AGENDA
IRVINE RANCH WATER DISTRICT
FINANCE AND PERSONNEL COMMITTEE MEETING
TUESDAY, MARCH 7, 2017

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

ATTENDANCE Committee Chair: Peer Swan ____ Member: Doug Reinhart ____

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	_____
Allen Shinbashi	_____	______________	_____

COMMUNICATIONS

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

INFORMATION

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

   Recommendation: Receive and file.

ACTION

6. FISCAL YEAR 2017-18 OPERATING BUDGET PRELIMINARY DRAFT REVIEW – SMITHSON/CLARY

   Recommendation: That the Committee review and provide feedback on the proposed FY 2017-18 Operating Budget for further review at the March 23, 2017 Special Finance and Personnel Committee meeting.

TREASURY SECTION

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

   Recommendation: Receive and file.

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

   Recommendation: Receive and file.

9. DISCUSSION ITEMS – ALL

   a. Updated investment activities/rates

10. Items for discussion at next meeting.

OTHER BUSINESS

11. Directors' Comments

12. Adjournment

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

March 7, 2017
Prepared by: Marta Ramos
Submitted by: Jenny Roney
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

EMPLOYEE POPULATION AND TURNOVER STATUS REPORT

SUMMARY:

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

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

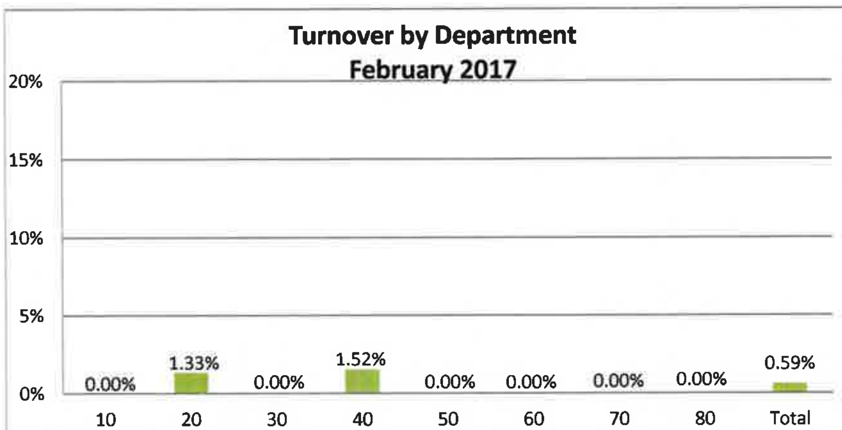
LIST OF EXHIBITS:

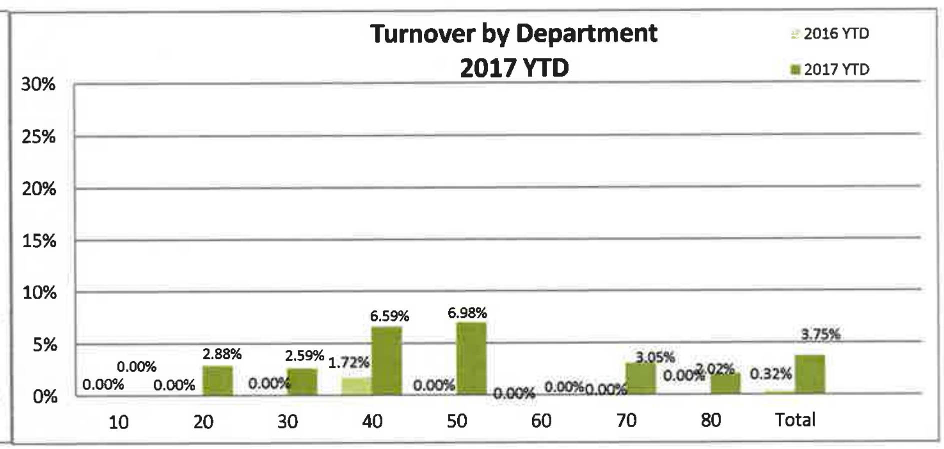
Exhibit “A” - Employee Population/Turnover Status Report

Exhibit "A"

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2017

	@02/01/17	Current Month Activity							@02/28/17		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	2017	Current	2017
Dept No	Filled	Hires	Vol	Invol	In	Out	In	Out	Filled	Unfilled	Positions*	Positions	FTE	Positions	Period	YTD	Period	YTD
10P	13.0								13.0	2	15.0	13.6	0.9	14.5	0.00%	0.00%	0.00%	0.00%
20P	75.0		1						74.0	6	80.0	74.3	6.4	80.7	0.00%	0.00%	1.33%	1.34%
30P	40.0								40.0	2	42.0	39.8	5.2	44.9	0.00%	0.00%	0.00%	0.00%
40P	66.0		1						65.0	2	67.0	62.4	2.7	65.0	0.00%	0.00%	1.52%	1.55%
50P	40.0								40.0	8	48.0	41.3	2.4	43.6	0.00%	2.53%	0.00%	2.53%
60P	19.0								19.0	1	20.0	19.6	0.5	20.1	0.00%	0.00%	0.00%	0.00%
70P	31.0								31.0	5	36.0	31.9	7.3	39.2	0.00%	0.00%	0.00%	0.00%
80P	56.0								56.0	4	60.0	54.9	0.0	54.9	0.00%	0.00%	0.00%	0.00%
Totals	**340**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**338.0**	**30**	**368.0**	**337.6**	**25.3**	**362.9**	**0.00%**	**0.30%**	**0.59%**	**0.89%**
1/16	**310**	**5**	**0**	**0**	**1**	**1**	**0**	**0**	**316**	**25**	**352.00**	**311.70**	**36.30**	**348.00**	**0.00%**	**0.00%**	**0.33%**	**0.33%**



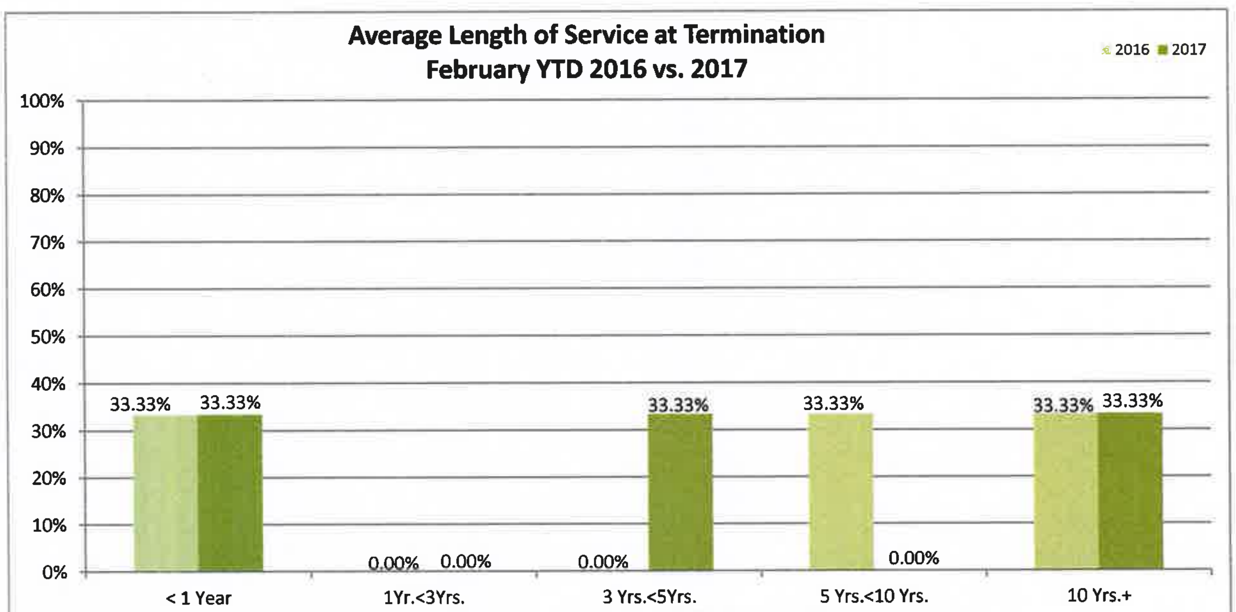


10P-GM, HR, Safety; 20P-Fin., Cust. Serv., IS, Purch.; 30P-Eng.: 40P-Water Ops; 50P-Recycling; 60P-Water Qualty; 70P-Water Res., Pol., Conserv. and Public Affairs; 80P-Maintenance Ops

IRVINE RANCH WATER DISTRICT
TURNOVER STATUS REPORT
February 2017

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		
30P																		
40P		1												1				
50P																		
60P																		
70P																		
80P	1																	1
2016 Total	**1**	**2**											**3**	**1**	**0**	**1**	**0**	**1**
2015 Data	**1**	**3**	**1**	**3**	**1**	**3**	**1**	**3**	**2**	**2**	**3**	**3**	**26**					
Percentage of Total Turnover														**33.33%**	**0.00%**	**33.33%**	**0.00%**	**33.33%**

2017 Average YTD Length of Service at Termination	**8.17 Years**
2016 Average YTD Length of Service at Termination	**12.43 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**



IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2017

NEW HIRES				
Hire	**Dept**	**Employee Name**	**Position**	**Comments**

TERMINATIONS					
Termination Date	**Dept**	**Employee Name**	**Position**	**Reason**	**Comments**
02/09/17	40P		Metering Systems Technician II	Vol.	
02/24/17	20P		Mail Coordinator	Vol.	

RETIREMENTS					
Effective Date	**Departing Dept**	**Employee Name**	**Position**	**Reason**	**Comments**

PROMOTIONS					
Effective Date	**Departing Dept**	**Employee Name**	**Departing Position**	**New Dept**	**New Position**
02/25/17	50P	Kristopher Ellison	Operator II	50P	Operator III
02/25/17	50P	Scott Van Deusen	Collection Systems Technician I	50P	Collection Systems Technician II

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

CROSS TRAINING					
Effective Date	**Departing Dept**	**Employee Name**	**Departing Position**	**New Dept**	**New Position**
01/28/16	50P	Rafael Vazquez	Operator I	40P	Operator I

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2017

UNFILLED POSITIONS			
Dept	**Position**	**Salary Grade**	**Comments**
10P	Safety Specialist	15.N	Second interviews held 2/27
10P	Administrative Assistant	U29.N	Interview scheduled for 3/2
20P	Mailroom Coordinator	6.N	
20P	Mailroom Coordinator	6.N	
20P	Purchasing Coordinator	19.N	Recruiting
20P	Purchasing Coordinator	19.N	
20P	Payroll Administrator	31.N	Additional interviews scheduled for 3/2
20P	Applications Analyst	U15.E	Re-posted
30P	Engineering Technician III	29.N	Started on background check on selected candidate
30P	Senior Engineer	U20.E	
40P	Metering Systems Technician II	22.N	Recruiting
40P	Water Maintenance Technician II (FS)	26.N	Re-posted
50P	Collection Systems Technician I	15.N	
50P	Collection Systems Technician II	20.N	Selected candidate to start in March
50P	Wetland Specialist	24.N	
50P	Operator II (MWRP)	29.N	Re-posted
50P	Operator III (MWRP)	29.N	Re-posted
50P	Operator III (MWRP)	29.N	Re-posted
50P	Operator II (LAWRP)	27.N	
50P	Operator III (LAWRP)	27.N	
60P	Scientist	28.N	Second interviews held 2/20
70P	Water Efficiency Specialist	24.N	Interviews scheduled for 3/6
70P	Sr. Recycled Water Specialist	27.N	
70P	Sr. Water Efficiency Specialist	29.N	Candidate to start 3/20
70P	Water Efficiency Analyst	31.N	Started on background check on selected candidate
70P	Sr. Public Affairs Specialist	10.E	Interviews conducted 2-23
80P	Analyst	10.E	
80P	Automation Supervisor	U34.N	Interviews scheduled for 3/8
80P	Electrical Supervisor	U34.N	Coordinating interview date
80P	Automation Programmer	13.E	Recruiting

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2017

LEAVE OF ABSENCE

Type of Leave	Original Status	Final Status	Dept. No.	Claim #	Date Leave Began	Anticipated Return Date	Current Length	Comments
WC	WC		40P	001401	10/14/2016	3/6/2017	4 Months	
FMLA/CFRA	PFL		40P	001765	1/13/2017	3/6/2017	6 Weeks	
FMLA/CFRA	SDI		40P	002137	1/14/2017	6/14/2017	6 Weeks	
FMLA/CFRA	SDI		20P	000578	1/25/2017	4/4/2017	4 Weeks	
FMLA/CFRA	SDI		70P	001562	2/8/2017	3/23/2017	3 Weeks	
FMLA/CFRA	SDI		70P	001224	2/15/2017	3/1/2017	2 Weeks	
FMLA/CFRA	PFL		50P	002031	2/21/2017	3/22/2017	1 Week	

Leave	Original Status	Final Status	Dept. No.	Claim #	Date Leave Began	Anticipated Return Date	Expected Length	Actual Return Date	Comments
FMLA/CFRA	SDI		80P	001375	10/27/2016	12/27/2016	2 days	11/14/16	Returned
FMLA/CFRA	WC		50P	001825	10/26/2016	12/8/2016	1 Week	12/01/16	Returned
DL/FMLA/CFR	SDI		10P	001971	8/16/2016	12/16/2016	3 Months	12/05/16	Returned
FMLA/CFRA	SDI		70P	002062	9/26/2016	12/5/2016	2 Month	12/05/16	Returned
MLA/CFRA/W	WC		40P	001232	11/9/2016	12/6/2016	3 Weeks	12/06/16	Returned
WC	WC	WC/LTD	50P	001341	4/30/2015	11/1/2016	19 Months	12/30/16	Retired
FMLA/CFRA	SDI		20P	001285	10/26/2016	12/8/2016	5 Weeks	12/19/16	Returned
FMLA/CFRA	SDI		50P	002029	12/4/2016	12/19/2016	4 Weeks	12/20/16	Returned
FMLA/CFRA	PFL		50P	002031	12/2/2016	12/26/2016	3 Weeks	12/26/16	Returned
FMLA/CFRA	PFL		10P	000870	12/8/2015	12/31/2016	2 Weeks	12/31/16	Returned
FMLA/CFRA	PFL		20P	002158	8/1/2016	12/31/2016	1.5 Weeks	12/31/16	Returned
FMLA/CFRA	PFL		40P	001762	10/28/2016	1/3/2017	9 Weeks	01/03/17	Returned
Extended LOA	SDI		80P	001149	6/27/2014	12/14/2016	30 Months	01/16/17	Resigned
FMLA/CFRA	PFL		80P	001776	12/28/2016	1/23/2017	3 Weeks	01/23/17	Returned
FMLA/CFRA	PFL		30P	001606	12/26/2016	1/24/2017	5 Weeks	01/24/17	Returned
DL/FMLA/CFR	SDI		70P	001886	10/7/2016	2/6/2017	12 Weeks	02/06/17	Returned
FMLA/CFRA	SDI		50P	001332	12/13/2016	2/6/2017	6 Weeks	02/06/17	Returned
MLA/CFRA/W	WC		20P	000578	11/28/2016	1/24/2017	2 Months	01/24/17	Returned
FMLA/CFRA	SDI		20P	001077	1/25/2017	2/9/2017	2 Weeks	02/09/17	Returned
FMLA/CFRA	PFL		20P	002048	1/3/2017	2/23/2017	2 Months	02/21/17	Returned
FMLA/CFRA	PFL		30P	001876	2/13/2017	2/22/2017	1 Week	02/22/17	Returned

*Intermittent

IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
February 2017

Month	Dept	Length of Employment	Termination Vol	Termination Invol	Comments
January	50P	19 Years, 3 Months	X		Other employment
February	40P	1 Year, 11 Months	X		Other employment
	20P	3 Years, 4 Months	X		Other employment
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

IRVINE RANCH WATER DISTRICT
SUMMARY OF TEMPORARY AND CONTRACT EMPLOYEES
January 2017
ACTIVE EMPLOYEES

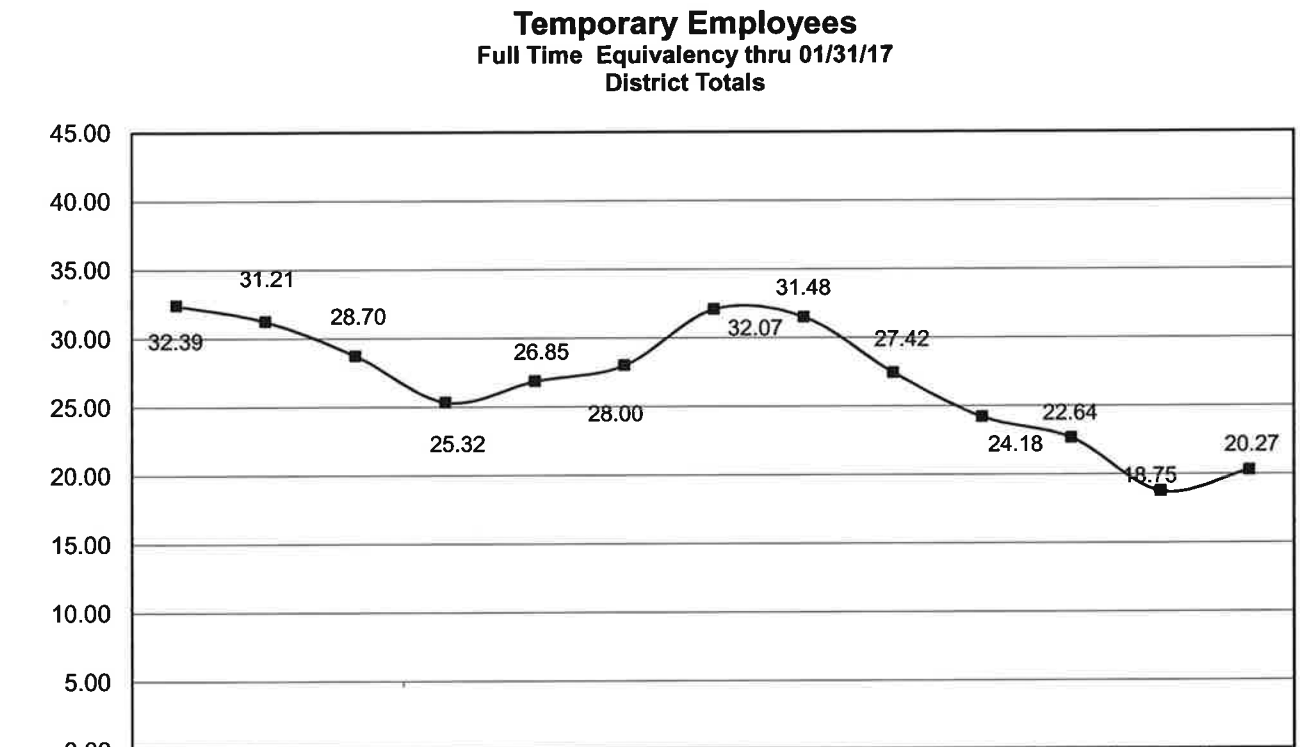
Current Month FTE	Avg FYTD Temp Emp FTE	Active PERS Y/N *	Agency	Dept	Hire Date	Term Date	Classification	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FY' YTD	Actual Cost FY 'YTD
0.81	0.88	Yes		130	1/29/2014		Full Time	21.00	168	3,528.00	8	7	24,696.00	23,289.00
0.81	**0.88**			**10P**										
0.97	0.39	No	X	210	10/24/2016		Full Time	36.96	168	6,209.28	2.25	3.25	20,180.16	18,022.62
0.78	0.83	Yes		220	3/3/2014		Full Time	20.84	168	3,501.12	12	7	24,507.84	21,486.04
0.80	0.95	Yes		220	5/11/2015		Full Time	28.95	168	4,863.60	12	7	34,045.20	35,434.80
0.88	0.87	Yes		220	2/16/2016		Full Time	28.95	168	4,863.60	12	7	34,045.20	32,054.89
0.54	0.93	Yes		240	5/31/2016		Full Time	27.72	168	4,656.96	11	7	32,598.72	31,739.40
0.81	0.35	No	X	240	11/7/2016		Full Time	27.72	168	4,656.96	6	3	13,970.88	11,829.51
3.97	**3.97**			**20P**										
0.45	0.79	Yes		300	6/20/2015		Full Time	35.35	168	5,938.80	12	7	41,571.60	34,254.15
0.76	0.63	Yes		300	6/20/2015		Full Time	24.23	168	4,070.64	12	7	28,494.48	18,935.75
0.15	0.44	EXC		300	6/22/2015		Part Time	16.00	84	1,344.00	12	7	9,408.00	8,696.00
0.57	0.39	EXC		300	5/23/2016		Part Time	15.00	84	1,260.00	12	7	8,820.00	7,200.00
0.77	0.87	Yes		300	5/23/2016		Full Time	30.32	168	5,093.76	12	7	35,656.32	32,644.33
0.26	0.56	EXC		300	6/20/2016		Part Time	15.00	84	1,260.00	12	7	8,820.00	10,357.50
0.34	0.65	EXC		300	6/20/2016		Part Time	15.00	84	1,260.00	12	7	8,820.00	11,992.50
0.07	0.43	EXC		300	6/20/2016		Part Time	15.00	84	1,260.00	12	7	8,820.00	7,875.00
3.38	**4.76**			**30P**										
0.81	0.85	Yes		430	5/28/2015	1/28/2017	Full Time	20.00	168	3,360.00	12	7	23,520.00	21,115.00
0.71	0.90	Yes		430	10/26/2015		Full Time	19.14	168	3,215.52	6	7	22,508.64	21,658.35
1.53	**1.75**			**40P**										
0.26	0.35	EXC		515	6/20/2016		Part Time	19.00	84	1,596.00	12	7	11,172.00	8,113.00
0.36	0.45	EXC		515	6/20/2016		Part Time	16.00	84	1,344.00	12	7	9,408.00	8,824.00
0.68	0.60	Yes		515	6/27/2016		Full Time	26.49	84	2,225.16	12	7	15,576.12	19,589.36
0.09	0.06	EXC		515	10/25/2016		Part Time	16.00	84	1,344.00	9	3.25	4,368.00	1,152.00
1.39	**1.45**			**50P**										
0.23	0.46	EXC		630	7/18/2016		Part Time	14.00	84	1,176.00	12	7	8,232.00	7,992.25
0.23	**0.46**			**60P**										
0.65	0.73	Yes		710	6/8/2015		Full Time	26.49	168	4,450.32	12	7	31,152.24	23,893.98
0.69	0.82	Yes		710	6/8/2015		Full Time	26.49	168	4,450.32	12	7	31,152.24	27,225.10
0.76	0.76	Yes		710	6/29/2015		Full Time	26.49	168	4,450.32	12	7	31,152.24	25,370.80
0.25	0.34	EXC		710	6/29/2015		Part Time	14.00	84	1,176.00	12	7	8,232.00	5,796.00
0.76	0.67	Yes		710	12/14/2015		Full Time	33.62	168	5,648.16	12	7	39,537.12	27,644.05
0.61	0.65	No	X	710	8/22/2016		Full Time	29.19	168	4,903.92	10	4.25	20,841.66	23,410.38
0.76	0.86	Yes		720	7/5/2016		Full Time	20.00	168	3,360.00	12	7	23,520.00	21,145.00
0.29	0.46	Yes		730	8/13/2015		Part Time	19.80	84	1,663.20	12	7	11,642.40	11,107.80
0.30	0.56	Yes		730	8/13/2015		Part Time	19.00	84	1,596.00	12	7	11,172.00	13,062.50
0.23	0.58	No	X	730	11/23/2015		Part Time	19.80	84	1,663.20	12	7	11,642.40	14,137.20
0.23	0.58	No	X	740	9/6/2016		Full Time	17.00	168	2,856.00	11	5	14,280.00	14,416.00
5.53	**6.99**			**70P**										
0.00	0.00													
0.00	**0.00**			**80P**										
16.84	**20.27**													

IRVINE RANCH WATER DISTRICT
SUMMARY OF TEMPORARY AND CONTRACT EMPLOYEES
January 2017
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	0.03	No	X	210	8/15/2016	8/23/2016	Full Time	77.99	168	13,102.32	6	0.25	3,275.58	3,119.60
0.63	0.18	No	X	210	5/24/2016	9/6/2016	Full Time	75.95	168	12,759.60	6	2	25,519.20	17,468.50
0.45	0.06	No	X	210	9/19/2016	10/6/2016	Full Time	53.00	168	8,904.00	6	0.5	4,452.00	4,187.00
0.00	0.23	No	X	220	6/14/2016	7/13/2016	Full Time	32.30	168	5,426.40	6	1	5,426.40	9,302.40
0.45	0.28	Yes		220	10/16/2012	8/27/2016	Full Time	17.00	168	2,856.00	1	3	8,568.00	6,268.75
0.99	0.40	Yes		220	7/13/2015	9/24/2016	Full Time	26.12	168	4,388.16	6	4	17,552.64	13,118.77
0.92	0.50	Yes		220	6/1/2015	10/22/2016	Full Time	26.12	168	4,388.16	6	4	17,552.64	16,325.00
0.23	0.40	Yes		220	8/24/2015	10/7/2016	Full Time	26.12	168	4,388.16	6	4	17,552.64	13,197.13
0.18	0.38	No	X	220	3/21/2016	10/7/2016	Full Time	26.12	168	4,388.16	6	4	17,552.64	12,490.85
3.85	**2.48**			**20P**										
0.50	0.17	EXC		300	6/1/2015	8/19/2016	Part Time	15.00	84	1,260.00	0.5	2.5	3,150.00	3,112.50
0.00	0.24	Yes		300	6/20/2015	9/24/2016	Full Time	35.35	168	5,938.80	12	3	17,816.40	10,251.50
0.50	**0.40**			**30P**										
0.90	0.38	No	X	430	6/21/2016	9/29/2016	Full Time	29.19	168	4,903.92	3	3	14,711.76	14,295.80
0.97	0.53	No	X	425	5/31/2016	10/28/2016	Full Time	29.19	168	4,903.92	6	4	19,615.68	19,265.40
1.86	**0.91**			**40P**										
0.00	0.90	Yes		840	9/28/2015	7/4/2016	Full Time	30.59	168	5,139.12	0.25	0.1	513.91	34,146.09
0.00	**0.90**			**50P**										
0.00	**0.00**			**60P**										
0.00	0.03	No	X	710	12/14/2015	7/15/2016	Full Time	33.62	168	5,648.16	2	1.5	8,472.24	1,428.85
0.64	0.21	Yes		710	5/8/2014	9/2/2016	Full Time	26.49	168	4,450.32	6	2	8,900.64	6,887.40
0.64	**0.25**			**70P**										
0.00	**0.00**			**80P**										
	4.69												854,195.83	786,329.77

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



	1/16	2/16	3/16	4/16	5/16	6/16	7/16	8/16	9/16	10/16	11/16	12/16	01/17
District	32.39	31.21	28.70	25.32	26.85	28.00	32.07	31.48	27.42	24.18	22.64	18.75	20.27

March 7, 2017
Prepared by: Christopher Smithson/Jennifer Davis
Submitted by: Cheryl Clary
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

FISCAL YEAR 2017-18 OPERATING BUDGET PRELIMINARY DRAFT REVIEW

SUMMARY:

The preliminary draft of the Fiscal Year (FY) 2017-18 operating budget is $149.5 million, representing an increase of $2.5 million, or 1.7%, compared with FY 2016-17.

