3I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.

Robert R. Hill, Secretary of the
El Toro Water District and the Board of
Directors thereof

AGENDA

EL TORO WATER DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS ENGINEERING COMMITTEE MEETING AND FINANCE/INSURANCE COMMITTEE MEETING

February 26, 2019

7:30 a.m.

CALL TO ORDER – Director Goldman

PLEDGE OF ALLEGIANCE – Director Freshley

ORAL COMMUNICATION – PUBLIC COMMENT

Members of the public may address the Committee at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Committee. Comments on other items will be heard at the time set aside for "COMMENTS REGARDING NON-AGENDA ITEMS." The public will identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

1. **Quarterly Review of the District's 401(k) Retirement Savings Plan**
   (Reference Material Included)

A HighMark representative will review and comment on the investment performance of the District's 401(k) Retirement Savings Plan.

ATTORNEY REPORT

CLOSED SESSION

At this time the Board will go into Closed Session as follows:

1. In accordance with Government Code Section 54956.96 in order to receive, discuss, and/or take action concerning information obtained by the District's representative pertaining to a closed session of the South Orange County Wastewater Authority ("SOCWA"), a joint powers agency.

2. To conduct the General Manager's annual performance evaluation pursuant to Government Code Section 54957 (b) (1).

3. To consider the potential amendment of the General Manager's Employment Agreement pursuant to Government Code Section 54957 (b) (1).

4. Conference with Legal Counsel – potential litigation pursuant to paragraph (2) of Government Code Section 54956.9 (one matter).

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

2. GENERAL MANAGER COMPENSATION

Board Action: The District's Board of Directors will discuss and consider granting the District's General Manager a compensation increase in the amount and form as determined by the Board.

ENGINEERING COMMITTEE

CONSENT CALENDAR
(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

3. Consider approving the January 21, 2019 Engineering Committee meeting minutes.

APPROVAL OF ITEMS REMOVED FROM TODAY'S ENGINEERING COMMITTEE CONSENT CALENDAR

The Board will discuss items removed from today's Engineering Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's consent Calendar.

ENGINEERING ACTION ITEMS

There are no action items.

ENGINEERING GENERAL INFORMATION ITEMS

4. **El Toro Water District Capital Project Status Report**
(Reference Material Included)

Staff will review and comment on the El Toro Water District Capital Project Status Report.

5. **Engineering Items Discussed at Various Conferences and Meetings** (Oral Report)

The Committee will discuss any pertinent Engineering items discussed at Conferences.

COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS

CLOSE ENGINEERING COMMITTEE MEETING

FINANCE/INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – Vice President Monin

CONSENT CALENDAR

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

6. Consider approving the January 21, 2019 Finance Committee meeting minutes.

APPROVAL OF ITEMS REMOVED FROM TODAY'S FINANCE COMMITTEE CONSENT CALENDAR

The Board will discuss items removed from today's Finance Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's consent Calendar.

FINANCIAL ACTION ITEMS

7. **Financial Package - Authorization to Approve Bills for Consideration dated February 26, 2019 and Receive and File Financial Statements as of January 31, 2019** (Reference Material Included)

   The Board will consider approving the Bills for Consideration dated February 26, 2019 and Receive and File Financial Statements as of January 31, 2019.

   Recommended Action: Staff recommends that the Board 1) approve, ratify and confirm payment of those bills as set forth in the schedule of bills for consideration dated February 26, 2019, and 2) receive and file the Financial Statements for the period ending January 31, 2019.

FINANCIAL INFORMATION ITEMS

8. **2019/20 Fiscal Year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule Status Report** (Reference Material Included)

   Staff will review and comment on the 2019/20 fiscal year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule.

9. **Tiered Water Usage and Revenue Tracking** (Reference Material Included)

   Staff will review and comment on monthly and year to date Tiered Water Usage and Revenue tracking.

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ADJOURNMENT TO 7:30 a.m., Tuesday, March 26, 2019.

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Polly Welsch at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Polly Welsch.

El Toro Water District 401(k) Plan

Fourth Quarter 2018

Keith Stribling, CFA
Vice President and Senior Portfolio Manager
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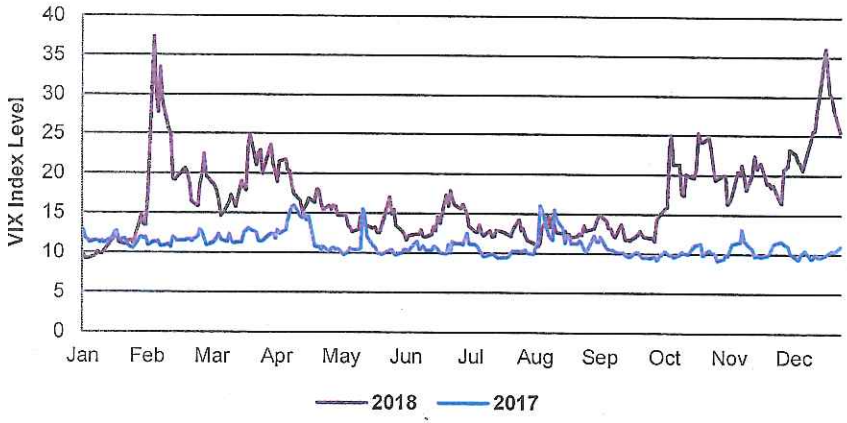
Economic and Market Perspectives
Q1 2019

Market Overview

In contrast to 2017's ultra-low volatility market environment, the pendulum swung in the other direction entering 2018 from a steady freight train of returns into a roller coaster. Only a few weeks into 2018, escalating concerns over rising inflation expectations disrupted the tranquility investors enjoyed throughout the prior year. Leading up to the first equity market correction in late January 2018, the S&P 500 Index had not experienced a drop of more the 1% for a record 112 trading days.

Worries about inflation faded through the second and third quarters as domestic business and consumer optimism soared. The domestic equity market rallied over the summer on a fragile foundation of sanguine expectations that government policy (both trade and monetary) would not interfere with the economic mojo set in motion by a massive corporate and personal tax cut.

Back to Reality: The Return of Volatility



Source: Bloomberg

Early in the fourth quarter, major cracks started to appear in this foundation as investor confidence was shaken by recently appointed Federal Reserve ("Fed") Chairman Jay Powell when he declared during an interview that interest rates were "a long way from neutral." The hawkish tone did not sit well with investors and the equity market slide began.

Fearing the world's largest central bank no longer had the stock market's back, the S&P 500 Index would mark an all-time high close of 2930 on September 20th and, over the course of the quarter, fall to within a hair of an official bear market (a decline of 20% from a peak) before rallying after Christmas. The ups and downs throughout the year netted a -4.4% annual return for the index including dividends – the benchmark's first calendar year loss since 2008. In a traditional flight to safety trade, Treasury bonds rallied and credit spreads widened.

Chairman Powell, perhaps recognizing the gravity of his comments and the potential for financial market volatility to spill over into the real economy, attempted to backtrack in a speech to the Economic Club of New York, saying that "[interest rates] remain just below the broad range of estimates of the level that would be neutral for the economy."

Increasing monetary policy uncertainty was only one punch in the combination that investors endured in the final quarter of the year. The cloud of a trade war also weighed heavily on sentiment with daily headlines creating large market swings in both directions. Of course, one of the very last statements market participants wanted to see following what appeared to be a productive G20 summit in early December was a provocative President Trump tweet "...I am a Tariff Man." Yet that is exactly what occurred, keeping the equity market on its heels leading up to the Federal Open Market Committee's (FOMC) final meeting of the year.

Confronted with an equity market approaching bear market territory, the Fed pressed on with its fourth Fed Funds rate increase of the year and its ninth since moving off the zero bound in December 2015. Further compounding investor concerns, the Fed continued to forecast the need for future hikes – a policy path the market clearly felt

was missing signs that the global economy was softening. Despite Chairman Powell's attempts to qualify that these projections were subject to "data dependence" and "highly uncertain," it did not stop market anxiety from deepening. In an unusual move, the President broke with protocol and openly criticized the Fed Chairman by declaring that monetary policy was the "only problem" with the economy.

Amid swirling policy uncertainty, global financial markets enter 2019 with a growing wall of worry that has the potential to keep volatility elevated for the foreseeable future. The good news is that policy is controllable and correctable. The big question for the New Year is how quickly a course correction can be taken before more permanent damage is done.

Economic Highlights

GDP Growth: The domestic economy expanded at an annual rate of 3.4% during the third quarter. Consumer spending remained robust as wage growth accelerated and workers benefited from lower tax rates. Inventory build ahead of announced tariffs also helped support above-trend growth. But higher interest rates do appear to be having a restraining impact on residential investment activity, which contracted for the third consecutive quarter. Source: Bureau of Labor Statistics

Employment: December's non-farm payroll increase of 312,000 far exceeded expectations and capped off another solid quarter of domestic job growth. An increase in average hourly earnings of 3.2% for the full year - the best since 2008 - was a welcome sign that the labor market remains strong. The U.S. economy averaged 220,000 new jobs per month in 2018 compared to 182,000 per month in 2017. Higher wages enticed sidelined workers back into the job market and the labor force participation rate grew to its highest level since 2014, leading to an uptick in the headline unemployment rate. Source: Bureau of Labor Statistics

Inflation: Falling energy prices are keeping consumer prices in check. Headline inflation increased by 2.2% through November on a year-over-year basis. The Fed's preferred measure of inflation, the core Personal Consumption Expenditure (PCE) deflator, measured 1.9% in November – just shy of its stated 2% target. Source: Bureau of Labor Statistics

Housing: Impacted by higher mortgage rates, existing home sales fell 6.7% in November from a year prior. However, home values remained buoyant with the median existing home price advancing 5% to $260,500 over the same period. Source: National Association of Realtors (NAR)

Energy: Oil's worst quarter since 2014 more than wiped out gains made during the first three quarters of the year. The global benchmark Brent Crude futures opened the year at nearly $68 per barrel and rallied on OPEC supply cuts to $86 in early October before falling over 32% to finish the year at $54. A continued increase in U.S. output boosted inventories and helped offset production cuts by OPEC members. Source: Bloomberg

Corporate Earnings: U.S. companies turned in another stellar earnings season for the third quarter. Led by the energy and financials sectors, the S&P 500 Index saw earnings climb 28%. Supported by substantial tax cuts, earnings for the S&P 500 Index are expected to increase by 24% for the full year. Analysts are currently forecasting 8% earnings growth on 5% revenue growth in 2019. Source: Thomson Reuters

Consumer: Measures of consumer income, spending and sentiment all displayed very healthy signs for the U.S. economy despite financial market volatility and higher interest rates. A tight labor market and lower taxes led real consumption growth to accelerate from 3.5% in the third quarter to around 4% in the fourth quarter according to Capital Economics. A strong holiday shopping season is expected to boost retail sales for the quarter.

2019 Year End Economic & Market Forecasts	
S&P 500 Year End Price Targets	
High	2850
Low	2725
S&P 500 Earnings ($ per share)	
High	$172
Low	$168
US GDP Real (Y/Y Real) (%)	
High	2.60%
Low	2.10%
Core PCE Inflation (Y/Y) (%)	
High	2.20%
Low	1.90%
Unemployment Rate (%)	3.70%
Fed Funds Target (%)	
High	3.00%
Low	2.25%
10-Year Treasury Yield (%)	
High	3.25%
Low	2.75%

Source: HighMark Asset Allocation Committee, Bloomberg

Market Returns as of December 31, 2018

	% Total Return					
As of 12/31/2018	Q4 2018	YTD 2018	1-Year	3-Year	5-Year	10-Year
S&P 500	-13.5	-4.4	-4.4	9.3	8.5	13.1
MSCI EAFE	-12.5	-13.8	-13.8	2.9	0.5	6.3
MSCI Emerging Markets	-7.5	-14.6	-14.6	9.3	1.7	8.0
Bloomberg Barclays US Aggregate Bond	1.6	0.0	0.0	2.1	2.5	3.5
Bloomberg Barclays Municipal Bond	1.7	1.3	1.3	2.3	3.8	4.9
ICE BofAML US Treasury Bills	0.6	1.9	1.9	1.0	0.6	0.4
Bloomberg Commodity	-9.4	-11.3	-11.3	0.3	-8.8	-3.8

Source: Morningstar Direct
Periods greater than one year are annualized.

Equity Market Year in Review

Despite an already elongated economic cycle, investors greeted 2018 with a rosy outlook for future corporate earnings on the back of fiscal stimulus in the form of tax cuts. As the year progressed, however, analysts lowered earnings estimates for companies in the S&P 500 Index from 16.7% to 11.4% for the fourth quarter (year-over-year), with all eleven sectors recording a decline in bottom-up Earnings Per Share (EPS)[1] forecasts as 2018 drew to a close[2]. This downward revision represented the largest cut to quarterly EPS estimates since the third quarter of 2017.

2018 was also marked by significant divergences in equity market performance, notably between domestic and international stocks, large cap and small cap stocks, and growth and value styles. The outperformance of U.S. equities versus non-U.S. stocks was attributed to stronger corporate earnings and stock buybacks, with additional support from tax reform. While small cap stocks led large cap stocks for most of 2018 due to the belief that smaller firms are less likely to suffer from trade disputes, this pattern reversed course in the fourth quarter of 2018. Growth continued to outperform value, driven largely by positive performance from the technology sector which represents a quarter of the S&P 500 Index.

In November, investors turned their attention to U.S. midterm elections and what they might signal for the economy and equity markets.

Midterm Elections and Equity Market Opportunities

The midterm elections delivered results consistent with our expectations: Democrats regained control of the House of Representatives and Republicans retained control of the Senate. While a polarizing figure, President Trump galvanized voter turnout. Though turnout in 2018 (which reached nearly 20 percent of eligible voters) was low compared with general midterm and presidential elections, it was higher than in past years, comparing quite favorably to the midterm elections in 2014 when 14.3% turned out, and 2010 when 18.3% voted[3].

What, if anything, should equity investors expect from the U.S. midterm elections? In the way of public policy, little will likely change. Due to the partisan divide, it is doubtful that sweeping legislation will materialize over the next two years, though

[1] An aggregation of the median EPS estimates of all the companies in the index.
[2] FactSet Earnings Insight. January 4, 2019.
[3] Bipartisan Policy Center

narrow bipartisan measures are possible based on areas where the two parties can find common ground.

Overall, the new political landscape may be good for markets. In the short term, global stocks and other risk assets got a positive boost while U.S. Treasury yields fell modestly. The U.S. dollar also declined, credit spreads narrowed, and inflation expectations dropped. Collectively, these effects suggest that traders and investors were pleased with a dose of predictability after several years of unsettling political developments and elections around the globe.

Longer term, markets have historically performed well regardless of specific election outcomes. Historically, gridlock has been good for stocks as divided governments can represent a restoration of checks and balances and the greater policy certainty that markets crave. But a potential downside to gridlock is that funding is required to support the government and service the deficit. The late December U.S. government shutdown and equity market selloff demonstrate this downside.

Within equities, the health care sector may benefit from a divided government, which would be unlikely to make major changes to the Affordable Care Act or drug pricing. The split Congress may also provide a tailwind for the banking sector--despite the Democratic majority in the House, Trump's bank regulators are in place and are expected to continue their goal of implementing bank-friendly deregulation.

Equity Market Outlook

Our equity market outlook remains unchanged. In our view, recent market turbulence reflects more of a market event than an economic event; in other words, a correction without a recession. We have been more conservative than consensus views regarding domestic economic growth, earnings power, and potential market returns largely because equity markets were underappreciating these growing uncertainties. Positive returns are possible going forward but headwinds from higher rates and risks to growth will dampen the upside potential.

Global equity markets had been vulnerable because they anticipated clear skies ahead, manifesting in peak investor optimism, high growth/profit expectations, and rich valuation levels going into 2018. One of the main causes of recent equity market turbulence was the "curse of high expectations" and markets are now reconciling excessive optimism against new and unexpected realities. Investors are adjusting to these "new normal" conditions and recalibrating the appropriate price to pay when considering previously underappreciated risks.

Fixed Income Review

Finding Neutral Gear

The role of the Fed involves a long-standing paradox: how to keep the economy from overheating without becoming the catalyst for the next recession.

According to monetary theory, central banks should lower short-term rates (thereby increasing money supply) when economic activity appears to be weakening in hopes of stimulating investment by increasing liquidity. One of the primary objectives of increasing liquidity is to create what's known as the 'wealth effect' – an increase in consumer spending based on the appreciation of one's investment assets.

The wealth effect, in turn, should start a virtuous and self-reinforcing cycle of economic activity that will truncate the downside of an economic cycle. Central banks took this theory to an extreme during the Global Financial Crisis by introducing zero interest-rate policy (ZIRP)[4] and quantitative easing (QE)[5]. Arguably, both previously untested policies served the U.S. economy well in a time of desperate need, but it was not without a price. The term "Financial Repression" was coined to articulate the penalty savers endured to revive the economy from depths not seen since the Great Depression.

Another unwanted but potential side effect of what is known as 'accommodative' monetary policy is excessive inflation. Runaway inflation is the other side of the coin that central banks address by raising short term rates as the economy picks up

[4] Zero interest-rate policy (ZIRP) is a macroeconomic concept describing conditions with a very low nominal interest rate, such as those in contemporary Japan and December 2008 through December 2015 in the United States.

[5] Quantitative easing is an unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply. Quantitative easing increases the money supply by flooding financial institutions with capital in an effort to promote increased lending and liquidity. When short-term interest rates are at or approaching zero, and when the printing of new banknotes isn't an option, quantitative easing can be considered.

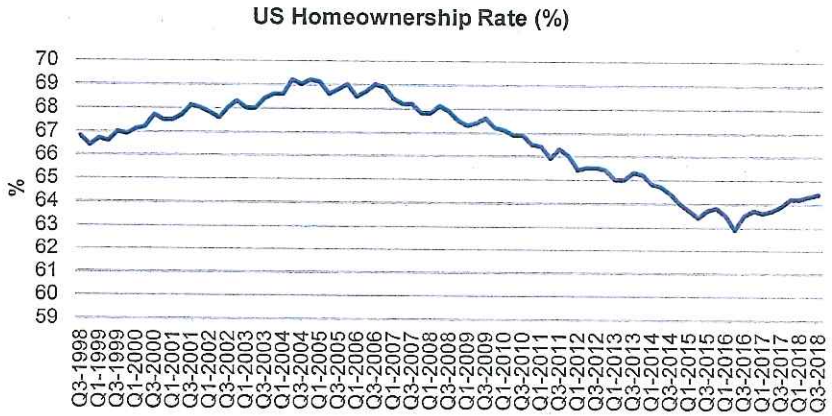
steam. Ideally, the economy will hum along at an equilibrium or 'neutral' interest rate that neither stimulates nor restricts economic growth beyond its potential. As central bankers see economic activity firming and inflation in check, they will remove accommodation by raising rates in hopes of arriving at the neutral rate.

The neutral rate sounds simple enough on paper, and has been mentioned by the Fed for many years, but this is where things get tricky. The neutral rate of interest is unobservable; it's a target that cannot be known with certainty. Economists at the Fed use models to estimate what the neutral rate might be, but, in reality, it's an educated guess at best.

The difficulty inherent in forecasting inflation, and thus setting the neutral rate, was highlighted at the most recent Fed meeting where expected core PCE inflation was downgraded from 2% to 1.9% over the next three years due, in part, to continuing oil price softening.

While the price of oil continues to fall, dampening inflation forecasts, inflationary pressure from credit has trended up with consumer credit, according to Fed data, rising by a seasonally adjusted annual rate of nearly 8% in late 2018 with a significant portion of the increase coming in the form of increasing levels of student loan debt.

Student loan debt, when accompanied by rising mortgage rates as the Fed continues to tighten, may further the trend of declining homeownership in the U.S. as shown in the chart in the next column.



Source: US Census Bureau

Homeownership is a key component of the U.S. economy, driving hiring and expansion (and inflation) in multiple sectors including construction, lending, and consumer durables. Onerous levels of student loan debt, however, may be discouraging young, prospective home buyers from diving in. The recent uptick in ownership is encouraging, but homeownership is still below historical averages. A Congress with greater Democratic party representation following the midterm elections, should it weigh in on student debt, may in the end be a tailwind to industries reliant on homeownership. The Fed has confronted stubbornly low levels of inflation that justify a tightening program and an upsurge in homeownership could help move the needle—if only by a modest amount.

As the Fed confronts a slowing economy, global trade tensions, volatile markets and increasing pressure from President Trump to refrain from further rate hikes, we expect Powell and his FOMC colleagues to rely even more on sources of data which can help set a rate course that avoids pushing the U.S. economy into a mild recession after a decade of economic expansion.

Don't Tread on the Fed! [6]

Since assuming the presidency, Trump has not hesitated to weigh in on the Fed, its Chair, and its rate strategies. His comments directed towards the Fed and recorded in the press dwarf those of prior POTUS/Fed Chair combinations dating back to The Monetary Accord of 1951.

Historically, Presidential/Fed interventions typically occur during periods of high inflation and economic stagnation, particularly in President Carter's administration, but Trump's tweets directed at both Fed Chairs Yellen and Powell have occurred during a cycle of unusually low inflation and unemployment. Until late last year, the U.S. economy and stock market were firing on all cylinders and markets appeared to pay little attention to Trump's instructions to hold off on raising rates. But the tone and frequency of Trump's tweets may increase if budget deficits, further dollar strengthening, market volatility, rising debt levels or a spike in inflation were to occur.

Pressure from the Executive branch could spur the Fed to take two courses: either weakening the FOMC's resolve to raise rates as economic strength breeds inflation or, to prove its independence, the Fed may turn more hawkish than economic data warrants. Each scenario makes the already complicated role of the Fed as shepherd of the economy even more difficult and undermines its independence.

While not a frequent occurrence in recent history, many presidents have pressured the Fed when interventions served their political interests, including Harry Truman and Lyndon Johnson—the later famous for trying to pressure Fed chair William McChesney Martin into reversing a recent rate rise. Other presidents, including Clinton and Obama, elected to keep their "hands off the Fed" by trusting it will make policy decisions that enhance the long-term health of the economy.

The Fed has always been a political institution subject to pressure from lawmakers, presidents, market participants and populist groups with the voices of complaint rising loudest when the economy hits a speedbump and politicians seek to avoid blame for a faltering economy.

Like members of Congress, Trump's presidential interventions enable him to claim credit for good economic outcomes and deflect blame for bad ones. But Trump's Fed-bullying in good times could turn explosive if an economic downturn impacts his reelection prospects.

History shows that difficult monetary choices require strong political support. Trump's willingness to lead the charge against his hand-selected Fed chair suggests that an old and recurring cycle of crisis, blame and reform may be just around the corner.

As The World Turns

It is easy, yet somewhat myopic, to blame the Fed alone for the sudden reversal of market momentum, even given some of the major communication missteps of a 'rookie' Fed Chair. Investor psychology can be particularly vulnerable to the perceived risk of a policy error when the economic tide appears to be turning. While coincident indicators of economic health remain strong, it's the softening of leading indicators that have many believing the Fed's work is done.

Ironically though, the President blaming the Fed's monetary policy decisions for economic and market woes may be a perfect example of 'the pot calling the kettle black.' The administration's intense trade standoff with China, the world's second largest economy, is by no one's estimate helping to sustain the positive global economic momentum that existed entering 2018. In fact, the prolonged uncertainty surrounding trade policy is taking its toll on both sides.

Whether by coincidence or effect, economic data in China indicates a slowdown in growth is happening faster than most anticipated. China's fourth quarter GDP growth is expected to decelerate to 6.4%, and by 2020 growth is forecast to slow further to 6% - the slowest rate since 1990 following the Tiananmen Square protests. While a six percent-plus growth rate seems very healthy compared to developed economies that are expected to expand by about two percent over the next couple of years, one must consider how critical sustaining a high growth rate is for a developing country with a rapidly expanding debt burden.

[6] Adapted from: Mark Spindel and Sarah Binder, "Trump's Fed broadside shouldn't be dismissed by investors," *Financial Times*, July 23, 2018, https://www.ft.com/content/0a1d71d0-8e46-11e8-bb8f-a6a2f7bca546 (accessed January 7, 2019).

Although slowing growth is a secular headwind China would be expected to face as its economy matures, the tough trade dispute has accelerated both its timing and pace, adding to the challenge of managing through it. Feeling the pressure to prevent further slippage in growth, China announced a number of stimulative fiscal and monetary policy measures, including tax cuts and a mandate for banks to lend to small businesses.

As the world's second largest economy and a major source of global demand, China's slowdown is by no means isolated to its economy. Ripple effects are being felt throughout the global economy. During an European Central Bank (ECB) press conference announcing the end of QE in Europe, ECB President Mario Draghi warned "...the balance of risks is moving to the downside owing to the persistence of uncertainties related to geopolitical factors, the threat of protectionism, vulnerabilities in emerging markets and financial market volatility remain prominent." (In case you missed it, he basically said "trade war" four separate ways.)

Meanwhile, the U.S. is feeling its own pain. Although not as leveraged to global trade as many other countries, domestic economic data has begun to soften as tensions have escalated. Despite fiscal stimulus pumping though the economy, uncertainty on the trade policy outlook, along with the rising cost of tariffs, has delayed decisions by businesses to make significant capital investments.

Such hesitation was evident in December's manufacturing Purchasing Managers Index, which came in below expectations at 53.8 – a 15-month low. A recent profit warning from Apple stating that Chinese economic softness and trade tensions were weakening demand provided another piece of anecdotal evidence of the pressures faced by U.S. based multi-nationals in this environment.

Source: Markit Ltd., Bloomberg

A dinner attended by Presidents Trump and Xi at the G20 summit in December yielded a cease fire that allowed for additional time for negotiation. The tariffs the administration planned to raise and apply to an additional $257 billon of Chinese imports were delayed by 60 days. Trump boasted that the dinner "was an amazing and productive meeting with unlimited possibilities for both the United States and China." Currently, the U.S. is applying tariffs on $253 billion of Chinese- made goods, or roughly half of total imports from China. The truce will end March 1 when the final round of tariffs will go into effect if a deal is not reached.

As we anticipated, the ongoing trade dispute between the world's two largest economies has remained the focal point of global financial markets. A quick settlement was an unlikely outcome in our view given the significance of the demands and the disposition of the parties involved. However, the upside of the global economic slowdown is the incentive it creates for both sides to negotiate a resolution. The data demonstrates the true cost of this standoff and it's only likely to get worse the longer it drags on. Therefore, our optimism for a deal has increased meaningfully. However, we must remind ourselves that the protectionist instincts of a "Tariff Man" are strong. A protracted battle cannot be ruled out just yet.

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DISCLOSURES

Conclusion

2017's global synchronized growth narrative has morphed into a global synchronized slowdown scare driven predominately by self-inflicted setbacks in 2018. The euphoric investor sentiment supported by the global growth narrative rolled over accordingly when it became unclear if the security blanket that markets had come to depend on, namely a dovish Fed, would exist under new leadership.

In our view, Jay Powell's Fed is not the enemy of financial markets. Communication mistakes have been made, but there is no uber-hawk at the helm as some might fear. For now, inflation does not appear to be forcing the Fed's hand and we expect that it is unlikely to change any time soon. Therefore, the Fed can afford to cautiously calibrate its monetary policy path to reflect potential inflection points in the domestic growth trajectory.

Trade policy is another story. It remains one of the most significant, yet difficult to forecast, variables in both the economy and financial markets. Or, as Donald Rumsfeld would put it: a known unknown. Combine this wild card with a softer global economy and a mountain of debt piling up on the balance sheets of governments and corporations -- and it becomes clear that the roller coaster ride could very well continue into 2019.

We expect first quarter earnings reports and management commentary to give us a better look at the full impact of trade policy. As mentioned earlier, our outlook for a resolution on the trade war front has improved, but there is little to be certain of at this stage.

Economic and Market Perspectives
Q1 2019

David Wines, President & Chief Executive Officer
James St. Aubin, Managing Director and Head of Investment Strategy
Todd Lowenstein, Managing Director and Chief Equity Strategist

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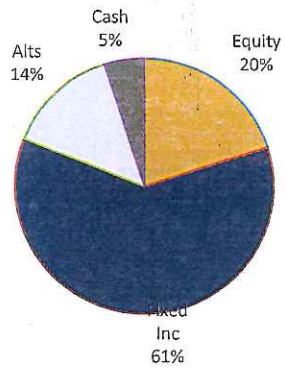
INVESTMENT POOLS - ASSET ALLOCATION

El Toro Water District - 401(k) Plan

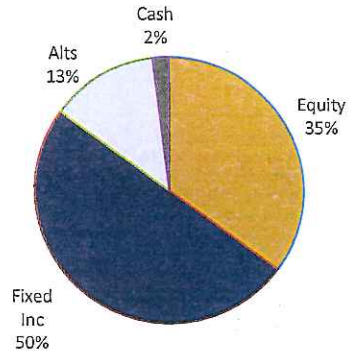
Capital Preservation



65+ years old

Equity:	10% - 30%
Fixed Income:	40% - 80%
Alternatives:	10% - 20%
Cash:	0% - 20%

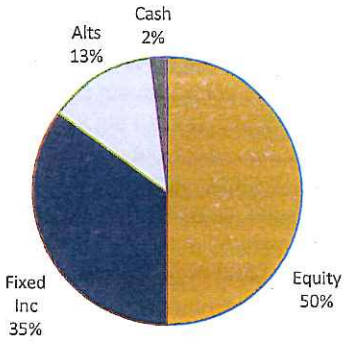
Income



60-64 years old

Equity:	25% - 45%
Fixed Income:	30% - 70%
Alternatives:	10% - 20%
Cash:	0% - 20%

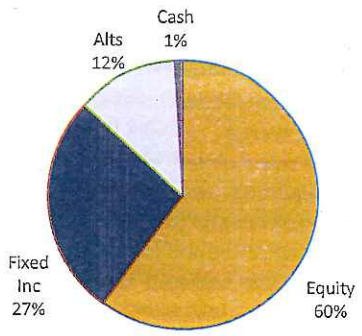
Income & Growth



55-59 years old

Equity:	40%-60%
Fixed Income:	20% - 60%
Alternatives:	10% - 20%
Cash:	0% - 20%

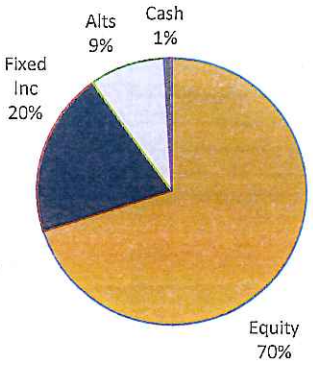
Balanced Income



50-54 years old

Equity:	50% - 70%
Fixed Income:	15% - 35%
Alternatives:	10% - 20%
Cash:	0% - 20%

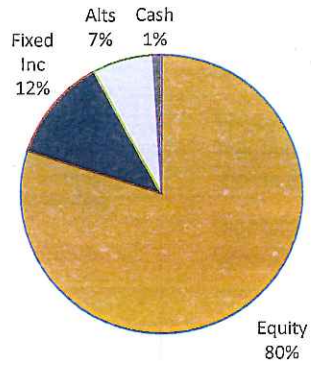
Balanced



45-49 years old

Equity:	60% - 80%
Fixed Income:	10% - 30%
Alternatives:	5% - 15%
Cash:	0% - 20%

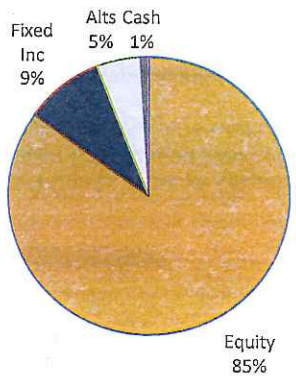
Capital Appreciation



40-44 years old

Equity:	70% - 90%
Fixed Income:	5% - 20%
Alternatives:	5% - 15%
Cash:	0% - 20%

Growth



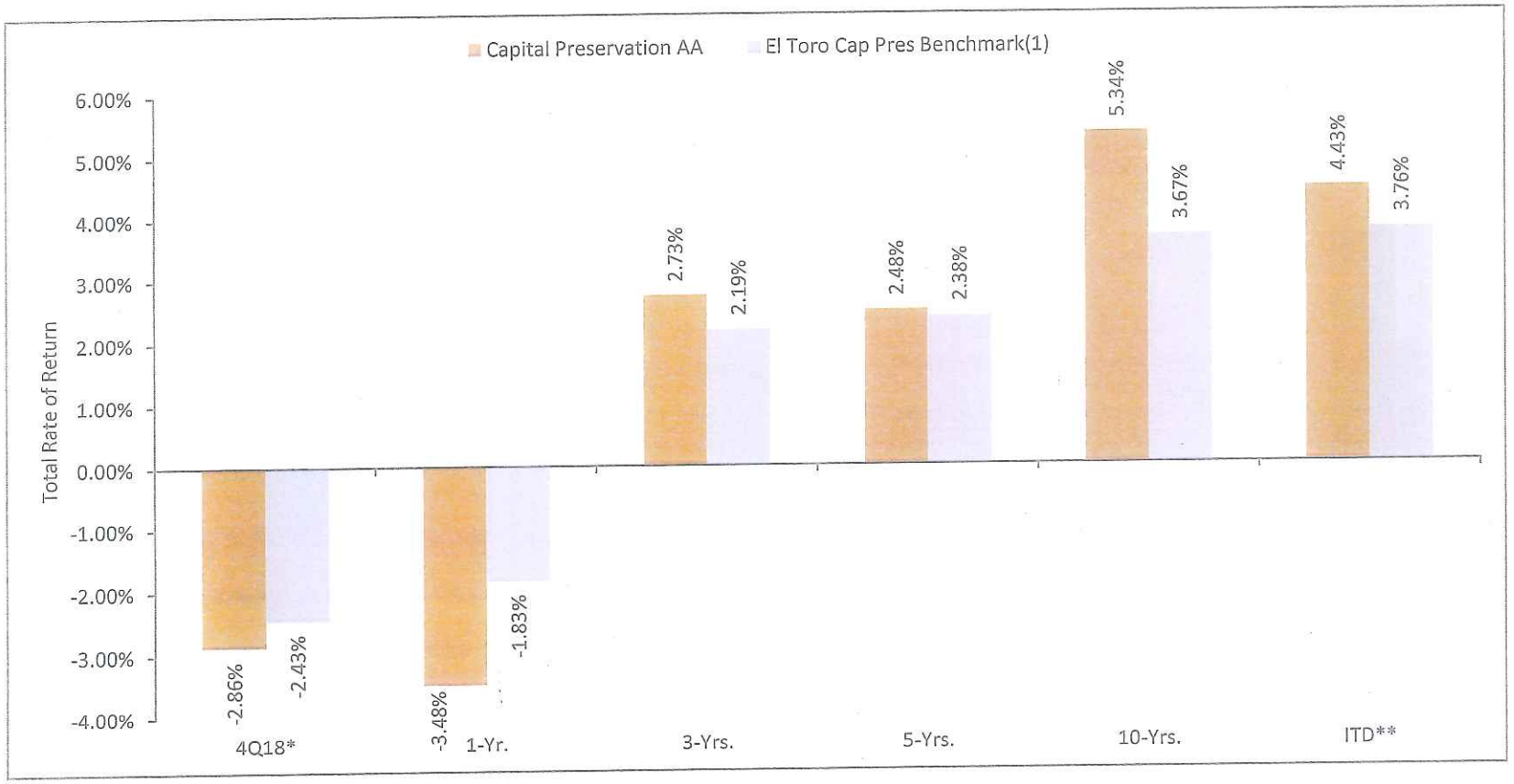
< 40 years old

Equity:	75% - 95%
Fixed Income:	5% - 15%
Alternatives:	2% - 10%
Cash:	0% - 20%

INVESTMENT RETURNS - CAPITAL PRESERVATION PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2018



Returns for periods under one year are not annualized

***Inception date: January 2006*

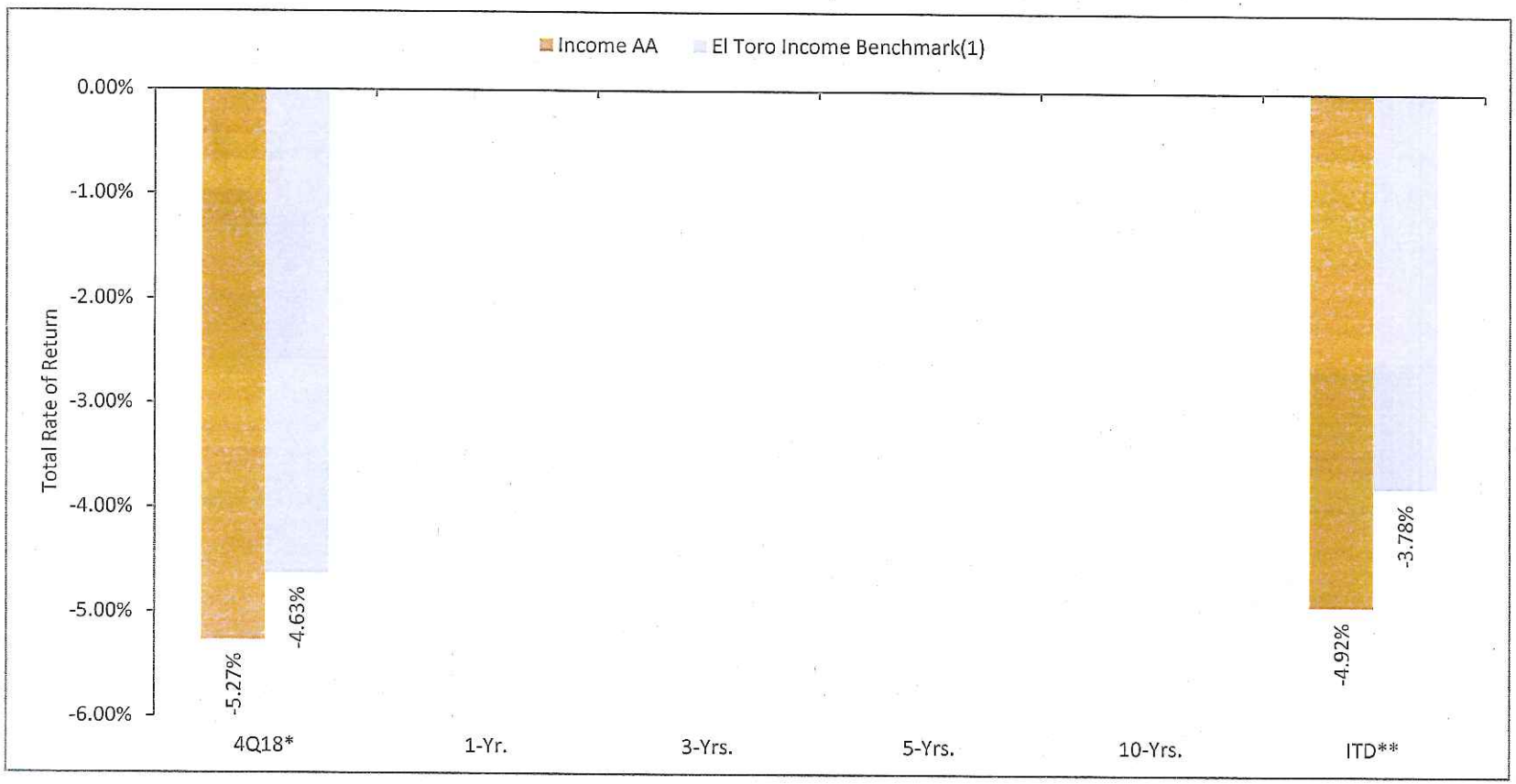
(1) El Toro Cap Pres Benchmark: 12% S&P 500, 2% Russell MidCap, 2% Russell 2000, 3% MSCI EAFE, 1% MSCI Emerging Markets, 44% Barclays US Aggregate Bond, 17% Barclays 1-3 Year Government/Credit Bond, 14% Wilshire Liquid Alternatives, 5% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - INCOME PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2018



