

AGENDA
IRVINE RANCH WATER DISTRICT
FINANCE AND PERSONNEL COMMITTEE MEETING
TUESDAY, MARCH 3, 2020

CALL TO ORDER 11:30 a.m., Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE Chair: Peer Swan _____ Member: Steve LaMar _____

<u>ALSO PRESENT</u>	Paul Cook	_____	Cheryl Clary	_____
	Wendy Chambers	_____	Kevin Burton	_____
	Paul Weghorst	_____	Rob Jacobson	_____
	Eileen Lin	_____	Jenny Roney	_____
	Christopher Smithson	_____	Allen Shinbashi	_____
	Jennifer Davis	_____	Tanja Fournier	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

COMMUNICATIONS

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

INFORMATION

5. EMPLOYEE POPULATION AND TURNOVER STATUS REPORT – SRADER / RONEY

Recommendation: Receive and file.

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

Recommendation: Receive and file.

7. RESIDENTIAL INVESTMENT PROPERTY PERFORMANCE ANNUAL REPORT – FOURNIER / JACOBSON / CLARY

Recommendation: Receive and file.

8. QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW – FOURNIER / JACOBSON / CLARY

Recommendation: Receive and file.

INFORMATION (Continued)

9. INFORMATION SERVICES PROJECT STATUS REPORT – WILLIAMS / CLARY

Recommendation: Receive and file.

ACTION

10. SAND CANYON PROFESSIONAL CENTER – PHASE II CONSTRUCTION UPDATE AND LISTING AGREEMENT EXTENSIONS – JACOBSON / FOURNIER / CLARY

Recommendation: That the Board approve a new listing agreement for the lease of the Sand Canyon Professional Office Center Phase II with the brokerage team of Cushman & Wakefield and Colliers International under previously agreed upon commission terms and expiring August 31, 2020.

OTHER BUSINESS

11. Directors' Comments
12. Adjournment

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named 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.

March 3, 2020
Prepared by: L. Srader
Submitted by: J. Roney
Approved by: Paul A. Cook

FINANCE AND PERSONNEL COMMITTEE

EMPLOYEE POPULATION AND TURNOVER STATUS REPORT

SUMMARY:

Staff has prepared various population and turnover reports for Committee review.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

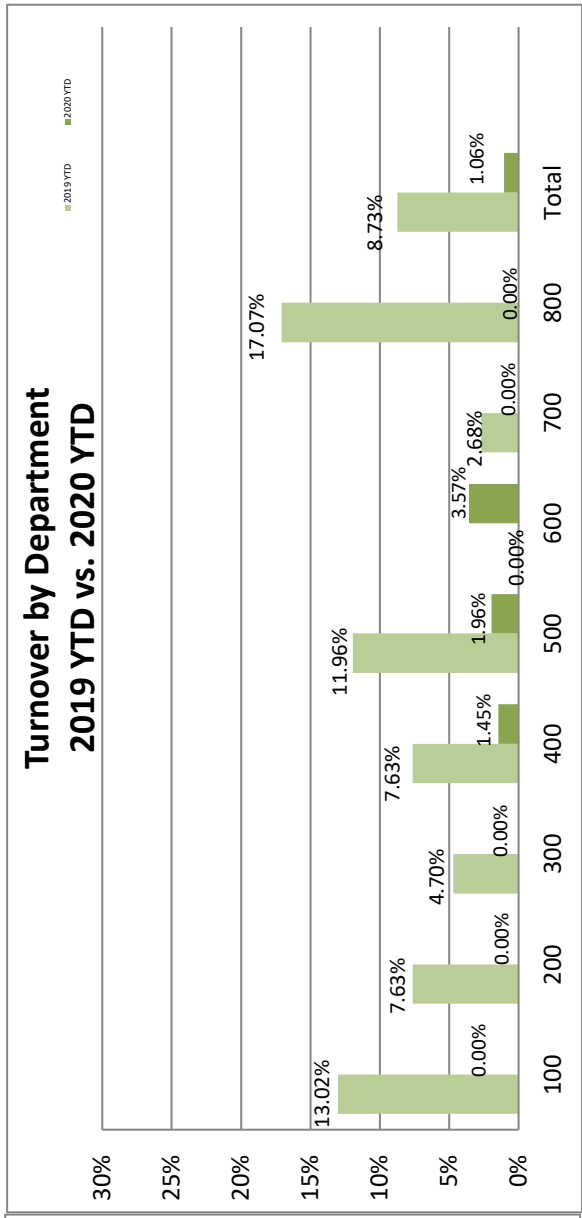
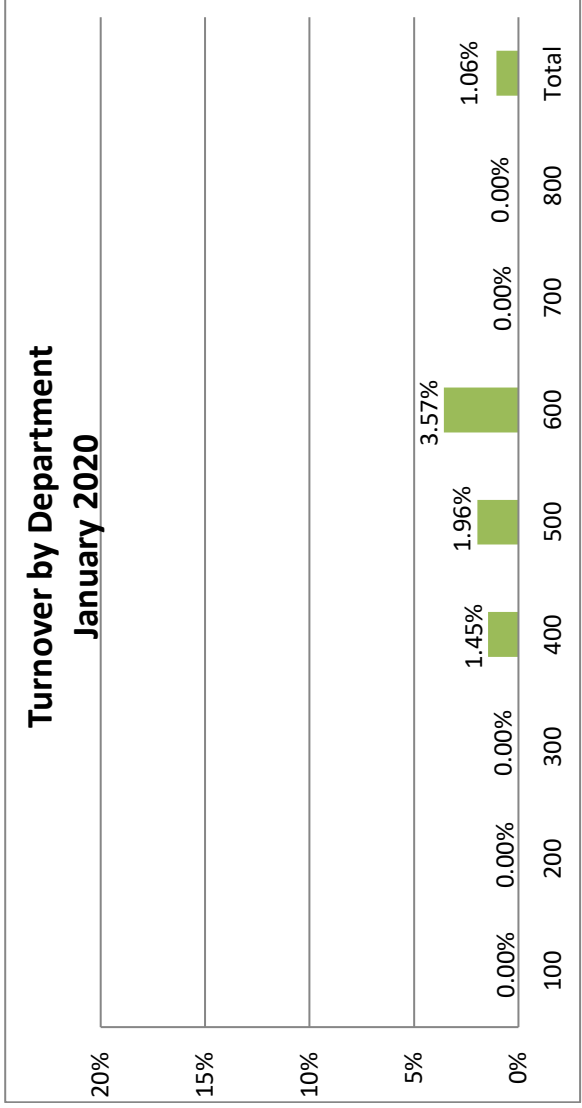
Exhibit “A” – Employee Population/Turnover Status Report

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EXHIBIT A

IRVINE RANCH WATER DISTRICT EMPLOYEE POPULATION STATUS REPORT January 2020

	@01/01/20	Current Month Activity										@01/31/20		FY 19/20	Avg FYTD	Avg FYTD	Avg FYTD	Internal Turnover		External Turnover	
Dept	Positions Filled	New Hires	Terms		Promo Trnsfr		Lateral Trnsfr		Positions		Positions Unfilled	Budgeted Positions*	Filled Budget Positions	Temp Emp FTE	Total Filled Positions	Current Period	2020 YTD	Current Period	2020 YTD		
			Vol	Invol	In	Out	In	Out	In	Out											
100	15.0								15.0	1	16.0	15.3	0.6	15.9	0.00%	0.00%	0.00%	0.00%			
200	85.0								85.0	4	89.0	80.7	6.8	87.5	0.00%	0.00%	0.00%	0.00%			
300	42.0								42.0	2	44.0	41.9	4.2	46.1	0.00%	0.00%	0.00%	0.00%			
400	69.0								69.0	3	72.0	66.8	3.5	70.3	0.00%	0.00%	0.00%	1.45%			
500	51.0	1	1						51.0	8	59.0	51.4	1.2	52.6	0.00%	0.00%	1.96%	1.96%			
600	28.0	1	1						28.0	1	29.0	23.3	4.1	27.4	0.00%	0.00%	3.57%	3.57%			
700	34.0								34.0	1	35.0	37.3	3.6	41.0	0.00%	0.00%	0.00%	0.00%			
800	55.0								55.0	6	61.0	55.4	0.5	55.9	0.00%	0.00%	0.00%	0.00%			
Totals	379	2	2	0	0	0	0	0	379.0	26	405.0	372.3	24.4	396.7	0.00%	0.00%	0.53%	1.06%			
1/19	374	8	1	1	0	0	7	7	380	15	395.0	367.0	30.6	397.6	0.00%	0.00%	0.53%	0.53%			

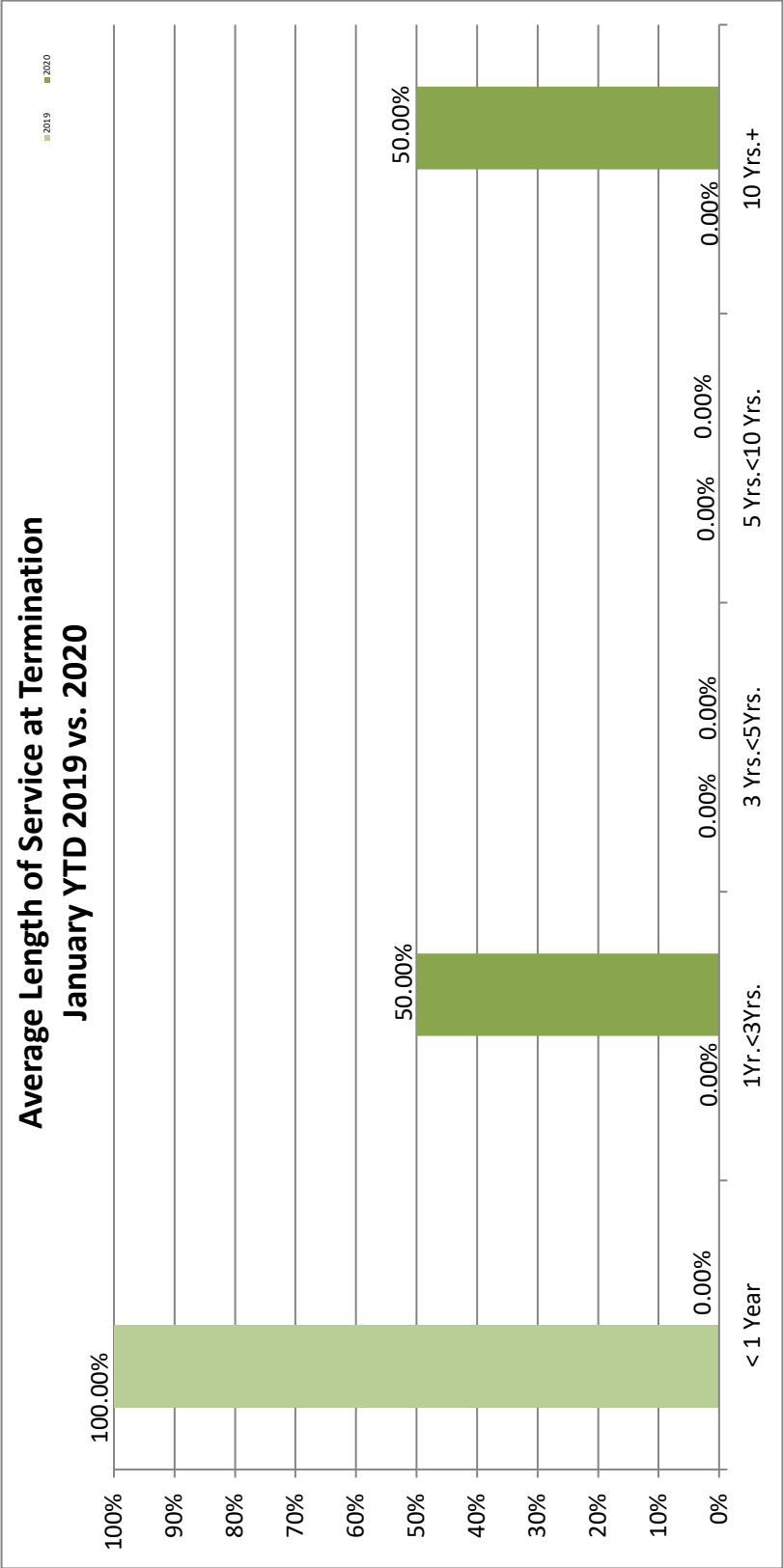


100-GM, HR, Safety; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.; 400-Water Ops; 500-Recycling; 600-WQ&RC; 700-Water Res., Recyc. Water and Public Affairs; 800-Adm. & Maintenance Ops

IRVINE RANCH WATER DISTRICT
TURNOVER LONGEVITY RATIO
January 2020

Dept.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD Turnover Longevity Ratio				
														< 1 Year	1Yr<3Yrs.	3 Yrs.<5Yrs.	5 Yrs.<10 Yrs.	10 Yrs.+
100													0					
200													0					
300													0					
400													0					
500	1												1		1			
600	1												1					1
700													0					
800													0					
2020 Total	2	0	0	0	0	0	0	0	0	0	0	0	2	0	1	0	0	1
2019 Data	2	4	1	1	2	1	3	1	0	4	2	4	25					
Percentage of Total Turnover														0.00%	50.00%	0.00%	0.00%	50.00%

2020 Average YTD Length of Service at Termination	10.42 Years
2019 Average YTD Length of Service at Termination	9.21 Years
2018 Average YTD Length of Service at Termination	13.85 Years
2017 Average YTD Length of Service at Termination	14.35 Years
2016 Average YTD Length of Service at Termination	12.43 Years



IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
JANUARY 2020

NEW HIRES				
Hire	Dept	Employee Name	Position	Comments
01/13/20	500	Hung Tran	Senior SCADA Network Administrator	
01/27/20	600	Michelle Breiter	Senior Regulatory Compliance Administrator	

TERMINATIONS				
Termination Date	Dept	Employee Name	Position	Reason Comments
1/8/20	600			Vol Other employment
1/21/20	500			Vol Other employment

RETIREMENTS				
Effective Date	Departing Dept	Employee Name	Position	Reason Comments

PROMOTIONS				
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept New Position
01/11/20	200	Mariaelena Teran	Purchasing Coordinator	200 Senior Purchasing Coordinator
01/11/20	400	Jerry Whittaker	Water Maintenance Technician I	400 Water Maintenance Technician II
01/11/20	800	Jeff Graff	Maintenance Mechanic	800 Senior Maintenance Mechanic

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

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

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
JANUARY 2020

UNFILLED POSITIONS			
Dept	Position	Salary Grade	Comments
100	Safety Specialist	U29.N	Recruiting
200	Material Control Clerk I	11.N	Start Date in February
200	Material Control Clerk I	11.N	Start Date in February
200	Purchasing Coordinator	19.N	Recruiting
200	User Support Administrator	U33.N	Offer pending
300	Engineer	U17.E	
300	Engineer	U17.E	
400	Metering Systems Technician I	22.N	Recruiting
400	Water Maintenance Technician I	22.N	
400	Construction Services Manager	U18.E	
500	Process Specialist	32.N	
500	Collection Systems CCTV Technician	21.N	
500	Operator III	29.N	Recruiting
500	Operator III	29.N	Recruiting
500	Operator III	29.N	Recruiting
500	Operator I	20.N	
500	Operator III	29.N	
500	Operator II	27.N	Recruiting
600	Laboratory Supervisor	U13.E	Recruiting
700	Recycled Water Specialist	24.N	
800	Asset Systems Manager	U17.E	
800	Sr. Electrical Technician	30.N	
800	Electrical Technician	28.N	
800	Maintenance Mechanic	22.N	
800	Sr. Maintenance Mechanic	27.N	Recruiting
800	Maintenance Mechanic	22.N	

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
January 2020

LEAVE OF ABSENCE					
Type of Leave	Pay Status	Date Leave Began	Anticipated Return Date	Current Length	Comments
FMLA/CFRA	SDI	10/7/2019	2/10/2020	4 months	
FMLA/CFRA	SDI	7/9/2019		7 months	
FMLA/CFRA	SDI	9/2/2019	2/17/2020	5 months	
WC/FMLA/CFRA	SDI	9/9/2019		5 months	
FMLA/CFRA	SDI	12/10/2019	2/6/2020	2 months	
FMLA/CFRA	SDI	1/27/2020	3/9/2020	1 week	
FMLA/CFRA	SDI	1/23/2020	3/9/2020	1 week	
FMLA/CFRA	SDI	12/2/2019	2/3/2020	2 months	
FMLA/CFRA	SDI	9/23/2019	11/4/2019	4 months	

Leave	Original Status	Date Leave Began	Return Date	Length	Return Date	Comments
FMLA/CFRA/PFL	SDI	10/25/2018	1/2/2019	2 month	01/14/19	Returned
FMLA/CFRA/PFL	SDI	12/19/2018	1/21/2019	2 weeks	01/21/19	Returned
FMLA/CFRA/PFL	SDI	12/19/2018	1/24/2019	2 weeks	01/21/19	Returned
FMLA/CFRA/PFL	SDI	12/18/2018	1/8/2019	2 weeks	01/08/19	Returned
FMLA/CFRA/PFL	SDI	12/17/2018	1/7/2019	2 weeks	01/07/19	Returned
FMLA/CFRA	SDI	7/23/2018	2/1/2019	6 months	02/01/19	Returned
FMLA/CFRA	SDI	12/17/2018	1/2/2019	2 weeks	01/02/19	Returned
FMLA/CFRA/PFL	SDI	12/17/2018	1/7/2019	2 weeks	01/07/19	Returned
FMLA/CFRA	SDI	1/24/2019	2/26/2019	2 months	03/12/19	Returned
FMLA/CFRA	SDI	1/11/2019	4/16/2019	3 months	04/16/19	Returned
FMLA/CFRA	SDI	3/30/2019	4/11/2019	1 week	04/09/19	Returned
FMLA/CFRA	SDI	1/9/2019	3/5/2019	4 months	04/02/19	Returned
FMLA/CFRA	SDI	9/9/2019	43773	2 months	11/04/19	Returned
FMLA/CFRA	SDI	3/30/2019	10/28/2019	7 months	10/28/19	Returned
FMLA/CFRA	SDI	9/3/2019	10/28/2019	2 months	10/28/19	Returned
FMLA/CFRA	PFL	9/23/2019	11/4/2019	2 months	11/04/19	Returned
FMLA/CFRA	SDI	7/2/2019	11/29/2019	5 months	11/29/19	Retired
FMLA/CFRA	SDI	9/30/2019	12/1/2019	3 months	12/30/19	Returned

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT

Month	Dept	Length of Employment	Termination		Comments
			Vol	Invol	
January	600	19 years, 6 months	X		Other employment - Metropolitan Water
	500	1 year, 4 months	X		Other employment
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

IRVINE RANCH WATER DISTRICT
SUMMARY
AGENCY & DISTRICT TEMPORARY EMPLOYEES
January 2020

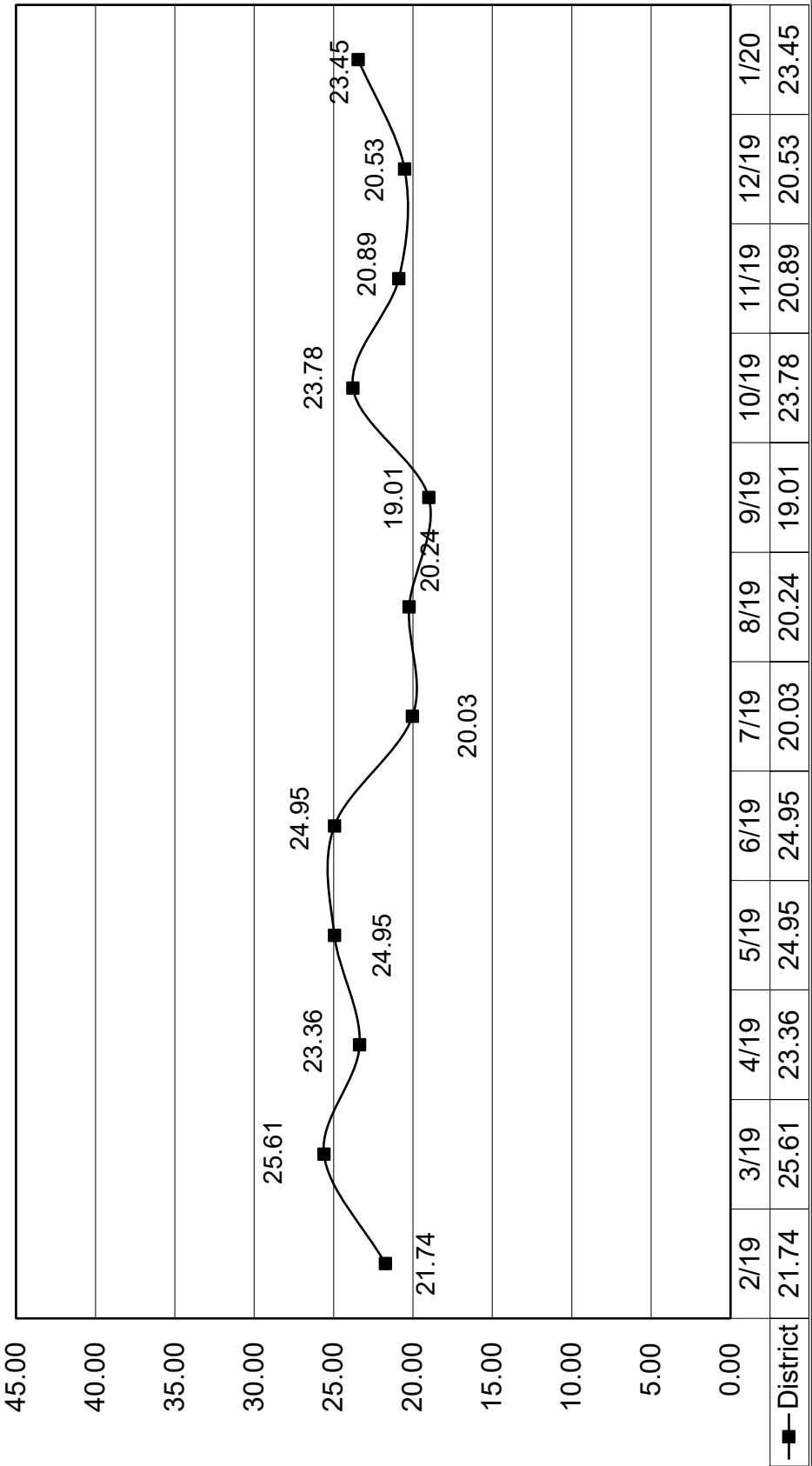
ACTIVE											
Current Month	FYTD Ave Hours Worked	PERS Enroll-ment	Agency	Dept	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FY' YTD	Actual Cost FY 'YTD
FTE	FTE					Month		(Months)	(Months)		
0.47	0.17	Yes		130	47.75	84	4,011.00	9	3	12,033.00	9,806.66
0.84	0.22	No		140	37.15	168	6,241.20	7	2	12,482.40	9,734.97
0.47	0.38			100							
0.97	1.00	Yes		200	22.99	168	3,862.32	12	7	27,036.24	28,932.92
0.00	0.01	Yes		200	56.55	84	4,750.20	12	7	33,251.40	508.95
0.21	0.81	Yes		200	23.50	84	1,974.00	12	7	13,818.00	23,218.00
0.82	0.88	No	X	200	31.00	168	5,208.00	12	7	36,456.00	33,150.63
0.82	0.88	No	X	200	34.17	168	5,740.56	2	2	11,481.12	5,467.20
0.79	0.86	No	X	200	30.29	168	5,088.72	12	7	35,621.04	31,826.91
0.87	0.88	No	X	200	27.87	168	4,682.16	12	7	32,775.12	29,857.55
0.41	0.98	No	X	200	29.05	168	4,880.40	7	7	34,162.80	37,481.76
0.81	0.84	No	X	200	29.36	168	4,932.48	9	7	34,527.36	29,820.66
5.68	7.15			200							
0.66	0.86	Yes		300	37.44	84	3,144.96	12	7	22,014.72	39,087.36
0.20	0.46	EXC		300	18.00	84	1,512.00	12	7	10,584.00	10,116.00
0.38	0.44	Yes		300	72.97	84	6,129.48	6	7	42,906.36	38,893.01
0.23	0.40	EXC		300	17.00	84	1,428.00	12	7	9,996.00	8,338.50
0.23	0.36	EXC		300	17.00	84	1,428.00	12	7	9,996.00	7,497.00
0.23	0.42	EXC		300	17.00	84	1,428.00	12	7	9,996.00	8,721.00
0.78	0.30	EXC		300	15.00	84	1,260.00	9	4	5,040.00	5,445.00
0.97	0.94	EXC		300	37.44	84	3,144.96	12	7	22,014.72	42,644.16
3.69	4.19			300							
1.00	0.98	Yes		400	22.99	168	3,862.32	12	7	27,036.24	27,647.77
1.00	0.95	Yes		400	22.99	168	3,862.32	12	7	27,036.24	26,771.86
0.98	0.92	Yes		400	22.23	168	3,734.64	6	7	26,142.48	25,242.17
0.86	0.64	No	X	400	31.51	168	5,293.68	9	5	26,468.40	29,367.32
3.84	3.50			400							
0.87	0.53	No		500	31.84	168	5,349.12	9	5	26,745.60	20,417.40
0.87	0.53			500							
0.40	0.43	EXC		600	15.00	84	1,260.00	6	1	1,260.00	7,875.00
0.84	0.29	No	X	600	43.84	168	7,365.12	8	3	22,095.36	15,524.84
0.23	0.03	No	X	600	43.83	168	7,363.44	5	2	14,726.88	1,753.20
0.41	0.06	No	X	600	52.00	168	8,736.00	2	2	17,472.00	3,692.00
0.40	0.34	EXC		600	15.00	84	1,260.00	12	7	8,820.00	6,120.00
0.43	0.49	EXC		600	15.00	84	1,260.00	12	7	8,820.00	8,857.50
1.00	1.00	Yes		600	31.49	168	5,290.32	12	7	37,032.24	39,291.65
0.78	0.35	No	X	600	52.00	168	8,736.00	5	4	34,944.00	22,069.84
0.23	0.42	EXC		600	15.00	84	1,260.00	12	7	8,820.00	7,575.00
4.72	3.40			600							
0.95	0.90	Yes		700	29.73	84	2,497.32	12	7	17,481.24	32,554.35
0.87	0.27	No	X	700	43.53	168	7,313.04	8	3	21,939.12	14,430.20
1.00	0.92	yes	X	300	27.50	168	4,620.00	12	7	32,340.00	30,758.75
0.64	0.76	No	X	700	31.00	168	5,208.00	12	7	36,456.00	28,644.00
3.46	2.86			700							
0.72	0.46	No	X	800	40.82	168	6,857.76	11	4	27,431.04	23,226.58
0.00	0.00	No	X	800	41.82	168	7,025.76	5	1	7,025.76	0.00
0.72	0.46			800							
23.45	22.46										

IRVINE RANCH WATER DISTRICT
SUMMARY
AGENCY & DISTRICT TEMPORARY EMPLOYEES
January 2020

TERMINATED											
Current Month FTE	Avg FYTD Temp Emp FTE	Active PERS Y/N *	Agency	Dept	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FYTD	Actual Cost FYTD
0.63	0.14	No	X		27.87	168	4,682.16	3	1		
0.46	0.07	No	X	140	37.15	168	6,241.20	3	1	6,241.20	2,953.43
0.46	0.07			100							
0.18	0.39	EXC		200	15.00	84	1,260.00	12	1	1,260.00	2,010.00
0.18	0.39			200							
0.00	0.00			300							
0.00	0.00			400							
0.34	0.67	Yes		500	29.03	84	2,438.52	12	6	14,631.12	23,790.09
0.34	0.67			500							
0.65	0.68	Yes		600	30.28	168	5,087.04	12	3	15,261.12	17,819.78
0.65	0.68			600							
0.53	0.78	No	X	700	31.00	168	5,208.00	12	5	26,040.00	25,722.25
0.53	0.78			700							
0.00	0.00			800							
2.16	2.59									909,718.32	844,663.19

EXC = Exclude from PERS enrollment
Yes= Temporary employee enrolled in PERS Membership
No=Temporary Agency employee
*Data reported 30 days in arrears

Temporary Employees Full Time Equivalency District Totals as of January 31, 2020



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March 3, 2020

Prepared by: J. Davis / T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

MONTHLY INVESTMENT AND DEBT REVIEW

SUMMARY:

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

- The Investment Portfolio Summary Report as of February 25, 2020, as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of February 25, 2020, as outlined in Exhibit "B";
- The Summary of Fixed and Variable Debt as of February 25, 2020, as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of February 25, 2020, as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

Due to the timing of the Committee meeting, the rate of return for February 2020 is not complete at this time. Preliminary calculations indicate a rate of return for the fixed income investment portfolio of 2.01%, which is a 0.05% decrease from January's rate of 2.06%. The decrease is due to reinvestment at lower interest rates. Including real estate investments, the weighted average rate of return for the District's investment portfolio for February 2020 is estimated to be 4.09%, which is a 0.03% increase from January's rate of 4.06%. The increase was due to the change in the fixed income portfolio average monthly balance from \$369.9 million to \$354.2 million.

Debt Portfolio:

As of February 25, 2020, the District's weighted average all-in variable rate was 1.29%, which was a 0.26% increase from January's rate of 1.03% due to higher interest rates in the variable rate debt market. Including the District's weighted average fixed rate bond issues of 3.69% and the previous month's 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 3.09%, a 0.07% increase from January's rate of 3.02%.

FISCAL IMPACTS:

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

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 25, 2020

Exhibit “B” – Yield Curve as of February 25, 2020

Exhibit “C” – Summary of Fixed and Variable Debt as of February 25, 2020

Exhibit “D” – Summary of Variable Rate Debt Rates as of February 25, 2020

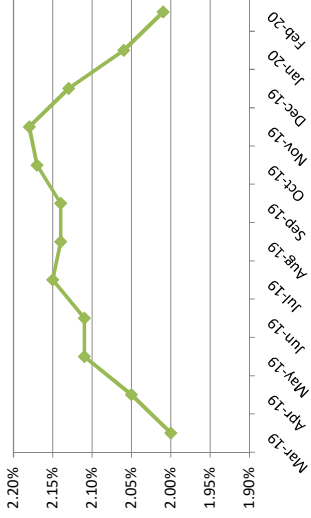
Exhibit "A"

Irvine Ranch Water District

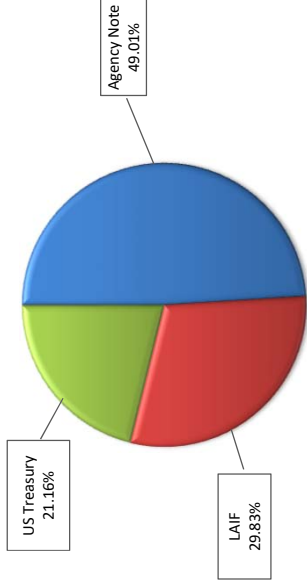
Investment Portfolio Summary

February 2020

Monthly Fixed Income Yield



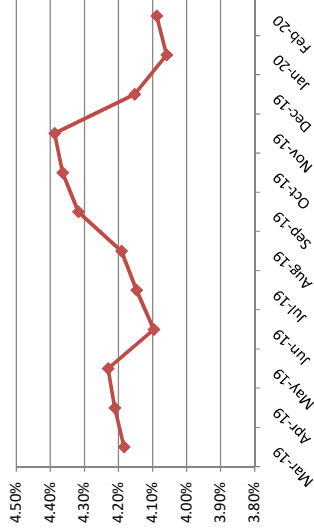
Portfolio Distribution



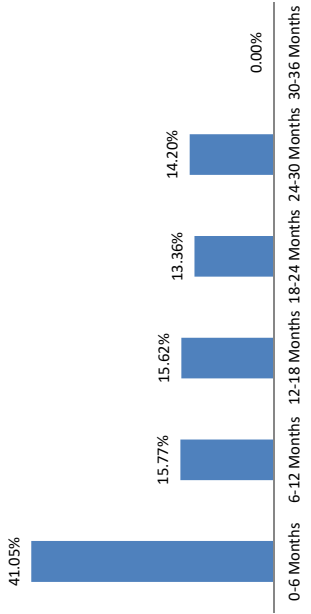
Investment Summary

Type	PAR	Book Value	Market Value
Agency Note	172,550,000	172,516,221	173,369,412
US Treasury	105,000,000	104,995,679	105,827,950
LAIF	74,500,000	74,500,000	74,631,887
Grand Total	352,050,000	352,011,900	353,829,249

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
US Treasury	105,000,000	29.83%
State of California Tsy.	74,500,000	21.16%
Fed Farm Credit Bank	62,000,000	17.61%
Fed Natl Mortgage Assoc	40,550,000	11.52%
Fed Home Loan Bank	40,000,000	11.36%
Fed Home Loan Mortgage Corp	30,000,000	8.52%
Grand Total	352,050,000	100.00%

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

02/25/20

SETTLEMENT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 2/25/2020	UNREALIZED ⁽²⁾ GAIN/(LOSS)
08/23/17			02/26/20		LAIF	State of California Tsy.	\$74,500,000		1.920%	\$74,500,000.00	\$74,500,000.00	74,631,887.20	131,887.20
10/16/17	NA	NA	02/28/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.500%	1.612%	4,987,025.00	5,000,000.00	4,999,550.00	(450.00)
12/19/18	NA	NA	02/29/20	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	1.250%	2.672%	9,833,593.76	9,995,049.70	9,997,300.00	2,250.30
12/20/17	NA	NA	03/13/20	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.125%	1.940%	5,237,200.00	5,033,219.66	5,013,800.00	(19,419.66)
12/20/18	NA	NA	03/31/20	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	2.250%	2.665%	9,948,000.00	9,995,323.34	10,009,400.00	14,076.66
10/03/17	NA	NA	04/20/20	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.375%	1.630%	4,968,350.00	4,998,298.39	4,999,300.00	1,001.61
06/29/18	NA	NA	04/23/20	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	2.500%	2.544%	4,996,000.00	4,999,795.03	5,010,350.00	10,554.97
06/29/18	NA	NA	05/15/20	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.550%	2.566%	4,998,450.00	4,999,830.54	5,014,550.00	14,719.46
12/04/19	NA	NA	05/28/20	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.625%	1.582%	5,025,000.00	5,012,500.00	5,016,850.00	4,350.00
06/11/18	NA	NA	06/11/20	Aaa/NR/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.550%	2.570%	4,997,100.00	4,999,595.35	5,018,100.00	18,504.65
11/10/17	NA	NA	06/22/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.500%	1.750%	4,968,000.00	4,999,053.24	4,998,150.00	(903.24)
04/19/20	NA	NA	07/30/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.500%	2.535%	4,886,000.00	4,979,334.93	4,996,700.00	17,365.07
06/08/18	NA	NA	07/30/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.500%	2.559%	4,890,100.00	4,978,806.00	4,996,700.00	17,894.00
12/20/17	Quarterly	11/10/16	08/10/20	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.450%	2.052%	4,923,000.00	4,978,912.86	4,995,850.00	16,937.14
09/14/18	NA	NA	08/24/20	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.680%	2.789%	4,989,700.00	4,997,446.76	5,032,400.00	34,953.24
09/14/18	NA	NA	09/04/20	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.690%	2.794%	4,990,050.00	4,997,419.35	5,034,250.00	36,830.65
12/12/17	NA	NA	09/28/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	2.000%	2.000%	5,000,000.00	5,000,000.00	5,010,500.00	10,500.00
10/31/17	NA	NA	10/30/20	Aaa/NR/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,550,000	1.850%	1.850%	5,550,000.00	5,550,000.00	5,554,662.00	4,662.00
09/28/18	NA	NA	10/31/20	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.750%	2.847%	4,889,453.13	4,814,211.80	5,006,450.00	192,238.20
11/30/17	NA	NA	11/24/20	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.875%	1.964%	4,983,550.00	4,995,955.41	5,012,800.00	16,844.59
12/20/17	NA	NA	12/28/20	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.850%	2.023%	4,978,400.00	4,992,095.65	5,018,800.00	26,704.35
11/09/18	NA	NA	12/31/20	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.375%	2.958%	4,939,843.75	4,976,567.49	5,037,500.00	60,932.51
10/12/18	NA	NA	01/31/21	Aaa/NR/AAA	Treasury - Note	US Treasury	10,000,000	1.375%	2.890%	9,664,843.76	9,866,255.94	9,986,300.00	120,044.06
12/14/18	NA	NA	02/16/21	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	2.375%	2.806%	4,954,750.00	4,978,940.25	5,046,150.00	67,209.75
02/12/19	NA	NA	02/28/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.000%	2.755%	4,919,515.95	4,961,902.22	5,026,750.00	64,847.78
12/14/18	NA	NA	03/12/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	2.500%	2.516%	9,996,500.00	9,998,266.14	10,099,500.00	101,233.86
02/25/19	NA	NA	03/12/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.375%	2.549%	4,982,700.00	4,991,280.43	5,049,000.00	57,719.57
06/17/19	NA	NA	03/17/21	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.938%	1.938%	5,001,050.00	5,000,626.06	5,033,650.00	33,023.94
06/14/19	NA	NA	04/30/21	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.750%	1.913%	4,985,000.00	4,990,707.00	5,023,450.00	32,743.00
12/05/19	NA	NA	04/30/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.250%	1.650%	5,041,406.25	5,034,370.42	5,047,850.00	13,479.58
09/13/19	NA	NA	05/15/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.625%	1.757%	5,071,093.75	5,051,280.74	5,074,600.00	23,319.26
09/18/19	NA	NA	06/11/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	2.250%	1.786%	5,039,300.00	5,029,039.72	5,054,200.00	25,160.28
01/16/20	NA	NA	06/30/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.125%	1.594%	4,966,406.25	4,969,253.18	4,978,900.00	9,646.82
07/26/19	NA	NA	07/19/21	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.875%	1.927%	4,995,000.00	4,996,512.43	5,037,200.00	40,687.57
12/12/19	One Time	05/27/20	08/21/21	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.750%	1.712%	5,003,200.00	5,002,785.76	5,004,200.00	1,414.24
08/01/19	NA	NA	08/31/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.125%	1.816%	4,929,687.50	4,949,367.61	4,978,150.00	28,782.39
10/11/19	NA	NA	10/15/21	Aaa/AA+/NR	Treasury - Note	US Treasury	5,000,000	2.875%	1.540%	5,131,640.63	5,106,208.02	5,125,000.00	18,791.98
10/22/19	NA	NA	10/15/21	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.400%	1.642%	4,976,500.00	4,980,752.07	5,002,700.00	21,947.93
11/05/19	NA	NA	11/15/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.875%	1.610%	5,125,585.94	5,105,756.58	5,131,650.00	25,893.42
11/08/19	NA	NA	11/30/21	Aaa/AA+/NR	Treasury - Note	US Treasury	5,000,000	1.750%	1.680%	5,007,031.25	5,005,966.76	5,034,950.00	28,983.24

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

02/25/20

SETTLEMENT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 2/25/2020	UNREALIZED ⁽²⁾ GAIN/(LOSS)
12/02/19	Continuous after	03/02/20	12/02/21	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	7,000,000	1.700%	1.726%	6,996,500.00	6,996,930.92	7,001,050.00	4,119.08
11/25/19			12/31/21	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.000%	1.619%	5,039,062.50	5,034,122.39	5,060,150.00	26,027.61
11/25/19	NA	NA	01/13/22	Aaa/NA/NR	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	2.375%	1.635%	5,077,250.00	5,067,643.27	5,095,100.00	27,456.73
03/08/19	NA	NA	01/15/22	Aaa/AA+/NR	Treasury - Note	US Treasury	5,000,000	2.500%	2.460%	5,003,468.75	5,003,588.21	5,109,750.00	106,161.79
01/15/20	One Time	7/10/20	01/10/22	Aaa/NA/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.625%	1.625%	5,000,000.00	5,000,000.00	5,003,600.00	3,600.00
12/19/19	NA	NA	01/31/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.875%	1.641%	5,024,218.75	5,021,934.55	5,051,150.00	29,215.45
03/21/19	NA	NA	02/03/22	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	2.030%	2.361%	4,954,350.00	4,969,392.76	5,063,850.00	94,457.24
12/19/19	NA	NA	02/15/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	2.500%	1.652%	5,089,453.13	5,081,176.73	5,114,850.00	33,673.27
03/08/19	NA	NA	03/11/22	Aaa/AA+/NR	PHLB - Note	Fed Home Loan Bank	5,000,000	2.500%	2.549%	5,002,750.00	5,001,851.68	5,115,700.00	113,848.32
12/19/19	NA	NA	03/31/22	Aaa/NR/AAA	Treasury - Note	US Treasury	5,000,000	1.875%	1.645%	5,025,585.94	5,023,343.71	5,057,250.00	33,906.29
02/21/20	NA	NA	04/14/22	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.400%	1.414%	4,998,500.00	4,998,517.24	4,998,500.00	(17.24)
01/15/20	NA	NA	07/15/22	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.600%	1.594%	5,000,750.00	5,000,712.17	5,018,250.00	17,537.83
TOTAL INVESTMENTS							\$352,050,000			\$351,483,915.99	\$352,011,900.48	\$353,829,249.20	\$1,817,348.73
										3,400.00			
										3,091,990.00			
										\$354,579,305.99			

Petty Cash
Ck Balance
Bank of America

⁽¹⁾ LAIF market value is as of the most recent quarter-end as reported by LAIF. Security market values are determined using Bank of New York ("Trading Prices"), Bloomberg and/or broker dealer pricing. ⁽²⁾ Gain (loss) calculated against carry value using the trading value provided by Bank of New York/or Brokers ⁽³⁾ Real estate rate of return is based on most recent quarter end return	Outstanding Variable Rate Debt	\$262,300,000
	Net Outstanding Variable Rate Debt (Less \$60 million fixed-payer swaps)	\$202,300,000
	Investment Balance:	\$354,579,306
	Investment to Variable Rate Debt Ratio:	175%
	Portfolio - Average Number of Days To Maturity	303
This Investment Summary Report is in conformity with the 2020 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures. *S - Step up	Investment Portfolio	Real Estate ⁽³⁾ Portfolio
	February	8.67%
	January	8.67%
	Change	0.03%
	Weighted Avg. Return	4.09% 4.06% 0.03%

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

02/25/20

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Collateral Deposit	US Treasury
02/20	\$89,500,000	25.42%	\$74,500,000	5,000,000			10,000,000
03/20	15,000,000	4.26%		5,000,000			10,000,000
04/20	10,000,000	2.84%		10,000,000			
05/20	10,000,000	2.84%		10,000,000			
06/20	10,000,000	2.84%		10,000,000			
07/20	10,000,000	2.84%		10,000,000			
08/20	10,000,000	2.84%		10,000,000			
09/20	10,000,000	2.84%		10,000,000			
10/20	10,550,000	3.00%		5,550,000			5,000,000
11/20	5,000,000	1.42%		5,000,000			
12/20	10,000,000	2.84%		5,000,000			5,000,000
01/21	10,000,000	2.84%					10,000,000
SUB-TOTAL	\$200,050,000	56.82%	\$74,500,000	\$85,550,000			\$40,000,000
13 Months - 3 YEARS							
02/01/2021 - 03/21/21	30,000,000	8.52%		25,000,000			5,000,000
04/01/2021 - 06/30/2021	25,000,000	7.10%		10,000,000			15,000,000
07/01/2021 - 09/30/2021	15,000,000	4.26%		10,000,000			5,000,000
10/01/2021 - 12/31/2021	32,000,000	9.09%		12,000,000			20,000,000
01/01/2022 - 03/31/2022	40,000,000	11.36%		20,000,000			20,000,000
04/01/2022 - 07/31/2022	10,000,000	2.84%		10,000,000			
	-	-					
	-	-					
	-	-					
TOTALS	\$352,050,000	100.00%	\$74,500,000	\$172,550,000			\$105,000,000

% OF PORTFOLIO

21.16%

49.01%

29.83%

IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY
Feb-20

MATURITIES/SALES/CALLS				PURCHASES				
DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
2/13/2020	FHLB - Discount Note	\$5,000,000	1.60%	2/21/2020	4/14/2022	FFCB - Note	\$5,000,000	1.41%
2/21/2020	FFCB - Note	\$5,000,000	2.73%					
2/21/2020	FFCB - Note	\$5,000,000	2.06%					

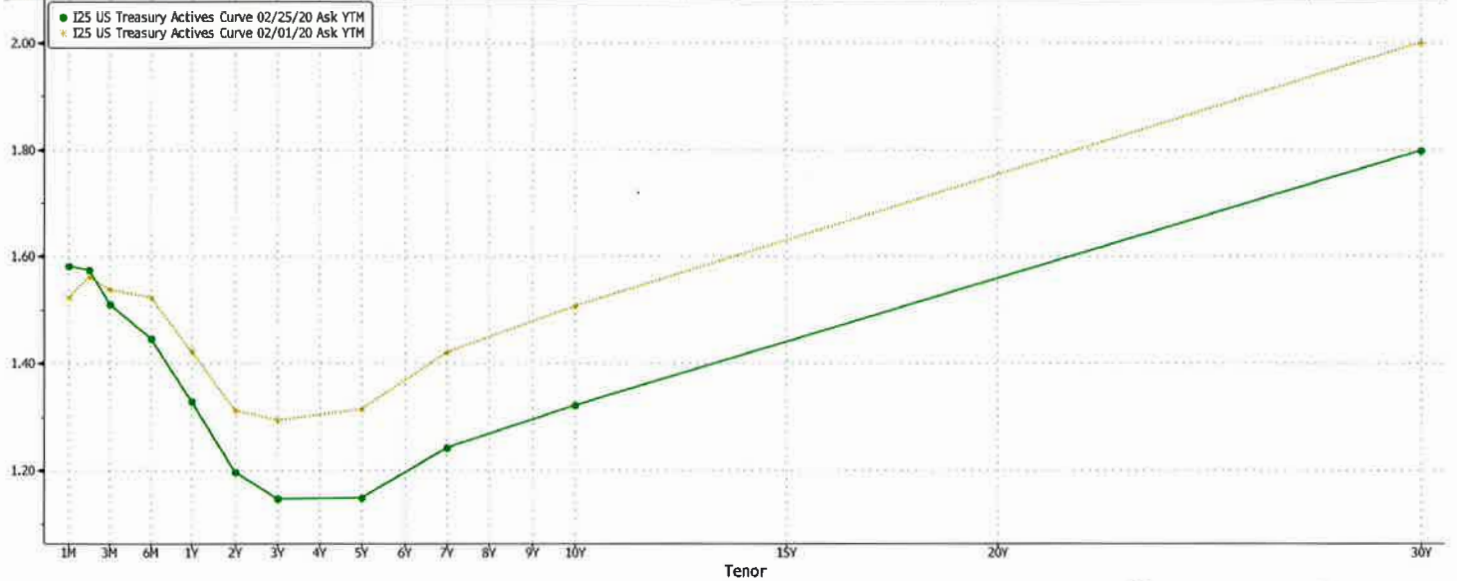
Irvine Ranch Water District
Summary of Real Estate - Income Producing Investments
12/31/2019

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 12/31/2019	ANNUALIZED RATE OF RETURN QUARTER ENDED 12/31/2019
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 43,550,810	\$ 148,625,000	18.28%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 28,710,327	8.53%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,739,845	\$ 11,730,000	10.47%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,630,577	\$ 9,180,000	6.71%
Sand Canyon Professional Center	Jul-12	Medical Office	Fee Simple	\$ 8,648,594	\$ 11,220,000	8.73%
Total - Income Properties				\$ 72,569,826	\$ 209,465,327	14.34%
OTHER REAL ESTATE						
DESCRIPTION						
Serrano Summit - Promissory Note	Sep-17	NA	NA	\$ 88,128,000	\$ 88,128,000	4.00%
Total - Income Producing Real Estate Investments				\$ 160,697,826	\$ 297,593,327	8.67%

Exhibit "B"

Running as C15. Run GC for more features.

US Treasury Actives Curve			Actions ▾	98 Table	Export ▾	Settings ▾	Graph Curves		
X-Axis Tenor		Y-Axis	Ask YTM ▾	Currency	None ▾	PCS	Lower Chart		History Table ▾
Specific	02/01/20		02/25/20	Relative	Last	1D	1W	Modify	Curves & Relative Value



Curve Id	3M	1Y	2Y	3Y	5Y	10Y	30Y
1) I25 02/25/20	1.510	1.329	1.196	1.147	1.149	1.322	1.797
12) I25 02/01/20	1.538	1.423	1.313	1.294	1.313	1.507	2.000
13) I25 (02/25/20-02/01/20)	-2.8	-9.4	-11.7	-14.7	-16.4	-18.5	-20.3

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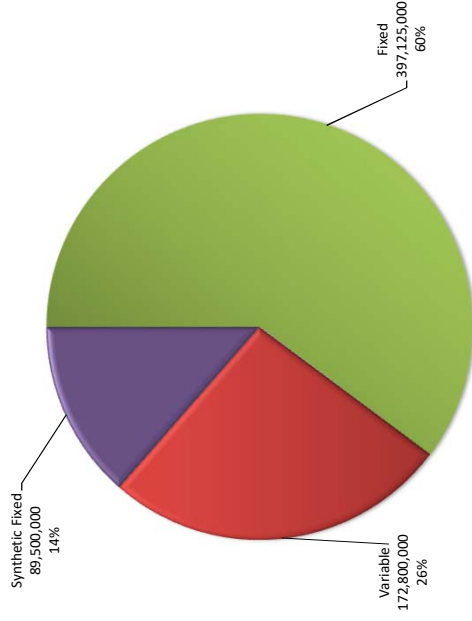
Exhibit "C"

Irvine Ranch Water District

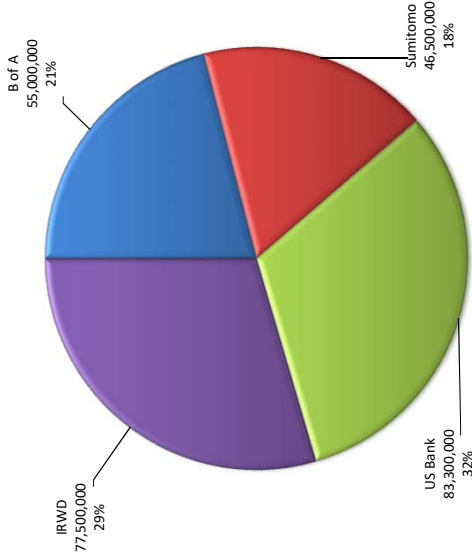
Summary of Fixed and Variable Rate Debt

February 2020

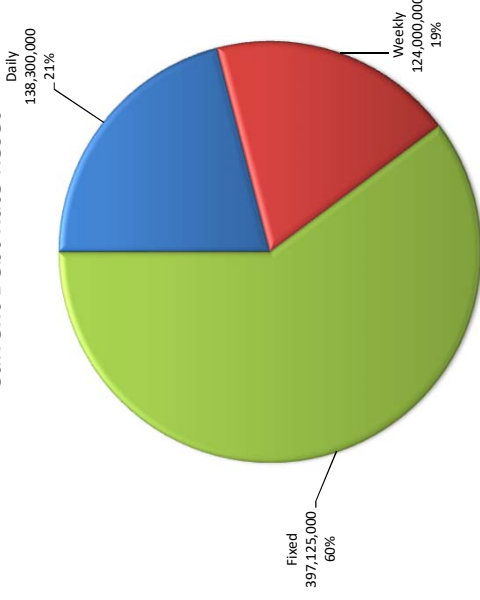
Current Debt Mix By Type



Letters of Credit / Support



Current Debt Rate Reset



Outstanding Par by Series

Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit/Support	Rmkt Agent	Mode	Reset
Series 1993	05/19/93	04/01/33	\$28,300,000	4.29%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	\$46,500,000	7.05%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$46,500,000	7.05%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$31,000,000	4.70%	IRWD	Goldman	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	\$55,000,000	8.34%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$55,000,000	8.34%	B of A	Goldman	Variable	Daily
2010 Refunding COPS	02/23/10	03/01/20	\$1,980,000	0.30%	N/A	N/A	Fixed	Fixed
2016 COPS	09/01/16	03/01/46	\$116,745,000	17.70%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$175,000,000	26.54%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$103,400,000	15.68%	N/A	N/A	Fixed	Fixed
Total			\$659,425,000	100.00%				

Exhibit "D"

IRVINE RANCH WATER DISTRICT SUMMARY OF DEBT RATES Feb-20

Rmkt Agent Mode	GOLDMAN DAILY	GOLDMAN WEEKLY	GOLDMAN WEEKLY	MERRILL LYNCH DAILY	US BANK DAILY
Bond Issue	2009 - B	2011 A-1	2011 A-2	2008-A	2009-A
Par Amount	55,000,000	46,500,000	31,000,000	28,300,000	55,000,000
Bank	BOFA	2/5 (SIFMA -1) 2/6 (SIFMA -6)	2/5 (SIFMA -1) 2/6 (SIFMA -6)	US BANK	US BANK
Reset		Wednesday	Wednesday	Wednesday	
2/1/2020	1.08%	0.93%	0.93%	1.12%	1.09%
2/2/2020	1.08%	0.93%	0.93%	1.12%	1.09%
2/3/2020	0.94%	0.93%	0.93%	1.00%	1.05%
2/4/2020	0.85%	0.93%	0.93%	0.86%	0.87%
2/5/2020	0.85%	0.93%	0.93%	0.80%	0.90%
2/6/2020	0.80%	0.95%	0.95%	0.82%	0.87%
2/7/2020	0.85%	0.95%	0.95%	0.90%	0.85%
2/8/2020	0.85%	0.95%	0.95%	0.90%	0.85%
2/9/2020	0.85%	0.95%	0.95%	0.90%	0.85%
2/10/2020	0.85%	0.95%	0.95%	0.90%	0.89%
2/11/2020	0.90%	0.95%	0.95%	0.89%	0.95%
2/12/2020	0.87%	0.95%	0.95%	0.82%	0.95%
2/13/2020	1.00%	1.07%	1.07%	1.00%	1.03%
2/14/2020	1.10%	1.07%	1.07%	1.04%	1.11%
2/15/2020	1.10%	1.07%	1.07%	1.04%	1.11%
2/16/2020	1.10%	1.07%	1.07%	1.04%	1.11%
2/17/2020	1.10%	1.07%	1.07%	1.04%	1.11%
2/18/2020	1.02%	1.07%	1.07%	1.06%	1.10%
2/19/2020	1.00%	1.07%	1.07%	1.02%	1.09%
2/20/2020	1.00%	1.12%	1.12%	0.95%	1.05%
2/21/2020	0.94%	1.12%	1.12%	0.87%	1.00%
2/22/2020	0.94%	1.12%	1.12%	0.87%	1.00%
2/23/2020	0.94%	1.12%	1.12%	0.87%	1.00%
2/24/2020	0.85%	1.12%	1.12%	0.89%	0.94%
2/25/2020	0.85%	1.12%	1.12%	0.87%	0.92%
Avg Interest Rates	0.95%	1.02%	1.02%	0.95%	0.99%
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%
LOC Fee	0.30%			0.33%	0.33%
All-In Rate	1.35%	1.15%	1.15%	1.38%	1.39%
Par Amount		101,500,000	31,000,000	74,800,000	55,000,000

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	52.73%	138,300,000	1.37%	0.97%
Weekly	47.27%	124,000,000	1.19%	0.97%
	100.00%	\$ 262,300,000	1.29%	0.97%
Fixed				
COPS 2010	0.50%	1,980,000	3.82%	
COPS 2016	29.40%	116,745,000	2.90%	
BABS 2010	44.07%	175,000,000	4.44%	(1)
SERIES 2016	26.04%	103,400,000	3.32%	
	100.00%	\$ 397,125,000	3.69%	
All-In Debt Rate Including \$60 Million Notional Amount of Swaps				3.09%

(1) Rate adjusted up from 4.35% as a result of sequestration reducing BAB's subsidy by 5.9%

Note: This page is intentionally left blank.

March 3, 2020

Prepared by: T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

RESIDENTIAL INVESTMENT PROPERTY PERFORMANCE ANNUAL REPORT

SUMMARY:

Staff and IRWD's apartment property consultant, Market-THINK, will present the annual performance report for the Sycamore Canyon and Wood Canyon Villa apartment properties for the calendar year ended December 31, 2019. The report will include property management and capital improvement plans for calendar year 2020 as well as an update on expectations for Orange County's apartment market for the year.

BACKGROUND:

Staff has completed its analysis of the 2019 financial statements (calendar year), and final 2020 operating and capital budgets for the Sycamore Canyon and Wood Canyon Villa apartment properties as submitted by the District's apartment property manager, Western National Properties. Staff and Ms. Susan Sirota of Market-THINK will present the following:

- A report of the 2019 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 2020 which include completing exterior painting (first phase completed in 2019), deck and balcony repairs, additional roof replacements (for four buildings), construction of a French drain system diverting groundwater that began percolating above ground at the upper level of the property, and various landscape enhancements; and
- A forecast of Orange County apartment market activity for 2020 including new apartment construction projects, rental rate and occupancy projections, and perspectives on the 2020 apartment leasing market from industry economists.

FISCAL IMPACTS:

For calendar year 2019, the net operating income (NOI) from the Sycamore Canyon Apartments property was \$8.4 million. The District's preferred return income from the Wood Canyon Villa property was \$540,000. For calendar year 2020, the NOI from the Sycamore Canyon Apartments property is projected to be \$8.6 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:

None

March 3, 2020

Prepared by: J. Davis / T. Fournier

Submitted by: R. Jacobson / C. Clary

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:

- The Summary of the Deferred Compensation Program and Distribution of Assets as of December 31, 2019, as outlined in Exhibit "A", and
- Mutual Fund Performance Review as of December 31, 2019, as outlined in Exhibit "B".

BACKGROUND:

Overview of the Deferred Compensation Assets:

As of December 31, 2019, the District's Section 457(b) and 401(a) Plans (collectively, the "Plans") assets totaled \$69,395,559, which represented a \$4,807,848 increase from the quarter ended September 30, 2019, and a \$14,316,792 increase for the one-year period ended December 31, 2019. The changes in Plan assets over these two periods are summarized as follows:

	<i>For the One-Year Period Ending December 31, 2019</i>	<i>For the Quarter Ending December 31, 2019</i>
Beginning Balance	\$55,078,767	\$64,587,711
Employee Contributions	3,007,660	683,897
District Contributions	1,174,491	290,180
Transfers to/from Other Plans	424,823	59,408
Distributions	(2,036,588)	(277,277)
Loan Distributions ⁽¹⁾	(130,431)	(42,900)
Loan Repayments	308,931	64,659
Net Investment Gain (Loss)	11,567,906	4,029,881
Ending Balance – December 31, 2019	\$69,395,559	\$69,395,559
Change in Assets for the Period	\$14,316,792	\$4,807,848

(1) Number of loans outstanding: 70

Review of Investment Options:

IRWD's Deferred Compensation Policy states that any investment option 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 is to be replaced. For the quarter ended December 31, 2019, all funds in the Plans passed the LTRA. The Great-West Financial Fund Performance Review as of December 31, 2019 is attached as Exhibit "B".

FISCAL IMPACTS:

As of December 31, 2019, the District's Plan assets totaled \$69,395,559, which represented a \$4,807,848 increase from the quarter ended September 30, 2019 and a \$14,316,792 increase for the one-year period ended December 31, 2019.

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, 2019

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	\$53,200,178	\$16,195,381	\$69,395,559
<i>Change From Prior Quarter</i>	\$3,609,538	\$1,198,310	\$4,807,848
<i>Change From Prior Year (12/2019)</i>	\$11,069,566	\$3,247,226	\$14,316,792
Quarterly Contributions	\$683,897	\$290,180	\$974,077
*Change From Prior Quarter	(\$113,905)	(\$41,006)	

*Reduction in contributions is due to one additional pay period in the quarter ended September 30, 2019

	For the One Year Period Ending December 31, 2019	For the Quarter Ending December 31, 2019
Beginning Balance	\$55,078,767	\$64,587,711
Employee Contributions	3,007,660	683,897
District Contributions	1,174,491	290,180
Transfers to/from other plans	424,823	59,408
Distributions	(2,036,588)	(277,277)
Loan Distributions ⁽¹⁾	(130,431)	(42,900)
Loan Repayment	308,931	64,659
Net Investment Gain (Loss)	11,567,906	4,029,881
Ending Balance - December 31, 2019	\$69,395,559	\$69,395,559
Change in assets for the period	\$14,316,792	\$4,807,848

⁽¹⁾ Number of loans outstanding as of 12/31/19 : 70

Employee Participation	
Full-time Employees	383
Employees Participating	334
Percent Participation	87%

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

December 31, 2019

Fund		Assets	Percent of Assets	Change from previous quarter
PROFILE FUNDS				
AGG	Aggressive Profile Fund	7,690,361	11.1%	0.3%
MOD	Moderate Profile Fund	6,219,417	9.0%	0.1%
CON	Conservative Profile Fund	4,705,960	6.8%	-0.3%
Sub Total		18,615,738	26.8%	0.1%
INTERNATIONAL FUND				
RERGX	American Funds EuroPacific Gr R6	2,202,026	3.2%	0.4%
VTIAX	Vanguard Total Intl Stock Index Admiral	1,431,712	2.1%	-0.3%
Sub Total		3,633,738	5.3%	0.1%
SMALL CAP FUNDS				
HRSIX	Hood River Small-Cap Growth Retirement	2,455,882	3.5%	0.0%
MVSSX	Victory Integrity Small Cap Value R6	1,273,921	1.8%	0.0%
VSMAX	Vanguard Small Cap Index	1,417,414	2.0%	-0.3%
Sub Total		5,147,217	7.4%	-0.2%
MEDIUM CAP FUNDS				
HFMVX	Hartford MidCap R6	2,481,968	3.6%	0.4%
WFPRX	Wells Fargo Spec Md Cp Val R6	3,097,119	4.5%	0.4%
VIMAX	Vanguard Mid-Cap Index Fund	1,731,771	2.5%	-0.5%
Sub Total		7,310,859	10.5%	0.2%
LARGE CAP FUNDS				
RGAGX	American Funds Growth Fund of Amer R6	5,232,000	7.5%	0.5%
VINIX	Vanguard Institutional Index	7,347,310	10.6%	-0.1%
DHLYX	Diamond Hill Large-Cap Fund	2,255,362	3.3%	0.1%
Sub Total		14,834,671	21.4%	0.5%
BOND FUND				
MWTSX	Metropolitan West Total Return Bond Plan	3,886,129	5.6%	0.2%
Sub Total		3,886,129	5.6%	0.2%
STABLE VALUE FUND				
PCSV25	Putnam Stable Value	8,473,623	12.2%	-1.3%
Sub Total		8,473,623	12.2%	-1.3%
TARGET DATE FUND				
VTINX	Vanguard Target Retirement Income Inv	1,224,728	1.8%	-0.1%
VTW NX	Vanguard Target Retirement 2020 Inv	1,255,578	1.8%	0.0%
VTTVX	Vanguard Target Retirement 2025 Inv	256,945	0.4%	0.3%
VTHRX	Vanguard Target Retirement 2030 Inv	148,644	0.2%	0.0%
VTTHX	Vanguard Target Retirement 2035 Inv	372,867	0.5%	0.0%
VFORX	Vanguard Target Retirement 2040 Inv	166,377	0.2%	0.0%
VTIVX	Vanguard Target Retirement 2045 Inv	80,749	0.1%	0.0%
VFIFX	Vanguard Target Retirement 2050 Inv	380,154	0.5%	0.0%
VFFVX	Vanguard Target Retirement 2055 Inv	161,841	0.2%	0.0%
VTT SX	Vanguard Target Retirement 2060 Inv	156,116	0.2%	0.1%
Sub Total		4,203,998	6.1%	0.4%
OTHER				
Ameritrade Brokerage		3,289,586	4.7%	0.0%
Total Assets		\$69,395,559	100%	
LOAN BALANCE OUTSTANDING		\$642,311		



FUND PERFORMANCE REVIEW

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

Reporting Period Ending December 31, 2019

The analytical material contained herein merely describes the process that Great West Financial 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 Great West Financial or its affiliate. Plan fiduciaries should review the educational material provided and consult with their investment advisers if necessary to make the investment decision. Neither Great West Financial, 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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Not intended as an offer or solicitation of securities.

AM469530T-0618

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 aide plan fiduciaries in carrying out their fiduciary responsibilities. Great-West is 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. Great-West and its affiliates receive investment management and other fees and revenue from any Great-West or Putnam investment options included in the Fund Performance Review. In addition, Great-West and its affiliates may receive revenue sharing type payments in relation to the investment options provided on the Fund Performance Review. Please contact your Empower Retirement 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.*

GWFS Equities, Inc. registered representatives may also be investment adviser representatives of GWFS affiliate, Advised Assets 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.

- 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, ©2020 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 and/or a group fixed and 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 Great-West 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 Great-West 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 12/31/2019

	Morningstar Category	Ticker Symbol	Fund Name	Overall Rating					Long-Term Rolling Analysis		
				Composite %'s			Overall Morningstar Rating		Consecutive Quarters Below	# of Quarters Below out of trailing 12	
				Overall	Return	Sharpe					
Intl	Foreign Large Growth	RERGX	American Funds Europacific Growth R6	53.0	51.0	55.0	3	Above	0	0 out of 12	Pass
Small-Cap	Small Growth	HRSIX	Hood River Small-Cap Growth Retirement	42.0	50.0	34.0	3	Neutral	0	0 out of 12	Pass
	Small Value	MVSSX	Victory Integrity Small-Cap Value R6	53.7	59.3	48.0	3	Above	0	0 out of 12	Pass
Mid-Cap	Mid-Cap Growth	HFMVX	Hartford MidCap R6	53.6	55.7	51.5	4	Above	0	0 out of 12	Pass
	Mid-Cap Value	WFRPX	Wells Fargo Special Mid Cap Value R6	92.4	92.3	92.5	5	Above	0	0 out of 12	Pass
Large-Cap	Large Growth	RGAGX	American Funds Growth Fund of Amer R6	44.0	40.0	48.0	3	Neutral	0	0 out of 12	Pass
	Large Value	DHLYX	Diamond Hill Large Cap Y	87.3	91.7	83.0	4	Above	0	0 out of 12	Pass
Asst All/Other	Target-Date Retirement	VTINX	Vanguard Target Retirement Income Inv	83.3	72.0	94.5	4	Above	0	0 out of 12	N/A
	Target-Date 2020	VTWNX	Vanguard Target Retirement 2020 Inv	82.3	85.0	79.5	5	Above	0	0 out of 12	N/A
	Target-Date 2025	VTTVX	Vanguard Target Retirement 2025 Inv	80.3	82.7	78.0	5	Above	0	0 out of 12	N/A
	Target-Date 2030	VTHRX	Vanguard Target Retirement 2030 Inv	78.0	78.0	78.0	4	Above	0	0 out of 12	N/A
	Target-Date 2035	VTTHX	Vanguard Target Retirement 2035 Inv	77.5	77.0	78.0	4	Above	0	0 out of 12	N/A
	Target-Date 2040	VFORX	Vanguard Target Retirement 2040 Inv	77.3	79.7	75.0	4	Above	0	0 out of 12	N/A
	Target-Date 2045	VTIVX	Vanguard Target Retirement 2045 Inv	75.3	77.0	73.5	4	Above	0	0 out of 12	N/A
	Target-Date 2050	VFIFX	Vanguard Target Retirement 2050 Inv	74.6	73.7	75.5	4	Above	0	0 out of 12	N/A
	Target-Date 2055	VFFVX	Vanguard Target Retirement 2055 Inv	72.5	70.0	75.0	4	Above	0	0 out of 12	N/A
	Target-Date 2060+	VTTSX	Vanguard Target Retirement 2060 Inv	60.3	54.0	66.5	3	Above	0	0 out of 12	N/A
Bond	Intermediate Core-Plus Bond	MWTSX	Metropolitan West Total Return Bd Plan	52.5	61.0	44.0	3	Above	0	0 out of 12	Pass
Index Funds	Foreign Large Blend	VTIAX	Vanguard Total Intl Stock Index Admiral (Idx)	64.3	60.7	68.0	4	N/A	N/A	0 out of 12	Pass
	Small Blend	VSMAX	Vanguard Small Cap Index Adm (Idx)	88.9	88.3	89.5	5	N/A	N/A	0 out of 12	Pass
	Mid-Cap Blend	VIMAX	Vanguard Mid Cap Index Admiral (Idx)	91.2	91.3	91.0	5	N/A	N/A	0 out of 12	Pass
	Large Blend	VINIX	Vanguard Institutional Index I (Idx)	86.4	89.3	83.5	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 12/31/2019

		4th Qtr 2019 Return	4th Qtr 2019 Percentile	Performance vs. Benchmark (Annualized Returns and Return Percentiles %)								Return Since Inception	Incept. Date
Fund Name		1 Year Return	1 Year Percentile	3 Year Return	3 Year Percentile	5 Year Return	5 Year Percentile	10 Year Return	10 Year Percentile				
Intl	Foreign Large Growth Peer Group	9.64	50	27.86	50	12.54	50	7.08	50	6.80	50		
	American Funds Europacific Growth R6	10.09	63	27.40	40	12.45	49	7.41	57	6.73	47	9.43	5/1/2009
Small-Cap	Small Growth Peer Group	9.46	50	28.03	50	14.15	50	10.01	50	12.96	50		
	Hood River Small-Cap Growth Retirement	9.79	56	24.19	23	11.82	35	9.85	48	13.76	67	10.47	3/3/2017
	Small Value Peer Group	8.00	50	21.91	50	4.08	50	5.80	50	10.19	50		
	Victory Integrity Small-Cap Value R6	8.20	57	23.28	69	4.23	52	5.68	47	11.10	79	11.98	6/1/2012
Mid-Cap	Mid-Cap Growth Peer Group	7.79	50	33.80	50	16.54	50	11.00	50	13.05	50		
	Hartford MidCap R6	6.87	34	32.75	42	15.26	33	11.75	64	13.91	70	11.74	11/7/2014
	Mid-Cap Value Peer Group	6.80	50	26.73	50	7.62	50	7.04	50	10.81	50		
	Wells Fargo Special Mid Cap Value R6	8.09	79	35.68	98	9.51	86	9.24	92	13.22	99	11.83	6/28/2013
Large-Cap	Large Growth Peer Group	9.56	50	32.45	50	18.92	50	12.65	50	13.67	50		
	American Funds Growth Fund of Amer R6	11.32	84	28.54	17	16.57	28	12.75	51	13.31	41	15.01	5/1/2009
	Large Value Peer Group	7.27	50	25.45	50	9.78	50	7.99	50	10.91	50		
	Diamond Hill Large Cap Y	8.09	68	32.34	98	12.97	93	10.43	96	12.14	86	13.79	12/30/2011
Asst All/Other	Target-Date Retirement Peer Group	2.68	50	13.23	50	5.99	50	4.30	50	5.14	50		
	Vanguard Target Retirement Income Inv	2.60	42	13.16	47	6.36	62	4.80	72	5.82	82	5.37	10/27/2003
	Target-Date 2020 Peer Group	4.00	50	16.18	50	7.59	50	5.58	50	7.45	50		
	Vanguard Target Retirement 2020 Inv	4.46	73	17.63	78	8.72	86	6.42	86	8.03	83	6.48	6/7/2006
	Target-Date 2025 Peer Group	4.82	50	18.36	50	8.60	50	6.33	50	8.12	50		
	Vanguard Target Retirement 2025 Inv	5.22	71	19.63	78	9.57	85	6.99	85	8.59	78	6.98	10/27/2003
	Target-Date 2030 Peer Group	5.71	50	20.42	50	9.46	50	6.86	50	8.63	50		
	Vanguard Target Retirement 2030 Inv	5.95	69	21.07	70	10.24	79	7.41	80	9.07	75	6.91	6/7/2006
	Target-Date 2035 Peer Group	6.54	50	22.30	50	10.21	50	7.38	50	9.12	50		
	Vanguard Target Retirement 2035 Inv	6.68	56	22.44	55	10.86	75	7.81	77	9.54	79	7.63	10/27/2003
	Target-Date 2040 Peer Group	7.09	50	23.62	50	10.68	50	7.65	50	9.29	50		
	Vanguard Target Retirement 2040 Inv	7.38	68	23.86	60	11.48	79	8.20	80	9.87	80	7.36	6/7/2006
	Target-Date 2045 Peer Group	7.60	50	24.58	50	11.03	50	7.91	50	9.53	50		
	Vanguard Target Retirement 2045 Inv	8.00	68	24.94	64	11.80	79	8.41	78	9.98	74	8.10	10/27/2003
	Target-Date 2050 Peer Group	7.62	50	24.72	50	11.08	50	7.97	50	9.58	50		
	Vanguard Target Retirement 2050 Inv	8.01	71	24.98	58	11.80	76	8.41	77	9.98	68	7.47	6/7/2006
	Target-Date 2055 Peer Group	7.86	50	25.07	50	11.24	50	8.14	50	10.14	50		
	Vanguard Target Retirement 2055 Inv	8.02	60	24.98	47	11.80	72	8.38	68	N/A	N/A	10.69	8/18/2010
	Target-Date 2060+ Peer Group	7.92	50	25.17	50	11.36	50	8.47	50	9.92	50		
	Vanguard Target Retirement 2060 Inv	8.02	58	24.96	40	11.79	68	8.38	40	N/A	N/A	10.46	1/19/2012
Bond	Intermediate Core-Plus Bond Peer Group	0.34	50	9.28	50	4.15	50	3.20	50	4.29	50		
	Metropolitan West Total Return Bd Plan	0.28	43	9.23	48	4.27	59	3.11	42	4.96	82	4.08	7/29/2011
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	9.01	62	21.51	40	9.87	68	5.85	71	5.10	43	5.21	11/29/2010
	Vanguard Small Cap Index Adm (Idx)	8.14	45	27.37	83	10.32	92	8.88	83	12.81	90	9.21	11/13/2000
	Vanguard Mid Cap Index Admiral (Idx)	6.88	40	31.03	84	12.36	91	9.25	88	13.08	95	10.12	11/12/2001
	Vanguard Institutional Index I (Idx)	9.06	71	31.46	78	15.24	85	11.67	91	13.53	92	10.08	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

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Sharpe Ratio and Expense Analysis: Irvine Ranch Water District

period ended 12/31/2019

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	0.88	50	0.53	50	12.26	12.37	1.04	50	
	American Funds Europacific Growth R6	0.88	50	0.56	60	12.25	12.16	0.49	3	171,667
Small-Cap	Small Growth Peer Group	0.79	50	0.59	50	16.56	16.57	1.13	50	
	Hood River Small-Cap Growth Retirement	0.62	26	0.57	42	17.94	17.29	0.99	35	590
	Small Value Peer Group	0.22	50	0.36	50	16.36	16.00	1.12	50	
	Victory Integrity Small-Cap Value R6	0.23	52	0.35	44	16.91	16.84	0.96	29	2,391
Mid-Cap	Mid-Cap Growth Peer Group	1.03	50	0.73	50	14.39	14.20	1.05	50	
	Hartford MidCap R6	0.94	35	0.78	68	14.49	14.17	0.75	13	14,639
	Mid-Cap Value Peer Group	0.48	50	0.49	50	13.82	13.64	0.99	50	
	Wells Fargo Special Mid Cap Value R6	0.66	91	0.71	94	12.46	12.04	0.73	15	10,387
Large-Cap	Large Growth Peer Group	1.22	50	0.87	50	13.42	13.27	0.92	50	
	American Funds Growth Fund of Amer R6	1.11	32	0.92	64	13.11	12.76	0.31	3	204,094
	Large Value Peer Group	0.69	50	0.60	50	12.14	12.26	0.89	50	
	Diamond Hill Large Cap Y	0.87	83	0.74	83	13.10	13.23	0.55	12	6,812
Asst All/Other	Target-Date Retirement Peer Group	1.05	50	0.80	50	3.91	3.99	0.66	50	
	Vanguard Target Retirement Income Inv	1.27	92	0.99	97	3.55	3.70	0.12	4	17,261
	Target-Date 2020 Peer Group	1.03	50	0.76	50	5.59	6.03	0.67	50	
	Vanguard Target Retirement 2020 Inv	1.14	81	0.83	78	6.01	6.41	0.13	3	33,719
	Target-Date 2025 Peer Group	1.02	50	0.75	50	6.81	7.19	0.67	50	
	Vanguard Target Retirement 2025 Inv	1.09	76	0.81	80	7.05	7.37	0.13	4	46,628
	Target-Date 2030 Peer Group	0.98	50	0.72	50	7.92	8.23	0.69	50	
	Vanguard Target Retirement 2030 Inv	1.05	76	0.78	80	7.93	8.24	0.14	4	41,571
	Target-Date 2035 Peer Group	0.96	50	0.71	50	9.00	9.13	0.68	50	
	Vanguard Target Retirement 2035 Inv	1.02	79	0.75	77	8.79	9.14	0.14	4	39,752
	Target-Date 2040 Peer Group	0.93	50	0.70	50	9.70	9.82	0.71	50	
	Vanguard Target Retirement 2040 Inv	1.00	79	0.73	71	9.69	10.02	0.14	4	31,328
	Target-Date 2045 Peer Group	0.92	50	0.69	50	10.27	10.29	0.70	50	
	Vanguard Target Retirement 2045 Inv	0.97	73	0.72	74	10.32	10.43	0.15	4	28,962
	Target-Date 2050 Peer Group	0.91	50	0.69	50	10.34	10.46	0.72	50	
	Vanguard Target Retirement 2050 Inv	0.97	76	0.72	75	10.34	10.44	0.15	4	21,305
	Target-Date 2055 Peer Group	0.92	50	0.69	50	10.57	10.68	0.71	50	
	Vanguard Target Retirement 2055 Inv	0.97	78	0.72	72	10.32	10.43	0.15	4	11,351
	Target-Date 2060+ Peer Group	0.92	50	0.71	50	10.46	10.93	0.70	50	
	Vanguard Target Retirement 2060 Inv	0.97	71	0.72	62	10.33	10.44	0.15	6	4,958
Bond	Intermediate Core-Plus Bond Peer Group	0.93	50	0.73	50	2.67	2.92	0.70	50	
	Metropolitan West Total Return Bd Plan	0.89	43	0.71	45	2.86	2.86	0.37	7	80,770
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	0.72	64	0.44	72	11.59	12.14	0.11	4	420,632
	Vanguard Small Cap Index Adm (Idx)	0.62	92	0.58	87	14.94	14.65	0.05	2	96,752
	Vanguard Mid Cap Index Admiral (Idx)	0.83	93	0.67	89	13.00	12.75	0.05	3	111,567
	Vanguard Institutional Index I (Idx)	1.10	80	0.89	87	12.10	11.98	0.04	2	242,173

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 12/31/2019

	Fund Name	Calendar Year Returns					Modern Portfolio Theory Statistics (3 year)			Portfolio Construction		
		2019	2018	2017	2016	2015	Alpha	Beta	R2	Turnover Ratio	Number of Holdings	% in top 10 holdings
Intl	Foreign Large Growth Peer Group	27.86	-14.27	30.94	-1.49	0.58						
	American Funds Europacific Growth R6	27.40	-14.91	31.17	1.01	-0.48	-0.71	1.04	97	35	322	21%
Small-Cap	Small Growth Peer Group	28.03	-5.49	22.47	10.74	-2.19						
	Hood River Small-Cap Growth Retirement	24.19	-6.78	20.78	13.50	0.80	N/A	N/A	N/A	98	97	25%
	Small Value Peer Group	21.91	-15.41	8.98	26.01	-6.22						
	Victory Integrity Small-Cap Value R6	23.28	-18.42	12.59	24.52	-6.49	1.49	0.99	97	72	134	11%
Mid-Cap	Mid-Cap Growth Peer Group	33.80	-5.37	24.81	5.67	0.21						
	Hartford MidCap R6	32.75	-7.29	24.42	11.87	1.75	-2.38	0.99	95	37	101	17%
	Mid-Cap Value Peer Group	26.73	-13.44	13.36	17.81	-3.97						
	Wells Fargo Special Mid Cap Value R6	35.68	-13.02	11.27	21.68	-2.65	-1.31	0.90	95	37	69	24%
Large-Cap	Large Growth Peer Group	32.45	-1.65	28.73	3.06	4.80						
	American Funds Growth Fund of Amer R6	28.54	-2.60	26.53	8.82	5.70	-3.89	0.97	96	36	334	29%
	Large Value Peer Group	25.45	-8.88	16.23	14.59	-3.53						
	Diamond Hill Large Cap Y	32.34	-9.53	20.42	14.74	-0.74	2.56	1.07	96	29	50	33%
Asst All/Other	Target-Date Retirement Peer Group	13.23	-3.35	8.68	5.23	-1.10						
	Vanguard Target Retirement Income Inv	13.16	-1.99	8.47	5.25	-0.17	0.50	0.69	97	10	6	100%
	Target-Date 2020 Peer Group	16.18	-4.48	12.77	6.63	-0.88						
	Vanguard Target Retirement 2020 Inv	17.63	-4.24	14.08	6.95	-0.68	0.48	0.78	99	13	6	100%
	Target-Date 2025 Peer Group	18.36	-5.42	14.95	7.10	-1.09						
	Vanguard Target Retirement 2025 Inv	19.63	-5.15	15.94	7.48	-0.85	0.22	0.92	99	11	5	100%
	Target-Date 2030 Peer Group	20.42	-6.31	16.76	7.55	-1.11						
	Vanguard Target Retirement 2030 Inv	21.07	-5.86	17.52	7.85	-1.03	0.41	0.89	99	8	5	100%
	Target-Date 2035 Peer Group	22.30	-7.27	18.38	8.00	-1.15						
	Vanguard Target Retirement 2035 Inv	22.44	-6.58	19.12	8.26	-1.26	0.24	0.97	99	7	5	100%
	Target-Date 2040 Peer Group	23.62	-7.92	19.49	8.30	-1.29						
	Vanguard Target Retirement 2040 Inv	23.86	-7.32	20.71	8.73	-1.59	-0.01	1.07	99	5	5	100%
	Target-Date 2045 Peer Group	24.58	-8.30	20.34	8.42	-1.29						
	Vanguard Target Retirement 2045 Inv	24.94	-7.90	21.42	8.87	-1.57	0.17	0.95	100	4	5	100%
	Target-Date 2050 Peer Group	24.72	-8.49	20.57	8.53	-1.36						
	Vanguard Target Retirement 2050 Inv	24.98	-7.90	21.39	8.85	-1.58	0.16	0.95	100	3	5	100%
	Target-Date 2055 Peer Group	25.07	-8.58	20.87	8.48	-1.37						
	Vanguard Target Retirement 2055 Inv	24.98	-7.89	21.38	8.88	-1.72	0.17	0.95	100	3	5	100%
	Target-Date 2060+ Peer Group	25.17	-8.60	21.08	8.61	-0.85						
	Vanguard Target Retirement 2060 Inv	24.96	-7.87	21.36	8.84	-1.68	0.16	0.95	100	2	5	100%
Bond	Intermediate Core-Plus Bond Peer Group	9.28	-0.76	4.31	3.92	-0.19						
	Metropolitan West Total Return Bd Plan	9.23	0.29	3.49	2.56	0.25	0.28	0.98	99	255	1805	30%
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	21.51	-14.43	27.55	4.67	-4.26	-0.73	1.02	99	4	7390	9%
	Vanguard Small Cap Index Adm (Idx)	27.37	-9.31	16.24	18.30	-3.64	2.05	0.95	99	15	1375	3%
	Vanguard Mid Cap Index Admiral (Idx)	31.03	-9.23	19.25	11.22	-1.34	-0.22	0.98	100	16	384	7%
	Vanguard Institutional Index I (Idx)	31.46	-4.42	21.79	11.93	1.37	-0.03	1.00	100	6	512	22%

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 12/31/2019

		Total Return 1 Year	Total Return Annld 3 Year	Total Return Annld 5 Year	Total Return Annld 10 Year	Annual Return 2019	Annual Return 2018	Annual Return 2017	Annual Return 2016	Annual Return 2015
International	MSCI EMF ID	15.42	8.93	3.11	1.20	15.42	-16.63	34.35	8.58	-16.96
	MSCI Eafe Ndr_D	22.01	9.56	5.67	5.50	22.01	-13.79	25.03	1.00	-0.81
	MSCI World Ndr_D	27.67	12.57	8.74	9.47	27.67	-8.71	22.40	7.51	-0.87
Small-Cap	Russell 2000 Growth	28.48	12.49	9.34	13.01	28.48	-9.31	22.17	11.32	-1.38
	Russell 2000	25.52	8.59	8.23	11.83	25.52	-11.01	14.65	21.31	-4.41
	Russell 2000 Value	22.39	4.77	6.99	10.56	22.39	-12.86	7.84	31.74	-7.47
Mid-Cap	Russell Midcap Growth	35.47	17.36	11.60	14.24	35.47	-4.75	25.27	7.33	-0.20
	Standard & Poor's Midcap 400	26.20	9.26	9.03	12.72	26.20	-11.08	16.24	20.74	-2.18
	Russell Midcap Value	27.06	8.10	7.62	12.41	27.06	-12.29	13.34	20.00	-4.78
Large-Cap	Russell 1000 Growth	36.39	20.49	14.63	15.22	36.39	-1.51	30.21	7.08	5.67
	Standard & Poor's 500 TR	31.49	15.27	11.70	13.56	31.49	-4.38	21.83	11.96	1.38
	Russell 1000 Value	26.54	9.68	8.29	11.80	26.54	-8.27	13.66	17.34	-3.83
Bond	BBgBarc US Aggregate Bond	8.72	4.03	3.05	3.75	8.72	0.01	3.54	2.65	0.55
	BBgBarc US Capital Credit	13.80	5.75	4.39	5.32	13.80	-2.11	6.18	5.63	-0.77
	BBgBarc US Mortgage-Backed	6.35	3.25	2.58	3.15	6.35	0.99	2.47	1.67	1.51
	BBgBarc US Government Bond	6.83	3.31	2.36	3.03	6.83	0.88	2.30	1.05	0.86
	BBgBarc US 1-3 Year Government	3.59	1.86	1.40	1.25	3.59	1.58	0.45	0.87	0.57

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

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

Data Source: Morningstar® DirectSM

S&P 500® Index is a registered trademark of Standard & Poor's Financial Services LLC ("Standard & Poor's"), and is an unmanaged index considered indicative of the domestic Large-Cap equity market.

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Carefully consider the investment objectives, risks, fees and expenses of the investment product. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.

About investment risk:

Equity securities of small-sized and medium-sized companies may be more volatile than securities of larger, more established companies. Foreign investments involve special risks, including currency fluctuations and political developments. Equity securities of companies located in emerging markets involve greater risks than investing in more established markets, including currency fluctuations, political developments and share illiquidity. Real estate securities involve greater risks than other non-diversified investments, including, but not limited to: declining property values, varying economic conditions, changes in zoning laws, or losses from casualty. Real estate securities that invest in foreign real estate involve additional risk, including currency fluctuations and political developments. Specialty funds invest in a limited number of companies and are generally non-diversified. As a result, changes in market value of a single issuer could cause greater volatility than with a more diversified fund. Commodities may have greater volatility than traditional securities. The value of commodities may be affected by changes in overall market movements, changes in interest rates or sectors affecting a particular industry or commodity, and international economic, political and regulatory developments. Alternative investments generally invest in non-traditional asset categories or strategies. As a result, such investments are subject to unique risks and may be more speculative than traditional investments. These investments may also have direct or indirect exposure to derivatives, which may be more volatile and less liquid than traditional securities. As a result, the option could suffer losses on its derivative positions.

Asset allocation funds are subject to the risks of the underlying investments, which can be a mix of stocks/stock funds, bonds/bond funds and other types of investments. Depending on the types of investments in this fund, an investor may face the following risks. Stock values fluctuate in response to the activities of the general market, individual companies and economic conditions. Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. In general, when interest rates rise, bond values fall and investors may lose principal value. Compared to higher-rated securities, high yield bond investment options are subject to greater risk, including the risk of default.

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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Shares of Great-West Funds, Inc. are not sold directly to the general public but are offered to permitted accounts as defined in the prospectus. Asset allocation funds of Great-West Funds may invest in funds that are advised by Great-West Capital Management, LLC or are sub-advised by affiliates of GWCM. Asset allocation funds may also invest in a fixed-interest contract issued by GWL&A. While certain sub-advised funds may be managed similar to or modeled after other mutual funds with similar names and investment objectives, the Great-West Funds are not directly related to them. Consequently, the investment performance and other features of other mutual funds and any similarly named Great-West Fund may differ substantially.

About Overall Morningstar Rating™

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

About Morningstar Rankings

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.

Barclays Capital Aggregate Index Composed of the Barclays Capital 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.

Barclays Capital 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.

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.

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

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

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

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

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

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

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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 3, 2020
Prepared by: R. Williams
Submitted by: C. Clary
Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

INFORMATION SERVICES PROJECT STATUS REPORT

SUMMARY:

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

BACKGROUND:

Information Services submits a project status report for the Committee's review three times a year. Provided as Exhibit "A" is the current project status report.

FISCAL IMPACTS:

The fiscal impacts, which vary depending on the project, are incorporated in Exhibit "A".

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Information Services Project Status Report

Note: This page is intentionally left blank.

Exhibit "A"

Information Services Project Status Report

Project Name	Project Summary	Schedule		Project Budget	Status
Cyber Security Risk Assessment and Response Plan	Conduct a Cyber Security Risk Assessment to identify areas of risk and develop an incident response plan.	Start Complete	3/19 7/20	\$235,500	Tevora has completed the assessment of IRWD's Information Security Risk Management. Findings and recommendations were presented to the Board in December 2019. Development of Information Security Practices and Standards and Cybersecurity Incident Response Practices and procedures are in process.
Business Intelligence (BI) Disaster Recovery (DR) in the Cloud	Implement IRWD's Oracle BI DR environment in the Oracle Cloud and develop Additional Reports.	Start Complete	10/17 6/20	\$757,240	The Board approved a variance to the contract with Dilytics for \$426,000 to develop the dashboards and additional reports. Dilytics has delivered 95% of the additional reporting and 5% is in process. The BI DR environment is complete. Dashboards for the management are complete.
E-Mail System Migration to the Cloud	Migrate IRWD's GroupWise e-mail system to Microsoft Office 365 in the Cloud.	Start Complete	2/19 4/20	\$304,000	IRWD executed a Professional Services Agreement with Novacoast in July 2019. Novacoast has successfully completed the configuration of the migration servers and the Office 365 cloud environment. Migrations will begin in March/April and include the migration of mail, calendar, and contacts from GroupWise to Office 365 in the Cloud.

March 3, 2020

Information Services Project Status Report (continued)

Project Name	Project Summary	Schedule		Project Budget	Status
Replace Customer eBill and Payment Web Access Portal	Replace the current customer eBill and Payment Web Access portal with a cloud-based solution.	Start Complete	10/19 7/20	TBD	Request for Qualifications (RFQ) sent to four Electronic Bill Presentment and Payment (EBPP) solution providers. Staff analyzed the top two vendor responses: Paymentus and Invoice Cloud. Staff will present its recommendation to the Board in April.
Oracle Customer Care & Billing (CC&B) Software Upgrade	Implement a technical upgrade of IRWD's Oracle CC&B software to the most current version.	Start Complete	6/19 5/21	\$2,849,000	RFP for upgrade implementation services has been developed. Expect to issue RFP in fall of 2020, after the Customer Payment portal has been replaced.
IRWD Enterprise – Hardware and Software Upgrades	Replace hardware based on IRWD replacement practices. Upgrade software as hardware is replaced.	Start Complete	7/19 6/20	\$721,500	Hardware and software replacements are 60% completed.

March 3, 2020

March 3, 2020

Prepared by: T. Fournier

Submitted by: R. Jacobson / C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

SAND CANYON PROFESSIONAL CENTER – PHASE II
CONSTRUCTION UPDATE AND LISTING AGREEMENT EXTENSION

SUMMARY:

Staff will provide the Committee with an update on the Sand Canyon office development construction activities, and the current status of leasing activities. Staff recommends that the Board approve a new listing agreement with the existing brokerage team, under the general terms as the previously executed listing agreement, with a time extension through August 31, 2020.

BACKGROUND:

Construction Activity:

Primary construction activities at the Sand Canyon Professional Center over the past month included painting the exterior of the building, framing and drywalling the restrooms, stair walls and the elevator shaft, installation of the four HVAC units on the roof, completion of exterior stonework, installation of flooring on the roof deck, installation of the parking lot light poles, and installation of windows and GKD screens on the exterior of the building. Scheduled activities in March/April 2020 include installation of the parking lot, remaining hardscape and landscape around the building, central courtyard and parking area, and construction of the covered parking structures. Staff and IRWD's commercial brokers continue discussions with prospective tenants interested in leasing space in the building. Completion of the building shell and sitework is scheduled for April 2020.

Listing Agreement Extension:

Staff and IRWD's commercial brokers continue discussions with a prospective tenant interested in leasing one floor of the new building. Staff will provide an update on the status of all recent leasing activities at the meeting.

The Board previously approved the current listing agreement with Cushman & Wakefield and Colliers International expiring February 29, 2020. Staff recommends extending the agreement for six months to August 31, 2020. The general terms of the listing agreement are as follows:

Brokers: Kevin Turner (Cushman & Wakefield) and Michael Hartel (Colliers) International)

Proposed Extension Term: August 31, 2020

Termination: Upon 30-Day Notice

Commission Rates:

Year 1 through Year 5: 4% to the procuring broker and 2.50% to the listing brokers

Year 6 through Year 10: 2% to the procuring broker and 1.25% to the listing brokers

The Proposed Listing Agreement is provided as Exhibit “A”.

FISCAL IMPACTS:

The total proposed lease commission rate is 6.5% of the gross lease revenue for years one through five, and 3.25% for years six through 10. The total commission will be determined based on the final lease terms.

ENVIRONMENTAL COMPLIANCE:

A Final Environmental Impact Report has been prepared, certified and the project approved by the County of Orange Environmental Management Agency in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3.

RECOMMENDATION:

That the Board approve a new listing agreement for the lease of the Sand Canyon Professional Office Center Phase II with the brokerage team of Cushman & Wakefield and Colliers International under previously agreed upon commission terms and expiring August 31, 2020.

LIST OF EXHIBITS:

Exhibit “A” – Proposed Listing Agreement



**EXCLUSIVE RIGHT TO REPRESENT OWNER
FOR SALE OR LEASE OF REAL PROPERTY**
(Non-Residential)

1. BASIC PROVISIONS ("BASIC PROVISIONS").

1.1 **Parties:** This agency Agreement ("Agreement"), dated for reference purposes only February 25, 2020, is made by and between Irvine Ranch Water District, whose address is 15600 Sand Canyon, Irvine, CA 92618, telephone number (949) 453-5358, Fax No. (949) 453-0128 ("Owner"), and Cushman & Wakefield of California, Inc., whose address is 18111 Von Karman Avenue, Suite 1000, Irvine, CA 92612, telephone number (949) 474-4004, Fax No. (949) 474-0405, ("Agent").

1.2 **Property/Premises:** The real property, or a portion thereof, which is the subject of this Agreement is commonly known as (street address, city, state, zip) The Source H20, Building B - with an address of 15550 Sand Canyon Ave, Irvine, CA 92618, located in the County of Orange, and generally described as (describe briefly the nature of the property): an approximate 70,000 square foot, under construction office project ("Property"). (See also Paragraph 3).

1.3 **Term of Agreement:** The term of this Agreement shall commence on March 1, 2020 and expire at 5:00 p.m. on August 31, 2020, except as it may be extended ("Term"). (See also paragraph 4)

1.4 **Transaction:** The nature of the transaction concerning the Property for which Agent is employed ("Transaction") is (check the appropriate box(es)):

(a) ☐ A sale for the following sale price and terms: _____ and other additional standard terms reasonably similar to those contained in the "STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR THE PURCHASE OF REAL ESTATE" published BY AIR CRE ("AIR"), or for such other price and terms agreeable to Owner;

(b) ☒ A lease or other tenancy for the following rent and terms: _____ and other additional standard terms reasonably similar to those contained in the appropriate AIR lease form or for such other rent and terms agreeable to Owner.

2. EXCLUSIVE EMPLOYMENT AND RIGHTS.

2.1 Owner hereby employs Agent as Owner's sole and exclusive agent to represent Owner in the Transaction and to find buyers or lessees/tenants ("lessees"), as the case may be, for the Property. Agent shall use reasonably diligent efforts to find such buyers or lessees. All negotiations and discussions for a Transaction shall be conducted by Agent on behalf of Owner. Owner shall promptly disclose and refer to Agent all written or oral inquiries or contacts received by Owner from any source regarding a possible Transaction.

2.2 Owner authorizes Agent to:

- (a) Place advertising signs on the Property;
- (b) Place a lock box on the Property if vacant;
- (c) Accept deposits from potential buyers or lessees; and
- (d) Distribute information regarding the Property to participants in THE MULTIPLE ("MULTIPLE") of the AIR and/or any other appropriate local commercial multiple listing service, to other brokers, and to potential buyers or lessees of the Property. Owner shall identify as "confidential" any information provided to Agent that Owner considers confidential and does not want disclosed. All other information provided by Owner may be disclosed as Agent may deem appropriate or necessary. After consummation of a Transaction, Agent may publicize the terms of such Transaction.

2.3 Agent shall comply with the Rules of Professional Conduct of the AIR, if a member or if not, the Rules of Professional Conduct of the Society of Industrial and Office Realtors, and shall submit the Property to the MULTIPLE. Agent shall cooperate with participants in the MULTIPLE and may, at Agent's election, cooperate with other real estate brokers (collectively "Cooperating Broker").

2.4 If the Transaction is a sale and Agent finds a prospective buyer for the Property, or if the Transaction is a lease and Agent finds a prospective lessee for the Property, Owner hereby authorizes Agent also to represent and act as the agent for such buyer or lessee, and Owner consents to such dual agency. If a Cooperating Broker finds such a buyer or lessee, then Agent shall act as agent for Owner only, the Cooperating Broker shall act as agent for the buyer or lessee only, and the Cooperating Broker shall not be Owner's agent, even though the Cooperating Broker may share in the commission paid by Owner to Agent. A Cooperating Broker shall not be an agent or subagent of Owner or Agent.

2.5 Owner agrees that Agent may, during the ordinary and normal course of marketing the Property, respond to inquiries on the Property by showing and providing information on the Property, as well as on other competing properties, to prospective buyers and lessees and that such activities may result in the payment of a commission to Agent by a third party. Owner understands that Agent may also represent other lessors/sellers with competing properties.

3. PROPERTY.

3.1 The term "Property" shall include all of the following which are currently located on the Property and owned by Owner: permanent improvements, electrical distribution systems (power panels, buss ducting, conduits, disconnects, lighting fixtures, etc.), ~~telephone distribution systems (lines, jacks and connections), space heaters,~~ air conditioning equipment, air lines, carpets, window coverings, wall coverings, partitions, doors, suspended ceilings, built-ins such as cabinets, and _____ (if there are no additional items write "NONE"). If the Transaction is a sale, the term "Property" shall additionally include, to the extent owned by Owner, oil and mineral rights, leases and other agreements which will continue in effect after Owner's transfer of title to the Property.

3.2 Within five business days after the commencement of the Term hereof, Owner shall provide Agent with the following:

- ~~(a) A duly completed and fully executed Property Information Sheet on the most current form published by the AIR;~~
- (b) Copies of all leases, subleases, rental agreements, option rights, rights of first refusal, rights of first offer, or other documents containing any other limitations on Owner's right, ability and capacity to consummate a Transaction, and
- (c) If available to Owner, copies of building plans, and if the Transaction is a sale, title reports, boundary surveys, and existing notes and trust deeds

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which will continue to affect the Property after consummation of a sale.

3.3 Agent shall have no responsibility for maintenance, repair, replacement, operation, or security of the Property, all of which shall be Owner's sole responsibility. Unless caused by Agent's gross negligence, Agent shall not be liable for any loss, damage, or injury to the person or property of Owner, any lessees of the Property, any buyer, prospective buyer, lessee, or prospective lessee, including, but not limited to, those which may occur as a result of Agent's use of a lock box.

4. **EXTENSION OF TERM.** If the Transaction is a sale, and a sale is not consummated for any reason after Owner accepts an offer to purchase the Property ("**Sale Agreement**"), then the expiration date of the Term of this Agreement shall be extended by the number of days that elapsed between the date Owner entered into the Sale Agreement and the later of the date on which the Sale Agreement is terminated or the date Owner is able to convey title to a new buyer free and clear of any claims by the prior buyer of the Property; provided, however, in no event shall the Term be so extended beyond one year from the date the Term would have otherwise expired.

5. **COMMISSION.**

5.1 Owner shall pay Agent a commission ☐ in the amount of _____ ☒ in accordance with the commission schedule attached hereto ("**Agreed Commission**"), for a Transaction, whether such Transaction is consummated as a result of the efforts of Agent, Owner, or some other person or entity. Agent shall also be entitled to the Agreed Commission if any of the Owner's representations and warranties described in paragraph 8 are shown to be false. Such Agreed Commission is payable:

(a) If the Transaction is a sale, (i) the Property is sold; (ii) Owner breaches or repudiates any Sale Agreement, escrow instructions or other documents executed by Owner regarding the sale of the Property; (iii) the Property or any interest therein is voluntarily or involuntarily sold, conveyed, contributed or transferred; (iv) the Property or any interest therein is taken under the power of Eminent Domain or sold under threat of condemnation, or (v) if Owner is a partnership, joint venture, limited liability company, corporation, trust or other entity, and any interest in Owner is voluntarily or involuntarily sold, contributed, conveyed or transferred to another person or entity that, as of the date hereof, does not have any ownership interest in Owner;

(b) If the Transaction is a lease and a lease of the Property, or a portion thereof is executed; or

(c) If Owner (i) removes or withdraws the Property from a Transaction or the market; (ii) acts as if the Property is not available for a Transaction; (iii) treats the Property as not available for a Transaction; (iv) breaches, terminates, cancels or repudiates this Agreement; (v) renders the Property unmarketable; or (vi) changes the status of the Property's title, leases, agreements, physical condition or other aspects thereof, which such change adversely impacts the value, use, desirability or marketability of the Property.

(d) If earnest money or similar deposits made by a prospective purchaser or tenant are forfeited Agent shall be entitled to one-half (½) thereof, but not to exceed the total amount of the commission that would have been payable had the sale or lease transaction been consummated.

5.2 If the Transaction is a sale, the purchase agreement and/or escrow instructions to be entered into by and between Owner and a buyer of the Property shall provide that:

(a) Owner irrevocably instructs the escrow holder to pay from Owner's proceeds accruing to the account of Owner at the close of escrow the Agreed Commission to Agent;

(b) A contingency to the consummation of the sale shall be the payment of the Agreed Commission to Agent at or prior to close of the escrow; and

(c) No change shall be made by Owner or buyer with respect to the time of, amount of, or the conditions to payment of the Agreed Commission, without Agent's written consent.

6. **ALTERNATIVE TRANSACTION.** If the Transaction changes to any other transaction, including, but not limited to, a sale, exchange, option to buy, right of first refusal, ground lease, lease, sublease or assignment of lease (collectively "**Alternative Transaction**"), then Agent shall automatically be Owner's sole and exclusive Agent for such Alternative Transaction and represent Owner in such Alternative Transaction, under the terms and conditions of this Agreement. If, during the Term hereof, an Alternative Transaction is entered into, then Owner shall pay Agent the Agreed Commission.

7. **EXCLUDED AND REGISTERED PERSONS.**

7.1 Owner shall, within 5 business days after the date hereof, provide Agent, in writing, with the names of those persons or entities registered with Owner by any other broker under any prior agreement concerning the Property ("**Excluded Persons**", see paragraph 7.5). Owner shall also specify for each Excluded Person the type of transaction the consummation of which during the Term of this Agreement entitles such other broker to any compensation ("**Excluded Transaction**"). Agent may within 10 days of receiving such written list, either (a) accept the Excluded Persons and Excluded Transactions, (b) cancel this Agreement, or (c) attempt to renegotiate this portion of the Agreement with Owner. Once accepted by Agent, the written list shall automatically become an exhibit to this Agreement. If Owner timely provides Agent with the names of the Excluded Persons and specifies the Excluded Transaction for each Excluded Person, then the Agreed Commission paid to Agent with respect to consummation of such an Excluded Transaction with an Excluded Person shall be limited as follows: if such Excluded Transaction is concluded within the first 30 days of the commencement of the Term hereof, then Agent shall be paid a commission equal to the reasonable out-of-pocket expenses incurred by Agent in the marketing of the Property during said 30 days; or if such Excluded Transaction is concluded during the remainder of the Term hereof, then Agent shall be entitled to a commission equal to one-half of the Agreed Commission. If the specified information concerning Excluded Persons and Transactions is not provided as set forth herein, then it shall be conclusively deemed that there are no Excluded Persons.

7.2 Agent shall, within 5 business days after the expiration of the Term hereof, provide Owner, in writing, with the name of those persons or entities with whom Agent either directly or through another broker had negotiated during the Term hereof ("**Registered Persons**", see paragraph 7.5), and specify the type of transaction of the Property for which such negotiations were conducted ("**Registered Transaction**"). Those persons or entities who submitted written offers or letters of intent shall, however, automatically be deemed to be Registered Persons for the type of transaction which was the subject of such offer or letter of intent. If Agent fails to timely notify Owner of the existence of any other Registered Persons, then it shall be conclusively deemed that there are no other Registered Persons. A person or entity shall not be a Registered Person if Agent fails to timely specify a Registered Transaction for such person or entity. The parties are aware that the registration of certain individuals and/or entities might create a Dual Agency, and Owner hereby consents to any such Dual Agency.

7.3 If, within 180 days after the expiration of the Term hereof, Owner enters into a contract with a Registered Person for consummation of a Registered Transaction, then Owner shall, upon consummation of such Registered Transaction, pay Agent the Agreed Commission for the Registered Transaction.

7.4 If, within 180 days after the expiration of the Term hereof, Owner enters into another owner-agency or listing agreement with a broker other than Agent for any transaction concerning the Property, then Owner shall provide to Owner's new broker the names of the Registered Persons and the Registered Transaction for each Registered Person, and provide in such new agreement that the new broker shall not be entitled to receive any of the compensation payable to Agent hereunder for consummation of a Registered Transaction with a Registered Person.

7.5 In order to qualify to be an Excluded Person or a Registered Person the individual or entity must have: toured the Property, submitted a letter of interest or intent, and/or made an offer to buy or lease the Property. ~~In addition, Excluded Persons may only be registered by a broker who previously had a valid listing~~

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agreement covering the Property, and such broker may only register individuals and entities actually procured by such listing broker.

8. OWNER'S REPRESENTATIONS.

Owner represents and warrants that:

- (a) Each person executing this Agreement on behalf of Owner has the full right, power and authority to execute this Agreement as or on behalf of Owner;
- (b) Owner owns the Property and/or has the full right, power and authority to execute this Agreement and to consummate a Transaction as provided herein, and to perform Owner's obligations hereunder;
- (c) Neither Owner nor the Property is the subject of a bankruptcy, insolvency, probate or conservatorship proceeding;
- (d) Owner has no notice or knowledge that any lessee or sublessee of the Property, if any, is the subject of a bankruptcy or insolvency proceeding;
- (e) There are no effective, valid or enforceable option rights, rights of first refusal, rights of first offer or any other restrictions, impediments or limitations on Owner's right, ability and capacity to consummate a Transaction, except as disclosed in writing pursuant to Paragraph 3.2(b).
- (f) That as of the date of this Agreement the asking sales price is not less than the total of all monetary encumbrances on the Property.

9. OWNER'S ACKNOWLEDGMENTS. Owner acknowledges that it has been advised by Agent to consult and retain experts to advise and represent it concerning the legal and tax effects of this Agreement and consummation of a Transaction or Alternative Transaction, as well as the condition and/or legality of the Property, including, but not limited to, the Property's improvements, equipment, soil, tenancies, title and environmental aspects. Agent shall have no obligation to investigate any such matters unless expressly otherwise agreed to in writing by Owner and Agent. Owner further acknowledges that in determining the financial soundness of any prospective buyer, lessee or security offered, Owner will rely solely upon Owner's own investigation, notwithstanding Agent's assistance in gathering such information.

10. MISCELLANEOUS.

10.1 This Agreement shall not be construed either for or against Owner or Agent, but shall be interpreted, construed and enforced in accordance with the mutual intent of the parties ascertainable from the language of this Agreement. Signatures to this Agreement accomplished by means of electronic signature or similar technology shall be legal and binding.

10.2 All payments by Owner to Agent shall be made in lawful United States currency. If Owner fails to pay to Agent any amount when due under this Agreement, then such amount shall bear interest at the rate of 15% per annum or the maximum rate allowed by law, whichever is less.

10.3 In the event of litigation or arbitration between Owner and Agent arising under or relating to this Agreement or the Property, the prevailing party shall be paid its attorney's fees and costs by the losing party. The term, "Prevailing Party" shall include, without limitation, one who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The attorney's fees award shall not be computed in accordance with any court fee schedule, but shall be in an amount to fully reimburse all attorney's fees reasonably incurred in good faith.

10.4 Owner agrees to indemnify, defend (with counsel reasonably acceptable to Agent), and hold Agent harmless from and against any claim or liability asserted against Agent as a result of the failure of Owner to make a full and complete disclosure pursuant to law and paragraph 3.2(a) or as a result of the fact that any of the representations made by Owner (see paragraph 8) were not true at the time that this Agreement was signed.

10.5 Owner hereby releases and relieves Agent, and waives Owner's entire right of recovery against Agent, for direct or consequential loss or damage arising out of or incident to the perils covered by insurance carried by Owner, whether or not due to the negligence of Agent.

10.6 In the event that the Transaction is not an outright sale, Owner agrees that if Agent is not paid the Agreed Commission provided for herein within thirty days of the date due, that Agent shall have a lien in the amount of such commission, and may record a notice of such lien, against the Property.

10.7 Owner agrees that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to the services to be performed by Agent pursuant to this Agreement may be brought against Agent more than one year after the expiration of the Term of this Agreement (see paragraph 1.3) and that the liability (including court costs and attorney's fees) of Agent with respect to any such lawsuit and/or legal proceeding shall not exceed any fee received by Agent pursuant to this Agreement; provided, however, that the foregoing limitation on liability shall not be applicable to any gross negligence or willful misconduct of Agent.

11. ARBITRATION OF DISPUTES.

11.1 ANY CONTROVERSY ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE DETERMINED BY BINDING ARBITRATION TO BE CONDUCTED BY: ☐ THE AMERICAN ARBITRATION ASSOCIATION OR ☐ _____ USING THE COMMERCIAL RULES ESTABLISHED BY SUCH ORGANIZATION OR IF NONE THE AMERICAN ARBITRATION ASSOCIATION'S COMMERCIAL RULES. ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED.

11.2 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

11.3 WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Owner's Initials

Agent's Initials

11.4 THE PROVISIONS OF THE ABOVE ARBITRATION CLAUSE SHALL NOT BE BINDING ON EITHER PARTY UNLESS BOTH PARTIES HAVE PLACED THEIR INITIALS UNDER PARAGRAPH 11.3.

12. Additional Provisions: Additional provisions of this Agreement are set forth in the following blank lines or in an addendum attached hereto and made a part hereof consisting of paragraphs None through None (if there are no additional provisions write "NONE"):

13. Disclosures Regarding The Nature of a Real Estate Agency Relationship. When entering into an agreement with a real estate agent an Owner should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction.

- (i) *Owner's Agent.* An Owner's agent may act as an agent for the Owner only. An Owner's agent or subagent has the following affirmative obligations:

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To the Owner: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings. To a potential buyer/lessee and the Owner: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) *Agent Representing Both Parties.* A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both Parties in a transaction, but only with the knowledge and consent of the Parties. In a dual agency situation, the agent has the following affirmative obligations to both Parties: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Party. b. Other duties to the Owner as stated above in subparagraph (i). When representing both Parties, an agent may not without the express permission of the respective Party, disclose to the other Party that the Owner will accept rent/purchase price in an amount less than that indicated in the listing or that the buyer/lessee is willing to pay a higher rent/purchase price than that offered.

The above duties of the Agent do not relieve Owner from the responsibility to protect its own interests. Owner should carefully read all agreements to assure that they adequately express its understanding of the transaction.

Date: _____

Date: _____

OWNER

AGENT

Irvine Ranch Water District

Cushman & Wakefield of California, Inc.

By: _____

By: _____

Name Printed: _____

Name Printed: _____

Title: _____

Title: _____

Agent DRE License #: 00616335

Address: _____

Phone: _____

Fax: _____

Email: _____

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Proposed Commission Structure – Exhibit “A”

BUILDING LEASING

Marketing Team: Kevin Turner and John Gallivan (Cushman & Wakefield) and Michael Hartel and Nick Velasquez (Colliers International)

New Lease – Marketing Team represents both sides of the lease:	
Years 1-5	(5%) = Five percent of NNN Base Rental for years 1-5.
Years 6-10	(2.5%) = Two and one-half percent of NNN Base Rental for years 6-10.
Years 11-15	(1.25%) = One and one-quarter percent of NNN Base Rental for years 11-15.

New Lease – Tenant is represented by a broker other than the Marketing Team:	
Years 1-5	(4.0%) = Four percent of NNN Base Rental for years 1-5 to the procuring Broker. (2.50%) = Two and one-half percent of NNN Base Rental for years 1-5 to Marketing Team.
Years 6-10	(2.5%) = Two and one-half percent of NNN Base Rental for years 6-10 to the procuring Broker. (1.25%) = One and one-quarter percent of NNN Base Rental for years 6-10 to Marketing Team.
Years 11-15	(1.25%) = One and one-quarter percent of NNN Base Rental for years 11-15. (0.75%) = Point seventy-five percent of NNN Base Rental for years 11-15.

AGREED & ACCEPTED

IRVINE RANCH WATER DISTRICT

By: _____

Name: _____

Title: _____

Date: _____

**CUSHMAN & WAKEFIELD OF
CALIFORNIA, INC.**

By: _____

Name: _____

Title: _____

Date: _____

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