AGENDA
IRVINE RANCH WATER DISTRICT
FINANCE AND PERSONNEL COMMITTEE MEETING
MONDAY, SEPTEMBER 19, 2016

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

ATTENDANCE Committee Chair: Peer Swan ____ 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.

6. INFORMATION SERVICES PROJECT STATUS REPORT – MOSSBARGER/CLARY

   Recommendation: Receive and file.

7. FY 2015-16 OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS – BERTSCH, T/SMITHSON/CLARY

   Recommendation: Receive and file

ACTION

8. LONG-TERM DISABILITY, LIFE, AND DEPENDENT LIFE INSURANCE COVERAGE FOR CALENDAR YEAR 2017 – RONIN/RONEY

   Recommendation: That the Board authorize the General Manager to cancel the District's contract with Hartford and contract for the calendar years 2017 through 2019 with Reliance Standard for Group Term Life, Dependent Life, Long-Term Disability, and Accidental Death and Dismemberment coverage.

TREASURY SECTION

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

   Recommendation: Receive and file.

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

   Recommendation: Receive and file.

11. DISCUSSION ITEMS – ALL

   a. Updated investment activities/rates
   b. Cost of new logo implementation

12. Items for discussion at next meeting.

OTHER BUSINESS

13. Directors' Comments

14. Adjournment

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office. The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

September 19, 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.

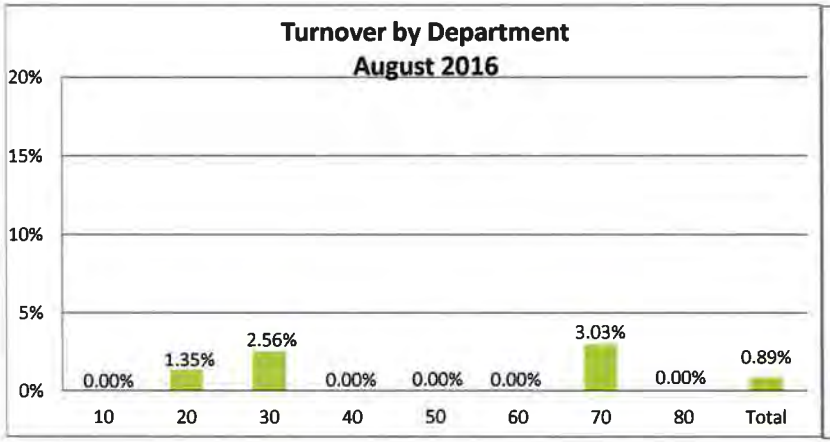
LIST OF EXHIBITS:

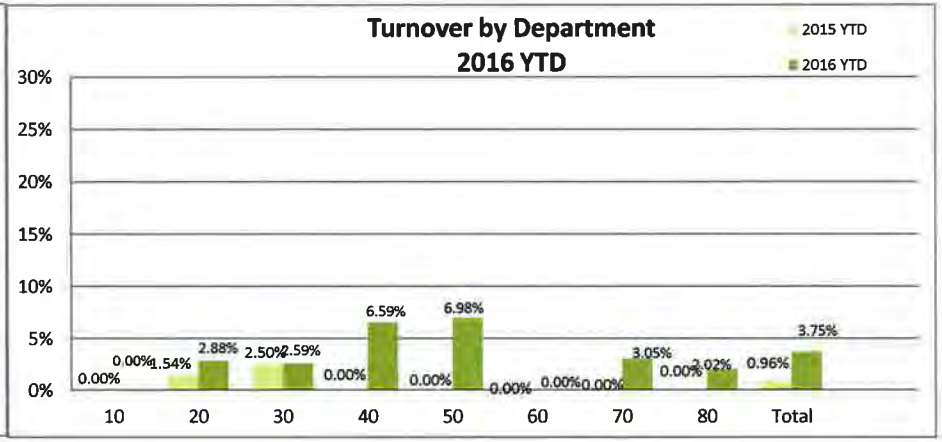
Exhibit "A" - Employee Population/Turnover Status Report

EXHIBIT A

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
August 2016

	@08/01/16	Current Month Activity							@08/31/16		FY 16/17	Avg FYTD	Avg FYTD	Avg FYTD	Internal Turnover		External Turnover	
	Positions	New	Terms		Promo Trnsfr		Lateral Trnsfr		Positions	Positions	Budgeted	Filled Budget	Temp Emp	Total Filled	Current	2016	Current	2016
Dept No	Filled	Hires	Vol	Invol	In	Out	In	Out	Filled	Unfilled	Positions*	Positions	FTE	Positions	Period	YTD	Period	YTD
10P	14.0								14.0	1	15.0	14.0	1.0	15.0	0.00%	0.00%	0.00%	0.00%
20P	74.0	1		1					74.0	6	80.0	75.5	9.6	85.1	0.00%	1.41%	1.35%	4.23%
30P	39.0		1						38.0	4	42.0	39.0	8.3	47.3	0.00%	0.00%	2.56%	5.16%
40P	61.0								61.0	6	67.0	62.0	3.6	65.6	0.00%	1.64%	0.00%	8.20%
50P	42.0								42.0	7	49.0	43.0	2.6	45.6	0.00%	2.33%	0.00%	6.98%
60P	20.0								20.0	0	20.0	20.0	0.4	20.4	0.00%	0.00%	0.00%	0.00%
70P	33.0		1						32.0	4	36.0	33.0	7.5	40.5	0.00%	0.00%	3.03%	6.08%
80P	55.0								55.0	4	59.0	52.5	0.0	52.5	0.00%	1.99%	0.00%	0.00%
Totals	338	1	2	1	0	0	0	0	336.0	32	368.0	339.0	33.1	372.1	0.00%	0.62%	0.89%	4.68%
8/15	314	3	2	1	0	0	0	0	314	29	352.00	307.60	15.00	325.50	0.00%	0.40%	0.96%	0.85%



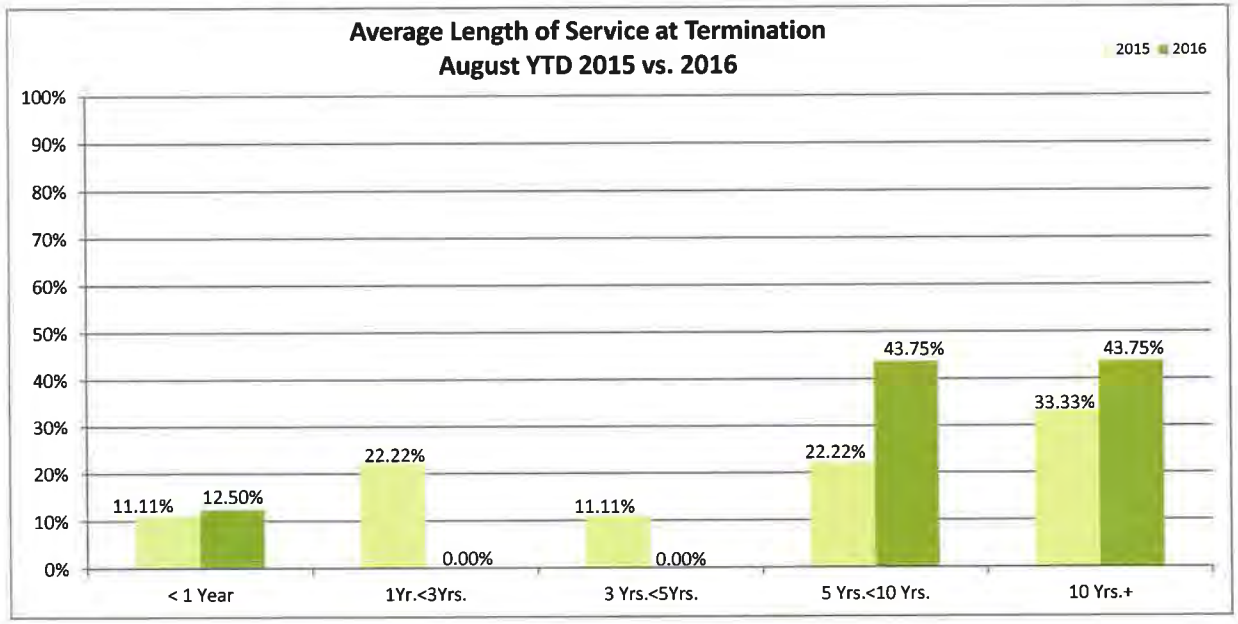


10P-GM, HR, Safety; 20P-Fin., Cust. Serv., IS, Purch.; 30P-Eng.: 40P-Water Ops; 50P-Recycling; 60P-Water Qualty; 70P-Water Res., Pol., Conserv. and Public Affairs; 80P-Maintenance Ops

IRVINE RANCH WATER DISTRICT
TURNOVER STATUS REPORT
August 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			1	1				1						1			1	1
30P				1				1									1	1
40P	1	1		1		1	1										3	2
50P		1				2								1				2
60P																		
70P					1			1									1	1
80P		1															1	
2016 Total	1	3	1	3	1	3	1	3					16	2	0	0	7	7
2015 Data	1	2	1	3	2	4	5	3	2	3	2	2	30					
Percentage of Total Turnover														12.50%	0.00%	0.00%	43.75%	43.75%

2016 Average YTD Length of Service at Termination	12.23 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
August 2016

NEW HIRES

Hire	Dept	Employee Name	Position	Comments
08/27/16	20P	Alan Hoetker	Mailroom Coordinator	

TERMINATIONS

Termination Date	Dept	Employee Name	Position	Reason	Comments
08/04/16	20P			Invol.	Released during probation
08/23/16	70P			Vol.	Other employment

RETIREMENTS

Effective Date	Departing Dept	Employee Name	Position	Reason	Comments
08/01/16	30P	Anita Arant	Engineering Technician III	Vol.	Retired

PROMOTIONS

Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
07/25/16	30P	Chris Kessler	Associate Engineer	30P	Engineer
07/25/16	30P	Joe McGehee	Associate Engineer	30P	Engineer
07/25/16	30P	Belisario Rios	Associate Engineer	30P	Engineer
08/01/16	70P	Noah Fehser	Sr. Recycled Water Specialist	70P	Recycled Water Project Specialist
08/13/16	40P	Omar Escobar	Water Maintenance Technician II	40P	Water Maintenance Technician III
08/15/16	40P	Nick Coleman	Water Maintenance Technician I	40P	Water Maintenance Technician II

TRANSFERS

Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
08/01/16	40P	Diego Martinez	Water Maintenance Technician I (FS)	40P	Water Maintenance Technician I (CS)

CROSS TRAINING

Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
05/21/16	20P	Frank Tessers, Jr.	Mailroom Coordinator	20P	Support Specialist
06/04/16	50P	Wayne Sidlin	Operator II (MWRP)	50P	Operator II (LARP)
08/27/16	30P	Barkev Meserlian	Engineer	80P	Asset System Manager

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
August 2016

UNFILLED POSITIONS			
Dept	**Position**	**Salary Grade**	**Comments**
10P	Safety Specialist	15.N	
20P	Customer Service Specialist I	13.N	Interviews scheduled for 9-6 & 9-8
20P	Customer Service Specialist I	13.N	Interviews scheduled for 9-6 & 9-8
20P	Customer Service Specialist II	17.N	Interviews scheduled for 9-14
20P	Customer Service Specialist III	21.N	
20P	Office Specialist	15.N	
20P	Applications Analyst	U15.E	Filled by a consultant
30P	GIS Technician I	20.N	Second round of interviews scheduled
30P	Construction Inspector II	28.N	Posting closes 8-31
30P	Development Services Supervisor	U10.E	Interviews conducted on 8-18
30P	Associate Engineer	14.E	
40P	Water Maintenance Technician II	22.N	
40P	Water Maintenance Technician II	22.N	
40P	Cross Connection Control Specialist	24.N	
40P	Water Maintenance Technician III	26.N	Interviews scheduled for 8-8
40P	Operator II	29.N	
40P	Water Maintenance Supervisor	U31.N	
50P	Collection Systems Technician II	20.N	
50P	Collection Systems CCTV Technician	25.N	Pending decision
50P	Operator III	29.N	Selected candidate, waiting for approval
50P	Operator III	29.N	Candidate declined
50P	Operator III	29.N	Candidate declined
50P	Operations Supervisor	35.N	
50P	Automation Manager	U17.E	
70P	Water Efficiency Specialist	24.N	
70P	Sr. Recycled Water Specialist	27.N	Interviews scheduled for 7-26
70P	Sr. Water Efficiency Specialist	29.N	Pending panel decision
70P	Public Affairs Analyst	10.E	
80P	Electrical Technician	28.N	
80P	Analyst	10.E	
80P	Asset System Manager	U17.E	
80P	Electrical & Instrumentation Manager	U17.E	

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
August 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		50P	001149	6/27/2014	9/29/2016	26 Months	
WC	WC	WC/LTD	50P	001341	4/30/2015	9/16/2016	15 Months	WC Claim
FMLA/CFRA	SDI		80P	001572	9/18/2015	9/18/2016		Intermittent
FMLA/CFRA	PFL		10P	000870	12/8/2015	12/31/2016		Intermittent
FMLA/CFRA	PFL		70P	001445	2/2/2016	2/2/2017		Intermittent
FMLA/CFRA	WC		40P	001601	6/16/2016	8/22/2016	10 Weeks	
DL/FMLA/CFR	SDI		10P	002059	7/8/2016	11/8/2016	7 Weeks	
DL/FMLA/CFR	SDI		20P	002000	7/11/2016	11/11/2016	7 Weeks	
FMLA/CFRA	SDI		80P	000857	7/19/2016	9/1/2016	6 Weeks	
FMLA/CFRA	PFL		20P	002158	8/1/2016	12/31/2016		Intermittent
DL/FMLA/CFR	SDI		10P	001971	8/1/2016	12/31/2016		

Leave	**Original Status**	**Final Status**	**Dept. No.**	**Claim #**	**Date Leave Began**	**Anticipated Return Date**	**Expected Length**	**Actual Return Date**	**Comments**
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
Extended LOA	SDI	Unpaid	80P	001640	8/1/2013	2/22/2016	32 Months	02/22/16	Resigned
FMLA	SDI	SDI	70P	002017	1/18/2016	3/8/2016	7 Weeks	03/08/16	Returned
FMLA	WC	WC	40P	001843	11/9/2015	3/23/2016	5 Months	03/23/16	Returned
FMLA	SDI	SDI	80P	001572	2/29/2016	3/28/2016	5 Weeks	03/28/16	Returned
FMLA	PFL	PFL	30P	001876	2/21/2016	4/4/2016	6 Weeks	04/04/16	Returned
FMLA	WC	WC/LTD	40P	001401	5/12/2015	4/6/2016	11 Months	04/06/16	Returned
FMLA	SDI	SDI	20P	001718	1/15/2016	4/19/2016	3 Months	04/19/16	Returned
FMLA	PFL	PFL	80P	001896	4/4/2016	4/18/2016	2 Weeks	04/18/16	Returned
FMLA	SDI	PFL	30P	001787	11/23/2015	4/23/2016	4 Months	04/20/16	Resigned
FMLA	SDI	SDI	70P	001303	4/15/2016	5/9/2016	2 Weeks	05/09/16	Returned
FMLA	SDI	PFL	10P	001869	2/20/2016	5/31/2016	10 Weeks	05/31/16	Returned
CFRA	PFL	PFL	70P	001779	5/23/2016	5/27/2016	1 Week	05/30/16	Returned
FMLA	SDI	SDI/LTD	80P	001880	8/18/2015	6/6/2016	9 Months	06/06/16	Returned
FMLA	SDI	SDI	80P	001375	4/21/2016	6/6/2016	1 Month	06/06/16	Returned
FMLA	SDI	PFL	60P	001895	2/12/2016	6/20/2016	4 Months	06/20/16	Returned
FMLA	WC	WC	40P	000875	2/9/2016	6/19/2016	4 Months	07/04/16	Retired
FMLA	PFL	PFL	70P	002062	6/17/2016	7/5/2016	2 Weeks	07/05/16	Returned
FMLA	S/V	Sick/Vac.	80P	001896	7/5/2016	7/17/2019	2 Weeks	07/18/16	Returned
FMLA/CFRA	SDI	SDI	60P	001533	7/13/2016	7/27/2016	2 Weeks	07/28/16	Returned
FMLA./CFRA	PFL	PFL	70P	002062	7/23/2016	8/2/2016	1 Week	08/01/16	Returned
CFRA	PFL	PFL	70P	001779	5/23/2016	5/27/2016	1 Week	05/30/16	Returned
FMLA/CFRA	SDI	SDI	70P	001303	6/2/2016	8/15/2016	1 1/2 Weeks	08/15/16	Returned

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
August 2016

Month	Dept	Length of Employment	Termination		Comments
			Vol	Invol	
January	40P	5 Years, 2 Months		X	
February	50P	1 Week	X		Returned to previous employer
	40P	16 Years, 5 Months	X		Retired
	80P	8 Years, 7 Months	X		Resigned
March	20P	12 Years, 11 Months	X		Retired
April	20P	19 Years, 6 Months		X	
	30P	5 Years	X		Resigned
	40P	8 Years, 9 Months	X		Resigned
May	70P	28 Years, 7 Months	X		Retired
	50P	6 Months		X	Released from probation
June	50P	25 Years, 2 Months	X		Retired
	40P	6 Years	X		Relocated
July	40P	26 Years, 2 Months	X		Retired
August	30P	26 Years, 4 Months	X		Retired
	20P	11 Months		X	Released from probation
	70P	5 Years, 4 Months	X		Other employment
September					
October					
November					
December					

IRVINE RANCH WATER DISTRICT
SUMMARY OF TEMPORARY AND CONTRACT EMPLOYEES
July 2016
ACTIVE EMPLOYEES

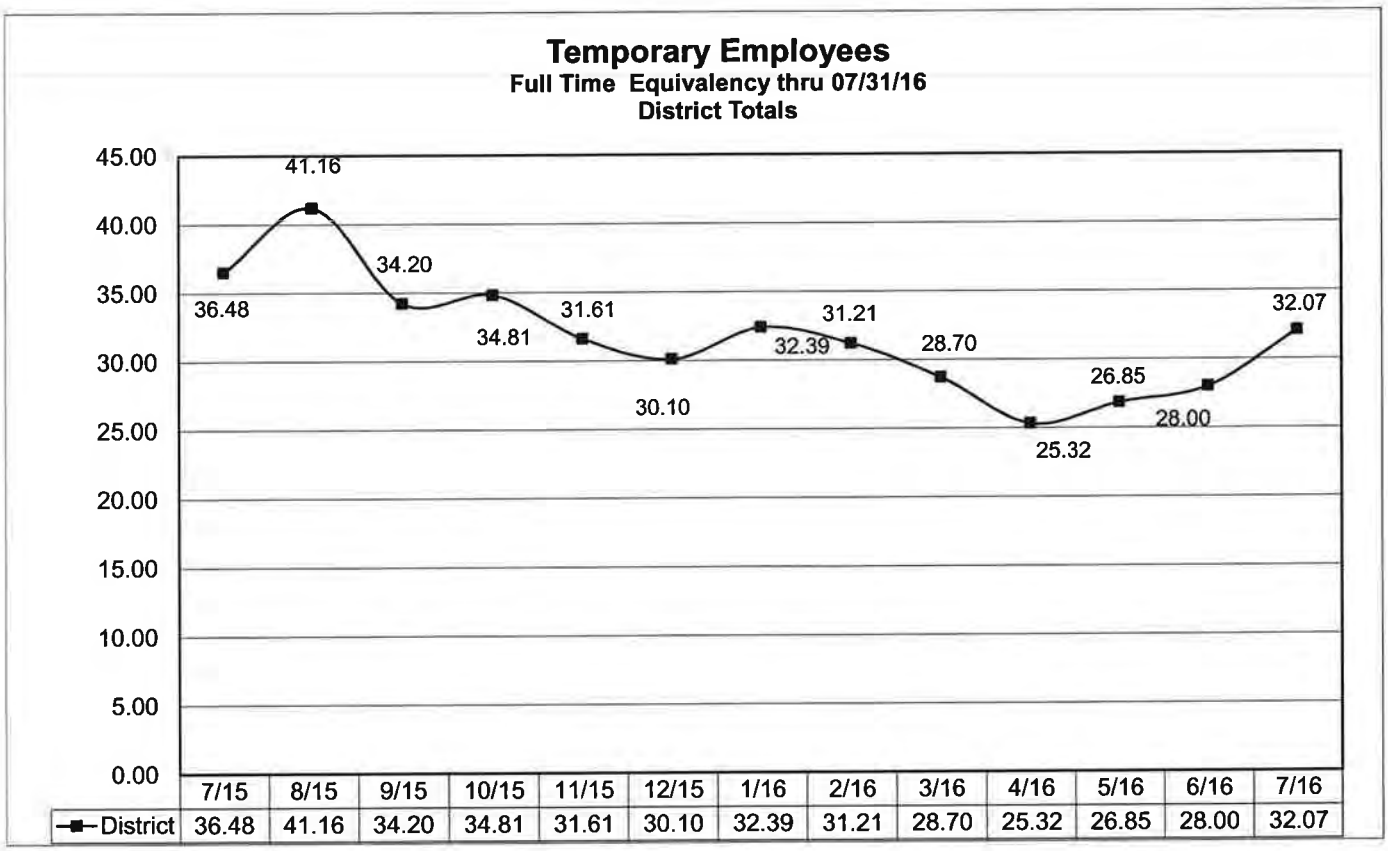
Current Month FTE	Avg FYTD Temp Emp FTE	Active PERS Y/N *	Agency	Dept	Hire Date	Term Date	Classification	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FY' YTD	Actual Cost FY 'YTD
1.00	1.00	Yes		130	1/29/2014		Full Time	21.00	168	3,528.00	8	1	3,528.00	3,528.00
1.00	**1.00**			**10P**										
0.68	0.68	No	X	210	5/24/2016		Full Time	75.95	168	12,759.60	6	1	12,759.60	8,696.28
1.00	1.00	Yes		220	10/16/2012		Full Time	17.00	168	2,856.00	1	1	2,856.00	3,200.25
0.80	0.80	Yes		220	6/1/2015		Full Time	26.12	168	4,388.16	6	1	4,388.16	3,542.53
0.94	0.94	Yes		220	7/13/2015		Full Time	26.12	168	4,388.16	6	1	4,388.16	4,237.97
0.97	0.97	Yes		220	8/24/2015		Full Time	26.12	168	4,388.16	6	1	4,388.16	4,420.81
0.85	0.85	No	X	220	3/21/2016		Full Time	26.12	168	4,388.16	6	1	4,388.16	3,839.51
0.57	0.57	No	X	220	6/14/2016	7/13/2016	Full Time	32.30	168	5,426.40	6	1	5,426.40	3,100.80
0.93	0.93	Yes		220	3/3/2014		Full Time	20.84	168	3,501.12	12	1	3,501.12	3,318.77
1.00	1.00	Yes		220	5/11/2015		Full Time	28.95	168	4,863.60	12	1	4,863.60	59,246.18
1.00	1.00	No	X	220	2/16/2016		Full Time	28.95	168	4,863.60	12	1	4,863.60	5,949.23
0.85	0.85	No	X	240	5/31/2016		Full Time	27.72	168	4,656.96	11	1	4,656.96	3,963.96
9.60	**9.60**			**20P**										
0.85	0.85	Yes		300	6/20/2015		Full Time	35.35	168	5,938.80	12	1	5,938.80	5,019.70
0.85	0.85	Yes		300	6/20/2015		Full Time	35.35	168	5,938.80	12	1	5,938.80	5,019.70
0.85	0.85	Yes		300	6/20/2015		Full Time	24.23	168	4,070.64	12	1	4,070.64	3,440.66
0.71	0.71	EXC		300	6/1/2015	8/19/2016	Part Time	15.00	84	1,260.00	0.5	0.5	630.00	1,800.00
0.85	0.85	EXC		300	6/22/2015		Part Time	16.00	84	1,344.00	12	1	1,344.00	2,272.00
0.64	0.64	EXC		300	5/23/2016		Part Time	15.00	84	1,260.00	12	1	1,260.00	1,605.00
0.98	0.98	No	X	300	5/23/2016		Full Time	30.32	168	5,093.76	6	1	5,093.76	5,002.80
0.85	0.85	EXC		300	6/20/2016		Part Time	15.00	84	1,260.00	12	1	1,260.00	2,130.00
0.90	0.90	EXC		300	6/20/2016		Part Time	15.00	84	1,260.00	12	1	1,260.00	2,265.00
0.88	0.88	EXC		300	6/20/2016		Part Time	15.00	84	1,260.00	12	1	1,260.00	2,227.50
8.34	**8.34**			**30P**										
0.90	0.90	No	X	430	5/28/2015		Full Time	20.00	168	3,360.00	6	1	3,360.00	3,020.00
0.90	0.90	Yes		430	10/26/2015		Full Time	19.14	168	3,215.52	6	1	3,215.52	2,890.14
0.89	0.89	No	X	425	5/31/2016		Full Time	29.19	168	4,903.92	6	1	4,903.92	4,378.50
0.96	0.96	No	X	430	6/21/2016		Full Time	29.19	168	4,903.92	3	1	4,903.92	4,823.65
3.65	**3.65**			**40P**										
0.51	0.51	EXC		515	6/20/2016		Part Time	19.00	84	1,596.00	12	1	1,596.00	1,634.00
0.64	0.64	EXC		515	6/20/2016		Part Time	16.00	84	1,344.00	12	1	1,344.00	1,712.00
0.44	0.44	EXC		515	6/27/2016		Part Time	16.00	84	1,344.00	12	1	1,344.00	1,184.00
1.59	**1.59**			**50P**										
0.38	0.38	EXC		630	7/18/2016		Part Time	14.00	84	1,176.00	12	1	1,176.00	882.00
0.38	**0.38**			**60P**										
0.88	0.88	Yes		710	5/8/2014	9/2/2016	Full Time	26.49	168	4,450.32	6	1	4,450.32	3,894.03
0.93	0.93	Yes		710	6/8/2015		Full Time	26.49	168	4,450.32	6	1	4,450.32	4,198.67
0.77	0.77	Yes		710	6/8/2015		Full Time	26.49	168	4,450.32	6	1	4,450.32	3,430.46
0.90	0.90	Yes		710	6/29/2015		Full Time	26.49	168	4,450.32	6	1	4,450.32	4,039.73
0.53	0.53	EXC		710	6/29/2015		Part Time	14.00	84	1,176.00	12	1	1,176.00	1,246.00
0.56	0.56	No	X	710	12/14/2015	8/31/2016	Full Time	33.62	168	5,648.16	2	1	5,648.16	3,168.69
0.24	0.24	No	X	710	12/14/2015	7/15/2016	Full Time	33.62	168	5,648.16	2	0.5	2,824.08	1,344.80
0.84	0.84			720	7/5/2016		Full Time	20.00	168	3,360.00	6	1	3,360.00	2,820.00
0.65	0.65	Yes		730	8/13/2015		Part Time	19.80	84	1,663.20	12	1	1,663.20	2,168.10
0.58	0.58	Yes		730	8/13/2015		Part Time	19.00	84	1,596.00	12	1	1,596.00	1,862.00
0.62	0.62	No	X	730	11/23/2015		Part Time	19.80	84	1,663.20	12	1	1,663.20	2,059.20
7.50	**7.50**			**70P**										
0.00	0.00													
0.00	**0.00**			**80P**										
32.05	**32.05**													

IRVINE RANCH WATER DISTRICT
SUMMARY OF TEMPORARY AND CONTRACT EMPLOYEES
July 2016
TERMINATED TEMPORARY EMPLOYEES

Current Month FTE	Avg FYTD Temp Emp FTE	Active PERS Y/N *	Agency	Dept	Hire Date	Term Date	Classification	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FYTD	Actual Cost FYTD
0.00	0.00			10P										
0.00	0.00			20P										
0.00	0.00			30P										
0.00	0.00			40P										
0.91	1.00	Yes		840	9/28/2015	7/4/2016	Full Time	30.59	168	5,139.12	0.25	0.1	513.91	45,854.41
0.00	0.00			50P										
0.00	0.00			60P										
0.00	0.00			70P										
0.00	0.00			80P										
	0.00												146,153.11	234,436.99

RET = Retired Annuitant working less than 960 hrs/yr/No=Temporary Employee not enrolled in PERS Membership
EXC = Exclude by PERS Contract / Yes= Temporary employee enrolled in PERS Membership

* Temporaries are reported 30 days in arrears


Temporary Employees
Full Time Equivalency thru 07/31/16
District Totals
45.00
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
41.16
34.20
36.48
34.81
31.61
30.10
32.39
31.21
28.70
25.32
26.85
28.00
32.07
7/15 8/15 9/15 10/15 11/15 12/15 1/16 2/16 3/16 4/16 5/16 6/16 7/16
District 36.48 41.16 34.20 34.81 31.61 30.10 32.39 31.21 28.70 25.32 26.85 28.00 32.07

September 19, 2016
Prepared by: Tony Mossbarger
Submitted by: Cheryl Clary
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

INFORMATION SERVICES PROJECT STATUS REPORT

SUMMARY:

Attached in Exhibit "A" is a list of projects on which Information Services staff is currently working. Also attached in Exhibit "B" is a summary of the costs for Oracle software, hardware, and implementation for the Financial System and Utility Billing System replacement projects.

FISCAL IMPACTS:

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

ENVIRONMENTAL COMPLIANCE:

Not Applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Information Services Project Status Report
Exhibit "B" – Oracle Cost Summary

Exhibit A

Information Services Project Status Report
Five Month Update as of August 2016

Fiscal Year Initially Budgeted	Project Name	Project Summary	Schedule		Project Budget	Status
15/16	IRWD Enterprise – Hardware and Software Upgrades	Replace hardware based on replacement policy. Upgrade software as hardware is replaced.	Start **Completed**	7/15 6/16	$1,141,400	Hardware replacements are 100% complete.
12/13	Enterprise Asset Management (EAM) System Pre-implementation Activities.	Conduct EAM strategic planning; develop enterprise standards, asset definition, criticality rating, data collection, business process development, and implementation RFP.	Start **Completed**	5/14 8/16	$957,800	Operations staff is working with a consultant on pre-implementation activities. The RFP for implementation services was completed and issued in August 2016 and responses are due in early September 2016.
14/15	Enterprise Asset Management (EAM) System Implementation	Replace existing work orders and maintenance management systems with EAM system as recommended in the Applications Strategic Plan.	Start Completion	1/17 12/18	$4,853,000 (estimate)	Target start date for implementation has been revised from October 2016 to January 2017 to reflect the current projected implementation schedule.

Exhibit A

Information Services Project Status Report
Five Month Update as of August 2016

Fiscal Year Initially Budgeted	Project Name	Project Summary	Schedule		Project Budget	Status
13/14	Oracle Financials Upgrade, Improvement District (ID) Consolidation, and Project Management Implementation	Upgrade Oracle Financial application to latest version, implement the software changes required to accommodate the consolidation of ID's and simplification of existing implemented modules, and implement the project management module.	Start Completion	3/16 2/17	$4,185,600	KPMG and Project Partners are working on the project. System Integration Testing (SIT) is scheduled for early September 2016, User Acceptance Testing (UAT) for October 2016, and Go-Live is scheduled for December 2016. Post Go-Live support will be provided through February 2017.
14/15	Identity and Password Management Software Upgrade	Replace the existing software used to manage user passwords and identity across all of the Districts applications and systems. Existing software needs to be replaced with software that integrates with Oracle applications and systems.	Start Completion	5/14 10/16	$105,000	Configuration of the software and testing is complete. Several features such as Self Service Password Reset have been implemented. Pilot for single sign-on is in process. Based on the updated schedule, the target completion date has been revised from June 2016 to October 2016.

Exhibit A
Information Services Project Status Report
Five Month Update as of August 2016

Fiscal Year Initially Budgeted	Project Name	Project Summary	Schedule		Project Budget	Status
14/15	Operational Database for Reporting	Implement an operational database that will store collected data for reporting and analysis.	Start Completion	1/15 10/16	$315,000	Operations staff is working with Hach to implement the system. Based on the updated schedule, the target completion date has been revised from June 2016 to October 2016.
15/16	Document Image Management Software (WebDocs) Upgrade	Upgrade the District's document image management software. The upgrade will facilitate the move from the District's legacy IBM AS/400 to a Microsoft Windows Server system.	Start Completion	4/16 10/16	$45,000	The upgrade and migration of the document management system is in process. Based on the updated schedule, the target completion date has been revised from June 2016 to October 2016.

Exhibit A

Information Services Project Status Report
Five Month Update as of August 2016

Fiscal Year Initially Budgeted	Project Name	Project Summary	Schedule		Project Budget	Status
15/16	Technology Opportunity Assessment	Hire a consultant to conduct an assessment of the District's Information Technology Infrastructure. Identify potential opportunities for improved utilization and efficiency.	Start Completion	4/16 11/16	$62,325	Nexlevel Information Technology, Inc. has delivered the draft assessment and staff is reviewing. Based on the updated schedule, the target completion date has been revised from July 2016 to November 2016.
15/16	Utility Bill Re-Design	Staff is conducting a complete de-design of the utility bill. The process includes conducting focus groups with customers and reviewing the entire bill print and delivery process	Start Completion	10/15 4/17	$200,000 (estimate)	Staff has developed new bill formats. Customer focus groups were held in early April 2016. Staff is incorporating customer feedback into the bill design. The proposed design is scheduled for review by the WRP committee in October 2016. Estimate was not included in the FY 16/17 General Plant Budget.
16/17	IRWD Enterprise – Hardware and Software Upgrades	Replace hardware based on replacement policy. Upgrade software as hardware is replaced.	Start Completion	7/16 6/17	$701,500	Approved in FY 16/17 General Plant Budget.

Exhibit A

Information Services Project Status Report
Five Month Update as of August 2016

Fiscal Year Initially Budgeted	Project Name	Project Summary	Schedule		Project Budget	Status
16/17	Network Equipment Replacement	Replace network equipment hardware based on end of vendor support.	Start Completion	7/16 6/17	$471,500	Approved in FY 16/17 General Plant Budget.
16/17	Debt and Investment Management Software	Purchase and Implement Debt and Investment Management Software.	Start Completion	7/16 6/17	$65,000	Approved in FY 16/17 General Plant Budget.
16/17	Invoice Scan and Capture Software Replacement	Purchase and Implement replacement Invoice Scan and Capture Software.	Start Completion	1/17 6/17	$48,000	Approved in FY 16/17 General Plant Budget.
16/17	Network Infrastructure Security Assessment	Conduct a network security assessment to identify vulnerabilities and risks to the IRWD network infrastructure environment.	Start Completion	1/17 6/17	$30,000	Approval in FY 16/17 Expense Budget.

Exhibit B
Oracle Cost Summary
Through August 2016

	Budget	Expended to Date
One Time Expenditures:		
Oracle Financial Implementation (Includes software application licenses and hardware)	$7,264,200	$7,264,200
Oracle Customer Care & Billing Implementation (Includes software application licenses, hardware, and Unlimited License Agreement (ULA) for technology licenses 5/2011 to 5/2014)	$11,565,400	$11,335,926
Oracle Business Intelligence Software Upgrade	$492,800	$492,800
Oracle Financial System Version Upgrade, ID Consolidation Changes, and Project Management Implementation	$4,185,600	$1,024,000
Total Capital Expenditures	$23,508,000	$20,116,926
Extension to ULA for technology licenses (5/2014 to 11/2017)		$1,373,774
Total One Time Expenditures		$21,490,700
Ongoing Annual Expenses*:		
Annual Oracle Software and Support Maintenace for FY 2016-17. (585006)	$1,595,700	
Managed Services contract with Infosys for Oracle Customer Care & Billing (CC&B) for FY 2016-17. (585007)	$375,000	

* On-call Services for Database Administration, Programming and Analysis, and the additional four full time positions added to Information Services are not included.

September 19, 2016
Prepared by: Tina Bertsch/Christopher Smithson
Submitted by: Cheryl Clary
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

FY 2015-16 OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS

SUMMARY:

Staff has prepared an analysis of the unaudited operating statements through the fourth quarter Fiscal Year (FY) 2015-16, as follows:

- Actual to budget and forecast comparison of operating expenses, attached as Exhibit "A";
- Actual to budget comparison of revenue and expense for the water, sewer, and recycled water systems, attached as Exhibit "B"; and
- Actual to budget and forecast comparison of non-operating revenues and expenses, attached as Exhibit "C".

For FY 2015-16, overall expenses totaled $131.8 million versus a budget of $140.4 million. Exhibit "A" also includes a comparison of the full year forecast to actual expenses. Actual expenses were below the forecast by $1.8 million.

Based on system revenues and expenses shown on Exhibit "B", net operating revenues is under budget by $2.0 million and expenses were under budget by $4.0 million, resulting in a positive net operating position of $2.0 million through FY 2015-16.

As shown on Exhibit "C", actual net non-operating revenues and expenses were $85.3 million versus a budget of $55.1 million and a forecast of $ 70.2 million.

Significant variances greater than $0.25 million are discussed below.

BACKGROUND:

Overall Operating Expenses:

Overall operating expenses were under budget by $8.6 million or 6.1% and under the forecast by $1.8 million or 1.4%. Exhibit "A" is a summary of actual to budget and forecast expenses by major category. Noteworthy variances to budget and forecast include:

- Regular labor was budgeted to account for unfilled vacancies resulting in regular labor being only slightly under budget. The unfilled vacancies for work required to be performed were not budgeted but covered primarily by contract labor resulting in contract labor exceeding budget by $1.2 million.
- The cost of water was under budget by $5.9 million (17.0%). The net forecast was less than projected by $0.9 million. Total sales were under budget by 7,096 acre feet, primarily in the recycled water system as described below.

Cost of Water Executive Summary

Treated System – Imported water purchases were down due to the use of ground water. Cost Impact: $0.3 million less than budget.

Untreated System – Sales were under budget and imported water purchases were reduced due to less supplemental demand. Cost Impact: $0.5 million less than budget.

Recycled System – Lower than expected sales resulted in a reduction in the use of supplemental water. Cost Impact: $5.1 million less than budget.

A more thorough discussion of the water system follows:

- For the treated potable system, sales were under budget by 514 acre feet. Imported water was under budget by 1,692 acre feet while pumped groundwater was 1,960 acre feet over budget primarily from additional pumping in Wells 21 & 22. This resulted in the potable cost of water falling below budget by $0.3 million.

	Treated					
	Acre Feet			Millions		
	Actual	Budget	Variance	Actual	Budget	Variance
Imported/ Supplemental	10,438	12,130	1,692	$12.0	$13.5	$1.5
Pumped	42,194	40,234	(1,960)	13.7	12.5	(1.2)
Native/ Produced	-	-	-	-	-	-
Total	52,632	52,364	(268)	25.7	26.0	0.3
Lost and Process Water	(3,568)	(2,786)	782	-	-	-
Sales/Cost of Sales	*49,064*	*49,578*	*514*	$25.7	$26.0	$0.3

- For the untreated non-potable system, sales were under budget by 1,145 acre feet due primarily to reduced agriculture demands.

	Non-Potable (untreated)					
	Acre Feet			Millions		
	Actual	Budget	Variance	Actual	Budget	Variance
Imported/ Supplemental	1,526	12,216	10,690	$1.9	$7.8	$5.9
Native Evaporated	-	-	-	-	-	-
Native/ Produced	1,031	-	(1,031)	-	-	-
Native Trsf to Rcycld	-	-	-	-	-	-
Imported Trsf to Rcycld	(957)	(9,404)	(8,447)	(0.6)	(6.1)	(5.5)
Total	1,600	2,812	1,212	1.3	1.7	0.4
Lost Water	(60)	(127)	(67)	-	-	-
Sales/Cost of Sales	*1,540*	*2,685*	*1,145*	$1.3	$1.7	$0.4

- The Recycled Water system sales were under budget by 5,437 acre feet. Our recycled customers responded to the water efficiency messaging and reduced overall demands in this system. As a result, supplemental water usage was reduced significantly with

demands being met with less expensive sources that include recycled storage and additional pumped groundwater.

	Recycled					
	Acre Feet			Millions		
	Actual	Budget	Variance	Actual	Budget	Variance
Imported/ Supplemental	1,321	9,692	8,371	$0.9	$6.4	$5.5
Pumped	4,438	2,900	(1,538)	$1.2	$0.9	($0.3)
Produced/ Storage	***23,110***	22,301	(809)	-	-	-
Total	28,869	34,893	6,024	2.1	7.3	5.2
Lost and Process Waste	(1,496)	(2,083)	(587)	-	-	-
Sales/Cost of Sales	*27,373*	*32,810*	*5,437*	$2.1	$7.3	$5.2

- Electricity was under budget by $4.6 million (28.0%) and lower than forecast by $0.9 million (7.3%). The variance is due to system wide reduced pumping, a mid-year unbudgeted SCE rate reduction, a delay in the start-up of Michelson Water Recycling Plant UV and the Baker Water Treatment Plant, a DATS shutdown for required maintenance as well as a planned cost recovery associated with the Buena Vista site which was billed in the prior year ($0.3 million).
- Operating Supplies were under budget by $0.6 million (45.5%). This is due to the overhead allocation true-up which adjusts inventory to actual and decreases operating supplies expense.
- Repairs & Maintenance – Orange County Sanitation District (OCSD) and Others was over budget by $1.6 million (11.0%) and under forecast by $0.4 million. This is due to a $50.0 million payment in FY 2015-16 by OCSD to the Orange County Employee Retirement System (OCERS) to reduce their unfunded pension obligation of which the Irvine Ranch Water District's allocable portion is $1.6 million. The appropriateness of the charge has been reviewed with OCSD and the District anticipates receiving a credit in FY 2015-16 for amounts overbilled for FY 2014-15 and 2015-16.
- Data Processing is over budget by $0.3 million (11.9%). The variance is due to increased managed support services for the Oracle utility billing system (CC&B).
- Personnel Training is under budget by $0.3 million (27.3%). The two significant categories contributing to the lower expenditures were personnel training and personnel memberships.
- Conservation is over budget by $0.6 million (35.4%) and $0.3 million over forecast or 14.7%. Additional funding for the turf rebate program was approved by the board but is not reflected in the current year budget.

Summary of System Actual to Budget Performance:

Exhibit "B" shows a detailed comparison of actual to budgeted revenue and expenses by system for FY 2015-16. The Exhibit was changed this year to segregate the sewer and recycled systems as was presented in the Cost of Service Study and Operating Budget. Expenses are summarized into direct, indirect, general plant, marsh, natural treatment system and conservation. Exhibit

"B" continues to include a reconciliation of system operating expenses to consolidated expenses included in Exhibit "A".

The net operating variance to budget for the consolidated District (all systems) was positive by $2.0 million. Net revenues fell below budget by $2.0 million (1.7%) and total expenses were under budget by $4.0 million (3.3%). Variances by system are explained below.

Potable and Untreated Water Systems:

The net operating variance to budget for the water system was positive by $3.9 million. Net revenues exceeded budget by $3.8 million (5.7%) and total expenses were on target.

Commodity revenue, excluding over allocation, exceeded budget by $3.3 million (treated and untreated). Fixed service revenue exceeded budget by $2.3 million (7.7%). Fixed service revenue for both single family and multi-family customers is higher than budgeted, due to higher growth than anticipated. Over allocation revenue exceeded budget by $0.6 million (8.3%) due to sales for over allocation tiers exceeding budget by 1,214 acre feet. The District did not utilize the budgeted rate stabilization fund (non-rate generated revenue) during the year.

Direct expenses were under budget by $1.4 million (3.0%) due primarily to a decrease in the cost of imported water resulting from the reduced usage as detailed below:

	Expense Variance (millions)
Imported Purchases	$2.0
Clear and Process Wells	(0.7)
Total Cost of Water	$1.3

Water banking expense fell below budget by $0.4 million due to costs associated with the Buena Vista site that occurred in FY 2014-15 ($0.3 million) but were budgeted in FY 2015-16.

Indirect expenses were under budget by $0.9 million. General and Administrative expense (G & A) was under budget due primarily to labor falling below budget for the treated system.

Conservation expense was over budget by $2.2 million due primarily to the unbudgeted turf removal program which is funded from the conservation fund.

Sewer System:

The net operating variance for the sewer system was over budget by $3.0 million. Net revenues exceeded budget by $0.8 million (2.8%) and total expenses exceeded budget by $3.8 million (13.3%).

Fixed service revenue exceeded budget by $1.5 million (3.2%). Service revenue for both single family and multi-family customers is higher than budgeted, due to a higher growth than anticipated.

Direct expenses exceeded budget by 3.2 million (14.8%) with the OCSD O&M pension contribution being the primary cause of the variance as previously discussed. Operations exceeded budget by $0.7 million or 8.5% due to in house and contract labor exceeding budget by $0.6 million. Indirect expenses, primarily allocated G&A exceeded budget by $0.6 million due to direct labor exceeding budget and burden being a product of labor.

Recycled Water System:

The net operating variance to budget for the recycled water system was positive by $1.1 million. Net revenues fell below budget by $6.7 million (24.9%) which were more than offset by lower expenses which were under budget by $7.7 million (28.9%).

Commodity revenue for recycled water sales fell well below budget by $2.5 million (15.2%) due to recycled sales falling 5,437 acre feet below budget. Our recycled customers responded to the water efficiency messaging and reduced overall demands in this system. Fixed service revenue was on budget. Over allocation revenue was below budget by $3.7 million (85.2%) as sales for over allocation tiers were under budget by 4,043 acre feet. The District did not utilize the budgeted rate stabilization fund (non-rate generated revenue) during the year.

Direct expenses were under budget by $7.9 million (37.6%). This variance was driven primarily by lower imported purchases as detailed below due to lower demands.

	Expense Variance (millions)
Imported Purchases	$5.5
Tertiary Treatment	0.6
Total Cost of Water	$6.1

Summary of Non-Operating Actual-to-Budget Expense:

Exhibit "C" provides a detailed comparison of actual to budget and forecast for FY 2015-16 and significant variances greater than $0.25 million are discussed below.

Non-Operating Income/Expenses:

The net non-operating variance to budget was positive $30.2 million. Revenues were over budget by $21.3 million and expenses under budget by $8.9 million. The net forecast was higher than projected by $15.1 million (17.7%). Key budget variances greater than $0.25 million are as follows:

	Variance (millions)
Property tax income was $2.8 million above budget and $1.7 million under forecast The budget variance is due to higher than anticipated OCSD property tax revenue (1%) related to the Irvine Business Complex. The forecast was based on annualized actuals through Q3	$2.8
Connection fees exceeded budget and forecast due to higher growth, which resulted in more connection fees than anticipated	10.1
Real estate income exceeded budget and forecast due to higher lease rates and lower vacancies than expected at the District's residential investment properties	0.5
Real estate fair value change was an unbudgeted item therefore above budget due to new accounting standards which require real estate investments be recorded at fair market value. The amount is associated with the increase for 1 year FY 2015-16	5.6
Other income was above budget but met forecast. The variance to budget is due to higher than anticipated revenue from plan check fees	2.3
Interest Expense was under budget and forecast due to lower than anticipated interest rates on variable rate debt, the postponed debt issue and unbudgeted capitalized interest	7.4
Real Estate Expense was under budget and forecast due to the fact depreciation expense was budgeted/forecasted but is no longer applicable for real estate as a result of the new accounting standards requiring investments to be recorded at fair value	1.9
Other expenses were $0.5 million over the budget and $1.5 million under the forecast. The budget variance is due primarily to uncollectible reimbursable project expenses	(0.4)
Total	$30.2

FISCAL IMPACTS:

Fiscal impacts are provided in this write-up.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Consolidated Operating Actual to Budget Expense
Exhibit "B" – Actual to Budget Revenues and Expenses by System
Exhibit "C" – Consolidated Non-Operating Actual to Budget

Exhibit A
IRVINE RANCH WATER DISTRICT
CONSOLIDATED OPERATING ACTUAL TO BUDGET EXPENSE
Period Ending June 30, 2016

(in thousands)

Expense Category / Name		Actual YTD 6/30/16	Original Budget	Budget (Over)/Under	Full Year Forecast [1]	Forecast (Over)/Under
Salaries & Benefits	Regular Labor	$ 28,860	$ 29,085	$ 225	$27,785	$ (1,075)
	Overtime Labor	1,787	1,560	(228)	1,560	(228)
	Contract Labor	2,675	1,483	(1,192)	2,783	108
	Employee Benefits [2]	15,111	15,280	169	15,030	(81)
Salaries & Benefits Total		48,433	47,407	(1,026)	47,157	(1,276)
Water & Utilities	Water	29,028	34,975	5,948	29,975	947
	Electricity	11,794	16,391	4,597	12,716	922
	Fuel	505	702	197	702	197
	Telecommunication	527	477	(49)	477	(49)
	Other Utilities	158	156	(2)	156	(2)
Water & Utilities Total		42,012	52,702	10,691	44,027	2,015
Materials & Supplies	Chemicals	2,101	2,016	(85)	2,016	(85)
	Operating Supplies	757	1,391	633	891	133
	Printing	211	291	79	291	79
	Postage	596	518	(79)	518	(79)
	Permits, Licenses and Fees	723	888	165	888	165
	Office Supplies	77	113	36	113	36
	Duplicating Equipment	188	200	12	200	12
	Equipment Rental	85	131	46	131	46
Materials & Supplies Total		4,739	5,546	808	5,046	308
Professional Services	Rep & Maint OCSD & Others	15,744	14,189	(1,556)	16,189	444
	Rep & Maint IRWD	7,531	7,582	50	7,582	50
	Insurance	781	940	159	940	159
	Legal Fees	479	480	1	480	1
	Engineering Fees	520	669	149	669	149
	Accounting Fees	79	75	(4)	75	(4)
	Data Processing	2,980	2,663	(317)	3,013	33
	Personnel Training	795	1,093	298	1,093	298
	Personnel Physicals	27	43	16	43	16
	Other Professional Fees	3,115	3,049	(66)	3,049	(66)
	Directors' Fees	140	149	8	149	8
Professional Services Total		32,191	30,931	(1,260)	33,281	1,090
Other	Mileage Reimbursement	165	132	(33)	132	(33)
	Collection Fees	12	21	9	21	9
	Election Expense	30	30	0	30	0
	Safety	157	96	(60)	100	(57)
	Alarm and Patrol Services	113	130	17	130	17
	Biosolids Disposals	20	25	5	151	131
	Commuter Program	158	152	(7)	142	(16)
	Computer Backup Storage	25	23	(2)	23	(2)
	Contract Meter Reading	1,319	1,350	31	1,350	31
	Other	106	138	32	22	(85)
	Conservation	2,294	1,694	(600)	2,000	(294)
Other Total		4,398	3,791	(607)	4,101	(298)
Grand Total		**$ 131,773**	**$ 140,378**	**$ 8,606**	**$ 133,612**	**$ 1,840**

(1) As of March 31, 2016
(1) Adjusted to reflect PERS contribution.

Exhibit B
IRVINE RANCH WATER DISTRICT
CONSOLIDATED ACTUAL TO BUDGET REVENUES AND EXPENSES
PERIOD ENDED JUNE 30, 2016
(in thousands)

	Water			Sewer			Recycled			Total
FY 2015-16	**Actual**	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**	**Variance**
Revenues:										
Commodity Revenues	$36,789	$33,513	$3,276			$0	$13,920	$16,406	($2,486)	$789
Service Revenues	32,435	30,118	2,317	47,643	46,148	1,495	5,470	5,434	36	3,849
Over Allocation Revenues	7,466	6,897	569			0	649	4,373	(3,724)	(3,155)
Non Rate Generated	0	2,046	(2,046)			0	0	486	(486)	(2,532)
Total Revenues	76,690	72,574	4,116	47,643	46,148	1,495	20,038	26,699	(6,661)	(1,049)
Contribution to Enhancement and Replacement Capital Funds	(5,919)	(5,624)	(295)	(18,208)	(17,506)	(702)			0	(996)
Net Revenues	$70,772	$66,950	$3,822	$29,435	$28,642	$793	$20,038	$26,699	($6,661)	($2,045)
Expenses:										
Cost of Water	$35,281	$36,580	$1,299			$0	$6,695	$12,779	$6,084	7,383
Operations	11,284	11,111	(172)	9,390	8,657	(733)	6,443	7,011	568	(338)
Water Banking	310	672	362			0			0	362
OCSD - O&M			0	15,082	12,884	(2,198)			0	(2,198)
Other		(58)	(58)		(230)	(230)		1,273	1,273	986
Total Direct	46,875	48,305	1,430	24,472	21,311	(3,161)	13,139	21,064	7,925	6,195
Customer Records and Collections	2,576	2,397	(179)	859	799	(60)	859	799	(60)	(298)
General & Admin Expense	8,587	9,640	1,054	6,672	6,071	(601)	3,108	3,345	236	689
Total Indirect	11,162	12,037	875	7,530	6,870	(661)	3,967	4,144	177	391
General Plant	592	592	0	461	461	0	461	461	0	0
Marsh/NTS/Conservation	8,221	6,016	(2,205)			0	1,409	1,031	(378)	(2,583)
Total Expenses	$66,850	$66,950	$100	$32,463	$28,642	($3,821)	$18,975	$26,699	$7,724	$4,002
Net Operating	$3,922	$0	$3,922	($3,028)	$0	($3,028)	$1,063	$0	$1,063	$1,957

RECONCILIATION OF EXHIBIT "B" AND EXHIBIT "A"			
Total Water, Sewer and Recycled Expenses - Sch B	$118,289	$122,291	$4,002
Capital & Other Expenses (including G&A)	14,998	17,749	2,751
Un-Applied G&A	0	2,838	2,838
General Plant	(1,514)	(1,514)	0
Other	0	(986)	(986)
Total Consolidated Operating Expense - Sch A	$131,773	$140,378	$8,605

Exhibit C

IRVINE RANCH WATER DISTRICT

CONSOLIDATED NON-OPERATING ACTUAL TO FORECAST REVENUES & EXPENSES

YEAR TO DATE THROUGH JUNE 30, 2016

(in thousands)

	Actual	Budget	Budget Variance	Full Year Forecast	Forecast Variance
Non-operating Revenues:					
Property Taxes	$46,303	$43,466	2,837	$48,000	($1,697)
Investment Income	1,585	1,642	(57)	1,650	(65)
Connection Fees	32,109	22,000	10,109	29,200	2,909
Real Estate Income	13,056	12,556	500	12,700	356
Real Estate Fair Value Change	5,597	0	5,597	0	5,597
Other Income	8,240	5,915	2,325	8,100	140
Total Revenues	106,890	85,579	21,311	99,650	7,240
Non-operating Expenses:					
Interest Expense[(1)]	15,533	22,899	7,366	19,500	3,967
Real Estate Expense	4,363	6,303	1,940	6,700	2,337
Other Expenses	1,743	1,287	(456)	3,300	1,557
Total Expenses	21,639	30,489	8,850	29,500	7,861
Net Revenues & Expenses	$85,251	$55,090	$30,161	$70,150	$15,101

September 19, 2016
Prepared by: Gretchen Ronin
Submitted by: Jenny Roney
Approved by: Paul Cook

FINANCE & PERSONNEL COMMITTEE

LONG-TERM DISABILITY, LIFE, AND DEPENDENT LIFE INSURANCE
COVERAGE FOR CALENDAR YEAR 2017

SUMMARY:

Staff has worked with our broker (Mercer) to conduct a marketing study for Long-Term Disability (LTD), Accidental Death and Dismemberment Insurance (AD&D), Group Term Life Insurance (GTL), and Dependent Life Insurance coverage. Based on the results of the marketing study, staff is requesting that the Committee recommend that the Board:

- Authorize the General Manager to cancel our current contract with Hartford.
- Authorize the General Manager to contract with Reliance Standard for LTD coverage.
- Authorize the General Manager to contract with Reliance Standard for AD&D coverage.
- Authorize the General Manager to contract with Reliance Standard for Life and Dependent Life coverage.

BACKGROUND:

Group Term Life insurance, Dependent Life insurance, and Long-Term Disability insurance coverage has been provided by Hartford Insurance for the past two years. Prior to switching to Hartford in 2015, the District was with Principal Financial for seven years.

The District's Group Term Life insurance program provides coverage in the amount of three times or four times an employee's annual salary up to $1,000,000, depending on the employee's base annual salary. It also provides retirees coverage in an amount equal to their final salary. The retiree benefit applies only to retirees employed prior to January 2008. All GTL coverage ends at age 70 for active and retired members.

The District's Long-Term Disability coverage replaces 66.67% of an employee's lost wages up to $10,000 per month. There is a 90-day elimination period for this coverage.

Dependent Life provides up to $25,000 coverage due to the death of an employee's spouse or dependent child over the age of 6 months. Children are covered from birth to 6 months of age for $1,000.

Accidental Death and Dismemberment insurance covers different losses at different amounts, based on the amount of an employee's life insurance coverage. See Exhibit "C" for a schedule of benefits. The District included AD&D coverage in the GTL coverage for many years but canceled it when it was discovered that it created a disparate benefit, providing lower coverage for longer term employees. This was caused by the District's participation in the Split Dollar Life plan, which the District canceled in 2008. Under the current coverage, the benefit levels for AD&D coverage would be comparable for short and long term employees and staff recommends it be added back to the GTL benefit for active employees.

Initially, Hartford proposed a 36.9% increase in premiums for GTL from $0.13 to $0.178 per $1,000 of coverage and a 46.2% increase in LTD premiums from 0.34% to 0.497% of insured payroll.

Staff requested that Mercer perform a marketing study for LTD, Life, and Dependent Life insurance coverage for 2017. Staff also requested each carrier to provide a quote for AD & D coverage, which the District has provided to employees in the past. Quotes were requested from eight carriers and Hartford was notified of the marketing study and asked to provide their final renewal quote. Three carriers declined to quote and one did not respond. See Exhibit "A" for all carriers included in the marketing study and specific information on quotes.

After negotiations with Mercer, Hartford reduced their initial proposals to a 10% increase in premiums for GTL from $0.13 to $0.143 per $1,000 of coverage and a 20.6% increase in LTD premiums from 0.34% to 0.41% of insured payroll.

After reviewing the marketing results, Reliance Standard emerged as the carrier offering the most competitive quote for the District's needs. District staff and representatives from Mercer met with two representatives from Reliance Standard to discuss the details of the coverage and the operations of their claims processing, administration, reporting capabilities and other important components of a successful business partnership.

The coverage offered by Reliance Standard is comparable to the coverage the District currently has and meets all of our benefit programs designs. See Exhibit "B" comparing the details of the current coverage with Hartford and the coverage offered by Reliance Standard. Staff also felt that have a local client service specialist that would be available to meet with staff and conduct periodic claims review will offer an improved process over the service that the District currently experiences with Hartford.

FISCAL IMPACTS:

Staff budgeted approximately $155,800 for GTL, LTD, and Dependent Life for the second half of FY16/17. Coverage with Reliance Standard, including the addition of AD&D, would be approximately $148,000 for the same period of time. Estimated annual costs for Reliance Standard premiums are $296,000, an estimated 5% under budgeted projections. The 3-year rate guarantee will result in additional savings over projected costs for 2018 and 2019.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

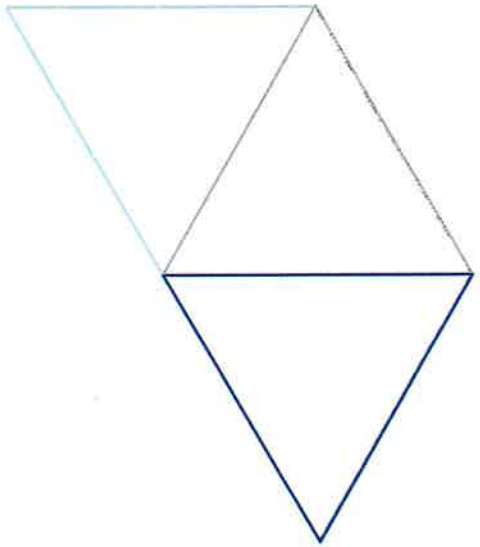
That the Board authorize the General Manager to cancel the District's contract with Hartford and contract for the calendar years 2017 through 2019 with Reliance Standard for Group Term Life, Dependent Life, Long-Term Disability, and Accidental Death and Dismemberment coverage.

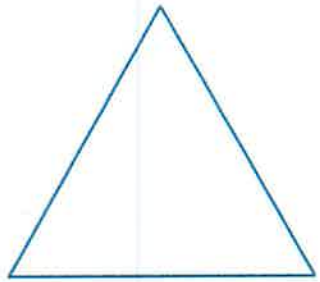
LIST OF EXHIBITS:

Exhibit "A" – Marketing Study Results
Exhibit "B" – Comparison of Hartford and Reliance Standard Life and LTD Benefits
Exhibit "C" – Schedule of AD&D benefit amounts

MARKETING RESULTS

BASIC LIFE, DEP LIFE, LTD





© MERCER 2016

MARKETING RESULTS
BASIC LIFE, DEPENDENT LIFE, LONG TERM DISABILITY

- Mercer solicited Basic Life, Dependent Life and LTD quotes from 8 carriers; 4 provided a quote, 2 declined to quote and 1 did not respond
  - Cigna
  - Liberty Mutual (declined to quote)
  - MetLife (declined to quote)
  - Prudential (declined to quote)
  - Reliance Standard
  - The Standard
  - Unum
  - Voya (no response)
- Cigna, Unum and The Standard provided quotes in the ballpark of the initial Hartford renewal (39% - 49% vs. 37%); however, Reliance Standard proposed 15% below current (assumes a 3 year rate guarantee)

© MERCER 2016

MARKETING RESULTS
BASIC LIFE, DEPENDENT LIFE, LONG TERM DISABILITY

Plan Name	Tier	Volume	Current 2016	Initial Renewal 2017	% Change	Cigna 2017	% Change	Reliance Standard 2017	% Change	The Standard 2017	% Change	Unum 2017	% Change
The Hartford Employer-Paid Life	Per $1,000 of covered benefit	$123,818,000	$0.130	$0.178	36.9%	$0.207	59.2%	$0.100	-23.1%	$0.195	50.0%	$0.200	53.8%
	Est. Monthly Cost		$16,096	$22,040		$25,630		$12,382		$24,145		$24,764	
	Est. Annual Cost		$193,156	$264,475		$307,564		$148,582		$289,734		$297,168	
	Cost / (Savings)			$71,319		$114,408		-$44,574		$96,578		$104,007	

Plan Name	Tier	Volume	Current 2016	Initial Renewal 2017	% Change	Cigna 2017	% Change	Reliance Standard 2017	% Change	The Standard 2017	% Change	Unum 2017	% Change
The Hartford Employer-Paid Long Term Disability	Per $100 of monthly covered payroll	$2,411,069	$0.340	$0.497	46.2%	$0.333	-2.1%	$0.328	-3.5%	$0.430	26.5%	$0.550	61.8%
	Est. Monthly Cost		$8,198	$11,983		$8,029		$7,908		$10,368		$13,261	
	Est. Annual Cost		$98,372	$143,797		$96,347		$94,900		$124,412		$159,132	
	Cost / (Savings)			$45,425		-$2,025		-$3,472		$26,040		$60,759	

Plan Name	Tier	Volume	Current 2016	Initial Renewal 2017	% Change	Cigna 2017	% Change	Reliance Standard 2017	% Change	The Standard 2017	% Change	Unum 2017	% Change
The Hartford Dependent Life	Per Unit	281	$7.050	$7.050	0.0%	$10.580	50.2%	$6.750	-4.3%	$7.050	0.0%	$3.734	-47.0%
	Est. Monthly Cost		$1,981	$1,981		$2,976		$1,897		$1,981		$1,049	
	Est. Annual Cost		$23,773	$23,773		$35,709		$22,761		$23,773		$12,591	
	Cost / (Savings)			$0		$11,937		-$1,012		$0		-$11,182	

	Current 2016	Initial Renewal 2017	% Change	Cigna 2017	% Change	Reliance Standard 2017	% Change	The Standard 2017	% Change	Unum 2017	% Change
Grand Monthly Totals:	$26,275	$36,004	37.0%	$36,635	39.4%	$22,187	-15.6%	$36,493	38.9%	$39,074	48.7%
Grand Annual Totals:	$315,301	$432,045		$439,621		$266,243		$437,919		$468,886	

© MERCER 2016

MARKETING RESULTS
BASIC LIFE, DEPENDENT LIFE, LONG TERM DISABILITY

Life Policy Details	Current (The Hartford)	Reliance Standard	Cigna	The Standard
Basic Death Benefit				
Class 1: Active Full-Time Employee earning $50,000 or more, working at least 40 hours per week on a regularly scheduled basis (30 for Reliance Standard and UNUM)	4x Base Pay up to $1,000,000	4x Base Pay up to $1,000,000	4x Base Pay up to $1,000,000	4x Base Pay up to $1,000,000
Class 2: Active Full-Time Employee earning less than $50,000, working at least 40 hours per week on a regularly scheduled basis (30 for Reliance Standard and UNUM)	3x Base Pay up to $150,000	3x Base Pay up to $150,000	3x Base Pay up to $150,000	3x Base Pay up to $150,000
Class 3: Board Members	$35k	$35k	N/A	$35k
Class 4: Retirees	1x Base Pay up to $250,000	1x Base Pay	1x Base Pay up to $250,000	1x Base Pay up to $250,000
Accelerated Benefit	Included - TBD	75% up to $500,000	50% up to $500,000	75% up to $500,000
Conversion	Included	Included	Included	Included
Portability	Included	N/A	Not Included	Included
Waiver of Premium	Included	Included	Included	Included
Age Reduction				
@ Age 65	0%	0%	None	65% (For Class 1)
@ Age 70	100%	100%	None	50%
Premium Waiver				
Benefit	To age 65 if disabled under age 60	If disabled under age 60	To age 65 if disabled under age 60	To age 65 if disabled under age 60
Elimination Period	9 months	9 Months	9 Months	9 months
Definition of Disability	Any Gainful Occupation	Any Gainful Occupation	Any Gainful Occupation	Any Gainful Occupation

© MERCER 2016

MARKETING RESULTS
BASIC LIFE, DEPENDENT LIFE, LONG TERM DISABILITY

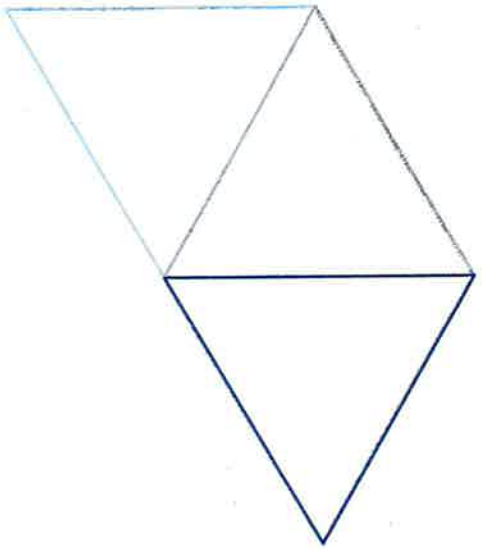
LTD Benefit	Current	Reliance Standard	Cigna	The Standard	UNUM
Definition of Earnings	Base Pay	Base Pay	Base Pay	Base Pay	Base Pay
Benefit Percentage	67%	67%	67%	67%	67%
Maximum Monthly Benefit	$10,000	$10,000	$10,000	$10,000	$10,000
Minimum Monthly Benefit	$100	$100	The greater of $100 and 10%	$100	The greater of $100 and 10%
Guarantee Issue (initial enrollment)	Full Benefit Amount	Full Benefit Amount	Full Benefit Amount	Full Benefit Amount	Full Benefit Amount
Definition of Disability	24 Month Own Occ AND 20% earnings loss then Any Gainful Occupation	24 Month Own Occ AND 20% earnings loss then Any Gainful Occupation	24 Month Own Occ AND 20% earnings loss then Any Gainful Occupation	24 Month Own Occ AND 20% earnings loss then Any Gainful Occupation	24 Month Own Occ; zero-day partial work incentive benefit during first 12 months of disability payments
Elimination Period	90 days	90 days	90 days	90 days	90 days
COLA	Not included	Not included	Not included	Not included	Not included
Maximum Period of Payment Duration	SSNRA or 60 Months	SSNRA or 60 Months	SSNRA	SSNRA	SSNRA

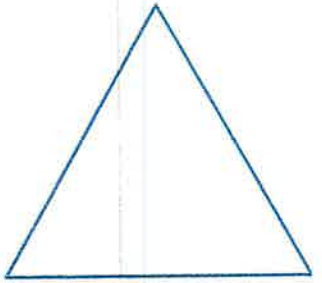
Dependent Life	Current	Reliance Standard	Cigna	The Standard	UNUM
Spouse Life	$25,000	$10,000-$500,000, increments of $10,000	$25,000	$25,000	$25,000
Limits/Notes	No higher than 50% of EE basic life	Guaranteed issue: $30,000 Coverage ends at 75	Coverage ends at 70	-	Coverage ends at 70 No coverage for Class 4
Child Life	Birth-6 months: $1,000 6 months-26 years: $25,000	Birth- 14 days: $0 15 days-6 months: $1,000 6 months-20 years: $2,500-$10,000	Birth- 14 days: $500 15 days-6 months: $1,000 6 months-26 years: $25,000	$25,000	Birth- 14 days: $1,000 15 days-6 months: $1,000 6 months-26 years: $1,000
Limits/Notes	-	Can be 26 if full-time student guaranteed issue: all amounts	-	-	-

© MERCER 2016

MARKETING RESULTS

AD&D





© MERCER 2016

MARKETING RESULTS
ACCIDENTAL DEATH AND DISMEMBERMENT

- IRWD requested that we request a quote for employer paid AD&D coverage (not offered today)
  - Hartford was requested to mirror the basic life eligibility for the new basic AD&D benefit
    - Does not include coverage for retirees; possible but would be a separate policy and would be more than $0.03 per $1,000
    - Dependent AD&D is $0.03 per $1,000; different rate basis from Dependent Life ($7.05 per unit) – estimated monthly premium of $500
  - All carriers matched the basic life benefit for their AD&D proposals; all carriers quoted active employees only

Plan Name	Tier	Volume	The Hartford 2017	Cigna 2017	Reliance Standard 2017	The Standard 2017	Unum 2017
The Hartford Employer-Paid AD&D - ACTIVES	Per $1,000 of covered benefit	$123,818,000	$0.030	$0.030	$0.020	$0.025	$0.030
	Est. Monthly Cost		$3,715	$3,715	$2,476	$3,095	$3,715
	Est. Annual Cost		$44,574	$44,574	$29,716	$37,145	$44,574

*volume only takes into consideration active employees

© MERCER 2016

EXHIBIT "B"

Irvine Ranch Water District Comparison (Summary)

Life Insurance Summary of Benefits	Reliance Standard	Hartford
Financial Ratings	A.M. Best A+ Standard & Poors A+	A.M. Best A- Standard & Poors AA-
Eligible Employees	Class 1: Active Full-time Employees earning $50,000 or more annualy and working 40 hours per week. Class 2: Active Full-time Employees earning less than $50,000 annualy and working 40 hours per week. Class 3: Board members Class 4: Retirees, through CALPERS at least 55 years of age and 10 years of service.	Class 1: Active Full-time Employees earning $50,000 or more annualy and working 40 hours per week. Class 2: Active Full-time Employees earning less than $50,000 annualy and working 40 hours per week. Class 3: Board members Class 4: Retirees, through CALPERS at least 55 years of age and 10 years of service.
Contribution	100% Employer Paid	100% Employer Paid
Life Benefit	Class 1: 4x annual Salary to a max of $1M Class 2: 3x annual Salary to a max of $150K Class 3: $35,000 Class 4: 1x annual earnings to $250K	Class 1: 4x annual Salary to a max of $1M Class 2: 3x annual Salary to a max of $150K Class 3: $35,000 Class 4: 1x annual earnings to $250K
Guarantee Issue Amount	Class 1: $500,000 Class 2: $150,000 Class 3:$35,000 Class 4: $250,000	Class 1: $500,000 Class 2: $150,000 Class 3:$35,000 Class 4: $250,000
Accidental Death & Dismemberment Benefit	Matches Life, class 3 and 4 excluded	None
Dependent life	Spouse Coverage $25,000 Child(ren) Coverage $25,000; Children < 6 Months $5,000 *Child(ren) - Live birth to 26	Spouse Coverage $25,000 Child(ren) Coverage $25,000 Child(ren) < 6 months max Coverage $1000 *Children limtied to 25 years of age, unmarried and financially dependent if over 25. Amount not to exceed 50% of the basic Life insurance amount in force for employee.
Age Reduction	Your benefit will reduce by 100% at age 70. Cancels at retirement. Unless qualified for Class 4.	Your benefit will reduce by 100% at age 70. Cancels at retirement. Unless qualified for Class 4.
Participation Requirement	100%	100%
Waiver of Premium	Yes	Yes
Bereavement Counseling	RSL offers a toll-free counseling service to all household members who experience the loss of a loved one. Professional counselors are available at no cost, 24 hours a day, seven days a week.	Beneficiary Assist provides you, your eligible beneficiaries and immediate family members with unlimited 24/7 phone access to help related to the death of yourself or a loved one.
Accelerated Death Benefit	Expected to live 12 months or less, 75% of life benefit to a maximum of $500,000	Expected to live 24 months or less, 75% of life benefit to a max of $500,000
Repatriation Benefit	Included in the On Call Travel Assistance benefit (below). Reimburses up to $250,000 per incident.	Included in the On Call Travel Assistance benefit (below). Reimburses up to $1,000,000 total.
Portabilty	Included	Included - Limitations on amounts
Conversion	Included	Included
On Call Travel Assistance	Whenever covered employees are on a trip in a foreign country or 100 miles or more from home, they are eligible for a wide array of medical and travel assistance services. All WorldNet services are available 24 hours a day through a multilingual staff who are prepared to act quickly and efficiently. Some of the services On Call provides are:• Emergency Evacuation • Emergency Message Service • Emergency Payment/Cash Assistance • Emergency Ticket Replacement • Emergency Translator and Interpreter • Hotel Convalescence Arrangements • Locating Legal Services/Bail Bond • Locating Medical Care • Medical Insurance Assistance • Medically Necessary Repatriation • Missing Baggage Assistance • Prescription Drug Assistance • Repatriation of Remains • Return of Dependent Children • Transportation for a Family Member or Friend • Vehicle Return • Passport and Visa Information • Travel Locator Services • Emergency Card Replacement • Weather Information • Consulate and Embassy Information • Currency Exchange • Case Communications • Health Hazards Advisory and Inoculation Requirements	Travel Assistance services are available when you're more than 100 miles from home for 90 days or less. With a local presence in 200 countries and territories around the world, and numerous 24/7 multilingual assistance centers, they are available to help you anytime, anywhere. Emergency Medical Assistance • Medical referrals • Medical monitoring • Medical evacuation • Repatriation • Traveling companion assistance • Dependent children assistance • Visit by a family member or friend • Emergency medical payments • Return of mortal remains • Medication and eyeglass prescription assistance • Emergency travel arrangements • Emergency cash • Locating lost items • Bail advancement Identity Theft Assistance • Prevention Services - Education - Identity Theft Resolution Kit • Detection Services - Fraud alert to three credit
Seat Belt / Airbag Benefit	Seatbelt is equal to 10% of the Life Benefit to a maximum of $25,000, and will pay an additional 5% if the vehicle was equipped with a factory-installed Supplemental Restraint System i.e. Airbag) and was also wearing their seatbelt.	Seat Belt coverage of 10% of the Benefit or a maximum of $10,000. (no air bag provision is in the IRWD policy)
Education Benefit	Child- 5% with a minimum benefit of $1,000 to a maximum $5,000 for 4 years, total of $20,000.	Education Benefit of 2.5% of the Principle Sum with a max of $2,500 and a min of $1,250

All statements made above are based upon the received benefit summaries and are subject to intrepetation.

Irvine Ranch Water District Comparison (Summary)

LTD Summary of Benefits	Reliance Standard	Hartford
Financial Ratings	A.M. Best A+ Standard & Poors A+	A.M. Best A- Standard & Poors AA-
Eligible Employees	All Active Full-time Employees who are U.S. citizens or U.S. residents, excluding temporary and seasonal employees working at least 40 hours weekly.	All Active Full-time Employees who are U.S. citizens or U.S. residents, excluding temporary and seasonal employees working at least 40 hours weekly.
Contribution	100% Employer Paid	100% Employer Paid
Benefit Percentage	66.67%	66.67%
Maximum Benefit Paid	$10,000	$10,000
Minimum Benefit	$100	$100
Elimination Period/ Qualifying Period	90 Days	90 Days
Own Occ applies during Elimination Period?	No	No
Own Occ Period	24 Months	24 months
Days to satisfy elimination period?	30	15
Maximum Duration	ADEA - B (SSNRA)	SSNRA - Disabled prior to the age of 63
Social Security Integration?	Primary and Family	Primary and Family
3rd Party/ Subrogation	Not Included	Included
Pre-EX	3/12	3/12
Prudent Person Wording	No	Yes
Mental and Nervous Limitation	24 Months	24 Months
Drug & Alcohol Limitation	24 Months	24 Months
Self -Reported/Specified Illness Limitation	Not Limited	Not Limited
Requires Loss of Duties, Loss of Income or Either	Loss of Duties Only - Reliance Standard does not have an earning test on our LTD Contract	Loss of one will meet EP. Will pay claims if loss of income is with in 12 months of date of Disability
Zero Day Residual	Yes	Yes
RTW Incentive	100% for 12 months only - From date of Disability - Not date returned to work	100% for 12 months only after 12 months, they will subtract 50% of your Current Monthly Earnings
Partial Disability Formula	50% Offset	For the first 12 months that benefits are payable while working, We will only reduce Your Monthly Benefit by that amount of Your Current Monthly Earnings, which when combined with Your Monthly Benefit amount exceed 100% of Your Indexed Pre-disability Earnings. After 12 months We will subtract 50% of Your Current Monthly Earnings.
Family Income Benefit/Dependent Care	Included	Included
Survivor Benefit	3 Months	Included
Reasonable Accomodation	Included	Included
Recurrent Disability	6 months	6 months
Vocational Rehabilitation	Voluntary	Mandatory
FICA Match	Yes	Yes
Partial Disability Income Test	No	No
Indexing of Monthly Benefit	No Earnings test	If a reduction to Your Monthly Benefit is applied for Current Monthly Earnings, we will adjust your Pre-disability Earnings for inflation annually by the percentage change in the Consumer Price Index (CPI-W) prior to taking that reduction. The adjustment will be made January 1st each year after you have been Disabled for 12 consecutive months, and if you are receiving benefits at the time the adjustment is made.
Social Security Award Assistance	Yes	Yes
Travel Assistance	Yes	No Mention
Auto Filing of Life Waiver	Yes	Yes
Extended Disability Benefit	Included, if cognitively impaired or has a loss of 2 or more ADL's after the maximum beneifit duration then RSL will coninue your beneift at 85% of the net benefit for up to 5 years.	Not Available
Specific Indemnity	Pays a specific benefit amount for accidental dismemberman. Benefits are not offset by any income regadless of when you return to work.	Not Available

All statements made above are based upon the received benefit summaries and are subject to intrepetation.

Plan Details

Prepared For Irvine Ranch Water District
Date: June 30, 2016

Proposal Expiration Date: September 28, 2016

Accidental Death and Dismemberment

In the event of death, loss of limbs, loss of eyesight, loss of speech or hearing due to an accidental injury, we will pay the following benefits, based on the benefit amount shown in the proposal summary:

For Accidental Loss of:	Amount Payable:
Life	Full benefit amount
Both hands	Full benefit amount
Both feet	Full benefit amount
Sight of both eyes	Full benefit amount
One hand and one foot	Full benefit amount
One hand and sight of one eye	Full benefit amount
One foot and sight of one eye	Full benefit amount
Speech and hearing	Full benefit amount
One hand	One half the benefit amount
One foot	One half the benefit amount
Sight of one eye	One half the benefit amount
Speech	One half the benefit amount
Hearing	One half the benefit amount

We pay this benefit in addition to any other benefits provided by the Plan, subject to the terms of the Group Insurance Policy.

Limitation: These benefits are payable provided the death or dismemberment results from bodily injury caused solely by an accident which occurs while the person is insured and results in loss within 365* days of the accident.

* May vary by state. In Pennsylvania, no time limit if death results from an accident.

Only one benefit, the larger one, will be paid for more than one loss resulting from any one accident.

See Exclusions section.

September 19, 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 August 31, 2016, as outlined in Exhibit "A"
- The U.S. Treasury Yield Curve as of August 31, 2016, as outlined in Exhibit "B"
- The Summary of Fixed and Variable Debt as of August 31, 2016, as outlined in Exhibit "C"
- The Summary of Variable Rate Debt Rates as of August 31, 2016, as outlined in Exhibit "D"
- The Monthly Interest Rate Swap Summary as of August 31, 2016, as outlined in Exhibit "E"

BACKGROUND:

Investment Portfolio:

For August 2016, the rate of return for the fixed income investment portfolio was 0.85%, which is a 0.01% increase from July's rate of 0.84%. Including real estate investments, the weighted average rate of return for the District's investment portfolio for August 2016 was 4.14%, which was a 0.15% increase from July's rate of 3.99%.

Debt Portfolio:

As of August 31, 2016, the District's weighted average all-in variable rate was 0.82%, which was a 0.09% increase from July's rate of 0.73%. 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 3.68%, which is a 0.22% increase from July's rate of 3.46%. The increase is primarily due to the change in the negative cash accrual from $554,677 to $628,535 for the District's fixed payer swaps and an increase in variable debt rates.

The District's 2016 Certificates of Participation (COPs) issuance priced on August 16, 2016 and closed on September 1st. The COPs issue provided approximately $100 million of proceeds for reimbursable and future replacement expenditures related to construction of the District's Biosolids facility. The COPs issue also provided approximately $48.1 million to advance refund certain 2010 COPs maturities resulting in a present value savings of about $6.3 million to the District. Staff will provide a summary of the transaction at the meeting and proceeds from the issuance will be reflected on next month's report.

Interest Rate Swaps:

As of August 31,2016, the notional amount of the interest rate swap portfolio was $130 million of fixed payer swaps. Cash accruals on August from all swaps was negative $628,535.

As of August 31, 2016, the District had posted $8,884,644 of collateral with Citigroup, which represents a $236,649 increase from the collateral posted in July and $4,900,000 of collateral with Merrill Lynch, which is unchanged from July's collateral. The collateral earns the Fed Funds Effective Rate, which is currently 0.40%.

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.

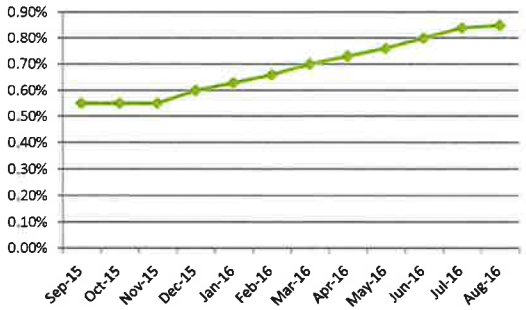
LIST OF EXHIBITS:

Exhibit "A" – Investment Portfolio Summary as of August 31, 2016
Exhibit "B" – Yield Curve as of August 31, 2016
Exhibit "C" – Summary of Fixed and Variable Debt as of August 31, 2016
Exhibit "D" – Summary of Variable Rate Debt Rates as of August 31, 2016
Exhibit "E" – Monthly Interest Rate Swap Summary as of August 31, 2016

Exhibit "A"

Irvine Ranch Water District
Investment Portfolio Summary
August 2016

Monthly Fixed Income Yield

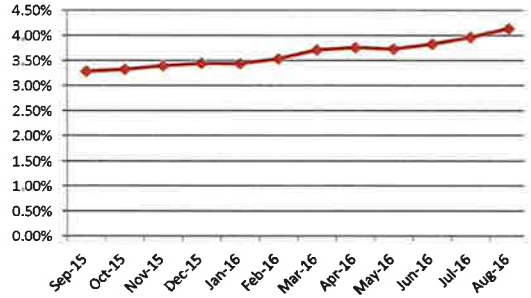


Portfolio Distribution

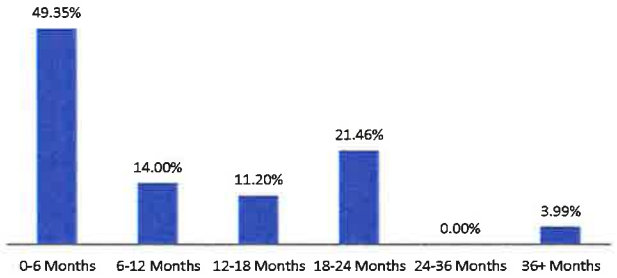
Investment Summary

Type	PAR	Book Value	Market Value
Agency Note	120,000,000	120,124,504	120,136,670
LAIF	62,000,000	62,000,000	62,038,516
Collateral Deposit	13,784,644	13,784,644	13,784,644
Agency Discount Note	10,000,000	9,962,893	9,965,650
Direct Muni	8,562,088	8,562,088	8,562,088
Grand Total	214,346,731	214,434,129	214,487,567

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
State of California Treasury - LAIF	62,000,000	28.93%
Fed Home Loan Mortgage Corp	39,000,000	18.19%
Fed Home Loan Bank	36,000,000	16.80%
Fed Natl Mortgage Assoc	35,000,000	16.33%
Fed Farm Credit Bank	15,000,000	7.00%
Citi-Group Collateral	8,884,644	4.14%
ETWD	8,562,088	3.99%
Fed Ag Mortgage Corp	5,000,000	2.33%
Merrill Lynch Collateral	4,900,000	2.29%

