

**AGENDA
IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING**

June 23, 2025

CALL TO ORDER 5:00 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL Directors Ferons, Withers, Swan, LaMar, and President Reinhart

PUBLIC COMMENT NOTICE

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=mdf87c047fc4c39e59773d21f3c94b4d6>

Meeting Number (Access Code): 2488 589 3785

Meeting Password: NRmQaTMK328

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

Public comments are limited to three minutes per speaker on each subject. If you wish to address the Board of Directors on any item, you may attend the meeting in person and submit a "speaker slip" to the Secretary. Forms are provided outside of IRWD's Board Room. If attending via Webex, please submit your request to speak, or your comment, via the "chat" feature and your remarks will be read into the record at the meeting. You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 12:00 p.m. on Monday, June 23, 2025.

COMMUNICATIONS TO THE BOARD

1. Written:
2. Oral:
3. ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Recommendation: Determine the need to discuss and/or take immediate action on item(s).

PUBLIC HEARING

4. PROPOSED CHANGES TO THE SCHEDULE OF RATES AND CHARGES
EFFECTIVE JULY 1, 2025

Recommendation:

- a. Open the hearing.
- b. Inquire of the Assistant Secretary how the hearing was noticed.
- c. Receive and file the Affidavit of Mailing.
- d. Request legal counsel to describe the nature of the proceedings.
- e. Request the Executive Director of Finance or her designee to provide a staff report on the proposed rates and charges and inquire whether there have been any written communications.
- f. Hear any person who wishes to speak regarding the Proposed 2025-26 and 2026-27 Rates and Charges.
- g. Inquire of the Board if it has any comments or questions.
- h. That the hearing be closed and the Board adopt the Proposed 2025-26 and 2026-27 Rates and Charges.

Reso. No. 2025-

CONSENT CALENDAR, Items 5 through 12

5. BOARD MEETING MINUTES

Recommendation: That the minutes of the June 9, 2025 Regular Board meeting be approved as presented.

6. MAY 2025 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Summary of Fixed and Variable Rate Debt, and the Disclosure Report of Reimbursements to Board members and staff, approve the May 2025 Summary of Payroll ACH payments in the total amount of \$3,938,901 and approve the May 2025 accounts payable disbursement summary of warrants 449301 through 449724, Workers' Compensation distributions, ACH payments, virtual card payments, wire transfers, payroll withholding distributions, and voided checks in the net total amount of \$30,991,593.

7. IRWD GENERAL COUNSEL CONTRACT FOR FISCAL YEAR 2025-2026

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with Hanson Bridgett LLP for Fiscal Year 2025-2026 General Counsel legal services with a not-to-exceed value of \$1,485,000.

CONSENT CALENDAR, Items 5 through 12, continued

8. ADOPTION OF REVISED IRWD SCHEDULE OF POSITIONS AND
SALARY RATE RANGES FOR FISCAL YEAR 2025-26

Recommendation: That the Board approve the revised Salary Grade Schedule and adopt the following Resolution by title:

RESOLUTION NO. 2025 –

RESOLUTION OF THE BOARD OF DIRECTORS OF THE IRVINE
RANCH WATER DISTRICT SUPERSEDING RESOLUTION NO. 2024-12
AND ADOPTING A REVISED SCHEDULE OF POSITIONS AND
SALARY RATE RANGES FOR THE GENERAL UNIT, NON-EXEMPT
SUPERVISOR UNIT, AND FOR MANAGERS, EXEMPT SUPERVISORS,
CONFIDENTIAL AND EXEMPT EMPLOYEES

Reso. No. 2025-

9. LIVE SCAN FINGERPRINTING FOR EMPLOYMENT, VOLUNTEER,
AND CONTRACT WORKER BACKGROUND CHECKS

Recommendation: That the Board adopt the attached resolution authorizing the Irvine Ranch Water District to utilize Live Scan fingerprinting for employment, volunteer, and contract worker background checks.

Reso. No. 2025-

10. DISTRICT-WIDE LANDSCAPE AND IRRIGATION MAINTENANCE
SERVICES ONE-YEAR CONTRACT EXTENSION

Recommendation: That the Board authorize the General Manager to execute a one-year extension for District-wide landscape and irrigation maintenance services with Landcare LLC for \$794,869.

11. MICHELSON WATER RECYCLING PLANT BIOSOLIDS LIFT STATION
AND SEWER PIPELINE BID REJECTION

Recommendation: That the Board reject the bid received and authorize staff to re-bid the Michelson Water Recycling Plant Biosolids Lift Station and Sewer Pipeline, Project 12541.

12. PLANNING AREA 31 DISCOVERY PARK CAPITAL SANITARY SEWER
IMPROVEMENTS

Recommendation: That the Board authorize the General Manager to accept Irvine Community Development Company's construction contract with L&S Construction, Inc. in the amount of \$702,635, and authorize the addition of Project 13302 in the amount of \$900,000 to the FY 2025-26 Capital Budget for the Planning Area 31 Discovery Park Capital Sanitary Sewer Improvements Project.

ACTION CALENDAR

13. PROPOSED 2025 DEBT ISSUANCE FOR REFUNDING OF THE 2010 BUILD AMERICA BONDS

Recommendation: That the Board adopt the following resolution by title:

RESOLUTION NO. 2025-

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT

Reso. No. 2025-

APPROVING THE FORMS AND AUTHORIZING THE
EXECUTION AND DELIVERY OF ONE OR MORE PRELIMINARY
OFFICIAL STATEMENTS AND OFFICIAL STATEMENTS, ONE
OR MORE CONTRACTS OF PURCHASE, ONE OR MORE
CONTINUING DISCLOSURE CERTIFICATES, ONE OR MORE
INDENTURES OF TRUST, ONE OR MORE REIMBURSEMENT
AGREEMENTS, ONE OR MORE FEE AGREEMENTS, AND THE
ISSUANCE OF ONE OR MORE SERIES OF BONDS OF IRVINE
RANCH WATER DISTRICT, CONSOLIDATED REFUNDING
SERIES, AND
AUTHORIZING THE EXECUTION AND DELIVERY OF ALL
RELATED DOCUMENTS

14. CONSULTANT SELECTION FOR ADVANCED METERING
INFRASTRUCTURE PLANNING AND IMPLEMENTATION

Recommendation: That the Board authorize the General Manager to increase Capital Budget Projects 12514 and 12515 each by \$170,000 for a total of \$340,000; and to execute a Professional Services Agreement with Arcadis U.S., Inc. in the amount of \$432,930 for the development of a detailed Advanced Metering Infrastructure Implementation Plan and providing procurement assistance.

OTHER BUSINESS

Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, and make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments. Pursuant to AB 1234 and Government Code Section 53232.3(d), a written draft report of the meetings that any Board member attended on behalf of IRWD since the last Board Meeting will be available at the table near the Board Room entrance, and will be amended verbally, if necessary, during Directors' Comments.

15. General Manager's Report
16. Receive oral update(s) from District liaison(s) regarding communities within IRWD's service area and interests.
17. Directors' Comments and Meeting Reports
18. Adjournment


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 Board in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to comments@irwd.com. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

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June 23, 2025

Prepared by: Dulce Rocha / C. Smithson

Submitted by: N. Adly

Approved by: Paul A. Cook 

PUBLIC HEARING

PROPOSED CHANGES TO THE SCHEDULE OF RATES AND CHARGES EFFECTIVE JULY 1, 2025

SUMMARY:

IRWD's Fiscal Year (FY) 2025-26 and 2026-27 Operating Budgets were adopted at the March 24, 2025, IRWD Board meeting. The proposed changes to IRWD's rates and charges were publicly noticed by mail as required under Proposition 218, and protests and legal objections to the implementation of those rates and charges have been collected by the District's independent auditors.

To date, six written responses were received by the District, which represents less than 0.005% of the total customers and substantially less than the 50% which would have been required to prevent the Board from adopting the current proposed rates and charges. To date, the District has received two legal objections, which staff has responded to in writing. Protests will be received up until the commencement of the Public Hearing. Staff will provide an updated report on the protests as part of the hearing process.

Pursuant to the requirements of Proposition 218, a Public Hearing on the rates and charges is required. Following the Public Hearing, staff recommends that the Board adopt the proposed new Schedule of Rates and Charges effective July 1, 2025, required to fund budgeted operating expenses through June 30, 2026, and June 30, 2027.

OUTLINE OF PROCEEDINGS

President: Declare this to be the time and place for a hearing on the proposed changes to the rates and charges. Ask the Secretary how the hearing was noticed.

Secretary: The hearing was noticed by mail. Present affidavit of mailing.

Board: RECOMMENDED MOTION: RECEIVE AND FILE THE AFFIDAVIT OF MAILING BY AN INDEPENDENT PROCESSING FIRM AS PRESENTED BY THE SECRETARY.

President: Request Legal Counsel to describe the nature of the proceedings.

Legal

Counsel: The public hearing is held, pursuant to Proposition 218, Article XIID of the Constitution of the State of California, for all persons interested to be heard, to present objections or protests, including any written comments submitted, concerning the imposition of property-related fees, rates and charges.

President: Request a staff report from the Executive Director of Finance or her Designee on the proposed rates and charges and inquire whether there have been any written communications.

Executive
Director
of Finance or
Designee:

Provide staff report and response regarding the number of protests received to the implementation of the rates and charges.

President: Inquire whether there is anyone present who wishes to address the Board regarding the proposed changes to the rates and charges.

President: Inquire whether there are any comments or questions from members of the Board of Directors. After comments or questions, state that the hearing will be closed.

Board: RECOMMENDED MOTION: THAT THE HEARING BE CLOSED AND THAT THE FOLLOWING RESOLUTION BE ADOPTED BY TITLE:

RESOLUTION NO. 2025-

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
ADOPTING A SCHEDULE OF RATES AND CHARGES
FOR WATER, SEWER AND RECYCLED WATER SERVICE

BACKGROUND:

Proposed Rates and Charges effective July 1, 2025:

A resolution is attached as Exhibit “A” and the proposed rates and charges are attached as Exhibit “B”. The proposed changes include both updates identified through the rate setting process and changes to the wording and format to better communicate the application of the District’s rates to the customer. The 2026 Cost of Service and Rate Design Study includes appendices that address the rate setting process for FY 2025-26 and 2026-27 and this document is attached as Exhibit “C”. A summary of the six letters received to date are attached as Exhibit “D”, together with copies of each letter and the District’s related responses. Using a PowerPoint presentation (draft) attached as Exhibit “E”, staff will summarize the rates and charges as part of the Public Hearing.

All changes from the factors identified were included in the budget and rate setting process. Staff has reviewed costs and revenues for the potable water system, the sewer system, the recycled water system, and natural treatment system. As a result of this review, the proposed water and sewer rates for the District are recommended to be effective July 1, 2025. These changes include the following:

The Potable Water System:

- The potable water volumetric tiered rates and fixed service charges are based on cost of service and will provide the necessary funding for the water system.
- The volumetric tiered rates for FY 2025-26 and FY 2026-27 are as follows (per ccf):

Tiers	FY 2024-25	Effective July 1, 2025	Change	Effective July 1, 2026	Change
Low Volume	\$1.99	\$2.07	\$0.08	\$2.18	\$0.11
Base	\$2.65	\$2.72	\$0.07	\$2.92	\$0.20
Inefficient	\$6.55	\$7.51	\$.96	\$8.03	\$0.52
Wasteful	\$16.46	\$18.60	\$2.14	\$19.32	\$0.72

- In FY 2025-26, the monthly fixed service charge for the treated water system increases from \$13.20 to \$14.90 for a 5/8-inch by 3/4-inch meter. The monthly service charge includes a user rate contribution of \$3.19 per month for capital infrastructure enhancements and replacements.
- In FY 2026-27, the monthly fixed service charge for the treated water system increases from \$14.90 to \$15.60 for a 5/8-inch by 3/4-inch meter. The monthly service charge includes a user rate contribution of \$3.37 per month for capital infrastructure enhancements and replacements.

The Sewer System:

- The sewer system rates are based on cost of service and will provide the necessary funding for the sewer system.
- In FY 2025-26, the monthly fixed service charge for a residential customer using less than 5 ccf will increase from \$25.70 to \$28.80 per month. The monthly sewer rate includes a user rate contribution of \$12.94 per month for capital infrastructure enhancements and replacements.
- In FY 2026-27, the monthly fixed service charge for a residential customer using less than 5 ccf will increase from \$28.80 to \$29.85 per month. The monthly sewer rate includes a user rate contribution of \$13.80 per month for capital infrastructure enhancements and replacements.

The Recycled Water System:

- The recycled water volumetric tiered and fixed service charge rates are also based on cost of service. The rates identified will provide the necessary funding for the recycled system.
- The volumetric tiered rates are as follows (per ccf):

Tiers	FY 2024-25	Effective July 1, 2025	Change	Effective July 1, 2026	Change
Low Volume	\$1.43	\$1.38	(\$0.05)	\$1.45	\$0.07
Base	\$2.47	\$2.39	(\$0.08)	\$2.37	(\$0.02)
Inefficient	\$5.27	\$5.43	\$0.16	\$5.78	\$0.35
Wasteful	\$9.27	\$9.93	\$0.66	\$10.46	\$0.53

- In FY 2025-26, the monthly fixed service charge for the recycled water system increases from \$13.20 to \$14.90 for a 5/8-inch by 3/4-inch meter. The monthly service charge includes a user rate contribution of \$3.19 per month for capital infrastructure enhancements and replacements.
- In FY 2026-27, the monthly fixed service charge for the recycled water system increases from \$14.90 to \$15.60 for a 5/8-inch by 3/4-inch meter. The monthly service charge includes a user rate contribution of \$3.37 per month for capital infrastructure enhancements and replacements.

The Over-allocation Funded Programs and Natural Treatment System (NTS):

- The commodity rates shown above for the Potable and Recycled System include the necessary funding for water conservation programs, urban runoff treatment costs, and water banking. Costs are allocated among usage tiers based on each tier's share of costs to fund these programs.

Water Shortage Contingency Plan (WSCP) Rates:

- The WSCP Rates are expected to provide cost of service equity for the budgeted Board-approved operating variable costs and additional costs incurred as a direct result of a water shortage declaration at the associated stage level.
- Implementation of WSCP rates would require additional Board action.
- The current and proposed WSCP rates are shown in the tables below.

The changes in commodity rates have no impact on the monthly fixed service water or sewer charges.

Schedule of Rates and Charges:

Exhibit "B" contains the proposed rates effective July 1, 2025, required to fund budgeted operating expenses through June 30, 2026, and the proposed rates effective July 1, 2026, required to fund budgeted operating expenses through June 30, 2027.

User / Replacement and Enhancement Capital Component:

Combined with the existing replacement and enhancement rate components, it is expected that the proposed rate increases will result in the following contributions to the enhancement and replacement funds by system:

For FY 2025-26:

- Potable Water: \$10.7 million;
- Sewer: \$26.9 million; and
- Recycled Water: \$1.4 million.

The expected total contribution is \$39.0 million.

For FY 2026-27:

- Potable Water: \$11.4 million;
- Sewer: \$28.9 million; and
- Recycled Water: \$1.5 million.

The expected total contribution is \$41.8 million.

Comparison to City of Orange Rates:

On August 28, 2006, IRWD and the City of Orange executed an agreement by which IRWD would provide services to the area known as the “Santiago Hills II / East Orange Area”. One of the terms in this agreement stipulated that the fixed plus commodity charges for water service to IRWD customers would not exceed the same combined charges for a City of Orange Water Department customer. Based on IRWD’s rates proposed to become effective on July 1, 2025, an IRWD customer using 18 ccf per month (the median amount of water used by City of Orange Water Department customers) would pay \$59.31 per month for fixed plus commodity charges. Based on the most current water rates from the City of Orange, a City of Orange Water Department customer using 18 ccf per month would pay \$101.02 per month for fixed (\$37.48 per month) plus commodity charges (\$3.53 per ccf); this equates to City of Orange water customers paying 42.6% more than comparable ratepayers in IRWD.

Proposition 218 Notice:

Proposition 218, enacted in 1996, mandates that proposed increases in “property-related fees” must be noticed to property owners, and that such owners have an opportunity to protest prior to the enactment of the fee increases. In July 2006, the California Supreme Court issued a decision in the matter of Bighorn-Desert View Water Agency v. Verjil (2006) 39 Cal.4th 205 which held that water delivery charges are property related. Following the Supreme Court’s logic, most interpretations of the decision are that both water and sewer charges should be noticed to comply with Proposition 218.

Under Proposition 218, the notice to customers must be sent to all property owners. As permitted by statute, IRWD sent its notices to all of its property owners and customers (including tenants) in the District’s service area. The Prop. 218 notices are included in Exhibit “A”.

Government Code Section 53759.1 (enacted by AB 2257, effective January 1, 2025) authorizes IRWD to require ratepayers to raise legal objections during the noticing process before pursuing litigation, in an attempt to resolve any legal issues and avoid litigation. This provides ratepayers with a 45-day window to submit a legal objection to the proposed rates. The objections must detail the noncompliance with Proposition 218 and the District is required to respond in writing prior to the public hearing. The deadline for submittal of legal objections was May 30, 2025.

The District contracted with Davis Farr, Certified Public Accountants, to collect and count the rate increase protests. They will provide Management with a report prior to the Board meeting on June 23, 2025 (more than 45 days from the date of mailing the Prop 218 notices), and they will be present at the Public Hearing established for approval of the rates to answer questions on the process and final results.

To date, the District received six letters (four “protests” and two “legal objections”) from customers or property owners in the District at a separate post office box from the rest of the District’s mail. Staff, in consultation with legal counsel, has responded in writing to the legal objections, and both the objections and the written responses are included in this agenda package at Exhibit “D”. Staff, in consultation with legal counsel, does not recommend any changes to the Cost of Service and Rate Design Study or to any of the fees or charges as a result of a review of those legal objections.

The six protest or legal objection letters represent 0.005% of the 127,700 notices sent. Under Proposition 218, more than 50% of the IRWD customers would have had to protest to prevent the Board from adopting the Proposed Rates and Charges.

ENVIRONMENTAL COMPLIANCE:

The establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies are exempt from the requirements of the California Environmental Quality Act (CEQA) provided that certain findings are made specifying the basis for the claim of exemption. The necessary findings are contained in the proposed resolution.

FISCAL IMPACTS:

The proposed commodity rates are expected to cover budgeted Board-approved operating variable costs for fiscal years 2025-26 and 2026-27. Proposed fixed water and sewer service charges will cover operating fixed costs for fiscal years 2025-26 and 2026-27.

For the same two fiscal years, the proposed rate increases will result in contributions to the Enhancement and Replacement Fund totaling approximately \$80.9 million. The Conservation Fund is expected to generate and use approximately \$38.2 million.

WSCP rates will only be implemented in the event of a water shortage declaration and upon approval by the Board of Directors. Rates that are not implemented have no fiscal impact.

COMMITTEE STATUS:

The proposed changes to the Schedule of Rates and Charges were reviewed by the Finance and Personnel Committee on March 3, 2025.

LIST OF EXHIBITS:

Exhibit “A” – Resolution to Adopt Schedule of Rates and Charges

Exhibit “B” – Changes to Schedule of Rates and Charges Effective July 2025 and July 2026

Exhibit “C” – 2026 Cost of Service and Rate Design Study

Exhibit “D” – Letters Received and District Responses as of June 23, 2025

Exhibit “E” – Presentation - Rates and Charges FY 2025-26 & 2026-27

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RESOLUTION NO. 2025-

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
ADOPTING CHANGES TO THE SCHEDULE OF RATES AND CHARGES FOR
WATER, SEWER AND RECYCLED WATER SERVICE

Statutory Authority. The Irvine Ranch Water District (“**IRWD**”) is a California Water District organized and existing under the California Water District Law, and all of the lands within the boundaries of IRWD are located in the County of Orange, State of California. California Water Code Sections 35423, 35470 and Section 35501 empower IRWD to establish, print and distribute equitable rules and regulations and prescribe and collect rates or other charges for water and sewer service.

Prior Rate Adoption. The Board of Directors of IRWD, by adoption of Resolution No. 2019-32 approved and adopted “Rules and Regulations of Irvine Ranch Water District for Water, Sewer, Recycled Water, and Natural Treatment System Service,” effective December 16, 2019. The Rules and Regulations, last amended June 9, 2025, by Resolution 2025-11, sets forth at Attachment “B” a *Schedule of Rates and Charges* that may be changed from time to time.

CEQA Exemption. Section 21080(b)(8) of the Public Resources Code provides that the establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies are exempt from the requirements of the California Environmental Quality Act (“**CEQA**”) provided that certain findings are made specifying the basis for the claim of exemption.

Gann Limit. Article XIII B of the Constitution of the State of California, limiting local agencies’ appropriations of proceeds of taxes, excludes user charges or fees or regulatory fees from the definition of proceeds of taxes, as long as such fees and charges do not produce revenue exceeding the costs reasonably borne in providing the regulation, product or service, and further excludes appropriations for debt service and appropriations for qualified capital outlay projects from appropriations subject to limitation.

Rate Study/WSCP. IRWD conducted a cost of service and rate design study through its consultant, Raftelis Financial Consultants, Inc., and the Board of Directors has received the final study dated April 15, 2025 (the “**Cost of Service Study**”), and a Water Shortage Contingency Plan each of which are posted and available on the District’s website www.IRWD.com.

Intent to Amend Rates. The Board of Directors of IRWD deems it advisable and finds that it would be in the best interest of the District to amend or establish certain rates and charges, consistent with applicable constitutional and statutory requirements and consistent with recommendations described in the Cost of Service Study and the Water Shortage Contingency Plan.

Prop. 218. Prop. 218, enacted as Article XIII D of the Constitution of the State of California provides that, in imposing or increasing any property-related fee or charge, an agency shall provide written notice by mail (a “**Prop. 218 Notice**”) of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount, basis of calculating, and reason for such proposed fee or charge, and the date, time and location of

a public hearing on the proposed fee or charge to be conducted not less than 45 days after the mailing of said notice, and Government Code Section 53755 provides for that Prop. 218 Notice to be given by mailing to the address where billing statements are customarily sent by the District.

Notices. Prop. 218 notices were duly mailed to each property owner and ratepayer in the District, setting Monday, June 23, 2025, at 5:00 p.m. in the Board of Directors Room of Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California, as the time and place for a public hearing on the proposed establishment of or increases in property-related rates and charges, and those Prop. 218 Notices are attached as Attachment "A" to this resolution.

Opportunity for Legal Objections. The Prop. 218 notices included a prominently displayed statement notifying all property owners or ratepayers of the opportunity to make a written legal objection to the rates and charges in compliance with Government Code Section 53759.2.

Supersession. The Board of Directors previously adopted rates and charges under Resolution 2023-9, and the Board of Directors intends in adopting this Resolution to rescind, supersede, and replace Resolution 2023-9 effective July 1, 2025.

The Board of Directors of IRWD therefore resolves as follows:

Section 1. Legal Objections and Protests. The Board has reviewed all timely, written legal objections made to the rates and charges, and the staff responses to those objections, and determines that:

- (1) The written objections and the staff's response do not warrant clarifications to the proposed fees and charges.
- (2) There is no basis to reduce the proposed fees from the noticed amounts.
- (3) There is no basis for further review of the rates before making a determination on whether clarification or reduction is needed.
- (4) Therefore it is appropriate to proceed with the protest hearing required under Section 6 of Article XIII D of the California Constitution.

At the time set, the duly noticed public hearing was held and all persons interested were given an opportunity to be heard concerning the proposed establishment of or increases in property-related rates and charges as described in the Prop. 218 Notices.

This Board of Directors has considered all protests presented to the District by owners of identified parcels against the proposed establishment of or increases in property-related rates and charges. The Board hereby finds and determines that the number of written protests presented to the District against the proposed establishment of or increases in property-related rates and charges has been tabulated and does not constitute a majority of the number of owners of identified parcels.

Section 2. It is hereby found and determined that the proposed changes to the rates and charges as set forth in the Prop. 218 Notices are within the purposes set forth in Section 21080(b) of the Public Resources Code including but not by way of limitation, the purposes of (1) meeting operating expenses, (2) purchasing or leasing supplies, equipment or materials, (3) meeting financial reserve needs and requirements, and (4) obtaining funds for capital projects necessary to maintain service within existing areas, and therefore, that such changes are exempt from CEQA.

Section 3. It is hereby found and determined that the rates, charges and fees adopted hereby are imposed upon the request for or use of services; that the rates, charges and fees recover and allocate the costs of service in accordance with the criteria and requirements of the Constitution of the State of California; and that the water user charges satisfy the criteria and requirements of Water Code Sections 370 *et seq.* relating to allocation-based conservation water pricing. The Board of Directors further finds that the rates and charges adopted in connection with the declaration of a water shortage level under the Water Shortage Contingency Plan are consistent with state law.

Section 4. It is hereby found and determined that relative to Article XIII B of the Constitution of the State of California, the user charges and fees and regulatory fees established or increased hereby do not produce revenues exceeding the costs reasonably borne in providing the regulation, product or service and/or are used for debt service or qualified capital outlay projects and accordingly do not constitute proceeds of taxes, the appropriation of which is limited under Article XIII B, and that the documentation used in making those determinations has been on file in the office of IRWD for not less than 15 days prior to the date hereof, pursuant to Section 7910 of the Government Code of the State of California.

Section 5. All rates, fees and/or charges as set forth in Attachments A and B to this resolution are hereby adopted and will take effect beginning July 1, 2025, on which date the corresponding rates, fees or charges in effect as a result of the adoption of Resolution 2023-9, are superseded. Staff is directed to incorporate the rates, fees, and charges into the Rules and Regulations at Attachment "B" effective July 1, 2025.

Section 6. The Water Shortage Contingency rates are hereby adopted but will only be implemented upon the Board's separate resolution declaring a water shortage level and corresponding potable water use budget reduction.

Section 7. This Resolution becomes effective upon adoption. The Secretary is hereby ordered and directed to post a certified copy of this Resolution in a public place within the Irvine Ranch Water District.

ADOPTED, SIGNED and APPROVED this 23rd day of June, 2025

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

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

APPROVED AS TO FORM:
Hanson Bridgett LLP

By: _____
District Counsel

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Notice of Proposed Water and Sewer Rate Change

RESIDENTIAL

Irvine Ranch Water District is a public agency that provides water and sewer service. Our rates are based on the actual cost to provide water and sewer service to customers and are based on the expenses included in IRWD's budget. The IRWD Board of Directors adopted a two-year budget on March 24, 2025. The basis for the proposed rates is detailed in the Cost of Service Study, available at [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates). **The proposed rates for the two years, if adopted, will be effective June 23, 2025, and will be implemented on July 1, 2025, and July 1, 2026, respectively.**

A critical IRWD objective is to keep costs, and therefore rates, as low as possible for our customers. Even with the proposed increase, when compared with other agencies providing similar services in Orange County, IRWD's rates are consistently among the lowest.

Proposed water rates in 2025 and 2026

As proposed, water rates are expected to increase the average residential bill by 8.4% in 2025 and 5.1% in 2026. The increase is due primarily to uncontrollable pass-through cost increases from regional agencies that supply water, regional sewage, or energy services to IRWD, as well as inflation and increases in costs associated with continuing to provide the current high level of water and sewer service our customers expect. Information on your water budget and how rates are calculated is shown below and at right.

Understanding your water bill

Your water bill has two basic components:

- The **variable water usage charge** is the charge per CCF (100 cubic feet, or 748 gallons) of water used each month inside and outside your home based on the various percentages of your budget used. These charges are based on the cost of local and imported water and costs of services that vary based on usage. Customers may also incur a pumping surcharge to cover pumping costs to serve their properties.
- Service charges** are to recover the fixed expenses of operating and maintaining IRWD's infrastructure. There are separate service charges for water and sewer service. These monthly fixed costs fluctuate depending on the number of days in a billing cycle.

Summary of proposed residential variable water rates				
Tier	Percentage use of monthly water budget for residential customers	Current rates per CCF*	Proposed rates per CCF beginning July 1, 2025	Proposed rates per CCF beginning July 1, 2026
Low Volume	0 – 40%	\$1.99	\$2.07	\$2.18
Base	41 – 100%	\$2.65	\$2.72	\$2.92
Inefficient	101 – 140%	\$6.55	\$7.51	\$8.03
Wasteful	141%+	\$16.46	\$18.60	\$19.32

*1 CCF = 748 gallons

How your water budget is calculated

Each residence is assigned a monthly water usage budget, which is the sum of your indoor and outdoor water budgets. Together they represent an efficient volume of water to meet individualized water needs.

The **indoor water budget** is 50 gallons per person per day (divided by 748, to convert gallons to CCF). For single-family homes, we assume four people per household. For condominiums, we assume three people per household. For apartments, we assume two people per unit. If your household is larger, you may apply for a variance to increase your budget.

The **outdoor water budget** is calculated for your property using data from local weather stations. We multiply your irrigated landscape area (in acres) x evapotranspiration x 0.75 ET factor x 36.3 conversion factor to convert acre-inches of water to CCF.

$$\begin{array}{l}
 \text{Indoor budget} = \left(\text{People per household} \times 50 \text{ gallons per person} \times \text{Number of days in the billing cycle} \right) \div 748 \\
 + \\
 \text{Outdoor budget} = \left(\text{Irrigated landscape area} \times \text{Evapo-transpiration (daily weather data)} \times 0.75 \times 36.3 \right)
 \end{array}$$

Key definitions to know

- CCF:** The basic measurement of water use. One CCF equals 100 cubic feet of water, or about 748 gallons.
- Evapotranspiration (ET):** A measure of daily plant water loss.
- ET factor:** Accounts for the fact that at least 40% of your landscape should be drought-tolerant and provides 20% additional water to account for inefficiency in your irrigation system.

Variable water usage charges

How much you pay for each CCF of water depends on whether you stay within your water budget. IRWD allocates its lowest-cost water supplies for customers' usage within their monthly water budget. Higher-cost water is used to meet demands of customers' water use above their budgets.

Tier-based rates

Rates are broken into four tiers. Each tier is assigned a rate based on the actual cost of serving customers within each tier. Cost of service includes the cost of water based on the source of water and other variable costs as detailed at right.

The Low Volume and Base rate tiers are for water used within each customer's budget, which is sourced primarily from lower-cost groundwater and reduces the need to import expensive water. The majority of imported water costs are allocated to the Inefficient and Wasteful tiers. Expenses for districtwide conservation programs that educate and assist customers on ways to conserve water are not included in the Low Volume rate since customers who remain in this tier do not need this assistance.

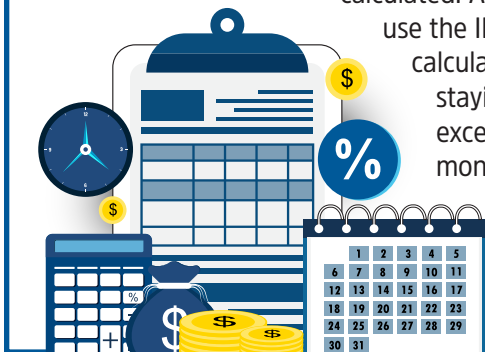
Costs associated with targeted conservation programs, urban runoff treatment, and water banking are paid only by customers with usage in the Inefficient and Wasteful tiers because their higher usage: (i) requires individualized conservation assistance, (ii) leads to urban runoff that requires costly treatment, and/or (iii) requires greater water reserves through water banking to provide reliable water supplies during a drought or other water shortage. Costs are allocated among those tiers based on their share of costs to run these programs.

Proposed variable water rates per CCF beginning July 1, 2025				
Service	Low Volume tier	Base tier	Inefficient tier	Wasteful tier
Water cost	\$2.07	\$2.60	\$4.77	\$5.21
Districtwide conservation programs	\$0	\$0.12	\$0.12	\$0.12
Conservation programs targeted to over-budget customers, urban runoff costs, and water banking costs	\$0	\$0	\$2.62	\$13.27
Total costs per CCF per tier proposed beginning July 2025	\$2.07	\$2.72	\$7.51	\$18.60
Current rates	\$1.99	\$2.65	\$6.55	\$16.46
Change	\$0.08	\$0.07	\$0.96	\$2.14

Proposed variable water rates per CCF beginning July 1, 2026				
Service	Low Volume tier	Base tier	Inefficient tier	Wasteful tier
Water cost	\$2.18	\$2.80	\$5.15	\$5.43
Districtwide conservation programs	\$0	\$0.12	\$0.12	\$0.12
Conservation programs targeted to over-budget customers, urban runoff costs, and water banking costs	\$0	\$0	\$2.76	\$13.77
Total costs per CCF per tier proposed beginning July 2026	\$2.18	\$2.92	\$8.03	\$19.32
Proposed FY 2025–26 rates	\$2.07	\$2.72	\$7.51	\$18.60
Change	\$0.11	\$0.20	\$0.52	\$0.72

IRWD rate calculator

Visit [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates) for more information about rate tiers, types of usage that determine the monthly water budget, and how it is calculated. Additionally, use the IRWD rate calculator to see how staying within or exceeding your monthly water budget affects your bill.



Pumping surcharges

A pumping surcharge will be added to the variable water usage charge for customers in locations that cause IRWD to incur additional pumping costs to supply their water. The surcharge is based on IRWD's prevailing energy costs and varies depending upon the cost to pump water to the area served. If you live in an area affected by a pumping surcharge, the charge is itemized on your monthly bill. To see IRWD's proposed map and proposed changes to the pumping surcharge areas, visit [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates).

Proposed changes to pumping surcharges			
Component	Current rates (vary by pumping surcharge area)	Proposed rates beginning July 1, 2025 (vary by pumping surcharge area)	Proposed rates beginning July 1, 2026 (vary by pumping surcharge area)
Pumping surcharges by area	\$0.41 to \$1.88/CCF	\$0.44 to \$2.03/CCF	\$0.48 to \$2.19/CCF

Fixed water and sewer service charges

In addition to the water usage charges that you control based on the amount of water you use, your bill contains fixed charges for water service and sewer service. Fixed water service charges are based on the size of your water meter providing water flow to your property. These charges are assessed whether or not you use water that month and may increase or decrease based on the number of days in the billing period. Monthly service charges are fixed charges that cover IRWD's cost of operations, maintenance, and infrastructure, and costs that do not change based on the amount of a customer's monthly water or sewer use. Monthly service charges are based on a 30-day calendar month, so billing cycles that are longer or shorter than 30 days are billed based on the proportional number of days. The fixed charge includes an amount set aside for the future inevitable repair and replacement of infrastructure such as pipes, pumping stations, and treatment facilities. This way, IRWD can avoid significant one-time rate spikes when the repairs and replacements are made. These charges are not used to pay for facilities that extend service to new development.

Fixed water service charges

The fixed monthly water service charges for the average residential customer are used to pay for operations and maintenance costs, including inevitable water infrastructure enhancements and replacements. The charge is based on the size of your meter.

Your meter size and amount appear on your bill. Customers who remain in the Low Volume tier for most of the year will have a larger percentage of their bill made up of the fixed charge. Customers who remain in the Low Volume tier for nine months of the prior calendar year will receive a \$2 credit per month, which will be itemized on each bill. New customers do not receive this credit until they have been with the District for a full calendar year.

Proposed changes to fixed monthly water service charges for system operation and maintenance			
Residential meter size for homes, condos, and apartments	Current meter rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
5/8"x3/4" disc	\$13.20	\$14.90	\$15.60
3/4" disc	\$19.80	\$22.35	\$23.40
1" disc	\$33	\$37.25	\$39
1½" disc	\$79.20	\$89.40	\$93.60
2" disc or single jet	\$105.60	\$119.20	\$124.80
2" turbo	\$165	\$186.25	\$195
3" turbo	\$429	\$484.25	\$507
4" turbo	\$825	\$931.25	\$975
6" turbo	\$1,650	\$1,862.50	\$1,950
8" turbo	\$2,310	\$2,607.50	\$2,730
6" turbo omni F-2	\$1,320	\$1,490	\$1,560
8" turbo omni F-2	\$2,310	\$2,607.50	\$2,730
Residential master meter (shared) apartments and condominiums 5/8"x3/4" meter	\$13.20	\$14.90	\$15.60



Fixed sewer service charges

Fixed monthly sewer service charges are used to pay for operations and maintenance costs associated with providing sewer service, including inevitable sewer infrastructure enhancements and replacements of infrastructure such as pipes, pumping stations, and treatment facilities.

Each customer's use of IRWD sewer service derives from the customer's use of potable water from IRWD. Each customer is billed in one of three tiers, based on the customer's lowest three-month potable water usage from the prior calendar year. Until IRWD has a new customer's full calendar year of usage history, the customer is billed at the middle tier rate.

Proposed changes to fixed monthly sewer service charges for collection and treatment			
Average monthly water usage	Current monthly rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
Exceeds 10 CCFs	\$36.79	\$43.45	\$44.60
Falls between 5 and 10 CCFs	\$31.86	\$37	\$38.10
Falls below 5 CCFs	\$25.70	\$28.80	\$29.85

Proposed changes to sewer service charges for collection or treatment only			
Usage	Current monthly rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
Collection only service charge	\$11.55	\$13.05	\$13.65
Treatment only service charge	\$20.50	\$23.95	\$24.45

Private fireline service charges

Private firelines provide water to sprinkler systems for fire suppression on private property. These include fire protection systems such as fire protection sprinklers that are not part of, but are connected to, the public water service. Costs are billed to the customers owning the private fire protection systems and are based upon the size of the fireline.

Firelines will be allocated one CCF of water usage to allow for routine testing. Any use beyond fire suppression and one CCF for routine testing will be charged the variable water use charge within the Wasteful tier.

Proposed changes to monthly fireline service charges			
Private fireline size	Current monthly rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
1"	\$7.65	\$8.10	\$8.50
2"	\$10.15	\$10.20	\$10.85
3"	\$15.80	\$14.95	\$16.25
4"	\$25.50	\$23.15	\$25.50
6"	\$60.35	\$52.60	\$58.80
8"	\$120.50	\$103.35	\$116.20
10"	\$210.95	\$179.75	\$202.60
11"	\$268.95	\$228.75	\$258
12"	\$336.30	\$285.60	\$322.30

New account charges, reconnection service charges, truck dispatch charges, and backflow testing charges

IRWD also charges for setting up new accounts for a property already connected to IRWD's service system, reconnecting water service after it has been shut off, dispatching a truck for services, and backflow testing.

Proposed changes to fees for setting up new accounts, reconnection services, truck dispatch services, and backflow testing			
Component	Current rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
One-time setup fee for new accounts	\$25	\$30	\$31
Reconnection fees	\$55-\$75	\$57-\$78	\$59-\$81
After-hours reconnection fees	\$165-\$200	\$172-\$208	\$179-\$216
Dispatch charge	\$75	\$78	\$81
After-hours dispatch charge	\$200	\$208	\$216
One-time fee for backflow testing	N/A	\$100	\$104

Water Shortage Contingency Plan (WSCP)

IRWD is required by the California Water Code Section 10632 to prepare and adopt a Water Shortage Contingency Plan (WSCP) as part of its Urban Water Management Plan. The WSCP, adopted by IRWD on June 28, 2021, includes plans to implement locally appropriate water shortage response actions for six standard water shortage levels. For a detailed explanation of the District's water shortage responses, refer to the District WSCP at bit.ly/wscp-2021. An overview of the supply shortage response actions considered for each level of water shortage is on Page 33, Table 3-3 of the WSCP.

The table below shows the rates proposed as a potential response action for each water shortage level. These rates are based on the actual cost to provide service to our customers in times of water shortage. The table below includes the target potable water use reduction for each level, the minimum potable water budget provided at each level, and the steps necessary to meet the water shortage at each level. The District has invested in water supply reliability and is not projecting any shortages over the next two years.

Minimum potable water budgets at each level of water shortage					
Water Shortage Contingency Plan level	Target reduction	Messaging and outreach	Outdoor potable water landscape plant assumption <i>(includes residential, dedicated irrigation, nonagricultural, and CII outdoor)</i>	ET factor	Indoor gallons per capita
Normal water budget No shortage	0%	Water efficiency programs and outreach	40% drought-tolerant plants	.75	50
Level 1 0 – 10%	10%	Expanded messaging and targeted outreach	40% drought-tolerant plants	.75	50
Level 2 11 – 20%	20%	Expanded messaging and targeted outreach	No turf; 100% drought-tolerant plants	.625	50
Level 3 21 – 30%	30%	Expanded messaging and targeted outreach	No turf; 25% drought-tolerant plants; 75% native plants; tree health affected	.35	40
Level 4 31 – 40%	40%	Expanded messaging and targeted outreach	No turf; 100% native plants only; tree health affected	.25	32.5
Level 5 41 – 50%	50%	Expanded messaging and targeted outreach	No landscape	0	30
Level 6 51%+	60%	Expanded messaging and targeted outreach	No landscape	0	Basic needs only; 20

How a water shortage could affect rates

If IRWD experiences a water shortage, IRWD may be required to implement water shortage response actions that would include possible water rate increases due to changes in costs to provide customers with water during a shortage. The water rates at each water shortage level are shown in the following tables. The IRWD Board of Directors will consider adopting these rates concurrently with the water and sewer rates discussed prior. The water shortage contingency rates would only be charged to potable customers depending on the level and duration of the water shortage as defined in the WSCP and only when conditions declared by IRWD's Board are met. Customers will receive communication of when these conditions have been met and when the water shortage contingency rates are being charged. For information on how the monthly water budget is calculated for each of these rates, and to use a WSCP budget-based rate calculator, visit IRWD.com/wscp-rates.

Proposed water shortage contingency rates per CCF beginning July 1, 2025						
Rate tier	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Low Volume	\$2.08	\$2.09	\$2.10	\$2.11	\$2.14	\$2.17
Base	\$2.78	\$2.87	\$2.93	\$3.05	\$3.26	\$3.50
Inefficient	\$7.49	\$7.61	\$7.67	\$7.46	\$7.88	\$8.82
Wasteful	\$19.42	\$20.25	\$21.20	\$22.53	\$24.96	\$28.36

Proposed water shortage contingency rates per CCF beginning July 1, 2026						
Rate tier	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Low Volume	\$2.19	\$2.20	\$2.21	\$2.23	\$2.25	\$2.29
Base	\$2.98	\$3.08	\$3.14	\$3.27	\$3.48	\$3.72
Inefficient	\$8.16	\$8.28	\$8.34	\$8.31	\$8.84	\$9.93
Wasteful	\$20.17	\$21.03	\$22.01	\$23.15	\$25.59	\$29



Why did the cost of water and sewer service increase?

The main reasons for the change include uncontrollable cost increases to IRWD attributed to:

- Pass-through charges from Orange County Water District (OCWD) for pumping local groundwater, which is still the lowest-cost water source (3.4% increase in FY 2025–26 and 4.8% increase in FY 2026–27).
- Pass-through charges from Metropolitan Water District of Southern California (MWD) for imported water purchased through the regional wholesaler, the Municipal Water District of Orange County (MWDOC) (11% increase in FY 2025–26 and 11% increase in FY 2026–27).
- Increase in charges from Southern California Edison (SCE) for electricity used in IRWD service operations (8% increase in FY 2025–26 and 8% increase in FY 2026–27).
- Increases in costs associated with continuing to provide the current high level of water service our customers expect, including costs associated with repairs and maintenance related to maintaining the existing infrastructure (7.2% increase in FY 2025–26 and 3.5% increase in FY 2026–27).
- Inflation.

Automatic pass-through adjustments and other surcharges

IRWD used its best available information to calculate proposed increases in the cost of imported water purchased from MWD through MWDOC, the replenishment charges paid to OCWD for pumping groundwater, and the cost for regional treatment of sewage paid to the Orange County Sanitation District (OC San).

IRWD has no control over the charges set by regional agencies (MWD, MWDOC, OCWD, OC San, etc.) or penalties, taxes, and fees assessed by the state and must pass those costs through to IRWD customers. Should any of the regional agencies or the State of California adopt an additional increase (or decrease) in its charges, taxes, or fees (pass-through amount), IRWD may automatically recalculate its rates to include the pass-through amount.

If this occurs, the automatic IRWD rate adjustment will not require a public hearing or any additional action by the IRWD Board of Directors. At least 30 days before the effective date of the adjustment, IRWD will provide its customers with notice of the expected adjustment(s), which will generally be calculated as the total projected cost increase divided by the projected annual water consumption or annual total sewage flow as appropriate. This calculation will vary as necessary to reflect IRWD's different service areas and service classes.

If the State Water Resources Control Board (State Board) imposes fines on IRWD because of a violation(s) of a State Board regulation adopted to prevent the waste or unreasonable use of water, or to promote water conservation, to the extent such violation(s) are due to consumption of water in excess of customers' water usage budgets, IRWD may levy a surcharge on the volume of water used of up to \$3.51 per CCF.

If IRWD is fined by the State Board, at least 30 days before implementing a surcharge, IRWD will provide its customers with notice of the surcharge amount(s), which will generally be calculated as the total projected fine divided by the total water use in the Inefficient and Wasteful tiers.

Public hearing, protests, and legal objections

Any customer or property owner within the IRWD service area may (1) file a written protest to the proposed rate increases and/or (2) submit a written legal objection stating how the proposed rates do not comply with existing law. Written protests and legal objections should be sent to IRWD, P.O. Box 5149, Irvine, CA 92616. A valid protest or legal objection must include your name, the address at which you receive service from IRWD, a statement of protest or a statement that your letter constitutes a legal objection, and your original signature.

Protests: Any customer or property owner may submit a protest to be received by mail by June 23, 2025, and may appear at the June 23 hearing to make comments regarding the proposed rates. Protests may also be delivered in person and must be received prior to the conclusion of the June 23 public hearing.

Legal objections: To be considered sufficient, a legal objection must include a description of the nature of the legal objection with sufficient specificity to allow IRWD to respond in writing. Legal objections must be received by May 30, 2025. Pursuant to Government Code Section 53759.2, failure to submit a sufficient legal objection by May 30 will bar your right to challenge the proposed rates through a legal proceeding.

Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water and sewer fee or charge.

Additional information

For information on IRWD water efficiency programs and rebates, visit [IRWD.com](https://www.irwd.com) or contact Customer Service at [949-453-5300](tel:949-453-5300).

Notice of Proposed Water and Sewer Rate Change

COMMERCIAL / INDUSTRIAL / PUBLIC AUTHORITY / NONRESIDENTIAL MIXED USE

Irvine Ranch Water District is a public agency that provides water and sewer service. Our rates are based on the actual cost to provide water and sewer service to our customers and are based on the expenses included in IRWD's budget. The IRWD Board of Directors adopted a two-year budget on March 24, 2025. The basis for the proposed rates is detailed in the Cost of Service Study, which is available at [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates). **The proposed rates for the two years, if adopted, will be effective June 23, 2025, and will be implemented on July 1, 2025, and July 1, 2026, respectively.**

A critical IRWD objective is to keep costs, and therefore rates, as low as possible for our customers. Even with the proposed increase, when compared with other agencies providing similar services in Orange County, IRWD's rates are consistently among the lowest.

Proposed water rates in 2025 and 2026

IRWD is proposing an increase in water rates in 2025 and 2026. The increase is due primarily to uncontrollable pass-through cost increases from regional agencies that supply water, regional sewage, or energy services to IRWD, as well as inflation and increases in costs associated with continuing to provide the current high level of water and sewer service our customers expect.

The Base rate for potable and recycled water is for usage within the customer's monthly water budget. The Wasteful tier is for potable and recycled water usage that exceeds the customer's monthly water budget. Temporary and untreated water customers are charged at a flat rate because construction timelines and water usage can vary project by project and cannot be estimated on a monthly basis.

Summary of proposed potable water commercial commodity rates				
Tier	Percentage use of monthly water budget	Current rates per CCF*	Proposed rates per CCF beginning July 1, 2025	Proposed rates per CCF beginning July 1, 2026
Base	0 – 100%	\$2.65	\$2.72	\$2.92
Wasteful	101%+	\$16.46	\$18.60	\$19.32

Summary of proposed recycled water commercial commodity rates				
Tier	Percentage use of monthly water budget	Current rates per CCF	Proposed rates per CCF beginning July 1, 2025	Proposed rates per CCF beginning July 1, 2026
Base	0 – 100%	\$2.47	\$2.39	\$2.37
Wasteful	101%+	\$9.27	\$9.93	\$10.46

Temporary (construction) commodity rates			
Component	Current rates per CCF	Proposed rates per CCF beginning July 1, 2025	Proposed rates per CCF beginning July 1, 2026
Potable	\$3.25	\$3.41	\$3.64
Recycled	\$1.75	\$1.98	\$2.08

Untreated water commercial commodity rates		
Current rates per CCF	Proposed rates per CCF beginning July 1, 2025	Proposed rates per CCF beginning July 1, 2026
\$2.23	\$2.05	\$2.23

*1 CCF = 100 cubic feet or 748 gallons

Understanding your water bill

Your water bill has two basic components:

- **Variable water usage charges** are for the amount of water you use inside and outside each month. These charges are based on the cost of local and imported water and other costs of providing service that vary based on usage. Some customers may also incur a pumping surcharge to cover additional pumping costs to serve their properties.
- **Service charges** are to recover the fixed expenses of operating and maintaining IRWD's infrastructure. There are separate service charges for water and sewer service. These monthly fixed costs fluctuate depending on the number of days in a billing cycle.

How your water budget is calculated

Each customer is assigned a monthly water usage budget, which represents an efficient volume of water to meet your specific water use needs and uses. IRWD establishes an individualized water budget for each Commercial, Industrial, and Institutional (CII) customer based on an analysis of the indoor and outdoor water use needs. This may include an on-site assessment.

Usage up to 100% of the water budget is billed at the Base rate. Usage above a customer's water budget is billed at a higher Wasteful rate because IRWD must use more expensive water to meet Wasteful demands.

Visit [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates) for information on the potable Base and Wasteful CII rates and all other CII rates. For information on your property's monthly water budget, contact Customer Service at **949-453-5300**.

Variable water usage charges

How much you pay for each CCF of water per month depends on whether you stay within your assigned water usage budget.

IRWD allocates its lowest-cost water supplies for customers' usage within their monthly water budget. Higher-cost water is used to meet demands of customers' water use above their budgets.

Tier-based rates

Potable rates are broken into two tiers. Each tier is assigned a rate based on the actual cost of serving customers within each tier. Cost of service includes both the cost of water based on the source of water and other variable costs as detailed below.

The Base rate tier is for water used within each commercial, industrial, public authority, or nonresidential mixed use customer's (CII) budget, which is sourced primarily from lower-cost groundwater and supplemented with imported water. The majority of imported water costs are allocated to the Wasteful tier. Expenses for districtwide conservation programs that educate customers on ways to conserve water and assist customers with conservation are included in both tiers.

Additional costs associated with targeted conservation programs, urban runoff treatment, and water banking are paid only by customers with usage in the Wasteful tier because their higher usage: (i) requires individualized conservation assistance, (ii) leads to urban runoff that requires costly treatment, and/or (iii) requires greater water reserves through water banking to provide reliable water supplies during a drought or other water shortage.

Costs are allocated to the Wasteful tier based on their share of costs to run these programs. Information about the costs included in the recycled water tiers can be found in the Cost of Service Study at [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates).

Proposed variable potable water rates per CCF beginning July 1, 2025		
Service	Base tier	Wasteful tier
Total water cost	\$2.60	\$5.21
Districtwide conservation programs	\$0.12	\$0.12
Conservation programs targeted to over-budget customers, urban runoff costs, and water banking costs	\$0	\$13.27
Total cost per CCF per tier proposed beginning July 2025	\$2.72	\$18.60
Current rates	\$2.65	\$16.46
Change	\$0.07	\$2.14

Proposed variable potable water rates per CCF beginning July 1, 2026		
Service	Base tier	Wasteful tier
Total water cost	\$2.80	\$5.43
Districtwide conservation programs	\$0.12	\$0.12
Conservation programs targeted to over-budget customers, urban runoff costs, and water banking costs	\$0	\$13.77
Total cost per CCF per tier proposed beginning July 2026	\$2.92	\$19.32
Proposed FY 2025–26 rates	\$2.72	\$18.60
Change	\$0.20	\$0.72

Pumping surcharges

A pumping surcharge will be added to the variable water usage charge for customers in locations that cause IRWD to incur additional pumping costs to supply their water. The surcharge is based on IRWD's prevailing energy costs and varies depending upon the cost to pump water to the area served.

If you are located in an area affected by a pumping surcharge, the charge is itemized on your monthly bill. IRWD is proposing changes to the pumping surcharge areas.

Visit [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates) to see the proposed map and charges by area.

Proposed changes to pumping surcharge			
Component	Current rates <i>(rates vary by pumping surcharge area)</i>	Proposed rates beginning July 1, 2025 <i>(rates vary by pumping surcharge area)</i>	Proposed rates beginning July 1, 2026 <i>(rates vary by pumping surcharge area)</i>
Potable	\$0.41 to \$1.88/CCF	\$0.44 to \$2.03/CCF	\$0.48 to \$2.19/CCF
Recycled	\$0.25 to \$0.58/CCF	\$0.27 to \$0.63/CCF	\$0.29 to \$0.68/CCF

Fixed water and sewer service charges

In addition to the water usage charges that you control based on the amount of water you use, your bill contains fixed charges for water service and sewer service.

Fixed water service charges are based on the size of your water meter providing water flow to your property. These charges are assessed whether or not you use water that month and may increase or decrease based on the number of days in the billing period.

Monthly service charges are fixed charges that cover IRWD's cost of operations, maintenance, and infrastructure, and do not change based on the amount of a customer's monthly water or sewer use.

Monthly service charges are based on a 30-day calendar month, so billing cycles that are longer or shorter than 30 days are billed based on the proportional number of days.

The fixed charge includes an amount set aside for the future inevitable repair and replacement of infrastructure such as pipes, pumping stations, and treatment facilities. This way, IRWD can avoid significant one-time rate spikes when the repairs and replacements are made.

These charges are not used to pay for facilities that extend service to new development.

Fixed water service charges

The fixed monthly water service charges for CII customers are used to pay for operations and maintenance costs, including inevitable water infrastructure enhancements and replacements.

The charge is based on the size of your meter. Your meter size and amount appear on your bill.

Proposed changes to fixed monthly water service charges for system operation and maintenance			
Meter size	Current meter rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
5/8"x3/4" disc	\$13.20	\$14.90	\$15.60
3/4" disc	\$19.80	\$22.35	\$23.40
1" disc	\$33	\$37.25	\$39
1½" disc	\$79.20	\$89.40	\$93.60
2" disc	\$105.60	\$119.20	\$124.80
2" turbo	\$165	\$186.25	\$195
3" turbo	\$429	\$484.25	\$507
4" turbo	\$825	\$931.25	\$975
6" turbo	\$1,650	\$1,862.50	\$1,950
8" turbo	\$2,310	\$2,607.50	\$2,730
10" turbo	\$4,620	\$5,215	\$5,460
6" magnetic meter	\$1,848	\$2,153.80	\$2,255
8" magnetic meter	\$3,282.85	\$3,705.65	\$3,879.70
4" omni F-2	\$825	\$745	\$780
6" omni F-2	\$1,320	\$1,490	\$1,560
8" omni F-2	\$2,310	\$2,607.50	\$2,730
1½" single jet	\$66	\$74.50	\$78
2" single jet	\$105.60	\$119.20	\$124.80
3" turbo temporary construction meter with backflow	N/A	\$514.65	\$538.85

Fixed sewer service charges

Fixed monthly sewer service charges are used to pay for operations and maintenance costs associated with providing sewer service, including inevitable sewer infrastructure enhancements and replacements of infrastructure such as pipes, pumping stations, and treatment facilities.

Each customer's use of IRWD sewer service derives from the customer's use of water from IRWD. Additional fixed monthly charges for the operation and maintenance of the system are based on the customers' indoor usage exceeding 10 CCF per month. The proposed fixed and variable monthly charges are presented at right.

Proposed changes to fixed monthly sewer service charges for collection and treatment			
Average monthly water usage	Current monthly rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
≤10 CCF per month	\$36.79	\$43.45	\$44.60
Quantity service charge (beyond 10 CCF)	\$3.07/CCF	\$3.94/CCF	\$3.99/CCF
OC San special purpose permit discharge rate (if applicable)	Up to \$1,754.41 per million gallons	Up to \$1,836.37 per million gallons	Up to \$1,922.17 per million gallons

Proposed changes for areas receiving collection service or treatment service only			
Monthly usage	Current monthly rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
Collection service charge (≤10 CCF per month)	\$11.55	\$13.05	\$13.65
Collection service charge (beyond 10 CCF per month)	N/A	\$1.06	\$1.08
Treatment service charge (≤10 CCF per month)	\$20.50	\$23.95	\$24.45
Treatment service charge (beyond 10 CCF per month)	N/A	\$2.88	\$2.91

Private fireline service charges

Private firelines provide water to sprinkler systems for fire suppression on private property. These include fire protection systems, such as fire protection sprinklers that are not part of, but are connected to, the public water service.

Costs are billed to the customers owning the private fire protection systems and are based upon the size of the fireline. Firelines will be allocated one CCF of water usage to allow for routine testing. Any use beyond fire suppression and one CCF for routine testing will be charged the variable water use charge within the Wasteful tier.

Proposed changes to monthly fireline service charges			
Private fireline size	Current monthly rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
1"	\$7.65	\$8.10	\$8.50
2"	\$10.15	\$10.20	\$10.85
3"	\$15.80	\$14.95	\$16.25
4"	\$25.50	\$23.15	\$25.50
6"	\$60.35	\$52.60	\$58.80
8"	\$120.50	\$103.35	\$116.20
10"	\$210.95	\$179.75	\$202.60
11"	\$268.95	\$228.75	\$258
12"	\$336.30	\$285.60	\$322.30

New account charges, reconnection service charges, truck dispatch charges, and backflow testing charges

IRWD also charges for setting up new accounts for a property already connected to IRWD's service system, reconnecting water service after it has been shut off, dispatching a truck for services, and backflow testing.

Proposed changes to fees for new accounts, reconnection services, truck dispatch services, and backflow testing			
Component	Current rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
One-time setup fee for new accounts	\$25	\$30	\$31
Reconnection fees	\$55–\$75	\$57–\$78	\$59–\$81
After-hours reconnection fees	\$165–\$200	\$172–\$208	\$179–\$216
Dispatch charge	\$75	\$78	\$81
After-hours dispatch charge	\$200	\$208	\$216
One-time fee for backflow testing	N/A	\$100	\$104

Water Shortage Contingency Plan (WSCP)

IRWD is required by the California Water Code Section 10632 to prepare and adopt a Water Shortage Contingency Plan (WSCP) as part of its Urban Water Management Plan. The WSCP, adopted by IRWD on June 28, 2021, includes plans to implement locally appropriate water shortage response actions for six standard water shortage levels. For a detailed explanation of the District's water shortage responses, please refer to the District's WSCP at bit.ly/wscp-2021. An overview of the supply shortage response actions considered for each level of water shortage is on Page 33, Table 3-3 of the WSCP.

The table below shows the rates proposed as a potential response action for each water shortage level. These rates are based on the actual cost to provide service to our customers in times of water shortage. The table below includes the target potable water use reduction for each level, the minimum potable water budget provided at each level, and the steps necessary to meet the water shortage at each level. The District has invested in water supply reliability and is not projecting any shortages over the next two years.

Minimum potable water budgets at each level of water shortage					
Water Shortage Contingency Plan level	Target reduction	Messaging and outreach	Outdoor potable water landscape plant assumption <i>(includes residential, dedicated irrigation, nonagricultural, and CII outdoor)</i>	ET factor	Potable, Commercial, Industrial, and Institutional (CII) percent indoor reduction
Normal water budget No shortage	0%	Water efficiency programs and outreach	40% drought-tolerant plants	.75	0%
Level 1 0 – 10%	10%	Expanded messaging and targeted outreach	40% drought-tolerant plants	.75	0%
Level 2 11 – 20%	20%	Expanded messaging and targeted outreach	No turf; 100% drought-tolerant plants	.625	0%
Level 3 21 – 30%	30%	Expanded messaging and targeted outreach	No turf; 25% drought-tolerant plants; 75% native plants; tree health affected	.35	0%
Level 4 31 – 40%	40%	Expanded messaging and targeted outreach	No turf; 100% native plants only; tree health affected	.25	10%
Level 5 41 – 50%	50%	Expanded messaging and targeted outreach	No landscape	0	20%
Level 6 51%+	60%	Expanded messaging and targeted outreach	No landscape	0	30%

How a water shortage could affect rates

If IRWD experiences a water shortage, IRWD may be required to implement water shortage response actions that would include possible water rate increases due to changes in costs to provide customers with water during a shortage. The water rates at each water shortage level are shown in the below tables. The IRWD Board of Directors will consider adopting these rates concurrently with the water and sewer rates discussed prior. The water shortage contingency rates would only be charged to potable customers depending on the level and duration of the water shortage as defined in the WSCP, and only when conditions declared by IRWD's Board are met. Customers will receive communication of when these conditions have been met and when the water shortage contingency rates are being charged. For more information regarding how the monthly water budget is calculated for each of these rates, contact Customer Service at [949-453-5300](tel:949-453-5300).

Proposed potable water shortage contingency rates per CCF beginning July 1, 2025						
Rate tier	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Base	\$2.78	\$2.87	\$2.93	\$3.05	\$3.26	\$3.50
Wasteful	\$19.42	\$20.25	\$21.20	\$22.53	\$24.96	\$28.36

Proposed potable water shortage contingency rates per CCF beginning July 1, 2026						
Rate tier	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Base	\$2.98	\$3.08	\$3.14	\$3.27	\$3.48	\$3.72
Wasteful	\$20.17	\$21.03	\$22.01	\$23.15	\$25.59	\$29

Why did the cost of water and sewer service increase?

The main reasons for the change include uncontrollable cost increases to IRWD attributed to:

- Pass-through charges from Orange County Water District (OCWD) for pumping local groundwater, which is still the lowest-cost water source (3.4% increase in FY 2025–26 and 4.8% increase in FY 2026–27).
- Pass-through charges from Metropolitan Water District of Southern California (MWD) for imported water purchased through the regional wholesaler, the Municipal Water District of Orange County (MWD OC) (11% increase in FY 2025–26 and 11% increase in FY 2026–27).
- Increase in charges from Southern California Edison (SCE) for electricity used in IRWD service operations (8% increase in FY 2025–26 and 8% increase in FY 2026–27).
- Increases in costs associated with continuing to provide the current high level of water service our customers expect, including costs associated with repairs and maintenance related to maintaining the existing infrastructure (7.2% increase in FY 2025–26 and 3.5% increase in FY 2026–27).
- Inflation.

Automatic pass-through adjustments and other surcharges

IRWD used its best available information to calculate proposed increases in the cost of imported water purchased from MWD through MWD OC, the replenishment charges paid to OCWD for pumping groundwater, and the cost for regional treatment of sewage paid to the Orange County Sanitation District (OC San).

IRWD has no control over the charges set by regional agencies (MWD, MWD OC, OCWD, OC San, etc.) or penalties, taxes, and fees assessed by the state, and must pass those costs through to IRWD customers. Should any of the regional agencies or the State of California adopt an additional increase or decrease in its charges, taxes, or fees (pass-through amount), IRWD may automatically recalculate its rates to include the pass-through amount.

If this occurs, the automatic IRWD rate adjustment will not require a public hearing or any additional action by the IRWD Board of Directors. At least 30 days before the effective date of the adjustment, IRWD will provide its customers with notice of the expected adjustment(s), which will generally be calculated as the total projected cost increase divided by the projected annual water consumption or annual total sewage flow as appropriate. This calculation will vary as necessary to reflect IRWD's different service areas and service classes.

If the State Water Resources Control Board (State Board) imposes fines on IRWD because of a violation(s) of a State Board regulation adopted to prevent the waste or unreasonable use of water, or to promote water conservation, to the extent such violation(s) are due to consumption of water in excess of customers' water usage budgets, IRWD may levy a surcharge on the volume of water used of up to \$3.51 per CCF.

If IRWD is fined by the State Board, at least 30 days before implementing a surcharge, IRWD will provide its customers with notice of the surcharge amount(s), which will generally be calculated as the total projected fine divided by the total water use in the Wasteful tier.

Public hearing, protests, and legal objections

Any customer or property owner within the IRWD service area may (1) file a written protest to the proposed rate increases and/or (2) submit a written legal objection stating how the proposed rates do not comply with existing law. Written protests and legal objections should be sent to IRWD, P.O. Box 5149, Irvine, CA 92616. A valid protest or legal objection must include your name, the address at which you receive service from IRWD, a statement of protest or a statement that your letter constitutes a legal objection, and your original signature.

Protests: Any customer or property owner may submit a protest to be received by mail by June 23, 2025, and may appear at the June 23 hearing to make comments regarding the proposed rates. Protests may also be delivered in person and must be received prior to the conclusion of the June 23 public hearing.

Legal objections: To be considered sufficient, a legal objection must include a description of the nature of the legal objection with sufficient specificity to allow IRWD to respond in writing. Legal objections must be received by May 30, 2025. Pursuant to Government Code Section 53759.2, failure to submit a sufficient legal objection by May 30 will bar your right to challenge the proposed rates through a legal proceeding.

Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water and sewer fee or charge.

Additional information

For information on IRWD water efficiency programs and rebates, visit [IRWD.com](https://www.irwd.com) or contact Customer Service at [949-453-5300](tel:949-453-5300).



Notice of Proposed Water Rate Change

LANDSCAPE / AGRICULTURAL

Irvine Ranch Water District is a public agency that provides water and sewer service. Our rates are based on the actual cost to provide water and sewer service to our customers and are based on the expenses included in IRWD's budget. The IRWD Board of Directors adopted a two-year budget on March 24, 2025. The basis for the proposed rates is detailed in the Cost of Service Study, available at [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates). **The proposed rates for the two years, if adopted, will be effective June 23, 2025, and will be implemented on July 1, 2025, and July 1, 2026, respectively.**

A critical IRWD objective is to keep costs, and therefore rates, as low as possible for our customers. Even with the proposed increase, when compared with other agencies providing similar services in Orange County, IRWD's rates are consistently among the lowest.

Proposed water rates in 2025 and 2026

A summary of proposed rates based on your water usage, information on your water budget, and how the rates are calculated are shown on the following pages.

Understanding your water bill

Your water bill has two basic components:

- **Variable water usage charges** are for the amount of water you use outdoors each month. These charges are based on the cost of local and imported water and other costs of providing service that vary based on usage. Some customers may also incur a pumping surcharge to cover additional pumping costs to serve their properties.
- **Service charges** are to recover the fixed expenses of operating and maintaining IRWD's infrastructure. These monthly fixed costs fluctuate depending on the number of days in a billing cycle.

Landscape / nonagricultural customers

Variable water usage charges

How much you pay for each CCF (100 cubic feet, or 748 gallons) of water depends on whether you stay within your water budget. IRWD allocates its lowest-cost water supplies for customers' usage within their monthly water budget. Higher-cost water is used to meet demands of customers' water use above their budgets. For example, groundwater from local wells is the least expensive supply, while imported potable water from out of state or Northern California costs the most.

The increase in rates is due primarily to uncontrollable pass-through cost increases from regional agencies that supply water or energy services to IRWD, as well as inflation and increases in costs associated with continuing to provide the current high level of water service our customers expect.

Tier-based rates

Rates are broken into four tiers. Each tier is assigned a rate based on the actual cost of serving customers within each tier. Cost of service includes both the cost of water based on the source of water and other variable costs as detailed on the following page. Low Volume and Base rate tiers are for water used within each customer's budget, which for potable water is sourced primarily from lower-cost groundwater and reduces the need to import expensive water. The majority of imported water costs are allocated to the Inefficient and Wasteful tiers. Expenses for districtwide conservation programs that educate and assist customers on ways to conserve water are not included in the Low Volume rate since customers who remain in this tier do not need this assistance, though they are eligible.

Summary of proposed landscape variable potable water rates				
Tier	Percentage use of monthly water budget	Current rates per CCF*	Proposed rates per CCF beginning July 1, 2025	Proposed rates per CCF beginning July 1, 2026
Low Volume	0 – 40%	\$1.99	\$2.07	\$2.18
Base	41 – 100%	\$2.65	\$2.72	\$2.92
Inefficient	101 – 140%	\$6.55	\$7.51	\$8.03
Wasteful	141%+	\$16.46	\$18.60	\$19.32

Summary of proposed landscape variable recycled water rates				
Tier	Percentage use of monthly water budget	Current rates per CCF	Proposed rates per CCF beginning July 1, 2025	Proposed rates per CCF beginning July 1, 2026
Low Volume	0 – 40%	\$1.43	\$1.38	\$1.45
Base	41 – 100%	\$2.47	\$2.39	\$2.37
Inefficient	101 – 140%	\$5.27	\$5.43	\$5.78
Wasteful	141%+	\$9.27	\$9.93	\$10.46

*1 CCF = 748 gallons

Proposed variable potable water rates per CCF beginning July 1, 2025				
Service	Low Volume tier	Base tier	Inefficient tier	Wasteful tier
Water cost	\$2.07	\$2.60	\$4.77	\$5.21
Districtwide conservation programs	\$0	\$0.12	\$0.12	\$0.12
Conservation programs targeted to over-budget customers, urban runoff costs, and water banking costs	\$0	\$0	\$2.62	\$13.27
Total cost per CCF per tier proposed beginning July 2025	\$2.07	\$2.72	\$7.51	\$18.60
Current rates	\$1.99	\$2.65	\$6.55	\$16.46
Change	\$0.08	\$0.07	\$0.96	\$2.14

Proposed variable potable water rates per CCF beginning July 1, 2026				
Service	Low Volume tier	Base tier	Inefficient tier	Wasteful tier
Water cost	\$2.18	\$2.80	\$5.15	\$5.43
Districtwide conservation programs	\$0	\$0.12	\$0.12	\$0.12
Conservation programs targeted to over-budget customers, urban runoff costs, and water banking costs	\$0	\$0	\$2.76	\$13.77
Total cost per CCF per tier proposed beginning July 2026	\$2.18	\$2.92	\$8.03	\$19.32
Proposed FY 2025–26 rates	\$2.07	\$2.72	\$7.51	\$18.60
Change	\$0.11	\$0.20	\$0.52	\$0.72

Proposed variable recycled water rates per CCF beginning July 1, 2025				
Service	Low Volume tier	Base tier	Inefficient tier	Wasteful tier
Water cost	\$1.38	\$2.27	\$5.15	\$5.15
Districtwide conservation programs	\$0	\$0.12	\$0.12	\$0.12
Conservation programs targeted to over-budget customers and urban runoff costs	\$0	\$0	\$0.16	\$4.66
Total cost per CCF per tier proposed beginning July 2025	\$1.38	\$2.39	\$5.43	\$9.93
Current rates	\$1.43	\$2.47	\$5.27	\$9.27
Change	-\$0.05	-\$0.08	\$0.16	\$0.66

Proposed variable potable water rates per CCF beginning July 1, 2026				
Service	Low Volume tier	Base tier	Inefficient tier	Wasteful tier
Water cost	\$1.45	\$2.25	\$5.49	\$5.49
Districtwide conservation programs	\$0	\$0.12	\$0.12	\$0.12
Conservation programs targeted to over-budget customers and urban runoff costs	\$0	\$0	\$0.17	\$4.85
Total cost per CCF per tier proposed beginning July 2026	\$1.45	\$2.37	\$5.78	\$10.46
Proposed FY 2025–26 rates	\$1.38	\$2.39	\$5.43	\$9.93
Change	\$0.07	-\$0.02	\$0.35	\$0.53

Additional costs associated with targeted conservation programs, urban runoff treatment, and water banking (for potable only) are paid only by customers with usage in the Inefficient and Wasteful tiers because their higher usage: (i) requires individualized conservation assistance, (ii) leads to urban runoff that requires costly treatment, and/or (iii) requires greater water reserves through water banking to provide reliable water supplies during a drought or other water shortage. Costs are allocated among those two tiers based on their share of costs to run these programs.



IRWD rate calculator

Visit [IRWD.com/services/proposed-rates](https://irwd.com/services/proposed-rates) for rate tiers, types of usage that determine the monthly water budget, and how it is calculated. Additionally, use the IRWD rate calculator to see how staying within or exceeding your monthly water budget affects your bill.

How landscape water budgets are calculated

Each customer is assigned a monthly water usage budget, which is based on your irrigated landscape area and represents an efficient volume of water to meet your individualized water needs. Calculations are made for potable and recycled water, and various factors are taken into consideration.

The **potable landscape water budget** is calculated for your property using actual data from local weather stations. We multiply your irrigated landscape area (in acres) x evapotranspiration (ET) x 0.75 ET factor (assumes landscape is 60% warm-season turf and includes 20% additional water to account for inefficiency in irrigation system) x 36.3 conversion factor to convert acre-inches to CCF.

The **recycled (nonagricultural) water budget** is calculated for property using actual data from local weather stations. We multiply your irrigated landscape area (in acres) x evapotranspiration x 0.87 ET factor (assumes that 100% of landscape is warm-season turf and includes 25% additional water to account for inefficiency in your irrigation system) x 36.3 conversion factor to convert acre-inches to CCF.

$$\text{Potable budget calculation} = \text{Irrigated landscape area} \times \text{Evapo-transpiration (daily weather data)} \times .75 \times 36.3$$

ET factor Conversion factor

$$\text{Recycled budget calculation} = \text{Irrigated landscape area} \times \text{Evapo-transpiration (daily weather data)} \times .87 \times 36.3$$

ET factor Conversion factor

Key definitions to know

- **CCF:** The basic measurement of water use. One CCF equals 100 cubic feet of water, or about 748 gallons.
- **Evapotranspiration (ET):** A measure of daily plant water loss.
- **ET factor:** Adjusts for the plants in your landscape and provides an allowance for inefficiency in your irrigation system.

Fixed water service charges

In addition to water usage charges, bills for landscape / nonagricultural customers contain fixed charges for water service that are based on the size of your water meter providing water flow to your property. These charges are assessed whether or not you use water that month and may increase or decrease based on the number of days in the billing period. The monthly fixed service charges cover IRWD's cost of operations, maintenance, and infrastructure and do not change based on the amount of a customer's monthly water use.

Monthly service charges are based on a 30-day calendar month; billing cycles that are longer or shorter than 30 days are billed based on the proportional number of days. The fixed charge includes an amount set aside for future inevitable repair and replacement of infrastructure. This way, IRWD can avoid significant one-time rate spikes when repairs and replacements are made. These charges are not used to pay for facilities that extend service to new development. Customers who remain in the Low Volume tier for most of the year have a larger percentage of their bill made up of the fixed charge.

Proposed fixed monthly water service charges for system operation and maintenance			
Meter size	Current meter rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
5/8"x3/4" disc	\$13.20	\$14.90	\$15.60
3/4" disc	\$19.80	\$22.35	\$23.40
1" disc	\$33	\$37.25	\$39
1 1/2" disc	\$79.20	\$89.40	\$93.60
2" disc	\$105.60	\$119.20	\$124.80
2" turbo	\$165	\$186.25	\$195
3" turbo	\$429	\$484.25	\$507
4" turbo	\$825	\$931.25	\$975
6" turbo	\$1,650	\$1,862.50	\$1,950
8" turbo	\$2,310	\$2,607.50	\$2,730
10" turbo	\$4,620	\$5,215	\$5,460
6" magnetic meter	\$1,848	\$2,153.80	\$2,255
8" magnetic meter	\$3,282.85	\$3,705.65	\$3,879.70
4" omni F-2	\$825	\$745	\$780
6" omni F-2	\$1,320	\$1,490	\$1,560
8" omni F-2	\$2,310	\$2,607.50	\$2,730
1 1/2" single jet	\$66	\$74.50	\$78
2" single jet	\$105.60	\$119.20	\$124.80

Agricultural customers

Agricultural water use charges are billed monthly based on the actual volume of water used. A summary of proposed agricultural water rates is shown at right. Because agricultural water use is highly variable month-to-month and year-to-year (e.g., based on cropping patterns), it is billed based on actual usage rather than a water budget.

The water rate for agricultural customers incorporates both the variable and fixed charge components. As a result, agricultural customers are not billed a separate fixed monthly charge based on their meter size.

Summary of proposed changes to agricultural water rates			
Tier	Current rate per CCF	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
Potable	\$3.63	\$3.92	\$4.14
Recycled	\$2.16	\$2.04	\$2.09
Untreated	\$2.41	\$2.28	\$2.50

Pumping surcharges

A pumping surcharge will be added to the variable water usage charge for customers in locations that cause IRWD to incur additional pumping costs to supply their water. The surcharge is based on IRWD's prevailing energy costs and varies depending upon the cost to pump water to the area served. If you live in an area affected by a pumping surcharge, the charge is itemized on your monthly bill. IRWD is proposing changes to the pumping surcharge areas. Visit [IRWD.com/services/proposed-rates](https://www.irwd.com/services/proposed-rates) to see the proposed map and charges by area.

Proposed changes to pumping surcharges			
Component	Current rates (vary by pumping surcharge area)	Proposed rates beginning July 1, 2025 (vary by pumping surcharge area)	Proposed rates beginning July 1, 2026 (vary by pumping surcharge area)
Potable	\$0.41 to \$1.88/CCF	\$0.44 to \$2.03/CCF	\$0.48 to \$2.19/CCF
Recycled	\$0.25 to \$0.58/CCF	\$0.27 to \$0.63/CCF	\$0.29 to \$0.68/CCF

New account charges, reconnection service charges, truck dispatch charges, and backflow testing charges

IRWD also charges for setting up new accounts for a property already connected to IRWD's service system, reconnecting water service after it has been shut off, dispatching a truck for services, and backflow testing.

Proposed changes to fees setting up new accounts, reconnection services, truck dispatch services, and backflow testing			
Component	Current rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
One-time setup fee for new accounts	\$25	\$30	\$31
Reconnection fees	\$55-\$75	\$57-\$78	\$59-\$81
After-hours reconnection fees	\$165-\$200	\$172-\$208	\$179-\$216
Dispatch charge	\$75	\$78	\$81
After-hours dispatch charge	\$200	\$208	\$216
One-time fee for backflow testing	N/A	\$100	\$104

Water Shortage Contingency Plan (WSCP)

IRWD is required by the California Water Code Section 10632 to prepare and adopt a Water Shortage Contingency Plan (WSCP) as part of its Urban Water Management Plan. The WSCP, adopted by IRWD on June 28, 2021, includes plans to implement locally appropriate water shortage response actions for six standard water shortage levels. The following are the rates proposed as a potential response action for each water shortage level.

These rates are based on the actual cost to provide service to our customers in times of water shortage. For a detailed explanation of the District's water shortage responses, please refer to the District's WSCP at bit.ly/wscp-2021. An overview of the supply shortage response actions considered for each level of water shortage can be found on Page 33, Table 3-3 of the WSCP. The table below includes the target potable water use reduction, the minimum potable water budget provided, and the steps necessary to meet the water shortage at each level. The District has invested in water supply reliability and is not projecting any shortages over the next two years.

Minimum potable water budgets at each level of water shortage				
Water Shortage Contingency Plan level	Target potable reduction	Messaging and outreach	Potable water landscape plant assumption <i>(includes residential, dedicated irrigation, nonagricultural, and CII outdoor)</i>	ET factor
Normal water budget No shortage	0%	Water efficiency programs and outreach	40% drought-tolerant plants	.75
Level 1 0 – 10%	10%	Expanded messaging and targeted outreach	40% drought-tolerant plants	.75
Level 2 11 – 20%	20%	Expanded messaging and targeted outreach	No turf; 100% drought-tolerant plants	.625
Level 3 21 – 30%	30%	Expanded messaging and targeted outreach	No turf; 25% drought-tolerant plants; 75% native plants; tree health affected	.35
Level 4 31 – 40%	40%	Expanded messaging and targeted outreach	No turf; 100% native plants only; tree health affected	.25
Level 5 41 – 50%	50%	Expanded messaging and targeted outreach	No landscape	0
Level 6 50%+	60%	Expanded messaging and targeted outreach	No landscape	0

How a water shortage could affect rates

If IRWD experiences a water shortage, IRWD may be required to implement water shortage response actions that would include possible water rate increases due to changes in costs to provide customers with water during a shortage. The water rates at each water shortage level are shown in the below tables. The IRWD Board of Directors will consider adopting these rates concurrently with the water and sewer rates discussed prior. The water shortage contingency rates would only be charged to potable customers depending on the level and duration of the water shortage as defined in the WSCP and only when conditions declared by IRWD's Board are met. Customers will receive communication of when these conditions have been met and when the water shortage contingency rates are being charged. For more information regarding how the monthly water budget is calculated for each of these rates, contact Customer Service at **949-453-5300**.

Proposed potable water shortage contingency rates per CCF beginning July 1, 2025						
Rate tier	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Low Volume	\$2.08	\$2.09	\$2.10	\$2.11	\$2.14	\$2.17
Base	\$2.78	\$2.87	\$2.93	\$3.05	\$3.26	\$3.50
Inefficient	\$7.49	\$7.61	\$7.67	\$7.46	\$7.88	\$8.82
Wasteful	\$19.42	\$20.25	\$21.20	\$22.53	\$24.96	\$28.36

Proposed potable water shortage contingency rates per CCF beginning July 1, 2026						
Rate tier	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Low Volume	\$2.19	\$2.20	\$2.21	\$2.23	\$2.25	\$2.29
Base	\$2.98	\$3.08	\$3.14	\$3.27	\$3.48	\$3.72
Inefficient	\$8.16	\$8.28	\$8.34	\$8.31	\$8.84	\$9.93
Wasteful	\$20.17	\$21.03	\$22.01	\$23.15	\$25.59	\$29

Why did the cost of water service increase?

The main reasons for the change include uncontrollable cost increases to IRWD attributed to:

- Pass-through charges from Orange County Water District (OCWD) for pumping local groundwater, which is still the lowest-cost water source (3.4% increase in FY 2025–26 and 4.8% increase in FY 2026–27).
- Pass-through charges from Metropolitan Water District of Southern California (MWD) for imported water purchased through the regional wholesaler, the Municipal Water District of Orange County (MWDOC) (11% increase in FY 2025–26 and 11% increase in FY 2026–27).
- Increase in charges from Southern California Edison (SCE) for electricity used in IRWD service operations (8% increase in FY 2025–26 and 8% increase in FY 2026–27).
- Increases in costs associated with continuing to provide the current high level of water service our customers expect, including costs associated with repairs and maintenance related to maintaining the existing infrastructure (7.2% increase in FY 2025–26 and 3.5% increase in FY 2026–27).
- Inflation.

Automatic pass-through adjustments and other surcharges

IRWD used its best available information to calculate proposed increases in the cost of imported water purchased from MWD through MWDOC and the replenishment charges paid to OCWD for pumping groundwater.

IRWD has no control over the charges set by regional agencies (MWD, MWDOC, OCWD, etc.) or penalties, taxes, and fees assessed by the state and must pass those costs through to IRWD customers. Should any of the regional agencies or the State of California adopt an additional increase or decrease in its charges, taxes, or fees (pass-through amount), IRWD may automatically recalculate its rates to include the pass-through amount.

If this occurs, the automatic IRWD rate adjustment will not require a public hearing or any additional action by the IRWD Board of Directors. At least 30 days before the effective date of the adjustment, IRWD will provide its customers with notice of the expected adjustment(s), which will generally be calculated as the total projected cost increase divided by the projected annual water consumption. This calculation will vary as necessary to reflect IRWD's different service areas and service classes.

If the State Water Resources Control Board (State Board) imposes fines on IRWD because of a violation(s) of a State Board regulation adopted to prevent the waste or unreasonable use of water, unreasonable method of use of water, or to promote water conservation, to the extent such violation(s) are due to consumption of water in excess of customers' water usage budgets, IRWD may levy a surcharge on the volume of water used of up to \$3.51 per CCF. If IRWD is fined by the State Board, at least 30 days before implementing a surcharge, IRWD will provide its customers with notice of the surcharge amount(s), which will generally be calculated as the total projected fine divided by the total water used in the Inefficient and Wasteful tiers.

Public hearing, protests, and legal objections

Any customer or property owner within the IRWD service area may (1) file a written protest to the proposed rate increases and/or (2) submit a written legal objection stating how the proposed rates do not comply with existing law. Written protests and legal objections should be sent to IRWD, P.O. Box 5149, Irvine, CA 92616. A valid protest or legal objection must include your name, the address at which you receive service from IRWD, a statement of protest or a statement that your letter constitutes a legal objection, and your original signature.

Protests: Any customer or property owner may submit a protest to be received by mail by June 23, 2025, and may appear at the June 23 hearing to make comments regarding the proposed rates. Protests may also be delivered in person and must be received prior to the conclusion of the June 23 public hearing.

Legal objections: To be considered sufficient, a legal objection must include a description of the nature of the legal objection with sufficient specificity to allow IRWD to respond in writing. Legal objections must be received by May 30, 2025. Pursuant to Government Code Section 53759.2, failure to submit a sufficient legal objection by May 30 will bar your right to challenge the proposed rates through a legal proceeding.

Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water and sewer fee or charge.

Additional information

For information on IRWD water efficiency programs and rebates, visit [IRWD.com](https://www.irwd.com) or contact Customer Service at **949-453-5300**.



Notice of Proposed Sewer Rate Change

RESIDENTIAL NEWPORT / NORTH

Irvine Ranch Water District is a public agency that provides water and sewer service. IRWD provides sewer service to the Newport / North area. Our sewer rates are based on the actual cost to provide sewer service to our customers and are based on the expenses included in IRWD's budget. The basis for the proposed rates is detailed in the Cost of Service Study, which is available at IRWD.com/services/proposed-rates. The IRWD Board of Directors adopted a two-year budget on March 24, 2025. **The proposed rates for the two years, if adopted, will be effective June 23, 2025, and will be implemented on July 1, 2025, and July 1, 2026, respectively.**

A critical IRWD objective is to keep costs, and therefore rates, as low as possible for our customers. Even with the proposed increase, when compared with other agencies providing similar services in Orange County, IRWD's rates are consistently among the lowest.

Proposed sewer rates in 2025 and 2026

The increase in sewer service rates is due primarily to uncontrollable pass-through cost increases from regional agencies that supply sewage or energy services to IRWD, as well as inflation and increases in costs associated with continuing to provide the current high level of sewer service our customers expect.

Monthly service charges cover IRWD's cost of operations, maintenance, and infrastructure. They do not change based on the amount of a customer's monthly sewer use. The monthly charges are billed annually and are included in the property owner's annual property tax bill.

The fixed charge includes an amount set aside for the future inevitable repair and replacement of infrastructure such as pipes, pumping stations, and treatment facilities.

Proposed changes to fixed monthly sewer service charges			
Usage	Current monthly rates	Proposed rates beginning July 1, 2025	Proposed rates beginning July 1, 2026
Single-family homes, town-houses, and condominiums	\$36.79	\$43.45	\$44.60
Apartments	\$25.70	\$28.80	\$29.85

This way, IRWD can avoid significant one-time rate spikes when the repairs and replacements are made. These charges are not used to pay for facilities that extend service to new development.

Automatic pass-through adjustments and other surcharges

IRWD used its best available information to calculate proposed increases in the cost of regional treatment of sewage paid to the Orange County Sanitation District (OC San). IRWD has no control over the amounts set by regional agencies (OC San) or penalties, taxes, and fees assessed by the state and must pass those costs through to customers.

Should any of the regional agencies or the State of California adopt an additional increase or decrease in its charges, taxes, or fees (pass-through amount), IRWD may recalculate its rates to include the pass-through amount. If this occurs, the automatic IRWD rate adjustment will not require a public hearing or any action by the IRWD Board of Directors.

At least 30 days before the effective date of the adjustment, IRWD will provide its customers with notice of the expected adjustment(s), which will generally be calculated as the total projected cost increase divided by the projected annual total sewage flow. This calculation will vary as necessary to reflect IRWD's different service areas and service classes. The adjustment will be included in the following year's property tax bill.

Public hearing, protests, and legal objections

Any customer or property owner within the IRWD service area may (1) file a written protest to the proposed rate increases and/or (2) submit a written legal objection stating how the proposed rates do not comply with existing law. Written protests and legal objections should be sent to IRWD, P.O. Box 5149, Irvine, CA 92616. A valid protest or legal objection must include your name, the address at which you receive service from IRWD, a statement of protest or a statement that your letter constitutes a legal objection, and your original signature.

Protests: Any customer or property owner may submit a protest to be received by mail by June 23, 2025, and may appear at the June 23 hearing to make comments regarding the proposed rates. Protests may also be delivered in person and must be received prior to the conclusion of the June 23 public hearing.

Legal objections: To be considered sufficient, a legal objection must include a description of the nature of the legal objection with sufficient specificity to allow IRWD to respond in writing. Legal objections must be received by May 30, 2025. Pursuant to Government Code Section 53759.2, failure to submit a sufficient legal objection by May 30 will bar your right to challenge the proposed rates through a legal proceeding.

Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water and sewer fee or charge.

Additional information

For more information on sewer rates, visit [IRWD.com](https://www.irwd.com) or contact Customer Service at **949-453-5300**.

***IRVINE RANCH WATER DISTRICT
SCHEDULE OF RATES AND CHARGES***



**Irvine Ranch
Water District**

Effective July 1, 2025

PROPOSED

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Section 1: Water Service

1.1 Monthly Water Service Charge

1.1.1 Residential, Commercial, Industrial, Public Authority, Landscape and Temporary Usage Customers¹

Meter Size	Flow Range in GPM ²	Meter Rates ³
5/8" by 3/4" Disc	1/2-20	\$ 14.90
3/4" Disc	3/4-30	\$22.35
1" Disc	3-50	\$37.25
1 1/2" Disc	2-120	\$89.40
2" Disc	2 1/2-160	\$119.20
2" Turbo	1-250	\$186.25
3" Turbo	2 1/2-650	\$484.25
4" Turbo	2-1250	\$931.25
6" Turbo	2 1/2-2500	\$1,862.50
8" Turbo	4-3500	\$2,607.50
10" Turbo	5-7000	\$5,215.00
6" Magnetic Meter	1600-2800	\$2,153.80
8" Magnetic Meter	2000-5000	\$3,705.65
6" Propeller	90-900	\$670.50
8" Propeller	100-1200	\$894.00
10" Propeller	1600-2000	\$1,192.00
12" or 14" Propeller	2000-3500	\$1,639.00
16", 18", or 20" Propeller	3500-5500	\$2,831.00
4" Omni F2*	3/4-1250	\$745.00
6" Omni F2*	1 1/2-2000	\$1,490.00
8" Omni F2*	2 1/2-3500	\$2,607.50
1 1/2" Single Jet	2-100	\$74.50
2" Single Jet	2 1/2-160	\$119.20
6" Single Jet	125-1000	\$745.00
3" turbo temporary construction meter with backflow	2 1/2-650	514.65

*Fireline meters only

¹ Service charges are included in the commodity rate for agricultural usage customers

² GPM is Gallons per Minute

³ Potable residential and landscape customers that have 12 calendar months of billing history and stay within the low volume tier for 9 of those 12 months of the prior calendar year will receive a \$2.00 credit per month on their water service charge.

1.2 Private Fire Protection Service

1.2.1 Monthly Service Charge

Fireline Size	Monthly Rate
1"	\$ 8.10
2"	\$ 10.20
3"	\$ 14.95
4"	\$ 23.15
6"	\$ 52.60
8"	\$ 103.35
10"	\$ 179.75
11"	\$ 228.75
12"	\$ 285.60

1.2.2 Fire Flow Testing

The District will charge an administration fee for fire flow testing.

Fire flow test \$300.00

1.2.3 Private Fire Protection Service Water Usage

Fireline will be allocated one CCF of water usage to allow for routine testing. Any use beyond fire suppression and one CCF for routine testing will be charged the variable water use charge within the Wasteful tier.

1.3 Commodity Charges

- 1) Rates are based on usage per hundred cubic feet (ccf).
- 2) Irvine Ranch Water District (IRWD) establishes a water budget for each customer. The rates billed are based on use as a percentage of budget. Water budgets are based using an assumed number of residents (and units, in the case of apartments), landscape square footage and actual daily weather and evapotranspiration (ET) data for each of three microclimates within the District.
- 3) Customers may apply for water budget variances for larger than normal landscaped areas, more people living in the home or special medical needs.
- 4) The water budget process is described in detail in Budgets and Variances on page 10 and residential customers can apply for a variance at <https://www.irwd.com/services/request-a-water-variance>.

1.3.1 Potable Water

1.3.1.1 Residential detached, condo attached and detached, and apartment dwelling units

Tier	Rate/ccf	Percent of Budget
Low Volume	\$2.07	0-40
Base	\$2.72	41-100
Inefficient	\$7.51	101-140
Wasteful	\$18.60	141+

1.3.1.2 Commercial, industrial, public authority, and non-residential mixed usage

Tier	Rate/ccf	Percent of Budget
Base	\$2.72	0-100
Wasteful	\$18.60	101+

1.3.1.3 Landscape/Non-agricultural irrigation

Tier	Rate/ccf	Percent of Budget
Low Volume	\$2.07	0-40
Base	\$2.72	41-100
Inefficient	\$7.51	101-140
Wasteful	\$18.60	141+

1.3.1.4 Agricultural irrigation

Water supplied under this section shall be used only for the growing or raising of products, in conformity with recognized practices of husbandry or the purposes of commerce, trade, or industry, of agricultural or floricultural products.

- 1) Products must be produced for (1) human consumption or for the market or (2) the feeding of fowl or livestock produced for human consumption or for the market.
- 2) Such products must be grown or raised on parcels of land having an area of not less than five acres used exclusively for that purpose.

Rate/ccf	Per Acre Foot
\$3.92	\$1,707.55

1.3.2 Untreated Water

1.3.2.1 Untreated and Santiago Aqueduct Commission (SAC) water

Type	Rate/ccf	Per Acre Foot
Agricultural*	\$2.28	\$993.17
Non-Agricultural	\$2.05	\$892.98

* Agricultural use as described in section 1.2.1.6

1.3.2.2 Landscape irrigation

Tier	Rate/ccf	Percent of Budget
Low Volume	\$1.38	0-40
Base	\$2.39	41-100
Inefficient	\$5.43	101-140
Wasteful	\$9.93	141+

1.3.3 Recycled Water

1.3.3.1 Landscape irrigation

Tier	Rate/ccf	Percent of Budget
Low Volume	\$1.38	0-40
Base	\$2.39	41-100
Inefficient	\$5.43	101-140
Wasteful	\$9.93	141+

1.3.3.2 Landscape irrigation recycled loan customers

Tier	Rate/ccf	Percent of Budget
Low Volume	\$2.07	0-40
Base	\$2.72	41-100
Inefficient	\$7.51	101-140
Wasteful	\$18.60	141+

1.3.3.3 Commercial and industrial

Tier	Rate/ccf	Percent of Budget
Base	\$1.38	0-100
Wasteful	\$9.93	101+

1.3.3.4 Commercial and industrial loan customers

Tier	Rate/ccf	Percent of Budget
Base	\$2.72	0-100
Wasteful	\$18.60	101+

1.3.3.5 Agricultural irrigation*

Rate/ccf	Per Acre Foot
\$2.04	\$888.62

* Agricultural use as described in section 1.3.1.4

1.4 Water Budgets and Variances

1.4.1 Base Water Budgets For Commodity Charges

Monthly budget includes a fixed component for indoor usage and a variable component based on evapotranspiration (ET) rate for landscape irrigation.

Account Type	Base Budget Number of Residents	Landscape Area (LA)	Base Budget Indoor	Base Budget Outdoor ET x LA x PF	Total Budget
Residential Detached	4	1300 sq. ft (0.03 acres)	# Residents x 50 gpd (IU)	ET x LA x 0.75	(Indoor x # days in bill service period) + Outdoor
Residential Condo Attached/ Detached*	3	435 sq. ft (0.01 acres)	# Residents x 50 gpd (IU)	ET x LA x 0.75	(Indoor x # days in bill service period) + Outdoor
Apartments*	2	N/A	# Residents x 50 gpd (IU)		Indoor x # days in bill service period
Potable Irrigation		Site specific based on irrigated acreage	N/A	ET x LA x 0.75	Outdoor based on bill service period
Recycled Irrigation		Site specific based on irrigated acreage	N/A	ET x LA x 0.87	Outdoor based on bill service period
Commercial, Industrial, Public Authority, and mixed non-residential Use			Site specific, based on productivity, employees, water use efficiency practices etc.	Site specific, based on irrigation needs	Site specific, adjusted for # days in bill service period

*For master-metered apartments and condominiums, the base budget is multiplied by the number of dwelling units.

CCF = 100 cubic feet. 1 CCF = 1 billing unit = 748 gallons

ET = reference evapotranspiration – from IRWD weather stations located in coastal, central or foothill zones for cool season turf

GPD = gallons per day

IU = Internal Use – assumes 50 GPD per person

LA = irrigated landscape acres

PF = plant factor. Adjusts ET based on plant needs relative to cool season turf and irrigation system efficiency requirements. The plant factor for potable irrigation is 0.75. For recycled water, the plant factor is 0.8

1.4.2 Water Budget Variances

Variances are available for larger than normal landscaped areas, more people living in the home or special medical needs. Applications for variances may be obtained from the District website <https://www.irwd.com/services/request-a-water-variance> or from Customer Service at (949) 453-5300. See IRWD Rules and Regulations, Section 12.6 for variance procedures.

1.4.2.1 Justifications for variances

Applicants must provide proof acceptable to the District to support any variance request.

- 1) Number of people residing in a residential dwelling unit
Each additional person increases the budget by 1.6 ccf/month which is $IU \times 0.8$.
- 2) Landscape
Increased budgets shall be given for residential lot size beyond the standard base budget lot size. Applicants must provide acceptable documentation to the District of the actual irrigated landscape area served.
- 3) Medical needs
Approval is contingent upon medical documentation.
- 4) Increased budget will be determined on a case-by-case basis and based on the type of medical need.
- 5) Licensed care facilities (in a residential dwelling unit)
A current license from appropriate regulatory agency will be required.
 - a. A licensed 24-hour care facility will be provided budget increases based on the $IU \times 0.8$ for each additional resident.
 - b. A licensed day care facility (not 24-hour) will be provided budget increases based on the $IU \times 0.5$ for each additional person.
- 6) Additional budget for medical reasons will be determined on a case-by-case basis.
- 7) Fire control zones
Adjustments to budgets will be determined by the District based upon relevant factors such as area, slope, planting material, etc.
- 8) Commercial/industrial/public authority
Adjustments to the base budget will be determined on a case-by-case basis. Relevant factors will include expansion of productive capacity, existing conservation practices that can be shown to have reduced water usage, severe economic hardship, etc.
- 9) New account establishment variance
Landscape accounts – billed at the base rate for the first six months and, beginning in the seventh month, the budget will be based on irrigated acres.
- 10) Commercial and industrial accounts – billed at the base rate on usage for the first six months and, beginning in the seventh month, the monthly budget will be based on unique business and site demands as determined by the District.

1.4.2.2 Variance limitations

- 1) An approved variance will become effective on the date the request for variance is approved by the District but must be submitted within thirty (30) days of receipt of the bill.
- 2) Approvals are valid for a period specified by the District (one year or less) and must be resubmitted on or before the expiration date to remain in effect.

1.4.2.3 Water budget variance impact

- 1) Residential
Approved variances will extend each tier of the residential structure by a percentage.
- 2) Non-residential
Approved variances will extend each tier of the non-residential structure by a given percentage (or other method) determined on a case-by-case basis.

1.5 Pumping Surcharges

- 1) A pumping surcharge will be added to the variable water usage charge for customers in locations that cause the District to incur additional pumping costs to supply their water. Customers are assigned to an area depending upon the average cost to pump water to serve their location.
- 2) The surcharge is based upon prevailing energy costs.

1.5.1 Potable Water Pumping Surcharges

Area Name	Surcharge/ccf
Area 1	\$0.44
Area 2	\$0.79
Area 3	\$1.06
Area 4	\$2.03

1.5.2 Recycled Water Pumping Surcharges

Area Name	Surcharge/ccf
Area A	\$0.27
Area B	\$0.43
Area C	\$0.63

1.6 Temporary Water Service Connection

1.6.1 Monthly Service Charge

See Chart in section 1.1.1.

1.6.2 Commodity Charge

Wherever feasible, recycled water shall be used for temporary construction uses. The Commodity Charge per ccf shall be as follows:

Potable	\$3.41
Recycled	\$1.98

1.6.3 Meter and Backflow Deposits

A deposit equal to the replacement cost of the construction meter and/or backflow device shall be collected at the time-of-service application. The deposit will be applied to the closing bill and any remaining amount refunded to the customer. Lost meters or backflow devices will result in forfeiture of deposit.

Size	Cost
1", 1-1/2", 2" Disc	\$ 1,000.00
3" Turbo T2 & H2	2550.00
4" Turbo	2,600.00
6" Turbo	4,680.00
8" Turbo	7,930.00
10" Turbo	11,750.00
Backflow Device	871.00

1.6.4 Materials For Repairing Damaged Construction Meters

Item	Cost
Meter	Cost by size is shown in section 3 above
Swivel Hose Coupling-Female	\$ 240.00
Register With AMR & Pulse Wire	275.00
Swivel Adapter	158.00
Fire Hose Adapter 3" MIP x 2-1/2" MFH B207	42.00
Lock	15.00
H2 Hydrant Meter Handle	22.00
Fire Hydrant Meter Lock - LRG	122.00
Rotor and Shaft Assembly (3")	721.00
Barrel Lock	30.00
Male Fitting	95.00
Hydrant Collar	100.00
Rotor Cap	27.00
Collar (with barrel lock)	106.00
Labor & Overhead	120.00

1.6.5 High Lines For Redevelopment

A high line is a temporary service connection installed by the District to an existing customer during system upgrades or repairs to the District's system.

- 1) Whenever feasible, high lines will be metered and the customers will be billed at their regular rate. The District will determine whether a high line should be metered.
- 2) If a high line is unmetered, the customer will be charged using a reasonable average daily consumption based on prior consumption or based on other reasonable calculations in the absence of historical data.

1.7 New Account Fees and Security Deposits for Water Service

This section is applicable to all requests for new or transferred service.

1.7.1 Service Establishment Fee

A fee shall be collected to establish a new account for water and sewer service, or to transfer an existing account to a new location.

Service establishment fee \$30.00

1.7.2 Residential Service Deposit

For residential customers, a deposit of \$50.00 may be required until a one-year payment history is established.

Residential service deposit \$75.00

1.7.3 Non-Residential Service Deposit

For non-residential customers, a deposit is required until a one-year payment history is established.

Non-residential service deposit \$125.00

1.8 Other Water System Charges

1.8.1 Delinquency Charges

- 1) All bills and charges for water, sewer and recycled water service shall be due and payable upon presentation and shall become delinquent twenty-five (25) calendar days thereafter. If payment is not made within twenty-five (25) calendar days after presentation, a late charge will be levied upon the unpaid balance as follows:
- 2) For residential and non-residential accounts with an unpaid balance of \$10 or more, a one-time charge of 10% of the unpaid balance plus 1.5% interest will be assessed, and each month thereafter the unpaid balance will be subject to an interest charge of 1.5%.

1.8.2 Non-Sufficient Funds Checks

A service fee will be charged for each check returned from the bank for non-sufficient funds.

Return check Fee \$20.00

1.8.3 Service Restoration Charges

When service is discontinued because of delinquency in payment of a water, sewer, or recycled water bill, the service shall not be restored until all delinquent charges, late charges and interest charges, and a trip charge as specified below, have been paid. Certain exceptions may apply to the reconnection fee amount.

Reconnection fee \$ 57.00 - 78.00
After-hours reconnection fee \$172.00 - 208.00

1.8.4 Dispatch Charge

When an IRWD vehicle is dispatched for services outside of normally scheduled operations a dispatch charge may be assessed. Such activities may include, but are not limited to, same day and after hour start services and meter tampering investigations. Certain exceptions may apply to the dispatch charge amount.

Dispatch charge \$ 78.00
After-hours Dispatch Charge \$208.00

1.8.5 Tampering

If any person tampers with a District meter or District side angle stop and damages it, the customer shall pay the District for the cost of repairs, including but not limited to parts, labor, and equipment. In addition, the customer will be liable for any charges imposed under the District's Rules and Regulations.

1.8.6 Non-Compliance Charges For Illegal Connections

The District may impose charges in accordance with Section 14 of the District's Rules and Regulations.

1.8.7 Backflow Testing

Backflow Testing is required in compliance with the Cross Connection Control Policy Handbook for every IRWD backflow installation on Temporary Construction Meters. Backflows are to be tested at installation, when they are repaired, and when subsequently requested by the customer to be relocated.

Backflow Testing Fee - \$100

1.9 Water Shortage Contingency Plan (WSCP) Rates

The IRWD Board of Directors adopted an updated Water Shortage Contingency Plan (WSCP) in June 2021. The WSCP includes a “toolbox” of potential strategies for responding to 6 levels of water shortage.

Using WSCP as a guide and following Proposition 218’s requirements, rates were developed for each shortage level. These will be referred to as “WSCP rates” and have only been developed for the potable system commodity rates. They have no impact on the monthly fixed service water or sewer charges or on the recycled system.

The rates at each level are as follows.

<i>Tiers</i>	<i>WSCP Levels Commodity Rates</i>					
	1	2	3	4	5	6
	Up to 10%	11-20%	21-30%	31-40%	41-50%	Over 51%
Low Volume	\$2.08	\$2.09	\$2.10	\$2.11	\$2.14	\$2.17
Base	\$2.78	\$2.87	\$2.93	\$3.05	\$3.26	\$3.50
Inefficient	\$7.49	\$7.61	\$7.67	\$7.46	\$7.88	\$8.82
Wasteful	\$19.42	\$20.25	\$21.20	\$22.53	\$24.96	\$28.36

These commodity rates provide cost of service equity for the budgeted Board-approved operating variable costs and additional costs incurred as a direct result of a water shortage declaration at the associated stage level. Implementation of WSCP rates would require additional Board action.

Section 2: Sewer

2.1 Monthly Sewer Service Charge

2.1.1 Residential (Single Family And Multi-Family Dwelling Units)

- 1) No credit will be granted for vacancies resulting from the normal turnover of occupants in an existing multiple dwelling unit. The price structure contained herein includes considerations of average vacancy rates.
- 2) A newly constructed multiple dwelling unit may be billed at the non-residential metered rate, with appropriate allowance for landscape irrigation, until the structure is released for occupancy.

2.1.1.1 Collection and treatment

- 1) The monthly sewage service charge is based upon the average of the actual lowest three months' water usage during the prior calendar year. Charges are based on a 30-day billing period.
- 2) Customers with less than a full calendar year of history are charged the 90% rate.

Average Monthly Water Use		Rate	Monthly Sewer Service Charge per Unit
Over 1,000 cubic feet	(>10.0 ccf)	100%	\$43.45
501-1,000 cubic feet	(5.01 – 10.0 ccf)	90%	\$37.00
Under 500 cubic feet	(<5.0 ccf)	75%	\$28.80

2.1.1.2 Collection Only

Assumed Monthly Water Use	Rate	Monthly Sewer Service Charge per Unit
Over 1,000 cubic feet	100%	\$13.05

2.1.1.3 Treatment Only

Assumed Monthly Water Use	Rate	Monthly Sewer Service Charge per Unit
Over 1,000 cubic feet	100%	\$23.95

2.1.2 Non-Residential (Commercial, Industrial, and Institutional)

- 1) Quantity charges assume that 90% of non-residential water consumption returns to the sewer.
- 2) Due to landscape irrigation or consumptive usage, some non-residential users may discharge substantially less of their metered water into the sewer system. Those users may, upon request to the District, be permitted to have the amount of water being discharged into the sewer determined by means acceptable to the District.
- 3) To qualify for the sewage service charge only, a customer usage history cannot be greater than 120 ccf in a full calendar year based on actual meter readings. Usage exceeding 10.0 ccf per month will pay a quantity charge.
- 4) Upon request by the user and at the sole discretion of the District, an alternate service charge may be applied.
- 5) During construction, prior to occupancy, these rates are applicable.

2.1.2.1 Collection and Treatment

Average Monthly Water Use	Rate
Up to 1,000 cubic feet	\$43.45/ Month
Over 1,000 cubic feet	\$ 3.94 / ccf

2.1.2.2 Collection Only

Average Monthly Water Use	Rate
Up to 1,000 cubic feet	\$13.05 / Month
Over 1,000 cubic feet	\$ 1.06 / ccf

2.1.2.3 Treatment Only

Average Monthly Water Use	Rate
Up to 1,000 cubic feet	\$23.95 / Month
Over 1,000 cubic feet	\$ 2.88 / ccf

2.2 Other Sewer System Charges

This section shall be applicable to non-residential customers who discharge extra-strength sewage into the sewage collection system, or discharge or have the potential to discharge constituents subject to federal or state standards and local discharge limitations.

2.2.1 Alternative Service Charges

At the sole discretion of the District, users may request the application of an alternative service charge for use. The alternative service charge shall be based on measured quantity and quality of water being discharged to the sewer from the user's facility by a means acceptable to the District.

The alternative service charge for use shall be computed by the following formula:

$$\text{Charge for use} = VR_v + BR_b + SR_s$$

Where V = Total volume of flow in hundred cubic feet.

B = Total discharge of biochemical oxygen demand (BOD) in pounds.

S = Total discharge of suspended solids (SS) in pounds

R_v = \$ 2.077 per hundred cubic feet

R_b = \$ 0.495 per pound of BOD

R_s = \$ 0.431 per pound of SS

2.2.2 Charges For Noncompliance With Permit Conditions

2.2.2.1 Minor violation

Condition where the limitation is less than the violation and the violation is less than the technical review criterion.

Fee per violation - \$350

2.2.2.2 Significant noncompliance or significant violation

Condition where the violation is greater than the technical review criterion or qualifies under the definition of significant noncompliance.

Fee per violation - \$550

2.2.2.3 Batch dump or slug load

Fee per violation - \$550

2.2.2.4 Probation orders

Enforcement Compliance Schedule Agreements and subsequent two-year probation, and Regulatory Compliance Schedule Agreements.

Fee per violation - \$550

2.2.2.5 Appeals to the Board of Directors

Appeal fee - \$500

2.3 Fats, Oils, And Grease (FOG) Control Programs

All terms and requirements for the Fats, Oils, and Grease (FOG) Control Program can be found in Section 7.13 of the District's Rules and Regulations for Water, Sewer, Recycled Water, and Natural Treatment System Service.

2.3.1 FOG Wastewater Discharge Permit

FOG wastewater discharge permit fees are pursuant to Rules and Regs 7.13.6(4). These charges shall be incorporated in the monthly sewage service charges.

Food service establishments (FSE), and those FSE that are issued a conditional waiver (CW) by the District, shall pay the FOG wastewater discharge permit fees.

<u>Discharge Permit</u>	<u>Monthly Fee</u>
FSE	\$16.40
CW	\$ 7.25

2.3.2 Special Services

2.3.2.1 FOG Plan check

The following FOG plan check fees must be paid at the time FOG plans are submitted. For FSE, CW or LFP, all initial plan checks include the initial plan check and up to one revision.

Food Service Establishments (FSE) and Conditional Waivers (CW)

Initial Plan Check	\$575.00
Permit Issuance and Initial Inspection	<u>275.00</u>
Total =	\$850.00

Limited Food Prep (LFP)

Initial Plan Check \$575.00

2.3.2.2 Additional plan check

If more than one revision is required, the FSE, CW or LFP will be required to pay additional plan check fees. This subsequent plan check fee includes up to two (2) more revisions.

Additional plan revisions \$235

2.3.2.3 Compliance follow-up inspection

If during an inspection the FSE is deemed to be out of compliance with the FOG Control Program and a compliance follow-up inspection is required, the FSE shall be required to pay a fee for the compliance follow-up inspection.

Compliance follow up inspection \$315.00

2.3.2.4 Enforcement

If an FSE is deemed to be out of compliance and a Notice of Violation is issued by the District to the FSE, the FSE will be charged an enforcement fee for each incident.

Enforcement fee \$1,150.00 per incident.

2.3.2.5 Special study

This fee is for the District to review special studies at the request of the FSE, such as a performance study of bio-additives to a grease interceptor. A special study fee will be required at the time of request by the FSE to the District.

Special study fee \$1,000

2.3.2.6 FOG-related private lateral sewage discharge response

If District staff responds to a private lateral sewage discharge (PLSD), an investigation shall be done by District staff. If staff determines that the discharge is found to be FOG-related, the following fees shall be charged to the FSE, CW or LFP.

PLSD Response Fees During Working Hours

First Response Hour	\$3,225.00
Each Additional Response Hour	2,700.00 per hour

PLSD Response Fees After Working Hours

First Response Hour	\$4,200.00
Each Additional Response Hour	3,675.00 per hour

2.3.3 Special Purpose Discharger Service Charges

Special purpose discharge service fees apply to customers who have been required by the District to obtain a special purpose discharge permit issued jointly by the District and Orange County Sanitation District (OC San). Sewage service charges will be based on reported and verified monthly flow to sewer.

Flow Service Charge up to \$1,754.41 per million gallons

2.3.4 Discharge Limits

Discharge limits are included in Exhibit C of the Rules and Regulations.

Section 3: Developer Services

3.1 Water Connection Fees

3.1.1 Residential

Connection Fees per Dwelling Unit (DU) according to Density (DU/acre¹)

Improvement District	0-5.8 DU/acre ¹	5.9-10.8 DU/acre ¹	10.9-25.8 DU/acre ¹	25.9+ DU/acre ¹
111*	\$5,620	\$4,956	\$4,201	\$3,547
112	\$2,391	\$2,391	\$2,391	\$2,391
112a (tax exempt)	\$4,068	\$4,068	\$4,068	\$4,068
113	\$1,368	\$1,368	\$1,368	\$1,368
125	\$3,062	\$3,062	\$3,062	\$3,062
153	\$1,337	\$1,337	\$1,337	\$1,337
153 PA 30	\$5,129	\$5,129	\$5,129	\$5,129
185	\$1,656	\$1,656	\$1,656	\$1,656
188	\$1,973	\$1,973	\$1,973	\$1,973

*All others

3.1.2 Commercial, Industrial, and Public Authority

Connection Fees per acre

Improvement District	Commercial	Industrial	Public Authority
111*	\$31,184	\$47,495	\$31,184
112	\$14,216	\$14,216	\$14,216
112a (tax exempt)	\$26,430	\$26,430	\$26,430
113	\$25,840		\$25,840
125	\$15,181	\$21,551	\$15,181
153	\$8,937	\$12,685	\$8,937
PA 30	\$25,452	\$36,130	\$25,452
185	\$7,736	\$7,736	\$7,736
188	\$7,793	\$7,793	\$7,793

*All others

3.1.3 Parks and Religious Organizations

Connection Fees per Fixture Unit¹

Improvement District	Indoor Water Use	Outdoor Water Use
111*	\$97.65	\$343.68
125	\$66.10	\$231.64
153	\$29.75	\$104.25
PA 30	\$84.65	\$296.69
185	\$69.24	\$243.17
188	\$38.94	\$136.98

*All others

3.1.4 K-12 Schools (Public and Private)

Connection Fees per 100 Students (Based on Max Daily Attendance)

Improvement District	Indoor Primary / Intermediate	Indoor Secondary	Irrigation
111*	\$7,697	\$10,320	\$319
125	\$5,198	\$6,979	\$225
153	\$2,339	\$3,139	\$93
PA 30	\$6,657	\$8,939	\$268
185	\$5,221	\$7,325	\$228
188	\$3,562	\$4,767	\$149

*All others

¹ AC = Gross acreage excluding private parks. See Section 3.1.3 for park connection fees.

² Calculated per Uniform Plumbing Code.

3.2 Other Water Connection Charges

3.2.1 High Volume User Connection Fee – Non-Residential

This section shall apply to all commercial, industrial, and public authority applicants in addition to standard connection fees in all Improvement Districts. Fees will be calculated using the following methodology.

$$\text{High Volume Water User Connection Fee} = [\text{ADD}_{dw} - (\text{AC} \times \text{NRWUF})] \times \frac{\$1,482,199}{646,320 \text{ GPD}}$$

Non-Residential Water Use Factor (NRWUF):	<u>Land Use Category</u>	<u>NRWUF (GPD/ Acre)</u>
	Commercial/Public Authority	2,000
	Industrial	4,000
	UCI	Special Contract

Definitions: ADD_{dw} Average Daily Water Demand (Estimated Daily Water Usage) in Gallons per Day

AC Gross Acreage

Commercial Development including but not limited to hotels, retail, colleges, and offices.

Industrial Development including but not limited to manufacturing, research and development, and distribution.

Public Authority Development including but not limited to government agencies and K-12 Schools.

3.2.2 Redevelopment Water Connection Fees

Redevelopment connection fees will be calculated using the following methodology.

- 1) Calculate new development connection fees based on new development land use type (and estimated water usage for high volume users, if applicable) utilizing current rates and charges.
- 2) Calculate existing development connection fee credit based on existing land use type (and existing water usage for high volume users, if applicable) utilizing current rates and charges.
- 3) The redevelopment connection fee is the difference between the new development connection fee and the connection fee credit. No refunds will be given if the credit is greater than the connection fee.

3.2.3 Meter Size and Cost

	Meter Size	Min/Max GPM	Cost of Meter
Fireline Bypass Meter	5/8" x 3/4" Disc	1/2 – 20	\$80
Base on Demand Commercial/Residential/ Landscaping Irrigation	Full 3/4" Disc	3/4 – 30	\$90
	1" Disc	1 – 50	\$160
	1 – 1/2" Disc	2 – 100	\$350
	2" Disc	2.5 – 160	\$590
	2" Turbo	1.5 – 250	\$1,090
	3" Turbo	2.5 – 650	\$1,530
	4" Turbo	3 – 1,250	\$3,150
	6" Turbo	4 – 2,500	\$5,750
	8" Turbo	5 – 3,500	Verify cost & availability
	10" Turbo	6 – 5,500	Verify cost & availability

3.2.4 Meter/Service Modifications by District – Residential Only

3.2.4.1 Meter/Service Modifications

Customers may request the District to provide a quote for the following services:

- 1) Install, relocate, and abandon domestic and recycled water meters/service line up to 2-inch in size for residential projects.
- 2) Replace (downsize or upsize) domestic and recycled water meters/service line up to 2-inch in size for residential projects.

3.2.4.2 Quote request

To request an action listed above, the customer must submit a Quote Request for Service or Meter Modifications which can be obtained by contacting Development Services via email at plancheck@IRWD.com. District staff will prepare a cost estimate to include the individual meter as shown in Subsection 3.2.3 and any additional parts required for project and labor required for installation. District meter quotes are valid for 30 days.

- 1) A connection fee will apply for any previously undeveloped parcel (See section 3.1).
- 2) When payment is received, a work order will be issued to District staff to begin coordination and installation.
- 3) Easements will be required for any facilities located outside of the public right of way.

3.2.4.3 Additional requirements:

- 1) It is the customer's responsibility to ensure that any upsizing or downsizing of the meter will not have adverse effects to the customer's system as it relates to water pressure, fire protection or ability to successfully serve the demand of the home or business. The District may require OCFA approval of any modifications and/or a signed Request & Authorization to Change Meter Size form.
- 2) Any private-side (downstream of the water meter) modifications or repairs are the sole responsibility of the customer. Any required backflow device shall be installed and maintained by the customer.
- 3) If for any reason the customer chooses to change back to the original size meter, all installation costs would once again apply.
- 4) The District reserves the right to decline a customer's request for meter/service modifications for any reason. In the event the District declines to perform modifications, the requester is required to follow the formal plan approval process by submitting design plans to Development Services.
- 5) The District will not provide quotes for non-residential projects.
- 6) For further information, see Development Services Procedural Guidelines document which can be found at <https://www.irwd.com/doing-business/engineering>.

3.2.5 Water System Plan Check and Inspection Fees

3.2.5.1 Plan check deposit

A non-refundable deposit shall be submitted when requesting the first plan check. Any remaining fees shall be paid prior to final approval of the plans.

Plan check deposit	5% of the estimated cost
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3.2.5.2 Plan check and inspection fees

- 1) Plan Check and Inspection (PC&I) fees for domestic water and recycled water systems shall be calculated as 10% of the bondable cost for the off-site/public improvements of the project or a fixed fee as described below.

Installation of a 1" or 2 " Service	\$4,000.00
Removal of a 1", 2", or Fire Service	\$3,000.00
Installation of Fire DCBA or Fire Hydrants	\$5,000.00
Installation of Recycled Water Hydrants	\$5,000.00
Temporary Construction Connections	\$5,000.00

- 2) PC&I fees for Natural Treatment System shall be calculated as 5% of the bondable cost or a minimum of \$30,000.

3.2.5.3 Inspection overtime rates

Business Days	6AM-7AM and 4PM-9PM	\$300/Hour
Non-Business Days	6AM-9PM	\$300/Hour
After Hours	9PM-6AM	\$460/Hour

3.2.5.4 Public/Private Utilities and Agencies

Plan check and inspection fees are determined on a case-by-case basis. Projects with significant impacts to IRWD facilities located within IRWD easements or property may require design review and inspection fees that will be calculated at the time of plan submittal. Please contact Development Services Department or email plancheck@irwd.com for more information.

Minimum fee \$2,500 per plan.

3.2.6 Interim Water Service Charge – New Development

Builders and developers will be charged a one-time fee for water service directly related to the vertical construction process of homes.

Interim service water charge \$43.15 per connection

- 1) The charge applies only in a new tract and/or development for the period after in-tract pipelines, service mains and sewer pipelines have been connected to the District's water system.
- 2) Once connections to the District pipelines are made and housing phases are released for occupancy, water used through the occupants metered house connection will be billed to the developer or resident as appropriate.
- 3) Connection methods and determination of the appropriate uses of unmetered water is at the sole discretion of the District.
- 4) The only allowable unmetered use is for the testing of new construction residential plumbing. Water used for lot soft-scape, exterior of the home stucco/plaster, drywall, interior stonework, interior finishing work and clean-up, connections to sales/construction trailers, flat work, hardscaping, retaining and other walls, lot or pad soaking, streetscape, water trucks/buffaloes must be metered with a temporary construction meter.
- 5) Any connection practice that could pose a risk to public health resulting from a backflow condition is prohibited.
- 6) Failure to properly connect using a meter to the District's Distribution System will subject the builder/developer to non-compliance charges.
- 7) Unmetered water service is not permitted for custom lots. Developers for custom lots will be required to apply for a domestic water construction meter prior to starting construction.

3.3 Sewer Connection Fees

3.3.1 Residential

Connection Fees per Dwelling Unit (DU) according to Density (DU/acre¹)

<u>Improvement District</u>	<u>0-5.8 DU/acre¹</u>	<u>5.9-10.8 DU/acre¹</u>	<u>10.9-25.8 DU/acre¹</u>	<u>25.9+ DU/acre¹</u>
(222) *	\$9,978	\$8,880	\$7,310	\$5,767
212	\$5,590	\$5,590	\$5,590	\$5,590
212a (tax exempt)	\$10,614	\$10,614	\$10,614	\$10,614
213	\$9,413	\$9,413	\$9,413	\$9,413
240	\$5,506	\$5,506	\$5,506	\$5,506
225	\$5,279	\$5,279	\$5,279	\$5,279
253	\$2,341	\$2,341	\$2,341	\$2,341
253 PA 30	\$5,353	\$5,353	\$5,353	\$5,353
256	\$7,630	\$7,630	\$7,630	\$7,630
285	\$5,519	\$5,519	\$5,519	\$5,519
288	\$3,385	\$3,385	\$3,385	\$3,385
OPA1 (Ridgeline)	\$7,820	\$7,820	\$7,820	\$7,820
*All Others				

3.3.2 Commercial, Industrial, and Public Authority

Connection Fees Per acre ¹

<u>Improvement District</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Authority</u>
(222) *	\$55,926	\$97,572	\$55,926
212	\$34,592	\$34,592	\$34,592
212a (tax exempt)	\$63,368	\$63,368	\$63,368
213	\$41,535		\$41,535
240	\$25,141		\$25,141
225	\$21,168	\$25,041	\$21,168
253	\$11,058	\$18,351	\$11,058
253 PA 30	\$23,868	\$39,605	\$23,868
285	\$11,029	\$11,029	\$11,029
288	\$13,361	\$13,361	\$13,361
*All Others			

3.3.3 Parks and Religious Organizations

Connection Fees Per Fixture Unit¹

<u>Improvement District</u>	<u>All Projects</u>
(222) *	\$618.74
240	\$374.05
225	\$331.77
253	\$142.17
253 PA 30	\$374.09
288	\$88.67
*All others	

3.3.4 K-12 Schools (Public and Private)

Connection Fees per 100 Students Based on Max Daily Attendance

<u>Improvement</u>	<u>Primary or Intermediate</u>	<u>Secondary</u>
(222) *	\$29,319	\$39,097
240	\$17,679	\$23,574
225	\$15,588	\$20,784
253	\$6,679	\$8,906
253 PA 30	\$17,576	\$23,436
288	\$4,267	\$5,687
*All others		

¹ AC= Gross acreage excluding private parks. See Section 3.3.3 for park connection fees.

² Calculated per Uniform Plumbing Code

3.4 Other Sewer Connections Charges

3.4.1 Sewer Lateral Installations by District

The District does not install sewer laterals. Please email plancheck@irwd.com for questions on submittal requirements.

3.4.2 High Volume User Connection Fee – Non-Residential

This section shall apply to all commercial, industrial, and public authority applicants in addition to the standard sewer connection fees in all Improvement Districts.

Sewer High Volume User
Connection Fee = $[ADD_{ss} - (\text{Acreage} \times \text{NFSUF})] \times \$22.19/\text{GPD}$

Non-Residential Sewer Use Factor (NRSUF):	<u>Land Use Category</u>	<u>NRSUF (GPD/ Acre)</u>
	Commercial/Public Authority	1,300
	Industrial	2,600
	UCI	Special Contract

Definitions:

<u>Commercial</u>	Development including but not limited to hotels, retail, colleges, and offices
<u>Public Authority</u>	Development including but not limited to government agencies and K-12 Schools
<u>Industrial</u>	Development including but not limited to manufacturing, research and development, and distribution.
<u>ADD_{dw}</u>	Average Daily Water Demand (Estimated Daily Water Usage) in Gallons per Day
<u>ADD_{ss}</u>	Average Daily Sewer Demand = 90% of ADD _{dw} in Gallons per Day

3.4.3 Redevelopment Sewer Connection Fees

Redevelopment connection fees will be calculated using the following methodology, effective January 1, 2014:

- 1) Calculate new development connection fees based on new development land use type (and estimated sewer demand for high volume users, if applicable) utilizing current rates and charges;
- 2) Calculate existing development connection fee credit based on existing land use type (and existing sewer demand for high volume users, if applicable) utilizing current rates and charges; and
- 3) The redevelopment connection fee is the difference between the new development connection fee and the connection fee credit.
- 4) No refunds will be given if the credit is greater than the connection fee.

3.4.4 Sanitary Sewer System Plan Check and Inspection Fees

3.4.4.1 Plan check deposit

A non-refundable deposit shall be submitted when requesting the first plan check. Any remaining fees shall be paid prior to final approval of the plans

Plan check deposit	5% of the estimated cost
--------------------	--------------------------

3.4.4.2 Plan check and inspection Fee

The plan check and inspection fee for public sewer systems will be calculated as 10% of the bondable cost for the off-site public sewer system.

3.4.4.3 Inspection overtime rates

Business Days	6AM-7AM and 4PM-9PM	\$300/Hour
Non-Business Days	6AM-9PM	\$300/Hour
After Hours	9PM-6AM	\$460/Hour

3.4.5 District Closed Circuit Television Inspection Charges

3.4.5.1 Initial TV inspection fee

A fee per linear foot as measured from the center line of manholes will be charged for all 6-inch and larger sewer lines to be inspected by a closed-circuit television camera.

- 1) The District will provide the special camera equipment and manpower to fulfill this inspection requirement
- 2) This fee is to be paid along with the other connection, meter, and inspection fees prior to the District signing developer's tract utility plans.

Initial TV inspection fee \$0.85 per linear foot

3.4.5.2 Reinspection fee

Fees will be assessed for reinspection by District TV Crew after corrective work is completed. Those portions of the pipeline system that have been corrected must be re-televised.

- 1) Payment for re-televising estimated inspection fees must be received by the Development and Inspection Services prior to scheduling the reinspection. Re-televising will not be done until the fees are paid.
- 2) District fees for re-televising corrective work will be a flat set-up fee plus a fee per linear foot of sewer line reinspected measured centerline to centerline of manholes.

TV Inspection Fee	\$250.00 per inspection
	\$0.85 per linear foot

3.4.5.3 Cancellation fee

If it is determined by either the Contractor or Developer that the job site will not be ready or accessible for the television inspection on the scheduled date, as notified, the Contractor shall notify the District Inspection Division of the necessary cancellation at least 24 hours in advance of the scheduled inspection to avoid being charged a cancellation fee.

- 1) If the District's television crew arrives at the job site and the work is not ready or accessible, the Contractor and owner will be billed a cancellation fee prior to the date of the rescheduled television inspection.
- 2) A rescheduled inspection is to be made through the District's project inspection division.

Cancellation fee \$250.00

3.4.5.4 Optional developer TV inspection

If the Contractor or Owner desires to have a portion of, or the entire job, TV inspected for convenience, they will be charged an inspection fee plus a fee per linear foot of sewer line inspected measured centerline to centerline of manholes.

TV Inspection Fee \$150.00 per inspection
\$0.85 per linear foot

Exhibit: B History of Revisions to Schedule of Rates and Charges

DATE ADOPTED	RESOLUTION	REVISION	EFFECTIVE DATE
05-23-77	1977-49	Rescind 1973-48 & 1977-42	
08-29-77	1977-71	Change in Connection Charges	09-01-77
02-27-78	1978-31	Rescind 1977-71	
		Discontinue Water & Sewer Service	03-01-78
07-10-78	1978-135	Rescind 1978-31	07-10-78
08-28-78	1978-154	Rescind 1978-135	08-28-78
01-08-79	1979-02	Rescind 1978-154	
		Increase Water Commodity Charges	01-08-79
06-25-79	1979-25	Rescind 1979-02	
		Increase Water & Sewer Charges	07-01-79
07-30-79	1979-41	Rescind 1979-25	07-30-79
06-23-80	1980-28	Rescind 1979-41	07-01-80
08-25-80	1980-49	Rescind 1980-28	08-25-80
12-22-80	1980-77	Rescind 1980-49	
		Increase Wastewater System Charges	01-01-81
06-15-81	1981-103	Rescind 1980-77	07-13-81
07-13-81	1981-132	Rescind 1981-103	07-13-81
06-28-82	1982-48	Rescind 1981-132	
		Increase Connection Fees & Water & Sewer Rates	07-01-82
09-27-82	1982-61	Rescind 1982-48	10-01-82
11-22-82	1982-67	Rescind 1981-61	12-01-82
06-27-83	1983-116	Rescind 1982-67	07-01-83
11-21-83	1983-137	Rescind 1983-116	
		Increase Dom. Water Rates & ImPLY. Mod. Sewer Rates	01-01-84
12-12-83	1983-132	Rescind 1983-131	
		High-rise Connection Fees (Sewer)	01-01-84
04-23-84	1984-13	Rescind 1983-132	
		Untreated & Recycled Water For Ag Use Commodity Charges Increase	06-01-84
06-25-84	1984-22	Rescind 1984-13	
		Decrease Water & Sewer Charges, Increase Connection Fees	07-01-84
09-10-84	1984-43	Rescind 1984-22	10-01-84
01-28-85	1985-2	Rescind 1984-43	02-01-85
02-25-85	1985-7	Rescind 1985-2	02-25-85
03-25-85	1985-31	Rescind 1985-7	03-25-85
		Reduce Connection Fees I.D. 103 & 3(203)	
06-24-85	1985-37	Rescind 1985-31	07-01-85
		Decrease Water & Sewer Chgs. Change Recycled Landscape Charge	
12-16-85	1985-115	Rescind 1985-37	01-01-86
06-23-86	1986-28	Rescind 1985-115	07-01-86
03-23-87	1987-11	Rescind 1986-28	04-01-87

Continued

DATE ADOPTED	RESOLUTION	REVISION	EFFECTIVE DATE
06-22-87	1987-27	Rescind 1987-11	Increase R-W; Nonpotable Ag 07-01-87
08-10-87	1987-44	Rescind 1987-27	Reduce Connection Fees I.D.'s 103,3(203), 102(120)121 & 106(160)161 07-10-87
09-28-87	1987-49	Rescind 1987-44	Industrial Waste Program 10-01-87
01-25-88	1988-18	Rescind 1987-49	Add Portola Hills Sewer Serf. 02-01-88
			Add Water Pumping Surcharge
06-27-88	1988-61	Rescind 1988-18	Reduce Monthly Sewer Charge 07-01-88
08-22-88	1988-66	Rescind 1988-61	Adjust Connection Fees 08-23-88
06-26-89	1989-38	Rescind 1988-66	Reduce Monthly Sewer Charge 07-01-89
			Reduce Recycled Landscape
			Increase Untreated and
			Recycled Ag Rates
08-28-89	1989-58	Rescind 1989-38	Adjust Connection Fees 08-28-89
06-26-90	1990-20	Rescind 1989-58	Reduce Monthly Sewer Charge 07-01-90
			Reduce Untreated and
			Recycled Ag Rates
07-23-90	1990-24	Rescind 1990-20	Adjust Connection Fees 07-23-90
01-28-91	1991-05	Rescind 1990-24	Eliminate High Rise and
			Adjust Connection Fees
			Add Excessive Use Surcharge 02-01-91
04-22-91	1991-09	Rescind 1991-05	Ascending Block Rate Structure
			and Request for Variance 06-01-91
05-28-91	1991-13	Rescind 1991-9	Commodity Rates for Landscape
			Customers 06-01-91
06-10-91	1991-19	Rescind 1991-13	Commodity Rates for Ag.,
			Untreated Landscape,
			Portola Hills Sewer Rates
			and Coastal Recycled Rates 07-01-91
07-12-91	1991-37	Rescind 1991-19	Adjust Connection Fees 07-12-91
10-28-81	1991-46	Rescind 1991-37	Increase Ag Water Rate 10-28-91
04-30-92	1992-12	Rescind 1991-46	Modify Ascending Block
			Rate Structure 04-30-92
06-22-92	1992-22	Rescind 1991-13	Modify Ascending Block
			Rate Structure 07-02-92
09-28-92	1992-40	Rescind 1992-22	Adjust Connection Fees 09-28-92
01-25-93	1993-3	Rescind 1992-40	Landscape Irrigation Rates 02-01-93
03-04-93	1993-8	Rescind 1993-3	Modify Ascending Block
			Rate Structure 04-01-93
06-28-93	1993-22	Rescind 1993-8	Increase Water Rate and
			Reduce Monthly Sewer Charge 07-01-93
07-28-93	1993-26	Rescind 1993-22	Decrease Water Rates 08-01-93
09-13-93	1993-29	Rescind 1993-26	Adjust Connection Fees 09-14-93

Continued

DATE ADOPTED	RESOLUTION		REVISION	EFFECTIVE DATE
06-13-94	1994-10	Rescind 1993-29	Increase Water Rate	07-01-94
08-08-94	1994-18	Rescind 1993-10	Adjust Connection Fees	08-08-94
08-14-95	1995-20	Rescind 1994-18	Adjust Connection Fees	08-14-95
08-28-95	1995-24	Rescind 1995-20	Adjust Pumping Surcharges	10-01-95
09-25-95	1995-27	Rescind 1995-20	Adjust Connection Fees and	09-25-95
09-25-95	1995-27	Rescind 1995-24	Adjust Pumping Surcharges	11-01-95
10-23-95	1995-31	Rescind 1995-27	Adjust Pumping Surcharges	11-01-95
11-27-95	1995-35	Rescind 1995-31	Add Monthly Sewer Service Charge - Newport Coast	12-01-95
01-08-96	1996-3	Rescind 1995-35	Adjust Connection Fees to I.D. 240	01-08-96
06-10-96	1996-19	Rescind 1996-3	Adjust Pumping Surcharges Increase Nonpotable Water Charges and Modify Ascending Block Rate Allocations	07-01-96
08-12-96	1996-27	Rescind 1996-19	Adjust Connection Fees	08-12-96
08-27-96	1996-28	Rescind 1996-27	Adjust Connection Fees to I.D.'s 140 & 240	08-27-96
09-23-96	1996-32	Rescind 1996-28	Adjust Water and Sewer Fixed Charges	09-23-96
10-14-96	1996-33	Rescind 1996-32	Adjust Sewer Service Charges for Non- Residential & Portola Hills	10-14-96
06-30-97	1997-17	Rescind 1996-33	Modify Rates and Charges and Connection Fees	06-30-97
10-01-97	1997-29	Rescind 1997-17	Modify Ascending Block Rate Structure Terminology	10-01-97
06-08-98	1998-21	Rescind 1997-29	Miscellaneous Adjustments to Schedule of Rates and Charges	07-01-98
08-24-98	1998-33	Rescind 1998-21	Adjust Connection Fees	08-24-98
06-28-99	1999-25	Rescind 1998-33	Adjustments to Schedule of Rates and Charges	07-01-99
06-26-00	2000-18	Rescind 1999-25	Adjustments to Schedule of Rates and Charges	07-01-00
07-24-00	2000-24	Rescind 2000-18	Adjustments to Schedule of Rates and Charges	07-25-00
06-25-01	2001-24	Rescind 2000-24	Adjustments to Schedule of Rates and Charges	07-01-01
06-24-02	2002-22	Rescind 2001-24	Adjustments to Schedule of Rates and Charges	07-01-02
12-09-02	2002-47	Rescind 2002-22	Adjustments to Schedule of Rates and Charges	12-09-02
03-10-03	2003-7	Rescind 2002-47	Adjustments to Schedule of Rates and Charges	03-10-03
06-23-03	2003-20	Rescind 2003-7	Adjustments to Schedule of Rates and Charges	07-01-03
09-08-03	2003-35	Rescind 2003-20	Adjustments to Schedule of Rates and Charges	09-08-03
06-28-04	2004-25	Rescind 2003-35	Adjustments to Schedule of Rates and Charges	07-01-04
07-12-04	2004-32	Rescind 2004-25	Adjustments to Schedule of Rates and Charges	07-12-04
10-11-04	2004-51	Rescind 2004-32	Adjustments to Schedule of Rates and Charges	10-11-04
06-27-05	2005-20	Rescind 2004-51	Adjustments to Schedule of Rates and Charges	07-01-05

DATE ADOPTED	RESOLUTION	REVISION	EFFECTIVE DATE
09-26-05	2005-31	Rescind 2005-20	Adjustments to Schedule of Rates and Charges
10-10-05	2005-35	Rescind 2005-31	Adjustments to Schedule of Rates and Charges
06-26-06	2006-20	Rescind 2005-35	Adjustments to Schedule of Rates and Charges
07-24-06	2006-27	Rescind 2006-20	Changes to Water & Sewer Connection Fees
06-25-07	2007-16	Partially Modifies 2006-27	Adjustments to Schedule of Rates and Charges
07-16-07	2007-21	Partially Modifies 2006-27	Changes to Water & Sewer Connection Fees
06-23-08	2008-36	Rescind 2007-21	Adjustments to Schedule of Rates and Charges
07-28-08	2008-45	Partially Modifies 2008-36	Changes to Water & Sewer Connection Fees
06-22-09	2009-20		Adjustments to Schedule of Rates and Charges
07/27/09	2009-24	Partially Modifies 2009-20	Changes to Water & Sewer Connection Fees
06/28/10	2010-19		Adjustments to Schedule of Rates and Charges
07/26/10	2010-22	Partially Modifies 2010-19	Changes to Water & Sewer Connection Fees
02/28/11	2011-3	Partially Modifies 2010-22	Changes to Sewer Connection Fees
06/27/11	2011-25	Rescind 2010-19	Adjustments to Schedule of Rates and Charges
07/25/11	2011-33	Rescind 2011-25	Changes to Water & Sewer Connection Fees
06/25/12	2012-26	Rescind 2011-25	Adjustments to Schedule of Rates and Charges
10/08/12	2012-41	Partially Modifies 2012-26	Changes to Water & Sewer Connection Fees
12/10/12	2012-57		Adjust Connection Fees to IDs 112 & 212
06/24/13	2013-21	Rescind 2012-26	Adjustments to Schedule of Rates and Charges
12/16/13	2013-60	Partially Modifies 2013-21	Changes to Water & Sewer Connection Fees
06/23/14	2014-32		Adjustments to Schedule of Rates and Charges
07/14/14	2014-33	Partially Modifies 2014-32	Changes to Water & Sewer Connection Fees
11/10/14	2014-50		Changes to the Rules and Regulations for Water, Sewer, Recycled Water, and Natural Treatment System Service
06/22/15	2015-17	Rescind 2014-50	Adjustments to Schedule of Rates And Charges
07/27/15	2015-19	Partially Modifies	Changes to Water & Sewer Connection Fees
06/27/16	2016-10		Adjustments to Schedule of Rates and Charges
07/25/2016	2016-21	Partially Modifies	Changes to Water & Sewer Connection

DATE ADOPTED			Fees	EFFECTIVE DATE
	RESOLUTION		REVISION	
06/26/2017	2017-17		Adjustments to Schedule of Rates and Charges	07/01/2017
07/24/2017	2017-19	Partially Modifies 2017-17	Changes to Water & Sewer Connection Fees	09/01/2017
06/25/2018	2018-16	Rescind 2017-17	Adjustments to Schedule of Rates and Charges	07/01/2018
07/23/2018	2018-21	Partially Modifies 2018-16	Changes to Water & Sewer Connection Fees	08/01/2018
06/24/2019	2019-17	Rescind 2018-16	Adjustments to Schedule of Rates and Charges	07/01/2019
07/08/2019	2019-21	Partially Modifies 2019-17	Changes to Water & Sewer Connection Fees	08/01/2019
07/13/2020	2020-14	Partially Modifies 2019-21	Changes to Water & Sewer Connection Fees	08/01/2020
07/13/2021	2021-15	Partially Modifies 2019-21	Changes to Water & Sewer Connection Fees	08/01/2021
01/24/2022	2022-2	Rescind 2021-15	Adjustments to Schedule of Rates and Charges	02/01/2022
07/13/2021	2021-15	FY 2022-23 Approved Rates	Update Water & Sewer Connection Fees with approved rates	08/01/2022
6/26/2023	2023-9	Rescind 2022-2	Adjustments to Schedule of Rates and Charges	07/01/2023
07/24/2023	2023-12	Partially Modifies 2023-9	Changes to Water & Sewer Connection Fees	08/01/2023
06/26/2023 & 07/24/2023	2023-12	Update with FY 2024-25	Update Schedule of Rates and Charges with approved rates	07/01/2024
06/23/2025	2025-xx	xxxxxxxxxx	xxxxxxxxxxxx	07/01/2025

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***IRVINE RANCH WATER DISTRICT
SCHEDULE OF RATES AND CHARGES***



**Irvine Ranch
Water District**

Effective July 1, ~~2024~~2025

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Section 1: Water Service

1.1 Monthly Water Service Charge

1.1.1 Residential, Commercial, Industrial, Public Authority, Landscape and Temporary Usage Customers¹

Meter Size	Flow Range in GPM ²	Meter Rates ³
5/8" by 3/4" Disc	1/2-20	\$13.20 14.90
3/4" Disc	3/4-30	\$19.80 22.35
1" Disc	3-50	\$33.00 37.25
1 1/2" Disc	2-120	\$79.20 89.40
2" Disc	2 1/2-160	\$105.60 119.20
2" Turbo	1-250	\$165.00 186.25
3" Turbo	2 1/2-650	\$429.00 484.25
4" Turbo	2-1250	\$825.00 931.25
6" Turbo	2 1/2-2500	\$1650.00 1,862.50
8" Turbo	4-3500	\$2310.00 2,607.50
10" Turbo	5-7000	\$4,620 5,215.00
6" Magnetic Meter	1600-2800	\$1,848.00 2,153.80
8" Magnetic Meter	2000-5000	\$3,282.85 705.65
6" Propeller	90-900	\$594.00 670.50
8" Propeller	100-1200	\$792 894.00
10" Propeller	1600-2000	\$1,056 192.00
12" or 14" Propeller	2000-3500	\$1,452 639.00
16", 18", or 20" Propeller	3500-5500	\$2,508 831.00
4" Omni F2*	3/4-1250	\$825 745.00
6" Omni F2*	1 1/2-2000	\$1,320 490.00
8" Omni F2*	2 1/2-3500	\$2,310.00 607.50
1 1/2" Single Jet	2-100	\$66.00 74.50
2" Single Jet	2 1/2-160	\$105.60 119.20
6" Single Jet	125-1000	\$660 745.00
<u>3" turbo temporary construction meter with backflow</u>	<u>2 1/2-650</u>	<u>514.65</u>

*Fireline meters only

¹ Service charges are included in the commodity rate for agricultural usage customers

² GPM is Gallons per Minute

³ Potable residential and landscape customers that have 12 calendar months of billing history and stay within the low volume tier for 9 of those 12 months of the prior calendar year will receive a \$2.00 credit per month on their water service charge.

1.2 Private Fire Protection Service

1.2.1 Monthly Service Charge

Fireline Size	Monthly Rate
1"	\$7.65 <u>8.10</u>
2"	\$10.45 <u>20</u>
3"	\$15.80 <u>14.95</u>
4"	\$25.50 <u>23.15</u>
6"	\$52.60 <u>35</u>
8"	\$120.50 <u>103.35</u>
10"	\$240.95 <u>179.75</u>
11"	\$268.95 <u>228.75</u>
12"	\$336.30 <u>285.60</u>

~~1.2.2 Fire Hydrant Charge~~

~~The monthly charge for private fire hydrant service includes water used for fire extinguishing purposes.~~

~~Fire hydrant service \$36.60 per hydrant~~

~~1.2.3~~ **1.2.2 Fire Flow Testing**

The District will charge an administration fee for fire flow testing.

Fire flow test \$300.00

1.2.3 Private Fire Protection Service Water Usage

Fireline will be allocated one CCF of water usage to allow for routine testing. Any use beyond fire suppression and one CCF for routine testing will be charged the variable water use charge within the Wasteful tier.

1.3 Commodity Charges

- 1) Rates are based on usage per hundred cubic feet (ccf).
- 2) Irvine Ranch Water District (IRWD) establishes a water budget for each customer. The rates billed are based on use as a percentage of budget. Water budgets are based using an assumed number of residents (and units, in the case of apartments), landscape square footage and actual daily weather and evapotranspiration (ET) data for each of three microclimates within the District.
- 3) Customers may apply for water budget variances for larger than normal landscaped areas, more people living in the home or special medical needs.
- 4) The water budget process is described in detail in Budgets and Variances on page 10 and residential customers can apply for a variance at <https://www.irwd.com/services/request-a-water-variance>.

1.3.1 Potable Water

1.3.1.1 Residential detached, condo attached and detached, and apartment dwelling units

Tier	Rate/ccf	Percent of Budget
Low Volume	\$1.99 2.07	0-40
Base	\$2.65 72	41-100
Inefficient	\$6.55 7.51	101-140
Wasteful	\$16.46 18.60	141+

1.3.1.2 Commercial, industrial, public authority, and non-residential mixed usage

Tier	Rate/ccf	Percent of Budget
Base	\$2.65 72	0-100
Wasteful	\$16.46 18.60	101+

1.3.1.3 Landscape/Non-agricultural irrigation

Tier	Rate/ccf	Percent of Budget
Low Volume	\$1.99 2.07	0-40
Base	\$2.65 72	41-100
Inefficient	\$6.55 7.51	101-140
Wasteful	\$16.46 18.60	141+

1.3.1.4 Agricultural irrigation

Water supplied under this section shall be used only for the growing or raising of products, in conformity with recognized practices of husbandry or the purposes of commerce, trade, or industry, of agricultural or floricultural products.

- 1) Products must be produced for (1) human consumption or for the market or (2) the feeding of fowl or livestock produced for human consumption or for the market.
- 2) Such products must be grown or raised on parcels of land having an area of not less than five acres used exclusively for that purpose.

Rate/ccf	Per Acre Foot
\$3.63 92	\$1,584.23 707.55

1.3.2 Untreated Water

1.3.2.1 Untreated and Santiago Aqueduct Commission (SAC) water

Type	Rate/ccf	Per Acre Foot
Agricultural*	\$2. 41 28	\$ 1,049.80 993.17
Non-Agricultural	\$2. 23 05	\$ 971.39 892.98

* Agricultural use as described in section 1.2.1.6

1.3.2.2 Landscape irrigation

Tier	Rate/ccf	Percent of Budget
Low Volume	\$1. 43 38	0-40
Base	\$2. 47 39	41-100
Inefficient	\$5. 27 43	101-140
Wasteful	\$9. 27 93	141+

1.3.3 Recycled Water

1.3.3.1 Landscape irrigation

Tier	Rate/ccf	Percent of Budget
Low Volume	\$1. 43 38	0-40
Base	\$2. 47 39	41-100
Inefficient	\$5. 27 43	101-140
Wasteful	\$9. 27 93	141+

1.3.3.2 Landscape irrigation recycled loan customers

Tier	Rate/ccf	Percent of Budget
Low Volume	\$1. 99 2.07	0-40
Base	\$2. 65 72	41-100
Inefficient	\$6. 55 7.51	101-140
Wasteful	\$ 16.46 18.60	141+

1.3.3.3 Commercial and industrial

Tier	Rate/ccf	Percent of Budget
Base	\$1. 43 38	0-100
Wasteful	\$9. 27 93	101+

1.3.3.4 Commercial and industrial loan customers

Tier	Rate/ccf	Percent of Budget
Base	\$2. 65 72	0-100
Wasteful	\$ 16.46 18.60	101+

1.3.3.5 Agricultural irrigation*

Rate/ccf	Per Acre Foot
\$2. 16 04	\$ 940.90 888.62

* Agricultural use as described in section 1.3.1.4

1.4 Water Budgets and Variances

1.4.1 Base Water Budgets For Commodity Charges

Monthly budget includes a fixed component for indoor usage and a variable component based on evapotranspiration (ET) rate for landscape irrigation.

Account Type	Base Budget Number of Residents	Landscape Area (LA)	Base Budget Indoor	Base Budget Outdoor ET x LA x PF	Total Budget
Residential Detached	4	1300 sq. ft (0.03 acres)	# Residents x 50 gpd (IU)	ET x LA x 0.75	(Indoor x # days in bill service period) + Outdoor
Residential Condo Attached/ Detached*	3	435 sq. ft (0.01 acres)	# Residents x 50 gpd (IU)	ET x LA x 0.75	(Indoor x # days in bill service period) + Outdoor
Apartments*	2	N/A	# Residents x 50 gpd (IU)		Indoor x # days in bill service period
Potable Irrigation		Site specific based on irrigated acreage	N/A	ET x LA x 0.75	Outdoor based on bill service period
Recycled Irrigation		Site specific based on irrigated acreage	N/A	ET x LA x 0.87	Outdoor based on bill service period
Commercial, Industrial, Public Authority, and mixed non-residential Use			Site specific, based on productivity, employees, water use efficiency practices etc.	Site specific, based on irrigation needs	Site specific, adjusted for # days in bill service period

*For master-metered apartments and condominiums, the base budget is multiplied by the number of dwelling units.

CCF = 100 cubic feet. 1 CCF = 1 billing unit = 748 gallons

ET = reference evapotranspiration – from IRWD weather stations located in coastal, central or foothill zones for cool season turf

GPD = gallons per day

IU = Internal Use – assumes 50 GPD per person

LA = irrigated landscape acres

PF = plant factor. Adjusts ET based on plant needs relative to cool season turf and irrigation system efficiency requirements. The plant factor for potable irrigation is 0.75. For recycled water, the plant factor is 0.8

1.4.2 Water Budget Variances

Variances are available for larger than normal landscaped areas, more people living in the home or special medical needs. Applications for variances may be obtained from the District website <https://www.irwd.com/services/request-a-water-variance> or from Customer Service at (949) 453-5300. See IRWD Rules and Regulations, Section 12.6 for variance procedures.

1.4.2.1 Justifications for variances

Applicants must provide proof acceptable to the District to support any variance request.

- 1) Number of people residing in a residential dwelling unit
Each additional person increases the budget by 1.6 ccf/month which is IU x 0.8.
- 2) Landscape
Increased budgets shall be given for residential lot size beyond the standard base budget lot size.
Applicants must provide acceptable documentation to the District of the actual irrigated landscape area served.
- 3) Medical needs
Approval is contingent upon medical documentation.
- 4) Increased budget will be determined on a case-by-case basis and based on the type of medical need.
- 5) Licensed care facilities (in a residential dwelling unit)
A current license from appropriate regulatory agency will be required.
 - a. A licensed 24-hour care facility will be provided budget increases based on the IU x 0.8 for each additional resident.
 - b. A licensed day care facility (not 24-hour) will be provided budget increases based on the IU x 0.5 for each additional person.
- 6) Additional budget for medical reasons will be determined on a case-by-case basis.
- 7) Fire control zones
Adjustments to budgets will be determined by the District based upon relevant factors such as area, slope, planting material, etc.
- 8) Commercial/industrial/public authority
Adjustments to the base budget will be determined on a case-by-case basis. Relevant factors will include expansion of productive capacity, existing conservation practices that can be shown to have reduced water usage, severe economic hardship, etc.
- 9) New account establishment variance
Landscape accounts – billed at the base rate for the first six months and, beginning in the seventh month, the budget will be based on irrigated acres.
- 10) Commercial and industrial accounts – billed at the base rate on usage for the first six months and, beginning in the seventh month, the monthly budget will be based on unique business and site demands as determined by the District.

1.4.2.2 Variance limitations

- 1) An approved variance will become effective on the date the request for variance is approved by the District but must be submitted within thirty (30) days of receipt of the bill.
- 2) Approvals are valid for a period specified by the District (one year or less) and must be resubmitted on or before the expiration date to remain in effect.

1.4.2.3 Water budget variance impact

- 1) Residential
Approved variances will extend each tier of the residential structure by a percentage.
- 2) Non-residential
Approved variances will extend each tier of the non-residential structure by a given percentage (or other method) determined on a case-by-case basis.

1.5 Pumping Surcharges

- 1) A pumping surcharge will be added to the variable water usage charge for customers in locations that cause the District to incur additional pumping costs to supply their water. Customers are assigned to an area depending upon the average cost to pump water to serve their location.
- 2) The surcharge is based upon prevailing energy costs.

1.5.1 Potable Water Pumping Surcharges

Area Name	Surcharge/ccf
Area 1	\$0. 41 44
Area 2	\$0. 73 79
Area 3	\$0.98 1.06
Area 4	\$1.88 2.03

1.5.2 Recycled Water Pumping Surcharges

Area Name	Surcharge/ccf
Area A	\$0. 25 27
Area B	\$0. 40 43
Area C	\$0. 58

1.6 Temporary Water Service Connection

1.6.1 Monthly Service Charge

See Chart in section 1.1.1.

1.6.2 Commodity Charge

Wherever feasible, recycled water shall be used for temporary construction uses. The Commodity Charge per ccf shall be as follows:

Potable	\$ 3.25 41
Recycled	\$ 1.75 98

1.6.3 Meter Deposit and Backflow Deposits

A deposit equal to the replacement cost of the construction meter and/or backflow device shall be collected at the time-of-service application. The deposit will be applied to the closing bill and any remaining amount refunded to the customer. Lost meters or backflow devices will result in forfeiture of deposit.

Size	Cost
1", 1-1/2", 2" Disc	\$ 1,000.00
3" Turbo T2 & H2	4,900 2550.00
4" Turbo	2,600.00
6" Turbo	4,680.00
8" Turbo	7,930.00
10" Turbo	11,750.00
<u>Backflow Device</u>	<u>871.00</u>

1.6.4 Materials For Repairing Damaged Construction Meters

Item	Cost
Meter	Cost by size is shown in section 3 above
Swivel Hose Coupling-Female	\$ 240.00
Register With AMR & Pulse Wire	275.00
Swivel Adapter	158.00
Fire Hose Adapter 3" MIP x 2-1/2" MFH B207	42.00
Lock	15.00
H2 Hydrant Meter Handle	22.00
Fire Hydrant Meter Lock - LRG	122.00
Rotor and Shaft Assembly (3")	721.00
Barrel Lock	30.00
Male Fitting	95.00
Hydrant Collar	100.00
Rotor Cap	27.00
Collar (with barrel lock)	106.00
Labor & Overhead	120.00

1.6.5 High Lines For Redevelopment

A high line is a temporary service connection installed by the District to an existing customer during system upgrades or repairs to the District's system.

- 1) Whenever feasible, high lines will be metered and the customers will be billed at their regular rate. The District will determine whether a high line should be metered.
- 2) If a high line is unmetered, the customer will be charged using a reasonable average daily consumption based on prior consumption or based on other reasonable calculations in the absence of historical data.

1.7 New Account Fees and Security Deposits for Water Service

This section is applicable to all requests for new or transferred service.

1.7.1 Service Establishment Fee

A fee shall be collected to establish a new account for water and sewer service, or to transfer an existing account to a new location.

Service establishment fee \$~~25~~30.00

1.7.2 Residential Service Deposit

For residential customers, a deposit of \$50.00 may be required until a one-year payment history is established.

Residential service deposit \$~~50~~75.00

1.7.3 Non-Residential Service Deposit

For non-residential customers, a deposit is required until a one-year payment history is established.

Non-residential service deposit \$~~400~~125.00

1.8 Other Water System Charges

1.8.1 Delinquency Charges

- 1) All bills and charges for water, sewer and recycled water service shall be due and payable upon presentation and shall become delinquent twenty-five (25) calendar days thereafter. If payment is not made within twenty-five (25) calendar days after presentation, a late charge will be levied upon the unpaid balance as follows:
- 2) For residential and non-residential accounts with an unpaid balance of \$10 or more, a one-time charge of 10% of the unpaid balance plus 1.5% interest will be assessed, and each month thereafter the unpaid balance will be subject to an interest charge of 1.5%.

1.8.2 Non-Sufficient Funds Checks

A service fee will be charged for each check returned from the bank for non-sufficient funds.

Return check Fee \$20.00

1.8.3 Service Restoration Charges

When service is discontinued because of delinquency in payment of a water, sewer, or recycled water bill, the service shall not be restored until all delinquent charges, late charges and interest charges, and a trip charge as specified below, have been paid. Certain exceptions may apply to the reconnection fee amount.

Reconnection fee \$ ~~75~~57.00 - 78.00
After-hours reconnection fee \$ ~~200~~172.00 - 208.00

1.8.4 Dispatch Charge

When an IRWD vehicle is dispatched for services outside of normally scheduled operations a dispatch charge may be assessed. Such activities may include, but are not limited to, same day and after hour start services and meter tampering investigations. Certain exceptions may apply to the dispatch charge amount.

Dispatch charge \$ 78.00
After-hours Dispatch Charge \$208.00

~~1.8.4~~1.8.5 Tampering

If any person tampers with a District meter or District side angle stop and damages it, the customer shall pay the District for the cost of repairs, including but not limited to parts, labor, and equipment. In addition, the customer will be liable for any charges imposed under the District's Rules and Regulations.

~~1.8.5~~1.8.6 Non-Compliance Charges For Illegal Connections

The District may impose charges in accordance with Section 14 of the District's Rules and Regulations.

1.8.7 Backflow Testing

Backflow Testing is required in compliance with the Cross Connection Control Policy Handbook for every IRWD backflow installation on Temporary Construction Meters. Backflows are to be tested at installation, when they are repaired, and when subsequently requested by the customer to be relocated.

Backflow Testing Fee - \$100

1.9 Water Shortage Contingency Plan (WSCP) Rates

The IRWD Board of Directors adopted an updated Water Shortage Contingency Plan (WSCP) in June 2021. The WSCP includes a “toolbox” of potential strategies for responding to 6 levels of water shortage.

Using WSCP as a guide and following Proposition 218’s requirements, rates were developed for each shortage level. These will be referred to as “WSCP rates” and have only been developed for the potable system commodity rates. They have no impact on the monthly fixed service water or sewer charges or on the recycled system.

The rates at each level are as follows.

Tiers	WSCP Levels Commodity Rates					
	1	2	3	4	5	6
	Up to 10%	11-20%	21-30%	31-40%	41-50%	Over 51%
Low Volume	\$1.99 2.08	\$2.00 09	\$2.00 10	\$2.04 11	\$2.02 14	\$2.05 17
Base	\$2.72 78	\$2.84 87	\$2.94 93	\$3.11 05	\$3.41 26	\$3.79 50
Inefficient	\$6.66 7.49	\$6.74 7.61	\$6.82 7.67	\$6.93 7.46	\$7.43 88	\$8.38 82
Wasteful	\$17.25 19.42	\$18.06 20.25	\$18.97 21.20	\$20.05 22.53	\$22.18 24.96	\$25.18 28.36

These commodity rates provide cost of service equity for the budgeted Board-approved operating variable costs and additional costs incurred as a direct result of a water shortage declaration at the associated stage level. Implementation of WSCP rates would require additional Board action.

Section 2: Sewer

2.1 Monthly Sewer Service Charge

2.1.1 Residential (Single Family And Multi-Family Dwelling Units)

- 1) No credit will be granted for vacancies resulting from the normal turnover of occupants in an existing multiple dwelling unit. The price structure contained herein includes considerations of average vacancy rates.
- 2) A newly constructed multiple dwelling unit may be billed at the non-residential metered rate, with appropriate allowance for landscape irrigation, until the structure is released for occupancy.

2.1.1.1 Collection and treatment

- 1) The monthly sewage service charge is based upon the average of the actual lowest three months' water usage during the prior calendar year. Charges are based on a 30-day billing period.
- 2) Customers with less than a full calendar year of history are charged the 90% rate.

Average Monthly Water Use	Rate	Monthly Sewer Service Charge per Unit
Over 1,000 cubic feet (>10.0 ccf)	100%	\$36.79 43.45
501-1,000 cubic feet (5.01 – 10.0 ccf)	90%	\$31.86 37.00
Under 500 cubic feet (<5.0 ccf)	75%	\$25.79 28.80

2.1.1.2 Collection ~~only~~Only

Assumed Monthly Water Use	Rate	Monthly Sewer Service Charge per Unit
Over 1,000 cubic feet	100%	\$13.05

2.1.1.3 Treatment Only

Assumed Monthly Water Use	Rate	Monthly Sewer Service Charge per Unit
Over 1,000 cubic feet	100%	\$11.55 23.95

2.1.1.3 Treatment ~~only~~

Assumed Monthly Water Use	Rate	Monthly Sewer Service Charge per Unit
Over 1,000 cubic feet	100%	\$20.50

2.1.2 Non-Residential (Commercial, Industrial, and Institutional)

- 1) Quantity charges assume that 90% of non-residential water consumption returns to the sewer.
- 2) Due to ~~of~~ landscape irrigation or consumptive usage, some non-residential users may discharge substantially less of their metered water into the sewer system. Those users may, upon request to the District, be permitted to have the amount of water being discharged into the sewer determined by means acceptable to the District.
- 3) To qualify for the sewage service charge only, a customer usage history cannot be greater than 120 ccf in a full calendar year based on actual meter readings. Usage exceeding 10.0 ccf per month will pay a quantity charge.
- 4) Upon request by the user and at the sole discretion of the District, an alternate service charge may be applied.
- 5) During construction, prior to occupancy, these rates are applicable.

2.1.2.1 Collection and Treatment

<u>Average Monthly Water Use</u>	<u>Rate</u>
Up to 1,000 cubic feet	\$36.79 <u>\$43.45</u> / Month
Over 1,000 cubic feet	\$ 3.07 <u>\$ 3.94</u> / ccf

2.1.2.2 Collection Only

<u>Average Monthly Water Use</u>	<u>Rate</u>
<u>Up to 1,000 cubic feet</u>	<u>\$13.05 / Month</u>
<u>Over 1,000 cubic feet</u>	<u>\$ 1.06 / ccf</u>

2.1.2.3 Treatment Only

<u>Average Monthly Water Use</u>	<u>Rate</u>
<u>Up to 1,000 cubic feet</u>	<u>\$23.95 / Month</u>
<u>Over 1,000 cubic feet</u>	<u>\$ 2.88 / ccf</u>

2.2 Other Sewer System Charges

This section shall be applicable to non-residential customers who discharge extra-strength sewage into the sewage collection system, or discharge or have the potential to discharge constituents subject to federal or state standards and local discharge limitations.

2.2.1 Alternative Service Charges

At the sole discretion of the District, users may request the application of an alternative service charge for use. The alternative service charge shall be based on measured quantity and quality of water being discharged to the sewer from the user's facility by a means acceptable to the District.

The alternative service charge for use shall be computed by the following formula:

$$\text{Charge for use} = VR_v + BR_b + SR_s$$

Where V = Total volume of flow in hundred cubic feet.

B = Total discharge of biochemical oxygen demand (BOD) in pounds.

S = Total discharge of suspended solids (SS) in pounds

R_v = \$ 2.077 per hundred cubic feet

R_b = \$ 0.495 per pound of BOD

R_s = \$ 0.431 per pound of SS

2.2.2 Charges For Noncompliance With Permit Conditions

2.2.2.1 Minor violation

Condition where the limitation is less than the violation and the violation is less than the technical review criterion.

Fee per violation - \$350

2.2.2.2 Significant noncompliance or significant violation

Condition where the violation is greater than the technical review criterion or qualifies under the definition of significant noncompliance.

Fee per violation - \$550

2.2.2.3 Batch dump or slug load

Fee per violation - \$550

2.2.2.4 Probation orders

Enforcement Compliance Schedule Agreements and subsequent two-year probation, and Regulatory Compliance Schedule Agreements.

Fee per violation - \$550

2.2.2.5 Appeals to the Board of Directors

Appeal fee - \$500

2.3 Fats, Oils, And Grease (FOG) Control Programs

All terms and requirements for the Fats, Oils, and Grease (FOG) Control Program can be found in Section 7.13 of the District's Rules and Regulations for Water, Sewer, Recycled Water, and Natural Treatment System Service.

2.3.1 FOG Wastewater Discharge Permit

FOG wastewater discharge permit fees are pursuant to Rules and Regs 7.13.6(4). These charges shall be incorporated in the monthly sewage service charges.

Food service establishments (FSE), and those FSE that are issued a conditional waiver (CW) by the District, shall pay the FOG wastewater discharge permit fees.

<u>Discharge Permit</u>	<u>Monthly Fee</u>
FSE	\$16.40
CW	\$ 7.25

2.3.2 Special Services

2.3.2.1 FOG Plan check

The following FOG plan check fees must be paid at the time FOG plans are submitted. For FSE, CW or LFP, all initial plan checks include the initial plan check and up to one revision.

Food Service Establishments (FSE) and Conditional Waivers (CW)

Initial Plan Check	\$575.00
Permit Issuance and Initial Inspection	275.00
Total =	\$850.00

Limited Food Prep (LFP)

Initial Plan Check \$575.00

2.3.2.2 Additional plan check

If more than one revision is required, the FSE, CW or LFP will be required to pay additional plan check fees. This subsequent plan check fee includes up to two (2) more revisions.

Additional plan revisions \$235

2.3.2.3 Compliance follow-up inspection

If during an inspection the FSE is deemed to be out of compliance with the FOG Control Program and a compliance follow-up inspection is required, the FSE shall be required to pay a fee for the compliance follow-up inspection.

Compliance follow up inspection \$315.00

2.3.2.4 Enforcement

If an FSE is deemed to be out of compliance and a Notice of Violation is issued by the District to the FSE, the FSE will be charged an enforcement fee for each incident.

Enforcement fee \$1,150.00 per incident.

2.3.2.5 Special study

This fee is for the District to review special studies at the request of the FSE, such as a performance study of bio-additives to a grease interceptor. A special study fee will be required at the time of request by the FSE to the District.

Special study fee \$1,000

2.3.2.6 FOG-related private lateral sewage discharge response

If District staff responds to a private lateral sewage discharge (PLSD), an investigation shall be done by District staff. If staff determines that the discharge is found to be FOG-related, the following fees shall be charged to the FSE, CW or LFP.

PLSD Response Fees During Working Hours

First Response Hour	\$3,225.00
Each Additional Response Hour	2,700.00 per hour

PLSD Response Fees After Working Hours

First Response Hour	\$4,200.00
Each Additional Response Hour	3,675.00 per hour

2.3.3 Special Purpose Discharger Service Charges

Special purpose discharge service fees apply to customers who have been required by the District to obtain a special purpose discharge permit issued jointly by the District and Orange County Sanitation District (OC San). Sewage service charges will be based on reported and verified monthly flow to sewer.

Flow Service Charge up to \$1,754.41 per million gallons

2.3.4 Discharge Limits

Discharge limits are included in Exhibit C of the Rules and Regulations.

Section 3: Developer Services

3.1 Water Connection Fees

3.1.1 Residential Density—DU/AC¹

Connection Fees per Dwelling Unit (DU)/Acre (AG) according to Density (DU/acre¹)

Improvement District	0-5.8 DUs/AC ⁽⁴⁾ DU/acre ¹	5.9-10.8 DUs/AC ⁽⁴⁾ DU/acre ¹	10.9-25.8 DUs/AC ⁽⁴⁾ DU/acre ¹	25.9+ DUs/AC ⁽⁴⁾ DU/acre ¹
111*	\$5,620	\$4,956	\$4,201	\$3,547
112	\$2,391	\$2,391	\$2,391	\$2,391
112a (tax exempt)	\$4,068	\$4,068	\$4,068	\$4,068
113	\$1,368	\$1,368	\$1,368	\$1,368
125	\$3,062	\$3,062	\$3,062	\$3,062
153	\$1,337	\$1,337	\$1,337	\$1,337
153 PA 30	\$5,129	\$5,129	\$5,129	\$5,129
185	\$1,656	\$1,656	\$1,656	\$1,656
188	\$1,973	\$1,973	\$1,973	\$1,973

*All others

3.1.2 Commercial, Industrial, and Public Authority

Connection Fees per Acre

Improvement District	Commercial	Industrial	Public Authority
111*	\$31,184	\$47,495	\$31,184
112	\$14,216	\$14,216	\$14,216
112a (tax exempt)	\$26,430	\$26,430	\$26,430
113	\$25,840		\$25,840
125	\$15,181	\$21,551	\$15,181
153	\$8,937	\$12,685	\$8,937
PA 30	\$25,452	\$36,130	\$25,452
185	\$7,736	\$7,736	\$7,736
188	\$7,793	\$7,793	\$7,793

*All others

3.1.3 Parks and Religious Organizations

Connection Fees per Fixture Unit²

Improvement District	Indoor Water Use	Outdoor Water Use
111*	\$97.65	\$343.68
125	\$66.10	\$231.64
153	\$29.75	\$104.25
PA 30	\$84.65	\$296.69
185	\$69.24	\$243.17
188	\$38.94	\$136.98

*All others

3.1.4 K-12 Schools (Public and Private)

Connection Fees per 100 Students (Based on Max Daily Attendance)

Improvement District	Indoor Primary / Intermediate	Indoor Secondary	Irrigation
111*	\$7,697	\$10,320	\$319
125	\$5,198	\$6,979	\$225
153	\$2,339	\$3,139	\$93
PA 30	\$6,657	\$8,939	\$268
185	\$5,221	\$7,325	\$228
188	\$3,562	\$4,767	\$149

*All others

² AC = Gross acreage excluding private parks. See Section 3.1.3 for park connection fees.

²² Calculated per Uniform Plumbing Code.

3.2 Other Water Connection Charges

3.2.1 High Volume User Connection Fee – Non-Residential

This section shall apply to all commercial, industrial, and public authority applicants in addition to standard connection fees in all Improvement Districts. Fees will be calculated using the following methodology.

$$\text{High Volume Water User Connection Fee} = [\text{ADD}_{dw} - (\text{AC} \times \text{NRWUF})] \times \frac{\$1,482,199}{646,320 \text{ GPD}}$$

Non-Residential Water Use Factor (NRWUF):	<u>Land Use Category</u>	<u>NRWUF (GPD/ Acre)</u>
	Commercial/Public Authority	2,000
	Industrial	4,000
	UCI	Special Contract

Definitions: ADD_{dw} Average Daily Water Demand (Estimated Daily Water Usage) in Gallons per Day

AC Gross Acreage

Commercial Development including but not limited to hotels, retail, colleges, and offices.

Industrial Development including but not limited to manufacturing, research and development, and distribution.

Public Authority Development including but not limited to government agencies and K-12 Schools.

3.2.2 Redevelopment Water Connection Fees

Redevelopment connection fees will be calculated using the following methodology.

- 1) Calculate new development connection fees based on new development land use type (and estimated water usage for high volume users, if applicable) utilizing current rates and charges.
- 2) Calculate existing development connection fee credit based on existing land use type (and existing water usage for high volume users, if applicable) utilizing current rates and charges.
- 3) The redevelopment connection fee is the difference between the new development connection fee and the connection fee credit. No refunds will be given if the credit is greater than the connection fee.

3.2.3 Meter Size and Cost

	Meter Size	Min/Max GPM	Cost of Meter
Fireline Bypass Meter	5/8" x 3/4" Disc	1/2 – 20	\$15080
	Full 3/4" Disc	3/4 – 30	\$17090
	1" Disc	1 – 50	\$260160
	1 – 1/2" Disc	2 – 100	\$580350
	2" Disc	2.5 – 160	\$750590
Base on Demand Commercial/Residential/ Landscaping Irrigation	2" Turbo	1.5 – 250	\$1,480090
	3" Turbo	2.5 – 650	\$1,610530
	4" Turbo	3 – 1,250	\$3,060150
	6" Turbo	4 – 2,500	\$5,700750
	8" Turbo	5 – 3,500	Verify cost & availability
	10" Turbo	6 – 5,500	Verify cost & availability

3.2.4 Meter/Service Modifications by District – Residential Only

3.2.4.1 Meter/Service Modifications

Customers may request the District to provide a quote for the following services:

- 1) Install, relocate, and abandon domestic and recycled water meters/service line up to 2-inch in size for residential projects.
- 2) Replace (downsize or upsize) domestic and recycled water meters/service line up to 2-inch in size for residential projects.

3.2.4.2 Quote request

To request an action listed above, the customer must submit a Quote Request for Service or Meter Modifications which can be obtained by contacting Development Services via email at plancheck@IRWD.com. District staff will prepare a cost estimate to include the individual meter as shown in Subsection 3.2.3 and any additional parts required for project and labor required for installation. District meter quotes are valid for 30 days.

- 1) A connection fee will apply for any previously undeveloped parcel (See section 3.1).
- 2) When payment is received, a work order will be issued to District staff to begin coordination and installation.
- 3) Easements will be required for any facilities located outside of the public right of way.

3.2.4.3 Additional requirements:

- 1) It is the customer's responsibility to ensure that any upsizing or downsizing of the meter will not have adverse effects to the customer's system as it relates to water pressure, fire protection or ability to successfully serve the demand of the home or business. The District may require OCFA approval of any modifications and/or a signed Request & Authorization to Change Meter Size form.
- 2) Any private-side (downstream of the water meter) modifications or repairs are the sole responsibility of the customer. Any required backflow device shall be installed and maintained by the customer.
- 3) If for any reason the customer chooses to change back to the original size meter, all installation costs would once again apply.
- 4) The District reserves the right to decline a customer's request for meter/service modifications for any reason. In the event the District declines to perform modifications, the requester is required to follow the formal plan approval process by submitting design plans to Development Services.
- 5) The District will not provide quotes for non-residential projects.
- 6) For further information, see Development Services Procedural Guidelines document which can be found at <https://www.irwd.com/doing-business/engineering>.

3.2.5 Water System Plan Check and Inspection Fees

3.2.5.1 Plan check deposit

A non-refundable deposit shall be submitted when requesting the first plan check. Any remaining fees shall be paid prior to final approval of the plans.

Plan check deposit	5% of the estimated cost
--------------------	--------------------------

3.2.5.2 Plan check and inspection fees

- 1) Plan Check and Inspection (PC&I) fees for domestic water and recycled water systems shall be calculated as 10% of the bondable cost for the off-site/public improvements of the project or a fixed fee as described below.

Installation of a 1" or 2" Service	\$4,000.00
Removal of a 1" 1" , 2" or 2" Fire Service —	\$3,000.00
Installation of Fire DCBA or Fire Hydrants	\$5,000.00
Installation of Recycled Water Hydrants	\$5,000.00
Temporary Construction Connections	\$5,000.00

- 2) PC&I fees for Natural Treatment System shall be calculated as 5% of the bondable cost or a minimum of \$30,000.

3.2.5.3 Inspection overtime rates

Business Days	6AM-7AM and 4PM-9PM	\$300/Hour
Non-Business Days	6AM-9PM	\$300/Hour
After Hours	9PM-6AM	\$460/Hour

3.2.5.4 Public/Private Utilities and Agencies

Plan check and inspection fees are determined on a case-by-case basis. Projects with significant impacts to IRWD facilities located within IRWD easements or property may require design review and inspection fees that will be calculated at the time of plan submittal. Please contact Development Services Department or email plancheck@irwd.com for more information.

Minimum fee \$2,500 per plan.

3.2.6 Interim Water Service Charge – New Development

Builders and developers will be charged a one-time fee for water service directly related to the vertical construction process of homes.

Interim service water charge \$43.15 per connection

- 1) The charge applies only in a new tract and/or development for the period after in-tract pipelines, service mains and sewer pipelines have been connected to the District's water system.
- 2) Once connections to the District pipelines are made and housing phases are released for occupancy, water used through the occupants metered house connection will be billed to the developer or resident as appropriate.
- 3) Connection methods and determination of the appropriate uses of unmetered water is at the sole discretion of the District.
- 4) The only allowable unmetered use is for the testing of new construction residential plumbing. Water used for lot soft-scape, exterior of the home stucco/plaster, drywall, interior stonework, interior finishing work and clean-up, connections to sales/construction trailers, flat work, hardscaping, retaining and other walls, lot or pad soaking, streetscape, water trucks/buffaloes must be metered with a temporary construction meter.
- 5) Any connection practice that could pose a risk to public health resulting from a backflow condition is prohibited.
- 6) Failure to properly connect using a meter to the District's Distribution System will subject the builder/developer to non-compliance charges.
- 7) Unmetered water service is not permitted for custom lots. Developers for custom lots will be required to apply for a domestic water construction meter prior to starting construction.

3.3 Sewer Connection Fees

3.3.1 Residential ~~Density~~ **DU/AC¹**

Connection Fees per Dwelling Unit (DU) according to Density (DU/acre¹)

	<u>0-5.8</u>	<u>5.9-10.8</u>	<u>10.9-25.8</u>	<u>25.9+</u>
<u>Improvement District</u>	<u>DUs/acreDU/acre¹</u>	<u>DUs/acreDU/acre¹</u>	<u>DUs/acreDU/acre¹</u>	<u>DUs/acreDU/acre¹</u>
(222) *	\$9,978	\$8,880	\$7,310	\$5,767
212	\$5,590	\$5,590	\$5,590	\$5,590
212a (tax exempt)	\$10,614	\$10,614	\$10,614	\$10,614
213	\$9,413	\$9,413	\$9,413	\$9,413
240	\$5,506	\$5,506	\$5,506	\$5,506
225	\$5,279	\$5,279	\$5,279	\$5,279
253	\$2,341	\$2,341	\$2,341	\$2,341
253 PA 30	\$5,353	\$5,353	\$5,353	\$5,353
256	\$7,630	\$7,630	\$7,630	\$7,630
285	\$5,519	\$5,519	\$5,519	\$5,519
288	\$3,385	\$3,385	\$3,385	\$3,385
OPA1 (Ridgeline)	\$7,820	\$7,820	\$7,820	\$7,820
*All Others				

3.3.2 Commercial, Industrial, and Public Authority

Connection Fees Per AC¹acre¹

<u>Improvement District</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Authority</u>
(222) *	\$55,926	\$97,572	\$55,926
212	\$34,592	\$34,592	\$34,592
212a (tax exempt)	\$63,368	\$63,368	\$63,368
213	\$41,535		\$41,535
240	\$25,141		\$25,141
225	\$21,168	\$25,041	\$21,168
253	\$11,058	\$18,351	\$11,058
253 PA 30	\$23,868	\$39,605	\$23,868
285	\$11,029	\$11,029	\$11,029
288	\$13,361	\$13,361	\$13,361
*All Others			

3.3.3 Parks and Religious Organizations

Connection Fees Per Fixture Unit²

<u>Improvement District</u>	<u>All Projects</u>
(222) *	\$618.74
240	\$374.05
225	\$331.77
253	\$142.17
253 PA 30	\$374.09
288	\$88.67
*All others	

3.3.4 K-12 Schools (Public and Private)

Connection Fees per 100 Students Based on Max Daily Attendance

<u>Improvement</u>	<u>Primary or Intermediate</u>	<u>Secondary</u>
(222) *	\$29,319	\$39,097
240	\$17,679	\$23,574
225	\$15,588	\$20,784
253	\$6,679	\$8,906
253 PA 30	\$17,576	\$23,436

² AC= Gross acreage excluding private parks. See Section 3.3.3 for park connection fees.

^{2a} Calculated per Uniform Plumbing Code

3.4.3 Redevelopment Sewer Connection Fees

Redevelopment connection fees will be calculated using the following methodology, effective January 1, 2014:

- 1) Calculate new development connection fees based on new development land use type (and estimated sewer demand for high volume users, if applicable) utilizing current rates and charges;
- 2) Calculate existing development connection fee credit based on existing land use type (and existing sewer demand for high volume users, if applicable) utilizing current rates and charges; and
- 3) The redevelopment connection fee is the difference between the new development connection fee and the connection fee credit.
- 4) No refunds will be given if the credit is greater than the connection fee.

3.4.4 Sanitary Sewer System Plan Check and Inspection Fees

3.4.4.1 Plan check deposit

A non-refundable deposit shall be submitted when requesting the first plan check. Any remaining fees shall be paid prior to final approval of the plans

Plan check deposit	5% of the estimated cost
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3.4.4.2 Plan check and inspection Fee

The plan check and inspection fee for public sewer systems will be calculated as 10% of the bondable cost for the off-site public sewer system.

3.4.4.3 Inspection overtime rates

Business Days	6AM-7AM and 4PM-9PM	\$300/Hour
Non-Business Days	6AM-9PM	\$300/Hour
After Hours	9PM-6AM	\$460/Hour

3.4.5 District Closed Circuit Television Inspection Charges

3.4.5.1 Initial TV inspection fee

A fee per linear foot as measured from the center line of manholes will be charged for all 6-inch and larger sewer lines to be inspected by a closed-circuit television camera.

- 1) The District will provide the special camera equipment and manpower to fulfill this inspection requirement
- 2) This fee is to be paid along with the other connection, meter, and inspection fees prior to the District signing developer's tract utility plans.

Initial TV inspection fee \$0.85 per linear foot

3.4.5.2 Reinspection fee

Fees will be assessed for reinspection by District TV Crew after corrective work is completed. Those portions of the pipeline system that have been corrected must be re-televised.

- 1) Payment for re-televising estimated inspection fees must be received by the Development and Inspection Services prior to scheduling the reinspection. Re-televising will not be done until the fees are paid.
- 2) District fees for re-televising corrective work will be a flat set-up fee plus a fee per linear foot of sewer line reinspected measured centerline to centerline of manholes.

TV Inspection Fee	\$250.00 per inspection
	\$0.85 per linear foot

3.4.5.3 Cancellation fee

If it is determined by either the Contractor or Developer that the job site will not be ready or accessible for the television inspection on the scheduled date, as notified, the Contractor shall notify the District Inspection Division of the necessary cancellation at least 24 hours in advance of the scheduled inspection to avoid being charged a cancellation fee.

- 1) If the District's television crew arrives at the job site and the work is not ready or accessible, the Contractor and owner will be billed a cancellation fee prior to the date of the rescheduled television inspection.
- 2) A rescheduled inspection is to be made through the District's project inspection division.

Cancellation fee \$250.00

3.4.5.4 Optional developer TV inspection

If the Contractor or Owner desires to have a portion of, or the entire job, TV inspected for convenience, they will be charged an inspection fee plus a fee per linear foot of sewer line inspected measured centerline to centerline of manholes.

TV Inspection Fee \$150.00 per inspection
\$0.85 per linear foot

Exhibit: B History of Revisions to Schedule of Rates and Charges

DATE ADOPTED	RESOLUTION	REVISION	EFFECTIVE DATE
05-23-77	1977-49	Rescind 1973-48 & 1977-42	
08-29-77	1977-71	Change in Connection Charges	09-01-77
02-27-78	1978-31	Rescind 1977-71	
		Discontinue Water & Sewer Service	03-01-78
07-10-78	1978-135	Rescind 1978-31	07-10-78
08-28-78	1978-154	Rescind 1978-135	08-28-78
01-08-79	1979-02	Rescind 1978-154	
		Increase Water Commodity Charges	01-08-79
06-25-79	1979-25	Rescind 1979-02	
		Increase Water & Sewer Charges	07-01-79
07-30-79	1979-41	Rescind 1979-25	07-30-79
06-23-80	1980-28	Rescind 1979-41	07-01-80
08-25-80	1980-49	Rescind 1980-28	08-25-80
12-22-80	1980-77	Rescind 1980-49	
		Increase Wastewater System Charges	01-01-81
06-15-81	1981-103	Rescind 1980-77	07-13-81
07-13-81	1981-132	Rescind 1981-103	07-13-81
06-28-82	1982-48	Rescind 1981-132	
		Increase Connection Fees & Water & Sewer Rates	07-01-82
09-27-82	1982-61	Rescind 1982-48	10-01-82
11-22-82	1982-67	Rescind 1981-61	12-01-82
06-27-83	1983-116	Rescind 1982-67	07-01-83
11-21-83	1983-137	Rescind 1983-116	
		Increase Dom. Water Rates & ImPLY. Mod. Sewer Rates	01-01-84
12-12-83	1983-132	Rescind 1983-131	
		High-rise Connection Fees (Sewer)	01-01-84
04-23-84	1984-13	Rescind 1983-132	
		Untreated & Recycled Water For Ag Use Commodity Charges Increase	06-01-84
06-25-84	1984-22	Rescind 1984-13	
		Decrease Water & Sewer Charges, Increase Connection Fees	07-01-84
09-10-84	1984-43	Rescind 1984-22	10-01-84
01-28-85	1985-2	Rescind 1984-43	02-01-85
02-25-85	1985-7	Rescind 1985-2	02-25-85
03-25-85	1985-31	Rescind 1985-7	03-25-85
		Reduce Connection Fees I.D. 103 & 3(203)	
06-24-85	1985-37	Rescind 1985-31	07-01-85
		Decrease Water & Sewer Chgs. Change Recycled Landscape Charge	
12-16-85	1985-115	Rescind 1985-37	01-01-86
06-23-86	1986-28	Rescind 1985-115	07-01-86
03-23-87	1987-11	Rescind 1986-28	04-01-87

Continued

DATE ADOPTED	RESOLUTION	REVISION	EFFECTIVE DATE
06-22-87	1987-27	Rescind 1987-11	Increase R-W; Nonpotable Ag 07-01-87
08-10-87	1987-44	Rescind 1987-27	Reduce Connection Fees I.D.'s 103,3(203), 102(120)121 & 106(160)161 07-10-87
09-28-87	1987-49	Rescind 1987-44	Industrial Waste Program 10-01-87
01-25-88	1988-18	Rescind 1987-49	Add Portola Hills Sewer Serf. Add Water Pumping Surcharge 02-01-88
06-27-88	1988-61	Rescind 1988-18	Reduce Monthly Sewer Charge 07-01-88
08-22-88	1988-66	Rescind 1988-61	Adjust Connection Fees 08-23-88
06-26-89	1989-38	Rescind 1988-66	Reduce Monthly Sewer Charge 07-01-89
			Reduce Recycled Landscape Increase Untreated and Recycled Ag Rates
08-28-89	1989-58	Rescind 1989-38	Adjust Connection Fees 08-28-89
06-26-90	1990-20	Rescind 1989-58	Reduce Monthly Sewer Charge 07-01-90
			Reduce Untreated and Recycled Ag Rates
07-23-90	1990-24	Rescind 1990-20	Adjust Connection Fees 07-23-90
01-28-91	1991-05	Rescind 1990-24	Eliminate High Rise and Adjust Connection Fees
			Add Excessive Use Surcharge 02-01-91
04-22-91	1991-09	Rescind 1991-05	Ascending Block Rate Structure and Request for Variance 06-01-91
05-28-91	1991-13	Rescind 1991-9	Commodity Rates for Landscape Customers 06-01-91
06-10-91	1991-19	Rescind 1991-13	Commodity Rates for Ag., Untreated Landscape, Portola Hills Sewer Rates and Coastal Recycled Rates 07-01-91
07-12-91	1991-37	Rescind 1991-19	Adjust Connection Fees 07-12-91
10-28-81	1991-46	Rescind 1991-37	Increase Ag Water Rate 10-28-91
04-30-92	1992-12	Rescind 1991-46	Modify Ascending Block Rate Structure 04-30-92
06-22-92	1992-22	Rescind 1991-13	Modify Ascending Block Rate Structure 07-02-92
09-28-92	1992-40	Rescind 1992-22	Adjust Connection Fees 09-28-92
01-25-93	1993-3	Rescind 1992-40	Landscape Irrigation Rates 02-01-93
03-04-93	1993-8	Rescind 1993-3	Modify Ascending Block Rate Structure 04-01-93
06-28-93	1993-22	Rescind 1993-8	Increase Water Rate and Reduce Monthly Sewer Charge 07-01-93
07-28-93	1993-26	Rescind 1993-22	Decrease Water Rates 08-01-93
09-13-93	1993-29	Rescind 1993-26	Adjust Connection Fees 09-14-93

Continued

DATE ADOPTED	RESOLUTION	REVISION	EFFECTIVE DATE
06-13-94	1994-10	Rescind 1993-29	Increase Water Rate 07-01-94
08-08-94	1994-18	Rescind 1993-10	Adjust Connection Fees 08-08-94
08-14-95	1995-20	Rescind 1994-18	Adjust Connection Fees 08-14-95
08-28-95	1995-24	Rescind 1995-20	Adjust Pumping Surcharges 10-01-95
09-25-95	1995-27	Rescind 1995-20	Adjust Connection Fees and 09-25-95
09-25-95	1995-27	Rescind 1995-24	Adjust Pumping Surcharges 11-01-95
10-23-95	1995-31	Rescind 1995-27	Adjust Pumping Surcharges 11-01-95
11-27-95	1995-35	Rescind 1995-31	Add Monthly Sewer Service Charge - Newport Coast 12-01-95
01-08-96	1996-3	Rescind 1995-35	Adjust Connection Fees to I.D. 240 01-08-96
06-10-96	1996-19	Rescind 1996-3	Adjust Pumping Surcharges Increase Nonpotable Water Charges and Modify Ascending Block Rate Allocations 07-01-96
08-12-96	1996-27	Rescind 1996-19	Adjust Connection Fees 08-12-96
08-27-96	1996-28	Rescind 1996-27	Adjust Connection Fees to I.D.'s 140 & 240 08-27-96
09-23-96	1996-32	Rescind 1996-28	Adjust Water and Sewer Fixed Charges 09-23-96
10-14-96	1996-33	Rescind 1996-32	Adjust Sewer Service Charges for Non- Residential & Portola Hills 10-14-96
06-30-97	1997-17	Rescind 1996-33	Modify Rates and Charges and Connection Fees 06-30-97
10-01-97	1997-29	Rescind 1997-17	Modify Ascending Block Rate Structure Terminology 10-01-97
06-08-98	1998-21	Rescind 1997-29	Miscellaneous Adjustments to Schedule of Rates and Charges 07-01-98
08-24-98	1998-33	Rescind 1998-21	Adjust Connection Fees 08-24-98
06-28-99	1999-25	Rescind 1998-33	Adjustments to Schedule of Rates and Charges 07-01-99
06-26-00	2000-18	Rescind 1999-25	Adjustments to Schedule of Rates and Charges 07-01-00
07-24-00	2000-24	Rescind 2000-18	Adjustments to Schedule of Rates and Charges 07-25-00
06-25-01	2001-24	Rescind 2000-24	Adjustments to Schedule of Rates and Charges 07-01-01
06-24-02	2002-22	Rescind 2001-24	Adjustments to Schedule of Rates and Charges 07-01-02
12-09-02	2002-47	Rescind 2002-22	Adjustments to Schedule of Rates and Charges 12-09-02
03-10-03	2003-7	Rescind 2002-47	Adjustments to Schedule of Rates and Charges 03-10-03
06-23-03	2003-20	Rescind 2003-7	Adjustments to Schedule of Rates and Charges 07-01-03
09-08-03	2003-35	Rescind 2003-20	Adjustments to Schedule of Rates and Charges 09-08-03
06-28-04	2004-25	Rescind 2003-35	Adjustments to Schedule of Rates and Charges 07-01-04
07-12-04	2004-32	Rescind 2004-25	Adjustments to Schedule of Rates and Charges 07-12-04
10-11-04	2004-51	Rescind 2004-32	Adjustments to Schedule of Rates and Charges 10-11-04
06-27-05	2005-20	Rescind 2004-51	Adjustments to Schedule of Rates and Charges 07-01-05

DATE ADOPTED	RESOLUTION	REVISION	EFFECTIVE DATE
09-26-05	2005-31	Rescind 2005-20	Adjustments to Schedule of Rates and Charges
10-10-05	2005-35	Rescind 2005-31	Adjustments to Schedule of Rates and Charges
06-26-06	2006-20	Rescind 2005-35	Adjustments to Schedule of Rates and Charges
07-24-06	2006-27	Rescind 2006-20	Changes to Water & Sewer Connection Fees
06-25-07	2007-16	Partially Modifies 2006-27	Adjustments to Schedule of Rates and Charges
07-16-07	2007-21	Partially Modifies 2006-27	Changes to Water & Sewer Connection Fees
06-23-08	2008-36	Rescind 2007-21	Adjustments to Schedule of Rates and Charges
07-28-08	2008-45	Partially Modifies 2008-36	Changes to Water & Sewer Connection Fees
06-22-09	2009-20		Adjustments to Schedule of Rates and Charges
07/27/09	2009-24	Partially Modifies 2009-20	Changes to Water & Sewer Connection Fees
06/28/10	2010-19		Adjustments to Schedule of Rates and Charges
07/26/10	2010-22	Partially Modifies 2010-19	Changes to Water & Sewer Connection Fees
02/28/11	2011-3	Partially Modifies 2010-22	Changes to Sewer Connection Fees
06/27/11	2011-25	Rescind 2010-19	Adjustments to Schedule of Rates and Charges
07/25/11	2011-33	Rescind 2011-25	Changes to Water & Sewer Connection Fees
06/25/12	2012-26	Rescind 2011-25	Adjustments to Schedule of Rates and Charges
10/08/12	2012-41	Partially Modifies 2012-26	Changes to Water & Sewer Connection Fees
12/10/12	2012-57		Adjust Connection Fees to IDs 112 & 212
06/24/13	2013-21	Rescind 2012-26	Adjustments to Schedule of Rates and Charges
12/16/13	2013-60	Partially Modifies 2013-21	Changes to Water & Sewer Connection Fees
06/23/14	2014-32		Adjustments to Schedule of Rates and Charges
07/14/14	2014-33	Partially Modifies 2014-32	Changes to Water & Sewer Connection Fees
11/10/14	2014-50		Changes to the Rules and Regulations for Water, Sewer, Recycled Water, and Natural Treatment System Service
06/22/15	2015-17	Rescind 2014-50	Adjustments to Schedule of Rates And Charges
07/27/15	2015-19	Partially Modifies	Changes to Water & Sewer Connection Fees
06/27/16	2016-10		Adjustments to Schedule of Rates and Charges
07/25/2016	2016-21	Partially Modifies	Changes to Water & Sewer Connection

DATE ADOPTED	RESOLUTION		Fees REVISION	EFFECTIVE DATE
06/26/2017	2017-17		Adjustments to Schedule of Rates and Charges	07/01/2017
07/24/2017	2017-19	Partially Modifies 2017-17	Changes to Water & Sewer Connection Fees	09/01/2017
06/25/2018	2018-16	Rescind 2017-17	Adjustments to Schedule of Rates and Charges	07/01/2018
07/23/2018	2018-21	Partially Modifies 2018-16	Changes to Water & Sewer Connection Fees	08/01/2018
06/24/2019	2019-17	Rescind 2018-16	Adjustments to Schedule of Rates and Charges	07/01/2019
07/08/2019	2019-21	Partially Modifies 2019-17	Changes to Water & Sewer Connection Fees	08/01/2019
07/13/2020	2020-14	Partially Modifies 2019-21	Changes to Water & Sewer Connection Fees	08/01/2020
07/13/2021	2021-15	Partially Modifies 2019-21	Changes to Water & Sewer Connection Fees	08/01/2021
01/24/2022	2022-2	Rescind 2021-15	Adjustments to Schedule of Rates and Charges	02/01/2022
07/13/2021	2021-15	FY 2022-23 Approved Rates	Update Water & Sewer Connection Fees with approved rates	08/01/2022
6/26/2023	2023-9	Rescind 2022-2	Adjustments to Schedule of Rates and Charges	07/01/2023
07/24/2023	2023-12	Partially Modifies 2023-9	Changes to Water & Sewer Connection Fees	08/01/2023
06/26/2023 & 07/24/2023	2023-12	Update with FY 2024-25	Update Schedule of Rates and Charges with approved rates	07/01/2024
06/23/2025	2025-xx	xxxxxxxxxx	xxxxxxxxxxxx	07/01/2025

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IRVINE RANCH WATER DISTRICT

FY 2026 and FY 2027 Cost of Service and Rate Study Update

Draft Report / April 15, 2025



April 15, 2025

Mr. Christopher Smithson
Director of Financial Planning and Data Analytics
15600 Sand Canyon Avenue
Irvine, CA 92618

Subject: FY 2026 and FY 2027 Cost of Service and Rate Study Update

Dear Mr. Smithson,

Raftelis is pleased to provide this FY 2026 and FY 2027 Cost of Service and Rate Study Update report for the Irvine Ranch Water District (District). The objective of the study was to assess if the District's proposed FY 2026 and FY 2027 water, sewer, and recycled water rates were developed in a fair and equitable manner that is compliant with the intent and requirements of California Proposition 218. The assessment consisted of completing a comprehensive review and analysis of:

- The allocations used in the District's cost-of-service model to develop the estimated FY 2026 and FY 2027 revenue requirement for each water, sewer, and recycled water customer type.
- The cost and customer demand inputs used by the District to determine your proposed FY 2026 and FY 2027 water, sewer, and recycled water rates.
- Proposed changes to the calculation of the District's rates for sewer customers who receive collection-only service.

This report summarizes the key findings and recommendations developed as an outcome of the Study. It has been a pleasure working with you and other members of the District's staff. Thank you for your support provided during preparing this study.

Sincerely,
RAFTELIS.

A handwritten signature in black ink that reads 'John Wright'.

John Wright
Senior Manager

A handwritten signature in black ink that reads 'Summer Simpson'.

Summer Simpson
Associate Consultant

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1. Executive Summary

1.1. Study Objectives

In January 2025, the Irvine Ranch Water District (District or IRWD) retained the services of Raftelis to conduct an FY 2026 and FY 2027 Cost of Service and Rate Study Update. The objective of the Study was to assess if the District's proposed FY 2026 and FY 2027 water, sewer, and recycled water rates were developed in a fair and equitable manner that complies with Article XIII D, Section 6 of the California Constitution, which was enacted in 1996 by passage of Proposition 218. The Study, which was conducted during the period January 2025 – March 2025, consisted of a comprehensive review and analysis of:

- The allocations used in the District's cost-of-service model to develop the estimated FY 2026 and FY 2027 revenue requirement for each water, sewer, and recycled water customer class/type.
- The cost and customer demand inputs used by the District to determine proposed FY 2026 and FY 2027 water, sewer, and recycled water rates.
- Proposed changes to the calculation of the District's rates for sewer customers who receive collection-only service (i.e. no treatment provided by IRWD).

1.2. Study Methodology

The following four-stage process was used to complete the Study objectives.

- Stage 1: Understanding/analysis of the District's current approach to developing proposed water, sewer, and recycled water rates.
- Stage 2: Identification and analysis of District's proposed changes to its current cost allocation and/or rate design methodologies. The only change proposed by the District was the method used to calculate sewer rates receiving collection-only service.
- Stage 3: Testing of customer bill impacts.
- Stage 4: Presentation of finding and recommendations.

1.3. Requirements of Proposition 218

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements for fairness of the fees, as they relate to public water service, are as follows:

- A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
- Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
- The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
- No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
- No charge may be imposed for general governmental services including police, fire, and ambulance protection services, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

- A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in the American Water Works Association (AWWA) publication, *Manual of Water Supply Practices M1, Principles of Water Rates, Fees, and Charges 7th edition* (M1 Manual), “water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” This Study applies certain rate-setting methodologies set forth in M1 Manual to the extent they are fully consistent with Proposition 218 by allocating the District’s proportionate cost of providing water, sewer, and recycled water service.

1.4. District Compliance with Proposition 218

The Study applies a technical analysis to the District’s costs and customers and finds that the District’s proposed FY 2026 and FY 2027 water, sewer, and recycled water rates comply with Proposition 218’s substantive principles and limitations. Proposition 218 does not prescribe exactly how to allocate costs among customers. Ultimately, a determination of whether utility rates comply with Proposition 218 can only be made by a court of competent jurisdiction. Raftelis is not a law firm and offers no legal opinion on District compliance with Proposition 218.

1.5. Rate Structure Modifications

1.5.1. SEWER RATES

No changes are recommended for the District's existing sewer rate structure. However, the District has proposed a change to the methodology used for calculating rates for sewer customers receiving collection-only service. This change refines the allocation of fixed and variable costs to customer rates based on the volume of estimated average sewer discharges. Raftelis supports this proposed modification.

2. DISTRICT BACKGROUND

2.1. HISTORY AND SERVICE TERRITORY

The District was established in 1961 as a California Water District under the provisions of the California Water Code. The District is an independent public agency governed by a five-member, publicly-elected Board of Directors whose members are elected for staggered four-year terms. The Board's policies are administered by the General Manager. As a special district, the District focuses on four primary services:

- Providing potable water.
- Collecting and treating sewage.
- Producing and distributing recycled water.
- Implementing urban runoff source control and treatment programs.

The District serves a 181-square-mile area that includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange, and Lake Forest, as well as certain unincorporated areas of Orange County. Extending from the Pacific Coast to the foothills of Eastern Orange County, the region served by the District is semi-arid with a mild climate and an average annual rainfall of approximately 12 inches. The total estimated daytime population served is approximately 634,000 people through approximately 125,000 potable water connections, 6,500 recycled water connections and 120,000 sewer service connections. The number of service connections has increased by 20% over the last 10 years.

The District builds and maintains capital infrastructure to serve customers. It is organized into improvement districts to allocate funding responsibility for capital facilities to the area that will benefit from those capital facilities and to separate areas based on the projected timing of development. Expenditures for growth-related capital improvements are funded by the District through *ad valorem* taxes (property taxes) and connection fees that are collected from the property owners and developers, respectively. Expenditures for the replacement and repair of capital facilities are funded by the rates paid by customers.

2.2. BUDGETING AND RATE-SETTING PROCESS

The District adopts operating expense and capital expenditure budgets on a biennial basis. The budgets for FY 2026 and FY 2027 were adopted by the District on March 24, 2025. As an outcome of the biennial budgeting process, the District determines the water, sewer, and recycled water rates that must be paid by customers for the upcoming two-year period.

2.3. WATER SYSTEM DESCRIPTION

2.3.1. WATER SUPPLY

The District's water supply consists of three primary sources: groundwater originating in the Orange County Groundwater Basin and managed through arrangements with the Orange County Water District (OCWD), recycled water produced from sewer treatment plant effluent, and imported water purchased from the Metropolitan Water District of Southern California (MWD) through its regional wholesaler member agency, the Metropolitan Water District of Orange County (MWD OC). In addition, the District uses surface water (runoff capture) from Irvine Lake (Santiago Creek Reservoir) as a source of untreated water. The District also has an active water banking program to store low-cost water that is physically available during wet hydrological periods in order to ensure reliable supplies during dry years, when the availability of imported water supplies is reduced.

2.3.2. GROUNDWATER

The District's groundwater supplies are obtained from the Orange County Groundwater Basin in accordance with the policies and procedures set by OCWD. These include the setting of replenishment assessments, basin

production percentages of total water demand by agencies pumping basin groundwater, and basin equity assessments. The District also has separate contractual arrangements with OCWD to pump groundwater that is not specifically governed by OCWD's basin production percentages and equity assessments. The District's primary sources of groundwater are the Dyer Road Well Field (up to 28,000 acre feet per year), the Deep Aquifer Treatment System, Wells 21 and 22, and the Irvine Desalter Project. The District's sources of groundwater supply for the fiscal year ending June 30, 2024, are shown in Table 1.

Table 1: FY 2024 Groundwater Supply in Acre Feet

Groundwater Source	Acre Feet
Dyer Road Well Field	27,711
Deep Aquifer Treatment System	8,100
Wells 21 and 22	2,746
Irvine Desalter Project	2,681
Other	2,335
Total	43,573

2.3.3. RECYCLED WATER

The District processes and treats sewer effluent from customers to create recycled water supplies. During the fiscal year ending on June 30, 2024, the District supplied 26,591 acre feet of recycled water and 367 acre feet of other non-potable water to customers via its recycled water system. The District has approximately 6,406 recycled water customers who are served through 583 miles of recycled water mains. The District also has approximately 3,500 acre feet of active recycled water storage.

2.3.4. IMPORTED WATER

The District purchases treated and untreated water from the MWD through its member agency, MWDOC. These supplies originate in the Colorado River and Northern California. During the fiscal year ending June 30, 2024, the District purchased 12,573 treated and 163 untreated acre feet of water from MWDOC.

2.3.5. SURFACE WATER

Irvine Lake (Santiago Creek Reservoir) captures runoff from rainwater that is). . When available, the District utilizes this water for non-drinking purposes, such as agricultural irrigation, and as a source of water to be treated by the Baker Water Treatment Plant, which creates drinking water for the surrounding communities. During the fiscal year ending June 30, 2024, Irvine Lake supplied the District with 6,102 acre feet of water.

2.3.6. WATER BANKING

In addition to developing groundwater and recycled water systems (discussed below), the District has also sought to enhance its water supply reliability by developing water banking facilities in Kern County, California. These projects allow the District to capture and store low-cost water during wet hydrological periods for use during later dry years. In March 2025, the District completed a Water Supply Reliability Evaluation that affirmed the need for water banking programs to meet District demands during future droughts and major supply interruptions. Current demand projections indicate that the District has a long-term need to store supplemental water that could be called upon during drought conditions or major supply interruptions. The District has constructed a fully operational water banking program that makes it possible to store excess water during "wet" hydrologic periods. The stored water is then available for use during "dry" hydrologic periods to offset reduced water supplies during severe drought or during an interruption to the District's imported water supplies. Table 2 provides a summary of the District's water banking storage for the fiscal year ending on June 30, 2024.

Table 2: Water Banking for the FY Ending on June 30, 2024 (Acre Feet)

Facility	Total Capacity	Total Water in Storage	District Share of Total Water in Storage
Strand Ranch	50,000	22,040	13,953
Stockdale West	26,000	21,046	15,049
District Acquired Storage Account	50,000		
Kern	9,495	4,801	4,801
Total	135,495	47,887	33,803

2.3.7. SUMMARY OF WATER SUPPLIES

During the fiscal year ending June 30, 2024, the District had total water supply deliveries of 86,132 acre feet. Table 3 details these supplies.

Table 3: Water Supplies for the FY Ending on June 30, 2024 (Acre Feet)

Source of Supply	Acre Feet
Local Groundwater	43,573
Recycled Water	23,778
Imported Water	12,679
Runoff Capture (surface water)	6,102
Total	86,132

2.3.8. POTABLE AND RECYCLED WATER INFRASTRUCTURE

The District has approximately 2,800 miles of water mains in its potable and recycled water systems and storage capacity of approximately 29,750 acre feet, including Irvine Lake, a 25,000 acre foot untreated water reservoir, and the District's Sand Canyon, Rattlesnake Canyon, Syphon, and San Joaquin Reservoirs, which are recycled water reservoirs with capacities of 800 acre feet, 600 acre feet, 450 acre feet, and 2,900 acre feet respectively. The District's groundwater sources and treatment facilities include:

Dyer Road Well Field: The Dyer Road Well Field (DRWF) produces groundwater from the principal aquifer of the Orange County Groundwater Basin. Generally, the water quality exceeds potable water quality standards and does not require treatment other than chlorination. The Dyer Road Well Field has a capacity to produce up to 28,000 acre feet per year of potable water.

Deep Aquifer Treatment System: The Deep Aquifer Treatment System (DATS) purifies drinking water from deep within the Orange County Groundwater Basin. The process removes impurities left from ancient vegetation in the bedrock and produces up to 8,200 acre-feet per year of potable water.

Irvine Desalter Project: The Irvine Desalter Project (IDP) consists of five wells located near the I-5 Freeway in Irvine in the Orange County Groundwater Basin. Salty water is pumped from these wells and sent to the IDP treatment facility to remove salts. IDP has a capacity of producing approximately 5,100 acre feet per year of potable water.

Wells 21 and 22 Project: The Wells 21 and 22 Project recovers and treats local impaired groundwater for use in the District's potable water system. The Wells 21 and 22 Project can produce approximately 6,300 acre feet per year of potable water for the District's service area.

El Toro Groundwater Remediation Program: The El Toro Groundwater Remediation Program was initiated in 1985. Trichloroethylene, also known as TCE, was found in portions of the groundwater basin beneath the former El Toro Marine Corps Air Station and central Irvine. TCE is a volatile organic compound, or VOC, that was widely used as a solvent for aircraft cleaning. As a result, a one-by-three-mile plume of contamination now extends

off the former base. The contamination is about 150 feet deep beneath the base and 300-700 feet deep in the community area. In January 2007, the District, OCWD, and the United States Department of the Navy began a joint operation, now called the El Toro Groundwater Remediation Program, designed to clean up the TCE plume. This operation pumps water from the plume and removes the TCE. The resulting treated water is used for non-drinking purposes only. Each year this program provides 3,990 acre feet of clean water.

Baker Water Treatment Plant: The Baker Water Treatment Plant is a joint regional project of five South Orange County water districts that produces 31,500 acre-feet per year of drinking water, which is equivalent to approximately 63,300 single family residential dwelling units. The District's share of this capacity is 24.2% or 7623 acre-feet per year of potable water.

Michelson Water Recycling Plant: The Michelson Water Recycling Plant, with a capacity of 28 mgd, converts millions of gallons of sewage into recycled water each day. The recycled water is used for landscape irrigation, industrial uses, and toilet flushing. The plant can produce up to 25,000 acre feet of recycled water per year, and is the District's primary source of recycled water.

Los Alisos Water Recycling Plant. The Los Alisos Water Recycling Plant treats has a maximum capacity to treat 7.5 mgd of sewage and, based on demand, can produce on average 2,000 acre feet of recycled water per year. The recycled water is used for landscape irrigation and other non-potable uses. The plant was built in 1964 and, along with the Michelson Water Recycling Plant, provides the District's recycled water supply.

2.4. SEWER SYSTEM DESCRIPTION

The District has an extensive network of gravity sewers, force mains, and sewer lift stations that convey sewage to the two District-owned recycling plants and the Orange County Sanitation District (OCSD). On average, approximately 80% of the District's sewage is treated at its Michelson and Los Alisos Water Recycling Plants. The remainder of the sewage collected by the District is treated by OCSD.

2.5. SUMMARY OF DISTRICT INFRASTRUCTURE

Table 4 below provides a summary of the District's potable water, sewer, and recycled/non-potable water systems as of the fiscal year ending on June 30, 2024.

Table 4: FY 2024 System Infrastructure

Potable Water System	
Miles of Water Line	2,127
Number of Storage Tanks	37
Maximum Storage Capacity (acre feet)	466
Number of Pumping Stations	36
Number of Wells	27
Well Production Capacity (cubic feet per second)	123
Water Banking Storage Capacity (acre feet)	126,000
Potable Treatment Plants	5
Recycled and Non-Potable Water Systems	
Miles of Recycled Water Line	583
Number of Storage Tanks	12
Number of Open Reservoirs	5
Maximum Storage Capacity (acre feet)	29,750
Number of Pumping Plants	21
Number of Wells	3
Well Production Capacity (cubic feet per second)	6.2
Sewer System	
Miles of Sewer Line	1,518
Number of Lift Stations	11
Treatment Plants	3
Tertiary Treatment Capacity (millions of gallons per day)	33.5
Sewage Flows to Michelson Plant	63%
Sewage Flows to Los Alisos Plant	11%
Sewage Flows to Orange County Sanitation District	26%

3. STUDY METHODOLOGY

A three-stage methodology was used to complete the Study objectives. A summary of the work process in each of these stages is presented below.

Stage 1: Understanding/Analysis of the District's Approach to Developing Rates. This stage consisted of understanding and analyzing the District's current approach to developing water, sewer, and recycled water rates. Stage 1 included the following primary analytical steps:

- **Understanding/Analysis Cost and Customer Units-of-Service Inputs.** The analysis used District-provided billing data from the customer information system (i.e., billing system) for FY 2022 through FY 2025. The billing data was configured in a Microsoft Excel format to analyze the water consumption characteristics of the District's customers.
- **Analysis of Cost Allocation and Rate Design Methodologies.** In this step, a preliminary understanding of the District's approach to the development of water, sewer, and recycled water rates was gained. For example, the composition of the District's FY 2026 and FY 2027 revenue requirement was reviewed with an emphasis on understanding how the District determines "fixed costs" that are appropriate for recovery through fixed monthly charges versus "variable costs" that are appropriate for recovery through usage-based commodity rates.

Stage 2: Identification of IRWD-Recommended Changes to Cost Allocation and/or Rate Design Methodologies. In Stage 2, the work for this Study compared the District's existing cost allocation to Proposition 218's principles and limitations. Recognizing that Proposition 218 does not detail exactly how to allocate costs, the focus was to ensure that the District's rates have a clearly identifiable correlation to underlying costs and thus be compliant with Proposition 218 and fundamental cost-of-service equity. The District has proposed a change to the methodology used for calculating rates for sewer customers receiving collection-only service. This change further refines the allocation of fixed and variable costs to customer rates based on the volume of their estimated average sewer discharges. Raftelis supports this proposed modification.

Stage 3: Testing of Customer Bill Impacts. The rate and customer bill impacts of the proposed FY 2026 and FY 2027 compared to the District's current FY 2025 rates.

Stage 4: Presentation of the Recommendations. In this final stage of the Study, the proposed FY 2026 and FY 2027 rates were presented to the District's Board of Directors on March 24, 2025 for inclusion in the notices to the public of the proposed ratemaking.

4. POTABLE WATER COST OF SERVICE

4.1. Water Budget Rate Structure

Proposition 218 specifies general principles governing property-related fees but does not prescribe exactly how to structure water service rates. As a result, water utilities have a wide range of options for recovering fixed and variable costs of providing service. For example, water utilities have a variety of options for the recovery of variable costs via commodity rates. Some utilities employ a simple uniform rate structure featuring a single commodity rate assessed on all customers regardless of their actual volume of usage. Other utilities develop specific commodity rates for each clearly definable customer class that use an inclining tier rate structure with specific fixed consumption tiers. Depending on the unique characteristics of the costs of providing service for the utility in question, the commodity rates charged under these, and other, rate-structure options can be cost-based and compliant with requirements of Proposition 218.

The District uses a “water-budget-based” rate structure to recover the variable costs of providing potable and recycled water service to customers, pursuant to California Water Code Section 370, et seq. Under this approach, a customized monthly budget (i.e., monthly water usage allocation) is developed for each customer based on the reasonable needs of the parcel using water efficiently. The commodity rates charged by the District in each consumption tier are designed to:

- Reflect and equitably recover the increasing cost of meeting consumption demands within each tier.
- Fund demand-reduction and reliability programs.
- Mitigate for costs arising from customers’ wasteful use that causes urban runoff requiring treatment by the Natural Treatment System (NTS).

4.1.1. RESIDENTIAL WATER BUDGET STRUCTURE

The District recovers the annual variable cost of providing water service to residential customers through a water budget-based rate structure that features four consumption tiers. The amount of water included in each customer's monthly water budget is based on an assessment of reasonable and efficient water use as determined by factors that include:

- Household occupancy per housing type (based on census data).
- Irrigated landscape area.
- Daily weather characteristics during each month of the year.
- Unique characteristics such as the presence of a pool, medical needs, or livestock.

The commodity rates (\$/ccf) paid in each consumption tier are designed to recover the District's variable cost of producing or purchasing water supplies. Customers with water usage that stays within their monthly budget allocation (the low volume and base tiers) pay commodity rates that reflect the lowest-cost sources of water supply. Customers with water usage in excess of their monthly budget allocation (the inefficient and wasteful tiers) pay commodity rates that reflect the District's need to obtain higher-cost sources of water, such as potable imported water purchased from MWDOK and banked water recovered and delivered from District facilities in Kern County, to serve those customers’ higher-increment demands.

Customers in the inefficient and wasteful tiers who exceed their monthly budget allocation impose higher costs on the District to meet their higher-increment water demand. While all customers pay the same rate for the volume of water consumed in the low volume and base tiers, respectively, only customers whose demand exceeds their parcel’s budget allocation are required to pay for IRWD’s portion of water supplies purchased to serve higher-tier demands or pay for targeted services aimed at helping customers reduce their consumption to reasonable and efficient levels. The commodity rates charged in these two upper tiers are designed to recover the cost of the more

expensive water supplies (which water supplies would not be needed if those customers stayed within their budgets) and to recover the additional costs of:

- Targeted conservation programs designed to reduce water use specifically among customers in the wasteful tier, to bring them within their budgets.
- Water banking operations, which enhance water supply reliability to supplement imported water supply to meet demand from customers in the wasteful tier.
- Regional programs designed to achieve long-term improvements in water use efficiency for customers in the inefficient and wasteful tiers, to bring them within their budgets.
- Natural treatment system programs used to control urban runoff sources (e.g., runoff resulting from sprinkler overspray and overwatering from landscape irrigation) due to customers in the inefficient and wasteful tiers who use water that ends up running off their properties and into storm drains, which then must be separately treated to remove contaminants.

As explained in more detail below, each property receives its own budget based on individual property characteristics. That property is then billed for water consumption based on the cost to provide water service for each tier of water it uses compared to that budget. Table 5 shows the District's residential water budget consumption tiers, for both single-family and multi-family customers, and the proposed FY 2025-26 commodity rates.

Table 5: FY 2025-26 Residential Water Budget Consumption Tiers

Usage Tier	Single Family and Multi-Family Residential Consumption Tiers	FY 2025-26 Rates (\$/ccf) (Noticed but Not Implemented) (1)
Tier 1: Low Volume	0 - 40% of budget	\$2.07
Tier 2: Base	41 - 100% of budget	\$2.72
Tier 3: Inefficient	101 - 140% of budget	\$7.51
Tier 4: Wasteful	141% + of budget	\$18.60
(1) Development of the rates is covered beginning in Section 4.3.1		

4.1.2. SINGLE FAMILY RESIDENTIAL WATER BUDGET CALCULATION

The monthly water budget developed for each individual customer features an indoor usage component and an outdoor usage component. The sum of these two components reflects the District's determination of efficient monthly water usage based on the unique requirements of each customer. As shown in Table 5 above, 40% of a customer's total monthly budget is billed at the lowest commodity rate in the low volume tier. This represents the expected reasonable indoor use. The remaining portion of a customer's total monthly budget is billed in the base tier, which reflects the expected reasonable outdoor use. Usage above a customer's total water budget is billed in the inefficient and wasteful tiers at the highest commodity rates.

The general formula used to determine a customer's indoor water budget is shown below. The approach used by the District is a reasonable method for quantifying efficient indoor water usage and no modifications are recommended.

Single Family Residential Indoor Budget (ccf) =

*Persons per Household (1) * 50 gallons per person (2) * Days in the Billing Cycle ÷ 748 Conversion Factor (3)*

(1) The default assumption used is four persons per household. Customers can request a variance to adjust this factor.

- (2) Although Water Code section 10609.4 sets a current State of California standard at 55 gallons per person per day, the state standard is slated to decrease to 52.547 gallons per person per day in 2025 and to 42 gallons per person per day in 2030 onward. The typical District customer uses approximately 50 gallons per person per day.
- (3) 748 is a factor to convert gallons to one hundred cubic feet (ccf).

The fundamental metric used in the District's calculation of efficient outdoor water usage is the evapotranspiration (ET) rate of landscape plants and the amount of planted surface area. Evapotranspiration is the process by which water is lost to the atmosphere through evaporation and transpiration. ET rates are measured at three monitoring stations located throughout the District's service territory. Having established the ET rate for each day of the monthly billing cycle based on actual weather conditions, the District applies an adjustment factor. The District's ET Adjustment Factor (ETAF) of 0.75 is based on the typical residential landscape plant mix and the efficiency of a typical residential irrigation system. Typical residential landscapes in IRWD's service area are primarily grass turf (approximately 60% of the landscape) usually with borders or other landscape features that can include trees, shrubs and other plants (approximately 40%). Different plants have different watering requirements, called plant factors, which can be quantified compared to a reference crop such as cool-season turf, which requires 100% of ET. Warm season grass has a plant factor of 0.65, or requires 65% of ET, and drought tolerant and lower water use plants are assumed to have a plant factor of 0.5, or 50% of ET. A weighted average, based on 60% warm-season grass and 40% drought tolerant plants results in an average plant factor of 0.6. The irrigation system is assumed to be 80% efficient, or 0.8. $ETAF = \text{Plant Factor} / \text{Irrigation Efficiency}$. Dividing the plant factor by the irrigation efficiency $(0.6 / 0.8) = 0.75$. This can also be calculated as follows using Plant Factor = 0.6 and Irrigation Efficiency = $1 / 0.8 = 1.25$. Therefore, $ETAF = 0.6 \times 1.25 = 0.75$.

A simplified representation of the general formula used to determine a customer's outdoor water budget is shown below. The approach used to quantify efficient outdoor water usage is based on horticultural science, is reasonable, and no modifications are recommended.

Single Family Residential Outdoor Budget (ccf) =

*Irrigated Landscape Area (1) * Evapotranspiration (ET) Rate (2) * 0.75 ET Adjustment Factor (3) * 36.3 Conversion Factor (4)*

- (1) Area measured in acres.
- (2) Evapotranspiration rate during each day of the monthly billing cycle based on actual temperature, humidity, and other factors.
- (3) Adjustment factor assuming 60% efficient warm season turf, 40% drought tolerant plants and 20% irrigation system inefficiency.
- (4) 36.3 is a factor to convert acre-inches of water to one hundred cubic feet (ccf).

The typical single family residential customer served by the District has an average monthly usage of 12 ccf. Table 6 provides an example of the calculation of the indoor, outdoor, and total monthly water budgets for this average customer.

Table 6: Example Calculation of a Single Family Residential Monthly Water Budget

Example Monthly Water Budget Calculation for an Average Single Family Residential Customer (Default Household Occupancy of 4 persons and 0.3 acres of Irrigated Landscape)		
Line	Indoor Water Budget Calculation	
1	Default Persons per Household	4.0
2	Required Gallons per Person per Day	50.0
3	Days in Billing Cycle	30
4	Monthly Indoor Water Budget (gallons)	6,000 (Lines 1 * 2 * 3)
5	Monthly Indoor Water Budget (ccf)	8.0 (Line 4 / 748 Conversion Factor)
	Outdoor Water Budget Calculation	
6	Average Daily ET Rate During the Billing Cycle Based on Measured Temperature, Humidity and other factors (Inches)	0.136986

7	Adjustment for 60% warm season turf & 40% drought tolerant landscaping	0.6
8	Adjustment for Irrigation System Efficiency	0.8
9	ET Adjustment Factor	0.75 (Line 6 / Line 8)
10	Adjusted Daily ET Rate	0.10274 (Line 6 * Line 9)
11	Customer Irrigated Landscape Area (acres)	0.03
12	Required Inches of Water per Acre	0.003082 (Line 10 * Line 11)
13	Days in Billing Cycle	30.0
14	Required Inches per Acre	0.092466 (Line 12 * Line 13)
15	Monthly Outdoor Water Budget (ccf)	3.4 (Line 14 * 36.3 Conversion Factor)
Total Water Budget		
16	Total Monthly Water Budget Before Rounding (ccf)	11.4 (Line 5 + Line 15)
17	Total Monthly Water Budget Used in Customer Billing (ccf)	12.0

4.1.3. SINGLE FAMILY RESIDENTIAL CONSUMPTION TIERS

Water utilities that employ inclining tier rate structures develop their tiers based on the cost of the amount of water allocated for use in each consumption tier. For example, tier 1 (the lowest commodity rate) is defined as the winter water usage of an average single family residential customer, which typically represents interior water use because exterior irrigation needs normally are minimal during the typical winter wet season. Tier 2 reflects the addition of estimated outdoor watering needs for single family residential customers with an average size lot. Finally, tier 3 represents additional demands from 100% warm season turf for a customer with an average sized lot and tier 4 is defined as any amount of usage in excess of tier 3.

The District takes a more sophisticated approach to developing cost-justified consumption tiers. Instead of using "one-size-fits-all" fixed consumption tiers, the District calculates custom, individualized water budgets that fairly allocate the lower-cost and higher-cost components of the District's water supply across a broad spectrum of customer types. To ensure equity in the bills paid by customers, a common definition of the usage allowed in each tier is expressed on a percentage rather than a specific fixed level of consumption.

The example in Table 6 above showed the calculation of a 12 ccf monthly water budget for a hypothetical single family residential customer. Table 7 shows how this single family residential customer would be billed under the water budget tier structure if their actual water usage equaled 18 ccf and no variance was submitted.

Table 7: Allocation Usage Between Consumption Tiers (based on a 12 ccf Budget)

Usage Tier	Single Family Residential Consumption Tiers	Amount Billed in Each Tier Based on Usage of 18 ccf
Tier 1: Low Volume	0 - 40% of budget	5 ccf = 12 ccf total budget * 40%
Tier 2: Base	41 - 100% of budget	7 ccf = 12 ccf total budget * 60%
Tier 3: Inefficient	101 - 140% of budget	5 ccf = 12 ccf total budget * (140% - 100%)
Tier 4: Wasteful	141% + of budget	1 ccf = 18 ccf actual usage - 17 ccf allocated in Tiers 1 - 3

40% Breakpoint Between the Low Volume and Base Tiers: The low volume tier, which reflects usage between 0 - 40% of each customer's total monthly water budget, is designed to provide all customers with an amount of indoor water usage equivalent to 20 gallons per person per day in order to meet minimum health and safety requirements plus an amount of water for outdoor irrigation adequate to sustain outdoor landscaping, regardless of the size of a customer's irrigated landscaped area.

The 40% breakpoint is appropriate because it ensures that all single-family residential customers, regardless of the irrigated area, receive an allocation of the lowest cost water that is adequate to sustain their basic indoor and outdoor usage requirements.

100% Breakpoint Between the Base and Inefficient Tiers: Under the District's water budget rate structure, 100% of a customer's total monthly water budget is allocated to the low volume plus base tiers. Water consumption that exceeds 100% of the budget for that property (up to 140%) is charged at the Inefficient rate.

140% Breakpoint Between the Inefficient and Wasteful Tiers: The 140% breakpoint between the inefficient and wasteful tiers is based on the customer exceeding a 40% factor that accounts for a combination of leaks and inefficient irrigation and/or devices. Table 8 illustrates this calculation. The 40% is an average derived from various end-use studies on residential water use.¹ No changes are recommended to this approach.

Table 8: Derivation of the 140% Inefficient Tier/Wasteful Tier Breakpoint

Water Budget Metric	Efficient Use (ccf)	Inefficient Use (ccf)
Indoor Water Use (1)	8.29	11.49
Outdoor Water Use (2)	3.68	5.15
Total Monthly Water Use Before Rounding (ccf)	11.97	16.64
Total Monthly Water Budget Used in Customer Billing (ccf)	12.0	17.0
Ratio of Efficient to Inefficient Before Rounding	16.8	139%
Ratio of Efficient to Inefficient After Rounding	17	140%
(1) Single Family Residential - Default Household Occupancy of 4 persons		
(2) 0.3 acres of Irrigated Landscaping Water Budget		

4.1.4. MULTI-FAMILY RESIDENTIAL CONSUMPTION TIERS

Similar to the single family residential rate, the breakpoint for multi-family residential parcels represents an allocation for both indoor and outdoor demands that provides for health and safety and is fair and equitable. The District defines the 40% breakpoint between the low volume and base tiers as follows:

"The low volume tier, which reflects usage between 0 - 40% of each customer's total monthly water budget, is designed to provide all customers with an amount of indoor water usage equivalent to 20 gallons per person per day in order to meet minimum health and safety requirements plus an amount of water for outdoor irrigation, as applicable, adequate to sustain outdoor landscaping, regardless of the size of a customer's irrigated landscaped area."

The 40% breakpoint ensures that all residential customers, regardless of the irrigated area, receive an allocation of the lowest cost water that is adequate to sustain their basic usage requirements.

Multi-Family Condominiums

When calculating water budgets for multi-family condominiums (condo), the District assumes a default occupancy of 3 persons per household and 435 square feet of outdoor irrigation. Assuming that a customer does not request a variance, this results in an average total monthly water budget of 8 ccf per condo. The 140% breakpoint between the inefficient and wasteful tiers is based on the customer exceeding a 40% factor that accounts for a combination of leaks and inefficient irrigation and/or devices. The 40% is an average derived from various end-use studies on residential water use.

¹ California Single Family Water Use Efficiency Study, 2011, De Oreo et al.

Future Potential Water Efficiency Study, 2019, IRWD, Prepared by EKI Environment & Water, Inc.

Residential End Uses of Water Version 2, 2016, Water Research Foundation

Multi-Family Apartments

When calculating water budgets for multi-family apartment customers, the District assumes a default occupancy of 2 persons per household with no outdoor irrigation demands. Assuming that a customer does not request a variance, this results in a total monthly water budget of 5 ccf per apartment.

Customers with higher occupancy can request variances that will adjust their budgets upward to account for the additional reasonable usage per person.

4.1.5. WATER BUDGET RATE STRUCTURE FOR LANDSCAPE CUSTOMERS

Landscape customers are served by potable water or recycled water connections that are solely used for the purposes of meeting outdoor irrigation. Similar to residential customers, the District recovers the annual variable cost of providing water service to landscape customers through a water-budget-based rate structure that features four consumption tiers. However, the amount of water included in each customer's monthly water budget does not include an allowance for any indoor consumption. Instead, it is based on the District's assessment of efficient water use, based on principles of horticultural science as determined by the irrigated landscaped area.

A representation of the general formula used to determine the water budget for a landscape customer served by a potable water connection is shown below. The approach used by the District for quantifying efficient outdoor water usage is reasonable and no modifications are recommended. The low volume tier allocation for landscape customers assumes the demand necessary to sustain the landscape as defined in the table below.

Landscape Customer Served by a Potable Water Connection (ccf) =

Irrigated Landscape Area (1) * Evapotranspiration (ET) Rate (2) * 0.75 ET Adjustment Factor (3) * 36.3 Conversion Factor (4)

(1) Area measured in acres.

(2) Evapotranspiration rate during each day of the monthly billing cycle based on actual temperature, humidity, and other factors.

(3) Adjustment factor assuming 60% efficient warm season turf, 40% drought tolerant plants and 20% irrigation system inefficiency.

(4) 36.3 is a factor that converts acre-inches of water to one hundred cubic feet (ccf).

A representation of the general formula used to determine the water budget for a landscape customer served by a recycled water connection is shown below. Note that the ET adjustment factor of 0.75 used for potable water has been modified to 0.87. This is because landscape customers served by a recycled water connection are assumed to have 100% warm season turf and 0% drought tolerant plants and would be more likely to require the use of less efficient overhead spray irrigation. The low volume tier allocation for landscape customers assumes the water necessary to sustain 100% warm season turf. The inefficient tier includes water use exceeding budget by 40%, or up to 140%. This is based on leaks and inefficient landscape irrigation.

Landscape Customer Served by a Recycled Water Connection (ccf) =

Irrigated Landscape Area (1) * Evapotranspiration (ET) Rate (2) * 0.87 ET Adjustment Factor (3) * 36.3 Conversion Factor (4)

(1) Area measured in acres.

(2) Evapotranspiration rate during each day of the monthly billing cycle based on actual temperature, humidity, and other factors.

(3) Adjustment factor assuming 100% efficient warm season turf, and 25% irrigation system inefficiency.

(4) 36.3 is a factor that converts acre-inches of water to one hundred cubic feet (ccf).

Table 9 shows the water budget consumption tiers and proposed FY 2025-26 commodity rates for landscape customers.

Table 9: FY 2025-26 Landscape Consumption Tiers

Usage Tier	Consumption Tiers	Potable Water FY 2025-26 Rates (\$/ccf) (Noticed but Not Implemented) (1)	Recycled Water FY 2025-26 Rates (\$/ccf) (Noticed but Not Implemented) (1)
Tier 1: Low Volume	0 - 40% of budget	\$2.07	\$1.38
Tier 2: Base	41 - 100% of budget	\$2.72	\$2.39
Tier 3: Inefficient	101 - 140% of budget	\$7.51	\$5.43
Tier 4: Wasteful	141% + of budget	\$18.60	\$9.93
(1) Development of the rates is covered beginning in Section 4.3.1			

4.1.6. WATER BUDGET RATE STRUCTURE FOR COMMERCIAL CUSTOMERS

Given the diversity of water usage characteristics, it is virtually impossible to develop customized water budgets for commercial customers based on standardized metrics regarding efficient indoor and outdoor water use. For this reason, the District establishes an individualized water budget for each customer based on an analysis of business water use needs. This may include an on-site assessment. This allows the water budget of each commercial customer to be tailored to their specific needs and requirements.

Because the water budgets are tailored to each commercial customer, rather than using four consumption tiers, the commodity rates of commercial customers are assessed over two consumption tiers. The base consumption tier reflects 100% of the customer's total monthly water budget. The wasteful tier reflects all usage above the monthly budget allocation. Table 10 shows the proposed FY 2025-26 commercial customer consumption tiers and proposed commodity rates.

Table 10: FY 2025-26 Commercial Water Budget Structure and Commodity Rates

Usage Tier	Consumption Tiers	Potable Water FY 2025-26 Rates (\$/ccf) (Noticed but Not Implemented) (1)	Recycled Water FY 2025-26 Rates (\$/ccf) (Noticed but Not Implemented) (1)
Tier 1: Base	0 - 100% of budget	\$2.72 (2)	\$1.38 (4)
Tier 2: Wasteful	100% + of budget	\$18.60 (3)	\$9.93 (5)

- (1) Development of rates is covered beginning in Section 4.3.1
- (2) Reflects the Tier 2 potable rate paid by residential and landscape customers.
- (3) Reflects the Tier 4 potable rate paid by residential and landscape customers.
- (4) Reflects the Tier 1 recycled rate paid by landscape customers.
- (5) Reflects the Tier 4 recycled rate paid by landscape customers.

4.2. District Approach to Cost Recovery

The District separates the components of its annual revenue requirement from rates into three specific types of costs: variable costs recovered from commodity rates, fixed operating costs recovered through monthly meter charges, and replacement and enhancement costs which are also recovered from monthly meter charges. No modifications are recommended to this approach.

Variable Operating Costs: Variable operating costs are those operations and maintenance costs that vary with the volume of water consumed by customers. These costs are recovered through commodity rates assessed on a \$/ccf basis.

Fixed Operating Costs: Fixed operating costs are those operations and maintenance costs that, in the short-term, do not vary with the volume of water consumed by customers. These costs are recovered through monthly service charges.

Replacement and Enhancement Capital Costs: Capital costs incurred by the District to replace and repair existing infrastructure and to update existing infrastructure to meet new regulatory requirements are referred to as "Replacement and Enhancement Capital Costs." Replacement and enhancement capital costs do not increase the capacity of the water utility system to serve demand growth from new customers. The District pays for a portion of its replacement and enhancement capital costs via ad valorem property tax assessments. The remainder is funded by operational cash flows provided by rate revenues.

The District's growth-related capital costs (i.e., capital costs that increase system capacity to serve new customers) are not recovered through recurring water rates. Instead, they are recovered via ad valorem property tax assessments and connection fees. A review of the growth-related capital costs and their recovery was not included as part of this Study. Table 11 summarizes the process used to allocate and recover its annual water utility revenue requirement from water service rates including an allocation of general and administrative expense based on direct labor charges.

Table 11: District Cost Allocation and Revenue Recovery Philosophy

Type of Cost	Description of Cost	Cost Recovery Mechanism
Variable Operating Costs	<p>Direct cost of producing/purchasing water supplies, including water treatment costs that vary.</p> <p>Allocated indirect general and administrative overhead costs.</p>	Commodity rates (\$/ccf) for each applicable consumption tier.
Fixed Operating Costs	<p>Direct operations and maintenance costs that do not vary based on customer consumption.</p> <p>Allocated indirect general and administrative overhead costs.</p>	Monthly meter service charge based on meter size.
Replacement and Enhancement Capital Costs	Direct costs incurred to replace and repair existing infrastructure and meet new regulatory requirements	Included in the monthly meter service charge based on meter size.

4.3. FY 2025-26 Water Revenue Requirement

The FY 2025-26 water revenue requirement was determined to be \$127,651,952 (see Tables 12 and 13). Of this amount, \$78,583,884 (61.2%) is associated with variable costs that are incurred to acquire and treat water supplies. These costs vary with the amount of water used by customers and are recovered through commodity rates. Note that the variable cost revenue requirement includes \$16,852,103 in costs for universal conservation, targeted conservation, water banking operations, and the District's natural treatment system used to control runoff from customers who use water in the inefficient and wasteful tiers. Table 12 provides details of the FY 2025-26 variable revenue requirement.

Table 12: FY 2025-26 Potable Water Variable Cost Revenue Requirement

Revenue Requirement Component	Amount
Water Supplies	
Dyer Road Wellfield	\$26,085,882
Baker Treatment Facilities	\$16,822,931
Imported Water Purchases (MWDOC)	\$8,218,964
Deep Aquifer Treatment System	\$8,795,636
Irvine Desalter Project (potable)	\$6,421,381
Wells 21 & 22 Desalter Treatment Plant	\$4,325,647
Orange Park Acres	\$2,991,696
Howiler Treatment Facility	\$784,118
Total Gross Water Supply Costs	\$74,446,254
Revenue Requirement Offsets to Water Supply Costs	
Revenue from Baker Treatment Plant Partners	\$6,896,473
Revenue from Sinking Fund	\$1,700,000
Revenue from Water Banking Operations	\$2,093,000
MWDOC PTP/IDP Credits	\$2,025,000
Total Revenue Requirement Offsets	\$12,714,473
Net Revenue Requirement for Water Supply Costs	\$61,731,781
Conservation and Supply Reliability	
Targeted Conservation	\$1,723,580
Natural Treatment System	\$7,668,602
Water Banking	\$5,286,796
Universal Conservation	\$2,173,125
Total Conservation and Supply Reliability Costs	\$16,852,103
Net Variable Cost Revenue Requirement	\$78,583,884
Net Untreated Water Variable Cost Revenue Requirement	(\$817,258)

Fixed costs do not vary with the volume of water used by customers. The fixed cost portion of the total FY 2025-26 revenue requirement is \$49,885,325 (38.8%) as shown in Table 13. Of these fixed costs, \$10,702,638 were associated with expenditures for replacement and enhancement capital costs that do not increase the capacity of the water utility system to serve new customer demand growth. Table 13 provides details of the FY 2025-26 fixed revenue requirement.

Table 13: FY 2025-26 Potable Water Fixed Cost Revenue Requirement

Revenue Requirement Component	Total
Fixed Operating Costs	
System Operations and Maintenance	\$34,567,378
Customer Service	\$5,819,096
Fleet	\$1,604,133
General Plant	\$1,032,519
Building Maintenance	\$2,401,634
Total Fixed Operating Costs	\$45,424,761
Replacement and Enhancement Capital Costs	
Replacement	\$8,422,715
Enhancement	\$2,279,924
Total Capital Costs	\$10,702,638
Gross Fixed Cost Revenue Requirement	\$56,127,399
Revenue Requirement Offsets	
Fireline Revenues	\$2,926,822
Miscellaneous Revenue	\$1,792,326
Pumping Surcharge Revenue	\$1,171,156
Low Volume Benefit	\$351,770
Total Revenue Requirement Offsets	\$6,242,074
Net Fixed Cost Revenue Requirement from Rates	\$49,885,325

4.3.1. VARIABLE COST RECOVERY - COMMODITY RATES

The District recovers water supply costs through commodity rates with the lowest cost water supplies being recovered in the low volume and base consumption tiers and the highest cost water supplies being recovered in the inefficient and wasteful tiers. The District's method for recovering variable costs is compliant with Proposition 218 because of the direct linkage between the revenue recovered in each tier to the costs incurred to provide service to customers with demand in each consumption tier.

The District also recovers the cost of water conservation and water supply reliability programs through its commodity rates with targeted costs being allocated to customers with consumption in the inefficient and wasteful tiers. This approach is reasonable because customers who exceed their monthly water budget allocation impose higher costs on the District. Thus, the commodity rates charged in these two upper tiers are designed to not only recover the cost of more expensive water supplies, but also the additional costs of:

- Targeted conservation programs designed to reduce excessive use.
- Water banking operational costs to enhance water supply reliability.
- Rebates for long-term improvements in customer water use efficiency.
- Urban runoff source control programs referred to as the NTS, which treats runoff from customers who use water in the inefficient and wasteful tiers.

In FY 2025-26, the District projected total water demand of 53,404 acre feet based on historical averages by tier, adjusted for customer account growth and other relevant factors. Table 14 details the FY 2025-26 unit cost of water supplies (\$/ccf) from each supply source as determined using cost and demand data provided by the District.

Table 14: Unit Cost of FY 2025-26 Water Supplies

Metric	Dyer Road Wellfield	Deep Aquifer Treatment System	Baker Treatment Facilities	Irvine Desalter Domestic	Wells 21 & 22 Desalter Treatment Plant	Imported Water Purchases	Orange Park Acres Well 1	Total Cost and Acre Feet
Net Cost (1)	\$24,105,058	\$7,922,267	\$9,926,458	\$4,449,325	\$3,661,409	\$8,218,964	\$2,664,182	\$61,731,781
Demand in Acre Feet (net)	26,740	7,280	6,552	4,560	1,920	3,622	2,730	53,404
CCF (2)	11,647,944	3,171,168	2,854,051	1,986,336	836,352	1,577,830	1,189,188	23,262,870
Unit Cost per ccf (1) divided by (2)	\$2.07	\$2.50	\$3.48	\$2.24	\$4.38	\$5.21	\$2.24	

(1) From Table 12

(2) Acre feet is multiplied by 435.6 to convert to CCF

The District allocates the water supply in the order of cost for each source. The higher cost water supplies are appropriately allocated to the inefficient and wasteful tiers. Table 15 details this allocation for FY 2025-26 using cost and demand data provided by the District.

Table 15: Allocation of Potable Water Supplies to Consumption Tiers for Unit Costs

Metric (acre feet)	Dyer Road Wellfield	Deep Aquifer Treatment System	Baker Treatment Facilities	Irvine Desalter Domestic	Wells 21 & 22 Desalter Treatment Plant	Imported Water Purchases	Orange Park Acres Well 1	Unit Cost by Tier
Unit Cost	\$2.07	\$2.50	\$3.48	\$2.24	\$4.38	\$5.21	\$2.24	
T1: Low Volume	20,189	0	0	0	0	0	0	\$2.07
T2: Base	6,551	7,280	6,552	4,560	535	0	2,730	\$2.60
T3: Inefficient	0	0	0	0	1,385	1,232	0	\$4.77
T4: Wasteful	0	0	0	0	0	2,390	0	\$5.21

(1) 20,189 acre feet are used to meet projected low volume demand estimated based on historic demand as adjusted for customer account growth and other relevant factors. The remainder (6,551 acre feet) is allocated to partially meet the base demand.

(2) The Unit Cost by Tier is the blended cost of the sources. Example: T2 = $((6,551 \times 435.6 \times \$2.07) + (7,820 \times 435.6 \times \$2.50) + (6,552 \times 435.6 \times \$3.48) + (4,560 \times 435.6 \times \$2.24) + (535 \times 435.6 \times \$4.38) + (0 \times 435.6 \times \$5.21) + (2,730 \times 435.6 \times \$2.24)) / (28,209 \times 435.6) = \2.60

Having determined the unit cost of water supplies by consumption tier as shown in Table 16 above, the District then allocates the cost of conservation programs and supply reliability programs to the water budget tiers as described below:

Universal Conservation: Universal conservation costs are incurred to encourage customers to use water as efficiently as possible. Universal program costs are added to the commodity rate in the base, inefficient, and wasteful tiers. This cost is not included in the low volume rate since customers who remain in this usage tier do not need assistance to efficiently use water.

Targeted Conservation: Targeted conservation costs reflect programs specifically designed to encourage efficient water practices of customers whose usage exceeds their water budgets. Therefore, these costs are added to the commodity rates of customers in the inefficient and wasteful tiers. Based on a historical estimate of customers who have been provided assistance in these programs, approximately 77% of the customers are in the wasteful tier with the remainder of customers being in the inefficient tier. Therefore, 77% of the targeted conservation costs are allocated to the wasteful tier with the remaining 23% of the costs being allocated to the inefficient tier-.

NTS Costs: These costs are incurred by the District to deal with urban water runoff produced by customers whose usage exceeds their water budgets. These costs are added to the commodity rates of customers in the inefficient and wasteful tiers because their excessive water usage creates urban water runoff. The allocation is based on an estimate of the historic mix of urban runoff created by customers in the inefficient and wasteful tiers primarily from hosing down hardscape and excess irrigation running off the landscape into the storm drains. The District estimates 82% of NTS costs are created by customers in the wasteful tier because wasteful outdoor demand flows to NTS sites. The remaining 18% of urban runoff costs results from inefficient customers overwatering landscape.

Water Banking: Water banking costs are incurred to support the reliability of the District's water supplies. These costs are added to the commodity rates of customers in the wasteful tier because their excessive water usage creates the need for enhanced reliability of costly imported water supplies as previously discussed.

Table 16 shows the outcome of derivation of the unit costs for the District's conservation and supply reliability programs.

Table 16: FY 2025-26 Conservation and Supply Reliability Unit Costs (\$/ccf)

Program	FY 2025-2026 Revenue Requirement (1) (A)	FY 2025-26 Units of Demand (ccf) (2) (B)	Demand Adjustment Factor for Price Elasticity (C)	FY 2025-26 Adjusted Units of Demand B x C = (D)	Unit Cost Included in FY 2025-26 Commodity Rates A ÷ D = (E)
Universal Conservation	\$1,723,580	14,468,574	100%	14,468,574	\$0.12
Water Banking					
Wasteful tier	\$2,173,654	1,041,022	90%	936,920	\$2.32
Targeted Conservation					
Inefficient tier (77%)	\$1,757,388	1,139,869	90%	1,025,882	\$1.71
Wasteful tier (23%)	\$5,911,214	1,041,022	90%	936,920	\$6.31
Natural Treatment System					
Inefficient tier (18%)	\$936,901	1,139,869	90%	1,025,882	\$.91
Wasteful tier (82%)	\$4,349,895	1,041,022	90%	936,920	\$4.64

(1) From Table 12

(2) FY 2025-26 Units of Demand are based on the cumulative projected units of sale for the tiers. Universal Conservation includes the base, inefficient, and wasteful tiers.

Table 17 shows the FY 2025-26 commodity rates as calculated by Raftelis. The slight differences in the calculated commodity rates calculated by Raftelis and the commodity rates originally published in the District's FY 2025-26 Proposition 218 notice can be attributed to recommended minor cost allocation adjustments.

Table 17: FY 2025-26 Potable Water Commodity Rates (\$/ccf)

Consumption Tier	Unit Cost of Water Supplies (1)	Unit Cost of Universal Conservation (2)	Unit Cost of Water Banking (2)	Unit Cost of Targeted Conservation (2)	Unit Cost of Natural Treatment System (2)	FY 2025-26 Rates (Noticed but Not Implemented)
T1: Low Volume	\$2.07					\$2.07
T2: Base	\$2.60	\$0.12				\$2.72
T3: Inefficient	\$4.77	\$0.12		\$1.71	\$0.91	\$7.51
T4: Wasteful	\$5.21	\$0.12	\$2.32	\$6.31	\$4.64	\$18.60

(1) From Table 15

(2) From Table 16. Water used in the low volume tier is efficient and universal conservation efforts are not necessary.

(3) Rate differences are due to minor cost allocation adjustment recommendations.

4.3.2. VARIABLE COST RECOVERY - AGRICULTURAL RATES

Allocated fixed costs and variable costs are combined to calculate the agricultural commodity rate, and these customers are charged a single volumetric rate for all water used. Due to the variable nature of water demands for seasonal growing (i.e. not permanent crops), these customers do not have a budget. The variable rate is based on the total available source of supply. The variable rate component is based on the respective proportions of those available sources using the same allocation of available sources used for residential and commercial customers. DRWF provides 50% of the source of supply at a cost of \$2.07/ccf and imported water provides 7% at a cost of \$5.21/ccf. The remaining 43% is the blended cost of the other sources at \$2.85/ccf (Table 15). This results in a blended variable cost of \$2.62/ccf. The fixed component is based on an allocation of fixed expense which includes a component for replacement and enhancement capital to the agricultural customer class of \$27,334. The fixed cost applied to the agricultural commodity rate adds \$1.30 to the per ccf cost based on the estimated 21,045 ccf's. Table 18 shows the calculation of proposed FY 2025-26 agricultural rates.

Table 18: FY 2025-26 Agricultural Water Commodity Rates (\$/ccf)

System	FY 2025-26 Revenue Requirement	FY 2025-26 Projected Demand (CCF)	Variable Cost (CCF)	Fixed Component Cost (CCF)	FY 2025-26 Rates (Noticed but Not Implemented)
Potable Water	\$82,472	21,045	\$2.62	\$1.30	\$3.92

4.3.3. FIXED COST RECOVERY - MONTHLY METER SERVICE CHARGES

The District recovers fixed operating costs and replacement and enhancement capital costs through monthly meter service charges. On the District potable water system, the baseline meter size serving customers is 5/8". Thus, the first step in developing the monthly meter service charge is to estimate the total number of 5/8" meter equivalent connections (MEUs) on the potable water system in order to establish the unit cost for a 5/8" equivalent meter. Table 19 shows a summary of this calculation using the District's fixed costs and meter count data.

Table 19: FY 2025-26 Monthly Unit Cost of Serving a 5/8" Equivalent Meter

System	5/8" MEU (A)	Operating Costs (B)	Capital Costs (C)	Total Fixed Cost Revenue Requirement (I) B + C=(D)	Operating Costs per 5/8" MEU B ÷ A=(E)	Capital Costs per 5/8" MEU C ÷ A=(F)	Total Unit Cost per 5/8" MEU ((2) E + F = G
Potable Water	273,171	\$38,332,189	\$10,470,327	\$48,802,516	\$11.69	\$3.19	\$14.89

(1) Values prior to rounding

Having established the monthly fixed charge unit cost as being \$14.89 per 5/8" meter equivalents, the final step in the process is to develop a schedule of monthly meter service charges for each meter size on the system. Table 20 presents this calculation. Note the \$14.89 calculation in Table 21 is rounded up to \$14.90.

Table 20: FY 2025-26 Monthly Meter Service Charges

Meter Size and Technology	Meter Flow Rate Equivalency Ratio	Accounts	FY 2025-26 Rates (Noticed but Not Implemented)
5/8" Disc	1.00	66,102	\$14.90
3/4" Disc	1.50	11,655	\$22.35
1" Disc	2.50	33,573	\$37.25
1 1/2" Disc	6.00	4,136	\$89.40
1 1/2" Single Jet	5.00	1	\$74.50
2" Disc	8.00	5,438	\$119.20
2" Single Jet	8.00		\$119.20
2" Turbo	12.50	706	\$186.25
3" Turbo	32.50	404	\$484.25
4" Turbo	62.50	197	\$931.25
4" Turbo Omni F-2	50.00	1	\$745.00
6" Propeller	45.00		\$670.50
6" Single Jet	50.00		\$745.00
6" Turbo	125.00	39	\$1,862.50
6" Turbo Omni F-2	100.00	3	\$1,490.00
6" Mag Meter	144.55	0	\$2,153.80
8" Mag Meter	248.70	0	\$3,705.65
8" Turbo	175.00	10	\$2,607.50
8" Turbo Omni F-2	175.00	1	\$2,607.50
10" Turbo	350.00	5	\$5,215.00
6" Propeller	45.00		\$670.50
8" Propeller	60.00		\$894.00
10" Propeller	80.00		\$1,192.00
12" Propeller	110.00		\$1,639.00
16" Propeller	190.00		\$2,831.00

4.3.4. MONTHLY PRIVATE FIRELINE CHARGES

Private firelines provide water to sprinkler systems for fire suppression within private improvements such as buildings and other structures. The District, like many utilities, provides private fireline service to its customers. In FY 2025-26, the District estimates that it will collect private fireline revenues of \$2,926,822 as shown in Table 21. These revenues are used as an offset to the total fixed cost revenue requirement. No change was made to the methodology used to calculate private fireline rates.

4.3.5. PROPOSED FIRELINE TESTING RATE

In California, the requirement for annual testing of private fire service mains is outlined in Title 19 of the California Code of Regulations (CCR). Specifically, Section 901(a) requires that private firelines be tested on an annual basis. Annual testing requires a minimal amount of water that is estimated by District Staff to be one (1) ccf. The District will provide one (1) ccf for annual fireline testing. This water would be charged at the proposed FY 2025-26 potable water Low Volume (Tier 1) rate shown in Table 17. Private fireline water consumption in excess of one (1) ccf not associated with actual firefighting usage is proposed to be charged at the proposed FY 2025-26 Wasteful (Tier 4) rate. There would be no charge for fireline water usage required for actual firefighting usage. Raftelis supports this proposal.

Table 21: Proposed FY 2025-26 Private Fireline Charges

Private Fireline Size	Number of Lines	Potential Demand Based on Pipe Diameter (1)	Customer Related Costs (2)	Private Fire O&M Peaking Costs (3)	Capital Cost Component (4)	FY 2025-26 Rates (Noticed But not Implemented)	Total Revenue
1"	16	1.00	\$7.70	\$0.17	\$0.23	\$8.10	\$1,555
2"	1,043	6.19	\$7.70	\$1.08	\$1.42	\$10.20	\$127,663
3"	32	17.98	\$7.70	\$3.13	\$4.12	\$14.95	\$5,741
4"	1,080	38.32	\$7.70	\$6.67	\$8.78	\$23.15	\$300,024
6"	1,210	111.31	\$7.70	\$19.38	\$25.51	\$52.60	\$763,752
8"	1,088	237.21	\$7.70	\$41.30	\$54.36	\$103.35	\$1,349,338
10"	150	426.58	\$7.70	\$74.27	\$97.76	\$179.75	\$323,550
11"	1	548.10	\$7.70	\$95.43	\$125.61	\$228.75	\$2,745
12"	2	689.04	\$7.70	\$119.96	\$157.91	\$285.60	\$6,854
Total	4,622						\$2,881,222
					Fire Flow Testing Revenue		\$45,600
					Total Fireline Revenue		\$2,926,822

- (1) Potential demand based on the Hazen-Williams Equation which estimates flow based on factors such as pipe diameter, friction and the velocity of flow.
- (2) \$11,738,937 customer related operating costs/126,987 bills = \$7.70.
- (3) \$1,059,472 peaking costs/507,113 private fire demand units = \$0.17. For pipe diameters > 1", \$0.17 is increased by the potential demand based on pipe diameter (Hazen-Williams).
- (4) \$2.50 capital cost for a 1" meter equivalent * 3.19 MEUs x 2.9% allocation to private firelines = \$0.23. For pipe diameters > 1", \$0.23 is increased by potential pipe diameter (Hazen-Williams).

4.3.6. PUBLIC FIRE HYDRANT WATER SERVICE COSTS

Fire hydrant water service is a component of water service and is one of several property-related services that aids in the provision of fire service provided to properties. To meet fire protection demands, the District must design, operate, and maintain a water system that meets peak fire demand requirements. Land developers typically install or pay for the fire hydrants and related infrastructure as part of a condition of approval imposed by a land-use agency (city or county) to ensure the availability of an adequate water supply to protect the homes and commercial or industrial facilities that will be constructed pursuant to the land-use approvals. These are property related expenses as defined by Government Code Section 53750.5 b. which says:

"The fees or charges for property-related water service imposed or increased pursuant to Section 6 of Article XIII D of the California Constitution may include the costs to construct, maintain, repair, or replace hydrants as needed or consistent with applicable fire codes and industry standards, and may include the cost of water distributed through hydrants. In addition to any other method consistent with Section 6 of Article XIII D of the California Constitution, fees or charges for the aspects of water service related to hydrants and the water distributed through them may be fixed and collected as a separate fee or charge, or included in the other water rates and charges fixed and collected by a public agency, as provided for in Section 53069.9 of the Government Code."

The District recovers all its potable water fixed operating costs, including the cost of maintaining and testing public fire hydrants, through its monthly meter service charge. The recovery of public fire protection costs through the District's monthly meter service charge allocates the cost of maintaining these assets to the properties that will benefit from their availability if these resources are used. This provides a fair and equitable allocation of the associated costs and it is consistent with Proposition 218 requirements.

5. SEWER COST OF SERVICE

As is the case with its potable water, the District separates the components of its annual sewer revenue requirement from rates into three specific types of costs: variable operating costs, fixed operating costs, and replacement and enhancement costs. However, as described in Section 5.1.1 below, the rate structure used to recover these costs differs from that of potable water service.

Sewer growth-related capital costs (i.e., capital costs that increase system capacity to serve new customers) are not recovered through monthly sewer service rates. Instead, they are recovered via ad valorem property tax assessments and connection fees. This study did not include a review of the growth-related capital costs or their recovery.

5.1. FY 2026-25 Sewer Revenue Requirement

The FY 2025-26 sewer revenue requirement was determined to be \$77,973,003 (see tables 22 and 23). Of this amount, \$27,832,222 (35.7%) is associated with variable costs that are incurred to treat sewage for discharge. These costs vary with the amount of water used by customers that returns to the District's sewage treatment facilities and is recovered through IRWD's commodity rates. The District separates operational expenses between sewage treatment and recycled production with tertiary treatment and similar processes included in the cost for recycled water. Table 22 shows the FY 2025-26 sewer variable cost revenue requirement.

Table 22: FY 2025-26 Sewer Variable Cost Revenue Requirement

Revenue Requirement Component	Amount
Variable Operating Costs	
Sewage Treatment	\$11,712,793
Biosolids Treatment	11,792,321
OC San Treatment and Disposal	4,673,296
Gross Variable Cost Revenue Requirement	\$28,178,410
Revenue Requirement Offsets	
Direct Billing Revenue and FOG	\$346,188
Total Revenue Requirement Offsets	\$346,188
Net Variable Revenue Requirement from Rates	\$27,832,222

Fixed costs do not vary with the volume of water used by customers and returned to the District's wastewater treatment facilities. The fixed cost portion of the total FY 2025-26 revenue requirement was \$50,140,781 (64.3%). Table 23 provides a detail of the FY 2025-26 sewer fixed cost revenue requirement.

Table 23: FY 2025-26 Sewer Fixed Cost Revenue Requirement

Revenue Requirement Component	Total
Fixed Operating Costs	
Sewage System Monitoring and Fixed Costs	\$11,866,513
Biosolids Fixed Operating Costs	6,302,931
OC San Sewage Fixed Costs	1,000
Customer Service	\$2,909,548
Fleet	1,057,270
General Plant	541,791
Building Maintenance	\$1,200,817
Total Fixed Operating Costs	\$23,879,870
Replacement and Enhancement Capital Costs	
Replacement	\$25,319,749
Enhancement	1,564,833
Total Capital Costs	\$26,884,582
Gross Fixed Cost Revenue Requirement	\$50,764,452
Revenue Offsets	
Direct Billing Revenue and FOG	\$623,671
Total Revenue Offsets	\$623,671
Net Fixed Revenue Requirement from Rates	\$50,140,781

5.1.1. SEWER COST RECOVERY (RATE DESIGN)

The District recovers its sewer revenue requirement's variable and fixed components through a rate structure with three fixed consumption blocks. Unlike water, most sewer discharges to the collection system are not metered. Therefore, blocks are determined by engineering estimates of wastewater flow to the sewer system. The District uses the average of the three lowest water service meter readings during the twelve-month period ending December 31 to adjust for monthly anomalies in a ratepayer's water use and seasonal variations. Indoor potable water usage generates sewage flows. In order to identify this demand, the District targets the lowest three months of potable demand, to estimate each customer's impact on the sewer system. The lowest water service meter readings typically reflect indoor potable water usage during the winter wet season, when outdoor landscape irrigation is low or inactive. The block breakpoints are based on a review of historical data for average usage during cooler months (November through March from FY 2022 through FY 2024) because of the limited demand for landscape during winter months.

The analysis identified that the average usage for all multi-family units was 5 ccf which aligns with the first block. The second block includes average usage below 10 ccf as single family residential customers averaged 10 ccf during the same low usage months. The third block, which includes all commercial, industrial, and institutional (CII) customers, exceeds 10 ccf. (The average usage for CII customers exceeds 10 ccf.) Non-residential/CII customers with billed water consumption of more than 10 ccf per month pay an additional commodity rate (\$/ccf).

Table 24 shows proposed residential and non-residential sewer rates for FY 2025-26.

5.1.2. PROPOSED MODIFICATION TO COLLECTION ONLY RATES

The District provides sewer collection-only service to approximately 3,300 customers. The sanitary discharges of these customers are not treated by the District but are conveyed to an adjacent agency. The rate paid by collection-only customers is currently calculated and billed on a per account basis. This can result in the District recovering revenue from high volume dischargers that may be less than the costs incurred to provide service. The District is proposing to calculate and bill the collection-only rate on a per equivalent dwelling unit basis. This change, especially

for high volume dischargers, will result in an improved alignment of the costs incurred to provide service and actual revenue recovery. Raftelis supports this modification. The sewer rates for collection-only service shown in this section of the report (Table 29) reflect this change.

Table 24: FY 2025-26 Sewer Rate Structure and Rates

Rate/Charge	FY 2025-26 Rates (Noticed but Not Implemented)
Residential Fixed Monthly Charge	
Residential Fixed Charge Tiers	
Block 1: Average Water Usage < 5 ccf per month	\$28.80
Block 2: Average Water Usage between 5 and 10 ccf per month	\$37.00
Block 3: Average Water Usage > 10 ccf per month	\$43.45
Residential Collection Only Service	\$13.05
Residential Treatment Only Service	\$23.95
Non-Residential Monthly Rates	
Monthly Fixed Charge (Discharges <= 10 ccf per month)	\$43.45
Commodity Rate (\$/ccf for Discharges > 10 ccf per month)	\$3.94

The first step in the sewer cost-of-service process is to determine the projected FY 2025-26 customer units of service (equivalent dwelling units and demand) for the collection and treatment functions. Table 25 provides a summary of these units of service values.

Table 25: FY 2025-26 Sewer Units of Service

Customer Type	Block 1	Block 2	Block 3	Usage > 10	Total
Collection (All Customers Receiving Collection Service)					
Dwelling Units	101,586	56,387	14,353		172,326
Sewer Flows (ccf)	3,900,902	4,736,508	1,722,360	2,938,122	13,297,892
Treatment (All Customers Receiving Collection and Treatment Service)					
Dwelling Units	100,489	55,153	13,367		169,009
Sewer Flows (ccf)	3,858,778	4,632,852	1,604,040	2,825,701	12,921,370

After determining the sewer units of service, the fixed and variable revenue requirement components for both the collection and treatment functions are determined. Table 26 summarizes the outcome of this process.

Table 26: FY 2025-26 Sewer Fixed and Variable Costs

Total Sewer Cost	Fixed	Variable	Total
Sewer Operational Expenses	\$23,879,870	\$28,178,410	\$52,058,280
Enhancement & Replacement	\$26,884,583		\$26,884,583
Revenue Offsets			
Misc/Fats, Oil & Grease (FOG) Revenue	(\$329,709)	(\$183,016)	(\$512,725)
Other Direct Billing Revenue	(\$293,962)	(\$163,173)	(\$457,135)
Total Sewer Service Costs	\$50,140,781	\$27,832,221	\$77,973,003
Total Sewer Service Cost			
Sewer Operational Expenses	\$23,586,491	\$27,832,221	\$51,418,713
Enhancement & Replacement	\$26,554,290		\$26,554,290
Total Sewer Service Costs	\$50,140,781	\$27,832,221	\$77,973,003
Collection			
Sewer Operational Expenses	\$14,151,895	\$0	\$14,151,895
Enhancement & Replacement	\$15,932,574	\$0	\$15,932,574
Total Collection Costs	\$30,084,469	\$0	\$30,084,469
Treatment			
Sewer Operational Expenses	\$9,434,597	\$27,832,221	\$37,266,818
Enhancement & Replacement	\$10,621,716	\$0	\$10,621,716
Total Treatment Costs	\$20,056,312	\$27,832,221	\$47,888,534

The next step in the process is to determine the fixed and variable unit cost of service for the collection and treatment functions. Table 27 shows the outcome of the unit cost of service calculation process for the fixed components of the collection and treatment revenue requirements.

Table 27: FY 2025-26 Fixed Cost Unit Cost of Service

Fixed Allocation	Discharge	Allocation	Cost Allocation	Unit Cost of Service	Unit of Measure
Collection					
O&M Allocated to Fixed Charge	10,359,770	78%	\$11,025,084	\$5.33	per account
Capital Allocated to Fixed Charge		100%	\$15,932,574	\$7.70	per account
O&M Allocated to Discharge >10 ccf	2,938,122	22%	\$3,126,811	\$1.06	per ccf
Capital Allocated to Discharge >10 ccf		0%			
Total	13,297,892	100%	\$30,084,469		
Treatment					
O&M Allocated to Fixed Charge	10,095,670	78%	\$7,371,399	\$3.63	per account
Capital Allocated to Fixed Charge		100%	\$10,621,716	\$5.24	per account
O&M Allocated to Discharge >10 ccf	2,825,701	22%	\$2,063,198	\$0.73	per ccf
Capital Allocated to Discharge >10 ccf		0%			
Total	12,921,370	100%	\$20,056,312		

Table 28 shows the outcome of the unit cost of service calculation process for the variable cost component of the FY 2025-26 revenue requirement.

Table 28: FY 2025-26 Variable Cost Unit Cost of Service

Variable Allocation	Discharges (ccf)	Cost Allocation	Unit Cost of Service	Unit of Measure
Collection Costs Allocated to the Variable Rate	13,297,892	\$0	\$0.00	per ccf
Treatment Costs Allocated to the Variable Rate	12,921,370	\$27,832,221	\$2.15	per ccf

After calculating the fixed and variable unit cost of service for collection and treatment functions, proposed FY 2025-26 rates can be determined for collection only service, treatment only service, and consolidated treatment and collection service. Tables 29 - 31 show the calculation of proposed FY 2025-26 Residential Sewer rates.

Table 29: Proposed FY 2025-26 Residential Collection-Only Monthly Fixed Charge

	A	B	C	D = B + C	E
Sewer Fixed Charge Tier	Avg Monthly CCF' Discharges	O&M Allocated to Fixed Charge	Capital Allocated to Fixed Charge	Total Rate	FY 2025-26 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$5.33	\$7.70	\$13.04	\$13.05
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$5.33	\$7.70	\$13.04	\$13.05
Block 3: Average Water Usage > 10 ccf per month	10.0	\$5.33	\$7.70	\$13.04	\$13.05

Table 30: Proposed FY 2025-26 Residential Treatment-Only Monthly Fixed Charge

	A	B	C=A*B	D	E	F=C+D+F	G
Sewer Fixed Charge Tier	Avg Monthly CCF' Discharges	Treatment Variable Rate	Treatment Component	O&M Allocated to Fixed Charge	Capital Allocated to Fixed Charge	Total Rate	FY 2025-26 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$2.15	\$6.89	\$3.63	\$5.24	\$15.76	\$15.75
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$2.15	\$15.08	\$3.63	\$5.24	\$23.95	\$23.95
Block 3: Average Water Usage > 10 ccf per month	10.0	\$2.15	\$21.54	\$3.63	\$5.24	\$30.41	\$30.40

Table 31: Proposed Residential FY 2025-26 Treatment and Collection Monthly Fixed Charge

	A	B	C	D = B + C	E
Sewer Fixed Charge Tier	Avg Monthly CCF' Discharged	Collection Only Component	Treatment Only Component	Total Rate	FY 2025-26 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$13.04	\$15.76	\$28.80	\$28.80
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$13.04	\$23.95	\$36.99	\$37.00
Block 3: Average Water Usage > 10 ccf per month	10.0	\$13.04	\$30.41	\$43.45	\$43.45

Table 32 shows the proposed FY 2025-26 Non-Residential sewer rates which include a fixed component which consists of a fixed charge (the Block 2 treatment only fixed charge) and a variable commodity rate.

Table 32: Proposed FY 2025-26 Non-Residential Rates

	A	B	C = A+B	D
Rate/Charge	Variable Collection Component	Variable Treatment Component	Total	FY 2025-26 Rates (Noticed but Not Implemented)
Commodity Rate (\$/ccf)	\$1.06	\$2.88	\$3.94	\$3.94
Monthly Fixed Charge				\$43.45

6. RECYCLED WATER COST OF SERVICE

The method used by the District to develop recycled water rates is similar to that of potable water service (see Section 4 of this report) with one significant difference. The District does not calculate unique monthly meter service charges for recycled water. Instead, the monthly service charges for recycled water are set to the same as those charged for the potable water monthly meter service charge. The District takes this approach due to an imbalance between variable and fixed costs in the overall recycled water revenue requirement. This reallocation of fixed costs to variable revenue recovery through commodity rates is discussed in Section 6.1.2 below.

6.1.1. RECYCLED WATER BUDGET RATE STRUCTURE

Section 4.5.1 of this report provides a detailed discussion of the derivation of the District's water budget rate structure for landscape customers who purchase recycled water. Table 33 shows the consumption tier breakpoints employed to recover the variable costs incurred to provide service.

Table 33: FY 2025-26 Landscape Water Budget Rate Structure and Commodity Rates

Usage Tier	Consumption Tiers	FY 2025-26 Rates (\$ccf) (Noticed but Not Implemented)
Tier 1: Low Volume	0 - 40% of budget	\$1.38
Tier 2: Base	41 - 100% of budget	\$2.39
Tier 3: Inefficient	101 - 160% of budget	\$5.43
Tier 4: Wasteful	161% + of budget	\$9.93

Section 4.6.1 of this report provides a detailed discussion of the derivation of the District's water budget rate structure for commercial customers who purchase recycled water. The base rate for these customers is the cost to produce recycled water. These customers are charged the wasteful tier rate when they exceed their budget.

6.1.2. FY 2025-26 RECYCLED WATER REVENUE REQUIREMENT

The District's recycled water revenue requirement from rates is \$39,692,626. Prior to any adjustments, the composition of this revenue requirement is variable costs of \$21,862,775 (55.1%) and fixed costs of \$17,829,850 (44.9%). The District established the monthly fixed charge unit cost as being \$14.90 per 5/8" meter equivalents in the potable water cost allocation and rate design process (see Table 20 in Section 4.3.3). Due to the high percentage of fixed costs identified in the recycled water revenue requirement, the District reallocates a portion of fixed costs not recovered by monthly meter service charges (\$8,304,912) into the variable cost revenue requirement. The total fixed costs include costs that can be included with variable expenses such as the cost for transporting recycled water to reservoirs (\$2,080,000). These costs are included in the recycled system and recycled revenue provides the funding which is consistent with Proposition 218 requirements. This strategy provides a fair and equitable application of these costs without deterring usage.

Raftelis concludes that the District's recycled water rates are compliant with Proposition 218 as the overall level of revenue recovery from recycled water customers remains proportionate to the total cost of providing service. Tables 34 and 35 provide a detail the FY 2025-26 variable and fixed recycled water revenue requirement before and after this reallocation.

Table 34: FY 2025-26 Recycled Water Variable Cost Revenue Requirement

Revenue Requirement Component	Amount
Water Supplies	
Untreated Water Purchases	\$5,771,643
Recycled Water Tertiary Treatment Michelson	\$10,791,325
El Toro Groundwater	\$3,463,509
Total Cost of Water Supplies	\$20,026,476
Conservation and Supply Reliability	
Natural Treatment System	\$1,405,351
Universal Conservation	\$111,423
Targeted Conservation	\$319,525
Total Conservation and Supply Reliability Costs	\$1,836,299
Total Variable Cost Revenue Requirement Before Adjustment	\$21,862,775
Adjustment to Reflect Reallocated Fixed Costs	\$8,304,912
Total Variable Cost Revenue Requirement After Adjustment	\$30,167,687

Table 35: FY 2025-26 Recycled Water Fixed Cost Revenue Requirement

Revenue Requirement Component	Total
Fixed Operating Costs	
System Maintenance and Monitoring	\$14,749,942
Customer Service	\$1,745,729
Fleet	\$72,915
Building Maintenance	\$720,490
General Plant	\$541,791
Total Fixed Operating Costs	\$17,830,867
Replacement and Enhancement Capital Costs	
Enhancement	\$1,098,064
Replacement	\$336,633
Total Capital Costs	\$1,434,697
Gross Fixed Cost Revenue Requirement	\$19,265,564
Revenue Requirement Offsets	
Pumping	\$949,345
Miscellaneous Revenues	\$486,369
Total Revenue Requirement Offsets	\$1,435,714
Total Fixed Cost Revenue Requirement Before Adjustment	\$17,829,850
Adjustment to Reflect Reallocated Fixed Costs	(\$8,304,912)
Net Fixed Revenue Requirement from Rates After Adjustment	\$9,524,939

6.1.3. VARIABLE COST RECOVERY - COMMODITY RATES

The method used to determine recycled water commodity rates is similar to that used for potable water. In FY 2025-26, the District's projected total recycled water demand is 31,971 acre feet based on historical demand, customer growth factors and other relevant factors. Table 36 provides a detail of the FY 2025-26 unit cost of water supplies (\$/ccf) from each supply source using the District's cost and demand data. Note that the net cost shown in each column include the reallocation of fixed costs of \$8,304,912 discussed above.

Table 36: Unit Cost of FY 2025-26 Recycled Water Supplies

Metric	Produced from Treatment Plant	Processed from El Toro Remediation	Imported	Total
Net Cost	\$14,943,781	\$4,294,000	\$9,093,608	\$28,331,388
Acre Feet	24,890	3,030	4,051	31,971
Unit Cost per ccf (1)	\$1.38	\$3.25	\$5.15	

(1) Acre feet is multiplied by 435.6 to convert to CCF.

The District allocates the lower cost water supplies to the low volume and base consumption tiers with higher cost water supplies being allocated to the inefficient and wasteful tiers. Table 37 details this allocation for FY 2025-26 using cost and demand data provided by the District.

The general formula used to determine the water budget for a landscape customer served by a recycled water connection is discussed in detail in 4.1.5.

Landscape Customer Served by a Recycled Water Connection (ccf) =

Irrigated Landscape Area (1) * Evapotranspiration (ET) Rate (2) * 0.87 ET Adjustment Factor (3) * 36.3 Conversion Factor (4)

(1) Area measured in acres.

(2) Evapotranspiration rate during each day of the monthly billing cycle based on actual temperature, humidity, and other factors.

(3) Adjustment factor assuming 100% efficient warm season turf, and 25% irrigation system inefficiency.

(4) 36.3 is a factor that converts acre-inches of water to one hundred cubic feet (ccf).

Table 37: Allocation of Recycled Water Supplies to Consumption Tiers for Landscape Customers

Metric	Produced from Treatment Plant	Processed from El Toro Remediation	Imported	Total Acre Feet	Unit Cost per \$/ccf by Tier (1)
Unit Cost (Table 36)	\$1.38	\$3.25	\$5.15		
T1: Low Volume	15,458	0	0	15,458	\$1.38
T2: Base	9,432	3,030	1,904	14,367	\$2.27
T3: Inefficient	0	0	1,246	1,246	\$5.15
T4: Wasteful	0	0	901	901	\$5.15
Total	24,890	3,030	4,051	31,971	

(1) The Unit Cost per \$/ccf by TIER is the blended cost of the sources.

Example: T2 = $((9,432 \times 435.6 \times \$1.38) + (3,030 \times 435.6 \times \$3.25) + (1,904 \times 435.6 \times \$5.15)) / (14,367 \times 435.6) = \2.27

Having determined the unit cost of recycled water supplies by consumption tier for landscape customers as shown in Table 37 above, the District then allocates the cost of conservation programs and supply reliability programs, as shown in Table 34, to the appropriate water budget tiers.

Universal conservation costs are added to the commodity rate in the base, inefficient, and wasteful tiers to pay for conservation program costs that help customers in each of these tiers achieve efficient use of recycled water. This cost is not included in the low volume rate since customers who remain in this usage tier do not need assistance to efficiently use water.

Targeted conservation costs reflect programs specifically designed to encourage efficient water practices of customers whose usage reaches the wasteful tier. Costs are allocated to the wasteful tier based on expected usage.

Natural treatment system costs are incurred by the District to deal with urban water runoff produced by customers whose usage exceed their water budgets. The costs include prevention, control and treatment of the runoff of water from irrigation and other uses. These costs are added to the commodity rates of customers in the inefficient and wasteful tiers. Costs are allocated based on the expected usage in each tier.

Table 38 shows the outcome of derivation of the unit costs for the District's conservation and supply reliability programs.

Table 38: FY 2025-26 Conservation and Supply Reliability Unit Costs (\$/ccf)

Program	FY 2025-2026 Revenue Requirement (A)*	FY 2025-26 Units of Demand (ccf) (B)	Demand Adjustment Factor for Price Elasticity (C)	FY 2025-26 Adjusted Units of Demand B x C = (D)	Unit Cost Included in FY 2025-26 Commodity Rates A ÷ D = (E)
Universal Conservation	\$111,423	935,188	100%	935,188	\$0.12
Targeted Conservation					
Inefficient tier	\$79,881	542,810	90%	488,529	\$0.16
Wasteful tier	\$239,644	392,378	90%	353,140	\$0.68
Natural Treatment System					
Inefficient tier	\$0	542,810	90%	488,529	\$0.00
Wasteful tier	\$1,405,351	392,378	90%	353,140	\$3.98

*See Table 34

Having determined the unit cost of recycled water supplies by consumption tier as shown in Table 37 and the unit cost of conservation and supply reliability in Table 38, the District must then allocate the cost of conservation programs and supply reliability programs to each conservation tier. Table 39 shows the outcome of this process as determined by Raftelis using the District's cost and demand data. As can be seen in Table 39, there are differences in the FY 2025-26 commodity rates calculated by Raftelis and the FY 2025-26 commodity rates originally published by the District in its Proposition 218 notice. These differences can be attributed to recommended minor cost allocation adjustments.

Table 39: FY 2025-26 Recycled Water Commodity Rates (\$/ccf)


Consumption Tier	Unit Cost of Water Supplies (Table 37)	Unit Cost of Universal Conservation (Table 38)	Unit Cost of Targeted Conservation (Table 38)	Unit Cost of Natural Treatment System (Table 38)	FY 2025-26 Rates (Noticed but Not Implemented)
T1: Low Volume	\$1.38				\$1.38
T2: Base	\$2.27	\$0.12			\$2.39
T3: Inefficient	\$5.15	\$0.12	\$0.16	\$0.00	\$5.43
T4: Wasteful	\$5.15	\$0.12	\$0.68	\$3.98	\$9.93

6.1.4. FIXED COST RECOVERY - MONTHLY METER SERVICE CHARGE

Recycled water fixed charges are the same as potable water fixed charges (see Table 20 in Section 4.3.3). The costs allocation included in generating the fixed service charge align with the potable system strategy on a smaller scale but the number of accounts covering this cost is significantly lower in the recycled system (approximately 130,000 potable customers to 6,700 recycled customers). A portion of the fixed costs are reallocated to the tiered commodity sales as identified in Section 6.1.2.



DRAFT COS STUDY UPDATE – APPENDICES 1-7



Christopher Smithson
Irvine Ranch Water District

1. Executive Summary

This is an update to the 2026 Cost of Service (COS) Study to support Irvine Ranch Water District's (District) water and sewer service rates for Fiscal Years (FY) 2025-26 and FY 2026-27. The 2025 COS Study described the costs of providing such service for FY 2025-26 and FY 2026-27 and described the method for allocating the costs to customers through rates.

The appendix attachments listed in Section 3, below, are a supplement to support the development of rates for FY 2025-26 through FY 2026-27. The methodology in the 2026 COS Study remains the same, however its tables are updated with detailed costs from the FY 2025-26 and FY 2026-27 proposed operating expense budgets.

2. Background

The proposed Fiscal Year (FY) 2025-26 Operating Budget for IRWD is \$242.5 million, representing an increase of \$8.0 million, or 3.4%, compared to the Operating Budget for FY 2024-25. The proposed FY 2026-27 Operating Budget for IRWD is \$257.0 million, representing an increase of \$14.5 million, or 6.0%, compared to the proposed Operating Budget for FY 2025-26. These budgets were adopted by the IRWD Board of Directors on June 23, 2025.

Staff and Raftelis updated IRWD's 2025 rate model based on Raftelis' findings and Committee recommendations. The same methodology was used to develop cost-of-service-based rates for FY 2025-26 and FY 2026-27.

The 2026 COS Study includes the following:

- Raftelis COS Study for FY 2026 and FY 2027;
- Exhibit A – Tech Memo re: Legal Basis for Fire Water in Service Charge;
- Exhibit B – Tech Memo re: Determination of Costs of Fire Water;

3. Appendices to the 2026 COS Study

The 2026 COS Study is the basis for rate setting. The following list are appendices provided to support rates for years after 2025.

- Appendices 1- 8 to support rates for years after 2025;
 - Appendix 1: Appendices to 2025 COS Study
 - Appendix 2: Rate Development for FY 2025-26
 - Appendix 3: Rate Development for FY 2026-27
 - Appendix 4: Costs for Public Fire Water for FY 2025-26
 - Appendix 5: Costs for Public Fire Water for FY 2026-27
 - Appendix 6: Rate Development for Water Shortage Contingency Plan FY 2025-26
 - Appendix 7: Rate Development for Water Shortage Contingency Plan FY 2026-27
 - Appendix 8: Rate Development for Surcharge
 - Appendix 9: Determination of Costs for Pumping Surcharges

Executive Summary

This appendix is part of the Cost of Service update for Fiscal Year (FY) 2025-26 and FY 2026-27.

The IRWD Board of Directors adopted a two-year operating budget for FY 2025-26 and 2026-27 on June 23, 2025. Generally, rates are adopted and implemented to cover operating costs for each FY adopted budget.

Appendix 2 provides support for the development of rates to cover operating costs for FY 2025-26. Rate increases for FY 2025-26 will become effective July 1, 2025; water rates are expected to increase the average residential bill by 8.4%. Appendix 3 provides support for the development of rates to cover operating costs for the full FY 2026-27. Rate increases for FY 2026-27 will become effective July 1, 2026. Water rates are expected to increase by 5.1%.

4. Potable Water Cost of Service FY 2025-26

See section 4 of the COS Study for a complete discussion on the District's potable water cost of service.

The FY 2025-26 water revenue requirement was determined to be \$127,651,952 (see sum of tables 13 and 14 below). Of this amount, \$75,583,884 (61.2%) is associated with variable costs that are incurred to acquire, treat, and deliver water supplies. These costs vary with the amount of water used by customers and are recovered through commodity rates. Note that the variable cost revenue requirement includes \$16,852,103 in costs for universal conservation, targeted conservation, water banking operations, and the District's natural treatment system used to control runoff from customers who use water in the inefficient and wasteful tiers. Table 13 provides details of the FY 2025-26 variable revenue requirement.

4.3. FY 2025-26 POTABLE WATER REVENUE REQUIREMENT TABLE 13: FY 2025-26 POTABLE WATER VARIABLE COST REVENUE REQUIREMENT

Revenue Requirement Component	Amount
Water Supplies	
Dyer Road Wellfield	\$26,085,882
Baker Treatment Facilities	16,822,931
Imported Water Purchases	8,218,964
Deep Aquifer Treatment System	8,795,636
Irvine Desalter Domestic	6,421,381
Wells 21 & 22 Desalter Treatment Plant	4,325,647
Orange Park Acres	2,991,696
Howler Treatment Facility	784,118
Total Potable Water Supply Costs	\$ 74,446,255
Revenue Requirement Offsets to Water Supply Costs	
Baker Partners	6,896,473
Sinking Fund	1,700,000
Water Banking Operations	2,093,000
MWDOC PTP/IDP Credits	2,025,000
Total Revenue Requirement Offsets	12,714,473
Net Revenue Requirement for Water Supply Costs	\$ 61,731,781
Conservation and Supply Reliability	
Universal Conservation	1,723,580
Targeted Conservation	7,668,602
Natural Treatment System	5,286,796
Water Banking	2,173,125
Total Conservation and Supply Reliability Costs	16,852,103
Net Potable Variable Cost Revenue Requirement	\$ 78,583,884
Untreated Water Supplies	
Untreated Imported Water Purchases	144,750
Untreated Water System Maintenance	473,215
Native Water	1,497,148
Total Untreated Water Supply Costs	2,115,113
Revenue Requirement Offsets to Untreated Water Supply Costs	
Transferred to Recycled	2,932,271
Total Revenue Requirement Offsets	2,932,271
Net Untreated Water Variable Cost Revenue Requirement	(\$ 817,258)

Fixed costs do not vary with the volume of water by customers. The fixed cost portion of the total FY 2025-26 revenue requirement was \$49,885,325 (38.8%) as shown in Table 14. Of these fixed costs, \$10,702,638 were associated with expenditures for replacement and enhancement capital costs that do not increase the capacity of the water utility system to serve new customer demand growth. Table 14 provides details of the FY 2025-26 fixed revenue requirement.

Table 14: FY 2025-26 Potable Water Fixed Cost Revenue Requirement

Revenue Requirement Component	Amount
Fixed Operating Costs	
System Maintenance and Monitoring	34,567,378
Customer Service	5,819,096
Fleet	1,604,133
General Plant	1,032,519
Building Maintenance	2,401,634
Total Fixed Operating Costs	45,424,760
Replacement and Enhancement Capital Costs	
Replacement	8,422,715
Enhancement	2,279,924
Total Capital Costs	10,702,639
Fixed Cost Revenue Requirement	\$ 56,127,399
Revenue Requirement Offsets	
Firelines	2,926,822
Pumping Surcharge	1,792,326
Miscellaneous/Other	1,171,156
Low Volume Benefit	351,770
Total Revenue Requirement Offsets	6,242,074
Net Fixed Cost Revenue Requirement from Rates	\$ 49,885,325
Total Water Revenue Requirement	\$ 127,651,952

4.3.1 VARIABLE COST RECOVERY – COMMODITY RATES

The District recovers water supply costs through commodity rates with the lowest cost water supplies being recovered in the low volume and base consumption tiers and the highest cost water supplies being recovered in the inefficient and wasteful tiers. The District's method for recovering variable costs is compliant with Proposition 218 because of the direct linkage between the revenue recovered in each tier to the costs incurred to provide service to customers with demand in each consumption tier.

The District also recovers the cost of water conservation and water supply reliability programs through its commodity rates with targeted costs being allocated to customers with consumption in the inefficient and wasteful tiers. This approach is reasonable because customers who exceed their monthly water budget allocation impose higher costs on the District. Thus, the commodity rates charged in these two upper tiers are designed to not only recover the cost of more expensive water supplies, but also the additional costs of:

- Targeted conservation programs designed to reduce excessive use.

- Water banking operational costs to enhance water supply reliability.
- Rebates for long-term improvements in customer water use efficiency.
- Urban runoff source control programs referred to as the natural treatment system (NTS) treat runoff from customers who use water in the inefficient and wasteful tiers.

In FY 2025-26, the District's projected total water demand of 53,404 acre feet was based on historical averages by tier, adjusted for customer account growth and other relevant factors. This reflects a 2.1% decrease over the 54,551 acre feet of water demand projected in FY 2024-25. Table 15 details the FY 2025-26 unit cost of water supplies (\$/CCF) from each supply source as determined using cost and demand data provided by the District.

Table 15: Unit Cost of FY 2025-26 Water Supplies

Metric	Dyer Road Wellfield	Deep Aquifer Treatment System	Baker Treatment Facilities	Irvine Desalter Domestic	Wells 21 & 22 Desalter Treatment Plant	Imported Water Purchases	Howiler Water Treatment Plant	Orange Park Acres Well 1	Totals
Net Cost (1)	\$24,105,058	\$7,922,267	\$9,926,458	\$4,449,325	\$3,661,409	\$8,218,964	\$784,118	\$2,664,182	\$61,731,781
Demand in Acre Feet (net)	26,740	7,280	6,552	4,560	1,920	3,622		2,730	53,404
CCF (2)	11,647,944	3,171,168	2,854,051	1,986,336	836,352	1,577,830		1,189,188	23,262,870
Unit Cost per ccf (1) divided by (2)	\$2.07	\$2.50	\$3.48	\$2.24	\$4.38	\$5.21		\$2.24	

(1) From Table 14

(2) Acre feet is multiplied by 435.6 to convert to CCF

The District allocates the water supply in the order of cost for each source. The higher cost water supplies are appropriately allocated to the inefficient and wasteful tiers. Table 16 details this allocation for FY 2025-26 using cost and demand data provided by the District.

Table 16: Allocation of Potable Water Supplies to Consumption Tiers for Unit Costs

Metric	Dyer Road Wellfield (1)	Deep Aquifer Treatment System	Baker Treatment Facilities	Irvine Desalter Domestic	Wells 21 & 22 Desalter Treatment Plant	Imported Water Purchases	Orange Park Acres Well 1	Total Acre Feet	Unit Cost by Tier (\$ /ccf) (2)
Unit Cost	\$2.07	\$2.50	\$3.48	\$2.24	\$4.38	\$5.21	\$2.24		
T1: Low Volume	20,189	-	-	-	-	-	-	20,189	\$2.07
T2: Base	6,551	7,280	6,552	4,560	535	-	2,730	28,209	\$2.60
T3: Inefficient	-	-	-	-	1,385	1,232	-	2,617	\$4.77
T4: Wasteful	-	-	-	-	-	2,390	-	2,390	\$5.21

(1) 20,189 acre feet are used to meet projected low volume demand estimated based on historic demand as adjusted for customer account growth and other relevant factors. The remainder (6,551 acre feet) is allocated to partially meet the base demand.

(2) The Unit Cost by Tier is the blended cost of the sources.

Having determined the unit cost of water supplies by consumption tier as shown in Table 16 above, the District then allocates the cost of conservation programs and supply reliability programs to the water budget tiers as described below:

Universal Conservation: Universal conservation costs are incurred to encourage customers to use water as efficiently as possible. Universal program costs are added to the commodity rate in the base, inefficient, and wasteful tiers. This cost is not included in the low volume rate since customers who remain in this usage tier do not need assistance to efficiently use water.

Targeted Conservation: Targeted conservation costs reflect programs specifically designed to encourage efficient water practices of customers whose usage exceeds their water budgets. Therefore, these costs are added to the

commodity rates of customers in the inefficient and wasteful tiers. Based on a historical estimate of customers who have been provided assistance in these programs, approximately 77% of the customers are in the wasteful tier with the remainder of customers being in the inefficient tier. Therefore, 77% of the targeted conservation costs are allocated to the wasteful tier with the remaining 23% of the costs being allocated to the inefficient tier.

NTS Costs: These natural treatment system costs are incurred by the District to deal with urban water runoff produced by customers whose usage exceeds their water budgets. These costs are added to the commodity rates of customers in the inefficient and wasteful tiers because their excessive water usage creates urban water runoff. The allocation is based on an estimate of the historic mix of urban runoff created by customers in the inefficient and wasteful tiers primarily from hosing down hardscape and excess irrigation running off the landscape into the storm drains. The District estimates 82% of NTS costs are created by customers in the wasteful tier because wasteful outdoor demand flows to NTS sites. The remaining 18% of urban runoff costs results from inefficient customers overwatering drought tolerant landscape. The allocated costs provide the components and the anticipated sales result in the established rates.

Water Banking: Water banking costs are incurred to support the reliability of the District's water supplies. These costs are added to the commodity rates of customers in the wasteful tier because their excessive water usage creates the need for enhanced reliability of costly imported water supplies as previously discussed.

Table 17 shows the outcome of derivation of the unit costs for the District's conservation and supply reliability programs.

Table 17: FY 2025-26 Conservation and Supply Reliability Unit Costs (\$/CCF)

Program	FY 2025-26 Revenue Requirement (1) (A)	FY 2025-26 Units of Demand (ccf) (2) (B)	Demand Adjustment Factor for Price Elasticity (3) (C)	FY 2025-26 Adjusted CCF B x C = (D)	Unit Cost Included in FY 2025-26 Commodity Rates A/B = (E)
Universal Conservation	\$1,723,580	14,468,574	100%	14,468,574	\$0.12
Water Banking					
Wasteful tier	\$2,173,398	1,041,022	90%	936,920	\$2.32
Targeted Conservation					
Inefficient tier (75%)	\$1,757,388	1,139,869	90%	1,025,882	\$1.71
Wasteful tier (25%)	\$5,911,214	1,041,022	90%	936,920	\$6.31
Natural Treatment System					
Inefficient tier (15%)	\$936,901	1,139,869	90%	1,025,882	\$0.91
Wasteful tier (85%)	\$4,349,895	1,041,022	90%	936,920	\$4.64

(1) From Table 14

(2) Units of Demand are based on the cumulative projected units of sale for the tiers. Universal Conservation includes the base, inefficient, and wasteful tiers.

Table 18 shows the FY 2025-26 potable water commodity rates.

Table 18: FY 2025-26 Potable Water Commodity Rates (\$/CCF)

Consumption Tier	Unit Cost of Water Supplies (1)	Unit Cost of Universal Conservation (2)	Unit Cost of Water Banking (2)	Unit Cost of Targeted Conservation (2)	Unit Cost of Natural Treatment System (2)	Rate Stabilization	FY 2025-26 Commodity Rates	FY 2025-26 CCF	FY 2025-26 Revenue
T1: Low Volume	\$2.07						\$2.07	8,794,249	\$18,204,096
T2: Base	\$2.60	\$0.12					\$2.72	12,287,683	33,422,498
T3: Inefficient	\$4.77	\$0.12		\$1.71	\$0.91		\$7.51	1,139,869	8,560,416
T4: Wasteful	\$5.21	\$0.12	\$2.32	\$6.31	\$4.64		\$18.60	1,041,022	19,363,009
Totals								23,262,823	\$ 79,550,020

(1) From Table 16

(2) From Table 17. Water used in the low volume tier is efficient and universal conservation efforts are not necessary.

4.3.2. VARIABLE COST RECOVERY - AGRICULTURAL RATES

Allocated fixed costs and variable costs are combined to calculate the agricultural commodity rate, and these customers are charged a single volumetric rate for all water used. Due to the variable nature of water demands for seasonal growing (i.e. not permanent crops), these customers do not have a budget. The variable rate is based on the total available source of supply. The variable rate component is based on the respective proportions of those available sources using the same allocation of available sources used for residential and commercial customers. DRWF provides 50% of the source of supply at a cost of \$2.07/CCF and imported water provides 7% at a cost of \$5.21/CCF. The remaining 43% is the blended cost of the other sources at \$2.85/CCF (Table 15). This results in a blended variable cost of \$2.62/CCF. The fixed component is based on an allocation of fixed expenses which includes a component for replacement and enhancement capital to the agricultural customer class of \$27,334. The fixed cost applied to the agricultural commodity rate adds \$1.30 to the per CCF cost based on the estimated 21,045 CCF. Table 19 shows the calculation of FY 2025-26 agricultural rates.

Table 19: FY 2025-26 Agricultural Water Commodity Rates (\$/CCF)

System	FY 2025-26 Revenue Requirement	FY 2025-26 Projected Demand (CCF)	Variable Cost (CCF) (1)	Fixed Cost Component (CCF) (2)	FY 2025-26 Commodity Rates (1)+(2)
Potable Water	\$82,472	21,045	\$2.62	\$1.30	\$3.92

4.3.3. FIXED COST RECOVERY - MONTHLY METER SERVICE CHARGES

The District recovers fixed operating costs and replacement and enhancement capital costs through monthly meter service charges. On the District potable water system, the baseline meter size serving customers is 5/8". Thus, the first step in developing the monthly meter service charge is to estimate the total number of 5/8" meter equivalent connections (MEUs) on the potable water system in order to establish the unit cost for a 5/8" equivalent meter. Table 20 shows a summary of this calculation using the District's fixed costs and meter count data.

Table 20: FY 2025-26 Monthly Unit Cost of Serving a 5/8" Equivalent Meter

System	5/8" MEU (A)	Operating Costs (B)	Capital Costs (C)	Total Fixed Cost Revenue Requirement (1) B+C = (D)	Operating Costs per 5/8" MEU B/A = (E)	Capital Costs per 5/8" MEU C/A = (F)	Rate Stabilization (3) (G)	Total Unit Cost per 5/8" MEU(2) E+F+G = (H)
Potable Water	273,171	\$38,332,189	\$10,470,327	\$48,802,516	\$11.69	\$3.19		\$14.90

(1) From Table 14

(2) Values prior to rounding

(3) Use of the Replacement Fund as explained below table 18.

Having established the monthly fixed charge unit cost as being \$14.90 per 5/8" meter equivalents, the final step in the process is to develop a schedule of monthly meter service charges for each meter size on the system. The cost per unit is rounded to the nearest \$0.05. Table 21 presents this calculation.

Table 21: FY 2025-26 Monthly Meter Service Charges

Meter Size and Technology *	Meter Flow Rate Equivalency Ratio	Number of Accounts	FY 2025-26 Rates (After Rounding)	FY 2025-26 Total MEUs	FY 2025-26 Revenue
5/8" Disc	1.0	66,102	\$14.90	793,224	\$11,819,038
3/4" Disc	1.5	11,655	\$22.35	209,790	3,125,871
1" Disc	2.5	33,573	\$37.25	1,007,190	15,007,131
1 1/2" Disc	6.0	4,136	\$89.40	297,792	4,437,101
1 1/2" Single Jet	5.0	1	\$74.50	60	894
2" Disc	8.0	5,438	\$119.20	522,048	7,778,515
2" Single Jet	8.0	0	\$119.20	0	0
2" Turbo	12.5	706	\$186.25	105,900	1,577,910
3" Turbo	32.5	404	\$484.25	157,560	2,347,644
4" Turbo	62.5	197	\$931.25	147,750	2,201,475
4" Turbo Omni F-2	50.0	1	\$745.00	600	8,940
6" Turbo	125.0	39	\$1,862.50	58,500	871,650
6" Turbo Omni F-2	100.0	3	\$1,490.00	3,600	53,640
8" Mag Meter	248.7	0	\$3,705.65	0	0
8" Turbo	175.0	10	\$2,607.50	21,000	312,900
8" Turbo Omni F-2	175.0	1	\$2,607.50	2,100	31,290
10" Turbo	350.0	5	\$5,215.00	21,000	312,900
Totals				3,348,114	\$ 49,886,899

* Identified maxed capacity (GPM) updated for some meters based on data from meter manufacturers.

Customers who remain in the Low Volume tier for most of the year will have a larger percentage of their bill made up of the fixed service charge even though the reduced system demand can extend the life of system assets. The District provides a fixed service charge rate reduction based on the reduced impact on District assets. This concept provides a “lease-back” conservation credit to those whose use remains in the Low Volume tier via a fixed service charge reduction. With the “lease-back” approach, an agency recognizes that a low volume user is not fully using their budgeted capacity, and therefore, it is reasonable to provide a lease-back credit to users who are underutilizing that flow and effectively “leasing it back” to the system for other users. This prevents the District from having to upsize infrastructure as quickly as capacity is exhausted. The monthly service charge is reduced for customers that remain in the Low Volume tier for at least nine months of the prior calendar year resulting in a \$2.00 credit per month, which is itemized on each bill. Nine months is deemed reasonable to account for a customer that may occasionally leave the Low Volume tier due to a leak, etc. The nexus is based on removing 75% (nine months) of the capital fixed service charge contribution which is approximately \$2.00 per month.

4.3.4. MONTHLY PRIVATE FIRELINE CHARGES

Private firelines provide water to sprinkler systems for fire suppression within private improvements such as buildings and other structures. The District, like many utilities, provides private fireline service to its customers.

Table 22 shows the calculation of the FY 2025-26 private fireline rates. For a complete discussion of the calculation method for these rates, please see sections 4.3.4 in the 2026 COS Study.

Table 22: Proposed FY 2025-26 Private Fireline Charges

Private Fireline Size	Number of Lines	Potential Demand Based on Pipe Diameter (1)	Customer Related Costs (2)	Private Fire O&M Peaking Costs (3)	Capital Cost Component (4)	FY 2025-26 Rates	FY 2025-26 Revenue
1"	16	1.00	\$7.70	\$0.17	\$0.23	\$8.10	\$1,555
2"	1,043	6.19	\$7.70	\$1.08	\$1.42	\$10.20	\$127,663
3"	32	17.98	\$7.70	\$3.13	\$4.12	\$14.95	\$5,741
4"	1,080	38.32	\$7.70	\$6.67	\$8.78	\$23.15	\$300,024
6"	1,210	111.31	\$7.70	\$19.38	\$25.51	\$52.60	\$763,752
8"	1,088	237.21	\$7.70	\$41.30	\$54.36	\$103.35	\$1,349,338
10"	150	426.58	\$7.70	\$74.27	\$97.76	\$179.75	\$323,550
11"	1	548.10	\$7.70	\$95.43	\$125.61	\$228.75	\$2,745
12"	2	689.04	\$7.70	\$119.96	\$157.91	\$285.60	\$6,854
Total	4,622						\$ 2,881,222
Fire Flow Testing Revenue							\$ 45,600
Total Fireline Revenue							\$2,926,822

- (1) Potential demand based on the Hazen-Williams Equation which estimates flow based on factors such as pipe diameter, friction, and the velocity of flow.
- (2) \$11,738,937 customer related operating costs/126,987 bills/12 months = \$7.70.
- (3) \$1,059,472 peaking costs/ 507,113 private fire demand units/ 12 months = \$0.17. For pipe diameters > 1", \$0.17 is increased by the potential demand based on pipe diameter (Hazen-Williams).
- (4) \$2.50 capital cost for a 1" meter equivalent X \$3.19 capital cost per MEU x 2.9% allocation to private firelines = \$0.23. For pipe diameters > 1", \$0.23 is increased by potential pipe diameter (Hazen-Williams).

4.3.5. PUBLIC FIRE WATER SERVICE COSTS

There are two cost components associated with public fire water service: direct costs and indirect costs. The budgeted costs for FY 2025-26 are:

Direct costs	\$ 791,000
<u>Indirect costs</u>	<u>\$3,685,000</u>
Total Public Fire Water Service Costs	\$4,476,000

Direct costs are associated primarily with maintenance of the fire hydrants. These include inspections, painting, and flushing of the hydrants. Flushing is an important maintenance activity that verifies the proper operation of the hydrant to ensure adequate water flow will be available when the need to extinguish a structure fire arises. Flushing also removes the sediment that naturally accumulates in the hydrant.

Indirect costs are the District's costs for design and sizing of the infrastructure to support the "fire flow" (volume and pressure of water) prescribed to meet peak firefighting water demand. The District's water system is designed to provide capacity to handle two defined hypothetical fires. Capacity is measured in terms of maximum hourly and maximum daily water flow. See Appendix 5 for a more detailed discussion on these costs.

5. Sewer Cost of Service FY 2025-26

See section 5 of the COS Study for a complete discussion on the District's sewer cost of service.

As is the case with its potable water, the District separates the components of its annual sewer revenue requirement from rates into three specific types of costs: variable operating costs, fixed operating costs, and replacement and

enhancement costs. However, as described in Section 5.1.1 in the COS Study, the rate structure used to recover these costs differs from that of potable water service.

5.1. FY 2025-26 SEWER REVENUE REQUIREMENT

The FY 2025-26 sewer revenue requirement was determined to be \$77,973,003 (see tables 23 and 24 below). Of this amount, \$27,832,221 (35.7%) is associated with variable costs that are incurred to treat sewage for discharge. These costs vary with the amount of water used by customers that returns to the District's sewage treatment facilities and are recovered through IRWD's commodity rates. The District separates operational expenses between sewage treatment and recycled water production with tertiary treatment and similar processes included in the cost for recycled water. Table 23 shows the FY 2025-26 sewer variable cost revenue requirement.

Table 23: FY 2025-26 Sewer Variable Cost Revenue Requirement

Revenue Requirement Component	Amount
Variable Operating Costs	
Sewage Treatment	\$11,712,793
Biosolids Treatment	11,792,321
OC San Treatment and Disposal	4,673,296
Gross Variable Cost Revenue Requirement	\$ 28,178,410
Revenue Requirement Offsets	
Direct Billing Revenue and FOG	\$346,188
Total Revenue Requirement Offsets	\$ 346,188
Net Variable Revenue Requirement from Rates	\$ 27,832,222

Fixed costs do not vary with the volume of water used by customers and returned to the District's sewage treatment facilities. The fixed cost portion of the total FY 2025-26 revenue requirement was \$50,140,781 (64.3%). Table 24 provides details of the FY 2025-26 sewer fixed cost revenue requirement.

Table 24: FY 2025-26 Sewer Fixed Cost Revenue Requirement

Revenue Requirement Component	Total
Fixed Operating Costs	
Sewage System Monitoring and Fixed Costs	\$11,866,513
Biosolids Fixed Operating Costs	6,302,931
OC San Sewage Fixed Costs	1,000
Customer Service	\$2,909,548
Fleet	1,057,270
General Plant	541,791
Building Maintenance	\$1,200,817
Total Fixed Operating Costs	\$ 23,879,870
Replacement and Enhancement Capital Costs	
Replacement	\$25,319,749
Enhancement	1,564,833
Total Capital Costs	\$ 26,884,582
Gross Fixed Cost Revenue Requirement	\$ 50,764,452
Revenue Offsets	
Direct Billing Revenue and FOG	\$623,671
Total Revenue Offsets	\$ 623,671
Net Fixed Revenue Requirement from Rates	\$ 50,140,781

5.1.1. SEWER COST RECOVERY (RATE DESIGN)

The District uses the average of the three lowest water meter readings during the twelve month period ending December 31 to adjust for monthly anomalies in a ratepayer's water use and seasonal variations. The consumption block breakpoints are based on a review of historical data for average usage during cooler months because of the limited demand for landscape during winter months.

The analysis identified the average usage for all multi-family units was 5 CCF which aligns with the first block. The second block includes average usage below 10 CCF as single family residential customers averaged 10 CCF during the same low usage months. The third block, which includes all commercial, industrial, and institutional (CII) customers, exceeds 10 CCF (The average usage for CII customers exceeds 10 CCF). Non-residential/CII customers with billed water consumption of more than 10 CCF per month pay an additional commodity rate (\$/CCF).

See Table 24 in the COS Study to view the FY 2025-26 Sewer Rate Structure and Rates.

5.1.2. PROPOSED MODIFICATION TO COLLECTION ONLY RATES

The District provides sewer collection-only service to approximately 3,300 customers. The sanitary discharges of these customers are not treated by the District but are conveyed to an adjacent agency. The rate paid by collection-only customers is currently calculated and billed on a per account basis. This can result in the District recovering revenue from high volume dischargers that may be less than the costs incurred to provide service. The District is proposing to calculate and bill the collection-only rate on a per equivalent dwelling unit basis. This change,

especially for high volume dischargers, will result in an improved alignment of the costs incurred to provide service and actual revenue recovery. Raftelis supports this modification. The sewer rates for collection-only service shown in this section of the report (Table 29) reflect this change.

This rate structure is compliant with Proposition 218 because it provides a mechanism for recovering rate revenue from customers in a manner that is proportionate to the costs incurred by the District to provide service. It includes a fixed component for all three blocks that does not change. A variable component is included that is based on the historic average of estimated sewage flow by treatment customers within each block.

Step 1: Determine the number of sewer customer accounts with usage in each consumption block as shown in Table 26. Some customers require only collection services, while others need both collection and treatment services. To clearly differentiate costs, sewer customer accounts have been categorized into "collection only" and "collection and treatment." Tables are included to show the total costs for each category.

Tables 25.1 and 25.2: FY 2025-26 Sewer Customer Dwelling Units by Consumption Block

Table 25.1- Collection Only

Customer Class	Block 1	Block 2	Block 3	Total
Single Family Residence	1,095	1,234	775	3,104
Multi Family Residence	2			2
Residence Sewer Only				0
Commercial			203	203
Industrial				0
Public Authority			8	8
Construction				0
Total	1,097	1,234	986	3,317

Table 25.2- Collection and Treatment

Customer Class	Block 1	Block 2	Block 3	Total
Single Family Residence	46,504	44,095	6,725	97,324
Multi Family Residence	53,103	11,058	521	64,682
Residence Sewer Only	882		286	1,168
Commercial			4,807	4,807
Industrial			798	798
Public Authority			226	226
Construction			4	4
Total	100,489	55,153	13,367	169,009

Step 2: Determine the fixed and variable unit cost of service as shown in Tables 26.

Tables 26: FY 2025-26 Sewer Fixed and Variable Costs

Total Sewer Cost	Fixed	Variable	Total
Sewer Operational Expenses	\$23,879,870	\$28,178,410	\$52,058,280
Enhancement & Replacement	\$26,884,583		\$26,884,583
Revenue Offsets			
Misc/FOG Revenue	(\$329,709)	(\$183,016)	(\$512,725)
Other Direct Billing Revenue	(\$293,962)	(\$163,173)	(\$457,135)
Total Sewer Service Costs	\$50,140,781	\$27,832,221	\$77,973,003

Total Sewer Service Cost			
Sewer Operational Expenses	\$23,586,491	\$27,832,221	\$51,418,713
Enhancement & Replacement	\$26,554,290		\$26,554,290
Total Sewer Service Costs	\$50,140,781	\$27,832,221	\$77,973,003
Collection			
Sewer Operational Expenses	\$14,151,895	\$0	\$14,151,895
Enhancement & Replacement	\$15,932,574	\$0	\$15,932,574
Total Collection Costs	\$30,084,469	\$0	\$30,084,469
Treatment			
Sewer Operational Expenses	\$9,434,597	\$27,832,221	\$37,266,818
Enhancement & Replacement	\$10,621,716	\$0	\$10,621,716
Total Treatment Costs	\$20,056,312	\$27,832,221	\$47,888,534

Step 3: Determine the fixed and variable unit cost of service for the collection and treatment functions. Table 27 shows the outcome of the unit cost of service calculation process for the fixed components of the collection and treatment revenue requirements.

Tables 27: FY 2025-26 Fixed Cost Unit Cost of Service

Fixed Allocation	Discharge	Allocation	Cost Allocation	Unit Cost of Service	Unit of Measure
Collection					
O&M Allocated to Fixed Charge	10,359,770	78%	\$11,025,084	\$5.33	per account
Capital Allocated to Fixed Charge		100%	\$15,932,574	\$7.70	per account
O&M Allocated to Discharge >10 ccf	2,938,122	22%	\$3,126,811	\$1.06	per ccf
Capital Allocated to Discharge >10 ccf		0%			
Total	13,297,892	100%	\$30,084,469		
Treatment					
O&M Allocated to Fixed Charge	10,095,670	78%	\$7,371,399	\$3.63	per account
Capital Allocated to Fixed Charge		100%	\$10,621,716	\$5.24	per account
O&M Allocated to Discharge >10 ccf	2,825,701	22%	\$2,063,198	\$0.73	per ccf
Capital Allocated to Discharge >10 ccf		0%			
Total	12,921,370	100%	\$20,056,312		

Step 4: Table 28 shows the outcome of the unit cost of service calculation process for the variable cost component of the FY 2025-26 revenue requirement.

Tables 28: FY 2025-26 Variable Cost Unit Cost of Service

Variable Allocation	Discharges (ccf)	Cost Allocation	Unit Cost of Service	Unit of Measure
Collection Costs Allocated to the Variable Rate	13,297,892	\$0	\$0.00	per ccf
Treatment Costs Allocated to the Variable Rate	12,921,370	\$27,832,221	\$2.15	per ccf

Step 5: After calculating the fixed and variable unit cost of service for collection and treatment functions, proposed FY 2025-26 rates can be determined for collection only service, treatment only service, and consolidated treatment and collection service. Tables 29 - 31 show the calculation of proposed FY 2025-26 Residential Sewer rates.

Table 29: Proposed FY 2025-26 Residential Collection-Only Monthly Fixed Charge

	A	B	C	D = B + C	E
Sewer Fixed Charge Tier	Avg Monthly CCF' Discharges	O&M Allocated to Fixed Charge	Capital Allocated to Fixed Charge	Total Rate	FY 2025-26 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$5.33	\$7.70	\$13.04	\$13.05
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$5.33	\$7.70	\$13.04	\$13.05
Block 3: Average Water Usage > 10 ccf per month	10.0	\$5.33	\$7.70	\$13.04	\$13.05

Table 30: Proposed FY 2025-26 Residential Treatment-Only Monthly Fixed Charge

	A	B	C=A*B	D	E	F=C+D+F	G
Sewer Fixed Charge Tier	Avg Monthly CCF Discharges	Treatment Variable Rate	Treatment Component	O&M Allocated to Fixed Charge	Capital Allocated to Fixed Charge	Total Rate	FY 2025-26 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$2.15	\$6.89	\$3.63	\$5.24	\$15.76	\$15.75
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$2.15	\$15.08	\$3.63	\$5.24	\$23.95	\$23.95
Block 3: Average Water Usage > 10 ccf per month	10.0	\$2.15	\$21.54	\$3.63	\$5.24	\$30.41	\$30.40

Table 31: Proposed Residential FY 2025-26 Treatment and Collection Monthly Fixed Charge

	A	B	C	D = B + C	E
Sewer Fixed Charge Tier	Avg Monthly CCF' Discharged	Collection Only Component	Treatment Only Component	Total Rate	FY 2025-26 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$13.04	\$15.76	\$28.80	\$28.80
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$13.04	\$23.95	\$36.99	\$37.00
Block 3: Average Water Usage > 10 ccf per month	10.0	\$13.04	\$30.41	\$43.45	\$43.45

Step 6: Table 32 shows the proposed FY 2025-26 Non-Residential sewer rates which include a fixed component which consists of a fixed charge (the Block 2 treatment only fixed charge) and a variable commodity rate.

Table 1: Proposed FY 2025-26 Non-Residential Rates

Rate/Charge	A	B	C = A+B	D
	Variable Collection Component	Variable Treatment Component	Total	FY 2025-26 Rates (Noticed but Not Implemented)
Commodity Rate (\$/ccf)	\$1.06	\$2.88	\$3.94	\$3.94
Monthly Fixed Charge				\$43.45

6. RECYCLED WATER COST OF SERVICE

See section 6 of the COS Study for a complete discussion on the District's recycled water cost of service.

The method used by the District to develop recycled water rates is similar to that for potable water service (see Section 2 of this report) with one significant difference. The District does not calculate unique monthly meter

service charges for recycled water. Instead, the monthly service charges for recycled water are set to the same as those charged for the potable water monthly meter service charge (see Table 21 in section 4.3.3). The District takes this approach due to an imbalance between variable and fixed costs in the overall recycled water revenue requirement. This reallocation of fixed costs to variable revenue recovery through commodity rates is discussed in Section 6.1. below.

6.1.2. FY 2025-26 RECYCLED WATER REVENUE REQUIREMENT

The District's recycled water revenue requirement from rates is \$39,692,626. Prior to any adjustments, the composition of this revenue requirement is variable costs of \$21,862,775 (55.1%) and fixed costs of \$17,829,850 (44.9%). The District established the monthly fixed charge unit cost as being \$14.90 per 5/8" meter equivalents in the potable water service process (see Table 21 in section 4.3.3). Due to the high percentage of fixed costs identified in the recycled water revenue requirement, the District reallocates a portion of fixed costs not recovered by monthly meter service charges (\$8,304,912) into the variable cost revenue requirement. These costs are included in the recycled system and recycled water revenue provides the funding consistent with Proposition 218 requirements. This strategy provides a fair and equitable application of these costs without deterring usage.

Tables 34 and 35 details the FY 2025-26 variable and fixed recycled water revenue requirement before and after this reallocation.

Table 34: FY 2025-26 Recycled Water Variable Cost Revenue Requirement

Revenue Requirement Component	Amount
Water Supplies	
Untreated Water Purchases	\$5,771,643
Recycled Water Treatment	10,791,325
El Toro Groundwater	3,463,509
Total Cost of Water Supplies	\$ 20,026,477
Conservation and Supply Reliability	
Universal Conservation	111,423
Targeted Conservation	319,525
Natural Treatment System	1,405,351
Total Cost of Water Supplies	1,836,299
Total Variable Cost Revenue Requirement Before Adjustment	\$ 21,862,776
Adjustment to Reflect Reallocated Fixed Costs	\$8,304,912
Total Variable Cost Revenue Requirement After Adjustment	\$ 30,167,688

Table 35: FY 2025-26 Recycled Water Fixed Cost Revenue Requirement

Fixed Operating Costs	
System Maintenance and Monitoring	\$14,749,942
Customer Service	1,745,729
Fleet	72,915
General Plant	541,791
Building Maintenance	720,490
Total Fixed Operating Costs	\$ 17,830,867
Replacement and Enhancement Capital Costs	
Replacement	\$1,098,064
Enhancement	336,633
Total Capital Costs	1,434,697
Gross Fixed Cost Revenue Requirement	19,265,564
Revenue Requirement Offsets	
Pumping	949,345
Miscellaneous/Other Revenues	486,369
Total Revenue Requirement Offsets	1,435,714
Total Fixed Cost Revenue Requirement Before Adjustment	17,829,850
Adjustment to Reflect Reallocated Fixed Costs	(\$ 8,304,912)
Net Fixed Revenue Requirement from Rates After Adjustment	9,524,938

6.1.3. VARIABLE COST RECOVERY - COMMODITY RATES

The method used to determine recycled water commodity rates is similar to that used for potable water. In FY 2025-26, the District's projected total recycled water demand was 31,971 acre feet based on historical demand, customer growth factors and other relevant factors. Table 36 provides a detail of the FY 2025-26 unit cost of water supplies (\$/CCF) from each supply source using the District's cost and demand data. Note that the net cost shown in each column includes the reallocation of fixed costs of \$8,304,912 as discussed above.

Table 36: Unit Cost of FY 2025-26 Recycled Water Supplies

Metric	Produced from Treatment Plant	Processed from El Toro Remediation	Imported (Supplemental)	Total
Net Cost	\$14,943,781	\$4,294,000	\$9,093,608	\$28,331,389
Acre Feet	24,890	3,030	4,051	31,971
Unit Cost per ccf (1)	\$1.38	\$3.25	\$5.15	

(1) Acre feet is multiplied by 435.6 to convert to CCF.

The District allocates the lower cost water supplies to the low volume and base consumption tiers with higher cost water supplies being allocated to the inefficient and wasteful tiers. Table 37 details this allocation for FY 2025-26 using cost and demand data provided by the District.

The general formula used to determine the water budget for a landscape customer served by a recycled water connection is discussed in detail in 4.1.5. in the COS Study.

Table 37: Allocation of Recycled Water Supplies to Consumption Tiers for Landscape Customers

Metric	Produced from Treatment Plant	Processed from El Toro Remediation	Imported	Total Acre Feet	Unit Cost per \$ /ccf by Tier (1)
Unit Cost (Table 36)	\$1.38	\$3.25	\$5.15		
T1: Low Volume	15,458	-	-	15,458	\$1.38
T2: Base	9,432	3,030	1,904	14,367	\$2.27
T3: Inefficient	-	-	1,246	1,246	\$5.15
T4: Wasteful	-	-	901	901	\$5.15
Total	24,890	3,030	4,051	31,971	

(1) The Unit Cost per \$/CCF by TIER is the blended cost of the sources.

Having determined the unit cost of recycled water supplies by consumption tier for landscape customers as shown in Table 37 above, the District then allocates the cost of conservation programs, as shown in table 34, to the appropriate water budget tiers.

Universal conservation costs are added to the commodity rate in the inefficient, and wasteful tiers to pay for conservation program costs that help customers in each of these tiers achieve efficient use of recycled water. This cost is not included in the low volume or base rates since customers who remain in these usage tiers do not need assistance to stay within their water budgets.

Targeted conservation costs reflect programs specifically designed to encourage efficient water practices of customers whose usage exceed their water budgets. Costs are allocated to each tier based on expected usage.

Natural treatment system costs are incurred by the District to deal with urban water runoff produced by customers whose usage reaches the wasteful tier. The costs include prevention, control and treatment of the runoff of water from irrigation and other uses and are added to the commodity rates of customers in the wasteful tier. Costs are allocated based on the expected usage in each tier.

Table 38 shows the outcome of derivation of the unit costs for the District's conservation programs.

Table 38: FY 2025-26 Conservation Program Unit Costs (\$/CCF)

Program	FY 2025-26 Revenue Requirement	FY 2025-26 Units of Demand (ccf)	Demand Adjustment Factor for Price Elasticity	FY 2025-26 Adjusted Units of Demand	Rate Stabilization Adjustment	Unit Cost Included in FY 2025-26 Commodity Rates
	(A)(1)	(B)	(C)	B x C = (D)	(E)(2)	A/D - E = (F)
Universal Conservation	\$111,423	935,188	100%	935,188		\$0.12
Targeted Conservation						
Inefficient tier	\$79,881	542,810	90%	488,529		\$0.16
Wasteful tier	\$239,644	\$392,378	90%	353,140		\$0.68
Natural Treatment System						
Inefficient tier		542,810	90%	488,529		
Wasteful tier	\$1,405,351	\$392,378	90%	353,140		\$3.98

(1) See Table 34

(2) Use of the Replacement Fund as explained below table 18.

Having determined the unit cost of recycled water supplies by consumption tier as shown in Table 37 and the unit cost of conservation program cost in Table 38, the District must then allocate the cost of conservation programs to each consumption tier. Table 39 shows the outcome of this process using the District's cost and demand data.

Table 39: FY 2025-26 Recycled Water Commodity Rates (\$/CCF)

Consumption Tier	Unit Cost of Water Supplies (Table 37)	Unit Cost of Universal Conservation (Table 38)	Unit Cost of Targeted Conservation (Table 38)	Unit Cost of Natural Treatment System (Table 38)	FY 2025-26 Commodity Rates	FY 2025-26 CCF	FY 2025-26 Revenue
T1: Low Volume	\$1.38				\$1.38	6,733,294	\$9,291,946
T2: Base	\$2.27	\$0.12			\$2.39	6,258,086	14,956,826
T3: Inefficient	\$5.15	\$0.12	\$0.16	\$0.00	\$5.33	542,810	2,893,177
T4: Wasteful	\$5.15	\$0.12	\$0.68	\$3.98	\$9.93	392,378	3,896,314
Totals						13,926,568	\$ 31,038,262

6.1.4. FIXED COST RECOVERY - MONTHLY METER SERVICE CHARGE

Recycled water fixed charges are the same as potable water fixed charges (see Table 21 in Section 4.3.3).

6.1.5. VARIABLE COST RECOVERY – RECYCLED WATER AGRICULTURAL RATES

As discussed in section 4.3.2, allocated fixed costs and variable costs are combined to calculate the agricultural commodity rate, and these customers are charged a single volumetric rate for all water used and these customers do not have a budget. The variable rate is based on the total available source of supply. The variable rate component is based on the respective proportions of those available sources using the same allocation of available sources used for residential and commercial customers. It is assumed that produced water provides 78% of the source of supply, 9% is the cost of processed water, and imported water provides 13%. The fixed component is based on an allocation of fixed expense which includes a component for replacement and enhancement capital to the agricultural customer class of \$11,735. A portion of the fixed cost is included in the variable rate component as described in section 6.1.3. An additional fixed cost of \$0.01 per CCF is, which is not recovered through the commodity rate, is applied based on an estimated 1,173,478 CCF. Table 40 shows the calculation of FY 2025-26 recycled water agricultural rates.

Table 40: FY 2025-26 Recycled Water Agricultural Water Commodity Rates (\$/CCF)

Customer Class	FY 2025-26 Revenue Requirement	FY 2025-26 Projected Demand (CCF)	Variable Cost (CCF) (1)	Fixed Component Cost (CCF) (2)	FY 2025-26 Commodity Rates (1)+(2)	FY 2023-24 Revenue
Agricultural	\$2,393,895	1,173,478	\$2.03	\$0.01	\$2.04	\$2,393,895

8. Untreated Water Cost of Service FY 2025-26

Section 8 of the COS Study is updated to describe projected costs to serve untreated water.

8.1. UNTREATED WATER COMMODITY RATE

The FY 2025-26 variable revenue requirement for untreated water was determined to be \$144,750. The source of this water comes from the Santiago Aqueduct Commission (SAC), and this is the cost incurred to acquire water supplies (See Table 13). Table 41 shows the calculation of the variable rate for untreated water.

Table 41: FY 2025-26 Untreated Water Commodity Rate (\$/CCF)

Consumption Tier	FY 2025-26 Revenue Requirement	FY 2025-26 SAC Purchases (AF)	Variable Cost (AF)	Variable Cost (CCF) (1)	FY 2025-26 Commodity Rates
Untreated Water	\$144,750	134	\$827	\$2.05	\$2.05

(1) Acre feet is multiplied by 435.6 to convert to CCF

8.1.1. UNTREATED WATER AGRICULTURAL COMMODITY RATE

The fixed cost revenue requirement for all untreated water uses was determined to be \$434,293 for FY 2025-26. These include capacity, readiness to serve, and meter costs that do not vary based upon the amount of water used. The untreated agricultural rate includes a fixed charge component that is based upon an allocated portion of the untreated water costs for all untreated imported water uses. This includes untreated water supplies used by the Baker Treatment Plant (7,200 AF), the Recycled System (5,360 AF), and water sold directly to customers (134 AF). The total projected demand for these customers is 12,694 AF. Table 42 shows the calculation of the rate included for fixed costs for untreated agricultural customers.

Table 42: FY 2025-26 Untreated Water Agricultural Commodity Rates (\$/CCF)

FY 2025-26 Revenue Requirement	FY 2025-26 Projected Demand (AF)	FY 2025-26 Projected Demand (CCF)(1)	Variable Cost (CCF)(2)	Fixed Cost Component (CCF)	FY 2025-26 Commodity Rate
\$434,293	5,494	2,393,186	\$2.05	\$0.23	\$2.28

(1) Acre feet is multiplied by 435.6 to convert to CCF

(2) From table 41

Due to the variable nature of water demands for seasonal growing (i.e. not permanent crops), these customers do not have a budget. As discussed in section 4.3.2, allocated fixed and variable costs are combined to calculate the agricultural commodity rate, and these customers are charged a single volumetric rate for all water used. The untreated water agricultural rate is calculated by combining the variable cost shown in Table 41 and the fixed cost component as shown in Table 42.

Table 43: FY 2025-26 Untreated Water Agricultural Commodity Rates (\$/CCF)

Consumption Tier	Variable Cost (CCF)	Fixed Cost Component (CCF)	FY 2025-26 Commodity Rates
Untreated Water	\$2.05	\$0.23	\$2.28

9. Setup and Reconnect Fees Cost of Service FY 2025-26

Section 9 of the COS Study is updated to describe projected costs of setup and reconnection fees.

9.1. SETUP AND RECONNECT FEES

New customers pay a setup fee to offset labor, general and administrative (G&A) costs related to establishing a new account with the District. The fee is \$26.00 and has not changed since June 2015 since this fee is sufficient to offset new account costs.

When service is discontinued because of delinquency in payment of a water, sewer, or recycled water bill, the service shall not be restored until all delinquent charges, late charges and interest charges, and a trip charge (reconnection fee) have been paid.

The costs for the reconnection fee include labor, G&A, and vehicle costs. Reconnecting after hours is at a higher cost due to labor overtime and minimum guaranteed hours. Estimated costs are shown in Table 44.

Table 44: Reconnection Fee Costs

Estimated Cost	Normal Hours	After Hours Average
Labor and G&A	\$64	\$194
Vehicle Costs	\$14	\$14
Estimated Total Cost	\$78	\$208

In 2019, the California Health and Safety Code § 116914(a) limited reconnection fees for urban water systems for very low-income households to \$50 during working hours and \$150 at other times and allowed for Consumer Price Index (CPI) adjustments starting in 2021. The District applied the December Los Angeles CPI rates for 2021 through 2025 for the low income reconnection fee rate increases. Fees are rounded to nearest five dollars.

Table 45: FY 2025-26 Reconnection Fees

Reconnection Fees	Normal Hours	After Hours
Standard Fee	\$78	\$208
Low Income	\$57	\$172

Executive Summary

This appendix is part of the Cost of Service update for Fiscal Year (FY) 2025-26 and FY 2026-27.

Appendix 2 provides support for the development of rates to cover proposed operating costs for FY 2025-26.

Appendix 3 provides support for the development of rates to cover proposed operating costs for FY 2026-27.

The tables are updated with the detailed costs from the FY 2026-27 operating budget. The methodology from the 2026 Cost of Service (COS) Study remains the same and the tables included in this appendix use the same reference numbering scheme as those in the 2026 COS Study. Section 8 has been added to address rates for untreated water.

4. Potable Water Cost of Service FY 2026-27

See section 4 of the COS Study for a complete discussion on the District's potable water cost of service.

The FY 2026-27 water revenue requirement was determined to be \$135,926,552 (see sum of tables 13 and 14 below). Of this amount, \$84,087,180 (61.4%) is associated with variable costs that are incurred to acquire, treat, and deliver water supplies. These costs vary with the amount of water used by customers and are recovered through commodity rates. Note that the variable cost revenue requirement includes \$17,549,364 in costs for universal conservation, targeted conservation, water banking operations, and the District's natural treatment system used to control runoff from customers who use water in the inefficient and wasteful tiers. Table 13 provides detail of the FY 2026-27 variable revenue requirement.

4.3. FY 2024-25 POTABLE WATER REVENUE REQUIREMENT

Table 13: FY 2026-27 Potable Water Variable Cost Revenue Requirement

Revenue Requirement Component	Amount
Water Supplies	
Dyer Road Wellfield	\$27,455,832
Baker Treatment Facilities	17,835,367
Imported Water Purchases	9,805,273
Deep Aquifer Treatment System	9,255,618
Irvine Desalter Domestic	6,764,014
Wells 21 & 22 Desalter Treatment Plant	4,552,569
Orange Park Acres	3,157,954
Howler Treatment Facility	829,028
Total Potable Water Supply Costs	\$ 79,655,655
Revenue Requirement Offsets to Water Supply Costs	
Baker Partners	7,190,839
Sinking Fund	1,700,000
Water Banking Operations	2,202,000
MWDOC PTP/IDP Credits	2,025,000
Total Revenue Requirement Offsets	13,117,839
Net Revenue Requirement for Water Supply Costs	\$ 66,537,816
Conservation and Supply Reliability	
Universal Conservation	1,817,141
Targeted Conservation	8,011,858
Natural Treatment System	5,604,264
Water Banking	2,116,102
Total Conservation and Supply Reliability Costs	17,549,365
Net Potable Variable Cost Revenue Requirement	\$ 84,087,181
Untreated Water Supplies	
Untreated Imported Water Purchases	156,075
Untreated Water System Maintenance	505,302
Native Water	1,153,763
Total Untreated Water Supply Costs	1,815,140
Revenue Requirement Offsets to Untreated Water Supply Costs	
Transferred to Recycled	2,732,966
Total Revenue Requirement Offsets	2,732,966

Fixed costs do not vary with the volume of water by customers. The fixed cost portion of the total FY 2026-27 revenue requirement was \$52,757,199 (38.6%) as shown in Table 14. Of these fixed costs, \$11,399,366 were

associated with expenditures for replacement and enhancement capital costs that do not increase the capacity of the water utility system to serve new customer demand growth. Table 14 provides a detail of the FY 2026-27 fixed revenue requirement.

Table 14: FY 2024-25 Potable Water Fixed Cost Revenue Requirement

Revenue Requirement Component	Amount
Fixed Operating Costs	
System Maintenance and Monitoring	37,105,462
Customer Service	6,076,730
Fleet	1,688,939
General Plant	846,449
Building Maintenance	2,516,531
Total Fixed Operating Costs	48,234,111
Replacement and Enhancement Capital Costs	
Replacement	9,096,532
Enhancement	2,302,723
Total Capital Costs	11,399,255
Fixed Cost Revenue Requirement	59,633,366
Revenue Requirement Offsets	
Firelines	3,330,711
Pumping Surcharge	1,995,238
Miscellaneous/Other	1,194,578
Low Volume Benefit	355,639
Total Revenue Requirement Offsets	6,876,166
Net Fixed Cost Revenue Requirement from Rates	52,757,200
Total Water Revenue Requirement	\$ 135,926,552

4.3.1. VARIABLE COST RECOVERY – COMMODITY RATES

The District recovers water supply costs through commodity rates with the lowest cost water supplies being recovered in the low volume and base consumption tiers and the highest cost water supplies being recovered in the inefficient and wasteful tiers. The District's method for recovering variable costs is compliant with Proposition 218 because of the direct linkage between the revenue recovered in each tier to the costs incurred to provide service to customers with demand in each consumption tier.

The District also recovers the cost of water conservation and water supply reliability programs through its commodity rates with targeted costs being allocated to customers with consumption in the inefficient and wasteful tiers. This approach is reasonable because customers who exceed their monthly water budget allocation impose higher costs on the District. Thus, the commodity rates charged in these two upper tiers are designed to not only recover the cost of more expensive water supplies, but also the additional costs of:

- Targeted conservation programs designed to reduce excessive use.
- Water banking operational costs to enhance water supply reliability.
- Rebates for long-term improvements in customer water use efficiency.

- Urban runoff source control programs referred to as the natural treatment system (NTS) treat runoff from customers who use water in the inefficient and wasteful tiers.

In FY 2026-27, the District's projected total water demand of 53,936 acre feet was based on historical averages by tier, adjusted for customer account growth and other relevant factors. This reflects a 1.0% increase over the 53,404 acre feet of water demand projected in FY 2025-26. Table 15 details the FY 2026-27 unit cost of water supplies (\$/CCF) from each supply source as determined using cost and demand data provided by the District.

Table 15: Unit Cost of FY 2024-25 Water Supplies

Metric	Dyer Road Wellfield	Deep Aquifer Treatment System	Baker Treatment Facilities	Irvine Desalter Domestic	Wells 21 & 22 Desalter Treatment Plant	Imported Water Purchases	Howiler Water Treatment Plant	Orange Park Acres Well 1	Totals
Net Cost (1)	\$25,401,330	\$8,395,080	\$10,644,528	\$4,799,973	\$3,827,366	\$9,805,273	\$829,028	\$2,835,238	\$66,537,816
Demand in Acre Feet (net)	26,749	7,280	6,552	4,560	1,920	4,147		2,730	53,938
CCF (2)	11,651,864	3,171,030	2,854,051	1,986,336	836,352	1,806,390		1,189,188	23,495,211
Unit Cost per ccf (1) divided by (2)	\$2.18	\$2.65	\$3.73	\$2.42	\$4.58	\$5.43		\$2.38	

(1) From Table 14

(2) Acre feet is multiplied by 435.6 to convert to CCF

The District allocates the water supply in the order of cost for each source. The higher cost water supplies are appropriately allocated to the inefficient and wasteful tiers. Table 16 details this allocation for FY 2026-27 using cost and demand data provided by the District.

Table 16: Allocation of Potable Water Supplies to Consumption Tiers for Unit Costs

Metric	Dyer Road Wellfield (1)	Deep Aquifer Treatment System	Baker Treatment Facilities	Irvine Desalter Domestic	Wells 21 & 22 Desalter Treatment Plant	Imported Water Purchases	Orange Park Acres Well 1	Total Acre Feet	Unit Cost by Tier (\$ /ccf) (2)
Unit Cost	\$2.18	\$2.65	\$3.73	\$2.42	\$4.58	\$5.43	\$2.38		
T1: Low Volume	20,411	-	-	-	-	-	-	20,411	\$2.18
T2: Base	6,338	7,280	6,552	4,560	1,059	-	2,730	28,514	\$2.80
T3: Inefficient	-	-	-	-	861	1,756	-	2,617	\$5.15
T4: Wasteful	-	-	-	-	-	2,390	-	2,390	\$5.43

(1) 26,749 acre feet are used to meet projected low volume demand estimated based on historic demand as adjusted for customer account growth and other relevant factors. The remainder (6,338 acre feet) is allocated to partially meet the base demand.

(2) The Unit Cost by Tier is the blended cost of the sources.

Having determined the unit cost of water supplies by consumption tier as shown in Table 16 above, the District then allocates the cost of conservation programs and supply reliability programs to the water budget tiers as described below:

Universal Conservation: Universal conservation costs are incurred to encourage customers to use water as efficiently as possible. Universal program costs are added to the commodity rate in the base, inefficient, and wasteful tiers. This cost is not included in the low volume rate since customers who remain in this usage tier do not need assistance to efficiently use water.

Targeted Conservation: Targeted conservation costs reflect programs specifically designed to encourage efficient water practices of customers whose usage exceeds their water budgets. Therefore, these costs are added to the commodity rates of customers in the inefficient and wasteful tiers. Based on a historical estimate of customers who

have been provided assistance in these programs, approximately 77% of the customers are in the wasteful tier with the remainder of customers being in the inefficient tier. Therefore, 77% of the targeted conservation costs are allocated to the wasteful tier with the remaining 23% of the costs being allocated to the inefficient tier.

NTS Costs: These natural treatment system costs are incurred by the District to deal with urban water runoff produced by customers whose usage exceeds their water budgets. These costs are added to the commodity rates of customers in the inefficient and wasteful tiers because their excessive water usage creates urban water runoff. The allocation is based on an estimate of the historic mix of urban runoff created by customers in the inefficient and wasteful tiers primarily from hosing down hardscape and excess irrigation running off the landscape into the storm drains. The District estimates 82% of NTS costs are created by customers in the wasteful tier because wasteful outdoor demand flows to NTS sites. The remaining 18% of urban runoff costs results from inefficient customers overwatering drought tolerant landscape. The allocated costs provide the components and the anticipated sales result in the established rates.

Water Banking: Water banking costs are incurred to support the reliability of the District's water supplies. These costs are added to the commodity rates of customers in the wasteful tier because their excessive water usage creates the need for enhanced reliability of costly imported water supplies as previously discussed.

Table 17 shows the outcome of derivation of the unit costs for the District's conservation and supply reliability programs.

Table 17: FY 2026-27 Conservation and Supply Reliability Unit Costs (\$/CCF)

Program	FY 2026-27 Revenue Requirement (1) (A)	FY 2026-27 Units of Demand (ccf) (2) (B)	Demand Adjustment Factor for Price Elasticity (C)	FY 2026-27 Adjusted CCF B x C = (D)	Unit Cost Included in FY 2026-27 Commodity Rates A/B = (E)
Universal Conservation	\$1,817,141	14,603,739	100%	14,603,739	\$0.12
Water Banking					
Wasteful tier	\$2,116,102	1,041,022	90%	936,920	\$2.26
Targeted Conservation					
Inefficient tier (75%)	\$1,836,051	1,139,869	90%	1,025,882	\$1.79
Wasteful tier (25%)	\$6,175,807	1,041,022	90%	936,920	\$6.59
Natural Treatment System					
Inefficient tier (15%)	\$993,161	1,139,869	90%	1,025,882	\$0.97
Wasteful tier (85%)	\$4,611,104	1,041,022	90%	936,920	\$4.92

(3) From Table 14

(4) Units of Demand are based on the cumulative projected units of sale for the tiers. Universal Conservation includes the base, inefficient, and wasteful tiers.

Table 18 shows the FY 2024-25 potable water commodity rates.

Consumption Tier	Unit Cost of Water Supplies (1)	Unit Cost of Universal Conservation (2)	Unit Cost of Water Banking (2)	Unit Cost of Targeted Conservation (2)	Unit Cost of Natural Treatment System (2)	FY 2026-27 Commodity Rates	FY 2026-27 CCF	FY 2026-27 Revenue
T1: Low Volume	\$2.18					\$2.18	8,890,986	\$19,382,350
T2: Base	\$2.80	\$0.12				\$2.92	12,422,848	36,274,715
T3: Inefficient	\$5.15	\$0.12		\$1.79	\$0.97	\$8.03	1,139,869	9,153,148
T4: Wasteful	\$5.43	\$0.12	\$2.26	\$6.59	\$4.92	\$19.32	1,041,022	20,112,545
Totals							23,494,725	\$ 84,922,758

Table 18: FY 2026-27 Potable Water Commodity Rates (\$/CCF)

- (3) From Table 16
 (4) From Table 17. Water used in the low volume tier is efficient and universal conservation efforts are not necessary.

4.3.2. VARIABLE COST RECOVERY - AGRICULTURAL RATES

Allocated fixed costs and variable costs are combined to calculate the agricultural commodity rate, and these customers are charged a single volumetric rate for all water used. Due to the variable nature of water demands for seasonal growing (i.e. not permanent crops), these customers do not have a budget. The variable rate is based on the total available source of supply. The variable rate component is based on the respective proportions of those available sources using the same allocation of available sources used for residential and commercial customers. DRWF provides 50% of the source of supply at a cost of \$2.18/CCF and imported water provides 8% at a cost of \$5.43/CCF. The remaining 43% is the blended cost of the other sources at \$3.04/CCF (Table 15). This results in a blended variable cost of \$2.80/CCF. The fixed component is based on an allocation of fixed expense which includes a component for replacement and enhancement capital to the agricultural customer class of \$28,624. The fixed cost applied to the agricultural commodity rate adds \$1.35 to the per CCF cost based on the estimated 21,255 CCF. Table 19 shows the calculation of FY 2026-27 agricultural rates.

Table 19: FY 2026-27 Agricultural Water Commodity Rates (\$/CCF)

System	FY 2026-27 Revenue Requirement	FY 2026-27 Projected Demand (CCF)	Variable Cost (CCF) (1)	Fixed Cost Component (CCF) (2)	FY 2026-27 Commodity Rates (1)+(2)
Potable Water	\$88,068	21,255	\$2.80	\$1.35	\$4.14

4.3.3. FIXED COST RECOVERY - MONTHLY METER SERVICE CHARGES

The District recovers fixed operating costs and replacement and enhancement capital costs through monthly meter service charges. On the District potable water system, the baseline meter size serving customers is 5/8". Thus, the first step in developing the monthly meter service charge is to estimate the total number of 5/8" meter equivalent connections (MEUs) on the potable water system in order to establish the unit cost for a 5/8" equivalent meter. Table 20 shows a summary of this calculation using the District's fixed costs and meter count data.

Table 20: FY 2026-27 Monthly Unit Cost of Serving a 5/8" Equivalent Meter

System	5/8" MEU (A)	Operating Costs (B)	Capital Costs (C)	Total Fixed Cost Revenue Requirement (1) B + C = (D)	Operating Costs per 5/8" MEU B/A = (E)	Capital Costs per 5/8" MEU C/A = (F)	Rate Stabilization (G)	Total Unit Cost per 5/8" MEU(2) E+F+G= (H)
Potable Water	275,873	\$40,460,224	\$11,151,821	\$51,612,045	\$12.22	\$3.37		\$15.60

- (1) From Table 14
 (2) Values prior to rounding

Having established the monthly fixed charge unit cost as being \$15.60 per 5/8" meter equivalents, the final step in the process is to develop a schedule of monthly meter service charges for each meter size on the system. The cost per unit is rounded to the nearest \$0.05. Table 21 presents this calculation.

Table 21: FY 2026-27 Monthly Meter Service Charges

Meter Size and Technology	Meter Flow Rate Equivalency Ratio	Number of Accounts	FY 2026-27 Rates (After Rounding)	FY 2026-27 Total MEUs	FY 2026-27 Revenue
5/8" Disc	1.0	67,423	\$15.60	809,076	\$12,621,586
3/4" Disc	1.5	11,888	\$23.40	213,984	3,338,150
1" Disc	2.5	34,244	\$39.00	1,027,320	16,026,192
1 1/2" Disc	6.0	4,219	\$93.60	303,768	4,738,781
1 1/2" Single Jet	5.0	1	\$78.00	60	936
2" Disc	8.0	5,547	\$124.80	532,512	8,307,187
2" Single Jet	8.0	0	\$124.80	0	0
2" Turbo	12.5	719	\$195.00	107,850	1,682,460
3" Turbo	32.5	411	\$507.00	160,290	2,500,524
4" Turbo	62.5	201	\$975.00	150,750	2,351,700
4" Turbo Omni F-2	50.0	1	\$780.00	600	9,360
6" Turbo	125.0	39	\$1,950.00	58,500	912,600
6" Turbo Omni F-2	100.0	3	\$1,560.00	3,600	56,160
8" Mag Meter	248.7	0	\$3,879.70	0	0
8" Turbo	175.0	10	\$2,730.00	21,000	327,600
8" Turbo Omni F-2	175.0	1	\$2,730.00	2,100	32,760
10" Turbo	350.0	5	\$5,460.00	21,000	327,600
Totals				3,412,410	\$ 53,233,596

Customers who remain in the Low Volume tier for most of the year will have a larger percentage of their bill made up of the fixed service charge even though the reduced system demand can extend the life of system assets. The District provides a fixed service charge rate reduction based on the reduced impact on District assets. This concept provides a “lease-back” conservation credit to those whose use remains in the Low Volume tier via a fixed service charge reduction. With the “lease-back” approach, an agency recognizes that a low volume user is not fully using their budgeted capacity, and therefore, it is reasonable to provide a lease-back credit to users who are underutilizing that flow and effectively “leasing it back” to the system for other users. This prevents the District from having to upsize infrastructure as quickly as capacity is exhausted. The monthly service charge is reduced for customers that remain in the Low Volume tier for at least nine months of the prior calendar year resulting in a \$2.00 credit per month, which is itemized on each bill. Nine months is deemed reasonable to account for a customer that may occasionally leave the Low Volume tier due to a leak, etc. The nexus is based on removing 75% (nine months) of the capital fixed service charge contribution which is approximately \$2.00 per month.

4.3.4. MONTHLY PRIVATE FIRELINE CHARGES

Private firelines provide water to sprinkler systems for fire suppression within private improvements such as buildings and other structures. The District, like many utilities, provides private fireline service to its customers.

Table 22 shows the calculation of the FY 2026-27 private fireline rates. For a complete discussion of the calculation method for these rates, please see sections 4.3.4 in the 2026 COS Study.

Table 22: Proposed FY 2026-27 Private Fireline Charges

Private Fireline Size	Number of Lines	Potential Demand Based on Pipe Diameter (1)	Customer Related Costs (2)	Private Fire O&M Peaking Costs (3)	Capital Cost Component (4)	FY 2026-27 Rates	FY 2026-27 Revenue
1"	16	1.00	\$8.03	\$0.19	\$0.27	\$8.50	\$1,632
2"	1,064	6.19	\$8.03	\$1.16	\$1.66	\$10.85	\$138,532.80
3"	33	17.98	\$8.03	\$3.38	\$4.82	\$16.25	\$6,435.00
4"	1,102	38.32	\$8.03	\$7.20	\$10.28	\$25.50	\$337,212.00
6"	1,234	111.31	\$8.03	\$20.92	\$29.85	\$58.80	\$870,710.40
8"	1,110	237.21	\$8.03	\$44.57	\$63.61	\$116.20	\$1,547,784.00
10"	153	426.58	\$8.03	\$80.16	\$114.40	\$202.60	\$371,973.60
11"	1	548.10	\$8.03	\$102.99	\$146.99	\$258.00	\$3,096.00
12"	2	689.04	\$8.03	\$129.48	\$184.79	\$322.30	\$7,735.20
Total	4,715						\$ 3,285,111
Fire Flow Testing and Hydrant Revenue							\$ 45,600
Total Fireline Revenue							\$3,330,711

- (5) Potential demand based on the Hazen-Williams Equation which estimates flow based on factors such as pipe diameter, friction, and the velocity of flow.
- (6) $\$12,475,239 \text{ customer related operating costs} / 129,527 \text{ bills} / 12 \text{ months} = \8.03 .
- (7) $\$1,166,413 \text{ peaking costs} / 517,274 \text{ private fire demand units} / 12 \text{ months} = \0.19 . For pipe diameters > 1", \$0.19 is increased by the potential demand based on pipe diameter (Hazen-Williams).
- (8) $\$2.50 \text{ capital cost for a 1" meter equivalent} \times \$3.37 \text{ capital cost per MEU} \times 3.2\% \text{ allocation to private firelines} = \0.27 . For pipe diameters > 1", \$0.28 is increased by potential pipe diameter (Hazen-Williams).

4.3.5. PUBLIC FIRE WATER SERVICE COSTS

There are two cost components associated with public fire water service: direct costs and indirect costs. The budgeted costs for FY 2024-25 are:

Direct costs	\$ 852,000
Indirect costs	\$3,862,000
Total Public Fire Water Service Costs	\$4,714,000

Direct costs are associated primarily with maintenance of the fire hydrants. These include inspections, painting, and flushing of the hydrants. Flushing is an important maintenance activity that verifies the proper operation of the hydrant to ensure adequate water flow will be available when the need to extinguish a structure fire arises. Flushing also removes the sediment that naturally accumulates in the hydrant.

Indirect costs are the District's costs for design and sizing of the infrastructure to support the "fire flow" (volume and pressure of water) prescribed to meet peak firefighting water demand. The District's water system is designed to provide capacity to handle two defined hypothetical fires. Capacity is measured in terms of maximum hourly and maximum daily water flow. See Appendix 5 for a more detailed discussion on these costs.

5. Sewer Cost of Service FY 2026-27

See section 5 of the COS Study for a complete discussion on the District's sewer cost of service.

As is the case with its potable water, the District separates the components of its annual sewer revenue requirement from rates into three specific types of costs: variable operating costs, fixed operating costs, and replacement and

enhancement costs. However, as described in Section 5.1.1 in the COS Study, the rate structure used to recover these costs differs from that of potable water service.

5.1. FY 2026-27 SEWER REVENUE REQUIREMENT

The FY 2026-27 sewer revenue requirement was determined to be \$82,293,333 (see tables 23 and 24 below). Of this amount, \$29,483,716 (35.4%) is associated with variable costs that are incurred to treat sewage for discharge. These costs vary with the amount of water used by customers that returns to the District's sewage treatment facilities and are recovered through IRWD's commodity rates. The District separates operational expenses between sewage treatment and recycled water production with tertiary treatment and similar processes included in the cost for recycled water. Table 23 shows the FY 2026-27 sewer variable cost revenue requirement.

Table 23: FY 2026-27 Sewer Variable Cost Revenue Requirement

Revenue Requirement Component	Amount
Variable Operating Costs	
Sewage Treatment	\$12,483,681
Biosolids Treatment	12,675,440
OC San Treatment and Disposal	4,685,620
Gross Variable Cost Revenue Requirement	\$ 29,844,741
Revenue Requirement Offsets	
Direct Billing Revenue and FOG	\$361,025
Total Revenue Requirement Offsets	\$ 361,025
Net Variable Revenue Requirement from Rates	\$ 29,483,716

Fixed costs do not vary with the volume of water used by customers and returned to the District's sewage treatment facilities. The fixed cost portion of the total FY 2026-27 revenue requirement was \$53,809,616 (64.6%). Table 24 provides a detail of the FY 2026-27 sewer fixed cost revenue requirement.

Table 24: FY 2026-27 Sewer Fixed Cost Revenue Requirement

Revenue Requirement Component	Total
Fixed Operating Costs	
Sewage System Monitoring and Fixed Costs	\$12,590,048
Biosolids Fixed Operating Costs	6,703,780
OC San Sewage Fixed Costs	1,000
Customer Service	\$3,038,365
Fleet	1,113,165
General Plant	838,076
Building Maintenance	\$1,258,265
Total Fixed Operating Costs	\$ 25,542,699
Replacement and Enhancement Capital Costs	
Replacement	\$27,345,329
Enhancement	1,580,482
Total Capital Costs	\$ 28,925,811
Gross Fixed Cost Revenue Requirement	\$ 54,468,510
Revenue Offsets	
Direct Billing Revenue and FOG	\$658,893
Total Revenue Offsets	\$ 658,893
Net Fixed Revenue Requirement from Rates	\$ 53,809,616

5.1.1. SEWER COST RECOVERY (RATE DESIGN)

The District uses the average of the three lowest water meter readings during the twelve month period ending December 31 to adjust for monthly anomalies in a ratepayer's water use and seasonal variations. The consumption block breakpoints (table 26) are based on a review of historical data for average usage during cooler months because of the limited demand for landscape during winter months.

The analysis identified the average usage for all multi-family units was 5 CCF which aligns with the first block. The second block includes average usage below 10 CCF as single family residential customers averaged 10 CCF during the same low usage months. The third block, which includes all commercial, industrial, and institutional (CII) customers, exceeds 10 CCF (The average usage for CII customers exceeds 10 CCF). Non-residential/CII customers with billed water consumption of more than 10 CCF per month pay an additional commodity rate (\$/CCF).

5.1.2. PROPOSED MODIFICATION TO COLLECTION ONLY RATES

The District provides sewer collection-only service to approximately 3,300 customers. The sanitary discharges of these customers are not treated by the District but are conveyed to an adjacent agency. The rate paid by collection-only customers is currently calculated and billed on a per account basis. This can result in the District recovering revenue from high volume dischargers that may be less than the costs incurred to provide service. The District is proposing to calculate and bill the collection-only rate on a per equivalent dwelling unit basis. This change, especially for high volume dischargers, will result in an improved alignment of the costs incurred to provide service and actual revenue recovery. Raftelis supports this modification. The sewer rates for collection-only service shown in this section of the report (Table 29) reflect this change.

This rate structure is compliant with Proposition 218 because it provides a mechanism for recovering rate revenue from customers in a manner that is proportionate to the costs incurred by the District to provide service. It includes a fixed component for all three blocks that does not change. A variable component is included that is based on the historic average of estimated sewage flow by treatment customers within each block.

Step 1: Determine the number of sewer customer accounts with usage in each consumption block as shown in Table 26. Some customers require only collection services, while others need both collection and treatment services. To clearly differentiate costs, sewer customer accounts have been categorized into "collection only" and "collection and treatment." Tables are included to show the total costs for each category.

Table 25.1 AND 25.2: FY 2026-27 Sewer Customer Dwelling Units by Consumption Block

Table 25.1- Collection Only

Customer Class	Block 1	Block 2	Block 3	Total
Single Family Residence	1,106	1,246	783	3,135
Multi Family Residence	2			2
Residence Sewer Only				0
Commercial			201	201
Industrial				0
Public Authority			8	8
Total	1,108	1,246	992	3,346

Table 25.2- Collection & Treatment

Customer Class	Block 1	Block 2	Block 3	Total
Single Family Residence	46,969	44,536	6,792	98,297
Multi Family Residence	53,634	11,169	526	65,329
Residence Sewer Only	873		283	1,156
Commercial			4,759	4,759
Industrial			790	790
Public Authority			224	224
Construction			4	4
Total	101,476	55,705	13,378	170,559

Step 2: Determine the fixed and variable unit cost of service as shown in table 26.

Table 26: FY 2026-27 Sewer Fixed and Variable Costs

Total Sewer Cost	Fixed	Variable	Total
Sewer Operational Expenses	\$25,542,699	\$29,844,741	\$53,387,440
Enhancement & Replacement	\$28,925,811		\$28,925,811
Revenue Offsets			
Misc/FOG Revenue	(\$340,110)	(\$186,355)	(\$526,465)
Other Direct Billing Revenue	(\$318,783)	(\$174,670)	(\$493,453)
Total Sewer Service Costs	\$53,809,616	\$29,483,716	\$83,293,333
Total Sewer Service Cost			
Sewer Operational Expenses	\$25,233,714	\$29,483,716	\$54,717,431
Enhancement & Replacement	\$28,575,902		\$28,575,902
Total Sewer Service Costs	\$53,809,616	\$29,483,716	\$83,293,333
Collection			
Sewer Operational Expenses	\$15,140,229	\$0	\$15,140,229
Enhancement & Replacement	\$17,145,541	\$0	\$17,145,541

Total Collection Costs	\$32,285,770	\$0	\$32,285,770
Treatment			
Sewer Operational Expenses	\$10,093,486	\$29,483,716	\$39,577,202
Enhancement & Replacement	\$11,430,361	\$0	\$11,430,361
Total Treatment Costs	\$21,523,847	\$29,483,716	\$51,007,563

Step 3: Determine the fixed and variable unit cost of service for the collection and treatment functions. Table 27 shows the outcome of the unit cost of service calculation process for the fixed components of the collection and treatment revenue requirements.

Table 27: FY 2026-27 Fixed Cost Unit Cost of Service

Fixed Allocation	Discharge	Allocation	Cost Allocation	Unit Cost of Service	Unit of Measure
Collection					
O&M Allocated to Fixed Charge	10,447,510	75%	\$11,312,354	\$5.42	per account
Capital Allocated to Fixed Charge		100%	\$15,932,574	\$8.22	per account
O&M Allocated to Discharge >10 ccf	3,535,228	25%	\$3,827,874	\$1.08	per ccf
Capital Allocated to Discharge >10 ccf		0%			
Total	13,982,738	100%	\$32,285,770		
Treatment					
O&M Allocated to Fixed Charge	10,181,258	78%	\$7,553,947	\$3.69	per account
Capital Allocated to Fixed Charge		100%	\$11,430,361	\$5.58	per account
O&M Allocated to Discharge >10 ccf	3,422,807	22%	\$2,539,539	\$0.734	per ccf
Capital Allocated to Discharge >10 ccf		0%			
Total	13,604,066	100%	\$21,523,847		

Step 4: Table 28 shows the outcome of the unit cost of service calculation process for the variable cost component of the FY 2026-27 revenue requirement.

Table 28: FY 2026-27 Variable Cost Unit Cost of Service

Variable Allocation	Discharges (ccf)	Cost Allocation	Unit Cost of Service	Unit of Measure
Collection Costs Allocated to the Variable Rate	13,982,738	\$0	\$0.00	per ccf
Treatment Costs Allocated to the Variable Rate	13,604,066	\$29,483,716	\$2.17	per ccf

Step 5: After calculating the fixed and variable unit cost of service for collection and treatment functions, proposed FY 2026-27 rates can be determined for collection only service, treatment only service, and consolidated treatment and collection service. Tables 29 - 31 show the calculation of proposed FY 2026-27 Residential Sewer rates.

Table 29: Proposed FY 2026-27 Residential Collection-Only Monthly Fixed Charge

	A	B	C	D = B + C	E
Sewer Fixed Charge Tier	Avg Monthly CCF' Discharges	O&M Allocated to Fixed Charge	Capital Allocated to Fixed Charge	Total Rate	FY 2025-26 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$5.42	\$8.22	\$13.64	\$13.65
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$5.42	\$8.22	\$13.64	\$13.65
Block 3: Average Water Usage > 10 ccf per month	10.0	\$5.42	\$8.22	\$13.64	\$13.656

Table 30: Proposed FY 2025-26 Residential Treatment-Only Monthly Fixed Charge

Sewer Fixed Charge Tier	A Avg Monthly CCF Discharges	B Treatment Variable Rate	C=A*B Treatment Component	D O&M Allocated to Fixed Charge	E Capital Allocated to Fixed Charge	F=C+D+E Total Rate	G FY 2025-26 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$2.17	\$6.94	\$3.69	\$5.58	\$16.21	\$16.20
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$2.17	\$15.19	\$3.69	\$5.58	\$24.46	\$24.45
Block 3: Average Water Usage > 10 ccf per month	10.0	\$2.17	\$21.70	\$3.69	\$5.58	\$30.97	\$30.95

Table 31: Proposed Residential FY 2026-27 Treatment and Collection Monthly Fixed Charge

Sewer Fixed Charge Tier	A Avg Monthly CCF Discharged	B Collection Only Component	C Treatment Only Component	D = B+C Total Rate	E FY 2026-27 Rates (Noticed but Not Implemented)
Block 1: Average Water Usage < 5 ccf per month	3.2	\$13.64	\$16.21	\$29.85	\$29.85
Block 2: Average Water Usage between 5 and 10 ccf per month	7.0	\$13.64	\$24.45	\$38.08	\$38.10
Block 3: Average Water Usage > 10 ccf per month	10.0	\$13.64	\$30.95	\$44.58	\$44.60

Step 6: Table 32 shows the proposed FY 2026-27 Non-Residential sewer rates which include a fixed component which consists of a fixed charge (the Block 2 treatment only fixed charge) and a variable commodity rate.

Rate/Charge	A Variable Collection Component	B Variable Treatment Component	C = A+B Total	D FY 2026-27 Rates (Noticed but Not Implemented)
Commodity Rate (\$/ccf)	\$1.08	\$2.91	\$3.99	\$3.99
Monthly Fixed Charge				\$44.60

6. RECYCLED WATER COST OF SERVICE

See section 6 of the COS Study for a complete discussion on the District's recycled water cost of service.

The method used by the District to develop recycled water rates is similar to that for potable water service (see Section 2 of this report) with one significant difference. The District does not calculate unique monthly meter service charges for recycled water. Instead, the monthly service charges for recycled water are set to the same as those charged for the potable water monthly meter service charge (see Table 21 in section 4.3.3). The District takes this approach due to an imbalance between variable and fixed costs in the overall recycled water revenue requirement. This reallocation of fixed costs to variable revenue recovery through commodity rates is discussed in Section 6.1. below.

6.1.2. FY 2026-27 RECYCLED WATER REVENUE REQUIREMENT

The District's recycled water revenue requirement from rates is \$41,382,973. Prior to any adjustments, the composition of this revenue requirement is variable costs of \$22,300,730 (53.9%) and fixed costs of \$19,082,244 (46.1%). The District established the monthly fixed charge unit cost as being \$15.60 per 5/8" meter equivalents in the potable water service process (see Table 21 in section 4.3.3). Due to the high percentage of fixed costs identified in the recycled water revenue requirement, the District reallocates a portion of fixed costs not recovered by monthly meter service charges (\$8,818,301) into the variable cost revenue requirement. These costs are included in

the recycled system and recycled water revenue provides the funding consistent with Proposition 218 requirements. This strategy provides a fair and equitable application of these costs without deterring usage.

Tables 34 and 35 detail the FY 2026-27 variable and fixed recycled water revenue requirement before and after this reallocation.

Table 34: FY 2026-27 Recycled Water Variable Cost Revenue Requirement

Revenue Requirement Component	Amount
Water Supplies	
Untreated Water Purchases	\$5,011,600
Recycled Water Treatment	11,268,306
El Toro Groundwater	4,079,123
Total Cost of Water Supplies	\$ 20,359,029
Conservation and Supply Reliability	
Universal Conservation	118,132
Targeted Conservation	333,827
Natural Treatment System	1,489,741
Total Cost of Water Supplies	1,941,700
Total Variable Cost Revenue Requirement Before Adjustment	\$ 22,300,729
Adjustment to Reflect Reallocated Fixed Costs	\$8,818,301
Total Variable Cost Revenue Requirement After Adjustment	\$ 31,119,030

Table 35: FY 2026-27 Recycled Water Fixed Cost Revenue Requirement

Revenue Requirement Component	Total
Fixed Operating Costs	
System Maintenance and Monitoring	\$15,618,741
Customer Service	1,823,019
Fleet	76,770
General Plant	838,076
Building Maintenance	754,959
Total Fixed Operating Costs	\$ 19,111,565
Replacement and Enhancement Capital Costs	
Replacement	\$1,185,910
Enhancement	339,999
Total Capital Costs	1,525,909
Gross Fixed Cost Revenue Requirement	20,637,474
Revenue Requirement Offsets	
Pumping	1,059,134
Miscellaneous/Other Revenues	496,096
Total Revenue Requirement Offsets	1,555,230
Total Fixed Cost Revenue Requirement Before Adjustment	19,082,244
Adjustment to Reflect Reallocated Fixed Costs	(\$ 8,818,301)
Net Fixed Revenue Requirement from Rates After Adjustment	10,263,943

6.1.3. VARIABLE COST RECOVERY - COMMODITY RATES

The method used to determine recycled water commodity rates is similar to that used for potable water. In FY 2026-27, the District's projected total recycled water demand was 32,947 acre feet based on historical demand, customer growth factors and other relevant factors. Table 36 provides a detail of the FY 2026-27 unit cost of water supplies (\$/CCF) from each supply source using the District's cost and demand data. Note that the net cost shown in each column includes the reallocation of fixed costs of \$8,818,301 as discussed above.

Table 36: Unit Cost of FY 2026-27 Recycled Water Supplies

Metric	Produced from Treatment Plant	Processed from El Toro Remediation	Imported (Supplemental)	Total
Net Cost	\$15,677,456	\$4,960,954	\$8,538,921	\$29,177,331
Acre Feet	24,890	3,736	3,571	32,197
Unit Cost per ccf (1)	\$1.45	\$3.05	\$5.49	

(1) Acre feet is multiplied by 435.6 to convert to CCF.

The District allocates the lower cost water supplies to the low volume and base consumption tiers with higher cost water supplies being allocated to the inefficient and wasteful tiers. Table 37 details this allocation for FY 2026-27 using cost and demand data provided by the District.

The general formula used to determine the water budget for a landscape customer served by a recycled water connection is discussed in detail in 4.1.5. in the COS Study.

Table 37: Allocation of Recycled Water Supplies to Consumption Tiers for Landscape Customers

Metric	Produced from Treatment Plant	Processed from El Toro Remediation	Imported	Total Acre Feet	Unit Cost per \$ /ccf by Tier (1)
Unit Cost (Table 36)	\$1.45	\$3.05	\$5.49		
T1: Low Volume	15,585	-	-	15,585	\$1.45
T2: Base	9,305	3,736	1,392	14,433	\$2.25
T3: Inefficient	-	-	1,265	1,265	\$5.49
T4: Wasteful	-	-	914	914	\$5.49
Total	24,890	3,736	3,571	32,197	

(2) The Unit Cost per \$/CCF by TIER is the blended cost of the sources.

Having determined the unit cost of recycled water supplies by consumption tier for landscape customers as shown in Table 37 above, the District then allocates the cost of conservation programs, as shown in table 34, to the appropriate water budget tiers.

Universal conservation costs are added to the commodity rate in the inefficient, and wasteful tiers to pay for conservation program costs that help customers in each of these tiers achieve efficient use of recycled water. This cost is not included in the low volume or base rates since customers who remain in these usage tiers do not need assistance to stay within their water budgets.

Targeted conservation costs reflect programs specifically designed to encourage efficient water practices of customers whose usage exceed their water budgets. Costs are allocated to each tier based on expected usage.

Natural treatment system costs are incurred by the District to deal with urban water runoff produced by customers whose usage reaches the wasteful tier. The costs include prevention, control and treatment of the runoff of water from irrigation and other uses and are added to the commodity rates of customers in the wasteful tier. Costs are allocated based on the expected usage in each tier.

Table 38 shows the outcome of derivation of the unit costs for the District's conservation programs.

Table 38: FY 2026-27 Conservation Program Unit Costs (\$/CCF)

Program	FY 2026-27 Revenue Requirement (A)*	FY 2026-27 Units of Demand (ccf) (B)	Demand Adjustment Factor for Price Elasticity (C)	FY 2026-27 Adjusted Units of Demand B x C = (D)	Unit Cost Included in FY 2026-27 Commodity Rates A/D = (E)
Universal Conservation	\$118,132	949,256	100%	949,256	\$0.12
Targeted Conservation					
Inefficient tier	\$83,457	550,960	90%	495,864	\$0.17
Wasteful tier	\$250,371	398,295	90%	358,466	\$0.70
Natural Treatment System					
Inefficient tier		550,960	90%	495,864	\$0.00
Wasteful tier	\$1,489,741	398,295	90%	358,466	\$4.15

*See Table 34

Having determined the unit cost of recycled water supplies by consumption tier as shown in Table 37 and the unit cost of conservation program cost in Table 38, the District must then allocate the cost of conservation programs to each consumption tier. Table 39 shows the outcome of this process using the District's cost and demand data.

Table 39: FY 2024-25 Recycled Water Commodity Rates (\$/CCF)

Consumption Tier	Unit Cost of Water Supplies (Table 37)	Unit Cost of Universal Conservation (Table 38)	Unit Cost of Targeted Conservation (Table 38)	Unit Cost of Natural Treatment System (Table 38)	FY 2026-27 Commodity Rates	FY 2026-27 CCF	FY 2026-27 Revenue
T1: Low Volume	\$1.45				\$1.45	6,788,777	\$9,843,727
T2: Base	\$2.25	\$0.12			\$2.25	6,286,980	14,145,705
T3: Inefficient	\$5.49	\$0.12	\$0.17		\$5.78	550,960	3,184,551
T4: Wasteful	\$5.49	\$0.12	\$0.70	\$4.15	\$10.46	398,295	4,166,168
Totals						14,025,012	\$ 31,340,151

6.1.4. FIXED COST RECOVERY - MONTHLY METER SERVICE CHARGE

Recycled water fixed charges are the same as potable water fixed charges (see Table 21 in Section 4.3.3).

6.1.5. VARIABLE COST RECOVERY – RECYCLED WATER AGRICULTURAL RATES

As discussed in section 4.3.2, allocated fixed costs and variable costs are combined to calculate the agricultural commodity rate, and these customers are charged a single volumetric rate for all water used and these customers do not have a budget. The variable rate is based on the total available source of supply. The variable rate component is based on the respective proportions of those available sources using the same allocation of available sources used for residential and commercial customers. It is assumed that produced water provides 77% of the source of supply, 12% is the cost of processed water, and imported water provides 11%. The fixed component is based on an allocation of fixed expense which includes a component for replacement and enhancement capital to the agricultural customer class of \$14,697. A portion of the fixed cost is included in the variable rate component as described in section 6.1.3. An additional fixed cost of \$0.01 per CCF is, which is not recovered through the commodity rate, is applied based on an estimated 1,469,734 CCF. Table 40 shows the calculation of FY 2026-27 recycled water agricultural rates.

Table 40: FY 2026-27 Recycled Water Agricultural Water Commodity Rates (\$/CCF)

Customer Class	FY 2026-27 Revenue Requirement	FY 2026-27 Projected Demand (CCF)	Variable Cost (CCF) (1)	Fixed Component Cost (CCF) (2)	FY 2026-27 Commodity Rates (1)+(2)	FY 2026-27 Revenue
Agricultural	\$3,159,928	1,469,734	\$2.15	\$0.01	\$2.16	\$3,174,625

8. Untreated Water Cost of Service FY 2026-27

Section 8 of the COS Study is updated to describe projected costs to serve untreated water.

8.1. UNTREATED WATER COMMODITY RATE

The FY 2026-27 variable revenue requirement for untreated water was determined to be \$156,075. The source of this water comes from the Santiago Aqueduct Commission (SAC), and this is the cost incurred to acquire water supplies (See Table 13). Table 41 shows the calculation of the variable rate for untreated water

Table 41: FY 2026-27 Untreated Water Commodity Rate (\$/CCF)

Consumption Tier	FY 2026-27 Revenue Requirement	FY 2026-27 SAC Purchases (AF)	Variable Cost (AF)	Variable Cost (CCF) ⁽¹⁾	FY 2026-27 Commodity Rates
Untreated Water	\$156,075	105	\$892	\$2.05	\$2.05

(1) Acre feet is multiplied by 435.6 to convert to CCF

8.1.1. UNTREATED WATER AGRICULTURAL COMMODITY RATE

The fixed cost revenue requirement for all untreated water uses was determined to be \$455,344 for FY 2026-27. These include capacity, readiness to serve, and meter costs that do not vary based upon the amount of water used. The untreated agricultural rate includes a fixed charge component that is based upon an allocated portion of the untreated water costs for all untreated imported water uses. This includes untreated water supplies used by the Baker Treatment Plant (7,200 AF), the Recycled System (4,556 AF), and water sold directly to customers (105 AF). The total projected demand for these customers is 11,861. Table 42 shows the calculation of the rate included for fixed costs for untreated agricultural customers.

Table 42: FY 2026-27 Untreated Water Agricultural Commodity Rates (\$/CCF)

FY 2024-25 Revenue Requirement	FY 2026-27 Projected Demand (AF)	FY 2026-27 Projected Demand (CCF) ⁽¹⁾	Variable Cost (CCF) ⁽²⁾	Fixed Cost Component (CCF)	FY 2026-27 Commodity Rate
\$455,344	4,661	2,400,592	\$2.23	\$0.27	\$2.50

(3) Acre feet is multiplied by 435.6 to convert to CCF

(4) From table 41

Due to the variable nature of water demands for seasonal growing (i.e. not permanent crops), these customers do not have a budget. As discussed in section 4.3.2, allocated fixed and variable costs are combined to calculate the agricultural commodity rate, and these customers are charged a single volumetric rate for all water used. The untreated water agricultural rate is calculated by combining the variable cost shown in Table 41 and the fixed cost component as shown in Table 42.

Table 43: FY 2026-27 Untreated Water Agricultural Commodity Rates (\$/CCF)

Consumption Tier	Variable Cost (CCF)	Fixed Cost Component (CCF)	FY 2024-25 Commodity Rates
Untreated Water	\$2.23	\$0.27	\$2.50

9. Setup and Reconnect Fees Cost of Service FY 2026-27

Section 9 of the COS Study is updated to describe projected costs of reconnection fees.

9.1. SETUP AND RECONNECT FEES

New customers pay a setup fee to offset labor, general and administrative (G&A) costs related to establishing a new account with the District. The fee is \$27.00 and has not changed since June 2015 since this fee is sufficient to offset new account costs.

When service is discontinued because of delinquency in payment of a water, sewer, or recycled water bill, the service shall not be restored until all delinquent charges, late charges and interest charges, and a trip charge (reconnection fee) have been paid.

The costs for the reconnection fee include labor, G&A, and vehicle costs. Reconnecting after hours is at a higher cost due to labor overtime and minimum guaranteed hours. Estimated costs are shown in Table 44.

Table 44: Reconnection Fee Costs

Estimated Cost	Normal Hours	After Hours Average
Labor and G&A	\$62	\$186
Vehicle Costs	\$14	\$14
Estimated Total Cost	\$76	\$200

In 2019, the California Health and Safety Code § 116914(a) limited reconnection fees for urban water systems for very low-income households to \$50 during working hours and \$150 at other times and allowed for Consumer Price Index (CPI) adjustments starting in 2021. The District applied the December Los Angeles CPI rates for 2021 (6.6%) and 2022 (4.9%) for the low income reconnection fee rate increases. Fees are rounded to nearest five dollars.

Table 45: FY 2026-27 Reconnection Fees

Reconnection Fees	Normal Hours	After Hours
Standard Fee	\$81	\$216
Low Income	\$59	\$165

Executive Summary

This appendix is part of the Cost of Service update for Fiscal Year (FY) 2025-26 and FY 2026-27.

Appendix 12 provides the support for public fire water costs for FY 2025-26. Appendix 13 provides support for public fire water costs for FY 2025-26. The tables are updated with the details from the FY 2025-26 operating budget. The methodology from the 2026 Cost of Service (COS) Study Appendices 5 and 6 (Appendices) remains the same, and tables included in this appendix use the same alphabetical reference scheme as those in the 2026 COS Study Public Fire Water Costs Technical Memos.

1.1. COST COMPONENTS ASSOCIATED WITH PUBLIC FIRE WATER SERVICE

See Appendices 5 and 6 of the COS Study for a complete discussion on the District's public fire water service cost components and how public fire water service costs are calculated.

The following steps are used to calculate indirect fire water service costs:

- a. Identify total system peaking factors allocated to Base, Max Day, and Max Hour demands;
- b. Apply functional allocation percentages to the asset categories;
- c. Allocate asset values by function;
- d. Allocate functions to peaking factors;
- e. Determine asset value by peaking factor;
- f. Allocate operating costs by their demands on the system;
- g. Summarize peaking factor percentages for all operating costs by demand category;
- h. Identify operating costs by demand category;
- i. Calculate the cost of service by peaking factor;
- j. Determine capacity requirements for fire flow and the allocation to public fire water supply capacity; and
- k. Compute the public fire water supply cost-of-service.

The result is the cost estimate for the indirect component related to public fire water service.

Steps a through f of the fire water costs calculation are the same as calculated in Appendices 5 and 6.

- g. **Summarize peaking factor percentages for all operating costs by demand category -**
Peaking factor percentages for operating expenses by demand category are summarized in the table below.

**Table G: Summarized Peaking Factor Percentages for all Operating Costs
FY 2025-26**

Functional Group	Base	Max Day	Max Hour	Customer	Fire	General
Base Supply	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Excess Supply	0.0%	34.0%	66.0%	0.0%	0.0%	0.0%
Conservation and Supply Reliability	8.3%	41.8%	49.8%	0.0%	0.0%	0.0%
Customer Service	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
System Maintenance	96.9%	0.0%	0.0%	0.0%	3.1%	0.0%
General & Administrative	49.1%	31.6%	17.9%	1.4%	0.0%	0.0%
General Plant	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Asset Mangement	55.6%	44.4%	0.0%	0.0%	0.0%	100.0%

- h. Identify operating costs by demand category** – Amounts are assigned to demand categories shown in Table F. The net costs are explained in further detail in section 4.3 in the COS Study and are shown in Table 13 (variable revenue requirement) and Table 14 (fixed revenue requirement) in Appendix 10.

**Table H: Operating and Asset Maintenance Costs by System Demands
FY 2025-26**

Cost Group	Demand Category	Cost (Thousands)	Totals
Variable: Water Supplies	Base Supply	\$51,623	
Water Supplies	Excess Supply	8,219	
Conservation and Supply Reliability	Water Banking	2,173	
Conservation and Supply Reliability	Conservation and NTS	14,680	
Conservation and Supply Reliability	Universal Conservation	1,835	\$78,530
Fixed: Fixed Operating Costs	Customer Service	\$5,819	
Fixed Operating Costs	System Maintenance	22,361	
Fixed Operating Costs	General & Administrative	16,063	
Fixed Operating Costs	General Plant	1,033	
Fixed Operating Costs	Asset Management	4,006	\$49,282
Net Allocated Costs			\$127,811

- i. Calculate cost-of-service by peaking factor** - The allocated percentages identified in Table G are applied to the operating costs identified in Table H to calculate the cost by peaking factor. General and Administrative (G&A) cost is reallocated based on the total cost of service.

**Table I: Calculate Cost-of-Service by Peaking Factor
FY 2025-26**

Demand Category	Base	Max Day	Max Hour	Customer	Fire	G&A	Total
Base Supply	\$51,623	\$0	\$0	\$0	\$0	\$0	\$51,623
Excess Supply	0	2,796	5,423	0	0	0	8,219
Conservation and Supply Reliability	1,558	7,817	9,313	0	0	0	18,688
Customer Service	0	0	0	5,819	0	0	5,819
System Maintenance	21,668	0	0	0	693	0	22,361
General & Administrative	0	0	0	0	0	16,063	16,063
General Plant	574	459	0	0	0	0	1,033
Asset Management	1,967	1,265	718	55	0	0	4,005
Total Allocated Costs	\$77,390	\$12,337	\$15,454	\$5,874	\$693	\$16,063	\$127,811

- j. Determine capacity requirements for fire flow and the allocation to public fire water supply capacity** –

To estimate the costs associated with (and to provide capacity for) public fire water service, the methodology put forth in the AWWA M1 Manual was used.

To determine the capacity requirements for fire flow, the District uses two hypothetical fires with varying fire flow. The first fire requires flows of 2,500 gallons per minute for a minimum of 4 hours, and the second requires 8,000 gallons per minute for a minimum of 8 hours as shown below. These hypothetical fires were chosen based on the professional judgement and experience of Raftelis applied to the District's service area.

Fire flows as a percentage of total capacity is converted to a percentage and used to identify the indirect cost allocated to water supply for public and private fire protection. The water supply demand capacity for public and private fire water service are based on firelines and hydrant capacity.

Water is supplied for private fire service through pipes and appurtenances on private property. These include all water-based fire protection systems, such as fire protection sprinklers and fire hydrants that are not part of, but are connected to, the public water service. Costs are allocated to these systems in a similar fashion and billed separately to the individual customers owning the private fire protection systems.

Max Day capacity is the amount of water needed for the duration of a fire in one day (fire flow gallons per minute multiplied by the duration of fire in minutes).

Max Hour capacity is the amount of water needed if a similar fire lasted an entire day (fire flow gallons per minute multiplied by the number of minutes in a day), less the capacity already allocated to meeting Max Day demand. Capacity amounts in gallons are converted to CCF in the table below. (One CCF = 748.05 gallons.)

**Table J: Capacity Requirements for Fire Flow and Public Fire Allocation
FY 2023-24**

	Fire #1		Fire #2		Total	
Fire Flow Estimate	Max Day ⁽¹⁾	Max Hour ⁽²⁾	Max Day ⁽¹⁾	Max Hour ⁽²⁾	Max Day	Max Hour
Duration of Fire (Hours)	4.00		4.00		8.00	
Fire Flow (gpm)	2,500	2,500	8,000	8,000	10,500	10,500
Percent Allocated to Public Fire	74.7%	74.7%	74.7%	74.7%	74.7%	74.7%
Capacity Demanded for Fire (ccf)	802	4,010	2,567	12,833	3,369	16,844
Public Fire Capacity (ccf) ⁽³⁾	599	2,995	1,917	9,583	2,516	12,578
Private Fire Capacity (ccf) ⁽⁴⁾	203	1,016	650	3,250	853	4,266
Total Potable Capacity	77,539	70,509				
Public Fire Allocation (Max Day: 2,516/77,539; Max Hour 12,578/70,509)					3.2%	17.8%
Private Fire Allocation (Max Day: 853/77,539; Max Hour 4,266/70,509)					1.1%	6.0%

(1) Max Day Capacity demanded for fire = (hours*minutes*gallons)/748.05.

(2) Max Hour Capacity demanded for fire = (hours*minutes*gallons)/748.05 – Max Day Capacity.

(3) Split is based on fireline meter capacity = 507,113 / total system hydrants = 2,593,747.

(4) Total potable capacity is max day and max hour demands for all customer classes.

k. Compute the public fire water service cost –

The Max Day and Max Hour percentages identified in Table J for public fire water service are applied to the total cost-of-service by peaking factor to reallocate expenses included in Max Day and Max Hour fire protection water service costs to customer costs:

Max Day Public Fire Water Service costs: 3.2% * \$14,389K = \$ 460k

Max Hour Public Fire Water Service costs: 17.8% * \$18,117K = \$3,225k

Total indirect costs of Public Fire Water Service: \$3,685k

**Table K: Public Fire Water Service Cost-of-Service
FY 2025-26**

Cost Allocation (Thousands)	Base	Max Day	Max Hour	Customer	Direct Fire	Private Fire	Total
Total Operating Costs	\$89,015	\$14,389	\$18,117	\$6,745	\$791	\$ -	\$129,057
Allocation of Public Fire To Customer				791	(791)		-
Allocation of Indirect Public Fire to Customer		(460)	(3,225)	3,685			-
Allocation to Private Fire		(158)	(1,087)			1,245	-
Adjusted Cost of Service	\$ 76,459	\$ 14,654	\$ 10,994	\$ 10,221	\$ -	\$ 1,034	\$ 113,362
Total Cost of Public Fire included in "Customer"				\$4,476			

(1) As described above, public fire water is calculated as follows:

$$\text{Max day} - 14,389k * 3.2\% = 460k$$

$$\text{Max hour} - 18,117k * 17.8\% = 3,225k$$

As identified in Table K, there are two cost components associated with public fire water service: direct and indirect. The total cost of public fire water service is \$4,476,000 including the direct cost of \$791,000 and the indirect cost of \$3,685,000.

Total public fire water service costs are allocated to all customers through the fixed meter charge through the IRWD's rate structure. This complies with Proposition 218's cost-of-service and proportionality principles because meter charges are proportional to a given property's water demand, and that water demand is proportional to the property's use and need for fire water service.

Executive Summary

This appendix is part of the Cost of Service update for Fiscal Year (FY) 2025-26 and FY 2026-27.

Appendix 4 provides the support for public fire water costs for FY 2025-26. Appendix 5 provides support for public fire water costs for FY 2026-27. The tables are updated with the details from the FY 2025-26 operating budget. The methodology from the 2026 Cost of Service (COS) Study Appendices 5 and 6 (Appendices) remains the same, and tables included in this appendix use the same alphabetical reference scheme as those in the 2026 COS Study Public Fire Water Costs Technical Memos.

1.1. COST COMPONENTS ASSOCIATED WITH PUBLIC FIRE WATER SERVICE

See Appendices 5 and 6 of the COS Study for a complete discussion on the District's public fire water service cost components and how public fire water service costs are calculated.

The following steps are used to calculate indirect fire water service costs:

- l. Identify total system peaking factors allocated to Base, Max Day, and Max Hour demands;
- m. Apply functional allocation percentages to the asset categories;
- n. Allocate asset values by function;
- o. Allocate functions to peaking factors;
- p. Determine asset value by peaking factor;
- q. Allocate operating costs by their demands on the system;
- r. Summarize peaking factor percentages for all operating costs by demand category;
- s. Identify operating costs by demand category;
- t. Calculate the cost of service by peaking factor;
- u. Determine capacity requirements for fire flow and the allocation to public fire water supply capacity; and
- v. Compute the public fire water supply cost-of-service.

The result is the cost estimate for the indirect component related to public fire water service.

Steps a through f of the fire water costs calculation are the same as calculated in Appendices 5 and 6.

- l. Summarize peaking factor percentages for all operating costs by demand category -**
Peaking factor percentages for operating expenses by demand category are summarized in the table below.

**Table G: Summarized Peaking Factor Percentages for all Operating Costs
FY 2026-27**

Functional Group	Base	Max Day	Max Hour	Customer	Fire	General
Base Supply	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Excess Supply	0.0%	34.0%	66.0%	0.0%	0.0%	0.0%
Conservation and Supply Reliability	8.4%	42.2%	49.4%	0.0%	0.0%	0.0%
Customer Service	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
System Maintenance	96.9%	0.0%	0.0%	0.0%	3.1%	0.0%
General & Administrative	49.1%	31.6%	17.9%	1.4%	0.0%	0.0%
General Plant	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Asset Mangement	55.6%	44.4%	0.0%	0.0%	0.0%	0.0%

- m. Identify operating costs by demand category** – Amounts are assigned to demand categories shown in Table F. The net costs are explained in further detail in section 4.3 in the COS Study and are shown in Table 13 (variable revenue requirement) and Table 14 (fixed revenue requirement) in Appendix 10.

**Table H: Operating and Asset Maintenance Costs by System Demands
FY 2026-27**

Cost Group	Demand Category	Cost (Thousands)	Totals
Variable: Water Supplies	Base Supply	\$54,542	
Water Supplies	Excess Supply	9,805	
Conservation and Supply Reliability	Water Banking	2,116	
Conservation and Supply Reliability	Conservation and NTS	15,440	
Conservation and Supply Reliability	Universal Conservation	1,935	\$83,838
Fixed Fixed Operating Costs	Customer Service	\$6,077	
Fixed Operating Costs	System Maintenance	24,011	
Fixed Operating Costs	General & Administrative	17,257	
Fixed Operating Costs	General Plant	846	
Fixed Operating Costs	Asset Management	4,205	\$52,397
Net Allocated Costs			\$136,235

- n. Calculate cost-of-service by peaking factor** - The allocated percentages identified in Table G are applied to the operating costs identified in Table H to calculate the cost by peaking factor. General and Administrative (G&A) cost is reallocated based on the total cost of service.

**Table I: Calculate Cost-of-Service by Peaking Factor
FY 2026-27**

Demand Category	Base	Max Day	Max Hour	Customer	Fire	G&A	Total
Base Supply	\$54,542	\$0	\$0	\$0	\$0	\$0	\$54,542
Excess Supply	0	3,336	6,470	0	0	0	9,806
Conservation and Supply Reliability	1,644	8,222	9,625	0	0	0	19,491
Customer Service	0	0	0	6,077	0	0	6,077
System Maintenance	23,267	0	0	0	744	0	24,011
General & Administrative	0	0	0	0	0	17,257	17,257
General Plant	470	376	0	0	0	0	846
Asset Management	2,066	1,328	754	58	0	0	4,206
Total Allocated Costs	\$81,989	\$13,262	\$16,849	\$6,135	\$744	\$17,257	\$136,235

o. Determine capacity requirements for fire flow and the allocation to public fire water supply capacity –

To estimate the costs associated with (and to provide capacity for) public fire water service, the methodology put forth in the AWWA M1 Manual was used.

To determine the capacity requirements for fire flow, the District uses two hypothetical fires with varying fire flow. The first fire requires flows of 2,500 gallons per minute for a minimum of 4 hours, and the second requires 8,000 gallons per minute for a minimum of 8 hours as shown below. These hypothetical fires were chosen based on the professional judgement and experience of Raftelis applied to the District's service area.

Fire flows as a percentage of total capacity is converted to a percentage and used to identify the indirect cost allocated to water supply for public and private fire protection. The water supply demand capacity for public and private fire water service are based on firelines and hydrant capacity.

Water is supplied for private fire service through pipes and appurtenances on private property. These include all water-based fire protection systems, such as fire protection sprinklers and fire hydrants that are not part of, but are connected to, the public water service. Costs are allocated to these systems in a similar fashion and billed separately to the individual customers owning the private fire protection systems.

Max Day capacity is the amount of water needed for the duration of a fire in one day (fire flow gallons per minute multiplied by the duration of fire in minutes).

Max Hour capacity is the amount of water needed if a similar fire lasted an entire day (fire flow gallons per minute multiplied by the number of minutes in a day), less the capacity already allocated to meeting Max Day demand. Capacity amounts in gallons are converted to CCF in the table below. (One CCF = 748.05 gallons.)

**Table J: Capacity Requirements for Fire Flow and Public Fire Allocation
FY 2026-27**

	Fire #1		Fire #2		Total	
Fire Flow Estimate	Max Day⁽¹⁾	Max Hour⁽²⁾	Max Day⁽¹⁾	Max Hour⁽²⁾	Max Day	Max Hour
Duration of Fire (Hours)	4.00		4.00		8.00	
Fire Flow (gpm)	2,500	2,500	8,000	8,000	10,500	10,500
Percent Allocated to Public Fire	74.4%	74.4%	74.4%	74.4%	74.4%	74.4%
Capacity Demanded for Fire (ccf)	802	4,010	2,567	12,833	3,369	16,844
Public Fire Capacity (ccf) ⁽³⁾	597	2,984	1,910	9,549	2,507	12,533
Private Fire Capacity (ccf) ⁽⁴⁾	205	1,026	657	3,285	862	4,311
Total Potable Capacity	79,023	71,583				
Public Fire Allocation (Max Day: 2,507/79,023; Max Hour 12,533/71,583)					3.2%	17.5%
Private Fire Allocation (Max Day: 862/79,023; Max Hour 4,311/71,583)					1.1%	6.0%

(5) Max Day Capacity demanded for fire = (hours*minutes*gallons)/748.05.

(6) Max Hour Capacity demanded for fire = (hours*minutes*gallons)/748.05 – Max Day Capacity.

(7) Split is based on fireline meter capacity=717,790 / total system hydrants =2,804,425.

(8) Total potable capacity is max day and max hour demands for all customer classes.

p. Compute the public fire water service cost –

The Max Day and Max Hour percentages identified in Table J for public fire water service are applied to the total cost-of-service by peaking factor to reallocate expenses included in Max Day and Max Hour fire protection water service costs to customer costs:

Max Day Public Fire Water Service costs: $3.2\% * \$15,186K = \$486k$

Max Hour Public Fire Water Service costs: $17.5\% * \$19,293K = \$3,376k$

Total indirect costs of Public Fire Water Service: $\$3,862k$

**Table K: Public Fire Water Service Cost-of-Service
FY 2026-27**

Cost Allocation (Thousands)	Base	Max Day	Max Hour	Customer	Direct Fire	Private Fire	Total
Total Operating Costs	\$93,881	\$15,186	\$19,293	\$7,025	\$852	\$ -	\$136,237
Allocation of Public Fire To Customer				852	(852)		-
Allocation of Indirect Public Fire to Customer		(486)	(3,376)	3,862			-
Allocation to Private Fire		(167)	(1,158)			1,325	-
Adjusted Cost of Service	\$ 93,881	\$ 14,533	\$ 14,759	\$ 11,739	\$ -	\$ 1,325	\$ 136,237
Total Cost of Public Fire included in "Customer"				\$3,860			

(2) As described above, public fire water is calculated as follows:

Max day - $15,186k * 3.2\% = 486k$

Max hour - $19,293k * 17.5\% = 3,376k$

As identified in Table K, there are two cost components associated with public fire water service: direct and indirect. The total cost of public fire water service is \$4,714,000 including the direct cost of \$852,000 and the indirect cost of \$3,862,000.

Total public fire water service costs are allocated to all customers through the fixed meter charge through the IRWD's rate structure. This complies with Proposition 218's cost-of-service and proportionality principles because meter charges are proportional to a given property's water demand, and that water demand is proportional to the property's use and need for fire water service.

Executive Summary

In compliance with California Water Codes Section 10632 the IRWD Board of Directors adopted an updated Water Shortage Contingency Plan (WSCP) in June 2021. The WSCP includes a “toolbox” of potential strategies for responding to each level of potable water shortage. One of the potential strategies included within each water shortage level is adjustments to water budgets as a means to achieve the savings needed to respond to a prescribed level of water shortage. The WSCP, allows the District to strategically reduce water use through a number of potential actions that are staged dependent upon the severity of water shortages. The WSCP incorporates six standard water shortage levels corresponding to progressive ranges of up to 10%, 20%, 30%, 40%, 50%, and greater shortages. For each level or shortage, the WSCP includes a list of voluntary measures, non-rate response measures, and potential cost-of-service based rate response strategies. The WSCP outlines how the District will reduce water demands or augment supplies if it were to experience a water shortage within each of the six levels of water shortage. Table 1 shows the potable water shortage amounts that the District would need to either reduce or makeup via supply augmentation for each level of shortage.

Water Shortage Contingency Plan Cost of Service FY 2025-26

**Table 1: WSCP Augmentation or Demand Reduction Need Based on Level of Shortage
FY 2025-26**

Water Shortage Contingency Plan Stage	Range of Shortage Within the Stage	Needed Augmentation or Reduction at maximum point of the Stage
1	0-10%	5,300 AF
2	11-20%	10,700 AF
3	21-30%	16,000 AF
4	31-40%	21,400 AF
5	41-50%	26,700 AF
6	51% +	32,000 AF

1.1. CUSTOMER WATER BUDGET RATE STRUCTURE

IRWD’s water budget-based rate structure is a cost-of-service based rate structure that provides revenue stability in both non-shortage and water shortage periods. Additionally, it allocates the water – and the associated costs with its use – based on the monthly water budget assigned to each customer providing the lowest cost water for efficient use and higher cost water for uses beyond efficient use.

As discussed in the 2021 Cost of Service Study (November 2021), the District uses a "budget-based" rate structure to recover the variable costs of providing potable and recycled water service to customers. Under this approach, a customized monthly budget (i.e., monthly water usage allocation) is developed for each customer. The commodity rates charged by the District in each consumption tier are designed to:

- Reflect and recover the increased cost of meeting consumption demands within each tier.
- Fund demand reduction and reliability programs.
- Mitigate for costs arising from customers' wasteful use that causes urban runoff requiring treatment by the Natural Treatment System (NTS).

When IRWD experiences a water shortage, it may have less water or different costs of water than in normal times. IRWD initially would rely on public outreach and non-rate response measures during a declared shortage. When the District has less water available, the WSCP outlines the strategies it will use to reduce demands to align with the available supplies.

Adjustments to customer water budgets are a key response measure in the WSCP that are implemented by equitably reducing water budget allocations based on the available water supply under the water shortage circumstances under each level.

Such changes would be implemented at the discretion of IRWD's Board of Directors during a declared shortage. The changes in water budgets and rates are set using cost-of-service principles and would not exceed the District's cost of providing water service to each customer.

1.1.1. WATER SHORTAGE MAXIMUM WATER BUDGET ADJUSTMENTS

IRWD has modeled maximum water budget allocation adjustments as response measures to target a percentage reduction from FY 2025-26 demands for each of the six WSCP shortage levels. The water reduction goal is the maximum shortage for each WSCP level. For example, a Level 1 shortage ranges from 0% to 10%, so the reduction target used is 10%. The proposed maximum water budget adjustments, shown in Table 2 follow the WSCP by first targeting discretionary outdoor potable uses, then indoor uses, and finally commercial, industrial, and institutional (CII) indoor uses as the shortage levels increase in severity. Agricultural and construction usage is considered discretionary and would be reduced based on WSCP stage; however, rates would remain the same.

Table 2: Adjustments to Water Budgets for Each Level of Water Shortage

Water Shortage Contingency Plan level	Target reduction Midpoint of the level	Messaging and outreach	Outdoor potable landscape Includes residential, dedicated irrigation and CII outdoor	ET Factor	Indoor gallons per capita	Commercial, Industrial, and Institutional (CII) percent indoor reduction
None	0	Water efficiency programs and outreach	40% drought-tolerant plants	.75	50	
Level 1 0-10%	10%	Expanded messaging and targeted outreach	40% drought-tolerant plants	.75	50	
Level 2 11-20%	20%	Expanded messaging and targeted outreach	No turf; 100% drought-tolerant plants	.625	50	
Level 3 21-30%	30%	Expanded messaging and targeted outreach	No turf; 25% drought-tolerant plants; 75% native plants; tree health affected	.35	40	
Level 4 31-40%	40%	Expanded messaging and targeted outreach	No turf; 100% native plants only; tree health affected	.25	32.5	10%
Level 5 41-50%	50%	Expanded messaging and targeted outreach	No landscape	0	30	20%
Level 6 51%+	60%	Expanded messaging and targeted outreach	No landscape	0	Basic needs only; 20	30%

1.1.2.1 SOURCE WATER REDUCTIONS

The maximum water budget adjustments are calculated to proportionately reduce potable water budgets to align with the volume of the projected water shortage. Consistent with the WSCP outdoor discretionary uses are targeted first, which results in reductions to the evapotranspiration (ET) Factor. Beginning with a level 3 shortage and increased level of water supply shortage, reductions to the indoor per capita use also would need to be implemented. Beginning with a level 4 shortage, reductions in available water supplies would require that the District also implement reductions to indoor uses for commercial, industrial and institutional customers (CII).

1.1.2.2. OUTDOOR BUDGET ADJUSTMENTS DURING SHORTAGE

The fundamental metric used in the District's calculation of efficient outdoor water usage is the evapotranspiration rate of landscape plants. Evapotranspiration is the process by which water is lost to the atmosphere through evaporation and transpiration. Having established the ET rate for each day of the monthly billing cycle based on actual weather conditions, the District applies an adjustment factor. The District's standard ET Factor (ETF) for potable landscapes of 0.75 is based on a typical landscape plant mix and an irrigation system with an assumed efficiency of 80%. Different plants have different watering requirements, called plant factors, which can be quantified compared to a reference crop such as cool-season turf, which requires 100% of ET. A simplified representation of the general formula used to determine a customer's outdoor water budget is shown below.

$$\text{Outdoor Budget Served by Potable Connection (ccf)} = \text{Irrigated Landscape Area (1)} * \text{Evapotranspiration (ET) Rate (2)} * \text{ET Factor (3)} * 36.3 \text{ Conversion Factor (4)}$$

(1) Area measured in acres.
 (2) Evapotranspiration rate during each day of the monthly billing cycle based on actual temperature, humidity, and other factors.
 (3) ET factor based on plant watering requirements relative to cool-season turf and 20% irrigation system inefficiency.
 (4) 36.3 is a factor to convert acre-inches of water to one hundred cubic feet (ccf).

During a water shortage, discretionary uses such as landscape irrigation are the first targeted for reductions. As shown in Table 1, the amount of water budgeted for outdoor use would be reduced to match the level of shortage and available supplies beginning at Level 2. At Level 2, the minimum water budget would only be sufficient to irrigate drought tolerant plants, with an ET Factor of 0.625. At Level 4, the minimum water budget would only be sufficient to support California native plants. At Level 5 or 6, which are severe levels of shortage, no water would be available to allocate to outdoor water budgets.

1.1.2.3. INDOOR RESIDENTIAL BUDGET ADJUSTMENTS DURING SHORTAGE

IRWD allocates a standard indoor water budget of 50 gallons per capita per day (gpcd) for residential customers, as described in the Cost of Service Study . During a water shortage, the District would need to reduce the indoor water budget down from 50 gpcd beginning at Level 3. The indoor budget would be reduced to 40 gpcd at Level 3, to 32.5 gpcd at Level 4, to 25 gpcd at Level 5 and then to only basic human needs of 20 gpcd at Level 6.

1.1.2.4. COMMERCIAL CUSTOMER WATER BUDGET ADJUSTMENTS DURING SHORTAGE

Given the diversity of water usage characteristics, the District establishes an individualized water budget for each customer based on an analysis of business water use needs. This may include an on-site assessment. This allows the water budget of each commercial, industrial and institutional customer (CII) to be tailored to their specific needs and requirements.

Although reductions to CII customer outdoor budgets are consistent with section 1.1.2.1 above, IRWD would apply percentage reductions to CII indoor budgets as shown in Table 2 up to the maximum reductions shown in Table 2 because the water budgets are tailored to each CII

customer. Indoor reductions would not start until level 4 to reduce impacts to the economy, health, and safety that result from reduced commercial use of water. The maximum percentage reductions to each CII customer's base allocation would be 10% at Level 4, 20% at Level 5 and 30% at Level 6.

These reductions, when combined with the outdoor and residential indoor reductions equitably allocate the potable water supply available to the District at each level of projected shortage, consistent with the District's adopted WSCP.

1.1.2.5. EXAMPLE WATER BUDGETS DURING EACH LEVEL OF SHORTAGE

Table 3 provides the various factors for the indoor and outdoor portions of residential customer water budgets, and shows both the indoor, outdoor, and total CCFs (CCF = one hundred cubic feet = 748 gallons) that would be allocated in a hypothetical Level 3 shortage, with the maximum adjustment applied. Applying the maximum adjustment results in the minimum customer water budget at a Level 3 water shortage. Average monthly ET of 4.1 inches, rather than actual ET for the month being billed, is used solely for example purposes.

Table 3: Example Minimum Residential Water Budgets for Level 3 Water Shortage

Customer Type	Indoor Gal Per Person Per Day	Default People	Days in Bill Cycle	Default Acres Default Acres	ET Factor	Average Monthly ET (inches)	Indoor CCF	Outdoor CCF	Total CCF (after rounding)
Residential Single Family	40	4	30	0.03	0.35	4.1	6.42	1.61	9
Residential Condo	40	3	30	0.01	0.35	4.1	4.81	0.52	6
Residential Apartment*	40	2	30	0	0.35	4.1	3.21	0.00	4
Potable Landscape	40	0	30	1.00	0.35	4.1	0.00	52.09	53

*Water budget multiplied by number of units
CCF = One Hundred Cubic Feet = 748 gallons

The source of supply in Table 6 is based on the FY 2025-26 Board approved budget. For each level starting with 0 reflecting no reduction, the reduced source water in levels 1-6 was applied proportionally to all sources based on the percentage of required reduction at each level. The sources for each level are presented below.

The water budget indoor and outdoor CCFs are calculated using the formulas described in the Cost of Service Study. To further illustrate, the actual calculation for a residential single family in a Level 3 shortage is shown in Table 4 (note that any differences with Table 3 are due to rounding).

**Table 4: Example Calculation of Minimum Single Family Residential
Monthly Water Budget at Level 3 Shortage**

Example Minimum Monthly Water Budget Calculation for an Average Single Family Residential Customer at Level 3 Shortage		
Line	Indoor Water Budget Calculation	
1	Default Persons per Household	4.0
2	Required Gallons per Person per Day	40.0
3	Days in Billing Cycle	30
4	Monthly Indoor Water Budget (gallons)	4,800 (Lines 1 * 2 * 3)
5	Monthly Indoor Water Budget (ccf)	6.42 (Line 4 / 748 Conversion Factor)
	Outdoor Water Budget Calculation	
6	Average Monthly ET Rate During the Billing Cycle Based on Measured Temperature, Humidity and other factors (Inches)	4.1
7	Adjustment for 75% drought tolerant plants and 25% native landscaping and irrigation efficiency of 80%	0.28
8	Adjustment for Irrigation System Efficiency	0.8
9	ET Factor	0.35 (Line 7 / Line 8)
10	Adjusted Average Monthly ET Rate (30 day bill cycle)	1.435 (Line 6 * Line 9)
11	Customer Irrigated Landscape Area (acres)	0.03
12	Required Inches of Water per Acre	0.044 (Line 10 * Line 11)
13	Monthly Outdoor Water Budget (ccf)	1.6 (Line 12 * 36.3 Conversion Factor)
	Total Water Budget	
14	Total Monthly Water Budget Before Rounding (ccf)	8.2 (Line 5 + Line 13)
15	Total Monthly Water Budget Used in Customer Billing (ccf)	9.0

Applying the same methodology, the minimum water budget is calculated for each level of water shortage. The resulting minimum water budget, broken down by tier, is shown for an average single family residential customer for each of the six levels of shortage in Table 5. This same methodology and approach would be used to calculate the water budgets for each tier for each customer type for each level of shortage.

**Table 5: Minimum Water Budget Allocations by Tier for Single Family Customer
at Each Level of Shortage**

Water Shortage Level	Total Water Budget CCF	Low Volume CCF	Base Tier CCF	Inefficient Tier CCF	Wasteful Tier CCF
Percent of Budget	100%	0-40%	41-100%	101-140%	All CCF usage equal or greater than
None	12	5	7	5	18
1	12	5	7	5	18
2	11	5	6	5	17
3	9	4	5	4	14
4	7	3	4	3	11
5	5	2	3	2	8
6	4	2	2	2	7

**Table 6: Source of Supply Reductions Applied to the WSCP Levels
FY 2025-26**

Reduced Source Water (acre feet)	0	1	2	3	4	5	6
Dyer Road Well Field	26,740	24,552	21,824	19,096	16,368	13,640	10,912
Other Process Wells	16,490	14,841	13,192	11,543	9,894	8,245	6,596
Baker Treatment Plant (SAC)	6,552	5,897	5,242	4,586	3,931	3,276	2,621
Water Purchases Imported (MWD)	3,622	2,774	2,466	2,157	1,849	1,541	1,233
Total	53,404	48,064	42,724	37,382	32,042	26,702	21,362

1.1.2.6 INCREASED CONSERVATION EFFORTS

Over-allocation tiers include three cost elements included in rates:

- Conservation efforts that target reducing the District's overall demands and support reliability programs that include:
 - Interaction between District staff and customers in the over-allocation tiers to provide aid in reducing monthly demands; and
 - Funding programs that aid in reducing water use such as replacing lawns with drought tolerant plants and programs that replace older fixtures with low flow fixtures.

- Funding costs associated with wasteful use that causes urban runoff requiring treatment by the District's NTS sites.
- Water banking programs to meet demands during major supply interruptions that can be used to address shortages addressed in the WSCP.

The cost increases included for each of the WSCP levels are based on the history of increased expenditures incurred when the District was required to meet a mandatory 16% reduction in 2015, increased by the Consumer Price Index. Additional costs for compliance efforts are included at levels 5 and 6 of the WSCP because reaching reductions that exceed 35% will be extremely difficult for an agency such as IRWD, whose customers have already significantly reduced gpcd since the last drought. The conservation and compliance expenses included in the table below are allocated to the over-allocation tiers to aid in reaching the identified WSCP level.

The conservation and compliance expenses included in the table below are allocated to the over-allocation tiers to aid in reaching the identified WSCP level.

**Table 7: Additional Conservation and Compliance Efforts
Applied to Over-allocation Tiers by Level
FY 2025-26**

(in thousands)						
Additional Costs	1	2	3	4	5	6
Universal/Targeted Costs	\$1,852	\$3,703	\$5,145	\$6,431	\$6,626	\$7,406
Compliance Costs	0	0	0	423	1,410	2,820
Over-allocation Increase by Level	1	2	3	4	5	6
Inefficient	\$424	\$849	\$1,179	\$1,571	\$1,842	\$2,343
Wasteful	1,427	2,854	3,966	5,283	6,194	7,882
Total By Level	\$1,852	\$3,703	\$5,145	\$6,854	\$8,036	\$10,226

1.1.2.7 WSCP RATES

The WSCP rates are based on a consistent cost of service methodology with the IRWD updated cost of service rate model. The rates identified by tier and WSCP level take into consideration the reduced demands, the source shift in reduced water (i.e. available ground water versus imported water) and increased conservation and compliance costs required to reach WSCP targets. For each tier, the standard rate is adjusted for changes in reduced volumes and any increases in costs.

Many of the costs included in the standard rate are variable and fluctuate with total sales. However, with the exception of imported water, many expenses are not variable with changes in sales (labor and associated benefits, repairs and maintenance, permits, licenses and fees etc.). The cost of water component in WSCP rates increase as a result of allocating these costs to the reduced units as water usage is reduced.

The following table shows the cost of water by source by shortage level.

**Table 8: Cost of water per CCF by Water Shortage Level
FY 2025-26**

Level	0	1	2	3	4	5	6
Dyer Road Well Field	\$2.07	\$2.08	\$2.09	\$2.10	\$2.11	\$2.14	2.17
Orange Park Acres	2.24	2.23	2.23	2.22	2.21	2.19	2.16
Wells 21 & 22	4.38	4.61	4.90	5.27	5.76	6.46	7.50
Deep Aquifer Treatment	2.50	2.52	2.55	2.59	2.63	2.70	2.81
Potable Treatment Plant	2.24	2.30	2.37	2.46	2.59	2.76	3.02
Baker Water Treatment Plant	3.48	3.38	3.25	3.09	2.87	2.56	2.11
Imported Water	5.21	5.21	5.21	5.21	5.21	5.21	5.21

Budgeted costs for programs to educate and incentivize all District customers will be allocated to fewer sales units, which increases the cost per ccf. Additionally, the costs of extra programs aimed at promoting further water conservation will be necessary and will rise as shortage levels increase. The following table shows the increases in universal conservation costs by shortage level.

**Table 9: District Wide Conservation Cost per CCF
FY 2025-26**

Universal Conservation Costs *	0	1	2	3	4	5	6
Budgeted Costs	1,835	1,835	1,835	1,835	1,835	1,835	1,835
Additional Costs	-	975	1,950	2,340	2,925	3,120	3,900
Total Costs	1,835	2,811	3,787	4,178	4,764	4,960	5,741
Potable and Recycled Sales (ccf)	15,403,916	13,077,597	11,630,488	10,183,805	8,736,659	6,850,318	5,403,618
Universal Conservation Rates	\$0.12	\$0.21	\$0.33	\$0.41	\$0.55	\$0.72	\$1.06
*in thousands							

In levels 1 through 4, inefficient and wasteful usage are assumed to remain the same. In levels 5 and 6, it is assumed that over-allocation usage will decrease due to price elasticity and increased conservation efforts, and budgeted costs will be allocated to fewer units. In addition, costs for customer outreach and targeted programs to encourage further water conservation will be necessary and increase with the shortage levels.

**Table 10: Targeted Conservation and Compliance Effort Cost per CCF
FY 2025-26**

Targeted Costs *	0	1	2	3	4	5	6
Budget Cost Targeted	7,669	7,669	7,669	7,669	7,669	7,669	7,669
Additional Conservation Costs	-	877	1,753	2,805	3,506	3,506	3,506
Compliance Effort	-	-	-	-	423	1,410	2,820
Total Costs	7,669	8,545	9,422	10,473	11,598	12,584	13,994
Cost Allocation*							
Inefficient tier	1,757	1,958	2,159	2,400	2,658	2,884	3,207
Wasteful tier	5,911	6,587	7,262	8,073	8,940	9,700	10,787
Total CCF	7,668	8,545	9,421	10,473	11,598	12,584	13,994
*in thousands							
Level	0	1	2	3	4	5	6
Target Demand CCF							
Inefficient tier	1,025,882	1,025,882	1,025,882	1,025,882	1,025,882	923,294	830,965
Wasteful tier	936,920	936,838	936,920	936,920	936,920	8,743,228	758,896
Targeted Costs per ccf							
Inefficient tier	\$1.71	\$1.91	\$2.10	\$2.34	\$2.59	\$3.12	\$3.86
Wasteful tier	6.31	7.03	7.75	8.62	9.54	11.50	14.21

Water banking and natural treatment system (NTS) costs included in the budget do not change with water shortage levels. See Appendix 10 Table 17 for more information. Standard rates and WSCP rates at all levels include the amounts shown in the table below.

**Table 11: Water Banking and Natural Treatment Systems Rate Components
FY 2025-26**

All Levels	
Water Banking	
Wasteful tier	\$1.68
Natural Treatment System	
Inefficient tier	\$0.74
Wasteful tier	3.95

WSCP Rate calculations by tier are shown in the tables below.

**Table 12: WSCP Rate Calculations by Tier
FY 2025-26**

Level	0	1	2	3	4	5	6
Low Volume tier							
Cost of Water	\$2.07	\$2.08	\$2.09	\$2.10	\$2.11	\$2.14	\$2.17
Rate Stabilization	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Low Volume tier Rate	\$2.07	\$2.08	\$2.09	\$2.10	\$2.11	\$2.14	\$2.17
Base tier							
Cost of Water	\$2.60	\$2.57	\$2.54	\$2.52	\$2.51	\$2.54	\$2.44
Universal Conservation	0.12	\$0.21	\$0.33	\$0.41	\$0.54	\$0.72	\$1.06
Base tier Rate	\$2.72	\$2.78	\$2.87	\$2.93	\$3.05	\$3.26	\$3.50
Inefficient tier							
Cost of Water	\$4.77	\$4.46	\$4.27	\$4.01	\$3.41	\$3.12	\$2.99
Universal Conservation	0.12	0.21	0.33	0.41	0.54	0.72	1.06
Targeted Conservation	1.71	1.91	2.10	2.34	2.59	3.12	3.86
Natural Treatment System	0.91	0.91	0.91	0.91	0.91	0.91	0.91
Inefficient tier Rate	\$7.51	\$7.49	\$7.61	\$7.67	\$7.46	\$7.88	\$8.82
Wasteful tier							
Cost of Water	\$5.21	\$5.21	\$5.21	\$5.21	\$5.48	\$5.77	\$6.12
Universal Conservation	0.12	0.21	0.33	0.41	0.54	0.72	1.06
Targeted Conservation	6.31	7.03	7.75	8.62	9.54	11.50	14.21
Water Banking and NTS	\$6.96	\$6.96	\$6.96	\$6.96	\$6.96	\$6.96	\$6.96
Wasteful tier Rate	\$18.60	\$19.42	\$20.25	\$21.20	\$22.53	\$24.96	\$28.36

The rates are summarized in Table 13 below by tier and WSCP Level.

**Table 13: Summary WSCP Rates
FY 2025-26**

Level	0	1	2	3	4	5	6
Shortage	0%	10%	20%	30%	40%	50%	60%
Low Volume	\$2.07	\$2.08	\$2.09	\$2.10	\$2.11	\$2.14	\$2.17
Base	\$2.72	\$2.78	\$2.87	\$2.93	\$3.05	\$3.26	\$3.50
Inefficient	\$7.51	\$7.49	\$7.61	\$7.67	\$7.46	\$7.88	\$8.82
Wasteful	\$18.60	\$19.42	\$20.25	\$21.20	\$22.53	\$24.96	\$28.36

The change in commodity rates has no impact on the monthly fixed service water or sewer charges. If the Board of Directors elect to implement any of these WSCP rates, the proposed commodity rates are expected to provide cost of service equity for the budgeted operating variable costs and additional costs incurred as a direct result of a water shortage declaration at the associated stage level. Implementation of WSCP rates would require additional Board action.

Executive Summary

This appendix is part of the Cost of Service update for Fiscal Year (FY) 2025-26 and FY 2026-27.

Appendix 6 provides the support for the development of Water Shortage Contingency Plan (WSCP) rates for FY 2025-26. Appendix 7 provides support for the development of WSCP for FY 2026-27. The tables are updated with the details from the FY 2026-27 operating budget. The methodology and assumptions from the 2026 Cost of Service (COS) Study Water Shortage Contingency Plan Rates Technical Memo (Appendix 7) remain the same and tables 1, 6, and 7 included in this appendix use the same numbering scheme as those in the 2025 COS Study WSCP Technical Memo.

Water Shortage Contingency Plan Cost of Service FY 2026-27

See Appendix 7 of the COS Study for a complete discussion on the District's Water Shortage Contingency Plan Rates.

Table 1: WSCP Augmentation or Demand Reduction Need Based on Level of Shortage FY 2026-27

Water Shortage Contingency Plan Stage	Range of Shortage Within the Stage	Needed Augmentation or Reduction at maximum point of the Stage
1	0-10%	5,400 AF
2	11-20%	10,800 AF
3	21-30%	16,200 AF
4	31-40%	21,600 AF
5	41-50%	27,000 AF
6	51% +	32,400 AF

1.1.1. WATER SHORTAGE MAXIMUM WATER BUDGET ADJUSTMENTS

IRWD has modeled maximum water budget allocation adjustments as response measures to target a percentage reduction from FY 2026-27 demands for each of the six WSCP shortage levels. The water reduction goal is the maximum shortage for each WSCP level. For example, a Level 1 shortage ranges from 0% to 10%, so the reduction target used is 10%. The proposed maximum water budget adjustments, shown in Table 2 follow the WSCP by first targeting discretionary outdoor potable uses, then indoor uses, and finally commercial, industrial, and institutional (CII) indoor uses as the shortage levels increase in severity. Agricultural and construction usage is considered discretionary and would be reduced based on WSCP stage; however, rates would remain the same.

Table 2: Adjustments to Water Budgets for Each Level of Water Shortage

Water Shortage Contingency Plan level	Target reduction Midpoint of the level	Messaging and outreach	Outdoor potable landscape Includes residential, dedicated irrigation and CII outdoor	ET Factor	Indoor gallons per capita	Commercial, Industrial, and Institutional (CII) percent indoor reduction
None	0	Water efficiency programs and outreach	40% drought-tolerant plants	.75	50	
Level 1 0-10%	10%	Expanded messaging and targeted outreach	40% drought-tolerant plants	.75	50	
Level 2 11-20%	20%	Expanded messaging and targeted outreach	No turf; 100% drought-tolerant plants	.625	50	
Level 3 21-30%	30%	Expanded messaging and targeted outreach	No turf; 25% drought-tolerant plants; 75% native plants; tree health affected	.35	40	
Level 4 31-40%	40%	Expanded messaging and targeted outreach	No turf; 100% native plants only; tree health affected	.25	32.5	10%
Level 5 41-50%	50%	Expanded messaging and targeted outreach	No landscape	0	30	20%
Level 6 51%+	60%	Expanded messaging and targeted outreach	No landscape	0	Basic needs only; 20	30%

1.1.2.6 SOURCE WATER REDUCTIONS

See Section 1.1.2.6 in Appendix 7 of the 2026 COS Study for a complete discussion on source water reductions.

The source of supply in Table 6 is based on the FY 2026-27 Board approved budget. For each level starting with 0 reflecting no reduction, the reduced source water in levels 1-6 was applied

proportionally to all sources based on the percentage of required reduction at each level. The sources for each level are presented below.

**Table 6: Source of Supply Reductions Applied to the WSCP Levels
FY 2026-27**

Reduced Source Water (acre feet)	0	1	2	3	4	5	6
Dyer Road Well Field	26,749	24,524	21,769	19,014	16,259	13,503	10,748
Other Process Wells	16,490	14,824	13,159	11,493	9,828	8,162	6,497
Baker Treatment Plant (SAC)	6,552	5,890	5,228	4,567	3,905	3,243	2,581
Water Purchases Imported (MWD)	4,147	3,305	2,994	2,683	2,372	2,060	1,749
Total	53,938	48,544	43,150	37,757	32,363	26,969	21,575

1.1.2.7 INCREASED CONSERVATION EFFORTS

See Section 1.1.2.7 in Appendix 7 for a complete discussion on increased conservation efforts.

The conservation and compliance expenses included in the table below are allocated to the over-allocation tiers to aid in reaching the identified WSCP level.

**Table 7: Additional Conservation and Compliance Efforts
Applied to Over-allocation Tiers by Level
FY 2026-27**

(in thousands)						
Additional Costs	1	2	3	4	5	6
Universal/Targeted Costs	\$1,906	\$3,812	\$5,300	\$6,625	\$6,825	\$7,625
Compliance Costs	0	0	0	438	1,459	2,918
Over-allocation Increase by Level	1	2	3	4	5	6
Inefficient	\$437	\$874	\$1,215	\$1,618	\$1,898	\$2,416
Wasteful	1,469	2,939	4,085	5,444	6,385	8,127
Total By Level	\$1,906	\$3,812	\$5,300	\$7,062	\$8,284	\$10,543

1.1.2.8 WSCP RATES

The WSCP rates are based on a consistent cost of service methodology with the IRWD updated cost of service rate model. The rates identified by tier and WSCP level take into consideration the reduced demands, the source shift in reduced water (i.e. available ground water versus imported water) and increased conservation and compliance costs required to reach WSCP targets. For each tier, the standard rate is adjusted for changes in reduced volumes and any increases in costs.

Many of the costs included in the standard rate are variable and fluctuate with total sales. However, with the exception of imported water, many expenses are not variable with changes in sales (labor and associated benefits, repairs and maintenance, permits, licenses and fees etc.). The cost of water component in WSCP rates increase as a result of allocating these costs to the reduced units as water usage is reduced.

The following table shows the cost of water by source by shortage level.

**Table 8: Cost of water per CCF by Water Shortage Level
FY 2026-27**

Cost per CCF	0	1	2	3	4	5	6
DRWF	\$2.18	\$2.19	\$2.20	\$2.21	\$2.23	\$2.25	\$2.29
OPA	2.38	2.38	2.37	2.37	2.36	2.34	2.32
Wells 21 & 22	4.58	4.74	4.94	5.20	5.54	6.03	6.77
DATS	2.65	2.67	2.70	2.74	2.80	2.88	2.99
PTP	2.42	2.48	2.56	2.66	2.80	2.99	3.28
Baker WTP	3.73	3.62	3.48	3.31	3.07	2.74	2.23
Import	5.43	5.43	5.43	5.43	5.43	5.43	5.43

Budgeted costs for programs to educate and incentivize all District customers will be allocated to fewer sales units, which increases the cost per ccf. In addition, costs for extra programs to encourage further water conservation will be necessary and increase with the shortage levels. The following table shows the increases in universal conservation costs by shortage level.

**Table 9: District Wide Conservation Cost per CCF
FY 2026-27**

Universal Conservation Costs*	0	1	2	3	4	5	6
Budgeted Costs	1,935	1,935	1,935	1,935	1,935	1,935	1,935
Additional Costs	-	1,000	2,000	2,400	3,000	3,200	4,000
Total Costs	1,935	2,936	3,937	4,338	4,939	5,140	5,941
Potable and Recycled Sales (ccf)	15,553,125	13,204,006	11,743,512	10,283,373	8,822,932	6,917,769	5,457,300
Universal Conservation Rates	\$0.12	\$0.22	\$0.34	\$0.42	\$0.56	\$0.74	\$1.09
*in thousands							

In levels 1 through 4, inefficient and wasteful usage are assumed to remain the same. In levels 5 and 6, it is assumed that over-allocation usage will decrease due to price elasticity and increased conservation efforts, and budgeted costs will be allocated to fewer units. In addition, costs for customer outreach and targeted programs to encourage further water conservation will be necessary and increase with the shortage levels.

**Table 10: Targeted Conservation and Compliance Effort Cost per CCF
FY 2026-27**

Targeted Costs *	0	1	2	3	4	5	6
Budget Cost Targeted	8,012	8,012	8,012	8,012	8,012	8,012	8,012
Additional Conservation Costs	-	906	1,812	2,900	3,625	3,625	3,625
Compliance Effort	-	-	-	-	438	1,459	2,918
Total Costs	8,012	8,918	9,824	10,912	12,074	13,096	14,555
Cost Allocation*							
Inefficient tier	1,836	2,044	2,251	2,501	2,767	3,001	3,335
Wasteful tier	6,176	6,874	7,573	8,411	9,307	10,095	11,219
Total CCF	8,012	8,918	9,824	10,912	12,074	13,096	14,555
*in thousands							
Level	0	1	2	3	4	5	6
Target Demand CCF							
Inefficient tier	1,025,882	1,025,882	1,025,882	1,025,882	1,025,882	923,294	830,965
Wasteful tier	936,920	936,920	936,920	936,895	936,919	843,228	758,905
Targeted Costs per ccf							
Inefficient tier	\$1.79	\$1.99	\$2.19	\$2.44	\$2.70	\$3.25	\$4.01
Wasteful tier	6.59	7.34	8.08	8.98	9.93	11.97	14.78

Water banking and natural treatment system (NTS) costs included in the budget do not change with water shortage levels. See Appendix 10 Table 17 for more information. Standard rates and WSCP rates at all levels include the amounts shown in the table below.

**Table 11: Water Banking and Natural Treatment Systems Rate Components
FY 2026-27**

All Levels	
Water Banking	
Wasteful tier	\$2.13
Natural Treatment System	
Inefficient tier	\$0.77
Wasteful tier	4.11

WSCP Rate calculations by tier are shown in the tables below.

**Table 12: WSCP Rate Calculations by Tier
FY 2026-27**

Level	0	1	2	3	4	5	6
Low Volume tier							
Cost of Water	\$2.18	\$2.19	\$2.20	\$2.21	\$2.23	\$2.25	\$2.29
Low Volume tier Rate	\$2.18	\$2.19	\$2.20	\$2.21	\$2.23	\$2.25	\$2.29
Base tier							
Cost of Water	\$2.80	\$2.76	\$2.74	\$2.72	\$2.71	\$2.74	\$2.63
Universal Conservation	0.12	\$0.22	\$0.34	\$0.42	\$0.56	\$0.74	\$1.09
Base tier Rate	\$2.92	\$2.98	\$3.08	\$3.14	\$3.27	\$3.48	\$3.72
Inefficient tier							
Cost of Water	\$5.15	\$4.98	\$4.78	\$4.51	\$4.08	\$3.88	\$3.86
Universal Conservation	0.12	0.22	0.34	0.42	\$0.56	0.74	1.09
Targeted Conservation	1.79	1.99	2.19	2.44	2.70	3.25	4.01
Natural Treatment System	0.97	0.97	0.97	0.97	0.97	0.97	0.97
Inefficient tier Rate	\$8.03	\$8.16	\$8.28	\$8.34	\$8.31	\$8.84	\$9.93
Wasteful tier							
Cost of Water	\$5.43	\$5.43	\$5.43	\$5.43	\$5.48	\$5.70	\$5.95
Universal Conservation	0.12	0.22	0.34	0.42	0.56	0.74	1.09
Targeted Conservation	6.59	7.34	8.08	8.98	9.93	11.97	14.78
Water Banking and NTS	\$7.18	\$7.18	\$7.18	\$7.18	\$7.18	\$7.18	\$7.18
Wasteful tier Rate	\$19.32	\$20.17	\$21.03	\$22.01	\$23.15	\$25.59	\$29.00

The rates are summarized in Table 13 below by tier and WSCP Level.

**Table 13: Summary WSCP Rates
FY 2026-27**

Level	0	1	2	3	4	5	6
Shortage	0%	10%	20%	30%	40%	50%	60%
Low Volume	\$2.18	\$2.19	\$2.20	\$2.21	\$2.23	\$2.25	\$2.29
Base	\$2.92	\$2.98	\$3.08	\$3.14	\$3.27	\$3.48	\$3.72
Inefficient	\$8.03	\$8.16	\$8.28	\$8.34	\$8.31	\$8.84	\$9.93
Wasteful	\$19.32	\$20.17	\$21.03	\$22.01	\$23.15	\$25.59	\$29.00

The change in commodity rates has no impact on the monthly fixed service water or sewer charges. If the Board of Directors elect to implement any of these WSCP rates, the proposed commodity rates are expected to provide cost of service equity for the budgeted operating variable costs and additional costs incurred as a direct result of a water shortage declaration at the associated stage level. Implementation of WSCP rates would require additional Board action.

Potential Additional Regulatory Cost to Provide Water Service

This appendix calculates a surcharge on water sales volumes to pay costs that may be imposed on IRWD by the State Water Resources Control Board (the “State Board”) in response to any violations of emergency drought regulations restricting water use by IRWD and its customers.

State Board Drought Regulatory Penalties

The State Board cites Water Code section 1058.5 to adopt emergency regulations to prevent the waste, unreasonable use, or unreasonable method of use of water or to promote water conservation. In past droughts, the State Board has adopted such regulations to reduce existing levels of water use by retail public water suppliers, including IRWD. The State Board cites Water Code section 1831(d) to issue a cease and desist order to local agencies, such as IRWD, in response to a violation or threatened violation of a regulation adopted under Section 1058.5. A local agency that fails to comply with a cease and desist order issued by the State Board may be liable in an amount not exceeding ten thousand dollars (\$10,000) for each day in which the violation occurs, if the violation occurs in a critically dry year immediately preceded by two or more consecutive below normal, dry, or critically dry years. The State recently experienced such critically dry years, including in 2021 and 2022.

Although IRWD has a robust water conservation program with extensive customer outreach, if the State Board were to adopt an emergency regulation requiring reduced water usage, and IRWD customers were to fail to sufficiently reduce their usage to bring total IRWD customer water use into compliance, the State Board could seek to hold IRWD liable for failing to comply with a cease and desist order. Any monetary liability imposed upon IRWD would be an additional cost of providing water service.

Calculation of the Surcharge

IRWD's potential financial exposure over a 24-month period is \$7,300,000 (2 years times 365 days per year times \$10,000 per day).

The excess water consumption that IRWD expects would be prohibited by the State Board is the amount used by IRWD customers in the Wasteful tier, including when water usage budgets are lowered pursuant to IRWD's adopted water shortage contingency plan (WSCP). The total use of water in the wasteful tiers of IRWD's proposed rate structure for FY 2025-26 and FY 2026-27 is calculated to be 2,082,044 ccf (hundred cubic feet).

Allocating the \$7,300,000 cost across 2,082,044 ccf of Wasteful Tier water consumption equates to \$3.51 per ccf. To fund IRWD's potential costs of monetary liability to the State Board, IRWD would be authorized to levy a surcharge of up to \$3.51 per ccf on the volume of water used in the Wasteful tiers. This is included in the Proposition 218 Notices.

The table below shows the calculation of excess water consumption, state penalties, and

**Table 1: State Water Resources Control Board Penalty Surcharge
FY 2025-26 and FY 2026-27**

FY 2025-26 Wasteful Tier Usage (Acre Feet)	2,390
FY 2026-27 Wasteful Tier Usage (Acre Feet)	2,390
Total Excess Water Consumption (Acre Feet)	4,780
Total Excess Water Consumption (ccf = AF X 435.6)	2,082,044
State Penalties (2 X 365X \$10,000)	\$7,300,000
Allocated Cost per CCF (State Penalties / Total Wasteful Tier Usage)	\$3.51

FY 2025-26 and 2026-27 Potable and Recycled Pumping Surcharge Rates

For FY 2025-26 and FY 2026-27, HDR Engineering, Inc. (HDR) will continue its detailed analysis of pumping surcharges, building on the methodology it refined in 2023 using updated hydraulic models and real-time water flow data from IRWD's Supervisory Control and Data Acquisition (SCADA) systems. This ongoing analysis ensures that pumping surcharge costs are accurately calculated and proportionally allocated to customers in areas requiring additional energy to deliver water due to elevation and distance. While HDR's analysis is in progress, IRWD has incorporated an anticipated 8% increase in Southern California Edison (SCE) energy rates into its surcharge calculations for both fiscal years to account for projected changes in electricity costs used in water delivery. This adjustment ensures that surcharge rates remain aligned with expected energy expenditures, in compliance with cost-of-service and proportionality principles outlined in Proposition 218.

Table 9. FY 2025-26 and 2026-27 Potable Pumping Surcharge Rates

Potable	Pumping Surcharge Rate per CCF*		
Pumping Surcharge Area	FY 2024-25	FY 2025-26	FY 2026-27
Base	\$0.00	\$0.00	\$0.00
1	\$0.41	\$0.44	\$0.48
2	\$0.73	\$0.79	\$0.85
3	\$0.98	\$1.06	\$1.14
4	\$1.88	\$2.03	\$2.19

* Example FY 2025-26 Area 1: FY 2024-25 Area 1 rate of \$0.41 \times 108% = \$0.44

Table 10. FY 2025-26 and 2026-27 Recycled Pumping Surcharge Rates

Recycled	Pumping Surcharge Rate per CCF*		
Pumping Surcharge Area	FY 2024-25	FY 2025-26	FY 2026-27
Base	\$0.00	\$0.00	\$0.00
1	\$0.25	\$0.27	\$0.29
2	\$0.40	\$0.43	\$0.46
3	\$0.58	\$0.63	\$0.68

* Example FY 2025-26 Area 1: FY 2024-25 Area 1 rate of \$0.25 \times 108% = \$0.27

Exhibit "D"

IRVINE RANCH WATER DISTRICT

Protest and Legal Objection Responses Received as of June 22, 2025

	Name	Address	Type
1	Pauline W./Milford E. Long	16 Whalers Bluff, Newport Coast	Protest
2	Mario Ibarra	6 Eagle Pt, Irvine	Protest
3	Orlando Ayala	11 Richmond, Irvine	Protest
4	Dr. Roman Jaklitsch	88 Thoroughbred, Irvine	Protest
5	Aharonian	1 Petersburg, Irvine	Protest/Legal Objection
6	Dennis A. Anderson	507 Deeann, Lake Forest	Protest/Legal Objection

Irvine Ranch Water Department

P. O Box 5149

Irvine, Ca.92616

4/12/25

TO WHOM IT MAY CONCERN:

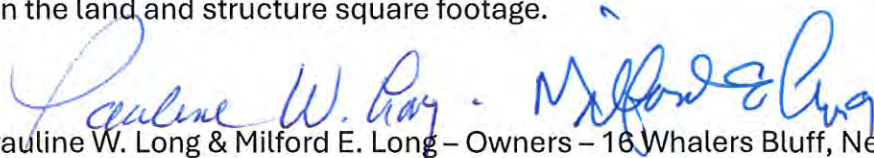
We are the owners of a large home in Crystal Cove in Newport Coas, Ca. and have been for over 20 years. We are very concerned about the way you are determining how much water each property owner in your District should be allowed for the following reasons:

We believe there should only be one way to determine how much water is allotted to each property and that should be according to acreage (land) and size of the structure on the acreage.

It should not be determined by how many people live in a home or how they use their water. Example: If only one person lives in a large home and chooses to travel or must travel for business they should have the same allotment as everyone else. Further if they choose to use their water allotment for Landscape or Fish tanks or whatever it should be their choice how they use the allotted water for that specific parcel of land and square footage of home.

I believe it is total discrimination to choose how much water one gets by the number of people in their home or how they use their allotment. Simply stated this in my opinion is discrimination.

In summary please consider a more fair way to limit water usage and consider the simple standard allotment based on acreage and square footage of home (no matter how many people supposedly live in it) and certainly do not separate personal useage inside the home from Landscape useage. Everyone is treated fairly and given the same allotment and no discrimination of any kind such as giving those who choose to invite people to live with them to get a higher allotment of water. Also there must be no separation of landscape use from personal use as some homeowners may travel for a variety of reasons and not be using personal inside water but having a larger use for landscape to ensure their home landscape is kept in good order as they travel for extended periods. Water should be available to use no matter how a party chooses to use their water allotment simply based on the land and structure square footage.


Pauline W. Long & Milford E. Long – Owners – 16 Whalers Bluff, Newport Coast, Ca. 92657



June 5, 2025

Pauline & Milford Long
16 Whalers Bluff
Newport Coast, CA 92657

Dear Pauline and Milford,

Thank you for your letter regarding our rate changes for fiscal years 2025-2026 and 2026-2027. We would like to take this opportunity to address your concerns about the budget allocation for water. I want you to know that our budget allocation does allow for variances to the base landscape area assumption.

The allocation for single family homes is initially based on an assumption of 1,300 square feet of landscape area. Each resident can submit a variance for landscape areas that exceed the baseline assumption. You can submit a variance to our customer service department for larger landscape areas and your internal allocation for 4 residents will not change. I invite you to reach out to our customer service team by any of the following methods to review your landscape area needs:

Website: <https://www.irwd.com/about-us/contact-customer-care>;
Email: CustomerService@IRWD.com; or
Phone: (949)453-5300

Once again, thank you for raising your concerns with the District. I hope this helped address your concerns. Please take advantage of this opportunity to be billed for the appropriate amount of landscape area. If you have additional questions, please do not hesitate to contact me at 949-453-5411 or email smithson@irwd.com.

Sincerely,

IRVINE RANCH WATER DISTRICT

Christopher Smithson

Christopher Smithson
Director of Financial Planning and Data Analytics

Mario Ibarra
Irvine, CA 92604

mariojibarra1@gmail.com
(949) 577-3617

April 27, 2025

IRWD
PO Box 5149
Irvine, CA 92616

Dear IRWD,

I strongly oppose the **Irvine Ranch Water District's** proposed water rate increase. This action (among others) appears to violate Proposition 218 by unfairly burdening ratepayers without proper justification, and most importantly by not analyzing other alternative solutions such as the following (just to name a few):

Modernized Delta Conveyance Project
Inland Feeder System
Smart Water Grids
Atmospheric Water Generation
Urban Rainwater Harvesting
Building successful water source infrastructure like other countries. Israel has one.
Redirecting water from the Sacramento-San Joaquin River Delta to Southern California.

By combining these innovative concepts with existing infrastructure, IRWD can develop a more affordable, resilient and sustainable water supply system for all consumers.

Lastly the lack of proportionality and failure to inform ratepayers adequately is unacceptable. I demand a halt to the rate hike and a thorough audit to ensure compliance with legal and ethical standards. Ratepayers deserve fairness and accountability.

Mario J. Ibarra
6 Eagle Pt
Irvine, CA 92604



June 5, 2025

Mario Ibarra
6 Eagle Pt
Irvine, CA 92604

Dear Mr. Ibarra,

Thank you for your letter regarding our rate changes for fiscal years 2025-2026 and 2026-2027. We would like to take this opportunity to address your concerns about the sewer and water rates. You identified alternative solutions and a failure to inform rate payers adequately to the rates increase. I will address each of these separately.

Several solutions were listed as alternatives to reduce the cost of water and many of these are actually alternatives for supply. The District currently has significant supply reliability. I will briefly touch on each of these and outline some that are not included.

- Modernized Delta Conveyance Project – This project will update the current system that provides a portion of the water demand to southern California. This is currently included in our supply reliability. This is the District's most expensive water source. Of course, this project will reduce water loss from the existing system but capital costs will increase the cost of water.
- Inland Feeder System – This system connects the California State Water Project to the Colorado River Aqueduct and Diamond Valley Lake. The inland feeder has been in operation since 2009. This is also part of the imported water infrastructure currently used to meet a portion of our demands.
- Smart Water Grids – These utilize technology to enhance water management. Smart water grids aid in monitoring water quality and quantity. We take pride in scoring highly for both water quality and management of the water used within the District. JD Powers ranked IRWD No. 1 in seven of eight categories: Quality/Reliability, Ease of Doing Business, People, Trust, Resolving Problems, Information Provided, and Digital Channels in four consecutive years.
- Both water quality and management of demands, including water loss, are areas that the District constantly works to refine and manage. Smart water grids can provide an improvement at a cost and the increased cost is always factored into decisions like this.
- Atmospheric Water Generation – This is an expensive alternative for an agency that already has significant supply reliability.
- Urban Rainwater Harvesting – This is the practice of collecting and storing water from rainfall. Many of our customers practice rainwater harvesting within their household through the use of rain barrels or other collection devices. The District utilizes Irvine Lake to capture rainwater and uses two treatment facilities, Howiler and the Baker Water Treatment Facility to treat the rainwater to potable standards.

- Water Banking – Water banking is a practice used to effectively manage water supplies throughout western states. In addition to developing its local groundwater and recycled water systems, the District is further improving its water supply reliability by developing and operating water banking facilities in Kern County, California. The purpose of the IRWD Water Bank is to improve the District's water supply reliability by capturing and storing low cost water available during wet hydrologic periods for use during dry periods. The IRWD Water Bank enhances the District's ability to respond to drought conditions and potential long-term water supply interruptions and enables it to reduce the cost of water delivered under such conditions.

The District communicates its rate increase by providing a detailed notice that explains the planned or proposed rate increases and those drivers generating the need for an increase. The rates are based on the cost to provide service and we continually consider alternatives that will maintain our high level of service and minimize increases.

When we move to increase rates we provide notice by communicating this through the noticing that we mail and communications through our website. We mail approximately 125,000 notices to members of our community, either through habitation or property ownership. If there is some portion of our community that is not made aware of the rate increase through the steps we currently take, please let me know and we can find a way to include them in our communication efforts as well.

Once again, thank you for raising your concerns with the District. I hope this helped answer your questions. If you have additional questions, please do not hesitate to contact me at 949-453-5411 or email smithson@irwd.com.

Sincerely,

IRVINE RANCH WATER DISTRICT

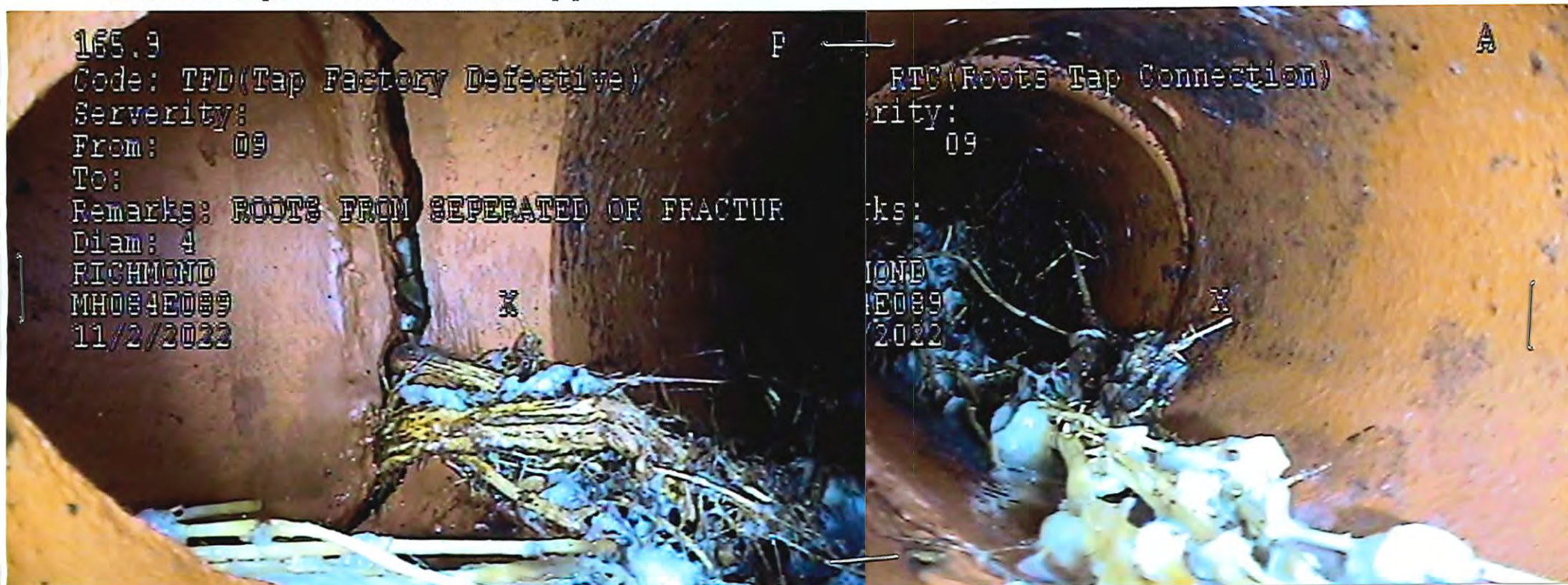
Christopher Smithson

Christopher Smithson
Director of Financial Planning and Data Analytics

Irvine Ranch Water District
P.O. Box 5149
Irvine, California 92616

This is a protest to Irvine Ranch Water District proposed rate increases that the Water District notified me of this week:

The Water District has been aware since October of 2022 that sewer pipes it owns under Richmond street across from 11 Richmond have failed and have been in a continuous, practically unusable, state of disrepair to this date. Since the Water District follows an actual policy of not performing the repairs that are required to keep its sewer system properly functioning, its written argument for increasing sewer rates shows a further attempt to defraud its rate-payers. Below are Water District photos of its broken sewer pipes.



Orlando Ayala
11 Richmond
Irvine, California 92620
(714) 838-8707 D-7



June 5, 2025

Orlando Ayala
11 Richmond
Irvine, CA 92620

Dear Mr. Ayala,

Thank you for your letter regarding our rate changes for fiscal years 2025-2026 and 2026-2027. We would like to take this opportunity to address your concerns about the District's practice of maintaining its water and sewer infrastructure.

An important part of correcting infrastructure failures is recognizing potential causes of the failure and correcting these prior to the necessary replacement. This process protects our customers from continuing to pay for the same repair and recognizing failures in this manner helps to keep the growing cost of replacements down.

The pipeline photo included in your letter is due to a blockage in the lateral pipeline. **Lateral pipeline blockages that are due to roots/grease/debris are maintenance items and the homeowner is the responsible party.** Repairs to the lateral pipeline without correcting the blockage will not occur (see IRWD Rules and Regulations below 4.15.2). Maintenance must first be performed and an inspection report of a lower lateral pipeline breakage must be provided to the district before a lower lateral pipeline repair takes place for Single Family Units.

The lateral pipeline had a visible blockage and IRWD staff informed the customer that preventative maintenance needed to be performed on the lateral pipeline. This maintenance would typically include hydro-jetting/mechanical rodding the pipeline and video CCTV inspection confirmation that there is structural damage before the District could move forward.

In January of 2025, staff was called out to this residence again and found that the root ball in the lateral appeared to have no evidence of cleaning between November 2022 and January 2025.

IRWD's rules and regulations are clearly posted online [here](#) and verbally conveyed to each customer when a collections department operator is dispatched to a lateral blockage call out. These rules and regulations were stated during the initial contact with the customer, during a call out on October 28, 2022.

4.15.2 Sewer - Single Family Units. Unless otherwise specified on an approved IRWD Construction plan, the applicant, owner, or customer is responsible for maintenance of the upper lateral and lower lateral. Any upper lateral or lower lateral shall be cleared and cleaned by the applicant, owner, or customer at his own expense. The upper lateral is the responsibility of the owner to repair or reconstruct. The lower lateral is the responsibility of the District to repair or

reconstruct. If damages to District facilities are a result of neglect of maintenance responsibilities or unapproved improvements within an IRWD easement, IRWD reserves the right to recover repair costs from the applicant, owner or customer.

Once again, thank you for raising your concerns with the District. I hope this helped answer your questions. If you have additional questions, please do not hesitate to contact me at 949-453-5411 or email smithson@irwd.com.

Sincerely,

IRVINE RANCH WATER DISTRICT

Christopher Smithson

Christopher Smithson
Director of Financial Planning and Data Analytics

Dr. Roman Jaklitsch
88 Thoroughbred
Irvine, CA 92602

May 5th, 2025

To:
IRWD, PO Box 5149, Irvine, CA 92616

Statement of Protest

Herewith I furnish a statement of protest against your proposed water rates in 2025 and 2026. The increase rate of 8.4% and 5.1% respectively is well above the general inflation rate.

An increase at the average inflation rate would be in line with keeping it lower or at least stable, instead of driving it up.

The argument of 'pass-through' rates is not convincing. We have not heard yet that IRWD would pass through savings to customers and lower the water rate. The only way is up. This makes life for all your customers more expensive in Irvine.

Please reconsider.

Thanks for your considerations.

Sincerely,



Dr. Roman Jaklitsch



June 5, 2025

Dr. Roman Jaklitsch
88 Thoroughbred
Irvine, CA 92602

Dear Dr. Jaklitsch,

Thank you for your letter regarding our rate changes for fiscal years 2025-2026 and 2026-2027. We would like to take this opportunity to address your concerns about the proposed rate increase for water and sewer. You suggest increasing rates with inflation instead of based on the cost to provide service.

The identified increases of 8.4% and 5.1% for the two years are based on costs associated with providing service. The District's rates are based on cost of service and if those costs were less than inflation then the proposed increase would be less. Pass through costs are charges that are applied by regional agencies (MWD, MWDOC, OCWD, OC San, etc.) that the District has no control over. These increases are readily identifiable and, as identified in the Prop 218 notice, other factors contribute to the rate increase.

Once again, thank you for raising your concerns with the District. I hope this helped to address your concerns. If you have additional questions, please do not hesitate to contact me at 949-453-5411 or email smithson@irwd.com.

Sincerely,

IRVINE RANCH WATER DISTRICT

Christopher Smithson

Christopher Smithson
Director of Financial Planning and Data Analytics

April 25, 2025

Irvine Ranch Water District
P. O. Box 5149
Irvine, CA 92616

Legal Objections to the "Proposed Water and Sewer Rate Change"

We have learned that Irvine Ranch Water District (IRWD) is not a government agency, and therefore we have no way to bring our comments to the State of California.

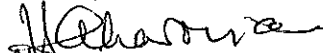
That said we appreciate the complicated system of providing water to households and your justification for the "Notice of Proposed Water and Sewer Rate Change".

Yes we protest increase for all rates for the following reasons:

- 1) In the "fixed charge" you include amounts set for future repairs."
We prefer one time clear request for when the need arises for major repairs
I.e. Outside of the routine. Not receive payments in advance.
- 2) Customer in the low volume tier "will have a larger percentage of their bill made up of the fixed charge".
Based on what logic when the "low volume and base rates...reduce the need to import expensive water"?
Why a larger percentage?
- 3) We do not see the logic to be charged by IRWD to educate those homeowners who waste water because they don't know better. Another burden.
- 4) We have observed that IRWD currently has a third party employees reading the homeowner water meters.
Why the extra expense?
- 5) Not clear why "fixed charges for water and sewer service" because of the size of the water meter?
We propose you consider changes/improvements:
to your current policy, and/or to the sizes of the water meters.

We repeat, please consider adjustments be made to IRWD policies, without further rate increases to homeowner residents for water OR sewer.

Thank you


Aharonian

1 Petersburg
Irvine, CA 92620



June 5, 2025

H. Aharonian
1 Petersburg
Irvine, CA 92620

Dear H. Aharonian,

Thank you for your letter regarding our rate changes for fiscal years 2025-2026 and 2026-2027. We would like to take this opportunity to address your questions/concerns about the sewer and water rates. You identified five reasons for your protest/legal objection to our rates. I would like to address each of these separately.

- 1) In the fixed charge the District includes amounts set for future repairs. We prefer one time clear requests for when the need arises for major repairs. i.e. Outside of the routine. Not receive payments in advance.*

IRWD has a long history of planning for the future capital costs associated with its water and sewer systems infrastructure. Recognizing that replacement is both inevitable and costly, IRWD has historically maintained its Replacement Fund to ensure that sufficient funding is available for updating, replacing and refurbishing various components of the water and sewer systems.

The District's average annual replacement cost associated with water and sewer infrastructure replacement exceeds \$30 million and that cost will reach \$100 million in some years in the near future. An increase like this in one year, without a funding strategy, would lead to rate fluctuations that would make water and sewer service difficult to fund for any household.

Several agencies have taken this approach of not planning for replacements, and it has resulted in one time rate increases that exceed 100%. The District's replacement planning policy targets smooth rate transitions with the elimination of rate spikes for the benefit of our customers.

The replacement fund is used to provide current benefits to our customers prior to those years that require major capital expenditures. The fund provides rate stabilization for unplanned revenue shortfalls or unanticipated cost increases. The District utilizes this fund to stabilize larger than normal rate increases to mitigate the impact to our customers and allow for smoother rate increases over time.

- 2) Customers in the Low Volume tier "will have a larger percentage of their bill made up of the fixed charge". Based on what logic when the "low volume and base rates ...reduce the need to import expensive water"? Why a larger percentage?*

This is a product of the numerator and the denominator. If the commodity cost is small, the fixed service charge will be a larger percentage of the total monthly bill.

A customer that has a 5/8" meter and a monthly commodity/water budget of 12 ccf's will have 5 ccf's included in the low volume and 7 ccf's in the base rate. If they use 5 ccf's and stay in the low volume tier at \$2.07/ccf, their cost of water will be \$10.35. If their fixed service charge is \$14.90, their total cost of water will be \$25.25 for the month. The commodity will represent 41% of the monthly bill and **the fixed service charge will represent 59%** of the total water budget. If the customer uses the full budget of 12 ccf's for the month (additional 7 ccf's @ \$2.72), their total commodity cost will be \$29.39 and the total monthly water bill will be \$44.29. The commodity will represent 66% of the monthly bill and **the fixed service charge will represent 34%** of the total water budget. The fixed service charge is a smaller percentage of the larger total. The table below might simplify this explanation.

Usage	Low Volume (\$2.07/ccf)	Base Tier (\$2.72/ccf)	Total Usage	Commodity Cost	Fixed Service Charge (FSC)	FSC % of Monthly	Monthly
Low Volume Usage	5		5	\$10.35	\$14.90	59%	\$25.25
Full Budget Usage	5	7	12	\$29.39	\$14.90	34%	\$44.29

- 3) *We do not see the logic to be charged by the District to educate those homeowners who waste water because they don't know better. Another burden.*

I took the liberty of reviewing your billing history and you appear to remain within the low volume tier. You are clearly a conscientious water user and do not need the education. Based on this, you do not contribute to the education of homeowners that waste water. The burden of those extra effort costs are only carried by those customers whose usage exceeds low volume and only a small portion of this cost falls to those customers that do not exceed their monthly budget.

Water conservation is a necessity in California and the state regulated requirements will only grow stricter or tighter over time. If efforts are not made to educate all of the District's customers on the need for conservation then the burden in the future will be carried by not only those customers that are over budget but by all customers. Currently that "burden" that you identified is carried by those customers that exceed their budget. The District intends to continue to push this cost to those customers.

- 4) *We have observed that the District currently has a third party reading the water meters. Why the extra expense.*

Utilizing a third party to read the water meters is one of the changes the District made several years ago to conserve costs for our customers. Before making this move, we considered the alternatives:

- Continue to read the meters internally, adding staff and associated costs including benefits vehicles etc. as the District grows; or
- Hire an outside consultant that will provide the necessary services at a competitive rate.

The District chose to partner with Alexander Meter Readers and our customers have benefitted every year since that decision was made. Alexander uses mopeds for their meter reading services and their one

dedicated task for IRWD is reading the water meters. District staff required trucks because their role included much more than reading meters. The District significantly reduced the customer service staffing requirements and the remaining team provided the other services that Alexanders does not provide. Over the years of the District's partnership, Alexanders has passed along marginal cost increases and because of their practices (mopeds etc.), the annual cost is less expensive than the associated internal costs (labor, benefits, vehicles, etc.).

- 5) *Not clear why "fixed charges for water and sewer service" because of the size of the water meter? We propose you consider changes/improvements: to your current policy and/or to the sizes of the water meters.*

The fixed service charge for water is based on the meter size because of the demand capacity placed on the system by the size of the meter. A larger meter can utilize more of the systems resources than a smaller meter. Home building codes include sizing requirements for all homes and those sizing requirements have increased over time. The size of the meter directly correlates to the fixed water service charge. However, the size of the meter is not a factor for the fixed sewer service charge. The sewer charge is based on the estimated flows returned to the sewer and this is based on internal water use.

Once again, thank you for raising your concerns with the District. I hope this helped answer your questions. If you have additional questions, please do not hesitate to contact me at 949-453-5411 or email smithson@irwd.com.

Sincerely,

IRVINE RANCH WATER DISTRICT

Christopher Smithson

Christopher Smithson
Director of Financial Planning and Data Analytics

April 28, 2025

Irvine Ranch Water District
P.O. Box 5149
Irvine, CA 92616

Subject: Legal objection to proposed water and sewer rate change

To whom it may concern:

This letter constitutes my legal objections to the water and sewer rates:

1. Sewer Service Charge: Article XIID Sec. 6 (b)(3) of the State Constitution states: *The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.* The sewer service charge is being imposed in three fixed rate tiers based on 3 months of the lowest water usage in a year. A property at the lowest part of the water usage range is effectively subsidizing the sewer service charge of the properties at the highest part of the range. This violates the proportionality requirements of the State Constitution.
2. Water Service Charge: The water service charge incorporates a "lease back" provision that provides a credit to the lowest water users (\$2 per month). It appears this "lease back" provision is paid for from the rate itself, essentially covering the discount from the higher fees paid by other properties. This violates Proposition 26. By law, this makes the water service charge a tax, requiring an election for approval.

Sincerely,



Anderson/Cox Family Trust— Survivor's Trust
Dennis A. Anderson, Trustee
507 Deeann
Lake Forest, CA 92610

Service Address: 507 Deeann, Lake Forest, CA 92610

April 28, 2025

Irvine Ranch Water District
P.O. Box 5149
Irvine, CA 92616

Subject: Protest of proposed water and sewer rate changes

To whom it may concern:

I hereby protest the proposed water and sewer rate changes and increases.

Sincerely,



Anderson/Cox Family Trust – Survivor's Trust
Dennis A. Anderson, Trustee
507 Deeann
Lake Forest, CA 92610

Service Address: 507 Deeann, Lake Forest, CA 92610



June 5, 2025

Anderson/Cox Family Trust-Survivor's Trust
Dennis A Anderson, Trustee
507 Deeann
Lake Forest, CA 92610

Dear Mr. Anderson,

Thank you for your letter regarding our rate changes for fiscal years 2025-2026 and 2026-2027. We would like to take this opportunity to address your objections about the proposed rate increase for water and sewer. You identified two practices in setting District rates that are identified in your objection. Each will be addressed in the order you presented them.

Sewer Service Charge

Your first objection is based on the District's practice of utilizing the lowest three months of the year to allocate sewer costs to our customers. The concern expressed in the letter suggested that the District's practice unfairly allocates costs to the customers because the practice does not consider the heavier water usage in summer months. The practice is intentionally geared toward excluding the heavier water usage during summer months. The purpose is to allocate the demand customers place on our sewer system and landscape usage does not return to the sewer.

Unlike water, most sewer discharges to the collection system are not metered. Therefore, blocks are determined by engineering estimates of wastewater flow to the sewer system. The District uses the average of the three lowest water service meter readings during the twelve-month period ending December 31 to adjust for monthly anomalies in a ratepayer's water use and seasonal variations. Indoor potable water usage generates sewage flows. In order to identify this demand, the District targets the lowest three months of potable demand, to estimate each customer's impact on the sewer system. The lowest water service meter readings typically reflect indoor potable water usage during the winter wet season, when outdoor landscape irrigation is low or inactive. The block breakpoints are based on a review of historical data for average usage during cooler months (November through March from FY 2022 through FY 2024) because of the limited demand for landscape during winter months.

The practice described above excludes water demands for landscape that would unfairly allocate costs to customers for the sewer system. The state requires that costs be allocated proportionally and the District's practice provides for the proportional allocation of costs based on the demands each customer places on the sewer system.

Water Service Charge

The second objection concerns the District's practice of providing a "lease-back" conservation credit for customers that do not come close to utilizing the system resources based on their budgeted allocation. This helps to prevent the need to upsize infrastructure from capacity exhaustion.

Customers who remain in the Low Volume tier for most of the year will have a larger percentage of their bill made up of the fixed service charge even though the reduced system demand can extend the life of system assets. The District provides a fixed service charge rate reduction based on the reduced impact on District assets. This concept provides a "lease-back" conservation credit to those whose usage remains in the Low Volume tier via a fixed service charge reduction. With the "lease-back" approach, an agency recognizes that a low volume user is not fully using their budgeted capacity, and therefore, it is reasonable to provide a lease-back credit to users who are underutilizing that flow and effectively "leasing it back" to the system for other users. This prevents the District from having to upsize infrastructure as quickly as capacity is exhausted. The monthly service charge is reduced for customers that remain in the Low Volume tier for at least nine months of the prior calendar year resulting in a \$2.00 credit per month, which is itemized on each bill. Nine months is deemed reasonable to account for a customer that may occasionally leave the Low Volume tier due to a leak, etc. The nexus is based on removing 75% (nine months) of the capital fixed service charge contribution which is approximately \$2.00 per month.

Customers that consistently remain in the Low Volume tier place a smaller demand on the system than allocated through their meter. This practice fairly allocates costs to those customers utilizing the systems resources. In this way each customer is required to pay their fair share.

Once again, thank you for raising your concerns with the District. I hope this helped address your concerns. If you have additional questions, please do not hesitate to contact me at 949-453-5411 or email smithson@irwd.com.

Sincerely,

IRVINE RANCH WATER DISTRICT

Christopher Smithson

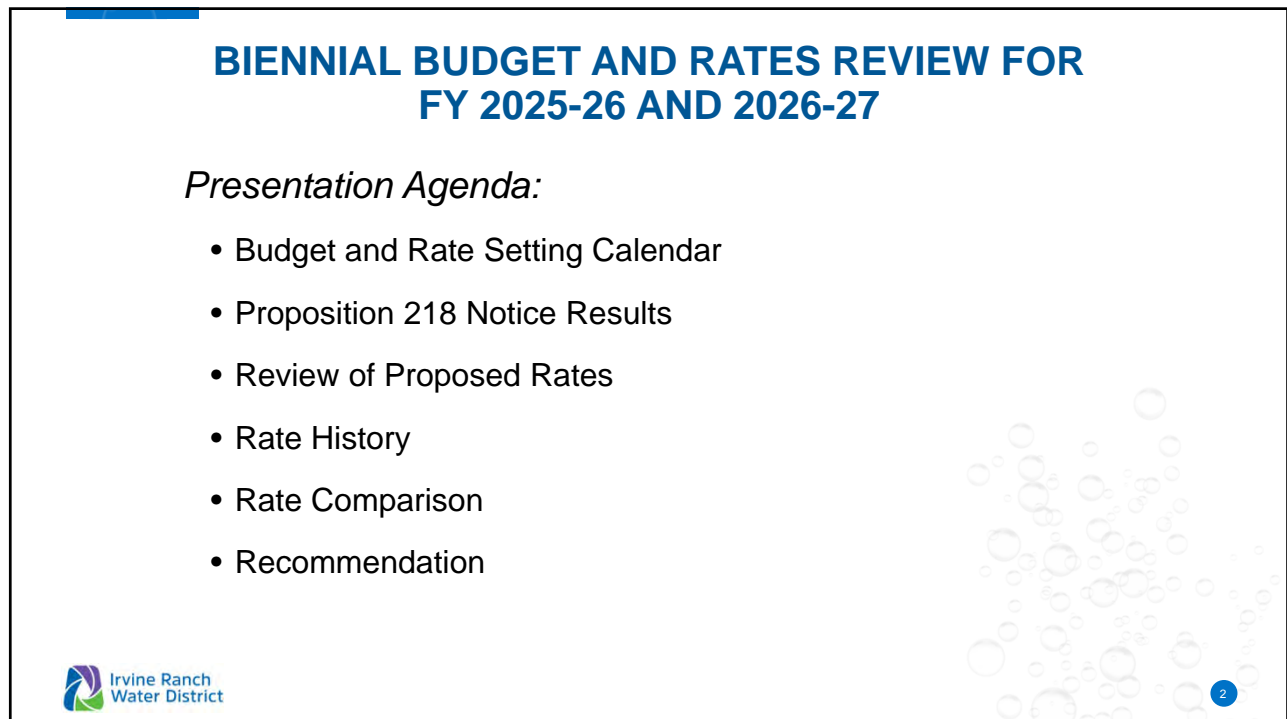
Christopher Smithson

Director of Financial Planning and Data Analytics

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SCHEDULE FOR BUDGET AND RATE ADOPTION

Jan 06	Biennial Budget Kickoff
Jan 30	Lock Out Date for Expense Budget, Goal Text, Personnel Requests, Hardware/Software, and General Plant Budget
Feb 20	Preliminary Rates for Finance and General Manager
Mar 03	Proposed Budgets and Rates for FY 2025-26 & 2026-27 to Finance and Personnel for Feedback
Mar 24	Presentation of Budget to the Board for Approval of Budget and Proposition 218 notices
Mar 30	Mailing of Prop 218 Notices
May 15	Close of public objection period
Jun 23	Public Hearing and Rates Adoption
Jul 01	Effective date for FY 2025-26 Rates

3



PROPOSITION 218 RESULTS

4

PROPOSITION 218 NOTICES

Noticing Procedure & Results

May 15, 2025: 127,700 notices mailed

Separate notices for:

Residential, Non-residential (CII), Landscape/Agricultural, and
Newport North

To date, response letters received

Verification of protest letter counts by the District's independent
auditors (Davis Farr)



5

5

PROPOSITION 218 NOTICES

6 Letters Received:

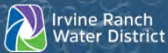
- 4 letters – Protest Letters
- 2 letters – Legal Objections



6

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REVIEW OF PROPOSED RATES



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PROPOSED POTABLE WATER RATES

Tiers	Current Rate	FY 2025-26			FY 2026-27		
		Usage (AF)	Proposed Rate	Change (\$)	Usage (AF)	Proposed Rate	Change (\$)
Low Volume	\$1.99	20,189	\$2.07	\$0.08	20,411	\$2.18	\$0.11
Base	\$2.65	28,209	\$2.72	\$0.07	28,519	\$2.92	\$0.20
Inefficient	\$6.55	2,617	\$7.51	\$0.96	2,617	\$8.02	\$0.51
Wasteful	\$16.46	2,390	\$18.60	\$2.14	2,390	\$19.29	\$0.69
Total		53,405			53,937		
		Current Rate	Proposed Rate	Change (\$)		Proposed Rate	Change (\$)
Monthly Service Charge*		\$13.20	\$14.90	\$1.70		\$15.55	\$0.65

* 5/8 inch Meter - the most common for residential customers.



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PROPOSED STANDARD RATES

Proposed Water Service Fixed Monthly Charges for System Operation and Maintenance			
Meter size	Current Rates	Effective July 1, 2025	Effective July 1, 2026
5/8 x 3/4"	\$13.20	\$14.90	\$15.60
3/4" disc	\$19.80	\$22.35	\$23.40
1" disc	\$33.00	\$37.25	\$39.00
1 1/2" disc	\$79.20	\$89.40	\$93.60
2" disc	\$105.60	\$119.20	\$124.80
2" turbo	\$165.00	\$186.25	\$195.00
3" turbo	\$429.00	\$484.25	\$507.00
4" turbo	\$825.00	\$931.25	\$975.00
6" turbo	\$1,650.00	\$1,862.50	\$1,950.00
8" turbo	\$2,310.00	\$2,607.50	\$2,730.00
Residential master meter (shared) apartments and condominiums 5/8" x 3/4" meter	\$13.20	\$14.90	\$15.60



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PROPOSED STANDARD RATES

		FY 2025-26		FY 2026-27	
Average Water Usage	Current Rates	Proposed Rate	Change (\$)	Proposed Rate	Change (\$)
Falls below 5 ccf	\$25.70	\$28.80	\$3.10	\$29.80	\$1.00
Falls between 5 and 10 ccf	\$31.86	\$37.00	\$5.14	\$38.00	\$1.00
Exceeds 10 ccf per month	\$36.79	\$43.50	\$6.71	\$44.50	\$1.00
Commercial, Industrial, & Public Authority	Current Rates	Proposed Rate	Change (\$)	Proposed Rate	Change (\$)
Monthly water usage up to 10 ccf	\$36.79	\$43.50	\$6.71	\$44.50	\$1.00
Quantity Service Charge (beyond 10 ccf)	\$3.07	\$3.96	\$0.89	\$3.98	\$0.02



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PROPOSED RECYCLED WATER RATES

Tiers	Current Rate	FY 2025-26			FY 2026-27		
		Usage (AF)	Proposed Rate	Change (\$)	Usage (AF)	Proposed Rate	Change (\$)
Low Volume	\$1.43	15,458	\$1.38	(\$0.05)	15,585	\$1.44	\$0.06
Base	\$2.47	14,367	\$2.40	(\$0.07)	14,433	\$2.37	(\$0.03)
Inefficient	\$5.27	1,246	\$5.44	\$0.17	1,265	\$5.77	\$0.33
Wasteful	\$9.27	901	\$9.94	\$0.67	915	\$10.43	\$0.49
Total		31,972			32,198		
		Current Rate	Proposed Rate	Change (\$)			
Monthly Service Charge*		\$86.00	\$119.20	\$33.20			
						\$124.40	\$5.20

* 2 inch Meter - the most common for recycled customers.



