AGENDA
IRVINE RANCH WATER DISTRICT
FINANCE AND PERSONNEL COMMITTEE MEETING
TUESDAY, SEPTEMBER 6, 2022

This meeting will be held in-person at the District's headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Web:
https://irwd.webex.com/irwd/j.php?MTID=mb2d9438f65d7d0254a5fff96a5cdf0f9
Meeting Number (Access Code): 2485 376 8075
Meeting Password: jhDx69SrcN3

As courtesy to the other participants, please mute your phone when you are not speaking.

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

CALL TO ORDER 11:30 a.m.

ATTENDANCE	Chair: Peer Swan	______	Member: Steve LaMar	_____
ALSO PRESENT	Paul Cook	______	Cheryl Clary	______
	Wendy Chambers	______	Kevin Burton	______
	Paul Weghorst	______	Rob Jacobson	______
	Lance Kaneshiro	______	Tiffany Mitcham	______
	Eileen Lin	______	Jennifer Davis	______
	Christopher Smithson	______	Stephen Aryan	______
	______________	______	______________	______
	______________	______	______________	______

PUBLIC COMMENT NOTICE

Public comments are limited to three minutes per speaker on each subject. If you wish to address the Committee on any item, you may attend the meeting in person and submit a "speaker slip." You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 7:30 a.m. on Tuesday, September 6, 2022.

COMMUNICATIONS

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

INFORMATION

5. EMPLOYEE POPULATION AND RETENTION STATUS REPORT – SRADER / MITCHAM

   Recommendation: Receive and file.

6. MONTHLY INVESTMENT AND DEBT REVIEW – MENDOZA / DAVIS / JACOBSON / CLARY

   Recommendation: Receive and file.

7. QUARTERLY REAL ESTATE PERFORMANCE – DAVIS / JACOBSON / CLARY

   Recommendation: Receive and file.

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

   Recommendation: Receive and file.

9. QUARTERLY OPERATING HIGHLIGHTS FOR FISCAL YEARS 2021-22 AND 2022-23 – PARDEE / SMITHSON / CLARY

   Recommendation: Receive and file.

10. INFORMATION SERVICES PROJECT STATUS REPORT – KANESHIRO / CLARY

    Recommendation: Receive and file.

ACTION

11. CYBERSECURITY THREAT DETECTION AND RESPONSE SERVICES CONTRACT – KANESHIRO / CLARY

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with AT&T for a not-to-exceed amount of $442,400 for a duration of three years for cybersecurity threat detection and response services.

OTHER BUSINESS

12. Directors' Comments

13. CLOSED SESSION

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

- *Victoria Gleason v. County of Orange, et al.*, Case No. 30-2018-00977432
- *United States, et al., ex rel. John Hendrix, et al. v. J-M Manufacturing Company, Inc., et al.*, Case No. CV 06-0055-GW
- *State of Nevada, et al. v. J-M Manufacturing Company, Inc., et al*., Los Angeles Case No. BC459943
- *Mary Beth Rash v. City of Irvine, et. seq.*, Case No. 30-2018-01010123
- *Michael Brown v. PEI Engineering & Construction, et. seq.*, Case No. 30-2020-01154719

B. CLOSED SESSION — THREAT TO PUBLIC SERVICES OR FACILITIES — Pursuant to Government Code Section 54957(a): Consultation with Lance Kaneshiro, IRWD Director of Information Services.

14. Open Session

15. Adjourn

****

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

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September 6, 2022
Prepared by: L. Srader
Submitted by: T. Mitcham
Approved by: Paul A. Cook

FINANCE AND PERSONNEL COMMITTEE

EMPLOYEE POPULATION AND RETENTION STATUS REPORT

SUMMARY:

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

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Employee Population and Retention Status Report

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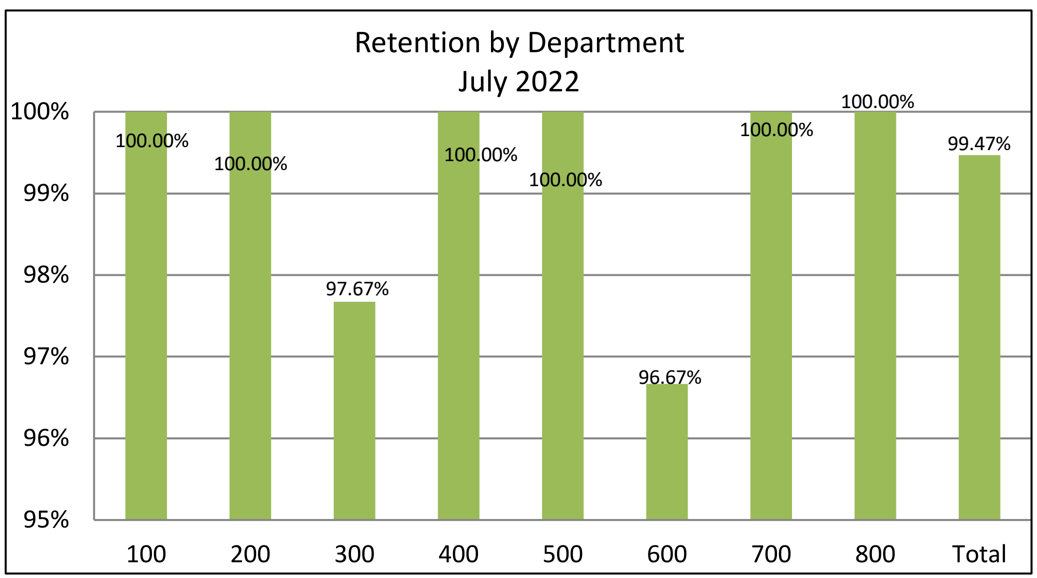
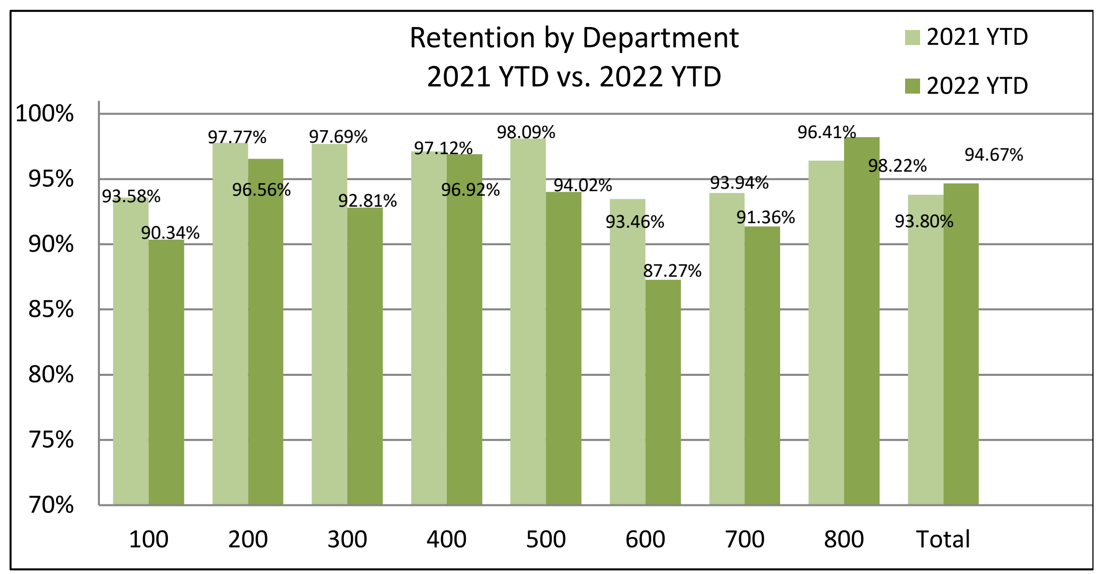
EXHIBIT "A"

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
July 2022

	@07/01/22	Current Month Activity							@07/31/22		FY 22/23	Avg FYTD	Avg FYTD	Avg FYTD	Retention	
	Positions	New	Terms		Promo Trnsfr		Lateral Trnsfr		Positions	Positions	Budgeted	Filled Budget	Temp Emp	Total Filled	Current	2022
Dept	Filled	Hires	Vol	Invol	In	Out	In	Out	Filled	Unfilled	Positions	Positions	FTE	Positions	Period	YTD
100	**21.0**								**21.0**	5	**26.0**	19.0	0.55	**19.5**	100.00%	90.34%
200	**88.0**								**88.0**	3	**91.0**	88.4	0.00	**88.4**	100.00%	96.56%
300	**43.0**	1	1						**43.0**	2	**45.0**	42.0	4.18	**46.2**	97.67%	92.81%
400	**65.0**					1			**64.0**	9	**73.0**	65.9	0.00	**65.9**	100.00%	96.92%
500	**51.0**								**51.0**	11	**62.0**	50.7	0.59	**51.3**	100.00%	94.02%
600	**30.0**		1						**29.0**	5	**34.0**	31.3	7.05	**38.4**	96.67%	87.27%
700	**24.0**	1			1				**26.0**	2	**28.0**	26.7	5.10	**31.8**	100.00%	91.36%
800	**55.0**								**55.0**	5	**60.0**	55.3	0.00	**55.3**	100.00%	98.22%
Totals	**377**	**2**	**2**	**0**	**1**	**1**	**0**	**0**	**377.0**	**42**	**419.0**	**379.3**	**17.47**	**396.8**	**99.47%**	**94.67%**
7/21	**386**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**384**	**31**	**416.0**	**386.0**	**7.7**	**393.7**	**99.48%**	**93.80%**



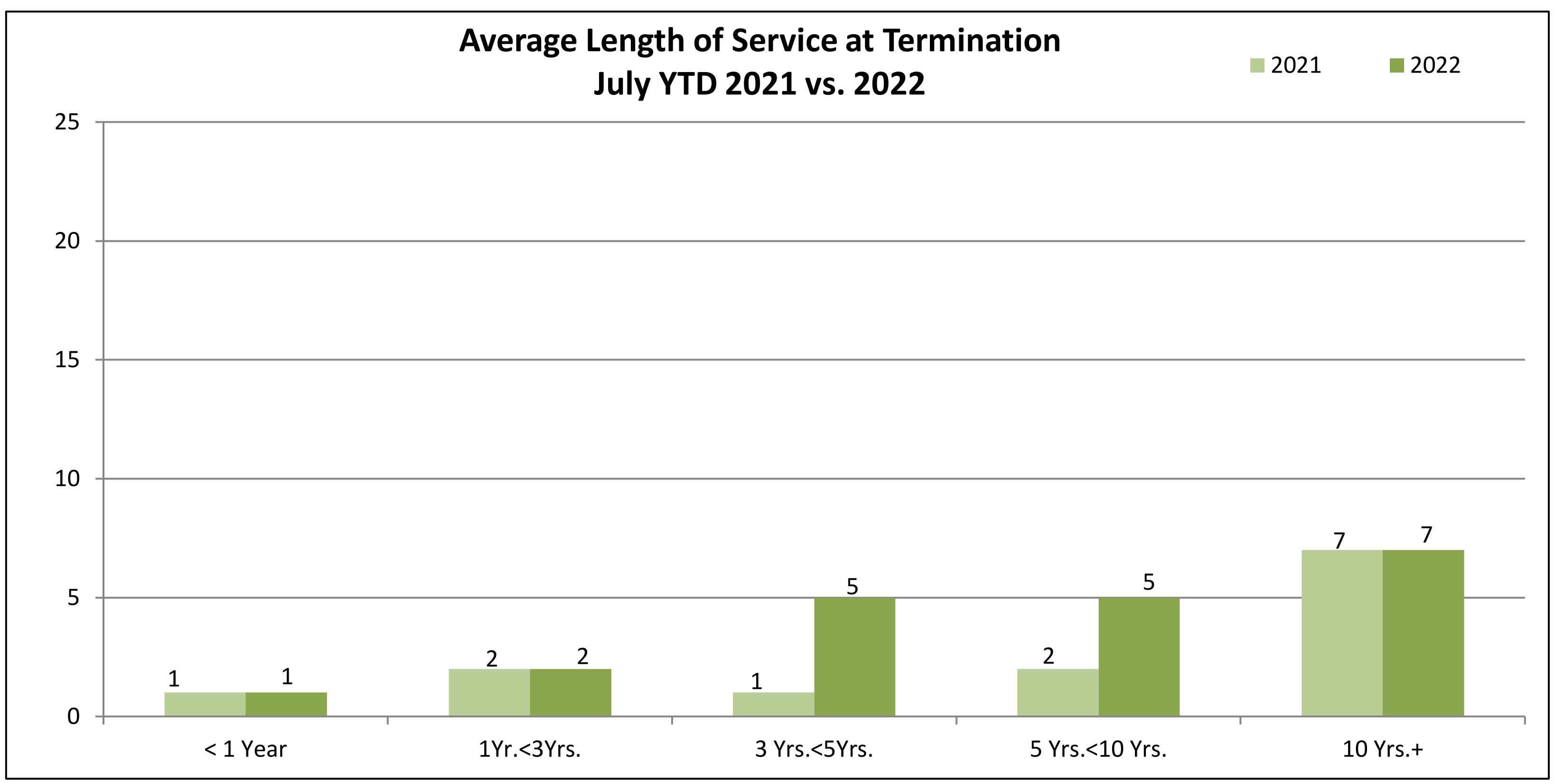


100-GM, HR, Safety, Commun; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.: 400-Water Ops; 500-Recycling Ops; 600-WQ&RC; 700-Water Res., Recyc. Water; 800-Adm. & Maint. Ops

IRVINE RANCH WATER DISTRICT
RETENTION LONGEVITY RATIO
July 2022

Dept.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD Retention Longevity Ratio: < 1 Year	1Yr<.3Yrs.	3 Yrs.<5Yrs.	5 Yrs.<10 Yrs.	10 Yrs.+
100		1	1										2			2		
200			1	1		1							3		1		1	2
300	1		1				1						3				2	1
400		1	1										2			1		1
500		1	1	1									3	1			1	1
600	1			1		1	1						4			1	1	1
700		1		1									2		1			1
800					1								1			1		
2022 Total	**2**	**4**	**5**	**4**	**1**	**2**	**2**	**0**	**0**	**0**	**0**	**0**	**20**	**1**	**2**	**5**	**5**	**7**
2021 Data	**1**	**1**	**1**	**0**	**1**	**7**	**2**	**1**	**3**	**6**	**4**	**4**	**31**					
Percentage of Total Retention														**95.00%**	**90.00%**	**75.00%**	**75.00%**	**65.00%**

2022 Average YTD Length of Service at Termination	**10.31 Years**
2021 Average YTD Length of Service at Termination	**10.21 Years**
2020 Average YTD Length of Service at Termination	**16.33 Years**
2019 Average YTD Length of Service at Termination	**9.21 Years**
2018 Average YTD Length of Service at Termination	**13.85 Years**



IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION AND RETENTION REPORT
JULY 2022

NEW HIRES

Date	Dept	Employee Name	Position	Prior Company/Agency
07/11/22	300	Nhan Mai	Engineer	Lee + RO, Inc.
07/18/22	700	Jacob Loukeh	Water Efficiency Specialist	City of Chino Hills

TERMINATIONS

Date	Dept	Employee Name	Position	Reason	Comments
07/27/22	300			VOL	
07/27/22	600			VOL	

RETIREMENTS

Date	Dept	Employee Name	Position	Reason	Comments

PROMOTIONS

Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
07/23/22	400	Doug Rock	Water Maintenance Technician II	700	Recycled Water Specialist

TRANSFERS

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

CROSS TRAINING

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

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION AND RETENTION REPORT
JULY 2022

UNFILLED POSITIONS			
Dept	**Position**	**Salary Grade**	**Comments**
100	Community Relations Manager	U18.E	Recruiting
100	Safety Manager	U17.E	Recruiting
100	Digital Communications Specialist	U10.E	Recruiting
100	Senior Human Resources Analyst	U13.E	
100	Safety Specialist	U26.N	
200	Customer Service Field Technician	16.E	
200	Accountant	27.N	Recruiting
200	Accountant	27.N	Recruiting
300	Senior Engineer	U20.E	Recruiting
300	Senior Engineer	U20.E	
400	Operator II	27.N	
400	Metering Systems Technician I	16.N	
400	Water Maintenance Technician II	22.N	
400	Water Maintenance Technician I	16.N	
400	Water Maintenance Technician I	16.N	
400	Water Maintenance Technician I	16.N	
400	Water Maintenance Technician I	16.N	
400	Water Maintenance Technician I	16.N	
400	Water Maintenance Technician I	16.N	
500	Process Specialist	32.N	
500	Cybersecurity Analyst	U18.E	
500	Collection Systems Supervisor	S32.N	Recruiting
500	Operator III	29.N	Recruiting
500	Operator II	27.N	
500	Sr. Coll Systems CCTV Tech	25.N	Recruiting
500	Collection Systems CCTV Tech	21.N	Recruiting
500	Collection Systems CCTV Tech	21.N	Recruiting
500	Collection Systems Technician II	20.N	Recruiting
500	Collection Systems Technician II	20.N	
500	Collection Systems Technician I	15.N	
600	Laboratory Supervisor	U15.E	Recruiting
600	Senior Scientist	32.N	Recruiting
600	Scientist	28.N	
600	Scientist	28.N	
600	Scientist	28.N	
700	Water Efficiency Analyst	33.N	Recruiting
700	Environmental Compliance Analyst	U12.E	
800	Director of Maintenance	U27.E	
800	Electrical Supervisor	U24.N	
800	Electrical Technician	28.N	Recruiting
800	Instrumentation Technician	30.N	
800	Instrumentation Technician	28.N	

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
July 2022

LEAVE OF ABSENCE					
Type of Leave	**Pay Status**	**Date Leave Began**	**Anticipated Return Date**	**Current Length (wks)**	**Comments**
FMLA/CFRA	SDI	3/17/2022	8/4/2022	20.00	
FMLA/CFRA	SDI	4/18/2022	8/23/2022	18.14	
WC	WC/TTD	4/12/2022	8/8/2022	16.86	
FMLA/CFRA	PFL	6/8/2022	8/28/2022	11.57	
WC	WC/TTD	7/27/2022	9/15/2022	7.14	
FMLA/CFRA	ACCRUALS	7/25/2022	11/28/2022	18.00	
Paid Admin Leave	PAL	7/25/2022	8/31/2022	5.29	

Leave	Original Status	Date Leave Began	Anticipated Return Date	Length (wks)	Actual Return Date	Comments
FMLA/CFRA	SDI	9/30/2021	10/18/2021	2.57	10/18/2021	Returned
FMLA/CFRA	SDI	9/16/2021	11/1/2021	6.57	11/1/2021	Returned
FMLA/CFRA	SDI	9/7/2021	10/5/2021	4.00	10/5/2021	Returned
FMLA/CFRA	SDI	10/11/2021	11/30/2021	7.14	11/30/2021	Returned
FMLA/CFRA	SDI	6/29/2021	10/25/2021	16.86	10/25/2021	Returned
FMLA/CFRA	SDI	5/20/2021	10/21/2021	22.00	10/21/2021	Returned
FMLA/CFRA	SDI	10/4/2021	12/30/2021	12.43	12/30/21	Returned
FMLA/CFRA	SDI	11/1/2021	12/20/2021	7.00	12/20/21	Returned
FMLA/CFRA	SDI	10/5/2021	11/15/2021	5.86	11/15/21	Returned
FMLA/CFRA	SDI	12/23/2021	2/24/2022	9.00	02/07/22	Returned
FMLA/CFRA	SDI	1/17/2022	1/27/2022	1.43	01/31/22	Returned
FMLA/CFRA	SDI	1/24/2022	2/24/2022	4.43	02/22/22	Returned
FMLA/CFRA	WC/TTD	1/27/2022	2/16/2022	2.86	02/16/22	Returned
FMLA/CFRA	SDI	10/12/2021	3/7/2022	20.86	03/08/22	Returned
FMLA/CFRA	SDI	9/24/2021	3/17/2022	24.86	03/10/22	Returned
FMLA/CFRA	SDI	9/6/2021	3/7/2022	26.00	03/07/22	Returned
FMLA/CFRA	ACCRUALS	2/28/2022	3/17/2022	2.43	03/17/22	Returned
FMLA/CFRA	SDI	12/13/2021	4/1/2022	15.57	03/31/22	Separation

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT FOR 2022

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

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

IRVINE RANCH WATER DISTRICT
SUMMARY
AGENCY & DISTRICT TEMPORARY EMPLOYEES

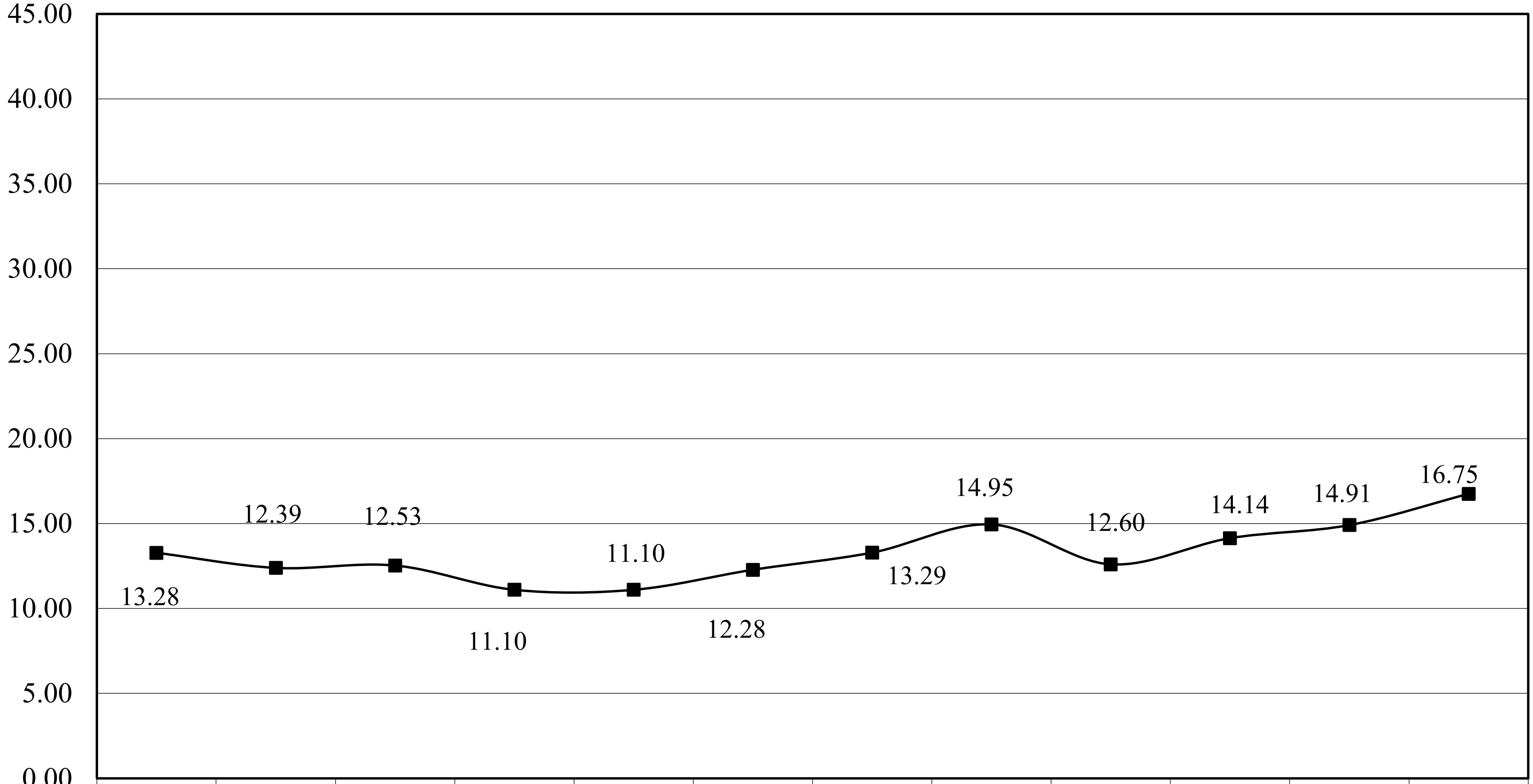
ACTIVE											
Current Month FTE	**FYTD Ave Hours Worked FTE**	**PERS Enroll- ment**	**Agency**	**Dept**	**Hourly Rate**	**Est Hours per Month**	**Est Cost Per Month**	**Expected Duration (Months)**	**Actual Worked (Months)**	**Projected Cost FY' YTD**	**Actual Cost FY 'YTD**
0.55	0.55	Yes		100	50.00	84	4,200.00	8	1	4,200.00	4,725.00
0.55	**0.55**			**100**							
0.00	**0.00**			**200**							
0.66	0.66	No		300	18.00	84	1,512.00	12	1	1,512.00	2,070.00
0.60	0.60	No		300	19.00	84	1,596.00	12	1	1,596.00	1,976.00
0.58	0.58	No		300	19.00	84	1,596.00	12	1	1,596.00	1,900.00
0.92	0.92	No		300	19.00	84	1,596.00	12	1	1,596.00	3,021.00
0.72	0.72	Yes		300	81.81	84	6,872.04	12	1	6,872.04	10,144.44
0.71	0.71	Yes		300	31.65	168	5,317.20	5	1	5,317.20	3,892.95
4.18	**4.18**			**300**							
0.00	**0.00**			**400**							
0.59	0.59	Yes		500	24.21	168	4,067.28	12	1	4,067.28	2,735.73
0.59	**0.59**			**500**							
0.46	0.17	No		600	15.00	84	1,260.00	12	1	12,600.00	5,325.00
0.40	0.40	No		600	15.00	84	1,260.00	7	1	1,260.00	1,050.00
0.46	0.46	No		600	17.00	84	1,428.00	12	1	1,428.00	1,360.00
0.65	0.65	No	X	600	45.72	168	7,680.96	6	1	7,680.96	5,120.64
0.88	0.88	Yes		600	28.72	168	4,824.96	12	1	4,824.96	4,365.44
0.60	0.60	No	X	600	45.72	168	7,680.96	7	1	7,680.96	4,777.74
1.00	1.00	No	X	600	45.72	168	7,680.96	2	1	7,680.96	9,144.00
1.00	1.00	No	X	600	45.72	168	7,680.96	4	1	7,680.96	9,822.19
0.88	0.88	No		600	15.00	84	1,260.00	12	1	1,260.00	2,280.00
6.33	**6.04**			**600**							
0.87	0.87	Yes		700	32.04	168	5,382.72	12	1	5,382.72	4,838.04
0.36	0.36	Yes		700	32.04	168	5,382.72	12	1	5,382.72	1,986.48
0.87	0.87	No		700	15.00	84	1,260.00	12	1	1,260.00	2,250.00
1.00	1.00	No	X	700	30.28	168	5,087.04	5	1	5,087.04	5,510.96
0.89	0.89	Yes		700	32.04	168	5,382.72	7	1	5,382.72	5,022.27
0.40	0.40	Yes		700	42.95	84	3,607.80	7	1	3,607.80	2,985.03
0.72	0.72	No		700	15.00	84	1,260.00	3	1	1,260.00	1,860.00
5.10	**5.10**			**700**	.						
0.00	**0.00**			**800**							
16.75	**16.45**										

IRVINE RANCH WATER DISTRICT
SUMMARY
AGENCY & DISTRICT TEMPORARY EMPLOYEES

TERMINATED											
Current Month FTE	**Avg FYTD Temp Emp FTE**	**Active PERS Y/N ***	**Agency**	**Dept**	**Hourly Rate**	**Est Hours per Month**	**Est Cost Per Month**	**Expected Duration (Months)**	**Actual Worked (Months)**	**Projected Cost FYTD**	**Actual Cost FYTD**
0.00	**0.00**			**100**							
0.00	**0.00**			**200**							
0.00	**0.00**			**300**							
0.00	**0.00**			**400**							
0.00	**0.00**			**500**							
0.46	0.34	No		600	15.00	84	1,260.00	10	10	12,600.00	10,755.00
0.46	**0.34**			**600**							
0.00	**0.00**			**700**							
0.00	**0.00**			**800**							
0.46	0.34									118,816.32	108,917.90

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

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



	8/21	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22
District	13.28	12.39	12.53	11.10	11.10	12.28	13.29	14.95	12.60	14.14	14.91	16.75

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September 6, 2022
Prepared by: O. Mendoza / J. Davis
Submitted by: R. Jacobson / C. Clary
Approved by: Paul A. Cook

FINANCE AND PERSONNEL COMMITTEE

MONTHLY INVESTMENT AND DEBT REVIEW

SUMMARY:

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

- The Investment Portfolio Summary Report as of August 26, 2022, as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of August 26, 2022, as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of August 26, 2022, as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of August 26, 2022, as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

Due to the timing of the Committee meeting, the rate of return for August 2022 is not complete at this time. Preliminary calculations indicate a rate of return for the fixed income investment portfolio was 0.98%, which was a 0.02% increase from July's rate of 0.96%. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for August 2022 was 3.47%, which was a 0.07% increase from July's rate of 3.40%. The increase was due to the change in the fixed income portfolio average monthly balance from $391.6 million to $379.6 million.

Debt Portfolio:

As of August 26, 2022, IRWD's weighted average all-in variable rate was 1.82%, which was a 0.85% increase from July's rate of 0.97%. Including IRWD's weighted average fixed rate bond issues of 3.71% and the negative cash accruals from fixed payer interest rate swaps, which hedge a portion of the District's variable rate debt, the total average debt rate was 3.36%, a 0.31% increase from July's rate of 3.05%. The increase was due to the higher average rates for the District's variable rate debt.

FISCAL IMPACTS:

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

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

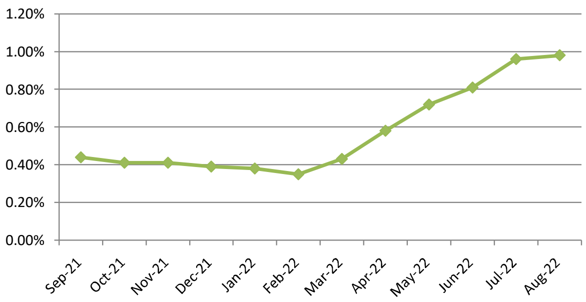
LIST OF EXHIBITS:

Exhibit “A” – Investment Portfolio Summary as of August 26, 2022
Exhibit “B” – Yield Curve as of August 26, 2022
Exhibit “C” – Summary of Fixed and Variable Debt as of August 26, 2022
Exhibit “D” – Summary of Variable Rate Debt Rates as of August 26, 2022

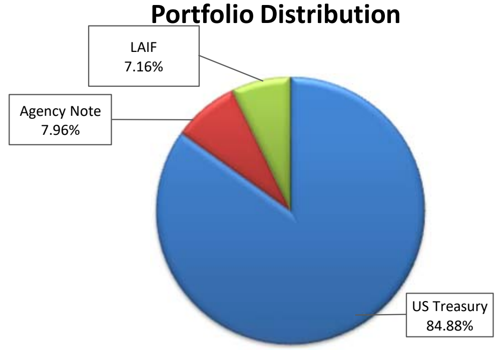
Exhibit "A"

Irvine Ranch Water District
Investment Portfolio Summary
August 2022

Monthly Fixed Income Yield



Portfolio Distribution



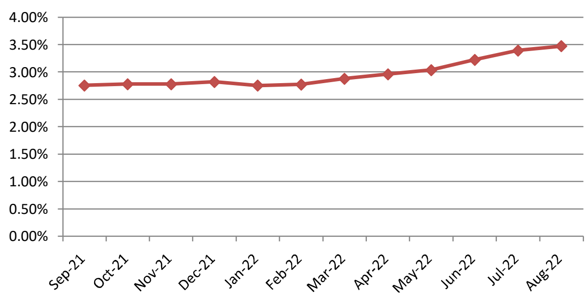
Investment Summary

Type	PAR	Book Value	Market Value
US Treasury	320,000,000	318,771,483	315,366,581
Agency Note	30,000,000	30,009,055	29,663,200
LAIF	27,000,000	27,000,000	26,652,386
Grand Total	377,000,000	375,780,538	371,682,167

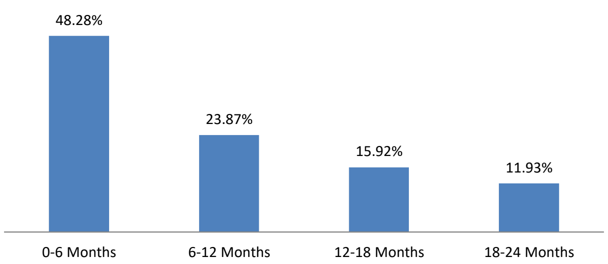
Top Issuers

Issuer	PAR	% Portfolio
US Treasury	320,000,000	84.88%
State of California Tsy.	27,000,000	7.16%
Fed Home Loan Bank	20,000,000	5.31%
Fed Farm Credit Bank	10,000,000	2.65%
Grand Total	377,000,000	100.00%

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

08/26/22

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE[1] 8/26/2022	UNREALIZED[2] GAIN/(LOSS)
08/26/22			08/27/22		LAIF	State of California Tsy.	$27,000,000		1.330%	$27,000,000.00	$27,000,000.00	26,652,386.18	(347,613.82)
04/28/21	NA	NA	08/31/22	Aaa/NR/NR	Treasury - Note	US Treasury	5,000,000	0.125%	0.102%	5,001,562.50	5,000,000.00	4,991,400.00	(8,600.00)
12/15/21	NA	NA	08/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.875%	0.188%	5,059,570.31	5,000,000.00	4,998,450.00	(1,550.00)
01/13/22	NA	NA	08/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.312%	4,994,140.63	5,000,000.00	4,991,400.00	(8,600.00)
02/15/22	NA	NA	08/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.776%	4,982,617.19	5,000,000.00	4,991,400.00	(8,600.00)
02/15/22	NA	NA	08/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.769%	4,982,812.50	5,000,000.00	4,991,400.00	(8,600.00)
04/28/21	NA	NA	09/09/22	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.000%	0.112%	5,128,632.30	5,002,062.24	4,997,800.00	(4,262.24)
12/03/21	NA	NA	09/30/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.210%	4,996,484.38	4,999,661.29	4,982,900.00	(16,761.29)
01/10/22	NA	NA	09/30/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.332%	4,992,578.13	4,999,181.62	4,982,900.00	(16,281.62)
02/28/22	NA	NA	09/30/22	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.742%	4,982,031.25	4,997,564.98	4,982,900.00	(14,664.98)
03/23/22	NA	NA	09/30/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.937%	9,957,812.50	9,993,594.57	9,965,800.00	(27,794.57)
06/14/22	NA	NA	10/15/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	1.375%	1.845%	9,983,984.38	9,994,270.84	9,980,600.00	(13,670.84)
04/22/21	NA	NA	10/31/22	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.110%	10,002,343.75	10,002,986.85	9,944,500.00	(58,486.85)
12/23/21	NA	NA	10/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.253%	9,989,062.50	9,997,896.63	9,944,500.00	(53,396.63)
04/11/22	NA	NA	10/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	1.235%	9,939,062.50	9,981,988.92	9,944,500.00	(37,488.92)
05/20/21	NA	NA	11/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.103%	5,001,647.15	5,000,265.19	4,957,400.00	(42,865.19)
12/20/21	NA	NA	11/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.266%	9,986,718.75	9,996,535.33	9,914,800.00	(81,735.33)
01/07/22	NA	NA	11/30/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.401%	4,987,695.31	4,996,613.39	4,957,400.00	(39,213.39)
10/15/21	NA	NA	12/15/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	1.625%	0.140%	10,173,046.88	10,042,652.40	9,963,700.00	(78,952.40)
11/30/21	NA	NA	12/31/22	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.216%	9,990,234.38	9,997,016.06	9,889,500.00	(107,516.06)
09/30/21	NA	NA	01/31/23	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.143%	4,998,828.13	4,999,634.99	4,932,050.00	(67,584.99)
12/30/21	NA	NA	01/31/23	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.417%	9,968,359.38	9,987,885.71	9,864,100.00	(123,785.71)
02/28/22	NA	NA	01/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	1.070%	4,956,640.63	4,980,443.25	4,932,050.00	(48,393.25)
11/18/21	NA	NA	02/10/23	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	10,000,000	0.160%	0.285%	9,984,690.00	9,994,476.12	9,853,500.00	(140,976.12)
10/07/21	NA	NA	02/28/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.181%	9,992,187.50	9,997,237.23	9,839,500.00	(157,737.23)
09/09/21	NA	NA	03/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.153%	9,995,703.13	9,998,403.80	9,814,500.00	(183,903.80)
11/02/21	NA	NA	03/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.308%	4,987,109.38	4,994,708.33	4,907,250.00	(87,458.33)
09/30/21	NA	NA	04/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.202%	9,987,890.63	9,994,942.19	9,789,500.00	(205,442.19)
10/19/21	NA	NA	04/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.307%	9,972,265.63	9,988,021.54	9,789,500.00	(198,521.54)
11/16/21	NA	NA	05/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.385%	9,960,156.25	9,980,681.82	9,768,400.00	(212,281.82)
12/29/21	NA	NA	06/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.563%	4,967,187.50	4,981,917.20	4,872,050.00	(109,867.20)
04/21/22	NA	NA	06/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	1.375%	2.107%	9,914,062.50	9,940,337.64	9,856,600.00	(83,737.64)
01/11/22	NA	NA	07/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.710%	4,954,882.81	4,973,455.79	4,861,700.00	(111,755.79)
02/28/22	NA	NA	07/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	1.408%	4,909,960.94	4,942,117.75	4,861,700.00	(80,417.75)
01/13/22	NA	NA	08/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.769%	9,898,437.50	9,938,957.25	9,710,900.00	(228,057.25)
02/15/22	NA	NA	08/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	1.473%	4,898,046.88	4,933,966.31	4,850,400.00	(83,566.31)
08/23/22	NA	NA	09/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	3.154%	4,842,968.75	4,846,611.23	4,842,968.75	(3,642.48)
11/26/21	NA	NA	09/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.250%	0.572%	9,941,015.63	9,965,468.29	9,690,200.00	(275,268.29)
03/31/22	NA	NA	10/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.625%	2.155%	4,958,984.38	4,969,893.54	4,919,750.00	(50,143.54)
04/21/22	NA	NA	10/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.625%	2.380%	4,943,750.00	4,957,157.26	4,919,750.00	(37,407.26)
03/31/22	NA	NA	11/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.500%	2.210%	4,860,742.19	4,895,956.81	4,840,800.00	(55,156.81)
04/21/22	NA	NA	11/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.500%	2.462%	4,846,093.75	4,880,905.88	4,840,800.00	(40,105.88)
04/14/22	NA	NA	12/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	2.213%	4,829,687.50	4,868,775.61	4,810,350.00	(58,425.61)
03/22/22	NA	NA	01/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.875%	2.013%	4,896,484.38	4,921,297.68	4,847,250.00	(74,047.68)
03/22/22	NA	NA	02/29/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.500%	2.020%	4,950,781.25	4,962,096.70	4,888,500.00	(73,596.70)
03/10/22	NA	NA	03/08/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	1.875%	1.680%	10,038,080.00	10,028,938.71	9,828,700.00	(200,238.71)
04/21/22	NA	NA	04/30/24	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	2.000%	2.600%	9,882,421.88	9,903,554.16	9,840,200.00	(63,354.16)
05/31/22	NA	NA	05/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	2.500%	2.560%	9,988,281.25	9,989,772.14	9,923,800.00	(65,972.14)
08/17/22	NA	NA	06/14/24	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	3.125%	3.315%	4,983,199.99	4,983,577.80	4,983,200.00	(377.80)
08/17/22	NA	NA	07/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	3.000%	3.249%	4,976,562.50	4,977,054.88	4,976,562.50	(492.38)
SUB-TOTAL							$377,000,000			$375,417,499.53	$375,780,537.92	$371,682,167.43	($4,098,370.49)

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

08/26/22

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE[1] 8/26/2022	UNREALIZED[2] GAIN/(LOSS)
TOTAL INVESTMENTS							$377,000,000			$375,417,499.53	$375,780,537.92	$371,682,167.43	($4,098,370.49)
					Petty Cash					3,400.00			
					Ck Balance	Bank of America	ECR	0.79%		8,751,644.65			
										$384,172,544.18			

[1] LAIF market value is as of the most recent quarter-end as reported by LAIF.
Security market values are determined using Bank of New York ("Trading Prices"), Bloomberg and/or broker dealer pricing.
[2] Gain (loss) calculated against carry value using the trading value provided by Bank of New York/or Brokers
[3] Real estate rate of return is based on most recent quarter end return

Outstanding Variable Rate Debt	$235,300,000
Net Outstanding Variable Rate Debt (Less $60 million fixed-payer swaps)	$175,300,000
Investment Balance:	$384,172,544
Investment to Variable Rate Debt Ratio:	219%
Portfolio - Average Number of Days To Maturity	230

	Investment Portfolio	**Real Estate[3] Portfolio**	**Weighted Avg. Return**
August	**0.98%**	**13.08%**	**3.47%**
July	**0.96%**	**13.08%**	**3.40%**
Change	**0.02%**		**0.07%**

This Investment Summary Report is in conformity with the 2022 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

08/26/22

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury
08/22	52,000,000	13.79%	$27,000,000				25,000,000
09/22	30,000,000	7.96%		5,000,000			25,000,000
10/22	40,000,000	10.61%					40,000,000
11/22	20,000,000	5.31%					20,000,000
12/22	20,000,000	5.31%					20,000,000
1/23	20,000,000	5.31%					20,000,000
2/23	20,000,000	5.31%		10,000,000			10,000,000
3/23	15,000,000	3.98%					15,000,000
4/23	20,000,000	5.31%					20,000,000
5/23	10,000,000	2.65%					10,000,000
6/23	15,000,000	3.98%					15,000,000
7/23	10,000,000	2.65%					10,000,000
SUB-TOTAL	$272,000,000	72.15%	$27,000,000	$15,000,000			$230,000,000
13 Months - 3 YEARS							
08/01/2023 - 10/31/2023	$40,000,000	10.61%					40,000,000
11/01/2023 - 1/31/2024	$20,000,000	5.31%					20,000,000
2/01/2024 - 04/30/2024	$25,000,000	6.63%		10,000,000			15,000,000
05/01/2024 - 07/31/2024	$20,000,000	5.31%		5,000,000			15,000,000
8/01/2024 +							
TOTALS	$377,000,000	100.00%	$27,000,000	30,000,000	-		320,000,000
% OF PORTFOLIO			7.16%	7.96%			84.88%

Irvine Ranch Water District
Summary of Real Estate - Income Producing Investments
6/30/2022

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2022	ANNUALIZED RATE OF RETURN QUARTER ENDED 6/30/2022
Sycamore Canyon	Dec-92	Apartments	Fee Simple	$ 43,550,810	$ 174,250,000	21.75%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	$ 6,000,000	$ 34,194,459	8.52%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	$ 5,739,845	$ 12,240,000	11.30%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	$ 8,630,577	$ 11,832,000	8.04%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	$ 8,648,594	$ 12,138,000	8.75%
Sand Canyon Professional Center - General Office	Sep-20	Office Building	Fee Simple	$ 25,985,968	$ 33,915,000	3.12%
Total - Income Properties				$ 98,555,794	$ 278,569,459	13.08%

IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY
Aug-22

MATURITIES/SALES/CALLS

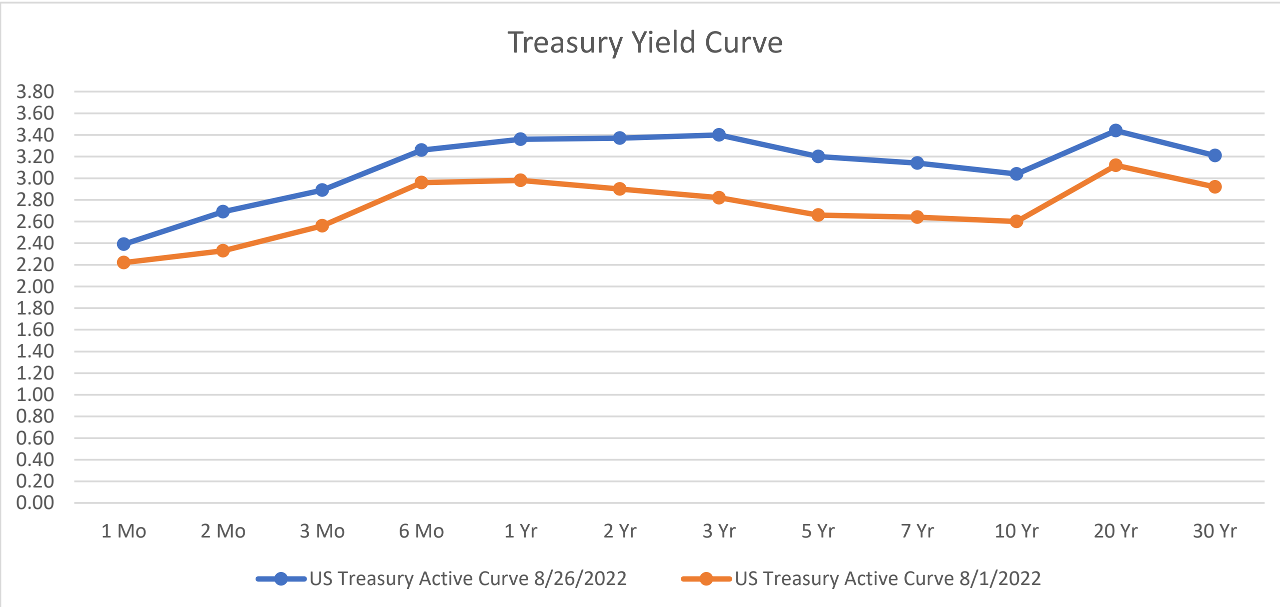
DATE	SECURITY TYPE	PAR	YIELD
8/17/2022	FHLB - Discount Note	$10,000,000	1.57%
8/31/2022	*Treasury - Note*	*$5,000,000*	*0.10%*
8/31/2022	*Treasury - Note*	*$5,000,000*	*0.19%*
8/31/2022	*Treasury - Note*	*$5,000,000*	*0.31%*
8/31/2022	*Treasury - Note*	*$5,000,000*	*0.78%*
8/31/2022	*Treasury - Note*	*$5,000,000*	*0.77%*

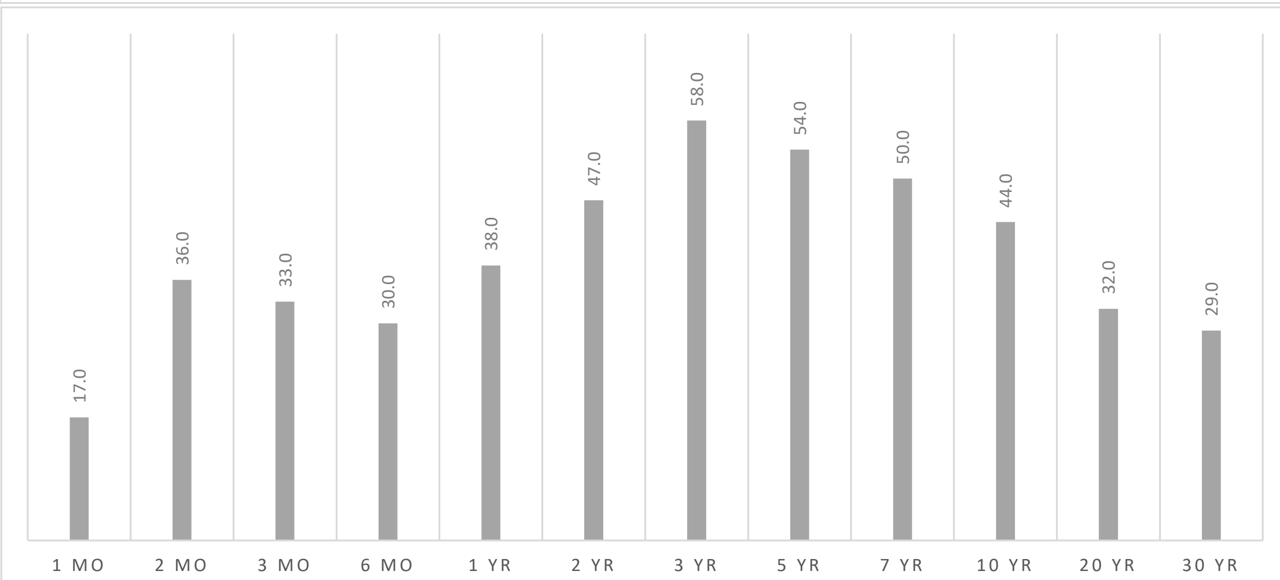
PURCHASES

Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
8/17/2022	6/14/2024	FHLB - Note	$5,000,000	3.31%
8/17/2022	7/31/2024	Treasury - Note	$5,000,000	3.25%
8/23/2022	9/15/2023	Treasury - Note	$5,000,000	3.15%

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

Exhibit "B"





Tenor	US Treasury Active Curve 8/26/2022	US Treasury Active Curve 8/1/2022	Change
1 Mo	2.39	2.22	17.0
2 Mo	2.69	2.33	36.0
3 Mo	2.89	2.56	33.0
6 Mo	3.26	2.96	30.0
1 Yr	3.36	2.98	38.0
2 Yr	3.37	2.90	47.0
3 Yr	3.40	2.82	58.0
5 Yr	3.20	2.66	54.0
7 Yr	3.14	2.64	50.0
10 Yr	3.04	2.60	44.0
20 Yr	3.44	3.12	32.0
30 Yr	3.21	2.92	29.0

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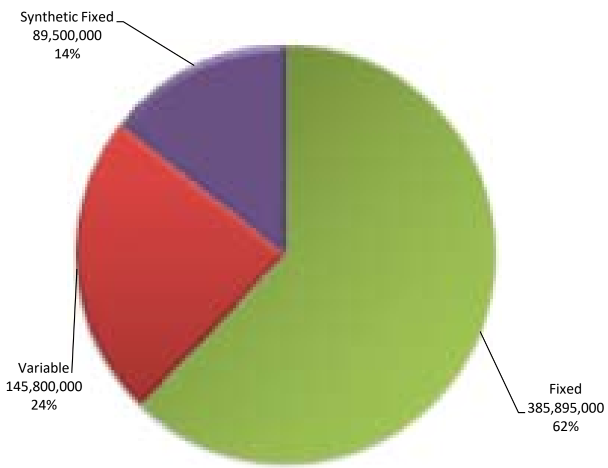
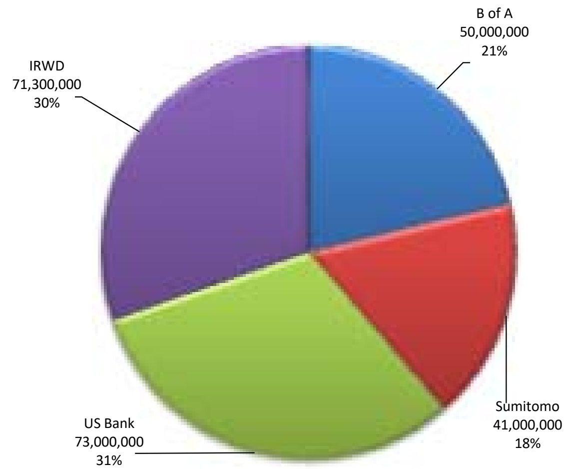
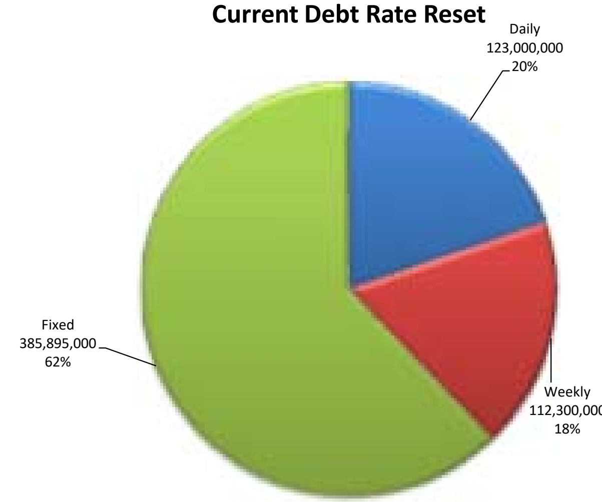
Exhibit "C"

Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
August 2022







Outstanding Par by Series

Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit/Support	Rmkt Agent	Mode	Reset
Series 1993	05/19/93	04/01/33	$23,000,000	3.70%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	$41,000,000	6.60%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	$42,780,000	6.89%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	$28,520,000	4.59%	IRWD	Goldman	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	$50,000,000	8.05%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	$50,000,000	8.05%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	$109,650,000	17.65%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	$175,000,000	28.17%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	$101,245,000	16.30%	N/A	N/A	Fixed	Fixed
Total			$621,195,000	100.00%				

IRVINE RANCH WATER DISTRICT

SUMMARY OF FIXED & VARIABLE RATE DEBT

August-22

ITN
Daily
Weekly

GENERAL BOND INFORMATION							LETTER OF CREDIT INFORMATION									TRUSTEE INFORMATION				
VARIABLE RATE ISSUES	Issue Date	Maturity Date	Principal Payment Date	Payment Date	Original Par Amount	Remaining Principal	Letter of Credit	Reimbursment Agreement Date	L/C Exp. Date	MOODYS	S&P	FITCH	LOC Stated Amount	LOC Fee	Annual LOC Cost	Rmkt Agent	Reset	Rmkt Fees	Annual Cost	Trustee
SERIES 1993	05/19/93	04/01/33	Apr 1	5th Bus. Day	$38,300,000	$23,000,000	US BANK	05/07/15	05/01/25	Aa3/VMIG1	AA-/A-1+	N/R	$23,310,027	0.3000%	$69,930	BAML	DAILY	0.10%	$23,000	BANK OF NY
SERIES 2008-A Refunding	04/24/08	07/01/35	Jul 1	5th Bus. Day	$60,215,000	$41,000,000	SUMITOMO	04/01/11	05/28/25	A1/P-1	A/A-1	A/F1	$41,606,575	0.3150%	$131,061	BAML	WED	0.07%	$28,700	BANK OF NY
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	$60,545,000	$42,780,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	**WED**	0.13%	$53,475	BANK OF NY
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	$40,370,000	$28,520,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	**WED**	0.13%	$35,650	BANK OF NY
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	$75,000,000	$50,000,000	US BANK	04/01/11	05/01/25	Aa2/VMIG 1	AA-/A-1+	AA/F1+	$50,558,904	0.3000%	$151,677	US Bank	DAILY	0.07%	$35,000	US BANK
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	$75,000,000	$50,000,000	B of A	04/01/11	04/21/25	Aa2/VMIG 1	A/A-1	A1/F1+	$50,558,904	0.2800%	$141,565	Goldman	DAILY	0.10%	$50,000	US BANK
					$349,430,000	**$235,300,000**	**SUB-TOTAL VARIABLE RATE DEBT**						**$166,034,411**	**0.2977%** (Wt. Avg)	**$494,232**			**0.10%** (Wt. Avg)	**$225,825**	
FIXED RATE ISSUES																				
2010 GO Build America Taxable Bonds	12/16/10	05/01/40	May (2025)	May/Nov	$175,000,000	$175,000,000	N/A	N/A	N/A	Aa1	AAA	NR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK
2016 COPS	09/01/16	03/01/46	Mar 1	Mar/Sept	$116,745,000	$109,650,000	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK
SERIES 2016	10/12/16	02/01/46	Feb 1	Feb/Aug	$103,400,000	$101,245,000	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	BANK OF NY
					$395,145,000	**$385,895,000**	**SUB-TOTAL FIXED RATE DEBT**													
					$744,575,000	**$621,195,000**	**TOTAL- FIXED & VARIABLE RATE DEBT**													

Remarketing Agents		
Goldman	121,300,000	52%
BAML	64,000,000	27%
US Bank	50,000,000	21%
	235,300,000	

GO VS COP's		
GO:	511,545,000	82%
COPS:	109,650,000	18%
Total	**621,195,000**	

LOC Banks	
SUMITOMO	41,000,000
BANK OF AMERICA	50,000,000
US BANK	73,000,000
	164,000,000

Breakdown Between Variable & Fixed Rate Mode		
Daily Issues	123,000,000	20%
Weekly Issues	41,000,000	7%
ITN Issues	71,300,000	11%
Sub-Total	**235,300,000**	
Fixed Rate Issues	$385,895,000	62%
Sub-Total - Fixed	**385,895,000**	
TOTAL DEBT FIXED & VAR.	**621,195,000**	100%

vrdsum
8/29/2022

Exhibit "D"

SUMMARY OF DEBT RATES
Aug-22

Rmkt Agent	GOLDMAN	GOLDMAN	GOLDMAN	MERRILL LYNCH		US BANK
Mode	DAILY	WEEKLY	WEEKLY	DAILY	WEEKLY	DAILY
Bond Issue	2009 - B	2011 A-1	2011 A-2	1993	2008-A	2009-A
Par Amount	50,000,000	42,780,000	28,520,000	23,000,000	41,000,000	50,000,000
LOC Bank	BOFA	**(SIFMA + 6)**	**(SIFMA + 6)**	US BANK	Sumitomo	US BANK
Reset		**Wednesday**	**Wednesday**		**Wednesday**	
8/1/2022	1.42%	1.39%	1.39%	1.55%	1.10%	1.55%
8/2/2022	1.40%	1.39%	1.39%	1.47%	1.10%	1.45%
8/3/2022	1.40%	1.39%	1.39%	1.44%	1.10%	1.40%
8/4/2022	1.45%	1.74%	1.74%	1.55%	1.56%	1.40%
8/5/2022	1.50%	1.74%	1.74%	1.52%	1.56%	1.50%
8/6/2022	1.50%	1.74%	1.74%	1.52%	1.56%	1.50%
8/7/2022	1.50%	1.74%	1.74%	1.52%	1.56%	1.50%
8/8/2022	1.47%	1.74%	1.74%	1.50%	1.56%	1.50%
8/9/2022	1.42%	1.74%	1.74%	1.48%	1.56%	1.50%
8/10/2022	1.42%	1.74%	1.74%	1.46%	1.56%	1.47%
8/11/2022	1.45%	1.89%	1.89%	1.46%	1.69%	1.47%
8/12/2022	1.45%	1.89%	1.89%	1.48%	1.69%	1.50%
8/13/2022	1.45%	1.89%	1.89%	1.48%	1.69%	1.50%
8/14/2022	1.45%	1.89%	1.89%	1.48%	1.69%	1.50%
8/15/2022	1.42%	1.89%	1.89%	1.48%	1.69%	1.50%
8/16/2022	1.37%	1.89%	1.89%	1.45%	1.69%	1.43%
8/17/2022	1.32%	1.89%	1.89%	1.36%	1.69%	1.38%
8/18/2022	1.26%	1.85%	1.85%	1.34%	1.58%	1.32%
8/19/2022	1.21%	1.85%	1.85%	1.27%	1.58%	1.27%
8/20/2022	1.21%	1.85%	1.85%	1.27%	1.58%	1.27%
8/21/2022	1.21%	1.85%	1.85%	1.27%	1.58%	1.27%
8/22/2022	1.18%	1.85%	1.85%	1.18%	1.58%	1.25%
8/23/2022	1.10%	1.85%	1.85%	1.12%	1.58%	1.20%
8/24/2022	1.05%	1.85%	1.85%	1.07%	1.58%	1.15%
8/25/2022	1.00%	1.73%	1.73%	1.01%	1.44%	1.10%
8/26/2022	0.95%	1.73%	1.73%	0.96%	1.44%	1.05%
Avg Interest Rates	1.33%	1.77%	1.77%	1.37%	1.54%	1.38%
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%	0.07%
LOC Fee	0.28%			0.30%	0.32%	0.30%
All-In Rate	**1.71%**	**1.89%**	**1.89%**	**1.77%**	**1.92%**	**1.75%**
Par Amount	92,780,000		28,520,000	64,000,000		50,000,000

Interest Rate Mode	Percent of Total Variable Rate Debt		Par Outstanding	Weighted All-In Average Rate		Base Rate Average
Daily	52.27%		123,000,000	1.74%		1.36%
Weekly	47.73%		112,300,000	1.90%		1.68%
	100.00%	**$**	**235,300,000**	1.82%		1.51%
Fixed						
COPS 2016	28.41%		109,650,000	2.90%		
BABS 2010	45.35%		175,000,000	4.44%	(1)	
SERIES 2016	26.24%		101,245,000	3.32%		
	100.00%	**$**	**385,895,000**	3.71%		
All-In Debt Rate Including $60 Million Notional Amount of Swaps						**3.36%**

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

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September 6, 2022
Prepared by: J. Davis
Submitted by: R. Jacobson / C. Clary
Approved by: Paul A. Cook

FINANCE AND PERSONNEL COMMITTEE

REAL ESTATE QUARTERLY PERFORMANCE

SUMMARY:

Staff will provide the Committee with an update on the financial performance of IRWD's real estate investments and other revenue generating properties for the quarter and fiscal year ended June 30, 2022. Staff will also provide an update on the future development potential of land owned by the District located in front of Wells 21 & 22 water treatment facility in Tustin.

BACKGROUND:

For the quarter ended June 30, 2022, the net operating income (NOI) for IRWD's residential and commercial real estate investment properties was $3.2 million, which represents a 13.08% return for the period. For the fiscal year (FY) ended June 30, 2022, NOI was $12.2 million. Land lease income from the Strawberry Farms Golf Course was $252,760 and $943,311 for the quarter and FY periods, respectively. Lease revenue from IRWD's five cell sites was $77,211 and $378,335 for the quarter and fiscal year periods. A report detailing the NOI and returns for IRWD's real estate investment properties, golf course land lease, and cell sites is provided as Exhibit "A".

Residential Investment Properties:

The NOI for the Sycamore Canyon Apartments for the quarter ended June 30, 2022, was approximately $2.4 million and $9.5 million for fiscal year end, which were favorable to budget by $79,706 and $812,008, respectively. The quarter and fiscal year end variances were due to unanticipated revenue from the City of Anaheim's COVID-19 rent relief program for certain qualified tenants, as well as higher-than-anticipated occupancy and lease rates, and lower operating expenses for payroll, maintenance, and apartment turnovers. The positive variances were also due to deferral of larger budgeted items to later in calendar year 2022. IRWD's limited partnership investment in the Wood Canyon Villa Apartments property earned a preferred return of 9.00%, providing income of $134,631 for the quarter and $540,002 for the FY end. The quarter and FY end net return for Wood Canyon was 8.52%.

Commercial Investment Properties:

For the quarter ended June 30, 2022, NOI at the Irvine Market Place (230 Commerce) office property was $162,105 and in line with budget. The fiscal year NOI was $575,892, which was favorable to budget by $10,179 due to rent from an unanticipated lease extension. Currently, the property has one suite available, which is being marketed by IRWD's broker, Colliers.

The NOI for the Waterworks Way Business Park property for the quarter ended June 30, 2022, was in line with budget at $173,535. Fiscal year NOI was $682,307 which was $43,006 favorable to budget due to a lease renewal without a projected rent concession. The property is currently 100% occupied.

For the quarter and FY ended June 30, 2022, the NOI for the Sand Canyon Medical office property was $189,220 and $807,755 and in line with budget. The property is currently 100% occupied.

At the Sand Canyon Professional Center general office property, the quarter ended June 30, 2022 NOI was $202,742 and favorable to budget by $63,264 due to lower than anticipated common area maintenance expenses and timing of property taxes. The lease with Bandai Namco commenced on April 1, 2022 and provides for six months of abated rent which will expire in October 2022. During the six-month period, Bandai is obligated to pay all building operating expenses (utilities, landscape maintenance, etc.). The fiscal year end NOI of $78,036 was in line with budget and includes building operating expenses paid by the District from July 2021 to March 2022.

Strawberry Farms Golf Course and Cell Site Leases:

Land lease income for Strawberry Farms Golf Course for the quarter ended June 30, 2022 was $252,760. This compares with income of $229,926 for the same period last year, representing a 9.93% increase for the period. For the FY, income was $943,311, representing an increase of 20.74% compared to the same period last year. The increase in revenues was primarily due to additional rounds of golf played following a slowdown during COVID restrictions and the full impact of the final increase in revenue share paid to IRWD and the County of Orange (from 20% to 25%) which occurred in November 2020. For the quarter and FY ended June 30, 2022, the lease revenue from IRWD's five cell sites was $77,211 and $378,335, respectively, which were increases of $23,269 and $106,768 from the same periods last year. The increases were primarily due to increased revenue share amounts and annual adjustments to lease rates.

Edinger Avenue – Future Potential Development Site:

IRWD owns vacant land adjacent to its Wells 21 & 22 water treatment facility fronting on Edinger Avenue in Tustin. The property is approximately 0.75 acres, and the future use is identified in the City of Tustin's Pacific Center East Specific Plan, along with two adjacent parcels, as a future commercial (retail) center. The adjacent properties are currently active warehouse facilities. The site has limited access consisting of one driveway for ingress/egress; a portion of property is required for trucks making deliveries to and exiting from the water treatment facility. A depiction of the property is attached as Exhibit "B".

In recent months, staff and the District's commercial real estate brokers have been evaluating potential future development opportunities for the site. Alternatives explored include a long-term land lease for retail use or pursuing an entitlement change for potential office or warehouse/storage development. Staff will update the Committee on feedback from the City of Tustin's planning staff regarding a possible land use change, as well as broker feedback on current demand for retail use.

FISCAL IMPACTS:

Fiscal impacts are discussed above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – Real Estate Performance Report
Exhibit “B” – Depiction of Edinger Site

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Exhibit "A"

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

INCOME PROPERTIES			FY 2021-22					FY 2021-2022 RATE OF RETURN					3 Year Average Rate of Return	5 Year Average Rate of Return
Property Description	Capital Investment	Investment Inception	FY Q1	FY Q2	FY Q3	FY Q4	FY 2021-22 TOTAL	FY Q1	FY Q2	FY Q3	FY Q4	Average Fiscal YTD	FY 19/20 - 21/22	FY 17/18 - 21/22
Sycamore Canyon Apartments	$ 43,550,810	Dec-92	$ 2,309,922	$ 2,415,521	$ 2,416,607	$ 2,367,758	$ 9,509,808	21.22%	22.19%	22.20%	21.75%	21.84%	20.34%	19.74%
Wood Canyon Villa Apartments	$ 6,000,000	Jun-91	$ 136,110	$ 136,110	$ 133,151	$ 134,631	$ 540,002	8.52%	8.52%	8.51%	8.52%	8.52%	8.50%	8.53%
Irvine Market Place Office	$ 5,739,845	Jul-03	$ 134,880	$ 136,142	$ 142,765	$ 162,105	$ 575,892	9.40%	9.49%	9.95%	11.30%	10.03%	9.89%	9.92%
Waterworks Way Business Park	$ 8,630,577	Nov-08	$ 155,201	$ 163,263	$ 190,308	$ 173,535	$ 682,307	7.19%	7.57%	8.82%	8.04%	7.91%	7.08%	6.39%
Sand Canyon Professional Center - Medical	$ 8,648,594	Jul-12	$ 203,229	$ 206,771	$ 208,535	$ 189,220	$ 807,755	9.40%	9.56%	9.64%	8.75%	9.34%	9.17%	9.04%
Sand Canyon Professional Center - General	$ 25,985,968	Sep-20	$ (59,901)	$ (36,088)	$ (28,717)	$ 202,742	$ 78,036	-0.92%	-0.56%	-0.44%	3.12%	0.30%		
TOTAL - INCOME PROPERTIES	$ 98,555,793		$ 2,879,441	$3,021,719	$ 3,062,649	$ 3,229,991	$ 12,193,800	11.65%	12.23%	12.41%	13.08%	12.34%	11.51%	11.17%

Notes/Assumptions:

- Wood Canyon cash flows represent partnership cash distributions from Western National Group.

- The 9.00% Preferred Return for Wood Canyon accrues on the original $6 million investment amount along with any accrued preferred return. The current total monthly accrual is approximately $45,000/month.

- Capital Investment does not include depreciation; Sycamore Canyon 2007-08 renovation costs included in Capital Investment total.

- Irvine Market Place capital investment amount includes land cost of $871,396; Waterworks Business Park capital investment includes land cost of $2,420,213.

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

	2021-22 NET INCOME				
Property Description	**FY Q1**	**FY Q2**	**FY Q3**	**FY Q4**	**NET INCOME 2021 - 2022**
Strawberry Farms Golf Course	$ 258,917	$ 222,743	$ 208,892	$ 252,760	$ 943,311
Change From Prior Year Period [1]:	$ 62,334 31.71%	$ 50,389 29.24%	$ 26,472 14.51%	$ 22,834 9.93%	$ 162,028 20.74%

Cellular Sites	$ 72,022	$ 112,292	$ 116,810	$ 77,211	$ 378,335
Change From Prior Year Period:	$ 16,760 30.33%	$ 42,206 60.22%	$ 24,534 26.59%	$ 23,269 43.14%	$ 106,768 39.32%

1) Increase from prior year which included limited capacity at golf course related to COVID-19 pandemic

Exhibit "B"

1221 EDINGER AVENUE

1 inch = 100 feet

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

FINANCE AND PERSONNEL COMMITTEE

RISK MANAGEMENT FISCAL YEAR-END REPORT

SUMMARY:

Staff will provide the Committee with a report on the insurance and claim expenses incurred by IRWD through the Fiscal Year (FY) ending June 30, 2022.

BACKGROUND:

A comparison of IRWD's actual versus budget insurance expenses through the fourth quarter of FY 2021-22 and FY 2020-21 is provided as Exhibit "A" and summarized as follows:

- Insurance premiums total $2,258,107 and are $58,307 over budget;
- Third-party claim administration expenses total $1,709 and are $28,291 under budget;
- Legal expenses total $309,672; and
- Claim payments total ($121,083) and are $251,083 under budget. The negative claims payment total is due to the reversal of two previous loss accruals.

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

FISCAL IMPACTS:

Fiscal impacts are outlined above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Insurance and Claims Summary
Exhibit "B" – Closed General Liability Claims in FY 2021-22

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Exhibit "A"

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

PREMIUM	Actual FY 21/22	Budget FY 21/22	Variance	% Variance	Prior FY 20/21
Crime	10,691	10,600	(91)	-1%	10,182
General Liability	1,461,665	1,369,000	(92,665)	-7%	963,665
Pollution	170,355	193,200	22,845	12%	168,522
Property	569,740	610,000	40,260	7%	370,513
Cyber	45,656	17,000	(28,656)	-169%	12,686
Total	2,258,107	2,199,800	(58,307)	-3%	1,525,568

	CATEGORY	Open FY 21/22	Closed FY 21/22	Total FY 21/22	Budget FY 21/22	Variance	Prior FY 20/21
	Membership		300	300	3,300	3,000	150
	Claim Payments - Property		63,917	63,917	130,000	251,083	29,721
	Accrual - Bodily Injury	(100,000)	(100,000)	(200,000)			-71,572
*	Claim Admin		1,709	1,709	30,000	28,291	6,738
	Bodily Injury		15,000	15,000			
	Total FY 21/22	(100,000)	(19,074)	(119,074)	163,300	282,374	2,000

* Includes $1,250 annual administrative fee

CATEGORY	Open FY 21/22	Closed FY 21/22	Total FY 21/22	Prior FY 20/21
Legal	203,240	106,432	309,672	210,062
Total FY 21/22	203,240	106,432	309,672	210,062

ACTIVITY	FY 2020/21	FY 2021/22
Beginning Open Claims	6	4
New Claims	5	13
Closed Claims	(7)	(14)
Current Open Claims	4	3

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Exhibit "B"

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

Closed Claims Fiscal Year 2021-2022							
CLAIM TYPE	CLAIMANT	Legal	Claim Payments - Property	Accrual - Bodily Injury	Claim Admin	Bodily Injury	Grand Total
Single Event	2010 Main Street	24,069	20,000		459		44,528
	Andrea Sura	81,323		(100,000)			(18,677)
	Chase Bank - Irvine		1,261				1,261
	Adam Cohen		4,077				4,077
	Stacy Marlin		250				250
	Kathy Chang		40				40
	Ginger Pierson		869				869
	Jihoon Lim/Jin Kang	1,040	21,613			15,000	37,653
	Michael McCarthy		440				440
	St. Michel at Newport Ridge		360				360
	Renga Thiagarajah		1,250				1,250
	Scott Smaldino		450				450
	Roy Rogers		87				87
	SCE		13,220				13,220
Grand Total		106,432	63,917	(100,000)	459	15,000	85,808

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September 6, 2022
Prepared by: D. Pardee / C. Smithson
Submitted by: C. Clary
Approved by: Paul A. Cook

FINANCE AND PERSONNEL COMMITTEE

FISCAL YEAR 2021-22 OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS QUARTERLY UPDATE

SUMMARY:

Staff has prepared a financial analysis of the unaudited operating statements for Fiscal Year (FY) 2021-22. Actual operating net revenue was $155.5 million, while total system operating expenses were $167.1 million for a net operating loss of $11.6 million. Consolidated expenses, including capital, totaled $194.5 million compared with a budget of $180.2 million. Non-operating net income was $79.3 million compared with a budget of $76.7 million.

BACKGROUND:

Details of unaudited actual results for FY 2021-22 are provided in the following documents:

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

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

Summary of Operating Revenues and Expenses:

Net revenues were $155.5 million and operating expenses were $167.1 resulting in a net operating loss for FY 2021-22 of $11.6 million. Several factors influenced the net operating results.

Significant Factors Influencing Net Operating Results for FY 2021-22:

The following table highlights the significant factors affecting the operating results.

Factors Influencing FY 2021-22 (millions)			
Revenues:	Delayed Rate Increase (catchup in FY 2022-23)	$	(1.2)
	Water Banking Revenue (Dudley Ridge)		4.0
Expenses:	Water Banking Expense (Dudley Ridge)		(2.6)
	Basin Equity Assessment		(2.9)
	OC San Pension Paydown		(1.3)
	Electricity Rate Increases and Prior Year Invoices		(2.7)
	Net Additional Imported Water		(3.9)
	All Other		(1.0)
	Total Change	$	(11.6)

At the meeting, staff will discuss replacement fund management strategies and the impact from the FY 2021-22 net operating loss with the Committee as part of next year's budgeting cycle.

Exhibit "A" shows a detailed comparison and explanations for significant variances of actual to budget revenues and expenses by system for FY 2021-22. A summary by system is outlined below.

Potable Water System:

Net revenues were higher than budget by $4.3 million and total expenses exceeded budget by $13.3 million as shown on Exhibit "A-2". Sales were 208 AF over budget. IRWD also sold and exchanged 11,300 acre feet (AF) of water to Dudley Ridge Water District. Commodity revenues were $4.4 million over budget primarily due to the sale of water to Dudley Ridge. Explanations for the following significant expense increases from budget are included on Exhibit "A-2":

- Purchased water ($10.5 million);
- Electricity ($1.5 million);
- Repairs and maintenance ($1.0 million); and
- All other operating expense ($0.6 million).

Recycled Water System:

Net revenues exceeded budget by $0.6 million and total expenses were over budget by $2.0 million. Sales were 2,655 AF higher than budget. Commodity revenues were $0.9 positive to budget. Purchased water and electricity were $1.4 million and $0.7 million over budget respectively. Explanations are provided on Exhibit "A-4".

Sewer System:

Net revenues were higher than budget by $0.4 million and total expenses were over budget by $2.3 million. Salaries and benefits were over budget by $1.4 million and OC San repairs and maintenance were over budget by $0.5 million. Explanations are provided on Exhibit "A-6".

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

Net revenues exceeded budget by $0.2 million and total expenses were under budget by $1.8 million. Other expenses were under budget by $1.2 million. Explanations are provided on Exhibit "A-7".

<u>Summary of Operating Expenses:</u>

Exhibit "B" is a summary of actual to budget expenses by major category, including capital, for FY 2021-22. Net operating expenses were $194.5 million, which is over budget by $14.3 million. Explanations are provided on Exhibit "B-2". Salary and employee benefits are detailed on Exhibit "B-3".

Summary of Non-Operating Revenues and Expenses:

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

The non-operating net income was $79.3 million, which was positive to budget by $2.6 million. Revenues were over budget by $2.8 million and expenses were over budget by $0.2 million.

FISCAL IMPACTS:

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

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Actual to Budget Operating Revenues and Expenses by System
Exhibit "B" – Consolidated Actual to Budget and Forecast Operating Expenses
Exhibit "C" – Consolidated Actual to Budget and Forecast Non-Operating Net Income

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Exhibit "A"
Actual vs Budget Operating Net Income by System
Fiscal Year 2021-22
(in thousands)

Consolidated

Revenues:	Actual	Budget [1]	Variance
Commodity	$ 88,925	$ 83,415	$ 5,510
Fixed Service Charges and Other	100,886	100,591	295
Total Revenues	**$ 189,811**	**$ 184,006**	**$ 5,805**
Contribution to Enhancement and Replacement Funds	(34,348)	(34,023)	(325)
Net Revenues	**$ 155,463**	**$ 149,983**	**$ 5,480**
Expenses:			
Salaries and Benefits	$ 39,642	$ 39,045	$ (597)
Purchased Water	54,203	42,330	(11,873)
Electricity	21,880	19,257	(2,623)
Repairs and Maintenance - OC San	4,655	4,120	(535)
All Other Repairs and Maintenance	13,595	12,834	(761)
All Other Operating Expense	33,136	33,587	451
Total Expenses	**$ 167,111**	**$ 151,173**	**$ (15,938)**
Net Operating Income (Loss)	**$ (11,648)**	**$ (1,190)**	**$ (10,458)**

[1] Based on increased rates for four months.

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

Exhibit "A"

Actual vs Budget Operating Net Income by System

Fiscal Year 2021-22

(in thousands)

Potable (treated and untreated systems)

Revenues:	Actual	Budget	Variance
Commodity	$ 53,907	$ 49,499	$ 4,408
Fixed Service Charges and Other	38,750	38,458	292
Total Revenues	**$ 92,657**	**$ 87,957**	**$ 4,700**
Contribution to Enhancement and Replacement Funds	(10,532)	(10,158)	(374)
Net Revenues	**$ 82,125**	**$ 77,799**	**$ 4,326**
Expenses:			
Salaries and Benefits	$ 15,530	$ 15,769	$ 239
Purchased Water	48,003	37,508	(10,495)
Electricity	11,817	10,320	(1,497)
Repairs and Maintenance	5,496	4,493	(1,003)
All Other Operating Expense	10,580	9,994	(586)
Total Expenses	**$ 91,426**	**$ 78,084**	**$ (13,342)**
Net Operating Income (Loss)	**$ (9,301)**	**$ (285)**	**$ (9,016)**

Revenues:

Commodity Revenue was over budget.

- This includes sale and Exchange of 11,300 AF to Dudley Ridge Water District ($4.0 million).

Expenses:

Purchased Water was over budget. See additional details on Exhibit "A-3".

- Potable imported water was used to replace less expensive water sources, primarily from reduced production at Deep Aquifer Treatment System (DATS), and Baker Treatement Plant (BTP). Dyer Road Well Field (DRWF) was reduced to match DATS.
- Untreated Imported water was sent to the recycled system to replace less expensive pumped and native water.
- Basin Equity Assessment (BEA) of $2.6 million was not included in the budget.
- Costs include the purchase price of banked water sold and exchanged to Dudley Ridge ($2.6 million).

Electricity was over budget.

- Costs were higher partially due to unaccrued prior year's invoices received ($0.4 million).
- The cost of electricity per kilowatt (Kwh) was significantly higher than budgeted.
- Higher electrical cost per Kwh was partially offset by reduced electrical usage.

Repairs and Maintenance were over budget.

This is mostly due to costs related to extracting banked water sold and exchanged to Dudley Ridge.

All Other Operating Expense was over budget.

This is primarily due to the California Barricade settlement agreement ($0.3 million).

Exhibit 'A'

Actual vs Budget Operating Net Income by System
Fiscal Year 2021-22

	Potable (treated and untreated systems)					
	Acre Feet (AF)			**Cost** (in Millions)		
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**
Treated						
Pumped	40,503	42,710	2,207	$23.3	$21.8	($1.5)
Imported	13,171	7,000	(6,171)	15.9	9.0	(6.9)
Baker Treatment Plant (Baker)	5,945	7,200	1,255	5.2	6.6	1.4
Total Treated	59,619	56,910	(2,709)	44.4	37.4	(7.0)
Untreated						
Native Water	75	2,000	1,925	(0.4)	0.7	1.1
Imported	5,538	1,666	(3,873)	5.0	1.9	(3.1)
Transfer to Recycled	(4,995)	(3,460)	1,535	(3.6)	(2.5)	1.1
Total Untreated	618	206	(412)	1.0	0.1	(0.9)
Total	**60,237**	**57,116**	**(3,121)**	**$ 45.4**	**$ 37.5**	**$ (7.9)**
Process Waste	(2,008)	(854)	1,154			
System Loss	(5,340)	(3,581)	1,759			
Sales/Cost of Sales	**52,889**	**52,681**	**(208)**	**$ 45.4**	**$ 37.5**	**$ (7.9)**
Banked Water	11,300	-	(11,300)	2.6	-	(2.6)
Total				**$ 48.0**	**$ 37.5**	**$ (10.5)**

Pumped Water usage was under budget and costs were over budget.
- Pumped water was reduced due to well maintenance.
- DRWF pumping was reduced to match DATS.
- Savings from reduced pumping was offset by BEA.

Potable Imported water usage and cost exceeded budget.
Imported water was used to replace groundwater and BTP water.

Baker Treatment Plant usage and costs were under budget.
- BTP was down for two months for pipe replacement.

Native Water usage and cost were under budget.
Decreased native water was used due to lack of availability.

Untreated Imported water usage and cost exceeded budget.
Imported water was increased due to lack of native water availability to meet recycled demands.

Water transferred to the recycled system was over budget.
Untreated water transferred to the recycled system was increased to meet demands.

Process Waste exceeded budget.
- Potable water recovery was lower due to maintenance requirements at the plants.

System Loss exceeded budget.
- Potable water was used to serve recycled customers in Crystal Cove.
- Water loss during production was higher due to maintenance requirements.

Sales were slightly over budget.
Overall usage was over budget by 0.4%.

Sale and exchange of Banked Water was not included in the budget.
Water was sold to and exchanged with Dudley Ridge.

Exhibit "A"

Actual vs Budget Operating Net Income by System

Fiscal Year 2021-22

(in thousands)

Recycled

Revenues:	Actual	Budget	Variance
Commodity	$ 21,040	$ 20,141	$ 899
Fixed Service Charges and Other	6,673	6,994	(321)
Total Revenues	**$ 27,713**	**$ 27,135**	**$ 578**
Contribution to Enhancement and Replacement Funds	(1,220)	(1,222)	2
Net Revenues	**$ 26,493**	**$ 25,913**	**$ 580**
Expenses:			
Salaries and Benefits	$ 7,240	$ 7,420	$ 180
Purchased Water	6,201	4,822	(1,379)
Electricity	6,833	6,090	(743)
Repairs and Maintenance	1,204	1,127	(77)
All Other Operating Expense	7,409	7,412	3
Total Expenses	**$ 28,887**	**$ 26,871**	**$ (2,016)**
Net Operating Income (Loss)	**$ (2,394)**	**$ (958)**	**$ (1,436)**

Revenues:

Commodity Revenue was higher than budget.

- Recycled sales were higher mostly due to landscape irrigation, which increased due to hot, dry weather.

Expenses:

Purchased Water was over budget. See additional details on Exhibit "A-5".

- Water purchases from the untreated system were higher to meet increased demand.
- Basin Equity Assessment (BEA) of $0.3 million was not included in the budget.

Electricity was over budget.

- Costs were higher partially due to unaccrued prior year's invoices received late ($0.4 million).
- The cost of electricity per kilowatt was significantly higher than budgeted.

Exhibit "A"

Actual vs Budget Operating Net Income by System

Fiscal Year 2021-22

Recycled

	Acre Feet (AF)			Cost (in Millions)		
	Actual	Budget	Variance	Actual	Budget	Variance
Produced/ Storage	26,444	22,890	(3,554)	$ -	$ -	$ -
Untreated Supplemental	4,995	3,460	(1,535)	3.6	2.5	(1.1)
Pumped	4,586	4,600	14	2.6	2.3	(0.3)
Total	**36,025**	**30,950**	**(5,075)**	**$ 6.2**	**$ 4.8**	**$ (1.4)**
Process Waste	(1,451)	(690)	761			
System Loss	(2,188)	(529)	1,658			
Sales/Cost of Sales	**32,386**	**29,730**	**(2,655)**	**$ 6.2**	**$ 4.8**	**$ (1.4)**

Produced and stored water were over budget.

Produced and stored water was increased to meet demands. There is no associated cost because the expense was recognized previously.

Untreated supplemental water usage and cost were over budget.

Untreated water transferred to the recycled system was increased to meet demands.

System losses exceeded budget.

The El Toro Remediation Project (ETGR) was treated and sent to outfall due to PFAS levels.

Sales were over budget.

Usage was over budget budget by 8.9% due primarily to higher landscape sales.

Exhibit "A"
Actual vs Budget Operating Net Income by System
Fiscal Year 2021-22
(in thousands)

Sewer

Revenues:	**Actual**	**Budget**	**Variance**
Fixed Service Charges and Other	$ 55,463	$ 55,139	$ 324
Total Revenues	**55,463**	**55,139**	**324**
Contribution to Enhancement and Replacement Funds	(22,596)	(22,643)	47
Net Revenues	**$ 32,867**	**$ 32,496**	**$ 371**
Expenses:			
Salaries and Benefits	$ 12,574	$ 11,206	$ (1,368)
Electricity	2,940	2,580	(360)
Repairs and Maintenance - OC San	4,655	4,120	(535)
All Other Repairs and Maintenance	3,756	3,871	115
All Other Operating Expense	10,643	10,455	(188)
Total Expenses	**$ 34,568**	**$ 32,232**	**$ (2,336)**
Net Operating Income (Loss)	**$ (1,701)**	**$ 264**	**$ (1,965)**

Expenses:

Salaries and Benefits were over budget. See detailed explanations on Exhibit "B-2".

Actual labor and associated G&A have exceeded the projected (budgeted) expenses used primarily at the Biosolids Facility.

Repairs and Maintenance - OC San was over budget.

- Costs include unbudgeted OC San pension paydown ($1.3 million)
- Pension costs were partially offset by reduced OC San treatment and operational costs.

Exhibit "A"

Actual vs Budget Operating Net Income by System

Fiscal Year 2021-22

(in thousands)

Conservation, NTS and Water Banking (Over-Allocation Fund)

Revenues:	**Actual**	**Budget**	**Variance**
Commodity	$ 13,978	$ 13,775	$ 203
Total Revenues	**13,978**	**13,775**	**203**
Contribution to Enhancement and Replacement Funds	-	-	-
Net Revenues	**$ 13,978**	**$ 13,775**	**$ 203**
Expenses:			
Salaries and Benefits	$ 4,298	$ 4,650	$ 352
Electricity	290	267	(23)
Repairs and Maintenance	3,139	3,343	204
All Other Operating Expense	4,504	5,726	1,222
Total Expenses	**$ 12,231**	**$ 13,986**	**$ 1,755**
Net Operating Income (Loss)	**$ 1,747**	**$ (211)**	**$ 1,958**

Expenses:

All Other Operating Expense were under budget.

- Other Professional Fees were lower due to educational and outreach programs delays caused by COVID-19.

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Exhibit "B"

Irvine Ranch Water District

Operating Expenses

(in thousands)

Fiscal Year 2021-22

Expense Name	Actual	Budget	Actual vs Budget	Act Vs Budget %
Regular Labor	$ 35,759	$ 34,770	$ (989)	-2.8%
Overtime Labor	2,903	2,430	(473)	-19.5%
Contract Labor	959	1,411	452	32.0%
Employee Benefits	29,095	30,484	1,389	4.6%
Salaries & Benefits Total	**$ 68,716**	**$ 69,095**	**$ 379**	**0.5%**
Water	54,203	42,330	(11,873)	-28.0%
Electricity	22,377	19,715	(2,662)	-13.5%
Fuel	1,059	1,140	81	7.1%
Telecommunication	840	860	20	2.3%
Other Utilities	232	225	(7)	-3.1%
Water & Utilities Total	**$ 78,711**	**$ 64,270**	**$ (14,441)**	**-22.5%**
Chemicals	4,468	4,424	(44)	-1.0%
Operating Supplies	3,233	2,717	(516)	-19.0%
Printing	388	321	(67)	-20.9%
Postage	425	416	(9)	-2.2%
Permits, Licenses and Fees	1,968	2,023	55	2.7%
Office Supplies	75	95	20	21.1%
Duplicating Equipment	110	153	43	28.1%
Equipment Rental	81	76	(5)	-6.6%
Materials & Supplies Total	**$ 10,748**	**$ 10,225**	**$ (523)**	**-5.1%**
Rep & Maint OC SAN & Others	6,013	5,415	(598)	-11.0%
Rep & Maint IRWD	14,145	13,315	(830)	-6.2%
Insurance	2,239	2,363	124	5.2%
Legal Fees	1,877	3,076	1,199	39.0%
Engineering Fees	630	1,226	596	48.6%
Accounting Fees	100	97	(3)	-3.1%
Data Processing	4,072	4,042	(30)	-0.7%
Personnel Training	1,188	1,462	274	18.7%
Personnel Physicals	176	27	(149)	-551.9%
Other Professional Fees	4,352	5,754	1,402	24.4%
Directors' Fees	171	188	17	9.0%
Professional Services Total	**$ 34,963**	**$ 36,965**	**$ 2,002**	**5.4%**
Election Expense	160	160	-	0.0%
Safety	110	120	10	8.3%
Alarm and Patrol Services	817	860	43	5.0%
Biosolids Disposals	1,494	390	(1,104)	-283.1%
Contract Meter Reading	1,495	1,550	55	3.5%
Over-Allocation	513	718	205	28.6%
Other	962	432	(530)	-122.7%
Other Total	**$ 5,551**	**$ 4,230**	**$ (1,321)**	**-31.2%**
Total Expenses	**$ 198,689**	**$ 184,785**	**$ (13,904)**	**-7.5%**
Less: Reimbursement from Partners	(4,237)	(4,627)	(390)	-8.4%
Grand Total	**$ 194,455**	**$ 180,158**	**$ (14,297)**	**-7.9%**

Irvine Ranch Water District
Operating Expenses
Fiscal Year 2021-22

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

Regular Labor is over budget by $1.0 million.

- Promotions and positions were filled above midpoint due to a robust job market ($0.7 million).
- Unbudgeted Supplemental COVID-19 sick pay was used ($0.6 million).
- The Cost of Living Adjustment (COLA) was 3.6% vs budget (1.6%) ($0.7 million).
- Partially offset by high vacancy rate of 9% vs budget rate of 6%, $1.3 million.

Employee Benefits are under budget by $1.4 million.

- Medical benefits were lower due to high vacancy rate and rate increase of 5% vs budget increase 10%.
- Higher Pension Trust Fund investment earnings reduced pension cost.

Water is over budget by $11.9 million.

- Imported water was used to replace groundwater, Baker Treatment Plant Water, and native water, resulting in net increased costs of $6.4 million due to the following reasons:
  - >Potable groundwater pumping was reduced due to well maintenance for the Deep Water Aquifer Treatment System (DATS) and matching Dyer Road Well Field (DRWF) reduction.
  - >Use of Baker Treatment Plant water was reduced due to plant maintenance.
  - >Use of Native water was reduced due to lack of availability.
  - >El Toro Groundwater Remediation Project (ETGR) was sent to outfall due to PFAS levels.
- Basin Equity Assessment (BEA) was not included in the budget. ($2.9 million).
- Costs include the price of banked water, which was sold and exchanged to Dudley Ridge. ($2.6 million).

Electricity is over budget by $2.7 million.

- Prior year FY 2020-21 invoices received after close ($1.1 million).
- The cost of electricity per kilowatt was significantly higher than budgeted.
- Increased electricity cost was offset by lower energy usage.

Operating Supplies are over budget by $0.5 million.

Operating costs increased due to supplies required for well maintenance.

Repairs and Maintenance OC San is over budget by $0.6 million.

This is due to unbudgeted share of OC San pension paydown costs.

Repairs and Maintenance IRWD is over budget by $0.9 million.

This is due to pumping banked water sold and exchanged to Dudley Ridge.

Legal Fees are under budget by $1.2 million.

Litigation costs are lower due to resolving cases prior to anticipated additional expenditures.

Engineering Fees are under budget by $0.6 million.

This is primarily due to posponed El Toro Groundwater Remediation Program (ETGR) Testing.

Other Professional Fees were under budget by $1.4 million.

Several educational programs and other projects were delayed due to COVID-19 restrictions and timing. The largest differences were for Public Affairs, Information Services, and Administration departments.

Biosolids Disposal is over budget by $1.1 million.

Class B biosolids hauling is higher due to dryer system disruptions.

Other costs are over budget by $0.5 million.

This is primarily due to the California Barricade settlement agreement $0.6 million.

Irvine Ranch Water District
Salary and Employee Benefits Summary
Fiscal Year 2021-22
(in thousands)

Expense Name	Actual	Budget	Actual vs Budget
District Labor Cost (2,080 hours)	$ 38,975	$ 39,581	$ 606
Paid Time Off Net Accrual	270	332	62
PERS Contribution and in Excess of ARC	11,592	12,714	1,122
Employee Medical (health, dental, vision)	6,663	7,705	1,042
Retiree Benefits	800	789	(11)
401A Contributions	1,372	1,408	36
Workers Compensation (Premiums and Claims)	1,165	1,522	357
Other Employer Taxes (medicare, employment)	701	622	(79)

	Applied	Budget	Variance
General & Administrative Expense Allocation	185%	200%	15%

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Irvine Ranch Water District
Consolidated Non-Operating Actual to Budget and Forecast
Fiscal Year 2021-22
(in thousands)

	Actual	Budget	Actual vs Budget
Revenues:			
Property Taxes	$ 70,829	$ 71,000	$ (171)
Investment Income*	1,852	1,930	(78)
Connection Fees	10,449	10,000	449
Real Estate Income	16,361	16,190	171
Other Income	9,454	7,000	2,454
Total Revenues	**$ 108,945**	**$ 106,120**	**$ 2,825**
Expenses:			
Interest Expense	$ 21,139	$ 21,210	$ 71
Real Estate Expense	6,605	6,700	95
Other Expenses	1,897	1,500	(397)
Total Expenses	**$ 29,640**	**$ 29,410**	**$ (230)**
Net Income	**$ 79,305**	**$ 76,710**	**$ 2,595**

Revenues:

Other Income was over budget.

- Primarily due to funding that was received to pay for water and sewer past due balances from the California Water and Wastewater Arrearage Payment Program (CWWAPP) ($2.3 million).

***Based on accounting standard requirements, the general ledger reflects investment income of approximately ($770K) due to the timing of recognition for bond premiums.**

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September 6, 2022
Prepared by: L. Kaneshiro
Submitted by: C. Clary
Approved by: Paul A. Cook

FINANCE AND PERSONNEL COMMITTEE

INFORMATION SERVICES PROJECT STATUS REPORT

SUMMARY:

Provided for the Committee's review is a list of projects on which Information Services Department staff is currently working.

BACKGROUND:

Information Services periodically submits a project status report for the Committee's review. The current project status report is provided as Exhibit "A".

FISCAL IMPACTS:

The fiscal impacts are shown in Exhibit "A".

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Information Services Project Status Report

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Exhibit "A"

Information Services Project Status Report
September 6, 2022

Project Name	Project Summary	Schedule		Project Budget	Status
Conference Room Technology Upgrade	Modernize and upgrade conference room technology.	Start Complete	7/21 12/22	$300,000	ON-TRACK: Conference room technology upgrades continue. The Enterprise Data and Technology Working Group have collaborated on the build-out schedule. Currently working on the OPS Committee Room, SC Lake Irvine, and SC Aqua conference rooms.
Wi-Fi Refresh	Replace the District's legacy Wi-Fi infrastructure with modern authentication and equipment.	Start Complete	3/22 3/23	$380,000	ON-TRACK: A vendor has been selected based on responses to a Request for Proposal. The proposed contract agreement will be presented to the Finance and Personnel Committee at the October meeting. The budget amount was not included in the FY2022-23 budget.
Oracle EBS Database Upgrade	Implement a technical upgrade of IRWD's Oracle EBS database to the most current version.	Start Complete	3/22 9/22	$299,000	SCHEDULE AND COST CHANGE: Project kick-off was conducted on April 27. Due to additional testing, the project go-live date is delayed by one month to September 2022 and the cost increased by $9,000.

Project Name	Project Summary	Schedule		Project Budget	Status
Oracle EBS Direct Labor cost allocation to Projects	Implement Oracle EBS Direct labor cost Allocation for G&A to Projects.	Start Complete	3/22 12/22	$320,000	SCHEDULE AND COST CHANGE: Project kick-off was conducted on April 13. The vendor has submitted a change order request. Staff and vendor are negotiating the change order.
Maximo Application and Database Upgrade	Upgrade the Maximo asset management system application and database to the most current versions.	Start Complete	5/22 10/22	$355,000	ON-TRACK: Project kick-off was conducted on May 23. Go-live is on-track for October 2022.

September 6, 2022
Prepared by: L. Kaneshiro
Submitted by: C. Clary
Approved by: Paul A. Cook

FINANCE AND PERSONNEL COMMITTEE

CYBERSECURITY THREAT DETECTION AND RESPONSE SERVICES

SUMMARY:

IRWD maintains a high level of cybersecurity for its information technology systems. Cyber risks are increasing due to greater computerization, mobility, and emerging technologies. To protect IRWD against modern cyber-attacks, IRWD needs to continuously monitor activities on its networks, cloud environments, and critical devices to quickly identify and respond to potential threats. The proposed Agreement with AT&T will provide cybersecurity services, including 24x7 threat detection and response services. AT&T was selected based on a competitive Request for Proposal (RFP) process after a thorough evaluation of proposals. Staff recommends the Board authorize the General Manager to execute a Professional Services Agreement with AT&T for these services for a not-to-exceed amount of $442,400 for a duration of three years.

BACKGROUND:

Cybersecurity is a continuously evolving risk for nearly every organization. Greater computerization, mobility, and emerging technologies create larger attack surfaces, more attack paths, and new vulnerabilities. Attack attempts occur 24 hours per day, 7 days per week. To protect IRWD against modern cyber-attacks, IRWD needs to continuously monitor activities on its networks, cloud environments, and critical devices to quickly identify and respond to potential threats.

The proposed Agreement will provide essential cybersecurity services that will enhance IRWD's cybersecurity program.

AT&T's Cybersecurity Threat Detection and Response includes:

- 24x7 proactive cybersecurity monitoring, alarm validation and incident investigation;
- Orchestration and automation, including integration with third-party tools and automatic threat blocking to expedite incident response;
- Threat intelligence, which is needed to keep the solution's defenses up to date; and
- Reports, including pre-built templates and ad-hoc capabilities.

The cost of this service is $7,744 for a one-time set up modeling workshop, and $6,657 per month for 24x7 threat detection and response services.

The Cyber Incident Response Retainer includes:

- Up to 120 hours of expert assistance in the event of a security breach;
- Incident Response Plan review;
- Tabletop Exercises; and
- Monthly threat reviews.

The cost for this retainer is $65,000 per year.

The RFP was issued in June 2022 to five consultants with experience providing cybersecurity services: Accenture, AT&T, Center for Internet Security, IBM, and Securonix. Three consultants submitted proposals. Staff reviewed and ranked the proposals according to technical approach (scope, approach, overall understanding), qualifications and experience (vendor team, experience), and cost. AT&T's proposal had the best technical approach, qualifications, experience, lowest cost, and therefore scored the highest as shown in the Consultant Evaluation Matrix, which is provided in Exhibit "A".

Staff recommends the Board authorize the General Manager to execute a Professional Services Agreement with AT&T for a not-to-exceed amount of $442,400 for a duration of three years. AT&T's proposal is provided as Exhibit "B".

<u>FISCAL IMPACTS:</u>

The proposed Agreement will be funded from the Information Services Operating Budget, Department 250, as shown in the table below.

Fiscal Year	Set Up	Threat Detection and Response	Incident Retainer	Total
2022-2023	$7,744	$53,256	$65,000	$126,000
2023-2024	---	$79,884	$65,000	$144,884
2024-2025	---	$79,884	$65,000	$144,884
2025-2025	---	$26,628	---	$26,628
Total	$7,744	$239,652	$195,000	$442,396

<u>ENVIRONMENTAL COMPLIANCE:</u>

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

<u>RECOMMENDATION:</u>

That the Board authorize the General Manager to execute a Professional Services Agreement with AT&T for a not-to-exceed amount of $442,400 for a duration of three years for cybersecurity threat detection and response services.

<u>LIST OF EXHIBITS:</u>

Exhibit "A" – Consultant Evaluation Matrix
Exhibit "B" – AT&T Proposal

Exhibit "A"

CONSULTANT EVALUATION MATRIX

CYBERSECURITY THREAT DETECTION AND RESPONSE SERVICES								
Item	Description	Weights	AT&T		Consultant 2		Consultant 3	
A	TECHNICAL APPROACH	**40%**						
1	Overall Project Understanding / Approach	40%	9.7		8.7		8.0	
2	Scope of Proposal	60%	9.7		8.3		8.0	
	Weighted Score (Technical Approach)		9.7		8.5		8.0	
B	QUALIFICATION AND EXPERIENCE	**40%**						
1	Project Manager	40%	9.7		9.0		9.3	
2	Project Team	30%	9.7		9.0		9.3	
4	Firm's Experience	30%	9.3		9.3		9.7	
	Weighted Score (Experience)		9.6		9.1		9.4	
C	COST	20%	7.0		6.0		2.0	
	COMBINED WEIGHTED SCORE		**9.1**		**8.2**		**7.4**	
	Ranking of Consultants		**1**		**2**		**3**	
D	SCOPE OF WORK							
TASK		Unit	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	Set Up / Initial Cost	One-Time	$ 7,744	$ 7,744	$ -	$ -	$ 657,225	$ 657,225
2	Cybersecurity Threat Detection and Response	Monthly	$ 6,657	$ 239,652	$ 9,148	$ 329,345	$ 36,530	$ 1,315,071
3	Incident Response Retainer	Yearly	$ 65,000	$ 195,000	$ 80,000	$ 240,000	$ 51,388	$ 154,164
	TOTAL COST			**$ 442,396**		**$569,345**		**$2,126,460**

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AT&T Business

36 Month Proposal
AT&T Managed Threat Detection and Response
AT&T Cybersecurity Consulting Incident Response Retainer

Presented to
Irvine Ranch Water District

Randy Williams
Information Services
15600 Sand Canyon Ave,
Irvine, CA 92618
United States
williams@irwd.com
Ph: 949-453-5415

AT&T

Troy Corbett
Senior Application Solutions Executive
930 National Pkwy
Schaumburg, IL 60173
United States
troy.corbett@att.com
Office: 630-338-9306

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August 23rd, 2022

Pricing

AT&T Managed Threat Detection and Response includes the following components and pricing (note: NRC = non-recurring charge and MRC = monthly recurring charge):

Manaaged Threat Detection and Response 1.5 TB						
Product Description	*Short Description*	*QTY*	*Unit NRC*	*Unit MRC*	***Extended MRC***	*Extended NRC*
Up to 1.5 TB of data analyzed through MTDR sensors.	ATT-MTDR-P-1.5T.01	1	$0.00	$6,657.00	$6,657.00	$0.00
AT&T MTDR Sensor (Includes up to 9 Sensors)	ATT-MTDR-SENSOR	3	$0.00	$0.00	$0.00	$0.00
Training Included for 2 Users for 1.5 TB	TRN-ANY-PUB-2D1S.01	2	$0.00	$0.00	$0.00	$0.00
Monthy Charge - Year One					**$6,657.00**	$0.00
Monthy Charge - Year Two					**$6,657.00**	$0.00
Monthy Charge - Year Three					**$6,657.00**	$0.00
36 Month Extended Total - $239,652.00						

Threat Model Workshop - Client Must Choose REMOTE or ONSITE Option						
Product Description	*Short Description*	*QTY*	*Unit NRC*	*Unit MRC*	*Extended MRC*	***Extended NRC***
MTDR Threat Model Workshop (1.5T) REMOTE Year One	ATT-MTDR-PR-1.5T.01	1	$7,744.00	$0.00	$0.00	$7,744.00
MTDR Threat Model Workshop (1.5T) REMOTE Year Two	ATT-MTDR-PR-1.5T.01	1	$0.00	$0.00	$0.00	$0.00
MTDR Threat Model Workshop (1.5T) REMOTE Year Three	ATT-MTDR-PR-1.5T.01	1	$0.00	$0.00	$0.00	$0.00
36 Month Extended Total - $7,744.00						

Pricing

AT&T Cybersecurity Consulting Incident Response Retainer includes the following components and pricing (note: NRC = non-recurring charge and MRC = monthly recurring charge):

AT&T Cybersecurity Consulting Incident Response Agreement						
Service Tier	*Per Unit Price in US Dollar*	*QTY*	*Unit NRC*	*Unit MRC*	*Extended Annual Cost*	*Extended NRC*
Gold Tier – Domestic US Only - Year One	$65,000.00	1	$0.00	$0.00	$65,000.00	$0.00
Gold Tier - Renewal – Domestic US Only - Year Two	$58,500.00	1	$0.00	$0.00	$58,500.00	$0.00
Gold Tier - Renewal – Domestic US Only - Year Three	$58,500.00	1	$0.00	$0.00	$58,500.00	$0.00
36 Month Extended Total - $182,000.00						

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AT&T Managed Threat Detection and Response

Section Effective Date: 02-Aug-2020

AT&T Managed Threat Detection and Response ("the Service" or "Managed Threat Detection and Response" or "MTDR") is a centralized managed security monitoring service powered by the AT&T Unified Security Management platform ("USM Platform") that delivers near real-time event monitoring, rule correlation, vulnerability assessment, external indicators of compromise (IoC) matching, asset discovery and inventory, and expert analysis of security incidents across an enterprise 24/7/365. The Service is designed to identify cybersecurity risks to the organization and helps improve cybersecurity posture through investigation management across on-premises, cloud, and hybrid IT environments.

The AT&T Managed Threat Detection and Response Service Guide consists of the following Parts:

- Service Description (SD)
- Service Level Objectives (SLO)
- Service Level Agreements (SLA)
- Pricing (P)
- Country Specific Provisions (CSP)

In addition, specified portions of the General Provisions apply.

Service Description (SD)

SD-1. Supported Environments for Sensor Deployment

Section Effective Date: 02-Aug-2020

- On-Premise Data Centers (Physical Environments)
  - VMWare
  - Hyper-V
- Amazon Web Services Infrastructure as a Service ("IaaS") Cloud Environment
- Microsoft Azure IaaS Cloud Environment
- Google Cloud IaaS Cloud Environment

SD-2. AT&T Managed Threat Detection and Response — General Service

SD-2.1. Description

Section Effective Date: 01-Jul-2022

AT&T Managed Threat Detection and Response delivers near real-time log monitoring, correlation, and expert analysis of security activity across a Customer's entire enterprise. Sensors are deployed across Cloud and Physical Environments. Security data is then sent to the Service hosted in AWS for analysis. The Service receives a continuous stream of threat intelligence updates from both AT&T Alien Labs security research team and AT&T threat intelligence composed of third-party threat feeds and internal threat intelligence.

AT&T Managed Threat Detection and Response includes the following features:

- USM Platform Access - Customers have 24x7x365 access to all the functionalities within the USM Platform. Customers can access all of the features and functionality of the USM platform at any time using two-factor authentication.
- Vulnerability Assessment - Unauthenticated and authenticated scans can be performed on an ad hoc basis or scheduled based on a customer's preference. Additional information about the vulnerability is also easily accessible in the USM Platform.
- Orchestration and Automation - Managed Threat Detection and Response utilizes orchestration and automation capabilities to achieve faster incident response and improve the efficiency of the overall security team.
- Intrusion Detection - The USM Platform delivers Network Intrusion Detection (NIDS) and cloud intrusion detection (AWS, Azure, and Google Cloud) to detect anomalous or suspicious activities in a Customer's environment that may indicate an intrusion or attack.
- Reports - Reports are accessible through the USM Platform. Security reports can be generated from default report templates or on a custom basis from the dashboards and environment pages.
- Searchable Storage - During the Service Term, Customers can access Events, Alarms, and vulnerabilities from the previous 90 days within the USM Platform.
- Cold Storage - During the Service Term, Customer's raw log data is stored in cold storage. Customer's may request a raw log data file from cold storage at any time during the Service Term. Upon expiration of the Service Term, Customer Data collected by the Service, including Customer log data, will be deleted and purged after 14 days, unless legally prohibited.
- Threat Intelligence - The Service analyzes Events and Customer Data against the latest correlation rules within the USM Platform. Correlation rules are added and updated within the USM Platform on a regular basis. In addition, SOC analysts use the Open Threat Exchange (OTX) to deliver Indicators of Compromise matching (IoC) to the customer environment.
- Endpoint Detection and Response (EDR) - The Service is designed to utilize the AlienVault EDR Agent to monitor Customer's network device(s) activities, status, authentication, authorization and software to detect and respond to advanced endpoint threats.

- Asset Discovery and Inventory - The sensor performs asset discovery as appropriate to the environment and based on Customer preference via network scans, querying the hypervisor, cloud API, and Active Directory to identify connected assets, software, services, and configurations. Once discovered, assets can be assigned to a group and device type. Assets can also be given a name, description, and grouping.
- USM Anywhere Sensor(s) - These are virtualized software that run on a Customer's VMware or Hyper-V environment or public cloud, that collect and normalize logs, monitor networks, and collect information from assets defined by the Customer. The table below reflects the maximum sensors included per Tier purchased in the Service Agreement. Additional sensors can be purchased per Tier and will incur additional monthly recurring charges.

AT&T Managed Threat Detection and Response	
Service	**Max Sensors per Tier**
Maximum Subscription Tier	
AT&T Managed Threat Detection and Response (500GB)	9
AT&T Managed Threat Detection and Response (1TB)	9
AT&T Managed Threat Detection and Response (1.5TB)	9
AT&T Managed Threat Detection and Response (2TB)	9
AT&T Managed Threat Detection and Response (3TB)	18
AT&T Managed Threat Detection and Response (4TB)	18
AT&T Managed Threat Detection and Response (6TB)	18
AT&T Managed Threat Detection and Response (8TB)	18
AT&T Managed Threat Detection and Response (10TB)	36
AT&T Managed Threat Detection and Response (15TB)	36
AT&T Managed Threat Detection and Response (20TB)	36
AT&T Managed Threat Detection and Response (25TB)	36
AT&T Managed Threat Detection and Response (30TB)	36
AT&T Managed Threat Detection and Response (40TB)	72
AT&T Managed Threat Detection and Response (50TB)	72
AT&T Managed Threat Detection and Response (60TB)	72

SD-2.2. Customer Engagement Plan

Section Effective Date: 01-Jul-2022

The Customer Engagement Plan (CEP) establishes an agreed framework for responding to identified security incidents. The CEP establishes procedures for validating, categorizing, documenting, and communicating security events identified by the Service.

