

AGENDA
 IRVINE RANCH WATER DISTRICT
 FINANCE AND PERSONNEL COMMITTEE MEETING
 TUESDAY, MARCH 5, 2024

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=m1abe7ba06bd752dda6aa83a45505dfdb>
 Meeting number (access code): 2488 004 8903
 Meeting password: Usi2PKRbU23

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

PUBLIC COMMENT NOTICE

Public comments are limited to three minutes per speaker on each subject. If you wish to address the Committee on any item, you may attend the meeting in person and submit a “speaker slip.” You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 7:30 a.m. on Tuesday, March 5, 2024.

COMMUNICATIONS

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

INFORMATION

5. EMPLOYEE POPULATION AND RETENTION STATUS REPORT – INZUNZA / MITCHAM
Recommendation: Receive and file.
6. MONTHLY INVESTMENT AND DEBT REVIEW – MENDOZA / DAVIS / MORRIS / ADLY
Recommendation: Receive and file.
7. QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW – MENDOZA / DAVIS / MORRIS / ADLY
Recommendation: Receive and file.
8. REAL ESTATE QUARTERLY PERFORMANCE – DAVIS / MORRIS / ADLY
Recommendation: Receive and file.
9. RISK MANAGEMENT QUARTERLY REPORT – KANOFF / ARYAN / MITCHAM
Recommendation: Receive and file.
10. RESIDENTIAL INVESTMENT PROPERTY PERFORMANCE 2023 ANNUAL REPORT – DAVIS / MORRIS / ADLY
Recommendation: Receive and file.

ACTION

11. REVISED PERSONNEL POLICIES AND PROCEDURES – MITCHAM

Recommendation: That the Board adopt a resolution superseding Resolution No. 2023-3 and establish a Revised Personnel Policies and Procedures.

12. IRWD BUDGET SOFTWARE PROJECT AND CONSULTANT SELECTION – SMITHSON / PARDEE / ADLY

Recommendation: That the Board authorize a budget increase for project 12964 in the amount of \$569,100 and authorize the General Manager to execute a Professional Services Agreement with Questica in the amount of \$477,364 for IRWD Budget Software Project 12964.

OTHER BUSINESS

13. Closed Session

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

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

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


14. Open Session

15. Directors’ Comments

16. 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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March 5, 2024
Prepared by: B. Inzunza
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:

Not applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

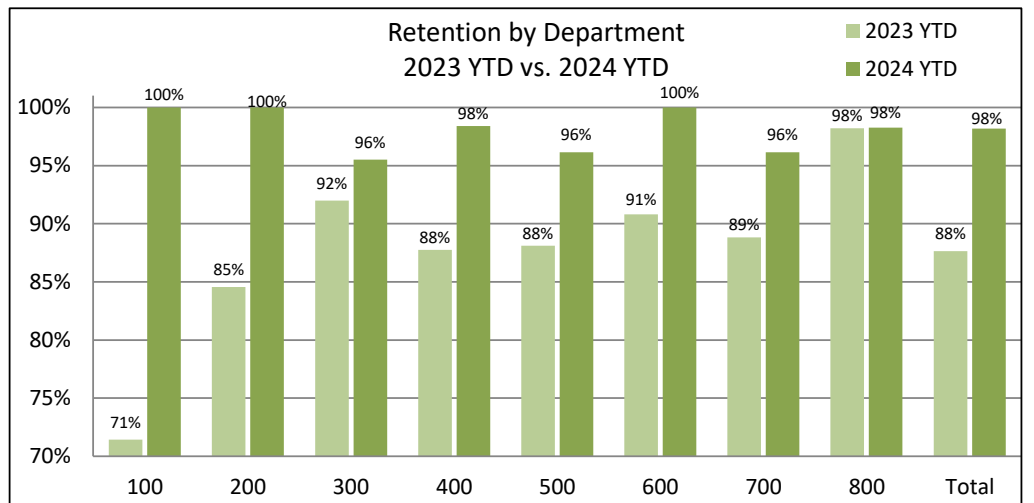
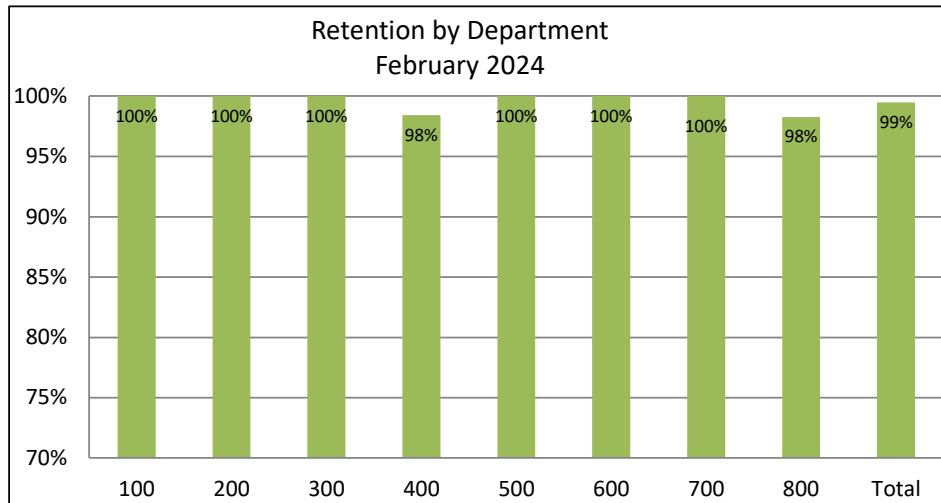
Exhibit "A" – Employee Population & Retention Status Report

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Exhibit "A"

IRVINE RANCH WATER DISTRICT EMPLOYEE POPULATION STATUS REPORT February 2024

Dept	@2/01/24	Current Month Activity							@2/29/24		FY 23/24 Budgeted Positions	Avg FYTD Filled Budget Positions	Avg FYTD Temp Emp FTE	Avg FYTD Total Filled Positions	Retention	
	Positions Filled	New	Terms		Promo Trnsfr		Lateral Trnsfr		Positions Filled	Positions Unfilled					Current Period	2024 YTD
		Hires	Vol	Invol	In	Out	In	Out								
100	22	1							23	1	24	24	0	24	100%	100%
200	85	3				2			86	7	93	83	4	87	100%	100%
300	44	1			2				47	3	50	44	4	48	100%	96%
400	63	1	1						63	8	71	64	0	64	98%	98%
500	52	1							53	9	62	52	4	56	100%	96%
600	34								34	1	35	33	4	37	100%	100%
700	25								25	3	28	27	1	28	100%	96%
800	58	1	1						58	3	61	57	0	57	98%	98%
Totals	383	8	2	0	2	2	0	0	389	35	424	382	18	400	99%	98%
2/23	380	5	0	-	-	-	-	-	385	38	421	379	16	395	100%	99%



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
EMPLOYEE POPULATION AND RETENTION REPORT
February 2024**

NEW HIRES					
Date	Dept	Employee Name	Position	Prior Company/Agency	
2/5/2024	400	Jack Haug	Water Maintenance Technician I	City of Orange	
2/5/2024	800	Reza Hosseini	Reliability Manager	Genentech, Inc.	
2/5/2024	200	Richard Chernabaeff	Accountant	Orange County Clerk-Recorder	
2/12/2024	200	Merlin Suazo	Accountant	City of Orange	
2/12/2024	200	Andrea Campbell	Senior Accountant	City of Tustin	
2/13/2024	500	Dennis Gulley	Operator I	OC Sanitation	
2/20/2024	300	Daniel Acosta	Safety Specialist	OSTS, Inc.	
2/26/2024	100	Laura Cunningham	External Affairs Manager	Anaheim Chamber of Commerce	

TERMINATIONS					
Date	Dept	Employee Name	Position	Reason	Comments
1/29/2024	400			VOL	
2/16/2024	800			INVOL	

RETIREMENTS					
Date	Dept	Employee Name	Position	Reason	Comments

PROMOTIONS					
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
02/03/24	200	Brenda Guzman	Customer Service Specialist II	300	Engineering Technician
02/03/24	200	Scott Fraser	Customer Service Specialist I	300	Engineering Technician
02/17/24	600	Linda Orozco	Senior Scientist	600	Water Monitoring Supervisor

TRANSFERS					
Date	Dept	Employee Name	Departing Position	New Dept	New Position

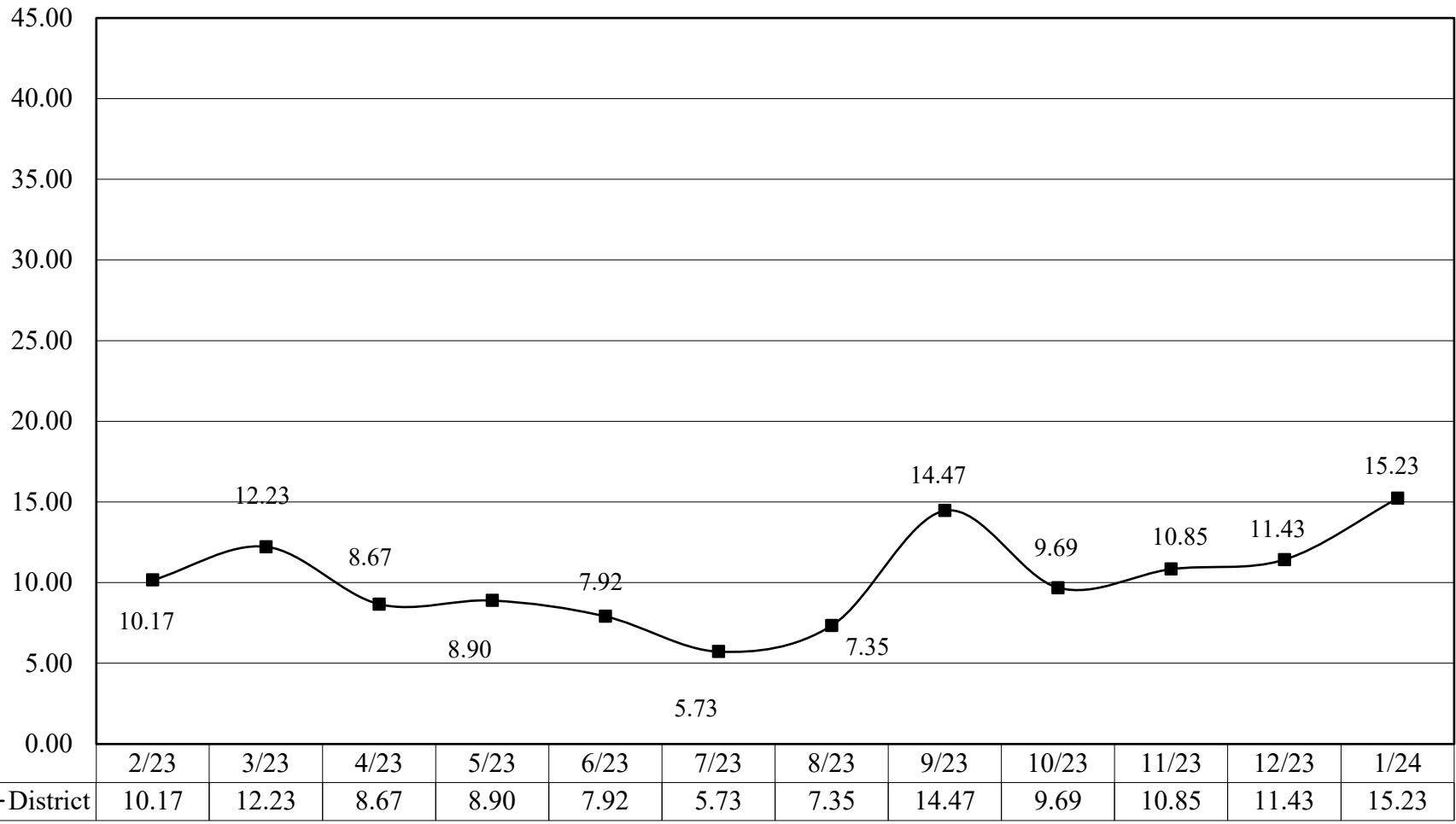
CROSS TRAINING					
Date	Dept	Employee Name	Departing Position	New Dept	New Position
02/17/24	400	Alfonso Calderon	Water Maintenance Technician II	700	Cross Connection Specialist
02/17/24	800	Corey Grier	Mechanical Services Supervisor	300	Construction Inspector

Total Employees on Continuous Leave of Absence for February - 7
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**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION AND RETENTION REPORT
February 2024**

UNFILLED POSITIONS			
Dept	Position	Salary Grade	Comments
100	Graphic Design Specialist	30.N	
200	User Support Administrator	U35.N	Recruiting
200	User Support Specialist	31.N	
200	Customer Service Specialist II	18.N	
200	Accounting Clerk	16.N	
200	Senior Network Administrator	U15.E	Recruiting
200	Customer Service Specialist I	13.N	Recruiting
200	Customer Service Specialist I	13.N	Recruiting
300	Senior Engineer	U20.E	Recruiting
300	Engineer	U17.E	Recruiting
300	Engineer	U17.E	Recruiting
400	Operations Manager	U21.E	Interviewing
400	Operations Supervisor	S36.N	Interviewing
400	Metering Systems Technician III	26.N	Recruiting
400	Water Maintenance Technician II	22.N	Recruiting
400	Water Maintenance Technician I	16.N	Recruiting
400	Water Maintenance Technician I	16.N	Recruiting
400	Water Maintenance Technician I	16.N	Recruiting
400	Water Maintenance Technician I /UW	11.N	Recruiting
500	Automation Specialist	34.N	
500	Collection Systems Technician II	21.N	Recruiting
500	Collection Systems Technician II	21.N	Recruiting
500	Manager of Biosolids & Energy Recovery	U21.E	Recruiting
500	Operator III	30.N	Recruiting
500	Operator III	30.N	Recruiting
500	Operator II	27.N	Recruiting
500	Senior Collection Systems CCTV Tech	25.N	
500	Senior Wetlands Specialist	29.N	
600	Senior Scientist	32.N	
700	Recycled Water Project Specialist	31.N	Interviewing
700	Recycled Water Project Specialist	31.N	Interviewing
700	Recycled Water Specialist	24.N	Interviewing
800	Senior Electrical & Instrumentation Technician	31.N	
800	Electrical & Instrumentation Technician	28.N	
800	Sr Maintenance Mechanic	27.N	


**Temporary Employees
Full Time Equivalency
District Totals as of January 31, 2024**



March 5, 2024

Prepared by: O. Mendoza / J. Davis

Submitted by: K. Morris / N. Adly

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 February 23, 2024 as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of February 23, 2024 as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of February 23, 2024 as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of February 23, 2024 as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

Due to the timing of the Committee meeting, the rate of return for February 2024 is not available. Preliminary calculations indicate a rate of return for the fixed income investment portfolio of 4.26%, which was a 0.04% decrease from January's rate of 4.30%. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for February 2024 was 6.48%, which was a 0.06% increase from January's rate of 6.42%, due to the change in the fixed income average balance from \$397.9 million to \$377.9 million.

Debt Portfolio:

As of February 23, 2024, IRWD's weighted average all-in variable rate for debt was 3.25%, which was a 0.54% increase from January's rate of 2.71%. Including IRWD's weighted average fixed rate bond issues of 3.72% and the negative cash accruals from fixed payer interest rate swaps (which hedge a portion of the District's variable rate debt), the total average debt rate was 3.56%, a 0.18% increase from January's rate of 3.38%. The increase was due to 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 February 23, 2024

Exhibit "B" – Yield Curve as of February 23, 2024

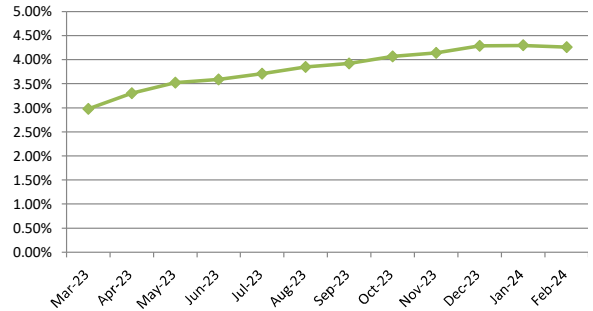
Exhibit "C" – Summary of Fixed and Variable Debt as of February 23, 2024

Exhibit "D" – Summary of Variable Rate Debt Rates as of February 23, 2024

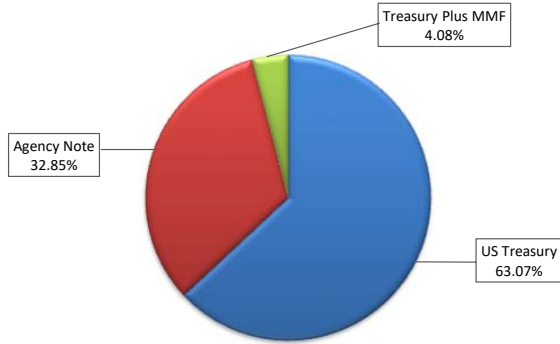
Exhibit "A"

Irvine Ranch Water District Investment Portfolio Summary February 2024

Monthly Fixed Income Yield



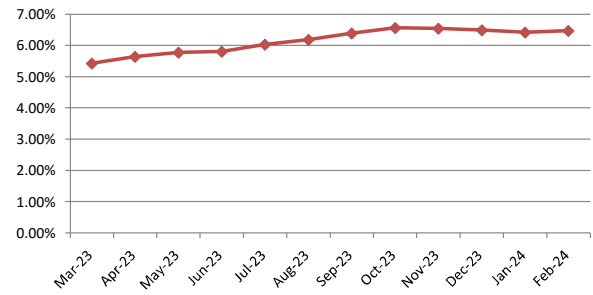
Portfolio Distribution



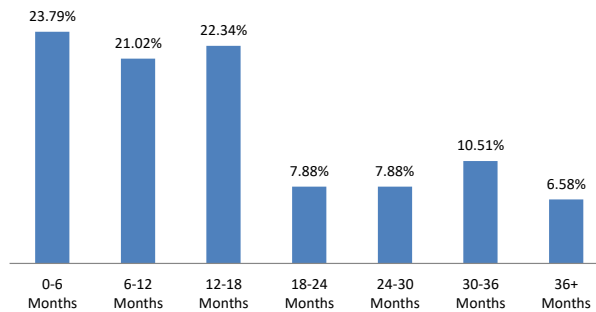
Investment Summary

Type	PAR	Book Value	Market Value
US Treasury	240,000,000	238,205,212	238,514,217
Agency Note	125,000,000	123,988,223	123,444,200
Treasury Plus MMF	15,533,288	15,533,288	15,533,288
Grand Total	380,533,288	377,726,724	377,491,705

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
US Treasury	240,000,000	63.07%
Fed Farm Credit Bank	55,000,000	14.45%
Fed Home Loan Bank	50,000,000	13.14%
Wells Fargo / Allspring	15,533,288	4.08%
Fed Home Loan Mortgage Corp	15,000,000	3.94%
Fed Natl Mortgage Assoc	5,000,000	1.32%
Grand Total	380,533,288	100.00%

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

02/23/24

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 2/23/2024	UNREALIZED ⁽²⁾ GAIN/(LOSS)
04/06/23			02/24/24		LAIF	State of California Tsy.	\$0.00		4.160%	\$0.00	\$0.00	0.00	0.00
02/23/24			02/24/24		Treasury Plus MMF	Wells Fargo / Allspring	15,533,288.32		5.180%	15,533,288.32	15,533,288.32	15,533,288.32	0.00
03/22/22	NA	NA	02/29/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	1.500%	2.020%	4,950,781.25	5,000,000.00	4,984,950.00	(15,050.00)
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	10,000,365.65	9,966,400.00	(33,965.65)
01/30/24	NA	NA	03/14/24	Aaa/NR/AAA	Treasury - Bill	US Treasury	5,000,000	5.246%	5.368%	4,967,938.67	4,990,527.33	4,969,200.00	(21,327.33)
04/21/22	NA	NA	04/30/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.000%	2.600%	9,882,421.88	9,990,466.64	9,917,600.00	(72,866.64)
05/31/22	NA	NA	05/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.500%	2.560%	9,988,281.25	9,998,541.17	9,909,400.00	(89,141.17)
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	4,997,355.32	4,962,200.00	(35,155.32)
12/16/22	NA	NA	06/14/24	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	4.875%	4.611%	5,018,300.00	5,003,519.23	4,994,900.00	(8,619.23)
12/01/22	NA	NA	07/02/24	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.750%	4.450%	4,795,376.45	4,956,530.75	4,928,700.00	(27,830.75)
02/21/24	NA	NA	07/11/24	Aaa/NR/AAA	Treasury - Bill	US Treasury	5,000,000	5.108%	5.299%	4,899,976.17	4,906,360.67	4,899,976.17	(6,384.50)
08/17/22	NA	NA	07/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	3.000%	3.249%	4,976,562.50	4,995,010.50	4,947,650.00	(47,360.50)
11/30/23	NA	NA	07/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	1.750%	5.288%	9,770,312.50	9,856,915.98	9,835,900.00	(21,015.98)
08/31/22	NA	NA	08/26/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	3.375%	3.500%	4,988,050.00	4,997,070.11	4,952,950.00	(44,120.11)
09/09/22	One Time	11/28/2022	08/28/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.000%	3.950%	4,995,000.00	4,998,748.26	4,971,800.00	(26,948.26)
02/28/23	One Time	8/28/2023	08/28/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	5.250%	5.338%	4,993,750.00	4,997,943.33	5,006,850.00	8,906.67
08/31/22	NA	NA	09/13/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.250%	3.530%	4,972,750.00	5,015,034.61	4,944,100.00	(70,934.61)
09/30/22	NA	NA	09/13/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.250%	4.340%	4,898,930.00	4,972,255.29	4,944,100.00	(28,155.29)
09/30/22	NA	NA	09/26/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.334%	4,992,100.00	4,997,728.89	4,976,700.00	(21,028.89)
10/17/22	NA	NA	10/17/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	10,000,000	4.375%	4.535%	9,969,800.00	9,990,497.95	9,965,000.00	(25,497.95)
10/31/22	NA	NA	11/15/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.489%	4,783,984.38	4,925,002.62	4,899,200.00	(25,802.62)
12/22/22	NA	NA	11/18/24	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.875%	4.260%	4,693,316.75	4,884,718.78	4,843,550.00	(41,168.78)
10/31/22	NA	NA	12/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.471%	4,773,046.88	4,912,600.12	4,888,300.00	(24,300.12)
10/31/22	NA	NA	12/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.483%	4,771,875.00	4,912,148.83	4,888,300.00	(23,848.83)
10/31/22	NA	NA	01/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	1.125%	4.476%	4,651,562.50	4,861,833.95	4,833,600.00	(28,233.95)
10/31/22	NA	NA	01/31/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.500%	4.483%	4,789,843.75	4,916,666.67	4,892,950.00	(23,716.67)
11/30/23	NA	NA	01/31/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.500%	5.097%	9,708,593.75	9,771,232.48	9,785,900.00	14,667.52
02/07/23	NA	NA	02/14/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.750%	4.500%	4,737,350.00	4,875,436.99	4,848,550.00	(26,886.99)
12/30/22	NA	NA	02/28/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.750%	4.317%	4,839,453.13	4,926,120.02	4,900,800.00	(25,320.02)
02/07/23	NA	NA	03/14/25	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.250%	4.518%	4,973,050.00	4,986,700.91	4,980,500.00	(6,200.91)
12/30/22	NA	NA	03/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	1.750%	4.329%	4,731,250.00	4,873,627.48	4,844,750.00	(28,877.48)
04/12/23	NA	NA	03/31/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	20,000,000	3.875%	4.073%	19,925,781.25	19,959,226.14	19,835,200.00	(124,026.14)
12/22/22	NA	NA	04/01/25	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	4.200%	4.160%	5,004,550.00	5,002,168.23	4,978,700.00	(23,468.23)
12/08/22	Quarterly	02/12/2023	05/12/25	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	3.050%	4.427%	4,843,000.00	4,922,563.21	4,907,900.00	(14,663.21)
01/11/23	NA	NA	05/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.750%	4.148%	4,845,312.50	4,920,394.74	4,890,800.00	(29,594.74)
12/13/22	NA	NA	06/13/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.340%	4,989,400.00	4,994,554.87	4,988,600.00	(5,954.87)
12/13/22	NA	NA	06/13/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.352%	4,988,000.00	4,993,835.71	4,988,600.00	(5,235.71)
08/01/23	NA	NA	07/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	3.000%	4.917%	9,646,875.00	9,752,219.01	9,800,800.00	48,580.99

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

02/23/24

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 2/23/2024	UNREALIZED ⁽²⁾ GAIN/(LOSS)
04/24/23	NA	NA	07/24/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	10,000,000	4.250%	4.253%	10,000,000.00	10,000,000.00	9,975,800.00	(24,200.00)
04/21/23	NA	NA	09/23/25	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	10,000,000	0.375%	4.127%	9,143,400.00	9,447,947.40	9,368,500.00	(79,447.40)
12/01/22	NA	NA	10/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	4.250%	4.298%	4,993,359.38	4,996,246.06	4,993,350.00	(2,896.06)
12/01/23	NA	NA	11/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.250%	4.719%	9,543,750.00	9,601,818.18	9,650,000.00	48,181.82
12/01/22	Continuous after	9/12/2023	12/12/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.125%	4.694%	4,920,500.00	4,953,247.97	4,949,800.00	(3,447.97)
02/21/24	NA	NA	02/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	15,000,000	4.000%	4.553%	14,844,140.63	14,846,075.44	14,844,140.63	(1,934.81)
07/06/23	NA	NA	06/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	15,000,000	4.125%	4.566%	14,819,531.25	14,859,654.07	15,000,600.00	140,945.93
09/27/23	NA	NA	09/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.625%	4.846%	9,939,453.13	9,948,166.52	10,134,800.00	186,633.48
11/03/23	NA	NA	10/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.625%	4.784%	9,956,640.63	9,961,431.50	10,142,200.00	180,768.50
12/28/23	NA	NA	12/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.375%	4.020%	10,098,046.88	10,092,252.79	10,092,200.00	(52.79)
01/31/24	NA	NA	01/15/27	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.000%	4.171%	9,952,734.38	9,954,047.31	9,995,300.00	41,252.69
11/28/23	NA	NA	10/31/28	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.875%	4.464%	10,179,687.50	10,170,298.60	10,416,400.00	246,101.40
12/15/23	NA	NA	11/30/28	Aaa/AA+/AA+	Treasury - Note	US Treasury	15,000,000	4.375%	3.897%	15,319,921.88	15,306,326.97	15,319,950.00	13,623.03
SUB-TOTAL							<u>\$380,533,288</u>			<u>\$375,022,309.53</u>	<u>\$377,726,723.58</u>	<u>\$377,491,705.11</u>	<u>(\$235,018.47)</u>
TOTAL INVESTMENTS							<u>\$380,533,288</u>			<u>\$375,022,309.53</u>	<u>\$377,726,723.58</u>	<u>\$377,491,705.11</u>	<u>(\$235,018.47)</u>
Petty Cash										3,400.00			
Ck Balance							Bank of America	ECR	1.77%	1,740,463.23			
Ck Balance							Wells Fargo	ECR	2.00%	0.00 ⁽⁵⁾			
										<u>\$376,766,172.76</u>			

<p>⁽¹⁾ LAIF market value is as of the most recent quarter-end as reported by LAIF.</p> <p>Security market values are determined using Bank of New York ("Trading Prices"), Bloomberg and/or broker dealer pricing.</p> <p>⁽²⁾ Gain (loss) calculated against carry value using the trading value provided by Bank of New York/or Brokers</p> <p>⁽³⁾ Real estate rate of return is based on most recent quarter end return.</p> <p>⁽⁴⁾ Original Cost updated to reflect capital tenant improvements added for Fiscal Year 2023. of capital tenant improvements during FY 2023.</p> <p>⁽⁵⁾ Cash balance in this account are funds that are pending purchase into the current money market fund.</p> <p>*S - Step up</p> <p>This Investment Summary Report is in conformity with the 2024 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.</p>	<p>Outstanding Variable Rate Debt \$214,800,000</p> <p>Net Outstanding Variable Rate Debt (Less \$60 million fixed-payer swaps) \$154,800,000</p> <p>Investment Balance: \$376,766,173</p> <p>Investment to Variable Rate Debt Ratio: 243%</p> <p>Portfolio - Average Number of Days To Maturity 498</p>
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	Investment Portfolio	Real Estate ⁽³⁾⁽⁴⁾ Portfolio	Weighted Avg. Return
February	4.26%	14.37%	6.48%
January	4.30%	14.37%	6.42%
Change	-0.04%	0.00%	0.06%

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

02/23/24

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury	Investment Sweep
2/24	20,533,288	5.40%					5,000,000	15,533,288
3/24	15,000,000	3.94%		10,000,000			5,000,000	
4/24	10,000,000	2.63%					10,000,000	
5/24	10,000,000	2.63%					10,000,000	
6/24	10,000,000	2.63%		10,000,000				
7/24	25,000,000	6.57%		5,000,000			20,000,000	
8/24	15,000,000	3.94%		15,000,000				
9/24	15,000,000	3.94%		15,000,000				
10/24	10,000,000	2.63%		10,000,000				
11/24	10,000,000	2.63%		5,000,000			5,000,000	
12/24	10,000,000	2.63%					10,000,000	
1/25	20,000,000	5.26%					20,000,000	
SUB-TOTAL	\$170,533,288	44.81%		\$70,000,000			\$85,000,000	\$15,533,288

13 Months - 3 YEARS								
2/01/2025 - 04/30/2025	\$45,000,000	11.83%		15,000,000			30,000,000	
05/01/2025 - 07/31/2025	\$40,000,000	10.51%		25,000,000			15,000,000	
8/01/2025 - 10/31/2025	\$15,000,000	3.94%		10,000,000			5,000,000	
11/01/2025 - 1/31/2026	\$15,000,000	3.94%		5,000,000			10,000,000	
2/01/2026 - 04/30/2026	\$15,000,000	3.94%					15,000,000	
05/01/2026 - 07/31/2026	\$15,000,000	3.94%					15,000,000	
08/01/2026 - 10/31/2026	\$20,000,000	5.26%					20,000,000	
11/01/2026 - 1/31/2027	\$20,000,000	5.26%					20,000,000	
02/01/2027 +	\$25,000,000	6.57%					25,000,000	
SUB-TOTAL	\$210,000,000	55.19%		\$55,000,000			\$155,000,000	
TOTALS	\$380,533,288	100.00%		\$125,000,000			\$240,000,000	\$15,533,288

% OF PORTFOLIO

32.85%

63.07%

4.08%

Irvine Ranch Water District
 Summary of Real Estate - Income Producing Investments
 12/31/2023

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2023	ANNUALIZED RATE OF RETURN QUARTER ENDED 12/31/2023
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 45,457,369	\$ 178,606,250	23.23%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 36,246,127	8.61%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,568,747	\$ 12,484,800	8.08%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,983,395	\$ 12,068,640	8.04%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	\$ 8,715,929	\$ 12,380,760	7.19%
Sand Canyon Professional Center - General Office ⁽¹⁾	Sep-20	Office Building	Fee Simple	\$ 31,404,103	\$ 40,559,820	7.57%
Total - Income Properties				\$ 106,129,543	\$ 292,346,397	14.37%

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

IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY⁽¹⁾
Feb-24

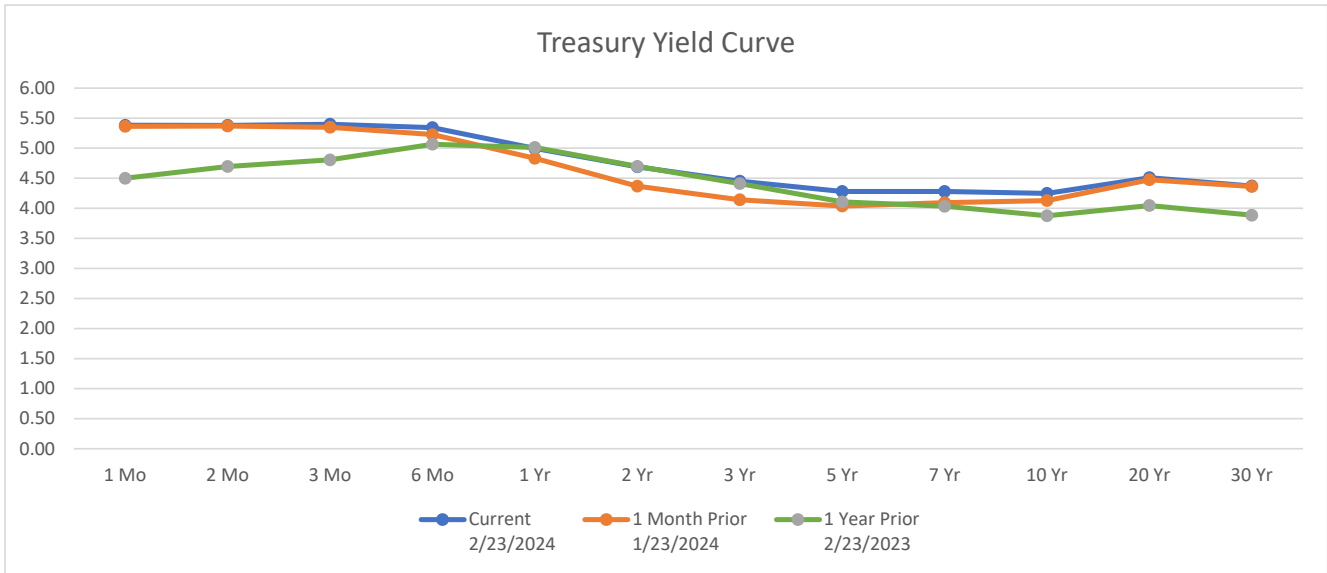
MATURITIES/SALES/CALLS

PURCHASES

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
2/13/2024	FHLB - Note	\$5,000,000	5.02%	2/15/2024	2/20/2024	Treasury - Bill	\$20,000,000	5.29%
2/15/2024	Treasury - Note	\$5,000,000	4.53%	2/21/2024	7/11/2024	Treasury - Bill	\$5,000,000	5.30%
2/15/2024	Treasury - Bill	\$10,000,000	5.49%	2/21/2024	2/15/2026	Treasury - Note	\$15,000,000	4.55%
2/20/2024	Treasury - Bill	\$20,000,000	5.29%					
<i>2/29/2024</i>	<i>Treasury - Note</i>	<i>\$5,000,000</i>	<i>2.02%</i>					

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

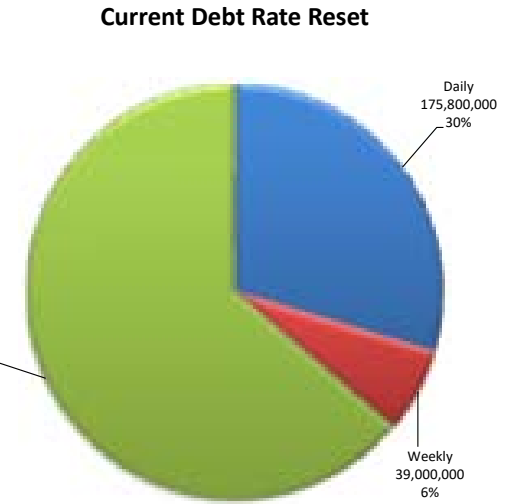
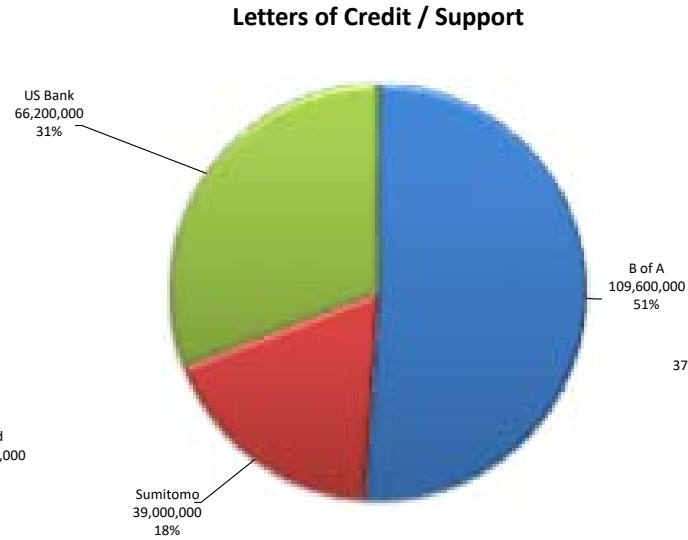
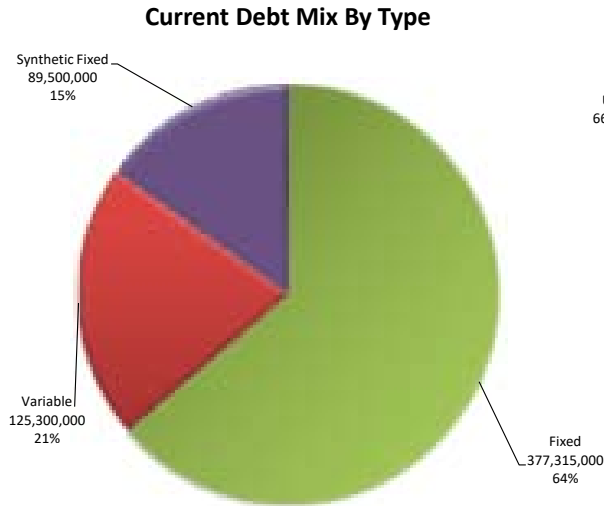
Exhibit "B"



Tenor	Current 2/23/2024	1 Month Prior 1/23/2024	1 Year Prior 2/23/2023
1 Mo	5.38	5.36	4.50
2 Mo	5.38	5.37	4.70
3 Mo	5.40	5.35	4.81
6 Mo	5.34	5.23	5.07
1 Yr	5.00	4.83	5.01
2 Yr	4.69	4.37	4.70
3 Yr	4.45	4.14	4.41
5 Yr	4.28	4.04	4.11
7 Yr	4.28	4.09	4.03
10 Yr	4.25	4.13	3.88
20 Yr	4.51	4.48	4.05
30 Yr	4.37	4.36	3.89

Note: This page is intentionally left blank.

Exhibit "C"
Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
February 2024



Outstanding Par by Series

Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit/Support	Rmkt Agent	Mode	Reset
Series 1993	05/19/93	04/01/33	\$21,200,000	3.58%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	\$39,000,000	6.59%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$38,760,000	6.55%	B of A	Goldman	Variable	Daily
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$25,840,000	4.36%	B of A	Goldman	Variable	Daily
Series 2009 - A	06/04/09	10/01/41	\$45,000,000	7.60%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$45,000,000	7.60%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	\$105,710,000	17.85%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$175,000,000	29.56%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$96,605,000	16.32%	N/A	N/A	Fixed	Fixed
Total			\$592,115,000	100.00%				

IRVINE RANCH WATER DISTRICT
SUMMARY OF FIXED & VARIABLE RATE DEBT

February-23

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	Reimbursement 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	\$21,200,000	US BANK	05/07/15	05/01/25	Aa3/VMIG1	AA-/A-1+	N/R	\$21,485,764	0.3000%	\$64,457	BAML	DAILY	0.10%	\$21,200	BANK OF NY						
SERIES 2008-A Refunding	04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$39,000,000	SUMITOMO	04/01/11	05/28/25	A1/P-1	A/A-1	A/F1	\$39,576,986	0.3150%	\$124,668	BAML	WED	0.07%	\$27,300	BANK OF NY						
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$60,545,000	\$38,760,000	B of A	02/01/24	02/08/27	Aa1/VMIG1	A+/A-1	AAA/F1+	\$39,193,262	0.3200%	\$125,418	Goldman	DAILY	0.07%	\$27,132	BANK OF NY						
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$40,370,000	\$25,840,000	B of A	02/01/24	02/08/27	Aa1/VMIG1	A+/A-1	AAA/F1+	\$26,128,842	0.3200%	\$83,612	Goldman	DAILY	0.07%	\$18,088	BANK OF NY						
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$45,000,000	US BANK	04/01/11	05/01/25	Aa2/VMIG 1	AA-/A-1+	AA/F1+	\$45,503,014	0.3000%	\$136,509	US Bank	DAILY	0.07%	\$31,500	US BANK						
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$45,000,000	B of A	04/01/11	04/21/25	Aa2/VMIG 1	A/A-1	A1/F1+	\$45,503,014	0.2800%	\$127,408	Goldman	DAILY	0.10%	\$45,000	US BANK						
\$349,430,000						\$214,800,000	SUB-TOTAL VARIABLE RATE DEBT									\$217,390,882			0.3045%		\$662,073		0.08%		\$170,220	
																(Wt. Avg)					(Wt. Avg)					

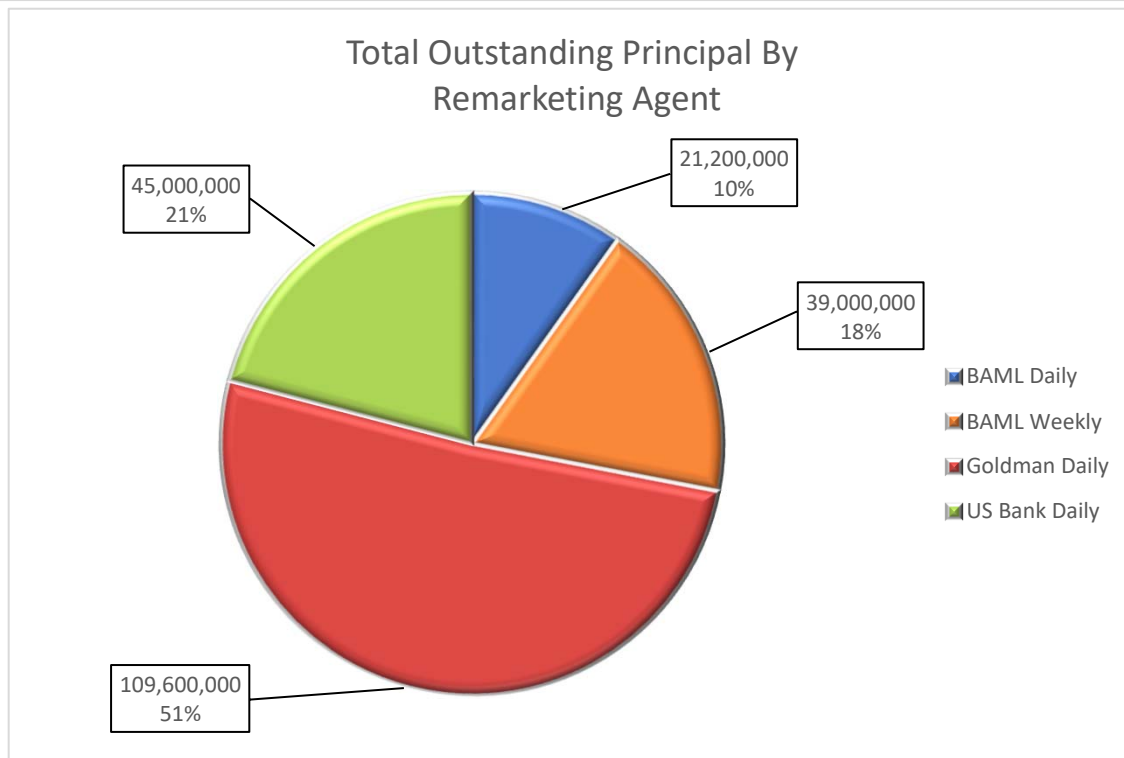
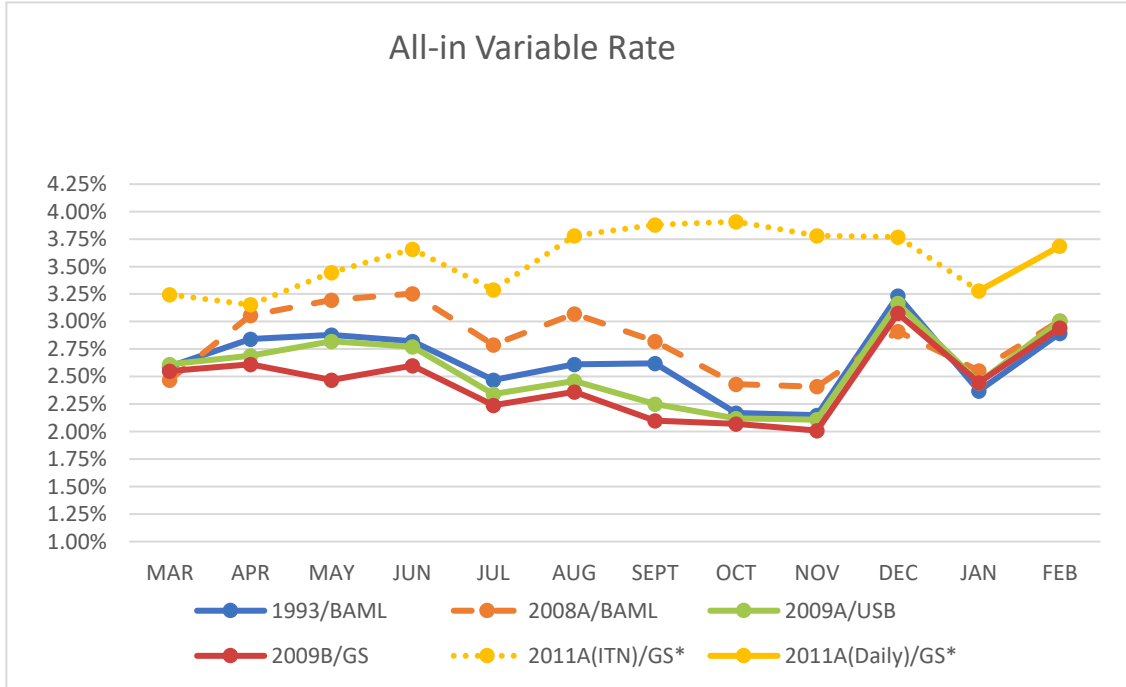
FIXED RATE ISSUES																						
2010 GO Build America Taxable Bonds	12/16/10	05/01/40	May (2025)	May/Nov	\$175,000,000	\$175,000,000	N/A	N/A	N/A	Aa1	AAA	NR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK		
2016 COPS	09/01/16	03/01/46	Mar 1	Mar/Sept	\$116,745,000	\$105,710,000	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	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	\$96,605,000	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						\$377,315,000	SUB-TOTAL FIXED RATE DEBT															
\$744,575,000						\$592,115,000	TOTAL- FIXED & VARIABLE RATE DEBT															

Remarketing Agents			GO VS COP's		
Goldman	109,600,000	51%	GO:	486,405,000	82%
BAML	60,200,000	28%	COPS:	105,710,000	18%
US Bank	45,000,000	21%	Total	<u>592,115,000</u>	
	<u>214,800,000</u>				

LOC Banks		Breakdown Between Variable & Fixed Rate Mode	
SUMITOMO	39,000,000	Daily Issues	175,800,000 30%
BANK OF AMERICA	109,600,000	Weekly Issues	39,000,000 7%
US BANK	66,200,000	Sub-Total	214,800,000
	<u>214,800,000</u>	Fixed Rate Issues	\$377,315,000 64%
		Sub-Total - Fixed	377,315,000
		TOTAL DEBT	
		FIXED & VAR.	592,115,000 100%

Exhibit "D"

**Irvine Ranch Water District
Summary of Remarketing Performance
February 2024**



*2011A(ITN)s are based on SIFMA + 5. Please note that the 2011A(ITN)s converted to a daily rate mode on February 8th 2024.

REMARKETING AGENT PERFORMANCE COMPARISON
Feb-24

Date	Daily Variable Rate Comparison			Weekly Variable Rate Comparison
	Goldman Sachs vs US Bank	Goldman Sachs vs Bank of America	US Bank vs Bank of America	Goldman Sachs* vs Bank of America
2/1/2024	-0.10%	0.28%	0.38%	0.99%
2/2/2024	-0.55%	-0.17%	0.38%	0.99%
2/3/2024	-0.55%	-0.17%	0.38%	0.99%
2/4/2024	-0.55%	-0.17%	0.38%	0.99%
2/5/2024	-0.07%	0.16%	0.23%	0.99%
2/6/2024	0.03%	0.01%	-0.02%	0.99%
2/7/2024	-0.05%	-0.32%	-0.27%	0.99%
2/8/2024	0.45%	0.03%	-0.42%	N/A
2/9/2024	-0.60%	-0.09%	0.51%	N/A
2/10/2024	-0.60%	-0.09%	0.51%	N/A
2/11/2024	-0.60%	-0.09%	0.51%	N/A
2/12/2024	0.55%	-0.24%	-0.79%	N/A
2/13/2024	0.35%	0.98%	0.63%	N/A
2/14/2024	-0.05%	0.13%	0.18%	N/A
2/15/2024	0.00%	0.18%	0.18%	N/A
2/16/2024	0.05%	0.08%	0.03%	N/A
2/17/2024	0.05%	0.08%	0.03%	N/A
2/18/2024	0.05%	0.08%	0.03%	N/A
2/19/2024	0.05%	0.08%	0.03%	N/A
2/20/2024	0.05%	0.18%	0.13%	N/A
2/21/2024	0.15%	0.30%	0.15%	N/A
2/22/2024	0.05%	0.15%	0.10%	N/A
2/23/2024	0.30%	0.25%	-0.05%	N/A
Average Spread	-0.07%	0.07%	0.14%	0.99%

Rmkt Agent	GS / US Bank	GS / Bank of America	US Bank / Bank of America	GS / Bank of America
Mode	Daily / Daily	Daily / Daily	Daily / Daily	Weekly / Weekly
Bond Issue	2011A & 2009B / 2009A	2011A & 2009B / 1993	2009A / 1993	ITN (2011A1 & 2011A2) / 2008A
Par Amount	\$64.5MM & \$45MM / \$45MM	\$64.5MM & \$45MM / \$21.2MM	\$45MM / \$21.2MM	\$64.6MM / \$39MM
LOC Bank	Bank of America / US Bank	Bank of America / US Bank	US Bank / US Bank	None / Sumitomo

*ITNs are based on SIFMA + 5. Please note that the 2011As converted to a daily rate mode on February 8th 2024. The weekly variable rate comparison between Goldman Sachs and Bank of America applies from 2/1/2024 through 2/7/2024 until the conversion. The daily variable rate comparison should be considered from 2/8/2024 going forward.

SUMMARY OF DEBT RATES
Feb-24

Rmkt Agent Mode Bond Issue Par Amount LOC Bank Reset	GOLDMAN	GOLDMAN	GOLDMAN	MERRILL LYNCH		US BANK	GOLDMAN	GOLDMAN
	DAILY	DAILY	DAILY	DAILY	WEEKLY	DAILY	WEEKLY	WEEKLY
	2009 - B	2011 A-1	2011 A-2	1993	2008-A	2009-A	2011 A-1	2011 A-2
	45,000,000	38,760,000	25,840,000	21,200,000	39,000,000	45,000,000	38,760,000	25,840,000
	BOFA	BOFA	BOFA	US BANK	Sumitomo	US BANK	(SIFMA + 5)	(SIFMA + 5)
					Wednesday		Wednesday	Wednesday
2/1/2024	2.40%	N/A	N/A	2.12%	2.80%	2.50%	3.79%	3.79%
2/2/2024	1.25%	N/A	N/A	1.42%	2.80%	1.80%	3.79%	3.79%
2/3/2024	1.25%	N/A	N/A	1.42%	2.80%	1.80%	3.79%	3.79%
2/4/2024	1.25%	N/A	N/A	1.42%	2.80%	1.80%	3.79%	3.79%
2/5/2024	1.03%	N/A	N/A	0.87%	2.80%	1.10%	3.79%	3.79%
2/6/2024	1.03%	N/A	N/A	1.02%	2.80%	1.00%	3.79%	3.79%
2/7/2024	1.50%	N/A	N/A	1.82%	2.80%	1.55%	3.79%	3.79%
2/8/2024	3.10%	3.10%	3.10%	3.07%	2.49%	2.65%	N/A	N/A
2/9/2024	3.15%	3.15%	3.15%	3.24%	2.49%	3.75%	N/A	N/A
2/10/2024	3.15%	3.15%	3.15%	3.24%	2.49%	3.75%	N/A	N/A
2/11/2024	3.15%	3.15%	3.15%	3.24%	2.49%	3.75%	N/A	N/A
2/12/2024	4.00%	4.00%	4.00%	4.24%	2.49%	3.45%	N/A	N/A
2/13/2024	4.00%	4.00%	4.00%	3.02%	2.49%	3.65%	N/A	N/A
2/14/2024	3.05%	3.05%	3.05%	2.92%	2.49%	3.10%	N/A	N/A
2/15/2024	3.00%	3.00%	3.00%	2.82%	2.69%	3.00%	N/A	N/A
2/16/2024	2.90%	2.90%	2.90%	2.82%	2.69%	2.85%	N/A	N/A
2/17/2024	2.90%	2.90%	2.90%	2.82%	2.69%	2.85%	N/A	N/A
2/18/2024	2.90%	2.90%	2.90%	2.82%	2.69%	2.85%	N/A	N/A
2/19/2024	2.90%	2.90%	2.90%	2.82%	2.69%	2.85%	N/A	N/A
2/20/2024	2.80%	2.80%	2.80%	2.62%	2.69%	2.75%	N/A	N/A
2/21/2024	2.70%	2.70%	2.70%	2.40%	2.69%	2.55%	N/A	N/A
2/22/2024	2.60%	2.60%	2.60%	2.45%	2.21%	2.55%	N/A	N/A
2/23/2024	2.95%	2.95%	2.95%	2.70%	2.21%	2.65%	N/A	N/A
Avg Interest Rates	2.56%	3.29%	3.29%	2.49%	2.62%	2.63%	3.79%	3.79%
Rmkt Fee	0.10%	0.07%	0.07%	0.10%	0.07%	0.07%	0.13%	0.13%
LOC Fee	0.28%	0.32%	0.32%	0.30%	0.32%	0.30%		
All-In Rate	2.94%	3.68%	3.68%	2.89%	3.01%	3.00%	3.92%	3.92%
Par Amount		109,600,000		60,200,000		45,000,000	64,600,000	

Pre-Mode Change	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	51.77%	111,200,000	2.96%	2.58%
Weekly	48.23%	103,600,000	3.57%	3.35%
	100.00%	\$214,800,000	3.25%	2.95%
Post-Mode Change				
Interest Rate Mode	Total Variable Rate Debt	Outstanding	Average Rate	Average
Daily	81.84%	175,800,000	3.22%	2.62%
Weekly	18.16%	39,000,000	3.01%	2.84%
	100.00%	\$214,800,000	3.19%	2.66%
Fixed				
COPS 2016	28.02%	105,710,000	2.90%	
BABS 2010	46.38%	175,000,000	4.44%	(1)
SERIES 2016	25.60%	96,605,000	3.32%	
	100.00%	\$377,315,000	3.72%	
All-In Debt Rate Including \$60 Million Notional Amount of Swaps			(2)	3.56%

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


(2) All-In Rate considers a blended variable rate due to the interest mode conversion for the 2011s in February

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March 5, 2024

Prepared by: O. Mendoza / J. Davis

Submitted by: K. Morris / N. Adly

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW

SUMMARY:

The following is submitted for the Committee's review:

- A Summary of the Deferred Compensation Program and Distribution of Assets as of December 31, 2023, as outlined in Exhibit "A"; and
- Mutual Fund Performance Review as of December 31, 2023, as outlined in Exhibit "B".

BACKGROUND:

IRWD manages the Deferred Compensation Plan, which provides employees the opportunity to save for retirement on a tax-advantaged basis. For the quarter, 93% of IRWD employees participated in the voluntary 457(b) Deferred Compensation Plan.

Overview of the Deferred Compensation Assets:

As of December 31, 2023, IRWD's Sections 457(b) and 401(a) Plans (collectively, the "Plans") assets totaled \$93,483,987, which represented a \$7,843,236 increase from the prior quarter ended September 30, 2023, and a \$12,027,802 increase for the one-year period. The changes in Plan assets over the two periods are summarized as follows:

	One Year Period Ending December 31, 2023	Quarter Ending December 31, 2023
Beginning Balance	\$81,456,185	\$85,640,750
Employee Contributions	4,030,613	992,400
District Contributions	2,092,622	399,561
Transfers to/from Other Plans	582,113	517,831
Distributions	(7,253,859)	(2,017,243)
Loan Distributions ⁽¹⁾	(261,989)	0
Loan Repayments	229,108	48,547
Net Investment Gain (Loss)	12,609,193	7,902,141
Ending Balance – September 30, 2023	\$93,483,987	\$93,483,987
Change in Assets for the Period	\$12,027,802	\$7,843,236

(1) Number of loans outstanding: 72

Review of Investment Funds:

IRWD's Deferred Compensation Policy states that any investment performing "Below Benchmark" for four consecutive quarters or seven out of the trailing 12 quarters, has "Failed" the Long-Term Rolling Analysis (LTRA) and the investment option will be a candidate for replacement. The Committee may also place a fund on "Watch Status" if it has failed to meet certain Policy criteria for further evaluation. For the quarter ended December 31, 2023, all funds in the Plans passed the LTRA. The Fund Performance Review as of December 31, 2023, is provided as Exhibit "B".

FISCAL IMPACTS:

As of December 31, 2023, the District's Plan assets totaled \$93,483,987, which represented a \$7,843,236 increase from the quarter ended September 30, 2023, and a \$12,072,802 increase for the one-year period.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

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

Exhibit "A"
IRVINE RANCH WATER DISTRICT
SUMMARY OF DEFERRED COMPENSATION PROGRAM
December 31, 2023

Deferred Compensation IRS Section 457 (Employee Contributions)			
Money Purchase Pension Plan & Executive Plan - IRS Section 401 (a) (District Contributions)			
	457	401 (a)	GRAND TOTAL
Assets	\$69,868,078	\$23,615,909	\$93,483,987
<i>Change From Prior Quarter</i>	\$5,763,855	\$2,079,381	\$7,843,236
<i>Change From Prior Year (12/2022)</i>	\$8,304,436	\$3,723,366	\$12,027,802
Quarterly Contributions	\$992,400	\$399,561	\$1,391,961
*Change From Prior Quarter	\$109,441	\$55,293	

*Increase in contributions are due to one additional pay period in the quarter ended December 31, 2023

	One Year Period Ending December 31, 2023	Quarter Ending December 31, 2023
Beginning Balance	\$81,456,185	\$85,640,750
Employee Contributions	4,030,613	992,400
District Contributions	2,092,622	399,561
Transfers to/from other plans	582,113	517,831
Distributions	(7,253,859)	(2,017,243)
Loan Distributions ⁽¹⁾	(261,989)	0
Loan Repayment	229,108	48,547
Net Investment Gain (Loss)	12,609,193	7,902,141
Ending Balance - December 31, 2023	\$93,483,987	\$93,483,987
Change in assets for the period	\$12,027,802	\$7,843,236

⁽¹⁾ Number of loans outstanding as of 12/31/23 : 72

Employee Participation	
Full-time Employees	386
Employees Participating	359
Percent Participation	93%

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

December 31, 2023

Fund	Assets	Percent of Assets	Change from previous quarter	
PROFILE FUNDS				
AGG	Aggressive Profile Fund	11,428,480	12.2%	0.1%
MOD	Moderate Profile Fund	6,632,674	7.1%	-0.2%
CON	Conservative Profile Fund	6,701,768	7.2%	-0.1%
	Sub Total	24,762,921	26.5%	-0.2%
INTERNATIONAL FUND				
RERGX	American Funds EuroPacific Gr R6	2,398,030	2.6%	0.0%
VTIAX	Vanguard Total Intl Stock Index Admiral	1,757,814	1.9%	0.0%
	Sub Total	4,155,844	4.4%	-0.1%
SMALL CAP FUNDS				
HRSIX	Hood River Small-Cap Growth Retirement	3,773,118	4.0%	0.2%
MVSSX	Victory Integrity Small Cap Value R6	1,866,708	2.0%	0.0%
VSMAX	Vanguard Small Cap Index	2,216,545	2.4%	0.1%
	Sub Total	7,856,371	8.4%	0.3%
MEDIUM CAP FUNDS				
JMGMX	JP Morgan MidCap Growth R6	3,107,948	3.3%	0.1%
WFPRX	Wells Fargo Spec Md Cp Val R6	3,441,053	3.7%	-0.1%
VIMAX	Vanguard Mid-Cap Index Fund	1,974,364	2.1%	0.0%
	Sub Total	8,523,366	9.1%	0.0%
LARGE CAP FUNDS				
RGAGX	American Funds Growth Fund of Amer R6	7,166,898	7.7%	0.3%
VINIX	Vanguard Institutional Index	8,936,095	9.6%	0.1%
DHLYX	Diamond Hill Large-Cap Fund	2,159,770	2.3%	0.0%
	Sub Total	18,262,763	19.5%	0.4%
BOND FUND				
MWTSX	Metropolitan West Total Return Bond Plan	4,065,150	4.3%	-0.2%
	Sub Total	4,065,150	4.3%	-0.2%
STABLE VALUE FUND				
PCSV15	Putnam Stable Value	11,373,532	12.2%	-1.6%
	Sub Total	11,373,532	12.2%	-1.6%
TARGET DATE FUND				
VTINX	Vanguard Target Retirement Income Inv	1,227,572	1.3%	0.0%
VTWNX	Vanguard Target Retirement 2020 Inv	1,936,772	2.1%	0.0%
VTTVX	Vanguard Target Retirement 2025 Inv	802,610	0.9%	0.0%
VTHRX	Vanguard Target Retirement 2030 Inv	1,154,862	1.2%	0.5%
VTTHX	Vanguard Target Retirement 2035 Inv	1,519,071	1.6%	0.4%
VFORX	Vanguard Target Retirement 2040 Inv	1,174,137	1.3%	0.4%
VTIVX	Vanguard Target Retirement 2045 Inv	744,315	0.8%	0.0%
VFIFX	Vanguard Target Retirement 2050 Inv	1,368,607	1.5%	0.1%
VFFVX	Vanguard Target Retirement 2055 Inv	547,431	0.6%	0.0%
VTTSX	Vanguard Target Retirement 2060 Inv	363,621	0.4%	0.0%
VLXVX	Vanguard Target Retirement 2065 Inv	28,523	0.0%	0.0%
	Sub Total	10,867,521	11.6%	1.3%
OTHER				
SDBSCH	Schwab Brokerage	3,616,519	4.0%	0.1%
	Total Assets	\$93,483,986	100%	

LOAN BALANCE OUTSTANDING

\$779,476



FUND PERFORMANCE REVIEW

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

Reporting Period Ending December 31, 2023

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

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RO3346661-0124

FUND PERFORMANCE REVIEW



IMPORTANT DISCLOSURES:

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

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

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

FUND PERFORMANCE REVIEW: OVERVIEW



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

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

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

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

Although data is gathered from reliable sources, including but not limited to Morningstar, Inc., the completeness or accuracy of the data shown cannot be guaranteed. Where data obtained from Morningstar, ©2024 Morningstar, Inc. All Rights Reserved. The data: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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

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

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

FUND PERFORMANCE REVIEW (FPR): CRITERIA



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

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

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

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

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

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

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

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

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

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

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

Performance Summary: Irvine Ranch Water District

period ended 12/31/2023

Morningstar Category	Ticker Symbol	Fund Name	Overall Rating					Long-Term Rolling Analysis			
			Composite %'s			Overall Morningstar Rating	Overall Rating	Consecutive Quarters Below	# of Quarters Below out of trailing 12	Pass/Fail	
			Overall	Return	Sharpe						
Intl	Foreign Large Growth	RERGX	American Funds Europacific Growth R6	41.9	45.3	38.5	3	Neutral	0	0 out of 12	Pass
Small-Cap	Small Growth	HRSIX	Hood River Small-Cap Growth Retirement	93.7	94.3	93.0	5	Above	0	0 out of 12	Pass
	Small Value	MVSSX	Victory Integrity Small-Cap Value R6	77.0	78.0	76.0	3	Above	0	3 out of 12	Pass
Mid-Cap	Mid-Cap Growth	JMGMX	JPMorgan Mid Cap Growth R6	79.3	82.0	76.5	5	Above	0	0 out of 12	Pass
	Mid-Cap Value	WFPRX	Allspring Special Mid Cap Value R6	79.7	79.3	80.0	4	Above	0	0 out of 12	Pass
Large-Cap	Large Growth	RGAGX	American Funds Growth Fund of Amer R6	39.3	39.7	39.0	3	Neutral	0	0 out of 12	Pass
	Large Value	DHLYX	Diamond Hill Large Cap Y	47.8	58.0	37.5	3	Neutral	0	0 out of 12	Pass
Asst All/Other	Target-Date Retirement	VTINX	Vanguard Target Retirement Income Fund	52.1	54.7	49.5	4	Above	0	0 out of 12	N/A
	Target-Date 2020	VTWNX	Vanguard Target Retirement 2020 Fund	54.9	57.3	52.5	4	Above	0	0 out of 12	N/A
	Target-Date 2025	VTTVX	Vanguard Target Retirement 2025 Fund	68.0	71.0	65.0	4	Above	0	0 out of 12	N/A
	Target-Date 2030	VTHRX	Vanguard Target Retirement 2030 Fund	62.5	64.0	61.0	4	Above	0	0 out of 12	N/A
	Target-Date 2035	VTTHX	Vanguard Target Retirement 2035 Fund	53.9	55.3	52.5	4	Above	0	0 out of 12	N/A
	Target-Date 2040	VFORX	Vanguard Target Retirement 2040 Fund	50.2	51.3	49.0	4	Above	0	0 out of 12	N/A
	Target-Date 2045	VTIVX	Vanguard Target Retirement 2045 Fund	57.8	57.7	58.0	4	Above	0	0 out of 12	N/A
	Target-Date 2050	VFIFX	Vanguard Target Retirement 2050 Fund	59.8	58.7	61.0	4	Above	0	0 out of 12	N/A
	Target-Date 2055	VFFVX	Vanguard Target Retirement 2055 Fund	55.2	52.3	58.0	4	Above	0	0 out of 12	N/A
	Target-Date 2060	VTTSX	Vanguard Target Retirement 2060 Fund	56.1	54.7	57.5	3	Above	0	0 out of 12	N/A
Target-Date 2065+	VLXVX	Vanguard Target Retirement 2065 Fund	48.3	43.5	53.0	3	Neutral	0	1 out of 12	N/A	
Bond	Intermediate Core-Plus Bond	MWTSX	Metropolitan West Total Return Bd Plan	42.8	39.7	46.0	3	Neutral	0	0 out of 12	Pass
Index Funds	Foreign Large Blend	VTIAX	Vanguard Total Intl Stock Index Admiral (Idx)	39.8	42.7	37.0	3	N/A	N/A	0 out of 12	Pass
	Small Blend	VSMAX	Vanguard Small Cap Index Adm (Idx)	63.8	67.7	60.0	4	N/A	N/A	0 out of 12	Pass
	Mid-Cap Blend	VIMAX	Vanguard Mid Cap Index Admiral (Idx)	60.3	65.7	55.0	4	N/A	N/A	0 out of 12	Pass
	Large Blend	VINIX	Vanguard Institutional Index I (Idx)	80.3	82.0	78.5	5	N/A	N/A	0 out of 12	Pass

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

Return Analysis: Irvine Ranch Water District

period ended 12/31/2023

	Fund Name	4th Qtr	4th Qtr	Performance vs. Benchmark (Annualized Returns and Return Percentiles %)								Return Since Inception	Incept. Date		
		2023	2023	1 Year	1 Year	3 Year	3 Year	5 Year	5 Year	10 Year	10 Year				
		Return	Percentile	Return	Percentile	Return	Percentile	Return	Percentile	Return	Percentile	Return	Percentile		
Intl	Foreign Large Growth Peer Group	11.68	50	15.87	50	-1.40	50	8.36	50	4.78	50				
	American Funds Europacific Growth R6	10.37	23	16.05	52	-2.66	41	8.04	42	4.90	53	7.83		5/1/2009	
Small-Cap	Small Growth Peer Group	11.15	50	16.42	50	-2.77	50	10.43	50	7.78	50				
	Hood River Small-Cap Growth Retirement	15.62	96	21.60	88	2.78	88	16.74	97	11.73	98	13.07		3/3/2017	
	Small Value Peer Group	13.03	50	15.29	50	9.76	50	11.10	50	6.90	50				
	Victory Integrity Small-Cap Value R6	12.00	37	17.80	72	13.35	84	12.71	78	7.66	72	11.37		6/1/2012	
Mid-Cap	Mid-Cap Growth Peer Group	12.29	50	20.63	50	-0.68	50	12.87	50	9.49	50				
	JPMorgan Mid Cap Growth R6	13.21	66	23.35	68	0.00	60	15.76	94	11.41	92	13.89		11/1/2011	
	Mid-Cap Value Peer Group	11.26	50	12.20	50	9.91	50	11.59	50	7.79	50				
	Allspring Special Mid Cap Value R6	9.33	15	9.62	23	10.48	63	13.59	85	9.29	90	10.61		6/28/2013	
Large-Cap	Large Growth Peer Group	14.02	50	39.54	50	5.45	50	16.13	50	12.46	50				
	American Funds Growth Fund of Amer R6	14.38	64	37.65	41	4.62	40	15.27	35	12.20	44	14.23		5/1/2009	
	Large Value Peer Group	9.48	50	10.87	50	9.60	50	11.27	50	8.30	50				
	Diamond Hill Large Cap Y	11.48	88	13.78	74	7.50	14	12.39	75	9.45	85	11.79		12/30/2011	
Asst All/Other	Target-Date Retirement Peer Group	7.41	50	10.43	50	0.55	50	4.86	50	3.71	50				
	Vanguard Target Retirement Income Fund	7.34	47	10.74	59	0.56	51	4.83	47	4.09	66	4.87		10/27/2003	
	Target-Date 2020 Peer Group	8.10	50	11.78	50	1.58	50	6.55	50	5.17	50				
	Vanguard Target Retirement 2020 Fund	8.00	44	12.51	68	1.47	44	6.61	55	5.52	73	5.91		6/7/2006	
	Target-Date 2025 Peer Group	8.56	50	12.53	50	1.83	50	7.01	50	5.48	50				
	Vanguard Target Retirement 2025 Fund	8.87	74	14.55	90	2.03	58	7.56	74	6.10	81	6.53		10/27/2003	
	Target-Date 2030 Peer Group	9.38	50	14.47	50	2.49	50	8.17	50	6.20	50				
	Vanguard Target Retirement 2030 Fund	9.53	62	16.03	88	2.66	58	8.37	62	6.58	72	6.57		6/7/2006	
	Target-Date 2035 Peer Group	9.99	50	16.37	50	3.36	50	9.11	50	6.85	50				
	Vanguard Target Retirement 2035 Fund	9.87	40	17.14	70	3.33	48	9.17	52	7.06	66	7.32		10/27/2003	
	Target-Date 2040 Peer Group	10.45	50	18.09	50	4.24	50	9.98	50	7.29	50				
	Vanguard Target Retirement 2040 Fund	10.23	32	18.34	60	4.02	35	9.99	51	7.52	68	7.22		6/7/2006	
	Target-Date 2045 Peer Group	10.89	50	19.41	50	4.79	50	10.55	50	7.63	50				
	Vanguard Target Retirement 2045 Fund	10.57	31	19.48	54	4.68	45	10.76	58	7.91	70	7.97		10/27/2003	
	Target-Date 2050 Peer Group	11.02	50	19.86	50	4.89	50	10.76	50	7.71	50				
	Vanguard Target Retirement 2050 Fund	10.79	38	20.17	58	4.91	51	10.93	58	7.99	67	7.51		6/7/2006	
	Target-Date 2055 Peer Group	11.15	50	20.23	50	5.04	50	10.86	50	7.86	50				
	Vanguard Target Retirement 2055 Fund	10.78	28	20.16	48	4.92	46	10.92	53	7.97	58	9.77		8/18/2010	
	Target-Date 2060 Peer Group	11.05	50	19.99	50	4.94	50	10.91	50	7.71	50				
Vanguard Target Retirement 2060 Fund	10.79	34	20.18	55	4.92	48	10.92	51	7.97	65	9.52		1/19/2012		
Target-Date 2065+ Peer Group	11.16	50	20.42	50	4.80	50	11.07	50	N/A	50					
Vanguard Target Retirement 2065 Fund	10.79	28	20.15	42	4.95	55	10.91	32	N/A	N/A	8.44		7/12/2017		
Bond	Intermediate Core-Plus Bond Peer Group	7.03	50	6.30	50	-3.27	50	1.47	50	1.95	50				
	Metropolitan West Total Return Bd Plan	7.54	83	6.07	40	-3.63	32	1.31	40	1.91	47	2.56		7/29/2011	
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	9.97	49	15.52	35	1.77	39	7.34	34	4.09	55	4.86		11/29/2010	
	Vanguard Small Cap Index Adm (Idx)	13.41	60	18.20	79	4.66	45	11.70	72	8.43	86	9.02		11/13/2000	
	Vanguard Mid Cap Index Admiral (Idx)	12.27	68	15.98	46	5.49	32	12.71	77	9.41	88	9.83		11/12/2001	
	Vanguard Institutional Index I (Idx)	11.68	52	26.24	74	9.96	75	15.66	81	12.00	90	10.31		7/31/1990	

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

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

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

Data Source: Morningstar® DirectSM

Please refer to the Appendix page for additional disclosures

Sharpe Ratio and Expense Analysis: Irvine Ranch Water District

period ended 12/31/2023

Fund Name	Sharpe Ratios and Percentiles %				Standard Deviation		Expense Ratio	Expense Percentile %	Manager Tenure (yrs)	Fund Size \$MM
	3 Yr Ratio	3 Yr %	5 Yr Ratio	5 Yr %	3 Yr	5 Yr				
Intl	Foreign Large Growth Peer Group	-0.11	50	0.41	50	18.83	19.22	0.96	50	
	American Funds Europacific Growth R6	-0.20	35	0.39	42	17.92	19.23	0.47	5	23
Small-Cap	Small Growth Peer Group	-0.15	50	0.45	50	21.36	23.80	1.09	50	
	Hood River Small-Cap Growth Retirement	0.13	90	0.66	96	23.81	25.61	0.99	40	21
	Small Value Peer Group	0.43	50	0.47	50	21.45	24.95	1.09	50	
	Victory Integrity Small-Cap Value R6	0.57	83	0.51	69	21.56	26.92	0.96	32	20
Mid-Cap	Mid-Cap Growth Peer Group	-0.04	50	0.56	50	21.25	22.38	1.02	50	
	JPMorgan Mid Cap Growth R6	-0.02	58	0.69	95	20.20	21.67	0.70	11	19
	Mid-Cap Value Peer Group	0.46	50	0.53	50	18.85	21.71	0.94	50	
	Allspring Special Mid Cap Value R6	0.51	72	0.63	88	17.44	20.76	0.69	12	15
Large-Cap	Large Growth Peer Group	0.24	50	0.73	50	20.80	20.84	0.88	50	
	American Funds Growth Fund of Amer R6	0.20	39	0.71	39	19.92	20.36	0.30	5	30
	Large Value Peer Group	0.49	50	0.56	50	16.53	18.74	0.86	50	
	Diamond Hill Large Cap Y	0.35	11	0.58	64	18.11	20.09	0.55	14	21
Asst All/Other	Target-Date Retirement Peer Group	-0.15	50	0.36	50	8.99	8.36	0.58	50	
	Vanguard Target Retirement Income Fund	-0.19	37	0.39	62	8.48	7.93	0.08	2	11
	Target-Date 2020 Peer Group	-0.04	50	0.45	50	10.36	10.59	0.53	50	
	Vanguard Target Retirement 2020 Fund	-0.05	43	0.48	62	10.04	10.35	0.08	3	11
	Target-Date 2025 Peer Group	-0.01	50	0.47	50	11.09	11.76	0.59	50	
	Vanguard Target Retirement 2025 Fund	0.02	60	0.50	70	11.60	12.05	0.08	2	11
	Target-Date 2030 Peer Group	0.06	50	0.51	50	12.52	13.31	0.59	50	
	Vanguard Target Retirement 2030 Fund	0.07	60	0.52	62	12.65	13.27	0.08	2	11
	Target-Date 2035 Peer Group	0.13	50	0.54	50	13.80	14.75	0.60	50	
	Vanguard Target Retirement 2035 Fund	0.13	48	0.55	57	13.48	14.37	0.08	2	11
	Target-Date 2040 Peer Group	0.19	50	0.56	50	14.91	16.04	0.64	50	
	Vanguard Target Retirement 2040 Fund	0.17	36	0.57	62	14.30	15.47	0.08	2	11
	Target-Date 2045 Peer Group	0.22	50	0.57	50	15.69	16.95	0.63	50	
	Vanguard Target Retirement 2045 Fund	0.21	46	0.58	70	15.16	16.56	0.08	2	11
	Target-Date 2050 Peer Group	0.22	50	0.57	50	15.86	17.17	0.63	50	
	Vanguard Target Retirement 2050 Fund	0.23	52	0.59	70	15.53	16.77	0.08	2	11
	Target-Date 2055 Peer Group	0.23	50	0.58	50	16.09	17.32	0.64	50	
	Vanguard Target Retirement 2055 Fund	0.23	47	0.58	69	15.53	16.77	0.08	2	11
	Target-Date 2060 Peer Group	0.23	50	0.58	50	15.99	17.29	0.64	50	
	Vanguard Target Retirement 2060 Fund	0.23	51	0.59	64	15.52	16.75	0.08	2	11
	Target-Date 2065+ Peer Group	0.22	50	0.58	50	16.19	17.80	0.63	50	
	Vanguard Target Retirement 2065 Fund	0.23	55	0.58	51	15.52	16.76	0.08	3	7
Bond	Intermediate Core-Plus Bond Peer Group	-0.74	50	-0.04	50	7.50	6.78	0.68	50	
	Metropolitan West Total Return Bd Plan	-0.73	53	-0.07	39	8.12	6.86	0.37	9	27
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	0.04	38	0.37	36	16.79	18.27	0.11	5	15
	Vanguard Small Cap Index Adm (Idx)	0.20	45	0.51	75	20.32	23.24	0.05	3	8
	Vanguard Mid Cap Index Admiral (Idx)	0.24	32	0.58	78	19.20	21.13	0.05	3	3
	Vanguard Institutional Index I (Idx)	0.49	73	0.77	84	17.54	18.52	0.04	3	6

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

Expense refers to the Prospectus Net Expense Ratio

Data Source: Morningstar® DirectSM

Please refer to the Appendix page for additional disclosures

Annual Returns and Statistics: Irvine Ranch Water District

period ended 12/31/2023

Fund Name	Calendar Year Returns					Modern Portfolio Theory Statistics (3 year)			Portfolio Construction			
	2023	2022	2021	2020	2019	Alpha	Beta	R2	Turnover Ratio	Number of Holdings	% in top 10 holdings	
Intl	Foreign Large Growth Peer Group	15.87	-23.84	8.89	21.91	28.26						
	American Funds Europacific Growth R6	16.05	-22.72	2.84	25.27	27.40	-0.27	1.02	95	34	354	22%
Small-Cap	Small Growth Peer Group	16.42	-27.90	9.37	37.56	28.75						
	Hood River Small-Cap Growth Retirement	21.60	-27.93	23.88	60.81	24.19	4.76	1.07	93	95	96	27%
	Small Value Peer Group	15.29	-11.73	30.33	4.05	22.47						
	Victory Integrity Small-Cap Value R6	17.80	-7.58	33.76	1.33	23.28	2.83	0.95	96	61	127	12%
Mid-Cap	Mid-Cap Growth Peer Group	20.63	-28.27	12.46	36.50	34.45						
	JPMorgan Mid Cap Growth R6	23.35	-26.96	10.99	48.51	39.96	-1.46	0.94	98	45	111	20%
	Mid-Cap Value Peer Group	12.20	-7.93	28.38	3.24	27.74						
	Allspring Special Mid Cap Value R6	9.62	-4.50	28.80	3.36	35.68	2.50	0.87	96	27	64	32%
Large-Cap	Large Growth Peer Group	39.54	-31.13	22.04	35.89	33.18						
	American Funds Growth Fund of Amer R6	37.65	-30.49	19.69	38.28	28.54	1.74	1.03	95	31	357	28%
	Large Value Peer Group	10.88	-5.25	25.96	2.87	25.68						
	Diamond Hill Large Cap Y	13.78	-13.27	25.89	9.07	32.34	-1.53	1.07	98	38	51	30%
Asst All/Other	Target-Date Retirement Peer Group	10.43	-12.70	6.36	9.87	13.27						
	Vanguard Target Retirement Income Fund	10.74	-12.74	5.25	10.02	13.16	-1.00	0.86	99	4	6	99%
	Target-Date 2020 Peer Group	11.78	-14.13	9.17	11.82	17.07						
	Vanguard Target Retirement 2020 Fund	12.51	-14.15	8.17	12.04	17.63	0.15	1.02	99	3	6	99%
	Target-Date 2025 Peer Group	12.53	-15.09	10.11	12.40	18.58						
	Vanguard Target Retirement 2025 Fund	14.55	-15.55	9.80	13.30	19.63	0.34	0.90	99	6	6	99%
	Target-Date 2030 Peer Group	14.47	-15.99	11.78	13.70	20.77						
	Vanguard Target Retirement 2030 Fund	16.03	-16.27	11.38	14.10	21.07	1.10	0.98	99	3	5	99%
	Target-Date 2035 Peer Group	16.37	-16.68	14.11	14.29	22.57						
	Vanguard Target Retirement 2035 Fund	17.14	-16.62	12.96	14.79	22.44	1.86	1.05	99	1	5	99%
	Target-Date 2040 Peer Group	18.09	-17.37	15.98	15.32	23.95						
	Vanguard Target Retirement 2040 Fund	18.34	-16.98	14.56	15.47	23.86	-1.38	0.86	99	1	5	99%
	Target-Date 2045 Peer Group	19.41	-17.91	17.19	15.49	24.80						
	Vanguard Target Retirement 2045 Fund	19.48	-17.36	16.16	16.30	24.94	-0.86	0.92	100	1	6	99%
	Target-Date 2050 Peer Group	19.86	-18.12	17.38	15.93	25.06						
	Vanguard Target Retirement 2050 Fund	20.17	-17.46	16.41	16.39	24.98	-0.68	0.94	100	2	5	99%
	Target-Date 2055 Peer Group	20.23	-18.25	17.79	15.71	25.35						
	Vanguard Target Retirement 2055 Fund	20.16	-17.46	16.44	16.32	24.98	-0.68	0.94	100	1	6	99%
	Target-Date 2060 Peer Group	19.99	-18.18	17.65	16.20	25.41						
	Vanguard Target Retirement 2060 Fund	20.18	-17.46	16.44	16.32	24.96	-0.67	0.94	100	1	6	99%
	Target-Date 2065+ Peer Group	20.42	-18.32	17.78	16.50	26.32						
	Vanguard Target Retirement 2065 Fund	20.15	-17.39	16.46	16.17	24.96	-0.65	0.94	100	1	6	99%
Bond	Intermediate Core-Plus Bond Peer Group	6.30	-14.00	-0.91	8.58	9.37						
	Metropolitan West Total Return Bd Plan	6.07	-14.69	-1.11	9.17	9.23	0.41	1.12	99	426	1847	36%
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	15.52	-16.01	8.62	11.28	21.51	0.28	1.02	99	4	8566	9%
	Vanguard Small Cap Index Adm (Idx)	18.20	-17.61	17.73	19.11	27.37	0.68	0.95	99	14	1426	4%
	Vanguard Mid Cap Index Admiral (Idx)	15.98	-18.71	24.51	18.24	31.03	-0.38	0.99	100	12	341	8%
	Vanguard Institutional Index I (Idx)	26.24	-18.14	28.67	18.39	31.46	-0.03	1.00	100	3	506	32%

Current performance may be lower or higher than performance data shown. Performance data quoted represents past performance and is not a guarantee or prediction of future results

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

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

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

Data Source: Morningstar® DirectSM

Please refer to the Appendix page for additional disclosures

Index Performance

period ending 12/31/2023

	Index	Total Return 1 Year	Total Return Annlzd 3 Year	Total Return Annlzd 5 Year	Total Return Annlzd 10 Year	Annual Return 2023	Annual Return 2022	Annual Return 2021	Annual Return 2020	Annual Return 2019
International	MSCI EMF ID	7.04	-7.45	1.17	0.21	7.04	-22.37	-4.59	15.84	15.42
	MSCI Eafe Ndtr_D	18.24	4.02	8.16	4.28	18.24	-14.45	11.26	7.82	22.01
	MSCI World Ndtr_D	23.79	7.27	12.80	8.60	23.79	-18.14	21.82	15.90	27.67
Small-Cap	Russell 2000 Growth	18.66	-3.50	9.22	7.16	18.66	-26.36	2.83	34.63	28.48
	Russell 2000	16.93	2.22	9.97	7.16	16.93	-20.44	14.82	19.96	25.52
	Russell 2000 Value	14.65	7.94	10.00	6.76	14.65	-14.48	28.27	4.63	22.39
Mid-Cap	Russell Midcap Growth	25.87	1.31	13.81	10.57	25.87	-26.72	12.73	35.59	35.47
	Standard & Poor's Midcap 400	16.44	8.09	12.62	9.27	16.44	-13.06	24.76	13.66	26.20
	Russell Midcap Value	12.71	8.36	11.16	8.26	12.71	-12.03	28.34	4.96	27.06
Large-Cap	Russell 1000 Growth	42.68	8.86	19.50	14.86	42.68	-29.14	27.60	38.49	36.39
	Standard & Poor's 500 TR	26.29	10.00	15.69	12.03	26.29	-18.11	28.71	18.40	31.49
	Russell 1000 Value	11.46	8.86	10.91	8.40	11.46	-7.54	25.16	2.80	26.54
Bond	Bloomberg US Agg Bond TR USD	5.53	-3.31	1.10	1.81	5.53	-13.01	-1.54	7.51	8.72
	Bloomberg US Credit TR USD	8.18	-3.21	2.45	2.83	8.18	-15.26	-1.08	9.35	13.80
	Bloomberg US MBS TR USD	5.05	-2.86	0.25	1.38	5.05	-11.81	-1.04	3.87	6.35
	Bloomberg US Government TR USD	4.09	-3.74	0.56	1.27	4.09	-12.32	-2.28	7.94	6.83
	Bloomberg US Govt 1-3 Yr TR USD	4.32	-0.08	1.28	1.05	4.32	-3.81	-0.60	3.14	3.59

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

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

Data Source: Morningstar® DirectSM

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About investment risk:

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

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

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

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



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

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APPENDIX - GLOSSARY



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX - GLOSSARY (CONT.)



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

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

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

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

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

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

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

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

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

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

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

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

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


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

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March 5, 2024

Prepared by: J. Davis / K. Morris

Submitted by: N. Adly

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

REAL ESTATE QUARTERLY PERFORMANCE

SUMMARY:

Staff will provide the Committee with an update on the financial performance of IRWD's real estate investments and other revenue generating properties for the quarter ended December 31, 2023.

BACKGROUND:

For the quarter ended December 31, 2023, the net operating income (NOI) for IRWD's residential and commercial real estate investment properties was \$3.8 million, which represents a 14.37% annualized return. The fiscal year (FY) to date NOI was approximately \$7.7 million. A report summarizing the NOI and returns for IRWD's real estate investment properties, golf course land lease, and cell sites over the course of the year is provided as Exhibit "A". More detail descriptions of the returns on the District real estate investments, by category, are included below.

Residential Investment Properties:

The NOI for the Sycamore Canyon Apartments for the quarter ended December 31, 2023, was approximately \$2.6 million and \$5.3 million fiscal year to date, which were favorable to budget by \$229,082 and \$373,879, respectively. The variances were due to higher than anticipated revenue from increased lease rates. The District's limited partnership investment in the Wood Canyon Villa property earned a preferred return of 9.00% providing income of \$136,110 for the quarter end and \$272,220 for the FY to date. The net return for Wood Canyon was 8.61% for the quarter end and 8.56% for the FY to date.

Commercial Investment Properties:

For the quarter and fiscal year to date December 31, 2023, NOI at the Irvine Market Place (230 Commerce) property was \$112,527 and \$248,725, which was unfavorable to budget by \$25,690 and \$31,959, respectively. The variances were due to lower than budgeted rent revenue resulting from two vacant suites and higher than anticipated operating expenses for HVAC repairs, remediation repairs, and utilities. Currently, the property has one suite available, which is being marketed by IRWD's commercial broker, Colliers International. The property is currently 87.37% occupied.

For the quarter ended December 31, 2023, NOI at the Waterworks Way Business Park property was \$180,548 and was in line with budget. FY to date NOI was \$372,505 and favorable to budget by \$17,762 due to lower maintenance expenses. The property is currently 100% occupied.

For the quarter and fiscal year ended December 31, 2023, the NOI for the Sand Canyon Medical Office property was \$156,584 and \$327,575, which was unfavorable to budget by \$17,882 and \$22,918. The variances were primarily due to higher than budgeted property taxes. The property is currently 100% occupied.

For the quarter ended December 31, 2023, NOI at the Sand Canyon Professional Center general office property was \$594,270 which was in line with budget. Fiscal year to date NOI was \$1,166,525 and unfavorable to budget by \$33,625 due to higher than budgeted common area maintenance (CAM) and repair expenses. The property is currently 100% occupied.

Strawberry Farms Golf Course and Cell Site Leases:

Land lease income for Strawberry Farms Golf Course for the quarter ended December 31, 2023, was \$252,217. This was a 6.63% increase compared to the same period last year when income was \$236,525. The fiscal year to date income was \$573,142, representing an increase of 9.80% compared to the same period last year. The additional revenues were due to an increase in green fees from rounds of golf played. For the quarter and FY ended December 31, 2023, the lease revenue from the District's five cell sites were \$66,732 and \$149,704, which were a decrease of \$62,769 and \$105,201 from the same period last year, respectively. The decreases were primarily due to renewal signing bonuses in the previous period.

FISCAL IMPACTS:

Fiscal impacts are discussed above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Real Estate Performance Report

Exhibit "A"

Irvine Ranch Water District Real Estate Investment Performance Report as of December 31, 2023

INCOME PROPERTIES			FY 2023-24									FY 2023-2024 RATE OF RETURN			3 Year Average Rate of Return	5 Year Average Rate of Return
Property Description	Capital Investment	Investment Inception	Jul-23	Aug-23	Sep-23	FY Q1	Oct-23	Nov-23	Dec-23	FY Q2	FY 2023-24 TOTAL	Annualized Q1	Annualized Q2	Average Fiscal YTD	FY 21/22 - 23/24	FY 19/20 - 23/24
Sycamore Canyon Apartments	\$ 45,457,369	Dec-92	\$ 875,766	\$ 872,094	\$ 953,970	\$ 2,701,830	\$ 901,102	\$ 923,359	\$ 815,898	\$ 2,640,359	\$ 5,342,189	23.77%	23.23%	23.50%	21.47%	20.29%
Wood Canyon Villa Apartments	\$ 6,000,000	Jun-91	\$ 45,863	\$ 45,863	\$ 44,384	\$ 136,110	\$ 45,863	\$ 44,384	\$ 45,863	\$ 136,110	\$ 272,220	8.50%	8.61%	8.56%	9.00%	9.00%
Irvine Market Place Office	\$ 5,568,747	Jul-03	\$ 58,291	\$ 31,873	\$ 46,034	\$ 136,198	\$ 48,265	\$ 36,368	\$ 27,894	\$ 112,527	\$ 248,725	9.78%	8.08%	8.93%	10.30%	10.41%
Waterworks Way Business Park	\$ 8,983,395	Nov-08	\$ 66,980	\$ 63,049	\$ 61,928	\$ 191,957	\$ 58,744	\$ 62,608	\$ 59,196	\$ 180,548	\$ 372,505	8.55%	8.04%	8.29%	7.54%	7.01%
Sand Canyon Professional Center - Medical	\$ 8,715,929	Jul-12	\$ 55,221	\$ 56,044	\$ 59,726	\$ 170,991	\$ 60,701	\$ 50,663	\$ 45,220	\$ 156,584	\$ 327,575	7.85%	7.19%	7.52%	8.43%	8.66%
Sand Canyon Professional Center - General	\$ 31,404,103	Sep-20	\$ 179,525	\$ 197,128	\$ 195,602	\$ 572,255	\$ 200,269	\$ 203,546	\$ 190,455	\$ 594,270	\$ 1,166,525	7.29%	7.57%	7.43%		
\$ 106,129,543			\$ 1,281,646	\$ 1,266,051	\$ 1,361,644	\$ 3,909,341	\$ 1,314,944	\$1,320,928	\$1,184,526	\$3,820,398	\$ 7,729,739	14.70%	14.37%	14.54%	16.44%	15.69%

Notes/Assumptions:

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


Irvine Ranch Water District
Real Estate Investment Performance Report
Strawberry Farms Golf Course & Cell Site
as of December 31, 2023

Property Description	2023-24 NET INCOME								
	Jul-23	Aug-23	Sep-23	FY Q1	Oct-23	Nov-23	Dec-23	FY Q2	NET INCOME 2023 - 2024
Strawberry Farms Golf Course	\$ 105,407	\$ 112,890	\$ 102,629	\$ 320,925	\$ 96,110	\$ 83,910	\$ 72,197	\$ 252,217	\$ 573,142
Change From Prior Year Period:								\$ 15,692 6.63%	\$ 51,169 9.80%
Cellular Sites	\$ 36,136	\$ 18,284	\$ 28,552	\$ 82,972	\$ 16,986	\$ 19,870	\$ 29,876	\$ 66,732	\$ 149,704
Change From Prior Year Period:								\$ (62,769) -48.47%	\$ (105,201) -41.27%

March 5, 2024

Prepared by: D. Kanoff / S. Aryan

Submitted by: T. Mitcham

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

RISK MANAGEMENT QUARTERLY REPORT

SUMMARY:

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

BACKGROUND:

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

- Insurance premiums total \$1,380,998 and are \$179,252 under budget;
- Third-party claim administration expenses total \$1,575 and are \$13,425 under budget;
- Legal expenses total \$13,161; and
- Claim payments total \$8,052 and are \$41,948 under budget.

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

FISCAL IMPACTS:

Fiscal impacts are outlined above.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Insurance and Claims Summary

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

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Exhibit "A"

Irvine Ranch Water District Insurance and Claims Summary Period Ending December 31, 2023

PREMIUM	Actual FY 23/24	Budget FY 23/24	Variance	% Variance	Prior Actual FY 22/23
Crime	5,894	6,250	357	6%	5,613
General Liability	890,861	950,000	59,139	6%	722,289
Pollution	91,961	116,500	24,539	21%	90,140
Property	362,987	450,000	87,013	19%	311,873
Cyber	29,295	37,500	8,205	22%	30,271
Total	1,380,998	1,560,250	179,252	11%	1,160,186

CATEGORY	Closed FY 23/24	Total FY 23/24	Budget FY 23/24	Variance	Prior FY 22/23
Claim Payments - Property	8,052	8,052	50,000	41,948	31,559
Claim Admin	1,575	1,575	15,000	13,425	1,500
Total FY 23/24	9,627	9,627	65,000	55,373	33,059

*

*

Includes \$1,575 annual administrative fee

CATEGORY	Open FY 23/24	Total FY 23/24	Prior FY 22/23
Legal	13,161	13,161	21,124
Total FY 23/24	13,161	13,161	21,124

ACTIVITY	FY 2022/23	FY 2023/24
Beginning Open Claims	3	1
New Claims	13	8
Closed Claims	(15)	(7)
Current Open Claims	1	2


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Exhibit "B"

Register of Closed General Liability Claims as of December 31, 2023

Closed Claims Fiscal Year 2023-2024			
CLAIM TYPE	CLAIMANT	Claim Payments - Property	Grand Total
Single Event	Agustin Delgado	1,629	1,629
	Frank McGovern	1,250	1,250
	Heather McDermott	1,766	1,766
	Powerstone Property Management	185	185
	Richard Petruccio	18	18
	Robert Saavedra	1,250	1,250
	Tracy Duong	1,954	1,954
Grand Total		8,052	8,052

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March 5, 2024
Prepared by: J. Davis
Submitted by: K. Morris / N. Adly
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

RESIDENTIAL INVESTMENT PROPERTY PERFORMANCE
2023 ANNUAL REPORT

SUMMARY:

Staff and IRWD’s apartment property consultant, Real Impact Consulting, LLC, will present the annual performance report for the Sycamore Canyon and Wood Canyon Villa apartment properties for the calendar year ended December 31, 2023. The report will include property management and capital improvement plans for calendar year 2024 and an update on the Orange County apartment market.

BACKGROUND:

Staff completed its analysis of the 2023 financial statements (calendar year) and final 2024 operating and capital budgets for the Sycamore Canyon and Wood Canyon Villa apartment properties, as submitted by IRWD’s apartment property manager Western National Properties. At the meeting, staff and Ms. Yunmi Martin of Real Impact Consulting, LLC will present the following:

- A report of the 2023 financial performance for the District’s residential investment properties including an overview of completed capital projects;
- A review of budget highlights and planned capital projects for 2024, which include additional roof replacements, deck and balcony repairs / replacements, unit interior upgrades (kitchen lighting, cabinet hardware, baseboards, etc.); and
- An updated forecast of Orange County apartment market activity for 2024 including new apartment construction projects, rental rate and occupancy projections, and perspectives on the 2024 apartment leasing market from industry economists.

FISCAL IMPACTS:

For calendar year 2023, the net operating income (NOI) from the Sycamore Canyon Apartments property was \$10.6 million. The District’s preferred return income from the Wood Canyon Villa property was \$540,000. For calendar year 2024, the NOI from the Sycamore Canyon Apartments property is projected to be \$10.9 million and the preferred return income from the Wood Canyon Villa property is projected to be \$540,000.

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" – 2023 Year End Residential Investment Properties Update

IRVINE RANCH WATER DISTRICT RESIDENTIAL INVESTMENT PROPERTIES 2023 Year End Update



AGENDA

2023

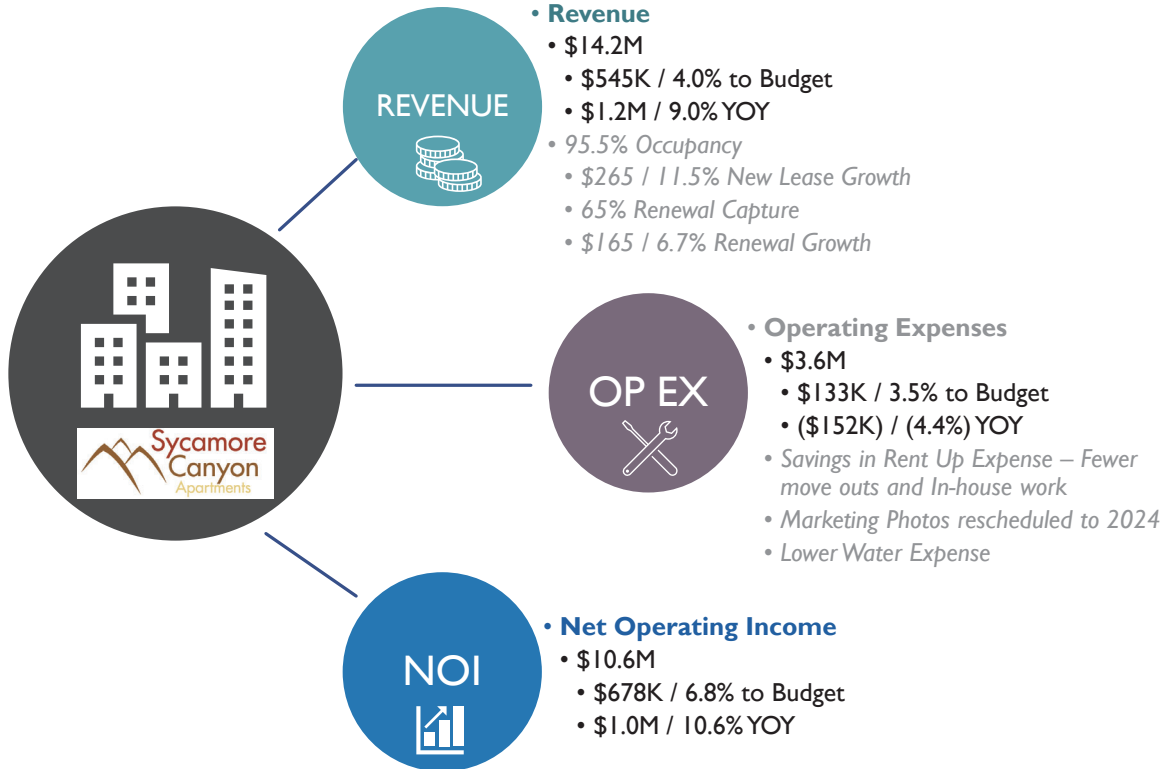
- Financial Performance
- Capital Project Completions

**Multifamily
Market
Overview**

- Orange County

2024

- Financial Forecast



2023 Capital Spend \$2.6M

Major Projects:

- Decks \$907K
- Concrete (Pool Decks) \$233K
- Interior Upgrades \$253K
- Landscape Enhancements \$178K
- Wood Replacement \$174K
- Front Doors \$143K



Pools #2 & #3
• New Concrete Decks
• New Furniture



Deck Replacement in Progress



2023 MAJOR CAPITAL PROJECTS – SYCAMORE CANYON



Completed Decks
• X Decks replaced in 2023

2023 MAJOR CAPITAL PROJECTS – SYCAMORE CANYON



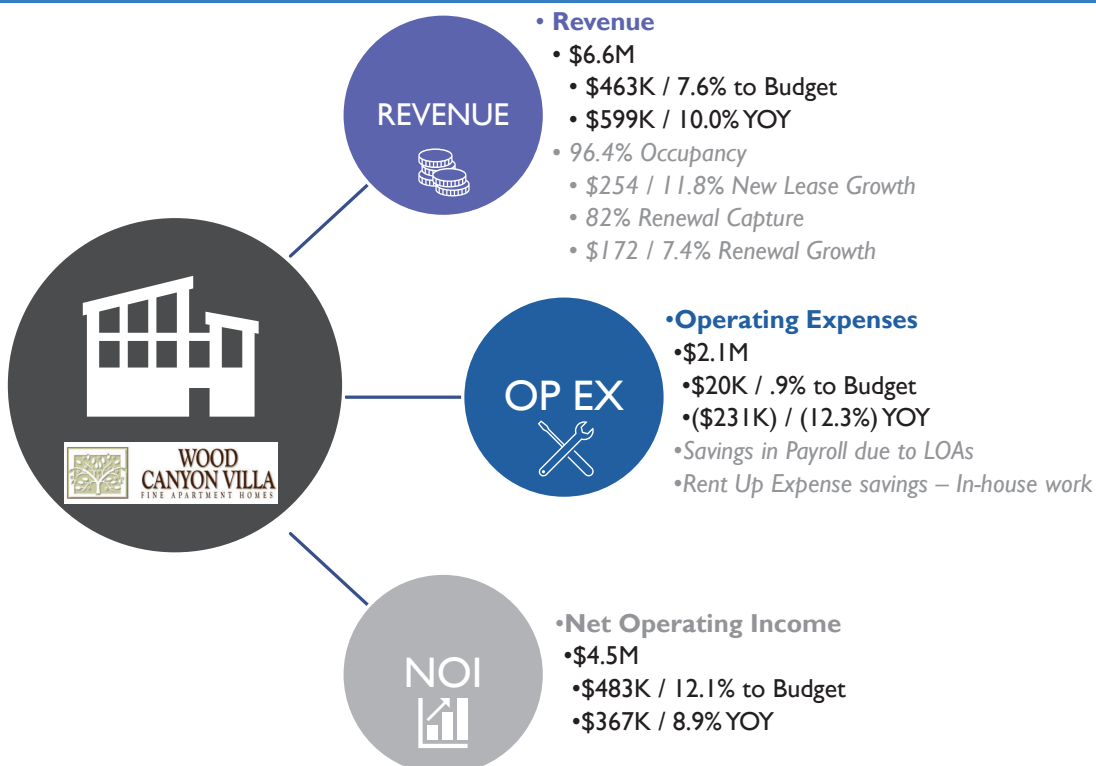
100 Front Doors Replaced



Breezeway Landscape Renovation
• 5 Completed in 2023



Unit Interior Upgrades
 • 274 Units Completed to Date





2023 Capital Spend \$841K

Major Projects:

- Decks \$221K
- Exterior Paint \$137K
- Roof Carport \$58K
- Landscape Enhancements \$50K



Ongoing Landscape Enhancements





Fitness Center Enhancement



Exterior Trim Paint



Appliance Package



Carport Replacement
• Phase 2 of 3 Complete

Exterior Trim Paint



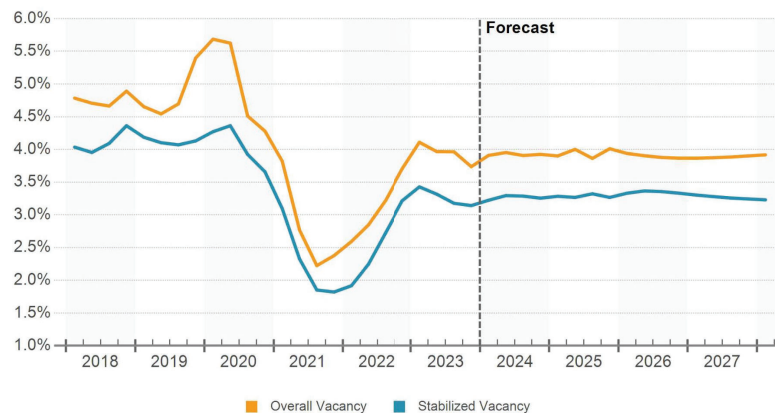
MARKET OVERVIEW

ORANGE COUNTY

MULTIFAMILY MARKET OVERVIEW – ORANGE COUNTY

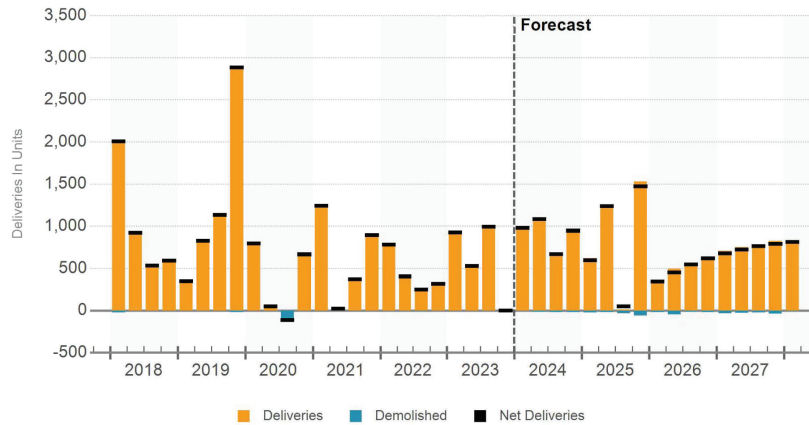
- VACANCY
 - OC Vacancy 2nd lowest of the 50 largest multifamily markets in the nation – currently at 3.8% (historic average 4.4%)
 - Highly ranked schools, low crime, high quality employment, shopping and entertainment
 - Pandemic migration outflow moderating and in-migration to area rebounding

OVERALL & STABILIZED VACANCY



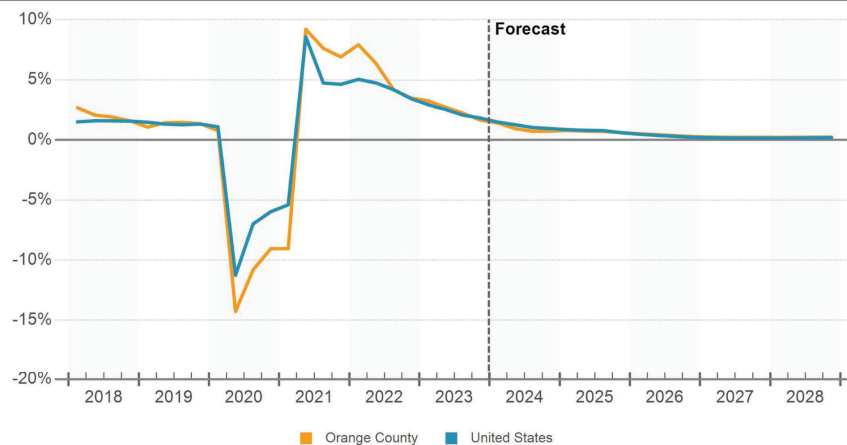
- **SUPPLY**
 - 12 mo. delivered units – 2,253
 - 12 mo. absorbed units – 2,471
 - Construction pipeline limited – 16 Properties / 6,561 units currently under construction
 - Scarcity of land
 - Tighter construction lending
 - New construction concentrated in Irvine CBD (non in Sycamore Canyon market)
 - Apartment buildings replace retail malls and strip centers

DELIVERIES & DEMOLITIONS



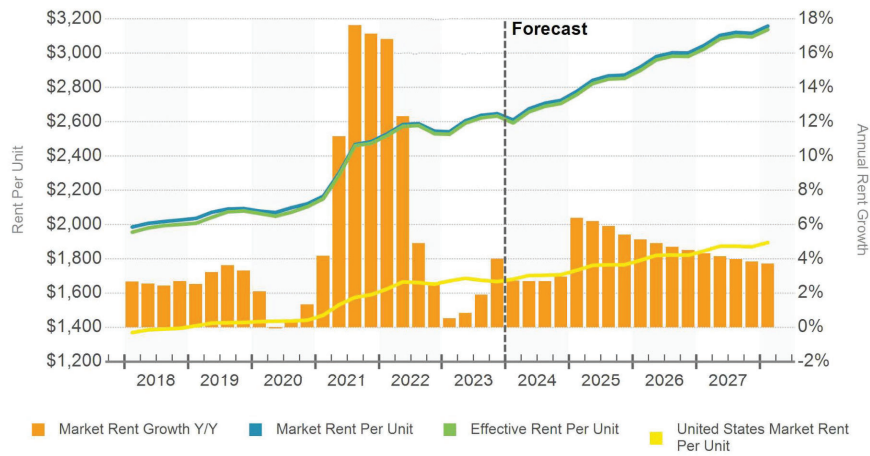
- **JOB GROWTH**
 - Muted for the near-term
 - 10 YR Historic Average – 1.57% (US 1.36%)
 - 5 YR Forecast - .41% (US .40%)
 - OC Unemployment rate climbed from 3.5% to 3.8% as workers return to area

JOB GROWTH (YOY)



- RENT
 - 2023 Rent Growth 4.0%; 2024 Forecast 3.0%
 - Average OC rent \$2,610 (Anaheim \$2,183)
 - OC 5th most expensive major market in US
 - Average rent to income ratio at 28%

MARKET RENT PER UNIT & RENT GROWTH




FINANCIAL FORECAST

2024

SYCAMORE CANYON	WOOD CANYON
REVENUE: <ul style="list-style-type: none"> • Occupancy 94.8% • \$14.7M • 4.0% YOY 	REVENUE: <ul style="list-style-type: none"> • Occupancy 96.1% • \$6.9M • 4.6% YOY
OP EX: <ul style="list-style-type: none"> • \$3.8M • 10.4% YOY <ul style="list-style-type: none"> • Insurance/Taxes 35.0% • Rent Up 34.4% • Adv/Promo 23.6% 	OP EX: <ul style="list-style-type: none"> • \$2.3M • 11.9% YOY <ul style="list-style-type: none"> • Insurance/Taxes 15.9% • Payroll 11.8% (Open Positions in 2023) • Maintenance Buildings 9.4%
NET OPERATING INCOME: <ul style="list-style-type: none"> • \$10.9M • \$207K / 1.9% YOY 	NET OPERATING INCOME: <ul style="list-style-type: none"> • \$4.6M • \$62K / 1.4% YOY
CAPITAL PROJECTS: <ul style="list-style-type: none"> • \$3.8M <ul style="list-style-type: none"> • Decks \$1.6M • Roofs \$506K • Wood Replacement \$342K • Unit Interior Upgrade \$221K 	CAPITAL PROJECTS: <ul style="list-style-type: none"> • \$1.4M <ul style="list-style-type: none"> • Decks \$667K • Exterior Trim Paint \$138K • Carport Roof \$85K • Asphalt \$81K

THANK YOU

March 5, 2024
Prepared and
Submitted by: T. Mitcham
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

REVISED PERSONNEL POLICIES AND PROCEDURES

The Irvine Ranch Water District Personnel Policies and Procedures are in place to ensure compliance with applicable laws, to maintain best practices in policy and procedure administration, and to accurately reflect processes adopted for the efficient and effective conduct of District business relative to personnel and other Human Resources related matters. Revisions to these policies are necessary from time to time to reflect legal changes and evolving best practices. Staff recommends that the Board adopt the revised Personnel Policies and Procedures to comply with existing laws and to incorporate best practices.

BACKGROUND:

The District has developed and adopted Personnel Policies and Procedures to consistently address personnel related issues at IRWD. Staff regularly reviews the policies and procedures to ensure compliance with current employment and labor laws, regulations, practices, procedures, and Memoranda of Understanding.

Staff recently evaluated IRWD Personnel Policies and Procedures. To ensure the Policies and Procedures comply with current law and reflect current practices, staff proposes revisions to the policies as shown in Exhibit “A”. These changes are summarized as follows:

- General Provision (No. 1) – Revised to authorize the General Manager to update the Policies and Procedures as necessary to comply with new state and federal laws and regulations;
- Hiring and Probation (No. 6) – Revised to reflect current practices;
- Sick Leave (No. 16) – Revised to comply with current practices and new legal changes under Senate Bill 616 relating to minimum sick leave requirements;
- Vacation (No. 18) – Revised to permit employees to take time off for vacation leave during the first six months of employment;
- Family and Medical Care Leaves of Absence (No. 19), Leave of Absence for Reproductive Loss (No. 19.3) – Adds a new addendum to Policy 19, numbered 19.3, to comply with the new legal changes made under Senate Bill 848, allowing an eligible employee to take up to five days of reproductive loss leave within three months of the event, subject to certain conditions. Current Policy No. 19.3 will be renumbered 19.4;
- Education and Training (No. 23) – Revised to incorporate required performance standards and eliminate the limit on pre-approved degree and certification incentives;
- Deferred Compensation (No. 39) – Revised to comply with current practices; and
- Use of Computer Systems and Accounts (No. 44) – Revised to address the use of Artificial Intelligence to perform work tasks or activities.

IRWD's special legal counsel has reviewed the Personnel Policies and Procedures revisions. The proposed changes were also submitted to the International Brotherhood of Electrical Workers (IBEW), Local #47, representing the District's General Unit Employees and Non-Exempt Supervisor Unit employees for their review and comment as required under the Meyers-Milias-Brown Act (Government Code Section 3500-3511).

To implement the proposed revisions to Policy Nos. 1, 6, 16, 18, 19.3, 23, 39, and 44, staff recommends that the Board adopt the resolution attached as Exhibit "A" which reflects the changes described above.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

That the Board adopt the following resolution by title:

RESOLUTION NO. 2024-

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT,
SUPERSEDING RESOLUTION NO. 2023-3,
ESTABLISHING REVISED PERSONNEL POLICIES AND PROCEDURES

LIST OF EXHIBITS:

Exhibit "A" – Resolution Establishing Revised Personnel Policies and Procedures

RESOLUTION NO. 2024 -

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
SUPERSEDING RESOLUTION NO. 2023-3,
ESTABLISHING REVISED PERSONNEL POLICIES AND PROCEDURES

The Irvine Ranch Water District is a California Water District formed pursuant to California Water Code Section 34000, et seq.

Water Code Section 34900 provides that the Board of Directors shall employ and appoint such agents, officers and employees as may be required and prescribe their duties and fix their salaries.

By adoption of Resolution No. 2023-3 dated March 13, 2023, the Board established revised Personnel Policies and Procedures.

The Board of Directors revises its Personnel Policies and Procedures periodically to ensure compliance with current employment and labor laws and regulations.

The Board of Directors intends by this Resolution to revise the Personnel Policies and Procedures to comply with recently enacted state laws effective January 1, 2024.

To provide for the efficient amendment of the Personnel Policies and Procedures when mandated by state or federal law or regulation in the future, the Board also intends by this Resolution to delegate to the General Manager the authority to amend the Personnel Policies and Procedures as necessary to comply with new state or federal law or regulation.

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

Section 1. That Resolution No. 2023-3 is hereby superseded.

Section 2. That the Personnel Policies and Procedures for Irvine Ranch Water District set forth in Attachment 1 are hereby approved and adopted and effective as of the date of adoption.

ADOPTED, SIGNED AND APPROVED this 11th day of March 2024.

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

District Secretary, IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:
Hanson Bridgett LLP

By: _____
General Counsel

IRVINE RANCH WATER DISTRICT
PERSONNEL POLICIES AND PROCEDURES
POLICY NO. 1 – GENERAL PROVISIONS

1. The objective of the Irvine Ranch Water District (District) Personnel Policies and Procedures is to act as a guideline to explain policies and rules for all applicants for employment and District employees. These Policies also explain certain benefits provided by the District and certain prohibitions or work rules established by the District. Nothing in these policies shall be construed to create a contractual right of employment between the District and any employee.
2. Consistent with Sections 3500 et seq. of the California Government Code, the District reserves the right to amend, supplement, revise, or rescind any provisions, policies or procedures described in District Personnel Policies and Procedures whenever the District determines that such action is warranted. Such changes shall become effective upon adoption by the District Board.
3. The General Manager may update the Policies and Procedures as necessary to comply with new state and federal laws and regulations.
4. The Human Resources Department is responsible for administering the policies set forth in this manual. No individual, other than the General Manager, can make any written or verbal statements requiring the District to follow different personnel policies.
45. In the event of a clear conflict between these Policies and another District-wide or departmental policy, procedure, or practice, these Policies shall control, unless the General Manager has given advance authorization for the conflicting policy, procedure, or practice in writing. In the event of a clear conflict between these Policies and a valid Memorandum of Understanding, the Memorandum of Understanding shall control.

Adopted by IRWD Board of Directors on: **February 11, 2019**

IRVINE RANCH WATER DISTRICT
PERSONNEL POLICIES AND PROCEDURES
POLICY NO. 6 - HIRING AND PROBATION

I. IN GENERAL

A. Commitment to Compliance with Employment Laws Regarding Hiring

The District is committed to full compliance with state and federal laws affecting the hiring process. It is the District's policy to recruit, screen, employ, retain, promote, train, compensate, evaluate, terminate, and otherwise treat all job applicants on the basis of merit, qualifications, and competence. This policy shall be applied without regard to any individual's sex, sexual orientation, gender, gender identity, gender expression, race, color, religion, national origin, ancestry, pregnancy, age, marital status or registered domestic partner status, military or veteran status, genetic information, medical condition, physical or mental disability, or any other characteristic protected by applicable state or federal law. Further, the District does not discriminate against applicants or employees who are perceived to have such characteristics or who associate with an individual having such characteristics.

B. Position Categories

In an effort to determine eligibility for various benefits, the following position categories have been established:

- 1. Regular Full-Time Employee:** Hired to work on a regular basis for 40 hours/week. Eligible for all benefits.
- 2. Regular Part-Time Employee:** Hired to work on a regular basis for less than 40 hours/week. Eligible for all benefits on a pro-rated basis.
- 3. Temporary Employee:** Hired to work for a limited duration due to special projects, backlogs, or emergencies on either a full-time (40 hours/week) or part-time (less than 40 hours/week) basis. Only eligible for holiday pay, workers' compensation benefits, sick leave, and other benefits as required by law.
 - a. Student Intern:** A temporary employee who is actively enrolled as a student in an institution of higher learning at either the undergraduate or graduate level. Student Interns work less than 20 hours/week.

C. Posting

1. The Human Resources Department of the District is responsible for posting employment opportunities available within the District. Employment opportunities ordinarily will be posted for a minimum of five days via electronic communication methods.

POLICY NO. 6 – HIRING & PROBATION

2. Employees who are interested in posted positions are required to complete an electronic application form via the District's on-line applicant tracking system prior to the posted closing date for the position.

D. Eligibility for Promotions and Transfers

1. The District encourages employees to apply for promotions to positions for which they are qualified. Promotional opportunities are posted via the District's on-line applicant tracking system and announced via email and the District's intranet system.
2. Employees ~~who have been employed by the District for at least six months and are~~ interested in consideration for posted positions are required to complete an electronic application form via the District's on-line applicant tracking system prior to the posted closing date. ~~Employees who have been employed with the District less than six months may not qualify for a transfer or promotion to another position if the change is not in the best interest of the District, as determined in the sole discretion of the Director of Human Resources.~~
3. Promotions and transfers shall be based on the ability, qualifications, and potential of the candidates for the positions. Employees are not automatically entitled to a promotion or transfer for which they apply.
4. The District is an Equal Employment Opportunity employer, as addressed in Policy 2.

E. Hire of Temporary Employee into Regular Status

1. A temporary employee who competes successfully for a regular position is not eligible for retroactive District benefits. Additionally, their anniversary date will not be adjusted to give the employee credit for the number of hours worked for the District as a temporary employee.

II. HIRING PROCESS

A. Minimum Qualification Review, Criminal Conviction History, and Salary History Information

1. Applications are reviewed by a Human Resources representative to determine those that meet the minimum qualifications of the job. The applications of all candidates who meet the minimum qualifications for an open position at the District will be forwarded to the appropriate Department by the Human Resources Department via the District's electronic applicant tracking system. Each department is responsible to provide information to the Human Resources Department regarding those applicants with whom the department wishes to invite for an interview.

POLICY NO. 6 – HIRING & PROBATION

2. The District will not ask any applicant for employment to disclose, through any written form or verbally, at any time, information concerning an arrest or detention that did not result in conviction, or information concerning a referral to, and participation in, any pretrial or posttrial diversion program, or concerning a conviction that has been judicially dismissed or ordered sealed pursuant to law, including but not limited to, Sections 1203.4, 1203.4a, 1203.45, and 1201.1 of the Penal Code.
3. Unless otherwise required by law, the District will not ask an applicant for employment to disclose, orally or in writing, information concerning the conviction history of applicant, until the District has issued a conditional offer of employment. The job announcement for the position in question will advise whether a lawful exception to this Section and/or to Sections D.2.a.ii-iv applies.
4. The District will comply with applicable California law limiting the consideration and use of salary history information for applicants.

B. Hiring and Employment of Relatives, Individuals with a Residential Relationship, or Other Actual or Potential Conflicts of Interest

1. Applicants for employment who are relatives of employees or are individuals with whom employees reside are not eligible for employment with the District in any position or assignment where potential problems of supervision, safety, security or morale exist. Further, the District desires to avoid situations in which other actual or potential conflicts of interest may exist and may deny employment on that basis in accordance with applicable law.
 - a. For purposes of this policy, relatives include an employee's parent (including in-laws and stepparents), spouse, child (including stepchild), brother, and sister (including step siblings, brother-in-law and sister-in-law). Relatives also include an employee's registered domestic partner, and the parents, children, and siblings of a registered domestic partner
 - b. As noted above, these provisions are not limited to relatives and apply to other covered situations involving actual and potential conflicts of interest.
2. If two current employees become subject to the restrictions of this policy, the District reserves the right to determine whether or not an actual or potential conflict of interest or an effect on supervision, safety, security and/or morale exists. In any case where the District determines, in its sole discretion, that a relationship between two employees may create an actual or potential conflict of interest, or may affect supervision, safety, security or morale, the District may take whatever action it determines to be appropriate to avoid the actual or potential conflict of interest.
3. Any questions regarding this conflict of interest policy should be directed to the Director of Human Resources. If an employee becomes involved in any

POLICY NO. 6 – HIRING & PROBATION

such actual or potential conflict of interest, he or she must notify his/her supervisor immediately.

C. Interview

An interview will be conducted with the selected applicants by a department representative, a representative of the Human Resources Department, and at least one other individual from within the District and/or from an external agency.

The department representative is responsible to work with Human Resources to prepare a list of job-related questions that will be asked during the interview. Each applicant will be asked the same general questions to ensure a fair and accurate evaluation of applicants interviewed.

D. Reference Checks and Verification of Education and Work History

1. Reference Checks

After obtaining any required authorization, the Human Resources Department or the hiring Department will contact any professional references identified by the applicant.

2. Work History Verification

A work history investigation will be conducted by the Human Resources Department or the investigative firm conducting the background check for all applicants being considered for employment. Information concerning the last three positions held or 10 years will generally be obtained. Falsification of work history will generally be grounds for immediate termination or withdrawal of an employment offer.

3. Educational History Verification

Educational history information based on the education requirements of the job will be verified for all candidates being considered for employment by the Human Resources Department or the investigative firm conducting the background checks. Falsification of school history will generally be grounds for immediate termination or withdrawal of the employment offer.

E. Offers of Employment and Related Procedures

Once a selection has been made from the applicants interviewed for an open position at the District, the process continues with the top candidate(s).

1. Conditional Offer of Employment

Offers of employment are made by an authorized representative of the Human Resources Department. Under no circumstances are offers of employment to be made by any other representative of the District without

POLICY NO. 6 – HIRING & PROBATION

the consent and knowledge of the Director of Human Resources. Human Resources is responsible for approving all offers of employment. In some instances, the General Manager's approval may also be required. In the event such offers are made without the required consent or knowledge, they are not binding. After an offer of employment is made, employment is contingent upon successfully completing the following criteria.

a) **Background Screening and Conviction History**

An offer will be conditioned on a requirement that the applicant be undergo a background check (including a Consumer Credit Report and/or Investigative Consumer Report, where applicable) prior to beginning employment. Candidates may also be required to provide their driver's license number so that a Department of Motor Vehicle report can be obtained. The applicant will be notified of any applicable requirements, and will be required to provide background information and authorization to conduct an investigation. These investigations will be conducted for position categories where permitted by, and in accordance with, applicable state and federal laws.

- i) If the background screening discloses a previous criminal conviction, the Human Resources Director will conduct an individualized assessment, taking into account a number of factors in determining whether to disqualify the applicant and rescind the conditional offer of employment. Such factors may include the nature of the position, nature of the conviction, length of time since conviction and completion of any resulting incarceration or probation.
- ii) The Human Resources Director will then make a preliminary determination based on the results of the individualized assessment. If that preliminary determination is to disqualify an applicant based on conviction history, the Human Resources Director will issue a written notice of intent to the applicant, identifying the conviction at issue, including a copy of the conviction history report (if any), and advising of the applicant's right to respond within five business days to challenge the accuracy of the conviction history report and provide evidence of any mitigating circumstances. An applicant who notifies the Human Resources Director of efforts to obtain evidence disputing the conviction history information or report will receive an additional ten business days to respond.
- iii) After considering any information provided by the applicant, the Human Resources Director will make a final decision regarding disqualification. If the final decision is to disqualify the applicant based on conviction history, the

POLICY NO. 6 – HIRING & PROBATION

Human Resources Director will provide written notice to the applicant of the decision and of the applicant's right to file a complaint with the California Department of Fair Employment and Housing.

b) Physical Examination

i) The final candidate(s) for the open position after completion of the background and conviction history screening process will be required to complete a physical examination to assess the candidate's ability to perform the essential functions of the job, with or without reasonable accommodation. The cost for the applicant's physical will be paid by the District. The candidates must successfully complete the physical examination to be considered for employment.

ii) Drug/Alcohol Screening – Safety Sensitive Positions

The District is committed to providing a safe, efficient and productive work place. To achieve this objective, the District desires to prevent drug or alcohol use from adversely affecting the work place. Accordingly, candidates for safety sensitive positions with the District are also required to satisfactorily take and pass a drug and alcohol screening examination prior to beginning employment. The screening will be performed at the District's expense in conjunction with the physical examination.

iii) Medical authorization for work will be kept confidential. Such documentation will be kept in the employee's confidential medical file.

c) Verification of Lawful Work Status Under Immigration Rules

The District is required by the federal immigration laws to verify the identity and legal ability to work of all individuals before they can be hired. In keeping with this obligation, documentation that shows each person's identity and legal authority to work must be inspected. Each employee must also attest to his/her legal authority to work by completing an I-9 Form (available in the Human Resources Department) provided by the federal government. This verification must be completed within three business days after an individual is hired. All offers of employment and continued employment for positions in the United States are contingent on furnishing satisfactory evidence of identity and legal authority to work in the United States.

F. Probationary Period

1. Conditions of Probation

- a) All new employees will be subject to a probationary period of 12 months. The probationary period is a period of time during which a new employee's work is closely monitored in order to determine if the employee is suited for the position for which he or she was hired. An employee may be released from District service at any time during the probationary period.
- b) Employees who are promoted after the completion of their initial probationary period will serve a 3 month probationary period in the new position.

2. Probationary Performance Evaluations

A Probationary Employee Review will be completed by the employee's direct supervisor and discussed with the employee after completion of 4 months of employment and again after 8 months of employment. A first annual evaluation will be completed at 12 months of employment. A rating of "3" (Meets Requirements) or better on the first annual review will indicate a satisfactory completion of the 12 month probationary review period and attainment of Regular employment status.

3. Extension of Probation

a) Leaves of Absence

The probationary period will be extended when a probationary employee is on a leave of absence of any kind for more than 14 consecutive calendar days during the probationary period. The probationary period will be extended for the length of time the probationary employee is on a leave of absence.

b) Extension for Performance Reasons

Probationary periods may be extended for up to 6 months for performance reasons. The reasons for the extension must be documented on a Probationary Employee Evaluation and approved by the General Manager or their designee and the Director of Human Resources. The total probationary period may not exceed 18 months, excluding periods of leave as described in Section E.3.a) of this policy.

c) Notice of Extension

Probationary employees must be notified in writing if their probationary period will be extended for performance reasons or due to a leave of absence. A probationary employee whose probation has been extended, and who has not since been rejected

POLICY NO. 6 – HIRING & PROBATION

from probation, will be reviewed at the conclusion of the extended probationary period and will be notified whether they have successfully completed the probationary period.

4. Completion of Probation

Successful completion of the probationary period is not a guarantee of continued employment. Employment with the District is on an at-will basis. Both the employee and the District have the right to terminate the employment at any time, with or without cause or notice. This at-will basis may not be modified, abrogated or altered in any way, except: (a) in the case of a represented employee, in a memorandum of understanding, collective bargaining agreement, or other memorialization of agreement between the District and the exclusive representative of the employee; or (b) in the case of an employee without a collective bargaining representative, in a written agreement signed by the General Manager and ratified by the Board of Directors.

5. Change of Position During Probation

If a probationary employee changes positions during the initial probationary period, as provided for in Section I.D. of this policy, the probationary period for the new position shall be the greater of the remainder of the initial probationary period or the three month probationary period applied to all position changes.

F. Orientation Procedures

The District has established an orientation program to help new employees make a satisfactory adjustment to their new work environment. The Human Resources Department will arrange and conduct an orientation for all newly hired employees. The orientation presentation will include information on the District's policies and procedures, employee benefit information and enrollment, as well as general new employee information.

Adopted by IRWD Board of Directors on: ~~February 11, 2019~~

IRVINE RANCH WATER DISTRICT
PERSONNEL POLICIES AND PROCEDURES

POLICY NO. 16 - SICK LEAVE

I. GENERAL POLICY

- A. To minimize the economic hardships that may result from an unexpected short-term illness or injury to an employee or legal dependent, and comply with applicable California law, the District provides regular full-time employees, regular part-time employees, and temporary part-time employees with sick leave in accordance with the terms set forth in this Policy.
- B. The District reserves the right to require a satisfactory statement of a licensed physician whenever an employee misses work due to an illness, injury or disability. The employee may be asked to provide a physician's statement that verifies the nature of an illness, injury or disability, its beginning and ending dates, and/or the employee's ability to return to work without endangering his/her own safety or the safety of others. Although a physician's statement normally will not be requested for absences of less than three working days, the District may request such a statement in situations where it determines it is warranted.
- C. All employees are eligible to accrue and use paid sick leave in accordance with the applicable terms of this Policy.

II. ACCRUAL

- A. **Regular Employees:** Each regular employee will accrue sick leave hours at the rate of 96 hours per year; 3.69 hours per pay period, pro-rated based on a 40-hour weekly schedule. This accrual begins with the first day of employment, and is available for use as soon as hours are accrued. An employee will be allowed to accrue an unlimited number of sick leave hours.
- B. **Temporary Employees:** Each temporary employee will accrue sick leave at receive a fixed accrual rate for each pay period. accrue sick leave at the rate of 1 hour for every 30 hours worked, to a maximum of 48 hours (or the equivalent of six of the employee's usual work shifts, whichever is greater). This a accrual begins onwith the first day of employment, and is available for use as soon as hours are accrued and, followingupon completion of a 30-day eligibility period for new hires. The employee will accrue sick leave at a fixed accrual rate based on receive an amount equal to five (5) sick days over 26 pay periods (12- months), and the amount will depending on their assigned work schedule. For example, an employee who is on a 9/80 work schedule will accrue accrual sick leave using a total of 44 hours (based on five work days per week) during a 12- month period. In turn, This employee will accrue 1.69 sick hours per pay period. The sick leave hour balance will be carried over from the end of the calendar year to the next new calendar year. Accrued sick leave up, to 48 hours (or the equivalent of six of the employees' usual work shifts, whichever is greater) may carry over to the following year of employment, calendar year or 12- months

~~period as determined by the District. The accrual cap for the temporary employee will be an amount equal to 10 (ten) sick days, the amount will depending on their assigned work schedule. For example, the accrual cap for an employee on a 4/10 schedule will be 100 hours (10 hours/day multiplied by 10 days). The accrual cap for an employee on a 9/80 schedule will be 88 hours (44 hours during a 5-day work week multiplied by two weeks). The accrual cap for an employee on a 5/40 schedule will be 80 hours (8 hours/day multiplied by 10 days). Employees will stop accruing once the accrual cap is reached. The accruals will stop once the temporary employee reaches their accrual cap. In no circumstance may a temporary employees' total accrual of sick leave exceed 48 hours (or the equivalent of six of the employee's usual work shifts, whichever is greater).~~

C. Sick Leave Accrual during Leaves of Absence

1. **Accrual during Paid Leave:** A regular employee on authorized leave of absence ~~who uses accrued paid leave for the entirety of a pay period~~ will continue to accrue sick leave hours at the same rate ~~for the pay period as~~ set forth in Section II.A. ~~Should a regular employee on authorized leave of absence use accrued paid leave for a portion of a pay period for partial pay during the pay period, the employee will accrue sick leave hours at a prorated rate that is proportional to the amount of accrued paid leave used during the pay period. , as long as accrued sick leave and vacation hours have not been exhausted and provided the employee is utilizing some portion of accrued leave benefits.~~ Once accrued sick leave and vacation hours have been exhausted, or if an employee elects not to coordinate benefits while on a leave of absence, the employee will cease to accrue sick leave hours until he/she returns to active employment status.
2. **Accrual during Consecutive Unpaid Leave:** An employee on an authorized leave of absence without pay, including extended military leave of absence, extended sick leave, or FMLA/CFRA/PDL leave, taken on a consecutive basis, will not accrue sick leave during such absences, unless otherwise required by law.
3. **Accrual during an Intermittent or Reduced Schedule Leave:** An employee on an authorized leave of absence taken on an intermittent or reduced schedule basis will accrue sick leave as provided in Section II.C.1.

D. Sick Leave Added Days

1. **Regular Employees:** The General Manager has the authority to loan, in writing, up to five (5) days of paid sick leave to an employee provided that all accrued sick leave and vacation hours have been exhausted. Unearned days of paid sick leave loaned to an employee must be repaid upon return to work. In the event the employee terminates employment prior to the complete repayment of loaned sick leave days, the employee is responsible for direct repayment to the District for the remaining number of hours.
2. **Temporary Employees:** The District will not loan or advance paid sick leave to temporary employees before it has been accrued.

III. USE OF SICK LEAVE

A. Permitted Reasons to Use Sick Leave: Upon oral or written request, employees may use sick leave for any of the following purposes:

1. Diagnosis, care, or treatment of an existing health condition of, or preventative care for, an employee or an employee’s family member.
 - a. For purposes of this Policy, “family member” includes a biological, adopted, or foster child, stepchild, legal ward, a child to whom the employee stands *in loco parentis*, or a child of a registered domestic partner, regardless of the child’s age or dependency status; a biological, adoptive, or foster parent, stepparent, or legal guardian of an employee or the employee’s spouse or registered domestic partner, or a person who stood *in loco parentis* when the employee was a minor child; a sibling, a spouse; a State of California registered domestic partner; a grandparent; a grandchild; or a designated person who the employee identifies when requesting sick leave (limited to one designated person per 12-month period).
 - b. The use of unused accumulated sick leave hours is allowed for pregnancy-related illness or disability, just as it is for other illness or disability.
2. For employees who are victims of domestic violence, sexual assault, or stalking, taking time off to obtain or attempt to obtain any relief, including, but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety, or welfare of the victim or his or her child.
3. For employees who are victims of domestic violence, sexual assault, or stalking, taking time off to seek medical attention for injuries caused by the domestic violence, sexual assault, or stalking; to obtain services from a domestic violence shelter, program, or rape crisis center as a result of domestic violence, sexual assault, or stalking; to obtain psychological counseling related to an experience of domestic violence, sexual assault, or stalking; and to participate in safety planning and take other actions to increase safety from future domestic violence, sexual assault, or stalking, including temporary or permanent relocation.
4. All employees are permitted to use accrued sick leave subject to the accrual requirements in this policy to cover time off during otherwise unpaid bereavement leave upon the death of a family member, as provided in Policy 17 - Bereavement.

B. Holidays during Sick Leave

In the event that any holiday occurs during a period when any employee is on paid sick leave, the holiday will not be charged against the employee's accumulated sick leave.

C. Coordination of Sick Leave with Disability Payments

When an employee becomes eligible for disability benefits from the State of California Employment Development Department’s State Disability Insurance (SDI) program, or

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workers' compensation, the employee may use accumulated sick leave hours to supplement these payments. Accrued sick leave benefits will be used to supplement such disability payments only to the extent necessary to provide total compensation equal to the employee's straight time compensation immediately before the beginning of the illness, disability or injury.

IV. PAYMENT FOR UNUSED SICK LEAVE

A. Upon Separation from Employment

1. Regular Employees

a. Eligibility

i. Regular employees who have worked for the District for at least 24 consecutive calendar months as a regular employee are eligible to receive payment for accrued and unused sick leave, as follows:

(A) An eligible employee who separates from employment voluntarily, through resignation, service retirement or disability retirement, must provide at least two weeks' notice prior to separation.

(I) Employees who provide notice prior to separating from District employment for any reason are not permitted to first exhaust accrued and unused sick leave unless used for a permitted reason in accordance with Section III of this Policy.

(B) Following the lay-off of an eligible District employee, payment will be issued in accordance with this Policy.

(C) Following the death of an eligible employee, payment will be made in accordance with applicable law and District policies and practices.

ii. Employees whose employment has been terminated by the District other than by lay-off are not eligible to be compensated for unused sick leave.

b. Amount: Eligible employees will receive the equivalent of fifty (50) percent of the employee's accrued sick leave to a maximum of 960 hours, times the employee's current hourly straight time pay rate.

2. Temporary Employees:

a. Temporary employees are not eligible to receive compensation at any time for accrued and unused sick leave.

B. Annual Payment for Unused Accrued Sick Leave

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1. Eligibility

- a. Regular employees may choose to receive payment for unused accrued sick leave, up to a maximum of 96 hours, once per year, in accordance with the terms in this Policy, as long as a minimum balance of 80 hours remains.
- b. Temporary employees are not eligible for any payment for unused accrued sick leave.

2. Elective Payouts of Sick Leave

- a. In lieu of using accrued Sick Leave for a covered leave, an employee with at least 11 years of service may elect to buyback (and receive cash payment of) Sick Leave at 100% value.

To make the election, an employee must, in November of the calendar year preceding the calendar year in which the employee wishes the buyback to occur, file an irrevocable election form with the District stating their intent to buy back the leave and identifying the number of Sick Leave hours covered by the election. The election form must be filed with the District’s Human Resources Department. The election will apply only to Sick Leave hours accrued in the same calendar year as the buyback (i.e., the calendar year following the filing of the election). An employee may elect to either (i) receive cash payment (“cashout”) of sick leave, (ii) contribute sick leave to his or her account under the District’s 457(b) plan, or (iii) a combination of both. Employees who do not file a valid election by November 30 of a preceding calendar year may not subsequently elect to buy back at 100% value any Sick Leave accrued in the following calendar year. For each calendar year, employees may make this election up to the number of hours specified below based on the year the accruals are earned:

Years of Regular District Service	Amount of Buy-Back
0-10 years (less than 11 years)	Up to 96 hours @ 50%
11-15 years (less than 16 years)	Up to 30 hours @ 100%; remainder (up to 66 additional hours) @ 50%
16-20 years (less than 21 years)	Up to 60 hours @ 100%; remainder (up to 36 additional hours) @ 50%
21 years or more	Up to 96 hours @ 100%

- b. In lieu of using accrued Sick Leave for a covered leave, an employee may elect to buyback Sick Leave, regardless of when accrued and regardless of the employee’s total years of service, at 50% value. This election is limited to 96 hours per calendar year; and any Sick Leave hours sold back during the calendar year at 100% value as permitted above will count towards that year’s 96-hour limit for buy back at 50% value. For example, if an employee with 12 years of service elects to buy back 30 hours of sick

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leave at 100% value, the employee may buy back an additional 66 hours at 50% value in the same calendar year.

- c. Payment of Sick Leave hours sold at 50% value will be made on or about November 30 after the employee's election. To make this election, an employee must file an election form with the District's Human Resources Department. An employee may elect to either (i) receive cash payment ("cashout") of sick leave, (ii) contribute sick leave to his or her account under the District's 457(b) plan, or (iii) a combination of both. An employee's buyback of Sick Leave may not reduce the employee's Sick Leave balance below 80 hours. Accordingly, the Sick Leave amount sold back (and the corresponding payment) to the employee will be lowered as needed to maintain the 80-hour minimum; and no buyback will occur if the employee's Sick Leave balance is 80 hours or less.

V. REINSTATEMENT OF UNUSED ACCRUED SICK LEAVE

If any employee who had a sick leave balance remaining at the time of separation from District employment, which balance was not paid out under the terms of Section IV. A. 1 above, is rehired by the District within one year from the date of separation, then that same balance will be reinstated to the employee. The rehired employee will be entitled to use the reinstated sick leave and to also accrue additional sick leave upon rehiring in accordance with this Policy.

VI. SICK LEAVE DONATION PROGRAM

A. In General

1. The Sick Leave Donation Program allows eligible employees who have accrued sick leave hours to voluntarily donate a portion of their accumulated hours to another employee who has exhausted his/her accrued sick and vacation leave due to a catastrophic illness or injury of the employee or the catastrophic illness or injury of an employee's dependent parent, spouse or registered domestic partner, or child requiring the employee's care and requiring the employee to be absent from work.
2. Catastrophic illness or injury is defined as a severe illness or injury which totally incapacitates a person for an extended period of time and is severely debilitating or life-threatening. Illnesses such as cancer, heart attack, or stroke would be considered catastrophic illnesses. Pregnancy without serious complications and routine illnesses, surgical procedures, and injuries, even those resulting in an extended leave of absence, do not qualify as catastrophic illness or injury. The Director of Human Resources will be responsible for reviewing the eligibility of an employee to receive donated sick leave and making a recommendation to the General Manager for approval. The approval process may require appropriate medical documentation certifying the existence of a catastrophic illness or injury of the employee or family member (no medical diagnosis information).
3. The decision to make a donation of sick leave to another employee through the Sick Leave Donation Program is voluntary. No employee is to be coerced or

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intimidated into making a donation of sick leave or to coerce or intimidate another employee. Donations of sick leave may not involve any form of payment or compensation, financial or otherwise, between the donor and recipient. The District will not solicit sick leave donations on behalf of any qualifying individual.

B. Eligibility

All regular, full-time employees who have completed their initial probationary period and meet other applicable qualifications set forth in this Policy are eligible to participate in the Sick Leave Donation Program as a donor or recipient.

C. Procedures for Utilizing Donated Sick Leave

1. In order to receive donated sick leave through the Sick Leave Donation Program, an employee must meet the following requirements:
 - a. The employee must have been on an approved Leave of Absence for a catastrophic illness or injury as defined above for at least 30 calendar days prior to the use of any donated sick leave.
 - b. The employee must have exhausted all of his/her sick and vacation accruals prior to the use of any donated sick leave.
 - c. The employee must be utilizing any applicable income replacement programs for which he/she qualifies (i.e. State Disability Insurance, Paid Family Leave, Long-Term Disability, Workers' Compensation benefits). Employees are only eligible to receive the amount of donated sick leave necessary to maintain 100% of their base salary after the application of any income replacement programs.
 - d. The employee must provide written notification to the Human Resources department of his/her desire to receive and utilize donated sick leave. With the notification, the employee must provide a written description of the catastrophic illness or injury, including how it may affect the employee and his/her dependent parent, spouse or registered domestic partner, or child and a statement that it will result in a substantial loss of income if no donated sick leave is received. In the event that the employee is physically or mentally unable to notify the Human Resources department, notification may be made by a member of the employee's immediate family (i.e., spouse, registered domestic partner, child or parent).
 - e. As described in this policy, the Director of Human Resources will be responsible for reviewing the eligibility of an employee to receive donated sick leave and making a recommendation to the General Manager for approval. The approval process may require appropriate medical documentation certifying the existence of a catastrophic illness or injury of the employee or family member (no medical diagnosis information). The General Manager's decision is not subject to any grievance or appeal procedures.

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2. An employee utilizing donated sick leave will not earn or be eligible to accrue any sick or vacation leave. Once an employee ceases to receive any portion of his/her pay from the use of his/her own accrued sick and vacation leave, accrual of additional vacation and sick leave hours will cease. Holidays falling during the period following exhaustion of vacation and sick leave benefits will not be paid to an employee even if they are utilizing donated sick leave.
3. If an employee returns to work on a part-time basis, sick and vacation leave will begin accruing on a pro-rated basis and these accrued balances will be utilized for coordination of benefits before the utilization of any donated sick leave.
4. An employee utilizing donated sick leave is required to report the payments as additional wages, and the District will report such income on Form W-2 and withhold income and payroll taxes.
5. The existence or use of donated sick leave is not a guarantee of continued employment past the end of the approved leave of absence as detailed in applicable District policy.

D. Procedures for Donating Sick Leave

1. An employee may complete a “Donation of Sick Leave” form to irrevocably donate accrued sick leave in one-hour increments for use by another eligible employee who has been determined to qualify for sick leave donations under the requirements listed above. The employee must certify that the donated sick leave is irrevocable.
2. In no case shall a donation of sick leave reduce the donor’s accrued sick leave balance below eighty (80) hours.
3. An employee may donate a maximum of 25% of his/her sick balance or forty (40) hours of accrued sick leave to an eligible employee, whichever is less. No employee will be allowed to donate more than forty (40) hours of sick leave in any twelve-month period.
4. The number of donated sick leave hours credited to the recipient will be calculated by multiplying the number of hours donated by the calculated hourly rate of the donor and then dividing that amount by the calculated hourly rate of the recipient.
5. The donated sick leave hours are deposited into a District-sponsored leave bank. The District will administer the leave bank and transfer donated sick leave hours to the recipient. Any and all hours that are donated to the leave bank are irrevocable.
5. Donated sick leave hours will be used to pay the recipient on a first in- first-out basis. Donated sick leave hours not used by the specified recipient will revert back to the District-sponsored leave bank following the end of the pay period in

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which the recipient no longer qualifies for the use of donated sick leave. It is the sole discretion of the General Manager or the General Manager's designee to determine when donated sick leave hours will revert to the District-sponsored leave bank. The District will determine the use and future distribution of such donated sick leave hours.

6. The donor will not be taxed on the value of the donated sick leave. The donor may not claim a charitable deduction, tax credit or any other credit or deduction on their individual tax return to reflect the donation of sick leave.

Adopted by IRWD Board of Directors on: ~~March 13, 2023~~

IRVINE RANCH WATER DISTRICT
PERSONNEL POLICIES AND PROCEDURES
POLICY NO. 18 - VACATION

I. GENERAL POLICY

- A. The District believes it is important for employees to take vacation leave on an annual basis when practicable, to enable them to take time off away from their job responsibilities in order to relax and refresh themselves physically and mentally.

II. RATES OF ACCRUAL

- A. **Regular Full-Time Employees:** All regular full-time employees will accrue vacation leave according to the following monthly schedule, based upon years of service:

Less than 5 years' service	6.67 hours - (80 hours per year)
5 or more years of service but less than 10 years	10.00 hours - (120 hours per year)
10 or more years of service	13.33 hours - (160 hours per year)
15 or more years of service but less than 20 years	15.00 hours – (180 hours per year)

- B. **Managers, Supervisors, Confidential, and Exempt Employees:** Managers, supervisors, confidential and exempt employees will accrue vacation according to the same monthly schedule set forth in Section II.A., until they have completed at least 20 years of service, at which time they will accrue vacation according to the following monthly schedule, based upon years of service:

20 or more years of service	16.67 hours – (200 hours per year)
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- C. **Regular Part-Time Employees:** All regular part-time employees are eligible for pro-rated vacation leave based upon a 40-hour weekly schedule and years of service.

- D. **Temporary Employees:** Temporary employees are not eligible to accrue vacation leave.

E. **Vacation Accrual During Leaves of Absence**

1. **Accrual during Paid Leave:** A regular employee on authorized leave of absence will continue to accrue vacation hours at the same rate set forth in Sections II.A. or II.B. (Full-time) and Section II.C. (Part-time) as long as accrued sick leave and vacation hours have not been exhausted and provided that the employee is utilizing some portion of accrued leave benefits. Once accrued sick leave and vacation hours have been

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exhausted, or if an employee elects not to coordinate benefits while on a leave of absence, the employee will cease to accrue vacation hours until he/she returns to active employment status.

2. **Accrual during Consecutive Unpaid Leave:** An employee on an authorized leave of absence without pay, including extended military leave of absence, extended sick leave, or FMLA/CFRA/PDL leave, taken on a consecutive basis, will not accrue vacation leave during such absences, unless otherwise required by law.
3. **Accrual during an Intermittent or Reduced Schedule Leave:** An employee on an authorized unpaid leave of absence taken on an intermittent or reduced schedule basis will accrue vacation at the same rate as set forth in Section II.A. or II.B. (Full-time) or Section II.C. (Part-time).

III. REQUESTS FOR VACATION LEAVE

~~A. Employees are not eligible to take time off for vacation leave during the first six (6) months of employment.~~

~~B.A.~~ Requests for vacation leave shall be made in advance by the employee to his/her immediate supervisor for appropriate approvals.

~~C.B.~~ Established District holidays occurring during scheduled vacation leave are not counted as vacation days.

IV. MAXIMUM ACCRUAL AND REDUCTION OF VACATION HOUR BALANCES

The maximum number of vacation hours accrued may not exceed the greater of 240 hours or two times an employee's annual accrual.

A. Voluntary Transfer of Vacation Hours

Once a year, in November, an employee who has taken at least 40 hours of vacation during the immediately preceding completed calendar year may elect to transfer into the employee's Deferred Compensation Plan account:

1. Any vacation hours accrued in excess of the employee's maximum accrual;
and/or
2. Any accrued vacation hours below the employee's maximum accrual, as long as the employee retains a balance of at least 80 vacation hours following the transfer.

Hours will be transferred at a rate of 100% of the employee's current pay rate at the time of transfer.

B. Voluntary Reduction of Vacation Hours by Managers, Supervisors, and Confidential Employees

In lieu of using accrued vacation leave for a covered leave, an employee may elect to either (i) receive cash payment (“cashout”) of vacation leave, (ii) contribute vacation leave to his or her account under the District’s 457(b) plan, or (iii) a combination of both. To make the election, an employee must, in November of the calendar year preceding the calendar year in which the employee wishes the cashout or contribution (or both) to occur, file an irrevocable election form with the District stating their intent to cashout or contribute the leave and identifying the number of vacation leave hours covered by the election. The election form must be filed with the District’s Human Resources Department. The election will apply only to vacation leave hours accrued in the same calendar year as the cashout or contribution (i.e., the calendar year following the filing of the election). Employees who do not file a valid election by November 30 of a preceding calendar year may not subsequently elect under this provision to cashout or contribute any vacation leave accrued in the following calendar year.

1. Limits on Cashouts and Contributions.

An employee’s election to receive cashouts or contributions of vacation leave for a calendar year is subject to the following limitations:

- The aggregate cashout and contribution may not reduce the employee’s vacation leave balance below 80 hours. Accordingly, the cashout or contribution amount will be lowered as needed to maintain the 80-hour minimum (if the employee elected both cashouts and contributions, the reduction will be made proportionally from both according to the election percentage); and no election or contribution will occur if the employee’s vacation leave balance is 80 hours or less.
- In order to transfer and/or sell back vacation hours at least 40 hours of vacation must have been used during the immediately preceding completed calendar year.
- If any part of the employee’s elected contribution cannot be made to the 457(b) plan due to contribution limits imposed by the tax laws, that amount will instead be paid in cash to the employee.
- The employee’s elected cashout or contribution will be processed in the calendar year following the election, at the time and in the manner determined by the District.

2. All cash payments are subject to state and federal withholdings.

C. Automatic Transfer of Vacation Hours in Excess of Maximum Accrual

1. In the event the employee’s accrued vacation balance by the end of January of a calendar year exceed the Vacation Accrual Maximum, the excess accruals will be automatically contributed by the District to the employee’s account under the District’s 401(a) defined contribution plan.

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2. This transfer will be conducted once a year, generally in February, and hours will be transferred at a rate of 100% of the employee's current wage rate at the time of transfer. Employees are responsible for ensuring that their vacation accrual balance falls below the allowed maximum accrual if they do not wish to have vacation hours automatically transferred to their 401(a) defined contribution plan account.
3. If an employee's scheduled vacation is canceled at the District's request, or if extenuating circumstances arise which require an employee to accrue vacation leave in excess of the allowed maximum accrual, written approval may be granted by the General Manager to carry over the excess hours for a specified period of time, without automatic transfer.

V. PAYMENT FOR UNUSED VACATION LEAVE UPON SEPARATION

Upon separation from the District, employees shall be paid for unused accrued vacation hours through the date of separation. These unused accrued vacation hours shall be paid at the employee's current pay rate at the time of separation, regardless of the length of service with the District.

Adopted by IRWD Board of Directors on: ~~March 13, 2023~~

IRVINE RANCH WATER DISTRICT

PERSONNEL POLICIES AND PROCEDURES

POLICY NO. 19.3. – LEAVE OF ABSENCE FOR REPRODUCTIVE LOSS

I. GENERAL POLICY

- A. The District is committed to supporting all employees, and this includes enhancing benefits, programs, and policies designed to help employees balance their work and personal lives. Pursuant to this Policy, eligible employees have up to five (5) days of protected leave following a reproductive loss.
- B. For exempt employees, no deduction from salary will be made for leaves shorter than one full workweek. However, exempt employees may be required to use available, accrued paid leave in accordance with District policy.

II. LEAVE FOR REPRODUCTIVE LOSS

- A. **Purpose:** Eligible employees may take up to five (5) days of Reproductive Loss Leave following a reproductive loss by the employee, by the employee's current spouse or domestic partner, or by another individual if the employee would have been a parent of a child had the reproductive loss not occurred. "Reproductive loss" means a failed adoption, failed surrogacy, miscarriage, stillbirth, or an unsuccessful assisted reproduction. This leave is distinct from bereavement leave, family and medical leave (e.g., California Family Rights Act ("CFRA")), pregnancy disability leave ("PDL"), and other leaves of absence.
- B. **Eligibility:** Employees are eligible for reproductive loss leave if they have been working for the District for at least 30 days prior to the leave's start and suffer a qualifying event.
- C. **Amount of Leave:** Eligible employees may take leave for **up to five (5) days** when they suffer a reproductive loss event, which is the day or the final day for a multiple-day event of one of the following:
- **Failed adoption:** The dissolution or breach of an adoption agreement with the birth mother or legal guardian, or an adoption that is not finalized because it is contested by another party.
 - **Failed surrogacy:** The dissolution or breach of a surrogacy agreement, or a failed embryo transfer to the surrogate.
 - **Miscarriage:** A miscarriage by a person, by the person's current spouse or domestic partner, or by another individual who would have been a parent as a result of the pregnancy.
 - **Stillbirth:** A stillbirth resulting from a person's pregnancy, the pregnancy of a person's current spouse or domestic partner, or another individual that would have been a parent as a result of the pregnancy.

- **Unsuccessful assisted reproduction:** An unsuccessful round of intrauterine insemination or of an assisted reproductive technology procedure (i.e., artificial insemination or an embryo transfer, including gamete and embryo donation). Assisted reproduction does not include reproduction through sexual intercourse. This event applies to a person, the person's current spouse or domestic partner, or another individual if the person would have been a parent of a child born as a result of the pregnancy.

The five (5) days of leave do not need to be consecutive but must be completed within three (3) months of the reproductive loss event, with the exception that if an employee is on CFRA leave, PDL, or another leave protected by state or federal law at the time of or immediately following the reproductive loss event, the employee may use their reproductive loss leave within three (3) months of the end date of the other protected leave.

If an employee experiences more than one reproductive loss event within a 12-month period, they can receive another five days of leave, up to a maximum of 20 days within a 12-month period.

D. Compensation during Leave:

Reproductive loss leave is unpaid, but employees can use accrued and available sick, vacation, or Personal holiday time.

III. EMPLOYEE RESPONSIBILITIES AND DUTY TO COOPERATE

Employees requesting leave for reproductive loss are to complete a leave request form (PDF) and submit the form to Human Resources. Employees are expected to fully cooperate with the District in meeting the obligations and requirements set forth under this Policy, as well as those set forth in state and federal law. An employee's cooperation includes, but is not limited to, timely completion of all requested forms and responding to all inquiries for additional information. Employees on leave must respond to the District's reasonable inquiries and keep the District updated as to the status of the employee's leave.

Employees who have questions about their responsibilities under this Policy should direct their inquiries to Human Resources.

Adopted by IRWD Board of Directors on:

IRVINE RANCH WATER DISTRICT

PERSONNEL POLICIES AND PROCEDURES

POLICY NO. 23 - EDUCATION AND TRAINING

1. **General Policy**

The District encourages employees to seek further education and training in an effort to increase their competency and efficiency in their work, and to increase personal development. Knowledge in other work areas not directly related to an employee's job may also allow for organizational cross training.

2. **Purpose of Policy**

The purpose of this policy and procedure is to establish the guidelines and criteria for reimbursement for educational expenses and incentive pay for obtaining college and university degrees and other approved professional certificates after being hired by the District.

The District firmly believes that this policy will improve its ability to attract and retain outstanding employees, supervisors, and managers.

3. **Eligibility**

All regular full-time employees of the District who have been employed by the District for six (6) consecutive months and have received an overall performance rating of at least a "3" (Meets Requirements) or higher on their most recent performance evaluation, are eligible for education and training reimbursement. - Incentive pay for obtaining college and university degrees and approved professional certificates is also available to these employees. Educational reimbursement and incentive pay for the General Manager requires approval of the Board of Directors.

Requests for tuition reimbursement for classes taken above the Bachelor's degree level require special approval by the General Manager. Such requests will be subject to a more extensive process, including a costs/benefits analysis to determine the value to the District of the proposed courses or degree program.

Only education and training completed on an employee's personal time is eligible for reimbursement and incentive pay under this policy. Certifications and/or degrees completed by attending classes or training during paid working hours are not eligible for reimbursement and/or incentive pay under this policy.

4. **Responsibility**

The Human Resources Department is responsible for administering this policy and ensuring compliance.

5. **Education & Training Expenses**

A. **Education and Training Reimbursement**

Employees are eligible for reimbursement for the expenses related to classes taken in pursuit of a university or college degree program, an Occupational

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Program Certificate, or for professional or personal growth provided the following criteria are met:

- 1) Classes must be taken at a college, university, or learning institution accredited by a commission approved by the Council on Higher Education Accreditation and/or the U.S. Department of Education or approved by the District.
- 2) Eligible employees must complete an Application for Educational Assistance Form (available in the Human Resources Department) at the time of enrollment in the classes. On this form, the employee will outline the curriculum and projected costs that will be involved. The application must be approved by the employee's Department Director, the Director of Human Resources, and the General Manager. The original application will be kept in the employee's personnel file.
- 3) An employee is required to achieve an average grade point sufficient to enable completion of the curriculum in which he/she may be enrolled. Once an employee has completed the course with a passing grade of "C" or better, "Pass" or the equivalent, the District will reimburse up to seventy-five percent (75%) of the tuition and textbook costs. If an employee is eligible for Veteran's benefits, and such benefits are less than 75% of the total cost of tuition ~~and~~, books, ~~and registration~~ fees, the District will pay the difference required to bring the total reimbursement to 75%. Maximum reimbursement for tuition, ~~and textbook and registration~~ costs will be based on state college fees and approved by the General Manager on an annual basis.
- 4) Supplies required for particular courses may be considered for reimbursement; however, parking ~~and other registration~~-fees are not reimbursable
- 5) Original grades and receipts must be submitted to the Human Resources Department. Upon verification that the courses and expenses were previously approved, Human Resources will submit a check request for reimbursement of eligible expenses, less applicable taxes, to the employee. If the employee has exceeded the IRS-approved non-taxable education reimbursement amount, the amount of the reimbursement and the tax deducted will be included on the W-2 form issued to the employee.

B. Contact Hours and Continuing Education Units for Certificate of Competence Renewals

- 1) Employees holding job-required Certificates of Competence are required to complete the contacts hours in order to renew their certifications. The following rules establish District and employee responsibility for obtaining job-required contact hours:
 - a. Employees are responsible for ensuring that all required contact hours are completed in a timely manner.

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- b. Because no more than 25% of required contact hour credit can be obtained from attendance at District meetings such as safety tailgates, employees must obtain contact hour Continuing Education Units (CEUs) for job-required certification renewals by attending seminars or other means approved by the employee's supervisor or manager.
 - c. The District will pay for 100% of the cost of pre-approved seminars for the purpose of obtaining contact hour CEUs needed for job-required Certificate of Competence renewals. These seminars should be scheduled during an employee's normally scheduled working hours.
 - d. Under no circumstances will the District compensate an employee for any penalties for late renewal or pay overtime for an employee to attend a seminar outside of the normally scheduled working hours.
- 2) Employees holding non-job-required Certificates of Competence which they desire to keep active are also required to complete the contacts hours in order to renew their certifications. The following rules establish District and employee responsibility for obtaining non-job-required contact hours:
- a. Employees must complete an Application for Educational Reimbursement Form (available in the Human Resources Department) requesting District approval of seminars to be taken and detailing the number of CEUs required for renewal of the non-job-required Certificate of Competence.
 - i. This form must be submitted to the Director of Human Resources for review and approval prior to the first seminar being attended.
 - ii. The Director of Human Resources may discuss the potential value to the District of the Certificate of Competence with the employee, the employee's supervisor or manager, and/or other department supervisors or managers to determine if the request will be approved.
 - iii. If the request for Educational Assistance is denied, the employee may pursue contact hour CEUs outside of District working hours and will not be reimbursed for any of the expenses related to obtaining CEUs or the renewal of the non-job-required Certificate of Competence.
 - iv. If the request for Educational Assistance is approved, then the points listed in B.1) a-d above apply.

6. Incentive Program

A. University and College Degrees

District employees obtaining a college degree through an accredited program shall receive an incentive payment, less applicable taxes, in the amount set forth below, provided the degree exceeds the minimum job requirements of the employee's

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position. The degree must be job related, and/or provide a direct benefit to the District.

<u>Degree</u>	<u>Net Award</u>
AA*	\$ 1,000
BA/BS	\$ 1,000
Masters **	\$ 1,000
Others	\$ 1,000

* Sixty college level units from an accredited institution shall be equivalent to an Associates (AA) degree.

* The District shall not compensate an employee a total of more than \$1,000 for obtaining an Associates (AA) Degree and an Occupational Program Certificate if the college units for which the employee already received an Occupational Program Certificate incentive are used to obtain an Associates (AA) degree, unless the employee completes at least 30 additional units in obtaining the AA degree. If the employee completes at least 30 additional units, he/she will be eligible for the full AA incentive payment.

** Approved by General Manager

Employees are responsible for submitting proof of Degree to the Human Resources Department. The Director of Human Resources will review the Degree to ensure compliance with this policy. If the Degree does comply with this policy, an Educational Incentive Program Request for Incentive Disbursement form will be completed and routed for signatures by the appropriate parties, including the General Manager. The incentive check will be forwarded to the appropriate Department Director to be presented to the employee to recognize his/her accomplishment.

The cash incentive payment, less applicable taxes, will be made payable to the employee. The amount of the award and the tax deducted will be included on the W-2 form issued to the employee.

B. Job-Related or Required Certificates of Competence

District employees shall receive an incentive cash payment in the amount of \$750 for obtaining each Certificate of Competence listed below, provided the certificate meets the following criteria:

- 1) Certificate of Competence exceeds the minimum job requirements established for the employee's position. Under no circumstances shall an employee receive an incentive for obtaining a Grade I or entry level Certificate other than the Engineering in Training or Water Distribution Operator I Certificates, unless approved by the Director of Human Resources and the General Manager.
- 2) Certificate of Competence is job-related or required or provides employee with valuable skills or knowledge for current or potential positions employee may hold within the District. All requests for certification incentives must be approved by the Director of Human Resources, as well as the employee's supervisor, manager, or department director. Employees

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who plan on pursuing a Certificate of Competence that is not directly related to their current position should verify with the Director of Human Resources whether the certification will qualify for an incentive prior to beginning the certification process.

- 3) Certificate of Competence is issued by the certifying agency or organization listed below.

Certificates of Competence Covered Under This Policy Include:

- Collection System Maintenance issued by CWEA
- Industrial Waste Inspection issued by CWEA
- Laboratory Technology or Laboratory Analyst issued by CWEA or AWWA
- Mechanical Technology issued by CWEA
- Electrical/Instrumentation Technology issued by CWEA
- Wastewater Treatment Plant Operator issued by SWRCB
- Water Treatment Plant Operator issued CA DPH
- Water Distribution Operator issued by CA DPH
- Engineer in Training issued by the State of California
- Registered Professional Engineer issued by the State of California
- Certified Public Accountant (CPA) issued by the State of California
- Certified Purchasing Manager issued by National Assn. of Purchasing Management
- Accredited Purchasing Professional issued by National Assn. of Purchasing Management
- Certified Payroll Professional issued by American Payroll Assn.
- Fundamental Payroll Certification issued by American Payroll Assn.
- Concrete Field Test Technician by American Concrete Institute
- Concrete Construction Special Inspector by American Concrete Institute
- Other Certificates of Competence approved by the General Manager

The District shall compensate the employee for the initial fee for Certification and renewal but will not compensate the employee for any penalties for renewal or provide an incentive payment to employees required to pass an examination for Certification renewal.

Any employee who is permitted to and successfully passes a higher grade certification test by skipping a lower grade will be compensated for the grade(s) skipped, as well as the grade achieved.

Employees requesting incentive payment for any Certificate of Competence that has an expiration date and requires contact hours and/or CEU's for renewal must commit to keeping the certification active in order to receive the incentive payment. Employees are responsible for submitting proof of Certification of Competence and Request for Incentive/Commitment to Renew Form to the Human Resources department. The Director of Human Resources will review the Certification to ensure compliance with this policy. If the Certification does comply with this policy, an Educational Incentive Program Request for Incentive Disbursement form will be completed and routed for signatures to the appropriate parties, including the General Manager. The incentive check will be forwarded to

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the appropriate Department Director to be presented to the employee to recognize his/her accomplishment.

Non-Exempt Supervisors Certificates of Competence Incentive Program

Non-Exempt Supervisor Unit employees who obtain a job-related Certificate of Competence which exceeds his/her minimum job requirements are eligible to receive a \$750.00 incentive payment for each Certificate received in accordance with District Policy.

Employees in the following classifications are eligible to receive an annual incentive in the amount of \$750 annually for obtaining and maintaining one of the Certificates of Competence listed below (for a maximum of one (1) certificate per employee):

- Operations Supervisor (Water)
 - State Water Resources Control Board T5
- Operations Supervisor (Recycling)
 - State Water Resources Control Board WW5

Employees in the following classifications are eligible to receive an annual incentive in the amount of \$300 for obtaining and maintaining one of the Certificates of Competence listed below (for a maximum of one (1) certificate per employee):

- Automation Supervisor
 - California Water Environment Association IV – Electrical & Instrumentation Technologist
- Collections Systems Supervisor
 - California Water Environment Association IV – Collection System Maintenance
- Construction Inspection Supervisor
 - State Water Resources Control Board T3
- Electrical Supervisor
 - California Water Environment Association IV – Electrical & Instrumentation Technologist
- Facilities Services Supervisor
 - California Contractor’s License issued by the California Contractors State License Board
- Fleet Supervisor

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- Certification by the Automotive Service Excellence (ASE) as a Certified Master Automotive Technician or Certified MED/Heavy Truck Master Technician
- Instrumentation Supervisor
 - California Water Environment Association IV – Electrical & Instrumentation Technologist
- Mechanical Services Supervisor
 - California Water Environment Association IV – Mechanical Technologist
- Water Maintenance Supervisor (Field Services)
 - State Water Resources Control Board D IV
- Water Maintenance Supervisor (Construction Services)
 - State Water Resources Control Board D IV or California Water Environment Association IV Collection System Maintenance
- Water Monitoring Supervisor
 - State Water Resources Control Board T3

The cash incentive payment, less applicable taxes, will be made payable to the employee. The amount of the award and the tax deducted will be included on the W-2 form issued to the employee.

C. Occupational Program Certificates

District employees shall receive an incentive cash payment in the amount of \$750 for each of the Occupational Program Certificates listed below which meets the following criteria:

- 1) Occupational Program Certificate is job-related or provides employee with valuable skills or knowledge for current or potential positions employee may hold within the District. All requests for Occupational Certification incentives must be approved by the Director of Human Resources, as well as the employee's supervisor, manager, or department director. Employees who plan on pursuing an Occupational Program Certificate that is not directly related to their current position should verify with the Director of Human Resources whether the certification will qualify for an incentive prior to beginning the certification process.
- 2) Occupational Program Certification must be offered through an accredited college or university.
- 3) Occupational Program Certificate requires the completion of at least 15 units of college class work. Under no circumstances will the District provide an incentive payment for an Occupational Program Certificate which includes credit from classes for which the employee has already

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received an incentive payment unless the employee was required to take at least 15 additional units to receive the subsequent certification.

Occupational Program Certificates Covered Under This Policy

Include:

- Accounting
- Architecture
- Auto Mechanics/Technology
- Finance
- Business Management
- Human Resources Management
- Chemical Technology
- Computer and Information Science
- Construction Technology
- Building Construction
- Construction Inspection
- Construction Management
- Drafting Technology
- Electrical or Electronic Technology
- Engineering
- Heavy Equipment Maintenance and Repair
- Chemistry
- Ornamental Horticulture
- Surveying Technology
- Welding Technology
- Business Applications & Technology
- Management
- Public Works
- Project Management
- Business Analyst
- Contract Management
- Environmental Management
- Occupational Safety & Health
- Facilities Management
- Water Distribution
- Water Treatment
- Wastewater Sanitation
- Water Utility Supervisor
- Other Occupational Program Certificates approved by the General Manager

Employees are responsible for submitting proof of having received an Occupational Program Certification to the Human Resources department. The Director of Human Resources will review the Certification to ensure compliance with this policy. If the Certification does comply with this policy, an Educational Incentive Program Request for Incentive Disbursement form will be completed and routed for signatures by the appropriate parties, including the General

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Manager. The incentive check will be forwarded to the appropriate Department Director to be presented to the employee to recognize his/her accomplishment.

The District shall not compensate an employee a total of more than \$1,000 for obtaining an Associates (AA) Degree and an Occupational Program Certificate if the college units for which the employee already received an Occupational Program Certificate incentive are used to obtain the Associates (AA) degree, unless the employee completes at least 30 additional units in obtaining the AA degree. If the employee completes at least 30 additional units, he/she will be eligible for the full AA incentive payment.

The cash incentive payment, less applicable taxes, will be made payable to the employee. The amount of the award and the tax deducted will be included on the W-2 form issued to the employee.

7. Special Conditions

- A. Registered Professional Engineers shall not be eligible for certification incentive for water treatment.
- B. Incentive Compensation shall be paid only to individuals where Certificates and/or Degrees exceed job level requirements (see position job description).
- C. ~~No more than two incentive payments shall be made for certificates and/or degrees earned in any one fiscal year.~~
- D. College or University Degrees and Occupational Program Certifications must be obtained through an accredited program from an accredited educational institution, successfully completed (passed) on the basis of school standards.
- E. In no case shall an employee receive an incentive payment for obtaining an Associate or Bachelors Degree unless the employee completes at least 24 college level semester units toward the degree while being employed at the District, unless approved in advance by the General Manager.
- F. In no case shall an employee receive an incentive payment for obtaining more than one Associate, Bachelors or Masters Degree unless the employee completes an additional 24 college level semester units toward the additional degree while being employed at the District.
- G. In no case shall an employee receive an incentive payment for obtaining an Occupational Program Certificate unless the employee completes at least 15 college level semester units toward the certificate while being employed at the District, unless approved in advance by the General Manager.
- H. The employee must be an employee of the District at the time that compensation is to be made.
- I. All Degrees, Occupational Program Certificates, and Certificates of Competence not covered in section 2 must receive prior approval from the General Manager.

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Adopted by IRWD Board of Directors on: ~~July 11, 2011~~

IRVINE RANCH WATER DISTRICT

PERSONNEL POLICIES AND PROCEDURES

POLICY NO. 39 - DEFERRED COMPENSATION PLAN POLICY

A. ~~1.~~ Purpose of Policy

The primary purpose of the District's deferred compensation program is to enable employees to defer portions of their compensation as a supplement to the PERS retirement plan. The District has established a deferred compensation program available through two plans:

- IRS Section 457 Deferred Compensation Plan (“457 Plan”)
- IRS Section 401(a) Money Purchase Pension Plan (“401(a) Plan”)

If there is any conflict between the terms of this policy and either Plan, the terms of the relevant Plan will govern.

B. ~~2.~~ ~~457 Plan Overview~~ Eligibility and Enrollment

Eligibility and Enrollment

Upon employment with the District, ~~all regular, full-time employees every~~ employee of the District ~~is~~ are eligible to ~~participate in defer compensation to~~ the 457 Plan. No employee is excluded from participating.

Employees may elect to defer part of their District compensation to the 457 Plan on a pre-tax basis. For this purpose, compensation means the employee’s taxable District wages, including leave cashout payments and differential wage payments received within a certain time period after the employee’s District employment ends.

Employees are responsible for initiating the dollar amount or percentage to be deferred, selecting investment allocation of amounts deferred among the investment menu available under the 457 Plan, and designating primary and contingent beneficiaries. If an employee fails to allocate deferrals, the funds will be automatically deposited into ~~the Conservative Profile fund~~ one of the target date retirement funds based on the employee’s age.

Employees may, at any time, change the amount of compensation to be deferred in future pay periods, including the option to change the deferral amount to zero (\$0). Deferral changes take effect as soon as administratively applicable after the election date.

The minimum contribution amount is ten dollars (\$10.00) per pay period.

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Additionally, once per year, the District will provide employees the option to defer a specified amount of accrued vacation time and accrued sick time into the 457 Plan (See “Policy No. 18 – Vacation” and “Policy No. 16 – Sick Leave”).

2. Maximum Contributions Per Calendar Year

An employee’s deferrals to the 457 Plan for a calendar year are capped at the “basic elective deferral limit” imposed by the tax laws for the year. (For 2024, this limit is \$24,000.¹) An employee may, however, make additional deferrals beyond this limit in years that the employee qualifies for one of the following catch-ups:

- “Age 50 Catch-up”: An employee who is age 50 or older on December 31 of a calendar year may make additional elective deferrals—above the basic elective deferral limit—up to the maximum catch-up amount set by law for that year. (For 2024, the age 50+ catch-up amount is \$7,500.²)
- “Special Three Year Catch-up”: This provision is a once-in-a lifetime opportunity under the 457 Plan available to an employee for the three calendar years preceding their designated “normal retirement age” under the 457 Plan. This provision applies to an employee who has “underutilized contributions,” which means the excess of (i) the cumulative maximum contributions to the employee’s 457 Plan account that were permitted to be made in past years in which the employee was eligible to participate, over (ii) the total contributions actually made to the employee’s 457 Plan account over that period. (This calculation ignores age 50+ catch-up amounts.) For each of the three years in which this catch-up applies, the employee may make additional deferrals—above the basic elective deferral limit—up to the lesser of—
 - 100% of the basic deferral limit for the year (ignoring age 50+ catch-up amounts).
 - The employee’s underutilized contributions.

For this purpose, the employee may designate a normal retirement age within the following range: from age 50 (or age 52, if a PEPRRA employee) through age 70-1/2. The normal retirement age chosen upon election of this catch-up provision is irrevocable for determining the three-year period.

If an employee is eligible for both types of catch-ups in the same year, whichever catch-up results in a higher contribution limit for the year will apply.

¹ The IRS may periodically adjust this amount to account for cost-of-living increases.

² Same as footnote 1.

3. Mandatory Participation

Participation in the 457 Plan is mandatory for every employee who is not either (i) an active member of the District's pension plan, the California Public Employees' Retirement System (CalPERS), or (ii) a retired annuitant under CalERS.

Typically, this group would comprise employees in part-time, seasonal, or temporary positions. If an employee's 457 Plan participation is mandatory, 7.5% of the employee's District compensation will be automatically deducted and deferred to the employee's account in the 457 Plan. The employee may not opt out of these mandatory deferrals.

For all other District employees, participation in the 457 Plan is voluntary.

C. 401 (a) Plan Overview

The District will make three types of Employer Contributions to the 401(a) Plan to select employees' 401(a) Plan accounts—namely, Matching Contributions, Fixed Contributions, and Mandatory Excess Accrual Contributions—subject to the following terms and conditions:

1. Matching Contributions

A permanent full-time employee who has completed one year of regular full-time service with the District is eligible for a District matching contribution. Beginning with the first payroll period after the date an employee becomes eligible for the matching contribution, the District will deposit to the employee's 401(a) Plan account an amount equal to 100% of the amount deferred by the employee (to his or her 457 Plan account) during each pay period up to a maximum of 3% of the employee's base salary for each pay period.

Employees who make 457(b) contributions exceeding the 3% cap in a payroll period will be eligible for District make-up contributions to their 401(a) account in subsequent payroll periods within the same calendar year. The make-up contributions will equal the difference between the match that the employee would have received without the 3% cap and the actual matching contribution made for that period. However, for each payroll period, the aggregate regular matching contributions and make-up contributions to an employee's 401(a) account may not exceed 3% of the employee's base salary for that period. Make-up contributions will be provided only until the last day of the calendar year.

If an employee who is eligible for Matching Contributions terminates from District and is later rehired as a District employee, he/she will become eligible for Matching Contributions only upon again satisfying the eligibility conditions after the rehire date.

2. Fixed Contributions

An employee who has completed two years of regular, full-time service with the District is eligible for District fixed contributions. Beginning with the first month after the date an employee becomes eligible for the fixed contribution, the District

POLICY NO. 39 - DEFERRED COMPENSATION PROGRAM POLICY

will deposit to the employee's 401 (a) Plan account on a per-pay period basis an amount equal to 1% of the employee's base salary. When an employee's base salary changes, contributions made by the District will be adjusted accordingly. If an employee who is eligible for Fixed Contributions terminates from District employment but is later rehired, he/she will become eligible for Fixed Contributions only upon satisfying the eligibility conditions after the rehire date.

3. Mandatory Excess Accrual Contributions

All District employees are eligible for Mandatory Excess Accrual Contributions. Each calendar year, if an employee's accrued but unused vacation balance at the close of business on the last day of the second payroll period ending in January of the calendar year exceeds the vacation accrual maximum applicable to the employee, the excess will be debited from the employee's vacation balance and will be contributed to the employee's 401 Plan (a) account as a Mandatory Excess Accrual Contribution.

Mandatory Excess Accrual Contributions will be made as soon as practicable after the second payroll period ending in January of each calendar year.

To the extent a Mandatory Excess Accrual Contribution cannot be allocated to an employee's 401(a) Plan account due to the limitations on annual additions imposed by section 415(c) of the Internal Revenue Code ("415 Limit"), the unallocable amount will be paid to the employee in cash.

To the extent a Matching Contribution or Fixed Contribution cannot be allocated to an employee's Plan account due to the 415 Limit, the employee will not be entitled to the unallocable amount.

~~Additionally, in accordance with Personnel Policy and Procedure No. 6, Section B.3., pertaining to the OBRA Act of 1986, some temporary employees are required to contribute to the 457 Plan. Temporary employees are limited to the Conservative Profile fund or stable value investment option. (See "Personnel Policy and Procedure No. 6—Hiring and Probation").~~

~~Employees may defer compensation for any calendar month, providing the deferral election is made no later than the last business day of the month prior to the desired pay period in which the deferral election is to begin.~~

~~**3. Available Plans and Deferral Limitations**~~

~~A. The 457 Deferred Compensation Plan—Employee Contributions~~

~~The 457 plan is available for employee contributions only.~~

~~The minimum amount of contributions is ten dollars (\$10.00) per pay period.~~

~~The maximum amount employees may contribute to the 457 Plan is the lesser of 100% of Includible Compensation or the maximum allowed by law. Includible Compensation is generally defined as base compensation, but may include overtime, stand by, and paid vacation and/or sick hours during absences such as medical leave.~~

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~~Once a year, the District will provide employees the option to transfer a specified amount of accrued vacation time into the 457 Plan (See “Policy No. 18—Vacation”).~~

~~Once a year, the District will provide employees the option to transfer a specified amount of accrued sick time into the 457 Plan (See “Policy No. 16—Sick Leave”).~~

~~B. The 401 (a) Money Purchase Pension Plan—District Contributions~~

~~The 401 (a) Plan is for District contributions only.~~

~~Matching Contributions~~

~~An employee who has completed one year of regular full-time service with the District is eligible for a District matching contribution. Beginning with the first month following an employee’s one year anniversary date, the District will deposit to the employee’s 401(a) Plan account an amount equal to 100% of the amount deferred by the employee during each pay period up to a maximum of 3% of the employee’s base salary for each pay period. Once an employee has deferred an amount equal to 3% of his/her annual salary during the calendar year, the matching deposits to the employee’s Deferred Comp Plan account will continue each pay period in an amount equal to 3% of the employee’s base salary even if the employee is no longer making contributions. The District does not match deferrals in excess of 3% of the employee’s base salary.~~

~~Direct Contributions~~

~~Managers, Supervisors, and Confidential employees who have completed two years of regular, full-time service with the District, are eligible for an additional District contribution. Beginning with the first month following an employee’s second anniversary date, the District will deposit to the employee’s 401 (a) Plan account on a per-pay period basis an amount equal to 1% of the employee’s base salary. When an employee’s base salary changes, contributions made by the District will be adjusted accordingly.~~

~~4. Participant Options~~

~~A. Changes to Deferral Amount~~

~~Employees may change the amount of compensation to be deferred in future pay periods, including the option to change the deferral amount to zero (\$0). Deferral changes must be made no later than the last business day of the month prior to the desired pay period in which the deferral election change is to begin.~~

~~B. Catch-Up Contributions~~

~~“Age 50 Catch-up” Contributions: At any time during the year in which an employee will attain age 50, they are eligible to make additional elective deferrals, up to the maximum amount set by law for that year. Employees may not participant in the “Age 50 Catch-up” during the same time they are making additional contributions under the “Last three years” provision below.~~

~~“Last Three Years” Catch-up Contributions: Under this provision, an employee who underutilized the applicable deferral limitations after December 31, 1978, may make additional deferrals in an amount not to exceed the lesser of—~~

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- ~~(i) Twice the otherwise regular dollar limit. For example, if the regular annual deferred contribution limit is \$16,500, an eligible employee may be able to defer up to an additional \$16,500.~~
- ~~(ii) The amount that was underutilized in previous years after December 31, 1978.~~

~~The catch-up provision applies to any one or more of an employee's last three (3) calendar years ending before such employee attains normal retirement age. Normal retirement age shall be considered the range of ages beginning no earlier than age 50 and ending no later than age 70-1/2. The normal retirement age chosen upon election of this catch-up provision is irrevocable for determining the three year period.~~

B.D. 5. Administration of the Program

~~The District may contract with one or more investment providers to provide investments, education, and record-keeping services for the Plans. The District's selected third-party Recordkeeper shall administer the Deferred Compensation Program. The District's Plan Administrator will oversee the program's administration; the Plan Administrator will report to the Personnel Committee and/or Board of Directors and, when necessary or appropriate, submit action or informational items to the District's Finance and Personnel Committee or Board of Directors.~~

~~The District's Plan Administrator shall administer the Deferred Compensation Program and shall submit action or informational items to the District's Finance and Personnel Committee and/or Board of Directors as necessary.~~

1. Ownership of Funds

~~A. Ownership of Funds~~

~~All amounts deferred under the Plans are held in trust for the exclusive benefit of the participants and their beneficiaries.~~

2. Claims or Liens Against Assets

~~B. Claims or Liens Against Assets~~

~~Each Plan's assets are held in trust for the benefit of participants and beneficiary. The trust has sole title to the assets until they are distributed in accordance with the Plan's terms. Except as otherwise required by law, no participant, beneficiary, creditor, or other party has any claim, lien, or other entitlement against assets under the Plans' trusts. The participants and their beneficiaries are entitled only to receive benefits pursuant to the Plans.~~

~~Neither the existence of the deferred compensation Program nor the individual deferred compensation accounts shall entitle any participant, beneficiary of any participant, or a creditor of any participant to a claim or lien against the assets of the individual deferred compensation accounts. The participants and their beneficiaries shall only have the right to receive benefits pursuant to the Plans.~~

3. Statement of Accounts

~~C. Statement of Accounts~~

~~The deferred compensation investment provider will be responsible for providing account statements no less frequently than quarterly.~~

E7. Distributions

1. Termination of Employment

A. Termination of Employment

Employees are eligible to take distributions from the Plans upon separation ~~of~~ ~~service~~ from the District. The individual plan documents will provide the specific plan requirements and modes of distribution.

2. Emergency Distributions

B. Emergency Distributions

An employee may request an emergency distribution from his/her 457 Plan account due to extraordinary and unforeseeable circumstances arising as a result of events beyond his/her control. Emergency distributions are not available under the 401 (a) Plan. Circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but distributions will only be made in accordance with IRS regulations and the 457 Plan document.

Approval authority over emergency distribution requests rests with the Recordkeeper.

The District may use an investment provider or other third party to make a determination for an emergency distribution request.

F. Loans

Eligible employees may request a loan from their 457 Plan account. (Loans from the 401(a) Plan are not permitted.)

To receive a loan, an employee's 457 Plan account balance must be at least \$2,000.

Only one outstanding loan is permitted at a time, and the minimum loan amount that a participant may request is \$1,000. Employees may borrow up to 50% of their 457 Plan account balance or \$50,000 – whichever is the lesser.

Two types of loans are available:

- General Purpose – this is for any purpose, typically has a term of one to five (1-5) years.
- Principal Residence – this is only to purchase or build a principal residence, not to renovate or refinance a home. This typically has a term of six to fifteen (6-15) years.

Repayment of a loan through payroll deductions is not permitted; payments are deducted from an employee's checking account. If an employee defaults on a loan (meaning that a loan is not paid back on schedule), it will be considered a distribution and subject to income tax and future loans will not be permitted. The Recordkeeper administers the loan program.

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Loans are subject to an interest rate equivalent to the Prime Rate as published in the Wall Street Journal on the first business day of the month in which the loan is originated.

8. ~~Plan to Plan Transfers, Purchase of Service Credits and Rollovers~~

~~The District's deferred compensation program allows plan to plan transfers, purchase of service credits, and rollovers in and out of the Plans. The individual plan documents will provide the specific plan requirements related to transfers of assets in or out of the Plans.~~

F.G. 9. ~~Amendment or Termination of Plan~~

The District, at its sole discretion, may amend or terminate one or both Plans at any time.
~~The District, at its sole discretion, may terminate one or both of the Plans at any time. Upon such termination, each participant in the affected plan will be deemed to have revoked his/her participation as of the date of such termination.~~

~~The District may also amend the provisions of its Plans at any time, provided that no amendment or termination shall affect the rights of the participants or their beneficiaries to payment of benefits.~~

Adopted by IRWD Board of Directors on: ~~September 28, 2015~~

POLICY NO. 44 – USE OF COMPUTER SYSTEMS AND ACCOUNTS

IRVINE RANCH WATER DISTRICT

PERSONNEL POLICIES AND PROCEDURES

POLICY NO. 44 – USE OF COMPUTER SYSTEMS AND ACCOUNTS

1. Purpose of Policy

The District recognizes the need to manage the use of its Computer Systems and Accounts to maintain a secure workplace, preserve cybersecurity and to create a work environment in which productivity is enhanced.

The purpose of this policy is to ensure that the District’s Computer Systems, including internet access and usage, and District Accounts are properly used to perform tasks directly related to IRWD job duties.

2. Scope of Policy

This policy applies to all users of District Computer Systems or District Accounts. This policy also addresses the use of Personal Computer Systems and Personal Accounts for District business.

3. Definitions

“Artificial intelligence” means any app, software, or system that can independently change its own analytical methods and utilizes artificial intelligence (including generative and algorithmic artificial intelligence), machine learning or other advances algorithms to perform tasks, analyze data, or make (or assist in making) decisions.a Computer System or Account that is known as AI or that simulates human intelligence to perform a task or activity, such as analysis, data gathering, writing, perception, decision making, etc.

- A. “Authorized User” means any employee, board member or other person authorized to use a District Computer System or Account. To be considered an Authorized User, an individual must be granted permission by the District to use the account, system or device they are using, must read and agree to comply with the terms of this policy, and agree to comply with other applicable IRWD personnel policies and all applicable state and federal laws.

Any employee, Board Member, or contractor who has been given an IRWD computer login, provided an IRWD email address, or has been provided with a wireless device by the District, including an iPad, shall be considered an Authorized User for the purposes of this policy.

The District may revoke or modify its authorization at any time; however, upon separation from the District, an employee’s, Board Member’s, contractor’s or other user’s authorization shall be deemed automatically revoked.

- B. “District Accounts” means any account owned, licensed to, opened by or held by the

POLICY NO. 44 – USE OF COMPUTER SYSTEMS AND ACCOUNTS

- District, and any account linked to a District email address, through which an electronic communication or Public Record could be sent. This includes District email accounts, social media accounts such as Twitter, Facebook, and Instagram connected to a District email address, cloud-based messaging systems (e.g. Microsoft Teams), webinar/conference call platforms (e.g. WebEx), Artificial Intelligence service or subscription accounts, text messaging applications and voice messaging systems connected to a District email address or District cloud- storage accounts.
- C. “District Computer System(s)” means any computer, tablet, cell phone or any other similar electronic device owned, leased, or licensed to the District. All hardware, and District-owned or licensed software, applications, and programs associated with such devices are part of the District Computer System.
- D. “Personal Accounts” means any account owned, licensed to, opened by, used by or held by an Authorized User in their personal capacity and not linked to a District email address. This includes personal email accounts, social media accounts such as Twitter, Facebook, and Instagram, cloud-based messaging systems (e.g. Microsoft Teams), webinar/conference call platforms (e.g. WebEx), Artificial Intelligence related service or subscription accounts, text messaging applications and voice messaging systems or personal cloud-storage accounts connected to a personal email address.
- E. “Personal Computer System(s)” means any computer, tablet, cell phone or any other similar electronic device owned, leased, or licensed to an Authorized User or a member of their household, as opposed to the District, in their personal or individual capacity. All hardware, and personally owned or licensed software, applications, and programs associated with such devices are part of the Personal Computer System. A personal cell, which an employee uses for work and receives a District cell reimbursement for, is considered a personal computer.
- F. “Public Record” means any Record containing information related to the conduct of the public’s business that is prepared, owned, used, or in the possession of the District regardless of physical form or characteristic. It does not include Records that are strictly personal and do not relate to the conduct of public business, as these are not Public Records.
- G. “Record” means all tangible (hard-copy) and electronically-prepared, electronically-stored or electronically-transmitted writings or recordings, including communications, handwritten notes, typed documents, emails, voicemails, text messages, spreadsheets, drawings, photographs, data sets, calendar and schedule entries, PDF documents, forms, notes and collections of texts or other data created or assembled by a user, presentations, diagrams, images, CAD files, databases and other electronic information.

4. Authorized Use of the District Accounts, Systems and Devices

A. Authorized Use

Authorized Users are only authorized to use the District Computer Systems and Accounts that their supervisor or Informational Services permits them to use.

POLICY NO. 44 – USE OF COMPUTER SYSTEMS AND ACCOUNTS

District Computer Systems and Accounts are the property of the District and are designed to facilitate District business. Authorized Users are given access to these accounts, systems and devices to conduct business on behalf of the District and to perform tasks directly related to their job duties.

B. Unauthorized Use

The District takes measures to safeguard its Computer Systems and Accounts from misuse, corruption and illegal uses, and to protect the District from any possible liability due to unauthorized use. Uses that are illegal or inconsistent with the authorization granted to the user by the District are unauthorized. Such unauthorized uses include misuse, as defined in Section 6, and personal use inconsistent with the narrow personal use permitted by subsection (C) below.

Authorized Users found to have engaged in an unauthorized or improper use of a District Computer System or Account may have their use authorization revoked or modified. Employees found to have engaged in unauthorized or improper use will be subject to disciplinary action, up to and including termination.

Any users engaged in unauthorized, illegal or improper use may also be subject to civil or criminal liability. Any suspected criminal use or activity will be reported to the appropriate law enforcement agencies.

C. Limited Personal Use

Limited personal use of a District Computer System or Account is permitted if it is appropriate, has a minimal impact on the District, including a minimal impact on the District's network bandwidth and other District resources, and does not take place during work time. For example, an employee using a District iPad at home to read the news, or an employee's limited use of the Internet on a District computer for personal purposes during their lunch or before or after work hours are permissible if those uses comply with the terms of this policy and the District's other personnel policies.

5. **Limitation on User Privacy and Confidentiality**

The District reserves the right to monitor, access and disclose the use of District Computer Systems and Accounts at any time for any reason without notice to the user.

Users of District Computer Systems and Accounts should have **no expectation of privacy** with respect to their use of these accounts, systems and devices. Any communication, data, metadata or other information, including personal communications, data or information, that is transmitted through, stored on or created by these systems or accounts may be accessed, held, used, retained or disclosed at the sole discretion of the District and may be a Public Record requiring protection/retention in accordance with state and federal law and the District's Retention Policy.

Users are put on notice that any communication, Record, message or image accessed

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through or created, transmitted or stored on a District Computer System or Account may be publicly disclosed.

Security features (e.g. passwords, codes or deletion features) will not prevent the District from accessing a user's communications, Records, messages, or images which are transmitted through, viewed on, stored in or created by a District Computer System or Account.

Additionally, the District may maintain records of the names, dates and times of users accessing services on District Computer Systems or Accounts, including use of and access to services on the Internet. Users should assume **no privacy or confidentiality exists** when using District Computer Systems or Accounts.

6. Misuse of District Accounts, Systems, and Devices

It is a violation of District policy for Authorized Users, including system administrators, to use District Computer Systems or Accounts for the purpose of satisfying idle curiosity about the affairs of others with no legitimate business purpose for obtaining access to the files or communications of others. Employees found to have engaged in such "snooping" or found to have misused the District's accounts, systems or devices will be disciplined appropriately, up to and including termination.

Additional misuses of District Computer Systems and Accounts include, but are not limited to, the following:

- A. Use in any manner that violates any law, regulation, or ordinance, including for uses that violate copyrights laws, or government security laws or regulations.
- B. Use in any manner that violates any policy or procedure of the District, including unauthorized personal use.
- C. Use that is disruptive, unprofessional, offensive, harmful to morale or inappropriate for the workplace. The creation, display, storage and the use, viewing, or transmission of sexually explicit images, messages or cartoons; ethnic slurs, racial or religious epithets; or anything that may be construed as harassment, creating a hostile work environment, or disparagement of others is strictly prohibited.
- D. Use for any deliberate action in an attempt to gain unauthorized access to remote systems, or to damage or disrupt a computing system, alters its normal performance, or causes it to malfunction, regardless of system location or time duration.
- E. Receipt and "opening" of misaddressed communications when the user knows that the communication was misaddressed.
- F. Forwarding Records or communications without a legitimate business purpose, including intentionally sending chain letters and spam.
- G. Uses related to "moonlighting" or job searches.
- H. Revealing proprietary or confidential information, including official District

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information or intellectual property, without authorization.

- I. Uses related to political campaign-related activities.
- J. Conducting or soliciting illegal activities.
- K. Uses that delete, destroy or dismantle any Public Record required to be retained pursuant to the District Records Retention Policy.

7. Authorized Users' Obligation to Preserve, Identify, and Produce Electronic Records

The District is committed to transparency and compliance with state and federal law. This includes compliance with the California Public Records Act (“PRA”), record retention laws, and its obligations to preserve and turn over Public Records and other Records related to certain legal matters.

A. Electronic Records on District Computer Systems and Accounts

All Authorized Users are required to comply with all laws and legal requirements related to the preservation, identification and production of electronic Records created, transmitted or stored on District Computer Systems and Accounts. In addition, all Authorized Users are required to comply with the District’s Records Retention Policy and any District-issued Litigation Hold Notices for Public Records located on District Computer Systems and Accounts.

All Authorized Users must identify and turn over electronic Public Records on District Computer Systems and Accounts in a timely manner when requested to do by the District.

B. Electronic Records on Personal Systems and Accounts

Pursuant to *City of San Jose, et al. v. The Superior Court of Santa Clara County*, communications and other Records about official District business may be Public Records and may be subject to public disclosure regardless of the type of account, computer, or device used in its preparation, storage or transmission.

This means that electronic Records on a Personal Computer System or Personal Account may be Public Records if they relate in some way to the conduct of public business. This includes Public Records that are created, stored or transmitted on Personal Accounts, including personal emails, text messages, messages sent via messaging applications, pictures and social media posts.

Electronic Records and communications that are strictly personal and do not relate to the conduct of public records are not Public Records and are not subject to this policy.

If an Authorized User has created, transmitted or stored a Public Record on a Personal Computer System or Account, they are required to comply with all laws and legal requirements related to the preservation, identification and production of Public Records. In addition, all Authorized Users are required to comply with the

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District's Records Retention Policy and any District-issued Litigation Hold Notices for any Public Records located on a Personal Computer System or Account.

All Authorized Users must identify and turn over electronic Public Records on Personal Computer Systems and Accounts in a timely manner when requested to do so by the District.

8. Requirement to Transfer Electronic Public Records on Personal Computer Systems and Accounts to District Computer Systems and Accounts

A. Obligation to Transfer Electronic Public Records

Since Public Records on Personal Computer System and Accounts may be subject to production by the District under the PRA and other laws, Authorized Users, who know or have reason to know that a possible Public Record is located on a Personal Computer System or Account, or other non-District Computer System, are required to transfer the Public Record to the appropriate District Computer System or Account as soon as it is identified to be a possible Public Record.

After the possible Public Record is transferred, the Authorized User shall delete the original copy of the Public Record from their Personal Computer System and Personal Account.

For example, if an Authorized User takes a picture or records a video of an IRWD facility or equipment on their personal cellphone for District purposes, they should immediately transfer it to a District Computer System or Account, and then delete it from their phone. This could be done by emailing the picture to their IRWD email account.

Another example is if an Authorized User uses their home computer to create a Word document for work. They should save it to the District's network folders or email to their IRWD email address, and then delete the file from their home computer.

Transferring a possible Public Record located on a Personal Computer System, Personal Account, or other non-District Computer System to the appropriate District Computer System or District Account will allow for it to be preserved and retained, as appropriate, by the District, and to be destroyed consistent with the District's Records Retention Policy.

B. Exceptions to the Obligation to Transfer

An Authorized User is not required to comply with the transfer requirements of this section for Records that, pursuant to the District's Records Retention Policy, are:

1. Records not required to be retained, and the Authorized User deletes the Record from their Personal Computer Systems and Accounts or the used non-District Computer System.
2. Records for which the retention period has expired, in which case the Record may

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be destroyed pursuant to the District’s policy, provided the Authorized User deletes the Public Record from their Personal Computer Systems and Accounts, or the used non-District Computer System.

9. Restrictions on the Use of Personal Computer Systems and Accounts for District Business

A. Use of Personal Computer Systems for Public Business

Authorized Users are only permitted to use a Personal Computer System or other non-District Computer System for the District’s business if they comply with the transfer and deletion requirements of Section 8 and the prohibition on the use of Personal Accounts below.

If a Personal Computer System or other non-District Computer System is used for District business, the Authorized User should give strong preference to remotely accessing the District Computer Systems and Accounts they are authorized to access when creating, saving and transmitting Public Records related to the District’s business. Public Records created, transmitted and stored through remote access to a District Computer System or District Account will be considered stored on the District Computer System or Account used, and not on the Personal Computer System or the other non-District Computer System used to remotely access the District system or account.

B. Use of Personal Accounts for Public Business is Prohibited

In the ordinary course of business, Authorized Users are prohibited from using Personal Accounts to discuss District matters, conduct District business or perform work for the District. This includes the use of Personal Accounts used to access Artificial Intelligence services or subscriptions. If an Authorized User mistakenly uses a Personal Account for public business, they should copy or forward the message to their District Account and must comply with the transfer and deletion requirements of Section 8.

C. Exceptions to the Prohibition on the Use of Personal Accounts for Public Business

An Authorized User may only use a Personal Account in the following situations:

1. In extraordinary circumstances, an Authorized User may use a Personal Account to conduct District business if they comply with the transfer and deletion requirements of Section 8. Extraordinary circumstances include unusual situations when the Authorized User must use a Personal Account to address urgent District business that, if left unanswered, could seriously impact the District.
2. An Authorized User may use a Personal Account to respond to a communication sent by a third party to a Personal Account if the Authorized User complies with the transfer and deletion requirements of Section 8 for both the original communication and the response, and directs the third party to use a District Account for all future communications related to the District’s business.

POLICY NO. 44 – USE OF COMPUTER SYSTEMS AND ACCOUNTS

3. An Authorized User may copy a Personal Account on calendar invitations if the Public Record is sent using a District Account (e.g., copying a Personal Account on an Outlook calendar invite).
4. An Authorized User, who is designated to manage the District’s Facebook Account, may use their Personal Facebook Account to access the District Facebook Account for the sole purpose of managing the District’s Facebook Account. The Authorized User must not use their Personal Facebook Account for District business beyond using their account as a “key” to access the District’s Facebook Account.

Public Records created, transmitted, stored or posted on the District’s Facebook Account will be considered stored on the District’s Facebook Account, and not on the Personal Facebook Account that an Authorized User used to simply access the District’s account.

If an Authorized User uses their Personal Facebook Account to access the District Facebook Account, they may be required to search their Personal Facebook Account for Public Records pursuant to Section 10 and IRWD Personnel Policy No. 46.

10. Public Records Searches of Personal Computer Systems and Personal Accounts

Authorized Users may be required to search any Personal Computer System or Account on which a Public Record may be located. **Authorized Users are put on notice that their Personal Computer Systems and Accounts may be required to be searched for Public Records if they are used for District business.**

To ensure that the District meets its legal obligation to make government records available to the public while respecting an Authorized User’s right to privacy, and minimizing the personal liability of Authorized Users, Authorized Users should follow the protocols for the “Transfer of Electronic Public Records to District Computer Systems and Accounts” outlined above in Section 8. Additionally, Authorized Users may be asked to search their accounts, systems and devices pursuant to the procedure outlined in IRWD Personnel Policy No. 46.

11. Use of Artificial Intelligence

A. Manager Approval Required: Authorized Users may only use Artificial Intelligence while performing their job duties if they have received approval from their manager. to use Artificial Intelligence prior to using it in their work.

B. Cautions on Using Artificial Intelligence:

1. **Artificial Intelligence accumulates all of the data and information entered into it. Once entered, that data and information is public and cannot be recalled. The entering of data or information in an Artificial Intelligence Computer System or Account may cause that information to be exposed or used in unintended ways.**

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2. Users of Artificial Intelligence should note that outputs from Artificial Intelligence may be incomplete, out of context, wrong, or use confidential third-party information because it is based on the Artificial Intelligence’s available data and what has been entered into it.

C. Conditions on the Use of Artificial Intelligence: Any use of Artificial Intelligence by an Authorized User must meet the following:

1. The use of Artificial Intelligence must be in accordance with all District policies, guidelines and procedures, and consistent with IRWD’s values.
2. The use of Artificial Intelligence must be consistent with the Artificial Intelligence provider’s use policies and terms of service. Authorized Users shall ensure that the Artificial Intelligence provider’s use policies do not conflict with any District policy, guideline and procedure.
3. **No personal, District or corporate sensitive information**, as defined in IRWD Personnel Policy No. 47, shall be entered into any Artificial Intelligence Computer System or Account.
4. **Information that is not public**, including IRWD non-public information, shall not be entered into any Artificial Intelligence Computer System or Account.
5. Artificial Intelligence outputs must be validated before being used in any IRWD work product.

D. Use of Artificial Intelligence in Human Resources Testing

Artificial Intelligence shall not be used by any candidate when participating in Human Resources testing or any other portion of the candidate evaluation process, including recruitment and promotion tests, being used to evaluate candidates for a current job opening.

Use of Artificial Intelligence by an internal or external candidate in the recruitment or promotion testing process may lead to the candidate being automatically disqualified.

11.12. District’s Exclusive Authority

The District reserves the right to change this policy at any time with such prior notice, if any, as may be reasonable under the circumstances.

12.13. Administration of Policy

The Director of Information Services and the Director of Human Resources will be responsible for administration and enforcement of this policy.

POLICY NO. 44 – USE OF COMPUTER SYSTEMS AND ACCOUNTS

Adopted by IRWD Board of Directors on: ~~January 11, 2021~~

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March 5, 2024

Prepared by: D. Pardee / C. Smithson

Submitted by: N. Adly

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

IRWD BUDGET SOFTWARE PROJECT AND CONSULTANT SELECTION

SUMMARY:

The IRWD Budget Software Project will enhance the efficiency of creating and implementing the operating expense budget and deliver a contemporary budget book. The project encompasses a five-year subscription, installation, training, customer support, and general and administrative expenses. Staff recommends that the Board authorize a budget increase for project 12964 in the amount of \$569,100 and authorize the General Manager to execute a Professional Services Agreement with Questica in the amount of \$477,364 for IRWD Budget Software Project.

BACKGROUND:

The existing process for creating the IRWD expense budget is labor-intensive and obsolete. Information is collected from diverse sources and in various formats. Staff then manually consolidates the information to develop the expense and personnel budgets and create a comprehensive budget book. Although effective, the current process is inefficient, burdensome, and subject to errors. This necessitates frequent oversight to ensure accuracy amidst evolving changes in the budget process. In addition, the budget book is antiquated.

Staff is seeking a budgeting software solution that:

- streamlines the data collection process;
- automates consolidation from the various sources;
- provides tools to assist with analytics;
- creates a modern budget book; and
- incorporates actual performance to budget comparison reporting features.

The scope of work for this project includes a five-year software subscription and the provision of professional services to install the software, training on its use, and customer support.

Software System and Consultant Selection Process:

Staff invited three consultants to submit proposals for this project. Proposals were received from two consultants: Questica and ClearGov. Both consultants were interviewed, and the proposals were evaluated and ranked as shown in Exhibit "A". While both consultants were qualified, Questica presented an outstanding product, clear project approach, and excellent project understanding, as described below:

- *Functionality of the software solution:*

Questica: Their software solution offers greater efficiency by integrating with IRWD's systems and incorporating information from various sources. It supports a complex

arrangement of allocations between many budget elements and enables non-budget data to determine the basis of the allocated amounts.

ClearGov: Their product requires manual upload of system information. This software will require staff to continue processing work manually, which would increase the risk of errors. Additionally, this software is not capable of incorporating non-budget data, which is a need for the District when preparing budgets and forecasts.

- *Project understanding:*

Questica: The proposal demonstrated a clear methodology tailored to meeting IRWD’s budgeting, forecasting, and reporting objectives. The proposal showcased the capabilities of Questica’s products and services to meet IRWD’s goals.

ClearGov: The proposal fell short in terms of detail and customization. The company’s ability to meet IRWD’s objective lacked clear definition.

- *Experience and expertise:*

Questica: This company has been providing public sector budget and forecasting software solutions for over 25 years. Its customers include Metropolitan Water District of Southern California, San Diego County Water Authority, and several other California public sector agencies and water utilities.

ClearGov: This company was founded in 2015. It has less experience with California agencies and water districts.

Questica’s scope of work and fee proposal are provided as Exhibit “B”. Staff anticipates that the project will be completed in August 2024.

FISCAL IMPACTS:

Project 12964 is not included in the FY 2023-24 Capital Budget. A budget increase as shown below is required to fund the project.

Project No.	Current Budget	Software Subscription and Implementation	General and Administrative Costs	Budget Increase
12964	\$0	\$477,364	\$91,736	\$569,100

ENVIRONMENTAL COMPLIANCE:

This study is exempt from the California Environmental Quality Act as authorized under the California Code of Regulations, Title 14, Chapter 3, Section 15262 which provides exemption for planning studies.

RECOMMENDATION:

That the Board authorize a budget increase for project 12964 in the amount of \$569,100 and authorize the General Manager to execute a Professional Services Agreement with Questica in the amount of \$477,364 for IRWD Budget Software Project.

LIST OF EXHIBITS:

Exhibit “A” – Consultant Evaluation Matrix

Exhibit “B” – Scope of Services and Cost Estimate

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Exhibit "A"

CONSULTANT EVALUATION MATRIX

Budget Software Vendor Comparison

Item	Description	Weights	Questica	ClearGov	OpenGov
A	Experience and expertise with similar projects.	20%	10.00	8.00	Declined to quote
B	Qualifications of the firm and individuals assigned to perform the work. Understanding and expertise with budget-based and other allocation rate structures; availability and level of commitment of the proposed project team and key personnel. Understanding of project scope, approach to accomplishing the work, and project timeline.	40%	10.00	10.00	
C	Functionality of the software solution and its ability to meet the needs and objectives of the District.	40%	10.00	7.00	
	<u>COMBINED WEIGHTED SCORE</u>		10.00	8.40	
	Ranking of Consultants		1	2	
C	<u>SCOPE OF WORK</u>				
TASK			FEE		FEE
	Installation (One Time)		\$79,828		\$11,700
	5-year Subscription		\$397,536		\$50,635
	General and Administrative Costs		\$40,000		\$2,000
	TOTAL COSTS		0 \$517,364		0 \$64,335

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Exhibit "B"

APPENDIX A – Order Form

Questica Budget Price Quote

Quotation ID#: IRWD - 01292024

Description	Qty	Total
Questica Budget Framework – All Modules		
Operating License Seats	Unlimited	
Personnel Planning & Budgeting License Seats	Unlimited	
Capital License Seats	Not Included	
Unlimited Read-Only Licenses	Included	
Performance Measures	Included	
Allocations	Included	
Statistical Ledger	Included	
OpenBook Transparency	Included	
Budget Book Studio	Included	
Questica Year 1 Software Subscription (including software, maintenance, support and hosting)		\$79,828.00
Professional Services (Per Scope of Work)		
Planning & Analysis	Included	
Installation	Included	
Data Load & Verify	Included	
Accounting Integration	Included	
Customizations	Not included	
Customized Reports	Not included	
Training	Included	
Project Management	Included	
Single Sign On	Included	
Total Questica Professional Services (one-time fee):		\$101,750.00
GRAND TOTAL (Year 1)		\$181,578.00

Pricing Notes

Quotation ID#: IRWD - 01292024

Pricing valid through: February 29th 2024

- Questica annual subscription is based on a 1-year term
- Questica has agreed to hold the annual subscription fee for the first 3 years
- Questica will apply a 5% inflationary increase in year 4 and in year 5
- Above pricing in US dollars
- Applicable Taxes Extra
- Terms of Payment:
 - Software:
 - 100% upon Contract Effective Date (Net 30)
 - Professional Services:
 - 25% due the earlier of software installation or 30 days from Contract Effective Date
 - 25% due the earlier of historical Operating budget available for validation or 60 days from Contract Effective Date
 - 25% due the earlier of Operating actuals import integration configuration created & tested or 90 days from Contract Effective Date
 - 25% due the earlier of completion of training or 120 days from Contract Effective Date

APPENDIX B – Hosting, Maintenance and Technical Support Services

(A) **Hosting Services.** Questica shall provide technical support and the associated hardware infrastructure to maintain the various Questica databases in a hosted environment. This includes performance tuning, database backups, disaster recovery availability, applying software upgrades and patches at the direction of the Subscriber, performing 24X7 server monitoring. Hosting Services do not include:

- I. Testing customizations during an upgrade
- II. Restoring a database backup required because of a Subscriber error
- III. Migrating data or reports among instances (example: from training or testing to production)

Questica may at its sole discretion, periodically make reasonable modifications or changes to the Hosting Services provided.

Subscriber is responsible for ensuring that its personnel have sufficient training to attain and maintain competence in the operation of the Software.

Technical support relating to the Hosting Services is available through Questica's normal business hours, Monday through Friday, 8:00am through 8:00pm, Eastern Standard Time on Business Days. Extended coverage is available for an additional fee. Questica will provide an initial response to all properly submitted support requests within two (2) business hours of initial submission.

(B) **Product Maintenance.** On an as-available basis, Questica will provide enhancements, modifications or upgrades to the Software as Questica may from time to time make available to its Subscribers generally ("**Updates**") but excluding any New Product (a "**New Product**" being a solution which, in Questica's determination and subject to general industry standards, does not replace the Software licensed hereunder.) Updates do not include:

- I. Platform extensions including product extensions to (i) different hardware platforms; (ii) different windowing system platforms; (iii) different operating system platforms
- II. New applications
- III. Services associated with the application or installation of Updates

If requested, Questica will provide assistance in the testing of any site-specific customizations. Questica will provide a quote for any required rework associated with customizations resulting from the upgrade.

(C) **Technical Support Services.** Questica will provide phone and e-mail based technical support of a reasonable nature as described herein. A technical support incident or problem is a single user defined problem seeking resolution. It must be related to the original intent and design of the software. Technical Support Services include the support of Questica supplied integrations that have not been modified by the Subscriber. Each Technical Support Service incident is deemed closed when a remedy, workaround, or recommendation for the installation of a current maintenance release has been offered, and a commercially reasonable effort has been made to restore operation to the original intent and design of the Software. Technical Support Service does not include:

- I. Custom programming services;
- II. On-site support;
- III. Subscriber developed interfaces, API interactions, or customizations;
- IV. Subscriber developed reports;
- V. End-User training or re-training;
- VI. Subscriber hardware or network issues;
- VII. Correction of data issues derived from user error or Software misuse;
- VIII. Changes to Questica developed custom reports or Permitted Customizations (including Questica supplied custom business rules or customized user screens) that are outside the scope of the accepted specification, scope of work, or authorized change requests;

- IX. Corrections to Questica developed custom reports or Permitted Customizations beyond six (6) months from the date of delivery (the upgrade protection period); and
- X. Changes to integration functionality made necessary due to Subscriber server modifications/replacement, or changes by upgrades or changes to the integrated financial system software or hardware.

Questica may at its sole discretion, periodically make reasonable modifications or changes to the Technical Support Services and/or Product Maintenance Services provided.

Subscriber is responsible for ensuring that its personnel have sufficient training to attain and maintain competence in the operation of the Software.