The goal of the District's budgeting process is to appropriately fund the resources required to provide services to its customers as cost-efficiently as possible. Staff continues to aggressively pursue reductions in expenses to offset uncontrollable expenses, such as pass-through rate increases from outside agencies. Based on feedback from the Committee, staff will incorporate recommended changes into the detailed budget presented at the March 23, 2017 Special Finance and Personnel Committee meeting.

Quarterly reporting in FY 2017-18 will continue to include a review of actual versus budget and forecasting for both operating and non-operating results.

BACKGROUND:

This draft budget represents an increase of $ 2.5 million over the FY 2016-17 Operating Budget. The proposed increase over last year's budget is driven primarily by the following:

Primary Drivers	Expenses
Increase in regular labor: - COLA - Promotions/upgrades/merit - Proposed additions	$1.9M
Increase in employee benefits: - PERS and health insurance	$0.5M
Decrease in purchased water: - Reduced imported water purchases offset by pass through rate increases anticipated from other agencies	($0.9)M
Reduction in electricity costs: - 6.0% rate increase - Increased electricity usage(kWh) due to: o Baker Water Treatment Plant(WTP); includes 100% of costs of which IRWD is responsible for 24.14% o Shifts in well production	($0.2)M

Increase in permits, licenses and fees: - PVID property taxes	$0.6M
Decrease in OCSD repairs and maintenance based on OCSD's 2 year budget for operating revenues	($0.5M)
Increases in IRWD repairs and maintenance: - Baker WTP; includes 100% of costs - Additional 9 NTS sites	$0.9M
Increase in legal fees: - Litigation and additional support	$1.1M
Increase in alarm and patrol services: - Daytime patrol services	$0.3M
Conservation Rebates - tactical incentives and always water smart reimbursements(will be offset by over allocation revenue and a reduction in the conservation reserve)	($1.0M)
All other increases, less than $250,000 each	$0.2M
Reimbursement from Baker Partners	($0.4)M
Total proposed budget increases in FY 2016-17:	*2.5M*

Staff will provide a PowerPoint presentation with more detailed explanations at the Committee meeting. Staff recommends the Committee review and provide feedback to the proposed operating budget for further consideration at the March 23, 2017 Special Finance and Personnel and April 4, 2017 Committee meetings and at the Board workshops on April 10 and April 24, 2017. Staff anticipates that the FY 2017-18 operating budget will be presented to the Board for approval at its April 24 meeting. Notices of proposed rate increases will be mailed the first week in May in compliance with Proposition 218 in order to be effective for any July 1, 2017 rate adjustment.

Impact on IRWD's Rates and Charges:

Due to the preliminary nature of the operating budget, staff has reviewed the basic rate impacts assuming that the existing draft budget is unchanged. As discussed at a previous committee meeting, the FY 2017-18 process will include establishing rate parity for the Irvine Ranch and Los Alisos rate areas. The potable rates presented include bringing the Los Alisos Rate Area customers onto rate parity with those in the Irvine Ranch Rate Area.

Including the added pass-through costs from the various agencies for water, the proposed impact to user rates would result in a monthly increase of $1.81 or 3.6% for the average residential customer in the Irvine Ranch rate area, and a decrease of $6.23 or 10.7% for the average residential customer in the Los Alisos rate area who will be transitioning onto the IRWD rate structure this fiscal year. The pass-thru cost increases from other agencies account for nearly all of the rate increase. There are no additional rate increases for funding the biosolids project.

Staff will review preliminary rate increases along with various alternatives at the Committee meeting, and will bring a more detailed analysis of potential rate impacts to the March 23, 2017 Special Finance and Personnel Committee meeting.

FISCAL IMPACTS:

As noted herein.

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

That the Committee review and provide feedback on the proposed FY 2017-18 Operating Budget for further review at the March 23, 2017 Special Finance and Personnel Committee meeting.

LIST OF EXHIBITS:

Exhibit "A" – Consolidated Operating Budget for All Departments Fiscal Year 2017-18

Exhibit "A"

IRVINE RANCH WATER DISTRICT
CONSOLIDATED OPERATING BUDGET FOR ALL DEPARTMENTS FY 2017-18

(in millions)

Draft as of 3/1/17

Expense Category / Name		2015-16 Actual	2016-17 YTD 12/31/16	2016-17 Original Budget	2017-18 Proposed Budget	Incr/(Decr)	%
	Regular Labor	$26.1	$13.3	$31.3	$33.2	$1.9	6.1%
Salaries & Benefits	Overtime Labor	1.8	0.9	1.8	2.0	0.2	10.2%
	Contract Labor	2.7	0.8	1.3	1.4	0.1	6.9%
	Employee Benefits	7.8	4.2	16.9	17.4	0.5	3.1%
Salaries & Benefits Total		$38.4	$19.2	$51.4	$54.1	$2.7	5.3%
	Water	29.0	18.7	36.2	35.3	(0.9)	-2.6%
	Electricity	11.8	6.1	14.8	14.6	(0.2)	-1.3%
Water & Utilities	Fuel	0.5	0.3	0.6	0.6	0.0	6.9%
	Telecommunication	0.5	0.3	0.5	0.6	0.1	10.8%
	Other Utilities	0.2	0.1	0.2	0.2	0.0	1.4%
Water & Utilities Total		$42.0	$25.5	$52.3	$51.3	($1.0)	-2.0%
	Chemicals	2.1	1.1	3.1	3.1	0.0	1.3%
	Operating Supplies	0.8	0.5	1.5	1.5	0.0	0.2%
	Printing	0.2	0.1	0.3	0.3	0.0	4.4%
Materials & Supplies	Postage	0.6	0.3	0.6	0.6	0.0	2.7%
	Permits, Licenses and Fees	0.7	0.9	1.2	1.8	0.6	46.9%
	Office Supplies	0.1	0.0	0.1	0.1	0.0	14.8%
	Duplicating Equipment	0.2	0.1	0.2	0.2	0.0	14.7%
	Equipment Rental	0.1	0.0	0.1	0.1	0.0	11.6%
Materials & Supplies Total		$4.8	$3.0	$7.1	$7.7	$0.6	8.6%
	Rep & Maint OCSD & Other	15.7	7.1	14.4	13.9	(0.5)	-3.8%
	Rep & Maint IRWD	7.5	3.7	8.7	9.6	0.9	10.4%
	Insurance	0.8	0.5	1.0	1.0	0.0	1.7%
	Legal Fees	0.5	0.6	0.5	1.6	1.1	244.0%
	Engineering Fees	0.5	0.2	0.7	0.9	0.2	33.1%
Professional Services	Accounting Fees	0.1	0.1	0.1	0.1	0.0	0.0%
	Data Processing	3.0	1.6	3.0	2.9	(0.1)	-4.3%
	Personnel Training	0.8	0.4	1.2	1.2	0.0	4.1%
	Personnel Physicals	0.0	0.0	0.1	0.1	0.0	0.0%
	Other Professional Fees	3.1	1.2	4.3	4.2	(0.1)	-1.2%
	Directors' Fees	0.1	0.1	0.2	0.2	0.0	7.7%
Professional Services Total		$32.1	$15.5	$34.2	$35.7	$1.5	4.4%
	Mileage Reimbursement	0.2	0.1	0.1	0.1	0.0	6.0%
	Collection Fees	0.0	0.0	0.0	0.0	0.0	42.9%
	Election Expense	0.0	0.1	0.1	0.1	0.0	0.0%
	Safety	0.2	0.0	0.1	0.1	0.0	29.8%
	Alarm and Patrol Services	0.1	0.0	0.2	0.5	0.3	147.1%
Other	Biosolids Disposals	0.1	0.1	0.4	0.2	(0.2)	-60.9%
	Commuter Program	0.1	0.1	0.2	0.2	0.0	0.0%
	Computer Backup Storage	0.0	0.0	0.0	0.0	0.0	50.0%
	Contract Meter Reading	1.3	0.7	1.4	1.4	0.0	3.0%
	Other	0.0	0.0	0.0	0.0	0.0	0.0%
	Conservation	2.3	(0.6)	3.0	2.0	(1.0)	-32.1%
Other Total		$4.3	$0.5	$5.4	$4.6	($0.8)	-15.4%
TOTAL		**$121.6**	**$63.7**	**$150.4**	**$153.3**	**$2.9**	**2.0%**
Less: Reimbursement from Baker Partners				**($3.4)**	**($3.8)**	($0.4)	
Grand Total		$121.6	$63.7	$147.0	$149.5	$2.5	1.7%

March 7, 2017
Prepared by: Jennifer Davis/Tanja Fournier
Submitted by: Robert Jacobson/Cheryl Clary
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

MONTHLY INVESTMENT AND DEBT REVIEW

SUMMARY:

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

- The Investment Portfolio Summary Report as of February 28, 2017, as outlined in Exhibit "A"
- The U.S. Treasury Yield Curve as of February 28, 2017, as outlined in Exhibit "B"
- The Summary of Fixed and Variable Debt as of February 28, 2017, as outlined in Exhibit "C"
- The Summary of Variable Rate Debt Rates as of February 28, 2017, as outlined in Exhibit "D"

BACKGROUND:

Investment Portfolio:

For February 2017, the rate of return for the fixed income investment portfolio was 0.95%, which was a 0.01% increase from January's rate of 0.94%. Including real estate investments, the weighted average rate of return for the District's investment portfolio for February 2017 was 2.77%, which was a 0.09% increase from January's rate of 2.68%. The increase is primarily due to the change in the fixed income portfolio average balance from $446,070,508 to $422,406,908.

Debt Portfolio:

As of February 28, 2017, the District's weighted average all-in variable rate was 0.94%, which was a 0.05% decrease from January's rate of 0.99%. Including the District's weighted average fixed rate bond issues of 3.70% and the previous month's negative cash accruals from fixed payer interest rate swaps, which hedge a portion of the District's variable rate debt, the total average debt rate was 3.46%, which is a 0.08% decrease from January's rate of 3.54%.

Interest Rate Swaps:

Due to the timing of the Committee meeting, the swap report is not complete at this time. Staff will provide an update at the meeting. As of February 28, 2017, the District had posted $2,204,633 of collateral with Citigroup, which is unchanged from January. No collateral is posted with Merrill Lynch. The collateral earns the Fed Funds Effective Rate, which is currently 0.66%.

FISCAL IMPACTS:

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

ENVIRONMENTAL COMPLIANCE:

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

RECOMMENDATION:

Receive and file.

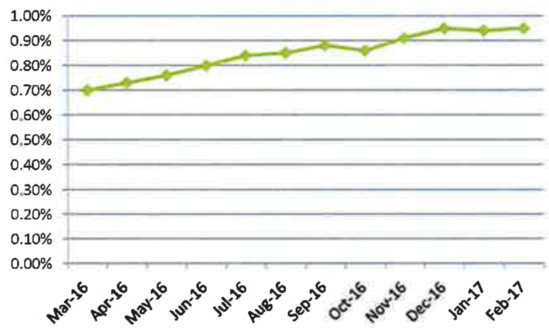
LIST OF EXHIBITS:

Exhibit "A" – Investment Portfolio Summary as of February 28, 2017
Exhibit "B" – Yield Curve as of February 28, 2017
Exhibit "C" – Summary of Fixed and Variable Debt as of February 28, 2017
Exhibit "D" – Summary of Variable Rate Debt Rates as of February 28, 2017

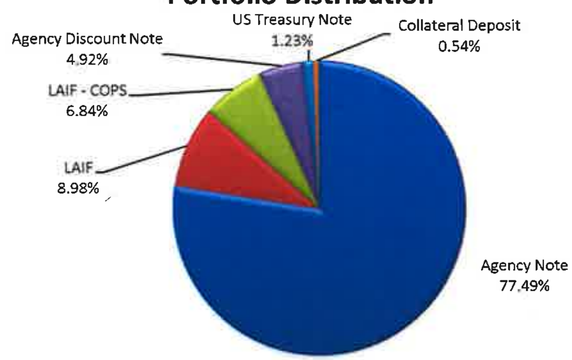
Exhibit "A"

Irvine Ranch Water District
Investment Portfolio Summary
February 2017

Monthly Fixed Income Yield



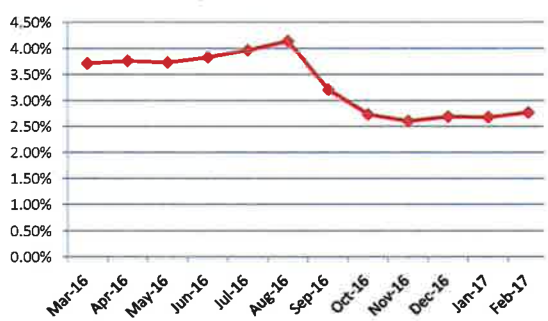
Portfolio Distribution



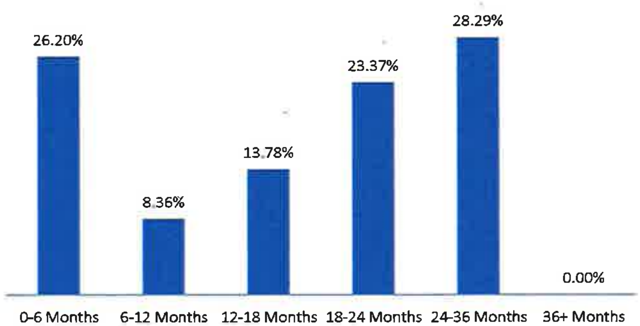
Investment Summary

Type	PAR	Book Value	Market Value
Agency Note	315,000,000	315,295,097	313,977,520
LAIF	36,500,000	36,500,000	36,478,970
LAIF - COPS	27,800,000	27,800,000	27,783,982
Agency Discount Note	20,000,000	19,976,782	19,968,950
US Treasury Note	5,000,000	5,037,539	5,040,650
Collateral Deposit	2,204,633	2,204,633	2,204,633
Grand Total	406,504,633	406,814,051	405,454,705

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
Fed Home Loan Bank	136,000,000	33.46%
Fed Home Loan Mortgage Corp	74,000,000	18.20%
Fed Natl Mortgage Assoc	65,000,000	15.99%
State of California Treasury - LAIF	64,300,000	15.82%
Fed Farm Credit Bank	60,000,000	14.76%
US Treasury Note	5,000,000	1.23%
Citi-Group Collateral	2,204,633	0.54%
Merrill Lynch Collateral	0	0.00%
Grand Total	406,504,633	100.00%

F:\INVEST\INVESTMENTS\Avg. Inv. Bal. & ROR - 1987 to Current.xlsx

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

02/28/17

SETTLMT *	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE[1] 2/28/2017	UNREALIZED[2] GAIN/(LOSS)
08/19/16			03/01/17		LAIF	State of California Tsy.	$36,500,000		0.680%	$36,500,000.00	$36,500,000.00	36,478,969.54	(21,030.46)
09/01/16			03/01/17		LAIF - COPS	State of California Tsy.	27,800,000		0.680%	$27,800,000.00	$27,800,000.00	27,783,982.28	(16,017.72)
10/12/16			03/01/17		LAIF - GO	State of California Tsy.	-		0.680%				
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	4,999,598.70	5,000,750.00	1,151.30
01/12/17	N/A	N/A	03/31/17	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	0.530%	0.538%	4,994,258.50	4,997,791.73	4,995,900.00	(1,891.73)
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	4,996,245.83	4,994,200.00	(2,045.83)
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	5,004,030.16	5,007,050.00	3,019.84
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	4,994,300.00	4,992,500.00	(1,800.00)
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	4,999,789.72	5,001,900.00	2,110.28
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	5,003,069.38	5,003,100.00	30.62
12/09/16	N/A	N/A	07/07/17	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	0.647%	0.658%	4,981,041.65	4,988,444.43	4,986,350.00	(2,094.43)
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	4,998,776.44	5,003,150.00	4,373.56
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%	4,998,500.00	4,999,593.15	5,005,500.00	5,906.85
01/30/17	N/A	N/A	10/31/17	NR	US Treasury - Note	US Treasury	5,000,000	1.875%	0.743%	5,042,154.40	5,037,538.95	5,040,650.00	3,111.05
12/08/16	N/A	N/A	11/21/17	AAA/NR/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	0.750%	0.866%	9,989,000.00	9,991,623.56	10,000,900.00	9,276.44
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	4,987,968.28	4,996,350.00	8,381.72
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	3,999,793.51	3,992,520.00	(7,273.51)
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	4,998,200.00	(1,800.00)
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	5,010,072.60	4,991,550.00	(18,522.60)
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	4,997,792.35	4,985,700.00	(12,092.35)
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	4,996,979.45	4,974,800.00	(22,179.45)
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	5,006,466.40	4,988,400.00	(18,066.40)
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	11,035,214.17	11,025,850.00	(9,364.17)
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	10,010,630.14	9,993,600.00	(17,030.14)
09/01/16	One Time	07/27/17	07/27/18	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	0.750%	0.928%	4,983,250.00	4,987,618.52	4,969,650.00	(17,968.52)
12/21/16	One Time	08/15/17	08/15/18	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.000%	1.245%	4,980,000.00	4,982,325.58	4,988,800.00	6,474.42
09/01/16	One Time	02/28/17	08/28/18	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.000%	1.000%	5,000,000.00	5,000,000.00	4,976,750.00	(23,250.00)
09/01/16	NA	NA	09/14/18	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.125%	0.916%	5,021,000.00	5,015,884.25	4,997,000.00	(18,884.25)
12/28/16	NA	NA	09/14/18	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.125%	1.225%	4,991,500.00	4,992,356.80	4,997,000.00	4,643.20
10/12/16	N/A	N/A	09/27/18	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	0.900%	0.952%	9,990,000.00	9,991,678.32	9,953,400.00	(38,278.32)
10/12/16	N/A	N/A	09/28/18	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.880%	0.942%	4,994,000.00	4,995,005.59	4,975,850.00	(19,155.59)
09/01/16	NA	NA	10/01/18	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.030%	0.925%	5,010,750.00	5,008,189.80	4,985,500.00	(22,689.80)
10/12/16	One Time	04/12/17	10/12/18	Aaa/NR/NR	FFCB - Note	Fed Farm Credit Bank	10,000,000	1.000%	1.041%	9,992,000.00	9,993,315.07	9,939,300.00	(54,015.07)
10/12/16	N/A	N/A	11/27/18	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	10,000,000	1.625%	0.956%	10,140,360.00	10,118,654.85	10,073,800.00	(44,854.85)
12/21/16	N/A	N/A	12/05/18	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.100%	1.319%	4,978,900.00	5,071,485.49	4,989,200.00	(82,285.49)
09/01/16	NA	NA	12/14/18	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.750%	0.941%	5,091,300.00	5,037,828.65	5,044,000.00	6,171.35
12/27/16	NA	NA	12/14/18	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.750%	1.320%	5,041,536.20	4,980,968.63	5,044,000.00	63,031.37
09/01/16	One Time	07/30/18	01/30/19	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.950%	1.009%	4,993,000.00	4,994,438.14	4,963,650.00	(30,788.14)
10/26/16	One Time	07/30/18	01/30/19	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.950%	1.035%	4,990,500.00	4,991,880.15	4,963,650.00	(28,230.15)
10/26/16	One Time	07/30/18	01/30/19	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.950%	1.040%	4,990,000.00	4,991,452.78	4,963,650.00	(27,802.78)
10/12/16	Continuous after	02/12/18	02/12/19	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	1.050%	1.093%	9,990,000.00	9,991,406.80	9,951,200.00	(40,206.80)
09/01/16	NA	NA	03/08/19	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	1.500%	0.964%	5,066,500.00	5,053,388.34	5,015,150.00	(38,238.34)
10/12/16	One Time	03/29/17	03/29/19	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	1.050%	1.050%	4,999,950.00	4,999,956.68	4,965,200.00	(34,756.68)
10/12/16	N/A	N/A	04/15/19	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	10,000,000	1.125%	0.992%	10,032,800.00	10,028,498.36	9,955,500.00	(72,998.36)
10/31/16	One Time	04/26/17	04/26/19	Aaa/AA+/AAA	FHLMC - Note	Fed Farm Credit Bank	5,000,000	1.050%	1.060%	4,998,750.00	4,998,915.38	4,967,050.00	(31,865.38)
09/01/16	One Time	08/28/17	05/28/19	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.030%	1.048%	4,997,550.00	4,997,993.89	4,945,700.00	(52,293.89)

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

02/28/17

SETTLMT *	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE[1] 2/28/2017	UNREALIZED[2] GAIN/(LOSS)
09/01/16	NA	NA	06/14/19	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.625%	0.987%	5,087,400.00	5,071,829.72	5,027,650.00	(44,179.72)
10/12/16	NA	NA	06/14/19	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.625%	1.103%	5,068,515.88	5,060,083.16	5,027,650.00	(32,433.16)
10/12/16	NA	NA	07/19/19	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	0.875%	1.098%	4,969,652.90	4,973,258.50	4,934,000.00	(39,258.50)
09/01/16	One Time	01/26/17	07/26/19	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.150%	1.180%	4,995,700.00	4,996,435.63	4,960,600.00	(35,835.63)
09/01/16	One Time	08/28/17	08/28/19	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.150%	1.160%	4,998,500.00	4,998,748.85	4,930,500.00	(68,248.85)
09/01/16	One Time	02/28/17	08/28/19	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.125%	1.132%	4,999,000.00	4,999,165.90	4,947,800.00	(51,365.90)
09/28/16	Quarterly	03/09/17	09/09/19	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.125%	1.142%	4,997,500.00	4,997,856.81	4,923,750.00	(74,106.81)
09/28/16	Continuous after	12/27/16	09/27/19	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.250%	1.189%	5,001,500.00	5,001,288.85	4,950,100.00	(51,188.85)
10/12/16	Continuous after	10/03/17	10/03/19	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	1.125%	1.160%	9,989,780.00	9,990,909.28	9,895,600.00	(95,309.28)
10/12/16	Continuous after	10/11/17	10/11/19	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	10,000,000	1.120%	1.205%	9,975,000.00	9,977,742.23	9,885,900.00	(91,842.23)
11/08/16	Quarterly	05/08/17	11/08/19	Aaa/AA+/NR	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.250%	1.245%	5,000,750.00	5,000,672.60	4,955,150.00	(45,522.60)
11/28/16	NA	NA	11/15/19	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	1.375%	1.440%	4,990,550.00	4,991,362.25	4,981,750.00	(9,612.25)
11/28/16	Quarterly	05/25/17	11/25/19	Aaa/AA+/NR	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.400%	1.503%	4,985,000.00	4,986,277.47	4,975,250.00	(11,027.47)
12/12/16	NA	NA	12/12/19	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.450%	1.440%	5,001,450.00	5,001,345.29	4,992,050.00	(9,295.29)
12/21/16	NA	NA	12/19/19	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.500%	1.621%	4,982,350.00	4,983,480.38	4,995,450.00	11,969.62
SUB-TOTAL							$404,300,000			$404,651,554.63	$404,609,417.95	$403,250,071.82	($1,359,346.13)
RESTRICTED CASH (Swap Collateral Deposits)[4]													
01/03/17					Collateral Deposit	Citi-Group	$2,204,633		0.660%	$2,204,633.13	$2,204,633.13	2,204,633.13	
01/13/17					Collateral Deposit	Merrill Lynch	-						
SUB-TOTAL							$2,204,633			$2,204,633.13	$2,204,633.13	$2,204,633.13	
TOTAL INVESTMENTS							$406,504,633			$406,856,187.76	$406,814,051.08	$405,454,704.95	
					Petty Cash					3,400.00			
				January	Ck Balance	Bank of America				402,266.04			
										$407,261,853.80			

[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] Swap Collateral Deposits assumes 6 month maturity, dependent on interest rate changes

This Investment Summary Report is in conformity with the 2017 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.
*S - Step up

Outstanding Variable Rate Debt	$304,900,000
Net Outstanding Variable Rate Debt (Less $130 million fixed-payer swaps)	$174,900,000
Investment Balance:	$407,261,854
Investment to Variable Rate Debt Ratio:	233%
Portfolio - Average Number of Days To Maturity[4]	493

	Investment Portfolio	Real Estate[3] Portfolio	Weighted Avg. Return
February	**0.95%**	**13.35%**	**2.77%**
January	**0.94%**	**13.35%**	**2.68%**
Change	**0.01%**		**0.09%**

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

02/28/17

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Collateral Deposit	US Treasury
02/17	$64,300,000	15.82%	$64,300,000				
03/17	10,000,000	2.46%		5,000,000	5,000,000		
04/17	10,000,000	2.46%		5,000,000	5,000,000		
05/17	10,000,000	2.46%		5,000,000	5,000,000		
06/17	5,000,000	1.23%		5,000,000			
07/17	7,204,633	1.77%			5,000,000	$2,204,633	
08/17	5,000,000	1.23%		5,000,000			
09/17	5,000,000	1.23%		5,000,000			
10/17	5,000,000	1.23%					$5,000,000
11/17	10,000,000	2.46%		10,000,000			
12/17	5,000,000	1.23%		5,000,000			
01/18	4,000,000	0.98%		4,000,000			
SUB-TOTAL	$140,504,633	34.56%	$64,300,000	$49,000,000	$20,000,000	$2,204,633	$5,000,000
13 Months - 3 YEARS							
2/01/18 - 4/30/18	15,000,000	3.69%		15,000,000			
5/01/18 - 7/31/2018	36,000,000	8.86%		36,000,000			
08/01/18 - 10/31/2018	50,000,000	12.30%		50,000,000			
11/01/18 - 1/31/2019	40,000,000	9.84%		40,000,000			
2/01/2019 - 4/30/19	35,000,000	8.61%		35,000,000			
5/01/19 - 7/31/2019	25,000,000	6.15%		25,000,000			
08/01/2019 - 10/31/2019	40,000,000	9.84%		40,000,000			
11/01/2019 - 1/31/2020	25,000,000	6.15%		25,000,000			
2/01/2020 - 4/30/2020	-						
	-						
TOTALS	$406,504,633	100.00%	$64,300,000	$315,000,000	$20,000,000	$2,204,633	$5,000,000
% OF PORTFOLIO			15.82%	77.49%	4.92%	0.54%	1.23%

Irvine Ranch Water District
Summary of Real Estate
12/31/2016

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	ESTIMATED MARKET VALUE 6/30/2016	RATE OF RETURN QUARTER ENDED 12/31/2016
Sycamore Canyon	Dec-92	Apartments	Fee Simple	$ 43,550,810	$ 143,910,000	17.76%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	$ 6,000,000	$ 27,296,298	8.55%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	$ 5,739,845	$ 9,384,000	2.51%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	$ 8,630,577	$ 7,650,000	5.93%
Sand Canyon Professional Center	Jul-12	Medical Office	Fee Simple	$ 8,648,594	$ 10,608,000	9.05%
				$ 72,569,826	$ 198,848,298	13.35%

IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY
Jan-17

MATURITIES/SALES/CALLS				PURCHASES				
DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
2/22/2017	FHLMC - Note	$5,000,000	0.57%					

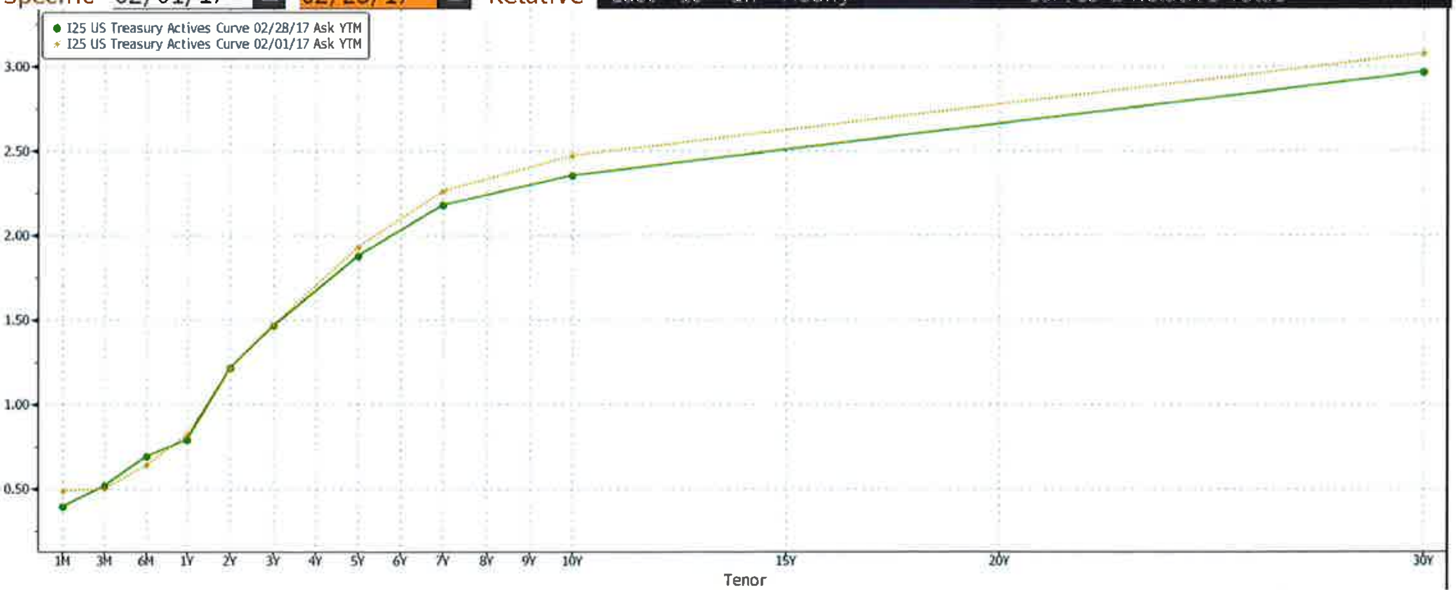
Exhibit "B"

Screen Printed

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

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

Specific 02/01/17 | 02/28/17 | Relative | Last 1D 1W Modify « Curves & Relative Value



All Tenors Key Tenors

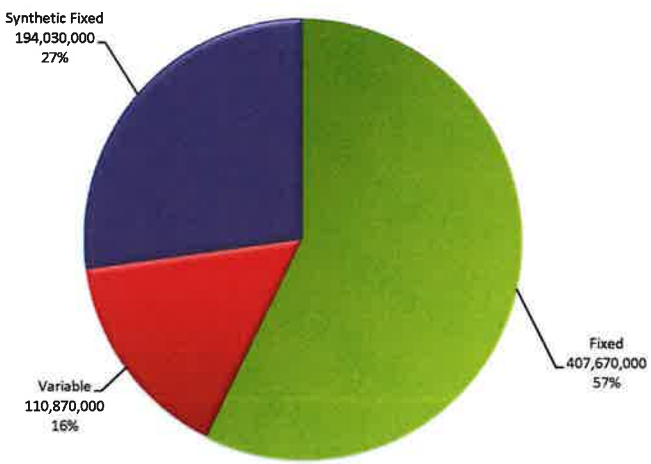
Curve Id	3M	1Y	2Y	3Y	5Y	10Y	30Y
11) I25 02/28/17	0.518	0.790	1.214	1.467	1.877	2.356	2.968
12) I25 02/01/17	0.503	0.821	1.212	1.473	1.929	2.470	3.075
13) I25 (02/28/17-02	1.5	-3.1	0.2	-0.6	-5.3	-11.4	-10.8

SN 736334 PST GMT-8:00 G641-4534-0 28-Feb-2017 11:08:23

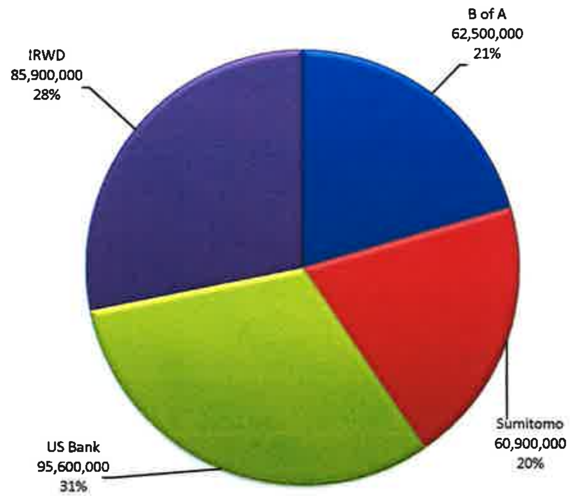
Exhibit “C”

Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
February 2017

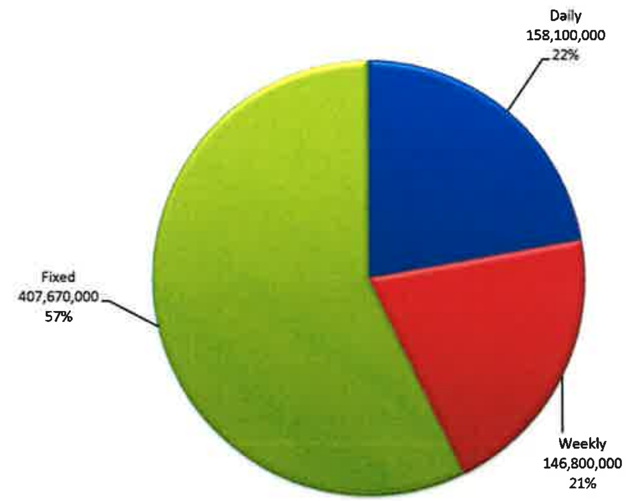
Current Debt Mix By Type



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	4.65%	US Bank	BAML	Variable	Daily
Series 1995	12/13/95	01/01/21	$9,900,000	1.39%	Sumitomo	CG	Variable	Weekly
Series 2008-A Refunding	04/24/08	07/01/35	$51,000,000	7.16%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	$51,540,000	7.23%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	$34,360,000	4.82%	IRWD	Morgan	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	$62,500,000	8.77%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	$62,500,000	8.77%	B of A	Goldman	Variable	Daily
2010 Refunding Cops	02/23/10	03/01/20	$12,525,000	1.76%	N/A	N/A	Fixed	Fixed
2016 COPS	09/01/16	03/01/46	$116,745,000	16.38%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	$175,000,000	24.56%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	$103,400,000	14.51%	N/A	N/A	Fixed	Fixed
Total			$712,570,000	100.00%				

IRVINE RANCH WATER DISTRICT

SUMMARY OF FIXED & VARIABLE RATE DEBT

February-17

ITN
Daily
Weekly

GENERAL BOND INFORMATION

VARIABLE RATE ISSUES	Issue Date	Maturity Date	Principal Payment Date	Payment Date	Original Par Amount	Remaining Principal
SERIES 1993	05/19/93	04/01/33	APR 1 (2014)	5th Bus. Day	$38,300,000	$33,100,000
SERIES 1995	12/13/95	01/01/21	JAN 1	1st Bus. Day	$40,000,000	$9,900,000
SERIES 2008-A Refunding	04/24/08	07/01/35	JUL 1	5th Bus. Day	$60,215,000	$51,000,000
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	$60,545,000	$51,540,000
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	$40,370,000	$34,360,000
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	$75,000,000	$62,500,000
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	$75,000,000	$62,500,000
SUB-TOTAL VARIABLE RATE DEBT					$389,430,000	$304,900,000
FIXED RATE ISSUES						
2010 REFUNDING COPS	02/23/10	03/01/20	Mar -1	MAR/SEPT	$85,145,000	$12,525,000
2010 GO Build America Taxable Bonds	12/16/10	05/01/40	MAY (2025)	MAY/NOV	$175,000,000	$175,000,000
2016 COPS	09/01/16	03/01/46	Mar - 1	MAR/SEPT	$116,745,000	$116,745,000
SERIES 2016	10/12/16	02/01/46	Feb - 1	FEB/AUG	$103,400,000	$103,400,000
SUB-TOTAL FIXED RATE DEBT					$480,290,000	$407,670,000
TOTAL- FIXED & VARIABLE RATE DEBT					$869,720,000	$712,570,000

LETTER OF CREDIT INFORMATION

VARIABLE RATE ISSUES	Letter of Credit	Reimbursment Agreement Date	L/C Exp. Date	MOODYS	S&P	FITCH	LOC Stated Amount	LOC Fee	Annual LOC Cost
SERIES 1993	US BANK	05/07/15	11/07/18	Aa3/VMIG1	AA-/A-1+	N/R	$33,546,170	0.3300%	$110,702
SERIES 1995	SUMITOMO	04/01/11	07/14/17	Aa2/VMIG 1	AA-/A-1+	N/R	$10,046,466	0.3800%	$38,177
SERIES 2008-A Refunding	SUMITOMO	04/01/11	07/14/17	Aa2 (*)	N/R	N/R	$51,754,521	0.3800%	$196,667
SERIES 2011-A-1 Refunding	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A
SERIES 2011-A-2 Refunding	N/A	N/A	N/A	Aa1/VMIG1	A-1+	AAA/F1+	N/A	N/A	N/A
SERIES 2009 - A	US BANK	04/01/11	12/22/20	Aa2/VMIG 1	AA-/A-1+	AA/F1+	$63,198,630	0.4100%	$259,114
SERIES 2009 - B	B of A	04/01/11	07/15/19	A1/VMIG 1	A/A-1	A1/F1+	$63,198,630	0.4000%	$252,795
SUB-TOTAL VARIABLE RATE DEBT							$221,744,416	0.3867% (Wt. Avg)	$857,455
FIXED RATE ISSUES									
2010 REFUNDING COPS	N/A	N/A	N/A	Aa1	AAA	AAA	N/A	N/A	N/A
2010 GO Build America Taxable Bonds	N/A	N/A	N/A	Aa1	AAA	NR	N/A	N/A	N/A
2016 COPS	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A
SERIES 2016	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A

TRUSTEE INFORMATION

VARIABLE RATE ISSUES	Rmkt Agent	Reset	Rmkt Fees	Annual Cost	Trustee
SERIES 1993	BAML	DAILY	0.10%	$33,100	BANK OF NY
SERIES 1995	CG	WED	0.08%	$7,425	BANK OF NY
SERIES 2008-A Refunding	BAML	WED	0.07%	$35,700	BANK OF NY
SERIES 2011-A-1 Refunding	Goldman	WED	0.13%	$64,425	BANK OF NY
SERIES 2011-A-2 Refunding	Morgan S.	WED	0.13%	$42,950	BANK OF NY
SERIES 2009 - A	US Bank	DAILY	0.07%	$43,750	US BANK
SERIES 2009 - B	Goldman	DAILY	0.10%	$62,500	US BANK
SUB-TOTAL VARIABLE RATE DEBT			0.10% (Wt. Avg)	$289,850	
FIXED RATE ISSUES					
2010 REFUNDING COPS	N/A	N/A	N/A	N/A	BANK OF NY
2010 GO Build America Taxable Bonds	N/A	N/A	N/A	N/A	US BANK
2016 COPS	N/A	N/A	N/A	N/A	US BANK
SERIES 2016	N/A	N/A	N/A	N/A	BANK OF NY

Remarketing Agents

CG	9,900,000	3%
Goldman	114,040,000	37%
Morgan Stanley	34,360,000	11%
BAML	84,100,000	28%
US Bank	62,500,000	20%
	304,900,000	

GO VS COP's

GO:	583,300,000	82%
COPS:	129,270,000	18%
Total	712,570,000	

LOC Banks

SUMITOMO	60,900,000
BANK OF AMERICA	62,500,000
US BANK	95,600,000
	219,000,000

Breakdown Between Variable & Fixed Rate Mode

Daily Issues	158,100,000	22%
Weekly Issues	60,900,000	9%
ITN Issues	85,900,000	12%
Sub-Total	304,900,000	
Fixed Rate Issues	$407,670,000	57%
Sub-Total - Fixed	407,670,000	
TOTAL DEBT FIXED & VAR.	712,570,000	100%

vrdsum.xlsx
2/28/2017

Exhibit "D"

IRVINE RANCH WATER DISTRICT
SUMMARY OF DEBT RATES
Feb-17

Rmkt Agent	GOLDMAN	GOLDMAN	MORGAN STANLEY	MERRILL LYNCH	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	62,500,000	51,540,000	34,360,000	33,100,000	51,000,000	9,900,000	62,500,000
Bank	BOFA	(SIFMA+8)/ 2/9 - (SIFMA+7)	(SIFMA+8)/ 2/9 - (SIFMA+7)	US BANK	Sumitomo	Sumitomo	US BANK
Reset		Wednesday	Wednesday		Wednesday	Wednesday	
2/1/2017	0.48%	0.74%	0.74%	0.46%	0.64%	0.64%	0.52%
2/2/2017	0.45%	0.73%	0.73%	0.44%	0.62%	0.62%	0.50%
2/3/2017	0.44%	0.73%	0.73%	0.42%	0.62%	0.62%	0.48%
2/4/2017	0.44%	0.73%	0.73%	0.42%	0.62%	0.62%	0.48%
2/5/2017	0.44%	0.73%	0.73%	0.42%	0.62%	0.62%	0.48%
2/6/2017	0.44%	0.73%	0.73%	0.42%	0.62%	0.62%	0.46%
2/7/2017	0.46%	0.73%	0.73%	0.42%	0.62%	0.62%	0.45%
2/8/2017	0.42%	0.73%	0.73%	0.45%	0.62%	0.62%	0.44%
2/9/2017	0.45%	0.72%	0.72%	0.45%	0.61%	0.63%	0.44%
2/10/2017	0.46%	0.72%	0.72%	0.05%	0.61%	0.63%	0.45%
2/11/2017	0.46%	0.72%	0.72%	0.45%	0.61%	0.63%	0.45%
2/12/2017	0.46%	0.72%	0.72%	0.45%	0.61%	0.63%	0.45%
2/13/2017	0.47%	0.72%	0.72%	0.47%	0.61%	0.63%	0.45%
2/14/2017	0.47%	0.72%	0.72%	0.48%	0.61%	0.63%	0.47%
2/15/2017	0.47%	0.72%	0.72%	0.48%	0.61%	0.63%	0.47%
2/16/2017	0.48%	0.72%	0.72%	0.48%	0.60%	0.63%	0.48%
2/17/2017	0.48%	0.72%	0.72%	0.46%	0.60%	0.63%	0.47%
2/18/2017	0.48%	0.72%	0.72%	0.46%	0.60%	0.63%	0.47%
2/19/2017	0.48%	0.72%	0.72%	0.46%	0.60%	0.63%	0.47%
2/20/2017	0.48%	0.72%	0.72%	0.46%	0.60%	0.63%	0.47%
2/21/2017	0.48%	0.72%	0.72%	0.46%	0.60%	0.63%	0.47%
2/22/2017	0.46%	0.72%	0.72%	0.46%	0.60%	0.63%	0.47%
2/23/2017	0.45%	0.71%	0.71%	0.46%	0.60%	0.63%	0.47%
2/24/2017	0.45%	0.71%	0.71%	0.49%	0.60%	0.63%	0.46%
2/25/2017	0.45%	0.71%	0.71%	0.49%	0.60%	0.63%	0.46%
2/26/2017	0.45%	0.71%	0.71%	0.49%	0.60%	0.63%	0.46%
2/27/2017	0.45%	0.71%	0.71%	0.49%	0.60%	0.63%	0.46%
2/28/2017	0.45%	0.71%	0.71%	0.45%	0.60%	0.63%	0.45%
Avg Interest Rates	0.46%	0.72%	0.72%	0.44%	0.61%	0.63%	0.47%
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	**0.96%**	**0.84%**	**0.84%**	**0.87%**	**1.06%**	**1.08%**	**0.95%**
Par Amount		114,040,000	34,360,000		84,100,000	9,900,000	62,500,000

Interest Rate Mode	Percent of Total Variable Rate Debt		Par Outstanding	Weighted All-In Average Rate		Base Rate Average
Daily	51.85%		158,100,000	0.94%		0.46%
Weekly	48.15%		146,800,000	0.93%		0.67%
	100.00%	$	**304,900,000**	0.94%		0.56%
Fixed						
COPS 2010	3.07%		12,525,000	3.82%		
COPS 2016	28.64%		116,745,000	2.90%		
BABS 2010	42.93%		175,000,000	4.46%	(1)	
SERIES 2016	25.36%		103,400,000	3.32%		
	100.00%	$	**407,670,000**	3.70%		
All-In Debt Rate Including $130 Million Notional Amount of Swaps						**3.46%**

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

March 7, 2017
Prepared by: Jennifer Davis/Tanja Fournier
Submitted by: Rob Jacobson/Cheryl Clary
Approved by: Paul Cook

FINANCE AND PERSONNEL COMMITTEE

QUARTERLY DEFERRED COMPENSATION PLAN AND FUND REVIEW

SUMMARY:

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

- A Summary of the Deferred Compensation Program and Distribution of Assets as of December 31, 2016, as outlined in Exhibit "A".
- Mutual Fund Performance Review as of December 31, 2016, as outlined in Exhibit "B".

BACKGROUND:

Overview of the Deferred Compensation Assets:

As of December 31, 2016, the District's Section 457(b) and 401(a) Plans (collectively, the "Plans") assets totaled $47,654,567, which represented a $1,421,077 increase from the quarter ending September 30, 2016 and a $4,513,531 increase for the one year period ending December 31, 2016. The changes in Plan assets over these two periods are summarized as follows:

	For the One Year Period Ending December 31, 2016	*For the Quarter Ending December 31, 2016*
Beginning Balance	$43,141,036	$46,233,490
Employee Contributions	2,122,377	488,044
District Contributions	832,604	198,051
Transfers to/from other plans	544,304	123,381
Distributions	(1,888,545)	(422,589)
Loan Distributions(1)	(581,814)	(44,685)
Loan Repayments	76,666	31,836
Net Investment Gain (Loss)	3,407,939	1,047,039
Ending Balance – December 31, 2016	$47,654,567	$47,654,567
Change in assets for the period	$4,513,531	$1,421,077

(1) Number of loans outstanding: 37

Review of Investment Options:

The District's deferred compensation policy states that any investment option performing "Below Benchmark" for four consecutive quarters or seven out of the trailing 12 quarters, has "Failed" the Long-Term Rolling Analysis (LTRA) and the investment option is to be replaced. For the quarter ending December 31, 2016, all the funds in the Plan passed the LTRA. The Advised Assets Group Performance Review as of December 31, 2016 is attached as Exhibit "B".

FISCAL IMPACTS:

As of December 31, 2016, the District's Plan assets totaled $47,654,567, which represented a $1,421,077 increase from the quarter ending September 30, 2016 and a $4,513,531 increase for the one-year period ending December 31, 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

December 31, 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	$34,089,479	$2,564,711	**$36,654,190**	**$11,000,377**	**$47,654,567**
Change From Prior Quarter	*$1,091,976*	*($60,296)*	*$1,031,680*	*$389,397*	*$1,421,077*
Change From Prior Year (12/2015)	*$3,272,377*	*$23,515*	*$3,295,892*	*$1,217,638*	*$4,513,530*
Quarterly Contributions	**$488,044**	n/a	**$488,044**	**$198,051**	**$686,095**
Change From Prior Quarter	*($55,642)*			($32,071)	

****Reduction in contributions is due to one addtioanl pay period in the quarter ended September 2016.**

	For the One Year Period Ending December 31, 2016	For the Quarter Ending December 31, 2016
Beginning Balance	$43,141,036	$46,233,490
Employee Contributions	2,122,377	488,044
District Contributions	832,604	198,051
Transfers to/from other plans	544,304	123,381
Distributions	(1,888,545)	(422,589)
Loan Distributions[1]	(581,814)	(44,685)
Loan Repayment	76,666	31,836
Net Investment Gain (Loss)	3,407,939	1,047,039
Ending Balance - December 31, 2016	$47,654,567	$47,654,567
Change in assets for the period	$4,513,531	$1,421,077

[1] Number of loans outstanding as of 12/31/16 : 37

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

December 31, 2016

	Fund	Assets	Percent of Assets	Change from previous quarter
	PROFILE FUNDS			
AGG	Aggressive Profile Fund	4,733,490	9.9%	0.3%
MOD	Moderate Profile Fund	4,645,361	9.8%	0.1%
CON	Conservative Profile Fund	2,813,185	5.9%	0.0%
	Sub Total	**12,192,036**	**25.6%**	**0.4%**
	INTERNATIONAL FUND			
HAINX	Harbor International Instl	1,859,732	3.9%	-0.5%
VTIAX	Vanguard Total Intl Stock Index Admiral	559,497	1.2%	0.3%
	Sub Total	**2,419,229**	**5.1%**	**-0.2%**
	SMALL CAP FUNDS			
BSFIX	Baron Small-Cap Growth Fund	1,982,627	4.2%	-0.1%
VSVIX	Victory Integrity Small Cap	1,371,657	2.9%	0.3%
VSMAX	Vanguard Small Cap Index	885,570	1.9%	0.1%
	Sub Total	**4,239,854**	**9.0%**	**0.3%**
	MEDIUM CAP FUNDS			
MGOSX	Munder Mid-Cap Core Growth Fund	1,568,944	3.3%	-0.1%
HWMIX	Hotchkis & Wiley Mid-Cap Value Fund	2,644,279	5.5%	0.6%
VIMAX	Vanguard Mid-Cap Index Fund	849,222	1.8%	0.2%
	Sub Total	**5,062,445**	**10.6%**	**0.7%**
	LARGE CAP FUNDS			
RGAFX	American Growth Fund R4	3,679,771	7.7%	-0.2%
VINIX	Vanguard Institutional Index	5,061,144	10.6%	0.3%
DHLYX	Diamond Hill Large-Cap Fund	1,777,361	3.7%	0.0%
	Sub Total	**10,518,276**	**22.0%**	**0.1%**
	BOND FUND			
MWTIX	Metropolitan West Total Return Bond	2,624,861	5.5%	-0.3%
	Sub Total	**2,624,861**	**5.5%**	**-0.3%**
	STABLE VALUE FUND			
	Putnam Stable Value	7,862,076	16.5%	-0.4%
	Sub Total	**7,862,076**	**16.5%**	**-0.4%**
	OTHER			
	Ameritrade Brokerage	2,735,790	5.7%	-0.3%
	Total Assets	**$47,654,567**	**100%**	

Exhibit "B"

ADVISED ASSETS
GROUP

FUND PERFORMANCE REVIEW

IRVINE RANCH WATER DISTRICT DEFERRED COMPENSATION PLAN | 98453-01

Reporting Period Ending December 31, 2016

The analytical material contained herein merely describes the process that Advised Assets Group 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 sponsor as a primary basis for deciding whether to make a particular fund available under the plan. Funds listed on the Fund Performance Review are designed to meet stated investment objectives and risk profiles, but do not constitute investment advice from Advised Assets Group 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 Advised Assets Group, 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.

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

FUNDAMENTAL PERFORMANCE REVIEW

ADVISED ASSETS GROUP

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.

FUNDAMENTAL PERFORMANCE REVIEW: OVERVIEW

ADVISED ASSETS GROUP

OBJECTIVE:
- To quantify historical fund performance relative to peer group benchmarks.
- To identify funds that have consistently underperformed over the long-term.
- To assist in identifying style drift and discern gaps within the plan portfolio.

FUNDAMENTALS:
- An objective analysis based on set criteria.
- Based on long-term and risk-adjusted performance.
- Comparison against peer group of similar funds as determined by *Morningstar, Inc.®*

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

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

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

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

FUND PERFORMANCE REVIEW (FPR): CRITERIA

ADVISED ASSETS GROUP

- **OVERALL RATING:** Based on performance, risk-adjusted performance and the Overall Morningstar Rating™.
  - **Return Composite:** Determined by taking the equal weighted average of the 3, 5 and 10 year category return percentiles.
  - **Sharpe Composite:** Calculated by averaging the 3 and 5 year category Sharpe percentiles.

  - **Overall Composite:** The equally weighted average of the Return Composite and Sharpe Composite.
  - **Overall Morningstar Rating™:** Represents a measure of an investment's risk-adjusted return, relative to similar investments.

  The Overall Composite is the sole determinate for the Overall Rating for funds that do not have an Overall Morningstar Category Rating.

Overall Composite		Overall Morningstar Rating	Overall Rating
> 50.0%	AND	❸, ❹, or ❺	Above
≥ 50.0%	OR	❸, ❹, or ❺	Neutral
< 50.0%	AND	❶, or ❷	Below
< 25.0%			Below

- **LONG-TERM ROLLING ANALYSIS:** Based on the accumulated trailing 12 quarters "Overall Ratings".

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

*. 'Pass' and 'Fail' ratings in the long-term rolling analysis are not available for target date funds or Great-West SecureFoundation funds. Morningstar's category classification system has not evolved to address differences in target-date glidepaths. The current system separates funds only by target retirement date and does not consider the level of equity in the glidepath (i.e. how aggressive or conservative the glidepath is versus peers). Plans should consider how their demographics align with their chosen target date glidepath rather than attempt to "time the market" by changing glidepaths based on peer performance rankings. All target-date funds will receive an 'N/A' rating in the FPR. The Great-West SecureFoundation funds will also receive an 'N/A' rating in the FPR. These funds are unique in that they also require the purchase of a Guaranteed Lifetime Withdrawal Benefit (Guarantee) either as a fixed deferred annuity contract, a certificate to a group fixed deferred annuity contract, or a rider to a variable annuity contract. The Guarantee provides guaranteed income for the life of a designated person(s), provided certain conditions are met. Plan Sponsors that seek this feature should take a long-term, holistic view with

'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.

PERFORMANCE SUMMARY

ADVISED ASSETS
GROUP

	Morningstar Category	Ticker Symbol	Fund Name	Overall Rating[1] Composite % Overall	Return	Sharpe	Mstar Rating		Long-Term Rolling Analysis[2] Consecutive Quarters Below	# of Quarters Below Out of Trailing 12	
International[11]	Foreign Large Blend	HAINX	Harbor International Institutional	32.8	42.7	23.0	3	Neutral	0	0 out of 12	Pass
Small-Cap [14]	Small Growth	BSFIX	Baron Small Cap Instl	40.6	34.7	46.5	3	Neutral	0	0 out of 12	Pass
	Small Value	VSVIX	Victory Integrity Small-Cap Value Y	56.0	67.0	45.0	4	Above	0	0 out of 12	Pass
Mid-Cap	Mid-Cap Growth	MGOSX	Victory Munder Mid-Cap Core Growth R6	58.7	55.3	62.0	3	Above	0	0 out of 12	Pass
	Mid-Cap Value	HWMIX	Hotchkis & Wiley Mid-Cap Value I	40.9	63.3	18.5	3	Neutral	0	2 out of 12	Pass
Large-Cap	Large Growth	RGAFX	American Funds Growth Fund of Amer R5	85.2	78.3	92.0	4	Above	0	0 out of 12	Pass
	Large Value	DHLYX	Diamond Hill Large Cap Y	71.4	81.3	61.5	4	Above	0	0 out of 12	Pass
Bond[30]/MMF[12]	Intermediate-Term Bond	MWTIX	Metropolitan West Total Return Bd I	83.2	82.3	84.0	5	Above	0	0 out of 12	Pass
Index Funds[15]	Foreign Large Blend	VTIAX	Vanguard Total Intl Stock Index Admiral (Idx)	56.1	58.7	53.5	3	N/A	0	0 out of 12	Pass
	Small Blend	VSMAX	Vanguard Small Cap Index Adm (Idx)	71.0	69.0	73.0	4	N/A	0	0 out of 12	Pass
	Mid-Cap Blend	VIMAX	Vanguard Mid Cap Index Adm (Idx)	64.8	59.7	70.0	3	N/A	0	0 out of 12	Pass
	Large Blend	VINIX	Vanguard Institutional Index I (Idx)	90.3	86.0	94.5	4	N/A	0	0 out of 12	Pass

Please refer to the Appendix page for additional footnotes

RETURN ANALYSIS

ADVISED ASSETS GROUP

	Fund Name	4th Quarter 2016 Return	4th Quarter 2016 Percent	Performance vs. Benchmark (Annualized Returns and Return Percentiles) 1 Year Return	1 Year Percent	3 Year Return	3 Year Percent	5 Year Return	5 Year Percent	10 Year Return	10 Year Percent	Incept. Date
International[11]	Foreign Large Blend Peer Group	-2.17	50	0.74	50	-2.06	50	5.92	50	0.42	50	N/A
	Harbor International Institutional	-4.29	16	0.25	42	-3.50	18	4.88	26	2.03	84	12/29/1987
Small-Cap[14]	Small Growth Peer Group	2.94	50	10.46	50	3.88	50	12.37	50	7.35	50	N/A
	Baron Small Cap Instl	1.38	28	10.26	49	2.21	32	11.77	36	6.77	36	05/29/2009
	Small Value Peer Group	12.49	50	26.10	50	7.41	50	14.36	50	6.98	50	N/A
	Victory Integrity Small-Cap Value Y	14.14	81	24.38	35	7.61	54	14.90	62	8.08	85	07/07/2005
Mid-Cap	Mid-Cap Growth Peer Group	0.26	50	5.40	50	4.07	50	11.86	50	6.96	50	N/A
	Victory Munder Mid-Cap Core Growth R6	2.67	79	7.58	71	4.40	55	12.10	56	7.19	55	06/01/2012
	Mid-Cap Value Peer Group	6.33	50	17.74	50	7.07	50	14.03	50	6.76	50	N/A
	Hotchkis & Wiley Mid-Cap Value I	12.05	99	21.00	74	5.89	26	17.28	100	7.27	64	01/02/1997
Large-Cap	Large Growth Peer Group	-0.39	50	2.83	50	6.08	50	13.17	50	7.03	50	N/A
	American Funds Growth Fund of Amer R5	1.68	78	8.75	90	7.99	86	15.37	91	7.26	58	05/15/2002
	Large Value Peer Group	6.59	50	14.34	50	6.95	50	13.36	50	5.61	50	N/A
	Diamond Hill Large Cap Y	5.99	41	14.74	54	8.09	79	14.29	76	7.04	89	12/30/2011
Bond[30]/MMF[12]	Intermediate-Term Bond Peer Group	-2.61	50	2.98	50	2.84	50	2.65	50	4.33	50	N/A
	Metropolitan West Total Return Bd I	-2.54	56	2.57	35	2.92	56	4.09	93	5.91	98	03/31/2000
Index Funds[15]	Vanguard Total Intl Stock Index Admiral (Idx)	-1.93	55	4.67	89	-1.34	70	5.50	39	0.91	67	11/29/2010
	Vanguard Small Cap Index Adm (Idx)	6.10	7	18.30	30	7.01	60	14.83	66	8.18	81	11/13/2000
	Vanguard Mid Cap Index Adm (Idx)	2.14	9	11.22	25	7.67	62	14.37	58	7.66	59	11/12/2001
	Vanguard Institutional Index I (Idx)	3.82	57	11.93	75	8.85	94	14.63	85	6.95	79	07/31/1990

Please refer to the Appendix page for additional footnotes

SHARPE RATIO AND EXPENSE ANALYSIS

ADVISED ASSETS GROUP

	Fund Name	Sharpe Ratio and Percentiles 3 Yr Ratio	3 Yr %	5 Yr Ratio	5 Yr %	Standard Deviation 3 Yr	5 Yr	Expense Ratio	Expense %	Manager Tenure	Fund Size $ MM
International[11]	Foreign Large Blend Peer Group	-0.120	50	0.500	50	12.00	12.92	1.06	50	-	-
	Harbor International Institutional	-0.220	25	0.410	21	13.15	13.46	0.76	79	8	35281.3
Small-Cap[14]	Small Growth Peer Group	0.310	50	0.870	50	15.86	14.90	1.19	50	-	-
	Baron Small Cap Instl	0.220	32	0.910	61	13.77	13.05	1.04	69	19	3256.6
	Small Value Peer Group	0.540	50	1.040	50	15.00	13.94	1.22	50	-	-
	Victory Integrity Small-Cap Value Y	0.520	46	1.020	44	16.28	14.55	1.15	58	13	2302.4
Mid-Cap	Mid-Cap Growth Peer Group	0.350	50	0.930	50	12.97	12.57	1.10	50	-	-
	Victory Munder Mid-Cap Core Growth R6	0.397	57	1.012	67	12.38	11.92	0.87	80	16	4356.7
	Mid-Cap Value Peer Group	0.600	50	1.150	50	12.35	11.82	1.08	50	-	-
	Hotchkis & Wiley Mid-Cap Value I	0.402	13	1.050	24	17.59	16.40	1.02	58	20	2203.0
Large-Cap	Large Growth Peer Group	0.530	50	1.100	50	11.99	11.87	1.00	50	-	-
	American Funds Growth Fund of Amer R5	0.724	88	1.349	96	11.31	11.02	0.39	97	23	148911.1
	Large Value Peer Group	0.640	50	1.190	50	11.22	10.89	0.96	50	-	-
	Diamond Hill Large Cap Y	0.690	63	1.220	60	12.06	11.42	0.59	90	14	4181.9
Bond[30]/MMF[12]	Intermediate-Term Bond Peer Group	0.900	50	0.840	50	2.99	3.00	0.70	50	-	-
	Metropolitan West Total Return Bd I	1.043	73	1.361	95	2.65	2.89	0.44	86	20	78839.5
Index Funds[15]	Vanguard Total Intl Stock Index Admiral (Idx)	-0.064	70	0.467	37	12.11	13.03	0.12	97	8	231928.0
	Vanguard Small Cap Index Adm (Idx)	0.548	66	1.120	80	13.85	13.06	0.08	99	1	69441.6
	Vanguard Mid Cap Index Adm (Idx)	0.670	63	1.230	77	11.79	11.44	0.08	98	19	76489.8
	Vanguard Institutional Index I (Idx)	0.830	94	1.370	95	10.74	10.37	0.04	99	16	211495.6

Please refer to the Appendix page for additional footnotes

ANNUAL RETURNS AND STATISTICS

		Calendar Year Returns					MPT Statistics (3 year)			Portfolio Construction		
	Fund Name	2016	2015	2014	2013	2012	Alpha	Beta	R2	Turnover Ratio	Number of Holdings	% in Top 10 Holdings
International[11]	Foreign Large Blend Peer Group	0.74	-1.20	-5.46	20.24	18.01	N/A	N/A	N/A	N/A	N/A	N/A
	Harbor International Institutional	0.25	-3.82	-6.81	16.84	20.87	-1.88	1.01	93	14	74	31.0%
Small-Cap [14]	Small Growth Peer Group	10.46	-2.20	3.20	41.22	14.13	N/A	N/A	N/A	N/A	N/A	N/A
	Baron Small Cap Instl	10.26	-5.01	1.95	38.10	18.30	-1.14	0.84	94	10	78	37.0%
	Small Value Peer Group	26.10	-6.20	4.18	36.12	16.13	N/A	N/A	N/A	N/A	N/A	N/A
	Victory Integrity Small-Cap Value Y	24.38	-6.65	7.33	41.02	13.97	-0.71	1.02	96	47	135	14.0%
Mid-Cap	Mid-Cap Growth Peer Group	5.40	-0.39	7.47	35.80	14.85	N/A	N/A	N/A	N/A	N/A	N/A
	Victory Munder Mid-Cap Core Growth R6	7.58	-4.20	10.40	33.93	16.15	-3.68	1.02	95	40	81	21.0%
	Mid-Cap Value Peer Group	17.74	-4.99	9.98	35.05	16.49	N/A	N/A	N/A	N/A	N/A	N/A
	Hotchkis & Wiley Mid-Cap Value I	21.00	-12.53	12.18	42.55	31.09	-2.87	1.06	83	42	59	36.0%
Large-Cap	Large Growth Peer Group	2.83	4.50	10.59	34.48	15.66	N/A	N/A	N/A	N/A	N/A	N/A
	American Funds Growth Fund of Amer R5	8.75	5.65	9.61	34.20	20.92	0.13	0.95	93	31	370	25.0%
	Large Value Peer Group	14.34	-3.55	10.86	31.81	15.25	N/A	N/A	N/A	N/A	N/A	N/A
	Diamond Hill Large Cap Y	14.74	-0.74	10.89	36.87	12.79	-0.74	1.06	94	20	52	32.0%
Bond[30]/MMF[12]	Intermediate-Term Bond Peer Group	2.98	0.03	5.55	-1.65	6.70	N/A	N/A	N/A	N/A	N/A	N/A
	Metropolitan West Total Return Bd I	2.57	0.29	5.99	0.50	11.54	0.26	0.87	98	303	1892	26.0%
Index Funds[15]	Vanguard Total Intl Stock Index Admiral (Id	4.67	-4.26	-4.17	15.14	18.21	0.31	0.95	97	3	6069	7.0%
	Vanguard Small Cap Index Adm (Idx)	18.30	-3.64	7.50	37.81	18.24	0.47	0.93	99	11	1445	3.0%
	Vanguard Mid Cap Index Adm (Idx)	11.22	-1.34	13.76	35.15	15.99	-0.36	0.99	99	15	353	7.0%
	Vanguard Institutional Index I (Idx)	11.93	1.37	13.65	32.35	15.98	-0.02	1.00	100	8	517	18.0%

Please refer to the Appendix page for additional footnotes

INDEX PERFORMANCE

ADVISED ASSETS GROUP

	Index	Total Return 1 Year	Total Return Annlzd 3 Year	Total Return Annlzd 5 Year	Total Return Annlzd 10 Year	Annual Return 2016	Annual Return 2015	Annual Return 2014	Annual Return 2013	Annual Return 2012
International[11]	MSCI EMF ID	8.58	-4.90	-1.21	-0.57	8.58	-16.96	-4.63	-4.98	15.15
	MSCI EAFE Ndtr_D	1.00	-1.60	6.53	0.75	1.00	-0.81	-4.90	22.78	17.32
	MSCI World Ndtr_D	7.51	3.80	10.41	3.83	7.51	-0.87	4.94	26.68	15.83
Small-Cap [14]	Russell 2000 Growth	11.32	5.05	13.74	7.76	11.32	-1.38	5.60	43.30	14.59
	Russell 2000	21.31	6.74	14.46	7.07	21.31	-4.41	4.89	38.82	16.35
	Russell 2000 Value	31.74	8.31	15.07	6.26	31.74	-7.47	4.22	34.52	18.05
Mid-Cap	Russell Mid Cap Growth	7.33	6.23	13.51	7.83	7.33	-0.20	11.90	35.74	15.81
	Standard & Poor's Midcap 400	20.74	9.04	15.33	9.16	20.74	-2.18	9.77	33.50	17.88
	Russell Mid Cap Value	20.00	9.45	15.70	7.59	20.00	-4.78	14.75	33.46	18.51
Large-Cap	Russell 1000 Growth	7.08	8.55	14.50	8.33	7.08	5.67	13.05	33.48	15.26
	Standard & Poor's 500	11.96	8.87	14.66	6.95	11.96	1.38	13.69	32.39	16.00
	Russell 1000 Value	17.34	8.59	14.80	5.72	17.34	-3.83	13.45	32.53	17.51
Bond[30]/MMF[12]	BarCap US Aggregate Bond	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21
	BarCap US Credit	5.63	4.07	3.85	5.31	5.63	-0.77	7.53	-2.01	9.37
	BarCap US MBS	1.67	3.07	2.06	4.28	1.67	1.51	6.08	-1.41	2.59
	BarCap US Government Bond	1.05	2.26	1.22	3.86	1.05	0.86	4.92	-2.60	2.02
	BarCap US Govt 1-3 Yr	0.87	0.69	0.59	2.18	0.87	0.57	0.64	0.37	0.51

Please refer to the Appendix page for additional footnotes

IMPORTANT DISCLOSURES

Footnote Subscript	Disclosure
1	The Overall Rating is derived from the 3, 5 and 10 year net-of-fee performance figures, the 3 and 5 year Sharpe Ratio and the Morningstar Rating.
2	The Long-Term Rolling Analysis accumulates the trailing 12 quarter Overall Ratings and determines a Pass / Fail designation accordingly.
3	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.
4	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.
5	A Percentile Ranking of 100% represents the best in class performance, whereas 0% represents the lowest.
6	MSCI Eafe Ndtr_D: Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world.
7	Please check on the availability of the Great-West product and its Blue Sky status for NAV.
8	MSCI World Ndtr_D: Includes all 23 MSCI developed market countries. Ndtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies.
9	Russell 2000 Growth: Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values.
10	Russell 2000: Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.
11	Foreign investments, if part of the fund lineup, involve special risks, including currency fluctuations and political developments.
12	An investment in a Money Market Portfolio/Fund, if part of the portfolio/fund lineup, is not insured or guaranteed by the Federal Deposit Insurance Corporation. Although the portfolio/fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the portfolio/fund.
13	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.
14	Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
15	Index Funds are not provided an overall rating as their objective is to track their respective index, not to outperform managed funds.
16	Russell Midcap Growth: Market-weighted total return index that measures the performance of companies within the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.
17	Standard & Poor's Midcap 400: Includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range.
18	Russell Midcap Value: Market-weighted total return index that measures the performance of companies within the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.
19	Barra Large Cap Growth: Market capitalization-weighted index of the stocks in the Standard & Poor's 500 Index having the lowest book to price ratios. The index consists of approximately half of the S&P 500 on a market capitalization basis.
20	Standard & Poor's 500: A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation.
21	Barra Large Cap Value: Market capitalization-weighted index of the stocks in the Standard & Poor's 500 Index having the highest book to price ratios. The index consists of approximately half of the S&P 500 on a market capitalization basis.
22	Barclays Capital Aggregate Bond: Composed of the Barclays Capital Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.
23	Bar Cap Credit: Listed for corporate bond-general and high-quality funds. This index tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC-registered, investment-grade corporate debt.
24	Bar Cap Mortgage-Backed: Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA).
25	Bar Cap Government Bond: Listed for government-bond general and Treasury funds because it tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations. This index is effective for tracking portfolios holding non-mortgage government securities.

IMPORTANT DISCLOSURES

Footnote Subscript	Disclosure
26	Bar Cap 1-3 Year Government: Comprised of both the Treasury Bond index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. Government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. Government).
27	In certain instances the fund shown and the related data is the load waived share class.
28	Investment options available in the plan may be through mutual funds and / or a group fixed annuity contract. Total return performance shown above represents that of the underlying fund and does not include a deduction for any applicable annuity contract of administrative fees / expenses. Performance numbers shown above would be less after applicable fees / expenses are deducted.

APPENDIX A - ADDITIONAL DISCLOSURES

ADVISED ASSETS GROUP

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 or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and it should not be expected that the sponsor will provide financial support to the fund at any time.*
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.

Shares of the series of Great-West Funds, Inc. are not available to the general public but are offered only to insurance company separate accounts for certain variable annu contracts and variable life policies, to individual retirement account (IRA) custodians or trustees, to plan sponsors of qualified retirement plans and to college savings progra

The principal underwriter of Great-West Funds, Inc. is its affiliate GWFS Equities, Inc., Member FINRA/SIPC. Great-West Capital Management, LLC (GWCM) is the investmer adviser. GWFS Equities, Inc., Great-West Funds, Inc. and GWCM are subsidiaries of Great-West Life & Annuity Insurance Company (GWL&A). The Great-West Lifetime Func Great-West SecureFoundation Lifetime Funds, Great-West SecureFoundation Balanced Fund, and the Great-West Profile Funds may invest in funds advised by GWCM, funds are sub-advised by affiliated and unaffiliated sub-advisers retained by GWCM or funds that are advised by affiliated and unaffiliated investment advisers of GWCM or in a fixed-interest contract issued and guaranteed by GWL&A.

Certain Great-West funds are managed by sub-advisers who manage other mutual funds having similar names and investment objectives. While their investment managem may be similar to, or modeled after, those other mutual funds, the Great-West funds are not directly related to any other mutual funds. Consequently, the investment performance and other features of other mutual funds and any similarly named Great-West Fund may differ substantially.

Putnam funds are managed by Putnam Investment Management. Putnam mutual funds are distributed by Putnam Retail Management. Putnam is affiliated with GWL&A anc subsidiaries.

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.

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.

APPENDIX B - GLOSSARY (CONTINUED)

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

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

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

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

Growth (Objective) Funds that pursue capital appreciation by investing primarily in equity securities. Current income, if considered at all, is a secondary concern.

Growth and Income (Objective) Growth of capital and current income are near-equal objectives for these funds. Investments are typically selected for both appreciation potential and dividend-paying 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.

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

Life Cycle These funds are geared toward investors of a certain age or with a specific time horizon for investing. Typically they are grouped together in sets (i.e. conservative, moderate, and aggressive portfolios).

Management Fees The management fee is the percentage deducted from fund assets to pay an advisor or subadvisor. Often, as the fund's net assets grow, the percentage deducted for management fees decreases. For example, a particular fund may report a management fee of 0.40% on the first $500 million in assets, 0.35% on all assets between $500 million and $1 billion, and 0.30% on assets in excess of $1 billion. Thus, if the fund contains $1.5 billion in total net assets, the advisor scales back its management fees accordingly. Alternatively, the fund may compute the fee as a flat percentage of average net assets.
The management fee might also come in the form of a group fee (G), a performance fee (P), or a gross income fee (I). Note: The management fee is just one (albeit a major) component of a fund's costs. The overall expense ratio is the most useful number for investors. Actual fees are also noted in this section.

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

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years). If the fund is new and has no portfolio, we estimate where it will fall before assigning a more permanent category. When necessary, we may change a category assignment based on current information.

MSCI EAFE Ndtr_D Listed for foreign stock funds (EAFE refers to Europe, Australasia, and Far East). Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world. Ndtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty. The returns published for the index are total returns, which include reinvestment of dividends.

MSCI World Ndtr_D Includes all 23 MSCI developed market countries. Ndtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

Mutual fund An investment option that pools money from many shareholders and invests it in a group of stocks, bonds, or other securities. Also known as an open-end investment management company, mutual funds are securities required to be registered with the SEC.

APPENDIX B - GLOSSARY (CONTINUED)

NAV Stands for net asset value, which is the fund's share price. Funds compute this value by dividing the total net assets by the total number of shares.

Net Assets The month-end net assets of the mutual fund, recorded in millions of dollars. Net-asset figures are useful in gauging a fund's size, agility, and popularity. They help determine whether a small company fund, for example, can remain in its investment-objective category if its asset base reaches an ungainly size.

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

Prospectus A fund's formal written statement, generally issued on an annual basis. In this statement the fund sets forth its proposed purposes and goals, and other facts (e.g.: history and investment objective) that an investor should know in order to make an informed decision.

Prospectus Objective Indicates a particular fund's investment goals, based on the wording in a fund's prospectus.

R-squared (R2) measures the degree to which movement in one variable is related to the movement in another variable. Portfolios with a high R-squared will react similarly to various market conditions. By combining investments with low correlations, an investor can reduce the overall risk within a portfolio.

Risk Basically there are four types of risk: 1) inflation risk means your money may not earn enough in the long run because as prices go up the value of your money goes down;
2) market risk means you could lose money because the price of a stock may go down; 3) credit risk means a company or organization that borrowed your money may not be able to pay it back; and 4) interest rate risk means you could lose money because as interest rates go up the value of bond investments goes down.

Russell 1000 Consists of the 1000 largest companies within the Russell 3000 index. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose. The returns published for the index are total returns, which include reinvestment of dividends.

Russell 1000 Growth Market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

Russell 1000 Value Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

Russell 2000 Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization. The returns published for the index are total returns, which include reinvestment of dividends.

Russell 2000 Growth Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable US equity market.

Russell 2000 Value Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable US equity market.

Share Classes Shares of the same fund that offer different shareholder rights and obligations, such as different fee and load charges. Common share classes are A (front-end load), B (deferred fees), C (no sales charge and a relatively high annual 12b-1 fee, such as 1.00%). Multi-class funds hold the same investment portfolio for all classes, and differ only in their surrounding fee structure.

Sharpe Ratio measures the risk-adjusted performance of a portfolio. It is calculated by subtracting the risk-free rate of return (i.e., the return on treasury bills) from the return of the portfolio as a whole, then dividing by the standard deviation of the returns. The higher the Sharpe Ratio, the better the risk-adjusted performance of the portfolio.

Standard Deviation A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Tax-deferred earnings You don't have to pay taxes on any earnings in your 401(k) until you withdraw your money. The money in a 401(k) can grow faster than with other types of savings plans, because the earnings you accumulate, if any, are also tax-deferred.

APPENDIX B - GLOSSARY (CONCLUDED)

ADVISED ASSETS GROUP

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.