AGENDA
IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD REGULAR MEETING
MONDAY, OCTOBER 19, 2015

CALL TO ORDER — **1:00 p.m.,** Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE — Board Member: Peer Swan ____ Board Member: Steve LaMar ____
Board Member: Paul Cook ____

ALSO PRESENT

Cheryl Clary	_____	____________	_____
Rob Jacobson	_____	____________	_____
Tanja Fournier	_____	____________	_____
Ryan Miller	_____	____________	_____

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

5. IRWD POST RETIREMENT TRUST INVESTMENT REVIEW – FOURNIER/JACOBSON/CLARY

   Recommendation: Receive and file.

ACTION

6. MINUTES OF THE MEETING OF IRWD SPECIAL RETIREMENT BOARD MEETING – FOURNIER/JACOBSON

   Recommendation: That the minutes of the September 1, 2015 Special IRWD Retirement Board meeting be approved as presented.

OTHER BUSINESS

7. Directors' Comments

8. Adjourn

October 19, 2015
Prepared by: Tanja Fournier
Submitted by: Rob Jacobson/Cheryl Clary CC
Approved by: Paul Cook

RETIREMENT BOARD

IRWD POST RETIREMENT TRUST
INVESTMENT REVIEW

SUMMARY:

Staff will review the September investment activity, returns and current asset allocation based on recent market activity with the Board at the meeting.

BACKGROUND:

Investment Activity:

The following is the Board's investment direction and activity for September 2015 based on the September 1, 2015 meeting:

Buy $2,000,000 Metropolitan West Total Return Fund

Action: September 3, 2015 - Purchased 185,013.88 shares at $10.81 per share

Sell $2,000,000 Fidelity Concord Spartan International Index Fund

Action: September 3, 2015 - Sold 54,614.97 shares at $36.62 per share

In addition, based on recent volatility in the US and global equity markets, the Board provided further direction as follows:

If the Dow Jones Industrial Average (DJIA) has an intraday drop of 200 points or more following the close of business September 1, 2015, staff is directed to purchase $1 million of the Vanguard Institutional Index Fund. If the DJIA has an intraday increase of 200 points or more from the close of business September 1, 2015, staff is directed to purchase a June 2016 S&P 500-based put option to hedge fifty-percent (50%) of the Trust's US equity position to protect against a decrease of 10% or more.

The DJIA closed at 16,058 on September 1, 2015. Based on the direction provided, the fund purchase would be triggered if the intraday DJIA was down by more than 200 points AND the market declined to 15,858 or lower. Alternatively, the purchase of a put option hedge would be triggered if the DJIA increased to 16,258 or more AND if the DJIA had an intraday increase of 200 points or more.

During the day September 2, 2015, the DJIA increased to above 16,258, therefore, based on direction from the Retirement Committee, staff executed the following transaction:

Action: September 2, 2015 - Purchased 541 June 17, 2016 Put contracts at $9.47 per contract for a net cost of $513,431.56

In addition, on September 14, 2015, staff advised the Board that the Put option previously purchased at the direction of the Retirement Board on March 18, 2015 which was scheduled to expire on September 18, 2015 had a cash value of approximately $45,000. The Board directed staff to liquidate the option.

Action: September 14, 2015 - Sold 525 contracts at $.93 per contract, resulting in net proceeds of $48,791.71

Attached as Exhibit "A" is the DJIA Historical Price Chart for September 2015. Staff will review the investment returns for September 2015 and current asset allocation based on recent market activity with the Board at the meeting.

FISCAL IMPACTS:

The purchase of the Metropolitan West Total Return Fund was $2,000,000, and the sale of the Fidelity Spartan International Index Fund resulted in proceeds of $2,000,000. The net cost of the 541 contracts of the June 17, 2016 S&P Put options was $513,431.56, and the sale of the 525 contracts of the September 18, 2015 S&P Put option resulted in proceeds of $48,791.71.

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:

