

AGENDA
IRVINE RANCH WATER DISTRICT
POST-EMPLOYMENT BENEFITS TRUST RETIREMENT BOARD
SPECIAL MEETING
TUESDAY, SEPTEMBER 19, 2017

CALL TO ORDER **11:00 a.m.**, Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE Board Member: Peer Swan ____ Board Member: Doug Reinhart ____
Board Member: Paul Cook ____

ALSO PRESENT Cheryl Clary ____ ____
Rob Jacobson ____ ____
Tanja Fournier ____ ____

COMMUNICATIONS

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

INFORMATION

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| 5. <u>IRWD POST RETIREMENT BENEFITS TRUST INVESTMENT REVIEW –
FOURNIER/JACOBSON</u>

Recommendation: Receive and file. | |
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ACTION

- | | |
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| 6. <u>MINUTES OF QUARTERLY MEETING – Fournier/Jacobson</u>

Recommendation: Approve the minutes of the August 1, 2017
Quarterly meeting as presented. | |
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OTHER BUSINESS

7. Directors' Comments

8. Adjournment

NOTICE OF SPECIAL MEETING
OF BOARD OF DIRECTORS OF
POST-EMPLOYMENT BENEFITS TRUST
RETIREMENT BOARD

To: Doug Reinhart and Paul Cook, Members of the Board of Directors of Post-Employment Benefits Trust Retirement Board

Pursuant to the call of the Chairman of the Post-Employment Benefits Trust Retirement Board, notice is hereby given that a Special Meeting of the Board of Directors of the Post-Employment Benefits Trust Retirement Board has been called and will be held on Tuesday, September 19, 2017 at the hour of 11:00 a.m. of said day in the second floor Committee Room of the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California, for the purpose set forth in Exhibit "A" attached hereto and by this reference made a party hereof.

This notice is given in accordance with the bylaws of Post-Employment Benefits Trust Retirement Board, and Section 54956 of the California Government Code.



Peer Swan, Chairman

September 19, 2017

Prepared by: Tanja Fournier

Submitted by: Rob Jacobson/Cheryl Clary

Approved by: Paul A. Cook

SPECIAL RETIREMENT BOARD

IRWD POST RETIREMENT BENEFITS TRUST
INVESTMENT REVIEW

SUMMARY:

Staff and the District’s plan advisor, SageView Advisors (SageView), will present the Portfolio Investment Review for the month ended August 31, 2017 and an update on current market conditions.

BACKGROUND:

Investment Review:

As of August 31, 2017, the IRWD Post-Retirement Benefits Trust market value was \$69,304,721, which is a net increase of \$260,703 from the month ended July 31, 2017. The change is primarily due to an increase in market value of \$221,114 and dividends in the amount of \$52,389. Trust expenses for the month were \$12,800 for investment advisory services and transaction costs. The closing balances and fund returns for the month ended August 31, 2017 were as follows:

Investment	Monthly Return	Benchmark Index	Morningstar Peer Category	Month Ended July 31, 2017	Month Ended August 31, 2017	Incr/(Decr)	Percent of Portfolio
EQUITIES							
Vanguard Institutional Index Fund	0.30%	0.31%	0.02%	\$31,829,853	\$28,376,894	(\$3,452,959)	40.9%
Vanguard Extended Mkt (small/mid) Index Fund	-0.41%	0.31%	-1.15%	4,439,077	4,854,142	\$415,065	7.0%
Vanguard Developed Market Index	0.07%	0.52%	0.24%	9,386,615	9,644,040	\$257,425	13.9%
Vanguard Emerging Markets Index	3.11%	0.52%	2.23%		1,424,638	\$1,424,638	2.1%
FIXED INCOME							
Metropolitan Total Return Bond Fund	0.93%	0.90%	0.74%	9,042,502	8,356,004	(\$686,498)	12.1%
Baird Core Plus Bond Fund	0.86%	0.90%	0.74%	6,902,431	8,362,369	\$1,459,938	12.1%
Vanguard High-Yield Corporate Fund	0.12%	0.90%	-0.05%	2,654,391	2,760,302	\$105,912	4.0%
Vanguard Short Term Bond Index Admiral	0.28%	0.90%	0.22%	2,470,016	5,490,386	\$3,020,371	7.9%
CASH-SHORT TERM							
Fidelity Government Cash Reserves	0.06%	0.09%		2,319,134	35,945	(\$2,283,189)	0.1%
Closing Balance				\$69,044,018	\$69,304,721	\$260,703	100.0%

Investment Activity:

At the August 1, 2017 Retirement Board meeting, the Board, staff and the District’s Investment Advisor discussed and agreed to make adjustments to the asset allocation of the investment portfolio, which resulted in a two percent reduction in equity mutual funds, and a two percent increase in the fixed income allocation as follows:

EQUITIES	07/31/17	08/04/17	Change
Vanguard Institutional Index Fund.	46%	41%	-5%
Vanguard Extended Mkt (small/mid) Index Fund	6%	7%	1%
Vanguard Developed Market Index	14%	14%	0%
Vanguard Emerging Markets Index	0%	2%	2%
Total Equities	66%	64%	-2%
FIXED INCOME			
Metropolitan Total Return Bond Fund	13.1%	12.1%	-1%
Baird Core Plus Bond Fund	10.0%	12.1%	2%
Vanguard High-Yield Corporate Fund	3.8%	4.0%	0%
Vanguard Short Term Bond Index Admiral	3.6%	7.9%	4%
Fidelity Government Cash Reserves	3.4%	0.1%	-3%
Total Fixed Income	34%	36%	2%

FISCAL IMPACTS:

As of August 31, 2017, the IRWD Post-Retirement Benefits Trust market value was \$69,304,721, which is a net increase of \$260,703 from the month ended July 31, 2017. The change is primarily due to an increase in market value of \$221,114 and dividends in the amount of \$52,389. Trust expenses for the month were \$12,800 for investment advisory services and transaction costs.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

RECEIVE AND FILE.

LIST OF EXHIBITS:

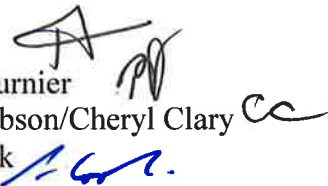
None

September 19, 2017

Prepared by: Tanja Fournier

Submitted by: Rob Jacobson/Cheryl Clary

Approved by: Paul Cook



RETIREMENT BOARD

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

SUMMARY:

Provided are the minutes of the August 1, 2017 meeting of the Irvine Ranch Water District Retirement Board for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE AUGUST 1, 2017 BOARD MEETING OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – August 1, 2017 Minutes

EXHIBIT "A"

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

August 1, 2017

The meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) Retirement Board was called to order by Chairman Swan at 12:30 p.m. on August 1, 2017 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Chairman Peer Swan, Vice Chairman Doug Reinhart, and Paul Cook

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

COMMUNICATION: None.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

ACTION CALENDAR

MINUTES OF BOARD MEETING

Tanja Fournier presented the minutes from the May 2, 2017 meeting.

On MOTION by Cook, seconded by Swan and affirmed by Reinhart, the minutes of the May 2, 2017 meeting were approved as presented.

Trust Investment Review

- A capital markets and legislative update were provided by SageView.
- All trust investment options were reviewed as of 6/30/2017. All options are performing in line with benchmarks or above 50th percentile peer group rankings at this time.
- The Portfolio return and expense ratio, style analysis, and asset allocation by fund were reviewed. Of note was the following:
 - As of June 30, 2017, the IRWD Post-Retirement Benefits Trust market value was \$66,100,710, which is a net increase of \$1,793,182 from the quarter ended March 31, 2017.
 - For the quarter, the net total return was 2.79%. This closely tracked the custom benchmark return of 2.73%, with outperformance from Baird Core Plus and Vanguard High Yield offsetting slight underperformance from Metropolitan West Total Return.

- For the FY 2016-2017, the total return was 11.71%, slightly outperforming the benchmark return of 11.48%.
- The portfolio is heavily allocated to index funds, leading to a low overall expense ratio of 0.13%.
- The three actively scored funds by SageView all score in the top quartile of rankings, while all index funds receive a pass rating.
- Trading Activity for the quarter included:
 - Completed investment of \$11 million in additional funding that began on February 15 2017, to be invested in five tranches beginning on February 15 and ending on June 15.
 - Bought \$2 million of securities on April 15 and May 15, and \$3 million on June 15:

April and May	June
\$940,000 Vanguard Institutional	\$1,410,000 Vanguard Institutional
\$140,000 Vanguard Extended Markets	\$210,000 Vanguard Extended
\$260,000 Vanguard Developed Markets	\$390,000 Vanguard Developed
\$500,000 Baird Core Plus	\$750,000 Baird Core Plus
\$80,000 Vanguard High Yield	\$120,000 Vanguard High Yield
\$80,000 Vanguard Short Term Corporate	\$120,000 Vanguard Short Term

Administrative Items

The Board and staff discussed and agreed to implement the following asset allocation changes:

EQUITIES	07/31/17	08/04/17	Change
Vanguard Institutional Index Fund.	46%	41%	-5%
Vanguard Extended Mkt (small/mid) Index Fund	6%	7%	1%
Vanguard Developed Market Index	14%	14%	0%
Vanguard Emerging Markets Index	0%	2%	2%
Total Equities	66%	64%	-2%
FIXED INCOME			
Metropolitan Total Return Bond Fund	13.1%	12.1%	-1%
Baird Core Plus Bond Fund	10.0%	12.1%	2%
Vanguard High-Yield Corporate Fund	3.8%	4.0%	0%
Vanguard Short Term Bond Index Admiral	3.6%	7.9%	4%
Fidelity Government Cash Reserves	3.4%	0.1%	-3%
Total Fixed Income	34%	36%	2%

ADJOURNMENT

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

APPROVED and SIGNED this 19th day of September 2017.

Board Member, IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD

Secretary, IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD