AGENDA
IRVINE RANCH WATER DISTRICT
FINANCE AND PERSONNEL COMMITTEE MEETING
TUESDAY, MARCH 1, 2016

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

ATTENDANCE Committee Chair: Peer Swan ____ Committee Member: Mary Aileen Matheis ____

ALSO PRESENT

Paul Cook	_____	Cheryl Clary	_____
Rob Jacobson	_____	Christopher Smithson	_____
Tanja Fournier	_____	Eileen Lin	_____
Kevin Burton	_____	Tina Bertsch	_____
Jenny Roney	_____	Tony Mossbarger	_____
Paul Weghorst	_____	Gretchen Ronin	_____
___________	_____	___________	_____

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 – RAMOS/RONEY

   Recommendation: Receive and file.

ACTION CALENDAR

6. REVISED PERSONNEL POLICIES AND PROCEDURES (PERSONNEL POLICY NO. 6) – RONEY

   Recommendation: That the Committee recommend the Board adopt a resolution rescinding Resolution No. 2015-31 and establishing Revised Personnel Policies (for Policy No. 6).

7. FISCAL YEAR 2016-17 OPERATING BUDGET PRELIMINARY DRAFT REVIEW – BERTSCH, T/SMITHSON/CLARY

   Recommendation: That the Committee review and provide feedback on the proposed FY 2016-17 Operating Budget for further review at the March 15, 2016 Special Finance and Personnel Committee meeting.

TREASURY SECTION

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

   Recommendation: Receive and file.

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

   Recommendation: Receive and file.

10. DISCUSSION ITEMS – ALL

    a. Updated investment activities/rates

11. Items for discussion at next meeting.

OTHER BUSINESS

12. Directors' Comments

13. Adjournment

March 1, 2016
Prepared by: Marta Ramos
Submitted by: Jenny Roney
Approved by: Paul 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.

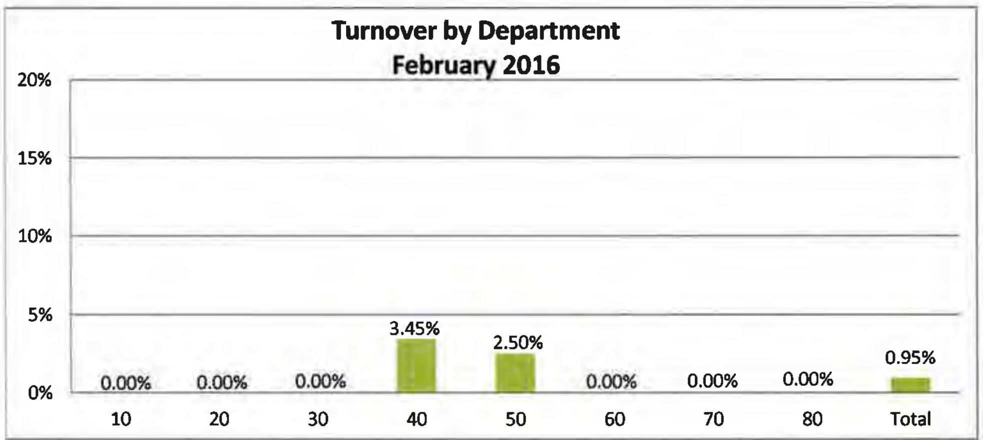
LIST OF EXHIBITS:

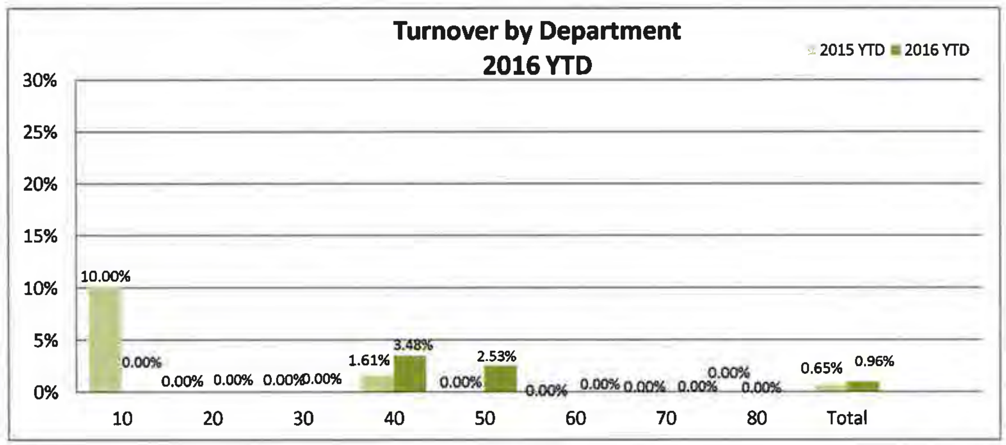
Exhibit "A" - Employee Population/Turnover Status Report

Exhibit "A"

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2016

	@02/01/16	Current Month Activity									@02/29/16			FY 15/16	Avg FYTD	Avg FYTD	Avg FYTD	Internal Turnover		External Turnover	
	Positions	New	Terms		Promo Trnsfr		Lateral Trnsfr		LOA		Positions		Positions	Budgeted	Filled Budget	Temp Emp	Total Filled	Current	2016	Current	2016
Dept No	Filled	Hires	Vol	Invol	In	Out	In	Out	In	Out	Filled	LOA	Unfilled	Positions*	Positions	FTE	Positions	Period	YTD	Period	YTD
10P	14.0									1	13.0	1	0	14.0	12.8	1.0	13.7	0.00%	0.00%	0.00%	0.00%
20P	66.0	4									70.0	1	4	75.0	65.9	13.8	79.7	0.00%	1.49%	0.00%	0.00%
30P	38.0									1	37.0	2	1	40.0	38.5	4.9	43.4	0.00%	0.00%	0.00%	0.00%
40P	58.0	1	1	1							57.0	3	7	67.0	59.0	3.5	62.5	0.00%	0.00%	3.45%	3.48%
50P	40.0	3	1								42.0	2	4	48.0	39.9	2.1	42.0	0.00%	0.00%	2.50%	2.53%
60P	19.0									1	18.0	1	1	20.0	19.1	0.7	19.8	0.00%	0.00%	0.00%	0.00%
70P	31.0								1		32.0	1	1	34.0	31.0	7.7	38.7	0.00%	0.00%	0.00%	0.00%
80P	50.0									1	49.0	3	2	54.0	46.1	2.0	48.2	0.00%	0.00%	0.00%	0.00%
Totals	**316**	**8**	**2**	**1**	**0**	**0**	**0**	**0**	**1**	**4**	**318.0**	**14**	**20**	**352.0**	**312.3**	**35.7**	**348.0**	**0.00%**	**0.32%**	**0.95%**	**0.96%**
2/15	**310**	**2**	**2**	**0**	**1**	**1**	**0**	**0**	**2**	**1**	**311**	**4**	**21**	**336.00**	**306.86**	**21.92**	**328.78**	**0.32%**	**0.00%**	**0.65%**	**0.65%**



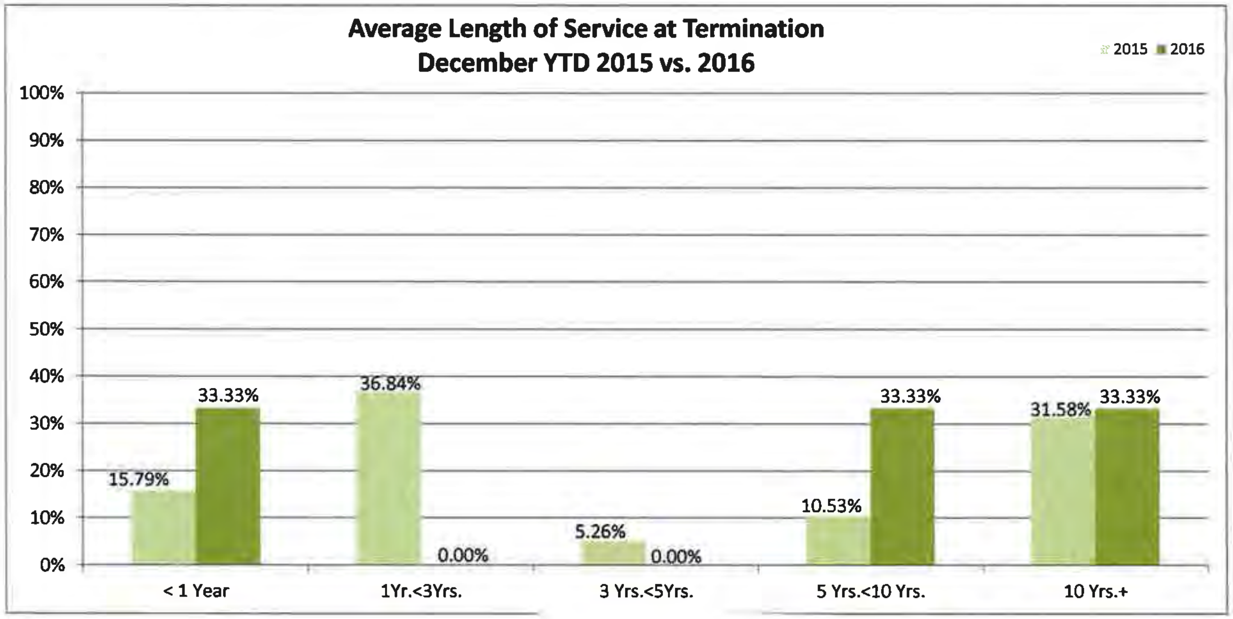


10P-GM, HR, Safety; 20P-Fin., Cust. Serv., IS, Purch.; 30P-Eng.: 40P-Water Ops; 50P-Recycling; 60P-Water Quality; 70P-Water Resources, Policy, Conservation and Public Affairs;80P-Maintenance Ops

IRVINE RANCH WATER DISTRICT
TURNOVER STATUS REPORT
February 2016

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.+
10P																		
20P																		
30P																		
40P	1	1															1	1
50P		1												1				
60P																		
70P																		
80P																		
2016 Total	1	2											3	1	0	0	1	1
2015 Data	1	4	1	1	1	1	3	1	5	1	3	2	24					
Percentage of Total Turnover														33.33%	0.00%	0.00%	33.33%	33.33%

2016 Average YTD Length of Service at Termination	7.19 Years
2015 Average YTD Length of Service at Termination	12.27 Years
2014 Average YTD Length of Service at Termination	19.07 Years
2013 Average YTD Length of Service at Termination	17.24 Years
2012 Average YTD Length of Service at Termination	16.69 Years



IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2016

NEW HIRES				
Hire	**Dept**	**Employee Name**	**Position**	**Comments**
02/01/16	20P	Benjamin Reed	Accounting Clerk	
02/08/16	50P	Nicholas Nikas	Operator I	
02/08/16	50P	Kristopher Ellison	Operator II	
02/08/16	50P	Alexander Escalante	Operator III	
02/08/16	20P	Nylinne Nguyen	Accounting Clerk	
02/16/16	40P	Nicholas Coleman	Water Maintenance Technician I	
02/22/16	20P	Fernanda Gonzalez	Customer Service Specialist I	
02/29/16	20P	Shane Martin	Material Control Clerk II	

TERMINATIONS					
Termination Date	**Dept**	**Employee Name**	**Position**	**Reason**	**Comments**
01/29/16	40P			Invol.	
02/17/16	50P			Vol.	

RETIREMENTS					
Effective Date	**Departing Dept**	**Employee Name**	**Position**	**Reason**	**Comments**
02/19/16	40P	Mike Licht	Water Maintenance Supevisor	Vol.	Retire

PROMOTIONS					
Effective Date	**Departing Dept**	**Employee Name**	**Departing Position**	**New Dept**	**New Position**
01/25/16	40P	Earl Doyle	Operator II	40P	Operator III

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**
11/23/15	30P	Carlos Collazo	Water Maintenance Technician III	30P	Construction Inspector
05/12/14	20P	Ozzie Gonzalez	Mailroom Coordinator	70P	Water Use Efficiency Specialist

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2016

UNFILLED POSITIONS			
Dept	**Position**	**Salary Grade**	**Comments**
20P	Mgr. of Risk & Contract Admin.	17.E	
20P	Applications Analyst	15.E	
20P	Sr. Application Developer	18.E	Selected candidate started background check
20P	Sr. Database Administrator	18.E	Selected candidate started background check
30P	Senior Engineer	20.E	Conducted interviews 2/19/16
40P	Water Maintenance Technician I	16.N	Recruiting
40P	Metering Systems Technician I	16.N	Recruiting
40P	Water Maintenance Technician II	22.N	
40P	Water Maintenance Technician III	26.N	
40P	Water Maintenance Technician III	26.N	
40P	Operator II	27.N	Selected candidate waiting for COS
40P	Water Maintenance Supervisor	31.N	Recruiting
50P	Operator III	29.N	
50P	Operator III	29.N	
50P	Operator III	29.N	
50P	Asst. Director of Recycling Operations	23.E	
60P	Laboratory Supervisor	13.E	Decision pending hiring manager
70P	Public Affairs Specialist	29.N	Recruiting
80P	Instrumentation Technician	28.N	Conducted interviews 2/18/16
80P	Instrumentation Technician	28.N	Conducted interviews 2/18/16

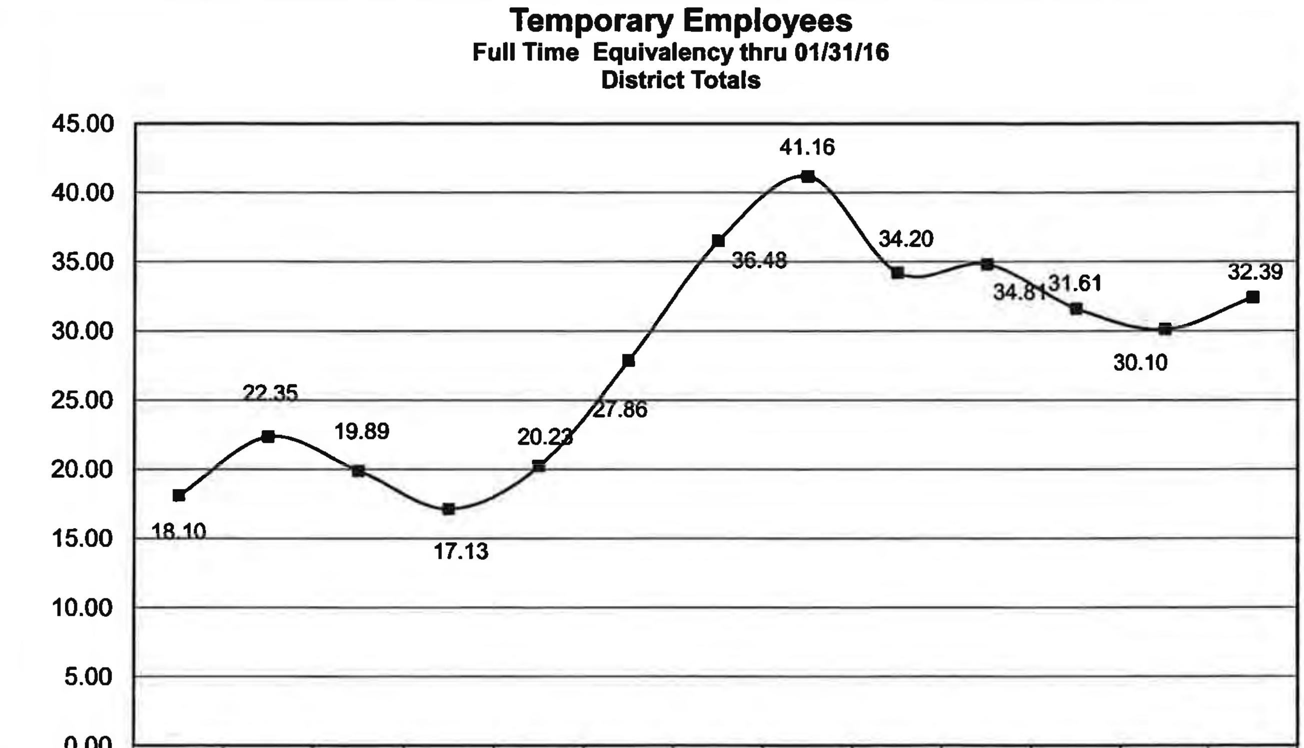
IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2016

LEAVE OF ABSENCE								
Type of Leave	**Original Status**	**Final Status**	**Dept. No.**	**Claim #**	**Date Leave Began**	**Anticipated Return Date**	**Current Length**	**Comments**
Extended LOA	SDI		80P	001640	8/1/2013		32 Months	WC Claim
Extended LOA	SDI		50P	001149	6/27/2014	3/15/2016	21 Months	
FMLA	WC	WC/LTD	50P	001341	4/30/2015	2/25/2016	10 Months	WC Claim
FMLA	WC	WC/LTD	40P	001401	5/12/2015	2/22/2016	9 Months	WC Claim
FMLA	SDI	SDI/LTD	80P	001880	8/18/2015	2/28/2016	7 Months	
FMLA	SDI		80P	001572	9/18/2015	9/18/2016		Intermittent
FMLA	WC		40P	001843	11/9/2015	3/9/2016	4 Months	
FMLA	SDI		30P	001787	11/23/2015	3/23/2016	3 Months	WC Claim
FMLA	PFL		10P	000870	12/8/2015	12/31/2016		Intermittent
FMLA	SDI		20P	001718	1/15/2016	4/15/2016	2 Months	
FMLA	SDI		70P	002017	1/18/2016	3/7/2016	6 Weeks	
FMLA	WC		40P	000875	2/9/2016	3/12/2016	3 Weeks	
FMLA	SDI		60P	001895	2/12/2016	6/10/2016	2 Weeks	
FMLA	SDI		10P	001869	2/20/2016	6/20/2016	1 Week	
FMLA	PFL		30P	001876	2/21/2016	5/21/2016	1 Week	

Leave	Original Status	Final Status	Dept. No.	Claim #	Date Leave Began	Anticipated Return Date	Expected Length	Actual Return Date	Comments
Personal	Personal	VAC	50P	001119	7/27/2015	8/5/2015	7 days	08/05/15	Returned
FMLA	PFL	PFL	80P	001896	7/23/2015	8/10/2015	2 Weeks	08/10/15	Returned
FMLA	SDI	SDI	80P	001173	7/18/2015	8/18/2015	1 Month	08/19/15	Returned
Extended LOA	WC	WC	80P	001389	4/29/2013	9/30/2015	29 Months	09/30/15	Retired
FMLA	SDI	SDI	40P	001736	5/27/2015	9/1/2015	3 Months	09/01/15	Returned
Medical	SDI	SDI	50P	002061	9/11/2015	9/30/2015	2 Weeks	09/05/15	Returned
FMLA	SDI	Sick	20P	001503	10/14/2015	10/21/2015	2 Weeks	10/21/15	Returned
Extended LOA	SDI	LTD	80P	000857	4/23/2015	10/23/2015	6 Months	11/02/15	Returned
FMLA	PFL	PFL	40P	001706	9/14/2015	11/2/2015	6 Weeks	11/02/15	Returned
FMLA	SDI	SDI	30P	000652	10/19/2015	11/9/2015	3 Weeks	11/09/15	Returned
FMLA	Sick	Sick	40P	001228	10/26/2015	11/2/2015	1 Week	11/02/15	Returned
FMLA	SDI	SDI	20P	001587	7/29/2015	12/1/2015	3 Months	11/29/15	Returned
FMLA	SDI	SDI	60P	001305	10/26/2015	11/29/2015	5 Weeks	11/30/15	Returned
FMLA	SDI	SDI	50P	001409	10/2/2015	1/2/2016	3 Months	12/16/15	Returned
FMLA	SDI	LTD	40P	001618	6/30/2015	12/16/2015	5 Months	12/17/15	Returned
FMLA	PFL	PFL	80P	001896	12/22/2015	12/31/2015	2 Weeks	01/04/16	Returned
FMLA	SDI	PFL	60P	001554	8/25/2015	1/4/2016	4 Months	01/04/16	Returned
FMLA	SDI	SDI	40P	001339	10/19/2015	1/11/2016	2 Months	01/11/15	Returned
FMLA	SDI	SDI	80P	001962	11/7/2015	1/20/2016	2 Months	01/20/16	Returned
FMLA	SDI	PFL	70P	001779	10/8/2015	2/7/2015	3 Months	02/09/16	Returned
FMLA	SDI	Sick	80P	01572	2/17/2016	2/22/2016	1.5 Weeks	02/22/16	Returned

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
January 2016

Month	Dept	Length of Employment	Termination Vol	Termination Invol	Comments
January	430	5 Years, 2 Months		X	
February	550	1 Week	X		Returned to previous employer
	435	16 Years, 5 Months	X		Retired
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					



	1/15	2/15	3/15	4/15	5/15	6/15	7/15	8/15	9/15	10/15	11/15	12/15	01/16
District	18.10	22.35	19.89	17.13	20.23	27.86	36.48	41.16	34.20	34.81	31.61	30.10	32.39

March 1, 2016
Prepared and
Submitted by: Jenny Roney JR
Approved by: Paul Cook P. Cook

FINANCE AND PERSONNEL COMMITTEE

REVISED PERSONNEL POLICIES AND PROCEDURES
(PERSONNEL POLICY NO. 6)

SUMMARY:

Staff has developed the Personnel Policies and Procedures to consistently address personnel-related issues at the Irvine Ranch Water District. Revisions to any of these policies must be approved by the IRWD Board of Directors from time-to-time to keep current with state and federal law, to adopt best practices in administering Human Resource policy and to correctly reflect practices adopted in conducting District business.

Staff recommends the Board:

- Approve the revisions to Policy No. 6 (Hiring and Termination) as detailed in Exhibit "A", and
- Adopt a resolution establishing revised personnel policies and rescinding Resolution No. 2015-31 dated December 14, 2015 as shown in Exhibit "B" .

BACKGROUND:

A general clean up and revision of the Personnel Policy No. 6 (Hiring and Termination) was undertaken by staff and District counsel to ensure that it complies with current employment and labor laws and regulations. The significant changes include:

- Reference to the District's use of technology in the job posting and application receipt process and removal of reference to a paper process;
- Post-offer screening of applicants for safety sensitive positions;
- Inclusion of language relative to memorandum of understanding documents.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

That the Committee recommend the Board adopt a resolution rescinding Resolution No. 2015-31 and establishing Revised Personnel Policies (for Policy No. 6).

LIST OF EXHIBITS:

Exhibit "A" – Personnel Policies and Procedures, Policy No. 6 – Hiring and Termination
Exhibit "B" – Resolution Rescinding Resolution No. 2015-31and Establishing Revised Personnel Policies

Exhibit A

IRVINE RANCH WATER DISTRICT

PERSONNEL POLICIES AND PROCEDURES MANUAL

POLICY NO. 6 - HIRING AND TERMINATION

1. **Commitment to Compliance with Federal Laws Prohibiting Employment of Unauthorized Aliens**

The District is committed to full compliance with the federal immigration laws. These laws require that all individuals pass an employment verification procedure. This procedure has been established by law and requires that every individual provide satisfactory evidence of his/her identity and legal authority to work in the United States no later than three business days after he/she begins work. Accordingly, all new employees must go through this procedure.

2. **Hiring and Employment of Relatives or Individuals with a Residential Relationship/Conflicts of Interest**

Relatives of employees and individuals with whom employees reside are not eligible for employment with the District in any situation where potential problems of safety, security, supervision and/or morale exist. Further, ~~T~~the District desires to avoid situations in which actual or potential conflicts of interest may exist. To implement this objective, the District will attempt to avoid assignments for current employees who are related or cohabitate, where a ~~that involve actual or potential~~ conflict~~s~~ of interest, or a negative impact on safety, security, supervision, and/or morale may occur. ~~as well as working relationships involving relatives or individuals with close personal relationships that may potentially lead to complaints of favoritism, lack of objectivity, or employee morale and dissension problems that can result from such relationships.~~

~~In keeping with this policy, relatives of employees and individuals with whom employees reside are not eligible for employment with the District in any situation where potential problems of supervision, safety, security or morale exist or where personal relationships may create an actual or potential conflict of interest, cause disruption, or create a negative or unprofessional work environment.~~

For purposes of this policy, relatives include an employee's parent, including in-laws and stepparents, spouse, child, including stepchild~~,~~ ~~spouse,~~ brother, ~~or~~ sister, including step siblings, brother in-law and sister in-law. ~~or a stepparent, stepchild, stepbrother, or stepsister. Relatives also include any parent, child, brother or sister of an employee's spouse.~~ As noted above, the policy is not limited to relatives and applies to other covered situations involving actual and potential conflicts of interest.

If two employees become subject to the restrictions of this policy while employed, ~~after they are hired,~~ the District reserves the right to determine whether or not an actual or potential conflict of interest or an ~~affect~~effect on ~~supervision,~~ safety, security, supervision and/or morale exists. ~~The District also reserves the right to determine that other relationships that are not specifically covered by this policy represent actual or potential~~

~~conflicts of interest as well.~~ In any case where the District determines, in its sole discretion, that a relationship between two employees may create an actual or potential conflict of interest, or ~~a~~effect ~~supervision,~~ safety, security, supervision and/or morale, the District may take whatever action it determines to be appropriate to avoid the actual or potential conflict of interest~~. Such action may include, but is not necessarily limited to, transfers, reassignments, or where it deems such action appropriate, disciplinary action up to and including possible termination.~~

Any questions regarding this conflict of interest policy should be directed to the Director of Human Resources. If an employee becomes involved in any such actual or potential conflict of interest, he or she must notify his/her supervisor immediately.

3. **Posting Policies**

The Human Resources Department of the District is responsible for posting employment opportunities available within the District. Employment opportunities ordinarily will be posted for a minimum of five days via electronic communication methods. ~~on various bulletin boards at the headquarters building and the Michelson Operations Center. Employment opportunities are also communicated to all employees via e-mail and all employment opportunities open to the public are posted on the IRWD website (www.irwd.com). The District reserves the right to post in-house employment opportunities within sub-department work areas only.~~

Employees who are interested in posted positions are required to complete an electronic application form via the District's on-line applicant tracking system. ~~should complete a job bidding form (available in the Human Resources Department or at s:\Human Resources\Forms\Job Bid Form.doc) and submit it to the Human Resources Department for consideration~~ prior to the posted closing date for the position.

~~However, employees who have been employed less than six months with the District may not qualify for a transfer or promotion to another position if the change is not in the best interest of the District.~~

4. **Eligibility for Promotions and~~,~~ Transfers ~~and Reassignments~~**

The District encourages employees to apply for promotions to positions for which they are qualified.

Promotional ~~Employment~~ opportunities are posted via the District's on-line applicant tracking system and announced via email and the District's intranet system. ~~on various bulletin boards at the headquarters building and the Michelson Operations Center. Employment opportunities are also communicated to all employees via e-mail.~~

Employees who have been employed by the District for at least six months and are interested in posted positions are required to complete an electronic application form via the District's on-line applicant tracking system ~~should complete a job bidding form (available in the Human Resources Department or at s:\Human Resources\Forms\Job Bid Form.doc) and submit it to the Human Resources Department for consideration~~ prior to the posted closing date~~. of the position.~~ Promotions and transfers shall be based on the ability, qualifications, and potential of the candidates for the positions. Employees are not automatically entitled to a promotion or transfer for which they apply. Employees who have been employed with the District less than six months may not qualify for a transfer or promotion to another position if the change is not in the best interest of the District.

~~The District desires to avoid situations in which actual or potential conflicts of interest may exist. To implement this objective, the District will attempt to avoid assignments that involve actual or potential conflicts of interest, as well as working relationships involving relatives or individuals with close personal relationships that may potentially lead to complaints of favoritism, lack of objectivity, or employee morale and dissension problems that can result from such relationships.~~

5. **Initiation of Hiring Process**

The ~~Human Resources Department of the~~ District is dedicated to employing the most qualified individuals for available positions. Executive Directors, Directors and ~~Department~~ Managers must keep the Human Resources Department informed of their recruiting and ~~manpower~~staffing needs. Planning is essential to recruiting, screening and selection of ~~a~~ candidates within the time frame required.

A. **Budgeted Position**

The Department is responsible for determining that a position ~~Manager is responsible for determining that an additional employee~~ has been approved in the budget. A job description must be developed and/or reviewed before recruitment can begin. ~~and that a job description exists for the position.~~

B. **Position Categories**

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

Regular Full-Time Employee~~es~~: ~~Defined as those employees who are~~ H~~h~~ired to work on a regular basis for 40 hours/~~-a~~ week. ~~They are~~ E~~e~~ligible for all benefits.

Regular Part-Time Employee~~es~~: ~~Defined as those employees who are~~ H~~h~~ired to work on a regular basis for less than 40 hours/~~-a~~ week. ~~They are~~ E~~e~~ligible for all benefits on a pro-rated basis. ~~vacation and holiday pay, as well as workers' compensation and PERS benefits. Some regular part-time employees may also qualify for medical benefits.~~

~~**Full-Time**~~ **Temporary Employee~~es~~**: ~~Defined as those employees who are~~ H~~h~~ired to work for a limited duration on either a full time (~~for~~ 40 hours/~~-a~~ week) or part-time (less than 40 hours/week) basis. ~~They are~~ O~~o~~nly eligible for holiday pay, workers' compensation benefits and other benefits as defined in Policy No. 7 – Temporary Employees. ~~and the Non-Regular Employee Retirement Program. Some full-time temporary employees may also qualify for medical benefits. (See Policy No. 7 - Temporary Employees for specific information).~~

~~**Part-Time Temporary Employees**: Defined as those employees who are hired to work for a limited duration for less than 40 hours a week. They are only eligible for pro-rated holiday pay, workers' compensation and the Non-Regular Employee Retirement Program. Some part-time temporary employees may also qualify for medical benefits. (See Policy No. 7 – Temporary Employees for specific information).~~

Student Intern: ~~Defined as those employees who are~~ Actively enrolled as a student in an institution of higher learning at either the undergraduate or graduate level. Student Interns work less than 20 hours/week. ~~currently enrolled in a minimum of 12 units of school study.~~ They are eligible for pro-rated holiday pay and workers' compensation benefits.

~~**Contract Labor Status**: A person hired under this status is not an employee of the District, but is an independent contractor. To qualify for contract labor status, a person must be able to successfully complete an IRS Department of the Treasury SS-8 form. They must also show proof of workers' compensation coverage.~~

C. **Personnel Requisition Form**

In order to initiate the hiring process, a Personnel Requisition Form must be completed. ~~(available in Human Resources Department and at s:\Human Resources\Forms\Personnel Req.doc).~~ Once the form has been completed, reviewed and signed by department management, the requisition is routed to the Human Resources Department for processing~~.~~

~~The Personnel Requisition is used to initiate necessary Employment Opportunity postings, newspaper advertisements, and to update the District's employee turnover report to the Board of Directors.~~

6. **Selection, Interview and Hiring Process**

A. **Selection**

Applications are reviewed by a Human Resources representative to determine those that meet the minimum qualifications of the job. The applications of all candidates who meet the minimum qualifications ~~apply~~ for an open position at the District will be forwarded to the appropriate department ~~supervisor~~ by the Human Resources Department via the District's electronic applicant tracking system. Each department is responsible to provide information ~~for screening all applications for the experience, education and qualifications required for the job. All applications are returned~~ to the Human Resources Department regarding, ~~with information indicating~~ those applicants with whom the department wishes to invite for ~~arrange~~ an interview. ~~Applications are reviewed by a Human Resources representative to ensure all applicants selected meet the minimum qualifications of the job.~~

~~These applicants are contacted to arrange a personal interview with the appropriate department and a Human Resources Representative.~~

In-house applicants (employees of the District) may also apply ~~bid~~ for ~~the~~ open positions via the District's applicant tracking system (see Sections 3. and 4. of this policy) ~~by completing a Job Bidding Form~~. ~~These forms are submitted through the Human Resources Department, and forwarded to the applicable department.~~ All internal ~~house~~ applicants are given the same consideration as external ~~all other~~ applicants, based on their qualifications and the requirements of the job.

B. Interview

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

The department representative is ~~s are~~ responsible to work with Human Resources to ~~for~~ prepar~~eing~~ a list of job-related questions that will be asked during the interview. Each applicant will be asked the same general questions to ensure a fair and accurate evaluation of all applicants interviewed. ~~, in an effort to fairly evaluate their qualifications. Questions are evaluated by each interviewer based on the applicant's knowledge and experience. A value may be assigned to each question.~~

C. Hiring Process

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

1. Background Investigations

A thorough background investigation will be conducted for the top candidate(s). This investigation may include a Consumer Credit Report and/or Investigative Consumer Report as well as contacting of professional references. Applicant(s) will be notified of this requirement, and will be required to provide background information and authorization to conduct the investigation and contact references. These investigations will be conducted for all position categories.

2. Department/District Approval to Hire ~~(Worksheet)~~

A New Hire Change of Status Form ~~Worksheet (available in the Human Resources Department or at s:\Human Resources\forms\COS Worksheets.xls)~~ must be completed and approved through the Executive Director ~~signed by the Department Director~~ of the hiring department prior to an offer being extended to any applicant. All completed Change of Status Forms ~~worksheets~~ are forwarded to the Human Resources

Department. ~~, along with the original application and any evaluation paperwork.~~ The Director of Human Resources is responsible for approving all offers of employment. In some instances, the General Manger's approval may also be required.

3. **Offer of Employment**

Offers of employment are generally made verbally by an authorized representative of the Human Resources Department. Under no circumstances are offers of employment to be made by any other representative of the District without the consent and knowledge of the Director of Human Resources, and in the event such offers are made without such consent or knowledge, they are not binding.

After an offer of employment is made, employment is contingent upon successfully completing the following criteria.

a) **Physical Examination**

The final candidate(s) for the open position will be required to complete a physical examination to assess the candidate's ability to perform the essential functions of the job. The cost for the applicant's physical will be paid by the District. The candidates must successfully complete the physical examination to be considered for employment.

b) **Drug/Alcohol Screening – Safety Sensitive Positions**

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

c) **Verification of Lawful Work Status Under Immigration Rules**

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

d) **Work History Verification**

A work history investigation will be conducted by telephone inquiry or by mail by the Human Resources Department or the investigative firm conducting the background check for all applicants being considered for employment. ~~If it is not possible to obtain work history information by telephone, a letter of inquiry will be used.~~ Information concerning the last three positions held or 10 years will generally be obtained. Falsification of work history will generally be grounds for immediate termination or withdrawal of an employment offer.

e) **Driving Record**

Many positions require the use of a District vehicle and DMV records must meet the established standards of the District.~~'s Insurance Underwriters.~~ Successful candidates for employment by the District may be ~~are~~ required to provide their driver's license number to the Human Resources Department so that a Motor Vehicle Report can be obtained.

f) **Educational History**

Educational history information based on the educational requirements of the job~~.~~ will be verified for all candidates being considered for employment by the Human Resources Department or the investigative firm conducting the background checks.~~.~~ ~~The District's Human Resources Department will request applicable transcripts from high school and college institutions attended by the new employee, based on the educational requirements of the job. Verbal verification may be received by the investigative firm conducting the background check.~~ Falsification of school history will generally be grounds for immediate termination or withdrawal of the employment offer.

D. Probationary Period

1. Conditions of Probation

All new employees will be subject to a probationary period of 12 months. The probationary period is a period of time during which a new employee's work is closely monitored in order to determine if the employee is suited for the position for which he or she was hired. An employee may be released from District service at any time during the probationary period. ~~Unsatisfactory performance at any time during the~~

~~probationary period may be a basis for disciplinary action up to and including termination.~~
Employees who are promoted after the completion of their initial probationary period will be serve a 3 month probationary period in the new position.

2. **~~Conditions of Probation~~Probationary Performance Evaluations**

A Probationary Employee Performance Evaluation~~Review~~ will be completed by the employee's direct supervisor and discussed with the employee after completion of 4 months of employment and again after 8 months of employment. A first annual evaluation will be completed at 12 months of employment. A rating of "3" (Meets Requirements) or better on the first annual review will indicate a satisfactory completion of the 12 month probationary period requirement and atainment of Regular employment status. ~~In the case of an unsatisfactory Probationary Employee Review, the supervisor will determine if the probationary employee will be discharged without recourse or allowed to continue as a probationary employee. If permitted to continue as a probationary employee, the employee will be provided an opportunity to rectify any unsatisfactory areas of performance~~

3. **Extension of Probation**

a) **Leaves of Absence**

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

b) **Extension for Performance Reasons**

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

c) **Notice of Extension**

Probationary employees must be notified in writing if their probationary period will be extended for performance reasons or due to a leave of absence. A probationary employee whose probation has been extended will be reviewed at the conclusion of the extended probationary period and will be notified if they have successfully completed the probationary period.

4. Completion of Probation

~~If the probationary period has not been extended as described above, employees receiving a rating of "3" (Meets Requirements) or better on their first annual review will have satisfied the initial 12 month probationary period requirements and will be taken off probation. Employees receiving less than a "3" rating (a "3-" or lower) on their first annual review will be subject to disciplinary action including, but not limited to, extension of probation, demotion, suspension or termination~~

~~A probationary employee whose probation has been extended will be reviewed at the conclusion of the extended probationary period and will be notified if they have successfully completed the probationary period. An employee may be terminated prior to the end of the extended probationary period if performance deteriorates or does not improve.~~

Successful completion of the probationary period is not a guarantee of continued employment. Employment with the District is on an at-will basis. Both the employee and the District have the right to terminate the employment at any time, with or without cause or notice. This at-will basis may not be modified, abrogated or altered in any way, except: (1) in the case of a represented employee, in a memorandum of understanding, collective bargaining agreement or other memorialization of agreement between the District and the exclusive representative of the employee; or (2) in the case of an employee without a collective bargaining representative, in a written agreement signed by the General Manager and ratified by the Board of Directors.

5. Change of Position During Probation

~~A probationary employee is not eligible to bid for open positions during the first 6 months of employment. Exceptions may be granted at the discretion of the Department Director and the Director of Human Resources.~~ If a probationary employee changes positions during the probationary period, as provided for in Section 4 of this policy, the probationary period for the new position shall be the greater of the remainder of the initial ~~current~~ probationary period or the three month probationary period applied to all position changes (see Section 6.D.1. of this policy).

E. Orientation Procedures

The District has established an orientation program to help new employees make a satisfactory adjustment to their new work environment. The Human Resources Department will arrange and conduct an ~~new hire~~ orientation ~~by the last week of each month~~ for all newly hired employees. ~~hired during the current month.~~ The orientation presentation will include information on the District's policies and procedures, employee benefit information and enrollment, as well as general new employee information. ~~Department Heads and/or immediate supervisors are asked to arrange the new employee's work schedule to permit them to attend the program on District-paid time.~~

7. Termination

Subject to Paragraph 7.D below with respect to employees who are represented by an association or other exclusive collective bargaining representative, the following policies will apply to termination of employment:

A. General Policy

The relationship between the employee and the employer is for an unspecified term and is considered employment at will. Consequently, the employment relationship with any employee can be terminated at will, either by the employee or the District, with or without cause or advance notice. This at will policy is intended to be the final expression of the District's understanding regarding the terms under which employment may be terminated, and it may not be modified, limited, augmented or changed in any way except in writing signed by the General Manager of the District and the employee, or, with respect to represented employees, as detailed in Paragraph 7.D below.

The District maintains a ~~guideline for~~ progressive discipline process that may be used to help employees improve their inadequate work performance or to correct problems. ~~These guidelines are outlined in The Disciplinary Process Guidelines for Managers and Supervisors (available in the Human Resources Department and at s:\Human Resources\Procedures\Disciplinary Process.doc).~~ The implementation of this progressive discipline process ~~se guidelines~~ does not change the at will nature of the employment relationship. ~~Further, the guidelines do not provide an exhaustive list of offenses that may lead to discipline or termination, nor are they intended to be binding or restrictive of the District's ability to impose discipline.~~ The District retains the right to discipline, demote, transfer or take other employment action in its sole discretion, with or without cause or notice.

When an employee leaves employment for any reason, a two-week notice is requested. Although such a notice is not required, an employee who is eligible to receive sick leave benefits upon termination will receive such benefits only if two weeks notice is received.

The Human Resources Department may ~~will~~ schedule an exit interview with each employee who leaves the District, and/or provide an exit interview survey form for the employee to complete. ~~regardless of the reason.~~ ~~This interview allows employees to communicate their views on their work with the District. It also provides the employee an opportunity to discuss issues concerning insurance and other benefits. At the time of the exit interview, e~~Employees who are separating from employment are to ~~are expected to~~ return all District-furnished uniforms, tools, and equipment, such as I.D. cards, keys, vehicles, manuals, credit/fuel cards and any other District property in their possession or control to their immediate supervisor by the last day worked. ~~Arrangements for clearing any outstanding debts with the District and to receive final pay are also made at this time.~~ Employees are reminded that any work (i.e.; reports, correspondence, software, etc.) or work in progress completed by the employee while employed by the District such as reports, correspondence, software, etc. is the property of the District and should be turned over to the employee's supervisor upon termination. ~~Once all items are returned, the employee's final paycheck will be released.~~

B. **Voluntary Termination of Employment**

Each Department Head or Supervisor will immediately inform the Human Resources Department of a voluntary termination and will forward the employee's letter of resignation. If no letter of resignation is provided, the Supervisor will request a Voluntary Resignation Form be completed by the employee. ~~from the Human Resources Department (also available at s:\Human Resources\Forms\Voluntary Resignation.doc) for the employee to complete.~~

Once notification of a termination has been received, the Human Resources Department will generate a termination Change of Status form ~~using the on-line Change of Status system~~ and will route it to the appropriate Executive Director, Director, Manager ~~Department Head~~ or Supervisor for ~~on-line~~ approval. ~~The approval process must be completed at least one week prior to the termination date to allow for the preparation of the employee's final paycheck. This check will be presented to the employee on his last day of work.~~

C. **Involuntary Termination of Employment**

~~In all instances where employment of an employee is involuntarily terminated,~~ T~~t~~he Human Resources Department must be involved in all instances of involuntary termination of employment in advance of the termination action. ~~will be notified prior to the actual termination decision in order to review the grounds for termination and to grant approval for such action.~~

~~The Human Resources Department will generate a termination Change of Status form using the on-line Change of Status system and will route it to the appropriate Department Head or Supervisor for on-line approval.~~

~~The~~An employee may be placed on a paid administrative leave ~~disciplinary suspension for a period of ten (10) working days without pay~~ if necessary while a disciplinary investigation is being conducted. ~~The Human Resources Department or the supervisor of the employee will, i~~In such cases~~, ordinarily send~~ the employee will be notified ~~a letter~~ in writing ~~describing~~ of the reasons for and/or the events leading to the District's decision for this action. ~~to terminate the employment of the employee. The employee will be given an opportunity to meet with his/her Supervisor and the appropriate next level supervisor which may include the Director of the department, the General Manager and/or the Director of Human Resources to discuss the decision to terminate employment.~~

~~The next level supervisor, Director of the department, General Manager and/or Director of Human Resources will, after hearing both sides of the issue, make a determination that termination of employment is or is not an appropriate course of action and will inform the Human Resources Department of the decision.~~

~~If a decision is made to terminate the employment of the employee, the Human Resources Department will request that the Department Head or Supervisor draft a letter to the employee, again outlining the reasons for and/or the events leading to this action and informing the employee of the effective date of termination. Once approved by the Human Resources Department, the letter will be presented to the employee.~~

As with a voluntary termination, the employee is required to return all District property including keys, vehicles, uniforms, I.D. card, tools, equipment, District manuals, software, reports, and/or correspondence.

~~The final paycheck will be presented at the conclusion of the employee's last day of employment. The value of any District property not returned will be deducted from the employee's final paycheck.~~

D. Represented Employees

In the case of employees represented by an association or other exclusive collective bargaining ~~reprsentative~~representative, the grounds for discipline and termination, as well as grievance, appeal and dispute resolution rights relating to any such discipline or termination, may be set forth in a memorandum of understanding or other written agreement between the District and the collective bargaining representative. To the extent that such agreement adds to, modifies, or differs in any way from this policy, the agreement will govern.

Adopted by IRWD Board of Directors on:

EXHIBIT "B"

RESOLUTION NO. 2016 -

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT,
RESCINDING RESOLUTION NO. 2015-31 AND
ESTABLISHING REVISED PERSONNEL POLICIES
(FOR POLICY NO. 6)

WHEREAS, the Irvine Ranch Water District (IRWD) is a California Water District formed pursuant to Division 13 of the Water Code of the State of California; and

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

WHEREAS, by adoption of Resolution No. 2015-31 dated December 14, 2015, the Board established revised Personnel Policies; and

WHEREAS, the Board of Directors of Irvine Ranch Water District deem it advisable and in the best interest of said District to revise Personnel Policies as follows:

Policy No. 6 – Hiring and Termination has been revised to amend language and reference to currently applicable state and federal employment laws and regulations.

NOW, THEREFORE, the Board of Directors of Irvine Ranch Water District hereby resolve, determine and order as follows:

Section 1. That Resolution No. 2015-31 be and hereby is rescinded in its entirety.

Section 2. That the Finance and Personnel Committee be authorized to approve exceptions to the District's Personnel Policies and procedures as long as those exceptions do not violate the general intent of the policy and/or procedure and are made in the best interest of the overall operations of the District. Any changes made by Committee are to be reported to the Board of Directors.

Section 3. That the Personnel Policies for Irvine Ranch Water District be, and hereby are, approved and adopted as more specifically set forth in Exhibit "A" of this Resolution, attached hereto and by this reference made a part hereof.

ADOPTED, SIGNED AND APPROVED this 14TH day of March, 2016.

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

District Secretary, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

APPROVED AS TO FORM;
BOWIE, ARNESON, WILES AND GIANNONE
Legal Counsel - IRWD

By ______________________________

March 1, 2016
Prepared by: Christopher Smithson
Submitted by: Cheryl Clary
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

FISCAL YEAR 2016-17 OPERATING BUDGET
PRELIMINARY DRAFT REVIEW

SUMMARY:

The preliminary draft of the Fiscal Year (FY) 2016-17 operating budget is $148.3 million, representing an increase of $7.9 million, or 5.6%, compared with FY 2015-16.

The goal of the District's budgeting process is to appropriately fund the resources required to provide services to its customers as cost-efficiently as possible. Staff continues to aggressively pursue reductions in expenses to offset uncontrollable expenses, such as pass-through rate increases from outside agencies. Based on feedback from the Committee, staff will incorporate recommended changes into the detailed budget presented at the March 15, 2016 Special Finance and Personnel Committee meeting.

Quarterly reporting in FY 2016-17 will continue to include a review of actual versus budget and forecasting for both operating and non-operating results.

BACKGROUND:

This draft budget represents an increase of $ 7.9 million over the FY 2015-16 Operating Budget. The proposed increase over last year's budget is driven primarily by the following:

Primary Drivers	Expenses
Increase in regular labor: - COLA - Promotions/upgrades/merit - Proposed additions	$2.6M
Increase in employee benefits: - PERS, health insurance and workers compensation	$1.6M
Increase in purchased water: - Pass through rate increases anticipated from other agencies offset by reduced imported water purchases	$1.3M
Reduction in electricity costs: - 6.0% rate reduction - Increased electricity usage(kWh) due to: o Baker Water Treatment Plant(WTP); includes 100% of costs of which IRWD is responsible for 24.14% o Shifts in well production	($0.7)M
Increase in chemicals due primarily to Baker WTP; includes 100% of costs and Biosolids facility	$1.1M

Increase in permits, licenses and fees: - PVID property taxes - Baker WTP	$0.3M
Increases in IRWD repairs and maintenance: - Baker WTP; includes 100% of costs - DATS land lease and increased pump maintenance due to aging infrastructure	$1.0M
Increase in data processing fees: - Oracle unlimited license agreement amortization	$0.4M
Increase in other professional fees; costs associated primarily with conservation and drought outreach programs (conservation offset by over allocation revenue and a reduction in the conservation reserve)	$1.4M
Conservation Rebates - tactical incentives and always water smart reimbursements(will be offset by over allocation revenue and a reduction in the conservation reserve)	$1.3M
All other increases, less than $250,000 each	$1.0M
Reimbursement from Baker Partners	($3.4)M
Total proposed budget increases in FY 2016-17:	*$7.9M*

Staff will provide a PowerPoint presentation with more detailed explanations at the Committee meeting. Staff recommends the Committee review and provide feedback to the proposed operating budget for further consideration at the March 15, 2016 Special Finance and Personnel Committee meeting, and at the Board workshops on April 11 and April 25, 2016. Staff anticipates that the FY 2016-17 operating budget will be presented to the Board for approval at its April 25 meeting, then notices of proposed rate increases will be mailed the first week in May in compliance with Proposition 218 in order to be effective for any July 1, 2016 rate adjustment.

Impact on IRWD's Rates and Charges:

Due to the preliminary nature of the operating budget, staff has reviewed the basic rate impacts assuming that the existing draft budget is unchanged. Including the additional purchase of imported treated water for each system, the added pass-through costs from the various agencies for water, the proposed impact to user rates would result in a monthly increase of $2.33 or 5.1% for the average residential customer in the Irvine Ranch rate area, and $2.86 or 5.3% for the average residential customer in the Los Alisos rate area. The pass-thru cost increases from other agencies account for over half of these rate increases. These increases also assume the use of $0.9 million from the rate stabilization fund for FY 2016-17 and they include the last of four annual increases for the funding of the biosolids project ($0.65 in FY 2016-17).

Staff will review preliminary rate increases along with various alternatives at the Committee meeting, and will bring a more detailed analysis of potential rate impacts to the March 15, 2016 Special Finance and Personnel Committee meeting.

FISCAL IMPACTS:

As noted herein.

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:

That the Committee review and provide feedback on the proposed FY 2016-17 Operating Budget for further review at the March 15, 2016 Special Finance and Personnel Committee meeting.

LIST OF EXHIBITS:

Exhibit "A" – Consolidated Operating Budget for All Departments Fiscal Year 2016-17

Exhibit A

Irvine Ranch Water District

Consolidated Operating Budget for All Departments FY 2016-17

(in thousands)

Expense Category / Name		2014-15 Actual	2015-16 YTD 12/31/15	2015-16 Original Budget	2016-17 Proposed Budget	Incr/(Decr)	%
	Regular Labor	$26,123.2	$13,309.2	$29,084.9	$31,639.2	$2,554.3	8.8%
Salaries & Benefits	Overtime Labor	1,477.7	864.3	1,559.5	1,757.9	198.4	12.7%
	Contract Labor	1,901.7	1,460.4	1,483.2	1,583.7	100.5	6.8%
	Employee Benefits	7,266.9	4,009.8	15,279.5	16,900.3	1,620.8	10.6%
Salaries & Benefits Total		36,769.6	19,643.7	47,407.1	51,881.1	4,474.0	9.4%
	Water	32,891.5	14,491.5	34,975.3	36,233.8	1,258.5	3.6%
	Electricity	13,601.0	6,358.0	16,391.4	15,707.7	(683.7)	-4.2%
Water & Utilities	Fuel	616.9	160.9	702.2	566.4	(135.8)	-19.3%
	Telecommunication	489.1	226.8	477.1	501.6	24.5	5.1%
	Other Utilities	155.4	75.8	156.3	177.9	21.6	13.8%
Water & Utilities Total		47,753.9	21,313.0	52,702.3	53,187.4	485.1	0.9%
	Chemicals	2,283.7	1,123.1	2,015.7	3,133.4	1,117.7	55.5%
	Operating Supplies	(442.9)	523.8	1,390.6	1,483.7	93.1	6.7%
	Printing	182.4	64.2	290.7	264.6	(26.1)	-9.0%
Materials & Supplies	Postage	496.1	336.0	517.5	578.9	61.4	11.9%
	Permits, Licenses and Fees	359.5	612.1	887.7	1,187.5	299.8	33.8%
	Office Supplies	59.0	31.4	112.9	128.3	15.4	13.6%
	Duplicating Equipment	166.1	99.7	200.0	225.0	25.0	12.5%
	Equipment Rental	92.0	48.6	131.4	129.3	(2.1)	-1.6%
Materials & Supplies Total		3,195.9	2,838.9	5,546.5	7,130.7	1,584.3	28.6%
	Rep & Maint OCSD & Other	21,994.6	7,820.8	14,188.8	14,399.8	211.0	1.5%
	Rep & Maint IRWD	6,376.2	3,447.2	7,581.6	8,620.0	1,038.4	13.7%
	Insurance	583.0	443.6	939.9	1,003.9	64.0	6.8%
	Legal Fees	394.0	214.8	480.0	455.0	(25.0)	-5.2%
	Engineering Fees	423.7	176.4	669.2	736.1	66.9	10.0%
Professional Services	Accounting Fees	55.7	63.1	75.1	95.0	19.9	26.5%
	Data Processing	2,223.6	1,611.9	2,662.9	3,027.2	364.3	13.7%
	Personnel Training	653.7	311.7	1,093.0	1,103.5	10.5	1.0%
	Personnel Physicals	18.9	10.6	43.0	51.0	8.0	18.6%
	Other Professional Fees	1,593.9	1,353.5	3,049.0	4,401.0	1,352.1	44.3%
	Directors' Fees	136.5	68.4	148.6	156.0	7.4	5.0%
Professional Services Total		34,453.9	15,522.1	30,931.0	34,048.4	3,117.4	10.1%
	Mileage Reimbursement	104.3	50.3	132.0	132.1	0.1	0.1%
	Collection Fees	6.7	8.5	20.8	21.0	0.2	1.0%
	Election Expense	30.0	15.0	30.0	145.0	115.0	383.3%
	Safety	58.9	41.5	96.4	83.1	(13.3)	-13.8%
	Alarm and Patrol Services	92.0	61.9	130.0	170.0	40.0	30.8%
Other	Biosolids Disposals	139.7	54.8	151.4	374.2	222.8	147.2%
	Commuter Program	125.9	50.0	142.0	156.0	14.0	9.9%
	Computer Backup Storage	42.6	13.5	23.0	24.0	1.0	4.3%
	Contract Meter Reading	1,289.4	655.2	1,350.0	1,350.0	0.0	0.0%
	Other	26.6	5.8	21.6	12.0	(9.6)	-44.4%
	Conservation Rebates	1,415.3	231.5	1,694.0	2,948.0	1,254.0	74.0%
Other Total		3,331.5	1,187.9	3,791.2	5,415.4	1,624.2	42.8%
TOTAL		$125,504.8	$60,505.6	$140,378.0	$151,663.0	$11,285.0	8.0%
Less: Reimbursement from Baker Partners					(3,429.2)	(3,429.2)	
NET EXPENSES		**$125,504.8**	**$60,505.6**	**$140,378.0**	**$148,233.8**	**$7,855.8**	**5.6%**

Draft as of 2/25/16

March 1, 2016
Prepared by: Jennifer Davis/Tanja Fournier
Submitted by: Robert Jacobson/Cheryl Clary
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

MONTHLY INVESTMENT AND DEBT REVIEW

SUMMARY:

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

- The Investment Portfolio Summary Report as of February 23, 2016, as outlined in Exhibit "A"
- The U.S. Treasury Yield Curve as of February 23, 2016, as outlined in Exhibit "B"
- The Summary of Fixed and Variable Debt as of February 23, 2016, as outlined in Exhibit "C"
- The Summary of Variable Rate Debt Rates as of February 23, 2016, as outlined in Exhibit "D"

BACKGROUND:

Investment Portfolio:

Due to the timing of the Committee meeting, the rate of return for February 2016 is not complete at this time. Preliminary calculations indicate a return of 0.64%, which is a 0.01% increase from January's rate of 0.63%. Including real estate investments, the weighted average rate of return for the District's investment portfolio for February 2016 was 3.52%, which was a 0.08% increase from January's rate of 3.44%. The change is primarily due to a decrease in the fixed income portfolio balance relative to the overall investment portfolio including real estate.

Debt Portfolio:

As of February 23, 2016, the District's weighted average all-in variable rate was 0.37%, which is unchanged from January. Including the District's fixed rate Certificates of Participation at 3.82%, the 2010 Build America Bonds at 4.46%, and the negative cash accruals from fixed payer interest rate swaps, which hedge a portion of the District's variable rate debt, the total average debt rate was 3.26%, which is a 0.16% decrease from January's rate of 3.42%.

Interest Rate Swaps:

Due to the timing of the Committee meeting, the swap report is not complete at this time. Staff will provide an update at the meeting. As of February 23, 2016, the District had posted $8,352,093 of collateral with Citigroup, which represents a $2,438,090 increase from the collateral posted in January and $4,900,000 with Merrill Lynch, which is an increase of $2,110,000 from January's collateral. The total collateral deposit for the District is currently $13,252,093. The collateral earns the Fed Funds Effective Rate, which is 0.38% as of February 23, 2016.

FISCAL IMPACTS:

Fiscal impacts are included in the above narrative and 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.

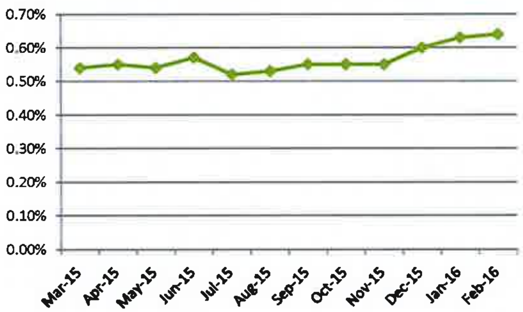
LIST OF EXHIBITS:

Exhibit "A" – Investment Portfolio Summary as of February 23, 2016
Exhibit "B" – Yield Curve as of February 23, 2016
Exhibit "C" – Summary of Fixed and Variable Debt as of February 23, 2016
Exhibit "D" – Summary of Variable Rate Debt Rates as of February 23, 2016

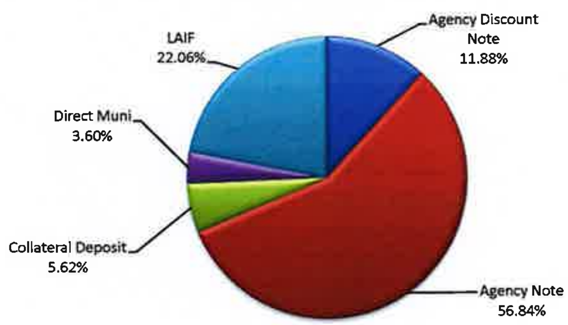
Exhibit "A"

Irvine Ranch Water District
Investment Portfolio Summary
February 2016

Monthly Fixed Income Yield



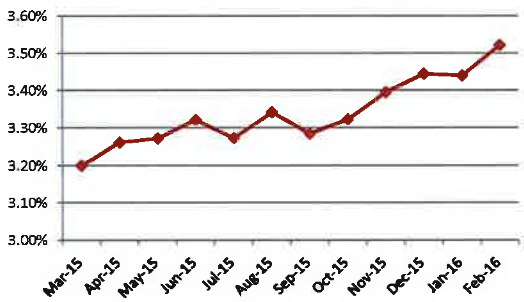
Portfolio Distribution



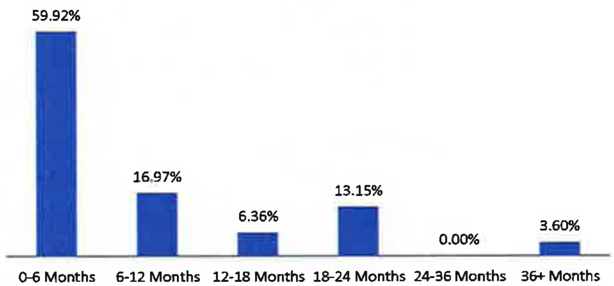
Investment Summary

Type	PAR	Book Value	Market Value
Agency Note	134,000,000	134,214,807	134,218,650
LAIF	52,000,000	52,000,000	51,957,722
Agency Discount Note	28,000,000	27,999,333	27,993,420
Collateral Deposit	13,252,093	13,252,093	13,252,093
Direct Muni	8,496,575	8,496,575	8,496,575
Grand Total	235,748,668	235,962,809	235,918,460

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
Fed Home Loan Bank	61,000,000	25.88%
Fed Home Loan Mortgage Corp	56,000,000	23.75%
State of California Treasury - LAIF	52,000,000	22.06%
Fed Natl Mortgage Assoc	30,000,000	12.73%
Fed Farm Credit Bank	10,000,000	4.24%
ETWD	8,496,575	3.60%
Citi-Group Collateral	8,352,093	3.54%
Fed Ag Mortgage Corp	5,000,000	2.12%
Merrill Lynch Collateral	4,900,000	2.08%

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

02/23/16

SETTLMT *	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	YTFC	ORIGINAL COST	CARRY VALUE	MARKET VALUE(1) 2/23/2016	UNREALIZED(2) GAIN/(LOSS)
02/23/16			02/24/16		LAIF	State of California Tsy	$52,000,000		0.470%		$52,000,000.00	$52,000,000.00	51,957,722.08	(42,277.92)
07/29/15	N/A	N/A	02/24/16	NR	FHLMC - Discount Note	Fed Home Loan Mortgage Corp -Discount Note	10,000,000	0.175%	0.178%		9,989,791.67	10,000,000.00	9,998,300.00	(1,700.00)
04/28/15	N/A	N/A	02/26/16	NR	FNMA - Discount Note	Fed Natl Mortgage Discount Note	10,000,000	0.190%	0.193%		9,983,797.22	10,000,000.00	9,998,000.00	(2,000.00)
11/23/15	N/A	N/A	03/16/16	NR	FHLB - Discount Note	Fed Home Loan Bank Discount Note	8,000,000	0.200%	0.203%		7,994,933.33	7,999,333.33	7,997,120.00	(2,213.33)
10/16/15	N/A	N/A	04/07/16	NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.220%	0.220%		5,000,000.00	5,000,000.00	4,998,400.00	(1,600.00)
05/20/15	N/A	N/A	05/04/16	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	3,000,000	0.300%	0.315%		2,999,565.00	2,999,920.46	2,999,070.00	(850.46)
10/14/15	N/A	N/A	05/13/16	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.500%	0.238%		5,007,600.00	5,002,616.98	5,001,050.00	(1,566.98)
05/20/15	N/A	N/A	05/18/16	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.250%	0.305%		4,997,285.00	4,999,418.21	4,997,300.00	(2,118.21)
05/20/15	N/A	N/A	05/27/16	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	2.500%	0.304%		5,111,650.00	5,026,041.69	5,031,550.00	5,508.31
06/04/15	N/A	N/A	06/20/16	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.340%	0.355%		4,999,200.00	4,999,767.54	4,997,800.00	(1,967.54)
07/01/15	N/A	N/A	06/24/16	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.375%	0.345%		5,001,450.00	5,000,464.48	4,998,400.00	(2,064.48)
11/20/14	N/A	N/A	06/27/16	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.375%	0.424%		4,996,091.65	4,999,211.65	5,000,900.00	1,688.35
01/11/16	N/A	N/A	06/30/16	NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.500%	0.500%		5,000,000.00	5,000,000.00	5,000,850.00	850.00
05/08/14	N/A	N/A	07/05/16	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	0.375%	0.484%		4,988,300.00	4,998,131.56	4,997,550.00	(581.56)
06/09/15	N/A	N/A	08/25/16	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	10,000,000	2.000%	0.467%		10,184,900.00	10,073,876.52	10,079,900.00	6,023.48
10/19/15	N/A	N/A	09/28/16	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	10,000,000	1.250%	0.342%		10,085,280.00	10,052,442.30	10,042,400.00	(10,042.30)
06/15/15	N/A	N/A	10/13/16	NR	FAMCA - Note	Fed Ag Mortgage Corp	5,000,000	0.970%	0.578%		5,025,900.00	5,012,044.03	5,024,650.00	12,605.97
11/28/14	Quarterly	05/15/15	11/15/16	Aaa/AA+/NR	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.600%	0.600%	0.600%	5,000,000.00	5,000,000.00	5,000,850.00	850.00
09/21/15	N/A	N/A	12/09/16	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	1.625%	0.532%		5,066,150.00	5,042,068.43	5,041,450.00	(618.43)
10/08/15	N/A	N/A	01/30/17	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.250%	0.492%		5,049,445.00	5,034,508.49	5,027,950.00	(6,558.49)
09/21/15	N/A	N/A	02/22/17	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.875%	0.570%		5,021,500.00	5,014,801.92	5,008,000.00	(6,801.92)
06/15/15	N/A	06/13/14	03/30/17	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.625%	0.727%		4,990,950.00	4,994,547.86	5,001,200.00	6,652.14
08/27/15	N/A	N/A	05/30/17	NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.625%	0.642%		4,998,500.00	4,998,936.92	4,992,500.00	(6,436.92)
11/05/15	N/A	N/A	08/28/17	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.750%	0.800%		4,995,500.00	4,996,295.32	4,996,650.00	354.68
09/16/15	One Time	03/15/16	09/15/17	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.900%	0.915%	0.960%	4,998,500.00	4,998,843.15	5,003,050.00	4,206.85
09/29/15	Continuous after	03/28/16	09/28/17	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.810%	0.815%		4,999,500.00	4,999,605.48	4,986,550.00	(13,055.48)
07/29/15	Continuous after	01/16/13	10/16/17	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.000%	0.997%		5,000,000.00	5,000,000.00	5,000,050.00	50.00
12/18/15	Continuous after	12/13/13	12/12/17	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.820%	1.132%		4,969,500.00	4,972,613.10	4,987,400.00	14,786.90
12/18/15	Quarterly	03/18/16	12/18/17	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	6,000,000	1.125%	1.138%		5,998,500.00	5,998,651.23	6,003,180.00	4,528.77
05/30/15	N/A	N/A	04/30/36	NR	Direct Muni	ETWD	8,496,575	4.570%	4.570%	4.570%	8,496,574.67	8,496,574.67	8,496,574.67	
SUB-TOTAL							$222,496,575				$222,950,363.54	$222,710,715.32	$222,666,366.75	($44,348.58)
RESTRICTED CASH (Swap Collateral Deposits)(5)														
12/01/15					Collateral Deposit	Citi-Group	$8,352,093		0.380%		$8,352,093.39	$8,352,093.39	8,352,093.39	
12/07/15					Collateral Deposit	Merrill Lynch	$4,900,000		0.380%		$4,900,000.00	$4,900,000.00	4,900,000.00	
SUB-TOTAL							$13,252,093				$13,252,093.39	$13,252,093.39	$13,252,093.39	
TOTAL INVESTMENTS							$235,748,668				$236,202,456.93	$235,962,808.71	$235,918,460.14	
					Petty Cash						3,400.00			
				January	Ck Balance	Bank of America					274,451.61			
											$236,480,308.54			

(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
(4) Calculation excludes Direct Muni - ETWD
(5) Swap Collateral Deposits assumes 6 month maturity, dependent on interest rate changes

This Investment Summary Report is in conformity with the 2016 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.
*S - Step up

Outstanding Variable Rate Debt	$317,700,000
Net Outstanding Variable Rate Debt (Less $130 million fixed-payer swaps)	$187,700,000
Investment Balance:	$236,480,309
Investment to Variable Rate Debt Ratio:	126%
Portfolio - Average Number of Days To Maturity(4)	146

	Investment Portfolio	Real Estate(3) Portfolio	Weighted Avg. Return
February	0.64%	12.92%	3.52%
January	0.63%	12.92%	3.44%
Change	0.01%		

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

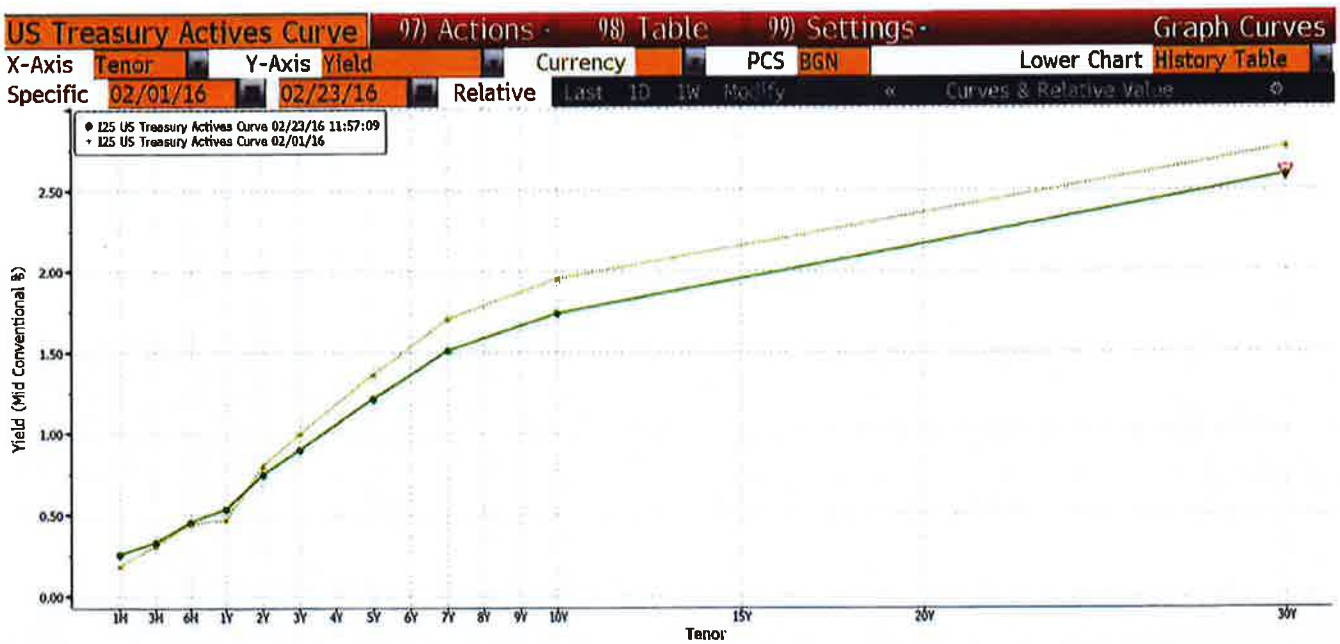
02/23/16

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Collateral Deposit	Direct Muni
02/16	$72,000,000	30.54%	$52,000,000		20,000,000		
03/16	8,000,000	3.39%			8,000,000		
04/16	5,000,000	2.12%		5,000,000			
05/16	18,000,000	7.64%		18,000,000			
06/16	33,252,093	14.10%		20,000,000		$13,252,093	
07/16	5,000,000	2.12%		5,000,000			
08/16	10,000,000	4.24%		10,000,000			
09/16	10,000,000	4.24%		10,000,000			
10/16	5,000,000	2.12%		5,000,000			
11/16	5,000,000	2.12%		5,000,000			
12/16	5,000,000	2.12%		5,000,000			
01/17	5,000,000	2.12%		5,000,000			
SUB-TOTAL	$181,252,093	76.88%	$52,000,000	$88,000,000	$28,000,000	$13,252,093	
13 Months - 3 YEARS							
2/1/2017 - 3/31/2017	10,000,000	4.24%		10,000,000			
04/01/17-06/30/17	5,000,000	2.12%		5,000,000			
07/01/17 - 9/30/2017	15,000,000	6.36%		15,000,000			
10/30/17 - 12/31/2017	16,000,000	6.79%		16,000,000			
	-						
	-						
04/30/2036	8,496,575	3.60%					8,496,575
TOTALS	$235,748,668	100.00%	$52,000,000	$134,000,000	$28,000,000	$13,252,093	$8,496,575
% OF PORTFOLIO			22.06%	56.84%	11.88%	5.62%	3.60%

Irvine Ranch Water District
Summary of Real Estate
12/31/2015

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	RATE OF RETURN QUARTER ENDED Dec-15
Sycamore Canyon	Dec-92	Apartments	Fee Simple	$ 43,550,810	16.64%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	$ 6,000,000	8.54%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	$ 5,739,845	7.47%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	$ 8,630,577	5.25%
Sand Canyon Professional Center	Jul-12	Medical Office	Fee Simple	$ 8,648,594	8.49%
				$ 72,569,826	12.92%

Exhibit "B"



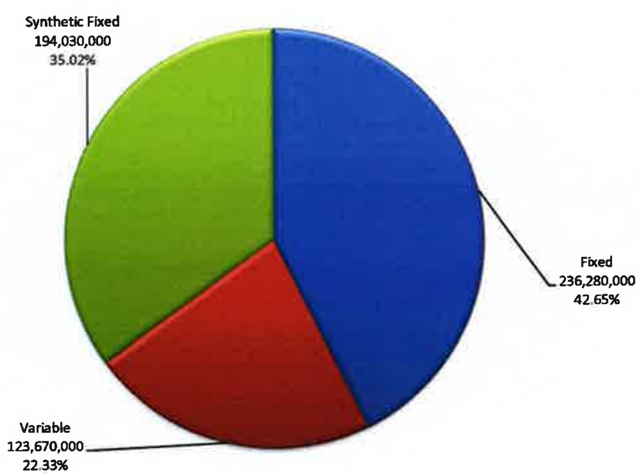
Show All Tenors >

Curve Id	3M	1Y	2Y	3Y	5Y	10Y	30Y
11) I25 02/23/16	0.328	0.533	0.744	0.898	1.215	1.741	2.592
12) I25 02/01/16	0.303	0.467	0.799	0.997	1.364	1.949	2.762
13) I25 (02/23/1	2.5	6.7	-5.6	-9.9	-14.9	-20.9	-17.0

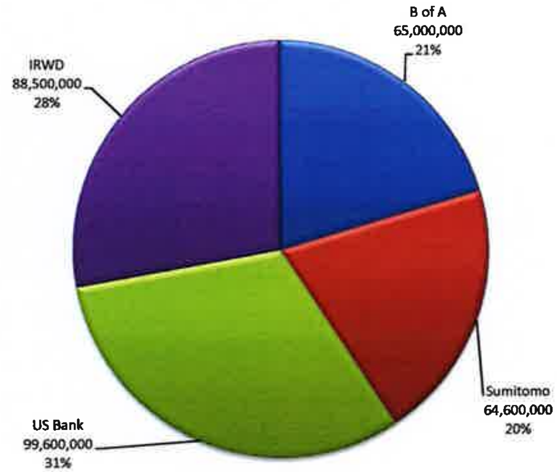
Exhibit "C"

Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
February 2016

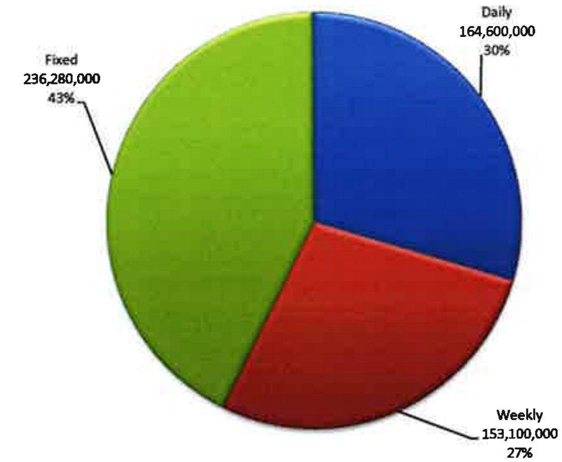
Current Debt Mix By Type



Letters of Credit / Support



Current Debt Rate Reset



Outstanding Par by Series

Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit	Rmkt Agent	Mode	Reset
Series 1993	05/19/93	04/01/33	$34,600,000	6.25%	US Bank	BAML	Variable	Daily
Series 1995	12/13/95	01/01/21	$12,100,000	2.18%	Sumitomo	CG	Variable	Weekly
Series 2008-A Refunding	04/24/08	07/01/35	$52,500,000	9.48%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	$53,100,000	9.59%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	$35,400,000	6.39%	IRWD	Morgan	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	$65,000,000	11.73%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	$65,000,000	11.73%	B of A	Goldman	Variable	Daily
2010 Refunding Cops	02/23/10	03/01/32	$61,280,000	11.06%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	$175,000,000	31.59%	N/A	N/A	Fixed	Fixed
Total			$553,980,000	100%				

IRVINE RANCH WATER DISTRICT

SUMMARY OF FIXED & VARIABLE RATE DEBT

February-16

ITN
Daily
Weekly

GENERAL BOND INFORMATION

VARIABLE RATE ISSUES	Issue Date	Maturity Date	Principal Payment Date	Payment Date	Original Par Amount	Remaining Principal
SERIES 1993	05/19/93	04/01/33	APR 1 (2014)	5th Bus. Day	$38,300,000	$34,600,000
SERIES 1995	12/13/95	01/01/21	JAN 1	1st Bus. Day	$40,000,000	$12,100,000
SERIES 2008-A Refunding	04/24/08	07/01/35	JUL 1	5th Bus. Day	$60,215,000	$52,500,000
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	$60,545,000	$53,100,000
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	$40,370,000	$35,400,000
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	$75,000,000	$65,000,000
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	$75,000,000	$65,000,000
					$389,430,000	**$317,700,000**
FIXED RATE ISSUES						
2010 REFUNDING COPS	02/23/10	03/01/32	Mar -1	MAR/SEPT	$85,145,000	$61,280,000
2010 GO Build America Taxable Bonds	12/16/10	05/01/40	MAY (2025)	MAY/NOV	$175,000,000	$175,000,000
					$260,145,000	**$236,280,000**
					$649,575,000	**$553,980,000**

LETTER OF CREDIT INFORMATION

Issue	Letter of Credit	Reimbursment Agreement Date	L/C Exp. Date	MOODYS	S&P	FITCH	LOC Stated Amount	LOC Fee	Annual LOC Cost
SERIES 1993	US BANK	05/07/15	11/07/18	Aa3/VMIG1	AA-/A-1+	N/R	$35,066,389	0.3300%	$115,719
SERIES 1995	SUMITOMO	04/01/11	07/14/17			N/R	$12,279,014	0.3800%	$46,660
SERIES 2008-A Refunding	SUMITOMO	04/01/11	07/14/17	Aa2 (*)	N/R	N/R	$53,276,712	0.3800%	$202,452
SERIES 2011-A-1 Refunding	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A
SERIES 2011-A-2 Refunding	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A
SERIES 2009 - A	US BANK	04/01/11	07/15/16	Aa1/VMIG 1	AA+/A-1+	AA-/F1+	$65,726,575	0.3500%	$230,043
SERIES 2009 - B	B of A	04/01/11	07/15/16	Aa3/VMIG 1	A+/A-1	A+/F1+	$65,726,575	0.3500%	$230,043
SUB-TOTAL VARIABLE RATE DEBT							**$232,075,266**	**0.3554%** (Wt. Avg)	**$824,917**
2010 REFUNDING COPS	N/A	N/A	N/A	Aa1	AAA	AAA	N/A	N/A	N/A
2010 GO Build America Taxable Bonds	N/A	N/A	N/A	Aa1	AAA	NR	N/A	N/A	N/A
SUB-TOTAL FIXED RATE DEBT									
TOTAL- FIXED & VARIABLE RATE DEBT									

TRUSTEE INFORMATION

Issue	Rmkt Agent	Reset	Rmkt Fees	Annual Cost	Trustee
SERIES 1993	BAML	DAILY	0.10%	$34,600	BANK OF NY
SERIES 1995	CG	WED	0.08%	$9,075	BANK OF NY
SERIES 2008-A Refunding	BAML	WED	0.07%	$36,750	BANK OF NY
SERIES 2011-A-1 Refunding	Goldman	WED	0.13%	$66,375	BANK OF NY
SERIES 2011-A-2 Refunding	Morgan S.	WED	0.13%	$44,250	BANK OF NY
SERIES 2009 - A	US Bank	DAILY	0.07%	$45,500	US BANK
SERIES 2009 - B	Goldman	DAILY	0.10%	$65,000	US BANK
			0.09% (Wt. Avg)	**$301,550**	
2010 REFUNDING COPS	N/A	N/A	N/A	N/A	BANK OF NY
2010 GO Build America Taxable Bonds	N/A	N/A	N/A	N/A	US BANK

Remarketing Agents

CG	12,100,000	4%
Goldman	118,100,000	37%
Morgan Stanley	35,400,000	11%
BAML	87,100,000	27%
US Bank	65,000,000	20%
	317,700,000	

GO VS COP's

GO:	492,700,000	89%
COPS:	61,280,000	11%
Total	553,980,000	

LOC Banks

SUMITOMO	64,600,000
BANK OF AMERICA	65,000,000
US BANK	99,600,000
	229,200,000

Breakdown Between Variable & Fixed Rate Mode

Daily Issues	164,600,000	30%
Weekly Issues	64,600,000	12%
ITN Issues	88,500,000	16%
Sub-Total	317,700,000	
Fixed Rate Issues	$236,280,000	43%
Sub-Total - Fixed	236,280,000	
TOTAL DEBT FIXED & VAR.	553,980,000	100%

vrdsum.xlsx
2/23/2016

Exhibit "D"

IRVINE RANCH WATER DISTRICT
SUMMARY OF DEBT RATES
Feb-16

Rmkt Agent	GOLDMAN	GOLDMAN	MORGAN STANLEY	MERRILL LYNCH		CITIGROUP	US BANK
	DAILY	WEEKLY	WEEKLY	DAILY	WEEKLY	WEEKLY	DAILY
Bond Issue	2009 - B	2011 A-1	2011 A-2	1993	2008-A	1995	2009-A
Par Amount	65,000,000	53,100,000	35,400,000	34,600,000	52,500,000	12,100,000	65,000,000
Bank	BOFA	(SIFMA+3) On 02/19 (SIFMA+8)	(SIFMA+3) On 02/19 (SIFMA+8)	US BANK	Sumitomo	Sumitomo	US BANK
Reset		Wednesday	Wednesday		Wednesday	Wednesday	
2/1/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/2/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/3/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/4/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/5/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/6/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/7/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/8/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/9/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/10/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/11/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/12/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/13/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/14/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/15/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/16/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/17/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/17/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/18/2016	0.01%	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%
2/19/2016	0.01%	0.09%	0.09%	0.01%	0.01%	0.01%	0.01%
2/20/2016	0.01%	0.09%	0.09%	0.01%	0.01%	0.01%	0.01%
2/21/2016	0.01%	0.09%	0.09%	0.01%	0.01%	0.01%	0.01%
2/22/2016	0.01%	0.09%	0.09%	0.01%	0.01%	0.01%	0.01%
2/23/2016	0.01%	0.09%	0.09%	0.01%	0.01%	0.01%	0.01%
2/24/2016		0.09%	0.09%		0.01%	0.01%	
2/25/2016							
2/26/2016							
2/27/2016							
2/28/2016							
2/29/2016							
Avg Interest Rates	0.01%	0.05%	0.05%	0.01%	0.01%	0.01%	0.01%
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%	0.08%	0.07%
LOC Fee	0.35%			0.33%	0.38%	0.38%	0.35%
All-In Rate	**0.46%**	**0.18%**	**0.18%**	**0.44%**	**0.46%**	**0.47%**	**0.43%**
Par Amount		118,100,000	35,400,000		87,100,000	12,100,000	65,000,000

Interest Rate Mode	Percent of Total Variable Rate Debt		Par Outstanding	Weighted All-In Average Rate		Base Rate Average
Daily	51.81%		164,600,000	0.44%		0.01%
Weekly	48.19%		153,100,000	0.30%		0.03%
	100.00%	$	**317,700,000**	0.37%		0.02%
Fixed Rate COPS	25.94%		61,280,000	3.82%		
Fixed Rate BABS	74.06%		175,000,000	4.46%	(1)	
	100.00%	$	**236,280,000**	4.29%		
All-In Debt Rate Including $130 Million Notional Amount of Swaps						**3.26%**

(1) Rate adjusted up from 4.35% as a result of sequestration reducing BAB's subsidy by 6.8%

March 1, 2016
Prepared by: Jennifer Davis/Tanja Fournier
Submitted by: Rob Jacobson/Cheryl Clary
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW

SUMMARY:

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

- A Summary of the Deferred Compensation Program and Distribution of Assets as of December 31, 2015, as outlined in Exhibit "A".
- Mutual Fund Performance Review as of December 31, 2015, as outlined in Exhibit "B".

BACKGROUND:

Overview of the Deferred Compensation Assets:

As of December 31, 2015, the District's Section 457(b) and 401(a) Plans (collectively, the "Plans") assets totaled $43,141,036, which represented a $771,657 increase from the quarter ending September 30, 2015 and a $345,952 increase for the one year period ending December 31, 2015. The changes in Plan assets over these two periods are summarized as follows:

	For the One Year Period Ending December 31, 2015	For the Quarter Ending December 31, 2015
Beginning Balance	$42,795,084	$42,369,379
Employee Contributions	2,099,978	513,679
District Contributions	718,947	230,808
Transfers to/from other plans	264,508	6,131
Distributions	(2,142,547)	(1,128,475)
Net Investment Gain (Loss)	(594,933)	1,149,514
Ending Balance - December 31, 2015	$43,141,036	$43,141,036
Change in assets for the period	$345,952	$771,657

Review of Investment Options:

The District'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 ending December 31, 2015, all the funds in the Plan passed the LTRA. The Advised Assets Group Performance Review as of December 31, 2015 is attached as Exhibit "B".

FISCAL IMPACTS:

As of December 31, 2015, the District's Plan assets totaled $43,141,036, which represented a $771,657 increase from the quarter ending September 30, 2015 and a $345,952 increase for the one year period ending December 31, 2015.

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" – Advised Assets Group Fund Performance Review

Exhibit "A"
IRVINE RANCH WATER DISTRICT

SUMMARY OF DEFERRED COMPENSATION PROGRAM

December 31, 2015

Deferred Compensation IRS Section 457 (Employee Contributions)

Money Purchase Pension Plan & Executive Plan - IRS Section 401 (a) (District Contribution)

	457 Assets			401(a) Assets	
	Empower-Retirement Core Investments	Ameritrade Brokerage	**Total 457**	**Total 401(a)** **401 (a)**	**GRAND TOTAL** 457 & 401(a)
Assets	$30,817,102	$2,541,196	**$33,358,298**	**$9,782,738**	**$43,141,036**
Change From Prior Quarter	*$647,224*	*($208,668)*	*$438,556*	*$333,101*	*$771,657*
Change From Prior Year (12/2014)	*$635,898*	*($392,137)*	*$243,761*	*$102,191*	*$345,952*
Quarterly Contributions	**$513,679**	n/a	**$513,679**	**$230,808**	**$744,487**
Change From Prior Quarter	*($12,548)*			$50,951	

	For the One Year Period Ending December 31, 2015	For the Quarter Ending December 31, 2015
Beginning Balance	$42,795,084	$42,369,379
Employee Contributions	2,099,978	513,679
District Contributions	718,947	230,808
Transfers to/from other plans	264,508	6,131
Distributions	(2,142,547)	(1,128,475)
Net Investment Gain (Loss)	(594,933)	1,149,514
Ending Balance - December 31, 2015	$43,141,036	$43,141,036
Change in assets for the period	$345,952	$771,657

Employee Participation	
Full-time Permanent Employees	327
Temporary Employees	13
Student Interns	9
Employees Participating	281
Percent Participation	86%

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

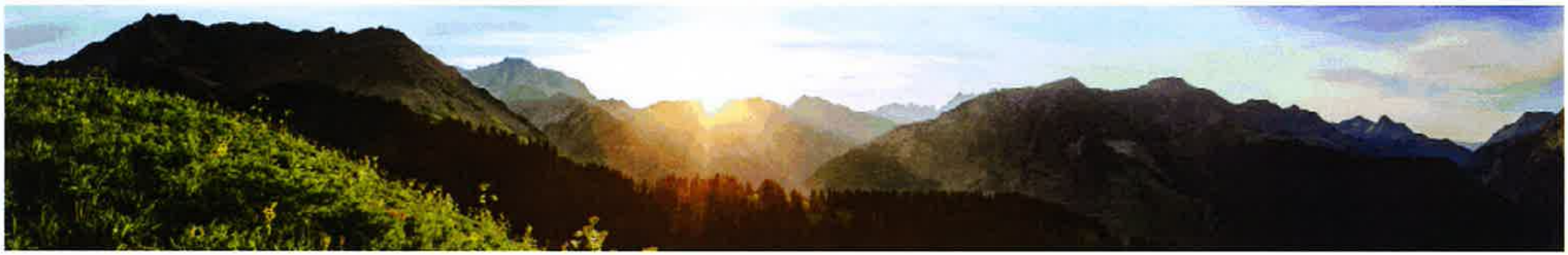
Quarter Ending December 31, 2015

Fund	Assets	Percent of Assets	Change from previous quarter
PROFILE FUNDS			
Aggressive Profile Fund	4,148,550	9.6%	0.6%
Moderate Profile Fund	4,069,890	9.4%	0.5%
Conservative Profile Fund	2,403,024	5.6%	0.0%
Sub Total	**10,621,464**	**24.6%**	**1.0%**
INTERNATIONAL FUND			
Harbor International Instl	1,925,202	4.5%	-0.1%
Vanguard Total Intl Stock Index Admiral	260,197	0.6%	0.1%
Sub Total	**2,185,399**	**5.1%**	**0.0%**
SMALL CAP FUNDS			
Baron Small-Cap Growth Fund	1,866,114	4.3%	-0.3%
Munder Veracity Small Cap	1,220,100	2.8%	-0.1%
Vanguard Small Cap Index	476,543	1.1%	0.2%
Sub Total	**3,562,756**	**8.3%**	**-0.2%**
MEDIUM CAP FUNDS			
Munder Mid-Cap Core Growth Fund	1,782,334	4.1%	0.0%
Hotchkis & Wiley Mid-Cap Value Fund	2,533,593	5.9%	-0.2%
Vanguard Mid-Cap Index Fund	467,563	1.1%	0.0%
Sub Total	**4,783,490**	**11.1%**	**-0.3%**
LARGE CAP FUNDS			
American Growth Fund R4	3,480,398	8.1%	0.5%
Vanguard 500 Index Signal	4,197,251	9.7%	0.6%
Diamond Hill Large-Cap Fund	1,572,284	3.6%	-16.5%
Sub Total	**9,249,933**	**21.4%**	**-15.5%**
BOND FUND			
Metropolitan West Total Return Bond	2,116,952	4.9%	-0.4%
Sub Total	**2,116,952**	**4.9%**	**-0.4%**
STABLE VALUE FUND			
Putnam Stable Value	7,896,685	18.3%	-0.8%
Sub Total	**7,896,685**	**18.3%**	**-0.8%**
OTHER			
Ameritrade Brokerage	2,724,358	6.3%	-0.6%
Total Assets	**$43,141,036**	**100%**	

Exhibit "B"

ADVISED ASSETS
GROUP

FUND PERFORMANCE REVIEW



IRVINE RANCH WATER DISTRICT DEFERRED COMPENSATION PLAN | 98453-01

Reporting Period Ending December 31, 2015

Prepared by Advised Assets Group, LLC | 8515 East Orchard Road | Greenwood Village, Colorado 80111

IMPORTANT DISCLOSURES

The Fund Performance Review is compiled at the request of the Plan Sponsor and/or broker. It 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. Plan Sponsors may wish to review the enclosed material with their investment adviser, consultant or broker, if necessary, prior to making final investment decisions.

Funds listed on the Fund Performance Review are designed to meet stated investment objectives and risk profiles. 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.

FUND PERFORMANCE REVIEW: OVERVIEW

ADVISED ASSETS
GROUP

OBJECTIVE:
- To quantify historical fund performance relative to peer group benchmarks.
- To identify funds that have consistently underperformed 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 as determined by *Morningstar, Inc.®*

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

SCOPE:
- The Fund Performance Review is designed as a high level analytical tool to aide plan sponsors in carrying out their fiduciary responsibilities.

The purpose of this document is to provide investment-related information only for the plan sponsor in its role as a fiduciary to the Plan, not as investment advice for plans or plan participants. Although the data contained in this report is from reliable sources, Advised Assets Group, LLC cannot guarantee is completeness or accuracy. Risks associated with investment options can vary significantly with each particular investment category and the relative risks of categories may change under certain economic conditions. The investment return and principal of an investment will fluctuate so that an investor's shares, when redeemed, may be more of less than their original cost.

Current performance may be lower or higher than performance data shown due to market volatility. Past performance is no guarantee of future returns.

FUND PERFORMANCE REVIEW: CRITERIA

ADVISED ASSETS GROUP

- **OVERALL RATING:** Based on 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	❸, ❹, or ❺	Above
≥ 50.0%	OR	❸, ❹, or ❺	Neutral
< 50.0%	AND	❶, or ❷	Below
≤ 25.0%			Below

- **LONG-TERM ROLLING ANALYSIS:** Based on the accumulated trailing 12 quarters "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	Warning OR Fail
	OR		
Overall Rating: ≤ 25.0%			Warning OR Fail

- **FUNDS RECEIVING A WARNING:** Please see the footnotes page for Special Product Consideration Funds.

For expanded definitions of the Composites, Sharpe Ratio and Ratings, please refer to the corresponding glossary. Information for this fund evaluation was received from what we believe to be reliable sources, but we cannot absolutely guarantee accuracy, completeness or suitability for any purpose. The performance data quoted within represents past performance and is not a guarantee or indication of future investment results. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of the funds in each category 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 with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Past Performance is no guarantee of future results.

FUND COMPLEX RATING (Based on Recent Mutual Fund Investigations)

- **OVERVIEW:** Due to the issues involving mutual fund complexes and their compliance with security laws and regulations, Great-West FinancialSM developed a ratings system for funds involved in its packaged products. Mutual fund complexes are assigned a rank of red, yellow or green.

RED RATING: A fund complex or any of its respective funds may be placed on the Red Fund Corporate Rating and may be terminated or disqualified from participating in the packaged products if that fund complex is determined by a court or appropriate regulatory agency or the fund complex admits to having allowed regulatory violations or corporate infractions in its funds by its employees (officers or portfolio managers) of the complex. In such event, depending on the severity of the violation or infraction, the fund(s) may be terminated even if such activity was not found to have occurred in a fund used by Great-West FinancialSM but elsewhere in the fund complex.

YELLOW RATING: A fund or fund complex will be put on the Yellow Fund Complex Corporate Rating if that fund complex is by a court or appropriate regulatory agency or admits to having allowed regulatory violations or infractions in its funds. While a fund is on the Yellow Fund Complex Corporate Rating, no action shall be taken to terminate or replace the fund.

GREEN RATING: A fund or fund complex that has not been implicated in any regulatory violations or infractions nor has admitted to committing such activities.

PERFORMANCE SUMMARY

ADVISED ASSETS
GROUP

	Morningstar Category	Fund Complex Rating	Ticker Symbol	Fund Name	Overall Rating[1] Composite % Overall	Return	Sharpe		Mstar Rating	Long-Term Rolling Analysis[2] Consecutive Quarters Below	# of Quarters Below Out of Trailing 12	
International 11	Foreign Large Blend		HAINX	Harbor International Institutional	35.0	46.0	24.0	3	Neutral	0	0 out of 12	Pass
Small-Cap 13	Small Growth		BSFIX	Baron Small Cap Instl	39.7	34.3	45.0	3	Neutral	0	0 out of 12	Pass
	Small Value		VSVIX	Victory Integrity Small-Cap Value Y	80.3	84.0	76.5	4	Above	0	0 out of 12	Pass
Mid-Cap	Mid-Cap Growth		MGOSX	Victory Munder Mid-Cap Core Growth R6	57.6	54.7	60.5	3	Above	0	0 out of 12	Pass
	Mid-Cap Value		HWMIX	Hotchkis & Wiley Mid-Cap Value I	43.6	58.7	28.5	3	Neutral	0	0 out of 12	Pass
Large-Cap	Large Growth		RGAFX	American Funds Growth Fund of Amer R5	65.8	55.7	76.0	3	Above	0	0 out of 12	Pass
	Large Value		DHLYX	Diamond Hill Large Cap Y	81.2	87.3	75.0	5	Above	0	0 out of 12	Pass
Bond /MMF 12	Intermediate-Term Bond		MWTIX	Metropolitan West Total Return Bond I	94.3	95.0	93.5	5	Above	0	0 out of 12	Pass
Index Funds 15	Foreign Large Blend		VTIAX	Vanguard Total Intl Stock Index Admiral (Idx)	23.3	29.7	17.0	2	N/A	0	0 out of 12	Pass
	Small Blend		VSMAX	Vanguard Small Cap Index Adm (Idx)	81.8	80.7	83.0	4	N/A	0	0 out of 12	Pass
	Mid-Cap Blend		VIMAX	Vanguard Mid Cap Index Adm (Idx)	88.6	84.7	92.5	4	N/A	0	0 out of 12	Pass
	Large Blend		VFIAX	Vanguard 500 Index Admiral (Idx)	86.4	83.3	89.5	4	N/A	0	0 out of 12	Pass

Please refer to the Appendix page for additional footnotes

RETURN ANALYSIS

ADVISED ASSETS
GROUP

	Fund Name	4th Quarter 2015 Return	4th Quarter 2015 Percent	Performance vs. Benchmark (Annualized Returns and Return Percentiles) 1 Year Return	1 Year Percent	3 Year Return	3 Year Percent	5 Year Return	5 Year Percent	10 Year Return	10 Year Percent	Incept. Date
International 11	Foreign Large Blend Peer Group	3.55	50	-1.22	50	3.91	50	2.87	50	2.76	50	N/A
	Harbor International Institutional	2.86	25	-3.82	22	1.55	14	2.38	36	4.93	88	12/29/1987
Small-Cap 13	Small Growth Peer Group	2.77	50	-2.26	50	12.40	50	9.57	50	7.41	50	N/A
	Baron Small Cap Instl	4.09	69	-5.01	22	10.17	19	9.31	45	6.92	39	05/29/2009
	Small Value Peer Group	2.16	50	-6.17	50	10.17	50	7.82	50	6.18	50	N/A
	Victory Integrity Small-Cap Value Y	1.58	29	-6.65	44	12.21	85	9.42	80	7.54	87	07/07/2005
Mid-Cap	Mid-Cap Growth Peer Group	3.36	50	-0.86	50	12.76	50	9.66	50	7.36	50	N/A
	Victory Munder Mid-Cap Core Growth R6	1.47	16	-4.20	21	12.31	43	10.30	64	7.60	57	06/01/2012
	Mid-Cap Value Peer Group	2.80	50	-4.94	50	12.20	50	9.48	50	6.82	50	N/A
	Hotchkis & Wiley Mid-Cap Value I	0.12	7	-12.53	6	11.84	44	10.88	79	6.87	53	01/02/1997
Large-Cap	Large Growth Peer Group	7.01	50	4.08	50	15.65	50	11.88	50	7.39	50	N/A
	American Funds Growth Fund of Amer R5	7.83	69	5.65	63	15.83	54	12.39	60	7.50	53	05/15/2002
	Large Value Peer Group	5.02	50	-3.71	50	12.14	50	9.96	50	5.79	50	N/A
	Diamond Hill Large Cap Y	5.99	80	-0.74	86	14.64	94	11.71	85	7.07	83	12/30/2011
Bond80 /MMF 12	Intermediate-Term Bond Peer Group	-0.63	50	0.01	50	1.18	50	3.26	50	4.37	50	N/A
	Metropolitan West Total Return Bond I	-0.40	75	0.29	65	2.22	91	4.69	95	6.38	99	03/31/2000
Index Funds 15	Vanguard Total Intl Stock Index Admiral (Idx)	2.74	20	-4.26	21	1.84	17	1.31	17	2.86	55	11/29/2010
	Vanguard Small Cap Index Adm (Idx)	3.11	51	-3.64	66	12.60	74	10.43	79	7.95	89	11/13/2000
	Vanguard Mid Cap Index Adm (Idx)	3.44	71	-1.34	83	14.90	91	11.52	85	7.90	78	11/12/2001
	Vanguard 500 Index Admiral (Idx)	7.04	86	1.36	81	15.09	83	12.53	87	7.30	80	11/13/2000

Please refer to the Appendix page for additional footnotes

SHARPE RATIO AND EXPENSE ANALYSIS

ADVISED ASSETS GROUP

Category	Fund Name	Sharpe Ratio and Percentiles: 3 Yr Ratio	3 Yr %	5 Yr Ratio	5 Yr %	Standard Deviation: 3 Yr	5 Yr	Expense Ratio	Expense %	Manager Tenure	Fund Size $ MM
International [11]	Foreign Large Blend Peer Group	0.370	50	0.260	50	11.94	14.79	1.14	50	-	-
	Harbor International Institutional	0.180	13	0.220	35	13.11	15.87	0.75	83	7	38931.0
Small-Cap [13]	Small Growth Peer Group	0.880	50	0.640	50	14.51	16.36	1.25	50	-	-
	Baron Small Cap Instl	0.820	32	0.670	58	12.75	14.93	1.04	74	18	4067.0
	Small Value Peer Group	0.800	50	0.580	50	13.35	15.43	1.28	50	-	-
	Victory Integrity Small-Cap Value Y	0.900	75	0.650	78	13.82	15.57	1.20	59	12	1427.0
Mid-Cap	Mid-Cap Growth Peer Group	1.050	50	0.710	50	12.00	14.34	1.17	50	-	-
	Victory Munder Mid-Cap Core Growth R6	1.080	53	0.790	68	11.36	13.60	0.88	82	15	5292.0
	Mid-Cap Value Peer Group	1.060	50	0.720	50	11.54	13.57	1.15	50	-	-
	Hotchkis & Wiley Mid-Cap Value I	0.890	22	0.668	35	13.56	17.74	1.00	67	19	2242.0
Large-Cap	Large Growth Peer Group	1.320	50	0.920	50	11.41	13.17	1.05	50	-	-
	American Funds Growth Fund of Amer R5	1.440	78	1.010	74	10.57	12.33	0.38	98	22	135608.0
	Large Value Peer Group	1.090	50	0.840	50	10.99	12.28	1.01	50	-	-
	Diamond Hill Large Cap Y	1.200	76	0.940	74	11.98	12.53	0.60	91	13	3266.0
Bon[illegible] /MMF [12]	Intermediate-Term Bond Peer Group	0.390	50	1.120	50	2.99	2.79	0.75	50	-	-
	Metropolitan West Total Return Bond I	0.776	91	1.684	96	2.82	2.71	0.44	89	19	70235.0
Index Funds [15]	Vanguard Total Intl Stock Index Admiral (Idx)	0.210	17	0.160	17	11.99	14.89	0.14	98	7	186911.0
	Vanguard Small Cap Index Adm (Idx)	1.000	85	0.730	81	12.66	15.02	0.09	98	24	53937.0
	Vanguard Mid Cap Index Adm (Idx)	1.330	96	0.890	89	10.92	13.24	0.09	97	18	65724.0
	Vanguard 500 Index Admiral (Idx)	1.380	88	1.070	91	10.62	11.70	0.05	99	24	219272.0

Please refer to the Appendix page for additional footnotes

ANNUAL RETURNS AND STATISTICS

ADVISED ASSETS
GROUP

		Calendar Year Returns					MPT Statistics (3 year)			Portfolio Construction		
	Fund Name	2015	2014	2013	2012	2011	Alpha	Beta	R2	Turnover Ratio	Number of Holdings	% in Top 10 Holdings
International [11]	Foreign Large Blend Peer Group	-1.23	-5.36	20.09	18.00	-13.22	N/A	N/A	N/A	N/A	N/A	N/A
	Harbor International Institutional	-3.82	-6.81	16.84	20.87	-11.13	-2.16	1.10	93	25	98	27.0%
Small-Cap [13]	Small Growth Peer Group	-2.26	3.07	41.25	14.07	-2.03	N/A	N/A	N/A	N/A	N/A	N/A
	Baron Small Cap Instl	-5.01	1.95	38.10	18.30	-1.37	-1.19	0.87	92	14	94	30.0%
	Small Value Peer Group	-6.17	4.16	35.84	16.52	-4.59	N/A	N/A	N/A	N/A	N/A	N/A
	Victory Integrity Small-Cap Value Y	-6.65	7.33	41.02	13.97	-2.60	2.94	1.00	96	38	123	13.0%
Mid-Cap	Mid-Cap Growth Peer Group	-0.86	7.41	35.62	14.75	-4.06	N/A	N/A	N/A	N/A	N/A	N/A
	Victory Munder Mid-Cap Core Growth R6	-4.20	10.40	33.93	16.15	-0.77	-1.91	0.99	95	27	85	18.0%
	Mid-Cap Value Peer Group	-4.94	9.85	34.70	16.47	-4.24	N/A	N/A	N/A	N/A	N/A	N/A
	Hotchkis & Wiley Mid-Cap Value I	-12.53	12.18	42.55	31.09	-8.60	-4.87	1.12	86	54	61	33.0%
Large-Cap	Large Growth Peer Group	4.08	10.31	34.33	15.42	-1.76	N/A	N/A	N/A	N/A	N/A	N/A
	American Funds Growth Fund of Amer R5	5.65	9.61	34.20	20.92	-4.59	0.11	0.95	96	29	422	23.0%
	Large Value Peer Group	-3.71	10.75	31.61	15.14	-0.45	N/A	N/A	N/A	N/A	N/A	N/A
	Diamond Hill Large Cap Y	-0.74	10.89	36.87	12.79	2.35	0.47	1.08	95	24	51	31.0%
Bond[30]/MMF [12]	Intermediate-Term Bond Peer Group	0.01	5.54	-1.65	6.64	6.47	N/A	N/A	N/A	N/A	N/A	N/A
	Metropolitan West Total Return Bond I	0.29	5.99	0.50	11.54	5.52	1.19	0.66	92	246	1717	28.0%
Index Funds [15]	Vanguard Total Intl Stock Index Admiral (Idx)	-4.26	-4.17	15.14	18.21	-14.52	0.38	0.97	98	24	5947	7.0%
	Vanguard Small Cap Index Adm (Idx)	-3.64	7.50	37.81	18.24	-2.69	1.17	0.95	98	10	1521	3.0%
	Vanguard Mid Cap Index Adm (Idx)	-1.34	13.76	35.15	15.99	-1.97	0.64	0.97	99	11	372	6.0%
	Vanguard 500 Index Admiral (Idx)	1.36	13.64	32.33	15.96	2.08	-0.03	1.00	100	3	510	18.0%

Please refer to the Appendix page for additional footnotes

INDEX PERFORMANCE

ADVISED ASSETS GROUP

	Index	Total Return 1 Year	Total Return Annlzd 3 Year	Total Return Annlzd 5 Year	Total Return Annlzd 10 Year	Annual Return 2015	Annual Return 2014	Annual Return 2013	Annual Return 2012	Annual Return 2011
International [11]	MSCI EMF ID	-16.96	-9.04	-7.16	1.18	-16.96	-4.63	-4.98	15.15	-20.41
	MSCI EAFE Ndtr_D	-0.81	5.01	3.60	3.03	-0.81	-4.90	22.78	17.32	-12.14
	MSCI World Ndtr_D	-0.87	9.63	7.59	4.98	-0.87	4.94	26.68	15.83	-5.54
Small-Cap [13]	Russell 2000 Growth	-1.38	14.28	10.67	7.95	-1.38	5.60	43.30	14.59	-2.91
	Russell 2000	-4.41	11.65	9.19	6.80	-4.41	4.89	38.82	16.35	-4.18
	Russell 2000 Value	-7.47	9.06	7.67	5.57	-7.47	4.22	34.52	18.05	-5.50
Mid-Cap	Russell Mid Cap Growth	-0.20	14.88	11.54	8.16	-0.20	11.90	35.74	15.81	-1.65
	Standard & Poor's Midcap 400	-2.18	12.76	10.68	8.18	-2.18	9.77	33.50	17.88	-1.73
	Russell Mid Cap Value	-4.78	13.40	11.25	7.61	-4.78	14.75	33.46	18.51	-1.38
Large-Cap	Russell 1000 Growth	5.67	16.83	13.53	8.53	5.67	13.05	33.48	15.26	2.64
	Standard & Poor's 500	1.38	15.13	12.57	7.31	1.38	13.69	32.39	16.00	2.11
	Russell 1000 Value	-3.83	13.08	11.27	6.16	-3.83	13.45	32.53	17.51	0.39
Bon80 /MMF [12]	BarCap US Aggregate Bond	0.55	1.44	3.25	4.51	0.55	5.97	-2.02	4.21	7.84
	BarCap US Credit	-0.77	1.49	4.38	5.18	-0.77	7.53	-2.01	9.37	8.35
	BarCap US MBS	1.51	2.01	2.96	4.64	1.51	6.08	-1.41	2.59	6.23
	BarCap US Government Bond	0.86	1.01	2.77	4.10	0.86	4.92	-2.60	2.02	9.02
	BarCap US Govt 1-3 Yr	0.57	0.53	0.73	2.51	0.57	0.64	0.37	0.51	1.56

Please refer to the Appendix page for additional footnotes

IMPORTANT DISCLOSURES

ADVISED ASSETS GROUP

Footnote Subscript	Disclosure
1	The Overall Rating is derived from the 3, 5 and 10 year net-of-fee performance figures, the 3 and 5 year Sharpe Ratio and the Morningstar Rating.
2	The Long-Term Rolling Analysis accumulates the trailing 12 quarter Overall Ratings and determines a Pass / Fail designation accordingly.
3	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.
4	The Fund Performance Review is a proprietary high level analytical tool that is used to evaluate fund performance and is not intended as an offer or solicitation of securities, or as investment advice.
5	A Percentile Ranking of 100% represents the best in class performance, whereas 0% represents the lowest.
6	MSCI Eafe Ndtr_D: Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world.
7	Please check on the availability of the Great-West product and its Blue Sky status for NAV.
8	MSCI World Ndtr_D: Includes all 23 MSCI developed market countries. Ndtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies.
9	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.
10	Russell 2000: Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.
11	Foreign investments, if part of the fund lineup, involve special risks, including currency fluctuations and political developments.
12	An investment in a Money Market Portfolio/Fund, if part of the portfolio/fund lineup, is not insured or guaranteed by the Federal Deposit Insurance Corporation. Although the portfolio/fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the portfolio/fund.
13	Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
14	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.
15	Index Funds are not provided an overall rating as their objective is to track their respective index, not to outperform managed funds.
16	Russell Midcap 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.
17	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.
18	Russell Midcap 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.
19	Barra Large Cap Growth: Market capitalization-weighted index of the stocks in the Standard & Poor's 500 Index having the lowest book to price ratios. The index consists of approximately half of the S&P 500 on a market capitalization basis.
20	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.
21	Barra Large Cap Value: Market capitalization-weighted index of the stocks in the Standard & Poor's 500 Index having the highest book to price ratios. The index consists of approximately half of the S&P 500 on a market capitalization basis.
22	Barclays Capital Aggregate Bond: Composed of the Barclays Capital Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.
23	Bar Cap 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.
24	Bar Cap Mortgage-Backed: Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA).
25	Bar Cap 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.
26	Bar Cap 1-3 Year Government: 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).

IMPORTANT DISCLOSURES

Footnote Subscript	Disclosure
27	In certain instances the fund shown and the related data is the load waived share class.
28	Investment options available in the plan may be through mutual funds and / or a group fixed annuity contract. 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 fees / expenses are deducted.

APPENDIX A - ADDITIONAL DISCLOSURES

ADVISED ASSETS GROUP

1. An investment in a money market fund, if part of the fund lineup, is not insured or guaranteed by the Federal Deposit Insurance Corporation. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

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 special situations (i.e., turnaround, mergers & acquisitions, etc.).

Alpha is the coefficient that measures the portion of an investment's return arising from non-market or unsystematic risk. In actively managed portfolios, 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 tc 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-backeds, 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.

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 o 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.

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.

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 ab

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.

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.

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 was founded in 1984 to provide investors with useful information for making intelligent, informed investment decisions. The company's first product, originally named the Mutual Fund Sourcebook, proved to be innovative in its ability to tap into an underserved market. Soon a demand grew for an even more in-depth and analytical publication, leading to the launch of Morningstar Mutual Funds in late 1986. Morningstar and Advised Assets Group are separate and unaffiliated. The Morningstar name is a registered mark of Morningstar. Marks used in conjunction with Morningstar products or services are the property of Morningstar or its subsidiaries.

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 Ndtr_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. Ndtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndtr_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 Ndtr_D Includes all 23 MSCI developed market countries. Ndtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndtr_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.

APPENDIX B - GLOSSARY (CONTINUED)

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.

Overall Rating The equal weighted average of the Return Composite and the Sharpe Composite. The Return Composite is the equal weighted average of the 3, 5, and 10 year category return percentiles. The Sharpe Composite is the equal weighted average of the 3 and 5 year category sharpe percentiles.

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.

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.

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 401(k) until you withdraw your money. The money in a 401(k) can grow faster than with other types of savings plans, because the earnings you accumulate, if any, are also tax-deferred.

APPENDIX B - GLOSSARY (CONCLUDED)

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.