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

08/31/16

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] 8/31/2016	UNREALIZED[2] GAIN/(LOSS)
08/19/16			09/01/16		LAIF	State of California Tsy	$62,000,000		0.580%		$62,000,000.00	$62,000,000.00	62,038,515.76	38,515.76
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	10,007,351.72	10,006,700.00	(651.72)
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	5,002,238.27	5,003,550.00	1,311.73
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	5,014,716.52	5,016,500.00	1,783.48
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	5,015,554.57	5,015,700.00	145.43
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	5,007,194.23	5,008,400.00	1,205.77
06/15/15	N/A	N/A	03/30/17	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.625%	0.727%		4,990,950.00	4,997,094.04	5,002,850.00	5,755.96
06/16/16	N/A	N/A	04/21/17	NR	FNMA - Discount Note	Fed Natl Mortgage Assoc	5,000,000	0.530%	0.539%		4,977,254.15	4,982,922.21	4,983,900.00	977.79
06/16/16	N/A	N/A	04/27/17	Aaa/AA+/NR	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.125%	0.607%		5,022,271.95	5,016,827.70	5,017,100.00	272.30
06/16/16	N/A	N/A	05/12/17	NR	FNMA - Discount Note	Fed Natl Mortgage Assoc	5,000,000	0.570%	0.580%		4,973,875.00	4,979,970.83	4,981,750.00	1,779.17
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	4,999,366.82	5,000,450.00	1,083.18
06/16/16	N/A	N/A	06/30/17	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	0.800%	0.614%		5,009,614.00	5,007,660.76	5,006,250.00	(1,410.76)
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	4,997,546.07	5,002,900.00	5,353.93
09/16/15	N/A	N/A	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	4,999,221.23	5,012,350.00	13,128.77
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	4,999,731.51	4,997,350.00	(2,381.51)
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	4,980,353.79	4,997,450.00	17,096.21
04/22/16	N/A	N/A	01/29/18	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	4,000,000	0.850%	0.856%		3,999,600.00	3,999,681.61	4,002,320.00	2,638.39
03/01/16	Quarterly	05/26/16	02/26/18	NR/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.050%	1.050%		5,000,000.00	5,000,000.00	5,002,350.00	2,350.00
03/23/16	N/A	N/A	03/23/18	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.100%	0.908%		5,019,000.00	5,014,783.56	5,016,050.00	1,266.44
04/07/16	N/A	N/A	04/09/18	NA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.750%	0.790%		4,996,000.00	4,996,803.28	4,990,600.00	(6,203.28)
05/16/16	N/A	N/A	05/16/18	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.750%	0.801%		4,995,000.00	4,995,739.73	4,990,500.00	(5,239.73)
05/13/16	N/A	N/A	05/21/18	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	0.875%	0.768%		5,010,700.00	5,009,090.65	5,003,650.00	(5,440.65)
05/24/16	N/A	N/A	06/08/18	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	11,000,000	1.250%	0.995%		11,056,540.00	11,048,950.74	11,064,350.00	15,399.26
06/29/16	One Time	12/29/16	06/29/18	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	10,000,000	1.000%	0.679%		10,016,000.00	10,014,597.26	9,979,300.00	(35,297.26)
05/30/15	N/A	N/A	04/30/36	NR	Direct Muni	ETWD	8,562,088	4.570%	4.570%	4.570%	8,562,087.84	8,562,087.84	8,562,087.84	
SUB-TOTAL							$200,562,088				$200,838,667.94	$200,649,484.94	$200,702,923.60	$53,438.66
RESTRICTED CASH (Swap Collateral Deposits)[5]														
03/01/16					Collateral Deposit	Citi-Group	$8,884,644		0.400%		$8,884,643.57	$8,884,643.57	8,884,643.57	
02/28/16					Collateral Deposit	Merrill Lynch	$4,900,000		0.400%		$4,900,000.00	$4,900,000.00	4,900,000.00	
SUB-TOTAL							$13,784,644				$13,784,643.57	$13,784,643.57	$13,784,643.57	
TOTAL INVESTMENTS							$214,346,731				$214,623,311.51	$214,434,128.51	$214,487,567.17	
					Petty Cash						3,400.00			
				August	Ck Balance	Bank of America					1,095,252.69			
											$215,721,964.20			

[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	$316,200,000
Net Outstanding Variable Rate Debt (Less $130 million fixed-payer swaps)	$186,200,000
Investment Balance:	$215,721,964
Investment to Variable Rate Debt Ratio:	116%
Portfolio - Average Number of Days To Maturity[4]	244

	Investment Portfolio	Real Estate[3] Portfolio	Weighted Avg. Return
August	0.85%	13.92%	4.14%
July	0.84%	13.92%	3.99%
Change	0.01%		

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

08/31/16

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Collateral Deposit	Direct Muni
08/16	$62,000,000	28.93%	$62,000,000				
09/16	10,000,000	4.67%		10,000,000			
10/16	5,000,000	2.33%		5,000,000			
11/16							
12/16	5,000,000	2.33%		5,000,000			
01/17	18,784,644	8.76%		5,000,000		$13,784,644	
02/17	5,000,000	2.33%		5,000,000			
03/17	5,000,000	2.33%		5,000,000			
04/17	10,000,000	4.67%		5,000,000	5,000,000		
05/17	10,000,000	4.67%		5,000,000	5,000,000		
06/17	5,000,000	2.33%		5,000,000			
07/17							
SUB-TOTAL	$135,784,644	63.35%	$62,000,000	$50,000,000	$10,000,000	$13,784,644	
13 Months - 3 YEARS							
08/01/17-10/31/17	15,000,000	7.00%		15,000,000			
11/01/17 - 1/31/2018	9,000,000	4.20%		9,000,000			
02/01/18 - 4/30/2018	15,000,000	7.00%		15,000,000			
05/01/2018-07/30/2018	31,000,000	14.46%		31,000,000			
08/01/2018-10/31/18	-						
	-						
04/30/2036	8,562,088	3.99%					8,562,088
TOTALS	$214,346,731	100.00%	$62,000,000	$120,000,000	$10,000,000	$13,784,644	$8,562,088
% OF PORTFOLIO			28.93%	55.98%	4.67%	6.43%	3.99%

Irvine Ranch Water District
Summary of Real Estate
6/30/2016

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	RATE OF RETURN QUARTER ENDED Jun-16
Sycamore Canyon	Dec-92	Apartments	Fee Simple	$ 43,550,810	18.45%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	$ 6,000,000	8.60%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	$ 5,739,845	8.64%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	$ 8,630,577	3.56%
Sand Canyon Professional Center	Jul-12	Medical Office	Fee Simple	$ 8,648,594	8.62%
				$ 72,569,826	13.92%

IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY
Aug-16

MATURITIES/SALES/CALLS **PURCHASES**

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
8/25/2016	FHLMC - Note	$10,000,000	0.47%					

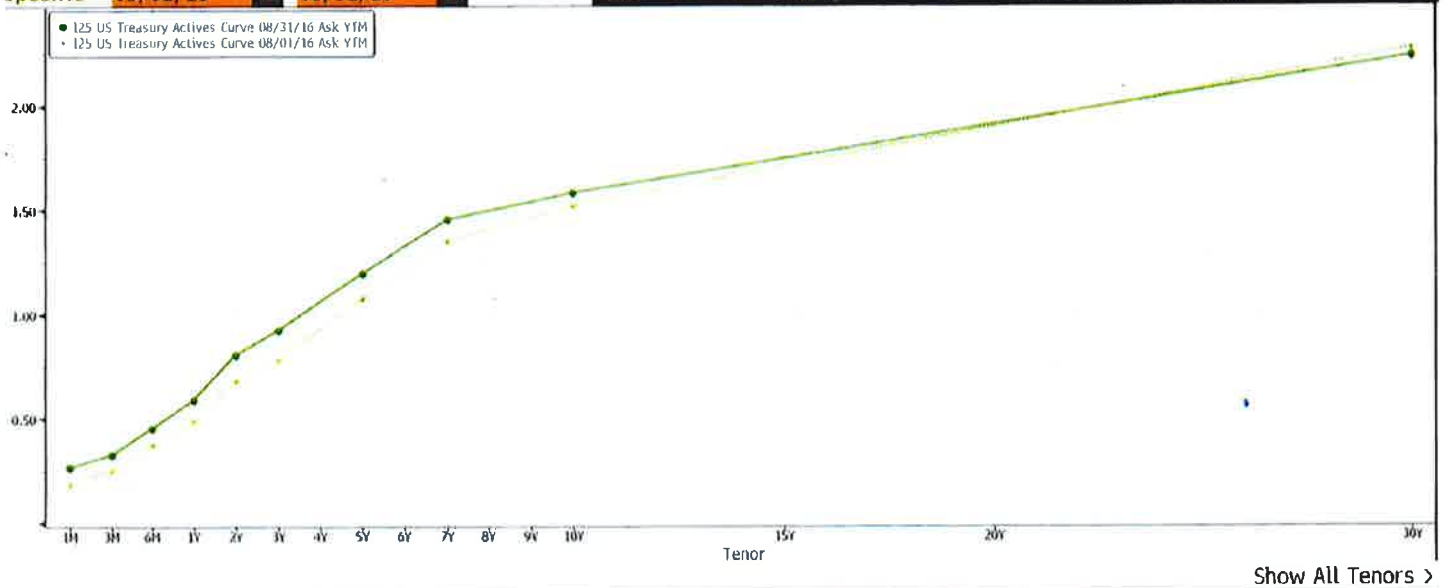
Exhibit "B"

Running as C15. Run GC for more features.

US Treasury Actives Curve | 97) Actions | 98) Table | 99) Settings | Graph Curves

X-Axis Tenor | Y-Axis Ask YTM | Currency None | PCS BGN | Lower Chart History Table

Specific 08/01/16 | 08/31/16 | Relative | Last 1D 1W Modify | Curves & Relative Value



Show All Tenors >

Curve Id	3M	1Y	2Y	3Y	5Y	10Y	30Y
11) I25 08/31/16	0.330	0.591	0.805	0.922	1.198	1.580	2.232
12) I25 08/01/16	0.254	0.488	0.685	0.785	1.075	1.521	2.270
13) I25 (08/31/16-0	7.6	10.3	12.1	13.7	12.3	5.9	-3.7

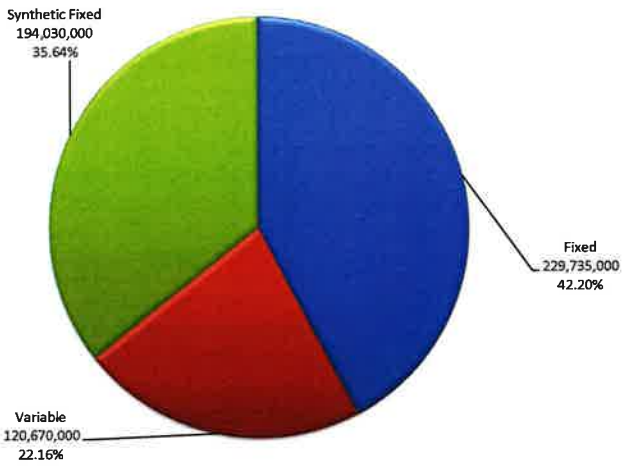
SN 736334 PDT GMT-7:00 G946-3674-0 12-Sep-2016 07:58:53

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2016 Bloomberg Finance L.P.

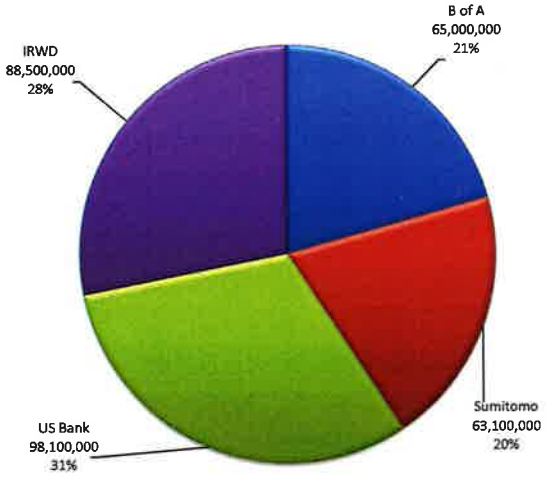
Exhibit "C"

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

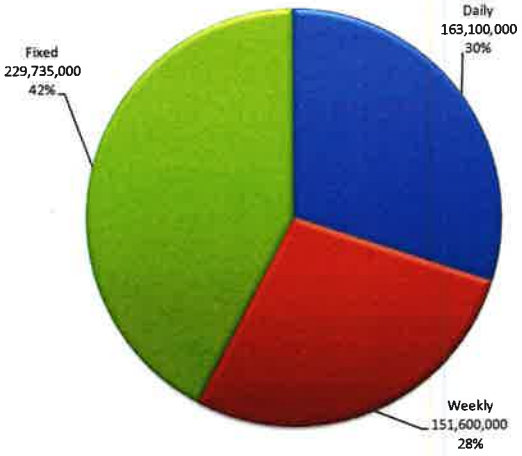
Current Debt Mix By Type



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	$33,100,000	6.08%	US Bank	BAML	Variable	Daily
Series 1995	12/13/95	01/01/21	$12,100,000	2.22%	Sumitomo	CG	Variable	Weekly
Series 2008-A Refunding	04/24/08	07/01/35	$51,000,000	9.37%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	$53,100,000	9.75%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	$35,400,000	6.50%	IRWD	Morgan	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	$65,000,000	11.94%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	$65,000,000	11.94%	B of A	Goldman	Variable	Daily
2010 Refunding Cops	02/23/10	03/01/32	$54,735,000	10.05%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	$175,000,000	32.14%	N/A	N/A	Fixed	Fixed
Total			$544,435,000	100%				

IRVINE RANCH WATER DISTRICT

SUMMARY OF FIXED & VARIABLE RATE DEBT

August-16

ITN

Daily

Weekly

GENERAL BOND INFORMATION							LETTER OF CREDIT INFORMATION									TRUSTEE INFORMATION				
VARIABLE RATE ISSUES	Issue Date	Maturity Date	Principal Payment Date	Payment Date	Original Par Amount	Remaining Principal	Letter of Credit	Reimbursment Agreement Date	L/C Exp. Date	MOODYS	S&P	FITCH	LOC Stated Amount	LOC Fee	Annual LOC Cost	Rmkt Agent	Reset	Rmkt Fees	Annual Cost	Trustee
SERIES 1993	05/19/93	04/01/33	APR 1 (2014)	5th Bus. Day	$38,300,000	$33,100,000	US BANK	05/07/15	11/07/18	Aa3/VMIG1	AA-/A-1+	N/R	$33,546,170	0.3300%	$110,702	BAML	DAILY	0.10%	$33,100	BANK OF NY
SERIES 1995	12/13/95	01/01/21	JAN 1	1st Bus. Day	$40,000,000	$12,100,000	SUMITOMO	04/01/11	07/14/17			N/R	$12,279,014	0.3800%	$46,660	CG	WED	0.08%	$9,075	BANK OF NY
SERIES 2008-A Refunding	04/24/08	07/01/35	JUL 1	5th Bus. Day	$60,215,000	$51,000,000	SUMITOMO	04/01/11	07/14/17	Aa2 (*)	N/R	N/R	$51,754,521	0.3800%	$196,667	BAML	WED	0.07%	$35,700	BANK OF NY
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	$60,545,000	$53,100,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	$66,375	BANK OF NY
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	$40,370,000	$35,400,000	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A	Morgan S.	WED	0.13%	$44,250	BANK OF NY
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	$75,000,000	$65,000,000	US BANK	04/01/11	12/22/20	Aa2/VMIG 1	AA-/A-1+	AA/F1+	$65,726,575	0.4100%	$269,479	US Bank	DAILY	0.07%	$45,500	US BANK
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	$75,000,000	$65,000,000	B of A	04/01/11	07/15/19	A1/VMIG 1	A/A-1	A1/F1+	$65,726,575	0.4000%	$262,906	Goldman	DAILY	0.10%	$65,000	US BANK
					$389,430,000	$314,700,000	SUB-TOTAL VARIABLE RATE DEBT						$229,032,855 (Wt. Avg)	0.3871%	$886,415			0.10% (Wt. Avg)	$299,000	
FIXED RATE ISSUES																				
2010 REFUNDING COPS	02/23/10	03/01/32	Mar -1	MAR/SEPT	$85,145,000	$54,735,000	N/A	N/A	N/A	Aa1	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	BANK OF NY
2010 GO Build America Taxable Bonds	12/16/10	05/01/40	MAY (2025)	MAY/NOV	$175,000,000	$175,000,000	N/A	N/A	N/A	Aa1	AAA	NR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK
					$260,145,000	$229,735,000	SUB-TOTAL FIXED RATE DEBT													
					$649,575,000	$544,435,000	TOTAL- FIXED & VARIABLE RATE DEBT													

Remarketing Agents		
CG	12,100,000	4%
Goldman	118,100,000	38%
Morgan Stanley	35,400,000	11%
BAML	84,100,000	27%
US Bank	65,000,000	21%
	314,700,000	

GO VS COP's		
GO:	489,700,000	90%
COPS:	54,735,000	10%
Total	544,435,000	

LOC Banks	
SUMITOMO	63,100,000
BANK OF AMERICA	65,000,000
US BANK	98,100,000
	226,200,000

Breakdown Between Variable & Fixed Rate Mode		
Daily Issues	163,100,000	30%
Weekly Issues	63,100,000	12%
ITN Issues	88,500,000	16%
Sub-Total	314,700,000	
Fixed Rate Issues	$229,735,000	42%
Sub-Total - Fixed	229,735,000	
TOTAL DEBT FIXED & VAR.	544,435,000	100%

vrdsum.xlsx
9/12/2016

Exhibit "D"

IRVINE RANCH WATER DISTRICT
SUMMARY OF DEBT RATES
Aug-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	33,100,000	51,000,000	12,100,000	65,000,000
Bank	BOFA	(SIFMA+8)	(SIFMA+8)	US BANK	Sumitomo	Sumitomo	US BANK
Reset		Wednesday	Wednesday		Wednesday	Wednesday	
8/1/2016	0.28%	0.52%	0.52%	0.20%	0.44%	0.43%	0.32%
8/2/2016	0.22%	0.52%	0.52%	0.19%	0.44%	0.43%	0.29%
8/3/2016	0.19%	0.52%	0.52%	0.19%	0.44%	0.43%	0.28%
8/4/2016	0.18%	0.52%	0.52%	0.18%	0.43%	0.44%	0.27%
8/5/2016	0.21%	0.52%	0.52%	0.21%	0.43%	0.44%	0.27%
8/6/2016	0.21%	0.52%	0.52%	0.21%	0.43%	0.44%	0.27%
8/7/2016	0.21%	0.52%	0.52%	0.21%	0.43%	0.44%	0.27%
8/8/2016	0.26%	0.52%	0.52%	0.22%	0.43%	0.44%	0.27%
8/9/2016	0.28%	0.52%	0.52%	0.22%	0.43%	0.44%	0.31%
8/10/2016	0.28%	0.52%	0.52%	0.26%	0.43%	0.44%	0.32%
8/11/2016	0.30%	0.54%	0.54%	0.30%	0.44%	0.46%	0.33%
8/12/2016	0.31%	0.54%	0.54%	0.31%	0.44%	0.46%	0.38%
8/13/2016	0.31%	0.54%	0.54%	0.31%	0.44%	0.46%	0.38%
8/14/2016	0.31%	0.54%	0.54%	0.31%	0.44%	0.46%	0.38%
8/15/2016	0.35%	0.54%	0.54%	0.33%	0.44%	0.46%	0.41%
8/16/2016	0.35%	0.54%	0.54%	0.34%	0.44%	0.46%	0.43%
8/17/2016	0.37%	0.54%	0.54%	0.34%	0.44%	0.46%	0.44%
8/18/2016	0.38%	0.57%	0.57%	0.34%	0.49%	0.49%	0.45%
8/19/2016	0.40%	0.57%	0.57%	0.38%	0.49%	0.49%	0.45%
8/20/2016	0.40%	0.57%	0.57%	0.38%	0.49%	0.49%	0.45%
8/21/2016	0.40%	0.57%	0.57%	0.38%	0.49%	0.49%	0.45%
8/22/2016	0.39%	0.57%	0.57%	0.43%	0.49%	0.49%	0.45%
8/23/2016	0.39%	0.57%	0.57%	0.45%	0.49%	0.49%	0.47%
8/24/2016	0.40%	0.57%	0.57%	0.50%	0.49%	0.49%	0.48%
8/25/2016	0.52%	0.64%	0.64%	0.50%	0.59%	0.61%	0.51%
8/26/2016	0.52%	0.64%	0.64%	0.50%	0.59%	0.61%	0.52%
8/27/2016	0.52%	0.64%	0.64%	0.50%	0.59%	0.61%	0.52%
8/28/2016	0.52%	0.64%	0.64%	0.50%	0.59%	0.61%	0.52%
8/29/2016	0.53%	0.64%	0.64%	0.50%	0.59%	0.61%	0.54%
8/30/2016	0.53%	0.64%	0.64%	0.50%	0.59%	0.61%	0.54%
8/31/2016	0.53%	0.64%	0.64%	0.50%	0.59%	0.61%	0.54%
Avg Interest Rates	0.36%	0.56%	0.56%	0.34%	0.48%	0.49%	0.40%
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%	0.08%	0.07%
LOC Fee	0.40%			0.33%	0.38%	0.38%	0.41%
All-In Rate	**0.86%**	**0.69%**	**0.69%**	**0.77%**	**0.93%**	**0.95%**	**0.89%**
Par Amount		118,100,000	35,400,000		84,100,000	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	51.83%		163,100,000	0.85%		0.37%
Weekly	48.17%		151,600,000	0.79%		0.53%
	100.00%	$	**314,700,000**	0.82%		0.45%
Fixed Rate COPS	23.83%		54,735,000	3.82%		
Fixed Rate BABS	76.17%		175,000,000	4.46%	(1)	
	100.00%	$	**229,735,000**	4.31%		
All-In Debt Rate Including $130 Million Notional Amount of Swaps						**3.68%**

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

8/31/2016

Exhibit "E"

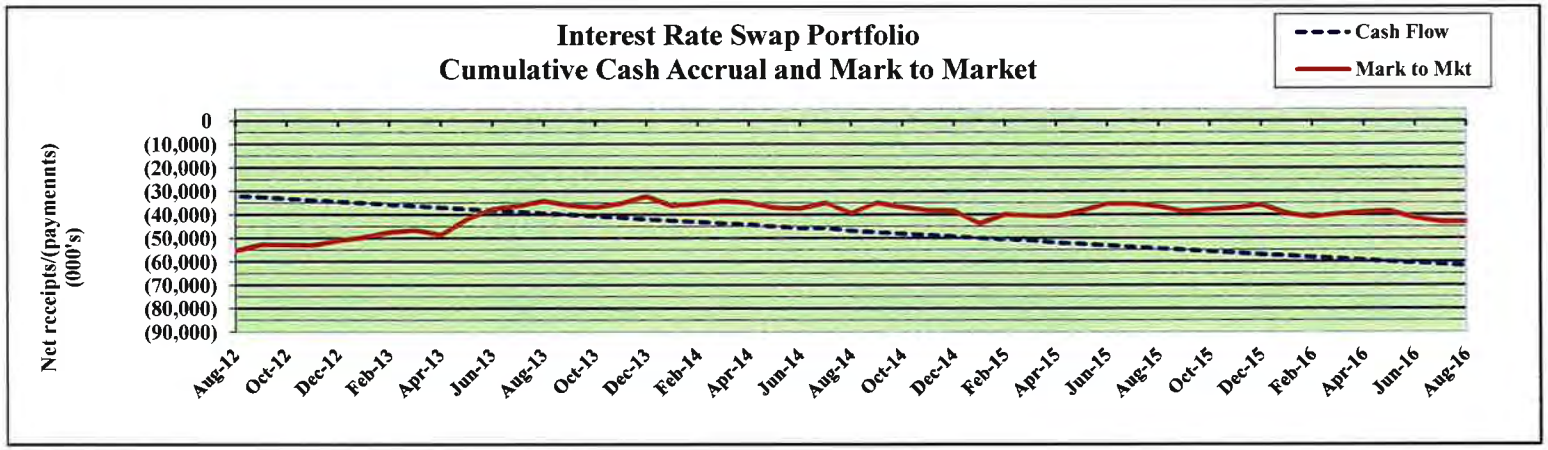
IRVINE RANCH WATER DISTRICT
INTEREST RATE SWAP MONTHLY SUMMARY REPORT - DETAIL
August 31, 2016

LIBOR Avg %	Prior Mo.	Current Mo.	12-Mo Avg
	0.48%	0.51%	0.38%

Current Fiscal Year Active Swaps								Cash Flow			(Since 6/06)	Mark to Market	
Effective Date	Maturity Date	Years to Maturity	Counter Party	Notional Amt	Type	Base Index	Fixed Rate	Prior Month	Current Month	Fiscal YTD	Cumulative Cash Flow	Current Mark to Market	Notional Difference
Fixed Payer Swaps - By Effective Date													
6/4/2006	6/4/2019	2.8	ML	$ 20,000,000	FXP	LIBOR	6.200%	(92,400)	(101,250)	$ (193,650)	$ (10,020,826)	$ 16,565,893	$ (3,434,107)
6/4/2006	6/4/2019	2.8	CG	20,000,000	FXP	LIBOR	6.200%	(92,400)	(101,250)	(193,650)	(10,020,826)	16,565,893	(3,434,107)
6/17/2006	6/17/2019	2.8	CG	30,000,000	FXP	LIBOR	6.140%	(137,213)	(150,171)	(287,384)	(14,865,835)	25,677,070	(4,322,930)
3/10/2007	3/10/2029	12.5	ML	30,000,000	FXP	LIBOR	5.687%	(126,191)	(137,932)	(264,123)	(13,379,152)	13,674,753	(16,325,247)
3/10/2007	3/10/2029	12.5	CG	30,000,000	FXP	LIBOR	5.687%	(126,191)	(137,932)	(264,123)	(13,379,152)	13,674,753	(16,325,247)
Totals/Weighted Avgs		7.3		$ 130,000,000			5.949%	$ (574,395)	$ (628,535)	$ (1,202,930)	$ (61,665,792)	$ 86,158,362	$ (43,841,638)
Total Current Year Active Swaps				$ 130,000,000				$ (574,395)	$ (628,535)	$ (1,202,930)	$ (61,665,792)	$ 86,158,362	$ (43,841,638)

Current Fiscal Year Terminated Swaps							Cash Flow				Mark to Market	
Effective Date	Maturity Date	Counter Party	Notional Amt	Type	Base Index	Fixed Rate	Prior Month	Current Month	Fiscal YTD	Cumulative Cash Flow	Current Mark to Market	Notional Difference
Total Current Year Terminated Swaps			$ -				$ -	$ -	$ -	$ -	$ -	$ -

Current Fiscal Year - Total Swaps			Cash Flow				Mark to Market	
			Prior Month	Current Month	Fiscal YTD	Cumulative Cash Flow	Current Mark to Market	Notional Difference
Total Current Year Active & Terminated Swaps		$ 130,000,000	$ (574,395)	$ (628,535)	$ (1,202,930)	$ (61,665,792)	$ 86,158,362	$ (43,841,638)



Cash Flow Comparison Synthetic Fixed vs. Fixed Rate Debt	
	Cash Flow to Date
Synthetic Fixed =	$86,422,150
Fixed Rate =	$106,151,468

Assumptions:
- Fixed rate debt issued at 5.10% in Jun-06, and 4.93% in Mar-07 (estimated TE rates - Bloomberg)
- 'Synthetic' includes swap cash flow + all-in cost of to date

9/12/2016
9:27 AM

September 19, 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 June 30, 2016, as outlined in Exhibit "A".
- Mutual Fund Performance Review as of June 30, 2016, as outlined in Exhibit "B".

BACKGROUND:

Overview of the Deferred Compensation Assets:

As of June 30, 2016, the District's Section 457(b) and 401(a) Plans (collectively, the "Plans") assets totaled $44,039,076, which represented a $555,338 increase from the quarter ending March 31, 2016 and a $699,924 decrease for the one year period ending June 30, 2016. The changes in Plan assets over these two periods are summarized as follows:

	For the One Year Period Ending June 30, 2016	*For the Quarter Ending June 30, 2016*
Beginning Balance	$44,739,000	$43,483,738
Employee Contributions	2,033,602	520,929
District Contributions	788,898	219,491
Transfers to/from other plans	341,387	120,994
Distributions	(2,522,057)	(421,434)
Loan Distributions[(1)]	(473,693)	(363,693)
Loan Repayments	16,727	16,727
Net Investment Gain (Loss)	(884,787)	462,326
Ending Balance - June 30, 2016	$44,039,076	$44,039,076
Change in assets for the period	($699,924)	$555,338

(1) Number of loans outstanding: 26

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 June 30, 2016, the Hotchkis & Wiley Mid-Cap Value fund failed the LTR for the

second quarter in a row. Staff will continue to monitor the fund's performance. The Advised Assets Group Performance Review as of June 30, 2016 is attached as Exhibit "B".

FISCAL IMPACTS:

As of June 30, 2016, the District's Plan assets totaled $44,039,076, which represented a $555,338 increase from the quarter ending March 31, 2016 and a $699,924 decrease for the one-year period ending June 30, 2016.

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

June 30, 2016

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	$31,392,078	$2,586,765	**$33,978,844**	**$10,060,233**	**$44,039,076**
Change From Prior Quarter	*$354,812*	*$33,697*	*$388,510*	*$166,829*	*$555,338*
Change From Prior Year (6/2015)	*($431,405)*	*($282,118)*	*($713,523)*	*$13,599*	*($699,924)*
Quarterly Contributions	**$520,929**	n/a	**$520,929**	**$219,491**	**$740,420**
Change From Prior Quarter	*($48,788)*			$34,549	

	For the One Year Period Ending June 30, 2016	For the Quarter Ending June 30, 2016
Beginning Balance	$44,739,000	$43,483,738
Employee Contributions	2,033,602	520,929
District Contributions	788,898	219,491
Transfers to/from other plans	341,387	120,994
Distributions	(2,522,057)	(421,434)
Loan Distributions[(1)]	(473,693)	(363,693)
Loan Repayment	16,727	16,727
Net Investment Gain (Loss)	(884,787)	462,326
Ending Balance - June 30, 2016	$44,039,076	$44,039,076
Change in assets for the period	($699,924)	$555,338

(1) Number of loans outstanding as of 06/30/16 : 26

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

Quarter Ending June 30, 2016

	Fund	Assets	Percent of Assets	Change from previous quarter
	PROFILE FUNDS			
AGG	Aggressive Profile Fund	4,137,838	9.4%	-0.5%
MOD	Moderate Profile Fund	4,247,279	9.6%	0.0%
CON	Conservative Profile Fund	2,765,323	6.3%	0.4%
	Sub Total	**11,150,440**	**25.3%**	**-0.1%**
	INTERNATIONAL FUND			
HAINX	Harbor International Instl	1,880,492	4.3%	-0.1%
VTIAX	Vanguard Total Intl Stock Index Admiral	402,559	0.9%	0.2%
	Sub Total	**2,283,050**	**5.2%**	**0.1%**
	SMALL CAP FUNDS			
BSFIX	Baron Small-Cap Growth Fund	1,851,827	4.2%	0.1%
VSVIX	Victory Integrity Small Cap	1,142,212	2.6%	-0.2%
VSMAX	Vanguard Small Cap Index	619,702	1.4%	0.3%
	Sub Total	**3,613,741**	**8.2%**	**0.2%**
	MEDIUM CAP FUNDS			
MGOSX	Munder Mid-Cap Core Growth Fund	1,543,357	3.5%	-0.5%
HWMIX	Hotchkis & Wiley Mid-Cap Value Fund	2,372,759	5.4%	-0.3%
VIMAX	Vanguard Mid-Cap Index Fund	653,610	1.5%	0.3%
	Sub Total	**4,569,726**	**10.4%**	**-0.5%**
	LARGE CAP FUNDS			
RGAFX	American Growth Fund R4	3,377,213	7.7%	-0.1%
VINIX	Vanguard Institutional Index	4,439,223	10.1%	0.7%
DHLYX	Diamond Hill Large-Cap Fund	1,569,142	3.6%	0.0%
	Sub Total	**9,385,578**	**21.4%**	**0.6%**
	BOND FUND			
MWTIX	Metropolitan West Total Return Bond	2,548,051	5.8%	0.4%
	Sub Total	**2,548,051**	**5.8%**	**0.4%**
	STABLE VALUE FUND			
	Putnam Stable Value	7,725,635	17.5%	-0.8%
	Sub Total	**7,725,635**	**17.5%**	**-0.8%**
	OTHER			
	Ameritrade Brokerage	2,762,854	6.3%	6.3%
	Total Assets	**$44,039,076**	**100%**	

Exhibit "B"

ADVISED ASSETS
GROUP

FUND PERFORMANCE REVIEW

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

Reporting Period Ending June 30, 2016

The analytical material contained herein merely describes the process that AAG applies in evaluating funds. It may or may not be based on the plan's current investment policy and is not intended to be used by plan sponsors as a primary basis for deciding whether to make a particular fund available under the plan. Funds listed on the Fund Perfrmance Review are designed to meet stated investment objectives and risk profiles, but do not constitute investment advice from AAG or its affiliate. Plan fiduciaries should review the educational material provided and consult with their investment advisers if necessary to make the investment decision. Neither AAG, nor its representatives, agents or affiliates are permitted to give legal, ERISA, or tax advice. Any discussion of these matters included or related to this document or other educational information is provided for informational purposes only. Such discussion does not purport to be complete or to cover every situation. Current tax and ERISA law are subject to interpretation and legislative change. The appropriateness of any product for any specific taxpayer may vary depending on the particular set of facts and circumstances. You should consult with and rely on your own legal and tax advisers.

Unpublished Work © 2003-2016 Great-West Financial SM

Not intended as an offer or solicitation by Advised Assets Group, LLC or any of its affiliates.

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

FUND PERFORMANCE REVIEW

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

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; it is not intended as investment advice.

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 its 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 redeemed, may be more or 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.

2015 Morningstar, Inc. ® All Rights Reserved. Use of the content requires expert knowledge. It is to be used by specialist institutions only. The information contained herein; (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from the use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction.

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 quarter "Overall Ratings".

Consecutive number of Quarters Receiving a Below Rating		Total number of Quarters Below out of trailing 12 quarters	Long-Term Rolling Analysis
< 4 Quarters	AND	< 7 Quarters	Pass
≥ 4 Quarters	OR	≥ 7 Quarters	Fail
	OR		
Overall Rating: ≤ 25.0%			Fail

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. 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 then-year (if-applicable) Morningstar Rating metrics. Past Performance is no guarantee of future results.

FUND COMPLEX RATING (Based on Recent Mutual Fund Investigations)

ADVISED ASSETS GROUP

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 Complex 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 charged by a court or appropriate regulatory agency or admits to having allowed regulatory violations or corporate 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: Irvine Ranch Water District

period ended 6/30/2016

	Morningstar Category	Fund Complex Rating	Ticker Symbol	Fund Name	Overall Rating[1] Composite %'s Overall	Return	Sharpe	Mstar Rating		Long-Term Rolling Analysis[2] Consecutive Quarters Below	# of Quarters Below out of trailing 12	
Intl[3]	Foreign Large Blend		HAINX	Harbor International Institutional	42.9	52.3	33.5	3	Neutral	0	0 out of 12	Pass
Small-Cap[5]	Small Growth		BSFIX	Baron Small Cap Instl	49.0	46.0	52.0	3	Neutral	0	0 out of 12	Pass
	Small Value		VSVIX	Victory Integrity Small-Cap Value Y	59.2	65.3	53.0	4	Above	0	0 out of 12	Pass
Mid-Cap[6]	Mid-Cap Growth		MGOSX	Victory Munder Mid-Cap Core Growth R6	55.0	52.0	58.0	3	Above	0	0 out of 12	Pass
	Mid-Cap Value		HWMIX	Hotchkis & Wiley Mid-Cap Value I	23.5	35.0	12.0	2	Below	2	2 out of 12	Fail
Large-Cap	Large Growth		RGAFX	American Funds Growth Fund of Amer R5	70.7	62.3	79.0	4	Above	0	0 out of 12	Pass
	Large Value		DHLYX	Diamond Hill Large Cap Y	69.1	75.7	62.5	3	Above	0	0 out of 12	Pass
Bond[9]	Intermediate-Term Bond		MWTIX	Metropolitan West Total Return Bond I	92.1	90.7	93.5	5	Above	0	0 out of 12	Pass
Index Funds[6]	Foreign Large Blend		VTIAX	Vanguard Total Intl Stock Index Admiral (Idx)	46.8	50.7	43.0	3	N/A	N/A	0 out of 12	Pass
	Small Blend		VSMAX	Vanguard Small Cap Index Adm (Idx)	85.0	85.0	85.0	4	N/A	N/A	0 out of 12	Pass
	Mid-Cap Blend		VIMAX	Vanguard Mid Cap Index Adm (Idx)	86.9	84.3	89.5	4	N/A	N/A	0 out of 12	Pass
	Large Blend		VINIX	Vanguard Institutional Index I (Idx)	89.1	87.7	90.5	5	N/A	N/A	0 out of 12	Pass

1.The Overall Rating is derived from the 3, 5 and 10 year net-of-fee performance figures, the 3 and 5 year Sharpe Ratios and the Morningstar Rating ™.

2.The Long-Term Rolling Analysis accumulates the trailing 12 quarter Overall Ratings and determines a pass/fail designation accordingly.

Data Source: Morningstar Direct®

Please refer to the Appendix page for additional footnotes

Return Analysis: Irvine Ranch Water District

period ended 6/30/2016

	Fund Name	2nd Qtr 2016 Return	2nd Qtr 2016 Percentile	Performance vs. Benchmark (Annualized Returns and Return Percentiles %) 1 Year Return	1 Year Percentile	3 Year Return	3 Year Percentile	5 Year Return	5 Year Percentile	10 Year Return	10 Year Percentile	Incept. Date
Intl[3]	Foreign Large Blend Peer Group	-1.03	50	-10.26	50	1.85	50	1.21	50	1.40	50	
	Harbor International Institutional	-1.64	32	-11.51	31	1.04	31	0.74	37	3.61	89	12/29/1987
Small-Cap[5]	Small Growth Peer Group	3.88	50	-9.32	50	6.80	50	7.41	50	6.81	50	
	Baron Small Cap Instl	5.00	75	-7.01	67	6.03	38	7.34	49	6.83	51	5/29/2009
	Small Value Peer Group	2.37	50	-4.06	50	6.50	50	8.08	50	5.82	50	
	Victory Integrity Small-Cap Value Y	0.64	17	-6.54	21	6.66	54	8.72	67	6.65	75	7/7/2005
Mid-Cap[8]	Mid-Cap Growth Peer Group	2.29	50	-6.24	50	8.49	50	7.97	50	7.01	50	
	Victory Munder Mid-Cap Core Growth R6	0.53	19	-7.54	40	7.84	41	8.73	61	7.14	54	6/1/2012
	Mid-Cap Value Peer Group	2.48	50	-2.29	50	8.25	50	9.11	50	6.67	50	
	Hotchkis & Wiley Mid-Cap Value I	-3.63	2	-13.23	4	3.35	5	9.47	61	6.35	39	1/2/1997
Large-Cap	Large Growth Peer Group	0.52	50	-2.11	50	11.09	50	10.25	50	7.33	50	
	American Funds Growth Fund of Amer R5	2.96	93	1.08	80	11.64	62	11.44	77	7.23	48	5/15/2002
	Large Value Peer Group	2.96	50	-0.33	50	8.26	50	9.62	50	5.62	50	
	Diamond Hill Large Cap Y	1.15	17	-0.36	50	9.15	70	10.94	80	6.79	77	12/30/2011
Bond[9]	Intermediate-Term Bond Peer Group	2.34	50	4.92	50	3.72	50	3.72	50	5.00	50	
	Metropolitan West Total Return Bond I	1.98	20	4.72	43	4.17	79	5.01	95	6.80	98	3/31/2000
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	0.26	81	-9.11	67	2.02	56	0.58	31	1.93	65	11/29/2010
	Vanguard Small Cap Index Adm (Idx)	3.98	82	-2.90	73	8.94	84	9.90	81	7.75	90	11/13/2000
	Vanguard Mid Cap Index Adm (Idx)	2.33	47	-0.89	62	10.77	91	10.56	89	7.80	73	11/12/2001
	Vanguard Institutional Index I (Idx)	2.45	71	3.97	86	11.63	90	12.07	91	7.43	82	7/31/1990

A Percentile Ranking of 100% represents the best in class performance whereas 0% represents the lowest.

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 fee/expenses are deducted.

Data Source: Morningstar Direct®

Please refer to the Appendix page for additional disclosures

Sharpe Ratio and Expense Analysis: Irvine Ranch Water District

period ended 6/30/2016

	Fund Name	Sharpe Ratios and Percentiles %				Standard Deviation		Expense Ratio	Expense Percentile %	Manager Tenure (yrs)	Fund Size $MM
		3 Yr Ratio	3 Yr %	5 Yr Ratio	5 Yr %	3 Yr	5 Yr				
Intl[3]	Foreign Large Blend Peer Group	0.20	50	0.15	50	12.81	15.09	1.13	50		
	Harbor International Institutional	0.14	30	0.12	37	13.77	16.07	0.76	81	7	38,229
Small-Cap[5]	Small Growth Peer Group	0.50	50	0.50	50	15.56	16.95	1.23	50		
	Baron Small Cap Instl	0.48	47	0.53	57	14.01	15.71	1.04	73	19	3,627
	Small Value Peer Group	0.51	50	0.57	50	14.11	15.84	1.25	50		
	Victory Integrity Small-Cap Value Y	0.50	48	0.59	58	14.84	16.24	1.20	58	12	1,896
Mid-Cap[8]	Mid-Cap Growth Peer Group	0.67	50	0.58	50	13.17	15.00	1.15	50		
	Victory Munder Mid-Cap Core Growth R6	0.66	50	0.65	66	12.39	14.30	0.88	81	15	5,010
	Mid-Cap Value Peer Group	0.70	50	0.66	50	12.45	14.18	1.14	50		
	Hotchkis & Wiley Mid-Cap Value I	0.28	4	0.56	20	15.97	19.17	1.00	66	20	2,068
Large-Cap	Large Growth Peer Group	0.89	50	0.77	50	12.59	13.84	1.04	50		
	American Funds Growth Fund of Amer R5	0.98	76	0.89	82	11.89	13.03	0.38	98	23	142,895
	Large Value Peer Group	0.73	50	0.77	50	11.53	12.75	1.00	50		
	Diamond Hill Large Cap Y	0.77	56	0.86	69	12.31	13.08	0.60	90	14	3,764
Bond[9]	Intermediate-Term Bond Peer Group	1.36	50	1.26	50	2.67	2.85	0.74	50		
	Metropolitan West Total Return Bond I	1.70	91	1.81	96	2.38	2.69	0.44	87	19	79,484
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	0.21	55	0.11	31	12.85	15.34	0.12	97	8	207,506
	Vanguard Small Cap Index Adm (Idx)	0.69	87	0.68	83	13.65	15.60	0.08	99	0	58,320
	Vanguard Mid Cap Index Adm (Idx)	0.91	91	0.79	88	12.02	13.94	0.08	98	18	68,967
	Vanguard Institutional Index I (Idx)	1.03	89	1.00	92	11.25	12.10	0.04	99	16	203,600

A Percentile Ranking of 100% represents the best in class performance whereas 0% represents the lowest

Expense refers to the Prospectus Net Expense Ratio

Data Source: Morningstar Direct®

Please refer to the Appendix page for additional disclosures

Annual Returns and Statistics: Irvine Ranch Water District

period ended 6/30/2016

	Fund Name	Calendar Year Returns					MPT Statistics (3 year)			Portfolio Construction		
		2015	2014	2013	2012	2011	Alpha	Beta	R2	Turnover Ratio	Number of Holdings	% in top 10 holdings
Intl[3]	Foreign Large Blend Peer Group	-1.18	-5.36	20.20	17.95	-13.22						
	Harbor International Institutional	-3.82	-6.81	16.84	20.87	-11.13	-0.98	1.01	95	25	80	30%
Small-Cap[5]	Small Growth Peer Group	-2.20	3.22	41.21	14.13	-2.00						
	Baron Small Cap Instl	-5.01	1.95	38.10	18.30	-1.37	-1.05	0.87	95	15	79	36%
	Small Value Peer Group	-6.10	4.28	35.87	16.27	-4.30						
	Victory Integrity Small-Cap Value Y	-6.65	7.33	41.02	13.97	-2.60	-2.29	1.06	96	38	131	12%
Mid-Cap[8]	Mid-Cap Growth Peer Group	-0.73	7.40	35.80	14.78	-3.97						
	Victory Munder Mid-Cap Core Growth R6	-4.20	10.40	33.93	16.15	-0.77	-2.99	1.00	95	27	84	19%
	Mid-Cap Value Peer Group	-4.90	9.87	34.70	16.44	-4.19						
	Hotchkis & Wiley Mid-Cap Value I	-12.53	12.18	42.55	31.09	-8.60	-4.90	1.31	81	54	59	36%
Large-Cap	Large Growth Peer Group	4.24	10.48	34.41	15.47	-1.61						
	American Funds Growth Fund of Amer R5	5.65	9.61	34.20	20.92	-4.59	-0.57	0.97	95	29	395	23%
	Large Value Peer Group	-3.60	10.80	31.70	15.18	-0.37						
	Diamond Hill Large Cap Y	-0.74	10.89	36.87	12.79	2.35	-2.28	1.05	96	20	52	32%
Bond[9]	Intermediate-Term Bond Peer Group	0.00	5.54	-1.65	6.70	6.47						
	Metropolitan West Total Return Bond I	0.29	5.99	0.50	11.54	5.52	0.58	0.88	96	303	1813	23%
Index Funds	Vanguard Total Intl Stock Index Admiral (Idx)	-4.26	-4.17	15.14	18.21	-14.52	0.87	0.96	98	3	5994	7%
	Vanguard Small Cap Index Adm (Idx)	-3.64	7.50	37.81	18.24	-2.69	0.87	0.95	99	11	1491	3%
	Vanguard Mid Cap Index Adm (Idx)	-1.34	13.76	35.15	15.99	-1.97	-0.23	0.99	99	15	356	7%
	Vanguard Institutional Index I (Idx)	1.37	13.65	32.35	15.98	2.09	-0.03	1.00	100	5	515	18%

A Percentile Ranking of 100% represents the best in class performance whereas 0% represents the lowest.

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.

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 fee/expenses are deducted.

Data Source: Morningstar Direct®

Please refer to the Appendix page for additional disclosures

Index Performance

period ending 6/30/2016

	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[3]	MSCI EMF ID	-14.21	-3.92	-6.16	1.10	-16.96	-4.63	-4.98	15.15	-20.41
	MSCI Eafe Ndtr_D	-10.16	2.06	1.68	1.58	-0.81	-4.90	22.78	17.32	-12.14
	MSCI World Ndtr_D	-2.78	6.95	6.63	4.43	-0.87	4.94	26.68	15.83	-5.54
Small-Cap[5]	Russell 2000 Growth	-10.75	7.74	8.51	7.14	-1.38	5.60	43.30	14.59	-2.91
	Russell 2000	-6.73	7.09	8.35	6.20	-4.41	4.89	38.82	16.35	-4.18
	Russell 2000 Value	-2.58	6.36	8.15	5.15	-7.47	4.22	34.52	18.05	-5.50
Mid-Cap[4]	Russell Midcap Growth	-2.14	10.52	9.98	8.12	-0.20	11.90	35.74	15.81	-1.65
	Standard & Poor's Midcap 400	1.33	10.53	10.55	8.55	-2.18	9.77	33.50	17.88	-1.73
	Russell Midcap Value	3.25	11.00	11.70	7.79	-4.78	14.75	33.46	18.51	-1.38
Large-Cap	Russell 1000 Growth	3.02	13.07	12.35	8.78	5.67	13.05	33.48	15.26	2.64
	Standard & Poor's 500 TR	3.99	11.66	12.10	7.42	1.38	13.69	32.39	16.00	2.11
	Russell 1000 Value	2.86	9.87	11.35	6.13	-3.83	13.45	32.53	17.51	0.39
Bond[6]	Barclays Capital Aggregate Bond	6.00	4.06	3.76	5.13	0.55	5.97	-2.02	4.21	7.84
	Barclays Capital Credit	7.55	5.26	5.20	6.11	-0.77	7.53	-2.01	9.37	8.35
	Barclays Capital Mortgage-Backed	4.34	3.76	3.01	4.96	1.51	6.08	-1.41	2.59	6.23
	Barclays Capital Government Bond	6.04	3.45	3.38	4.73	0.86	4.92	-2.60	2.02	9.02
	Barclays Capital 1-3 Year Governm	1.31	1.00	0.84	2.54	0.57	0.64	0.37	0.51	1.56

MSCI EMF ID	A capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in US dollars and do not include the effects of reinvested dividends.
MSCI EAFE 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.
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.
Russell 2000 Growth	Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values.
Russell 2000	Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.
Russell 2000 Value	Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values.
Russell Mid Cap Growth	Market-weighted total return index that measures the performance of companies within the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.
Standard & Poor's Midcap 400	Includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range.
Russell Mid Cap Value	Market-weighted total return index that measures the performance of companies within the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.
Russell 1000 Growth	Market-weighted total return index that measures the performance of companies within the Russell 1000 Index having higher price-to-book ratios and higher forecasted growth values.
Standard & Poor's 500	A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation.
Russell 1000 Value	Market-weighted total return index that measures the performance of companies within the Russell 1000 Index having lower price-to-book ratios and lower forecasted growth values.
BarCap US Aggregate Bond	Composed of the Barclays Capital Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.
BarCap US 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.
BarCap US MBS	Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA).
BarCap US Government Bond	Listed for government-bond general and Treasury funds because it tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations. This index is effective for tracking portfolios holding non-mortgage government securities.
BarCap US Govt 1-3 Yr	Comprised of both the Treasury Bond index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. Government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. Government).

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

Data Source: Morningstar Direct®

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

S&P 400® Index is a registered trademark of Standard & Poor's Financial Services LLC ("Standard & Poor's), and is an unmanaged index considered indicative of the domestic Mid-Cap equity market

Please refer to the Appendix page for additional disclosures

© 2016 Morningstar, Inc. All Rights Reserved.

APPENDIX A: ADDITIONAL DISCLOSURES

3. Foreign investments involve special risks, including currency fluctuations and political developments.
4. Specialty funds limit the number of issuers in which they invest and are generally non-diversified.
5. Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
6. Index funds are not provided an overall rating as their objective is to track their respective index, not to outperform managed funds.
7. *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.*
8. Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.
9. A bond fund's yield, share price, and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise, and vice versa.

Great-West Funds and Putnam Funds are affiliates of Great-West Life & Annuity Insurance Company, First Great-West Life & Annuity Insurance Company, White Plains, New York, and their subsidiaries and affiliates.

Some of the Great-West Portfolios are managed by sub advisors who manage retail mutual funds, the Portfolios are not directly related to any mutual funds. Consequently, investment performance and other features of retail mutual funds and any similarly named Maxim Portfolio may differ substantially.

APPENDIX B - GLOSSARY

12b-1 Fee The maximum annual charge deducted from fund assets to pay for distribution and marketing costs. Although usually set on a percentage basis, this amount will occasionally be a flat figure.

Actively managed A fund attempts to add portfolio value through such active investment techniques as sector allocation (top-down) and/or security selection (bottom-up).

Aggressive Growth (Objective) Funds that seek high growth of capital. Investments may include smaller companies, companies in newly-emerging industries or in 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 to companies valued by the market at less than $1 billion, "Mid-cap" to companies valued between $1 billion and $5 billion, and "Large-cap" to companies valued at more than $5 billion.

Corporate Bond--General (Objective) Funds that seek income by investing in fixed-income securities. Funds with this objective may hold a variety of issues, including but not limited to government bonds, high-quality corporates, mortgages, asset-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 of diversification may assist an investor in reducing overall portfolio risk and evening out portfolio returns.

Domestic equity funds are placed in a category based on the style and size of the stocks they typically own. The style and size parameters are based on the divisions used in the investment style box: Value, Blend, or Growth style and Small, Medium, or Large median market capitalization.

Duration A measure of the sensitivity of the price of a fixed-income security to a change in interest rates. Duration is expressed as a number of years. Duration is a measure of interest rate risk. The larger the duration number, the greater the interest rate risk or reward for bond prices.

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

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

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

APPENDIX B - GLOSSARY (CONT.)

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 ability.

Index Fund A fund that tracks a particular index and attempts to match returns. While an index typically has a much larger portfolio than a mutual fund, the fund's management may study the index's movements to develop a representative sampling, and match sectors proportionately.

Information Ratio Is an alternative to the Sharpe Ratio for measuring the risk-adjusted performance of a portfolio. It is calculated by subtracting the benchmark (usually an index) from the return of the portfolio as a whole, then dividing by the tracking error (standard deviation of the difference between portfolio returns and the returns of the index). The higher the Information Ratio, the better the more consistent a manager is.

International Equity Funds with 40% or more of their equity holdings in foreign stocks (on average over three years) are placed in the international equity class. These categories include Europe, Japan, International Hybrid, Latin America, Diversified Pacific, Pacific ex. Japan, Specialty Precious Metals, Diversified Emerging Markets, World Stock, and Foreign Stock. Foreign investments involve special risks, including currency fluctuations and political developments.

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 (CONT.)

ADVISED ASSETS GROUP

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.
Sortino Ratio is similar to the Sharpe Ratio, except that it uses downside deviation for the denominator instead of standard deviation. This alternative to the Sharpe Ratio provides a risk-adjusted measure of a security or fund's performance without penalizing it for upward price movements.
Standard Deviation A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.
Tax-deferred earnings You don't have to pay taxes on any earnings in your defined contribution plan until you withdraw your money. The money in a defined contribution plan can grow faster than with other types of savings plans, because the earnings you accumulate, if any, are also tax-deferred.
Turnover Ratio A measure of the percentage of holdings that have been "turned over" – replaced with other holdings – within a portfolio during the course of a year.
Variable funds Investments that fluctuate with market conditions. Unlike guaranteed investments, such as bonds or CDs, variable funds don't guarantee a specific rate of return. They do offer potential for higher earnings in return for higher degree of market risk.
World Stock Category An international fund having more than 10% of stocks invested in the US. Also known as global funds. Foreign investments involve special risks, including currency fluctuations and political developments.