**Returns for periods under one year are not annualized*

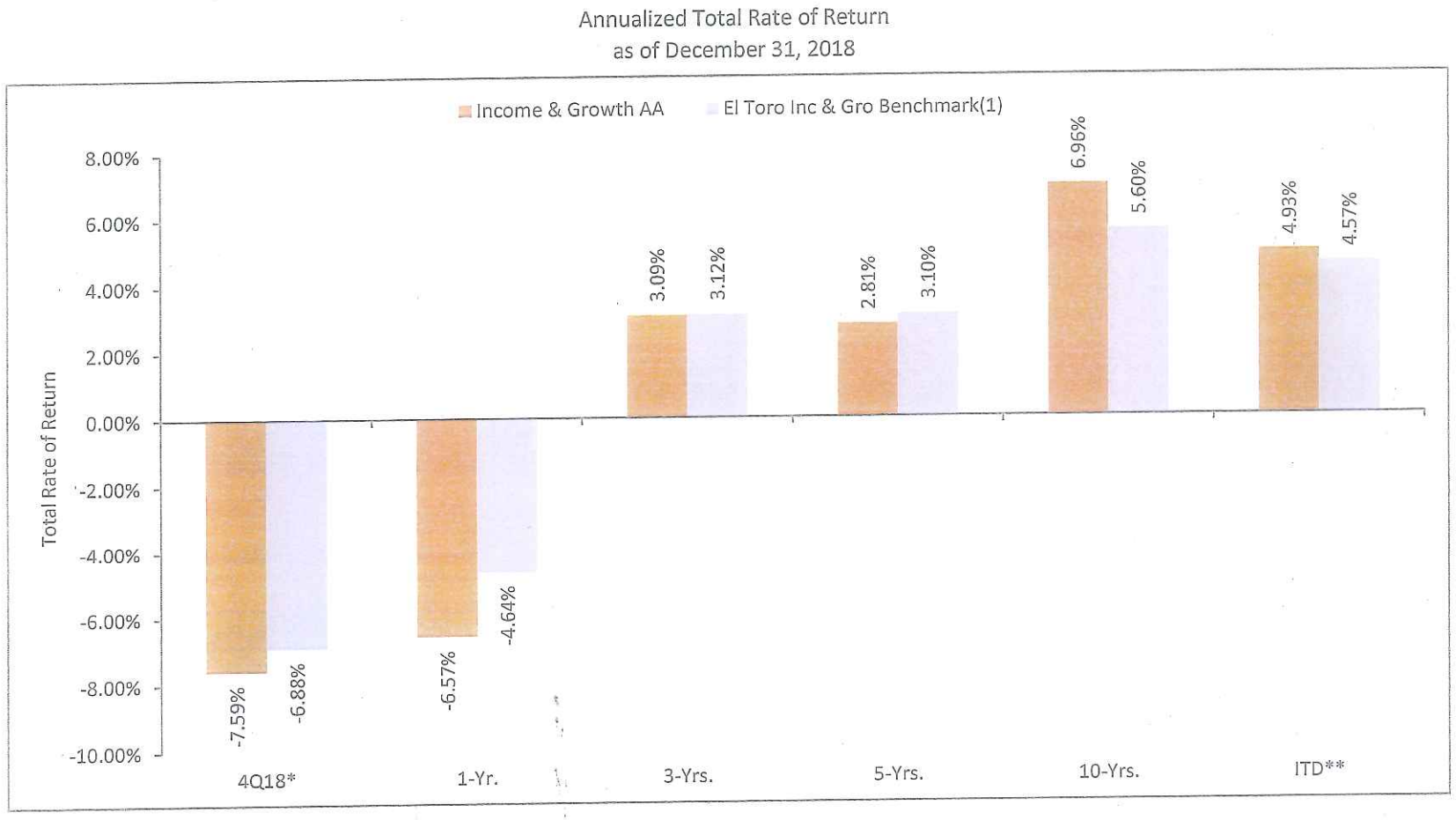
***Inception date: August 2018*

(1) El Toro Income Benchmark: 21% S&P 500, 3% Russell MidCap, 3% Russell 2000, 6% MSCI EAFE, 2% MSCI Emerging Market, 36% Barclays US Aggregate Bond, 14% Barclays 1-3 Year Government/Credit Bond, 13% Wilshire Liquid Alternatives, 2% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - INCOME & GROWTH PORTFOLIO

El Toro Water District - 401(k) Plan



**Returns for periods under one year are not annualized*

***Inception date: January 2006*

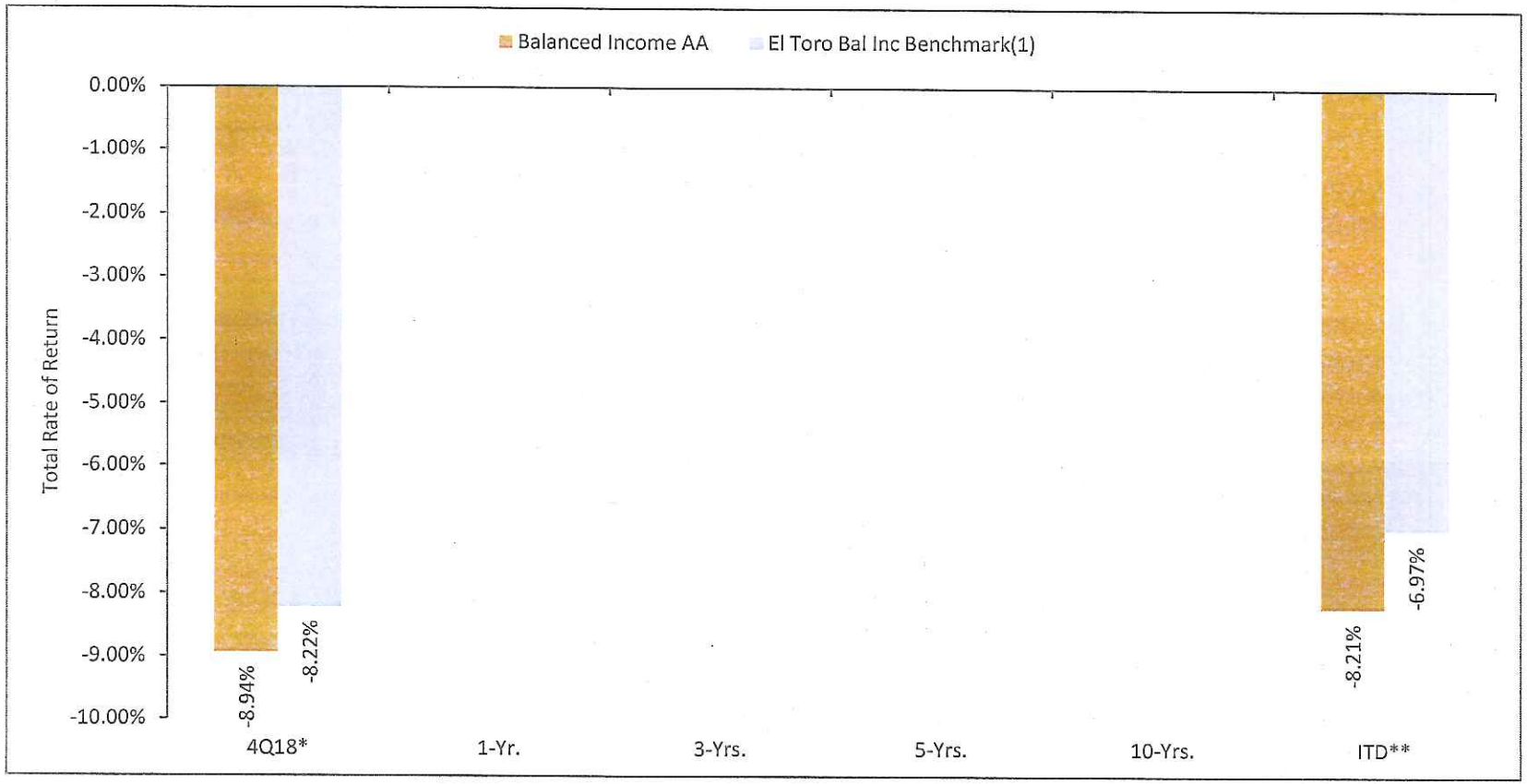
(1) El Toro Inc & Gro Benchmark: 30% S&P 500, 4% Russell MidCap, 4% Russell 2000, 9% MSCI EAFE, 3% MSCI Emerging Market, 25% Barclays US Aggregate Bond, 10% Barclays 1-3 Year Government/Credit Bond, 13% Wilshire Liquid Alternatives, 2% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - BALANCED INCOME PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2018



**Returns for periods under one year are not annualized*

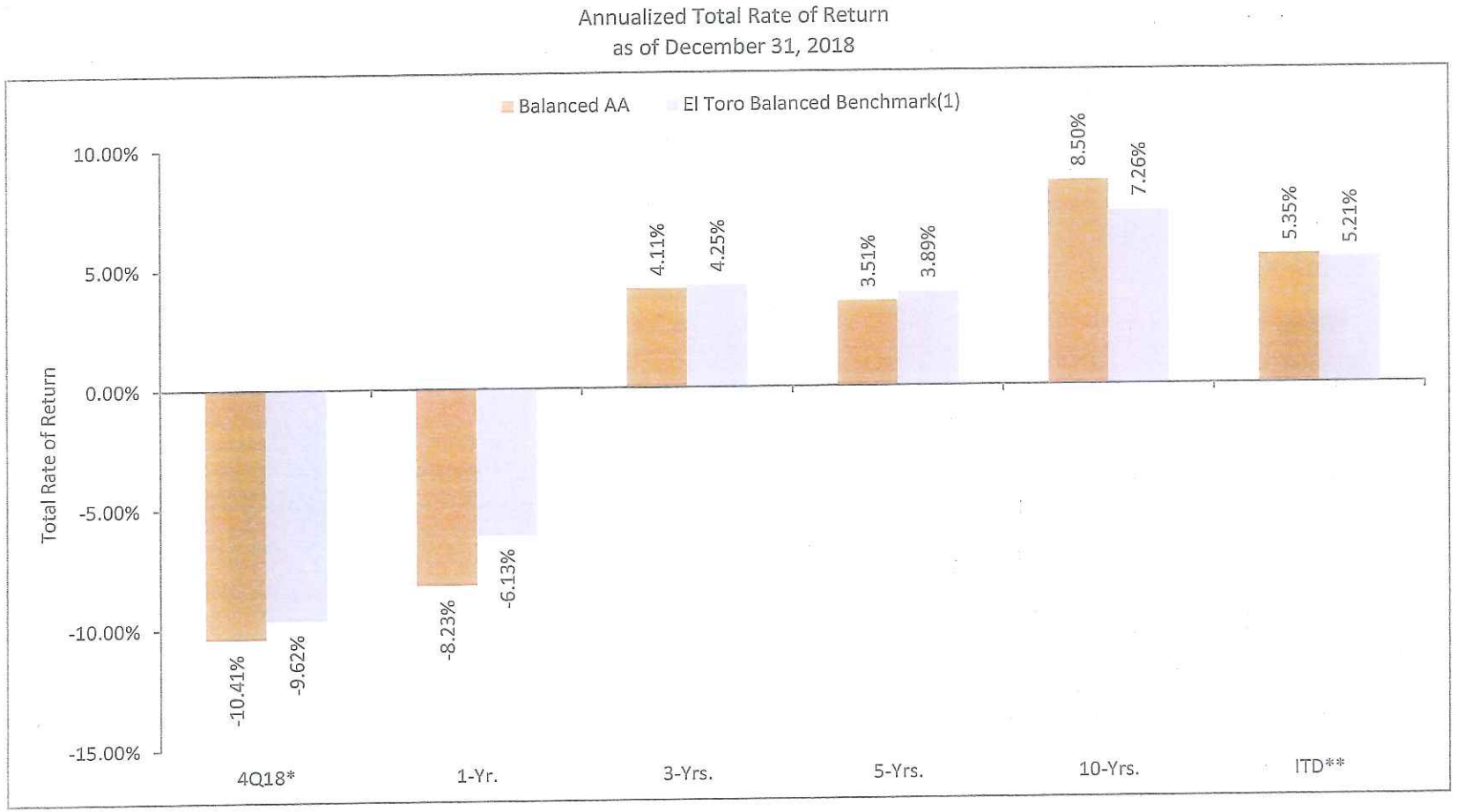
***Inception date: August 2018*

(1) El Toro Bal Inc Benchmark: 36% S&P 500, 4% Russell MidCap, 4% Russell 2000, 12% MSCI EAFE, 4% MSCI Emerging Market, 19% Barclays US Aggregate Bond, 8% Barclays 1-3 Year Government/Credit Bond, 12% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - BALANCED PORTFOLIO

El Toro Water District - 401(k) Plan



**Returns for periods under one year are not annualized*

***Inception date: January 2006*

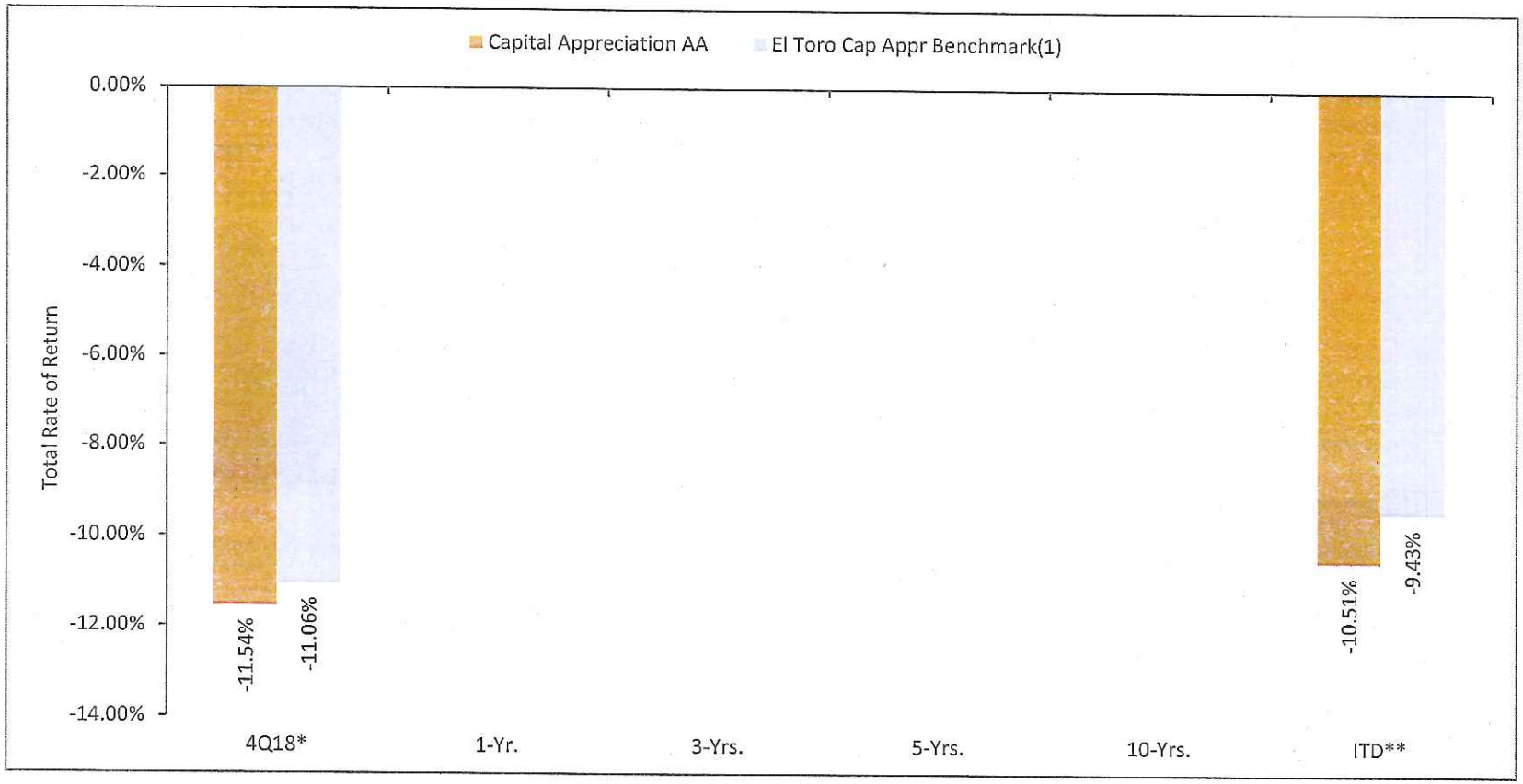
(1) El Toro Balanced Benchmark: 42% S&P 500, 5% Russell MidCap, 5% Russell 2000, 14% MSCI EAFE, 4% MSCI Emerging Market, 14% Barclays US Aggregate Bond, 6% Barclays 1-3 Year Government/Credit Bond, 9% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - CAPITAL APPRECIATION PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2018



**Returns for periods under one year are not annualized*

***Inception date: August 2018*

(1) El Toro Cap Appr Benchmark: 48% S&P 500, 6% Russell MidCap, 6% Russell 2000, 16% MSCI EAFE, 4% MSCI Emerging Market, 8% Barclays US Aggregate Bond, 4% Barclays 1-3 year Government/Credit, 7% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - GROWTH PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2018

**Returns for periods under one year are not annualized*

***Inception date: January 2006*

(1) El Toro Growth Benchmark: 51% S&P 500, 6% Russell MidCap, 6% Russell 2000, 17% MSCI EAFE, 5% MSCI Emerging Market, 6% Barclays US Aggregate Bond, 3% Barclays 1-3 year Government/Credit, 5% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - FIXED INCOME FUNDS

El Toro Water District - 401(k) Plan

			Annualized Total Rate of Return (%) as of 12/31/2018					
Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Short-Term Bond								
PYSBX	Payden Low Duration Fund	3	1.39	-0.26	-0.26	2.47	2.56	4.71
VFSUX	Vanguard Short-Term Investment-Grade Adm	4	-15.21	-9.95	-9.95	8.18	7.50	13.36
Intermediate-Term Bond								
DODIX	Dodge & Cox Income	4	-12.39	-17.98	-17.98	3.24	-0.48	7.72
DBLFX	DoubleLine Core Fixed Income I	5	-13.35	0.05	0.05	10.44	10.89	15.45
PTTRX	PIMCO Total Return Instl	4	-14.09	-7.01	-7.01	7.74	-	-
PTRQX	PGIM Total Return Bond R6	5	1.36	-0.63	-0.63	3.59	3.59	6.30

**Morningstar overall rating*

***Returns for periods under one year are not annualized*

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Ticker	Name	MStar Rating*	Annualized Total Rate of Return (%) as of 12/31/2018 3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Large Blend								
COFYX	Columbia Contrarian Core Inst3	3	-2.61	-1.52	-1.52	2.28	-	-
VGIAX	Vanguard Growth & Income Adm	4	2.14	-5.42	-5.42	5.11	4.98	-
Large Value								
DODGX	Dodge & Cox Stock	4	0.29	-0.31	-0.31	3.19	2.87	5.01
PKAIX	PIMCO RAE US Instl	4	-5.72	-12.26	-12.26	-4.04	1.30	-
Large Growth								
HNACX	Harbor Capital Appreciation Retirement	4	-16.39	-0.96	-0.96	10.24	10.33	15.29
LSITX	ClearBridge Large Cap Growth IS	5	-11.80	-9.24	-9.24	4.12	-	-
Mid Value								
VEVRX	Victory Sycamore Established Value R6	4	-18.33	-9.30	-9.30	7.64	5.26	13.57
Mid Growth								
APDMX	Artisan Mid Cap Advisor	2	-6.03	-8.88	-8.88	-6.16	-1.56	-
Small Blend								
DCZRX	Delaware Small Cap Core R6	4	-14.78	-8.81	-8.81	6.53	7.15	13.68
VB	Vanguard Small-Cap ETF	5	0.67	0.96	0.96	1.97	1.78	3.55

**Morningstar overall rating*

***Returns for periods under one year are not annualized*

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Ticker	Name	MStar Rating*	Annualized Total Rate of Return (%) as of 12/31/2018 3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Small Growth								
PRJIX	T. Rowe Price New Horizons I	5	0.43	1.01	1.01	1.44	1.09	2.13
Small Cap Value								
UBVFX	Undiscovered Managers Behavioral Val R6	4	-14.22	-4.61	-4.61	8.91	8.52	12.92
Foreign Large Value								
DODFX	Dodge & Cox International Stock	4	-13.29	-14.14	-14.14	3.55	0.44	6.16
Foreign Large Blend								
DFALX	DFA Large Cap International I	3	-21.06	-11.44	-11.44	7.16	5.30	13.46
HEFA	iShares Currency Hedged MSCI EAFE ETF	5	-2.60	-8.14	-8.14	0.99	2.67	-
Foreign Large Growth								
MGRDX	MFS International Growth R6	5	-11.74	-8.79	-8.79	7.52	3.46	8.66
Diversified Emerging Markets								
HHHYX	Hartford Schroders Emerging Mkts Eq Y	4	0.52	1.71	1.71	0.90	0.55	0.32

**Morningstar overall rating*

***Returns for periods under one year are not annualized*

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - ALTERNATIVE FUNDS

El Toro Water District - 401(k) Plan

			Annualized Total Rate of Return (%) as of 12/31/2018					
Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Market Neutral								
QMNIX	AQR Equity Market Neutral I	2	-17.01	4.17	4.17	13.98	10.43	19.38
BSIKX	BlackRock Strategic Income Opps K	4	-18.42	-3.92	-3.92	4.77	4.45	14.73
Managed Futures								
AQMIX	AQR Managed Futures Strategy I	2	-5.72	-12.35	-12.35	-0.76	3.42	-
AMFNX	Natixis ASG Managed Futures Strategy N	3	-1.79	-11.73	-11.73	-0.37	-	-
Merger Arbitrage								
ARBNX	Arbitrage I	4	1.78	2.33	2.33	2.93	2.26	2.93
Global Macro								
EGRSX	Eaton Vance Glbl Macro Abs Ret Advtg R6	3	-13.57	-7.07	-7.07	10.07	7.06	13.17
LAOSX	Western Asset Macro Opportunities IS	5	-3.73	-2.45	-2.45	2.30	8.75	11.85
Fund of Hedge Funds								
BXMIX	Blackstone Alternative Multi-Strategy I	4	-0.52	-0.47	-0.47	2.69	2.32	6.02
QSPIX	AQR Style Premia Alternative I	4	-20.42	-15.20	-15.20	5.21	4.99	14.85
REITs								
ICF	iShares Cohen & Steers REIT ETF	3	-8.85	-15.42	-15.42	9.67	1.90	8.13

**Morningstar overall rating*

***Returns for periods under one year are not annualized*

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS & RANKINGS - FIXED INCOME FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 12/31/2018

Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos** Tot ROR	3-Mos** Mstar Rnkg	3-Mos** Lipper Rnkg	YTD** Tot ROR	YTD** Mstar Rnkg	YTD** Lipper Rnkg	1-Year Tot ROR	1-Year Mstar Rnkg	1-Year Lipper Rnkg	3-Years Tot ROR	3-Years Mstar Rnkg	3-Years Lipper Rnkg	5-Years Tot ROR	5-Years Mstar Rnkg	5-Years Lipper Rnkg	10-Years Tot ROR	10-Years Mstar Rnkg	10-Years Lipper Rnkg	3 Yr Shrp%	3 Yr SD	Lipper Category
Short-Term Bond																								
PYSBX	Payden Low Duration Fund	0.43	3	1.39	32	56	-0.26	39	59	-0.26	39	59	2.47	32	58	2.56	31	55	4.71	36	66	0.50	0.60	Lipper Sht Inv Grade Debt Funds
VFSUX	Vanguard Short-Term Investment-Grade Adm	0.10	4	-15.21	44	26	-9.95	24	56	-9.95	24	56	8.18	12	27	7.50	3	12	13.36	13	16	0.66	1.24	Lipper Sht Inv Grade Debt Funds
Peer Group	US Fund Short-Term Bond			0.45			0.92			0.92			1.66			1.25			2.65			0.42	1.10	
Index	BBgBarc US Govt/Credit 1-3 Yr TR USD			1.18			1.60			1.60			1.24			1.03			1.52			0.16	0.83	
Intermediate-Term Bond																								
DBLFX	DoubleLine Core Fixed Income I	0.42	5	-13.35	17	50	0.05	26	20	0.05	26	20	10.44	28	30	10.89	11	13	15.45	18	n.a.	0.73	2.41	Lipper Core Plus Bond Funds
DODIX	Dodge & Cox Income	0.43	4	-12.39	43	85	-17.98	81	32	-17.98	81	32	3.24	40	2	-0.48	43	10	7.72	9	19	0.84	2.41	Lipper Core Bond Funds
PTTRX	PIMCO Total Return Instl	0.46	4	-14.09	73	18	-7.01	31	26	-7.01	31	26	7.74	30	55	-	-	41	-	-	62	0.49	2.78	Lipper Core Plus Bond Funds
PTRQX	PGIM Total Return Bond R6	0.41	5	1.36	33	19	-0.63	57	39	-0.63	57	39	3.59	5	12	3.59	3	7	6.30	8	n.a.	0.74	3.29	Lipper Core Plus Bond Funds
Peer Group	US Fund Intermediate-Term Bond			0.87			-0.50			-0.50			2.15			2.27			4.31			0.39	2.68	
Index	BBgBarc US Agg Bond TR USD			1.64			0.01			0.01			2.06			2.52			3.48			0.34	2.88	

**Morningstar overall rating*

***Returns for periods under one year are not annualized*

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.

Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 12/31/2018

Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos** Tot ROR	3-Mos** Mstar Rnkg	3-Mos** Lipper Rnkg	YTD** Tot ROR	YTD** Mstar Rnkg	YTD** Lipper Rnkg	1-Year Tot ROR	1-Year Mstar Rnkg	1-Year Lipper Rnkg	3-Years Tot ROR	3-Years Mstar Rnkg	3-Years Lipper Rnkg	5-Years Tot ROR	5-Years Mstar Rnkg	5-Years Lipper Rnkg	10-Years Tot ROR	10-Years Mstar Rnkg	10-Years Lipper Rnkg	3 Yr Shrp%	3 Yr SD	Lipper Category
Large Blend																								
COFYX	Columbia Contrarian Core Inst3	0.63	3	-2.61	29	75	-1.52	22	88	-1.52	22	88	2.28	28	79	-	-	50	-	-	n.a.	0.52	11.24	Lipper Large-Cap Core Funds
VGIAX	Vanguard Growth & Income Adm	0.23	4	2.14	3	65	-5.42	94	34	-5.42	94	34	5.11	14	29	4.98	4	12	-	-	26	0.72	11.16	Lipper Large-Cap Core Funds
Peer Group	US Fund Large Blend			-13.53			-6.27			-6.27			7.66			6.65			11.99			0.62	11.35	
Index	Russell 1000 TR USD			-13.82			-4.78			-4.78			9.09			8.21			13.28			0.74	11.11	
Index	S&P 500 TR USD			-13.52			-4.38			-4.38			9.26			8.49			13.12			0.76	10.95	
Large Value																								
DODGX	Dodge & Cox Stock	0.52	4	0.29	80	61	-0.31	41	23	-0.31	41	23	3.19	8	6	2.87	16	8	5.01	25	7	0.71	13.17	Lipper Large-Cap Value Funds
PKAIX	PIMCO RAE US Instl	0.41	4	-5.72	64	48	-12.26	81	10	-12.26	81	10	-4.04	72	11	1.30	37	n.a.	-	-	n.a.	0.63	11.11	Lipper Large-Cap Core Funds
Peer Group	US Fund Large Value			-12.49			-8.53			-8.53			6.85			5.37			10.91			0.55	11.42	
Index	Russell 1000 Value TR USD			-11.72			-8.27			-8.27			6.95			5.95			11.18			0.57	10.98	
Large Growth																								
HNACX	Harbor Capital Appreciation Retirement	0.57	4	-16.39	69	68	-0.96	37	52	-0.96	37	52	10.24	32	n.a.	10.33	17	n.a.	15.29	20	n.a.	0.68	14.32	Lipper Large-Cap Growth Funds
LSITX	ClearBridge Large Cap Growth IS	0.7	5	-11.80	30	14	-9.24	7	40	-9.24	7	40	4.12	20	30	-	-	10	-	-	n.a.	0.82	11.55	Lipper Large-Cap Growth Funds
Peer Group	US Fund Large Growth			-15.43			-2.09			-2.09			8.98			8.16			13.74			0.65	13.00	
Index	Russell 1000 Growth TR USD			-15.89			-1.51			-1.51			11.15			10.40			15.29			0.83	12.30	
Mid Value																								
VEVRX	Victory Sycamore Established Value R6	0.57	4	-18.33	29	34	-9.30	20	25	-9.30	20	25	7.64	23	16	5.26	13	n.a.	13.57	8	n.a.	0.64	11.63	Lipper Mid-Cap Core Funds
Peer Group	US Fund Mid-Cap Value			-15.72			-12.86			-12.86			5.42			3.88			11.66			0.39	12.96	
Index	Russell Mid Cap Value TR USD			-14.95			-12.29			-12.29			6.06			5.44			13.03			0.45	12.13	

**Morningstar overall rating*
***Returns for periods under one year are not annualized*

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.
Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 12/31/2018

Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos** Tot ROR	3-Mos** Mstar Rnkg	3-Mos** Lipper Rnkg	YTD** Tot ROR	YTD** Mstar Rnkg	YTD** Lipper Rnkg	1-Year Tot ROR	1-Year Mstar Rnkg	1-Year Lipper Rnkg	3-Years Tot ROR	3-Years Mstar Rnkg	3-Years Lipper Rnkg	5-Years Tot ROR	5-Years Mstar Rnkg	5-Years Lipper Rnkg	10-Years Tot ROR	10-Years Mstar Rnkg	10-Years Lipper Rnkg	3 Yr Shrp%	3 Yr SD	Lipper Category
Mid Growth																								
APDMX	Artisan Mid Cap Advisor	1.04	2	-6.03	71	82	-8.88	73	52	-8.88	73	52	-6.16	86	91	-1.56	74	n.a.	-	-	n.a.	0.32	14.79	Lipper Multi-Cap Growth Funds
Peer Group	US Fund Mid-Cap Growth			-17.57			-6.65			-6.65			7.27			5.61			13.16			0.50	14.14	
Index	Russell Mid Cap Growth TR USD			-15.99			-4.75			-4.75			8.59			7.42			15.12			0.61	13.00	
Small Value																								
UBVFX	Undiscovered Managers Behavioral Val R6	0.8	4	-14.22	65	72	-4.61	31	73	-4.61	31	73	8.91	28	61	8.52	9	22	12.92	27	n.a.	0.34	15.01	Lipper Small-Cap Value Funds
Peer Group	US Fund Small Value			-19.16			-15.46			-15.46			5.12			1.86			11.00			0.32	16.09	
Index	Russell 2000 Value TR USD			-18.67			-12.86			-12.86			7.37			3.61			10.40			0.45	15.98	
Small Blend																								
DCZRX	Delaware Small Cap Core R6	0.79	4	-14.78	77	84	-8.81	82	39	-8.81	82	39	6.53	78	n.a.	7.15	47	n.a.	13.68	9	n.a.	0.44	16.23	Lipper Smal-Cap Core Funds
VB	Vanguard Small-Cap ETF	0.05	5	0.67	44	30	0.96	59	20	0.96	59	20	1.97	26	24	1.78	18	18	3.55	18	11	0.51	14.25	Lipper Mid-Cap Core Funds
Peer Group	US Fund Small Blend			-19.38			-12.72			-12.72			5.90			3.20			11.60			0.38	15.33	
Index	Russell 2000 TR USD			-20.20			-11.01			-11.01			7.36			4.41			11.97			0.45	16.01	
Small Growth																								
PRJIX	T. Rowe Price New Horizons I	0.65	5	0.43	63	44	1.01	56	44	1.01	56	4	1.44	60	1	1.09	60	n.a.	2.13	65	n.a.	0.92	14.23	Lipper Small-Cap Growth Funds
Peer Group	US Fund Small Growth			-20.82			-5.76			-5.76			8.47			5.12			13.36			0.51	16.38	
Index	Russell 2000 Growth TR USD			-21.65			-9.31			-9.31			7.24			5.13			13.52			0.44	16.69	

**Morningstar overall rating*

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 12/31/2018

Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos** Tot ROR	3-Mos** Mstar Rnkg	3-Mos** Lipper Rnkg	YTD** Tot ROR	YTD** Mstar Rnkg	YTD** Lipper Rnkg	1-Year Tot ROR	1-Year Mstar Rnkg	1-Year Lipper Rnkg	3-Years Tot ROR	3-Years Mstar Rnkg	3-Years Lipper Rnkg	5-Years Tot ROR	5-Years Mstar Rnkg	5-Years Lipper Rnkg	10-Years Tot ROR	10-Years Mstar Rnkg	10-Years Lipper Rnkg	3 Yr Shrp%	3 Yr SD	Lipper Category
Foreign Large Blend																								
DFALX	DFA Large Cap International I	0.3	3	-21.06	84	62	-11.44	40	36	-11.44	40	36	7.16	31	27	5.30	12	45	13.46	11	40	0.27	11.04	Lipper International Large-Cap Core
HEFA	iShares Currency Hedged MSCI EAFE ETF	0.03	5	-2.60	69	48	-8.14	97	5	-8.14	97	5	0.99	83	25	2.67	22	n.a.	-	-	n.a.	0.35	9.53	Lipper International Multi-Cap Core
Peer Group	US Fund Foreign Large Blend			-12.68			-14.59			-14.59			2.63			0.10			5.89			0.19	11.36	
Peer Group	US Fund Europe Stock			-13.20			-15.13			-15.13			1.50			-0.29			6.66			0.10	12.74	
Index	MSCI EAFE NR USD			-12.54			-13.79			-13.79			2.87			0.53			6.32			0.21	11.40	
Index	MSCI ACWI Ex USA NR USD			-11.46			-14.20			-14.20			4.48			0.68			6.57			0.34	11.54	
Foreign Large Value																								
DODFX	Dodge & Cox International Stock	0.63	4	-13.29	66	26	-14.14	44	82	-14.14	44	82	3.55	32	17	0.44	41	47	6.16	42	6	0.22	14.10	Lipper International Large-Cap Growth
Peer Group	US Fund Foreign Large Value			-12.30			-15.44			-15.44			2.62			-0.82			5.52			0.18	11.67	
Index	MSCI EAFE Value NR USD			-11.70			-14.78			-14.78			2.82			-0.61			5.50			0.20	12.23	
Index	MSCI ACWI Ex USA Value NR USD			-10.71			-13.97			-13.97			4.75			-0.38			5.95			0.35	12.12	
Foreign Large Growth																								
MGRDX	MFS International Growth R6	0.79	5	-11.74	19	30	-8.79	9	9	-8.79	9	9	7.52	4	2	3.46	12	8	8.66	19	6	0.62	10.95	Lipper International Multi-Cap Growth
Peer Group	US Fund Foreign Large Growth			-13.87			-14.08			-14.08			3.21			1.38			7.43			0.23	12.11	
Index	MSCI EAFE Growth NR USD			-13.33			-12.83			-12.83			2.89			1.62			7.07			0.21	11.52	
Index	MSCI ACWI Ex USA Growth NR USD			-12.20			-14.43			-14.43			4.19			1.69			7.15			0.31	11.72	
Diversified Emerging Markets																								
HHHYX	Hartford Schroders Emerging Mkts Eq Y	1.11	4	0.52	-	72	1.71	-	40	1.71	-	40	0.90	-	n.a.	0.55	-	n.a.	0.32	-	n.a.	0.63	14.49	Lipper Emerging Markets Funds
Peer Group	US Fund Diversified Emerging Mkts			-7.47			-16.07			-16.07			6.99			0.53			7.61			0.46	14.22	
Index	MSCI EM NR USD			-7.47			-14.58			-14.58			9.25			1.65			8.02			0.59	14.81	

**Morningstar overall rating*

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - ALTERNATIVE FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 12/31/2018

Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos** Tot ROR	3-Mos** Mstar Rnkg	3-Mos** Lipper Rnkg	YTD** Tot ROR	YTD** Mstar Rnkg	YTD** Lipper Rnkg	1-Year Tot ROR	1-Year Mstar Rnkg	1-Year Lipper Rnkg	3-Years Tot ROR	3-Years Mstar Rnkg	3-Years Lipper Rnkg	5-Years Tot ROR	5-Years Mstar Rnkg	5-Years Lipper Rnkg	10-Years Tot ROR	10-Years Mstar Rnkg	10-Years Lipper Rnkg	3 Yr Shrp%	3 Yr SD	Lipper Category
Market Neutral																								
QMNIX	AQR Equity Market Neutral I	2	2	-17.01	47	54	4.17	4	98	4.17	4	98	13.98	2	64	10.43	2	n.a.	19.38	1	n.a.	-0.22	5.78	Lipper Alt Equity Mkt Neutral
BSIKX	BlackRock Strategic Income Opps K	0.81	4	-18.42	65	25	-3.92	30	37	-3.92	30	37	4.77	82	n.a.	4.45	75	n.a.	14.73	17	n.a.	0.93	1.60	Lipper Alt Credit Focus Funds
Managed Futures																								
AQMIX	AQR Managed Futures Strategy I	1.19	2	-5.72	71	74	-12.35	98	78	-12.35	98	78	-0.76	81	86	3.42	1	82	-	-	n.a.	-0.82	8.67	Lipper Alt Managed Futures
AMFNX	Natixis ASG Managed Futures Strategy N	1.34	3	-1.79	64	63	-11.73	95	85	-11.73	95	85	-0.37	73	n.a.	-	-	n.a.	-	-	n.a.	-0.39	11.66	Lipper Alt Managed Futures
Merger Arbitrage																								
ARBNX	Arbitrage I	1.65	4	1.78	17	13	2.33	29	24	2.33	29	24	2.93	23	52	2.26	22	43	2.93	37	82	0.99	1.81	Lipper Alt Event Driven Funds
Global Macro																								
EGRSX	Eaton Vance Glbl Macro Abs Ret Advtg R6	1.1	3	-13.57	64	23	-7.07	31	69	-7.07	31	69	10.07	7	n.a.	7.06	16	n.a.	13.17	7	n.a.	-0.01	3.79	Lipper Alt Global Macro Funds
LAOSX	Western Asset Macro Opportunities IS	1.21	5	-3.73	4	3	-2.45	7	94	-2.45	7	94	2.30	48	15	8.75	4	1	11.85	38	n.a.	0.58	7.04	Lipper Alt Credit Focus Funds
Fund of Hedge Funds																								
BXMIX	Blackstone Alternative Multi-Strategy I	2.2	4	-0.52	30	19	-0.47	46	13	-0.47	46	13	2.69	53	21	2.32	31	n.a.	6.02	25	n.a.	0.33	3.66	Lipper Alt Multi-Strategy Funds
QSPIX	AQR Style Premia Alternative I	2.21	4	-20.42	68	72	-15.20	49	88	-15.20	49	88	5.21	47	84	4.99	6	6	14.85	1	n.a.	-0.27	6.08	Lipper Absolute Return
REITs																								
ICF	iShares Cohen & Steers REIT ETF	0.34	3	-8.85	74	56	-15.42	45	35	-15.42	45	35	9.67	17	47	1.90	20	22	8.13	37	20	0.15	13.32	Lipper Real Estate Funds

**Morningstar overall rating*

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

TARGET FUND ALLOCATIONS

El Toro Water District - 401(k) Plan

	Capital Preservation	Income	Income & Growth	Balanced Income	Balanced	Capital Appreciation	Growth		
Equity	*19%*	*34%*	*50%*	*59%*	*65%*	*79%*	*85%*	**Ticker**	**Fund Name**
Large Cap Blend	2.89%	5.19%	7.37%	8.86%	9.53%	11.72%	12.21%	COFYX	Columbia Contrarian Core Inst3
	2.91%	5.25%	7.44%	8.93%	9.63%	11.81%	12.31%	VGIAX	Vanguard Growth & Income Adm
Large Cap Growth	1.09%	1.91%	2.74%	3.24%	3.55%	4.36%	4.58%	HNACX	Harbor Capital Appreciation Retirement
	0.99%	1.74%	2.46%	2.93%	3.21%	3.94%	4.14%	LSITX	ClearBridge Large Cap Growth IS
Large Cap Value	1.18%	2.07%	2.96%	3.56%	3.83%	4.56%	5.06%	PKAIX	PIMCO RAE US Instl
	1.18%	2.06%	2.95%	3.54%	3.81%	4.59%	5.03%	DODGX	Dodge & Cox Stock
Mid Cap Growth	0.65%	0.99%	1.70%	2.00%	2.21%	2.83%	3.07%	APDMX	Artisan Mid Cap Advisor
Mid Cap Value	0.64%	0.99%	1.68%	1.98%	2.19%	2.80%	3.10%	VEVRX	Victory Sycamore Established Value R6
Small Cap Blend	0.59%	1.32%	1.60%	1.78%	1.92%	2.36%	2.45%	DCZRX	Delaware Small Cap Core R6
	0.40%	0.73%	1.36%	1.76%	1.90%	2.34%	2.44%	VB	Vanguard Small-Cap ETF
Small Cap Growth	0.99%	1.78%	2.49%	2.99%	3.66%	4.40%	4.95%	PRJIX	T. Rowe Price New Horizons I
Small Cap Value	1.12%	2.04%	2.92%	3.51%	3.78%	4.65%	4.94%	UBVFX	Undiscovered Managers Behavioral Val R6
Foreign Large Blend	0.97%	1.45%	1.46%	1.75%	1.80%	2.32%	3.38%	HEFA	iShares Currency Hedged MSCI EAFE ETF
	1.40%	2.70%	4.51%	5.42%	5.83%	7.17%	6.58%	DFALX	DFA Large Cap International I
Foreign Large Growth	0.50%	1.00%	1.51%	1.76%	2.06%	2.44%	2.71%	MGRDX	MFS International Growth R6
Foreign Large Value	0.50%	0.99%	1.50%	1.75%	1.94%	2.28%	2.53%	DODFX	Dodge & Cox International Stock
Emerging Markets	1.21%	2.11%	2.93%	3.54%	3.73%	4.72%	5.02%	HHHYX	Hartford Schroders Emerging Mkts Eq Y
Alternatives	*13%*	*12%*	*12%*	*12%*	*8%*	*7%*	*5%*	**Ticker**	**Fund Name**
Global Macro	1.74%	1.55%	1.51%	1.47%	1.03%	0.84%	0.60%	EGRSX	Eaton Vance Glbl Macro Abs Ret Advtg R6
	1.77%	1.62%	1.58%	1.53%	1.08%	0.86%	0.61%	LAOSX	Western Asset Macro Opportunities IS
Managed Futures	1.35%	1.39%	1.41%	1.31%	0.88%	0.76%	0.50%	AQMIX	AQR Managed Futures Strategy I
	1.38%	1.35%	1.38%	1.30%	0.87%	0.74%	0.51%	AMFNX	Natixis ASG Managed Futures Strategy N
Merger/Arbitrage	1.51%	1.51%	1.52%	1.44%	0.98%	0.80%	0.60%	ARBNX	Arbitrage I
Market Neutral	0.71%	0.66%	0.66%	0.68%	0.42%	0.35%	0.25%	QMNIX	AQR Equity Market Neutral I
	0.75%	0.75%	0.65%	0.71%	0.46%	0.40%	0.30%	BSIKX	BlackRock Strategic Income Opps K
Multi-Strategy / Fund of Funds	1.59%	1.45%	1.35%	1.41%	0.97%	0.80%	0.60%	BXMIX	Blackstone Alternative Multi-Strategy I
	1.49%	1.45%	1.46%	1.36%	0.96%	0.75%	0.55%	QSPIX	AQR Style Premia Alternative I
REITs	1.15%	0.54%	0.58%	0.49%	0.32%	0.37%	0.28%	ICF	iShares Cohen & Steers REIT ETF
Fixed Income	*63%*	*52%*	*37%*	*28%*	*18%*	*13%*	*9%*	**Ticker**	**Fund Name**
Short Term Bond	5.64%	4.93%	3.44%	2.09%	1.55%	0.70%	0.18%	VFSUX	Vanguard Short-Term Investment-Grade Adm
	4.93%	4.93%	3.43%	2.08%	1.53%	0.70%	0.18%	PYSBX	Payden Low Duration Fund
Intermediate-Term Bond	13.18%	10.47%	7.58%	5.94%	3.78%	2.86%	2.25%	DBLFX	DoubleLine Core Fixed Income I
	13.20%	10.48%	7.59%	5.98%	3.78%	2.86%	2.25%	PTTRX	PIMCO Total Return Instl
	13.21%	10.49%	7.59%	5.99%	3.79%	2.87%	2.25%	PTRQX	PGIM Total Return Bond R6
	13.16%	10.45%	7.56%	5.93%	3.77%	2.85%	2.24%	DODIX	Dodge & Cox Income
Cash	*4%*	*2%*	*1%*	*1%*	*9%*	*1%*	*1%*	**Ticker**	**Fund Name**
Cash & Equivalents	4.17%	1.76%	1.21%	1.06%	9.29%	1.23%	1.35%	FIGXX	Fidelity Money Market Government Portfolio I
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		

Target Allocations are subject to change without notice.

INVESTMENT PORTFOLIO SUMMARY - CAPITAL PRESERVATION

El Toro Water District - 401(k) Plan

Account Number: 6721011389
Data as of: 12/31/2018

Portfolio Manager:
Keith Stribling, CFA

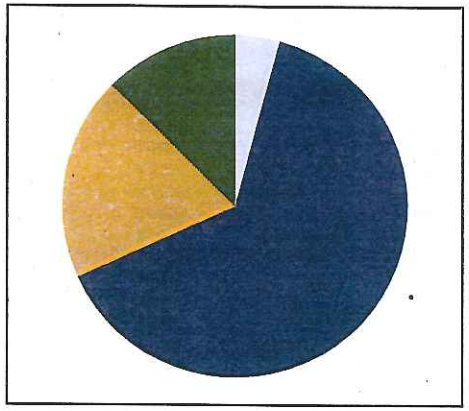
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	$113,049.69	$113,049.69	$299.58	0.27%
Fixed Income	$1,736,919.28	$1,798,862.56	$91,205.63	5.25%
Equities	$520,420.74	$559,926.54	$8,722.25	1.68%
Alternatives	$343,830.77	$366,187.54	$3,565.53	1.04%
Other	$0.00	$0.00	$0.00	$0.00
Total	**$2,714,220.48**	**$2,838,026.33**	**$103,792.99**	**3.82%**

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

- 4.2% Cash & Equivalents
- 64.0% Fixed Income
- 19.2% Equities
- 12.7% Alternatives
- 0.0% Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	$628
Taxable Fixed Income Income Earned YTD	$18,356
Tax-Exempt Fixed Income Income Earned YTD	$0
Equity Income Earned YTD	$31,516
Alternative Income Earned YTD	$7,969
Other Income Earned YTD	$0
Total	**$58,470**

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	-$12,008	
Net Long Term Gain/Loss	$30,058	
Total	**$18,050**	**-$123,806**

(1) As of 12/31/2018

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(3,648.4200)	($3,648.42)	1.00	($3,648.42)	-3.23%	-0.13%
FPZXX	n.a.	CASH FUND	116,698.11	$116,698.11	1.00	$116,698.11	103.23%	4.30%
TOTAL CASH				**$113,049.69**		**$113,049.69**		4.17% T
FIXED INCOME								
Short-Term Bond Funds								
PYSBX	704329200	Payden Low Duration Fund	13,482.44	135,726.46	9.92	133,745.82	7.79%	4.93%
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	14,635.84	155,400.69	10.44	152,798.15	8.90%	5.63%
				$291,127.15		$286,543.97		10.56% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	33,676.59	365,730.01	10.61	357,308.64	20.82%	13.16%
DODIX	256210105	Dodge & Cox Income	26,895.43	368,976.59	13.26	356,633.45	20.78%	13.14%
PTRQX	74440B884	PGIM Total Return Bond R6	25,707.90	374,569.16	13.93	358,111.03	20.86%	13.19%
PTTRX	693390700	PIMCO Total Return Instl	36,045.11	377,520.72	9.93	357,927.95	20.85%	13.19%
				$1,486,796.48		$1,429,981.07		52.68% T
TOTAL FIXED INCOME				**$1,777,923.63**		**$1,716,525.04**		63.24% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	3,580.26	81,475.22	21.87	78,300.18	15.05%	2.88%
VGIAX	921913208	Vanguard Growth & Income Adm	1,157.74	83,184.31	68.19	78,946.15	15.17%	2.91%
				$164,659.53		$157,246.33		5.79% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	184.31	34,257.01	172.81	31,849.75	6.12%	1.17%
PKAIX	72202L462	PIMCO RAE US Instl	3,286.68	35,422.98	9.74	32,012.22	6.15%	1.18%
				$69,679.99		$63,861.97		2.35% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	477.92	30,880.76	61.92	29,592.87	5.69%	1.09%
LSITX	52469H255	ClearBridge Large Cap Growth IS	617.28	27,766.54	43.38	26,777.52	5.15%	0.99%
				$58,647.30		$56,370.39		2.08% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Value Funds								
VEVRX	92646A427	Victory Sycamore Established Value R6	525.04	19,341.25	33.07	17,363.21	3.34%	0.64% T
Mid Cap Growth Funds								
APDMX	04314H659	Artisan Mid Cap Advisor	603.00	21,961.67	29.05	17,517.27	3.37%	0.65% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	565.17	37,145.31	53.53	30,253.34	5.81%	1.11% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	834.41	20,054.99	19.18	16,003.93	3.08%	0.59%
VB	922908751	Vanguard Small-Cap ETF	83.00	12,246.24	131.99	10,955.17	2.11%	0.40%
				$32,301.23		$26,959.10		0.99% T
Small Cap Growth Funds								
PRJIX	779562206	T. Rowe Price New Horizons I	556.97	29,457.85	48.26	26,879.18	5.16%	0.99% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	365.11	15,092.06	36.91	13,476.36	2.59%	0.50% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	1,898.19	40,025.68	19.99	37,944.86	7.29%	1.40%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,017.00	26,289.27	25.81	26,248.77	5.04%	0.97%
				$66,314.95		$64,193.63		2.37% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	458.52	12,812.00	29.59	13,567.67	2.61%	0.50% T
Diversified Emerging Markets								
HHHYX	41665H797	Hartford Schroders Emerging Mkts Eq Y	2,356.54	32,513.40	13.89	32,732.29	6.29%	1.21%
				$32,513.40		$32,732.29		1.21% T
TOTAL EQUITY				**$559,926.54**		**$520,420.74**		**19.17% T**

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	1,792.86	20,832.76	10.76	19,291.18	3.71%	0.71%
BSIKX	09260B374	BlackRock Strategic Income Opps K	2,124.40	20,938.93	9.6	20,394.24	3.92%	0.75%
				$41,771.69		$39,685.42		1.46% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	4,352.23	42,604.89	8.41	36,602.25	7.03%	1.35%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	4,112.80	43,617.35	9.07	37,303.09	7.17%	1.37%
				$86,222.24		$73,905.34		2.72% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	3,117.67	40,687.49	13.13	40,934.95	7.87%	1.51% T
Global Macro								
EGRSX	27830W108	Eaton Vance Glbl Macro Abs Ret Advtg R6	4,948.22	49,613.23	9.51	47,057.60	9.04%	1.73%
LAOSX	95768D509	Western Asset Macro Opportunities IS	4,556.12	48,566.10	10.56	48,112.58	9.24%	1.77%
				$98,179.33		$95,170.18		3.51% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	4,156.66	43,570.57	10.37	43,104.60	8.28%	1.59%
QSPIX	00203H420	AQR Style Premia Alternative I	4,470.29	44,188.03	9.02	40,322.02	7.75%	1.49%
				$87,758.60		$83,426.62		3.07% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	325.00	32,507.12	95.7	31,102.50	5.98%	1.15% T
TOTAL ALTERNATIVES				$387,126.47		$364,225.01		13.42% T
TOTAL - ALL ASSETS				$2,838,026.33		$2,714,220.48		100.00%

INVESTMENT PORTFOLIO SUMMARY - INCOME

El Toro Water District - 401(k) Plan

Account Number: 6721051389
Data as of: 12/31/2018

Portfolio Manager:
Keith Stribling, CFA

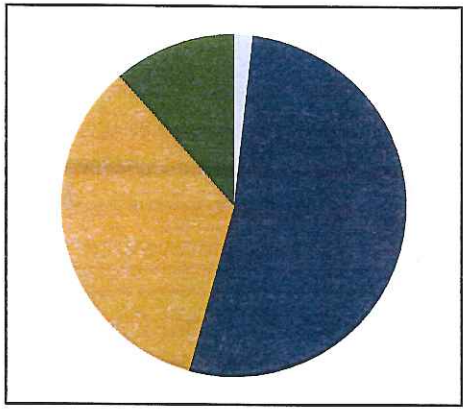
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	$46,666.26	$46,666.26	$123.67	0.27%
Fixed Income	$1,390,820.44	$1,400,461.85	$71,933.23	5.17%
Equities	$909,317.59	$1,091,989.22	$14,630.92	1.61%
Alternatives	$305,362.12	$318,039.43	$3,133.02	1.03%
Other	$0.00	$0.00	$0.00	$0.00
Total	**$2,652,166.41**	**$2,857,156.76**	**$89,820.83**	**3.39%**

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

1.8% Cash & Equivalents
52.4% Fixed Income
34.3% Equities
11.5% Alternatives
0.0% Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	$416
Taxable Fixed Income Income Earned YTD	$14,680
Tax-Exempt Fixed Income Income Earned YTD	$0
Equity Income Earned YTD	$56,427
Alternative Income Earned YTD	$10,927
Other Income Earned YTD	$0
Total	**$82,450**

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	-$19,214	
Net Long Term Gain/Loss	$50,080	
Total	**$30,866**	**-$204,990**

(1) As of 12/31/2018

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(3,187.2300)	($3,187.23)	1.00	($3,187.23)	-6.83%	-0.12%
FPZXX	n.a.	CASH FUND	49,853.49	$49,853.49	1.00	$49,853.49	106.83%	1.88%
TOTAL CASH				**$46,666.26**		**$46,666.26**		**1.76% T**
FIXED INCOME								
Short-Term Bond Funds								
PYSBX	704329200	Payden Low Duration Fund	13,160.39	130,942.27	9.92	130,551.03	9.52%	4.92%
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	12,520.86	130,963.95	10.44	130,717.78	9.54%	4.93%
				$261,906.22		$261,268.81		9.85% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	26,131.77	279,151.34	10.61	277,258.12	20.22%	10.45%
DODIX	256210105	Dodge & Cox Income	20,869.85	280,241.65	13.26	276,734.20	20.19%	10.43%
PTRQX	74440B884	PGIM Total Return Bond R6	19,948.66	280,195.74	13.93	277,884.89	20.27%	10.48%
PTTRX	693390700	PIMCO Total Return Instl	27,969.98	278,709.37	9.93	277,741.91	20.26%	10.47%
				$1,118,298.10		$1,109,619.12		41.84% T
TOTAL FIXED INCOME				**$1,380,204.32**		**$1,370,887.93**		**51.69% T**
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	6,285.94	169,525.72	21.87	137,473.46	15.12%	5.18%
VGIAX	921913208	Vanguard Growth & Income Adm	2,037.88	166,064.24	68.19	138,963.24	15.28%	5.24%
				$335,589.96		$276,436.70		10.42% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	315.25	66,120.40	172.81	54,478.01	5.99%	2.05%
PKAIX	72202L462	PIMCO RAE US Instl	5,621.78	65,975.11	9.74	54,756.10	6.02%	2.06%
				$132,095.51		$109,234.11		4.12% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	818.55	61,712.66	61.92	50,684.55	5.57%	1.91%
LSITX	52469H255	ClearBridge Large Cap Growth IS	1,060.72	53,728.06	43.38	46,014.21	5.06%	1.73%
				$115,440.72		$96,698.76		3.65% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Value Funds								
VEVRX	92646A427	Victory Sycamore Established Value R6	789.52	32,885.24	33.07	26,109.33	2.87%	0.98% T
Mid Cap Growth Funds								
APDMX	04314H659	Artisan Mid Cap Advisor	906.75	36,401.31	29.05	26,340.97	2.90%	0.99% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	1,008.90	70,500.40	53.53	54,006.52	5.94%	2.04% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	1,827.44	45,465.13	19.18	35,050.36	3.85%	1.32%
VB	922908751	Vanguard Small-Cap ETF	146.00	21,518.56	131.99	19,270.54	2.12%	0.73%
				$66,983.69		$54,320.90		2.05% T
Small Cap Growth Funds								
PRJIX	779562206	T. Rowe Price New Horizons I	979.61	57,381.11	48.26	47,275.74	5.20%	1.78% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	713.74	31,712.20	36.91	26,343.96	2.90%	0.99% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	3,577.54	75,325.12	19.99	71,515.06	7.86%	2.70%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,492.00	43,178.58	25.81	38,508.52	4.23%	1.45%
				$118,503.70		$110,023.58		4.15% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	896.33	31,140.12	29.59	26,522.43	2.92%	1.00% T
Diversified Emerging Markets								
HHHYX	41665H797	Hartford Schroders Emerging Mkts Eq Y	4,032.01	63,355.26	13.89	56,004.59	6.16%	2.11%
				$63,355.26		$56,004.59		2.11% T
TOTAL EQUITY				**$1,091,989.22**		**$909,317.59**		**34.29% T**

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	1,627.20	18,106.99	10.76	17,508.65	1.93%	0.66%
BSIKX	09260B374	BlackRock Strategic Income Opps K	2,076.30	20,257.53	9.6	19,932.51	2.19%	0.75%
				$38,364.52		$37,441.16		1.41% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	4,379.95	38,324.55	8.41	36,835.37	4.05%	1.39%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	3,934.78	38,324.57	9.07	35,688.44	3.92%	1.35%
				$76,649.12		$72,523.81		2.73% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	3,047.25	39,828.15	13.13	40,010.41	4.40%	1.51% T
Global Macro								
EGRSX	27830W108	Eaton Vance Glbl Macro Abs Ret Advtg R6	4,322.49	43,526.51	9.51	41,106.92	4.52%	1.55%
LAOSX	95768D509	Western Asset Macro Opportunities IS	4,071.51	44,261.21	10.56	42,995.16	4.73%	1.62%
				$87,787.72		$84,102.08		3.17% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	3,703.41	39,605.15	10.37	38,404.38	4.22%	1.45%
QSPIX	00203H420	AQR Style Premia Alternative I	4,263.61	41,076.39	9.02	38,457.79	4.23%	1.45%
				$80,681.54		$76,862.17		2.90% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	150.00	14,985.91	95.7	14,355.00	1.58%	0.54% T
TOTAL ALTERNATIVES				$338,296.96		$325,294.63		12.27% T
TOTAL - ALL ASSETS				$2,857,156.76		$2,652,166.41		100.00%

INVESTMENT PORTFOLIO SUMMARY - INCOME & GROWTH

El Toro Water District - 401(k) Plan

Account Number: 6721021389
Data as of: 12/31/2018

Portfolio Manager:
Keith Stribling, CFA

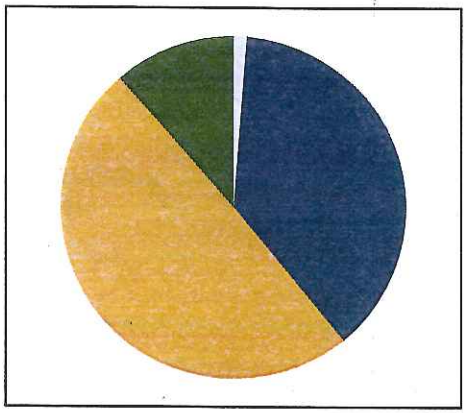
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	$68,397.07	$68,397.07	$181.25	0.27%
Fixed Income	$2,133,792.21	$2,218,867.43	$110,786.49	5.19%
Equities	$2,795,303.84	$2,937,871.33	$44,752.81	1.60%
Alternatives	$645,784.62	$695,214.71	$6,425.56	1.00%
Other	$0.00	$0.00	$0.00	0.00%
Total	**$5,643,277.74**	**$5,920,350.54**	**$162,146.12**	**2.87%**

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

1.2% Cash & Equivalents
37.8% Fixed Income
49.5% Equities
11.4% Alternatives
0.0% Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	$738
Taxable Fixed Income Income Earned YTD	$22,391
Tax-Exempt Fixed Income Income Earned YTD	$0
Equity Income Earned YTD	$167,948
Alternative Income Earned YTD	$30,269
Other Income Earned YTD	$0
Total	**$221,346**

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	-$3,855	
Net Long Term Gain/Loss	$137,919	
Total	**$134,064**	**-$277,073**

(1) As of 12/31/2018

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(4,459.1900)	($4,459.19)	1.00	($4,459.19)	-6.52%	-0.08%
FPZXX	n.a.	CASH FUND	72,856.26	$72,856.26	1.00	$72,856.26	106.52%	1.29%
TOTAL CASH				**$68,397.07**		**$68,397.07**		**1.21% T**
FIXED INCOME								
Short-Term Bond Funds								
PYSBX	704329200	Payden Low Duration Fund	19,470.58	195,992.01	9.92	193,148.14	9.21%	3.42%
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	18,564.98	197,542.68	10.44	193,818.38	9.24%	3.43%
				$393,534.69		$386,966.52		6.86% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	40,269.09	437,600.27	10.61	427,255.03	20.38%	7.57%
DODIX	256210105	Dodge & Cox Income	32,160.46	442,600.88	13.26	426,447.66	20.34%	7.56%
PTRQX	74440B884	PGIM Total Return Bond R6	30,740.29	449,690.08	13.93	428,212.25	20.42%	7.59%
PTTRX	693390700	PIMCO Total Return Instl	43,100.75	457,510.49	9.93	427,990.43	20.41%	7.58%
				$1,787,401.72		$1,709,905.37		30.30% T
TOTAL FIXED INCOME				**$2,180,936.41**		**$2,096,871.89**		**37.16% T**
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	18,998.24	411,250.65	21.87	415,491.44	14.86%	7.36%
VGIAX	921913208	Vanguard Growth & Income Adm	6,148.94	435,193.84	68.19	419,295.88	15.00%	7.43%
				$846,444.49		$834,787.32		14.79% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	962.34	176,662.00	172.81	166,302.15	5.95%	2.95%
PKAIX	72202L462	PIMCO RAE US Instl	17,161.31	183,545.23	9.74	167,151.19	5.98%	2.96%
				$360,207.23		$333,453.34		5.91% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	2,494.02	155,834.93	61.92	154,429.47	5.52%	2.74%
LSITX	52469H255	ClearBridge Large Cap Growth IS	3,193.89	142,368.58	43.38	138,550.77	4.96%	2.46%
				$298,203.51		$292,980.24		5.19% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Value Funds								
VEVRX	92646A427	Victory Sycamore Established Value R6	2,868.04	103,103.00	33.07	94,845.98	3.39%	1.68% T
Mid Cap Growth Funds								
APDMX	04314H659	Artisan Mid Cap Advisor	3,293.90	120,266.54	29.05	95,687.65	3.42%	1.70% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	3,080.45	195,803.92	53.53	164,896.22	5.90%	2.92% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	4,693.46	113,041.55	19.18	90,020.51	3.22%	1.60%
VB	922908751	Vanguard Small-Cap ETF	583.00	84,488.60	131.99	76,950.17	2.75%	1.36%
				$197,530.15		$166,970.68		2.96% T
Small Cap Growth Funds								
PRJIX	779562206	T. Rowe Price New Horizons I	2,907.58	145,178.46	48.26	140,319.96	5.02%	2.49% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	2,287.72	93,749.32	36.91	84,439.86	3.02%	1.50% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	12,730.98	266,078.97	19.99	254,492.29	9.10%	4.51%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	3,185.00	79,257.38	25.81	82,204.85	2.94%	1.46%
				$345,336.35		$336,697.14		5.97% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	2,872.99	75,807.17	29.59	85,011.89	3.04%	1.51% T
Diversified Emerging Markets								
HHHYX	41665H797	Hartford Schroders Emerging Mkts Eq Y	11,894.43	156,241.19	13.89	165,213.56	5.91%	2.93%
				$156,241.19		$165,213.56		2.93% T
TOTAL EQUITY				**$2,937,871.33**		**$2,795,303.84**		**49.53% T**

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	3,477.09	40,656.38	10.76	37,413.46	1.34%	0.66%
BSIKX	09260B374	BlackRock Strategic Income Opps K	3,845.87	37,931.02	9.6	36,920.32	1.32%	0.65%
				$78,587.40		$74,333.78		1.32% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	9,471.51	94,621.08	8.41	79,655.39	2.85%	1.41%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	8,589.96	92,731.18	9.07	77,910.95	2.79%	1.38%
				$187,352.26		$157,566.34		2.79% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	6,511.53	85,087.73	13.13	85,496.43	3.06%	1.52% T
Global Macro								
EGRSX	27830W108	Eaton Vance Glbl Macro Abs Ret Advtg R6	8,938.59	90,423.66	9.51	85,005.97	3.04%	1.51%
LAOSX	95768D509	Western Asset Macro Opportunities IS	8,428.34	88,479.41	10.56	89,003.30	3.18%	1.58%
				$178,903.07		$174,009.27		3.08% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	7,366.54	76,708.39	10.37	76,391.01	2.73%	1.35%
QSPIX	00203H420	AQR Style Premia Alternative I	9,110.72	92,346.97	9.02	82,178.71	2.94%	1.46%
				$169,055.36		$158,569.72		2.81% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	342.00	34,159.91	95.7	32,729.40	1.17%	0.58% T
TOTAL ALTERNATIVES				$733,145.73		$682,704.94		12.10% T
TOTAL - ALL ASSETS				$5,920,350.54		$5,643,277.74		100.00%

INVESTMENT PORTFOLIO SUMMARY -BALANCED INCOME

El Toro Water District - 401(k) Plan

Account Number: 6721061389
Data as of: 12/31/2018

Portfolio Manager:
Keith Stribling, CFA

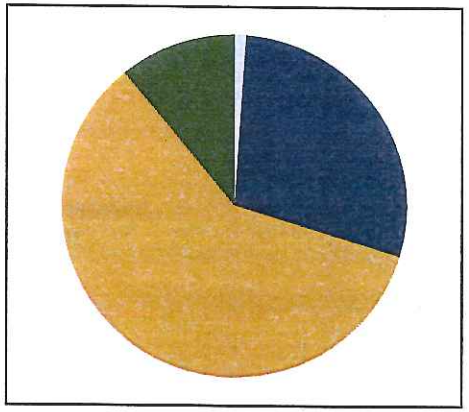
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	$54,957.81	$54,957.81	$145.64	0.27%
Fixed Income	$1,488,692.04	$1,500,102.07	$79,094.21	5.31%
Equities	$3,074,377.67	$3,687,287.99	$49,190.04	1.60%
Alternatives	$569,168.99	$592,709.35	$5,805.52	1.02%
Other	$0.00	$0.00	$0.00	0.00%
Total	**$5,187,196.51**	**$5,835,057.22**	**$134,235.41**	**2.59%**

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

1.1% Cash & Equivalents
28.7% Fixed Income
59.3% Equities
11.0% Alternatives
0.0% Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	$805
Taxable Fixed Income Income Earned YTD	$15,965
Tax-Exempt Fixed Income Income Earned YTD	$0
Equity Income Earned YTD	$180,802
Alternative Income Earned YTD	$33,616
Other Income Earned YTD	$0
Total	**$231,188**

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	-$39,430	
Net Long Term Gain/Loss	$161,160	
Total	**$121,730**	**-$647,861**

(1) As of 12/31/2018

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(3,390.9700)	($3,390.97)	1.00	($3,390.97)	-6.17%	-0.07%
FPZXX	n.a.	CASH FUND	58,348.78	$58,348.78	1.00	$58,348.78	106.17%	1.12%
TOTAL CASH				**$54,957.81**		**$54,957.81**		**1.06% T**
FIXED INCOME								
Short-Term Bond Funds								
PYSBX	704329200	Payden Low Duration Fund	10,869.76	108,151.21	9.92	107,828.06	7.43%	2.08%
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	10,359.51	108,357.00	10.44	108,153.33	7.45%	2.09%
				$216,508.21		$215,981.39		4.16% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	29,040.40	310,378.07	10.61	308,118.67	21.22%	5.94%
DODIX	256210105	Dodge & Cox Income	23,178.54	311,427.28	13.26	307,347.40	21.17%	5.93%
PTRQX	74440B884	PGIM Total Return Bond R6	22,290.60	313,283.72	13.93	310,508.03	21.38%	5.99%
PTTRX	693390700	PIMCO Total Return Instl	31,233.21	311,318.40	9.93	310,145.80	21.36%	5.98%
				$1,246,407.47		$1,236,119.90		23.83% T
TOTAL FIXED INCOME				**$1,462,915.68**		**$1,452,101.29**		**27.99% T**
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	20,996.22	565,032.15	21.87	459,187.38	14.94%	8.85%
VGIAX	921913208	Vanguard Growth & Income Adm	6,790.40	552,896.83	68.19	463,037.58	15.06%	8.93%
				$1,117,928.98		$922,224.96		17.78% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	1,062.94	222,891.28	172.81	183,686.66	5.97%	3.54%
PKAIX	72202L462	PIMCO RAE US Instl	18,955.30	222,417.10	9.74	184,624.65	6.01%	3.56%
				$445,308.38		$368,311.31		7.10% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	2,708.78	204,118.35	61.92	167,727.72	5.46%	3.23%
LSITX	52469H255	ClearBridge Large Cap Growth IS	3,500.90	177,310.06	43.38	151,868.83	4.94%	2.93%
				$381,428.41		$319,596.55		6.16% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Value Funds								
VEVRX	92646A427	Victory Sycamore Established Value R6	3,105.74	129,550.27	33.07	102,706.76	3.34%	1.98% T
Mid Cap Growth Funds								
APDMX	04314H659	Artisan Mid Cap Advisor	3,566.89	143,413.62	29.05	103,618.15	3.37%	2.00% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	3,402.35	235,881.73	53.53	182,127.90	5.92%	3.51% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	4,812.47	120,848.46	19.18	92,303.16	3.00%	1.78%
VB	922908751	Vanguard Small-Cap ETF	690.00	99,361.27	131.99	91,073.10	2.96%	1.76%
				$220,209.73		$183,376.26		3.54% T
Small Cap Growth Funds								
PRJIX	779562206	T. Rowe Price New Horizons I	3,211.59	190,147.52	48.26	154,991.33	5.04%	2.99% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	2,456.68	109,169.82	36.91	90,676.17	2.95%	1.75% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	14,062.84	294,108.20	19.99	281,116.07	9.14%	5.42%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	3,516.00	104,932.29	25.81	90,747.96	2.95%	1.75%
				$399,040.49		$371,864.03		7.17% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	3,085.18	107,200.77	29.59	91,290.45	2.97%	1.76% T
Diversified Emerging Markets								
HHHYX	41665H797	Hartford Schroders Emerging Mkts Eq Y	13,217.70	208,008.27	13.89	183,593.80	5.97%	3.54%
				$208,008.27		$183,593.80		3.54% T
TOTAL EQUITY				**$3,687,287.99**		**$3,074,377.67**		**59.27% T**

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	3,259.33	36,268.92	10.76	35,070.41	1.14%	0.68%
BSIKX	09260B374	BlackRock Strategic Income Opps K	3,811.54	37,186.39	9.6	36,590.75	1.19%	0.71%
				$73,455.31		$71,661.16		1.38% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	8,095.31	70,833.95	8.41	68,081.55	2.21%	1.31%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	7,412.76	72,199.99	9.07	67,233.75	2.19%	1.30%
				$143,033.94		$135,315.30		2.61% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	5,685.75	74,313.87	13.13	74,653.94	2.43%	1.44% T
Global Macro								
EGRSX	27830W108	Eaton Vance Glbl Macro Abs Ret Advtg R6	8,007.00	80,628.69	9.51	76,146.61	2.48%	1.47%
LAOSX	95768D509	Western Asset Macro Opportunities IS	7,507.59	81,614.70	10.56	79,280.17	2.58%	1.53%
				$162,243.39		$155,426.78		3.00% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	7,031.58	75,197.37	10.37	72,917.52	2.37%	1.41%
QSPIX	00203H420	AQR Style Premia Alternative I	7,807.60	75,219.77	9.02	70,424.54	2.29%	1.36%
				$150,417.14		$143,342.06		2.76% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	265.00	26,432.09	95.7	25,360.50	0.82%	0.49% T
TOTAL ALTERNATIVES				$629,895.74		$605,759.74		11.68% T
TOTAL - ALL ASSETS				$5,835,057.22		$5,187,196.51		100.00%

INVESTMENT PORTFOLIO SUMMARY - BALANCED

El Toro Water District - 401(k) Plan

Account Number: 6721031389
Data as of: 12/31/2018

Portfolio Manager:
Keith Stribling, CFA

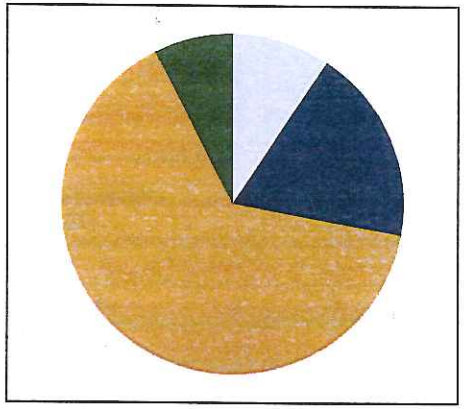
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	$146,433.50	$146,433.50	$388.05	0.27%
Fixed Income	$294,018.17	$305,261.12	$15,412.43	5.24%
Equities	$1,017,934.23	$1,078,865.05	$16,063.00	1.58%
Alternatives	$118,406.53	$126,979.30	$1,213.67	1.03%
Other	$0.00	$0.00	$0.00	0.00%
Total	**$1,576,792.43**	**$1,657,538.97**	**$33,077.15**	**2.10%**

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

- 9.3% Cash & Equivalents
- 18.6% Fixed Income
- 64.6% Equities
- 7.5% Alternatives
- 0.0% Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	$188
Taxable Fixed Income Income Earned YTD	$3,178
Tax-Exempt Fixed Income Income Earned YTD	$0
Equity Income Earned YTD	$61,868
Alternative Income Earned YTD	$9,946
Other Income Earned YTD	$0
Total	**$75,180**

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	$1,178	
Net Long Term Gain/Loss	$49,228	
Total	**$50,406**	**-$80,747**

(1) As of 12/31/2018

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(621.6400)	($621.64)	1.00	($621.64)	-0.42%	-0.04%
FPZXX	n.a.	CASH FUND	147,055.14	$147,055.14	1.00	$147,055.14	100.42%	9.33%
TOTAL CASH				**$146,433.50**		**$146,433.50**		**9.29% T**
FIXED INCOME								
Short-Term Bond Funds								
PYSBX	704329200	Payden Low Duration Fund	2,433.86	24,436.90	9.92	24,143.84	8.42%	1.53%
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	2,336.28	24,756.42	10.44	24,390.74	8.50%	1.55%
				$49,193.32		$48,534.58		3.08% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	5,612.27	61,030.25	10.61	59,546.14	20.76%	3.78%
DODIX	256210105	Dodge & Cox Income	4,482.17	61,684.64	13.26	59,433.63	20.72%	3.77%
PTRQX	74440B884	PGIM Total Return Bond R6	4,284.36	62,602.93	13.93	59,681.07	20.81%	3.78%
PTTRX	693390700	PIMCO Total Return Instl	6,007.03	63,374.11	9.93	59,649.83	20.80%	3.78%
				$248,691.93		$238,310.67		15.11% T
TOTAL FIXED INCOME				**$297,885.25**		**$286,845.25**		**18.19% T**
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	6,868.02	149,033.18	21.87	150,203.49	14.76%	9.53%
VGIAX	921913208	Vanguard Growth & Income Adm	2,226.27	159,762.91	68.19	151,809.42	14.91%	9.63%
				$308,796.09		$302,012.91		19.15% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	347.72	64,326.58	172.81	60,089.32	5.90%	3.81%
PKAIX	72202L462	PIMCO RAE US Instl	6,200.85	66,588.70	9.74	60,396.29	5.93%	3.83%
				$130,915.28		$120,485.61		7.64% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	903.34	57,218.85	61.92	55,934.94	5.49%	3.55%
LSITX	52469H255	ClearBridge Large Cap Growth IS	1,164.71	52,409.82	43.38	50,525.29	4.96%	3.20%
				$109,628.67		$106,460.23		6.75% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Value Funds								
VEVRX	92646A427	Victory Sycamore Established Value R6	1,045.01	38,024.68	33.07	34,558.41	3.39%	2.19% T
Mid Cap Growth Funds								
APDMX	04314H659	Artisan Mid Cap Advisor	1,200.18	43,632.48	29.05	34,865.11	3.43%	2.21% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	1,112.80	72,000.34	53.53	59,567.97	5.85%	3.78% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	1,574.24	38,203.84	19.18	30,193.87	2.97%	1.91%
VB	922908751	Vanguard Small-Cap ETF	227.00	32,733.59	131.99	29,961.73	2.94%	1.90%
				$70,937.43		$60,155.60		3.82% T
Small Cap Growth Funds								
PRJIX	779562206	T. Rowe Price New Horizons I	1,195.26	60,251.53	48.26	57,683.30	5.67%	3.66% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	826.62	33,954.89	36.91	30,510.40	3.00%	1.93% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	4,599.55	96,032.80	19.99	91,944.90	9.03%	5.83%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,097.00	27,966.66	25.81	28,313.57	2.78%	1.80%
				$123,999.46		$120,258.47		7.63% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	1,099.79	29,782.88	29.59	32,542.85	3.20%	2.06% T
Diversified Emerging Markets								
HHHYX	41665H797	Hartford Schroders Emerging Mkts Eq Y	4,235.66	56,941.32	13.89	58,833.37	5.78%	3.73%
				$56,941.32		$58,833.37		3.73% T
TOTAL EQUITY				**$1,078,865.05**		**$1,017,934.23**		**64.56% T**

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	621.28	7,291.83	10.76	6,684.97	0.66%	0.42%
BSIIX	09260B374	BlackRock Strategic Income Opps K	747.18	7,375.87	9.6	7,172.92	0.70%	0.45%
				$14,667.70		$13,857.89		0.88% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	1,652.33	16,557.47	8.41	13,896.12	1.37%	0.88%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	1,512.68	16,400.10	9.07	13,719.99	1.35%	0.87%
				$32,957.57		$27,616.11		1.75% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	1,176.40	15,330.45	13.13	15,446.09	1.52%	0.98% T
Global Macro								
EGRSX	27830W108	Eaton Vance Glbl Macro Abs Ret Advtg R6	1,699.46	16,898.39	9.51	16,161.86	1.59%	1.02%
LAOSX	95768D509	Western Asset Macro Opportunities IS	1,612.17	16,864.64	10.56	17,024.46	1.67%	1.08%
				$33,763.03		$33,186.32		2.10% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	1,478.96	15,411.77	10.37	15,336.76	1.51%	0.97%
QSPIX	00203H420	AQR Style Premia Alternative I	1,680.70	17,037.91	9.02	15,159.88	1.49%	0.96%
				$32,449.68		$30,496.64		1.93% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	52.00	5,186.74	95.7	4,976.40	0.49%	0.32% T
TOTAL ALTERNATIVES				**$134,355.17**		**$125,579.45**		**7.96% T**
TOTAL - ALL ASSETS				**$1,657,538.97**		**$1,576,792.43**		**100.00%**

INVESTMENT PORTFOLIO SUMMARY - CAPITAL APPRECIATION

El Toro Water District - 401(k) Plan

Account Number: 6721071389
Data as of: 12/31/2018

Portfolio Manager:
Keith Stribling, CFA

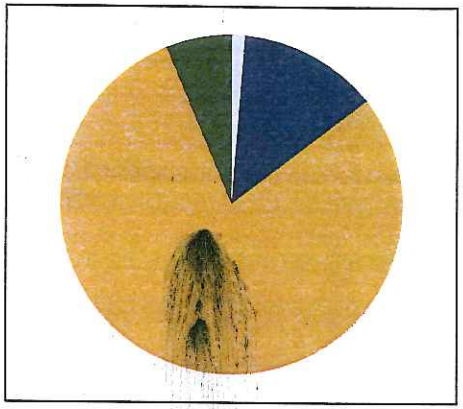
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	$5,409.42	$5,409.42	$14.33	0.27%
Fixed Income	$58,335.39	$58,744.72	$3,171.11	5.44%
Equities	$349,033.10	$417,210.01	$5,504.25	1.58%
Alternatives	$27,629.07	$28,783.71	$280.99	1.02%
Other	$0.00	$0.00	$0.00	0.00%
Total	**$440,406.98**	**$510,147.86**	**$8,970.69**	**2.04%**

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

1.2% Cash & Equivalents
13.2% Fixed Income
79.3% Equities
6.3% Alternatives
0.0% Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	$124
Taxable Fixed Income Income Earned YTD	$620
Tax-Exempt Fixed Income Income Earned YTD	$0
Equity Income Earned YTD	$20,106
Alternative Income Earned YTD	$3,352
Other Income Earned YTD	$0
Total	**$24,202**

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	-$3,706	
Net Long Term Gain/Loss	$17,937	
Total	**$14,232**	**-$69,741**

(1) As of 12/31/2018

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(133.9400)	($133.94)	1.00	($133.94)	-2.48%	-0.03%
FPZXX	n.a.	CASH FUND	5,543.36	$5,543.36	1.00	$5,543.36	102.48%	1.26%
TOTAL CASH				$5,409.42		$5,409.42		1.23% T
FIXED INCOME								
Short-Term Bond Funds								
PYSBX	704329200	Payden Low Duration Fund	311.56	3,099.89	9.92	3,090.64	5.46%	0.70%
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	296.42	3,100.43	10.44	3,094.59	5.47%	0.70%
				$6,200.32		$6,185.23		1.40% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	1,186.66	12,670.33	10.61	12,590.45	22.25%	2.86%
DODIX	256210105	Dodge & Cox Income	947.71	12,718.53	13.26	12,566.66	22.21%	2.85%
PTRQX	74440B884	PGIM Total Return Bond R6	905.88	12,715.13	13.93	12,618.89	22.31%	2.87%
PTTRX	693390700	PIMCO Total Return Instl	1,270.13	12,651.46	9.93	12,612.37	22.29%	2.86%
				$50,755.45		$50,388.37		11.44% T
TOTAL FIXED INCOME				$56,955.77		$56,573.60		12.85% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	2,358.94	62,931.17	21.87	51,590.06	14.78%	11.71%
VGIAX	921913208	Vanguard Growth & Income Adm	762.77	61,661.64	68.19	52,012.95	14.90%	11.81%
				$124,592.81		$103,603.01		23.52% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	116.92	24,485.53	172.81	20,204.43	5.79%	4.59%
PKAIX	72202L462	PIMCO RAE US Instl	2,062.78	24,171.78	9.74	20,091.49	5.76%	4.56%
				$48,657.31		$40,295.92		9.15% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	310.01	23,360.79	61.92	19,195.63	5.50%	4.36%
LSITX	52469H255	ClearBridge Large Cap Growth IS	399.94	20,225.76	43.38	17,349.22	4.97%	3.94%
				$43,586.55		$36,544.85		8.30% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Value Funds								
VEVRX	92646A427	Victory Sycamore Established Value R6	372.87	15,518.12	33.07	12,330.65	3.53%	2.80% T
Mid Cap Growth Funds								
APDMX	04314H659	Artisan Mid Cap Advisor	428.23	17,088.19	29.05	12,440.08	3.56%	2.82% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	382.20	26,546.79	53.53	20,459.17	5.86%	4.65% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	540.73	13,406.85	19.18	10,371.26	2.97%	2.35%
VB	922908751	Vanguard Small-Cap ETF	78.00	11,356.22	131.99	10,295.22	2.95%	2.34%
				$24,763.07		$20,666.48		4.69% T
Small Cap Growth Funds								
PRJIX	779562206	T. Rowe Price New Horizons I	401.64	23,721.99	48.26	19,383.34	5.55%	4.40% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	272.03	12,060.28	36.91	10,040.48	2.88%	2.28% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	1,579.26	32,936.34	19.99	31,569.37	9.04%	7.17%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	395.00	11,694.58	25.81	10,194.95	2.92%	2.31%
				$44,630.92		$41,764.32		9.48% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	362.75	12,574.38	29.59	10,733.68	3.08%	2.44% T
Diversified Emerging Markets								
HHHYX	41665H797	Hartford Schroders Emerging Mkts Eq Y	1,495.40	23,469.60	13.89	20,771.12	5.95%	4.72%
				$23,469.60		$20,771.12		4.72% T
TOTAL EQUITY				**$417,210.01**		**$349,033.10**		**79.25% T**

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	145.19	1,615.65	10.76	1,562.26	0.45%	0.35%
BSIKX	09260B374	BlackRock Strategic Income Opps K	183.52	1,788.95	9.6	1,761.79	0.50%	0.40%
				$3,404.60		$3,324.05		0.75% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	400.00	3,500.00	8.41	3,364.00	0.96%	0.76%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	359.34	3,499.99	9.07	3,259.24	0.93%	0.74%
				$6,999.99		$6,623.24		1.50% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	269.31	3,519.93	13.13	3,536.04	1.01%	0.80% T
Global Macro								
EGRSX	27830W108	Eaton Vance Glbl Macro Abs Ret Advtg R6	387.92	3,906.22	9.51	3,689.08	1.06%	0.84%
LAOSX	95768D509	Western Asset Macro Opportunities IS	358.43	3,896.44	10.56	3,784.99	1.08%	0.86%
				$7,802.66		$7,474.07		1.70% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	338.50	3,620.03	10.37	3,510.28	1.01%	0.80%
QSPIX	00203H420	AQR Style Premia Alternative I	365.44	3,520.72	9.02	3,296.28	0.94%	0.75%
				$7,140.75		$6,806.56		1.55% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	17.00	1,704.73	95.7	1,626.90	0.47%	0.37% T
TOTAL ALTERNATIVES				$30,572.66		$29,390.86		6.67% T
TOTAL - ALL ASSETS				$510,147.86		$440,406.98		100.00%

INVESTMENT PORTFOLIO SUMMARY - GROWTH

El Toro Water District - 401(k) Plan

Account Number: 6721041389
Data as of: 12/31/2018

Portfolio Manager:
Keith Stribling, CFA

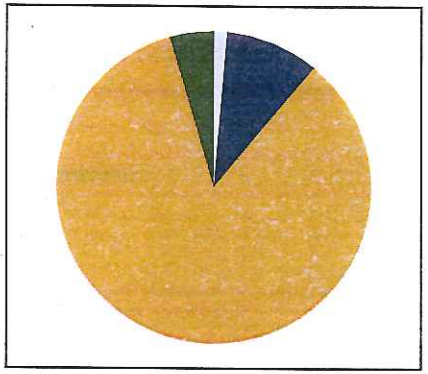
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	$15,906.45	$15,906.45	$42.15	0.27%
Fixed Income	$114,005.11	$118,379.34	$6,460.67	5.67%
Equities	$997,865.25	$1,079,096.28	$15,706.40	1.57%
Alternatives	$53,167.10	$56,813.66	$550.28	1.04%
Other	$0.00	$0.00	$0.00	0.00%
Total	**$ 1,180,944**	**$ 1,270,196**	**$ 22,760**	**1.93%**

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

1.3% Cash & Equivalents
9.7% Fixed Income
84.5% Equities
4.5% Alternatives
0.0% Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	$233
Taxable Fixed Income Income Earned YTD	$1,238
Tax-Exempt Fixed Income Income Earned YTD	$0
Equity Income Earned YTD	$58,932
Alternative Income Earned YTD	$9,332
Other Income Earned YTD	$0
Total	**$69,735**

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	$21,515	
Net Long Term Gain/Loss	$124,926	
Total	**$146,441**	**-$89,252**

(1) As of 12/31/2018

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(261.2800)	($261.28)	1.00	($261.28)	-1.64%	-0.02%
FPZXX	n.a.	CASH FUND	16,167.73	$16,167.73	1.00	$16,167.73	101.64%	1.37%
TOTAL CASH				**$15,906.45**		**$15,906.45**		**1.35% T**
FIXED INCOME								
Short-Term Bond Funds								
PYSBX	704329200	Payden Low Duration Fund	211.66	2,130.03	9.92	2,099.71	1.90%	0.18%
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	202.47	2,154.43	10.44	2,113.73	1.91%	0.18%
				$4,284.46		$4,213.44		0.36% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	2,502.12	27,177.65	10.61	26,547.46	24.03%	2.25%
DODIX	256210105	Dodge & Cox Income	1,998.29	27,480.47	13.26	26,497.30	23.99%	2.24%
PTRQX	74440B884	PGIM Total Return Bond R6	1,910.14	27,830.97	13.93	26,608.26	24.09%	2.25%
PTTRX	693390700	PIMCO Total Return Instl	2,678.19	27,960.99	9.93	26,594.45	24.08%	2.25%
				$110,450.08		$106,247.47		9.00% T
TOTAL FIXED INCOME				**$114,734.54**		**$110,460.91**		**9.35% T**
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	6,592.30	148,584.98	21.87	144,173.60	14.45%	12.21%
VGIAX	921913208	Vanguard Growth & Income Adm	2,131.54	153,314.31	68.19	145,349.58	14.57%	12.31%
				$301,899.29		$289,523.18		24.52% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	343.69	64,694.32	172.81	59,392.55	5.95%	5.03%
PKAIX	72202L462	PIMCO RAE US Instl	6,128.94	66,718.48	9.74	59,695.89	5.98%	5.05%
				$131,412.80		$119,088.44		10.08% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	873.97	58,065.57	61.92	54,115.97	5.42%	4.58%
LSITX	52469H255	ClearBridge Large Cap Growth IS	1,126.57	51,634.66	43.38	48,870.61	4.90%	4.14%
				$109,700.23		$102,986.58		8.72% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Value Funds								
VEVRX	92646A427	Victory Sycamore Established Value R6	1,108.04	41,380.47	33.07	36,642.75	3.67%	3.10% T
Mid Cap Growth Funds								
APDMX	04314H659	Artisan Mid Cap Advisor	1,249.60	46,396.01	29.05	36,300.91	3.64%	3.07% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	1,089.05	71,486.99	53.53	58,297.01	5.84%	4.94% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	1,510.82	36,049.88	19.18	28,977.45	2.90%	2.45%
VB	922908751	Vanguard Small-Cap ETF	218.00	32,118.25	131.99	28,773.82	2.88%	2.44%
				$68,168.13		$57,751.27		4.89% T
Small Cap Growth Funds								
PRJIX	779562206	T. Rowe Price New Horizons I	1,210.38	61,929.83	48.26	58,412.94	5.85%	4.95% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	809.10	33,604.07	36.91	29,863.81	2.99%	2.53% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	3,887.44	81,807.07	19.99	77,709.99	7.79%	6.58%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,548.00	40,097.25	25.81	39,953.88	4.00%	3.38%
				$121,904.32		$117,663.87		9.96% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	1,083.28	32,564.18	29.59	32,054.23	3.21%	2.71% T
Diversified Emerging Markets								
HHHYX	41665H797	Hartford Schroders Emerging Mkts Eq Y	4,267.84	58,649.96	13.89	59,280.26	5.94%	5.02%
				$58,649.96		$59,280.26		5.02% T
TOTAL EQUITY				**$1,079,096.28**		**$997,865.25**		**84.50% T**

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Fourth Quarter 2018

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	278.22	3,284.53	10.76	2,993.67	0.30%	0.25%
BSIKX	09260B374	BlackRock Strategic Income Opps K	369.19	3,644.80	9.6	3,544.20	0.36%	0.30%
				$6,929.33		$6,537.87		0.55% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	703.74	6,948.78	8.41	5,918.43	0.59%	0.50%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	661.88	7,010.54	9.07	6,003.22	0.60%	0.51%
				$13,959.32		$11,921.65		1.01% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	541.87	7,102.86	13.13	7,114.70	0.71%	0.60% T
Global Macro								
EGRSX	27830W108	Eaton Vance Glbl Macro Abs Ret Advtg R6	743.84	7,378.22	9.51	7,073.90	0.71%	0.60%
LAOSX	95768D509	Western Asset Macro Opportunities IS	678.75	7,137.06	10.56	7,167.62	0.72%	0.61%
				$14,515.28		$14,241.52		1.21% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	680.92	7,121.77	10.37	7,061.17	0.71%	0.60%
QSPIX	00203H420	AQR Style Premia Alternative I	718.95	7,329.72	9.02	6,484.89	0.65%	0.55%
				$14,451.49		$13,546.06		1.15% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	35.00	3,500.18	95.7	3,349.50	0.34%	0.28% T
TOTAL ALTERNATIVES				$60,458.46		$56,711.30		4.80% T
TOTAL - ALL ASSETS				$1,270,195.73		$1,180,943.91		100.00%

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MINUTES OF THE REGULAR MEETING
OF THE
ENGINEERING COMMITTEE MEETING

January 21, 2019

President Vergara called the Meeting of the Engineering Committee to order at 7:30 a.m. on January 21, 2019.

Director Goldman led in the Pledge of Allegiance to the flag.

Present at today's meeting were Committee Members JOSE F. VERGARA, MARK MONIN, M. SCOTT GOLDMAN, KATHRYN FRESHLEY, and MIKE GASKINS.

Also present were ROBERT R. HILL, General Manager/Secretary, DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, RICK OLSON, Operations Superintendent, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and CAROL MOORE, Laguna Woods Mayor.

Oral Communication/Public Comment

There were no comments.

Items Received too Late to be Agendized

President Vergara asked if there were any items received too late to be agendized. Mr. Hill replied no.

Consent Calendar

1. Consider approving the minutes of the December 18, 2018 Engineering Committee meeting.

President Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Vice President Monin, and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Goldman	aye
President Vergara	aye
Director Freshley	aye
Vice President Monin	aye
Director Gaskins	aye

Engineering Action Items

Resolution No. 19-1-1 Approving an MND and MM&RP for the Oso Lift Station Improvement Project

Mr. Cafferty stated that Resolution 19-1-1 approves the Oso Lift Station Improvement Project and adopts the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Plan and authorizes the General Manager or designee to file a Notice of Determination of same for this project.

Director Freshley asked how much the study costs. Mr. Cafferty replied approximately $40,000-$50,000, and there are detailed Appendixes which he did not include in today's Board package due to their size.

President Vergara asked for a Motion.

Motion: Vice President Monin made a Motion, seconded by Director Freshley and unanimously carried across the Board to approve Resolution No. 19-1-1 which approves the Oso Lift Station Improvement Project and adopts the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Plan and authorizes the General Manager or designee to file a Notice of Determination of same for the Oso Lift Station Improvement Project.

Roll Call:

Director Freshley	aye
Director Goldman	aye
Director Gaskins	aye
Vice President Monin	aye
President Vergara	aye

Engineering General Information Items

Capital Project Status Report

Oso Lift Station Project

Mr. Cafferty stated that the project design is complete. He further stated that staff is prepared to bid the project once the property acquisition is finalized.

Phase II Recycled Water Distribution System Expansion Project

Mr. Cafferty stated that staff submitted retrofit plans to the State and County Health departments for review and is working to resolve several plan check comments.

AMI Feasibility Study & Alternatives Analysis

Mr. Cafferty stated that the project is expected to be complete in March.

Laboratory Certification Update

Mr. Cafferty stated that staff submitted the application to renew the lab certification within a few days of discovering that the certification had expired. He further stated that it could take anywhere from 2-6 months to receive the new certification.

Mr. Cafferty stated that staff has been outsourcing through Sierra Labs and Is working with SOCWA towards an opportunity for the ETWD lab personnel to perform laboratory analysis at the SOCWA lab under SOCWA's lab cerrridfication. He further stated that staff tried to get an update from the State, but they don't respond to emails

or phone calls.

Mr. Cafferty stated that the outsourcing is costing the District a couple thousand dollars a week, but the cost is expected to decrease. He further stated that SOCWA's staff estimate to provide some oversight over a 6-month period is approximately $21,000, and if we were at Sierra Lab for the 6-months, the cost would be closer to $50,000.

Vice President Monin asked if the State has acknowledged receiving our check for the lab certification renewal. Mr. Cafferty replied no, but the check cleared the bank, however there is no evidence of an application submitted with it. He further stated that staff was able to obtain some emails from the State to the then Lab Supervisor indicating that they were waiting on the application.

Mr. Cafferty stated that staff has several new measures in place to ensure the future continuity of the lab certification.

Baker Water Treatment Product Water Conveyance Options

Mr. Cafferty stated that the plan remains to construct a new turnout on the South County Pipeline that would include a turnout connection dedicated to ETWD's Baker supply. He further stated that MNWD is working on property appraisals for the turnout.

Poseidon Huntington Beach Ocean Desal Project

Mr. Cafferty stated that staff is meeting with Poseidon in a few weeks regarding a range of cost for conveyance and production costs at the Plant to deliver the water to South County. He further stated that they will be looking for a soft commitment for capacity needs.

Director Gaskins stated that at a MWDOC meeting they discussed the

disappointment of the South County agencies regarding the OCWD approval of a study regarding MNWD storage opportunities in the groundwater basin. Mr. Hill replied that the South County agencies are unhappy that MNWD went off on their own to strike a deal. He further stated that it was a pilot study that won't happen until 2028 because that's when the agreement that OCWD has with MET expires and they do not plan to renew it.

Mr. Hill stated that the Poseidon meeting that we are hosting here will be with Poseidon and OCWD and there will be more discussion then about the OCWD and MNWD transaction. He further stated that OCWD needs to coordinate better with MWDOC.

Director Freshley questioned the efficiency of pursuing a study with only MNWD when it has been acknowledged by OCWD that other South Orange County Agencies will consider sometime in the future.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

Adjournment

There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Director Freshley made a Motion, seconded by Director Gaskins and unanimously carried that today's meeting be adjourned at 8:00 o'clock a.m. to Tuesday, February 26, 2019 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251

Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

Vice President Monin	aye
Director Gaskins	aye
Director Goldman	aye
President Vergara	aye
Director Freshley	aye

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

JOSE F. VERGARA, President
of the El Toro Water District and the
Board of Directors thereof

ROBERT R. HILL, Secretary
of the El Toro Water District and the
Board of Directors thereof

CAPITAL PROJECT / EQUIPMENT STATUS REPORT

February, 2019

I Oso Lift Station Improvement Project

The project design is complete.

The District has received comments from Moulton Niguel Water District regarding the plans and Agreement for the proposed emergency overflow connection from the Oso Lift Station to the MNWD sewer collection system near the station. Staff is reviewing the comments in an effort to finalize the Agreement.

Staff submitted a lot line adjustment to the City of Laguna Woods to facilitate the expansion of the site by ten feet on the east side of the property. The lot line adjustment will need to be approved by the County of Orange due to an existing lease agreement between the City and the County relative to the Woods End Wilderness Preserve/Laguna Coast Wilderness Park. The District's surveyor has resubmitted the required documents in response to comments from the County surveyors office. It is staff's understanding that the County will take it to the Board of Supervisors in March or early April.

Staff is prepared to bid the project once the property acquisition is finalized.

II Phase II Recycled Water Distribution System Expansion Project

Staff submitted the retrofit plans to the State and County Health departments for review. Staff is working with the State and County to resolve several plan check comments.

Staff is preparing to bid a retrofit project including the East Side system and certain sites in the West Side System. The project will go out to bid once plan approval is received from County and State Health. The remaining sites in the West Side System will be handled separately due to unique characteristics that could result in the designation of the sites as "dual-plumbed" as defined in Title 22. Staff is inspecting each of these sites as well as performing coverage tests to determine the appropriate approach to the on-site retrofits.

III Advanced Metering Infrastructure (AMI) Feasibility Study & Alternatives Analysis

The consulting contract has been issued to MC Engineering. MC Engineering conducted a kickoff meeting with Staff in September. The project is expected to be complete in approximately March of 2019.

IV Laboratory Certification Update

Staff is working with SOCWA to complete the proficiency training that will allow ETWD lab personnel to perform work in the SOCWA lab under the SOCWA ELAP certification.

Staff has completed the proficiency testing necessary to support the certification application to ELAP and is waiting for the issuance of the new certification. It is unclear how long it will take

V MWDOC Shared Services Business Plan

MWDOC is developing a Shared Service Business Plan that is intended to supplement the resources available to it's member agencies efforts to comply with evolving Water Loss mitigation and reporting requirements. MWDOC is proposing to offer the following services:

- **Water Audit Validation**
- **Customer Meter Testing**
- **Distribution System Leak Detection**
- **Suspected Leak Survey**
- **Pressure Survey**
- **NO-DES Flushing**

ETWD has been using the Water Audit Validation service. Staff continues to monitor the MWDOC plan to assess whether other services are of benefit to the District.

VI South Orange County Supply and System Reliability Projects

A. Baker Water Treatment Product Water Conveyance Options

Moulton Niguel Water District is evaluating their capital projects schedule regarding a potential new turnout on the South County Pipeline that would include a turnout connection dedicated to the ETWD Baker supply. MNWD has informed staff that they are currently performing a property appraisal to facilitate the acquisition of the property for the new turnout. MNWD has verbally indicated they are prepared to continue the temporary conveyance of water through the Los Alisos interconnection until such time that the permanent conveyance facilities are complete.

There have been discussions about the possibility of storing water in Irvine Lake that could be used to sustain 60 days of supply to the Baker Plant in the event of an interruption of raw water supply from MWD. IRWD is working with Serrano Water District to work out details of the potential storage opportunity. Issues under consideration include the on-going costs of water loss due to evaporation and any overflows as well as capital and maintenance

costs associated with the use of the Irvine Lake facilities. IRWD will convene a meeting of the Baker Partners in the near future to discuss the details of a proposal for the potential use of Irvine Lake for emergency storage.

B. Poseidon HB Ocean Desalination Project

OCWD has entered into a revised non-binding Term Sheet with Poseidon.

Poseidon indicates they expect to be before the Santa Ana Regional Water Quality Board for consideration of their NPDES Permit renewal in the Spring of 2019 and before the Coastal Commission in the Fall of 2019. The feasibility of the project remains contingent upon obtaining all regulatory and environmental approvals/permits along with approval of Met LRP funding based on $475/AF over 15 years.

ETWD hosted a meeting on January 31st where OCWD and Poseidon presented to ETWD, SMWD, CLB, MNWD and IRWD more detail with regards to conveyance alternatives to deliver HB product water to South County along with more definitive Treatment Plant and Distribution costs specifically for South County Agencies. Total Net Project Unit Cost inclusive of a MWD LRP Subsidy of $475/AF to deliver 10 MGD to SOC is estimated to be $2,125/AF and to deliver 20 MGD to SOC is estimated to be $1,825/AF.

OCWD is requesting what they refer to as a soft Letter of Intent in late Spring. Staff is evaluating the information presented and plans to tentatively present analysis of same in March or April.

Tentative overall project schedule:

RWQCB	**Spring 2019**
Coastal Commission	**Fall 2019**
MWD LRP	**Mid 2020**
Design, Bidding, Construction	**2024/25**

F.Y. 2018/19 CAPITAL REPLACEMENT AND REFURBISHMENT PROGRAM BUDGET ITEMS > $50,000
BOARD APPROVAL SCHEDULE

	Project Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Estimate	Board Approved Cost
2018/19 Capital Projects															
1	Recycled Water Phase II - Retrofits	E	E	E	P	P	P	P	P	B	A	C	C	$700,000	
2	Replace R-6 Sodium Hypochlorite Tanks (CO)		B	A	C	C	C	C	C	C				$210,000	$163,257
3	Oso Lift Station Improvement Project (CO)	E/CQ	E/CQ	E/CQ	CQ	CQ			B	B	A	C	C	$1,000,000	
4	Aliso Creek Lift Station Skid Pump and Piping			E	E	E	E	B	B	A		R		$200,000	
5	Reconstruct (West Side) Drainage Swayle at the Holding Pond								E	E	B	A	C	$68,250	
6	AMR / AMI Implementation	RFP	A	E	E	E	E	E	E	E				$200,000	$64,550
7	Master Plan Update (CO)				RFP	RFP	RFP	RFP	RFP	RFP	A	E	E	$350,000	
8	Old Treatment Plant / Clear Well Demo		ET	ET	ET	ET	ET	ET	ET	ET				$400,000	
2018/19 Capital Equipment															
1	8-inch Trailer Mounted Emergency Pump		E	E	E	E	B	B	B	A		R		$85,000	
2	300-375KW Emergency Generator Trailer		E	E	A			R						$175,000	$142,024
												Total		$3,388,250	$369,831

E = Engineering/Study
C = Construction
O = Order
N = Negotiate
R = Receive
P = Permit
CQ = CEQA
CO = Carry Over
RFP = Request for Proposal
B = Bid
A = Approve by Board
ET = Evaluate
M = Monitoring
BP = Board Presentation

2/22/2019

MINUTES OF THE REGULAR MEETING
OF THE
FINANCE/INSURANCE COMMITTEE MEETING

January 21, 2019

Vice President Monin called the Meeting of the Finance/Insurance Committee to order at 8:00 o'clock a.m. on January 21, 2019.

Present at today's meeting were Committee Members JOSE F. VERGARA, MARK MONIN, M. SCOTT GOLDMAN, KATHRYN FRESHLEY, and MIKE GASKINS.

Also present were ROBERT R. HILL, General Manager/Secretary, DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, RICK OLSON, Operations Superintendent, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and CAROL MOORE, Laguna Woods Mayor.

Consent Calendar

a. Consider approving the December 20, 2018 Finance Committee meeting minutes.

Vice President Monin asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins and unanimously carried across the Board to approve the Consent calendar.

Roll Call Vote:

Director Goldman	aye
President Vergara	aye
Director Gaskins	aye
Vice President Monin	aye
Director Freshley	aye

Approval of Items Removed from Today's FIC Consent Calendar

Finance Action Items

Quarterly Insurance Report

Ms. Cimorell stated that we are in the second quarter of the fiscal year and are on budget. She further stated that there were two Workers Compensation claims this month, one was loss time and the other was modified duty, and now both employees are back to full duty.

Ms. Cimorell stated that JPIA recognized ETWD at the Fall Conference with the "President's Special Recognition Award" for having a loss ratio of 20% or less in the Property Program for the period of April 2014 through March 2017.

Vice President Monin inquired as to why the insurance for the Dam was increased. Mr. Cafferty replied that it could be due to the Oroville Dam Spillway event as they are also part of the Dam insurance pool and therefore the premiums have increased due to the liability. Mr. Hill stated that ETWD's insurance premium is shared with MNWD and SMWD, with ETWD paying 45% of it, SMWD picks up 50%, and MNWD picks up 5%.

Mr. Cafferty stated that staff will pose the question of the increased premium to JPIA and return with an answer at tomorrow's Board meeting.

Vice President Monin asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins to Receive and File the Quarterly Insurance Report for the period of October 1, 2018 through December 30, 2018.

Roll Call Vote

Director Freshley	aye
Director Goldman	aye

President Vergara	aye
Vice President Monin	aye
Director Gaskins	aye

Finance Report

Ms. Shahbakhti stated that included in the package are the December water usage charts. She further stated that on page 161 Investments, we are meeting our 6-month Reserve requirements.

Director Freshley asked on page 160, current term of long term debt reduced substantially. Ms. Shahbakhti replied that we had 3 different loans, the SRF loan for Recycled Water, another SRF loan, and the Baker loan. She further stated that was the cause of the decrease. She also stated that there is one more payment to be made on the Baker loan, and then on July 1st we will have 4 payments due.

Director Freshley asked on page 64 Cash Sheet, why is the State Water Resources Control Board on the sheet. Ms. Shahbakhti replied that it is the SRF for our Recycled Water.

Ms. Shahbakhti stated that the other SRF loan is for Northline, and the Texas Capital Bank Leasing Division is the Baker loan. Mr. Cafferty replied that we pay Texas Capital twice a year, and the other SRF loans are paid once yearly.

Director Freshley asked on page 171, Non-Rate Revenue Analysis, what are the Site Leases. Mr. Cafferty replied that they are the cell sites which some pay quarterly and some pay monthly.

Vice President Monin asked if we can demand payment quarterly. Mr. Cafferty replied that on a go-forward basis, we could ask them to go quarterly.

Vice President Monin asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins and unanimously approved across the Board to approve the Finance report.

Roll Call Vote:

President Vergara	aye
Director Goldman	aye
Director Gaskins	aye
Vice President Monin	aye
Director Freshley	aye

Finance Information Items

2019/20 Fiscal Year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule Status Report

Mr. Cafferty stated that the Budget timeline schedule is included in the Board package.

Mr. Hill stated that the Board President will announce the Standing Committees at the next Board meeting. He further stated that Director Freshley and Vice President Monin are on the Budget Committee, and asked them to make sure the dates work for them, including the Full Board Workshop date.

Director Freshley stated that the April 5th date is also the WACO meeting. She suggested moving the Budget Committee meeting to April 4th. Vice President Monin asked to have the meeting at 7:00 am due to the SOCWA Board meeting the same day.

Mr. Cafferty replied that staff will move the meeting to April 4th at 7:00 am.

Tiered Water Usage and Revenue Tracking

Ms. Shahbakhti stated that the December water usage is included in the package. She further stated that year to date usage is also included, and we are 94% efficient.

Director Goldman stated that January should be an interesting report due to the rain we had.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

At approximately 8:23 o'clock a.m. the Finance and Insurance Committee meeting was closed.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session at today's meeting with regard to item #2 of today's agenda.

Closed Session

At approximately 8:25 o'clock a.m. President Vergara called for a Closed Session. Also at this time, Mr. Hill, Mr. Cafferty, Mr. Olson, Ms. Shahbakhti, Ms. Cimorell, Ms. Moore, and Ms. Welsch left the meeting.

At approximately 9:03 o'clock a.m. Mr. Hill was asked to join the Closed Session.

Open Session

At approximately 9:17 o'clock a.m. the Board returned to Regular Session. Also at this time, Mr. Cafferty and Ms. Welsch returned to the meeting.

Report on Closed Session

Mr. Granito reported that the Board did go into Closed Session at approximately 8:25 o'clock a.m. with regard to item #2 of today's Closed Session agenda. Mr. Granito reported that during that Phase of the Closed Session only Board members and Legal Counsel participated without staff, and that Phase came to a close at approximately

9:03 o'clock when Mr. Hill was invited into the Closed Session.

Mr. Granito reported that during the second Phase of the Closed Session all Board members, Mr. Hill, and Legal Counsel participated and no further reportable action was taken.

General Manager Compensation

President Vergara stated that this item was postponed and will resume at a later date.

Adjournment

There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Vice President Monin made a Motion, seconded by Director Gaskins and unanimously carried that today's meeting be adjourned at 9:23 o'clock a.m. to Tuesday, February 26, 2019, Lake Forest, CA. 92630.

Roll Call:

Director Freshley	aye
Director Gaskins	aye
President Vergara	aye
Director Goldman	aye
Vice President Monin	aye

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

_____

JOSE F. VERGARA, President
of the El Toro Water District and the
Board of Directors thereof

_____

ROBERT R. HILL, Secretary
of the El Toro Water District and the
Board of Directors thereof

EL TORO WATER DISTRICT
FINANCIAL REPORT
February 26, 2019

I.	Balance Sheet		2 - 3
	A.	Cash & Investments	
		1) Mix and Liquidity	4
		2) Reserve Analysis	5
		3) Change in Reserves	6
		4) Bills for consideration	7
		5) 401K Plan	8
	B.	Other balance sheet items	
		1) A/R aging	9
		2) A/P aging	9
II	Revenue & Expense		10
	A.	Analysis of Revenue & Expenses	11
	B.	Revenues	
		1) Where the money comes from	12
		2) Who the money comes from	12
		3) Revenue budget comparison	13
		4) Miscellaneous Revenue	14
	C.	Expenses	
		1) Where the money goes	15
		2) Expense budget comparison	16 - 17
		3) Capital expenditures – equipment	18
		4) Capital expenditures – projects	18

EL TORO WATER DISTRICT
BALANCE SHEET

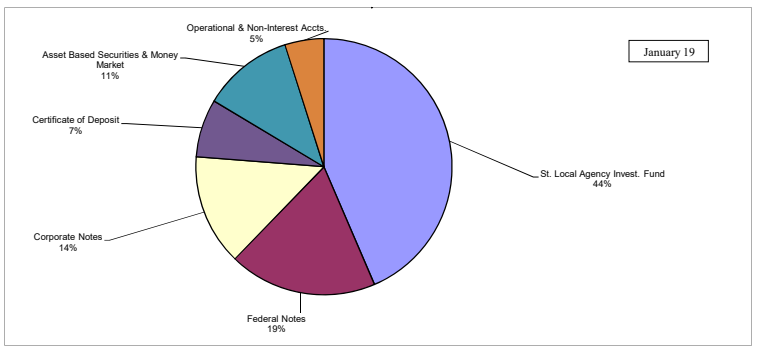
	1/31/19 (Unaudited)	June 30, 2018 (Audited)
ASSETS		
Current Assets		
Cash & Investments	$5,652,443	$2,459,711
Receivables:		
Accounts Receivable	3,017,927	3,282,569
Notes Receivable	-	-
Inventories	647,588	659,179
Prepaid Expenses	459,764	207,509
Total Current Assets	9,777,722	6,608,969
Restricted Assets		
Cash & Investments	12,365,346	11,589,909
Total Restricted Assets	12,365,346	11,589,909
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	113,701,627	112,921,077
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,759,745	34,734,945
Total Utility Plant	162,499,046	161,693,697
Less Accumulated Depreciation & Amortization	(73,589,816)	(71,020,533)
Net Utility Plant	88,909,230	90,673,164
Construction Work in Progress	6,562,437	5,436,790
Notes Receivable	-	-
Total Non-current Assets	95,471,667	96,109,954
TOTAL ASSETS	$117,614,735	$114,308,831

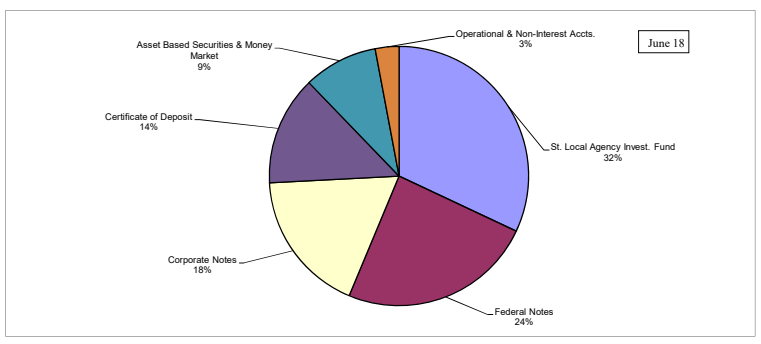
EL TORO WATER DISTRICT
BALANCE SHEET

	1/31/19 (Unaudited)	June 30, 2018 (Audited)
LIABILITIES and EQUITY		
Liabilities		
Current Liabilities Payable		
Accounts Payable	$998,420	$2,478,256
Current Portion of Long-Term Debt	401,152	1,782,485
Other Current Liabilities	2,256,357	2,109,095
Total Current Liabilities Payable From Current Assets	3,655,929	6,369,836
Long Term Debt		
Long Term Debt	50,195,811	45,218,263
Total Long Term Debt	50,195,811	45,218,263
Total Liabilities	53,851,741	51,588,100
Fund Equity		
Retained Earnings - Reserved	17,034,893	17,034,893
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	36,941,072	38,037,954
Net Income	1,042,263	(1,096,882)
Total Fund Equity	63,762,994	62,720,732
Total Liabilites & Fund Equity	$117,614,735	$114,308,831

CASH & INVESTMENTS
SUMMARY OF INVESTMENTS BY TYPE

	Maturity Dates	Par	Market Value 1/31/19	Financial Institution	YTM 1/31/19	Original Cost 1/31/19
State Local Agency Investment Fund	NA	NA	$7,789,649	LAIF	2.36%	$7,789,649
US Treasury N/B - Coupon Rate 1.625%	7/31/2020	60,000	59,220	US Bank/CAMP	1.60%	60,038
US Treasury N/B - Coupon Rate 1.375%	8/31/2020	110,000	108,096	US Bank/CAMP	1.53%	109,502
US Treasury N/B - Coupon Rate 1.375%	8/31/2020	260,000	255,501	US Bank/CAMP	1.44%	259,523
US Treasury N/B - Coupon Rate 1.375%	10/31/2020	95,000	93,189	US Bank/CAMP	1.65%	94,228
US Treasury N/B - Coupon Rate 1.750%	12/31/2020	340,000	335,524	US Bank/CAMP	1.90%	338,513
US Treasury N/B - Coupon Rate 1.375%	1/31/2021	50,000	48,934	US Bank/CAMP	2.05%	49,006
US Treasury N/B - Coupon Rate 1.125%	2/28/2021	150,000	145,940	US Bank/CAMP	2.41%	144,428
US Treasury N/B - Coupon Rate 2.000%	5/31/2021	490,000	484,851	US Bank/CAMP	2.62%	481,272
Intl BK of Recon & Dev Global Notes - Coupon Rate 1.125%	11/27/2019	110,000	108,710	US Bank/CAMP	1.50%	109,098
Intl BK of Recon & Dev Notes - Coupon Rate 1.875%	4/21/2020	90,000	89,240	US Bank/CAMP	1.90%	89,922
Inter-American Devel BK Note - Coupon Rate 1.625%	5/12/2020	150,000	148,262	US Bank/CAMP	1.70%	149,645
Intl BK of Recon & Dev Notes - Coupon Rate 1.561%	9/12/2020	90,000	88,484	US Bank/CAMP	1.64%	89,784
Inter-American Development Bank - Coupon Rate 2.125%	11/9/2020	90,000	89,258	US Bank/CAMP	1.81%	90,834
Intl Finance Note - Coupon Rate 2.250%	1/25/2021	70,000	69,553	US Bank/CAMP	2.35%	69,794
Intl Finance Corporation Note - Coupon Rate 2.635%	3/9/2021	90,000	89,978	US Bank/CAMP	2.66%	89,933
Inter-American Dev Bank Note - Coupon Rate 1.875%	3/15/2021	200,000	197,184	US Bank/CAMP	2.56%	196,046
Inter-American Dev Bank Note - Coupon Rate 2.625%	4/19/2021	70,000	70,050	US Bank/CAMP	2.70%	69,846
CA ST TXBL GO Bonds- Coupon Rate 2.800%	4/1/2021	100,000	100,334	US Bank/CAMP	2.80%	100,004
FNA 2018-MS A2- Coupon Rate 3.560%	9/25/2021	51,747	52,353	US Bank/CAMP	2.27%	52,776
FNMA Notes - Coupon Rate 1.000%	8/28/2019	500,000	495,684	US Bank/CAMP	1.10%	498,650
FNMA Notes - Coupon Rate 1.500%	2/28/2020	200,000	197,889	US Bank/CAMP	1.52%	199,872
Federal Notes		3,366,747	3,328,231			3,342,711
US Bankcorp (Callable) Notes - Coupon Rate 2.200%	4/25/2019	150,000	149,844	US Bank/CAMP	1.47%	152,727
American Honda Finance - Coupon Rate 1.200%	7/12/2019	150,000	149,004	US Bank/CAMP	1.48%	148,887
Goldman Sachs Group Inc - Coupon Rate 1.950%	7/23/2019	60,000	59,761	US Bank/CAMP	1.96%	59,993
Cisco Systems Notes - Coupon Rate 1.400%	9/20/2019	150,000	148,884	US Bank/CAMP	1.42%	149,931
Honeywell International Corp. Notes - Coupon Rate 1.800%	10/30/2019	25,000	24,844	US Bank/CAMP	1.84%	24,981
American Express Credit Corp. - Coupon Rate 1.700%	10/30/2019	100,000	99,213	US Bank/CAMP	1.99%	99,240
Citigroup Inc. Corp. Note - Coupon Rate 2.450%	1/10/2020	50,000	49,775	US Bank/CAMP	1.90%	50,607
BB&T Corp. Note - Coupon Rate 2.450%	1/15/2020	100,000	99,621	US Bank/CAMP	2.08%	101,053
Morgan Stanley Corp. Bonds - Coupon Rate 2.650%	1/27/2020	40,000	39,876	US Bank/CAMP	2.35%	40,346
IBM Corp. Notes - Coupon Rate 1.900%	1/27/2020	100,000	99,189	US Bank/CAMP	1.93%	99,904
Microsoft Corp. Note - Coupon Rate 1.850%	2/6/2020	90,000	89,337	US Bank/CAMP	1.87%	89,940
Apple Inc. Bonds - Coupon Rate 1.900%	2/7/2020	80,000	79,516	US Bank/CAMP	1.92%	79,961
Chevron Corp Notes - Coupon Rate 1.991%	3/3/2020	70,000	69,498	US Bank/CAMP	1.99%	70,000
Walt Disney Corp Notes - Coupon Rate 1.950%	3/4/2020	20,000	19,841	US Bank/CAMP	1.96%	19,995
Exxon Mobil Corp Note - Coupon Rate 1.912%	3/6/2020	90,000	89,337	US Bank/CAMP	1.75%	90,402
John Deere Capital Corp. - Coupon Rate 2.200%	3/13/2020	40,000	39,738	US Bank/CAMP	2.23%	39,969
Goldman Sachs Group Inc Corp Notes - Coupon Rate 2.600%	4/23/2020	30,000	29,842	US Bank/CAMP	2.28%	30,226
General Dynamics Corp. - Coupon Rate 2.875%	5/11/2020	50,000	50,112	US Bank/CAMP	3.06%	49,823
Apple Inc. Bonds - Coupon Rate 1.800%	5/11/2020	60,000	59,437	US Bank/CAMP	1.84%	59,939
Intel Corp Notes - Coupon Rate 1.850%	5/11/2020	90,000	89,161	US Bank/CAMP	1.86%	89,966
Home Depot Inc Corp Notes - Coupon Rate 1.800%	6/5/2020	40,000	39,505	US Bank/CAMP	1.82%	39,977
Walt Disney Corp Notes - Coupon Rate 1.800%	6/5/2020	70,000	69,186	US Bank/CAMP	1.84%	69,919
John Deere Capital Corp Notes - Coupon Rate 1.950%	6/22/2020	20,000	19,768	US Bank/CAMP	1.97%	19,988
State Street Corp Notes - Coupon Rate 2.550%	8/18/2020	10,000	9,960	US Bank/CAMP	1.83%	10,208
State Street Corp Notes - Coupon Rate 2.550%	8/18/2020	70,000	69,717	US Bank/CAMP	1.82%	71,471
Caterpillar Finl Service Note - Coupon Rate 1.850%	9/4/2020	70,000	69,084	US Bank/CAMP	1.88%	69,941
Citigroup Inc Corp Notes - Coupon Rate 2.650%	10/26/2020	40,000	39,706	US Bank/CAMP	2.34%	40,360
Paccar Financial Corp Notes - Coupon Rate 2.050%	11/13/2020	20,000	19,714	US Bank/CAMP	2.05%	19,998
VISA Inc. (Callable) Corp Notes - Coupon Rate 2.200%	12/14/2020	20,000	19,870	US Bank/CAMP	1.85%	20,220
Wal-Mart Stores Inc. Corp. Note - Coupon Rate 1.900%	12/15/2020	90,000	88,840	US Bank/CAMP	1.95%	89,870
Paccar Financial Corp Notes - Coupon Rate 2.800%	3/1/2021	30,000	29,838	US Bank/CAMP	2.82%	29,985
National Rural Util Coop - Coupon Rate 2.900%	3/15/2021	35,000	34,952	US Bank/CAMP	2.94%	34,961
United Parcel Service Corporate Bond - Coupon Rate 2.050%	4/1/2021	90,000	88,442	US Bank/CAMP	2.10%	89,858
Toyota Motor Credit Corp Notes - Coupon Rate 2.950%	4/13/2021	90,000	90,280	US Bank/CAMP	2.96%	89,964
Pepsico Inc. Corp. Note - Coupon Rate 2.000%	4/15/2021	30,000	29,646	US Bank/CAMP	2.01%	29,994
Hershey Company Corp. Note - Coupon Rate 3.100%	5/15/2021	40,000	40,174	US Bank/CAMP	3.12%	39,972
American Express Co. - Coupon Rate 3.375%	5/17/2021	45,000	45,385	US Bank/CAMP	3.38%	44,992
Charles Schwab Corp. Corp. Notes - Coupon Rate 3.250%	5/21/2021	55,000	55,397	US Bank/CAMP	3.25%	54,998
Bank of America Note - Coupon Rate 2.328%	10/1/2021	90,000	88,864	US Bank/CAMP	2.33%	90,000
Corporate Notes		2,500,000	2,484,158			2,504,565
Bank of Montreal Chicago CD - Coupon Rate 1.880%	2/7/2019	180,000	179,989	US Bank/CAMP	1.90%	180,000
Sumitomo Mitsui Bank CD - Coupon Rate 2.050%	5/3/2019	180,000	179,766	US Bank/CAMP	2.05%	180,000
Skandinav Enskilda Banken NY CD - Coupon Rate 1.840%	8/2/2019	180,000	179,297	US Bank/CAMP	1.85%	179,930
MUFG Bank LTD/NY CD- Coupon Rate 2.070%	9/25/2019	100,000	99,484	US Bank/CAMP	2.07%	100,000
Credit Suisse New York CD- Coupon Rate 2.670%	2/7/2020	100,000	100,046	US Bank/CAMP	2.67%	100,000
Nordea Bank AB NY CD- Coupon Rate 2.720%	2/20/2020	90,000	90,144	US Bank/CAMP	2.72%	90,000
Bank of Nova Scotia Houston CD - Coupon Rate 3.080%	6/5/2020	100,000	100,599	US Bank/CAMP	3.10%	99,962
Westpac Banking Corp NY CD - Coupon Rate 2.050%	8/3/2020	150,000	148,659	US Bank/CAMP	2.05%	150,000
Swedbank (NewYork) CD- Coupon Rate 2.270%	11/16/2020	135,000	133,257	US Bank/CAMP	2.30%	135,000
Royal Bank of Canada NY CD- Coupon Rate 3.240%	6/7/2021	100,000	100,689	US Bank/CAMP	3.24%	100,000
Certificate of Deposit		1,315,000	1,311,930			1,314,892
CNH 2017-A A2 -Coupon Rate 1.640%	7/15/2020	8,765	8,760	US Bank/CAMP	1.80%	8,765
Toyota ABS 2017-A A3 - Coupon Rate 1.730%	2/15/2021	41,481	41,245	US Bank/CAMP	1.74%	41,477
John Deere ABS 2017-A A3 - Coupon Rate 1.780%	4/15/2021	24,224	24,069	US Bank/CAMP	1.79%	24,221
Toyota ABS 2017-B A3 - Coupon Rate 1.760%	7/15/2021	100,000	99,206	US Bank/CAMP	1.76%	99,992
Honda ABS 2017-1 A3 - Coupon Rate 1.720%	7/21/2021	30,693	30,455	US Bank/CAMP	1.72%	30,691
Hyundai ABS 2017-A A3 - Coupon Rate 1.760%	8/15/2021	39,373	39,076	US Bank/CAMP	1.76%	39,370
Nissan ABS 2017-A A3 - Coupon Rate 1.740%	8/15/2021	49,866	49,498	US Bank/CAMP	1.74%	49,860
Ally ABS 2017-2 A3 - Coupon Rate 1.780%	8/15/2021	56,819	56,443	US Bank/CAMP	1.79%	56,813
Honda ABS 2017-2 A3 - Coupon Rate 1.680%	8/16/2021	90,000	89,263	US Bank/CAMP	1.68%	89,992
CCCIT 2017-A9 A9 - Coupon Rate 1.800%	9/20/2021	100,000	99,402	US Bank/CAMP	1.80%	99,993
John Deere ABS 2017-B A3 - Coupon Rate 1.820%	10/15/2021	30,000	29,705	US Bank/CAMP	1.82%	29,998
Ford ABS 2017-B A3 - Coupon Rate 1.690%	11/15/2021	70,000	69,308	US Bank/CAMP	1.69%	69,997
American Express 2017-4 A - Coupon Rate 1.640%	12/15/2021	100,000	99,678	US Bank/CAMP	1.65%	99,984
Hyundai ABS 2017-B A3 - Coupon Rate 1.770%	1/15/2022	80,000	79,019	US Bank/CAMP	1.78%	79,986
Allya 2017-5 A3 - Coupon Rate 1.990%	3/15/2022	70,000	69,445	US Bank/CAMP	1.99%	69,995
Fordo 2017-C A3 - Coupon Rate 2.010%	3/15/2022	110,000	109,049	US Bank/CAMP	2.02%	109,980
Citibank 2017-A3 A3 - Coupon Rate 1.920%	4/7/2022	100,000	99,011	US Bank/CAMP	1.82%	100,267
JDOT 2018-A A3 - Coupon Rate 2.660%	4/15/2022	20,000	19,908	US Bank/CAMP	2.66%	19,999
Hart 2018-A A3 - Coupon Rate 2.790%	7/15/2022	35,000	35,002	US Bank/CAMP	2.80%	34,995
MBart 2018-1 A3 - Coupon Rate 3.030%	1/15/2023	55,000	55,144	US Bank/CAMP	3.03%	54,998
CAMP Money Market Fund	NA	NA	844,534	US Bank/CAMP	2.62%	844,534
Asset Based Securities & Money Market		1,211,222	2,047,219			2,055,905
Total Camp Investments		8,392,969	9,171,538			9,218,073
Operational & Non-Interest Bearing Accounts						
ETWD General Cash Account	NA	NA	833,217	Union Bank of Cal.	0.00%	833,217
ETWD Capital Facilities Reserve Account	NA	NA	45,853	Union Bank of Cal.	0.00%	45,853
ETWD Payroll Account	NA	NA	0	Union Bank of Cal.	0.00%	0
ETWD Petty Cash Account	NA	NA	700	Union Bank of Cal.	0.00%	700
Operational & Non-Interest Accts.			879,770			879,770
			$17,840,957	**Total Investments & Cash**		$17,887,491

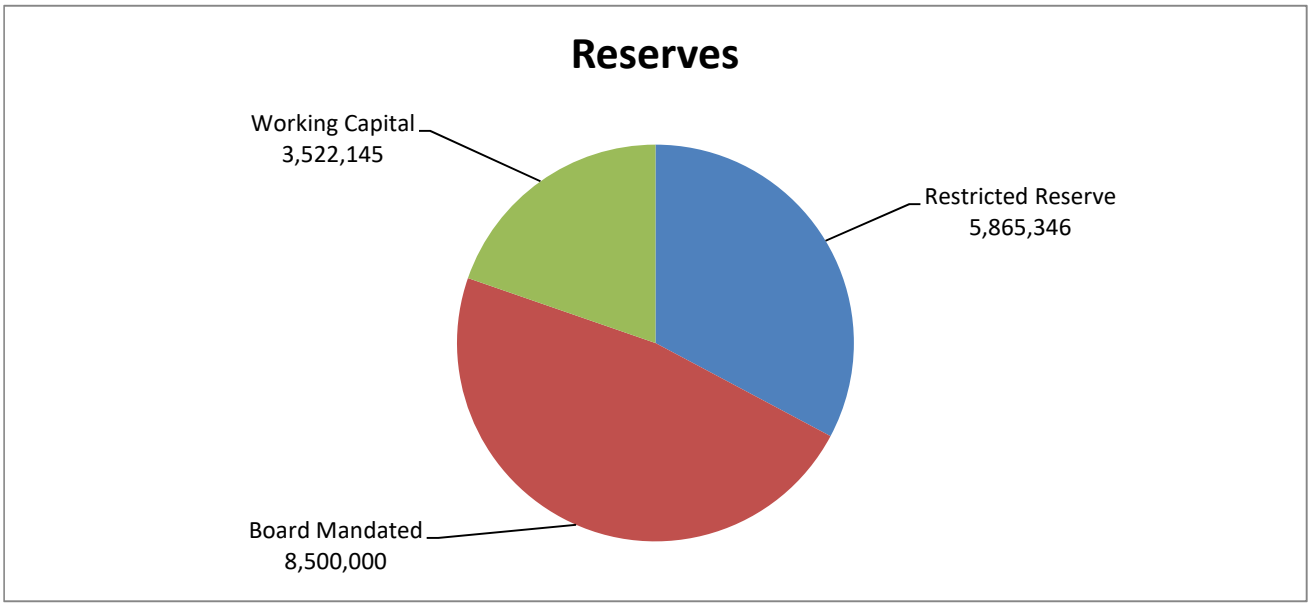




LIQUIDITY

	January 31, 2019			June 30, 2018	
	$	%		$	%
DEMAND	$ 9,513,953	53.19%		$ 4,910,610	35.03%
30 Days	$ 180,000	1.01%		$ -	0.00%
31-180 Days	$ 541,607	3.03%		$ 398,073	2.84%
181 - 360	$ 1,313,489	7.34%		$ 712,727	5.08%
361-1800 Days	$ 6,338,443	35.44%		$ 7,995,983	57.04%
TOTAL	$ 17,887,491	100.00%		$ 14,017,392	100.00%

EL TORO WATER DISTRICT
RESERVE ANALYSIS
31-Jan-19



Restricted Reserve	$	5,865,346
Board Mandated	$	8,500,000
Capital Cash Flow / Compliance	$	3,522,145
Total	**$**	**17,887,491**

Restricted Reserve

SRFL-Recycled	$	1,602,958
Capital Facilities Reserve	$	64,514
Tiered Cons Fund	$	2,479,516
Baker Funding	$	1,718,358
Total	**$**	**5,865,346**

Board Mandated Minimum Reserve Levels

Capital Construction	$	3,000,000
Rate Stabilization	$	2,200,000
Operations	$	1,300,000
Working Capital	$	2,000,000
Total	**$**	**8,500,000**

Six months operating expense requirement:	$11,119,197
Cash less restricted reserve on hand:	$12,022,145

EL TORO WATER DISTRICT
CHANGE IN RESERVES

	January 31, 2019	Year to Date	June 30, 2018
Operating Revenue	1,677,249	15,029,349	25,189,081
Non-operating Revenue	502,869	1,471,260	1,601,543
Total Revenue	2,180,118	16,500,609	26,790,623
Operating Expenses	1,800,781	12,444,438	22,753,546
Depreciation	366,470	2,565,290	4,343,207
Non-operating Expenses	64,088	448,619	790,753
Total Expenses	2,231,339	15,458,347	27,887,506
NET INCOME	(51,222)	1,042,263	(1,096,882)
Non-Cash Items:			
Add: Depreciation	366,470	2,565,290	4,343,207
Change in Notes Receivable/Grant Fund	-	-	-
Loan Proceeds	-	4,977,548	(1,776,305)
Less: Debt Service	-	(1,381,333)	36,668
Capital Improvements	(296,420)	(1,943,702)	(5,604,856)
Total Non-Cash Items	70,050	4,217,802	(3,001,286)
CHANGE IN RESERVES	18,829	5,260,065	(4,098,168)

EL TORO WATER DISTRICT
Cash Sheet
For the month ending January 31, 2019

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
86351	01/10/2019	SOUTH ORANGE COUNTY WASTEWATER AUTHORITY	401,478.00
86341	01/10/2019	MUNICIPAL WATER DISTRICT OF ORANGE CO.	400,258.50
86406	01/24/2019	IRVINE RANCH WATER DISTRICT	147,809.19
86340	01/10/2019	MOULTON NIGUEL WATER DISTRICT	143,724.00
86394	01/24/2019	ACWA HEALTH BENEFITS AUTHORITY	121,944.33
86414	01/24/2019	SO. CALIFORNIA EDISON CO.	116,748.30
86408	01/24/2019	MOULTON NIGUEL WATER DISTRICT	55,216.00
		TOTAL CHECKS OVER $50,000	**$ 1,387,178.32**
		TOTAL CHECKS IN REGISTER	**$ 1,753,671.37**

INTERBANK WIRES / DEBIT TRANSFERS

	01/04/2019	PAYROLL DIRECT DEPOSIT	269,602.93
	01/04/2019	FEDERAL DEPOSIT LIABILITY	43,069.20
	01/04/2019	SDI & STATE TAX	16,223.92
	01/04/2019	WAGE GARNISHMENTS	585.00
	01/04/2019	PRUDENTIAL (401K)	89,708.21
	01/04/2019	PRUDENTIAL (457)	32,147.72
	01/15/2019	PAYROLL BOARD OF DIRECTOR	3,342.82
	01/15/2019	SS, MEDICARE, SDI & STATE TAX	1,109.25
	01/15/2019	PRUDENTIAL (457)	2,556.10
	01/18/2019	PAYROLL DIRECT DEPOSIT	139,739.90
	01/18/2019	FEDERAL DEPOSIT LIABILITY	28,996.10
	01/18/2019	SDI & STATE TAX	11,368.06
	01/18/2019	WAGE GARNISHMENTS	585.00
	01/18/2019	PRUDENTIAL (401K)	50,795.19
	01/18/2019	PRUDENTIAL (457)	16,836.61
	01/31/2019	ADP AND BANK FEES	4,912.17
		TOTAL INTERBANK WIRES / DEBIT TRANSFERS	**$ 711,578.18**
		TOTAL DISBURSEMENTS	**$ 2,465,249.55**

ETWD EMPLOYEES

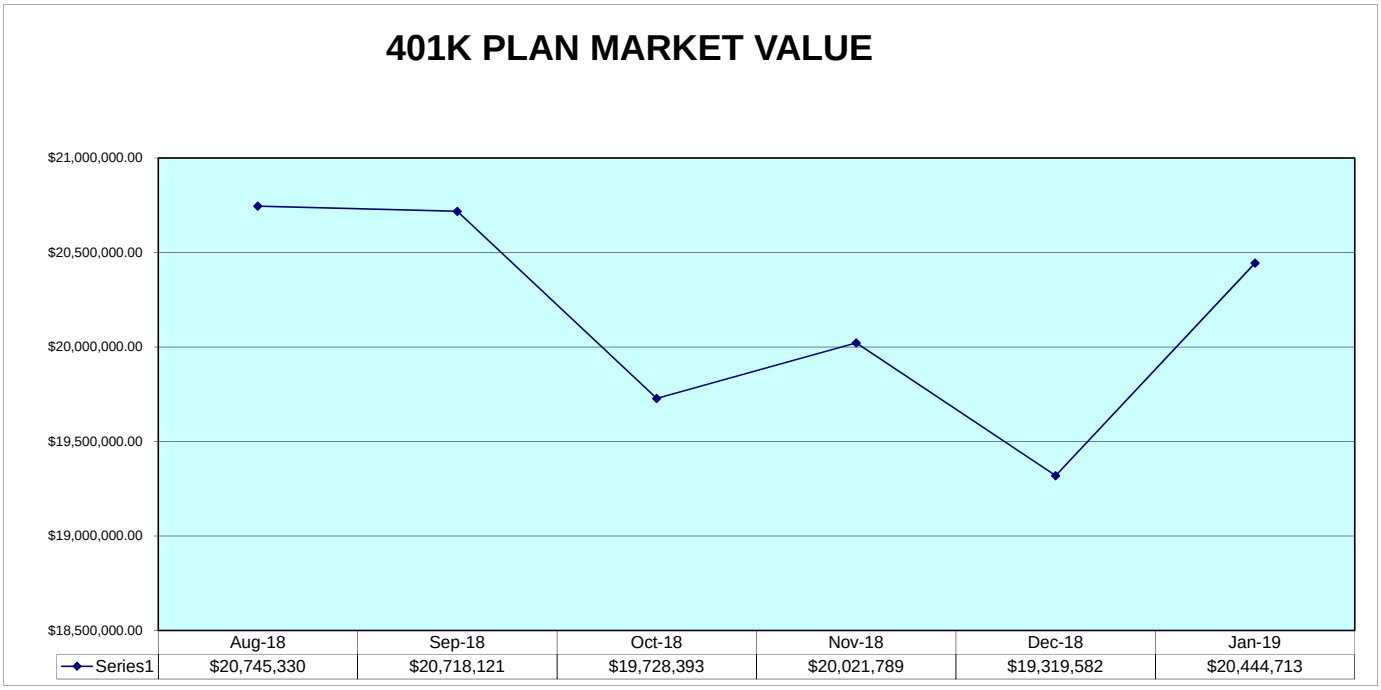
CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
86365	01/17/2019	BRIAN MILLER (Expense Reimbursement)	300.00
86307	01/03/2019	RAYMUND LLADA (Expense Reimbursement)	125.00
86436	01/31/2019	RICK OLSON (Expense Reimbursement)	105.00
86314	01/03/2019	SHERRI A. SEITZ (Expense Reimbursement)	81.81
86282	01/03/2019	ALEX HRADECKY (Expense Reimbursement)	60.00
86416	01/24/2019	STEVE WINGEN (Expense Reimbursement)	60.00
		TOTAL CHECKS TO EMPLOYEES	**$ 731.81**

ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
86375	01/17/2019	JOSE VERGARA (Expense Reimbursement)	134.07
		TOTAL CHECKS TO DIRECTORS	**$ 134.07**

EL TORO WATER DISTRICT

401K PLAN SUMMARY

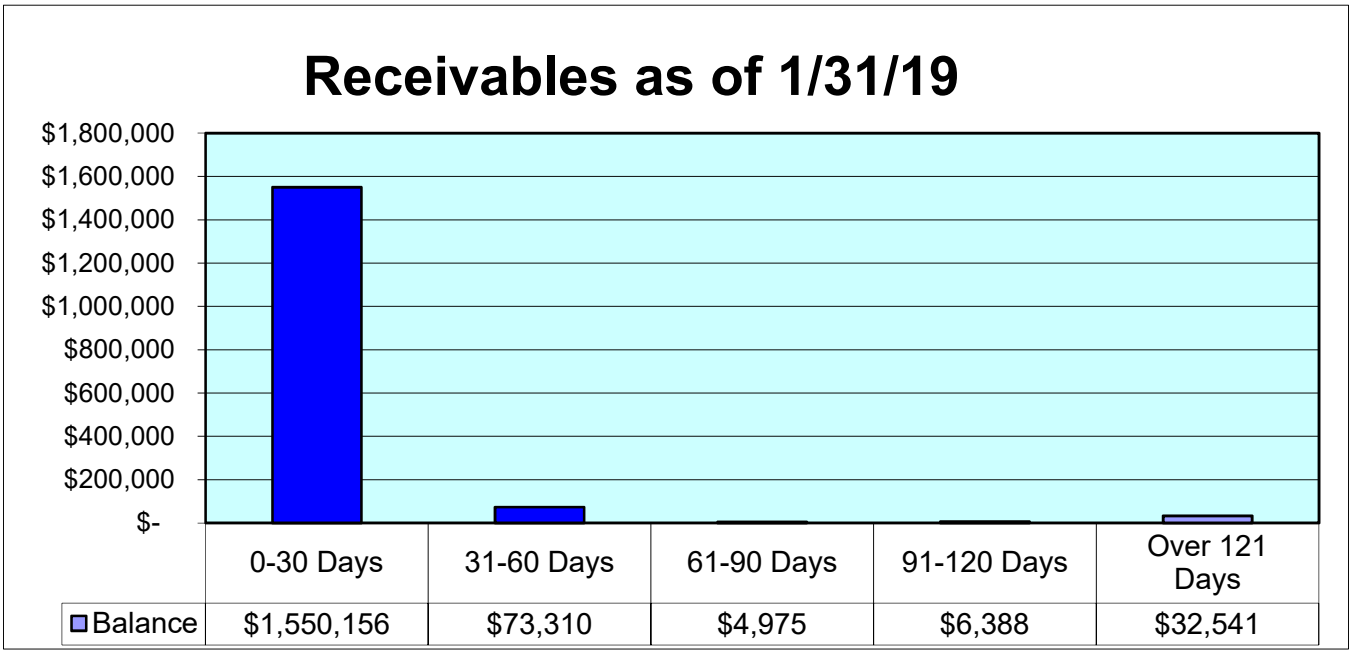


MARKET VALUE SUMMARY

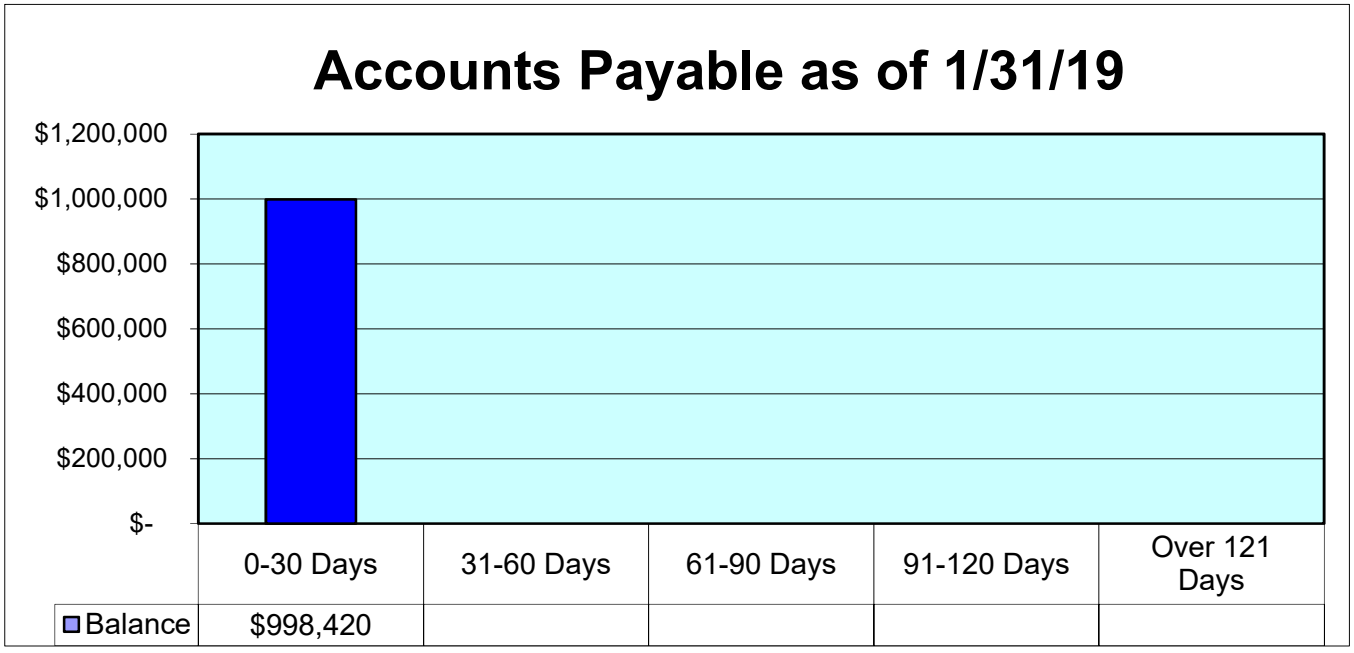
	Growth Under 40 yrs. Old	Capital Appreciation 40 to 44 yrs. Old	Balanced 45 to 49 yrs. Old	Balanced Income 50 to 54 yrs. Old	Income & Growth 55 to 59 yrs. Old	Income 60 to 64 yrs. Old	Capital Pres. Port Over 65 yrs. Old
Balance at July 1, 2018	$ 1,361,579.56	$0.00	$2,590,730.79	$0.00	$11,389,155.42	$0.00	$4,945,449.62
Contributions	160,846.10	39,259.87	83,961.72	139,215.15	195,208.56	123,135.89	88,403.93
Withdrawals	(82,829.35)	0.00	0.00	0.00	(59,980.00)	(65,612.06)	(247,258.27)
Transfers	(107,465.90)	460,635.42	(1,052,400.42)	5,554,333.46	(5,594,854.49)	2,794,956.15	(2,055,204.22)
Interest, dividends and appreciation net of fees and charges	(33,768.24)	(18,412.87)	63,494.42	(188,326.69)	12,510.80	(76,480.29)	24,428.38
Balance at January 31, 2019	$ 1,298,362.17	$481,482.42	$1,685,786.51	$5,505,221.92	$5,942,040.29	$2,775,999.69	$2,755,819.44
Average return YTD January 31, 2019	-2.60%	-3.82%	3.77%	-3.42%	0.21%	-2.76%	0.89%

Average return is calculated by dividing the interest, dividends and appreciation, net of fees by ending fund balance and then annualize.

RECEIVABLES & PAYABLES AGEING



Bad Debts Year to Date: **$399**

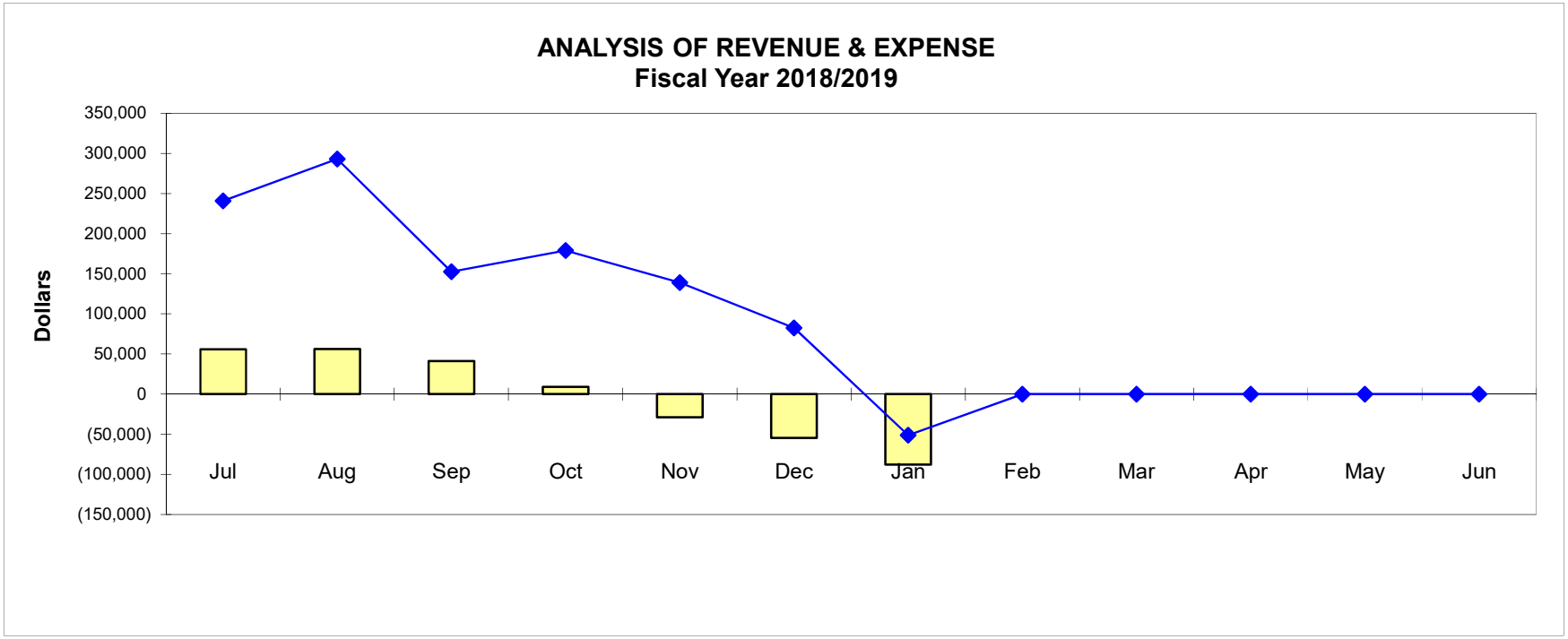


Year to Date Discounts Taken: **$783**

El Toro Water District
Income Statement
January 2019

	Jan 19	Budget	% of Budget	Jul '18 - Jan 19	YTD Budget	% of Budget	Annual Budget
Income							
4600 · Water Service Charge	279,843.24	280,341.25	99.82%	1,933,678.67	1,962,388.75	98.54%	3,364,095.00
4700 · Sanitary Service	628,573.70	650,000.00	96.7%	4,536,925.10	4,550,000.00	99.71%	7,800,000.00
4722 · Recycled Water Tertiary Sales	16,363.07	99,810.49	16.39%	943,252.37	1,029,931.00	91.58%	1,695,000.00
4724 · Service Charge - Recycled Water	18,954.50	18,750.00	101.09%	130,980.20	131,250.00	99.79%	225,000.00
4750 · Capital Facilities Charge	250,248.07	251,250.00	99.6%	1,752,956.48	1,758,750.00	99.67%	3,015,000.00
4800 · Commodity Charge	475,478.27	554,479.87	85.75%	5,543,936.02	5,721,602.79	96.9%	9,416,278.00
4950 · Other Operating Income	7,788.19	4,583.33	169.92%	176,620.18	32,083.35	550.5%	55,000.00
4960 · Other Income	355,434.01	45,812.51	775.85%	686,546.94	320,687.45	214.09%	549,750.00
4967 · SMWD	0.00	9,166.67	0.0%	0.00	64,166.65	0.0%	110,000.00
4970 · MNWD	0.00	1,916.67	0.0%	11,000.00	13,416.65	81.99%	23,000.00
4980 · Interest Income	29,605.30	11,250.00	263.16%	189,967.88	78,750.00	241.23%	135,000.00
4985 · Changes FMV CAMP	16,999.49			53,549.37			
4986 · Changes FMV LAIF	11,546.45			1,944.25			
4990 · Property Taxes	89,283.59	72,916.67	122.45%	539,251.74	510,416.65	105.65%	875,000.00
Total Income	2,180,117.88	2,000,277.46	108.99%	16,500,609.20	16,173,443.29	102.02%	27,263,123.00
Gross Profit	2,180,117.88	2,000,277.46	108.99%	16,500,609.20	16,173,443.29	102.02%	27,263,123.00
Expense							
5100 · Personnel Cost	791,533.84	690,653.10	114.61%	4,662,659.43	4,834,571.75	96.44%	8,287,837.25
5405 · Water Purchases	521,359.77	473,144.51	110.19%	4,512,040.65	4,877,612.45	92.51%	8,027,968.00
5410 · Electrical Power	48,561.94	89,787.48	54.09%	629,894.22	628,512.60	100.22%	1,077,450.00
5415 · Repair Parts & Materials	52,727.28	32,133.75	164.09%	199,629.23	224,936.25	88.75%	385,605.00
5420 · Equipment Maintenance & Repair	13,162.12	8,172.52	161.05%	57,906.62	57,207.40	101.22%	98,070.00
5425 · Pump Maintenance & Repair	2,501.32	10,525.01	23.77%	57,555.78	73,674.95	78.12%	126,300.00
5430 · Motor Maintenance & Repair	7,379.25	2,150.01	343.22%	9,910.25	15,049.95	65.85%	25,800.00
5440 · Electrical/Contl Maint & Repair	15,376.16	5,791.67	265.49%	26,920.08	40,541.65	66.4%	69,500.00
5445 · Meter Maintenance & Repair	0.00	291.66	0.0%	1,644.72	2,041.70	80.56%	3,500.00
5455 · Chemicals	10,876.88	18,008.33	60.4%	124,564.33	126,058.35	98.82%	216,100.00
5460 · Structure Maint & Repair	11,210.94	1,780.00	629.83%	28,310.02	12,460.00	227.21%	21,360.00
5465 · Asphalt Maintenance & Repair	5,740.00	8,141.66	70.5%	60,515.00	56,991.70	106.18%	97,700.00
5470 · Consultants	4,410.20	9,516.67	46.34%	13,152.15	66,616.65	19.74%	114,200.00
5475 · Contractors	133,589.82	102,599.15	130.21%	705,640.46	718,194.25	98.25%	1,231,190.00
5480 · Engineers	940.50	6,333.33	14.85%	12,508.76	44,333.35	28.22%	76,000.00
5482 · Dump Fees	925.59	1,333.34	69.42%	6,589.21	9,333.30	70.6%	16,000.00
5485 · Laboratory	11,922.56	2,950.00	404.16%	25,649.90	20,650.00	124.21%	35,400.00
5490 · License & Permits	12,524.96	10,736.30	116.66%	102,743.68	75,153.50	136.71%	128,835.00
5495 · Gas & Oil	9,302.23	7,500.00	124.03%	58,840.57	52,500.00	112.08%	90,000.00
5500 · Equipment Rental	736.52	1,366.67	53.89%	10,001.59	9,566.65	104.55%	16,400.00
5505 · Landscaping	6,021.00	8,671.67	69.43%	86,827.62	60,701.65	143.04%	104,060.00
5510 · Small Tools & Equipment	3,614.99	5,129.17	70.48%	24,997.96	35,904.15	69.62%	61,550.00
5515 · Security	0.00	1,587.94	0.0%	10,942.66	11,115.30	98.45%	19,055.00
5520 · Operating Supplies	5,834.36	4,333.33	134.64%	29,838.79	30,333.35	98.37%	52,000.00
5525 · Safety Equipment	7,735.51	3,216.67	240.48%	9,741.15	22,516.65	43.26%	38,600.00
5530 · Temporary Help	0.00	2,833.34	0.0%	0.00	19,833.30	0.0%	34,000.00
5535 · Other Employee Cost	9,259.30	7,500.00	123.46%	75,809.76	52,500.00	144.4%	90,000.00
5540 · Depreciation	366,470.00	358,333.33	102.27%	2,565,290.00	2,508,333.35	102.27%	4,300,000.00
5545 · Insurance	44,957.39	40,712.49	110.43%	304,692.78	284,987.55	106.91%	488,550.00
5555 · Advertising & Publicity	0.00	208.33	0.0%	200.00	1,458.35	13.71%	2,500.00
5560 · Amortization	570.49	570.83	99.94%	3,993.43	3,995.85	99.94%	6,850.00
5570 · Annual Event	14.48	445.83	3.25%	5,585.07	3,120.85	178.96%	5,350.00
5575 · Audit	0.00	2,500.00	0.0%	19,500.00	17,500.00	111.43%	30,000.00
5580 · Bad Debts	0.00	1,666.67	0.0%	399.16	11,666.65	3.42%	20,000.00
5585 · Bank Charges	4,912.17	4,708.33	104.33%	36,708.16	32,958.35	111.38%	56,500.00
5590 · Data Processing Supply & Access	702.03	3,041.66	23.08%	13,331.32	21,291.70	62.61%	36,500.00
5595 · Data Processing Equipment	5,707.61	3,333.34	171.23%	13,738.33	23,333.30	58.88%	40,000.00
5600 · Data Processing Consultants	1,800.00	2,083.33	86.4%	32,888.00	14,583.35	225.52%	25,000.00
5605 · Directors Fees	6,908.00	8,750.00	78.95%	63,724.00	61,250.00	104.04%	105,000.00
5610 · Dues & Memberships	6,256.07	6,833.33	91.55%	51,477.86	47,833.35	107.62%	82,000.00
5615 · Education & Training	4,605.65	2,437.50	188.95%	20,831.90	17,062.50	122.09%	29,250.00
5620 · Election Expense	0.00	2,500.00	0.0%	0.00	17,500.00	0.0%	30,000.00
5625 · Employee Service Awards	1,321.39	483.33	273.39%	3,916.65	3,383.35	115.76%	5,800.00
5630 · Software Maintenance & Licenses	2,597.70	13,416.67	19.36%	66,996.96	93,916.65	71.34%	161,000.00
5640 · Interest Expense	64,088.38	64,088.42	100.0%	448,618.66	448,618.90	100.0%	769,061.00
5645 · Janitorial	2,775.00	2,816.67	98.52%	19,752.00	19,716.65	100.18%	33,800.00
5650 · Legal	5,177.20	12,500.00	41.42%	52,237.57	87,500.00	59.7%	150,000.00
5655 · Meets, Conventions & Travel	697.45	3,250.00	21.46%	16,801.74	22,750.00	73.85%	39,000.00
5657 · Meets, Con & Travel - Directors	5,178.62	2,333.33	221.94%	22,209.08	16,333.35	135.97%	28,000.00
5660 · Office Supplies	1,874.80	1,916.67	97.82%	7,928.03	13,416.65	59.09%	23,000.00
5670 · Postage	271.44	1,708.33	15.89%	5,298.30	11,958.35	44.31%	20,500.00
5675 · Printing & Reproduction	712.83	1,750.00	40.73%	7,593.03	12,250.00	61.98%	21,000.00
5680 · Property Tax	102.89	458.33	22.45%	3,817.11	3,208.35	118.97%	5,500.00
5685 · Public Education & Outreach	5,520.22	18,600.00	29.68%	49,647.58	130,200.00	38.13%	223,200.00
5690 · Publications & Subscriptions	510.22	250.00	204.09%	2,072.05	1,750.00	118.4%	3,000.00
5695 · Communications	8,872.06	8,500.00	104.38%	63,610.38	59,500.00	106.91%	102,000.00
5700 · Utilities	1,488.34	1,775.00	83.85%	10,652.88	12,425.00	85.74%	21,300.00
Total Expense	2,231,339.47	2,088,159.00	106.86%	15,458,346.62	16,182,713.25	95.52%	27,408,141.25

	Jan 19	Budget	% of Budget	Jul '18 - Jan 19	YTD Budget	% of Budget	Annual Budget
Net Income	**-51,221.59**	**-87,881.54**	**58.29%**	**1,042,262.58**	**-9,269.96**	**-11,243.44%**	**-145,018.25**

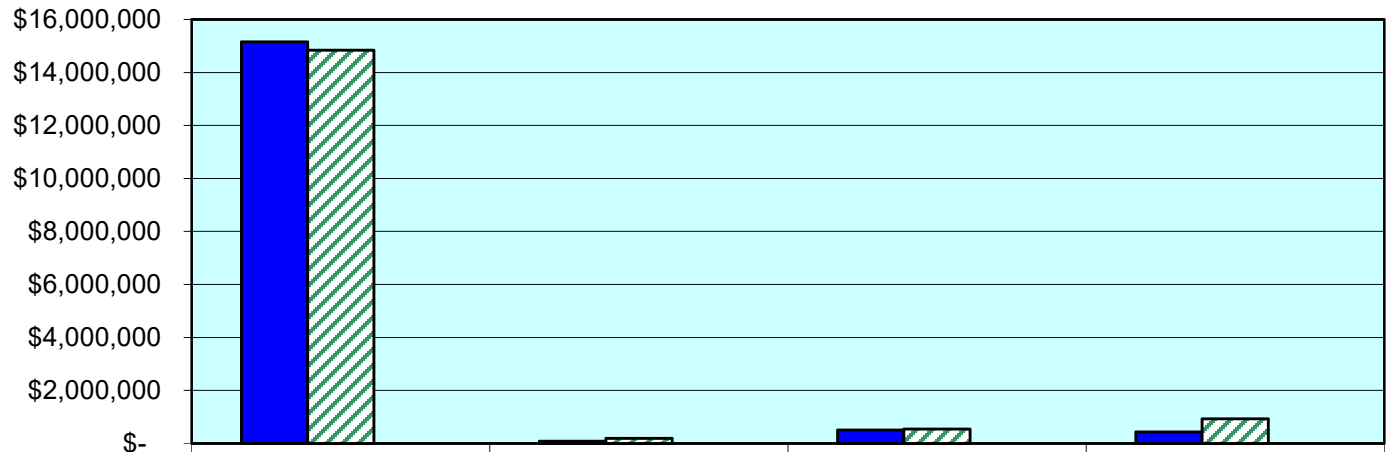


ANALYSIS OF REVENUES & EXPENSES
BUDGET COMPARED TO ACTUAL
FISCAL YEAR 2018/2019

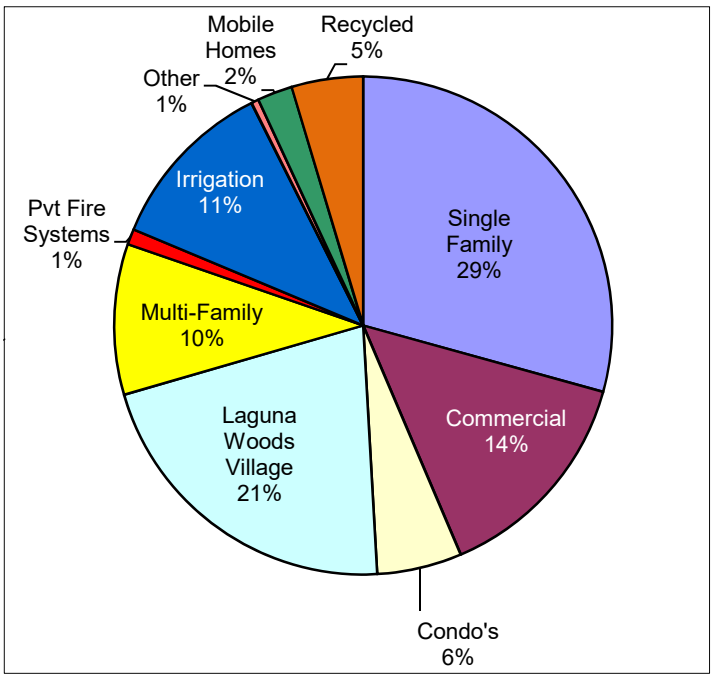
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget												
Revenue	2,515,047	2,517,047	2,463,124	2,347,535	2,210,901	2,119,512	2,000,277					
Expense	2,459,295	2,460,738	2,421,860	2,338,524	2,240,013	2,174,124	2,088,159					
Profit/Loss	55,752	56,309	41,264	9,012	(29,113)	(54,612)	(87,882)	0	0	0	0	0
Actual												
Revenue	2,470,725	2,786,638	2,286,776	2,499,456	2,111,415	2,165,482	2,180,118					
Expense	2,229,745	2,493,502	2,134,197	2,320,325	1,972,404	2,082,932	2,231,339					
Profit/Loss	240,979	293,137	152,579	179,132	139,011	82,549	(51,222)	0	0	0	0	0

EL TORO WATER DISTRICT
REVENUES FROM WATER & WASTE WATER SALES AS OF 1/31/19

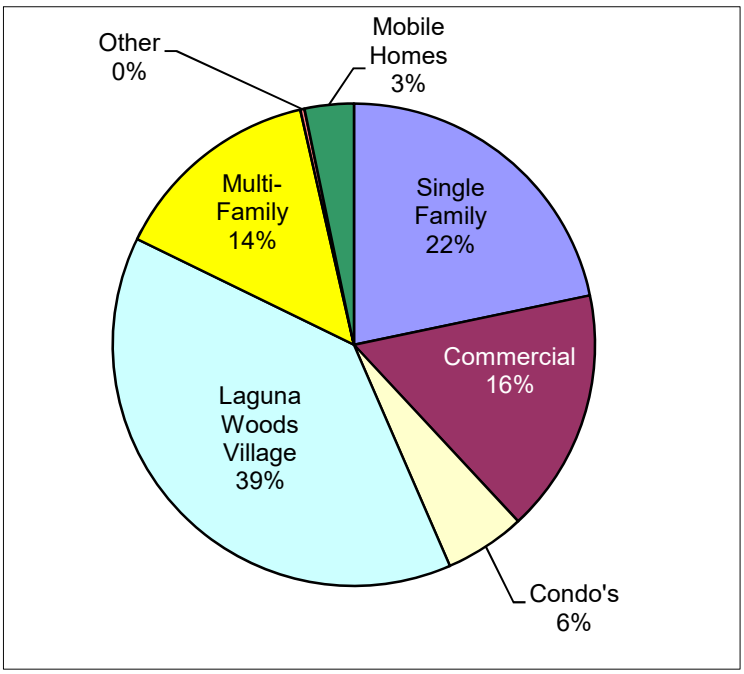
Where the Money Comes From



	Rates	Interest Income	Property Taxes	Other Non-Rate
Budget YTD	$15,153,923	$78,750	$510,417	$430,354
Actual YTD	$14,841,729	$189,968	$539,252	$929,661
% of Total	89.95%	1.15%	3.27%	5.63%



WATER REVENUE YTD 2018/2019



WASTE WATER REVENUE YTD 2018/2019

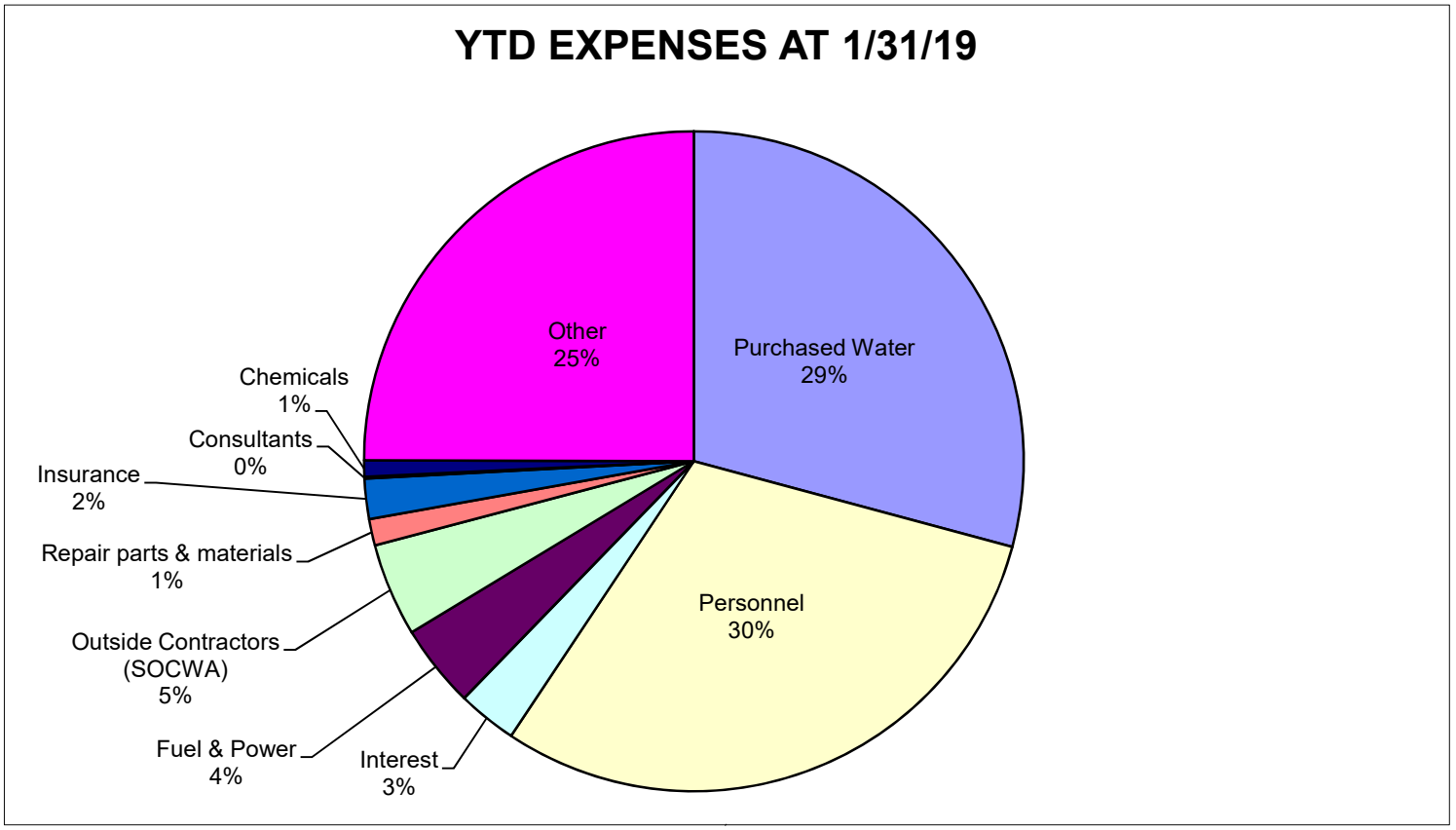
EL TORO WATER DISTRICT
REVENUE COMPARISON
For the Month Ended January 31, 2019

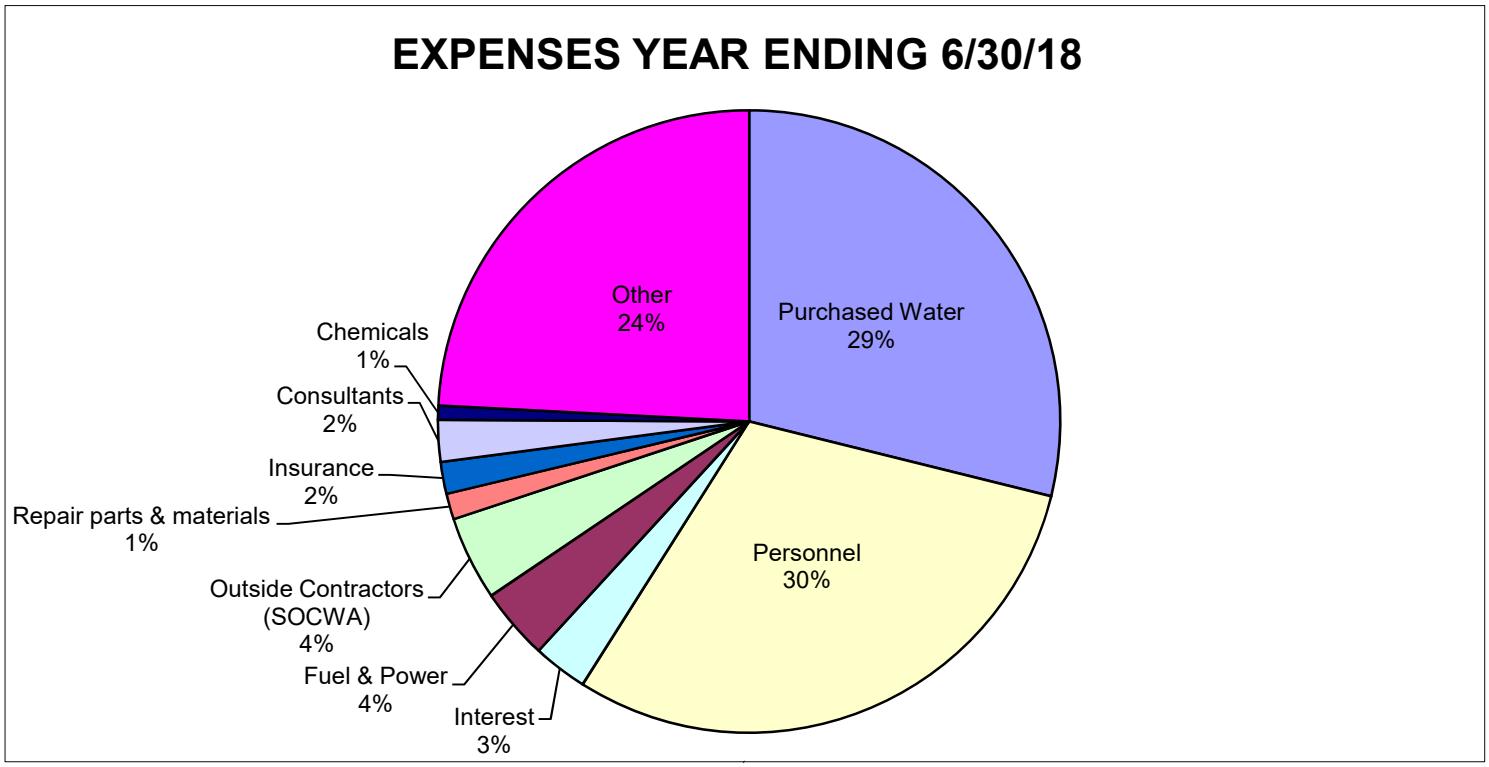
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	BUDGET	REMAINING BUDGET
From Rates										
Capital Facilities Charge	$ 250,248	$ 251,250	$ (1,002)	0%	$ 1,752,956	$ 1,758,750	$ (5,794)	0%	$ 3,015,000	$ 1,262,044
Water sales - Commodity	475,478	554,480	(79,002)	-14%	5,543,936	5,721,603	(177,667)	-3%	9,416,278	3,872,342
Water sales - Fixed Meter	279,843	280,341	(498)	0%	1,933,679	1,962,389	(28,710)	-1%	3,364,095	1,430,416
Waste water sales	628,574	650,000	(21,426)	-3%	4,536,925	4,550,000	(13,075)	0%	7,800,000	3,263,075
Recycled water tertiary sales	16,363	99,810	(83,447)	-84%	943,252	1,029,931	(86,679)	-8%	1,695,000	751,748
Service charge - Recycled water	18,955	18,750	205	1%	130,980	131,250	(270)	0%	225,000	94,020
TOTAL FROM RATES	1,669,461	1,854,632	(185,171)	-10%	14,841,729	15,153,923	(312,194)	-2%	25,515,373	10,673,644
Non-rate Revenue										
Admin fee	5,033	1,600	3,433	215%	158,000	11,200	146,800	1311%	19,200	(138,800)
48 Hour notice fee	2,415	2,451	(36)	-1%	16,700	17,160	(460)	-3%	29,416.44	12,716
Restoration fee	210	370	(160)	-43%	1,120	2,590	(1,470)	-57%	4,440	3,320
Unpaid check fee	130	150	(20)	-13%	750	1,050	(300)	-29%	1,800	1,050
Cut lock fee	-	12	(12)	-100%	50	84	(34)	-40%	144	94
TOTAL NON-RATE	7,788	4,583	3,205	70%	176,620	32,084	144,537	451%	55,000	(121,620)
Other Revenue										
Interest	29,605	11,250	18,355	163%	189,968	78,750	111,218	141%	135,000	(54,968)
Change FMV Investment	28,546	-	28,546	0%	55,494	-	55,494	0%	-	(55,494)
Property taxes	89,284	72,917	16,367	22%	539,252	510,417	28,835	6%	875,000	335,748
Other	355,434	45,813	309,621	676%	686,547	320,687	365,859	114%	549,750	(136,797)
TOTAL OTHER REVENUE	502,869	129,979	372,890	287%	1,471,260	909,854	561,406	62%	1,559,750	88,490
Contract Service										
Santa Margarita W. D.	-	9,167	(9,167)	-100%	-	64,167	(64,167)	-100%	110,000	110,000
Moulton Niguel W. D.	-	1,917	(1,917)	-100%	11,000	13,417	(2,417)	-18%	23,000	12,000
TOTAL CONTRACT SERVICES	-	11,083	(11,083)	-100%	11,000	77,583	(66,583)	-86%	133,000	122,000
TOTAL REVENUE	$ 2,180,118	$ 2,000,278	$ 179,840	9%	$ 16,500,609	$ 16,173,444	$ 327,166	2%	$ 27,263,123	$ 10,762,514

EL TORO WATER DISTRICT
NON-RATE REVENUE ANALYSIS
FOR THE MONTH ENDING January 31, 2019

	Jan-19 Actual	Jan-19 Budget	Jul 18- Jan 19 YTD Actual	Jul 18- Jan 19 YTD Budget
Site Leases	12,755	26,229	110,225	183,604
MWD Recycled Water LRP Rebate	18,500	17,917	208,650	125,417
JPIA Refund	-	-	3,982	-
SOCWA Settlement	296,618	-	296,618	-
Recycled Metal	1,660	-	14,543	-
Diesel Fuel Tax Refund	-	-	248	-
Equipment Sales	25,900	-	25,900	-
Edison Rebate for Turbo Blower	-		21,694	-
Misc Work for Customers	-	1,667	4,686	11,667
	$ 355,434	$ 45,813	$ 686,547	$ 320,688
Other Operating Income				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	-		-	
Total	355,434		686,547	

WHERE THE MONEY GOES





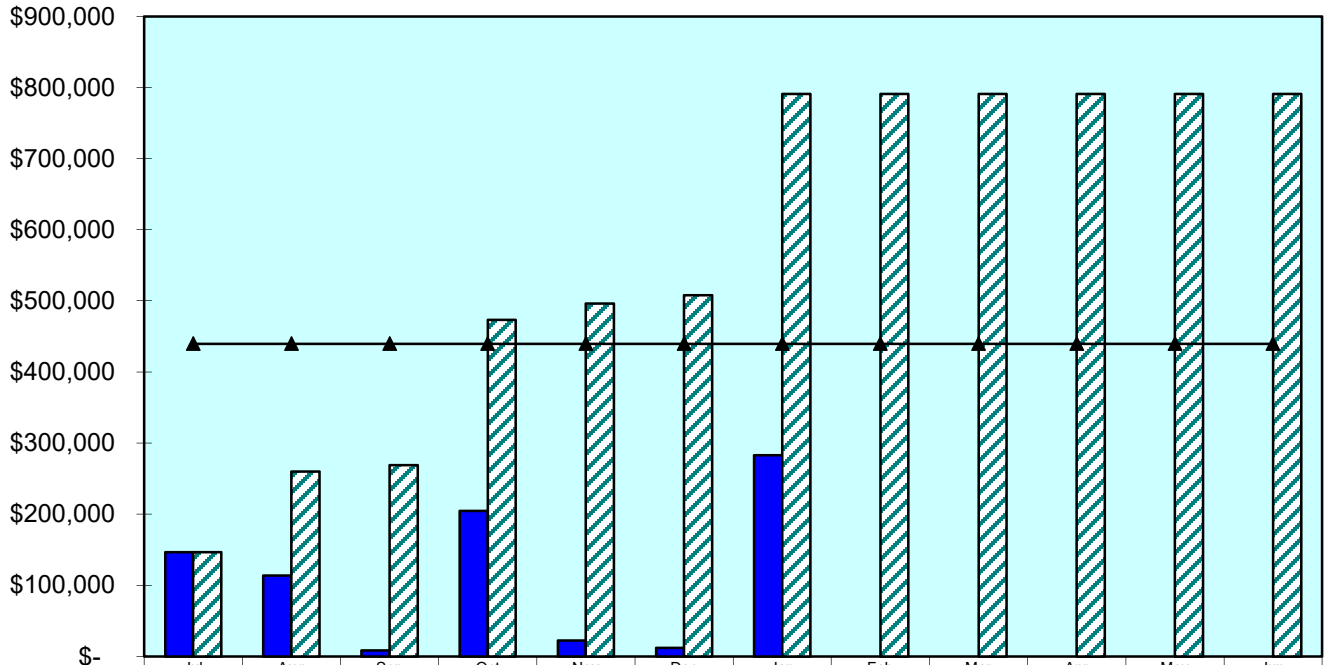
EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended January 31, 2019

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
Operating Expenses										
Personnel cost	$791,534	$690,653	($100,881)	-15%	$4,662,659	$4,834,572	$171,912	4%	$8,287,837	3,625,178
Purchased water	521,360	473,145	(48,215)	-10%	4,512,041	4,877,612	365,572	7%	8,027,968	3,515,927
Electrical power	48,562	89,787	41,226	46%	629,894	628,513	(1,382)	0%	1,077,450	447,556
Repair parts & materials	52,727	32,134	(20,594)	-64%	199,629	224,936	25,307	11%	385,605	185,976
Equipment repairs & maintenance	13,162	8,173	(4,990)	-61%	57,907	57,207	(699)	-1%	98,070	40,163
Pump repairs & maintenance	2,501	10,525	8,024	76%	57,556	73,675	16,119	22%	126,300	68,744
Motor repairs & maintenance	7,379	2,150	(5,229)	-243%	9,910	15,050	5,140	34%	25,800	15,890
Electrical repairs & maintenance	15,376	5,792	(9,584)	-165%	26,920	40,542	13,622	34%	69,500	42,580
Meter repairs & maintenance	-	292	292	100%	1,645	2,042	397	19%	3,500	1,855
Chemicals	10,877	18,008	7,131	40%	124,564	126,058	1,494	1%	216,100	91,536
Structure repairs & maintenance	11,211	1,780	(9,431)	-530%	28,310	12,460	(15,850)	-127%	21,360	(6,950)
Asphalt repairs & maintenance	5,740	8,142	2,402	29%	60,515	56,992	(3,523)	-6%	97,700	37,185
Consultants - outside	4,410	9,517	5,106	54%	13,152	66,617	53,465	80%	114,200	101,048
Contractors - outside	133,590	102,599	(30,991)	-30%	705,640	718,194	12,554	2%	1,231,190	525,550
Engineers - outside	941	6,333	5,393	85%	12,509	44,333	31,825	72%	76,000	63,491
Dump fees	926	1,333	408	31%	6,589	9,333	2,744	29%	16,000	9,411
Laboratories	11,923	2,950	(8,973)	-304%	25,650	20,650	(5,000)	-24%	35,400	9,750
License & permits	12,525	10,736	(1,789)	-17%	102,744	75,154	(27,590)	-37%	128,835	26,091
Automotive fuel & oil	9,302	7,500	(1,802)	-24%	58,841	52,500	(6,341)	-12%	90,000	31,159
Equipment rental	737	1,367	630	46%	10,002	9,567	(435)	-5%	16,400	6,398
Landscaping	6,021	8,672	2,651	31%	86,828	60,702	(26,126)	-43%	104,060	17,232
Small tools & equipment	3,615	5,129	1,514	30%	24,998	35,904	10,906	30%	61,550	36,552
Security	-	1,588	1,588	100%	10,943	11,115	173	2%	19,055	8,112
Operating supplies	5,834	4,333	(1,501)	-35%	29,839	30,333	495	2%	52,000	22,161
Safety equipment	7,736	3,217	(4,519)	-140%	9,741	22,517	12,776	57%	38,600	28,859
Temporary help	-	2,833	2,833	100%	0	19,833	19,833	100%	34,000	34,000
Other employee cost	9,259	7,500	(1,759)	-23%	75,810	52,500	(23,310)	-44%	90,000	14,190
Employee service awards	1,321	483	(838)	-173%	3,917	3,383	(533)	-16%	5,800	1,883
Education & training	4,606	2,438	(2,168)	-89%	20,832	17,063	(3,769)	-22%	29,250	8,418
Total Operating Expenses	1,693,174	1,519,108	(174,066)	-11%	11,569,583	12,199,357	629,774	5%	20,579,530	9,009,947

EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended January 31, 2019

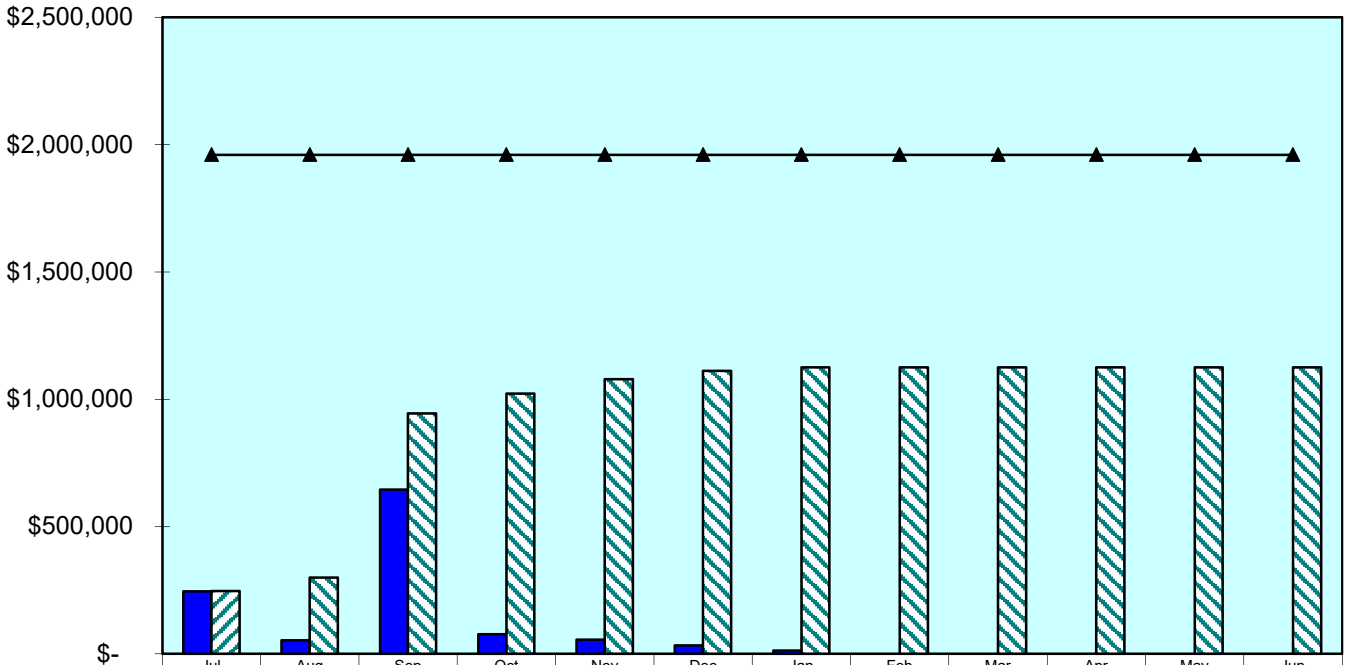
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
Indirect Cost										
Depreciation	366,470	358,333	(8,137)	-2%	2,565,290	2,508,333	(56,957)	-2%	4,300,000	1,734,710
Amortization	570	571	0	0%	3,993	3,996	2	0%	6,850	2,857
Insurance	44,957	40,712	(4,245)	-10%	304,693	284,988	(19,705)	-7%	488,550	183,857
Data processing supplies & assc.	702	3,042	2,340	77%	13,331	21,292	7,960	37%	36,500	23,169
Data processing equipment	5,708	3,333	(2,374)	-71%	13,738	23,333	9,595	41%	40,000	26,262
Data processing consultants	1,800	2,083	283	14%	32,888	14,583	(18,305)	-126%	25,000	(7,888)
Software maintenance & licenses	2,598	13,417	10,819	81%	66,997	93,917	26,920	29%	161,000	94,003
Janitorial	2,775	2,817	42	1%	19,752	19,717	(35)	0%	33,800	14,048
Printing & reproduction	713	1,750	1,037	59%	7,593	12,250	4,657	38%	21,000	13,407
Publications & subscriptions	510	250	(260)	-104%	2,072	1,750	(322)	-18%	3,000	928
Communications - voice	3,101	3,333	232	7%	22,120	23,333	1,214	5%	40,000	17,880
Communications - data	3,100	2,667	(434)	-16%	22,161	18,667	(3,494)	-19%	32,000	9,839
Communications - mobile	2,671	2,500	(171)	-7%	19,330	17,500	(1,830)	-10%	30,000	10,670
Utilities	1,488	1,775	287	16%	10,653	12,425	1,772	14%	21,300	10,647
Total Indirect Cost	437,164	436,583	(580)	0%	3,104,611	3,056,083	(48,528)	-2%	5,239,000	2,134,389
Overhead Cost										
Annual events	14	446	431	97%	5,585	3,121	(2,464)	-79%	5,350	(235)
Audit	-	2,500	2,500	100%	19,500	17,500	(2,000)	-11%	30,000	10,500
Bad debts	-	1,667	1,667	100%	399	11,667	11,267	97%	20,000	19,601
Bank charges	4,912	4,708	(204)	-4%	36,708	32,958	(3,750)	-11%	56,500	19,792
Directors fees	6,908	8,750	1,842	21%	63,724	61,250	(2,474)	-4%	105,000	41,276
Dues & memberships	6,256	6,833	577	8%	51,478	47,833	(3,645)	-8%	82,000	30,522
Election Expense	-	2,500	2,500	100%	0	17,500	17,500	100%	30,000	30,000
Interest	64,088	64,088	0	0%	448,619	448,619	0	0%	769,061	320,442
Legal	5,177	12,500	7,323	59%	52,238	87,500	35,262	40%	150,000	97,762
Meetings, conventions & travel	697	3,250	2,553	79%	16,802	22,750	5,948	26%	39,000	22,198
Meets, con & travel - Directors	5,179	2,333	(2,845)	-122%	22,209	16,333	(5,876)	-36%	28,000	5,791
Office supplies	1,875	1,917	42	2%	7,928	13,417	5,489	41%	23,000	15,072
Postage	271	1,708	1,437	84%	5,298	11,958	6,660	56%	20,500	15,202
Property taxes	103	458	355	78%	3,817	3,208	(609)	-19%	5,500	1,683
Advertising & Publicity	-	208	208	100%	200	1,458	1,258	86%	2,500	2,300
Public education & outreach	5,520	18,600	13,080	70%	49,648	130,200	80,552	62%	223,200	173,552
Total Overhead Cost	101,002	132,468	31,466	24%	784,152	927,273	143,121	15%	1,589,611	805,459
TOTAL EXPENSES	$2,231,339	$2,088,159	($143,180)	-7%	$15,458,347	$16,182,713	$724,367	4%	$27,408,141	$11,949,795

COST ANALYSIS - EQUIPMENT 1/19



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Actual	$146,576	$113,551	$8,657	$204,599	$22,553	$12,081	$282,758	$-	$-	$-	$-	$-
YTD	$146,576	$260,126	$268,783	$473,382	$495,935	$508,017	$790,775	$790,775	$790,775	$790,775	$790,775	$790,775
Budget	$439,712	$439,712	$439,712	$439,712	$439,712	$439,712	$439,712	$439,712	$439,712	$439,712	$439,712	$439,712

COST ANALYSIS - PROJECTS 1/19



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Actual	$246,277	$53,451	$644,841	$77,844	$56,195	$33,377	$13,662	$-	$-	$-	$-	$-
YTD	$246,277	$299,728	$944,569	$1,022,413	$1,078,608	$1,111,986	$1,125,647	$1,125,647	$1,125,647	$1,125,647	$1,125,647	$1,125,647
Budget	$1,960,288	$1,960,288	$1,960,288	$1,960,288	$1,960,288	$1,960,288	$1,960,288	$1,960,288	$1,960,288	$1,960,288	$1,960,288	$1,960,288

MEMORANDUM

TO: Board of Directors

FROM: General Manager

DATE: February 26, 2019

SUBJECT: ETWD Budget Process, Objectives and Principles

Management, Department Heads and our Independent Financial Consultant (Raftelis) are working diligently to prepare the first draft of the 2019/20 fiscal year budget. We are moving forward under the District's Standing Budget Process, Financial Objectives and Principles. I thought it would be of value as we progress to remind the directors that have been involved with the budget process and to introduce same to the newly elected directors.

Budget and Rate Development Process

1. Staff review and scrutiny of current and projected expenses and revenue requirements
2. Consideration of established Financial Objectives and Principles
3. Two in depth meetings with the Board Designated Budget Committee
4. Review and consideration of the independently prepared Cost of Service Study Report
5. Preparation of a draft Proposition 218 Notice as deemed appropriate
6. Full Board Budget Workshop to review and consider approval of the proposed Budget, the Cost of Service Study Report and a Proposition 218 Notice

Revenue, Rate and Reserve Financial Objectives

1. Generate revenue cash flow to fund Operations and Capital Budget requirements
2. Institute reliable, stable and predictable rate strategy to minimize rate impacts to customers
3. Maintain cash reserve levels to fund Legally Restricted, Board Restricted and Board Mandated Reserve Requirements
4. Evaluate and identify Cost Containment Reduction Strategies and Practices to cost effectively maintain reliable quality service levels

Strategic Financial Planning Principles

1. Annually pass-thru MWDOC/Met/Baker Water Supply Expenses
2. Prepare an annual Cost of Service Study Report to determine revenue and rate/charge requirements by enterprise
3. Overall annual revenue increase to be capped at 5%
4. Individual rate or charge component increases to be capped at <10%

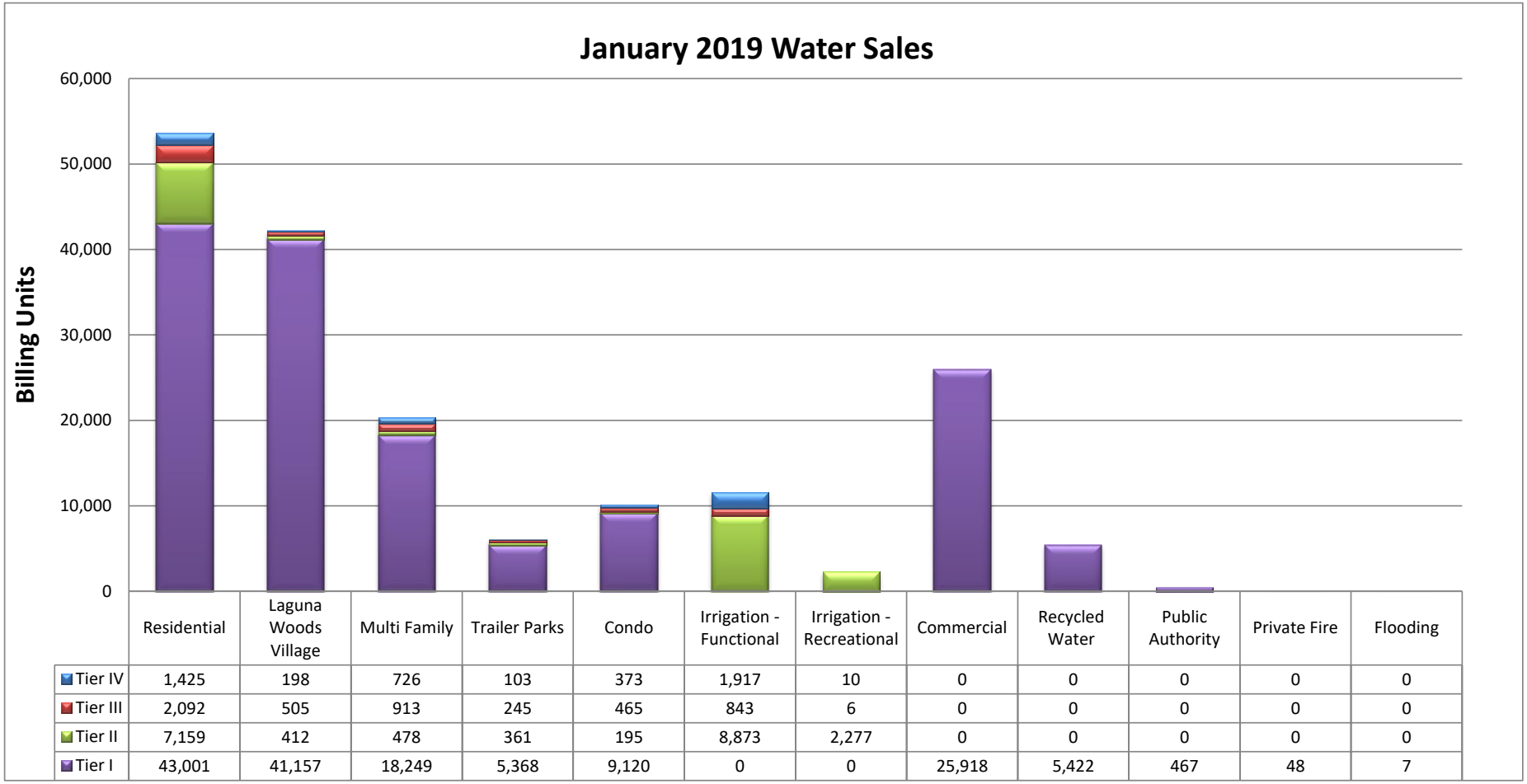
5. Maintain minimum Board Mandated Reserve level of $8.5 million
6. Prudent use of reserves to minimize customer impacts
7. Maintain required minimum Debt Coverage Ratios

We can review and discuss Director input and comments at the meeting.

BUDGET SCHEDULE
FY 2019/2020

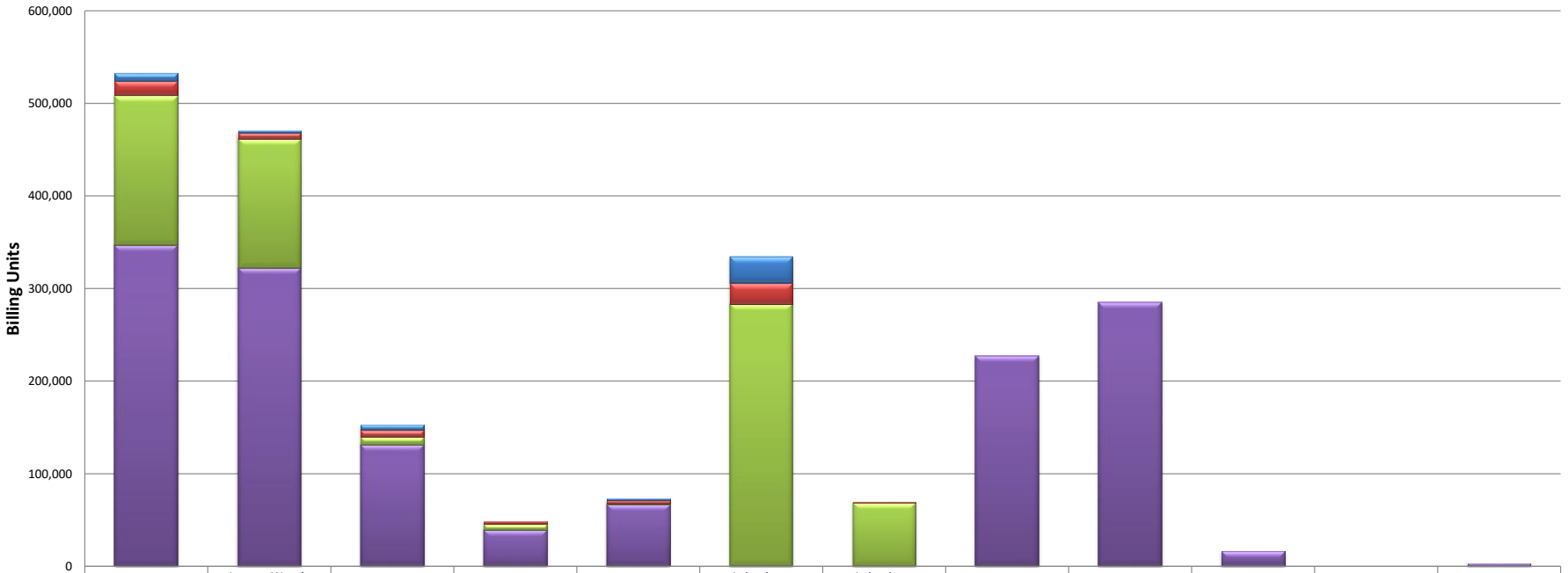
DESCRIPTION	DATE	DAY
Board Budget Committee #1	3/22/2019	Fri
Board Budget Committee #2	4/4/2019	Thurs
Board Budget Workshop	4/18/2019	Thurs
E, F & I Budget Update	4/23/2019	Tues
Distribute Prop 218 Notice	5/6/2019	Mon
CAG	5/9/2019	Thurs
Publish Public Hearning Notice - Newspaper	6/3/2019	Mon
E, F & I Budget Update	6/25/2019	Tues
Conduct Public Hearing - Regular Board Meeting	6/27/2019	Thurs
Implement Board Action	7/1/2018	Mon

Note: Board Budget Committee #1 and workshop are at 7:30 am
Note: Board Budget Committee #2 is at 7:00 am

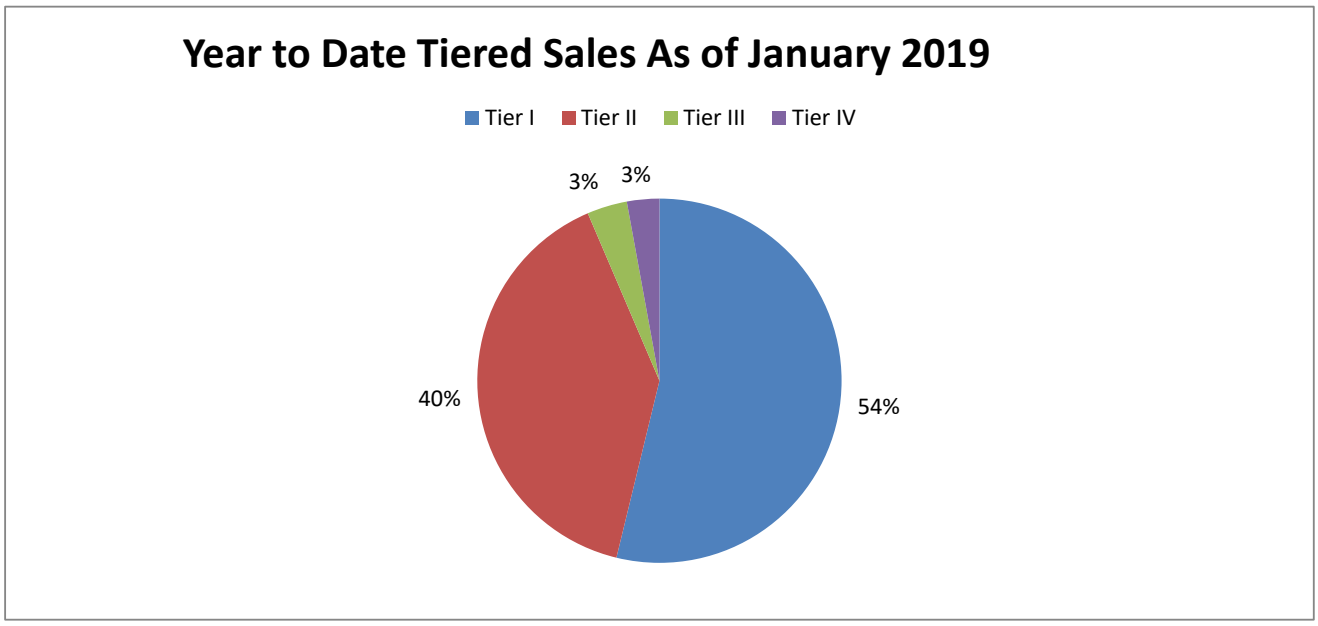


	Residential	Laguna Woods Village	Multi Family	Trailer Parks	Condo	Irrigation - Functional	Irrigation - Recreational	Commercial	Recycled Water	Public Authority	Private Fire	Flooding
Tier IV	1,425	198	726	103	373	1,917	10	0	0	0	0	0
Tier III	2,092	505	913	245	465	843	6	0	0	0	0	0
Tier II	7,159	412	478	361	195	8,873	2,277	0	0	0	0	0
Tier I	43,001	41,157	18,249	5,368	9,120	0	0	25,918	5,422	467	48	7

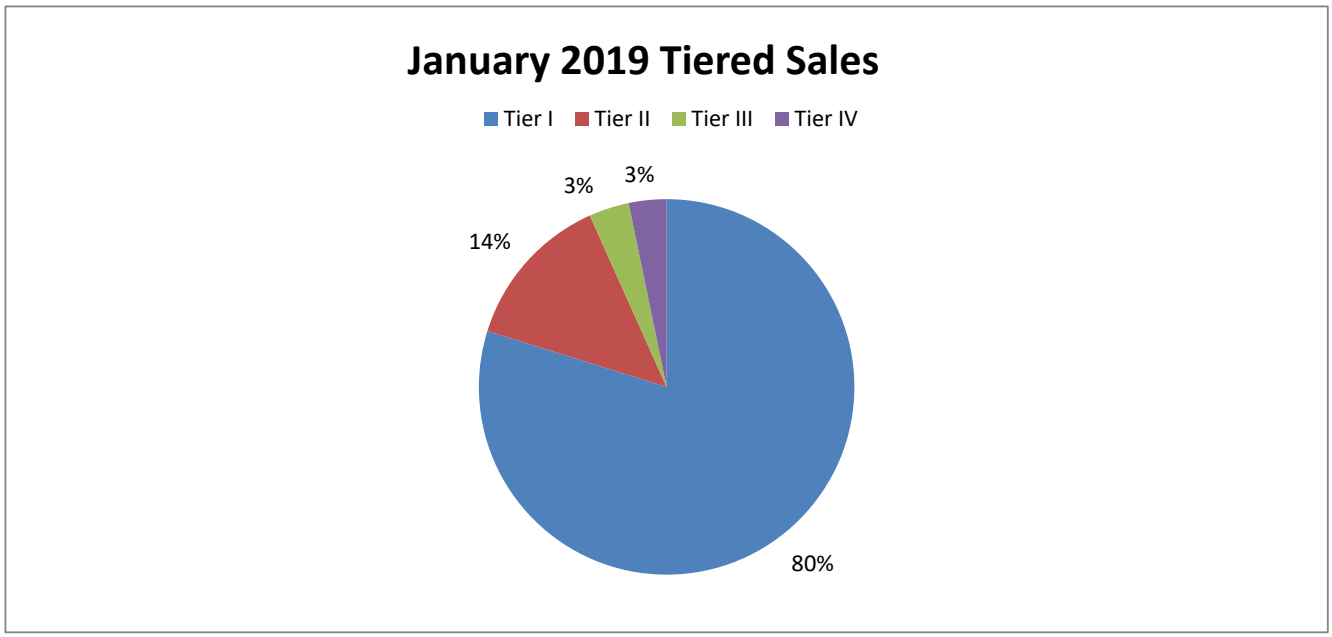
Year-to-Date Water Sales as of January 2019



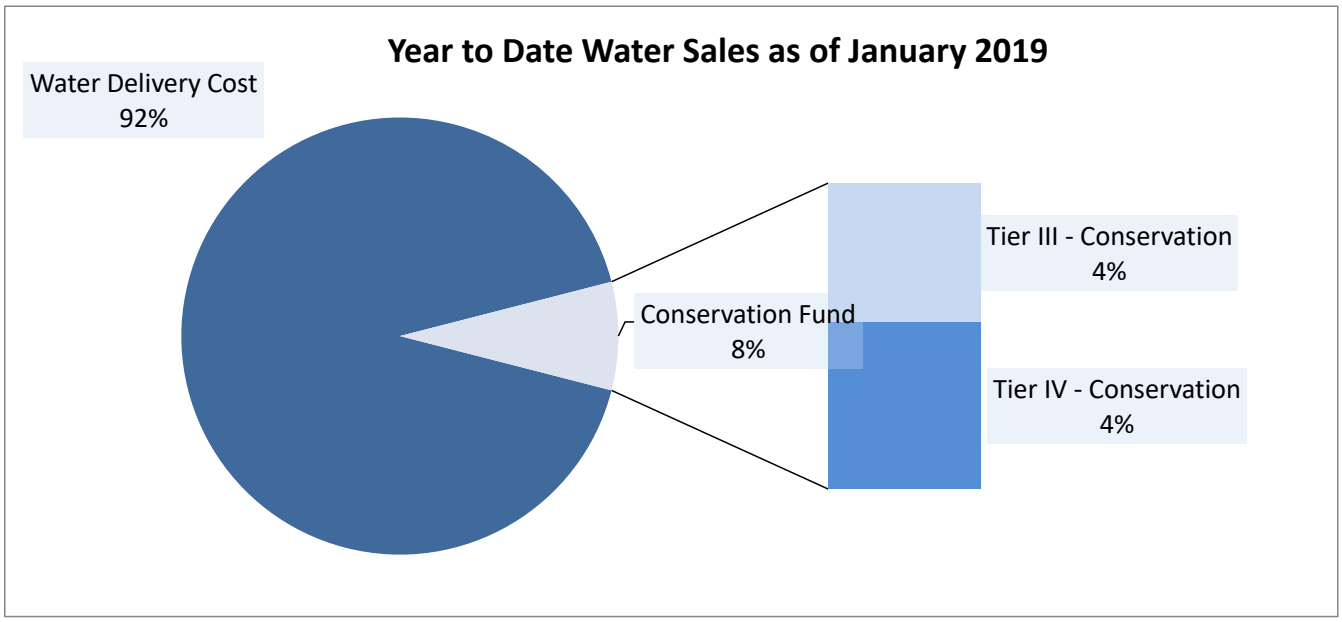
	Residential	Laguna Woods Village	Multi Family	Trailer Parks	Condo	Irrigation - Functional	Irrigation - Recreational	Commercial	Recycled Water	Public Authority	Private Fire	Flooding
Tier IV	8,848	2,322	5,472	566	2,204	28,506	508	0	0	0	0	0
Tier III	15,903	7,000	7,348	2,668	3,375	22,519	1,204	0	0	0	0	0
Tier II	161,851	139,199	9,027	6,377	1,524	283,569	68,298	0	0	0	0	0
Tier I	346,826	322,441	130,946	39,551	66,512	0	0	227,010	285,537	16,667	155	3,481



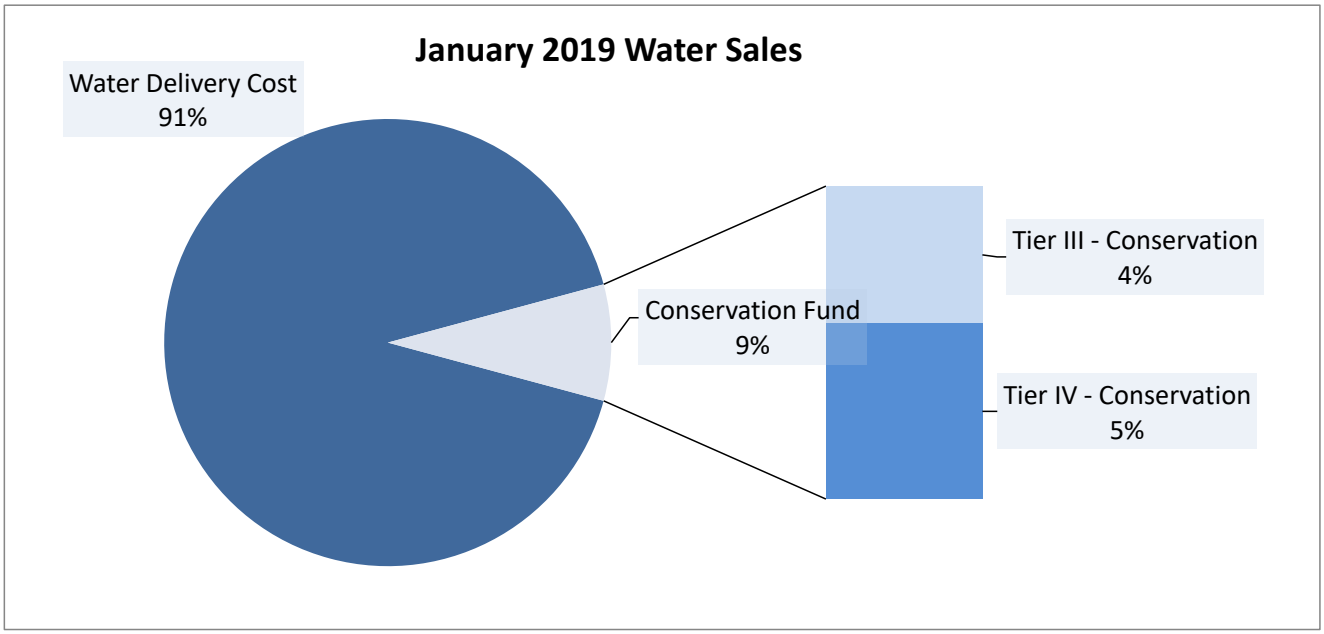
Year To Date Sales in ccf		
Tier I	906,276	53.80%
Tier II	669,845	39.76%
Tier III	60,017	3.56%
Tier IV	48,426	2.87%
	1,684,564	100.00%



Current Month Sales in ccf		
Tier I	116,895	79.81%
Tier II	19,755	13.49%
Tier III	5,069	3.46%
Tier IV	4,752	3.24%
	146,471	100.00%

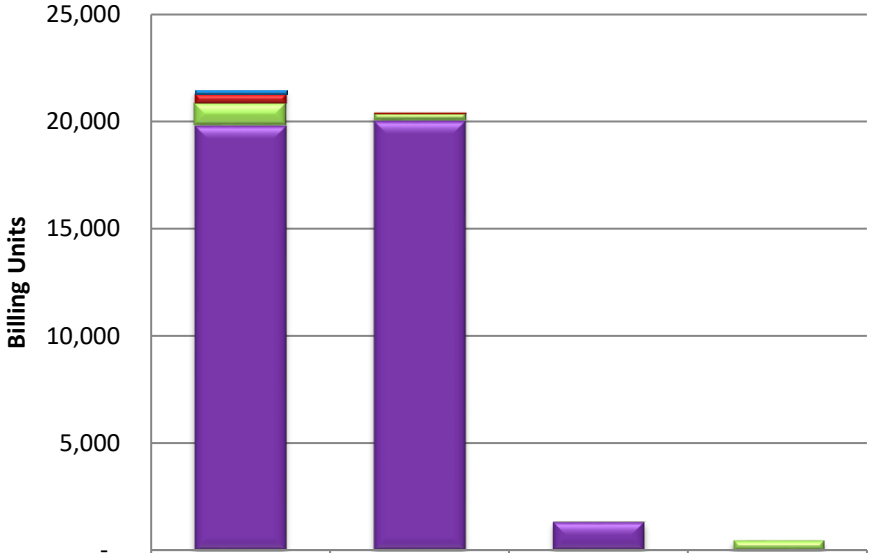


Category	Billings	Percentage
Water Delivery Cost	$4,570,236.11	92.00%
Tier III - Conservation	$181,372.48	3.65%
Tier IV - Conservation	$216,026.69	4.35%
	$4,967,635.28	100.00%



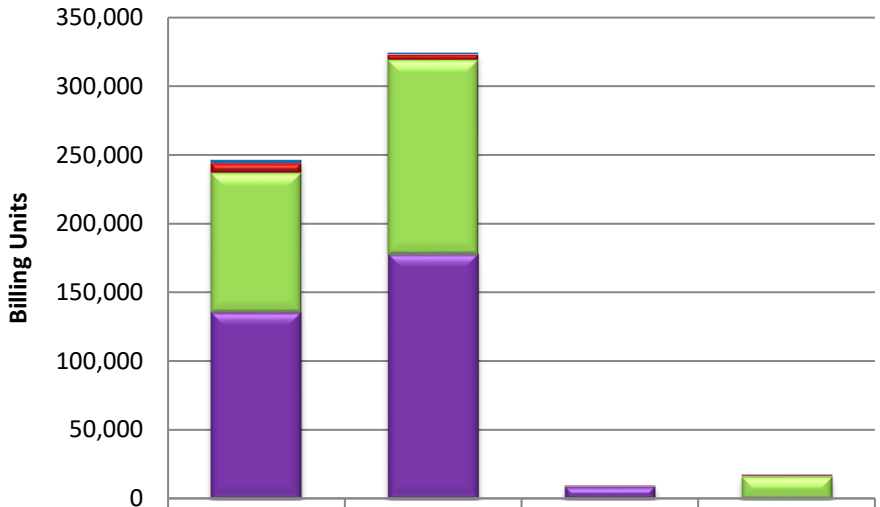
Category	Billings	Percentage
Water Delivery Cost	$382,916.21	91.61%
Tier III - Conservation	$15,409.76	3.69%
Tier IV - Conservation	$19,653.30	4.70%
	$417,979.27	100.00%

Laguna Woods Village
January 2019 Water Sales



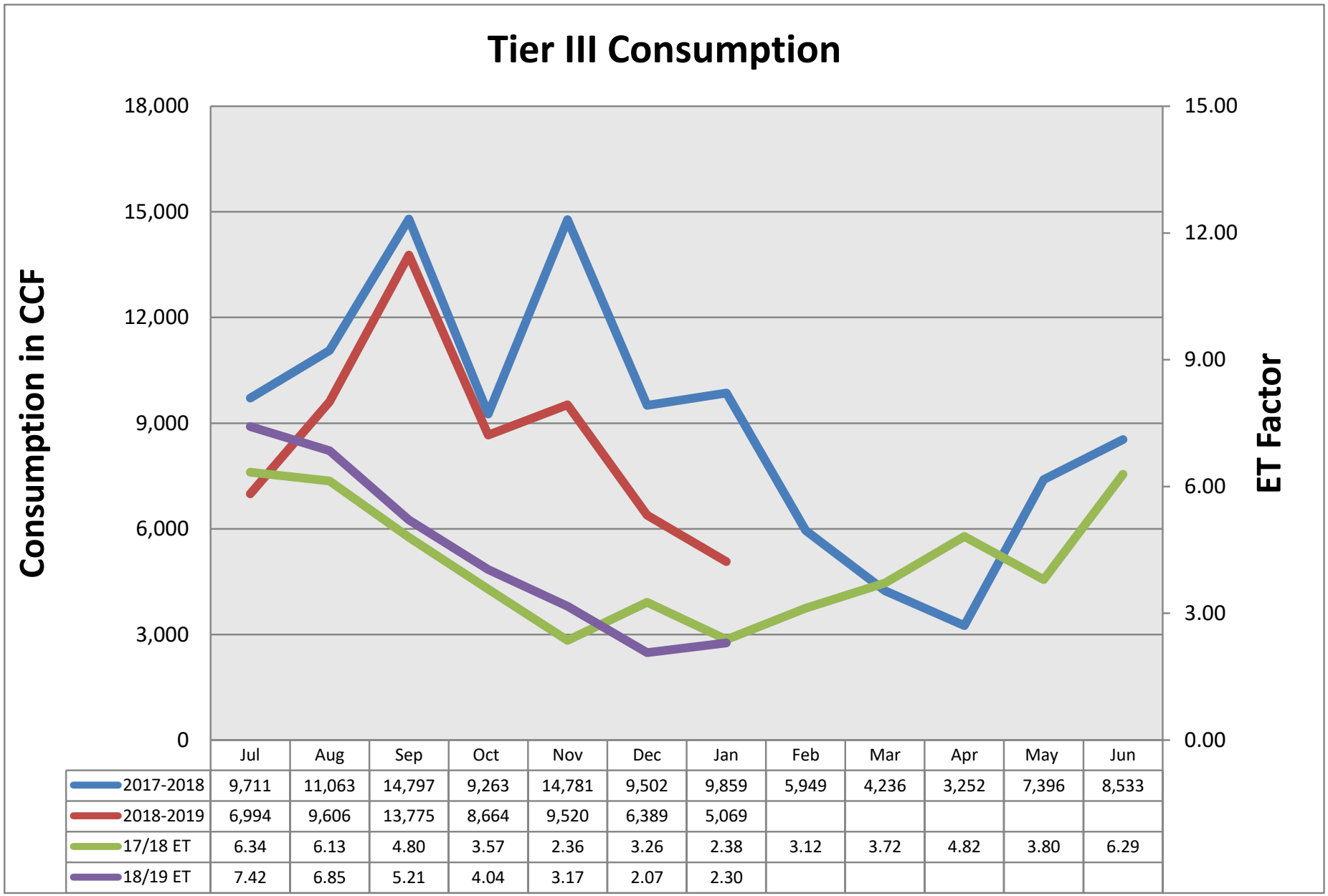
	Third	United	Mutual 50	GRF
Tier 4	198	-	-	-
Tier 3	434	71	-	-
Tier 2	1,049	349	1	473
Tier 1	19,798	20,017	1,342	-

Laguna Woods Village
Year-to-Date Water Sales
January 2019



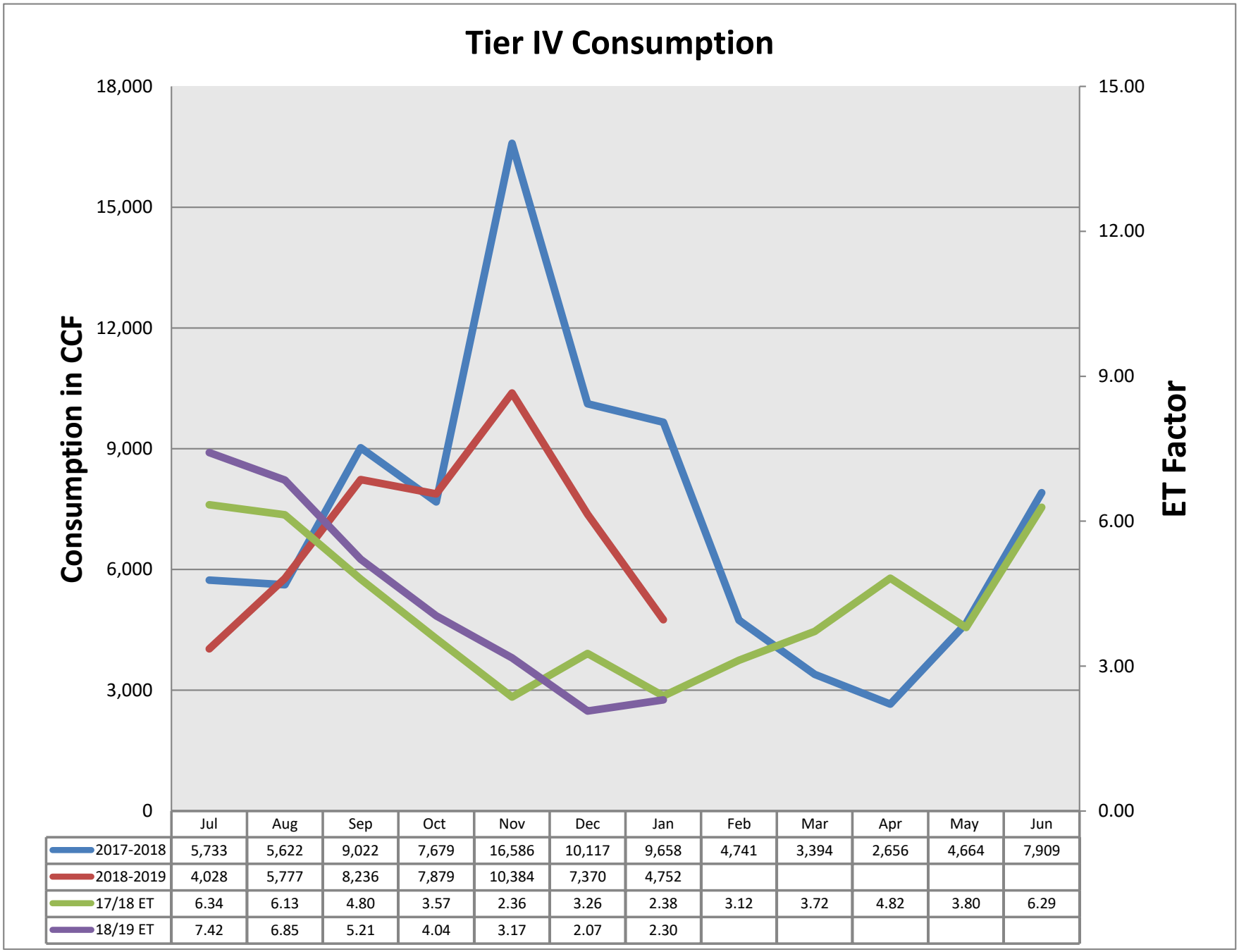
	Third	United	Mutual 50	GRF
Tier 4	2,235	781	0	104
Tier 3	6,994	3,859	307	833
Tier 2	101,635	141,577	121	16,475
Tier 1	135,425	177,573	9,443	0

Tier III Consumption



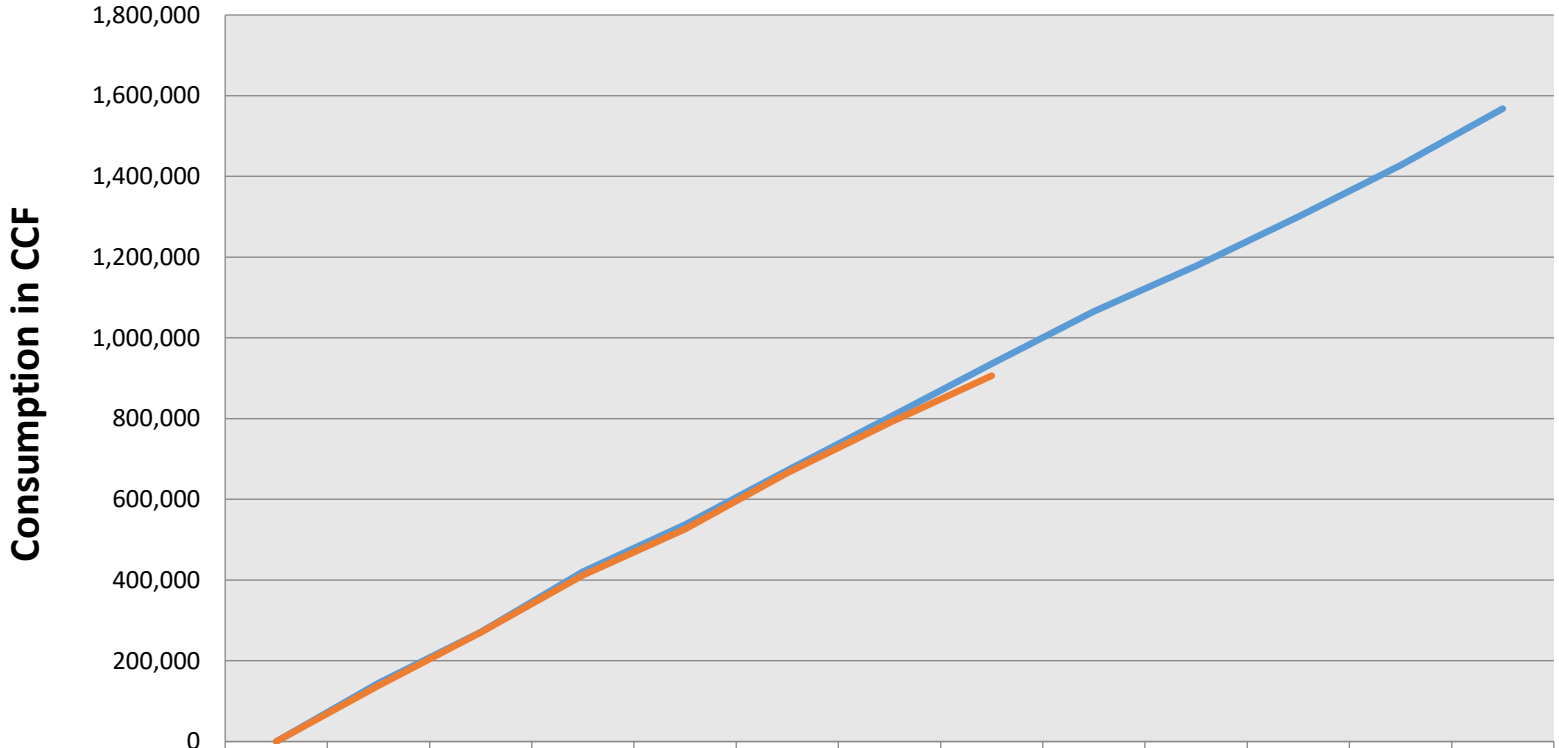
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	9,711	11,063	14,797	9,263	14,781	9,502	9,859	5,949	4,236	3,252	7,396	8,533
2018-2019	6,994	9,606	13,775	8,664	9,520	6,389	5,069					
17/18 ET	6.34	6.13	4.80	3.57	2.36	3.26	2.38	3.12	3.72	4.82	3.80	6.29
18/19 ET	7.42	6.85	5.21	4.04	3.17	2.07	2.30					

Tier IV Consumption



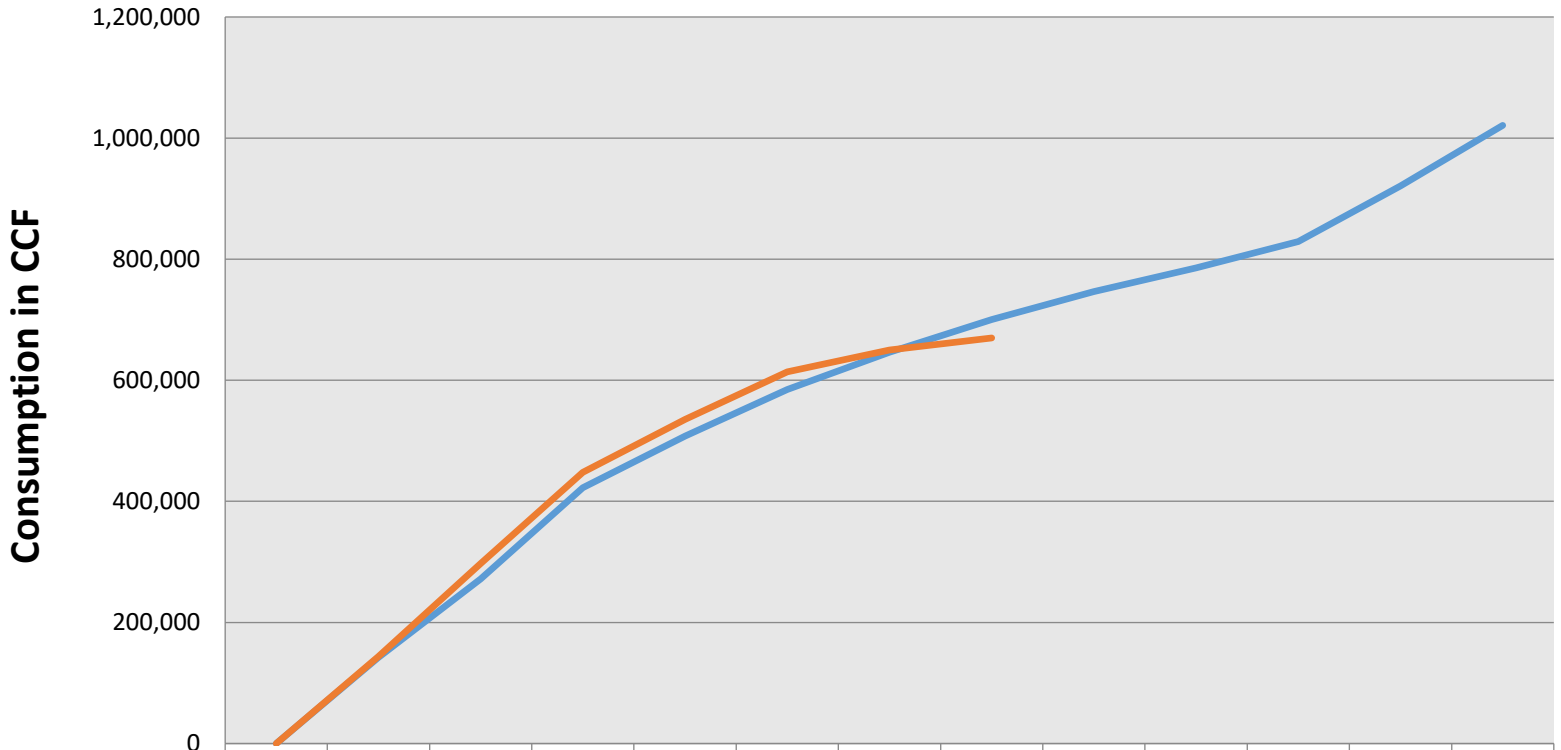
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	5,733	5,622	9,022	7,679	16,586	10,117	9,658	4,741	3,394	2,656	4,664	7,909
2018-2019	4,028	5,777	8,236	7,879	10,384	7,370	4,752					
17/18 ET	6.34	6.13	4.80	3.57	2.36	3.26	2.38	3.12	3.72	4.82	3.80	6.29
18/19 ET	7.42	6.85	5.21	4.04	3.17	2.07	2.30					

Tier I YTD Consumption



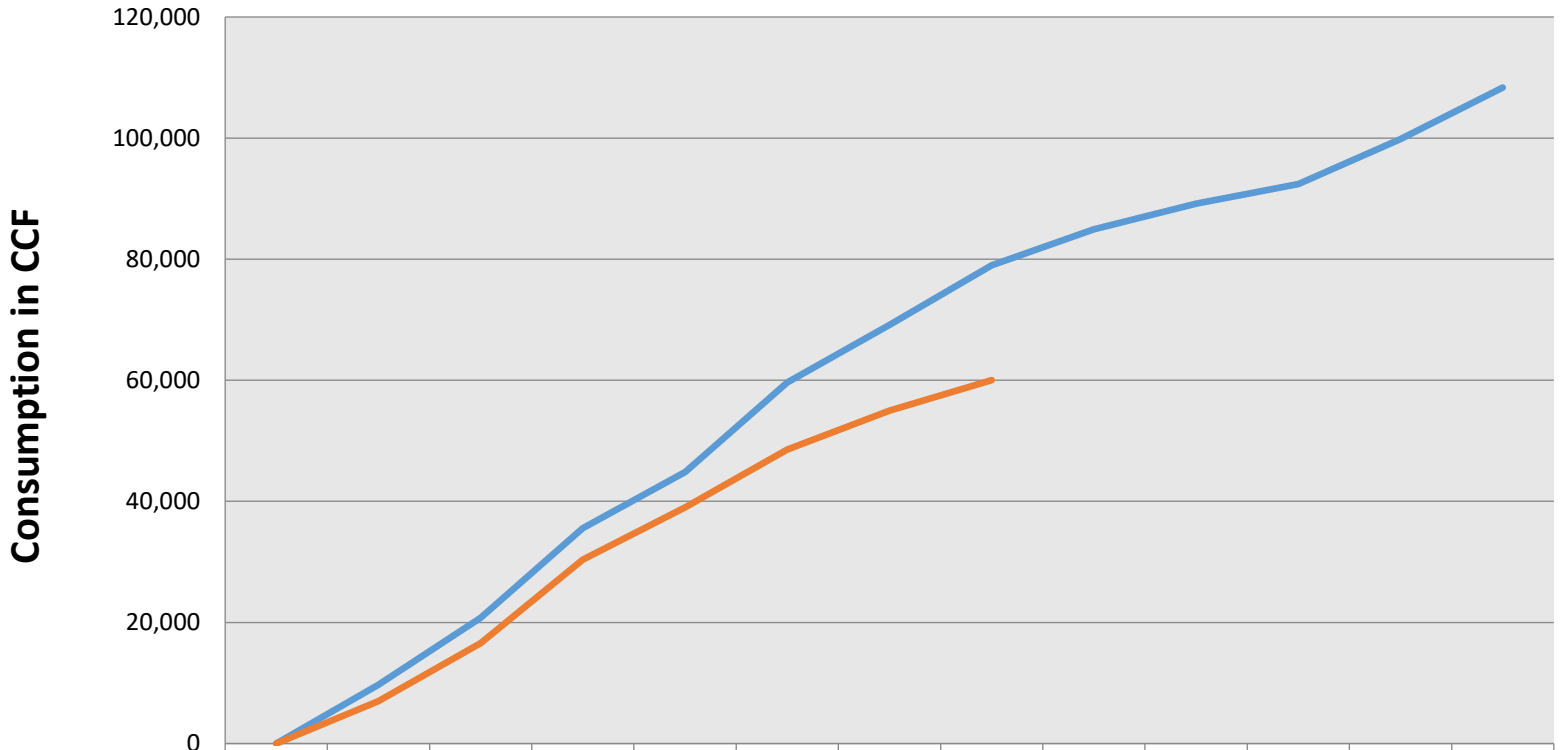
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018 YTD	0	144,662	270,767	420,863	537,527	671,531	802,921	935,522	1,065,23	1,178,24	1,300,47	1,427,36	1,567,90
2018-2019 YTD	0	137,942	270,304	412,147	526,363	665,493	789,381	906,276					

Tier II YTD Consumption



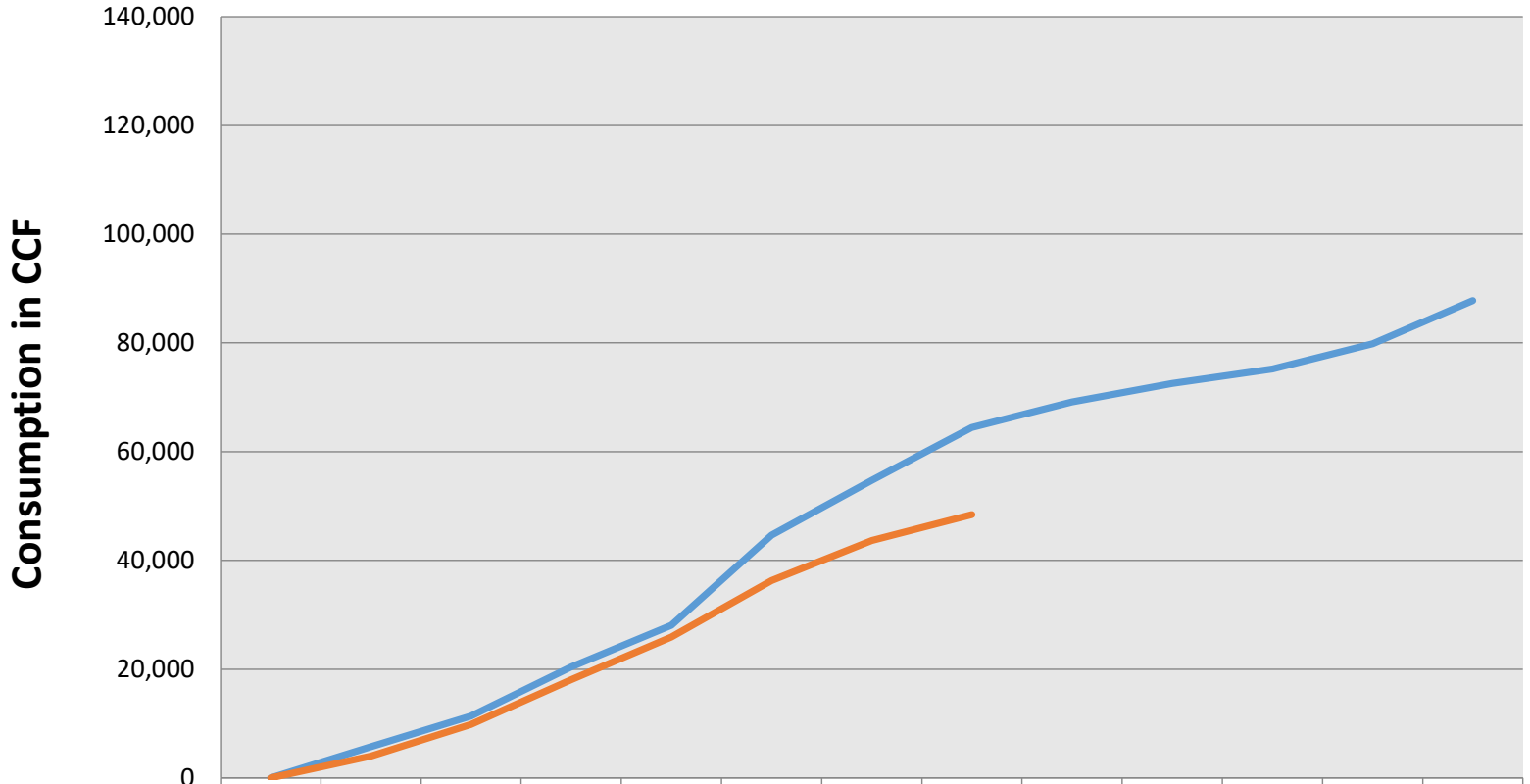
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	0	141,847	272,044	422,446	507,684	584,926	646,024	700,050	746,469	785,417	828,909	920,984	1,020,96
2018-2019	0	143,435	297,146	447,659	535,208	613,995	650,090	669,845					

Tier III YTD Consumption



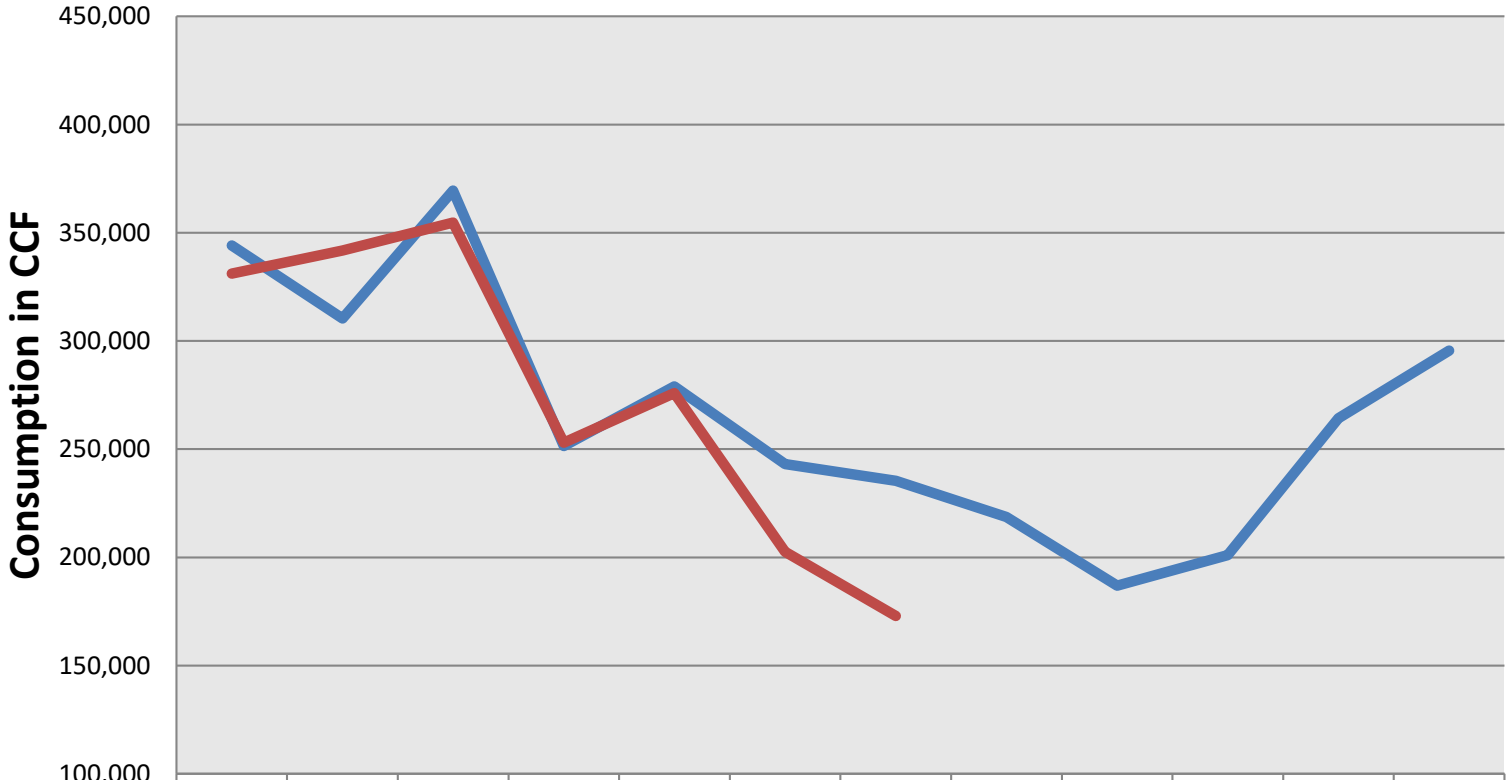
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	0	9,711	20,774	35,571	44,834	59,615	69,117	78,976	84,925	89,161	92,413	99,809	108,342
2018-2019	0	6,994	16,600	30,375	39,039	48,559	54,948	60,017					

Tier IV YTD Consumption



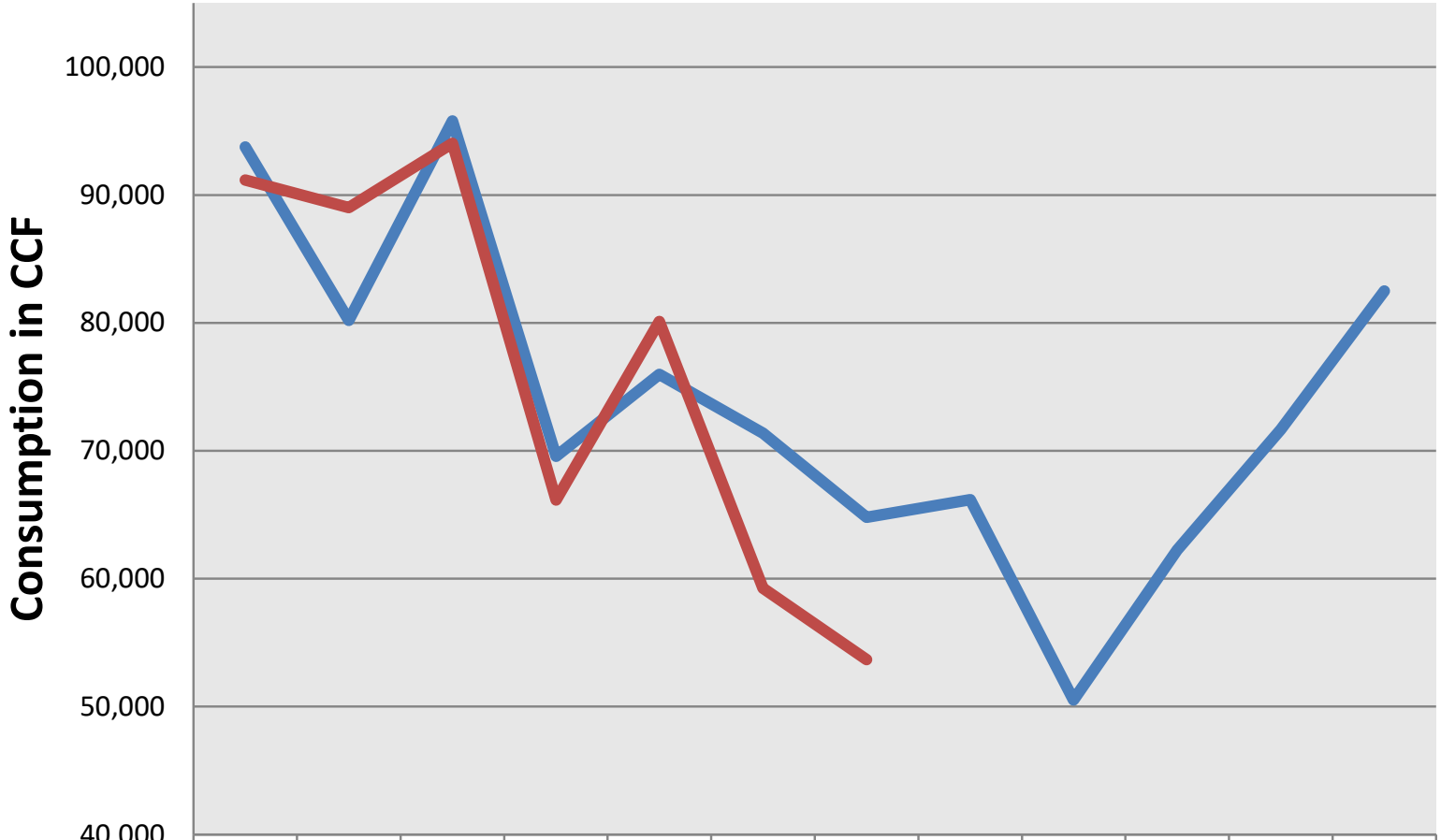
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	0	5,733	11,355	20,377	28,056	44,642	54,759	64,417	69,158	72,552	75,208	79,872	87,781
2018-2019	0	4,028	9,805	18,041	25,920	36,304	43,674	48,426					

ETWD Total Consumption



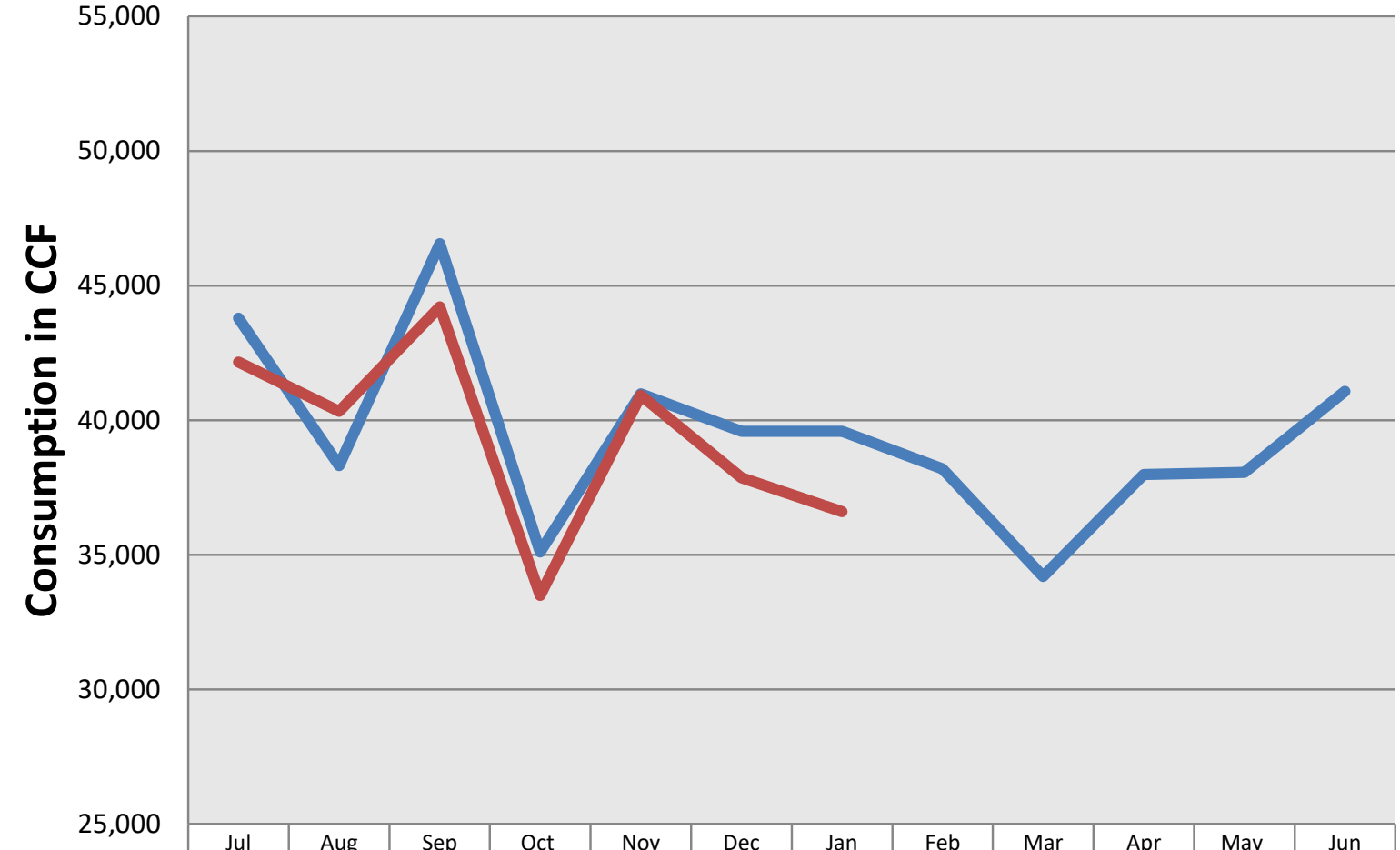
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	344,078	310,451	369,472	251,478	278,939	243,123	235,364	218,623	186,920	201,067	264,239	295,506
2018-2019	331,098	341,819	354,683	253,007	275,853	202,506	172,911					
%	96%	110%	96%	101%	99%	83%	73%	0%	0%	0%	0%	0%

Single Family Residents Consumption



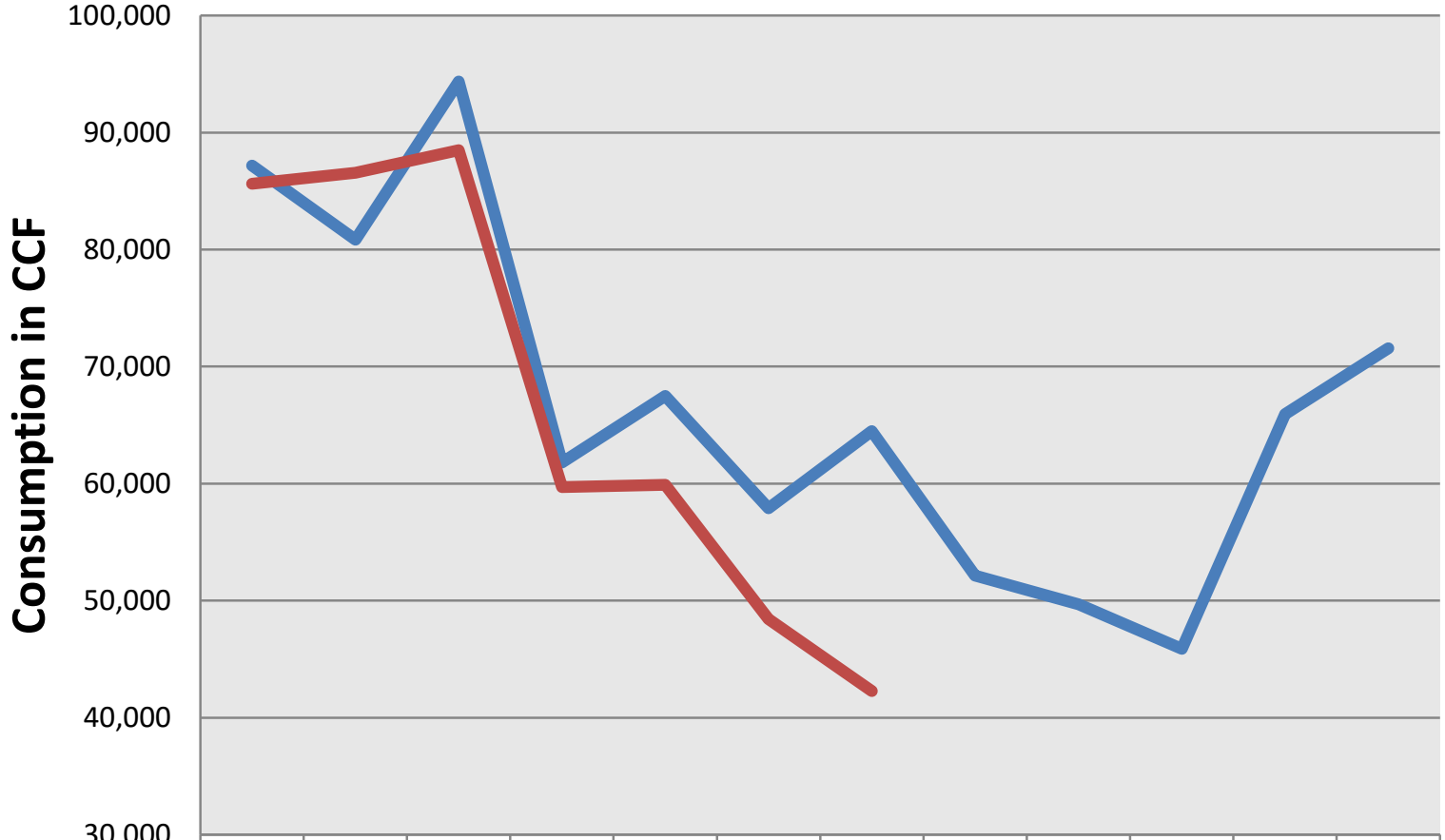
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	93,758	80,204	95,783	69,580	75,963	71,368	64,788	66,175	50,520	62,246	71,660	82,501
2018-2019	91,178	89,009	94,035	66,147	80,118	59,264	53,677					
%	97%	111%	98%	95%	105%	83%	83%	0%	0%	0%	0%	0%

Multi Family Residents Consumption



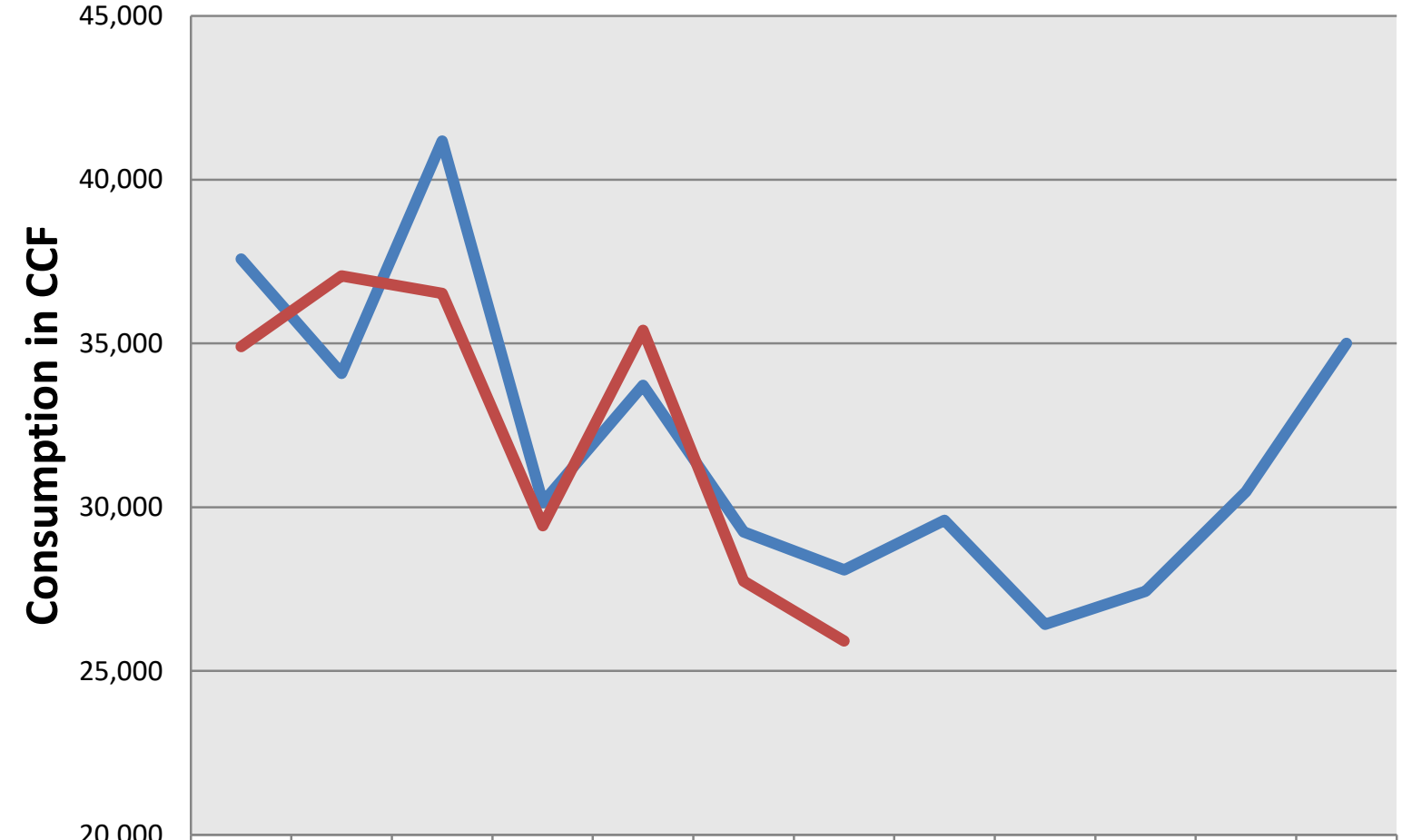
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	43,787	38,310	46,555	35,098	40,975	39,581	39,586	38,194	34,194	37,977	38,055	41,072
2018-2019	42,163	40,322	44,209	33,491	40,924	37,866	36,596					
%	96%	105%	95%	95%	100%	96%	92%	0%	0%	0%	0%	0%

Laguna Woods Village Consumption
(Excluding Dedicated Irrigation)



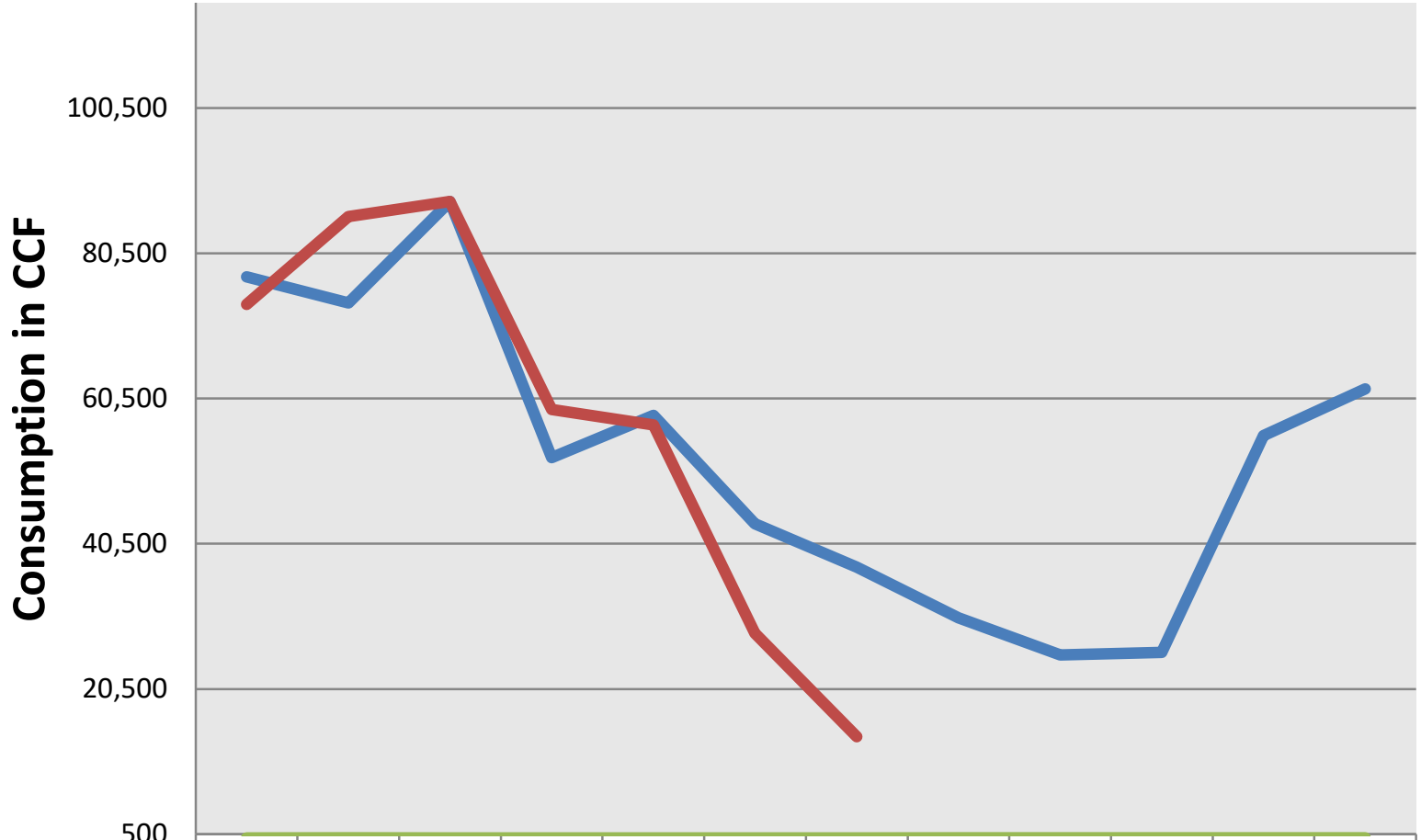
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	87,171	80,837	94,360	61,794	67,488	57,902	64,481	52,144	49,690	45,880	65,940	71,568
2018-2019	85,610	86,572	88,490	59,693	59,905	48,420	42,272					
%	98%	107%	94%	97%	89%	84%	66%	0%	0%	0%	0%	0%

Commercial Consumption



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	37,582	34,086	41,181	30,146	33,724	29,251	28,092	29,598	26,426	27,438	30,476	35,009
2018-2019	34,907	37,064	36,532	29,437	35,401	27,750	25,918					
%	93%	109%	89%	98%	105%	95%	92%	0%	0%	0%	0%	0%

Dedicated Irrigation Consumption (including LWV)



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	77,239	73,638	87,622	52,373	58,189	43,258	37,291	30,308	25,185	25,525	55,374	61,823
2018-2019	73,448	85,554	87,633	58,977	56,874	28,192	13,926					
%	95%	116%	100%	113%	98%	65%	37%	0%	0%	0%	0%	0%

EL TORO WATER DISTRICT
Glossary of Water Terms

Accumulated overdraft: The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

Acre-foot, AF: A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

ACWA: Association of California Water Agencies.
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

Advanced treatment: Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

AFY: Acre-foot per year.

Alluvium: A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

AMP: Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

Annexation: The inclusion of land within a government agency's jurisdiction.

Annual overdraft: The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

Aqueduct: A man-made canal or pipeline used to transport water.

Aquifer: An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

Arid: Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

Artesian: An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

Artificial recharge: The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

AWWA American Water Works Association
Nationwide group of public and private water purveyors and related industrial suppliers.

Base flow: The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

Bay-Delta: The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta Is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a $400 billion economy.

BIA: Building Industry Association.

Biofouling: The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

Biosolids: Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

BMP: Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

Brackish water: A mixture of freshwater and saltwater.

Brown Act: Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also know as the Open Meeting requirements.

Canal: A ditch used to move water from one location to another.

CASA: California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

CEQA: California Environmental Quality Act.

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

CFS: Cubic feet per second.

Chloramines: A mixture of ammonia and chlorine used to purify water.

Clarify: To make clear or pure by separation and elimination of suspended solid material.

Coagulation: The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

Coastkeepers: A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

Colored water: Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

Condensation: The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

Confined aquifer: An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

Conjunctive use: Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

Contaminate: To make unclean or impure by the addition of harmful substances.

CPCFA: California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

Crisis:
1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife *crisis*>
2. The decisive moment (as in a literary plot)
3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* **:** one with the distinct possibility of a highly undesirable outcome <a financial *crisis*> **b:** a situation that has reached a critical phase

CTP Coastal Treatment Plant

CWPCA California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

Dam: A barrier built across a river or stream to hold water.

Decompose: To separate into simpler compounds, substances or elements.

Deep percolation: The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

Degraded water: Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

Delta: Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.

Delta Vision: Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

Demineralize: To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

De-nitrification: The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

Desalting (or desalination): Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

Desilting: The physical process of removing suspended particles from water.

Dilute: To lessen the amount of a substance in water by adding more water.

Disinfection: Water treatment which destroys potentially harmful bacteria.

Drainage basin: The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

Drought: A prolonged period of below-average precipitation.

DPHS: California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

DVL: Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

DWR: California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

Endangered Species: A species of animal or plant threatened with extinction.

Endangered Species Act of 1973 (ESA): The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untendered by adequate concern and conservation.

Ecosystem: Where living and non-living things interact (coexist) in order to survive.

Effluent: Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Evaporation: The process that changes water (liquid) into water vapor (gas).

Estuary: Where fresh water meets salt water.

Evapotransporation: The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

FCH Federal Clearing House – Environmental Review/Processing

FEMA Federal Emergency Management Agency

Filtration: The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

Flocculation: A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

Forebay: A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

Gray water reuse: Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

Green Acres Project (GAP): A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

God Squad: A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

Groundwater basin: A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

Groundwater mining: The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

Groundwater overdraft: The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

Groundwater recharge: The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

Ground Water Replenishment System (GWRS): A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

Groundwater table: The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface if formed by an impermeable body.

GPM: Gallons per minute.

Ground Water Replenishment System (GWRS): Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

Hydrologic balance: An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

Hydrologic cycle: The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

Imported water: Water that has originated from one hydrologic region and is transferred to another hydrologic region.

Inflatable rubber dams: Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

Influent: Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

Irrigation: Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

JPIA Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

LAIF Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

Leach: To remove components from the soil by the action of water trickling through.

MAF: Million acre feet.

MCL: Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

Microfiltration: A physical separation process where tiny, hollow filaments members separate particles from water.

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

MWDOC: Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

Non-point source pollution: Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

NPDES National Pollution Discharge Elimination System

OCBC: Orange County Business Council.

OCEMA Orange County Environmental Management Agency

OCWD: Orange County Water District.

Opportunity:
1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

Organism: Any individual form of life, such as a plant, animal or bacterium.

PCM Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

Perched groundwater: Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

Percolation: The downward movement of water through the soil or alluvium to the groundwater table.

Permeability: The capability of soil or other geologic formations to transmit water.

Point source: A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

Potable water: Suitable and safe for drinking.

PPB: Parts per billion.

Precipitation: Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

Primary treated water: First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

Primary treatment: Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

Prior appropriation doctrine: Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

Pumping Plant: A facility that lifts water up and over hills.

Recharge: The physical process where water naturally percolates or sinks into a groundwater basin.

Recharge basin: A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

Reclaimed wastewater: Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

Reclamation project: A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

Recycling: A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

Reservoir: A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

Reverse osmosis: (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

RFP Request for Proposal

Riparian: Of or on the banks of a stream, river, or other body of water.

RO: Reverse osmosis. See the listing under "reverse osmosis."

R-O-W Right-of-way

Runoff: Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

RWQCB Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

Safe Drinking Water Act (SDWA): The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

Safe yield: The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

SAFRA Santa Ana River Flood Protection Agency

Salinity: Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAWPA: Santa Ana Watershed Project Authority.

SCADA Supervisory Control and Data Acquisition

SCAP Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

SCH State Clearing House – Environmental Review/Processing

Seasonal storage: A three-part program offered by Metropolitan Water District of Southern California:

> **STSS (Short Term Seasonal Storage)** financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;
>
> **LTSS (Long Term Seasonal Storage)** financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

Seawater intrusion: The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

Seawater barrier: A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

Secondary treatment: The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

Sedimentation: The settling of solids in a body of water using gravity.

Settle: To clarify water by causing impurities/solid material to sink to a container's bottom.

Sewer: The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

SigAlert: Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

SJBA San Juan Basin Authority

Sludge: The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

SOCWA South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

SRF State Revolving Fund

Storm Drain: The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

Storm flow: Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

SWP: State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

SWRCB State Water Resources Control Board

TDS: Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

Tertiary treatment: The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THM: Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

TMA: Too many acronyms.

TMDL: Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

Transpiration: The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

Turbidity: Thick or opaque with matter in suspension; muddy water.

Ultraviolet light disinfection: A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

VE Value Engineering

VOC: Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

Wastewater: Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

Water Cycle: The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

Water rights: A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

Water-use Efficiency: The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

Water year (USGS): The period between October 1st of one calendar year to September 30th of the following calendar year.

Watermaster: A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

Water Reclamation: The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

Watershed: The total land area that from which water drains or flows to a river, stream, lake or other body of water.

Water table: The top level of water stored underground.

WEF Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

Weir box: A device to measure/control surface water flows in streams or between ponds.

Wellhead treatment: Water quality treatment of water being produced at the well site.

Wetland: Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

Xeriscape: Landscaping that requires minimal water.