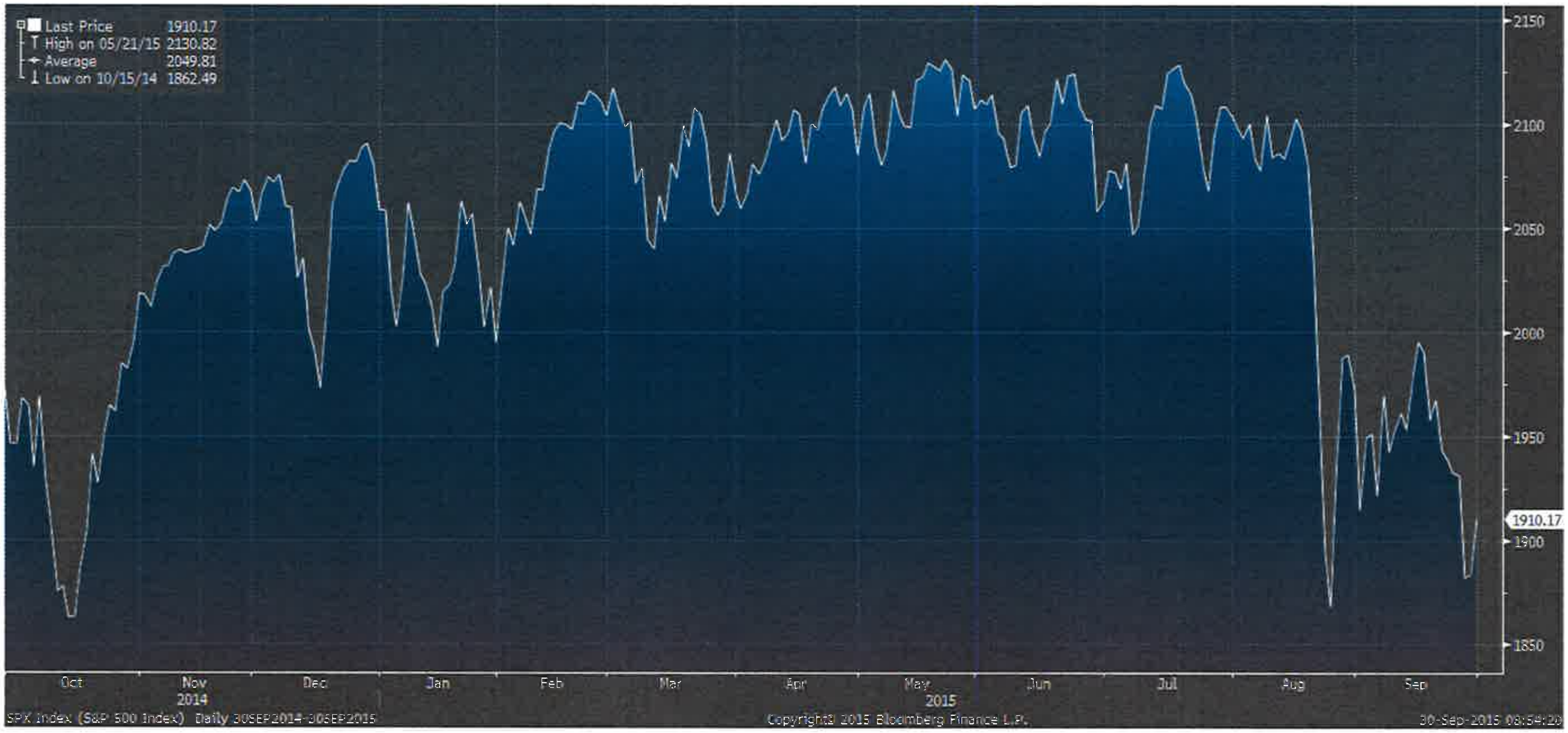
Receive and File

LIST OF EXHIBITS:

Exhibit "A" – Dow Jones Industrial Average Historical Price Chart for September 2015

Exhibit "A"

S&P 500 Index
1-Year (10/1/14 – 9/30/15)



October 19, 2015
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 SPECIAL RETIREMENT BOARD MEETING

SUMMARY:

Provided are the minutes of the September 1, 2015 Special Board Meeting of the Irvine Ranch Water District Retirement Board for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE SEPTEMBER 1, 2015 SPECIAL BOARD MEETING OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – September 1, 2015 Minutes

EXHIBIT "A"

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

September 1, 2015

The meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) Retirement Board was called to order by Chairman Swan at 1:30 p.m. on September 1, 2015 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Chairman Peer Swan, Vice Chairman Steve LaMar, and Director Paul Cook
Directors Absent: None

Also Present: Treasurer Robert Jacobson, Assistant Treasurer Tanja Fournier, Executive Director of Finance and Administrative Services Cheryl Clary, and Ryan Miller Director-Investments Buck Global Investment Advisors.

COMMUNICATION: None.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None.

ACTION CALENDAR

MINUTES OF BOARD MEETING

Assistant Treasurer Fournier presented the minutes from the August 4, 2015 meeting.

On MOTION by Cook, seconded by LaMar, and unanimously carried, the minutes of the August 4, 2015 meeting were approved as presented.

INVESTMENT REVIEW

Based on concerns related to significant asset growth of the Metropolitan West Total Return Fund that may impede the fund's successful investment process into non-agency mortgages and other less liquid and niche investments, the Board reviewed the analytics on the fund provided by Buck Consultants. The Board determined that the fund continues to perform well and there is no need to transfer out of the Metropolitan fund to another fixed income fund at this time.

The Board determined that with the current volatility in the equity markets, it should meet monthly until further notice.

ADDITIONAL CONTRIBUTION:

The Retirement Board approved the excess contribution amount of $1,940,200 for fiscal year 2015-16 to be made as a lump sum contribution to the Post Retirement Trust.

REVISED INVESTMENT DIRECTION:

The Board directed staff to make the following purchase and sale:

Buy	$2,000,000	Metropolitan West Total Return Fund
Sell	$2,000,000	Fidelity Concord Spartan International Index Fund

Based on recent volatility in the US and global equity markets, the Board provided further direction as follows:

If the Dow Jones Industrial Average (DJIA) has an intraday drop of 200 points or more following the close of business September 1, 2015, staff is directed to purchase $1 million of the Vanguard Institutional Index Fund. The DJIA closed at 16,058 on September 1, 2015. Based on the direction provided, the fund purchase would be triggered if the DJIA is down intraday by more than 200 points AND the market had declined to 15,858 or lower.

If the DJIA increases by 200 points or more from the close of business September 1, 2015, staff is directed to purchase a June 2016 S&P 500-based put option to hedge fifty-percent (50%) of the Trust's US equity position to protect against a decrease of 10% or more. The DJIA closed at 16,058 on September 1, 2015. The purchase of a put option hedge would be triggered if the DJIA increased to 16,258 or more AND if the DJIA had an intraday increase of 200 points or more.

If the DJIA does not decline by 200 points or more from the close of business September 1, 2015 before the current put position expires on September 18, 2015, then purchase a June 2016 S&P 500-based put option to hedge fifty-percent of the Trust's US equity position to protect against a decline of 10% or more.

ADJOURNMENT

There being no further business, Chairman Swan adjourned the meeting. APPROVED and SIGNED this 19th day of October 2015.

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Board Member, IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD

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Secretary, IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD