primarily due to compensation for Native Water as discussed above (\$0.9 million).

**Irvine Ranch Water District**  
**Salary and Employee Benefits Summary**  
**Through the First Quarter of Fiscal Year 2023-24**  
(in thousands)

<b>Expense Name</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual vs Budget</b>
District Labor Cost (2,080 hours)	\$ 10,119	\$ 10,264	\$ 145
Paid Time Off Net Accrual	775	837	62
PERS Contribution and in Excess of ARC	2,749	2,879	130
Employee Medical (health, dental, vision)	1,859	1,664	(195)
Retiree Benefits	67	262	195
401A Contributions	344	379	35
Workers Compensation (Premiums and Claims)	413	333	(80)
Other Employer Taxes (medicare, employment)	165	185	20

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
General & Administrative Expense Allocation	139%	116%	-23%

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Exhibit "C"

**Irvine Ranch Water District  
Non-Operating Net Income  
Fiscal Year 2023-24  
(in thousands)**

<b>Through the First Quarter of Fiscal Year 2023-24</b>			
	<b>Actual</b>	<b>Budget</b>	<b>Actual vs Budget</b>
<b>Revenues:</b>			
Property Taxes	\$ 15,043	\$ 13,424	\$ 1,619
Investment Income*	3,455	2,693	762
Connection Fees	3,266	3,000	266
Real Estate Income	5,132	4,929	203
Other Income	3,143	1,375	1,768
<b>Total Revenues</b>	<b>\$ 30,040</b>	<b>\$ 25,421</b>	<b>\$ 4,619</b>
<b>Expenses:</b>			
Interest Expense	\$ 6,064	\$ 6,262	\$ 198
Real Estate Expense	2,126	1,955	(171)
Other Expenses	38	150	112
<b>Total Expenses</b>	<b>\$ 8,228</b>	<b>\$ 8,367</b>	<b>\$ 139</b>
<b>Net Income</b>	<b>\$ 21,812</b>	<b>\$ 17,054</b>	<b>\$ 4,758</b>

**Revenues:**

Property Taxes were over budget.

Ad valorem was higher than anticipated due to higher assessed values.

Investment Income was over budget.


Investment rates and average balances were higher than budgeted (\$335 million at 3.25% vs actual \$361 million at 3.83%).

Other Income was over budget.

- Plan checks exceeded budget by \$800K.
- Unbudgeted native water revenue was \$942K.

\*Based on accounting standards, investment income in the general ledger is different due to the timing of recognition for bond premiums and discounts.

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December 5, 2023  
Prepared by: J. Davis  
Submitted by: K. Morris / N. Adly  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

PROPOSED 2024 INVESTMENT POLICY

SUMMARY:

Each year, IRWD is required to adopt an Investment Policy. Changes to the Policy from year-to-year are required to conform to any amendments to the California Government Code governing investment of public funds. During 2023, there was a change to Government Code section 53601(n) which clarified that Collateralized Mortgage Obligations and Asset Backed Securities that were not “issued or guaranteed by the United States or federal agency” must have an “AA” category rating. The proposed policy for 2024 includes changes that adhere to industry best practices and better aligns the IRWD Investment Policy with the California Government Code.

Staff recommends the Board adopt the resolution attached as Exhibit “A” and approve the proposed 2024 Investment Policy attached as Exhibit “B.”

BACKGROUND:

Staff annually submits an Investment Policy to the Board of Directors for approval. The annual submittal generally incorporates amendments to investment-related Government Code sections, policy objectives, delegation of authority, and a detailed schedule of authorized investments. The Resolution and proposed 2024 Investment Policy are attached as Exhibits “A” and “B”, respectively. A redlined version of the proposed 2024 Investment Policy is included as Exhibit “C”.

The proposed 2024 Investment Policy includes changes that better align the policy to California Government Code and incorporates industry best practices to further enhance the oversight of the fixed income portfolio. For example, during 2023 Government Code section 53601(n) was changed to clarify that Collateralized Mortgage Obligations and Asset Backed Securities that were not “issued or guaranteed by the United States or federal agency” must have an “AA” category rating. Key changes in the Investment Policy are summarized as follows:

1. Page 3, the second and third paragraphs: Clarifies Government Code language on the purchasing of securities with a maturity of greater than five years with a forward settlement not exceeding 45 days to better align the policy with Government Code 53601.
2. Page 3, addition of “Prohibited Investments” section: Follows best industry practice to create a deposition plan if a prohibited investment is purchased or if a security falls out of compliance with the policy due to a credit downgrade.
3. Page 3, “Authorized Financial Institutions”, second paragraph: Removes the language that prevents the District from having a broker provide investment services if an acknowledgement of the new Investment Policy is not received in writing. This can be handled administratively to provide the District more flexibility to ensure financial services are not interrupted.

4. Page 4, Addition of “Training and Continuing Education” section: Adds language to better align staff’s expertise and accountability in performing cash and investment management responsibilities with IRWD values.
5. Page 5, of the proposed Investment Policy, added footnote: Clarifies that rating requirements in the Policy include the rating modifiers for the category and not just the listed rating.
6. Page 8, of the proposed Investment Policy, second row: Adds language in accordance with SB 882 bill effective January 1, 2024, better aligning the Policy with Government Code.

As specified in the Government Code, the Board’s delegation of authority to the Treasurer and Assistant Treasurer(s) to manage the District’s investment program is limited to a one-year period, renewable annually. The recommended 2024 Investment Policy includes continuation of this annual delegation of authority to the Treasurer and Assistant Treasurer(s).

Given the conservative nature of the State codes and the Board’s additional restrictions, staff believes the authorized investments in the recommended 2024 Investment Policy are sufficiently limited to ensure appropriate investment security while retaining some degree of flexibility to take advantage of changing market opportunities. Additionally, the recommended policy provides authority for the Finance and Personnel Committee to further restrict, but not liberalize, authorized investments. Any liberalization of authorized investments would first require the approval of the Board of Directors.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

This activity is categorically exempt from the California Environmental Quality Act (CEQA) as authorized under the California Code of Regulations, Title 14, Chapter 3, Sections 15301 and 15302.

RECOMMENDATION:

That the Board approve the proposed 2024 Investment Policy and adopt the following resolution by title:

RESOLUTION NO. 2023-\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE IRVINE RANCH WATER DISTRICT  
APPROVING AN INVESTMENT POLICY AND  
AUTHORIZING THE TREASURER AND ASSISTANT TREASURERS  
TO INVEST AND REINVEST FUNDS OF THE DISTRICT  
AND OF EACH OF ITS IMPROVEMENT DISTRICTS  
AND TO SELL AND EXCHANGE SECURITIES,  
SUPERSEDING RESOLUTION 2022-18



LIST OF EXHIBITS:

Exhibit "A" – Resolution Adopting 2024 Investment Policy

Exhibit "B" – Proposed 2024 Investment Policy

Exhibit "C" – Proposed 2024 Investment Policy Redline Version

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Exhibit “A”

RESOLUTION NO. 2023-\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE IRVINE RANCH WATER DISTRICT  
APPROVING AN INVESTMENT POLICY AND  
AUTHORIZING THE TREASURER AND ASSISTANT TREASURERS  
TO INVEST AND REINVEST FUNDS OF THE DISTRICT  
AND OF EACH OF ITS IMPROVEMENT DISTRICTS  
AND TO SELL AND EXCHANGE SECURITIES,  
SUPERSEDING RESOLUTION 2022-18

The Treasurer of the Irvine Ranch Water District (“District”) is permitted by Section 53646 of the California Government Code to annually render to the Board of Directors (the “Board”) a statement of investment policy, which the Board shall consider at a public meeting.

The Treasurer has presented the 2024 Investment Policy to the Board at a public meeting, in the form attached to this Resolution.

Section 53607 of the California Government Code permits the Board to annually delegate to the Treasurer of the District the Board’s authority to invest or reinvest funds of the District or sell or exchange securities so purchased, allows renewal of the delegation of authority to the Treasurer by the Board on an annual basis, and establishes a requirement for monthly reporting of the transactions by the Treasurer to the Board.

Section 53608 of the California Government Code permits the Board to delegate to the Treasurer of the District the Board’s authority to deposit for safekeeping with a federal or state association (as defined by Section 5102 of the California Financial Code), a trust company or a state or national bank in California or in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, or with any Federal Reserve bank, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants or other evidences of indebtedness in which money of the District is invested.

Under Section 53635.2 of the California Government Code, funds of the District may be deposited with certain financial institutions.

Pursuant to Section V, Paragraph 8 of the District’s Bylaws, the Board has appointed one or more Assistant Treasurers.

Resolution No. 2022-18 contains the Board’s previous delegation of authority to the Treasurer and Assistant Treasurer(s) to invest or reinvest funds, sell or exchange securities, deposit investments for safekeeping, and deposit funds, and the Board intends by this resolution to renew that delegation of authority.

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

Section 1. The 2024 Investment Policy of the District is approved in the form attached to this Resolution, effective January 1, 2024, and will remain in effect until it is revoked or is superseded.

Section 2. The authority of the Board to invest or reinvest funds of the District and its Improvement Districts or to sell or exchange securities so purchased, subject to the requirements of the 2024 Investment Policy, is hereby delegated to each of the Treasurer and the Assistant Treasurer(s). Pursuant to California Government Code Section 53607, the Treasurer shall assume full responsibility for those transactions until this delegation is revoked or expires. This delegation is effective as of January 1, 2024, and will remain in effect until it is revoked or is superseded by a subsequent delegation.

Section 3. The authority of the Board to deposit for safekeeping with a federal or state association (as defined by Section 5102 of the California Financial Code), a trust company or a state or national bank in California or in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, or with any Federal Reserve bank, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants or other evidences of instruments in which money of the District and its improvement districts is invested, subject to the requirements of the 2024 Investment Policy, is hereby delegated to each of the Treasurer and the Assistant Treasurer(s). This delegation is effective as of January 1, 2024, and will remain in effect until it is revoked or is superseded by a subsequent delegation.

Section 4. This resolution supersedes Resolution No. 2022-18.

ADOPTED, SIGNED AND APPROVED on December 11, 2023.

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President  
IRVINE RANCH WATER DISTRICT  
and of the Board of Directors thereof

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Secretary  
IRVINE RANCH WATER DISTRICT  
and of the Board of Directors thereof

APPROVED AS TO FORM:

By: \_\_\_\_\_  
HANSON BRIDGETT LLP  
Legal Counsel

Exhibit “B”

RESOLUTION 2023- , ATTACHMENT “A”

IRVINE RANCH WATER DISTRICT  
2024 INVESTMENT POLICY

Introduction:

This investment policy is intended to establish a clear understanding of the District’s authorized investment activities for members of the public, the Board of Directors of the Irvine Ranch Water District (the “District”), District management, and outside investment professionals.

Policy:

It is the policy of the District to invest its funds in a prudent and professional manner which will provide maximum security of principal while meeting required cash flow demands and conforming to all State statutes governing the investment of public funds, the District’s investment policies, and prudent cash management principles.

Scope:

This investment policy applies to all District funds that are under the direct oversight of the Board of Directors. The investment of any bond proceeds or related funds will also be made in accordance with this investment policy.

Standard of Care:

The Board of Directors and those persons authorized to make investment decisions on behalf of the District are trustees of public funds. The standard of care to be used in all investment transactions shall be the “prudent investor” standard set forth in California Government Code Section 53600.3, which states:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Officers and employees of the District involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program or could impair their ability to make impartial investment decisions. “Designated employees” of the District involved in the investment of District funds, which includes the Treasurer and Assistant

Treasurer(s), shall disclose all information at the times and in the manner required by the District’s Conflict of Interest Code.

Objectives:

The primary objectives of the District’s investment activities, in priority order, are as follows:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Accordingly, diversification by issuer, type, and maturity of securities will be made to avoid or minimize potential losses on individual securities.
2. Liquidity: The District’s investment portfolio will remain sufficiently liquid to enable the District to meet all operating and capital cash requirements. To the extent required, this liquidity will be maintained through the purchase of securities with active secondary or resale markets and with short-term maturities to minimize market risk on the market price of the securities.
3. Yield: The District’s investment portfolio shall be designed with the objective of attaining the highest rate of return commensurate with the above requirements for the preservation of capital and the maintenance of adequate liquidity.

Delegation of Authority:

In accordance with Government Code Sections 53607 and 53608, the Board of Directors hereby delegates to the District’s Treasurer and Assistant Treasurer(s) the authority to manage the District’s investment program and to provide for the safekeeping of securities. This delegated authority is effective for the 2024 calendar year (Resolution 2023-\_\_\_).

Authorized Investments:

The District is authorized to invest its funds pursuant to the following laws:

California Government Code:

- Section 53600 *et seq.* – General investments
- Section 16429.1 – Local Agency Investment Fund (LAIF)
- Section 53684 – Orange County Treasury Pool (not currently authorized by the Board of Directors)
- Section 5920 *et seq.* – Public finance contracts

California Water Code:

- Section 35912 – Real estate

The language of the Investment Policy will conform to the statutory requirements as the statutes change over time.

The Treasurer and Assistant Treasurer(s) are authorized to invest District funds in accordance with these laws, subject to certain restrictions imposed by the District’s Board of Directors. These authorized investments and restrictions are shown in Table “A”, included below.

Whenever practical, a competitive process shall be used for the purchase and sale of securities.

## RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

The Treasurer and Assistant Treasurer(s) are authorized to invest in securities with terms or remaining maturities in excess of five years as part of the District’s investment program, but no such investments are to be made without the concurrence of the Finance and Personnel Committee. Unless approved as described above, no investment will be made in any security (other than a security underlying a repurchase, reverse repurchase, or securities lending agreement) that at the time of the investment purchase, has a term remaining to maturity in excess of five years.

Any securities purchased will not have a forward settlement date exceeding 45 days from the time of investment. The investment term or remaining maturity is to be measured from the settlement date to final maturity.

### Prohibited Investments:

Table “A” specifically outlines the authorized investments for the District’s investment program. If a prohibited investment is purchased then the Treasurer will determine the deposition plan for the investment.

Where a percentage limitation of maximum maturity is established, for the purpose of determine investment compliance, that maximum maturity will be applied on the date of settlement. Additionally, any minimum credit rating requirement is at the time of purchase. If a security falls below the minimum credit rating requirements in Table “A” across all NRSRO then the Treasurer will determine the deposition plan for the investment.

### Authorized Financial Institutions:

Only financial institutions designated as “primary dealers” by the Federal Reserve Bank of New York, or other dealers that qualify under United States Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule), are authorized to provide investment services to the District. The Treasurer and Assistant Treasurer(s) may limit the number of dealers authorized to provide such services.

A copy of the District’s annual investment policy shall be provided to each institution authorized by the Treasurer or Assistant Treasurer(s) to provide services to the District. Financial institutions shall acknowledge in writing that it has received the District’s investment policy and that all persons handling the District’s account have reviewed the policy.

All authorized financial institutions are required to provide electronic access to the financial statements.

### Safekeeping and Custody:

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. All securities owned by the District shall be delivered to the District by book entry, physical delivery, or a third-party custodial agreement. Any third-party custodian shall be designated by the Treasurer, and all securities held by such custodian, including book entry and physical securities, shall be held in a manner that clearly establishes the District’s right of ownership. The District’s custodial agent shall meet the requirements of Government Code Section 53608. The District’s deposits with LAIF or any other authorized investment pool shall be evidenced by the standard reporting requirements of LAIF or the investment pool.

Reporting:

The Treasurer shall file a monthly report with the Board of Directors at a public meeting that shows the status of the District’s cash and securities, and all related investment transactions that occurred during the month. The status report shall also be filed with the District’s General Manager and will include at least the following information:

- Type of investment
- Original cost
- Issuing institution
- Market value, including source
- Par amount
- Maturity date
- Coupon and/or yield

In addition, the status report shall include the portfolio’s rate of return for the month, the average weighted life of the portfolio, a statement regarding the portfolio’s compliance with the District’s investment policy, and a statement regarding the District’s ability to meet expenditure requirements over the following six months. (California Government Code Sections 53607 and 53646.)

The Treasurer or Assistant Treasurer(s) shall also file a quarterly report with the Board of Directors at a public meeting with respect to the District’s real estate investments and any related transactions which occurred during such quarter. The real estate report will be structured to comply as closely as possible with the information requirements of California Government Code Section 53646.

Investment Policy Adoption and Amendments:

The Treasurer or Assistant Treasurer(s) shall submit an investment policy at least annually to the Board of Directors at a public meeting. (California Government Code Section 53646.) The policy shall be effective for the calendar year specified. If the Board of Directors does not approve an investment policy for any calendar year, then the investment policy for the previous calendar year shall remain in effect until a new policy is approved.

The District’s Finance and Personnel Committee is authorized to make changes in the investment policy, as necessary, provided that such changes may only be more restrictive in nature. Any changes that would liberalize the investment policy shall be approved by the Board of Directors before becoming effective. Any changes in the investment policy by the Finance and Personnel Committee shall be reported to the Board of Directors at its next regular meeting.

Training and Continuing Education:

Treasury staff have a responsibility to invest the District’s funds with professionalism, prudence, and accountability. In order to adhere to these high professional standards, all Treasury staff that are involved in the investment process are encouraged to complete at least 10 hours per year of continuing education programs related to cash and investment management.



Table “A”  
Authorized Investments and Restrictions\*

\* Minimum NRSRO credit ratings listed below include all modifiers (+/-)

INVESTMENT TYPE	DESCRIPTION	RESTRICTIONS
California State and Local Agency Bonds, Notes and Warrants	Registered state warrants, treasury notes or bonds. Any bonds, notes, warrants or other evidences of indebtedness of any local agency in California.	Limited to securities approved by the Finance and Personnel Committee.
U.S. Treasury and Agency Obligations	U.S. Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest. Also federal agency or U.S. government sponsored enterprise (GSE) obligations, participations, or other instruments.	No additional restrictions.
Registered treasury notes or bonds of California or other 49 United States	Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.	Limited to states and/or agencies approved by the Finance and Personnel Committee.
Banker’s Acceptances	Must be eligible for discount at the Federal Reserve Bank. May not exceed 180 days maturity or 40% of local agency funds. No more than 30% of local agency funds may be invested in banker’s acceptances of any one commercial bank.	Limited to domestic and foreign banks approved by the Finance and Personnel Committee.
U.S. Dollar Denominated Senior Unsecured Unsubordinated Obligations	United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Must be rated “AA” or its equivalent or better by a nationally recognized statistical rating organization (“NRSRO”). Limited to 30% of local agency funds.	Limited to securities approved by the Finance and Personnel Committee.

RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

<p>Commercial Paper</p>	<p>Must be of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by an NRSRO. Issuers must be organized and operating in the United States as a general corporation, have assets exceeding \$500 million, and has debt other than commercial paper, if any, that is rated “A” or its equivalent or better by an NRSRO. May not exceed 270 days maturity. Local agencies, that have less than \$100 million of investment assets under management may invest no more than 25% of their moneys in eligible commercial paper. Local agencies that have \$100 million or more of investment assets under management may invest up to 40% percent of their moneys in eligible commercial paper. A local agency may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.</p>	<p>Limited to corporations approved by the Finance and Personnel Committee.</p>
<p>Negotiable Certificates of Deposit</p>	<p>Issued by national or state-chartered banks, savings associations, federal associations, state or federal credit unions, or by a federally licensed or state-licensed branch of a foreign bank. Specified restrictions on credit unions for conflicts of interest. Limited to 30% of local agency funds.</p>	<p>Limited to domestic and foreign banks and thrift institutions approved by the Finance and Personnel Committee.</p>
<p>Repurchase and Reverse Repurchase Agreements</p>	<p>Repurchase agreements are limited to a term of one year or less, and securities underlying the agreement shall be valued at 102% or greater of the funds borrowed against the securities, with the value adjusted at least quarterly. Reverse repurchase agreements, including securities lending agreements, are limited to 20% of the base portfolio value and to terms of 92 days or less unless a minimum earning or spread for the entire term is guaranteed in writing. Securities being sold on reverse must be owned by the agency for at least 30 days prior to sale. Reverse repurchase agreements shall be made with primary dealers of the Federal Reserve Bank of New York, or nationally and state chartered banks with a significant banking relationship with the local agency.</p>	<p>All reverse repurchase agreements must have the prior approval of the Finance and Personnel Committee.</p>

RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

<p>Medium Term Notes</p>	<p>All debt securities issued by U.S. organized and operating corporations or depository institutions licensed by the U.S. or any state and operating within the U.S. Notes must be rated “A” or its equivalent or better by an NRSRO. May not exceed five years maturity, 30% of local agency funds, and no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.</p>	<p>For depository institutions, same as shown under Negotiable Certificates of Deposit. For corporations, limited to those approved by the Finance and Personnel Committee.</p>
<p>Shares of Beneficial Interest</p>	<p>Issued by diversified management companies investing in securities and obligations as authorized by Cal. Gov. Code §53601. Companies shall have the highest ranking or highest letter and numerical rating assigned by not less than two NRSROs, or shall have a registered and experienced investment advisor with assets under management in excess of \$500 million. Purchase price shall not include any commissions. Limited to 20% of funds of which no more than 10% may be with any one fund.</p>	<p>No additional restrictions.</p>
<p>Collateralized Negotiable Securities</p>	<p>Notes, bonds or obligations secured by a valid first priority security interest in securities specified in Cal. Gov. Code §53651. (Cal. Gov. Code §53601(n).) Collateral to be placed by delivery or book-entry into the custody of a trust company or trust department of a bank not affiliated with the issuer. Security interest perfected in accordance with Uniform Commercial Code or applicable federal regulations. Collateral requirements are the same as required to secure bank deposits made by local agencies as specified in Cal. Gov. Code §53652.</p>	<p>No investment in collateralized negotiable securities shall be made without the prior approval of the Finance and Personnel Committee.</p>

RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

<p>Collateralized Mortgage Obligations and Asset- Backed Securities</p>	<p>Mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass- through certificate, or consumer receivable-backed bond. For these securities eligible for investment but not issued or guaranteed by the United States or a federal agency, the securities must have an “AA” rating or its equivalent as rated by an NRSRO, must have a maximum remaining maturity of five years or less, and may not exceed 20% of surplus funds.</p>	<p>No investment in collateralized mortgage obligations or asset-backed securities shall be made without the prior approval of the Finance and Personnel Committee.</p>
<p>Financial Futures and Options</p>	<p>Authorizes the investment in financial futures and financial option contracts in any of the investment categories contained in Cal. Gov. Code §53601.1</p>	<p>No investments in financial futures and financial option contracts are to be made without the prior approval of the Finance and Personnel Committee.</p>
<p>Prohibited Investments</p>	<p>A local agency shall not invest any funds in inverse floaters, range notes, mortgage derived interest-only strips, or any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. Notwithstanding the prohibition above, a local agency may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates. This section shall remain in effect only until January 1, 2026, and as of that date is repealed. (Cal. Gov. Code §53601.6.)</p>	<p>No additional restrictions.</p>
<p>Local Agency Investment Fund</p>	<p>Permits a local agency to deposit funds with the State Treasurer for the purpose of investment in securities prescribed in Cal. Gov. Code §§16429.1 <i>et seq.</i></p>	<p>No additional restrictions.</p>

RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

<p>Orange County Treasury Pool</p>	<p>Permits a local agency to deposit funds with the County Treasurer for investment in securities prescribed in Cal. Gov. Code §53635 or 53684.</p>	<p>No investments are to be made with the Orange County Treasury Pool without the prior approval of the Board.</p>
<p>Inactive Public Deposits</p>	<p>Deposits or contracts with Federal Reserve System banks insured by FDIC, savings associations or federal associations which are home loan bank members or insured by FSLIC, and state or federal credit unions. Specified restrictions on credit unions.</p>	<p>No inactive public deposits are to be made without the prior approval of the Finance and Personnel Committee.</p>
<p>Public Finance Contracts</p>	<p>Includes interest rate swap agreements, currency swap agreements, forward payment conversion agreements, futures, or index-based agreements to hedge payment, currency, rate, spread or similar exposure. Requires certain determinations by governing body. (Cal. Gov. Code §§5920 <i>et seq.</i>)</p>	<p>The Board is authorized to approve the general parameters for swap transaction types, maximum notional amount(s) and maximum duration(s). The Finance and Personnel Committee shall structure specific parameters for individual transactions including notional amount, transaction timing, counterparty selection, index to be used and ISDA agreement approval. (Resolution 2003-36)</p>
<p>Real Estate Investments</p>	<p>Authorized to invest no more than 30% of the District’s Replacement Fund in real estate located in Orange County. (Cal. Wat. Code §35912.)</p>	<p>Real estate investments shall be made in accordance with existing Board policies (Resolution 1990-30). All real estate investments must be individually approved by the Board.</p>

Note: This page is intentionally left blank.

Exhibit “C”

RESOLUTION 2023-\_\_\_\_, ATTACHMENT “A”

IRVINE RANCH WATER DISTRICT  
2024 INVESTMENT POLICY

Introduction:

This investment policy is intended to establish a clear understanding of the District’s authorized investment activities for members of the public, the Board of Directors of the Irvine Ranch Water District (the “District”), District management, and outside investment professionals.

Policy:

It is the policy of the District to invest its funds in a prudent and professional manner which will provide maximum security of principal while meeting required cash flow demands and conforming to all State statutes governing the investment of public funds, the District’s investment policies, and prudent cash management principles.

Scope:

This investment policy applies to all District funds that are under the direct oversight of the Board of Directors. The investment of any bond proceeds or related funds will also be made in accordance with this investment policy.

Standard of Care:

The Board of Directors and those persons authorized to make investment decisions on behalf of the District are trustees of public funds. The standard of care to be used in all investment transactions shall be the “prudent investor” standard set forth in California Government Code Section 53600.3, which states:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Officers and employees of the District involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program or could impair their ability to make impartial investment decisions. “Designated employees” of the District involved in the investment of District funds, which includes the Treasurer and Assistant

Treasurer(s), shall disclose all information at the times and in the manner required by the District’s Conflict of Interest Code.

Objectives:

The primary objectives of the District’s investment activities, in priority order, are as follows:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Accordingly, diversification by issuer, type, and maturity of securities will be made to avoid or minimize potential losses on individual securities.
2. Liquidity: The District’s investment portfolio will remain sufficiently liquid to enable the District to meet all operating and capital cash requirements. To the extent required, this liquidity will be maintained through the purchase of securities with active secondary or resale markets and with short-term maturities to minimize market risk on the market price of the securities.
3. Yield: The District’s investment portfolio shall be designed with the objective of attaining the highest rate of return commensurate with the above requirements for the preservation of capital and the maintenance of adequate liquidity.

Delegation of Authority:

In accordance with Government Code Sections 53607 and 53608, the Board of Directors hereby delegates to the District’s Treasurer and Assistant Treasurer(s) the authority to manage the District’s investment program and to provide for the safekeeping of securities. This delegated authority is effective for the 2024 calendar year (Resolution 2023-\_\_\_).

Authorized Investments:

The District is authorized to invest its funds pursuant to the following laws:

California Government Code:

- Section 53600 *et seq.* - General investments
- Section 16429.1 - Local Agency Investment Fund (LAIF)
- Section 53684 - Orange County Treasury Pool (not currently authorized by the Board of Directors)
- Section 5920 *et seq.* - Public finance contracts

California Water Code:

- Section 35912 - Real estate

The language of the Investment Policy will conform to the statutory requirements as the statutes change over time.

The Treasurer and Assistant Treasurer(s) are authorized to invest District funds in accordance with these laws, subject to certain restrictions imposed by the District’s Board of Directors. These authorized investments and restrictions are shown in Table “A”, included below.

Whenever practical, a competitive process shall be used for the purchase and sale of securities.



RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

The Treasurer and Assistant Treasurer(s) are authorized to invest in securities with terms or remaining maturities in excess of five years as part of the District’s investment program, but no such investments are to be made without the concurrence of the Finance and Personnel Committee. Unless approved as described above, no investment will be made in any security (other than a security underlying a repurchase, reverse repurchase, or securities lending agreement) that at the time of the investment purchase, has a term remaining to maturity in excess of five years.

Any securities purchased will not have a forward settlement date exceeding 45 days from the time of investment. The investment term or remaining maturity is to be measured from the settlement date to final maturity.

Prohibited Investments:

Table “A” specifically outlines the authorized investments for the District’s investment program. If a prohibited investment is purchased then the Treasurer will determine the deposition plan for the investment.

Where a percentage limitation of maximum maturity is established, for the purpose of determine investment compliance, that maximum maturity will be applied on the date of settlement. Additionally, any minimum credit rating requirement is at the time of purchase. If a security falls below the minimum credit rating requirements in Table “A” across all NRSRO then the Treasurer will determine the deposition plan for the investment.

Authorized Financial Institutions:

Only financial institutions designated as “primary dealers” by the Federal Reserve Bank of New York, or other dealers that qualify under United States Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule), are authorized to provide investment services to the District. The Treasurer and Assistant Treasurer(s) may limit the number of dealers authorized to provide such services.

A copy of the District’s annual investment policy shall be provided to each institution authorized by the Treasurer or Assistant Treasurer(s) to provide services to the District. ~~Prior to providing investment services, such F~~financial institutions shall acknowledge in writing that it has received the District’s investment policy and that all persons handling the District’s account have reviewed the policy.

All authorized financial institutions are required to provide electronic access to the financial statements.

Safekeeping and Custody:

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. All securities owned by the District shall be delivered to the District by book entry, physical delivery, or a third-party custodial agreement. Any third-party custodian shall be designated by the Treasurer, and all securities held by such custodian, including book entry and physical securities, shall be held in a manner that clearly establishes the District’s right of ownership. The District’s custodial agent shall meet the requirements of Government Code Section 53608. The District’s deposits with LAIF or any other authorized investment pool shall be evidenced by the standard reporting requirements of LAIF or the investment pool.

Reporting:

The Treasurer shall file a monthly report with the Board of Directors at a public meeting that shows the status of the District's cash and securities, and all related investment transactions that occurred during the month. The status report shall also be filed with the District's General Manager and will include at least the following information:

- Type of investment
- Original cost
- Issuing institution
- Market value, including source
- Par amount
- Maturity date
- Coupon and/or yield

In addition, the status report shall include the portfolio's rate of return for the month, the average weighted life of the portfolio, a statement regarding the portfolio's compliance with the District's investment policy, and a statement regarding the District's ability to meet expenditure requirements over the following six months. (California Government Code Sections 53607 and 53646.)

The Treasurer or Assistant Treasurer(s) shall also file a quarterly report with the Board of Directors at a public meeting with respect to the District's real estate investments and any related transactions which occurred during such quarter. The real estate report will be structured to comply as closely as possible with the information requirements of California Government Code Section 53646.

Investment Policy Adoption and Amendments:

The Treasurer or Assistant Treasurer(s) shall submit an investment policy at least annually to the Board of Directors at a public meeting. (California Government Code Section 53646.) The policy shall be effective for the calendar year specified. If the Board of Directors does not approve an investment policy for any calendar year, then the investment policy for the previous calendar year shall remain in effect until a new policy is approved.

The District's Finance and Personnel Committee is authorized to make changes in the investment policy, ~~as from time to time as may be~~ necessary, provided that such changes may only be more restrictive in nature. Any changes that would liberalize the investment policy shall be approved by the Board of Directors before becoming effective. Any changes in the investment policy by the Finance and Personnel Committee shall be reported to the Board of Directors at its next regular meeting.

Training and Continuing Education:

Treasury staff have a responsibility to invest the District's funds with professionalism, prudence, and accountability. In order to adhere to these high professional standards, all Treasury staff that are involved in the investment process are encouraged to complete at least 10 hours per year of continuing education programs related to cash and investment management.

**TABLE “A”**  
**Authorized Investments and Restrictions\***

\* Minimum NRSRO credit ratings listed below include all modifiers (+/-)

INVESTMENT TYPE	DESCRIPTION	RESTRICTIONS
California State and Local Agency Bonds, Notes and Warrants	Registered state warrants, treasury notes or bonds. Any bonds, notes, warrants or other evidences of indebtedness of any local agency in California.	Limited to securities approved by the Finance and Personnel Committee.
U.S. Treasury and Agency Obligations	U.S. Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest. Also federal agency or U.S. government sponsored enterprise (GSE) obligations, participations, or other instruments.	No additional restrictions.
Registered treasury notes or bonds of California or other 49 United States	Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.	Limited to states and/or agencies approved by the Finance and Personnel Committee.
Banker’s Acceptances	Must be eligible for discount at the Federal Reserve Bank. May not exceed 180 days maturity or 40% of local agency funds. No more than 30% of local agency funds may be invested in banker’s acceptances of any one commercial bank.	Limited to domestic and foreign banks approved by the Finance and Personnel Committee.
U.S. Dollar Denominated Senior Unsecured Unsubordinated Obligations	<del>Permits</del> United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Must be rated “AA” or its equivalent or better by a nationally recognized statistical rating organization (“NRSRO”). Limited to 30% of local agency funds.	Limited to securities approved by the Finance and Personnel Committee.

RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

<p>Commercial Paper</p>	<p>Must be of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by an NRSRO. Issuers must be organized and operating in the United States as a general corporation, have assets exceeding \$500 million, and has debt other than commercial paper, if any, that is rated “A” or its equivalent or better by an NRSRO. May not exceed 270 days maturity. Local agencies, that have less than \$100 million of investment assets under management may invest no more than 25% of their moneys in eligible commercial paper. Local agencies that have \$100 million or more of investment assets under management may invest up to 40% percent of their moneys in eligible commercial paper. A local agency may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.</p>	<p>Limited to corporations approved by the Finance and Personnel Committee.</p>
<p>Negotiable Certificates of Deposit</p>	<p>Issued by national or state-chartered banks, savings associations, federal associations, state or federal credit unions, or by a federally licensed or state-licensed branch of a foreign bank. Specified restrictions on credit unions for conflicts of interest. Limited to 30% of local agency funds.</p>	<p>Limited to domestic and foreign banks and thrift institutions approved by the Finance and Personnel Committee.</p>
<p>Repurchase and Reverse Repurchase Agreements</p>	<p>Repurchase agreements are limited to a term of one year or less, and securities underlying the agreement shall be valued at 102% or greater of the funds borrowed against the securities, with the value adjusted at least quarterly. Reverse repurchase agreements, including securities lending agreements, are limited to 20% of the base portfolio value and to terms of 92 days or less unless a minimum earning or spread for the entire term is guaranteed in writing. Securities being sold on reverse must be owned by the agency for at least 30 days prior to sale. Reverse repurchase agreements shall be made with primary dealers of the Federal Reserve Bank of New York, or nationally and state chartered banks with a significant banking relationship with the local agency.</p>	<p>All reverse repurchase agreements must have the prior approval of the Finance and Personnel Committee.</p>

RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

<p>Medium Term Notes</p>	<p>All debt securities issued by U.S. organized and operating corporations or depository institutions licensed by the U.S. or any state and operating within the U.S. Notes must be rated “A” or its equivalent or better by an NRSRO. May not exceed five years maturity, 30% of local agency funds, and no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.</p>	<p>For depository institutions, same as shown under Negotiable Certificates of Deposit. For corporations, limited to those approved by the Finance and Personnel Committee.</p>
<p>Shares of Beneficial Interest</p>	<p>Issued by diversified management companies investing in securities and obligations as authorized by Cal. Gov. Code §53601(4). Companies shall have the highest ranking or highest letter and numerical rating assigned by not less than two NRSROs, or shall have a registered and experienced investment advisor <u>with assets under management in excess of \$500 million</u>. Purchase price shall not include any commissions. Limited to 20% of funds of which no more than 10% may be with any one fund.</p>	<p>No additional restrictions.</p>
<p>Collateralized Negotiable Securities</p>	<p>Notes, bonds or obligations secured by a valid first priority security interest in securities specified in Cal. Gov. Code §53651. (Cal. Gov. Code §53601(n).) Collateral to be placed by delivery or book-entry into the custody of a trust company or trust department of a bank not affiliated with the issuer. Security interest perfected in accordance with Uniform Commercial Code or applicable federal regulations. Collateral requirements are the same as required to secure bank deposits made by local agencies as specified in Cal. Gov. Code §53652.</p>	<p>No investment in collateralized negotiable securities shall be made without the prior approval of the Finance and Personnel Committee.</p>

RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

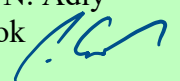
<p>Collateralized Mortgage Obligations and Asset- Backed Securities</p>	<p>Mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer</p>	<p>No investment in collateralized mortgage obligations or asset-backed securities shall be made without the prior approval of</p>
	<p>receivable-backed bond. <u>For these securities eligible for investment but not issued or guaranteed by the United States or a federal agency, the</u> securities must have an “AA” rating or its equivalent as rated by an NRSRO, must have a maximum remaining maturity of five years or less, and may not exceed 20% of surplus funds.</p>	<p>the Finance and Personnel Committee.</p>
<p>Financial Futures and Options</p>	<p>Authorizes the investment in financial futures and financial option contracts in any of the investment categories contained in Cal. Gov. Code §53601.1</p>	<p>No investments in financial futures and financial option contracts are to be made without the prior approval of the Finance and Personnel Committee.</p>
<p>Prohibited Investments</p>	<p>A local agency shall not invest any funds in inverse floaters, range notes, mortgage derived interest-only strips, or any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. Notwithstanding the prohibition above, a local agency may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates. This section shall remain in effect only until January 1, 2026, and as of that date is repealed. (Cal. Gov. Code §53601.6.)</p>	<p>No additional restrictions.</p>
<p>Local Agency Investment Fund</p>	<p>Permits a local agency to deposit funds with the State Treasurer for the purpose of investment in securities prescribed in Cal. Gov. Code §§16429.1 <i>et seq.</i></p>	<p>No additional restrictions.</p>

RESOLUTION 2023-\_\_\_, ATTACHMENT “A”

Orange County Treasury Pool	Permits a local agency to deposit funds with the County Treasurer for investment in securities prescribed in Cal. Gov. Code §53635 or 53684.	No investments are to be made with the Orange County Treasury Pool without the prior approval of the Board.
Inactive Public Deposits	Deposits or contracts with Federal Reserve System banks insured by FDIC, savings associations or federal associations which are home loan bank members or insured by FSLIC, and state or federal credit unions. Specified restrictions on credit unions.	No inactive public deposits are to be made without the prior approval of the Finance and Personnel Committee.
Public Finance Contracts	Includes interest rate swap agreements, currency swap agreements, forward <u>payment conversion agreements, futures, or index-based agreements to hedge payment, currency, rate, spread or similar exposure. Requires certain determinations by governing body. (Cal. Gov. Code §§5920 et seq.)</u>	The Board is authorized to approve the general parameters <u>for swap transaction types, maximum notional amount(s) and maximum duration(s). The Finance and Personnel Committee shall structure specific parameters for individual transactions including notional amount, transaction timing, counterparty selection, index to be used and ISDA agreement approval. (Resolution 2003-36)</u>
	<del>payment conversion agreements, futures, or index-based agreements to hedge payment, currency, rate, spread or similar exposure. Requires certain determinations by governing body. (Cal. Gov. Code §§5920 et seq.)</del>	<del>for swap transaction types, maximum notional amount(s) and maximum duration(s). The Finance and Personnel Committee shall structure specific parameters for individual transactions including notional amount, transaction timing, counterparty selection, index to be used and ISDA agreement approval. (Resolution 2003-36)</del>
Real Estate Investments	Authorized to invest no more than 30% of the District’s Replacement Fund in real estate located in Orange County. (Cal. Wat. Code §35912.)	Real estate investments shall be made in accordance with existing Board policies (Resolution 1990-30). All real estate investments must be individually approved by the Board.

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December 5, 2023  
Prepared by: J. Davis  
Submitted by: K. Morris / N. Adly  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

2024 INDEX TENDER NOTES REMARKETING ALTERNATIVES

SUMMARY:

IRWD's Index Tender Note (ITN) debt issues 2011 A-1 and 2011 A-2 are within their annual remarketing period, which allows the District to re-price or convert rate modes. Staff, along with the District's municipal financial advisor Public Financial Management (PFM) have evaluated remarketing alternatives available to the District. Based on current interest rates, remarketing fees, and analysis from PFM, staff recommends the Board authorize staff to:

- Convert the current index mode for this debt to variable rate mode,
- Obtain a Letter of Credit for IRWD, and
- Remarket IRWD's ITN debt issues 2011 A-1 and 2011 A-2.

BACKGROUND:

IRWD's ITN debt 2011 A-1 issue currently has \$38.76 million of outstanding principal remaining, and IRWD's 2011 A-2 issue has \$25.84 million of outstanding principal remaining. The ITNs are remarketed annually by Goldman Sachs based on a spread to the Securities Industry and Financial Markets Association (SIFMA) weekly tax-exempt variable rate index. The last annual interest rate reset for the ITNs was in February 2023 at the SIFMA index plus five basis points, resulting in an annual average all-in rate of 3.44%. The all-in rate includes the net interest rate (the index plus the spread) and annual remarketing fees of approximately 0.13%.

Staff and PFM evaluated several remarketing alternatives available to the District, including the current one-year index mode, three-year index mode, variable rate mode, and fixed rate mode. Staff determined that the lowest annual all-in rate for the debt issues would be the variable rate mode, based on projected interest rates, letter of credit, and remarketing fees.

Staff recommends the Board to authorize staff to the convert the current index mode to variable rate mode, obtain a letter of credit associated with this debt, and remarket these debt issues.

FISCAL IMPACTS:

The current outstanding principal amount for the 2011 A-1 and A-2 ITN bond issues is \$64.6 million. The projected all-in rate of 2.525% for variable rate mode will result in an annual net savings of approximately \$930,000 in the first year.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

That the Board authorize staff to convert the current index mode to variable rate mode, obtain a letter of credit associated with this debt, and remarket these debt issues.

LIST OF EXHIBITS:

Exhibit "A" – Series 2011 A-1 and 2011 A-2 Remarketing Alternatives



# Irvine Ranch Water District

## Series 2011A-1 & 2011A-2 Financing Considerations

**PFM Financial Advisors LLC**  
**Darren Hodge, Fred Dilly**

December 5, 2023

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PFM Financial Advisors LLC

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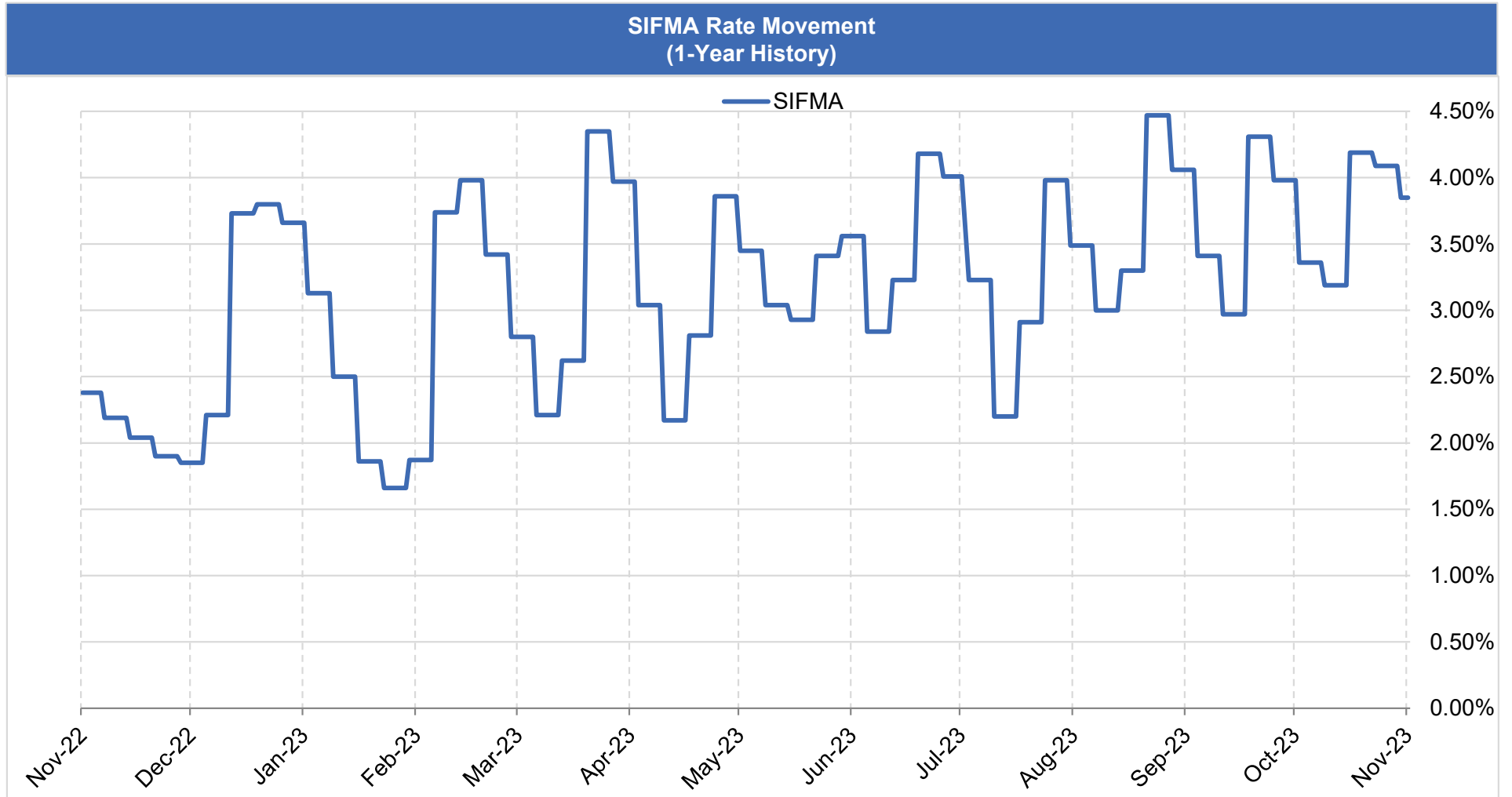


# Market Update



## SIFMA Rate Movement

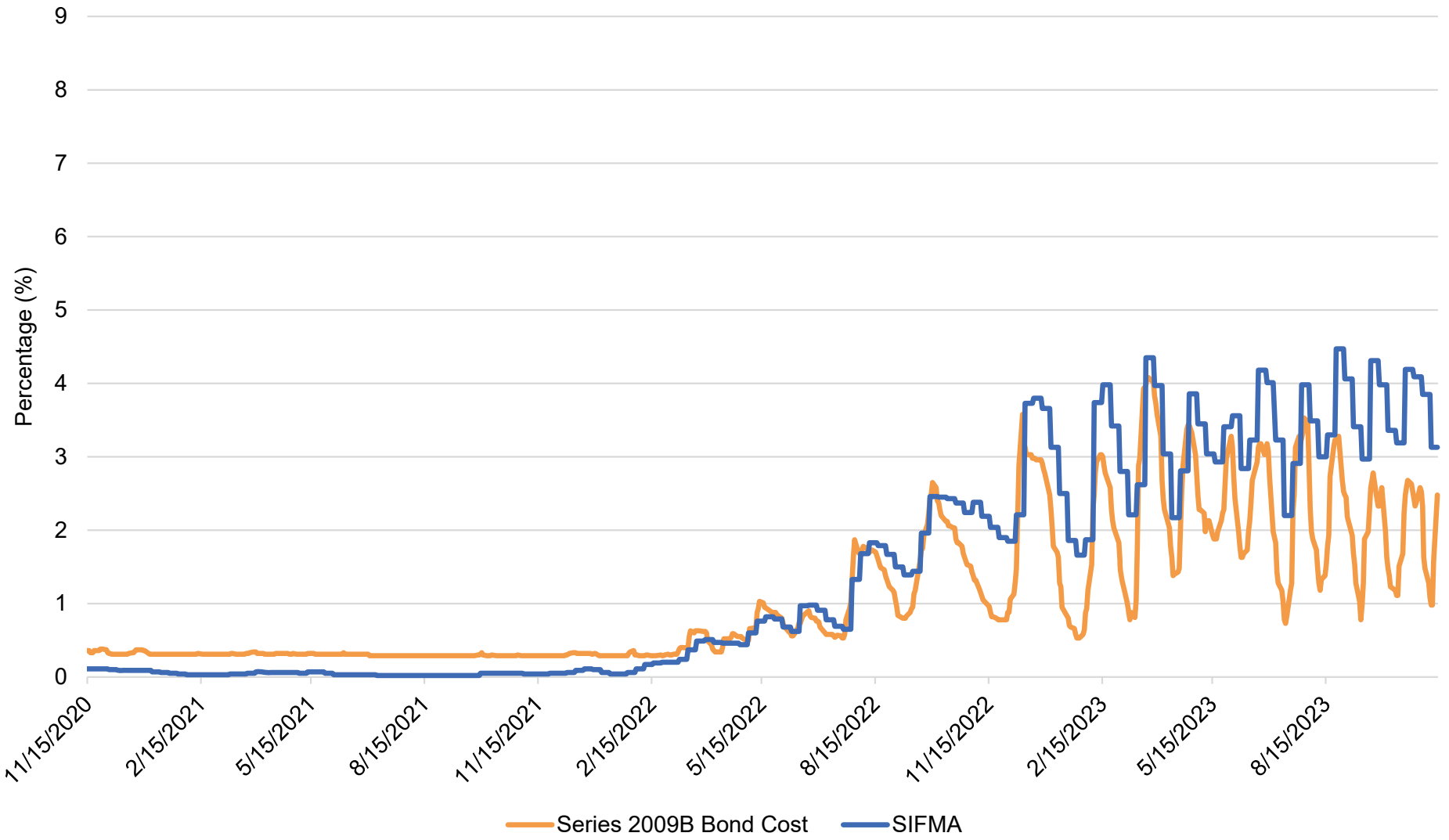
• The SIFMA Index is currently at 3.600% as of November 27, 2023.



Source: Thomson Reuters



## Series 2009B VRDBs Resets vs SIFMA (2020 – Present)





# Summary of Series 2011A-1 & A-2 ITNs



## Series 2011A-1 and 2011A-2 Overview

### ◆ Series 2011A-1 Bonds

- Par Outstanding: \$38,760,000
- Current Index and Spread: SIFMA + 5 bps
- Final Maturity: 10/01/2037
- Mandatory Tender Date: 02/29/2024
- Initial Call Date: 09/02/2023
- Hedged / Unhedged: Unhedged

### ◆ Series 2011A-2 Bonds

- Par Outstanding: \$25,840,000
- Current Index and Spread: SIFMA + 5 bps
- Final Maturity: 10/01/2037
- Mandatory Tender Date: 02/29/2024
- Initial Call Date: 09/02/2023
- Hedged / Unhedged: Unhedged





# Financing Strategies



## Financing Alternatives Advantages & Disadvantages

	Advantages	Disadvantages
Floating Rate Notes (“ITNs”)	<ul style="list-style-type: none"> <li>• Removes bank credit risk</li> <li>• No put risk through mandatory tender</li> </ul>	<ul style="list-style-type: none"> <li>• Interest rate risk</li> <li>• Smaller market than VRDBs and Fixed Rate Bonds</li> <li>• Need to remarket prior to each mandatory tender date / remarketing risk</li> </ul>
Variable Rate Demand Bonds (“VRDBs”)	<ul style="list-style-type: none"> <li>• Mature market</li> <li>• VRDBs have experienced strong performance versus SIFMA over last several years (no guarantee of future performance)</li> </ul>	<ul style="list-style-type: none"> <li>• Interest rate risk</li> <li>• Bank exposure</li> <li>• Bank facility renewal / replacement risk</li> <li>• Remarketing risk</li> </ul>
Fixed Rate Bonds and Notes	<ul style="list-style-type: none"> <li>• Ability to lock in fixed rates for budgetary certainty</li> <li>• No interest rate risk, bank credit risk, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed rates higher than floating rates in current market</li> <li>• Remarketing risk for fixed rate notes</li> </ul>



## Considerations

### ◆ Considerations

- Over the last several years, California tax-exempt VRDBs have been remarketing at very low rates in comparison to SIFMA
  - Limited supply of VRDBs
  - Investor demand for liquidity
- There is no guarantee that current relationships of VRDB resets to SIFMA will continue – in general, it is reasonable to expect that VRDBs will reset closer to SIFMA over a longer period of time which would reduce the all-in rate differential between VRDBs and FRNs and ITNs



## Preliminary Cost Comparison for Next 3 Years – 2011A-1 & A-2 (Current Market Rates)

Summary of Cost of Capital Comparison (Current Market Rates)					
	VRDB Conversion (Assumes 3-Year LOC)	3-Year SIFMA ITNs (Hard Put)	1-Year SIFMA ITNs (Remarketing)	Fixed Rate Bond Refunding <sup>6</sup>	3-Year Fixed Rate Note Refunding <sup>6</sup>
Benchmark	Actual Market Rate	SIFMA	SIFMA		
<b>LOC and Remarketing Rates</b>					
LOC Fee	0.299% <sup>1</sup>				
Remarketing Fee	0.125% <sup>2</sup>				
<b>Benchmarks and Spreads</b>					
Current Index <sup>3</sup>	3.600%	3.600%	3.600%		
Spread	(1.680%) <sup>4</sup>	0.350% <sup>5</sup>	0.050% <sup>5</sup>		
<b>Bond Cost</b>	<b>1.920%</b>	<b>3.950%</b>	<b>3.650%</b>	<b>2.922%</b>	<b>3.176%</b>
<b>All-in Cost w/o Expenses</b>	<b>2.344%</b>	<b>3.950%</b>	<b>3.650%</b>		
<b>Expenses (Annualized; Assuming Par Amount of \$64,600,000)<sup>7</sup></b>					
Issuance Expenses <sup>8,9</sup>	\$350,000	\$350,000	\$200,000	\$375,000	\$375,000
Annualized	0.181%	0.181%	0.310%		
<b>All-in Cost w/ exp.</b>	<b>2.525%</b>	<b>4.131%</b>	<b>3.960%</b>	<b>2.922%</b>	<b>3.176%</b>

1. Average LOC fee for IRWD's outstanding bonds.
2. Remarketing fee provided by Goldman Sachs, subject to negotiation
3. Current SIFMA rate – as of 11/27/2023
4. Current spread between IRWD VRDBs and SIFMA as of 11/27/2023
5. Indicative spreads as of 11/13/2023
6. Rates as of 11/27/2023; Rates shown as inclusive of issuance expenses
7. VRDB and SIFMA FRN expenses annualized over 3 years; ITN expenses annualized over 1 year (per remarketing)
8. Inclusive of costs of issuance and underwriter's discount (where applicable); Expenses are estimated
9. Future issuance expenses for LOC renewal/replacement would be lower than issuance expenses shown



## Preliminary Cost Comparison for Next 3 Years – 2011A-1 & A-2 (Average Variable Rates Since 2011)

Summary of Cost of Capital Comparison (Average Variable Market Rates)					
	VRDB Conversion (Assumes 3-Year LOC)	3-Year SIFMA ITNs (Hard Put)	1-Year SIFMA ITNs (Remarketing)	Fixed Rate Bond Refunding <sup>6</sup>	3-Year Fixed Rate Note Refunding <sup>6</sup>
Benchmark	Actual Market Rate	SIFMA	SIFMA		
<b>LOC and Remarketing Rates</b>					
LOC Fee	0.299% <sup>1</sup>				
Remarketing Fee	0.125% <sup>2</sup>				
<b>Benchmarks and Spreads</b>					
Average Index <sup>3</sup>	0.731%	0.731%	0.731%		
Spread	(0.217%) <sup>4</sup>	0.350% <sup>5</sup>	0.050% <sup>5</sup>		
<b>Bond Cost</b>	<b>0.514%</b>	<b>1.081%</b>	<b>0.781%</b>	<b>2.922%</b>	<b>3.176%</b>
<b>All-in Cost w/o Expenses</b>	<b>0.938%</b>	<b>1.081%</b>	<b>0.781%</b>		
<b>Expenses (Annualized; Assuming Par Amount of \$64,600,000)<sup>7</sup></b>					
Issuance Expenses <sup>8,9</sup>	\$350,000	\$350,000	\$200,000	\$375,000	\$375,000
Annualized	0.181%	0.181%	0.310%		
<b>All-in Cost w/ exp.</b>	<b>1.119%</b>	<b>1.262%</b>	<b>1.091%</b>	<b>2.922%</b>	<b>3.176%</b>

1. Average LOC fee for IRWD's outstanding bonds.
2. Remarketing fee provided by Goldman Sachs, subject to negotiation
3. Average SIFMA rate (4/15/2011 – present)
4. Average spread between IRWD VRDBs and SIFMA (4/15/2011 – 11/27/2023)
5. Indicative spreads as of 11/13/2023
6. Rates as of 11/27/2023; Rates shown as inclusive of issuance expenses
7. VRDB and SIFMA FRN expenses annualized over 3 years; ITN expenses annualized over 1 year (per remarketing)
8. Inclusive of costs of issuance and underwriter's discount (where applicable); Expenses are estimated
9. Future issuance expenses for LOC renewal/replacement would be lower than issuance expenses shown



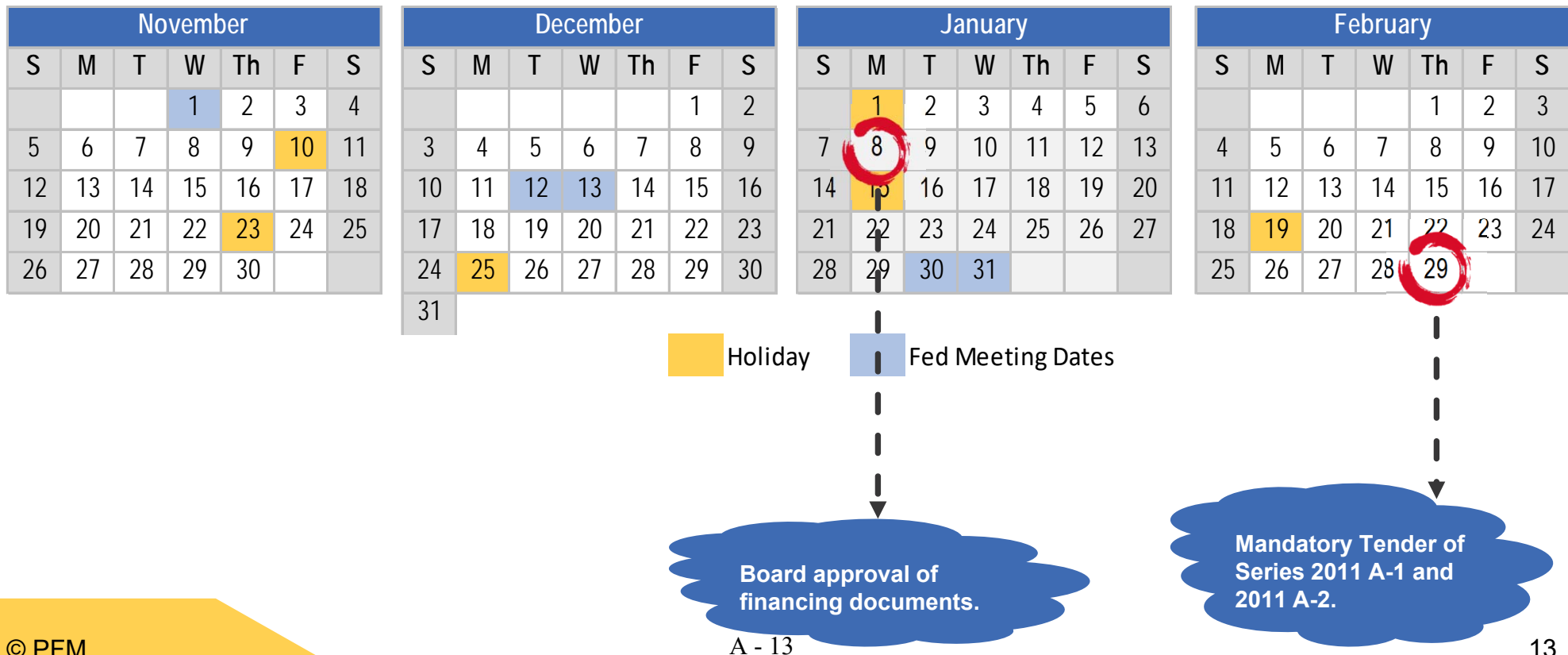
# Next Steps



## Staff Recommendations

- Convert the current index mode for this debt to variable rate mode
- Obtain a Letter of Credit for IRWD
- Remarket IRWD ITN debt issues 2011 A-1 and 2011 A-2

### Important Dates





# Appendix





## Series 2011A-1 and 2011A-2 Average Bond Cost by Year

Remarketing Year	Average SIFMA Rate	ITN Spread	Bond Cost
2011	0.141%	0.04%	0.181%
2012	0.164%	-0.01%	0.154%
2013	0.085%	0.00%	0.085%
2014	0.049%	0.01%	0.059%
2015	0.032%	0.03%	0.062%
2016	0.498%	0.08%	0.578%
2017	0.905%	0.07%	0.975%
2018	1.430%	-0.01%	1.420%
2019	1.413%	-0.01%	1.403%
2020	0.471%	-0.06%	0.411%
2021	0.044%	0.03%	0.074%
2022	1.384%	0.06%	1.444%
2023	3.397%	0.05%	3.447%



# Disclosures

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