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PROPOSED PUMPING SURCHARGE RATES

Proposed Potable Surcharge Rates per ccf					
Area	Current Rates	FY 2025-26		FY 2026-27	
		Effective July 1, 2025	Change	Effective July 1, 2026	Change
1	\$ 0.41	\$ 0.44	\$ 0.03	\$ 0.48	\$ 0.04
2	\$ 0.73	\$ 0.79	\$ 0.06	\$ 0.85	\$ 0.06
3	\$ 0.98	\$ 1.06	\$ 0.08	\$ 1.14	\$ 0.08
4	\$ 1.88	\$ 2.03	\$ 0.15	\$ 2.19	\$ 0.16

Proposed Recycled Surcharge Rates per ccf					
Area	Current Rates	FY 2025-26		FY 2026-27	
		Effective July 1, 2025	Change	Effective July 1, 2026	Change
1	\$ 0.25	\$ 0.27	\$ 0.02	\$ 0.29	\$ 0.02
2	\$ 0.40	\$ 0.43	\$ 0.03	\$ 0.46	\$ 0.03
3	\$ 0.58	\$ 0.63	\$ 0.05	\$ 0.68	\$ 0.05



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WSCP RATES

FY 2025-26

LEVEL	Current	0	1	2	3	4	5	6
Low Volume	\$1.99	\$2.07	\$2.08	\$2.09	\$2.10	\$2.11	\$2.14	\$2.17
Base	\$2.72	\$2.72	\$2.78	\$2.87	\$2.93	\$3.05	\$3.26	\$3.50
Inefficient	\$6.66	\$7.51	\$7.49	\$7.61	\$7.67	\$7.46	\$7.88	\$8.82
Wasteful	\$17.25	\$18.60	\$19.42	\$20.25	\$21.20	\$22.53	\$24.96	\$28.36

FY 2026-27

LEVEL	FY 25-26	0	1	2	3	4	5	6
Low Volume	\$2.07	\$2.18	\$2.19	\$2.20	\$2.21	\$2.23	\$2.25	\$2.29
Base	\$2.72	\$2.92	\$2.98	\$3.08	\$3.14	\$3.27	\$3.48	\$3.72
Inefficient	\$7.51	\$8.03	\$8.16	\$8.28	\$8.34	\$8.31	\$8.84	\$9.93
Wasteful	\$18.60	\$19.32	\$20.17	\$21.03	\$22.01	\$23.15	\$25.59	\$29.00



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OPERATING BUDGET AND RATES REVIEW

Typical Residential Customer	Current Rate	Proposed Rate	Change		Proposed Rate	Change	
	FY 2024-25	FY 2025-26	Rate	%	FY 2026-27	Rate	%
Water							
Service Charge *	\$13.20	\$14.90	\$1.70		\$15.55	\$0.65	
Commodity Charge **	<u>28.5</u>	<u>29.39</u>	<u>0.89</u>		<u>31.34</u>	<u>1.95</u>	
Total Water Charge	\$41.70	\$44.29	\$2.59		\$46.89	\$2.60	
Sewer							
Service Charge *	<u>\$25.70</u>	<u>\$28.80</u>	<u>\$3.10</u>		<u>\$29.80</u>	<u>\$1.00</u>	
Total Typical Residential Monthly Bill	\$67.40	\$73.09	\$5.69	8.4%	\$76.69	\$3.60	4.9%

* Treated water service charge assumes a 5/8" x 3/4" meter. Both the water and sewer service charges include components for enhancement and replacement capital. No additions have been included for either fund.

** Commodity charges for a typical residential customer are based on 12 ccf (District average).

Current Rates: Low Volume \$1.99

Base \$2.65

Proposed FY 2025-26: Low Volume \$2.07

Base \$2.72

Proposed FY 2026-27: Low Volume \$2.18

Base \$2.92



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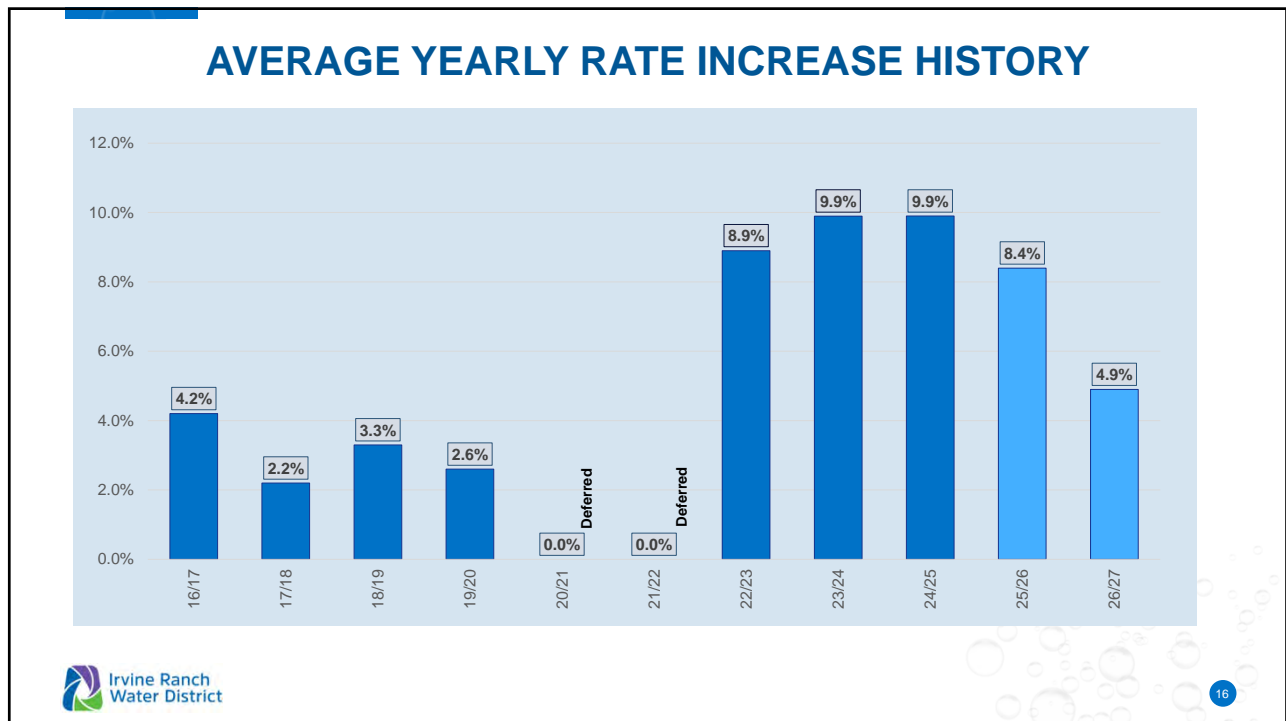


RATE HISTORY AND COMPARISON




15

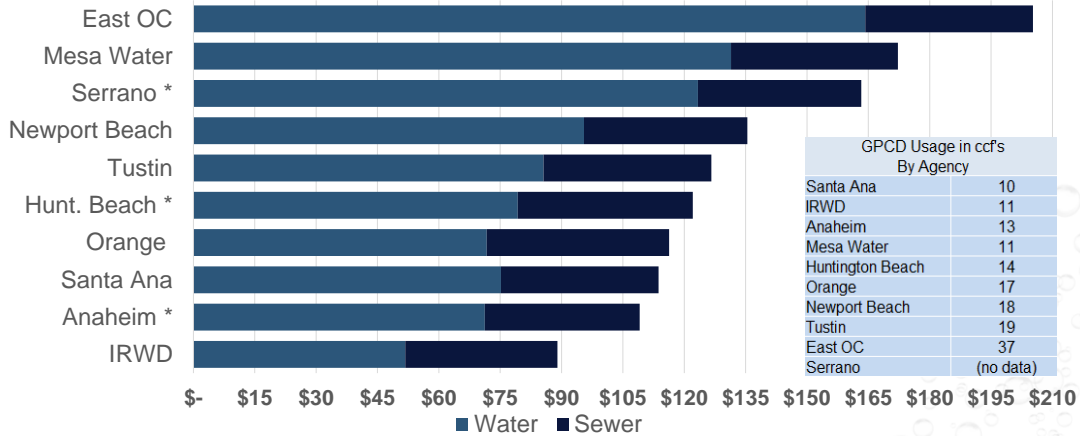
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16

RATES COMPARISON

Monthly Water & Sewer Bill Based on 15 ccf of Usage
and Groundwater Availability



* Updated rates are not available at this time.

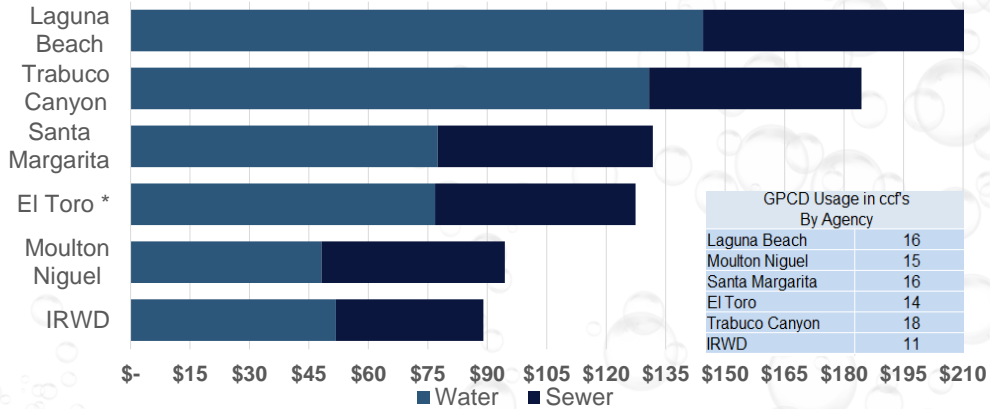


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2024 RATES COMPARISON TO LOCAL DISTRICTS

Monthly Water & Sewer Bill Based on 15 ccf Usage
and Imported Water



* Updated rates are not available at this time.



18



18



19

RECOMMENDATION

That the Board adopt the proposed Rates and Charges effective July 1, 2025.



20

June 23, 2025

Prepared and

submitted by: K. Swan

Approved by: Paul A. Cook



CONSENT CALENDAR

BOARD MEETING MINUTES

SUMMARY:

Provided are the minutes of the June 9, 2025 Regular Board meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE JUNE 9, 2025 REGULAR BOARD MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – June 9, 2025 Minutes

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Exhibit "A"

MINUTES OF REGULAR MEETING – JUNE 9, 2025

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by Vice President LaMar at 5:00 p.m. on June 9, 2025. at the District offices, 15600 Sand Canyon Avenue, Irvine.

Directors Present: Ferons, Withers, and Vice President LaMar.

Directors Absent: Reinhart and Swan.

Oral and Written Communications: None.

Items too late to be agendized: None.

Also Present: General Manager Cook, Executive Director of Technical Services Burton, Executive Director of Water Policy Weghorst, Executive Director of Operations Chambers, Executive Director of Finance and Administration Adly, Director of Water Resources Nye, Director of Financial Planning and Data Analytics Smithson, Director of Human Resources Mitcham, Director of Recycling Operations Zepeda, Director of Accounting and Treasury Lin, Director of Safety and Security Choi, Director of Strategic Communications & Advocacy Compton, Director of Maintenance Operations Manning, Recycled Water and Cross Connection Control Manager Hatch, Community Liaison Newell, General Counsel Collins, Secretary Swan, members of the staff, and public.

PUBLIC HEARING

CHANGES TO IRWD RULES AND REGULATIONS

Vice President LaMar declared this to be the time and place for the hearing on the Resolution to revise the Rules and Regulations of the Irvine Ranch Water District. He asked the Secretary to report the manner by which the Notice of the Hearing was given.

Secretary Swan said that the Notice of this hearing was published in the Orange County Register on Sunday, June 1, 2025. The notice was also posted on the District's Web site and at the District office on Friday, May 30, 2025. She then presented the Affidavits of Posting and the Proof of Publication for the Board to receive and file.

On MOTION by Withers, seconded by Ferons and unanimously carried, THE AFFIDAVITS OF POSTING AND THE PROOF OF PUBLICATION PRESENTED BY THE SECRETARY WERE RECEIVED AND FILED.

Vice President LaMar asked the Secretary whether there have been any written communications. She said there were none.

Vice President LaMar asked for a report from the District Staff. General Manager Cook reported that this item was reviewed by the Water Resources Policy and Communications Committee meeting. Proposed changes to the Rules and Regulations are provided in bulleted format in the Board writeup along with a redline copy included at Exhibit "A".

Vice President LaMar asked if there was anyone present who wished to address the Board

concerning the amended Resolution. There were none.

PUBLIC HEARING (CONTINUED)

Vice President LaMar inquired whether there are any comments or questions from members of the Board Directors. There were none.

On MOTION by Withers, seconded by Ferons and unanimously carried, THE HEARING WAS CLOSED, THE SECOND READING OF THE RESOLUTION WAS READ BY TITLE ONLY, THE FURTHER READING OF THE RESOLUTION WAS WAIVED, AND THE FOLLOWING RESOLUTION WAS ADOPTED BY TITLE:

RESOLUTION NO. 2025-11

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
RESCINDING RESOLUTION NO. 2019-32 AND ESTABLISHING REVISED
RULES AND REGULATIONS OF THE IRVINE RANCH WATER DISTRICT
FOR WATER, SEWER, RECYCLED WATER, AND
NATURAL TREATMENT SYSTEM SERVICE

CONSENT CALENDAR

On MOTION by Withers, seconded by Ferons and unanimously carried, CONSENT CALENDAR ITEMS FIVE THROUGH FIFTEEN WERE APPROVED AS FOLLOWS:

5. BOARD MEETING MINUTES

Recommendation: That the minutes of the May 12, 2025 Regular Board meeting be approved as presented.

6. TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Summary of Fixed and Variable Rate Debt, and the Disclosure Report of Reimbursements to Board members and staff, approve the April 2025 Summary of Payroll ACH payments in the total amount of \$2,679,635 and approve the April 2025 accounts payable disbursement summary of warrants 448652 through 449185, Workers' Compensation distributions, ACH payments, virtual card payments, wire transfers, payroll withholding distributions, and voided checks in the net total amount of \$34,542,267.

7. 2025 LEGISLATIVE AND REGULATORY UPDATE

Recommendation: That the Board adopt a "support" position on SB 394 (Allen) and H.R. 1267 (Perez/Malloy).

8. IRWD SUPPORT FOR CANDIDATES FOR THE OFFICES OF PRESIDENT AND VICE PRESIDENT OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES

Recommendation: That the Board support the nominations of Mrs. Carol Lee Gonzales-Brady for the position of Vice President of ACWA and Mr. Ernesto Avila for the position of President of ACWA and adopt the following resolutions by title.

CONSENT CALENDAR (CONTINUED)

RESOLUTION NO. 2025 – 12

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT
SUPPORTING THE NOMINATION OF CAROL LEE GONZALES-BRADY AS VICE
PRESIDENT OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES

RESOLUTION NO. 2025 – 13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT
SUPPORTING THE NOMINATION OF ERNESTO AVILA
AS PRESIDENT OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES

9. RENEWAL OF GENERAL AND EXCESS LIABILITY, EXCESS WORKERS’
COMPENSATION, AND PROPERTY INSURANCE PROGRAMS FOR FISCAL
YEAR 2025/26

Recommendation: That Board authorize the General Manager to continue IRWD’s participation in PRISM’s General and Excess Liability, Workers’ Compensation, and Property Insurance Programs for Fiscal Year 2025/26, including approval of the latest insurance premium estimates as shown in Exhibit “A”.

10. DOMESTIC WATER METER VAULT REPLACEMENT ON EAST PELTASON
DRIVE FINAL ACCEPTANCE

Recommendation: That the Board accept construction of the Domestic Water Meter Vault Replacement on East Peltason Drive; authorize the General Manager to file a Notice of Completion; and authorize the payment of the retention 35 days after the date of recording the Notice of Completion for Project 11850.

11. DISCOVERY PARK SUPPLEMENTAL REIMBURSEMENT AGREEMENT

Recommendation: That the Board authorize the General Manager to execute a supplemental reimbursement agreement with Irvine Community Development Company, LLC for the Discovery Park Capital Sewer Facilities.

12. METER READING CONTRACT RENEWAL

Recommendation: That the Board authorize the General Manager to execute a four-year contract for meter reading services with Alexander’s Contract Services Inc. effective July 1, 2025 in the amount of \$8.6 million.

13. WATER EFFICIENCY TACTICAL INCENTIVE FUNDING AUTHORIZATION

Recommendation: That the Board authorize the General Manager to allocate \$1,262,000 in funding to the FY 2025-26 rebate programs administered through the Water Conservation Participation Agreement between Municipal Water District of Orange County and Irvine Ranch Water District; and to execute addenda to the agreement as may be necessary to allocate funds to specific programs and modify device incentive levels based on customer participation rates and regional program funding levels.

CONSENT CALENDAR (CONTINUED)

14. FISCAL YEAR 2025-26 ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT

Recommendation: That the Board approve IRWD's FY 2025-26 Annual Water Supply and Demand Assessment for submittal to the California Department of Water Resources.

15. CROSS CONNECTION CONTROL MANAGEMENT PLAN

Recommendation: Receive and file.

ACTION CALENDAR

16. MICHELSON WATER RECYCLING PLANT BIOSOLIDS HANDLING IMPROVEMENTS CONSULTANT SELECTION

Executive Director of Technical Services Burton reported to the Board that there have been mechanical and performance issues with the solids thickening and dewatering process with the District's MWRP Biosolids Facility that was put online in 2020. In the spring of 2022 IRWD retained Carollo Engineers, Inc. to identify potential causes and solutions to implement into the facility's process. Carollo provided their findings in the fall of 2022 with over 30 recommended areas to address. Staff have implemented over ten, and this project will address the complex areas that will require modifications to the solids system. A request for proposals in March 2025 was submitted to four consultants, with one declining to participate. Following pre-proposal overview meetings and a facility tour, two of the consulting firms also declined to submit proposal due to needing additional prerequisite work to confirm the information contained in Carollo's 2022 technical memorandum. Carollo's proposal demonstrates an excellent understanding of the challenges and has identified clear and logical solutions to address the issues experienced in the facility.

Director Ferons reported that this item was reviewed by the Engineering and Operations Committee, and that the Committee supports the staff recommendation. On MOTION by Ferons, seconded by Withers, and unanimously carried, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CAROLLO ENGINEERS, INC. IN THE AMOUNT OF \$1,052,221 FOR ENGINEERING DESIGN SERVICES FOR THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS HANDLING IMPROVEMENTS, PROJECT 12555.

17. COSTAL ZONE 1-2 AND 2-4 PUMP STATIONS REHABILITATION BUDGET INCREASE AND CONSTRUCTION AWARD

Executive Director of Technical Services Burton reported that the rehabilitation of the Coastal Zone 1-2 and 2-4 Pump Stations is needed as they have become inoperable in the Newport Coast due to lack of operation over the years and its outdated components.

On MOTION by Withers, seconded by Ferons, and unanimously carried, THE BOARD AUTHORIZED A BUDGET INCREASE IN THE AMOUNT OF \$245,000 FROM \$6,612,500 TO \$6,857,500 FOR PROJECT 11912, AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH SS MECHANICAL CONSTRUCTION CORPORATION IN THE AMOUNT OF \$5,133,885 FOR THE COASTAL ZONE 1-2 AND 2-4 PUMP STATIONS REHABILITATION, PROJECT 11912.

President Reinhart arrived at 5:13 p.m. in time for item 18.

ACTION CALENDAR (CONTINUED)

18. TERMS FOR WATER STORAGE AND EXCHANGE PROGRAM WITH LAS VIRGENES MUNICIPAL WATER DISTRICT

Using a PowerPoint presentation, the Executive Director of Water Policy Weghorst presented to the Board a mutually beneficial Water Storage and Exchange Program that would allow the Las Virgenes Municipal Water District to store water purchased from the Metropolitan Water District in the IRWD Water Bank with half of the water accruing to the benefit of IRWD. District staff began working with LVMWD staff in 2022 to craft this exchange program. The recent Metropolitan out-of-service-area sale makes the program feasible.

President Reinhart reported that this item was reviewed by the Supply Reliability Programs Committee on August 18, 2022. He reported that this is a good and equitable deal for all parties involved, and on MOTION by Reinhart, seconded by Ferons, and unanimously carried, **THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A WATER STORAGE AND EXCHANGE AGREEMENT WITH LAS VIRGENES MUNICIPAL WATER DISTRICT BASED ON THE TERMS PRESENTED AT THE MEETING, SUBJECT TO SUBSTANTIVE CHANGES APPROVED BY SPECIAL LEGAL COUNSEL.**

OTHER BUSINESS

19. General Manager's Report

General Manager Cook asked that this evening's meeting be closed in memory of IRWD Employee, Vladimir Li.

20. Receive oral update(s) from District liaison(s) regarding communities within IRWD's service area and interests.

Mr. Newell reported that there are still residents in the canyons staging private fire hydrants. In addition, the Inter-Canyon League hosted a "Chipper Day" where residents brought in 60 truckloads of brush that was chipped down and collected 60 tires.

21. Directors' Comments and Meeting Reports

Director Ferons reported on his attendance at the ACWA Spring Conference in Monterey; the City of Tustin PFAS Treatment Plant Dedication Ceremony; the Water UCI Webinar: Planning for Sustainable Water Management via Zoom; the Southern California Water Dialogue Meeting: The Next Chapter for Southern California Water Storage via teleconference; and the Natural Communities Coalition Executive Committee Meeting.

Director Withers reported on his attendance at the ACWA Spring Conference in Monterey; the City of Tustin PFAS Treatment Plant Dedication Ceremony; and the ISDOC Executive Committee Meeting via teleconference.

Director LaMar reported on his participation in the Water UCI Webinar: Planning for Sustainable Water Management via Zoom; the Southern California Water Dialogue Meeting: The Next Chapter for Southern California Water Storage via teleconference; the CCEEB WCW Project Meeting: SWRCB's Industrial General Permit Reissuance via teleconference; and the Natural Communities Coalition Executive Committee Meeting, Community Room.

President Reinhart on his attendance at the ACWA Spring Conference in Monterey; his participation in the OCWD Water Issues Committee Meeting via teleconference; the OCWD

OTHER BUSINESS (CONTINUED)

Administration / Finance Issues Committee Meeting via teleconference; the Groundwater Banking JPA Special Board Meeting; the MWDOC Board Meeting; IRWD Member Agency Spotlight; the South Orange County Agencies' Group Meeting; a Review of Community Tour Program with District Staff via Teams; the IRWD Community Tour – Green Dome Debut; the MWDOC Planning and Operations Committee Meeting via teleconference; the MWDOC Workshop Board Meeting with MWD Directors via teleconference; the OCWD Board Meeting via teleconference; the OCWD Communications and Legislative Liaison Committee Meeting via teleconference; and the WACO monthly meeting via teleconference.

22. Closed Session

Vice President LaMar convened the meeting into Closed Session at 5:46 p.m. with General Counsel Collins announcing the following:

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Pursuant to Government Code Section: 54956.8

Property: 32003 Dove Canyon Dr., Trabuco Canyon, CA 92679, APN: 804-542-27
Agency Negotiator: Paul Cook – IRWD General Manager
Negotiating Parties: Trabuco Canyon Water District
Under Negotiation: Price and Terms of Payment

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Pursuant to Government Code Section: 54956.8

Property: 1211 Edinger Avenue, Tustin, CA 92780, APN 430-252-14
Agency negotiator: Paul Cook, Neveen Adly, Kevin Turner
Negotiating parties: Vivian Janho Kaufman Family Trust
Under negotiation: Price and Terms of Payment

23. Open Session

Following the Closed Session, the meeting was reconvened in Open Session. General Counsel announced that there were no actions to be reported on either item.

24. ADJOURNMENT

At 6:20 p.m., President LaMar adjourned the Board meeting in memory of Vladimir Li.

APPROVED and SIGNED this 23rd day of June 2025.

President, IRVINE RANCH WATER DISTRICT

District Secretary,
IRVINE RANCH WATER DISTRICT

OTHER BUSINESS (CONTINUED)

APPROVED AS TO FORM:


Claire Hervey Collins, General Counsel
Hanson Bridgett LLP

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June 23, 2025

Prepared by: J. Davis

Submitted by: N. Adly

Approved by: Paul A. Cook 

CONSENT CALENDAR

MAY 2025 TREASURY REPORT

SUMMARY:

The following is submitted for the Board's information and approval:

- A. The May 2025 Investment Summary Report. This Investment Summary Report conforms with the 2025 Investment Policy as outlined in Exhibit "A";
- B. The Summary of Fixed and Variable Rate Debt as of May 31, 2025, as outlined in Exhibit "B";
- C. The Monthly Interest Rate Swap Summary as of May 31, 2025, as outlined in Exhibit "C";
- D. The May 31, 2025, Disbursement Summary of warrants 449301 through 449724, Workers' Compensation distributions, ACH payments, virtual card payments, wire transfers, payroll withholding distributions, and voided checks in the net total amount of \$30,991,593 as outlined in Exhibit "D";
- E. The Summary of Payroll ACH payments in the total amount of \$3,938,901 as outlined in Exhibit "E"; and
- F. The Disclosure Report of Reimbursements to Board members and staff for May 2025, detailing payments or reimbursements for individual charges of \$100 or more per transaction as outlined in Exhibit "F".

FISCAL IMPACTS:

As of May 31, 2025, the book value of the investment portfolio was \$383,704,312, with a 4.35% rate of return and a market value of \$385,070,487. Based on IRWD's March 31, 2025, quarterly real estate annualized investment rate of return of 15.41%, the weighted average return for the fixed income and real estate investments was 6.78%.

As of May 31, 2025, the outstanding principal amount of fixed and variable rate debt was \$546,025,000. The monthly weighted average all-in variable rate was 2.28%. Including IRWD's weighted average fixed rate bond issues of 3.74% 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 3.39%.

Payroll ACH payments totaled \$3,938,901. Wire transfers, other ACH payments, and checks issued for debt service, accounts payable, payroll, water purchases, and voided checks for May was \$30,991,593.

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.

COMMITTEE STATUS:

All items in this report were not submitted to a Committee; the investment and debt reports are submitted to the Finance and Personnel Committee monthly.

RECOMMENDATION:

THAT THE BOARD RECEIVE AND FILE THE TREASURER'S INVESTMENT SUMMARY REPORT, THE SUMMARY OF FIXED AND VARIABLE RATE DEBT, AND THE DISCLOSURE REPORT OF REIMBURSEMENTS TO BOARD MEMBERS AND STAFF, APPROVE THE MAY 2025 SUMMARY OF PAYROLL ACH PAYMENTS IN THE TOTAL AMOUNT OF \$3,938,901 AND APPROVE THE MAY 2025 ACCOUNTS PAYABLE DISBURSEMENT SUMMARY OF WARRANTS 449301 THROUGH 449724, WORKERS' COMPENSATION DISTRIBUTIONS, ACH PAYMENTS, VIRTUAL CARD PAYMENTS, WIRE TRANSFERS, PAYROLL WITHHOLDING DISTRIBUTIONS, AND VOIDED CHECKS IN THE NET TOTAL AMOUNT OF \$30,991,593.

LIST OF EXHIBITS:

Exhibit "A" – Investment Summary Report

Exhibit "B" – Summary of Fixed and Variable Debt

Exhibit "C" – Monthly Interest Rate Swap Summary

Exhibit "D" – Monthly Summary of District Disbursements

Exhibit "E" – Monthly Payroll ACH Summary

Exhibit "F" – Disclosure of Reimbursements to Board Members and Staff

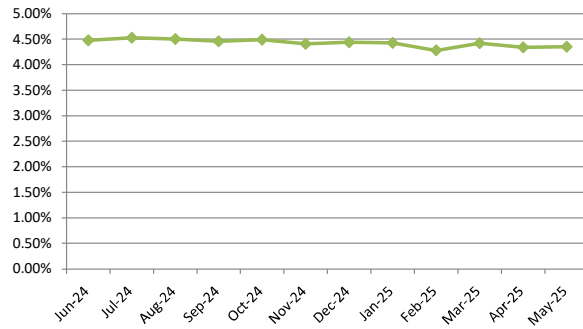
Exhibit "A"

Irvine Ranch Water District

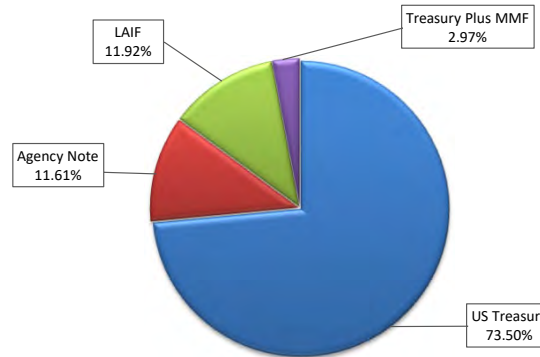
Investment Portfolio Summary

May 2025

Monthly Fixed Income Yield



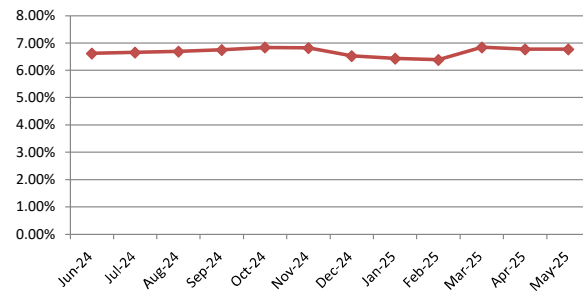
Portfolio Distribution



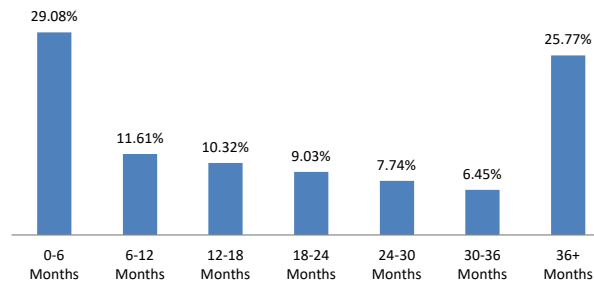
Investment Summary

Type	PAR	Book Value	Market Value
US Treasury	285,000,000	281,023,725	282,385,250
LAIF	46,226,853	46,226,853	46,266,109
Agency Note	45,000,000	44,919,805	44,885,200
Treasury Plus MMF	11,533,928	11,533,928	11,533,928
Grand Total	387,760,782	383,704,312	385,070,487

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
US Treasury	285,000,000	73.50%
State of California Tsy.	46,226,853	11.92%
Fed Farm Credit Bank	35,000,000	9.03%
Wells Fargo / Allspring	11,533,928	2.97%
Fed Home Loan Mortgage Corp	10,000,000	2.58%
Grand Total	387,760,782	100.00%

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

05/31/25

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	YTFC	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 5/31/2025	UNREALIZED ⁽²⁾ GAIN/(LOSS)
11/27/24			06/01/25 01/01/00		LAIF	State of California Tsy.	\$46,226,853.41		4.280%		\$46,226,853.41	\$46,226,853.41	46,266,108.84	39,255.43
05/31/25			06/01/25		Treasury Plus MMF	Wells Fargo / Allspring	11,533,928.40		4.180%		11,533,928.40	11,533,928.40	11,533,928.40	0.00
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	4,999,860.68	4,999,700.00	(160.68)
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	4,999,842.28	4,999,700.00	(142.28)
08/01/23	NA	NA	07/15/25	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	3.000%	4.917%		9,646,875.00	9,978,238.80	9,982,600.00	4,361.20
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	9,996,500.00	(3,500.00)
11/15/24	NA	NA	08/31/25	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	5.000%	4.452%		5,020,703.13	5,006,518.98	5,006,800.00	281.02
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	9,889,782.84	9,879,400.00	(10,382.84)
05/16/25	NA	NA	10/09/25	Aa1/NR/AA+	Treasury - Bill	US Treasury	5,000,000	4.267%	4.267%		4,916,100.69	4,925,295.13	4,925,100.00	(195.13)
12/01/22	NA	NA	10/15/25	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	4.250%	4.298%		4,993,359.38	4,999,139.06	4,998,550.00	(589.06)
12/01/23	NA	NA	11/15/25	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	2.250%	4.719%		9,543,750.00	9,893,435.31	9,908,000.00	14,564.69
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	4,986,067.75	4,990,200.00	4,132.25
04/18/24	NA	NA	01/15/26	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	3.875%	5.033%		9,808,593.75	9,931,490.38	9,980,900.00	49,409.62
02/21/24	NA	NA	02/15/26	Aa1/NR/AA+	Treasury - Note	US Treasury	15,000,000	4.000%	4.553%		14,844,140.63	14,944,320.58	14,972,400.00	28,079.42
04/30/24	NA	NA	03/31/26	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	4.500%	5.017%		4,953,125.00	4,979,709.82	5,011,600.00	31,890.18
07/06/23	NA	NA	06/15/26	Aa1/NR/AA+	Treasury - Note	US Treasury	15,000,000	4.125%	4.566%		14,819,531.25	14,936,374.27	14,995,950.00	59,575.73
06/03/24	NA	NA	07/15/26	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	4.500%	4.843%		4,965,625.00	4,981,788.37	5,020,100.00	38,311.63
09/27/23	NA	NA	09/15/26	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	4.625%	4.846%		9,939,453.13	9,973,692.27	10,067,200.00	93,507.73
11/03/23	NA	NA	10/15/26	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	4.625%	4.784%		9,956,640.63	9,979,830.04	10,075,400.00	95,569.96
12/28/23	NA	NA	12/15/26	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	4.375%	4.020%		10,098,046.88	10,050,879.36	10,051,600.00	720.64
01/31/24	NA	NA	01/15/27	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	4.000%	4.171%		9,952,734.38	9,974,047.67	9,998,800.00	24,752.33
12/19/24	NA	NA	02/28/27	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	1.875%	4.303%		9,496,093.75	9,599,265.57	9,649,200.00	49,934.43
11/18/24	NA	NA	03/15/27	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	4.250%	4.289%		4,995,507.81	4,996,542.02	5,024,200.00	27,657.98
02/05/25	NA	NA	06/15/27	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	4.625%	4.218%		5,044,921.88	5,038,862.65	5,068,150.00	29,287.35
11/08/24	NA	NA	07/15/27	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	4.375%	4.156%		5,027,343.75	5,021,618.04	5,045,700.00	24,081.96
01/09/25	NA	NA	08/31/27	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	3.125%	4.301%		4,854,687.50	4,876,243.19	4,916,800.00	40,556.81
03/11/24	NA	NA	09/30/27	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	4.125%	4.195%		9,976,953.13	9,984,889.92	10,051,600.00	66,710.08
01/07/25	NA	NA	10/15/27	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	3.875%	4.311%		4,943,359.38	4,951,482.91	4,996,100.00	44,617.09
05/24/24	NA	NA	01/31/28	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	3.500%	4.621%		9,623,437.50	9,727,712.05	9,902,300.00	174,587.95
12/19/24	NA	NA	02/15/28	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	2.750%	4.228%		9,567,187.50	9,628,749.73	9,707,400.00	78,650.27
07/18/24	NA	NA	04/30/28	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	1.250%	4.152%		4,496,484.38	4,612,343.98	4,639,450.00	27,106.02
01/07/25	NA	NA	05/31/28	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	1.250%	4.363%		4,513,671.88	4,570,540.89	4,629,900.00	59,359.11
04/17/25	NA	NA	06/30/28	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	1.250%	3.801%		4,618,554.69	4,633,225.66	4,620,300.00	(12,925.66)
06/27/24	NA	NA	07/31/28	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	4.125%	4.394%		9,900,000.00	9,922,675.59	10,068,400.00	145,724.41
08/16/24	NA	NA	08/15/28	Aa1/NR/AA+	Treasury - Note	US Treasury	5,000,000	2.875%	3.854%		4,820,312.50	4,855,880.78	4,845,700.00	(10,180.78)
08/09/24	NA	NA	09/30/28	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	1.250%	3.863%		9,008,593.75	9,202,550.29	9,176,200.00	(26,350.29)
11/28/23	NA	NA	10/31/28	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	4.875%	4.464%		10,179,687.50	10,124,652.58	10,303,500.00	178,847.42
12/15/23	NA	NA	11/30/28	Aa1/NR/AA+	Treasury - Note	US Treasury	15,000,000	4.375%	3.897%		15,319,921.88	15,225,640.27	15,221,550.00	(4,090.27)
12/13/24	NA	NA	12/31/28	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	3.750%	4.160%		9,848,437.50	9,865,858.48	9,944,100.00	78,241.52
04/17/25	NA	NA	01/31/29	Aa1/NR/AA+	Treasury - Note	US Treasury	10,000,000	4.000%	3.852%		10,051,171.88	10,049,509.26	10,023,800.00	(25,709.26)
04/17/25	NA	NA	02/15/29	Aa1/NR/AA+	Treasury - Bond	US Treasury	10,000,000	2.625%	3.851%		9,566,796.88	9,580,721.27	9,555,900.00	(24,821.27)
04/17/25	NA	NA	03/07/29	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	10,000,000	4.000%	3.871%		10,045,700.00	10,044,251.76	10,019,700.00	(24,551.76)
SUB-TOTAL							\$387,760,782				\$381,159,585.70	\$383,704,312.31	\$385,070,487.24	\$1,366,174.92
TOTAL INVESTMENTS							\$387,760,782				\$381,159,585.70	\$383,704,312.31	\$385,070,487.24	\$1,366,174.92

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

05/31/25

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury	Investment Sweep
5/25	57,760,782	14.90%	\$46,226,853					11,533,928
6/25	10,000,000	2.58%		10,000,000				
7/25	20,000,000	5.16%		10,000,000			10,000,000	
8/25	5,000,000	1.29%					5,000,000	
9/25	10,000,000	2.58%		10,000,000				
10/25	10,000,000	2.58%					10,000,000	
11/25	10,000,000	2.58%					10,000,000	
12/25	5,000,000	1.29%		5,000,000				
1/26	10,000,000	2.58%					10,000,000	
2/26	15,000,000	3.87%					15,000,000	
3/26	5,000,000	1.29%					5,000,000	
4/26								
SUB-TOTAL	\$157,760,782	40.69%	\$46,226,853	\$35,000,000			\$65,000,000	\$11,533,928

13 MONTHS - 3+ YEARS								
05/01/2026 - 07/31/2026	\$20,000,000	5.16%					20,000,000	
08/01/2026 - 10/31/2026	\$20,000,000	5.16%					20,000,000	
11/01/2026 - 01/31/2027	\$20,000,000	5.16%					20,000,000	
02/01/2027 - 4/30/2027	\$15,000,000	3.87%					15,000,000	
05/01/2027 - 07/31/2027	\$10,000,000	2.58%					10,000,000	
08/01/2027 - 10/31/2027	\$20,000,000	5.16%					20,000,000	
11/01/2027 - 01/31/2028	\$10,000,000	2.58%					10,000,000	
02/01/2028 - 4/30/2028	\$15,000,000	3.87%					15,000,000	
05/01/2028 - 07/31/2028	\$20,000,000	5.16%					20,000,000	
08/01/2028 - 10/31/2028	\$25,000,000	6.45%					25,000,000	
11/01/2028 - 01/31/2029	\$35,000,000	9.03%					35,000,000	
02/01/2029 +	\$20,000,000	5.16%		10,000,000			10,000,000	
SUB-TOTAL	\$230,000,000	59.31%		\$10,000,000			\$220,000,000	
TOTALS	\$387,760,782	100.00%	\$46,226,853	\$45,000,000			\$285,000,000	\$11,533,928

% OF PORTFOLIO	11.92%	11.61%	73.50%	2.97%
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Irvine Ranch Water District
Summary of Real Estate - Income Producing Investments
3/31/2025

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2024	ANNUALIZED RATE OF RETURN QUARTER ENDED 3/31/2025
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 45,457,369	\$ 220,000,000	24.99%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 38,420,894	8.61%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,568,747	\$ 10,000,000	10.55%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,983,395	\$ 13,500,000	9.09%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	\$ 8,715,929	\$ 12,000,000	8.22%
Sand Canyon Professional Center - General Office ⁽¹⁾	Sep-20	Office Building	Fee Simple	\$ 31,404,103	\$ 32,000,000	7.49%
Total - Income Properties				\$ 106,129,543	\$ 325,920,894	15.41%

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

May-25

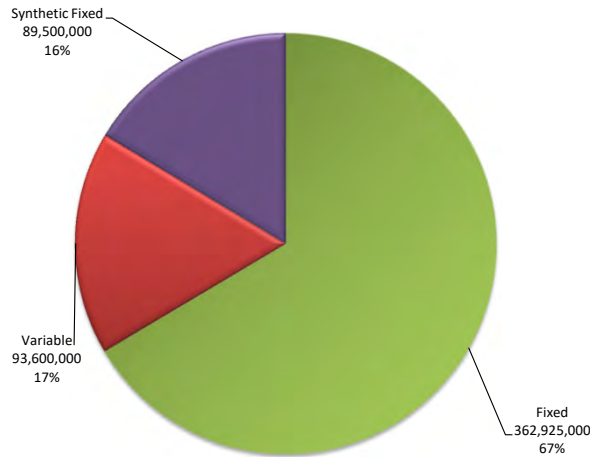
PURCHASES

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
5/12/2025	FHLMC - Note	\$5,000,000	4.43%	5/16/2025	10/9/2025	Treasury - Bill	\$5,000,000	4.27%
5/15/2025	Treasury - Note	\$5,000,000	4.15%					

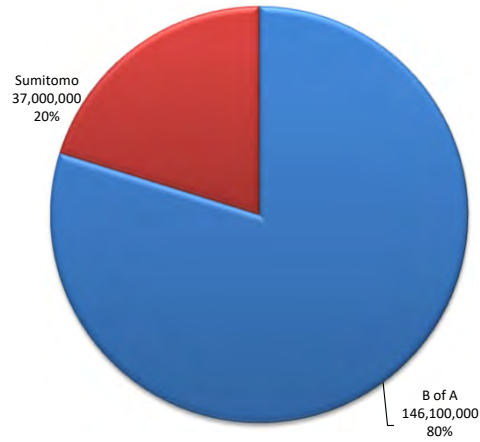
(1) Italicized entries indicate securities that are scheduled but not yet matured, sold, called, or purchased. There may be additional investment purchases if there are pending maturities for the month.

Exhibit "B"
Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
May 2025

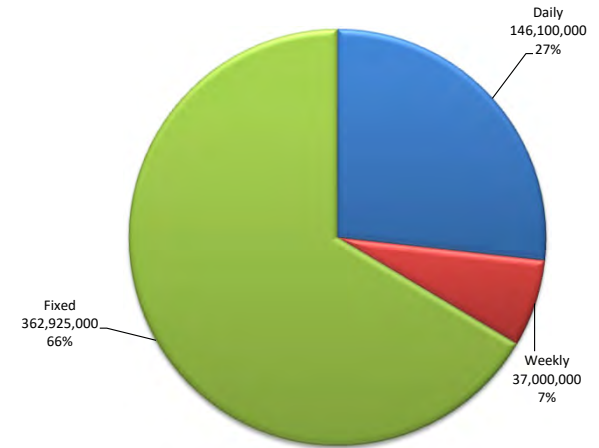
Current Debt Mix By Type



Letters of Credit / Support



Current Debt Rate Reset



Outstanding Par by Series

Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit/Support	Rmkt Agent	Mode	Reset
Series 2008-A Refunding	04/24/08	07/01/35	\$37,000,000	6.78%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$36,660,000	6.71%	B of A	Goldman	Variable	Daily
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$24,440,000	4.48%	B of A	Goldman	Variable	Daily
Series 2009 - A	06/04/09	10/01/41	\$42,500,000	7.78%	B of A	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$42,500,000	7.78%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	\$96,935,000	17.75%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$171,880,000	31.48%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$94,110,000	17.24%	N/A	N/A	Fixed	Fixed
Total			\$546,025,000	100.00%				

May-25

LOC Banks			Breakdown Between Variable & Fixed Rate Mode		
SUMITOMO	37,000,000	20%	Daily Issues	146,100,000	27%
BANK OF AMERICA	146,100,000	80%	Weekly Issues	37,000,000	7%
			Sub-Total	<u>183,100,000</u>	
			Fixed Rate Issues	<u>\$362,925,000</u>	66%
			Sub-Total - Fixed	<u>362,925,000</u>	
			TOTAL DEBT		
			FIXED & VAR.	<u>546,025,000</u>	100%

SUMMARY OF DEBT RATES

May-25

Rmkt Agent Mode	GOLDMAN DAILY	GOLDMAN DAILY	GOLDMAN DAILY	MERRILL LYNCH WEEKLY	US BANK DAILY
Bond Issue	2009 - B	2011 A-1	2011 A-2	2008-A	2009-A
Par Amount	42,500,000	36,660,000	24,440,000	37,000,000	42,500,000
LOC Bank	BOFA	BOFA	BOFA	Sumitomo	BOFA
Reset				Wednesday	
5/1/2025	1.70%	1.70%	1.70%	1.67%	1.75%
5/2/2025	1.35%	1.35%	1.35%	1.67%	1.50%
5/3/2025	1.35%	1.35%	1.35%	1.67%	1.50%
5/4/2025	1.35%	1.35%	1.35%	1.67%	1.50%
5/5/2025	0.95%	0.95%	0.95%	1.67%	0.95%
5/6/2025	0.50%	0.50%	0.50%	1.67%	0.65%
5/7/2025	0.50%	0.50%	0.50%	1.67%	0.55%
5/8/2025	1.50%	1.50%	1.50%	0.67%	1.00%
5/9/2025	1.77%	1.77%	1.77%	0.67%	1.75%
5/10/2025	1.77%	1.77%	1.77%	0.67%	1.75%
5/11/2025	1.77%	1.77%	1.77%	0.67%	1.75%
5/12/2025	2.04%	2.14%	2.14%	0.67%	2.00%
5/13/2025	2.34%	2.34%	2.34%	0.67%	2.30%
5/14/2025	2.75%	2.75%	2.75%	0.67%	2.70%
5/15/2025	2.85%	2.85%	2.85%	2.22%	2.90%
5/16/2025	2.85%	2.85%	2.85%	2.22%	2.80%
5/17/2025	2.85%	2.85%	2.85%	2.22%	2.80%
5/18/2025	2.85%	2.85%	2.85%	2.22%	2.80%
5/19/2025	2.55%	2.55%	2.55%	2.22%	2.55%
5/20/2025	2.35%	2.35%	2.35%	2.22%	2.40%
5/21/2025	2.07%	2.07%	2.07%	2.22%	2.10%
5/22/2025	2.10%	2.10%	2.10%	1.45%	2.10%
5/23/2025	2.45%	2.45%	2.45%	1.45%	2.10%
5/24/2025	2.45%	2.45%	2.45%	1.45%	2.10%
5/25/2025	2.45%	2.45%	2.45%	1.45%	2.10%
5/26/2025	2.45%	2.45%	2.45%	1.45%	2.10%
5/27/2025	2.08%	2.08%	2.08%	1.45%	2.00%
5/28/2025	1.60%	1.60%	1.60%	1.45%	1.50%
5/29/2025	1.95%	1.95%	1.95%	0.84%	1.60%
5/30/2025	2.35%	2.35%	2.35%	0.84%	2.20%
5/31/2025	2.35%	2.35%	2.35%	0.84%	2.20%
Avg Interest Rates	2.01%	2.01%	2.01%	1.44%	1.94%
Rmkt Fee	0.07%	0.07%	0.07%	0.07%	0.07%
LOC Fee	0.34%	0.32%	0.32%	0.34%	0.34%
All-In Rate	2.42%	2.40%	2.40%	1.85%	2.35%
Par Amount	103,600,000			37,000,000	42,500,000

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	79.79%	146,100,000	2.39%	1.99%
Weekly	20.21%	37,000,000	1.85%	1.44%
	100.00%	\$183,100,000	2.28%	1.88%
Fixed				
COPS 2016	26.71%	96,935,000	2.90%	
BABS 2010	47.36%	171,880,000	4.44%	(1)
SERIES 2016	25.93%	94,110,000	3.32%	
	100.00%	\$362,925,000	3.74%	
All-In Debt Rate Including \$60 Million Notional Amount of Swaps				3.39%

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

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Exhibit "C"

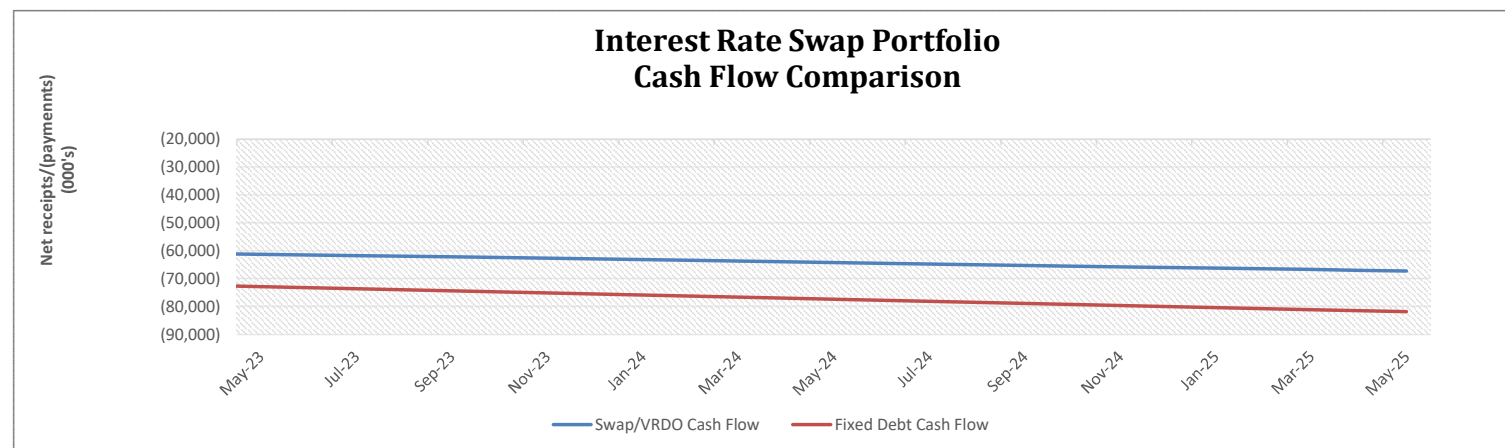
Irvine Ranch Water District Interest Rate Swap Summary May 2025

	Prior Mo.	Current Mo.	12-Mo Avg
SFR1M (Lbr Rpl) Avg %	4.43%	4.44%	4.75%

Current Fiscal Year Active Swaps								Cash Flow				(Since 3/07)	Mark to Market	
Effective Date	Maturity Date	Years to Maturity	Counter Party	Notional Amt	Type	Base Index	Fixed Rate	Prior Month	Current Month	Fiscal YTD	Cumulative Net Accrual		Current Mark to Market	Notional Difference
Fixed Payer Swaps - By Effective Date														
3/10/2007	3/10/2029	3.8	ML	30,000,000	FXP	LIBOR	5.687%	(27,031)	(31,336)	(221,559)	(22,210,811)		27,911,576	(2,088,424)
3/10/2007	3/10/2029	3.8	CG	30,000,000	FXP	LIBOR	5.687%	(27,031)	(31,336)	(221,559)	(22,210,604)		27,911,661	(2,088,339)
Totals/Weighted Avgs				\$ 60,000,000			5.687%	\$ (54,062)	\$ (62,672)	\$ (443,118)	\$ (44,421,416)		\$ 55,823,237	\$ (4,176,763)
Total Current Year Active Swaps				\$ 60,000,000				\$ (54,062)	\$ (62,672)	\$ (443,118)	\$ (44,421,416)		\$ 55,823,237	\$ (4,176,763)

Current Fiscal Year Terminated Swaps								Cash Flow					Mark to Market	
Effective Date	Maturity Date		Counter Party	Notional Amt	Type	Base Index	Fixed Rate	Prior Month	Current Month	Fiscal YTD	Cumulative Net Accrual		Current Mark to Market	Notional Difference
Total Current Year Terminated Swaps								\$ -	\$ -	\$ -	\$ -		\$ -	\$ -

Current Fiscal Year - Total Swaps								Cash Flow					Mark to Market	
Effective Date	Maturity Date		Counter Party	Notional Amt	Type	Base Index	Fixed Rate	Prior Month	Current Month	Fiscal YTD	Cumulative Net Accrual		Current Mark to Market	Notional Difference
Total Current Year Active & Terminated Swaps								\$ (54,062)	\$ (62,672)	\$ (443,118)	\$ (44,421,416)		\$ 55,823,237	\$ (4,176,763)



Cash Flow Comparison Synthetic Fixed vs. Fixed Rate Debt	
<u>Cash Flow to Date</u>	
Synthetic Fixed =	\$67,201,890
Fixed Rate =	\$81,798,756
<u>Assumptions:</u>	
- Fixed rate debt issued at 4.93% in Mar-07 (estimated TE rate - Bloomberg)	
- 'Synthetic' includes swap cash flow + interest + fees to date	

Note: This page is intentionally left blank.

Exhibit "D"

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449301	1-May-25	AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS	4,136.48
449302	1-May-25	CONTINENTAL AMERICAN INSURANCE COMPANY	2,081.68
449303	1-May-25	HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY	18.74
449275	1-May-25	SOUTHERN CALIFORNIA EDISON COMPANY	503,999.20
449289	1-May-25	TRIPAC MARKETING INC	1,006.49
449186	1-May-25	AGILENT TECHNOLOGIES, INC.	1,009.66
449193	1-May-25	BANK OF AMERICA	13,356.80
449277	1-May-25	SOUTHERN COUNTIES LUBRICANTS LLC	12,298.67
449202	1-May-25	CALTROL, INC.	439.76
449236	1-May-25	INFOSEND, INC.	20,687.99
449227	1-May-25	FISHER SCIENTIFIC COMPANY, LLC	4,290.95
449226	1-May-25	FEDEX	165.38
449208	1-May-25	COASTLINE EQUIPMENT COMPANY	5,095.96
449187	1-May-25	AIRGAS, INC.	4,609.00
449297	1-May-25	WALTERS WHOLESALE ELECTRIC CO	3,269.38
449271	1-May-25	SECURITAS SECURITY SERVICES USA, INC.	75,311.74
449299	1-May-25	WAXIE'S ENTERPRISES, LLC, A BRADYPLUS COMPANY	2,062.53
449188	1-May-25	ALLIANT INSURANCE SERVICES, INC	165,175.28
449231	1-May-25	GRAYBAR ELECTRIC COMPANY	3,018.45
449216	1-May-25	DCS MANAGEMENT LLC	1,279.64
449264	1-May-25	REECE SUPPLY LLC	1,141.73
449205	1-May-25	CHANG, TOMAS	440.64
449283	1-May-25	TANNER, JEFF	32.84
449229	1-May-25	GARY BALE REDI-MIX CONCRETE, INC.	6,652.77
449270	1-May-25	SCOTT DAWSON	2,125.00
449241	1-May-25	LA HABRA FENCE COMPANY LLC	11,753.00
449279	1-May-25	STANTEC ARCHITECTURE INC	118,832.27
449213	1-May-25	COURBAGE, LIA	461.35
449196	1-May-25	BLUE SKIES DRONE RENTAL, LLC	34,107.00
449222	1-May-25	ECO SERVICES OPERATIONS CORP.	6,872.42
449293	1-May-25	VEOLIA NORTH AMERICA, INC.	1,370.94
449245	1-May-25	MC MASTER-CARR SUPPLY COMPANY	202.65
449258	1-May-25	PAHLEVAN, MAJID	27.38
449201	1-May-25	CALIFORNIA STATE UNIVERSITY, FULLERTON	7,000.00
449291	1-May-25	UNITED PARCEL SERVICE INC	67.57
449204	1-May-25	CHANG, EUDEEN	25.50
449269	1-May-25	ROBINS BORGHEI LLP	12.02
449219	1-May-25	DG INVESTMENT INTERMEDIATE HOLDINGS 2, INC.	10,385.70
449224	1-May-25	EUROFINS EATON ANALYTICAL, LLC	9,537.11
449211	1-May-25	COUEVAS, SEAN	40.29
449259	1-May-25	PIONEER AMERICAS LLC	111,998.82
449263	1-May-25	RANCHO ALISAL APTS	56.38
449234	1-May-25	HAZEN AND SAWYER, D.P.C	26,445.00
449268	1-May-25	RICHARD C. SLADE & ASSOCIATES LLC	26,051.08

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449267	1-May-25	RETURN TO WORK PARTNERS INC.	500.00
449260	1-May-25	PIPELINE PRODUCTS, INC.	5,868.24
449249	1-May-25	MUTUAL PROPANE	85.27
449257	1-May-25	PACIFIC MECHANICAL SUPPLY	4,798.70
449195	1-May-25	BLAIRS TOWING INC	370.00
449254	1-May-25	ORANGE COUNTY FIRE AUTHORITY	289.00
449255	1-May-25	ORANGE COUNTY WINWATER WORKS	741.54
449238	1-May-25	JOSE MARTINEZ TREE SERVICE INC.	9,700.00
449296	1-May-25	VWR FUNDING, INC.	1,324.19
449292	1-May-25	USA WASTE OF CALIFORNIA, INC.	752.99
449210	1-May-25	CORE & MAIN LP	2,927.86
449281	1-May-25	TACOS LOS CHOLOS	6,700.00
449300	1-May-25	WEST AMERICA GRAPHICS	1,102.58
449253	1-May-25	OLD NEWPORT REALTY	162.58
449248	1-May-25	MITHRIL ENTERPRISES, DBA FC SAFETY	1,837.14
449218	1-May-25	DELL MARKETING LP	1,157.53
449192	1-May-25	AT&T CORP	228.96
449190	1-May-25	AT&T CORP	198.56
449298	1-May-25	WANG, LEI	21.89
449191	1-May-25	AT&T CORP	6,657.00
449262	1-May-25	PROTEOR USA	80.68
449220	1-May-25	DIRECTV INC	157.99
449274	1-May-25	SOUNDVIEW, INC.	5,293.00
449250	1-May-25	NALCO COMPANY LLC	1,465.82
449197	1-May-25	BOUDREAU PIPELINE CORPORATION	2,600.00
449212	1-May-25	COUNTY OF ORANGE	96.58
449232	1-May-25	HACH COMPANY	785.24
449290	1-May-25	ULINE, INC	1,064.20
449242	1-May-25	LENNAR HOMES OF CALIFORNIA, INC.	939.12
449225	1-May-25	EVANS, SONIA	225.73
449261	1-May-25	PRONTO GYM SERVICES, INC.	450.16
449235	1-May-25	INFINITY RESIDENTIAL INC	25.00
449215	1-May-25	CRUMP, REGINALD	30.91
449228	1-May-25	FRONTIER CALIFORNIA INC.	741.22
449217	1-May-25	DEALERS SERVICE COMPANY, INC	2,572.52
449230	1-May-25	GOVERNMENTJOBS.COM, INC.	2,119.40
449278	1-May-25	SS MECHANICAL CONSTRUCTION CORP	38,598.50
449221	1-May-25	EAST ORANGE COUNTY WATER DISTRICT	1,939.16
449285	1-May-25	THE TERRACE COMMUNITY ASSOCIATION	28,279.66
449282	1-May-25	TAIT ENVIRONMENTAL SERVICES, INC.	5,191.81
449189	1-May-25	APCO GRAPHICS INC	585.64
449246	1-May-25	MIKE PRLICH AND SONS, INC.	56,862.89
449294	1-May-25	VEOLIA WATER TECHNOLOGIES TREATMENT SOLUTIONS USA INC.	9,868.39
449239	1-May-25	KAESER COMPRESSORS, INC.	1,670.13

IRVINE RANCH WATER DISTRICT
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449214	1-May-25	COX COMMUNICATIONS, INC.	3,231.06
449203	1-May-25	CASA EDUCATION FOUNDATION	1,000.00
449252	1-May-25	O'REILLY AUTO ENTERPRISES, LLC	79.57
449206	1-May-25	CHARITABLE VENTURES OF ORANGE COUNTY	500.00
449284	1-May-25	THAKUR, SHERRY	212.70
449198	1-May-25	BRICKEY, GINA	115.99
449243	1-May-25	LINDE GAS & EQUIPMENT INC.	2,328.67
449240	1-May-25	KILL-N-BUGS TERMITE AND PEST CONTROL SERVICES, INC.	700.00
449266	1-May-25	RESTEK CORPORATION	1,436.96
449287	1-May-25	TRANSCAT, INC	145.36
449247	1-May-25	MILANO SUPPLEMENT NEEDS TRUST	52.92
449272	1-May-25	SHIMMICK CONSTRUCTION INC.	846,180.66
449276	1-May-25	SOUTHERN CALIFORNIA GAS COMPANY	78,415.25
449288	1-May-25	TRENCH SHORING COMPANY	19,373.91
449251	1-May-25	NATIONAL OILWELL VARCO, L.P.	1,789.47
449256	1-May-25	PACIFIC EH&S SERVICES, INC.	9,676.70
449237	1-May-25	J & R CONCRETE PRODUCTS, INC.	150.04
449295	1-May-25	VOICE, LLC	1,439.44
449200	1-May-25	CAL MICROTURBINE, INC.	7,031.35
449286	1-May-25	TOLL BROS. INC.	556.83
449209	1-May-25	CODY, JAMES	749.27
449207	1-May-25	CHO, EUNMEE	26.98
449280	1-May-25	TA, WANLU	52.78
449265	1-May-25	RESILIENT COMMUNICATIONS INC.	2,900.41
449233	1-May-25	HAWKINS DELAFIELD & WOOD LLP	11,850.87
449244	1-May-25	LOZANO SMITH, LLP	63.00
449199	1-May-25	BRIGHTING, MEGAN	74.07
449273	1-May-25	SILER, PAULA	22.27
449194	1-May-25	BESEVLI CINAZ, HILAL	16.96
449223	1-May-25	ENTERPRISE INFORMATION SYSTEMS, INC.	3,960.00
449433	8-May-25	PERS LONG TERM CARE	399.66
449367	8-May-25	MILES CHEMICAL COMPANY, INC.	12,553.96
449376	8-May-25	ORACLE AMERICA, INC.	10,395.29
449349	8-May-25	IRON MOUNTAIN INCORPORATED	2,369.54
449307	8-May-25	AIRGAS, INC.	288.47
449431	8-May-25	FRANCHISE TAX BOARD	92.00
449374	8-May-25	O'REILLY AUTO ENTERPRISES, LLC	127.36
449396	8-May-25	SAN LEON APTS	16.71
449365	8-May-25	LUSTRE-CAL NAMEPLATE CORPORATION	2,612.57
449423	8-May-25	VOICE, LLC	1,507.31
449405	8-May-25	SMOGSTAR LLC	63.25
449410	8-May-25	SOUTHWEST VALVE & EQUIPMENT, LLC	2,422.52
449372	8-May-25	NORTHWOOD PLACE APTS	50.12
449432	8-May-25	INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 47	10,323.62

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449395	8-May-25	RESTEK CORPORATION	772.14
449334	8-May-25	FEDEX	138.24
449345	8-May-25	ID LABELING SYSTEMS, INC	722.38
449322	8-May-25	CORE & MAIN LP	1,189.60
449414	8-May-25	TAIT ENVIRONMENTAL SERVICES, INC.	675.00
449357	8-May-25	KEC ENGINEERING	171.60
449378	8-May-25	OREILLY, WHITNEY	25.44
449316	8-May-25	CHEM-TECH INTERNATIONAL INC	11,826.10
449398	8-May-25	SANNER, REGINA	48.52
449400	8-May-25	SCHINDLER ELEVATOR CORPORATION	347.26
449331	8-May-25	EPPENDORF NORTH AMERICA INC	77.62
449368	8-May-25	MOODY'S INVESTORS SERVICE INC	14,200.00
449382	8-May-25	PARKHOUSE TIRE, INC.	8,109.10
449343	8-May-25	HACH COMPANY	6,729.54
449404	8-May-25	SIGMA-ALDRICH, INC.	346.75
449418	8-May-25	UNITED PARCEL SERVICE INC	140.79
449385	8-May-25	PFM FINANCIAL ADVISORS, LLC	65,000.00
449305	8-May-25	AERZEN USA CORP	730.21
449406	8-May-25	SOUTH COAST WATER CO.	100.00
449422	8-May-25	VINCE TURSINI	3,410.00
449419	8-May-25	VEOLIA NORTH AMERICA, INC.	24,851.25
449339	8-May-25	GEI CONSULTANTS INC	5,052.50
449392	8-May-25	RADWELL INTERNATIONAL LLC	2,205.56
449320	8-May-25	CLEAN ENERGY	9,270.05
449426	8-May-25	WASTE MANAGEMENT COLLECTIONS AND RECYCLING, INC.	4,475.39
449390	8-May-25	PTI SAND & GRAVEL INC	2,660.22
449429	8-May-25	YU, YIMING	80.87
449420	8-May-25	VERIZON WIRELESS SERVICES LLC	5,545.21
449403	8-May-25	SHAW, SUSAN	53.94
449314	8-May-25	BEST DRILLING AND PUMP, INC.	287,332.25
449371	8-May-25	NATIONAL TECHNOLOGY TRANSFER, INC.	17,651.83
449337	8-May-25	FITCH RATINGS, INC.	8,000.00
449391	8-May-25	R C FOSTER CORPORATION	375,508.60
449411	8-May-25	SS MECHANICAL CONSTRUCTION CORP	9,500.00
449352	8-May-25	JOHN ROBINSON CONSULTING, INC.	11,815.00
449393	8-May-25	REECE SUPPLY LLC	913.51
449319	8-May-25	CITY OF SANTA ANA	605.97
449318	8-May-25	CITY OF ORANGE	250.90
449324	8-May-25	DAVIS FARR LLP	8,435.00
449425	8-May-25	WALTERS WHOLESALE ELECTRIC CO	7,196.49
449329	8-May-25	ENVIRONMENTAL EXPRESS, INC.	2,731.12
449389	8-May-25	PRUDENTIAL OVERALL SUPPLY	608.81
449373	8-May-25	NRD, LLC	100.00
449309	8-May-25	ARAKELIAN ENTERPRISES, INC.	2,248.88

IRVINE RANCH WATER DISTRICT
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CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449416	8-May-25	TIC-RETAIL PROPERTIES	126.22
449364	8-May-25	LU, IH E	45.55
449409	8-May-25	SOUTHERN CALIFORNIA EDISON COMPANY	800,713.95
449338	8-May-25	FULLER TRUCK ACCESSORIES	2,140.99
449427	8-May-25	WAXIE'S ENTERPRISES, LLC, A BRADYPLUS COMPANY	1,706.29
449306	8-May-25	AGILENT TECHNOLOGIES, INC.	496.30
449336	8-May-25	FISHER SCIENTIFIC COMPANY, LLC	8,647.28
449370	8-May-25	NATIONAL OILWELL VARCO, L.P.	689.32
449353	8-May-25	JOSE MARTINEZ TREE SERVICE INC.	5,600.00
449321	8-May-25	CLIFFORD MORIYAMA	5,000.00
449342	8-May-25	GSM RENTAL GROUP, LLC	2,153.13
449407	8-May-25	SOUTH COAST WATER DISTRICT	1,494.32
449417	8-May-25	TK ELEVATOR CORPORATION	268.53
449384	8-May-25	PERKINELMER U.S. LLC	6,510.78
449408	8-May-25	SOUTHERN CALIFORNIA EDISON COMPANY	0.73
449386	8-May-25	PINSONNEAULT, ANDREA	129.54
449402	8-May-25	SHAMROCK SUPPLY COMPANY, INC.	4,822.89
449424	8-May-25	VULCAN MATERIALS COMPANY	4,061.75
449304	8-May-25	ADS CORP.	2,781.00
449332	8-May-25	EUROFINS EATON ANALYTICAL, LLC	494.40
449387	8-May-25	PIONEER AMERICAS LLC	33,637.46
449346	8-May-25	IDR ENVIRONMENTAL SERVICES	600.00
449344	8-May-25	HI-LINE INC	193.44
449333	8-May-25	FASTBLUE COMMUNICATIONS INC.	1,988.72
449369	8-May-25	MUTUAL PROPANE	821.46
449312	8-May-25	BALLARD MARINE CONSTRUCTION	85,140.00
449325	8-May-25	DELL MARKETING LP	22,502.84
449380	8-May-25	PACIFIC MECHANICAL SUPPLY	5,800.17
449330	8-May-25	ENVIRONMENTAL SCIENCE ASSOCIATES	29,628.38
449327	8-May-25	DXP ENTERPRISES, INC.	2,571.83
449313	8-May-25	BANK OF NEW YORK MELLON TRUST COMPANY NA	2,206.00
449363	8-May-25	LIU, XUANHONG	37.50
449356	8-May-25	KAN VENTURES, INC	7,750.00
449341	8-May-25	GOMEZ, PHILLIP	71.11
449375	8-May-25	OC HOME BUYERS LLC	39.49
449328	8-May-25	ELIZABETH KING AND DAVID KING	33.48
449323	8-May-25	COX COMMUNICATIONS, INC.	362.94
449335	8-May-25	FIRE EXTINGUISHING SAFETY & SERVICE	696.06
449413	8-May-25	STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES	120,426.00
449394	8-May-25	REFRIGERATION SUPPLIES DISTRIBUTOR	1,329.49
449381	8-May-25	PALP INC. DBA EXCEL PAVING COMPANY	242,522.21
449377	8-May-25	ORANGE COUNTY WINWATER WORKS	5,244.97
449379	8-May-25	ORRICK, HERRINGTON & SUTCLIFFE LLP	70,000.00
449359	8-May-25	LINDE GAS & EQUIPMENT INC.	15,054.03

IRVINE RANCH WATER DISTRICT
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CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449315	8-May-25	CAL MICROTURBINE, INC.	6,831.35
449399	8-May-25	SANTA MARGARITA FORD	1,674.75
449310	8-May-25	AT&T CORP	65.32
449355	8-May-25	KAESER COMPRESSORS, INC.	4,964.25
449348	8-May-25	INFOSEND, INC.	38,392.73
449311	8-May-25	AT&T CORP	6,772.24
449430	8-May-25	CALIFORNIA DEPT OF JUSTICE	25.00
449366	8-May-25	MCELHENY, SEAN	82.21
449351	8-May-25	JEONG, STEPHEN	42.49
449326	8-May-25	DURAN, JENNIFER	379.83
449421	8-May-25	VIETNAMESE AMERICAN CHAMBER OF COMMERCE	2,500.00
449354	8-May-25	JUN ZHOU AND ZHIHONG PAN	32.70
449358	8-May-25	KUPIEC, STEPHEN	109.76
449428	8-May-25	YANG, LULUYANG	3,746.90
449340	8-May-25	GHOST MEDIA GROUP	10,289.12
449388	8-May-25	PLUMBERS DEPOT INC	12,912.52
449412	8-May-25	ST LAURENT AT NEWPORT RIDGE	33,949.08
449401	8-May-25	SCOTT MATHER	1,930.00
449415	8-May-25	TALAL MALHIS AND NISREEN MALHIS	41.35
449317	8-May-25	CHOU, EMILY	21.22
449350	8-May-25	ITRPM INC.	141.73
449347	8-May-25	INC, ITRPN	110.32
449362	8-May-25	LIU, TED	27.35
449308	8-May-25	APEX PARKS GROUP	295.25
449397	8-May-25	SAN MARINO APTS	19.17
449383	8-May-25	PEREZ, PETER	87.78
449361	8-May-25	LIU, GRACE	27.35
449360	8-May-25	LITKE, SANDRA	40.55
449449	15-May-25	CHARLES P CROWLEY COMPANY INC	5,944.38
449502	15-May-25	PRUDENTIAL OVERALL SUPPLY	10,026.14
449453	15-May-25	CORELOGIC INC	901.46
449476	15-May-25	KILL-N-BUGS TERMITE AND PEST CONTROL SERVICES, INC.	350.00
449523	15-May-25	TOP TEN REAL ESTATE INC	42.06
449477	15-May-25	LEE & RO, INC.	33,470.50
449434	15-May-25	11:11 SYSTEMS INC.	2,999.30
449531	15-May-25	VISTA PAINT CORPORATION	713.65
449442	15-May-25	ARAKELIAN ENTERPRISES, INC.	10,615.64
449522	15-May-25	TOM PONTON INDUSTRIES, INC.	8,769.40
449506	15-May-25	RETURN TO WORK PARTNERS INC.	825.00
449515	15-May-25	SOUTHERN CALIFORNIA EDISON COMPANY	21,106.73
449492	15-May-25	PACIFIC MECHANICAL SUPPLY	8,451.07
449486	15-May-25	NATIONAL SAFETY COMPLIANCE, INC	1,491.20
449521	15-May-25	TOM PONTON INDUSTRIES, INC.	1,454.63
449472	15-May-25	HOYA OPTICAL LABS OF AMERICA, INC.	211.00

IRVINE RANCH WATER DISTRICT
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CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449480	15-May-25	MARKMAN, MICHAEL	17.97
449489	15-May-25	ORANGE COUNTY FIRE AUTHORITY	538.00
449455	15-May-25	DAIOHS USA INCORPORATED	1,114.09
449499	15-May-25	PIONEER AMERICAS LLC	67,060.76
449469	15-May-25	HACH COMPANY	273.56
449497	15-May-25	PERKINELMER U.S. LLC	1,070.45
449510	15-May-25	SEAL ANALYTICAL INC	4,790.00
449530	15-May-25	V&A CONSULTING ENGINEERS	23,026.95
449438	15-May-25	AIR TECHNOLOGY LABORATORIES	717.00
449468	15-May-25	GEORGE HILLS COMPANY, INC.	241.50
449487	15-May-25	NICK BARBIERI TRUCKING, LLC	616.07
449435	15-May-25	8X8 INC	15,921.11
449452	15-May-25	COOK, KEVIN	3,296.47
449524	15-May-25	TRIPAC MARKETING INC	4,794.88
449536	15-May-25	WILLIAM P. WARD	1,706.30
449503	15-May-25	REN, BILEI	87.97
449518	15-May-25	STRADLING YOCCA CARLSON & RAUTH	80.00
449447	15-May-25	CDW LLC	22,504.80
449490	15-May-25	ORANGE COUNTY WINWATER WORKS	4,836.74
449511	15-May-25	SECURITAS SECURITY SERVICES USA, INC.	75,012.89
449496	15-May-25	PERFORMANCE PIPELINE TECHNOLOGIES, INC	6,785.00
449467	15-May-25	GARZA INDUSTRIES, INC	1,975.91
449441	15-May-25	ANTHONY N. LARSEN	840.00
449535	15-May-25	WAXIE'S ENTERPRISES, LLC, A BRADYPLUS COMPANY	801.43
449451	15-May-25	COAST PLUMBING HEATING AND AIR, INC	299.00
449473	15-May-25	INFOSEND, INC.	22,067.16
449465	15-May-25	FISHER SCIENTIFIC COMPANY, LLC	11,467.79
449513	15-May-25	SITMATIC	2,167.71
449436	15-May-25	AGILENT TECHNOLOGIES, INC.	629.26
449495	15-May-25	PENG YIN AND YUAN YIN	2,605.39
449485	15-May-25	NATIONAL READY MIXED CONCRETE SALES, LLC	1,324.17
449527	15-May-25	UNITED PARCEL SERVICE INC	85.78
449488	15-May-25	ORACLE AMERICA, INC.	1,689.78
449443	15-May-25	AT&T CORP	219.75
449484	15-May-25	MUTUAL PROPANE	140.37
449459	15-May-25	DMS FACILITY SERVICES, LLC	39,286.87
449505	15-May-25	RESTEK CORPORATION	1,606.41
449444	15-May-25	CABCO YELLOW INC.	139.70
449464	15-May-25	FEDEX	105.18
449463	15-May-25	EUROFINS EATON ANALYTICAL, LLC	7,714.38
449474	15-May-25	INNOVATIVE CONSTRUCTION SOLUTIONS	521,794.04
449439	15-May-25	AIRGAS, INC.	1,117.16
449481	15-May-25	MC FADDEN-DALE INDUSTRIAL HARDWARE, LLC	145.52
449483	15-May-25	MEEDER PUBLIC FUNDS, INC.	20,465.13

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449456	15-May-25	DAVID STRICKEL	238.00
449445	15-May-25	CALIFORNIA NEWSPAPERS PARTNERSHIP	2,249.64
449500	15-May-25	PROGROUP	489.30
449478	15-May-25	LINDE GAS & EQUIPMENT INC.	1,930.44
449517	15-May-25	STETSON ENGINEERS INC.	1,341.25
449457	15-May-25	DCS MANAGEMENT LLC	1,072.52
449516	15-May-25	SOUTHERN CALIFORNIA GAS COMPANY	8,601.43
449493	15-May-25	PARKHOUSE RESIDENCES LLC	431.29
449466	15-May-25	FRONTIER CALIFORNIA INC.	78.81
449534	15-May-25	WATER SYSTEMS CONSULTING, INC.	33,196.63
449482	15-May-25	MC MASTER-CARR SUPPLY COMPANY	1,432.82
449528	15-May-25	UNITED SITE SERVICES OF CALIFORNIA INC	1,142.25
449494	15-May-25	PARKHOUSE TIRE, INC.	383.03
449533	15-May-25	WASTE MANAGEMENT COLLECTIONS AND RECYCLING, INC.	9,176.69
449529	15-May-25	USA WASTE OF CALIFORNIA, INC.	728.70
449471	15-May-25	HD SUPPLY, INC.	1,202.71
449458	15-May-25	DG INVESTMENT INTERMEDIATE HOLDINGS 2, INC.	34,619.01
449462	15-May-25	ENVIRONMENTAL EXPRESS, INC.	1,815.98
449525	15-May-25	TROJAN TECHNOLOGIES CORP.	315.28
449448	15-May-25	CHAN, YU	247.97
449512	15-May-25	SIGMA-ALDRICH, INC.	866.87
449507	15-May-25	ROCKWELL SOLUTIONS, INC.	12,527.51
449520	15-May-25	THERMO ELECTRON NORTH AMERICA LLC	3,469.55
449538	15-May-25	XYLEM WATER SOLUTIONS USA, INC.	849.73
449446	15-May-25	CANON U.S.A., INC.	15.32
449519	15-May-25	THE BALDWIN GROUP WEST, LLC	5,833.33
449526	15-May-25	ULINE, INC	1,298.89
449461	15-May-25	EMD MILLIPORE CORPORATION	7,500.91
449537	15-May-25	WINDOW TINTS EVERYTHING INC	3,150.00
449470	15-May-25	HAWKINS DELAFIELD & WOOD LLP	11,850.87
449509	15-May-25	SCA OF CA, LLC	3,674.30
449437	15-May-25	AIR PRODUCTS AND CHEMICALS, INC.	27,013.65
449498	15-May-25	PETERS, JIM M	38.71
449440	15-May-25	AMAYA SOLUTIONS INC.	6,087.88
449514	15-May-25	SORRELL, SUSAN	75.13
449475	15-May-25	JOHNSON, KAREN E	7,995.00
449504	15-May-25	RENTOKIL NORTH AMERICA, INC	4,200.00
449508	15-May-25	SAND CANYON MEDICAL GROUP	230.00
449501	15-May-25	PROTEUS CONSULTING	5,400.00
449450	15-May-25	CHEM-TECH INTERNATIONAL INC	4,593.40
449532	15-May-25	WARMINGTON HOMES	20.38
449454	15-May-25	CR & R INCORPORATED	569.02
449460	15-May-25	DUSTCON SOLUTIONS INC	17,489.10
449479	15-May-25	MABRY, TAYLOR	10.79

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449491	15-May-25	PACIFIC EH&S SERVICES, INC.	1,611.20
449645	22-May-25	PERS LONG TERM CARE	399.66
449618	22-May-25	T2 UES, INC.	9,532.50
449587	22-May-25	MATHESON TRI GAS, INC	2,078.98
449642	22-May-25	FRANCHISE TAX BOARD	125.00
449643	22-May-25	INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 47	10,571.33
449644	22-May-25	Leal, Anthony E	47.04
449570	22-May-25	EXCEL PAVING CO.	1,571.10
449572	22-May-25	FRONTIER CALIFORNIA INC.	614.36
449612	22-May-25	SEAL ANALYTICAL INC	1,705.63
449582	22-May-25	INTERNATIONAL PUBLIC MANAGEMENT ASSOCIATION FOR HUMAN RESOURCES	1,137.00
449597	22-May-25	PARKHOUSE TIRE, INC.	2,558.87
449628	22-May-25	TK ELEVATOR CORPORATION	578.00
449621	22-May-25	THE ACE AGENCY INC.	1,500.00
449562	22-May-25	DIRECTV INC	157.99
449631	22-May-25	TUSTIN TOYOTA	173.66
449557	22-May-25	CHEM-TECH INTERNATIONAL INC	850.00
449605	22-May-25	PROGROUP	1,634.37
449617	22-May-25	STETSON ENGINEERS INC.	2,234.25
449569	22-May-25	EUROFINS ENVIRONMENT TESTING SOUTHWEST	3,622.50
449623	22-May-25	THIRKETTLE CORPORATION	24,390.69
449629	22-May-25	TOWNER FILTRATION	7,810.64
449594	22-May-25	ONESOURCE DISTRIBUTORS, LLC	4,689.83
449615	22-May-25	SOUTHERN CALIFORNIA EDISON COMPANY	45,073.11
449539	22-May-25	A.C SPRAGGINS ENGINEERING & UNDERGROUND	1,499.60
449586	22-May-25	LISA AGUILAR AND MARIO AGUILAR	374.66
449567	22-May-25	EUNA SOLUTIONS, INC	26,000.00
449566	22-May-25	ENVIRONMENTAL SCIENCE ASSOCIATES	15,834.16
449579	22-May-25	HD SUPPLY, INC.	3,055.42
449551	22-May-25	BORDIN SEMMER LLP	165.00
449639	22-May-25	WALTERS WHOLESALE ELECTRIC CO	1,483.74
449555	22-May-25	CANON FINANCIAL SERVICES, INC.	9,790.47
449554	22-May-25	CALPINE CORPORATION	373,096.36
449624	22-May-25	TIC-IPG-COMMON	53.20
449606	22-May-25	PTI SAND & GRAVEL INC	3,305.56
449625	22-May-25	TIC-OFFICE PROPERTIES	89.60
449588	22-May-25	MC FADDEN-DALE INDUSTRIAL HARDWARE, LLC	111.89
449630	22-May-25	TRICOR DIRECT INC	2,046.96
449571	22-May-25	FEDEX	159.18
449541	22-May-25	AIR PRODUCTS AND CHEMICALS, INC.	8,350.00
449622	22-May-25	THERMO ELECTRON NORTH AMERICA LLC	1,562.38
449614	22-May-25	SOUTHERN CALIFORNIA EDISON COMPANY	46.06
449550	22-May-25	BLUEALLY TECHNOLOGY SOLUTIONS, LLC	10,466.50
449585	22-May-25	LINDE GAS & EQUIPMENT INC.	18,834.09

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449574	22-May-25	GIFTEDD SOLUTIONS INC	20,000.00
449591	22-May-25	O'REILLY AUTO ENTERPRISES, LLC	1,101.02
449581	22-May-25	INDUSTRIAL METAL SUPPLY CO	66.75
449620	22-May-25	THATCHER COMPANY, INC	4,589.57
449634	22-May-25	US JETTING LLC	197.86
449552	22-May-25	BUTIER ENGINEERING INC	18,240.00
449593	22-May-25	OFFICE SOLUTIONS BUSINESS PRODUCTS & SERVICES LLC	1,668.24
449590	22-May-25	NIP, HANA	1,277.92
449563	22-May-25	ELEMENT PARENT, INC.	38,597.62
449635	22-May-25	VALIN CORPORATION	21,566.08
449545	22-May-25	APCO GRAPHICS INC	293.09
449564	22-May-25	ELIJAH STANDING WARRIOR	1,500.00
449636	22-May-25	VERIZON WIRELESS SERVICES LLC	328.10
449608	22-May-25	RESTEK CORPORATION	1,302.17
449546	22-May-25	AT&T CORP	165.87
449633	22-May-25	UNITED PARCEL SERVICE INC	92.48
449640	22-May-25	WAXIE'S ENTERPRISES, LLC, A BRADYPLUS COMPANY	993.15
449638	22-May-25	VULCAN MATERIALS COMPANY	2,127.66
449611	22-May-25	SAND CANYON MEDICAL GROUP	2,775.00
449576	22-May-25	HACH COMPANY	1,777.88
449575	22-May-25	GSRP ST SOLAR I LLC	11,856.30
449543	22-May-25	AM CONSERVATION GROUP, INC.	2,697.45
449613	22-May-25	SOUTH COAST BOBCAT	125.09
449548	22-May-25	ATI RESTORATION, LLC	491.03
449583	22-May-25	JOHNSTONE MOYER INC.	1,476.85
449601	22-May-25	PIONEER AMERICAS LLC	44,874.24
449573	22-May-25	GEE HEAVY MACHINERY LLC	342.89
449619	22-May-25	TAIT ENVIRONMENTAL SERVICES, INC.	2,314.20
449560	22-May-25	D & H WATER SYSTEMS INC.	3,800.35
449603	22-May-25	POPAT, JUSTIN	56.04
449549	22-May-25	BALLARD MARINE CONSTRUCTION	47,820.00
449598	22-May-25	PAX WATER TECHNOLOGIES, INC	8,178.28
449599	22-May-25	PAYMENTUS CORPORATION	67,087.46
449595	22-May-25	ORANGE COUNTY WINWATER WORKS	4,492.14
449592	22-May-25	OCTA	660.00
449596	22-May-25	PACIFIC MECHANICAL SUPPLY	5,492.01
449626	22-May-25	TIC-RESORT PROPERTIES	322.60
449542	22-May-25	AIRGAS, INC.	55.73
449556	22-May-25	CANON U.S.A., INC.	47.23
449547	22-May-25	AT&T CORP	12,504.21
449610	22-May-25	SAN CARLO APARTMENTS	50.19
449561	22-May-25	DANG, LE MINH	1,167.89
449540	22-May-25	AFLTOON, ELLIE	432.83
449577	22-May-25	HAMILTON, KURT	1,092.76

IRVINE RANCH WATER DISTRICT
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CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449600	22-May-25	PINNACLE TOWERS LLC	947.99
449553	22-May-25	CAL MICROTURBINE, INC.	3,153.84
449602	22-May-25	POLIQUN, NICOLE	5.73
449616	22-May-25	SOUTHERN CALIFORNIA GAS COMPANY	4,645.54
449607	22-May-25	RADWELL INTERNATIONAL LLC	32,735.04
449584	22-May-25	JT THORPE & SON, INC	16,822.95
449637	22-May-25	VSS SALES, INC.	13,834.03
449565	22-May-25	ENVIRONMENTAL RESOURCE ASSOCIATES, INC.	339.60
449580	22-May-25	IDEA HALL	17,990.00
449559	22-May-25	CONSOLIDATED CONTRACTING	3,640.75
449589	22-May-25	MISSION COMMUNICATIONS, LLC	3,505.60
449544	22-May-25	AMERICAN CIVIL CONSTRUCTORS WEST COAST LLC	1,349.45
449641	22-May-25	WILLOWS MAINT ASSN	2,726.40
449578	22-May-25	HAZEN AND SAWYER, D.P.C	1,260.00
449604	22-May-25	PREFERRED PAVING CO	1,754.10
449609	22-May-25	SAFETY-KLEEN SYSTEMS, INC	342.00
449568	22-May-25	EUROFINS EATON ANALYTICAL, LLC	1,081.50
449632	22-May-25	ULINE, INC	814.12
449558	22-May-25	CITY OF LAKE FOREST	31,367.48
449627	22-May-25	TIC-SPECTRUM OFFICE	350.00
449752	29-May-25	AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS	6,204.72
449756	29-May-25	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT	3,516.87
449754	29-May-25	HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY	28.11
449753	29-May-25	ANTHEM BLUE CROSS	370.71
449755	29-May-25	Norman, Tammy	586.37
449679	29-May-25	GRAYBAR ELECTRIC COMPANY	537.05
449688	29-May-25	JIANG, BOLUN	26.22
449702	29-May-25	MC MASTER-CARR SUPPLY COMPANY	229.16
449676	29-May-25	FRONTIER CALIFORNIA INC.	123.69
449700	29-May-25	MBK ENGINEERS	1,506.00
449684	29-May-25	HD SUPPLY, INC.	507.68
449740	29-May-25	TAIT ENVIRONMENTAL SERVICES, INC.	480.00
449721	29-May-25	REECE SUPPLY LLC	3,765.94
449664	29-May-25	CLEAN WATER SOCAL	11,525.00
449671	29-May-25	ERIC HENNINGSON AND JIA HENNINGSON	144.47
449751	29-May-25	WAXIE'S ENTERPRISES, LLC, A BRADYPLUS COMPANY	1,603.71
449703	29-May-25	NEWPORT BEACH CHAMBER OF COMMERCE	1,000.00
449744	29-May-25	TJENG, SUSAN	146.62
449692	29-May-25	KNOWBE4, INC.	14,310.00
449712	29-May-25	PAKZAD, JAHANSHAH	36.52
449707	29-May-25	ONESOURCE DISTRIBUTORS, LLC	5,083.29
449714	29-May-25	PHENOMENEX INC	1,512.76
449669	29-May-25	DILYTICS INC	3,340.00
449686	29-May-25	INTEGRITY MUNICIPAL SYSTEMS LLC	2,862.00

IRVINE RANCH WATER DISTRICT
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CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449654	29-May-25	B & K ELECTRIC WHOLESale	14,584.61
449677	29-May-25	GALLAGHER BENEFIT SERVICES, INC.	420.00
449695	29-May-25	KWAK, BONGKYU	66.89
449659	29-May-25	CENTROID INTERMEDIATE, LLC	98,607.50
449726	29-May-25	RUE, ROSALIND	23.02
449672	29-May-25	ESSEX PORTFOLIO, LP	48.22
449723	29-May-25	RODRIGUEZ, IRMA	87.73
449656	29-May-25	BIOTAGE LLC	315.60
449662	29-May-25	CHU, CONNIE	57.22
449651	29-May-25	AT&T CORP	166.91
449708	29-May-25	PACIFIC EH&S SERVICES, INC.	4,292.60
449743	29-May-25	THIRKETTLE CORPORATION	349.99
449720	29-May-25	RAGLAND, JONATHAN	26.01
449670	29-May-25	ENVIRONMENTAL RESOURCE ASSOCIATES, INC.	125.20
449687	29-May-25	IRVINE RANCH CONSERVANCY	2,858.18
449652	29-May-25	AT&T CORP	65.32
449738	29-May-25	STADICK, SCOTT	34.92
449699	29-May-25	LIU, BENDI	21.89
449737	29-May-25	SRG CONCTRACTORS L.P	128.18
449719	29-May-25	RAFTELIS FINANCIAL CONSULTANTS INC.	32,595.00
449658	29-May-25	CALIFORNIA PACIFIC HOMES	90.81
449655	29-May-25	BANK OF NEW YORK MELLON TRUST COMPANY NA	2,402.00
449706	29-May-25	NOVA GEOTECHNICAL AND INSPECTION SERVICES	1,156.00
449739	29-May-25	SUZANNA CHOI	7,000.00
449663	29-May-25	CITY OF SANTA ANA	347,967.79
449698	29-May-25	LINDE GAS & EQUIPMENT INC.	3,705.05
449746	29-May-25	URBAN WATER INSTITUTE INC	3,000.00
449716	29-May-25	PLUMBERS DEPOT INC	8,057.06
449674	29-May-25	FISHER SCIENTIFIC COMPANY, LLC	1,221.96
449731	29-May-25	SONG, LEYI	21.89
449693	29-May-25	KOO, SONNY	28.38
449683	29-May-25	HAWKINS DELAFIELD & WOOD LLP	11,850.87
449717	29-May-25	PROGROUP	1,138.77
449660	29-May-25	CHEN, MO	32.50
449680	29-May-25	GREATER IRVINE CHAMBER OF COMMERCE	1,899.00
449742	29-May-25	TGS MANAGEMENT COMPANY LLC	6,496.63
449715	29-May-25	PIONEER AMERICAS LLC	33,637.44
449665	29-May-25	CORE & MAIN LP	515.03
449694	29-May-25	KURITA AMERICA INC.	23,097.27
449650	29-May-25	AT&T CORP	6,657.00
449734	29-May-25	SOUTH COAST WATER CO.	100.00
449732	29-May-25	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT	1,842.17
449657	29-May-25	BRIGHTVIEW LANDSCAPE DEVELOPMENT	2,167.40
449704	29-May-25	NICK BARBIERI TRUCKING, LLC	4,969.77

IRVINE RANCH WATER DISTRICT
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CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
449730	29-May-25	SHAMSAI, BERNARD	28.80
449666	29-May-25	COX COMMUNICATIONS, INC.	3,231.06
449747	29-May-25	US BANK NAT'L ASSOCIATION NORTH DAKOTA	92,406.80
449749	29-May-25	VISTA PAINT CORPORATION	962.20
449696	29-May-25	LENNAR HOMES OF CALIFORNIA, INC.	18.49
449681	29-May-25	HACH COMPANY	30,762.02
449682	29-May-25	HARSH ARORA AND SEEMA AROA	482.05
449673	29-May-25	FEDEX	299.78
449718	29-May-25	PTI SAND & GRAVEL INC	1,619.91
449728	29-May-25	SAUNDERS, VICKI	16.96
449725	29-May-25	RUCKER, LLOYD	28.80
449697	29-May-25	LI, ZHOUYUAN	19.90
449709	29-May-25	PACIFIC HYDROTECH CORPORATION	1,492.54
449711	29-May-25	PACIFIC MECHANICAL SUPPLY	5,836.51
449689	29-May-25	KAESER COMPRESSORS, INC.	590.17
449647	29-May-25	AQUATIC BIOASSAY & CONSULTING LABORATORIES, INC.	8,645.00
449727	29-May-25	SANTA MARGARITA FORD	213.05
449646	29-May-25	AIRGAS, INC.	1,444.99
449675	29-May-25	FOLEY, DANIELLE	16.66
449691	29-May-25	KIM, DANIEL	195.13
449701	29-May-25	MC FADDEN-DALE INDUSTRIAL HARDWARE, LLC	236.74
449722	29-May-25	RETURN TO WORK PARTNERS INC.	2,125.00
449667	29-May-25	DEBBANEH, GEORGE	45.06
449741	29-May-25	TENG, CATHERINE	315.52
449705	29-May-25	NMG GEOTECHNICAL INC	8,390.00
449690	29-May-25	KILL-N-BUGS TERMITE AND PEST CONTROL SERVICES, INC.	350.00
449733	29-May-25	SOUTH COAST BOBCAT	233.75
449736	29-May-25	SOUTHERN CALIFORNIA GAS COMPANY	50.00
449729	29-May-25	SHAMROCK SUPPLY COMPANY, INC.	411.86
449750	29-May-25	VSS SALES, INC.	17,539.53
449661	29-May-25	CHEN, WEI	1,127.81
449648	29-May-25	ASICI, ALI	50.46
449748	29-May-25	VALITY, DATTATRAY	16.96
449735	29-May-25	SOUTHERN CALIFORNIA EDISON COMPANY	369,483.92
449668	29-May-25	DELL MARKETING LP	1,666.45
449653	29-May-25	AVIAT U.S., INC	6,422.00
449685	29-May-25	HI-LINE INC	438.03
449649	29-May-25	AT&T CORP	228.33
449745	29-May-25	TONY DEMARIA ELECTRIC, INC	37,181.00
449678	29-May-25	GEM MOBILE TREATMENT SERVICES	62,147.20
449710	29-May-25	PACIFIC HYDROTECH CORPORATION	9,069.36
449713	29-May-25	PENN ARCHIVE SERVICES, INC.	185.96
449724	29-May-25	RRB WATER CONSULTING LLC	8,925.00
SUB-TOTAL IRWD WELLS FARGO CHECK AND IRWD WELLS FARGO CHECK NO PRINT DISBURSEMENTS			8,607,374.37

IRVINE RANCH WATER DISTRICT
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CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
1006335	1-May-25	Hansen, Casey	56.00
1006328	1-May-25	Aguilar, Alan C	15.26
1006334	1-May-25	Do, Thu-Tam T (Thu-Tam)	12.60
1006346	1-May-25	Stupy, Cole Austin	16.80
1006337	1-May-25	Lam, Chau B (Joe)	204.00
1006344	1-May-25	Pulles, Margaret M (Margaret)	44.90
1006336	1-May-25	Koenig, Timothy (Tim)	17.50
1006333	1-May-25	Contreras, Joaquin	119.28
1006339	1-May-25	Lopez, Miguel	23.52
1006330	1-May-25	Cariker, Cody J (Cody)	14.70
1006329	1-May-25	Barboza, Kyra	233.76
1006347	1-May-25	Valdes, Jeffrey Glenn	54.18
1006331	1-May-25	Chaney, David (Dave)	14.42
1006348	1-May-25	Williams, Warren (Randy)	566.60
1006340	1-May-25	Madding, Joshua	199.08
1006345	1-May-25	Shapiro, Matthew	60.90
1006341	1-May-25	Moudy, Crystal Marie	48.16
1006338	1-May-25	Legault, Dan (Dan)	1,502.74
1006332	1-May-25	Compton, Christine A	31.33
1006342	1-May-25	Munoz, Ruben	17.78
1006343	1-May-25	Pham, Amie	13.02
1006422	8-May-25	Valencia, Reynaldo (Rey)	97.56
1006408	8-May-25	Gates, April	47.60
1006423	8-May-25	Vu, Johnny T (Johnny)	40.60
1006410	8-May-25	Justice, Jack L (Jack)	239.00
1006417	8-May-25	Rawlins, Othniel Jr.	126.00
1006419	8-May-25	Rios, Elias L	103.32
1006418	8-May-25	Reed, Megan A	27.02
1006403	8-May-25	Contreras, Joaquin	104.46
1006406	8-May-25	Estrada, Robert C	72.52
1006407	8-May-25	Garibay, Erika Isela	27.44
1006405	8-May-25	Escobar, Omar (Omar)	10.95
1006420	8-May-25	Squyres, Diane M (Diane)	9.38
1006404	8-May-25	Daquial, Dixie	350.00
1006412	8-May-25	Martinez, Jose A IV (Jose)	19.16
1006411	8-May-25	Ludwig, Jason	67.20
1006416	8-May-25	Orozco, Linda	34.59
1006413	8-May-25	Munoz, Ruben	17.78
1006409	8-May-25	Haug, Jack Philip Ryan	280.96
1006415	8-May-25	Nguyen, Jeanny	15.82
1006414	8-May-25	Munoz, Victor Armando Jr	32.20
1006421	8-May-25	Tran, Quang (David)	63.00
1006495	15-May-25	Moreno, Derek	59.64

IRVINE RANCH WATER DISTRICT
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1006504	15-May-25	Villella, Aaren	59.36
1006498	15-May-25	Pascual, Allan	81.48
1006484	15-May-25	De Castro, Earl	66.92
1006502	15-May-25	Shapiro, Matthew	182.70
1006494	15-May-25	Moeder, Jacob J (Jacob)	57.40
1006486	15-May-25	Ferons, Daniel R	836.98
1006506	15-May-25	Withers, John B	63.77
1006497	15-May-25	Olivolo, Eric J (Eric)	71.68
1006487	15-May-25	Hansen, Casey	56.00
1006500	15-May-25	Salazar, Kyle	36.54
1006482	15-May-25	Cariker, Cody J (Cody)	14.70
1006501	15-May-25	Sanchez, Maria	14.28
1006485	15-May-25	Denhaan, Robert E	12.39
1006505	15-May-25	Williams, Warren (Randy)	2,299.93
1006492	15-May-25	Ludwig, Jason	67.20
1006483	15-May-25	Contreras, Max Albert	33.60
1006503	15-May-25	Stupy, Cole Austin	16.80
1006481	15-May-25	Bosley, Kelleen M	15.40
1006499	15-May-25	Reinhart, Douglas J	203.00
1006496	15-May-25	Moudy, Crystal Marie	49.00
1006491	15-May-25	Lopez, Miguel	35.28
1006489	15-May-25	Koenig, Timothy (Tim)	17.50
1006490	15-May-25	LaMar, Steven E	1,203.61
1006488	15-May-25	Haug, Jack Philip Ryan	292.93
1006493	15-May-25	Marquez, Jesus	137.34
1006562	22-May-25	Hall, William P (William)	350.00
1006567	22-May-25	McNulty, Amy K (Amy)	21.00
1006561	22-May-25	Gates, April	20.16
1006559	22-May-25	Colston, James	1,600.37
1006574	22-May-25	Smith, Cameron Douglas	84.70
1006571	22-May-25	Richardson, Kyle	51.37
1006558	22-May-25	Collazo, Carlos C (Carlos)	1,311.51
1006568	22-May-25	Nguyen, Claire	125.00
1006576	22-May-25	Valencia, Reynaldo (Rey)	108.83
1006572	22-May-25	Rios, Elias L	34.44
1006563	22-May-25	Haug, Jack Philip Ryan	17.50
1006569	22-May-25	Noller, Maria Guadalupe	25.00
1006565	22-May-25	Hunting, Verowin Martin	249.94
1006566	22-May-25	Maldonado, Damien Michael	113.36
1006570	22-May-25	Ramirez, Eric	48.44
1006560	22-May-25	Contreras, Joaquin	29.82
1006575	22-May-25	Swan, Peer	3,731.67
1006564	22-May-25	Hernandez, Thomas J	60.00
1006577	22-May-25	Vu, Johnny T (Johnny)	20.30

IRVINE RANCH WATER DISTRICT
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1006573	22-May-25	Rivenburg, Deniene H	173.25
1006579	22-May-25	Wise, Maureen (Mo)	1,288.21
1006578	22-May-25	Weghorst, Paul A (Paul)	91.99
1006629	29-May-25	Cahatol, Justin	336.00
1006648	29-May-25	Stupy, Cole Austin	16.80
1006651	29-May-25	Villalta, Jonathan	41.30
1006644	29-May-25	Nguyen, Jeanny	15.82
1006642	29-May-25	Martinez, Jose A IV (Jose)	20.00
1006650	29-May-25	Velez, Cameron Joseph	32.20
1006639	29-May-25	Jakubas-Pufal, Dorota	26.60
1006638	29-May-25	Hansen, Casey	84.00
1006645	29-May-25	Rodriguez, Jimmy	27.16
1006640	29-May-25	Koenig, Timothy (Tim)	70.00
1006652	29-May-25	Villella, Aaren	187.65
1006653	29-May-25	Vu, Johnny T (Johnny)	20.30
1006635	29-May-25	Estrada, Audie Nickolas	90.72
1006631	29-May-25	Cervantes, Angel	28.00
1006633	29-May-25	Contreras, Joaquin	29.82
1006637	29-May-25	Greer, Matthew	17.78
1006630	29-May-25	Cariker, Cody J (Cody)	14.70
1006634	29-May-25	Contreras, Max Albert	33.60
1006649	29-May-25	Valencia, Reynaldo (Rey)	92.19
1006654	29-May-25	Zamora, Victor A	70.75
1006643	29-May-25	Matuska, Ryan Scott	56.57
1006647	29-May-25	Shapiro, Matthew	182.70
1006632	29-May-25	Cho, Harry K (Harry)	180.00
1006628	29-May-25	Bosley, Kelleen M	15.40
1006636	29-May-25	Gates, April	20.16
1006641	29-May-25	Madding, Joshua	99.54
1006646	29-May-25	Sanchez, Maria	29.12
SUB-TOTAL IRWD WELLS FARGO ACH FOR EXPENSE REPORTS			22,434.26
1006353	1-May-25	ALSTON & BIRD LLP	4,563.00
1006374	1-May-25	HILL BROTHERS CHEMICAL COMPANY	37,444.00
1006388	1-May-25	PSOMAS	11,444.25
1006378	1-May-25	KIMBALL MIDWEST	1,921.54
1006354	1-May-25	AMAZON CAPITAL SERVICES, INC.	12,574.48
1006393	1-May-25	RELIANCE STANDARD LIFE INSURANCE COMPANY	38,403.50
1006366	1-May-25	DELTA DENTAL OF CALIFORNIA	46,448.32
1006398	1-May-25	TETRA TECH, INC	8,992.50
1006387	1-May-25	PACIFIC STAR CHEMICAL, LLC	6,604.89
1006356	1-May-25	ARAG NORTH AMERICA, INC.	633.25
1006373	1-May-25	HDR ENGINEERING INC	40,819.75
1006399	1-May-25	W. W. GRAINGER, INC.	15,841.61

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

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1006390	1-May-25	RAM AIR ENGINEERING INC	12,782.36
1006355	1-May-25	ANIMAL PEST MANAGEMENT SERVICES, INC.	5,532.00
1006367	1-May-25	DRAKE TRAFFIC CONTROL SERVICES	1,300.00
1006385	1-May-25	MUNICIPAL WATER DISTRICT OF ORANGE COUNTY	2,367,205.55
1006352	1-May-25	AECOM TECHNICAL SERVICES, INC.	104,649.25
1006360	1-May-25	BORCHARD SURVEYING & MAPPING, INC.	11,092.50
1006376	1-May-25	JCI JONES CHEMICALS, INC.	4,957.90
1006357	1-May-25	AUTOZONE PARTS, INC.	524.75
1006350	1-May-25	ACCUSTANDARD, INC.	169.67
1006377	1-May-25	JIG CONSULTANTS	28,182.06
1006365	1-May-25	COUNTY OF ORANGE SANITATION DISTRICT	26,734.62
1006381	1-May-25	LANDCARE HOLDINGS, INC.	15,257.00
1006382	1-May-25	LIEBERT CASSIDY WHITMORE	8,186.50
1006368	1-May-25	EUROFINS ENVIRONMENT TESTING AMERICA HOLDINGS, INC.	2,362.50
1006401	1-May-25	WECK ANALYTICAL ENVIRONMENT SERVICES, INC.	775.00
1006395	1-May-25	RLG ENTERPRISES, INC	168.54
1006362	1-May-25	CANNON CORPORATION	6,605.25
1006379	1-May-25	KUTAK ROCK LLP	1,056.00
1006386	1-May-25	ORANGE COUNTY AUTO PARTS	736.08
1006392	1-May-25	RED WING SHOE STORE	238.11
1006396	1-May-25	SHOETERIA, INC.	156.59
1006400	1-May-25	WATERLINE TECHNOLOGIES INC	13,132.16
1006402	1-May-25	WEST COAST SAFETY SUPPLY, INC	5,077.07
1006375	1-May-25	JAMES BRADFORD HALDEMAN	3,975.00
1006383	1-May-25	METTLER-TOLEDO INTERNATIONAL, INC	2,092.31
1006391	1-May-25	REACH EMPLOYEE ASSISTANCE INC	1,117.20
1006389	1-May-25	PYRO-COMM SYSTEMS INC	450.00
1006394	1-May-25	RINCON TRUCK CENTER INC.	220.00
1006369	1-May-25	FARRELL PRINTING, INC.	193.52
1006380	1-May-25	LAGUNA BEACH COUNTY WATER DISTRICT	6,617.21
1006397	1-May-25	SMARTFISH CORP	6,351.26
1006359	1-May-25	BIRMINGHAM FASTENER & SUPPLY INC	5,951.89
1006349	1-May-25	A&A WIPING CLOTH CO	2,068.80
1006384	1-May-25	MULTIQUIP INC	904.79
1006364	1-May-25	COTTONS POINT DESIGN, INC.	4,803.28
1006370	1-May-25	GANAHL LUMBER CO.	4,232.95
1006358	1-May-25	BC WIRE ROPE & RIGGING	841.54
1006363	1-May-25	CITY OF IRVINE	143,380.00
1006372	1-May-25	HANSON BRIDGETT LLP	118,867.50
1006361	1-May-25	CALIFORNIA BARRICADE RENTALS, INC.	30,041.50
1006371	1-May-25	GRISWOLD INDUSTRIES	21,878.64
1006351	1-May-25	ACE INDUSTRIES INC	7,478.50
1006424	8-May-25	A1 QUALITY BLINDS	13,254.44
1006437	8-May-25	CLIFTON MAXWELL II	4,860.00

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
1006480	8-May-25	WORLD TRAVEL CONSULTANTS	4,290.00
1006452	8-May-25	GEIGER BROS	1,299.41
1006441	8-May-25	DAVID BALLASCH	325.00
1006456	8-May-25	HDR ENGINEERING INC	20,168.74
1006459	8-May-25	JIG CONSULTANTS	19,537.50
1006476	8-May-25	WATERLINE TECHNOLOGIES INC	4,599.52
1006425	8-May-25	ACCELERATED TECHNOLOGY LABORATORIES, LLC	4,290.00
1006466	8-May-25	MR CRANE, INC.	3,493.13
1006443	8-May-25	DOFORMS, INC	1,799.10
1006468	8-May-25	PYRO-COMM SYSTEMS INC	1,363.67
1006474	8-May-25	TANKVISIONS, INC	30.00
1006446	8-May-25	EL TORO WATER DISTRICT	46,199.00
1006426	8-May-25	ACCELERATED TECHNOLOGY LABORATORIES, LLC	23,364.75
1006442	8-May-25	DEMARIA ELECTRIC MOTOR SERVICES, INC.	19,027.23
1006450	8-May-25	GANAHL LUMBER CO.	4,166.69
1006436	8-May-25	CITY OF IRVINE	602.85
1006430	8-May-25	ANIMAL PEST MANAGEMENT SERVICES, INC.	450.00
1006428	8-May-25	ALEXANDER'S CONTRACT SERVICES, INC.	136,397.75
1006471	8-May-25	RINCON TRUCK CENTER INC.	3,710.06
1006434	8-May-25	CAPTIVE AUDIENCE MARKETING INC.	79.00
1006445	8-May-25	DUKE'S ROOT CONTROL INC	41,447.32
1006463	8-May-25	MARCO GUEVARA	16,000.00
1006447	8-May-25	ENVIRONMENTAL ENGINEERING AND CONTRACTING, INC.	14,041.25
1006435	8-May-25	CDW GOVERNMENT LLC	11,203.64
1006461	8-May-25	LANDCARE HOLDINGS, INC.	9,413.40
1006455	8-May-25	HAAKER EQUIPMENT COMPANY	3,844.11
1006469	8-May-25	RAM AIR ENGINEERING INC	2,880.51
1006448	8-May-25	FARRELL PRINTING, INC.	1,544.10
1006467	8-May-25	ORANGE COUNTY AUTO PARTS	372.54
1006472	8-May-25	SHOETERIA, INC.	176.16
1006433	8-May-25	CALIFORNIA BARRICADE RENTALS, INC.	31,830.50
1006478	8-May-25	WEST YOST & ASSOCIATES, INC.	17,250.00
1006464	8-May-25	MARK KADESH	11,092.00
1006475	8-May-25	W. W. GRAINGER, INC.	8,054.65
1006432	8-May-25	BIGWIG MONSTER, LLC	6,450.00
1006454	8-May-25	GRISWOLD INDUSTRIES	5,865.91
1006440	8-May-25	CV TECHNOLOGY, INC.	919.51
1006427	8-May-25	AECOM TECHNICAL SERVICES, INC.	235,045.68
1006444	8-May-25	DRAKE TRAFFIC CONTROL SERVICES	1,820.00
1006473	8-May-25	SUNSHINE SUPPLY COMPANY, INC.	975.44
1006479	8-May-25	WESTAMERICA COMMUNICATIONS, INC.	660.00
1006449	8-May-25	FIDELITY SECURITY LIFE INSURANCE COMPANY	8,203.08
1006431	8-May-25	AUTOZONE PARTS, INC.	975.64
1006477	8-May-25	WEST COAST SAFETY SUPPLY, INC	534.68

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
1006470	8-May-25	RED WING SHOE STORE	395.45
1006460	8-May-25	JPR SYSTEMS INC.	7,520.00
1006438	8-May-25	COLONIAL LIFE & ACCIDENT INSURANCE CO.	370.32
1006457	8-May-25	HILL BROTHERS CHEMICAL COMPANY	12,266.26
1006439	8-May-25	COOMBS SERVICE GROUP	36,700.00
1006458	8-May-25	INNOVATIVE MACHINE TOOL REPAIR LLC	2,150.04
1006451	8-May-25	GCI CONSTRUCTION, INC.	95,950.00
1006453	8-May-25	GM SAGER CONSTRUCTION CO, INC.	73,460.00
1006465	8-May-25	MORGAN COMPANY	345.84
1006462	8-May-25	LWP CLAIMS SOLUTIONS INC	2,333.00
1006429	8-May-25	AMAZON CAPITAL SERVICES, INC.	5,655.30
1006510	15-May-25	AURORA SYSTEMS CONSULTING, INC	56,011.54
1006534	15-May-25	MICHAEL BAKER INTERNATIONAL, INC.	14,752.07
1006515	15-May-25	C WELLS PIPELINE MATERIALS, INC	11,915.01
1006530	15-May-25	JCI JONES CHEMICALS, INC.	7,964.09
1006543	15-May-25	RAM AIR ENGINEERING INC	7,925.07
1006547	15-May-25	RINCON TRUCK CENTER INC.	3,956.08
1006549	15-May-25	SHOETERIA, INC.	168.21
1006531	15-May-25	LANDCARE HOLDINGS, INC.	139,275.88
1006541	15-May-25	ORIGIN CONSULTING LLC	13,312.50
1006528	15-May-25	HILL BROTHERS CHEMICAL COMPANY	10,510.41
1006554	15-May-25	UNIVAR SOLUTIONS USA , LLC	10,502.20
1006545	15-May-25	RELIABLE WATER SOLUTIONS, LLC	7,438.73
1006512	15-May-25	B.L. WILCOX & ASSOCIATES	1,359.96
1006550	15-May-25	SYNAGRO WEST, LLC	142,936.05
1006516	15-May-25	CALIFORNIA BARRICADE RENTALS, INC.	46,191.08
1006525	15-May-25	GOFORTH & MARTI	11,299.21
1006533	15-May-25	LWP CLAIMS SOLUTIONS INC	25,926.05
1006532	15-May-25	LILLESTRAND LEADERSHIP CONSULTING, INC.	9,975.00
1006508	15-May-25	AECOM TECHNICAL SERVICES, INC.	1,490.00
1006518	15-May-25	CDW GOVERNMENT LLC	450.58
1006551	15-May-25	TETRA TECH, INC	79,545.00
1006542	15-May-25	PSOMAS	25,735.63
1006514	15-May-25	BURLINGTON SAFETY LABORATORY	3,178.31
1006519	15-May-25	CONSERV CONSTRUCTION INC.	2,760.00
1006553	15-May-25	THE GUERRA COMPANIES	2,046.28
1006524	15-May-25	GM SAGER CONSTRUCTION CO, INC.	97,300.00
1006513	15-May-25	BRENNTAG PACIFIC INC.	52,354.67
1006517	15-May-25	CAROLLO ENGINEERS, INC	8,515.00
1006529	15-May-25	INDUSTRIAL SCIENTIFIC CORPORATION	6,003.97
1006538	15-May-25	NEW PIG CORPORATION	4,766.61
1006520	15-May-25	CROSS CONNECTION ENVIRONMENTAL LLC	4,410.00
1006523	15-May-25	EUROFINS ENVIRONMENT TESTING AMERICA HOLDINGS, INC.	3,769.50
1006540	15-May-25	ORANGE COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT	1,702.65

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
1006526	15-May-25	HAAKER EQUIPMENT COMPANY	364.09
1006511	15-May-25	AUTOZONE PARTS, INC.	300.87
1006522	15-May-25	ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE, INC.	113,900.00
1006546	15-May-25	RESOLUTE COMPANY	13,500.00
1006555	15-May-25	W. W. GRAINGER, INC.	11,090.21
1006509	15-May-25	AMAZON CAPITAL SERVICES, INC.	7,344.26
1006556	15-May-25	WEST YOST & ASSOCIATES, INC.	2,777.00
1006521	15-May-25	DRAKE TRAFFIC CONTROL SERVICES	2,240.00
1006536	15-May-25	NCL OF WISCONSIN INC	1,053.57
1006544	15-May-25	RED WING SHOE STORE	328.96
1006535	15-May-25	MICROSOFT CORPORATION	24.00
1006527	15-May-25	HDR ENGINEERING INC	50,508.80
1006557	15-May-25	WESTAMERICA COMMUNICATIONS, INC.	5,020.08
1006537	15-May-25	NEUMERIC TECHNOLOGIES CORPORATION	3,880.00
1006552	15-May-25	TETRA TECH, INC	1,070.00
1006548	15-May-25	RLG ENTERPRISES, INC	606.85
1006539	15-May-25	ORANGE COUNTY AUTO PARTS	451.12
1006507	15-May-25	ABC ICE, INC	253.48
1006598	22-May-25	HANSON BRIDGETT LLP	146,083.93
1006615	22-May-25	PACIFIC HYDROTECH CORPORATION	28,358.24
1006590	22-May-25	DISCOVERY SCIENCE CENTER OF ORANGE COUNTY	16,298.17
1006610	22-May-25	NEUMERIC TECHNOLOGIES CORPORATION	12,500.00
1006599	22-May-25	HDR ENGINEERING INC	173,108.54
1006622	22-May-25	THE GUERRA COMPANIES	4,781.93
1006583	22-May-25	AQUA BEN CORPORATION	3,719.08
1006606	22-May-25	MR CRANE, INC.	3,455.75
1006609	22-May-25	NATURALWELL, LLC	1,595.00
1006626	22-May-25	WECK ANALYTICAL ENVIRONMENT SERVICES, INC.	300.00
1006593	22-May-25	FLUID CONSERVATION SYSTEMS, INC.	7,387.86
1006611	22-May-25	NEW PIG CORPORATION	6,827.69
1006619	22-May-25	RINCON TRUCK CENTER INC.	4,978.61
1006586	22-May-25	CALIFORNIA BARRICADE RENTALS, INC.	3,574.00
1006618	22-May-25	RAM AIR ENGINEERING INC	3,150.00
1006580	22-May-25	ACCUSTANDARD, INC.	1,055.95
1006620	22-May-25	SOUTHERN CALIFORNIA SECURITY CENTERS, INC.	78.86
1006623	22-May-25	UNIVAR SOLUTIONS USA , LLC	10,502.20
1006596	22-May-25	GEIGER BROS	8,557.49
1006612	22-May-25	NEWTERRA CORPORATION, INC	6,566.72
1006625	22-May-25	WATERLINE TECHNOLOGIES INC	4,874.24
1006621	22-May-25	SYNAGRO WEST, LLC	14,905.76
1006589	22-May-25	COUNTY OF ORANGE SANITATION DISTRICT	9,913.42
1006602	22-May-25	JCI JONES CHEMICALS, INC.	6,140.43
1006607	22-May-25	MSA SAFETY INCORPORATED	3,101.18
1006613	22-May-25	ORANGE COUNTY AUTO PARTS	747.22

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
1006584	22-May-25	AUTOZONE PARTS, INC.	357.63
1006594	22-May-25	FORGE MEDIA GROUP LLC	39,509.65
1006605	22-May-25	MERRIMAC PETROLEUM, INC.	34,227.11
1006585	22-May-25	C WELLS PIPELINE MATERIALS, INC	12,113.99
1006624	22-May-25	W. W. GRAINGER, INC.	15,166.24
1006582	22-May-25	ANIMAL PEST MANAGEMENT SERVICES, INC.	4,938.50
1006591	22-May-25	DRAKE TRAFFIC CONTROL SERVICES	4,640.00
1006597	22-May-25	HAAKER EQUIPMENT COMPANY	3,003.82
1006588	22-May-25	COTTONS POINT DESIGN, INC.	2,401.64
1006617	22-May-25	QUICKEL PAVING INC	1,995.00
1006608	22-May-25	MUNICIPAL WATER DISTRICT OF ORANGE COUNTY	109,368.29
1006592	22-May-25	ENVIRONMENTAL ENGINEERING AND CONTRACTING, INC.	15,600.00
1006587	22-May-25	CDW GOVERNMENT LLC	199.19
1006595	22-May-25	GCI CONSTRUCTION, INC.	3,870.78
1006604	22-May-25	KIMBALL MIDWEST	3,061.00
1006627	22-May-25	YORKE ENGINEERING, LLC	471.50
1006600	22-May-25	HILL BROTHERS CHEMICAL COMPANY	6,567.00
1006581	22-May-25	AMAZON CAPITAL SERVICES, INC.	1,230.80
1006601	22-May-25	INNOVATIVE MACHINE TOOL REPAIR LLC	1,228.40
1006603	22-May-25	JOHN MICHAEL COVAS	185.00
1006614	22-May-25	ORANGE COUNTY WATER DISTRICT	2,751,753.00
1006616	22-May-25	PSOMAS	6,365.00
1006657	29-May-25	ALSTON & BIRD LLP	1,530.80
1006684	29-May-25	UNIVAR SOLUTIONS USA , LLC	918.03
1006676	29-May-25	PACIFIC HYDROTECH CORPORATION	172,317.91
1006659	29-May-25	ARAG NORTH AMERICA, INC.	633.25
1006660	29-May-25	AUTOZONE PARTS, INC.	308.75
1006681	29-May-25	TESCO CONTROLS, LLC	19,130.00
1006688	29-May-25	WOODARD & CURRAN INC	29,411.10
1006664	29-May-25	COUNTY OF ORANGE SANITATION DISTRICT	155,897.66
1006672	29-May-25	KIMBALL MIDWEST	1,037.14
1006665	29-May-25	DAVID BALLASCH	634.88
1006679	29-May-25	SELECT TRENCHLESS PIPELINES INC	12,990.80
1006666	29-May-25	DELTA DENTAL OF CALIFORNIA	46,987.50
1006670	29-May-25	HILL BROTHERS CHEMICAL COMPANY	589.64
1006661	29-May-25	C WELLS PIPELINE MATERIALS, INC	1,560.36
1006685	29-May-25	W. W. GRAINGER, INC.	2,868.63
1006671	29-May-25	INORGANIC VENTURES INC	2,447.92
1006662	29-May-25	CALIFORNIA BARRICADE RENTALS, INC.	16,875.00
1006678	29-May-25	REACH EMPLOYEE ASSISTANCE INC	1,120.00
1006682	29-May-25	TETRA TECH, INC	23,517.50
1006667	29-May-25	DRAKE TRAFFIC CONTROL SERVICES	9,280.00
1006669	29-May-25	HAAKER EQUIPMENT COMPANY	49.78
1006663	29-May-25	CITY OF IRVINE	9,916.80

IRVINE RANCH WATER DISTRICT
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CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
1006686	29-May-25	WATER TREATMENT CHEMICALS INC	20,160.00
1006677	29-May-25	PACIFIC STAR CHEMICAL, LLC	3,289.45
1006673	29-May-25	LANDCARE HOLDINGS, INC.	22,309.95
1006656	29-May-25	AECOM TECHNICAL SERVICES, INC.	122,589.25
1006658	29-May-25	AMAZON CAPITAL SERVICES, INC.	540.85
1006683	29-May-25	TETRA TECH, INC	37,510.00
1006655	29-May-25	ACCUSTANDARD, INC.	273.33
1006674	29-May-25	MCR TECHNOLOGIES INC	2,128.00
1006687	29-May-25	WATERLINE TECHNOLOGIES INC	718.08
1006680	29-May-25	SHIMMICK CONSTRUCTION INC.	197,837.50
1006668	29-May-25	GANAHL LUMBER CO.	2,912.48
1006675	29-May-25	ORANGE COUNTY AUTO PARTS	1,211.26
SUB-TOTAL IRWD WELLS FARGO ACH DISBURSEMENTS			9,637,572.65
2000963	1-May-25	ACCUSOURCE, INC.	670.40
2000964	1-May-25	FERGUSON US HOLDINGS, INC.	30,325.40
2000965	1-May-25	THOMPSON & PHIPPS INC	5,760.99
2000968	8-May-25	THOMPSON & PHIPPS INC	3,162.16
2000970	8-May-25	UNDERGROUND SERVICE ALERT OF SOUTHERN CALIFORNIA	7,672.78
2000966	8-May-25	ACCUSOURCE, INC.	1,267.15
2000969	8-May-25	UCT, LLC	375.29
2000967	8-May-25	FERGUSON US HOLDINGS, INC.	24,573.94
2000972	15-May-25	FERGUSON US HOLDINGS, INC.	15,133.49
2000971	15-May-25	CRH CALIFORNIA WATER, INC	22,185.00
2000973	22-May-25	CRH CALIFORNIA WATER, INC	22,185.00
2000975	22-May-25	PARKWAY LAWNMOWER SHOP	94.56
2000976	22-May-25	POLYDYNE INC	80,295.30
2000974	22-May-25	IDEXX DISTRIBUTION, INC	2,304.06
2000977	29-May-25	CRH CALIFORNIA WATER, INC	20,880.00
2000978	29-May-25	FERGUSON US HOLDINGS, INC.	2,050.27
SUB-TOTAL IRWD WELLS FARGO PC			238,935.79
100284	1-May-25	U.S. BANK NATIONAL ASSOCIATION	8,914,250.00
100285	8-May-25	BANK OF AMERICA	377,185.70
100286	8-May-25	SUMITOMO MITSUI BANKING CORPORATION	81,156.72
100287	22-May-25	CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION	18,360.73
100288	22-May-25	WELLS FARGO BANK, N.A.	4,397.32
100289	29-May-25	BANK OF AMERICA	500.00
100290	29-May-25	WELLS FARGO BANK, N.A.	5,601.16
SUB-TOTAL IRWD WELLS FARGO WIRE DISBURSEMENTS			9,401,451.63
16183	1-May-25	BARDEEN PARTNERS, INC.	130,000.00
16184	1-May-25	INSPIRA FINANCIAL HEALTH, INC	66,600.37
16187	8-May-25	INTERNAL REVENUE SERVICE	286,103.26

IRVINE RANCH WATER DISTRICT
AP DISBURSEMENTS AND VOIDS FOR MAY 2025

CHECK OR ELECTRONIC #	PAYMENT DATE	SUPPLIER	PAYMENT AMOUNT
16186	8-May-25	CALPERS	330,858.23
16185	8-May-25	FRANCHISE TAX BOARD	94,189.58
16189	8-May-25	EMPLOYMENT DEVELOPMENT DEPARTMENT	24,082.68
16190	8-May-25	CALPERS	815,456.30
16188	8-May-25	CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES	3,539.83
16191	8-May-25	EMPOWER RETIREMENT, LLC	219,175.21
16192	22-May-25	CHARD SNYDER & ASSOCIATES, INC.	48.90
16197	29-May-25	EMPLOYMENT DEVELOPMENT DEPARTMENT	29,552.58
16200	29-May-25	INSPIRA FINANCIAL HEALTH, INC	68,278.11
16196	29-May-25	CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES	3,539.83
16194	29-May-25	CALPERS	330,543.12
16199	29-May-25	EMPOWER RETIREMENT, LLC	215,438.41
16193	29-May-25	FRANCHISE TAX BOARD	94,534.76
16198	29-May-25	BANK OF AMERICA MERRILL LYNCH	118,257.39
16195	29-May-25	INTERNAL REVENUE SERVICE	290,007.93
SUB-TOTAL IRWD BOFA WIRE DISBURSEMENTS			3,120,206.49
SUB-TOTAL BOFA AND WELLS FARGO CHECK AND ELECTRONIC DISBURSEMENTS			31,027,975.19
447063	9-Jan-25	DASEN, MIAO	52.48
447123	9-Jan-25	MO, FUGUI	73.16
447029	9-Jan-25	ABUHADHOUD, MARWAN	14.81
447041	9-Jan-25	BANK OF NEW YORK MELLON TRUST COMPANY NA	2,402.00
447112	9-Jan-25	KIM, RICHARD	25.53
447307	16-Jan-25	MAO, KEVIN	220.72
447281	16-Jan-25	FELD, SEAN E	83.46
447422	23-Jan-25	LIE, YULIAN	465.86
447510	30-Jan-25	CHAVEZ, FIDEL	57.76
447833	13-Feb-25	PENN ARCHIVE SERVICES, INC.	185.96
448682	3-Apr-25	DICK, JOHN	34.36
448692	3-Apr-25	FONSECA, ROBERTO	100.76
448841	10-Apr-25	JIZHONG ZHANG AND SHA LIANG	20.09
449017	17-Apr-25	PAX WATER TECHNOLOGIES, INC	8,178.28
16181	24-Apr-25	CHARD SNYDER & ASSOCIATES, INC.	50.01
449100	24-Apr-25	ELITE AUTOMOTIVE SERVICE, LLC	652.45
449244	1-May-25	LOZANO SMITH, LLP	63.00
449233	1-May-25	HAWKINS DELAFIELD & WOOD LLP	11,850.87
449470	15-May-25	HAWKINS DELAFIELD & WOOD LLP	11,850.87
SUB-TOTAL BOFA AND WELLS FARGO CHECK AND ELECTRONIC VOIDED IN MAY 2025			36,382.43
NET			30,991,592.76

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Exhibit "E"

MONTHLY SUMMARY OF PAYROLL ACH PAYMENTS

May
2025

	AMOUNT	VENDOR	PURPOSE
5/2/2025	1,309,634.74	BANK OF AMERICA	ACH Payments for Payroll
5/16/2025	1,328,418.67	BANK OF AMERICA	ACH Payments for Payroll
5/30/2025	1,300,847.93	BANK OF AMERICA	ACH Payments for Payroll
	<u><u>\$3,938,901.34</u></u>		

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Exhibit "F"

IRWD Gov Code 53065.5 Disclosure Report

Payment or Reimbursements for Individual charges of \$100 or more per transaction for services or product received.
01-MAY-25 to 31-MAY-25


NAME	CHECK NO.	CHECK DATE	AMOUNT	ITEM DESCRIPTION	EXPENSE JUSTIFICATION
Barboza, Kyra	1006329	1-May-25	141.40	Mileage	CWEA Workshop - Better Understand and Use Toxicity Data in Achieving NPDES Compliance - April 22, 2025
Cahatol, Justin	1006629	29-May-25	336.00	Membership	American Water Works Association (AWWA) membership
Cho, Harry	1006632	29-May-25	180.00	Certification	California Professional Engineer License renewal
Colston, James	1006559	22-May-25	606.37	Airfare	WEF Joint Conference: Residuals & Biosolids and Innovations in Treatment Technology, Baltimore, MD - May 6-9, 2025
Colston, James	1006559	22-May-25	269.08	Lodging	WEF Joint Conference: Residuals & Biosolids and Innovations in Treatment Technology, Baltimore, MD - May 6, 2025
Colston, James	1006559	22-May-25	269.08	Lodging	WEF Joint Conference: Residuals & Biosolids and Innovations in Treatment Technology, Baltimore, MD - May 7, 2025
Colston, James	1006559	22-May-25	269.08	Lodging	WEF Joint Conference: Residuals & Biosolids and Innovations in Treatment Technology, Baltimore, MD - May 8, 2025
Daquial, Dixie	1006404	8-May-25	239.00	Membership	CWEA renewal
Daquial, Dixie	1006404	8-May-25	111.00	Certification	CWEA Electrical/Instrumentation Grade II
Ferons, Daniel R	1006486	15-May-25	278.91	Lodging	Urban Water Institute 2025, Palm Springs, CA - February 26, 2025
Ferons, Daniel R	1006486	15-May-25	278.91	Lodging	Urban Water Institute 2025, Palm Springs, CA - February 27, 2025
Ferons, Daniel R	1006486	15-May-25	139.30	Mileage	Urban Water Institute 2025, Palm Springs, CA - February 26-28, 2025
Hall, William	1006562	22-May-25	350.00	Certification	Backflow Assembly Certification
Haug, Jack Philip Ryan	1006409	8-May-25	120.00	OT Meal	OT meal for six people - May 1, 2025
Haug, Jack Philip Ryan	1006409	8-May-25	100.00	OT Meal	OT meal for five people - April 15, 2025
Haug, Jack Philip Ryan	1006488	15-May-25	140.00	OT Meal	OT meal for seven people - May 8, 2025
Hunting, Verowin Martin	1006565	22-May-25	148.40	Mileage	CWEA Conference, Palm Springs, CA - April 22-25, 2025
Justice, Jack	1006410	8-May-25	239.00	Membership	CWEA renewal
Lam, Chau B (Joe)	1006337	1-May-25	154.00	Membership	ISA Los Angeles Professional
LaMar, Steven E	1006490	15-May-25	460.76	Lodging	IRWD Federal Advocacy Trip, Washington, DC - March 4, 2025
LaMar, Steven E	1006490	15-May-25	460.76	Lodging	IrWD Federal Advocacy Trip, Washington, DC - March 5, 2025
LaMar, Steven E	1006490	15-May-25	119.35	Mileage	Ocean Well/Las Virgenes Municipal Water District, West Lake Village, CA - March 21, 2025
Legault, Dan	1006338	1-May-25	447.74	Certification	ASE recertification Motor Age Study Guides
Legault, Dan	1006338	1-May-25	211.00	Certification	ASE - A1-A4 Test recertification
Legault, Dan	1006338	1-May-25	211.00	Certification	ASE - A5-A8 Test recertification
Legault, Dan	1006338	1-May-25	211.00	Certification	ASE - T2, 3, 4, & 6 Test recertification
Legault, Dan	1006338	1-May-25	211.00	Certification	ASE - T5, 7 & 8 Test recertification
Legault, Dan	1006338	1-May-25	211.00	Certification	ASE - B5, E2 & F1 Test recertification
Nguyen, Claire	1006568	22-May-25	125.00	Other(Misc)	Safety Shoe Allowance
Norman, Tammy	449755	29-May-25	100.00	Lunch <30	Toastmaster's Lunch - April 2, 2025
Norman, Tammy	449755	29-May-25	100.00	Lunch <30	Toastmaster's Lunch - May 7, 2025
Reinhart, Douglas J	1006499	15-May-25	139.30	Mileage	Urban Water Institute 2025 Palm Springs Conference, CA - February 26-28, 2025
Swan, Peer	1006575	22-May-25	375.76	Lodging	CASA Winter 2025 Palm Springs Conference, CA - January 29, 2025
Swan, Peer	1006575	22-May-25	410.77	Lodging	CASA Winter 2025 Palm Springs Conference, CA - January 30, 2025
Swan, Peer	1006575	22-May-25	148.40	Mileage	CASA Winter 2025 Palm Springs Conference, CA - January 29-31, 2025
Swan, Peer	1006575	22-May-25	548.18	Airfare	CASA 2025 Washington, DC Conference - February 23-25, 2025 (SNA to ORF)
Swan, Peer	1006575	22-May-25	364.08	Lodging	CASA 2025 Washington, DC Conference - February 23, 2025
Swan, Peer	1006575	22-May-25	456.84	Lodging	CASA 2025 Washington, DC Conference - February 24, 2025
Swan, Peer	1006575	22-May-25	581.38	Airfare	CASA 2025 Washington, DC Conference - February 23-25, 2025 (DCA to SNA)
Swan, Peer	1006575	22-May-25	255.57	Lodging	Urban Water Institute 2025 Palm Springs Conference, CA - February 26, 2025
Swan, Peer	1006575	22-May-25	255.57	Lodging	Urban Water Institute 2025 Palm Springs Conference, CA - February 27, 2025
Swan, Peer	1006575	22-May-25	144.90	Mileage	Urban Water Institute 2025 Palm Springs Conference, CA - February 26-28, 2025
Villella, Aaren	1006652	29-May-25	128.29	OT Meal	OT meal for seven people - May 27, 2025
Williams, Warren (Randy)	1006348	1-May-25	566.60	Airfare	RSA Conference North America, San Francisco, CA - April 27 - May 1, 2025
Williams, Warren (Randy)	1006505	15-May-25	594.11	Lodging	RSA Conference North America, San Francisco, CA - April 27, 2025
Williams, Warren (Randy)	1006505	15-May-25	449.58	Lodging	RSA Conference North America, San Francisco, CA - April 28, 2025
Williams, Warren (Randy)	1006505	15-May-25	449.58	Lodging	RSA Conference North America, San Francisco, CA - April 29, 2025
Williams, Warren (Randy)	1006505	15-May-25	449.58	Lodging	RSA Conference North America, San Francisco, CA - April 30, 2025
Wise, Maureen (Mo)	1006579	22-May-25	550.00	Registration Fees	Society of Wetland Scientists, Providence, RI - July 14-18, 2025
Wise, Maureen (Mo)	1006579	22-May-25	251.85	Lodging	Society of Wetland Scientists, Providence, RI - July 14-18, 2025 - (First night's deposit)
Wise, Maureen (Mo)	1006579	22-May-25	486.36	Airfare	Society of Wetland Scientists, Providence, RI - July 14-18, 2025
Total Amount: \$14,844.84					

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June 23, 2025

Prepared and

submitted by: C. Compton

Approved by: Paul A. Cook 

CONSENT CALENDAR

IRWD GENERAL COUNSEL CONTRACT FOR FISCAL YEAR 2025-2026

SUMMARY:

IRWD's General Counsel provides legal services related to municipal law, transactional and non-complex issues, rate-setting, and other routine general counsel matters. Since 2020, IRWD has contracted with Hanson Bridgett for general counsel services; its current contract expires on June 30, 2025. Staff recommends that the Board authorize the General Manager to execute a variance to Professional Services Agreement with Hanson Bridgett for general counsel legal services with a term of July 1, 2025, to June 30, 2026.

BACKGROUND:

IRWD has a team approach for legal services, dividing legal responsibilities among several law firms. The approach utilizes a General Counsel who provides legal services related to municipal law, transactional and non-complex issues, rate-setting, and other routine legal matters. The General Counsel also coordinates with IRWD's other legal counsel. IRWD's non-General Counsel legal firms provide services related to complex issues, complex litigation, and legal matters related to water resources and policy issues. Staff provides legal services management and legal service continuity, along with other duties.

In March 2018, the Board selected Lewis Brisbois & Smith LLP to provide general counsel services to the District, and named Claire Hervey Collins, who was with the firm at that time, to serve in the role of General Counsel for IRWD. On January 1, 2020, Ms. Collins transitioned her employment to the firm of Hanson Bridgett. Upon receiving notice that Ms. Collins was transitioning to Hanson Bridgett, the Board on December 11, 2019, appointed Hanson Bridgett to provide general counsel services to IRWD. It also renamed Ms. Collins to serve in the role of General Counsel for IRWD effective January 1, 2020.

Claire Hervey Collins continues to serve in the role of General Counsel for IRWD. As General Counsel, Ms. Collins, and on occasion other members of the Hanson Bridgett firm, provides general counsel legal services for IRWD focused on municipal law, transactional and non-complex issues and other issues. While Ms. Collins provides the majority of the legal services required by IRWD, Mr. Paul Beck assists Ms. Collins, serving as an Assistant General Counsel for IRWD to assist with the legal workload and to ensure continuity of service should Ms. Collins become unavailable.

Proposed Contract with Hanson Bridgett LLP:

The number of billable hours estimated for this 12-month period includes the estimated amount of time required to represent, advise, and counsel IRWD regarding matters related to municipal law, transactional and non-complex issues and rate-setting, and the estimated amount of time

required to coordinate with the District's other legal counsel. The total not-to-exceed value of the proposed contract is \$1,485,000 and the agreement is for the period of July 1, 2025, to June 30, 2026. The increase in the not-to-exceed value accounts for the hourly rates noted in Exhibit "A" and an increase in the services needed by the District due to anticipate litigation over the next 12 months.

Staff recommends that the Board authorize the General Manager to execute a Professional Services Agreement with Hanson Bridgett for Fiscal Year 2025-2026 General Counsel Services.

FISCAL IMPACTS:

\$1,485,000 with services associated with this contract will be charged to the Fiscal Year 2025-2026 Operating Budgets, as appropriate. Legal services related to capital projects will be billed to the capital budgets, as appropriate.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was not reviewed by a committee.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HANSON BRIDGETT LLP FOR FISCAL YEAR 2025-2026 GENERAL COUNSEL LEGAL SERVICES WITH A NOT-TO-EXCEED VALUE OF \$1,485,000.

LIST OF EXHIBITS:

Exhibit "A" – Hanson Bridgett LLP Summary of the Scope of Work and Current Hourly Rates

Exhibit “A”

HANSON BRIDGETT LLP SUMMARY OF THE SCOPE OF WORK AND PROPOSED HOURLY RATES

Summary of Scope of Work:

Hanson Bridgett LLP will provide general counsel legal services and representation to IRWD and its subsidiaries, and other affiliates. The firm will perform the work, duties, and responsibilities consistent with the position of general counsel for IRWD and its subsidiaries and other affiliates understanding that the firm’s roles as general counsel will be to:

1. Provide expert legal advice to IRWD and its subsidiaries and other affiliates;
2. Independently represent IRWD and its subsidiaries and other affiliates in a variety of matters and forums; and
3. Develop and implement proactive legal strategies to position IRWD and its subsidiaries and other affiliates to best meet its legal, regulatory, and policy objectives.

The scope of the general counsel services provided by Hanson Bridgett to IRWD will consist of a broad range of legal services including regulatory and public policy tracking, interpretation, advice, counsel, legal representation and other services with respect to a variety of legal areas such as:

A. TYPICAL AREAS OF MUNICIPAL LAW, INCLUDING:

1. Agenda and Agenda Item Review;
2. Basic CEQA and Other Environmental Document Review;
3. Brown Act and Open Meeting Compliance;
4. Claims Processing;
5. Collections;
6. Cortese-Knox-Hertzberg Local Government Reorganization Act;
7. Election Procedures and Challenges;
8. Fair Political Practices Commission Regulations and Political Reform Act;
9. Joint Powers Authorities;
10. Non-complex Litigation;
11. Ordinance, Rule and Regulation Creation and Adoption;
12. Public Contracting and Prevailing Wage;
13. Public Records Act;
14. Public Works Bidding;
15. Real Property;
16. Records Retention and Destruction;
17. Review of Contracts and Other Legal Documents; and
18. Tort Claims.

HANSON BRIDGETT LLP SUMMARY OF THE SCOPE OF WORK AND PROPOSED HOURLY RATES
(continued)

B. LAWS AND REGULATIONS GOVERNING CALIFORNIA WATER DISTRICTS, INCLUDING:

1. California Government Code;
2. California Health and Safety Code;
3. California Water Code;
4. California Water District Code;
5. Clean Water Act;
6. Porter-Cologne Water Quality Control Act;
7. Sustainable Groundwater Management Act;
8. Safe Drinking Water Act;
9. Urban Water Management Planning Act; and
10. Other Water and Wastewater Laws and Regulations.

C. LAWS AND REGULATIONS RELATED TO WATER AND SEWER SERVICE RATE SETTING, INCLUDING:

1. Case law related to water and sewer service rates;
2. Proposition 26;
3. Proposition 218; and
4. Other statutes affecting water and sewer rates and charges.

D. COORDINATION AND MANAGEMENT OF SPECIAL COUNSEL

Proposed Hourly Rates:

CURRENTLY & PROPOSED HOURLY RATES THROUGH DECEMBER 31, 2025:

Partners:	\$525.00 per hour
Counsel/Sr. Counsel:	\$480.00 per hour
Associates/Other Attorneys:	\$450.00 per hour
Practice Support Analysts:	\$300.00 per hour
Paralegals & Law Clerks:	\$300.00 per hour


PROPOSED HOURLY RATES FROM JANUARY 1, 2026, TO JUNE 30, 2026:

Partners:	\$560.00 per hour
Counsel/Sr. Counsel:	\$510.00 per hour
Associates/Other Attorneys:	\$480.00 per hour
Practice Support Analysts:	\$325.00 per hour
Paralegals & Law Clerks:	\$325.00 per hour

June 23, 2025

Prepared by: Lisa Srader

Submitted by: Tiffany Mitcham

Approved by: Paul A. Cook 

CONSENT CALENDAR

ADOPTION OF REVISED IRWD SCHEDULE OF POSITIONS AND SALARY RATE RANGES FOR FISCAL YEAR 2025-26

SUMMARY:

Staff recommends the Board approve the Schedule of Revised Positions and Salary Grades based on a Cost-of-Living Adjustment (COLA) of 3.0% and adopt a resolution superseding Resolution No. 2024-12.

BACKGROUND:

For Fiscal Year 2025-26, the proposed changes to the IRWD Salary Grade Schedules incorporate:

- A 3.0% Cost of Living Adjustment for Managers, Exempt Supervisors, Confidential and Exempt Employees;
- A 3.0% Cost of Living Adjustment for the General Employee Unit (as provided for in Article IX of the Memorandum of Understanding for the General Employee Unit);
- A 3.0% Cost of Living Adjustment for the Non-Exempt Supervisor Unit (as provided for in Article IX of the Memorandum of Understanding for the Non-Exempt Supervisors Unit); and
- Reclassify Risk Manager (U19.E) to Senior Risk Analyst (U13.E).

The proposed COLA is based on the 12-month (April-to-April) change in the Consumer Price Index (CPI) posted by the Bureau of Labor Statistics for the Los Angeles-Long Beach-Anaheim areas. A resolution adopting the proposed changes to the IRWD Salary Grade Schedules is provided as Exhibit “A.” Staff recommends the Board adopt a resolution superseding Resolution No. 2024-12 and adopt a revised Schedule of Positions and Salary Rate Ranges effective July 1, 2025.

FISCAL IMPACTS:

A COLA of 4.0% was included in the Fiscal Year 2025-26 Operating Budget approved by the Board on March 24, 2025.

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.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD APPROVE THE REVISED SALARY GRADE SCHEDULE AND
ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2025 –

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT SUPERSEDING
RESOLUTION NO. 2024-12 AND ADOPTING A REVISED
SCHEDULE OF POSITIONS AND SALARY RATE RANGES
FOR THE GENERAL UNIT, NON-EXEMPT SUPERVISOR
UNIT, AND FOR MANAGERS, EXEMPT SUPERVISORS,
CONFIDENTIAL AND EXEMPT EMPLOYEES

LIST OF EXHIBITS:

Exhibit “A” – Resolution of the Board of Directors of the Irvine Ranch Water District adopting
a new Schedule of Positions and Salary Rate Ranges and Salary Grade Schedule

RESOLUTION NO. 2025 –

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, SUPERSEDING
RESOLUTION NO. 2024-12 AND ADOPTING A REVISED
SCHEDULE OF POSITIONS AND SALARY RATE
RANGES

The Board of Directors of Irvine Ranch Water District, by adoption of Resolution No. 2024-12 on October 28, 2024, established a Schedule of Positions and Salary Rate Ranges of the Irvine Ranch Water District; and

The Board of Directors of Irvine Ranch Water District have reviewed the Schedule of Positions and Salary Rate Ranges and desires to make revisions thereto.

The Board of Directors of Irvine Ranch Water District does hereby resolve, determine, and order as follows:

Section 1. That the Schedule of Positions and Salary Rate Ranges adopted by Resolution No. 2024-12 on October 28, 2024, is hereby superseded effective July 1, 2025.

Section 2. That the revised Schedule of Positions and Salary Rate Ranges for the Irvine Ranch Water District as set forth in Attachment “A” attached to this Resolution, and is effective July 1, 2025, for all classifications, is hereby approved and adopted.

ADOPTED, SIGNED and APPROVED on June 23, 2025.

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

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

APPROVED AS TO FORM:
Hanson Bridgett LLP

By: _____
District Counsel

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Attachment "A"

IRVINE RANCH WATER DISTRICT
MONTHLY SALARY GRADE SCHEDULE
Managers, Exempt Supervisors, Confidential & Exempt Employees
Effective July 1, 2025

	MINIMUM	MAXIMUM
<u>NON-EXEMPT</u>		
Salary Grade U1.N	\$3,794	\$4,940
Salary Grade U2.N	\$3,874	\$5,073
Salary Grade U3.N	\$3,955	\$5,212
Salary Grade U4.N	\$4,032	\$5,365
Salary Grade U5.N	\$4,124	\$5,515
Salary Grade U6.N	\$4,203	\$5,675
Salary Grade U7.N	\$4,288	\$5,831
Salary Grade U8.N	\$4,382	\$5,999
Salary Grade U9.N	\$4,463	\$6,164
Salary Grade U10.N	\$4,557	\$6,334
Salary Grade U11.N	\$4,647	\$6,495
Salary Grade U12.N	\$4,737	\$6,687
Salary Grade U13.N	\$4,826	\$6,876
Salary Grade U14.N	\$4,935	\$7,072
Salary Grade U15.N	\$5,041	\$7,257
Salary Grade U16.N	\$5,160	\$7,460
Salary Grade U17.N	\$5,269	\$7,649
Salary Grade U18.N	\$5,384	\$7,855
Salary Grade U19.N	\$5,509	\$8,051
Safety & Security Assistant		
Salary Grade U20.N	\$5,654	\$8,311
Salary Grade U21.N	\$5,815	\$8,563
Salary Grade U22.N	\$5,973	\$8,835
Executive Secretary Human Resources Assistant		

	MINIMUM	MAXIMUM
Salary Grade U23.N	\$6,133	\$9,102
Salary Grade U24.N	\$6,306	\$9,384
Salary Grade U25.N	\$6,472	\$9,674
Human Resources Technician		
Salary Grade U26.N	\$6,672	\$9,961
Executive Assistant		
Salary Grade U27.N	\$6,861	\$10,254
Salary Grade U28.N	\$7,065	\$10,556
Salary Grade U29.N	\$7,277	\$10,866
Safety & Security Specialist		
Senior Executive Assistant		
Salary Grade U30.N	\$7,497	\$11,187
Salary Grade U31.N	\$7,717	\$11,525
Payroll Administrator		
User Support Specialist		
Salary Grade U32.N	\$7,939	\$11,866
Salary Grade U33.N	\$8,171	\$12,206
Salary Grade U34.N	\$8,414	\$12,548
Salary Grade U35.N	\$8,668	\$12,925
Network Administrator		
SCADA Network Administrator		
User Support Administrator		

	MINIMUM	MAXIMUM
EXEMPT		
Salary Grade U1.E	\$6,101	\$8,231
Salary Grade U2.E	\$6,305	\$8,552
Salary Grade U3.E	\$6,507	\$8,869
Salary Grade U4.E	\$6,710	\$9,210
Salary Grade U5.E	\$6,914	\$9,550
Salary Grade U6.E	\$7,152	\$9,922
Salary Grade U7.E	\$7,380	\$10,289
Salary Grade U8.E	\$7,622	\$10,689
Salary Grade U9.E	\$7,855	\$11,083
Salary Grade U10.E	\$8,115	\$11,503
Asset Systems Analyst Assistant Engineer Data Analyst Management Analyst Risk Analyst Visual Communications Analyst		
Salary Grade U11.E	\$8,376	\$11,926
Customer Service Supervisor Digital Communications Analyst Human Resources Analyst Purchasing Supervisor		
Salary Grade U12.E	\$8,647	\$12,384
Senior Accountant		
Salary Grade U13.E	\$8,926	\$12,833
Environmental Compliance Analyst GIS Drone Administrator GIS Supervisor Legislative Aide Legislative Analyst Real Property Administrator Regulatory Compliance Administrator Right of Way Agent Senior Data Analyst Senior Financial Analyst Senior Communications Analyst/Deputy PIO Senior Human Resources Analyst Senior Risk Analyst Treasury Analyst Water Resources Planner		

	MINIMUM	MAXIMUM
Salary Grade U14.E	\$9,215	\$13,328
Accounting Supervisor		
Associate Engineer		
District Secretary		
QA/QC Compliance Administrator		
Safety & Security Supervisor		
Water Efficiency Supervisor		
Salary Grade U15.E	\$9,510	\$13,827
Applications Analyst		
Automation Programmer		
Database Administrator		
GIS Applications Analyst		
Laboratory Data Administrator		
Senior Legislative Aide		
Senior Network Administrator		
Senior Regulatory Compliance Administrator		
Senior SCADA Network Administrator		
Senior User Support Administrator		
Senior Water Resources Planner		
Salary Grade U16.E	\$9,827	\$14,348
Laboratory Supervisor		
Salary Grade U17.E	\$10,140	\$14,878
Assistant Operations Manager		
Construction Inspection Assistant Manager		
Engineer		
Facilities/Fleet Manager		
Senior Energy and Water Resources Planner		
Salary Grade U18.E	\$10,469	\$15,443
Collection Systems Manager		
Communications Manager		
Customer Service Manager		
Cybersecurity Analyst		
External Affairs Manager		
Field Services Manager		
Operations and Maintenance Project Liaison		
Purchasing Manager		
Senior Applications Analyst		
Senior Applications Developer		
Senior Automation Administrator		
Senior Database Administrator		
Water Efficiency Manager		
Salary Grade U19.E	\$10,800	\$16,014
Construction Services Manager		
Electrical and Instrumentation Manager		
Finance Manager		
Natural Resources Manager		
Recycled Water and Cross Connection Control Manager		
Regulatory Compliance Manager		
Water Quality Manager		

	MINIMUM	MAXIMUM
Salary Grade U20.E	\$11,137	\$16,608
Senior Engineer User Support Manager		
Salary Grade U21.E	\$11,477	\$17,209
Controller Manager of Biosolids & Energy Recovery Operations Operations Manager		
Salary Grade U22.E	\$11,845	\$17,847
Automation Manager Applications Manager Enterprise GIS Manager Network and Cybersecurity Manager Process Engineer Reliability Manager		
Salary Grade U23.E	\$12,219	\$18,493
Salary Grade U24.E	\$12,551	\$19,240
Engineering Manager		
Salary Grade U25.E	\$12,939	\$19,964
Salary Grade U26.E	\$13,530	\$21,021
Salary Grade U27.E	\$14,149	\$22,137
Director of Accounting & Treasury Director of Human Resources Director of Information Technology Director of Maintenance Director of Strategic Communications & Advocacy/Dep. General Counsel Director of Water and Recycling Operations Director of Safety & Security Director of Water Quality & Regulatory Compliance Director of Financial Planning and Data Analytics Director of Water Resources		
Salary Grade U28.E	\$14,798	\$23,301
Salary Grade U29.E	\$15,475	\$24,534
Salary Grade U30.E	\$16,190	\$25,838
Executive Director of Finance Executive Director of Technical Services Executive Director of Operations Executive Director of Water Policy		
Salary Grade U31.E	\$16,994	\$27,303
Salary Grade U32.E	\$17,845	\$28,857
Salary Grade U33.E	\$18,734	\$30,495
Salary Grade U34.E	\$19,674	\$36,171
General Manager		

IRVINE RANCH WATER DISTRICT
MONTHLY SALARY GRADE SCHEDULE
Non-Exempt Supervisors Unit
Effective July 1, 2025

	MINIMUM	MAXIMUM
<u>NON-EXEMPT</u>		
Salary Grade S26.N	\$6,672	\$9,961
Salary Grade S27.N	\$6,861	\$10,254
Salary Grade S28.N	\$7,065	\$10,556
Salary Grade S29.N	\$7,277	\$10,866
Salary Grade S30.N	\$7,497	\$11,187
Salary Grade S31.N	\$7,717	\$11,525
Salary Grade S32.N	\$7,939	\$11,866
Facilities Services Supervisor Fleet Supervisor		
Salary Grade S33.N	\$8,171	\$12,206
Collection Systems Supervisor Recycled Water & Cross Connection Supervisor		
Salary Grade S34.N	\$8,414	\$12,548
Construction Inspection Supervisor Mechanical Services Supervisor Utility Construction Supervisor Water Maintenance Supervisor		
Salary Grade S35.N	\$8,668	\$12,925
Regulatory Compliance Supervisor		
Salary Grade S36.N	9,216	13,326
Asset Systems Supervisor Automation Supervisor Electrical & Instrumentation Supervisor Operations Supervisor		

IRVINE RANCH WATER DISTRICT
MONTHLY SALARY GRADE SCHEDULE
General Employees Unit
Effective July 1, 2025

	MINIMUM	MAXIMUM
<u>NON-EXEMPT</u>		
Salary Grade 1.N	\$3,789	\$4,933
Salary Grade 2.N	\$3,867	\$5,063
Salary Grade 3.N	\$3,950	\$5,203
Salary Grade 4.N	\$4,025	\$5,356
Salary Grade 5.N	\$4,110	\$5,502
Salary Grade 6.N	\$4,196	\$5,663
Office Assistant		
Salary Grade 7.N	\$4,276	\$5,821
Mail Coordinator		
Salary Grade 8.N	\$4,371	\$5,990
Salary Grade 9.N	\$4,460	\$6,153
Salary Grade 10.N	\$4,547	\$6,321
Operations Apprentice		
Salary Grade 11.N	\$4,633	\$6,484
Material Control Clerk I		
Utility Construction Technician Trainee		
Salary Grade 12.N	\$4,725	\$6,672
Salary Grade 13.N	\$4,815	\$6,866
Customer Service Specialist I		
Salary Grade 14.N	\$4,926	\$7,058
Salary Grade 15.N	\$5,030	\$7,244
Collection Systems Technician I		
Office Specialist		
Salary Grade 16.N	\$5,150	\$7,450
Accounting Clerk		
Metering Systems Technician I		
Utility Construction Technician I		
Water Maintenance Technician I		

	MINIMUM	MAXIMUM
Salary Grade 17.N	\$5,257	\$7,632
Customer Service Field Technician		
Salary Grade 18.N	\$5,372	\$7,838
Customer Service Specialist II		
Material Control Clerk II		
Salary Grade 19.N	\$5,495	\$8,039
Senior Office Specialist		
Salary Grade 20.N	\$5,644	\$8,296
Construction Compliance Specialist		
Engineering Technician		
Purchasing Coordinator		
Senior Accounting Clerk		
Salary Grade 21.N	\$5,800	\$8,549
Collection Systems Technician II		
Customer Service Specialist III		
Senior Customer Service Field Technician		
Salary Grade 22.N	\$5,963	\$8,816
Metering Systems Technician II		
Operator I		
Senior Purchasing Coordinator		
Utility Construction Technician II		
Water Maintenance Technician II		
Web Designer		
Salary Grade 23.N	\$6,120	\$9,084
Collection Systems CCTV Technician		
Facilities Services Technician		
Maintenance Mechanic		
Vehicle/Equipment Mechanic		
Salary Grade 24.N	\$6,290	\$9,369
Recycled Water & Cross Connection Specialist		
Water Loss Prevention Specialist		
Salary Grade 25.N	\$6,458	\$9,655
Buyer		
GIS Technician		
Senior Collection Systems Technician		
Senior Collection Systems CCTV Technician		
Salary Grade 26.N	\$6,656	\$9,942
Metering Systems Technician III		
Utility Construction Technician III		
Water Efficiency Specialist		
Water Maintenance Technician III		
Water Resources Specialist		


	MINIMUM	MAXIMUM
Salary Grade 27.N	\$6,848	\$10,235
Accountant		
Operator II		
Senior Maintenance Mechanic		
Senior Water Loss Prevention Specialist		
Salary Grade 28.N	\$7,048	\$10,540
Electrical & Instrumentation Technician		
Landscape Contracts Administrator		
Senior Facilities Services Technician		
Senior Vehicle/Equipment Maintenance Mechanic		
Salary Grade 29.N	\$7,259	\$10,847
Communications Specialist		
Construction Inspector		
Electrical & Instrumentation Designer		
Laboratory Scientist		
QA/OC Compliance Specialist		
Regulatory Compliance Specialist		
Senior Buyer		
Senior GIS Technician		
Senior Recycled Water & Cross Connection Specialist		
Wetlands Ecologist		
Salary Grade 30.N	\$7,481	\$11,166
Community Relations Specialist		
Graphic Design Specialist		
Operator III		
Salary Grade 31.N	\$7,699	\$11,502
Recycled Water Project Specialist		
Senior Construction Inspector		
Senior Electrical & Instrumentation Technician		
Senior Water Efficiency Specialist		
Salary Grade 32.N	\$7,921	\$11,842
Asset Maintenance Coordinator		
Senior Laboratory Scientist		
Senior Regulatory Compliance Specialist		
Senior Wetlands Ecologist		
Salary Grade 33.N	\$8,154	\$12,185
Water Efficiency Analyst		
Salary Grade 34.N	\$8,396	\$12,523
Automation Specialist		
Salary Grade 35.N	\$8,649	\$12,896

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June 23, 2025

Prepared and

submitted by: T. Mitcham

Approved by: Paul A. Cook 

CONSENT CALENDAR

LIVE SCAN FINGERPRINTING FOR EMPLOYMENT, VOLUNTEER, AND CONTRACT WORKER BACKGROUND CHECKS

SUMMARY:

Staff recommends that the Board adopt a resolution authorizing the General Manager, or his designee, to submit an application to the California Department of Justice (DOJ) for the implementation of a Live Scan fingerprinting program. This program will be used for conducting background checks for District employment, volunteer positions, and contract work.

BACKGROUND:

The safety and security of District operations, personnel, and the public are of paramount importance. In alignment with best practices in public agency hiring and volunteer management, the District intends to implement criminal background checks through the Live Scan fingerprinting system, replacing the current third-party vendor, AccuSource HR.

Live Scan fingerprinting is an electronic method approved by the California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) for obtaining criminal history information. This approach provides a convenient, secure, and efficient method for conducting background checks, along with the ability to receive alerts for any arrests that occur after the initial screening.

To access state and federal summary criminal information through the DOJ and the FBI, the General Manager or their designee must complete an application, include an approved resolution, and ensure that the information will be maintained in strict confidentiality and compliance with applicable state and federal laws.

FISCAL IMPACTS:

There is no direct fiscal impact associated with adopting this resolution. The expenditure related to background screening services is already included in budgeted recruiting costs.

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.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT BOARD ADOPT THE ATTACHED RESOLUTION AUTHORIZING THE IRVINE RANCH WATER DISTRICT TO UTILIZE LIVE SCAN FINGERPRINTING FOR EMPLOYMENT, VOLUNTEER, AND CONTRACT WORKER BACKGROUND CHECKS.

LIST OF EXHIBITS:

Exhibit “A” – Resolution of the Board of Directors of the Irvine Ranch Water District authorizing the District to utilize Live Scan Fingerprinting for Employment, Volunteer, and Contract Worker Background Checks.

Exhibit "A"

RESOLUTION NO. 2025 –

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, AUTHORIZING THE
USE OF LIVE SCAN FINGERPRINTING FOR
EMPLOYMENT, VOLUNTEER, AND CONTRACT
WORKER BACKGROUND CHECKS

WHEREAS, Penal Code Sections 11105(b)(11) and 13300(b)(11) authorize cities, counties, districts and joint powers authorities to access state and local summary criminal history information for employment, licensing or certification purposes; and

WHEREAS, Penal Code Section 11105(b)(11) authorizes cities, counties, districts and joint powers authorities to access federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation; and

WHEREAS, Penal Code Sections 11105(b)(11) and 13300(b)(11) require that there be a requirement or exclusion from employment, licensing, or certification based on specific criminal conduct on the part of the subject of the record; and

WHEREAS, Penal Code Sections 11105(b)(11) and 13300(b)(11) require the city council, board of supervisors, governing body of a city, county or district or joint powers authority to specifically authorize access to summary criminal history information for employment, licensing, or certification purposes.

NOW THEREFORE, BE IT RESOLVED, that the Irvine Ranch Water District is hereby authorized to access state and federal level summary criminal history information for employment (including volunteers and contract employees) purposes and may not disseminate the information to a private entity.

ADOPTED, SIGNED and APPROVED on June 23, 2025.

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

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

APPROVED AS TO FORM:
Hanson Bridgett LLP

By: _____
District Counsel

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June 23, 2025

Prepared by: F. Tedescucci

Submitted by: W. Chambers

Approved by: Paul A. Cook



CONSENT CALENDAR

DISTRICT-WIDE LANDSCAPE AND IRRIGATION MAINTENANCE SERVICES ONE-YEAR CONTRACT EXTENSION

SUMMARY:

IRWD manages landscaping operations at 152 sites through a comprehensive service contract with LandCare LLC that expires in June 2025. The contract includes provisions for two one-year extensions, subject to District approval. Staff recommends that the Board authorize the General Manager to execute a one-year extension for District-wide landscape and irrigation maintenance services with LandCare LLC for \$794,869.

BACKGROUND:

IRWD maintains a comprehensive landscape service program ensuring the health and aesthetic appeal of its 152 sites distributed across seven geographical service areas. Services include irrigation system operation and maintenance, weed control, fertilization, mulching, and turf maintenance. The current contractor, LandCare LLC, has demonstrated consistent service quality, competitive pricing, and reliable delivery across all service areas while maintaining compliance with environmental regulations including California's Green Lawn Care Law.

The recommended one-year extension totals \$794,869, representing a 1.5% increase from the previous contract value of \$783,413. This increase primarily reflects the integration of newly acquired properties including Irvine Lake and Dam facilities and the Howiler Water Treatment Plant. Cost distribution across the seven geographical areas is detailed in LandCare's proposal, attached as Exhibit "A".

Extending the existing contract provides significant and immediate operational advantages. It ensures service continuity with a reliable partner, which is essential for the smooth integration of the new Irvine Lake and Dam facilities. This approach protects IRWD's critical infrastructure through established maintenance protocols while allowing for the seamless incorporation of new properties at competitive rates. It also eliminates the considerable procurement costs and potential service disruptions associated with onboarding a new service provider.

FISCAL IMPACTS:

Sufficient funds are available in the Fiscal Year 2025-26 Operating Budget.

ENVIRONMENTAL COMPLIANCE:

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

COMMITTEE STATUS:

This item has not been reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO EXECUTE A ONE-YEAR EXTENSION FOR DISTRICT-WIDE LANDSCAPE AND IRRIGATION MAINTENANCE SERVICES WITH LANDCARE, LLC FOR \$794,869.

LIST OF EXHIBITS:

Exhibit “A” – Landcare One-Year Extension Proposal for Landscape Maintenance Services



Proposed 2025-2026 Extension IRWD

Sections 1 – 7

LandCare proposes to extend all existing contracts between Irvine Ranch Water District and LandCare and to provide landscape and irrigation system maintenance and repair throughout IRWD's service area while conforming to specifications in the IRWD Landscape Maintenance Specifications dated 2021.

Pricing Schedule (private and confidential):

		YEAR 5
IRWD- Landscape Maintenance-1	\$	101,173.94
IRWD- Landscape Maintenance-2	\$	64,096.21
IRWD- Landscape Maintenance-3	\$	64,755.26
IRWD- Landscape Maintenance-4	\$	118,214.60
IRWD- Landscape Maintenance-5	\$	188,573.16
IRWD- Landscape Maintenance-6	\$	125,481.78
IRWD- Landscape Maintenance-7	\$	103,940.57
TOTAL AREA 1-7	\$	766,235.52
IRWD- Landscape Maintenance-Baker Filtration	\$	28,633.16
TOTAL	\$	794,868.68

LandCare Landscape Maintenance Schedule AREAS 1-7

Year 5

Area Location	Address		
1 Shady Canyon PS	88.5 Shady Canyon Dr Irvine	\$	2,467.66
1 Shady Canyon Reservoir	1.5 Golden Eagle Irvine	\$	6,580.42
1 Quail Hill Zone 3 Reservoir	17500 1/2 Pine Needles Irvine	\$	4,935.31
1 Quail Hill Zone 4 Reservoir	108 1/2 Luminous Irvine	\$	11,515.73
1 East Irvine Zone B Reservoir	17445.5 Bake Off Laguna Hwy	\$	11,515.73
1 Hidden Hills Pump Station	8250.25 Lake Forest Dr Irvine	\$	1,645.10
1 Alton 1-5 Monitoring Station	31 1/2 Technology Irvine	\$	822.55
1 East Irvine Zone A-B PS	6747 Irvine Center Drive Irvine	\$	2,467.66
1 Collections Sand Canyon	16150 Sand Canyon Ave Irvine	\$	2,467.66
1 Tri Cities 2	West Side Sand Canyon, 500ft S of Alton	\$	2,467.66
1 Tri Cities 1	4949.5 Barranca, East of Culver Irvine	\$	1,645.10
1 Collections Jeffert Rd	Railroad Tracks off Walnut & Jeffery	\$	4,935.31
1 East Irvine Zone 1 Reservoir	13826 Sand Canyon Ave Irvine	\$	11,515.73
1 IDP (PTP) Desalter	26 Waterworks Irvine	\$	4,935.31
1 Headquarters	15600 Sand Canyon Ave Irvine	\$	31,256.99
	Total Area 1	\$	101,173.94
2 Buck Gully Lift Station	21594 White Pine Newport Beach	\$	1,526.08
2 Coastal Zone 2 Reservoir	22433 Newport Coast Dr Newport Beach	\$	4,578.23
2 El Morrow Lift Station	8618 1/2 Pacific Coast Hwy Newport Beach	\$	1,526.08
2 Los Trancos LS	7303 Pacific Coast Hwy Newport Beach	\$	1,526.08
2 Muddy Canyon Lift Station	8333 Pacific Coast Hwy Newport Beach	\$	2,289.11
2 Coastal Zn 6-G Reservoirs	20783 Vista Ridge Rd Newport Beach	\$	4,578.23
2 Coastal Zone 7-H Pump Station	20783 Vista Ridge Rd Newport Beach	\$	2,289.11
2 Coastal Ridge Lift Station	22322 Pacific Mist Newport Beach	\$	1,526.08
2 Newport Coast Lift Station	21244 Newport Coast Dr Newport Beach	\$	1,526.08
2 Pelican Hills collections	22433 Newport Coast Drive Newport Beach	\$	1,526.08
2 Sage Hill School Collections		\$	1,526.08
2 Coastal Zn D Reservoir	20544 Newport Coast Dr Newport Beach	\$	4,578.23
2 Coastal Zone 4-D PS		\$	4,578.23
2 Coyote Canyon Lift Station	3000 1/2 Bonita Canyon Dr Irvine	\$	1,526.08
2 Turtle Rock / Bonita Zone 3 Pump Station	Corner of Shady Canyon Dr & Bonita Dr	\$	1,526.08
2 San Joaquin reservoir Access Road	2500 Ford Road Newport Beach	\$	9,156.46
2 San Joaquin Dam & Houses (Irr at house 34, 35, 38 Ridgeline	Newport Beach	\$	9,156.46
2 Coastal Zn 4-6 PS (Turf at Weather Static	21474 Vista Ridge Newport Beach	\$	9,156.46
	Total Area 2	\$	64,095.21

3	Well 51	Corner of Pullman & Daimier Santa Ana	\$	1,942.66
3	Dyer Rd Well 12	3000 West Harvard Santa Ana	\$	2,500.41
3	Dyer Rd Well 17	2144 South Anne St Santa Ana	\$	1,942.66
3	Dyer Rd Well 10	3202 West Warner Santa Ana	\$	1,942.66
3	Dyer Rd Well 16	2520 Susan St Santa Ana	\$	1,942.66
3	Dyer Rd Well 14	2922 West Warner Santa Ana	\$	1,942.66
3	Dyer Rd Well 13	2830 South Fairview Santa Ana	\$	1,942.66
3	Dyer Rd Well 7	3232 1/2 Greenville Santa Ana	\$	1,942.66
3	Dyer Rd Well 11	2300 West Segerstum Santa Ana	\$	2,500.41
3	Dyer Rd Well 1	1801 Segerstrum Santa Ana	\$	1,942.66
3	Dyer Rd Well 18	2302 South Rait St Santa Ana	\$	1,942.66
3	Dyer Rd Well 15	2512 West Warner Santa Ana	\$	1,942.66
3	Dyer Rd Well 4	1000 West Hemlock Santa Ana	\$	1,942.66
3	Dyer Rd Well 6	2500 South Garnsey Santa Ana	\$	1,942.66
3	Dyer Rd Well 2	500 West Alton Santa Ana	\$	1,942.66
3	Dyer Rd Well 5	2619 South Cypress Ave Santa Ana	\$	1,942.66
3	Dyer Rd Well 3	633 Emmett Street Santa Ana	\$	5,000.82
3	DATS	1705 W. Segerstrum Santa Ana	\$	4,956.70
3	Edinger Treatment Plant	1221 Edinger Tustin	\$	10,001.64
3	Tustin Well 21	14232 Debusk Tustin	\$	1,942.66
3	Tustin Well 22	1251 Mitchell Tustin	\$	1,942.66
3	Tustin Well 72	13231 Wickshire Lane Tustin	\$	1,942.66
	Well, 21P2 Site Tustin		\$	964.60
	PDF		\$	5,805.49
		Total Area 3	\$	64,755.26
4	Lake Forest Canada LS	22952 Lake Forest Dr Lake Forest	\$	2,722.42
4	Lake Forest El Toro Reservoir	22251 Byron Way Lake Forest	\$	6,883.39
4	Lake Forest Canada Reservoir	21612 Canada Rd Lake Forest	\$	3,441.70
4	Lake Forest Collection Site	21091 Sharmila Lane Lake Forest	\$	4,588.93
4	Lake Forest Well #1 Zona A	24892 Avenida Libre Lake Forest	\$	3,441.70
4	Lake Forest Well Lot 4	20570.5 Lake Forest Dr. Lake Forest	\$	1,769.57
4	Lake Forest East Reservoir Zone 2	20698 Regency Lane Lake Forest	\$	4,588.93
4	Lake Forest Well 2 Zone 2	20844 Osterman Lake Forest	\$	1,769.57
4	Lake Forest West Reservoir	19762 Pacific Grove Dr / Ranch Parkway Lake	\$	3,441.70
4	OC 73	13420.5 Alton Parkway / Magazine Road	\$	1,769.57
4	Foothill Zone 4-6 Pump Station	12846.5 Alton Parkway / Commerce Center D	\$	6,883.39
4	East Irvine Zone 3 Reservoir IIC	13597 Alton Parkway / Irvine Blvd Irvine	\$	6,883.39
4	Portola Hills Zn 6-8 Pump Station	27841 Glenn Ranch Road Foothill Ranch	\$	1,769.57
4	Foothill Zone 6 Reservoir	2 Touraine Place Foothill Ranch	\$	3,441.70
4	Foothill Zone 6A	71 Tessera Foothill Ranch	\$	3,441.70

4	Portola Hills 9 Reservoir	18181 Santiago Canyon Portola Hills	\$	2,041.82
4	Baker reservoirs		\$	8,604.24
4	Portola Hills Zone 8 Reservoir (weather s	18967 Saddleback Ranch Road Trubuco	\$	4,626.20
4	Muirlands Plant (LAWRP)	22312 Muirlands Lake Forest	\$	14,340.40
	Lake Forest B-C Pump Station / Well Lot 5		\$	31,791.69
	Total Area 4		\$	118,241.60
5	Brentwood Park Manholes	32 La Salude Newport Beach (starts at Univer	\$	1,808.63
5	University Lift Station		\$	1,808.63
5	Walnut Trail Collections	Harvard St next to railroad tracks	\$	4,730.98
5	Well 112	2632 Bryan Ave / Myford Rd Tustin	\$	2,855.73
5	Well 115 (Next to Commerce Office Builc	Commerce St & Jamboree Tustin	\$	1,808.63
5	Farwell Pump Station	Farwell Dr Irvine (40 Trailing Vine St)	\$	1,808.63
5	Well 107 (Next to Culver 5 Frwy on ramp	13925 1/2 Culver Dr Irvine	\$	1,808.63
5	Well 77 IDP	2.25 Escolar (Inside Irvine High School Parking	\$	1,808.63
5	Well 110 IDP	Commerce St & Jamboree Tustin	\$	1,808.63
5	Cieniga Pilot Site (Next to creek access r	Barranca St Irvine	\$	1,808.63
5	Well 106 (Next to creek access road pass	16560 Harvard Irvine	\$	1,808.63
5	Siphon Structures	Behind office 3733 University Dr Irvine	\$	7,884.96
5	Bonita Creek Manholes	32 La Salude Newport Beach (Entrance at Par	\$	4,730.98
5	Bay View Lift Station	501 Bayview Place / Jamboree Newport Beach	\$	1,808.63
5	Mason Park Collections (7 Manholes)	Culver Dr / Campus Irvine (Behind University	\$	4,730.98
5	OC 39	18714 University Dr Irvine	\$	2,365.49
5	Turtle Rock Az 1-3 PS	5380 1/2 University Dr Irvine (next to Strawbe	\$	1,808.63
5	Sand Canyon Zone A South Reservoir	Univerisy Dr Irvine (next to Strawberry Farm a	\$	7,996.03
5	Sand Canyon Dam	5336 University Dr Strawberry Farms	\$	18,086.27
5	Sand Canyon Spill Way	University Dr Irvine (behind Strawberry Farms	\$	7,996.03
5	Turtle Rock / Starcrest Collections (1 mar	Corner of Turtle Rock st & Starcrest St	\$	6,450.38
5	Turtle Rock Zn 3-4 PS & Zn 3 Reservoir	13 1/2 Minaret Irvine	\$	6,450.39
5	Michelson LS	3033 Michelson Dr Irvine	\$	1,808.63
5	Monument Area / MWRP Entrance Road	3512 Michelson Dr Irvine	\$	3,153.99
5	Sand Canyon House	5336 University Dr Strawberry Farms	\$	1,808.63
5	Museum	5 San Joaquin Road Irvine	\$	4,730.98
5	Operation Center/MWRP	3512 Michelson Dr Irvine	\$	38,076.36
5	Biosolids Plant	3512 Michelson Dr Irvine	\$	22,845.81
	Sand Canyon Dam Upstream Waters Edge		\$	10,594.78
	Sand Canyon Critical Outlet		\$	3,840.32
	Sand Canyon Wash Behind Red Building		\$	7,540.55
	Total Area 5		\$	188,573.16
6	Perez Reservoir	Orange Arrow & Prosa Irvine	\$	3,137.04


6	Northwood Booster 2	7 Delamesa Irvine	\$	4,391.86
6	Northwood Zone 3 & B Reservoirs	10864 Culver Ave Irvine	\$	4,391.86
6	Northwood Zone 2 Reservoir	Orchard Hills / Portola Parkway (Next to NTS	\$	4,391.86
6	Northwood Zone 5 Reservoir	10703 Culver Ave Irvine	\$	4,391.86
6	Orchard Hills Pump Station (Across Fire	4951 Portola Parkway Irvine	\$	3,137.04
6	Rattlesnake Spillway	4769 Portola Parkway Irvine	\$	5,608.12
6	Rattlesnake Dam Face	4769 Portola Parkway Irvine	\$	11,216.25
6	Highland Channel #2 (Through Strawber	Jeffery to Bee Canyon Irvine	\$	7,010.15
6	Bee Canyon Pump Station (inside Strawb	5800.5 Portola Parkway Irvine	\$	1,819.49
6	Highland Channel #3	Gate right of Bee Canyon Rd Irvine	\$	11,216.25
6	Siphon Dam Face	5801 Portola Parkway Irvine	\$	11,216.25
6	Lomas Valley Reservoir (Next to 133 Miti	7001.5 Portola Parkway Irvine	\$	4,391.86
6	Portola Springs 3-4 Pump Station	6650 Portola Parkway Irvine	\$	3,137.04
6	Portola Springs 4-6 Reservoirs	7501.5 Portola Parkway Irvine	\$	4,391.86
6	Portola Springs Zone 6-D Reservoir	8631 Portola Parkway Irvine	\$	7,277.94
6	Tustin Ranch 1-3 Pump Station	12446 Jamboree Road Irvine	\$	2,509.64
6	Tustin Zn C Filter	10341 1/2 Jamboree Road Tustin	\$	2,509.64
6	Tustin Ranch Zn 3-5 BPS	10606.5 Jamboree Road Tustin	\$	2,509.64
6	Baker Raw Water Facilities	9737 Peters Canyon Road Tustin	\$	1,819.49
6	Peters Canyon Man Holes	9737 Peters Canyon Road Tustin	\$	7,277.94
6	Rattlesnake Park	4769 Portola Parkway Irvine	\$	11,544.32
	Eastwood Raw Water Pump Station		\$	4,053.43
	Woody Hills PS		\$	2,130.94
		Total Area 6	\$	125,481.78
7	Orange Intertie Connection	5618 East Patria Ct Orange	\$	593.28
7	OPA Access Road	Off Orange Park Drive Orange	\$	1,186.56
7	OPA Hills Drive	At Trail Orange	\$	1,186.56
7	Santiago Hills Zone 5 Reservoir	1802 East Santiago Canyon Road Orange	\$	5,932.80
7	Santiago Williams Canyon Reservoir	27600 Williams Canyon Road Williams Canyo	\$	1,186.56
7	Santiago Williams Benner Reservoir	28741 Williams Canyon Road Williams Canyo	\$	1,186.56
7	Santiago Williams Reed Reservoir	30500 Silverado Canyon Road Silverado Cany	\$	1,779.84
7	Santiago Williams Chapman Reservoir	14909 Mill Road Silverado Canyon	\$	1,186.56
7	Santiago Williams Modeska Reservoir	29265 Modjeska Canyon Road Modjeska Can	\$	1,779.84
	Irvine Dam / Santiago Creek Dam		\$	61,625.70
	Irvine Dam Caretaker House		\$	1,285.75
	Irvine Dam Chlorization Building		\$	482.76
	Harding Dam		\$	17,027.80
	Howiler Water Treatment	5508 E. Taft Ave.	\$	5,640.00
	Irvine Lake Boat Garages	4621 Santiago Canyon Rd Silverado	\$	1,860.00
		Total Area 7	\$	103,940.57

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June 23, 2025

Prepared by: N. Mai / M. Cortez

Submitted by: K. Burton

Approved by: Paul A. Cook 

CONSENT CALENDAR

MICHELSON WATER RECYCLING PLANT BIOSOLIDS LIFT STATION AND SEWER PIPELINE BID REJECTION

SUMMARY:

Process water flows from the Michelson Water Recycling Plant (MWRP) Biosolids Facility currently commingle with stormwater runoff within MWRP's Stormwater Pump Station 3 (SWPS3) and are pumped to Pond C of the San Joaquin Marsh as part of normal operations during storm events. To comply with current discharge permitting, contaminants found in the process flows should not be conveyed to Pond C but rather go through MWRP for treatment. This project will bifurcate SWPS3 into two separate wet wells to segregate the process water from the stormwater to be treated. The project was recently advertised and only one bid was received from Vido Artukovich & Son, Inc. in the amount of \$5,024,000, which is substantially greater than the engineer's estimate of \$3,600,000. Staff recommends the Board reject the bid and authorize staff to re-bid after revising the Contract Documents for the MWRP Biosolids Lift Station and Sewer Pipeline.

BACKGROUND:

Stormwater and process water from the MWRP Biosolids Facility converge at SWPS3 and are then pumped to Pond C of the San Joaquin Marsh during major storm events. Since test results of the water at SWPS3 indicated the presence of minor waste flow contaminants, the combined water should not be sent to Pond C in compliance with the District's discharge permit. The Biosolids process water should be separated and conveyed to the sewer system for treatment. This project will construct a new upsized gravity sewer to convey both process flow and sewage from the Biosolids Facility and modify SWPS3 to separate the process water from stormwater.

Tetra Tech was retained to design the lift station and upsized sewer pipeline in November 2023, and the design was completed in April 2025.

Construction Bid Process:

The project was advertised to a list of 37 prequalified mechanical and pipeline contractors in May and the bid opening occurred on June 5, 2025. Only one bid in the amount of \$5,024,000 from Vido Artukovich & Son, Inc. was received, and the bid is 40% higher than the engineer's estimate of \$3,600,000. Staff talked with some of the contractors who did not submit bids to determine the reasons for the low turnout. The reasons for not submitting a bid included a conflict in scheduling due to multiple projects bidding simultaneously, both IRWD and other agencies, and issues retaining subcontractors as the project scope has nearly equal amounts of pipeline and mechanical improvements.

Staff recommends that the Board authorize staff to reject the bid from Vido Artukovich & Son Inc., and re-bid the project in an effort to increase contractor participation to ensure competitive bidding.

FISCAL IMPACTS:

Project 12541 is included in the FY 2025-27 Capital Budget. The existing budget will be reviewed for sufficient funds after the re-bid of the project.

ENVIRONMENTAL COMPLIANCE:

This project is exempt from the California Environmental Quality Act (CEQA) as authorized under California Code of Regulations Title 14, Division 6, Chapter 3, Article 19, Sections 15301, 15302, and 15303, which exempt 1) the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public structures, facilities, or mechanical equipment, involving negligible or no expansion of existing or former use, such as existing facilities of publicly owned utilities used to provide sewerage services; 2) the replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced, such as the replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity; and 3) construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure.

COMMITTEE STATUS:

This item was not reviewed by a Committee.

RECOMMENDATION:

THAT THE BOARD REJECT THE BID RECEIVED AND AUTHORIZE STAFF TO RE-BID THE MICHELSON WATER RECYCLING PLANT BIOSOLIDS LIFT STATION AND SEWER PIPELINE, PROJECT 12541.

LIST OF EXHIBITS:

None.

June 23, 2025

Prepared by: B. Rios

Submitted by: K. Burton

Approved by: Paul A. Cook 

CONSENT CALENDAR

PLANNING AREA 31 DISCOVERY PARK CAPITAL SANITARY SEWER IMPROVEMENTS

SUMMARY:

Irvine Community Development Company, LLC (ICDC) is proceeding with residential development of the Discovery Park Apartments, which includes the construction of streets, storm drains, domestic water, sanitary sewer, and recycled water improvements. As part of the development, ICDC will construct IRWD capital sanitary sewer facilities under the terms of a previously approved Supplemental Reimbursement Agreement (SRA). Staff recommend that the Board:

- Authorize the General Manager to accept ICDC's construction contract with L&S Construction, Inc. in the amount of \$702,635 for the Planning Area 31 Discovery Park Capital Sanitary Sewer Improvements Project; and
- Authorize the addition of Planning Area 31 Discovery Park Capital Sanitary Sewer Improvements Project 13302 in the amount of \$900,000 to the FY 2025-26 Capital Budget.

BACKGROUND:

The Discovery Park Apartments project is located along Laguna Canyon Road between Sand Canyon Avenue and Irvine Center Drive adjacent to the I-5 Freeway. ICDC's original concept in 2018 was an office building development. However, the site has remained undeveloped to date. With the recent City of Irvine (City) effort to update the housing overlay to accommodate the State-required Regional Housing Needs Assessment, ICDC processed a new application with the City for the construction of 1,858 apartment units in place of the intended business park. In addition to developer donated IRWD facilities, the Sub-Area Master Plan (SAMP) for the new development has identified approximately 1,500 feet of required 12-inch capital sewer improvements to support the new residential version for the site. A location map of the project area is attached as Exhibit "A".

The design and construction of the IRWD facilities will be performed under the terms of the Master Reimbursement Agreement between IRWD and ICDC approved by the Board in May 1997 and as further refined in the SRA. The SRA, which covers capital facilities within the Discovery Park development, was approved by the Board on June 9, 2025.

Discovery Park Capital Sanitary Sewer Improvements:

The Planning Area 31 Discovery Park Capital Sanitary Sewer Improvements project consists of replacing approximately 1,500 feet of existing 8-inch sanitary sewer pipeline with new 12-inch sanitary sewer pipeline, all within existing perimeter streets that border the development site. The required upsizing was related to a change in planned land use from commercial to residential as documented in the SAMP. ICDC retained Stantec Consulting Services, Inc. to prepare the design plans and received construction bids from three contractors. The bids ranged from \$702,635 to \$1,281,540. Staff recommends accepting the construction contract to the low bidder, L&S Construction, Inc., for a bid amount of \$702,635 as shown in Exhibit “B”. In addition, ICDC has received consultant proposals for engineering design, surveying and geotechnical observation and testing services. Proposals for field archeological and paleontological monitoring were not necessary because those costs were included as a part of the developers’ previously approved improvements. Staff has reviewed the consultant proposals and the construction bids and found the amounts to be acceptable. A summary of the Planning Area 31 Discovery Park Capital Sanitary Sewer Improvement costs is shown below.

Design (Stantec)	\$ 6,322.50
Construction (L&S Construction)	\$702,635.00
Geotechnical Services (NMG)	\$ 23,085.90
Surveying (Stantec)	\$ 5,702.40
ICDC Administration Fee (1%)	<u>\$ 7,377.46</u>
	\$745,123.26

FISCAL IMPACTS:

Staff requests the addition of Project 13302 to the FY 2025-26 Capital Budget as follows:

Project No.	Current Budget	Addition <Reduction>	Total Budget
13302	\$0	\$900,000	\$900,000

ENVIRONMENTAL COMPLIANCE:

Construction of capital sanitary sewer facilities for the Discovery Park Capital Sanitary Sewer Improvements Project is subject to CEQA. In conformance with the California Code of Regulations Title 14, Chapter 3, Article 7 an Environmental Impact Report (EIR) was certified by the City of Irvine, the lead agency on March 15, 2024 (SCH# 2023070463).

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO ACCEPT IRVINE COMMUNITY DEVELOPMENT COMPANY'S CONSTRUCTION CONTRACT WITH L&S CONSTRUCTION, INC. IN THE AMOUNT OF \$702,635, AND AUTHORIZE THE ADDITION OF PROJECT 13302 IN THE AMOUNT OF \$900,000 TO THE FY 2025-26 CAPITAL BUDGET FOR THE PLANNING AREA 31 DISCOVERY PARK CAPITAL SANITARY SEWER IMPROVEMENTS PROJECT.

LIST OF EXHIBITS:

Exhibit "A" – Location Map

Exhibit "B" – Bid Summary, Planning Area 31 Discovery Park Capital Sanitary Sewer Improvements Project

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Exhibit "A"

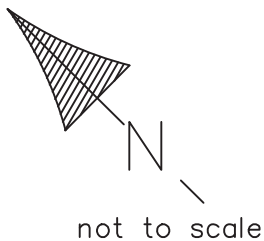
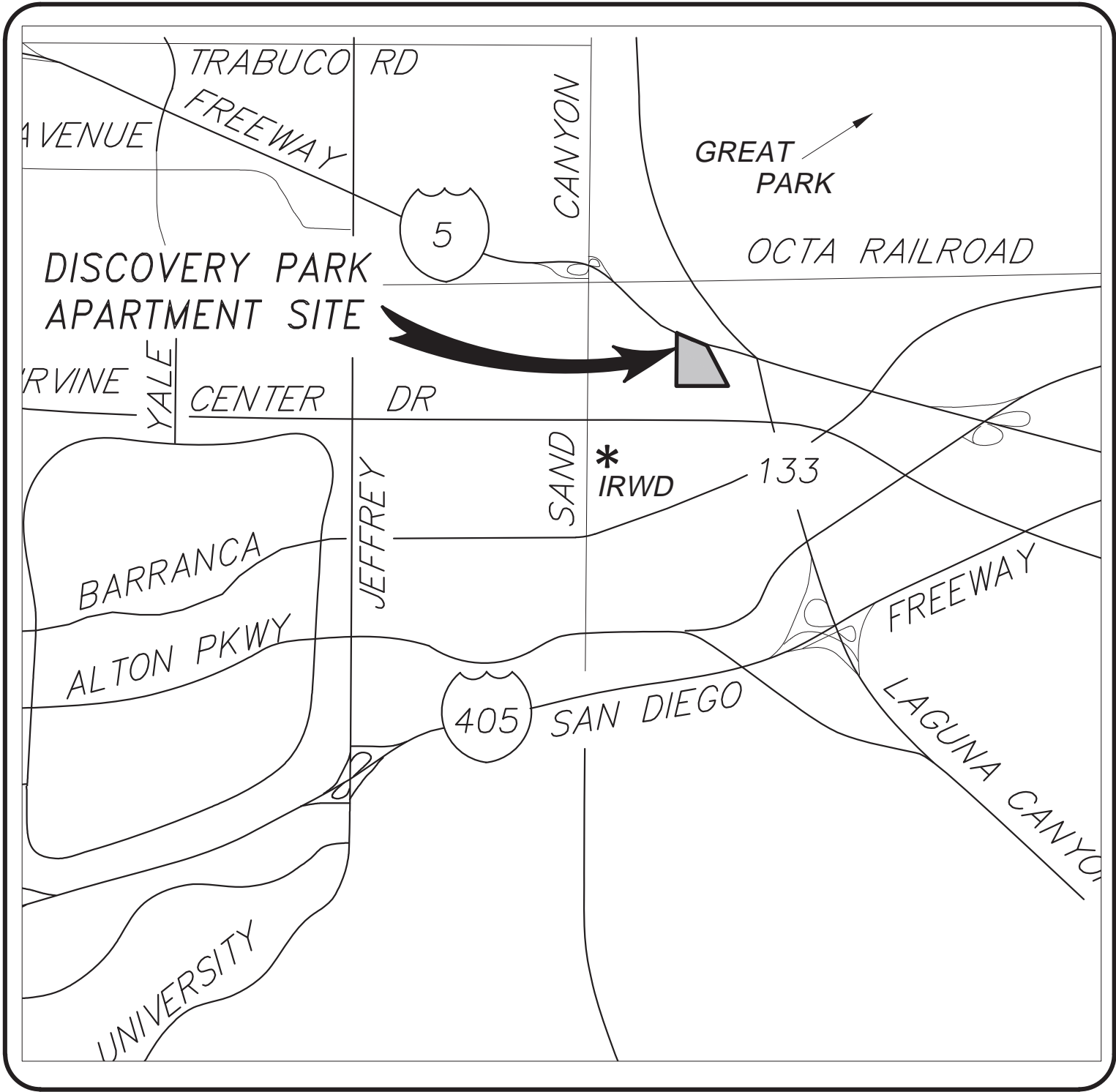


EXHIBIT "A"
LOCATION MAP

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BID SUMMARY
PLANNING AREA 31
DISCOVERY PARK
IRWD CAPITAL SANITARY SEWER UPSIZING
CONTRACT "B1" - SEWER IMPROVEMENTS
(PREVAILING WAGE)
TASK/PC ID: LD-5090.ST.01.cn01
BID PACKAGE NO. B00568
ALT 'B' - NIGHT TIME WORK - LAGUNA CANYON RD/DAYTIME WORK - DISCOVERY

c: _____ Mike Morse
_____ Bill Martin
_____ Mark Middlebrook
_____ File with Bid Key Map
_____ Erica Marioneaux - Cost Matrix

Exhibit "B"
PRE-BID MEETING DATE: _____ April 29, 2025
BID OPENING DATE: _____ May 22, 2025
WITNESSED BY: _____ J. Favela
_____ S. Veazy

DECLINED PRIOR TO PRE-BID: N/A
NO SHOW AT PREBID: NA
DID NOT SUBMIT: Leatherwood

ENGINEER'S ESTIMATE	LOW BIDDER OVERALL	2ND BIDDER	3RD BIDDER
Stantec Consulting Services Inc.	L&S Construction	Paulus Engineering	Shoffeitt Pipeline Inc.


ITEM	DESCRIPTION	QTY	UNIT		UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
I.	BASE CONTRACT											
A.	GENERAL											
1	MOBILIZATION (NOT TO EXCEED 2% OF CONTRACT PRICE)	1	LS	*	\$ 31,000.00	\$ 31,000.00	\$ 20,000.00	\$ 20,000.00	\$ 36,400.00	\$ 36,400.00	\$ 35,000.00	\$ 35,000.00
2	PAYMENT AND PERFORMANCE BONDS	1	LS	*	\$ 24,000.00	\$ 24,000.00	\$ 19,500.00	\$ 19,500.00	\$ 18,900.00	\$ 18,900.00	\$ 37,500.00	\$ 37,500.00
3	DEVELOP CONSTRUCTION WATER	1	LS	*	\$ 4,000.00	\$ 4,000.00	\$ 5,000.00	\$ 5,000.00	\$ 2,937.00	\$ 2,937.00	\$ 5,500.00	\$ 5,500.00
4	INTERIM EROSION AND SEDIMENT CONTROL	1	LS	*	\$ 9,000.00	\$ 9,000.00	\$ 20,000.00	\$ 20,000.00	\$ 14,182.00	\$ 14,182.00	\$ 4,500.00	\$ 4,500.00
15	FURNISH AND INSTALL 12" PVC (SDR35) SEWER MAIN PER IRWD STD. DWG. NO. S-6 - STANDARD BACKFILL (CAPITAL)	1,235	LF	**	\$ 575.00	\$ 710,125.00	\$ 340.00	\$ 419,900.00	\$ 465.00	\$ 574,275.00	\$ 785.00	\$ 969,475.00
16	FURNISH AND INSTALL 12" PVC (SDR35) SEWER MAIN PER IRWD STD. DWG. NO. S-6 - SLURRY BACKFILL (CAPITAL)	97	LF	**	\$ 700.00	\$ 67,900.00	\$ 795.00	\$ 77,115.00	\$ 816.00	\$ 79,152.00	\$ 860.00	\$ 83,420.00
17	FURNISH AND INSTALL 12" PVC (SDR35) SEWER MAIN PER IRWD STD. DWG. NO. S-6 - SLURRY BACKFILL ABOVE CROSSINGS (CAPITAL)	145	LF	**	\$ 650.00	\$ 94,250.00	\$ 695.00	\$ 100,775.00	\$ 976.00	\$ 141,520.00	\$ 860.00	\$ 124,700.00
18	FURNISH AND INSTALL 12" PVC (SDR35) SEWER MAIN PER IRWD STD. DWG. NO. S-6 - SLURRY BACKFILLED (NON-CAPITAL)	32	LF	**	\$ 700.00	\$ 22,400.00	\$ 760.00	\$ 24,320.00	\$ 981.00	\$ 31,392.00	\$ 860.00	\$ 27,520.00
21	CONSTRUCT 48" DIAMETER MANHOLE PER IRWD STD. DWG. S-1	2	EA	**	\$ 15,000.00	\$ 30,000.00	\$ 18,500.00	\$ 37,000.00	\$ 29,751.00	\$ 59,502.00	\$ 11,900.00	\$ 23,800.00
24	TESTING OF SEWER SYSTEM UPON COMPLETION OF SEWER CONSTRUCTION PRIOR TO PAVING. TESTING TO BE IN ACCORDANCE WITH IRWD SPECIFICATIONS AND APPLICABLE CITY OF IRVINE CODES AND ORDINANCES	1	LS	**	\$ 13,000.00	\$ 13,000.00	\$ 14,500.00	\$ 14,500.00	\$ 14,624.00	\$ 14,624.00	\$ 15,500.00	\$ 15,500.00
							Prorated Items 1-4 Total (45%)	\$ 29,025.00		\$ 32,588.55		\$ 37,125.00
							IRWD Items 15-18,21,24 (100%)	\$ 673,610.00		\$ 900,465.00		\$ 1,244,415.00
							IRWD TOTAL	\$ 702,635.00		\$ 933,053.55		\$ 1,281,540.00

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June 23, 2025

Prepared by: J. Davis

Submitted by: N. Adly

Approved by: Paul A. Cook 

ACTION CALENDAR

PROPOSED 2025 DEBT ISSUANCE FOR REFUNDING OF THE 2010 BUILD AMERICA BONDS

SUMMARY:

Staff, along with the District's municipal financial advisor, Public Financial Management (PFM), have evaluated underwriter proposals and recommendations related to refunding IRWD's 2010 Build America Bonds (BABs). On February 24, 2025, the Board of Directors approved the issuance of fixed and/or variable General Obligation (GO) Bonds in an amount sufficient to refund the 2010 BABs, with neutral or positive interest savings to the District. In connection with the refunding of the BABs, staff recommends that the Board adopt a resolution approving the issuance of consolidated variable and fixed rate GO Bonds and all the related financing documents.

BACKGROUND:

IRWD's 2010 BABs, originally marketed by Goldman Sachs, currently have \$171.9 million of outstanding principal at a fixed rate of 4.44% with subsidy. Without subsidy, the rate would be 6.62%. The BABs were issued with a make-whole call with an Extraordinary Optional Redemption provision (ERP), which would allow the District to redeem the 2010 BABs with a lower cost make-whole call versus the standard make-whole call upon the occurrence of an Extraordinary Event. Based on review by bond counsel, it was determined that an ERP event was triggered due to the reduction of the subsidy because of Federal legislation mandating sequestration affecting the subsidy.

Legal counsel has prepared the following documents related to the fixed and/or variable rate debt issuance for approval:

- Resolution of the Board, provided as Exhibit "A";
- 2025A Variable Rate Bond (2025A) Official Statement, provided as Exhibit "B";
- 2025B (2025B) Fixed Rate Bond Official Statement, provided as Exhibit "C";
- 2025A Contract Purchase Agreement IRWD with BofA, provided as Exhibit "D";
- 2025B Contract Purchase Agreement IRWD with Goldman Sachs, provided as Exhibit "E";
- 2025A Indenture of Trust Agreement with US Bank, provided as Exhibit "F";
- 2025B Indenture of Trust Agreement with US Bank, provided as Exhibit "G";
- 2025A Reimburse Agreement, Letter of Credit and Fee Letter with Sumitomo, provided as Exhibit "H"; and
- 2025A Remarketing Agreement with BofA, provided as Exhibit "I".

Good Faith Estimates:

California Senate Bill 450 requires that a public agency, prior to a new issuance of bonds, disclose in a public meeting good faith financing estimates provided by an Underwriter, Municipal Advisor, or private lender. These estimates include: (1) the True Interest Cost of the bonds; (2) the total finance charge of the bonds, equal to the sum of all fees and charges paid to third parties; (3) the amount of estimated bond proceeds minus the total finance charge of the bonds, and any reserves funded from proceeds of the bonds; and (4) the total payment amount, which includes the projected sum of all payments the District will make to pay debt service on the bonds plus any portion of the finance charge of the bonds that will not be paid with the proceeds of the bonds. The following information was obtained from PFM Financial Advisors LLC, as Municipal Advisor, and is provided in compliance with SB 450:

1. *True Interest Cost:* Assuming a par amount of \$182,585,000 of Refunding Series 2025A and 2025B Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to equal the purchase price received for the bonds, is 2.87%.
2. *Finance Charge:* A good faith estimate of the finance charge of the bonds, which means the sum of all fees and charges paid to third parties, is \$912,925.00.
3. *Amount of Proceeds to be Received:* A good faith estimate of the amount of proceeds expected to be received for sale of the bonds less the finance charge of the bonds described in No. 2, above, and any reserves or capitalized interest paid or funded with proceeds of the bonds, is \$187,967,931.30.
4. *Total Payment Amount:* Assuming a par amount of \$182,585,000 is sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the bonds plus the finance charge of the bonds described in No. 2 above, not paid with the proceeds of the bonds, calculated to the final maturity of the bonds, is \$245,464,815.59.

Staff recommends the Board adopt a resolution approving the issuance of consolidated variable and fixed rate GO Bonds to refund the 2010 BABs and financing documents in connection with the issuance.

COMMITTEE STATUS:

The 2025 proposed debt issuance was reviewed by the Finance and Personnel Committee on February 3, 2025.

FISCAL IMPACTS:

A refunding of the 2010 BABs will be completed with neutral or positive interest savings to the District. The underwriter fees and cost of issuance, including legal, rating agencies, and trustee expenses are estimated to be approximately \$900,000. The magnitude of potential cost savings to IRWD, which depend on market conditions and other factors, will not be known until the closing date of the refunding: July 8, 2025.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2025-

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT

APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE PRELIMINARY OFFICIAL STATEMENTS AND OFFICIAL STATEMENTS, ONE OR MORE CONTRACTS OF PURCHASE, ONE OR MORE CONTINUING DISCLOSURE CERTIFICATES, ONE OR MORE INDENTURES OF TRUST, ONE OR MORE REIMBURSEMENT AGREEMENTS, ONE OR MORE FEE AGREEMENTS, AND THE ISSUANCE OF ONE OR MORE SERIES OF BONDS OF IRVINE RANCH WATER DISTRICT, CONSOLIDATED REFUNDING SERIES, AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS

LIST OF EXHIBITS:

- Exhibit “A” – Resolution approving the issuance of consolidated variable and fixed rate GO Bonds to refund the 2010 BABs and financing documents
- Exhibit “B” – 2025A Official Statement
- Exhibit “C” – 2025B Official Statement
- Exhibit “D” – 2025A Contract Purchase
- Exhibit “E” – 2025B Contract Purchase
- Exhibit “F” – 2025A Indenture of Trust
- Exhibit “G” – 2025B Indenture of Trust
- Exhibit “H” – 2025A Reimburse Agreement, Letter of Credit and Fee Letter
- Exhibit “I” – 2025A Remarketing Agreement

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RESOLUTION NO. 2025-____

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT

APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE PRELIMINARY OFFICIAL STATEMENTS AND OFFICIAL STATEMENTS, ONE OR MORE CONTRACTS OF PURCHASE, ONE OR MORE CONTINUING DISCLOSURE CERTIFICATES, ONE OR MORE INDENTURES OF TRUST, ONE OR MORE REIMBURSEMENT AGREEMENTS, ONE OR MORE FEE AGREEMENTS, AND THE ISSUANCE OF ONE OR MORE SERIES OF BONDS OF IRVINE RANCH WATER DISTRICT, CONSOLIDATED REFUNDING SERIES, AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS

A. The Irvine Ranch Water District (“**IRWD**” or the “**District**”) previously issued the “Bonds of Irvine Ranch Water District, Series 2010B (Federally Taxable – Build America Bonds)” (the “**Series 2010B Bonds**”), constituting the consolidated several general obligations of IRWD’s Improvement Districts Nos. 112, 113, 125, 188, 212, and 225 (the “**Improvement Districts**”).

B. The District is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “**Refunding Law**”) and the California Water District Law, Division 13 of the California Water Code, to issue refunding notes or bonds for the purpose of refunding any evidence of indebtedness of the District.

C. The District now intends by this Resolution to:

1. Authorize the refunding of the Series 2010B Bonds by issuing its Bonds of Irvine Ranch Water District Consolidated Refunding Series 2025A (the “**Series 2025A Bonds**”), and/or Bonds of Irvine Ranch Water District Consolidated Refunding Series 2025B (the “**Series 2025B Bonds**” and together with the Series 2025A Bonds, the “**Refunding Series 2025 Bonds**”);

2. Approve and authorize the execution, delivery, and distribution of one or more Preliminary Official Statements and Official Statements for the Refunding Series 2025 Bonds;

3. Approve and authorize the execution of:

(a) One or more Indentures of Trust, each between IRWD and U.S. Bank Trust Company, National Association (the “**Trustee**”) for each series of the Refunding Series 2025 Bonds (each an “**Indenture**”);

(b) One or more Continuing Disclosure Certificates relating to the Refunding Series 2025 Bonds (each a “**Continuing Disclosure Certificate**”);

(c) One or more Contracts of Purchase between IRWD and BofA Securities, Inc. and/or Goldman Sachs & Co. LLC, as applicable (each an “**Underwriter**”) for the

purchase and sale of one or more series of the Refunding Series 2025 Bonds (each a “**Contract of Purchase**”);

(d) A Reimbursement Agreement, between IRWD and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “**Bank**”), relating to the Series 2025A Bonds (the “**Reimbursement Agreement**”), including an associated Letter of Credit issued by the Bank (the “**Letter of Credit**”) and Fee Agreement between IRWD and the Bank (the “**Fee Agreement**”); and

(e) A Remarketing Agreement between IRWD and BofA Securities, Inc. (the “**Remarketing Agent**”) relating to the Series 2025A Bonds;

4. Authorize the Treasurer, President, and Secretary to execute and deliver all related documents in order to facilitate the refunding.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF IRWD DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Authorization of Sale of Refunding Bonds. The prudent management of the fiscal affairs of the District and of the Improvement Districts requires that refunding bonds be issued to refund the Series 2010B Bonds. The Board hereby authorizes the sale of the Refunding Series 2025 Bonds pursuant to the Refunding Law in an aggregate principal amount not to exceed \$225,000,000.

Section 2. Finding: No Increased Cost. The Board has evaluated the various factors associated with the issuance of the Bonds as consolidated bonds and has found that the sale of the Refunding Series 2025 Bonds as consolidated bonds will not increase the cost that any Improvement District will pay for its bonds over the cost it would have paid had its bonds been sold separately.

Section 3. Finding: Lower Total Interest Cost. In accordance with Section 36063 of the California Water Code and the Refunding Law, and based on the record as a whole and substantial evidence presented to and reviewed by the Board, including information regarding the interest accruing at a variable rate on the Refunding Series 2025 Bonds, and restrictions regarding the issuance of the Bonds set forth in this Resolution, the Board finds that the Bonds, when issued, shall meet the test of Section 36063(a)(2) of the California Water Code because the total interest cost to maturity of the refunding bonds added to the principal amount of the Refunding Series 2025 Bonds will be less than the total interest cost to maturity of the Series 2010B Bonds added to the principal amount of the Series 2010B Bonds.

Section 4. Preliminary Official Statements. Each Preliminary Official Statement relating to the Refunding Series 2025 Bonds, to be dated the date determined by the Treasurer and in substantially the forms presented to the Board of Directors at this meeting, is hereby approved with such changes thereto as the Treasurer with the concurrence of the President shall approve (such approval and concurrence to be conclusively evidenced by execution and delivery thereof). The Board of Directors hereby approves the use of each Preliminary Official Statement, including delivery of each Preliminary Official Statement in electronic form, in connection with the sale of

the Refunding Series 2025 Bonds, and the Board of Directors hereby further approves the use of any supplements or amendments to any Preliminary Official Statement, including delivery of any such supplements or amendments in electronic form, which the Treasurer shall determine are necessary so that such Preliminary Official Statement does not include any untrue statement of a material fact and does not omit to state a material fact necessary to make the statement therein not misleading. Prior to the distribution of each Preliminary Official Statement, the President, the Treasurer, the Secretary, and each other officer or member of the Board of IRWD (each a “**Designated Officer**”), acting singly, is hereby authorized to deem such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, such action to be conclusively evidenced by the distribution of such Preliminary Official Statement.

Section 5. Official Statements. The Treasurer is hereby authorized and directed to execute each Official Statement and any amendments or supplements thereto, in the name and on behalf of IRWD and thereupon to cause each Official Statement and any such amendments or supplements to be delivered to the Trustee.

Section 6. Distribution of Preliminary Official Statement and Official Statement. The distribution by the Underwriter of each Preliminary Official Statement and each Official Statement, inclusive of the above-authorized changes, is hereby authorized in connection with the Refunding Series 2025 Bonds.

Section 7. Indentures of Trust. The execution, delivery, and performance of each Indenture, to be dated the date determined by the Treasurer and in substantially the form presented to the Board of Directors at this meeting, is hereby approved with such changes thereto as the Treasurer with the concurrence of any Designated Officer shall approve (such approval and concurrence to be conclusively evidenced by the execution and delivery thereof). In addition, the pledges and liens set forth in each Indenture are hereby approved and authorized.

Section 8. Continuing Disclosure Certificates. Each Continuing Disclosure Certificate in substantially the form set forth in the applicable Preliminary Official Statement is hereby approved and authorized. The District’s obligation to provide the information as described therein is approved and each Designated Officer, acting singly, is hereby authorized, in the name and on behalf of the District, to execute and deliver each Continuing Disclosure Certificate in substantially said form, as required by Rule 15c2-12, with such immaterial changes, insertions and deletions therein as any Designated Officer shall approve (such approval and concurrence to be conclusively evidenced by the execution and delivery thereof).

Section 9. Contracts of Purchase. Subject to the limitations with respect to the terms of the Refunding Series 2025 Bonds contained in this Section, each Contract of Purchase, in substantially the form on file with the Secretary and presented to the Board of Directors at this meeting, and the performance by the District of its obligations thereunder, are hereby approved, authorized and adopted. Each Designated Officer, acting singly, is hereby authorized, in the name and on behalf of the District, to execute and deliver to the relevant Underwriter the applicable Contract of Purchase in substantially said form, with such immaterial changes, insertions and deletions therein as any Designated Officer shall approve (such approval and concurrence to be conclusively evidenced by the execution and delivery thereof). The Designated Officer executing

each Contract of Purchase is hereby authorized to determine the purchase price to be paid for the relevant Refunding Series 2025 Bonds under such Contract of Purchase; provided however, that the underwriters' discount (exclusive of original issue discount) with respect to the Refunding Series 2025 Bonds shall not be more than 1% of the aggregation of the principal amounts of the Refunding Series 2025 Bonds. The sale of the Refunding Series 2025 Bonds to the Underwriters on the terms and conditions contained in each Contract of Purchase, as the same may be completed in accordance with the provisions of this Resolution, with such immaterial changes, insertions and deletions therein as are authorized hereby, is hereby approved and authorized. The Refunding Series 2025 Bonds being sold at as set forth in each Contract of Purchase without advertising for bids is found to be consistent with prudent management of the fiscal affairs of the District.

Section 10. Reimbursement Agreement. The execution, delivery, and performance of the Reimbursement Agreement (inclusive of the form of the Letter of Credit) and the Fee Agreement, to be dated the date determined by the Treasurer and in substantially the form presented to the Board of Directors at this meeting, is hereby approved with such changes thereto as the Treasurer with the concurrence of any Designated Officer shall approve (such approval and concurrence to be conclusively evidenced by the execution and delivery thereof). In addition, the pledges and liens set forth in the Reimbursement Agreement are hereby approved and authorized

Section 11. Remarketing Agreement. The execution and delivery of the Remarketing Agreement, to be dated the date determined by the Treasurer and in substantially the form presented to the Board of Directors at this meeting, is hereby approved with such changes thereto as the Treasurer with the concurrence of any Designated Officer shall approve (such approval and concurrence to be conclusively evidenced by the execution and delivery thereof)

Section 12. Further Authorization. Each Designated Officer, acting singly, is hereby authorized and directed to execute and deliver the documents set forth herein and any and all other documents, certificates, and instruments (including, but not limited to the Tax Certificate), and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution and the performance of the documents set forth herein.

Section 13. Ratification. All actions heretofore taken by the Designated Officers and the officers, employees, and staff of the District with respect to the transactions contemplated by this resolution are hereby approved, confirmed, and ratified.

Section 14. Severability. If any section of this resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this resolution. The Board of Directors hereby declares that it would have adopted this resolution and each section thereof, irrespective of the fact that any one or more sections be declared invalid or unconstitutional.

Section 15. Effectiveness. This resolution takes effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED on _____, 2025.

President
IRVINE RANCH WATER DISTRICT

Secretary
IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:
Hanson Bridgett LLP

By: _____
General Counsel

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Exhibit "B"

Stradling Yocca Carlson & Rauth
Draft of June 16, 2025

PRELIMINARY OFFICIAL STATEMENT DATED ____, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: See the caption "RATINGS"

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025A Bonds. See "TAX MATTERS."

[IRWD LOGO]

BONDS OF IRVINE RANCH WATER DISTRICT CONSOLIDATED REFUNDING SERIES 2025A

CUSIP[†]: _____ Dated: Date of Initial Delivery

Price: 100%

Due: May 1, 20__

The Series 2025A Bonds are being issued by the Irvine Ranch Water District and constitute the consolidated, several general obligations of Improvement District Nos. 112, 113, 125, 188, 212 and 225, which are geographical subdivisions of the District through which the District funds capital improvements. The Series 2025A Bonds will be payable from the following sources: (i) Assessment Proceeds, consisting of *ad valorem* assessments on taxable land, In Lieu Charges and proceeds from the sale of property for the enforcement of delinquent assessments collected from within each Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal of and interest on the Series 2025A Bonds; (ii) Net Revenues of the District, consisting of the proceeds of water, sewer and reclaimed water rates and charges imposed by the District that remain after payment of Operation and Maintenance Expenses; and (iii) certain moneys and investment earnings in certain funds and accounts created under the Indenture of Trust, dated as of July 1, 2025, by and between the District and U.S. Bank Trust Company, National Association, as trustee. See the caption "SECURITY FOR THE SERIES 2025A BONDS."

The obligation of the District to pay the principal and Purchase Price of, and interest on, the Series 2025A Bonds from Net Revenues is payable on a parity with certain Parity Obligations described under the caption "SECURITY FOR THE SERIES 2025A BONDS—Existing Parity Obligations." The District may enter into additional Parity Obligations in accordance with the terms of the Indenture. See the caption "SECURITY FOR THE SERIES 2025A BONDS—Limitations on Parity and Superior Obligations—Obligations on a Parity with the Series 2025A Bonds."

The proceeds of the Series 2025A Bonds will be used: (i) to provide a portion of the funds to redeem the outstanding Bonds of Irvine Ranch Water District, Series 2010B (Federally Taxable—Build America Bonds); and (ii) to pay the costs of issuance of the Series 2025A Bonds. See the captions "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS."

The payment of principal and Purchase Price of, and interest on, the Series 2025A Bonds will be supported by an irrevocable, direct-pay letter of credit issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch. The Letter of Credit will permit the Trustee to draw up to an amount sufficient to pay: (i) the principal of the Series 2025A Bonds when due; (ii) the Purchase Price of the Series 2025A Bonds that are purchased pursuant to tenders and that are not remarketed; and (iii) up to __ days' interest accrued on the Series 2025A Bonds, all as described more completely in this Official Statement. The Letter of Credit expires on ____, 20__, or on the earlier occurrence of certain events described in this Official Statement. See the caption "THE LETTER OF CREDIT." On the fifth Business Day prior to the expiration or termination of the Letter of Credit, the Series 2025A Bonds will be subject to mandatory tender for purchase.

The Series 2025A Bonds will initially bear interest in a Weekly Mode at a rate determined for each weekly period from and including their date of issuance to and including the following Wednesday and thereafter commencing on each Thursday to and including Wednesday of the following week and will accrue from and including the first day of each calendar month through the last day of the month and will be payable on the first Business Day of the following month. The interest rate Mode for the Series 2025A Bonds may be changed at the option of the District, in accordance with the terms of the Indenture, to a Daily Mode, a Monthly Mode, a Semi-Annual Mode, a Term Rate Mode, a Flexible Rate Mode or a Fixed Rate Mode. The maximum interest rate on the Series 2025A Bonds is 12% per annum, or such lesser maximum rate as may be specified under applicable law, as described in the Indenture. The Series 2025A Bonds are issuable issued in Authorized Denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof, and will continue as such while the Series 2025A Bonds bear interest in a Daily Mode or a Weekly Mode.

The Series 2025A Bonds are subject to mandatory and optional redemption by the District before maturity, to mandatory purchase under certain circumstances, and under certain circumstances will be purchased on the demand of their Owners, as described in this Official Statement. See the captions "THE SERIES 2025A BONDS—Redemption," "Mandatory Tender for Purchase" and "Optional Tender for Purchase Upon Election of Owner."

The Series 2025A Bonds are being issued in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the Series 2025A Bonds will not receive physical certificates representing their beneficial ownership in the Series 2025A Bonds purchased. The principal and Purchase Price of, and interest on, the Series 2025A Bonds are payable by the Trustee to DTC. DTC is required to remit such payments to its Participants for subsequent disbursement to the beneficial owners of the Series 2025A Bonds. Beneficial owners' rights will be governed as to such payments, the receipt of notices (including any notice of redemption and mandatory tender for purchase) and other communications and various other matters by the rules and operating procedures applicable to the DTC book-entry system, as described herein.

This Official Statement describes the Series 2025A Bonds while in the Daily Mode and the Weekly Mode only. There are significant differences in the terms of the Series 2025A Bonds while they bear interest in a Mode other than the Daily Mode or the Weekly Mode. This Official Statement is not intended to provide information with respect to the Series 2025A Bonds bearing interest in a Mode other than the Daily Mode or the Weekly Mode. Owners and prospective owners of the Series 2025A Bonds should not rely on this Official Statement for information in connection with any Change in Mode (other than a Change in Mode from the Weekly Mode to the Daily Mode), but should look solely to the

* Preliminary, subject to change.

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offering document to be used in connection with any such Change in Mode.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2025A Bonds. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2025A Bonds will be offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by Hanson Bridgett LLP, as general counsel to the District, by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel to the District, for the Underwriter by Kutak Rock LLP, for the Trustee by its counsel, and for the Bank by Chapman and Cutler LLP, Chicago, Illinois. It is anticipated that the Series 2025A Bonds will be available for delivery through the DTC book-entry system on or about _____, 2025.

BofA Securities
Remarketing Agent

Dated: _____, 2025

\$ _____ *

**BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED REFUNDING SERIES 2025A**

Summary of Terms⁽¹⁾

Maturity Date	May 1, 20__
Authorized Denomination	\$100,000 and integral multiples of \$5,000 in excess thereof.
Initial Mode	Weekly Rate
Interest Payment Dates	First Business Day of each month, commencing ____, 2025
Record Date	If the Interest Payment Date is a Purchase Date or a Mandatory Purchase Date, at 5:00 p.m. on the day prior to each Interest Payment Date
Letter of Credit Provider	Sumitomo Mitsui Banking Corporation
Letter of Credit Expiration	____, 20__
Remarketing Agent	BofA Securities, Inc.
Underwriter	BofA Securities, Inc.
Long-Term Ratings (S&P/Moody's/Fitch)	
Short-Term Ratings (S&P/Moody's/Fitch)	
CUSIP®†	

⁽¹⁾ This Official Statement describes the Series 2025A Bonds only while in the Daily Mode and the Weekly Mode. There are significant differences in the terms of the Series 2025A Bonds while they bear interest in a Mode other than the Daily Mode or the Weekly Mode. This Official Statement is not intended to provide information with respect to the Series 2025A Bonds bearing interest in a Mode other than the Daily Mode or the Weekly Mode. Owners and prospective owners of the Series 2025A Bonds should not rely on this Official Statement for information in connection with any Change in Mode (other than a Change in Mode from the Weekly Mode to the Daily Mode), but should look solely to the offering document to be used in connection with any such Change in Mode. See the caption "THE SERIES 2025A BONDS—Change in Mode."

* Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2025A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information set forth in this Official Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE”, “PROJECT”, “ANTICIPATE”, “EXPECT”, “INTEND”, “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. THE PROJECTIONS CONTAINED IN THIS OFFICIAL STATEMENT WILL NOT BE UPDATED AS PART OF THE DISTRICT’S CONTINUING DISCLOSURE OBLIGATIONS FOR THE SERIES 2025A BONDS.

THE SERIES 2025A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2025A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2025A Bonds.

IRVINE RANCH WATER DISTRICT
Orange County, California

Board of Directors

Douglas J. Reinhart, Division 3, *President*
Steven E. LaMar, Division 2, *Vice President*
Daniel R. Ferons, Division 4
Peer A. Swan, Division 5
John B. Withers, Division 1

Management

Paul A. Cook, *General Manager*
Neveen Adly, *Executive Director of Finance and Administration/Treasurer*
Kristine Swan, *Secretary*

District General Counsel

Hanson Bridgett LLP
Los Angeles, California

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor

PFM Financial Advisors LLC
Los Angeles, California

Trustee

U.S. Bank Trust Company, National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

[REGIONAL MAP]

[MAP OF WATER IMPROVEMENT DISTRICTS]

[MAP OF SEWER IMPROVEMENT DISTRICTS]

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§ _____ *

**BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED REFUNDING SERIES 2025A**

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained and referenced elsewhere in this Official Statement. The offering of the Series 2025A Bonds to potential investors is made only by means of the entire Official Statement.

Purpose

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the Irvine Ranch Water District (the “**District**”) and Improvement District Nos. 112, 113, 125, 188, 212 and 225 (collectively, the “**Improvement Districts**” or individually, an “**Improvement District**”), which are geographical subdivisions of the District through which the District funds capital improvements, in connection with the sale by the District of \$ _____* aggregate principal amount of its Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A (the “**Series 2025A Bonds**”), which Series 2025A Bonds constitute the consolidated several general obligations of Improvement District Nos. 112, 113, 125, 188, 212 and 225. In addition, the District has pledged Revenues to the repayment of the Series 2025A Bonds. See the caption “SECURITY FOR THE SERIES 2025A BONDS—Pledge of Revenues.”

The Series 2025A Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2025 (the “**Indenture**”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The Series 2025A Bonds are payable from the following sources: (i) Assessment Proceeds, consisting of *ad valorem* assessments on taxable land, In Lieu Charges and proceeds from the sale of property for the enforcement of delinquent assessments collected from within each Improvement District and applied by the District to pay such Improvement District’s Included Amount of the principal of and interest on the Series 2025A Bonds; (ii) Net Revenues of the District, consisting of the proceeds of water, sewer and reclaimed water rates and charges imposed by the District that remain after payment of Operation and Maintenance Expenses; and (iii) certain moneys and investment earnings in certain funds and accounts created under the Indenture.

The proceeds of the Series 2025A Bonds will be used: (i) to provide a portion of the funds to redeem the outstanding Bonds of Irvine Ranch Water District, Series 2010B (Federally Taxable—Build America Bonds) (the “**Series 2010B Bonds**”); and (ii) to pay the costs of issuance of the Series 2025A Bonds. See the captions “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The District

The District is a California water district, formed in 1961 under the authority of the California Water District Law, constituting Division 13 of the Water Code of the State (the “**Act**”). Currently there are eight water improvement districts and ten sewer improvement districts formed pursuant to the Act, which are geographical subdivisions of the District through which the District funds capital improvements. See Appendix A—“IRVINE RANCH WATER DISTRICT.”

* Preliminary, subject to change.

The Series 2025A Bonds

The Series 2025A Bonds will be initially issued in the Weekly Mode and will bear interest at a Weekly Rate, all as more fully described under the caption “THE SERIES 2025A BONDS.” While in the Daily Mode or the Weekly Mode, interest on the Series 2025A Bonds will be payable on the first Business Day of each month. While in the Daily Mode or the Weekly Mode, individual purchases of Series 2025A Bonds will be made in principal amounts of \$100,000 and integral multiples of \$5,000 in excess thereof.

The Series 2025A Bonds are subject to mandatory and optional redemption by the District before maturity, to mandatory purchase under certain circumstances, and under certain circumstances will be purchased on the demand of their Owners, as described in this Official Statement. See the captions “THE SERIES 2025A BONDS—Redemption,” “—Mandatory Tender for Purchase” and “—Optional Tender for Purchase Upon Election of Owner.”

The method of determining the interest rate borne by the Series 2025A Bonds may be changed at the option of the District in accordance with the terms of the Indenture, upon notice to the Owners of the Series 2025A Bonds, to a Daily Mode, a Monthly Mode, a Semi-Annual Mode, an Annual Mode, a Term Rate Mode, a Flexible Rate Mode or a Fixed Rate Mode. After such a change to another Mode, Series 2025A Bonds may be changed to any other Mode, including a Daily Mode or a Weekly Mode. See the caption “THE SERIES 2025A BONDS—Change in Mode.”

This Official Statement describes the Series 2025A Bonds only while in the Daily Mode and the Weekly Mode. There are significant differences in the terms of the Series 2025A Bonds while they bear interest in a Mode other than the Daily Mode or the Weekly Mode. This Official Statement is not intended to provide information with respect to the Series 2025A Bonds bearing interest in a Mode other than the Daily Mode or the Weekly Mode. Owners and prospective owners of the Series 2025A Bonds should not rely on this Official Statement for information in connection with any Change in Mode (other than a Change in Mode from the Weekly Mode to the Daily Mode), but should look solely to the offering document to be used in connection with any such Change in Mode.

Improvement Districts

Set forth below are brief descriptions of the Improvement Districts for which the Series 2025A Bonds constitute consolidated, several general obligations. For more complete information with respect to the Improvement Districts, see Appendix A under the caption “THE IMPROVEMENT DISTRICTS.”

Improvement District Nos. 125 and 225. Improvement District No. 125 (water) covers approximately 35,438 acres of the District, including several contiguous and non-contiguous areas in the central and coastal parts of the District. Improvement District No. 225 (sewer) covers approximately 32,862 acres of the District, including several contiguous and non-contiguous areas in the central part of the District. Currently, the majority of the land within Improvement District Nos. 125 and 225 consists of developed residential and commercial property. However, the District expects certain areas within Improvement District Nos. 125 and 225 to be subject to infill development and redevelopment in the future. The District expects such additional development in Improvement District Nos. 125 and 225 to continue through at least 2028. The Fiscal Year 2025 assessed value of the land in Improvement District No. 125 is \$62,336,527,168. The Fiscal Year 2025 assessed value of the land in Improvement District No. 225 is \$53,700,047,342.

Improvement District No. 113. Improvement District No. 113 (water) is coterminous with Improvement District No. 213 (sewer) and is located in portions of the Cities of Tustin and Irvine. Improvement District No. 113 is comprised of approximately 1,629 acres of the land formerly known as Marine Corps Air Station Tustin. The boundaries of Improvement District No. 113 are Harvard Avenue on the southeast, Barranca Parkway on the southwest, Red Hill Avenue on the northwest and Edinger Avenue on the northeast. The former helicopter base, now known as Tustin Legacy, is currently being redeveloped with residential, commercial,

institutional and recreational uses. The District expects development in Improvement District No. 113 to continue through 2028. The District expects that the development will consist of approximately 7,200 dwelling units and approximately 9,700,000 square feet of commercial, institutional and recreational uses when completed. The Fiscal Year 2025 assessed value of the land in Improvement District No. 113 is \$1,724,504,898.

Improvement District Nos. 112 and 212. Improvement District No. 112 (water) is coterminous with Improvement District No. 212 (sewer) and is generally bound by Interstate 5 to the south, State Route 133 to the west, Irvine Boulevard and Portola Parkway to the north and Alton Parkway to the east. Improvement District Nos. 112 and 212 are comprised of approximately 3,353 acres of land and include residential, commercial, institutional and recreational developments. The Fiscal Year 2025 assessed value of the land in coterminous Improvement District Nos. 112 and 212 is \$5,563,257,127.

Improvement District No. 188. Improvement District No. 188 (water) is coterminous with Improvement District No. 288 (sewer) and is located in the northeastern portion of the District. Improvement District No. 188 is comprised of approximately 216 acres. Improvement District No. 188 is nearly fully developed. At build-out, the development is anticipated to consist of approximately 1,130 residential units and 38 acres of commercial, public facilities and parks. The Fiscal Year 2025 assessed value of the land in Improvement District No. 188 is \$409,635,549.

Security for the Series 2025A Bonds

Assessment Proceeds. The Series 2025A Bonds constitute the several general obligations of the Improvement Districts payable from Assessment Proceeds (as such term is defined below) in an amount that is proportionate to the principal amount of the Series 2025A Bonds allocated to each Improvement District (each Improvement District's "**Included Amount**"). Proceeds of assessments on land located in any improvement district of the District other than the Improvement Districts will not be available to make debt service payments on the Series 2025A Bonds. See the caption "SECURITY FOR THE SERIES 2025A BONDS."

The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land in such Improvement District; (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of Series 2025A Bonds of the applicable Improvement District; and (c) in its discretion, impose and collect, or cause the imposition and collection of, charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments (the "**In Lieu Charges**"). Proceeds of (a), (b) and (c) as described in the foregoing sentence are collectively referred to for all Improvement Districts as the "**Assessment Proceeds**." See the caption "SECURITY FOR THE SERIES 2025A BONDS."

As among the Improvement Districts, Assessment Proceeds collected in any Improvement District will not be available to pay any other Improvement District's share of debt service of the Series 2025A Bonds. Initially, each Improvement District's Included Amount and Included Percentage (constituting a fraction: (i) the numerator of which is equal to the Included Amount for such Improvement District; and (ii) the denominator of which is equal to the principal amount of all Outstanding Series 2025A Bonds) are as set forth below.

<i>Improvement District No.</i>	<i>Included Amount*</i>	<i>Included Percentage</i>
112		1.71%
113		3.03
125		35.80
188		0.74
212		4.80
225		<u>53.92</u>
Total		100.00%

* Preliminary, subject to change.

The Included Amount for each Improvement District with respect to the Series 2025A Bonds and any other outstanding or future District general obligation bonds issued for such Improvement District are equally secured by the *ad valorem* assessments and any charges for water or sewer service, as applicable, imposed and collected in lieu of *ad valorem* assessments, collected within such Improvement District. The *ad valorem* assessments are levied only on land and are based on the land value of parcels in the Improvement District without regard to the value of any improvements thereon. See Appendix A under the caption “THE IMPROVEMENT DISTRICTS.”

During the term of the Series 2025A Bonds, the Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of the purchase or redemption of Series 2025A Bonds allocated to one or more Improvement Districts, pursuant to calculations made by the District and delivered to the Trustee pursuant to the Indenture, without need for any amendment of or supplement to the Indenture.

Pledge of Revenues. The Series 2025A Bonds are also payable from the Net Revenues of the District and are secured by a pledge of the Revenues of the District, subject to the application of the Revenues as provided in the Indenture. Net Revenues for any period consist of the Revenues of the District less the Operation and Maintenance Expenses of the District for such period, as such terms are defined under the caption “SECURITY FOR THE SERIES 2025A BONDS—Pledge of Revenues.”

Net Revenues collected within any improvement district of the District, including the Improvement Districts, are available to make debt service payments on the Series 2025A Bonds.

The obligation of the District to pay the principal of, the redemption price of, the Purchase Price of and interest on the Series 2025A Bonds from Net Revenues is payable on a parity with the District’s obligations under certain Parity Obligations. See the caption “SECURITY FOR THE SERIES 2025A BONDS—Existing Parity Obligations.” The District may enter into additional Parity Obligations in accordance with the terms of the Indenture. See the caption “SECURITY FOR THE SERIES 2025A BONDS—Limitations on Parity and Superior Obligations.”

The District has covenanted in the Indenture, to the fullest extent permitted by law, to fix, prescribe and collect Revenues which, together with any *ad valorem* assessments that are available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to one hundred twenty-five percent (125%) of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the rate covenant with respect to all outstanding Parity Obligations. See the caption “SECURITY FOR THE SERIES 2025A BONDS—Rate Covenant.”

Limited Obligations. THE SERIES 2025A BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE

INDENTURE. NO FUNDS OF THE DISTRICT OR THE IMPROVEMENT DISTRICTS, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, ARE LIABLE FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2025A BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OF, OR INTEREST ON, THE SERIES 2025A BONDS.

Letter of Credit

Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “**Bank**”) has agreed to issue, in favor of the Trustee on behalf of the respective owners of the Series 2025A Bonds, and pursuant to the Reimbursement Agreement dated as of July 1, 2025 (the “**Reimbursement Agreement**”), between the District and the Bank, an irrevocable transferable direct pay letter of credit in support of the Series 2025A Bonds (the “**Letter of Credit**”).

The initial stated amount authorized to be drawn under the Letter of Credit is \$_____, which is the sum of (i) the principal amount of the Series 2025A Bonds, plus (ii) interest thereon at 12% per annum for a period of __ days on the basis of a 365 day year, which amount may be increased or reduced as provided for in the Letter of Credit.

The Letter of Credit is scheduled to expire on _____, 20__ (unless extended by the Bank), or on the earlier occurrence of certain events as described herein. The Letter of Credit may be replaced with another credit facility as described under the caption “SECURITY FOR THE SERIES 2025A BONDS—Alternate Letter of Credit.” The form of the Reimbursement Agreement and the Letter of Credit is attached as Appendix G—“FORM OF REIMBURSEMENT AGREEMENT AND LETTER OF CREDIT” hereto.

Professionals Involved in the Issue

U.S. Bank Trust Company, National Association will serve as Trustee under the Indenture. Certain legal matters incident to the authorization, issuance and sale of the Series 2025A Bonds will be subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the District by Hanson Bridgett LLP (its “**General Counsel**”), for the District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, for the Underwriter by Kutak Rock LLP, for the Trustee by its counsel and for the Bank by Chapman and Cutler LLP.

Forward-Looking Statements

Certain statements that are included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 2000, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend” or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in Appendix A. Forward-looking statements in this Official Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material.

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not

conventionally capitalized or otherwise defined herein indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture, the Letter of Credit, the Reimbursement Agreement, documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture, Letter of Credit, Reimbursement Agreement and each such document, statute, report or instrument, respectively. Forward-looking statements in this Official Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material. The projections contained in this Official Statement will not be updated as part of the District's continuing disclosure obligations for the Series 2025A Bonds.

Additional Information

Copies of the Indenture and audited financial statements of the District are available for inspection at the offices of the District in Irvine, California, and will be available from the Trustee upon request and payment of costs. Additional information regarding this Official Statement may be obtained by contacting the District, at the following address:

Executive Director of Finance and Administration/Treasurer
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618
(949) 453-5300

The Bank has no responsibility for the form and content of this Official Statement, other than solely with respect to the information describing the Bank under the caption "THE LETTER OF CREDIT—The Bank," and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself under the caption "THE LETTER OF CREDIT—The Bank." Accordingly, the Bank disclaims responsibility for the other information in this Official Statement or otherwise made in connection with the remarketing of the Series 2025A Bonds.

REFUNDING PLAN

General

The Series 2010B Bonds, which are currently outstanding in the aggregate principal amount of \$175,000,000, were issued under an Indenture, dated as of December 1, 2010 (the "**Series 2010B Indenture**"), by and between the District and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association) (the "**2010B Trustee**"). The District plans to apply a portion of the proceeds of the Series 2025A Bonds to provide a portion of the funds necessary to redeem the outstanding Series 2010B Bonds. The District expects to apply a portion of the proceeds of the District's Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B (the "**Series 2025B Bonds**") and together with the Series 2025A Bonds, the "**Series 2025 Bonds**"), which are being issued on or about the date of issuance of the Series 2025A Bonds, on or about the date of issuance of the Series 2025A Bonds, to redeem the remaining portion of the Series 2010B Bonds. The District expects to redeem all of the outstanding Series 2010B Bonds with the proceeds of the Series 2025 Bonds.

The Series 2010B Bonds are designated as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 and will be redeemed pursuant to the District's exercise of the extraordinary optional redemption feature provided for in the Series 2010B

Indenture. To effect such redemption, the District will cause a portion of the proceeds of the Series 2025 Bonds to be deposited with the 2010B Trustee on the date of issuance of the Series 2025A Bonds. From such moneys, together with moneys held in the funds and accounts established in connection with the Series 2010B Bonds, the District will cause the 2010B Trustee to redeem the 2010B Bonds maturing on or after the date of issuance of the Series 2025 Bonds at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2010B Bonds to be redeemed, and (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on the Series 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which Series 2010B Bonds are to be redeemed, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined in the 2010B Indenture), plus 100 basis points; plus, in each case, accrued and unpaid interest on the Series 2010B Bonds to be redeemed to the redemption date.

As a result of the deposit and application of funds as provided above, all obligations with respect to the Series 2010B Bonds will be redeemed pursuant to the provisions of the 2010B Indenture as of the date of issuance of the Series 2025 Bonds. The amounts held by the 2010B Trustee for the purposes described above are pledged solely to the redemption of the Series 2010B Bonds and will not be available for payments on the Series 2025 Bonds.

Verification of Mathematical Accuracy

Sufficiency of the deposits with the 2010B Trustee for such purposes will be verified by Causey Demgen & Moore P.C. (the “**Verification Agent**”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided above, the 2010B Bonds will no longer be outstanding under the provisions of the 2010B Indenture as of the date of issuance of the Series 2025 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2025A Bonds are as follows:

Sources

Principal Amount of Series 2025A Bonds
[Net] Original issue [Premium/Discount]
Total

Uses

Deposit with 2010B Trustee⁽¹⁾
Underwriter’s Discount
Costs of Issuance⁽²⁾
Total

⁽¹⁾ Represents a portion of the funds required to redeem the outstanding Series 2010B Bonds. The remaining funds required to redeem the outstanding Series 2010B Bonds are expected to be derived from proceeds of the Series 2025B Bonds. See the caption “REFUNDING PLAN.”

⁽²⁾ Includes legal, financing and consulting fees, rating agency fees, printing costs and other miscellaneous expenses.

THE SERIES 2025A BONDS

This Official Statement describes the Series 2025A Bonds while in the Daily Mode and the Weekly Mode. There are significant differences in the terms of the Series 2025A Bonds while they bear interest in a Mode other than the Daily Mode or the Weekly Mode. This Official Statement is not intended to provide information with respect to the Series 2025A Bonds bearing interest in a Mode other than the Daily Mode or the Weekly Mode. Owners and prospective owners of the Series 2025A Bonds should not rely on this Official Statement for information in connection with any Change in Mode (other than a

Change in Mode from the Weekly Mode to the Daily Mode), but should look solely to the offering document to be used in connection with any such Change in Mode.

General

The Series 2025A Bonds will be initially issued in the Weekly Mode and will bear interest at a Weekly Rate. All Series 2025A Bonds must be converted to another interest rate Mode if any are converted. The Series 2025A Bonds will mature, subject to prior redemption, on May 1, 20___. Interest on the Series 2025A Bonds bearing interest at a Daily Rate or a Weekly Rate accruing during any month will be payable on the first Business Day of the following month. Interest on the Series 2025A Bonds is also payable on any Mandatory Purchase Date. Interest will be determined as described herein. While bearing interest at a Daily Rate or a Weekly Rate, the Series 2025A Bonds will be issued in Authorized Denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.

The term “**Business Day**” is defined in the Indenture to mean a day that is not a Saturday or Sunday or a day on which the Trustee, U.S. Bank Trust Company, National Association, as paying agent (the “**Paying Agent**”), the Remarketing Agent, the Bank or banks or trust companies in New York, New York, or Los Angeles, California, or the city in which the office of the Bank where drawings under the Letter of Credit are to be made, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed. If the date for making any payment on the Series 2025A Bonds is not a Business Day, the payment will be made on the next Business Day with the same effect as if made on the nominal date and no interest will accrue between the nominal date and the actual payment date.

The Series 2025A Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 2025A Bonds, all payments of principal of and interest on the Series 2025A Bonds and the Purchase Price of the Series 2025A Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants (as defined below) will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners (as defined below) of the Series 2025A Bonds will be the responsibility of the DTC Participants as more fully described herein. See “—Book-Entry Only System” below and APPENDIX D—“BOOK-ENTRY ONLY SYSTEM.”

There are a number of provisions in the Indenture relating to the terms of Bank-Owned Bonds (i.e., Series 2025A Bonds purchased by the Bank pursuant to the Letter of Credit and Reimbursement Agreement) that are not described in this Official Statement. All references to the terms of the Series 2025A Bonds in this Official Statement describe only Series 2025A Bonds that are not owned by the Bank unless expressly indicated herein.

Interest

Initial Mode for the Series 2025A Bonds. The Series 2025A Bonds will be issued in the Weekly Mode and will bear interest at a Weekly Rate. The method of determining the interest rate borne by the Series 2025A Bonds may be changed at the option of the District in accordance with the terms of the Indenture, upon notice to the Owners of the Series 2025A Bonds, to a Daily Mode, a Weekly Mode, a Monthly Mode, a Semi-Annual Mode, an Annual Mode, a Term Rate Mode, a Flexible Rate Mode or a Fixed Rate Mode. After such a change to another Mode, the Series 2025A Bonds may be changed to any other Mode, including a Daily Mode or a Weekly Mode, as applicable. See the caption “—Change in Mode.”

Weekly Rate. The Series 2025A Bonds initially will bear interest at a rate determined for each weekly period from and including their date of issuance to and including the following Wednesday and thereafter commencing on each Thursday to and including Wednesday of the following week (a “**Weekly Rate**”) and will accrue from and including the first day of each calendar month through the last day of the month and will be payable on the first Business Day of the following month. The Weekly Rate will be a rate determined by 5:00

p.m., New York City time, on each Wednesday (or, if such Wednesday is not a Business Day, the next succeeding day, or if such day is not a Business Day, then the Business Day next preceding such Wednesday) by the Remarketing Agent to be the minimum interest rate that, in the opinion of the Remarketing Agent, would enable the Remarketing Agent, under then existing market conditions, to sell the Series 2025A Bonds on such day at the principal amount thereof plus accrued interest. The Weekly Rate so determined shall be in effect during the period from the date of issuance of the Series 2025A Bonds to and including the following Wednesday and thereafter commencing on each Thursday to and including Wednesday of the following week.

If such rate for the immediately preceding week was not determined by the Remarketing Agent for a Weekly Mode, or in the event that the rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to the Alternate Rate.

“Alternate Rate” means, on any Rate Determination Date, for any Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if the SIFMA Municipal Swap Index is no longer published, the S&P Weekly High Grade Index (formerly the J.J. Kenny Index), or if neither the SIFMA Municipal Swap Index nor the S&P Weekly High Grade Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be substantially similar under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities Industry and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. The District shall make the determinations required by this determination if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

Daily Rate. In the event that the District effects a Change in Mode to the Daily Mode for the Series 2025A Bonds, the Series 2025A Bonds will bear interest at a rate determined for each day (a **“Daily Rate”**). When the Series 2025A Bonds bear interest at a Daily Rate, interest will accrue from and including the first day of each calendar month through the last day of the month and will be payable on the first Business Day of the following month. The Daily Rate for the Series 2025A Bonds while in the Daily Mode will be a rate determined by 10:00 a.m., New York City time, on each Business Day by the Remarketing Agent to be the minimum interest rate that, in the opinion of the Remarketing Agent, would enable the Remarketing Agent, under then existing market conditions, to sell the Series 2025A Bonds on such day at the principal amount thereof plus accrued interest. The Daily Rate for a non-Business Day will be the rate set for the preceding Business Day. If such rate for a Business Day is not determined by the Remarketing Agent, or in the event that the rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such day shall be equal to the Alternate Rate.

Maximum Interest Rate. Notwithstanding the foregoing, the maximum interest rate on the Series 2025A Bonds is 12% per annum, or such lesser maximum rate as may be specified under applicable law, as described in the Indenture.

Change in Mode

The District may effect a Change in Mode with respect to the Series 2025A Bonds by delivering to the Trustee a Notice of Change in Mode stating (A) the election to change the Mode to which the Series 2025A Bonds are then subject (the **“Current Mode”**) to a different Mode (the **“New Mode”**), the type of which shall be specified; (B) the date on which the Series 2025A Bonds are required to be purchased pursuant to the Indenture, which shall be the date as of which the New Mode shall take effect; and (C) a form of notice of mandatory tender for purchase satisfying the requirements of the Indenture. When the Change in Mode is from a Short-Term Mode to a Long-Term Mode, such notice shall be accompanied by a letter of Bond Counsel stating that it expects to be able to deliver a Favorable Opinion of Bond Counsel with respect to the Change in Mode on the date the New Mode shall take effect. **No mandatory tender for purchase shall occur when a series of**

the Series 2025A Bonds are converted from a Weekly Rate to a Daily Rate or from a Daily Rate to a Weekly Rate.

Not less than 15 days prior to a proposed Change in Mode, the Trustee shall give written notice to the Owners of the Change in Mode and the mandatory purchase of all of the Series 2025A Bonds as provided in the Indenture. In addition to the information required to be included therein pursuant to the Indenture, such notice shall state (A) the New Mode to which the Series 2025A Bonds are to be subject; (B) the effective date of the New Mode; and (C) the procedures for the Owners to tender Series 2025A Bonds for purchase prior to the effectiveness of the New Mode.

The New Mode shall take effect only if the following conditions are satisfied by 9:00 a.m. on the date of the proposed Change in Mode: (i) if the Change in Mode is from a Short-Term Mode to a Long-Term Mode, the Trustee has received a Favorable Opinion of Bond Counsel, dated the date the New Mode is to take effect, with respect to the Change in Mode, (ii) if the Letter of Credit is to be in effect during the New Mode, the interest portion of such Letter of Credit is in an amount equal to or greater than the Letter of Credit Interest Amount for the Mode, (iii) if the New Mode is the Flexible Rate Mode or a Term Rate Mode, the Interest Reserve Fund has been funded with Seasoned Funds in an amount equal to or greater than the Interest Reserve Fund Requirement, (iv) if the New Mode is the Fixed Rate Mode, the Trustee and the Remarketing Agent have received a Fixed Rate Terms Certificate which specifies the Fixed Rate Reserve Requirement and the Fixed Rate Reserve Account has been funded in an amount equal to the Fixed Rate Reserve Requirement. If such conditions are satisfied, then the New Mode shall take effect on the date of the proposed Change in Mode and if the New Mode is the Fixed Rate Mode, the Fixed Rate Reserve Requirement shall be as specified in such Fixed Rate Terms Certificate. If such conditions are not satisfied, then (a) all of the Series 2025A shall be purchased on such date in accordance with the Indenture; (b) all of the Series 2025A Bonds shall continue to be subject to the Current Mode; and (c) the Trustee shall, within five Business Days after the date of the proposed Change in Mode, send notice to the Notice Parties stating that the conditions to the Change in Mode have not all been satisfied and informing them of the consequences thereof.

Mandatory Tender for Purchase

The Series 2025A Bonds are subject to mandatory tender for purchase at the applicable Purchase Price under certain circumstances described below.

Mandatory Purchase on Change in Mode. In the event of a change in the interest rate Mode the Series 2025A Bonds, the Series 2025A Bonds will be subject to mandatory purchase on the effective date of the Change in Mode; provided, that no mandatory tender for purchase shall occur when the Series 2025A Bonds are converted from a Weekly Rate to a Daily Rate or from a Daily Rate to a Weekly Rate.

Mandatory Purchase on Substitution of Letter of Credit. The Series 2025A Bonds will be subject to mandatory purchase on the effective date of any substitution of an Alternate Letter of Credit or a District Credit Facility for the then existing Letter of Credit securing the Series 2025A Bonds.

Mandatory Purchase on Event of Default Under Reimbursement Agreement. The Series 2025A Bonds will be subject to mandatory purchase at the option of the Bank on a date specified by the Bank (which shall be a Business Day no more than 15 days after the Trustee's receipt of such notice) upon the occurrence and during the continuation of an event of default under the Reimbursement Agreement. See "THE LETTER OF CREDIT."

Mandatory Purchase on Expiration of Letter of Credit. The Series 2025A Bonds will be subject to mandatory tender for purchase five Business Days before the expiration, termination or cancellation of the Letter of Credit securing the Series 2025A Bonds.

Notice. Notice of mandatory tender for purchase will be mailed by the Trustee to the Owners not less than 15 days (five days in the case of Mandatory Purchase Date described under the subcaption “—*Mandatory Purchase on Event of Default under Reimbursement Agreement*”) prior to the Mandatory Purchase Date. Such notice shall state, among other things, (i) the Mandatory Purchase Date, (ii) that the Series 2025A Bonds shall be tendered for purchase by delivery of the Series 2025A Bonds to the Trustee at its principal corporate trust office on or prior to the Mandatory Purchase Date and that any Series 2025A Bonds not so tendered for purchase as required shall be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, shall be deemed to have been purchased on the Mandatory Purchase Date after which no interest shall accrue thereon for the benefit of the Owner required to so tender such Series 2025A Bond and such Owner shall have no rights under the Indenture as the Owner of such Series 2025A Bond except the right to receive the Purchase Price thereof, and (iii) that all Series 2025A Bonds subject to such mandatory tender for purchase shall be purchased on the applicable Mandatory Purchase Date at the applicable Purchase Price, but solely from funds specified under the Indenture.

Optional Tender for Purchase Upon Election of Owner

The Indenture provides that the Series 2025A Bonds will be purchased at the option of the Owners at the applicable Purchase Price under certain circumstances described below, but solely from monies made available for that purpose under the Indenture. Payment will be made in immediately available funds by the close of business on the date specified by the Owner for purchase, if the conditions described below, which are applicable to Series 2025A Bonds held by DTC or another Bond Depository, have been strictly observed.

Daily Mode Tender. When the Series 2025A Bonds are in a Daily Mode, an Owner thereof may tender for purchase its Series 2025A Bonds or any portion thereof (so long as the principal amount purchased and principal amount not purchased are in Authorized Denominations) on any Business Day at a Purchase Price equal to the principal amount thereof, plus accrued but unpaid interest thereon, by delivering on such Business Day a written or telephonic notice, or mutually agreeable electronic communication, immediately confirmed in writing, to the Remarketing Agent and the Paying Agent (addresses below) by 11:00 a.m., New York City time, stating the principal amount of such Series 2025A Bonds, the principal amount to be purchased and the Business Day such Series 2025A Bonds is to be purchased, together with applicable payment instructions and an irrevocable demand for such purchase.

Weekly Mode Tender. When the Series 2025A Bonds are in a Weekly Mode, an Owner thereof may tender for purchase its Series 2025A Bonds or any portion thereof (so long as the principal amount purchased and principal amount not purchased are in Authorized Denominations) on any Business Day at a Purchase Price equal to the principal amount thereof, plus accrued but unpaid interest thereon, by delivering not later than seven days prior to such Business Day a written notice to the Remarketing Agent and the Paying Agent (addresses below) by 5:00 p.m., New York City time, stating the principal amount of such Series 2025A Bonds, the principal amount to be purchased and the Business Day such Series 2025A Bonds are to be purchased, together with applicable payment instructions and an irrevocable demand for such purchase.

Tender Notice Irrevocable. Any Tender Notice by any Owner shall be irrevocable. If such Owner is required but fails to deliver the Series 2025A Bonds referred to in its Tender Notice to the Trustee, such Series 2025A Bonds shall nonetheless be deemed to have been tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in the Indenture, no interest shall accrue on such Series 2025A Bonds for the benefit of such Owner from and after the Purchase Date and such Owner shall have no rights under the Indenture as the Owner of such Series 2025A Bonds except the right to receive the Purchase Price thereof.

Notwithstanding the foregoing, the Owners shall have no right to demand purchase of Series 2025A Bonds pursuant to the Indenture from the third Business Day prior to a Mandatory Purchase Date until after such Mandatory Purchase Date.

Notices in respect of optional tenders are to be delivered to the Paying Agent and the Remarketing Agent as follows:

To the Paying Agent:

Lauren Costales
U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Telephone: (213) 615-6527
Email: lauren.costales@usbank.com

To the Remarketing Agent:

BofA Securities, Inc.
One Bryant Park, 3rd Floor
New York, New York 10036
Attention: Municipal Money Markets
Telephone: (212) 449-5101
Fax: (646) 743-6960
Email: org.muni__temms@bofa.com

Tenders of the Series 2025A Bonds Are Subject to DTC Procedures. As long as the book-entry system is in effect with respect to the Series 2025A Bonds, all tenders for purchase and deliveries of Series 2025A Bonds optionally tendered for purchase upon election of the Owner or subject to mandatory tender under the provisions of the Indenture will be made pursuant to DTC's procedures as in effect from time to time, and none of the District, the Trustee or the Remarketing Agent have any responsibility for or liability with respect to the implementation of such procedures. For a description of the tender procedures through DTC, see Appendix D—"BOOK-ENTRY ONLY SYSTEM."

Redemption

Mandatory Sinking Fund Redemption. The Series 2025A Bonds are subject to mandatory redemption on October 1, 20__ and each October 1 thereafter, at a redemption price equal to 100% of the principal amount of the Series 2025A Bonds to be redeemed, plus accrued and unpaid interest thereon to the date of redemption, without premium, from mandatory sinking fund payments in the years and principal amounts as follows:

***Mandatory Redemption Dates
(October 1)***

Mandatory Sinking Fund Payments

[†] Final Maturity.

The principal amount of any Series 2025A Bonds optionally redeemed by the District shall be credited to all remaining yearly mandatory redemption amounts with respect to such series that are scheduled to occur at least 75 days after the date of such optional redemption as determined by the District in its discretion.

Optional Redemption. The Series 2025A Bonds in the Daily Mode or the Weekly Mode are subject to redemption at the option of the District in whole, or in part, in Authorized Denominations, on any Business Day, at a Redemption Price equal to 100% of the principal amount of the Series 2025A Bonds being redeemed plus unpaid accrued interest, if any, to such Redemption Date, without premium. If such redemption is in part, Series 2025A Bonds owned by the Bank will be selected for redemption prior to selecting any other Series 2025A Bonds and thereafter Series 2025A Bonds will be redeemed by lot as determined by the Trustee.

Extraordinary Optional Redemption of Series 2025A Bonds to Delete Improvement District. In the event that the District determines that based on the rate of collection of assessments and charges, and on the amounts held in any Fund or account for the account of any Improvement District, the District will be unable to pay the principal of and interest on the Included Amount for such Improvement District, the District may, at its option, redeem on any Business Day the Included Amount of such Improvement District plus any additional amount necessary to cause the amount redeemed to equal an Authorized Denomination, at a price equal to the principal amount thereof to be redeemed plus accrued but unpaid interest to such Redemption Date, if any, without premium. The Included Percentages of all other Improvement Districts as specified in the Indenture will be recomputed for all purposes relative to the Outstanding Series 2025A Bonds after such redemption as provided in the Indenture and the District will deliver a certificate as to the Included Amount and Included Percentages of the Improvement Districts.

Upon such a redemption, the amounts in the Funds and accounts established under the Indenture and attributable to the Improvement District whose Included Amount of Outstanding Series 2025A Bonds have been redeemed will be withdrawn as directed in writing by the District and applied by the District as permitted by law; provided, however, that the Trustee has no responsibility for determining if such application is as permitted by law.

Notice of Redemption. Notice of redemption will be given by mail by the Trustee to the Remarketing Agent, the Paying Agent, the Bank, the Owners of any Bonds designated for redemption in whole or in part and to the Securities Depositories no less than 30 days (or with respect to Bonds in the Daily Mode, no less than 15 days) nor more than 60 days prior to the Redemption Date. Each notice of redemption will state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Bonds to be redeemed and will designate the numbers of the Bonds to be redeemed if less than all of the Outstanding Bonds of a maturity are to be redeemed, will (in the case of any Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and will state that the interest thereon or portions thereof designated for redemption shall cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on each of the Bonds or portions thereof designated for redemption the redemption price thereon. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Bonds.

With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid and discharged as provided in the Indenture, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the redemption price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys have not been so received said notice will be of no force and effect and the District will not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the persons who received such notice of redemption and in the manner in which the notice of redemption was given,

that such moneys were not so received and that there will be no redemption of Bonds pursuant to such notice of redemption.

Any notice mailed as provided in the Indenture will be conclusively presumed to have been given, whether or not actually received by any Owner. Failure by the Trustee to give notice pursuant the Indenture to any one or more of the Remarketing Agent, the Paying Agent, the Bank or Securities Depositories, or the insufficiency of any such notice, will not affect the sufficiency of the proceedings for redemption.

Undelivered Bonds

Any Series 2025A Bond to be purchased or redeemed for which monies have been deposited and which is not delivered to the Trustee shall nevertheless be deemed to have been purchased or redeemed. After the redemption or purchase date, the undelivered Series 2025A Bonds will represent only a right to collected the deposited monies. After the deposited monies have been held two years, they will be returned to the District. See Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” under the caption “Defeasance—Unclaimed Money.”

Book-Entry Only System

The Series 2025A Bonds have been issued in fully registered form in the name of Cede & Co., as nominee of DTC. Purchasers of the Series 2025A Bonds will not receive physical certificates representing their beneficial ownership in the Series 2025A Bonds purchased. The principal of and interest and premium, if any, on the Series 2025A Bonds are payable by the Trustee to DTC. DTC is required to remit such payments to its Participants for subsequent disbursement to the beneficial owners of the Series 2025A Bonds. Beneficial owners’ rights will be governed as to such payments, the receipt of notices (including any notice of redemption) and other communications and various other matters by the rules and operating procedures applicable to the DTC book-entry system. See Appendix D hereto for additional information concerning DTC and its rules and operating procedures.

The District cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Series 2025A Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2025A Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer. See Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” under the caption “Certain Terms of the Bonds.”

SPECIAL CONSIDERATIONS RELATING TO THE SERIES 2025A BONDS

The Remarketing Agent is Paid by the District

The Remarketing Agent’s responsibilities include determining the interest rate from time to time and using its best efforts to remarket the Series 2025A Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the District and is paid by the District for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2025A Bonds.

The Remarketing Agent Routinely Purchases Series 2025A Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase such obligations for its own account in order to achieve a successful remarketing of the Series 2025A Bonds (i.e., because there otherwise are not enough buyers to purchase the Series 2025A Bonds) or for other reasons. The Remarketing Agent is permitted to purchase tendered Series 2025A Bonds for its own account; however, the Remarketing Agent is not obligated to purchase any variable rate demand obligations, including the Series 2025A Bonds, and may cease doing so at any time without notice.

The Remarketing Agent also may make a market in the Series 2025A Bonds by routinely purchasing and selling Series 2025A Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2025A Bonds.

The Remarketing Agent also may sell any Series 2025A Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2025A Bonds. The purchase of Series 2025A Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2025A Bonds in the market than is actually the case. The practices described above also may reduce the supply of Series 2025A Bonds that may be tendered in a remarketing.

Series 2025A Bonds May Be Offered at Different Prices on any Date, Including an Interest Rate Determination Date

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2025A Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Series 2025A Bonds (including whether the Remarketing Agent is willing to purchase Series 2025A Bonds for its own account). There may or may not be Series 2025A Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Series 2025A Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2025A Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2025A Bonds at the remarketing price. In the event that a Remarketing Agent owns any Series 2025A Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2025A Bonds on any date, including an interest rate determination date, at a discount to par to some investors.

The Ability to Sell the Series 2025A Bonds Other Than Through Tender Process May Be Limited

The Remarketing Agent may buy and sell Series 2025A Bonds other than through the tender process described herein. However, it is not obligated to do so, may cease doing so at any time without notice and may require holders that wish to tender their Series 2025A Bonds to do so through the Trustee with appropriate notice. Investors who purchase the Series 2025A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2025A Bonds other than by tendering the Series 2025A Bonds in accordance with the tender process as provided in the Indenture.

The Letter of Credit is not available to purchase Series 2025A Bonds other than those tendered in accordance with the Indenture. In addition, the Bank may fail to purchase tendered Series 2025A Bonds even when it is obligated to do so. In both cases, tendered Series 2025A Bonds would be returned to the holders thereof and bear interest at the Maximum Rate until such Bonds can be remarketed. It is not certain that following a failure to purchase Series 2025A Bonds a secondary market for the Series 2025A Bonds will develop.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 2025A Bonds, Without a Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement and the Indenture. In the event that there is no Remarketing Agent for the Series 2025A Bonds, the Trustee may assume such duties as described in the Indenture.

SECURITY FOR THE SERIES 2025A BONDS

General

Sources of Payment. The Series 2025A Bonds constitute the consolidated, several general obligations of the Improvement Districts payable from: (i) Assessment Proceeds collected from within each Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal of, and interest on, Outstanding Series 2025A Bonds; (ii) Net Revenues of the District; and (iii) certain moneys and investment earnings in certain funds and accounts created under the Indenture. See the caption "—Pledge of Revenues."

Authority for Issuance. Elections have been held in each of the Improvement Districts at which the qualified voters within each Improvement District authorized the District to incur an indebtedness and issue general obligation bonds for each respective Improvement District. See Appendix A—"IRVINE RANCH WATER DISTRICT" herein for a discussion of the bond authorization, amount of outstanding bonds and remaining bond authorization for each of the Improvement Districts. The Series 2025A Bonds are authorized for issuance pursuant to the Refunding Law (Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code, as amended from time to time) and the Act.

Covenant to Collect Assessment Proceeds. The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land in such Improvement District; (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of the Series 2025A Bonds of the applicable Improvement District; and (c) in its discretion, impose and collect, or cause the imposition and collection of, In Lieu Charges, which consist of charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments.

Additional Covenants. See the caption "—Rate Covenant" and Appendix C under the caption "COVENANTS" for a summary of additional covenants of the District under the Indenture.

Pledge of Trust Estate. Pursuant to the Indenture, the District has pledged the Trust Estate thereunder to secure the payment of the Series 2025A Bonds issued thereunder. The "**Trust Estate**" under the Indenture consists of the following:

(A) all of the moneys in the Bond Payment Fund (defined below) and the Purchase Fund established under the Indenture, including all accounts in such funds, including the investments, if any, thereof, and all income and proceeds derived from such investments; and

(B) Subject to the application on the terms and conditions contained in the Indenture, Revenues of the District.

Pledge of Revenues

Subject to the application of the Revenues on the terms and conditions provided in the Indenture, Revenues have been irrevocably pledged to the payment when due of the principal and Redemption Price of, and interest on, the Outstanding Series 2025A Bonds, which pledge is on a parity with any pledge of Revenues securing other Parity Obligations. Such pledge constitutes a pledge of and charge and lien upon the Revenues for the payment of the principal and Redemption Price of, and interest on, the Outstanding Series 2025A Bonds and all other Parity Obligations in accordance with the terms of the Indenture and the Series 2025A Bonds after payment from the Revenues of the Operation and Maintenance Expenses, and the funding of contingency reserves therefor, as provided in the Indenture.

“Net Revenues” consist of for any period of time, the Revenues for such period less the Operation and Maintenance Expenses for such period.

“Revenues” consist of Utility Rates and Charges (as such term is defined below) and other revenues of the District, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with the District’s share of the Orange County, California 1% *ad valorem* property tax (to the extent not applied by the District to pay principal of and interest on Secured Bonds (as such term is defined below)) and Investment Income; but excluding in all cases: (i) customer deposits or any other deposits or advances that are subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes or *ad valorem* assessments restricted by law to be used by the District to pay bonds issued by the District, and the proceeds of any actions to enforce delinquent *ad valorem* assessments; and (iii) In Lieu Charges, which consist of water, sewer and reclaimed water rates and charges levied in lieu of *ad valorem* assessments pursuant to Sections 36425 and 35975 of the Act.

“Operation and Maintenance Expenses” consist of the costs and expenses paid or incurred by the District for operating and maintaining the Operating Systems, including, but not limited to: (a) all costs of water generated or purchased by the District for resale; (b) all costs and expenses of providing services and commodities through or with the Operating Systems; (c) all costs and expenses of management of the Operating Systems; (d) all costs and expenses of maintenance and repair of, and other expenses that are necessary or appropriate in the judgment of the District to maintain and preserve, any of the Operating Systems in good repair and working order; (e) all administrative and general expenses, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, retirement benefits and health care benefits; (f) all deposits to be made to a contingency reserve for Operation and Maintenance Expenses; (g) all deposits to be made to a rebate fund established with respect to Parity Obligations to provide for any rebate to the United States required to maintain the tax-exempt status of interest on such Parity Obligations; (h) any cost or expense paid or incurred by the District to comply with requirements of law applicable to any of the Operating Systems or the ownership or operation thereof or any activity in connection therewith; and (i) any other cost or expense which, in accordance with Generally Accepted Accounting Principles, is to be treated as an expense of operating or maintaining any of the Operating Systems; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, and amortization of intangibles.

“Operating Systems” consist of all property and rights in property owned by the District, and used by the District in providing water, sewer, surface runoff and/or reclaimed water services and any other utilities and services which the District may provide, including all facilities included in its water, sewer and reclaimed water systems, rights to water and capacity and other rights or interests in water production, transmission, treatment and disposal facilities, as now existing or hereafter acquired or constructed and as the same may be modified and expanded, including all replacements thereof and improvements thereto.

“Secured Bonds” are bonds of the District that are secured by a pledge of the District’s share of the Orange County 1% general *ad valorem* property tax pursuant to Resolution 2002-10, adopted by the Board of Directors of the District on April 8, 2002.

“**Utility Rates and Charges**” consist of all water, sewer and reclaimed water rates and charges imposed by the District in connection with providing water, sewer and reclaimed water services to retail customers through the Operating Systems, including commodity, service, standby, material treatment and connection charges, except: (i) In Lieu Charges; and (ii) customer deposits.

Net Revenues collected within any improvement district of the District, including the Improvement Districts, are available to make debt service payments on the Series 2025A Bonds.

Allocation of Assessment Proceeds Under the Indenture

Allocation of Revenues. In order to carry out and effectuate the pledge and lien on the Revenues contained in the Indenture, the District has agreed and covenanted in the Indenture that all Revenues received by it will be deposited when and as received in the Revenue Fund, which fund has been previously established by the District and which fund the District has agreed and covenanted to maintain as a special fund, separate and apart from other moneys of the District so long as any Series 2025A Bonds remain Outstanding. All Revenues will be applied in the following order of priority:

First: to the payment of Operation and Maintenance Expenses (other than the funding of contingency reserves for Operation and Maintenance Expenses) as they become due and payable.

Second: to the funding of contingency reserves for Operation and Maintenance Expenses.

Third: (i) two Business Days before each Interest Payment Date, to a deposit to the Bond Payment Fund in an amount equal to the transfer to the Interest Account and Principal Account to be made on such Interest Payment Date; and (ii) on each date, other than an Interest Payment Date, on which the principal of an Outstanding Series 2025A Bond becomes due, whether by mandatory redemption, acceleration, or otherwise, to a deposit to the Bond Payment Fund in an amount equal to the principal and Redemption Price of, and interest on, the Outstanding Series 2025A Bonds coming due on such date. Notwithstanding the provisions of the immediately preceding sentence, no such deposit to the Bond Payment Fund need be made by the District to the extent that the Trustee then holds, or is concurrently receiving from the District from Assessment Proceeds or other sources that do not constitute Revenues, moneys for such purpose in the Bond Payment Fund, or being deposited in the Bond Payment Fund, available to pay the principal and Redemption Price of, and interest on, the Outstanding Series 2025A Bonds to be paid with such deposit. The District will also pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Series 2025A Bonds), without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, on the dates specified in the proceedings relating to such Parity Obligations, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest on Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Series 2025A Bonds) in accordance with the terms of such Parity Obligations.

Fourth: the District will transfer or cause to be transferred to any applicable reserve fund or account for any Parity Obligations for which a separate reserve has been funded, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, the sum or sums, if any, equal to the amount required to be deposited therein in accordance with the terms of such Parity Obligations.

Fifth: to any lawful purpose of the District, including the payment of any Subordinate Obligations in accordance with the instruments authorizing such Subordinate Obligations, which application will be free and clear of the pledge and lien on Revenues created by the Indenture.

Bond Payment Fund. In accordance with the Indenture, all Assessment Proceeds, when and as received by the District, will be deposited into separate funds to be established and maintained by the Trustee under the Indenture designated as the “Bond Payment Fund.” There is to be established in the Bond Payment Fund an Interest Account, a Principal Account, a Redemption Account and a Letter of Credit Account and within each such Account is to be established a subaccount for each Improvement District. The Trustee will transfer money contained in the Bond Payment Fund to the accounts and subaccounts described below at the respective times set forth below.

Interest Account. When a Letter of Credit is in effect, the Trustee, on each Interest Payment Date, will withdraw and apply moneys in the Interest Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to the Indenture. When no Letter of Credit is in effect, the Trustee, on each Interest Payment Date, will deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account, will be sufficient to pay interest payable on the Outstanding Series 2025A Bonds on such Interest Payment Date. Money in the Interest Account will be used and withdrawn by the Trustee on each Interest Payment Date for the payment of interest on the Outstanding Series 2025A Bonds or reimbursement of the Bank for such payment.

Principal Account. When a Letter of Credit is in effect, the Trustee, on each Principal Payment Date, will withdraw and apply moneys in the Principal Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to the Indenture. When no Letter of Credit is in effect, the Trustee, on each Principal Payment Date, will deposit in the respective Principal Account from money in the Bond Payment Fund an amount which will be sufficient to pay principal payable on the Outstanding Series 2025A Bonds on such Principal Payment Date. Money in the Principal Account will be used and withdrawn by the Trustee on each Principal Payment Date for the payment of the principal of Outstanding Series 2025A Bonds or reimbursement of the Bank for such payment.

Redemption Account. When a Letter of Credit is in effect, the Trustee will deposit in the respective Redemption Account amounts received from the District to pay the premium on the Series 2025A Bonds to be redeemed pursuant to the Indenture. The Trustee will apply amounts received from the District, which amounts will not be commingled with other amounts in the Redemption Account, to pay the premium on Series 2025A Bonds to be redeemed only if and to the extent that such amounts constitute Seasoned Funds on the date of application. When no Letter of Credit is in effect, the Trustee will deposit in the Redemption Account amounts received from the District to pay the principal of and premium on Series 2025A Bonds to be redeemed pursuant to the Indenture. When no Letter of Credit is in effect, money in the Redemption Account will be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the principal of and premium, if any, on Outstanding Series 2025A Bonds upon the redemption thereof pursuant to the Indenture. See Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” under the caption “Funds and Accounts.”

Existing Parity Obligations

Prior to the issuance of the 2025A Bonds, the District has entered into certain Parity Obligations described below. The reimbursement agreements described in (i) through (iii) below relate to outstanding *ad valorem* assessment bonds:

(i) the Reimbursement Agreement, dated as of April 1, 2011, between the District and Sumitomo Mitsui Banking Corporation, as amended and supplemented (relating to the District’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2008A);

(ii) the Reimbursement Agreement, dated as of April 1, 2025, between the District and Bank of America, N.A. (relating to the District’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009A);

(iii) the Amended and Restated Reimbursement Agreements, dated as of April 1, 2011, between the District and Bank of America, N.A. as amended and supplemented (relating to the District's Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009B);

(iv) the Reimbursement Agreement, dated as of February 1, 2024, between the District and Bank of America, N.A. (relating to the District's Bonds of Irvine Ranch Water District, Refunding Series 2011A-1);

(v) the Reimbursement Agreement, dated as of February 1, 2024, between the District and Bank of America, N.A. (relating to the District's Bonds of Irvine Ranch Water District, Refunding Series 2011A-2);

(vi) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1, which are currently outstanding in the aggregate principal amount of \$38,760,000;

(vii) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2, which are currently outstanding in the aggregate principal amount of \$25,840,000;

(viii) the Bonds of Irvine Ranch Water District Series 2016, which are currently outstanding in the aggregate principal amount of \$98,980,000;

(ix) the Installment Sale Agreement, dated as of September 1, 2016, among the District, the Irvine Ranch Water District Water Service Corporation and U.S. Bank Trust Company, National Association, as successor trustee, securing the District's Certificates of Participation Irvine Ranch Water District Series 2016, which is outstanding in the aggregate principal amount of \$105,710,000.

The agreements described in clauses (i) through (v) above are collectively referred to as the “**Prior Reimbursement Agreements.**” There are currently no reimbursement obligations outstanding under the Prior Reimbursement Agreements, although the District may incur reimbursement obligations under the Prior Reimbursement Agreements as provided therein. For a summary of the stated amount of each letter of credit associated with the Prior Reimbursement Agreements, see Appendix A under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Parity Obligations.”

As described under the caption “REFUNDING PLAN,” the District expects to issue the Series 2025B Bonds on or about the date of issuance of the Series 2025A Bonds. The Series 2025B Bonds will constitute Parity Obligations under the Indenture.

Rate Covenant

The District has covenanted in the Indenture, to the fullest extent permitted by law, to fix, prescribe and collect Revenues which, together with any *ad valorem* assessments that are available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to one hundred twenty-five percent (125%) of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the rate covenant with respect to all outstanding Parity Obligations.

In addition, certain of the Prior Reimbursement Agreements described under the caption “—Existing Parity Obligations” related to outstanding *ad valorem* assessment bonds of the District, and certain swap agreements entered into by the District, have covenants related to the setting of rates and charges with which the District is contractually obligated to comply.

Limitations on Parity and Superior Obligations

No Obligations Superior to the Series 2025A Bonds. The District has covenanted in the Indenture that it will not, so long as any Series 2025A Bonds are Outstanding, issue or incur any obligations secured by a pledge of Revenues and payable from Net Revenues prior or superior to the payment of the principal and redemption price of, and interest on, the Series 2025A Bonds.

Obligations on a Parity with the Series 2025A Bonds.

(a) The District may at any time issue any Parity Obligations in accordance with the Indenture, provided that:

(i) The Net Revenues for the Applicable Fiscal Year, as evidenced by both a calculation prepared by the District and a special report on such calculation prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on file with the District, are at least equal to one hundred twenty-five percent (125%) of the Aggregate Debt Service for the Applicable Fiscal Year; and

(ii) Either of (1) or (2) below:

(1) The Net Revenues for the Applicable Fiscal Year, plus any adjustments to Net Revenues to give effect as of the first day of the Applicable Fiscal Year to increases or decreases in rates and charges of the District approved and in effect as of the date of calculation, produce an amount at least equal to one hundred twenty-five percent (125%) of the sum of: (i) the Aggregate Debt Service for such Fiscal Year; plus (ii) the Debt Service which would have accrued on any Parity Obligations issued since the end of the Applicable Fiscal Year assuming that such Parity Obligations had been issued at the beginning of the Applicable Fiscal Year; plus (iii) the Debt Service which would have accrued had the additional Parity Obligations to be issued been issued at the beginning of the Applicable Fiscal Year; or

(2) The estimated Net Revenues for the Applicable Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest date of operation of any uncompleted project being financed or refinanced from the proceeds of such additional Parity Obligations (the “**Test Period**”), plus an allowance for estimated Net Revenues for each Fiscal Year in the Test Period arising from the completion of any uncompleted projects during the Test Period, plus any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, plus any increase in the income, rents, fees, rates and charges estimated to be received by the District and which are economically feasible and reasonably considered necessary based on projected operations for the Test Period, produce an amount in each Fiscal Year in the Test Period which is at least equal to one hundred twenty-five percent (125%) of the sum of: (i) Aggregate Debt Service in each such Fiscal Year on all then Outstanding Parity Obligations; plus (ii) the Debt Service in each such Fiscal Year on the additional Parity Obligations to be issued; plus (iii) the Debt Service in each such Fiscal Year on any additional Parity Obligations estimated by the District to be required to complete all uncompleted projects for which Parity Obligations have been or are being issued, assuming that all such additional Parity Obligations to complete uncompleted projects (other than the Parity Obligations to be issued) have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Obligations then being issued.

(b) Notwithstanding the foregoing, additional Parity Obligations issued to refund outstanding Parity Obligations may be issued without satisfying any of the conditions set forth above if Aggregate Debt Service after the issuance of such additional Parity Obligations in each Fiscal Year in the Refunding Test Period is not greater than the Aggregate Debt Service in each such Fiscal Year before the issuance of such additional Parity Obligations.

(c) Notwithstanding the provisions of part (a) above, the District may at any time issue a Parity Obligation constituting a Credit Support Agreement securing a Parity Obligation without satisfying any of the

conditions set forth in such subsections if such Credit Support Agreement: (i) replaces a Prior Reimbursement Agreement (or a successor to a Prior Reimbursement Agreement) and does not increase the principal of bonds secured by the letter of credit relating to such Prior Reimbursement Agreement; or (ii) the Parity Obligations secured by the Credit Support Instrument relating to such Credit Support Agreement have been issued in accordance with parts (a) and (b) above.

[Certain of the Prior Reimbursement Agreements related to outstanding *ad valorem* assessment bonds of the District, and certain swap agreements entered into by the District, have conditions precedent to the issuance of Parity Obligations that are more stringent than those listed above.]

Obligations Subordinate to the Series 2025A Bonds. Nothing in the Indenture precludes the District from issuing any Subordinate Obligations without complying with the foregoing provisions.

Letter of Credit

The Letter of Credit is being issued for the benefit of the Series 2025A Bonds to provide the payment of principal and Purchase Price of, and interest on, the Series 2025A Bonds as described under the caption “THE LETTER OF CREDIT.” Prior to the expiration date of the Letter of Credit, the Series 2025A Bonds will be subject to mandatory purchase. See the caption “THE SERIES 2025A BONDS—Mandatory Tender for Purchase—*Mandatory Purchase on Expiration of Letter of Credit.*”

Alternate Letter of Credit

The Indenture provides for the substitution of an Alternate Credit Facility for the Letter of Credit then securing the Series 2025A Bonds. The Series 2025A Bonds are subject to mandatory tender for purchase in connection with such substitution. See the caption “THE SERIES 2025A BONDS—Mandatory Tender for Purchase—*Mandatory Purchase on Expiration of Letter of Credit.*” The Purchase Price of any Series 2025A Bonds tendered or deemed tendered for purchase in connection with such substitution, and not remarketed, are payable from draws on the Letter of Credit to be substituted regardless of whether such substitution is completed.

THE LETTER OF CREDIT

The Bank

General. Sumitomo Mitsui Banking Corporation (Kabushiki Kaisha Mitsui Sumitomo Ginko) (“SMBC” or the “Bank”) is a joint stock corporation with limited liability (Kabushiki Kaisha) under the laws of Japan. The registered head office of SMBC is located at 1-1-2, Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan.

SMBC was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. (“SMFG”) was established through a statutory share transfer (kabushiki-iten) as a holding company under which SMBC became a wholly-owned subsidiary.

SMBC is one of the world’s leading commercial banks and provides an extensive range of banking services to its customers in Japan and overseas. In Japan, SMBC accepts deposits, makes loans and extends guarantees to corporations, individuals, governments and governmental entities. It also offers financing solutions such as syndicated lending, structured finance and project finance. SMBC also underwrites and deals in bonds issued by or under the guarantee of the Japanese government and local government authorities, and acts in various administrative and advisory capacities for certain types of corporate and government bonds. Internationally, SMBC operates through a network of branches, representative offices, subsidiaries and affiliates to provide many financing products, including syndicated lending and project finance.

The New York Branch of SMBC is licensed by the New York State Department of Financial Services to conduct branch banking business at 277 Park Avenue, New York, New York, and is subject to examination by the New York State Department of Financial Services and the Federal Reserve Bank of New York.

Financial and Other Information. Audited consolidated financial statements for SMFG and its consolidated subsidiaries, as well as other corporate data, financial information and analyses, are available in English on SMFG's website at www.smfg.co.jp/english. The information on SMFG's website does not form part of this Disclosure/Prospectus Supplement and is not incorporated herein by reference. SMBC does not accept any responsibility for any information contained in this Disclosure/Prospectus Supplement other than the information relating to SMBC, acting through its New York Branch.

The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of SMBC since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

The Letter of Credit

General. The Bank has agreed to issue, in favor of the Trustee on behalf of the respective owners of the Series 2025A Bonds, and pursuant to the Reimbursement Agreement, the Letter of Credit. The Letter of Credit will support the payment of the principal of, interest on, redemption price of, or purchase price of the Series 2025A Bonds. Under the Reimbursement Agreement, the District has agreed to pay to the Bank an amount equal to all amounts drawn under the Letter of Credit, together with interest on any such amounts from the date of the drawing to the day of repayment. The District has also agreed to pay certain fees and expenses of the Bank in connection with the issuance of the Letter of Credit.

The Letter of Credit and the Reimbursement Agreement each contain various provisions, covenants and conditions, certain of which are summarized below. Various words or terms used in the following summary are defined elsewhere in this Official Statement, the Letter of Credit or the Reimbursement Agreement, and reference is made thereto for a full understanding of their import. The form of the Reimbursement Agreement and the Letter of Credit is attached as Appendix G—"FORM OF REIMBURSEMENT AGREEMENT AND LETTER OF CREDIT" hereto.

[The Letter of Credit.] The Series 2025A Bonds are secured by the Letter of Credit issued by the Bank pursuant to the Reimbursement Agreement. The initial stated amount authorized to be drawn under the Letter of Credit is \$_____, which is the sum of (i) the principal amount of the Series 2025A Bonds, plus (ii) interest thereon at 12% per annum for a period of ___ days on the basis of a 365 day year, which amount may be increased or reduced as provided for in the Letter of Credit. The Trustee shall draw upon the Letter of Credit to make payment with respect to the principal or purchase of, or interest on, the Series 2025A Bonds.

Upon each payment under the Letter of Credit with respect to principal of the Series 2025A Bonds, the principal portion of the Letter of Credit shall be decreased by the amount of the payment and immediately thereafter the interest portion shall be decreased proportionally. Upon receipt of a notice from the Trustee stating that Series 2025A Bonds owned by or pledged to the Bank have been sold or transferred and that the Bank has notified the Trustee and the Paying Agent that it has been reimbursed in full for such drawings made pursuant to a tender of Series 2025A Bonds, the principal portion and the interest portion shall be reinstated by the amounts by which they were decreased upon such payment, unless the Bank has delivered a notice to the Trustee that an Event of Default under the Reimbursement Agreement has occurred and is continuing. The interest portion of the Letter of Credit shall be decreased upon, and to the extent of, each payment under the Letter of Credit with respect to an interest drawing. Upon payment under the Letter of Credit pursuant to such demand, the interest portion of the Letter of Credit shall be automatically and immediately reinstated by the amount by which it was decreased upon such payment; provided, however, that such reinstatement shall not prejudice the Bank's right to deliver a notice to the Trustee terminating the Letter of Credit by reason of an Event of Default under the Reimbursement Agreement by reason of the District failing to reimburse the Bank for such payment under the Letter of Credit.

The Letter of Credit shall expire at 5:00 p.m. New York City time on the date which is the earliest to occur of: (i) _____, 20__, any extension of such date pursuant to an amendment of the Letter of Credit, or any earlier date on which the Letter of Credit shall terminate, expire or be cancelled, (ii) the date specified by the Trustee in a notice as being the date that all outstanding Series 2025A Bonds have been paid or will be paid with funds deposited with the Trustee, (iii) five (5) Business Days following the date specified by the Trustee in a notice as being the date that the Trustee has received an alternate Letter of Credit meeting the requirements of the Indenture, (iv) the earlier of (a) five Business Days following the date (the “Conversion Date”) specified by the Trustee in a notice as being the date that all outstanding Series 2025A Bonds have been converted to a Mode other than the Weekly Mode and (b) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date, (v) the date on which the Bank honors a demand presented under the Letter of Credit in connection with the acceleration of the maturity of the Series 2025A Bonds, (vi) the date 15 days after the date on which the Trustee receives written notice from the Bank that it is terminating the Letter of Credit by reason of the occurrence and continuance of an Event of Default under the Reimbursement Agreement and directing the Trustee to accelerate the Series 2025A Bonds and (vii) the date 15 days after the date on which the Trustee receives written notice from the Bank that it is terminating the Letter of Credit by reason of the occurrence and continuance of an Event of Default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Series 2025A Bonds.]

Reimbursement Agreement.

Events of Default. Each of the following events, acts or occurrences shall constitute an “Event of Default” under the Reimbursement Agreement. Reference is made to the Reimbursement Agreement for a complete listing of all Events of Default.

(a) (i) default in the payment when due of principal of any Liquidity Advance, Bank Bond, Term Loan (as such terms are defined in the Reimbursement Agreement) or reimbursement to the Bank for drawings for principal of any Series 2025A Bonds, (ii) default in the payment when due of any interest on any Liquidity Advance, Bank Bond, Term Loan or reimbursement to the Bank for drawings for interest on the Series 2025A Bonds or (iii) default in the payment for a period of three (3) days following the due date of any other obligation owing by the District under the Reimbursement Agreement; or

(b) the District shall default in the performance or observance of certain terms, covenants or agreements in the Reimbursement Agreement; or

(c) the District shall default in the performance or observance of any term, covenant, condition or agreement on its part to be performed or observed under the Reimbursement Agreement (and not constituting an Event of Default under any other clause under this subheading “Events of Default”) and such default shall continue unremedied for 10 days after written notice thereof shall have been given to the District by the Bank, unless, in the case of any default, the District shall have notified the Bank within such 10-day period that the District has commenced curing such default within such 10-day period, provided that no Event of Default shall occur under this paragraph (i) only so long as the District is diligently prosecuting such cure to completion in a manner satisfactory to Bank within 30 days of such default, and, (ii) if so requested by the Bank not less than 30 days after the occurrence of such default, the District shall deliver to the Bank evidence satisfactory to the Bank that such default is curable and that the District is diligently prosecuting such cure; or

(d) any of the District’s representations or warranties made in the Reimbursement Agreement or in any statement or certificate at any time given by or on behalf of the District pursuant to the Reimbursement Agreement or in connection with the Reimbursement Agreement, the Financing Documents (as defined in the Reimbursement Agreement) and/or the Series 2025A Bonds is false or misleading in any material respect when made or deemed made; or

(e) the District shall either (i) become insolvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due; or (ii) voluntarily commence any proceeding or file any petition under any bankruptcy, insolvency or similar law seeking dissolution or reorganization or the appointment of a

receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material allegations of an involuntary petition filed against it in any bankruptcy, insolvency or similar proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business; or (iii) take any action for the purpose of effectuating any of the foregoing; or

(f) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is declared or announced or otherwise imposed (whether or not in writing) on the repayment when due and payable of the principal or interest on or otherwise with respect to any debt of the District by the District or any Governmental Authority with appropriate jurisdiction; or

(g) involuntary proceedings or an involuntary petition shall be commenced or filed against the District under any bankruptcy, insolvency or similar law seeking the dissolution or reorganization of the District or the appointment of a receiver, trustee, custodian or liquidator for the District or of a substantial part of the property, assets or business of the District, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of the District, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded, within thirty (30) days after commencement, filing or levy, as the case may be; or

(h) an “Event of Default” under the Indenture (and not constituting an Event of Default under any other clause under this subheading “Events of Default”) shall have occurred and be continuing; or

(i) the District shall fail to make any payment in respect of (A) any Parity Debt, (B) Parity Obligations, (C) General Obligations (as such terms are defined in the Reimbursement Agreement), or (D) any other debt of the District having an aggregate outstanding principal amount in excess of \$5,000,000 (excluding obligations under the Reimbursement Agreement), which is secured by a first pledge and charge and lien upon the Net Revenues (as defined in the Reimbursement Agreement), or any interest or premium thereof, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating thereto; or any other default under any agreement or instrument relating thereto, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity thereof; or any such Parity Debt, Parity Obligations, General Obligations or any debt of the District secured by a first pledge and charge and lien upon Revenues shall be properly declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(j) a judgment or order for the payment of money in excess of \$5,000,000 shall be rendered against the District and not satisfied by the District and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of ninety (90) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) any material provision of the Reimbursement Agreement or any other Financing Document to which the District is a party shall at any time for any reason cease to be valid and binding on the District, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the District, or a proceeding shall be commenced by any Governmental Authority having jurisdiction over the District seeking to establish the invalidity or unenforceability thereof, or the District shall deny that it has any or further liability under the Reimbursement Agreement or under or with respect to any Bank Obligation or any other Financing Document to which it is a party; or

(l) any of the funds or accounts established pursuant to the Indenture or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of the District and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(m) any Rating (as defined in the Reimbursement Agreement) shall fall below Investment Grade (as defined in the Reimbursement Agreement); or

(n) the cancellation, withdrawal or suspension of any Rating by any Rating Agency (as such terms are defined in the Reimbursement Agreement);

(o) any “event of default” under any Bank Agreement or under any agreement between the District and the Bank shall have occurred and be continuing; or

(p) dissolution or termination of the existence of the District.

Remedies. Upon the occurrence and during the continuance of any Event of Default, the Bank at its option, may, upon notice to the Trustee and the District, do any one or more of the following:

(a) by written, electronic or telephonic notice, declare all indebtedness arising under the Reimbursement Agreement and the Fee Agreement immediately due and payable, and the same shall thereupon become and be due and payable without demand, notice of demand, presentment, protest, notice of protest, notice of dishonor, notice of non-payment, or further notice of any kind, all of which are hereby expressly waived, and credit any sums received thereafter in such manner as it elects upon such indebtedness; provided, however, that such application of sums so received shall not serve to waive or cure any default existing under any of the Financing Documents nor to invalidate any notice of default or any act done pursuant to such notice and shall not prejudice any rights of the Bank or the Trustee;

(b) require, in accordance with the Indenture, the Trustee to accelerate payment of all Series 2025A Bonds and interest accrued thereon as provided in the Indenture or to exercise any other right or power provided to the Trustee in the Indenture, thereby causing the Letter of Credit to expire 15 days later;

(c) require, in accordance with the Indenture, the Trustee to give notice of mandatory tender of the Series 2025A Bonds and to purchase all Series 2025A Bonds and interest accrued thereon and to register the Series 2025A Bonds in the name or at the direction of the Bank thereby causing the Letter of Credit to expire 15 days thereafter; and/or

(d) exercise any or all rights provided or permitted by law or in equity or granted pursuant to any of the Financing Documents in such order and in such manner as the Bank may, in its sole judgment, determine; provided, however, that upon the occurrence of any event specified in paragraphs (e), (f) or (g) under the subheading “Events of Default” above, all indebtedness arising under or secured by the Reimbursement Agreement shall automatically and immediately become and be due and payable without demand, notice of demand, presentment, protest, notice of protest, notice of dishonor, notice of non-payment or further notice of any kind, all of which are hereby expressly waived.

THE IRVINE RANCH WATER DISTRICT

For a description of the District and each of the Improvement Districts see Appendix A—“IRVINE RANCH WATER DISTRICT” hereto.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the holders and beneficial owners of the Series 2025A Bonds to provide certain financial information and operating data relating to the District (each an “**Annual Report**”) by not later than 270 days following the end of the District’s fiscal year (which fiscal year ends on June 30), commencing with the Annual Report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“**EMMA**”) System (the “**Repository**”) for the purpose of S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”). The notices of enumerated events will be filed by the District with the Repository. The specific nature of the information to be made available and to be contained in the notices of enumerated events is summarized in Appendix F—“FORM OF CONTINUING DISCLOSURE CERTIFICATE” hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

The District has previously entered into continuing disclosure undertakings under the Rule in connection with the issuance of municipal obligations. The District believes that it is currently in material compliance with all of its continuing disclosure undertakings. However, the District’s Annual Reports for Fiscal Year 2020 mistakenly omitted a table that was required to be updated annually in connection with two District bond issuances. Makeup filings containing the required information were posted to EMMA prior to the date of this Official Statement. Except as disclosed above, the District has not in the past five years failed to comply with its continuing disclosure undertakings in any material respect.

In order to promote compliance by the District with its continuing disclosure undertakings in the future, the District has developed policies and procedures to govern its continuing disclosure practices.

LITIGATION

There is no action, suit or proceeding known to be pending, or to the knowledge of the District, threatened, in any way contesting or affecting the validity of, the Series 2025A Bonds or the Indenture. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

There exist lawsuits and claims against the District, which are incidental to the ordinary course of operations of the District’s water and sewer systems and related activities. In the view of the District’s management and General Counsel, there is no litigation, present or pending, or to the knowledge of the District, threatened, which will individually or in the aggregate materially impair the District’s ability to service its indebtedness or which will have a material adverse effect on the business operations of the District.

RATINGS

The District expects that S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“**S&P**”), will assign the Series 2025A Bonds a short term rating of “____” and a long term rating of “____”, with the understanding that the Letter of Credit will be issued by the Bank on ____, 2025.

The District expects that Moody’s Investor’s Service, Inc. (“**Moody’s**”) will assign the Series 2025A Bonds a short term rating of “____” and a long term rating of “____”, with the understanding that the Letter of Credit will be issued by the Bank on ____, 2025.

The District expects that Fitch Ratings, Inc. (“**Fitch**”) will assign the Series 2025A Bonds a short term rating of “____” and a long term rating of “____”, with the understanding that the Letter of Credit will be issued by the Bank on ____, 2025.

Generally, rating agencies base their ratings on information and material furnished directly to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions made by them. The ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the applicable rating agency. Future events could have an adverse impact on the ratings of the Series 2025A Bonds, and there is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. There is also no assurance that the criteria required to achieve the ratings on the Series 2025A Bonds will not change during the period that the Series 2025A Bonds remain outstanding. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025A Bonds.

In providing ratings on the Series 2025A Bonds, S&P, Moody's and Fitch may have performed independent calculations of coverage ratios using their own internal formulas and methodology, which may not reflect the provisions of the Indenture. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

For further information with respect to the Bank, see the caption "THE LETTER OF CREDIT."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025A Bonds. Complete copies of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

Series 2025A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025A Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2025A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2025A Bonds may adversely affect the value

of, or the tax status of interest on, the Series 2025A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2025A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2025A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2025A Bonds ends with the issuance of the Series 2025A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2025A Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025A Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Series 2025A Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2025A Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025A Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

UNDERWRITING

The Series 2025A Bonds are being purchased pursuant to a purchase contract by and between the District and BofA Securities, Inc. (the “**Underwriter**”).

The Underwriter has agreed to purchase the Series 2025A Bonds at a purchase price of \$_____, which is equal to the aggregate principal amount of the Series 2025A Bonds less an underwriter’s discount of \$_____. The purchase contract provides that the Underwriter will purchase all of the Series 2025A Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the purchase contract.

The Underwriter may offer and sell the Series 2025A Bonds to certain dealers and others at prices or yields below those stated on the cover page of this Official Statement. The offering prices or yields may be changed from time to time by the Underwriter.

The Underwriter has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPF&S**”). As part of this arrangement, the Underwriter may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, the Underwriter may compensate MLPF&S as a dealer for its selling efforts with respect to the Series 2025A Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and certain of its affiliates have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RELATED PARTIES

BofA Securities, Inc. (the Underwriter and Remarketing Agent for the Series 2025A Bonds) and Bank of America, N.A., a provider of four letters of credit for certain obligations of the District and the District’s counterparty on an interest rate swap agreement, are affiliated and are subsidiaries of Bank of America Corporation. See Appendix A under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness” for further information with respect to the District’s credit facilities and interest rate swap agreements.

REMARKETING AGENT

Pursuant to a Remarketing Agreement, dated as of July 1, 2025, by and between the District and BofA Securities, Inc., BofA Securities, Inc. is acting as Remarketing Agent with respect to the Series 2025A Bonds.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, Los Angeles, California, is acting as the municipal advisor (the “**Municipal Advisor**”) to the District in connection with various matters relating to the issuance and sale of the Series 2025A Bonds. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the District and the Board, with respect to the accuracy and completeness of disclosure of such information. No guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of this Official Statement or any other matter related to thereto. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance and sale of the Series 2025A Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The form of approving opinion of Bond Counsel is included as Appendix E to this Official Statement and the approving opinions will be delivered with the Series 2025A Bonds. Certain legal matters will be passed upon for the District by its General Counsel, for the District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, and for the Trustee by its counsel.

INDEPENDENT ACCOUNTANTS

The financial statements of the District at June 30, 2024, included in Appendix B to this Official Statement, have been audited by Davis Farr LLP, independent accountants (the “**Auditor**”), as set forth in their Independent Auditor’s Report, which also appears in Appendix B. The Auditor has not reviewed the contents of this Official Statement, and the District has not sought the Auditor’s consent to the inclusion of the Auditor’s audit letter attached to the District’s financial statements in this Official Statement.

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and registered owners or beneficial owners of any of the Series 2025A Bonds. The delivery and distribution of this Official Statement have been duly authorized by the District.

IRVINE RANCH WATER DISTRICT

By _____
Executive Director of Finance and
Administration/Treasurer

APPENDIX A
IRVINE RANCH WATER DISTRICT

APPENDIX B
AUDITED FINANCIAL STATEMENTS

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2025A Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to on the Series 2025A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2025A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, acts as securities depository for the Series 2025A Bonds. The Series 2025A Bonds are fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond was issued for each maturity of the Series 2025A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 2025A Bonds, except in the event that use of the book-entry system for the Series 2025A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025A Bonds with DTC and their registration in

the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect 2025B Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2025A Bond documents. For example, Beneficial Owners of Series 2025A Bonds may wish to ascertain that the nominee holding the Series 2025A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments with respect to the Series 2025A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2025A Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2025A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2025A Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2025A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2025A Bonds are transferred by Direct Participants or DTC's records and followed by book-entry credit of tendered Series 2025A Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2025A Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2025A Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2025A Bonds will be printed and delivered.

APPENDIX E
FORM OF BOND COUNSEL OPINION

APPENDIX F
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

FORM OF REIMBURSEMENT AGREEMENT AND LETTER OF CREDIT

APPENDIX A

IRVINE RANCH WATER DISTRICT

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INTRODUCTION

The following sets forth certain information relating to the Irvine Ranch Water District (the “**District**”) and certain of its improvement districts.

The District’s projections in Tables 12, 15, 17, 19, 23, 25, 27, 30 and 32 of this Appendix A (the “**Projections**”) are derived from historic trends and experience and internal financial models. The internal models are used by the District to identify future infrastructure funding requirements, and to aid in setting water and sewer rates, charges and connection fees. Key inputs include assumptions based on historical experience and other factors regarding the District’s cost of borrowing, the rate of return on District investments, inflation, project costs, property tax receipts and the timing and amount of future bond sales, as well as the pace and scope of real estate development activity within the District’s service area. The District is in regular contact with major Orange County real estate development companies to assess and update this information.

The Projections constitute forward-looking statements. No assurance can be given that the future results reflected in the Projections and otherwise discussed herein will be achieved, and actual results may differ materially from the Projections. As noted above, the Projections rely heavily on certain assumptions regarding the pace and scope of real estate development activity within the District’s service area. Such activity may be affected by a variety of factors, such as tighter lending standards for real estate loans. Real estate development activity also may be affected by general economic conditions. The District has attempted to reflect such conditions in the Projections, but is unable to predict with certainty the level of future real estate development activity or the other factors affecting the Projections.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California (the “**State**”). The various opinions of counsel that will be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached to the Official Statement as Appendix E), were similarly qualified.

Unless the context otherwise requires, all defined terms used herein shall have the same meanings set forth in the Official Statement, except that the term “**Improvement Districts**” as used in this Appendix A refers to all eight water improvement districts and ten sewer improvement districts of the District.

THE IRVINE RANCH WATER DISTRICT

General

The District was established in 1961 as a California Water District under the provisions of Section 34000 *et seq.* of the California Water Code (the “**Act**”). As a special district, the District focuses on four primary services – providing potable water, collecting sewage, producing and distributing recycled and other non-potable water, and implementing urban runoff source control and treatment programs.

The District serves a 181-square-mile area, which includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange and Lake Forest, as well as certain unincorporated areas of Orange County. Extending from the Pacific Coast to the top of the foothills of eastern Orange County, the District’s region is semi-arid with a mild climate and an average annual rainfall of approximately 12 inches. The District serves a total estimated daytime population of approximately 634,000 and includes approximately 125,000 water and 120,000 sewer service and recycled water connections. The number of service connections has increased by approximately 20% over the last ten years.

The District builds and maintains significant capital infrastructure in order to serve its customers and is organized into Improvement Districts in order to allocate funding responsibility for the area which will benefit from such capital facilities and to separate areas on the basis of projected timing of development. This allows capital facilities construction to be matched to the development approval decisions of the respective local agencies that make them. Some of the Improvement Districts share in the funding of the District's regional facilities that such Improvement Districts use or will use in common, such as major water importation facilities and water and wastewater treatment plants. In 2013, the District reviewed its capital funding plan, which resulted in a master consolidation and combination of several Improvement Districts. The District now has a total of eight water Improvement Districts and ten sewer Improvement Districts which cover specific areas within the District's boundaries, each of which is governed in accordance with the Act and all but one of which have the authority to issue general obligation indebtedness.

See Table 3 under the caption “—Outstanding Indebtedness—Improvement District Indebtedness” for information with respect to the amount of authorized and outstanding *ad valorem* assessment bonds for Improvement District Nos. 112, 113, 188, 125, 212 and 225.

The principal office of the District is located at 15600 Sand Canyon Avenue, Irvine, California 92618.

Board of Directors and General Manager

The District's Board of Directors consists of five Directors who were elected by resident voters for staggered four-year terms. In 2019, the Board of Directors adopted a resolution changing the District's election procedures from at-large elections to by-division elections, which has resulted in the creation of five divisions of roughly equal population sizes within the District. By-division elections took place for two members of the Board of Directors in November 2024 and for the other three Board members in November 2022. The policies of the Board of Directors are administered by the General Manager of the District.

Board of Directors. The present Directors are:

Douglas J. Reinhart, Division 3. Mr. Reinhart was appointed to the District's Board of Directors in 2004 and has since been elected to subsequent terms. He currently serves as President of the Board of Directors and he previously served as President of the Board of Directors in 2007, 2009, 2010, 2013, 2017, 2018, 2021, and 2024. He also previously served as Vice President in 2006, 2016, 2020, and 2023. Mr. Reinhart is committee chair of the District's Supply Reliability Programs Committee. Mr. Reinhart is a registered civil engineer with more than 30 years of experience in the private sector directing projects in water, wastewater and other infrastructure. Mr. Reinhart was president and part-owner of ASL Consulting Engineers before its acquisition by Tetra Tech in 1999. Mr. Reinhart then served as the Divisional Executive Vice President for Tetra Tech for the western United States before starting an independent consulting business in 2004. Mr. Reinhart is familiar with special district functions, he served as a director on the board of El Toro Water District from 1998 to 2000. During that time, he served as vice president of the board and was the special district representative to the Local Agency Formation Commission of Orange County. Mr. Reinhart holds a bachelor's degree in civil engineering from the Missouri School of Mines and Metallurgy (now Missouri University of Science and Technology), and he is a licensed civil engineer in both California and Arizona. Mr. Reinhart has served on the board of trustees of the Southern California Water Committee, the American Water Works Association Desalination Committee and the Association of California Water Agencies (“ACWA”) Groundwater Committee. He is a past member of the board of directors for the national WaterReuse Association. In addition, he is also a member of both the American Society of Civil Engineers and the American Public Works Association. Mr. Reinhart's current term ends in November 2026.

Steven E. LaMar, Division 2. Mr. LaMar was appointed to the District's Board of Directors in 2009 and has since been elected to subsequent terms. He currently serves as Vice President of the Board of Directors and he previously served as President in 2011, 2014, 2015, 2019, 2020 and 2022. He also previously served as Vice President in 2013, 2018, and 2024. Mr. LaMar is committee chair of the District's Water Resources Policy

and Communications Committee and serves on Finance and Personnel Committee. Mr. LaMar is a water policy and planning expert with more than 25 years of experience on statewide business and industry committees. He has directly participated in many major water policy forums and served on statewide task forces and advisory committees on drought planning, desalination, the California Bay-Delta, the California Water Plan and on water reliability and conservation issues. He is a retired state lobbyist and consultant to several of California's most successful master-planned community developers and homebuilders. He served as a water policy leader with the California Building Industry Association for more than 20 years. He is a past president of ACWA. He was a member of the California Water Plan 2009 Advisory Committee and a member of the Delta Vision Stakeholders Coordination Group. He was chair of the Economic Work Group for the 2006 California Landscape Task Force. He served as a member of the 2003 State Water Desalination Task Force and the 2000 Governor's Advisory Drought Planning Panel, and was chair of the California Building Industry Association's statewide Water Resources Subcommittee and Task Force. Mr. LaMar is president of the Natural Communities Coalition, a nonprofit entity implementing habitat restoration for over 37,000 acres of open space land in Orange County. He serves on the board of directors of the Southern California Water Coalition and the California Council for Environmental and Economic Balance and is the District representative on the Water Affiliates Group to the Center for Western Weather and Water Extremes at Scripps Institution of Oceanography. Mr. LaMar holds a bachelor's degree in political science from Pittsburg State University and a professional certificate from the Environmental Management Institute, the U.S. Environmental Protection Agency environmental training program administered by the University of Southern California. Mr. Lamar is also a past president of the Alzheimer's Association of Orange County. Mr. LaMar's current term ends in November 2026.

John B. Withers, Division 1. Mr. Withers was appointed to the District's Board of Directors in 1989 and has since been elected to subsequent terms. He previously served as President of the Board of Directors in 2004 and as Vice President in 2012 and 2021. Mr. Withers serves on the Engineering and Operations Committee. Mr. Withers is a partner with California Strategies, LLC, in Irvine, a statewide strategic government-relations firm. In past positions, he has served as vice president of community development for Lewis Operating Corp. and as director of water resources for Psomas & Associates, a civil engineering and planning firm. He was also the director of governmental affairs for the Building Industry Association Orange County Chapter and a legislative advocate for Crocker Bank and a major trade association in Sacramento. Mr. Withers is a member and past chairman of the Orange County Sanitation District Board of Directors, where he has served since 2009. He is chairman and board member of the National Water Research Institute, a former chair and commissioner of the Local Agency Formation Commission and a former chair and member of the Santa Ana Regional Water Quality Control Board. A native Southern Californian, Mr. Withers earned his bachelor of arts degree in economics from the University of California, Los Angeles, with a specialization in urban studies. He was then selected as a CORO Foundation Fellow and earned a master's degree in urban studies from Occidental College. Mr. Withers' current term ends in November 2028.

Daniel R. Feron, Division 4. Mr. Feron was elected to the District's Board of Directors in 2024. He is committee chair of the Engineering and Operations Committee and serves on the Water Resources Policy and Communications Committee. Mr. Feron is a water professional with more than 40 years of experience planning, designing, financing and operating public systems providing drinking water, recycled water, and sewer services. Mr. Feron recently retired as Chief Executive Officer of Santa Margarita Water District, where he led a team of 175 employees serving more than 200,000 residents from Mission Viejo to San Clemente. Key projects under his leadership included construction of the Upper Chiquita Reservoir and Dam for emergency drinking water storage, a reverse osmosis water treatment plant, and Trampas Reservoir, a 1.2-billion-gallon recycled water storage reservoir. Mr. Feron is a founding member of the Community Water System Alliance, a nonprofit group focused on promoting collaboration among water agencies to improve water services for disadvantaged and income-limited communities. Mr. Feron's current term ends in November 2028.

Peer Swan, Division 5. Mr. Swan was elected to the District's Board of Directors in 1979 and has since been elected to subsequent terms. He previously served as President from 1982 to 1995 and again in 2006. He also previously served as Vice President in 1980, 1981, 1998, 2002, 2003, 2009, 2010, 2014 and 2017. Mr. Swan is committee chair of the Finance and Personnel Committee and serves on the Supply Reliability Programs

Committee. Mr. Swan is a member of the Water Advisory Committee of Orange County, where he is a past chairman. He is a former member of the Metropolitan Water District Board of Directors. He is a 15-year former member of the Orange County Sanitation District Board of Directors where he served as Vice Chairman for six years. He is a founding board member of the Ground Water Replenishment Joint Committee. He is a longtime member and Treasurer of the Southern California Water Committee. He is a founding member and president of the board of the San Joaquin Wildlife Sanctuary and a member of the Steering Committee of the Southern California Water Dialog Committee. He has been active in the Association of California Water Agencies, where he served on the board of directors and on the executive committee. He has been active in the California Association of Sanitation Agencies, where he served as chairman of the Directors Committee. He was an active member of the Water Supply Pillar of the One Water One Watershed process. He was recently appointed to the Board of the Urban Water Institute. Mr. Swan was the treasurer of the Pacific Scientific Company prior to its acquisition in early 1998 and a member of the board of directors of the Southern California Bank and its parent, SC Bancorp, until its acquisition in 1997. He also served as a board member of the YMCA of Orange County and the Orange Coast College Foundation, where he was the founding treasurer of the board. He was also a founding director of the board of the National Water Research Institute, where he was chairman for four years. He is a longtime member of the National Audubon Society and its local chapter, Sea & Sage. Mr. Swan's current term ends in November 2026.

General Manager. Paul A. Cook, the General Manager of the District, heads a staff of approximately 416 employees. Mr. Cook was appointed General Manager in October 2011. Mr. Cook previously served as Interim General Manager from July to October 2011 and held the position of Assistant General Manager from 2004 to July 2011. Mr. Cook is a registered civil engineer with over 30 years of experience with water and wastewater systems in the public and private sectors. Prior to joining the District, he served as the Manager of Engineering for Central and West Basin Municipal Water Districts in Carson, California. He also served as the District Engineer for Los Alisos Water District in Lake Forest. In the private sector, Mr. Cook held engineering and project management positions with BFI Constructors and Turner Construction Company. He was elected to the Orange County Water District Board of Directors in 2002 and served for three years, representing communities in Irvine, Tustin and Newport Beach. Mr. Cook received his bachelor of science degree in Civil Engineering from the University of the Pacific, his masters of science degree in Civil Engineering from California State University of Long Beach and his masters in business administration from the University of California, Irvine.

Employees

The District currently employs approximately 398 regular employees and 18 temporary workers and part-time interns. In January 2018, the International Brotherhood of Electrical Workers (“**IBEW**”) became the exclusive representative for the Irvine Ranch Water General Unit and for the Non-Exempt Supervisors Unit. The General Unit includes 241 employees, the Non-Exempt Supervisors Unit includes 24 employees, and 133 employees are unrepresented. The IBEW Memorandum of Understanding for the General Unit and the IBEW Memorandum of Understanding for the Non-Exempt Supervisors Unit govern relations between the District and the IBEW for a term running through June 30, 2026. The District has not experienced any strike or other labor actions.

Pension Benefits

General. The District participates in two plans to fund pension benefits for its employees, the California Public Employees Retirement System (“**CalPERS**”) Plan and the Pension Benefits Trust. The District makes a required annual contribution to the CalPERS Plan and has elected to fund additional amounts to a trust that has been established under Internal Revenue Code Section 115 (the “**Pension Benefits Trust**”). The Pension Benefits Trust is irrevocable and holds funding contributions for the District pending future remittance to the CalPERS Plan, which will pay all retiree benefit payments to employees. The District's total pension assets include funds held by both CalPERS and the Pension Benefits Trust. As of June 30, 2024, the District reflected a net pension liability of approximately \$88.7 million, an increase of \$3.3 million from the net pension liability

as of June 30, 2023. The net pension liability is the difference between total pension liability and the fair market value of CalPERS assets. Including moneys held in the Pension Benefit Trust that is discussed below under the subcaption “—Pension Benefits Trust,” the District’s pension assets cover 105.0% of the total pension liability.

CalPERS Plan. The District contributes to CalPERS, an agent multiple-employer public employee defined benefit pension plan for all of the District’s full-time and certain of its temporary employees that have worked for the District for a total of over 1,000 hours. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the District.

CalPERS plan benefit provisions and all other requirements are established by State statute and the District’s Board of Directors. Participants in the District’s CalPERS plan contribute the full amount of the required employee contribution, which is up to 8% of their annual covered salary, depending on benefit level.

Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount, expressed as a percentage of payroll, that is necessary to finance the costs of benefits that are earned by employees during the year (normal costs), with an additional required amount to finance any unfunded accrued liability. The District’s normal cost contribution for the District fiscal year ended June 30 (“**Fiscal Year**”), 2024 was \$4.5 million and the unfunded accrued liability contribution was \$7.5 million, for a total contribution of \$12.0 million. The District’s estimated total contributions, including normal and unfunded accrued liabilities, for Fiscal Year 2025 are expected to be approximately \$13.0 million.

Pension Benefits Trust. The District recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive approach to address these issues by establishing a Pension Benefits Trust in Fiscal Year 2013 to assist in funding its CalPERS unfunded liability, providing the District with an alternative to CalPERS that allows for investment by a professional fund management team selected and monitored by the District. The Pension Benefits Trust holds the funding contributions from the District pending future remittance to CalPERS’ pension trust fund, which will pay all retiree benefit payments to employees associated with the District’s plan. Future contributions will be transferred to CalPERS at the District’s discretion. The funds held in the Pension Benefits Trust are legally protected from the claims of the general creditors of the District. Contributions to the Pension Benefits Trust and earnings on those contributions are irrevocable.

In Fiscal Year 2013, the District made an initial \$35.0 million contribution to the Pension Benefits Trust. From Fiscal Years 2014 through 2018, the District made total additional contributions of \$20.9 million to the Pension Benefits Trust. The District did not make any additional contributions to the Pension Benefits Trust in any of Fiscal Years 2019 through 2023. As of June 30, 2024, the fair market value of the assets in the Pension Benefits Trust was approximately \$123.7 million, an increase of approximately \$17.0 million from the market value of the assets in the Pension Benefits Trust as of June 30, 2023. Additional information on the Pension Benefits Trust’s investments can be found in Note 2 to the District’s audited financial statements for Fiscal Year 2024 attached to the Official Statement as Appendix B.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2024 is shown below.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68 (“ GASB 68 ”)
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS’ membership data for all funds
Post-Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Source: The District.

The above information is primarily derived from information produced by CalPERS. The District has not independently verified the information provided and neither makes any representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The annual comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS’ most recent actuarial valuation reports and other information concerning benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The District cannot guarantee the accuracy of such information. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future.

Funding of CalPERS Plan. The Schedule of Funding Progress below shows District’s total pension liability, CalPERS assets, Pension Benefits Trust assets, and the relationship of the total pension liability (in thousands of dollars) to such assets.

IRVINE RANCH WATER DISTRICT
Schedule of Funding Progress
(In Thousands)

<i>Fiscal Year⁽¹⁾</i>	<i>Total Pension Liability</i>	<i>CalPERS Assets</i>	<i>Net Pension Liability/(Asset)</i>	<i>Pension Benefit Trust Assets</i>	<i>CalPERS Assets as % of Total Pension Liability</i>	<i>Pension Benefit Trust Assets as % of Total Pension Liability</i>	<i>Total Pension Assets⁽²⁾ as % of Total Pension Liability</i>
06/30/20	\$291,334	\$222,867	\$68,467	\$ 78,389	76.5%	26.9%	103.4%
06/30/21	306,889	232,184	74,705	83,103	75.7	27.1	102.7
06/30/22	323,147	283,306	39,841	107,930	87.7	33.4	121.1
06/30/23	345,944	260,537	85,407	94,828	75.3	27.4	102.7
06/30/24	364,167	275,493	88,674	106,742	75.7	29.3	105.0

⁽¹⁾ Figures are as of the measurement dates of June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022, and June 30, 2023, which apply to the Fiscal Years ended June 30, 2020, June 30, 2021, June 30, 2022, June 30, 2023 and June 30, 2024, respectively.

⁽²⁾ Reflects total of moneys held in CalPERS plan and in Pension Benefits Trust.

Source: The District.

Changes in the Net Pension Liability. The changes in the net pension liability for the District's CalPERS plan were as follows (in thousands):

TABLE 1
IRVINE RANCH WATER DISTRICT
Changes in Net Pension Liability
(In Thousands)

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position⁽¹⁾</i>	<i>Net Pension Liability / (Asset)</i>
Balance at June 30, 2023	\$ 345,944	\$ 260,537	\$ 85,407
Changes	<u>18,223</u>	<u>14,956</u>	<u>3,267</u>
Balance at June 30, 2024	\$ 364,167	\$ 275,493	\$ 88,674

⁽¹⁾ Excludes assets held in Pension Benefits Trust, in accordance with GASB Implementation Guide No. 2017-1. As of June 30, 2024, the Pension Benefits Trust had assets of \$123.7 million, which will be used to reduce the net pension liability.
Source: The District.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents the net pension liability of the District's CalPERS Plan (in thousands), calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

TABLE 2
IRVINE RANCH WATER DISTRICT
Sensitivity of the Net Pension Liability to Changes in the Discount Rate⁽¹⁾
(In Thousands)

	<i>Discount Rate – 1% (5.90%)</i>	<i>Current Discount Rate (6.90%)</i>	<i>Discount Rate + 1% (7.90%)</i>
Plan's Net Pension Liability/(Asset)	\$137,950	\$88,674	\$47,985

⁽¹⁾ Excludes assets held in Pension Benefits Trust, in accordance with GASB Implementation Guide No. 2017-1.
Source: The District.

Other Pension Benefits. The District enables all of its part-time and certain temporary employees to participate in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For Fiscal Year 2024, the District's payroll for the related part-time and temporary employees who are covered by the plan was \$254,530 and the eligible employees contributed \$22,704. The District made no contributions to the defined contribution plan during such Fiscal Year.

All regular, full-time District employees are eligible to participate in the District's deferred compensation program pursuant to Section 457 of the Internal Revenue Code whereby they can voluntarily contribute a portion of their earnings into a tax-deferred plan administered by the District and invested through a third party provider. Pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001, effective January 1, 2002, employees may contribute the lesser of 100% of includible compensation or the maximum dollar amount allowable under Internal Revenue Code Section 457 in effect for the year. The dollar amount in effect for calendar year 2024 is \$23,000.

Effective January 1, 2008, for employees with one year or more of service, the District provides: (i) 100% matching of employee Section 457 plan contributions up to an annual maximum of 3% of the employee's base salary; and (ii) all full-time employees who have completed two years of regular, full-time service with the

District, are eligible for an additional District contribution equal to 1% of such employees' base salary. Such employer contribution amounts are deposited into a money purchase plan pursuant to Section 401(a) of the Internal Revenue Code. During Fiscal Year 2024, the District contributed approximately \$1.8 million to employee accounts under the 401(a) plan.

The assets in both plans are held in trust for the exclusive benefit of the participants and their beneficiaries, and are therefore not reported in the financial statements of the District.

For additional information relating to the District's pension plans, see Notes 13 and 15 to the District's audited financial statements attached to the Official Statement as Appendix B.

Other Post-Employment Benefits

The District currently has three programs for post-employment benefits other than pensions ("**OPEB**"): the California Public Employees Medical and Hospital Care Act ("**PEMHCA**") premiums, a retiree healthcare costs reimbursement plan and a retiree death benefit life insurance program. Under the first program, the District pays the required healthcare coverage under PEMHCA, commonly referred to as "PERS Health." To qualify, employees must retire from the District and begin drawing CalPERS retirement benefits. Participation in PEMHCA is financed in part by the District through a contribution of \$157.00 per employee per month (at current rates). The contribution rate is scheduled to be indexed with medical inflation in future years, although contributions could increase in greater amounts at the direction of CalPERS Board. In addition, the District pays 0.25% of the PEMHCA premium to cover administrative fees. In Fiscal Year 2024, the District contributed approximately \$224,000 on behalf of retirees participating in the PEMHCA program and had approximately \$281,000 for the estimated implied subsidy. The implied subsidy is the difference between average retiree claims and premiums charged by CalPERS.

As part of its retiree healthcare costs reimbursement plan, the District provides retirees who have attained age 55 and have completed at least 3 years of service with the District with reimbursement of eligible healthcare costs of \$160 per month for retirees with at least 3 years of service up to a maximum of \$600 per month for retirees with at least 25 years of service. In February 2023, the Board approved an enhancement to the Retiree Health Costs Reimbursement Plan ("**RHCRP**") by increasing each tier by \$200 for eligible employees who retire from the District on or after July 1, 2023. In Fiscal Year 2024, the District contributed approximately \$299,000 on behalf of retirees participating in the RHCRP.

Finally, the retiree death benefit life insurance program provides retirees who were hired on or before December 31, 2008 with term life insurance benefits with a face amount equal to 100% of their annual salary in effect at the time of retirement. Insured group-term life benefits end for all participants at age 70. The District provides a self-insured \$10,000 death benefit for all participants already retired as of December 31, 2008 and for currently active Board members. To qualify, a retiree must have retired from the District, be at least 55 years old, have completed at least ten continuous years of service with the District, and must be drawing retirement benefits from CalPERS. In Fiscal Year 2024, the District did not make any contributions on behalf of retirees participating in this program.

The District had a total OPEB liability of approximately \$22.1 million as of June 30, 2024. The discount rate used to measure the total OPEB liability was 3.65%, which was based on the Bond Buyer 20-Bond General Obligation Index. The OPEB contributions for the District's various OPEB plans are based on pay-as-you-go requirements. During Fiscal Year 2024, the District's contributions totaled approximately \$0.8 million.

In 2023, the District established a trust under Internal Revenue Code Section 115 (the "**OPEB Trust**") to assist in funding its OPEB liability. The OPEB Trust holds the funding contributions from the District pending future remittance to the administrators of the District's three OPEB plans, which will pay the associated benefits. Future contributions will be transferred to the OPEB Trust at the District's discretion. The funds held in the

OPEB Trust are legally protected from the claims of the general creditors of the District. Contributions to the OPEB Trust and earnings on those contributions are irrevocable.

In Fiscal Year 2023, the District made an initial contribution of \$10.0 million to the OPEB Trust. The District did not make any contributions to the OPEB Trust in Fiscal Year 2024 and has not budgeted to make a contribution to the OPEB Trust in Fiscal Year 2025. As of June 30, 2024, the fair market value of the assets in the OPEB Trust was approximately \$11.6 million, an increase of approximately \$1.6 million from the market value of the assets in the OPEB Trust as of June 30, 2023. Additional information on the OPEB Trust's investments can be found in Note 2 to the District's audited financial statements for Fiscal Year 2024 attached to the Official Statement as Appendix B.

Changes in the OPEB Liability. The changes in the liability for the District's OPEB plans were as follows (in thousands):

IRVINE RANCH WATER DISTRICT
Changes in OPEB Liability
(In Thousands)

	<i>PEMHCA</i>	<i>RHCRP</i>	<i>Retiree Death Benefit Only</i>	<i>Total</i>
Balance at June 30, 2023	\$ 15,600	\$ 3,289	\$ 1,444	\$ 20,333
Changes	<u>681</u>	<u>1,000</u>	<u>81</u>	<u>1,762</u>
Balance at June 30, 2024	\$ 16,281	\$ 4,289	\$ 1,525	\$ 22,095

Source: The District.

Sensitivity of the OPEB Liability to Changes in the Discount Rate. The following table presents the net OPEB liability, calculated using the discount rate of 3.65%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current rate:

IRVINE RANCH WATER DISTRICT
Sensitivity of the OPEB Liability to Changes in the Discount Rate
(In Thousands)

	<i>Discount Rate – 1% (2.65%)</i>	<i>Current Discount Rate (3.65%)</i>	<i>Discount Rate + 1% (4.65%)</i>
PEMHCA	\$ 18,852	\$ 16,281	\$ 14,198
RHCRP	4,567	4,289	4,028
Retiree Death Benefit Only	<u>1,625</u>	<u>1,525</u>	<u>1,435</u>
Total	\$ 25,044	\$ 22,095	\$ 19,661

Source: The District.

For additional information relating to the District's OPEB obligations, see Note 14 to the District's audited financial statements attached to the Official Statement as Appendix B.

Budget Process

The District adopts a budget every other year for a two-year period. Following the adoption of the operating budget, the Board of Directors approves a schedule of water, sewer and recycled water rates for the first Fiscal Year within the budgeted period based on the budget approved by the Board of Directors, with rates for the following Fiscal Year during such budgeted period determined prior to the commencement of such Fiscal

Year. See the caption “CONSTITUTIONAL LIMITS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

The operating budget for Fiscal Years 2025 and 2026 was approved on March 24, 2025. On that date, the Board also adopted water and sewer rate increases that will go into effect on July 1, 2025 to cover costs associated with the two-year budget. See the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.”

Water and Sewer System Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, third party liability, errors and omissions and natural disasters. The District utilizes a combination of self-insurance, first-party coverage and third-party liability insurance to minimize loss exposures from property, third-party liability claims and workers compensation claims. The District self-insures the first \$50,000 per occurrence for property losses, \$100,000 per occurrence for third-party liability claims and \$125,000 per occurrence for workers compensation claims. The District implements various controls to minimize loss including, but not limited to, hosting routine employee safety meetings and training sessions, using uniform language in contracts designed to limit or prevent liability exposure, implementing cyber risk mitigation protocols, performing general risk assessments, and developing emergency plans (including a business continuity plan).

Property, boiler & machinery, pollution, excess workers’ compensation and cyber liability insurance is provided through participation in Public Risk Innovation, Solutions and Management (“**PRISM**”). PRISM is a joint exercise of powers authority that was formed by numerous public agencies in the State to provide risk management services and insurance programs to its members. Property insurance includes flood insurance but does not include earthquake insurance except for the District’s real estate investment properties. See the caption “—Current Investments.” General and excess liability coverage of \$35,000,000 is also provided through participation in PRISM. Pollution and legal liability coverage for the Irvine Desalter Project is provided through an environmental pollution and remediation legal liability policy with Indian Harbor Insurance Company, an AXA XL company. The District also maintains commercial crime, difference in conditions (i.e. earthquake), railroad protective liability, fiduciary liability, and special liability insurance through its broker, Alliant Insurance Services. Settlements have not exceeded coverage for each of the past three Fiscal Years.

In addition to maintaining cyber liability insurance through PRISM, the District’s cyber security operations includes 24x7 monitoring by a Managed Security Services Provider, NIST-aligned processes, and employees with cybersecurity certifications. The District also engages an independent third party consultant to annually assess its cyber security, including critical data assets, potential system vulnerabilities and the District’s ability to respond effectively to cybersecurity threats.

Time and Manner of Payments for Service Charges

A majority of bills and charges for water and sewer, recycled water and natural treatment system service are billed monthly, due and payable upon presentation and become delinquent after 25 days. If payment is not received within 25 days after presentation, a late charge will be levied on any unpaid balance and after notice and proceedings as required by law (as described below), service may be discontinued. For late payment balances of \$10 or more, a one-time late charge of 10% of the unpaid balance plus 1.5% interest will be assessed for each month until the unpaid balance has been paid in full. A shutoff notice is mailed out in conjunction with an automated courtesy phone call when the unpaid balance is at least \$150 and at least 40 days delinquent. The District will disconnect service between day 60 and 65. Service is not restored until all charges, including a restoration charge, have been paid in full or the customer agrees to a payment arrangement. A small number of accounts located in Newport Beach, for which the District provides only sewer service, are billed on the County of Orange (the “**County**”) tax rolls. The County remits 100% of the revenues from such sewer service to the

District on an accrual basis when due (irrespective of actual collections) under the County’s Teeter Plan. See the caption “—Alternative Method of Tax Apportionment – “Teeter Plan.”

The District’s shutoff policy complies with Senate Bill 998, which revised the requirements for residential shutoffs due to delinquent payments or non-payment effective February 1, 2020. Under the District’s policy, the District may not discontinue residential water service for non-payment until the unpaid balance is at least \$150 and at least 60 days delinquent. The District will notify the customer and provide the District’s policy no less than seven business days before discontinuing service. Residential service may be discontinued no sooner than five business days after the District contacts the delinquent customer, or if no contact is established, posts a final Notice of Intent to Disconnect Service in a conspicuous location at the property that is served. The District also may not discontinue residential water service if all of the following conditions are met:

- Discontinuing water service poses a serious threat to the health and safety of a resident;
- The customer demonstrates that they are financially unable to pay for residential water service within the normal billing cycle (to qualify, the customer must participate in certain low income programs or certify that they are below 200% of the federal poverty level); and
- The customer agrees to a payment arrangement for past due amounts, generally not to exceed 12 months and must pay current charges.

If the customer’s income is below 200% of the poverty line, then the restoration fee is limited to \$55 during normal business hours or \$165 after normal business hours.

The District’s shutoff policy is available in English and seven other languages spoken by 10% or more of the District’s customers. The District will also be required to report the number of annual discontinuations of residential water service for inability to pay; reporting will be done by posting this information on the District’s website and notifying the Board of Directors.

Outstanding Indebtedness

Improvement District Indebtedness. As of April 30, 2025, the District had \$452,210,000 aggregate principal amount of outstanding *ad valorem* assessment bonds (the “**Ad Valorem Assessment Bonds**”) on behalf of the Improvement Districts. The Ad Valorem Assessment Bonds are secured by *ad valorem* assessments on land within the respective Improvement District, and are not by their terms payable from Revenues, except for the Series 2025A Bonds, Series 2025B Bonds, the Series 2010B Bonds, the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1 (the “**Series 2011A-1 Bonds**”), the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2 (the “**Series 2011A-2 Bonds**”) and the Bonds of Irvine Ranch Water District, Series 2016 (the “**Series 2016 Bonds**”), each of which is described below under the caption “—Parity Obligations.” The District’s practice has been to apply Net Revenues remaining after the payment of debt service on Parity Obligations and subordinate obligations to the principal of and interest on the Ad Valorem Assessment Bonds. Pursuant to Section 35975 of the Act, the District also may levy certain rates and charges in lieu of *ad valorem* assessments to pay the Ad Valorem Assessment Bonds. The District does not currently levy in-lieu rates and charges. Any such in-lieu rates and charges levied by the District in the future would not constitute Revenues. The following table illustrates a breakdown of outstanding Ad Valorem Assessment Bonds by Improvement District as of April 30, 2025.

TABLE 3
IRVINE RANCH WATER DISTRICT
Outstanding Ad Valorem Assessment Bonds By Improvement District

<i>Improvement District</i>	<i>Amount Authorized</i>	<i>Amount Issued</i>	<i>Remaining Unissued Bonds Authorized</i>	<i>Amount Outstanding as of April 30, 2025</i>
Waterworks Bonds				
110	\$ 0	\$ 0	\$ 0	\$ 0
112 ⁽¹⁾	28,512,300	8,111,479	20,400,821	6,713,913
113 ⁽¹⁾	25,769,500	16,299,920	9,469,580	12,345,160
125 ⁽¹⁾⁽²⁾	735,246,000	429,728,732	305,517,268	149,552,386
153	237,300,000	7,601,244	229,698,756	6,918,308
154	4,839,000	0	4,839,000	0
185	13,500,000	1,492,889	12,007,111	1,358,760
188 ⁽¹⁾	8,174,000	4,589,618	3,584,382	1,540,906
Total Waterworks Bonds	<u>\$ 1,053,340,800</u>	<u>\$ 467,823,883</u>	<u>\$ 585,516,917</u>	<u>\$ 178,429,433</u>
Sewer Bonds				
1 ⁽³⁾	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ 0
212 ⁽⁴⁾	108,712,000	26,013,323	82,698,677	21,926,220
213	87,648,000	28,565,396	59,082,604	18,661,049
225 ⁽¹⁾⁽⁴⁾	856,643,000	493,304,113	363,338,887	216,753,002
240	117,273,000	49,722,056	67,550,944	3,683,649
252	0	0	0	0
253	122,283,000	11,877,248	110,405,752	108,101,333
256	0	0	0	0
285	21,300,000	1,808,776	19,491,224	1,646,266
288	8,977,000	443,106	8,533,894	300,248
Total Sewer Bonds	<u>\$ 1,324,836,000</u>	<u>\$ 613,734,018</u>	<u>\$ 711,101,983</u>	<u>\$ 273,780,567.00</u>
Total District	<u>\$ 2,378,176,800</u>	<u>\$1,081,557,900</u>	<u>\$ 1,296,618,900</u>	<u>\$ 452,210,000</u>

⁽¹⁾ The Series 2025B Bonds represent the consolidated, several general obligations of these Improvement Districts. See the Official Statement under the caption "SECURITY FOR THE SERIES 2025B BONDS—General—Assessment Proceeds and Pledge of Revenues."

⁽²⁾ Improvement District No. 125 was created on November 11, 2013 and reflects the consolidation of portions of former Improvement District Nos. 105, 106, 102, 121, 130, 135, 140, 161, 182, 184 and 186.

⁽³⁾ Also referred to as Improvement District No. 210.

⁽⁴⁾ Improvement District No. 225 was created on November 11, 2013 and reflects the consolidation of portions of former Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

Source: The District.

Parity Obligations. In addition to the Series 2025B Bonds, the District has the following Outstanding Parity Obligations:

- **Prior Reimbursement Agreements.** In connection with the District's prior issuances of variable interest rate *ad valorem* assessment bonds, the District has entered into several reimbursement agreements (the "**Prior Reimbursement Agreements**") with various letter of credit banks (the "**Prior Banks**"). Pursuant to the terms of the Prior Reimbursement Agreements, the District's obligations to reimburse the Prior Banks will be payable from Net Revenues on parity with the Series 2025B Bonds and other Parity Obligations. There are currently no reimbursement obligations outstanding, although the District may incur reimbursement obligations under such Prior Reimbursement Agreements as provided therein. Variable interest rate bonds that are purchased by a Prior Bank bear interest at a significantly higher interest rate, and a Prior Bank that has purchased such bonds may elect to convert the term of such bonds into a term loan that is amortizable over a period of up to three years, depending upon the applicable Prior Reimbursement Agreement, resulting in significant increases in debt service. The following table summarizes the stated amount of each letter of credit associated with the Prior Reimbursement Agreements.

TABLE 4
IRVINE RANCH WATER DISTRICT
Summary of Prior Reimbursement Agreements

<i>General Obligation Bonds</i>	<i>Outstanding Principal</i>	<i>Letter of Credit Bank</i>	<i>Expiration Date</i>	<i>Letter of Credit Stated Amount</i>	<i>Reimbursement Obligations Outstanding</i>
		Sumitomo Mitsui			
Series 2008A	37,000,000	Banking Corp.	03/13/28	37,547,397	0
Series 2009A	42,500,000	Bank of America, N.A.	05/01/28	42,975,069	0
Series 2009B	42,500,000	Bank of America, N.A.	05/01/28	42,975,069	0
Series 2011A-1 ⁽¹⁾	36,660,000	Bank of America, N.A.	02/08/27	37,069,788	0
Series 2011A-2 ⁽¹⁾	<u>24,440,000</u>	Bank of America, N.A.	02/08/27	24,713,192	<u>0</u>
TOTAL	\$ 202,300,000				\$ 0

⁽¹⁾ Each of the Prior Reimbursement Agreements for the Series 2011A-1 and Series 2011A-2 Bonds (the “**Series 2011A Bonds**”) were entered into as of February 1, 2024, and effective February 8, 2024. The Series 2011A Bonds are also payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations as described further below.

Source: The District.

- **Series 2010B Bonds.** In 2010, the District issued \$175,000,000 aggregate principal amount of Series 2010B Bonds. The Series 2010B Bonds were outstanding as of April 30, 2025 in the aggregate principal amount of \$175,000,000 and mature in 2040. As described further in the forepart of this Official Statement under the caption “THE REFUNDING PLAN,” a portion of the proceeds of the Series 2025B Bonds are expected to be used to refund the outstanding Series 2010B Bonds.

- **Series 2011A-1 Bonds.** In 2011, the District issued \$60,545,000 aggregate principal amount of Series 2011A-1 Bonds. The Series 2011A-1 Bonds were outstanding as of April 30, 2025 in the aggregate principal amount of \$36,660,000 and mature in 2037. In addition to: (i) *ad valorem* assessments on taxable land in certain Improvement Districts levied pursuant to the Act; (ii) water or sewer charges, as applicable, which in the discretion of the Board of Directors of the District are fixed and collected in such Improvement Districts in lieu of *ad valorem* assessments pursuant to the Act; and (iii) proceeds from the sale of property in such Improvement Districts for the enforcement of delinquent assessments pursuant to the Act (collectively, “**Assessment Proceeds**”), the Series 2011A-1 Bonds are payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations.

- **Series 2011A-2 Bonds.** In 2011, the District issued \$40,370,000 aggregate principal amount of Series 2011A-2 Bonds. The Series 2011A-2 Bonds were outstanding as of April 30, 2025 in the aggregate principal amount of \$24,440,000 and mature in 2037. In addition to Assessment Proceeds, the Series 2011A-2 Bonds are payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations.

The 2011A-1 Bonds and the 2011A-2 Bonds are currently in a daily rate mode and are supported by separate Prior Reimbursement Agreements, as described in Table 4 above.

- **2016 Installment Sale Agreement.** In 2016, the District entered into an Installment Sale Agreement (the “**2016 Installment Sale Agreement**”) in connection with the execution and delivery of the District’s \$116,745,000 aggregate principal amount of Certificates of Participation Irvine Ranch Water District Series 2016. The 2016 Installment Sale Agreement was outstanding as of April 30, 2025 in the aggregate principal amount of \$96,935,000 and matures in 2046. The District’s obligation to make installment payments pursuant to the 2016 Installment Sale Agreement is payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations.

- **Series 2016 Bonds.** In 2016, the District issued \$103,400,000 aggregate principal amount of Series 2016 Bonds. The Series 2016 Bonds were outstanding as of April 30, 2025 in the aggregate principal

amount of \$94,110,000 and mature in 2046. In addition to Assessment Proceeds, the Series 2016 Bonds are payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations.

Future Indebtedness. The District currently anticipates issuing additional bonds in the estimated principal amount of \$200 million in Fiscal Year 2028, although the District has not yet determined which source of revenues will be pledged to repay such bonds and there can be no assurance as to the ultimate timing or principal amount of such bonds. Proceeds from such bonds are expected to be used to finance various capital projects throughout the District. Given the uncertainties associated with the timing of and repayment source for such proposed bonds, the projected operating results set forth under the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do *not* reflect any projected debt service on such bonds in Fiscal Year 2029.

Subordinate Debt.

- **Interest Rate Swap Transactions.** As of April 30, 2025, the District was also obligated under two interest rate swap transactions with a total notional amount of \$60 million and termination dates in March 2029, pursuant to which the District is entitled to receive variable rate payments based on a floating rate index (the one-month Secured Overnight Financing Rate, plus a spread) in return for the District’s obligation to make payments at a fixed interest rate of 5.687%, determined by reference to the outstanding notional amount (the “**Swaps**”).

The Swaps are evenly distributed, as to notional amount on a particular payment date, between two swap counterparties – Bank of America, N.A. (“**BANA**”) and Citibank, N.A. (“**Citibank**”). For additional information with respect to the payment terms and other information relating to the Swaps, see Note 3 to the District’s audited financial statements attached to the Official Statement as Appendix B. Regularly-scheduled and early termination payments with respect to the Swaps constitute unsecured general obligations of the District payable from legally available funds. The Swaps are payable from certain Revenues on a subordinate basis to the District’s obligation to pay the Series 2025B Bonds and debt service on other Parity Obligations. In addition, any amounts received by the District pursuant to the Swaps constitute Revenues and, as such, are pledged to the payment of the Series 2025B Bonds and other Parity Obligations. Based on the structure and financial terms of each Swap, the mark-to-market value of the Swaps will not exceed a collateral threshold amount of \$15,000,000; accordingly, the District does not expect to post collateral with respect to the Swaps in the future.

The above-described interest rate swap transactions entail risk to the District. For example, there is no guarantee that the floating rate payable to the District pursuant to a Swap will match the variable interest rate on the related Parity Obligations at all times or at any time. Under certain circumstances, a Swap counterparty may be obligated to make a payment to the District under a Swap that is less than the interest due on the related Parity Obligations. In such event, the District would be obligated to pay such insufficiency from Revenues. This has occurred on certain occasions.

In addition, the Swap counterparties may fail or be unable to perform, actual interest rates may vary from assumptions or the District could be required to make a net payment (on a subordinate basis to the Series 2025B Bonds) to a Swap counterparty in the event of an early termination of one or more Swaps. The early termination of a Swap may not affect the obligations of the counterparty with respect to the other Swap. The District cannot predict if any of the foregoing events will occur with respect to one or more of the Swaps. The District may also elect from time to time to enter into additional interest rate swap agreements with security and payment provisions determined by the District, and the risks described in this paragraph could also apply to such additional interest rate swap agreements. However, the District does not anticipate that any such event would have a material adverse effect on the District’s ability to pay the principal of and interest on the Series 2025B Bonds.

In connection with the Swaps, the District has entered into certain protocols, including amendments or supplements to the Swaps, to comply with ISDA’s Dodd-Frank Documentation Initiative and other requirements,

including responses to regulatory requirements binding others, imposed under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- Santiago County Water District Consolidation. The District and Santiago County Water District (“SCWD”) consolidated effective July 1, 2006. As successor to SCWD, the District is obligated to satisfy the following obligations: (i) a fiscal services agreement with the State of California Department of Water Resources, with a loan balance of approximately \$80,200 as of April 30, 2025 and final payment due in 2025; and (ii) a promissory note payable to Foothill/Eastern Transportation Corridor Agency with a remaining balance of approximately \$377,800 as of December 31, 2024 and a final payment date in 2045.

Variable Rate Debt Management

The Board of Directors of the District has adopted a policy to maintain a target amount of investment assets equal to 75% or more of the District’s outstanding unhedged variable rate indebtedness. No assurance can be made that the Board of Directors of the District will not modify such policy in the future.

Current Investments

As of April 30, 2025, the District had investments (excluding the real estate investments that are described below) with a market value of approximately \$361 million as follows:

TABLE 5
IRVINE RANCH WATER DISTRICT
Summary of Investments⁽¹⁾

<i>Investment Type</i>	<i>Approximate Investment Amount in Millions</i>	<i>Percentage of Total Investments</i>
Federal Agency Securities	\$ 49.9	12.81%
Treasury Equivalent – Money Market	25.8	6.63
Local Agency Investment Fund	30.3	7.76
United States Treasury Securities	<u>283.9</u>	<u>72.80</u>
Total	\$ 389.9	100.00%

⁽¹⁾ Reflects market values as of March 31, 2025. Rounded. Excludes real estate investments that are described below.
Source: The District.

In addition to the moneys invested as described in Table 5 above, the District has invested approximately \$106.1 million of its capital facilities replacement fund in real property. The District’s current real property investments include a limited partnership interest in a 230-unit apartment complex (the “**Wood Canyon Villas Apartments**”), ownership of a 450-unit apartment complex (the “**Sycamore Canyon Apartments**”) and four commercial office buildings (the “**Irvine Market Place**,” the “**Waterworks Business Park**,” the “**Sand Canyon Professional Center**” and the “**Sand Canyon General Office**”). The Sand Canyon General Office building was completed in August 2020 and was fully leased in 2022. The District’s real estate investments are income-producing properties and the earnings and projected earnings for all properties are reflected in Tables 6 and 7, respectively, below.

Under current accounting rules, real estate investments are shown at fair market value. The total fair market value of the above-described assets as of June 30, 2024 was approximately \$325.9 million.

Historic Net Real Estate Income

The following table shows the net real estate income after expenses of the District for the five most recent Fiscal Years.

TABLE 6
IRVINE RANCH WATER DISTRICT
Historic Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Real Estate Income</i>
2020 ⁽¹⁾	\$12,549
2021	9,822
2022	9,756
2023	11,398
2024	12,610

⁽¹⁾ Fiscal Year 2020 reflects receipt of payment of interest on the Lake Forest Serrano Summit note.
Source: The District.

Projected Net Real Estate Income

The following table projects the net real estate income after expenses of the District for the current and next four Fiscal Years.

TABLE 7
IRVINE RANCH WATER DISTRICT
Projected Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Income</i> ⁽¹⁾
2025	\$12,900
2026	13,000
2027	13,400
2028	13,802
2029	14,216

⁽¹⁾ Based on existing and expected leases. See the caption “—Current Investments.”
Source: The District.

1% Property Tax Revenues

Pursuant to the Act, the Board of Supervisors of the County is required to levy a “general assessment” on assessable property within the boundaries of the District that is sufficient to raise the amounts determined each year by the District’s Board of Directors to be necessary for the authorized purposes of the District. These provisions, however, have largely been superseded by the passage by the California electorate in June of 1978 of Article XIII A of the California Constitution (commonly known as “Proposition 13”), and by the legislation subsequently enacted by the California Legislature to implement Article XIII A. As a result of Article XIII A and its implementing legislation, the District receives as proceeds of the “general assessment” a share of the one percent *ad valorem* property tax collected by the County from assessable property within the boundaries of the District (the “1% Property Tax Revenues”).

From time to time legislation has been considered as part of the State budget to shift 1% Property Tax Revenues collected by each county from local agencies, including special districts such as the District, to school districts or other governmental entities. However, Proposition 1A (“**Proposition 1A**”), which was approved by the voters in November 2004, restricted State authority to reduce major local tax revenues. In addition, on November 2, 2010, California voters approved Proposition 22 (“**Proposition 22**”), the provisions of which superseded many of the provisions of Proposition 1A. Proposition 22: (i) prohibits the State from shifting or delaying the distribution of funds from special districts to schools and community colleges; (ii) eliminates the authority to shift property taxes temporarily during a severe financial hardship of the State; and (iii) restricts the State’s authority to use fuel tax revenues to pay debt service on transportation bonds, to borrow or change the distribution of fuel tax revenues or to use Vehicle License Fee revenues to reimburse local governments for state-mandated costs.

A portion of the District’s 1% Property Tax Revenues was previously subject to borrowing by the State under Proposition 1A. Despite the passage of Proposition 22, there can be no assurance that the 1% Property Tax Revenues which the District currently expects to receive will not be temporarily shifted from the District in future fiscal years or reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of 1% Property Tax Revenues by the District. See the Official Statement under the caption “SECURITY FOR THE SERIES 2025B BONDS—Pledge of Assessment Proceeds and Revenues” for a discussion of the extent to which 1% Property Tax Revenues are available to pay principal of and interest on the Series 2025B Bonds.

The table below sets forth the amount of 1% Property Tax Revenues received by the District for the five most recent Fiscal Years.

TABLE 8
IRVINE RANCH WATER DISTRICT
1% Property Tax Revenues
(in Thousands)

<i>Fiscal Year</i>	<i>1% Property Tax Revenues</i>
2020	\$45,604
2021	48,032
2022	50,898
2023	50,472
2024	57,585

Source: The District.

Alternative Method of Tax Apportionment – “Teeter Plan”

The Board of Supervisors of Orange County (the “**County**”) has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property assessments on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the assessment-levying or assessment-collecting agency.

The Teeter Plan for the County is applicable to all assessment levies for which the County acts as the assessment-levying or assessment-collecting agency, or for which the treasury of the County is the legal depository of assessment collections.

The *ad valorem* property assessments to be levied by the District will be subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property assessment levied on secured property to pay the Ad

Valorem Assessment Bonds irrespective of actual delinquencies in the collection of the assessment by the County so long as the Teeter Plan remains in effect. The District's share of 1% Property Tax Revenues and revenues from a small number of accounts located in Newport Beach for which the District provides only sewer service (as discussed under the caption "—Time and Manner of Payments for Service Charges") are also subject to the Teeter Plan.

The Teeter Plan is to remain in effect for the County unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event that the Board of Supervisors of the County discontinues the Teeter Plan for the County, only those secured property assessments that are actually collected would be allocated to political subdivisions (including the District) for which the County acts as the assessment-levying or assessment-collecting agency.

Governmental Regulations

The District's operations are subject to numerous environmental regulations enforced by multiple governmental entities. Programs are in place for compliance with drinking water regulations, water discharge regulations, underground and aboveground fuel storage tank regulations, hazardous materials management plans, hazardous waste regulations, air quality permitting requirements, wastewater discharge limitations and employee safety issues relating to hazardous materials and other conditions. Also, the District aggressively pursues the investigation and, when appropriate, the implementation of alternative methods and technologies for meeting increasingly strict environmental regulations.

The District expects environmental regulation to increase, resulting in higher capital and operating costs in the future, which may have a material adverse effect on the finances of the District.

Although the District's Board of Directors establishes the schedules of water, sewer and recycled water rates for each Fiscal Year, such rates are subject to the requirements of Proposition 218, which are described further under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

Climate Change and Natural Disasters

Climate Change. The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas ("GHG") emissions continue to accumulate in the atmosphere, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels.

As a recognized industry leader with a history of implementing innovative and cutting-edge practices and cost-effective programs, the District developed an Energy and GHG Master Plan in 2012 to improve, optimize and reduce its energy consumption and GHG emissions. The plan identified cost-effective capital projects to reduce the District's existing and future energy usage, costs and, as required under future regulatory conditions, the District's GHG emissions. The District is currently developing a Climate Adaptation and Energy Management Plan that will identify additional cost-effective projects and programs that can help reduce GHG emissions through increased energy efficiency. This plan will also take into consideration potential operational changes and projected climate impacts on the District's water supply reliability.

In 2021, *The Climate Registry*, which oversees North America's largest voluntary greenhouse gas registry, empowering organizations and public agencies to act on climate change by reducing their carbon emissions, honored the District with gold-level status for demonstrating exceptional leadership in meeting rigorous voluntary greenhouse gas reporting criteria. The District recently completed its 2023 GHG inventory,

which is undergoing third party verification. Upon verification, the inventory will be submitted to *The Climate Registry*.

Natural Disasters. The property within the District, like all California communities, may be subject to unpredictable seismic activity, wildfires, droughts, high winds, landslides, floods or other natural disasters. Southern California is a seismically active area. Seismic activity represents potential risk for damage to buildings, roads, bridges and property within the District in the event of an earthquake, including the Water System and the Sewer System. There is significant potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. In recent years, wildfires have caused extensive damage throughout the State, including within the County. In some cases, these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. Several fires which occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future. The California Department of Forestry and Fire Protection (“**Cal Fire**”) periodically prepares maps which evaluate fire hazard, which is defined as the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts, as opposed to risk, which is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. In March 2025, Cal Fire released an updated Fire Hazard Severity Zone map for the Southern California region and portions of the District’s service area are located within areas classified as “Moderate,” “High” or “Very High” Fire Hazard Severity Zones by Cal Fire.

In the event of a severe earthquake, wildfire, drought, windstorm, landslide, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District, including to the Water System or the Sewer System. As a result of such damage or destruction, property owners may be unable or unwilling to pay their property taxes when due, including the *ad valorem* assessments levied by the District to pay debt service on the Series 2025B Bonds and the other Ad Valorem Assessment Bonds of the District. Such damage may also result in a reduction in Net Revenues available to pay debt service on the Series 2025B Bonds.

In January 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the “Governor’s Order”) which canceled penalties, costs and interest on overdue property taxes within certain zip codes affected by the Palisades and Eaton Fires during calendar year 2025. This will likely cause a delay in the payment of property taxes by property owners in areas affected by Governor’s Order. Unless property owners within the affected areas pay their property taxes voluntarily or have mortgage impound accounts, it is possible bonds payable from property taxes in such areas will experience a need to draw on reserve accounts or a payment default. In the event of a major fire or other natural disaster affecting the property within the District, a similar order affecting the property within the District could impact the collection of the *ad valorem* assessments levied by the District to pay debt service on the Series 2025B Bonds and the other Ad Valorem Assessment Bonds of the District.

WATER SUPPLY

The District was formed in 1961 for the purpose of obtaining a water supply for municipal and irrigation uses. For the twelve-month fiscal year period that ended June 30, 2024, of the water supplied by the District, approximately 15% was imported water, approximately 57% was groundwater as well as native water and approximately 28% was recycled water. The District notes that recycled water sales are not subject to the drought conservation regulations that have been released by the State in recent years, as discussed under the caption “— Water Use Efficiency,” or any voluntary conservation measures.

The District operates a number of wells and reservoirs that produce or store local water for both potable and non-potable uses. Surface storage includes Irvine Lake, a 25,000 acre-foot reservoir that is owned by the District. Irvine Lake is impounded by Santiago Creek Dam. In January 2025, Serrano Water District (“**SWD**”) transferred its ownership in Irvine Lake to the District and Irvine Lake is now entirely owned by the District. As part of the transaction, SWD also transferred, to the District, SWD’s ownership of the Walter E. Howiler, Jr. Water Filtration Plant (“**Howiler Plant**”). The Howiler Plant was used by SWD to treat Irvine Lake water for delivery as potable supply. SWD transferred these assets to the District to avoid approximately \$120 million in capital costs of the planned improvements to Santiago Creek Dam and related facilities that are described below. In exchange for the transfer, the District has committed to help SWD maintain water supply reliability by providing SWD access to treated imported water from Metropolitan Water District of Southern California (“**Metropolitan**”) and/or treated water from the Howiler Plant. In the near future, the District will design and construct an interconnecting pipeline from the District’s potable system to the Howiler Plant that will allow the District to serve potable water from the Howiler Plant into the District’s service area.

Irvine Lake receives native water from the Santiago Creek watershed and is also used to store imported untreated water from Metropolitan. The District treats the native water at the Baker Water Treatment Plant (“**Baker WTP**”) and now the Howiler Plant to help meet potable water demands of the District and Baker WTP partner districts, as well as providing reliability to SWD as described above. Such water is also used for agricultural and other irrigation purposes and supplements the recycled water system during peak demand periods. See the caption “THE WATER SYSTEM—General” for a discussion of the use of Irvine Lake water at the Baker WTP under certain circumstances.

The Santiago Creek Dam outlet tower and spillway have reached the end of their useful lives. The embankment dam is also in need of improvement. The District is currently undertaking an approximately \$470,000,000 project to replace the outlet tower and spillway and to make embankment improvements. See the captions “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—*Future Indebtedness*” and “FUTURE CAPITAL IMPROVEMENTS.”

In addition, the District has a total of approximately 4,200 acre feet of recycled water storage capacity in its Sand Canyon, Rattlesnake, San Joaquin and Syphon Reservoirs and is currently evaluating additional recycled water storage projects. See the caption “THE WATER SYSTEM—General” for a discussion of the possible expansion of the Syphon Reservoir.

Imported Water

In Fiscal Year 2024, the District purchased 12,661 acre feet of water imported from the Colorado River and northern California by The Metropolitan Water District of Southern California (“**MWD**”). MWD supplies water through its member agencies, including the member agency in which the District is situated, Municipal Water District of Orange County (“**MWDOC**”). The cost of treated and untreated imported water from MWDOC as of January 1, 2025 is \$1,395 per acre foot and \$912 per acre foot, respectively. In addition, the District currently pays a fixed charge to MWDOC in the form of readiness to serve, capacity reservation and service connection charges. The readiness to serve and capacity reservation charges are paid monthly and, as of January 1, 2025, total \$219,679 per month, while the service connection charge is paid annually and, for Fiscal Year 2024, was \$1,655,872.

MWD faces various challenges in the continued supply of imported water to MWDOC. A description of these challenges as well as a variety of other operating information with respect to MWD is included in certain disclosure documents prepared by MWD. MWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. MWD has also entered into certain continuing disclosure agreements pursuant to which MWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”). Such official statements, other disclosure documents, annual reports and notices (collectively,

the “**MWD Information**”) are filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“**EMMA**”) at <http://emma.msrb.org>. The MWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. MWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2025B BONDS TO PROVIDE MWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS.

MWD HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO MWD. MWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS UNDER RULE 15c2-12.

Groundwater

General. One of the goals of the District’s Water Resources Master Plan is to identify a reliable water supply mix, which includes developing sufficient groundwater production capacity to pump up to the District’s basin production percentage (the “**BPP**”) set by the Orange County Water District (“**OCWD**”), the agency responsible for managing the Orange County groundwater basin, to produce other local groundwater and to have sufficient capacity to meet demands during supply interruptions. District groundwater pumping is affected by policies of OCWD, including the setting of: (i) replenishment assessments; (ii) a BPP; and (iii) basin equity assessments, each of which is described below.

Replenishment Assessments. OCWD establishes and collects replenishment assessments as a means of purchasing water and funding projects for the purpose of replenishing the Orange County groundwater basin. The replenishment assessment is established annually by OCWD and applies to every acre foot of groundwater produced from the basin.

Basin Production Percentage. In addition, each year, OCWD sets the BPP for water to be extracted from the Orange County groundwater basin. The BPP is the amount of groundwater, as a percentage of the total water demands of a groundwater pumping agency such as the District, that can be pumped from the Orange County groundwater basin from within the OCWD jurisdictional boundary during the year by the groundwater pumping agency without incurring the additional assessment described below. The amount of groundwater that an agency can pump without incurring the additional assessment is calculated by multiplying the total water use of such agency by the BPP (the “**BPP formula**”). Between Fiscal Years 2012 and 2023, the BPP varied from 62% to 85%. In connection with the annexation of certain land by OCWD (as discussed in detail below), the District agreed to a maximum BPP of 70% through October 2023, after which time the applicable BPP for the District has been the BPP set annually by OCWD for all the producers of groundwater. The OCWD board of directors set the BPP at 85% for Fiscal Years 2024 and 2025.

OCWD calculates total water use for the purpose of the BPP without considering recycled water sales to customers. This methodology reduces the amount of groundwater that recycled water sellers such as the District may pump from the Orange County groundwater basin within the OCWD jurisdictional boundary without incurring additional assessments.

Basin Equity Assessment. The additional assessment incurred by an agency that pumps non-exempt groundwater above the limit established by the BPP formula is called the basin equity assessment (the “**BEA**”). The BEA is established annually by OCWD for every acre foot of groundwater produced from the Orange County groundwater basin above the BPP formula (with exemptions described further below for pumping that OCWD determines will provide water quality and other benefits) and is intended to increase the cost of producing groundwater in amounts above the BPP formula so that it equals the cost of importing water,

thereby encouraging groundwater pumping agencies to supplement their groundwater production with imported water for the portion of their water use that exceeds the BPP. The BEA is a surcharge to discourage, yet still allow for, the production of groundwater in excess of the BPP formula. One of the District's operating objectives is to produce the maximum amount of groundwater within the BPP formula and to avoid producing groundwater in excess of such maximum in order to avoid paying the BEA.

Production Limitation Surcharge. Every year, OCWD sets a Production Limitation on the amount that groundwater producers are allowed to pump from groundwater basin inside the OCWD service area boundary. In Fiscal Years 2023, 2024 and 2025 OCWD set the Production Limitation to 100%. Each Fiscal Year, OCWD assesses a Surcharge for any water pumped above the Production Limitation. For Fiscal Years 2023, 2024 and 2025 the Production Limitation Surcharge was set to \$2,000 per acre foot. OCWD is expected to set the surcharge to \$2,000 per acre foot in Fiscal Year 2026.

In Fiscal Year 2015, the amount of groundwater that the District pumped from the Orange County groundwater basin exceeded its BPP by approximately 300 acre feet under the methodology prescribed by OCWD. OCWD's methodology prohibits the District from counting its use of recycled water as part of its total water demand. Based on OCWD's methodology, the District paid under protest a cash BEA of approximately \$1.7 million for Fiscal Year 2016, \$1.8 million for Fiscal Year 2017, \$2.25 million for Fiscal Year 2019, \$2.6 million for Fiscal Year 2020, \$4.7 million for Fiscal Year 2021, \$3.5 million for Fiscal Year 2022, \$4.9 million for Fiscal Year 2023 and \$1.4 million for Fiscal Year 2024. The District did not pay a BEA for Fiscal Year 2018.

In 2016, the District filed a court challenge to OCWD's methodology and policies regarding BEA calculations that exclude the District's use of recycled water. Through this litigation, the District sought a refund of all or a portion of BEA payments for Fiscal Years 2016, 2017, 2019, 2020, 2021, 2022, 2023 and 2024. In addition, the District sought a judicial declaration in the litigation that, because of OCWD's failure to consider recycled water a supplemental source of water, OCWD had miscalculated the amount of BEA credits remaining under various contracts with OCWD concerning groundwater quality projects being undertaken by the District. This court challenge was resolved in favor of OCWD by a decision of the Court of Appeal of the State of California, Second Appellate District, Division Five on October 7, 2024. Moving forward, recycled water will be excluded from the calculation of the District's total water use inside the OCWD service area boundary.

OCWD has sought to enable groundwater producers to derive a larger percentage of their water supplies from local sources in times of statewide drought so that such producers can reduce purchases of imported water at increased rates. For these reasons, OCWD has gradually increased the BPP in recent years. The BPP was set at 85% for Fiscal Years 2024 and 2025. In accordance with its 70% BPP for Fiscal Year 2023 and 85% BPP for Fiscal Year 2024, the District pumped approximately 43,964 acre feet and 43,497 acre feet of water from the Orange County groundwater basin in Fiscal Year 2023 and Fiscal Year 2024, respectively. The District currently pays OCWD a replenishment assessment of \$688 per acre foot for all groundwater pumped and a BEA equal to an additional \$580 per acre foot for groundwater pumped in excess of the BPP formula. The District did not pump above Production Limitation in Fiscal Years 2023 and 2024 and therefore was not assessed a Production Limitation Surcharge.

For certain portions of the District's groundwater production, the application of OCWD's BPP and BEA varies from the above general description. The District's Dyer Road Well Field has a production amount established by contract with OCWD as described in the below paragraph. The District also has several projects through which groundwater is produced that are, by contract with OCWD, completely or partially exempt from the BEA. While this "BEA-exempt" groundwater typically requires treatment, the District's cost to produce and treat this groundwater is effectively capped at the cost for imported water. Additionally, as portions of the District currently lie outside of OCWD's jurisdictional boundary, water demands in those areas are not included by OCWD in the accounting of the BPP for the District. Currently, approximately 25% of the District's potable water demand is from outside the OCWD jurisdictional boundary. In 2014, the Orange County Local Agency Formation Commission approved the annexation of approximately 6,482 acres of land within the District into

OCWD. The majority of such land is open space and is not expected to be subject to additional water demand at this time.

The BPP formula for the District's Dyer Road Well Field is not adjusted annually by OCWD but is fixed by contract with OCWD at 28,000 acre feet per year of clear groundwater, subject to the requirement that the amount over 20,000 acre feet is matched by an equal amount of groundwater pumped from the District's Deep Aquifer Treatment System (the "DATS"), which treats water from a deep aquifer in order to remove organic color. Like OCWD's general BPP, the Dyer Road Well Field's contractually fixed BPP formula discourages, but does not prohibit, production over such amount through the application of the BEA to any excess amount.

As discussed above, effective October 2, 2013, the District entered into an agreement with OCWD pursuant to which approximately 6,482 acres of the District's territory was annexed to OCWD upon the Orange County Local Agency Formation Commission's approval in July 2014. Under the annexation agreement, the District agreed to a specified termination date for its BEA exemption on the DATS, represented that the DATS wells would be used to supply the groundwater used in the annexed territory and agreed that for a period of ten years (i.e., through 2023) from the effective date of the annexation agreement, the District will be deemed subject to a BPP equal to the lesser of OCWD's actual BPP or 70%. The 70% BPP limit on the District has now expired and the District can pump up to the BPP set by OCWD in April of each year. For Fiscal Years 2024 and 2025, the BPP was set by OCWD to 85%. For Fiscal Year 2026, OCWD is expected to set the BPP again to 85%.

The District also produces groundwater from its Irvine Desalter Project, which is described in greater detail under the caption "—Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects." In Fiscal Year 2024, the Irvine Desalter Project provided a combined total potable and non-potable water production of approximately 4,893 acre feet that is exempt from the BPP. In addition, a combined additional approximately 4,600 acre feet per year of production is available from two other wells, the Orange Park Acres well ("OPA-1"), Well 2 in Lake Forest, and Well 115 in Irvine. Water from Well 115 is pumped and treated at the Irvine Desalter Project. However, such water is not accounted for as Irvine Desalter Project water because it was not part of the original Irvine Desalter Project. The available capacity of the OPA-1 well recently increased per agreement from 900 acre feet to 3,200 acre feet per year. Production from the OPA-1 well and Well 115 is subject to the BPP and the BEA. The District recently completed construction and startup of the PFAS treatment project for OPA-1 well and has been online since November 2024. Well 2 was offline in Fiscal Year 2023 and 2024 and is exempt from the BPP and the BEA.

In addition, in April 2013, the District completed construction of the Wells 21 and 22 project. The Wells 21 and 22 facility produced approximately 1,158 acre feet and 2,746 acre feet of groundwater in Fiscal Years 2023 and 2024, respectively. These wells are exempt from the BPP and the BEA. The District recently updated the Groundwater Workplan and does not have near-term plans to expand its groundwater production facilities further. The Groundwater Workplan will be updated every 2-3 years to determine if additional groundwater wells are needed to accommodate future growth from the Regional Housing Needs Assessment (RHNA) and other infill and redevelopment projects.

Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects. The Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects are groundwater development projects that were constructed by the District in cooperation with OCWD, the United States Departments of the Navy and Justice, MWD and MWDOC. The two projects commenced operations in early 2007.

The Irvine Desalter Potable Water Project consists of a potable water wellfield, pipelines and a purification plant. This project treats local groundwater to remove salts and nitrates caused by the natural geology and past agricultural use. The water is treated to drinking water standards through reverse osmosis and disinfection. The Irvine Desalter Potable Water Project was originally anticipated to pump approximately 5,100 acre feet of groundwater per year. However, actual pumping may vary each year based on operational

conditions. In Fiscal Years 2023 and 2024, the Irvine Desalter Potable Water Project produced approximately 3,834 acre feet and 2,636 acre feet of potable groundwater, respectively.

The El Toro Groundwater Remediation Project is treating a plume of contaminated groundwater from the main aquifer of the Irvine sub-basin of the Orange County groundwater basin. The plume originated from the former El Toro Marine Corps Air Station (the “MCAS”). The El Toro Groundwater Remediation Project consists of a treatment system that removes volatile organic compounds which are present in the groundwater as a result of the previous use of solvent degreasers at the MCAS. The treatment plant removes contaminants from the groundwater using an air stripper and granular activated carbon absorption units. The treated water is used in the District’s recycled water system and is designed to supply 3,400 acre feet of non-potable groundwater per year. Treatment at one of the El Toro Groundwater treatment plants is being expanded for treatment of PFAS and is expected to be complete by June 30, 2026. In Fiscal Years 2023 and 2024, the El Toro Groundwater Remediation Project produced approximately 1,694 acre feet and 2,256 acre feet, respectively, from non-potable wells. The United States Department of the Navy is compensating the District for this component of the project as part of the Settlement Agreement for Groundwater Remediation of the MCAS. The District expects that such compensation will cover the project costs until the plume of contaminated groundwater is cleaned up.

In addition to the two components described above, the Department of the Navy operates a number of wells on the former MCAS property. These wells pump contaminated groundwater from shallow basins located below the former base. Such water is treated by a treatment plant owned and operated by the District using an air stripper and granular activated carbon absorption units. These wells and the treatment plant, which are referred to as the Shallow Groundwater Unit (the “SGU”), are designed to treat approximately 640 acre feet per year of contaminated groundwater. The treated SGU water is disposed of via an existing ocean outfall. Treatment at the SGU treatment plant is being expanded for treatment of PFAS and is expected to be complete by June 30, 2026. In Fiscal Years 2023 and 2024, the SGU treated approximately 475 acre feet and 0 acre feet, respectively, of water.

Historic Groundwater Supply. Set forth below is a summary of the District’s sources of groundwater supply in acre feet per year for the last five Fiscal Years.

TABLE 9
IRVINE RANCH WATER DISTRICT
Historic Groundwater Supply In Acre Feet Per Year

<i>Fiscal Year</i>	<i>Dyer Road Well Field</i>	<i>Deep Aquifer Treatment System</i>	<i>Irvine Desalter Project⁽¹⁾</i>	<i>Irvine Sub- basin</i>	<i>Other⁽²⁾</i>	<i>Total</i>
2020	23,217	8,489	6,772	2,279	6,064	46,821
2021	28,242	8,266	6,549	2,223	1,280	46,559
2022	26,451	6,492	7,574	2,400	1,607	44,524
2023	27,219	8,174	6,386	1,158	553	43,490
2024	27,711	8,101	4,939	2,747	1	43,498

⁽¹⁾ Excludes water pumped from the SGU. Includes Well 115 and non-potable water (Wells ET-1, 2 and 78) used in the District’s recycled water system.

⁽²⁾ Includes Well 2 in Lake Forest, Wells 72, and 106 and In-Lieu water, which is imported water purchased at the request of OCWD. The In-Lieu program preserves and promotes groundwater basin levels, and the District generally responds affirmatively to In-Lieu program requests. Also includes the OPA-1 well. See the captions “—Groundwater—General” and “—Water Supply Reliability.” The OPA Well is back online after being out of service since 2019 as a result of PFAS contamination. See the subcaption “—PFAS” below.

Source: The District.

OCWD. OCWD faces various challenges in managing the Orange County groundwater basin. A description of these challenges, as well as a variety of other operating information with respect to OCWD, is included in certain disclosure documents prepared by OCWD. OCWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OCWD has also entered into certain continuing disclosure agreements pursuant to which OCWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the “**OCWD Information**”) are filed with EMMA at <http://emma.msrb.org>. The OCWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OCWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2025B BONDS TO PROVIDE OCWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS.

OCWD HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO OCWD. OCWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS UNDER RULE 15c2-12.

Sustainable Groundwater Management Act. On September 16, 2014, the California Governor signed Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or “**SGMA**”) into law. SGMA constitutes a legislative effort to regulate groundwater on a statewide basis. Pursuant to SGMA, the California Department of Water Resources (“**DWR**”) has designated the Orange County groundwater basin as a medium priority basin for purposes of groundwater management. Compliance with SGMA can be achieved in one of two ways:

(1) By January 31, 2017, local groundwater producers had to establish or designate an entity (referred to as a groundwater sustainability agency, or “**GSA**”), subject to DWR’s approval, to manage each high and medium priority groundwater basin. Each GSA was tasked with submitting a groundwater sustainability plan for DWR’s approval by January 31, 2020.

(2) Alternatively, an existing groundwater management agency can submit a groundwater management plan under Part 2.75 of the California Water Code (an “**Alternative Plan**”) or an analysis for DWR’s review demonstrating that a groundwater basin has operated within its sustainable yield for at least 10 years. Such Alternative Plans were required to be submitted by January 31, 2017 and must be updated every five years thereafter. As discussed below, the District’s Alternative Plan update was submitted to DWR in December 2021.

If local groundwater producers do not create or nominate an entity to serve as a GSA, SGMA authorizes DWR to assume management of a groundwater basin until such time as a GSA can perform such functions.

GSAs must consider the interests of all groundwater users in the basin and may require registration of groundwater users, the installation of flow meters to measure groundwater extractions and annual reporting of extractions. In addition, GSAs are authorized to impose spacing requirements on new wells, monitor, regulate and limit or condition groundwater production and establish production allocations among groundwater producers, among other powers. GSAs are authorized to impose fees to fund such activities and to fine or issue cease and desist orders against producers that violate the GSA’s regulations. A local agency that manages groundwater pursuant to its principal act (such as OCWD) may not exercise such authority in a manner that is inconsistent with any prohibitions or limitations in its principal act unless the governing board of such local agency makes a finding that such local agency is unable to sustainably manage the groundwater basin without

the prohibited authority. Groundwater sustainability plans must include sustainability goals and a plan to implement such goals within 20 years.

SGMA specifically allows OCWD, which manages the Orange County groundwater basin, to develop an Alternative Plan under Part 2.75 of the California Water Code to manage those portions of the basin that are within OCWD's boundaries. See the caption "—Groundwater—General." In order for OCWD to submit an Alternative Plan, the entire groundwater basin (Basin 8-1, as mapped by DWR) must be included. OCWD's service area includes about 89% of the Orange County groundwater basin and is described in the Alternative Plan as the OCWD Management Area ("MA"). The remaining fringe areas, which include portions of multiple agencies, were aggregated into the La Habra/Brea MA, the Santa Ana River Canyon MA and the South East MA.

The District's wells within OCWD's jurisdictional boundaries are presently metered and operated within the management guidelines established by OCWD. The District's wells in the South East MA, when operational, are metered and operated by the District. As of December 2024, the District's remaining wells within the South East MA are not operating.

The District does not currently expect its groundwater extraction rights or costs in the Orange County groundwater basin to change significantly as a result of the enactment of SGMA, nor does the District expect the enactment of SGMA to have a material adverse effect on the District's ability to pay principal of and interest on the Series 2025B Bonds from Net Revenues. The District notes that *ad valorem* property assessments constitute an additional source of moneys available to pay the interest on and principal of the Series 2025B Bonds. See the Official Statement under the caption "SECURITY FOR THE SERIES 2025B BONDS."

The Water Bank (as defined under the caption "—Water Supply Reliability") is located in the Kern County Groundwater Subbasin ("**Kern County Subbasin**") in the vicinity of Bakersfield, California. Some areas of the Kern County Subbasin are critically overdrafted and at risk of negative impacts due to subsidence, changes in water quality, and impacts to shallow wells. On February 20, 2025, the State Water Resources Control Board ("State Board") held a probationary hearing regarding SGMA compliance of the Kern County Subbasin. At the hearing, the State Board recognized that local public agencies in the Kern County Subbasin have made significant efforts to form GSAs and in the development of groundwater sustainability plans ("**GSPs**") for the subbasin. The State Board continued the hearing and asked that the GSAs revise their GSPs to rectify deficiencies that will achieve sustainable groundwater management of the subbasin.

There are numerous water banking projects in the Kern County Subbasin, including the IRWD Water Bank, which is described under the caption "—Water Supply Reliability." While the State Board recognizes the importance of water banking operations in sustainably managing water use, the State Board is concerned that fluctuations in groundwater levels as a result of some water banking operations could impact beneficial users of groundwater in close proximity to water banks. The GSAs are working to ensure that sustainable management criteria are established in the GSPs to avoid such impacts. The State Board has also expressed concerns about the in-lieu recovery operations of some of the water banking projects, which may be subject to fees on extractions. The IRWD Water Bank does not perform in-lieu recovery operations.

PFAS. Per- and polyfluoroalkyl substances ("**PFAS**") are part of a family of synthetic fluorinated organic chemical compounds. PFAS are water and lipid-resistant substances that are useful for a variety of manufacturing processes and industrial applications. They are often present in water supplies which receive wastewater treatment plant effluent that have connectivity to active or former military installations, especially airbases that use or have used aqueous film-forming foams for firefighting purposes.

PFAS is found in certain groundwater wells in the Orange County groundwater basin and in the District's service area. Some of the District's groundwater wells have detectable levels of PFAS; however, the District is not serving any water above Maximum Contaminant Levels ("**MCLs**") as noted below.

In April 2024, the United States Environmental Protection Agency (“USEPA”) adopted the Final PFAS National Primary Drinking Water Regulation. Specific MCLs adopted pursuant to the Safe Drinking Water Act are listed as follows for six PFAS compounds:

<i>PFAS Compound</i>	<i>Final MCL Goal</i>	<i>Final MCL (Enforceable Levels)</i>
PFOA	Zero	4.0 parts per trillion (ppt) (also expressed as ng/L)
PFOS	Zero	4.0 ppt
PFHxS	10 ppt	10 ppt
PFNA	10 ppt	10 ppt
HFPO-DA		
(commonly known as GenX Chemicals)	10 ppt	10 ppt
Mixtures containing two or more of	1 (unitless)	1 (unitless)
PFHxS, PFNA, HFPO-DA, and PFBS	Hazard Index	Hazard Index

The final USEPA PFAS rule requires:

1. Public water systems must monitor for these PFAS and have three years to complete initial monitoring (by 2027), followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of these PFAS in their drinking water beginning in 2027.
2. Public water systems have five years (by 2029) to implement solutions that reduce these PFAS if monitoring shows that drinking water levels exceed these MCLs.
3. Beginning in five years (2029), public water systems that have PFAS in drinking water which violates one or more of these MCLs must take action to reduce levels of these PFAS in their drinking water and must provide notification to the public of the violation.

The District believes that PFAS have been in the Orange County groundwater basin in very low concentrations for many years. Recent technological advances enable the detection of PFAS compounds at extremely low concentrations, and PFAS has been detected in the District’s drinking water well OPA-1, with levels above notification levels for PFOA and PFOS, and above the response level for PFOA. PFAS have also been found in non-potable groundwater cleanup wells El Toro 1 (“ET-1”) and the SGU. The District also has significant water supplies which are not impacted by the presence of PFAS.

OCWD is undertaking a program to install wellhead treatment facilities at all drinking water wells under its jurisdiction for which PFAS levels exceed response levels. OCWD’s adopted policy is to pay for the PFAS wellhead treatment systems in full and to pay for up to 50% of the annual operation and maintenance costs of such facilities, while water retailers such as the District pay for the other 50%.

The District has entered into a contract with OCWD for the installation of a wellhead treatment facility for PFAS at the OPA-1 well. The treatment system has received its operating permit and is awaiting initial startup and testing. The District has not served water from the OPA-1 well since September 2018 and the District does not intend to serve water from the OPA-1 well until the PFAS treatment facility is operational.

The cost of designing and constructing PFAS treatment facilities for the ET-1 well and the SGU is being covered by a pollution insurance policy that is maintained under a 2001 settlement agreement with the United States Departments of Justice and the Navy for the Marine Corps Air Station at El Toro. See the subcaption “— Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects” above. Design of PFAS treatment facilities for the ET-1 well and the SGU is complete and construction has commenced, with both facilities expected to be operational in 2025.

The District, together with OCWD and over a dozen other groundwater producers in the Orange County groundwater basin, initiated litigation against certain PFAS manufacturers and users, including 3M Company (f/k/a Minnesota Mining and Manufacturing, Co.) and E.I. DuPont De Nemours and Company (the “**PFAS Lawsuit**”), to recover the costs of designing, constructing and operating and maintaining treatment facilities to address PFAS contamination in the Orange County groundwater basin, and to recover other damages arising out of PFAS contamination in groundwater wells, including the additional costs of importing substitute water. The PFAS Lawsuit is being litigated in the United States District Court for the District of South Carolina, Charleston Division, in the Multi-District Litigation (MDL No. 2:18-mn-2873-RMG) titled *In Re: Aqueous Film-Forming Foams Products Liability Litigation*. The court has ordered a nationwide settlement for PFAS producers DuPont and 3M, who together represent approximately 70% of the PFAS market. The settlement is in the nature of a class action, and the potentially available funds available to pay the nationwide class of public water suppliers exceeds \$12 billion. Public water suppliers are automatically class members unless they opt out of the class by a given date. The District intends to remain in the class, and will likely recover some funds from the settlement, although the amount of settlement proceeds is not expected to recover all of the District’s costs of wellhead treatment capital or operating expenses. Settlement proceeds will be shared with OCWD pursuant to the contract described above related to PFAS treatment installation and costs. The District also intends to remain in the PFAS Lawsuit against the remaining defendants.

Although the USEPA rules allow up to five years from date of publication for compliance with the MCLs, the District already meets the federal requirements for both monitoring for PFAS in the water system and compliance with all of the MCLs. At this time, the District anticipates continued compliance with all federal and state requirements related to PFAS in drinking water.

The District does not anticipate that implementation of regulations related to PFAS will have a material adverse effect on the operation of the Water System or on the operating costs thereof. The projected operating results which are set forth under the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results” do not assume significant increases in water treatment or Water System operating costs to meet current State or federal regulations relating to PFAS.

Water Use Efficiency

State and Federal Orders. Following the 2012-17 statewide drought, legislation known as “Making Conservation a California Way of Life” was enacted in 2018 to strengthen local water supplier water management and water shortage planning efforts. Assembly Bill 1668 and Senate Bill 606 require urban water suppliers to include additional drought planning and projected water shortage information in their Urban Water Management Plans and water shortage contingency plans, which are updated and submitted to DWR every 5 years. In August 2024, the SWRCB adopted the Making Conservation a California Way of Life regulation. The regulation includes performance measures and best management practices aimed at the commercial, industrial and institutional (“**CII**”) customer sector and long-term standards for the following: (i) indoor residential water use; (ii) outdoor residential water use; and (iii) CII water use for landscape irrigation.

The California legislature established new indoor water use standards in September 2022. The indoor standards have been defined as 55 gallons per person per day (“**GPCD**”) until January 2025, decreasing to 47 GPCD until January 2030 and decreasing further to a final indoor standard of 42 GPCD in January 2030. Standards for outdoor residential water use and CII water use for landscape irrigation are calculated using a Landscape Efficiency Factor (LEF). The LEF decreases from 0.8 to 0.63 in July 2035 and again in July 2040 to 0.55 for residential landscapes and 0.45 for CII landscapes irrigated with potable water. The LEF for landscapes irrigated with recycled water is 1.0 and does not decrease.

On October 19, 2021, the California Governor declared a statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. The declaration encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans at a level that was appropriate to local conditions. The State experienced significant precipitation in the winter and early

spring of 2023 and, on March 24, 2023, the statewide drought state of emergency was terminated. While there can be no assurance that subsequent declarations will not impose mandatory water use restrictions should dry conditions persist in future years, the State’s approach is consistent with the “Conservation as a Way of Life” regulation that is described above. The approach relies on local planning and recognizes that the impacts of the drought and levels of projected water shortages vary throughout the State and among water suppliers.

In August 2021, the federal government declared a Tier 1 water shortage at Lake Mead, which is a major storage reservoir on the Colorado River. As discussed under the caption “—Imported Water,” Colorado River supplies are among the water sources for MWD, which provides water to the District’s major imported supplier, MWDOC. The water shortage declaration triggered mandatory cuts in water allocations for water users in Arizona and Nevada, although not for MWD or other users in California. Notwithstanding the foregoing, in December 2021, water users in California (including MWD), Arizona and Nevada agreed to voluntary cuts of 500,000 acre feet of water from the Colorado River in both 2022 and 2023, and MWD agreed to pay up to \$20 million to agricultural rightsholders that leave their land fallow. See the caption “—Water Supply Reliability—Other Water Supply Reliability Programs—Palo Verde Irrigation District Land Purchases” for a discussion of District land holdings in areas that are expected to benefit from such payments by MWD.

In August 2022, the federal government declared the Colorado River’s first ever Tier 2 water shortage. Additional cuts were imposed on Arizona, Nevada and Mexico, and all seven Colorado River states were asked to develop a joint plan to reduce water use by a further 15%-30%. In April 2023, the United States Department of the Interior released a draft environmental impact statement (the “EIS”) which proposed three alternatives for reducing Colorado River allocations in the American Southwest, including one alternative that could reduce California’s allocation by up to one-fourth. In August 2023, the federal government announced that, as a result of above average precipitation, the Colorado River would operate at a Tier 1 shortage in 2024. In October 2023, the federal government released a revised supplemental EIS as part of a collaborative effort to develop short-term guidelines for Colorado River operations through 2026 that would commit to conserving at least 3 million acre feet of water in the river.

It is expected that the federal government will release a final EIS in late 2025 that will analyze post-2026 operational guidelines and strategies. On January 17, 2025, the Bureau of Reclamation published an Alternatives Report that documents the alternatives that will be analyzed in the draft EIS. There can be no assurance as to the content or timing of the final EIS, nor can there be any assurance that subsequent declarations with respect to the Colorado River will not require mandatory water cuts to MWD should dry conditions persist in 2025 or future years.

The District has a long history of implementing cost-effective water efficiency programs and believes that it is well prepared to meet future water efficiency objectives. The District’s customers have one of the lowest residential GPCD water usage rates in the State, and a portion of the Net Revenues consist of fixed charges that are payable regardless of the volume of water used. See the caption “THE WATER SYSTEM—Water System Rates and Charges.” For these reasons, the District does not believe that the above-described declarations, federal actions or compliance with the above-described water efficiency objectives will affect the District’s ability to pay principal and interest on the Series 2025B Bonds from Net Revenues. The District notes that the Series 2025B Bonds are also secured by a pledge of Assessment Proceeds. See the Official Statement under the caption “SECURITY FOR THE SERIES 2025B BONDS.”

District Response to Shortage. Under the District’s water shortage contingency plan (the “WSCP”), the District responds to a water shortage in stages based upon six levels of supply cutbacks: Level One (supply reductions of up to 10%), Level Two (supply reductions of up to 20%), Level Three (supply reductions of up to 30%), Level Four (supply reductions of up to 40%), Level Five (supply reductions of up to 50%) and Level Six (supply reductions exceeding 50%). Each shortage level triggers strategic responses that are intended to reduce water use and/or augment supplies during a declared water shortage. At each level of shortage, the WSCP includes a list of voluntary measures, non-rate response measures and potential cost-of-service based rate

response strategies. The District can also use its banked groundwater to augment supplies during times of shortage. See the caption “—Water Supply Reliability—Water Banking.”

The District’s water budget-based rate structure is a cost-of-service based rate structure that provides revenue stability in both non-shortage and water shortage periods. Additionally, it allocates water (and the costs associated with its use) based on the monthly water budget assigned to each customer providing the lowest cost of water for efficient use and higher cost water for uses beyond efficient use. The monthly water budget assigned to each customer provides them with a sufficient amount of water within their budget to cover reasonable and efficient water use. See the caption “THE WATER SYSTEM—Water System Rates and Charges.”

If the District experiences a water shortage, it may have lesser or higher water costs than during other periods. The WSCP outlines the strategies that the District can use to reduce water demand to respond to such conditions. Adjustments to customer water budgets are a key response measure in the WSCP that are implemented by equitably reducing water budget allocations based on what is reasonable and efficient water use under the water shortage circumstances applicable to each level. If this strategy or tool is used, any changes in rates would be set using cost-of-service principles and would not exceed the District’s cost of providing water service to each customer.

On June 26, 2023, the Board adopted water shortage rates, which constitute another available tool to reduce demand by increasing water rates in the event of a shortage. Actual implementation of water shortage rates from time to time will be at the discretion of the District. Notwithstanding the State and federal orders which are described under the subcaption “—State and Federal Orders,” the District is not currently experiencing a water shortage and is not projecting a future shortage even if dry hydrological conditions continue for the next several years.

While continued implementation of the WSCP may result in slightly lower water sales revenues, it is also likely to result in lower operating costs, in particular water purchase costs and energy costs for water deliveries. As discussed under the caption “THE WATER SYSTEM—Water System Rates and Charges,” the District’s rate structure consists of variable and fixed rate components. Decreased water consumption is largely offset by a decrease in related variable costs, while fixed water charges largely cover the District’s fixed operating and maintenance costs. The projected operating results set forth under the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results” reflect the implementation of Level One of the WSCP in the current and next four Fiscal Years but do not reflect the implementation of water shortage rates as described above.

If a statewide water shortage should persist, legal issues exist as to whether different California Water Code provisions should be invoked to require reasonable regulations for the allocation of water in times of shortage. Any curtailment pursuant to State orders that is accompanied by an increase in MWD water charges to its member agencies could necessitate an increase in the District’s water rates to District customers. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for a discussion of certain restrictions on the District’s ability to raise water rates.

Water Supply Reliability

Water Banking. In addition to developing its local groundwater and recycled water systems, the District has further diversified its water supply reliability by developing water banking facilities in Kern County, California. These projects are known as the Strand Ranch Integrated Banking Project and the Stockdale Integrated Banking Project (collectively, the “**Water Bank**”). The District’s Water Bank is situated on groundwater recharge lands that overlie the regional Kern County groundwater basin. The purpose of the Water Bank is to improve the District’s water supply reliability by capturing and storing low cost water available during wet hydrologic periods for use during dry periods and supply interruptions, with the target of providing enough water to meet approximately 15% of customers’ needs for three years. The Water Bank will enhance the

District's ability to respond to drought conditions and potential water supply interruptions and enable it to reduce the cost of water delivered under such conditions.

The District has entered into agreements for a 30-year water banking partnership with the Rosedale-Rio Bravo Water Storage District ("**Rosedale**") in Kern County. These agreements provide for Rosedale to operate the Water Bank on behalf of the District and permit the District: (i) to store up to 126,000 acre feet of water in the aquifer; (ii) to recharge up to 44,600 acre feet of water per year in the aquifer; and (iii) to recover up to 28,750 acre feet of water per year from the aquifer. The physical capacity of the Water Bank is 76,000 acre feet. The District has a long-term lease with Rosedale for an additional 50,000 acre feet of storage.

The District has constructed 740 acres of recharge ponds and other facilities at the Water Bank that are necessary to divert water from an adjacent canal and into the ponds. Seven groundwater wells that provide the ability to recover water have been constructed on the Strand Ranch property and three additional recovery wells have been constructed and equipped on the Stockdale West property. The District, in partnership with Rosedale and other agencies, has also constructed six additional wells that will increase the ability to recover water from the Water Bank during peak summer demand periods. These additional wells were equipped and completed in 2018.

Groundwater extractions from certain Water Bank wells have been found to contain a synthetic chemical known as 1,2,3-trichloropropane ("**TCP**"), which was formerly used in the manufacture of soil fumigants and other industrial products, in concentrations that exceed the Maximum Contaminant Level established by the State Board. As a result, such groundwater is required to be blended with other sources or treated to remove TCP before it can be delivered via State or federal water conveyance infrastructure or, ultimately, served to retail users.

In January 2022, the District and Rosedale filed a complaint in the Superior Court of California, County of Kern, against several manufacturers of TCP. The complaint asserts strict liability, nuisance, trespass and negligence claims in connection with the infiltration of TCP into the Water Bank and seeks to recover costs associated with the construction of treatment facilities to remediate the contaminated water. There can be no assurance as to the outcome of the District's claims and the projected operating results which are set forth herein do not assume the award of any damages to the District or Rosedale in connection with the complaint. Currently, the litigation in pursuit of these claims has been stayed pending the outcome of other similar cases.

The District has secured water from a number of sources for recharge at the Water Bank. These sources are available as described below.

- Pursuant to the District's agreement with Rosedale, Rosedale has first priority rights to use District facilities to divert and recharge a portion of its entitlement to floodwater flows on the Kern River to District-owned storage ponds for recovery in dry years. The District is entitled, at no cost, to 20% and 50% of all Kern River floodwaters recharged on the Strand Ranch and Stockdale West recharge ponds, respectively.
- The District has also secured access to State Water Project water which can be stored in the Water Bank. Such water is available as a result of the District's acquisition of approximately 883 acres located within the Dudley Ridge Water District ("**Dudley Ridge**"), including the rights to use up to 1,749 acre feet per year of Table A State Water Project water allocated to Dudley Ridge. Under an existing agreement, Dudley Ridge can store its Table A water in the Water Bank, with half of the water being available for future use in the District's service area. The acquisition also included certain participation rights in the Kern Water Bank that allow the District to store approximately 9,495 acre feet of water.
- In 2011, the District entered into a long-term exchange program (the "**Exchange Program**") with Buena Vista Water Storage District ("**BVWSD**") that allows BVWSD to store water in the Water Bank in exchange for allocating 50% of the stored water to the District. BVWSD is responsible for all costs of

delivering water to the Water Bank and the District is responsible for all costs of returning BVWSD its share of the water. The District is entitled to keep an additional 10% of the stored water each calendar year after the fourth calendar year that BVWSD does not call on the return of its share of the water. The District is entitled to 100% of the water if BVWSD does not call for the return of its share of the water by the end of the ninth year.

- In recent years, the District also entered into separate Pilot Exchange Agreements with the Central Coast Water Authority and the Antelope Valley-East Kern Water Agency that provided for such agencies to store portions of their 2012 allocation of State Water Project water at the Water Bank. In 2017, 2019 and 2023, the District executed short-term agreements with the Central Coast Water Authority which provided for the delivery and storage of 3,772 acre feet on an unbalanced exchange basis under which the District is allocated 50% of such stored water. In 2019, the District and Antelope Valley-East Kern Water Agency entered into a long-term water exchange program for the delivery and storage of 20,000 acre feet on an unbalanced exchange basis under which the District is allocated 50% of such stored water. In 2023, Antelope Valley-East Kern Water Agency delivered 7,072 AF of water to the Water Bank.
- The District recently agreed to terms with a private landowner, Silvertip LLC, with respect to a short-term exchange program for delivery and storage of up to 8,000 acre feet of water on an unbalanced exchange basis under which the District is allocated 50% of such stored water. To date, Silvertip has not pursued deliveries to the Water Bank.
- In 2024, the District executed an unbalanced exchange agreement with Santa Clara Valley Water District, which will facilitate the delivery of up to 20,000 AF of water to the Water Bank with 50% of the water accruing to the benefit of the District. Santa Clara Valley Water District is expected to deliver water to the Water Bank in 2025.

The District continually explores other short- and long-term partnerships with other agencies and private landowners to facilitate transactions similar to those which are described above.

The District has entered into a Coordinated Operating, Water Storage, Exchange and Delivery Agreement with MWD that allows the District to have State Water Project water which has been recovered from the Water Bank delivered to the District's service area. In 2014, the District entered into an additional agreement with MWD that allowed MWD to receive 4,000 acre feet of the District's non-State Water Project water recovered from the Water Bank in exchange for a future return to the Water Bank. Under such additional agreement with MWD, the District recovered and delivered approximately 1,000 acre feet from the Water Bank for use in the District's service area in 2015. In addition, in 2022, the District delivered 3,927 acre feet of water to MWD from the Water Bank in exchange for a credit of 7,927 acre feet of water in MWD's southern California storage facilities, which includes a credit for the 4,000 acre feet delivered in 2014.

Since 2010, the District has delivered a total of approximately 116,000 acre feet of water to the Water Bank, after applicable losses, through the water supply partnerships that are described above. The District currently holds approximately 47,000 acre feet of water in storage (after applicable losses) for its future use during droughts and major supply interruptions.

A summary of water held in storage pursuant to the District's water banking program as of December 31, 2024 (after water losses) is set forth below.

TABLE 10
IRVINE RANCH WATER DISTRICT
Summary of Water Banking Programs' Storage After Losses
As of December 31, 2024 (Acre Feet)

<i>Facility</i>	<i>Total Capacity</i>	<i>Total Water in Storage</i>	<i>District Share of Total Water in Storage</i>
The Water Bank ⁽¹⁾	76,000	61,189	46,760
Kern Water Bank ⁽²⁾	<u>9,495</u>	<u>4,242</u>	<u>4,242</u>
Total	85,495	65,431	51,002

⁽¹⁾ The Water Bank includes both the Strand Ranch and Stockdale Integrated Water Banking Projects. The District has executed exchanges with MWD that have diversified the ability to call on the District's share of the banked water from the Water Bank and MWD supplies. The above numbers take into consideration Water Bank losses as well as small purchases of water made by the District when land was taken out of agricultural production. Extractions from Strand Ranch are currently limited to approximately 17,500 acre feet per year. The completion of the Stockdale West property recovery facilities enables the District to recover approximately 11,250 acre feet per year of additional water from the Water Bank. The Total Water in Storage includes a credit owed to the District by Dudley Ridge Water District as a result of a 1-for-1 exchange.

⁽²⁾ The District's share of total water stored in the Kern Water Bank is to be used on the District's Dudley Ridge property.
Source: The District.

Other Water Supply Reliability Programs.

Palo Verde Irrigation District Land Purchases. As of December 31, 2023, the District has purchased a total of approximately 3,100 acres of irrigated agricultural land (the "**PVID Properties**") in Riverside County, California. The PVID Properties are located within the water service area of Palo Verde Irrigation District ("**PVID**"), which has first priority rights on the Colorado River. Of the total acres purchased, approximately 2,835 acres of the land are subject to and enrolled in an MWD/PVID fallowing program under which MWD makes payments to landowners in exchange for letting land lie fallow. See the caption "—Water Use Efficiency—State and Federal Orders" for a discussion of MWD's agreement to pay up to \$20 million to agricultural rightsholders (such as the District) in 2022 and 2023 under such a fallowing program. Water that is conserved through fallowing is available for use within MWD's service area (which includes the District's service area). The non-fallowed land is currently being farmed either through leases with tenant farmers or through agricultural management agreements with contract farmers.

In December 2023, the United States Bureau of Reclamation and MWD entered into a System Conservation Implementation Agreement under which the United States Bureau of Reclamation agreed to pay increased fallowing program payments to the District and other PVID landowners for Fiscal Years 2024, 2025 and 2026. In July 2024, the District executed letter agreements with MWD documenting the District's acceptance of the increased fallowing payments.

The District plans to work with MWD and MWDOC in the future to develop mutually beneficial arrangements through which the District would receive increased water supply reliability during periods of drought or supply interruptions in consideration for the water conserved on the PVID Properties.

Due to the preliminary nature of its discussions with MWD and MWDOC, the District can make no assurance as to the amount of water, if any, it would receive from MWD through conservation of water on the PVID Properties. Should the expected water supply reliability benefits of the land not be realized, the District's investment in the PVID Properties could be recovered in whole or in part through the sale of the land.

Kern Fan Project. The Kern Fan Groundwater Storage Project (the "**Kern Fan Project**") will develop a regional water bank in the Kern Fan area of Kern County to capture, recharge and store Article 21 water from the State Water Project and other water supplies during wet hydrologic periods. The project is a joint venture between the District and Rosedale. In April 2020, Rosedale and the District executed a joint exercise of

powers agreement (the “**Agreement**”) creating the Groundwater Banking Joint Powers Authority (the “**Authority**”) to plan, design, construct, operate and implement the Kern Fan Project. The Agreement took effect July 1, 2020. The stored water would be extracted when needed to provide ecosystem, emergency supply and water supply benefits. The District’s share of the Kern Fan Project would be used in conjunction with the Water Bank (as discussed under the subcaption “—Water Banking” above) to meet the District’s contingency storage needs at build-out. The District’s goal for contingency storage is to secure supplies that are adequate to backfill the loss of imported supplies for three consecutive years. The District believes that, upon completion, the Kern Fan Project, together with the Water Bank, will allow the District to meet this goal. In 2022, as part of the Kern Fan Project, the Authority purchased two properties totaling 348 acres at a cost of \$5,000,000, half of which was contributed by the District. The Authority is in the process of constructing recharge and recovery facilities on these lands as Phase 1 of the Kern Fan Project.

In August 2017, the District and Rosedale jointly submitted a grant application to the California Water Commission (the “**CWC**”) for the proposed Kern Fan Project. The application sought Proposition 1 funds available from the CWC through the Water Storage Investment Program (the “**WSIP**”). In July 2018, the CWC conditionally awarded \$67.5 million to the Kern Fan Project. Additional WSIP funding became available in late 2020, which resulted in the CWC increasing the conditional funding award for the Kern Fan Project in January 2021 to \$87.8 million. In March 2022, the CWC added a 1.5% inflation adjustment to the funding award, increasing it to \$89.1 million.

To date, the Authority has certified a final environmental impact report for the Kern Fan Project, completed state and federal feasibility studies, and initiated the project design. In October 2023, the Authority executed an agreement with the United States Bureau of Reclamation under which the District will receive a grant in the amount of approximately \$9 million to fund Phase 1 of the Kern Fan Project. Construction of Phase 1 began in January 2024. The Authority has been conducting value engineering and design tasks regarding the next phase of the Kern Fan Project, which will include construction of water conveyance facilities.

Sites Reservoir Project. The Sites Reservoir is a proposed reservoir of approximately 1.5 million acre-feet located in Colusa County. In connection with the Sites Reservoir, a joint powers agency, the Sites Project Authority (the “**Sites Authority**”) was formed by several local water agencies and counties to pursue the development and construction of the project. The District is a member of the Sites Authority’s Reservoir Committee. The Sites Reservoir project is expected to be funded with a combination of direct Federal Funding through Reclamation Water Infrastructure Improvements for the Nation (“**WINN**”) Act, State Funding through Water Storage Investment Program (“**WSIP**”), cash calls from participants in the Sites Reservoir project under the Sites Project Agreement (as defined below), direct borrowings by the Sites Authority (including loans through the WIFIA loan program and revenue bonds), and contributions from certain Sites Reservoir project participants that elect not to participate in the Sites Authority’s WIFIA loans or other borrowings. The Sites Authority submitted an application to the U.S. Environmental Protection Agency in March 2023 for WIFIA loan funding in an amount up to 49% of the eligible costs (including certain contingencies for inflation and market volatility) of the Sites Reservoir project. The 2023 Sites Plan of Finance update includes WIFIA proceeds up to 49% of the eligible Project costs. The current cost estimate of the Sites Reservoir, which was approved in June 2021 was \$3.9 billion (in 2021 dollars). The District’s participation will be on a pay-go basis and the District will not take part in Sites Reservoir project financing.

In 2019, in connection with the planning phase of the Sites Reservoir, the District, along with certain local water agencies and counties located in the State (collectively, the “**Sites Project Agreement Members**”), entered into a project agreement with the Sites Authority (the “**Sites Project Agreement**”). Under the Sites Project Agreement, each Sites Project Agreement Member agreed, among other things, to pay a share of the costs for the activities undertaken pursuant to the Sites Project Agreement in proportions corresponding to specific participation percentages applied to each Sites Project Agreement Member. Such participation percentages can be modified if a new Sites Project Agreement Member is added, or a current Sites Project Agreement Member withdraws. The District’s current participation percentage is 0.4% based upon the District’s current storage allocation.

The District has provided the Sites Reservoir project with \$608,500 in funding since 2020 under the Sites Project Agreement. The Sites Project Agreement, will cover the District's cost of participation in the project until the end of 2025. The District Board may decide whether to participate in the Sites Reservoir in 2026. If the District decides to participate in the Sites Reservoir project, the District's share of project costs is expected to be \$15.6 million, subject to changes in the final cost of the Sites Reservoir project. To date, payments on commitments in connection with the Sites Reservoir have been paid by the District from reserves. The District currently expects future payments relating to the Sites Reservoir to be paid from Revenues or District reserves.

Design and construction of the Sites Reservoir is anticipated to take 7 years, and construction of the Sites Reservoir is not expected to be completed until at least 2032. As the project is still in the planning phase, there can be no assurance that projected costs of the Sites Reservoir will not increase because of inflation, revisions to the project, increases in construction or other costs related thereto or otherwise, including the final allocation of costs among the parties. Any changes could be material. In addition, there can be no assurance that the Sites Reservoir, if undertaken, will be completed within the timeframe currently projected. Any such delay in completion could be material. Any costs incurred by the District with respect to the Sites Reservoir are expected to be initially paid from the Revenues during the planning phase of the Sites Reservoir. The District also cannot predict at this time what additional financial commitments to the Sites Reservoir will be made, or whether the District will participate in the remaining planning phase or the construction and operation phases of the project.

The District is currently pursuing additional funding opportunities. See the caption "FUTURE CAPITAL IMPROVEMENTS—Water Supply Reliability."

Recycled Water

During Fiscal Year 2024, the District produced 23,778 acre feet of recycled water and supplied an additional 2,823 acre feet of non-potable water to District customers via the recycled water system. The District processes and treats secondary effluent from its customers to produce recycled water for sale to customers for non-potable utilization. Recycled water is currently sold to approximately 6,350 customers within the District. As of December 31, 2024, the District had approximately 580 miles of recycled water mains and recycled water storage capacity of approximately 4,200 acre feet. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

Historic and Projected Water Supply

Set forth below is a summary of the District's sources of total water supply in acre feet per year for the last five Fiscal Years.

TABLE 11
IRVINE RANCH WATER DISTRICT
Historic Water Supply In Acre Feet Per Year⁽¹⁾

<i>Fiscal Year</i>	<i>Groundwater⁽²⁾</i>	<i>Runoff Capture (Irvine Lake)</i>	<i>Imported Water</i>	<i>Recycled Water</i>	<i>Total</i>
2020	47,810	6,524	13,002	24,627	91,963
2021	47,170	4,508	17,132	26,413	95,223
2022	44,525	75 ⁽³⁾	24,654	26,444	95,698
2023 ⁽⁴⁾	43,490	1,044	18,258	23,996	86,788
2024	43,498	6,102 ⁽⁵⁾	12,679	23,778	86,057

⁽¹⁾ Differences between the amounts that are shown in the table and the water sales figures that are set forth under the caption "THE WATER SYSTEM—Historic Water Deliveries/Sales" reflect water losses and the timing of billing.

⁽²⁾ Excludes water pumped from the SGU, which is disposed of via an existing ocean outfall following treatment.

⁽³⁾ Decrease from prior Fiscal Years reflects low precipitation levels in Fiscal Year 2022.

⁽⁴⁾ Decrease from prior Fiscal Years reflects reduced sales as a result of increased conservation and high precipitation levels.

⁽⁵⁾ Increase in Fiscal Year 2024 reflects high precipitation levels in Fiscal Year 2024.

Source: The District.

Set forth below is a summary of the District's projection of total water production to meet expected water demand (as discussed under the caption "THE WATER SYSTEM—Projected Water Deliveries") for the current and next four Fiscal Years. The below table reflects projected water production from groundwater extractions, water purchases and recycled water production and does not reflect all available water supplies of the District.

TABLE 12
IRVINE RANCH WATER DISTRICT
Projected Water Supply In Acre Feet Per Year

<i>Fiscal Year</i>	<i>Groundwater⁽¹⁾</i>	<i>Runoff Capture (Irvine Lake)</i>	<i>Imported Water</i>	<i>Recycled Water</i>	<i>Total</i>	<i>Percentage Change</i>
2025	47,137	3,000	15,362	25,640	91,139	5.91%
2026	50,265	3,000	13,493	25,640	92,398	1.38
2027	51,265	3,000	14,251	25,640	94,156	1.90
2028	51,778	3,000	14,394	25,896	95,068	0.97
2029	52,296	3,000	14,538	26,155	95,989	0.97

⁽¹⁾ Excludes water pumped from the SGU, which is disposed of via an existing ocean outfall following treatment.

Source: The District.

Set forth below is a comparison of the District's sources of supply for Fiscal Year 2024 as compared to other neighboring agencies supplying water.

TABLE 13
IRVINE RANCH WATER DISTRICT
Water Supply Comparison by Source

	<i>Imported Water</i>	<i>Groundwater</i>	<i>Runoff Capture (Irvine Lake)</i>	<i>Recycled Water</i>
Irvine Ranch Water District⁽¹⁾	15%	50%	7%	28%
City of Anaheim ⁽²⁾	71	29	-	-
South Coast Water District ⁽²⁾⁽³⁾	73	14	-	13
Moulton Niguel Water District ⁽²⁾⁽³⁾	75	-	-	25
Mesa Water District ⁽²⁾	-	95	-	5

⁽¹⁾ Approximately 20% of the District's water demand is from areas outside of OCWD's jurisdictional boundaries.

⁽²⁾ Information from the City and Districts' finance documents or website.

⁽³⁾ This agency is not located within OCWD's jurisdictional boundaries.

Source: The District.

THE WATER SYSTEM

General

Through the issuance of general obligation bonds and other indebtedness, the District has constructed, purchased or acquired capacity in, or connections to, various transmission, pumping, storage and distribution facilities to convey water into the District, including several major facilities built in cooperation with other water districts and cities.

The development of water supplies and the construction and acquisition of facilities are being carried out under a master plan formulated by the District in 1972 and most recently updated in 2009. Existing uses and planned development within the District will necessitate a projected combined total annual water supply of approximately 110,000 acre feet by 2035.

The District anticipates meeting all of its water supply needs using the above-mentioned water importation and storage facilities, groundwater production facilities and recycled water facilities. The combination of the District's facilities and sources of supply is expected to provide the District with a reliable water supply sufficient to permit the ultimate development as presently planned. Reliability of water supply is further enhanced by the District's local storage facilities, which currently provide more than a seven-day supply.

As of June 30, 2024, the District had approximately 2,710 miles of water mains in its potable and recycled water systems and storage capacity of over 24,000 acre feet, including the District's share of Irvine Lake, a 25,000 acre feet untreated water reservoir, and the District's Sand Canyon, Rattlesnake, Syphon and San Joaquin Reservoirs, which are recycled water reservoirs with approximate capacities of 800 acre feet, 400 acre feet, 450 acre feet and 3,000 acre feet respectively. See the caption "WATER SUPPLY." In January 2025, the District acquired Serrano Water District's 25% share of Irvine Lake adding 6,250 acre feet of storage.

In 2013, the District completed a study of the feasibility of increasing storage capacity in Syphon Reservoir from 450 acre feet up to approximately 5,000 acre feet. Additional storage capacity, if constructed, would allow the District to recycle 100% of the sewage flows tributary to the District's Michelson Water Reclamation Plant (the "MWRP") and reduce the District's need to supplement the recycled water system with imported water in dry years. The District is currently performing geotechnical evaluations of the site and evaluating funding alternatives for the Syphon Reservoir expansion. The final environmental impact report for

the expansion was adopted by the Board of Directors on July 26, 2021. Design is currently scheduled to be completed in July 2025 and construction is anticipated to begin in early 2026. See the caption “FUTURE CAPITAL IMPROVEMENTS—Water Supply Reliability.”

See the caption “WATER SUPPLY—Water Supply Reliability—Water Banking” for information with respect to the District’s water banking programs, which constitute additional sources of water that are not reflected in the discussion of the District’s storage facilities above.

Currently, the District purchases treated water from MWD for delivery to residential and commercial customers, as well as small amounts of untreated water for delivery to non-domestic customers. Groundwater that is produced from District wells is generally of high quality and is subject to minimal treatment to meet drinking water standards.

The Baker WTP, a water treatment plant which commenced operations in January 2017, treats to drinking water standards approximately 28 million gallons per day (“mgd”) of untreated imported water purchased from MWD. During emergencies and planned imported water outages, water from Irvine Lake is expected to be supplied to the Baker WTP for treatment to drinking water standards. The Baker WTP utilizes microfiltration and ultraviolet disinfection as the primary treatment processes. Although the plant is owned and operated by the District, approximately 76% of capacity in the Baker WTP is held by other participating water agencies located in southern Orange County. The facility provides an operational source of supply to the District and participating agencies and, in the event of a short-term water shortage emergency, provides regional water reliability to other neighboring water agencies. The project cost was approximately \$106 million, which was funded by the District and the other participating water agencies in proportion to their participation in the project. The District financed a portion of its 24% share of the costs from the proceeds of the Series 2016 Bonds that are described under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness.”

Raw (untreated) water, which is treated at the Baker WTP, is available at a lower rate than treated water.

Historic Water Connections

The following table shows the number of water connections in the District for the five most recent Fiscal Years.

TABLE 14
IRVINE RANCH WATER DISTRICT
Historic Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2020	118,263	N/A
2021	120,437	1.84%
2022	122,401	1.63
2023	123,737	1.09
2024	124,854	0.90

⁽¹⁾ Excludes recycled water connections.
Source: The District.

Projected Water Connections

The following table shows the number of water connections projected by the District for the current and next four Fiscal Years.

TABLE 15
IRVINE RANCH WATER DISTRICT
Projected Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2025	126,662	1.45%
2026	128,498	1.45
2027	129,739	0.97
2028	130,994	0.97
2029	132,261	0.97

⁽¹⁾ Excludes recycled water connections. Increases in connections reflect District estimates of increased development activity.
Source: The District.

Connection Fees

The District collects a water connection fee for each new connection to finance District facilities. Connection fees vary by Improvement District and range from \$1,337 to \$5,620 for each residential unit and \$7,736 to \$47,495 for each acre of commercial or industrial property. The connection fee is designed to recover the cost of each additional connection and allocate among all Improvement Districts the costs of master planned facilities such as water sources and production facilities, transmission mains, pumping stations, reservoirs and appurtenances and capacity necessary for each Improvement District.

Historic Water Deliveries/Sales

The following table presents a summary of historic water deliveries by the District in acre feet per year for the five most recent Fiscal Years. Historic water deliveries vary from historic water supply as a result of losses in the water system and the timing of billing. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

TABLE 16
IRVINE RANCH WATER DISTRICT
Historic Water Deliveries/Sales in Acre Feet Per Year⁽¹⁾

<i>Fiscal Year</i>	<i>Potable and Non-Potable System</i>	<i>Recycled System⁽²⁾</i>	<i>Total</i>	<i>Percentage Change</i>
2020	51,761	31,119	82,880	N/A
2021	54,506	32,595	87,101	5.09%
2022 ⁽³⁾	53,378	32,402	85,780	(1.52)
2023 ⁽⁴⁾	49,503	26,541	76,044	(11.35)
2024 ⁽⁴⁾	49,721	26,601	76,322	0.37

⁽¹⁾ Differences between the amounts that are shown in the table and the water production figures that are set forth under the caption "WATER SUPPLY—Historic and Projected Water Supply" reflect water losses and the timing of billing.

⁽²⁾ Recycled water sales in excess of the historic recycled water production amounts set forth in Table 11 under the caption "WATER SUPPLY—Historic and Projected Water Supply" reflect supplemental water supplied in excess of recycled water produced by the District.

⁽³⁾ Reduced deliveries reflect conservation by District customers. See the caption "WATER SUPPLY—Water Use Efficiency—District Response to Shortage." Although recycled water use is not subject to water use restrictions, the decrease in recycled water sales in Fiscal Year 2022 was part of the broader conservation efforts of District customers in response to drought conditions.

⁽⁴⁾ Reduced deliveries reflect higher than average levels of precipitation in Fiscal Years 2023 and 2024.

Source: The District.

Projected Water Deliveries/Sales

The District estimates that water system deliveries for the current and next four Fiscal Years will be as set forth in the following table. The District currently projects that water deliveries will increase at a slower pace than the increase in connections after the current Fiscal Year, as set forth in the table under the caption "—Projected Water Connections," as a result of increased conservation efforts and a return to long-term historical average hydrological conditions in the State. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

TABLE 17
IRVINE RANCH WATER DISTRICT
Projected Water Deliveries/Sales in Acre Feet Per Year

<i>Fiscal Year</i>	<i>Potable and Non-Potable System</i>	<i>Recycled System⁽¹⁾</i>	<i>Total</i>	<i>Percentage Change</i>
2025	53,900	30,700	84,600	9.78%
2026	53,538	31,719	85,257	0.77
2027	54,070	32,195	86,265	1.17
2028	54,178	34,029	88,207	2.20
2029	54,286	34,286	88,572	0.41

⁽¹⁾ Projected recycled water sales in excess of the projected recycled water production amounts set forth in Table 12 under the caption "WATER SUPPLY—Historic and Projected Water Supply" reflect supplemental water projected to be supplied in excess of recycled water produced by the District.

Source: The District.

Historic Water Sales and Service Charge Revenues

The following table shows annual water sales and service charge revenues for the five most recent Fiscal Years. The following table does not include revenues from the sale of recycled water, which is accounted for as part of the District's sewer system.

TABLE 18
IRVINE RANCH WATER DISTRICT
Historic Water Sales and Service Charge Revenues
(In Thousands)

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2020	90,213	N/A
2021	96,609	7.09%
2022	103,286	6.91
2023	103,623	0.33
2024 ⁽²⁾	112,267	8.34

⁽¹⁾ Includes late payment charges and other penalty revenues.

⁽²⁾ Increase in Fiscal Year 2024 due to increased rates.

Source: The District.

Projected Water Sales and Service Charge Revenues

The following table projects annual water sales and service charge revenues for the current and next four Fiscal Years

TABLE 19
IRVINE RANCH WATER DISTRICT
Projected Water Sales and Service Charge Revenues
(In Thousands)

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2025	132,987	18.46%
2026	139,328	4.77
2027	148,367	6.49
2028	155,785	5.00
2029	163,574	5.00

⁽¹⁾ Reflects projected changes in water connections and deliveries described under the captions “—Projected Water Connections” and “—Projected Water Deliveries/Sales,” respectively, as well as projected increases in rates described under the caption “—Water System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Water Customers

The following table sets forth the ten largest water customers of the District for Fiscal Year 2024, as determined by annual payments.

TABLE 20
IRVINE RANCH WATER DISTRICT
Ten Largest Water Customers
Fiscal Year 2024

<i>Customer</i>	<i>Fiscal Year 2024 Payment</i>	<i>Percentage of Total Water Sales Revenues</i>
1. The Irvine Company	\$ 10,081,791	8.97%
2. University of California, Irvine	5,417,843	4.83
3. Jazz Semiconductor	1,560,311	1.39
4. B Braun Medical, Inc.	1,479,819	1.32
5. Woodbridge Village Association	615,910	0.55
6. Allergan Sales, LLC	488,954	0.44
7. City of Irvine	474,277	0.42
8. Maruchan, Inc.	467,689	0.42
9. Irvine Unified School District	429,625	0.38
10. Garden Communities	<u>345,552</u>	<u>0.31</u>
TOTAL	\$ 21,361,769	19.01%

Source: The District.

These ten largest customers accounted for approximately 19.01% of water sales revenues in Fiscal Year 2024.

Water System Rates and Charges

Water system rates and charges (other than connection fees) are generally uniform throughout the District. Pumping surcharges apply in higher elevations. Effective July 1, 2024, the typical monthly service charge for residential water meters is \$13.20, which will rise to \$14.90 on July 1, 2025. The monthly service charges for commercial and industrial water meters range \$13.20 to \$4,620.00 based on meter size, which will rise to \$14.90 to \$5,215 on July 1, 2025. Quantity charges are set according to a water conservation oriented allocation-based ascending block rate structure with rates ranging from \$1.99 to \$16.46 per 100 cubic feet (“ccf”), as shown in the below table.

For the ten Fiscal Years prior to Fiscal Year 2024, the District had increased its water system rates and charges by an average of approximately 5% each year for an average residential customer using approximately 12 ccf of water per month.

IRVINE RANCH WATER DISTRICT Residential Water Rates

<i>Tier</i>	<i>Allocation</i>	<i>Rate per ccf (effective July 1, 2024)</i>	<i>Rate per ccf (proposed July 1, 2025)</i>
Low Volume	0-40%	\$ 1.99	\$2.07
Base ⁽²⁾	41-100	2.65	2.71
Inefficient	101-140	6.55	7.50
Wasteful	141+	16.46	18.61

⁽¹⁾ The “base” rate reflects an average cost of water from all sources that are used by the District.
Source: The District.

See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218—Article XIID” for a discussion of a 2015 California Court of Appeal decision with respect to allocation-based rates similar to those of the District. Rates are based on a cost of service study.

The projected water system revenues set forth under the captions “—Projected Water Sales and Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect the projected water deliveries that are described under the caption “—Projected Water Deliveries/Sales,” water rate increases effective on July 1, 2025 and July 1, 2026 as well as projected water rate increases of 3.5% per annum thereafter which have not yet been adopted. Water rate increases in Fiscal Years 2027 through 2029 are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

Set forth below is a comparison of the District’s water bill for a typical residential customer as compared to neighboring communities.

TABLE 21
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Water Bills

<i>Water Service Provider</i>	<i>Charge⁽¹⁾</i>
Mesa Water District	\$131.44
City of Newport Beach	95.49
City of Tustin	85.61
City of Huntington Beach	79.28
Santa Margarita Water District	77.49
City of Santa Ana	75.18
City of Orange	71.69
City of Anaheim	71.25
Irvine Ranch Water District⁽²⁾	51.80
Moulton Niguel Water District	48.16

⁽¹⁾ Information is as _____. Based on assumed usage of 15 ccf per month.

⁽²⁾ For the District, the first 6 ccf is billed at the low volume rate of \$1.99 and next 9 ccf is billed at \$2.65. Excludes *ad valorem* assessments levied by the District.

Source: The District.

THE SEWER SYSTEM

General

The District, following voter approval in 1965, is authorized by law to acquire, construct, operate and furnish facilities and services for the collection, treatment, reclamation and disposal of wastewater, and the District may contract with others for such purposes. The District has an extensive network of gravity sewers, force mains, lift stations and siphons that convey wastewater to two District-owned treatment plants. As of June 30, 2024, the District had approximately 1,518 miles of sewer mains and treatment plant capacity of approximately 33.5 mgd at the MWRP and the Los Alisos Water Recycling Plant (“LAWRP”). More than 10.6 billion gallons of wastewater were treated by the District (including wastewater flows sent to Orange County Sanitation District (“OC San”)) during Fiscal Year 2024.

In 1986, the District cooperated with OC San to form Sanitation District 14 (functionally replaced by “Revenue Area 14” of OC San upon the consolidation of the several sanitation districts comprising OC San’s predecessor, the County Sanitation Districts of Orange County, in 1998), which overlays a substantial portion of the District’s territory. Under an agreement entered into between the District and OC San in connection with that formation, the District paid approximately \$34 million for an approximate 6% interest in OC San’s sewage processing facilities (which percentage of interest will vary over time pursuant to a formula set forth in the agreement between OC San and the District). This agreement currently provides for treatment capacity (in addition to the capacity at District-owned facilities (the MWRP and the LAWRP)) of up to 15 mgd. The agreement also provides for the purchase by the District of certain additional capacity in OC San sewage processing facilities determined from annual flows. In Fiscal Years 2023 and 2024, the District utilized approximately 2.8 billion gallons of capacity each year pursuant to its agreement with OC San. In Fiscal Year 2024, approximately 74% of the District’s wastewater was treated by the MWRP and LAWRP operated by the District, and approximately 26% was treated by OC San.

OC San faces various challenges in the continued treatment of sewage. A description of these challenges, as well as a variety of other operating information with respect to OC San, is included in certain

disclosure documents prepared by OC San. OC San periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OC San has also entered into certain continuing disclosure agreements pursuant to which OC San is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the “**OC San Information**”) are filed with EMMA at <http://emma.msrb.org>. The OC San Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OC SAN HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2025B BONDS TO PROVIDE OC SAN INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS.

OC SAN HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO OC SAN. OC SAN IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS UNDER RULE 15c2-12.

The District treats and recycles wastewater in amounts sufficient to meet recycled water customer demand and fill available capacity in seasonal storage reservoirs for later delivery to recycled water customers. Most of the excess wastewater collected by the District is diverted to OC San for treatment and ultimate disposal into the Pacific Ocean through OC San’s two ocean outfall pipelines or recharged into the Orange County groundwater basin through OCWD’s Groundwater Replenishment System.

The District has evaluated alternative approaches to handling its biosolids. In 2020, the District began operating the Biosolids and Energy Recovery Facility (the “**Biosolids Facility**”) to handle MWRP solids which were previously conveyed to OC San. Operation of the Biosolids Facility enables the District to dewater and beneficially reuse biosolids and reduce conveyances to OC San, in accordance with District goals of undertaking green and sustainable business practices and establishing cost-effective management of sewage services for District customers.

Ultimately, the District plans to expand capacity for its treatment facilities to approximately 40.5 mgd in order to: (i) increase recycled water production and utilization; (ii) decrease exposure to external treatment costs and operational constraints; and (iii) decrease dependence on imported water supplies. The increased capacity will allow the Biosolids Facility to handle solids from the District’s MWRP and LAW RP facilities and solids from other potential participating agencies. See the caption “FUTURE CAPITAL IMPROVEMENTS.”

Historic Sewer System and Recycled Water Connections

The following table shows the number of sewer and recycled water connections in the District for the five most recent Fiscal Years.

TABLE 22
IRVINE RANCH WATER DISTRICT
Historic Sewer and Recycled Water Connections

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2020	113,176	N/A
2021	115,382	1.95%
2022	117,334	1.69
2023	118,766	1.22
2024	119,859	0.92

Source: The District.

Projected Sewer and Recycled Water Connections

The following table shows the projected number of sewer and recycled water connections for the current and next four Fiscal Years.

TABLE 23
IRVINE RANCH WATER DISTRICT
Projected Sewer and Recycled Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2025	121,657	1.50%
2026	123,482	1.50
2027	124,717	1.00
2028	125,964	1.00
2029	127,223	1.00

⁽¹⁾ Increases in connections reflect District estimates of development activity.

Source: The District.

Connection Fees

The District collects a sewer connection fee for each new connection to finance District sewer facilities. Connection fees vary by Improvement District and range from \$2,341 to \$10,614 for each residential unit and \$11,029 to \$97,572 for each acre of commercial or industrial property. The connection fee is designed to recover the cost of each additional connection and allocate among all Improvement Districts the costs of master planned facilities such as transmission mains, pumping stations, treatment facilities and appurtenances and capacity necessary to serve each Improvement District.

Historic Sewer Daily Average Flow

The following table shows the daily average sewer flow in millions of gallons per day for the five most recent Fiscal Years.

TABLE 24
IRVINE RANCH WATER DISTRICT
Historic Sewer Daily Average Flow

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2020	28.3	N/A
2021	29.2	3.18%
2022	29.3	0.34
2023	29.0	(1.02)
2024	30.1	3.79

⁽¹⁾ Includes District flow treated by OC San.
Source: The District.

Projected Sewer Daily Average Flow

The following table shows the projected daily average sewer flow in millions of gallons per day for the current and next four Fiscal Years.

TABLE 25
IRVINE RANCH WATER DISTRICT
Projected Sewer Daily Average Flow

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2025	30.3	0.50%
2026	30.6	1.00
2027	30.9	1.00
2028	31.2	1.00
2029	31.5	1.00

⁽¹⁾ Includes District flow projected to be treated by OC San.
Source: The District.

Historic Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the recycled water sales and sewer service charge revenues for the five most recent Fiscal Years. Increases reflect increases in connections as well as rate increases adopted by the Board of Directors.

TABLE 26
IRVINE RANCH WATER DISTRICT
Historic Recycled Water Sales and Sewer Service Charge Revenues
(In Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues</i>	<i>Percentage Change</i>
2020	\$77,187	N/A
2021	82,234	6.54%
2022	84,955	3.31
2023	84,693	(0.31)
2024 ⁽¹⁾	94,386	11.44

⁽¹⁾ Increase in Fiscal Year 2024 due to increases in rates.
Source: The District.

Projected Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the projected recycled water sales and sewer service charge revenues for the current and next four Fiscal Years.

TABLE 27
IRVINE RANCH WATER DISTRICT
Projected Recycled Water Sales and Sewer Service Charge Revenues
(In Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2025	117,437	24.42%
2026	120,104	2.27
2027	127,259	5.96
2028	133,622	5.00
2029	140,303	5.00

⁽¹⁾ Reflects increases in projected sewer connections and daily average sewer flow described under the captions “—Projected Sewer and Recycled Water Connections” and “—Projected Sewer Daily Average Flow,” respectively, as well as adopted and projected increases in recycled water and sewer rates described under the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Sewer and Recycled Water Service Customers

The following table sets forth the ten largest sewer service customers of the District for Fiscal Year 2024, as determined by annual payments.

TABLE 28
IRVINE RANCH WATER DISTRICT
Ten Largest Sewer and Recycled Water Service Customers
Fiscal Year 2024

	<i>Customer</i>	<i>Fiscal Year 2024 Payment</i>	<i>Percentage of Total Sewer and Recycled Service Revenues</i>
1.	The Irvine Company	\$ 14,590,479	15.46%
2.	City of Irvine	3,095,438	3.28
3.	University of California, Irvine	2,845,358	3.01
4.	B Braun Medical, Inc.	1,013,616	1.07
5.	Irvine Unified School District	843,052	0.89
6.	Crystal Cove Community Association	502,640	0.53
7.	ERP Operating, LP	417,409	0.44
8.	Great Park Neighborhood Association	415,196	0.44
9.	Maruchan INC	397,812	0.42
10.	City of Tustin	353,140	0.37
	TOTAL	\$ 24,474,140	25.91%

Source: The District.

These ten largest customers accounted for approximately 25.91% of total sewer and recycled water service revenues in Fiscal Year 2024.

Sewer System Rates and Charges

Effective July 1, 2024, residential users pay a fixed monthly service charge which ranges from \$25.70 to \$36.79, which will rise to \$28.80 to \$43.50 on July 1, 2025. Commercial and industrial users pay \$36.79 for the first ten ccf of water use and \$3.07 per ccf thereafter.

For the ten Fiscal Years prior to Fiscal Year 2024, the District had increased its fixed monthly sewer service charge by an average of approximately 5% each year.

The projected sewer system and recycled water sales revenues set forth under the captions “—Projected Recycled Water Sales and Sewer Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect sewer rate increases effective on July 1, 2025 and July 1, 2026 as well as projected sewer and recycled water rate increases of 3.5% per annum thereafter which have not been adopted. Sewer rate increases in Fiscal Years 2027 through 2029 are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

Set forth below is a comparison of the District's sewer bills for a typical residential customer as compared to other neighboring communities.

TABLE 29
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Sewer Bill

<i>Sewer Service Provider</i>	<i>Charge⁽¹⁾</i>
Santa Margarita Water District	\$54.28
Moulton Niguel Water District	46.25
City of Orange	44.60
City of Huntington Beach	42.82
City of Tustin	41.00
Costa Mesa Sanitary District	40.79
City of Newport Beach	39.92
City of Santa Ana	38.54
City of Anaheim	37.85
Irvine Ranch Water District⁽²⁾	37.20

⁽¹⁾ Information is as of ____.

⁽²⁾ District sewer service charge varies depending upon customer water usage. Excludes *ad valorem* assessments levied by District.

Source: The District.

FUTURE CAPITAL IMPROVEMENTS

The District anticipates spending approximately \$887.9 million on water, recycled water and sewer system improvements during the current and the next four Fiscal Years. The District anticipates financing such improvements through a combination of District revenues, fund balances, bonds and/or certificates of participation and, for a portion of the Kern Fan Project (which is described under the caption “—Water Supply Reliability” below), grant proceeds of approximately \$48.8 million. The District currently anticipates issuing additional bonds in the estimated principal amount of \$200 million in Fiscal Year 2028, although the District has not yet determined which source of revenues will be pledged to repay such bonds and there can be no assurance as to the ultimate timing or principal amount of such bonds. The increase in Fiscal Year 2028 and 2029 is attributed to Water Supply Reliability Projects which include expansion of the Syphon Recycled Water Reservoir, which is intended to increase storage capacity to the reservoir from 450 acre feet to 5,000 acre feet, and improvements to Santiago Creek Dam and related facilities. The following table sets forth the District's projected capital improvement projects for the current and next four Fiscal Years:

TABLE 7
IRVINE RANCH WATER DISTRICT
Projected Water, Recycled Water and Sewer Systems Capital Improvements
For Fiscal Years 2025 through 2029

<i>Project</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>Total</i>
Solids Handling	\$ 441,032	\$ 1,888,096	\$ 7,422,610	\$ 14,881,277	\$ 23,419,999	\$ 48,053,015
OC San CORF/Equity ⁽¹⁾	26,974,000	20,438,000	7,374,000	3,734,000	11,529,000	70,049,000
Water Supply Reliability	14,450,279	15,006,735	27,767,283	153,024,595	184,215,388	394,464,279
Development-Related Expansion	12,584,517	10,880,613	18,881,251	22,090,417	12,516,372	76,953,169
Replacement and Refurbishment	44,738,915	55,374,728	53,478,150	30,585,315	22,202,559	206,379,667
Operational Improvements	<u>20,093,974</u>	<u>12,730,997</u>	<u>14,466,682</u>	<u>13,212,864</u>	<u>31,451,361</u>	<u>91,955,877</u>
Total	\$119,282,718	\$116,319,168	\$129,389,976	\$237,528,468	\$285,334,679	\$887,855,008

⁽¹⁾ The District pays for its portion of OC San capital costs based on a 3-year rolling average of sewer flows. Assuming normal weather patterns return, the District's average sewer flow is expected to decrease in the future, which could result in a credit in OC San capital costs in future years. See the caption "THE SEWER SYSTEM—General."

Source: The District.

WATER AND SEWER SYSTEM FINANCIAL INFORMATION

Financial Statements

A copy of the most recent financial statements of the District audited by Davis Farr LLP, Certified Public Accountants (the "**Auditor**"), are included as Appendix B (the "**Financial Statements**") and should be read in their entirety. The Auditor's letter is set forth at the beginning of the Financial Section of the Financial Statements. The Auditor has not reviewed the contents of this Official Statement, and the District has not sought the Auditor's consent to the inclusion of the Auditor's report in the Financial Statements in this Official Statement.

Reduction in BAB Credits

On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, including reductions in Build America Bond ("**BAB**") interest subsidy payments ("**BAB Credits**"). The originally scheduled BAB Credit was reduced by amounts ranging from 5.7% to 8.7% in federal fiscal years 2013 through 2023. Under the Infrastructure Investment and Jobs Act enacted in 2021, the reduction of BAB Credits will continue through September 30, 2030 at the rate of 5.7%.

Under federal legislation enacted in 2010, any increase in the federal deficit caused by a new tax or entitlement spending law also triggers sequestration reductions to eliminate the deficit increase, absent a waiver either as part of the triggering law or in subsequent legislation. In light of the federal deficit increase resulting from the American Rescue Plan Act of 2021, a federal COVID-19 relief measure, the Congressional Budget Office has estimated that BAB Credits will be subject to elimination entirely starting January 1, 2023 through September 30, 2026 without action by Congress to waive or postpone such reductions; such a waiver was enacted for federal fiscal year 2023. The District can give no assurance regarding the level of subsidy payments that it will receive in the future or the likelihood of the further reduction or elimination of the subsidy payments for direct-pay bonds, including BAB Credits.

The Series 2010B Bonds are BABs and the historic and projected operating results shown under the captions "—Historic Operating Results and Debt Service Coverage" and "—Projected Operating Results and Debt Service Coverage" reflect the announced reduction in BAB Credits but do not reflect additional reductions in or the elimination of BAB Credits that may be required in future federal fiscal years. While the District continues to monitor the effects of the reduction in BAB Credits on District finances, the District does not currently expect announced reductions, or any future reductions, to have a material adverse effect on the ability

of the District to pay the principal of and interest on the Series 2010B Bonds or the Parity Obligations from Net Revenues.

As described in the front part of this Official Statement under the caption “REFUNDING PLAN,” the District expects to refund all of the outstanding Series 2010B Bonds from the proceeds of the Series 2025A Bonds and the Series 2025B Bonds.

Historic Operating Results and Debt Service Coverage

The following summary of operating results of the District for the last five Fiscal Years is derived from the Financial Statements and audited financial statements of the District for prior Fiscal Years and excludes certain non-cash items and includes certain other adjustments. Such summary operating results are qualified in their entirety by reference to such statements, including the notes thereto.

TABLE 31
IRVINE RANCH WATER DISTRICT
Historic Operating Results and Debt Service Coverage
Fiscal Years 2019 through 2024
(In Thousands)

	2020	2021	2022	2023	2024
REVENUES					
Water sales and service charges	\$ 90,213	\$ 96,609	\$ 103,286	\$ 103,623	\$ 112,267
Recycled water sales and sewer service charges	77,187	82,234	84,955	84,693	94,386
Connection fees	10,943	18,913	10,449	14,355	26,902
Net real estate income	12,549	9,822	9,756	11,398	12,610
Interest income	7,640	3,694	1,860	9,396	15,690
Available 1% Property Tax Revenues ⁽¹⁾	44,463	47,172	49,781	53,045	55,896
Other ⁽²⁾	<u>6,606</u>	<u>6,336</u>	<u>6,529</u>	<u>7,267</u>	<u>10,255</u>
Total Revenues	\$ 249,601	\$ 264,780	\$ 266,616	\$ 283,777	\$ 328,006
OPERATION AND MAINTENANCE EXPENSES					
Water services	\$ 67,792	\$ 79,221	\$ 89,186	\$ 87,070	\$ 107,609
Sewer services	49,497	51,540	48,353	50,751	62,799
Administrative and general	28,336	30,169	29,399	34,533	31,636
Pension expense ⁽³⁾	9,260	10,373	11,286	12,638	12,830
Other	<u>5,240</u>	<u>1,432</u>	<u>2,791</u>	<u>1,972</u>	<u>2,025</u>
Total Operation & Maintenance Expenses	\$ 160,124	\$ 172,735	\$ 181,015	\$ 186,964	\$ 216,899
NET REVENUES	\$ 89,477	\$ 92,045	\$ 85,601	\$ 96,813	\$ 111,107
ASSESSMENT PROCEEDS⁽⁴⁾	\$ 13,548	\$ 13,009	\$ 13,329	\$ 15,260	\$ 16,388
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	<u>\$ 103,025</u>	<u>\$ 105,054</u>	<u>\$ 98,930</u>	<u>\$ 112,073</u>	<u>\$ 127,495</u>
PARITY OBLIGATION DEBT SERVICE					
Series 2016 Bonds	\$ 5,301	\$ 5,301	\$ 7,456	\$ 7,415	\$ 7,455
2016 Installment Sale Agreement	5,837	9,304	9,341	9,358	9,506
Series 2011A Bonds	3,887	3,236	3,487	5,231	5,778
Series 2010B Bonds ⁽⁵⁾	7,778	7,756	7,764	7,764	7,764
2010 Installment Sale Agreement	2,079	--	--	--	--
1997 State Loan #3	<u>194</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Parity Obligation Debt Service	\$ 25,076	\$ 25,597	\$ 28,048	\$ 29,768	\$ 30,503
PARITY OBLIGATION COVERAGE⁽⁶⁾	4.1x	4.1x	3.5x	3.8x	4.2x
Revenues Available For Subordinate Debt Service	\$ 77,949	\$ 79,457	\$ 70,882	\$ 82,305	\$ 97,091
SUBORDINATE OBLIGATION DEBT SERVICE					
Swap Payments ⁽⁷⁾	\$ 2,496	\$ 3,331	\$ 3,247	\$ 1,081	\$ 105
State Loans and SCWD Debt ⁽⁸⁾	<u>100</u>	<u>108</u>	<u>100</u>	<u>100</u>	<u>100</u>
Total Subordinate Obligation Debt Service	\$ 2,596	\$ 3,439	\$ 3,347	\$ 1,181	\$ 205
Sources of Payment for Ad Valorem					
Assessment Bonds:					
Remaining Revenues	\$ 75,353	\$ 76,018	\$ 67,535	\$ 81,124	\$ 96,787
1% Pledged Property Tax Revenues ⁽⁹⁾	1,141	860	1,117	1,427	1,689
<i>Ad valorem</i> Assessments	<u>7,223</u>	<u>6,693</u>	<u>6,602</u>	<u>7,289</u>	<u>7,827</u>
Total Funds Available for Ad Valorem					
Assessment Bonds	\$ 83,717	\$ 83,571	\$ 75,254	\$ 89,840	\$ 106,303
Ad Valorem Assessment Bond Debt Service	<u>(10,781)</u>	<u>(9,222)</u>	<u>(9,689)</u>	<u>(12,321)</u>	<u>(13,325)</u>
NET REVENUES AVAILABLE FOR OTHER PURPOSES	<u>\$ 72,936</u>	<u>\$ 74,349</u>	<u>\$ 65,565</u>	<u>\$ 77,519</u>	<u>\$ 92,978</u>

(FOOTNOTES ON FOLLOWING PAGE)

- (1) Represents 1% Property Tax Revenues available to pay debt service on Parity Obligations after payment of debt service on bonds of the District secured by a pledge of the District's share of the County 1% general *ad valorem* property tax pursuant to Resolution 2002-10, adopted by the Board of Directors of the District on April 8, 2002 (the "**Secured Bonds**").
 - (2) Other Revenues includes golf course lease, cell site leases, conservation revenue, penalty revenue, grants and Allen-McColloch pipeline income.
 - (3) Pension expense is based on GASB 68 requirements. See the caption "THE IRVINE RANCH WATER DISTRICT—Pension Benefits." These expenses were included in the "Administrative and general" line item in the audited financial statements of the District for the Fiscal Years shown. They have been separated in the above table for presentation purposes.
 - (4) Pro rata share of *ad valorem* assessments based on outstanding par amount of all Ad Valorem Assessment Bonds. Assessment Proceeds are only available to pay debt service on Series 2010B Bonds, Series 2025B Bonds and Series 2016 Bonds and are not available to pay debt service on other Parity Obligations which are not general obligation bonds secured by *ad valorem* assessments.
 - (5) Debt Service net of BAB Credit on Series 2010B Bonds. Reflects announced reductions in BAB Credits due to implementation of certain automatic federal budget costs known as the sequester ranging from 5.7% to 8.7% in federal fiscal years 2013 through 2023.
 - (6) Total Net Revenues and Assessment Proceeds divided by Total Parity Obligation Debt Service.
 - (7) Net swap payments made.
 - (8) Santiago County Water District was consolidated into the District as of July 1, 2006.
 - (9) Represents District's share of 1% Property Tax Revenues which, together with the *ad valorem* assessments, is sufficient to pay debt service on the Secured Bonds. Variations reflect fluctuations in debt service on the Secured Bonds and redemptions thereof.
- Source: The District.

Projected Operating Results and Debt Service Coverage

The District's estimated projected operating results for the current and next four Fiscal Years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the District's assumptions, including the assumptions in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

TABLE 32
IRVINE RANCH WATER DISTRICT
Five-Year Debt Service Coverage Forecast
Fiscal Years 2025 through 2029
(In Thousands)

	2025 ⁽¹⁾	2026	2027	2028	2029
REVENUES					
Water sales and service charges ⁽²⁾	\$ 132,987	\$ 139,328	\$ 148,367	\$ 155,785	\$ 163,574
Recycled water sales and sewer service charges ⁽³⁾	117,437	120,104	127,259	133,622	140,303
Connection fees ⁽⁴⁾	11,000	11,000	11,000	10,000	10,000
Net real estate income ⁽⁵⁾	12,900	13,000	13,400	13,802	14,216
Interest income ⁽⁶⁾	14,615	12,972	10,708	8,507	10,284
Available 1% Property Tax Revenues ⁽⁷⁾	41,293	62,400	64,900	67,500	70,200
Other ⁽⁸⁾	<u>7,000</u>	<u>7,400</u>	<u>7,400</u>	<u>7,400</u>	<u>7,400</u>
Total Revenues	\$ 337,233	\$ 365,024	\$ 383,034	\$ 396,617	\$ 415,977
OPERATION AND MAINTENANCE EXPENSES					
Water services ⁽⁹⁾	\$ 108,000	\$ 108,476	\$ 115,081	\$ 119,109	\$ 123,278
Recycled and sewer services ⁽⁹⁾	69,945	68,359	71,525	74,029	76,620
Administrative and general ⁽¹⁰⁾	32,585	32,898	35,398	36,637	38,103
Pension expense ⁽¹¹⁾	13,147	13,278	13,411	13,411	13,277
Other ⁽¹²⁾	<u>1,500</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Total Operation & Maintenance Expenses	\$ 225,178	\$ 225,011	\$ 237,415	\$ 245,186	\$ 253,277
NET REVENUES	<u>\$ 112,055</u>	<u>\$ 141,012</u>	<u>\$ 145,618</u>	<u>\$ 151,431</u>	<u>\$ 162,700</u>
ASSESSMENT PROCEEDS⁽¹³⁾	\$ 17,351	\$ 15,488	\$ 16,124	\$ 16,812	\$ 17,489
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	\$ 129,407	\$ 156,500	\$ 161,742	\$ 168,243	\$ 180,189
PARITY OBLIGATION DEBT SERVICE⁽¹⁴⁾					
Series 2016 Bonds	\$ 7,456	\$ 7,457	\$ 7,456	\$ 7,458	\$ 7,458
2016 Installment Sale Agreement ⁽¹⁵⁾	9,630	9,752	9,827	9,940	10,045
Series 2011A Bonds ⁽¹⁶⁾	5,850	5,532	5,311	5,403	5,391
Series 2010B Bonds ⁽¹⁷⁾	10,884	--	--	--	--
Series 2025A Bonds ^{(18)*}	--	3,900	3,438	3,438	3,438
Series 2025B Bonds ^{(19)*}	<u>--</u>	<u>4,605</u>	<u>4,838</u>	<u>5,130</u>	<u>5,239</u>
Total Parity Obligation Debt Service	\$ 33,820	\$ 31,246	\$ 30,869	\$ 31,369	\$ 31,571
PARITY OBLIGATION COVERAGE⁽²⁰⁾	3.8x	5.0x	5.2x	5.4x	5.7x
Revenues Available For Subordinate Debt Service	\$ 95,587	\$ 125,255	\$ 130,873	\$ 136,874	\$ 148,617
SUBORDINATE OBLIGATION DEBT SERVICE⁽¹⁴⁾					
Swap Payments ⁽²¹⁾	\$ 834	\$ 954	\$ 1,002	\$ 1,002	\$ 1,002
State Loans and SCWD Debt ⁽¹⁵⁾	<u>59</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>
Total Subordinate Obligation Debt Service	\$ 893	\$ 973	\$ 1,021	\$ 1,021	\$ 1,021
Sources of Payment for Ad Valorem Assessment Bonds:					
Remaining Revenues	\$ 94,694	\$ 124,282	\$ 129,852	\$ 135,853	\$ 147,846
1% Pledged Property Tax Revenues ⁽²²⁾	18,707	--	--	--	--
Ad valorem Assessments ⁽²³⁾	<u>7,649</u>	<u>10,512</u>	<u>10,876</u>	<u>11,288</u>	<u>11,711</u>
Total Funds Available for Ad Valorem Assessment Bonds	\$ 121,049	\$ 134,794	\$ 140,729	\$ 147,141	\$ 159,557
Ad Valorem Assessment Bond Debt Service ⁽²⁴⁾	<u>28,931</u>	<u>11,136</u>	<u>10,499</u>	<u>11,086</u>	<u>15,586</u>
NET REVENUES AVAILABLE FOR OTHER PURPOSES	<u>\$ 92,118</u>	<u>\$ 123,658</u>	<u>\$ 130,230</u>	<u>\$ 136,055</u>	<u>\$ 143,971</u>

* Preliminary, subject to change.

(FOOTNOTES ON FOLLOWING PAGE)

- (1) Reflected budgeted amounts with certain adjustments.
- (2) Reflects rate increases effective on July 1, 2025 as well as projected water rate increases of 3.5% per annum thereafter which have not yet been adopted. See the caption “THE WATER SYSTEM—Projected Water Sales and Service Charge Revenues.”
- (3) Reflects rate increases effective on July 1, 2025 as well as projected sewer and recycled water rate increases of 3.5% per annum thereafter which have not been adopted. See the caption “THE SEWER SYSTEM—Projected Recycled Water Sales and Sewer Service Charge Revenues.”
- (4) Based on District projections of development.
- (5) Based on existing and expected leases. See the captions “THE IRVINE RANCH WATER DISTRICT—Current Investments” and “THE IRVINE RANCH WATER DISTRICT—Projected Net Real Estate Income.”
- (6) Assumes interest rates of 3.90% in Fiscal Year 2025, 3.75% in Fiscal Year 2026, and 3.38% in Fiscal Years 2027 through 2029.
- (7) Represents 1% Property Tax Revenues available to pay Debt Service on Parity Obligations after payment of debt service on Secured Bonds from 1% Property Tax Revenues and applicable *ad valorem* assessments. Projected fluctuation in 1% Property Tax Revenues is a result of uneven debt service on Secured Bonds. See the caption “THE IRVINE RANCH WATER DISTRICT—1% Property Tax Revenues.”
- (8) Includes golf course lease, cell site leases, overallocation revenue, penalty revenue and grants.
- (9) Projected to increase approximately 6.0% in Fiscal Year 2027 and approximately 3.5% in each of Fiscal Years 2028 and 2029. Water services expenses do not reflect any reduction in payments to OCWD as a result of the Complaint that is discussed under the caption “WATER SUPPLY—Groundwater—General.”
- (10) Projected to increase approximately 7.6% in Fiscal Year 2027 and approximately 3.5% in each of Fiscal Years 2028 and 2029.
- (11) Reflects projected OPEB costs, normal pension costs and unfunded pension liability expenses. See the caption “THE IRVINE RANCH WATER DISTRICT—Pension Benefits.”
- (12) Projected to increase Fiscal Year 2026 from Fiscal Year 2025 budgeted amount and remain constant thereafter.
- (13) Pro rata share of *ad valorem* assessments based on outstanding par amount of all Ad Valorem Assessment Bonds. Assessment Proceeds are only available to pay debt service on Series 2010B Bonds, Series 2011A Bonds and Series 2016 Bonds and are not available to pay other Parity Obligations which are not general obligation bonds secured by *ad valorem* assessments.
- (14) Does not reflect the issuance of additional debt to finance future capital improvements. See the caption “FUTURE CAPITAL IMPROVEMENTS” for a discussion of an expected additional bond issuance in Fiscal Year 2028.
- (15) Reflects scheduled debt service.
- (16) Projected at rates of 3.40% in Fiscal Year 2025, 2.75% in Fiscal Year 2026, and 2.38% in Fiscal Years 2027 through 2029. Assumes that the purchase price of Series 2011A Bonds is paid from remarketing proceeds. Assumes letter of credit fees equal to 0.30% of principal.
- (17) Debt Service net of BAB Credit on Series 2010B Bonds. Reflects announced reductions in BAB Credits of 5.7% under the sequestration provisions of the Infrastructure Investment and Jobs Act enacted in 2021.
- (18) Assumes variable rates of 3.40% in Fiscal Year 2025, 2.75% in Fiscal Year 2026 and 2.38% in Fiscal Years 2027 through 2029..
- (19) Assumes a fixed interest rate of 3.30%.
- (20) Total Net Revenues and Assessment Proceeds divided by Total Parity Obligation Debt Service.
- (21) Net swap payments. Assumes SOFR rate with respect to swaps of 4.30% in Fiscal Year 2025, 4.10% in Fiscal Year 2026, and 4.02% thereafter. See the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Subordinate Debt—Interest Rate Swap Transactions.”
- (22) Represents District’s share of 1% Property Tax Revenues which, together with the applicable *ad valorem* assessments, is sufficient to pay debt service on the Secured Bonds.
- (23) Pro rata share of *ad valorem* assessments based on outstanding par amount of all *ad valorem* assessment bonds and Series 2010B Bonds, Series 2011A Bonds and Series 2016 Bonds.
- (24) Ad Valorem Assessment Bonds debt projection assumes annual sinking fund payments, variable rates of 3.40% in Fiscal Year 2025, 2.75% in Fiscal Year 2026, and 2.38% in Fiscal Years 2027 through 2029 and letter of credit fees equal to 0.3% of principal. Does not include Series 2010B Bonds, Series 2011A Bonds or Series 2016 Bonds, which are Parity Obligations.

Source: The District.

THE IMPROVEMENT DISTRICTS

General

The District contains eight water Improvement Districts and ten sewer Improvement Districts covering specific areas within the District's boundaries, some of them overlapping and each of which is governed by the Act. The District formed the Improvement Districts in order to allocate funding responsibility for capital facilities to the areas that will benefit from such capital facilities and to separate areas on the basis of projected timing of development so that capital facilities construction can be matched to the development approval decisions of the respective local agency that makes them. Some of the Improvement Districts share in the funding of the District's regional facilities which the Improvement Districts will use in common, such as major water importation facilities or sewer treatment plants.

Each Improvement District has a respective plan of works and a certain amount of authorized general obligation bonded indebtedness. See Table 3 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness." The *Ad Valorem* Assessment Bonds issued pursuant to such authorization are sold in each instance by the District on the respective Improvement District's behalf. The obligation to repay bonds issued on behalf of an Improvement District is secured in each instance by the power of the District to levy and collect within such Improvement District *ad valorem* assessments without limitation as to rate or amount on land only (enforceable by customary rights to foreclose and sell property for delinquent assessments) or, in lieu of assessments, in the District's discretion, charges for water or sewer service, as applicable, all within the subject Improvement District. These powers and functions are exercised for each Improvement District by the Board of Directors of the District. Although the respective funding obligations of each Improvement District are separate and independent, the Improvement Districts are not operated as separate or independent governmental entities, nor do they have governing boards or any staff. The Improvement Districts are geographical subdivisions of the District through which the District funds capital improvements.

As a result of the District's discretionary election to use other sources of payment for debt service on *ad valorem* assessment bonds, the annual tax rates set by the District vary from year to year and generally do not result in revenues that correspond with debt service requirements on the *Ad Valorem* Assessment Bonds. The annual tax rates set by the District may vary from year to year for other reasons as well. The District has covenanted under the Indenture that, to the extent necessary to pay debt service on the Series 2025B Bonds, it will impose and collect *ad valorem* assessments on taxable land and In Lieu Charges (as such term is defined in Appendix C) within Improvement District Nos. 112, 113, 125, 188, 212 and 225. See the caption "SECURITY FOR THE SERIES 2025B BONDS—General—Covenant to Collect Assessment Proceeds" in the forepart of this Official Statement.

The California Water Code allows the Board of Directors, in a noticed hearing process, to reorganize its improvement district boundaries and to consolidate coterminous improvement districts. As development progresses to completion in improvement districts and the need for having separate improvement districts to match capital facilities construction timing for different geographic areas diminishes, consolidation of various improvement districts can produce efficiencies for the District. Under the California Water Code provisions, certain improvement districts of the District are the consolidated successors to previously separate water improvement districts or previously separate sewer improvement districts, respectively. In 2013, following studies carried out by the District to identify further opportunities to implement such consolidations and reorganizations of its improvement districts, the District implemented improvement district consolidations that reduced the number of its improvement districts from 33 to 18. The statutory provisions for the consolidation of improvement districts specify that a consolidated improvement district may levy and collect the assessments and charges necessary to satisfy the obligations of its predecessor improvement districts, and that the authorized and unissued bonds of the predecessor improvement districts may be issued and sold as the bonds of the consolidated improvement district. The District believes that its actions to reorganize and/or consolidate

improvement districts will not impair the District’s obligation to pay debt service on the outstanding bonds of such improvement districts or the security therefor.

The following is a general description of each of the Improvement Districts as to which the Series 2025B Bonds constitute consolidated, several general obligations:

Improvement District Nos. 125 and 225

General. Improvement District Nos. 125 and 225 are the legal successors to Improvement District Nos. 105 and 250, respectively. In 2013 (i) Improvement District No. 105 and ten other water improvement districts were consolidated into a new improvement district, Improvement District No. 125, in accordance with Section 36454 *et seq.* of the Act; and (ii) Improvement District No. 250 and nine other sewer improvement districts were consolidated into a new improvement district, Improvement District No. 225, in accordance with Section 36454 *et seq.* of the Act.

Improvement District Nos. 125 and 225 are substantially, but not completely, overlapping. Improvement District No. 125 (water) covers approximately 35,438 acres of the District, including several contiguous and non-contiguous areas in the central and coastal parts of the District. Improvement District No. 225 (sewer) covers approximately 32,862 acres of the District, including several contiguous and non-contiguous areas in the central part of the District. Currently, the majority of the land within Improvement District Nos. 125 and 225 consists of developed residential and commercial property. However, the District expects certain areas within Improvement District Nos. 125 and 225 to be subject to infill development and redevelopment in the future. The District expects such additional development in Improvement District Nos. 125 and 225 to continue through at least 2028.

The *ad valorem* assessments levied by the District in Improvement District Nos. 125 and 225 to pay such Improvement Districts’ respective Included Amounts of debt service on the Series 2025B Bonds will be levied on land only. See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness” for a description of the authorized, issued, authorized and unissued, and the amount of outstanding Improvement District Nos. 125 and 225 Ad Valorem Assessment Bonds.

The following table presents the assessed valuations of land in Improvement District No. 125 for the current and previous four Fiscal Years.

TABLE 33
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2021	\$48,251,707,120	\$ 553,973	\$ 38,575,168	\$48,290,836,261
2022	50,567,081,713	553,973	51,119,724	50,618,755,410
2023	54,341,166,760	1,206,612	31,707,647	54,374,081,019
2024	58,735,262,984	1,206,612	90,433,208	58,826,902,804
2025	62,189,512,879	1,206,612	145,807,677	62,336,527,168

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table presents the assessed valuations of land in Improvement District No. 225 for the current and previous four Fiscal Years.

TABLE 34
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2021	\$41,344,701,998	\$ 553,973	\$ 38,581,368	\$41,383,837,339
2022	43,384,833,732	553,973	50,019,014	43,435,406,719
2023	46,633,216,378	1,206,612	28,872,502	46,663,295,492
2024	50,595,397,452	1,206,612	87,685,147	50,684,289,211
2025	53,569,037,747	1,206,612	129,802,983	53,700,047,342

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 125 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2025:

TABLE 35
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Rural/Undeveloped	\$ 93,264,111	0.15%	90	0.08%
Commercial/Office	5,895,632,018	9.48	1,592	1.42
Industrial	2,893,462,158	4.65	1,175	1.05
Government/Social/Institutional	8,080,546	0.01	260	0.23
Miscellaneous	<u>19,863,025</u>	<u>0.03</u>	<u>10</u>	<u>0.01</u>
Subtotal Non-Residential	\$ 8,910,301,858	14.33%	3,127	2.79%
Residential:				
Single Family Residence	\$ 36,057,717,457	57.98%	41,523	37.07%
Condominium	16,323,986,147	26.25	33,890	30.26
2+ Residential Units/Apartments	805,493,669	1.3	259	0.23
Timeshare Interests	<u>92,013,748</u>	<u>0.15</u>	<u>33,205</u>	<u>29.65</u>
Subtotal Residential	\$ 53,279,211,021	85.67%	108,877	97.21%
Total	<u>\$ 62,189,512,879</u>	<u>100.00%</u>	<u>112,004</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes assessed value of unsecured land (possessory interests in tax exempt utility property and gas and oil leases).
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 225 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2025:

TABLE 36
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Rural/Undeveloped	\$ 83,162,015	0.16%	80	0.10%
Commercial/Office	5,812,963,015	10.85	1,495	1.95
Industrial	2,814,596,318	5.25	1,161	1.51
Government/Social/Institutional	5,496,377	0.01	230	0.3
Miscellaneous	<u>19,815,320</u>	<u>0.04</u>	<u>9</u>	<u>0.01</u>
Subtotal Non-Residential	\$ 8,736,033,045	16.31%	2,975	3.88%
Residential:				
Single Family Residence	\$ 27,776,160,828	51.85%	40,015	52.16%
Condominium	16,256,301,897	30.35	33,472	43.63
2+ Residential Units/Apartments	<u>800,541,977</u>	<u>1.49</u>	<u>254</u>	<u>0.33</u>
Subtotal Residential	\$ 44,833,004,702	83.69%	73,741	96.12%
Total	<u>\$ 53,569,037,747</u>	<u>100.00%</u>	<u>76,716</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes assessed value of unsecured land (possessory interests in tax exempt utility property and gas and oil leases).

Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table lists the major taxpayers in Improvement District No. 125 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 37
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2025 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Commercial	\$ 290,827,685	0.47%
2.	Barranca Properties LLC	Commercial	244,800,000	0.39
3.	Five Point Office Venture	Commercial	152,925,311	0.25
4.	Great Park Parcel 1 Owner	Commercial	145,904,220	0.23
5.	Centerpoint Properties Trust	Commercial	123,303,244	0.2
6.	Amazon.Com Services LLC	Industrial	119,030,046	0.19
7.	SP One LLC	Commercial	114,518,908	0.18
8.	Heritage Fields El Toro LLC	Commercial	103,776,503	0.17
9.	Sand Canyon Business Center LLC	Commercial	94,965,411	0.15
10.	Olen Properties Corp.	Commercial	<u>90,567,138</u>	<u>0.15</u>
	TOTAL		\$ 1,480,618,466	2.38%

⁽¹⁾ Fiscal Year 2025 Local Secured Assessed Valuation (Land Only): \$62,189,512,879.

Source: California Municipal Statistics, Inc.

The following table lists the major taxpayers in Improvement District No. 225 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 38
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2025 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Commercial	\$ 297,566,137	0.56%
2.	Barranca Properties LLC	Commercial	244,800,000	0.46
3.	Five Point Office Venture	Commercial	152,925,311	0.29
4.	Great Park Parcel 1 Owner	Commercial	145,904,220	0.27
5.	Centerpoint Properties Trust	Commercial	123,303,244	0.23
6.	Amazon.Com Services LLC	Industrial	119,030,046	0.22
7.	SP One LLC	Commercial	114,518,908	0.21
8.	Heritage Fields El Toro LLC	Commercial	103,776,503	0.19
9.	Sand Canyon Business Center LLC	Commercial	94,965,411	0.18
10.	Olen Properties Corp	Commercial	<u>90,567,138</u>	<u>0.17</u>
	TOTAL		\$ 1,487,356,918	2.78%

⁽¹⁾ Fiscal Year 2025 Local Secured Assessed Valuation (Land Only): \$53,569,037,747.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “**Debt Reports–I.D. 125/225**”) for Improvement District Nos. 125 and 225, respectively, prepared by California Municipal Statistics, Inc. and effective December 31, 2024. The Debt Reports–I.D. 125/225 were prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Reports–I.D. 125/225 generally include long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 125 and No. 225 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 125 and No. 225 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 125 and No. 225. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 39
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Direct and Overlapping Debt Statement

Fiscal Year 2025 Land Only Assessed Valuation: \$62,336,527,168

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	2.702%	\$ 492,034
Coast Community College District	5.191	44,373,503
Rancho Santiago Community College District	0.924	1,221,027
Irvine Unified School District School Facilities Improvement District No. 1	46.296	96,098,922
Laguna Beach Unified School District	14.452	1,111,359
Newport Mesa Unified School District	13.306	27,479,517
Orange Unified School District	1.989	5,481,485
Saddleback Valley Unified School District	36.783	23,715,839
Tustin Unified School District School Facilities Improvement District No. 2002-1	3.168	1,075,378
Tustin Unified School District School Facilities Improvement District No. 2008-1	3.251	2,264,972
Tustin Unified School District School Facilities Improvement District No. 2012-1	29.583	12,451,485
Irvine Ranch Water District, I.D. No. 125	100.000	155,687,218⁽²⁾
Irvine Ranch Water District, I.D. No. 153/253	99.996	18,197,722
Irvine Ranch Water District, I.D. No. 185/285	100.000	3,084,694
Irvine Ranch Water District, I.D. No. 225	96.597	215,288,704
Irvine Ranch Water District, I.D. No. 240	99.556	12,055,907
Community Facilities Districts	7.370-100.	685,241,961
County 1915 Act Bonds	100.000	17,680,000
City 1915 Act Bonds	Various	518,536,127
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,841,537,854
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	13.565%	\$ 59,738,225
Orange County Board of Education Certificates of Participation	13.565	1,360,570
Coast Community College District General Fund and Pension Obligation Bonds	5.191	69,300
Orange Unified School District Certificates of Participation and Benefit Obligation Bonds	1.989	1,281,612
City of Irvine General Fund Obligations	59.785	195,066,498
City of Newport Beach Certificates of Participation	21.727	19,400,038
City of Orange General Fund and Pension Obligation Bonds	3.270	9,326,368
TOTAL OVERLAPPING GENERAL FUND DEBT		\$286,242,611
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		\$1,261,854
 COMBINED TOTAL DEBT		\$2,129,042,319⁽³⁾

Ratios to Fiscal Year 2025 Land Only Assessed Valuation:

Direct Debt (\$155,687,218)0.25%
Total Direct and Overlapping Tax and Assessment Debt.....2.95%

Ratios to Adjusted All Property Assessed Valuation:

Combined Total Debt.....1.94 %

Ratios to Redevelopment Incremental Valuation (\$1,322,599,127):

Total Overlapping Tax Increment Debt.....0.10%

⁽¹⁾ Based on all property assessed valuation of \$109,969,065,299.

⁽²⁾ Improvement District No. 125 was formed by consolidating former Improvement District Nos. 105, 106, 102, 121, 130, 135, 140, 161, 182, 184 and 186.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

TABLE 40
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Direct and Overlapping Debt Statement

Fiscal Year 2025 Land Only Assessed Valuation: \$53,700,047,342

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	2.380%	\$ 433,398
Coast Community College District	0.267	2,282,359
Rancho Santiago Community College District	0.016	21,143
Irvine Unified School District School Facilities Improvement District	52.142	108,233,757
Newport Mesa Unified School District	2.593	5,355,057
Orange Unified School District	0.034	93,701
Saddleback Valley Unified School District	36.783	23,715,839
Tustin Unified School District School Facilities Improvement District No. 2002-1	4.958	1,682,993
Tustin Unified School District School Facilities Improvement District No. 2008-1	5.088	3,544,810
Tustin Unified School District School Facilities Improvement District No. 2012-1	30.910	13,010,861
Irvine Ranch Water District, I.D. No. 125	85.099	132,488,266
Irvine Ranch Water District, I.D. No. 153/253	99.996	18,197,722
Irvine Ranch Water District, I.D. No. 185/285	100.000	3,084,694
Irvine Ranch Water District, I.D. No. 225	100.000	222,873,075⁽²⁾
Community Facilities Districts	7.370-100.	679,236,961
City 1915 Act Bonds	Various	<u>518,910,909</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,733,165,545
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	11.950%	\$ 52,626,008
Orange County Board of Education Certificates of Participation	11.950	1,198,585
Coast Community College District General Fund and Pension Obligation Bonds	0.267	3,565
Orange Unified School District Certificates of Participation and Benefit Obligation Bonds	0.038	21,908
City of Irvine General Fund Obligations	61.758	201,504,002
City of Newport Beach Certificates of Participation	3.220	2,875,138
City of Orange General Fund and Pension Obligation Bonds	0.027	<u>77,007</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$258,306,213
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		 \$1,261,854
 COMBINED TOTAL DEBT		 \$1,992,733,612 ⁽³⁾

Ratios to Fiscal Year 2025 Land Only Assessed Valuation:

Direct Debt (\$222,873,075)0.42%
Total Direct and Overlapping Tax and Assessment Debt.....3.23%

Ratios to Adjusted All Property Assessed Valuation:

Combined Total Debt.....2.06%

Ratios to Redevelopment Incremental Valuation (\$1,322,599,127):

Total Overlapping Tax Increment Debt.....0.10%

⁽¹⁾ Based on all property assessed valuation of \$91,907,058,836.

⁽²⁾ Improvement District No. 225 was formed by consolidating former Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District No. 113

General. Improvement District No. 113 (water) is located in portions of the Cities of Tustin and Irvine, California. Improvement District No. 113 is comprised of approximately 1,629 acres of the land formerly known as Marine Corps Air Station Tustin. The boundaries of Improvement District No. 113 are Harvard Avenue on the southeast, Barranca Parkway on the southwest, Red Hill Avenue on the northwest and Edinger Avenue on the northeast. The former helicopter base, now known as Tustin Legacy, is currently being redeveloped with residential, commercial, institutional and recreational uses. The District expects development in Improvement District No. 113 to continue through 2028. The District expects that the development will consist of approximately 7,200 dwelling units and approximately 9,700,000 square feet of commercial, institutional and recreational uses when completed.

The *ad valorem* assessments levied by the District in Improvement District No. 113 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 2025B Bonds will be levied on land only. See Table 3 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness" for a description of the authorized, issued, authorized and unissued, and the amount of outstanding Improvement District No. 113 Ad Valorem Assessment Bonds.

The following table presents the assessed valuations of land in Improvement District No. 113 for the current and previous four Fiscal Years.

TABLE 41
IRVINE RANCH WATER DISTRICT
Improvement District No. 113
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2021	\$1,265,220,518	\$17,890,475	\$1,283,110,993
2022	1,334,069,673	0	1,334,069,673
2023	1,408,807,895	0	1,408,807,895
2024	1,573,321,340	15,325,188	1,588,646,528
2025	1,724,504,898	0	1,724,504,898

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 113 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2025:

TABLE 42
IRVINE RANCH WATER DISTRICT
Improvement District No. 113
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Commercial	\$ 193,762,112	11.24%	44	1.16%
Government/Social/Institutional	<u>0</u>	<u>0.00</u>	<u>182</u>	<u>4.80</u>
Subtotal Non-Residential	\$ 193,762,112	11.24%	226	5.97%
Residential:				
Single Family Residence	\$ 804,519,014	46.65%	1,511	39.89%
Condominium/Townhouse	622,630,265	36.10	1,560	41.18
Apartments	37,700,493	2.19	3	0.08
Vacant Residential	<u>65,893,014</u>	<u>3.82</u>	<u>488</u>	<u>12.88</u>
Subtotal Residential	\$ 1,530,742,786	88.76%	3,562	94.03%
Total	\$ 1,724,504,898	100.00%	3,788	100.00%

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes assessed value of unsecured land (possessory interests in tax exempt utility property and gas and oil leases).

Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table lists the major taxpayers in Improvement District No. 113 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 43
IRVINE RANCH WATER DISTRICT
Improvement District No. 113
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2025 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	Vestar/Kimco Tustin LP	Commercial	\$ 88,705,321	5.14%
2.	Legacy Villas LLC	Apartments	37,700,493	2.19
3.	Flight Phase I Owner LLC	Office Development	34,153,339	1.98
4.	Costco Wholesale Corporation	Commercial	18,872,962	1.09
5.	1C Tustin Legacy LLC	Commercial	17,315,449	1.00
6.	Brookfield Tustin Homes LLC	Residential Development	15,926,845	0.92
7.	Lowes HIW Inc.	Commercial	12,942,301	0.75
8.	Hoag Memorial Hospital Presbyterian	Commercial	9,738,160	0.56
9.	Healthsouth Corporation	Commercial	6,326,867	0.37
10.	2C Tustin Legacy LLC	Commercial	<u>3,062,451</u>	<u>0.18</u>
	TOTAL		\$ 244,744,188	14.19%

⁽¹⁾ Fiscal Year 2025 Local Secured Assessed Valuation (Land Only): \$1,724,504,898.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “**Debt Report–I.D. 113**”) for Improvement District No. 113 prepared by California Municipal Statistics, Inc. and effective December 31, 2024. The Debt Report–I.D. 113 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 113 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 113 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 113 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 113. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 44
IRVINE RANCH WATER DISTRICT
Improvement District No. 113
Direct and Overlapping Debt Statement

Fiscal Year 2025 Land Only Assessed Valuation: \$1,724,504,898

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	0.087%	\$15,843
Rancho Santiago Community College District	0.156	206,147
Rancho Santiago Community College District School Facilities Improvement District No. 1	0.294	407,866
Irvine Unified School District School Facilities Improvement District	2.875	5,967,781
Santa Ana Unified School District	0.362	1,455,086
Tustin Unified School District School Facilities Improvement District No. 2002-1	8.883	3,015,334
Tustin Unified School District School Facilities Improvement District No. 2008-1	6.555	4,566,869
Tustin Unified School District School Facilities Improvement District No. 2012-1	4.742	1,995,908
Tustin Unified School District Community Facilities District No. 06-1	100.000	12,115,000
City of Irvine Community Facilities District No. 2005-2	99.263	10,338,241
Irvine Ranch Water District, I.D. No. 113	100.000	12,381,352
Irvine Ranch Water District, I.D. No. 213	100.000	18,776,035
City of Tustin Community Facilities District Nos. 04-1, 06-1 and 07-1	56.194-100.	<u>81,245,051</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$152,486,513

OVERLAPPING GENERAL FUND DEBT:

Orange County General Fund Obligations	0.435%	\$1,915,675
Orange County Board of Education Certificates of Participation	0.435	43,631
Santa Ana Unified School District Certificates of Participation	0.362	142,630
City of Irvine General Fund Obligations	0.328	<u>1,070,198</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$3,172,134

OVERLAPPING TAX INCREMENT DEBT:

Successor Agency to Tustin Redevelopment Agency	58.579%	<u>\$23,153,350</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$23,153,350

COMBINED TOTAL DEBT \$178,811,997⁽²⁾

Ratios to Fiscal Year 2025 Land Only Assessed Valuation:

Direct Debt (\$31,157,387).....1.81%
Total Direct and Overlapping Tax and Assessment Debt.....8.84%

Ratios to Adjusted All Property Assessed Valuation:

Combined Total Debt5.07%

Ratios to Redevelopment Incremental Valuation (\$1,365,810,614):

Overlapping Tax Increment Debt1.70%

⁽¹⁾ Based on all property assessed valuation of \$3,527,240,447

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District Nos. 112 and 212

General. Improvement District No. 112 (water) and Improvement District No. 212 (sewer) are coterminous and are generally bound by Interstate 5 to the south, State Route 133 to the west, Irvine Boulevard and Portola Parkway to the north and Alton Parkway to the east. Improvement District No. 112 and Improvement District No. 212 are comprised of approximately 3,353 acres of land and include residential, commercial, institutional and recreational developments.

Set forth below is information with respect to Improvement District Nos. 112 and 212. Certain information with respect to these Improvement Districts has been consolidated, where appropriate in light of their coterminous boundaries.

The *ad valorem* assessments levied by the District in Improvement District Nos. 112 and 212 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 2010 Bonds will be levied on land only. See Table 1 above for a description of the authorized, issued, authorized and unissued and amount outstanding of Improvement District Nos. 112 and 212 *ad valorem* assessment bonds.

The following table presents the assessed valuations of land in Improvement District Nos. 112 and 212 for the current and previous four fiscal years.

TABLE 45
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 112 and 212
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total</i>
2021	\$3,703,115,907	\$352,182	\$3,089,211	\$3,706,557,300
2022	3,837,833,796	352,182	36,686,260	3,874,872,238
2023	4,463,059,946	670,822	88,340,627	4,552,071,395
2024	4,929,290,583	670,822	0	4,929,961,405
2025	5,540,160,688	670,822	22,425,617	5,563,257,127

Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land-only local secured assessed valuation in Improvement District Nos. 112 and 212 (excluding utility and unsecured property) by land use for the Fiscal Year ending June 30, 2025:

TABLE 46
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 112 and 212
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025</i> <i>Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No of Parcels</i>	<i>% of Total</i>
<u>Non-Residential:</u>				
Commercial	\$ 285,762,809	5.16%	101	1.38%
Miscellaneous	<u>21,896,457</u>	<u>0.40</u>	<u>30</u>	<u>0.41</u>
Subtotal Non-Residential	\$ 307,659,266	5.55%	131	1.78%
<u>Residential:</u>				
Single Family Residential	\$ 5,077,605,121	91.65%	7,102	96.70%
Vacant Residential	<u>154,896,301</u>	<u>2.80</u>	<u>111</u>	<u>1.51</u>
Subtotal Residential	\$ 5,232,501,422	94.45%	7,213	98.22%
Total	<u>\$ 5,540,160,688</u>	<u>100.00%</u>	<u>7,344</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table identifies the major taxpayers in Improvement District Nos. 112 and 212 based on land-only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 47
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 112 and 212
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>2024-25</i> <i>Assessed Valuation</i>	<i>% of</i> <i>Total⁽¹⁾</i>
1.	Heritage Fields El Toro LLC	Commercial/Residential	\$ 180,952,389	3.27%
2.	AG EHC II LEN CA 4 LP	Residential Development	110,923,815	2.00
3.	AG EHC II CA 4B LP	Residential Development	106,856,684	1.93
4.	Lennar Homes of California Inc.	Residential Development	35,547,872	0.64
5.	Mind OC	Commercial	34,432,038	0.62
6.	Tri Pointe Homes Holdings	Residential Development	29,628,668	0.53
7.	Pulte Home Company LLC	Residential Development	24,373,053	0.44
8.	Recreational	Commercial	7,177,537	0.13
9.	Yanping Bi	Residential Properties	6,860,900	0.12
10.	Lynx Family Housing Partners LP	Residential Properties	<u>6,785,733</u>	<u>0.12</u>
			\$ 543,538,689	9.81%

⁽¹⁾ 2024-25 Local Secured Assessed Valuation: \$5,540,160,688.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “**Debt Report–I.D. 112/212**”) for Improvement District Nos. 112 and 212 prepared by California

Municipal Statistics, Inc. and effective December 31, 2024. The Debt Report–I.D. 112/212 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such report and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 112/212 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District Nos. 112 and No. 212 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District Nos. 112 and No. 212 (except as indicated) nor are they necessarily obligations secured by land within District Nos. 112 and No. 212. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 48
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 112 and 212
Direct and Overlapping Debt Statement

2024-25 Land Only Assessed Valuation: \$5,563,257,127

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	0.218%	\$ 41,889
Saddleback Valley Unified School District	0.454	393,686
Irvine Ranch Water District, I.D. No. 112	100.000	6,917,106⁽²⁾
Irvine Ranch Water District, I.D. No. 212	100.000	22,655,463⁽²⁾
City of Irvine Community Facilities District No. 2013-3, I.A. No. 1	100.000	71,435,000
City of Irvine Community Facilities District No. 2013-3, I.A. No. 4	100.000	130,020,000
City of Irvine Community Facilities District No. 2013-3, I.A. No. 6	100.000	169,996,780
City of Irvine Community Facilities District No. 2013-3, I.A. No. 7	100.000	220,000,000
City of Irvine Community Facilities District No. 2013-3, I.A. No. 8	100.000	71,595,000
City of Irvine Community Facilities District No. 2013-3, I.A. No. 9	100.000	56,709,892
City of Irvine Community Facilities District No. 2013-3, I.A. No. 10	100.000	<u>102,690,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$852,454,816
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	1.097%	\$ 4,949,280
Orange County Board of Education Certificates of Participation	1.097	119,134
City of Irvine General Fund Obligations	7.853	<u>25,622,768</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$30,691,182
 COMBINED TOTAL DEBT		\$883,145,998 ⁽³⁾

Ratios to 2024-25 Land Only Assessed Valuation:

Direct Debt (\$28,946,212).....0.52%
Total Direct and Overlapping Tax and Assessment Debt15.47%

Ratios to 2024-25 All Property Assessed Valuation:

Combined Total Debt.....9.41%

(1) Based on all property assessed valuation of \$9,495,538,598.

(2) Excludes issues to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District No. 188

General. Improvement District No. 188 (water) is located in the northeastern portion of the District. Improvement District No. 188 is comprised of approximately 216 acres. Improvement District No. 188 is nearly fully developed. At build-out, the development within Improvement District No. 188 is anticipated to consist of approximately 1,130 residential units and 38 acres of commercial, public facilities and parks.

Set forth below is information with respect to Improvement District No. 188. Certain information with respect to these Improvement Districts has been consolidated, where appropriate in light of their coterminous boundaries.

The *ad valorem* assessments levied by the District in Improvement District No. 188 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 2010 Bonds will be levied on land only. See Table 1 above for a description of the authorized, issued, authorized and unissued and amount outstanding of Improvement District No. 188 ad valorem assessment bonds.

The table below presents the five-year history of assessed valuations of land in Improvement District No. 188 for the current and previous four Fiscal Years:

TABLE 49
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2021	\$255,088,204	\$0	\$0	\$255,088,204
2022	284,644,152	0	0	284,644,152
2023	329,117,953	0	0	329,117,953
2024	388,854,365	0	0	388,854,365
2025	409,635,549	0	0	409,635,549

⁽¹⁾ Assessed value of unsecured land only.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land-only local secured assessed valuation in Improvement District No. 188 (excluding utility and unsecured property) by land use for the Fiscal Year ending June 30, 2025:

TABLE 50
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Single Family Residential	\$ 399,194,765	97.45%	747	75.68%
Multi-Family Residential	4,681,799	1.14	2	0.2
Vacant Residential	<u>5,758,985</u>	<u>1.41</u>	<u>238</u>	<u>24.11</u>
Total	\$ 409,635,549	100.00%	987	100.00%

⁽¹⁾ Land Only Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table identifies the major taxpayers in Improvement District No. 188 based on land-only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 51
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>2024-25 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	Portola Senior Housing Associates LP	Apartments	\$ 4,681,799	1.14%
2.	USA Portola East LLC	Residential Development	3,541,827	0.86
3.	USA Portola West LLC	Residential Development	2,998,794	0.73
4.	BBY Investment LLC	Residential	1,990,710	0.49
5.	Emmett and Cynthia Mosley	Residential	1,839,391	0.45
6.	Richard Cortez	Residential	1,782,510	0.44
7.	Lizhong Jia	Residential	1,724,295	0.42
8.	Yue Cong	Residential	1,599,499	0.39
9.	Paymon Mesgarzadeh	Residential	1,549,575	0.38
10.	Brian and Monica Taraci	Residential	<u>1,538,355</u>	<u>0.38</u>
			\$ 23,246,755	5.67%

⁽¹⁾ 2024-25 Local Secured Assessed Valuation (land only): \$409,635,549.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “**Debt Report–I.D. 188**”) for Improvement District No. 188 prepared by California Municipal Statistics, Inc. and effective December 31, 2024. The Debt Report–I.D. 188 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 188 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 188 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 188 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 188. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 52
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Direct and Overlapping Debt Statement

2024-25 Land Only Assessed Valuation: \$409,635,549

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	0.023%	\$ 4,188
Saddleback Valley Unified School District	1.666	1,074,154
Irvine Ranch Water District, I.D. No. 188	100.000	1,544,589⁽²⁾
Irvine Ranch Water District, I.D. No. 288	100.000	303,701
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,926,632
OVERLAPPING GENERAL FUND DEBT:		
Orange County General Fund Obligations	0.117%	\$515,250
Orange County Board of Education Certificates of Participation	0.117	11,735
TOTAL OVERLAPPING GENERAL FUND DEBT		\$526,985
COMBINED TOTAL DEBT		\$3,453,617 ⁽³⁾

Ratios to 2024-25 Land Only Assessed Valuation:

Direct Debt (\$1,848,290).....0.45%
 Total Direct and Overlapping Tax and Assessment Debt0.71%

Ratios to 2024-25 All Property Assessed Valuation:

Combined Total Debt.....0.37%

(1) Based on all property assessed valuation of \$944,939,251.

(2) Excludes issues to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Proposition 218

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “**Initiative**”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIII D. Article XIII D defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it.

In July 2006, the California Supreme Court held, in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (“*Bighorn*”), that the initiative power described in Article XIIC applies to any local taxes, assessments, fees and charges as defined in Articles XIIC and XIID. Article XIID defines “fee” or “charge” to mean a levy (other than *ad valorem* or special taxes or assessments) imposed by a local government “upon a parcel or upon a person as an incident of property ownership,” including a user fee for a “property related service.” The Court also found that charges for water delivery are charges for a property-related service and, therefore, constitute “fees” or “charges” within the meaning of both Article XIID and section 3 of Article XIIC. In accordance with Article XIID and the decision in *Bighorn*, the District has conducted notice and hearing proceedings to comply with requirements of Article XIID with respect to proposed increases of rates and charges since Fiscal Year 2007. See the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.”

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (“*SJC*”) upholding tiered water rates under Proposition 218 provided that the rates correspond to the actual cost of furnishing service at a given level of usage. The opinion included a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The District’s tiered water rates are described under the caption “THE WATER SYSTEM—Water System Rates and Charges.”

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” In light of *Bighorn* and as discussed above under the caption “—Article XIID,” the terms “fee” and “charge” as used in Article XIIC include, at a minimum, all of the fees and charges within the “property related” qualification set forth in Article XIID. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. Therefore, in the absence of other limitations, provisions of Article XIIC could be applicable to the water and sewer rates charged by the District.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (2020) 9 Cal. 5th 1105) holding that the taxation exemption from the State Constitution’s referendum process applies to measures setting water rates, and that the Initiative does not subject water rates to challenge by referendum. The District and its general counsel do not believe that current applicable case law interpreting Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Series 2025B Bonds. Remedies available to beneficial owners of the Series 2025B Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other

monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The District does not believe that the enactment of Proposition 26 has affected its ability to levy rates and charges for water, recycled water or sewer service.

Article XIII A

General. On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("**Article XIII A**"). Article XIII A limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by the voters voting on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by each California county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon the location of reappraised property and the value of property within each taxing agency. Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIII B

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on November 6, 1979 thereby adding Article XIII B to the California Constitution ("**Article XIII B**"). Under Article XIII B state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District is of the opinion that its rates and charges for water, sewer and recycled water services do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B, and that tax revenues and other revenues received by the District which may constitute the “proceeds of taxes” are appropriated for debt service or qualified capital outlay projects and are not subject to

Future Initiatives

Article XIII A, Article XIII B, Proposition 218 and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures (including the measure that is described below under the subcaption “—Initiative 1935”) could be adopted, further affecting ability of the District to collect or expend Revenues.

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is entered into by the Irvine Ranch Water District (the “**District**”) in connection with the issuance of the Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2025, relating to the Bonds (the “**Indenture**”), by and between U.S. Bank Trust Company, National Association, as trustee, and the District. The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025A Bonds (including persons holding Series 2025A Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Series 2025A Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Financial Obligation. The term “Financial Obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year. In the event of a change in the District’s Fiscal Year, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

Holder. The term “Holder” means a registered owner of the Series 2025A Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated _____, 2025 relating to the Series 2025A Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Series 2025A Bonds required to comply with the Rule in connection with offering of the Series 2025A Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than each April 1 following the end of its Fiscal Year (commencing April 1, 2026 for the Fiscal Year ending June 30, 2025) to EMMA an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements of the District for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) To the extent not included in the audited financial statements provided pursuant to the foregoing Section 4(a), the Annual Report shall contain an update of the information in the following tables and/or captions in Appendix A to the Official Statement, substantially in the form set forth in the Official Statement:

1. Information under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness;”

2. The table “IRVINE RANCH WATER DISTRICT Historic Water Supply In Acre Feet Per Year” under the caption “WATER SUPPLY—Historic and Projected Water Supply;”

3. Information under the caption “THE WATER SYSTEM—Historic Water Connections;”

4. Information under the caption “THE WATER SYSTEM—Historic Water Deliveries/Sales;”

5. Information under the caption “THE WATER SYSTEM—Water System Rates and Charges;”

6. Information under the caption “THE SEWER SYSTEM—Historic Sewer and Recycled Water Connections;”

7. Information under the caption “THE SEWER SYSTEM—Sewer System Rates and Charges;”

8. Information under the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Historic Operating Results and Debt Service Coverage;” and

9. An update of the following tables for each Improvement District:

(i) Assessed Valuations (Land Only); provided that only the total assessed values shall be updated;

(ii) Assessed Valuation and Parcels by Land Use; and

(iii) Largest Local Secured Taxpayers.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025A Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings;

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer

for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person; and

10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025A Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2025A Bonds or other events affecting the tax status of the Series 2025A Bonds;

2. modifications to the rights of Series 2025A Bond holders;

3. optional, unscheduled or contingent Series 2025A Bond calls;

4. release, substitution or sale of property securing repayment of the Series 2025A Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District that is customarily prepared by the District and is publicly available.

7. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2025A Bonds. If such termination occurs prior to the final maturity of the Series 2025A Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of the Series 2025A Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Series 2025A Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2025A Bonds, and shall create no rights in any other person or entity.

[SIGNATURE ON FOLLOWING PAGE.]

Dated: _____, 2025

IRVINE RANCH WATER DISTRICT

By: _____
Its: Treasurer

Note: This page is intentionally left blank.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Exhibit "C"

Stradling Yocca Carlson & Rauth
Draft of June 16, 2025

PRELIMINARY OFFICIAL STATEMENT DATED ____, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS:
Standard & Poor's: "____"
Fitch: "____"
(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2025B Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025B Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025B Bonds. See "TAX MATTERS."

[IRWD LOGO]

\$ _____ BONDS OF IRVINE RANCH WATER DISTRICT CONSOLIDATED REFUNDING SERIES 2025B

Dated: Date of Delivery

Due: May 1, as shown on the inside front cover

The Series 2025B Bonds are being issued by the Irvine Ranch Water District under the Indenture of Trust, dated as of June 1, 2025, by and between the District and U.S. Bank Trust Company, National Association, as trustee. The proceeds of the Series 2025B Bonds will be used: (i) to provide a portion of the funds to redeem the outstanding Bonds of Irvine Ranch Water District, Series 2010B (Federally Taxable—Build America Bonds); and (ii) to pay the costs of issuance of the Series 2025B Bonds. See the captions "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Series 2025B Bonds will be issued in book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the Series 2025B Bonds will not receive physical certificates representing their interests in Series 2025B Bonds purchased. DTC will act as securities depository for the Series 2025B Bonds. The principal of and interest on the Series 2025B Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of such principal and interest, DTC is obligated to remit such principal and interest to DTC participants for subsequent disbursement to the Beneficial Owners of the Series 2025B Bonds.

Interest on the Series 2025B Bonds is payable on November 1, 2025 and semiannually on each May 1 and November 1 thereafter. Individual purchases of Series 2025B Bonds will be made in principal amounts of \$5,000 and integral multiples thereof.

The Series 2025B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as more fully described under the caption "THE SERIES 2025B BONDS—Redemption of Series 2025B Bonds."

The Series 2025B Bonds constitute the consolidated, several general obligations of Improvement District Nos. 112, 113, 125, 188, 212 and 225, which are geographical subdivisions of the District through which the District funds capital improvements. The Series 2025B Bonds will be payable from the following sources: (i) Assessment Proceeds, consisting of *ad valorem* assessments on taxable land, In Lieu Charges and proceeds from the sale of property for the enforcement of delinquent assessments collected from within each Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal of and interest on the Series 2025B Bonds; (ii) Net Revenues of the District, consisting of the proceeds of water, sewer and reclaimed water rates and charges imposed by the District that remain after payment of Operation and Maintenance Expenses; and (iii) certain moneys and investment earnings in certain funds and accounts created under the Indenture.

The obligation of the District to pay the principal of and interest on the Series 2025B Bonds from Net Revenues is on a parity with certain Parity Obligations described under the caption "SECURITY FOR THE SERIES 2025B BONDS—Existing Parity Obligations." The District may enter into additional Parity Obligations in accordance with the terms of the Indenture. See the caption "SECURITY FOR THE SERIES 2025B BONDS—Limitations on Parity and Superior Obligations."

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2025B Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

THE SERIES 2025B BONDS SHALL NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUND OR ACCOUNT OF THE DISTRICT, INCLUDING ITS GENERAL FUND, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, IS LIABLE FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025B BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025B BONDS.

The Series 2025B Bonds will be offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by Hanson Bridgett LLP, as general counsel to the District, by Stradling Yocca Carlson & Rauth, as Disclosure Counsel to the District, for the Underwriter by Kutak Rock LLP, and for the Trustee by its counsel. It is anticipated that the Series 2025B Bonds will be available for delivery through the DTC book-entry system on or about ____, 2025.

* Preliminary, subject to change.

4919-0927-8778v4/202001-0003

Goldman Sachs & Co. LLC

Dated: _____, 2025

\$ _____ *

**BONDS OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED REFUNDING SERIES 2025B**

Maturity Schedule*

Base CUSIP®†: 463632

<i>Maturity Date (May 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP®†</i>
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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representation other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025B Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025B Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information set forth in this Official Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. THE PROJECTIONS CONTAINED IN THIS OFFICIAL STATEMENT WILL NOT BE UPDATED AS PART OF THE DISTRICT’S CONTINUING DISCLOSURE OBLIGATIONS FOR THE SERIES 2025B BONDS.

THE SERIES 2025B BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2025B BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2025B Bonds.

IRVINE RANCH WATER DISTRICT
Orange County, California

Board of Directors

Douglas J. Reinhart, Division 3, *President*
Steven E. LaMar, Division 2, *Vice President*
Daniel R. Feron, Division 4
Peer A. Swan, Division 5
John B. Withers, Division 1

Management

Paul A. Cook, *General Manager*
Neveen Adly, *Executive Director of Finance and Administration/Treasurer*
Kristine Swan, *Secretary*

District General Counsel

Hanson Bridgett LLP
Los Angeles, California

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor

PFM Financial Advisors LLC
Los Angeles, California

Trustee

U.S. Bank Trust Company, National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

[REGIONAL MAP]

[MAP OF WATER IMPROVEMENT DISTRICTS]

[MAP OF SEWER IMPROVEMENT DISTRICTS]

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OFFICIAL STATEMENT

\$ _____ *

BONDS OF IRVINE RANCH WATER DISTRICT CONSOLIDATED REFUNDING SERIES 2025B

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained and referenced elsewhere in this Official Statement. The offering of the Series 2025B Bonds to potential investors is made only by means of the entire Official Statement.

Purpose

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the Irvine Ranch Water District (the “**District**”) and Improvement District Nos. 112, 113, 125, 188, 212 and 225 (collectively, the “**Improvement Districts**” or individually, an “**Improvement District**”), which are geographical subdivisions of the District through which the District funds capital improvements, in connection with the sale by the District of \$ _____* aggregate principal amount of its Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B (the “**Series 2025B Bonds**”), which Series 2025B Bonds constitute the consolidated several general obligations of Improvement District Nos. 112, 113, 125, 188, 212 and 225.

The Series 2025B Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2025 (the “**Indenture**”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The Series 2025B Bonds are payable from the following sources: (i) Assessment Proceeds, consisting of *ad valorem* assessments on taxable land, In Lieu Charges and proceeds from the sale of property for the enforcement of delinquent assessments collected from within each Improvement District and applied by the District to pay such Improvement District’s Included Amount of the principal of and interest on the Series 2025B Bonds; (ii) Net Revenues of the District, consisting of the proceeds of water, sewer and reclaimed water rates and charges imposed by the District that remain after payment of Operation and Maintenance Expenses; and (iii) certain moneys and investment earnings in certain funds and accounts created under the Indenture.

The proceeds of the Series 2025B Bonds will be used: (i) to provide a portion of the funds to redeem the outstanding Bonds of Irvine Ranch Water District, Series 2010B (Federally Taxable—Build America Bonds) (the “**Series 2010B Bonds**”); and (ii) to pay the costs of issuance of the Series 2025B Bonds. See the captions “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The District

The District is a California water district, formed in 1961 under the authority of the California Water District Law, constituting Division 13 of the California Water Code (the “**Act**”). Currently there are eight water improvement districts and ten sewer improvement districts formed pursuant to the Act, which are geographical subdivisions of the District through which the District funds capital improvements. See Appendix A—“IRVINE RANCH WATER DISTRICT.”

* Preliminary, subject to change.

Improvement Districts

Set forth below are brief descriptions of the Improvement Districts for which the Series 2025B Bonds constitute consolidated, several general obligations. For more complete information with respect to the Improvement Districts, see Appendix A under the caption “THE IMPROVEMENT DISTRICTS.”

Improvement District Nos. 125 and 225. Improvement District No. 125 (water) covers approximately 35,438 acres of the District, including several contiguous and non-contiguous areas in the central and coastal parts of the District. Improvement District No. 225 (sewer) covers approximately 32,862 acres of the District, including several contiguous and non-contiguous areas in the central part of the District. Currently, the majority of the land within Improvement District Nos. 125 and 225 consists of developed residential and commercial property. However, the District expects certain areas within Improvement District Nos. 125 and 225 to be subject to infill development and redevelopment in the future. The District expects such additional development in Improvement District Nos. 125 and 225 to continue through at least 2028. The Fiscal Year 2025 assessed value of the land in Improvement District No. 125 is \$62,336,527,168. The Fiscal Year 2025 assessed value of the land in Improvement District No. 225 is \$53,700,047,342.

Improvement District No. 113. Improvement District No. 113 (water) is coterminous with Improvement District No. 213 (sewer) and is located in portions of the Cities of Tustin and Irvine. Improvement District No. 113 is comprised of approximately 1,629 acres of the land formerly known as Marine Corps Air Station Tustin. The boundaries of Improvement District No. 113 are Harvard Avenue on the southeast, Barranca Parkway on the southwest, Red Hill Avenue on the northwest and Edinger Avenue on the northeast. The former helicopter base, now known as Tustin Legacy, is currently being redeveloped with residential, commercial, institutional and recreational uses. The District expects development in Improvement District No. 113 to continue through 2028. The District expects that the development will consist of approximately 7,200 dwelling units and approximately 9,700,000 square feet of commercial, institutional and recreational uses when completed. The Fiscal Year 2025 assessed value of the land in Improvement District No. 113 is \$1,724,504,898.

Improvement District Nos. 112 and 212. Improvement District No. 112 (water) is coterminous with Improvement District No. 212 (sewer) and is generally bound by Interstate 5 to the south, State Route 133 to the west, Irvine Boulevard and Portola Parkway to the north and Alton Parkway to the east. Improvement District Nos. 112 and 212 are comprised of approximately 3,353 acres of land and include residential, commercial, institutional and recreational developments. The Fiscal Year 2025 assessed value of the land in coterminous Improvement District Nos. 112 and 212 is \$5,563,257,127.

Improvement District No. 188. Improvement District No. 188 (water) is coterminous with Improvement District No. 288 (sewer) and is located in the northeastern portion of the District. Improvement District No. 188 is comprised of approximately 216 acres. Improvement District No. 188 is nearly fully developed. At build-out, the development is anticipated to consist of approximately 1,130 residential units and 38 acres of commercial, public facilities and parks. The Fiscal Year 2025 assessed value of the land in Improvement District No. 188 is \$409,635,549.

Security for the Series 2025B Bonds

Assessment Proceeds. The Series 2025B Bonds constitute the several general obligations of the Improvement Districts payable from Assessment Proceeds (as such term is defined below) in an amount that is proportionate to the principal amount of the Series 2025B Bonds allocated to each Improvement District (each Improvement District’s “**Included Amount**”). Proceeds of assessments on land located in any improvement district of the District other than the Improvement Districts will not be available to make debt service payments on the Series 2025B Bonds. See the caption “SECURITY FOR THE SERIES 2025B BONDS.”

The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land in such Improvement District; (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of Series 2025B Bonds of the applicable Improvement District; and (c) in its discretion, impose and collect, or cause the imposition and collection of, charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments (the “**In Lieu Charges**”). Proceeds of (a), (b) and (c) as described in the foregoing sentence are collectively referred to for all Improvement Districts as the “**Assessment Proceeds**.” See the caption “SECURITY FOR THE SERIES 2025B BONDS.”

As among the Improvement Districts, Assessment Proceeds collected in any Improvement District will not be available to pay any other Improvement District’s share of debt service of the Series 2025B Bonds. Initially, each Improvement District’s Included Amount and Included Percentage (constituting a fraction: (i) the numerator of which is equal to the Included Amount for such Improvement District; and (ii) the denominator of which is equal to the principal amount of all Outstanding Series 2025B Bonds) are as set forth below.

<i>Improvement District No.</i>	<i>Included Amount*</i>	<i>Included Percentage</i>
112		1.71%
113		3.03
125		35.80
188		0.74
212		4.80
225		<u>53.92</u>
Total		100.00%

* Preliminary, subject to change.

The Included Amount for each Improvement District with respect to the Series 2025B Bonds and any other outstanding or future District general obligation bonds issued for such Improvement District are equally secured by the *ad valorem* assessments and any charges for water or sewer service, as applicable, imposed and collected in lieu of *ad valorem* assessments, collected within such Improvement District. The *ad valorem* assessments are levied only on land and are based on the land value of parcels in the Improvement District without regard to the value of any improvements thereon. See Appendix A under the caption “THE IMPROVEMENT DISTRICTS.”

During the term of the Series 2025B Bonds, the Included Amounts and Included Percentages for any Improvement District may be adjusted as a result of redemption of Series 2025B Bonds allocated to one or more Improvement Districts, pursuant to calculations made by the District and delivered to the Trustee pursuant to the Indenture, without need for any amendment of or supplement to the Indenture.

Pledge of Revenues. The Series 2025B Bonds are also payable from the Net Revenues of the District and are secured by a pledge of the Revenues of the District, subject to the application of the Revenues as provided in the Indenture. Net Revenues for any period consist of the Revenues of the District less the Operation and Maintenance Expenses of the District for such period, as such terms are defined under the caption “SECURITY FOR THE SERIES 2025B BONDS—Pledge of Revenues.”

Net Revenues collected within any improvement district of the District, including the Improvement Districts, are available to make debt service payments on the Series 2025B Bonds.

The obligation of the District to pay the principal of and interest on the Series 2025B Bonds from Net Revenues is payable on a parity with the District's obligations under certain Parity Obligations. See the caption "SECURITY FOR THE SERIES 2025B BONDS—Existing Parity Obligations." The District may enter into additional Parity Obligations in accordance with the terms of the Indenture. See the caption "SECURITY FOR THE SERIES 2025B BONDS—Limitations on Parity and Superior Obligations"

The District has covenanted in the Indenture, to the fullest extent permitted by law, to fix, prescribe and collect Revenues which, together with any *ad valorem* assessments that are available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to one hundred twenty-five percent (125%) of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the rate covenant with respect to all outstanding Parity Obligations. See the caption "SECURITY FOR THE SERIES 2025B BONDS—Rate Covenant."

Limited Obligations. THE SERIES 2025B BONDS SHALL NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUND OR ACCOUNT OF THE DISTRICT, INCLUDING ITS GENERAL FUND, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, IS LIABLE FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025B BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025B BONDS.

Professionals Involved in the Issue

U.S. Bank Trust Company, National Association will serve as Trustee under the Indenture. Certain legal matters incident to the authorization, issuance and sale of the Series 2025B Bonds will be subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the District by Hanson Bridgett LLP (its "**General Counsel**"), for the District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, and for the Trustee by its counsel.

Forward-Looking Statements

Certain statements that are included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 2000, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in Appendix A. Forward-looking statements in this Official Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material.

Summaries Not Definitive

The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of

any word not conventionally capitalized or otherwise defined herein, indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

All references to and summaries of the Indenture, documents, statutes, reports and other instruments referred to herein are qualified in their entirety by reference to the full Indenture, and each such document, statute, report or instrument, respectively. Forward looking statements in this Official Statement are subject to risks and uncertainties. Actual results may vary from forecasts or projections contained herein because events and circumstances do not occur as expected, and such variances may be material. The projections contained in this Official Statement will not be updated as part of the District's continuing disclosure obligations for the Series 2025B Bonds.

Additional Information

Copies of the Indenture and audited financial statements of the District are available for inspection at the offices of the District in Irvine, California, and will be available from the Trustee upon request and payment of duplication costs. Additional information regarding this Official Statement may be obtained by contacting the District, at the following address:

Executive Director of Finance and Administration/Treasurer
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618
(949) 453-5300

REFUNDING PLAN

General

The Series 2010B Bonds, which are currently outstanding in the aggregate principal amount of \$175,000,000, were issued under an Indenture, dated as of December 1, 2010 (the "**Series 2010B Indenture**"), by and between the District and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association) (the "**2010B Trustee**"). The District plans to apply a portion of the proceeds of the Series 2025B Bonds to provide a portion of the funds necessary to redeem the outstanding Series 2010B Bonds. The District expects to apply a portion of the proceeds of the District's Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A (the "**Series 2025A Bonds**") and together with the Series 2025B Bonds, the "**Series 2025 Bonds**"), which are being issued on or about the date of issuance of the Series 2025B Bonds, on or about the date of issuance of the Series 2025B Bonds, to redeem the remaining portion of the Series 2010B Bonds. The District expects to redeem all of the outstanding Series 2010B Bonds with the proceeds of the Series 2025 Bonds.

The Series 2010B Bonds are designated as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 and will be redeemed pursuant to the District's exercise of the extraordinary optional redemption feature provided for in the Series 2010B Indenture. To effect such redemption, the District will cause a portion of the proceeds of the Series 2025 Bonds to be deposited with the 2010B Trustee on the date of issuance of the Series 2025B Bonds. From such moneys, together with moneys held in the funds and accounts established in connection with the Series 2010B Bonds, the District will cause the 2010B Trustee to redeem the 2010B Bonds maturing on or after the date of issuance of the Series 2025 Bonds at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2010B Bonds to be redeemed, and (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on the Series 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which Series 2010B Bonds are to be redeemed, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of

twelve 30-day months, at the Treasury Rate (as defined in the 2010B Indenture), plus 100 basis points; plus, in each case, accrued and unpaid interest on the Series 2010B Bonds to be redeemed to the redemption date.

As a result of the deposit and application of funds as provided above, all obligations with respect to the Series 2010B Bonds will be redeemed pursuant to the provisions of the 2010B Indenture as of the date of issuance of the Series 2025 Bonds. The amounts held by the 2010B Trustee for the purposes described above are pledged solely to the redemption of the Series 2010B Bonds and will not be available for payments on the Series 2025 Bonds.

Verification of Mathematical Accuracy

Sufficiency of the deposits with the 2010B Trustee for such purposes will be verified by Causey Demgen & Moore P.C. (the “**Verification Agent**”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided above, the 2010B Bonds will no longer be outstanding under the provisions of the 2010B Indenture as of the date of issuance of the Series 2025 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2025B Bonds are as follows:

Sources

Principal Amount of Series 2025B Bonds
[Net] Original issue [Premium/Discount]
Total

Uses

Deposit with 2010B Trustee⁽¹⁾
Underwriter’s Discount
Costs of Issuance⁽²⁾
Total

⁽¹⁾ Represents a portion of the funds required to redeem the outstanding Series 2010B Bonds. The remaining funds required to redeem the outstanding Series 2010B Bonds are expected to be derived from proceeds of the Series 2025A Bonds. See the caption “REFUNDING PLAN.”

⁽²⁾ Includes legal, financing and consulting fees, rating agency fees, printing costs and other miscellaneous expenses.

THE SERIES 2025B BONDS

General

The Series 2025B Bonds will be dated the date of their initial issuance, will be payable in the years and amounts and will represent interest at the respective rates set forth on the inside front cover page of this Official Statement. Interest on the Series 2025B Bonds will be payable on November 1, 2025 and each May 1 and November 1 thereafter (each, an “**Interest Payment Date**”). Interest on the Series 2025B Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. Payment will be made on each Interest Payment Date for unpaid interest accrued to but not including such Interest Payment Date. The Series 2025B Bonds will be delivered in the form of fully registered bonds and, when issued, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository for the Series 2025B Bonds. Ownership interest in the Series 2025B Bonds may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. See “—Book-Entry Only System” below and Appendix E hereto.

While DTC acts as the securities depository for the Series 2025B Bonds, payment of the principal of and interest on the Series 2025B Bonds will be made by the Trustee to DTC or its nominee and disbursed to the Beneficial Owners of the Series 2025B Bonds as described under the caption “—Book-Entry Only System” and in Appendix E. When there is no securities depository for the Series 2025B Bonds, payment of interest on each Series 2025B Bond will be payable in lawful money of the United States of America on the Interest Payment Dates by check Mailed on the applicable Interest Payment Date by the Trustee to the respective Owners thereof at their addresses as they appear on the applicable Record Date in the Bond Register, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Series 2025B Bonds, upon the written request of such Owner to the Trustee, received at least 10 days prior to a Record Date, specifying the account or accounts to which such payment will be made, payment of interest will be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request will remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. The principal of each Series 2025B Bond will be payable, on the due date thereof pursuant to the Indenture, upon surrender thereof at the Corporate Trust Office of the Trustee.

Transfer and Exchange of the Series 2025B Bonds

While DTC acts as the securities depository for the Series 2025B Bonds, transfers of interests in the Series 2025B Bonds by Beneficial Owners will be made pursuant to the applicable DTC transfer procedures. See the caption “—Book-Entry Only System” and Appendix E. When there is no securities depository for the Series 2025B Bonds, the Series 2025B Bonds will be transferable or exchangeable by the Owner thereof, in person or by the Owner’s attorney duly authorized in writing, at the Corporate Trust Office of the Trustee in the Bond Register, upon surrender of such Series 2025B Bonds accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Whenever any Series 2025B Bond or Bonds are surrendered for transfer or exchange, the Trustee will execute and deliver a new Series 2025B Bond or Bonds of Authorized Denominations of the same aggregate principal amount and terms, except that the Trustee may require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Series 2025B Bonds that are surrendered pursuant to the provisions of the Indenture will be cancelled by the Trustee, will not be redelivered and will be disposed of as directed by the District. All Series 2025B Bonds that are issued in exchange for Series 2025B Bonds pursuant to the Indenture will be in the same Mode as the Series 2025B Bonds in exchange for which such Series 2025B Bonds were issued.

The Trustee is not required to transfer or exchange: (i) any Bonds during the period commencing on the date 10 days prior to the date of selection of Series 2025B Bonds for redemption and ending on such date of selection; or (ii) any Series 2025B Bond selected for redemption in whole or in part.

Redemption of Series 2025B Bonds

Optional Redemption*. The Series 2025B Bonds maturing on or after May 1, 20__ are subject to redemption at the option of the District in whole or, in part in Authorized Denominations, on May 1, 20__ and any Business Day thereafter at a Redemption Price of 100% of the principal amount of the Series 2025B Bonds being redeemed, together with unpaid accrued interest, if any, to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption*. The Series 2025B Bonds maturing on May 1, 20__ are subject to mandatory sinking fund redemption in part on May 1, 20__ and on each May 1 thereafter, upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2025B Bonds to be redeemed, without premium, in the years and principal amounts as follows:

* Preliminary, subject to change.

***Mandatory Sinking Fund Redemption Date
(May 1)***

***Principal
Amount***

[†] Maturity.

Upon any purchase and cancellation of Series 2025B Bonds by the District, or any optional redemption of Series 2025B Bonds, an amount equal to the aggregate principal amount of Series 2025B Bonds so purchased or redeemed will be credited toward a part or all of any one or more yearly mandatory sinking fund redemptions required by the Indenture, as directed in writing by the District provided that such direction is received by the Trustee at least 45 days before the date of such mandatory redemption. Any such direction will state the years in which and the amounts by which such mandatory redemptions are to be reduced. The portion of any such mandatory redemption remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory redemption if no such amounts have been credited toward the same) will constitute the unsatisfied balance of such mandatory redemption for the purpose of the calculation of principal payments due on any future Principal Payment Date.

Notice of Redemption

Notice of redemption shall be given by mail by the Trustee to the Owners of any Series 2025B Bonds designated for redemption in whole or in part not less than 30 days nor more than 60 days prior to the redemption date. Each notice of redemption shall state the redemption date, the redemption place, the redemption price, and will (in the case of any Series 2025B Bonds called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and will state that, if money for the payment of the redemption price of the Series 2025B Bonds or portions thereof to be redeemed, including any unpaid accrued interest due upon such redemption, is then held by the Trustee, the interest on the Series 2025B Bonds to be redeemed or portion thereof designated for redemption will cease to accrue from and after such redemption date and that on such redemption date there will become due and payable on each of the Series 2025B Bonds or portions thereof designated for redemption, the redemption price thereof. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Series 2025B Bonds.

With respect to any notice of the redemption of Series 2025B Bonds at the option of the District, unless at the time such notice is given the Trustee holds sufficient available funds to pay the redemption price of the Series 2025B Bonds to be redeemed, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of monies that will be sufficient to pay the redemption price of the Series 2025B Bonds to be redeemed and that if such monies will not have been so received said notice will be of no force and effect and the District will not be required to redeem such Series 2025B Bonds. In the event a notice of redemption of Series 2025B Bonds contains such a condition and such monies are not so received, the redemption of Series 2025B Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the persons to whom such notice of redemption was sent, in the manner in which the notice of redemption was given, that such monies were not so received and that there will be no redemption of Series 2025B Bonds pursuant to such notice of redemption.

Any notice mailed as provided above will be conclusively presumed to have been given, whether or not actually received by any Owner.

Book-Entry Only System

One fully-registered Series 2025B Bond will be issued in the principal amount of the Series 2025B Bonds. Such Series 2025B Bond will be registered in the name of Cede & Co. and will be deposited with DTC. So long as DTC, or its nominee Cede & Co., is the registered owner of all the Series 2025B Bonds, all payments of principal of and interest on the Series 2025B Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners of the Series 2025B Bonds will be the responsibility of the DTC Participants as more fully described herein. See Appendix E—“BOOK-ENTRY ONLY SYSTEM.”

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2025B Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The District cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Series 2025B Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix E hereto for additional information concerning DTC.

DEBT SERVICE SCHEDULE

<i>Bond Year Ending May 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
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SECURITY FOR THE SERIES 2025B BONDS

General

Sources of Payment. The Series 2025B Bonds constitute the consolidated, several general obligations of the Improvement Districts payable from: (i) Assessment Proceeds collected from within each Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal of, and interest on, Outstanding Series 2025B Bonds; (ii) Net Revenues of the District; and (iii) certain moneys and investment earnings in certain funds and accounts created under the Indenture. See the caption "—Pledge of Revenues."

Authority for Issuance. Elections have been held in each of the Improvement Districts at which the qualified voters within each Improvement District authorized the District to incur an indebtedness and issue general obligation bonds for each respective Improvement District. See Appendix A—"IRVINE RANCH WATER DISTRICT" herein for a discussion of the bond authorization, amount of outstanding bonds and remaining bond authorization for each of the Improvement Districts. The Series 2025B Bonds are authorized

for issuance pursuant to the Refunding Law (Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code, as amended from time to time) and the Act.

Covenant to Collect Assessment Proceeds. The District has covenanted in the Indenture that to the extent necessary to pay principal of and interest on the Included Amount for each respective Improvement District, the District will: (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land in such Improvement District; (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of Series 2025B Bonds of the applicable Improvement District; and (c) in its discretion, impose and collect, or cause the imposition and collection of, In Lieu Charges, which consist of charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments.

Additional Covenants. See the caption “—Rate Covenant” and Appendix C under the caption “COVENANTS” for a summary of additional covenants of the District under the Indenture.

Pledge of Trust Estate. Pursuant to the Indenture, the District has pledged the Trust Estate thereunder to secure the payment of the Series 2025B Bonds issued thereunder. The “**Trust Estate**” under the Indenture consists of the following:

(A) all of the moneys in the Bond Payment Fund (defined below) and the Purchase Fund established under the Indenture, including all accounts in such funds, including the investments, if any, thereof, and all income and proceeds derived from such investments; and

(B) Subject to the application on the terms and conditions contained in the Indenture, Revenues of the District.

Pledge of Revenues

Subject to the application of the Revenues on the terms and conditions provided in the Indenture, Revenues have been irrevocably pledged to the payment when due of the principal and Redemption Price of, and interest on, the Outstanding Series 2025B Bonds, which pledge is on a parity with any pledge of Revenues securing other Parity Obligations. Such pledge constitutes a pledge of and charge and lien upon the Revenues for the payment of the principal and Redemption Price of, and interest on, the Outstanding Series 2025B Bonds and all other Parity Obligations in accordance with the terms of the Indenture and the Series 2025B Bonds after payment from the Revenues of the Operation and Maintenance Expenses, and the funding of contingency reserves therefor, as provided in the Indenture.

“**Net Revenues**” consist of for any period of time, the Revenues for such period less the Operation and Maintenance Expenses for such period.

“**Revenues**” consist of Utility Rates and Charges (as such term is defined below) and other revenues of the District, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with the District’s share of the Orange County, California 1% *ad valorem* property tax (to the extent not applied by the District to pay principal of and interest on Secured Bonds (as such term is defined below)) and Investment Income; but excluding in all cases: (i) customer deposits or any other deposits or advances that are subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes or *ad valorem* assessments restricted by law to be used by the District to pay bonds issued by the District, and the proceeds of any actions to enforce delinquent *ad valorem* assessments; and (iii) In Lieu Charges, which consist of water, sewer and reclaimed water rates and charges levied in lieu of *ad valorem* assessments pursuant to Sections 36425 and 35975 of the Act.

“Operation and Maintenance Expenses” consist of the costs and expenses paid or incurred by the District for operating and maintaining the Operating Systems, including, but not limited to: (a) all costs of water generated or purchased by the District for resale; (b) all costs and expenses of providing services and commodities through or with the Operating Systems; (c) all costs and expenses of management of the Operating Systems; (d) all costs and expenses of maintenance and repair of, and other expenses that are necessary or appropriate in the judgment of the District to maintain and preserve, any of the Operating Systems in good repair and working order; (e) all administrative and general expenses, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, retirement benefits and health care benefits; (f) all deposits to be made to a contingency reserve for Operation and Maintenance Expenses; (g) all deposits to be made to a rebate fund established with respect to Parity Obligations to provide for any rebate to the United States required to maintain the tax-exempt status of interest on such Parity Obligations; (h) any cost or expense paid or incurred by the District to comply with requirements of law applicable to any of the Operating Systems or the ownership or operation thereof or any activity in connection therewith; and (i) any other cost or expense which, in accordance with Generally Accepted Accounting Principles, is to be treated as an expense of operating or maintaining any of the Operating Systems; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, and amortization of intangibles.

“Operating Systems” consist of all property and rights in property owned by the District, and used by the District in providing water, sewer, surface runoff and/or reclaimed water services and any other utilities and services which the District may provide, including all facilities included in its water, sewer and reclaimed water systems, rights to water and capacity and other rights or interests in water production, transmission, treatment and disposal facilities, as now existing or hereafter acquired or constructed and as the same may be modified and expanded, including all replacements thereof and improvements thereto.

“Secured Bonds” are bonds of the District that are secured by a pledge of the District’s share of the Orange County 1% general *ad valorem* property tax pursuant to Resolution 2002-10, adopted by the Board of Directors of the District on April 8, 2002.

“Utility Rates and Charges” consist of all water, sewer and reclaimed water rates and charges imposed by the District in connection with providing water, sewer and reclaimed water services to retail customers through the Operating Systems, including commodity, service, standby, material treatment and connection charges, except: (i) In Lieu Charges; and (ii) customer deposits.

Net Revenues collected within any improvement district of the District, including the Improvement Districts, are available to make debt service payments on the Series 2025B Bonds.

Allocation of Assessment Proceeds Under the Indenture

Allocation of Revenues. In order to carry out and effectuate the pledge and lien on the Revenues contained in the Indenture, the District has agreed and covenanted in the Indenture that all Revenues received by it will be deposited when and as received in the Revenue Fund, which fund has been previously established by the District and which fund the District has agreed and covenanted to maintain as a special fund, separate and apart from other moneys of the District so long as any Series 2025B Bonds remain Outstanding. All Revenues will be applied in the following order of priority:

First: to the payment of Operation and Maintenance Expenses (other than the funding of contingency reserves for Operation and Maintenance Expenses) as they become due and payable.

Second: to the funding of contingency reserves for Operation and Maintenance Expenses.

Third: (i) two Business Days before each Interest Payment Date, to a deposit to the Bond Payment Fund in an amount equal to the transfer to the Interest Account and Principal Account to be made on such Interest Payment Date; and (ii) on each date, other than an Interest Payment Date, on which the principal

of an Outstanding Series 2025B Bond becomes due, whether by mandatory redemption, acceleration, or otherwise, to a deposit to the Bond Payment Fund in an amount equal to the principal and Redemption Price of, and interest on, the Outstanding Series 2025B Bonds coming due on such date. Notwithstanding the provisions of the immediately preceding sentence, no such deposit to the Bond Payment Fund need be made by the District to the extent that the Trustee then holds, or is concurrently receiving from the District from Assessment Proceeds or other sources that do not constitute Revenues, moneys for such purpose in the Bond Payment Fund, or being deposited in the Bond Payment Fund, available to pay the principal and Redemption Price of, and interest on, the Outstanding Series 2025B Bonds to be paid with such deposit. The District will also pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Series 2025B Bonds), without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, on the dates specified in the proceedings relating to such Parity Obligations, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest on Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Series 2025B Bonds) in accordance with the terms of such Parity Obligations.

Fourth: the District will transfer or cause to be transferred to any applicable reserve fund or account for any Parity Obligations for which a separate reserve has been funded, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, the sum or sums, if any, equal to the amount required to be deposited therein in accordance with the terms of such Parity Obligations.

Fifth: to any lawful purpose of the District, including the payment of any Subordinate Obligations in accordance with the instruments authorizing such Subordinate Obligations, which application will be free and clear of the pledge and lien on Revenues created by the Indenture.

Bond Payment Fund. There has been established and created a fund with the Trustee under the Indenture designated the “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B Bond Payment Fund” (the “**Bond Payment Fund**”). The Trustee will transfer money contained in the Bond Payment Fund to the accounts described below at the following times in the manner provided in the Indenture, which accounts the Trustee has agreed to establish and maintain so long as the Indenture is not discharged in accordance with the provisions thereof, and each such account constitutes a trust fund for the benefit of the Owners of the Series 2025B Bonds, and the money in each such account will be disbursed only for the purposes and uses authorized in the Indenture.

Interest Account. The Trustee, on each Interest Payment Date, will deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account, will be sufficient to pay interest on the Outstanding Series 2025B Bonds due on such Interest Payment Date. Money in the Interest Account will be used and withdrawn by the Trustee on each Interest Payment Date solely for the payment of interest on the Outstanding Series 2025B Bonds then due.

Principal Account. The Trustee, on each Principal Payment Date, will deposit in the Principal Account from money in the Bond Payment Fund such amount as is sufficient to pay the principal of the Outstanding Series 2025B Bonds due on such Principal Payment Date. Money in the Principal Account will be used and withdrawn by the Trustee on each Principal Payment Date solely for the payment of the principal of Outstanding Series 2025B Bonds then due.

Redemption Account. The Trustee will deposit in the Redemption Account amounts received from the District to pay the Redemption Price of Series 2025B Bonds to be redeemed. Money in such Redemption Account will be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the Redemption Price of Outstanding Series 2025B Bonds upon the redemption thereof.

Existing Parity Obligations

Prior to the issuance of the 2025B Bonds, the District has entered into certain Parity Obligations described below. The reimbursement agreements described in (i) through (iii) below relate to outstanding *ad valorem* assessment bonds:

(i) the Reimbursement Agreement, dated as of April 1, 2011, between the District and Sumitomo Mitsui Banking Corporation, as amended and supplemented (relating to the District's Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2008A);

(ii) the Reimbursement Agreement, dated as of April 1, 2025, between the District and Bank of America, N.A. (relating to the District's Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009A);

(iii) the Amended and Restated Reimbursement Agreements, dated as of April 1, 2011, between the District and Bank of America, N.A., as amended and supplemented (relating to the District's Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009B);

(iv) the Reimbursement Agreement, dated as of February 1, 2024, between the District and Bank of America, N.A. (relating to the District's Bonds of Irvine Ranch Water District, Refunding Series 2011A-1);

(v) the Reimbursement Agreement, dated as of February 1, 2024, between the District and Bank of America, N.A. (relating to the District's Bonds of Irvine Ranch Water District, Refunding Series 2011A-2);

(vi) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1, which are currently outstanding in the aggregate principal amount of \$38,760,000;

(vii) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2, which are currently outstanding in the aggregate principal amount of \$25,840,000;

(viii) the Bonds of Irvine Ranch Water District Series 2016, which are currently outstanding in the aggregate principal amount of \$98,980,000;

(ix) the Installment Sale Agreement, dated as of September 1, 2016, among the District, the Irvine Ranch Water District Water Service Corporation and U.S. Bank Trust Company, National Association, as successor trustee, securing the District's Certificates of Participation Irvine Ranch Water District Series 2016, which is outstanding in the aggregate principal amount of \$105,710,000.

The agreements described in clauses (i) through (v) above are collectively referred to as the “**Prior Reimbursement Agreements.**” There are currently no reimbursement obligations outstanding under the Prior Reimbursement Agreements, although the District may incur reimbursement obligations under the Prior Reimbursement Agreements as provided therein. For a summary of the stated amount of each letter of credit associated with the Prior Reimbursement Agreements, see Appendix A under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Parity Obligations.”

As described under the caption “REFUNDING PLAN,” the District expects to issue the Series 2025A Bonds on or about the date of issuance of the Series 2025B Bonds. The Series 2025A Bonds will constitute Parity Obligations under the Indenture.

Rate Covenant

The District has covenanted in the Indenture, to the fullest extent permitted by law, to fix, prescribe and collect Revenues which, together with any *ad valorem* assessments that are available to pay Debt Service

on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to one hundred twenty-five percent (125%) of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the rate covenant with respect to all outstanding Parity Obligations.

In addition, certain of the Prior Reimbursement Agreements described under the caption “—Existing Parity Obligations” related to outstanding *ad valorem* assessment bonds of the District, and certain swap agreements entered into by the District, have covenants related to the setting of rates and charges with which the District is contractually obligated to comply.

Limitations on Parity and Superior Obligations

No Obligations Superior to the Series 2025B Bonds. The District has covenanted in the Indenture that it will not, so long as any Series 2025B Bonds are Outstanding, issue or incur any obligations secured by a pledge of Revenues and payable from Net Revenues prior or superior to the payment of the principal and redemption price of, and interest on, the Series 2025B Bonds.

Obligations on a Parity with the Series 2025B Bonds.

(a) The District may at any time issue any Parity Obligations in accordance with the Indenture, provided that:

(i) The Net Revenues for the Applicable Fiscal Year, as evidenced by both a calculation prepared by the District and a special report on such calculation prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on file with the District, are at least equal to one hundred twenty-five percent (125%) of the Aggregate Debt Service for the Applicable Fiscal Year; and

(ii) Either of (1) or (2) below:

(1) The Net Revenues for the Applicable Fiscal Year, plus any adjustments to Net Revenues to give effect as of the first day of the Applicable Fiscal Year to increases or decreases in rates and charges of the District approved and in effect as of the date of calculation, produce an amount at least equal to one hundred twenty-five percent (125%) of the sum of: (i) the Aggregate Debt Service for such Fiscal Year; plus (ii) the Debt Service which would have accrued on any Parity Obligations issued since the end of the Applicable Fiscal Year assuming that such Parity Obligations had been issued at the beginning of the Applicable Fiscal Year; plus (iii) the Debt Service which would have accrued had the additional Parity Obligations to be issued been issued at the beginning of the Applicable Fiscal Year; or

(2) The estimated Net Revenues for the Applicable Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest date of operation of any uncompleted project being financed or refinanced from the proceeds of such additional Parity Obligations (the “**Test Period**”), plus an allowance for estimated Net Revenues for each Fiscal Year in the Test Period arising from the completion of any uncompleted projects during the Test Period, plus any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, plus any increase in the income, rents, fees, rates and charges estimated to be received by the District and which are economically feasible and reasonably considered necessary based on projected operations for the Test Period, produce an amount in each Fiscal Year in the Test Period which is at least equal to one hundred twenty-five percent (125%) of the sum of: (i) Aggregate Debt Service in each such Fiscal Year on all then Outstanding Parity Obligations; plus (ii) the Debt Service in each such Fiscal Year on the additional Parity Obligations to be issued; plus (iii) the Debt Service in each such Fiscal Year on any additional Parity Obligations estimated

by the District to be required to complete all uncompleted projects for which Parity Obligations have been or are being issued, assuming that all such additional Parity Obligations to complete uncompleted projects (other than the Parity Obligations to be issued) have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Obligations then being issued.

(b) Notwithstanding the foregoing, additional Parity Obligations issued to refund outstanding Parity Obligations may be issued without satisfying any of the conditions set forth above if Aggregate Debt Service after the issuance of such additional Parity Obligations in each Fiscal Year in the Refunding Test Period is not greater than the Aggregate Debt Service in each such Fiscal Year before the issuance of such additional Parity Obligations.

(c) Notwithstanding the provisions of part (a) above, the District may at any time issue a Parity Obligation constituting a Credit Support Agreement securing a Parity Obligation without satisfying any of the conditions set forth in such subsections if such Credit Support Agreement: (i) replaces a Prior Reimbursement Agreement (or a successor to a Prior Reimbursement Agreement) and does not increase the principal of bonds secured by the letter of credit relating to such Prior Reimbursement Agreement; or (ii) the Parity Obligations secured by the Credit Support Instrument relating to such Credit Support Agreement have been issued in accordance with parts (a) and (b) above.

[Certain of the Prior Reimbursement Agreements related to outstanding *ad valorem* assessment bonds of the District, and certain swap agreements entered into by the District, have conditions precedent to the issuance of Parity Obligations that are more stringent than those listed above.]

Obligations Subordinate to the Series 2025B Bonds. Nothing in the Indenture precludes the District from issuing any Subordinate Obligations without complying with the foregoing provisions.

Limited Liability

THE SERIES 2025B BONDS SHALL NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUND OR ACCOUNT OF THE DISTRICT, INCLUDING ITS GENERAL FUND, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, IS LIABLE FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025B BONDS. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025B BONDS.

THE IRVINE RANCH WATER DISTRICT

For a description of the District and each of the Improvement Districts see Appendix A—“IRVINE RANCH WATER DISTRICT” hereto.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the holders and beneficial owners of the Series 2025B Bonds to provide certain financial information and operating data relating to the District (each an “**Annual Report**”) by not later than 270 days following the end of the District’s fiscal year (which fiscal year ends on June 30), commencing with the Annual Report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“**EMMA**”) System (the “**Repository**”) for the purpose of S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”). The notices of enumerated events will be filed by the District with the Repository. The specific nature of the information to be made available

and to be contained in the notices of enumerated events is summarized in Appendix F—“FORM OF CONTINUING DISCLOSURE CERTIFICATE” hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

The District has previously entered into continuing disclosure undertakings under the Rule in connection with the issuance of municipal obligations. The District believes that it is currently in material compliance with all of its continuing disclosure undertakings. However, the District’s Annual Reports for Fiscal Year 2020 mistakenly omitted a table that was required to be updated annually in connection with two District bond issuances. Makeup filings containing the required information were posted to EMMA prior to the date of this Official Statement. Except as disclosed above, the District has not in the past five years failed to comply with its continuing disclosure undertakings in any material respect.

In order to promote compliance by the District with its continuing disclosure undertakings in the future, the District has developed policies and procedures to govern its continuing disclosure practices.

LITIGATION

There is no action, suit or proceeding known to be pending, or to the knowledge of the District, threatened, in any way contesting or affecting the validity of, the Series 2025B Bonds or the Indenture. There is no litigation known to be pending, or to the knowledge of the District, threatened, questioning the existence of the District or the title of the officers of the District to their respective offices.

There exist lawsuits and claims against the District, which are incidental to the ordinary course of operations of the District’s water and sewer systems and related activities. In the view of the District’s management and General Counsel, there is no litigation, present or pending, or to the knowledge of the District, threatened, which will individually or in the aggregate materially impair the District’s ability to service its indebtedness or which will have a material adverse effect on the business operations of the District.

RATINGS

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“**S&P**”) and Fitch Ratings, Inc. (“**Fitch**”) have assigned the Series 2025B Bonds the ratings of “_____” and “_____,” respectively. Generally, rating agencies base their ratings on information and material furnished directly to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions made by them. The ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the applicable rating agency. Future events could have an adverse impact on the ratings of the Series 2025B Bonds, and there is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. There is also no assurance that the criteria required to achieve the ratings on the Series 2025B Bonds will not change during the period that the Series 2025B Bonds remain outstanding. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025B Bonds.

In providing ratings on the Series 2025B Bonds, S&P and Fitch may have performed independent calculations of coverage ratios using their own internal formulas and methodology, which may not reflect the provisions of the Indenture. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2025B Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025B Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025B Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2025B Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2025B Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2025B Bonds is the first price at which a substantial amount of such maturity of the Series 2025B Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025B Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Series 2025B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025B Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2025B Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025B Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2025B Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025B Bonds. Accordingly, the

opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2025B Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2025B Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025B Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025B Bonds. Prospective purchasers of the Series 2025B Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2025B Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2025B Bonds ends with the issuance of the Series 2025B Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2025B Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025B Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025B Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Series 2025B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2025B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including

among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

UNDERWRITING

The Series 2025B Bonds are being purchased pursuant to a purchase contract between the District and Goldman Sachs & Co. LLC (the “**Underwriter**”).

The Underwriter has agreed to purchase the Series 2025B Bonds at a purchase price of \$ _____, which is equal to the aggregate principal amount of the Series 2025B Bonds, [plus/less] [net] original issue [premium/discount] and less an Underwriter’s discount of \$ _____. The purchase contract provides that the Underwriter will purchase all of the Series 2025B Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the purchase contract.

The Underwriter may offer and sell the Series 2025B Bonds to certain dealers and others at prices or yields below those stated on the cover page of this Official Statement. The offering prices or yields may be changed from time to time by the Underwriter.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and certain of its affiliates have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, Los Angeles, California, is acting as the municipal advisor (the “**Municipal Advisor**”) to the District in connection with various matters relating to the issuance and sale of the Series 2025B Bonds. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the District and the Board, with respect to the accuracy and completeness of disclosure of such information. No guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of this Official Statement or any other matter related to thereto. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance and sale of the Series 2025B Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The form of approving

opinion of Bond Counsel is included as Appendix D to this Official Statement and the approving opinion will be delivered with the Series 2025B Bonds. Certain legal matters will be passed upon for the District by its General Counsel, for the District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, and for the Trustee by its counsel.

INDEPENDENT ACCOUNTANTS

The financial statements of the District at June 30, 2024, included in Appendix B to this Official Statement, have been audited by Davis Farr LLP, independent accountants (the “**Auditor**”), as set forth in their Independent Auditor’s Report, which also appears in Appendix B. The Auditor has not reviewed the contents of this Official Statement, and the District has not sought the Auditor’s consent to the inclusion of the Auditor’s audit letter attached to the District’s financial statements in this Official Statement.

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or registered owners of any of the Series 2025B Bonds. The delivery and distribution of this Official Statement have been duly authorized by the District.

IRVINE RANCH WATER DISTRICT

By: _____
Treasurer

APPENDIX A
IRVINE RANCH WATER DISTRICT

APPENDIX B
AUDITED FINANCIAL STATEMENTS

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D
FORM OF BOND COUNSEL OPINION

APPENDIX E

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2025B Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to on the Series 2025B Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2025B Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, acts as securities depository for the Series 2025B Bonds. The Series 2025B Bonds are fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond was issued for each maturity of the Series 2025B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2025B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025B Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 2025B Bonds, except in the event that use of the book-entry system for the Series 2025B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested

by an authorized representative of DTC. The deposit of Series 2025B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2025B Bond documents. For example, Beneficial Owners of Series 2025B Bonds may wish to ascertain that the nominee holding the Series 2025B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025B Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments with respect to the Series 2025B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2025B Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2025B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2025B Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2025B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2025B Bonds are transferred by Direct Participants or DTC's records and followed by book-entry credit of tendered Series 2025B Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2025B Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2025B Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2025B Bonds will be printed and delivered.

APPENDIX F
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX A

IRVINE RANCH WATER DISTRICT

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INTRODUCTION

The following sets forth certain information relating to the Irvine Ranch Water District (the “**District**”) and certain of its improvement districts.

The District’s projections in Tables 12, 15, 17, 19, 23, 25, 27, 30 and 32 of this Appendix A (the “**Projections**”) are derived from historic trends and experience and internal financial models. The internal models are used by the District to identify future infrastructure funding requirements, and to aid in setting water and sewer rates, charges and connection fees. Key inputs include assumptions based on historical experience and other factors regarding the District’s cost of borrowing, the rate of return on District investments, inflation, project costs, property tax receipts and the timing and amount of future bond sales, as well as the pace and scope of real estate development activity within the District’s service area. The District is in regular contact with major Orange County real estate development companies to assess and update this information.

The Projections constitute forward-looking statements. No assurance can be given that the future results reflected in the Projections and otherwise discussed herein will be achieved, and actual results may differ materially from the Projections. As noted above, the Projections rely heavily on certain assumptions regarding the pace and scope of real estate development activity within the District’s service area. Such activity may be affected by a variety of factors, such as tighter lending standards for real estate loans. Real estate development activity also may be affected by general economic conditions. The District has attempted to reflect such conditions in the Projections, but is unable to predict with certainty the level of future real estate development activity or the other factors affecting the Projections.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California (the “**State**”). The various opinions of counsel that will be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached to the Official Statement as Appendix E), were similarly qualified.

Unless the context otherwise requires, all defined terms used herein shall have the same meanings set forth in the Official Statement, except that the term “**Improvement Districts**” as used in this Appendix A refers to all eight water improvement districts and ten sewer improvement districts of the District.

THE IRVINE RANCH WATER DISTRICT

General

The District was established in 1961 as a California Water District under the provisions of Section 34000 *et seq.* of the California Water Code (the “**Act**”). As a special district, the District focuses on four primary services – providing potable water, collecting sewage, producing and distributing recycled and other non-potable water, and implementing urban runoff source control and treatment programs.

The District serves a 181-square-mile area, which includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange and Lake Forest, as well as certain unincorporated areas of Orange County. Extending from the Pacific Coast to the top of the foothills of eastern Orange County, the District’s region is semi-arid with a mild climate and an average annual rainfall of approximately 12 inches. The District serves a total estimated daytime population of approximately 634,000 and includes approximately 125,000 water and 120,000 sewer service and recycled water connections. The number of service connections has increased by approximately 20% over the last ten years.

The District builds and maintains significant capital infrastructure in order to serve its customers and is organized into Improvement Districts in order to allocate funding responsibility for the area which will benefit from such capital facilities and to separate areas on the basis of projected timing of development. This allows capital facilities construction to be matched to the development approval decisions of the respective local agencies that make them. Some of the Improvement Districts share in the funding of the District's regional facilities that such Improvement Districts use or will use in common, such as major water importation facilities and water and wastewater treatment plants. In 2013, the District reviewed its capital funding plan, which resulted in a master consolidation and combination of several Improvement Districts. The District now has a total of eight water Improvement Districts and ten sewer Improvement Districts which cover specific areas within the District's boundaries, each of which is governed in accordance with the Act and all but one of which have the authority to issue general obligation indebtedness.

See Table 3 under the caption “—Outstanding Indebtedness—Improvement District Indebtedness” for information with respect to the amount of authorized and outstanding *ad valorem* assessment bonds for Improvement District Nos. 112, 113, 188, 125, 212 and 225.

The principal office of the District is located at 15600 Sand Canyon Avenue, Irvine, California 92618.

Board of Directors and General Manager

The District's Board of Directors consists of five Directors who were elected by resident voters for staggered four-year terms. In 2019, the Board of Directors adopted a resolution changing the District's election procedures from at-large elections to by-division elections, which has resulted in the creation of five divisions of roughly equal population sizes within the District. By-division elections took place for two members of the Board of Directors in November 2024 and for the other three Board members in November 2022. The policies of the Board of Directors are administered by the General Manager of the District.

Board of Directors. The present Directors are:

Douglas J. Reinhart, Division 3. Mr. Reinhart was appointed to the District's Board of Directors in 2004 and has since been elected to subsequent terms. He currently serves as President of the Board of Directors and he previously served as President of the Board of Directors in 2007, 2009, 2010, 2013, 2017, 2018, 2021, and 2024. He also previously served as Vice President in 2006, 2016, 2020, and 2023. Mr. Reinhart is committee chair of the District's Supply Reliability Programs Committee. Mr. Reinhart is a registered civil engineer with more than 30 years of experience in the private sector directing projects in water, wastewater and other infrastructure. Mr. Reinhart was president and part-owner of ASL Consulting Engineers before its acquisition by Tetra Tech in 1999. Mr. Reinhart then served as the Divisional Executive Vice President for Tetra Tech for the western United States before starting an independent consulting business in 2004. Mr. Reinhart is familiar with special district functions, he served as a director on the board of El Toro Water District from 1998 to 2000. During that time, he served as vice president of the board and was the special district representative to the Local Agency Formation Commission of Orange County. Mr. Reinhart holds a bachelor's degree in civil engineering from the Missouri School of Mines and Metallurgy (now Missouri University of Science and Technology), and he is a licensed civil engineer in both California and Arizona. Mr. Reinhart has served on the board of trustees of the Southern California Water Committee, the American Water Works Association Desalination Committee and the Association of California Water Agencies (“ACWA”) Groundwater Committee. He is a past member of the board of directors for the national WaterReuse Association. In addition, he is also a member of both the American Society of Civil Engineers and the American Public Works Association. Mr. Reinhart's current term ends in November 2026.

Steven E. LaMar, Division 2. Mr. LaMar was appointed to the District's Board of Directors in 2009 and has since been elected to subsequent terms. He currently serves as Vice President of the Board of Directors and he previously served as President in 2011, 2014, 2015, 2019, 2020 and 2022. He also previously served as Vice President in 2013, 2018, and 2024. Mr. LaMar is committee chair of the District's Water Resources Policy

and Communications Committee and serves on Finance and Personnel Committee. Mr. LaMar is a water policy and planning expert with more than 25 years of experience on statewide business and industry committees. He has directly participated in many major water policy forums and served on statewide task forces and advisory committees on drought planning, desalination, the California Bay-Delta, the California Water Plan and on water reliability and conservation issues. He is a retired state lobbyist and consultant to several of California's most successful master-planned community developers and homebuilders. He served as a water policy leader with the California Building Industry Association for more than 20 years. He is a past president of ACWA. He was a member of the California Water Plan 2009 Advisory Committee and a member of the Delta Vision Stakeholders Coordination Group. He was chair of the Economic Work Group for the 2006 California Landscape Task Force. He served as a member of the 2003 State Water Desalination Task Force and the 2000 Governor's Advisory Drought Planning Panel, and was chair of the California Building Industry Association's statewide Water Resources Subcommittee and Task Force. Mr. LaMar is president of the Natural Communities Coalition, a nonprofit entity implementing habitat restoration for over 37,000 acres of open space land in Orange County. He serves on the board of directors of the Southern California Water Coalition and the California Council for Environmental and Economic Balance and is the District representative on the Water Affiliates Group to the Center for Western Weather and Water Extremes at Scripps Institution of Oceanography. Mr. LaMar holds a bachelor's degree in political science from Pittsburg State University and a professional certificate from the Environmental Management Institute, the U.S. Environmental Protection Agency environmental training program administered by the University of Southern California. Mr. Lamar is also a past president of the Alzheimer's Association of Orange County. Mr. LaMar's current term ends in November 2026.

John B. Withers, Division 1. Mr. Withers was appointed to the District's Board of Directors in 1989 and has since been elected to subsequent terms. He previously served as President of the Board of Directors in 2004 and as Vice President in 2012 and 2021. Mr. Withers serves on the Engineering and Operations Committee. Mr. Withers is a partner with California Strategies, LLC, in Irvine, a statewide strategic government-relations firm. In past positions, he has served as vice president of community development for Lewis Operating Corp. and as director of water resources for Psomas & Associates, a civil engineering and planning firm. He was also the director of governmental affairs for the Building Industry Association Orange County Chapter and a legislative advocate for Crocker Bank and a major trade association in Sacramento. Mr. Withers is a member and past chairman of the Orange County Sanitation District Board of Directors, where he has served since 2009. He is chairman and board member of the National Water Research Institute, a former chair and commissioner of the Local Agency Formation Commission and a former chair and member of the Santa Ana Regional Water Quality Control Board. A native Southern Californian, Mr. Withers earned his bachelor of arts degree in economics from the University of California, Los Angeles, with a specialization in urban studies. He was then selected as a CORO Foundation Fellow and earned a master's degree in urban studies from Occidental College. Mr. Withers' current term ends in November 2028.

Daniel R. Feron, Division 4. Mr. Feron was elected to the District's Board of Directors in 2024. He is committee chair of the Engineering and Operations Committee and serves on the Water Resources Policy and Communications Committee. Mr. Feron is a water professional with more than 40 years of experience planning, designing, financing and operating public systems providing drinking water, recycled water, and sewer services. Mr. Feron recently retired as Chief Executive Officer of Santa Margarita Water District, where he led a team of 175 employees serving more than 200,000 residents from Mission Viejo to San Clemente. Key projects under his leadership included construction of the Upper Chiquita Reservoir and Dam for emergency drinking water storage, a reverse osmosis water treatment plant, and Trampas Reservoir, a 1.2-billion-gallon recycled water storage reservoir. Mr. Feron is a founding member of the Community Water System Alliance, a nonprofit group focused on promoting collaboration among water agencies to improve water services for disadvantaged and income-limited communities. Mr. Feron's current term ends in November 2028.

Peer Swan, Division 5. Mr. Swan was elected to the District's Board of Directors in 1979 and has since been elected to subsequent terms. He previously served as President from 1982 to 1995 and again in 2006. He also previously served as Vice President in 1980, 1981, 1998, 2002, 2003, 2009, 2010, 2014 and 2017. Mr. Swan is committee chair of the Finance and Personnel Committee and serves on the Supply Reliability Programs

Committee. Mr. Swan is a member of the Water Advisory Committee of Orange County, where he is a past chairman. He is a former member of the Metropolitan Water District Board of Directors. He is a 15-year former member of the Orange County Sanitation District Board of Directors where he served as Vice Chairman for six years. He is a founding board member of the Ground Water Replenishment Joint Committee. He is a longtime member and Treasurer of the Southern California Water Committee. He is a founding member and president of the board of the San Joaquin Wildlife Sanctuary and a member of the Steering Committee of the Southern California Water Dialog Committee. He has been active in the Association of California Water Agencies, where he served on the board of directors and on the executive committee. He has been active in the California Association of Sanitation Agencies, where he served as chairman of the Directors Committee. He was an active member of the Water Supply Pillar of the One Water One Watershed process. He was recently appointed to the Board of the Urban Water Institute. Mr. Swan was the treasurer of the Pacific Scientific Company prior to its acquisition in early 1998 and a member of the board of directors of the Southern California Bank and its parent, SC Bancorp, until its acquisition in 1997. He also served as a board member of the YMCA of Orange County and the Orange Coast College Foundation, where he was the founding treasurer of the board. He was also a founding director of the board of the National Water Research Institute, where he was chairman for four years. He is a longtime member of the National Audubon Society and its local chapter, Sea & Sage. Mr. Swan's current term ends in November 2026.

General Manager. Paul A. Cook, the General Manager of the District, heads a staff of approximately 416 employees. Mr. Cook was appointed General Manager in October 2011. Mr. Cook previously served as Interim General Manager from July to October 2011 and held the position of Assistant General Manager from 2004 to July 2011. Mr. Cook is a registered civil engineer with over 30 years of experience with water and wastewater systems in the public and private sectors. Prior to joining the District, he served as the Manager of Engineering for Central and West Basin Municipal Water Districts in Carson, California. He also served as the District Engineer for Los Alisos Water District in Lake Forest. In the private sector, Mr. Cook held engineering and project management positions with BFI Constructors and Turner Construction Company. He was elected to the Orange County Water District Board of Directors in 2002 and served for three years, representing communities in Irvine, Tustin and Newport Beach. Mr. Cook received his bachelor of science degree in Civil Engineering from the University of the Pacific, his masters of science degree in Civil Engineering from California State University of Long Beach and his masters in business administration from the University of California, Irvine.

Employees

The District currently employs approximately 398 regular employees and 18 temporary workers and part-time interns. In January 2018, the International Brotherhood of Electrical Workers (“**IBEW**”) became the exclusive representative for the Irvine Ranch Water General Unit and for the Non-Exempt Supervisors Unit. The General Unit includes 241 employees, the Non-Exempt Supervisors Unit includes 24 employees, and 133 employees are unrepresented. The IBEW Memorandum of Understanding for the General Unit and the IBEW Memorandum of Understanding for the Non-Exempt Supervisors Unit govern relations between the District and the IBEW for a term running through June 30, 2026. The District has not experienced any strike or other labor actions.

Pension Benefits

General. The District participates in two plans to fund pension benefits for its employees, the California Public Employees Retirement System (“**CalPERS**”) Plan and the Pension Benefits Trust. The District makes a required annual contribution to the CalPERS Plan and has elected to fund additional amounts to a trust that has been established under Internal Revenue Code Section 115 (the “**Pension Benefits Trust**”). The Pension Benefits Trust is irrevocable and holds funding contributions for the District pending future remittance to the CalPERS Plan, which will pay all retiree benefit payments to employees. The District's total pension assets include funds held by both CalPERS and the Pension Benefits Trust. As of June 30, 2024, the District reflected a net pension liability of approximately \$88.7 million, an increase of \$3.3 million from the net pension liability

as of June 30, 2023. The net pension liability is the difference between total pension liability and the fair market value of CalPERS assets. Including moneys held in the Pension Benefit Trust that is discussed below under the subcaption “—Pension Benefits Trust,” the District’s pension assets cover 105.0% of the total pension liability.

CalPERS Plan. The District contributes to CalPERS, an agent multiple-employer public employee defined benefit pension plan for all of the District’s full-time and certain of its temporary employees that have worked for the District for a total of over 1,000 hours. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the District.

CalPERS plan benefit provisions and all other requirements are established by State statute and the District’s Board of Directors. Participants in the District’s CalPERS plan contribute the full amount of the required employee contribution, which is up to 8% of their annual covered salary, depending on benefit level.

Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount, expressed as a percentage of payroll, that is necessary to finance the costs of benefits that are earned by employees during the year (normal costs), with an additional required amount to finance any unfunded accrued liability. The District’s normal cost contribution for the District fiscal year ended June 30 (“**Fiscal Year**”), 2024 was \$4.5 million and the unfunded accrued liability contribution was \$7.5 million, for a total contribution of \$12.0 million. The District’s estimated total contributions, including normal and unfunded accrued liabilities, for Fiscal Year 2025 are expected to be approximately \$13.0 million.

Pension Benefits Trust. The District recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive approach to address these issues by establishing a Pension Benefits Trust in Fiscal Year 2013 to assist in funding its CalPERS unfunded liability, providing the District with an alternative to CalPERS that allows for investment by a professional fund management team selected and monitored by the District. The Pension Benefits Trust holds the funding contributions from the District pending future remittance to CalPERS’ pension trust fund, which will pay all retiree benefit payments to employees associated with the District’s plan. Future contributions will be transferred to CalPERS at the District’s discretion. The funds held in the Pension Benefits Trust are legally protected from the claims of the general creditors of the District. Contributions to the Pension Benefits Trust and earnings on those contributions are irrevocable.

In Fiscal Year 2013, the District made an initial \$35.0 million contribution to the Pension Benefits Trust. From Fiscal Years 2014 through 2018, the District made total additional contributions of \$20.9 million to the Pension Benefits Trust. The District did not make any additional contributions to the Pension Benefits Trust in any of Fiscal Years 2019 through 2023. As of June 30, 2024, the fair market value of the assets in the Pension Benefits Trust was approximately \$123.7 million, an increase of approximately \$17.0 million from the market value of the assets in the Pension Benefits Trust as of June 30, 2023. Additional information on the Pension Benefits Trust’s investments can be found in Note 2 to the District’s audited financial statements for Fiscal Year 2024 attached to the Official Statement as Appendix B.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2024 is shown below.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68 (“ GASB 68 ”)
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS’ membership data for all funds
Post-Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Source: The District.

The above information is primarily derived from information produced by CalPERS. The District has not independently verified the information provided and neither makes any representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The annual comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS’ most recent actuarial valuation reports and other information concerning benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The District cannot guarantee the accuracy of such information. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future.

Funding of CalPERS Plan. The Schedule of Funding Progress below shows District’s total pension liability, CalPERS assets, Pension Benefits Trust assets, and the relationship of the total pension liability (in thousands of dollars) to such assets.

IRVINE RANCH WATER DISTRICT
Schedule of Funding Progress
(In Thousands)

<i>Fiscal Year⁽¹⁾</i>	<i>Total Pension Liability</i>	<i>CalPERS Assets</i>	<i>Net Pension Liability/(Asset)</i>	<i>Pension Benefit Trust Assets</i>	<i>CalPERS Assets as % of Total Pension Liability</i>	<i>Pension Benefit Trust Assets as % of Total Pension Liability</i>	<i>Total Pension Assets⁽²⁾ as % of Total Pension Liability</i>
06/30/20	\$291,334	\$222,867	\$68,467	\$ 78,389	76.5%	26.9%	103.4%
06/30/21	306,889	232,184	74,705	83,103	75.7	27.1	102.7
06/30/22	323,147	283,306	39,841	107,930	87.7	33.4	121.1
06/30/23	345,944	260,537	85,407	94,828	75.3	27.4	102.7
06/30/24	364,167	275,493	88,674	106,742	75.7	29.3	105.0

⁽¹⁾ Figures are as of the measurement dates of June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022, and June 30, 2023, which apply to the Fiscal Years ended June 30, 2020, June 30, 2021, June 30, 2022, June 30, 2023 and June 30, 2024, respectively.

⁽²⁾ Reflects total of moneys held in CalPERS plan and in Pension Benefits Trust.

Source: The District.

Changes in the Net Pension Liability. The changes in the net pension liability for the District's CalPERS plan were as follows (in thousands):

TABLE 1
IRVINE RANCH WATER DISTRICT
Changes in Net Pension Liability
(In Thousands)

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position⁽¹⁾</i>	<i>Net Pension Liability / (Asset)</i>
Balance at June 30, 2023	\$ 345,944	\$ 260,537	\$ 85,407
Changes	<u>18,223</u>	<u>14,956</u>	<u>3,267</u>
Balance at June 30, 2024	\$ 364,167	\$ 275,493	\$ 88,674

⁽¹⁾ Excludes assets held in Pension Benefits Trust, in accordance with GASB Implementation Guide No. 2017-1. As of June 30, 2024, the Pension Benefits Trust had assets of \$123.7 million, which will be used to reduce the net pension liability.
Source: The District.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents the net pension liability of the District's CalPERS Plan (in thousands), calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

TABLE 2
IRVINE RANCH WATER DISTRICT
Sensitivity of the Net Pension Liability to Changes in the Discount Rate⁽¹⁾
(In Thousands)

	<i>Discount Rate – 1% (5.90%)</i>	<i>Current Discount Rate (6.90%)</i>	<i>Discount Rate + 1% (7.90%)</i>
Plan's Net Pension Liability/(Asset)	\$137,950	\$88,674	\$47,985

⁽¹⁾ Excludes assets held in Pension Benefits Trust, in accordance with GASB Implementation Guide No. 2017-1.
Source: The District.

Other Pension Benefits. The District enables all of its part-time and certain temporary employees to participate in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For Fiscal Year 2024, the District's payroll for the related part-time and temporary employees who are covered by the plan was \$254,530 and the eligible employees contributed \$22,704. The District made no contributions to the defined contribution plan during such Fiscal Year.

All regular, full-time District employees are eligible to participate in the District's deferred compensation program pursuant to Section 457 of the Internal Revenue Code whereby they can voluntarily contribute a portion of their earnings into a tax-deferred plan administered by the District and invested through a third party provider. Pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001, effective January 1, 2002, employees may contribute the lesser of 100% of includible compensation or the maximum dollar amount allowable under Internal Revenue Code Section 457 in effect for the year. The dollar amount in effect for calendar year 2024 is \$23,000.

Effective January 1, 2008, for employees with one year or more of service, the District provides: (i) 100% matching of employee Section 457 plan contributions up to an annual maximum of 3% of the employee's base salary; and (ii) all full-time employees who have completed two years of regular, full-time service with the

District, are eligible for an additional District contribution equal to 1% of such employees' base salary. Such employer contribution amounts are deposited into a money purchase plan pursuant to Section 401(a) of the Internal Revenue Code. During Fiscal Year 2024, the District contributed approximately \$1.8 million to employee accounts under the 401(a) plan.

The assets in both plans are held in trust for the exclusive benefit of the participants and their beneficiaries, and are therefore not reported in the financial statements of the District.

For additional information relating to the District's pension plans, see Notes 13 and 15 to the District's audited financial statements attached to the Official Statement as Appendix B.

Other Post-Employment Benefits

The District currently has three programs for post-employment benefits other than pensions ("**OPEB**"): the California Public Employees Medical and Hospital Care Act ("**PEMHCA**") premiums, a retiree healthcare costs reimbursement plan and a retiree death benefit life insurance program. Under the first program, the District pays the required healthcare coverage under PEMHCA, commonly referred to as "PERS Health." To qualify, employees must retire from the District and begin drawing CalPERS retirement benefits. Participation in PEMHCA is financed in part by the District through a contribution of \$157.00 per employee per month (at current rates). The contribution rate is scheduled to be indexed with medical inflation in future years, although contributions could increase in greater amounts at the direction of CalPERS Board. In addition, the District pays 0.25% of the PEMHCA premium to cover administrative fees. In Fiscal Year 2024, the District contributed approximately \$224,000 on behalf of retirees participating in the PEMHCA program and had approximately \$281,000 for the estimated implied subsidy. The implied subsidy is the difference between average retiree claims and premiums charged by CalPERS.

As part of its retiree healthcare costs reimbursement plan, the District provides retirees who have attained age 55 and have completed at least 3 years of service with the District with reimbursement of eligible healthcare costs of \$160 per month for retirees with at least 3 years of service up to a maximum of \$600 per month for retirees with at least 25 years of service. In February 2023, the Board approved an enhancement to the Retiree Health Costs Reimbursement Plan ("**RHCRP**") by increasing each tier by \$200 for eligible employees who retire from the District on or after July 1, 2023. In Fiscal Year 2024, the District contributed approximately \$299,000 on behalf of retirees participating in the RHCRP.

Finally, the retiree death benefit life insurance program provides retirees who were hired on or before December 31, 2008 with term life insurance benefits with a face amount equal to 100% of their annual salary in effect at the time of retirement. Insured group-term life benefits end for all participants at age 70. The District provides a self-insured \$10,000 death benefit for all participants already retired as of December 31, 2008 and for currently active Board members. To qualify, a retiree must have retired from the District, be at least 55 years old, have completed at least ten continuous years of service with the District, and must be drawing retirement benefits from CalPERS. In Fiscal Year 2024, the District did not make any contributions on behalf of retirees participating in this program.

The District had a total OPEB liability of approximately \$22.1 million as of June 30, 2024. The discount rate used to measure the total OPEB liability was 3.65%, which was based on the Bond Buyer 20-Bond General Obligation Index. The OPEB contributions for the District's various OPEB plans are based on pay-as-you-go requirements. During Fiscal Year 2024, the District's contributions totaled approximately \$0.8 million.

In 2023, the District established a trust under Internal Revenue Code Section 115 (the "**OPEB Trust**") to assist in funding its OPEB liability. The OPEB Trust holds the funding contributions from the District pending future remittance to the administrators of the District's three OPEB plans, which will pay the associated benefits. Future contributions will be transferred to the OPEB Trust at the District's discretion. The funds held in the

OPEB Trust are legally protected from the claims of the general creditors of the District. Contributions to the OPEB Trust and earnings on those contributions are irrevocable.

In Fiscal Year 2023, the District made an initial contribution of \$10.0 million to the OPEB Trust. The District did not make any contributions to the OPEB Trust in Fiscal Year 2024 and has not budgeted to make a contribution to the OPEB Trust in Fiscal Year 2025. As of June 30, 2024, the fair market value of the assets in the OPEB Trust was approximately \$11.6 million, an increase of approximately \$1.6 million from the market value of the assets in the OPEB Trust as of June 30, 2023. Additional information on the OPEB Trust's investments can be found in Note 2 to the District's audited financial statements for Fiscal Year 2024 attached to the Official Statement as Appendix B.

Changes in the OPEB Liability. The changes in the liability for the District's OPEB plans were as follows (in thousands):

IRVINE RANCH WATER DISTRICT Changes in OPEB Liability (In Thousands)				
	PEMHCA	RHCRP	Retiree Death Benefit Only	Total
Balance at June 30, 2023	\$ 15,600	\$ 3,289	\$ 1,444	\$ 20,333
Changes	<u>681</u>	<u>1,000</u>	<u>81</u>	<u>1,762</u>
Balance at June 30, 2024	\$ 16,281	\$ 4,289	\$ 1,525	\$ 22,095

Source: The District.

Sensitivity of the OPEB Liability to Changes in the Discount Rate. The following table presents the net OPEB liability, calculated using the discount rate of 3.65%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current rate:

IRVINE RANCH WATER DISTRICT Sensitivity of the OPEB Liability to Changes in the Discount Rate (In Thousands)			
	Discount Rate – 1% (2.65%)	Current Discount Rate (3.65%)	Discount Rate + 1% (4.65%)
PEMHCA	\$ 18,852	\$ 16,281	\$ 14,198
RHCRP	4,567	4,289	4,028
Retiree Death Benefit Only	<u>1,625</u>	<u>1,525</u>	<u>1,435</u>
Total	\$ 25,044	\$ 22,095	\$ 19,661

Source: The District.

For additional information relating to the District's OPEB obligations, see Note 14 to the District's audited financial statements attached to the Official Statement as Appendix B.

Budget Process

The District adopts a budget every other year for a two-year period. Following the adoption of the operating budget, the Board of Directors approves a schedule of water, sewer and recycled water rates for the first Fiscal Year within the budgeted period based on the budget approved by the Board of Directors, with rates for the following Fiscal Year during such budgeted period determined prior to the commencement of such Fiscal

Year. See the caption “CONSTITUTIONAL LIMITS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

The operating budget for Fiscal Years 2025 and 2026 was approved on March 24, 2025. On that date, the Board also adopted water and sewer rate increases that will go into effect on July 1, 2025 to cover costs associated with the two-year budget. See the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.”

Water and Sewer System Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, third party liability, errors and omissions and natural disasters. The District utilizes a combination of self-insurance, first-party coverage and third-party liability insurance to minimize loss exposures from property, third-party liability claims and workers compensation claims. The District self-insures the first \$50,000 per occurrence for property losses, \$100,000 per occurrence for third-party liability claims and \$125,000 per occurrence for workers compensation claims. The District implements various controls to minimize loss including, but not limited to, hosting routine employee safety meetings and training sessions, using uniform language in contracts designed to limit or prevent liability exposure, implementing cyber risk mitigation protocols, performing general risk assessments, and developing emergency plans (including a business continuity plan).

Property, boiler & machinery, pollution, excess workers’ compensation and cyber liability insurance is provided through participation in Public Risk Innovation, Solutions and Management (“**PRISM**”). PRISM is a joint exercise of powers authority that was formed by numerous public agencies in the State to provide risk management services and insurance programs to its members. Property insurance includes flood insurance but does not include earthquake insurance except for the District’s real estate investment properties. See the caption “—Current Investments.” General and excess liability coverage of \$35,000,000 is also provided through participation in PRISM. Pollution and legal liability coverage for the Irvine Desalter Project is provided through an environmental pollution and remediation legal liability policy with Indian Harbor Insurance Company, an AXA XL company. The District also maintains commercial crime, difference in conditions (i.e. earthquake), railroad protective liability, fiduciary liability, and special liability insurance through its broker, Alliant Insurance Services. Settlements have not exceeded coverage for each of the past three Fiscal Years.

In addition to maintaining cyber liability insurance through PRISM, the District’s cyber security operations includes 24x7 monitoring by a Managed Security Services Provider, NIST-aligned processes, and employees with cybersecurity certifications. The District also engages an independent third party consultant to annually assess its cyber security, including critical data assets, potential system vulnerabilities and the District’s ability to respond effectively to cybersecurity threats.

Time and Manner of Payments for Service Charges

A majority of bills and charges for water and sewer, recycled water and natural treatment system service are billed monthly, due and payable upon presentation and become delinquent after 25 days. If payment is not received within 25 days after presentation, a late charge will be levied on any unpaid balance and after notice and proceedings as required by law (as described below), service may be discontinued. For late payment balances of \$10 or more, a one-time late charge of 10% of the unpaid balance plus 1.5% interest will be assessed for each month until the unpaid balance has been paid in full. A shutoff notice is mailed out in conjunction with an automated courtesy phone call when the unpaid balance is at least \$150 and at least 40 days delinquent. The District will disconnect service between day 60 and 65. Service is not restored until all charges, including a restoration charge, have been paid in full or the customer agrees to a payment arrangement. A small number of accounts located in Newport Beach, for which the District provides only sewer service, are billed on the County of Orange (the “**County**”) tax rolls. The County remits 100% of the revenues from such sewer service to the

District on an accrual basis when due (irrespective of actual collections) under the County’s Teeter Plan. See the caption “—Alternative Method of Tax Apportionment – “Teeter Plan.”

The District’s shutoff policy complies with Senate Bill 998, which revised the requirements for residential shutoffs due to delinquent payments or non-payment effective February 1, 2020. Under the District’s policy, the District may not discontinue residential water service for non-payment until the unpaid balance is at least \$150 and at least 60 days delinquent. The District will notify the customer and provide the District’s policy no less than seven business days before discontinuing service. Residential service may be discontinued no sooner than five business days after the District contacts the delinquent customer, or if no contact is established, posts a final Notice of Intent to Disconnect Service in a conspicuous location at the property that is served. The District also may not discontinue residential water service if all of the following conditions are met:

- Discontinuing water service poses a serious threat to the health and safety of a resident;
- The customer demonstrates that they are financially unable to pay for residential water service within the normal billing cycle (to qualify, the customer must participate in certain low income programs or certify that they are below 200% of the federal poverty level); and
- The customer agrees to a payment arrangement for past due amounts, generally not to exceed 12 months and must pay current charges.

If the customer’s income is below 200% of the poverty line, then the restoration fee is limited to \$55 during normal business hours or \$165 after normal business hours.

The District’s shutoff policy is available in English and seven other languages spoken by 10% or more of the District’s customers. The District will also be required to report the number of annual discontinuations of residential water service for inability to pay; reporting will be done by posting this information on the District’s website and notifying the Board of Directors.

Outstanding Indebtedness

Improvement District Indebtedness. As of April 30, 2025, the District had \$452,210,000 aggregate principal amount of outstanding *ad valorem* assessment bonds (the “**Ad Valorem Assessment Bonds**”) on behalf of the Improvement Districts. The Ad Valorem Assessment Bonds are secured by *ad valorem* assessments on land within the respective Improvement District, and are not by their terms payable from Revenues, except for the Series 2025A Bonds, Series 2025B Bonds, the Series 2010B Bonds, the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1 (the “**Series 2011A-1 Bonds**”), the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2 (the “**Series 2011A-2 Bonds**”) and the Bonds of Irvine Ranch Water District, Series 2016 (the “**Series 2016 Bonds**”), each of which is described below under the caption “—Parity Obligations.” The District’s practice has been to apply Net Revenues remaining after the payment of debt service on Parity Obligations and subordinate obligations to the principal of and interest on the Ad Valorem Assessment Bonds. Pursuant to Section 35975 of the Act, the District also may levy certain rates and charges in lieu of *ad valorem* assessments to pay the Ad Valorem Assessment Bonds. The District does not currently levy in-lieu rates and charges. Any such in-lieu rates and charges levied by the District in the future would not constitute Revenues. The following table illustrates a breakdown of outstanding Ad Valorem Assessment Bonds by Improvement District as of April 30, 2025.

TABLE 3
IRVINE RANCH WATER DISTRICT
Outstanding Ad Valorem Assessment Bonds By Improvement District

<i>Improvement District</i>	<i>Amount Authorized</i>	<i>Amount Issued</i>	<i>Remaining Unissued Bonds Authorized</i>	<i>Amount Outstanding as of April 30, 2025</i>
Waterworks Bonds				
110	\$ 0	\$ 0	\$ 0	\$ 0
112 ⁽¹⁾	28,512,300	8,111,479	20,400,821	6,713,913
113 ⁽¹⁾	25,769,500	16,299,920	9,469,580	12,345,160
125 ⁽¹⁾⁽²⁾	735,246,000	429,728,732	305,517,268	149,552,386
153	237,300,000	7,601,244	229,698,756	6,918,308
154	4,839,000	0	4,839,000	0
185	13,500,000	1,492,889	12,007,111	1,358,760
188 ⁽¹⁾	8,174,000	4,589,618	3,584,382	1,540,906
Total Waterworks Bonds	<u>\$ 1,053,340,800</u>	<u>\$ 467,823,883</u>	<u>\$ 585,516,917</u>	<u>\$ 178,429,433</u>
Sewer Bonds				
1 ⁽³⁾	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ 0
212 ⁽⁴⁾	108,712,000	26,013,323	82,698,677	21,926,220
213	87,648,000	28,565,396	59,082,604	18,661,049
225 ⁽¹⁾⁽⁴⁾	856,643,000	493,304,113	363,338,887	216,753,002
240	117,273,000	49,722,056	67,550,944	3,683,649
252	0	0	0	0
253	122,283,000	11,877,248	110,405,752	108,101,133
256	0	0	0	0
285	21,300,000	1,808,776	19,491,224	1,646,266
288	8,977,000	443,106	8,533,894	300,248
Total Sewer Bonds	<u>\$ 1,324,836,000</u>	<u>\$ 613,734,018</u>	<u>\$ 711,101,983</u>	<u>\$ 273,780,567.00</u>
Total District	<u>\$ 2,378,176,800</u>	<u>\$1,081,557,900</u>	<u>\$ 1,296,618,900</u>	<u>\$ 452,210,000</u>

⁽¹⁾ The Series 2025B Bonds represent the consolidated, several general obligations of these Improvement Districts. See the Official Statement under the caption "SECURITY FOR THE SERIES 2025B BONDS—General—Assessment Proceeds and Pledge of Revenues."

⁽²⁾ Improvement District No. 125 was created on November 11, 2013 and reflects the consolidation of portions of former Improvement District Nos. 105, 106, 102, 121, 130, 135, 140, 161, 182, 184 and 186.

⁽³⁾ Also referred to as Improvement District No. 210.

⁽⁴⁾ Improvement District No. 225 was created on November 11, 2013 and reflects the consolidation of portions of former Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

Source: The District.

Parity Obligations. In addition to the Series 2025B Bonds, the District has the following Outstanding Parity Obligations:

- **Prior Reimbursement Agreements.** In connection with the District's prior issuances of variable interest rate *ad valorem* assessment bonds, the District has entered into several reimbursement agreements (the "**Prior Reimbursement Agreements**") with various letter of credit banks (the "**Prior Banks**"). Pursuant to the terms of the Prior Reimbursement Agreements, the District's obligations to reimburse the Prior Banks will be payable from Net Revenues on parity with the Series 2025B Bonds and other Parity Obligations. There are currently no reimbursement obligations outstanding, although the District may incur reimbursement obligations under such Prior Reimbursement Agreements as provided therein. Variable interest rate bonds that are purchased by a Prior Bank bear interest at a significantly higher interest rate, and a Prior Bank that has purchased such bonds may elect to convert the term of such bonds into a term loan that is amortizable over a period of up to three years, depending upon the applicable Prior Reimbursement Agreement, resulting in significant increases in debt service. The following table summarizes the stated amount of each letter of credit associated with the Prior Reimbursement Agreements.

TABLE 4
IRVINE RANCH WATER DISTRICT
Summary of Prior Reimbursement Agreements

<i>General Obligation Bonds</i>	<i>Outstanding Principal</i>	<i>Letter of Credit Bank</i>	<i>Expiration Date</i>	<i>Letter of Credit Stated Amount</i>	<i>Reimbursement Obligations Outstanding</i>
		Sumitomo Mitsui			
Series 2008A	37,000,000	Banking Corp.	03/13/28	37,547,397	0
Series 2009A	42,500,000	Bank of America, N.A.	05/01/28	42,975,069	0
Series 2009B	42,500,000	Bank of America, N.A.	05/01/28	42,975,069	0
Series 2011A-1 ⁽¹⁾	36,660,000	Bank of America, N.A.	02/08/27	37,069,788	0
Series 2011A-2 ⁽¹⁾	<u>24,440,000</u>	Bank of America, N.A.	02/08/27	24,713,192	<u>0</u>
TOTAL	\$ 202,300,000				\$ 0

⁽¹⁾ Each of the Prior Reimbursement Agreements for the Series 2011A-1 and Series 2011A-2 Bonds (the “**Series 2011A Bonds**”) were entered into as of February 1, 2024, and effective February 8, 2024. The Series 2011A Bonds are also payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations as described further below.

Source: The District.

- **Series 2010B Bonds.** In 2010, the District issued \$175,000,000 aggregate principal amount of Series 2010B Bonds. The Series 2010B Bonds were outstanding as of April 30, 2025 in the aggregate principal amount of \$175,000,000 and mature in 2040. As described further in the forepart of this Official Statement under the caption “THE REFUNDING PLAN,” a portion of the proceeds of the Series 2025B Bonds are expected to be used to refund the outstanding Series 2010B Bonds.

- **Series 2011A-1 Bonds.** In 2011, the District issued \$60,545,000 aggregate principal amount of Series 2011A-1 Bonds. The Series 2011A-1 Bonds were outstanding as of April 30, 2025 in the aggregate principal amount of \$36,660,000 and mature in 2037. In addition to: (i) *ad valorem* assessments on taxable land in certain Improvement Districts levied pursuant to the Act; (ii) water or sewer charges, as applicable, which in the discretion of the Board of Directors of the District are fixed and collected in such Improvement Districts in lieu of *ad valorem* assessments pursuant to the Act; and (iii) proceeds from the sale of property in such Improvement Districts for the enforcement of delinquent assessments pursuant to the Act (collectively, “**Assessment Proceeds**”), the Series 2011A-1 Bonds are payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations.

- **Series 2011A-2 Bonds.** In 2011, the District issued \$40,370,000 aggregate principal amount of Series 2011A-2 Bonds. The Series 2011A-2 Bonds were outstanding as of April 30, 2025 in the aggregate principal amount of \$24,440,000 and mature in 2037. In addition to Assessment Proceeds, the Series 2011A-2 Bonds are payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations.

The 2011A-1 Bonds and the 2011A-2 Bonds are currently in a daily rate mode and are supported by separate Prior Reimbursement Agreements, as described in Table 4 above.

- **2016 Installment Sale Agreement.** In 2016, the District entered into an Installment Sale Agreement (the “**2016 Installment Sale Agreement**”) in connection with the execution and delivery of the District’s \$116,745,000 aggregate principal amount of Certificates of Participation Irvine Ranch Water District Series 2016. The 2016 Installment Sale Agreement was outstanding as of April 30, 2025 in the aggregate principal amount of \$96,935,000 and matures in 2046. The District’s obligation to make installment payments pursuant to the 2016 Installment Sale Agreement is payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations.

- **Series 2016 Bonds.** In 2016, the District issued \$103,400,000 aggregate principal amount of Series 2016 Bonds. The Series 2016 Bonds were outstanding as of April 30, 2025 in the aggregate principal

amount of \$94,110,000 and mature in 2046. In addition to Assessment Proceeds, the Series 2016 Bonds are payable from Net Revenues on a parity with the Series 2025B Bonds and other Parity Obligations.

Future Indebtedness. The District currently anticipates issuing additional bonds in the estimated principal amount of \$200 million in Fiscal Year 2028, although the District has not yet determined which source of revenues will be pledged to repay such bonds and there can be no assurance as to the ultimate timing or principal amount of such bonds. Proceeds from such bonds are expected to be used to finance various capital projects throughout the District. Given the uncertainties associated with the timing of and repayment source for such proposed bonds, the projected operating results set forth under the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do *not* reflect any projected debt service on such bonds in Fiscal Year 2029.

Subordinate Debt.

- **Interest Rate Swap Transactions.** As of April 30, 2025, the District was also obligated under two interest rate swap transactions with a total notional amount of \$60 million and termination dates in March 2029, pursuant to which the District is entitled to receive variable rate payments based on a floating rate index (the one-month Secured Overnight Financing Rate, plus a spread) in return for the District’s obligation to make payments at a fixed interest rate of 5.687%, determined by reference to the outstanding notional amount (the “**Swaps**”).

The Swaps are evenly distributed, as to notional amount on a particular payment date, between two swap counterparties – Bank of America, N.A. (“**BANA**”) and Citibank, N.A. (“**Citibank**”). For additional information with respect to the payment terms and other information relating to the Swaps, see Note 3 to the District’s audited financial statements attached to the Official Statement as Appendix B. Regularly-scheduled and early termination payments with respect to the Swaps constitute unsecured general obligations of the District payable from legally available funds. The Swaps are payable from certain Revenues on a subordinate basis to the District’s obligation to pay the Series 2025B Bonds and debt service on other Parity Obligations. In addition, any amounts received by the District pursuant to the Swaps constitute Revenues and, as such, are pledged to the payment of the Series 2025B Bonds and other Parity Obligations. Based on the structure and financial terms of each Swap, the mark-to-market value of the Swaps will not exceed a collateral threshold amount of \$15,000,000; accordingly, the District does not expect to post collateral with respect to the Swaps in the future.

The above-described interest rate swap transactions entail risk to the District. For example, there is no guarantee that the floating rate payable to the District pursuant to a Swap will match the variable interest rate on the related Parity Obligations at all times or at any time. Under certain circumstances, a Swap counterparty may be obligated to make a payment to the District under a Swap that is less than the interest due on the related Parity Obligations. In such event, the District would be obligated to pay such insufficiency from Revenues. This has occurred on certain occasions.

In addition, the Swap counterparties may fail or be unable to perform, actual interest rates may vary from assumptions or the District could be required to make a net payment (on a subordinate basis to the Series 2025B Bonds) to a Swap counterparty in the event of an early termination of one or more Swaps. The early termination of a Swap may not affect the obligations of the counterparty with respect to the other Swap. The District cannot predict if any of the foregoing events will occur with respect to one or more of the Swaps. The District may also elect from time to time to enter into additional interest rate swap agreements with security and payment provisions determined by the District, and the risks described in this paragraph could also apply to such additional interest rate swap agreements. However, the District does not anticipate that any such event would have a material adverse effect on the District’s ability to pay the principal of and interest on the Series 2025B Bonds.

In connection with the Swaps, the District has entered into certain protocols, including amendments or supplements to the Swaps, to comply with ISDA’s Dodd-Frank Documentation Initiative and other requirements,

including responses to regulatory requirements binding others, imposed under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- **Santiago County Water District Consolidation.** The District and Santiago County Water District (“SCWD”) consolidated effective July 1, 2006. As successor to SCWD, the District is obligated to satisfy the following obligations: (i) a fiscal services agreement with the State of California Department of Water Resources, with a loan balance of approximately \$80,200 as of April 30, 2025 and final payment due in 2025; and (ii) a promissory note payable to Foothill/Eastern Transportation Corridor Agency with a remaining balance of approximately \$377,800 as of December 31, 2024 and a final payment date in 2045.

Variable Rate Debt Management

The Board of Directors of the District has adopted a policy to maintain a target amount of investment assets equal to 75% or more of the District’s outstanding unhedged variable rate indebtedness. No assurance can be made that the Board of Directors of the District will not modify such policy in the future.

Current Investments

As of April 30, 2025, the District had investments (excluding the real estate investments that are described below) with a market value of approximately \$361 million as follows:

TABLE 5
IRVINE RANCH WATER DISTRICT
Summary of Investments⁽¹⁾

<i>Investment Type</i>	<i>Approximate Investment Amount in Millions</i>	<i>Percentage of Total Investments</i>
Federal Agency Securities	\$ 49.9	12.81%
Treasury Equivalent – Money Market	25.8	6.63
Local Agency Investment Fund	30.3	7.76
United States Treasury Securities	<u>283.9</u>	<u>72.80</u>
Total	\$ 389.9	100.00%

⁽¹⁾ Reflects market values as of March 31, 2025. Rounded. Excludes real estate investments that are described below.
Source: The District.

In addition to the moneys invested as described in Table 5 above, the District has invested approximately \$106.1 million of its capital facilities replacement fund in real property. The District’s current real property investments include a limited partnership interest in a 230-unit apartment complex (the “**Wood Canyon Villas Apartments**”), ownership of a 450-unit apartment complex (the “**Sycamore Canyon Apartments**”) and four commercial office buildings (the “**Irvine Market Place**,” the “**Waterworks Business Park**,” the “**Sand Canyon Professional Center**” and the “**Sand Canyon General Office**”). The Sand Canyon General Office building was completed in August 2020 and was fully leased in 2022. The District’s real estate investments are income-producing properties and the earnings and projected earnings for all properties are reflected in Tables 6 and 7, respectively, below.

Under current accounting rules, real estate investments are shown at fair market value. The total fair market value of the above-described assets as of June 30, 2024 was approximately \$325.9 million.

Historic Net Real Estate Income

The following table shows the net real estate income after expenses of the District for the five most recent Fiscal Years.

TABLE 6
IRVINE RANCH WATER DISTRICT
Historic Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Real Estate Income</i>
2020 ⁽¹⁾	\$12,549
2021	9,822
2022	9,756
2023	11,398
2024	12,610

⁽¹⁾ Fiscal Year 2020 reflects receipt of payment of interest on the Lake Forest Serrano Summit note.
Source: The District.

Projected Net Real Estate Income

The following table projects the net real estate income after expenses of the District for the current and next four Fiscal Years.

TABLE 7
IRVINE RANCH WATER DISTRICT
Projected Net Real Estate Income
(in Thousands)

<i>Fiscal Year</i>	<i>Net Income</i> ⁽¹⁾
2025	\$12,900
2026	13,000
2027	13,400
2028	13,802
2029	14,216

⁽¹⁾ Based on existing and expected leases. See the caption “—Current Investments.”
Source: The District.

1% Property Tax Revenues

Pursuant to the Act, the Board of Supervisors of the County is required to levy a “general assessment” on assessable property within the boundaries of the District that is sufficient to raise the amounts determined each year by the District’s Board of Directors to be necessary for the authorized purposes of the District. These provisions, however, have largely been superseded by the passage by the California electorate in June of 1978 of Article XIII A of the California Constitution (commonly known as “Proposition 13”), and by the legislation subsequently enacted by the California Legislature to implement Article XIII A. As a result of Article XIII A and its implementing legislation, the District receives as proceeds of the “general assessment” a share of the one percent *ad valorem* property tax collected by the County from assessable property within the boundaries of the District (the “1% Property Tax Revenues”).

From time to time legislation has been considered as part of the State budget to shift 1% Property Tax Revenues collected by each county from local agencies, including special districts such as the District, to school districts or other governmental entities. However, Proposition 1A (“**Proposition 1A**”), which was approved by the voters in November 2004, restricted State authority to reduce major local tax revenues. In addition, on November 2, 2010, California voters approved Proposition 22 (“**Proposition 22**”), the provisions of which superseded many of the provisions of Proposition 1A. Proposition 22: (i) prohibits the State from shifting or delaying the distribution of funds from special districts to schools and community colleges; (ii) eliminates the authority to shift property taxes temporarily during a severe financial hardship of the State; and (iii) restricts the State’s authority to use fuel tax revenues to pay debt service on transportation bonds, to borrow or change the distribution of fuel tax revenues or to use Vehicle License Fee revenues to reimburse local governments for state-mandated costs.

A portion of the District’s 1% Property Tax Revenues was previously subject to borrowing by the State under Proposition 1A. Despite the passage of Proposition 22, there can be no assurance that the 1% Property Tax Revenues which the District currently expects to receive will not be temporarily shifted from the District in future fiscal years or reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of 1% Property Tax Revenues by the District. See the Official Statement under the caption “SECURITY FOR THE SERIES 2025B BONDS—Pledge of Assessment Proceeds and Revenues” for a discussion of the extent to which 1% Property Tax Revenues are available to pay principal of and interest on the Series 2025B Bonds.

The table below sets forth the amount of 1% Property Tax Revenues received by the District for the five most recent Fiscal Years.

TABLE 8
IRVINE RANCH WATER DISTRICT
1% Property Tax Revenues
(in Thousands)

<i>Fiscal Year</i>	<i>1% Property Tax Revenues</i>
2020	\$45,604
2021	48,032
2022	50,898
2023	50,472
2024	57,585

Source: The District.

Alternative Method of Tax Apportionment – “Teeter Plan”

The Board of Supervisors of Orange County (the “**County**”) has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property assessments on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the assessment-levying or assessment-collecting agency.

The Teeter Plan for the County is applicable to all assessment levies for which the County acts as the assessment-levying or assessment-collecting agency, or for which the treasury of the County is the legal depository of assessment collections.

The *ad valorem* property assessments to be levied by the District will be subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property assessment levied on secured property to pay the Ad

Valorem Assessment Bonds irrespective of actual delinquencies in the collection of the assessment by the County so long as the Teeter Plan remains in effect. The District's share of 1% Property Tax Revenues and revenues from a small number of accounts located in Newport Beach for which the District provides only sewer service (as discussed under the caption "—Time and Manner of Payments for Service Charges") are also subject to the Teeter Plan.

The Teeter Plan is to remain in effect for the County unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event that the Board of Supervisors of the County discontinues the Teeter Plan for the County, only those secured property assessments that are actually collected would be allocated to political subdivisions (including the District) for which the County acts as the assessment-levying or assessment-collecting agency.

Governmental Regulations

The District's operations are subject to numerous environmental regulations enforced by multiple governmental entities. Programs are in place for compliance with drinking water regulations, water discharge regulations, underground and aboveground fuel storage tank regulations, hazardous materials management plans, hazardous waste regulations, air quality permitting requirements, wastewater discharge limitations and employee safety issues relating to hazardous materials and other conditions. Also, the District aggressively pursues the investigation and, when appropriate, the implementation of alternative methods and technologies for meeting increasingly strict environmental regulations.

The District expects environmental regulation to increase, resulting in higher capital and operating costs in the future, which may have a material adverse effect on the finances of the District.

Although the District's Board of Directors establishes the schedules of water, sewer and recycled water rates for each Fiscal Year, such rates are subject to the requirements of Proposition 218, which are described further under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

Climate Change and Natural Disasters

Climate Change. The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas ("GHG") emissions continue to accumulate in the atmosphere, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels.

As a recognized industry leader with a history of implementing innovative and cutting-edge practices and cost-effective programs, the District developed an Energy and GHG Master Plan in 2012 to improve, optimize and reduce its energy consumption and GHG emissions. The plan identified cost-effective capital projects to reduce the District's existing and future energy usage, costs and, as required under future regulatory conditions, the District's GHG emissions. The District is currently developing a Climate Adaptation and Energy Management Plan that will identify additional cost-effective projects and programs that can help reduce GHG emissions through increased energy efficiency. This plan will also take into consideration potential operational changes and projected climate impacts on the District's water supply reliability.

In 2021, *The Climate Registry*, which oversees North America's largest voluntary greenhouse gas registry, empowering organizations and public agencies to act on climate change by reducing their carbon emissions, honored the District with gold-level status for demonstrating exceptional leadership in meeting rigorous voluntary greenhouse gas reporting criteria. The District recently completed its 2023 GHG inventory,

which is undergoing third party verification. Upon verification, the inventory will be submitted to *The Climate Registry*.

Natural Disasters. The property within the District, like all California communities, may be subject to unpredictable seismic activity, wildfires, droughts, high winds, landslides, floods or other natural disasters. Southern California is a seismically active area. Seismic activity represents potential risk for damage to buildings, roads, bridges and property within the District in the event of an earthquake, including the Water System and the Sewer System. There is significant potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. In recent years, wildfires have caused extensive damage throughout the State, including within the County. In some cases, these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. Several fires which occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future. The California Department of Forestry and Fire Protection (“**Cal Fire**”) periodically prepares maps which evaluate fire hazard, which is defined as the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts, as opposed to risk, which is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. In March 2025, Cal Fire released an updated Fire Hazard Severity Zone map for the Southern California region and portions of the District’s service area are located within areas classified as “Moderate,” “High” or “Very High” Fire Hazard Severity Zones by Cal Fire.

In the event of a severe earthquake, wildfire, drought, windstorm, landslide, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District, including to the Water System or the Sewer System. As a result of such damage or destruction, property owners may be unable or unwilling to pay their property taxes when due, including the *ad valorem* assessments levied by the District to pay debt service on the Series 2025B Bonds and the other Ad Valorem Assessment Bonds of the District. Such damage may also result in a reduction in Net Revenues available to pay debt service on the Series 2025B Bonds.

In January 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the “Governor’s Order”) which canceled penalties, costs and interest on overdue property taxes within certain zip codes affected by the Palisades and Eaton Fires during calendar year 2025. This will likely cause a delay in the payment of property taxes by property owners in areas affected by Governor’s Order. Unless property owners within the affected areas pay their property taxes voluntarily or have mortgage impound accounts, it is possible bonds payable from property taxes in such areas will experience a need to draw on reserve accounts or a payment default. In the event of a major fire or other natural disaster affecting the property within the District, a similar order affecting the property within the District could impact the collection of the *ad valorem* assessments levied by the District to pay debt service on the Series 2025B Bonds and the other Ad Valorem Assessment Bonds of the District.

WATER SUPPLY

The District was formed in 1961 for the purpose of obtaining a water supply for municipal and irrigation uses. For the twelve-month fiscal year period that ended June 30, 2024, of the water supplied by the District, approximately 15% was imported water, approximately 57% was groundwater as well as native water and approximately 28% was recycled water. The District notes that recycled water sales are not subject to the drought conservation regulations that have been released by the State in recent years, as discussed under the caption “— Water Use Efficiency,” or any voluntary conservation measures.

The District operates a number of wells and reservoirs that produce or store local water for both potable and non-potable uses. Surface storage includes Irvine Lake, a 25,000 acre-foot reservoir that is owned by the District. Irvine Lake is impounded by Santiago Creek Dam. In January 2025, Serrano Water District (“**SWD**”) transferred its ownership in Irvine Lake to the District and Irvine Lake is now entirely owned by the District. As part of the transaction, SWD also transferred, to the District, SWD’s ownership of the Walter E. Howiler, Jr. Water Filtration Plant (“**Howiler Plant**”). The Howiler Plant was used by SWD to treat Irvine Lake water for delivery as potable supply. SWD transferred these assets to the District to avoid approximately \$120 million in capital costs of the planned improvements to Santiago Creek Dam and related facilities that are described below. In exchange for the transfer, the District has committed to help SWD maintain water supply reliability by providing SWD access to treated imported water from Metropolitan Water District of Southern California (“**Metropolitan**”) and/or treated water from the Howiler Plant. In the near future, the District will design and construct an interconnecting pipeline from the District’s potable system to the Howiler Plant that will allow the District to serve potable water from the Howiler Plant into the District’s service area.

Irvine Lake receives native water from the Santiago Creek watershed and is also used to store imported untreated water from Metropolitan. The District treats the native water at the Baker Water Treatment Plant (“**Baker WTP**”) and now the Howiler Plant to help meet potable water demands of the District and Baker WTP partner districts, as well as providing reliability to SWD as described above. Such water is also used for agricultural and other irrigation purposes and supplements the recycled water system during peak demand periods. See the caption “THE WATER SYSTEM—General” for a discussion of the use of Irvine Lake water at the Baker WTP under certain circumstances.

The Santiago Creek Dam outlet tower and spillway have reached the end of their useful lives. The embankment dam is also in need of improvement. The District is currently undertaking an approximately \$470,000,000 project to replace the outlet tower and spillway and to make embankment improvements. See the captions “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—*Future Indebtedness*” and “FUTURE CAPITAL IMPROVEMENTS.”

In addition, the District has a total of approximately 4,200 acre feet of recycled water storage capacity in its Sand Canyon, Rattlesnake, San Joaquin and Syphon Reservoirs and is currently evaluating additional recycled water storage projects. See the caption “THE WATER SYSTEM—General” for a discussion of the possible expansion of the Syphon Reservoir.

Imported Water

In Fiscal Year 2024, the District purchased 12,661 acre feet of water imported from the Colorado River and northern California by The Metropolitan Water District of Southern California (“**MWD**”). MWD supplies water through its member agencies, including the member agency in which the District is situated, Municipal Water District of Orange County (“**MWDOC**”). The cost of treated and untreated imported water from MWDOC as of January 1, 2025 is \$1,395 per acre foot and \$912 per acre foot, respectively. In addition, the District currently pays a fixed charge to MWDOC in the form of readiness to serve, capacity reservation and service connection charges. The readiness to serve and capacity reservation charges are paid monthly and, as of January 1, 2025, total \$219,679 per month, while the service connection charge is paid annually and, for Fiscal Year 2024, was \$1,655,872.

MWD faces various challenges in the continued supply of imported water to MWDOC. A description of these challenges as well as a variety of other operating information with respect to MWD is included in certain disclosure documents prepared by MWD. MWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. MWD has also entered into certain continuing disclosure agreements pursuant to which MWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”). Such official statements, other disclosure documents, annual reports and notices (collectively,

the “**MWD Information**”) are filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“**EMMA**”) at <http://emma.msrb.org>. The MWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. MWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2025B BONDS TO PROVIDE MWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS.

MWD HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO MWD. MWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS UNDER RULE 15c2-12.

Groundwater

General. One of the goals of the District’s Water Resources Master Plan is to identify a reliable water supply mix, which includes developing sufficient groundwater production capacity to pump up to the District’s basin production percentage (the “**BPP**”) set by the Orange County Water District (“**OCWD**”), the agency responsible for managing the Orange County groundwater basin, to produce other local groundwater and to have sufficient capacity to meet demands during supply interruptions. District groundwater pumping is affected by policies of OCWD, including the setting of: (i) replenishment assessments; (ii) a BPP; and (iii) basin equity assessments, each of which is described below.

Replenishment Assessments. OCWD establishes and collects replenishment assessments as a means of purchasing water and funding projects for the purpose of replenishing the Orange County groundwater basin. The replenishment assessment is established annually by OCWD and applies to every acre foot of groundwater produced from the basin.

Basin Production Percentage. In addition, each year, OCWD sets the BPP for water to be extracted from the Orange County groundwater basin. The BPP is the amount of groundwater, as a percentage of the total water demands of a groundwater pumping agency such as the District, that can be pumped from the Orange County groundwater basin from within the OCWD jurisdictional boundary during the year by the groundwater pumping agency without incurring the additional assessment described below. The amount of groundwater that an agency can pump without incurring the additional assessment is calculated by multiplying the total water use of such agency by the BPP (the “**BPP formula**”). Between Fiscal Years 2012 and 2023, the BPP varied from 62% to 85%. In connection with the annexation of certain land by OCWD (as discussed in detail below), the District agreed to a maximum BPP of 70% through October 2023, after which time the applicable BPP for the District has been the BPP set annually by OCWD for all the producers of groundwater. The OCWD board of directors set the BPP at 85% for Fiscal Years 2024 and 2025.

OCWD calculates total water use for the purpose of the BPP without considering recycled water sales to customers. This methodology reduces the amount of groundwater that recycled water sellers such as the District may pump from the Orange County groundwater basin within the OCWD jurisdictional boundary without incurring additional assessments.

Basin Equity Assessment. The additional assessment incurred by an agency that pumps non-exempt groundwater above the limit established by the BPP formula is called the basin equity assessment (the “**BEA**”). The BEA is established annually by OCWD for every acre foot of groundwater produced from the Orange County groundwater basin above the BPP formula (with exemptions described further below for pumping that OCWD determines will provide water quality and other benefits) and is intended to increase the cost of producing groundwater in amounts above the BPP formula so that it equals the cost of importing water,

thereby encouraging groundwater pumping agencies to supplement their groundwater production with imported water for the portion of their water use that exceeds the BPP. The BEA is a surcharge to discourage, yet still allow for, the production of groundwater in excess of the BPP formula. One of the District's operating objectives is to produce the maximum amount of groundwater within the BPP formula and to avoid producing groundwater in excess of such maximum in order to avoid paying the BEA.

Production Limitation Surcharge. Every year, OCWD sets a Production Limitation on the amount that groundwater producers are allowed to pump from groundwater basin inside the OCWD service area boundary. In Fiscal Years 2023, 2024 and 2025 OCWD set the Production Limitation to 100%. Each Fiscal Year, OCWD assesses a Surcharge for any water pumped above the Production Limitation. For Fiscal Years 2023, 2024 and 2025 the Production Limitation Surcharge was set to \$2,000 per acre foot. OCWD is expected to set the surcharge to \$2,000 per acre foot in Fiscal Year 2026.

In Fiscal Year 2015, the amount of groundwater that the District pumped from the Orange County groundwater basin exceeded its BPP by approximately 300 acre feet under the methodology prescribed by OCWD. OCWD's methodology prohibits the District from counting its use of recycled water as part of its total water demand. Based on OCWD's methodology, the District paid under protest a cash BEA of approximately \$1.7 million for Fiscal Year 2016, \$1.8 million for Fiscal Year 2017, \$2.25 million for Fiscal Year 2019, \$2.6 million for Fiscal Year 2020, \$4.7 million for Fiscal Year 2021, \$3.5 million for Fiscal Year 2022, \$4.9 million for Fiscal Year 2023 and \$1.4 million for Fiscal Year 2024. The District did not pay a BEA for Fiscal Year 2018.

In 2016, the District filed a court challenge to OCWD's methodology and policies regarding BEA calculations that exclude the District's use of recycled water. Through this litigation, the District sought a refund of all or a portion of BEA payments for Fiscal Years 2016, 2017, 2019, 2020, 2021, 2022, 2023 and 2024. In addition, the District sought a judicial declaration in the litigation that, because of OCWD's failure to consider recycled water a supplemental source of water, OCWD had miscalculated the amount of BEA credits remaining under various contracts with OCWD concerning groundwater quality projects being undertaken by the District. This court challenge was resolved in favor of OCWD by a decision of the Court of Appeal of the State of California, Second Appellate District, Division Five on October 7, 2024. Moving forward, recycled water will be excluded from the calculation of the District's total water use inside the OCWD service area boundary.

OCWD has sought to enable groundwater producers to derive a larger percentage of their water supplies from local sources in times of statewide drought so that such producers can reduce purchases of imported water at increased rates. For these reasons, OCWD has gradually increased the BPP in recent years. The BPP was set at 85% for Fiscal Years 2024 and 2025. In accordance with its 70% BPP for Fiscal Year 2023 and 85% BPP for Fiscal Year 2024, the District pumped approximately 43,964 acre feet and 43,497 acre feet of water from the Orange County groundwater basin in Fiscal Year 2023 and Fiscal Year 2024, respectively. The District currently pays OCWD a replenishment assessment of \$688 per acre foot for all groundwater pumped and a BEA equal to an additional \$580 per acre foot for groundwater pumped in excess of the BPP formula. The District did not pump above Production Limitation in Fiscal Years 2023 and 2024 and therefore was not assessed a Production Limitation Surcharge.

For certain portions of the District's groundwater production, the application of OCWD's BPP and BEA varies from the above general description. The District's Dyer Road Well Field has a production amount established by contract with OCWD as described in the below paragraph. The District also has several projects through which groundwater is produced that are, by contract with OCWD, completely or partially exempt from the BEA. While this "BEA-exempt" groundwater typically requires treatment, the District's cost to produce and treat this groundwater is effectively capped at the cost for imported water. Additionally, as portions of the District currently lie outside of OCWD's jurisdictional boundary, water demands in those areas are not included by OCWD in the accounting of the BPP for the District. Currently, approximately 25% of the District's potable water demand is from outside the OCWD jurisdictional boundary. In 2014, the Orange County Local Agency Formation Commission approved the annexation of approximately 6,482 acres of land within the District into

OCWD. The majority of such land is open space and is not expected to be subject to additional water demand at this time.

The BPP formula for the District's Dyer Road Well Field is not adjusted annually by OCWD but is fixed by contract with OCWD at 28,000 acre feet per year of clear groundwater, subject to the requirement that the amount over 20,000 acre feet is matched by an equal amount of groundwater pumped from the District's Deep Aquifer Treatment System (the "DATS"), which treats water from a deep aquifer in order to remove organic color. Like OCWD's general BPP, the Dyer Road Well Field's contractually fixed BPP formula discourages, but does not prohibit, production over such amount through the application of the BEA to any excess amount.

As discussed above, effective October 2, 2013, the District entered into an agreement with OCWD pursuant to which approximately 6,482 acres of the District's territory was annexed to OCWD upon the Orange County Local Agency Formation Commission's approval in July 2014. Under the annexation agreement, the District agreed to a specified termination date for its BEA exemption on the DATS, represented that the DATS wells would be used to supply the groundwater used in the annexed territory and agreed that for a period of ten years (i.e., through 2023) from the effective date of the annexation agreement, the District will be deemed subject to a BPP equal to the lesser of OCWD's actual BPP or 70%. The 70% BPP limit on the District has now expired and the District can pump up to the BPP set by OCWD in April of each year. For Fiscal Years 2024 and 2025, the BPP was set by OCWD to 85%. For Fiscal Year 2026, OCWD is expected to set the BPP again to 85%.

The District also produces groundwater from its Irvine Desalter Project, which is described in greater detail under the caption "—Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects." In Fiscal Year 2024, the Irvine Desalter Project provided a combined total potable and non-potable water production of approximately 4,893 acre feet that is exempt from the BPP. In addition, a combined additional approximately 4,600 acre feet per year of production is available from two other wells, the Orange Park Acres well ("OPA-1"), Well 2 in Lake Forest, and Well 115 in Irvine. Water from Well 115 is pumped and treated at the Irvine Desalter Project. However, such water is not accounted for as Irvine Desalter Project water because it was not part of the original Irvine Desalter Project. The available capacity of the OPA-1 well recently increased per agreement from 900 acre feet to 3,200 acre feet per year. Production from the OPA-1 well and Well 115 is subject to the BPP and the BEA. The District recently completed construction and startup of the PFAS treatment project for OPA-1 well and has been online since November 2024. Well 2 was offline in Fiscal Year 2023 and 2024 and is exempt from the BPP and the BEA.

In addition, in April 2013, the District completed construction of the Wells 21 and 22 project. The Wells 21 and 22 facility produced approximately 1,158 acre feet and 2,746 acre feet of groundwater in Fiscal Years 2023 and 2024, respectively. These wells are exempt from the BPP and the BEA. The District recently updated the Groundwater Workplan and does not have near-term plans to expand its groundwater production facilities further. The Groundwater Workplan will be updated every 2-3 years to determine if additional groundwater wells are needed to accommodate future growth from the Regional Housing Needs Assessment (RHNA) and other infill and redevelopment projects.

Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects. The Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects are groundwater development projects that were constructed by the District in cooperation with OCWD, the United States Departments of the Navy and Justice, MWD and MWDOC. The two projects commenced operations in early 2007.

The Irvine Desalter Potable Water Project consists of a potable water wellfield, pipelines and a purification plant. This project treats local groundwater to remove salts and nitrates caused by the natural geology and past agricultural use. The water is treated to drinking water standards through reverse osmosis and disinfection. The Irvine Desalter Potable Water Project was originally anticipated to pump approximately 5,100 acre feet of groundwater per year. However, actual pumping may vary each year based on operational

conditions. In Fiscal Years 2023 and 2024, the Irvine Desalter Potable Water Project produced approximately 3,834 acre feet and 2,636 acre feet of potable groundwater, respectively.

The El Toro Groundwater Remediation Project is treating a plume of contaminated groundwater from the main aquifer of the Irvine sub-basin of the Orange County groundwater basin. The plume originated from the former El Toro Marine Corps Air Station (the “MCAS”). The El Toro Groundwater Remediation Project consists of a treatment system that removes volatile organic compounds which are present in the groundwater as a result of the previous use of solvent degreasers at the MCAS. The treatment plant removes contaminants from the groundwater using an air stripper and granular activated carbon absorption units. The treated water is used in the District’s recycled water system and is designed to supply 3,400 acre feet of non-potable groundwater per year. Treatment at one of the El Toro Groundwater treatment plants is being expanded for treatment of PFAS and is expected to be complete by June 30, 2026. In Fiscal Years 2023 and 2024, the El Toro Groundwater Remediation Project produced approximately 1,694 acre feet and 2,256 acre feet, respectively, from non-potable wells. The United States Department of the Navy is compensating the District for this component of the project as part of the Settlement Agreement for Groundwater Remediation of the MCAS. The District expects that such compensation will cover the project costs until the plume of contaminated groundwater is cleaned up.

In addition to the two components described above, the Department of the Navy operates a number of wells on the former MCAS property. These wells pump contaminated groundwater from shallow basins located below the former base. Such water is treated by a treatment plant owned and operated by the District using an air stripper and granular activated carbon absorption units. These wells and the treatment plant, which are referred to as the Shallow Groundwater Unit (the “SGU”), are designed to treat approximately 640 acre feet per year of contaminated groundwater. The treated SGU water is disposed of via an existing ocean outfall. Treatment at the SGU treatment plant is being expanded for treatment of PFAS and is expected to be complete by June 30, 2026. In Fiscal Years 2023 and 2024, the SGU treated approximately 475 acre feet and 0 acre feet, respectively, of water.

Historic Groundwater Supply. Set forth below is a summary of the District’s sources of groundwater supply in acre feet per year for the last five Fiscal Years.

TABLE 9
IRVINE RANCH WATER DISTRICT
Historic Groundwater Supply In Acre Feet Per Year

<i>Fiscal Year</i>	<i>Dyer Road Well Field</i>	<i>Deep Aquifer Treatment System</i>	<i>Irvine Desalter Project⁽¹⁾</i>	<i>Irvine Sub- basin</i>	<i>Other⁽²⁾</i>	<i>Total</i>
2020	23,217	8,489	6,772	2,279	6,064	46,821
2021	28,242	8,266	6,549	2,223	1,280	46,559
2022	26,451	6,492	7,574	2,400	1,607	44,524
2023	27,219	8,174	6,386	1,158	553	43,490
2024	27,711	8,101	4,939	2,747	1	43,498

⁽¹⁾ Excludes water pumped from the SGU. Includes Well 115 and non-potable water (Wells ET-1, 2 and 78) used in the District’s recycled water system.

⁽²⁾ Includes Well 2 in Lake Forest, Wells 72, and 106 and In-Lieu water, which is imported water purchased at the request of OCWD. The In-Lieu program preserves and promotes groundwater basin levels, and the District generally responds affirmatively to In-Lieu program requests. Also includes the OPA-1 well. See the captions “—Groundwater—General” and “—Water Supply Reliability.” The OPA Well is back online after being out of service since 2019 as a result of PFAS contamination. See the subcaption “—PFAS” below.

Source: The District.

OCWD. OCWD faces various challenges in managing the Orange County groundwater basin. A description of these challenges, as well as a variety of other operating information with respect to OCWD, is included in certain disclosure documents prepared by OCWD. OCWD periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OCWD has also entered into certain continuing disclosure agreements pursuant to which OCWD is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the “**OCWD Information**”) are filed with EMMA at <http://emma.msrb.org>. The OCWD Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OCWD HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2025B BONDS TO PROVIDE OCWD INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS.

OCWD HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO OCWD. OCWD IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS UNDER RULE 15c2-12.

Sustainable Groundwater Management Act. On September 16, 2014, the California Governor signed Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or “**SGMA**”) into law. SGMA constitutes a legislative effort to regulate groundwater on a statewide basis. Pursuant to SGMA, the California Department of Water Resources (“**DWR**”) has designated the Orange County groundwater basin as a medium priority basin for purposes of groundwater management. Compliance with SGMA can be achieved in one of two ways:

(1) By January 31, 2017, local groundwater producers had to establish or designate an entity (referred to as a groundwater sustainability agency, or “**GSA**”), subject to DWR’s approval, to manage each high and medium priority groundwater basin. Each GSA was tasked with submitting a groundwater sustainability plan for DWR’s approval by January 31, 2020.

(2) Alternatively, an existing groundwater management agency can submit a groundwater management plan under Part 2.75 of the California Water Code (an “**Alternative Plan**”) or an analysis for DWR’s review demonstrating that a groundwater basin has operated within its sustainable yield for at least 10 years. Such Alternative Plans were required to be submitted by January 31, 2017 and must be updated every five years thereafter. As discussed below, the District’s Alternative Plan update was submitted to DWR in December 2021.

If local groundwater producers do not create or nominate an entity to serve as a GSA, SGMA authorizes DWR to assume management of a groundwater basin until such time as a GSA can perform such functions.

GSAs must consider the interests of all groundwater users in the basin and may require registration of groundwater users, the installation of flow meters to measure groundwater extractions and annual reporting of extractions. In addition, GSAs are authorized to impose spacing requirements on new wells, monitor, regulate and limit or condition groundwater production and establish production allocations among groundwater producers, among other powers. GSAs are authorized to impose fees to fund such activities and to fine or issue cease and desist orders against producers that violate the GSA’s regulations. A local agency that manages groundwater pursuant to its principal act (such as OCWD) may not exercise such authority in a manner that is inconsistent with any prohibitions or limitations in its principal act unless the governing board of such local agency makes a finding that such local agency is unable to sustainably manage the groundwater basin without

the prohibited authority. Groundwater sustainability plans must include sustainability goals and a plan to implement such goals within 20 years.

SGMA specifically allows OCWD, which manages the Orange County groundwater basin, to develop an Alternative Plan under Part 2.75 of the California Water Code to manage those portions of the basin that are within OCWD's boundaries. See the caption "—Groundwater—General." In order for OCWD to submit an Alternative Plan, the entire groundwater basin (Basin 8-1, as mapped by DWR) must be included. OCWD's service area includes about 89% of the Orange County groundwater basin and is described in the Alternative Plan as the OCWD Management Area ("MA"). The remaining fringe areas, which include portions of multiple agencies, were aggregated into the La Habra/Brea MA, the Santa Ana River Canyon MA and the South East MA.

The District's wells within OCWD's jurisdictional boundaries are presently metered and operated within the management guidelines established by OCWD. The District's wells in the South East MA, when operational, are metered and operated by the District. As of December 2024, the District's remaining wells within the South East MA are not operating.

The District does not currently expect its groundwater extraction rights or costs in the Orange County groundwater basin to change significantly as a result of the enactment of SGMA, nor does the District expect the enactment of SGMA to have a material adverse effect on the District's ability to pay principal of and interest on the Series 2025B Bonds from Net Revenues. The District notes that *ad valorem* property assessments constitute an additional source of moneys available to pay the interest on and principal of the Series 2025B Bonds. See the Official Statement under the caption "SECURITY FOR THE SERIES 2025B BONDS."

The Water Bank (as defined under the caption "—Water Supply Reliability") is located in the Kern County Groundwater Subbasin ("**Kern County Subbasin**") in the vicinity of Bakersfield, California. Some areas of the Kern County Subbasin are critically overdrafted and at risk of negative impacts due to subsidence, changes in water quality, and impacts to shallow wells. On February 20, 2025, the State Water Resources Control Board ("State Board") held a probationary hearing regarding SGMA compliance of the Kern County Subbasin. At the hearing, the State Board recognized that local public agencies in the Kern County Subbasin have made significant efforts to form GSAs and in the development of groundwater sustainability plans ("**GSPs**") for the subbasin. The State Board continued the hearing and asked that the GSAs revise their GSPs to rectify deficiencies that will achieve sustainable groundwater management of the subbasin.

There are numerous water banking projects in the Kern County Subbasin, including the IRWD Water Bank, which is described under the caption "—Water Supply Reliability." While the State Board recognizes the importance of water banking operations in sustainably managing water use, the State Board is concerned that fluctuations in groundwater levels as a result of some water banking operations could impact beneficial users of groundwater in close proximity to water banks. The GSAs are working to ensure that sustainable management criteria are established in the GSPs to avoid such impacts. The State Board has also expressed concerns about the in-lieu recovery operations of some of the water banking projects, which may be subject to fees on extractions. The IRWD Water Bank does not perform in-lieu recovery operations.

PFAS. Per- and polyfluoroalkyl substances ("**PFAS**") are part of a family of synthetic fluorinated organic chemical compounds. PFAS are water and lipid-resistant substances that are useful for a variety of manufacturing processes and industrial applications. They are often present in water supplies which receive wastewater treatment plant effluent that have connectivity to active or former military installations, especially airbases that use or have used aqueous film-forming foams for firefighting purposes.

PFAS is found in certain groundwater wells in the Orange County groundwater basin and in the District's service area. Some of the District's groundwater wells have detectable levels of PFAS; however, the District is not serving any water above Maximum Contaminant Levels ("**MCLs**") as noted below.

In April 2024, the United States Environmental Protection Agency (“USEPA”) adopted the Final PFAS National Primary Drinking Water Regulation. Specific MCLs adopted pursuant to the Safe Drinking Water Act are listed as follows for six PFAS compounds:

<i>PFAS Compound</i>	<i>Final MCL Goal</i>	<i>Final MCL (Enforceable Levels)</i>
PFOA	Zero	4.0 parts per trillion (ppt) (also expressed as ng/L)
PFOS	Zero	4.0 ppt
PFHxS	10 ppt	10 ppt
PFNA	10 ppt	10 ppt
HFPO-DA		
(commonly known as GenX Chemicals)	10 ppt	10 ppt
Mixtures containing two or more of	1 (unitless)	1 (unitless)
PFHxS, PFNA, HFPO-DA, and PFBS	Hazard Index	Hazard Index

The final USEPA PFAS rule requires:

1. Public water systems must monitor for these PFAS and have three years to complete initial monitoring (by 2027), followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of these PFAS in their drinking water beginning in 2027.
2. Public water systems have five years (by 2029) to implement solutions that reduce these PFAS if monitoring shows that drinking water levels exceed these MCLs.
3. Beginning in five years (2029), public water systems that have PFAS in drinking water which violates one or more of these MCLs must take action to reduce levels of these PFAS in their drinking water and must provide notification to the public of the violation.

The District believes that PFAS have been in the Orange County groundwater basin in very low concentrations for many years. Recent technological advances enable the detection of PFAS compounds at extremely low concentrations, and PFAS has been detected in the District’s drinking water well OPA-1, with levels above notification levels for PFOA and PFOS, and above the response level for PFOA. PFAS have also been found in non-potable groundwater cleanup wells El Toro 1 (“ET-1”) and the SGU. The District also has significant water supplies which are not impacted by the presence of PFAS.

OCWD is undertaking a program to install wellhead treatment facilities at all drinking water wells under its jurisdiction for which PFAS levels exceed response levels. OCWD’s adopted policy is to pay for the PFAS wellhead treatment systems in full and to pay for up to 50% of the annual operation and maintenance costs of such facilities, while water retailers such as the District pay for the other 50%.

The District has entered into a contract with OCWD for the installation of a wellhead treatment facility for PFAS at the OPA-1 well. The treatment system has received its operating permit and is awaiting initial startup and testing. The District has not served water from the OPA-1 well since September 2018 and the District does not intend to serve water from the OPA-1 well until the PFAS treatment facility is operational.

The cost of designing and constructing PFAS treatment facilities for the ET-1 well and the SGU is being covered by a pollution insurance policy that is maintained under a 2001 settlement agreement with the United States Departments of Justice and the Navy for the Marine Corps Air Station at El Toro. See the subcaption “— Irvine Desalter Potable Water and El Toro Groundwater Remediation Projects” above. Design of PFAS treatment facilities for the ET-1 well and the SGU is complete and construction has commenced, with both facilities expected to be operational in 2025.

The District, together with OCWD and over a dozen other groundwater producers in the Orange County groundwater basin, initiated litigation against certain PFAS manufacturers and users, including 3M Company (f/k/a Minnesota Mining and Manufacturing, Co.) and E.I. DuPont De Nemours and Company (the “**PFAS Lawsuit**”), to recover the costs of designing, constructing and operating and maintaining treatment facilities to address PFAS contamination in the Orange County groundwater basin, and to recover other damages arising out of PFAS contamination in groundwater wells, including the additional costs of importing substitute water. The PFAS Lawsuit is being litigated in the United States District Court for the District of South Carolina, Charleston Division, in the Multi-District Litigation (MDL No. 2:18-mn-2873-RMG) titled *In Re: Aqueous Film-Forming Foams Products Liability Litigation*. The court has ordered a nationwide settlement for PFAS producers DuPont and 3M, who together represent approximately 70% of the PFAS market. The settlement is in the nature of a class action, and the potentially available funds available to pay the nationwide class of public water suppliers exceeds \$12 billion. Public water suppliers are automatically class members unless they opt out of the class by a given date. The District intends to remain in the class, and will likely recover some funds from the settlement, although the amount of settlement proceeds is not expected to recover all of the District’s costs of wellhead treatment capital or operating expenses. Settlement proceeds will be shared with OCWD pursuant to the contract described above related to PFAS treatment installation and costs. The District also intends to remain in the PFAS Lawsuit against the remaining defendants.

Although the USEPA rules allow up to five years from date of publication for compliance with the MCLs, the District already meets the federal requirements for both monitoring for PFAS in the water system and compliance with all of the MCLs. At this time, the District anticipates continued compliance with all federal and state requirements related to PFAS in drinking water.

The District does not anticipate that implementation of regulations related to PFAS will have a material adverse effect on the operation of the Water System or on the operating costs thereof. The projected operating results which are set forth under the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results” do not assume significant increases in water treatment or Water System operating costs to meet current State or federal regulations relating to PFAS.

Water Use Efficiency

State and Federal Orders. Following the 2012-17 statewide drought, legislation known as “Making Conservation a California Way of Life” was enacted in 2018 to strengthen local water supplier water management and water shortage planning efforts. Assembly Bill 1668 and Senate Bill 606 require urban water suppliers to include additional drought planning and projected water shortage information in their Urban Water Management Plans and water shortage contingency plans, which are updated and submitted to DWR every 5 years. In August 2024, the SWRCB adopted the Making Conservation a California Way of Life regulation. The regulation includes performance measures and best management practices aimed at the commercial, industrial and institutional (“**CII**”) customer sector and long-term standards for the following: (i) indoor residential water use; (ii) outdoor residential water use; and (iii) CII water use for landscape irrigation.

The California legislature established new indoor water use standards in September 2022. The indoor standards have been defined as 55 gallons per person per day (“**GPCD**”) until January 2025, decreasing to 47 GPCD until January 2030 and decreasing further to a final indoor standard of 42 GPCD in January 2030. Standards for outdoor residential water use and CII water use for landscape irrigation are calculated using a Landscape Efficiency Factor (LEF). The LEF decreases from 0.8 to 0.63 in July 2035 and again in July 2040 to 0.55 for residential landscapes and 0.45 for CII landscapes irrigated with potable water. The LEF for landscapes irrigated with recycled water is 1.0 and does not decrease.

On October 19, 2021, the California Governor declared a statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. The declaration encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans at a level that was appropriate to local conditions. The State experienced significant precipitation in the winter and early

spring of 2023 and, on March 24, 2023, the statewide drought state of emergency was terminated. While there can be no assurance that subsequent declarations will not impose mandatory water use restrictions should dry conditions persist in future years, the State’s approach is consistent with the “Conservation as a Way of Life” regulation that is described above. The approach relies on local planning and recognizes that the impacts of the drought and levels of projected water shortages vary throughout the State and among water suppliers.

In August 2021, the federal government declared a Tier 1 water shortage at Lake Mead, which is a major storage reservoir on the Colorado River. As discussed under the caption “—Imported Water,” Colorado River supplies are among the water sources for MWD, which provides water to the District’s major imported supplier, MWDOC. The water shortage declaration triggered mandatory cuts in water allocations for water users in Arizona and Nevada, although not for MWD or other users in California. Notwithstanding the foregoing, in December 2021, water users in California (including MWD), Arizona and Nevada agreed to voluntary cuts of 500,000 acre feet of water from the Colorado River in both 2022 and 2023, and MWD agreed to pay up to \$20 million to agricultural rightsholders that leave their land fallow. See the caption “—Water Supply Reliability—Other Water Supply Reliability Programs—Palo Verde Irrigation District Land Purchases” for a discussion of District land holdings in areas that are expected to benefit from such payments by MWD.

In August 2022, the federal government declared the Colorado River’s first ever Tier 2 water shortage. Additional cuts were imposed on Arizona, Nevada and Mexico, and all seven Colorado River states were asked to develop a joint plan to reduce water use by a further 15%-30%. In April 2023, the United States Department of the Interior released a draft environmental impact statement (the “EIS”) which proposed three alternatives for reducing Colorado River allocations in the American Southwest, including one alternative that could reduce California’s allocation by up to one-fourth. In August 2023, the federal government announced that, as a result of above average precipitation, the Colorado River would operate at a Tier 1 shortage in 2024. In October 2023, the federal government released a revised supplemental EIS as part of a collaborative effort to develop short-term guidelines for Colorado River operations through 2026 that would commit to conserving at least 3 million acre feet of water in the river.

It is expected that the federal government will release a final EIS in late 2025 that will analyze post-2026 operational guidelines and strategies. On January 17, 2025, the Bureau of Reclamation published an Alternatives Report that documents the alternatives that will be analyzed in the draft EIS. There can be no assurance as to the content or timing of the final EIS, nor can there be any assurance that subsequent declarations with respect to the Colorado River will not require mandatory water cuts to MWD should dry conditions persist in 2025 or future years.

The District has a long history of implementing cost-effective water efficiency programs and believes that it is well prepared to meet future water efficiency objectives. The District’s customers have one of the lowest residential GPCD water usage rates in the State, and a portion of the Net Revenues consist of fixed charges that are payable regardless of the volume of water used. See the caption “THE WATER SYSTEM—Water System Rates and Charges.” For these reasons, the District does not believe that the above-described declarations, federal actions or compliance with the above-described water efficiency objectives will affect the District’s ability to pay principal and interest on the Series 2025B Bonds from Net Revenues. The District notes that the Series 2025B Bonds are also secured by a pledge of Assessment Proceeds. See the Official Statement under the caption “SECURITY FOR THE SERIES 2025B BONDS.”

District Response to Shortage. Under the District’s water shortage contingency plan (the “WSCP”), the District responds to a water shortage in stages based upon six levels of supply cutbacks: Level One (supply reductions of up to 10%), Level Two (supply reductions of up to 20%), Level Three (supply reductions of up to 30%), Level Four (supply reductions of up to 40%), Level Five (supply reductions of up to 50%) and Level Six (supply reductions exceeding 50%). Each shortage level triggers strategic responses that are intended to reduce water use and/or augment supplies during a declared water shortage. At each level of shortage, the WSCP includes a list of voluntary measures, non-rate response measures and potential cost-of-service based rate

response strategies. The District can also use its banked groundwater to augment supplies during times of shortage. See the caption “—Water Supply Reliability—Water Banking.”

The District’s water budget-based rate structure is a cost-of-service based rate structure that provides revenue stability in both non-shortage and water shortage periods. Additionally, it allocates water (and the costs associated with its use) based on the monthly water budget assigned to each customer providing the lowest cost of water for efficient use and higher cost water for uses beyond efficient use. The monthly water budget assigned to each customer provides them with a sufficient amount of water within their budget to cover reasonable and efficient water use. See the caption “THE WATER SYSTEM—Water System Rates and Charges.”

If the District experiences a water shortage, it may have lesser or higher water costs than during other periods. The WSCP outlines the strategies that the District can use to reduce water demand to respond to such conditions. Adjustments to customer water budgets are a key response measure in the WSCP that are implemented by equitably reducing water budget allocations based on what is reasonable and efficient water use under the water shortage circumstances applicable to each level. If this strategy or tool is used, any changes in rates would be set using cost-of-service principles and would not exceed the District’s cost of providing water service to each customer.

On June 26, 2023, the Board adopted water shortage rates, which constitute another available tool to reduce demand by increasing water rates in the event of a shortage. Actual implementation of water shortage rates from time to time will be at the discretion of the District. Notwithstanding the State and federal orders which are described under the subcaption “—State and Federal Orders,” the District is not currently experiencing a water shortage and is not projecting a future shortage even if dry hydrological conditions continue for the next several years.

While continued implementation of the WSCP may result in slightly lower water sales revenues, it is also likely to result in lower operating costs, in particular water purchase costs and energy costs for water deliveries. As discussed under the caption “THE WATER SYSTEM—Water System Rates and Charges,” the District’s rate structure consists of variable and fixed rate components. Decreased water consumption is largely offset by a decrease in related variable costs, while fixed water charges largely cover the District’s fixed operating and maintenance costs. The projected operating results set forth under the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results” reflect the implementation of Level One of the WSCP in the current and next four Fiscal Years but do not reflect the implementation of water shortage rates as described above.

If a statewide water shortage should persist, legal issues exist as to whether different California Water Code provisions should be invoked to require reasonable regulations for the allocation of water in times of shortage. Any curtailment pursuant to State orders that is accompanied by an increase in MWD water charges to its member agencies could necessitate an increase in the District’s water rates to District customers. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for a discussion of certain restrictions on the District’s ability to raise water rates.

Water Supply Reliability

Water Banking. In addition to developing its local groundwater and recycled water systems, the District has further diversified its water supply reliability by developing water banking facilities in Kern County, California. These projects are known as the Strand Ranch Integrated Banking Project and the Stockdale Integrated Banking Project (collectively, the “**Water Bank**”). The District’s Water Bank is situated on groundwater recharge lands that overlie the regional Kern County groundwater basin. The purpose of the Water Bank is to improve the District’s water supply reliability by capturing and storing low cost water available during wet hydrologic periods for use during dry periods and supply interruptions, with the target of providing enough water to meet approximately 15% of customers’ needs for three years. The Water Bank will enhance the

District's ability to respond to drought conditions and potential water supply interruptions and enable it to reduce the cost of water delivered under such conditions.

The District has entered into agreements for a 30-year water banking partnership with the Rosedale-Rio Bravo Water Storage District ("**Rosedale**") in Kern County. These agreements provide for Rosedale to operate the Water Bank on behalf of the District and permit the District: (i) to store up to 126,000 acre feet of water in the aquifer; (ii) to recharge up to 44,600 acre feet of water per year in the aquifer; and (iii) to recover up to 28,750 acre feet of water per year from the aquifer. The physical capacity of the Water Bank is 76,000 acre feet. The District has a long-term lease with Rosedale for an additional 50,000 acre feet of storage.

The District has constructed 740 acres of recharge ponds and other facilities at the Water Bank that are necessary to divert water from an adjacent canal and into the ponds. Seven groundwater wells that provide the ability to recover water have been constructed on the Strand Ranch property and three additional recovery wells have been constructed and equipped on the Stockdale West property. The District, in partnership with Rosedale and other agencies, has also constructed six additional wells that will increase the ability to recover water from the Water Bank during peak summer demand periods. These additional wells were equipped and completed in 2018.

Groundwater extractions from certain Water Bank wells have been found to contain a synthetic chemical known as 1,2,3-trichloropropane ("**TCP**"), which was formerly used in the manufacture of soil fumigants and other industrial products, in concentrations that exceed the Maximum Contaminant Level established by the State Board. As a result, such groundwater is required to be blended with other sources or treated to remove TCP before it can be delivered via State or federal water conveyance infrastructure or, ultimately, served to retail users.

In January 2022, the District and Rosedale filed a complaint in the Superior Court of California, County of Kern, against several manufacturers of TCP. The complaint asserts strict liability, nuisance, trespass and negligence claims in connection with the infiltration of TCP into the Water Bank and seeks to recover costs associated with the construction of treatment facilities to remediate the contaminated water. There can be no assurance as to the outcome of the District's claims and the projected operating results which are set forth herein do not assume the award of any damages to the District or Rosedale in connection with the complaint. Currently, the litigation in pursuit of these claims has been stayed pending the outcome of other similar cases.

The District has secured water from a number of sources for recharge at the Water Bank. These sources are available as described below.

- Pursuant to the District's agreement with Rosedale, Rosedale has first priority rights to use District facilities to divert and recharge a portion of its entitlement to floodwater flows on the Kern River to District-owned storage ponds for recovery in dry years. The District is entitled, at no cost, to 20% and 50% of all Kern River floodwaters recharged on the Strand Ranch and Stockdale West recharge ponds, respectively.
- The District has also secured access to State Water Project water which can be stored in the Water Bank. Such water is available as a result of the District's acquisition of approximately 883 acres located within the Dudley Ridge Water District ("**Dudley Ridge**"), including the rights to use up to 1,749 acre feet per year of Table A State Water Project water allocated to Dudley Ridge. Under an existing agreement, Dudley Ridge can store its Table A water in the Water Bank, with half of the water being available for future use in the District's service area. The acquisition also included certain participation rights in the Kern Water Bank that allow the District to store approximately 9,495 acre feet of water.
- In 2011, the District entered into a long-term exchange program (the "**Exchange Program**") with Buena Vista Water Storage District ("**BVWSD**") that allows BVWSD to store water in the Water Bank in exchange for allocating 50% of the stored water to the District. BVWSD is responsible for all costs of

delivering water to the Water Bank and the District is responsible for all costs of returning BVWSD its share of the water. The District is entitled to keep an additional 10% of the stored water each calendar year after the fourth calendar year that BVWSD does not call on the return of its share of the water. The District is entitled to 100% of the water if BVWSD does not call for the return of its share of the water by the end of the ninth year.

- In recent years, the District also entered into separate Pilot Exchange Agreements with the Central Coast Water Authority and the Antelope Valley-East Kern Water Agency that provided for such agencies to store portions of their 2012 allocation of State Water Project water at the Water Bank. In 2017, 2019 and 2023, the District executed short-term agreements with the Central Coast Water Authority which provided for the delivery and storage of 3,772 acre feet on an unbalanced exchange basis under which the District is allocated 50% of such stored water. In 2019, the District and Antelope Valley-East Kern Water Agency entered into a long-term water exchange program for the delivery and storage of 20,000 acre feet on an unbalanced exchange basis under which the District is allocated 50% of such stored water. In 2023, Antelope Valley-East Kern Water Agency delivered 7,072 AF of water to the Water Bank.
- The District recently agreed to terms with a private landowner, Silvertip LLC, with respect to a short-term exchange program for delivery and storage of up to 8,000 acre feet of water on an unbalanced exchange basis under which the District is allocated 50% of such stored water. To date, Silvertip has not pursued deliveries to the Water Bank.
- In 2024, the District executed an unbalanced exchange agreement with Santa Clara Valley Water District, which will facilitate the delivery of up to 20,000 AF of water to the Water Bank with 50% of the water accruing to the benefit of the District. Santa Clara Valley Water District is expected to deliver water to the Water Bank in 2025.

The District continually explores other short- and long-term partnerships with other agencies and private landowners to facilitate transactions similar to those which are described above.

The District has entered into a Coordinated Operating, Water Storage, Exchange and Delivery Agreement with MWD that allows the District to have State Water Project water which has been recovered from the Water Bank delivered to the District's service area. In 2014, the District entered into an additional agreement with MWD that allowed MWD to receive 4,000 acre feet of the District's non-State Water Project water recovered from the Water Bank in exchange for a future return to the Water Bank. Under such additional agreement with MWD, the District recovered and delivered approximately 1,000 acre feet from the Water Bank for use in the District's service area in 2015. In addition, in 2022, the District delivered 3,927 acre feet of water to MWD from the Water Bank in exchange for a credit of 7,927 acre feet of water in MWD's southern California storage facilities, which includes a credit for the 4,000 acre feet delivered in 2014.

Since 2010, the District has delivered a total of approximately 116,000 acre feet of water to the Water Bank, after applicable losses, through the water supply partnerships that are described above. The District currently holds approximately 47,000 acre feet of water in storage (after applicable losses) for its future use during droughts and major supply interruptions.

A summary of water held in storage pursuant to the District's water banking program as of December 31, 2024 (after water losses) is set forth below.

TABLE 10
IRVINE RANCH WATER DISTRICT
Summary of Water Banking Programs' Storage After Losses
As of December 31, 2024 (Acre Feet)

<i>Facility</i>	<i>Total Capacity</i>	<i>Total Water in Storage</i>	<i>District Share of Total Water in Storage</i>
The Water Bank ⁽¹⁾	76,000	61,189	46,760
Kern Water Bank ⁽²⁾	<u>9,495</u>	<u>4,242</u>	<u>4,242</u>
Total	85,495	65,431	51,002

⁽¹⁾ The Water Bank includes both the Strand Ranch and Stockdale Integrated Water Banking Projects. The District has executed exchanges with MWD that have diversified the ability to call on the District's share of the banked water from the Water Bank and MWD supplies. The above numbers take into consideration Water Bank losses as well as small purchases of water made by the District when land was taken out of agricultural production. Extractions from Strand Ranch are currently limited to approximately 17,500 acre feet per year. The completion of the Stockdale West property recovery facilities enables the District to recover approximately 11,250 acre feet per year of additional water from the Water Bank. The Total Water in Storage includes a credit owed to the District by Dudley Ridge Water District as a result of a 1-for-1 exchange.

⁽²⁾ The District's share of total water stored in the Kern Water Bank is to be used on the District's Dudley Ridge property.
Source: The District.

Other Water Supply Reliability Programs.

Palo Verde Irrigation District Land Purchases. As of December 31, 2023, the District has purchased a total of approximately 3,100 acres of irrigated agricultural land (the "**PVID Properties**") in Riverside County, California. The PVID Properties are located within the water service area of Palo Verde Irrigation District ("**PVID**"), which has first priority rights on the Colorado River. Of the total acres purchased, approximately 2,835 acres of the land are subject to and enrolled in an MWD/PVID fallowing program under which MWD makes payments to landowners in exchange for letting land lie fallow. See the caption "—Water Use Efficiency—State and Federal Orders" for a discussion of MWD's agreement to pay up to \$20 million to agricultural rightsholders (such as the District) in 2022 and 2023 under such a fallowing program. Water that is conserved through fallowing is available for use within MWD's service area (which includes the District's service area). The non-fallowed land is currently being farmed either through leases with tenant farmers or through agricultural management agreements with contract farmers.

In December 2023, the United States Bureau of Reclamation and MWD entered into a System Conservation Implementation Agreement under which the United States Bureau of Reclamation agreed to pay increased fallowing program payments to the District and other PVID landowners for Fiscal Years 2024, 2025 and 2026. In July 2024, the District executed letter agreements with MWD documenting the District's acceptance of the increased fallowing payments.

The District plans to work with MWD and MWDOC in the future to develop mutually beneficial arrangements through which the District would receive increased water supply reliability during periods of drought or supply interruptions in consideration for the water conserved on the PVID Properties.

Due to the preliminary nature of its discussions with MWD and MWDOC, the District can make no assurance as to the amount of water, if any, it would receive from MWD through conservation of water on the PVID Properties. Should the expected water supply reliability benefits of the land not be realized, the District's investment in the PVID Properties could be recovered in whole or in part through the sale of the land.

Kern Fan Project. The Kern Fan Groundwater Storage Project (the "**Kern Fan Project**") will develop a regional water bank in the Kern Fan area of Kern County to capture, recharge and store Article 21 water from the State Water Project and other water supplies during wet hydrologic periods. The project is a joint venture between the District and Rosedale. In April 2020, Rosedale and the District executed a joint exercise of

powers agreement (the “**Agreement**”) creating the Groundwater Banking Joint Powers Authority (the “**Authority**”) to plan, design, construct, operate and implement the Kern Fan Project. The Agreement took effect July 1, 2020. The stored water would be extracted when needed to provide ecosystem, emergency supply and water supply benefits. The District’s share of the Kern Fan Project would be used in conjunction with the Water Bank (as discussed under the subcaption “—Water Banking” above) to meet the District’s contingency storage needs at build-out. The District’s goal for contingency storage is to secure supplies that are adequate to backfill the loss of imported supplies for three consecutive years. The District believes that, upon completion, the Kern Fan Project, together with the Water Bank, will allow the District to meet this goal. In 2022, as part of the Kern Fan Project, the Authority purchased two properties totaling 348 acres at a cost of \$5,000,000, half of which was contributed by the District. The Authority is in the process of constructing recharge and recovery facilities on these lands as Phase 1 of the Kern Fan Project.

In August 2017, the District and Rosedale jointly submitted a grant application to the California Water Commission (the “**CWC**”) for the proposed Kern Fan Project. The application sought Proposition 1 funds available from the CWC through the Water Storage Investment Program (the “**WSIP**”). In July 2018, the CWC conditionally awarded \$67.5 million to the Kern Fan Project. Additional WSIP funding became available in late 2020, which resulted in the CWC increasing the conditional funding award for the Kern Fan Project in January 2021 to \$87.8 million. In March 2022, the CWC added a 1.5% inflation adjustment to the funding award, increasing it to \$89.1 million.

To date, the Authority has certified a final environmental impact report for the Kern Fan Project, completed state and federal feasibility studies, and initiated the project design. In October 2023, the Authority executed an agreement with the United States Bureau of Reclamation under which the District will receive a grant in the amount of approximately \$9 million to fund Phase 1 of the Kern Fan Project. Construction of Phase 1 began in January 2024. The Authority has been conducting value engineering and design tasks regarding the next phase of the Kern Fan Project, which will include construction of water conveyance facilities.

Sites Reservoir Project. The Sites Reservoir is a proposed reservoir of approximately 1.5 million acre-feet located in Colusa County. In connection with the Sites Reservoir, a joint powers agency, the Sites Project Authority (the “**Sites Authority**”) was formed by several local water agencies and counties to pursue the development and construction of the project. The District is a member of the Sites Authority’s Reservoir Committee. The Sites Reservoir project is expected to be funded with a combination of direct Federal Funding through Reclamation Water Infrastructure Improvements for the Nation (“**WINN**”) Act, State Funding through Water Storage Investment Program (“**WSIP**”), cash calls from participants in the Sites Reservoir project under the Sites Project Agreement (as defined below), direct borrowings by the Sites Authority (including loans through the WIFIA loan program and revenue bonds), and contributions from certain Sites Reservoir project participants that elect not to participate in the Sites Authority’s WIFIA loans or other borrowings. The Sites Authority submitted an application to the U.S. Environmental Protection Agency in March 2023 for WIFIA loan funding in an amount up to 49% of the eligible costs (including certain contingencies for inflation and market volatility) of the Sites Reservoir project. The 2023 Sites Plan of Finance update includes WIFIA proceeds up to 49% of the eligible Project costs. The current cost estimate of the Sites Reservoir, which was approved in June 2021 was \$3.9 billion (in 2021 dollars). The District’s participation will be on a pay-go basis and the District will not take part in Sites Reservoir project financing.

In 2019, in connection with the planning phase of the Sites Reservoir, the District, along with certain local water agencies and counties located in the State (collectively, the “**Sites Project Agreement Members**”), entered into a project agreement with the Sites Authority (the “**Sites Project Agreement**”). Under the Sites Project Agreement, each Sites Project Agreement Member agreed, among other things, to pay a share of the costs for the activities undertaken pursuant to the Sites Project Agreement in proportions corresponding to specific participation percentages applied to each Sites Project Agreement Member. Such participation percentages can be modified if a new Sites Project Agreement Member is added, or a current Sites Project Agreement Member withdraws. The District’s current participation percentage is 0.4% based upon the District’s current storage allocation.

The District has provided the Sites Reservoir project with \$608,500 in funding since 2020 under the Sites Project Agreement. The Sites Project Agreement, will cover the District's cost of participation in the project until the end of 2025. The District Board may decide whether to participate in the Sites Reservoir in 2026. If the District decides to participate in the Sites Reservoir project, the District's share of project costs is expected to be \$15.6 million, subject to changes in the final cost of the Sites Reservoir project. To date, payments on commitments in connection with the Sites Reservoir have been paid by the District from reserves. The District currently expects future payments relating to the Sites Reservoir to be paid from Revenues or District reserves.

Design and construction of the Sites Reservoir is anticipated to take 7 years, and construction of the Sites Reservoir is not expected to be completed until at least 2032. As the project is still in the planning phase, there can be no assurance that projected costs of the Sites Reservoir will not increase because of inflation, revisions to the project, increases in construction or other costs related thereto or otherwise, including the final allocation of costs among the parties. Any changes could be material. In addition, there can be no assurance that the Sites Reservoir, if undertaken, will be completed within the timeframe currently projected. Any such delay in completion could be material. Any costs incurred by the District with respect to the Sites Reservoir are expected to be initially paid from the Revenues during the planning phase of the Sites Reservoir. The District also cannot predict at this time what additional financial commitments to the Sites Reservoir will be made, or whether the District will participate in the remaining planning phase or the construction and operation phases of the project.

The District is currently pursuing additional funding opportunities. See the caption "FUTURE CAPITAL IMPROVEMENTS—Water Supply Reliability."

Recycled Water

During Fiscal Year 2024, the District produced 23,778 acre feet of recycled water and supplied an additional 2,823 acre feet of non-potable water to District customers via the recycled water system. The District processes and treats secondary effluent from its customers to produce recycled water for sale to customers for non-potable utilization. Recycled water is currently sold to approximately 6,350 customers within the District. As of December 31, 2024, the District had approximately 580 miles of recycled water mains and recycled water storage capacity of approximately 4,200 acre feet. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

Historic and Projected Water Supply

Set forth below is a summary of the District's sources of total water supply in acre feet per year for the last five Fiscal Years.

TABLE 11
IRVINE RANCH WATER DISTRICT
Historic Water Supply In Acre Feet Per Year⁽¹⁾

<i>Fiscal Year</i>	<i>Groundwater⁽²⁾</i>	<i>Runoff Capture (Irvine Lake)</i>	<i>Imported Water</i>	<i>Recycled Water</i>	<i>Total</i>
2020	47,810	6,524	13,002	24,627	91,963
2021	47,170	4,508	17,132	26,413	95,223
2022	44,525	75 ⁽³⁾	24,654	26,444	95,698
2023 ⁽⁴⁾	43,490	1,044	18,258	23,996	86,788
2024	43,498	6,102 ⁽⁵⁾	12,679	23,778	86,057

⁽¹⁾ Differences between the amounts that are shown in the table and the water sales figures that are set forth under the caption "THE WATER SYSTEM—Historic Water Deliveries/Sales" reflect water losses and the timing of billing.

⁽²⁾ Excludes water pumped from the SGU, which is disposed of via an existing ocean outfall following treatment.

⁽³⁾ Decrease from prior Fiscal Years reflects low precipitation levels in Fiscal Year 2022.

⁽⁴⁾ Decrease from prior Fiscal Years reflects reduced sales as a result of increased conservation and high precipitation levels.

⁽⁵⁾ Increase in Fiscal Year 2024 reflects high precipitation levels in Fiscal Year 2024.

Source: The District.

Set forth below is a summary of the District's projection of total water production to meet expected water demand (as discussed under the caption "THE WATER SYSTEM—Projected Water Deliveries") for the current and next four Fiscal Years. The below table reflects projected water production from groundwater extractions, water purchases and recycled water production and does not reflect all available water supplies of the District.

TABLE 12
IRVINE RANCH WATER DISTRICT
Projected Water Supply In Acre Feet Per Year

<i>Fiscal Year</i>	<i>Groundwater⁽¹⁾</i>	<i>Runoff Capture (Irvine Lake)</i>	<i>Imported Water</i>	<i>Recycled Water</i>	<i>Total</i>	<i>Percentage Change</i>
2025	47,137	3,000	15,362	25,640	91,139	5.91%
2026	50,265	3,000	13,493	25,640	92,398	1.38
2027	51,265	3,000	14,251	25,640	94,156	1.90
2028	51,778	3,000	14,394	25,896	95,068	0.97
2029	52,296	3,000	14,538	26,155	95,989	0.97

⁽¹⁾ Excludes water pumped from the SGU, which is disposed of via an existing ocean outfall following treatment.

Source: The District.

Set forth below is a comparison of the District's sources of supply for Fiscal Year 2024 as compared to other neighboring agencies supplying water.

TABLE 13
IRVINE RANCH WATER DISTRICT
Water Supply Comparison by Source

	<i>Imported Water</i>	<i>Groundwater</i>	<i>Runoff Capture (Irvine Lake)</i>	<i>Recycled Water</i>
Irvine Ranch Water District⁽¹⁾	15%	50%	7%	28%
City of Anaheim ⁽²⁾	71	29	-	-
South Coast Water District ⁽²⁾⁽³⁾	73	14	-	13
Moulton Niguel Water District ⁽²⁾⁽³⁾	75	-	-	25
Mesa Water District ⁽²⁾	-	95	-	5

⁽¹⁾ Approximately 20% of the District's water demand is from areas outside of OCWD's jurisdictional boundaries.

⁽²⁾ Information from the City and Districts' finance documents or website.

⁽³⁾ This agency is not located within OCWD's jurisdictional boundaries.

Source: The District.

THE WATER SYSTEM

General

Through the issuance of general obligation bonds and other indebtedness, the District has constructed, purchased or acquired capacity in, or connections to, various transmission, pumping, storage and distribution facilities to convey water into the District, including several major facilities built in cooperation with other water districts and cities.

The development of water supplies and the construction and acquisition of facilities are being carried out under a master plan formulated by the District in 1972 and most recently updated in 2009. Existing uses and planned development within the District will necessitate a projected combined total annual water supply of approximately 110,000 acre feet by 2035.

The District anticipates meeting all of its water supply needs using the above-mentioned water importation and storage facilities, groundwater production facilities and recycled water facilities. The combination of the District's facilities and sources of supply is expected to provide the District with a reliable water supply sufficient to permit the ultimate development as presently planned. Reliability of water supply is further enhanced by the District's local storage facilities, which currently provide more than a seven-day supply.

As of June 30, 2024, the District had approximately 2,710 miles of water mains in its potable and recycled water systems and storage capacity of over 24,000 acre feet, including the District's share of Irvine Lake, a 25,000 acre feet untreated water reservoir, and the District's Sand Canyon, Rattlesnake, Syphon and San Joaquin Reservoirs, which are recycled water reservoirs with approximate capacities of 800 acre feet, 400 acre feet, 450 acre feet and 3,000 acre feet respectively. See the caption "WATER SUPPLY." In January 2025, the District acquired Serrano Water District's 25% share of Irvine Lake adding 6,250 acre feet of storage.

In 2013, the District completed a study of the feasibility of increasing storage capacity in Syphon Reservoir from 450 acre feet up to approximately 5,000 acre feet. Additional storage capacity, if constructed, would allow the District to recycle 100% of the sewage flows tributary to the District's Michelson Water Reclamation Plant (the "MWRP") and reduce the District's need to supplement the recycled water system with imported water in dry years. The District is currently performing geotechnical evaluations of the site and evaluating funding alternatives for the Syphon Reservoir expansion. The final environmental impact report for

the expansion was adopted by the Board of Directors on July 26, 2021. Design is currently scheduled to be completed in July 2025 and construction is anticipated to begin in early 2026. See the caption “FUTURE CAPITAL IMPROVEMENTS—Water Supply Reliability.”

See the caption “WATER SUPPLY—Water Supply Reliability—Water Banking” for information with respect to the District’s water banking programs, which constitute additional sources of water that are not reflected in the discussion of the District’s storage facilities above.

Currently, the District purchases treated water from MWD for delivery to residential and commercial customers, as well as small amounts of untreated water for delivery to non-domestic customers. Groundwater that is produced from District wells is generally of high quality and is subject to minimal treatment to meet drinking water standards.

The Baker WTP, a water treatment plant which commenced operations in January 2017, treats to drinking water standards approximately 28 million gallons per day (“mgd”) of untreated imported water purchased from MWD. During emergencies and planned imported water outages, water from Irvine Lake is expected to be supplied to the Baker WTP for treatment to drinking water standards. The Baker WTP utilizes microfiltration and ultraviolet disinfection as the primary treatment processes. Although the plant is owned and operated by the District, approximately 76% of capacity in the Baker WTP is held by other participating water agencies located in southern Orange County. The facility provides an operational source of supply to the District and participating agencies and, in the event of a short-term water shortage emergency, provides regional water reliability to other neighboring water agencies. The project cost was approximately \$106 million, which was funded by the District and the other participating water agencies in proportion to their participation in the project. The District financed a portion of its 24% share of the costs from the proceeds of the Series 2016 Bonds that are described under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness.”

Raw (untreated) water, which is treated at the Baker WTP, is available at a lower rate than treated water.

Historic Water Connections

The following table shows the number of water connections in the District for the five most recent Fiscal Years.

TABLE 14
IRVINE RANCH WATER DISTRICT
Historic Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2020	118,263	N/A
2021	120,437	1.84%
2022	122,401	1.63
2023	123,737	1.09
2024	124,854	0.90

⁽¹⁾ Excludes recycled water connections.
Source: The District.

Projected Water Connections

The following table shows the number of water connections projected by the District for the current and next four Fiscal Years.

TABLE 15
IRVINE RANCH WATER DISTRICT
Projected Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2025	126,662	1.45%
2026	128,498	1.45
2027	129,739	0.97
2028	130,994	0.97
2029	132,261	0.97

⁽¹⁾ Excludes recycled water connections. Increases in connections reflect District estimates of increased development activity.
Source: The District.

Connection Fees

The District collects a water connection fee for each new connection to finance District facilities. Connection fees vary by Improvement District and range from \$1,337 to \$5,620 for each residential unit and \$7,736 to \$47,495 for each acre of commercial or industrial property. The connection fee is designed to recover the cost of each additional connection and allocate among all Improvement Districts the costs of master planned facilities such as water sources and production facilities, transmission mains, pumping stations, reservoirs and appurtenances and capacity necessary for each Improvement District.

Historic Water Deliveries/Sales

The following table presents a summary of historic water deliveries by the District in acre feet per year for the five most recent Fiscal Years. Historic water deliveries vary from historic water supply as a result of losses in the water system and the timing of billing. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

TABLE 16
IRVINE RANCH WATER DISTRICT
Historic Water Deliveries/Sales in Acre Feet Per Year⁽¹⁾

<i>Fiscal Year</i>	<i>Potable and Non-Potable System</i>	<i>Recycled System⁽²⁾</i>	<i>Total</i>	<i>Percentage Change</i>
2020	51,761	31,119	82,880	N/A
2021	54,506	32,595	87,101	5.09%
2022 ⁽³⁾	53,378	32,402	85,780	(1.52)
2023 ⁽⁴⁾	49,503	26,541	76,044	(11.35)
2024 ⁽⁴⁾	49,721	26,601	76,322	0.37

⁽¹⁾ Differences between the amounts that are shown in the table and the water production figures that are set forth under the caption "WATER SUPPLY—Historic and Projected Water Supply" reflect water losses and the timing of billing.

⁽²⁾ Recycled water sales in excess of the historic recycled water production amounts set forth in Table 11 under the caption "WATER SUPPLY—Historic and Projected Water Supply" reflect supplemental water supplied in excess of recycled water produced by the District.

⁽³⁾ Reduced deliveries reflect conservation by District customers. See the caption "WATER SUPPLY—Water Use Efficiency—District Response to Shortage." Although recycled water use is not subject to water use restrictions, the decrease in recycled water sales in Fiscal Year 2022 was part of the broader conservation efforts of District customers in response to drought conditions.

⁽⁴⁾ Reduced deliveries reflect higher than average levels of precipitation in Fiscal Years 2023 and 2024.

Source: The District.

Projected Water Deliveries/Sales

The District estimates that water system deliveries for the current and next four Fiscal Years will be as set forth in the following table. The District currently projects that water deliveries will increase at a slower pace than the increase in connections after the current Fiscal Year, as set forth in the table under the caption "—Projected Water Connections," as a result of increased conservation efforts and a return to long-term historical average hydrological conditions in the State. Revenues from the sale of recycled water are accounted for as part of the District's sewer system.

TABLE 17
IRVINE RANCH WATER DISTRICT
Projected Water Deliveries/Sales in Acre Feet Per Year

<i>Fiscal Year</i>	<i>Potable and Non-Potable System</i>	<i>Recycled System⁽¹⁾</i>	<i>Total</i>	<i>Percentage Change</i>
2025	53,900	30,700	84,600	9.78%
2026	53,538	31,719	85,257	0.77
2027	54,070	32,195	86,265	1.17
2028	54,178	34,029	88,207	2.20
2029	54,286	34,286	88,572	0.41

⁽¹⁾ Projected recycled water sales in excess of the projected recycled water production amounts set forth in Table 12 under the caption "WATER SUPPLY—Historic and Projected Water Supply" reflect supplemental water projected to be supplied in excess of recycled water produced by the District.

Source: The District.

Historic Water Sales and Service Charge Revenues

The following table shows annual water sales and service charge revenues for the five most recent Fiscal Years. The following table does not include revenues from the sale of recycled water, which is accounted for as part of the District's sewer system.

TABLE 18
IRVINE RANCH WATER DISTRICT
Historic Water Sales and Service Charge Revenues
(In Thousands)

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2020	90,213	N/A
2021	96,609	7.09%
2022	103,286	6.91
2023	103,623	0.33
2024 ⁽²⁾	112,267	8.34

⁽¹⁾ Includes late payment charges and other penalty revenues.

⁽²⁾ Increase in Fiscal Year 2024 due to increased rates.

Source: The District.

Projected Water Sales and Service Charge Revenues

The following table projects annual water sales and service charge revenues for the current and next four Fiscal Years

TABLE 19
IRVINE RANCH WATER DISTRICT
Projected Water Sales and Service Charge Revenues
(In Thousands)

<i>Fiscal Year</i>	<i>Sales and Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2025	132,987	18.46%
2026	139,328	4.77
2027	148,367	6.49
2028	155,785	5.00
2029	163,574	5.00

⁽¹⁾ Reflects projected changes in water connections and deliveries described under the captions “—Projected Water Connections” and “—Projected Water Deliveries/Sales,” respectively, as well as projected increases in rates described under the caption “—Water System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Water Customers

The following table sets forth the ten largest water customers of the District for Fiscal Year 2024, as determined by annual payments.

TABLE 20
IRVINE RANCH WATER DISTRICT
Ten Largest Water Customers
Fiscal Year 2024

<i>Customer</i>	<i>Fiscal Year 2024 Payment</i>	<i>Percentage of Total Water Sales Revenues</i>
1. The Irvine Company	\$ 10,081,791	8.97%
2. University of California, Irvine	5,417,843	4.83
3. Jazz Semiconductor	1,560,311	1.39
4. B Braun Medical, Inc.	1,479,819	1.32
5. Woodbridge Village Association	615,910	0.55
6. Allergan Sales, LLC	488,954	0.44
7. City of Irvine	474,277	0.42
8. Maruchan, Inc.	467,689	0.42
9. Irvine Unified School District	429,625	0.38
10. Garden Communities	<u>345,552</u>	<u>0.31</u>
TOTAL	\$ 21,361,769	19.01%

Source: The District.

These ten largest customers accounted for approximately 19.01% of water sales revenues in Fiscal Year 2024.

Water System Rates and Charges

Water system rates and charges (other than connection fees) are generally uniform throughout the District. Pumping surcharges apply in higher elevations. Effective July 1, 2024, the typical monthly service charge for residential water meters is \$13.20, which will rise to \$14.90 on July 1, 2025. The monthly service charges for commercial and industrial water meters range \$13.20 to \$4,620.00 based on meter size, which will rise to \$14.90 to \$5,215 on July 1, 2025. Quantity charges are set according to a water conservation oriented allocation-based ascending block rate structure with rates ranging from \$1.99 to \$16.46 per 100 cubic feet (“ccf”), as shown in the below table.

For the ten Fiscal Years prior to Fiscal Year 2024, the District had increased its water system rates and charges by an average of approximately 5% each year for an average residential customer using approximately 12 ccf of water per month.

IRVINE RANCH WATER DISTRICT Residential Water Rates

<i>Tier</i>	<i>Allocation</i>	<i>Rate per ccf (effective July 1, 2024)</i>	<i>Rate per ccf (proposed July 1, 2025)</i>
Low Volume	0-40%	\$ 1.99	\$2.07
Base ⁽²⁾	41-100	2.65	2.71
Inefficient	101-140	6.55	7.50
Wasteful	141+	16.46	18.61

⁽¹⁾ The “base” rate reflects an average cost of water from all sources that are used by the District.
Source: The District.

See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218—Article XIID” for a discussion of a 2015 California Court of Appeal decision with respect to allocation-based rates similar to those of the District. Rates are based on a cost of service study.

The projected water system revenues set forth under the captions “—Projected Water Sales and Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect the projected water deliveries that are described under the caption “—Projected Water Deliveries/Sales,” water rate increases effective on July 1, 2025 and July 1, 2026 as well as projected water rate increases of 3.5% per annum thereafter which have not yet been adopted. Water rate increases in Fiscal Years 2027 through 2029 are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

Set forth below is a comparison of the District’s water bill for a typical residential customer as compared to neighboring communities.

TABLE 21
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Water Bills

<i>Water Service Provider</i>	<i>Charge⁽¹⁾</i>
Mesa Water District	\$131.44
City of Newport Beach	95.49
City of Tustin	85.61
City of Huntington Beach	79.28
Santa Margarita Water District	77.49
City of Santa Ana	75.18
City of Orange	71.69
City of Anaheim	71.25
Irvine Ranch Water District⁽²⁾	51.80
Moulton Niguel Water District	48.16

⁽¹⁾ Information is as _____. Based on assumed usage of 15 ccf per month.

⁽²⁾ For the District, the first 6 ccf is billed at the low volume rate of \$1.99 and next 9 ccf is billed at \$2.65. Excludes *ad valorem* assessments levied by the District.

Source: The District.

THE SEWER SYSTEM

General

The District, following voter approval in 1965, is authorized by law to acquire, construct, operate and furnish facilities and services for the collection, treatment, reclamation and disposal of wastewater, and the District may contract with others for such purposes. The District has an extensive network of gravity sewers, force mains, lift stations and siphons that convey wastewater to two District-owned treatment plants. As of June 30, 2024, the District had approximately 1,518 miles of sewer mains and treatment plant capacity of approximately 33.5 mgd at the MWRP and the Los Alisos Water Recycling Plant (“LAWRP”). More than 10.6 billion gallons of wastewater were treated by the District (including wastewater flows sent to Orange County Sanitation District (“OC San”)) during Fiscal Year 2024.

In 1986, the District cooperated with OC San to form Sanitation District 14 (functionally replaced by “Revenue Area 14” of OC San upon the consolidation of the several sanitation districts comprising OC San’s predecessor, the County Sanitation Districts of Orange County, in 1998), which overlays a substantial portion of the District’s territory. Under an agreement entered into between the District and OC San in connection with that formation, the District paid approximately \$34 million for an approximate 6% interest in OC San’s sewage processing facilities (which percentage of interest will vary over time pursuant to a formula set forth in the agreement between OC San and the District). This agreement currently provides for treatment capacity (in addition to the capacity at District-owned facilities (the MWRP and the LAWRP)) of up to 15 mgd. The agreement also provides for the purchase by the District of certain additional capacity in OC San sewage processing facilities determined from annual flows. In Fiscal Years 2023 and 2024, the District utilized approximately 2.8 billion gallons of capacity each year pursuant to its agreement with OC San. In Fiscal Year 2024, approximately 74% of the District’s wastewater was treated by the MWRP and LAWRP operated by the District, and approximately 26% was treated by OC San.

OC San faces various challenges in the continued treatment of sewage. A description of these challenges, as well as a variety of other operating information with respect to OC San, is included in certain

disclosure documents prepared by OC San. OC San periodically prepares official statements and other disclosure documents in connection with its bonds and other obligations. OC San has also entered into certain continuing disclosure agreements pursuant to which OC San is contractually obligated for the benefit of owners of certain of its outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices (collectively, the “**OC San Information**”) are filed with EMMA at <http://emma.msrb.org>. The OC San Information is not incorporated herein by reference thereto, and the District makes no representation as to the accuracy or completeness of such information. OC SAN HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE SERIES 2025B BONDS TO PROVIDE OC SAN INFORMATION TO THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS.

OC SAN HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO OC SAN. OC SAN IS NOT CONTRACTUALLY OBLIGATED, AND HAS NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE SERIES 2025B BONDS UNDER RULE 15c2-12.

The District treats and recycles wastewater in amounts sufficient to meet recycled water customer demand and fill available capacity in seasonal storage reservoirs for later delivery to recycled water customers. Most of the excess wastewater collected by the District is diverted to OC San for treatment and ultimate disposal into the Pacific Ocean through OC San’s two ocean outfall pipelines or recharged into the Orange County groundwater basin through OCWD’s Groundwater Replenishment System.

The District has evaluated alternative approaches to handling its biosolids. In 2020, the District began operating the Biosolids and Energy Recovery Facility (the “**Biosolids Facility**”) to handle MWRP solids which were previously conveyed to OC San. Operation of the Biosolids Facility enables the District to dewater and beneficially reuse biosolids and reduce conveyances to OC San, in accordance with District goals of undertaking green and sustainable business practices and establishing cost-effective management of sewage services for District customers.

Ultimately, the District plans to expand capacity for its treatment facilities to approximately 40.5 mgd in order to: (i) increase recycled water production and utilization; (ii) decrease exposure to external treatment costs and operational constraints; and (iii) decrease dependence on imported water supplies. The increased capacity will allow the Biosolids Facility to handle solids from the District’s MWRP and LAW RP facilities and solids from other potential participating agencies. See the caption “FUTURE CAPITAL IMPROVEMENTS.”

Historic Sewer System and Recycled Water Connections

The following table shows the number of sewer and recycled water connections in the District for the five most recent Fiscal Years.

TABLE 22
IRVINE RANCH WATER DISTRICT
Historic Sewer and Recycled Water Connections

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2020	113,176	N/A
2021	115,382	1.95%
2022	117,334	1.69
2023	118,766	1.22
2024	119,859	0.92

Source: The District.

Projected Sewer and Recycled Water Connections

The following table shows the projected number of sewer and recycled water connections for the current and next four Fiscal Years.

TABLE 23
IRVINE RANCH WATER DISTRICT
Projected Sewer and Recycled Water Connections⁽¹⁾

<i>Fiscal Year</i>	<i>Connections</i>	<i>Percentage Change</i>
2025	121,657	1.50%
2026	123,482	1.50
2027	124,717	1.00
2028	125,964	1.00
2029	127,223	1.00

⁽¹⁾ Increases in connections reflect District estimates of development activity.

Source: The District.

Connection Fees

The District collects a sewer connection fee for each new connection to finance District sewer facilities. Connection fees vary by Improvement District and range from \$2,341 to \$10,614 for each residential unit and \$11,029 to \$97,572 for each acre of commercial or industrial property. The connection fee is designed to recover the cost of each additional connection and allocate among all Improvement Districts the costs of master planned facilities such as transmission mains, pumping stations, treatment facilities and appurtenances and capacity necessary to serve each Improvement District.

Historic Sewer Daily Average Flow

The following table shows the daily average sewer flow in millions of gallons per day for the five most recent Fiscal Years.

TABLE 24
IRVINE RANCH WATER DISTRICT
Historic Sewer Daily Average Flow

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2020	28.3	N/A
2021	29.2	3.18%
2022	29.3	0.34
2023	29.0	(1.02)
2024	30.1	3.79

⁽¹⁾ Includes District flow treated by OC San.
Source: The District.

Projected Sewer Daily Average Flow

The following table shows the projected daily average sewer flow in millions of gallons per day for the current and next four Fiscal Years.

TABLE 25
IRVINE RANCH WATER DISTRICT
Projected Sewer Daily Average Flow

<i>Fiscal Year</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Percentage Change</i>
2025	30.3	0.50%
2026	30.6	1.00
2027	30.9	1.00
2028	31.2	1.00
2029	31.5	1.00

⁽¹⁾ Includes District flow projected to be treated by OC San.
Source: The District.

Historic Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the recycled water sales and sewer service charge revenues for the five most recent Fiscal Years. Increases reflect increases in connections as well as rate increases adopted by the Board of Directors.

TABLE 26
IRVINE RANCH WATER DISTRICT
Historic Recycled Water Sales and Sewer Service Charge Revenues
(In Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues</i>	<i>Percentage Change</i>
2020	\$77,187	N/A
2021	82,234	6.54%
2022	84,955	3.31
2023	84,693	(0.31)
2024 ⁽¹⁾	94,386	11.44

⁽¹⁾ Increase in Fiscal Year 2024 due to increases in rates.
Source: The District.

Projected Recycled Water Sales and Sewer Service Charge Revenues

The following table shows the projected recycled water sales and sewer service charge revenues for the current and next four Fiscal Years.

TABLE 27
IRVINE RANCH WATER DISTRICT
Projected Recycled Water Sales and Sewer Service Charge Revenues
(In Thousands)

<i>Fiscal Year</i>	<i>Recycled Water Sales and Sewer Service Charge Revenues⁽¹⁾</i>	<i>Percentage Change</i>
2025	117,437	24.42%
2026	120,104	2.27
2027	127,259	5.96
2028	133,622	5.00
2029	140,303	5.00

⁽¹⁾ Reflects increases in projected sewer connections and daily average sewer flow described under the captions “—Projected Sewer and Recycled Water Connections” and “—Projected Sewer Daily Average Flow,” respectively, as well as adopted and projected increases in recycled water and sewer rates described under the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.” Such rate increases are subject to the notice, hearing and protest provisions of Proposition 218 and there can be no assurance that the Board of Directors will adopt such rate increases as currently projected. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Source: The District.

Largest Sewer and Recycled Water Service Customers

The following table sets forth the ten largest sewer service customers of the District for Fiscal Year 2024, as determined by annual payments.

TABLE 28
IRVINE RANCH WATER DISTRICT
Ten Largest Sewer and Recycled Water Service Customers
Fiscal Year 2024

	<i>Customer</i>	<i>Fiscal Year 2024 Payment</i>	<i>Percentage of Total Sewer and Recycled Service Revenues</i>
1.	The Irvine Company	\$ 14,590,479	15.46%
2.	City of Irvine	3,095,438	3.28
3.	University of California, Irvine	2,845,358	3.01
4.	B Braun Medical, Inc.	1,013,616	1.07
5.	Irvine Unified School District	843,052	0.89
6.	Crystal Cove Community Association	502,640	0.53
7.	ERP Operating, LP	417,409	0.44
8.	Great Park Neighborhood Association	415,196	0.44
9.	Maruchan INC	397,812	0.42
10.	City of Tustin	353,140	0.37
	TOTAL	\$ 24,474,140	25.91%

Source: The District.

These ten largest customers accounted for approximately 25.91% of total sewer and recycled water service revenues in Fiscal Year 2024.

Sewer System Rates and Charges

Effective July 1, 2024, residential users pay a fixed monthly service charge which ranges from \$25.70 to \$36.79, which will rise to \$28.80 to \$43.50 on July 1, 2025. Commercial and industrial users pay \$36.79 for the first ten ccf of water use and \$3.07 per ccf thereafter.

For the ten Fiscal Years prior to Fiscal Year 2024, the District had increased its fixed monthly sewer service charge by an average of approximately 5% each year.

The projected sewer system and recycled water sales revenues set forth under the captions “—Projected Recycled Water Sales and Sewer Service Charge Revenues” and “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” reflect sewer rate increases effective on July 1, 2025 and July 1, 2026 as well as projected sewer and recycled water rate increases of 3.5% per annum thereafter which have not been adopted. Sewer rate increases in Fiscal Years 2027 through 2029 are subject to the notice, hearing and protest provisions of Proposition 218 described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” There can be no assurance that the Board of Directors will adopt such rate increases as currently projected.

Set forth below is a comparison of the District's sewer bills for a typical residential customer as compared to other neighboring communities.

TABLE 29
IRVINE RANCH WATER DISTRICT
Typical Residential Customer Sewer Bill

<i>Sewer Service Provider</i>	<i>Charge⁽¹⁾</i>
Santa Margarita Water District	\$54.28
Moulton Niguel Water District	46.25
City of Orange	44.60
City of Huntington Beach	42.82
City of Tustin	41.00
Costa Mesa Sanitary District	40.79
City of Newport Beach	39.92
City of Santa Ana	38.54
City of Anaheim	37.85
Irvine Ranch Water District⁽²⁾	37.20

⁽¹⁾ Information is as of ____.

⁽²⁾ District sewer service charge varies depending upon customer water usage. Excludes *ad valorem* assessments levied by District.

Source: The District.

FUTURE CAPITAL IMPROVEMENTS

The District anticipates spending approximately \$887.9 million on water, recycled water and sewer system improvements during the current and the next four Fiscal Years. The District anticipates financing such improvements through a combination of District revenues, fund balances, bonds and/or certificates of participation and, for a portion of the Kern Fan Project (which is described under the caption “—Water Supply Reliability” below), grant proceeds of approximately \$48.8 million. The District currently anticipates issuing additional bonds in the estimated principal amount of \$200 million in Fiscal Year 2028, although the District has not yet determined which source of revenues will be pledged to repay such bonds and there can be no assurance as to the ultimate timing or principal amount of such bonds. The increase in Fiscal Year 2028 and 2029 is attributed to Water Supply Reliability Projects which include expansion of the Syphon Recycled Water Reservoir, which is intended to increase storage capacity to the reservoir from 450 acre feet to 5,000 acre feet, and improvements to Santiago Creek Dam and related facilities. The following table sets forth the District's projected capital improvement projects for the current and next four Fiscal Years:

TABLE 7
IRVINE RANCH WATER DISTRICT
Projected Water, Recycled Water and Sewer Systems Capital Improvements
For Fiscal Years 2025 through 2029

<i>Project</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>Total</i>
Solids Handling	\$ 441,032	\$ 1,888,096	\$ 7,422,610	\$ 14,881,277	\$ 23,419,999	\$ 48,053,015
OC San CORF/Equity ⁽¹⁾	26,974,000	20,438,000	7,374,000	3,734,000	11,529,000	70,049,000
Water Supply Reliability	14,450,279	15,006,735	27,767,283	153,024,595	184,215,388	394,464,279
Development-Related Expansion	12,584,517	10,880,613	18,881,251	22,090,417	12,516,372	76,953,169
Replacement and Refurbishment	44,738,915	55,374,728	53,478,150	30,585,315	22,202,559	206,379,667
Operational Improvements	<u>20,093,974</u>	<u>12,730,997</u>	<u>14,466,682</u>	<u>13,212,864</u>	<u>31,451,361</u>	<u>91,955,877</u>
Total	\$119,282,718	\$116,319,168	\$129,389,976	\$237,528,468	\$285,334,679	\$887,855,008

⁽¹⁾ The District pays for its portion of OC San capital costs based on a 3-year rolling average of sewer flows. Assuming normal weather patterns return, the District's average sewer flow is expected to decrease in the future, which could result in a credit in OC San capital costs in future years. See the caption "THE SEWER SYSTEM—General."

Source: The District.

WATER AND SEWER SYSTEM FINANCIAL INFORMATION

Financial Statements

A copy of the most recent financial statements of the District audited by Davis Farr LLP, Certified Public Accountants (the "**Auditor**"), are included as Appendix B (the "**Financial Statements**") and should be read in their entirety. The Auditor's letter is set forth at the beginning of the Financial Section of the Financial Statements. The Auditor has not reviewed the contents of this Official Statement, and the District has not sought the Auditor's consent to the inclusion of the Auditor's report in the Financial Statements in this Official Statement.

Reduction in BAB Credits

On March 1, 2013, the federal government announced the implementation of certain automatic budget cuts known as the sequester, including reductions in Build America Bond ("**BAB**") interest subsidy payments ("**BAB Credits**"). The originally scheduled BAB Credit was reduced by amounts ranging from 5.7% to 8.7% in federal fiscal years 2013 through 2023. Under the Infrastructure Investment and Jobs Act enacted in 2021, the reduction of BAB Credits will continue through September 30, 2030 at the rate of 5.7%.

Under federal legislation enacted in 2010, any increase in the federal deficit caused by a new tax or entitlement spending law also triggers sequestration reductions to eliminate the deficit increase, absent a waiver either as part of the triggering law or in subsequent legislation. In light of the federal deficit increase resulting from the American Rescue Plan Act of 2021, a federal COVID-19 relief measure, the Congressional Budget Office has estimated that BAB Credits will be subject to elimination entirely starting January 1, 2023 through September 30, 2026 without action by Congress to waive or postpone such reductions; such a waiver was enacted for federal fiscal year 2023. The District can give no assurance regarding the level of subsidy payments that it will receive in the future or the likelihood of the further reduction or elimination of the subsidy payments for direct-pay bonds, including BAB Credits.

The Series 2010B Bonds are BABs and the historic and projected operating results shown under the captions "—Historic Operating Results and Debt Service Coverage" and "—Projected Operating Results and Debt Service Coverage" reflect the announced reduction in BAB Credits but do not reflect additional reductions in or the elimination of BAB Credits that may be required in future federal fiscal years. While the District continues to monitor the effects of the reduction in BAB Credits on District finances, the District does not currently expect announced reductions, or any future reductions, to have a material adverse effect on the ability

of the District to pay the principal of and interest on the Series 2010B Bonds or the Parity Obligations from Net Revenues.

As described in the front part of this Official Statement under the caption “REFUNDING PLAN,” the District expects to refund all of the outstanding Series 2010B Bonds from the proceeds of the Series 2025A Bonds and the Series 2025B Bonds.

Historic Operating Results and Debt Service Coverage

The following summary of operating results of the District for the last five Fiscal Years is derived from the Financial Statements and audited financial statements of the District for prior Fiscal Years and excludes certain non-cash items and includes certain other adjustments. Such summary operating results are qualified in their entirety by reference to such statements, including the notes thereto.

TABLE 31
IRVINE RANCH WATER DISTRICT
Historic Operating Results and Debt Service Coverage
Fiscal Years 2019 through 2024
(In Thousands)

	2020	2021	2022	2023	2024
REVENUES					
Water sales and service charges	\$ 90,213	\$ 96,609	\$ 103,286	\$ 103,623	\$ 112,267
Recycled water sales and sewer service charges	77,187	82,234	84,955	84,693	94,386
Connection fees	10,943	18,913	10,449	14,355	26,902
Net real estate income	12,549	9,822	9,756	11,398	12,610
Interest income	7,640	3,694	1,860	9,396	15,690
Available 1% Property Tax Revenues ⁽¹⁾	44,463	47,172	49,781	53,045	55,896
Other ⁽²⁾	<u>6,606</u>	<u>6,336</u>	<u>6,529</u>	<u>7,267</u>	<u>10,255</u>
Total Revenues	\$ 249,601	\$ 264,780	\$ 266,616	\$ 283,777	\$ 328,006
OPERATION AND MAINTENANCE EXPENSES					
Water services	\$ 67,792	\$ 79,221	\$ 89,186	\$ 87,070	\$ 107,609
Sewer services	49,497	51,540	48,353	50,751	62,799
Administrative and general	28,336	30,169	29,399	34,533	31,636
Pension expense ⁽³⁾	9,260	10,373	11,286	12,638	12,830
Other	<u>5,240</u>	<u>1,432</u>	<u>2,791</u>	<u>1,972</u>	<u>2,025</u>
Total Operation & Maintenance Expenses	\$ 160,124	\$ 172,735	\$ 181,015	\$ 186,964	\$ 216,899
NET REVENUES	\$ 89,477	\$ 92,045	\$ 85,601	\$ 96,813	\$ 111,107
ASSESSMENT PROCEEDS⁽⁴⁾	\$ 13,548	\$ 13,009	\$ 13,329	\$ 15,260	\$ 16,388
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	<u>\$ 103,025</u>	<u>\$ 105,054</u>	<u>\$ 98,930</u>	<u>\$ 112,073</u>	<u>\$ 127,495</u>
PARITY OBLIGATION DEBT SERVICE					
Series 2016 Bonds	\$ 5,301	\$ 5,301	\$ 7,456	\$ 7,415	\$ 7,455
2016 Installment Sale Agreement	5,837	9,304	9,341	9,358	9,506
Series 2011A Bonds	3,887	3,236	3,487	5,231	5,778
Series 2010B Bonds ⁽⁵⁾	7,778	7,756	7,764	7,764	7,764
2010 Installment Sale Agreement	2,079	--	--	--	--
1997 State Loan #3	<u>194</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Parity Obligation Debt Service	\$ 25,076	\$ 25,597	\$ 28,048	\$ 29,768	\$ 30,503
PARITY OBLIGATION COVERAGE⁽⁶⁾	4.1x	4.1x	3.5x	3.8x	4.2x
Revenues Available For Subordinate Debt Service	\$ 77,949	\$ 79,457	\$ 70,882	\$ 82,305	\$ 97,091
SUBORDINATE OBLIGATION DEBT SERVICE					
Swap Payments ⁽⁷⁾	\$ 2,496	\$ 3,331	\$ 3,247	\$ 1,081	\$ 105
State Loans and SCWD Debt ⁽⁸⁾	<u>100</u>	<u>108</u>	<u>100</u>	<u>100</u>	<u>100</u>
Total Subordinate Obligation Debt Service	\$ 2,596	\$ 3,439	\$ 3,347	\$ 1,181	\$ 205
Sources of Payment for Ad Valorem					
Assessment Bonds:					
Remaining Revenues	\$ 75,353	\$ 76,018	\$ 67,535	\$ 81,124	\$ 96,787
1% Pledged Property Tax Revenues ⁽⁹⁾	1,141	860	1,117	1,427	1,689
<i>Ad valorem</i> Assessments	<u>7,223</u>	<u>6,693</u>	<u>6,602</u>	<u>7,289</u>	<u>7,827</u>
Total Funds Available for Ad Valorem					
Assessment Bonds	\$ 83,717	\$ 83,571	\$ 75,254	\$ 89,840	\$ 106,303
Ad Valorem Assessment Bond Debt Service	<u>(10,781)</u>	<u>(9,222)</u>	<u>(9,689)</u>	<u>(12,321)</u>	<u>(13,325)</u>
NET REVENUES AVAILABLE FOR OTHER PURPOSES	<u>\$ 72,936</u>	<u>\$ 74,349</u>	<u>\$ 65,565</u>	<u>\$ 77,519</u>	<u>\$ 92,978</u>

(FOOTNOTES ON FOLLOWING PAGE)

- (1) Represents 1% Property Tax Revenues available to pay debt service on Parity Obligations after payment of debt service on bonds of the District secured by a pledge of the District's share of the County 1% general *ad valorem* property tax pursuant to Resolution 2002-10, adopted by the Board of Directors of the District on April 8, 2002 (the "**Secured Bonds**").
 - (2) Other Revenues includes golf course lease, cell site leases, conservation revenue, penalty revenue, grants and Allen-McColloch pipeline income.
 - (3) Pension expense is based on GASB 68 requirements. See the caption "THE IRVINE RANCH WATER DISTRICT—Pension Benefits." These expenses were included in the "Administrative and general" line item in the audited financial statements of the District for the Fiscal Years shown. They have been separated in the above table for presentation purposes.
 - (4) Pro rata share of *ad valorem* assessments based on outstanding par amount of all Ad Valorem Assessment Bonds. Assessment Proceeds are only available to pay debt service on Series 2010B Bonds, Series 2025B Bonds and Series 2016 Bonds and are not available to pay debt service on other Parity Obligations which are not general obligation bonds secured by *ad valorem* assessments.
 - (5) Debt Service net of BAB Credit on Series 2010B Bonds. Reflects announced reductions in BAB Credits due to implementation of certain automatic federal budget costs known as the sequester ranging from 5.7% to 8.7% in federal fiscal years 2013 through 2023.
 - (6) Total Net Revenues and Assessment Proceeds divided by Total Parity Obligation Debt Service.
 - (7) Net swap payments made.
 - (8) Santiago County Water District was consolidated into the District as of July 1, 2006.
 - (9) Represents District's share of 1% Property Tax Revenues which, together with the *ad valorem* assessments, is sufficient to pay debt service on the Secured Bonds. Variations reflect fluctuations in debt service on the Secured Bonds and redemptions thereof.
- Source: The District.

Projected Operating Results and Debt Service Coverage

The District's estimated projected operating results for the current and next four Fiscal Years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the District's assumptions, including the assumptions in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

TABLE 32
IRVINE RANCH WATER DISTRICT
Five-Year Debt Service Coverage Forecast
Fiscal Years 2025 through 2029
(In Thousands)

	2025 ⁽¹⁾	2026	2027	2028	2029
REVENUES					
Water sales and service charges ⁽²⁾	\$ 132,987	\$ 139,328	\$ 148,367	\$ 155,785	\$ 163,574
Recycled water sales and sewer service charges ⁽³⁾	117,437	120,104	127,259	133,622	140,303
Connection fees ⁽⁴⁾	11,000	11,000	11,000	10,000	10,000
Net real estate income ⁽⁵⁾	12,900	13,000	13,400	13,802	14,216
Interest income ⁽⁶⁾	14,615	12,972	10,708	8,507	10,284
Available 1% Property Tax Revenues ⁽⁷⁾	41,293	62,400	64,900	67,500	70,200
Other ⁽⁸⁾	<u>7,000</u>	<u>7,400</u>	<u>7,400</u>	<u>7,400</u>	<u>7,400</u>
Total Revenues	\$ 337,233	\$ 365,024	\$ 383,034	\$ 396,617	\$ 415,977
OPERATION AND MAINTENANCE EXPENSES					
Water services ⁽⁹⁾	\$ 108,000	\$ 108,476	\$ 115,081	\$ 119,109	\$ 123,278
Recycled and sewer services ⁽⁹⁾	69,945	68,359	71,525	74,029	76,620
Administrative and general ⁽¹⁰⁾	32,585	32,898	35,398	36,637	38,103
Pension expense ⁽¹¹⁾	13,147	13,278	13,411	13,411	13,277
Other ⁽¹²⁾	<u>1,500</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Total Operation & Maintenance Expenses	\$ 225,178	\$ 225,011	\$ 237,415	\$ 245,186	\$ 253,277
NET REVENUES	<u>\$ 112,055</u>	<u>\$ 141,012</u>	<u>\$ 145,618</u>	<u>\$ 151,431</u>	<u>\$ 162,700</u>
ASSESSMENT PROCEEDS⁽¹³⁾	\$ 17,351	\$ 15,488	\$ 16,124	\$ 16,812	\$ 17,489
TOTAL NET REVENUES AND ASSESSMENT PROCEEDS	\$ 129,407	\$ 156,500	\$ 161,742	\$ 168,243	\$ 180,189
PARITY OBLIGATION DEBT SERVICE⁽¹⁴⁾					
Series 2016 Bonds	\$ 7,456	\$ 7,457	\$ 7,456	\$ 7,458	\$ 7,458
2016 Installment Sale Agreement ⁽¹⁵⁾	9,630	9,752	9,827	9,940	10,045
Series 2011A Bonds ⁽¹⁶⁾	5,850	5,532	5,311	5,403	5,391
Series 2010B Bonds ⁽¹⁷⁾	10,884	--	--	--	--
Series 2025A Bonds ^{(18)*}	--	3,900	3,438	3,438	3,438
Series 2025B Bonds ^{(19)*}	<u>--</u>	<u>4,605</u>	<u>4,838</u>	<u>5,130</u>	<u>5,239</u>
Total Parity Obligation Debt Service	\$ 33,820	\$ 31,246	\$ 30,869	\$ 31,369	\$ 31,571
PARITY OBLIGATION COVERAGE⁽²⁰⁾	3.8x	5.0x	5.2x	5.4x	5.7x
Revenues Available For Subordinate Debt Service	\$ 95,587	\$ 125,255	\$ 130,873	\$ 136,874	\$ 148,617
SUBORDINATE OBLIGATION DEBT SERVICE⁽¹⁴⁾					
Swap Payments ⁽²¹⁾	\$ 834	\$ 954	\$ 1,002	\$ 1,002	\$ 1,002
State Loans and SCWD Debt ⁽¹⁵⁾	<u>59</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>
Total Subordinate Obligation Debt Service	\$ 893	\$ 973	\$ 1,021	\$ 1,021	\$ 1,021
Sources of Payment for Ad Valorem Assessment Bonds:					
Remaining Revenues	\$ 94,694	\$ 124,282	\$ 129,852	\$ 135,853	\$ 147,846
1% Pledged Property Tax Revenues ⁽²²⁾	18,707	--	--	--	--
Ad valorem Assessments ⁽²³⁾	<u>7,649</u>	<u>10,512</u>	<u>10,876</u>	<u>11,288</u>	<u>11,711</u>
Total Funds Available for Ad Valorem Assessment Bonds	\$ 121,049	\$ 134,794	\$ 140,729	\$ 147,141	\$ 159,557
Ad Valorem Assessment Bond Debt Service ⁽²⁴⁾	<u>28,931</u>	<u>11,136</u>	<u>10,499</u>	<u>11,086</u>	<u>15,586</u>
NET REVENUES AVAILABLE FOR OTHER PURPOSES	<u>\$ 92,118</u>	<u>\$ 123,658</u>	<u>\$ 130,230</u>	<u>\$ 136,055</u>	<u>\$ 143,971</u>

* Preliminary, subject to change.

(FOOTNOTES ON FOLLOWING PAGE)

- (1) Reflected budgeted amounts with certain adjustments.
- (2) Reflects rate increases effective on July 1, 2025 as well as projected water rate increases of 3.5% per annum thereafter which have not yet been adopted. See the caption “THE WATER SYSTEM—Projected Water Sales and Service Charge Revenues.”
- (3) Reflects rate increases effective on July 1, 2025 as well as projected sewer and recycled water rate increases of 3.5% per annum thereafter which have not been adopted. See the caption “THE SEWER SYSTEM—Projected Recycled Water Sales and Sewer Service Charge Revenues.”
- (4) Based on District projections of development.
- (5) Based on existing and expected leases. See the captions “THE IRVINE RANCH WATER DISTRICT—Current Investments” and “THE IRVINE RANCH WATER DISTRICT—Projected Net Real Estate Income.”
- (6) Assumes interest rates of 3.90% in Fiscal Year 2025, 3.75% in Fiscal Year 2026, and 3.38% in Fiscal Years 2027 through 2029.
- (7) Represents 1% Property Tax Revenues available to pay Debt Service on Parity Obligations after payment of debt service on Secured Bonds from 1% Property Tax Revenues and applicable *ad valorem* assessments. Projected fluctuation in 1% Property Tax Revenues is a result of uneven debt service on Secured Bonds. See the caption “THE IRVINE RANCH WATER DISTRICT—1% Property Tax Revenues.”
- (8) Includes golf course lease, cell site leases, overallocation revenue, penalty revenue and grants.
- (9) Projected to increase approximately 6.0% in Fiscal Year 2027 and approximately 3.5% in each of Fiscal Years 2028 and 2029. Water services expenses do not reflect any reduction in payments to OCWD as a result of the Complaint that is discussed under the caption “WATER SUPPLY—Groundwater—General.”
- (10) Projected to increase approximately 7.6% in Fiscal Year 2027 and approximately 3.5% in each of Fiscal Years 2028 and 2029.
- (11) Reflects projected OPEB costs, normal pension costs and unfunded pension liability expenses. See the caption “THE IRVINE RANCH WATER DISTRICT—Pension Benefits.”
- (12) Projected to increase Fiscal Year 2026 from Fiscal Year 2025 budgeted amount and remain constant thereafter.
- (13) Pro rata share of *ad valorem* assessments based on outstanding par amount of all Ad Valorem Assessment Bonds. Assessment Proceeds are only available to pay debt service on Series 2010B Bonds, Series 2011A Bonds and Series 2016 Bonds and are not available to pay other Parity Obligations which are not general obligation bonds secured by *ad valorem* assessments.
- (14) Does not reflect the issuance of additional debt to finance future capital improvements. See the caption “FUTURE CAPITAL IMPROVEMENTS” for a discussion of an expected additional bond issuance in Fiscal Year 2028.
- (15) Reflects scheduled debt service.
- (16) Projected at rates of 3.40% in Fiscal Year 2025, 2.75% in Fiscal Year 2026, and 2.38% in Fiscal Years 2027 through 2029. Assumes that the purchase price of Series 2011A Bonds is paid from remarketing proceeds. Assumes letter of credit fees equal to 0.30% of principal.
- (17) Debt Service net of BAB Credit on Series 2010B Bonds. Reflects announced reductions in BAB Credits of 5.7% under the sequestration provisions of the Infrastructure Investment and Jobs Act enacted in 2021.
- (18) Assumes variable rates of 3.40% in Fiscal Year 2025, 2.75% in Fiscal Year 2026 and 2.38% in Fiscal Years 2027 through 2029..
- (19) Assumes a fixed interest rate of 3.30%.
- (20) Total Net Revenues and Assessment Proceeds divided by Total Parity Obligation Debt Service.
- (21) Net swap payments. Assumes SOFR rate with respect to swaps of 4.30% in Fiscal Year 2025, 4.10% in Fiscal Year 2026, and 4.02% thereafter. See the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Subordinate Debt—Interest Rate Swap Transactions.”
- (22) Represents District’s share of 1% Property Tax Revenues which, together with the applicable *ad valorem* assessments, is sufficient to pay debt service on the Secured Bonds.
- (23) Pro rata share of *ad valorem* assessments based on outstanding par amount of all *ad valorem* assessment bonds and Series 2010B Bonds, Series 2011A Bonds and Series 2016 Bonds.
- (24) Ad Valorem Assessment Bonds debt projection assumes annual sinking fund payments, variable rates of 3.40% in Fiscal Year 2025, 2.75% in Fiscal Year 2026, and 2.38% in Fiscal Years 2027 through 2029 and letter of credit fees equal to 0.3% of principal. Does not include Series 2010B Bonds, Series 2011A Bonds or Series 2016 Bonds, which are Parity Obligations.

Source: The District.

THE IMPROVEMENT DISTRICTS

General

The District contains eight water Improvement Districts and ten sewer Improvement Districts covering specific areas within the District's boundaries, some of them overlapping and each of which is governed by the Act. The District formed the Improvement Districts in order to allocate funding responsibility for capital facilities to the areas that will benefit from such capital facilities and to separate areas on the basis of projected timing of development so that capital facilities construction can be matched to the development approval decisions of the respective local agency that makes them. Some of the Improvement Districts share in the funding of the District's regional facilities which the Improvement Districts will use in common, such as major water importation facilities or sewer treatment plants.

Each Improvement District has a respective plan of works and a certain amount of authorized general obligation bonded indebtedness. See Table 3 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness." The *Ad Valorem* Assessment Bonds issued pursuant to such authorization are sold in each instance by the District on the respective Improvement District's behalf. The obligation to repay bonds issued on behalf of an Improvement District is secured in each instance by the power of the District to levy and collect within such Improvement District *ad valorem* assessments without limitation as to rate or amount on land only (enforceable by customary rights to foreclose and sell property for delinquent assessments) or, in lieu of assessments, in the District's discretion, charges for water or sewer service, as applicable, all within the subject Improvement District. These powers and functions are exercised for each Improvement District by the Board of Directors of the District. Although the respective funding obligations of each Improvement District are separate and independent, the Improvement Districts are not operated as separate or independent governmental entities, nor do they have governing boards or any staff. The Improvement Districts are geographical subdivisions of the District through which the District funds capital improvements.

As a result of the District's discretionary election to use other sources of payment for debt service on *ad valorem* assessment bonds, the annual tax rates set by the District vary from year to year and generally do not result in revenues that correspond with debt service requirements on the *Ad Valorem* Assessment Bonds. The annual tax rates set by the District may vary from year to year for other reasons as well. The District has covenanted under the Indenture that, to the extent necessary to pay debt service on the Series 2025B Bonds, it will impose and collect *ad valorem* assessments on taxable land and In Lieu Charges (as such term is defined in Appendix C) within Improvement District Nos. 112, 113, 125, 188, 212 and 225. See the caption "SECURITY FOR THE SERIES 2025B BONDS—General—Covenant to Collect Assessment Proceeds" in the forepart of this Official Statement.

The California Water Code allows the Board of Directors, in a noticed hearing process, to reorganize its improvement district boundaries and to consolidate coterminous improvement districts. As development progresses to completion in improvement districts and the need for having separate improvement districts to match capital facilities construction timing for different geographic areas diminishes, consolidation of various improvement districts can produce efficiencies for the District. Under the California Water Code provisions, certain improvement districts of the District are the consolidated successors to previously separate water improvement districts or previously separate sewer improvement districts, respectively. In 2013, following studies carried out by the District to identify further opportunities to implement such consolidations and reorganizations of its improvement districts, the District implemented improvement district consolidations that reduced the number of its improvement districts from 33 to 18. The statutory provisions for the consolidation of improvement districts specify that a consolidated improvement district may levy and collect the assessments and charges necessary to satisfy the obligations of its predecessor improvement districts, and that the authorized and unissued bonds of the predecessor improvement districts may be issued and sold as the bonds of the consolidated improvement district. The District believes that its actions to reorganize and/or consolidate

improvement districts will not impair the District’s obligation to pay debt service on the outstanding bonds of such improvement districts or the security therefor.

The following is a general description of each of the Improvement Districts as to which the Series 2025B Bonds constitute consolidated, several general obligations:

Improvement District Nos. 125 and 225

General. Improvement District Nos. 125 and 225 are the legal successors to Improvement District Nos. 105 and 250, respectively. In 2013 (i) Improvement District No. 105 and ten other water improvement districts were consolidated into a new improvement district, Improvement District No. 125, in accordance with Section 36454 *et seq.* of the Act; and (ii) Improvement District No. 250 and nine other sewer improvement districts were consolidated into a new improvement district, Improvement District No. 225, in accordance with Section 36454 *et seq.* of the Act.

Improvement District Nos. 125 and 225 are substantially, but not completely, overlapping. Improvement District No. 125 (water) covers approximately 35,438 acres of the District, including several contiguous and non-contiguous areas in the central and coastal parts of the District. Improvement District No. 225 (sewer) covers approximately 32,862 acres of the District, including several contiguous and non-contiguous areas in the central part of the District. Currently, the majority of the land within Improvement District Nos. 125 and 225 consists of developed residential and commercial property. However, the District expects certain areas within Improvement District Nos. 125 and 225 to be subject to infill development and redevelopment in the future. The District expects such additional development in Improvement District Nos. 125 and 225 to continue through at least 2028.

The *ad valorem* assessments levied by the District in Improvement District Nos. 125 and 225 to pay such Improvement Districts’ respective Included Amounts of debt service on the Series 2025B Bonds will be levied on land only. See Table 3 under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness” for a description of the authorized, issued, authorized and unissued, and the amount of outstanding Improvement District Nos. 125 and 225 Ad Valorem Assessment Bonds.

The following table presents the assessed valuations of land in Improvement District No. 125 for the current and previous four Fiscal Years.

TABLE 33
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2021	\$48,251,707,120	\$ 553,973	\$ 38,575,168	\$48,290,836,261
2022	50,567,081,713	553,973	51,119,724	50,618,755,410
2023	54,341,166,760	1,206,612	31,707,647	54,374,081,019
2024	58,735,262,984	1,206,612	90,433,208	58,826,902,804
2025	62,189,512,879	1,206,612	145,807,677	62,336,527,168

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table presents the assessed valuations of land in Improvement District No. 225 for the current and previous four Fiscal Years.

TABLE 34
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2021	\$41,344,701,998	\$ 553,973	\$ 38,581,368	\$41,383,837,339
2022	43,384,833,732	553,973	50,019,014	43,435,406,719
2023	46,633,216,378	1,206,612	28,872,502	46,663,295,492
2024	50,595,397,452	1,206,612	87,685,147	50,684,289,211
2025	53,569,037,747	1,206,612	129,802,983	53,700,047,342

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 125 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2025:

TABLE 35
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Rural/Undeveloped	\$ 93,264,111	0.15%	90	0.08%
Commercial/Office	5,895,632,018	9.48	1,592	1.42
Industrial	2,893,462,158	4.65	1,175	1.05
Government/Social/Institutional	8,080,546	0.01	260	0.23
Miscellaneous	<u>19,863,025</u>	<u>0.03</u>	<u>10</u>	<u>0.01</u>
Subtotal Non-Residential	\$ 8,910,301,858	14.33%	3,127	2.79%
Residential:				
Single Family Residence	\$ 36,057,717,457	57.98%	41,523	37.07%
Condominium	16,323,986,147	26.25	33,890	30.26
2+ Residential Units/Apartments	805,493,669	1.3	259	0.23
Timeshare Interests	<u>92,013,748</u>	<u>0.15</u>	<u>33,205</u>	<u>29.65</u>
Subtotal Residential	\$ 53,279,211,021	85.67%	108,877	97.21%
Total	<u>\$ 62,189,512,879</u>	<u>100.00%</u>	<u>112,004</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes assessed value of unsecured land (possessory interests in tax exempt utility property and gas and oil leases).
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 225 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2025:

TABLE 36
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Rural/Undeveloped	\$ 83,162,015	0.16%	80	0.10%
Commercial/Office	5,812,963,015	10.85	1,495	1.95
Industrial	2,814,596,318	5.25	1,161	1.51
Government/Social/Institutional	5,496,377	0.01	230	0.3
Miscellaneous	<u>19,815,320</u>	<u>0.04</u>	<u>9</u>	<u>0.01</u>
Subtotal Non-Residential	\$ 8,736,033,045	16.31%	2,975	3.88%
Residential:				
Single Family Residence	\$ 27,776,160,828	51.85%	40,015	52.16%
Condominium	16,256,301,897	30.35	33,472	43.63
2+ Residential Units/Apartments	<u>800,541,977</u>	<u>1.49</u>	<u>254</u>	<u>0.33</u>
Subtotal Residential	\$ 44,833,004,702	83.69%	73,741	96.12%
Total	<u>\$ 53,569,037,747</u>	<u>100.00%</u>	<u>76,716</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes assessed value of unsecured land (possessory interests in tax exempt utility property and gas and oil leases).

Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table lists the major taxpayers in Improvement District No. 125 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 37
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2025 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Commercial	\$ 290,827,685	0.47%
2.	Barranca Properties LLC	Commercial	244,800,000	0.39
3.	Five Point Office Venture	Commercial	152,925,311	0.25
4.	Great Park Parcel 1 Owner	Commercial	145,904,220	0.23
5.	Centerpoint Properties Trust	Commercial	123,303,244	0.2
6.	Amazon.Com Services LLC	Industrial	119,030,046	0.19
7.	SP One LLC	Commercial	114,518,908	0.18
8.	Heritage Fields El Toro LLC	Commercial	103,776,503	0.17
9.	Sand Canyon Business Center LLC	Commercial	94,965,411	0.15
10.	Olen Properties Corp.	Commercial	<u>90,567,138</u>	<u>0.15</u>
	TOTAL		\$ 1,480,618,466	2.38%

⁽¹⁾ Fiscal Year 2025 Local Secured Assessed Valuation (Land Only): \$62,189,512,879.

Source: California Municipal Statistics, Inc.

The following table lists the major taxpayers in Improvement District No. 225 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 38
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2025 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	The Irvine Company	Commercial	\$ 297,566,137	0.56%
2.	Barranca Properties LLC	Commercial	244,800,000	0.46
3.	Five Point Office Venture	Commercial	152,925,311	0.29
4.	Great Park Parcel 1 Owner	Commercial	145,904,220	0.27
5.	Centerpoint Properties Trust	Commercial	123,303,244	0.23
6.	Amazon.Com Services LLC	Industrial	119,030,046	0.22
7.	SP One LLC	Commercial	114,518,908	0.21
8.	Heritage Fields El Toro LLC	Commercial	103,776,503	0.19
9.	Sand Canyon Business Center LLC	Commercial	94,965,411	0.18
10.	Olen Properties Corp	Commercial	<u>90,567,138</u>	<u>0.17</u>
	TOTAL		\$ 1,487,356,918	2.78%

⁽¹⁾ Fiscal Year 2025 Local Secured Assessed Valuation (Land Only): \$53,569,037,747.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “**Debt Reports–I.D. 125/225**”) for Improvement District Nos. 125 and 225, respectively, prepared by California Municipal Statistics, Inc. and effective December 31, 2024. The Debt Reports–I.D. 125/225 were prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Reports–I.D. 125/225 generally include long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 125 and No. 225 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 125 and No. 225 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 125 and No. 225. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 39
IRVINE RANCH WATER DISTRICT
Improvement District No. 125
Direct and Overlapping Debt Statement

Fiscal Year 2025 Land Only Assessed Valuation: \$62,336,527,168

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	2.702%	\$ 492,034
Coast Community College District	5.191	44,373,503
Rancho Santiago Community College District	0.924	1,221,027
Irvine Unified School District School Facilities Improvement District No. 1	46.296	96,098,922
Laguna Beach Unified School District	14.452	1,111,359
Newport Mesa Unified School District	13.306	27,479,517
Orange Unified School District	1.989	5,481,485
Saddleback Valley Unified School District	36.783	23,715,839
Tustin Unified School District School Facilities Improvement District No. 2002-1	3.168	1,075,378
Tustin Unified School District School Facilities Improvement District No. 2008-1	3.251	2,264,972
Tustin Unified School District School Facilities Improvement District No. 2012-1	29.583	12,451,485
Irvine Ranch Water District, I.D. No. 125	100.000	155,687,218⁽²⁾
Irvine Ranch Water District, I.D. No. 153/253	99.996	18,197,722
Irvine Ranch Water District, I.D. No. 185/285	100.000	3,084,694
Irvine Ranch Water District, I.D. No. 225	96.597	215,288,704
Irvine Ranch Water District, I.D. No. 240	99.556	12,055,907
Community Facilities Districts	7.370-100.	685,241,961
County 1915 Act Bonds	100.000	17,680,000
City 1915 Act Bonds	Various	518,536,127
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,841,537,854
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	13.565%	\$ 59,738,225
Orange County Board of Education Certificates of Participation	13.565	1,360,570
Coast Community College District General Fund and Pension Obligation Bonds	5.191	69,300
Orange Unified School District Certificates of Participation and Benefit Obligation Bonds	1.989	1,281,612
City of Irvine General Fund Obligations	59.785	195,066,498
City of Newport Beach Certificates of Participation	21.727	19,400,038
City of Orange General Fund and Pension Obligation Bonds	3.270	9,326,368
TOTAL OVERLAPPING GENERAL FUND DEBT		\$286,242,611
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		\$1,261,854
 COMBINED TOTAL DEBT		\$2,129,042,319⁽³⁾

Ratios to Fiscal Year 2025 Land Only Assessed Valuation:

Direct Debt (\$155,687,218)0.25%
Total Direct and Overlapping Tax and Assessment Debt.....2.95%

Ratios to Adjusted All Property Assessed Valuation:

Combined Total Debt.....1.94 %

Ratios to Redevelopment Incremental Valuation (\$1,322,599,127):

Total Overlapping Tax Increment Debt.....0.10%

⁽¹⁾ Based on all property assessed valuation of \$109,969,065,299.

⁽²⁾ Improvement District No. 125 was formed by consolidating former Improvement District Nos. 105, 106, 102, 121, 130, 135, 140, 161, 182, 184 and 186.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

TABLE 40
IRVINE RANCH WATER DISTRICT
Improvement District No. 225
Direct and Overlapping Debt Statement

Fiscal Year 2025 Land Only Assessed Valuation: \$53,700,047,342

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	2.380%	\$ 433,398
Coast Community College District	0.267	2,282,359
Rancho Santiago Community College District	0.016	21,143
Irvine Unified School District School Facilities Improvement District	52.142	108,233,757
Newport Mesa Unified School District	2.593	5,355,057
Orange Unified School District	0.034	93,701
Saddleback Valley Unified School District	36.783	23,715,839
Tustin Unified School District School Facilities Improvement District No. 2002-1	4.958	1,682,993
Tustin Unified School District School Facilities Improvement District No. 2008-1	5.088	3,544,810
Tustin Unified School District School Facilities Improvement District No. 2012-1	30.910	13,010,861
Irvine Ranch Water District, I.D. No. 125	85.099	132,488,266
Irvine Ranch Water District, I.D. No. 153/253	99.996	18,197,722
Irvine Ranch Water District, I.D. No. 185/285	100.000	3,084,694
Irvine Ranch Water District, I.D. No. 225	100.000	222,873,075⁽²⁾
Community Facilities Districts	7.370-100.	679,236,961
City 1915 Act Bonds	Various	<u>518,910,909</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,733,165,545
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	11.950%	\$ 52,626,008
Orange County Board of Education Certificates of Participation	11.950	1,198,585
Coast Community College District General Fund and Pension Obligation Bonds	0.267	3,565
Orange Unified School District Certificates of Participation and Benefit Obligation Bonds	0.038	21,908
City of Irvine General Fund Obligations	61.758	201,504,002
City of Newport Beach Certificates of Participation	3.220	2,875,138
City of Orange General Fund and Pension Obligation Bonds	0.027	<u>77,007</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$258,306,213
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		 \$1,261,854
 COMBINED TOTAL DEBT		 \$1,992,733,612 ⁽³⁾

Ratios to Fiscal Year 2025 Land Only Assessed Valuation:

Direct Debt (\$222,873,075)0.42%
Total Direct and Overlapping Tax and Assessment Debt.....3.23%

Ratios to Adjusted All Property Assessed Valuation:

Combined Total Debt.....2.06%

Ratios to Redevelopment Incremental Valuation (\$1,322,599,127):

Total Overlapping Tax Increment Debt.....0.10%

⁽¹⁾ Based on all property assessed valuation of \$91,907,058,836.

⁽²⁾ Improvement District No. 225 was formed by consolidating former Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District No. 113

General. Improvement District No. 113 (water) is located in portions of the Cities of Tustin and Irvine, California. Improvement District No. 113 is comprised of approximately 1,629 acres of the land formerly known as Marine Corps Air Station Tustin. The boundaries of Improvement District No. 113 are Harvard Avenue on the southeast, Barranca Parkway on the southwest, Red Hill Avenue on the northwest and Edinger Avenue on the northeast. The former helicopter base, now known as Tustin Legacy, is currently being redeveloped with residential, commercial, institutional and recreational uses. The District expects development in Improvement District No. 113 to continue through 2028. The District expects that the development will consist of approximately 7,200 dwelling units and approximately 9,700,000 square feet of commercial, institutional and recreational uses when completed.

The *ad valorem* assessments levied by the District in Improvement District No. 113 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 2025B Bonds will be levied on land only. See Table 3 under the caption "THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness—Improvement District Indebtedness" for a description of the authorized, issued, authorized and unissued, and the amount of outstanding Improvement District No. 113 Ad Valorem Assessment Bonds.

The following table presents the assessed valuations of land in Improvement District No. 113 for the current and previous four Fiscal Years.

TABLE 41
IRVINE RANCH WATER DISTRICT
Improvement District No. 113
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2021	\$1,265,220,518	\$17,890,475	\$1,283,110,993
2022	1,334,069,673	0	1,334,069,673
2023	1,408,807,895	0	1,408,807,895
2024	1,573,321,340	15,325,188	1,588,646,528
2025	1,724,504,898	0	1,724,504,898

⁽¹⁾ Assessed value of unsecured land only, reflecting possessory interests in tax exempt utility property and gas and oil leases.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land only local secured assessed valuation in Improvement District No. 113 (excluding tax exempt utility property and gas and oil leases) by land use for the Fiscal Year ending June 30, 2025:

TABLE 42
IRVINE RANCH WATER DISTRICT
Improvement District No. 113
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Commercial	\$ 193,762,112	11.24%	44	1.16%
Government/Social/Institutional	<u>0</u>	<u>0.00</u>	<u>182</u>	<u>4.80</u>
Subtotal Non-Residential	\$ 193,762,112	11.24%	226	5.97%
Residential:				
Single Family Residence	\$ 804,519,014	46.65%	1,511	39.89%
Condominium/Townhouse	622,630,265	36.10	1,560	41.18
Apartments	37,700,493	2.19	3	0.08
Vacant Residential	<u>65,893,014</u>	<u>3.82</u>	<u>488</u>	<u>12.88</u>
Subtotal Residential	\$ 1,530,742,786	88.76%	3,562	94.03%
Total	\$ 1,724,504,898	100.00%	3,788	100.00%

⁽¹⁾ Land Only Local Secured Assessed Valuation; excludes assessed value of unsecured land (possessory interests in tax exempt utility property and gas and oil leases).

Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table lists the major taxpayers in Improvement District No. 113 based on land only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 43
IRVINE RANCH WATER DISTRICT
Improvement District No. 113
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Fiscal Year 2025 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	Vestar/Kimco Tustin LP	Commercial	\$ 88,705,321	5.14%
2.	Legacy Villas LLC	Apartments	37,700,493	2.19
3.	Flight Phase I Owner LLC	Office Development	34,153,339	1.98
4.	Costco Wholesale Corporation	Commercial	18,872,962	1.09
5.	1C Tustin Legacy LLC	Commercial	17,315,449	1.00
6.	Brookfield Tustin Homes LLC	Residential Development	15,926,845	0.92
7.	Lowes HIW Inc.	Commercial	12,942,301	0.75
8.	Hoag Memorial Hospital Presbyterian	Commercial	9,738,160	0.56
9.	Healthsouth Corporation	Commercial	6,326,867	0.37
10.	2C Tustin Legacy LLC	Commercial	<u>3,062,451</u>	<u>0.18</u>
	TOTAL		\$ 244,744,188	14.19%

⁽¹⁾ Fiscal Year 2025 Local Secured Assessed Valuation (Land Only): \$1,724,504,898.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “**Debt Report–I.D. 113**”) for Improvement District No. 113 prepared by California Municipal Statistics, Inc. and effective December 31, 2024. The Debt Report–I.D. 113 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 113 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 113 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 113 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 113. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 44
IRVINE RANCH WATER DISTRICT
Improvement District No. 113
Direct and Overlapping Debt Statement

Fiscal Year 2025 Land Only Assessed Valuation: \$1,724,504,898

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	0.087%	\$15,843
Rancho Santiago Community College District	0.156	206,147
Rancho Santiago Community College District School Facilities Improvement District No. 1	0.294	407,866
Irvine Unified School District School Facilities Improvement District	2.875	5,967,781
Santa Ana Unified School District	0.362	1,455,086
Tustin Unified School District School Facilities Improvement District No. 2002-1	8.883	3,015,334
Tustin Unified School District School Facilities Improvement District No. 2008-1	6.555	4,566,869
Tustin Unified School District School Facilities Improvement District No. 2012-1	4.742	1,995,908
Tustin Unified School District Community Facilities District No. 06-1	100.000	12,115,000
City of Irvine Community Facilities District No. 2005-2	99.263	10,338,241
Irvine Ranch Water District, I.D. No. 113	100.000	12,381,352
Irvine Ranch Water District, I.D. No. 213	100.000	18,776,035
City of Tustin Community Facilities District Nos. 04-1, 06-1 and 07-1	56.194-100.	<u>81,245,051</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$152,486,513

OVERLAPPING GENERAL FUND DEBT:

Orange County General Fund Obligations	0.435%	\$1,915,675
Orange County Board of Education Certificates of Participation	0.435	43,631
Santa Ana Unified School District Certificates of Participation	0.362	142,630
City of Irvine General Fund Obligations	0.328	<u>1,070,198</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$3,172,134

OVERLAPPING TAX INCREMENT DEBT:

Successor Agency to Tustin Redevelopment Agency	58.579%	<u>\$23,153,350</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$23,153,350

COMBINED TOTAL DEBT **\$178,811,997⁽²⁾**

Ratios to Fiscal Year 2025 Land Only Assessed Valuation:

Direct Debt (\$31,157,387).....1.81%
Total Direct and Overlapping Tax and Assessment Debt.....8.84%

Ratios to Adjusted All Property Assessed Valuation:

Combined Total Debt5.07%

Ratios to Redevelopment Incremental Valuation (\$1,365,810,614):

Overlapping Tax Increment Debt1.70%

⁽¹⁾ Based on all property assessed valuation of \$3,527,240,447

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District Nos. 112 and 212

General. Improvement District No. 112 (water) and Improvement District No. 212 (sewer) are coterminous and are generally bound by Interstate 5 to the south, State Route 133 to the west, Irvine Boulevard and Portola Parkway to the north and Alton Parkway to the east. Improvement District No. 112 and Improvement District No. 212 are comprised of approximately 3,353 acres of land and include residential, commercial, institutional and recreational developments.

Set forth below is information with respect to Improvement District Nos. 112 and 212. Certain information with respect to these Improvement Districts has been consolidated, where appropriate in light of their coterminous boundaries.

The *ad valorem* assessments levied by the District in Improvement District Nos. 112 and 212 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 2010 Bonds will be levied on land only. See Table 1 above for a description of the authorized, issued, authorized and unissued and amount outstanding of Improvement District Nos. 112 and 212 *ad valorem* assessment bonds.

The following table presents the assessed valuations of land in Improvement District Nos. 112 and 212 for the current and previous four fiscal years.

TABLE 45
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 112 and 212
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total</i>
2021	\$3,703,115,907	\$352,182	\$3,089,211	\$3,706,557,300
2022	3,837,833,796	352,182	36,686,260	3,874,872,238
2023	4,463,059,946	670,822	88,340,627	4,552,071,395
2024	4,929,290,583	670,822	0	4,929,961,405
2025	5,540,160,688	670,822	22,425,617	5,563,257,127

Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land-only local secured assessed valuation in Improvement District Nos. 112 and 212 (excluding utility and unsecured property) by land use for the Fiscal Year ending June 30, 2025:

TABLE 46
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 112 and 212
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025</i>			
	<i>Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No of Parcels</i>	<i>% of Total</i>
<u>Non-Residential:</u>				
Commercial	\$ 285,762,809	5.16%	101	1.38%
Miscellaneous	<u>21,896,457</u>	<u>0.40</u>	<u>30</u>	<u>0.41</u>
Subtotal Non-Residential	\$ 307,659,266	5.55%	131	1.78%
<u>Residential:</u>				
Single Family Residential	\$ 5,077,605,121	91.65%	7,102	96.70%
Vacant Residential	<u>154,896,301</u>	<u>2.80</u>	<u>111</u>	<u>1.51</u>
Subtotal Residential	\$ 5,232,501,422	94.45%	7,213	98.22%
Total	<u>\$ 5,540,160,688</u>	<u>100.00%</u>	<u>7,344</u>	<u>100.00%</u>

⁽¹⁾ Land Only Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table identifies the major taxpayers in Improvement District Nos. 112 and 212 based on land-only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 47
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 112 and 212
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>2024-25 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	Heritage Fields El Toro LLC	Commercial/Residential	\$ 180,952,389	3.27%
2.	AG EHC II LEN CA 4 LP	Residential Development	110,923,815	2.00
3.	AG EHC II CA 4B LP	Residential Development	106,856,684	1.93
4.	Lennar Homes of California Inc.	Residential Development	35,547,872	0.64
5.	Mind OC	Commercial	34,432,038	0.62
6.	Tri Pointe Homes Holdings	Residential Development	29,628,668	0.53
7.	Pulte Home Company LLC	Residential Development	24,373,053	0.44
8.	Recreational	Commercial	7,177,537	0.13
9.	Yanping Bi	Residential Properties	6,860,900	0.12
10.	Lynx Family Housing Partners LP	Residential Properties	<u>6,785,733</u>	<u>0.12</u>
			\$ 543,538,689	9.81%

⁽¹⁾ 2024-25 Local Secured Assessed Valuation: \$5,540,160,688.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “**Debt Report–I.D. 112/212**”) for Improvement District Nos. 112 and 212 prepared by California

Municipal Statistics, Inc. and effective December 31, 2024. The Debt Report–I.D. 112/212 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such report and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 112/212 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District Nos. 112 and No. 212 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District Nos. 112 and No. 212 (except as indicated) nor are they necessarily obligations secured by land within District Nos. 112 and No. 212. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 48
IRVINE RANCH WATER DISTRICT
Improvement District Nos. 112 and 212
Direct and Overlapping Debt Statement

2024-25 Land Only Assessed Valuation: \$5,563,257,127

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	0.218%	\$ 41,889
Saddleback Valley Unified School District	0.454	393,686
Irvine Ranch Water District, I.D. No. 112	100.000	6,917,106⁽²⁾
Irvine Ranch Water District, I.D. No. 212	100.000	22,655,463⁽²⁾
City of Irvine Community Facilities District No. 2013-3, I.A. No. 1	100.000	71,435,000
City of Irvine Community Facilities District No. 2013-3, I.A. No. 4	100.000	130,020,000
City of Irvine Community Facilities District No. 2013-3, I.A. No. 6	100.000	169,996,780
City of Irvine Community Facilities District No. 2013-3, I.A. No. 7	100.000	220,000,000
City of Irvine Community Facilities District No. 2013-3, I.A. No. 8	100.000	71,595,000
City of Irvine Community Facilities District No. 2013-3, I.A. No. 9	100.000	56,709,892
City of Irvine Community Facilities District No. 2013-3, I.A. No. 10	100.000	<u>102,690,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$852,454,816
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	1.097%	\$ 4,949,280
Orange County Board of Education Certificates of Participation	1.097	119,134
City of Irvine General Fund Obligations	7.853	<u>25,622,768</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$30,691,182
 COMBINED TOTAL DEBT		\$883,145,998 ⁽³⁾

Ratios to 2024-25 Land Only Assessed Valuation:

Direct Debt (\$28,946,212).....0.52%
Total Direct and Overlapping Tax and Assessment Debt15.47%

Ratios to 2024-25 All Property Assessed Valuation:

Combined Total Debt.....9.41%

(1) Based on all property assessed valuation of \$9,495,538,598.

(2) Excludes issues to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Improvement District No. 188

General. Improvement District No. 188 (water) is located in the northeastern portion of the District. Improvement District No. 188 is comprised of approximately 216 acres. Improvement District No. 188 is nearly fully developed. At build-out, the development within Improvement District No. 188 is anticipated to consist of approximately 1,130 residential units and 38 acres of commercial, public facilities and parks.

Set forth below is information with respect to Improvement District No. 188. Certain information with respect to these Improvement Districts has been consolidated, where appropriate in light of their coterminous boundaries.

The *ad valorem* assessments levied by the District in Improvement District No. 188 to pay such Improvement Districts' respective Included Amounts of debt service on the Series 2010 Bonds will be levied on land only. See Table 1 above for a description of the authorized, issued, authorized and unissued and amount outstanding of Improvement District No. 188 ad valorem assessment bonds.

The table below presents the five-year history of assessed valuations of land in Improvement District No. 188 for the current and previous four Fiscal Years:

TABLE 49
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Assessed Valuations (Land Only)

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured⁽¹⁾</i>	<i>Total</i>
2021	\$255,088,204	\$0	\$0	\$255,088,204
2022	284,644,152	0	0	284,644,152
2023	329,117,953	0	0	329,117,953
2024	388,854,365	0	0	388,854,365
2025	409,635,549	0	0	409,635,549

⁽¹⁾ Assessed value of unsecured land only.
Source: California Municipal Statistics, Inc.

The following table sets forth information with respect to land-only local secured assessed valuation in Improvement District No. 188 (excluding utility and unsecured property) by land use for the Fiscal Year ending June 30, 2025:

TABLE 50
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Assessed Valuation and Parcels by Land Use

	<i>Fiscal Year 2025 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Single Family Residential	\$ 399,194,765	97.45%	747	75.68%
Multi-Family Residential	4,681,799	1.14	2	0.2
Vacant Residential	<u>5,758,985</u>	<u>1.41</u>	<u>238</u>	<u>24.11</u>
Total	\$ 409,635,549	100.00%	987	100.00%

⁽¹⁾ Land Only Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Principal Taxpayers. The following table identifies the major taxpayers in Improvement District No. 188 based on land-only local secured assessed valuations for the Fiscal Year ending June 30, 2025:

TABLE 51
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Largest Local Secured Taxpayers

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>2024-25 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	Portola Senior Housing Associates LP	Apartments	\$ 4,681,799	1.14%
2.	USA Portola East LLC	Residential Development	3,541,827	0.86
3.	USA Portola West LLC	Residential Development	2,998,794	0.73
4.	BBY Investment LLC	Residential	1,990,710	0.49
5.	Emmett and Cynthia Mosley	Residential	1,839,391	0.45
6.	Richard Cortez	Residential	1,782,510	0.44
7.	Lizhong Jia	Residential	1,724,295	0.42
8.	Yue Cong	Residential	1,599,499	0.39
9.	Paymon Mesgarzadeh	Residential	1,549,575	0.38
10.	Brian and Monica Taraci	Residential	<u>1,538,355</u>	<u>0.38</u>
			\$ 23,246,755	5.67%

⁽¹⁾ 2024-25 Local Secured Assessed Valuation (land only): \$409,635,549.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt. Set forth in the table below is a direct and overlapping debt report (the “**Debt Report–I.D. 188**”) for Improvement District No. 188 prepared by California Municipal Statistics, Inc. and effective December 31, 2024. The Debt Report–I.D. 188 was prepared by California Municipal Statistics, Inc., and the District expresses no opinion on the completeness or accuracy of such reports and makes no representation in connection therewith.

California Municipal Statistics, Inc. reports that the Debt Report–I.D. 188 generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement District No. 188 in whole or in part. Such long-term obligations generally are not payable from revenues of the District or Improvement District No. 188 (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 188. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 52
IRVINE RANCH WATER DISTRICT
Improvement District No. 188
Direct and Overlapping Debt Statement

2024-25 Land Only Assessed Valuation: \$409,635,549

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 12/31/24</u>
Metropolitan Water District	0.023%	\$ 4,188
Saddleback Valley Unified School District	1.666	1,074,154
Irvine Ranch Water District, I.D. No. 188	100.000	1,544,589⁽²⁾
Irvine Ranch Water District, I.D. No. 288	100.000	303,701
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$2,926,632</u>
OVERLAPPING GENERAL FUND DEBT:		
Orange County General Fund Obligations	0.117%	\$515,250
Orange County Board of Education Certificates of Participation	0.117	<u>11,735</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		<u>\$526,985</u>
COMBINED TOTAL DEBT		<u>\$3,453,617⁽³⁾</u>

Ratios to 2024-25 Land Only Assessed Valuation:

Direct Debt (\$1,848,290).....0.45%
 Total Direct and Overlapping Tax and Assessment Debt0.71%

Ratios to 2024-25 All Property Assessed Valuation:

Combined Total Debt.....0.37%

(1) Based on all property assessed valuation of \$944,939,251.

(2) Excludes issues to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Proposition 218

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “**Initiative**”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIII D. Article XIII D defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it.

In July 2006, the California Supreme Court held, in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (“*Bighorn*”), that the initiative power described in Article XIIC applies to any local taxes, assessments, fees and charges as defined in Articles XIIC and XIID. Article XIID defines “fee” or “charge” to mean a levy (other than *ad valorem* or special taxes or assessments) imposed by a local government “upon a parcel or upon a person as an incident of property ownership,” including a user fee for a “property related service.” The Court also found that charges for water delivery are charges for a property-related service and, therefore, constitute “fees” or “charges” within the meaning of both Article XIID and section 3 of Article XIIC. In accordance with Article XIID and the decision in *Bighorn*, the District has conducted notice and hearing proceedings to comply with requirements of Article XIID with respect to proposed increases of rates and charges since Fiscal Year 2007. See the captions “THE WATER SYSTEM—Water System Rates and Charges” and “THE SEWER SYSTEM—Sewer System Rates and Charges.”

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (“*SJC*”) upholding tiered water rates under Proposition 218 provided that the rates correspond to the actual cost of furnishing service at a given level of usage. The opinion included a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The District’s tiered water rates are described under the caption “THE WATER SYSTEM—Water System Rates and Charges.”

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” In light of *Bighorn* and as discussed above under the caption “—Article XIID,” the terms “fee” and “charge” as used in Article XIIC include, at a minimum, all of the fees and charges within the “property related” qualification set forth in Article XIID. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. Therefore, in the absence of other limitations, provisions of Article XIIC could be applicable to the water and sewer rates charged by the District.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (2020) 9 Cal. 5th 1105) holding that the taxation exemption from the State Constitution’s referendum process applies to measures setting water rates, and that the Initiative does not subject water rates to challenge by referendum. The District and its general counsel do not believe that current applicable case law interpreting Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Series 2025B Bonds. Remedies available to beneficial owners of the Series 2025B Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other

monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The District does not believe that the enactment of Proposition 26 has affected its ability to levy rates and charges for water, recycled water or sewer service.

Article XIII A

General. On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("**Article XIII A**"). Article XIII A limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by the voters voting on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by each California county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon the location of reappraised property and the value of property within each taxing agency. Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIII B

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on November 6, 1979 thereby adding Article XIII B to the California Constitution ("**Article XIII B**"). Under Article XIII B state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District is of the opinion that its rates and charges for water, sewer and recycled water services do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B, and that tax revenues and other revenues received by the District which may constitute the “proceeds of taxes” are appropriated for debt service or qualified capital outlay projects and are not subject to

Future Initiatives

Article XIII A, Article XIII B, Proposition 218 and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures (including the measure that is described below under the subcaption “—Initiative 1935”) could be adopted, further affecting ability of the District to collect or expend Revenues.

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is entered into by the Irvine Ranch Water District (the “**District**”) in connection with the issuance of the Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2025, relating to the Bonds (the “**Indenture**”), by and between U.S. Bank Trust Company, National Association, as trustee, and the District. The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025B Bonds (including persons holding Series 2025B Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Series 2025B Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Financial Obligation. The term “Financial Obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year. In the event of a change in the District’s Fiscal Year, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

Holder. The term “Holder” means a registered owner of the Series 2025B Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated _____, 2025 relating to the Series 2025B Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Series 2025B Bonds required to comply with the Rule in connection with offering of the Series 2025B Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than each April 1 following the end of its Fiscal Year (commencing April 1, 2026 for the Fiscal Year ending June 30, 2025) to EMMA an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements of the District for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) To the extent not included in the audited financial statements provided pursuant to the foregoing Section 4(a), the Annual Report shall contain an update of the information in the following tables and/or captions in Appendix A to the Official Statement, substantially in the form set forth in the Official Statement:

1. Information under the caption “THE IRVINE RANCH WATER DISTRICT—Outstanding Indebtedness;”

2. The table “IRVINE RANCH WATER DISTRICT Historic Water Supply In Acre Feet Per Year” under the caption “WATER SUPPLY—Historic and Projected Water Supply;”

3. Information under the caption “THE WATER SYSTEM—Historic Water Connections;”

4. Information under the caption “THE WATER SYSTEM—Historic Water Deliveries/Sales;”

5. Information under the caption “THE WATER SYSTEM—Water System Rates and Charges;”

6. Information under the caption “THE SEWER SYSTEM—Historic Sewer and Recycled Water Connections;”

7. Information under the caption “THE SEWER SYSTEM—Sewer System Rates and Charges;”

8. Information under the caption “WATER AND SEWER SYSTEM FINANCIAL INFORMATION—Historic Operating Results and Debt Service Coverage;” and

9. An update of the following tables for each Improvement District:

(i) Assessed Valuations (Land Only); provided that only the total assessed values shall be updated;

(ii) Assessed Valuation and Parcels by Land Use; and

(iii) Largest Local Secured Taxpayers.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025B Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings;

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer

for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person; and

10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025B Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2025B Bonds or other events affecting the tax status of the Series 2025B Bonds;

2. modifications to the rights of Series 2025B Bond holders;

3. optional, unscheduled or contingent Series 2025B Bond calls;

4. release, substitution or sale of property securing repayment of the Series 2025B Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District that is customarily prepared by the District and is publicly available.

7. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2025B Bonds. If such termination occurs prior to the final maturity of the Series 2025B Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of the Series 2025B Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Series 2025B Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2025B Bonds, and shall create no rights in any other person or entity.

[SIGNATURE ON FOLLOWING PAGE.]

Dated: _____, 2025

IRVINE RANCH WATER DISTRICT

By: _____
Its: Treasurer

\$ _____
**Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A**

CONTRACT OF PURCHASE

July __, 2025

Board of Directors
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618

Ladies and Gentlemen:

BofA Securities, Inc. (the “**Underwriter**”), hereby offers to enter into this Contract of Purchase with the Irvine Ranch Water District (the “**District**”) for the issuance by the District and the purchase by the Underwriter of the Bonds of Irvine Ranch Water District Consolidated Refunding Series 2025A (the “**Bonds**”). This offer is made subject to acceptance by the District prior to 8:00 P.M., California Time, on the date hereof and, upon such acceptance, this Contract of Purchase shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriter. All terms that are not defined herein have the meanings set forth in the Official Statement (as such term is defined herein).

1. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase and the District hereby agrees to sell to the Underwriter all (but not less than all) of the aggregate principal amount of the Bonds (as more fully described in the Official Statement), at an aggregate purchase price of \$ _____ (representing the principal amount thereof less an underwriter’s discount of \$ _____). The Bonds shall be dated the date of their delivery and shall mature on the dates and in the principal amounts, and shall bear interest, as shown on Exhibit A. The Bonds are being delivered to provide funds: (i) to refund a portion of the outstanding Bonds of the Irvine Ranch Water District, Series 2010B (Federally Taxable – Build America Bonds) (the “**2010B Bonds**”); and (ii) to pay certain costs of issuing the Bonds.

The Underwriter agrees to make an initial public offering of all of the Bonds at the price or prices described in Exhibit A. The Underwriter reserves the right to change the initial public offering prices of the Bonds as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds (but in all cases subject to Section 14), and may offer and sell Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices or yields greater than the yields set forth therein (but in all cases subject to Section 14).

The Bonds shall be as described in, and shall be secured under and pursuant to, the Indenture of Trust, dated as of July 1, 2025 (the “**Indenture**”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), substantially in the form that was previously submitted to the Underwriter with only such changes therein as shall be mutually agreed

upon by the District and the Underwriter. The Bonds constitute consolidated, several general obligations of Improvement District Nos. 112, 113, 125, 188, 212 and 225 (collectively, the “**Improvement Districts**” or individually, an “**Improvement District**”), which are geographical subdivisions of the District through which the District funds capital improvements. The Bonds are payable from the following sources in an amount that is proportionate to the principal amount of Bonds allocated to each of Improvement District: (i) Assessment Proceeds, consisting of *ad valorem* assessments on taxable land, In Lieu Charges and proceeds from the sale of property for the enforcement of delinquent assessments collected from within each Improvement District and applied by the District to pay such Improvement District’s Included Amount of the principal of and interest on the Bonds; (ii) Net Revenues of the District, consisting of the proceeds of water, sewer and reclaimed water rates and charges imposed by the District that remain after payment of Operation and Maintenance Expenses; and (iii) certain moneys and investment earnings in certain funds and accounts created under the Indenture.

In connection with the remarketing on any tender date for the Bonds, the District will enter into a Remarketing Agreement, dated the date of Closing (the “**Remarketing Agreement**”), with BofA Securities, Inc., as remarketing agent for the Bonds (the “**Remarketing Agent**”).

Payment of the principal of, interest on and purchase price of the Bonds will be secured by an irrevocable, direct-pay letter of credit (the “**Letter of Credit**”) to be issued concurrently with the issuance of the Bonds by Sumitomi Mitsui Banking Corporation, acting through its New York Branch (the “**Bank**”), pursuant to the provisions of a Reimbursement Agreement, dated as of July 1, 2025 (the “**Reimbursement Agreement**”), by and between the District and the Bank.

The District acknowledges and agrees that: (a) the purchase and sale of the Bonds pursuant to this Contract of Purchase is an arm’s-length commercial transaction between the District and the Underwriter, and the only obligations that the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Contract of Purchase; (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a Municipal Advisor (as such term is defined in Section 15B of The Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), financial advisor or fiduciary to the District; (c) the Underwriter has not assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (d) the Underwriter has financial and other interests that may differ from and be adverse to those of the District; (e) the District has consulted its own legal, financial and/or municipal, accounting, tax and other advisors to the extent that it has deemed appropriate; and (f) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the District and the Underwriter.

2. The District has approved the use and electronic distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement relating to the Bonds dated June __, 2025 in connection with the public offering of the Bonds (the “**Preliminary Official Statement**”). The District has deemed the Preliminary Official Statement final as of the date thereof for purposes of Rule 15c2-12 promulgated under the Exchange Act (“**Rule 15c2-12**”), except for information that is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than one business day

preceding the Closing (as such term is defined herein): (a) the form of the final Official Statement relating to the Bonds in “designated electronic format” (as defined in Municipal Securities Rulemaking Board (“MSRB”) Rule G-32) which permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission, including in a word-searchable pdf format; and (b) copies of the final Official Statement relating to the Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the Underwriter (including the appendices thereto and any amendments or supplements as have been approved by the District and the Underwriter, the “**Official Statement**”), in such quantity as the Underwriter shall reasonably request. The District hereby approves of the distribution and use by the Underwriter of the Official Statement and the District Documents (as such term is defined herein) in connection with the offer and sale of the Bonds. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the District and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the District hereby confirms that it does not object to distributions of the Official Statement in electronic form.

3. The District warrants, represents to and agrees with the Underwriter that:

(a) The District is a California water district duly organized and existing under and by virtue of the California Water District Law, constituting Division 13 of the Water Code of the State and the Constitution and laws of the State, and has all necessary power and authority to enter into and perform its duties and consummate all obligations and transactions required or contemplated by under: (i) the Indenture; (ii) the Continuing Disclosure Certificate relating to the Bonds, dated the date of Closing (the “**Continuing Disclosure Certificate**”), executed by the District; the Remarketing Agreement; (iv) the Reimbursement Agreement; and (v) this Contract of Purchase (collectively, the “**District Documents**”) and, when executed and delivered by the respective parties thereto, the District Documents will constitute legal, valid and binding obligations of the District enforceable in accordance with their respective terms.

(b) The execution and delivery of the District Documents and compliance with the provisions on the District’s part contained herein and therein, and execution and delivery of the Official Statement, will not conflict with, or constitute a breach of, or default under, the District’s duties under said documents or any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is subject or by which it is bound, which conflict, breach or default could have a material adverse effect upon the District’s ability to perform its obligations under the District Documents, including its obligation to pay principal of and interest on the Bonds from the sources that are specified in the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture.

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in, the District Documents and the consummation by it of all other transactions contemplated by the Official

Statement and this Contract of Purchase, which official action was taken at a meeting of the Board of Directors of the District that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and such official action is in full force and effect and has not been amended or repealed.

(d) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, filing with or certification by any regulatory authority that has jurisdiction over the District which is required for the execution and delivery of the District Documents, the issuance and sale of the Bonds or the consummation by the District of the other transactions contemplated by the Official Statement and this Contract of Purchase.

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or governmental agency, public board or body pending or threatened against the District affecting the existence of the District or challenging the title of any director of the District or the President of the Board of Directors of the District to their respective offices, or seeking to prohibit, restrain or enjoin the issuance of the Bonds, or the collection of the revenues pledged pursuant to the Indenture, or the pledge thereof, in any way contesting or affecting the validity or enforceability of the District Documents or the Bonds, in any way contesting the powers of the District or its authority to enter into or perform its obligations under any of the foregoing, contesting in any way the completeness, accuracy or fairness of the Official Statement or in which a final adverse decision could materially adversely affect the operations or financial condition of the District or the ability of the District to perform its obligations under the District Documents.

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States, any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents, including its obligation to pay principal of and interest on the Bonds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, and which default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents.

(g) The information contained in the Preliminary Official Statement as of its date was and as of the date hereof is, and in the Official Statement as of its date is and at all times up to and including the date of the Closing will be, true and correct in all material respects, and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no warranty, representation or agreement is made as to information contained under the caption "THE SERIES 2025A BONDS—Book-Entry Only System" or in Appendix E thereto.

(h) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and the District will use its best efforts to continue such qualification in

effect so long as required for distribution of the Bonds; provided, however, that the District will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(i) As of the date thereof and at all times subsequent thereto, to and including the date which is 25 days following the End of the Underwriting Period (as such term is defined herein) for the Bonds, the Official Statement did not and, if no event as described in the immediately following subparagraph occurs or, if such event occurs the information contained in the Official Statement as amended or supplemented pursuant to such paragraph, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) During the period between the date of this Contract of Purchase and the date which is 25 days following the End of the Underwriting Period, the District: (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter; and (ii) if an event occurs, of which the District has knowledge, which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact that is required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will promptly notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided that all expenses thereby incurred will be paid for by the District.

(k) If the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the end of the Underwriting Period for the Bonds, the Official Statement as so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact that is required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) As used herein and for the purposes of the foregoing, the term **“End of the Underwriting Period”** shall mean the Closing unless the Underwriter advises the District that the Underwriter continues to hold Bonds for sale at the time of the Closing, in which case the “End of the Underwriting Period” shall have the meaning set forth in Rule 15c2-12.

(m) The financial statements of the District contained in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of operations of the District as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles consistently applied and, other than as has been disclosed to the Underwriter and described in the Official Statement, there has been no material adverse change in the financial position or results of operations of the District since June 30, 2024.

(n) As of the date of Closing, other than as has been disclosed to the Underwriter and described in the Official Statement, there shall have been no increases in the long term debt of the District since June 30, 2024, or in any debt of the District secured by a pledge of or payable from Revenues or Net Revenues since June 30, 2024.

(o) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have offered or issued any bonds, notes or other obligations for borrowed money on behalf of the District, except for such borrowings as may be described in or contemplated by the Official Statement.

(p) Except as disclosed in the Official Statement, the District has not within the last five years failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports of financial and operating data or notices of material events.

(q) The District, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

The execution and delivery of this Contract of Purchase by the District shall constitute a representation by the District to the Underwriter that the representations and warranties contained in this Section 3 are true and correct as of the date hereof.

4. At 8:00 A.M., California Time, on July __, 2025, or at such other time or on such earlier or later date as the District and the Underwriter mutually agree upon (herein called the “**Closing**”), the District will deliver or cause to be delivered: (a) to The Depository Trust Company in New York, New York (“**DTC**”) or to such other place as the District and the Underwriter mutually agree upon, the Bonds in definitive form, duly executed; and (b) at the offices of Orrick, Herrington & Sutcliffe LLP, 355 South Grand Avenue, Suite 2700, Los Angeles, California 90071 (“**Bond Counsel**”), or such other place as the District and the Underwriter mutually agree upon, the other documents hereinafter mentioned. The Bonds will be initially issued in the form of a separate single fully registered certificate for each separate stated maturity. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

CUSIP identification numbers shall be printed on the Bonds, but the failure to print such number on any Bond or any error with respect thereto shall not constitute cause for a failure or refusal by the Underwriter to accept delivery of, or pay for, the Bonds in accordance with the terms of this Contract of Purchase. All expenses in relation to the printing of CUSIP numbers on said Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid for by the District from Bond proceeds.

The Underwriter will accept delivery of the Bonds and pay the purchase price thereof in immediately available funds to the order of the Trustee in an amount equal to the purchase price. The Bonds will be made available for checking not later than 12:00 noon on the business day prior to the Closing.

5. The Underwriter has entered into this Contract of Purchase in reliance upon the representations and warranties of the District contained herein, all other representations, warranties

and agreements to be contained in the documents and instruments to be delivered at Closing and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Contract of Purchase are and shall be subject to the following further conditions:

(a) at the time of Closing: (i) the District Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto; (ii) the District Documents and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriter; (iii) the District Documents and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter; (iv) there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby; and (v) the representations and warranties of the District contained herein shall be true, correct and complete in all material respects on the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) at or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to the Underwriter and their counsel:

(1) The unqualified approving opinion of Bond Counsel, dated the date of Closing, addressed to the District, substantially in the form attached to the Official Statement as Appendix D, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter and the Trustee, to the effect that the foregoing opinion addressed to the District may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion were addressed to the Underwriter and the Trustee.

(2) The supplemental opinion of Bond Counsel in form and substance satisfactory to the Underwriter, dated the date of Closing and addressed to the Underwriter, to the effect that:

(i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**");

(ii) the Contract of Purchase has been duly executed and delivered by the District and is a valid and binding agreement of the District; and

(iii) the statements contained in the Official Statement under the captions "THE SERIES 2025A BONDS," "SECURITY FOR THE SERIES 2025A BONDS," "TAX MATTERS" and in Appendices C and D, excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources and information relating to DTC, insofar as such statements expressly summarize certain provisions of the Indenture and the form and content of Bond Counsel's final legal opinion, are accurate in all material respects.

(3) An opinion of Hanson Bridgett, LLP, Los Angeles, California, general counsel for the District, dated the date of Closing and addressed to the District and the Underwriter to the effect that:

(i) the District is a California water district that is duly organized and existing under and by virtue of the California Water District Law, constituting Division 13 of the Water Code of the State, and the Constitution and laws of the State, and has all necessary power and authority to enter into and perform its duties under the District Documents and, assuming the due authorization, execution and delivery of the District Documents by the other parties thereto, as applicable, the District Documents constitute legal, valid and binding obligations of the District that are enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors, remedies generally or the application of equitable principles when equitable remedies are sought, or except as rights of indemnity may be limited by principles of public policy;

(ii) the District's execution and delivery of the District Documents and the performance by the District of its obligations contained therein, and the District's execution and delivery of the Official Statement, will not and do not conflict with, or constitute a breach of or default under, the District's duties under the District Documents or, to the best of such counsel's knowledge, any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is subject or by which it is bound, which conflict, breach or default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents, including its obligation to pay principal of and interest on the Bonds, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iii) by official action of the District prior to the date hereof, the District has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement and has duly authorized and approved the execution and delivery of, and the performance by the District of its obligations contained in, the District Documents and the consummation by it of all other transactions on its part contemplated by this Contract of Purchase, which official action was taken at a meeting of the Board of Directors of the District that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and such official action is in full force and effect and has not been amended or repealed;

(iv) except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, filing with or certification by any regulatory authority that has jurisdiction over the District which is required for the execution and delivery of the District Documents, the issuance and sale of the Bonds or the consummation by the District of the other transactions contemplated by the Official Statement and this Contract of Purchase;

(v) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or governmental agency, public board or body pending or, to the best of such counsel's knowledge, threatened against the District affecting the existence of the District, challenging the title of any director of the District or the President of the Board of Directors of the District to their respective offices, seeking to prohibit, restrain or enjoin the issuance of the Bonds, the collection of the Revenues pledged pursuant to the Indenture or the pledge thereof, in any way contesting or affecting the validity or enforceability of the District Documents or the Bonds, in

any way contesting the powers of the District or its authority to enter into or perform its obligations under any of the foregoing, contesting in any way the completeness, accuracy or fairness of the Official Statement, or in which a final adverse decision could materially adversely affect the operations or financial condition of the District or the ability of the District to perform its obligations under the District Documents;

(vi) to the best of such counsel's knowledge, the District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States, any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents, including its obligation to pay principal of and interest on the Bonds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which default or event of default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents; and

(vii) the information contained in the Preliminary Official Statement under the caption "LITIGATION" as of its date was, and in the Official Statement under the caption "LITIGATION" is, true and correct in all material respects, and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) An opinion of counsel to the Trustee, dated the date of Closing addressed to the District and the Underwriter, in the form and substance satisfactory to Bond Counsel, the Underwriter and counsel to the Underwriter.

(5) The opinion of Kutak Rock LLP, counsel for the Underwriter, dated the date of Closing and addressed to the Underwriter, substantially to the effect that:

(i) the Bonds are exempt from registration pursuant to the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(ii) the provisions of the Continuing Disclosure Certificate comply with the requirements of Section (b)(5)(i) of Rule 15c2-12 to provide certain annual financial information and event notices to various information repositories at the times and as required by Rule 15c2-12; and

(iii) based upon an examination that they have made, and without having undertaken to determine independently or assuming any responsibility for the accuracy or completeness or fairness of the statements contained in the Official Statement, as a matter of fact and not opinion, such counsel advises that, during the course of representation of the Underwriter on the matter, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation that caused such counsel to believe that the Official Statement as of its date and as of the Closing (except for: (I) the expressions of opinion, the assumptions, the projections, the financial statements, or other financial, numerical, economic, demographic or statistical data contained in the Official Statement; (II) any CUSIP numbers or information relating thereto; (III) any information contained in Appendices B through F to the Official Statement; (IV)

any information with respect to DTC and DTC's book-entry system; (V) any information incorporated by reference into the Official Statement; (VI) the District's compliance with its obligations to provide notice of the events described in part (b)(5)(i)(C) of Rule 15c2-12, or to file annual reports described in part (b)(5)(i)(A) of Rule 15c2-12; (VII) information with respect to the Bank; and (VIII) information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption "RATINGS") contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(6) A certificate, dated the date of Closing, signed by a duly authorized official of the District satisfactory in form and substance to the Underwriter and counsel to the Underwriter, to the effect that the representations and warranties made by the District in this Contract of Purchase are true and correct as of the date of Closing.

(7) A certificate, dated the date of Closing, signed by a duly authorized official of the Trustee satisfactory in form and substance to the Underwriter and counsel to the Underwriter, to the effect that:

(i) the Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America and has the full power and authority to enter into and perform its duties under the Indenture and to authenticate the Bonds thereunder;

(ii) the Trustee is duly authorized to enter into the Indenture and to authenticate the Bonds pursuant to the terms of the Indenture, and has duly executed and delivered the Indenture, and assuming due authorization and execution by the District, the Indenture is legal, valid and binding upon the Trustee, and enforceable against the Trustee in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws at the time in effect affecting the rights of creditors generally, and by the availability of equitable remedies;

(iii) the Trustee has duly authenticated the Bonds under the Indenture and delivered the Bonds to or upon the order of the Underwriter;

(iv) no consent, approval, authorization or other action by any governmental or regulatory authority that has jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the issuance of the Bonds or the consummation by the Trustee of its obligations under the Indenture;

(v) the execution and delivery by the Trustee of the Indenture, compliance with the terms thereof and the issuance of the Bonds will not and do not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Trustee is a party or by which it is bound, or, to the Trustee's knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body that has jurisdiction over the Trustee or any of its activities or properties, or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee; and

(vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Trustee, threatened against or affecting the existence of the Trustee or seeking to prohibit, restrain or enjoin the authentication of the Bonds, in any way contesting or affecting the validity or enforceability of the Indenture against the Trustee or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect the validity of the Bonds, the Indenture, or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby and by the Official Statement.

(8) Executed copies of each of the District Documents and the Letter of Credit.

(9) Copies of the Preliminary Official Statement and copies of the Official Statement, with the Official Statement executed on behalf of the District by an authorized representative of the District.

(10) Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the issuance of the Bonds and the Indenture.

(11) Copies of resolutions adopted by the District and certified by the Secretary of the District, authorizing or ratifying the execution and delivery of the District Documents and the approval of the Official Statement.

(12) Evidence satisfactory to the Underwriter that the Bonds have been assigned the ratings set forth in the Preliminary Official Statement and the Official Statement.

(13) Specimen Bonds.

(14) An executed Rule 15c2-12 certificate of the District, dated the date of the Preliminary Official Statement.

(15) Evidence of required filings with the California Debt and Investment Advisory Commission relating to the Bonds.

(16) A copy of the executed Blanket Issuer Letter of Representations by and between the District and DTC relating to the book-entry system.

(17) A report of a third party consultant named in the Official Statement with respect to the District's past compliance with continuing disclosure obligations under Rule 15c2-12.

(18) A Tax Certificate, dated the date of Closing, with respect to maintaining the tax-exempt status of the Bonds.

(19) An executed Internal Revenue Service Form 8038-G, dated the date of Closing.

(20) Evidence that the issuance of the Bonds is authorized by the District's Debt Management Policy.

(21) A certificate of the District demonstrating that the issuance of the Bonds is permissible under the District's additional Parity Obligations test.

(22) The letter of Stradling Yocca Carlson & Rauth LLP, as disclosure counsel to the District ("**Disclosure Counsel**") dated the Closing Date and addressed to the District and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement, but on the basis of their participation in conferences with representatives of the District, Bond Counsel, the District's Municipal Advisor, the Underwriter and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to: (i) the expressions of opinion, the assumptions, the projections, estimates and forecasts, the charts, the financial statements or other financial, numerical, economic, demographic or statistical data, assessed valuations or environmental matters contained in the Official Statement; (ii) any CUSIP numbers or information relating thereto; (iii) any information with respect to The Depository Trust Company and its book-entry system; (iv) any information contained in the appendices to the Preliminary Official Statement or the Official Statement; (v) any information incorporated by reference into the Preliminary Official Statement or the Official Statement; (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "UNDERWRITING"; and (vii) information under the captions "TAX MATTERS" and "LITIGATION").

(23) Evidence of the delivery by electronic means by the District to the Remarketing Agent of the Rule G-34 Documents (as such term is defined in the Remarketing Agreement) in the form described in the Remarketing Agreement.

(24) The documents that are required to be delivered under the Reimbursement Agreement.

(25) The opinion of Chapman and Cutler LLP, counsel to the Bank, dated the date of Closing and addressed to the Underwriter, in form and substance satisfactory to the Underwriter, as to: (a) the validity and enforceability of the Letter of Credit; and (b) the exemption of the Letter of Credit from the registration requirements under the Securities Act.

(26) A certificate of Bank, dated the date of Closing, in form and substance satisfactory to the Underwriter and counsel to the Underwriter to the effect that the information relating to Bank set forth in the Official Statement under the caption "[_____]" was and is true and correct in all material respects as of the date of the Official Statement and as of the date of Closing.

(27) A copy of the Blue Sky Survey with respect to the Bonds.

(28) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel and counsel for the Underwriter may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) All matters relating to the Bonds and the sale thereof, the District Documents and the consummation of the transactions contemplated by this Contract of Purchase shall have been approved by the Underwriter and counsel for the Underwriter, which approval shall not be unreasonably withheld.

If the conditions to the Underwriter's obligations contained in this Contract of Purchase are not satisfied or waived or if the Underwriter's obligations shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and the Underwriter shall have no further obligation hereunder.

6. The Underwriter shall have the right to cancel its obligations to purchase the Bonds if, between the date hereof and the Closing, regardless of whether any of the following statements of fact were in existence or known of on the date of this Contract of Purchase:

(a) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or California or by any legislation in or by the Congress of the United States or by the State of California, or the amendment of legislation pending as of the date of this Contract of Purchase in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation (whether or not then introduced) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee, or the presentment of legislation for the staff of either such Committee, or by the staff of the Joint Committee on taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or any release, announcement or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or state authority affecting the federal or state tax status of the District or of the interest on bonds or notes (including the Bonds);

(b) there shall exist any event which in the reasonable opinion of the Underwriter either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information that are contained therein not misleading in any material respect;

(c) there shall have occurred a declaration of war or any new outbreak of hostilities or other national or international calamity or crisis or the escalation of any such outbreak,

calamity or crisis, the effect of such outbreak, calamity, crisis or escalation on the financial markets of the United States being such that it, in the reasonable opinion of the Underwriter, materially adversely affects the market price or marketability of the Bonds;

(d) there shall be in force a general suspension of trading on the New York Stock Exchange or other minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or such other exchange, whether by virtue of a determination by that exchange or such other exchange or by orders of the Securities and Exchange Commission or any other governmental authority;

(e) a general banking moratorium shall have been declared by either federal, California or New York authorities having jurisdiction over such matters, which moratorium is in force;

(f) there shall be established any new restrictions on transactions in securities that materially affect the free market for securities (including the imposition of any limitations on interest rates) or the extension of credit by, or the charge to the net capital requirements of, underwriters established by the New York Stock Exchange or any other national securities exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order;

(g) an adverse event has occurred that affects the financial condition or operation of, the District which, in the opinion of the Underwriter, requires or has required a supplement or amendment to the Official Statement;

(h) any rating of the Bonds shall have been downgraded, placed on credit watch or withdrawn by a national rating service, which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds;

(i) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price or marketability of the Bonds;

(j) any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for the validity of the proceedings authorizing and approving the District Documents;

(k) the occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market;

(l) any change in or particularly affecting the District, the California Water District Law, the authorizing resolutions related to the Bonds, the District Documents or the Revenues, as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Underwriter materially impairs the investment quality of the Bonds;

(m) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect;

(n) any change or any development involving a prospective change in or affecting the business, properties or financial condition of the District, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur;

(o) any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the California Water District Law, the authorizing resolutions related to the Bonds, the District Documents or the existence or powers of the District with respect to its obligations under the District Documents; or

(p) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency that has jurisdiction of the subject matter shall be issued or made to the effect that the authentication, delivery, offering or sale of obligations of the general character of the Bonds, or the authentication, delivery, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act, or that the Indenture needs to be qualified under the Trust Indenture Act.

7. After the Closing: (a) the District will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing or which shall be disapproved by counsel for the Underwriter; and (b) if any event that relates to or affects the District shall occur as a result of which it is necessary, in the opinion of counsel to the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, subject to Section 6(b), the District will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact that is necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to an initial purchaser of the Bonds, not misleading. For the purposes of this section, the District will furnish such information with respect to itself as the Underwriter may from time to time request.

8. Whether or not the transactions contemplated by this Contract of Purchase are consummated, all expenses and costs of the District that are incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter, including, without limitation, the cost of printing or reproducing the Bonds, the District Documents, the Preliminary Official Statement and the Official Statement and all ancillary papers (in reasonable quantities), credit rating agency fees, Letter of Credit fees, advertising fees, the costs of obtaining

CUSIP numbers for the Bonds, the fees of the Trustee and its counsel, the fees and costs of the District's General Counsel, Bond Counsel, Disclosure Counsel, Municipal Advisor, any financial advisor and related services, shall be paid from the proceeds of the Bonds or other revenues of the District, and to the extent or in the event not so paid shall be paid by the District. The District shall pay for expenses (included in the expense component of the spread) incurred on behalf of the District's employees that are incidental to implementing this Contract of Purchase, including, but not limited to, meals, transportation, lodging and entertainment of those employees. All other expenses and costs of the Underwriter incurred under or pursuant to this Contract of Purchase, including, without limitation, the cost of preparing this Contract of Purchase and other Underwriter documents, travel expenses and the fees and expenses of counsel to the Underwriter, shall be paid by the Underwriter (which may be included as an expense component of the Underwriter's discount).

9. Any notice or other communication to be given to the Underwriter may be given by delivering the same to BofA Securities, Inc., 333 South Hope Street, Suite 3820, Los Angeles, California 90071, Attention: Bryon Rockwell, telephone (213) 345-9585. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given the District under this Contract of Purchase may be given by delivering the same to the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California 92618, Attention: Executive Director of Finance.

10. This Contract of Purchase is made solely for the benefit of the District and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Contract of Purchase shall remain operative and in full force and effect and shall survive the delivery of and payment for the Bonds regardless of: (a) any investigation made by or on behalf of the Underwriter; (b) delivery of and payment for the Bonds hereunder; or (c) any termination of this Purchase Agreement, other than pursuant to Section 6 (and in all events the agreements of the District pursuant to Section 8 shall remain in full force and effect notwithstanding the termination of this Purchase Agreement under Section 6. The Underwriter may not assign this Contract of Purchase without the written consent of the District.

11. This Contract of Purchase may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

12. This Contract of Purchase constitutes the entire agreement among the parties hereby with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Contract of Purchase shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

13. This Contract of Purchase shall be governed by the laws of the State of New York, without regard to choice of law rules (other than New York General Obligations Laws Section 5-1401 and 5-1402); provided, however, that the obligations of the District shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

14.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar

certificate, substantially in the form attached hereto as Exhibit B, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this Section to establish the issue price of the Bonds may be taken on behalf of the District by the District's Municipal Advisor (PFM Financial Advisors LLC) and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

(b) Except for the maturities set forth in Exhibit A, the District represents that it will treat the first price at which 10% of each maturity of the Bonds (the “**10% Test**”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). If as of the date hereof, the 10% Test has not been satisfied as to any maturity of the Bonds for which the District has elected to utilize the 10% Test, the Underwriter agrees to promptly report to the District the prices Bonds of that maturity or maturities have been sold by the Underwriter to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% Test has been satisfied as to the Bonds of that maturity or maturities or the date of the Closing.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in the final Official Statement. Exhibit A also sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Bonds for which the 10% Test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable:

(i)(A) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public; and (B) to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter;

(ii) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below); and

(iii) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(e) The District acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on: (i) in the event that a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires; and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means: (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a

partnership (including direct ownership of the applicable stock or interests by one entity of the other);
and

(iv) “sale date” means the date of execution of this Contract of Purchase
by all parties.

BOFA SECURITIES, INC.

By: _____
Authorized Signatory

Accepted and Agreed to:

IRVINE RANCH WATER DISTRICT

By: _____
Executive Director of Finance

**EXHIBIT A
MATURITY SCHEDULE**

\$ _____
**Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A**

<i>Maturity Date (May 1)</i>	<i>Principal Amount</i>	<i>Initial Mode</i>	<i>Initial Interest Rate</i>	<i>10% Test Used</i>	<i>Hold-the- Offering- Price Use</i>
20__	\$	Weekly Mode	__%		

* Term Bond.

EXHIBIT B
FORM OF ISSUE PRICE CERTIFICATE

\$ _____
Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A

The undersigned, on behalf of BofA Securities, Inc. (“**BofAS**”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “**Bonds**”).

1. **[Sale of the Bonds.** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.] OR **[Sale of the General Rule Maturities.** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. ***Initial Offering Price of the [Bonds] [Hold-the-Offering-Price Maturities].***

(a) [BofAS offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “**Initial Offering Prices**”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] OR [BofAS offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “**Initial Offering Prices**”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

(b) [As set forth in the Contract of Purchase, BofAS has agreed in writing that: (i) for each Maturity of the Bonds, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “**hold-the offering-price rule**”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. BofAS has not offered or sold any Maturity of the unsold Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] OR [As set forth in the Contract of Purchase, BofAS has agreed in writing that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “**hold-the-offering-price rule**”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. BofAS has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. ***Defined Terms.***

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date (July __, 2025); or (ii) the date on which the the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means Irvine Ranch Water District.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July __, 2025.

(h) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents BofAS’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge.

BOFA SECURITIES, INC.

By: _____
Authorized Signatory

Dated: July __, 2025

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

\$ _____
**Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025B**

CONTRACT OF PURCHASE

July __, 2025

Board of Directors
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618

Ladies and Gentlemen:

Goldman Sachs & Co. LLC (the “**Underwriter**”), hereby offers to enter into this Contract of Purchase with the Irvine Ranch Water District (the “**District**”) for the issuance by the District and the purchase by the Underwriter of the Bonds of Irvine Ranch Water District Consolidated Refunding Series 2025B (the “**Bonds**”). This offer is made subject to acceptance by the District prior to 8:00 P.M., California Time, on the date hereof and, upon such acceptance, this Contract of Purchase shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriter. All terms that are not defined herein have the meanings set forth in the Official Statement (as such term is defined herein).

1. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase and the District hereby agrees to sell to the Underwriter all (but not less than all) of the aggregate principal amount of the Bonds (as more fully described in the Official Statement), at an aggregate purchase price of \$ _____ (representing the principal amount thereof, plus/less a net original discount of \$ _____ and less an underwriter’s discount of \$ _____). The Bonds shall be dated the date of their delivery and shall mature on the dates and in the principal amounts, and shall bear interest, as shown on Exhibit A. The Bonds are being delivered to provide funds: (i) to refund a portion of the outstanding Bonds of the Irvine Ranch Water District, Series 2010B (Federally Taxable – Build America Bonds) (the “**2010B Bonds**”); and (ii) to pay certain costs of issuing the Bonds.

The Underwriter agrees to make an initial public offering of all of the Bonds at the price or prices described in Exhibit A. The Underwriter reserves the right to change the initial public offering prices of the Bonds as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds (but in all cases subject to Section 14), and may offer and sell Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices or yields greater than the yields set forth therein (but in all cases subject to Section 14).

The Bonds shall be as described in, and shall be secured under and pursuant to, the Indenture of Trust, dated as of July 1, 2025 (the “**Indenture**”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), substantially in the form that was previously submitted to the Underwriter with only such changes therein as shall be mutually agreed

upon by the District and the Underwriter. The Bonds constitute consolidated, several general obligations of Improvement District Nos. 112, 113, 125, 188, 212 and 225 (collectively, the “**Improvement Districts**” or individually, an “**Improvement District**”), which are geographical subdivisions of the District through which the District funds capital improvements. The Bonds are payable from the following sources in an amount that is proportionate to the principal amount of Bonds allocated to each of Improvement District: (i) Assessment Proceeds, consisting of *ad valorem* assessments on taxable land, In Lieu Charges and proceeds from the sale of property for the enforcement of delinquent assessments collected from within each Improvement District and applied by the District to pay such Improvement District’s Included Amount of the principal of and interest on the Bonds; (ii) Net Revenues of the District, consisting of the proceeds of water, sewer and reclaimed water rates and charges imposed by the District that remain after payment of Operation and Maintenance Expenses; and (iii) certain moneys and investment earnings in certain funds and accounts created under the Indenture.

In connection with the remarketing on any tender date for the Bonds, the District will enter into a Remarketing Agreement, dated the date of Closing (the “**Remarketing Agreement**”), with Goldman Sachs & Co. LLC, as remarketing agent for the Bonds (the “**Remarketing Agent**”).

Payment of the principal of, interest on and purchase price of the Bonds will be secured by an irrevocable, direct-pay letter of credit (the “**Letter of Credit**”) to be issued concurrently with the issuance of the Bonds by Sumitomi Mitsui Banking Corporation, acting through its New York Branch (the “**Bank**”), pursuant to the provisions of a Reimbursement Agreement, dated as of July 1, 2025 (the “**Reimbursement Agreement**”), by and between the District and the Bank.

The District acknowledges and agrees that: (a) the purchase and sale of the Bonds pursuant to this Contract of Purchase is an arm’s-length commercial transaction between the District and the Underwriter, and the only obligations that the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Contract of Purchase; (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a Municipal Advisor (as such term is defined in Section 15B of The Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), financial advisor or fiduciary to the District; (c) the Underwriter has not assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (d) the Underwriter has financial and other interests that may differ from and be adverse to those of the District; (e) the District has consulted its own legal, financial and/or municipal, accounting, tax and other advisors to the extent that it has deemed appropriate; and (f) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the District and the Underwriter.

2. The District has approved the use and electronic distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement relating to the Bonds dated June __, 2025 in connection with the public offering of the Bonds (the “**Preliminary Official Statement**”). The District has deemed the Preliminary Official Statement final as of the date thereof for purposes of Rule 15c2-12 promulgated under the Exchange Act (“**Rule 15c2-12**”), except for information that is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than one business day

preceding the Closing (as such term is defined herein): (a) the form of the final Official Statement relating to the Bonds in “designated electronic format” (as defined in Municipal Securities Rulemaking Board (“MSRB”) Rule G-32) which permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission, including in a word-searchable pdf format; and (b) copies of the final Official Statement relating to the Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the Underwriter (including the appendices thereto and any amendments or supplements as have been approved by the District and the Underwriter, the “**Official Statement**”), in such quantity as the Underwriter shall reasonably request. The District hereby approves of the distribution and use by the Underwriter of the Official Statement and the District Documents (as such term is defined herein) in connection with the offer and sale of the Bonds. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the District and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the District hereby confirms that it does not object to distributions of the Official Statement in electronic form.

3. The District warrants, represents to and agrees with the Underwriter that:

(a) The District is a California water district duly organized and existing under and by virtue of the California Water District Law, constituting Division 13 of the Water Code of the State and the Constitution and laws of the State, and has all necessary power and authority to enter into and perform its duties and consummate all obligations and transactions required or contemplated by under: (i) the Indenture; (ii) the Continuing Disclosure Certificate relating to the Bonds, dated the date of Closing (the “**Continuing Disclosure Certificate**”), executed by the District; the Remarketing Agreement; (iv) the Reimbursement Agreement; and (v) this Contract of Purchase (collectively, the “**District Documents**”) and, when executed and delivered by the respective parties thereto, the District Documents will constitute legal, valid and binding obligations of the District enforceable in accordance with their respective terms.

(b) The execution and delivery of the District Documents and compliance with the provisions on the District’s part contained herein and therein, and execution and delivery of the Official Statement, will not conflict with, or constitute a breach of, or default under, the District’s duties under said documents or any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is subject or by which it is bound, which conflict, breach or default could have a material adverse effect upon the District’s ability to perform its obligations under the District Documents, including its obligation to pay principal of and interest on the Bonds from the sources that are specified in the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture.

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in, the District Documents and the consummation by it of all other transactions contemplated by the Official

Statement and this Contract of Purchase, which official action was taken at a meeting of the Board of Directors of the District that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and such official action is in full force and effect and has not been amended or repealed.

(d) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, filing with or certification by any regulatory authority that has jurisdiction over the District which is required for the execution and delivery of the District Documents, the issuance and sale of the Bonds or the consummation by the District of the other transactions contemplated by the Official Statement and this Contract of Purchase.

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or governmental agency, public board or body pending or threatened against the District affecting the existence of the District or challenging the title of any director of the District or the President of the Board of Directors of the District to their respective offices, or seeking to prohibit, restrain or enjoin the issuance of the Bonds, or the collection of the revenues pledged pursuant to the Indenture, or the pledge thereof, in any way contesting or affecting the validity or enforceability of the District Documents or the Bonds, in any way contesting the powers of the District or its authority to enter into or perform its obligations under any of the foregoing, contesting in any way the completeness, accuracy or fairness of the Official Statement or in which a final adverse decision could materially adversely affect the operations or financial condition of the District or the ability of the District to perform its obligations under the District Documents.

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States, any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents, including its obligation to pay principal of and interest on the Bonds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, and which default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents.

(g) The information contained in the Preliminary Official Statement as of its date was and as of the date hereof is, and in the Official Statement as of its date is and at all times up to and including the date of the Closing will be, true and correct in all material respects, and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no warranty, representation or agreement is made as to information contained under the caption "THE SERIES 2025B BONDS—Book-Entry Only System" or in Appendix E thereto.

(h) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and the District will use its best efforts to continue such qualification in

effect so long as required for distribution of the Bonds; provided, however, that the District will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(i) As of the date thereof and at all times subsequent thereto, to and including the date which is 25 days following the End of the Underwriting Period (as such term is defined herein) for the Bonds, the Official Statement did not and, if no event as described in the immediately following subparagraph occurs or, if such event occurs the information contained in the Official Statement as amended or supplemented pursuant to such paragraph, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) During the period between the date of this Contract of Purchase and the date which is 25 days following the End of the Underwriting Period, the District: (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter; and (ii) if an event occurs, of which the District has knowledge, which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact that is required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will promptly notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided that all expenses thereby incurred will be paid for by the District.

(k) If the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the end of the Underwriting Period for the Bonds, the Official Statement as so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact that is required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) As used herein and for the purposes of the foregoing, the term “**End of the Underwriting Period**” shall mean the Closing unless the Underwriter advises the District that the Underwriter continues to hold Bonds for sale at the time of the Closing, in which case the “End of the Underwriting Period” shall have the meaning set forth in Rule 15c2-12.

(m) The financial statements of the District contained in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of operations of the District as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles consistently applied and, other than as has been disclosed to the Underwriter and described in the Official Statement, there has been no material adverse change in the financial position or results of operations of the District since June 30, 2024.

(n) As of the date of Closing, other than as has been disclosed to the Underwriter and described in the Official Statement, there shall have been no increases in the long term debt of the District since June 30, 2024, or in any debt of the District secured by a pledge of or payable from Revenues or Net Revenues since June 30, 2024.

(o) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have offered or issued any bonds, notes or other obligations for borrowed money on behalf of the District, except for such borrowings as may be described in or contemplated by the Official Statement.

(p) Except as disclosed in the Official Statement, the District has not within the last five years failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports of financial and operating data or notices of material events.

(q) The District, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

The execution and delivery of this Contract of Purchase by the District shall constitute a representation by the District to the Underwriter that the representations and warranties contained in this Section 3 are true and correct as of the date hereof.

4. At 8:00 A.M., California Time, on July __, 2025, or at such other time or on such earlier or later date as the District and the Underwriter mutually agree upon (herein called the “**Closing**”), the District will deliver or cause to be delivered: (a) to The Depository Trust Company in New York, New York (“**DTC**”) or to such other place as the District and the Underwriter mutually agree upon, the Bonds in definitive form, duly executed; and (b) at the offices of Orrick, Herrington & Sutcliffe LLP, 355 South Grand Avenue, Suite 2700, Los Angeles, California 90071 (“**Bond Counsel**”), or such other place as the District and the Underwriter mutually agree upon, the other documents hereinafter mentioned. The Bonds will be initially issued in the form of a separate single fully registered certificate for each separate stated maturity. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

CUSIP identification numbers shall be printed on the Bonds, but the failure to print such number on any Bond or any error with respect thereto shall not constitute cause for a failure or refusal by the Underwriter to accept delivery of, or pay for, the Bonds in accordance with the terms of this Contract of Purchase. All expenses in relation to the printing of CUSIP numbers on said Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid for by the District from Bond proceeds.

The Underwriter will accept delivery of the Bonds and pay the purchase price thereof in immediately available funds to the order of the Trustee in an amount equal to the purchase price. The Bonds will be made available for checking not later than 12:00 noon on the business day prior to the Closing.

5. The Underwriter has entered into this Contract of Purchase in reliance upon the representations and warranties of the District contained herein, all other representations, warranties

and agreements to be contained in the documents and instruments to be delivered at Closing and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Contract of Purchase are and shall be subject to the following further conditions:

(a) at the time of Closing: (i) the District Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto; (ii) the District Documents and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriter; (iii) the District Documents and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter; (iv) there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby; and (v) the representations and warranties of the District contained herein shall be true, correct and complete in all material respects on the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) at or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to the Underwriter and their counsel:

(1) The unqualified approving opinion of Bond Counsel, dated the date of Closing, addressed to the District, substantially in the form attached to the Official Statement as Appendix D, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter and the Trustee, to the effect that the foregoing opinion addressed to the District may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion were addressed to the Underwriter and the Trustee.

(2) The supplemental opinion of Bond Counsel in form and substance satisfactory to the Underwriter, dated the date of Closing and addressed to the Underwriter, to the effect that:

(i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**");

(ii) the Contract of Purchase has been duly executed and delivered by the District and is a valid and binding agreement of the District; and

(iii) the statements contained in the Official Statement under the captions "THE SERIES 2025B BONDS," "SECURITY FOR THE SERIES 2025B BONDS," "TAX MATTERS" and in Appendices C and D, excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources and information relating to DTC, insofar as such statements expressly summarize certain provisions of the Indenture and the form and content of Bond Counsel's final legal opinion, are accurate in all material respects.

(3) An opinion of Hanson Bridgett, LLP, Los Angeles, California, general counsel for the District, dated the date of Closing and addressed to the District and the Underwriter to the effect that:

(i) the District is a California water district that is duly organized and existing under and by virtue of the California Water District Law, constituting Division 13 of the Water Code of the State, and the Constitution and laws of the State, and has all necessary power and authority to enter into and perform its duties under the District Documents and, assuming the due authorization, execution and delivery of the District Documents by the other parties thereto, as applicable, the District Documents constitute legal, valid and binding obligations of the District that are enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors, remedies generally or the application of equitable principles when equitable remedies are sought, or except as rights of indemnity may be limited by principles of public policy;

(ii) the District's execution and delivery of the District Documents and the performance by the District of its obligations contained therein, and the District's execution and delivery of the Official Statement, will not and do not conflict with, or constitute a breach of or default under, the District's duties under the District Documents or, to the best of such counsel's knowledge, any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is subject or by which it is bound, which conflict, breach or default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents, including its obligation to pay principal of and interest on the Bonds, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iii) by official action of the District prior to the date hereof, the District has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement and has duly authorized and approved the execution and delivery of, and the performance by the District of its obligations contained in, the District Documents and the consummation by it of all other transactions on its part contemplated by this Contract of Purchase, which official action was taken at a meeting of the Board of Directors of the District that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and such official action is in full force and effect and has not been amended or repealed;

(iv) except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, filing with or certification by any regulatory authority that has jurisdiction over the District which is required for the execution and delivery of the District Documents, the issuance and sale of the Bonds or the consummation by the District of the other transactions contemplated by the Official Statement and this Contract of Purchase;

(v) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or governmental agency, public board or body pending or, to the best of such counsel's knowledge, threatened against the District affecting the existence of the District, challenging the title of any director of the District or the President of the Board of Directors of the District to their respective offices, seeking to prohibit, restrain or enjoin the issuance of the Bonds, the collection of the Revenues pledged pursuant to the Indenture or the pledge thereof, in any way contesting or affecting the validity or enforceability of the District Documents or the Bonds, in

any way contesting the powers of the District or its authority to enter into or perform its obligations under any of the foregoing, contesting in any way the completeness, accuracy or fairness of the Official Statement, or in which a final adverse decision could materially adversely affect the operations or financial condition of the District or the ability of the District to perform its obligations under the District Documents;

(vi) to the best of such counsel's knowledge, the District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States, any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents, including its obligation to pay principal of and interest on the Bonds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which default or event of default could have a material adverse effect upon the District's ability to perform its obligations under the District Documents; and

(vii) the information contained in the Preliminary Official Statement under the caption "LITIGATION" as of its date was, and in the Official Statement under the caption "LITIGATION" is, true and correct in all material respects, and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) An opinion of counsel to the Trustee, dated the date of Closing addressed to the District and the Underwriter, in the form and substance satisfactory to Bond Counsel, the Underwriter and counsel to the Underwriter.

(5) The opinion of Kutak Rock LLP, counsel for the Underwriter, dated the date of Closing and addressed to the Underwriter, substantially to the effect that:

(i) the Bonds are exempt from registration pursuant to the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(ii) the provisions of the Continuing Disclosure Certificate comply with the requirements of Section (b)(5)(i) of Rule 15c2-12 to provide certain annual financial information and event notices to various information repositories at the times and as required by Rule 15c2-12; and

(iii) based upon an examination that they have made, and without having undertaken to determine independently or assuming any responsibility for the accuracy or completeness or fairness of the statements contained in the Official Statement, as a matter of fact and not opinion, such counsel advises that, during the course of representation of the Underwriter on the matter, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation that caused such counsel to believe that the Official Statement as of its date and as of the Closing (except for: (I) the expressions of opinion, the assumptions, the projections, the financial statements, or other financial, numerical, economic, demographic or statistical data contained in the Official Statement; (II) any CUSIP numbers or information relating thereto; (III) any information contained in Appendices B through F to the Official Statement; (IV)

any information with respect to DTC and DTC's book-entry system; (V) any information incorporated by reference into the Official Statement; (VI) the District's compliance with its obligations to provide notice of the events described in part (b)(5)(i)(C) of Rule 15c2-12, or to file annual reports described in part (b)(5)(i)(A) of Rule 15c2-12; (VII) information with respect to the Bank; and (VIII) information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption "RATINGS") contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(6) A certificate, dated the date of Closing, signed by a duly authorized official of the District satisfactory in form and substance to the Underwriter and counsel to the Underwriter, to the effect that the representations and warranties made by the District in this Contract of Purchase are true and correct as of the date of Closing.

(7) A certificate, dated the date of Closing, signed by a duly authorized official of the Trustee satisfactory in form and substance to the Underwriter and counsel to the Underwriter, to the effect that:

(i) the Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America and has the full power and authority to enter into and perform its duties under the Indenture and to authenticate the Bonds thereunder;

(ii) the Trustee is duly authorized to enter into the Indenture and to authenticate the Bonds pursuant to the terms of the Indenture, and has duly executed and delivered the Indenture, and assuming due authorization and execution by the District, the Indenture is legal, valid and binding upon the Trustee, and enforceable against the Trustee in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws at the time in effect affecting the rights of creditors generally, and by the availability of equitable remedies;

(iii) the Trustee has duly authenticated the Bonds under the Indenture and delivered the Bonds to or upon the order of the Underwriter;

(iv) no consent, approval, authorization or other action by any governmental or regulatory authority that has jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the issuance of the Bonds or the consummation by the Trustee of its obligations under the Indenture;

(v) the execution and delivery by the Trustee of the Indenture, compliance with the terms thereof and the issuance of the Bonds will not and do not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Trustee is a party or by which it is bound, or, to the Trustee's knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body that has jurisdiction over the Trustee or any of its activities or properties, or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee; and

(vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Trustee, threatened against or affecting the existence of the Trustee or seeking to prohibit, restrain or enjoin the authentication of the Bonds, in any way contesting or affecting the validity or enforceability of the Indenture against the Trustee or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect the validity of the Bonds, the Indenture, or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby and by the Official Statement.

(8) Executed copies of each of the District Documents and the Letter of Credit.

(9) Copies of the Preliminary Official Statement and copies of the Official Statement, with the Official Statement executed on behalf of the District by an authorized representative of the District.

(10) Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the issuance of the Bonds and the Indenture.

(11) Copies of resolutions adopted by the District and certified by the Secretary of the District, authorizing or ratifying the execution and delivery of the District Documents and the approval of the Official Statement.

(12) Evidence satisfactory to the Underwriter that the Bonds have been assigned the ratings set forth in the Preliminary Official Statement and the Official Statement.

(13) Specimen Bonds.

(14) An executed Rule 15c2-12 certificate of the District, dated the date of the Preliminary Official Statement.

(15) Evidence of required filings with the California Debt and Investment Advisory Commission relating to the Bonds.

(16) A copy of the executed Blanket Issuer Letter of Representations by and between the District and DTC relating to the book-entry system.

(17) A report of a third party consultant named in the Official Statement with respect to the District's past compliance with continuing disclosure obligations under Rule 15c2-12.

(18) A Tax Certificate, dated the date of Closing, with respect to maintaining the tax-exempt status of the Bonds.

(19) An executed Internal Revenue Service Form 8038-G, dated the date of Closing.

(20) Evidence that the issuance of the Bonds is authorized by the District's Debt Management Policy.

(21) A certificate of the District demonstrating that the issuance of the Bonds is permissible under the District's additional Parity Obligations test.

(22) The letter of Stradling Yocca Carlson & Rauth LLP, as disclosure counsel to the District ("**Disclosure Counsel**") dated the Closing Date and addressed to the District and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement, but on the basis of their participation in conferences with representatives of the District, Bond Counsel, the District's Municipal Advisor, the Underwriter and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to: (i) the expressions of opinion, the assumptions, the projections, estimates and forecasts, the charts, the financial statements or other financial, numerical, economic, demographic or statistical data, assessed valuations or environmental matters contained in the Official Statement; (ii) any CUSIP numbers or information relating thereto; (iii) any information with respect to The Depository Trust Company and its book-entry system; (iv) any information contained in the appendices to the Preliminary Official Statement or the Official Statement; (v) any information incorporated by reference into the Preliminary Official Statement or the Official Statement; (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "UNDERWRITING"; and (vii) information under the captions "TAX MATTERS" and "LITIGATION").

(23) Evidence of the delivery by electronic means by the District to the Remarketing Agent of the Rule G-34 Documents (as such term is defined in the Remarketing Agreement) in the form described in the Remarketing Agreement.

(24) The documents that are required to be delivered under the Reimbursement Agreement.

(25) The opinion of Chapman and Cutler LLP, counsel to the Bank, dated the date of Closing and addressed to the Underwriter, in form and substance satisfactory to the Underwriter, as to: (a) the validity and enforceability of the Letter of Credit; and (b) the exemption of the Letter of Credit from the registration requirements under the Securities Act.

(26) A certificate of Bank, dated the date of Closing, in form and substance satisfactory to the Underwriter and counsel to the Underwriter to the effect that the information relating to Bank set forth in the Official Statement under the caption "[_____]" was and is true and correct in all material respects as of the date of the Official Statement and as of the date of Closing.

(27) A copy of the Blue Sky Survey with respect to the Bonds.

(28) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel and counsel for the Underwriter may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) All matters relating to the Bonds and the sale thereof, the District Documents and the consummation of the transactions contemplated by this Contract of Purchase shall have been approved by the Underwriter and counsel for the Underwriter, which approval shall not be unreasonably withheld.

If the conditions to the Underwriter's obligations contained in this Contract of Purchase are not satisfied or waived or if the Underwriter's obligations shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and the Underwriter shall have no further obligation hereunder.

6. The Underwriter shall have the right to cancel its obligations to purchase the Bonds if, between the date hereof and the Closing, regardless of whether any of the following statements of fact were in existence or known of on the date of this Contract of Purchase:

(a) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or California or by any legislation in or by the Congress of the United States or by the State of California, or the amendment of legislation pending as of the date of this Contract of Purchase in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation (whether or not then introduced) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee, or the presentment of legislation for the staff of either such Committee, or by the staff of the Joint Committee on taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or any release, announcement or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or state authority affecting the federal or state tax status of the District or of the interest on bonds or notes (including the Bonds);

(b) there shall exist any event which in the reasonable opinion of the Underwriter either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information that are contained therein not misleading in any material respect;

(c) there shall have occurred a declaration of war or any new outbreak of hostilities or other national or international calamity or crisis or the escalation of any such outbreak,

calamity or crisis, the effect of such outbreak, calamity, crisis or escalation on the financial markets of the United States being such that it, in the reasonable opinion of the Underwriter, materially adversely affects the market price or marketability of the Bonds;

(d) there shall be in force a general suspension of trading on the New York Stock Exchange or other minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or such other exchange, whether by virtue of a determination by that exchange or such other exchange or by orders of the Securities and Exchange Commission or any other governmental authority;

(e) a general banking moratorium shall have been declared by either federal, California or New York authorities having jurisdiction over such matters, which moratorium is in force;

(f) there shall be established any new restrictions on transactions in securities that materially affect the free market for securities (including the imposition of any limitations on interest rates) or the extension of credit by, or the charge to the net capital requirements of, underwriters established by the New York Stock Exchange or any other national securities exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order;

(g) an adverse event has occurred that affects the financial condition or operation of, the District which, in the opinion of the Underwriter, requires or has required a supplement or amendment to the Official Statement;

(h) any rating of the Bonds shall have been downgraded, placed on credit watch or withdrawn by a national rating service, which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds;

(i) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price or marketability of the Bonds;

(j) any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for the validity of the proceedings authorizing and approving the District Documents;

(k) the occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market;

(l) any change in or particularly affecting the District, the California Water District Law, the authorizing resolutions related to the Bonds, the District Documents or the Revenues, as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Underwriter materially impairs the investment quality of the Bonds;

(m) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect;

(n) any change or any development involving a prospective change in or affecting the business, properties or financial condition of the District, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur;

(o) any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the California Water District Law, the authorizing resolutions related to the Bonds, the District Documents or the existence or powers of the District with respect to its obligations under the District Documents; or

(p) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency that has jurisdiction of the subject matter shall be issued or made to the effect that the authentication, delivery, offering or sale of obligations of the general character of the Bonds, or the authentication, delivery, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act, or that the Indenture needs to be qualified under the Trust Indenture Act.

7. After the Closing: (a) the District will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing or which shall be disapproved by counsel for the Underwriter; and (b) if any event that relates to or affects the District shall occur as a result of which it is necessary, in the opinion of counsel to the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, subject to Section 6(b), the District will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact that is necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to an initial purchaser of the Bonds, not misleading. For the purposes of this section, the District will furnish such information with respect to itself as the Underwriter may from time to time request.

8. Whether or not the transactions contemplated by this Contract of Purchase are consummated, all expenses and costs of the District that are incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter, including, without limitation, the cost of printing or reproducing the Bonds, the District Documents, the Preliminary Official Statement and the Official Statement and all ancillary papers (in reasonable quantities), credit rating agency fees, Letter of Credit fees, advertising fees, the costs of obtaining

CUSIP numbers for the Bonds, the fees of the Trustee and its counsel, the fees and costs of the District's General Counsel, Bond Counsel, Disclosure Counsel, Municipal Advisor, any financial advisor and related services, shall be paid from the proceeds of the Bonds or other revenues of the District, and to the extent or in the event not so paid shall be paid by the District. The District shall pay for expenses (included in the expense component of the spread) incurred on behalf of the District's employees that are incidental to implementing this Contract of Purchase, including, but not limited to, meals, transportation, lodging and entertainment of those employees. All other expenses and costs of the Underwriter incurred under or pursuant to this Contract of Purchase, including, without limitation, the cost of preparing this Contract of Purchase and other Underwriter documents, travel expenses and the fees and expenses of counsel to the Underwriter, shall be paid by the Underwriter (which may be included as an expense component of the Underwriter's discount).

9. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Goldman Sachs & Co. LLC, 555 California Street, Floor 45, San Francisco, California 94104, Attention: Chris Higgins, telephone (415) 834-7976. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given the District under this Contract of Purchase may be given by delivering the same to the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California 92618, Attention: Executive Director of Finance.

10. This Contract of Purchase is made solely for the benefit of the District and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Contract of Purchase shall remain operative and in full force and effect and shall survive the delivery of and payment for the Bonds regardless of: (a) any investigation made by or on behalf of the Underwriter; (b) delivery of and payment for the Bonds hereunder; or (c) any termination of this Purchase Agreement, other than pursuant to Section 6 (and in all events the agreements of the District pursuant to Section 8 shall remain in full force and effect notwithstanding the termination of this Purchase Agreement under Section 6. The Underwriter may not assign this Contract of Purchase without the written consent of the District.

11. This Contract of Purchase may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

12. This Contract of Purchase constitutes the entire agreement among the parties hereby with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Contract of Purchase shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

13. This Contract of Purchase shall be governed by the laws of the State of New York, without regard to choice of law rules (other than New York General Obligations Laws Section 5-1401 and 5-1402); provided, however, that the obligations of the District shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

14.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar

certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Exhibit A, the District will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Contract of Purchase, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either: (i) the Underwriter has sold all Bonds of that maturity; or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

- (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter; and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter;

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below); and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to: (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer; and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The District acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on: (i) in the event that a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires; and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) **“public”** means any person other than an underwriter or a related party;

(ii) **“underwriter”** means: (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a **“related party”** to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) **“sale date”** means the date of execution of this Contract of Purchase by all parties.

GOLDMAN SACHS & CO. LLC

By: _____
Authorized Signatory

Accepted and Agreed to:

IRVINE RANCH WATER DISTRICT

By: _____
Executive Director of Finance

EXHIBIT A
MATURITY SCHEDULE

\$ _____
Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025B

<i>Maturity Date (May 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>10% Test Used</i>	<i>Hold-the- Offering- Price Use</i>
20__	\$	%	__%			

* Term Bond.

EXHIBIT B
FORM OF ISSUE PRICE CERTIFICATE

\$ _____
Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025B

The undersigned, on behalf of Goldman Sachs & Co. LLC (“GS”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “**Bonds**”).

1. ***Sale of the Bonds.*** As of the Sale Date, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective prices listed in Schedule I.

2. GS offered the Hold-the-Offering-Price Maturities, if any, to the Public for purchase at the respective initial offering prices listed in Schedule I (the “**Initial Offering Prices**”) on or before the Sale Date. A copy of the pricing wire or equivalent communication, if applicable, for the Bonds is attached to this certificate as Schedule II.

As set forth in the Contract of Purchase, dated July __, 2025, by and between the Issuer and GS, GS has agreed in writing that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule I hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds, if any, listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date (July __, 2025); or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Irvine Ranch Water District.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July __, 2025.

(h) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents GS’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Matters Certificate to which this certificate is included as an exhibit and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

GOLDMAN SACHS & CO. LLC

By: _____
Authorized Signatory

Dated: July __, 2025

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

Note: This page is intentionally left blank.

INDENTURE OF TRUST

by and between the

IRVINE RANCH WATER DISTRICT

and

U.S. Bank Trust Company, National Association,
as Trustee

Dated as of July 1, 2025

\$125,000,000

BONDS OF IRVINE RANCH WATER DISTRICT,
CONSOLIDATED REFUNDING SERIES 2025A

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of July 1, 2025 (this “Indenture”), by and between IRVINE RANCH WATER DISTRICT, a California water district (“IRWD” or the “District”), and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the District is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) to issue refunding notes or bonds for the purpose of refunding any evidence of indebtedness of the District;

WHEREAS, the Board of Directors of the District has determined that the prudent management of the fiscal affairs of the District and of the Improvement Districts requires that refunding bonds be issued to refund the Bonds of the Irvine Ranch Water District, Series 2010B (Federally Taxable – Build America Bonds) (the “Prior Bonds”) for the purposes of eliminating risk relating to the subsidy;

WHEREAS, the Board has evaluated the various factors associated with the issuance of the Bonds as consolidated bonds and has found that the sale of the Bonds of the Improvement Districts as consolidated bonds will not increase the cost that any Improvement District will pay for its bonds over the cost it would have paid had its bonds been sold separately;

WHEREAS, pursuant to Resolution No. 2025-XX adopted by the Board of Directors of IRWD (capitalized terms used herein and not otherwise defined shall have the meanings given such terms pursuant to Section 1.01) on _____, 2025, a copy of which is attached hereto as Exhibit A, the Board authorized the issuance of bonds of the Improvement Districts; and

WHEREAS, the Board of Directors of the District deems it proper that consolidated bonds be issued as Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A (the “Bonds”), constituting the consolidated several general obligations of the Improvement Districts, to refund the outstanding Prior Bonds pursuant to Sections 36060 et seq. and Sections 36447 et seq. of the California Water Code, and pursuant to Section 53541 of the California Government Code; and

WHEREAS, Section 36447.15 of the California Water Code authorizes the District to provide credit enhancement for its consolidated general obligation bonds for improvement districts by pledging and applying all or any part of its revenues to the payment or security of any or all of the principal, purchase price and redemption price of such consolidated general obligation bonds, and the interest thereon, in the manner and upon the terms that the Board deems advisable; and

WHEREAS, the Board has determined it is in the best interest of the District to pledge the Revenues to the payment of the Bonds on a parity with the pledge of Revenues securing Parity Obligations as provided in the Indenture; and

WHEREAS, the Board has adopted the criteria required by Section 36447.15 of the California Water Code to permit the pledge of Revenues to the payment of the Bonds as provided in the Indenture; and

WHEREAS, the Bonds shall constitute obligations of the District payable from the Net Revenues, and secured by a pledge of the Revenues, on a parity with the pledge of Revenues securing the Parity Obligations as well as the consolidated several general obligations of the Improvement Districts; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in the Indenture provided, the valid, binding and legal obligations of IRWD according to the import thereof, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That IRWD, in consideration of the premises, the acceptance by the Trustee of those trusts hereby created and established with the Trustee, the purchase and acceptance of the Bonds by the purchasers thereof and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on, all Bonds Outstanding hereunder from time to time (including Bank-Owned Bonds), according to their tenor and effect, and such other payments required to be made under the Indenture, and to secure the observance and performance by IRWD of all the covenants, expressed and implied herein and in the Bonds (including Bank-Owned Bonds) and the obligations owing to the Bank under the Reimbursement Agreement, does hereby grant, bargain, convey, assign, mortgage, pledge and grant a security interest unto the Trustee, and unto its successors in the trusts hereunder, and to them and their successors and assigns forever, in all right, title and interest of IRWD in, to and under, subject to the terms and conditions of the Indenture, the Trust Estate.

TO HAVE AND TO HOLD IN TRUST all of the same hereby pledged, conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors and assigns forever for the equal and ratable benefit of the registered owners from time to time of the Bonds authenticated hereunder and issued by IRWD and Outstanding and without any priority as to the Trust Estate of any one Bond over any other (except as expressly provided in or permitted by the Indenture), upon the trusts and subject to the covenants and conditions hereinafter set forth;

PROVIDED, HOWEVER, that if IRWD, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds issued and secured hereunder, the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in such Bonds, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon such final payments, this Indenture and the unvested rights hereby granted shall cease and terminate, otherwise this Indenture to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that, all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property hereby granted, bargained, conveyed, assigned, mortgaged and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and IRWD has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective registered owners, from time to time, of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

“Act” means the California Water District Law, Division 13 of the Water Code, as amended from time to time.

“Adjusted Interest Rate” means, with respect to the interest rate to be borne by the Bonds during any Adjustment Period, the annual interest rate determined on the applicable Rate Determination Date in accordance with Section 2.05 or 2.06 hereof.

“Adjustment Period” means the period of time that any Adjusted Interest Rate remains in effect, which period

- (a) with respect to the Daily Mode, shall be the period consisting of one day;
- (b) with respect to a Flexible Rate Bond or a Term Rate Bond, shall be the period from and including the Rate Determination Date for such Bond with respect to such Adjustment Period to and including the day preceding the following Rate Determination Date for such Bond as established by IRWD pursuant to Section 2.05 hereof; provided, however, that the day after the last day of any such Adjustment Period shall be a Business Day and each such Adjustment Period shall be at least one day;
- (c) with respect to the Weekly Mode, initially shall be the period from and including the first day that the Bonds become subject to the Weekly Mode to and including the following Wednesday and thereafter commencing on each Thursday to and including Wednesday of the following week;
- (d) with respect to the Monthly Mode, initially shall be the period from and including the first day that the Bonds become subject to the Monthly Mode to but not including the first day of the following calendar month and thereafter shall be the period from and including the

first day of each calendar month to but not including the first day of the following calendar month;

(e) with respect to the Semi-Annual Mode, initially shall be the period from and including the first day that the Bonds become subject to the Semi-Annual Mode to but not including the next May 1 or November 1, whichever first occurs, and thereafter shall be the period from and including such May 1 or November 1, as applicable, to but not including the next succeeding May 1 or November 1, whichever first occurs;

(f) with respect to the Annual Mode, initially shall be the period from and including the first day that the Bonds become subject to the Annual Mode to but not including the next May 1 or November 1, whichever last occurs and thereafter shall be the period from and including such May 1 or November 1, as applicable, to but not including the next succeeding May 1 or November 1, whichever last occurs;

(g) with respect to the Fixed Rate Mode, shall be the period from and including the Conversion Date to but not including the Maturity Date.

No Adjustment Period shall extend beyond the day preceding the Maturity Date.

“Aggregate Debt Service” means, for any period, the Debt Service on all Outstanding Parity Obligations during such period.

“Applicable Fiscal Year” means, with respect to the satisfaction of the requirements of Section 6.18 with respect to additional Parity Obligations, that Fiscal Year as to which the audited financial statements of the District are available and which immediately precedes that Fiscal Year selected by the District in which either the additional Parity Obligations are issued or the Board adopts the resolution authorizing the issuance of such Parity Obligations.

“Alternate Credit Facility” means an Alternate Letter of Credit or a District Credit Facility.

“Alternate Letter of Credit” means a letter of credit or other security or liquidity device issued in accordance with Section 4.04 hereof which shall have a term of not less than one year and shall have the same material terms as the Letter of Credit but shall not include a District Credit Facility.

“Alternate Rate” shall mean, on any Rate Determination Date, for any Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the S&P Weekly High Grade Index (formerly the J.J. Kenny Index), or if neither the SIFMA Municipal Swap Index nor the S&P Weekly High Grade Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be substantially similar under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. IRWD shall make

the determinations required by this determination if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

“Annual Mode” means the Mode in which the duration of the Adjustment Period is determined in accordance with clause (f) of the definition of Adjustment Period.

“Assessment Proceeds” means, with respect to any Improvement District: (i) *ad valorem* assessments on taxable land in such Improvement District levied pursuant to the Act; (ii) In Lieu Charges fixed and collected by the District within such Improvement District; and (iii) proceeds from the sale of property in such Improvement District for the enforcement of delinquent assessments pursuant to the Act.

“Authorized Denominations” means (i) with respect to the Flexible Rate Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to the Term Rate Mode and the Fixed Rate Mode, \$5,000 and any integral multiple thereof, and (iii) with respect to the Daily Mode, the Weekly Mode, the Monthly Mode, the Semi-Annual Mode and the Annual Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof.

“Bank” means Sumitomo Mitsui Banking Corporation, acting through its New York Branch, and its successors and assigns or the issuer of an Alternate Letter of Credit.

“Bank Interest Rate” means the interest rate payable on Bank-Owned Bonds as set forth in the Reimbursement Agreement, but not in excess of the rate determined pursuant to clause (i) of the definition of “Maximum Rate.”

“Bank-Owned Bonds” means any Bonds registered in the name of the Bank pursuant to Section 4.03(c) hereof.

“Board” means the Board of Directors of IRWD.

“Bond Counsel” means any firm of nationally recognized municipal bond attorneys selected by IRWD and experienced in the issuance of municipal bonds and the exclusion of the interest thereon from gross income for federal income tax purposes.

“Bond Depository” means a trust company or other financial institution which is registered as a “clearing agency” pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, or is otherwise qualified under applicable law to act as securities custodian for Bonds on behalf of the Participants and the beneficial owners of interests in such Bonds.

“Bond Payment Fund” means the fund so defined and created in Section 5.04 hereof.

“Bond Proceeds Fund” means the fund established by the Trustee to accept the proceeds of the sale of the Bonds from the initial purchaser thereof.

“Bond Register” means books for the registration of the ownership, transfer or exchange of the Bonds required to be kept by the Paying Agent at its principal corporate trust office pursuant to the provisions of Section 2.12 hereof.

“Bonds” means the \$125,000,000 principal amount of bonds issued pursuant hereto that are authenticated and delivered by the Trustee or the Paying Agent under and pursuant to Article II hereof, including any bonds issued in exchange or in lieu thereof.

“Business Day” means a day that is not a Saturday or Sunday or a day on which the Trustee, the Paying Agent, the Remarketing Agent, the Bank or banks or trust companies in New York, New York, or in Los Angeles, California, or the city in which the office of the Bank where drawings under the Letter of Credit are to be made, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

“Cede & Co.” means Cede & Co., the nominee of DTC as Bond Depository for any Bonds, and any successor nominee of DTC as such Bond Depository.

“Change in Mode” means any change pursuant to Section 2.08 hereof from one Mode to another Mode.

“Closing Date” means July __, 2025.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated July __, 2025, executed by IRWD in connection with the Bonds pursuant to Rule 15c2-12, as the same may be amended and supplemented from time to time.

“Conversion Date” means the date on which the Bonds begin to bear interest at a Fixed Interest Rate.

“Costs of Issuance Fund” means the fund so defined and created in Section 5.06 hereof.

“Credit Support Agreement” means, with respect to any Credit Support Instrument, the agreement or agreements (which may be the Credit Support Instrument itself) between the District and the obligor under such Credit Support Instrument, as originally executed or as it may from time to time be replaced, supplemented or amended, providing for the reimbursement of payments under such Credit Support Instrument, and the interest thereon, and includes any subsequent agreement pursuant to which a substitute Credit Support Instrument is provided, together with any related pledge agreement, security agreement or other security document.

“Credit Support Instrument” means any of: (i) a policy of insurance, a letter of credit, a line of credit, a standby purchase agreement, revolving credit agreement or other credit arrangement providing credit or liquidity support with respect to the payment of interest, principal or purchase price of any Parity Obligations; (ii) a Prior Reimbursement Agreement; or (iii) a policy of insurance, a letter of credit, a line of credit, a standby bond purchase agreement or other credit arrangement, providing credit or liquidity support with respect to the payment of interest, principal or purchase price of any General Obligation Bonds.

“Daily Mode” means the Mode in which the duration of each Adjustment Period is determined in accordance with clause (a) of the definition of Adjustment Period.

“Debt Service” means, for purposes of Section 6.17 and Section 6.18 with respect to any Outstanding Parity Obligations, and for purposes of Section 6.18 with respect to any additional Parity Obligations to be issued, and for any Fiscal Year, the sum of: (i) the interest on such Parity Obligations payable during such Fiscal Year (except to the extent that such interest is capitalized); (ii) the principal of such Parity Obligations maturing (including by declared acceleration of maturity) during such Fiscal Year; and (iii) the principal of and premium, if any, of such Parity Obligations coming due during such Fiscal Year by virtue of the mandatory redemption or prepayment of such Parity Obligations whether from mandatory sinking fund account payments or otherwise;

but minus the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for such Parity Obligations;

provided that, as to any such Parity Obligations (other than Credit Support Instruments) bearing or comprising interest at other than a fixed rate, for purposes of calculating Debt Service on such Parity Obligations, such Parity Obligations shall be assumed to bear interest at a fixed rate equal to SIFMA as of any date selected by the District which is within 30 days of the date of calculation;

and provided further that, as to any such Parity Obligation relating to an advance under a Credit Support Instrument and bearing or comprising interest at other than a fixed rate, for purposes of calculating Debt Service on such Parity Obligation, such Parity Obligation shall be assumed to bear interest at a fixed rate equal to the rate applicable to such advance as of the date of calculation;

and provided further that if any such series or issue of Parity Obligations has twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one Fiscal Year and such principal is not considered Excluded Principal, Debt Service on such Parity Obligations shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of Parity Obligations were being paid from the date of calculation thereof (based on the market rate and conditions) in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation;

and provided further that, as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service;

and provided further that if interest on such Parity Obligations is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009), or any future similar program, then interest payments with respect to such Parity Obligations shall be excluded by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America;

and provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Parity Obligations for which such debt service reserve fund was established and in each preceding year until such amount is exhausted;

“District Credit Facility” means a written agreement between IRWD and the Trustee satisfying the requirements of Section 4.07.

“District Purchase Account” means the account so defined and created in Section 4.06.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns. References herein to DTC shall include any nominee of DTC in whose name any Bonds are then registered.

“Electronic Notice” means notice through internet, e-mail or other electronic means of communication.

“Eligible Account” means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a S&P short-term debt rating of at least “A-1” (or, if no short-term debt rating applies, a long-term debt rating of “BBB+”) or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution or trust company subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulations Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

“Enhancement Drop Date” means (i) when a Letter of Credit or an Alternate Letter of Credit is in effect, the date on which the District exercises its right not to maintain a Letter of Credit or an Alternate Letter of Credit pursuant to Section 4.04(f) of this Indenture or (ii) when a District Credit Facility is in effect, the date on which the District exercises its right not to maintain a District Credit Facility pursuant to Section 4.07(f) of this Indenture.

“Event of Default” means any occurrence or event specified in and defined by Section 7.01 hereof.

“Excluded Principal” means each payment of principal of any Outstanding Parity Obligations: (1) which is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 60 months on the day of calculation; and (2) for which a certificate of an IRWD Representative has been or will be prepared to the effect that the District intends to pay such principal from the proceeds of Parity Obligations or other bonds, notes or other obligations or moneys other than Revenues. No such determination shall affect the security for such Parity Obligations or the obligation of the District to pay such Parity Obligation from the sources set forth in the applicable resolution or contract. For the avoidance of doubt, “Excluded Principal” shall not include any obligations under any Prior Reimbursement Agreement or any other reimbursement agreements relating to credit support or a letter of credit supporting any Parity Obligations.

“Expiration Date” means: (i) with respect to a Letter of Credit, the stated expiration date of the Letter of Credit, as it may be extended from time to time as provided in the Letter of

Credit, or any earlier date on which the Letter of Credit shall terminate, expire or be cancelled; and (ii) with respect to a District Credit Facility, the stated expiration date of the District Credit Facility, as it may be extended from time to time as provided in the District Credit Facility, or any earlier date on which the District Credit Facility shall terminate, expire or be cancelled.

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel to the effect that such action is permitted under the Act and this Indenture, complies with this Indenture and will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Bonds from personal income taxation under the laws of the State (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

“FINRA” means the Financial Industry Regulatory Authority, its successors and assigns.

“Fitch” means Fitch Ratings, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then “Fitch” shall be deemed to refer to any other nationally recognized municipal securities rating agency rating the Bonds at the request of IRWD.

“Fixed Interest Rate” means, with respect to a Bond, the rate to be borne by such Bond on and after the Conversion Date, which rate shall be determined in accordance with Section 2.06 hereof.

“Fixed Rate Bonds” means the Bonds during the Fixed Rate Mode.

“Fixed Rate Mode” means the Mode in which the duration of the Adjustment Period is determined in accordance with clause (g) of the definition of Adjustment Period.

“Fixed Rate Reserve Account” means the account so defined and created in Section 5.09 hereof.

“Fixed Rate Reserve Requirement” means the amount, if any, to be maintained in the Fixed Rate Reserve Account from and after the Conversion Date, as specified in the Fixed Rate Terms Certificate.

“Fixed Rate Terms Certificate” means the certificate delivered by IRWD to the Trustee in connection with a conversion of the Bonds to the Fixed Rate Mode in accordance with Section 2.08 hereof.

“Flexible Rate” means the Adjusted Interest Rate for a Flexible Rate Bond for the applicable Adjustment Period determined pursuant to Section 2.05 hereof.

“Flexible Rate Bonds” means the Bonds during the Flexible Rate Mode.

“Flexible Rate Mode” means the Mode in which the duration of each Adjustment Period is determined in accordance with clause (b) of the definition of Adjustment Period and each such Adjustment Period is equal to or less than one year.

“Funds” shall mean, collectively, the Purchase Fund, the General Obligation Bond Fund, the Bond Payment Fund, the Interest Reserve Fund, the Costs of Issuance Fund and the Rebate Fund created pursuant hereto.

“General Obligation Bond Fund” means the fund so defined and created in Section 6.02 hereof.

“General Obligation Bonds” means bonds issued by IRWD pursuant to the Act and payable from *ad valorem* assessments.

“Generally Accepted Accounting Principles” means accounting principles generally accepted in the United States and applied on a consistent basis set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants applicable to a government-owned utility applying all statements and interpretations issued by the Governmental Accounting Standards Board and statements and pronouncements of the Financial Accounting Standards Board which are not in conflict with the statements and interpretations issued by the Governmental Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

“Government Code” means the California Government Code, as amended.

“Government Contracts” means, collectively: (i) Agreement No. 7-805-550-0, the Loan Contract, dated February 1, 1988, between the State Water Resources Control Board and the District under the Water Reclamation Loan Program, Clean Water Bond Act of 1984, as amended and supplemented; (ii) Loan Contract No. 0-804-550-0, Water Reclamation Loan Program, Clean Water Bond Act of 1984, Loan Contract, dated June 1, 1990, between the State Water Resources Control Board and the District, as amended and supplemented and (iii) the 1996 Amended and Restated Allen-McColloch Pipeline Sublease, dated as of March 1, 1996, by and between the Municipal Water District of Orange County and the Los Alisos Water District (with respect to whose rights and obligations the District is the legal successor).

“Government Obligations” means and includes any of the following securities, if and to the extent the same are non-callable and not subject to redemption at the option of the issuer, at the time legal for investment of IRWD’s funds, as determined by IRWD: direct obligations of, or obligations the full and timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and including a receipt, certificate or any other evidence of a direct ownership interest in future payments of an obligation of, or fully and unconditionally guaranteed by, the United States of America, or in specified portions thereof held by a custodian in safekeeping for the holders of such receipt, certificate or any other evidence of ownership (which may consist of specified portions of interest thereon) which is rated or assessed in the highest rating category of each Rating Agency, but excluding any share or interest in any unitary investment trust or mutual fund unless such unitary investment trust or mutual fund is rated or assessed in the highest rating category of each Rating Agency.

“Improvement Districts” means Improvement District No. 112, Improvement District No. 113, Improvement District No. 125, Improvement District No. 188, Improvement District No. 212, and Improvement District No. 225 of IRWD.

“Included Amount” for an Improvement District and as of any time means the principal amount of Outstanding Bonds then allocable to such Improvement District. The Included Amounts are initially as set forth in Section 2.01 hereof and may be adjusted according to the terms hereof.

“Included Percentage” means, with respect to an Improvement District and as of any time, a fraction (i) the numerator of which is equal to the Included Amount for such Improvement District and (ii) the denominator of which is equal to the par value of all Outstanding Bonds, calculated to the fourth decimal place; provided, however, that on any date, the total of the Included Percentages for all Improvement Districts having Included Amounts of Outstanding Bonds on such date shall equal 100%. The Included Percentages are initially as set forth in Section 2.01 hereof and may be adjusted according to the terms hereof.

“Indenture” means this Indenture of Trust, dated as of July 1, 2025, by and between IRWD and the Trustee, as it may from time to time be supplemented or amended pursuant to the provisions hereof.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the District, and who, or each of whom:

(A) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the District;

(B) does not have a substantial financial interest, direct or indirect, in the operations of the District; and

(C) is not connected with the District as a director, officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Independent Financial Consultant” means a financial consultant or firm of such consultants appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; and (3) is not connected with the District as an officer or employee thereof, but who may be regularly retained to make reports thereto.

“In Lieu Charges” means water, sewer and reclaimed water charges, as applicable, which in the discretion of the Board of Directors of the District are fixed and collected in an Improvement District in lieu of *ad valorem* assessments pursuant to Sections 36425 and 35975 of the Act.

“Interest Account” means the account so defined and created in Section 5.04 hereof.

“Interest Payment Date” means (i) with respect to each Bond in the Flexible Rate Mode, the first day of the next succeeding Adjustment Period for such Bond, (ii) with respect to each Bond in the Term Rate Mode, each May 1 and November 1 during the applicable Adjustment Period for such Bond and the first day of the next succeeding Adjustment Period for such Bond, (iii) with respect to the Daily Mode, the Weekly Mode and the Monthly Mode, the first Business Day of each calendar month, and (iv) with respect to the Semi-Annual Mode, the Annual Mode and the Fixed Rate Mode, each May 1 and November 1.

“Interest Reserve Fund” means the fund so defined and created in Section 5.05 hereof.

“Interest Reserve Fund Requirement” means, on any date, an amount equal to the interest that would have accrued at the Maximum Rate during a period of 35 days ending on such date on the aggregate principal amount of Bonds then in the Flexible Rate Mode or Term Rate Mode.

“Investment Income” means the net income and net earnings of the District from the investment of its money, including without limitation investments in securities and in real estate (whether by mortgage, ownership, through interests in partnerships or joint ventures, or otherwise).

“IRWD” or the **“District”** means Irvine Ranch Water District, a California water district.

“IRWD Representative” means each of the President of the Board, the General Manager, the Executive Director of Finance and Administration, and the Treasurer of IRWD, and any other person at the time designated to act on behalf of IRWD for purposes of the Indenture by the Board.

“Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Bank contemporaneously with the original delivery of the Bonds to support the payment of principal and Purchase Price of, and interest on, the Bonds, except that upon the issuance of an Alternate Letter of Credit in accordance with Section 4.04 hereof such term shall mean such Alternate Letter of Credit.

“Letter of Credit Account” means the account so defined and created in Section 5.04 hereof.

“Letter of Credit Interest Amount” means the amount of the Letter of Credit which may be drawn upon to pay interest on the Bonds, which (i) during the Daily Mode and the Weekly Mode shall be an amount equal to the interest to accrue on the Outstanding Bonds over a 34 day period in such Modes calculated at the Maximum Rate on the basis of a 365-day year for the actual number of days elapsed, and (ii) during any other Mode shall be an amount acceptable to the Rating Agencies as evidenced by Rating Confirmation Notices delivered to the Trustee.

“Letter of Credit Purchase Account” means the account so defined and created in Section 4.06 hereof.

“Long-Term Mode” means the Fixed Rate Mode and the Term Rate Mode.

“Mandatory Purchase Date” means: (i) with respect to Flexible Rate Bonds and Term Rate Bonds, the first Business Day following the end of each Adjustment Period applicable to such Bonds, (ii) the date of any Change in Mode (other than a Change in Mode from the Daily Mode to the Weekly Mode and vice versa), (iii) any Substitution Date, (iv) the fifth Business Day prior to the Expiration Date, (v) unless the principal of and accrued interest on the Outstanding Bonds are declared to be due and payable immediately pursuant to Section 7.02, a date which shall be the eight day (or if such day is not a Business Day, the next succeeding Business Day) after the Trustee’s receipt of written notice from the Bank that the Bank is terminating the Letter of Credit by reason of occurrence of an event of default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Bonds, (vi) when a Letter of Credit or Alternate Letter of Credit is in effect, the Enhancement Drop Date, and (vii) when a District Credit Facility is in effect, the Enhancement Drop Date.

“Maturity Date” means _____ 1, 20__.

“Maximum Rate” means the lesser of (i) the maximum rate permitted on that day for the Bonds by Section 53541 of the California Government Code or any other applicable provisions of law, except as permitted by Section 36447.10 of the Water Code, or (ii) the rate used to calculate the size of the portion of the Letter of Credit which is available to be drawn upon for the payment of interest on the Bonds, which shall initially be 12%; provided, however, that, if no Letter of Credit is then in effect, the Maximum Rate shall be the rate determined pursuant to clause (i) of this definition.

“Mode” means the Flexible Rate Mode, the Term Rate Mode, the Daily Mode, the Weekly Mode, the Monthly Mode, the Semi-Annual Mode, the Annual Mode or the Fixed Rate Mode.

“Monthly Mode” means the Mode in which the duration of the Adjustment Period is determined in accordance with clause (d) of the definition of Adjustment Period.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by IRWD and approved by the Bank (which shall not be under any liability by reason of such approval).

“Net Revenues” means, for any period of time, the Revenues for such period less the Operation and Maintenance Expenses for such period.

“Notice Parties” means IRWD, the Trustee, the Remarketing Agent, the Paying Agent and the Bank.

“Notice of Change in Mode” means the notice required to be delivered by IRWD to the other Notice Parties prior to any Change in Mode pursuant to Section 2.08 hereof.

“OCC” means the Office of the Comptroller of the Currency of the United States Department of the Treasury.

“Operating Systems” mean all property and rights in property owned by the District, and used by the District in providing water, sewer, surface runoff and/or reclaimed water services and any other utilities and services which the District may provide, including all facilities included in its water, sewer and reclaimed water systems, rights to water and capacity and other rights or interests in water production, transmission, treatment and disposal facilities, as now existing or hereafter acquired or constructed and as the same may be modified and expanded, including all replacements thereof and improvements thereto.

“Operation and Maintenance Expenses” mean the costs and expenses paid or incurred by the District for operating and maintaining the Operating Systems including, but not limited to: (a) all costs of water generated or purchased by the District for resale; (b) all costs and expenses of providing services and commodities through or with the Operating Systems; (c) all costs and expenses of management of the Operating Systems; (d) all costs and expenses of maintenance and repair of, and other expenses necessary or appropriate in the judgment of the District to maintain and preserve, any of the Operating Systems in good repair and working order; (e) all administrative and general expenses, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, retirement benefits and health care benefits; (f) all deposits to be made to a contingency reserve for Operation and Maintenance Expenses; (g) all deposits to be made to a rebate fund established with respect to Parity Obligations to provide for any rebate to the United States required to maintain the tax-exempt status of interest on such Parity Obligations; (h) any cost or expense paid or incurred by the District to comply with requirements of law applicable to any of the Operating Systems or the ownership or operation thereof or any activity in connection therewith; and (i) any other cost or expense which, in accordance with Generally Accepted Accounting Principles, is to be treated as an expense of operating or maintaining any of the Operating Systems; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, and amortization of intangibles.

“Opinion of Counsel” means a written opinion of Bond Counsel.

“Other 2025 Bonds” means the Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B.

“Outstanding,” when used as of a particular time with reference to Bonds, means (subject to the provisions of Section 9.02 hereof) all Bonds delivered hereunder except --

(i) Bonds cancelled by the Trustee or the Paying Agent or surrendered to the Trustee or the Paying Agent for cancellation;

(ii) Bonds paid or deemed to have been paid within the meaning of Section 10.02 hereof; and

(iii) Bonds in lieu of or in substitution for which replacement Bonds shall have been executed by IRWD and delivered by the Trustee or the Paying Agent hereunder.

Notwithstanding the foregoing, Bonds registered in the name of the Bank or its nominee pursuant to Section 4.03(c) hereof shall remain Outstanding in the hands of the Bank until the Bank is paid all amounts due on such Bonds. Furthermore, Bonds, the principal of which was

paid with a draw on the Letter of Credit, which draw has not been reimbursed, shall remain Outstanding until the Bank is reimbursed in full for such draw.

“Owner” means the registered owner of a Bond, including the Bond Depository for the Bonds, if any, or its nominee.

“Parity Obligations” means: (i) the Bonds; (ii) the Other 2025 Bonds; (iii) the Prior Reimbursement Agreements; (iv) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1; (v) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2; (vi) the Bonds of Irvine Ranch Water District Series 2016; (vii) the Installment Sale Agreement, dated as of September 1, 2016, among the District, the Irvine Ranch Water District Water Service Corporation and U.S. Bank Trust Company, National Association, as successor trustee; and (viii) any other obligations of IRWD that are payable from Net Revenues on a parity with the Parity Obligations and issued in accordance with Section 6.18.

“Participant” means an entity which is recognized as a participant in the book-entry system of maintaining records with respect to the Bonds by the Bond Depository.

“Paying Agent” means the Trustee, or any other commercial bank or trust company which may be substituted in its place as provided in Section 8.07 hereof.

“Permitted Investments” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of IRWD’s funds, as determined by IRWD:

- (i) Government Obligations;
- (ii) Bonds, debentures, notes, participation certificates or other evidences of indebtedness issued, or the principal of and interest on which are unconditionally guaranteed, by the Federal National Mortgage Association, the Bank for Cooperatives, or the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Federal Land Banks, the Government National Mortgage Association or any other agency or instrumentality of or corporation wholly owned by the United States of America when such obligations are backed by the full faith and credit of the United States of America;
- (iii) Obligations of any state of the United States of America or any political subdivision thereof, which at the time of investment are rated “A1/P-1” or higher by Moody’s and “A+” or higher by S&P or Fitch; or which are rated by Moody’s “VMIG 1” or better and by S&P “A-1” or better and by Fitch “F1” or better, with respect to commercial paper, or “MIG 1,” “SP-1+” or “F1+,” respectively, with respect to municipal notes;
- (iv) Bank time deposits evidenced by certificates of deposit (including those placed by a third party pursuant to an agreement between the District and the Trustee), other deposit products, demand deposits, time deposits, trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest bearing money market accounts, and bankers’ acceptances, issued by any bank, trust company or national banking association (including the Trustee or any of its affiliates) insured by the Federal Deposit Insurance Corporation or the Securities Investors Protection Corp.; provided (a) (1) that such bank, trust company, or national banking association

is rated “A1/P-1” or better by Moody’s and “A+” or better by S&P or Fitch, or else that all of the securities acquired pursuant to this subsection (iv) are for amounts of \$100,000 or less, and with maturities of no longer than 365 days; and, (2) that (x) the aggregate of such bank time deposits and bankers’ acceptances issued by any bank, trust company or banking association does not exceed at any one time 10% of the aggregate of the capital stock, surplus and undivided profits of such bank, trust company or banking association and that such capital stock, surplus and undivided profits shall not be less than \$25,000,000, or else that (y) such deposits are fully and continuously secured by a valid and perfected prior security interest in obligations described in paragraph (i) or (ii) of this definition or (b) such investments are insured by the Federal Deposit Insurance Corporation;

(v) Repurchase or reverse repurchase agreements with any bank, trust company or national banking association (including the Trustee or any of its affiliates) insured by the Federal Deposit Insurance Corporation or the Securities Investors Protection Corp.; provided that such bank, trust company or national banking association is rated “A1” or better by Moody’s and “A+” or better by S&P or Fitch, or with any government bond dealer recognized as a primary dealer by the Federal Reserve Bank of New York, which agreements are fully and continuously secured by a valid and perfected priority security interest in obligations described in paragraph (i) or (ii) of this definition;

(vi) Investment agreements with any corporation, including banking or financial institutions, the long-term corporate debt of which is rated, at the time of investment, “A1” or better by Moody’s and “A+” or better by S&P or Fitch;

(vii) Guaranteed investment contracts or similar funding agreements issued by insurance companies, the long-term corporate debt of which, at the time of investment, is rated “A1” or better by Moody’s and “A+” or better by S&P or Fitch;

(viii) Corporate commercial paper rated “MIG 1” or better by Moody’s and “A-1” or better by S&P and “F1” or better by Fitch at the time of investment;

(ix) Shares or interests in taxable government money market portfolios (including any money market mutual funds of the Trustee) restricted to obligations with maturities of one year or less issued by, or the payment of principal and interest with respect to which is guaranteed by, the United States of America, and which are rated “Aa” or better by Moody’s and “AAm” or better by S&P or Fitch at the time of investment;

(x) Interests in money mutual market portfolios, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee receive and retain a fee for services provided to the fund, which services include investment advisory, transfer agency, custodial, or other management services, exempt from federal income taxation and having assets in excess of \$1,000,000,000;

(xi) Investments in the Local Agency Investment Fund created pursuant to Section 16429.1 of the Government Code; and

(xii) Any other investment that is legal for the investment of the District’s funds or, to the extent that any moneys hereunder are held by the Trustee or a fiscal agent and pledged to the

payment or security of the Bonds, any other investments which the District deems to be prudent investments and in which the District directs the Trustee or fiscal agent to invest, provided that such investments are either: (i) rated “A”/“A” or better, by at least two of S&P, Fitch and Moody’s at the time of such investment; or (ii) are issued by an entity the corporate debt of which is rated “A”/“A” or better, by at least two of S&P, Fitch and Moody’s; or (iii) are issued by an insurance company with a claims paying rating of “Aa” or better by Moody’s.

“Principal Account” means the account so defined and created in Section 5.04 hereof.

“Principal Payment Date” means, prior to and on the Conversion Date, May 1 of each of the years specified in Section 3.01(a) hereof and, after the Conversion Date, May 1 of each year from the year next succeeding the year containing the last Serial Maturity Date, as determined in accordance with Section 2.08 hereof through the Maturity Date, inclusive.

“Prior Bonds” means the Bonds of Irvine Ranch Water District, Series 2010B (Federally Taxable - Build America Bonds) issued pursuant to the Prior Indenture.

“Prior Indenture” means the Indenture of Trust, dated as of December 1, 2010, by and between IRWD and the Prior Trustee.

“Prior Installment Contract” means the Agreement for Acquisition and Construction, dated as of November 1, 1990, by and among County Sanitation District No. 1 of Orange County, California, County Sanitation District No. 2 of Orange County, California, County Sanitation District No. 3 of Orange County, California, County Sanitation District No. 5 of Orange County, California, County Sanitation District No. 6 of Orange County, California, County Sanitation District No. 7 of Orange County, California, County Sanitation District No. 11 of Orange County, California, County Sanitation District No. 13 of Orange County, California, County Sanitation District No. 14 of Orange County, California, as amended and supplemented.

“Prior Reimbursement Agreements” means collectively: (i) the Reimbursement Agreement, dated as of April 1, 2011, between IRWD and Sumitomo Mitsui Banking Corporation, as amended and supplemented (relating to IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2008A); (ii) the Reimbursement Agreement, dated as of April 1, 2025, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009A); (iii) the Amended and Restated Reimbursement Agreements, dated as of April 1, 2011, between IRWD and Bank of America, N.A., as amended and supplemented (relating to the IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009B); (iv) the Reimbursement Agreement, dated as of February 1, 2024, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Refunding Series 2011A-1); and (v) the Reimbursement Agreement, dated as of February 1, 2024, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Refunding Series 2011A-2).

“Prior Trustee” means U.S. Bank Trust Company, National Association, as trustee.

“Purchase Date” means (i) during the Daily Mode and the Weekly Mode, any Business Day (provided that with respect to the Weekly Mode, the Tender Notice has been delivered by

the Tender Deadline), and (ii) during the Monthly Mode, the Semi-Annual Mode and the Annual Mode, the first Business Day following the end of the applicable Adjustment Period.

“Purchase Fund” means the fund so defined and created in Section 4.06 hereof.

“Purchase Price” means with respect to any Bonds to be purchased on any Purchase Date or Mandatory Purchase Date, an amount equal to 100% of the principal amount of any Bonds purchased on such Purchase Date or Mandatory Purchase Date, plus accrued interest, if any, to such Purchase Date or Mandatory Purchase Date.

“Rate Determination Date” means, with respect to any Adjusted Interest Rate for any Adjustment Period, the date on which such Adjusted Interest Rate shall be determined, which, (i) in the case of the Flexible Rate Mode and the Term Rate Mode, shall be the first day of such Adjustment Period, (ii) in the case of the Daily Mode shall be each Business Day, (iii) in the case of the Weekly Mode, shall be each Wednesday or, if Wednesday is not a Business Day, the next succeeding day, or if such day is not a Business Day, then the Business Day next preceding such Wednesday, (iv) in the case of the Monthly Mode, the Semi-Annual Mode or the Annual Mode, shall be the Business Day prior to the first day of such Adjustment Period and (v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day but no more than 10 Business Days prior to the first day of such Adjustment Period.

“Rating Agency” means Fitch and S&P, to the extent each such entity is then rating the Bonds, and any other nationally recognized rating agency then rating the Bonds at the request of IRWD.

“Rating Confirmation Notice” means a notice from each Rating Agency confirming that the rating on the Bonds will not be lowered or withdrawn as a result of the action proposed to be taken.

“Rebate Fund” means the fund so defined and created in Section 6.04 hereof.

“Rebate Requirement” means the Rebate Requirement as defined in the Tax Certificate.

“Record Date” means (i) with respect to Flexible Rate Bonds and Term Rate Bonds if the Interest Payment Date is a Purchase Date or a Mandatory Purchase Date, at 5:00 p.m. on the day prior to such Interest Payment Date, (ii) with respect to Flexible Rate Bonds and Term Rate Bonds if the Interest Payment Date is an May 1 or November 1 which is not a Purchase Date or Mandatory Purchase Date, at 5:00 p.m. on the 15th day of the calendar month preceding such Interest Payment Date, (iii) with respect to Bonds in the Daily Mode, the Weekly Mode, the Monthly Mode, or with respect to Flexible Rate Bonds, Term Rate Bonds if the Interest Payment Date is a Purchase Date or a Mandatory Purchase Date, at 5:00 p.m. on the day prior to each Interest Payment Date, and (iv) with respect to Bonds in the Semi-Annual Mode, the Annual Mode or the Fixed Rate Mode, at 5:00 p.m. on the 15th day of the calendar month preceding each Interest Payment Date.

“Redemption Account” means the account so defined and created in Section 5.04 hereof.

“Redemption Date” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

“Refunding Law” means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code, as amended from time to time.

“Refunding Test Period” means, with respect to the issuance of additional Parity Obligations pursuant to Section 6.18(b) for refunding purposes, each Fiscal Year from and including the Fiscal Year in which such additional Parity Obligations are to be issued to and including the latest Fiscal Year in which Debt Service is payable on the Parity Obligations Outstanding immediately prior to the issuance of such additional Parity Obligations.

“Reimbursement Agreement” means that certain Reimbursement Agreement, dated as of July 1, 2025, by and between the Bank and IRWD as the same may be amended, modified or supplemented from time to time or, if an Alternate Letter of Credit has been issued, the reimbursement agreement, or corresponding agreement, if any, executed and delivered in connection with such Alternate Letter of Credit.

“Remarketing Agent” means BofA Securities, Inc., or any other investment banking firm which may at any time be substituted in its place as provided in Section 8.06 hereof.

“Remarketing Agreement” means that certain Remarketing Agreement relating to the Bonds, dated as of July 1, 2025, by and between IRWD and the initial Remarketing Agent or any similar agreement between IRWD and any successor Remarketing Agent.

“Remarketing Proceeds Account” means the account so defined and created in Section 4.06 hereof.

“Representation Letter” means the letter from IRWD and the Trustee to, or other instrument or agreement among IRWD and the Trustee with, the then current Bond Depository for the Bonds in which IRWD and the Trustee, among other things, make certain representations to, and agreements with, such Bond Depository with respect to the Bonds, the purchase and payment thereof, and delivery of notices with respect thereto.

“Reserve Account” means the account so defined and created in Section 5.08 hereof.

“Reserve Account Terms Certificate” means the certificate delivered by IRWD to the Trustee in connection with IRWD’s election to fund the Reserve Account.

“Reserve Requirement” means the amount, if any, to be maintained in the Reserve Account upon the election of IRWD to fund the Reserve Account, as specified in the Reserve Account Terms Certificate.

“Revenues” mean all Utility Rates and Charges and other revenues of the District, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with the District’s share of the Orange County, California one percent *ad valorem* property tax (to the extent not applied by

the District to pay principal of and interest on Secured Bonds) and Investment Income; but excluding in all cases: (i) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes or *ad valorem* assessments restricted by law to be used by the District to pay bonds issued by the District, and the proceeds of any actions to enforce delinquent *ad valorem* assessments; and (iii) In Lieu Charges.

“Resolution” means Resolution No. 2025-__ of the Board of Directors of IRWD, adopted on _____, 2025.

“Rule 15c2-12” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may from time to time be amended and supplemented.

“Seasoned Funds” means (i) monies derived from drawings under the Letter of Credit, (ii) monies received by the Trustee and held in Funds and accounts created under this Indenture for a period of at least 124 days and not commingled with any monies so held for less than said period and during and prior to which period no petition in bankruptcy was filed by or against IRWD under the United States Bankruptcy Code, (iii) monies with respect to which the Trustee shall have received an opinion of counsel experienced in matters pertaining to the United States Bankruptcy Code acceptable to each Rating Agency (other than S&P whose acceptance shall not be required) to the extent each such rating agency is then rating the Bonds, that the contemplated use of such monies would not constitute a transfer of property voidable under Section 544 or 547 of the United States Bankruptcy Code, should IRWD become a debtor under such Code or (iv) investment income derived from the investment of monies described in clause (i), (ii) or (iii).

“Secured Bonds” mean bonds of IRWD secured by a pledge of IRWD’s share of the Orange County 1% general *ad valorem* property tax pursuant to Resolution No. 1992-48, adopted by the Board on November 23, 1992, or Resolution 2002-10, adopted by the Board on November 8, 2002.

“Securities Depositories” means such securities depositories for securities as IRWD may designate in a certificate of an IRWD Representative delivered to the Trustee.

“Semi-Annual Mode” means the Mode in which the duration of each Adjustment Period is determined in accordance with clause (e) of the definition of Adjustment Period.

“Serial Bonds” shall be the Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 2.08 hereof.

“Serial Maturity Dates” means the dates on which the Serial Bonds mature, as determined pursuant to Section 2.08 hereof.

“Serial Payments” mean the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

“Short-Term Mode” means the Daily Mode, the Weekly Mode, the Monthly Mode, the Semi-Annual Mode, the Annual Mode, and the Flexible Rate Mode.

“SIFMA” means the Securities Industry and Financial Markets Association, its successors and assigns.

“SIFMA Index” means the “SIFMA Municipal Swap Index” announced by Municipal Market Data from time to time and based upon the weekly interest rate resets of Tax-Exempt variable rate issues included in a database maintained by Municipal Market Data which meets specified criteria established by SIFMA or any successor thereto. The SIFMA Index shall be based upon current yields of high-quality weekly adjustable variable rate demand bonds which are subject to tender upon seven days notice, the interest on which is Tax-Exempt and not subject to any personal “alternative minimum tax” or similar tax under the Code unless all Tax-Exempt securities are subject to such tax.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors and assigns, except that if such division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by IRWD.

“State” means the State of California.

“Subordinate Obligations” mean all obligations of IRWD other than Parity Obligations, including but not limited to amounts due under the Prior Installment Contract and the Government Contracts.

“Substitution Date” means the date upon which an Alternate Credit Facility is substituted for the Letter of Credit or District Credit Facility then in effect.

“Tax Certificate” means that certificate signed by IRWD on the date of the initial issuance of the Bonds relating to the requirements of Sections 103 and 141-150 of the Code.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes (other than in the case of a holder of any such obligation who is a substantial user of the facilities financed with such obligations or a related person within the meaning of Section 147(a) of the Code) whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Tender Deadline” means (i) during the Daily Mode, 11:00 a.m. on any Business Day, (ii) during the Weekly Mode, at 5:00 p.m. on the Business Day seven days prior to the applicable Purchase Date, (iii) during the Monthly Mode, at 5:00 p.m. on the Business Day seven days prior to the applicable Purchase Date, and (iv) during the Semi-Annual Mode and the Annual Mode, at 5:00 p.m. on the Business Day 15 days prior to the applicable Purchase Date. Any Tender Notice given after the applicable Tender Deadline shall be deemed to have been received on the next succeeding Business Day.

“Tender Notice” means a written notice or, if the Bonds are in the Daily Mode, Electronic Notice, immediately confirmed in writing, that states (i) the CUSIP number, if

applicable, the principal amount of such Bond and the principal amount of such Bond to be purchased pursuant to Section 4.01 hereof, (ii) the Purchase Date on which such Bond is to be purchased, (iii) applicable payment instructions with respect to the Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

“Term Rate” means the Adjusted Interest Rate for a Term Rate Bond for the applicable Adjustment Period determined pursuant to Section 2.05 hereof.

“Term Rate Bonds” means the Bonds during the Term Rate Mode.

“Term Rate Mode” means the Mode in which the duration of each Adjustment Period is determined in accordance with clause (b) of the definition of Adjustment Period and each such Adjustment Period is greater than one year.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, or any other bank or trust company duly incorporated and existing under and by virtue of the laws of any state or of the United States of America, which may be substituted in its place as provided in Section 8.02 hereof.

“Trust Estate” means: (i) all of the monies in the Bond Payment Fund, the Interest Reserve Fund, the Purchase Fund and all accounts in such Funds, including the investments, if any, thereof, and all income and proceeds derived from such investments; and (ii) subject to application on the terms and conditions contained herein, the Revenues.

“Utility Rates and Charges” means all water, sewer and reclaimed water rates and charges imposed by the District in connection with providing water, sewer and reclaimed water services to retail customers through the Operating Systems, including commodity, service, standby, material treatment and connection charges, except: (i) In Lieu Charges; and (ii) customer deposits.

“Water Code” means the California Water Code, as amended and supplemented.

“Weekly Mode” means the Mode in which the duration of each Adjustment Period is determined in accordance with clause (c) of the definition of Adjustment Period.

SECTION 1.02. Indenture to Constitute Contract. In consideration of the acceptance of the Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract among IRWD, the Trustee, as fiduciary for the benefit of the Owners, and the Owners to secure the full and final payment of the principal of and premium, if any, and interest on the Bonds and amounts or obligations owing to the Bank pursuant to the Reimbursement Agreement to the extent payable in accordance with this Indenture, the Refunding Law, or the Act, and the application of all monies on deposit or to be deposited in accordance herewith, including, but not limited to, foreclosure proceeds, and the conditions, covenants and terms contained herein required to be observed or performed by or on behalf of IRWD and the Trustee shall be for the equal benefit, protection and security of all Owners without distinction, preference or priority of any Bonds over any other Bonds by reason of the number or date thereof or the time of authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly

provided herein. Subject to Section 10.01 hereof, this Indenture shall remain in full force and effect so long as any Bonds remain Outstanding.

SECTION 1.03. Interpretation; Construction. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. Unless otherwise indicated, all references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular articles, section, subdivision or clause thereof. References herein to persons shall include corporations, partnerships, associations, and governmental entities as well as natural persons. Unless otherwise expressly stated, all times referred to in this Indenture shall be New York City time.

ARTICLE II

CONDITIONS AND TERMS OF BONDS

SECTION 2.01. Authorization of Bonds. The issuance of the Bonds is hereby authorized in the aggregate principal amount of \$125,000,000 to be designated as “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A” constituting the consolidated several general obligations of Improvement District Nos. 112, 113, 125, 188, 212, and 225. The District reserves the right to issue obligations other than the Bonds payable from any source, including the same sources described in this Section; provided, however, no obligations other than the Bonds shall be issued under the Indenture. The Bonds are issued for the purpose of refinancing capital projects for the Improvement Districts as provided in the election within each Improvement District approving its Included Percentage of the Bonds, including the payment of costs of issuance of the Bonds. Each Bond shall mature on its Maturity Date.

The Bonds shall constitute obligations of IRWD payable from the Net Revenues, and secured by a pledge of the Revenues, on a parity with the Parity Obligations as well as the consolidated several general obligations of the Improvement Districts. IRWD reserves the right to issue obligations other than the Bonds payable from any source, including the same sources described in this Section; provided, however, no obligations other than the Bonds shall be issued under the Indenture.

The Bonds shall not constitute an obligation of the State of California or any political subdivision thereof other than IRWD and the Improvement Districts as provided in the Indenture. No fund or account of IRWD, including its General Fund, other than the funds included in the Trust Estate, is liable for the payment of the principal or Redemption Price of, or interest on, the Bonds. Except as provided in the Indenture with respect to the Trust Estate, neither the faith and credit nor the taxing power of IRWD is liable for or pledged to the payment of the principal or Redemption Price of, or interest on, the Bonds.

The Bonds shall be the several consolidated obligations, in the below listed proportions, of the following Improvement Districts.

Improvement District No.	Included Amount of Total Par Value	Included Percentage of Total Par Value
112		
113		
125		
188		
212		
225		
Total	\$125,000,000	100.00%

The Included Amount for any Improvement District shall be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to this Indenture, at any time when Bonds are redeemed pursuant to Article III hereof. The Included Percentage for each Improvement District shall also be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to this Indenture, in the event that all or any portion of the Included Amount for any Improvement District is redeemed pursuant to Article III hereof.

The Bonds shall be payable from the monies included in the Trust Estate which includes monies from the following sources: (1) the Assessment Proceeds which are to be collected from within each Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal, Purchase Price and Redemption Price of, and interest on, all Outstanding Bonds; (2) all monies and earnings thereon held in the Bond Payment Fund or accounts therein created under the terms hereof; and (3) subject to application as provided in the Indenture, the Net Revenues. In addition to the foregoing, the Bonds are payable from drawings by the Paying Agent or the Trustee on the Letter of Credit.

The Assessment Proceeds applied to any Improvement District's Included Amount of the principal and Redemption Price of the Bonds, and the interest thereon shall be limited to Assessment Proceeds collected in such Improvement District. The Bonds are issued by IRWD on behalf of the Improvement Districts, which are severally but not jointly obligated for the payment of the principal of, premium, if any, and interest on their respective Included Amounts of the Bonds.

Any provision of this Indenture to the contrary notwithstanding, IRWD may, to the extent permitted by law, but shall not be obligated to, apply funds of IRWD not pledged to the payment of the Bonds pursuant to the Indenture to the payment of principal of, premium, if any, and interest on the Bonds.

The Trustee is hereby authorized to authenticate and to deliver the Bonds upon (i) written direction of IRWD, (ii) the Trustee's receipt of the Letter of Credit, duly executed by the Bank, and (iii) written confirmation of the receipt of the proceeds of the sale of the Bonds by the Trustee as provided in Section 5.01 hereof.

On the Closing Date, the Other 2025 Bonds will also be issued by IRWD pursuant to separate indentures.

SECTION 2.02. Denominations, Medium, Method and Place of Payment, Dating of Bonds; Book-Entry Bonds. (a) The Bonds shall be issued in the form of fully registered Bonds in Authorized Denominations. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Except as otherwise provided in the Representation Letter, the interest on the Bonds shall be payable on the Interest Payment Dates by check mailed on the applicable Interest Payment Date by the Paying Agent to the respective Owners thereof at their addresses as they appear on the applicable Record Date in the Bond Register, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Owner to the Paying Agent, received at least 10 days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Paying Agent. Notwithstanding the foregoing, except as otherwise provided in a Representation Letter, with respect to Bonds in the Flexible Rate Mode and the final Interest Payment Date with respect to Bonds in the Term Rate Mode, interest on the Bonds shall be payable only upon surrender thereof at the office of the Paying Agent. The principal of and premium, if any, on each Bond shall be payable on the Principal Payment Date or on redemption prior thereto, upon surrender thereof at the office of the Paying Agent.

The Paying Agent, the Trustee and IRWD may treat the Owner of a Bond as the sole, exclusive and absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and the Paying Agent, the Trustee and IRWD shall not be affected by any knowledge or notice to the contrary; and payment of the principal of, premium, if any, purchase price of, and interest on such Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. All Bonds paid pursuant to the provisions of this Section shall be cancelled by the Paying Agent and shall not be redelivered.

Each Bond shall be dated the date of authentication thereof and shall bear interest from the immediately preceding Interest Payment Date, unless such date of authentication is, with respect to Bonds in a Long-Term Mode, after a Record Date and on or before the next succeeding Interest Payment Date, in which event any such Bond shall bear interest from and including such Interest Payment Date, or unless such date of authentication is prior to the initial Record Date for the Bonds, in which event any such Bond shall bear interest from the date of original authentication and delivery of the Bonds, until the entire principal amount of such Bond is paid. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

(a) (1) The Bonds shall be initially executed and delivered in the form of a separate, single, authenticated, fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial execution, authentication and delivery, the ownership of the Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC,

the Bond Depository for the Bonds. The Trustee, the Paying Agent and IRWD may treat DTC (or its nominee) as the sole, exclusive and absolute Owner of the Bonds registered in its name for all purposes, whether or not such Bond shall be overdue (including, without limitation, receiving payment of the principal, premium, if any, and interest on the Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice required or permitted to be given to Owners hereunder, registering the transfer of Bonds, obtaining any consent from the Owners, and providing for any other action to be taken by the Owners hereunder), and none of the Trustee, the Paying Agent, the Remarketing Agent or IRWD shall be affected by any knowledge or notice to the contrary. So long as the Bonds are registered in the name of a Bond Depository, including DTC, or its nominee, including Cede & Co., payment of the principal of, premium, if any, purchase price of, and interest on such Bonds shall be made only to the Bond Depository or its nominee as such Owner, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. None of the Paying Agent, the Trustee, the Remarketing Agent or IRWD shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in a Bond under or through DTC or any Participant, or any other person which is not shown in the Bond Register as being an Owner, with respect to: the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal of, premium, if any, purchase price of, or interest on the Bonds; any notice which is permitted or required to be given to Owners hereunder; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC (or its nominee) as the Owner of the Bonds. Except under the conditions specified in paragraph (2) of this subsection (b), no person other than DTC shall receive authenticated Bonds. Upon delivery by DTC to the Paying Agent of written notice to such effect, DTC may substitute a new nominee in place of Cede & Co., or any successor nominee and subject to the provisions herein with respect to Record Dates, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(2) In the event (i) DTC, or any successor as Bond Depository for the Bonds, determines not to continue to act as Bond Depository for the Bonds, or (ii) IRWD determines that the incumbent Bond Depository for the Bonds shall no longer so act, and delivers a written certificate of an IRWD Representative to such incumbent Bond Depository, the Remarketing Agent, the Trustee and the Paying Agent to that effect, then IRWD shall discontinue the book-entry system with the incumbent Bond Depository for the Bonds. If IRWD determines to replace the incumbent Bond Depository for the Bonds with another Bond Depository, IRWD shall prepare or direct the preparation of replacement Bonds for the Bonds registered in the name of the incumbent Bond Depository, or its nominee, to be registered in the name of such successor Bond Depository, or its nominee, or make such other arrangements acceptable to IRWD, the Paying Agent, the Trustee, and the successor Bond Depository for the Bonds as are not inconsistent with the terms of this Indenture. If IRWD fails to identify a successor Bond Depository for the Bonds to replace the incumbent Bond Depository, then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the incumbent Bond Depository or its nominee, but shall be registered in whatever name or names the incumbent Bond Depository for the Bonds, or its nominee, shall designate in accordance with the provisions of Section 2.11 hereof. In such event IRWD shall, at its expense, prepare, execute and deliver Bonds to the Trustee for authentication and delivery to carry out the transfers and exchanges

provided in this Section and Section 2.11 hereof. All such Bonds shall be in fully registered form in Authorized Denominations.

(3) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of DTC, or its nominee, all payments with respect to principal of, premium, if any, purchase price of, and interest on, such Bond, all tenders of such Bond and all notices with respect to such Bond, shall be made and given, respectively, as provided in the Representation Letter.

(4) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by IRWD or the Trustee with respect to any consent or other action to be taken by Owners, IRWD or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the incumbent Bond Depository, if any, notice of such record date not less than 15 calendar days in advance of such record date to the extent deemed practicable by IRWD.

SECTION 2.03. Payment of Principal and Interest of Bonds. The interest on the Bonds shall become due and payable on the Interest Payment Dates in each year to and including the Maturity Date, or on redemption or acceleration prior thereto. The principal of the Bonds shall become due and payable on each Principal Payment Date or on redemption or acceleration prior thereto. Notwithstanding the foregoing, pursuant to Section 11.12 hereof, if the date for making any payment on the Bonds is not a Business Day, the payment may be made on the next Business Day with the same effect as if made on the nominal date and no interest will accrue between the nominal date and the actual payment date.

SECTION 2.04. Calculation and Payment of Interest. (a) Interest on each Bond in a Flexible Rate Mode shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed. Interest on each Bond in a Term Rate Mode shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on Bonds in the Daily Mode, the Weekly Mode or the Monthly Mode shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed. Interest on Bonds in the Semi-Annual Mode, the Annual Mode or the Fixed Rate Mode shall be calculated on the basis of a 360-day year composed of twelve 30-day months. During the Daily Mode, the Weekly Mode, and the Monthly Mode, payment shall be made on each Interest Payment Date for unpaid interest accrued from and including the first day of the preceding calendar month, through and including the last day of the preceding calendar month, except that payment shall be made on the initial Interest Payment Date for the Bonds for unpaid interest accrued from and including the date of initial delivery of the Bonds. During the Flexible Rate Mode and the Term Rate Mode, the Semi-Annual Mode, the Annual Mode and the Fixed Rate Mode, payment will be made on each Interest Payment Date for unpaid interest accrued to but not including such Interest Payment Date. Notwithstanding any provision of this Indenture or the Reimbursement Agreement to the contrary, at no time may the rate of interest on any Bond exceed the Maximum Rate.

(a) The Bonds shall initially be in the Weekly Mode. All Outstanding Bonds shall be in the same Mode. Any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner hereinafter provided. Upon such Change in Mode, the Bonds shall cease to bear interest at the rate then in effect and shall bear interest at the rate as

provided in the Notice of Change in Mode. Subsequent to such Change in Mode, the Bonds may again be changed to a different Mode at the times and in the manner hereinafter provided. A Fixed Rate Mode shall be in effect until the Maturity Date, or redemption prior to the Maturity Date, and the Fixed Rate Mode may not be changed to any other Mode. Prior to a Change in Mode either from a Short-Term Mode to a Long-Term Mode or from a Long-Term Mode to a Short-Term Mode, IRWD must deliver to the Trustee a Favorable Opinion of Bond Counsel with respect to such Change in Mode.

Notwithstanding the foregoing, Bank-Owned Bonds shall bear interest at the Bank Interest Rate.

The determination by the Remarketing Agent of each Adjusted Interest Rate, if in accordance with the provisions hereof, shall be conclusive and binding upon IRWD, the Remarketing Agent, the Paying Agent, the Trustee, the Bank and the Owners.

SECTION 2.05. Determination of Adjusted Interest Rates and Adjustment Periods For Flexible Rate Bonds and Term Rate Bonds. The Flexible Rate and Term Rate for the Flexible Rate Bonds and the Term Rate Bonds, respectively, shall be determined in accordance with the following procedure.

(a) IRWD, in consultation with the Remarketing Agent, shall, prior to the effective date of a Change in Mode to the Flexible Rate Mode or the Term Rate Mode, specify the Adjustment Period or Periods and the principal amount of Bonds to become subject to each such Adjustment Period. IRWD may, subject to clause (b) of the definition of Adjustment Period and subject to paragraph (b) of this Section 2.05, at or about 8:00 a.m. on the Rate Determination Date for each Adjustment Period for a Flexible Rate Bond or a Term Rate Bond specify a different Adjustment Period or a different principal amount of Bonds for such Adjustment Period than that in existence on the date preceding such Rate Determination Date. IRWD, prior to the effective date of a Change in Mode to the Flexible Rate Mode or the Term Rate Mode, and on each Rate Determination Date for a Flexible Rate Bond or a Term Rate Bond, shall notify the Trustee, the Remarketing Agent, the Paying Agent and the Bank of the Adjustment Periods and principal amount of Bonds for each Adjustment Period by Electronic Notice and shall confirm such notice in writing as soon as practicable thereafter.

The Flexible Rate or Term Rate for each Adjustment Period for Flexible Rate Bonds or Term Rate Bonds, respectively, shall be the rate of interest per annum determined by the Remarketing Agent on and as of the Rate Determination Date for such Adjustment Period as the minimum rate of interest which, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Bonds on the applicable Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. If, for any reason, a Flexible Rate or Term Rate is not so established by the Remarketing Agent for any Flexible Rate Bond or Term Rate Bond, or if such Flexible Rate or Term Rate is determined by a court of law to be invalid or unenforceable, then the Flexible Rate or Term Rate for such Flexible Rate Bond or Term Rate Bond, respectively, shall be the rate per annum equal to the Alternate Rate on the first day of such Flexible Rate Mode or Term Rate Mode, as applicable.

During the Flexible Rate Mode and the Term Rate Mode, the Remarketing Agent shall establish the Flexible Rate or Term Rate for each Adjustment Period by 9:00 a.m. on the Rate Determination Date for such Adjustment Period. The Remarketing Agent shall make the Flexible Rate or Term Rate for any Adjustment Period available by Electronic Notice to any Owner, Notice Party or prospective purchaser requesting such information.

(b) In the case of each Flexible Rate Bond or Term Rate Bond which has been remarketed by the Remarketing Agent pursuant to Section 4.03 hereof, such Bond shall, commencing with the applicable Rate Determination Date, have the Adjustment Period established by IRWD and bear interest at the Flexible Rate or Term Rate established for such Adjustment Period by the Remarketing Agent.

(c) Upon notice of a Mandatory Purchase Date, no Adjustment Period shall be established by IRWD which would, with respect to Flexible Rate Bonds or Term Rate Bonds subject to purchase in connection therewith, extend beyond the Mandatory Purchase Date so established.

The determination of each Flexible Rate or Term Rate and Adjustment Period for Flexible Rate Bonds or Term Rate Bonds in accordance with this Section shall be conclusive and binding upon the Remarketing Agent, the Trustee, the Paying Agent, the Bank, IRWD and the Owners.

SECTION 2.06. Determination of Adjusted Interest Rate During Daily Mode, Weekly Mode, Monthly Mode, Semi-Annual Mode, Annual Mode or Fixed Rate Mode. The Adjusted Interest Rate for any Bond in the Daily Mode, the Weekly Mode, the Monthly Mode, the Semi-Annual Mode, the Annual Mode or the Fixed Rate Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the Rate Determination Date for such Adjustment Period as the minimum rate of interest which, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Bonds on the applicable Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. On each Rate Determination Date, the Remarketing Agent shall notify the Trustee and IRWD of the Adjusted Interest Rate by Electronic Notice and shall confirm such notice in writing to the Trustee and IRWD as soon as practicable thereafter.

During the Daily Mode, the Remarketing Agent shall establish the Adjusted Interest Rate by 10:00 a.m. on each Rate Determination Date. The Adjusted Interest Rate for any day during the Daily Mode which is not a Business Day shall be the Adjusted Interest Rate established for the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Adjusted Interest Rate for any Daily Mode Adjustment Period available by Electronic Notice to any Owner, Notice Party or prospective purchaser requesting such information. In the event that the Adjusted Interest Rate for a Business Day is not determined by the Remarketing Agent, or in the event that the rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such day shall be equal to the Alternate Rate.

No later than 5:00 p.m. on each Rate Determination Date for the Weekly Mode, Monthly Mode, Semi-Annual Mode, Annual Mode or Fixed Rate Mode, the Remarketing Agent shall

establish the Adjusted Interest Rate for the Bonds, provided, however, that, with respect to the Fixed Rate Mode, the Remarketing Agent shall establish an Adjusted Interest Rate for each maturity of the Bonds. The Remarketing Agent shall make the Adjusted Interest Rate available by Electronic Notice to any Owner, Notice Party or prospective purchaser requesting such information.

In the event that the Adjusted Interest Rate for a week was not determined by the Remarketing Agent, or in the event that the rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to the Alternate Rate.

SECTION 2.07. Interest on Bank-Owned Bonds. Notwithstanding anything to the contrary contained herein, each Bank-Owned Bond shall bear interest on the outstanding principal amount thereof at the Bank Interest Rate for each day from and including the date such Bond becomes a Bank-Owned Bond to, but not including, the date such Bond is paid in full or is remarketed. Interest on Bank-Owned Bonds at the Bank Interest Rate shall be payable only to the Bank and not to any other Owner.

Interest on Bank-Owned Bonds shall be payable as provided in the Reimbursement Agreement. Bank-Owned Bonds shall not bear interest at the Bank Interest Rate after such Bonds have been remarketed unless such Bonds shall again become Bank-Owned Bonds. Interest on Bank-Owned Bonds shall be calculated based upon a 360-day year and actual days elapsed.

SECTION 2.08. Changes in Mode. Subject to the provisions of this Section, IRWD may effect a Change in Mode (other than a Change in Mode from the Daily Mode to the Weekly Mode and vice versa to which the Bank so consents), with respect to the Bonds by delivering to the Trustee, with copies to the other Notice Parties, not less than 30 days prior to the proposed Change in Mode, a Notice of Change in Mode stating (A) the election to change the Mode to which the Bonds are then subject (for purposes of this Section, the “Current Mode”) to a different Mode (for purposes of this Section, the “New Mode”), the type of which shall be specified; (B) the date on which Bonds are required to be purchased pursuant to Section 4.02 hereof, which shall be the date as of which the New Mode shall take effect; and (C) a form of notice of mandatory tender for purchase satisfying the requirements of Section 4.02 hereof. When the Change in Mode is either from a Short-Term Mode to a Long-Term Mode or from a Long-Term Mode to a Short-Term Mode, such notice shall be accompanied by a letter of Bond Counsel stating that it expects to be able to deliver a Favorable Opinion of Bond Counsel with respect to the Change in Mode on the date the New Mode shall take effect.

Subject to the provisions of this Section, IRWD may effect a Change in Mode from the Daily Mode to the Weekly Mode and vice versa to which the Bank so consents, with respect to the Bonds by delivering to the Trustee, with copies to the other Notice Parties, not less than 30 days prior to the proposed Change in Mode, (i) a Notice of Change in Mode stating (A) the election to change the Current Mode to the New Mode, the type of which shall be specified; and (B) the date as of which the New Mode shall take effect; and (ii) the written consent of the current Bank of such Change in Mode.

Not less than 15 days prior to a proposed Change in Mode, and in reliance upon a Notice of Change in Mode, the Trustee shall give written notice, the form of which shall be prepared by IRWD and approved by the Trustee, to the Owners and the Bank of the Change in Mode and the mandatory tender for purchase of all Bonds as provided in Section 4.02 hereof. In addition to the information required to be included therein pursuant to Section 4.02(b) hereof, such notice shall state (A) the New Mode to which the Bonds are to be subject, (B) the effective date of the New Mode and (C) the procedures for the Owners to follow to tender Bonds for purchase prior to the effectiveness of the New Mode.

The New Mode shall take effect only if the following conditions are satisfied by 9:00 a.m. on the date of the proposed Change in Mode: (i) if the change in Mode is either from a Short-Term Mode to a Long-Term Mode or from a Long-Term Mode to a Short-Term Mode, the Trustee has received a Favorable Opinion of Bond Counsel, dated the date the New Mode is to take effect, with respect to the Change in Mode, (ii) if the Letter of Credit is to be in effect during the New Mode, the interest portion of the Letter of Credit is in an amount equal to or greater than the Letter of Credit Interest Amount for the applicable Mode, (iii) if the New Mode is the Flexible Rate Mode or a Term Rate Mode, the Interest Reserve Fund has been funded with Seasoned Funds in an amount equal to or greater than the Interest Reserve Fund Requirement, (iv) if the New Mode is the Fixed Rate Mode, the Trustee and the Remarketing Agent have received a Fixed Rate Terms Certificate which specifies the Fixed Rate Reserve Requirement and the Fixed Rate Reserve Account has been funded in an amount equal to the Fixed Rate Reserve Requirement. If such conditions are satisfied, then the New Mode shall take effect on the date of the proposed Change in Mode and if the New Mode is the Fixed Rate Mode, the Fixed Rate Reserve Requirement shall be as specified in the Fixed Rate Terms Certificate. If such conditions are not satisfied, then (a) all Outstanding Bonds shall be purchased on such date in accordance with Section 4.02 hereof; (b) all Outstanding Bonds shall continue to be subject to the Current Mode and, if the Current Mode is the Flexible Rate Mode, the initial Adjustment Period for all Outstanding Bonds shall extend from and including the date on which the New Mode was to have taken effect to but not including the next succeeding Business Day and, if the Current Mode is the Term Rate Mode, the initial Adjustment Period for all Outstanding Bonds shall extend from and including the date on which the New Mode was to take effect to but not including the second anniversary of such date; and (c) the Trustee shall, within five Business Days after the date of the proposed Change in Mode, send notice to the Notice Parties stating that the conditions to the Change in Mode have not all been satisfied and informing them of the consequences thereof, as described in this paragraph.

Upon conversion of the Bonds to the Fixed Rate Mode, the Bonds shall be remarketed at par, shall mature on the same Maturity Date(s) and be subject to the same mandatory sinking fund redemption, if any, and special redemption provisions, if any, as set forth in this Indenture for any prior Mode; *provided, however*, that if IRWD shall deliver to the Trustee a Favorable Opinion of Bond Counsel, IRWD may elect to (1) have some of the Bonds be Serial Bonds and some subject to sinking fund redemption even if such Bonds were not Serial Bonds or subject to mandatory sinking fund redemption prior to such change, (2) change the optional redemption dates and/or premiums set forth in Section 3.04(b) hereof, and/or (3) sell some or all of the Bonds at a premium or a discount to par.

Notwithstanding any other provision hereof, no Change in Mode shall be permitted at any time if the Adjustment Period then applicable to the Bonds extends through the day preceding the Maturity Date.

SECTION 2.09. Form of Bonds. The Bonds and the assignment to appear thereon shall each be in substantially the forms respectively set forth in Exhibit B attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and variations as permitted or required hereby. In the event the Bonds are no longer registered in the name of a Bond Depository, IRWD may make such modifications to the form of the Bond contained in Exhibit B to further detail the terms of the Bonds and the Indenture as shall be approved by an IRWD Representative. Upon any Change in Mode, a new form of Bonds may be prepared which contains the terms of the Bonds applicable in the new Mode.

SECTION 2.10. Execution and Authentication of Bonds. The Bonds shall be signed by manual or facsimile signature by the President of the Board of Directors of IRWD, and the Secretary of IRWD shall affix the seal of IRWD or a facsimile thereof to the Bonds and attest said seal by her manual or facsimile signature. The Bonds shall be authenticated by the Trustee or the Paying Agent by the manual signature of an authorized signatory of the Trustee or the Paying Agent as the case may be, except that only the Trustee shall authenticate Bonds upon original issuance and pursuant to Sections 2.13 and 2.14 hereof.

If any of the officers of IRWD who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to be such officer of IRWD before the Bond so signed and sealed shall have been actually authenticated by the Trustee or the Paying Agent or delivered, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose manual or facsimile signature shall be upon the Bonds had not ceased to be such officer of IRWD; and any such Bond may be signed and sealed on behalf of IRWD by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of IRWD, although at the date of such Bond any such person shall not have been such officer of IRWD.

SECTION 2.11. Transfer and Exchange of Bonds. All Bonds are transferable or exchangeable by the Owner thereof, in person or by the Owner's attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent in the Bond Register, upon surrender of such Bonds accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Paying Agent. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Paying Agent shall execute and deliver a new Bond or Bonds of Authorized Denominations of the same aggregate principal amount and terms, except that the Paying Agent may require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Bonds surrendered pursuant to the provisions of this Section shall be cancelled by the Paying Agent, shall not be redelivered and shall be disposed of as directed by IRWD. All Bonds issued in exchange for Bonds pursuant to this Section shall be in the same Mode as the Bonds in exchange for which such Bonds were issued.

During the Semi-Annual Mode, the Annual Mode, the Fixed Rate Mode and the Term Rate Mode, the Paying Agent shall not be required to transfer or exchange (i) any Bonds during

the period commencing on the date 10 days prior to the date of selection of Bonds for redemption and ending on such date of selection, or (ii) any Bond selected for redemption in whole or in part.

SECTION 2.12. Bond Register. The Paying Agent will keep at its principal corporate trust office the Bond Register for the registration of the ownership, transfer or exchange of the Bonds, which Bond Register shall be available for inspection by IRWD and the Trustee at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Paying Agent shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in the Bond Register as hereinabove provided. The ownership of any Bonds may be proved by the Bond Register required to be kept by the Paying Agent pursuant to the provisions of this Section.

SECTION 2.13. Temporary Bonds. The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, IRWD will prepare and execute and the Trustee will authenticate definitive Bonds without delay, and in that case upon demand of the Owner of any temporary Bonds such definitive Bonds shall be exchanged without cost to such Owner for temporary Bonds at the office of the Trustee upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this Section shall be cancelled by the Trustee, shall not be redelivered and shall be disposed of as directed by IRWD.

SECTION 2.14. Bonds Mutilated, Destroyed, Lost or Stolen. If any Bond shall become mutilated, the Trustee shall authenticate and deliver a new Bond of like tenor and number in lieu of the mutilated Bond, but only upon surrender to the Trustee of the mutilated Bond, and every mutilated Bond surrendered to the Trustee shall be cancelled by it and shall not be redelivered and shall be disposed of as directed by IRWD. If any Bond shall be destroyed, lost or stolen, evidence of such destruction, loss or theft may be submitted to the Trustee and if such evidence is satisfactory to the Trustee, and the Trustee and IRWD receive indemnity satisfactory to them, the Trustee shall authenticate and deliver a new Bond of like tenor and number in substitution for the destroyed, lost or stolen Bond. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered by it under this Section and of the expenses which may be incurred by it under this Section. Any replacement Bond authenticated and delivered under the provisions of this Section in lieu of or in substitution for any mutilated, destroyed, lost or stolen Bond shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Bonds executed and delivered hereunder; and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and the replacement Bond

shall be treated as one and the same. Notwithstanding any other provision of this Section, rather than authenticating and delivering a new Bond for a mutilated, destroyed, lost or stolen Bond which has matured, has been called for redemption or has become subject to mandatory tender for purchase, the Trustee may make payment of the principal of such mutilated, destroyed, lost or stolen Bond directly to the Owner thereof under such regulations as the Trustee may prescribe. To the extent permitted by law, IRWD agrees to indemnify and hold harmless the Trustee from and against any claims, damages and losses (including legal fees and expenses), arising out of payment of principal of any stolen Bond.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Mandatory Redemption.

(a) The Bonds are subject to mandatory redemption on May 1, 20__ and on each Principal Payment Date thereafter, upon notice as hereinafter provided, in part in Authorized Denominations, upon the conditions and terms prescribed herein, at a redemption price equal to 100% of the outstanding principal amount of the Bonds to be redeemed plus accrued and unpaid interest thereon to the Redemption Date, if any, without premium, in the years and principal amounts as follows:

Mandatory Redemption

**Dates
(May 1)**

**Mandatory Sinking
Fund Payments**

*

*Final Maturity

After the Conversion Date, Bonds shall not be redeemed pursuant to this paragraph (a) in any year which, as a result of the conversion to a Fixed Rate, contains a Serial Maturity Date.

(b) Upon any purchase of Bonds or redemption of Bonds pursuant to Section 3.02, 3.03 or 3.04 hereof, an amount equal to the aggregate principal amount of Bonds so purchased or redeemed shall be credited toward a part or all of any one or more yearly mandatory redemptions required by paragraph (a) of this Section, as directed in writing by IRWD provided that such direction is received by the Trustee at least 75 days before the date of such mandatory redemption. Any such direction shall state the years in which and the amounts by which such mandatory redemptions are to be reduced. The portion of any such mandatory redemption remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory redemption if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such mandatory redemption for the purpose of the calculation of principal payments due on any future Principal Payment Date.

Immediately following each mandatory redemption pursuant to Section 3.01(a) and the allocation of such mandatory redemption by IRWD in accordance with the limitations set forth in this Section 3.01(c), the Included Percentages for all Improvement Districts shall be recomputed for all purposes relative to the Outstanding Bonds after such redemption in the following manner:

$$\frac{\text{Improvement District's Included Amount after redemption}}{\text{Total Amount of Outstanding Bonds after redemption}} = \text{Included Percentage, as adjusted}$$

In the event that following any mandatory redemption, the Included Amount for an Improvement District has been redeemed in its entirety, the amounts attributable to such Improvement District in the Funds and accounts established under this Indenture shall be withdrawn as directed in writing by IRWD and applied by IRWD as permitted by law; provided, however, that the Trustee shall have no responsibility for determining whether such application made by IRWD is permitted by law. IRWD shall deliver a certificate to the Trustee specifying: (i) the Improvement District for whom all or any portion of the Included Amount is to be redeemed; (ii) the portion of the Included Amount to be redeemed for such Improvement District; (iii) the adjusted Included Amounts and Included Percentages of all Improvement Districts; and (iv) in the event of a complete redemption of the Included Amount of an Improvement District, the amounts attributable to such Improvement District in the Funds and accounts established under this Indenture which are to be withdrawn and paid to IRWD.

(c) Principal amounts redeemed pursuant to Section 3.05 hereof shall be credited proportionally to all remaining yearly mandatory redemptions required by paragraph (b) of this Section that are scheduled to occur at least 75 days after the date of such redemption.

SECTION 3.02. Optional Redemption of Flexible Rate Bonds and Term Rate Bonds. (a) Bonds in the Flexible Rate Mode are not subject to optional redemption. Bonds in the Term Rate Mode are subject to optional redemption by IRWD, in whole, or in part in Authorized Denominations, on the final Interest Payment Date prior to their stated maturity, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest to the Redemption Date, if any, without premium. Except as otherwise provided in paragraph (b) of this Section, the principal amount of Bonds redeemed pursuant to this Section shall be credited

proportionally to all Improvement Districts and the Included Amount for each Improvement District shall be reduced by such Improvement District's Included Percentage (calculated immediately before such redemption) of the redeemed Bonds.

Notwithstanding anything herein to the contrary, Bank-Owned Bonds shall be redeemed without premium and are subject to optional redemption by IRWD, in whole, or in part in Authorized Denominations, on any date. If such redemption is in part, Bank-Owned Bonds shall be selected for redemption by the Trustee prior to selecting any other Bonds, and thereafter Bonds in the Term Rate Mode shall be selected for redemption based on the termination dates of the then current Adjustment Periods for such Bonds, with the Bonds with the earliest such termination dates being called first and by lot among Bonds with the same Adjustment Period termination date; provided that Bonds with an Adjustment Period terminating less than 30 days after the date the Trustee is to mail notice of such redemption pursuant to Section 3.07 hereof shall not be called for redemption. The amount of Bonds to be redeemed shall, if required, be adjusted downward to the extent necessary to result in Bonds being redeemed only in Authorized Denominations. Except as otherwise provided in paragraph (b) of this Section 3.02, the principal amount of Bonds redeemed pursuant to this Section shall be credited proportionally to all Improvement Districts and the Included Amount for each Improvement District shall be reduced by such Improvement District's Included Percentage (calculated immediately before such redemption) of the redeemed Bonds.

(a) Subject to paragraph (a) of this Section 3.02, whenever less than all Outstanding Bonds are to be redeemed pursuant to the provisions of this Section and sufficient monies are available for such purpose from or for the account of any Improvement District a portion of whose Included Amount is to be so redeemed, IRWD may elect to redeem all or any portion of any such Improvement District's Included Amount. The Included Percentages for all Improvement Districts shall be recomputed for all purposes relative to the Outstanding Bonds after such redemption in the following manner:

$$\frac{\text{Improvement District's Included Amount after redemption}}{\text{Total Amount of Outstanding Bonds after redemption}} = \text{Included Percentage, as adjusted}$$

In the event that following such a redemption, the Included Amount for an Improvement District has been redeemed in its entirety, the amounts attributable to such Improvement District in the Funds and accounts established under this Indenture shall be withdrawn as directed in writing by IRWD and applied by IRWD as permitted by law; provided, however, that the Trustee shall have no responsibility for determining whether such application made by IRWD is permitted by law. IRWD shall deliver a certificate to the Trustee specifying: (i) the Improvement District for whom all or any portion of the Included Amount is to be redeemed, (ii) the portion of the Included Amount to be redeemed for such Improvement District, (iii) the adjusted Included Amounts and Included Percentages of all Improvement Districts; and (iv) in the event of a complete redemption of the Included Amount of an Improvement District, the amounts attributable to such Improvement District in the Funds and accounts established under this Indenture which are to be withdrawn and paid to IRWD.

SECTION 3.03. Optional Redemption of Bonds in the Daily, Weekly, Monthly, Semi-Annual or Annual Mode. (a) The Bonds are subject to optional redemption by IRWD in whole, or in part in Authorized Denominations, (i) when the Bonds are in the Daily Mode, the Weekly Mode or the Monthly Mode, on any Business Day, and (ii) when the Bonds are in the Semi-Annual Mode or the Annual Mode, on any Interest Payment Date; provided that Bank-Owned Bonds are subject to optional redemption by IRWD on any Business Day. The redemption price in each such case shall be equal to 100% of the principal amount thereof to be redeemed plus accrued and unpaid interest to such Redemption Date, if any, without premium. If such redemption is in part, Bank-Owned Bonds shall be redeemed first, and all other Bonds shall be redeemed by lot in such manner as shall be determined by the Trustee. Except as otherwise provided in paragraph (b) of this Section 3.03, the principal amount of Bonds redeemed pursuant to this Section shall be credited proportionally to all Improvement Districts and the Included Amount for each Improvement District shall be reduced by such Improvement District's Included Percentage (calculated immediately before such redemption) of the redeemed Bonds.

(a) Subject to paragraph (a) of this Section 3.03, whenever less than all Outstanding Bonds are to be redeemed pursuant to the provisions of this Section 3.03 and sufficient monies are available for such purpose from or for the account of any Improvement District a portion of whose Included Amount is to be so redeemed, IRWD may elect to redeem all or any portion of any such Improvement District's Included Amount. The Included Percentages for all Improvement Districts shall be recomputed for all purposes relative to the Outstanding Bonds after such redemption in the same manner as set forth in the formula provided in paragraph (b) of Section 3.02 hereof.

In the event that following such a redemption, the Included Amount for an Improvement District has been redeemed in its entirety, the amounts attributable to such Improvement District in the Funds and accounts established under this Indenture shall be withdrawn as directed in writing by IRWD and applied by IRWD as permitted by law; provided, however, that the Trustee shall have no responsibility for determining whether such application is permitted by law. IRWD shall deliver a certificate to the Trustee specifying: (i) the Improvement District for whom all or any portion of the Included Amount is to be redeemed, (ii) the portion of the Included Amount to be redeemed for such Improvement District, (iii) the adjusted Included Amounts and Included Percentages of all Improvement Districts; and (iv) in the event of a complete redemption of the Included Amount of an Improvement District, the amounts attributable to such Improvement District in the Funds and accounts established under this Indenture which are to be withdrawn and paid to IRWD.

SECTION 3.04. Optional Redemption of Bonds in the Fixed Rate Mode. (a) Bonds in the Fixed Rate Mode are subject to redemption in whole on any date or in part on any Business Day (and if in part, in such order of maturity as IRWD shall specify and within a maturity by lot or by such other method as the Paying Agent determines to be fair and reasonable and in Authorized Denominations) commencing on the Interest Payment Date next following the tenth anniversary of the change to the Fixed Rate Mode at a redemption price of 100% of the principal amount of the Outstanding Bonds being redeemed, together with accrued interest, if any, to the redemption date. If the length of the Fixed Rate Period is less than ten years, then the Bonds shall not be subject to redemption during such Fixed Rate Period.

Except as otherwise provided in paragraph (b) of this Section 3.04, the principal amount of Bonds to be redeemed pursuant to this Section shall be credited proportionally to all Improvement Districts and the Included Amount for each Improvement District shall be reduced by such Improvement District's Included Percentage (calculated immediately before such redemption) of the redeemed Bonds.

(a) Subject to paragraph (a) above of this Section 3.04, whenever less than all Outstanding Bonds are to be redeemed pursuant to the provisions of this Section and sufficient monies are available for such purpose from or for the account of any Improvement District a portion of whose Included Amount is to be so redeemed, IRWD may elect to redeem all or any portion of any such Improvement District's Included Amount. The Included Percentages for all Improvement Districts shall be recomputed for all purposes relative to the Outstanding Bonds after such redemption in the same manner as set forth in the formula provided in paragraph (b) of Section 3.02 hereof.

In the event that following such a redemption, the Included Amount for an Improvement District has been redeemed in its entirety, the amounts attributable to such Improvement District in the Funds and accounts established under this Indenture shall be withdrawn as directed in writing by IRWD and applied by IRWD as permitted by law; *provided, however*, that the Trustee shall have no responsibility for determining whether such application made by IRWD is permitted by law. IRWD shall deliver a certificate to the Trustee specifying: (i) the Improvement District for whom all or any portion of the Included Amount is to be redeemed, (ii) the portion of the Included Amount to be redeemed for such Improvement District, (iii) the adjusted Included Amounts and Included Percentages of all Improvement Districts; and (iv) in the event of a complete redemption of the Included Amount of an Improvement District, the amounts attributable to such Improvement District in the Funds and accounts established under this Indenture which are to be withdrawn and paid to IRWD.

(b) IRWD, in connection with a change to the Fixed Rate Mode, may waive or otherwise alter its rights to direct the redemption of any such Bonds so changed to the Fixed Rate Mode at any time without premium; provided that notice describing the waiver or alteration shall be submitted to the Paying Agent, the Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

(c) If a Letter of Credit is then in effect and the redemption price includes any premium, the right of IRWD to direct an optional redemption is subject to the condition that the Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Seasoned Funds or written confirmation from the Bank that it can draw under the Letter of Credit on the proposed redemption date in an aggregate amount sufficient to cover the principal of and premium and interest due on the Redemption Date.

SECTION 3.05. Extraordinary Optional Redemption of Bonds to Delete Improvement District. In the event that IRWD determines that based on the rate of collection of assessments and charges, and on the amounts held in any Fund or account for the account of any Improvement District, IRWD will be unable to pay the principal of and interest on the Included Amount for such Improvement District, IRWD may, at its option, redeem on any Business Day the Included Amount of such Improvement District plus any additional amount

necessary to cause the amount redeemed to equal an Authorized Denomination, at a price equal to the principal amount thereof to be redeemed plus accrued but unpaid interest to such Redemption Date, if any, without premium. The Included Percentages of all other Improvement Districts as specified in this Indenture shall be recomputed for all purposes relative to the Outstanding Bonds after such redemption in the same manner as set forth in the formula provided in paragraph (b) of Section 3.02 hereof, and IRWD shall deliver a certificate to the Trustee as provided in such paragraph.

Upon such a redemption, the amounts attributable to such Improvement District whose Included Amount has been redeemed in the Funds and accounts established under this Indenture shall be withdrawn as directed in writing by IRWD and applied by IRWD as permitted by law; provided, however, that the Trustee shall have no responsibility for determining if such application is as permitted by law.

SECTION 3.06. Selection of Bonds for Redemption. If not otherwise provided in Section 3.01, 3.02, 3.03, 3.04 or 3.05 hereof, whenever less than all the Outstanding Bonds are to be redeemed, Bank-Owned Bonds shall be selected for redemption by the Trustee prior to selecting any other Bonds and whenever less than all Outstanding Bonds of a maturity are to be redeemed on any one date, the Trustee shall select the Bonds to be redeemed from the Outstanding Bonds of such maturity by lot, or in such other manner as the Trustee deems fair.

SECTION 3.07. Notice of Redemption. Notice of redemption shall be given by mail by the Trustee to the Remarketing Agent, the Paying Agent, the Bank, the Owners of any Bonds designated for redemption in whole or in part and to the Securities Depositories no less than 30 days (or with respect to Bonds in the Daily Mode, no less than 15 days) nor more than 60 days prior to the Redemption Date. Each notice of redemption shall state the Redemption Date, the redemption place and the redemption price, the maturity dates of the Bonds to be redeemed and shall designate the numbers of the Bonds to be redeemed if less than all of the Outstanding Bonds of a maturity are to be redeemed, shall (in the case of any Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and shall state that the interest thereon or portions thereof designated for redemption shall cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on each of the Bonds or portions thereof designated for redemption the redemption price thereon. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Bonds.

With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid and discharged as provided in Article X hereof, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the redemption price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and IRWD shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons who received such notice of

redemption and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

The Trustee shall give notice of redemption of any Bonds to be redeemed, as provided herein, upon receipt of notice from IRWD with respect to any optional redemption of Bonds, which notice shall be given to the Trustee at least five calendar days prior to the date the notice of redemption described in the first paragraph of this section must be given to the Owners (unless the Trustee shall agree to a shorter period).

Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not actually received by any Owner. Failure by the Trustee to give notice pursuant to this Section to any one or more of the Remarketing Agent, the Paying Agent, the Bank, or Securities Depositories, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption.

SECTION 3.08. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds representing the unredeemed principal amount of the Bond so surrendered.

SECTION 3.09. Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds or portions thereof to be redeemed is held by the Paying Agent, then on the Redemption Date designated in such notice the Bonds or portions thereof so called for redemption shall become payable at the redemption price as specified in such notice; and from and after the Redemption Date so designated, interest thereon or portions thereof so called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit, protection or security hereunder and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price. Notwithstanding the foregoing, any Bank-Owned Bonds shall remain Outstanding until the Bank is paid all amounts due under such of the Bonds or portions thereof to be redeemed on their redemption dates. After payment to the Bank of all amounts due on Bank-Owned Bonds the Bank shall surrender such Bonds to the Paying Agent for cancellation.

SECTION 3.10. Application of Monies for Redemption. Monies identified by IRWD to the Trustee in writing as having been collected from or attributable to any Improvement District for the redemption of all or any portion of such Improvement District's Included Amount shall be used exclusively to pay all or any portion of such Improvement District's Included Amount, premium, if any, and interest thereon as specified in this Indenture.

ARTICLE IV

TENDER AND PURCHASE OF BONDS

SECTION 4.01. Tender for Purchase upon Election of Owner. (a) During the Daily Mode, the Weekly Mode, the Monthly Mode, the Semi-Annual Mode or the Annual Mode, any Owner of a Bond may demand, on any Business Day, that such Bond, or any portion thereof (so

long as the principal amount purchased, and the principal amount not purchased, are each in an Authorized Denomination), be purchased on the applicable Purchase Date at the applicable Purchase Price but solely from the sources of payment provided in Section 4.03. Unless otherwise provided in a Representation Letter, such demand for purchase shall be made as follows: (i) delivery to the Remarketing Agent at its principal office in New York, New York, and to the Paying Agent at its principal corporate trust office in Saint Paul, Minnesota (or such other office designated by the Paying Agent), no later than the applicable Tender Deadline of an applicable Tender Notice, and (ii) subject to the provisions of subsection (c) of this Section 4.01, delivery of such Bond duly endorsed in blank for transfer at the principal corporate trust office of the Trustee at or prior to 10:00 a.m. on the Purchase Date specified in the Tender Notice.

Notwithstanding the foregoing paragraph, the Owners shall have no right to demand purchase of Bonds pursuant to this Section from the third Business Day prior to a Mandatory Purchase Date until after such Mandatory Purchase Date.

If for any reason a vacancy exists in the office of Remarketing Agent, a Tender Notice delivered to the Paying Agent only shall be sufficient for purposes of this Section 4.01.

(a) Immediately upon receipt by the Paying Agent of a Tender Notice delivered pursuant to paragraph (a) of this Section or such notice of demand for purchase as is required by a Representation Letter, the Paying Agent shall notify the other Notice Parties of such receipt and the contents thereof by Electronic Notice, immediately confirmed in writing. Upon delivery pursuant to the terms of paragraph (a) of this Section of the Bond which is the subject of such purchase, the Trustee shall hold such Bond pending delivery in accordance with the terms of this Indenture.

(b) Any Tender Notice by any Owner shall be irrevocable. If such Owner is required but fails to deliver the Bond referred to in such notice to the Trustee, such Bond shall nonetheless be deemed to have been tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in Section 4.03 hereof, no interest shall accrue on such Bond for the benefit of such Owner from and after the Purchase Date and such Owner shall have no rights hereunder as the Owner of such Bond except the right to receive the Purchase Price of such Bond.

SECTION 4.02. Purchase on Mandatory Purchase Dates. (a) Each Bond subject to mandatory tender for purchase on a Mandatory Purchase Date shall be purchased on such Mandatory Purchase Date at the applicable Purchase Price but solely from the sources of payment provided in Section 4.03. Subject to the provisions of subsection (c) of this Section 4.02 and unless otherwise provided in a Representation Letter, all Bonds required to be purchased in accordance with this Section 4.02 shall be tendered for purchase by delivery to the Trustee at its principal corporate trust office on or prior to the Mandatory Purchase Date and shall be purchased with the funds described in Section 4.03 hereof.

(a) Notice of each mandatory tender for purchase required by paragraph (a) of this Section shall be given as provided in this paragraph (b). No notice shall be required to be given in connection with a purchase of a Flexible Rate Bonds or Term Rate Bond pursuant to clause (i) of the definition of “Mandatory Purchase Date.” The notice required by this paragraph (b) shall

be given not less than 5 days before the Mandatory Purchase Date in connection with a purchase of Bonds pursuant to Trustee's receipt of written notice from the Bank that the Bank is terminating the Letter of Credit by reason of occurrence of an event of default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Bonds pursuant to clause (v) of the definition of "Mandatory Purchase Date." Notice of each other mandatory tender for purchase required by paragraph (a) of this Section shall be given by the Trustee by first-class mail, postage prepaid to the Owners not less than 15 days prior to the Mandatory Purchase Date (with copies thereof to be given to the other Notice Parties). Each such notice shall state (i) the Mandatory Purchase Date, (ii) if such Bond is required to be tendered pursuant to this Section that each Bond shall be tendered for purchase by delivery of such Bond to the Trustee at its principal corporate trust office on or prior to the Mandatory Purchase Date and that any Bond not so tendered for purchase as required shall be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in Section 4.03 hereof, shall be deemed to have been purchased on the Mandatory Purchase Date after which no interest shall accrue thereon for the benefit of the Owner required to so tender such Bond and such Owner shall have no rights under this Indenture as the Owner of such Bond except the right to receive the Purchase Price thereof, and (iii) that all Bonds subject to such mandatory tender for purchase shall be purchased on the applicable Mandatory Purchase Date at the applicable Purchase Price, but solely from the funds specified in Section 4.03.

(b) Any Bond subject to mandatory tender for purchase in accordance with this Section which is not tendered for purchase as required by paragraph (a) of this Section shall nonetheless be deemed to have been so tendered and, upon provision for payment of the Purchase Price therefor from the funds specified in Section 4.03 hereof, shall be deemed to have been purchased on the Mandatory Purchase Date after which no interest shall accrue on such Bond for the benefit of the Owner required to tender such Bond from and after such Mandatory Purchase Date and such Owner shall have no rights hereunder as the Owner of such Bond except the right to receive the Purchase Price thereof.

SECTION 4.03. Tender and Purchase of Bonds. (a) The Remarketing Agent shall use its best efforts to remarket Bonds to be purchased pursuant to Section 4.01 or 4.02 hereof at a price of par plus accrued and unpaid interest, if any. If the Remarketing Agent remarkets any Bonds pursuant to this Article IV to IRWD, the Remarketing Agent and IRWD shall promptly provide written notice to the Bank and the Trustee stating the amount of Bonds purchased.

Bonds subject to purchase pursuant to Section 4.01 or 4.02 hereof shall be purchased from the Owners thereof at the Purchase Price which shall be payable solely from the following sources in the order listed:

- (i) Immediately available funds on deposit in the Remarketing Proceeds Account;
- (ii) Immediately available funds on deposit in the Letter of Credit Purchase Account; and
- (iii) Immediately available funds on deposit in the District Purchase Account.

(b) At or before 3:00 p.m. on the Business Day immediately preceding each Purchase Date and each Mandatory Purchase Date (or 11:30 a.m. on each Purchase Date or Mandatory Purchase Date in the case of Bonds in the Daily Mode, Weekly Mode, Flexible Rate Mode or Term Rate Mode), the Remarketing Agent (i) unless otherwise provided in a Representation Letter, will deliver to the Paying Agent instructions for registration of the Bonds remarketed in accordance with paragraph (c) of this Section, and (ii) will give Electronic Notice, immediately confirmed in writing, to the Paying Agent, the Trustee and the Bank, specifying the aggregate principal amount of Bonds not remarketed which must be purchased by the Bank on such date, if any, and the amount of proceeds from the remarketing that will be delivered by the Remarketing Agent to the Paying Agent on such date, if any. At or prior to 11:30 a.m. on such Purchase Date or Mandatory Purchase Date, the Remarketing Agent will cause to be delivered to the Paying Agent in immediately available funds the proceeds of the remarketing, if any; provided, however, that if the Bonds are registered in the name of a Bond Depository or its nominee, and if the amount of such remarketing proceeds is sufficient to pay the Purchase Price of all Bonds to be purchased on the Purchase Date or Mandatory Purchase Date, the Remarketing Agent may apply such remarketing proceeds to the appropriate accounts of such Bond Depository to effect payment of the Purchase Price of Bonds in accordance with the procedures established by such Bond Depository. If the amount of proceeds from the remarketing delivered to the Paying Agent indicates that Bonds are required to be purchased from the proceeds of a drawing under the Letter of Credit, the Paying Agent shall give Electronic Notice to IRWD at or prior to 1:00 p.m. on such date specifying the information set forth in clause (ii) of the first sentence of this paragraph (b). The aggregate amount of Bonds specified in such direction to be purchased from the proceeds of a drawing under the Letter of Credit shall not be reduced.

(c) Unless otherwise provided in a Representation Letter, on each Purchase Date and Mandatory Purchase Date, all Bonds which (i) have been remarketed shall be registered as directed by the Remarketing Agent or (ii) are required to be purchased by the Bank shall be immediately registered in the name of the Bank or its designee as directed by the Bank. The Paying Agent shall make such Bonds available at its principal corporate trust office. In the absence of any instructions from the Bank, Bank-Owned Bonds will be held by the Paying Agent. The Paying Agent shall not release remarketed Bank-Owned Bonds held by it until the Letter of Credit has been reinstated as a result of such remarketing and the Paying Agent receives, and holds for the Bank, the remarketing proceeds thereof.

(d) The Paying Agent shall pay from the funds specified in paragraph (a) of this Section, the Purchase Price for each Bond at or prior to 3:00 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, and, if such Bond is not registered in the name of a Bond Depository or its nominee, only after receipt of such Bond, properly endorsed either in blank or to the Paying Agent. Payment of the Purchase Price of any Bond tendered for purchase or otherwise purchased pursuant to a Representation Letter shall be made in immediately available funds or in such manner as such Owner and the Paying Agent shall agree.

(e) Notwithstanding any provision contained in this Article IV, all Bank-Owned Bonds, except Bonds being registered on such date in the name of, or on behalf of, the Bank pursuant to Section 4.03(c) hereof, shall be deemed tendered to the Remarketing Agent on each Business Day without the need for any Tender Notice or delivery of such Bonds. The Remarketing Agent shall remarket such Bank-Owned Bonds on each Business Day in

accordance with this Indenture and the Remarketing Agreement. The Remarketing Agent shall immediately notify the Bank by Electronic Notice when Bank-Owned Bonds have been remarketed in accordance with this Indenture and the Remarketing Agreement.

(f) Notwithstanding any other provision contained in this Article IV, all tenders for purchase during any period in which the Bonds are registered in the name of Cede & Co. (or the nominee of any successor Bond Depository) shall be subject to the terms and conditions set forth in the Representation Letter and any rules and regulations promulgated by DTC. Subject thereto, the Bonds may be tendered by means of a book-entry credit of such Bonds to the account of the Remarketing Agent; provided, however, that under certain circumstances notice of tender shall be given by a purchaser of Bonds on behalf of the beneficial owner of such Bonds; and provided further that, if the Remarketing Agent notifies the Trustee that such Bonds have been remarketed pursuant to this Indenture, such Bonds may be treated as being tendered upon a book-entry transfer of such Bonds from the account of the tendering party to the credit of the account of the purchaser of such Bonds.

SECTION 4.04. Letter of Credit; Alternate Credit Facility. (a) While the Letter of Credit is in effect, during the Daily Mode, the Weekly Mode, the Monthly Mode, the Semi-Annual Mode, or the Annual Mode, the Trustee shall, by 3:00 p.m. on the Business Day preceding each Interest Payment Date, Principal Payment Date, Redemption Date and Maturity Date, and immediately upon a declaration of acceleration, draw on the Letter of Credit in accordance with the terms thereof so as to receive thereunder by 12:00 noon on said Interest Payment Date, Principal Payment Date, Redemption Date and Maturity Date, or as soon as practicable following a declaration of acceleration, as the case may be, an amount, in immediately available funds, equal to the amount of principal and interest payable on the Bonds on such Interest Payment Date, Redemption Date, Maturity Date, or the date principal and accrued interest on the Bonds is due and payable as a result of a declaration of acceleration. The proceeds of such draws under paragraph (a) of this Section 4.04 shall be deposited in the Letter of Credit Account, which constitutes an Eligible Account.

(a) While the Letter of Credit is in effect, during the Flexible Rate Mode or Term Rate Mode, the Trustee shall, by 3:00 p.m. on the Business Day preceding each Principal Payment Date, Redemption Date and Maturity Date, and immediately upon a declaration of acceleration, draw on the Letter of Credit in accordance with the terms thereof so as to receive thereunder by 12:00 noon on said Redemption Date or Maturity Date, or as soon as practicable following a declaration of acceleration, as the case may be, an amount, in immediately available funds, equal to the amount of principal payable on the Bonds on such Principal Payment Date, Redemption Date, Maturity Date, or the date principal and accrued interest on the Bonds is due and payable as a result of a declaration of acceleration. The proceeds of such draws under this paragraph shall be deposited in the Letter of Credit Account.

While the Letter of Credit is in effect, during the Flexible Rate Mode or Term Rate Mode, the Trustee shall, by 3:00 p.m. on the last Business Day of each calendar month and on the Business Day preceding each Principal Payment Date, Redemption Date and Maturity Date, and immediately upon a declaration of acceleration, by Electronic Notice, draw on the Letter of Credit in accordance with the terms thereof so as to receive thereunder by 12:00 noon: (i) on the first Business Day of the next calendar month, an amount equal to the amount of interest accrued

on the Flexible Rate Bonds or Term Rate Bonds during the previous calendar month whether or not paid or due; or (ii) on said Principal Payment Date, Redemption Date, Maturity Date or as soon as practicable following a declaration of acceleration, as the case may be, the amount of interest payable on the Bonds on such Principal Payment Date, Redemption Date, Maturity Date or as a result of a declaration of acceleration less amounts withdrawn from the Interest Reserve Fund pursuant to Section 5.05 hereof. The proceeds of such draw shall be deposited in the Interest Reserve Fund.

(b) While the Letter of Credit is in effect, on each Purchase Date and Mandatory Purchase Date the Trustee shall prior to 12:00 noon, draw on the Letter of Credit in accordance with the terms thereof so as to receive thereunder by 2:45 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on such date and amounts withdrawn from the Interest Reserve Fund pursuant to Section 5.05 hereof, to enable the Paying Agent to pay the Purchase Price of all Bonds due on such Purchase Date or Mandatory Purchase Date. In connection with any Mandatory Purchase Date due to the substitution of an Alternate Credit Facility for a Letter of Credit, the Trustee shall draw on the Letter of Credit and not the Alternate Credit Facility to pay the Purchase Price of the Bonds in connection with said substitution. If the Trustee has not received the notice pursuant to Section 4.03(b)(ii) specifying the amount of proceeds of the remarketing of Bonds on such Purchase Date or Mandatory Purchase Date, the Trustee shall draw on the Letter of Credit in an amount sufficient, together with amounts withdrawn from the Interest Reserve Fund pursuant to Section 5.05 hereof, to enable the Paying Agent to pay the Purchase Price of all Bonds due on such Purchase Date or Mandatory Purchase Date. The proceeds of such draw shall immediately be transferred to the Paying Agent, who shall deposit said proceeds in the Letter of Credit Purchase Account, which constitutes an Eligible Account.

(c) Notwithstanding the foregoing paragraphs (a), (b) and (c) of this Section, the Trustee shall not draw on the Letter of Credit with respect to any payments due or made in connection with Bank-Owned Bonds or Bonds held in the name of IRWD or Bonds held for the account of IRWD. IRWD agrees to provide the Trustee notice of any Bonds held for the account of IRWD and the Trustee may conclusively rely on such notice as to any Bonds held for the account of IRWD.

(d) If at any time there shall have been delivered to the Trustee (i) an Alternate Credit Facility in substitution for the Letter of Credit then in effect, (ii) a Favorable Opinion of Bond Counsel, and (iii) a written opinion of counsel to the provider of the Alternate Credit Facility to the effect that such Alternate Credit Facility constitutes the valid and binding agreement of the provider thereof; (iv) a rating for the Bonds upon the substitution of such Alternate Credit Facility for the Letter of Credit then in effect from each Rating Agency selected by IRWD and (v) written evidence satisfactory to the Bank of the provision for purchase from the Bank of all Bank-Owned Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Reimbursement Agreement on or before the effective date of such Alternate Credit Facility, then the Trustee shall accept such Alternate Credit Facility on the Substitution Date and shall surrender the Letter of Credit then in effect to the Bank after funds have been received by the Trustee pursuant to the draw to pay the Purchase Price of the Bonds in connection with the substitution. IRWD shall give the Trustee and the

Bank written notice of the proposed substitution of an Alternate Credit Facility for the Letter of Credit then in effect no less than 40 days prior to the proposed Substitution Date.

(e) The Trustee shall not sell, assign or otherwise transfer the Letter of Credit or an Alternate Credit Facility, except to a successor Trustee hereunder and in accordance with the terms of the Letter of Credit or the Alternate Credit Facility, as applicable, and this Indenture.

(f) IRWD shall have no obligation to maintain the Letter of Credit or an Alternate Credit Facility in effect for any period of time regardless of which Mode is in effect for the Bonds.

The Trustee may accept, hold and draw upon the Letter of Credit issued by itself or by any of its corporate affiliates to provide security and a source of payment for the Bonds. The Trustee covenants that it shall at all times maintain adequate controls to manage any potential conflict of interest. Notwithstanding any other provision herein to the contrary, while the Bank issuing the Letter of Credit or Alternate Letter of Credit is the Trustee or an affiliate of the Trustee and such Bank has not failed to honor a properly presented draw on the Letter of Credit or Alternate Letter of Credit, the Trustee shall have no discretion with respect to the acceleration of the Bonds and shall do so only upon the written direction of such Bank issuing the Letter of Credit or Alternate Letter of Credit. The Trustee shall immediately tender its resignation and take prompt steps to have a successor trustee appointed satisfying the requirements of this Indenture if such affiliated Bank shall fail at any time to honor a properly presented draw on the Letter of Credit.

SECTION 4.05. No Sales After Certain Defaults. The Remarketing Agent shall not remarket Bonds pursuant to Section 4.01, 4.02 or 4.03 hereof if there shall have occurred and be continuing an Event of Default.

SECTION 4.06. Purchase Fund. There is hereby established and there shall be maintained with the Paying Agent, as agent for the Trustee, a separate fund to be known as “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A, Purchase Fund” (the “Purchase Fund”). The Paying Agent shall further establish a separate account within the Purchase Fund to be known as the “Letter of Credit Purchase Account,” a separate account within the Purchase Fund to be known as the “Remarketing Proceeds Account” and a separate account within the Purchase Fund to be known as the “District Purchase Account.”

(a) **Remarketing Proceeds Account.** Upon receipt of the proceeds of a remarketing of Bonds on a Purchase Date or Mandatory Purchase Date, the Paying Agent shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of the Bonds in accordance with Section 4.03 hereof. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Bank-Owned Bonds, the Paying Agent shall immediately pay such proceeds to the Bank to the extent of any amount owing to the Bank.

(b) **Letter of Credit Purchase Account.** Upon receipt from the Trustee of the immediately available funds transferred to the Paying Agent pursuant to paragraph (d) of Section 4.03 hereof, the Paying Agent shall deposit such money in the Letter of Credit Purchase Account for application to the Purchase Price of the Bonds to the extent that the monies on deposit in the

Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Letter of Credit Purchase Account and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any Bonds shall be immediately returned to the Bank.

(c) District Purchase Account. Upon receipt from the Trustee of the immediately available funds transferred to the Paying Agent pursuant to paragraph (c) of Section 4.07 hereof, the Paying Agent shall deposit such money in the District Purchase Account for application to the Purchase price of the Bonds to the extent that the monies on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the District Purchase Account and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any Bonds shall be immediately returned to IRWD.

(d) Investment. Amounts held in the Letter of Credit Purchase Account and the Remarketing Proceeds Account by the Paying Agent shall be held uninvested.

SECTION 4.07. District Credit Facility. (a) While a District Credit Facility is in effect, during the Daily Mode, the Weekly Mode, the Monthly Mode, the Semi-Annual Mode, the Annual Mode and the Term Rate Mode, the Trustee shall, by 3:00 p.m. on the Business Day preceding each Interest Payment Date, Principal Payment Date, Redemption Date and Maturity Date, and immediately upon a declaration of acceleration, draw on the District Credit Facility in accordance with the terms thereof so as to receive thereunder by 12:00 noon on said Interest Payment Date, Principal Payment Date, Redemption Date and Maturity Date, or as soon as practicable following a declaration of acceleration, as the case may be, an amount, in immediately available funds, equal to the different between the amount available in the Bond Payment Fund and the amount of principal and interest payable on the Bonds on such Interest Payment Date, Redemption Date, Maturity Date, or the date principal and accrued interest on the Bonds is due and payable as a result of a declaration of acceleration. The proceeds of such draws under paragraph (a) of this Section 4.07 shall be deposited in the Bond Payment Fund.

(a) While a District Credit Facility is in effect, during the Flexible Rate Mode or Term Rate Mode, the Trustee shall, by 3:00 p.m. on the last Business Day of each calendar month and on the Business Day preceding each Redemption Date and Maturity Date, and immediately upon a declaration of acceleration, by Electronic Notice, draw on the District Credit Facility in accordance with the terms thereof so as to receive thereunder by 12:00 noon on the first Business Day of the next calendar month or on said Redemption Date, Maturity Date or as soon as practicable following a declaration of acceleration, as the case may be, an amount equal to the amount of interest accrued on the Flexible Rate Bonds or Term Rate Bonds during the previous calendar month whether or not paid or due and payable or the amount of interest payable on the Bonds as a result of a declaration of acceleration. The proceeds of such draw shall be deposited in the Interest Reserve Fund.

(b) While a District Credit Facility is in effect, on each Purchase Date and Mandatory Purchase Date the Trustee shall prior to 12:00 noon, draw on the District Credit Facility in accordance with the terms thereof so as to receive thereunder by 2:45 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on such date and amounts withdrawn from the Interest Reserve Fund pursuant to

Section 5.05 hereof, to enable the Paying Agent to pay the Purchase Price in connection therewith. In connection with any Mandatory Purchase Date due to the substitution of an Alternate Letter of Credit for a District Credit Facility, the Trustee shall draw on the District Credit Facility and not the Alternate Letter of Credit to pay the Purchase Price of the Bonds in connection with said substitution. The proceeds of such draw shall immediately be transferred to the Paying Agent, who shall deposit said proceeds in the District Purchase Account.

(c) Each District Credit Facility shall include the following: (i) an unconditional and, during the term of the District Credit Facility, irrevocable obligation of IRWD to pay the amounts to be drawn by the Trustee under the District Credit Facility pursuant to this Section 4.07; (ii) that payments by IRWD thereunder shall be payable from such sources as shall be specified in the District Credit Facility; and (iii) the term of the District Credit Facility shall be for at least one year or the earlier maturity of the Bonds provided that IRWD may terminate the District Credit Facility upon either sixty days written notice to the Trustee or upon the delivery of an Alternate Letter of Credit or substitute District Credit Facility pursuant to subsection (e) of this Section 4.07.

(d) If at any time there shall have been delivered to the Trustee (i) an Alternate Credit Facility in substitution for the District Credit Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) written opinion of counsel to the provider of the Alternate Credit Facility to the effect that such Alternate Credit Facility constitutes the valid and binding agreement of the provider thereof; (iv) a rating from each Rating Agency selected by IRWD and (v) written evidence satisfactory to the District of the provision for the payment of all amounts due in connection with the District Credit Facility to be replaced on or before the effective date of such District Credit Facility, then the Trustee shall accept such Alternate Credit Facility on the Substitution Date and shall surrender the District Credit Facility then in effect to IRWD. IRWD shall give the Trustee and the Bank written notice of the proposed substitution of an Alternate Credit Facility for the District Credit Facility then in effect no less than 40 days prior to the proposed Substitution Date.

(e) The Trustee shall not sell, assign or otherwise transfer a District Credit Facility, except to a successor Trustee hereunder and in accordance with the terms of the District Credit Facility and this Indenture.

(f) IRWD shall have no obligation to maintain any District Credit Facility in effect for any period of time regardless of which Mode is in effect for the Bonds.

(g) Advances under a District Credit Facility shall be reimbursed by the Trustee from any delinquent payments received by the Trustee relating to such advances and not required to be applied to another purpose under this Indenture. Advances under a District Credit Facility shall be reimbursed by IRWD from any moneys available for such reimbursement in the General Obligation Bond Fund and not required to be applied to another purpose under this Indenture.

ARTICLE V

FUNDS AND ACCOUNTS

SECTION 5.01. Deposit of Monies. The Trustee shall establish and hold the Bond Proceeds Fund. On the Closing Date, the proceeds received from the sale of the Bonds in the amount of \$_____ (representing the principal amount of the Bonds of \$125,000,000, less an underwriter's discount of \$_____), which the Trustee shall deposit in the Bond Proceeds Fund, shall be applied as follows:

(i) \$_____ shall be transferred to the Prior Trustee to redeem the Prior Bonds; and

(ii) \$_____ shall be transferred to IRWD for deposit in the Costs of Issuance Fund.

SECTION 5.02. Pledge of Trust Estate. Subject to the application of the Revenues on the terms and conditions provided in Section 7.02, the District hereby pledges and grants a lien on the Revenues to the payment when due of the principal, Purchase Price and Redemption Price of, and interest on, the Outstanding Bonds, which pledge and lien shall be on a parity with any pledge of Revenues securing other Parity Obligations. This pledge and lien shall constitute a pledge of and charge and lien upon the Revenues for the payment of the principal, Purchase Price and Redemption Price of, and interest on, the Outstanding Bonds and all other Parity Obligations in accordance with the terms hereof and thereof after payment from the Revenues of the Operation and Maintenance Expenses, and the funding of contingency reserves therefor, as provided in the Indenture.

SECTION 5.03. Allocation of Revenues. In order to carry out and effectuate the pledge and lien on the Revenues contained in Section 5.02, the District agrees and covenants that all Revenues received by it shall be deposited when and as received in the Revenue Fund, which fund has heretofore been established by the District and which fund the District agrees and covenants to maintain as a special fund, separate and apart from other moneys of the District so long as any Bond remains Outstanding. All Revenues shall be applied in the following order of priority:

(a) First to the payment of Operation and Maintenance Expenses (other than the funding of contingency reserves for Operation and Maintenance Expenses) as they become due and payable.

(b) Second, to the funding of contingency reserves for Operation and Maintenance Expenses.

(c) Third: (i) two (2) Business Days before each Interest Payment Date, to a deposit to the Bond Payment Fund in an amount equal to the transfer to the Interest Account and the Principal Account to be made on such Interest Payment Date; and (ii) on each date, other than an Interest Payment Date, on which the principal of an Outstanding Bond becomes due, whether by mandatory redemption, acceleration, or otherwise, to a deposit to the Bond Payment Fund in an amount equal to the principal and Redemption Price of, and interest on, the Outstanding Bonds

coming due on such date. Notwithstanding the provisions of the immediately preceding sentence, no such deposit to the Bond Payment Fund need be made by the District to the extent the Trustee then holds, or is concurrently receiving from the District from Assessment Proceeds or other sources that do not constitute Revenues, moneys for such purpose in the Bond Payment Fund, or being deposited in the Bond Payment Fund, available to pay the principal and Redemption Price of, and interest on, the Outstanding Bonds to be paid with such deposit. The District shall also pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Bonds), without preference or priority between transfers made pursuant to this sentence and the first sentence of this subsection (c), and in the event of any insufficiency of such moneys ratably without any discrimination or preference, on the dates specified in the proceedings relating to such Parity Obligations, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest on Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Bonds) in accordance with the terms of such Parity Obligations.

(d) Fourth, the District shall transfer or cause to be transferred to any applicable reserve fund or account for any Parity Obligations for which a separate reserve has been funded, without preference or priority between transfers made pursuant to this subsection (d), and in the event of any insufficiency of such moneys ratably without any discrimination or preference, the sum or sums, if any, equal to the amount required to be deposited therein in accordance with the terms of such Parity Obligations.

(e) Fifth, to any lawful purpose of the District, including the payment of any Subordinate Obligations in accordance with the instruments authorizing such Subordinate Obligations, which application shall be free and clear of the pledge and lien on Revenues created by the Indenture.

SECTION 5.04. Bond Payment Fund. There is hereby established and created a fund with the Trustee to be designated the “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A, Bond Payment Fund” (the “Bond Payment Fund”). The Trustee shall transfer money contained in the Bond Payment Fund to the accounts described below at the following respective times in the manner hereinafter provided, which accounts the Trustee hereby agrees to establish and maintain so long as this Indenture is not discharged in accordance with Article X hereof and each such account shall constitute a trust fund for the benefit of the Owners of the Bonds and the Bank, and the money in each such account shall be disbursed only for the purposes and uses hereinafter authorized.

(a) Interest Account. When a Letter of Credit is in effect, the Trustee, on each Interest Payment Date, shall withdraw and apply monies in the Interest Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to paragraph (a) of Section 4.04 hereof to pay interest on the Bonds payable on such Interest Payment Date. When no Letter of Credit is in effect, the Trustee, on each Interest Payment Date, shall deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account and (when the Bonds are in the Fixed Rate Mode) any required transfer from the Fixed Rate Reserve Account, shall be sufficient to pay interest payable

on the Outstanding Bonds on such Interest Payment Date. Money in the Interest Account shall be used and withdrawn by the Trustee on each Interest Payment Date solely for the payment of interest on the Outstanding Bonds or reimbursement of the Bank for such payment, as aforesaid.

(b) Principal Account. When a Letter of Credit is in effect, the Trustee, on each Principal Payment Date, shall withdraw and apply monies in the Principal Account, if any, to reimburse the Bank for draws on the Letter of Credit pursuant to paragraph (a) or (b) of Section 4.04 hereof to pay principal of the Bonds payable on such Principal Payment Date. When no Letter of Credit is in effect, the Trustee, on each Principal Payment Date, shall deposit in the Principal Account from money in the Bond Payment Fund an amount which, together with (when the Bonds are in the Fixed Rate Mode) any required transfer from the Fixed Rate Reserve Account, shall be sufficient to pay the principal becoming due on each Principal Payment Date. Money in the Principal Account shall be used and withdrawn by the Trustee on each Principal Payment Date solely for the payment of the principal of Outstanding Bonds or reimbursement of the Bank for such payment, as aforesaid.

(c) Redemption Account. When the Letter of Credit is in effect, the Trustee shall deposit in the Redemption Account amounts received from IRWD to pay the premium on Bonds to be redeemed pursuant to Section 3.02 hereof. The Trustee shall apply amounts received from IRWD, which amounts shall not be commingled with other amounts in the Redemption Account, to pay the premium on Bonds to be redeemed pursuant to Section 3.02 hereof only if and to the extent that such amounts constitute Seasoned Funds on the date of application.

When no Letter of Credit is in effect, the Trustee shall deposit in the Redemption Account amounts received from IRWD to pay the principal of and premium on Bonds to be redeemed pursuant to Section 3.04 hereof. When no Letter of Credit is in effect, money in the Redemption Account shall be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the principal of and premium, if any, on Outstanding Bonds upon the redemption thereof pursuant to paragraph (a) of Section 3.01 or Section 3.04 hereof.

(d) Letter of Credit Account. The Trustee shall deposit the proceeds of draws on the Letter of Credit made pursuant to paragraphs (a) and (b) of Section 4.04 hereof in the Letter of Credit Account. When the Letter of Credit is in effect, money in the Letter of Credit Account shall be used and withdrawn by the Trustee on each Interest Payment Date (except during the Flexible Rate Mode), each Principal Payment Date and each Redemption Date and used to pay the interest on and principal of the Bonds (whether at maturity, redemption or acceleration).

SECTION 5.05. Interest Reserve Fund. The Trustee hereby agrees to establish and maintain, so long as any Bonds are Outstanding, the “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A, Interest Reserve Fund” (the “Interest Reserve Fund”). The Trustee shall deposit in the Interest Reserve Fund amounts received from IRWD which, on the date of a Change in Mode to the Flexible Rate or the Term Rate Mode will constitute Seasoned Funds in an amount equal to the Interest Reserve Fund Requirement. Additionally, the Trustee shall deposit in the Interest Reserve Fund the proceeds of all draws made on the Letter of Credit pursuant to paragraph (b) of Section 4.04 hereof. When the Bonds are in the Flexible Rate Mode or Term Rate Mode, the Trustee shall apply amounts on deposit in the Interest

Reserve Fund on each Interest Payment Date to the payment of interest due and payable on the Bonds.

Amounts on deposit in the Interest Reserve Fund shall be reduced on the first Business Day of each calendar month following the redemption of Bonds while the Bonds are in the Flexible Rate Mode or Term Rate Mode, so that the amount on deposit in the Interest Reserve Fund on such date shall be equal to the accrued, unpaid interest to such date on the Outstanding Bonds plus the Interest Reserve Fund Requirement.

Upon a Change of Mode out of the Flexible Rate Mode or the Term Rate Mode, monies on deposit in the Interest Reserve Fund shall be transferred from the Interest Reserve Fund to the Interest Account; provided, however, that there shall not be transferred monies on deposit in the Interest Reserve Fund which represent interest actually accrued but not yet payable.

Any monies held by the Trustee in the Interest Reserve Fund shall be held in such fund for the benefit of the Owners and IRWD shall have no right, title or interest in or to the Interest Reserve Fund. Any monies held by the Trustee in the Interest Reserve Fund shall be held uninvested unless instructed by an IRWD Representative to be invested in Government Obligations with maturities no later than one Business Day prior to the next Interest Payment Date or, if earlier, when expected to be needed.

SECTION 5.06. Costs of Issuance Fund. There is hereby established and created a fund in the treasury of IRWD to be designated “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A, Costs of Issuance Fund” (the “Costs of Issuance Fund”). The Bond proceeds deposited in the Costs of Issuance Fund shall be apportioned by IRWD among the respective Improvement Districts according to each Improvement District’s Included Percentage. All moneys on deposit in the Costs of Issuance Fund shall be applied by IRWD for the payment of the costs of issuing the Bonds, including printing costs, rating agency fees, the fees and expenses of co-bond counsel, the Trustee, the Paying Agent, the Remarketing Agent, CUSIP Service Bureau charges and other costs and expenses of IRWD relating to the issuance and sale of the Bonds. Any amounts remaining in the Costs of Issuance Fund on January 31, 2026 shall be transferred to the Trustee for deposit in the Interest Account or the Principal Account as directed by IRWD and used to pay the interest or the principal becoming due on the following Interest Payment Date or Principal Payment Date, as applicable, or if a Letter of Credit is in effect, to reimburse the Bank for draws on the Letter of Credit pursuant to paragraphs (a)-(d) of Section 4.04 hereof.

SECTION 5.07. Investments. So long as the Bonds are Outstanding and there is no default hereunder, monies on deposit to the credit of the Bond Payment Fund, except for monies on deposit in the Letter of Credit Account, shall, at the request by Electronic Notice of an IRWD Representative, confirmed in writing within two Business Days, specifying and directing that such investment of such funds be made, be invested by the Trustee in Permitted Investments. In the absence of written instruction from an IRWD Representative, the Trustee is directed to invest available funds in Permitted Investments described in paragraph (x) of the definition thereof. Monies on deposit in the Letter of Credit Account shall be held uninvested. Subject to the limitations contained in Government Code Section 53601, monies held by IRWD in the Funds and accounts established under this Indenture shall be invested by IRWD in Permitted

Investments; *provided, however*, that any Seasoned Funds which are required to pay the redemption price of any Bonds for which notice of redemption has been given pursuant to Section 3.07 hereof may be invested only in direct obligations of the United States of America which mature not later than 30 days from the date of purchase or on the applicable Redemption Date, whichever first occurs. The Trustee is entitled to rely conclusively on said instructions for purposes of this Section and shall have no duty to monitor the compliance thereof with the restrictions set forth herein. Such investments shall have maturity dates, or shall be subject to redemption by the holder, at the option of the holder, on or prior to the dates the monies invested therein will be needed for the purposes of such Funds.

The Trustee may commingle any of the money held by it hereunder, except money derived from draws under the Letter of Credit or Seasoned Funds, which shall not be commingled with any other funds under any circumstances. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested. The Trustee shall not be liable or responsible for any depreciation or any losses resulting from any such deposit or investment presented for redemption or sold. The Trustee is not liable to IRWD or any other person in the event that any investment made in accordance with the written instructions of IRWD shall cause the Bonds to become arbitrage bonds within the meaning of Section 148 of the Code or shall cause any person to incur any liability for rebates or other monies payable pursuant to the Code.

Any interest or profits on deposits and investments in the Bond Payment Fund received by the Trustee shall be deposited in the Interest Account as a credit against interest to come due on the Outstanding Bonds. Any interest or profits on deposits and investments in the Costs of Issuance Fund shall be retained therein. Any interest or profits in the Fixed Rate Reserve Account shall be retained therein, except as provided in Sections 5.04 and 5.09 hereof or shall be transferred to the Rebate Fund. Any interest or profits in the Reserve Account shall be retained therein except as provided in Section 5.08 hereof.

IRWD acknowledges to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant IRWD the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, IRWD hereby waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish IRWD periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

SECTION 5.08. Reserve Account. There is hereby established and created an account in the treasury of IRWD to be designated “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A, Reserve Account” (the “Reserve Account”). The Reserve Account shall not be initially funded and will only be funded and applied in the absolute discretion of IRWD in accordance with the Reserve Account Terms Certificate. In the event IRWD funds the Reserve Account, it shall be maintained, used, transferred, reimbursed and liquidated as follows:

(a) In the event there are insufficient funds in the General Obligation Bond Fund with respect to an Improvement District to fully reimburse the Bank on such date in respect of such Improvement District’s Included Percentage of the amount drawn on the Letter of Credit, IRWD

shall immediately transfer from the Reserve Account and pay to the Bank, to the extent amounts are available in the Reserve Account for the account of such Improvement District for such purpose, an amount necessary to fully reimburse the Bank for the draw on the Letter of Credit in respect of such Improvement District.

(b) If on May 1 of any year, the amount in the Reserve Account is less than an amount equal to the Reserve Requirement, the Reserve Account shall be restored by the inclusion in the next annual assessment of an amount sufficient to replenish the Reserve Account pursuant to Section 35911 of the Water Code and, when received, such amount shall be deposited by IRWD in the Reserve Account. Provided, however, that to the extent that the amount in the Reserve Account has been restored to the Reserve Requirement prior to the time of fixing the next annual assessment, said inclusion need not be made.

(c) If on the first Business Day of any month, the amount on deposit in the Reserve Account with respect to an Improvement District exceeds such Improvement District's Included Percentage of the Reserve Requirement, such excess shall be withdrawn by IRWD and deposited in the General Obligation Bond Fund for the account of such Improvement District and used to pay interest to become due with respect to such Improvement District or to reimburse the Bank for the draw on the Letter of Credit in respect of such Improvement District.

(d) If at any time the amount on deposit in the Reserve Account with respect to an Improvement District is sufficient to pay, whether by redemption or at maturity, such Improvement District's Included Amount, premium, if any, and interest thereon that will accrue to the Redemption Date or Maturity Date, all amounts on deposit in the Reserve Account with respect to such Improvement District shall be withdrawn by IRWD and used to pay the principal of and interest on such Improvement District's Included Amount, or transferred to the Trustee for deposit in the Redemption Account, at the times and in the amounts required for the payment of such Improvement District's Included Amount, premium, if any, and interest thereon.

SECTION 5.09. Fixed Rate Reserve Account. There is hereby established and created an account in the treasury of IRWD to be designated "Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A Fixed Rate Reserve Account" (the "Fixed Rate Reserve Account"). The Fixed Rate Reserve Account shall not be initially funded and will be funded and applied in accordance with the Fixed Rate Terms Certificate in the event IRWD, in its absolute discretion, effects a Change in Mode of the Outstanding Bonds to the Fixed Rate Mode. In the event IRWD funds the Fixed Rate Reserve Account, it shall be maintained, used, transferred, reimbursed, and liquidated as follows:

(a) Whenever, during the Fixed Rate Mode, there are insufficient funds with respect to an Improvement District in the Interest Account or Principal Account to pay such Improvement District's Included Percentage of the next maturing installment of the principal of or interest on its Included Amount of the Fixed Rate Bonds, an amount necessary to pay such deficiency shall be transferred from the Fixed Rate Reserve Account in respect of such Improvement District to such accounts. If on May 1 of any year after the Conversion Date, the amount in the Fixed Rate Reserve Account is less than an amount equal to the Fixed Rate Reserve Requirement, the Fixed Rate Reserve Account shall be restored by the inclusion in the next annual assessment of an amount sufficient to replenish the Fixed Rate Reserve Account

pursuant to Section 35911 of the Water Code which amount shall be deposited in the Fixed Rate Reserve Account. Provided, however, that to the extent that the amount in the Fixed Rate Reserve Account has been restored to the Fixed Rate Reserve Requirement prior to the time of fixing the next annual assessment, said inclusion need not be made.

(b) If on the first Business Day of any month after the Conversion Date, the amount on deposit in the Fixed Rate Reserve Account with respect to an Improvement District exceeds such Improvement District's Included Percentage of the Fixed Rate Reserve Requirement, such excess shall be transferred by IRWD to the Trustee for deposit to the Interest Account as a credit against interest to become due with respect to such Improvement District.

(c) If at any time the amount on deposit in the Fixed Rate Reserve Account with respect to an Improvement District is sufficient to pay, whether by redemption or at maturity, such Improvement District's Included Amount, premium, if any, and interest thereon that will accrue to the Redemption Date or Maturity Date, as the case may be, all amounts on deposit in the Fixed Rate Reserve Account with respect to such Improvement District shall be transferred to the Principal Account and Interest Account, or Redemption Account, at the times and in the amounts required for the payment of such Improvement District's Included Amount, premium, if any, and interest thereon.

ARTICLE VI

COVENANTS

SECTION 6.01. Payment of Bonds. IRWD will promptly pay the principal of, premium, if any, and interest on the Bonds on the dates and in the manner provided in the Bonds, but only from the sources available therefor under this Indenture. IRWD will provide the Trustee sufficient monies to enable the Trustee to make all payments of principal of, premium, if any, and interest on the Bonds as provided in this Indenture and the Bonds, except that IRWD will pay directly to the Bank all amounts payable in respect of Bank-Owned Bonds.

SECTION 6.02. Collection of Assessments and Charges, General Obligation Bond Fund. To the extent necessary to provide Assessment Proceeds sufficient to pay when due, together with the other funds available for such payment, the principal of and interest on the Included Amount for each respective Improvement District, IRWD covenants and agrees to (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land within the applicable Improvement District, (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of Bonds of the applicable Improvement District, or (c) in its discretion, impose and collect, or cause the imposition and collection of In Lieu Charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments.

There is hereby established and created a fund in the treasury of IRWD to be designated "Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A, General Obligation Bond Fund" (the "General Obligation Bond Fund"), together with an account within

such Fund for each Improvement District, which IRWD agrees to maintain as long as this Indenture is not discharged in accordance with Article X hereof. Additionally, IRWD may deposit other available monies in such Fund and such monies shall be apportioned to each Improvement District within the Fund according to each Improvement District's Included Percentage. The assessments and charges levied upon and collected within any Improvement District shall not exceed the amount required to pay such Improvement District's Included Amount, premium, if any, and interest thereon. Monies raised by each Improvement District for this purpose shall be deposited to the Improvement District's account within the General Obligation Bond Fund and shall be used solely for the purpose of paying such Improvement District's Included Amount, premium, if any, and interest thereon, including reimbursing the District for any such payments made from Net Revenues. Except as provided below, IRWD shall transfer from the General Obligation Bond Fund (i) while the Letter of Credit is in effect, to the Bank monies at such times and in such amounts as are sufficient to reimburse the Bank, in accordance with the terms of the Reimbursement Agreement, for draws made on the Letter of Credit pursuant to paragraphs (a), (b) and (c) of Section 4.04 hereof; provided, however, that to the extent monies are available in the Principal Account or the Interest Account to pay the principal of or interest on the Bonds, the Trustee shall withdraw and apply monies in the Principal Account or the Interest Account, as appropriate, as directed in writing by IRWD to reimburse the Bank for draws made on the Letter of Credit pursuant to paragraphs (a), (b) and (c) of Section 4.04 hereof, and (ii) while no Letter of Credit is in effect, to the Trustee for deposit in the Bond Payment Fund monies at such times and in such amounts as are sufficient for the Trustee to make the transfers from the Bond Payment Fund as provided herein.

SECTION 6.03. Further Assurances. IRWD will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Trustee of the rights and benefits provided to it in the Indenture.

SECTION 6.04. Tax Covenants; Rebate Fund. (a) In addition to the other Funds and accounts created pursuant hereto, IRWD shall establish and maintain a Fund separate from any other Fund or account established and maintained hereunder designated the "Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A, Rebate Fund" (the "Rebate Fund"). There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by IRWD in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall not be deemed to have knowledge of, and shall have no responsibility for complying with, the provisions of the Tax Certificate. The Trustee shall only be responsible for complying with the written instructions of IRWD provided to it under Section 6.04(d) hereof.

(a) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in paragraph (2) of this paragraph (b), shall be withdrawn and retained by IRWD.

IRWD shall pay to the United States of America out of amounts in the Rebate Fund,

(1) not later than 30 days after the end of the fifth Bond Year (as defined in the Tax Certificate) and not less frequently than once each five years thereafter, an amount equal to at least 90% of the Rebate Requirement; and

(2) not later than 60 days after the retirement of all of the Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the date of the retirement of all Bonds).

In the event that, prior to the time of any required payment out of the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, IRWD shall deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this subsection shall be made to the United States of America on or before the date such payment is due, as set forth in the Tax Certificate.

In the event that on the first day of any Bond Year the amount credited to the Rebate Fund exceeds the Rebate Requirement, IRWD shall withdraw the excess from the Rebate Fund and when a Letter of Credit is in effect apply such excess to reimburse the Bank for the draw on the Letter of Credit for the payment of interest on the Bonds, or when no Letter of Credit is in effect, transfer such excess to the Trustee for credit to the Interest Account of the Bond Payment Fund.

For purposes of crediting amounts to the Rebate Fund or withdrawing amounts from the Rebate Fund, Nonpurpose Investments shall be valued in the manner provided in the Tax Certificate.

(b) On or before the first day of each Bond Year, an amount shall be deposited to the Rebate Fund by IRWD, if and to the extent required, so that the balance of the Rebate Fund shall equal the Rebate Requirement for the Bond Year commencing on such first day.

(c) IRWD shall not use or permit the use of any proceeds of Bonds or any funds of IRWD, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(c) of the Internal Revenue Code of 1954, as amended. IRWD shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. IRWD shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Bonds. In the event that at any time IRWD is of the opinion that for purposes of this paragraph (d) of Section 6.04 it is necessary to restrict or to limit the yield on the investment of any monies held by the Trustee or held by IRWD under this Indenture, IRWD shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(d) IRWD specifically covenants to comply with the provisions and procedures of the Tax Certificate.

(e) IRWD shall not use or permit the use of any proceeds of the Bonds or any funds of IRWD, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(f) Notwithstanding any provisions of this Section, if IRWD shall provide to the Trustee an Opinion of Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, the Trustee and IRWD may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX hereof, the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.05. Segregation of Proceeds. IRWD specifically covenants to segregate the proceeds from the sale of the Bonds and any investment earnings thereon from other monies of IRWD, whether such proceeds are held in the treasury of IRWD or with the Trustee.

SECTION 6.06. Continuing Disclosure. IRWD hereby covenants and agrees to comply with the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of IRWD to comply with the requirements of the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause IRWD to comply with its obligations in this Section with respect to the Continuing Disclosure Certificate.

SECTION 6.07. Reimbursement Agreement. IRWD hereby covenants and agrees to promptly notify the Trustee of any amendment or supplement to the Reimbursement Agreement.

SECTION 6.08. Against Encumbrances. The District will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the District in, upon, about or relating to the Operating Systems and will keep the Operating Systems free of any and all liens. In the event any such lien attaches to or is filed against any portion of the Operating Systems, the District will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the District desires to contest any such lien it may do so if contesting such lien will not materially impair operation of the Operating Systems. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the District will forthwith pay or cause to be paid and discharged such judgment.

SECTION 6.09. Sale or Other Disposition of Operating Systems. The District will not sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part or rights of the Operating Systems or any real or personal property comprising a part of the

Operating Systems if such sale, transfer or disposition would cause the District to be unable to satisfy its obligations under the Indenture.

SECTION 6.10. Maintenance of Operating Systems by the District. The District will maintain and preserve the Operating Systems in good repair and working order at all times and will operate the Operating Systems in an efficient and economical manner and will pay all maintenance and operation costs, as they become due and payable. The District agrees that, at its own cost and expense, it will maintain, preserve and keep its Operating Systems and every part and parcel thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. The Trustee shall have no responsibility in any of these matters.

SECTION 6.11. Budgets. The District will take such action as shall be necessary to include all principal and Redemption Price of, and interest on, the Outstanding Bonds coming due in each Fiscal Year, and which are not expected to be paid from Assessment Proceeds, in its budget for such Fiscal Year. The District will adopt and file with the Trustee, not later than June 30 of each year, a budget for the succeeding Fiscal Year, approved by the Board, setting forth the estimated Operation and Maintenance Expenses of the Operating Systems for such Fiscal Year and including all payments of principal and Redemption Price of, and interest on, the Outstanding Bonds to be made from Revenues in such Fiscal Year, and which are not expected to be paid from Assessment Proceeds; provided, that, subject to including all payments of principal and Redemption Price of, and interest on, the Outstanding Bonds required to be made from Revenues hereunder in such Fiscal Year and which are not expected to be paid from Assessment Proceeds, any such budget for a Fiscal Year may be amended at any time during such Fiscal Year and such amended budget shall be filed by the District with the Trustee. When filed with the Trustee, such budget and any amendments thereto shall include a letter from the District stating that all payments of principal and Redemption Price of, and interest on, the Outstanding Bonds required to be made from Revenues hereunder, and which are not expected to be paid from Assessment Proceeds, have been included in the attached annual budget. The Trustee has no duty to review or analyze such annual budget, or monitor the compliance by the District with such budget. The Trustee shall retain such annual budget solely as a repository for the Owners of Bonds.

SECTION 6.12. Insurance. The District will procure and maintain such insurance relating to the Operating Systems which it shall deem advisable or necessary to protect its interests and operations, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with public water, sewer and reclaimed water systems similar to the Operating Systems; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner as is, in the opinion of an accredited actuary, actuarially sound. All policies of insurance required to be maintained hereunder shall provide that the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Notwithstanding the foregoing provisions of this Section, if at any time the District shall be unable to obtain or maintain insurance to the extent required by such provisions on reasonable terms, as to amounts, costs or as to risks, the failure to maintain such insurance shall not constitute an Event of Default under the Indenture if the District shall cause the employment of

an independent insurance consultant having a favorable reputation for skill and experience in such matters, for the purpose of reviewing such insurance requirements and making recommendations respecting the types, amounts and provisions of reasonably obtainable insurance, including self-insurance, or the establishment of other generally accepted forms of alternative protection that should be carried in lieu thereof, or the infeasibility of obtaining insurance, and if the District shall comply with the recommendations made in such report. A signed copy of the report of the insurance consultant shall be filed with the Trustee, and the insurance requirements specified in this Section shall be deemed to be modified to conform with the recommendations in such report.

SECTION 6.13. Accounting Records; Financial Statements and Other Reports.

(a) the District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Operating Systems, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

(b) the District will prepare and file with the Trustee annually within nine months after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2025):

(1) financial statements of the District for such Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon; and

(2) a detailed report as to all insurance policies maintained and self-insurance programs maintained by the District with respect to the Operating Systems as of the close of such Fiscal Year, including the names of the insurers which have issued the policies and the amounts thereof and the property or risks covered thereby.

(c) The Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Owners of the Bonds. The Trustee shall not be deemed to have notice of any information contained therein, default or Event of Default, which may be disclosed therein in any manner.

SECTION 6.14. Payment of Taxes and Compliance with Governmental Regulations. The District will: (i) pay and discharge all taxes, assessments and other governmental charges which may hereafter be imposed upon the Operating Systems or any part thereof when the same shall become due; and (ii) will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Operating Systems or any part thereof; provided, however, that the District shall not be required to comply with the requirements of either clause (i) or clause (ii) above to the extent that the validity or application of any particular taxes, assessments or other governmental charges, or any particular regulation or requirement, as applicable, shall be contested in good faith and contesting such validity or application will not materially impair the operation or maintenance of the Operating Systems, the financial condition of the District or the ability of the District to perform all of its obligations under the Indenture.

SECTION 6.15. Distribution of Net Revenues for Debt Service. The District hereby covenants that it will distribute Net Revenues available for debt service on Outstanding Bonds and debt service on all other Outstanding Parity Obligations on a pro rata basis without regard to whether each such Parity Obligation has a funded debt service reserve or a surety bond or other similar funding instrument.

SECTION 6.16. Eminent Domain and Insurance Proceeds. If all or any part of the Operating Systems shall be taken by eminent domain proceedings, or if the District receives any insurance proceeds resulting from a casualty loss to the Operating Systems, the Net Proceeds thereof, at the option of the District, shall be applied either (a) to the proportional redemption of, first, any Parity Obligations, including the Bonds, and second, any Subordinate Obligations, or (b) shall be used to make improvements or additions to the Operating Systems.

SECTION 6.17. Amount of Rates and Charges. To the fullest extent permitted by law, the District shall fix, prescribe and collect Revenues which, together with any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to one hundred twenty-five percent (125%) of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section.

SECTION 6.18. Parity Obligations.

(a) The District may at any time issue additional Parity Obligations; provided:

(1) The Net Revenues for the Applicable Fiscal Year, as evidenced by both a calculation prepared by the District and a special report on such calculation prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on file with the District, shall have been at least equal to one hundred twenty five percent (125%) of the Aggregate Debt Service for the Applicable Fiscal Year; and

(2) Either of (i) or (ii) below:

(i) The Net Revenues for the Applicable Fiscal Year, plus any adjustments to Net Revenues to give effect as of the first day of the Applicable Fiscal Year to increases or decreases in rates and charges of the District approved and in effect as of the date of calculation, shall produce an amount at least equal to one hundred twenty-five percent (125%) of the sum of: (i) the Aggregate Debt Service for such Applicable Fiscal Year plus (ii) the Debt Service which would have accrued on any Parity Obligations issued since the end of the Applicable Fiscal Year assuming such Parity Obligations had been issued at the beginning of the Applicable Fiscal Year plus (iii) the Debt Service which would have accrued had the additional Parity Obligations to be issued been issued at the beginning of the Applicable Fiscal Year; or

(ii) The estimated Net Revenues for each Fiscal Year in the Test Period, plus an allowance for the estimated Net Revenues for each Fiscal Year in the Test Period arising from the completion of any uncompleted projects during the Test Period, plus any increase in the

income, rents, fees, rates and charges estimated to be received by the District and which are economically feasible and reasonably considered necessary based on projected operations for the Test Period, shall produce an amount in each Fiscal Year in the Test Period which is at least equal to one hundred twenty-five percent (125%) of the sum of: (i) Aggregate Debt Service in each such Fiscal Year on all then Outstanding Parity Obligations plus (ii) the Debt Service in each such Fiscal Year on the additional Parity Obligations to be issued plus (iii) the Debt Service in each such Fiscal Year on any additional Parity Obligations estimated by the District to be required to complete all uncompleted projects for which Parity Obligations have been or are being issued, assuming that all such additional Parity Obligations to complete uncompleted projects (other than the Parity Obligations to be issued) have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Obligations then being issued.

(b) Notwithstanding the provisions of subsections (a) of this Section, the District may at any time issue additional Parity Obligations to refund Outstanding Parity Obligations without satisfying any of the conditions set forth in such subsections if Aggregate Debt Service after the issuance of such additional Parity Obligations in each Fiscal Year in the Refunding Test Period is not greater than the Aggregate Debt Service in each such Fiscal Year before the issuance of such additional Parity Obligations.

(c) Notwithstanding the provisions of subsections (a) of this Section, the District may at any time issue a Parity Obligation constituting a Credit Support Agreement securing a Parity Obligation without satisfying any of the conditions set forth in such subsections if such Credit Support Agreement: (i) replaces a Prior Reimbursement Agreement (or a successor to a Prior Reimbursement Agreement) and does not increase the principal of bonds secured by the letter of credit relating to such Prior Reimbursement Agreement, or (ii) the Parity Obligations secured by the Credit Support Instrument relating to such Credit Support Agreement have been issued in accordance with subsection (a) and subsection (b) of this Section.

(d) Nothing herein shall preclude the District from issuing any Subordinate Obligations without complying with the provisions of any other subsection of this Section.

SECTION 6.19. No Prior Pledge of Revenues. The District agrees not to create any pledge of, lien on or charge upon the Revenues with a priority prior to or senior to the pledge of the Revenues securing the Parity Obligations. Nothing in this Section, however, shall prevent the District from issuing Subordinate Obligations or granting a pledge of, lien on or charge upon the Revenues in all respects junior and subordinate to the payment of amounts due with respect to Parity Obligations to secure any such Subordinate Obligations. Nothing in the Indenture shall limit the District's payment of the Operation and Maintenance Expenses prior to the payment of the Parity Obligations as provided herein.

ARTICLE VII

DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 7.01. Events of Default. If any of the following events occur, it is hereby declared to constitute an "Event of Default":

- (a) Default in the punctual payment when due of interest on any Outstanding Bond;
- (b) Default in the punctual payment when due of the principal or Redemption Price of any Outstanding Bond;
- (c) An Event of Default (as defined in the applicable governing document) shall occur with respect to any Parity Obligation;
- (d) Except as expressly provided in the Indenture, IRWD shall fail to observe or perform in any material way any covenant, condition, agreement or provision contained in the Bonds or in the Indenture on the part of IRWD to be performed, other than those set forth in subsections (a), (b), and (c) of this Section, and such failure shall continue for 30 days after written notice specifying such failure and requiring the same to be remedied shall have been given to IRWD by the Trustee, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Owners of not less than 25% in aggregate principal amount of all Bonds then Outstanding; provided, however, that, when a Letter of Credit is in effect, no such notice shall be given without the consent of the Bank and provided, further, that if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by IRWD within the applicable period and diligently pursued until the default is corrected; or
- (e) The Trustee receives written notice from the Bank that IRWD has not reimbursed the Bank for a drawing under the Letter of Credit to pay interest or that any other event of default has occurred and is continuing under the Reimbursement Agreement.

If an Event of Default occurs and is continuing, the Trustee will mail notice of the Event of Default to the Owners and the Bank as promptly as practicable after it occurs.

SECTION 7.02. Acceleration. If, when a Letter of Credit is not in effect or the Bank has wrongfully dishonored a properly presented and conforming drawing under the Letter of Credit, an Event of Default occurs and is continuing, the Trustee by notice to the District, or the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding by notice to the District and the Trustee, may declare the principal of and accrued interest on the Outstanding Bonds to be due and payable immediately. If, when a Letter of Credit is in effect, so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing under the Letter of Credit, an Event of Default occurs and is continuing, the Trustee, upon the written direction of the Bank, by notice to IRWD, shall immediately declare the principal and accrued interest on the Outstanding Bonds to be due and payable. Upon any such declaration the principal of and accrued interest on the Outstanding Bonds shall be due and payable immediately. When a Letter of Credit is in effect, the Trustee shall, immediately upon a declaration of acceleration, draw upon the Letter of Credit to pay the principal of and interest on the Outstanding Bonds other than Bank-Owned Bonds. Upon the receipt by the Trustee of the Bank's written direction to the Trustee to accelerate the Bonds, interest on such Bonds shall cease to accrue; except that interest on Bank-Owned Bonds shall continue to accrue until provision for the payment thereof is made in accordance with the Reimbursement Agreement. The Trustee shall upon the request of the Bank rescind an acceleration and its consequences if (1) no payment default has occurred and is continuing, (2) the Owners have not been notified of

the acceleration, (3) the amount available to be drawn under the Letter of Credit has been reinstated so as to be available in an amount equal to the principal amount of the Bonds Outstanding, plus the applicable Letter of Credit Interest Amount and (4) the Bank has waived the event of default under the Reimbursement Agreement. Except as provided in this Section, neither the Trustee nor the Owners shall declare the Bonds to be due and payable. The Trustee shall be entitled to treat any dishonor of a drawing under the Letter of Credit as not wrongful unless and until a court of competent jurisdiction makes a final determination that such dishonor was wrongful.

SECTION 7.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the principal of or interest on the Bonds or to enforce the performance of any provision of the Bonds, this Indenture or the Reimbursement Agreement. However, when a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a drawing under the Letter of Credit, the Trustee will pursue any remedy only at the direction of the Bank.

The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Owner in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 7.04. Waiver of Past Defaults. When a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing under the Letter of Credit, the Bank, and at all other times the Owners of a majority in principal amount of Outstanding Bonds, by written notice to the Trustee may waive an existing Event of Default and its consequences; provided, however, that, when a Letter of Credit is in effect, no such waiver shall be effective unless and until the Letter of Credit has been reinstated so as to be available in an amount equal to the principal amount of the Bonds Outstanding, plus the applicable Letter of Credit Interest Amount and the Bank has waived the event of default under the Reimbursement Agreement. Subject to the provisions of the Reimbursement Agreement, upon reinstatement of the Letter of Credit, the Bank shall give written notice of such reinstatement to the Trustee. When an Event of Default is waived, it is cured and stops continuing, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent to it.

SECTION 7.05. Control by Bank or Majority of Owners. The Bank, when there is a Letter of Credit in effect and so long as the Bank has not wrongfully dishonored a drawing under the Letter of Credit, may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it. When there is no Letter of Credit in effect, the Owners of a majority in aggregate principal amount of Bonds Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it; provided such Owners have satisfied the requirements hereunder for giving such instructions. However, regardless of whether the Bank or the Owners of a majority in aggregate principal amount of Bonds Outstanding are in control, the Trustee may refuse to follow any direction that it determines, in its sole opinion, conflicts with law or this Indenture or may result in the Trustee

being exposed to personal liability or, except with respect to remedies being pursued at the direction of the Bank pursuant to Section 7.02 or 7.03 hereof, that the Trustee determines is unduly prejudicial to the rights of other Owners.

SECTION 7.06. Limitation on Suits. The Bank, when a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit, may pursue any remedy available to the Trustee under this Indenture without the necessity of any action by the Trustee. An Owner may not pursue any remedy pursuant to Section 7.03 hereof or pursuant to the Bonds unless (a) the Owner gives the Trustee written notice stating that an Event of Default has occurred and is continuing, (b) the Owners of at least 25% in principal amount of the Outstanding Bonds make a written request to the Trustee to pursue the remedy, (c) such Owner or Owners offer to the Trustee indemnity satisfactory to the Trustee (in its sole opinion) against any loss, liability or expense, (d) the Trustee does not comply with such request within 60 days after receipt of the request and the offer of indemnity, and (e) either no Letter of Credit is in effect or the Bank has wrongfully dishonored a drawing on the Letter of Credit.

An Owner may not use this Indenture to prejudice the rights of another Owner or to obtain a preference or priority over any other Owner.

SECTION 7.07. Rights of Owners to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Owner to receive payment of principal of and interest on a Bond, on or after the due dates expressed in the Bond, or the purchase price of a Bond on or after the date for its purchase as provided in the Bond, or to bring suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of the Owner.

SECTION 7.08. Collection Suit by Trustee. If an Event of Default under paragraph (a) or (b) of Section 7.01 hereof occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against IRWD or the Bank for the whole amount remaining unpaid.

SECTION 7.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Owners allowed in any judicial proceedings relative to IRWD or the Bank, its creditors or its property and, unless prohibited by law or applicable regulations, may vote on behalf of the Owners in any election of a trustee in bankruptcy or other person performing similar functions.

SECTION 7.10. Priorities. Except as provided in this Section, funds drawn under the Letter of Credit will be used only for the payment of principal of and interest on, and the purchase price of, the Bonds, as provided in the Letter of Credit. If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order: first to the Trustee for amounts to which it is entitled under Section 8.03 hereof, (provided, that if such money constitutes proceeds of a draw under the Letter of Credit, the Trustee shall pay the Owners first and itself second); second to Owners (or to the Bank for the amount of any reimbursement obligation owing to it arising out of drawings made with the Letter of Credit, the

proceeds of which were used to pay principal of and/or interest on the Bonds) for amounts due and unpaid on the Bonds for principal and interest, ratably, without preference or priority of any kind, according to the amount due and payable on the Bonds for principal and interest, respectively; third to the Bank to the extent it certifies that IRWD is indebted to it on account of draws under the Letter of Credit or otherwise under the Reimbursement Agreement; and fourth to IRWD.

The Trustee may fix a payment date for any payment to the Owners, subject to Section 7.02.

SECTION 7.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by an Owner pursuant to Section 7.07 hereof or a suit by Owners of more than 25% in aggregate principal amount of Bonds Outstanding.

ARTICLE VIII

THE TRUSTEE, THE REMARKETING AGENT AND THE PAYING AGENT

SECTION 8.01. Employment and Duties of the Trustee. IRWD hereby appoints and employs the Trustee to perform the obligations of the Trustee contained herein, all in the manner provided herein and subject to the conditions and terms hereof.

SECTION 8.02. Removal and Resignation of the Trustee. The Trustee may resign by notifying IRWD, subject to the conditions set forth below. The Owners of a majority in principal amount of the Outstanding Bonds may remove the Trustee by notifying the Trustee and may appoint a successor Trustee with the consent of IRWD and, when a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit, the prior written consent of the Bank (which shall be under no liability by reason of giving or withholding such consent). IRWD will remove the Trustee by notifying the Trustee if (a) the Trustee fails to comply with the penultimate sentence of the first paragraph of this Section 8.02, (b) the Trustee is adjudged a bankrupt or an insolvent, (c) a receiver or other public officer takes charge of the Trustee or its property or (d) the Trustee otherwise becomes incapable of acting, as determined by IRWD. Upon any such removal or resignation, IRWD, with the prior written consent of the Bank, when a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit (which consent shall not be unreasonably withheld, provided that the Bank shall be under no liability by reason of giving or withholding such consent), shall promptly appoint a successor Trustee by an instrument in writing, which successor Trustee shall give notice of such appointment to all Owners as soon as practicable; provided that in the event IRWD does not appoint a successor Trustee within 30 days following the giving of any such notice of removal or the receipt of any such notice of resignation, the

removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a bank, national banking association or trust company doing business and having a principal corporate trust office in either New York, New York or Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by state or national authorities. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.02 the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of the appointment by the successor Trustee and the transfer by the retiring Trustee to the successor Trustee of all property held by it hereunder as Trustee, including the transfer to the successor Trustee of the Letter of Credit in accordance with its terms.

SECTION 8.03. Compensation and Indemnification of the Trustee. IRWD shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services and reimburse the Trustee for all its advances and expenditures hereunder, including but not limited to advances to and fees and expenses of accountants, agents, appraisers, consultants, counsels or other experts employed by it in the observance and performance of its rights and obligations hereunder; provided that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder, although the Trustee may take whatever legal actions are available to it directly against IRWD to recover such compensation or reimbursement.

To the extent permitted by law, IRWD does hereby assume liability for, and agrees to indemnify and hold harmless the Trustee and its officers, directors, agents, and employees from and against any and all claims, damages, suits, liabilities, costs, judgments, and losses (including legal fees and expenses) incurred by the Trustee without negligence or willful misconduct on the part of the Trustee, arising out of or in connection with (i) any breach or default by IRWD of any of its obligations hereunder, (ii) the offering, issuance, sale or any resale of the Bonds or (iii) the acceptance or administration of its duties hereunder, as well as the costs and expenses of enforcing this Indenture against IRWD and defending itself against any claim (whether asserted by IRWD or an Owner and whether or not litigation is commenced) or liability in accordance with the exercise or performance in the absence of negligence or willful misconduct of any of its powers or duties hereunder. The failure of the Trustee to notify IRWD shall not relieve IRWD of its obligations hereunder. The obligations under this Section 8.03 shall survive the termination and discharge of this Indenture and the resignation or removal of the Trustee.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

SECTION 8.04. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with its counsel with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in the absence of negligence or willful misconduct.

Whenever in the observance or performance of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an IRWD Representative, and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with IRWD and may act as agent, depositary or trustee for any committee or body of Owners or of owners of obligations of IRWD as freely as if it were not the Trustee hereunder.

The Trustee may act through agents, attorneys, custodians, nominees, or co-trustees (which co-trustees, if any, shall be approved by IRWD) and shall not be responsible for the misconduct or negligence of any agent, attorney, custodian, nominee, or co-trustee appointed with due care.

The Trustee shall not be liable for any action it takes or omits to take in good faith without negligence which it believes to be authorized or within its rights or powers.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Bonds or compliance with any federal or state securities laws, shall not be accountable for IRWD's covenants and representations contained in this Indenture or the recitals made herein which are made by IRWD solely, and shall not be responsible for any statement in the Bonds other than its certificate of authentication.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

The Trustee shall not be deemed to have knowledge of a default or an Event of Default hereunder, unless it shall have actual knowledge at its corporate trust office.

The Trustee shall not be accountable for the use or application by the District of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent. The Trustee may become the owner of Bonds secured hereby with the same rights it would have if not Trustee.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that IRWD shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by IRWD, whenever a person is to be added or deleted from the listing. If IRWD elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. IRWD understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. IRWD shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that IRWD and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by IRWD. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. IRWD agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by IRWD; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; quarantine restrictions, riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

SECTION 8.05. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(a) Except during the continuance of an Event of Default,

(1) The Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and

(2) In the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine these certificates and opinions to determine whether such documents conform to the requirements of this Indenture.

(b) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(1) This paragraph does not limit the effect of paragraph (b) of this Section,

(2) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts,

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 7.05 hereof, and

(4) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Whether or not therein expressly provided, every provision of this Indenture that in any way relates to the Trustee is subject to all the foregoing paragraphs of this Section.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it (in its sole opinion) against any loss, liability or expense, but the Trustee shall not require indemnity as a condition to declaring the principal of and interest on the Bonds to be due immediately under Section 7.02 hereof, to drawing on the Letter of Credit, redeeming Bonds, making payment on the Bonds or providing for the purchase of Bonds on a Mandatory Purchase Date.

(e) The Trustee shall not be liable for interest on any cash held by it except as provided by Section 5.07 hereof and as the Trustee may otherwise agree with IRWD.

(f) The permissive right of the Trustee to act hereunder shall not be construed as a duty.

SECTION 8.06. Appointment of Remarketing Agent. IRWD hereby appoints the Remarketing Agent to remarket Bonds pursuant to this Indenture, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Bank, IRWD, the Paying Agent and the Trustee at all reasonable times, and to give Electronic Notice, promptly confirmed by a written notice, to the Trustee (who shall then promptly notify the Bank and the Paying Agent), specifying (i) the principal amount of such Bonds, if any, remarketed by it as provided in this Indenture, and (ii) the interest rates on the remarketed Bonds as determined pursuant to and in accordance herewith.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at 30 days' written notice to the Bank, IRWD, the Paying Agent and the Trustee; provided that in the event a successor remarketing agent shall have not been appointed within such thirty (30) day period, the Remarketing Agent's resignation and discharge from its duties and obligations created by this Indenture will not be effective until the earlier of (i) the appointment of such successor or (ii) 30 days after the expiration of the aforementioned 30 day notice period. The Remarketing Agent may be removed at any time, at the direction of IRWD, upon 30 days' prior written notice by an instrument filed with the Remarketing Agent and the Paying Agent. Any successor Remarketing Agent shall be selected by IRWD and shall (i) be (x) a member of FINRA or (y) a national bank regulated by the OCC, (ii) have capitalization of at least \$50,000,000, and (iii) be authorized by law to perform all the duties set forth in this Indenture. In the event two or more entities are selected by IRWD to act jointly and concurrently as a successor Remarketing Agent, each of the entities acting as the successor Remarketing Agent shall independently satisfy the requirements set forth in the preceding sentence. When a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit, IRWD shall obtain the Bank's prior written consent to the appointment of such successor Remarketing Agent, which consent may be withheld only for reasons related to the successor's capitalization and which shall not be unreasonably withheld (provided that the Bank shall be under no liability by reason of giving or withholding such consent). IRWD's delivery to the Trustee of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if

applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this Indenture and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Indenture.

SECTION 8.07. Appointment of Paying Agent. IRWD hereby appoints the Paying Agent to authenticate and deliver the Bonds as provided herein and to hold all Bonds delivered to it pursuant to this Indenture in trust for the benefit of the respective Owners who shall have so delivered such Bonds until monies representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Owners, to hold all money delivered to it for the purchase of Bonds in trust for the benefit of the person or entity which shall have so delivered such money until the Bonds purchased with such money shall have been delivered to or for the account of such person or entity. The Paying Agent shall not have any lien for its compensation or reimbursement of its expenses against any money held by it in its capacity of Paying Agent.

The Paying Agent may at any time resign and be discharged of the duties and obligations set forth in this Indenture by giving at least 60 days' notice to the Bank, IRWD, the Remarketing Agent and the Trustee. The Paying Agent may be removed at any time, at the direction of IRWD, by an instrument filed with the Paying Agent and the Trustee. The resignation or removal of the Paying Agent shall become effective only upon the acceptance of the appointment by the successor Paying Agent or the assumption of all duties and responsibilities of the Paying Agent by the Trustee. Any successor Paying Agent shall be a trust company, commercial bank or national banking association, in each case and with trust powers, doing business and having an office in New York, New York or Los Angeles, California, and satisfying the requirements of successor Trustee set forth in Section 8.02. The successor Paying Agent shall be appointed by IRWD, with the consent of the Trustee and, when a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit, the prior written consent of the Bank (provided that the Bank shall be under no liability by reason of giving or withholding such consent), in the same manner provided in Section 8.02 hereof for appointment of a successor Trustee.

Any removal or resignation of a Paying Agent and appointment of a successor Paying Agent shall become effective only upon the acceptance of the appointment by the successor Paying Agent and the transfer by the retiring Paying Agent to the successor Paying Agent of all property held by it hereunder as Paying Agent.

SECTION 8.08. Successor Trustee, Remarketing Agent or Paying Agent by Merger. If the Trustee, Remarketing Agent or Paying Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Remarketing Agent or Paying Agent.

ARTICLE IX

AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

SECTION 9.01. Amendment or Supplement by Consent of Owners.

(a) Subject to the provisions of Section 11.10 hereof, this Indenture, the Bonds and the rights and obligations of IRWD, the Trustee, the Paying Agent, the Remarketing Agent, the Bank and the Owners hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.02 hereof, and the prior written consent of the Bank when a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit (provided that the Bank shall be under no liability by reason of giving or withholding such consent), are filed with the Trustee. No such amendment or supplement shall (1) reduce the rate of interest on any Bond or extend the time of payment thereof or reduce the amount of principal or redemption premiums, if any, on any Bond or extend the Principal Payment Dates thereof without the prior written consent of the Owner of the Bond so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment hereof or supplement hereto, or (3) modify any of the rights or obligations of the Trustee, the Paying Agent, the Bank or the Remarketing Agent without its prior written consent thereto. This Indenture, the Bonds and the rights and obligations of IRWD, the Trustee, the Paying Agent, the Remarketing Agent, the Bank and the Owners hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consent of any Owners, but with the prior written consent of the Bank when a Letter of Credit is in effect and so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit (provided that the Bank shall be under no liability by reason of giving or withholding such consent), and (if the amendment or supplement modifies any of the rights or obligations of the Paying Agent or the Remarketing Agent hereunder) with the written consent of the Paying Agent or the Remarketing Agent, as applicable, only after receipt of a Favorable Opinion of Bond Counsel and only for any one or more of the following purposes -

(i) to add to the conditions, covenants and terms contained herein required to be observed or performed by IRWD, other conditions, covenants and terms thereafter to be observed or performed by IRWD, or to surrender any right reserved herein to or conferred herein on IRWD, and which in either case shall not materially adversely affect the interests of the Owners;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which IRWD may deem desirable or necessary, and which shall not adversely affect the interests of the Owners;

(iii) to comply with the requirements of each Rating Agency;

(iv) to transfer any Fund or account created in this Indenture held by IRWD as well as any money on deposit in any such Fund or account to the Trustee and to make such provisions for the purpose of correcting or supplementing any provision contained herein to reflect the transfer of such Fund or account;

(v) to make such provisions for the purpose of correcting or supplementing any provision contained herein relating to the use of the Reserve Account and any monies deposited therein which shall not adversely affect the interests of the Owners; or

(vi) to provide for (or subsequently modify) an additional Mode for the Bonds and the provisions relating thereto. Such amendment shall be accompanied by a Favorable Opinion of Bond Counsel and shall specify the period for payment of the interest, the intervals and dates at which the rate will be set by the Remarketing Agent and the intervals and procedures by which the Bonds may be tendered for purchase. These changes will be noted on the Bonds in accordance with Section 9.03 hereof, or an amended Bond form will be provided for in the amendment in order to reflect them.

A change to an additional Mode from another interest rate determination method will cause a mandatory tender for purchase of the Bonds. The notice requirements of Section 4.02 hereof will apply to any such change. The effective date of a change to an additional Mode cannot be after the Conversion Date.

Each additional Mode interest rate will be set at the minimum rate necessary for the Remarketing Agent to sell the Bonds on the day the rate is to take effect at their principal amount plus accrued interest, if any.

The amendment shall establish an index and/or method by which the rate will be set, to be used in the event that for any reason the Remarketing Agent does not set an additional Mode interest rate or a court holds that the rate set is invalid or unenforceable.

SECTION 9.02. Disqualified Bonds. Bonds held for the account of IRWD shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided herein, and shall not be entitled to consent to or take any other action provided herein (provided, however, that only Bonds that the Trustee knows to be so held shall be disregarded), and the Trustee may adopt appropriate regulations to require each Owner, before such Owner's consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section.

SECTION 9.03. Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Bonds may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Bond and presentation of such Owner's Bond such notation shall be made on such Bond. If the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding Bonds, such new Bonds shall be exchanged without cost to each Owner for Bonds then Outstanding at the office of the Paying Agent upon surrender of such

Outstanding Bonds. All Bonds surrendered to the Paying Agent pursuant to the provisions of this Section 9.03 shall be cancelled by the Trustee and shall not be redelivered.

SECTION 9.04. Signing by Trustee of Amendments and Supplements. The Trustee will sign any amendment or supplement to this Indenture or the Bonds authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee will be entitled to receive and (subject to Section 8.05 hereof) will be fully protected in relying on an Opinion of Counsel stating that such amendment or supplement is authorized by this Indenture.

ARTICLE X

DEFEASANCE

SECTION 10.01. Defeasance. If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in this Indenture, or otherwise, and the whole amount of the principal, Purchase Price or redemption price and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same in accordance with this Indenture, together with all other sums payable under this Indenture by IRWD, including all fees and expenses of the Trustee and all amounts owing to the Bank under the Reimbursement Agreement have been paid in full and the Letter of Credit has been returned to the Bank by the Trustee, then and in that case, this Indenture and the lien created hereby shall be discharged and satisfied and IRWD shall be released from the covenants, agreements and obligations of IRWD contained in this Indenture, and the Trustee shall assign and transfer to or upon the order of IRWD all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and shall execute such documents as may be reasonably required by IRWD in this regard.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, IRWD shall have kept, performed and observed all the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by IRWD or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements and other obligations of IRWD hereunder shall cease, terminate, become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, tender and exchange provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, compliance by IRWD of the covenants contained in Section 6.04 hereof and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon IRWD, the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any monies or investments then

held by the Trustee for the payment of the principal of, Purchase Price or redemption price and interest on the Bonds and to pay to the Owners the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture contained in Section 8.03 hereof relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and IRWD.

SECTION 10.02. Bonds Deemed to Have Been Paid. Any Outstanding Bond or Bonds, other than Bank-Owned Bonds, shall, prior to the maturity, acceleration or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in Section 10.01 hereof if (a) in case said Bonds are to be redeemed on any date prior to their maturity, IRWD shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, in accordance with the provisions of Article III hereof, notice of redemption of such Bonds on said Redemption Date, (b) there shall have been deposited with the Trustee either monies (which monies, if a Letter of Credit is then in effect, shall constitute Seasoned Funds), in an amount which shall be sufficient, or Government Obligations (which Government Obligations, if a Letter of Credit is then in effect, shall have been purchased with Seasoned Funds), the principal of and the interest on which when due, and without any reinvestment thereof, will provide monies which, together with the monies (which monies, if a Letter of Credit is then in effect, shall constitute Seasoned Funds), if any, deposited with or held by the Trustee at the same time, shall be sufficient (as verified by a report of an independent certified public accountant), to pay when due the principal, or redemption price, as applicable of, and interest due and to become due on, said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and, unless the Letter of Credit or Alternate Credit Facility then in effect, if any, remains in effect, the Purchase Price of any Bonds which may be tendered for purchase pursuant to Section 4.01 hereof and, with respect to any period to the Redemption Date or maturity date thereof, as the case may be, as to which the interest rate on the Bonds has not been set by the applicable Remarketing Agent, the interest on the Bonds shall be calculated at the Maximum Rate and (c) in the event any of said Bonds are not to be redeemed within the next succeeding 60 days, IRWD shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to Article III hereof, a notice to the Owners of such Bonds and to the Securities Depositories and an Information Service that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 10.02 and stating such maturity or Redemption Dates upon which monies are to be available for the payment of the principal or redemption price, as applicable, of said Bonds. Neither the securities nor monies deposited with the Trustee pursuant to this Section 10.02 nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Purchase Price or redemption price (if applicable) of, and interest on said Bonds; provided that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, and at the direction of IRWD, be reinvested in Government Obligations maturing at times and in amounts, together with the other monies and payments with respect to Government Obligations then held by the Trustee pursuant to this Section, sufficient to pay when due the principal, Purchase Price or redemption price (if applicable) of, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall,

upon receipt by the Trustee of a written direction of an IRWD Representative, be paid over to IRWD, as received by the Trustee, free and clear of any trust, lien or pledge.

Any release under this Section shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it under this Indenture and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts by this Indenture created and the performance of its powers and duties under this Indenture; provided, however, that the Trustee shall have no right, title or interest in, or lien on, any monies or securities deposited pursuant to this Article X.

SECTION 10.03. Monies Held for Particular Bonds. Except as otherwise provided in Section 10.02 hereof, the amounts held by the Trustee or the Paying Agent for the payment of the interest, principal, Purchase Price or redemption price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners entitled thereto.

SECTION 10.04. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee or the Paying Agent in trust for the payment and discharge of the interest, principal or Purchase Price or redemption premiums, if any, of any Bonds which remains unclaimed for two years after the date when the payments on such Bonds have become payable, if such money was held by the Trustee or the Paying Agent on such date, or for two years after the date of deposit of such money if deposited with the Trustee or the Paying Agent after the date when such payments on the Bonds have become payable, shall upon written notice from IRWD be repaid by the Trustee or the Paying Agent, as applicable, to IRWD as its absolute property free from trust, and the Trustee or the Paying Agent, as applicable, shall thereupon be released and discharged with respect thereto and the Owners shall look only to IRWD for the payment of the interest, principal or Purchase Price or redemption premiums, if any, on such Bonds; provided that before being required to make any such payment to IRWD, the Trustee shall, at the expense of IRWD, give notice by mail to the Owners of such Bonds that such money remains unclaimed and that after a date named in such notice, which date shall not be less than 60 days after the date of giving such notice, the Trustee or the Paying Agent, as applicable, shall promptly pay to the Bank so much of such money as the Bank certifies to the Trustee that IRWD owes to the Bank with respect to any Bond or under the Reimbursement Agreement, and the balance of such money then unclaimed will be returned to IRWD.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Benefits of this Indenture Limited. Nothing contained herein, expressed or implied, is intended to give to any person other than the Bank, IRWD, the Paying Agent, the Remarketing Agent, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of IRWD shall be for the sole and exclusive benefit of the Bank, the Paying Agent, the Remarketing Agent and the Trustee and the Owners. The Trustee and IRWD acknowledge that so long as the Letter of Credit is in effect or any amount remains

payable under the Reimbursement Agreement, the Bank shall be a third party beneficiary of this Indenture, with the power to enforce the same.

SECTION 11.02. Successor Deemed Included in All References to Predecessor.

Whenever either the Bank, IRWD, the Paying Agent, the Remarketing Agent, the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Bank, IRWD, the Paying Agent, the Remarketing Agent or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Bank, IRWD, the Paying Agent, the Remarketing Agent or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which such notary public or other officer purports to act that the person signing such declaration, request or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by IRWD or the Trustee in good faith and in accordance therewith.

SECTION 11.04. Waiver of Personal Liability. No supervisor, officer or employee of IRWD shall be individually or personally liable for the payment of the interest or Purchase Price or principal or redemption premiums, if any, on the Bonds, but nothing contained herein shall relieve any supervisor, officer or employee of IRWD from the performance of any official duty provided by any applicable provision of law or hereby.

SECTION 11.05. Notice by Mail. Any notice required to be given hereunder by mail to Owners shall be given by mailing a copy of such notice, first class postage prepaid, to such Owners at their addresses appearing in the Bond Register.

SECTION 11.06. Funds. Any Fund required to be established and maintained herein by the Trustee may be established and maintained in the account records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such Funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 11.07. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular articles, section, subdivision or clause thereof.

SECTION 11.08. Partial Invalidity. If any one or more of the conditions, covenants or terms contained herein or required herein to be observed or performed by or on the part of IRWD, the Paying Agent, the Remarketing Agent, the Bank or the Trustee shall be contrary to law, then such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The parties hereto declare that they would have executed and delivered this Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.09. Bank. Except as otherwise provided in this Section, so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit, the Bank shall be deemed to be the owner of the Bonds for the purpose of all consents, approvals, waivers or the institution of any action and the direction of remedies. All provisions hereof regarding consents, approvals, directions, appointments or requests by the Bank shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by the Bank during any time in which no Letter of Credit is in effect and no amounts are owing to the Bank, or such Bank has wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit, or after the Letter of Credit shall at any time for any reason cease to be valid and binding on the Bank, or while such Bank is denying further liability or obligation under the Letter of Credit (unless such Letter of Credit has been fully drawn or to the extent that the conditions to payment thereunder have not been fully satisfied) or after such Bank has rescinded, repudiated or terminated the Letter of Credit and no amounts are owing to the Bank; provided, however, that nothing contained in this Section shall limit the rights of the Bank as an Owner of Bank-Owned Bonds.

All provisions herein relating to the Bank shall be of no force and effect with respect to a particular Bank if the applicable Letter of Credit and Reimbursement Agreement are not in effect, there are no related Bank-Owned Bonds and all amounts owing to such Bank under the applicable Reimbursement Agreement have been paid.

SECTION 11.10. California Law. This Indenture shall be construed and governed in accordance with the laws of the State.

SECTION 11.11. Notices. All written notices to be given hereunder to any Notice Party shall be given by first-class mail, postage prepaid to the party or parties entitled thereto at the address set forth below, or at such other address as may be provided to the other parties hereinafter listed in writing from time to time, namely:

If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Services Telephone: (213) 615-6052 Facsimile: (213) 615-6199
If to the Paying Agent:	U.S. Bank Trust Company, National Association 60 Livingston Avenue Saint Paul, Minnesota 55107 Attention: Corporate Trust/Mike Vra Telephone: (651) 493-3775 Facsimile: (651) 495-8114
If to IRWD:	Irvine Ranch Water District 15600 Sand Canyon Avenue Irvine, California 92618 Attention: Treasurer
If to the Remarketing Agent:	BofA Securities, Inc.. One Bryant Park, 3 rd Floor New York, NY 10036 Attention Municipal Money Markets Telephone: 212-449-5101 Fax: 646-736-6960 Email: dg.temm@bofa.com
If to the Bank:	Sumitomo Mitsui Banking Corporation New York Branch 277 Park Avenue New York, New York 10072 Attention: Trade Credit Services Department
If to Fitch:	Fitch Ratings 33 Whitehall Street New York, New York 10004
If to S&P:	S&P Global Ratings 55 Water Street, 38th Floor New York, New York 10041 Attention: Muni Structured Finance Telephone: (212) 438-2000 Facsimile: (212) 438-2157 Email: pubfin_structured@sandp.com

Unless otherwise requested by the District, the Trustee, the Paying Agent, the Bank, the Rating Agencies or the Remarketing Agent, any notice required to be given hereunder in writing may be given by any form of Electronic Notice capable of making a written record. Each such party shall file with the Trustee information appropriate to receiving such form of Electronic Notice.

SECTION 11.12. Payment Due on Non-Business Days. If a payment date is not a Business Day, then payment may be made on the next Business Day, and no interest shall accrue for the intervening period.

SECTION 11.13. Notices to Rating Agencies. The Trustee shall give immediate notice to each Rating Agency in the event:

1. The Trustee, Paying Agent or Remarketing Agent resigns or is replaced.
2. This Indenture is amended or supplemented or the Reimbursement Agreement is amended in a manner which materially affects the Bonds. IRWD covenants to notify the Trustee of any amendment or supplement to the Reimbursement Agreement pursuant to Section 6.07 of this Indenture.
3. The Letter of Credit is renewed or extended, expires or is terminated.
4. The Bonds are converted from one Mode to another Mode or when the Bonds are in the Term Rate Mode, an Adjustment Period longer than three years is established.
5. The substitution of an Alternate Credit Facility for any then current Letter of Credit or District Credit Facility has occurred.
6. There has been a redemption (other than a redemption pursuant to paragraph (a) of Section 3.01 hereof) or defeasance of the Bonds.
7. The Bonds have been accelerated pursuant to Section 7.02 hereof.
8. A written notice is received by the Trustee from the Bank pursuant to clause (v) of the definition of "Mandatory Purchase Date."

SECTION 11.14. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, IRWD has caused this Indenture of Trust to be signed in its name and on its behalf by the President of its Board of Directors, and its seal to be hereunto affixed and attested by its Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused this Indenture to be signed in its name and on its behalf by its duly authorized signatories.

IRVINE RANCH WATER DISTRICT

By: _____

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

[SEAL]

ATTEST:

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

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee**

By: _____

Authorized Signatory

EXHIBIT A
RESOLUTION AUTHORIZING ISSUANCE

[See Attached.]

EXHIBIT B

[BOND FORM]

No. 1

\$125,000,000

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE**

[bracketed language applies only to bonds to be registered in the name of Cede & Co.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE IRVINE RANCH WATER DISTRICT OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**BOND OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED REFUNDING SERIES 2025A**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
Variable	May 1, 20__	July __, 2025	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

Irvine Ranch Water District, County of Orange, State of California, duly organized and existing under and by virtue of the California Water District Law, Division 13 of the Water Code of the State of California, hereby acknowledges its indebtedness and promises to pay, solely from the sources described in this Bond, to the Registered Owner named above, or registered assigns, upon presentation and surrender hereof, the above-specified principal amount at the maturity hereof, unless earlier redeemed as provided in this Bond, and to pay interest on such principal amount as provided in this Bond.

THIS BOND SHALL NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE IRVINE RANCH WATER DISTRICT AND THE IMPROVEMENT DISTRICTS. AS PROVIDED IN THE INDENTURE. NO FUND OR ACCOUNT OF IRWD,

INCLUDING ITS GENERAL FUND, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, IS LIABLE FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THIS BOND. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF IRWD IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THIS BOND.

This Bond is one of the Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A (the “Bonds”), limited to \$125,000,000 in principal amount, issued under the Indenture of Trust, dated as of July 1, 2025 (the “Indenture”), by and between the Irvine Ranch Water District (“IRWD”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Indenture and each Bond shall together constitute the contract between IRWD and the owner of such Bond and reference is hereby made to the Indenture and each Bond for a complete statement of such contract. Capitalized terms used but undefined herein shall have the meanings ascribed thereto in the Indenture.

The Bonds are payable from the funds included in, and secured by a pledge of, the Trust Estate. The Trust Estate includes: (a) all of the monies in the Bond Payment Fund, the Interest Reserve Fund, the Purchase Fund and all accounts in such Funds, including the investments, if any, thereof, and all income and proceeds derived from such investments; and (b) subject to application on the terms and conditions contained in the Indenture, the Revenues.

“Revenues” mean all Utility Rates and Charges and other revenues of the District, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with the District’s share of the Orange County, California one percent ad valorem property tax (to the extent not applied by the District to pay principal of and interest on Secured Bonds) and Investment Income; but excluding in all cases: (i) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes or ad valorem assessments restricted by law to be used by the District to pay bonds issued by the District, and the proceeds of any actions to enforce delinquent ad valorem assessments; and (iii) In Lieu Charges.

This Bond is issued on behalf of, and constitutes the consolidated several general obligations, in the amounts (the “Included Amounts”) and the percentages (the “Included Percentages”) set forth below, of Improvement District Nos. 112, 113, 125, 188, 212, and 225 of IRWD (the “Improvement Districts”):

<u>Improvement District No.</u>	<u>Included Amount of Total Par Value</u>	<u>Included Percentage of Total Par Value</u>
112		
113		
125		
188		
212		
225		
Total	<u>\$125,000,000</u>	<u>100.00%</u>

Each Improvement District is obligated for payments with respect to its Included Amount of Bonds. The Included Amount for any Improvement District shall be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to the Indenture, at any time Bonds are redeemed. The Included Percentage for each Improvement District shall also be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to the Indenture, in the event that all or any portion of the Included Amount for any Improvement District is redeemed. Under the circumstances described in the Indenture, IRWD may allocate redeemed Bonds to the Included Amount of any Improvement District.

The Bonds shall initially bear interest in the Weekly Mode. The interest rate on the Bonds, when in the Weekly Mode, will be the rate of interest per annum determined by BofA Securities, Inc. as remarketing agent for the Bonds (together with any successor as such remarketing agent, the "Remarketing Agent") on and as of each Business Day, for such day, as the minimum rate of interest which, in the opinion of the Remarketing Agent would, under then existing marketing conditions, result in the sale of the Bonds on such day at a price equal to the principal amount thereof, plus accrued interest, if any.

Except as to Bonds owned by the Bank, the rate of interest on the Bonds when a Letter of Credit is in effect shall on no day exceed the lesser of (i) the maximum rate permitted on that day by Section 53541 of the Government Code of the State of California or other applicable provisions of law, except as permitted by Section 36447.10 of the Water Code of the State of California, or (ii) the rate used to calculate the size of the portion of the Letter of Credit which is available to be drawn upon for the payment of interest on the Bonds, which initially shall be 12% per annum. When no Letter of Credit is in effect, the maximum rate of interest on the Bonds shall be determined in accordance with clause (i) of the preceding sentence. Bonds owned by the Bank shall bear interest as provided in the Reimbursement Agreement. During the Weekly Mode, the Remarketing Agent shall establish the interest rate on the Bonds by 5:00 p.m. (New York City time) on each Wednesday or if such day is not a Business Day, the next succeeding day, or if such day is not a Business Day, then the Business Day next preceding such Wednesday. "Business Day" means a day other than a Saturday or Sunday or a day on which the Trustee, any Paying Agent appointed under the Indenture (which is initially the Trustee), the Remarketing Agent, the Bank or banks or trust companies in New York, New York, or in Los Angeles, California, or the city in which the office of the Bank where drawings under the Letter of Credit are to be made, are not authorized or required to remain closed and on which the New

York Stock Exchange is not closed. When the Bonds are in the Weekly Mode, interest will be calculated on the basis of a 365/366-day year for the actual number of days elapsed.

Interest will accrue on the unpaid portion of the principal of this Bond from the Interest Payment Date immediately preceding the date of authentication of this Bond to which interest has been paid or provided for, unless this Bond is authenticated prior to the initial Record Date, in which case this Bond shall bear interest from the date of the original authentication and delivery of the Bonds, until the entire principal amount of this Bond is paid.

The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Except as otherwise provided in the Representation Letter, the interest on the Bonds shall be payable, during the Weekly Mode, on the first Business Day of each month (the "Interest Payment Dates"), for interest accrued from and including the first day of the preceding calendar month through and including the last day of the preceding calendar month, by check mailed on the applicable Interest Payment Date by the Paying Agent to the respective Owners thereof at their addresses as they appear on the day preceding the applicable Interest Payment Date (the "Record Date") in the registration books for the Bonds required to be kept by the Paying Agent. In the case of an Owner of Bonds of \$1,000,000 or more in aggregate principal amount, upon the written request of such Owner to the Paying Agent, received at least 10 days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Paying Agent. The principal of each Bond shall be payable on the maturity date, or earlier redemption, upon surrender thereof at the office of the Paying Agent. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day and no interest will accrue as a result.

The interest rate determination method may be changed (a "Change in Mode"), at the election of IRWD, from the Weekly Mode to the Flexible Rate Mode, the Term Rate Mode, the Daily Mode, the Monthly Mode, the Semi-Annual Mode, the Annual Mode or the Fixed Rate Mode, all as described in the Indenture. All Bonds shall be purchased, at a purchase price equal to 100% of the principal amount thereof, plus accrued interest, on the effective date of a Change in Mode (other than a Change in Mode from the Daily Mode to the Weekly Mode and vice versa) (a "Mandatory Purchase Date"). Not less than 15 days prior to the date of a proposed Change in Mode (other than a Change in Mode from the Daily Mode to the Weekly Mode and vice versa), the Trustee shall give written notice to the Owners, which notice shall describe the Change in Mode and the mandatory tender for purchase of the Bonds in connection therewith. Bonds which are subject to mandatory tender for purchase must be tendered to the Trustee for purchase on or prior to the Mandatory Purchase Date. Any Bond subject to mandatory tender for purchase and which is not tendered for purchase as required, shall nonetheless be deemed to have been so tendered and, upon provision for payment of the purchase price therefor, shall be deemed to have been purchased on the Mandatory Purchase Date, and no interest shall accrue on such Bond for the benefit of the Owner required to tender such Bond from and after such Mandatory Purchase Date, and such Owner shall have no rights under the Indenture as the Owner of such Bond except the right to receive the purchase price thereof.

The Bonds initially have the benefit of a Letter of Credit issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch in favor of the Trustee. Such Letter of Credit entitles the Trustee to draw an amount sufficient to pay the principal amount of the Bonds and up to 34 days' interest accrued on the Bonds at a rate of 12% per annum. The Trustee will draw on the Letter of Credit to pay the principal of, and interest on, the Bonds, when due, whether at maturity or upon earlier acceleration or redemption, and to pay the purchase price thereof. The Letter of Credit expires by its terms on _____, 20__ and may be terminated prior thereto upon the occurrence of certain events described therein. An Alternate Credit Facility may be substituted for the Letter of Credit from Sumitomo Mitsui Banking Corporation, acting through its New York Branch, as provided in the Indenture. The date five Business Days prior to the date on which the Letter of Credit expires or is terminated or on which an Alternate Credit Facility is substituted for the Letter of Credit is a Mandatory Purchase Date. A Letter of Credit meeting the requirements of the Indenture and in effect at the relevant time is called a "Letter of Credit" and the issuer of the Letter of Credit is called the "Bank."

The Bonds are subject to mandatory redemption on May 1, 20__ and on each May 1 thereafter, in part in Authorized Denominations, upon the conditions and terms prescribed in the Indenture, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to the redemption date, if any, without premium, in the years and principal amounts (subject to certain credits authorized by the Indenture) as set forth therein.

When the Bonds are in the Weekly Mode, the Bonds are subject to optional redemption by IRWD with the prior written consent of the Bank, in whole, or in part in Authorized Denominations, on any Business Day, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to such redemption date, without premium. Unless IRWD otherwise elects, redeemed Bonds shall be credited proportionally to all Improvement Districts. Whenever less than all Outstanding Bonds are to be redeemed and sufficient monies are available for such purpose from or for the account of an Improvement District a portion of whose Included Amount is to be so redeemed, IRWD may elect to redeem all or any portion of any such Improvement District's Included Amount.

In addition, in the event IRWD determines that based on the rate of collection of assessments and charges within an Improvement District, IRWD will be unable to pay the principal of and interest on the Included Amount of Bonds for such Improvement District, IRWD may, on any Business Day, redeem Bonds equal to such Included Amount, plus any additional amount necessary to cause the amount redeemed to equal an Authorized Denomination, at a price equal to the principal amount thereof being redeemed plus accrued interest to the redemption date, without premium.

Notice of redemption shall be given by mail by the Trustee to the Owners of any Bonds in the Weekly Mode designated for redemption in whole or in part no less than 30 days nor more than 60 days prior to the redemption date. Any notice mailed as provided in the Indenture will be conclusively presumed to have been given, whether or not actually received by any Owner. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Bonds.

With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid and discharged as provided in Article X of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the redemption price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and IRWD shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons who received such notice of redemption and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Upon surrender of any Bond redeemed in part only, the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds representing the unredeemed principal amount of the Bond so surrendered.

If notice of redemption has been duly given as provided in the Indenture and money for the payment of the redemption price of the Bonds or portions thereof to be redeemed is held by the Paying Agent, then, on the redemption date designated in such notice, the Bonds or portions thereof so called for redemption shall become payable at the redemption price specified in such notice; and from and after the date so designated, interest thereon or on the portions thereof so called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit, protection or security under the Indenture and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price.

During the Weekly Mode, any Owner of a Bond may demand that such Bond, or any portion thereof (so long as the principal amount purchased, and the principal amount not purchased, are each in Authorized Denominations), be purchased on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to the purchase date. Unless otherwise provided in a Representation Letter, such demand for purchase shall be made as follows: (i) delivery to the Remarketing Agent at its principal office in New York, New York, no later than 5:00 p.m. (New York City time) seven days prior to the applicable purchase date, and to the Paying Agent at its principal corporate trust office, of a Tender Notice, and (ii) delivery of such Bond duly endorsed in blank for transfer at the principal corporate trust office of the Trustee at or prior to 10:00 a.m. (New York City time) on such date. "Tender Notice" means a written notice (i) that states the CUSIP number, if applicable, the principal amount of such Bond and the principal amount of such Bond to be purchased, (ii) that states the date on which such Bond is to be purchased, and (iii) that demands such purchase. Any Tender Notice by any Owner shall be irrevocable. If such Owner fails to deliver the Bond referred to in such notice to the Trustee, such Bond shall nonetheless be deemed to have been tendered and, upon provision for payment of the purchase price therefor, no interest shall accrue on such Bond for the benefit of such Owner from and after the purchase date and such Owner shall have no rights under the Indenture as the Owner of such Bond except the right to receive the purchase price of such Bond.

Notwithstanding the foregoing, in the event of a Change in Mode, the Owners shall have no right to demand purchase of Bonds from the third Business Day prior to the effective date of such Change in Mode until after the effective date of such Change in Mode.

During the Weekly Mode, the Bonds shall be issued in registered form without coupons in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof (said denominations being “Authorized Denominations” for Bonds in the Weekly Mode). An Owner may transfer or exchange Bonds in accordance with the terms of the Indenture.

The registered owner of this Bond shall be treated as the Owner hereof for all purposes.

If IRWD at any time deposits with the Trustee money and/or Government Obligations (as defined in the Indenture) sufficient to pay at redemption or maturity the principal or redemption price (if applicable) of and interest on any outstanding Bonds, and if a Letter of Credit is not in effect the purchase price of such Bonds, the obligations of IRWD to the Owners of such Bonds under the Indenture will be discharged. After discharge, Owners must look only to the deposited money and securities, and if applicable the Letter of Credit, for payment.

Subject to certain exceptions, the Indenture or the Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, with the consent of the Owners of a majority in principal amount of the outstanding Bonds. Without the consent of the Owners, IRWD may amend or supplement the Indenture or the Bonds for certain purposes permitted under the Indenture, as described therein.

Notwithstanding the foregoing, so long as the Bank has not wrongfully dishonored a properly presented and conforming drawing on the Letter of Credit, the Bank shall be deemed to be the owner of the Bonds for the purposes of all consents, approvals, waivers or the institution of any action and the direction of remedies.

The Indenture provides that the occurrences of certain events constitute Events of Default. Upon an Event of Default, the maturity of all of the Bonds may and, with respect to certain Events of Default, shall be accelerated, as provided in the Indenture. Upon the receipt by the Trustee of the Bank’s direction to the Trustee to declare an acceleration, interest on the Bonds shall cease to accrue. An Event of Default and its consequences may be waived or limited as provided in the Indenture. Owners may not enforce the Indenture or the Bonds except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Bonds under certain conditions unless it receives indemnity satisfactory to it. Subject to certain limitations, and with the consent of the Bank, the Owners of a majority in principal amount of the outstanding Bonds may direct the Trustee in its exercise of any trust or power.

No member, director, officer or employee, as such, of IRWD shall have any liability for any obligations of IRWD under the Bonds or the Indenture or for any claim based on such obligations or their creation. Each Owner by accepting a Bond waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Bonds.

This Bond shall not be valid for any purpose until the Trustee or an authenticating agent signs the Certificate of Authentication.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of IRWD, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the Irvine Ranch Water District has caused this Bond to be dated as of the date of its authentication, to be signed by the President of the Board of Directors of said District by his facsimile signature and its seal to be hereunto affixed by facsimile and attested by the Secretary of said District by her facsimile signature.

IRVINE RANCH WATER DISTRICT

By: _____
President of the Board of Directors

[SEAL]

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture, which has been authenticated on July ___, 2025.

U.S. Bank Trust Company, National Association,
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

INDENTURE OF TRUST

by and between the

IRVINE RANCH WATER DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of July 1, 2025

\$ _____

BONDS OF IRVINE RANCH WATER DISTRICT,
CONSOLIDATED REFUNDING SERIES 2025B

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of July 1, 2025, by and between IRVINE RANCH WATER DISTRICT, a California water district (“IRWD” or the “District”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the District is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) to issue refunding notes or bonds for the purpose of refunding any evidence of indebtedness of the District; and

WHEREAS, the Board of Directors of the District has determined that the prudent management of the fiscal affairs of the District and of the Improvement Districts requires that refunding bonds be issued to refund the Bonds of the Irvine Ranch Water District, Series 2010B (Federally Taxable – Build America Bonds) (the “Prior Bonds”) for the purposes of eliminating risk relating to the subsidy; and

WHEREAS, the Board has evaluated the various factors associated with the issuance of the Bonds as consolidated bonds and has found that the sale of the Bonds of the Improvement Districts as consolidated bonds will not increase the cost that any Improvement District will pay for its bonds over the cost it would have paid had its bonds been sold separately; and

WHEREAS, pursuant to Resolution No. 2025-__ adopted by the Board of Directors of IRWD (capitalized terms used herein and not otherwise defined shall have the meanings given such terms pursuant to Section 1.01) on _____, 2025, a copy of which is attached hereto as Exhibit A, the Board authorized the issuance of bonds of the Improvement Districts; and

WHEREAS, the Board of Directors of the District deems it proper that consolidated bonds be issued as Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B (the “Bonds”), constituting the consolidated several general obligations of the Improvement Districts, to refund, the outstanding Prior Bonds pursuant to Sections 36060 et seq. and Sections 36447 et seq. of the California Water Code, and pursuant to Section 53541 of the California Government Code; and

WHEREAS, Section 36447.15 of the California Water Code authorizes the District to provide credit enhancement for its consolidated general obligation bonds for improvement districts by pledging and applying all or any part of its revenues to the payment or security of any or all of the principal, purchase price and redemption price of such consolidated general obligation bonds, and the interest thereon, in the manner and upon the terms that the Board deems advisable; and

WHEREAS, the Board has determined it is in the best interest of the District to pledge the Revenues to the payment of the Bonds on a parity with the pledge of Revenues securing Parity Obligations as provided in the Indenture; and

WHEREAS, the Board has determined it is in the best interest of the District to pledge the Revenues to the payment of the Bonds on a parity with the pledge of Revenues securing Parity Obligations as provided in the Indenture; and

WHEREAS, the Board has adopted the criteria required by Section 36447.15 of the California Water Code to permit the pledge of Revenues to the payment of the Bonds as provided in the Indenture; and

WHEREAS, the Bonds shall constitute obligations of the District payable from the Net Revenues, and secured by a pledge of the Revenues, on a parity with the pledge of Revenues securing the Parity Obligations as well as the consolidated several general obligations of the Improvement Districts; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in the Indenture provided, the valid, binding and legal obligations of IRWD according to the import thereof, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That IRWD, in consideration of the premises, the acceptance by the Trustee of those trusts hereby created and established with the Trustee, the purchase and acceptance of the Bonds by the purchasers thereof and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, and Redemption Price of, and interest on, all Bonds Outstanding hereunder from time to time, according to their tenor and effect, and such other payments required to be made under the Indenture, and to secure the observance and performance by IRWD of all the covenants, expressed and implied herein and in the Bonds, does hereby grant, bargain, convey, assign, mortgage, pledge and grant a security interest unto the Trustee, and unto its successors in the trusts hereunder, and to them and their successors and assigns forever, in all right, title and interest of IRWD in, to and under, subject to the terms and conditions of the Indenture, the Trust Estate.

TO HAVE AND TO HOLD IN TRUST all of the same hereby pledged, conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors and assigns forever for the equal and ratable benefit of the registered owners from time to time of the Bonds authenticated hereunder and issued by IRWD and Outstanding and without any priority as to the Trust Estate of any one Bond over any other (except as expressly provided in or permitted by the Indenture), upon the trusts and subject to the covenants and conditions hereinafter set forth;

PROVIDED, HOWEVER, that if IRWD, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and Redemption Price of, and interest on, the Bonds issued and secured hereunder, at the times and in the manner mentioned in such Bonds, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Indenture, then upon such final payments, the Indenture and the unvested rights hereby granted shall cease and terminate, otherwise the Indenture shall remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that, all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property hereby granted, bargained, conveyed, assigned, mortgaged and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and IRWD has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective registered owners, from time to time, of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

“Act” means the California Water District Law, Division 13 of the Water Code, as amended from time to time.

“Additional Redemption Amount” shall have the meaning given such term in subsection (b) of Section 3.02.

“Aggregate Debt Service” means, for any period, the Debt Service on all Outstanding Parity Obligations during such period.

“Applicable Fiscal Year” means, with respect to the satisfaction of the requirements of Section 5.17 with respect to additional Parity Obligations, that Fiscal Year as to which the audited financial statements of the District are available and which immediately precedes that Fiscal Year selected by the District in which either the additional Parity Obligations are issued or the Board adopts the resolution authorizing the issuance of such Parity Obligations.

“Assessment Proceeds” means, with respect to any Improvement District: (i) *ad valorem* assessments on taxable land in such Improvement District levied pursuant to the Act; (ii) In Lieu Charges fixed and collected by the District within such Improvement District; and (iii) proceeds from the sale of property in such Improvement District for the enforcement of delinquent assessments pursuant to the Act.

“Authorized Denominations” means \$5,000 and any integral multiple of \$5,000.

“Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Board” means the Board of Directors of IRWD.

“Bond Counsel” means any firm of nationally recognized municipal bond attorneys selected by IRWD and experienced in the issuance of municipal bonds and the exclusion of the interest thereon from gross income for federal income tax purposes.

“Bond Depository” means a trust company or other financial institution which is registered as a “clearing agency” pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, or is otherwise qualified under applicable law to act as securities custodian for Bonds on behalf of the Participants and the beneficial owners of interests in such Bonds and shall include DTC so long as DTC is the Owner of the Bonds pursuant to subsection (b) of Section 2.02.

“Bond Payment Fund” means the fund so defined and created in Section 4.02.

“Bond Proceeds Fund” means the fund established by the Trustee to accept the proceeds of the sale of the Bonds from the initial purchaser thereof.

“Bond Register” means books for the registration of the ownership, transfer or exchange of the Bonds required to be kept by the Trustee at its principal corporate trust office pursuant to the provisions of Section 2.08.

“Bonds” means the Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B issued pursuant to Section 2.01 that are authenticated and delivered by the Trustee hereunder, including any Bonds issued in exchange therefore or in lieu thereof.

“Business Day” means a day that is not a Saturday or Sunday or a day on which the Trustee, or banks or trust companies in New York, New York, or in Los Angeles, California, are not authorized or required to remain closed.

“Cede & Co.” means Cede & Co., the nominee of DTC as Bond Depository for any Bonds, and any successor nominee of DTC as such Bond Depository.

“Closing Date” means July __, 2025.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated July __, 2025, executed by IRWD in connection with the Bonds pursuant to Rule 15c2-12, as the same may be amended and supplemented from time to time.

“Costs of Issuance Fund” means the fund so defined and created in Section 4.05.

“Credit Support Agreement” means, with respect to any Credit Support Instrument, the agreement or agreements (which may be the Credit Support Instrument itself) between the District and the obligor under such Credit Support Instrument, as originally executed or as it may from time to time be replaced, supplemented or amended, providing for the reimbursement of payments under such Credit Support Instrument, and the interest thereon, and includes any

subsequent agreement pursuant to which a substitute Credit Support Instrument is provided, together with any related pledge agreement, security agreement or other security document.

“Credit Support Instrument” means any of: (i) a policy of insurance, a letter of credit, a line of credit, a standby purchase agreement, revolving credit agreement or other credit arrangement providing credit or liquidity support with respect to the payment of interest, principal or purchase price of any Parity Obligations; (ii) a Prior Reimbursement Agreement; or (iii) a policy of insurance, a letter of credit, a line of credit, a standby bond purchase agreement or other credit arrangement, providing credit or liquidity support with respect to the payment of interest, principal or purchase price of any General Obligation Bonds.

“Debt Service” means, for purposes of Section 5.16 and Section 5.17 with respect to any Outstanding Parity Obligations, and for purposes of Section 5.17 with respect to any additional Parity Obligations to be issued, and for any Fiscal Year, the sum of: (i) the interest on such Parity Obligations payable during such Fiscal Year (except to the extent that such interest is capitalized); (ii) the principal of such Parity Obligations maturing (including by declared acceleration of maturity) during such Fiscal Year; and (iii) the principal of and premium, if any, of such Parity Obligations coming due during such Fiscal Year by virtue of the mandatory redemption or prepayment of such Parity Obligations whether from mandatory sinking fund account payments or otherwise;

but minus the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for such Parity Obligations;

provided that, as to any such Parity Obligations (other than Credit Support Instruments) bearing or comprising interest at other than a fixed rate, for purposes of calculating Debt Service on such Parity Obligations, such Parity Obligations shall be assumed to bear interest at a fixed rate equal to SIFMA as of any date selected by the District which is within 30 days of the date of calculation;

and provided further that, as to any such Parity Obligation relating to an advance under a Credit Support Instrument and bearing or comprising interest at other than a fixed rate, for purposes of calculating Debt Service on such Parity Obligation, such Parity Obligation shall be assumed to bear interest at a fixed rate equal to the rate applicable to such advance as of the date of calculation;

and provided further that if any such series or issue of Parity Obligations has twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one Fiscal Year and such principal is not considered Excluded Principal, Debt Service on such Parity Obligations shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of Parity Obligations were being paid from the date of calculation thereof (based on the market rate and conditions) in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation;

and provided further that, as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity

Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service;

and provided further that if interest on such Parity Obligations is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009), or any future similar program, then interest payments with respect to such Parity Obligations shall be excluded by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America;

and provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Parity Obligations for which such debt service reserve fund was established and in each preceding year until such amount is exhausted.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns. References herein to DTC shall include any nominee of DTC in whose name any Bonds are then registered.

“Electronic Notice” means notice through internet, e-mail or other electronic means of communication.

“Event of Default” means any occurrence or event specified in and defined by Section 6.01.

“Excluded Principal” means each payment of principal of any Outstanding Parity Obligations: (1) which is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 60 months on the day of calculation; and (2) for which a certificate of an IRWD Representative has been or will be prepared to the effect that the District intends to pay such principal from the proceeds of Parity Obligations or other bonds, notes or other obligations or moneys other than Revenues. No such determination shall affect the security for such Parity Obligations or the obligation of the District to pay such Parity Obligation from the sources set forth in the applicable resolution or contract. For the avoidance of doubt, “Excluded Principal” shall not include any obligations under any Prior Reimbursement Agreement or any other reimbursement agreements relating to credit support or a letter of credit supporting any Parity Obligations.

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Bond Counsel to the effect that such action is permitted under the Act and the Indenture, complies with the Indenture and will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Bonds from personal income taxation under the laws of the State (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

“Fitch” means Fitch Ratings, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the services of a

municipal securities rating agency, then “Fitch” shall be deemed to refer to any other nationally recognized municipal securities rating agency rating the Bonds at the request of IRWD.

“Funds” shall mean, collectively, the General Obligation Bond Fund, the Bond Payment Fund, the Costs of Issuance Fund, the Bond Proceeds Fund, the Rebate Fund created pursuant hereto, and any other accounts established hereunder.

“General Obligation Bond Fund” means the fund so defined and created in Section 5.02.

“General Obligation Bonds” means bonds issued by IRWD pursuant to the Act and payable from *ad valorem* assessments.

“Generally Accepted Accounting Principles” means accounting principles generally accepted in the United States and applied on a consistent basis set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants applicable to a government-owned utility applying all statements and interpretations issued by the Governmental Accounting Standards Board and statements and pronouncements of the Financial Accounting Standards Board which are not in conflict with the statements and interpretations issued by the Governmental Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

“Government Code” means the California Government Code, as amended.

“Government Contracts” means, collectively: (i) Agreement No. 7-805-550-0, the Loan Contract, dated February 1, 1988, between the State Water Resources Control Board and the District under the Water Reclamation Loan Program, Clean Water Bond Act of 1984, as amended and supplemented; (ii) Loan Contract No. 0-804-550-0, Water Reclamation Loan Program, Clean Water Bond Act of 1984, Loan Contract, dated June 1, 1990, between the State Water Resources Control Board and the District, as amended and supplemented and (iii) the 1996 Amended and Restated Allen-McColloch Pipeline Sublease, dated as of March 1, 1996, by and between the Municipal Water District of Orange County and the Los Alisos Water District (with respect to whose rights and obligations the District is the legal successor).

“Government Obligations” means and includes any of the following securities, if and to the extent the same are non-callable and not subject to redemption at the option of the issuer, at the time legal for investment of IRWD’s funds, as determined by IRWD: direct obligations of, or obligations the full and timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and including a receipt, certificate or any other evidence of a direct ownership interest in future payments of an obligation of, or fully and unconditionally guaranteed by, the United States of America, or in specified portions thereof held by a custodian in safekeeping for the holders of such receipt, certificate or any other evidence of ownership (which may consist of specified portions of interest thereon) which is rated or assessed in the highest rating category of each Rating Agency, but excluding any share or interest in any unitary investment trust or mutual

fund unless such unitary investment trust or mutual fund is rated or assessed in the highest rating category of each Rating Agency.

“Improvement Districts” means Improvement District No. 112, Improvement District No. 113, Improvement District No. 125, Improvement District No. 188, Improvement District No. 212, and Improvement District No. 225 of IRWD.

“Included Amount” for an Improvement District and as of any time means the principal amount of Outstanding Bonds then allocable to such Improvement District. The Included Amounts are initially as set forth in Section 2.01 hereof and may be adjusted according to the terms hereof.

“Included Percentage” means, with respect to an Improvement District and as of any time, a fraction (i) the numerator of which is equal to the then Included Amount for such Improvement District and (ii) the denominator of which is equal to the par value of all then Outstanding Bonds, calculated to the fourth decimal place; provided, however, that on any date, the total of the Included Percentages for all Improvement Districts having Included Amounts of Outstanding Bonds on such date shall equal 100%. The Included Percentages are initially as set forth in Section 2.01 hereof and may be adjusted according to the terms hereof.

“Indenture” means this Indenture of Trust, dated as of July 1, 2025, by and between IRWD and the Trustee, relating to the Bonds, as it may from time to time be supplemented or amended pursuant to the provisions hereof.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the District, and who, or each of whom:

(A) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the District;

(B) does not have a substantial financial interest, direct or indirect, in the operations of the District; and

(C) is not connected with the District as a director, officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Independent Financial Consultant” means a financial consultant or firm of such consultants appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; and (3) is not connected with the District as an officer or employee thereof, but who may be regularly retained to make reports thereto.

“In Lieu Charges” means water, sewer and reclaimed water charges, as applicable, which in the discretion of the Board of Directors of the District are fixed and collected in an Improvement District in lieu of *ad valorem* assessments pursuant to Sections 36425 and 35975 of the Act.

“Interest Account” means the account so defined and created in Section 4.02.

“Interest Payment Date” means each May 1 and November 1, commencing November 1, 2025.

“Investment Income” means the net income and net earnings of the District from the investment of its money, including without limitation investments in securities and in real estate (whether by mortgage, ownership, through interests in partnerships or joint ventures, or otherwise).

“IRWD” or the **“District”** means Irvine Ranch Water District, a California water district.

“IRWD Representative” means each of the President of the Board, the General Manager, the Executive Director of Finance and Administration, and the Treasurer of IRWD, and any other person at the time designated to act on behalf of IRWD for purposes of the Indenture by the Board.

“Maturity Date” means for each maturity of the Bonds, the dates set forth in Section 2.05 hereof.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by IRWD.

“Net Revenues” means, for any period of time, the Revenues for such period less the Operation and Maintenance Expenses for such period.

“Operating Systems” mean all property and rights in property owned by the District, and used by the District in providing water, sewer, surface runoff and/or reclaimed water services and any other utilities and services which the District may provide, including all facilities included in its water, sewer and reclaimed water systems, rights to water and capacity and other rights or interests in water production, transmission, treatment and disposal facilities, as now existing or hereafter acquired or constructed and as the same may be modified and expanded, including all replacements thereof and improvements thereto.

“Operation and Maintenance Expenses” mean the costs and expenses paid or incurred by the District for operating and maintaining the Operating Systems including, but not limited to: (a) all costs of water generated or purchased by the District for resale; (b) all costs and expenses of providing services and commodities through or with the Operating Systems; (c) all costs and expenses of management of the Operating Systems; (d) all costs and expenses of maintenance and repair of, and other expenses necessary or appropriate in the judgment of the District to maintain and preserve, any of the Operating Systems in good repair and working order; (e) all administrative and general expenses, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, retirement benefits and health care benefits; (f) all deposits to be made to a contingency reserve for Operation and Maintenance Expenses; (g) all deposits to be

made to a rebate fund established with respect to Parity Obligations to provide for any rebate to the United States required to maintain the tax-exempt status of interest on such Parity Obligations; (h) any cost or expense paid or incurred by the District to comply with requirements of law applicable to any of the Operating Systems or the ownership or operation thereof or any activity in connection therewith; and (i) any other cost or expense which, in accordance with Generally Accepted Accounting Principles, is to be treated as an expense of operating or maintaining any of the Operating Systems; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, and amortization of intangibles.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Other 2025 Bonds” means the Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A.

“Outstanding,” when used as of a particular time with reference to Bonds, means (subject to the provisions of Section 8.03) all Bonds delivered hereunder except --

- (i) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.02; and
- (iii) Bonds in lieu of or in substitution for which replacement Bonds shall have been executed by IRWD and delivered by the Trustee hereunder.

“Owner” means the registered owner of a Bond, including the Bond Depository for the Bonds, if any, or its nominee.

“Parity Obligations” means: (i) the Bonds; (ii) the Other 2025 Bonds; (iii) the Prior Reimbursement Agreements; (iv) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1; (v) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2; (vi) the Bonds of Irvine Ranch Water District Series 2016; (vii) the Installment Sale Agreement, dated as of September 1, 2016, among the District, the Irvine Ranch Water District Water Service Corporation and U.S. Bank Trust Company, National Association, as successor trustee; and (viii) any other obligations of IRWD that are payable from Net Revenues on a parity with the Parity Obligations and issued in accordance with Section 5.17.

“Participant” means an entity which is recognized as a participant in the book-entry system of maintaining records with respect to the Bonds by the Bond Depository.

“Permitted Investments” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of IRWD’s funds, as determined by IRWD:

- (i) Government Obligations;
- (ii) Bonds, debentures, notes, participation certificates or other evidences of indebtedness issued, or the principal of and interest on which are unconditionally guaranteed, by the Federal National Mortgage Association, the Bank for

Cooperatives, or the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Federal Land Banks, the Government National Mortgage Association or any other agency or instrumentality of or corporation wholly owned by the United States of America when such obligations are backed by the full faith and credit of the United States of America;

- (iii) Obligations of any state of the United States of America or any political subdivision thereof, which at the time of investment are rated “A1/P-1” or higher by Moody’s and “A+” or higher by S&P or Fitch; or which are rated by Moody’s “VMIG 1” or better and by S&P “A-1” or better and by Fitch “F1” or better, with respect to commercial paper, or “MIG 1,” “SP-1+” or “F1+,” respectively, with respect to municipal notes;
- (iv) Bank time deposits evidenced by certificates of deposit (including those placed by a third party pursuant to an agreement between the District and the Trustee), other deposit products, demand deposits, time deposits, trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest bearing money market accounts, and bankers’ acceptances, issued by any bank, trust company or national banking association (including the Trustee or any of its affiliates) insured by the Federal Deposit Insurance Corporation or the Securities Investors Protection Corp.; provided (a) (1) that such bank, trust company, or national banking association is rated “A1/P-1” or better by Moody’s and “A+” or better by S&P or Fitch, or else that all of the securities acquired pursuant to this subsection (iv) are for amounts of \$100,000 or less, and with maturities of no longer than 365 days; and, (2) that (x) the aggregate of such bank time deposits and bankers’ acceptances issued by any bank, trust company or banking association does not exceed at any one time 10% of the aggregate of the capital stock, surplus and undivided profits of such bank, trust company or banking association and that such capital stock, surplus and undivided profits shall not be less than \$25,000,000, or else that (y) such deposits are fully and continuously secured by a valid and perfected prior security interest in obligations described in paragraph (i) or (ii) of this definition or (b) such investments are insured by the Federal Deposit Insurance Corporation;
- (v) Repurchase or reverse repurchase agreements with any bank, trust company or national banking association (including the Trustee or any of its affiliates) insured by the Federal Deposit Insurance Corporation or the Securities Investors Protection Corp.; provided that such bank, trust company or national banking association is rated “A1” or better by Moody’s and “A+” or better by S&P or Fitch, or with any government bond dealer recognized as a primary dealer by the Federal Reserve Bank of New York, which agreements are fully and continuously secured by a valid and perfected priority security interest in obligations described in paragraph (i) or (ii) of this definition;
- (vi) Investment agreements with any corporation, including banking or financial institutions, the long-term corporate debt of which is rated, at the time of investment, “A1” or better by Moody’s and “A+” or better by S&P or Fitch;

- (vii) Guaranteed investment contracts or similar funding agreements issued by insurance companies, the long-term corporate debt of which, at the time of investment, is rated “A1” or better by Moody’s and “A+” or better by S&P or Fitch;
- (viii) Corporate commercial paper rated “MIG 1” or better by Moody’s and “A-1” or better by S&P and “F1” or better by Fitch at the time of investment;
- (ix) Shares or interests in taxable government money market portfolios (including any money market mutual funds of the Trustee) restricted to obligations with maturities of one year or less issued by, or the payment of principal and interest with respect to which is guaranteed by, the United States of America, and which are rated “Aa” or better by Moody’s and “AAm” or better by S&P or Fitch at the time of investment;
- (x) Interests in money mutual market portfolios, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee receive and retain a fee for services provided to the fund, which services include investment advisory, transfer agency, custodial, or other management services, exempt from federal income taxation and having assets in excess of \$1,000,000,000;
- (xi) Investments in the Local Agency Investment Fund created pursuant to Section 16429.1 of the Government Code; and
- (xii) Any other investment that is legal for the investment of the District’s funds or, to the extent that any moneys hereunder are held by the Trustee or a fiscal agent and pledged to the payment or security of the Bonds, any other investments which the District deems to be prudent investments and in which the District directs the Trustee or fiscal agent to invest, provided that such investments are either: (i) rated “A”/”A” or better, by at least two of S&P, Fitch and Moody’s at the time of such investment; or (ii) are issued by an entity the corporate debt of which is rated “A”/”A” or better, by at least two of S&P, Fitch and Moody’s; or (iii) are issued by an insurance company with a claims paying rating of “Aa” or better by Moody’s.

“Principal Account” means the account so defined and created in Section 4.02.

“Principal Payment Date” means, with respect to a Bond, the stated maturity date of such Bond and any date on which the principal of such Bond has been accelerated pursuant to Section 6.02.

“Prior Bonds” means the Bonds of Irvine Ranch Water District, Series 2010B (Federally Taxable - Build America Bonds) issued pursuant to the Prior Indenture.

“Prior Indenture” means the Indenture of Trust, dated as of December 1, 2010, by and between IRWD and the Prior Trustee.

“Prior Installment Contract” means the Agreement for Acquisition and Construction, dated as of November 1, 1990, by and among County Sanitation District No. 1 of Orange County, California, County Sanitation District No. 2 of Orange County, California, County Sanitation District No. 3 of Orange County, California, County Sanitation District No. 5 of Orange County, California, County Sanitation District No. 6 of Orange County, California, County Sanitation District No. 7 of Orange County, California, County Sanitation District No. 11 of Orange County, California, County Sanitation District No. 13 of Orange County, California, County Sanitation District No. 14 of Orange County, California, as amended and supplemented.

“Prior Reimbursement Agreements” means collectively: (i) the Reimbursement Agreement, dated as of April 1, 2011, between IRWD and Sumitomo Mitsui Banking Corporation, as amended and supplemented (relating to IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2008A); (ii) the Reimbursement Agreement, dated as of April 1, 2025, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009A); (iii) the Amended and Restated Reimbursement Agreements, dated as of April 1, 2011, between IRWD and Bank of America, N.A. as amended and supplemented (relating to the IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009B); (iv) the Reimbursement Agreement, dated as of February 1, 2024, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Refunding Series 2011A-1); and (v) the Reimbursement Agreement, dated as of February 1, 2024, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Refunding Series 2011A-2).

“Prior Trustee” means U.S. Bank Trust Company, National Association, as trustee.

“Rating Agency” means Fitch and S&P, to the extent each such entity is then rating the Bonds, and any other nationally recognized rating agency then rating the Bonds at the request of IRWD.

“Rebate Fund” means the fund so defined and created in Section 5.04 hereof.

“Rebate Requirement” means the Rebate Requirement as defined in the Tax Certificate.

“Record Date” means, with respect to an Interest Payment Date, the Trustee’s close of business on the 15th day of the calendar month preceding such Interest Payment Date, whether or not a Business Day.

“Redemption Account” means the account so defined and created in Section 4.04.

“Redemption Date” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

“Redemption Price” means, with respect to any Bond to be redeemed pursuant to the Indenture, the amount payable to the Owner of such Bond upon such redemption, including the principal thereof, any unpaid accrued interest thereon to the Redemption Date and any redemption premium or other amount due upon such redemption.

“Refunding Law” means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code, as amended from time to time.

“Refunding Test Period” means, with respect to the issuance of additional Parity Obligations pursuant to Section 5.17(b) for refunding purposes, each Fiscal Year from and including the Fiscal Year in which such additional Parity Obligations are to be issued to and including the latest Fiscal Year in which Debt Service is payable on the Parity Obligations Outstanding immediately prior to the issuance of such additional Parity Obligations.

“Representation Letter” means the letter from IRWD and the Trustee to, or other instrument or agreement among IRWD and the Trustee with, the then current Bond Depository for the Bonds in which IRWD and the Trustee, among other things, make certain representations to, and agreements with, such Bond Depository with respect to the Bonds, and payment thereof, and delivery of notices with respect thereto.

“Resolution” means Resolution No. 2025-__ of the Board of Directors of IRWD, adopted on _____, 2025.

“Revenues” mean all Utility Rates and Charges and other revenues of the District, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with the District’s share of the Orange County, California one percent *ad valorem* property tax (to the extent not applied by the District to pay principal of and interest on Secured Bonds) and Investment Income; but excluding in all cases: (i) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes or *ad valorem* assessments restricted by law to be used by the District to pay bonds issued by the District, and the proceeds of any actions to enforce delinquent *ad valorem* assessments; and (iii) In Lieu Charges.

“Rule 15c2-12” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may from time to time be amended and supplemented.

“Secured Bonds” mean bonds of IRWD secured by a pledge of IRWD’s share of the Orange County 1% general *ad valorem* property tax pursuant to Resolution No. 1992-48, adopted by the Board on November 23, 1992, or Resolution 2002-10, adopted by the Board on November 8, 2002.

“Securities Depositories” means such securities depositories for securities as IRWD may designate in a certificate of an IRWD Representative delivered to the Trustee.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors and assigns, except that if such division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by IRWD.

“State” means the State of California.

“Subordinate Obligations” mean all obligations of IRWD other than Parity Obligations, including but not limited to amounts due under the Prior Installment Contract and the Government Contracts.

“Tax Certificate” means that certificate signed by IRWD on the date of the initial issuance of the Bonds relating to the requirements of Sections 103 and 141-150 of the Code.

“Test Period” means, with respect to a calculation of Aggregate Debt Service in connection with the issuance of additional Parity Obligations pursuant to Section 5.17(b)(2), the period from and including the Applicable Fiscal Year for the issuance of such additional Parity Obligations to and including the first complete Fiscal Year after the latest date of operation of any project being financed or refinanced with the proceeds of such additional Parity Obligations.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, or any other bank or trust company duly incorporated and existing under and by virtue of the laws of any state or of the United States of America, which may be substituted in its place as provided in Section 7.02.

“Trust Estate” means: (i) all of the monies in the Bond Payment Fund, and all accounts in such Fund, including the investments, if any, thereof, and all income and proceeds derived from such investments; and (ii) subject to application on the terms and conditions contained herein, the Revenues.

“Utility Rates and Charges” means all water, sewer and reclaimed water rates and charges imposed by the District in connection with providing water, sewer and reclaimed water services to retail customers through the Operating Systems, including commodity, service, standby, material treatment and connection charges, except: (i) In Lieu Charges; and (ii) customer deposits.

“Water Code” means the California Water Code, as amended and supplemented.

SECTION 1.02 Indenture to Constitute Contract. In consideration of the acceptance of the Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract among IRWD, the Trustee, as fiduciary for the benefit of the Owners, and the Owners to secure the full and final payment of the principal and Redemption Price of , and interest on, the Bonds to the extent payable in accordance with the Indenture, the Refunding Law, or the Act, and the application of all monies on deposit or to be deposited in accordance herewith, including, but not limited to, foreclosure proceeds, and the conditions, covenants and terms contained herein required to be observed or performed by or on behalf of IRWD and the Trustee shall be for the equal benefit, protection and security of all Owners without distinction, preference or priority of any Bonds over any other Bonds by reason of the number or date thereof or the time of authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein. Subject to Section 9.01 hereof, this Indenture shall remain in full force and effect so long as any Bonds remain Outstanding.

SECTION 1.03 Interpretation; Construction. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. Unless otherwise indicated, all references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular articles, section, subdivision or clause thereof. References herein to persons shall include corporations, partnerships, associations, and governmental entities as well as natural persons. The phrase “principal and Redemption Price” with reference to the Bonds shall refer to the amount due on the Bonds as principal then due or as Redemption Price then due but shall not be construed as requiring the payment on any one date with respect to any Bond of the principal plus the Redemption Price thereof. Unless otherwise expressly stated, all times referred to in this Indenture shall be New York City time.

ARTICLE II

CONDITIONS AND TERMS OF BONDS

SECTION 2.01 Authorization of Bonds. (a) The issuance of the Bonds is hereby authorized in the aggregate principal amount of \$_____ to be designated as “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B” constituting the consolidated several general obligations of Improvement District Nos. 112, 113, 125, 188, 212, and 225. The District reserves the right to issue obligations other than the Bonds payable from any source, including the same sources described in this Section; provided, however, no obligations other than the Bonds shall be issued under the Indenture. The Bonds are issued for the purpose of refinancing capital projects for the Improvement Districts as provided in the election within each Improvement District approving its Included Percentage of the Bonds, including the payment of costs of issuance of the Bonds. Each Bond shall mature on its Maturity Date.

(b) The Bonds, when originally issued, shall constitute the consolidated several general obligations of Improvement District Nos. 112, 113, 125, 188, 212, and 225, as provided in subsection (c) of this Section. The Bonds shall constitute obligations of IRWD payable from the Net Revenues, and secured by a pledge of the Revenues, on a parity with the Parity Obligations as well as the consolidated several general obligations of the Improvement Districts. IRWD reserves the right to issue obligations other than the Bonds payable from any source, including the same sources described in this Section; provided, however, no obligations other than the Bonds shall be issued under the Indenture.

The Bonds shall not constitute an obligation of the State of California or any political subdivision thereof other than IRWD and the Improvement Districts as provided in the Indenture. No fund or account of IRWD, including its General Fund, other than the funds included in the Trust Estate, is liable for the payment of the principal or Redemption Price of, or interest on, the Bonds. Except as provided in the Indenture with respect to the Trust Estate, neither the faith and credit nor the taxing power of IRWD is liable for or pledged to the payment of the principal or Redemption Price of, or interest on, the Bonds.

(c) The Bonds shall be the several consolidated obligations of the Improvement Districts, initially in the below listed proportions.

Improvement District No.	Included Amount of Total Par Value	Included Percentage of Total Par Value
112		
113		
125		
188		
212		
225		
Total	\$	100.00%

(d) The Included Amount for any Improvement District shall be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to this Indenture, at any time when Bonds are redeemed pursuant to Article III hereof. The Included Percentage for each Improvement District shall also be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to this Indenture, in the event that all or any portion of the Included Amount for any Improvement District is redeemed pursuant to Article III hereof.

(e) The Bonds shall be payable from the monies included in the Trust Estate which includes monies from the following sources: (1) the Assessment Proceeds which are to be collected from within each Improvement District and applied by the District to pay such Improvement District's Included Amount of the principal, Purchase Price and Redemption Price of, and interest on, all Outstanding Bonds; (2) all monies and earnings thereon held in the Bond Payment Fund or accounts therein created under the terms hereof; and (3) subject to application as provided in the Indenture, the Net Revenues.

The Assessment Proceeds applied to any Improvement District's Included Amount of the principal and Redemption Price of the Bonds, and the interest thereon shall be limited to Assessment Proceeds collected in such Improvement District. The Bonds are issued by IRWD on behalf of the Improvement Districts, which are severally but not jointly obligated for the payment of the principal and Redemption Price of, and interest on, their respective Included Amounts of the Bonds.

(f) Any provision of this Indenture to the contrary notwithstanding, IRWD may, to the extent permitted by law, but shall not be obligated to, apply funds of IRWD not pledged to the payment of the Bonds pursuant to the Indenture to the payment of principal and Redemption Price of, and interest on, the Bonds.

(g) The Trustee is hereby authorized to authenticate and to deliver the Bonds upon (i) written direction of IRWD, and (ii) receipt of the proceeds of the sale of the Bonds by the Trustee as provided in Section 4.01.

(h) On the Closing Date, the Other 2025 Bonds will also be issued by IRWD pursuant to separate indentures.

SECTION 2.02 Denominations, Medium, Method and Place of Payment, Dating of Bonds; Book-Entry Bonds. (a) The Bonds shall be issued in the form of fully registered Bonds in Authorized Denominations. The principal and Redemption Price of, and interest on, the Bonds shall be payable in lawful money of the United States of America. Except as otherwise provided in the Representation Letter, the interest on the Bonds shall be payable on the Interest Payment Dates by check mailed on the applicable Interest Payment Date by the Trustee to the respective Owners thereof at their addresses as they appear on the applicable Record Date in the Bond Register, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Owner to the Trustee, received at least 10 days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. Except as otherwise provided in the Representation Letter, the principal and Redemption Price of each Bond shall be payable only upon surrender thereof at the principal corporate trust office of the Trustee.

The Trustee and IRWD may treat the Owner of a Bond as the sole, exclusive and absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and the Trustee and IRWD shall not be affected by any knowledge or notice to the contrary; and payment of the principal and Redemption Price of, and interest on, such Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. All Bonds paid pursuant to the provisions of this Section shall be cancelled by the Trustee and shall not be redelivered.

Each Bond shall be dated the date of authentication thereof and shall bear interest from the immediately preceding Interest Payment Date, unless such date of authentication is after a Record Date and on or before the next succeeding Interest Payment Date, in which event any such Bond shall bear interest from and including such Interest Payment Date, or unless such date of authentication is prior to the initial Record Date for the Bonds, in which event any such Bond shall bear interest from the date of original authentication and delivery of the Bonds, until the entire principal amount of such Bond is paid. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

(b) (1) The Bonds shall be initially executed and delivered in the form of a separate, single, authenticated, fully registered bond (which may be typewritten) for each maturity of Bonds. Upon initial execution, authentication and delivery, the ownership of the Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the initial Bond Depository for the Bonds. The Trustee and IRWD may treat the Bond Depository (or its nominee) as the sole, exclusive and absolute Owner of the Bonds registered in its name for all purposes, whether or not such Bond shall be overdue (including, without limitation, receiving payment of the principal and Redemption Price of, and interest on, the Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice required or permitted to be given to Owners hereunder, registering the transfer of Bonds, obtaining any consent from the Owners, and providing for any other action to be taken by the Owners

hereunder), and neither the Trustee or IRWD shall be affected by any knowledge or notice to the contrary. So long as the Bonds are registered in the name of a Bond Depository, including DTC, or its nominee, including Cede & Co., payment of the principal and Redemption Price of, and interest on, such Bonds shall be made only to the Bond Depository or its nominee as such Owner, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. Neither of the Trustee nor IRWD shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in a Bond under or through a Bond Depository or any Participant, or any other person which is not shown in the Bond Register as being an Owner, with respect to: the accuracy of any records maintained by a Bond Depository or any Participant; the payment by a Bond Depository or any Participant of any amount in respect of the principal or Redemption Price of, or interest on, the Bonds; any notice which is permitted or required to be given to Owners hereunder; the selection by a Bond Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by a Bond Depository (or its nominee) as the Owner of the Bonds. Except under the conditions specified in paragraph (2) of this subsection (b), no person other than a Bond Depository shall receive authenticated Bonds. Upon delivery by a Bond Depository to the Trustee of written notice to such effect, a Bond Depository may substitute a new nominee in place of the then designated nominee, and with respect to DTC may substitute a new nominee for "Cede & Co." or any successor nominee and subject to the provisions herein with respect to Record Dates, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(2) In the event (i) DTC, or any successor as Bond Depository for the Bonds, determines not to continue to act as Bond Depository for the Bonds, or (ii) IRWD determines that the incumbent Bond Depository for the Bonds shall no longer so act, and delivers a written certificate of an IRWD Representative to such incumbent Bond Depository and the Trustee to that effect, then IRWD shall discontinue the book-entry system with the incumbent Bond Depository for the Bonds. If IRWD determines to replace the incumbent Bond Depository for the Bonds with another Bond Depository, IRWD shall prepare or direct the preparation of replacement Bonds for the Bonds registered in the name of the incumbent Bond Depository, or its nominee, to be registered in the name of such successor Bond Depository, or its nominee, or make such other arrangements acceptable to IRWD, the Trustee, and the successor Bond Depository for the Bonds as are not inconsistent with the terms of the Indenture. If IRWD fails to identify a successor Bond Depository for the Bonds to replace the incumbent Bond Depository, then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the incumbent Bond Depository or its nominee, but shall be registered in whatever name or names the incumbent Bond Depository for the Bonds, or its nominee, shall designate in accordance with the provisions of subsection (b) of Section 2.02. In such event IRWD shall, at its expense, prepare, execute and deliver Bonds to the Trustee for authentication and delivery to carry out the transfers and exchanges provided in this Section and Section 2.07. All such Bonds shall be in fully registered form in Authorized Denominations.

(3) Notwithstanding any other provision of the Indenture to the contrary, so long as any Bond is registered in the name of DTC, or its nominee, all payments with respect to principal and Redemption Price of, and interest on, such Bond, all notices with

respect to such Bond, shall be made and given, respectively, as provided in the Representation Letter.

(4) In connection with any notice or other communication to be provided to Owners pursuant to the Indenture by IRWD or the Trustee with respect to any consent or other action to be taken by Owners, IRWD or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the incumbent Bond Depository, if any, notice of such record date not less than 15 calendar days in advance of such record date to the extent deemed practicable by IRWD.

SECTION 2.03 Payment of Principal and Interest of Bonds. The interest on the Bonds shall become due and payable on the Interest Payment Dates in each year to and including the Maturity Date, or on redemption or acceleration prior thereto. The principal of the Bonds shall become due and payable on each Principal Payment Date or on redemption or acceleration prior thereto. Notwithstanding the foregoing, pursuant to Section 10.10 hereof, if the date for making any payment of principal or Redemption Price of, or interest on, the Bonds is not a Business Day, the payment may be made on the next Business Day with the same effect as if made on the nominal date and no interest will accrue between the nominal date and the actual payment date.

SECTION 2.04 Calculation and Payment of Interest. Interest on each Bond shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Payment will be made on each Interest Payment Date for unpaid interest accrued to but not including such Interest Payment Date.

SECTION 2.05 Terms of Bonds. The Bonds shall have the following Maturity Dates, principal amounts, and interest rates:

<u>Maturity Date</u> <u>(May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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SECTION 2.06 Form of Bonds. The Bonds and the assignment to appear thereon shall each be in substantially the forms respectively set forth in Exhibit B attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and variations as permitted or required hereby. In the event the Bonds are no longer registered in the name of a Bond Depository, IRWD may make such modifications to the form of the Bond contained in Exhibit B to further detail the terms of the Bonds and the Indenture as shall be approved by an IRWD Representative.

SECTION 2.07 Execution and Authentication of Bonds. The Bonds shall be signed by manual or facsimile signature by the President of the Board of Directors of IRWD, and the Secretary of IRWD shall affix the seal of IRWD or a facsimile thereof to the Bonds and attest said seal by her manual or facsimile signature. The Bonds shall be authenticated by the Trustee by the manual signature of an authorized signatory of the Trustee.

If any of the officers of IRWD who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to be such officer of IRWD before the Bond so signed and sealed shall have been actually authenticated by the Trustee or delivered, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose manual or facsimile signature shall be upon the Bonds had not ceased to be such officer of IRWD; and any such Bond may be signed and sealed on behalf of IRWD by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of IRWD, although at the date of such Bond any such person shall not have been such officer of IRWD.

SECTION 2.08 Transfer and Exchange of Bonds. All Bonds are transferable or exchangeable by the Owner thereof, in person or by the Owner's attorney duly authorized in writing, at the designated corporate trust agency or operations office of the Trustee in the Bond Register, upon surrender of such Bonds accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds of Authorized Denominations of the same series, aggregate principal amount and terms, except that the Trustee may require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Bonds surrendered pursuant to the provisions of this Section shall be cancelled by the Trustee, shall not be redelivered and shall be disposed of as directed by IRWD.

The Trustee shall not be required to transfer or exchange (i) any Bonds during the period commencing on the date 10 days prior to the date of selection of Bonds for redemption and ending on such date of selection, or (ii) any Bond selected for redemption in whole or in part.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting

obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

SECTION 2.09 Bond Register. The Trustee will keep at its principal corporate trust office the Bond Register for the registration of the ownership, transfer or exchange of the Bonds, which Bond Register shall be available for inspection by IRWD upon reasonable notice, at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in the Bond Register as hereinabove provided. The ownership of any Bonds may be proved by the Bond Register required to be kept by the Trustee pursuant to the provisions of this Section.

SECTION 2.10 Temporary Bonds. The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, IRWD will prepare and execute and the Trustee will authenticate definitive Bonds without delay, and in that case upon demand of the Owner of any temporary Bonds such definitive Bonds shall be exchanged without cost to such Owner for temporary Bonds at the office of the Trustee upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this Section shall be cancelled by the Trustee, shall not be redelivered and shall be disposed of as directed by IRWD.

SECTION 2.11 Bonds Mutilated, Destroyed, Lost or Stolen. If any Bond shall become mutilated, the Trustee shall authenticate and deliver a new Bond of like series, tenor and number in lieu of the mutilated Bond, but only upon surrender to the Trustee of the mutilated Bond, and every mutilated Bond surrendered to the Trustee shall be cancelled by it and shall not be redelivered and shall be disposed of as directed by IRWD. If any Bond shall be destroyed, lost or stolen, evidence of such destruction, loss or theft may be submitted to the Trustee and if such evidence is satisfactory to the Trustee, and the Trustee and IRWD receive indemnity satisfactory to them, the Trustee shall authenticate and deliver a new Bond of like series and tenor in substitution for the destroyed, lost or stolen Bond. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered by it under this Section and of the related expenses which may be incurred by it under this Section. Any replacement Bond authenticated and delivered under the provisions of this Section in lieu of or in substitution for any mutilated, destroyed, lost or stolen Bond shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Bonds executed and delivered hereunder; and neither IRWD nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the

original and the replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, rather than authenticating and delivering a new Bond for a mutilated, destroyed, lost or stolen Bond which has matured or has been called for redemption, the Trustee may make payment of the principal or Redemption Price of and unpaid accrued interest on such mutilated, destroyed, lost or stolen Bond directly to the Owner thereof under such regulations as the Trustee may prescribe. To the extent permitted by law, IRWD agrees to indemnify and hold harmless the Trustee from and against any claims, damages and losses (including legal fees and expenses), arising out of payment of principal or Redemption Price of, or interest on, any destroyed, lost or stolen Bond.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01 Redemption of Bonds. (a) The Bonds are subject to redemption at the option of the District in whole or, in part in Authorized Denominations, on May 1, 20__ and any Business Day thereafter at a Redemption Price of 100% of the principal amount of the Bonds being redeemed, together with unpaid accrued interest, if any, to the Redemption Date, without premium.

(b) The Bonds are subject to mandatory sinking fund redemption on May 1, 20__ and on each May 1 thereafter, upon notice as hereinafter provided, in part, upon the conditions and terms prescribed herein, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, without premium, in the years and principal amounts as follows:

Mandatory Redemption
Dates (May 1)

Mandatory Sinking
Fund Payments

*Final Maturity

(c) Upon any purchase of Bonds by IRWD or the redemption of such Bonds pursuant to subsection (a) or subsection (b) of this Section, an amount equal to the aggregate principal amount of such Bonds so purchased or redeemed, and not previously applied as a credit pursuant to this subsection, shall be credited toward a part or all of any one or more yearly mandatory sinking fund redemptions required by subsection (c) of this Section, as directed in writing by IRWD provided that such direction is received by the Trustee at least 75 days before the date of such mandatory redemption. Any such direction shall state the years in which and the amounts by which such mandatory redemptions are to be reduced. The portion of any such mandatory redemption remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory redemption if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such mandatory redemption for the

purpose of the calculation of principal payments due on any future May 1 with respect to the mandatory sinking fund redemption of the Bonds pursuant to subsection (c) of this Section.

SECTION 3.02 Adjustment of Included Amounts on Redemption of Bonds.

(a) Except as provided in subsection (b) of this Section, the principal amount of Bonds redeemed pursuant to Section 3.01 shall be credited proportionally to all Improvement Districts and the Included Amount for each Improvement District shall be reduced by such Improvement District's Included Percentage (calculated immediately before such redemption) of the redeemed Bonds.

(b) Whenever either: (i) Outstanding Bonds are to be redeemed pursuant to the provisions of subsection (a) or (b) of Section 3.01 with respect to less than all Improvement Districts; or (ii) sufficient monies are available from or for the account of any Improvement District in addition to the amount required to redeem such Improvement District's Included Percentage of the Bonds to be redeemed pursuant to the provisions of subsection (a) or (b) of Section 3.01 with respect to all Improvement Districts, IRWD may elect to redeem, pursuant to the provisions of subsection (a) or (b) of Section 3.01 all or any portion of any such Improvement District's Included Amount in addition to its Included Percentage of the Bonds, if any, to be so redeemed with respect to all Improvement Districts (the "Additional Redemption Amount"), in which case the Additional Redemption Amount shall be credited only to such Improvement District and the Included Amount and Included Percentage of such Improvement District shall be reduced by such Additional Redemption Amount in addition to the reduction of such Improvement District's Included Amount and Included Percentage pursuant to subsection (a) of this Section with respect to all Improvement Districts.

(c) Immediately following each redemption of Bonds and the allocation of redeemed Bonds to Improvement Districts pursuant to subsections (a) and (b) of this Section, the Included Percentages for all Improvement Districts shall be recomputed for all purposes relative to the Outstanding Bonds after such redemption in the following manner:

$$\frac{\text{Improvement District's Included Amount after redemption}}{\text{Total Amount of Outstanding Bonds after redemption}} = \text{Included Percentage, as adjusted}$$

(d) In the event that following any redemption of Bonds pursuant to Section 3.01, the Included Amount for an Improvement District has been redeemed in its entirety, the amounts attributable to such Improvement District in the Funds and accounts established under the Indenture shall be withdrawn as directed in writing by IRWD and applied by IRWD as permitted by law; provided, however, that the Trustee shall have no responsibility for determining whether such application made by IRWD is permitted by law. IRWD shall deliver a certificate to the Trustee specifying: (i) the Improvement District for whom all or any portion of the Included Amount is to be redeemed; (ii) the portion of the Included Amount to be redeemed for such Improvement District; (iii) the adjusted Included Amounts and Included Percentages of all Improvement Districts; and (iv) in the event of a complete redemption of the Included Amount of an Improvement District, the amounts attributable to such Improvement District in the Funds and accounts established under the Indenture which are to be withdrawn and paid to IRWD.

SECTION 3.03 Selection of Bonds for Redemption. If less than the full Outstanding principal amount of the Bonds is to be redeemed on any one Redemption Date, and the Bonds are owned by more than one Owner, the Trustee shall select the Bonds to be redeemed from the Outstanding Bonds pro rata based on the principal amount of Bonds owned by each Owner.

SECTION 3.04 Notice of Redemption. (a) Notice of redemption of Bonds shall be given by mail by the Trustee to the Owners of any Bonds designated for redemption in whole or in part and to the Securities Depositories no less than 30 days nor more than 60 days prior to the Redemption Date. Each notice of redemption shall state the Redemption Date, the redemption place and the Redemption Price (or the method of determining the Redemption Price in the case of a redemption pursuant to subsection (a) or (b) of Section 3.01), shall (in the case of any Bond called for redemption in part only) state the portion of the principal amount thereof which is to be redeemed, and shall state that, if money for the payment of the Redemption Price of the Bonds or portions thereof to be redeemed, including any unpaid accrued interest due upon such redemption, is then held by the Trustee, the interest on the Bonds to be redeemed or portions thereof designated for redemption shall cease to accrue from and after such Redemption Date and that on such Redemption Date there will become due and payable on each of the Bonds or portions thereof designated for redemption the Redemption Price thereof. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Bonds.

(b) With respect to any notice of any redemption of Bonds at the option of IRWD, unless at the time such notice is given the Bonds the Trustee shall hold sufficient available funds to pay the Redemption Price of the Bonds to be redeemed, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of monies that shall be sufficient to pay the Redemption Price of the Bonds to be redeemed and that if such monies shall not have been so received said notice shall be of no force and effect and IRWD shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such monies are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons who received such notice of redemption and in the manner in which the notice of redemption was given, that such monies were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

The Trustee shall give notice of redemption of any Bonds to be redeemed, as provided herein, upon receipt of notice from IRWD with respect to any optional redemption of Bonds, which notice shall be given to the Trustee at least five calendar days prior to the date the notice of redemption described in the first paragraph of this Section must be given to the Owners (unless the Trustee shall agree to a shorter period).

Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not actually received by any Owner.

SECTION 3.05 Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof a new Bond or Bonds in an aggregate principal equal to the unredeemed principal amount of the Bond so surrendered.

SECTION 3.06 Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the Redemption Price of the Bonds or portions thereof to be redeemed is then held by the Trustee, then on the Redemption Date designated in such notice the Bonds or portions thereof so called for redemption shall become payable at the Redemption Price specified, or determined as described, in such notice; and from and after the Redemption Date so designated, interest thereon or portions thereof so called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit, protection or security hereunder and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price.

SECTION 3.07 Application of Monies for Redemption. Monies identified by IRWD to the Trustee in writing as having been collected from or attributable to any Improvement District for the redemption of all or any portion of such Improvement District's Included Amount shall be used exclusively to pay all or any portion of such Improvement District's Included Amount of Bonds as provided in the Indenture.

ARTICLE IV

FUNDS AND ACCOUNTS

SECTION 4.01 Deposit of Monies. The Trustee shall establish and hold the Bond Proceeds Fund. On the Closing Date, the proceeds received from the sale of the Bonds in the amount of \$_____ (representing the principal amount of the Bonds of \$_____, less an underwriter's discount of \$_____), which the Trustee shall deposit in the Bond Proceeds Fund, shall be applied as follows:

- (i) \$_____ shall be transferred to the Prior Trustee to redeem the Prior Bonds; and
- (ii) \$_____ shall be transferred to IRWD for deposit in the Costs of Issuance Fund.

SECTION 4.02 Pledge of Trust Estate. Subject to the application of the Revenues on the terms and conditions provided in Section 6.02, the District hereby pledges and grants a lien on the Revenues to the payment when due of the principal, Purchase Price and Redemption Price of, and interest on, the Outstanding Bonds, which pledge and lien shall be on a parity with any pledge of Revenues securing other Parity Obligations. This pledge and lien shall constitute a pledge of and charge and lien upon the Revenues for the payment of the principal, Purchase Price and Redemption Price of, and interest on, the Outstanding Bonds and all other Parity Obligations in accordance with the terms hereof and thereof after payment from the Revenues of the Operation and Maintenance Expenses, and the funding of contingency reserves therefor, as provided in the Indenture.

SECTION 4.03 Allocation of Revenues. In order to carry out and effectuate the pledge and lien on the Revenues contained in Section 4.02, the District agrees and covenants that all Revenues received by it shall be deposited when and as received in the Revenue Fund, which fund has heretofore been established by the District and which fund the District agrees and

covenants to maintain as a special fund, separate and apart from other moneys of the District so long as any Bond remains Outstanding. All Revenues shall be applied in the following order of priority:

(a) First to the payment of Operation and Maintenance Expenses (other than the funding of contingency reserves for Operation and Maintenance Expenses) as they become due and payable.

(b) Second, to the funding of contingency reserves for Operation and Maintenance Expenses.

(c) Third: (i) two (2) Business Days before each Interest Payment Date, to a deposit to the Bond Payment Fund in an amount equal to the transfer to the Interest Account and the Principal Account to be made on such Interest Payment Date; and (ii) on each date, other than an Interest Payment Date, on which the principal of an Outstanding Bond becomes due, whether by mandatory redemption, acceleration, or otherwise, to a deposit to the Bond Payment Fund in an amount equal to the principal and Redemption Price of, and interest on, the Outstanding Bonds coming due on such date. Notwithstanding the provisions of the immediately preceding sentence, no such deposit to the Bond Payment Fund need be made by the District to the extent the Trustee then holds, or is concurrently receiving from the District from Assessment Proceeds or other sources that do not constitute Revenues, moneys for such purpose in the Bond Payment Fund, or being deposited in the Bond Payment Fund, available to pay the principal and Redemption Price of, and interest on, the Outstanding Bonds to be paid with such deposit. The District shall also pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Bonds), without preference or priority between transfers made pursuant to this sentence and the first sentence of this subsection (c), and in the event of any insufficiency of such moneys ratably without any discrimination or preference, on the dates specified in the proceedings relating to such Parity Obligations, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest on Parity Obligations (other than the principal and Redemption Price of, and interest on, the Outstanding Bonds) in accordance with the terms of such Parity Obligations.

(d) Fourth, the District shall transfer or cause to be transferred to any applicable reserve fund or account for any Parity Obligations for which a separate reserve has been funded, without preference or priority between transfers made pursuant to this subsection (d), and in the event of any insufficiency of such moneys ratably without any discrimination or preference, the sum or sums, if any, equal to the amount required to be deposited therein in accordance with the terms of such Parity Obligations.

(e) Fifth, to any lawful purpose of the District, including the payment of any Subordinate Obligations in accordance with the instruments authorizing such Subordinate Obligations, which application shall be free and clear of the pledge and lien on Revenues created by the Indenture.

SECTION 4.04 Bond Payment Fund. There is hereby established and created a fund with the Trustee to be designated the “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B Bond Payment Fund” (the “Bond Payment Fund”). The Trustee shall transfer money contained in the Bond Payment Fund to the accounts described below at the following respective times in the manner hereinafter provided, which accounts the Trustee hereby agrees to establish and maintain so long as the Indenture is not discharged in accordance with Article IX and each such account shall constitute a trust fund for the benefit of the Owners of the Bonds, and the money in each such account shall be disbursed only for the purposes and uses hereinafter authorized.

(a) **Interest Account.** The Trustee, on each Interest Payment Date, shall deposit in the Interest Account from money in the Bond Payment Fund an amount which, together with amounts already on deposit in the Interest Account shall be sufficient to pay interest on the Outstanding Bonds due on such Interest Payment Date. Money in the Interest Account shall be used and withdrawn by the Trustee on each Interest Payment Date solely for the payment of interest on the Outstanding Bonds then due.

(b) **Principal Account.** The Trustee, on each Principal Payment Date, shall deposit in the Principal Account from money in the Bond Payment Fund such amount as shall be sufficient to pay the principal of the Outstanding Bonds due on such Principal Payment Date. Money in the Principal Account shall be used and withdrawn by the Trustee on each Principal Payment Date solely for the payment of the principal of Outstanding Bonds then due.

(c) **Redemption Account.** The Trustee shall deposit in the Redemption Account amounts received from IRWD to pay the Redemption Price of Bonds to be redeemed. Money in the Redemption Account shall be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the Redemption Price of Outstanding Bonds upon the redemption thereof.

SECTION 4.05 Costs of Issuance Fund. There is hereby established and created a fund in the treasury of IRWD to be designated “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B, Costs of Issuance Fund” (the “Costs of Issuance Fund”). The Bond proceeds deposited in the Costs of Issuance Fund shall be apportioned by IRWD among the respective Improvement Districts according to each Improvement District’s Included Percentage. All monies on deposit in the Costs of Issuance Fund shall be applied by IRWD for the payment of the costs of issuing the Bonds, including printing costs, rating agency fees, the fees and expenses of co-bond counsel, the Trustee, CUSIP Service Bureau charges and other costs and expenses of IRWD relating to the issuance and sale of the Bonds. Any amounts remaining in the Costs of Issuance Fund on January 31, 2026 shall be transferred to the Trustee for deposit in the Interest Account or the Principal Account as directed by IRWD and used to pay the interest or the principal becoming due on the following Interest Payment Date or Principal Payment Date, as applicable.

SECTION 4.06 Investments. So long as the Bonds are Outstanding and no Event of Default has occurred and is continuing, monies on deposit to the credit of the Funds held by the Trustee shall, at the request of an IRWD Representative, be invested by the Trustee in Permitted Investments. In the absence of written instruction from an IRWD Representative, the Trustee

shall hold funds hereunder uninvested. The Trustee is entitled to rely conclusively on said instructions for purposes of this Section and shall have no duty to monitor the compliance thereof with the restrictions set forth herein. Subject to the limitations contained in Government Code Section 53601, monies in the Funds held by IRWD shall be invested by IRWD in Permitted Investments. All such investments shall have maturity dates, or shall be subject to redemption, at the option of the holder, on or prior to the dates the monies invested therein will be needed for the purposes of such Funds. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including investment maintenance fees. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. The Trustee may rely on the investment directions of IRWD as to both the suitability and legality of the directed investments.

The Trustee may commingle any of the money held by it hereunder. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested. The Trustee shall not be liable or responsible for any depreciation or any losses resulting from any such deposit or investment presented for redemption or sold. The Trustee is not liable to IRWD or any other person in the event that any investment made in accordance with the written instructions of IRWD shall cause the Bonds to become arbitrage bonds within the meaning of Section 148 of the Code or shall cause any person to incur any liability for rebate or other monies payable pursuant to the Code.

Any interest or profits on deposits and investments in the Bond Payment Fund received by the Trustee shall be deposited in the Interest Account as a credit against interest to come due on the Outstanding Bonds. Any interest or profits on deposits and investments in the Costs of Issuance Fund shall be retained therein.

IRWD acknowledges to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant IRWD the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, IRWD hereby waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish IRWD periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

ARTICLE V

COVENANTS

SECTION 5.01 Payment of Bonds. IRWD will promptly pay the principal and Redemption Price of, and interest on, the Bonds on the dates and in the manner provided in the Bonds, but only from the sources available therefor under the Indenture. From such available sources, IRWD will provide the Trustee sufficient monies to enable the Trustee to make all payments of principal and Redemption Price of, and interest on, the Bonds as provided in the Indenture and the Bonds.

SECTION 5.02 Collection of Assessments and Charges; General Obligation Bond Fund. To the extent necessary to provide Assessment Proceeds sufficient to pay when due, together with the other funds available for such payment, the principal of and interest on the Included Amount for each respective Improvement District, IRWD covenants and agrees to (a) fix and collect, or cause the fixing and collection of, *ad valorem* assessments on taxable land within the applicable Improvement District, (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of Bonds of the applicable Improvement District, or (c) in its discretion, impose and collect, or cause the imposition and collection of In Lieu Charges for water or sewer service, as applicable, in the applicable Improvement District in lieu of *ad valorem* assessments.

There is hereby established and created a fund in the treasury of IRWD to be designated “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B, General Obligation Bond Fund” (the “General Obligation Bond Fund”), together with an account within such Fund for each Improvement District, which IRWD agrees to maintain as long as the Indenture is not discharged in accordance with Article IX. Additionally, IRWD may deposit other available monies in such Fund and such monies shall be apportioned to each Improvement District within the Fund according to each Improvement District’s Included Percentage. The assessments and charges levied upon and collected within any Improvement District shall not exceed the amount required to pay such Improvement District’s Included Amount of the principal and Redemption Price of the Bonds, and the interest thereon. Monies raised by each Improvement District for this purpose shall be deposited to the Improvement District’s account within the General Obligation Bond Fund and shall be used solely for the purpose of paying such Improvement District’s Included Amount of the principal and Redemption Price of the Bonds, and the interest thereon, including reimbursing the District for any such payments made from Net Revenues. Except as provided below, IRWD shall transfer from the General Obligation Bond Fund to the Trustee for deposit in the Bond Payment Fund monies at such times and in such amounts as are sufficient for the Trustee to make the transfers from the Bond Payment Fund as provided herein.

SECTION 5.03 Further Assurances. IRWD will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Trustee of the rights and benefits provided to it in the Indenture.

SECTION 5.04 Tax Covenants; Rebate Fund. (a) In addition to the other Funds and accounts created pursuant hereto, IRWD shall establish and maintain a Fund separate from any other Fund or account established and maintained hereunder designated the “Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B, Rebate Fund” (the “Rebate Fund”). There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to the Bonds. All money at any time deposited in the Rebate Fund shall be held by IRWD in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X or anything to the contrary contained herein, all amounts required to

be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall not be deemed to have knowledge of, and shall have no responsibility for complying with, the provisions of the Tax Certificate. The Trustee shall only be responsible for complying with the written instructions of IRWD provided to it under Section 5.04(d) hereof.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in paragraph (2) of this subsection (b), shall be withdrawn and retained by IRWD.

IRWD shall pay to the United States of America out of amounts in the Rebate Fund,

(1) not later than 30 days after the end of the fifth Bond Year (as defined in the Tax Certificate) and not less frequently than once each five years thereafter, an amount equal to at least 90% of the Rebate Requirement; and

(2) not later than 60 days after the retirement of all of the Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the date of the retirement of all Bonds).

In the event that, prior to the time of any required payment out of the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, IRWD shall deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due. Each such payment required to be made pursuant to this subsection shall be made to the United States of America on or before the date such payment is due, as set forth in the Tax Certificate.

In the event that on the first day of any Bond Year the amount credited to the Rebate Fund exceeds the Rebate Requirement, IRWD shall withdraw the excess from the Rebate Fund and transfer such excess to the Trustee for credit to the Interest Account of the Bond Payment Fund.

For purposes of crediting amounts to the Rebate Fund or withdrawing amounts from the Rebate Fund, Nonpurpose Investments (as defined in the Tax Certificate) shall be valued in the manner provided in the Tax Certificate.

(c) On or before the first day of each Bond Year, an amount shall be deposited to the Rebate Fund by IRWD, if and to the extent required, so that the balance of the Rebate Fund shall equal the Rebate Requirement for the Bond Year commencing on such first day.

(d) IRWD shall not use or permit the use of any proceeds of Bonds or any funds of IRWD, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(c) of the Internal Revenue Code of 1954, as amended. IRWD shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. IRWD shall comply with all requirements of Sections 148 and 149(d) of

the Code to the extent applicable to the Bonds. In the event that at any time IRWD is of the opinion that for purposes of this subsection (d) it is necessary to restrict or to limit the yield on the investment of any monies held by the Trustee or held by IRWD under the Indenture, IRWD shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(e) IRWD specifically covenants to comply with the provisions and procedures of the Tax Certificate.

(f) IRWD shall not use or permit the use of any proceeds of the Bonds or any funds of IRWD, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(g) Notwithstanding any provisions of this Section, if IRWD shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, the Trustee and IRWD may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article VIII, the covenants hereunder shall be deemed to be modified to that extent.

SECTION 5.05 Segregation of Proceeds. IRWD specifically covenants to segregate the proceeds from the sale of the Bonds and any investment earnings thereon from other monies of IRWD, whether such proceeds are held in the treasury of IRWD or with the Trustee.

SECTION 5.06 Continuing Disclosure. IRWD hereby covenants and agrees to comply with the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of IRWD to comply with the requirements of the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause IRWD to comply with its obligations in this Section with respect to the Continuing Disclosure Certificate.

SECTION 5.07 Against Encumbrances. The District will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the District in, upon, about or relating to the Operating Systems and will keep the Operating Systems free of any and all liens. In the event any such lien attaches to or is filed against any portion of the Operating Systems, the District will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the District desires to contest any such lien it may do so if contesting such lien will not materially impair operation of the Operating Systems. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the District will forthwith pay or cause to be paid and discharged such judgment.

SECTION 5.08 Sale or Other Disposition of Operating Systems. The District will not sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part or rights of the Operating Systems or any real or personal property comprising a part of the Operating Systems if such sale, transfer or disposition would cause the District to be unable to satisfy its obligations under the Indenture.

SECTION 5.09 Maintenance of Operating Systems by the District. The District will maintain and preserve the Operating Systems in good repair and working order at all times and will operate the Operating Systems in an efficient and economical manner and will pay all maintenance and operation costs, as they become due and payable. The District agrees that, at its own cost and expense, it will maintain, preserve and keep its Operating Systems and every part and parcel thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. The Trustee shall have no responsibility in any of these matters.

SECTION 5.10 Budgets. The District will take such action as shall be necessary to include all principal and Redemption Price of, and interest on, the Outstanding Bonds coming due in each Fiscal Year, and which are not expected to be paid from Assessment Proceeds, in its budget for such Fiscal Year. The District will adopt and file with the Trustee, not later than June 30 of each year, a budget for the succeeding Fiscal Year, approved by the Board, setting forth the estimated Operation and Maintenance Expenses of the Operating Systems for such Fiscal Year and including all payments of principal and Redemption Price of, and interest on, the Outstanding Bonds to be made from Revenues in such Fiscal Year, and which are not expected to be paid from Assessment Proceeds; provided, that, subject to including all payments of principal and Redemption Price of, and interest on, the Outstanding Bonds required to be made from Revenues hereunder in such Fiscal Year and which are not expected to be paid from Assessment Proceeds, any such budget for a Fiscal Year may be amended at any time during such Fiscal Year and such amended budget shall be filed by the District with the Trustee. When filed with the Trustee, such budget and any amendments thereto shall include a letter from the District stating that all payments of principal and Redemption Price of, and interest on, the Outstanding Bonds required to be made from Revenues hereunder, and which are not expected to be paid from Assessment Proceeds, have been included in the attached annual budget. The Trustee has no duty to review or analyze such annual budget, or monitor the compliance by the District with such budget. The Trustee shall retain such annual budget solely as a repository for the Owners of Bonds.

SECTION 5.11 Insurance. The District will procure and maintain such insurance relating to the Operating Systems which it shall deem advisable or necessary to protect its interests and operations, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with public water, sewer and reclaimed water systems similar to the Operating Systems; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner as is, in the opinion of an accredited actuary, actuarially sound. All policies of insurance required to be maintained hereunder shall provide that the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Notwithstanding the foregoing provisions of this Section, if at any time the District shall

be unable to obtain or maintain insurance to the extent required by such provisions on reasonable terms, as to amounts, costs or as to risks, the failure to maintain such insurance shall not constitute an Event of Default under the Indenture if the District shall cause the employment of an independent insurance consultant having a favorable reputation for skill and experience in such matters, for the purpose of reviewing such insurance requirements and making recommendations respecting the types, amounts and provisions of reasonably obtainable insurance, including self-insurance, or the establishment of other generally accepted forms of alternative protection that should be carried in lieu thereof, or the infeasibility of obtaining insurance, and if the District shall comply with the recommendations made in such report. A signed copy of the report of the insurance consultant shall be filed with the Trustee, and the insurance requirements specified in this Section shall be deemed to be modified to conform with the recommendations in such report.

SECTION 5.12 Accounting Records; Financial Statements and Other Reports.

(a) the District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Operating Systems, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

(b) the District will prepare and file with the Trustee annually within nine months after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2025):

(i) financial statements of the District for such Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon; and

(ii) a detailed report as to all insurance policies maintained and self-insurance programs maintained by the District with respect to the Operating Systems as of the close of such Fiscal Year, including the names of the insurers which have issued the policies and the amounts thereof and the property or risks covered thereby.

(c) The Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Owners of the Bonds. The Trustee shall not be deemed to have notice of any information contained therein, default or Event of Default, which may be disclosed therein in any manner.

SECTION 5.13 Payment of Taxes and Compliance with Governmental Regulations.

The District will: (i) pay and discharge all taxes, assessments and other governmental charges which may hereafter be imposed upon the Operating Systems or any part thereof when the same shall become due; and (ii) will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Operating Systems or any part thereof; provided, however, that the District shall not be required to comply with the requirements of either clause (i) or clause (ii) above to the extent that the validity or application of any particular taxes, assessments or other governmental charges, or any particular regulation or requirement, as applicable, shall be contested in good faith and contesting such validity or application will not materially impair the operation or maintenance of the Operating Systems, the

financial condition of the District or the ability of the District to perform all of its obligations under the Indenture.

SECTION 5.14 Distribution of Net Revenues for Debt Service. The District hereby covenants that it will distribute Net Revenues available for debt service on Outstanding Bonds and debt service on all other Outstanding Parity Obligations on a pro rata basis without regard to whether each such Parity Obligation has a funded debt service reserve or a surety bond or other similar funding instrument.

SECTION 5.15 Eminent Domain and Insurance Proceeds. If all or any part of the Operating Systems shall be taken by eminent domain proceedings, or if the District receives any insurance proceeds resulting from a casualty loss to the Operating Systems, the Net Proceeds thereof, at the option of the District, shall be applied either (a) to the proportional redemption of, first, any Parity Obligations, including the Bonds, and second, any Subordinate Obligations, or (b) shall be used to make improvements or additions to the Operating Systems.

SECTION 5.16 Amount of Rates and Charges. To the fullest extent permitted by law, the District shall fix, prescribe and collect Revenues which, together with any *ad valorem* assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to one hundred twenty-five percent (125%) of Aggregate Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section.

SECTION 5.17 Parity Obligations.

- (a) The District may at any time issue additional Parity Obligations; provided:
 - (i) The Net Revenues for the Applicable Fiscal Year, as evidenced by both a calculation prepared by the District and a special report on such calculation prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on file with the District, shall have been at least equal to one hundred twenty five percent (125%) of the Aggregate Debt Service for the Applicable Fiscal Year; and
 - (ii) Either of (1) or (2) below:
 - (1) The Net Revenues for the Applicable Fiscal Year, plus any adjustments to Net Revenues to give effect as of the first day of the Applicable Fiscal Year to increases or decreases in rates and charges of the District approved and in effect as of the date of calculation, shall produce an amount at least equal to one hundred twenty-five percent (125%) of the sum of: (i) the Aggregate Debt Service for such Applicable Fiscal Year plus (ii) the Debt Service which would have accrued on any Parity Obligations issued since the end of the Applicable Fiscal Year assuming such Parity Obligations had been issued at the beginning of the Applicable Fiscal Year plus

(iii) the Debt Service which would have accrued had the additional Parity Obligations to be issued been issued at the beginning of the Applicable Fiscal Year; or

(2) The estimated Net Revenues for each Fiscal Year in the Test Period, plus an allowance for the estimated Net Revenues for each Fiscal Year in the Test Period arising from the completion of any uncompleted projects during the Test Period, plus any increase in the income, rents, fees, rates and charges estimated to be received by the District and which are economically feasible and reasonably considered necessary based on projected operations for the Test Period, shall produce an amount in each Fiscal Year in the Test Period which is at least equal to one hundred twenty-five percent (125%) of the sum of: (i) Aggregate Debt Service in each such Fiscal Year on all then Outstanding Parity Obligations plus (ii) the Debt Service in each such Fiscal Year on the additional Parity Obligations to be issued plus (iii) the Debt Service in each such Fiscal Year on any additional Parity Obligations estimated by the District to be required to complete all uncompleted projects for which Parity Obligations have been or are being issued, assuming that all such additional Parity Obligations to complete uncompleted projects (other than the Parity Obligations to be issued) have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Obligations then being issued.

(b) Notwithstanding the provisions of subsections (a) of this Section, the District may at any time issue additional Parity Obligations to refund Outstanding Parity Obligations without satisfying any of the conditions set forth in such subsections if Aggregate Debt Service after the issuance of such additional Parity Obligations in each Fiscal Year in the Refunding Test Period is not greater than the Aggregate Debt Service in each such Fiscal Year before the issuance of such additional Parity Obligations.

(c) Notwithstanding the provisions of subsections (a) of this Section, the District may at any time issue a Parity Obligation constituting a Credit Support Agreement securing a Parity Obligation without satisfying any of the conditions set forth in such subsections if such Credit Support Agreement: (i) replaces a Prior Reimbursement Agreement (or a successor to a Prior Reimbursement Agreement) and does not increase the principal of bonds secured by the letter of credit relating to such Prior Reimbursement Agreement, or (ii) the Parity Obligations secured by the Credit Support Instrument relating to such Credit Support Agreement have been issued in accordance with subsection (a) and subsection (b) of this Section.

(d) Nothing herein shall preclude the District from issuing any Subordinate Obligations without complying with the provisions of any other subsection of this Section.

SECTION 5.18 No Prior Pledge of Revenues. The District agrees not to create any pledge of, lien on or charge upon the Revenues with a priority prior to or senior to the pledge of the Revenues securing the Parity Obligations. Nothing in this Section, however, shall prevent the District from issuing Subordinate Obligations or granting a pledge of, lien on or charge upon the Revenues in all respects junior and subordinate to the payment of amounts due with respect to Parity Obligations to secure any such Subordinate Obligations. Nothing in the Indenture shall limit the District's payment of the Operation and Maintenance Expenses prior to the payment of the Parity Obligations as provided herein.

ARTICLE VI

DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 6.01 Events of Default. If any of the following events occur, it is hereby declared to constitute an “Event of Default”:

- (a) Default in the punctual payment when due of interest on any Outstanding Bond;
- (b) Default in the punctual payment when due of the principal or Redemption Price of any Outstanding Bond;
- (c) An Event of Default (as defined in the applicable governing document) shall occur with respect to any Parity Obligation; or
- (d) Except as expressly provided in the Indenture, IRWD shall fail to observe or perform in any material way any covenant, condition, agreement or provision contained in the Bonds or in the Indenture on the part of IRWD to be performed, other than those set forth in subsections (a), (b), and (c) of this Section, and such failure shall continue for 30 days after written notice specifying such failure and requiring the same to be remedied shall have been given to IRWD by the Trustee, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Owners of not less than 25% in aggregate principal amount of all Bonds then Outstanding; provided, however, that, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by IRWD within the applicable period and diligently pursued until the default is corrected.

If an Event of Default occurs and is continuing, the Trustee will mail notice of the Event of Default to the Owners as promptly as practicable after it occurs.

SECTION 6.02 Acceleration. If an Event of Default occurs and is continuing, the Trustee by notice to the District, or the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding by notice to the District and the Trustee, may declare the principal of and accrued interest on the Outstanding Bonds to be due and payable immediately. Upon any such declaration the principal of and accrued interest on the Outstanding Bonds shall be due and payable immediately. Except as provided in this Section, neither the Trustee nor the Owners shall have the right to declare the Bonds to be due and payable. All Net Revenues available on the date of the declaration of acceleration by the Trustee as provided in this Section 6.02 and all Net Revenues thereafter received shall be applied in the following order:

First, to the payment of the fees, costs and expenses of the Trustee, if any, including such fees, costs, and expenses in carrying out the provisions of this Article, including reasonable compensation and expenses to its agents, accountants and counsel and including any indemnification expenses; and

Second, to the payment of the interest on the Outstanding Bonds then due and interest then due and payable on the entire principal amount of the other unpaid Parity Obligations, and the unpaid principal of the Outstanding Bonds and the principal amount

of the other Parity Obligations, together in each case with any applicable redemption premiums which have become due and payable, whether on the original due date or upon acceleration, with interest on the overdue principal of the Bonds at the rate or rates applicable to the respective Bonds and the principal amounts of the other unpaid Parity Obligations at the rate or rates of interest then applicable to such Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the principal of and interest on the Outstanding Bonds and the other Parity Obligations, together with such interest on the Outstanding Bonds and interest on other Parity Obligations, then to the payment thereof ratably, according to the principal and interest due, without any discrimination or preference.

SECTION 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the principal and Redemption Price of, and interest on the Bonds or to enforce the performance of any provision of the Bonds or the Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Owner in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04 Waiver of Past Defaults. The Owners of a majority in principal amount of Outstanding Bonds, by notice to the Trustee may waive an existing Event of Default and its consequences. When an Event of Default is waived, it is cured and stops continuing, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent to it.

SECTION 6.05 Control by Majority of Owners. The Owners of a majority in aggregate principal amount of Bonds Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it; provided such Owners have satisfied the requirements hereunder for giving such instructions, including providing indemnification to the Trustee. The Trustee may refuse to follow any direction that it determines, in its sole opinion, conflicts with law or the Indenture or may result in the Trustee being exposed to personal liability or that the Trustee determines is unduly prejudicial to the rights of other Owners (the Trustee having no duty to make such determination).

SECTION 6.06 Limitation on Suits. An Owner may not pursue any remedy pursuant to Section 6.03 or pursuant to the Bonds unless (a) the Owner gives the Trustee written notice stating that an Event of Default has occurred and is continuing, (b) the Owners of at least 25% in principal amount of the Outstanding Bonds make a written request to the Trustee to pursue the remedy, (c) such Owner or Owners offer to the Trustee indemnity satisfactory to the Trustee (in its sole opinion) against any loss, liability or expense, and (d) the Trustee does not comply with such request within 60 days after receipt of the request and the offer of indemnity.

An Owner may not use the Indenture to prejudice the rights of another Owner or to obtain a preference or priority over any other Owner.

SECTION 6.07 Rights of Owners to Receive Payment. Notwithstanding any other provision of the Indenture, the right of any Owner to receive payment when due of the principal or Redemption Price of and interest on its Bond or Bonds, or to bring suit for the enforcement of any such payment, shall not be impaired or affected without the consent of the Owner.

SECTION 6.08 Collection Suit by Trustee. If an Event of Default under subsection (a) or (b) of Section 6.01 occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against IRWD for the whole amount remaining unpaid.

SECTION 6.09 Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Owners allowed in any judicial proceedings relative to IRWD or its creditors or its property and, unless prohibited by law or applicable regulations, may vote on behalf of the Owners in any election of a trustee in bankruptcy or other person performing similar functions. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

SECTION 6.10 Priorities. If the Trustee collects any money pursuant to this Article, or is holding any money in the accounts established pursuant to the terms of this Indenture, it shall pay out the money in the following order: first to the Trustee for amounts to which it is entitled under Section 7.03; second to Owners for amounts due and unpaid for principal or Redemption Price of, and interest on, the Outstanding Bonds, ratably, without preference or priority of any kind, according to the amount due and payable on the Bonds for such principal, Redemption Price and interest, respectively; and third to IRWD.

The Trustee may fix a payment date for any payment to the Owners pursuant to this Section, subject to Section 6.02.

SECTION 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under the Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by an Owner pursuant to Section 6.07 or a suit by Owners of more than 25% in aggregate principal amount of Bonds Outstanding.

ARTICLE VII

THE TRUSTEE

SECTION 7.01 Employment and Duties of the Trustee. IRWD hereby appoints and employs the Trustee to perform the obligations of the Trustee contained herein, all in the manner provided herein and subject to the conditions and terms hereof.

SECTION 7.02 Removal and Resignation of the Trustee. The Trustee may resign by notifying IRWD, subject to the conditions set forth below. The Owners of a majority in principal amount of the Outstanding Bonds may remove the Trustee by notifying the Trustee and may appoint a successor Trustee with the consent of IRWD. IRWD will remove the Trustee by notifying the Trustee if (a) the Trustee fails to comply with the penultimate sentence of the first paragraph of this Section, (b) the Trustee is adjudged a bankrupt or an insolvent, (c) a receiver or other public officer takes charge of the Trustee or its property or (d) the Trustee otherwise becomes incapable of acting, as determined by IRWD. Upon any such removal or resignation, IRWD shall promptly appoint a successor Trustee by an instrument in writing, which successor Trustee shall give notice of such appointment to all Owners as soon as practicable; provided that in the event IRWD does not appoint a successor Trustee within 30 days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a bank, national banking association or trust company doing business and having a principal corporate trust office in either New York, New York or Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by state or national authorities. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of the appointment by the successor Trustee and the transfer by the retiring Trustee to the successor Trustee of all property held by it hereunder as Trustee.

SECTION 7.03 Compensation and Indemnification of the Trustee. IRWD shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services and reimburse the Trustee for all its advances and expenditures hereunder, including but not limited to advances to and fees and expenses of accountants, agents, appraisers, consultants, counsels or other experts employed by it in the observance and performance of its rights and obligations hereunder; provided that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder, although the Trustee may take whatever legal actions are available to it directly against IRWD to recover such compensation or reimbursement.

To the extent permitted by law, IRWD does hereby assume liability for, and agrees to indemnify and hold harmless the Trustee and its officers, directors, agents, and employees from and against any and all claims, damages, suits, liabilities, costs, judgments, and losses (including legal fees and expenses) incurred by the Trustee without negligence or willful misconduct on the part of the Trustee, arising out of or in connection with (i) any breach or default by IRWD of any

of its obligations hereunder, (ii) the offering, issuance, sale or any resale of the Bonds or (iii) the acceptance or administration of its duties hereunder, as well as the costs and expenses of enforcing the Indenture against IRWD and defending itself against any claim (whether asserted by IRWD or an Owner and whether or not litigation is commenced) or liability in accordance with the exercise or performance in the absence of negligence or willful misconduct of any of its powers or duties hereunder. The failure of the Trustee to notify IRWD shall not relieve IRWD of its obligations hereunder. The obligations under this Section shall survive the termination and discharge of the Indenture and the resignation or removal of the Trustee.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

SECTION 7.04 Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with its counsel with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in the absence of negligence or willful misconduct.

Whenever in the observance or performance of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an IRWD Representative, and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with IRWD and may act as agent, depositary or trustee for any committee or body of Owners or of owners of obligations of IRWD as freely as if it were not the Trustee hereunder.

The Trustee may act through agents, attorneys, custodians, nominees, or co-trustees (which co-trustees, if any, shall be approved by IRWD) and shall not be responsible for the misconduct or negligence of any agent, attorney, custodian, nominee, or co-trustee appointed with due care.

The Trustee shall not be liable for any action it takes or omits to take in good faith without negligence which it believes to be authorized or within its rights or powers.

The Trustee makes no representation as to the validity or adequacy of the Indenture or the Bonds or compliance with any federal or state securities laws, shall not be accountable for IRWD's covenants and representations contained in the Indenture or the recitals made herein which are made by IRWD solely, and shall not be responsible for any statement in the Bonds other than its certificate of authentication.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

The Trustee shall not be deemed to have knowledge of a default or an Event of Default hereunder, unless it shall have actual knowledge at its corporate trust office set forth in Section 10.09 hereof or such other corporate trust office designated by it hereunder.

The Trustee shall not be accountable for the use or application by the District of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent. The Trustee may become the owner of Bonds secured hereby with the same rights it would have if not Trustee.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that IRWD shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by IRWD, whenever a person is to be added or deleted from the listing. If IRWD elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. IRWD understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. IRWD shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that IRWD and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization

codes, passwords and/or authentication keys upon receipt by IRWD. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. IRWD agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by IRWD; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; quarantine restrictions, riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

SECTION 7.05 Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default,

(1) The Trustee need perform only those duties that are specifically set forth in the Indenture and no others, and no implied covenants or obligations shall be read into the Indenture against the Trustee, and

(2) In the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, the Trustee shall examine these certificates and opinions to determine whether such documents conform to the requirements of the Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(1) This paragraph does not limit the effect of subsection (b) of this Section,

(2) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts,

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05, and

(4) No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly provided, every provision of the Indenture that in any way relates to the Trustee is subject to all the foregoing subsections of this Section.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it (in its sole opinion) against any loss, liability or expense, but the Trustee shall not require indemnity as a condition to declaring the principal of and interest on the Bonds to be due immediately under Section 6.02, to redeeming Bonds, or making payment on the Bonds.

(f) The Trustee shall not be liable for interest on any cash held by it hereunder.

(g) The permissive right of the Trustee to act hereunder shall not be construed as a duty.

SECTION 7.06 Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

ARTICLE VIII

AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

SECTION 8.01 Amendment or Supplement to Indenture. (a) The Bonds and the rights and obligations of IRWD, the Trustee, and the Owners hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.03, are filed with the Trustee. No such amendment or supplement shall (1) reduce the rate of interest on any Bond or extend the time of payment thereof or reduce the amount of principal or Redemption Price of any Bond or extend the Principal Payment Dates thereof without the prior written consent of the Owner of the Bond so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment hereof or supplement hereto, or

(3) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

(b) The Indenture, the Bonds and the rights and obligations of IRWD, the Trustee and the Owners hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consent of any Owners only after receipt of a Favorable Opinion of Bond Counsel and only for any one or more of the following purposes -

(1) to add to the conditions, covenants and terms contained herein required to be observed or performed by IRWD, other conditions, covenants and terms thereafter to be observed or performed by IRWD, or to surrender any right reserved herein to or conferred herein on IRWD, and which in either case shall not materially adversely affect the interests of the Owners;

(2) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which IRWD may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners;

(3) to comply with the requirements of each Rating Agency; or

(4) to transfer any Fund or account created in the Indenture held by IRWD as well as any money on deposit in any such Fund or account to the Trustee and to make such provisions for the purpose of correcting or supplementing any provision contained herein to reflect the transfer of such Fund or account.

(c) Notwithstanding anything to the contrary in this Section, no modification, amendment or supplement to the provisions of the Indenture shall be effective until the District delivers to the Trustee a Favorable Opinion of Bond Counsel (including an opinion that such modification, amendment or supplement complies with the terms hereunder) in connection with such modification, amendment or supplement.

SECTION 8.02 Effect of Supplemental Indenture.

Upon the District and the Trustee entering into any Supplemental Indenture pursuant to this Article, and satisfying the requirements of Section 8.01(c), the Indenture shall be deemed to be modified, amended or supplemented in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District, the Trustee and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced subject in all respects to such modification, amendment and supplement, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes. Except for Supplemental Indentures requiring the consent of Owners pursuant to Section 8.01(a), upon the District and the Trustee entering into any Supplemental Indenture pursuant to this Article, no Owner of any Bond shall have any right to object to the entry into such Supplemental Indenture by the District and the Trustee, or to object to any of the terms and provisions contained therein or the operation thereof or in any manner to question the propriety of the entry into such Supplemental Indenture, or to enjoin or restrain the District or the

Trustee from entering into the same or to enjoin or restrain the District or the Trustee from taking any action pursuant to the provisions thereof whether or not such Owner gave his consent to such Supplemental Indenture.

SECTION 8.03 Disqualified Bonds. Bonds held for the account of IRWD shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided herein, and shall not be entitled to consent to or take any other action provided herein (provided, however, that only Bonds that the Trustee actually knows to be so held shall be disregarded, and if all Bonds hereunder are so held, such Bonds shall not be disregarded and shall be deemed Outstanding), and the Trustee may adopt appropriate regulations to require each Owner, before such Owner's consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section.

SECTION 8.04 Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds may bear a notation by endorsement in form approved by the District as to such action, and in that case upon demand of the Owner of any Outstanding Bond and presentation of such Owner's Bond such notation shall be made on such Bond. Upon surrender of each Outstanding Bond, a new Bond shall be exchanged for such surrendered Outstanding Bond, in accordance with the terms and conditions contained in Section 2.07, except that no charge shall be made to the Owner for such exchange. Each such exchanged Bond shall be in substantially the form attached to the Indenture with such changes as are necessary to identify the Bond and the terms thereof. If the District shall so determine, new Bonds so modified as in the opinion of the District shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding Bond, such new Bonds shall be exchanged without cost to each Owner for Bonds then Outstanding at the designated corporate trust operations or agency office of the Trustee upon surrender of such Outstanding Bonds. All Bonds surrendered to the Trustee pursuant to the provisions of this Section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 8.05 Signing by Trustee of Amendments and Supplements. The Trustee will sign any amendment or supplement to the Indenture or the Bonds authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee will be entitled to receive and (subject to Section 7.05) will be fully protected in relying on an Opinion of Bond Counsel stating that such amendment or supplement is authorized by the Indenture.

ARTICLE IX

DEFEASANCE

SECTION 9.01 Defeasance. (a) If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in the Indenture, or otherwise, and the whole amount of the principal or Redemption Price and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been

made for the payment of the same in accordance with the Indenture, together with all other sums payable under the Indenture by IRWD, including all fees and expenses of the Trustee have been paid in full, then and in that case, the Indenture and the lien created hereby shall be discharged and satisfied and IRWD shall be released from the covenants, agreements and obligations of IRWD contained in the Indenture, and such lien and all covenants, agreements and other obligations of IRWD hereunder shall cease, terminate, become void and be completely discharged. Upon the occurrence of such event, the Trustee shall assign and transfer to or upon the order of IRWD all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and shall execute such documents as may be reasonably required by IRWD in this regard.

(b) When any of the Bonds shall have been paid or provision shall have been made for the payment of the same in accordance with the Indenture, then the Indenture and the lien created hereby shall be discharged and satisfied in respect of such Bonds and IRWD shall be released from the covenants, agreements and obligations of IRWD contained in the Indenture in respect of such Bonds and such lien and all covenants, agreements and other obligations of IRWD hereunder shall cease, terminate, become void and be completely discharged in respect of such Bonds.

(c) Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, tender and exchange provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, compliance by IRWD of the covenants contained in Section 5.04 and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon IRWD, the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any monies or investments then held by the Trustee for the payment of the principal or Redemption Price of and interest on the Bonds and to pay to the Owners the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture contained in Section 7.03 relating to the compensation and indemnification of the Trustee shall remain in effect and shall be binding upon the Trustee and IRWD.

SECTION 9.02 Bonds Deemed to Have Been Paid. Any Bond or Bonds shall, prior to the maturity date or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (b) of Section 9.01 if (a) in case said Bonds are to be redeemed on any date prior to their maturity, IRWD shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, in accordance with the provisions of Article III, notice of redemption of such Bonds on said Redemption Date, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or Government Obligations, the principal of and the interest on which when due, and without any reinvestment thereof, will provide monies which, together with the monies, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as verified by a report of an independent certified public accountant), to pay when due the principal, or Redemption Price, as applicable, of, and interest due and to become due on, said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the event any of said Bonds are not

to be redeemed within the next succeeding 60 days after the deposit described in paragraph (b) of this Section has been made with the Trustee, IRWD shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to Article III, a notice to the Owners of such Bonds and to the Securities Depositories that the deposit required by paragraph (b) of this Section has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or Redemption Dates upon which monies are to be available for the payment of the principal or Redemption Price, as applicable, of said Bonds. Neither the Government Obligations nor monies deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price (if applicable) of, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, and at the direction of IRWD (upon the Trustee's receipt of an Opinion of Bond Counsel that such reinvestment shall not cause interest on the Bonds to be includible in the gross income of the Owners of the Bonds for federal tax purposes and the below-referenced Accountant's Report) be reinvested in Government Obligations maturing at times and in amounts, together with the other monies and payments with respect to Government Obligations then held by the Trustee pursuant to this Section, sufficient (as verified by an Accountant's Report) to pay when due the principal or Redemption Price (if applicable) of, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a written direction of an IRWD Representative, be paid over to IRWD, as received by the Trustee, free and clear of any trust, lien or pledge.

Any release under this Section shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it under the Indenture and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts by the Indenture created and the performance of its powers and duties under the Indenture; provided, however, that the Trustee shall have no right, title or interest in, or lien on, any monies or securities deposited pursuant to this Article.

SECTION 9.03 Monies Held for Particular Bonds. Except as otherwise provided in Section 9.04, the amounts held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners entitled thereto.

SECTION 9.04 Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest, principal or Redemption Price of any Bonds which remains unclaimed for two years after the date when such payments have become payable, if such money was held by the Trustee on such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such payments have become payable, shall upon written notice from IRWD be repaid by the Trustee to IRWD as its absolute property free from trust, and the Trustee

shall thereupon be released and discharged with respect thereto and the Owners shall look only to IRWD for the payment of the interest on, and principal or Redemption Price of, such Bonds; provided that before being required to make any such payment to IRWD, the Trustee shall, at the expense of IRWD, give notice by mail to the Owners of such Bonds that such money remains unclaimed and that after a date named in such notice, which date shall not be less than 60 days after the date of giving such notice, the Trustee shall promptly pay such unclaimed money to IRWD.

ARTICLE X

MISCELLANEOUS

SECTION 10.01 Benefits of the Indenture Limited. Nothing contained herein, expressed or implied, is intended to give to any person other than IRWD, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of IRWD shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 10.02 Successor Deemed Included in All References to Predecessor. Whenever either IRWD or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in IRWD or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of IRWD or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 10.03 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which such notary public or other officer purports to act that the person signing such declaration, request or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by IRWD or the Trustee in good faith and in accordance therewith.

SECTION 10.04 Waiver of Personal Liability. No supervisor, officer or employee of IRWD shall be individually or personally liable for the payment of the principal or Redemption Price of, or interest on, the Bonds, but nothing contained herein shall relieve any supervisor, officer or employee of IRWD from the performance of any official duty provided by any applicable provision of law or hereby.

SECTION 10.05 Notice by Mail. Any notice required to be given hereunder by mail to Owners shall be given by mailing a copy of such notice, first class postage prepaid, to such Owners at their addresses appearing in the Bond Register.

SECTION 10.06 Funds. Any Fund required to be established and maintained herein by the Trustee may be established and maintained in the account records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such Funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 10.07 Partial Invalidity. If any one or more of the conditions, covenants or terms contained herein or required herein to be observed or performed by or on the part of IRWD or the Trustee shall be contrary to law, then such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The parties hereto declare that they would have executed and delivered the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 10.08 California Law. The Indenture shall be construed and governed in accordance with the laws of the State without reference to conflict of laws principles.

SECTION 10.09 Notices. All written notices to be given hereunder to IRWD or the Trustee shall be given by first-class mail, postage prepaid to the party entitled thereto at the address set forth below, or at such other address as may be provided by a party to the other party in writing from time to time, namely:

If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Services Telephone: (213) 615-6052 Facsimile: (213) 615-6199
--------------------	--

If to IRWD:	Irvine Ranch Water District 15600 Sand Canyon Avenue Irvine, California 92718 Attention: Treasurer
-------------	---

If to Fitch: Fitch Ratings
33 Whitehall Street
New York, New York 10004

If to S&P: S&P Global Ratings
55 Water Street, 38th Floor
New York, New York 10041
Attention: Muni Structured Finance
Telephone: (212) 438-2000
Facsimile: (212) 438-2157
Email: pubfin_structured@sandp.com

Unless otherwise requested by IRWD, the Trustee, or Rating Agencies, any notice required to be given hereunder in writing may be given by any form of Electronic Notice capable of making a written record. Each such party shall file with the Trustee information appropriate to receiving such form of Electronic Notice.

SECTION 10.10 Payment Due on Non-Business Days. If a payment date is not a Business Day, then payment may be made on the next Business Day, and no interest shall accrue for the intervening period.

SECTION 10.11 Notices to Rating Agencies. The Trustee or IRWD shall give immediate notice to each Rating Agency in the event:

1. The Trustee resigns or is replaced.
2. The Indenture is amended or supplemented.
3. There has been a redemption (other than a redemption pursuant to subsection (c) of Section 3.02) or defeasance of Bonds.
4. The Bonds have been accelerated pursuant to Section 6.02.

SECTION 10.12 Counterparts. The Indenture may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, IRWD has caused the Indenture of Trust to be signed in its name and on its behalf by the President of its Board of Directors, and its seal to be hereunto affixed and attested by its Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused the Indenture to be signed in its name and on its behalf by its duly authorized signatory.

IRVINE RANCH WATER DISTRICT

By: _____

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

[SEAL]

ATTEST:

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

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee**

By: _____

Authorized Signatory

EXHIBIT A
RESOLUTION AUTHORIZING ISSUANCE

[See Attached.]

EXHIBIT B

BOND FORM

No. 1

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE**

[bracketed language applies only to bonds to be registered in the name of Cede & Co.]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE IRVINE RANCH WATER DISTRICT OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**BOND OF IRVINE RANCH WATER DISTRICT
CONSOLIDATED REFUNDING SERIES 2025B**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
----------------------	----------------------	-------------------	--------------

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

Irvine Ranch Water District, County of Orange, State of California, duly organized and existing under and by virtue of the California Water District Law, Division 13 of the Water Code of the State of California, hereby acknowledges its indebtedness and promises to pay, solely from the sources described in this Bond, to the Registered Owner named above, or registered assigns, upon presentation and surrender hereof, the above-specified principal amount at the maturity hereof, unless earlier redeemed as provided in this Bond, and to pay interest on such principal amount as provided in this Bond.

THIS BOND SHALL NOT CONSTITUTE AN OBLIGATION OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA OTHER THAN THE IRVINE RANCH WATER DISTRICT AND THE IMPROVEMENT DISTRICTS AS PROVIDED IN THE INDENTURE. NO FUND OR ACCOUNT OF IRWD, INCLUDING ITS GENERAL FUND, OTHER THAN THE FUNDS INCLUDED IN THE TRUST ESTATE, IS LIABLE FOR THE PAYMENT OF THE PRINCIPAL OR

REDEMPTION PRICE OF, OR INTEREST ON, THIS BOND. EXCEPT AS PROVIDED IN THE INDENTURE WITH RESPECT TO THE TRUST ESTATE, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF IRWD IS LIABLE FOR OR PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THIS BOND.

This Bond is one of the Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B (the “Bonds”), limited to \$_____ in principal amount, issued under the Indenture of Trust, dated as of July 1, 2025 (the “Indenture”), by and between the Irvine Ranch Water District (“IRWD”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Indenture and each Bond issued thereunder shall together constitute the contract between IRWD and the owner of such Bond and reference is hereby made to the Indenture and each Bond for a complete statement of such contract. Capitalized terms used but undefined herein shall have the meanings ascribed thereto in the Indenture.

The Bonds are payable from the funds included in, and secured by a pledge of, the Trust Estate. The Trust Estate includes: (a) all of the monies in the Bond Payment Fund, and all accounts in such Fund, including the investments, if any, thereof, and all income and proceeds derived from such investments; and (b) subject to application on the terms and conditions contained in the Indenture, the Revenues.

“Revenues” mean all Utility Rates and Charges and other revenues of the District, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with the District’s share of the Orange County, California one percent *ad valorem* property tax (to the extent not applied by the District to pay principal of and interest on Secured Bonds) and Investment Income; but excluding in all cases: (i) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes or *ad valorem* assessments restricted by law to be used by the District to pay bonds issued by the District, and the proceeds of any actions to enforce delinquent *ad valorem* assessments; and (iii) In Lieu Charges.

The Bonds are issued on behalf of, and constitute the consolidated several general obligations, in the amounts (the “Included Amounts”) and the percentages (the “Included Percentages”) set forth below, of Improvement District Nos. 112, 113, 125, 188, 212, and 225 of IRWD (the “Improvement Districts”):

Improvement District No.	Included Amount of Total Par Value	Included Percentage of Total Par Value
112		
113		
125		
188		
212		
225		
Total	\$	100.00%

Each Improvement District is obligated for payments with respect to its Included Amount of Bonds. The Included Amount for any Improvement District shall be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to the Indenture, at any time Bonds are redeemed. The Included Percentage for each Improvement District shall also be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to the Indenture, in the event that all or any portion of the Included Amount for any Improvement District is redeemed. Under the circumstances described in the Indenture, IRWD may allocate redeemed Bonds to the Included Amount of any Improvement District.

Each Improvement District is obligated for payments with respect to its Included Amount of Bonds. The Included Amount for any Improvement District shall be adjusted pursuant to calculations made by IRWD and delivered to the Trustee, without the need for any amendment of or supplement to the Indenture, at any time Bonds are redeemed. Under the circumstances described in the Indenture, IRWD may allocate redeemed Bonds to the Included Amount of any Improvement District.

To the extent necessary to provide Assessment Proceeds sufficient to pay when due, together with the other funds available for such payment, the principal of and interest on the Included Amount for each respective Improvement District, IRWD has covenanted in the Indenture to (a) impose and collect, or cause the imposition and collection of, *ad valorem* assessments on taxable land within the applicable Improvement District, (b) pursue any remedy available to collect, or cause the collection of, delinquent *ad valorem* assessments and apply amounts realized from the sale of any property for the enforcement of delinquent *ad valorem* assessments to the payment of principal of and interest on the Included Amount of Bonds of the applicable Improvement District, or (c) in its discretion, fix and collect, or cause the fixing and collection of, In Lieu Charges for water or sewer service, as applicable, within the applicable Improvement District in lieu of *ad valorem* assessments.

Subject to the application of the Revenues on the terms and conditions provided in the Indenture, the District has pledged all Revenues to the payment when due of the principal and Redemption Price of, and interest on, the Outstanding Bonds which pledge is on a parity with any pledge of Revenues securing other Parity Obligations. This pledge shall constitute a pledge of and charge and lien upon the Revenues for the payment of the principal and Redemption Price of, and interest on, the Outstanding Bonds and all other Parity Obligations in accordance with the terms of the Indenture after payment from the Revenues of the Operation and Maintenance Expenses, and reserves therefor, as provided in the Indenture.

Interest will accrue on the unpaid portion of the principal of this Bond from the Interest Payment Date immediately preceding the date of authentication of this Bond to which interest has been paid or provided for, unless this Bond is authenticated prior to the initial Record Date, in which case this Bond shall bear interest from the Dated Date set forth above, until the entire principal amount of this Bond is paid.

The principal and Redemption Price of, and interest on, the Bonds shall be payable in lawful money of the United States of America. Except as otherwise provided in the Representation Letter, the interest on the Bonds shall be payable each May 1 and November 1,

commencing November 1, 2025 (the “Interest Payment Dates”), by check mailed on the applicable Interest Payment Date by the Trustee to the respective Owners thereof at their addresses as they appear on the fifteenth day of the month preceding the applicable Interest Payment Date (the “Record Date”) in the registration books for the Bonds required to be kept by the Trustee. In the case of an Owner of Bonds of \$1,000,000 or more in aggregate principal amount, upon the written request of such Owner to the Trustee, received at least 10 days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. The principal of each Bond shall be payable on the maturity date, or earlier redemption, upon surrender thereof at the corporate trust agency or operations office of the Trustee. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day and no interest will accrue as a result.

The Bonds shall be issued in registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000. An Owner may transfer or exchange Bonds in accordance with the terms of the Indenture.

The registered owner of this Bond shall be treated as the Owner hereof for all purposes.

The Bonds are subject to optional and mandatory redemption on the terms and conditions and at the respective Redemption Prices set forth in the Indenture.

Except as otherwise provided in the Indenture, redeemed Bonds shall be credited proportionally to all Improvement Districts. Whenever less than all Outstanding Bonds are to be redeemed and sufficient monies are available for such purpose from or for the account of an Improvement District, IRWD may elect to redeem all or any portion of any such Improvement District’s Included Amount.

Notice of redemption shall be given by mail by the Trustee to the Owners of any Bonds designated for redemption in whole or in part no less than 30 days nor more than 60 days prior to the Redemption Date. Any notice mailed as provided in the Indenture will be conclusively presumed to have been given, whether or not actually received by any Owner. The failure of any Owner to receive such notice will not affect the validity of the redemption of any Bonds.

With respect to any notice of any redemption of Bonds at the option of IRWD, unless at the time such notice is given the Trustee shall hold sufficient available funds to pay the Redemption Price of the Bonds to be redeemed, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of monies that shall be sufficient to pay the Redemption Price of the Bonds to be redeemed and that if such monies shall not have been so received said notice shall be of no force and effect and IRWD shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such monies are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons who received such notice of redemption and in the manner in which the notice of

redemption was given, that such monies were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Upon surrender of any Bond redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof a new Bond or Bonds representing the unredeemed principal amount of the Bond so surrendered.

If notice of redemption has been duly given as provided in the Indenture and money for the payment of the Redemption Price of the Bonds or portions thereof to be redeemed is held by the Trustee, then, on the Redemption Date designated in such notice, the Bonds or portions thereof so called for redemption shall become payable at the Redemption Price specified in such notice; and from and after the date so designated, interest thereon or on the portions thereof so called for redemption, shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit, protection or security under the Indenture and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price as provided in the Indenture.

If IRWD at any time deposits with the Trustee money and/or Government Obligations sufficient to pay when due, whether on the redemption or maturity date thereof, the principal or Redemption Price (if applicable) of any Outstanding Bonds, and the interest thereon to such redemption or maturity date, in accordance with the Indenture, the obligations of IRWD to the Owners of such Bonds under the Indenture will be discharged. After discharge, Owners must look only to the deposited money and securities for payment.

Subject to certain exceptions, the Indenture or the Bonds may be amended or supplemented, and any past default or compliance with any provision thereof may be waived, with the consent of the Owners of a majority in principal amount of the Outstanding Bonds. Without the consent of the Owners, IRWD may amend or supplement the Indenture or the Bonds for certain purposes permitted under the Indenture, as described therein.

The Indenture provides that the occurrences of certain events constitute Events of Default. Upon an Event of Default, the maturity of all of the Bonds may be accelerated as provided in the Indenture. An Event of Default and its consequences may be waived or limited as provided in the Indenture. Owners may not enforce the Indenture or the Bonds except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Bonds under certain conditions unless it receives indemnity satisfactory to it. Subject to certain limitations, the Owners of a majority in principal amount of the Outstanding Bonds may direct the Trustee in its exercise of any trust or power.

No member, director, officer or employee, as such, of IRWD shall have any liability for any obligations of IRWD under the Bonds or the Indenture or for any claim based on such obligations or their creation. Each Owner by accepting a Bond waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Bonds.

This Bond shall not be valid for any purpose until the Trustee signs the Certificate of Authentication.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of IRWD, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the Irvine Ranch Water District has caused this Bond to be dated as of the Dated Date set forth above, to be signed by the President of the Board of Directors of said District by his signature and its seal to be hereunto affixed and attested by the Secretary of said District.

IRVINE RANCH WATER DISTRICT

By: _____
President of the Board of Directors

[SEAL]

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture, which has been authenticated on _____.

U.S. Bank Trust Company, National Association,
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

REIMBURSEMENT AGREEMENT

dated as of June 1, 2025

between

IRVINE RANCH WATER DISTRICT

AND

SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH

relating to:

\$125,000,000
BONDS OF IRVINE RANCH WATER DISTRICT,
CONSOLIDATED REFUNDING SERIES 2025A

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APPENDIX A	—	Specimen Irrevocable Letter of Credit
APPENDIX B	—	Specimen Custody Agreement

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT dated as of June 1, 2025 (as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, this “*Agreement*”) is between IRVINE RANCH WATER DISTRICT, a California water district (together with its successors and permitted assigns, “*IRWD*”) and SUMITOMO MITSUI BANKING CORPORATION, acting through its New York Branch (together with its successors and assigns, the “*Bank*”).

WITNESSETH

WHEREAS, IRWD issued \$125,000,000 aggregate principal amount of its Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025A (the “*Bonds*”) constituting the consolidated several general obligations of Improvement District Nos. 112, 113, 125, 188, 212, and 225 (the “*Applicable Improvement Districts*”), pursuant to an Indenture of Trust dated as of June 1, 2025 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof, the “*Indenture*”), by and between IRWD and U.S. Bank National Association, as trustee (together with its successors and permitted assigns, the “*Trustee*”); and

WHEREAS, IRWD desires to secure a source of funds to be devoted exclusively to the payment by the Trustee, when and as due, of the principal of and purchase price of and interest on the Bonds, and has applied to the Bank for the issuance by the Bank of the Letter of Credit in the original stated amount of \$[_____]; and

NOW, THEREFORE, in order to provide for and to evidence the obligation of IRWD to reimburse any drawings under the Letter of Credit, and in consideration of the promises and of the commitments made hereunder and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.1. Definitions. Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein shall have the meanings set forth in Section 1.01 of the Indenture. In addition, the following terms as used in this Agreement shall have the following meanings, unless the context otherwise requires. These definitions shall be equally applicable to both the singular and the plural forms of the terms so defined.

“*Act*” means the California Water District Law, Division 13 of the Water Code, as amended from time to time.

“*Agreement*” has the meaning set forth in the introductory paragraph hereof.

“Aggregate Debt Service” means, for any period, the Debt Service on all Outstanding Parity Obligations during such period.

“Alternate Letter of Credit” has the meaning set forth in the Indenture.

“Amortization Period” has the meaning set forth in Section 2.3(b) hereof.

“Amortization Period End Date” means the earliest to occur of (i) the fifth (5th) anniversary of the Purchase Date of the related Bank Bonds, (ii) the date on which any Bonds purchased with funds disbursed under the Letter of Credit in connection with such Term Loan are defeased, repaid redeemed or cancelled pursuant to the Indenture, (iii) the date on which the related Bonds purchased with funds disbursed under the Letter of Credit are remarketed pursuant to the Indenture and the Remarketing Agent, (iv) the date on which the Letter of Credit is replaced by an Alternate Letter of Credit pursuant to the terms of the Indenture, (v) the effective date of a conversion of all the Bonds to bear interest at a rate of interest other than the Weekly Rate and (vi) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated in accordance with its terms (other than as a result of the Letter of Credit expiring solely as a result of the Stated Expiration Date).

“Applicable Fiscal Year” means, with respect to the satisfaction of the requirements of Section 5.1(r) with respect to additional Parity Obligations, that Fiscal Year as to which the audited financial statements of IRWD are available and which immediately precedes that Fiscal Year selected by IRWD in which either the additional Parity Obligations are issued or the board or directors of IRWD adopts the resolution authorizing the issuance of such Parity Obligations.

“Applicable Improvement Districts” has the meaning set forth in the recitals hereof.

“Bank” has the meaning set forth in the introductory paragraph hereof.

“Bank Bonds” means Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) the Letter of Credit, but excluding Bonds no longer considered to be Bank Bonds in accordance with the Section 3.2 hereof.

“Bank Obligations” means the Facility Fees, the Bank Bonds, any and all obligations of IRWD to reimburse the Bank for drawings under the Letter of Credit and all any and obligations to repay the Bank for Liquidity Advances and Term Loans, and all other obligations of IRWD to the Bank arising under or in relation to this Agreement or the Fee Agreement.

“Bank Owner” means the Bank (but only in its capacity as owner (which, as used herein, shall mean beneficial owner if, at the relevant time, Bank Bonds are Book Entry Bonds) of Bank Bonds pursuant to this Agreement) or any other Person to whom the Bank or a subsequent Bank Owner has sold Bank Bonds in accordance with Section 3.2(a) hereof.

“Bank Rate” means, for each day of determination with respect to any Liquidity Advance and the related Bank Bonds, a rate per annum equal to (i) the Base Rate, for the period from and including the Purchase Date of the related Bank Bond to and including the earlier of (x) the Stated

Expiration Date and (y) the 30th day following such Purchase Date; (ii) the Base Rate plus one percent (1.00%), for the period from and including the 31st day following such Purchase Date to and including the earlier of (x) the calendar day next succeeding the Stated Expiration Date and (y) the 60th day following such Purchase Date; and (iii) the Base Rate from time to time in effect plus two percent (2.00%), from and including the earlier of (x) the calendar day next succeeding the last day of the Stated Expiration Date and (y) the 61st day following such Purchase Date and at all times thereafter; *provided* that from and after the occurrence of an Event of Default, the Bank Rate shall mean the Default Rate; *provided, however*, that in no event shall the Bank Rate be less than the per annum interest rate applicable to the Bonds outstanding which are not Bank Bonds.

“Base Rate” means a rate of interest per annum equal to the highest of: (a) the Prime Rate plus two percent (2.00%); (b) the Federal Funds Rate plus three percent (3.00%); (c) the SIFMA Index plus three percent (3.00%); and (d) seven and one-half per cent (7.50%) per annum. Each determination of the Base Rate by the Bank will be conclusive and binding on IRWD, absent manifest error.

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Bond Counsel” means collectively Orrick, Herrington & Sutcliffe LLP (or another nationally recognized bond counsel selected by IRWD).

“Bond Payment Fund” has the meaning set forth in the Indenture.

“Bonds” has the meaning set forth in the recitals hereof.

“Book Entry Bonds” means the Bonds so long as the book entry system of DTC is used for determining beneficial ownership of the Bonds.

“Change in Law” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation any Risk-Based Capital Guidelines, (b) any change in any Law or in the enforcement, administration, interpretation, implementation or application thereof by any Governmental Authority or compliance by the Bank or any Participant therewith or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act (or any other statute referred to therein or amended thereby) and all laws, requests, rules, regulations, policies, rulings, guidelines, regulations, standards or directives thereunder or issued in connection therewith and any interpretation, application or promulgation implementing, invoking or in any way the Dodd-Frank Wall Street Reform and Consumer Protection Act and (ii) all laws, requests, rules, rulings, standards, policies, guidelines, regulations or directives promulgated by, or in response to requests, guidelines or directives published by, the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III or any successor Basel accord, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Credit Support Agreements” means, with respect to any Credit Support Instrument, the agreement or agreements (which may be the Credit Support Instrument itself) between IRWD and the obligor under such Credit Support Instrument, as originally executed or as it may from time to time be replaced, supplemented or amended, providing for the reimbursement of payments under such Credit Support Instrument, and the interest thereon, and includes any subsequent agreement pursuant to which a substitute Credit Support Instrument is provided, together with any related pledge agreement, security agreement or other security document.

“Credit Support Instrument” means any of: (i) a policy of insurance, a letter of credit, a line of credit, a standby purchase agreement, revolving credit agreement or other credit arrangement providing credit or liquidity support with respect to the payment of interest, principal or purchase price of any Parity Obligations; (ii) a Prior Reimbursement Agreement; or (iii) a policy of insurance, a letter of credit, a line of credit, a standby bond purchase agreement or other credit arrangement, providing credit or liquidity support with respect to the payment of interest, principal or purchase price of any General Obligation Bonds.

“Corporation” means the Irvine Ranch Water District Water Service Corporation.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Custodian” means U.S. Bank National Association, or its successor and permitted assigns.

“Custody Agreement” means the Custody Agreement dated as of the Effective Date between the Bank and the Trustee in substantially the form of Appendix B attached hereto.

“Debt” means, for any Person (without duplication), (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all capital leases and/or finance leases of such Person, (e) all obligations of such Person to purchase securities (or other property) which arise out of or in connection with the sale of the same or substantially similar securities (or property), (f) all deferred obligations of such Person to reimburse any bank or other Person in respect of amounts paid or advanced under the letter of credit or other instrument, (g) all Debt of others secured by a lien on any asset of such Person, including any guaranties, whether or not such Debt is assumed by such Person, (h) all Debt of others guaranteed directly or indirectly by such Person or as to which such Person has an obligation substantially the economic equivalent of a guaranty and (i) obligations in respect of interest rate protection programs or agreements.

“Debt Service” means the sum of: (a) the interest on such Parity Obligations payable during such Fiscal Year (except to the extent that such interest is capitalized); (b) the principal of such Parity Obligations maturing (including by declared acceleration of maturity) during such

Fiscal Year; and (c) the principal of and premium, if any, of such Parity Obligations coming due during such Fiscal Year by virtue of the mandatory redemption or prepayment of such Parity Obligations whether from mandatory sinking fund account payments or otherwise; but minus the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for such Parity Obligations; *provided that*, as to any such Parity Obligations (other than Credit Support Instruments) bearing or comprising interest at other than a fixed rate, for purposes of calculating Debt Service on such Parity Obligations, such Parity Obligations shall be assumed to bear interest at a fixed rate equal to the SIFMA Index as of any date selected by IRWD which is within thirty (30) days of the date of calculation; and *provided further that*, as to any such Parity Obligation relating to an advance under a Credit Support Instrument and bearing or comprising interest at other than a fixed rate, for purposes of calculating Debt Service on such Parity Obligation, such Parity Obligation shall be assumed to bear interest at a fixed rate equal to the rate applicable to such advance as of the date of calculation; and *provided further that* if any such series or issue of Parity Obligations has twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one Fiscal Year, Debt Service on such Parity Obligations shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of Parity Obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and *provided further that*, as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and *provided further that* if interest on such Parity Obligations is reasonably anticipated to be reimbursed to IRWD by the United States of America pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009), or any future similar program, then interest payments with respect to such Parity Obligations shall be excluded by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America; and *provided further that* the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Parity Obligations for which such debt service reserve fund was established and in each preceding year until such amount is exhausted]; and ***provided further that if principal and interest on such Parity Obligations is secured by a Revenue Enhancement Agreement, then the principal and interest payments with respect to such Parity Obligations shall be excluded by the amount of such principal and interest reasonably anticipated to be paid from (i) ad valorem assessments on taxable land levied by IRWD pursuant to the Act with respect to such Parity Obligations; (ii) water and sewer charges which in the discretion of the Board of Directors of IRWD are fixed and collected pursuant to the Act in lieu of ad valorem assessments with respect to such Parity Obligations; and (iii) proceeds from the sale of property pursuant to the Act for the enforcement of delinquent assessments with respect to such Parity Obligations, in each case pursuant to such Revenue Enhancement Agreement.***¹

“Default” means an event, act or occurrence which, with the giving of notice or the lapse of time (or both), would become an Event of Default.

¹ Bond Counsel to explain this carve out.

“Default Rate” means the Base Rate from time to time in effect plus four percent (4.00%).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Differential Interest Amount” means the excess of (a) interest which has accrued and could actually be paid at the Bank Rate (subject to the Maximum Rate), as determined in accordance with the terms hereof, up to but excluding the Sale Date or the Business Day on which the Bank Owner elects not to sell Bank Bonds pursuant to Section 3.2(c) hereof, less (b) the interest accrued on such Bonds which is received by the Bank Owners as part of the Sale Price.

“DTC” means The Depository Trust Company, and its successors or assigns.

“Effective Date” means the date on which the Letter of Credit is issued by the Bank, initially June __, 2025, subject to the satisfaction, or waiver by the Bank, of all of the conditions precedent to closing set forth in Section 6.1 hereof.

“Eligible Bonds” means Bonds bearing interest at the Weekly which are not Ineligible Bonds.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Event of Default” has the meaning set forth in Section 7.1 hereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with IRWD within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“Excess Interest” has the meaning set forth in Section 2.2(i) hereof.

“Facility Fee” has the meaning set forth in the Fee Agreement.

“FCPA” has the meaning set forth in Section 4.1(r)(ii) hereof.

“Federal Funds Rate” means, for any day, the rate of interest per annum as determined by the Bank at which overnight federal funds are offered to the Bank for such day by major banks in the interbank market, with any change in such rate to become effective on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive

and binding on IRWD absent manifest error. Notwithstanding anything herein to the contrary, if the Federal Funds Rate as determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

“Fee Agreement” means the Fee Agreement dated June ___, 2025, between the Bank and IRWD, as amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms.

“Financing Documents” means this Agreement, the Letter of Credit, the Fee Agreement, the Bonds, the Indenture, the Remarketing Agreement, and any other document or instrument required or stated to be delivered hereunder or thereunder, all in form and substance satisfactory to the Bank, as the same may be amended, supplemented, modified or restated from time to time in compliance with Section 5.2(a) hereof.

“Fiscal Year” means the fiscal year of IRWD.

“Fitch” means Fitch Ratings, or any successor rating agency.

“Fund” has the meaning set forth in the Indenture.

“General Obligation Bonds” means Bonds issued by or on behalf of IRWD which are General Obligations of IRWD.

“General Obligations” means obligations for which IRWD is obligated pursuant to law and the Indenture to levy ad valorem assessments on taxable land in the Improvement Districts for which such obligations are issued in an amount sufficient to pay such obligations and the interest thereon when due.

“Generally Accepted Accounting Principles” or *“GAAP”* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as IRWD, including, without limitation, those principles set forth in the statements and pronouncement of the Government Accounting Standards Board.

“Governmental Authority” means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

“Improvement Districts” means all improvement districts which are part of IRWD.

“Indenture” has the meaning set forth in the recitals hereof.

“Ineligible Bonds” means Bank Bonds, Bonds owned by or held for the account of or on behalf of the IRWD or any Affiliate thereof or Bonds bearing interest at a rate other than the Weekly Rate.

“Interest Portion” has the meaning set forth in the Letter of Credit.

“Interest Reserve Fund” has the meaning set forth in the Indenture.

“Investment Grade” means a rating of “Baa3” (or its equivalent) or better by Moody’s, “BBB-” (or its equivalent) by Fitch and “BBB-” (or its equivalent) by S&P.

“IRWD” has the meaning set forth in the introductory paragraph hereof.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Letter of Credit” means the irrevocable letter of credit issued by the Bank in favor of the Trustee, in the form of Appendix A hereto with appropriate insertions, as the same may be amended, supplemented, modified or restated from time to time in accordance with its terms.

“Liquidity Advance” has the meaning set forth in Section 2.3(a) hereof.

“Liquidity Drawings” means a drawing under the Letter of Credit resulting from the presentation of a certificate in the form of Annex 3 or Annex 4 of the Letter of Credit.

“Margin Stock” has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of IRWD; (b) a material impairment of the ability of IRWD to perform its obligations under any Financing Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against IRWD of any Financing Document to which it is a party or the rights, security, interests or remedies of the Bank hereunder or under any other Financing Document.

“Maximum Bond Rate” has the same meaning herein as the term “Maximum Rate” has in the Indenture.

“Maximum Rate” means the maximum rate per annum permitted on that day by applicable law.

“*Moody’s*” means Moody’s Investors Service, Inc., or any successor rating agency.

“*Multiemployer Plan*” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which IRWD or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five (5) plan years, has made or been obligated to make contributions.

“*Multiple Employer Plan*” means a Plan which has two or more contributing sponsors (including IRWD or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“*Net Revenues*” means, for any period of time, the Revenues for such period less the Operation and Maintenance Expenses for such period.

“*Obligations*” mean (a) obligations of IRWD with respect to borrowed money, including bonds, notes or other evidences of indebtedness, installment purchase payments under any contract, and lease payments under any financing or capital lease (determined to be such in accordance with generally accepted accounting principles), which are payable from Net Revenues, (b) obligations to replenish any debt service reserve fund with respect to obligations described in (a) above, (c) obligations secured by or payable from any of obligations described in (a) above, (d) Credit Support Agreements payable from Net Revenues, (e) obligations guaranteed directly or indirectly by IRWD or as to which IRWD has an obligation substantially the economic equivalent of a guaranty payable from Net Revenues and (i) obligations of IRWD in respect of interest rate protection programs or agreement of IRWD.

“*OFAC*” has the meaning set forth in Section 4.1(r)(i) hereof.

“*Official Statement*” means the Official Statement dated [____], 2025, relating to the Bonds.

“*Operating Systems*” mean all property and rights in property owned by IRWD, and used by IRWD in providing water, sewer, surface runoff and/or reclaimed water services and any other utilities and services which IRWD may provide, including all facilities included in its water, sewer and reclaimed water systems, rights to water and capacity and other rights or interests in water production, transmission, treatment and disposal facilities, as now existing or hereafter acquired or constructed and as the same may be modified and expanded, including all replacements thereof and improvements thereto.

“*Operation and Maintenance Expenses*” mean the costs and expenses paid or incurred by IRWD for operating and maintaining the Operating Systems including, but not limited to: (a) all costs of water generated or purchased by IRWD for resale; (b) all costs and expenses of providing services and commodities through or with the Operating Systems; (c) all costs and expenses of management of the Operating Systems; (d) all costs and expenses of maintenance and repair of, and other expenses necessary or appropriate in the judgment of IRWD to maintain and preserve, any of the Operating Systems in good repair and working order; (e) all administrative and general expenses, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums,

retirement benefits and health care benefits; (f) all deposits to be made to a contingency reserve for Operation and Maintenance Expenses; (g) all deposits to be made to a rebate fund established with respect to Parity Obligations to provide for any rebate to the United States required to maintain the tax-exempt status of interest on such Parity Obligations; (h) any cost or expense paid or incurred by IRWD to comply with requirements of law applicable to any of the Operating Systems or the ownership or operation thereof or any activity in connection therewith; and (i) any other cost or expense which, in accordance with Generally Accepted Accounting Principles, is to be treated as an expense of operating or maintaining any of the Operating Systems; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, and amortization of intangibles.

“Outstanding” when used as of a particular time with reference to Bonds, means all Bonds delivered under the Indenture except: (a) Bonds cancelled by the Trustee or surrendered to the Trustee or for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 10.02 of the Indenture; and (c) Bonds in lieu of or in substitution for which replacement Bonds shall have been executed by IRWD and delivered by the Trustee under the Indenture. Notwithstanding the foregoing, Bank Bonds and Bonds paid pursuant to drawings under the Letter of Credit other than Liquidity Drawings shall remain Outstanding until the Bank is paid all Bank Obligations due and owing with respect to the Bank Bonds or such drawings under the Letter of Credit, as applicable. Furthermore, Bonds, the principal of which was paid with a draw on the Letter of Credit, which draw has not been reimbursed, shall be deemed to remain Outstanding until the Bank is reimbursed in full for such draw.

“Other Taxes” has the meaning set forth in Section 2.2(h)(i) hereof.

“Parity Debt” means indebtedness payable with the same priority and having the same rights to the funds referred to clauses (i) through (v) of Section 5.1(l) hereof.

“Parity Obligations” means: (i) the Bonds; (ii) the Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2025B; (iii) the Prior Reimbursement Agreements; (iv) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1; (v) the Bonds of Irvine Ranch Water District, Refunding Series 2011A-2; (vi) the Bonds of Irvine Ranch Water District Series 2016; (vii) the Installment Sale Agreement, dated as of September 1, 2016, among the District, the Irvine Ranch Water District Water Service Corporation and U.S. Bank Trust Company, National Association, as successor trustee; and (viii) any other obligations of IRWD that are payable from Net Revenues on a parity with the Parity Obligations and issued in accordance with Section 6.18.

“Participant” means a Person that acquires a participation in the Bank’s rights and/or obligations under this Agreement and the Letter of Credit.

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by IRWD and any ERISA Affiliate or with respect to which IRWD or any ERISA Affiliate has any liability and is either

covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Person” means an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Plans” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of IRWD or any ERISA Affiliate or any such Plan to which IRWD or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Prime Rate” means on any day the rate of interest in effect for such day as publicly announced from time to time by the Bank as its “prime rate” for U.S. Dollar loans. The “prime rate” is a rate set by the Bank based upon various factors including the Bank’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change. Notwithstanding anything herein to the contrary, if the Prime Rate determined as provided above would be less than zero percent (0.0%), then the Prime Rate shall be deemed to be zero percent (0.0%).

“Principal Portion” has the meaning set forth in the Letter of Credit.

“Prior Reimbursement Agreements” means collectively: (i) the Reimbursement Agreement, dated as of April 1, 2011, between IRWD and Sumitomo Mitsui Banking Corporation, as amended and supplemented (relating to IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2008A); (ii) the Reimbursement Agreement, dated as of April 1, 2025, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009A); (iii) the Amended and Restated Reimbursement Agreements, dated as of April 1, 2011, between IRWD and Bank of America, N.A. as amended and supplemented (relating to the IRWD’s Bonds of Irvine Ranch Water District, Consolidated Refunding Series 2009B); (iv) the Reimbursement Agreement, dated as of February 1, 2024, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Refunding Series 2011A-1); and (v) the Reimbursement Agreement, dated as of February 1, 2024, between IRWD and Bank of America, N.A. (relating to IRWD’s Bonds of Irvine Ranch Water District, Refunding Series 2011A-2).

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“Rating” means any long-term unenhanced rating assigned to any Debt of IRWD secured by a pledge of Revenues.

“Rating Agency” means Moody’s, S&P or Fitch.

“Refunding Test Period” means, with respect to the issuance of additional Parity Obligations for refunding purposes, each Fiscal Year from and including the Fiscal Year in which such additional Parity Obligations are to be issued to and including the latest Fiscal Year in which Debt Service is payable on the Parity Obligations Outstanding immediately prior to the issuance of such additional Parity Obligations.

“Reimbursement Account” has the meaning set forth in the Fee Agreement.

“Remarketing Agent” means BofA Securities, Inc., or any other firm which may at any time be substituted in its place in accordance with the terms set forth herein and in the Indenture.

“Revenue Enhancement Agreement” means an agreement between IRWD and the trustee for an issue of bonds issued by IRWD pursuant to the Act and payable from ad valorem assessments, pursuant to which IRWD agrees to pay principal, redemption price, purchase price of and/or interest on such bonds from Net Revenues on the terms and conditions set forth in such agreement.²

“Revenues” mean all Utility Rates and Charges and other revenues of IRWD, including, without limiting the generality of the foregoing, the proceeds of any stand-by or natural treatment, connection and water availability charges; together with IRWD’s share of the Orange County, California one percent ad valorem property tax (to the extent not applied by IRWD to pay principal of and interest on Secured Bonds) and Investment Income; but excluding in all cases: (a) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of IRWD; (b) any proceeds of taxes or ad valorem assessments restricted by law to be used by IRWD to pay bonds issued by IRWD, and the proceeds of any actions to enforce delinquent ad valorem assessments; and (c) water, sewer and reclaimed water charges, as applicable, which in the discretion of the Board of Directors of IRWD are fixed and collected in an Improvement District in lieu of ad valorem assessments pursuant to Sections 36425 and 35975 of the Act.

“Risk-Based Capital Guidelines” means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations.

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, or any successor rating agency.

“Sale Date” has the meaning set forth in Section 3.2(a) hereof.

“Sale Price” has the meaning set forth in Section 3.2(a) hereof.

“Sanctions” has the meaning set forth in Section 4.1(r)(i) hereof.

² To discuss with Bond Counsel.

“Secured Bonds” mean bonds of IRWD secured by a pledge of IRWD’s share of the Orange County 1% general ad valorem property tax pursuant to Resolution No. 1992-48, adopted by the Board on November 23, 1992, or Resolution 2002-10, adopted by the Board on November 8, 2002.

“Semiannual Principal Payment” has the meaning set forth in Section 2.3(b) hereof.

“SIFMA” means the Securities Industry and Financial Markets Association.

“SIFMA Rate” means, on any date, a rate determined on the basis of the seven day high grade market index of tax exempt variable rate demand obligations, published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Bank and effective from such date. In the event SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA no longer produces an index satisfying the requirements of the preceding sentence, the SIFMA Rate (a/k/a, the “SIFMA Municipal Swap Index”) shall be deemed to be the S&P Municipal Bond 7 Day High Grade Rate Index, or if either such index is not available, such other similar national index as reasonably agreed to by the Bank and IRWD. In the event that the SIFMA Rate is less than zero for any day, it shall be deemed to be zero for such day for purposes of this Agreement.

“State” means the State of California.

“Stated Amount” means \$[] comprised of a Principal Portion of \$[] and an Interest Portion of \$[] as such amount may be reduction and reinstatement as provided in the Letter of Credit.

“Stated Expiration Date” has the meaning set forth in the Letter of Credit.

“Subordinate Obligations” mean all Obligations other than Parity Obligations, including but not limited to amounts due under the Prior Installment Contract (as defined in the Indenture) and the Government Contracts (as defined in the Indenture).

“Subsidiary” of a Person shall mean any corporation of which more than fifty percent (50%) of the voting stock is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof.

“Taxes” has the meaning set forth in Section 2.2(h)(i) hereof.

“Term Loan” has the meaning set forth in Section 2.3(b) hereof.

“Term Loan Date” has the meaning set forth in Section 2.3(b) hereof.

“Term Loan Rate” means the Base Rate from time to time in effect plus two percent (2.00%).

“Termination Date” has the meaning set forth in the Letter of Credit.

“Test Period” means, with respect to a calculation of Aggregate Debt Service in connection with the issuance of additional Parity Obligations, the period from and including the Applicable Fiscal Year for the issuance of such additional Parity Obligations to and including the first complete Fiscal Year after the latest date of operation of any project being financed or refinanced with the proceeds of such additional Parity Obligations.

“Trustee” has the meaning set forth in the recitals hereof.

“Utility Rates and Charges” means all water, sewer and reclaimed water rates and charges imposed by IRWD in connection with providing water, sewer and reclaimed water services to retail customers through the Operating Systems, including commodity, service, standby, material treatment and connection charges, except: (a) such water, sewer and reclaimed water charges, as applicable, which in the discretion of the Board of Directors of IRWD are fixed and collected in an Improvement District in lieu of ad valorem assessments pursuant to Sections 36425 and 35975 of the Act; and (b) customer deposits.

“Weekly Rate” has the meaning of “Weekly Mode” as set forth in the Indenture.

Section 1.2. Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the audited financial statements of IRWD, *except* as otherwise specifically prescribed herein.

Section 1.3. Letter of Credit Amounts. Unless otherwise specified herein, the amount of the Letter of Credit at any time shall be deemed to be the maximum amount available to be drawn under the Letter of Credit, whether or not such maximum stated amount is in effect at such time. Without limiting the foregoing, the determination of such maximum amount shall assume compliance with all conditions for drawing and no reduction for (a) any amount drawn by any drawing referred to in the Letter of Credit, the amount of which, in whole or in part, is subject to reinstatement (unless such amount is not reinstated under the Letter of Credit), or (b) any amount not available to be drawn because Bonds are held by or for the account of IRWD.

ARTICLE II

ISSUANCE OF LETTER OF CREDIT AND PAYMENTS

Section 2.1. Issuance of Letter of Credit. (a) The Bank hereby agrees, on the terms and subject to the conditions hereinafter set forth, to issue to the Trustee the Letter of Credit dated the Effective Date in the Stated Amount and terminating on the Termination Date. The Letter of Credit shall be in an initial Stated Amount of \$[_____], which is the sum of (i) the principal amount of the Bonds, plus (ii) interest thereon at 12% per annum for a period of 34 days on the basis of a 365 day year.

(b) The Trustee is authorized to make drawings under the Letter of Credit in accordance with the terms thereof. No drawing shall be made under the Letter of Credit for the payment of principal of or interest on Ineligible Bonds. IRWD hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. IRWD hereby irrevocably approves reductions and reinstatements of the Stated Amount of the Letter of Credit as provided in the Letter of Credit.

(c) Upon honoring any Liquidity Drawing, the Bank shall be deemed to have made a loan for the benefit of IRWD the proceeds of which shall be used by the Trustee to purchase the Bank Bonds in respect of which such Liquidity Drawing is made to pay the principal of and accrued interest on Notes at the stated maturity thereof.

Section 2.2. Reimbursements of Drawings and Other Payments.

(a) *Reimbursements Generally.* (i) IRWD agrees to reimburse the Bank, at the times, in the manner, and otherwise as provided in this Agreement and the Indenture, for each payment made by the Bank under the Letter of Credit honoring any drawing made by the Trustee thereon.

(ii) *Reimbursement of Drawings Other Than Liquidity Drawings Creating Liquidity Advance Under the Letter of Credit.* IRWD agrees to reimburse the Bank for the full amount of any Liquidity Drawing (but only if the conditions precedent contained in Section 6.2 hereof are not satisfied on the date of payment by the Bank of such Liquidity Drawing) and all other drawings made under the Letter of Credit immediately upon payment by the Bank of each such drawing and on the date of each such payment. If IRWD does not make such reimbursement on such date, such Bank Obligation shall bear interest at the Default Rate. The obligation of IRWD to reimburse any Liquidity Drawings (but only if the conditions precedent contained in Section 6.2 are satisfied on the date of payment by the Bank of such Liquidity Drawing) shall be evidenced by and subject to the terms and conditions set forth in Section 2.3 hereof. The Bank shall be entitled to all of the rights, benefits and protections of the Indenture with respect to each Bank Bond pursuant to the Indenture.

(b) *The Letter of Credit Fees.* IRWD hereby agrees to pay and perform its obligations provided for in the Fee Agreement, including the payment of all fees and expenses provided for therein in the amounts and on the dates set forth therein. The terms and provisions of the Fee Agreement are incorporated herein by reference as if set forth herein in full. Any reference herein

or in the Fee Agreement to fees and/or other amounts or obligations payable hereunder shall include, without limitation, all fees and other amounts or obligations (including without limitation fees and expenses) payable pursuant to the Fee Agreement, and any reference to this Agreement shall be deemed to include a reference to the Fee Agreement. The Fee Agreement and this Agreement shall be construed as one agreement between IRWD and the Bank and all obligations under the Fee Agreement shall be construed as obligations hereunder. All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

(c) *Manner of Payments.* All payments to be made by or on behalf of IRWD or the Trustee to the Bank on account of amounts at any time owing hereunder or in connection herewith shall be made, and shall not be considered made until received, in United States dollars in the Reimbursement Account in immediately available funds. IRWD or the Trustee shall make each payment hereunder not later than 3:00 p.m. (New York time) on the day when due. Any payment received after 3:00 p.m. New York time shall be deemed made on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. All fees payable under this Agreement and the Fee Agreement will be nonrefundable and will be deemed earned when paid.

(d) *Default Rate.* If any Event of Default shall occur or any Bank Obligation or any other amount payable by IRWD hereunder or under the Fee Agreement is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, all Bank Obligations shall thereafter bear interest at all times equal to the Default Rate.

(e) *Obligations Unconditional.* The obligations of the Authority to pay the Bank Obligations and to perform its obligations under the Financing Documents shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which IRWD may have against the Bank, any Participant or against any beneficiary of the Letter of Credit (or any other Person for whom such beneficiary may be acting), or any other person, including, without limitation, any defense based on the failure of any drawing on the Letter of Credit by the Trustee to conform to the terms of the Letter of Credit or based on invalidity, inaccuracy, falsity, or lack of genuineness, whether by forgery, fraud or otherwise, of any document, demand, or statement presented under the Letter of Credit, any failure of IRWD to receive all or any part of the proceeds of the sale of any Bonds with respect to which such drawing on the Letter of Credit was made by the Trustee or any nonapplication or misapplication by the Trustee of the proceeds of such drawing, and irrespective of the legality, validity, regularity or enforceability of all or any of the Financing Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Bank explicitly reciting the release or discharge of any such obligation), or any consent to departure from, all or any of the Financing Documents or any exchange, release, or nonperfection of any collateral securing the Bonds or the Bank Obligations or any expiration of the Letter of Credit pursuant hereto, payment by the Bank under the Letter of Credit to the Person entitled thereto against presentation of a Drawing which does not comply with the terms thereof or any other circumstances or happening whatsoever, whether or not similar to any of the foregoing; *provided, however*, that nothing contained in this Section 2.2(e) shall abrogate or otherwise affect the rights of IRWD pursuant to Section 8.14(c) hereof.

(f) *Waivers, Etc.* To the full extent permitted by law; (i) IRWD hereby waives (A) presentment, demand, notice of demand, protest, notice of protest, notice of dishonor and notice of non-payment; (B) the right, if any, to the benefit of, or to direct application of, any security hypothecated to the Bank until all Bank Obligations, howsoever arising, shall have been paid; (C) the right to require the Bank to proceed against IRWD hereunder, or against any Person under any guaranty or similar arrangement, or under any agreement between the Bank and any Person or to pursue any other remedy in the Bank's power; (D) all statutes of limitation; and (E) any defense arising out of the election by the Bank to foreclose on any security by one or more nonjudicial or judicial sales; (ii) the Bank may exercise any other right or remedy, even though any such election operates to impair or extinguish IRWD's right to reimbursement from, or any other right or remedy it may have against, any person, or any security; and (iii) IRWD agrees that the Bank may proceed against IRWD or any Person directly and independently of any other, and that any forbearance, change of rate of interest, or acceptance, release or substitution of any security, guaranty, or loan or change of any term or condition thereunder or under the Letter of Credit or any Financing Document (other than by mutual agreement between IRWD and the Bank) shall not in any way affect the liability of IRWD hereunder.

(g) *Increased Costs and Reduced Return.* (i) If the Bank or any Participant shall have determined, as hereinafter *provided*, that any Change in Law, shall (A) subject the Bank or such Participant to any Taxes of any kind whatsoever with respect to this Agreement, the Fee Agreement, the Bank Bonds or the Letter of Credit, or change the basis of taxation of payments to the Bank or such Participant of any amounts payable hereunder or under the Fee Agreement or any Bank Bonds (other than a change in the rate of tax based on the overall net income of the Bank or such Participant), (B) impose, modify or deem applicable any reserve, capital or liquidity ratio, special deposit, compulsory loan, assessment, insurance charge or similar requirement against making or maintaining its obligations under this Agreement or maintaining or honoring draws under the Letter of Credit or assets held by or deposited with or for the account of the Bank or such Participant, or (C) impose on the Bank or such Participant any other condition, cost or expense regarding this Agreement, the Bank Bonds or the Letter of Credit, and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to the Bank or such Participant of making or maintaining its obligations under this Agreement or maintaining or honoring draws under the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder or under the Fee Agreement or any Bank Bonds, then, IRWD shall pay to the Bank, for its account or that of such Participant as may be applicable, at such time and in such amount as is set forth in paragraph (iv) of this Section 2.2(g), such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or reductions in amount received or receivable.

(ii) If the Bank or any Participant shall have determined, as hereinafter *provided*, that the applicability of any Change in Law, or compliance by the Bank or such Participant, or any corporation controlling the Bank or such Participant, with any directive of or guidance from any central bank or other authority (in each case, whether or not having the force of law), shall impose, modify or deem applicable any capital adequacy, liquidity or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or such Participant, or any corporation controlling the Bank or such Participant, allocates capital resources or liquidity to its commitments, including its obligations under the Letter of Credit) that either

(A) affects or would affect the amount of capital or liquidity to be maintained by the Bank or such Participant, or any corporation controlling the Bank or such Participant, as it relates to making or maintaining its obligations under this Agreement and the Letter of Credit or (B) reduces or would reduce the rate of return on the Bank's or such Participant's capital or liquidity, or the capital or liquidity of any corporation controlling the Bank or such Participant, to a level below that which the Bank or such Participant or any corporation controlling the Bank or such Participant, could have achieved but for such circumstances (taking into consideration the policies of the Bank or such Participant or any corporation controlling the Bank or such Participant, with respect to capital adequacy or liquidity as it relates to making or maintaining its obligations under this Agreement and the Letter of Credit) IRWD shall pay to the Bank for its own account, or such Participant, as applicable, at such time and in such amount as is set forth in paragraph (iv) of this Section 2.2(g), such additional amount or amounts as will compensate the Bank or such Participant or any corporation controlling the Bank or such Participant, for such cost of maintaining such increased capital or liquidity or such reduction of the rate of return on the Bank's or such Participant's capital or liquidity, or the capital or liquidity of any corporation controlling the Bank or such Participant related to the maintenance of this Agreement and the Letter of Credit. The provisions of this Section 2.2(g)(ii) shall be available to the Bank or any Participant regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which has been imposed.

(iii) All payments of amounts referred to in subsections (i) and (ii) shall be due and payable thirty (30) days following IRWD's receipt of written notice thereof. Interest on the sums due as described in subsections (i) and (ii), and in the preceding sentence, shall begin to accrue from the date which is thirty (30) days following IRWD's receipt of notice thereof and shall otherwise be payable in accordance with Section 2.2(c) hereof; *provided* that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or liquidity or reduction in return incurred by the Bank or any Participant as a result of any event mentioned in subsections (i) or (ii) setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to IRWD and shall be conclusive as to the amount thereof absent manifest error. In making the determinations contemplated by the above referenced certificate, the Bank or such Participant may make such reasonable estimates, assumptions, allocations and the like that the Bank or such Participant, as applicable, in good faith determines to be appropriate.

(iv) The Bank's parent, holding company or any corporation controlling the Bank and any such Participant's parent, holding company or any corporation controlling such Participant shall have the same rights and benefits against IRWD under this Section 2.2(g) as it would have had if such parent, holding company or any corporation controlling the Bank or such Participant were the Bank or such Participant hereunder; *provided*, that increased costs incurred by the Bank's or such Participant's parent, holding company or any corporation controlling the Bank or such Participant, as applicable, shall be without duplication of any increased costs incurred by the Bank or such Participant.

(v) The obligations of IRWD under this Section 2.2(g) shall survive the payment of all Obligations owed under this Agreement and the expiration of the Letter of Credit, even if IRWD

terminates the Letter of Credit and this Agreement because the Bank has given notice to IRWD of its intention to recover increased costs pursuant to this Section 2.2(g).

(h) *Net of Taxes, Etc.*

(i) *Taxes.* Any and all payments to the Bank by IRWD hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "*Taxes*"). If IRWD shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Bank, (A) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (B) IRWD shall make such deductions, and (C) IRWD shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If IRWD shall make any payment under this Section to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim a refund of such taxes or any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to IRWD an amount equal to the amount of any refund actually received by the Bank or the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by IRWD with respect to such Taxes. In addition, IRWD agrees to pay any present or future stamp, recording or documentary taxes and any other excise or Property taxes, charges or similar levies that arise under the laws of the United States of America, the State, the State of New York or any other taxing jurisdiction from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as "*Other Taxes*"). The Bank shall provide to IRWD within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by IRWD to the Bank hereunder; *provided* that the Bank's failure to send such notice shall not relieve IRWD of its obligation to pay such amounts hereunder.

(ii) *Indemnity.* IRWD shall, to the fullest extent permitted by law and subject to the provisions hereof, indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that IRWD shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable judgment. The Bank agrees to give notice to

IRWD of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank's failure to notify IRWD promptly of such assertion shall not relieve IRWD of its obligation under this Section. Payments by IRWD pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to IRWD any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by IRWD pursuant to this Section received by the Bank for Taxes or Other Taxes that were paid by IRWD pursuant to this Section and to contest, with the cooperation and at the expense of IRWD any such Taxes or Other Taxes which the Bank or IRWD reasonably believes not to have been properly assessed.

(iii) *Notice.* Within thirty (30) days after the date of any payment of Taxes by IRWD, IRWD shall furnish to the Bank the original or a certified copy of a receipt evidencing payment thereof.

(iv) *Survival of Obligations.* The obligations of IRWD under this Section 2.2(h) shall survive the payment of all Obligations owed under this Agreement and the expiration of the Letter of Credit.

(i) *Excess Interest.* If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) the Maximum Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time IRWD shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. Upon the termination of the Letter of Credit, in consideration for the limitation of the rate of interest otherwise payable hereunder, IRWD shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

(j) *Repayment of Excess Funds.* In the event that any funds lent by the Bank to the Trustee pursuant to the Letter of Credit shall not be required to be applied to purchase Bonds as provided herein, such funds shall be held and be returned to the Bank as soon as practicable by the Trustee and, until so returned, shall be held uninvested and in trust by the Trustee for the account of the Bank. In the event that such funds are not returned to the Bank in immediately available funds as provided in Section 2.8 hereof by 4:00 p.m. (New York City time) on the same day on which such funds were advanced, IRWD shall pay or cause to be paid to the Bank interest on such funds payable on demand and, in any event, on the date on which such funds are returned, at a rate equal to the Default Rate.

Section 2.3. Certain Provisions with Respect to Liquidity Drawings. Liquidity Drawings shall be subject to all applicable provisions of the Indenture, this Agreement and to these provisions:

(a) If the conditions precedent contained in Section 6.2 hereof are satisfied at the time of payment by the Bank of any Liquidity Drawing, each Liquidity Drawing made under the Letter of Credit shall constitute an advance (herein, a "*Liquidity Advance*") to IRWD. IRWD promises to pay to the Bank each Liquidity Advance on the earliest to occur of (i) the date on which any Bank Bonds purchased with funds disbursed under the Letter of Credit in connection with such Liquidity Drawing are defeased, repaid redeemed or cancelled pursuant to the Indenture, (ii) the date on which the Bonds purchased with funds disbursed under the Letter of Credit are remarketed pursuant to the Indenture, (iii) the date on which the Letter of Credit is replaced by an Alternate Letter of Credit pursuant to the terms of the Indenture, (iv) the effective date of a conversion of all the Bonds to bear interest at a rate of interest other than the Weekly Rate and (v) the Termination Date. IRWD also promises to pay to the Bank interest on the unpaid principal amount of each Liquidity Advance from the date such Liquidity Advance is made until it is paid in full at a rate per annum equal to the Bank Rate from time to time in effect, payable quarterly in arrears on the first Business Day of each January, April, July and October and on the date such Liquidity Advance is paid in full. Any Liquidity Advance not paid when due shall bear interest at the Default Rate.

(b) Notwithstanding anything to the contrary contained in Section 2.3(a) hereof, if IRWD does not reimburse the Bank for all or any portion of a Liquidity Advance prior to earlier of (i) the Stated Expiration Date and (ii) the one hundred eightieth (180th) day following the Purchase Date of the related Bank Bonds (the "*Term Loan Date*"), IRWD may elect on the Term Loan Date to convert a Liquidity Advance to a term loan, *provided* that the conditions precedent contained in Section 6.2 hereof are satisfied on such Term Loan Date. Upon any such election, the unpaid portion of such Liquidity Advance shall constitute a loan (each, a "*Term Loan*") to IRWD. Each Term Loan shall be payable as to principal in equal semiannual installments (each, a "*Semiannual Principal Payment*") beginning on the first Business Day of the sixth (6th) month after the Term Loan Date, with the final installment in an amount equal to the entire then outstanding principal amount of the related Liquidity Advance due and payable on Amortization Period End Date (the period commencing on the date such installment is initially payable and ending on the date that the final principal installment of such Term Loan is payable as herein provided herein referred to as the "*Amortization Period*"). The Amortization Period shall commence no later than the Stated Expiration Date and end no later than the Amortization Period End Date. Each Semiannual Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate semiannual principal payments over the applicable Amortization Period, with the final Semiannual Principal Payment equal to the remaining outstanding principal amount of such Term Loan. IRWD shall pay to the Bank (by paying interest on the Bank Bonds) interest on the unpaid principal amount of each Term Loan from the Term Loan Date until such Term Loan is paid in full as provided herein, at a rate per annum equal to the Term Loan Rate from time to time in

effect, payable quarterly in arrears on the first Business Day of each January, April, July and October and on the date such Term Loan is required to be paid in full.

(c) Any Liquidity Advance or Term Loan created pursuant to subsection (a) or (b) above, respectively, may be prepaid in whole or in part at any time without premium or penalty on any Business Day.

(d) Upon the Bank's receipt of any payment or prepayment of any Liquidity Advance or Term Loan, the amount of such Liquidity Advance or Term Loan, as applicable, shall be reduced by the amount of such payment or prepayment.

Section 2.4. Bank Bonds. (a) Upon the honoring by the Bank of any Liquidity Drawing under the Letter of Credit, there shall be delivered to the Trustee pursuant to the terms of the Custody Agreement, as agent for the Bank, registered in the name of the Bank, as pledgee, in duly transferable form, all Bank Bonds purchased in connection with the related Liquidity Drawing as collateral security for the Bank Obligations. During such time as the Bonds constitute Bank Bonds, the Bank shall have all of the rights granted to an owner of Bonds under the Indenture and such additional rights as may be granted to the Bank hereunder. The obligations of IRWD to pay each Liquidity Advance and Term Loan may be satisfied by the payments of principal and interest on the Bonds which were delivered in respect of such Liquidity Advance, according to their terms, the terms of the Indenture, and the terms hereof. To the extent the Bank (or the Custodian on behalf of the Bank) actually receives payment in respect of principal of or interest on any Bond held by the Bank, including pursuant to clause (e) below, the Liquidity Advance or Term Loan, as applicable, made in connection with the purchase of such Bond shall be deemed to have been reduced *pro tanto*, with the Bank crediting any interest payment on the Bond received by the Bank (or the Custodian on behalf of the Bank) first to the payment of interest on such Liquidity Advance or Term Loan and then to the payment of principal thereof and crediting any principal repayment received to the principal thereof.

(b) Each Liquidity Advance shall be a loan by the Bank to IRWD which, for the avoidance of doubt, shall constitute a Bank Obligation, and the Bank Obligations shall be secured by a lien on, charge on, and security interest in the Bank Bonds in respect of which such Liquidity Advance is made, and IRWD shall cause the Trustee to hold such Bank Bonds for the benefit of the Bank as secured party, and register such Bank Bonds in the name of the Trustee or its nominee or the Bank or its nominee, or to otherwise deliver such Bank Bonds as may be from time to time directed by the Bank. The Bank may in its discretion direct the Trustee to transfer ownership of the Bank Bonds from the Trustee to the Bank. The Bank shall have all the rights in the Bank Bonds granted to a holder of Bonds under the Indenture and such additional rights as may be granted to the Bank hereunder. The Trustee shall collect all payments of principal of and interest on the Bank Bonds for the benefit of the Bank as secured party and shall remit the same promptly to the Bank. To the extent that the Bank actually receives any such payment in respect of principal of or interest on any Bank Bond the amount so received shall be credited against the Obligations to repay the principal of and interest on Liquidity Advances as provided in Section 2.3 hereof.

(c) IRWD shall cause Bank Bonds to be redeemed on each date on which IRWD is required to make a principal payment on the corresponding Liquidity Advance and/or Term Loan,

as applicable (excluding (1) each date hereunder on which Bank Bonds are remarketed or are deemed to have been remarketed, (2) the date on which the Letter of Credit is replaced by an Alternate Letter of Credit pursuant to the terms of the Indenture, and (3) the effective date of a conversion of all the Bonds to bear interest at a rate of interest other than the Weekly Rate), in a principal amount equal to the amount of such Liquidity Advance and/or Term Loan, as applicable, so payable due on such date. IRWD shall pay interest on the Bank Bonds on each date on which IRWD is required to make an interest payment with respect to the corresponding Liquidity Advance and/or Term Loan, as applicable. The payment of the principal of and interest on the Bank Bonds shall constitute payment of the principal of and interest on the related Liquidity Advance and/or Term Loan, as applicable, and the payment of the principal of and interest on the Liquidity Advance and/or Term Loan, as applicable, shall constitute the payment of and principal and interest on the related Bank Bonds and the failure to make any payment on any Liquidity Advance and/or Term Loan, as applicable, when due shall be a failure to make a payment on the related Bank Bonds and the failure to make any payment on the Bank Bonds when due shall be a failure to make a payment on the related Liquidity Advance and/or Term Loan, as applicable.

Section 2.5. Termination of Letter of Credit. (a) The Stated Amount and the Letter of Credit shall automatically terminate on the Termination Date.

(b) Upon (i) any defeasance, redemption, repayment or other payment of all or any portion of the principal amount of the Bonds so that such Bonds shall cease to be Outstanding, the Stated Amount and the Letter of Credit shall, subject to Section 2.5(d) below, be reduced by the principal amount of the Bonds so defeased, redeemed, repaid or otherwise deemed paid, as the case may be, or (ii) the close of business no sooner than the Business Day immediately following the effective date of a conversion of all the Bonds to bear interest at a rate of interest other than the Weekly Rate, the Stated Amount and the Letter of Credit shall, subject to Section 2.5(d) and (e) below, be reduced to zero and, in the case of either clause (i) or (ii) above, the applicable Interest Portion shall also be simultaneously reduced; *provided, however*, that in the event any action described in clause (i) or (ii) above results in a reduction of the Stated Amount and the Letter of Credit to zero, all Bank Obligations including, without limitation, all principal and interest evidenced by Bank Bonds and all amounts payable under Article II hereof and the Fee Agreement shall be paid to the Bank up to and including the time of said reduction as described in the notice set forth in Section 2.5(d) below.

(c) The Stated Amount and the Letter of Credit shall, subject to Section 2.5(d) below, terminate at the close of business no sooner than the Business Day immediately following the date on which the Letter of Credit is replaced by an Alternate Letter of Credit pursuant to the terms of the Indenture. IRWD shall comply with the requirements of the Indenture with respect to the delivery of an Alternate Letter of Credit.

(d) In connection with any termination or reduction of the Stated Amount and the Letter of Credit as described in Sections 2.5(b) and (c) above, IRWD shall cause the Trustee to notify the Bank of such termination by delivering to the Bank a certificate in substantially the form of Annex 6 attached to the Letter of Credit not less than thirty (30) days prior to the expected date of termination or reduction.

(e) Notwithstanding any provisions of this Agreement or the Letter of Credit to the contrary, IRWD agrees not to terminate or permanently reduce the Letter of Credit unless (i) IRWD pays to the Bank all amounts due to the Bank pursuant to the terms of the Fee Agreement in connection with such event, (ii) in the case of the termination of the Letter of Credit, the Bank receives payment from IRWD of all Bank Obligations payable hereunder and (iii) IRWD provides the Bank with thirty (30) days' prior written notice of its intent to permanently reduce or terminate the Letter of Credit; *provided* that all payments to the Bank referred to in clause (i) and (ii) above shall be made in immediately available funds; *provided, however*, that any such termination or permanent reduction of the Letter of Credit shall be in compliance with the terms and conditions of the Indenture.

Section 2.6. Extension of Stated Expiration Date. If IRWD, at any time prior to the one hundred twentieth (120th) day in advance of the then current Stated Expiration Date, submits to the Bank a written request for an extension of the Stated Expiration Date for a period as specified in such written request, the Bank will make reasonable efforts to respond to such request within sixty (60) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. In the event the Bank fails to definitively respond to such request within such period of time, the Bank shall be deemed to have refused to grant the extension requested. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Bank shall have consented thereto in writing. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably satisfactory to the Bank and consistent with this Agreement. If such an extension request is accepted by the Bank in its absolute discretion, the Bank shall deliver written notice to IRWD and the Trustee of such election in substantially the form of Annex 10 to the Letter of Credit.

Section 2.7. Security and Pledge. (a) To secure the payment of all Bank Obligations, IRWD hereby irrevocably grants to the Bank a first priority pledge of, charge on, and lien upon the Revenues. It is hereby acknowledged and agreed that the pledge of, charge and lien on the Revenues herein provided shall be for the equal and proportionate benefit and security for the payment of the Bank Obligations and the other Parity Obligations, all of which shall be of equal rank without preference, priority or distinction as to lien or otherwise. The pledge of, charge and lien on hereby granted in the Revenues shall remain effective for so long as any Bank Obligation remains unpaid. No filing, registration, recording or publication of the Indenture, this Agreement or any other instrument or Financing Document is required to establish the pledge provided for thereunder or hereunder or to perfect, protect or maintain the pledge of, charge and lien created thereby on the Revenues to secure the payment of the Bank Obligations in full.

(b) Additionally, the Bank Bonds and all Bank Obligations are secured by ad valorem assessments on all taxable land within the Improvement Districts in accordance with the Indenture.

Section 2.8. Computation of Interest and Fees; No Usury. (a) All computations of interest payable by IRWD hereunder shall be made on the basis of a three hundred sixty-five/three hundred sixty-six (365/366) day year, as applicable, but calculated on the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof. All computations of fees payable by IRWD

hereunder or under the Fee Agreement shall be made on the basis of a three hundred sixty (360) day year but calculated on the actual number of days elapsed. Each determination by the Bank of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error. All fees payable pursuant to this Agreement and the Fee Agreement shall be deemed fully earned when due and non-refundable when paid.

(b) Notwithstanding any other term or provision of this Agreement but subject to Section 2.2(i) hereof, (i) the maximum amount of interest which may be payable by, charged to, or collected from IRWD as part of any Bank Obligation, shall be limited to, and in no event or under any circumstances exceed, the Maximum Rate, so that, notwithstanding any other term or provision of this Agreement but subject to Section 2.2(i) hereof, the aggregate of the interest to be paid, including all fees and other amounts which constitute interest under applicable State law and any applicable federal statutes, shall never exceed the Maximum Rate and (ii) accordingly, IRWD and the Bank stipulate and agree that this Agreement shall not be construed to create a contract to pay interest for the use, forbearance or detention of money at a rate in excess of the Maximum Rate, and IRWD shall never be liable for interest in excess of the Maximum Rate.

ARTICLE III

BANK BONDS; LETTER OF CREDIT PAYMENTS

Section 3.1. Remarketing of Bonds Registered in the Name of the Bank. Bank Bonds shall be subject to remarketing pursuant to the Remarketing Agreement. The Bank shall deliver any such Bonds, at the direction of the Trustee against receipt by the Bank, or the Trustee on behalf of the Bank of the principal amount of, and any accrued interest (at the Term Loan Rate) on, such Bonds.

Section 3.2. Separate Purchase Arrangement; Usury. (a) Right to Sell Bank Bonds. The Bank expressly reserves the right to sell, at any time, Bank Bonds subject, however, to the express terms of this Agreement. The Bank agrees that such sales (other than sales made pursuant to Section 3.2(c) hereof) will be made only to institutional investors or other entities or individuals which customarily purchase commercial paper or tax-exempt securities in large denominations, all in accordance with applicable securities laws. The Bank agrees to notify IRWD, the Trustee and the applicable Remarketing Agent promptly of any such sale (other than a sale made pursuant to Section 3.2 hereof) and, if such Bank Bond is a Book Entry Bond, specifying in accordance with DTC guidelines the account at DTC to which such Bank Bond is credited; and to notify the transferee in writing that (i) such Bond is no longer an Eligible Bond so long as it remains a Bank Bond; and (ii) there may not be a short-term investment rating assigned to such Bond so long as it remains a Bank Bond. Any Bank Owner purchasing a Bank Bond from the Bank shall acknowledge in writing its agreement (i) not to sell such Bank Bond to any Person except the Bank or a Purchaser identified by the applicable Remarketing Agent pursuant to Section 3.2(b) hereof and (ii) if such Bank Bond is a Book Entry Bond, to give all notices in the manner and by the time required by DTC to exclude such Bank Bond from mandatory tenders of Bonds while it remains a Bank Bond.

(b) *Purchase Notices.* Prior to 12:00 noon, New York City time, on any Business Day on which a Bank Owner holds Bank Bonds, the applicable Remarketing Agent may deliver a notice (a “*Purchase Notice*”) to a Bank Owner as registered on the Bond Registrar and to the Bank, stating that it has located a purchaser (the “*Purchaser*”) for some or all of such Bank Bonds and that such Purchaser desires to purchase on the Business Day following the Business Day on which a Bank Owner receives, prior to 12:00 noon, New York City time, a Purchase Notice (a “*Sale Date*”) an authorized denomination of such Bonds at a price equal to the principal amount thereof, plus accrued interest thereon (calculated as if such Bonds were not Bank Bonds) (the “*Sale Price*”); *provided, however,* that the Remarketing Agent shall not remarket Bank Bonds following an Event of Default unless the Purchaser shall have received written notice stating that an Event of Default is in effect with respect to the Bank Bonds which are the subject of such Purchase Notice.

(c) *Sale of Bank Bonds.* A Bank Owner shall decide whether to sell any Bank Bonds to any Purchaser and shall give notice of such decision to IRWD, the Trustee and the applicable Remarketing Agent by 3:00 p.m. (New York City time) on the Business Day preceding the Sale Date. In the event such notice is not timely delivered by a Bank Owner, such Bank Owner shall be deemed to have determined to sell such Bank Bonds to a Purchaser on the Sale Date (subject to receipt by it of the funds called for by the next following sentence). If a Bank Owner determines or is deemed to have determined to sell such Bank Bonds to a Purchaser, such Bank Owner shall deliver such Bank Bonds to the Trustee (or, in the case of Bank Bonds which are Book Entry Bonds, shall cause the beneficial ownership thereof to be credited to the account of the applicable Remarketing Agent at DTC) by 10:00 a.m. (New York City time), on the Sale Date against receipt of the Sale Price therefor in immediately available funds or at the Bank Owner’s address listed in the Bond Registrar, and such Bonds shall thereupon no longer be considered Bank Bonds; *provided* that, in the event that the Bank Owner has not delivered Bank Bonds as provided above and the Sale Price therefor has been delivered as provided above, such Bank Bonds shall be deemed to have been delivered and such Bonds shall no longer be considered Bank Bonds. When Bank Bonds are purchased in accordance with this Section 3.2(c), the Trustee shall, upon receipt of such Bank Bonds and upon receipt by such Bank Owner of the Sale Price, notify IRWD and the applicable Remarketing Agent that such Bonds are no longer Bank Bonds. Any interest accrued on the Bank Bonds shall be paid to the Bank Owner as provided herein and the Differential Interest Amount, if any, shall be paid to such Bank Owner by IRWD on the applicable Sale Date; *provided, however,* that, to the extent permitted by law, any amount representing Differential Interest Amount shall, until paid in full, accrue interest thereon at the Bank Rate and said interest may be paid on the next succeeding Interest Payment Date for Bank Bonds as set forth herein *provided, further, however,* that said interest on any Differential Interest Amount shall, until paid in full, continue to accrue interest thereon at the Bank Rate (notwithstanding repayment of the Differential Interest Amount). Any sale of a Bank Bond pursuant to this Section 3.2 shall be without recourse to the seller and without representation or warranty of any kind. If a Bank Owner notifies IRWD, the Trustee and the applicable Remarketing Agent, as provided in the first sentence of this Section 3.2(c), that it will not sell its Bank Bonds, the Trustee shall notify IRWD, the applicable Remarketing Agent, the Bank and such Bank Owner that, as of the Sale Date, such Bond or Bonds shall no longer constitute Bank Bonds and such Bonds shall be deemed to have been remarketed and the Stated Amount applicable to such Series of Bonds shall be appropriately increased.

(d) *Continuing Obligation.* Following any sale of Bank Bonds pursuant to Section 3.2(c) or otherwise or any election to retain Bonds pursuant to Section 3.2(c), the Bank and each Bank Owner shall retain the right to receive payment from IRWD of any accrued Differential Interest Amount as provided herein.

(e) *Usury.* In no event shall any purchaser of Bonds hereunder be entitled to receive payments hereunder in excess of those permitted by any usury or similar law applicable to it.

Section 3.3. Payment of Drawings on Letter of Credit. The Bank agrees that (a) drawings on the Letter of Credit will be paid from funds of the Bank and not directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, the Bank by IRWD and (b) the Bank will seek reimbursement for each payment under the Letter of Credit only after such payment has been made. **[To the extent a drawing under the Letter of Credit is used to acquire bonds which are General Obligations of IRWD or to pay the interest thereon, the Bank shall be subrogated to the rights of the holders of such bonds as to which such payment is made.]**

Section 3.4. Custodial Arrangement. The Bank shall be entitled to make any custodial arrangement at any time with respect to Bank Bonds.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations and Warranties of IRWD. IRWD hereby makes to the Bank each of the representations and warranties made by IRWD in the Indenture, all of which are hereby incorporated by reference as though such representations and warranties were set forth in full herein. In addition, IRWD represents and warrants to the Bank as follows:

(a) *Existence.* IRWD is a California water district duly created and validly existing under the Constitution and the laws of the State.

(b) *Power and Authorization.* (i) IRWD has all requisite power and authority (A) to own its properties and to carry on its business as now conducted and as contemplated to be conducted under the Financing Documents to which IRWD is a party, (B) to execute, deliver and to perform the Bank Obligations and obligations of IRWD under the other Financing Documents to which IRWD is a party, (C) to issue and sell the Bonds in the manner and for the purposes contemplated by the Indenture and this Agreement, and (D) for the execution, delivery and performance of the Financing Documents to which IRWD is a party and (ii) the issuance and sale of the Bonds have been duly authorized by all necessary action by IRWD.

(c) *No Legal Bar.* IRWD is not in violation of any of the provisions of the laws of the State which could reasonably be expected to affect its existence or its powers referred to in the preceding paragraph (b). The execution, delivery and performance by IRWD of this Agreement and of the other Financing Documents to which IRWD is a party, and the

issuance and sale of the Bonds (i) will not violate any provision of any applicable law or regulation or of any order, writ, judgment or decree of any court, arbitrator or Governmental Authority, (ii) will not violate any provisions of any document constituting, regulating or otherwise affecting the operations or activities of IRWD, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest or encumbrance of any kind on any of the assets of IRWD pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking to which IRWD is a party or which purports to be binding upon IRWD or upon any of its assets foreclosure under which could reasonably be expected to have a Material Adverse Effect. IRWD is in compliance with all Laws (including, but not limited to Environmental Laws), except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

(d) *Consents.* IRWD has obtained all consents, permits, licenses and approvals of, and has made all registrations and declarations with any Governmental Authority or regulatory body required for the execution, delivery and performance by IRWD of this Agreement or the other Financing Documents to which IRWD is a party.

(e) *Litigation.* Except as disclosed to the Bank in writing prior to the Effective Date, there is no action, suit, inquiry or investigation or proceeding to which IRWD is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official which is pending or, to the best knowledge of IRWD, threatened in connection with any of the transactions contemplated by this Agreement or against or affecting the assets of IRWD, nor, to the best knowledge of IRWD, is there any basis therefor, wherein an unfavorable decision, ruling or finding (i) could be reasonably be expected to have a Material Adverse Effect, (ii) could reasonably be expected to adversely affect the validity of the Act or (iii) could reasonably be expected to adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(f) *Enforceability.* This Agreement and each other Financing Document to which IRWD is or is to be a party will each constitute the legal, valid and binding obligation of IRWD, enforceable against IRWD in accordance with its terms (except as such enforceability may be limited by bankruptcy, moratorium or other similar laws affecting creditors' rights generally and *provided* that the application of equitable remedies is subject to the application of equitable principles).

(g) *Changes in Law.* To the best knowledge of IRWD after reasonably diligence with respect thereto, there is not pending any change of law which, if enacted or adopted could reasonably be expected to have a Material Adverse Effect.

(h) *Financial Statements.* The balance sheets of IRWD, and the related statements of operations and fund balances and changes in financial position for the Fiscal Year ending June 30, 2024, accompanied by the auditors' report of Mayer Hoffman McCann P.C. (copies of which have been furnished to the Bank prior to the Effective Date), present fairly the financial position of IRWD at the date thereof, and the results of its

operations and the changes in its financial position for the Fiscal Year then ended, in conformity with GAAP applied on a consistent basis, and since June 30, 2024, there has been no Material Adverse Effect.

(i) *Disclosure of Information.* All information, reports and other papers and data with respect to the Issuer furnished by IRWD to the Bank were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by IRWD to the Bank were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Bank in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of IRWD, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. There are no facts that IRWD has failed to disclose to the Bank that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(j) *IRS Listing.* IRWD has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that IRWD is an issuer of obligations whose arbitrage certifications may not be relied upon.

(k) *Tax-Exempt Status.* IRWD has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes or the exemption of such interest from State personal income taxes.

(l) *Financing Documents.* Each representation and warranty of IRWD contained in any Financing Document is true and correct. No amendment, modification, termination or replacement of any such representations, warranties and definitions contained in any Financing Document to which IRWD is a party shall be effective to amend, modify, terminate or replace the representations, warranties, and definitions incorporated herein by this reference, without the prior written consent of the Bank.

(m) *Regulations U and X.* IRWD is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of any Bonds or drawings under the Letter of Credit will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

(n) *Default, Etc.* IRWD is not in default in the performance, observance, or fulfillment of any of the obligations, covenants or conditions contained in any Financing

Document or other resolution, agreement or instrument to which it is a party which would have a material adverse effect on the ability of IRWD to perform the Bank Obligations and obligations of IRWD under the other Financing Documents to which IRWD is a party or which would affect the enforceability hereof or thereof. No bankruptcy, insolvency or other similar proceedings pertaining to IRWD or any agency or instrumentality of IRWD are pending or presently contemplated.

(o) *Pledge of Revenues.* (i) To secure the Bonds, the Bank Bonds and all other Bank Obligations hereunder on a pari passu basis, IRWD has pledged and granted a lien and charge on the Revenues and all of the monies in the Bond Payment Fund and the Interest Reserve Fund and all accounts in such Funds established by this Indenture including the investments, if any, thereof, and all income and proceeds derived from such investments. Such pledge and lien and charge on the Revenues and all of the monies in the Bond Payment Fund and the Interest Reserve Fund and all accounts in such Funds established by the Indenture including the investments, if any, thereof, and all income and proceeds derived from such investments is pari passu with the pledge of and lien and charge securing the Parity Obligations and is not subordinate to any other Obligations of IRWD. No filing, registering or recording shall be required to perfect the pledge of and granted a lien and charge on the Revenues and all of the monies in the Bond Payment Fund and the Interest Reserve Fund and all accounts in such Funds established by this Indenture including the investments, if any, thereof, and all income and proceeds derived from such investments.

(ii) Additionally, the Bank Bonds and all Bank Obligations are secured by ad valorem assessments on all taxable land within the Improvement Districts in accordance with the Indenture.

(p) *Sovereign Immunity.* IRWD is not entitled to claim immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) with respect to itself or its revenues (irrespective of their use or intended use) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any Financing Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or for recovery of property or (iii) execution or enforcement of any judgment to which it or its Revenues might otherwise be made subject in any action, suit or proceeding relating to this Agreement or any other Financing Document, and no such immunity (whether or not claimed) may be attributed to IRWD or its Revenues.

(q) *No Limitation on Interest Rate.* The obligations of IRWD hereunder are not subject to any law, rule or regulation of the State prescribing a maximum rate of interest.

(r) *Sanctions; Anti-Corruption.* (i) None of IRWD or any member of its Board of Directors, officer, employee, agent, or affiliate of IRWD is an individual or entity (“person”) that is, or is owned or controlled by persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), the U.S. Department of State, the United Nations

Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "*Sanctions*"), or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, at the time of this Agreement, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea, Zaporizhzhia and Kherson Regions of Ukraine, Cuba, Iran, North Korea and Syria).

(ii) IRWD and the members of its Board of Directors, its officers and employees and, to the knowledge of IRWD, the agents of IRWD, are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "*FCPA*") and any other applicable anti-corruption law, in all material respects. IRWD has instituted and maintain policies and procedures designed to promote and achieve continued compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

(s) *ERISA*. IRWD is not subject to ERISA and maintains no Plans.

(t) *Bank Bonds*. The Bank Bonds will be transferred to or held for the benefit of the Bank free and clear of all liens, security interests or claims of any Person other than the Bank, except for consensual liens or other security interests as may be created by the Bank.

(u) *Trustee; Remarketing Agent*. U.S Bank National Association (or a successor or assign approved in writing by the Bank, *provided* that written approval shall not be required in circumstances of succession or assignment due to merger, consolidation or other similar action) is the duly appointed and acting Trustee and BofA Securities, Inc. (or their respective successors or assigns approved in writing by the Bank, *provided* that written approval shall not be required in circumstances of succession or assignment due to merger, consolidation or other similar action) is the duly appointed and acting Remarketing Agent.

(v) *Insurance*. IRWD currently maintains a system of self-insurance or insurance coverage with insurance companies believed by IRWD to be capable of performing their obligations under the respective insurance policies issued by such insurance companies to IRWD (as determined in its reasonable discretion) and in full compliance with Section 5.1(o) hereof.

(w) *Swap Contracts*. IRWD has not entered into any Swap Contract relating to Debt wherein any termination payment thereunder is senior to the payment of the Bonds or the other Obligations or Bank Obligations.

ARTICLE V

COVENANTS

Section 5.1. Affirmative Covenants of IRWD. IRWD covenants and agrees that so long as any Bonds or any Bank Obligation shall remain unpaid or unperformed or the Bank shall have any liability or obligation under or in respect of the Letter of Credit:

(a) *Compliance with this Agreement and the Other Financing Documents.* IRWD will observe and perform each term, covenant, condition and agreement to be performed or observed under this Agreement and the other Financing Documents and each term, covenant, condition and agreement in the Financing Documents are hereby incorporated by reference herein (for the purpose of this provision the Financing Documents shall be deemed to continue in full force and effect notwithstanding any earlier termination thereof so long as any Bank Obligation shall be unpaid or unperformed or the Bank shall have any liability under or in respect of the Letter of Credit). No amendment to such covenants and agreements or any defined terms referenced therein or release of IRWD with respect thereto made pursuant to any of the terms set forth in the Financing Documents, shall be effective to amend such covenants and agreements and defined terms or release IRWD with respect thereto, in each case the terms of which as incorporated by reference herein, without the prior written consent of the Bank. Notwithstanding any termination or expiration of any such Financing Document, IRWD shall, unless such Financing Document has terminated in accordance with its terms and has been replaced by a new Financing Document, continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

(b) *Laws, Permits and Obligations.* IRWD will comply with all applicable laws, rules, regulations, orders and directions of any Governmental Authority and Environmental Laws noncompliance with which could reasonably be expected to have a Material Adverse Effect, *provided* that IRWD may in good faith contest such laws, rules, regulations, orders and directions and the applicability thereof to IRWD.

(c) *Investments.* IRWD shall comply with all statutes governing its investments and with the investment policy adopted by IRWD.

(d) *Use of Proceeds.* IRWD will use or cause to be used the proceeds of the sale of the Bonds and drawings under the Letter of Credit in accordance with the provisions of the Indenture and this Agreement.

(e) *Maintenance of Existence.* IRWD will at all times preserve and maintain its existence, rights and privileges in the State, and qualify and remain qualified and authorized to do business in each other jurisdiction in which such qualification is necessary in view of its business or properties.

(f) *Annual and Other Statements.* (i) IRWD shall furnish to the Bank (A) as soon as available but in any event within one hundred eighty (180) days following the end of each Fiscal Year, a balance sheet of IRWD as of the end of such Fiscal Year and the related statements of operations and fund balances and changes in financial position for the Fiscal Year then ended, prepared in accordance with GAAP consistently applied, in reasonable detail and certified by a firm of independent certified public accountants selected by IRWD and satisfactory to the Bank, and accompanied in each case by IRWD's annual budget, (B) as soon as available but in any event within sixty (60) days following the end of each of the first three (3) quarters of each Fiscal Year, the unaudited quarterly interim financial reports of IRWD, (C) as soon as available a copy of any report to IRWD of any auditors of IRWD, (D) promptly such other reports or information of IRWD and/or the Applicable Improvement Districts as the Bank may reasonably request, and (E) as soon as available, a copy of any amendment to IRWD's investment policy.

(ii) *Compliance Certificate.* In connection with the financial statements required to be delivered by IRWD pursuant to Sections 5.1(A) and (B) hereof, a compliance certificate signed by an authorized officer stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default.

(g) *Visitation and Examination.* Unless otherwise prohibited by law, IRWD will permit any person designated by the Bank to visit any of its offices to examine the books and financial records, and make copies thereof or extracts therefrom, and to discuss its affairs, finances and accounts with its principal officers, all at such reasonable times and as often as the Bank may reasonably request, to the extent such information and material relate to the transactions contemplated by the Financing Documents.

(h) *Litigation Notice.* IRWD will, promptly after IRWD's obtaining knowledge thereof, notify the Bank in writing of any action, suit or proceeding at law or in equity by or before any governmental instrumentality or other agency which (i) has remained unsettled for a period of thirty (30) days from the commencement thereof and involves claims for damages or relief in an amount which could reasonably be expected to have a Material Adverse Effect or (ii) has resulted in a final judgment or judgments which could reasonably be expected to have a Material Adverse Effect.

(i) *Defaults.* IRWD will promptly notify the Bank of any Default or Event of Default of which IRWD has knowledge, setting forth the details of such Default or Event of Default and any action which IRWD proposes to take with respect thereto or any event which, with the passage of time or the giving of notice or both, would become an Event of Default.

(j) *Maintenance of Ratings.* IRWD shall maintain one or more Ratings from one or more of the Rating Agencies during the term of this Agreement and shall promptly notify the Bank of any change in any Rating, which notice shall in any event be provided

no more than five (5) Business Days following such change. Additionally, IRWD covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Parity Debt from any Rating Agency if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement.

(k) *Payment of Bonds.* IRWD will promptly pay, or cause to be paid, the principal, Purchase Price and Redemption Price of, and interest on, the Bonds on the dates and in the manner provided in the Bonds, but only from the sources available therefor under the Indenture. From such available sources, IRWD will provide the Trustee sufficient monies to enable the Trustee to make all payments of principal, Purchase Price and Redemption Price of, and interest on, the Bonds as provided in the Indenture and the Bonds.

(l) *Collection of Assessments and Charges.* IRWD will, to the full extent necessary to satisfy all Bank Obligations when due as provided in this Agreement, (i) impose and collect or cause the imposition and collection of ad valorem assessments on all taxable land in the Applicable Improvement Districts (for which Applicable Improvement Districts the Bonds constitute the consolidated several General Obligations as described in the Indenture); (ii) pursue any remedy available to collect, or cause the collection of, delinquent ad valorem assessments in the Applicable Improvement Districts and apply amounts realized from the sale of any property for delinquent ad valorem assessments for such purpose; (iii) in its discretion, impose and collect or cause the imposition and collection of water and/or sewer charges in the Applicable Improvement Districts in lieu of all or a portion of the assessments described in (i) above; (iv) apply all moneys and earnings held in the Funds or accounts created pursuant to the terms of the Indenture (except the Rebate Fund) for such purpose; or (v) impose and collect or cause the imposition and collection of, additional water and sewer charges, including service, standby and connection charges, as applicable, in all the Applicable Improvement Districts. IRWD may also, to the extent permitted by law, but shall not be obligated under this Agreement to, apply other funds of IRWD to the payment of principal of, premium, if any, and interest on, the Bonds.

(m) *Against Encumbrances.* IRWD will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for IRWD in, upon, about or relating to the Operating Systems and will keep the Operating Systems free of any and all liens. In the event any such lien attaches to or is filed against any portion of the Operating Systems, IRWD will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if IRWD desires to contest any such lien it may do so if contesting such lien will not materially impair operation of the Operating Systems. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, IRWD will forthwith pay or cause to be paid and discharged such judgment.

(n) *Maintenance of Operating Systems.* IRWD will maintain and preserve the Operating Systems in good repair and working order at all times and will operate the Operating Systems in an efficient and economical manner and will pay all maintenance and operation costs, as they become due and payable. IRWD agrees that, at its own cost and expense, it will maintain, preserve and keep its Operating Systems and every part and parcel thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals.

(o) *Insurance.* IRWD will procure and maintain such insurance relating to the Operating Systems which it shall deem advisable or necessary to protect its interests and operations, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with public water, sewer and reclaimed water systems similar to the Operating Systems; *provided*, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner as is, in the opinion of an accredited actuary, actuarially sound. All policies of insurance shall provide that the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby. Notwithstanding the foregoing provisions of this Section, if at any time IRWD shall be unable to obtain or maintain insurance to the extent required by such provisions on reasonable terms, as to amounts, costs or as to risks, the failure to maintain such insurance shall not constitute an Event of Default if IRWD shall cause the employment of an independent insurance consultant having a favorable reputation for skill and experience in such matters, for the purpose of reviewing such insurance requirements and making recommendations respecting the types, amounts and provisions of reasonably obtainable insurance, including self-insurance, or the establishment of other generally accepted forms of alternative protection that should be carried in lieu thereof, or the infeasibility of obtaining insurance, and if IRWD shall comply with the recommendations made in such report. A signed copy of the report of the insurance consultant shall be filed with the Trustee, and the insurance requirements specified in this Section shall be deemed to be modified to conform with the recommendations in such report.

(p) *Payment of Taxes and Compliance with Governmental Regulations.* IRWD will: (i) pay and discharge all taxes, assessments and other governmental charges which may hereafter be imposed upon the Operating Systems or any part thereof when the same shall become due; and (ii) will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Operating Systems or any part thereof; *provided, however*, that IRWD shall not be required to comply with the requirements of either clause (i) or clause (ii) above to the extent that the validity or application of any particular taxes, assessments or other governmental charges, or any particular regulation or requirement, as applicable, shall be contested in good faith and contesting such validity or application will not materially impair the operation or maintenance of the Operating Systems or the financial condition of IRWD or the ability of IRWD to perform all of the Bank Obligations.

(q) *Amount of Rates and Charges.* To the fullest extent permitted by law, IRWD shall fix, prescribe and collect Revenues which, together with any ad valorem

assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, will be at least sufficient to yield during each Fiscal Year Net Revenues which are at least equal to one hundred twenty-five percent (125%) of Aggregate Debt Service payable during such Fiscal Year. IRWD may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section.

(r) *Parity Obligations.* IRWD may at any time issue additional Parity Obligations; *provided:*

(i) The Net Revenues, plus any ad valorem assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, for the Applicable Fiscal Year, as evidenced by both a calculation prepared by IRWD and a special report on such calculation prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on file with IRWD, shall have been at least equal to one hundred twenty five percent (125%) of the Aggregate Debt Service for the Applicable Fiscal Year; and

(ii) Either (A) or (B) below:

(A) The Net Revenues for the Applicable Fiscal Year, plus any adjustments to Net Revenues to give effect as of the first day of the Applicable Fiscal Year to increases or decreases in rates and charges of IRWD approved and in effect as of the date of calculation, plus any ad valorem assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, shall produce an amount at least equal to one hundred twenty-five percent (125%) of the sum of: (i) the Aggregate Debt Service for such Fiscal Year plus (ii) the Debt Service which would have accrued on any Parity Obligations issued since the end of the Applicable Fiscal Year assuming such Parity Obligations had been issued at the beginning of the Applicable Fiscal Year plus (iii) the Debt Service which would have accrued had the additional Parity Obligations to be issued been issued at the beginning of the Applicable Fiscal Year; or

(B) The estimated Net Revenues for each Fiscal Year in the Test Period, plus an allowance for estimated Net Revenues for each Fiscal Year in the Test Period arising from the completion of any uncompleted projects during the Test Period, plus any ad valorem assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service, plus any increase in the income, rents, fees, rates and charges estimated to be received by IRWD and which are economically feasible and reasonably considered necessary based on projected operations for the Test Period, shall produce an amount in each Fiscal Year in the Test Period which is at least equal to one hundred twenty-five percent (125%) of the

sum of: (i) Aggregate Debt Service in each such Fiscal Year on all then Outstanding Parity Obligations plus (ii) the Debt Service in each such Fiscal Year on the additional Parity Obligations to be issued plus (iii) the Debt Service in each such Fiscal Year on any additional Parity Obligations estimated by IRWD to be required to complete all uncompleted projects for which Parity Obligations have been or are being issued, assuming that all such additional Parity Obligations to complete uncompleted projects (other than the Parity Obligations to be issued) have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Obligations then being issued.

(iii) Notwithstanding the provisions of subsections (i) and (ii) of this Section, IRWD may at any time issue additional Parity Obligations to refund Outstanding Parity Obligations without satisfying any of the conditions set forth in such subsections if Aggregate Debt Service after the issuance of such additional Parity Obligations in each Fiscal Year in the Refunding Test Period is not greater than the Aggregate Debt Service in each such Fiscal Year before the issuance of such additional Parity Obligations.

(iv) Notwithstanding the provisions of subsections (i) and (ii) of this Section, IRWD may at any time issue a Parity Obligation constituting a Credit Support Agreement securing a Parity Obligation without satisfying any of the conditions set forth in such subsections if such Credit Support Agreement: (A) replaces a Prior Reimbursement Agreement (or a successor to a Prior Reimbursement Agreement) and does not increase the principal of bonds secured by the letter of credit relating to such Prior Reimbursement Agreement, or (B) the Parity Obligations secured by the Credit Support Instrument relating to such Credit Support Agreement have been issued in accordance with subsection (i) and subsection (ii) of this Section.

(v) Nothing in this Agreement shall preclude IRWD from issuing any Subordinate Obligations without complying with the provisions of this Section 5.1(r); *provided* that after the issuance of any such Subordinate Obligations, the Net Revenues of IRWD for each Fiscal Year, plus any ad valorem assessments available to pay Debt Service on Parity Obligations which are not applied as a credit against Debt Service plus amounts in other available funds shall remain sufficient to cover all required payments in respect of all Obligations of IRWD payable in such Fiscal Year.

(s) *No Prior Pledge of Revenues.* IRWD agrees not to create any pledge of, lien on or charge upon the Revenues with a priority prior to or senior to the pledge of and lien and charge on the Revenues securing the Parity Obligations. Nothing in this Section, however, shall prevent IRWD from issuing Subordinate Obligations or granting a pledge of, lien on or charge upon the Revenues in all respects junior and subordinate to the payment of amounts due with respect to Parity Obligations to secure any such Subordinate

Obligations. Nothing in the Indenture shall limit IRWD's payment of the Operation and Maintenance Expenses prior to the payment of the Parity Obligations as provided therein.

(t) *Credit Facilities.* (i) In the event that IRWD shall, directly or indirectly, issue, agree or enter into or otherwise incur any Obligations, or enter into any other agreement or instrument (or any amendment, supplement or modification thereto) with any Person relating to any Obligations, which such agreement (or amendment thereto) provides such Person with more restrictive or different covenants, more restrictive or different events of default or greater rights and remedies than are provided to the Bank in this Agreement, such more restrictive or different covenants, more restrictive or different events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such more restrictive or different covenants, more restrictive or different events of default and/or such greater rights and remedies as if specifically set forth herein. IRWD shall promptly enter into an amendment to this Agreement to include such more restrictive or different covenants, more restrictive or different events of default and/or greater rights or remedies (*provided* that the Bank shall maintain the benefit of such more restrictive or different covenants, more restrictive or different events of default and/or greater rights and remedies even if IRWD fails to provide such amendment).

(u) *Sanctions; Anti-Corruption Laws.* (i) IRWD will maintain in effect policies and procedures designed to promote compliance by IRWD, the members of its Board of Directors and its officers, employees, and agents with applicable Sanctions and with the FCPA and any other applicable anti-corruption laws.

(ii) IRWD shall provide such information and take such actions as are reasonably requested by the Bank in order to assist the Bank in maintaining compliance with the PATRIOT Act.

(v) *Sovereign Immunity.* To the extent that IRWD has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings with respect to contractual obligations under this Agreement and the other Financing Documents, on the grounds of sovereign immunity, governmental immunity or any other similar doctrine, IRWD hereby irrevocably waives, to the full extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Agreement.

Section 5.2. Negative Covenants of IRWD. IRWD covenants and agrees that so long as any Bonds or any Bank Obligation shall be unpaid or unperformed or the Bank shall have any liability or obligation under or in respect of the Letter of Credit:

(a) *No Change in Financing Documents.* IRWD will not cancel, terminate, amend, supplement, modify or waive any of the provisions of the Financing Documents in a manner which could adversely affect IRWD's ability to perform the Bank Obligations or which adversely affects the security for the Bank Obligations or the rights and remedies of the Bank under this Agreement, in each case, without the prior written consent of the Bank.

(b) *Arbitrage.* IRWD shall not use, or permit the use of, any Bond proceeds in any manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended.

(c) *Conversion and Optional Redemption.* (i) IRWD shall provide thirty (30) days written notice to the Bank prior to the date of any proposed conversion of the interest rate on any of the Bonds. IRWD shall only convert the Bonds in whole and not in part and shall not convert the Bonds nor permit the conversion under the Indenture of all Bonds to a rate other than the Weekly Rate if, after giving effect to such conversion, there would be any (A) Bank Bonds, (B) Excess Interest owing to the Bank under this Agreement or any other amount owing in respect of any Liquidity Drawing pursuant to which Bank Bonds were purchased or (C) any other amounts due and owing hereunder or under the Fee Agreement that have not been paid in full.

(ii) IRWD shall provide twenty (20) days written notice to the Bank prior to the date of any proposed optional redemption or purchase in lieu of redemption of any Bonds pursuant to the Indenture. IRWD shall not permit or cause any Bonds to be optionally redeemed (or purchased in lieu of redemption) pursuant to the Indenture without the prior written consent of the Bank.

(iii) IRWD shall select, or cause to be selected, for redemption any and all Bank Bonds prior to selecting, or causing to be selected, for redemption any Bonds that are not Bank Bonds. IRWD shall select, or cause to be selected, for purchase any and all Bank Bonds prior to selecting, or causing to be selected, for purchase any Bonds that are not Bank Bonds.

(iv) IRWD will not defease, nor allow the defeasance of, the Bonds without (i) the prior written consent of the Bank, (ii) contemporaneously paying all Bank Obligations and satisfying all obligations of IRWD hereunder and (iii) if reasonably available from each of the Rating Agencies, obtaining written confirmation from each of the Rating Agencies then currently rating the Bonds that such defeasance will not result in a withdrawal, suspension or downgrade of any such Rating Agency’s then current rating on the Bonds.

(d) *No Priority Claim.* (i) Except for the Bonds, IRWD will not incur, assume or permit any indebtedness with a claim to payment from the revenues and moneys set forth in Section 5.1(l) of higher priority than the claim of any Bank Obligations to such revenues and moneys and (ii) IRWD will not incur, assume or permit any indebtedness secured by the Revenues of higher priority than the claim of the Bank Obligations.

(e) *Maintenance of Tax-Exempt Status of the Bonds.* IRWD will not take any action or omit to take any action which, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of such interest from State of California personal income taxes.

(f) *Offering Circular.* IRWD will not include, or permit to be included, any material or reference relating to the Bank in any offering circular, unless such material or reference is approved in writing by the Bank prior to its inclusion therein; and IRWD will not distribute, or permit to be distributed or used, any offering circular unless a copy of such offering circular has been furnished to the Bank.

(g) *Remarketing.* (i) IRWD will not permit the Remarketing Agent to remarket any Bonds (i) if an Event of Default shall have occurred and be continuing and the Bank shall have instructed IRWD not to permit the remarketing of such Bonds, or (ii) at a price less than the principal amount thereof plus accrued interest, if any, thereon to the respective dates of remarketing.

(ii) IRWD will cause the Remarketing Agent to use its best efforts to remarket all Bonds up to the Maximum Rate that are tendered for purchase and will not direct the Remarketing Agent to cease its attempts to remarket Bonds tendered for purchase for any reason (including without limitation that any interest rate charged hereunder may be less than the interest rate that would be required to be paid to any potential purchaser of such Bonds in order that the Bonds may be sold at a purchase price equal to the par value thereof plus accrued interest thereon).

(iii) If the Remarketing Agent fails to remarket Bonds for thirty (30) consecutive days, IRWD will replace the Remarketing Agent upon the written direction of the Bank, with a successor Remarketing Agent acceptable to the Bank.

(iv) Any remarketing agreement entered into by IRWD after the Effective Date and in relation to the Bonds shall provide that the remarketing agent will resign only upon providing sixty (60) days prior written notice to the Bank.

(h) *Trustee and Remarketing Agent.* IRWD will not appoint or permit or suffer to be appointed any successor Trustee or any successor Remarketing Agent without the prior written consent of the Bank (which consent shall not be unreasonably withheld); and IRWD will not enter into any successor Remarketing Agreement without the prior written consent of the Bank (which consent shall not be withheld if and so long as such successor Remarketing Agreement contains provisions that are substantially the same as those contained in, and affords protection to the rights and interests of the Bank that is substantially the same as that afforded by, the predecessor Remarketing Agreement).

(i) *Dissolution, Consolidation, Merger, etc.* IRWD will not dissolve, consolidate or merge with or into any other Person, unless:

(i) neither the validity nor the enforceability of this Agreement or any other Financing Document to which IRWD is a party shall be adversely affected thereby;

(ii) such dissolution, merger or consolidation shall be with or into another body politic and corporate or similar entity, which shall assume in writing

or by operation of law the due and punctual performance and observance of all covenants, agreements and conditions of IRWD under this Agreement and the other Financing Documents to which IRWD is a party; and

(iii) such dissolution, merger or consolidation would not have a material adverse effect on the ability of IRWD to perform the Bank Obligations and obligations of IRWD under the other Financing Documents to which IRWD is a party.

If IRWD will not be a surviving entity or successor entity of any such consolidation or merger or if Net Revenues will be decreased by twenty percent (20%) or more as a result of any such consolidation or merger, (i) at least thirty (30) days before the consummation of any such consolidation or merger, IRWD shall give notice thereof in reasonable detail to the Bank and (ii) IRWD promptly shall furnish such additional information with respect to any such consolidation or merger as the Bank shall request and, if the Bank shall so request, a certificate of an authorized officer of IRWD, in form and substance satisfactory to the Bank, as to the matters set forth in paragraphs (i), (ii) and (iii) of this Section and as to such other matters as the Bank shall reasonably request.

(j) *Sale or Other Disposition of Operating Systems.* IRWD will not sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part or rights of the Operating Systems or any real or personal property comprising a part of the Operating Systems if such sale, transfer or disposition would cause IRWD to be unable to satisfy the Bank Obligations.

(k) *Sanctions; Anti-Corruption Use of Proceeds.* IRWD will not, directly or indirectly, use the proceeds of any advance or extension of credit hereunder or under the Letter of Credit, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCPA or any other applicable anti-corruption law, or (ii) (A) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or (B) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in any advance or extension of credit hereunder or under the Letter of Credit, whether as the Bank, participant, underwriter, advisor, investor or otherwise).

(l) *Federal Reserve Board Regulations.* IRWD shall not use any portion of the proceeds of the Bonds or drawings under the Letter of Credit for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by IRWD out of such proceeds.

ARTICLE VI

CONDITIONS TO ISSUANCE OF LETTER OF CREDIT

Section 6.1. Conditions to Issuance and Delivery of Letter of Credit. The obligation of the Bank to issue and deliver the Letter of Credit to the Trustee shall be subject to the fulfillment, at or before the issuance of the Letter of Credit, of each of the following conditions, in form and substance satisfactory to the Bank:

(a) *The Financing Documents.* The Financing Documents shall have been duly executed and delivered by each of the respective parties thereto and shall not have been modified, amended or rescinded, shall be in full force and effect on and as of the Effective Date and executed original or certified copies of each thereof shall have been delivered to the Bank, *provided, however*, that with respect to the Bonds, the Bank shall have received Bonds marked as a “specimen” or otherwise marked as “void.”

(b) *IRWD Proceedings, Etc.* The Bank shall have received a certified copy of all resolutions and proceedings taken by IRWD authorizing the execution, delivery and performance of this Agreement and the other Financing Documents to which IRWD is a party and the transactions hereunder and thereunder, together with such other certifications as to the specimen signatures of the officers of IRWD authorized to sign this Agreement and the other Financing Documents to be delivered by IRWD hereunder and as to other matters of fact as shall reasonably be requested by the Bank.

(c) *Governmental Approvals, Etc.* The Bank shall have received certified copies of all governmental approvals, if any, necessary for IRWD to execute, deliver and perform its obligations under the Financing Documents to which IRWD is a party.

(d) *Certificate.* The Bank shall have received a certificate signed by an authorized officer of IRWD, dated the Effective Date, to the same effect as paragraphs (a) through (c) of this Section 6.1, and to the further effect that (i) IRWD has obtained all consents, permits, licenses and approvals of, and has made all registration and declarations with governmental authorities required under law to authorize the execution, delivery and performance by IRWD of this Agreement; (ii) to the best knowledge of IRWD, no Default or Event of Default has occurred or is continuing; and (iii) to the best knowledge of IRWD after reasonable diligence with respect thereto, there is no action, suit, investigation or proceeding to which IRWD is a party and which is pending or threatened (A) in connection with any of the transactions contemplated by this Agreement or any Financing Document or (B) against or affecting IRWD or its assets, the result of which could have a materially adverse effect on the financial condition, assets, business or operations of IRWD or its ability to perform its obligations under the Financing Documents. Such certificate shall cover such other matters incident to the transactions contemplated by this Agreement or any Financing Document as the Bank may reasonably request.

(e) *Bond Counsel Opinion.* The Bank shall have received an opinion or reliance letter addressed to the Bank of Bond Counsel dated the Effective Date satisfactory in form and substance to the Bank and its counsel.

(f) *Opinion of Counsel to IRWD.* The Bank shall have received an opinion addressed to the Bank of counsel to IRWD dated the Effective Date, to the effect that the Agreement has been duly executed and delivered by IRWD, that the Agreement and the other Financing Documents constitute valid and binding agreements of IRWD enforceable in accordance with their terms and the lien on Revenues securing the Bank Obligations is a valid and enforceable lien.

(g) *Representations and Warranties True; No Default.* The Bank shall be satisfied that on the Effective Date each representation and warranty on the part of IRWD contained in this Agreement is true and correct in all material respects and no Default or Event of Default has occurred and is continuing, and the Bank shall receive a certificate, signed by the Treasurer of IRWD, to such effect.

(h) *IRWD Investments.* The Bank shall have received certified copies of (A) a summary of IRWD's current investment portfolio as of March 31, 2024, and (B) IRWD's investment policy and any amendments to either of the foregoing.

(i) *Rating Confirmation Letters and CUSIPS.* The Bank shall have received written evidence satisfactory to the Bank (A) that the outstanding Bonds have been assigned long and short-term ratings of “___/___” by S&P, “___/___” by Fitch and “___/___” by Moody's, respectively; (B) that a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., for Bank Bonds and a rating of at least Investment Grade has been assigned to the Bank Bonds; and (C) including any additional documentation that will allow any Bank Bonds to be pledged as collateral pursuant to federal banking regulations. Any fees associated with rating Bank Bonds will be paid for by IRWD.

(j) *Other Requirements.* The Bank shall have received such other certificates, approvals or filings, opinions and documents as shall be reasonably requested by the Bank.

Section 6.2. Conditions Precedent to Liquidity Drawings and Term Loans. A Liquidity Advance or a Term Loan shall be made available to IRWD only if (i) on the date of the Liquidity Drawing with respect to a Liquidity Advance, and (ii) on the Term Loan Date with respect to a Term Loan:

(a) the representations and warranties of IRWD contained in Article IV of this Agreement and in the other Financing Documents to which IRWD is a party are correct in all material respects on and as of the date of such payment as though made on and as of such date; *provided, however*, that the representations in Section 4.1(h) hereof shall be deemed to refer to the financial statements most recently delivered to the Bank in accordance with Section 5.1(f) hereof; and

(b) no event has occurred and is continuing, or would result from such payment, which constitutes a Default or Event of Default. Unless IRWD shall have previously advised the Bank in writing that one or both of the above statements is no longer true, IRWD shall be deemed to have represented and warranted on the date of such payment that both of the above statements are true and correct.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.1. Definitions of Events of Default. Each of the following events, acts or occurrences shall constitute an “Event of Default” under this Agreement:

(a) (i) default in the payment when due of principal of any Liquidity Advance, Bank Bond, Term Loan or reimbursement to the Bank for drawings for principal of any Bonds, (ii) default in the payment when due of interest on any Liquidity Advance, Bank Bond, Term Loan or reimbursement to the Bank for drawings for interest on the Bonds or (iii) default in the payment for a period of three (3) days following the due date of any other Bank Obligation; or

(b) IRWD shall default in the performance or observance of any term, covenant or agreement set forth in Section 5.1(a) (and such default shall continue after the applicable grace period, if any, specified in the agreement or instrument relating thereto), 5.1(e), 5.1(i), 5.1(j), 5.1(k), 5.1(l), 5.1(q), 5.1(r), 5.1(u), 5.1(v), 5.2(a), 5.2(b), 5.2(c), 5.2(d), 5.2(e), 5.2(f), 5.2(g), 5.2(h), 5.2(i), 5.2(j), 5.2(k) or 5.2(l) hereof; or

(c) IRWD shall default in the performance or observance of any term, covenant, condition or agreement on its part to be performed or observed hereunder (and not constituting an Event of Default under any other clause of this Section 7.1) and such default shall continue unremedied for ten (10) days after written notice thereof shall have been given to IRWD by the Bank, unless, in the case of any default, IRWD shall have notified the Bank within such ten day period that IRWD has commenced curing such default within such ten (10) day period, *provided* that no Event of Default shall occur under this subsection (c) only so long as IRWD is diligently prosecuting such cure to completion in a manner satisfactory to Bank within thirty (30) days of such default, and, (ii) if so requested by the Bank not less than thirty (30) days after the occurrence of such Default, IRWD shall deliver to the Bank evidence satisfactory to the Bank that such default is curable and that IRWD is diligently prosecuting such cure; or

(d) any of IRWD’s representations or warranties made herein or in any statement or certificate at any time given by or on behalf of IRWD pursuant hereto or in connection herewith, the Financing Documents and/or the Bonds is false or misleading in any material respect when made or deemed made; or

(e) IRWD shall either (i) become insolvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due; or (ii) voluntarily commence any

proceeding or file any petition under any bankruptcy, insolvency or similar law seeking dissolution or reorganization or the appointment of a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material allegations of an involuntary petition filed against it in any bankruptcy, insolvency or similar proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business; or (iii) take any action for the purpose of effectuating any of the foregoing; or

(f) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is declared or announced or otherwise imposed (whether or not in writing) on the repayment when due and payable of the principal of or interest on or otherwise with respect to any Debt of IRWD by IRWD or any Governmental Authority with appropriate jurisdiction; or

(g) involuntary proceedings or an involuntary petition shall be commenced or filed against IRWD under any bankruptcy, insolvency or similar law seeking the dissolution or reorganization of IRWD or the appointment of a receiver, trustee, custodian or liquidator for IRWD or of a substantial part of the property, assets or business of IRWD, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of IRWD, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded, within thirty (30) days after commencement, filing or levy, as the case may be; or

(h) an “Event of Default” under the Indenture (as such term is defined in the Indenture) (and not constituting an Event of Default under any other clause of this Section 7.1) shall have occurred and be continuing (for the purpose of this provision the Indenture shall be deemed to continue in full force and effect notwithstanding any earlier termination thereof so long as any Bank Obligation shall remain unpaid); or

(i) IRWD shall fail to make any payment in respect of (A) any Parity Debt, (B) Parity Obligations, (C) General Obligations or (D) any other Debt of IRWD having an aggregate outstanding principal amount in excess of \$5,000,000 (excluding obligations under this Agreement) which is secured by a first pledge and charge and lien upon the Revenues, or, in each case, any interest or premium thereof, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating thereto; or any other default under any agreement or instrument relating thereto, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity thereof; or any such Parity Debt, Parity Obligations, General Obligations or any Debt of IRWD secured by a first pledge and charge and lien upon Revenues shall be properly declared to be due and

payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(j) a judgment or order for the payment of money in excess of \$5,000,000 shall be rendered against IRWD and not satisfied by IRWD and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of ninety (90) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) any material provision of this Agreement or any other Financing Document to which IRWD is a party shall at any time for any reason cease to be valid and binding on IRWD, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by IRWD, or a proceeding shall be commenced by any Governmental Authority having jurisdiction over IRWD seeking to establish the invalidity or unenforceability thereof, or IRWD shall deny that it has any or further liability hereunder or under or with respect to any Bank Obligation or any other Financing Document to which it is a party; or

(l) any of the funds or accounts established pursuant to the Indenture or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of IRWD and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(m) any Rating shall fall below Investment Grade; or

(n) the cancellation, withdrawal or suspension of any Rating by any Rating Agency; or

(o) any "event of default" under any Bank Agreement or under any agreement between IRWD and the Bank shall have occurred and be continuing; or

(p) dissolution or termination of the existence of IRWD.

Section 7.2. Remedies. Upon the occurrence and during the continuance of any Event of Default, the Bank at its option, may, upon notice to the Trustee and IRWD, do any one or more of the following:

(a) by written, electronic or telephonic notice, declare all indebtedness arising under this Agreement and the Fee Agreement immediately due and payable, and the same shall thereupon become and be due and payable without demand, notice of demand, presentment, protest, notice of protest, notice of dishonor, notice of non-payment, or further notice of any kind, all of which are hereby expressly waived, and credit any sums received thereafter in such manner as it elects upon such indebtedness; *provided, however*, that such

application of sums so received shall not serve to waive or cure any default existing under any of the Financing Documents nor to invalidate any notice of default or any act done pursuant to such notice and shall not prejudice any rights of the Bank or the Trustee;

(b) require, in accordance with the Indenture, the Trustee to accelerate payment of all Bonds and interest accrued thereon as provided in Section 7.02 of the Indenture thereby causing the Letter of Credit to expire fifteen (15) days later;

(c) require, in accordance with the Indenture, the Trustee to give notice of mandatory tender of the Bonds and to purchase all Bonds and interest accrued thereon and to register the Bonds in the name or at the direction of the Bank thereby causing the Letter of Credit to expire fifteen (15) days later; and/or

(d) exercise any or all rights provided or permitted by law or in equity or granted pursuant to any of the Financing Documents in such order and in such manner as the Bank may, in its sole judgment, determine; *provided, however*, that upon the occurrence of any event specified in Section 7.1(e), (f) or (g) above, all indebtedness arising under or secured by this Agreement shall automatically and immediately become and be due and payable without demand, notice of demand, presentment, protest, notice of protest, notice of dishonor, notice of non-payment or further notice of any kind, all of which are hereby expressly waived.

Section 7.3. No Waiver of Remedies. No waiver of any breach of or default under any provision of any of the Financing Documents shall constitute or be construed as a waiver by the Bank of any subsequent breach of or default under that or any other provision of any of the Financing Documents.

Section 7.4. Remedies Not Exclusive. No remedy herein conferred upon the Bank is intended to be exclusive of any other remedy herein or in any other agreement between the parties hereto or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. No Waiver; Modifications in Writing. No failure or delay on the part of the Bank in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Bank at law or in equity or otherwise. No amendment, modification, supplement, termination or waiver of or to any provision of this Agreement, nor consent to any departure by IRWD therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Bank. Any amendment, modification or supplement of or to any provision of this Agreement, and any consent to any departure by IRWD from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given. No notice to or demand on IRWD in any case shall entitle IRWD to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Bank to any other or further action in any circumstances without notice or demand. IRWD shall notify the Trustee of each amendment to this Agreement.

Section 8.2. Payment on Non-Business Days. Whenever any payment hereunder or under the Fee Agreement shall be stated to be due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the amount due.

Section 8.3. Further Assurances. IRWD agrees to do such further acts and things and to execute and deliver to the Bank such additional assignment, agreements, powers and instruments as the Bank may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm unto the Bank its rights, powers, and remedies hereunder.

Section 8.4. Notices, Etc. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto or any other Person shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by prepaid facsimile and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered to the intended recipient thereof in accordance with the provisions of this Section 8.4. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 8.4, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective facsimile numbers) indicated below:

If to IRWD:	Irvine Ranch Water District 15600 Sand Canyon Avenue Irvine, California 92718 Attention: Treasurer Telephone: (949) 453-5300 Telecopy: (949) 453-0128
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If to the Trustee: U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services
Telephone: (213) 615-6052
Facsimile: (213) 615-6199

If to the Bank: Sumitomo Mitsui Banking Corporation,
New York Branch
277 Park Avenue
New York, New York 10172
Attention: Trade Credit Services Department
Telephone: (212) 224-4310
Telecopy: (212) 224-5188

With a copy to: Sumitomo Mitsui Banking Corporation,
New York Branch
277 Park Avenue
New York, New York 10172
Attention: Public Infrastructure Finance – SDAD
Telephone: (212) 224-4859
Telecopy: (212) 224-5188

Section 8.5. Costs, Expenses and Taxes. IRWD will pay or cause to be paid within thirty (30) days of the Effective Date, all reasonable costs and expenses of the Bank and its United States counsel and Japanese counsel in connection with the preparation, negotiation, execution and delivery of this Agreement, the Letter of Credit, the Financing Documents and such other documents which may be delivered in connection herewith and therewith. IRWD also agrees to pay, subject to the receipt of an invoice pursuant to this Section 8.5, upon at least ten (10) days' prior notice, all reasonable costs and expenses of the Bank in connection with (i) the filing, recording, administration (other than normal, routine administration), enforcement, transfer, amendment, maintenance, renewal or cancellation of the Letter of Credit or this Agreement and all amendments or modifications thereto (or supplements hereto), including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Bank and the allocated cost of in-house counsel and legal staff and independent public accountants and other outside experts retained by the Bank in connection with any of the foregoing, (ii) the fees and expenses of any custodian appointed by the Bank to hold any Bank Bonds, or (iii) any and all stamp or documentary taxes or any other excise or property taxes, charges or similar levies or fees payable or determined to be payable in connection with the execution, delivery, filing and recording of the Letter of Credit, this Agreement or the Financing Documents, and any other documents which may be delivered in connection with this Agreement. In addition, IRWD agrees to pay promptly all costs and expenses of the Bank, including, without limitation, the fees and expenses of external counsel and the allocated cost of in-house counsel, for (i) any and all amounts which the Bank has paid relative to the Bank's curing of any Event of Default under this Agreement or any of the Financing Documents, (ii) the enforcement of this Agreement or any of the Financing Documents or in connection with any refinancing or restructuring of the credit arrangements provided under this

Agreement in the nature of a “workout” or of any insolvency or bankruptcy proceedings, or (iii) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount under the Letter of Credit. To the extent permitted by law, IRWD agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omitting to pay any taxes and fees to the extent IRWD is obligated to pay the same under this Section 8.5. The obligations of IRWD under this Section shall survive the payment of all Obligations owed under this Agreement and the expiration of the Letter of Credit.

Section 8.6. Reserved.

Section 8.7. Assignments, Participations, etc. (a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any advance hereunder and shall continue in full force and effect until the Letter of Credit shall have terminated and all of the Bank Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of IRWD which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank. IRWD may not transfer its rights or obligations under this Agreement without the prior written consent of the Bank. The Bank may transfer or assign some or all of its rights and obligations under this Agreement and the Letter of Credit with the prior written consent of IRWD (which consent shall not be withheld unreasonably), *provided* that the Bank shall be responsible for all costs resulting from the transfer. This Agreement is made solely for the benefit of IRWD and the Bank, and no other Person (including, without limitation, DTC, the Remarketing Agent or any holder of Bonds) shall have any right, benefit or interest under or because of the existence of this Agreement.

(b) The Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of IRWD (a “*Participant*”) participating interests in its rights and obligations hereunder, including the Letter of Credit and the other interests of the Bank hereunder and under the other Financing Documents; *provided, however*, that (i) the Bank’s obligations under this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible for the performance of such obligations, and (iii) the participation of one or more Participants shall not reduce or alter the Bank’s obligations under this Agreement or affect in any way the rights or obligations of IRWD hereunder or under the Bonds and IRWD shall have the right to continue to deal solely with the Bank, and no such participation shall cause any national rating agency to lower its rating on the Bonds. In the case of any such participation, the Participant shall be entitled to the benefit of Section 2.2(g) as though it were also the Bank hereunder (to the extent set forth therein), and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as the Bank under this Agreement.

(c) In addition to the rights of the Bank set forth above, the Bank may at any time assign and/or pledge or grant a security interest in all or any portion of its rights or interest under this Agreement and the Financing Documents to secure obligations of the Bank or an affiliate of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank, the United States Treasury or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

Section 8.8. Execution in Counterparts. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 8.9. Binding Effect; Assignment. This Agreement shall be binding upon, and inure to the benefit of, IRWD and the Bank and their respective successors and assigns; *provided, however,* that IRWD may not assign its rights or obligations hereunder without the prior written consent of the Bank. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement, and their respective successors and assigns.

Section 8.10. Governing Law. (a) THE BANK’S RIGHTS AND OBLIGATIONS HEREUNDER SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF SAID STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. FOR PURPOSES OF IRWD’S RIGHTS AND OBLIGATIONS HEREUNDER, THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF CALIFORNIA AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF SAID STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

(b) *SUBMISSION TO JURISDICTION.* IRWD IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR

DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE BANK OR ANY RELATED PARTY OF THE BANK IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER FINANCING DOCUMENT SHALL AFFECT ANY RIGHT THAT THE BANK MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT AGAINST IRWD OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) *WAIVER OF VENUE.* IRWD IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) *Service of Process.* EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 8.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) *Waiver of Jury Trial.* (i) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(ii) IF ANY ACTION OR PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA BY OR AGAINST ANY PARTY HERETO IN CONNECTION WITH ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT, (A) THE COURT SHALL, AND IS HEREBY DIRECTED TO, MAKE A GENERAL REFERENCE PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE

SECTION 638 TO A REFEREE (WHO SHALL BE A SINGLE ACTIVE OR RETIRED JUDGE) TO HEAR AND DETERMINE ALL OF THE ISSUES IN SUCH ACTION OR PROCEEDING (WHETHER OF FACT OR OF LAW) AND TO REPORT A STATEMENT OF DECISION, PROVIDED THAT AT THE OPTION OF ANY PARTY TO SUCH PROCEEDING, ANY SUCH ISSUES PERTAINING TO A "PROVISIONAL REMEDY" AS DEFINED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1281.8 SHALL BE HEARD AND DETERMINED BY THE COURT, AND (B) WITHOUT LIMITING THE GENERALITY OF SECTION 8.04, IRWD SHALL BE SOLELY RESPONSIBLE TO PAY ALL FEES AND EXPENSES OF ANY REFEREE APPOINTED IN SUCH ACTION OR PROCEEDING.

Section 8.11. Severability of Provision. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 8.12. Headings. Article and Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

Section 8.13. Right of Setoff. Upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at any time and from time to time, without notice to IRWD (any such notice being expressly waived by IRWD) and to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of IRWD (other than moneys held for payment of the Bonds) against any and all of the Bank Obligations now or hereafter existing under this Agreement or the other Financing Documents, irrespective of whether or not the Bank shall have made any demand hereunder and although such obligations may be unmatured.

Section 8.14. Actions Relating to the Financing Documents; Indemnity.

(a) *Related Actions.* Any action taken or omitted by the Bank under or in connection with the Financing Documents, if taken or omitted without willful misconduct or gross negligence, shall be binding upon IRWD and shall not put the Bank under any resulting liability. Without limiting the generality of the foregoing, the Bank shall be protected in relying upon a duly executed instrument of transfer in the form attached as an annex to the Letter of Credit.

(b) *Demands and Presentments.* The Bank may, under the Letter of Credit, receive, accept and pay any demands or other documents and instruments signed by, or issued to, the receiver, trustee in bankruptcy, custodian, executor, administrator, guardian or conservator of anyone named in the Letter of Credit as the Person by whom demands and other documents and instruments are to be made or issued.

(c) *No Liability.* The Bank shall not have any liability to IRWD, and IRWD assumes all risk and responsibility for (i) the form, sufficiency, correctness, validity, genuineness, falsification and legal effect of any demands and other documents, instruments and other papers relating to the Letter of Credit even if such documents, should prove to be in any or all respects invalid,

insufficient, fraudulent or forged, (ii) the general and particular conditions stipulated therein, (iii) the good faith acts of any Person whosoever in connection therewith, (iv) failure of any Person (other than the Bank, subject to the terms and conditions hereof) to comply with the terms of the Letter of Credit, (v) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telex, telegraph, wireless or otherwise, whether or not they be in code, (vi) errors in translation or errors in interpretation of technical terms, (vii) for any other consequences arising from causes beyond the Bank's control, (viii) any use of which may be made of the Letter of Credit or any acts or omissions of the Trustee and any other beneficiary or transferee in connection therewith, (ix) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit, or (x) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit, except that IRWD shall have a claim against the Bank individually, and the Bank individually shall be liable to IRWD, to the extent of any direct, as opposed to consequential or punitive, damages suffered by IRWD which IRWD proves in a court of competent jurisdiction in a final and nonappealable judgement were caused by (i) the Bank's willful misconduct or gross negligence in determining whether documents presently under the Letter of Credit comply with the terms of the Letter of Credit or (ii) the Bank's willful or grossly negligent failure to make lawful payment under the Letter of Credit after the presentation to it by the Trustee or a successor depository under the Indenture of a demand for payment strictly complying with the terms and conditions of the Letter of Credit.

(d) *Waiver of Right to Object.* IRWD waives any right to object to any payment made under the Letter of Credit against a demand and accompanying documents as provided in the Letter of Credit varying in punctuation, capitalization, spelling or similar matters of form. The Bank may accept any demands and other documents that appear on their face to be in accordance with the procedures for presentation set forth in the Letter of Credit, without responsibility for further investigation.

(e) *Indemnification.* Recognizing that transactions such as the issuance and sale of the Bonds sometimes result in threatened or actual litigation and that the Bank's role under the Financing Documents is limited to acting solely as the issuer of the Letter of Credit to enhance the credit quality of the Bonds and to provide for an efficient mechanism for the payment of principal and interest thereon and the purchase price thereof, IRWD agrees to indemnify and hold the Bank harmless (and its agents, employees, officers, directors and controlling persons) (the Bank and its agents, employees, officers, directors, and controlling persons being hereinafter collectively referred to in this Subsection (e) as the "*Indemnitees*") to the full extent lawful against any and all claims, damages, losses, liabilities, costs and expenses incurred (including all reasonable fees and disbursements of the Indemnitees' legal counsel and allocated cost of in house counsel and staff and all of the Indemnitees' reasonable travel and other out-of-pocket expenses incurred in connection with the investigation of and preparation for any such pending or threatened claims and any litigation and other proceedings arising therefrom) arising out of or based upon (i) the issuance of the Letter of Credit or the execution and delivery of this Agreement, (ii) the holding or owning by the Bank or its nominee of any Bond, or (iii) the issuance, sale and distribution of the Bonds, including without limitation the inclusion of any untrue statement or alleged untrue statement of a material fact contained in any offering statement made available to purchasers of

the Bonds, or any amendments or supplements thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading, except insofar as any such claims, losses and expenses arise out of or are based on an untrue statement or alleged untrue statement in, or omission or alleged omission from, such offering statement (or any amendments or supplements thereto) made in reliance upon and in conformity with information furnished in writing to IRWD by the Bank, or (iv) by reason of or in connection with the execution and delivery or transfer of, or payment or failure to make payment under, the Letter of Credit; *provided, however,* that IRWD shall not be required to indemnify the Bank pursuant to clause (iv) for any claims, damages, losses, liabilities, costs or expenses to the extent caused by (A) the Bank's willful misconduct or gross negligence in determining whether documents presented under the Letter of Credit comply with the terms of the Letter of Credit as determined by a court of competent jurisdiction in a final and nonappealable judgment, or (B) the Bank's willful or grossly negligent failure to make lawful payment under the Letter of Credit of a demand for payment strictly complying with the terms and conditions of the Letter of Credit as determined by a court of competent jurisdiction in a final and nonappealable judgment. Nothing in this Section 8.14 is intended to limit IRWD's obligations contained in Article II hereof.

The obligations of IRWD under this Subsection (e) shall be in addition to any rights that any Indemnitee may have at common law or otherwise and shall survive the payment of all Obligations owed under this Agreement and the expiration of the Letter of Credit.

To the fullest extent permitted by applicable Law, IRWD shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Financing Document, the Official Statement or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Liquidity Advance, Term Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to herein shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents, the Official Statement or the transactions contemplated hereby or thereby.

Section 8.15. Successor Trustee. Promptly following the appointment and qualification of any successor Trustee pursuant to the Indenture, the Bank shall effect a transfer of the Letter of Credit to such successor Trustee upon presentation to the Bank of a duly executed instrument of transfer in the form of Annex 6 attached to and otherwise as set forth in the Letter of Credit. The Bank may conclusively rely upon an executed instrument of transfer in the form of Annex 6 in connection with any such transfer of the Letter of Credit.

Section 8.16. Notice to Trustee. The Bank will notify the Trustee promptly upon the Bank's receipt of payment with respect to the Bank Bonds (except in the case of funds received by the Bank under Section 3.2).

Section 8.17. PATRIOT Act Notice. The following notification is provided to IRWD pursuant to Section 326 of the PATRIOT Act: The Bank hereby notifies IRWD that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies IRWD, which information includes the name and address of IRWD and other information that will allow the Bank to identify IRWD in accordance with the PATRIOT Act, and IRWD hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the PATRIOT Act.

Section 8.18. No Advisory or Fiduciary Relationship. In connection with any aspect of the transactions contemplated by this Agreement or the Financing Documents (including in connection with any amendment, waiver or other modification hereof or of any Financing Document), IRWD acknowledges and agrees that (i) (A) the Letter of Credit issued by the Bank pursuant to this Agreement was negotiated in arm's-length commercial transactions between IRWD, on the one hand, and the Bank, on the other hand, (B) IRWD has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) IRWD is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement; (ii) (A) in connection with the issuance of the Letter of Credit by the Bank pursuant to this Agreement and with the discussions, undertakings and procedures leading up to the consummation of the transactions contemplated by this Agreement, the Bank is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for IRWD or any other Person in connection with the transactions contemplated by this Agreement or the discussions, undertakings and procedures leading thereto and (B) the Bank has no obligation to IRWD with respect to the transactions contemplated by this Agreement except those obligations expressly set forth in the Letter of Credit; and (iii) the Bank may be engaged in a broad range of transactions that involve interests that differ from those of IRWD, and the Bank has no obligation to disclose any of such interests to IRWD. To the fullest extent permitted by law, IRWD hereby waives and releases any claims that it may have against the Bank with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of the transactions contemplated by this Agreement.

Section 8.19. Redaction. In the event IRWD delivers or permits, authorizes or consents on or subsequent to the Effective Date to the delivery of this Agreement or the Letter of Credit (including without limitation any amendments hereto or thereto) to the Remarketing Agent or any other Person for delivery to the Municipal Securities Rulemaking Board pursuant to Rule G-34 ("*CUSIP Numbers, New Issue, and Market Information Requirements*"), then prior to such delivery IRWD shall redact (i) such confidential information contained in this Agreement or the Letter of Credit (including without limitation any amendments hereto or thereto) which could be used in a fraudulent manner, such as any variable rate demand obligation liquidity bank routing or account numbers, staff names and contact information and (ii) fees assessed by the Bank, all as may be requested by the Bank in writing and which redaction is consistent with MSRB Notice 2011-17 (February 23, 2011) and, unless otherwise required to do so pursuant to Rule G-34 ("*CUSIP Numbers, New Issue, and Market Information Requirements*"), IRWD shall not provide or cause to be provided a copy of the Fee Agreement to the Municipal Securities Rulemaking Board. Only such copy of this Agreement and the Letter of Credit (including without limitation

any amendments hereto or thereto) reflecting such redacted material shall be delivered to the Municipal Securities Rulemaking Board.

Section 8.20. Entire Agreement. This Agreement and the Fee Agreement constitutes the entire understanding of the parties with respect to the subject matter thereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby and thereby.

Section 8.21. QFC Provisions. To the extent that the Financing Documents provide support, through a guarantee or otherwise, for any agreement or instrument that is a QFC (such support, “*QFC Credit Support*,” and each such QFC, a “*Supported QFC*”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “*U.S. Special Resolution Regimes*”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Financing Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) *Acknowledgment Regarding Supported QFCs.* In the event a Covered Entity that is party to a Supported QFC (each, a “*Covered Party*”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Financing Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Financing Documents were governed by the laws of the United States or a state of the United States.

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings with Respect to Any Supported QFCs.* Notwithstanding anything to the contrary in the Financing Documents or any other agreement, but without prejudice to the requirements of the preceding paragraph (a), Default Rights under the Financing Documents that might otherwise apply to a Supported QFC or any QFC Credit Support may not be exercised against a Covered Party if such Default Rights are related, directly or indirectly, to a BHC Act Affiliate of such Covered Party becoming subject to Insolvency Proceedings, except to the extent such exercise would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a Covered Party has become subject to Insolvency Proceedings, if any party to the

Financing Documents, any Supported QFC or any QFC Credit Support seeks to exercise any Default Right against such Covered Party with respect to such Supported QFC or such QFC Credit Support, the party seeking to exercise such Default Right shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

IRVINE RANCH WATER DISTRICT

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____
Name: _____
Its: _____

APPENDIX A

IRREVOCABLE LETTER OF CREDIT

APPENDIX B

FORM OF CUSTODY AGREEMENT

THIS CUSTODY AGREEMENT (this “*Agreement*”), dated as of June [], 2025, is made between SUMITOMO MITSUI BANKING CORPORATION, ACTING THROUGH ITS NEW YORK BRANCH (the “*Bank*”), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the “*Custody Agent*”).

(1) Irvine Ranch Water District and the Bank are parties to the Reimbursement Agreement dated as of June 1, 2025 (as amended, modified, renewed or extended from time to time, the “*Reimbursement Agreement*”).

(2) Pursuant to the terms and conditions set forth in the Reimbursement Agreement, the Bank has agreed to issue its irrevocable direct pay Letter of Credit (as defined in the Reimbursement Agreement), for the account of IRWD relating to the \$[] Bonds of Irvine Ranch Water District Consolidated Refunding Series 2025A (the “*Bonds*”) executed and delivered under the Bond Indenture dated as of June 1, 2025 (as supplemented, the “*Indenture*”), between Irvine Ranch Water District (the “*Issuer*”) and U.S. Bank National Association (the “*Trustee*”) (all other terms used herein which are defined in the Reimbursement Agreement and not defined herein shall have the same meanings assigned to them in the Reimbursement Agreement, unless the context otherwise requires).

(3) Pursuant to the terms and conditions set forth in the Reimbursement Agreement, in the event that the Letter of Credit is drawn upon to pay the purchase price of Bonds tendered in accordance with the Indenture, such Bonds will be delivered to, owned by and registered in the name of the Bank (the “*Bank Bonds*”), until such time as the Bank Bonds are remarketed or cancelled and the Bank is reimbursed for all amounts due under the Reimbursement Agreement; and

(4) The Bank hereby wishes to appoint the Custody Agent as its agent to take possession of and hold the Bank Bonds on behalf of and for the benefit of the Bank, on the terms and under the conditions set forth in this Custodian Agreement, and the Custody Agent is willing to do so;

NOW, THEREFORE, in consideration of the mutual covenants recited herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, it is hereby agreed as follows:

1. So long as the Bonds are issued in book-entry form and held by the Trustee as custodian of DTC as part of DTC’s fast automated transfer program (“*FAST Eligible Bonds*”), concurrently with the Trustee’s receipt of the purchase price for each purchase of Bonds by the Bank under the Letter of Credit, the Trustee, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, shall make a direct registration electronic book-entry (A) crediting the DTC account designated by such Bank as its account in which to hold Bank Bonds purchased by it (each, the “*Bank Book-Entry Account*”) by the principal amount of the Bonds purchased under the Letter of Credit by the Bank using the Bank Bond CUSIP number for

such Bonds set forth below; and (B) debiting the book-entry account of DTC for the Bonds (thereby reducing the principal balance of the global certificate representing the Bonds) (the “*DTC Book-Entry Account*”) by the principal amount of the Bonds purchased under the Letter of Credit by the Bank. The CUSIP number for Bonds that are Bank Bonds is _____. So long as the Bonds are FAST Eligible Bonds, upon a remarketing of Bank Bonds in accordance with the terms of the Reimbursement Agreement and the Trustee’s receipt from the Remarketing Agent and/or IRWD of the amounts set forth in Section 2.03(a) of the Reimbursement Agreement, the Trustee, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, shall make a direct registration electronic book-entry in its records (A) debiting the Bank Book-Entry Account of the Bank by the principal amount of the Bonds so remarketed; and (B) crediting the DTC Book-Entry Account for such Bonds (thereby increasing the principal balance of the global certificate representing such Bonds) by the principal amount of the Bonds so remarketed. The Trustee acknowledges that it is familiar with the procedures set forth in a notice from DTC, dated June 16, 2020, respecting “Variable Rate Demand Obligations (“*VDRO*”) Failed Remarketings and Issuance of Bank Bonds” (the “*DTC June 16 Notice*”) which, as of the date hereof, must be followed in the event that any of the Bonds that are tendered for purchase become Bank Bonds. The Trustee agrees that, if any of the Bonds become Bank Bonds and if the DTC June 16 Notice (or any successor notice thereto) is in effect at such time, at the expense of IRWD, it will follow the DTC procedures set forth in the DTC June 16 Notice, as the same may be amended from time to time, including the withdrawal from DTC of any Bonds that have become Bank Bonds and the simultaneous deposit with DTC of the Bank Bonds, as identified by new CUSIP numbers, to be held in the DTC accounts of the Bank. The Bank agrees that it shall not request the Trustee to, and the Trustee shall not be required to, deviate from the DTC procedures set forth in the DTC June 16 Notice, as amended from time to time, to the extent that the DTC June 16 Notice is in effect To the extent that, following any amendment of such notice, the procedures and requirements therein should become inconsistent with any aspect of the provisions in the preceding clause (i), the Trustee, IRWD and the Bank shall promptly negotiate in good faith and agree upon amendments of the preceding clause (i) so as to eliminate such inconsistency.

2. If the Bonds are no longer FAST Eligible Bonds, concurrently with the receipt of the purchase price for each purchase of Bonds by the Bank under the Letter of Credit, the Trustee shall cause each Bank Bond to be registered in the name of the Bank and shall be held by the Trustee as the agent, bailee and custodian (in such capacity, the “*Custody Agent*”) of the Bank for the exclusive benefit of the Bank. The Custody Agent acknowledges and agrees that it is acting and will act with respect to Bank Bonds at the direction of the Bank for the exclusive benefit of the Bank and is not and shall not at any time be subject in any manner or to any extent to the direction or control of IRWD or any other Person with respect to the Bonds. The Custody Agent agrees to act in accordance with the Reimbursement Agreement and this Agreement and in accordance with any written instructions delivered to the Custody Agent from time to time pursuant hereto by the Bank. Under no circumstances shall the Custody Agent deliver possession of the Bonds to, or cause Bonds to be registered in the name of, IRWD, the Remarketing Agent or any Person other than the Bank except in accordance with the express terms of this Agreement or otherwise upon the written instructions of the Bank. If, while the Reimbursement Agreement is in effect, the Custody Agent shall become entitled to receive or shall receive any payment in respect of any Bank Bonds held for the Bank, the Custody Agent agrees to accept the same as the Bank’s agent and to hold the same in trust on behalf of the Bank and to deliver the same forthwith to the Bank’s

Payment Account. Upon the remarketing of any Bank Bonds and the Trustee's receipt from the Remarketing Agent and/or IRWD of the amounts set forth in Section _____ of the Reimbursement Agreement, the Custody Agent shall release Bank Bonds in a principal amount equal to the principal amount so remarketed to the Remarketing Agent for such Bonds or IRWD, as the case may be, in accordance with the terms of the Indenture. The Custody Agent may rely and shall be protected in acting upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Custody Agent shall not be liable for any error in judgment made in good faith by its responsible officers, employees and agents unless the Custody Agent, its responsible officers, employees or agents were negligent or engaged in willful misconduct. Anything herein to the contrary notwithstanding, the Custody Agent shall have no liability hereunder for any act or omission except as shall result from its gross negligence or willful misconduct. Except as provided above, without the prior written consent of the Bank for whom the Custody Agent is holding Bank Bonds, the Custody Agent agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, Bank Bonds, and will not create, incur any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance or take any other action with respect to the Bank Bonds, or any interest therein, or any proceeds thereof. The Custody Agent shall deliver to the Bank for whom the Custody Agent is holding Bank Bonds at the Bank's request such information as may be in the possession of the Custody Agent with respect to such Bank Bonds.

3. This Agreement cannot be amended or modified except in a writing signed by the Custody Agent and the Bank.

4. This Agreement shall inure to the benefit of and shall be binding upon the Custody Agent and the Bank, and their respective successors and assigns.

5. Beyond its duties as to the custody of the Bank Bonds expressly provided herein, the Custody Agent shall not have any duty to the Bank as to any Bank Bonds in the Custody Agent's possession or control, or in the possession or control of any of the Custody Agent's agents or nominees, or as to any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. In performing its duties under this Agreement, the Custody Agent shall not be liable to the Bank except for gross negligence or willful misconduct in the performance of its obligations hereunder.

6. The Bank shall indemnify and hold harmless the Custody Agent against any and all liability arising out of the Custody Agent's performance of its obligations hereunder, except due to negligence or misconduct of the Custody Agent. This Section 6 shall survive the termination of this Agreement and the earlier removal or resignation of the Custody Agent.

7. The Custody Agent agrees to maintain the Agreement without charge to the Bank, so long as it acts as Trustee with respect to the Bonds.

8. This Custody Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

9. It shall not be necessary that all parties execute and deliver the same counterpart of this Agreement. This Agreement shall therefore become effective when each party has executed a counterpart hereof and delivered the same to the other parties. All such counterparts, collectively, shall be deemed a single agreement.

10. The Bank acknowledges that the Custody Agent is acting as Trustee under the Indenture for the holders of the Bonds. The Bank agrees that nothing contained in this Custodian Agreement shall be construed to require the Custody Agent to do any act or omit to do any act contrary to the duties of the Trustee under the Indenture for the holders of the Bonds.

11. The Custody Agent shall be afforded the same rights and protections hereunder as accorded to it in its role as Trustee under the Indenture for the holders of the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands by their authorized representatives, all as of the date above first written.

THE BANK

SUMITOMO MITSUI BANKING CORPORATION

By: _____
Name: _____
Title: _____

THE CUSTODY AGENT

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

IRREVOCABLE LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NO. LG/MIS/NY-304937

**SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH**

_____, 2025

[Trustee]

Attention: _____

Ladies and Gentlemen:

At the request and for the account of Irvine Ranch Water District, a California water district (“*IRWD*”), Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “*Bank*”) hereby establishes in favor of [Trustee], as Trustee and Paying Agent (the “*Trustee*”) under the Indenture (defined below) for the benefit of the owners of the Bonds (as hereinafter defined), this irrevocable letter of credit in the aggregate stated amount of \$_____ (the “*Stated Amount*”) of which \$_____ (the “*Principal Portion*”) is available with respect to principal of, and \$_____ (the “*Interest Portion*”) is available with respect to interest on, the Bonds of Irvine Ranch Water District Consolidated Refunding Series 2025A (the “*Bonds*”) constituting the consolidated several general obligations of Improvement District Nos. _____ issued by IRWD while in the Weekly Mode (each as defined in the hereinafter defined Indenture). The Interest Portion was calculated at the rate of twelve percent (12%) per annum for 34 days on a 365-day year basis.

The Letter of Credit is established pursuant to a Reimbursement Agreement dated as of _____, 2025 (as amended, supplemented, modified or restated from time to time, the “*Agreement*”), and between IRWD and the Bank. Unless otherwise defined herein or the context otherwise requires, terms used in this Letter of Credit shall have the meaning set forth in the Agreement or the Indenture of Trust dated as of _____, 2025 (as amended, supplemented, modified or restated from time to time, the “*Indenture*”), and between the Trustee and IRWD.

Funds shall be available hereunder to make any payment with respect to principal or purchase of, or interest on, the Bonds upon presentation or one or more facsimile demands (with original executed drafts and certificates to follow immediately thereafter) by you to Sumitomo Mitsui Banking Corporation, acting through its New York Branch, 277 Park Avenue, New York, New York 10172, Facsimile: (212) _____ in the form of Annex 1, 2, 3, 4 or 5 hereto, as appropriate, in compliance with all instructions therein. Each such presentation must be made on or before 5:00 p.m. New York time prior to the expiration date of this Letter of Credit. This Letter of Credit shall expire at 5:00 p.m. New York time on the earliest of (a) 5:00 p.m. New York Time on _____, 202_, any extension of such date pursuant to an amendment of the Letter of Credit, or any earlier date on which the Letter of Credit shall terminate, expire or be cancelled (the

"*Termination Date*"), (b) the date specified by the Trustee in a notice in the form of Annex 6 hereto as being the date that all Outstanding Bonds have been paid or will be paid with funds deposited with the Trustee, (c) the earlier of (i) one (1) Business Day following the date specified by the Trustee in a notice in the form of Annex 6 hereto as being the date that the Trustee has received an Alternate Letter of Credit meeting the requirements of the Indenture (the "*Substitution Date*") and (ii) the date on which the Bank honors a drawing under the Letter of Credit on or after the Substitution Date, (d) the earlier of (i) one (1) Business Day following the date (the "*Conversion Date*") specified by the Trustee in a notice in the form of Annex 6 hereto as being the date that all Outstanding Bonds have been converted to a Mode other than the Weekly Mode and (ii) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date, (e) the date on which the Bank honors a demand presented hereunder in the form of Annex 5 hereto, (f) the date fifteen (15) days after the date on which the Trustee receives written notice from the Bank in the form of Annex 8A hereto that it is terminating this Letter of Credit by reason of the occurrence and continuance of an Event of Default under the Agreement and directing the Trustee to accelerate the Bonds and (g) the date fifteen (15) days after the date on which the Trustee receives written notice from the Bank in the form of Annex 8B hereto that it is terminating this Letter of Credit by reason of the occurrence and continuance of an Event of Default under the Agreement and directing the Trustee to cause a mandatory tender of the Bonds. The term "Business Day" as used herein means any day on which the Trustee, the Tender Agent, the Paying Agent, the Remarketing Agent, or their respective successors or assigns as provided in the Indenture, or the office of the Bank at which drawings presented hereunder, or banks or trust companies in New York, New York or in Los Angeles, California are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

Drawings on this Letter of Credit will be paid from funds of the Bank and not directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, the Bank by IRWD.

No draw may be made under this Letter of Credit for any payment with respect to Bonds owned by or pledged to the Bank or for any Bonds in a Mode other than the Weekly Mode.

The amount of each facsimile demand presented hereunder will be the amount inserted in numbered paragraph (3) of said facsimile demand.

The Bank hereby agrees with the Trustee that each facsimile demand presented hereunder in the form of Annex 1 or Annex 2 hereto will be honored by payment to the Trustee in immediately available funds (a) no later than 12:00 p.m. (noon) New York time on the Business Day next succeeding the day on which demand is presented as aforesaid if such presentation is made at or before 4:00 p.m. New York time or (b) no later than 12:00 p.m. (noon) New York time on the second Business Day next succeeding the day such demand is presented as aforesaid, if such presentation is made after 4:00 p.m. New York time.

The Bank hereby agrees with the Trustee that each facsimile demand presented hereunder in the form of Annex 3, Annex 4 or Annex 5 hereto in full compliance with the terms hereof will be duly honored by payment to the Trustee in immediately available funds (a) no later than 2:45 p.m. New York time on the day such demand is presented as aforesaid if such presentation is

made at or before 12:00 noon New York time or (b) no later than 2:45 p.m. New York time on the Business Day next succeeding the day such demand is presented as aforesaid, if such presentation is made after 12:00 noon New York time.

The Stated Amount is comprised of the Principal Portion and the Interest Portion, as they may vary from time to time.

Upon each payment hereunder with respect to principal of the Bonds, the Principal Portion shall be decreased by the amount of the payment and immediately thereafter the Interest Portion shall be decreased proportionally. Upon receipt of a facsimile notice from the Trustee in the form of Annex 9 hereto stating that Bonds owned by or pledged to the Bank have been sold or transferred and that the Bank has notified the Trustee and the Paying Agent that it has been reimbursed in full for any drawings made pursuant to Annex 3 or Annex 4, as applicable, the Principal Portion and the Interest Portion shall be reinstated by the amounts by which they were decreased upon such payment *provided* that the Bank has not delivered a notice to the Trustee by facsimile in the form of Annex 8A or Annex 8B hereto.

The Interest Portion shall be decreased upon, and to the extent of, each payment hereunder with respect to interest pursuant to a demand in the form of Annex 1 hereto. Upon payment hereunder pursuant to a demand in the form of Annex 1 hereto, the Interest Portion shall be automatically and immediately reinstated by the amount by which it was decreased upon such payment; *provided, however*, that the amount of any interest drawing hereunder pursuant to Annex 1 hereto, shall be automatically reinstated, on the fourth (4th) Business Day following the date any Interest Drawing is honored if you shall not have received notice from us in the form of Annex 8A or Annex 8B attached hereto prior to such time that we have not been reimbursed for such interest drawing hereunder pursuant to Annex 1 hereto or that any Event of Default has occurred under the Reimbursement Agreement and, as a result thereof, the amount of such interest drawing hereunder pursuant to Annex 1 hereto shall not be reinstated.

Only the Trustee or a successor Trustee may make a drawing under this Letter of Credit. Upon the payment to the Trustee of the amount demanded pursuant to presentation of drawing certificates, the Bank shall be fully discharged of its obligations under this Letter of Credit in respect of such demand for payment to the Trustee or any holder of Bonds or any person on behalf of any holder of Bonds who may have made to you or makes to you a demand for payment of principal of, premium, if any, on, purchase price of, or interest on, any Bond. By paying to the Trustee an amount demanded in accordance herewith, the Bank makes no representation as to the correctness of the amount demanded or the Trustee's calculations and representations on the drawing certificates required of the Trustee by this Letter of Credit.

If a drawing demand is not, in any instance, in strict conformance with the terms and conditions of this Letter of Credit, the Bank shall give the Trustee prompt notice that the purported drawing was not effected in accordance with this Letter of Credit, stating the reason therefor and that the Bank is holding any documents at the Trustee's disposal or is returning them to the Trustee, as the Bank may elect. Upon being notified that the purported drawing was not effected in conformity with this Letter of Credit, the Trustee may attempt to correct any such nonconforming

drawing certificate if, and to the extent that, the Trustee is entitled (without regard to the provisions of this sentence) and is able to do so.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the International Standby Practice 98 (“ISP98”). As to matters not governed by the ISP98 this Letter of Credit shall be governed by and construed in accordance with the laws of the State of New York.

This Letter of Credit may be transferred more than once but only in the amount of the full Stated Amount to any single transferee who has succeeded the Trustee as trustee under the Indenture. Transfers may be effected only through the above office of the Bank and only upon presentation to it of a duly executed instrument of transfer in the form attached hereto as Annex 7 and payment by IRWD of our transfer fee. Any transfer of this letter of credit as aforesaid must be endorsed by the Bank on the reverse hereof and may not change the time or date of expiration specified above or any other term hereof.

Communications and notices with respect to this Letter of Credit shall be in writing and shall be addressed to us at our office specified above, specifically referring to the number of this Letter of Credit, and shall be addressed to you at your address specified above.

Faithfully yours,

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____
Name: _____
Title: _____

ANNEX 1

[TO DRAW ACCRUED INTEREST ONLY]

Sumitomo Mitsui Banking Corporation,
New York Branch
277 Park Avenue
New York, New York 10072
Attention: _____

Re: \$_____

Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A

_____ (the “*Trustee*”) hereby certifies with respect to irrevocable Letter of Credit No. LG/MIS/NY-304937 issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “*Letter of Credit*”; terms defined in the Letter of Credit are used herein as therein defined, unless otherwise defined herein) that:

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The Trustee is making demand for payment under the Letter of Credit for interest whether or not paid or due on one or more of the Bonds on **[insert the relevant date]**.
- (3) The aggregate amount of interest owing on account of said Bonds on said date is **\$[insert amount]**, which is the amount hereby demanded under the Letter of Credit. The Trustee has not heretofore made demand under the Letter of Credit for such amount or any portion thereof
- (4) Upon receipt of the amount demanded under the Letter of Credit the Trustee will apply the same exclusively to the payment of the amount owing in respect of the Bonds referred to in numbered paragraph (2) above or deposit such proceeds to the Interest Reserve Fund as provided in the Indenture and no portion of said amount shall be deposited by the Trustee in any account maintained by or for the account of IRWD or applied by the Trustee for any purpose other than to pay the amount of interest owing on account of such Bonds. No portion of such amount may be used to make any payment with respect to Bonds owned by the Bank.

(5) Upon your honoring the drawing requested hereunder the Interest Portion of the Stated Amount shall be automatically and immediately reinstated following the honoring of such drawing by the amount by which it was decreased upon such payment.

_____, as Trustee

By: _____

Name: _____

Title: _____

**[TO DRAW PRINCIPAL AND INTEREST DUE UPON
REDEMPTION, TO DEFEASE BONDS OR AT SCHEDULED MATURITY]**

Re: \$_____
 Bonds of Irvine Ranch Water District
 Consolidated Refunding Series 2025A

(1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(3) The aggregate amount of principal and interest owing on account of said Bonds on said date is \$ [insert amount], of which is the amount \$[insert amount] consists of principal and \$ [insert amount] consists of accrued interest thereon, or

The amount to be deposited pursuant to Section 10.02 of the Indenture is \$[insert amount].

(4) The amount hereby demanded under the Letter of Credit is \$[insert amount]. The Trustee has not heretofore made demand under the Letter of Credit for such amount or any portion thereof.

(5) Upon receipt of the amount demanded under the Letter of Credit the Trustee will apply the same exclusively to the payment when due of the amount owing in respect of the Bonds and no portion of said amount shall be deposited by the Trustee in any account maintained by or for the account of IRWD or applied by the Trustee for any purpose other than to pay when due the amount of owing on account of such Bonds. No portion of such amount may be used to make any payment with respect to bonds owned by the Bank.

(6) Upon your honoring the drawing requested hereunder the Principal Portion of the Stated Amount shall be reduced to \$[insert amount], and the Interest Portion of the Stated Amount shall be reduced to \$[insert amount] subject to your confirmation of such amount and subject to reinstatement as provided in the Letter of Credit.

_____, as Trustee

By: _____

Name: _____

Title: _____

**[TO DRAW PURCHASE PRICE UPON TENDER OF BONDS
PURSUANT TO SECTION 4.01 OF THE INDENTURE]**

Re: \$_____

Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The Trustee is making demand for payment under the Letter of Credit to pay purchase price due and payable on the purchase from the owners thereof, following tender thereof pursuant to Section 4.01 of the Indenture, of one or more of the Bonds on **[insert the relevant date]**.
- (3) The aggregate amount owing on account of said Bonds on said date is \$**[insert amount]**, which is the amount hereby demanded under the Letter of Credit. The Trustee has not heretofore made demand under the Letter of Credit for such amount or any portion thereof.
- (4) Of the said amount, \$**[insert amount]** is payable with respect to principal of, and the balance is payable with respect to interest on, said Bonds.
- (5) Upon receipt of the amount demanded under the Letter of Credit the Trustee will apply the same exclusively to the payment of the amount owing in respect of the Bonds referred to in numbered paragraph (2) above as provided in the Indenture and no portion of said amount shall be deposited by the Trustee in any account maintained by or for the account of IRWD or applied by the Trustee for any purpose other than to pay the amount of principal owing on account of such Bonds.

(6) Upon receipt of the amount demanded under the Letter of Credit the Trustee will cause the Paying Agent to register said Bonds in the name of the Bank pursuant to Section 4.03(c) of the Indenture.

_____, as Trustee

By: _____

Name: _____

Title: _____

ANNEX 4

**[TO DRAW PURCHASE PRICE UPON TENDER OF BONDS
PURSUANT TO SECTION 4.02 OF THE INDENTURE]**

Sumitomo Mitsui Banking Corporation
277 Park Avenue
New York, New York 10072
Attention: _____

Re: \$ _____
Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A

_____ (the “*Trustee*”) hereby certifies with respect to irrevocable Letter of Credit No. LG/MIS/NY-304937 issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “*Letter of Credit*”; terms defined in the Letter of Credit are used herein as therein defined, unless otherwise defined herein) that:

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The Trustee is making demand for payment under the Letter of Credit to pay purchase price due and payable on the purchase from the owners thereof, following tender thereof pursuant to Section 4.02 of the Indenture, of one or more of the Bonds on **[insert the relevant date]**.
- (3) The aggregate amount of interest owing on account of said Bonds on said date is \$**[insert amount]**, which is the amount hereby demanded under the Letter of Credit. The Trustee has not heretofore made demand under the Letter of Credit for such amount or any portion thereof.
- (4) Of the said amount, \$**[insert amount]** is payable with respect to principal of, and the balance is payable with respect to interest on, said Bonds.
- (5) Upon receipt of the amount demanded under the Letter of Credit the Trustee will apply the same exclusively to the payment of the amount owing in respect of the Bonds referred to in numbered paragraph (2) above as provided in the Indenture and no portion of said amount shall be deposited by the Trustee in any account maintained by or for the account of IRWD or applied by the Trustee for any purpose other than to pay the amount of interest owing on account of such Bonds.

(6) Upon receipt of the amount demanded under the Letter of Credit the Trustee will cause the Paying Agent to register said Bonds in the name of the Bank Pursuant to Section 4.03(c) of the Indenture.

_____, as Trustee

By: _____

Name: _____

Title: _____

**[TO DRAW PRINCIPAL AND INTEREST DUE UPON
ACCELERATION OF MATURITY]**

Re: \$ _____
 Bonds of Irvine Ranch Water District
 Consolidated Refunding Series 2025A

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The Trustee is making demand for payment under the Letter of Credit to pay principal and interest due and payable upon acceleration of maturity of the Bonds outstanding on **[insert the relevant date]**.
- (3) The aggregate amount of interest owing on account of said Bonds on said date is \$**[insert amount]**, which is the amount hereby demanded under the Letter of Credit. The Trustee has not heretofore made demand under the Letter of Credit for such amount or any portion thereof.
- (4) Of the said amount, \$**[insert amount]** is payable with respect to principal of, and the balance is payable with respect to interest on, said Bonds.
- (5) Upon receipt of the amount demanded under the Letter of Credit the Trustee will apply the same exclusively to the payment of the amount owing in respect of the Bonds referred to in numbered paragraph (2) above as provided in the Indenture and no portion of said amount shall be deposited by the Trustee in any account maintained by or for the

account of IRWD or applied by the Trustee for any purpose other than to pay the amount of interest owing on account of such Bonds.

_____, as Trustee

By: _____
Name: _____
Title: _____

ANNEX 6

[FOR TRUSTEE TO TERMINATE LETTER OF CREDIT]

Sumitomo Mitsui Banking Corporation
277 Park Avenue
New York, New York 10072
Attention: _____

Re: \$ _____
Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A

_____ (the “Trustee”) hereby certifies with respect to irrevocable Letter of Credit No. LG/MIS/NY-304937 issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “Letter of Credit”; terms defined in the Letter of Credit are used herein as therein defined, unless otherwise defined herein) that:

(1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(Select appropriate paragraph)

(2) All Outstanding Bonds have been paid or will be paid with funds deposited with the Trustee meeting the requirements of the Indenture on **[insert relevant date]**.

or

(2) The Trustee has received an Alternate Letter of Credit meeting the requirements of the Indenture as of **[insert relevant date]**.

or

(2) All Outstanding Bonds have been converted to a Mode other than a Weekly Mode on **[insert relevant date]**.

(3) The Trustee requests that the Bank terminate the Letter of Credit effective as of 5:00 p.m. New York time on **[insert relevant date]**. Enclosed herewith is the original of the Letter of Credit.

_____, as Trustee

By: _____
Name: _____
Title: _____

ANNEX 7

[TO TRANSFER LETTER OF CREDIT]

Subject: Letter of Credit No. LG/MIS/NY-304937
issued by Sumitomo Mitsui Banking Corporation,
acting through its New York Branch

Ladies and Gentlemen:

For value received, we hereby transfer all of our rights under the above-captioned Letter of Credit, as heretofore and hereafter amended, extended or increased to:

[Name of Transferee]

[Address of Transferee]

By this transfer, all of our rights in the Letter of Credit are transferred to the transferee, and the transferee shall have sole rights as beneficiary under the Letter of Credit, including sole rights relating to any amendments, and whether now existing or hereafter made. The Letter of Credit may hereafter be amended, extended or increased without our consent or notice to us and you will give notice thereof directly to the transferee.

By its signature below the undersigned transferee (i) acknowledges that it has duly succeeded to, as Trustee under that certain Indenture relating to those certain Bonds of Irvine Ranch Water District Consolidated Refunding Series 2008A, which Indenture is executed as of December 1, 1995, between The Bank of New York Mellon Trust Company, N.A. and IRWD (as amended or supplemented from time to time, the "*Indenture*") and (ii) consents and agrees to perform and comply with all the terms, covenants and conditions on its part to be performed or complied with under the Indenture.

The original Letter of Credit is returned with all amendments to this date. Please notify the transferee in such form as you deem advisable to this transfer and of the terms and conditions of the Letter of Credit, including amendments, as transferred. A copy of this instrument of transfer has been furnished to IRWD for its information.

Very truly yours,

[INSERT NAME OF TRANSFEROR]

By: _____
Name: _____
Title: _____

Acknowledged:

[INSERT NAME OF TRANSFEREE]

By: _____
Name: _____
Title: _____
as Trustee

**[FOR BANK TO TERMINATE LETTER OF CREDIT AND CAUSE AN
ACCELERATION OF THE BONDS]**

Re: \$_____

Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A

(1) The Bank hereby notifies you that an event of default has occurred and is continuing under the Reimbursement Agreement.

(2) The Bank hereby directs the Trustee to immediately declare the principal and accrued interest on the Outstanding Bonds to be due and payable.

(3) The Bank hereby gives you notice that at 5:00 p.m. New York time on **[insert the relevant date]**, which date is fifteen (15) days after your receipt of this notice, the Letter of Credit shall terminate. Upon such termination, please return the original of the Letter of Credit (however your failure to so return it shall not affect the effectiveness of such termination).

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____
Name: _____
Title: _____

**[FOR BANK TO TERMINATE LETTER OF CREDIT AND CAUSE
A MANDATORY TENDER OF THE BONDS]**

Re: \$_____

Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A

(1) The Bank hereby notifies you that an event of default has occurred and is continuing under the Reimbursement Agreement.

(2) The Bank hereby directs the Trustee to cause a mandatory tender of the Bonds pursuant to the terms of the Indenture.

(3) The Bank hereby gives you notice that at 5:00 p.m. New York time on **[insert the relevant date]**, which date is fifteen (15) days after your receipt of this notice, the Letter of Credit shall terminate. Upon such termination, please return the original of the Letter of Credit (however your failure to so return it shall not affect the effectiveness of such termination).

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____
Name: _____
Title: _____

ANNEX 9

**[TO REINSTATE PRINCIPAL AND INTEREST AFTER REMARKETING OF BONDS
PURSUANT TO SECTION 4.03(E) OF THE INDENTURE]**

Sumitomo Mitsui Banking Corporation
New York Branch
277 Park Avenue
New York, New York 10072
Attention: Trade Credit Services Department

Re: \$ _____
Bonds of Irvine Ranch Water District
Consolidated Refunding Series 2025A

_____ (the “Trustee”) hereby certifies with respect to irrevocable Letter of Credit No. LG/MIS/NY-304937 issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “Letter of Credit”; terms defined in the Letter of Credit are used herein as therein defined, unless otherwise defined herein) that:

- (1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.
- (2) The Remarketing Agent has sold or transferred Pledged Bonds in an aggregate face amount of **\$[insert amount]**. The Trustee has not received a notice from you in the form of Annex 8 to the Letter of Credit.
- (3) The Bank has notified the Trustee that it has been reimbursed for all drawing(s) paid under the Letter of Credit pursuant to demand(s) made by us under Annex 3 or Annex 4 to the Letter of Credit, for which **\$[insert amount]** was paid with respect to the principal of said Bonds and of which **\$[insert amount]** was paid with respect to interest on said Bonds.
- (4) The Trustee hereby demands that you reinstate the Principal Portion of the Letter of Credit in the amount specified in Paragraph (3) above as constituting principal and reinstate the Interest Portion of the Letter of Credit in an amount equal to the amount specified in Paragraph (3) above as constituting interest on said Bonds.

_____, as Trustee

By: _____
Name: _____
Title: _____

ANNEX 10

[FOR BANK TO EXTEND TERMINATION DATE OF
LETTER OF CREDIT UPON REQUEST OF IRWD]

[Name of Trustee]

CERTIFICATE EXTENDING THE TERMINATION DATE OF LETTER OF CREDIT

You are hereby notified pursuant to Section 2.6 of the Reimbursement Agreement, dated as of _____, 2025, between Irvine Ranch Water District and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "*Bank*") that the Bank has approved an extension of Letter of Credit No. LG/MIS/NY-304937 (the "*Letter of Credit*"), dated _____, 2025. The new Termination Date is _____.

You are hereby authorized to attach this Certificate Extending the Termination Date of Letter of Credit to the Letter of Credit and to treat this Certificate Extending the Termination Date of Letter of Credit as an amendment to the Letter of Credit.

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____
Name: _____
Title: _____

FEE AGREEMENT

June 17, 2025

Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92718
Attention: Treasurer

\$_[]
BONDS OF IRVINE RANCH WATER DISTRICT,
CONSOLIDATED REFUNDING SERIES 2025A

Ladies and Gentlemen:

Reference is hereby made to the Reimbursement Agreement dated as of June 1, 2025 (as amended, restated, or otherwise modified from time to time in accordance with its terms, the “*Agreement*”), between IRVINE RANCH WATER DISTRICT (together with any successors and permitted assigns, the “*Issuer*”) and SUMITOMO MITSUI BANKING CORPORATION, acting through its New York Branch (together with its successors and assigns, the “*Bank*”), relating to Irrevocable Letter of Credit No. [], supporting the above captioned bonds (the “*Bonds*”). Capitalized terms used herein without definition shall have the meanings assigned thereto in the Agreement.

The purpose of this Fee Agreement is to confirm the agreement between the Bank and the Issuer with respect to the Facility Fees (as defined below) and certain other fees and expenses payable to the Bank. This Fee Agreement is the Fee Agreement referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement between the Issuer and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement. All fees paid shall be fully earned when due and nonrefundable when paid.

1. *Facility Fee.* The Issuer hereby agrees to pay to the Bank a non-refundable facility fee (the “*Facility Fee*”) payable quarterly in arrears on the first Business Day of each January, April, July and October (commencing on July 1, 2025, for the period from and including the Effective Date to and including June 30, 2025) (each, a “*Quarterly Payment Date*”) for the period from and including such Quarterly Payment Date to but not including the next succeeding Quarterly Payment Date occurring thereafter to the Termination Date, in an amount equal to the rate per annum associated with the lowest Rating as specified below (the “*Facility Fee Rate*”) on the undrawn Stated Amount of the Letter of Credit for each day during each related period.

LEVEL	S&P RATING	MOODY'S RATING	FITCH RATING	FACILITY FEE RATE
Level 1	AA- or above	Aa3 or above	AA- or above	0.315%
Level 2	A+	A1	A+	0.515%
Level 3	A	A2	A	0.750%
Level 4	A-	A3	A-	1.100%
Level 5	BBB+	Baa1	BBB+	1.750%
Level 6	BBB	Baa2	BBB	2.000%
Level 7	BBB-	Baa3	BBB-	2.250%

In the event that any Rating is withdrawn (and for the avoidance of doubt, it shall not constitute a withdrawal of a rating in the event that the Issuer requests the withdrawal from the applicable Rating Agency for non-credit related reasons), suspended or otherwise unavailable by S&P, by Moody's, or by Fitch, the Facility Fee Rate shall immediately and without notice increase to three percent (3.00%) per annum. Upon the occurrence and during the continuance of an Event of Default, the Facility Fee Rate shall immediately and without notice increase to 3.00% per annum. Any increase or decrease in such fees pursuant to the above schedule shall begin accruing at the increased or decreased rate upon the release or announcement thereof and the next quarterly fee payment shall be adjusted accordingly. The term "*Rating*" as used herein shall mean the lowest of the long-term unenhanced ratings assigned by S&P, by Moody's or by Fitch (in each case, to the extent that such Rating Agency provides a Rating at the request of the Issuer) to any Debt of the Issuer secured by a pledge of Revenues (for the avoidance of doubt, Level 7 is the Level with the lowest ratings, and Level 1 is the Level with the highest ratings for purposes of the above pricing grid). Any change in the Facility Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the release or announcement of the change in such Rating. References to Ratings above are references to rating categories as presently determined by S&P, Moody's and Fitch and in the event of adoption of any new or changed rating system by any of S&P, Moody's or Fitch (including, without limitation, any recalibration of the Ratings in connection with the adoption of a "global" rating scale), each of the Ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Issuer acknowledges and the Bank agrees, that as of the Effective Date the Facility Fee Rate is that specified above for Level 1.

The Facility Fees shall be payable quarterly in arrears on each Quarterly Payment Date, based upon a year of three hundred sixty (360) days and the actual number of days elapsed, together with interest on the Facility Fees from the date payment is due until payment in full at the Default Rate. In the event of any increase in the Facility Fee Rate as set forth above during any period from and including any Quarterly Payment Date to the next succeeding Quarterly Payment Date, the Issuer agrees to pay to the Bank an additional amount equal to the amount by which (a) the Facility Fees calculated at the Facility Fee Rate after giving effect to such increase in the Facility Fee Rate for the period from the date of such increase in the Facility Fee Rate to the end of the current period exceeds (b) the Facility Fees calculated at the Facility Fee Rate before giving effect to such increase in the Facility Fee Rate for the period from the date of such increase in the

Facility Fee Rate to the next Quarterly Payment Date. Such additional amount shall be due and payable on the next Quarterly Payment Date. In the event of any decrease in the Facility Fee Rate as set forth above during any period from and including any Quarterly Payment Date to the next succeeding Quarterly Payment Date the Facility Fees payable for the period from the date of such decrease in the Facility Fee Rate to the end of the current period shall be reduced by an amount equal to the amount by which (i) the Facility Fee Rate before giving effect to such decrease in the Facility Fee Rate for the period from the date of such decrease in the Facility Fee Rate to the next Quarterly Payment Date exceeds (ii) the Facility Fees calculated at the Facility Fee Rate after giving effect to such decrease in the Facility Fee Rate.

2. *Draw Fee.* A draw fee of \$250 for each drawing under the Letter of Credit. All such draw fees shall be payable quarterly in arrears on each Quarterly Payment Date together with the Facility Fees.

3. *Transfer and Amendment Fee.* A fee of \$2,500, plus reasonable out-of-pocket expenses of counsel to the Bank, in connection with (a) any amendment, supplement or modification of the Agreement or the Letter of Credit; (b) any renewal or extension of the Letter of Credit; or (c) any transfer of the rights and obligations of the parties to this Agreement or the Letter of Credit.

4. *Costs and Expenses.*

(a) The Issuer agrees to pay on demand all necessary and reasonable costs and expenses incurred by the Bank (including, without limitation, reasonable fees and disbursements of domestic and foreign counsel for the Bank) in connection with the preparation, negotiation, execution and delivery of this Fee Agreement, the Agreement, the other Financing Documents and any other documents and certificates which may be delivered in connection with this Fee Agreement, the Agreement and the other Financing Documents. In addition, the Issuer shall pay or cause to be paid on demand, upon not less than ten (10) days prior written notice to the Issuer, the necessary and reasonable out-of-pocket expenses and disbursements of the Bank and the fees, expenses and disbursements of counsel to the Bank (including, without limitation, reasonable fees and disbursements of domestic and foreign counsel for the Bank) in connection with (i) the administration of this Fee Agreement or the Agreement including any waiver or consent under this Fee Agreement, the Agreement or any other Financing Document or other document or certificate delivered in connection with the transactions contemplated by the Agreement or any amendment or requested amendment hereof or thereof (whether or not the transactions contemplated thereby shall be consummated) or any Default or Event of Default (or alleged Default or Event of Default) under the Agreement, (ii) the preparation, execution, delivery, administration and enforcement or preservation of rights in connection with a workout, refinancing, restructuring or waiver with respect to this Fee Agreement, the Agreement or any of the other Financing Documents and (iii) the occurrence of an Event of Default and collection and other enforcement proceedings resulting therefrom.

(b) In addition, the Issuer shall pay or cause to be paid on demand, upon not less than ten (10) days prior written notice to the Issuer, any present or future stamp, recording, or Other Taxes and fees payable or determined to be payable under Applicable Law in connection with the

execution, delivery, filing and recording of this Fee Agreement, the Agreement, the other Financing Documents and such other documents and certificates delivered in connection with the Transactions and agrees to defend, indemnify and hold the Banks harmless from and against any and all liabilities with respect to or resulting from any failure to pay, or any delay in paying, such taxes and fees.

5. *Payments to Bank's Account.* All payments hereunder shall be made in immediately available funds and by wire transfer of funds to **[Wire Instructions]** (or to such other address as the Bank may specify in writing from time to time) (the "*Reimbursement Account*").

6. *Counterparts.* This Fee Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same document, and each of which shall for all purposes be deemed to be an original.

7. *Modifications to this Fee Agreement.* This Fee Agreement may be amended, terminated or otherwise modified only by written instrument executed by the Issuer and the Bank.

8. *Governing Law.* The Bank's rights and obligations hereunder shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of said State, without regard to principles of conflicts of law. For purposes of IRWD's rights and obligations hereunder, this Fee Agreement shall be deemed to be a contract made under the laws of the State of California and for all purposes shall be construed in accordance with the laws of said State, without regard to principles of conflicts of law.

9. *No Disclosure.* Unless required by law, the Issuer shall not deliver or permit (with knowledge), authorize or consent to the delivery of this Fee Agreement to any Person for delivery to the Municipal Securities Rulemaking Board unless the Bank provides its prior written consent.

10. *Representation by Legal Counsel; Joint Preparation.* The parties hereto have participated jointly in the negotiation and drafting of this Fee Agreement, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Agreement. In the event an ambiguity or question of intent or interpretation arises, this Fee Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Agreement.

11. *Confidentiality.* This Fee Agreement and the terms hereof are for the Issuer's confidential use only and the Issuer shall use its best efforts to not disclose this Fee Agreement or the terms hereof to any person other than its trustees, officers, employees, attorneys, accountants and financial advisors (but not commercial lenders), and then only on a confidential basis, except where (in the Issuer's judgment, as applicable) disclosure is required by law or where the Bank consents to the proposed disclosure.

12. *Severability.* Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the

remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers as of the date above first written.

IRVINE RANCH WATER DISTRICT

By: _____
Name: _____
Title: _____

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____
Name: _____
Title: _____

\$ _____
**BONDS OF IRVINE RANCH WATER DISTRICT
 CONSOLIDATED REFUNDING SERIES 2025A**

REMARKETING AGREEMENT

This Remarketing Agreement, dated as of July __, 2025 (this “**Agreement**”), is entered into by and between Irvine Ranch Water District, a California Water District (the “**Issuer**”), and BofA Securities, Inc. (“**BofA Securities**” or the “**Remarketing Agent**”).

WHEREAS, the Issuer has issued its \$ _____ Bonds of Irvine Ranch Water District Consolidated Refunding Series 2025A (the “**Bonds**”) pursuant to an Indenture of Trust, dated as of July 1, 2025 (the “**Indenture**”), by and between the Issuer and U.S. Bank Trust Company, National Association (the “**Trustee**”);

WHEREAS, the Bonds and the Indenture provide, among other things, that the owners of the Bonds (the “**Owners**”), may elect (or may be required) in certain instances to tender their Bonds for purchase upon the terms and conditions contained in the Bonds and the Indenture;

WHEREAS, the Indenture provides for the appointment of a remarketing agent to perform certain duties, including the use of its best efforts to remarket any Bonds tendered for purchase by the Owners; and

WHEREAS, BofA Securities has agreed to accept the duties and responsibilities of the remarketing agent under the Indenture and this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants made herein, and subject to the terms and conditions set forth herein, the parties hereto agree as follows:

Section 1. Definitions. Each capitalized term not otherwise defined herein shall have the meaning given to that term in the Indenture.

“Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate, dated as of July __, 2025, of the Issuer.

“Credit Facility” shall have the meaning given to the term “Letter of Credit” in the Indenture.

“Credit Facility Provider” shall have the meaning given to the term “Bank” in the Indenture.

“Credit Facility Provider Agreement” shall have the meaning given to the term “Reimbursement Agreement” in the Indenture.

“Current Offering Materials” has the meaning that is set forth in Section 4(a).

“EMMA” shall mean the Electronic Municipal Market Access system operated by the MSRB.

“EMMA Materials” shall mean any filing, official statement or offering document or any other document or other information that is filed on EMMA and specifically incorporated by reference into any Current Offering Materials.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Financing Documents” shall mean the Resolution, the Indenture, the Credit Facility, the Credit Facility Provider Agreement, the Continuing Disclosure Certificate and this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement, dated July __, 2025, relating to the Bonds, as it may be supplemented, updated, amended or superseded.

“Resolution” shall mean Resolution No. ____ adopted by the Board of Directors of the Issuer on June 23, 2025.

“Rule 15c2-12” shall mean SEC Rule 15c2-12 promulgated under the Exchange Act.

“Rule G-34 Documents” shall mean: (i) the Credit Facility, the Credit Facility Provider Agreement and any other letter of credit agreement, reimbursement agreement, standby bond purchase agreement loan agreement, guaranty agreement or any other document establishing an obligation to provide credit and/or liquidity support with respect to the Bonds; (ii) the Indenture, and any other indenture, bond resolution and any supplemental or series indenture(s) or resolution(s) or any other authorizing document under which the Bonds were issued; (iii) any amendments, extensions, renewals, replacements or terminations thereof; and (iv) any other document required to comply with MSRB Rule G-34(c), as it may be amended from time to time; and, in each case where required to be delivered, such delivery shall be by electronic means in a word-searchable PDF file (or in such other form as the Remarketing Agent shall notify the Issuer in writing) labeled with the following information: (a) CUSIP number; (b) name of Issuer; (c) name of transaction; (d) name of document; and (e) whether the document is an execution version or a redacted version.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“SHORT System” shall mean the MSRB’s Short-term Obligation Rate Transparency System.

“Trust Indenture Act” shall mean the Trust Indenture Act of 1939, as amended.

Section 2. Appointment of the Remarketing Agent. Subject to the terms and conditions contained herein, the Issuer hereby appoints BofA Securities as exclusive Remarketing Agent for the Bonds and BofA Securities hereby accepts such appointment.

Section 3. Responsibilities of the Remarketing Agent.

(a) Subject to the terms and conditions set forth in this Agreement, BofA Securities agrees to perform the duties of Remarketing Agent set forth in Section 8.06 of the Indenture. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Remarketing Agent will act solely as an agent and not as a principal except as expressly provided in Section 12 (entitled “Dealing in Bonds by the Remarketing Agent”) herein. The Remarketing Agent shall not be liable for any action taken or omitted to be taken pursuant to this Agreement, except for its own gross negligence or willful misconduct.

(b) Subject to the limitations contained herein and in the Indenture, the Remarketing Agent shall use its best efforts to remarket any Bonds tendered by an Owner pursuant to the terms of the Indenture.

(c) The Remarketing Agent shall determine the interest rates on the Bonds in the manner and at the times specified therefor in the Indenture.

Section 4. Furnishing of Offering Materials; Due Diligence.

(a) The Issuer agrees to furnish the Remarketing Agent with as many copies as the Remarketing Agent may reasonably request of the Current Offering Materials (as such term is defined below) and such other information associated with the Issuer and the Bonds as the Remarketing Agent shall reasonably request from time to time, including, without limitation, information deemed necessary by the Remarketing Agent to amend, update or supplement the Current Offering Materials. The term “**Current Offering Materials**” shall mean: (i) initially, the Official Statement together with any supplement, update or amendment thereof, including pursuant to any EMMA Materials; and (ii) upon the preparation and dissemination of any reoffering circular, remarketing memorandum or similar document pursuant to which the Bonds are offered in any remarketing of the Bonds (any such document, together with any supplement, update or amendment of the same, including pursuant to any EMMA Materials, a “**Remarketing Memorandum**”), such Remarketing Memorandum.

(b) The Issuer agrees to immediately notify the Remarketing Agent: (i) if any event shall have occurred or information shall become known as a result of which: (A) the Current Offering Materials would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein not misleading in light of the circumstances under which they were made; or (B) any representation or warranty of the Issuer under any of the Financing Documents or this Agreement would become false in any material respect; and (ii) of any material fact that the Issuer is aware of which may affect the remarketing of the Bonds or the marketability of the Bonds including, but not limited to: (A) any material adverse change in the condition (financial or otherwise), prospects (financial or otherwise) or general affairs of the Issuer; (B) any reduction or threatened reduction (by way of credit watch or similar rating agency action) in the ratings of the Bonds; (C) any adverse change (threatened or otherwise) in the tax treatment of interest on the Bonds received by the holders of the Bonds; or (D) any other material adverse change that may affect the remarketing of the Bonds or any fact or circumstance which constitutes, or with the passage of time would constitute, an event of default under the Financing Documents.

(c) The Issuer hereby agrees that it will make any amendment or supplement to the Current Offering Materials that is necessary such that the Current Offering Materials do not contain an untrue statement of material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Issuer shall not effect any such amendment or supplement to the Current Offering Materials without the written consent of the Remarketing Agent (which consent shall not be unreasonably withheld); provided, further, that if the Remarketing Agent determines that an updating or supplementing of the Current Offering Materials is required to comply with federal or state securities laws, the Issuer will promptly update the Current Offering Materials in form and substance reasonably satisfactory to the Remarketing Agent.

(d) The Issuer will take any and all actions as shall be necessary to permit compliance by the Remarketing Agent with Rule 15c2-12. The Issuer hereby “*deems final*” the preliminary Official Statement as defined in and for purposes of Rule 15c2-12.

(e) Upon any dissemination of any Remarketing Memorandum or any amendment, update or supplement of the Current Offering Materials issued subsequent to the initial issuance of the Bonds, the Issuer agrees to provide (in form and substance reasonably satisfactory to the Remarketing Agent):

(1) a certificate of an IRWD Representative of the Issuer, dated as of the date of such amendment, update or supplement, to the effect that the information relating to the Issuer contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, does not contain any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(2) an opinion of Bond Counsel, dated as of the date of such amendment, update or supplement, that: (i) states that the descriptions of the Bonds and the Financing Documents contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, are true and correct in all material respects (or a substantially similar statement); and (ii) covers the disclosure contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, describing the tax-exemption or other tax characteristics of the Bonds and the opinion of Bond Counsel related to such characteristics;

(3) opinions of counsel to the Remarketing Agent, Issuer and Disclosure Counsel or a similar counsel, dated as of the date of such amendment, update or supplement, to the effect that nothing has come to the attention of such counsel that would cause such counsel to conclude that such Remarketing Memorandum or the Current Offering Materials, as so amended, updated or supplemented, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading;

(4) a certificate of the Credit Facility Provider, dated as of the date of such amendment, update or supplement, to the effect that the information relating to the Credit Facility contained in such Remarketing Memorandum or the Current Offering Materials, as so amended, updated or supplemented, does not contain any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

(5) a certificate of an IRWD Representative of the Issuer, dated as of the date of such amendment, update or supplement, to the effect that during the last five years, the Issuer has not failed to comply, in any material respect, with the Continuing Disclosure Certificate or any other undertaking relating to continuing disclosure of information with respect to the Issuer pursuant to Rule 15c2-12.

(f) The Issuer hereby agrees that, in connection with any dissemination of a Remarketing Memorandum and any amendment, update or supplement of the Current Offering Materials issued subsequent to the initial issuance of the Bonds and from time to time upon the reasonable request of the Remarketing Agent, the Issuer: (i) will permit the Remarketing Agent to

perform reasonable inquiries and investigations into; (ii) will make appropriate Issuer officials available to answer such reasonable questions of the Remarketing Agent concerning; and (iii) will provide to the Remarketing Agent copies of such documents and other information reasonably relating to, in each case of (i), (ii) and (iii), the finances, operations and affairs of the Issuer and the terms and conditions of the Bonds.

(g) The Issuer shall furnish such information, execute such instruments and take such other action in cooperation with the Remarketing Agent as the Remarketing Agent may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Remarketing Agent may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification under clause (i) in effect so long as required for distribution of the Bonds by the Remarketing Agent; provided, however, that in no event shall the Issuer be required to consent to suit or to service of process in any jurisdiction or to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject.

(h) The Issuer hereby covenants and agrees that it will comply with the Continuing Disclosure Certificate. The Issuer hereby covenants and agrees that any EMMA Materials will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 5. Remarketings that are Primary Offerings. The Issuer hereby engages the Remarketing Agent as an underwriter in any remarketing of the Bonds that the Remarketing Agent reasonably determines constitutes a “primary offering” of the Bonds within the meaning of Rule 15c2-12, and not as a financial advisor or “municipal advisor” as defined under Section 15B of the Exchange Act, and SEC Rule 15Ba1-1. In connection therewith, the Issuer solicits advice from the Remarketing Agent, as an underwriter, on the structure, timing, terms and other similar matters concerning the Bonds.

Section 6. Representations and Warranties of the Issuer. The Issuer represents and warrants to the Remarketing Agent as of the date hereof, and as of the date of any remarketing following a mandatory tender of the Bonds, the date on which there is any dissemination of any Remarketing Memorandum and the date on which there is any dissemination of any amendment, update or supplement of the Current Offering Materials, as follows:

(a) the Resolution was duly adopted at a regular meeting of the Board of Directors of the Issuer that was called and held with all notice required by law and at which a quorum was present and acting throughout, and the Indenture and the Resolution are in full force and effect and have not been modified or amended since adoption, and accordingly the Issuer has full power and authority to issue the Bonds, to enter into, perform and observe the covenants and agreements on its part contained in the Financing Documents and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents;

(b) the Financing Documents have been duly authorized, executed and delivered by the Issuer and constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors’ rights;

(c) the Bonds have been duly authorized and executed by the Issuer and, when authenticated and delivered by the Trustee, will constitute valid and binding limited obligations of the Issuer in accordance with their terms and in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights;

(d) the issuance and sale of the Bonds do not require registration of the Bonds under the Securities Act;

(e) the Current Offering Materials do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) as of any date on which the Issuer disseminates a Remarketing Memorandum, the Remarketing Memorandum will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) as of any date on which the Issuer supplements, updates or amends the Current Offering Materials, the Current Offering Materials, as so supplemented, updated or amended, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there are no consents, authorization or approvals of, or filings with, any federal or state government authority (other than the Issuer) required in connection with the issuance or sale by the Issuer of the Bonds, the execution and delivery by the Issuer of the Financing Documents and the performance of its obligations thereunder except as may be required by state securities laws (as to which no representation is made) and those which have already been obtained or made;

(i) the execution, delivery and performance by the Issuer of the Financing Documents have not and will not result in a breach or violation of, conflict with or constitute a default under any law, regulation, order, judgment, agreement or instrument to which the Issuer is a party or by which the Issuer or any of its property is bound;

(j) except as disclosed in the Current Offering Materials, there is no litigation or governmental proceeding pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer:

(1) which might reasonably be expected to result in a material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer or the ability of the Issuer to perform its obligations under the Financing Documents;

(2) contesting the validity or enforceability of the Financing Documents;
or

(3) contesting the existence or powers of the Issuer;

(k) except as disclosed in the Current Offering Materials, during the last five years the Issuer has not failed to materially comply with any previous continuing disclosure undertaking it has entered into in connection with Rule 15c2-12;

(l) the Bonds that have been tendered for purchase and would otherwise be subject to remarketing shall not have been called for redemption or mandatory tender pursuant to the Indenture unless the remarketing of such Bonds is permitted under the Indenture or under the applicable optional or mandatory tender provisions in the Bonds;

(m) none of the events set forth in Section 10 hereof shall have occurred and be continuing;

(n) all of the representations and warranties of the Issuer as are set forth by it in the Credit Facility Provider Agreement (or incorporated by reference into the Credit Facility Provider Agreement), which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Remarketing Agent with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety, are true and correct in all material respects (no amendment to such representations and warranties or defined terms made pursuant to the Credit Facility Provider Agreement shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Remarketing Agent); and

(o) each of the representations and warranties of the Issuer set forth in the Contract of Purchase, dated July __, 2025, by and between the Issuer and BofA Securities, Inc., as underwriter of the Bonds, relating to the Bonds are true and correct in all material respects.

Section 7. Representations and Warranties of the Remarketing Agent. The Remarketing Agent represents and warrants as of the date hereof as follows:

(a) the Remarketing Agent is a member of the Financial Industry Regulatory Authority, having a capitalization of at least \$50,000,000, and otherwise meets the requirements for the Remarketing Agent set forth in the Indenture;

(b) the Remarketing Agent has been duly incorporated, is validly existing and is in good standing under the laws of the State of Delaware, and is authorized by law to perform all the duties and obligations imposed upon it as Remarketing Agent by this Agreement and the Indenture; and

(c) the Remarketing Agent has full power and authority to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and the Indenture.

Section 8. Fees and Expenses.

(a) For the Remarketing Agent's services under this Agreement and the Indenture, the Issuer will pay to the Remarketing Agent a fee (the "**Remarketing Agent Fee**") equal to the greater of: (i) the *per annum* rate of []% of the weighted average aggregate principal amount of Bonds outstanding for the immediately preceding quarter; and (ii) \$____, until the earlier to occur of: (1) the termination of this Agreement; or (2) the effective date of the removal or resignation of the

Remarketing Agent. The Issuer shall pay the Remarketing Agent Fee, in arrears, commencing on October 1, 2025, and thereafter on each January 1, April 1, July 1 and October 1. In the event of a termination of this Agreement or the removal or resignation of the Remarketing Agent, the Issuer shall pay any accrued Remarketing Agent Fee during the quarter in which such termination, removal or resignation occurs on the effective date of such termination, removal or resignation. If the Bonds are remarketed in connection with the conversion of the Mode to a Fixed Rate Mode, the Issuer and the Remarketing Agent will act in good faith to agree on a fee for such remarketing.

(b) The Issuer will pay all expenses of delivering remarketed Bonds and reimburse the Remarketing Agent for all out-of-pocket expenses incurred by it as Remarketing Agent, including reasonable counsel fees and disbursements.

Section 9. Compliance with MSRB Rule G-34(c).

(a) The Issuer agrees that it shall provide the following to the Remarketing Agent to assist in complying with its obligations under MSRB Rule G-34(c):

(1) on the effective date of this Agreement, a copy of each executed and currently effective Rule G-34 Document;

(2) no later than ten (10) business days prior to the proposed date of any amendment, extension, renewal, replacement or termination of any of the then current Rule G-34 Documents, written notice that such document is proposed to be amended, extended, renewed, replaced or terminated, as the case may be, and the expected date of execution and delivery of such amendment, extension, renewal, replacement or termination, as the case may be;

(3) within one (1) business day after the execution and delivery of any amendment, extension, renewal, replacement or termination, as the case may be, of any of the then current Rule G-34 Documents, a copy thereof; and

(4) no later than three (3) business days after receiving a request from the Remarketing Agent for any Rule G-34 Document, a copy thereof.

In each instance that Rule G-34 Documents are delivered to the Remarketing Agent pursuant to this Section 9(a), the Issuer shall provide: (A) a clean final execution copy of each relevant document; and (B) in any such document where any redactions are made: (x) a redacted final execution copy of such document; and (y) a file containing a list showing all redactions that have been made to such document.

(b) If the Issuer determines that any information in the Rule G-34 Documents is confidential or proprietary, the Issuer shall discuss such information and the potential redaction thereof with the Remarketing Agent and its counsel to ensure compliance by the Remarketing Agent with MSRB Rule G-34(c).

(c) In the event that the Issuer does not provide the Remarketing Agent with a copy of a document described in Section 9(a) above, the Issuer acknowledges that the Remarketing Agent may file a notice with the SHORT System that such document will not be provided at such times as specified by the MSRB and in the SHORT System users' manual.

(d) The Issuer will hold harmless the Remarketing Agent with respect to any confidential or proprietary information that is made public when the Remarketing Agent files the Rule G-34 Documents with the SHORT System.

(e) If there are any additional regulatory requirements, amendments or modifications to the securities laws with which the Remarketing Agent must comply, the Issuer shall take all steps reasonably requested by the Remarketing Agent or its counsel necessary to comply with such additional requirements.

(f) The Issuer shall reimburse the Remarketing Agent for any costs incurred in connection with compliance with MSRB Rule G-34(c) including, but not limited to, fees charged by trustees or other parties supplying documents that the Issuer has not produced in a timely manner.

Section 10. Termination or Suspension. In addition to the provisions of Section 11 (“Resignation and Removal of the Remarketing Agent”) hereof, the Remarketing Agent shall have the right in its sole discretion to immediately terminate or suspend its obligations under this Agreement upon the occurrence of any of the following events by notifying the Issuer and the Trustee in writing or by electronic means of its election to do so if the Remarketing Agent reasonably determines that one or more of the following events has occurred:

(a) any one or more of the representations and warranties of the Issuer made hereunder is not true and correct in any material respect;

(b) the Issuer has breached one or more of its covenants, agreements or obligations under this Agreement in any material respect;

(c) the Issuer shall fail to observe any of its covenants, agreements or obligations made under the Financing Documents in any material respect;

(d) any event shall occur or information shall become known, which, at any time, in the Remarketing Agent’s reasonable opinion, makes untrue, incorrect, incomplete or misleading in any material respect any statement or information contained in the then Current Offering Materials, as the information contained therein has been supplemented or amended, or causes the Current Offering Materials to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(e) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended (whether or not then introduced) to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such

Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Remarketing Agent, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation;

(f) legislation shall have been enacted, proposed (whether or not then introduced), introduced or reported by any committee for passage by either house of the Congress or by any body of the State legislature of the State of California or recommended for passage by the President of the United States, or a decision rendered by any federal court or California court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the Securities Act or that the Indenture is not exempt from qualification under the Trust Indenture Act;

(g) a stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution and delivery of any document relating to the issuance, as contemplated hereby or by the Current Offering Materials, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the Securities Act, the Exchange Act or the Trust Indenture Act, each as amended and as then in effect;

(h) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Current Offering Materials, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect;

(i) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(j) any of the rating agencies then rating the Bonds or the Credit Facility Provider shall either: (i) downgrade the long-term ratings assigned to either the Bonds or the Credit Facility Provider below “BBB-” by S&P Global Ratings (“**S&P**”) or Fitch, Inc., doing business as Fitch Ratings (“**Fitch**”), or “Baa3” by Moody’s Investors Service (“**Moody’s**”), as applicable, or the short-term ratings assigned to the Bonds below the highest short-term category of the applicable rating agency

(without regard to subcategory); or (ii) suspend or withdraw the then current ratings assigned to the Bonds;

(k) a general banking moratorium is declared by either federal, New York or California authorities;

(l) the general suspension of trading on any national securities exchange;

(m) there shall have occurred an actual or imminent default or a moratorium in respect of payment of any United States Treasury bills, bonds or notes, the effect of which, in the Remarketing Agent's judgement, makes it impracticable to market the Bonds or to enforce contracts for the sale of the Bonds;

(n) there shall have occurred any new outbreak of hostilities or any material escalation in any present hostilities or other new national or international calamity, crisis or terrorist activity, the effect of such outbreak, escalation, calamity, crisis or terrorist activity on the operation of the government or financial markets of the United States, in the Remarketing Agent's judgement, is to materially adversely affect the marketability of the Bonds;

(o) the occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market;

(p) an "event of default" shall have occurred and be continuing under any of the Financing Documents;

(q) the Issuer shall fail to pay, or cause to be paid, when due, or shall declare a moratorium on the payment of, or shall repudiate its obligations under, any Bonds or any of its other bonds or indebtedness;

(r) a court of competent jurisdiction shall have entered a final, nonappealable order or judgment that any Bonds or any of the Issuer's other outstanding bonds or indebtedness, or obligations securing any bonds (including, without limitation, the Bonds) or other indebtedness are illegal or unenforceable;

(s) in the reasonable judgment of the Remarketing Agent, the market price or marketability of the Bonds or the ability of the Remarketing Agent to enforce contracts for the sale of Bonds shall have been materially adversely affected by an amendment of or supplement to the Current Offering Materials, notwithstanding the Remarketing Agent's approval or consent of such amendment or supplement prior to its distribution;

(t) there is any material adverse change in the affairs (whether financial or otherwise) of the Credit Facility Provider or the Issuer which, in the sole judgment of the Remarketing Agent, makes it impractical or inadvisable to proceed with the remarketing of the Bonds as contemplated by this Agreement and by the Official Statement;

(u) the expiration or termination of the Letter of Credit unless it is being replaced by an alternate or substitute credit facility or liquidity facility acceptable to the Remarketing Agent;

(v) any litigation shall be instituted, pending or threatened contesting the existence or powers of the Issuer or the Credit Facility Provider; or

(w) the Issuer shall fail to comply in any material respect with its obligations under the Continuing Disclosure Certificate.

Section 11. Resignation and Removal of the Remarketing Agent. The Remarketing Agent may at any time resign and be discharged of its duties and obligations hereunder upon providing the Trustee, the Credit Facility Provider and the Issuer with thirty (30) days' prior written notice. The Remarketing Agent may be removed at any time, at the direction of the Issuer upon thirty (30) days' prior written notice to the Remarketing Agent. Upon removal or resignation of the Remarketing Agent, the Issuer shall promptly cause the Trustee to give notice thereof in accordance with the Financing Documents to all Owners and to any rating agency which has assigned a rating to the Bonds.

Section 12. Dealing in Bonds by the Remarketing Agent.

(a) The Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent may sell any of such Bonds at prices above or below par, at any time. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, trustee, or agent for any committee or body of Owners or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall obligate the Remarketing Agent to purchase any Bonds at any time.

Section 13. No Advisory or Fiduciary Role. The Issuer acknowledges and agrees that: (i) the transactions contemplated by this Agreement are arm's length, commercial transactions between the Remarketing Agent and the Issuer in which the Remarketing Agent is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and the Remarketing Agent has financial and other interests that differ from those of the Issuer; (ii) the Remarketing Agent has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Remarketing Agent or its affiliates have provided other services or are currently providing other services to the Issuer on other matters) or other contractual, advisory or fiduciary obligation to the Issuer related to this Agreement except the contractual obligations expressly set forth in this Agreement; (iii) the Remarketing Agent has a duty to deal with the Issuer in a fair and reasonable manner, but must balance that duty with its duty to determine interest rates on the Bonds and perform its other responsibilities as Remarketing Agent in a manner that is fair and reasonable to investors; (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent that it has deemed appropriate; and (v) the responsibilities and obligations of the Remarketing Agent under this Agreement are purely contractual in nature and the Remarketing Agent is not undertaking and is not serving in the capacity as agent under the law of agency.

Section 14. Indemnification and Contribution.

(a) The Issuer will indemnify and hold harmless the Remarketing Agent, its affiliates and each of their respective directors, officers, employees and agents and each person who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act (each, a **“Remarketing Agent Indemnified Party”**) against any and all losses, claims, damages or liabilities, joint or several, to which any such Remarketing Agent Indemnified Party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such Remarketing Agent Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon: (i) an allegation or determination that the Bonds should have been registered under the Securities Act or the Indenture should have been qualified under the Trust Indenture Act; or (ii) any untrue statement or alleged untrue statement of a material fact contained in any document that constituted a part or the whole of the Current Offering Materials as of any date, or in any of the EMMA Materials, or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, but the Issuer will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Official Statement under the captions “UNDERWRITING” and “REMARKETING AGENT,” or made in any Remarketing Memorandum under captions containing descriptions of the Remarketing Agent comparable to the information provided under the caption “REMARKETING AGENT” in the Official Statement. This indemnity agreement will not limit any other liability to any Remarketing Agent Indemnified Party that the Issuer otherwise may have; provided that in no event will the Issuer be obligated for double indemnification.

(b) A Remarketing Agent Indemnified Party shall, promptly after receipt of notice of the commencement of any action against such Remarketing Agent Indemnified Party in respect of which indemnification may be sought against the Issuer, notify the Issuer in writing of the commencement of the action. Failure of the Remarketing Agent Indemnified Party to give such notice will not relieve the Issuer from any liability that it may have to such Remarketing Agent Indemnified Party. If such an action is brought against a Remarketing Agent Indemnified Party and such Remarketing Agent Indemnified Party notifies the Issuer of its commencement, the Issuer may, or if so requested by such Remarketing Agent Indemnified Party shall, participate in or assume its defense, with counsel reasonably satisfactory to the Remarketing Agent Indemnified Party and, after notice from the Issuer to such Remarketing Agent Indemnified Party of an election to assume the defense, the Issuer shall not be liable to the Remarketing Agent Indemnified Party under this Section for any legal or other expenses subsequently incurred by the Remarketing Agent Indemnified Party in connection with the defense other than reasonable costs of investigation. Until the Issuer assumes the defense of any such action at the request of such Remarketing Agent Indemnified Party, the Remarketing Agent Indemnified Party may participate at its own expense in the defense of such action. If the Issuer does not retain counsel to take charge of the defense or if the Remarketing Agent Indemnified Party reasonably concludes that there may be defenses available to it different from or in addition to those available to the Issuer (in which case the Issuer will not have the right to assume the defense of such action on behalf of such Remarketing Agent Indemnified Party), legal and other expenses reasonably incurred by the Remarketing Agent Indemnified Party shall be borne by the Issuer.

(c) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 14(a) hereof is due in accordance with its terms but, for any reason, is unavailable on grounds of policy or otherwise, the Issuer and any Remarketing Agent

Indemnified Party will contribute to the total losses, claims, damages and liabilities (including legal or other expenses of investigation or defense) to which such Remarketing Agent Indemnified Party may be subject in such proportion so that such Remarketing Agent Indemnified Party is responsible for that portion represented by the percentage that the fee to be paid to the Remarketing Agent pursuant to Section 8 (“Fees and Expenses”) hereof bears to the then-outstanding principal amount of the Bonds and the Issuer is responsible for the balance. In no case, however, will the Remarketing Agent Indemnified Party be responsible for any amount in excess of the aggregate fee paid by the Issuer to the Remarketing Agent under this Agreement for the one-year period immediately preceding the application of this provision. Notwithstanding the foregoing, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 15. Term of Agreement. This Agreement shall become effective on the date hereof and shall continue in full force and effect until the earliest to occur of: (a) the payment in full of the Bonds; (b) the conversion of all Bonds to the Fixed Rate Mode; or (c) the removal or resignation of the Remarketing Agent hereunder. Notwithstanding any provision of the Financing Documents or this Agreement to the contrary, the provisions of Section 8 (“Fees and Expenses”) and Section 14 (“Indemnification and Contribution”) hereof and the obligations of the Issuer and the Remarketing Agent thereunder shall survive any termination of this Agreement.

Section 16. Governing Law. This Agreement shall be deemed to be a contract under, and for all purposes shall be governed by and construed and interpreted in accordance with the laws of the State of New York without regard to choice of law rules (other than New York General Obligations Laws Section 5-1401 and 5-1402). Any claim, action or proceeding, directly or indirectly, arising out of, or relating to this Agreement or the Bonds or the offer and sale of the Bonds shall be brought solely in the U.S. federal courts located in the Borough of Manhattan, or the courts of the State of New York located in the Borough of Manhattan, and, in connection with any such claim, action or proceeding, the parties submit to the exclusive jurisdiction of, and venue in, federal or state courts located in the County of New York.

Section 17. Intention of Parties. It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds.

Section 18. Waiver of Trial by Jury. TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, ACTION OR PROCEEDING, DIRECTLY OR INDIRECTLY, ARISING OUT OF, OR RELATING TO, THIS AGREEMENT ARE EXPRESSLY AND IRREVOCABLY WAIVED BY THE PARTIES HERETO.

Section 19. Miscellaneous.

(a) The Issuer acknowledges and agrees that the Remarketing Agent shall have no obligation under this Agreement to provide any services, provide any advice or take any other action to the extent that the Remarketing Agent determines, in its sole discretion, that such services, advice or action would cause the Remarketing Agent to be considered a “municipal advisor” as defined under Section 15B of the Exchange Act and SEC Rule 15Ba1-1.

(b) Except as otherwise specifically provided herein, all notices, demands and formal actions under this Agreement shall be in writing and either: (i) hand-delivered; (ii) sent by electronic means; or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid. Any such notice shall be effective when received at the address specified below for the intended recipient (or at such other address as such recipient may designate from time to time by notice to the other party).

The Remarketing Agent:

BofA Securities, Inc.
One Bryant Park, Ninth Floor
New York, New York 10036

Attention: Municipal Money Markets
Telephone: 212-449-5101
Facsimile: 646-736-6960
Email: dg.temm@bofa.com

The Issuer:

Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, California 92618

Attention: Executive Director of Finance
Telephone: (949) 453-5350
Email: adly@irwd.com

The Trustee:

U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071

Attention: Global Corporate Trust
Telephone: (213) 615-6527
Email: lauren.costales@usbank.com

The Credit Facility Provider:

Sumitomo Mitsui Banking Corporation, acting through its New York Branch
New York Branch
277 Park Avenue
New York, New York 10072

Attention: Hiromi Suzuki
Telephone: (212) 224-4878
Email: hiromi.suzuki@smbcgroup.com

(c) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms “successors” and “assigns” shall not include any purchaser of any of the Bonds merely because of such purchase. Neither the Credit Facility Provider nor any Owner or other third party shall have any rights or privileges hereunder.

(d) The Issuer and Remarketing Agent hereby agree that BofA Securities may, without notice to the Issuer, assign its rights and obligations under this Agreement to any other wholly-owned subsidiary of Bank of America Corporation to which all or substantially all of Remarketing Agent's municipal markets business may be transferred following the date of this Agreement.

(e) All of the representations and warranties of the Issuer in this Agreement shall remain operative and in full force and effect, regardless of: (i) any investigation made by or on behalf of the Remarketing Agent; (ii) the offering and sale of and any payment for any Bonds hereunder; or (iii) the termination or cancellation of this Agreement.

(f) This Agreement and each provision hereof shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by each of the parties hereto.

(g) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(h) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

IRVINE RANCH WATER DISTRICT

By: _____
Executive Director of Finance

BOFA SECURITIES, INC.


By: _____
[Title]

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June 23, 2025

Prepared by: A. McNulty / R. Matuska

Submitted by: F. Nye / P. Weghorst

Approved by: Paul A. Cook 

ACTION CALENDAR

CONSULTANT SELECTION FOR ADVANCED METERING INFRASTRUCTURE PLANNING AND IMPLEMENTATION

SUMMARY:

Last summer, staff reviewed with the Board of Directors the findings of an Advanced Metering Infrastructure (AMI) and Meter Replacement Feasibility Study along with next steps for developing a detailed AMI Implementation Plan. In March 2025, staff issued a Request for Proposal (RFP) seeking a qualified consulting firm to prepare the plan and assist with subsequent work. Seven proposals were received and evaluated by staff. Staff recommends that the Board authorize the General Manager to execute a Professional Services Agreement with Arcadis U.S., Inc. in the amount of \$432,930 for AMI related consulting services and approve increases to Projects 12514 and 12515 in the amount of \$170,000 each in the Fiscal Year (FY) 2025-26 Capital Budget.

BACKGROUND:

In August 2024, staff presented to the Board the results of an evaluation of alternative customer water meter reading strategies as well as the results of an AMI and Meter Replacement Feasibility Study. The work included an assessment of the benefits and costs of bringing meter reading services in house compared with various meter replacement alternatives with and without AMI. The results showed that implementation of AMI with a meter replacement program using static meters could achieve all IRWD's meter reading objectives and enable IRWD to potentially realize \$46.6 million in avoided costs over a 15-year period. The Board approved budget increases to proceed with developing a detailed AMI Implementation Plan. Subsequently, an interdepartmental AMI Steering Committee of staff was formed to conduct a competitive procurement process to proceed with developing the AMI Implementation Plan and to assist with subsequent work.

Consultant Selection Process:

In March 2025, staff issued an RFP for AMI related consulting services. The RFP included the following three phases of work:

Phase 1: Preparing a detailed AMI Implementation Plan focused on a proposed AMI solution.

Phase 2: Providing AMI procurement services including developing an RFP to be submitted to AMI vendors and assisting with contract negotiations with a selected AMI provider.

Phase 3: Providing Project Management services for the implementation of the selected AMI solution for metering water provided to IRWD's customers.

Consultants were required to submit proposals for all three phases of work with the understanding that proceeding with each phase is contingent upon the successful completion of the previous phase. A total of seven proposals were received.

Staff evaluated the seven consultant proposals, conducted interviews with the top three firms, and verified references. While the top firms showed a good understanding of the scope of work, Arcadis demonstrated that its team has a superior ability to meet IRWD's objectives. Arcadis' proposal demonstrated significant understanding of IRWD, a thorough and adaptable approach, a local presence, and the ability to complete the work in a timely manner. Staff's Consultant Evaluation Matrix and Arcadis proposal are provided as Exhibit "A" and "B", respectively. Based on conclusions drawn from this selection process, staff recommends the selection of Arcadis to provide the requested consulting services.

At the meeting, staff will present an overview of the consultant selection process as well as the AMI project scope of work and schedule. Staff's presentation is provided as Exhibit "C".

FISCAL IMPACTS:

Projects 12514 and 12515 are included in the FY 2025-26 Capital Budget. The following Capital Budget increases are needed to provide funding for completion of the Phase 1 and Phase 2 work, including consultant and staff time, as well as accounting for contingencies. Work on Phase 3 would be subject to further budget approval by the Board of Directors.

Project No.	Current Budget	Addition <Reduction>	Total Budget
12514	\$270,000	\$170,000	\$440,000
12515	\$270,000	\$170,000	\$440,000

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on June 17, 2025.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO INCREASE CAPITAL BUDGET PROJECTS 12514 AND 12515 EACH BY \$170,000 FOR A TOTAL OF \$340,000; AND TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH ARCADIS U.S., INC. IN THE AMOUNT OF \$432,930 FOR THE DEVELOPMENT OF A DETAILED ADVANCED METERING INFRASTRUCTURE IMPLEMENTATION PLAN AND PROVIDING PROCUREMENT ASSISTANCE.

LIST OF EXHIBITS:

Exhibit “A” – Consultant Evaluation Matrix

Exhibit “B” – Arcadis Proposal

Exhibit “C” – Presentation on AMI Consulting and Project Management Services

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Exhibit "A"

AMI Consulting and Project Management Services

Rank 1- 7 with '1' being the best

Item	Description	Weights	Utilities One	GHD	Diameter Services	Utility Solutions Partners	Arcadis	E-Source	West Monroe							
A	TECHNICAL APPROACH	50%														
1	Adherence to RFP Requirements	10%	7	4	1	6	2	3	5							
2	Understanding of required services and project details	25%	7	5	1	6	2	3	4							
3	Approach and Methodology	45%	7	4	3	6	1	2	5							
4	Schedule	20%	7	4	2	5	1	3	6							
	Weighted Score (Technical Approach)		7.00	4.25	2.10	5.80	1.35	2.55	4.95							
B	QUALIFICATIONS AND EXPERIENCE	50%														
1	Project Manager(s)	35%	7	4	3	6	1	2	5							
			Michael Schrenker (10yrs)	Richard Relyea (22 yrs, 13 AMI)	Todd Chapman (20 yrs)	Jay Romey (20 yrs)	Kristy Lavelle (21 yrs)	Tara Turch (12 yrs)	Justin Licke (10 yrs)							
					Joel Carly (25 yrs)		Tony Williams (17 yrs)									
2	Technical Leads/Advisors	25%	7	4	3	6	1	2	5							
			No names or experience given	Freddie Guerra (30+ AMI Projects)	Dan Donovan (15 yrs)	Geetha Ganeson (24 yrs)	Joanna Brunner (10 yrs)	Rajaramesh Gandla (15 yrs)	Tricia Anklan (13 yrs)							
				Kenneth Mollí (40yrs)	Dave Hanes (34 yrs)	Colin Harrison (25 yrs)	Michael Rotunno (27 yrs)	Athens Silaban (12 yrs)	Shivank Srivastava							
				Kendall Smith (30 yrs, 150 AMI deployments)	Jake Mather (12 yrs)	Jackie Lemmerhirt (35 yrs)	James Cooper (20 yrs)	Mark Johnson (45 yrs)	Liz Alexander (5 yrs)							
				Amy Czajkowski (30yrs)	Jamie Wagler (11 yrs)	Scott Smith (17 yrs)	Steve Davis (54 yrs)	Steve Catanach (35 yrs)	Sean Teska							
				Edgar Johnson (40+ yrs)	Jan Geyer (19 yrs)	Sandip Basu (20 yrs)	Melissa Darr (11 yrs)	Rachael Robinson (3 yrs)	Jonathan Shaw (20 yrs)							
							Brian Wopershall (25 yrs)	Elijah Lujan (7 yrs)								
							Michelle Maddaus (25 yrs)	Rick Hitzemann (30 yrs)								
3	Project Team Experience (sub and prime)	25%	7	4	3	5	1	2	6							
4	Firm's Relevant Experience (sub and prime)	15%	7	4	3	6	2	1	5							
	Weighted Score (Experience)		7	4	3	5.75	1.15	1.85	5.25							
	COMBINED WEIGHTED SCORE		7.00	4.13	2.55	5.78	1.25	2.20	5.10							
	Ranking of Consultants		7	4	3	6	1	2	5							
C	SCOPE OF WORK															
TASK			TASK HOURS	TASK COST	TASK HOURS	TASK COST	TASK HOURS	TASK COST	TASK HOURS	TASK COST	TASK HOURS	TASK COST	TASK HOURS	TASK COST	TASK HOURS	TASK COST
1	Phase 1: Implementation Plan		290	\$ 29,000.00	253	\$ 107,671.00	394	\$ 82,010.00	752	\$ 123,360.00	965	\$ 236,309.00	302	\$ 97,660	783	\$ 251,534.80
2	Phase 2: RFP Procurement		280	\$ 28,000.00	274	\$ 160,009.00	948	\$ 359,575.00	3,064	\$ 456,480.00	900	\$ 196,621.00	598	\$ 189,520	1,094	\$ 404,450.17
3	Phase 3: Project Management		540	\$ 54,000.00	1,126	\$ 322,628.00	7,074	\$ 1,115,385.00	13,144	\$ 2,172,000.00	3,335	\$ 1,097,244.00	3,278	\$ 991,260	4,336	\$ 1,388,195.89
	TOTAL ENGINEERING SERVICES, FEES		1,110	\$ 111,000	1,653	\$ 590,308	8,416	\$ 1,556,970	16,960	\$ 2,751,840	5,200	\$ 1,530,174	4,178	\$ 1,278,440	6,213	\$ 2,044,181
	Avg \$/hr			\$ 100.00		357.11		185.00		162.25		294.26		305.99		329.02
D	OTHER															
	Conflict of Interest			No	No	No	No	No	No	No	No	No	No	No	No	No
	Joint Venture			No	No	No	No	No	No	No	Yes	No	No	No	No	No
	Scope of Work Exclusions			No	No	No	No	No	No	No	No	No	No	No	No	No
	Exceptions taken to IRWD Professional Services Agreement			No	Yes	No	No	No	No	No	No	No	No	No	Yes	Yes
	Insurance (Professional & General Liability)			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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Proposal



Irvine Ranch Water District

AMI Consulting and Project Management Services

May 2025



Irvine Ranch Water District
Amy McNulty, *Water Efficiency Manager*
15600 Sand Canyon Avenue
Irvine, CA 92618
949.453.5634
Email: amiproject@irwd.com

May 5, 2025

Re: Proposal for AMI Consulting and Project Management Services

Dear Ms. McNulty:

On behalf of Arcadis, I am delighted to submit our proposal to support Irvine Ranch Water District (IRWD) in advancing its Advanced Metering Infrastructure (AMI) initiative. Building on the successful AMI and Meter Replacement Feasibility Study (Feasibility Study) completed in July 2024 with IRWD, our team is excited to leverage its deep expertise and proven methodologies to ensure the success of this transformative program.

With a clear understanding of your goals and expectations, we have crafted our value propositions that highlight how our approach will deliver meaningful impact and drive success for this transformational initiative. We are the right firm for IRWD for the following reasons:

Prior Experience and Proven Success. Our prior experience working closely with IRWD during the Feasibility Study gives us unique insight into your operational goals, business processes, potential topography challenges for AMI networks, and system requirements. This foundational knowledge allows us to deliver a highly tailored implementation plan that addresses IRWD's unique needs, from selecting the right technologies to ensuring seamless integration with existing systems. We will deliver these services with the same team as before, including our two subcontractors: **Maddaus Water Management, Inc.** and **Metering Technology Consultants, Inc.**

Sound Approach to AMI Procurement. We recognize that AMI procurement requires a thoughtful, client-specific approach. Our strategy incorporates methods to normalize and compare varying technologies to ensure that IRWD selects the solution that best aligns with your priorities. Leveraging a structured Request for Proposal (RFP) process, we will provide clarity and guidance in evaluating options, that allows for IRWD to achieve the best value and performance outcomes. We have the experience to support the District with developing a strong contract which will streamline the effort while managing the risks.

Implementation Management and Local Resources. To ensure IRWD receives hands-on support throughout the deployment, our team includes a dedicated Project Manager and Deployment Lead located near IRWD. This local presence provides direct access to expertise and timely responsiveness to project needs.

We would welcome the opportunity to discuss our approach further and demonstrate how our continued partnership can help IRWD achieve its vision for AMI. Should you have any questions about our response or require additional information from us, please do not hesitate to contact me. Thank you for your time in considering our proposal.

Sincerely,
Arcadis U.S., Inc.

A handwritten signature in blue ink that reads 'Kristy Lavelle'.

Kristy Lavelle
Project Director
✉ Kristine.Lavelle@arcadis.com | ☎ 314.494.1275



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APPENDIX.

Resumes

This proposal and its contents shall not be duplicated, used or disclosed in whole or in part for any purpose other than to evaluate the proposal. This proposal is not intended to be binding or form the terms of a contract. The scope and price of this proposal will be superseded by the contract. If this proposal is accepted and a contract is awarded to Arcadis as a result of or in connection with the submission of this proposal, Arcadis and/or the client shall have the right to make appropriate revisions of its terms, including scope and price, for purposes of the contract. Further, client shall have the right to duplicate, use or disclose the data contained in this proposal only to the extent provided in the resulting contract.



Section 1. Scope

Section 1. Scope

Project Understanding

Irvine Ranch Water District (IRWD) has initiated a strategic effort to take the next steps in their Advanced Metering Infrastructure (AMI) journey following the foundational work completed by IRWD and the Arcadis team together in 2024, which established the feasibility and benefits of adopting AMI technology alongside the replacement of mechanical meters with static meters. The previous study demonstrated the viability of this approach, highlighting its cost-effectiveness and the potential for improved operational efficiency, enhanced meter reading accuracy, and the ability to leverage AMI functionalities for broader utility benefits. Building on these positive findings, IRWD is now seeking to move forward with the next critical phases of the AMI initiative.

Arcadis is prepared to provide IRWD with the strategic guidance, technical expertise, and project management support necessary to achieve the successful deployment of AMI technology through our Project Approach detailed below.

>>> Building on our prior project knowledge, established relationships with the IRWD team, and extensive expertise in AMI systems, we are exceptionally equipped to deliver a comprehensive implementation plan, risk-averse procurement, and successful system deployment—while ensuring impartiality and unbiased support throughout every stage of the procurement process.

Project Approach

Our approach has been customized to IRWD based on our matured methodology for meter replacement and AMI projects. Coupled with the Arcadis team’s experience with similar projects, we will bring to IRWD our proven best practices and tools to streamline the development of a detailed implementation plan, procurement of equipment and installation services, and a well-managed, risk mitigated AMI and meter implementation. Our proposed approach achieves all the scope of work items requested by IRWD in the request for proposal (RFP) as well as bringing forward important lessons learned to support you with a successful delivery of this strategic initiative.

Task Plan Summary

Based on our understanding of the Scope of Work described in the RFP, and our proposed project approach, Arcadis has prepared a Task Plan Summary outlining key elements of this project, including, task objectives, keys to success, project approach, digital tools, task meetings, and task deliverables (Table 1-1). The Task Plan will be reviewed with IRWD at the kick-off meeting and refined to ensure compliance with the established project execution strategy and project goals.

Table 1-1. Task Plan Summary

PHASE	TASK	TASK OBJECTIVES	KEY TO SUCCESS	ARCADIS APPROACH	PROVEN TOOLS	TASK MEETINGS	TASK DELIVERABLES
Phase 1: Detailed Implementation Plan	TASK 1.1 Review of Existing Information	To review all relevant existing information related to IRWD’s AMI program following our previous Feasibility Study in preparation for a formal Project Kickoff and draft the business and technical requirements leading into Phase 2, Procurement.	<input type="checkbox"/> Swift ramp-up based on our past AMI project work with IRWD.	<input type="checkbox"/> Our team will meet with IRWD staff to learn of recent activity since the Feasibility Study, and develop a draft of the business and technical requirements.	<input type="checkbox"/> MS Teams for Virtual Meetings. <input type="checkbox"/> MS Excel for RFI Tracking. <input type="checkbox"/> MS SharePoint for Efficient File Sharing.	<input type="checkbox"/> Project & Phase Kick-off Meeting.	<input type="checkbox"/> Request for Data/ Information. <input type="checkbox"/> Kick-off Meeting Agenda and Minutes. <input type="checkbox"/> Draft of business and technical requirements.
	TASK 1.2 Develop Detailed AMI Implementation Plan	To develop the key components of the Detailed AMI Implementation Plan including: Funding, Procurement, Data Management, Change Management, Deployment, Customer Outreach, and Project Schedule.	<input type="checkbox"/> Engagement from the key IRWD teams and efficient coordination.	<input type="checkbox"/> A collaborative approach with a series of workshops and meetings focused on the seven key areas that comprise the Detailed AMI Implementation Plan.	<input type="checkbox"/> MS Teams for Virtual Meetings. <input type="checkbox"/> MS Excel for Tracking Requirements and Schedules. <input type="checkbox"/> MS Visio for Process Flow Diagrams.	<input type="checkbox"/> Funding Planning Meetings (Up to 2). <input type="checkbox"/> Procurement Planning Meetings (Up to 2). <input type="checkbox"/> Data Management Planning Workshop. <input type="checkbox"/> Change Sentiment Interviews (Up to 15). <input type="checkbox"/> Change Management Planning Workshop. <input type="checkbox"/> Deployment Planning Meeting. <input type="checkbox"/> Customer Outreach Planning Workshop. <input type="checkbox"/> Project Schedule Planning Meeting.	<input type="checkbox"/> Meeting/Workshop Agendas and Minutes. <input type="checkbox"/> Detailed AMI Implementation Plan.
	TASK 1.3 Phase 1 Project Management	To provide proper scheduling, project control, review of work product and deliverables, project quality, invoice preparation, all in coordination with IRWD.	<input type="checkbox"/> Identify and establish the key IRWD personnel including project team, sponsors, subject matter experts, and stakeholders. <input type="checkbox"/> Timely communication.	<input type="checkbox"/> Highly experienced AMI team to provide Technical Leadership. <input type="checkbox"/> Local Project Controls expert to maintain action items, schedule, and upcoming deliverables.	<input type="checkbox"/> MS Teams for Virtual Meetings <input type="checkbox"/> MS Excel for Tracking Action Items <input type="checkbox"/> MS SharePoint for Efficient File Sharing.	<input type="checkbox"/> Bi-Weekly Project Status Meetings (Up to 6).	<input type="checkbox"/> Phase 1 Project Schedule. <input type="checkbox"/> Bi-Weekly Meeting Agendas and Minutes for Status Meetings. <input type="checkbox"/> Monthly Invoices.

PHASE	TASK	TASK OBJECTIVES	KEY TO SUCCESS	ARCADIS APPROACH	PROVEN TOOLS	TASK MEETINGS	TASK DELIVERABLES
Phase 2: Procurement	TASK 2.1 Develop AMI Requests for Proposals	To develop an AMI Request for Proposals solicitation package that outlines IRWD’s future AMI System’s technical and functional requirements and complies with its procurement rules and regulations.	<input type="checkbox"/> Engagement from the key IRWD teams to clearly define the requirements of IRWD’s AMI System and scope of implementation.	<input type="checkbox"/> An unbiased approach to designing requirements and scope. <input type="checkbox"/> A series of workshops focused on identifying core technical and functional requirements.	<input type="checkbox"/> MS Teams for Virtual Meetings. <input type="checkbox"/> MS OneNote and Word for Workshop Notes. <input type="checkbox"/> MS SharePoint for Efficient File Sharing.	<input type="checkbox"/> Technical and Functional Requirements Workshops (Up to 9). <input type="checkbox"/> AMI RFP Feedback Session Meetings (Up to 3).	<input type="checkbox"/> Workshop Notes and Meeting Minutes. <input type="checkbox"/> Draft and Final AMI Request for Proposals Package.
	TASK 2.2 RFP Administration and Evaluation Support	To assist IRWD with the bid solicitation and procurement process including a pre-bid meeting, assistance in responding to questions, developing a scoring rubric, prposal reviews and evaluations, and cost comparisons to facilitate the selection of the most well suited solution.	<input type="checkbox"/> Engagement from the IRWD evaluation team and timely communication.	<input type="checkbox"/> Our teams will support IRWD throughout the entire bid solicitation and evaluation process, facilitating the review and cost comparisons from each proposal received.	<input type="checkbox"/> MS Excel for Scoring Rubric, Bid Evaluation, and Cost Comparison Analysis.	<input type="checkbox"/> Pre-Bid Meeting. <input type="checkbox"/> RFI and Clarification Check-In Meeting (Up to 2). <input type="checkbox"/> Bid Evaluation and Scoring Meeting (Up to 2).	<input type="checkbox"/> Pre-Bid Meeting Agenda, Attendance Log, and Meeting Minutes. <input type="checkbox"/> Addenda and Question Responses As Needed. <input type="checkbox"/> Bid Evaluation Scores and Cost Comparison Analysis.
	TASK 2.3 Contract Negotiations	To serve as IRWD’s Technical Advisor In the review and negotiation of the final contract to be signed with the selected vendor.	<input type="checkbox"/> Engagement from the key IRWD teams including legal and timely communication.	<input type="checkbox"/> Providing IRWD with highly experienced SMEs with a history of large scale AMI contracts across the nation to mitigate potential risks and enable a contract in favor of IRWD.	<input type="checkbox"/> MS Excel and Word to Track Notes. <input type="checkbox"/> MS SharePoint for Efficient File Sharing.	<input type="checkbox"/> Contract Review Meetings (Up to 4). <input type="checkbox"/> IRWD Board Approval Meeting.	<input type="checkbox"/> Meeting Agendas and Minutes. <input type="checkbox"/> Contract with Comments and Recommendations.
	TASK 2.4 Phase 2 Project Management	To provide proper scheduling, project control, review of work product and deliverables, project quality, invoice preparation, all in coordination with IRWD.	<input type="checkbox"/> Identify and establish the key IRWD personnel including evaluation team, sponsors, subject matter experts, and stakeholders. <input type="checkbox"/> Timely communication.	<input type="checkbox"/> Highly experienced AMI team to provide Technical Leadership. <input type="checkbox"/> Local Project Controls expert to maintain action items, schedule, and upcoming deliverables.	<input type="checkbox"/> MS Teams for Virtual Meetings. <input type="checkbox"/> MS Excel for Tracking Action Items. <input type="checkbox"/> MS SharePoint for Efficient File Sharing.	<input type="checkbox"/> Phase Launch Meeting. <input type="checkbox"/> Monthly Project Status Meetings (Up to 9).	<input type="checkbox"/> Project Schedule. <input type="checkbox"/> Meeting Agendas and Minutes for Monthly Progress Meetings. <input type="checkbox"/> Monthly Progress Reports. <input type="checkbox"/> Monthly Invoices.
Phase 3: AMI Implementation Project Management and Support Services	TASK 3.1 Systems Integrations Support and Testing	To advise and coordinate the integration of the selected vendor’s solution, provide technical support, and facilitate testing of the provided solution to ensure compliance with the approved Contract.	<input type="checkbox"/> Engagement from the key IRWD teams including test resources and timely communication. <input type="checkbox"/> Effective management and oversight of awarded vendor and testing activities.	<input type="checkbox"/> Our teams will manage and support the Functional Testing of the provided solution to ensure compliance with the stated requirements and customize elements as necessary to suit IRWD’s needs. The team will then move onto Integrated System Testing which will validate the solution’s integration with the rest of IRWD’s connected systems and processes.	<input type="checkbox"/> MS Teams for Virtual Meetings. <input type="checkbox"/> MS Excel and Word to Track Notes, Test Scenarios and Defect Management. <input type="checkbox"/> MS SharePoint for Efficient File Sharing.	<input type="checkbox"/> Phase Launch Meeting. <input type="checkbox"/> Functional Testing (Up to 2 weeks). <input type="checkbox"/> Integrated System Testing (Up to 4 weeks).	<input type="checkbox"/> Test Scenarios. <input type="checkbox"/> Defect Management Log. <input type="checkbox"/> Meeting Agendas and Minutes.
	TASK 3.2 Data Management	To assist IRWD with the establishment and integration of an AMI Data Management Strategy plan that incorporates the new data and identify key use cases to be futher refined.	<input type="checkbox"/> Engagement from the key IRWD teams and timely communication.	<input type="checkbox"/> Building upon IRWD’s existing data strategy, our teams will share our experiences from other large utilities that have successfully incorporated AMI data with other utility data to maximize the potential for data driven business intelligence.	<input type="checkbox"/> MS Teams for Virtual Meetings. <input type="checkbox"/> MS Excel and Word to Track Notes. <input type="checkbox"/> MS SharePoint for Efficient File Sharing.	<input type="checkbox"/> Data Management Use Case Workshop.	<input type="checkbox"/> Meeting Agendas and Minutes. <input type="checkbox"/> Up to Three Documented Use Cases.
	TASK 3.3 Oversee Change Management Plan	To review IRWD’s business processes and develop the anticipated changes and/or additional processes as part of the new AMI System and its associated components. To strengthen adoption of the AMI system and achieve it’s full benefits.	<input type="checkbox"/> Engagement from the key IRWD teams and timely communication.	<input type="checkbox"/> Utilizing our Change Management Framework and the Change Management Plan developed in Phase 1, our team will guide IRWD through the various changes that will impact existing and/or new business processes.	<input type="checkbox"/> MS Teams for Virtual Meetings. <input type="checkbox"/> MS Excel and Word to Track Notes. <input type="checkbox"/> MS Visio for Process Flow Diagrams. <input type="checkbox"/> MS SharePoint for Efficient File Sharing.	<input type="checkbox"/> Change Management KPI Workshop. <input type="checkbox"/> Business Process Future State Workshops (Up to 10).	<input type="checkbox"/> Workshop Agendas and Minutes. <input type="checkbox"/> Future State Business Process Flow Diagrams. <input type="checkbox"/> Updated Change Management Plan.

PHASE	TASK	TASK OBJECTIVES	KEY TO SUCCESS	ARCADIS APPROACH	PROVEN TOOLS	TASK MEETINGS	TASK DELIVERABLES
Phase 3: AMI Implementation Project Management and Support Services	TASK 3.4 Performance Analysis and Validation Testing	To support the implementation of an AMI Endpoint Installation Management System that will be used to schedule and control the field installation of meters and AMI. To implement and manage an AMI Endpoint Acceptance Tool used for validation that all endpoints are functioning in accordance with the contract specifications, and to determine earned value for progress payments.	<div><div>❑ Engagement from the key IRWD teams, Vendors, Installation Contractor, Field Crews, and timely communication.</div><div>❑ Access to the AMI system.</div></div>	<div>❑ Coordinating with the AMI Vendor’s AMI Endpoint Installation Management System and Arcadis’ Endpoint Acceptance Tool, our teams will provide IRWD with an efficient review of the installation progress and Endpoint Verification and Acceptance Testing which will serve as the basis of determining progress payments.</div>	<div><div>❑ MS Teams for Virtual Meetings.</div><div>❑ MS Excel and Word to Track Notes and Progress Payments.</div><div>❑ Arcadis’ Endpoint Acceptance Tool.</div><div>❑ MS SharePoint for Efficient File Sharing.</div></div>	<div>❑ EAT Integration Meetings.</div>	<div><div>❑ Meeting Agenda and Minutes.</div><div>❑ Endpoint Acceptance Tool Progress Reports.</div><div>❑ Prepared Progress Payment Quantities.</div></div>
	TASK 3.5 Phase 3 Owner’s Agent Project Management	To provide owner’s agent project management, monitoring the vendor and installation contractor, maintaining schedule, project controls, review of work product and deliverables, project quality, invoice preparation, all in coordination with IRWD.	<div>❑ Engagement from the key IRWD teams, including Project Manager. Arcadis local Project Manager. Timely communication.</div>	<div><div>❑ Local highly experienced Project Manager to monitor deployment, maintain action items, schedule, and upcoming deliverables.</div><div>❑ Highly experienced AMI team available to support IRWD through the entire project.</div></div>	<div><div>❑ MS Teams for Virtual Meetings</div><div>❑ MS Excel for Tracking Action Items</div><div>❑ MS SharePoint for Efficient File Sharing.</div><div>❑ MS Project or equivalent for project schedule.</div></div>	<div><div>❑ Phase Launch Meeting.</div><div>❑ Weekly Status Meetings.</div><div>❑ Monthly Progress Meetings.</div></div>	<div><div>❑ Implementation Project Schedule.</div><div>❑ Meeting Agendas and Minutes for Monthly Progress Meetings.</div><div>❑ Monthly Progress Reports.</div><div>❑ Monthly Invoices.</div></div>
	TASK 3.6 Field Inspections (Optional)	To perform Field Inspections as Quality Control, as it is significantly easier to rectify any installation issues discovered as they occur as well as providing a review of the mass volume of data being acquired during the installation phase that may otherwise be difficult to correct.	<div><div>❑ Timely communication.</div><div>❑ Experienced field personnel.</div><div>❑ Routine data quality control checks.</div></div>	<div>❑ If selected, to provide IRWD’s efforts to perform routine field inspections during the meter installation phase to ensure work is being performed in accordance with the Contract and the ability to handle issues as they arise.</div>	<div><div>❑ MS Teams for Virtual Meetings.</div><div>❑ MS Excel and Word to Track Notes and Conflict/Resolution Logs.</div><div>❑ MS Sharepoint for Efficient File Sharing.</div></div>	<div>❑ Bi-Weekly Quality Control Status Reports.</div>	<div><div>❑ Quality Control Status Reports.</div><div>❑ Field Inspection Logs.</div><div>❑ Conflict/Resolution Logs.</div></div>

Phase 1: Detailed Implementation Plan

Task 1.1: Review of Existing Information

Arcadis will begin the project by refreshing the team on the existing information. We will be efficient with this review given our past experience working with IRWD on the AMI and Meter Replacement Feasibility Study (Feasibility Study). Our review will focus on developments and project planning that have occurred since we delivered our prior work report in July 2024.

We will facilitate a kickoff meeting with IRWD staff, including the project sponsors, key members of the project team, subject matter experts, and other stakeholders as appropriate. As part of the kickoff meeting agenda, we will invite the IRWD team to outline the key developments and decisions which have been made related to this project following the Feasibility Study.

Arcadis will begin development of the business and technical requirements, giving consideration to the following as requested by IRWD:

AMI Implementation Phasing and Scheduling

Arcadis will focus the design of the project phasing and schedule so as to get the most out of the grants available, with consideration to implement the project as quickly as possible without introducing unnecessary risk.

Integration Compatibility with Existing and Future System

Arcadis understands a new Customer Information System implementation is underway. It will be important to understand the details of this new system and the intended functionality. In addition, we will take a deeper look at other existing systems, planned upgrades, and future systems that will be critical to integrate into the overall AMI system architecture.

Hardware, Software, and Network Specifications

Many variations of available AMI and meter hardware, software, and network types were discussed and evaluated as part of the Feasibility Study. Arcadis will meet with IRWD's steering committee / key stakeholders to learn if any of these types are more favorable to IRWD's AMI and metering needs, or if any have been ruled out altogether.

Performance and Warranty Requirements

As discussed during the Feasibility Study, contractual performance of the system and clarity of warranty terms are very important to the long-term viability of the AMI system. Arcadis will work with IRWD to discuss and define the details of these requirements, bringing along lessons learned from past and current AMI project experiences.

Long-Term Operation and Maintenance Costs

Consideration for ongoing operation and maintenance of the AMI system is often not considered during the early stages of the project. It is refreshing to see that IRWD recognizes the importance of this piece while defining requirements. Arcadis will work with IRWD to unearth the availability and skillset of staff and equipment to support the long-term operation and maintenance, which will inform the system requirements in this area.

AMI and Static Meter Feasibility Study

The results of the Feasibility Study will be used to help define business and technical requirements and help to identify areas where further discussion is needed to hone in on IRWD's specifications where not defined.

Task 1.2: Develop Detailed AMI Implementation Plan

Arcadis will develop a detailed implementation plan which will be comprised of several important sub-plans as outlined below.

Funding Plan. IRWD has identified that funding through state and federal grants is an important funding option for their AMI initiative. We have included on our team, **Michelle Maddaus**, who will lead the funding plans to help IRWD with identifying relevant grant sources and provide expertise and input on the grant applications drafted. Arcadis has helped many clients with aligning project priorities with grant sources as well as drafting grant applications and managing grant funds after award. Our team is experienced to support IRWD with any of their grant pursuit activities. For this project, Arcadis will deliver the following funding services:



Michelle is an industry expert in water conservation, AMI solutions, and state legislation, with deep knowledge of IRWD's staff and service area. Having led a previous IRWD project in 2018 and the 2022 national AWWA study on AMI customer portals, she brings unparalleled expertise and proven leadership to drive innovative and sustainable outcomes for the client.

- Identify sources IRWD can employ to support the funding of the AMI project. We monitor the grant source landscape with a focus in water and will provide a summarized list of grant sources that are relevant to the AMI project. The summary will include:

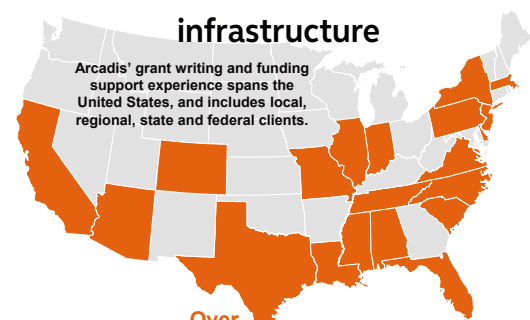
- Grant agency.
- Grant description.
- Objective/focus.
- Funding levels.
- Eligibility requirements.
- Cost share requirements.
- Other important notes and due dates.

Additionally, Arcadis will provide the key steps to obtain funding and a timeline for preparing for the funding lifecycle such that IRWD has adequate time to gather details for the application and develop narratives prior to the due date.

In the last seven years, Arcadis has helped our clients obtain

over \$10 billion

in funding, with a focus on grants and loans for resilient water infrastructure



Over
200

Successful applications
submitted on our clients' behalf

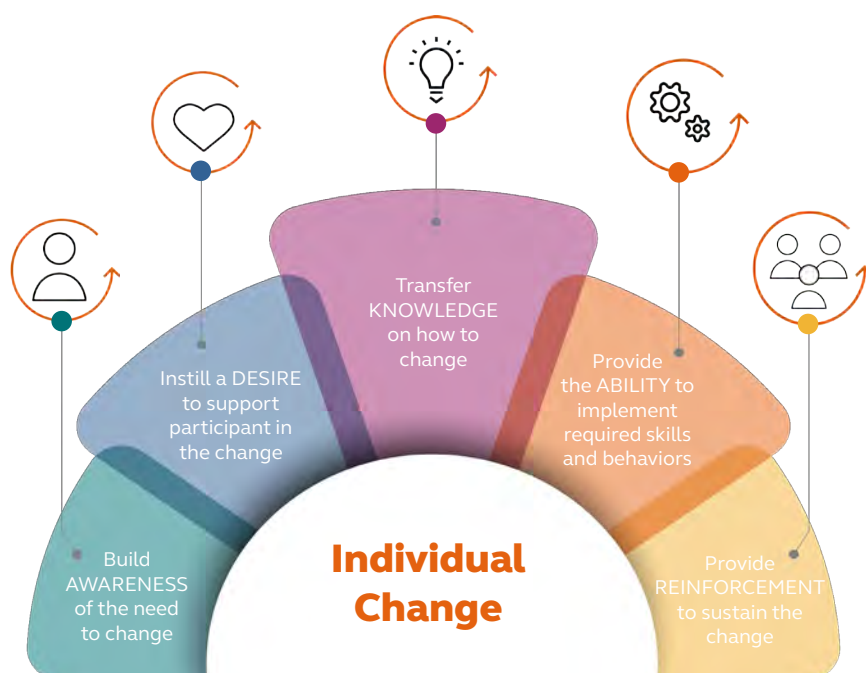
We will provide application review and feedback of drafted applications, narratives, and supporting details. Our grant award success for our clients has been outstanding. Our grant experts will review the applications prepared and provide constructive feedback on areas to strengthen within the application.

Our team will conduct a feedback session so we can support the team with knowledge transfer about grant applications.

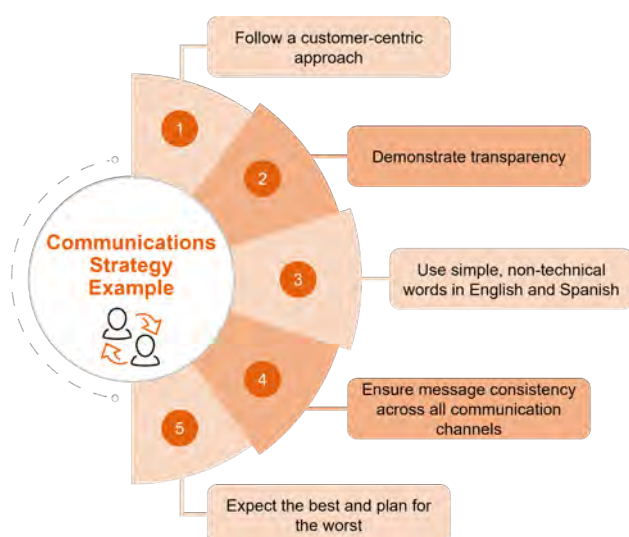
Procurement Plan. Using the findings of the AMI and Static Meter Feasibility Study (Feasibility Study) as a starting point, Arcadis will work with the IRWD team to develop a procurement plan for the meters, AMI system, customer portal (if the intention is to procure a replacement), and installation services. We will conduct a series of up to three meetings with the project steering committee / key stakeholders, including IRWD's procurement department representatives, to review the findings of the Feasibility Study and IRWD's procurement processes. We will then define and evaluate the viable procurement approach for the project. Approaches may include sole-source acquisition, a turnkey project, or separate meter, AMI, customer portal (if applicable), and installation procurement packages. We will also prepare a market summary that will identify the AMI vendors that Arcadis believes would be viable alternatives for IRWD based on our knowledge of your needs and requirements.

Data Management Plan. The data management plan will outline the framework for handling, storing, and utilizing the AMI data. The plan will establish protocols for data collection, validation, integration, and security to maintain accuracy, reliability, and compliance with industry standards and regulatory requirements. It will address data governance, ownership, and access control, while defining procedures for managing large volumes of meter data. Additionally, the data management plan will detail strategies for leveraging data insights to support decision-making, improve customer service, and optimize utility operations. The scope will include considerations for data retention, scalability, and integration with IRWD's existing systems to support long-term sustainability and adaptability of the AMI system. The data management plan will be outlined during Phase 1 and will continue to be developed and refined throughout the following phases of the project.

Change Management Plan. The change management plan for the AMI project will focus on guiding IRWD through the organizational, operational, and cultural shifts associated with implementing Advanced Metering Infrastructure. The plan will outline strategies to allow stakeholder engagement, employee readiness, and smooth adoption of new systems and processes. In fact, Arcadis will conduct a **Change Readiness Assessment** early in Phase 1 to evaluate IRWD's current capacity for change, identify potential barriers, and gauge the preparedness of staff and stakeholders for the transition. The results of this assessment will inform the change management plan so as to maximize adoption. The plan will address communication plans, training programs, and support mechanisms to equip staff with the knowledge and tools needed to effectively operate and maintain the AMI system. By fostering transparency, collaboration, and proactive planning, the change management plan will support a seamless transition to AMI technology while maximizing its benefits for IRWD and its customers. This plan will be outlined during Phase 1 and will continue to be developed and refined throughout the following phases of the project.



Customer Outreach Plan. A customer outreach plan serves as a strategic framework to engage, inform, and educate IRWD customers about the AMI project and its benefits. The plan will outline methods for proactive communication, including public awareness campaigns, community meetings, digital outreach, and printed materials, to ensure customers understand how AMI will improve service accuracy, transparency, and efficiency. It will include tailored messaging to address customer concerns, such as data privacy, billing changes, and installation processes, while providing clear timelines and updates throughout the project. By fostering trust and transparency, the customer outreach plan will aim to build public support and ensure a smooth transition to the new AMI system.



Deployment Plan. Deployment planning is a critical step in the Arcadis approach which results in the development of a deployment plan. Often in meter deployment programs, the installation contractor details what is expected but the details on how this will be executed is not at a sufficient level of detail. This plan will provide clarity on processes and procedures, establishes expectations for contractor onboarding, hiring/staffing requirements, installer training expectations, inventory management, customer communications, return to utility processes, project status reporting, and much more. The benefits include established communications (internally and externally), improved field installation quality, and enhanced quality of data capture for the completed work. This deployment plan will be outlined during Phase 1 and further developed and refined in Phase 3.

Project Schedule Plan. The project schedule plan is the integrated roadmap for how the program will be executed. The schedule will detail the timeline for funding, board approval, procurement, contracting, initial deployment, and full deployment. The awarded vendor and installation contractor will develop their

own installation plan and schedule to complete the assigned meter and AMI installations, but the intention would be for their detailed schedule to fit within our planned deployment schedule. The project schedule plan will establish activities for monitoring and controlling the schedule, including the process for regularly updating the schedule based on the actual development of the project activities. This includes identifying, analyzing, documenting, prioritizing, approving or rejecting, and publishing all schedule related changes. The planning and scheduling philosophies for this project will include the following:

- Schedule based on a scope of work.
- Well-defined work breakdown schedule.
- Predecessor dependencies and critical path management.
- Baseline project schedule provides a time-phased plan based on the logical sequence of work, incorporating the total scope of the project.

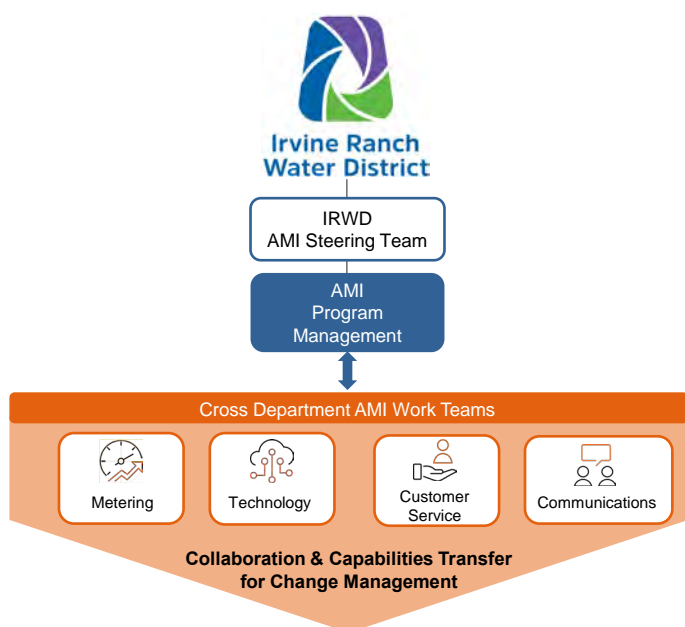
This Project Schedule Plan will be outlined during Phase 1 and further developed and refined in Phase 3.

Task 1.3: Phase 1 Project Management

Our work will begin with establishing the project management processes so that Arcadis and IRWD's project team understands the tasks and activities required to achieve the project objectives. The overall project delivery responsibilities will be led by our Project Director, **Kristy Lavelle** and Project Manager, **Tony Williams**. We will collaborate closely with IRWD's project manager to prepare for the launch of the project and develop a detailed schedule aligned with IRWD's project goals. We will provide leadership and guidance at all levels throughout the project duration to ensure deliverables and goals are met for a successful project while oversight on project issues are managed.

We have learned through our experience that one of the most important first steps in organizing an AMI project in a large organization such as IRWD is to identify the participating departments and to deploy a formalized project organizational structure based on a Steering Team and multiple work teams. The AMI Steering Team is a cross-departmental leadership team, including IRWD's Project Manager and senior representation from the impacted departments. Critical functions of the steering team include providing executive oversight with an organization-wide perspective, engaging additional stakeholders as necessary, establishing and reinforcing the AMI project objectives, monitoring progress, and

assigning resources. AMI Work Teams are cross-departmental teams with management and technical staff from the key impacted departments who will work alongside the Arcadis subject matter experts to execute the project work activities. The work teams will start their efforts through participation in the workshops and meetings in which they will define their unique business needs and desired enhancements and therefore determine the AMI technical requirements. After being formed during the project initiation activities, the AMI Work Team members will continue to provide overall project sustainability through active participation in all project work activities. Arcadis will work with IRWD's project manager to define the work teams and team membership as part of the project initiation.



We will facilitate a kickoff meeting as mentioned in Task 1.1. During this kickoff meeting, we will review Arcadis' project tasks and schedule, as well as the overall project objectives. The kickoff meeting will help orient all participants on the project approach, gather their expectations and identify the areas of input that will be required for project success.

Our project management services will include ongoing coordination, framed within the project management, monitoring, and control activities for the duration of the project. The following activities will be performed on an ongoing basis and adjusted as required based on the project phase.

Arcadis' **Phase 1** project management activities will be as follows:

- **Project communications.** Conduct bi-weekly project status meetings with the IRWD project manager

and other stakeholders as needed. An agenda will be provided in advance of each meeting. Meetings will include regular project status updates that will summarize work performed, upcoming work, schedule, risks, action items, and budget performance.

- **Schedule management.** Develop, monitor, and maintain an integrated project schedule using MS Project or an equivalent schedule management package.
- **Scope and budget management.** Manage overall project scope and budget and identify to IRWD when a task is outside of scope.
- **Project documentation repository.** Publish and maintain all project documentation. This includes producing meeting notes, managing action items, documenting key decisions, tracking of issues, and management of other project-related documentation and deliverables.

>>> Phase 1

Deliverables:

- Request for Information
- Kick-off Meeting Agenda and Minutes
- Business and Technical Requirements - Draft
- Implementation Plan Meetings/Workshops Agenda and Minutes
- 1 Draft of each Implementation Sub-Plan
- Detailed AMI Implementation Plan
- Project Schedule
- Bi-Weekly Project Status Meeting Agenda and Minutes
- Monthly Invoices

Assumptions:

- Kick-off Meeting will be up to ninety (90) minutes
- Up to 2 Funding Planning meetings, 1 hour each
- Up to 2 Procurement Planning meetings, 1 hour each
- Grant applications to be developed by IRWD and reviewed by the Arcadis team
- 1 Data Management workshop up to 2 hours
- 1 Change Management Readiness Assessment
- Up to 15 Sentiment Interviews, 30 minutes each
- 1 Change Management workshop, 2 hours
- 1 Deployment Planning meeting, 1 hour
- 1 Customer Outreach workshop, 2 hours
- 1 Project Schedule Planning meeting, 1 hour
- Up to 6 Bi-Weekly Project Status Meetings, 1 hour each

Phase 2: Procurement

During the procurement phase of this project, Arcadis will provide the technical expertise and the consulting support to conduct the Procurement Plan defined in Phase 1 for IRWD's AMI solution that includes equipment, AMI software, customer portal software (if applicable), professional services, and installation services.

Arcadis will support IRWD throughout the solicitation development process as an owner's agent and will help with activities such as RFP development, issuance of addenda, proposal evaluation, award recommendations, and contract negotiations. The result of these efforts will be a signed contract for the AMI system that most closely matches the needs and requirements of IRWD. We will work with IRWD to develop the AMI solicitation and to complete the procurement of the AMI, following the guidelines defined by IRWD's procurement department for the required contract vehicles, resulting in the best value selection of the AMI. We will leverage our AMI experience, in combination with our extensive procurement experience, and support from IRWD's procurement team to document a procurement and proposal evaluation process that will result in the selection of the best fit solution.

Task 2.1: Develop AMI RFPs

Arcadis will use the outcomes from the Feasibility Study to develop the RFP package. Our team will work closely with IRWD's procurement department so that we are compliant with IRWD's purchasing rules and regulations.

Based on the procurement approach selected, Arcadis will define the process and protocols to develop procurement documents. We will identify internal approval processes, general conditions, and special provisions. As part of the procurement planning, we will work with the project steering team to determine the selection criteria that will be used, as well as details about the overall construction of the contract documents.

The purpose of this task is to define the functional and technical requirements, and scope of work for the AMI and meter replacement project. Our team will identify requirements taking into consideration current and future needs, business process improvement opportunities, industry trends, and the financial and people aspects of the proposed solution. Arcadis will conduct a series of requirements definition workshops.

We will shape the workshops using inputs from prior work and also leverage our library of requirements that we have used on past successful projects. We typically begin each workshop covering the "big picture" items, then the scope of work, and then dive deeper into the detailed requirements.

- Instructions to Proposers.
- Procurement Schedule.
- Data Release Requirements.
- Evaluation Criteria.
- Proposal Format Requirements.
- Background and Scope of Work.
- Series of attachments that provides the technical requirements for data collection system, meter interface units, meters and meter box covers, AMI software, customer portal, security, field programming equipment, project implementation services, installation services and support services.
- Pricing Proposal Template.



Example Requirement Workshop Approach



Workshop: Meter and Meter Box Requirements

Review the meter replacement approach and identify the requirements / specifications for water meters and appurtenances.



Workshop: AMI Network and Technology Requirements

Determine requirements for AMI data collection network technology, including materials of construction, environmental conditions, network performance, endpoint functions, standards compliance, etc.



Workshop: Software and Integration Requirements

Discuss software and integration requirements, including reference architecture, software functionality, required interfaces, etc.

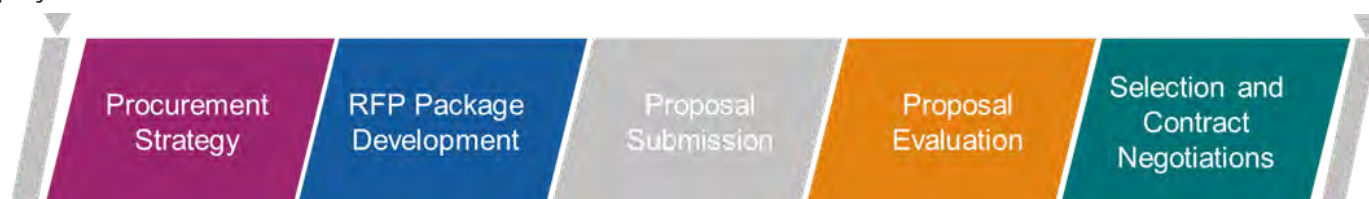


Workshop: Installation Requirements

Discuss installation requirements and installer scope of work, including customer notifications, appointment scheduling, installation procedures, return to utility processes, quality and safety program requirements, project management, and acceptance criteria.

The RFP package will include but not be limited to the following sections:

Arcadis will prepare a draft RFP package and begin releasing the RFP document in sections. Feedback sessions will be planned throughout the document preparation process. A final review with the IRWD's procurement team and project team will be held for final edits.

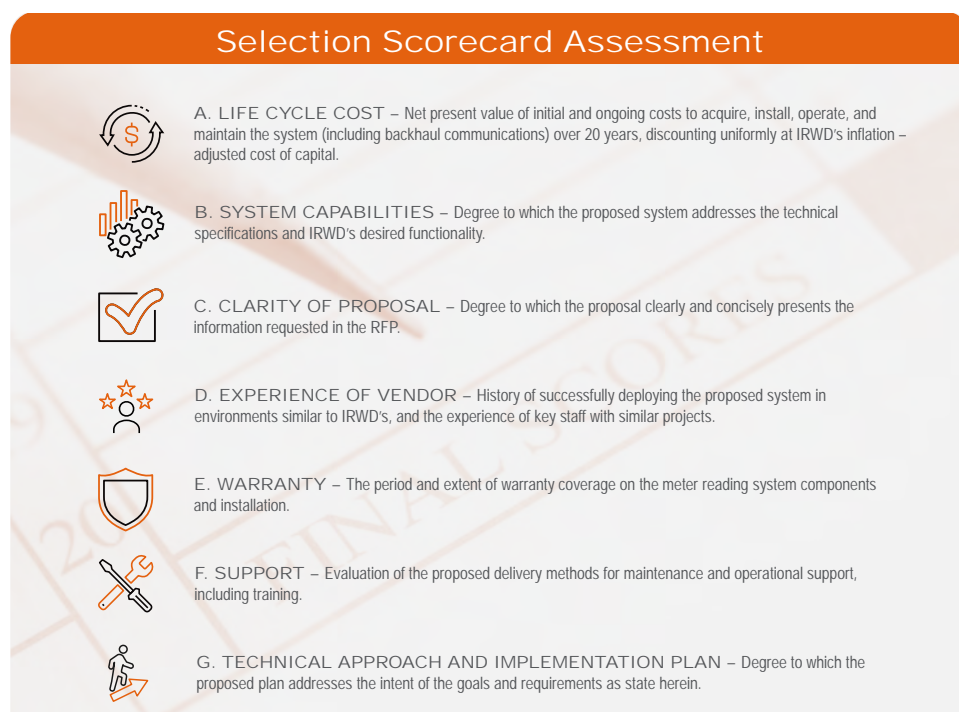


TASK 2.2: RFP Administration and Evaluation Support

Arcadis will assist IRWD in managing the procurement process with the prospective vendors, including conducting a pre-proposal meeting and managing the development and distribution of any required RFP addenda.

With the AMI solicitation ready for release to the public, Arcadis will prepare a presentation and facilitate a pre-bid meeting to interested parties. The presentation will provide participants with a high-level overview of the procurement process, schedule and evaluation criteria. Information about the project and proposal submission expectations will also be shared. Arcadis will provide support to the Procurement department to respond to any RFP questions that will be packaged into addenda.

Arcadis will assist IRWD in developing a balanced scorecard that enables the selection team to rate the candidate AMI vendors objectively based on the set of criteria that were established as part of the procurement planning process. Proposal evaluation with the evaluation team begins with a session to train the evaluation team on the approach, guidelines, tools and timeline for the review and evaluation of submissions. The training will cover in detail the scoring guidelines to make certain each evaluation team member is assessing each proposal in a fair and consistent manner. Arcadis will assist IRWD in preparing and distributing the proposal scoring worksheet to the evaluation team along with evaluation instructions.



Our technical experts will review all vendor proposals to determine compliance with procurement requirements and minimum qualifications. Arcadis will facilitate a thorough review and assessment of technical responses with IRWD's evaluation team members. During these sessions, our technical experts will provide clarity and explanation to support the team's understanding of the responses to fairly assess the technical proposals.

Additionally, our team will prepare a cost comparison analysis from all proposers and prepare a cost comparison deliverable for the IRWD team. Developing a cost comparison model starts with the RFP Package Pricing Forms. The RFP will include pricing forms, which will guide the proposer to provide the right level of pricing detail. The cost analysis will use capital costs, annual recurring costs, and the project deployment timeline to develop a life-cycle cost analysis. Arcadis uses a net present value (NPV) approach for the life-cycle cost analysis using the IRWD's solution life (typically 15 or 20 years).

With this initial technical and pricing assessment complete, the IRWD evaluation team will be ready to identify a shortlist to invite for interviews and demonstrations. Arcadis will prepare for and facilitate interviews with vendors to include an implementation approach, qualifications, and vendor specific questioning. Interview evaluation guidelines will be developed and provided to the evaluation team members.

At the completion of the interviews and demonstrations, Arcadis will facilitate a selection meeting with IRWD's evaluation team. After the IRWD's evaluation team has selected their preferred AMI solution, Arcadis will prepare a procurement evaluation summary and evaluation results to support any internal communications and approvals required to proceed to the contract development phase of the procurement.

TASK 2.3: Contract Negotiations

Once the vendor selection is final, we begin to move the requirements from the proposal request document into the contract to confirm IRWD's desired responsibilities, timeline and outcomes are crystal clear to all parties. The contract must include an agreement that all system elements will be met to achieve project success and precisely how success will be measured.

Arcadis provides experienced practitioners who have negotiated multiple AMI and installation contracts in the past. This experience will result in a contract that is favorable to IRWD and covers all project elements. We will facilitate the work plan development between the selected vendor and project team to include identified resources, timelines, responsibilities, professional services, high level project plan, detailed Statement of Work, and change management procedures, both in-house and with the selected vendor(s).

We recommend contracts at a minimum will include the following sections:

- Main Agreement:
 - Assignment of agreement to subsidiary or subcontractor.
 - Contract termination procedures.
 - Confidentiality clause.
 - Warranties and remedies (time to resolve defects, location of warranty service, compatibility with operating systems, hardware, and other system components).
 - Dispute resolution processes.

- Network performance warranty.
- Excessive failure warranties which are very important given the wet environment the equipment will be exposed.
- Service levels to meet (response times, meter read and transmission rates, etc.).
- Technical support - support and maintenance (hours of support, enhancements incorporated into future base releases, and documentation).

- Statement of Work (Scope):
 - Project management and project implementation schedule.
 - Integration services.
 - Network design and network installation scope.
 - Specifications/deliverables.
 - Training.
 - Testing scope – integration testing, user acceptance testing and system acceptance.
 - Definition of payment schedule and milestones.

Once the contract is signed and agreed upon, Arcadis will provide support to the procurement department and the IRWD's project team to prepare the required documentation to obtain IRWD Council approval. The IRWD Procurement team will notify all vendors of the selection and Arcadis and IRWD's Project Manager will proceed with onboarding the AMI vendor and implementation team.

TASK 2.4: Phase 2 Project Management

Arcadis' project management activities for Phase 2 will begin with a Phase Kickoff Meeting to review the scope and objectives of the Procurement Phase and introduce key members of the project team from both the Arcadis team and the IRWD team.

Arcadis' **Phase 2** project management activities will be as follows:

- **Project communications.** Conduct bi-weekly project status meetings with the IRWD project manager and other stakeholders as needed. An agenda will be provided in advance of each meeting. Meetings will include regular project status updates that will summarize work performed, upcoming work, schedule, risks, action items, and budget performance.
- **Schedule management.** Develop, monitor, and maintain an integrated project schedule using MS

Project or an equivalent schedule management package.

- **Scope and budget management.** Manage overall project scope and budget and identify to IRWD when a task is outside of scope.
- **Project documentation repository.** Publish and maintain all project documentation. This includes producing meeting notes, managing action items, documenting key decisions, tracking of issues, and management of other project-related documentation and deliverables.

>>> Phase 2

Deliverables:

- Phase Launch Meeting Agenda and Minutes
- Draft RFP Package, up to 2 versions
- Final RFP Package
- Pre-Bid Meeting Agenda, Attendance Log, Meeting Minutes
- RFP Addenda
- Responses to RFP Vendor Questions
- Evaluation Rubric
- Cost Comparison Analysis
- AMI Evaluation and Selection Summary
- Contract with Comments and Recommendations
- Monthly Project Status Meeting Agenda and Minutes

Assumptions:

- 1 Phase Launch Meeting, 1 hour
- Up to 9 technical requirement meetings, up to ninety (90) minutes each
- Up to 3 RFP feedback session meetings, 1 hour each
- 1 Pre-Bid Meeting, 1 hour
- Up to 3 RFP Addendums
- Up to 15 RFP Vendor Questions
- Up to 5 Proposals
- Up to 4 Contract Review Meetings, 60 minutes each
- Up to 9 Monthly Project Status Meetings, 1 hour each
- Includes 1 Procurement, assume IRWD moves forward with a turnkey procurement for all equipment and services

Phase 3: AMI Implementation Project Management and Support Services

Now that procurement is complete and the contract is in place, we can begin the exciting phase of implementation. During this phase of the project, Arcadis will serve as the Project Management Office (PMO), overseeing all aspects of the project including the AMI vendor, the installation contractor, key IRWD staff responsible for implementation activities, and other relevant parties. We will begin by focusing on the initial and critical implementation activities involving systems integrations.

Task 3.1: Systems Integrations Support and Testing

Arcadis will provide coordination and advisement on systems integrations for the AMI project, which includes providing technical expertise and strategic guidance to ensure seamless integration of the AMI system with IRWD's existing technologies and operational platforms. This includes coordinating the integration of AMI with customer information systems (CIS), billing platforms, geographic information systems (GIS), and data analytics tools, while addressing interoperability and compatibility requirements. The work will involve identifying key integration points, developing detailed integration plans, and advising on system architecture to optimize data flow and functionality. Additionally, the scope will include coordinating and monitoring testing, troubleshooting, and validation processes to ensure all systems operate cohesively. This effort will ensure IRWD achieves maximum benefits from AMI technology with minimal disruption to existing operations.

Arcadis will focus testing on two major areas:

- **Functional Testing.** Functional testing ensures that the delivered AMI control and monitoring software is tested and aligned with IRWD business requirements. Modifications, enhancements and reports are tested during this phase. Functional testing will be performed by IRWD staff with assistance from Arcadis. The baseline test scenarios relate to initial configuration, "how-to" scenarios related to how future business processes are executed, and test scenarios specific to modifications.

- **Integrated System Testing.** Integrated system testing verifies that application components are working as a complete solution rather than merely in isolation. This includes testing system interfaces and end-to-end processes, such as meter installation, meter reading and billing operations. System testing is performed by IRWD staff with assistance from Arcadis.

Arcadis will manage testing activities for the AMI project and will work with IRWD to provide software testing support for the project. Based on the detailed test plans for each system, the Arcadis project management team will support IRWD by:

- Developing test scenarios.
- Review the preparations of testing environments and data, in conjunction with the system administrators and the AMI vendor.
- Support IRWD staff in the execution of the test cases.
- Identify, log, analyze, and assign responsibility for correcting defects.
- Manage defect resolution.
- Report on defects and testing status.

TASK 3.2: Data Management

Arcadis has assisted several large, complex utilities with developing an in-house Data Management Strategy plan. This typically involves establishing the technical foundation, data architecture, and governance requirements to serve as an enterprise-wide data analysis tool. Although these types of Data Management Strategy solutions will evolve over time and through additional use cases, the following elements serve as the core of any data management plan:

- Documenting and mapping all relevant data systems and their sources.
- Establishing data access and user permissions, defined data stewardship roles and responsibilities, and end-usage requirements to mitigate overlap or conflicts between various data sources and maintain accountability.
- Identifying the business needs and reporting requirements by means of workshops to help key departments and personnel identify desired reporting tools, dashboards, and other potential use cases.
- Designing the solution architecture and, if applicable, a centralized, extensible data repository that can handle multiple data sources from both internal and external sources while protecting the utility's network.

As part of this task, Arcadis will support IRWD in advancing its Data Management Plan, originally established during Phase 1, by identifying and prioritizing key use cases. Arcadis will collaborate closely with IRWD to identify and define the top three use cases, ensuring they are detailed and actionable to maximize the benefits of the AMI system.

TASK 3.3: Oversee Change Management Plan

Change management and understanding how the AMI solution will impact IRWD's business processes are key to the success of the project. Data and experience show that effective change management drives greater benefit realization and achievement of project goals and objectives.

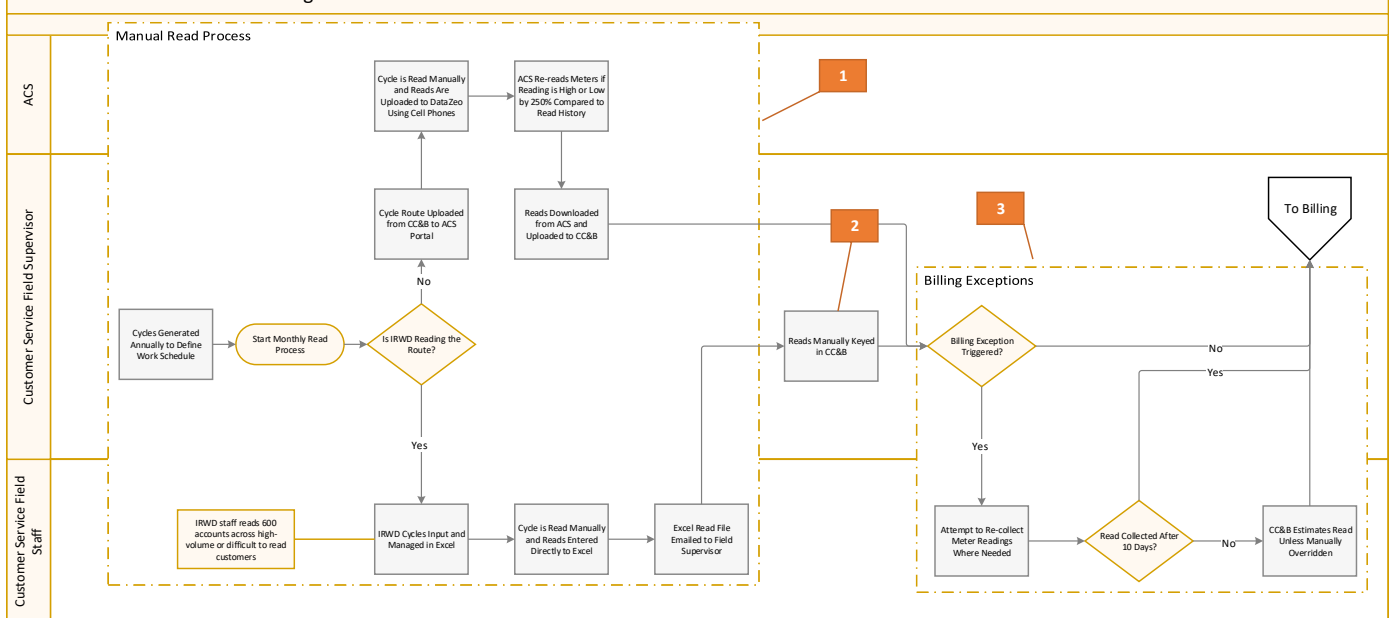
Arcadis will draw on its Change Management Framework (CMF) and use standardized tools and templates to further develop the Change Management Plan, initially established in Phase 1, which will lead IRWD's team through the lifecycle of the AMI project implementation.

With the AMI vendor onboard, our Change Management Lead, **Joanna Brunner**, will facilitate business process workshops to support review, refinement, and continued development of the future business processes in several key areas. These areas include billing (meter-to-cash), customer service, field operations, meter inventory, and meter management. Some will be new processes like proactive notifications of abnormal consumption and alert management (tamper, leaks) and others are changes to existing process and/or standard operating procedures such as new meter installations and high bill investigations.



Joanna brings unparalleled expertise in strategy and transformation to IRWD's Advanced Metering Infrastructure initiative. Her ability to develop sustainable strategies, foster agile organizations, and engage stakeholders ensures impactful results. Leveraging certifications in Prosci® Change Management, IDEO Design Thinking, and Lean Six Sigma, she drives innovation and operational excellence to meet IRWD's current and future water sector challenges.

ATTACHMENT A-1 - Meter Reading



Future State with AMI:

- 1 – Manual Read Process is eliminated. There is no longer a need to annually generate cycles because there is no work schedule. Meter reads will be collected on the AMI Network.
- 2 – Reads are now automatically uploaded to CC&B from the AMI Headend.
- 3 – A desktop analysis of historical data can be performed before rolling a truck in the case of a billing exception. An on demand reading may be possible. Exceptions will be much more rare with interval read data.

Arcadis will provide the following services:

- Review and refine as needed the KPIs to track and monitor success of the AMI Project.
- Review, refine, or develop business future state process maps for the processes impacted or created by AMI.
- Recommend required skills or additional resources (either new responsibilities for existing resources or additional resources) to support the new AMI processes.
- Training-related activities:
 - ✓ Review the training plan and materials provided by the selected AMI vendor.
 - ✓ Work with the IRWD Project Manager to coordinate the key resources for training.
 - ✓ Oversee and coordinate the execution of the training plan prepared by the AMI Vendor.

TASK 3.4: Performance Analysis and Validation Testing

Arcadis will provide endpoint installation monitoring throughout the duration of the deployment activities. The full deployment of the AMI system will involve close monitoring and coordination between the AMI vendor and IRWD. Arcadis will perform the following activities during the installation, which will be integrated with the overall program monitoring and control and governance processes.

AMI Endpoint Installation Management System

Arcadis will work with the AMI vendor and deployment teams to implement a formal endpoint installation management system, which will be used to schedule and control field work associated with the installation program. The reporting from the installation management system will be a primary input to the earned value management, schedule management, and overall project monitoring and control activities.

AMI Endpoint Installation Testing and System Testing

Arcadis will manage installation quality assurance for the project as defined in the quality management plan and installation vendor contract. We will provision an endpoint acceptance testing process using the proprietary Arcadis Endpoint Acceptance Tool (EAT).

The EAT is a cloud-hosted toolset that uses AMI system data to confirm that installed AMI endpoints are functioning as expected and that the AMI system is able to meet the overall read-performance and redundancy measures called for in the system specifications.

Once the endpoints are installed, our quality control team verifies the data coming into the AMI system using system reports, the headend software, and the EAT. This data can support decision-making regarding which specific installations should be investigated physically in the field.



Progress Payments and Earned Value Management

Progress payments for the AMI vendor and installation contractors are typically made based on completed, verified and accepted endpoints and system component installations. The acceptance criteria for the various system components and services will be defined as part of the contract documents. The monitoring of acceptance for purposes of progress payments will be tightly integrated with quality assurance and inspection processes. The progress payments will be reported and reviewed during the monthly progress meetings included in Task 3.5.

TASK 3.5: Phase 3 Owner's Agent Project Management

Arcadis' owner's agent project management activities for Phase 3 will begin with a Phase Kickoff Meeting to review the scope and objectives of the AMI Implementation Project Management and Support Services Phase and introduce key members of the project team from the Arcadis team, Vendor team, and IRWD team.

Arcadis' **Phase 3** owner's agent project management activities will be as follows:

- **Project communications.** Conduct weekly project status meetings with the IRWD project manager, Vendor project manager, and other stakeholders as needed. An agenda will be provided in advance of each meeting. Meetings will include regular project status updates that will summarize work performed, upcoming work, schedule, risks, action items, implementation or deployment issues, and budget performance.
- **Schedule management.** Develop, monitor, and maintain an integrated project schedule using MS Project or an equivalent schedule management package.
- **Scope and budget management.** Manage overall project scope and budget and identify to IRWD when a task is outside of scope.
- **Project documentation repository.** Publish and maintain all project documentation. This includes producing meeting notes, managing action items, documenting key decisions, tracking of issues, and management of other project-related documentation and deliverables.

TASK 3.6: Field Inspections (Optional)

Arcadis recommends field inspections are performed. Regardless of whether inspections are performed by IRWD staff, or supplemented with other resources, it is an important part of the Quality Control process. If IRWD elects this optional task, Arcadis will provide installation inspection and quality reviews of the field installation work of the vendor. The Arcadis installation inspectors will supplement IRWD meter management staff to perform the field inspection work. Arcadis will review a sampling of vendor meter and endpoint installations to verify conformance with installation procedures and specifications. When problem site conditions are found, we review site conditions and provide a recommendation to IRWD on an appropriate course of action. We will also review extra work claims submitted by vendor and provide a recommendation to IRWD on appropriate claim dispositions per agreed-upon contract terms, policies, and procedures. Pricing for this optional task has not been included in our proposed fee. Pricing for this optional task has not been included in our proposed fee due to the dependencies on the selected solutions and actual deployment schedules that are developed upon the selection of a vendor. Pricing for this task can be developed during Phase 2 of this project upon request.

>>> Phase 3

Deliverables:

- Phase Launch Meeting Agenda and Minutes
- Functional Test Scenarios
- Integrated System Test Scenarios
- Defect Management Log
- Test Planning Meetings Agenda and Minutes
- Data Management Use Case Workshop Agenda and Minutes
- Documented Use Cases (3)
- Change Management KPI Workshop Agenda and Minutes
- Business Process Future State Workshop Agenda and Minutes
- Updated Change Management Plan
- Implementation Project schedule
- Monthly Progress Meetings Agenda and Minutes
- Monthly Progress Reports
- Monthly Invoices
- Bi-Weekly Quality Control Status Reports (Optional Task 3.5)

Assumptions:

- 1 Phase Launch Meeting, 1 hour
- Up to 8 Interfaces
- Functional Testing duration will be 2 weeks
- Integrated Systems Testing duration will be 4 weeks
- 1 Data Management Use Case Workshop, up to 2 hours
- Up to 3 Documented Use Cases
- 1 Change Management KPI Workshop, 1 hour
- Up to 10 Business Process Future State Workshops and Future State Process Diagrams
- Up to 2 EAT integration meetings, 1 hour each
- Progress reports will be run on a monthly basis for the duration of the deployment, up to
- Phase 3 is assumed to begin April 2026 and finish December 2030
- Up to 58 Monthly Progress Meetings

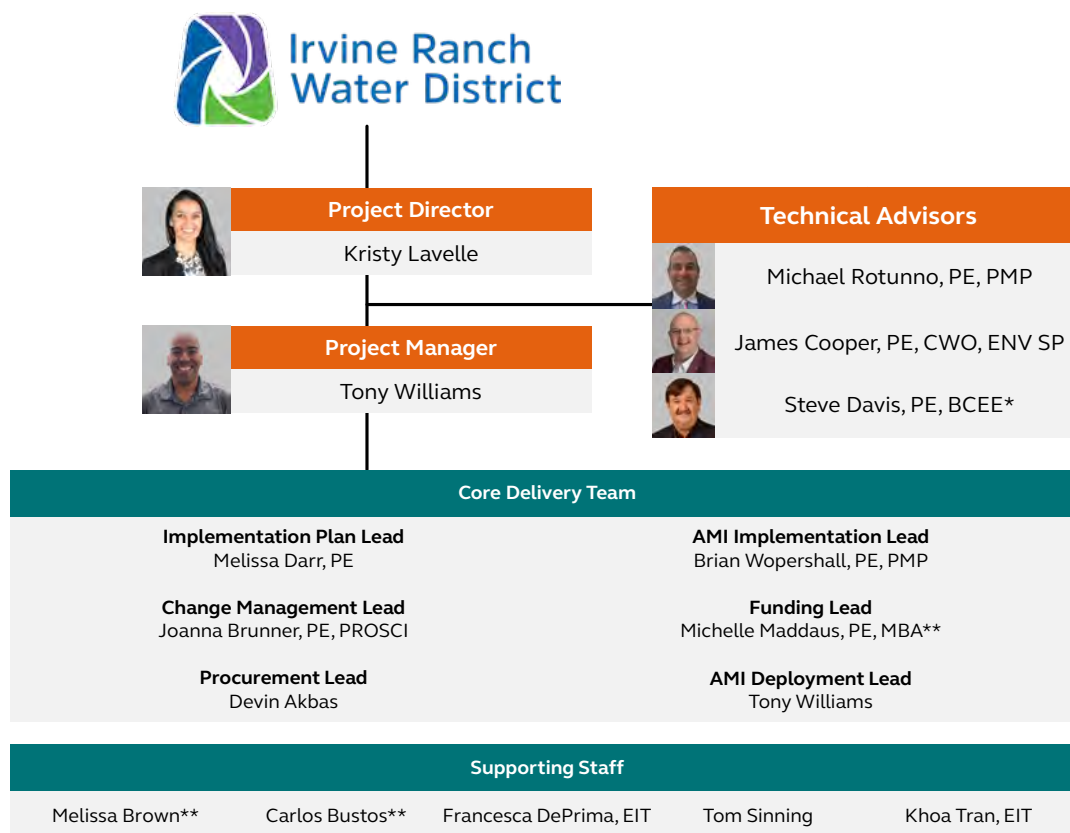


Section 2. Team

Section 2. Team

Project Team

The Arcadis team will be led by **Kristy Lavelle** and **Tony Williams**, both who serve as two of Arcadis' AMI Experts in our Intelligent Water and Advisory Services practice area. Our core delivery team consists of AMI experts and management consultants from our Business Advisory Services team supplemented with a leading state and national expert in AMI driven conservation benefits. Arcadis has a successful history working with our subconsultants and our teams have engaged together on several recent or currently active projects for Irvine Ranch Water District (IRWD) and the City of Santa Monica (CA). An introduction to our key personnel is provided below and on the following page.



Legend

* Metering Technology Consultants, Inc.

** Maddaus Water Management, Inc.

Key Personnel Summaries



Kristy Lavelle | Project Director

Ms. Lavelle led IRWD's Feasibility Study working closely with IRWD's team which provides the foundation for this project. She is a seasoned professional with over 21 years of experience specializing in water efficiency, metering, and Advanced Metering Infrastructure (AMI). Her career includes executive leadership roles and extensive experience supporting more than 100 water utilities through various stages of their projects. Known for her detail-oriented approach and ability to overcome challenges, She has a proven track record of achieving project success. Her expertise spans a wide range of areas, including meter services, water loss and efficiency programs, AMI, business and strategic planning, customer experience, technology implementation, influential leadership, business process improvement, field investigation, and problem resolution. As part of Arcadis, Ms. Lavelle leads projects for utilities across the country and serves as a national expert within the business advisory practice.

Key Personnel Summaries

17
Years

Tony Williams | Project Manager; AMI Deployment Lead

Mr. Williams has over 17 years of experience providing consulting services in the AMI and SmartGrid marketplace, specializing in program and project management, software integration, meter grid device deployment, subcontractor management, product procurement, business consulting, and implementation oversight. He has worked extensively on AMI deployments for water, gas, and electric utilities, ensuring secure and reliable data integration across multiple systems. Throughout his career, Mr. Williams has developed expertise in areas such as refining professional services strategies, coordinating multi-vendor system integrations to maintain data integrity, leveraging utility contacts and vendors for resource augmentation, and serving as a subject matter expert for AMS/AMI/AMR systems and large-scale deployments. His work also includes evaluating solutions, providing procurement recommendations, managing client relationships, driving contract negotiations, and generating new business through solution-focused proposals tailored to client needs.

27
Years

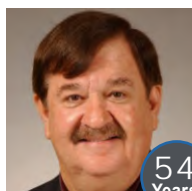
Michael Rotunno, PE, PMP | Technical Advisor

With Arcadis, Mr. Rotunno is responsible for leading large and complex information technology projects for water utilities nationally and serves as the Discipline Leader for the North America Technology and Information practice. He has been involved in AMI and meter-to-cash programs for the past 15 years, having filled leadership roles in AMI programs ranging from 5,000 to over 1.5 million endpoints. Prior to joining Arcadis, Mr. Rotunno served as the Assistant Commission of IT for the City of Cleveland, Division of Water (CWD), one of the largest water utilities in the United States, where he had overall responsibility for IT strategy and operations.

20
Years

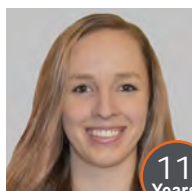
James Cooper, PE, ENV SP, CPM, CWO | Technical Advisor

Mr. Cooper is a Certified Project Manager, Licensed Professional Engineer, and Envision Sustainability Professional with expertise in engineering, management, and water operations. He is a trustee for the American Water Works Association (AWWA), Chair of the Engineering and Construction Division, and lead author of AWWA Manual of Practice 32. A recipient of the AWWA Vernon Lucy Award, he is recognized for delivering innovative, sustainable solutions and advancing utility innovation.

54
Years

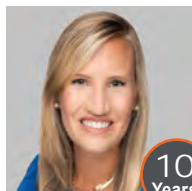
Steve Davis, PE, BCEE | Technical Advisor

Mr. Davis has over 54 years of expertise in potable water systems, specializing in evaluation, planning, design, and AMR/AMI implementation. He has led key projects, including authoring procurement documents and studies for utilities such as Mesa, AZ; Ft. Worth, TX; Miami-Dade, FL; and Tucson, AZ. His work also includes water meter specifications for Guam, Puerto Rico, and Sacramento, CA. A registered engineer in Texas, Mr. Davis has managed multiple Malcolm Pirnie offices and spent 10 years with the City of Tucson Water Utility. He is a recognized leader in AWWA, currently chairing the Apparent Losses Subcommittee.

11
Years

Melissa Darr, PE | Implementation Plan Lead

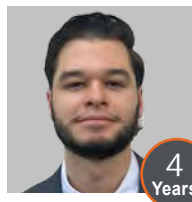
Ms. Darr is a Civil and Environmental Engineering professional with a passion for sustainability and a proven track record in the utilities sector. Her expertise includes water engineering, program management, and corporate communications, with experience managing multimillion-dollar asset management programs, smart meter deployments, and carbon footprint analyses. She has led sustainability initiatives, including education programs and peer engagement networks, driving innovation and positive impact.

10
Years

Joanna Brunner, PE, PROSCI | Change Management Lead

Ms. Brunner is the Strategy & Transformation Practice Lead for Arcadis North America's water sector. She specializes in developing sustainable strategies and leading transformations for water and wastewater utilities, helping them adapt to current and future challenges through agile organizations and staff engagement. Certified in Prosci® Change Management, Ideo Design Thinking, and Lean Six Sigma Green Belt, she brings expertise in strategic planning, workforce development, innovation management, and change leadership. Her project experience includes working with organizations like City of Phoenix, WSSC Water, Louisville Water, and City of Evansville on digital, operational, and asset management transformations.

Key Personnel Summaries



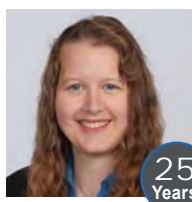
Devin Akbas | Procurement Lead

Mr. Akbas is a passionate young professional with consulting experience on a variety of business advisory projects. His four years with Arcadis have focused on helping clients optimize business practices by leveraging technology, with experiences including billing system implementation, AMI implementation, software requirements gathering, business intelligence, data visualization and analysis, process modeling, and business case development. Recently, he has been conducting AMI industry research for the Water Research Foundation. Mr. Akbas' adaptability and ambition make him an asset on any project team.



Brian Wopershall, PE, PMP | AMI Implementation Lead

Mr. Wopershall is an expert in utility technology and asset management with 25 years of experience delivering solutions for water, wastewater, and electric utilities. His expertise includes Work Order Management, GIS, AMI, and hydraulic modeling, as well as leading large-scale IT transformations for utilities serving over 400,000 customers. He specializes in data integration strategies, asset management, condition assessments, and applying PMI project management principles to ensure successful project delivery and improved business processes.

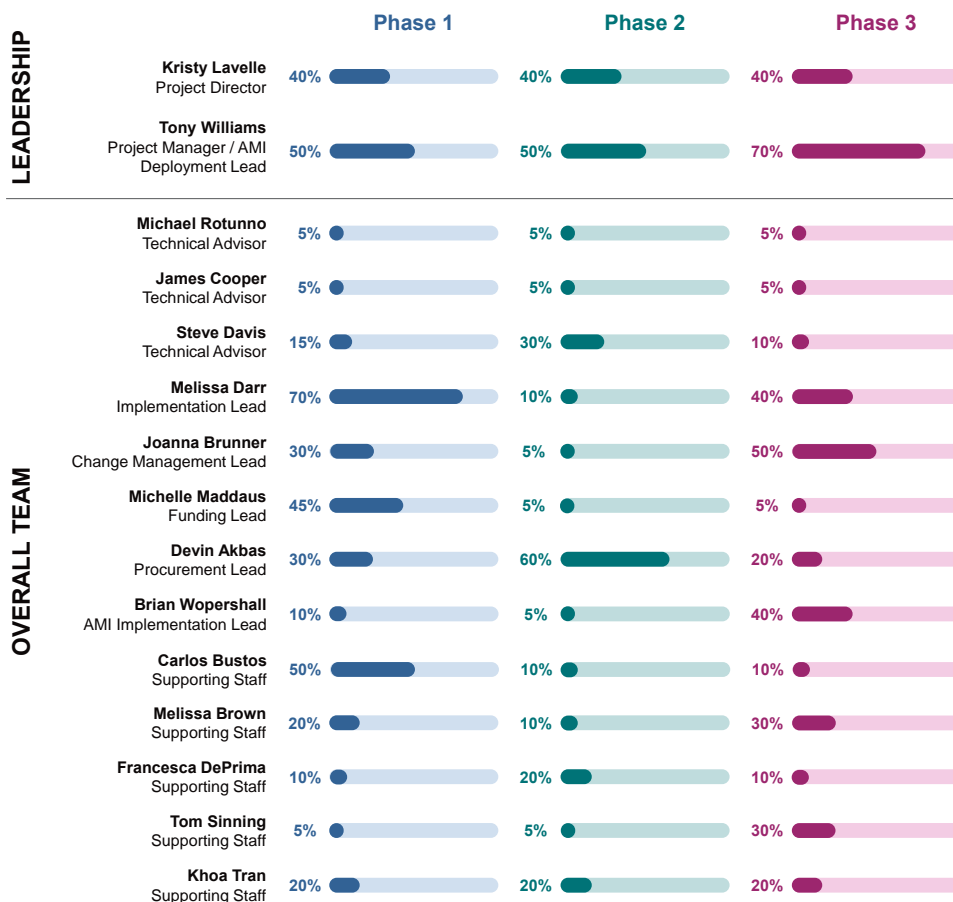


Michelle Maddaus, PE, MBA | Funding Lead

Ms. Maddaus is a registered Civil Engineer in California with 24 years of experience, a wide variety of which is in the water resources field. She is comfortable designing both indoor and outdoor conservation programs with current technology. She has conducted over 300 CII audits and has directly witnessed equipment and program needs of the water customers, including the survey for facilities in California, Washington, Illinois, Arizona and Hawaii. Her water audit experience includes facilities in Arizona Grant Hotel, Biltmore Hotel in Arizona, University of California Santa Cruz, Stanford Linear Accelerator, and Stanford University Campus. Ms. Maddaus is also an excellent trainer who has done in-person trainings for over 200 people on the DSS Model and for over 600 people regarding how to conduct a CII water efficiency survey.

Team Commitment and Resource Availability

Our team is dedicated to IRWD, with key members fully aligned on their roles and responsibilities. The graphic shows their availability based on workload. We are committed to providing the resources needed to complete the project on time with exceptional responsiveness, assigning each person to roles as required.





Section 3. References

Section 3. References

AMI Program Management and Advisory Services

Our proposed team is drawn from a dedicated business advisory practice with extensive water industry knowledge and insights. Our service leaders have assisted numerous water clients to implement best-in-class management consulting programs. We bring a business mindset to the water industry, which will result in a practical and implementable program that achieves critical buy-in from all parts of your organization to guarantee long-term results and sustainability. The business advisory practice was established intentionally considering the key challenges that utilities and municipalities face each year. The knowledge and expertise from our management consultants from these five service offerings described below will provide the Fairfax Water with program management services and the technical experience required to achieve the established goals.



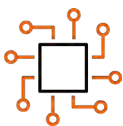
AMI/Smart Utilities

We take the pressure off municipalities and utilities by helping them streamline their meter-to-cash processes, implement a network of metering technology, and manage an aging workforce while delivering safe and reliable utility services. Customer demands, metering technology advancements, intelligent utility technologies, and sensors have utilities focused on improving their metering capabilities. Utilities face increasing pressures of aging infrastructure, customer expectations and an aging workforce while struggling with competing demands for operational and capital funds. Government and private entities providing utility services across the nation face meeting the needs of their residents and visitors as they continue to grow in population. Ability to be resilient, efficient, and innovative are three key drivers to becoming a smart utility.



Digital Consulting

Arcadis' digital advisory discipline helps organizations in asset intensive industries to improve their performance through the application of information technology, effective business processes, and proper organizational design. Our proposed team includes national AMI leads to maximize the use of data to support a more intelligent water network. An AMI initiative is a kickstart to a digital transformation. Digital advisory drives business transformation, making fundamental changes in how business is conducted to succeed in the ever-changing operating environment.



Strategy, Innovation and Business Transformation

The strategy, innovation, and business transformation team is focused on empowering water, wastewater and stormwater utilities to meet current and future water sector challenges by leading more agile and creative organizations. We do this by supporting meaningful strategic planning that turns great aspirations into sustainable outcomes, co-creating innovation programs that engage their workforce and partners to generate solutions for current and emerging issues, and transform utilities to optimize performance and emerge fit for the future.



Grant and Financial Advisory (GFA) Services

The challenge utilities face today is the same it has always been, how to do more with less. Except, today, there is a lot more to do with a lot less to get it done. The GFA services team works with utilities to maintain or improve current financial positions, provide financing for capital projects, mitigate the need for frequent rate fluctuations, and provide transparency and proof of doing more with less while successfully making the case for critical investment. Additionally, we have supported many water utilities and municipalities across the nation to secure grant funding to support these important initiatives. All these capabilities are under one firm and can support IRWD's future efforts.



Asset Management

Arcadis is a nationally recognized firm with the credentials and resources to continue to advance our client's asset management program. Our asset management professionals guide utilities in the management of their water and wastewater assets across the nation to produce Environmental Protection Agency (EPA)/Water Environment Research Foundation compliant asset management programs. We have a proven track record of developing asset management plans that have been endorsed by EPA and other state agencies as "best-in-class." We support national clients with multiple facilities by organizing our staff with centralized technical leadership serving as subject matter experts, coupled with qualified local staff to assist on-site with the day-to-day activities of asset management at our client's facilities.

AMI Project Experience

Arcadis has worked for water utilities across the U.S. on more than 25 AMI projects — nearly all of which we have assisted with a vast array of AMI services. Our AMI Experts have nearly 50 years of collective experience in AMI initiatives. Arcadis offers a full range of services from design and planning to implementation and deployment of an AMI solution, advancing broader intelligent water initiatives for our clients. Our staff possesses deep technical and managerial experience in areas such as metering, customer service, engineering, information technology, and business consulting. We use this knowledge to help clients successfully implement complex intelligent water projects. We have a proven approach with a highly experienced team of professionals that will secure the success of AMI for IRWD.



Arcadis is working with client across the U.S. on AMI projects covering the entire project life-cycle.

1 AMI and Meter Replacement Feasibility Study

Irvine, CA



Arcadis conducted a comprehensive feasibility study to assess the potential implementation of AMI and the replacement of existing water meters with static water meters. The study aimed to provide the client with actionable insights, a strategic roadmap, and a cost-effective approach to modernizing their metering infrastructure while ensuring alignment with organizational objectives and technical standards.

IRWD, located in Southern CA, has about 130,000 service connections.

Key Project Components

- **Feasibility Study.** Arcadis evaluated the technical, financial, and operational feasibility of transitioning to AMI and replacing existing meters with static water meters. This included assessing key challenges, risks, and opportunities associated with the implementation process.
- **Cost-Benefit Analysis.** Arcadis developed a detailed cost-benefit analysis to determine the economic viability of AMI deployment and static meter replacement. This involved quantifying potential savings, operational efficiencies, and long-term value for the client.
- **Organization Impact Assessment.** Arcadis conducted an assessment of how AMI and meter replacement would impact the client's organizational structure, processes, and workforce.
- **AMI Roadmap Development.** Arcadis developed a strategic AMI roadmap featuring a phased implementation approach designed to maximize opportunities for securing grant funding that was researched and evaluated.
- **Static Meter Research.** Arcadis conducted an in-depth analysis of static water meter

Client

Irvine Ranch Water District (IRWD)

Client Contact

Amy McNulty
Water Efficiency Manager
949.453.5634
mcnulty@irwd.com

Completion Date

2023 - 2024

Key Personnel

Kristy Lavelle
Devin Akbas
Francesca DePrima, EIT
Michelle Maddaus, PE, MBA
Steve Davis, PE, BCEE

technologies and compared their technical specifications to IRWD's specifications to identify any incompatibilities and deviations from standards.

- **Static Meter Peer Survey.** Arcadis performed a peer survey to gather insights on the adoption and performance of static water meters across comparable utilities for IRWD.

2 Smart Metering Program

Mesa, AZ



The AMI Project was undertaken by the City of Mesa to install ‘smart’ meters across its three utility service offerings. A unique municipal utility that provides utility services for about half a million residents. The City has all three utility services water, gas, and electric serving customers both in the City limits and surrounding areas. In total, about 240,000 service connections (Water 150,000, Gas, 70,000, Electric 17,000).

Our Role

Owner’s Representative. Arcadis provided program and project management leadership and AMI technical expertise for the planning, procurement, implementation and deployment of the City’s AMI solution.

Services Delivered: Arcadis’s approach to AMI program

management has been constructed based on the unique and specific requirements of these important customer-facing projects. During Phase 1 Arcadis provide owner’s representative services for the AMI Planning, Procurement, Contract Negotiations, Implementation of the AMI solution and integrations, installation contractor management, initial deployment and customer communications services.

With the project now in full deployment, Arcadis is providing the follow services:

- Project Management & Project Controls including project budget tracking (Forecast vs. Actuals)
- Meter Deployment Oversight – Responsible for installation oversight for the meter and transmitter deployment.
 - Deployment Plan to standardize the installation operations.
 - Installation Schedule and Route Release Review
- Independent warehouse audit to ensure meters are accounted

Client

City of Mesa, AZ

Client Contact

Sam McKenna
Senior Project Manager
480.644.2245
sam.mckenna@mesaaz.gov

Completion Date

Phase 1 - 2019-2023
Phase 2 - 2023-Ongoing

Key Personnel

Tony Williams
Brian Wopershall, PE, PMP
Melissa Darr, PE
Steve Davis, PE, BCEE

for and equipment supplies are adequate to complete the deployment

- Installation issue tracking and issue resolution
- Review of field audits from the installer and the City’s inspectors.
- Endpoint acceptance including installer and AMI Vendor invoicing review and approval
- Customer Claims Review and tracking
- Customer communications coordination with the City’s PIO.

3 AMI Needs Assessment, Procurement, and Implementation

Glendale, AZ



Client

City of Glendale, AZ

Client Contact

John Henny
Deputy Water Services Director
623.930.4106
jhenny@glendaleaz.com

Completion Date

2022 - Ongoing

Key Personnel

Kristy Lavelle
Michael Rotunno, PE, PMP
Devin Akbas

Arcadis is providing owner's agent consulting services and technical expertise to support the City of Glendale, AZ with AMI and meter replacement needs assessment and business case, procurement, and Implementation project management.

Key Challenges

The key objectives of this project are to address the City's metering accuracy, customer service improvements, lost revenue, non-revenue water loss and operational efficiency.

Our Approach

Arcadis initiated the project by performing a Needs Assessment and developing the project business case. We conducted a series of interviews and workshops with key City staff from the Customer Service, Billing, IT, Metering, and Conservation groups to identify the City's needs from the AMI. We then conducted a thorough business case evaluation that identified a series of project alternatives and documented the costs and benefits

for each. The needs assessment also evaluated a number of different contracting alternatives, including the use of performance-based contracting, and identified potential grant funding opportunities that Arcadis then helped the City to pursue.

Using the findings of the Needs Assessment, Arcadis worked with the City team to develop an implementation roadmap and procurement plan for the AMI. We conducted a series of meetings with the project stakeholders, including the City's procurement department representatives, to review the findings of the Needs Assessment and the City's procurement processes. We then conducted a series of requirements definition workshops covering the relevant areas for the AMI. Using the results of these requirements workshop, Arcadis developed a Request for Proposals (RFP) for a turn-key AMI project.

Arcadis then facilitated the procurement of the AMI system. We worked closely with the City to manage the solicitation process in conjunction with City staff. We performed a detailed technical evaluation of the proposals that were received including the development of lifecycle cost

evaluation. We then facilitated an series of in-person vendor interviews including system software demonstrations. At the completion of the evaluation process, Arcadis facilitated the final system selection and performed confirmation activities consisting of vendor reference checks.

Arcadis is currently facilitating the development of the project contract documents and preparing to transition the project into the installation phase. During the installation of the AMI, Arcadis will be providing project management and quality assurance services on behalf of the City.

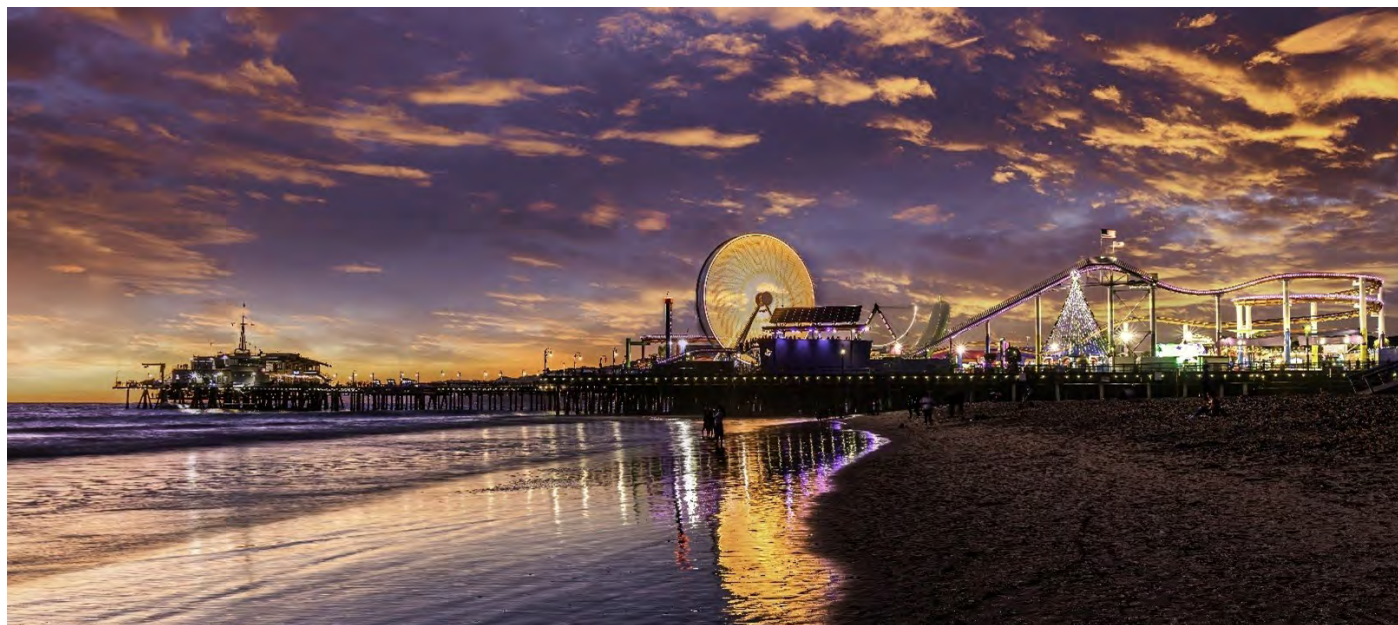
Arcadis has also provided grant support services for the project. We have worked closely with the City's grants team to submit proposals for the Bureau of Reclamation WaterSMART grant and the state of Arizona Water Infrastructure Finance Authority Water Conservation Grant.

The Client Outcome

The City is currently finalizing the contract documents and anticipates proceeding with the AMI installation in the 3rd quarter of 2025.

4 Advanced Metering Project

Santa Monica, CA



Arcadis provided technical advisory services and Advanced Metering expertise to support the City of Santa Monica, CA with AMI Contracting and Deployment.

City of Santa Monica, CA, has about 18,500 service connections. The City had been manually reading their meters through a meter reading contractor. The decision was made to move to a cellular AMI solution.

Key Challenges: The key objectives of this project are to complete an AMI deployment with a mix of full

meter replacements and meter retrofits. The City also chose to complete a pre-installation survey to confirm material needs as well as identify the pipe material for service line inventory. The City's goals are to improve meter reading efficiency, move to monthly billing, engage customers, and minimize water loss.

Project Approach: The technical advisory scope was designed to provide expert advisory services in the following areas:

- Turn-key master contract and Scope of Work (SOW) negotiations
- Program and project management
- Public outreach and communication

Client

City of Santa Monica, CA

Client Contact

Ralph Valencia
Water/Wastewater Administrator
310.458.8531
Ralph.Valencia@santamonica.gov

Completion Date

2022 - 2025

Key Personnel

Kristy Lavelle

- Software integrations
- Change management
- Deployment management
- System acceptance planning
- General AMI technical advisory



Section 4. Schedule

Section 4. Schedule

Schedule management is built into our overall project management approach, and is a primary activity that we will perform throughout the life of the project. We have developed the following preliminary project schedule. It is an aggressive schedule, but one which Arcadis is prepared to execute. We will discuss and refine the schedule as part of the project initiation activities. We have designed our scope and schedule for Phase 1 to meet the dates outlined in the RFP. In looking at the later part of the schedule, Arcadis believes there is opportunity to condense the deployment timeline, dependent upon funding and other factors which can be highlighted during Phase 1 as we build out the Detailed Implementation Plan. We will then maintain the integrated project schedule for the life of the project, which will show the work breakdown, critical path, deliverables, and other key schedule indicators for all work team involved in the project. For context, we have included a summary of the typical activities performed by the AMI vendor.

	Tasks	2025		2026				2027				2028				2029				2030			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Phase 1: Detailed Implementation Plan																							
Arcadis	Task 1.1: Review of Existing Information																						
	Task 1.2: Develop Detailed AMI Implementation Plan																						
	Task 1.3 Phase 1 Project Management																						
Phase 2: Procurement																							
Arcadis	Task 2.1: Develop AMI Request for Proposals																						
	Task 2.2: RFP Administration and Evaluation Support																						
	Task 2.3: Contract Negotiations																						
	Task 2.4: Phase 2 Project Management																						
Phase 3: AMI Implementation Project Management and Support Services																							
Arcadis	Task 3.1 Systems Integrations Support and Testing																						
	Task 3.2: Data Management																						
	Task 3.3: Oversee Change Management Plan																						
	Task 3.4: Performance Analysis and Validation Testing																						
	Task 3.5: Phase 3 Owner's Agent Project Management																						
AMI Vendor	Project Initiation and Deployment Planning																						
	Software Integration																						
	Initial Deployment																						
	Full Deployment																						
	Project Close Out																						



Section 5. **Budget**

Section 5. Budget

By leveraging our knowledge gained during the Feasibility Study and the requirements in the RFP, we have developed this proposal to provide a competitive, transparent, and fair representation of the effort required to achieve your goals. The proposed fee includes all anticipated resources, expertise, and support necessary to ensure a successful delivery of the project execution while maintaining the high standards of quality and service that Arcadis is known for.

Project Fee Summary

Phase	Task		Billable Labor Rate (\$/Hr)	Hours	Fee
Phase 1: Detailed Implementation Plan	1.1	Review of Existing Information	Task Total:	110	\$25,330
	1.2	Develop Detailed AMI Implementation Plan	Task Total:	755	\$187,759
	1.3	Phase 1 Project Management	Task Total:	100	\$23,220
	Phase 1 Totals			965	\$236,309
Phase 2: Procurement	2.1	Develop AMI Request for Proposals	Task Total:	380	\$76,138
	2.2	RFP Administration and Evaluation Support	Task Total:	270	\$60,624
	2.3	Contract Negotiations	Task Total:	150	\$37,949
	2.4	Phase 2 Project Management	Task Total:	100	\$21,910
	Phase 2 Totals			900	\$196,621
Phase 3: AMI Implementation Project Management and Support Services	3.1	Systems Integration Support and Testing	Task Total:	450	\$112,348
	3.2	Data Management	Task Total:	250	\$63,720
	3.3	Oversee Change Management Plan	Task Total:	385	\$92,738
	3.4	Performance Analysis and Validation Testing	Task Total:	1,180	\$535,048
	3.5	Phase 3 Owner’s Agent Project Management	Task Total:	1,070	\$293,390
	Phase 3 Totals			3,335	\$1,097,244
Project Totals:				5,200	\$1,530,174

Pricing Assumptions:

- Our proposed fee is presented as not-to-exceed. Work will be invoiced based on the hours expended and the billable labor rates included in the Project Team Roles and Billing Labor Rates Table. Billable labor rates will be fixed through 2025, then escalated annually on January 1 of each year based on the U.S. Department of Labor, Consumer Price Index, All Items, Unadjusted, Urban Areas ("CPI-U"), starting on January 1, 2026.
- It is assumed that unspent labor dollars can be moved between phases and tasks.
- Allowable project expenses, including travel and other allowable direct costs, will be invoiced as incurred with proper supporting documentation and no markup.

- IRWD will provide Arcadis with information, documentation, and access to software as required in a timely manner to perform the agreed upon project work activities.
- Project work will be conducted both on-site at IRWD's office and remotely.
- Our proposed fee for the Funding Plan under Task 1.2 is designed to help identify funding opportunities, review funding applications, and support IRWD's staff only. It is assumed that IRWD will be responsible for the preparation and execution of any funding applications.
- It is assumed that there will be a single, turnkey procurement Request for Proposals for all services and equipment.
- The proprietary Arcadis Endpoint Acceptance Tool (EAT) used in Task 3.4 is a cloud-based data analytics software that runs on a Microsoft Azure computing environment. Usage fees for the EAT are included at \$5,000 per month commencing upon the start-up of the tool and is assumed to cover 50 months during the deployment phase.
- Project durations, broken down by Phase, are assumed to be in line with the Schedule included under Section 4. Any delays or changes to the schedule may affect the budgeted hours required to complete the work, and as a result, could necessitate a change to address the associated impacts on scope, resources, and costs.
- Schedule does not account for vendor product shipping delays.

Detailed Project Fee Breakdown

Phase	Task			Billable Labor Rate (\$/Hr)	Hours	Fee
Phase 1: Detailed Implementation Plan	1.1 Review of Existing Information			Task Total:	110	\$25,330
		Kristy Lavelle	Project Director	\$280	17	\$4,760
		Tony Williams	Project Manager	\$265	21	\$5,565
		Melissa Darr	Senior Management Consultant	\$230	21	\$4,830
		Devin Akbas	Management Consultant	\$160	26	\$4,160
		Joanna Brunner	Senior Management Consultant	\$230	3	\$690
		Brian Wopershall	Senior Management Consultant	\$265	3	\$795
		Francesca DePrima	Project Engineer	\$180	5	\$900
		Khoa Tran	Project Engineer	\$180	2	\$360
		Michael Rotunno	Technical Advisor	\$320	2	\$640
		Jim Cooper	Technical Advisor	\$335	2	\$670
		Steve Davis	Technical Advisor - Subconsultant	\$225	2	\$450
		Michelle Maddaus	Expert Consultant - Subconsultant	\$355	2	\$710
		Carlos Bustos	Senior Consultant - Subconsultant	\$240	2	\$480
		Melissa Brown	Consultant - Subconsultant	\$160	2	\$320
		1.2 Develop Detailed AMI Implementation Plan			Task Total:	755
		Kristy Lavelle	Project Director	\$280	32	\$8,960
		Tony Williams	Project Manager	\$265	100	\$26,500
		Melissa Darr	Senior Management Consultant	\$230	140	\$32,200
		Devin Akbas	Management Consultant	\$160	150	\$24,000
		Joanna Brunner	Senior Management Consultant	\$230	30	\$6,900
		Brian Wopershall	Senior Management Consultant	\$265	8	\$2,120
		Francesca DePrima	Project Engineer	\$180	20	\$3,600
		Khoa Tran	Project Engineer	\$180	28	\$5,040
		Jim Cooper	Technical Advisor	\$335	2	\$670
		Steve Davis	Technical Advisor - Subconsultant	\$225	20	\$4,500
		Michelle Maddaus	Expert Consultant - Subconsultant	\$355	85	\$30,175
		Carlos Bustos	Senior Consultant - Subconsultant	\$240	100	\$24,000
		Melissa Brown	Consultant - Subconsultant	\$160	40	\$6,400
		Other Direct Costs			-	-

Phase	Task			Billable Labor Rate (\$/Hr)	Hours	Fee
Phase 1: Detailed Implementation Plan	1.3 Phase 1 Project Management			Task Total:	100	\$23,220
		Kristy Lavelle	Project Director	\$280	16	\$4,480
		Tony Williams	Project Manager	\$265	40	\$10,600
		Melissa Darr	Senior Management Consultant	\$230	8	\$1,840
		Khoa Tran	Project Engineer	\$180	30	\$5,400
		Annette Hollenbeck	Project Administrator	\$150	6	\$900
				Phase 1 Totals	965	\$236,309
Phase 2: Procurement	2.1 Develop AMI Request for Proposals			Task Total:	380	\$76,138
		Kristy Lavelle	Project Director	\$280	28	\$7,840
		Tony Williams	Project Manager	\$265	32	\$8,480
		Devin Akbas	Management Consultant	\$160	176	\$28,160
		Francesca DePrima	Project Engineer	\$180	50	\$9,000
		Khoa Tran	Project Engineer	\$180	56	\$10,080
		Michael Rotunno	Technical Advisor	\$320	8	\$2,560
		Steve Davis	Technical Advisor - Subconsultant	\$225	30	\$6,750
		Other Direct Costs		-	-	\$3,268
	2.2 RFP Administration and Evaluation Support			Task Total:	270	\$60,624
		Kristy Lavelle	Project Director	\$280	25	\$7,000
		Tony Williams	Project Manager	\$265	65	\$17,225
		Devin Akbas	Management Consultant	\$160	135	\$21,600
		Khoa Tran	Project Engineer	\$180	35	\$6,300
		Steve Davis	Technical Advisor - Subconsultant	\$225	10	\$2,250
		Other Direct Costs		-	-	\$6,249
	2.3 Contract Negotiations			Task Total:	150	\$37,949
		Kristy Lavelle	Project Director	\$280	70	\$19,600
		Tony Williams	Project Manager	\$265	30	\$7,950
		Devin Akbas	Management Consultant	\$160	45	\$7,200
		Michael Rotunno	Technical Advisor	\$320	5	\$1,600
		Other Direct Costs		-	-	\$1,599
2.4 Phase 2 Project Management			Task Total:	100	\$21,910	
	Kristy Lavelle	Project Director	\$280	10	\$2,800	
	Tony Williams	Project Manager	\$265	34	\$9,010	

Phase	Task			Billable Labor Rate (\$/Hr)	Hours	Fee
Phase 2: Procurement		Devin Akbas	Management Consultant	\$160	18	\$2,880
		Khoa Tran	Project Engineer	\$180	28	\$5,040
		Michael Rotunno	Technical Advisor	\$320	4	\$1,280
		Annette Hollenbeck	Project Administrator	\$150	6	\$900
	Phase 2 Totals				900	\$196,621
Phase 3: AMI Implementation Project Management and Support Services	3.1 Systems Integration Support and Testing			Task Total:	450	\$112,348
		Kristy Lavelle	Project Director	\$280	60	\$16,800
		Tony Williams	Project Manager	\$265	70	\$18,550
		Brian Wopershall	Senior Management Consultant	\$265	180	\$47,700
		Tom Sinning	Senior Management Consultant	\$265	20	\$5,300
		Khoa Tran	Project Engineer	\$180	80	\$14,400
		Melissa Brown	Consultant - Subconsultant	\$160	40	\$6,400
		Other Direct Costs		-	-	\$3,198
	3.2 Data Management			Task Total:	250	\$63,720
		Kristy Lavelle	Project Director	\$280	40	\$11,200
		Tony Williams	Project Manager	\$265	20	\$5,300
		Melissa Darr	Senior Management Consultant	\$230	120	\$27,600
		Brian Wopershall	Senior Management Consultant	\$265	10	\$2,650
		Tom Sinning	Senior Management Consultant	\$265	40	\$10,600
		Melissa Brown	Consultant - Subconsultant	\$160	20	\$3,200
		Other Direct Costs		-	-	\$3,170
	3.3 Oversee Change Management Plan			Task Total:	385	\$92,738
		Kristy Lavelle	Project Director	\$280	30	\$8,400
		Tony Williams	Project Manager	\$265	50	\$13,250
		Melissa Darr	Senior Management Consultant	\$230	45	\$10,350
		Joanna Brunner	Senior Management Consultant	\$230	150	\$34,500
		Francesca DePrima	Project Engineer	\$180	110	\$19,800
		Other Direct Costs		-	-	\$6,438
	3.4 Performance Analysis and Validation Testing			Task Total:	1,180	\$535,048
		Kristy Lavelle	Project Director	\$280	160	\$44,800
		Tony Williams	Project Manager	\$265	160	\$42,400
		Melissa Darr	Senior Management Consultant	\$230	420	\$96,600

Phase	Task		Billable Labor Rate (\$/Hr)	Hours	Fee	
Phase 3: AMI Implementation Project Management and Support Services		Tom Sinning	Senior Management Consultant	\$265	240	\$63,600
		Khoa Tran	Project Engineer	\$180	200	\$36,000
		Other Direct Costs		-	-	\$251,648
	3.5	Phase 3 Owner’s Agent Project Management		Task Total:	1,070	\$293,390
		Kristy Lavelle	Project Director	\$280	160	\$44,800
		Tony Williams	Project Manager	\$265	420	\$111,300
		Devin Akbas	Management Consultant	\$160	4	\$640
		Joanna Brunner	Senior Management Consultant	\$230	8	\$1,840
		Brian Wopershall	Senior Management Consultant	\$265	4	\$1,060
		Francesca DePrima	Project Engineer	\$180	4	\$720
		Tom Sinning	Senior Management Consultant	\$265	12	\$3,180
		Khoa Tran	Project Engineer	\$180	390	\$70,200
		Michael Rotunno	Technical Advisor	\$320	8	\$2,560
		Annette Hollenbeck	Project Administrator	\$150	60	\$9,000
		Other Direct Costs		-	-	\$48,090
Phase 3 Totals			3,335	\$1,097,244		
Project Totals:			5,200	\$1,530,174		

Subcontractor: Metering Technology Consultants – Fee Summary

Phase	Task			Billable Labor Rate (\$/Hr)	Hours	Fee
Phase 1: Detailed Implementation Plan	1.1	Review of Existing Information		Task Total:	2	\$450
		Steve Davis	Technical Advisor - Subconsultant	\$225	2	\$450
	1.2	Develop Detailed AMI Implementation Plan		Task Total:	20	\$4,500
		Steve Davis	Technical Advisor - Subconsultant	\$225	20	\$4,500
	Phase 1 Totals				22	\$4,950
Phase 2: Procurement	2.1	Develop AMI Request for Proposals		Task Total:	30	\$6,750
		Steve Davis	Technical Advisor - Subconsultant	\$225	30	\$6,750
	2.2	RFP Administration and Evaluation Support		Task Total:	10	\$2,250
		Steve Davis	Technical Advisor - Subconsultant	\$225	10	\$2,250
	Phase 2 Totals				40	\$9,000
Project Totals:				62	\$18,450	

This Subcontractor Fee breakdown is provided to show the Subcontractor's portion of the Detailed Fee Breakdown as a standalone summary only.

Subcontractor: Maddaus Water Management – Fee Summary

Phase	Task			Billable Labor Rate (\$/Hr)	Hours	Fee
Phase 1: Detailed Implementation Plan	1.1	Review of Existing Information		Task Total:	6	\$1,510
		Michelle Maddaus	Expert Consultant - Subconsultant	\$355	2	\$710
		Carlos Bustos	Senior Consultant - Subconsultant	\$240	2	\$480
		Melissa Brown	Consultant - Subconsultant	\$160	2	\$320
	1.2	Develop Detailed AMI Implementation Plan		Task Total:	225	\$60,575
		Michelle Maddaus	Expert Consultant - Subconsultant	\$355	85	\$30,175
		Carlos Bustos	Senior Consultant - Subconsultant	\$240	100	\$24,000
		Melissa Brown	Consultant - Subconsultant	\$160	40	\$6,400
	Phase 1 Totals					231
Phase 3: AMI Implementation Project Management and Support Services	3.1	Systems Integration Support and Testing		Task Total:	40	\$6,400
		Melissa Brown	Consultant - Subconsultant	\$160	40	\$6,400
	3.2	Data Management		Task Total:	20	\$3,200
		Melissa Brown	Consultant - Subconsultant	\$160	20	\$3,200
	Phase 3 Totals					60
Project Totals:					291	\$71,685

This Subcontractor Fee breakdown is provided to show the Subcontractor's portion of the Detailed Fee Breakdown as a standalone summary only.

Project Team Roles and 2025 Billing Labor Rates

Team Member	Role	Bill Rate* (\$/Hr)
Kristy Lavelle	Project Director	\$280
Tony Williams	Project Manager	\$265
Michael Rotunno	Technical Advisor	\$320
Jim Cooper	Technical Advisor	\$335
Brian Wopershall	Senior Management Consultant	\$265
Tom Sinning	Senior Management Consultant	\$265
Melissa Darr	Senior Management Consultant	\$230
Joanna Brunner	Senior Management Consultant	\$230
Francesca DePrima	Project Engineer	\$180
Khoa Tran	Project Engineer	\$180
Devin Akbas	Management Consultant	\$160
Annette Hollenbeck	Project Administrator	\$150
Steve Davis	Technical Advisor - Subconsultant	\$225
Michelle Maddaus	Expert Consultant - Subconsultant	\$355
Carlos Bustos	Senior Consultant - Subconsultant	\$240
Melissa Brown	Consultant - Subconsultant	\$160



Section 6.

Joint Venture

Section 6. Joint Venture

Arcadis is pleased to announce the continued collaboration with two subconsultants, Maddaus Water Management and Metering Technology Consultants, both of whom contributed to the success of IRWD's AMI and Metering Replacement Feasibility Study.



Maddaus Water Management will lead the funding component of the project, leveraging their expertise to ensure effective support in this area. They will play an active role in Phase 1 and Phase 3.

Metering Technology Consultants

Metering Technology Consultants will continue to provide their specialized metering expertise, serving as technical advisors and quality control reviewers for meter technical specifications. They will play an active role in Phase 2.

Together, these partnerships will help drive the project forward with industry-leading knowledge and precision.



Section 7.

Conflict of Interest

Section 7. Conflict of Interest

Arcadis is a large, multi-disciplined international firm providing services to municipal, state, federal, and private sector clients. Arcadis is fully dedicated to the proper fulfilment of our jobs and avoids any conflict of our personal or business activities and financial interests with such commitment. As such, Arcadis has a company-wide conflict of interest review process. To the best of our knowledge, no potential conflict of interest exists or is anticipated for Arcadis or our proposed team members in the execution of this project. Arcadis will be transparent to clients about any potential conflicts of interest that could emerge during the performance of its services.

Arcadis stays constantly abreast of developments in the AMI marketplace but remains independent of AMI vendors so that we can advise our clients in an unbiased manner.



Section 8. Insurance



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
09/23/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services South, Inc. Franklin TN Office 501 Corporate Centre Drive Suite 300 Franklin TN 37067 USA	CONTACT NAME: PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): 800-363-0105 E-MAIL ADDRESS:														
INSURED Arcadis U.S., Inc. 630 Plaza Drive Suite 200 Highlands Ranch CO 80129 USA	<table><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr><tr><td>INSURER A: Twin City Fire Insurance Company</td><td>29459</td></tr><tr><td>INSURER B: Hartford Fire Insurance Co.</td><td>19682</td></tr><tr><td>INSURER C: Hartford Casualty Insurance Co</td><td>29424</td></tr><tr><td>INSURER D: Endurance American Insurance Company</td><td>10641</td></tr><tr><td>INSURER E: Hartford Accident & Indemnity Company</td><td>22357</td></tr><tr><td>INSURER F:</td><td></td></tr></table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Twin City Fire Insurance Company	29459	INSURER B: Hartford Fire Insurance Co.	19682	INSURER C: Hartford Casualty Insurance Co	29424	INSURER D: Endurance American Insurance Company	10641	INSURER E: Hartford Accident & Indemnity Company	22357	INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: Twin City Fire Insurance Company	29459														
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INSURER C: Hartford Casualty Insurance Co	29424														
INSURER D: Endurance American Insurance Company	10641														
INSURER E: Hartford Accident & Indemnity Company	22357														
INSURER F:															

COVERAGES **CERTIFICATE NUMBER:** 570108353250 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	Limits shown as requested	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Contractual Liability GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC OTHER:			20ECSOL5318 SIR applies per policy terms & conditions	10/01/2024	10/01/2025	EACH OCCURRENCE	\$1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$1,000,000
							MED EXP (Any one person)	\$10,000
							PERSONAL & ADV INJURY	\$1,000,000
							GENERAL AGGREGATE	\$2,000,000
							PRODUCTS - COMP/OP AGG	\$2,000,000
B	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			20 UEN OL5319	10/01/2024	10/01/2025	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
							BODILY INJURY (Per person)	
							BODILY INJURY (Per accident)	
							PROPERTY DAMAGE (Per accident)	
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB DED <input checked="" type="checkbox"/> RETENTION \$10,000			20XHUOL5322 Umbrella	10/01/2024	10/01/2025	EACH OCCURRENCE	\$1,000,000
							AGGREGATE	\$1,000,000
E	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	20WNOL5323 AOS 20WBROL5321 MA, WI	10/01/2024	10/01/2025	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER	
A					10/01/2024	10/01/2025	E.L. EACH ACCIDENT	\$1,000,000
							E.L. DISEASE-EA EMPLOYEE	\$1,000,000
							E.L. DISEASE-POLICY LIMIT	\$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidence of Insurance.

CERTIFICATE HOLDER

Arcadis U.S., Inc.
630 Plaza Drive, Suite 200
Highlands Ranch CA 80129 USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services South Inc.

Holder Identifier :

570108353250

Certificate No :





CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
05/17/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services South, Inc. Franklin TN Office 501 Corporate Centre Drive Suite 300 Franklin TN 37067 USA	CONTACT NAME:	
	PHONE (A/C. No. Ext): (866) 283-7122	FAX (A/C. No.): (800) 363-0105
INSURED Arcadis U.S., Inc. 630 Plaza Drive Suite 200 Highlands Ranch CO 80129 USA	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	NAIC #	
	INSURER A: Indian Harbor Insurance Company	
	INSURER B:	
	INSURER C:	
	INSURER D:	
INSURER E:		
INSURER F:		

Holder Identifier :

COVERAGES **CERTIFICATE NUMBER:** 570105766919 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. **Limits shown are as requested**

INSR LTR	TYPE OF INSURANCE	ADDL NSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION						EACH OCCURRENCE AGGREGATE
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below <input type="checkbox"/> Y / <input type="checkbox"/> N / A						PER STATUTE <input type="checkbox"/> OTHER <input type="checkbox"/> E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT
A	Contractors Pollution Liability			US00101061E024A Professional & Pollution SIR applies per policy terms & conditions	06/01/2024	06/01/2025	Each Claim Annual Aggregate \$2,000,000 \$2,000,000

Certificate No : 570105766919

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Evidence of Insurance. For Professional Liability coverage, the Aggregate Limit is the total insurance available for claims presented within the policy period for all operations of the insured. The Limit will be reduced by payments of indemnity and expense.

CERTIFICATE HOLDER**CANCELLATION**

Arcadis U.S., Inc. 630 Plaza Drive, Suite 200 Highlands Ranch CO 80129 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Aon Risk Services South Inc</i>



ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services South, Inc.		NAMED INSURED Arcadis U.S., Inc.	
POLICY NUMBER See Certificate Number: 570105766919			
CARRIER See Certificate Number: 570105766919	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES

If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
	OTHER						
	Claims-Made						
	Professional Liability						
	and Contractors						
	Pollution Liability						

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AMI IMPLEMENTATION CONSULTANT SELECTION



BOARD OF DIRECTORS MEETING
JUNE 23, 2025

1

1

AGENDA

- Background
- Consultant Selection
- Project Scope and Schedule
- Recommendation



2

2



BACKGROUND

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3

IRWD METER READING SYSTEM OBJECTIVES

1. Water use measurement accuracy.
2. Revenue generation based on actual water use and cost of service.
3. Maintaining meter performance.
4. Meter reading reliability.
5. Actionable information for customer water use.
6. Long-term sustainability.
7. Compatibility with IRWD's billing system.
8. Cost-effectiveness.

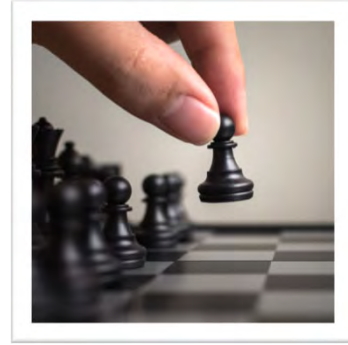


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4

HOW MIGHT AMI ALIGN WITH IRWD'S TARGET ACTIVITIES?

- #8. Maximize water use efficiency in the community.
- #9. Maximize watershed protection.
- #10. Evaluate and invest in projects and programs that will enhance future long-term water supply reliability and resiliency to climate change.
- #14. Identify, assess, and implement new technologies, systems, and facilities to improve operating efficiency.
- #16. Collaborate with other agencies and entities through leadership and innovation.
- #17. Enhance customer communications and community outreach.



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AMI FEASIBILITY AND STATIC METER STUDY REVIEWED WITH BOARD IN 2024

Meter Reading Cost Comparison 15-year lifecycle cost with a 5-year implementation

	Alternative 1 - Contracted Meter Reading "Business as Usual"	Alternative 1A - In-House Meter Reading "Plan B"	Alternative 2 - AMI w/Mechanical Meter Replacement "AMI, Mech. Meters"	Alternative 3 - AMI w/Static Meter Replacement "All-In"	Alternative 4 - AMI w/Age-Based Static Meter Replace and Retrofit "Age Based AMI"	Alternative 5 - Static Meter Replacement Only "No AMI"	Alternative 6 - AMI Large Meters Only "Size Based AMI"
Meter Reading Cost NPV	\$24.2	\$60.5	\$0.0	\$0.0	\$0.0	\$24.2	\$22.3
Equipment & Implementation Cost NPV	\$31.8	\$31.8	\$74.8	\$75.7	\$65.6	\$39.4	\$17.6
Lifecycle Cost NPV	\$ 56.0	\$ 92.3	\$ 74.8	\$ 75.7	\$ 65.6	\$ 63.6	\$ 39.9
Lifecycle Benefit NPV	\$ 0.9	\$ 0.9	\$ 10.7	\$ 67.2	\$ 10.3	\$ 61.6	\$ 21.2
Net Lifecycle NPV	\$ 55.1	\$ 91.4	\$ 64.1	\$ 8.5	\$ 55.3	\$ 2.0	\$ 18.7
Financial Impact of Alternative		\$ 36.3	\$ 9.0	\$ (46.6)	\$ 0.2	\$ (53.1)	\$ (36.4)
Meets IRWD Objectives	No	No	No	Yes	No	No	No

Alternative 3 meets all District meter reading objectives.

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NEXT STEPS: ISSUE REQUEST FOR PROPOSAL (RFP) FOR CONSULTANT SERVICES:

Phase 1: Develop a Detailed Implementation Plan

Phase 2: Procurement Guidance

Phase 3: AMI Deployment Project Management



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IRWD AMI STEERING COMMITTEE

Interdepartmental Team to oversee project:

1. Draft RFP for consultant services
2. Coordinate with consultants
3. Assess IRWD readiness for AMI
4. Evaluate proposals from consultants and AMI vendors
5. Prepare status reports to Senior Management
6. Prepare recommendations to IRWD Board



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CONSULTANT SELECTION


AMI CONSULTING AND PROJECT MANAGEMENT SERVICES

9

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REQUEST FOR PROPOSALS

<p><u>Phase 1:</u> Detailed Implementation Plan</p> <ul style="list-style-type: none"> • Focus on the desired AMI solution and general implementation approach 	Plan
<p><u>Phase 2:</u> Procurement Strategy</p> <ul style="list-style-type: none"> • Provide guidance throughout the AMI procurement phase 	Buy
<p><u>Phase 3:</u> Implementation Project Management</p> <ul style="list-style-type: none"> • Pending selection of AMI solution <ul style="list-style-type: none"> • Project Management for implementing AMI • Contingent upon separate Board approval 	Do



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ARCADIS

- ✓ Dedicated and experienced team:
 - Specialists in AMI funding strategies and meter performance
- ✓ Thorough and adaptable approach
- ✓ Understanding of IRWD and objectives
- ✓ Local presence
- ✓ Ability to meet schedule
- ✓ Appropriate cost



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PROJECT SCOPE & SCHEDULE

12

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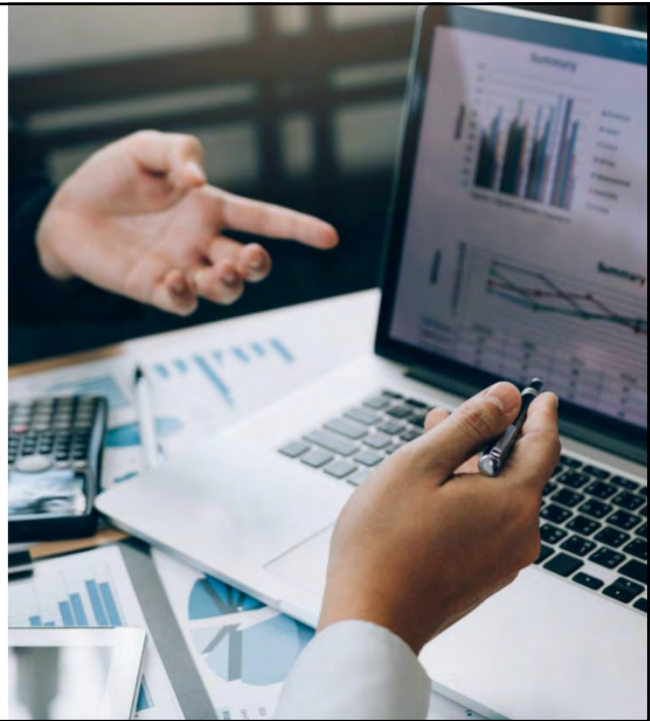
PHASE 1: DETAILED IMPLEMENTATION PLAN

Purpose:

Prepare for the AMI Procurement and Implementation.

Tasks:

1. Review Existing Information
2. Develop Detailed Implementation Plan:
 - a. Funding
 - b. Procurement Strategy
 - c. Data Management
 - d. Change Management
 - e. Deployment
 - f. Customer Outreach Plan
 - g. Project Schedule



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PHASE 2: AMI PROCUREMENT

Purpose:

Guide IRWD through the AMI procurement process.

Tasks:

1. Develop AMI Request for Proposal.
2. RFP administration and evaluation support.
3. Contract negotiations.



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PHASE 3: AMI PROJECT MANAGEMENT AND SUPPORT

Purpose:

Provide project management and oversight for the AMI implementation to ensure adherence to project scope, budget, and schedule.

Tasks:

Staff will return to the Board for approval of the selected AMI solution and a Phase 3 Scope of Work and Budget.



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PROJECT SCHEDULE

	Tasks	2025		2026				2027				2028				2029				2030			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Arcadis	Phase 1: Detailed Implementation Plan																						
	Task 1.1: Review of Existing Information																						
	Task 1.2: Develop Detailed AMI Implementation Plan																						
	Task 1.3 Phase 1 Project Management																						
Arcadis	Phase 2: Procurement																						
	Task 2.1: Develop AMI Request for Proposals																						
	Task 2.2: RFP Administration and Evaluation Support																						
	Task 2.3: Contract Negotiations																						
	Task 2.4: Phase 2 Project Management																						
AMI Vendor	Phase 3: AMI Implementation Project Management and Support Services																						
	Task 3.1 Systems Integrations Support and Testing																						
	Task 3.2: Data Management																						
	Task 3.3: Oversee Change Management Plan																						
	Task 3.4: Performance Analysis and Validation Testing																						
	Task 3.5: Phase 3 Owner's Agent Project Management																						
	Project Initiation and Deployment Planning																						
	Software Integration																						
	Initial Deployment																						
	Full Deployment																						
	Project Close Out																						

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RECOMMENDATION

- That the Board authorize the General Manager to execute a Professional Services Agreement with Arcadis in the amount of \$432,930 for the development of a detailed AMI Implementation Plan and providing AMI procurement services; and
- Approve an increase to the budget for Projects 12514 and 12515 by \$170,000 each for a total amount of \$340,000.



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