

AGENDA
IRVINE RANCH WATER DISTRICT
POST-EMPLOYMENT BENEFITS TRUST RETIREMENT BOARD
QUARTERLY MEETING
TUESDAY, AUGUST 7, 2018

CALL TO ORDER 12:00 p.m., Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

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

ALSO PRESENT Cheryl Clary _____
Rob Jacobson _____
Tanja Fournier _____

COMMUNICATIONS

1. Meeting Minutes: Tanja Fournier
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.

ACTION

5. MINUTES OF THE MEETING OF THE IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD – FOURNIER / JACOBSON / CLARY

Recommendation: That the minutes of the May 1, 2018 Board Meeting of the Irvine Ranch Water District Retirement Board be approved as presented.

6. IRWD POST RETIREMENT BENEFITS TRUST INVESTMENT REVIEW AS
OF JUNE 30, 2018 – FOURNIER / JACOBSON / CLARY

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

OTHER BUSINESS

7. Directors' Comments
8. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Retirement Board in connection with a matter subject to discussion or consideration at an open meeting of the Retirement Board are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Retirement Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Retirement Board 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.

August 7, 2018

Prepared by: Tanja Fournier

Submitted by: Rob Jacobson/Cheryl Clary

Approved by: Paul Cook

RETIREMENT BOARD

MINUTES OF THE MEETING OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD

SUMMARY:

Provided are the minutes of the May 1, 2018 meeting of the Irvine Ranch Water District Retirement Board for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE MAY 1, 2018 BOARD MEETING OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – May 1, 2018 Minutes

EXHIBIT "A"

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD

May 1, 2018

The meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) Retirement Board was called to order by Chairman Swan at 3:30 p.m. on May 1, 2018 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Chairman Peer Swan, Vice Chairman Steven Lamar, and Paul Cook

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

COMMUNICATION: None.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None.

ACTION CALENDAR

MINUTES OF BOARD MEETING

Tanja Fournier presented the minutes from the February 5, 2018 meeting.

On MOTION by Cook, seconded by Swan and affirmed by Steven Lamar, the minutes of the February 5, 2018 meeting were approved as presented.

Trust Investment Review

- A capital markets and legislative update were provided by SageView.
- All trust investment options were reviewed as of 03/31/2018. All options are performing in line with benchmarks or above 50th percentile peer group rankings at this time.
- The portfolio return and expense ratio, style analysis, and asset allocation by fund were reviewed. Of note was the following:
 - As of March 31, 2018, the IRWD Post-Retirement Benefits Trust market value was \$72,235,493, down from \$72,921,596 at December 31, 2017.
 - For the quarter, the net total return was -0.91%. This closely tracked the custom benchmark return of -0.93%, with outperformance from Baird Core Plus, Metropolitan West Total Return, Vanguard Developed Markets, and Vanguard Emerging Markets offsetting slight underperformance from the Vanguard Corporate High Yield fund.

- For the trailing twelve months, the total return was 9.32%, closely in line with the custom benchmark return of 9.33%.
- The portfolio is heavily allocated to index funds, leading to a low overall expense ratio of 0.13%.
- The three actively scored funds by SageView all score in the top quartile of rankings, while all index funds receive a pass rating.
- Trading Activity for the quarter included:
 - Based on Board direction, the following trade allocations were implemented after the close of trading on February 6, 2018:

| Irvine Ranch Water District Post-Employment Benefits Trust | | | |
|--|---|-------------------|--------------|
| Ticker | Fund Name | Previous Target % | New Target % |
| FDRXX | FIDELITY GOVERNMENT CASH RESERVES | 0.05% | 0.05% |
| VSCSX | VANGUARD SHORT TERM CORP BD INDEX ADMRL | 10.00% | 3.00% |
| MWTIX | METROPOLITAN WEST TOTAL RETURN CLASS I | 11.95% | 8.95% |
| BCOIX | BAIRD CORE PLUS BOND INSTITUTIONAL | 12.00% | 15.00% |
| VWEAX | VANGUARD HI YIELD CORPORATE ADMIRAL | 4.00% | 6.00% |
| | Total Fixed Income | 38.00% | 33.00% |
| VINIX | VANGUARD INSTL INDEX INSTL CLASS | 39.00% | 41.00% |
| VEXAX | VANGUARD EXTENDED MARKET INDEX ADMIRAL | 7.00% | 7.00% |
| VTMNX | VANGUARD DEVELOPED MRKTS INDEX INSTL | 14.00% | 15.00% |
| VEMAX | VANGUARD EMERGING MRKTS INDEX ADMIRAL | 2.00% | 4.00% |
| | Total Equity | 62.00% | 67.00% |
| | Total | 100.00% | 100.00% |

ADJOURNMENT

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

APPROVED and SIGNED this 7th day of August, 2018.

Board Member, IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD

Secretary, IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD

August 7, 2018

Prepared by: T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook

RETIREMENT BOARD

IRWD POST RETIREMENT BENEFITS TRUST INVESTMENT REVIEW AS OF JUNE 30, 2018

SUMMARY:

Staff and a representative from the District's pension investment advisor, SageView Investment Advisors, will present the Portfolio Investment Review for the quarter ended June 30, 2018, and provide an update on current market conditions and any recommended portfolio changes.

BACKGROUND:

Quarterly Investment Review:

As of June 30, 2018, the IRWD Post-Retirement Benefits Trust market value was \$73,092,819, which is a net increase of \$857,326 from the quarter ended March 31, 2018. The change is primarily due to dividends in the amount of \$505,360 and an increase in market value of \$364,529. Trust expenses for the quarter were \$12,563 paid to SageView for investment advisory services. The closing balances and fund returns as of June 30, 2018 are as follows:

| Investment | Quarterly Return | Benchmark Index | Morningstar Peer Category | Quarter Ended March 31, 2018 | Quarter Ended June 30, 2018 | Incr/(Decr) | Percent of Portfolio |
|--|------------------|-----------------|---------------------------|------------------------------|-----------------------------|-------------|----------------------|
| EQUITIES | | | | | | | |
| Vanguard Institutional Index Fund | 3.42% | 3.43% | 2.69% | \$29,649,627 | \$30,663,888 | \$1,014,261 | 42.0% |
| Vanguard Extended Mkt (small/mid) Index Fund | 5.98% | 5.94% | 2.96% | 5,171,148 | 5,480,436 | \$309,288 | 7.5% |
| Vanguard Developed Market Index | -1.59% | -0.99% | -2.14% | 10,819,401 | 10,647,675 | (\$171,726) | 14.6% |
| Vanguard Emerging Markets Index | -9.09% | -8.36% | -8.90% | 2,852,924 | 2,593,032 | (\$259,892) | 3.5% |
| FIXED INCOME | | | | | | | |
| Metropolitan Total Return Bond Fund | -0.09% | -0.16% | -0.24% | 6,466,003 | 6,459,284 | (\$6,719) | 8.8% |
| Baird Core Plus Bond Fund | -0.35% | -0.16% | -0.24% | 10,828,961 | 10,791,513 | (\$37,448) | 14.8% |
| Vanguard High-Yield Corporate Fund | 0.36% | 1.00% | 0.56% | 4,283,978 | 4,299,980 | \$16,002 | 5.9% |
| Vanguard Short Term Bond Index Admiral | 0.26% | 0.26% | 0.28% | 2,140,034 | 2,146,099 | \$6,065 | 2.9% |
| CASH-SHORT TERM | | | | | | | |
| Fidelity Government Cash Reserves | 0.35% | 0.45% | 0.34% | 23,418 | 10,911 | (\$12,507) | 0.0% |
| Closing Balance | | | | \$72,235,494 | \$73,092,819 | \$857,326 | 100.0% |

For the quarter ended June 30, 2018, the portfolio return was 1.21%, which slightly lagged the custom benchmark return of 1.37%. For the one-year period ended June 30, 2018 the return was 7.65%, which trailed the custom benchmark return of 7.91%, and the preliminary CalPERS return of 8.60%. The Portfolio Investment Review as of June 30, 2018 is attached as Exhibit "A".

A representative from SageView will present the Portfolio Investment Review for the quarter ended June 30, 2018, an update on current market conditions, as well as any recommended portfolio changes for the Board's consideration.

FISCAL IMPACTS:

As of June 30, 2018, the IRWD Post-Retirement Benefits Trust market value was \$73,092,819, which is a net increase of \$857,326 from the quarter ended March 31, 2018. The change is primarily due to dividends in the amount of \$505,360 and an increase in market value of \$364,529. Trust expenses for the quarter were \$12,563 paid to SageView for investment advisory services.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

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

LIST OF EXHIBITS:

Exhibit "A" – The Portfolio Investment Review as of June 30, 2018



Plan Investment Review

Irvine Ranch Water District Post-Employment Benefits Trust

For period ending June 30, 2018

SEE
WHERE
YOU'RE
GOING

Jonathan Upham Registered Representative with and securities offered through Cetera Advisor Networks LLC, member FINRA/SIPC
1920 Main Street, Suite 800, Irvine, CA 92614 | T 949.955.1395 | SageView is not affiliated with Cetera



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Exhibit "A"

Section I

Market Overview

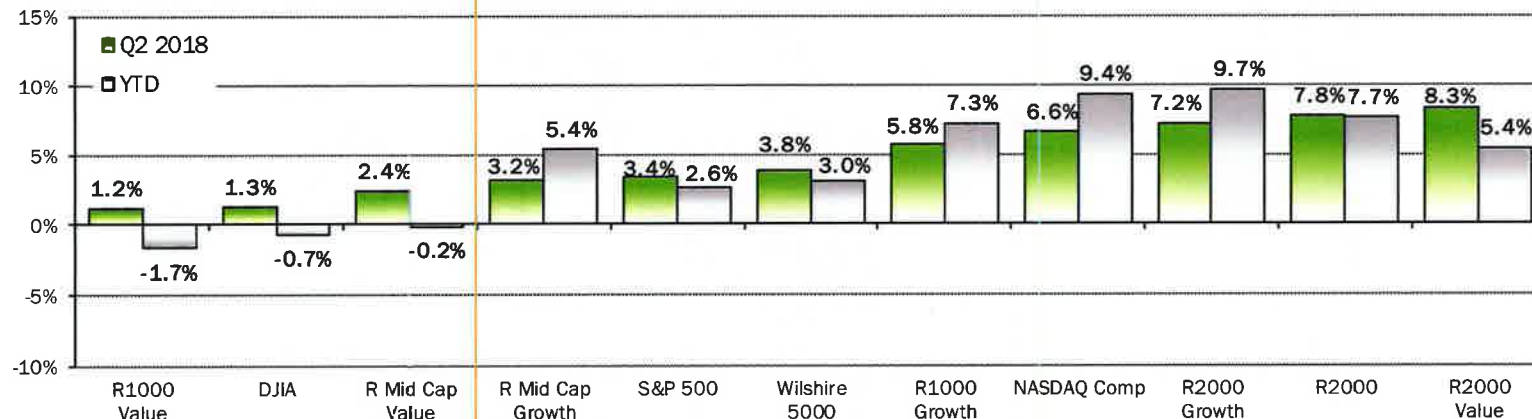
The views are those of SageView Advisory Group and should not be construed as investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of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

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U.S. Equities

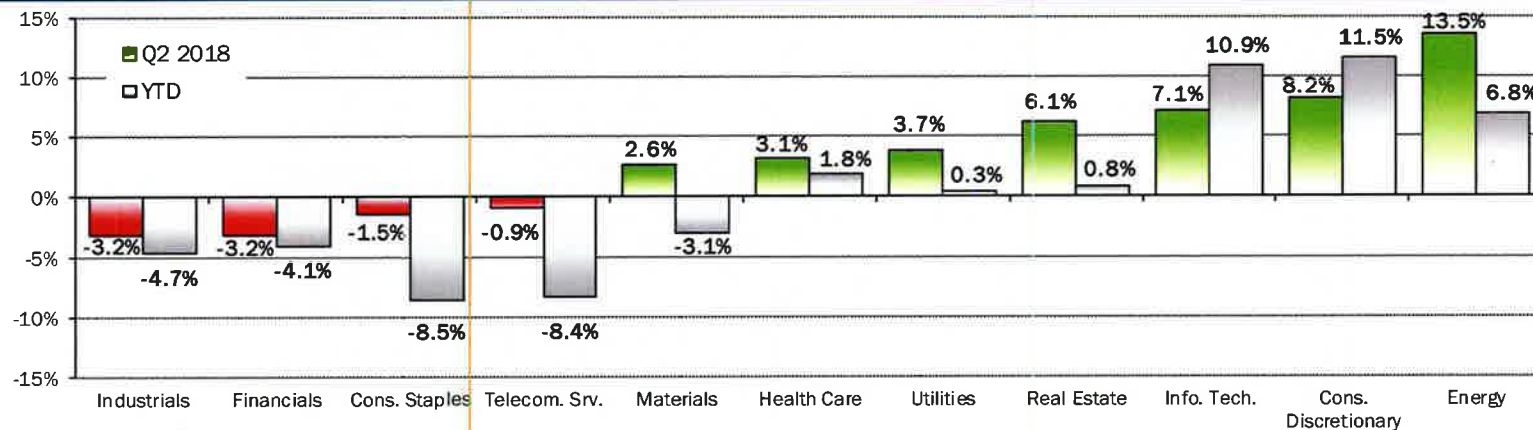
Most of the major U.S. equity benchmarks posted strong returns during Q2, as small cap stocks led the way. From a sector perspective, energy posted very strong returns as the price of oil jumped during the quarter. Other growth oriented sectors like consumer discretionary and information technology also had strong gains.

Performance of Major U.S. Equity Indexes - Q2 2018 and YTD



Source: Morningstar. Returns represent total return, including dividends.

S&P 500 Sector Returns - Q2 2018 and YTD



Source: Morningstar. Returns represent cumulative total return, including dividends.

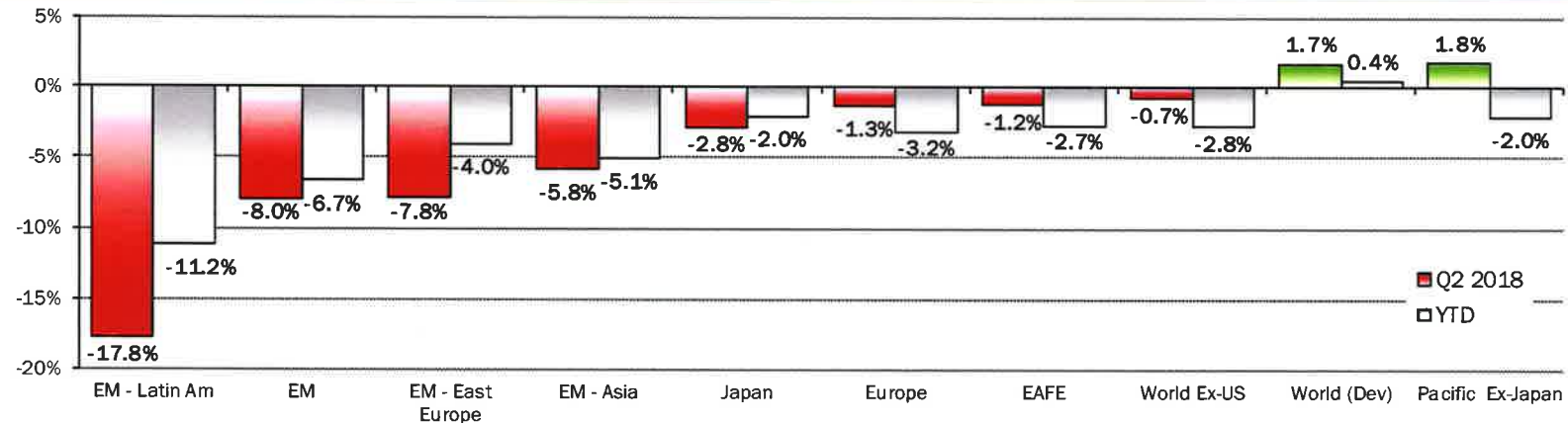
No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks LLC. Fund returns shown are net of fund expenses and sales charges.



International Equities

International stock markets were negatively impacted by trade tensions that could disrupt international supply chains. The strong appreciation of the U.S. dollar versus most other countries was another detractor. Emerging markets fared the worst, particularly those in the Latin America region.

International Equity Market Returns - Q2 2018 and YTD



Source: Morningstar. Returns represent cumulative total return, including dividends.

Dollar Trade Weighted Exchange Index for Broad Currencies: 1973 - 2018



Source: Bloomberg. Data as of June 30, 2018.

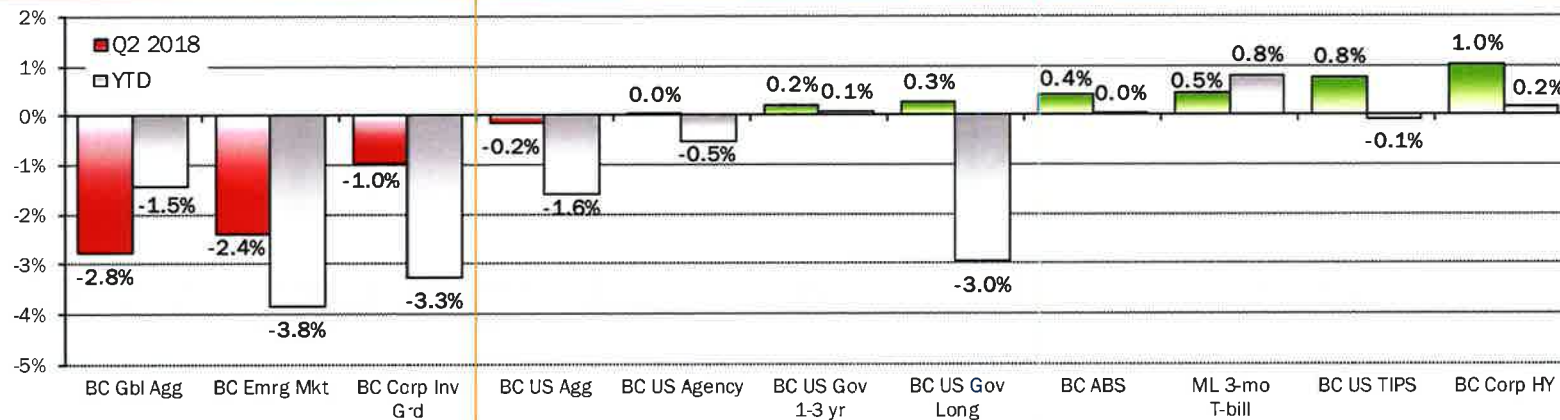
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Fixed Income

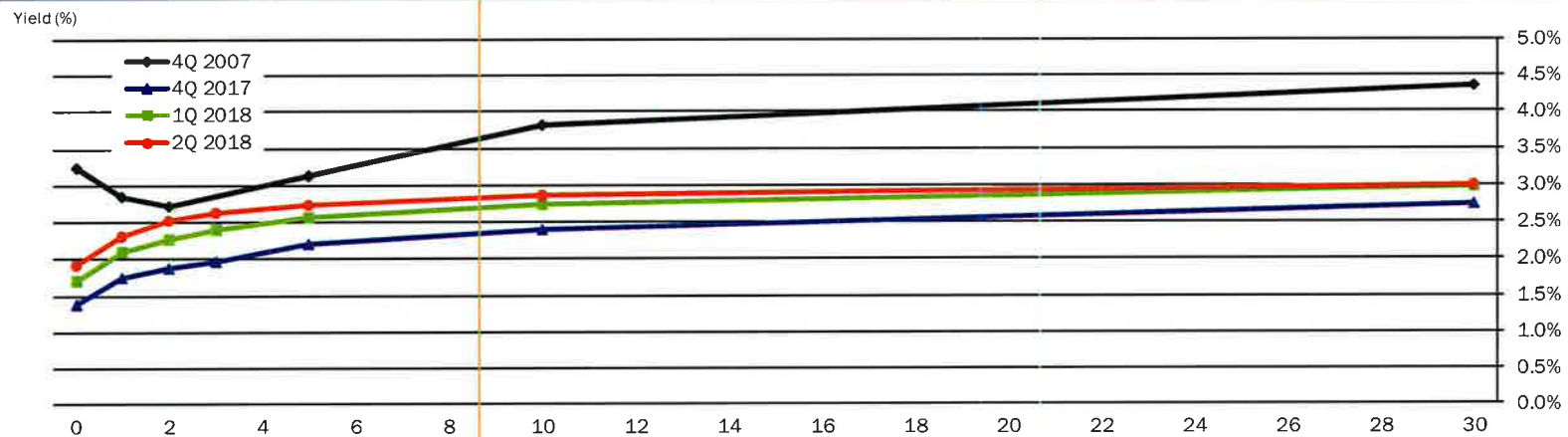
The fixed income market posted mixed results in Q2. Investment grade bonds were not immune to the trade tensions and have posted particularly weak results this year. However, companies continued to post strong earnings and corporate fundamentals remained strong. The Federal Reserve increased short-term rates for the second time this year.

Fixed Income Returns - Q2 2018 and YTD



Source: Morningstar. Returns represent total return, including dividends.

U.S. Treasury Yield Curve



Source: Bloomberg. Data as of respective quarter end.

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Section II

Investment Summary

Executive Summary and Observations

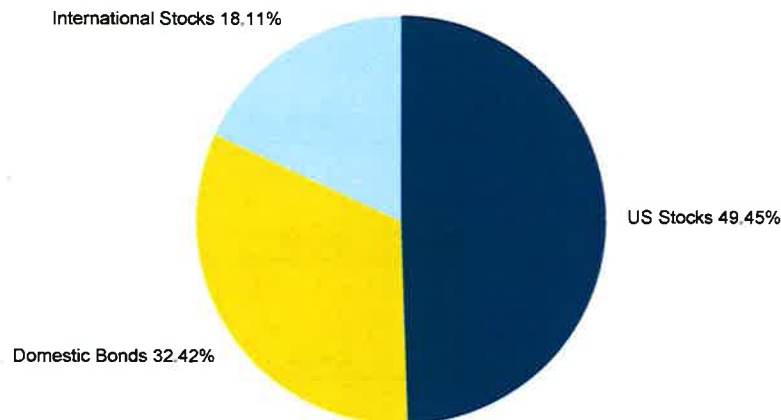
- Assets total \$73,092,819 at June 30, 2018, up from \$72,235,493 at March 31, 2018.
- No trade activity during the quarter.
- For the quarter, the net total return was 1.21% compared to the index-based custom benchmark of 1.37% and the peer-group custom benchmark of 0.71%. Relative to the custom index benchmark, outperformance from Metropolitan West offset slight underperformance from Baird Core Plus and the Vanguard Corporate High Yield fund. Additionally, the Vanguard Developed Markets fund slightly underperformed due to mandatory dividend taxation withholding.
- For the past 12 months, the net total return was 7.65%, slightly trailing the index-based custom benchmark return of 7.91%, and ahead of the peer-group custom benchmark return of 6.77%.
- The portfolio is dominated by index funds, leading to a low overall expense ratio of 0.13%.
- The three actively scored funds by SageView all score in the top decile or top quartile of rankings, while all index funds receive a pass rating.



Exhibit "A"
Asset Allocation by Fund
 As of 06/30/2018

| Fund | % of Plan Assets | Total Assets |
|---|------------------|------------------------|
| Vanguard Institutional Index I | 41.95% | \$30,663,887.92 |
| Baird Core Plus Bond Inst | 14.76% | \$10,791,513.40 |
| Vanguard Developed Markets Index Instl | 14.57% | \$10,647,675.44 |
| Metropolitan West Total Return Bd I | 8.84% | \$6,459,284.07 |
| Vanguard Extended Market Index Admiral | 7.50% | \$5,480,436.35 |
| Vanguard High-Yield Corporate Adm | 5.88% | \$4,299,979.66 |
| Vanguard Emerging Mkts Stock Idx Adm | 3.55% | \$2,593,032.35 |
| Vanguard Short-Term Corp Bd Idx Admiral | 2.94% | \$2,146,099.36 |
| Fidelity® Government Cash Reserves | 0.01% | \$10,910.76 |
| Total Market Value: | 100.00% | \$73,092,819.31 |

Portfolio Composition
 As of 06/30/2018



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Exhibit "A"
Fund Performance Summary
As of 06/30/2018

| Fund Benchmark Category | Asset Class | (%) of Plan | 3 Month | YTD | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized | Expense Ratio | SageView Ranking |
|--|----------------------------------|---------------|--------------|--------------|--------------|-----------------------|-----------------------|------------------------|------------------|---------------------|
| Fidelity® Government Cash Reserves | Money Market-Taxable | 0.01% | 0.35 | 0.62 | 1.00 | 0.43 | 0.26 | 0.32 | 0.37 | NA |
| ICE BofAML US 3M Trsy Bill TR USD* | | | 0.45 | 0.81 | 1.36 | 0.68 | 0.42 | 0.35 | | |
| Cat: Morningstar Money Market - Taxable | | | 0.34 | 0.58 | 0.92 | 0.39 | 0.24 | 0.20 | 0.49 | |
| Vanguard Short-Term Corp Bd Idx Admiral | Short-Term Bond | 2.94% | 0.26 | -0.54 | 0.07 | 1.59 | 1.93 | NA | 0.07 | Pass |
| BBgBarc Credit 1-5 Yr TR USD* | | | 0.26 | -0.44 | 0.12 | 1.49 | 1.83 | 3.32 | | |
| Cat: Morningstar Short-Term Bond | | | 0.28 | -0.06 | 0.45 | 1.18 | 1.27 | 2.24 | 0.73 | |
| Baird Core Plus Bond Inst | Intermediate-Term Bond | 14.76% | -0.35 | -1.74 | -0.16 | 2.47 | 3.09 | 5.06 | 0.30 | TOP DEC |
| BBgBarc US Agg Bond TR USD* | | | -0.16 | -1.62 | -0.40 | 1.72 | 2.27 | 3.72 | | |
| Cat: Morningstar Intermediate-Term Bond | | | -0.24 | -1.55 | -0.36 | 1.69 | 2.21 | 3.89 | 0.75 | |
| Metropolitan West Total Return Bd I | Intermediate-Term Bond | 8.84% | -0.09 | -1.39 | -0.21 | 1.56 | 2.49 | 5.54 | 0.44 | TOP DEC |
| BBgBarc US Agg Bond TR USD* | | | -0.16 | -1.62 | -0.40 | 1.72 | 2.27 | 3.72 | | |
| Cat: Morningstar Intermediate-Term Bond | | | -0.24 | -1.55 | -0.36 | 1.69 | 2.21 | 3.89 | 0.75 | |
| Vanguard High-Yield Corporate Adm | High Yield Bond | 5.88% | 0.36 | -1.09 | 1.04 | 4.54 | 5.07 | 7.03 | 0.13 | TOP QUAR |
| ICE BofAML US High Yield TR USD* | | | 1.00 | 0.08 | 2.53 | 5.55 | 5.51 | 8.03 | | |
| Cat: Morningstar High Yield Bond | | | 0.56 | -0.17 | 2.22 | 4.22 | 4.36 | 6.52 | 1.01 | |
| Vanguard Institutional Index I | Large Blend | 41.95% | 3.42 | 2.63 | 14.33 | 11.90 | 13.39 | 10.17 | 0.04 | Pass |
| S&P 500 TR USD* | | | 3.43 | 2.65 | 14.37 | 11.93 | 13.42 | 10.17 | | |
| Cat: Morningstar Large Blend | | | 2.69 | 1.59 | 12.58 | 9.92 | 11.74 | 9.08 | 0.90 | |
| Vanguard Extended Market Index Admiral | Mid-Cap Blend | 7.50% | 5.98 | 6.14 | 16.78 | 10.34 | 12.63 | 10.77 | 0.08 | Pass |
| S&P Completion TR USD* | | | 5.94 | 6.07 | 16.72 | 10.23 | 12.53 | 10.66 | | |
| Cat: Morningstar Mid-Cap Blend | | | 2.96 | 1.95 | 11.33 | 8.03 | 10.66 | 8.96 | 1.01 | |
| Vanguard Developed Markets Index Instl | Foreign Large Blend | 14.57% | -1.59 | -2.65 | 7.33 | 5.70 | 6.97 | 3.26 | 0.06 | Pass |
| FTSE Dv Ex US TR USD* | | | -0.99 | -2.77 | 7.69 | 5.85 | 7.03 | 3.39 | | |
| Cat: Morningstar Foreign Large Blend | | | -2.14 | -3.06 | 6.08 | 4.56 | 5.92 | 2.61 | 1.00 | |
| Vanguard Emerging Mkts Stock Idx Adm | Diversified Emerging Mkts | 3.55% | -9.09 | -7.22 | 6.29 | 3.55 | 4.32 | 1.78 | 0.14 | Pass |
| FTSE EMs AC China A Incl (US RIC) NR USD* | | | -8.36 | -7.17 | 6.53 | 3.19 | 4.75 | 2.45 | | |
| Cat: Morningstar Diversified Emerging Mkts | | | -8.90 | -7.06 | 6.08 | 4.74 | 4.03 | 2.09 | 1.33 | |

***Investment Policy Benchmark**

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Investment Discussion Summary - Current Investments

Exhibit "A"

| Fund Name % of Plan Assets Category | Comment Date | Comments |
|---|-----------------|---|
| Baird Core Plus Bond Inst 14.76 Intermediate-Term Bond | 06/30/2018 | <p>Performance Update (06/30/2018): The fund tracked the Bloomberg Barclays US Universal Bond Index closely in Q2. An overweight to BBB rated bonds and security selection were the main contributors over the quarter. While a broad overweight to investment grade bonds, particularly in Financials, was a tailwind in previous quarters, it was a headwind to performance in Q2 as demand decreased and companies sold these securities. The fund continued to outpace the benchmark over the trailing 1 year, particularly due to positioning within credit and securitized sectors.</p> <p>Strategy Summary: This portfolio is managed by a team of 5 co managers, each of whom contribute to research in their respective sectors. The fund utilizes a duration neutral approach relative to the benchmark. Typically, portfolio managers hope to generate the most excess return (about 40% of alpha) through security selection, then sector allocation (30% of alpha), yield curve positioning (25% of alpha), and lastly trade execution (5% of alpha). Credit analysts first determine which issuers appear to offer the best value within each sector. Only U.S. dollar denominated securities are utilized in this fund with no use of derivative securities. The prospectus benchmark for the strategy is the BBGBarclays US Universal Index. The standard category benchmark is the BBGBarclays US Aggregate Bond Index. Fund comments are relative to the prospectus benchmark.</p> |
| Metropolitan West Total Return Bd I 8.84 Intermediate-Term Bond | 06/30/2018 | <p>Performance Update (06/30/2018): The fund outperformed the Bloomberg Barclays US Aggregate in Q2. Managers started the quarter with a shorter duration than the benchmark and slowly increased duration to a neutral stance versus the benchmark at the end of the quarter. An overweight to structured products including government backed student loans, commercial MBS and non agency MBS outperformed the credit markets were positive contributors. The main detractor was an underweight to government securities which posted positive relative returns for the quarter. The trailing 1 year performance has been in line with the benchmark. With concerns around potential deleveraging in the credit markets, the fund is looking to avoid credit risk and continues to favor structured products.</p> <p>Strategy Summary: The MetWest Total Return fund applies a long term value discipline while emphasizing fundamental bottom up research, which represents the most important facet of portfolio construction process. The core of the investment process is a long term economic outlook, which is determined by the generalist investment team on a quarterly basis and reviewed constantly. The portfolio construction process is made up of five strategies that include: 1) duration management, 2) yield curve positioning, 3) sector allocation, 4) security selection, and 5) opportunistic ideas. The prospectus benchmark for the strategy is the BBGBarc US Agg Bond Index.</p> |

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Exhibit "A" IPS Historical Ranking

| Fund Name | 09/2015 | 12/2015 | 03/2016 | 06/2016 | 09/2016 | 12/2016 | 03/2017 | 06/2017 | 09/2017 | 12/2017 | 03/2018 | 06/2018 |
|---|----------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|
| Fidelity® Government Cash Reserves | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Vanguard Short-Term Corp Bd Idx Admiral | NA | NA | NA | NA | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Baird Core Plus Bond Inst | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC |
| Metropolitan West Total Return Bd I | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC | TOP DEC |
| Vanguard High-Yield Corporate Adm | TOP QUAR | TOP DEC | TOP DEC | TOP DEC | TOP QUAR | TOP QUAR | TOP QUAR | TOP QUAR | TOP QUAR | TOP QUAR | TOP QUAR | TOP QUAR |
| Vanguard Institutional Index I | NA | NA | NA | NA | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Vanguard Extended Market Index Admiral | NA | NA | NA | NA | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Vanguard Developed Markets Index Instl | NA | NA | NA | NA | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Vanguard Emerging Mkts Stock Idx Adm | NA | NA | NA | NA | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |

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Exhibit "A" Fund Score Summary

| Fund Name | Ticker | Total Return Composite Ranking | Rolling 12 Mo Perf. (5 Yrs.) | Rolling 36 Mo Perf. (10 Yrs.) | RSquared (3 Yrs) | Sharpe Ratio (60 Mos.) | Alpha (60 Mos.) | Up Capture Ratio (5 Yrs.) | Down Capture Ratio (5 Yrs.) | Expense Ratio | SageView Normalized Ranking |
|-------------------------------------|--------|--------------------------------|------------------------------|-------------------------------|------------------|------------------------|-----------------|---------------------------|-----------------------------|---------------|-----------------------------|
| Baird Core Plus Bond Inst | BCOIX | 13% | 20% | 17% | 49% | 11% | 15% | 7% | 38% | 3% | 5% |
| Metropolitan West Total Return Bd I | MWTIX | 31% | 34% | 16% | 16% | 24% | 29% | 44% | 21% | 12% | 8% |
| Vanguard High-Yield Corporate Adm | VWEAX | 37% | 46% | 39% | 62% | 15% | 16% | 70% | 16% | 2% | 20% |

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Baird Core Plus Bond Inst

Exhibit "A"

BCOIX

Ranking Vs. Peers - Intermediate-Term Bond

June 30, 2018

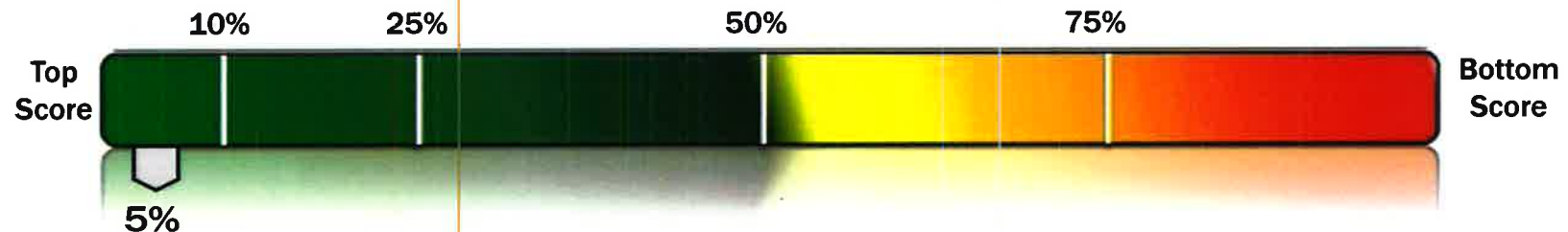
Intermediate-Term Bond Universe: 1311 Funds

| Performance Ranking | | Ranking |
|--------------------------------|--------|---------|
| Total Return Composite Ranking | | 12.95% |
| 10 Year | 8.00% | |
| 5 Year | 11.00% | |
| 3 Year | 11.00% | |
| 1 Year | 27.00% | |
| Rolling 12 Month - 5 Years | | 20.08% |
| Rolling 36 Month - 10 Years | | 17.16% |

| Ratio Statistics | | Ranking |
|------------------------------|--|---------|
| Sharpe Ratio - 60 Months | | 11.00% |
| Alpha - 60 Months | | 15.00% |
| Up Capture Ratio - 5 years | | 7.00% |
| Down Capture Ratio - 5 years | | 38.00% |
| Fund Expense | | Ranking |
| Expense Ratio | | 0.3 |
| | | 3.00% |

| Style Consistency | | Ranking |
|--------------------------------|----|---------|
| Style Consistency to Benchmark | | |
| BBgBarc US Agg Bond TR USD | R2 | 49.00% |

| SageView Normalized Ranking | |
|-----------------------------|--|
| SageView Normalized Ranking | |
| STATUS | |
| 5.00% | |
| TOP DECILE | |



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Metropolitan West Total Return Bd I

Exhibit "A"

MWTIX

Ranking Vs. Peers - Intermediate-Term Bond

June 30, 2018

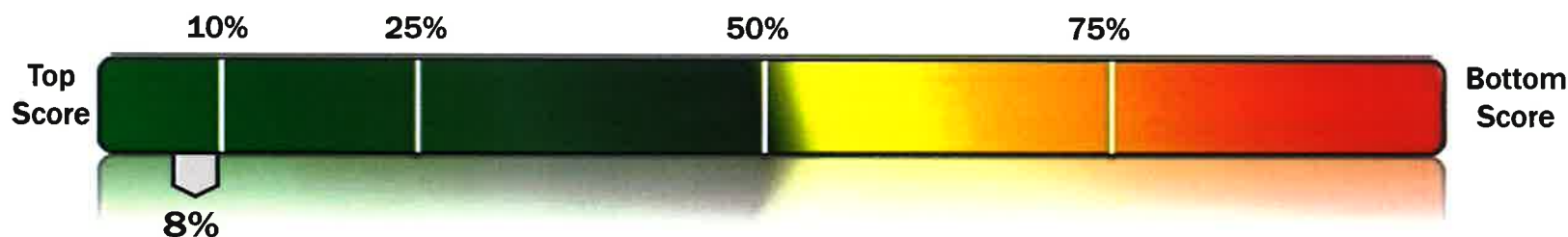
Intermediate-Term Bond Universe: 1311 Funds

| Performance Ranking | | | Ranking |
|--------------------------------|---------|--------|---------|
| Total Return Composite Ranking | | | 30.85% |
| | 10 Year | 4.00% | |
| | 5 Year | 30.00% | |
| | 3 Year | 49.00% | |
| | 1 Year | 30.00% | |
| Rolling 12 Month - 5 Years | | | 33.92% |
| Rolling 36 Month - 10 Years | | | 16.33% |

| Ratio Statistics | | Ranking |
|------------------------------|------|---------|
| Sharpe Ratio - 60 Months | | 24.00% |
| Alpha - 60 Months | | 29.00% |
| Up Capture Ratio - 5 years | | 44.00% |
| Down Capture Ratio - 5 years | | 21.00% |
| Fund Expense | | Ranking |
| Expense Ratio | 0.44 | 12.00% |

| Style Consistency | | | Ranking |
|--------------------------------|----|--|---------|
| Style Consistency to Benchmark | | | |
| BBgBarc US Agg Bond TR USD | R2 | | 16.00% |

| SageView Normalized Ranking | |
|-----------------------------|------------|
| SageView Normalized Ranking | 8.00% |
| STATUS | TOP DECILE |



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Vanguard High-Yield Corporate Adm

Exhibit "A"

VWEAX

Ranking Vs. Peers - High Yield Bond

June 30, 2018

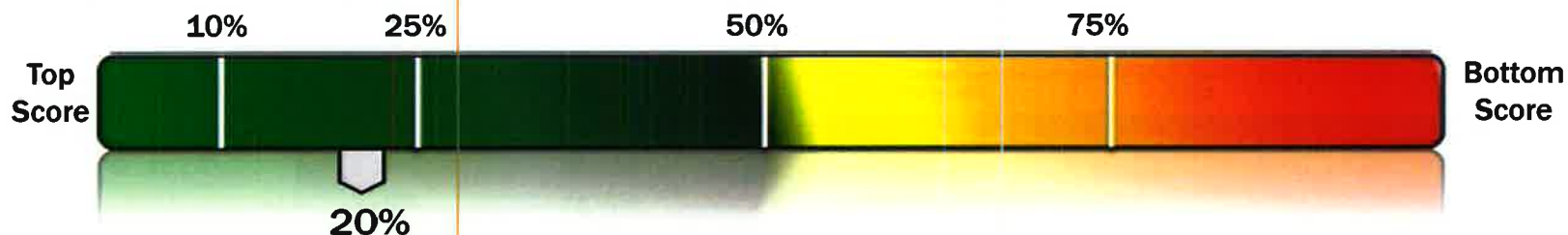
High Yield Bond Universe: 657 Funds

| Performance Ranking | | | Ranking |
|--------------------------------|---------|--------|---------|
| Total Return Composite Ranking | | | 36.90% |
| | 10 Year | 36.00% | |
| | 5 Year | 23.00% | |
| | 3 Year | 36.00% | |
| | 1 Year | 81.00% | |
| Rolling 12 Month - 5 Years | | | 45.92% |
| Rolling 36 Month - 10 Years | | | 39.16% |

| Ratio Statistics | | Ranking |
|------------------------------|------|---------|
| Sharpe Ratio - 60 Months | | 15.00% |
| Alpha - 60 Months | | 16.00% |
| Up Capture Ratio - 5 years | | 70.00% |
| Down Capture Ratio - 5 years | | 16.00% |
| Fund Expense | | Ranking |
| Expense Ratio | 0.13 | 2.00% |

| Style Consistency | | | Ranking |
|------------------------------------|----|--------|---------|
| Style Consistency to Benchmark | | | |
| BBgBarc US HY 2% Issuer Cap TR USD | R2 | 62.00% | |

| SageView Normalized Ranking | |
|-----------------------------|--------------|
| SageView Normalized Ranking | 20.00% |
| STATUS | TOP QUARTILE |



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Section III

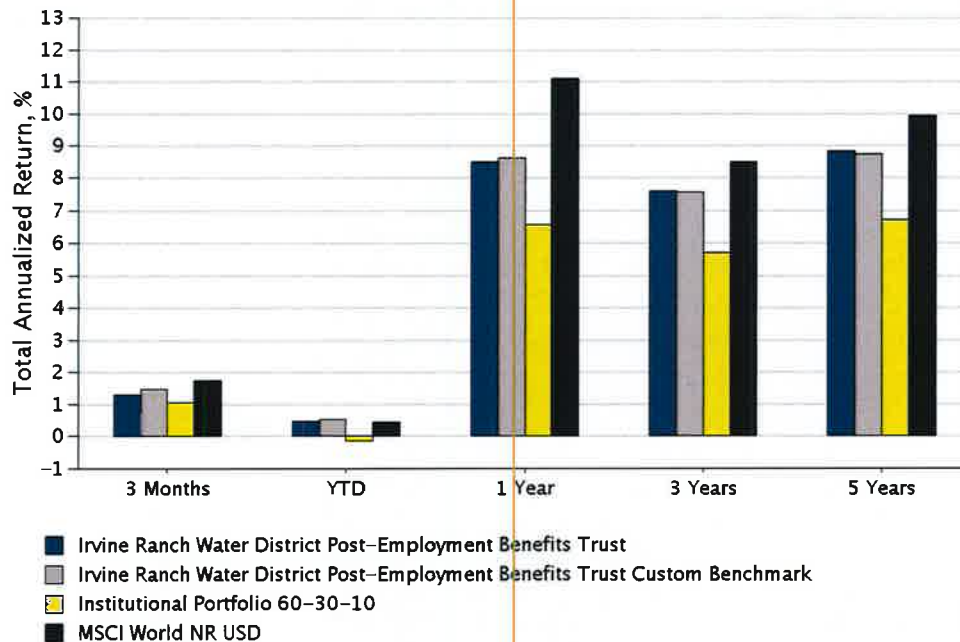
Portfolio Summary

Exhibit "A"

Portfolio Return vs. Custom Benchmark

As of 06/30/2018

| Performance As Of June 30, 2018 | 3 Month | YTD | 1 Year | 3 Year | 5 Year | Std Dev 5 Yr | Prospectus Exp Ratio |
|---|---------|-------|--------|--------|--------|-----------------|-------------------------|
| Irvine Ranch Water District Post-Employment Benefits Trust | 1.21 | 0.29 | 7.65 | 7.60 | 8.81 | 6.94 | 0.13 |
| Irvine Ranch Water District Post-Employment Benefits Trust Custom Benchmark | 1.37 | 0.43 | 7.91 | 7.58 | 8.72 | 6.92 | NA |
| Irvine Ranch Water District Post-Employment Benefits Trust Custom Category Averages Benchmark | 0.71 | -0.20 | 6.77 | 6.28 | 7.55 | 8.20 | 0.90 |
| Institutional Portfolio 60-30-10 | 1.04 | -0.15 | 6.59 | 5.73 | 6.72 | 6.04 | NA |
| MSCI World NR USD | 1.73 | 0.43 | 11.09 | 8.48 | 9.94 | 10.03 | NA |



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

| Benchmark | Weight |
|--|--------|
| S&P 500 TR USD | 41.95% |
| BBgBarc US Agg Bond TR USD | 23.60% |
| FTSE Dv Ex US TR USD | 14.57% |
| S&P Completion TR USD | 7.50% |
| ICE BofAML US High Yield TR USD | 5.88% |
| FTSE EMs AC China A Incl (US RIC) NR USD | 3.55% |
| BBgBarc Credit 1-5 Yr TR USD | 2.94% |
| ICE BofAML US 3M Trsy Bill TR USD | 0.01% |

¹Industry Average Expense Ratio Source: 401(k) Averages Book, 16th Edition, published by HR Investment Consultants
The Institutional Portfolio 60-30-10 consists of 60% MSCI World NR USD, 30% BBgBarc US Agg Bond TR USD and 10% ICE BofAML US 3M Trsy Bill TR USD

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Exhibit "A"
Management Style Analysis

As of 06/30/2018

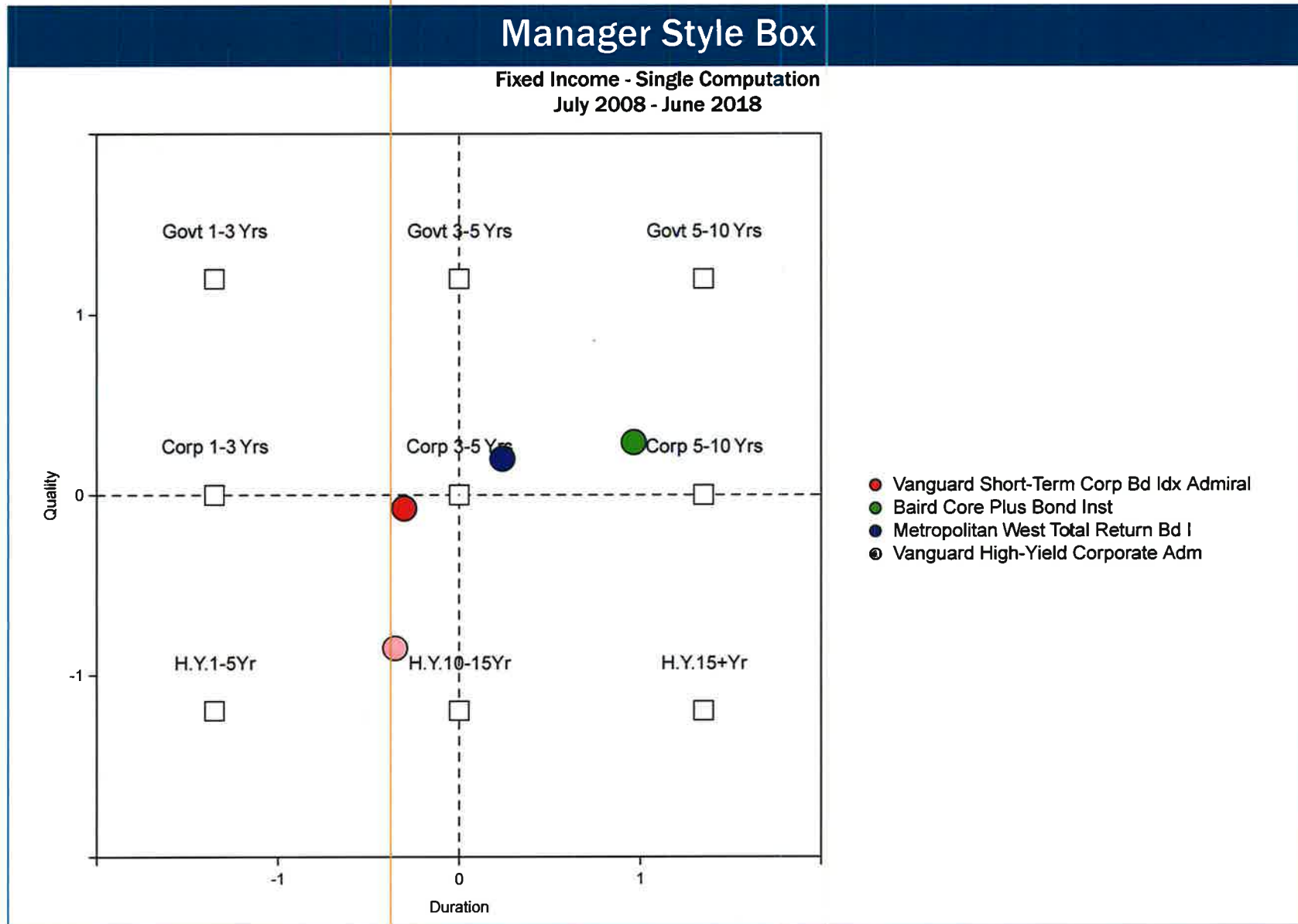
Domestic Equity Style Box

| | VALUE | BLEND | GROWTH |
|-----------|-------|--|--------|
| LARGE CAP | | <ul style="list-style-type: none"> Vanguard Institutional Index I(\$99.63 bn) | |
| MID CAP | | <ul style="list-style-type: none"> Vanguard Extended Market Index Admiral (\$4.28 bn) | |
| SMALL CAP | | | |

Average Market Cap. listed in parentheses

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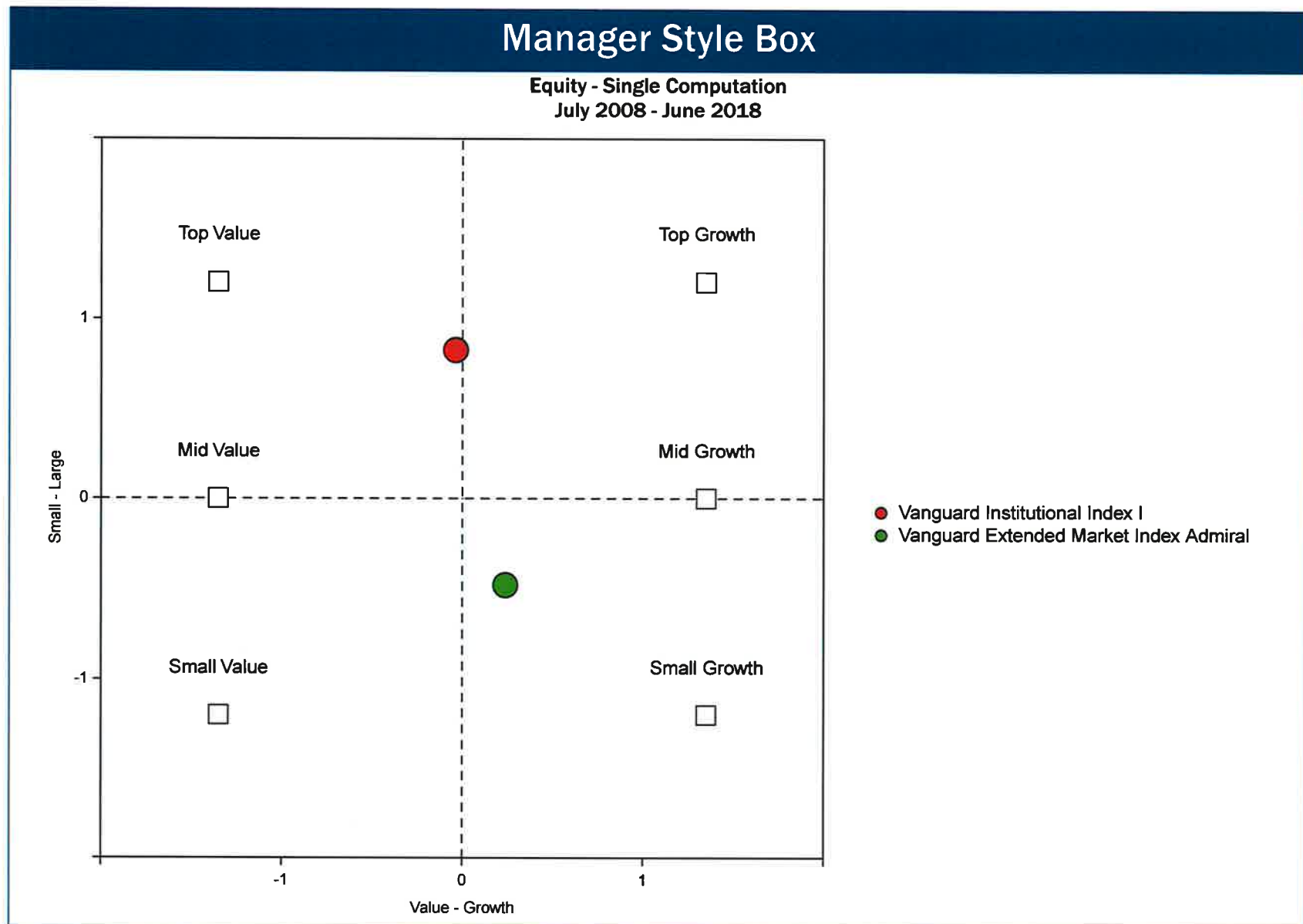




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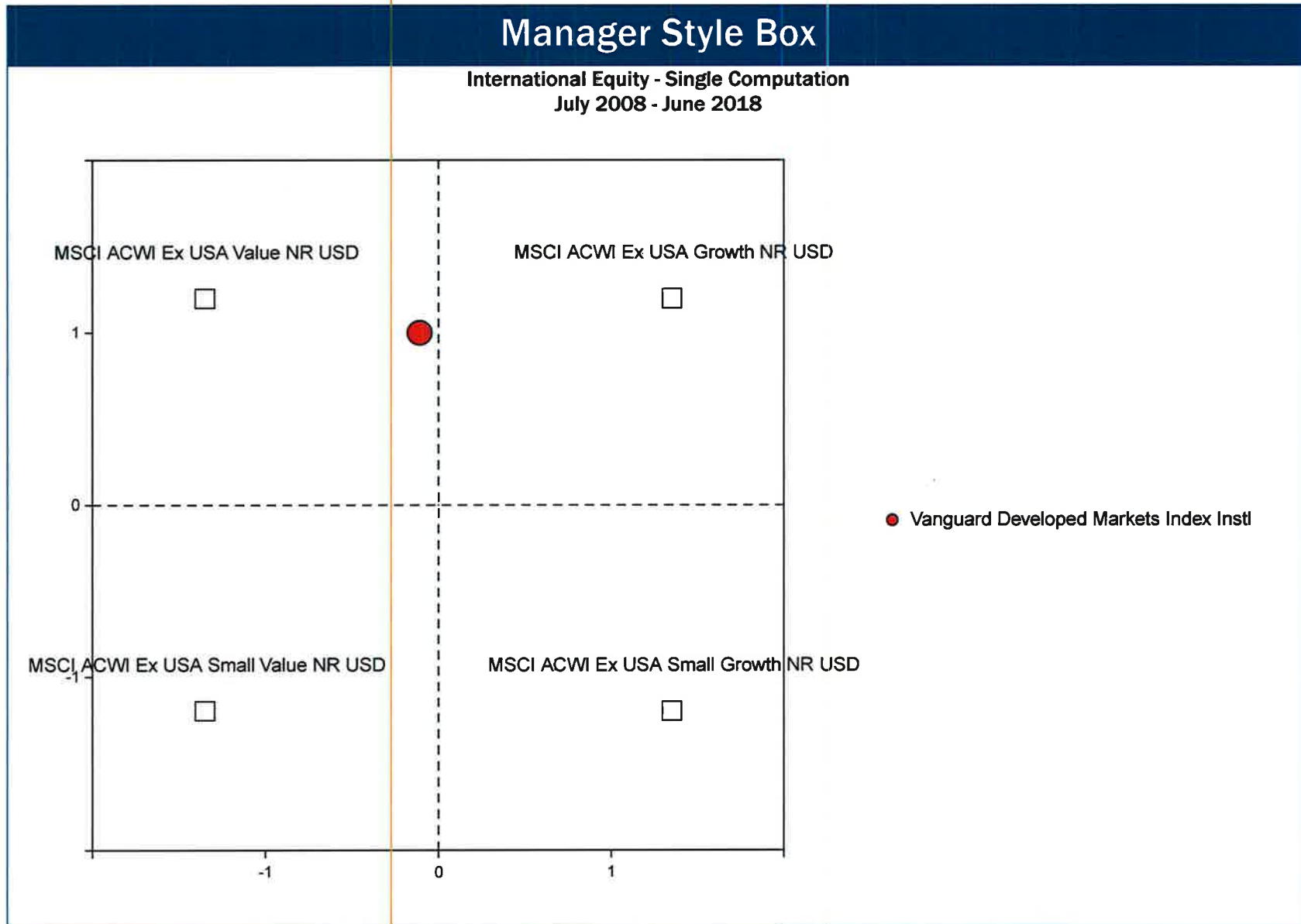


Exhibit "A"



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Section IV

Appendix

Quarterly Investment Analysis Criteria

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

1. Trailing 1, 3, 5 and 10 year returns – Total return is a basic measure of a fund's performance. Investors tend to focus more on total return than any other measure of a fund's success or failure. Fund returns over each period are factored into a weighted average, based on the life of a fund. Recent returns receive a slightly higher weighting, while older returns, which may have been produced under different conditions, are weighted less.
2. Rolling 12-month returns (5 years) – The use of 12-month rolling returns minimizes the problem of end-point sensitivity. To score high, a manager must consistently outperform peers across a variety of market cycles, not just the current cycle.
3. Rolling 36 month returns (10 years) – Using 36-month rolling returns allows us to assess fund returns over longer time segments, thus putting more emphasis on performance across different market cycles.
4. Style Consistency to the appropriate index – We utilize R-squared to assess whether the funds selected for the plan continue to operate and perform as expected within their appropriate asset class. R-squared measures the closeness between a fund's returns and movements in the benchmark. All active funds have some deviation from their benchmark, but excessive deviation could indicate that a fund is drifting away from its stated category mandate.
5. Sharpe Ratio – This is a measure of a fund's risk-adjusted performance. How much additional risk did an investor have to assume to achieve a greater return? The Sharpe Ratio is calculated by dividing the annualized return in excess of the risk free Treasury bill rate by the standard deviation of returns earned over that same time frame. This ratio is an excellent measure for determining whether an investor is being rewarded for taking on additional risk.
6. Alpha – The use of Alpha allows us to gauge the effectiveness of the manager. Alpha is the difference between the portfolio's actual return and its expected return given the funds level of risk as calculated by beta.
7. Up Capture Ratio (5 years) – The up capture ratio calculates the percentage of return of an index that a fund has captured during up market cycles. It tracks the fund's relative performance versus the appropriate index when the index is going up.
8. Down Capture Ratio (5 year) – The down capture ratio calculates the percentage of return of an index a fund has captured during down market cycles. Funds that perform well in this category tend to reduce the downside loss for investors during bear markets.
9. Expense Ratio – All else equal, a lower expense ratio is preferred. The expense ratio is compared as a percentage of the appropriate category average and then given a score based upon that percentage. This rewards low-cost funds and penalizes high-cost funds. Some may (correctly) argue that expense ratios are "double weighted" in our scoring methodology, because performance returns are net of expenses, but fiduciaries are encouraged to carefully manage expenses.

Each fund is benchmarked to a specific market index, and fund performance is evaluated and compared to a relevant peer group using Morningstar category classifications. A fund is given a peer group ranking for each criterion, shown as a percentage. A ranking of 10% indicates a fund is in the top 10% of its peer group for that criterion. The percentage rankings for all criteria are then averaged to give a fund its average ranking score.

The lower the average ranking score the better. For example, a fund with an average ranking score of 25% would in general be a better overall fund than a comparable fund with a ranking score of 50%.

All funds with at least a three year track record are scored in the above manner. A fund is then classified as Top Decile, top Quartile, 2nd Quartile, 3rd Quartile or 4th Quartile based upon the overall score compared to all other funds within that particular asset category.



Passive Investment Options Analysis Criteria

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

1. **Expense Ratio** – The percentage of fund assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from a fund's prospectus.
2. **Tracking Error** – A measure of the difference in returns between an investment and a benchmark. Tracking error is reported as a standard deviation of the difference between the returns of an investment and its benchmark.
3. **R-Squared** – A statistical metric that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time, and would suggest that alpha and beta may be relied upon with a high degree of confidence.
4. **Beta** – A measure of the volatility, or systematic risk, of an investment in comparison to a market index as a whole. Beta is calculated using regression analysis. Beta represents the tendency of an investment's returns to respond to moves in the market or index that it's calculated against. A beta of 1 indicates that the investment's price moves with the market. A beta of less than 1 means that the investment is theoretically less volatile than the market. A beta of greater than 1 indicates that the investment's price is theoretically more volatile than the market. The reliability of an investment's beta is a function of the investment's r-squared value in relation to the benchmark. A high r-squared value signifies that the beta measure is reliable, while a low r-squared signifies that it is potentially inaccurate.

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

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