Technical Support Service is available through Questica's normal business hours, Monday through Friday, 8:00am through 8:00pm, Eastern Standard Time on Business Days. Extended coverage is available for an additional fee.

Scope of Work

Questica Budget Implementation for Irvine Ranch Water District

Revision History

Rev.	Date	Authors	Notes/Changes
1			

1. General

1.1. Shared Responsibility

Questica and The Customer agree that the implementation of Questica Budget is a shared responsibility, and that they will employ their best efforts to complete their agreed tasks on a timely basis. Neither Questica nor The Customer is expected to have resources available to mitigate timeframe slippage caused by the other party, and neither shall have an obligation to do so.

1.2. General Clarification

Initial Data Load

“Data import”, “import workbooks”, and “initial data load” are synonymous terms referring to the initial migration of data from The Customer's existing systems into Questica Budget.

Where this initial data load is to be performed by Questica, the data shall be returned to Questica in Excel workbooks. Questica's Project Manager will provide blank workbooks for this purpose as an output of initial discovery meetings. These are adapted from standard templates to use The Customer's terminology and to incorporate all elements of The Customer's chart of accounts, other data entities, and columns within those data entities. Such data provided must be “clean”, consistent, and complete. The Questica PM is not responsible for cleaning data, and will not repeatedly load data in order to repair issues and/or add missing information.

The Customer can use the software's user interface or Questica Budget's Excel® export/import feature to further amend and maintain data, or to load data where this is a customer task.

For example, where Questica's work to load prior year data may be limited to a specific number of years in order to reduce implementation cost, there is no system limit to the number of prior years that the customer can load using Excel® export/import.

Data Model

The Questica Budget system is a relational database built on a standard data model. Using the system's user interface, this data model may be enhanced to mirror The Customer's data structures, notably the chart of accounts that is unique to The Customer's institution. While all of the standard tables ('entities') must be retained, the following points are held to be true:

- Any of the standard entities may be renamed to match The Customer's terminology;
- Out-of-the-box entities may be ignored, or in some cases filled with place-holder data, if not useful;
- There is a defined, immutable, relationship between certain entities - for example Costing Centers (Operating) and Projects (Capital) roll up to a single Department, each in turn rolling up to a single Division;
- The GL Account/Account Category, Division/Department, Fund Category/Fund, and Asset Category/Asset

Type structures must be consistent across all years and across the modules (Operating, Personnel, Capital, Financial Statements, and Performance);

- GL Account Categories must be categorized as containing either a revenue or expenditure accounts (accommodation is made for other account types in the Financial Statements module);
- Questica Budget enacts data integrity through the use of relational data structures. Data structures which do not follow accepted data principles (for example, re-using GL Accounts/Object Codes to mean different things to different Departments) can typically be accommodated but is not guaranteed and such accommodation can extend the import timeframe;
- A list of the standard entities and their relationship is available upon request.

Integrations

“Integration” as used in this Scope of Work refers to the automation of data exchange between Questica Budget and 3rd party systems. For each of the integrations in scope, Questica shall be responsible for:

- Configuring data transformations, as described by The Customer during the implementation.
- Providing the software interface into Questica Budget, and the operational infrastructure required to manage the integration, as well as the operational infrastructure required to manage the integration (e.g. FTP server).

Questica does not offer services to build the 3rd party system end of integrations. The Customer is responsible for creating data sources and destinations within their 3rd party systems, either through their IT team or through their system’s integrator. Such data sources and destinations may be database queries, delimited files, and/or web services.

The Customer is advised that in a “cloud” environment, Questica is unlikely to be granted the local network access to The Customer's other enterprise systems for a direct database-to-database integration. The most likely mode of integration will be exchange of formatted text (.CSV) files transmitted using secure FTP (SFTP or FTPS). Integration via web services may be possible where the 3rd party system provides a web services interface that provides/accepts data required by The Customer. It will be The Customer's responsibility to create or cause to be created the necessary file transfer mechanism on their side of the transfer; and to ensure that the 3rd party system's integration components are available, including web services where used.

For all integrations in scope, the following are held to be true except where specifically listed as a customization:

- Records being copied into Questica Budget require a unique key to unambiguously match incoming data with pre-existing records. This key may be a single field value (e.g. Object Code) or a combination of multiple values (e.g. Position+Employee Number). An exception report is provided for data elements which cannot be thus matched.

- While it is likely that Questica Budget can accommodate any chart of account segments (“chart fields”), and Questica shall accommodate reasonable requests for mapping chart fields to accommodate situations such as legacy account structures, the encoding and decoding of arbitrary structures and mappings (those which cannot be logically described) is not in-scope.

- Questica Budget integrations do not include the synchronization of chart of account strings, segments, or combinations; which is to say that the list of funds, GL accounts, costing Active, and projects, etc. is not automatically updated from the general ledger or other external system.

- Each distinct data source and/or output file is considered one point of integration. For example, if Statistical Actuals are required from multiple data sources, Questica will need to configure one integration for each data source and a single Statistical Actuals integration will be insufficient.

- Filtering is coded into the integration and there is no custom user interface for the selective export of sections of the budget except to choose a budget year, or in the case of Actuals imports the date range.

- Standard budget export integrations, where in scope, do not have the ability to export only changes since the last export. The entire budget is exported each time. A budget amendment export integration is required in order to export selected parts of the budget, such as changes since the last export.

- Amended budget export integrations, where in scope, will be either export individual amendments as created, or export the batch of amendments since the last export, or import amendments from the general ledger system as read-only budget lines. Which of these options is used is a detail determined during the implementation, but each amendment integration will only work in one of these modes.
- Actuals Import integrations cannot be used to amend the budget.

Customizations

Customizations include custom business rules, modifiers, user interface (grids, forms, etc.), non-standard integrations, hand-crafted reports, and ad hoc entities. They are all detailed in section “2.11. Customizations” of this Scope of Work document. Sections prior to “2.11. Customizations” detail the delivery of standard product functionality and services.

2. Scope of Work

In the Scope of Work tables, entries in the column headed “Scope of Work” are defined as follows:

Entry	Meaning
In scope	The task or function is within the scope of work to be undertaken by Questica professional services. There may be additional refinement of the scope.
Customer task	The task or function is not within the scope of work to be undertaken by Questica professional services, but will be undertaken by The Customer, with such help from Questica as is detailed in the item description. There may be additional information qualifying this.
Not in scope	The task or function is not within the scope of work to be undertaken by Questica professional services, nor will it be undertaken by The Customer.

2.1. Questica Budget Configuration & Shared Components

Functional Area	Description	Scope of Work
Production System	<p>Hosting of the single production instance of the Questica Budget system. Note that in addition to the hosted production system, The Customer must provide user workstation environments as follows:</p> <ul style="list-style-type: none"> • A web browser: supported browsers - Microsoft Edge, Firefox latest release, Chrome latest release; • Microsoft .NET Runtime 4.68 installed; • Microsoft Excel® 2007 or newer (if spreadsheet export/import feature is required, and/or saving reports as Excel is required); • Microsoft Word® 2007 or newer (if scheduled reporting and/or saving reports as Word is required); • Microsoft's freely available desktop version of Report Builder installed (if self-serve report authoring is required from browsers other than Internet Explorer or Edge) - note that Microsoft have rebranded this "Power BI Report Builder". 	In scope As per hosting Software Agreement.

Sandbox System(s)	<p>Sandboxes are hosted for The Customer's development/test/QA/training needs. They are refreshed on demand by administrative users from within the application and are a clone of the production database. Integrations are not enabled by default and single sign-on (SSO) may need to be configured for sandboxes.</p> <p>Questica reserves the right to remove dormant sandboxes but these can be recreated by The Customer as needed.</p>	<p>In scope: A single sandbox.</p>
RoSA (Read-only SQL Access)	<p>RoSA is an optional service giving The Customer's IT team read-only access to a password protected copy of the database. It uses Microsoft Azure geo-replication to replicate in near real-time, and is accessible using ODBC. Note: Questica is not able to add The Customer's own code or other objects (views, functions, stored procedures) to this database.</p>	<p>Not in scope</p>
Project Management & Analysis	<p>Questica will assign an Implementation Manager ("PM") to lead this implementation on Questica's behalf. The role and responsibility of the PM is to ensure that the product is implemented according to this Scope of Work and to carry out the tasks detailed in sub-section "3.0.1. Questica Project Management Responsibilities" of this Scope of Work.</p> <p>Limitations:</p> <ul style="list-style-type: none"> - Weekly status meetings is the number of scheduled meetings for the purpose of status reporting that the Questica PM is obligated to attend/host. Exceeding this limit is at the discretion of Questica's PM. This does not limit his or her availability for ad-hoc contact as needed. - The scope includes overhead of project management and analysis as stated in the "Scope or Work" column at right. Where delays are not on the part of Questica, additional project management and analysis beyond this limit may be billable at Questica's standard services rate. 	<p>In scope with:</p> <ul style="list-style-type: none"> - One weekly status meeting; - 31 weeks of project management and analysis contiguous from project kick-off, or until all other implementation services are delivered, whichever occurs first.

<p>Consulting Services - BPI</p>	<p>Questica will facilitate a review of:</p> <ul style="list-style-type: none"> - The budget process for both the operating and capital budgets; - The chart of accounts; - Personnel planning and budgeting; - Reporting requirements. <p>This process will require the participation of stakeholders in group workshops and may include or one-on-one workshops.</p> <p>Budget Process End to end review, including high level descriptions of the tasks performed, the timing of these tasks, and dependencies. Questica will facilitate a design of the budget process as it relates to the Questica Budget system being implemented, seeking opportunities for improvement. This output will be documentation of:</p> <ul style="list-style-type: none"> - Budget process stages; - What happens in each stage; - Input, outputs, and participants in each stage; - Stage permission requirements. <p>Chart of Accounts Determine the data model, including the COA, roll-ups (whether part of the GL or not), and other budgetary fields of data. Complete field mapping and prototyping in Questica Budget.</p> <p>Personnel Budgeting Review and refine personnel budgeting process and data. To include common personnel budget issues including vacant positions, overtime, benefits, allowances, and statutory deductions.</p> <p>Reporting Requirements Ensure reporting is supported by the data model. Identify reports in three primary groups: those required for developing budget, those required for managing budget, and those disseminating for information “up and out” (management and public. Reporting can be through traditional print reports, saved searches, dashboards, smart reports, and OpenBook.</p> <p>The customer will assume responsibility for maintaining all process documents after hand-off.</p>	<p>Not in scope</p>
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<p>Consulting Services - Change Management</p>	<p>Questica will facilitate a change management process in relation to the implementation of Questica Budget. This process will require the participation of stakeholders in group workshops and may include or one-on-one workshops.</p> <p>A change management plan document will be produced based on the information gathered, containing:</p> <ul style="list-style-type: none"> - What is changing; - Organizations impacted by the change; - Each organization's ability and willingness to change; - A training plan; - Strategies for dealing with the change. <p>Note that the change management included in this item offer the benefit of Questica's experience in the domain of budget system implementation. It is not the enactment of, or replacement for, a comprehensive project of change management as may be required by the customer's PMO (project management office), or for a significant change beyond the introduction of a new system that approximates to current processes and procedures.</p>	<p>Not in scope</p>
<p>On-Site PM Visits</p>	<p>Each on-site visit by Questica's PM, and other implementation staff (excluding training, see below) shall be a minimum of one day and no more than five consecutive business days within the same working week. Where more than one individual is on-site at the same time this is considered as multiple visits (one per individual attending).</p> <p>Meeting premises, facilities (including external internet access) and equipment are to be provided by The Customer. Costs associated with travel, board and lodging for on-site visits are payable by The Customer as per contract.</p> <p>All other work by the Questica lead(s) will be carried out off-site and contact will be via normal telecommunication channels.</p>	<p>Not in scope</p>
<p>Application-Level Security</p>	<p>Determine how and when to use the various security levels available within Questica Budget, enter users and assign them to groups and roles.</p>	<p>Customer task: Questica will assist with this task until administrators have received training in security configuration.</p>
<p>Single Sign-On</p>	<p>Configure Questica Budget to use The Customer's existing Windows, LDAP, CAS, Google, or SAML Authentication, for user logon.</p>	<p>In scope: Configure production instance to use The Customer's SAML (Azure AD Connect) Authentication for user logon. Questica is not responsible for software and configuration changes required to make it authenticate with non-standard implementations of authentication protocols.</p>

Import Configuration ...		
Import Master Configuration Data	Configuration and data import of the following Questica Budget standard data structures, using data supplied by The Customer in Excel® workbooks provided by Questica: <ul style="list-style-type: none"> • Division/Department hierarchy; • Fund Categories and Funds; • Account Categories and Expense and Revenue GL Accounts • Statistical Account Categories and Statistical Accounts • Other Chart of Account Segment Values • Performance Measure Units 	In scope
Analytics ...		
Standard Reports	Provision of Questica Budget's standard reports. These reports are provided as-is and may not fully address The Customer's specific reporting requirements.	In scope
Administrator Authored Reporting	Questica Budget's reporting infrastructure allows users to create ad hoc views which can be used as datasets when using Report Builder 3.0 for administrator authored reporting; as the data source for dashboard widgets; and as part of the ad-hoc analytics interface. Each ad hoc view requires a base "entity" (database table), which can be one of Questica Budget's native data entities; a user configured entity; or a custom built "report entity" which consolidates the data from multiple entities and presents it to the ad hoc view as a single entity ready to report on.	In scope

2.2. Operating Module

The Questica Budget Operating module is included in this installation.

Functional Area	Description	Scope of Work
Configuration ...		
Import Costing Centers	Configuration and data import of standard Questica Budget Operating data structures, using data supplied by The Customer in Excel® workbooks provided by Questica At a minimum, the files will contain the data necessary to: <ul style="list-style-type: none"> • Create Costing Centers (for each historical and current/future budget year to be loaded); • Add Costing Centers to Departments; • Associate Costing Centers with Funds; • Define Budget Promotion Stages. 	In scope
Initial Data Load ...		

Import Initial Budget	Import the current/future Operating budget from data import workbooks: <ul style="list-style-type: none"> • Create dollar budget line items at the chart of account level ... by Costing Center. 	In scope: Questica will import the most recent budget with 1 years of future forecast data. Questica will repeat the import once, to accommodate a refresh prior to going live.
Import Historic Budgets	Import prior years' Operating budgets. All prior years must have a chart of account structure that is the same, or a subset of, the initial budget. Only the amended OR the approved budget will be imported in each of these prior years, but not both.	In scope: Questica will import 2 prior years' budgets.
Import Actuals Transactions	Import Operating actuals transactions from data import workbooks.	Customer task: The Customer can add their historical data manually, or using Questica Budget's Excel® export/import feature, or with an automated integration.
Import Initial Statistical Budget	Import the current/future Operating statistical budget from data import workbooks: <ul style="list-style-type: none"> • Create statistical budget line items at the statistical account level ... by Costing categorized. 	Customer task: The Customer will enter their statistical budget data using Questica Budget's user interface or Excel® export/import feature.
Import Historic Statistical Budgets	Import prior years' Operating statistical budgets. All prior years must have a statistical account structure that is the same, or a subset of, the initial budget. Only the amended OR the approved budget will be imported in each of these prior years, but not both.	Customer task: The Customer can add their historical statistical budget data using Questica Budget's user interface or Excel® export/import feature.
Import Statistical Actuals Transactions	Import Operating statistical actuals transactions from data import workbooks.	Customer task: The Customer can add their historical data manually, or using Questica Budget's Excel® export/import feature, or with an automated integration.
Integration ...		
Budget Export	Automated facility to transfer the Operating module budget data from Questica Budget to The Customer's Oracle Financials general ledger at the approved budget object/costing centre level when invoked by a user. Note that this scope item is in addition to the built-in budget export, which will create a CSV file using the configured account structure suitable for import into most general ledger systems.	In scope: Questica will create no more than 1 point of integration for the approved operating budget.

Amended Budget Export	<p>Automated facility to transfer individual approved amendments to the Operating module budget data, from Questica Budget to The Customer's Oracle Financials general ledger, or the other direction as required.</p> <p>This interface is required only in the case where The Customer requires the amended budget to be synchronized between the two systems and where the general ledger cannot be updated by re-running the full export provided in the item in the "Budget Export" item above.</p>	In scope: Questica will create no more than 1 point of integration for the operating budget amendments.
Actuals Import	<p>Automated facility to transfer actual data from The Customer's Oracle Financials general ledger to the Questica Budget Operating module at a transaction level on a daily basis when automatically scheduled; and/or on demand.</p> <p>Note that this scope item is in addition to the built-in actuals import which is able to read a CSV file, provided it conforms to some simple formatting requirements and the configured account structure.</p>	In scope: Questica will create no more than 1 point of integration for the operating actual costs.
Statistical Budget Export	Automated facility to transfer the Operating statistical budget data from Questica Budget to a single target system at the approved budget object/costing centre level when invoked by a user.	Not in scope
Amended Statistical Budget Export	<p>Automated facility to transfer individual approved amendments to the Operating statistical budget data, from Questica Budget to a single target system, or the other direction as required.</p> <p>This interface is required only in the case where The Customer requires the amended budget to be synchronized between the two systems and where the 3rd party system cannot be updated by re-running the full export provided in the item in the "Statistical Budget Export" item above.</p>	Not in scope
Statistical Actuals Import	Automated facility to transfer actual data from a single source system to the Questica Budget Budget Operating statistics at a transaction level on a daily basis when automatically scheduled; and/or on demand.	Not in scope

2.3. Personnel Planning & Budgeting Module

The Questica Budget Personnel Planning & Budgeting module is included in this installation.

Functional Area	Description	Scope of Work
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Initial Data Load ...	<p>Configuration and data import of standard Questica Budget Personnel data structures, using data supplied by The Customer in Excel® workbooks provided by Questica. At a minimum, the files will contain the data necessary to:</p> <ul style="list-style-type: none"> • Create positions; • Create salary grades; • Create salary grade steps; • Create modifiers (benefits); • Create employees; • Allocate employees to positions; • Allocate positions to costing centers. <p>For the purpose of the above, the definitions of positions, grades, grade steps, employees and modifiers shall be those found in the Questica Budget Personnel manual. The relationships between them shall be those currently supported by Questica Budget and described in the Questica Budget Manual.</p>	
Import Positions & Employees	Import from data import workbooks.	In scope
Import Grades & Scales	Import from data import workbooks.	In scope
Create Benefits (Modifiers)	<p>Create “modifiers” to generate supplementary personnel costs such as benefits, allowances, and insurance.</p> <p>Note that modifiers are not simple 2-dimensional data that can be represented in a spreadsheet. It is not possible to load modifiers in bulk from Excel® workbooks.</p>	Customer task: Questica will assist with this task until administrators have received training in modifier configuration.
Import Position/Costing Center Allocations	Import from data import workbooks.	In scope
Integration ...		
Payroll Actuals Import	Automated facility to transfer actual payroll transactions at the employee/position detail level from The Customer’s HR or payroll system to the Questica Budget Operating module; automatically scheduled, and/or on demand. This data may be used to replace existing GL Actuals with payroll detail or may be stored in a separate table.	Not in scope
HR Data Sync.	<p>Automated facility to synchronize Personnel data between Questica Budget and The Customer’s HR or payroll system. This integration synchronizes:</p> <ul style="list-style-type: none"> • New, deleted, and updated employees; • New, deleted, and updated positions; • Changes in employee-position relationships; • Changes in position-costing centre relationships. 	Not in scope

2.4. Capital Module

The Questica Budget Capital module is not included in this implementation.

2.5. Reserved

2.6. Performance Measures

The Performance Measures module is included in the framework license, however this SoW does not include configuration of the system by Questica. The Customer may use the online training material to make use of Performance Measures.

Functional Area	Description	Scope of Work
Configuration ...		
Measure Categories and Units	Configuration of Performance Measures Categories and Units, establishing those lookup values within the system.	Not in scope
Initial Data Load ...		
Measures	Configuration of the initial set of performance measures.	Not in scope
Scorecards	Configuration of the initial set of performance measurement scorecards, and including them on dashboards.	Not in scope
Integration ...		
Measure Actuals Import	Automated facility to load actual data from The Customer's 3rd party data collection systems to the Questica Budget performance measures module on a scheduled basis; and/or on demand. Users can add measure actuals data not available through an automated interface through the user interface or using Excel® export/import.	Not in scope

2.7. OpenBook and Budget Book Studio

A subscription for Questica's "OpenBook" cloud service for data transparency is included in this implementation. This subscription includes the "Budget Book Studio" add-in.

Functional Area	Description	Scope of Work
Configuration ...		

System Administration	General configuration of OpenBook Core to set the look-and-feel, captions, and add users.	Customer task: As a customer task, The Customer will leverage Questica's training material and reasonable assistance of Questica's PM or consultant to understand the administration options.
Configuration of Questica Budget	Configure ad hoc views in Questica Budget as a convenient source of source of OpenBook Core data.	In scope: Questica will, with the help of The Customer, configure up to 3 ad hoc views as a source of data for OpenBook Core. The Customer is able to configure as many additional ad hoc views as required.
Configuration of OpenBook Core Visualizations	The Customer is able to add multiple "visualizations" of their data to their OpenBook site. Each dataset is displayed according to a template selected from a library of visualization styles. The Customer is also able to add their own stories with "spotlights" and "highlights".	In scope: A Questica consultant will assist in configuring OpenBook Core "Visualizations" and "Stories" to a limit of 10 hours of consulting time (additional services can be purchased at Questica's standard hourly rate).

<p>Configuration of Budget Book Studio</p>	<p>The Customer is able to add multiple budget books to their OpenBook site following their approval workflow in “Budget Book Studio” . Budget books are built with a Customer defined layout of data tables, reports, paragraphs of text, images, charts, and can embed OpenBook’s “highlights” and “spotlights”. Questica services include:</p> <ul style="list-style-type: none"> • Training, including an optional introduction for newcomers to OpenBook. • Review source budget data: account groups, funds, and departments. • Configuration of a Budget Book to support these structures.(Note: Budget Book is not suitable for arbitrary data mapping, complex (re)calculation of values, and/or reporting of budget using roll-ups and segments other than those by which the budget is built and managed in Questica Budget.) • Creation of “views” in Questica Budget. * • Configuration & testing of data integration from Questica Budget. * • Configure standard content and assist with requested changes to standard format. • Guidance on completing tasks, including: <ul style="list-style-type: none"> o manual input of values deemed non-automatable; o insertion of unstructured data from files such as images, maps, award certificates, and charts; o sharing experience of layout and content options. • Miscellaneous configuration and content authoring assistance. <p>* Where the source system is not Questica Budget, The Customer is responsible for providing clean, well organized data in CSV file for upload.</p>	<p>In scope: A Questica consultant will assist in configuring the first budget book, over a period not exceeding 8 weeks to a limit of 40 hours of consulting time (additional services can be purchased at Questica’s standard hourly rate).</p>
<p>Content Authoring and Editorial Services</p>	<p>Authoring text and generating image (photo, graphic, map, chart, etc.) content for budget book(s).</p>	<p>Customer task</p>
<p>Integration ...</p>		
<p>Import from Questica Budget</p>	<p>Connection of OpenBook to Questica Budget, through a shared API key, and the publication of ad hoc views for seamless import of data into OpenBook from Questica Budget.</p>	<p>In scope</p>

Import from CSV Files	Initial and ongoing population of datasets through the import of .CSV files.	Customer task: As a customer task, The Customer will leverage Questica's training material and reasonable assistance of Questica's PM or consultant to load and configure datasets from CSV files.
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2.8. Training

Functional Area	Description	Scope of Work
Online Resources	Questica maintains a substantial library of online training courseware. Having signed-up with a valid Customer email address, all material is available to all users during and after the implementation.	
Training Approach	<p>Questica's standard training model is to train the trainers/advanced users within The Customer's organization in all implemented aspects of the application. Training is a blend of online courseware and "live" training, either in a classroom (if in scope, see "Training Location" below) or via a web conference. In the case of video training Questica's PM will field outstanding questions after the scheduled viewing.</p> <p>Where a specialist trainer is "In Scope" below this might be as a follow-up to a video or presentation of the entire course.</p>	
Training Schedule	<p>Questica's PM will help determine at which point in the implementation the delivery of training is most appropriate. The Customer may prefer to receive some or all of their training in the early stages of the implementation, in the knowledge that such training will need to be carried out using a generic training database. Alternatively The Customer may choose to wait until the implementation is substantially complete in order to be trained on their own instance of Questica Budget.</p> <p>Having received train-the-trainer training, the Customer is responsible for training the end users, except where explicitly included in scope (below).</p>	

Training Location	<p>* Note that this item relates only to location of training and does not confer training in addition to those items scoped below.</p> <p>On-Site Training: Is not included.</p> <p>Remote Training: All training provided by Questica will be delivered using web conferencing tools. Attendees are able to participate in the training from multiple locations using their own computer, or in a conference room with shared screen (their own computer is recommended). Audio is provided by telephone or the computer's own audio facilities. These sessions may be recorded upon request, with the unedited recording provided to The Customer for storage and dissemination using their own media repository.</p>	
Instructional Videos/eLearning Courseware	Instructional on-boarding videos tailored to The Customer's process (one per module) or full eLearning courseware (covering all modules) aimed at end-users. This material will show general system usage, and how to enter and query budgets.	Not in scope
Train-the-Trainer Training Sessions	<p>Training trainers, as well as advanced users and application administrators, in the modules, features, and processes implemented. Sessions may cover the following topics:</p> <ul style="list-style-type: none"> • Administration • Administrator Authored Reporting • Operating Module • Personnel Planning Budgeting Module <p>. Questica's PM will work with The Customer's project lead to ensure this training is focused where needed. Training for the following occur as part of their implementation process and is NOT part of this scope item:</p> <ul style="list-style-type: none"> • OpenBook • Budget Book 	In scope: This scope of work includes up to 5 training sessions including preparation time.
Train-the-User Training Sessions	Training end-users to use the modules, features, and processes implemented.	Customer task

2.9. Reserved

2.10. Reserved

2.11. Customizations

2.11.1. Custom Business Rules (CBRs), Modifiers, User Interface

This Scope of Work does not include the development of customizations.

Customizations not listed here can be accommodated upon receipt and acceptance of a change order, which will include a specification and may include an estimate for the work to be charged on a time & materials basis at the applicable rate.

2.11.2. Custom Reports, Custom Ad Hoc Entities and Custom Dashboards

This Scope of Work does not include the development of custom reports or ad hoc entities.

Custom reporting and dashboard requirements not listed here can be accommodated upon receipt and acceptance of a change order, which will include a specification and may include an estimate for the work to be charged on a time & materials basis at the applicable rate.

2.11.3. Specifications

Before Questica undertakes any customizations described herein, as well as integrations with other systems, and data imports, The Customer and Questica shall prepare and sign-off on the detailed specifications (“Specifications”) for the work to be performed.

2.11.4. Change Orders

Any changes to the agreed specifications, including changes requested by The Customer within the warranty period, shall be the subject of a new change order and the work to be carried out thereunder shall be separately quoted, agreed, and billed and shall not be included as part of this Scope of Work.

2.11.5. Warranty

Once completed the custom work shall be warranted by Questica in accordance with the “Technical Support Services” section of the Software License Software Agreement.

3.0. Project Management

3.0.1. Questica Project Management Responsibilities

1. Coordinating the development of the project plan in consultation with The Customer project manager and team members.
2. Ensure the timely execution of Questica's deliverables.
3. Ensuring that members of The Customer team are sufficiently educated in the Questica Budget application understand the implications of initial design decisions.
4. Providing The Customer with timely and detailed descriptions of the items identified as “Customer task” within this SoW, along with their expected completion dates.
5. Providing regular progress status reports to the key team members.
6. Advising The Customer of the impact on the expected delivery dates of any Questica or Customer deliverable is advanced or delayed.
7. Tracking issues through an issue log.
8. Author and coordinate the approval of change order estimates, and the execution of the deliverables approved.

3.0.2. The Customer Project Management Responsibilities

1. Running The Customer's project according to The Customer's norms, standards, practices, and protocols.
2. Acting as primary communication point with the Questica PM.
3. Providing definitive responses to the Questica PM on all decision points.

4. Ensuring the timely execution of The Customer's deliverables, as identified within this SoW, and advising the Questica PM of expected completion dates.
5. Ensuring that implementation training material is reviewed in a timely manner.
6. Ensuring that change orders contain a full specification of the changes required.
7. Ensuring that customizations are fully specified and documented.
8. Ensuring that all Customer team members have a clear understanding of their responsibilities to the project.
9. Approving (sign-off) Questica deliverables.

3.0.3. Project Planning

1. The project plan will be prepared by the Questica project manager in consultation with The Customer's project manager and team members.
2. The project planning phase will determine whether Questica Budget modules are to be implemented serially or in parallel and, if serially, the order of module implementation.
3. The implementation of each Questica Budget module will involve the following stages:
 - a. An overview of, and training in, the module and the ways in which the module can be extended by configuration and customizations.
 - b. A determination of how best to configure and, if necessary, customize the module to meet the objectives of The Customer.
 - c. An overview of the advantages and, if present, disadvantages of the proposed configuration and customizations.
 - d. Documentation of the agreed configuration and customizations.
 - e. The preparation of data import templates consistent with the agreed configuration and customizations.
 - f. The completion by The Customer of the data import templates.
 - g. The import by Questica of the data import templates.
 - h. Customer approval of the imported Questica Budget structures and data.
 - i. The creation of custom report entities to support The Customer's reporting, where such reporting is not readily available within Questica Budget's natural data model.
 - j. Training in the creation of (ad hoc) views, and ad hoc print reports using Microsoft Report Builder 3.0.
 - k. Determination of custom reporting requirements that cannot be met by the standard reports and the use of the out-of-the-box ad hoc reporting features.
 - l. The preparation of change orders and specification for any custom reports not detailed in this Scope of Work.
 - m. The development by Questica of any required custom reports, whether detailed in this Scope of Work or added to the scope through a change order.
 - n. The testing and acceptance of custom reports and report views.
 - o. The deployment of custom reports and report views.
 - p. The development of an integration strategy for updating the Questica Budget database with actual result data from the financial system and the passing of budget data into the financial system.
 - q. The development by The Customer of the integration components (queries, intermediate tables, file output/input etc.) which are required to access actual data from the financial system/HR System and update the financial system with budget data.
 - r. The development by Questica of:
 - i. integration components which transform budget data prior to updating the financial system;
 - ii. integration components which transform actual result data prior to updating the Questica Budget database;
 - iii. integration components required to initiate the execution of integrations.
 - s. The deployment of all integration components.

- t. The testing and acceptance by The Customer of the integration components.

4. Customer Resources

- 1. The requirement for Customer resources is variable with:
 - a. The duration of the project.
 - b. The degree of internal Customer consultation.
 - c. The level of internal Customer Software Agreement.
 - d. The number of customizations.
 - e. The familiarity of Customer staff with their General Ledger, ERP, HR, and other 3rd party systems.

END OF SOFTWARE SUBSCRIPTION SOFTWARE AGREEMENT DOCUMENT