AT&T does not guarantee that remediation steps taken in accordance with the Customer Engagement Plan will be effective against threats, attacks and unauthorized intrusions on Customer's network environment. Customer is solely responsible for any adverse consequences on its network environment resulting from remediation steps taken in accordance with the Customer Engagement Plan. Under no circumstances will AT&T be held liable for damages or costs that may be caused by the implementation of Customers' Customer Engagement Plan.

SD-2.3. Managed Threat Detection and Response Service Availability

Section Effective Date: 01-Jul-2022

Customer support for security related issues will be available 24x7 through the AT&T Security Operations Center (SOC).

SD-2.4. Managed Threat Detection and Response Service Onboarding

SD-2.4.1. Service Onboarding

Section Effective Date: 01-Jul-2022

Item
Network Device Assessment -- Customer provides in-scope devices that will feed data into the USM Platform -- AT&T assesses in-scope device list
Kickoff Call --The AT&T MTDR Project Manager and AT&T Cybersecurity Consulting Resource detail service onboarding steps. --AT&T and Customer outline roles and responsibilities, contacts, and procedures for document change control requests.
MTDR Threat Model Workshop ("the Workshop") - Customer will select Onsite Support or Remote Support for the MTDR Threat Model Workshop in the Sales Order or Service Agreement for the Services. Based upon given circumstances, AT&T may, in its own discretion, substitute Remote Support for Onsite Support. Travel and Expenses associated with the OnSite Support for the Workshop are included in the Non-Recurring Charges set forth in the Service Agreement.
Handoff to AT&T SOC for Deployment -- MTDR Project Manager and AT&T Cybersecurity Consulting Resource deliver 1) Threat Model Document and 2) Technical Provisioning Document ("TPD") derived from the MTDR Threat Model Workshop to the Customer. -- MTDR Project Manager introduces Security Engineer who will assist Customer remotely with the remainder of onboarding activities.

-- The primary objectives of the Security Engineer include assisting in the planning, implementing, and configuring of security solutions for Customer systems and networks to be monitored by the AT&T SOC
Technical Provisioning Document completion -- If required, Customer completes any additional information regarding points of contact, device list, network architecture, domain information, proxy device, and other information related to their environment.
USM Platform Configuration -- Utilizing the TPD, AT&T Security Engineer(s) perform USM Platform setup and establish User access.
Knowledge Transfer -- AT&T MTDR Security Engineer will train Customer to onboard new device log sources to the Service. -- AT&T MTDR Security Engineer will provide an overview of features and functionality of the Service.
Security Monitoring & Customer Engagement Plan (CEP) Draft and Review -- AT&T and Customer draft and agree upon Customer Engagement Plan.
Reports - Creation or adjustments to report types by Customer and/or AT&T SOC.
Customer transitioned to 24x7x365 monitoring -- AT&T notifies the customer that they are ready to transition to 24x7x365 monitoring -- Regular meeting cadence established -- Up to 4 hours of re-occurring meeting time can be scheduled per month (dependent on tier size). -- Number of hours allocated is at our sole discretion and will vary by customer.

Cross References

SD-2.5. MTDR Threat Model Workshop

SD-2.5. MTDR Threat Model Workshop

Section Effective Date: 01-Jul-2022

The Workshop establishes key infrastructure and processes required for customer business continuity, enabling the effective deployment of the USM Platform for the MTDR Service.

AT&T will assign an AT&T Cybersecurity consultant to perform the Workshop. Any tasks identified that are outside the scope of the Workshop described in this section will be addressed with additional services offered to the Customer through an alternate contract. If the scope of the project, number or locations of Sites, start and finish dates, work to be done, or other material parameters of the project change, AT&T and Customer will use the Change Order Process and make appropriate revisions to the charges for the Services.

- The AT&T Cybersecurity Consulting Resource will schedule a meeting with Customer to perform the Workshop which will include:
- up to 8 hours of On-Site or Remote Customer engagement to determine Customer's cybersecurity posture (Customer Engagement).
- 16 hours of material preparation and coordination by the AT&T Cybersecurity Consulting resource post-Customer Engagement.

- Customers who have purchased the Service with a minimum Usage Limit of 10TB will receive an additional 8 hours of Customer Engagement (totaling 16 hours) and an additional 16 hours of material preparation and coordination (totaling 32 hours).

Customer is responsible for organizing all technical resources needed to be present and prepared for the Workshop to discuss the following:

- Data Location Identification – This includes identification of the location of sensitive data that, if breached, would require significant incident response to remediate involving public relations activity, third party forensics and/or breach notification to individuals. This would include data that is proprietary and confidential to the organization as well as data that may have regulatory requirements. Information can also include mission critical resources, such as intellectual property, network resources involved in the storage, processing and transmission of sensitive data or resources that, if unavailable, would have a direct business impact.
- Alignment with Business Needs - Customer to provide company resource(s) to explain to the AT&T Consulting Resource the alignment of the sensitive data with business needs and the technology and support surrounding this data.
- Security Technologies, including, but not limited to:
  - Firewalls and Network Segregation
  - Identity and Access Management
  - Endpoint Security
  - Current network monitoring capabilities
- Resources
  - Organizational Locations
  - Number of supported users
  - Number and nature of supported devices (i.e., Windows only or mixed)
  - Internal IT & Security staff
  - Security operations capabilities, including incident response
- Security Program
  - existing policies and procedures
  - onboarding and offboarding
  - risk management
  - access management
- Decision Maker Identification
  - Budget, Risk Acceptance, and Risk Decisions
- Third Party Resources
  - Identification of any Third Party security management and/or support.

- Threat Model Document
  - The AT&T Cybersecurity Consulting Resource will provide:

  The Threat Model Document detailing the key takeaways from the workshop and outlining MTDR deployment activities ("Threat Model Document")

  The Technical Provisioning Document which contains required information for the AT&T SOC for deploying the USM Platform into the Customer's environment.
- Additional Customer training
  - As part of the purchase of the Service and Workshop, Customer will be provided training seats at no additional cost in the Anywhere Security Analyst (ANYSA) 2 Day Training class based on the Usage Limit purchased with the Service. See https://cybersecurity.att.com/training/courses/anywhere-analysis
  - 500GB to 8TB Customer will receive 2 seats
  - 10TB to 60TB Customer will receive 4 seats
  - Additional seats can be purchased at Customer's discretion

SD-2.6. Support Availability

Section Effective Date: 01-Jul-2022

For operational configurations, AT&T will provide 24x7x365 operations support that includes the following:

- Apply changes to scope of Customer equipment monitored, as directed by the Customer, and agreed to and contracted by AT&T
- Continuous tuning and monitoring of Customer's data collection sites consistent with weekly or monthly mutually agreed upon status call(s)
- Tracking of incidents to resolution and posting the status in an Investigation that Customer can access via the USM Platform.

Customer support for security incidents will be available 24x7x365 through the AT&T SOC. Customers can reach the SOC utilizing three different forms of contact.

- Call: 1-877-757-7382
- Email: MTDR@att.com
- Submit an Investigation on the USM Platform

The Service will process all Events, Alarms, and Investigations (See Section SLA-1 herein) pertaining to the Service and will post this information on the USM Platform.

SD-2.7. AT&T Managed Threat Detection and Response Supported Device List

Section Effective Date: 09-Aug-2019

During the Service onboarding, only the device types, device quantities, and data collection site locations previously reviewed and approved by AT&T will be included within the scope for onboarding of the Service. Any changes to the device types, device quantities, or data collection site locations will require additional review and approval by AT&T. If the scope of onboarding leads to a change in commitment level, Customer will be responsible for any adjustments to pricing. Customer changes to the list of monitored devices must be provided in writing to AT&T within ten (10) business day prior to such change(s) taking effect.

SD-2.8. Monthly Storage Usage Limit

Section Effective Date: 02-Aug-2020

The Service has usage limitations. Customer's monthly Usage Limit is the numeric value specified in the Sales Order or Pricing Schedule ("Usage Limit"). Monthly storage Usage Limits will be monitored and tracked by AT&T. Customer will, at all times, ensure that its use of the Service does not exceed the Usage Limit. If Customer's environment has exceeded the Usage Limit, the Service begins operating in transient mode. When running in transient mode, the Service no longer stores Events in the searchable data store, but will still generate Alarms, run authenticated asset scans, and store raw logs associated with Events in cold storage. This transient mode finishes when Customer starts a new month (based on Customer's onboarding start date) or if Customer upgrades the subscription tier.

The USM Platform will (i) display an early and persistent warning to inform Customer that their monthly tiered usage is going to be exceeded, and (ii) in the event that Customer exceeds their Usage Limit, it will display notice informing Customer.

If Customer continues to exceed the Usage Limit, then AT&T shall have the right to immediately suspend Customer's use of the Service and terminate this Agreement, in its discretion, upon written notice to Customer. Customer acknowledges that its use of the Service in excess of Usage Limit may result in a significant degradation in the performance. Any suspension or termination of the Service under this section will not relieve Customer of its payment obligations associated with the Service.

SD-2.9. Customer Responsibilities

Section Effective Date: 02-Aug-2020

To qualify for AT&T Managed Threat Detection and Response Service, Customer is responsible for:

- Assigning a Single Point of Contact ("SPOC").
- Providing network and security documentation and information necessary to all AT&T resources involved with the Service to assess and review the network being monitored.
- Providing the initial list of Customer-defined devices in writing to AT&T prior to Service onboarding.
- Providing AT&T-specified technical device information for each Customer-defined device.

- Providing secure network transport and associated hardware, if applicable, to transmit information from the AT&T-provided data collector(s) to the Service.

SD-2.10. Change Control Process

Section Effective Date: 09-Aug-2019

Any changes to the Service shall be handled via the Change Control Process. Either Party must submit change requests to the Service in writing. The party requesting the change must submit a written request on an AT&T provided form to the other party and the receiving party will issue a written response within seven (7) days of the receipt of the request, including whether the receiving party accepts or rejects the request. Once agreed both parties must execute the provided form.

SD-2.11. Use of Service

SD-2.11.1. Use of the Service

Section Effective Date: 07-Jan-2022

Subject to the limitations stated in this Service Guide or the Customer Agreement, AT&T grants to Customer a limited, non-exclusive, revocable, non-transferable, non-sublicensable right during the applicable Service Term to use and allow its Users access to the Service and Documentation in accordance with the scope of use specified in this Service Guide. When used in this Service Guide, “Documentation” means user manuals and any other materials, including updates thereto, in any form or medium made generally available by AT&T to Customers or Users, regarding the proper installation and use of the Service. “Users” means individuals who are authorized by Customer to use the Service, including but not limited to Customer employees, consultants, contractors and agents.

SD-2.11.2. Limitations and Restrictions on Use of the Service

Section Effective Date: 02-Aug-2020

Customer will comply with the following limitations and restrictions when using the Service:

- Account Credentials. Customer is responsible for maintaining the confidentiality of the administrator and User logon identifications, passwords, and account information. Customer will use commercially reasonable efforts to prevent unauthorized access to or use of Managed Threat Detection and Response and all Documentation and immediately notify AT&T in writing of any such unauthorized access or use or violation by Customer or its Users of the Customer Agreement;
- Compliance and Use. Customer shall use the Service in accordance with the Documentation and the Acceptable Use Policy.
- Input/Output of Data and Lost Files. Customer is solely responsible for the placement of sensors/agents in their environment to allow for visibility of its data input and output to the Service and for maintaining a separate means for the reconstruction of any lost data.

- Application Program Interfaces (APIs). To the extent AT&T provides Customer with API's as part of the Service, such API's are provided "as is" without any warranty of any kind. Customer is granted a personal, nonsublicensable, nonexclusive, nontransferable, limited license to use the API solely for Customer's internal use for exporting Customer's content from AT&T to the new Customer system. Customer may not (a) copy, rent, sell, disassemble, reverse engineer or decompile (except to the limited extent expressly authorized by applicable statutory law), modify or alter any part of the API; or (b) otherwise use the API on behalf of any third party. The API license shall automatically terminate in the event Customer breaches this section.
- Restrictions. Customer will require Users to comply with the following limitations and restrictions when accessing or using the Service, Documentation or associated software. Except as otherwise expressly approved by AT&T in writing or as is required by applicable law, Customer shall not, will not permit or authorize Users or third parties to:
    - attempt to copy, modify, duplicate, create derivative works from, frame, mirror, republish, download, display, transmit, distribute, reverse compile, disassemble, reverse engineer, or otherwise reduce to human-perceivable form all or any portion of the Service, Documentation or associated software in any form or media or by any means;
    - access all or any part of the Service, Documentation or associated software in order to build a product or service that competes with the Services;
    - license, sell, rent, lease, transfer, assign, distribute, display, disclose, or otherwise commercially exploit the Service, Documentation or associated software, or otherwise allow it to be available to any third party (e.g., as a hosted service or service bureau); or
    - circumvent or disable any protection, restriction, security or other technological features or measures of the Service, Documentation or associated software.
    - use the Service, Documentation or associated software for any purpose other than Customer's internal business purposes in relation to its own computer systems and any computer systems or facilities owned or managed exclusively by or for Customer.
    - develop any type of software program based on the Service, Documentation or associated software;
    - provide or offer access to any third parties to any restricted online access keys or authentication passwords provided by AT&T; or
    - disclose to any third party any benchmarking or comparative study involving the Service Documentation.

SD-2.11.3. Deployment of Sensor

Section Effective Date: 02-Aug-2020

Customer agrees to follow AT&T's detailed installation steps for deployment of sensor software across the Customer's Cloud or Virtual Environments, as the case may be, and that AT&T will be given remote access to the sensors for the Service, including for the purposes of ascertaining system performance and accessing system logs. Customer agrees that AT&T may disclose to third parties descriptions of security-related activities encountered by Managed

Threat Detection and Response in Customer's environment, provided that such descriptions maintain the anonymity of Customer or Users.

SD-2.12. Audit

Section Effective Date: 09-Aug-2019

Customer shall permit AT&T to audit use of the Service by Customer and Users. Such audit may be conducted no more than once per twelve months, at AT&T's expense, and this right will be exercised with reasonable prior notice, in such a manner as not to interfere with Customer's normal conduct of business. If the audit finds that Customer has underpaid any Service fees to AT&T, Customer shall pay to AT&T an amount equal to such underpayment within 30 days of receipt of notice of such underpayment.

SD-2.13. Customer Data

Section Effective Date: 02-Aug-2020

All rights, title and interest in and to Customer Data are and will remain the property of Customer and all intellectual property rights including copyright, trademark, and trade secret rights in Customer Data are and will remain the property of Customer. Customer grants to AT&T, throughout the Term and use of Service and after the Term as necessary for any of AT&T's post-termination obligations to Customer, the necessary rights or license to use Customer Data as necessary to perform obligations related to the Service. Customer will not provide to AT&T or store as part of its use of the Service Customer Data that includes Payment Card Industry ("PCI") data or Protected Health Information ("PHI") data. Customer shall provide AT&T in the form and format and on the schedule specified by AT&T, Customer Data as is reasonably required for AT&T's performance of the Service. Customer grants to AT&T a, non-exclusive, transferable, sublicensable, royalty free license to use such Customer Data in order to provide the Service to Customer and the Users and as necessary to access the Service to monitor and diagnose issues related to the Service. Customer is responsible for maintaining back-up on all Customer Data. "Customer Data" means the data inputted by Customer or its Users for the purpose of using the Service.

SD-2.13.1. Product Usage Data

Section Effective Date: 09-Aug-2019

Customer agrees that AT&T may use information about how Customer uses the Service to generate statistics and to otherwise compile, synthesize and analyze such information for the purpose of operating, maintaining, repairing and improving the Service ("Product Usage Data"). Product Usage Data does not include Customer Data.

SD-2.14. Intellectual Property Rights

Section Effective Date: 02-Aug-2020

- All intellectual property and proprietary rights arising by virtue of AT&T's performance of the Services are and will be the sole and exclusive property of AT&T, and neither ownership or title to any such property will pass to Customer.

- Customer shall own those copies of any reports produced and furnished to Customer by AT&T in providing the Service ("Reports"), and Customer is hereby granted, under AT&T's copyrights, the perpetual, non-exclusive, personal and non-transferable right to reproduce and modify Reports for Customer's own internal business purposes. For avoidance of doubt, "internal business purposes" exclude public distribution, resale to third parties and revenue generation purposes.
- Except as otherwise expressly specified in this Service Guide, no other right or license to or under any of AT&T's intellectual property rights is either granted or implied hereunder.

SD-2.15. Compliance with Laws

Section Effective Date: 02-Aug-2020

AT&T provides this Service for a cybersecurity purpose, and in the U.S, both Customer and AT&T agree to comply with the Cybersecurity Information Sharing Act of 2015 (“CISA”). When using the Service, Customer agrees to monitoring by AT&T and designs and sets all filtering and interception policies (“Security Policies”). AT&T undertakes only to implement the Security Policies as directed by Customer and accepts no responsibility for the design or appropriateness of such design or settings. As between AT&T and Customer, when using the Service, Customer is solely responsible for obtaining and complying with the authorizations, licenses and permissions required by law or by its suppliers or providers to enable the Service to access data on Customer’s applications or products. Customer is responsible for obtaining consent from and giving notice to its Users regarding Customer’s and AT&T’s collection and use of User information in connection with a Service and regarding interception and/or monitoring of communications, including email and Internet use, associated with the Security Policies and the Service. Customer is responsible for obtaining agreement from its Users to provide reasonable cooperation with AT&T in connection with responses to requests or requirements regarding the Service by any regulator, authority and/or other governmental entity.

SD-3. Withdrawal of Service or Service Component

Section Effective Date: 06-Jan-2022

AT&T may discontinue providing Service upon 12 months’ notice, or a Service Component upon 120 days’ notice, but only where AT&T generally discontinues providing the Service or Service Component to similarly-situated customers.

Service Level Objectives (SLO)

SLO-1. General Managed Threat Detection and Response SLO Terms

Section Effective Date: 09-Aug-2019

AT&T has established performance objectives for AT&T Managed Threat Detection and Response services. Service Level Objectives (SLO) are indicative of the service level AT&T strives to meet, but Customer is not entitled to receive any credits for failure to attain an SLO.

SLO-1.1. Definitions

Section Effective Date: 09-Aug-2019

The definitions below apply to the Service Level Objectives described in this Service Guide.

- "Outage" is (unless stated otherwise) measured in minutes and is the time a Service or Service Component is unavailable on an unscheduled basis. An Outage does not include time when the Service or Service Component is unavailable during a scheduled period for maintenance, repair or upgrade. Customer notice of a scheduled maintenance, repair or upgrade may be given directly to Customer or by posting in USM Platform and is deemed received by Customer upon posting.
- "Maintenance" time can be either for "Scheduled Maintenance" or "Emergency Maintenance". "Scheduled Maintenance" is maintenance, repair or updating activities that are performed during a maintenance window established by AT&T (e.g., by publishing on the USM Platform). "Emergency Maintenance" is unscheduled maintenance, repair or updating activities that are necessary in order to protect AT&T facilities, network services or the security of Customer equipment or property. AT&T will attempt to provide reasonable notice to the Customer when AT&T determines that it is required to perform Emergency Maintenance prior to the maintenance activity being performed.

SLO-1.2. AT&T Managed Threat Detection and Response Availability Performance Objective

Section Effective Date: 02-Aug-2020

The performance objective for AT&T Managed Threat Detection and Response availability is described below.

"AT&T Managed Threat Detection and Response Availability" is measured by the following calculation:

- ((TT - TTF) / TT) x 100 = Percentage (%) of AT&T Managed Threat Detection and Response Availability
    - TT = Total available Minutes per Month (Total minutes in a month – Maintenance = TT). Total available minutes do not include Maintenance.
    - TTF = Total Minutes of AT&T Managed Threat Detection and Response Outage Minutes during the measurement Month

An AT&T Managed Threat Detection and Response Availability Outage shall occur if Customer is unable to access the USM Platform for more than a minute. AT&T's objective is to give customers access to the USM Platform at least 99.99% of the time.

Service Level Agreement (SLA)

SLA-1. Overview

Section Effective Date: 02-Aug-2020

A Service Level Agreement ("SLA") is available only for time to notify the customer after a Severity has been assigned to an Investigation.

SLA-2. SLA Exclusions

Section Effective Date: 02-Aug-2020

Notwithstanding any other clause herein, no commitment is made hereunder with respect to: (i) the Service being used in conjunction with hardware or software other than as specified in AT&T's published Documentation, (ii) hardware, software or other data center equipment or services not in the control of AT&T or outside the scope of the Service. (iii) alterations or modifications to the Service, unless altered or modified by AT&T (or at the direction of or as approved by AT&T); (iv) defects in the Service due to accident, hardware malfunction, abuse or use other than in accordance with AT&T's published Documentation (unless caused by AT&T or its agents); (v) an evaluation of the Service or other trial provided to Customer at no charge and (vi) any problems or issues of connectivity due to the network or internet connection of Customer.

SLA-3. Time to Mitigate

Section Effective Date: 01-Jul-2022

Alarm Priority	Strategy Examples	Reporting Timeframe from Event Receipt
High	Malware Infection Privilege Escalation Data Exfiltration	2 Hours
Medium	Brute Force Authentication Credential Abuse Phishing Code Execution	8 Hours
Low	Anomalous User Behavior Account Manipulation Service Discovery Portscan	24 Hours

- The duration of time to notification will be determined by using the chart above. The SLA for customer contact is based on the time of Event(s) receipt to Investigation creation notification.
- The definitions below apply when used in this Service Guide:

Term	Definition
Investigation	An Investigation(s) is used by the AT&T Managed Threat Detection and Response SOC analysts and customer to manage the full life cycle of an actionable security incident from detection to resolution. One Investigation can manage multiple related Alarms and Events. Investigations are managed and viewable from the USM Platform. The Investigation User Interface (UI) contains the Alarms and Events associated with a security incident, the AT&T SOC analysts "Notes" describing their assessment of the threat and risk of the incident, recommendations, and the option to attach files related to the incident. The AT&T Managed Threat Detection and Response SOC analyst team can create a new Investigation from suspicious activity identified as a result of ongoing manual analysis and threat hunting. A customer can also create their own Investigation based on an internal initiated security investigation.
Event	Events are single pieces of information describing one occurrence on the network among millions of others. One or more events may constitute an Alarm if certain conditions are met based on defined escalation and correlation rules. Events are derived from device, system, and application logs (Firewalls, OS, IDS, Proxy, Applications, AV, etc.).
Alarm	An Alarm is a notification that an "Event" or series of "Events" of interest has taken place. Alarms are presented in the "Alarm" view of the USM Platform. New Alarms are monitored and analyzed by the Managed Threat Detection and Response 24x7 AT&T SOC team. Managed Threat Detection and Response correlation and escalation rules (based on thresholds, asset and network risk score values, white and blacklists, and matches against Threat IOCs) can automatically generate Alarms that are forwarded to the USM Platform.

SLA-4. SLA Reporting and Claims

Section Effective Date: 01-Jul-2022

Customer's sole remedy in the event it is determined that an SLA remedy is available will be a ten percent credit of the monthly recurring charge as set forth in the Service Agreement. To file a claim, Customer must provide written notice within 30 days of the date of the notice of the Investigation which includes the following:

- Information detailing the dates and time periods for the claim.
- An explanation of the claim made under this SLA regarding time to notify.

All claims will be verified against AT&T's system records. Should any claim submitted by Customer be disputed, AT&T will make a determination in good faith based on its system logs, monitoring reports and configuration records and will provide to Customer a record of Service time to notify for the period in question upon Customer request. The record provided by AT&T shall be definitive. AT&T shall respond to a Customer claim within 10 days of claim submission.

All remedies referred to herein are subject to Customer having paid all applicable fees and fulfilled all of its obligations pertaining to the Service.

Pricing (P)

P-1. AT&T Managed Threat Detection and Response Pricing

Section Effective Date: 02-Aug-2020

- Defined Scope. Pricing is based on the current Service Agreement. Any additions or changes to the Service will necessitate changes in pricing.
- Customer may have separate contracts for AlienVault USM Anywhere and a contract for Managed Threat Detection and Response Service at the same time. If customer chooses to transition from AlienVault USM Anywhere to Managed Threat Detection and Response Service, a new contract will be required.
- Customer's Service location is deemed to be the customer's contract address unless the customer provides AT&T with their specific User locations for the Managed Threat Detection and Response Service.

P-2. Service Activation

Section Effective Date: 02-Aug-2020

Invoicing begins on Service Activation. AT&T will contact Customer for a formal kick-off call to discuss service delivery. The Service Activation Date will be thirty (30) calendar days from the time Customer's Service license is issued.

Country Specific Provisions (CSP)

CSP-1. EU General Data Protection Regulation Requirements

Section Effective Date: 07-Jan-2022

For Customers subject to EU General Data Protection Regulation Requirements, the applicable Data Protection Agreement for this Service, including pre-populated Model Clauses, is located at https://www.alienvault.com/legal/gdpr/customers.

CSP-1.1. Applicability of Section 18 of the General Provisions (GP18 General Data Protection Regulation Requirements)

Section Effective Date: 08-Jan-2022

The Service Guide General Provisions section "EU General Data Protection Regulation Requirements" does not apply to this Service.

End of Service Guide

Incident Response Retainer
Service Description

Table of Contents

This document reflects the Service Description in effect as of March 30, 2021

Incident Response Retainer Description from AT&T Cybersecurity Consulting

Section Effective Date: 30-March-2021

The Incident Response Retainer Solution from AT&T Cybersecurity Consulting (the "Solution") provides expert assistance to Customer in the event of a security breach. Once on site, AT&T Cybersecurity Consulting will work with the Customer staff to identify additional objectives as they relate to the incident.

This document serves as the Statement of Work ("SOW") which details the ATT Cybersecurity Consulting Incident Response Retainer Solution. This Service provides Customers with a game plan in the event of a security incident, as well as the resources to assist Customer with the response to the incident.

This Service Description is subject to change by AT&T from time to time upon 30 days' notice to Customer.

This Service Description consists of the following parts:

- Service Description (SD)
- Pricing (P)

Service Description (SD)

SD-1. General

Section Effective Date: 30-March-2021

The Solution enables Customer to field a team of information security professionals in response to a security incident or breach, assess the nature and depth of the breach, as well as the remediation of the breach. The Solution can gather and validate data that can be shared with law enforcement authorities. This Solution also can provide a programmatic approach to Customer's incident response plan. With regular touch points and scheduled activities, the Solution can assist the Customer in preparing for a cyber security incident and to take action should a cyber security incident occur.

As part of the onboarding process and preparedness exercises, Consultants delivering the Solution can work with Customer security staff, legal and executive teams to create internal and external messaging for use in the event of an incident. Through the program reviews / table top exercises the release of this messaging can be planned so that if an incident occurs, both the timing and the method of the release of this information is reviewed and approved ahead of the incident.

With Customer consent, the Solution will utilize any relationship that Customer has in place with AT&T today. As part of the onboarding process AT&T Cybersecurity Consulting can use the available knowledge of relevant network and security services AT&T provides to Customer to provide unique insights into the current environment and make use of this knowledge to further customize the Solution for Customer.

SD-1.1 Plans

Section Effective Date: 30-March-2021

The following plans are available: Bronze Tier, Silver Tier, and Gold Tier for Domestic U.S. only coverage and Silver Tier and Gold Tier for clients that need multi-national support including the Domestic U.S. or for regions outside of the Domestic U.S.

Service Tier Plans – Domestic U.S.			
Features	**Bronze Tier**	**Silver Tier**	**Gold Tier**
Phone Response Service Level Objective	24 Hours	16 Hours	12 Hours
Resources En Route Service Level Objective	Requires Change Order based on Scope and Location	48 Hours	24 Hours
Initial Onboarding/Readiness Review	NA	Yes (Year 1 Only)	Yes (Year 1 Only)
Annual Readiness Update	NA	Yes (Years 2 and greater only)	Yes (Years 2 and greater only)
Hours Included Annually	20	40	120
Monthly Threat Review Call	NA	NA	Yes
IR Plan Review / Table Top Exercise	NA	NA	Either One

Service Tier Plans - Global		
Features	**Silver Tier**	**Gold Tier**
Phone Response Service Level Objective	16 Hours	12 Hours
Resources En Route Service Level Objective	Requires Change Order based on Scope and Location	Requires Change Order based on Scope and Location
Initial Onboarding/Readiness Review	Yes (Year 1 Only)	Yes (Year 1 Only)
Annual Readiness Update	Yes (Years 2 and greater only)	Yes (Years 2 and greater only)
Hours Included Annually	40	120
Monthly Threat Review Call	NA	Yes
IR Plan Review / Table Top Exercise	NA	Either One

SD-2. Defined Terms and Important Information

Section Effective Date: 30-March-2021

- Service hours included in the retainers must be used in 20-hour increments. These hours can be used for tasks related to incident response and forensic services such as playbook creation, image acquisition and analysis, breach investigations, table top exercises or threat hunting exercises. These hours may also be used, on a one for one basis, for non-managed, non-incident response and forensic services offered at the time of consumption by the AT&T Cybersecurity Consulting Cyber Operations practice such as penetration testing, application testing, or social engineering.

- AT&T reserves the right to (i) modify or discontinue the Solution in whole or in part and/or (ii) terminate the Solution at any time without cause. In the event of such an event is material and adverse to the provision of the services, Supplier will refund a pro-rated amount of the applicable changes to the Customer in the applicable year.
- AT&T reserves the right to conduct work at a remote location or use, in AT&T's sole discretion, employees, contractors or suppliers located outside the United States to perform work in connection with or in support of the Solution.
- All charges and fees paid are non-refundable.
- All plans require a minimum one-year commitment term ("Term"). All plans are billed annually in advance.
- On-site response services limited to Domestic U.S. plans. On-site support in most of world locations is available on a per-incident basis based for additional fees, determined at time of request through a scoping conversation.
- The Term of the Solution will be 365 calendar days and will begin on the latter of the date of the countersigning of the AT&T Cybersecurity Consulting Incident Response Agreement (“Incident Response Agreement”) or the Service Initiation Date specified on the Incident Response Agreement which cannot precede the date of the countersigning and delivery of the document to the other Party. Delivery of an executed counterpart of a signature page to this Solution by facsimile, “.pdf” or other electronic transmission will be as effective as delivery of a mutually executed agreement. Any services not fully consumed by the end of the Term are forfeited.
- “Annual Service Charge” means the amount to be paid by Customer for the selected Service Tier Plan of support in each applicable Year.
- “En Route” means that Supplier Personnel will be dispatched to the applicable Customer Site, subject to commercially available travel facilities.
- The Solution excludes travel and related expenses. Customer will be responsible for all reasonable out-of-pocket expenses including travel, meals, lodging and other direct costs related to the engagement. Any travel expenses, air fare, per diem, or lodging will be billed in accordance with the Supplier’s standard corporate travel policies.
- “Customer Designee” means one, two or three persons designated by Customer to contact Supplier to engage support. The Customer Designee(s) shall each have the authority to engage Supplier and authorize Supplier to expend Support Hours and incur expenses.
- “Hour” means any 60-minute period during any calendar day (e.g., the definition includes any hours including after normal business hours, weekends or holidays).
- “Incident” means an adverse or unplanned computer security incident in which Customer elects to exercise the Solution.
- “Incident Response Hotline” means a toll-free number the Customer Designee will call to activate a Phone and/or On-site Response.
- “Included Support Hours” means Support Hours included in the Annual Service Charge for the respective Service Tier. All Support Hours beyond those included in the contracted Service Tier are Incremental Services.
- “Incremental Services” means any Service that is not included in the contracted Service Tier and will be billed on a time and materials basis as set forth in section P-1 below.
- “On-Site Resource Support” means in-person support at a location of the Customers choosing, limited to locations within North America.
- “Phone Response Service Level Objective” means that Supplier will make commercially reasonable efforts to return a telephone call placed by the Customer Designee to the AT&T Cybersecurity Consulting Supplier Personnel within the timeframe associated with the effective Service Tier (i.e., either speaking with the Customer Designee or leaving a voicemail message on the Customer Designee’s telephone system). This Service Level Objective is for informational purposes only and failure to achieve this Service Level Objective shall not be deemed a performance failure or breach of the Agreement by the Supplier.
- “Resources En Route Service Level Objective” means that Supplier will make commercially reasonable efforts to provide one or more Supplier Resource(s) En Route to a Site having an Event within the timeframe associated with the effective Service Tier. This Service Level Objective is for informational purposes only and failure to achieve this Service Level Objective shall not be deemed a performance failure or breach of the Agreement by the Supplier.
- “Respond” means that a Supplier Resource either (i) returns the call of a Customer Designee regarding an Event, (ii) is taking actions to support the resolution of the event remotely or (ii) is En Route to the Site.

- “Site” is a Customer owned, leased, or utilized physical location (which may or may not then be currently receiving Services under the Agreement) to which the Supplier Resource will either support (via a Phone Response) or provide on-site support (via Supplier Resources).
- “Global” response excludes Iran, Iraq, North Korea, Afghanistan, Cuba, Burundi, Syria, Sudan, Venezuela, Libya, Liberia, Lebanon, Somalia, Democratic Republic of the Congo, Haiti, Central African Republic, Yemen as well as any nation, country or geographic area that is restricted from doing business with the United States or that poses significant risk to the safety of resources delivering the Solution.
- “Supplier Resource” means one person providing services to Customer.
- “Support Hours” means the billable time and materials support for any Incremental Services.
- “E-Mail Change Request” means a written request (sent by e-mail) by one or more Customer Designees to AT&T Cybersecurity Consulting Contact exercising services under the Incident Response Retainer or any Incremental Services. The Customer Designee shall use the phrase “INCIDENT RESPONSE RETAINER SERVICE REQUEST” in the header of the E-Mail Change Request.

SD-3. DISCLAIMER: LIMITATION OF LIABILITY

Section Effective Date 30-March-2021

A. WHILE IMPLEMENTING THE RECOMMENDATIONS DELIVERED AT THE COMPLETION OF AN ENGAGEMENT MAY INHIBIT INTRUSION OF CUSTOMER’S NETWORK BY THIRD PARTIES, AT&T DOES NOT GUARANTEE THAT THE SOLUTION WILL BE EFFECTIVE AGAINST UNAUTHORIZED INTRUSION OF CUSTOMER’S NETWORK.

B. NOTWITHSTANDING ANYTHING CONTAINED TO THE CONTRARY IN THE PROFESSIONAL SERVICES AGREEMENT, UNDER NO CIRCUMSTANCES WILL AT&T BE HELD LIABLE FOR DAMAGES OR COSTS THAT MAY BE CAUSED BY THE SOLUTION, NETWORK INTRUSION BY ANY THIRD PARTY, FOR ANY INTERRUPTIONS IN NETWORK SERVICE THAT MAY OCCUR, OR FOR ANY DAMAGE TO CUSTOMER DATA OR DEVICES THAT MAY RESULT FROM THE SOLUTION.

Pricing (P)

P-1. Plans and Billing

Section Effective Date: 30-March-2021

All plans require a minimum of a one-year commitment term ("Term"). All plans are billed annually in advance.

Plans	Features		
	Annual Incident Response Retainer Fee	Ongoing Hourly Rate	Annual Fee Discount for Consecutive Year Renewal
Domestic U.S. Support Plans			
Bronze Tier	$8,500.00 USD	$425.00 USD	NA
Silver (Domestic US)	$30,000.00 USD	$375.00 USD	10% of First Year Base Annual Fee
Gold (Domestic US)	$65,000.00 USD	$325.00 USD	10% of First Year Base Annual Fee
Global Support Plans			
Silver (Global)	$55,000.00 USD	$375.00 USD	NA
Gold (Global)	$120,000.00 USD	$325.00 USD	NA

- The initiation of the Term is further described in Section SD-2 herein. Discount for renewal of Silver (Domestic US) and Gold (Domestic US) retainer only available in consecutive years. If Customer does not renew for the year immediately following the initial or preceding retainer period and later wants to purchase another retainer, the customer will be charged full price.
- Discount for renewal of Silver (Domestic US) retainer only available to customers who complete renewal at least 14 days prior to the current Silver (Domestic US) or Gold (Domestic US) Incident Response Retainer Agreement's expiration. There is no renewal discount available if upgrading from a Bronze Tier to a Silver (Domestic US) or Gold (Domestic US) Retainer.

Any discounts offered by AT&T to Customer during a prior Term will not apply during any new or renewal Term unless specifically agreed to in writing by the parties

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